Annual Report 2021

#PowerTheChange

www.akersolutions.com

Who We Are

Aker Solutions delivers integrated solutions, products and services to the global energy industry. We enable low-carbon oil and gas production and develop renewable solutions to meet future energy needs.

By combining innovative digital solutions and predictable project execution we accelerate the transition to sustainable energy production.

Content

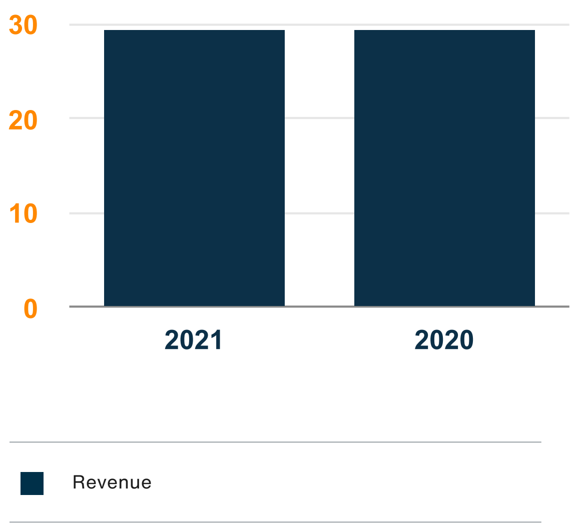
Key Figures

		2021	2020
ORDERS AND RESULTS			
Order backlog December 31	NOK mill	49,168	37,979
Order intake	NOK mill	40,466	34,163
Revenue	NOK mill	29,473	29,396
EBITDA	NOK mill	1,842	1,539
EBITDA margin	Percent	6.2	5.2
EBITDA ex. special items	NOK mill	1,871	1,236
EBITDA margin ex. special items	Percent	6.4	4.3
EBIT	NOK mill	693	-776
EBIT margin	Percent	2.4	-2.6
EBIT ex. special items	NOK mill	775	-51
EBIT margin ex. special items	Percent	2.6	-0.2
Net income	NOK mill	249	-1,520
CASH FLOW			
Cash flow from operating activities	NOK mill	2,799	901
BALANCE SHEET			
Net interest-bearing debt	NOK mill	-2,200	-456
Equity ratio	Percent	27.2	29.5
Liquidity reserve	NOK mill	9,560	8,171
SHARE			
Share price December 31	NOK	23.4	16.5
Basic earnings per share (NOK)	NOK	0.52	-3.13
Basic earnings per share (NOK) ex. special items	NOK	0.65	-1.36
EMPLOYEES			
Total employees December 31	Own employees	15,012	14,494
HSSE			
Lost time incident frequency	Per million worked hours	0.34	0.18
Total recordable incident frequency	Per million worked hours	1.31	1.28
Sick-leave rate	Percentage of total working hours	3.17	3.02

Key Figures

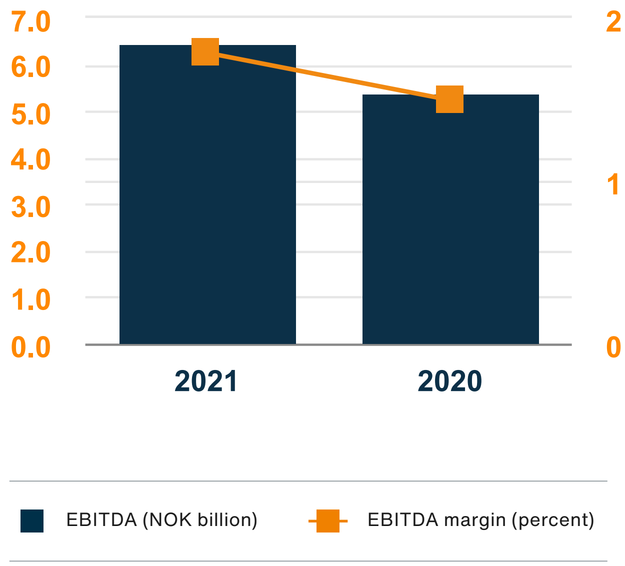
Revenue

Amounts in NOK billion



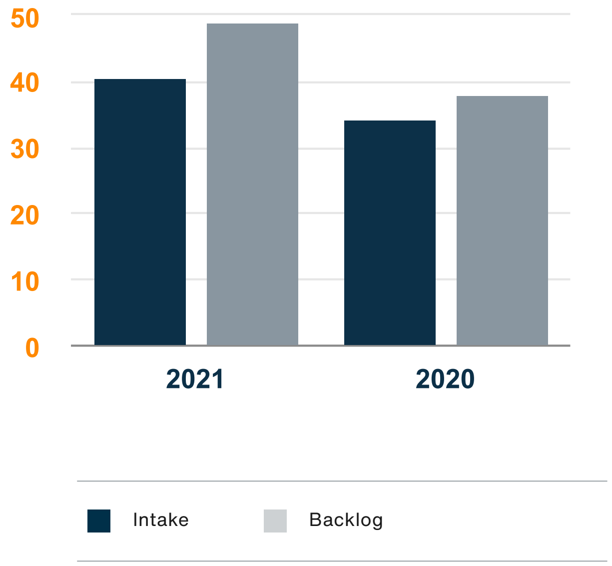
EBITDA and EBITDA margin

Amounts in NOK billion and percent



Order intake and backlog

Amounts in NOK billion

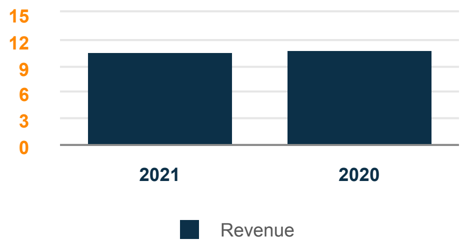


Segment Key Figures

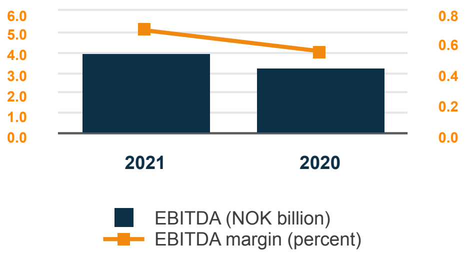
Renewables and Field Development

Amounts in NOK billion and percent

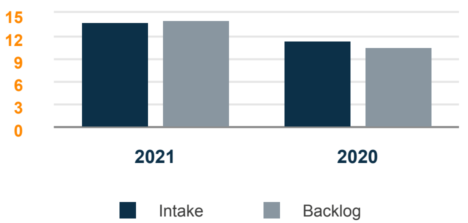
Revenue



EBITDA and EBITDA margin



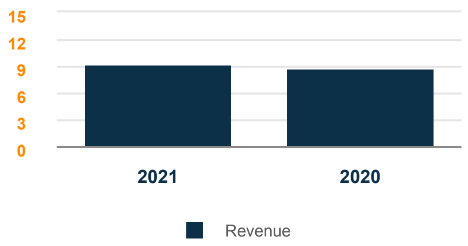
Order intake and backlog



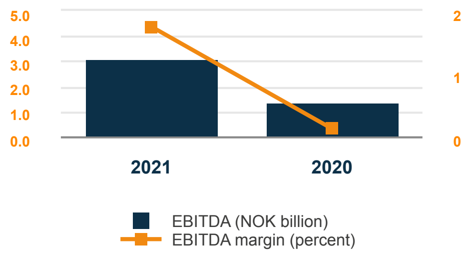
Electrification, Maintenance and Modifications

Amounts in NOK billion and percent

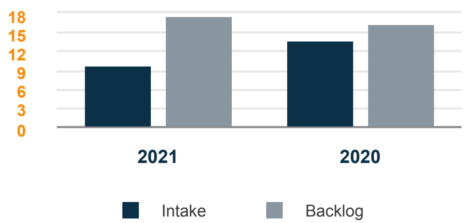
Revenue



EBITDA and EBITDA margin



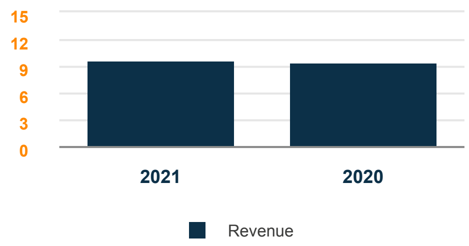
Order intake and backlog



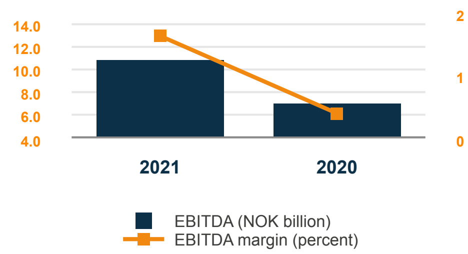
Subsea

Amounts in NOK billion and percent

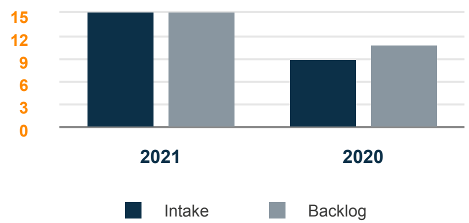
Revenue

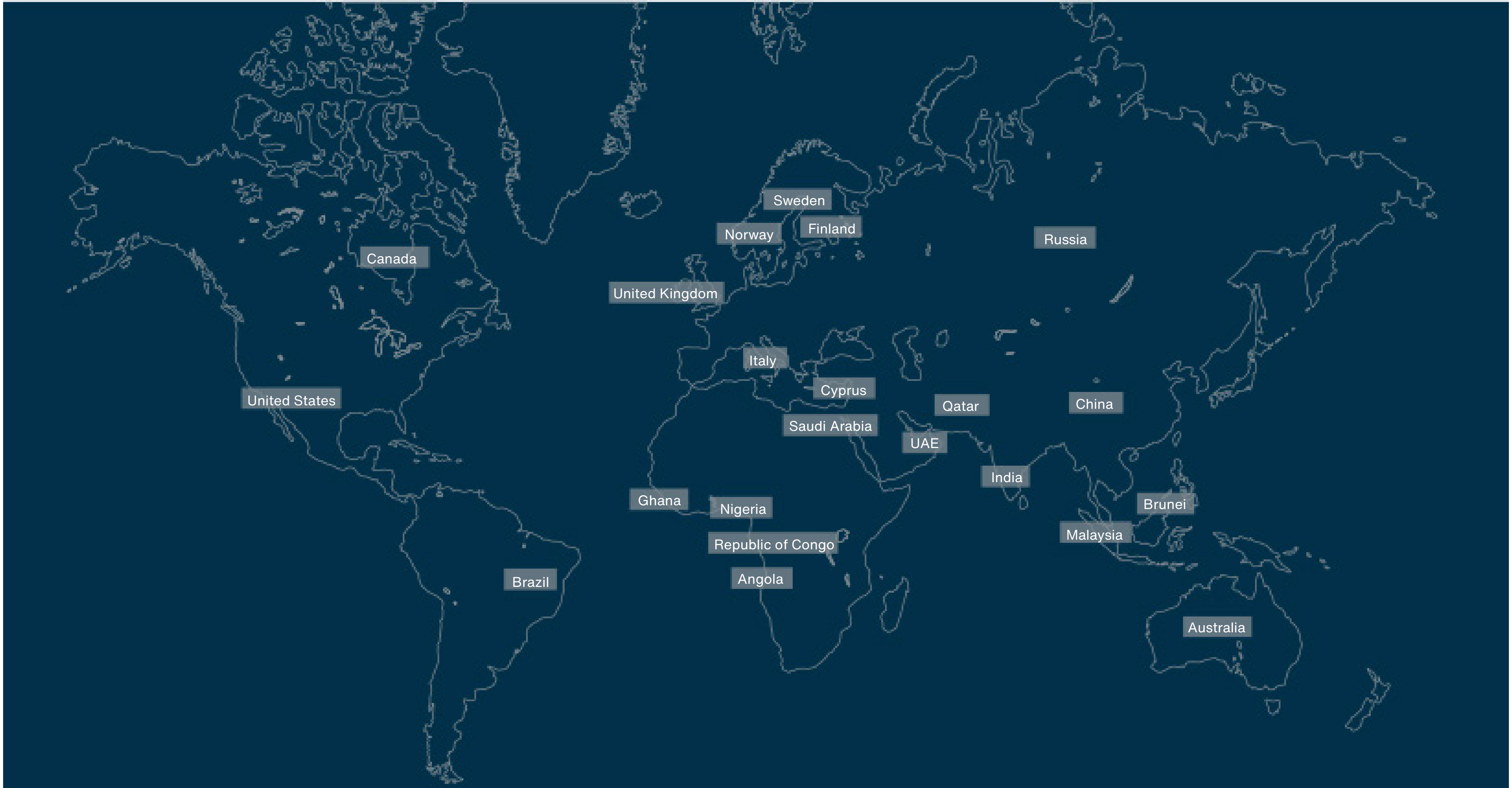


EBITDA and EBITDA margin



Order intake and backlog





Where We Are

Operations in more than 20 countries

Highlights

HSSE
Aker Solutions is committed to a goal of zero harm to people, assets and the environment. The cornerstone of this objective is a strong, structured and company-wide HSSE system, setting clear standards for HSSE management and leadership.

Pandemic/ COVID-19
2021 was another year heavily influenced by the COVID-19 pandemic. Protecting health and life of the people working for and with Aker Solutions has remained a top priority throughout. During the past two years, Aker Solutions' employees have demonstrated their ability to mobilize and execute operations across the world throughout numerous pandemic constraints, adapting to new ways of working, and setting new performance benchmarks – all of which have earned the recognition of the company's customers.

Safeguarding Mental Health
A priority in 2021 was to care for employees' mental health during the COVID-19 pandemic. This included efforts to avoid negative effects of long-term use of home office and other precautions. This was done by promoting mental health awareness and coping skills through internal channels for mass communication as well as through face-to-face meetings and on digital platforms.

Solid Order Intake and Backlog
In 2021, Aker Solutions won new orders worth a total of NOK 40.5 billion, equivalent to 1.4x book-to-bill, bringing the order backlog at year-end to NOK 49.2 billion, an increase from NOK 38.0 billion at the beginning of the year.

Transition Journey on Track
Aker Solutions has set an ambitious target of one third of revenues in 2025 to come from renewables and transitional solutions. In 2021, the company won around NOK 16 billion in new orders related to these solutions, primarily within electrification, low-carbon solutions, offshore wind and carbon capture. Such solutions represent 32 percent of Aker Solutions' backlog, which demonstrates that it is on-track with this target – and to grow this business to two thirds of the company's revenue by 2030.

High Tendering Activity
High FEED and tendering activity provide a solid foundation for Aker Solutions' growth targets. At year-end 2021, the company was tendering for approximately NOK 81 million worth of contracts, of which 20 percent was related to energy transition. Front-end work was in strong demand for 2021, and Aker Solutions won several FEED contracts that the company expects will convert to significant order intake in 2022.

Collaboration
Aker Solutions is a strong believer in collaboration, both between suppliers and customers. In 2021, Aker Solutions formed a consortium with Siemens Energy and Doosan Babcock for the UK CCUS market, with a view to secure a strong foothold within this expanding market. Aker Solutions also teamed up with DeepOcean and Solstad Offshore to create the Windstaller Alliance, which aims to provide a cost-efficient and flexible service offering for the growing offshore wind market.

Sustainability and Climate Action Plan
In 2021, Aker Solutions set specific objectives for sustainability and how it will contribute to the global climate objectives. By 2025, one third of total revenues will come from solutions to enable production and use of oil and gas with reduced emissions, and from deliveries to renewable energy projects. By 2030, this will account for two thirds of total revenues. The company will reduce CO2 emissions from own operations (scope 1 and 2) by 50 percent within 2030 and to net zero within 2050. In the past year, an aggressive five-year Climate Action Plan was also developed and finalized. The plan spells out how the company will reduce its own emissions, engage its supply chain and provide solutions to reduce emissions for customers and projects. The plan covers four key areas: A plan to reduce emissions through elimination of scope 1 hotspots and securing new power solutions; uniting the supply chain to bring down scope 3 emissions; strengthening low-carbon solutions through building a trusted, industry leading low carbon solutions system; and unleashing the potential of innovation via climate action through integration of data systems.

CEO Introduction

2021 was a pivotal year for Aker Solutions as the first full year in operation following the merger. I am pleased with our performance during the year – both in terms of our operational and safety performance, and our financial results. We delivered on our priorities and established a solid foundation to continue to deliver on our strategy and targets moving forward. Aker Solutions is well positioned for long-term shareholder value creation and to drive the energy transition.

The pandemic has continued to influence both our work, and the lives of our employees and the communities around us in the many countries we are present. Both COVID-19 as well as more traditional HSSE issues, have been handled well by our dedicated people in close cooperation with partners, customers, suppliers and authorities.

Safe and efficient operations are fundamental for our ability to predictably execute projects for our customers within the planned schedules, qualities, and budgets. Aker Solutions has through 2021 demonstrated that this is a priority, and the results we have delivered prove the effect of this focus.

At the beginning of 2021, we involved employees worldwide in a process to contribute with input to our new strategy. Already in 2025, renewable energy and transitional solutions for the oil and gas production will account for one third of our total revenues, and two thirds by 2030.

As we are transforming our operations to new markets, new delivery models and digitalization across all work processes, we also invited employees to participate in discussions on how our company culture needs to evolve to enable success. As we now roll out specific improvements and initiatives based on the Strategy & Culture process, the implementation is embraced by employees who, through involvement, have ownership to the changes.

For more than 50 years, Aker Solutions has been one of the leading suppliers of complete solutions to international oil and gas projects. We see that this experience and vast capabilities also enables us to be a supplier that can enable society to accelerate the energy transition. With our leading expertise, our purpose is to solve global energy challenges for both today's customers and for future generations.

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Oil and gas will continue to be part of the global energy mix, and a key component for other industrial processes and products. At the same time, the global climate objectives show the importance of a rapid increase in sustainable energy sources. In our role as a supplier to oil and gas, we are increasingly involved in projects focused on reducing emissions from the production of oil and gas. In parallel, we are developing solutions for renewable energy production, and our deliveries to renewables projects is growing fast.

One essential and strategic part of these ambitions is how we are expanding our already recognized front-end engineering consultancy. Through early engagement with customers and policy makers with plans for new developments, this will further build our role as a center of expertise for the energy transition. Simultaneously, this will support Aker Solutions growth ambitions.

We expect customers around the world to start new projects over the coming 24 months. On the Norwegian Continental Shelf, a significant number of new developments will be sanctioned and we will contribute to handle this activity growth effectively and responsibly. In 2022, we expect the company's total revenues to increase by 20 percent compared to 2021. We believe this positive development will continue, and we have set ourselves an ambitious target to grow our revenues by 10 percent annually, on average, from 2021 to 2025. And I am pleased to confirm that we are on-track also with this target.

Access to expertise will be a decisive factor to leverage the business opportunities we see ahead. We are investing in training and competence development for employees across our operations. In 2022, Aker Solutions will also open about 2 000 new positions connected to our hubs around the world. We are glad to see that Aker Solutions' central role in the ongoing energy transition already attracts some of the industry's best talents.

As we entered into 2022, geopolitical tensions around the Russia and Ukraine situation escalated. We will monitor and mitigate the increased uncertainties this has created, with particular focus on the safety and security for our people in the region.

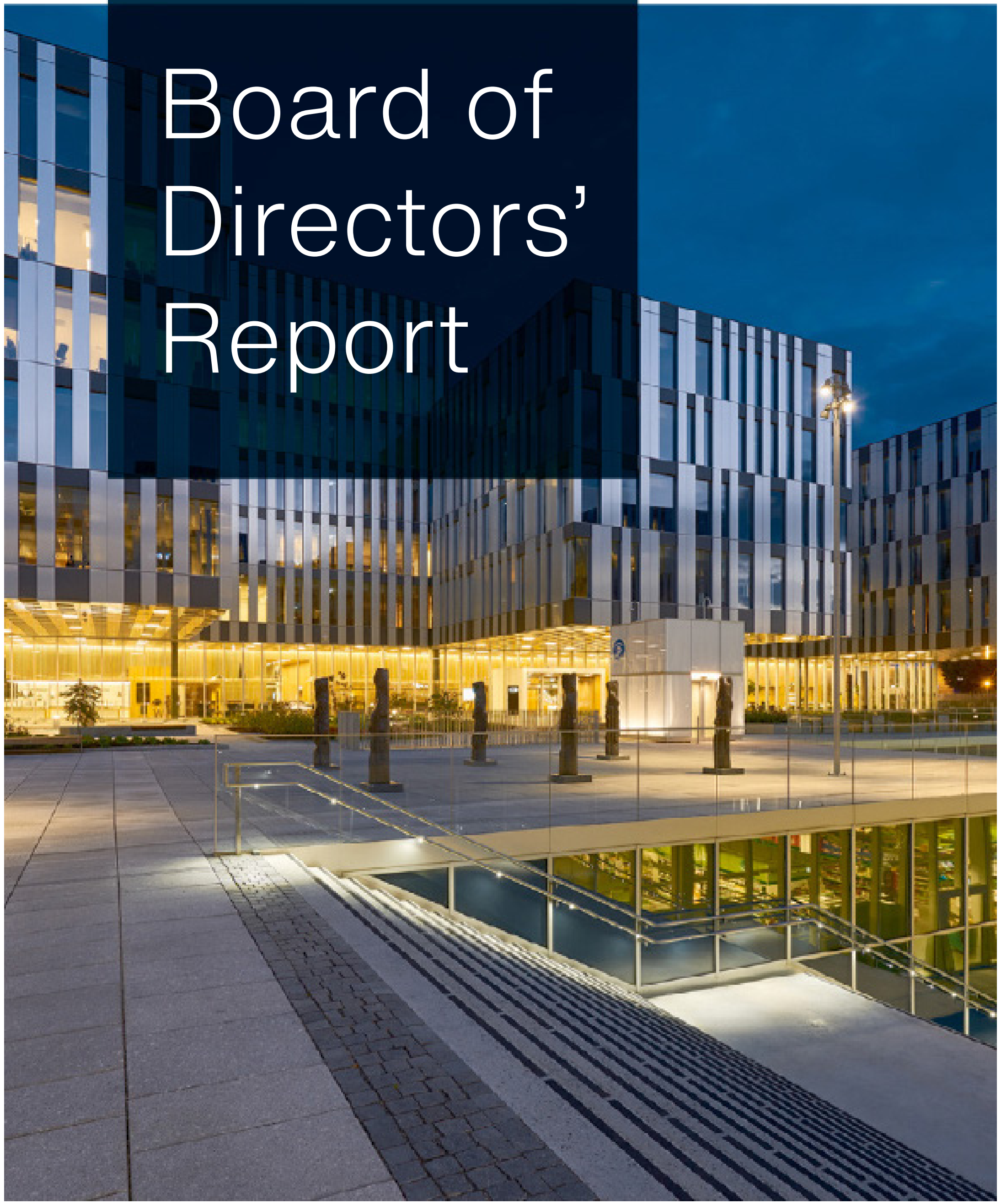
In 2021, we delivered a strong order intake of NOK 40 billion, which included several key wins. This provides a solid foundation for long-term activities across all our segments and supports our growth targets moving forward. I am pleased to see that our strong operational performance through the past year created significant value for our customers, employees, suppliers and partners, as well as for the societies around us. We delivered solid financial performance and created significant shareholder value during the year. We remain committed to our overall target to deliver long-term values for our shareholders and other stakeholders.

The outlook remains positive. Aker Solutions is well placed to capitalize on both near-term recovery, and for the longer-term structural change in the energy markets. We will take a leading role in our markets, and #PowerTheChange!

Best Regards,

Kjetel Digre
CEO, Aker Solutions

Board of Directors' Report



Following the merger with Kvaerner in 2020, which created a leading execution partner for both existing and emerging energy industries, Aker Solutions defined new ambitions for revenue growth, cost improvements and cash generation. The company delivered on these targets in 2021. The transition journey is on track towards a growing proportion of revenues deriving from renewables and low-carbon solutions for oil and gas.

2021 was another year influenced by the COVID-19 pandemic. However, Aker Solutions' employees have demonstrated their ability to mobilize and execute operations across the world throughout numerous pandemic constraints, adapting to new ways of working, and setting new performance benchmarks – all of which have earned the recognition of the company's customers.

Aker Solutions delivered a revenue of NOK 29.5 billion in 2021, which is about the same level as in 2020. However, the EBITDA result and margin for the past period improved significantly versus the year before. 2021 was successful on many fronts for Aker Solutions, with key commercial successes and developments related to the company's transition journey, as well as improved profitability, record free cash flow generation, strong order intake and an order backlog that grew by almost 30 percent during the year.

Overview

Building on nearly two centuries of technological and engineering excellence, Aker Solutions delivers integrated solutions, products and services to the global energy industry. The company enables low-carbon oil and gas production and develops renewable solutions to meet future energy needs. By combining innovative digital solutions and predictable project execution it accelerates the transition to sustainable energy production.

Aker Solutions provides products, systems and services ranging from concept studies and front-end engineering to subsea production systems and services for enhancing and extending the life of a field. The main customers are international, national and independent oil and gas and energy companies.

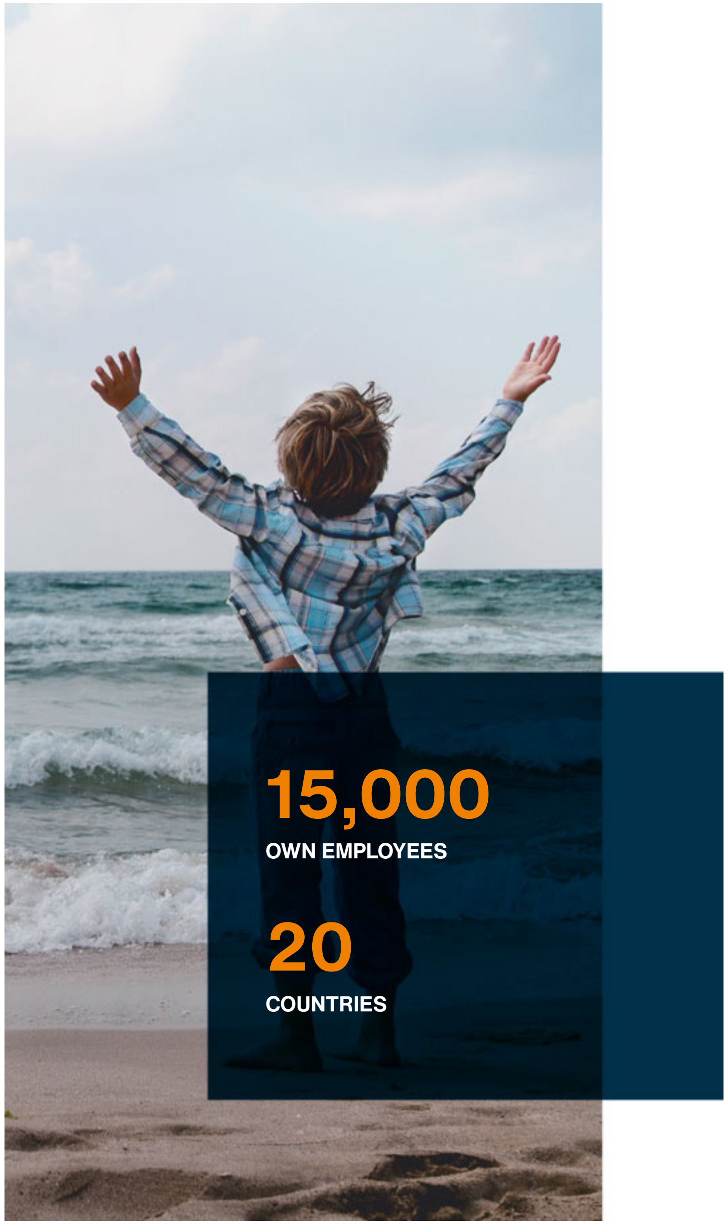
In addition, the company serves customers that own and operate renewable energy or process facilities. Deliveries to renewable energy business and low-carbon oil and gas projects include concept development, engineering, procurement, construction, installation (EPCI), and operation support. Key segments are offshore wind power installations, carbon capture and storage facilities, hydrogen production plants, electrification of oil and gas offshore production platforms, and more.

Aker Solutions employs approximately 15,000 people in more than 20 countries. The head office is at Fornebu, Norway. Aker Solutions ASA is listed on the Oslo Stock Exchange under the ticker AKSO.

Strategy and Organizational Development

2021 is the first full year of operation since the 2020 merger between Aker Solutions and Kvaerner, which created a leading execution partner for delivering low-carbon oil and gas and renewables projects around the globe.

There are considerable changes in Aker Solutions' global markets, including the energy transition trends. COVID-19 has negatively impacted oil and gas demand, spending and sanctioning of new projects, but 2021 saw signs of recovery. Going forward, significant shifts in the global energy markets are anticipated, with accelerated growth in renewables energy production. This trend is strongly supported by governmental targets, policies and stimulus packages, supportive financial markets and technology developments driving down the relative cost of renewable energy. Oil and gas demand is likely to decline over time. However, these markets



will need significant investments in new production in the years to come in order to bridge the gap between demand and natural decline.

Aker Solutions is committed to be a supplier accelerating the transition to sustainable energy production. The company's ambition is that solutions to enable production and use of oil and gas with reduced emissions, and from deliveries to renewable energy projects will represent one third of total revenues already in 2025, and two thirds of total revenues in 2030.

> "Aker Solutions is committed to be a supplier accelerating the transition to sustainable energy production.

Aker Solutions has also set ambitious emissions reduction targets and is committed to reduce its own emissions by 50 percent for scope 1 and 2 by 2030. By 2050, the objective is net zero emissions.

To ensure that the company has the capabilities needed to deliver on its strategy, Aker Solutions will invest in people and competence through a strategic competency lift project, where segments, functions, and regions will co-create to develop competence within targeted areas.

Aker Solutions' offering within several renewables markets spans a wide range, including offshore wind, hydrogen production facilities and installations for carbon capture, utilization and storage (CCUS). Within both bottom-fixed and floating offshore wind, Aker Solutions delivers products and services for foundations, converter and substations in addition to power distribution solutions. In 2019, the company was awarded the EPCI contract for floating foundations for Hywind Tampen, the world's largest floating wind project sanctioned to date. The company has continued to strengthen its position within offshore wind during 2021, and has been selected to provide several HVDC platforms in the UK and the US. Within CCUS, Aker Solutions is delivering several contracts for the Norwegian Longship project for a full-scale CCUS value chain. The company is also engaged across the entire CO2 value chain, with key contracts for the Norcem carbon capture plant, for the Northern Light terminal for receiving captured CO2, as well as for the subsea system for injection of CO2 into the seabed for storage.

The global oil and gas markets will continue to be very important for Aker Solutions in the years to come. The temporary activity package implemented by the Norwegian parliament in 2020 triggered several new projects and contract awards for Aker Solutions in 2021. Aker Solutions is also involved in front-end engineering for several additional prospects. During 2021, Aker Solutions expanded its share of low-carbon solutions in the oil and gas market including the award of the electrification of the existing Troll West platform in Norway. The company also launched the JustEco(TM) digital tool to enable analysis of environmental footprint for more sustainable solutions.

Internationally, Aker Solutions will continue to leverage on its broad footprint and long-term customer relations to deliver low-carbon oil and gas projects globally. A notable contract win in 2021 was the major subsea gas compression project Jansz-Io for Chevron in Australia, an international breakthrough for the company's subsea compression technology. The company is also involved in several international projects within renewables, such as East Anglia THREE in the UK and Sunrise in the US. In 2021, Aker Solutions formed a consortium with Siemens Energy and Doosan Babcock for the UK CCUS market, with a view to secure a strong foothold within this expanding market. In 2021, Aker Solutions also teamed up with DeepOcean and Solstad Offshore to create the Windstaller Alliance, which aims to provide a complete product supply, fabrication and marine services offering within offshore wind and other offshore renewables segments.

Digitalization is identified as a key enabler for Aker Solutions' transformation journey. The company is collaborating with partners, including companies in the Aker group, to develop and commercialize new and innovative digital tools and solutions. For the NOA+Fulla project, Aker BP is collaborating with the supplier alliances where Aker Solutions is a partner to spearhead the new digital journey and establish models for upcoming projects. Aker Solutions was in 2021 awarded the FEED contract for this project.

Organization

Aker Solutions' organization is divided into five business segments: Renewables, Engineering, Topside & Facilities, Electrification, Maintenance and Modifications (EMM), and Subsea.

The company has three external reporting segments: Renewables and Field Development, Electrification, Maintenance and Modifications (EMM), and Subsea.

MENU

CEO Kjetel Digre heads up Aker Solutions, with Idar Eikrem as Executive Vice President (EVP) and CFO.

There were some changes to the executive management team in 2021. In March, Marianne Hagen joined as EVP for Sustainability and Communication, later adding HSSE to her list of responsibilities.

In August, Signy Elde Vefring succeeded Egil Bøyum as EVP Performance and Transformation, while Henrik Inadoni was promoted and joined the executive management team as EVP Legal, Compliance and Safeguarding. Stephen Bull also joined in August, taking on the role as EVP for the Renewables segment, succeeding Karl-Petter Løken. Kenneth Simonsen was acting EVP Renewables from February to August 2021.

Global Presence

Aker Solutions is pursuing international growth in targeted markets, while safeguarding its existing market positions. The company is represented in major energy hubs around the world, including North America, Brazil, the North Sea, Africa, Asia and Russia. Aker Solutions has about 15,000 employees at over 50 locations in more than 20 countries around the world.

Market Outlook

Aker Solutions' activity level is still primarily related to the global oil and gas markets, while the business is in parallel diversifying into a wider range of energy segments.

Oil prices have strengthened significantly over the second half of 2021. Simultaneously, customers in several key segments have strong drivers to maintain progress for maturing and sanctioning of important prospects. The Norwegian activity package for new petroleum projects is expected to lead to contract awards for several projects in 2022 and beyond. Also, within low-carbon solutions and renewables, Aker Solutions is positioning for projects that are expected to pass key decision gates over the coming 24 months.

The company won 103 front-end orders in 2021. This is historically a leading indicator for upcoming project activity. Six studies turned into more detailed FEED projects last year. Some of these FEEDs include options for EPC contracts, which puts the company in a good position for further work in the next phases of development. Approximately one third of these studies were for projects related to the energy transition, compared with 23 percent for 2020.

In the longer term, leading customers and the entire energy industry are working to lower the carbon footprint from operations and from the use of end products. Decarbonizing oil and gas, and growth in carbon capture and renewable energy such as offshore wind and hydrogen, represent significant growth opportunities for Aker Solutions. Low-carbon solutions include oil and gas installations with all-electric power supply systems, unmanned operations, subsea compression, and carbon capture and storage. Aker Solutions is well positioned for all such projects.

> "The company won 103 front-end orders in 2021. This is historically a leading indicator for upcoming project activity.

ESG/Sustainability

Sustainability at Aker Solutions means being a supplier that accelerates the transition to sustainable energy production by making responsible business decisions that create value while protecting the environment and contributing to the good of society.

Aker Solutions is guided by a sustainability mindset in everything it does. The company ensures safe operations for its people and the environment, and has robust programs in the social and governance areas. Aker Solutions' Climate Action Plan provides a pathway to ensure that it meets emissions targets, support clients in reaching their goals, and further develop the company's low-carbon solutions.

It is also important that Aker Solutions' own business and value chain with thousands of suppliers is sustainable. The company's objective is to reduce CO2 emissions from its own operations by 50 percent by 2030, based on our 2019 emissions. By 2050, the ambition is to become a net-zero company.

Achievements

In 2021, Aker Solutions established new policies for Sustainability and Human Rights. These policies are relevant for all employees. The company improved its CDP score to B, completed an updated climate-related risk assessment (TCFD report) and updated its new material topics based on the impacts that the company has on the environment, society, human rights and the economy.

Climate Action Plan

Over the past 18 months, Aker Solutions has seen an increased demand from stakeholders to share a roadmap for how the company will reduce its own emissions, engage its supply chain and provide solutions to reduce emissions for customers and projects. The company established a Climate Action Steering Team and developed an aggressive five-year Climate Action Plan. The new plan addresses these issues through four key features:

- **Reduce emissions:** Eliminate scope 1 hotspots and secure new power solutions (scope 2)
- **Unite the supply chain:** Establish a resilient supply chain to bring down scope 3 emissions
- **Strengthen low-carbon solutions:** Build a trusted, industry leading low-carbon solutions system
- **Integrate our data systems:** Unleash the potential of innovation via climate action

Reporting Frameworks

The company's commitment to human and labor rights is covered by the Global Framework Agreement between Aker ASA and the Norwegian and international trade unions Fellesforbundet, IndustriALL Global Union, NITO and Tekna. Aker Solutions follows the Euronext guidance on ESG reporting of January 2020 and includes reports according to the Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP) and Task Force on Climate-related Financial Disclosures (TCFD). Aker Solutions' strategy supports the UN Sustainable Development Goals (SDGs) and the company has prioritized 7 SDGs where it can have the most impact and contribute positively.

More information is available in the company's sustainability report for 2021 on www.akersolutions.com/sustainability-reports.

Disclosure of EU Taxonomy Related Information

Reporting

Aker Solutions will report on EU taxonomy for the full year 2022, as required for listed Norwegian companies. To prepare for the reporting, in 2021 the company has worked diligently on analyzing its operations, assessing eligibility, interpreting the EU taxonomy criteria and developing a consistent reporting framework. Of the two environmental objectives described in the first Delegated Act, Climate Mitigation is the objective where Aker Solutions will contribute the most. The company has assessed the most significant projects within renewables and low-carbon solutions.

A large part of the company's activities are related to the production of oil and gas. These activities, as well as aquaculture activities, are excluded from the EU taxonomy and deemed non-eligible. Aker Solutions also has some activities related to the electrification of the Norwegian continental shelf by wind power, but due to the uncertainty of potential lock-in effects, the company has currently classified these activities as non-eligible.

EU Taxonomy Work

Going forward, Aker Solutions will continue the assessment of alignment, including evaluation of the Substantial Contribution criteria, the Do No Significant Harm criteria and the Minimum Social Safeguards criteria. The company will calculate the proportion of aligned activities, by total turnover, capital expenditure and operating expenditure, and report in line with the EU taxonomy requirements for the 2022 calendar year. In addition, the company is closely following the development of the EU taxonomy to understand whether additional activities could qualify under any of the other four upcoming environmental objectives.

Eligible EU Taxonomy Activities

In the coming years, Aker Solutions will make significant ESG-related investments to reduce the company's greenhouse gas emissions, in addition to investments in technology to develop new renewable and energy transition solutions for customers. Below are some examples of Aker Solutions' eligible activities and the relevant EU taxonomy classifications.

Carbon Capture: In the carbon capture, utilization and storage (CCUS) industry, Aker Solutions is engaged in projects across the value chain. One example is HeidelbergCement's Norcem cement factory in Norway where Aker Solutions is a supplier to Aker Carbon Capture for delivering a carbon capture facility. This carbon capture plant will have the capacity to capture 400,000 metric tons of CO2 per year, in this hard-to-abate sector. Another example is the Net Zero Teesside power project. Net Zero Teesside Power is a first-of-a-kind gas-fired power project – fully integrated with carbon capture technology, with emissions planned to be exported and securely stored by the Northern Endurance Partnership. These activities will be classified under 3.6 Manufacture of other low carbon technologies.

Carbon Storage: For the Northern Lights project, Aker Solutions is constructing the onshore receiving facility on the west coast of Norway, where captured CO2 is received and temporarily stored before being transported offshore for permanent storage. The company is also delivering the related subsea system offshore for the injection at the permanent storage reservoir at 2,600 meters below the seabed of the North Sea. This storage project is a key enabler that opens the addressable market for more carbon capture projects to be developed in Europe. These activities will be classified under 5.11 Transportation of CO2.

Converter Platforms and Substations for Offshore Wind: Sunrise Wind is a large 924-megawatt offshore wind project in the US, developed by Ørsted and Eversource. Aker Solutions will, in a consortium with Siemens Energy, supply the high-voltage, direct current (HVDC) converter platform under its EPCI contract. Sunrise Wind is one of the largest offshore wind farms in the US, located offshore New York, and is planned to generate enough clean energy to power approximately 600,000 homes. It is expected to be operational in 2025. In addition, Aker Solutions, in consortium with Siemens Energy, has been selected by Vattenfall as preferred bidder for the Norfolk offshore wind project located in the North Sea off the coast of Norfolk, UK. The Norfolk wind zone consists of the Norfolk Vanguard and Norfolk Boreas offshore wind farms. The planned 3.6-gigawatt total installed capacity will make this one the largest offshore zones in the world at the time of completion. Aker Solutions has also in a consortium with Siemens Energy signed a contract with ScottishPower Renewables with the intent to provide the HVDC converter stations for the East Anglia THREE offshore wind project in the UK. These activities will be classified under 4.3 Electricity generation from wind power.

Hydrogen: Through Aker Solutions' differentiating front end business, the company is also engaged in early-phase work for several upcoming opportunities within hydrogen. The company is currently supporting Aker Clean Hydrogen in maturing its projects towards sanctioning. Aker Solutions' offering within hydrogen includes engineering, procurement and constructions (EPC) services for green, blue and turquoise hydrogen plants and e-fuel. Aker Clean Hydrogen has set a target of 5.0-gigawatt net installed clean hydrogen capacity in 2030. To achieve this, the company has several ongoing projects and plans to which Aker Solutions can contribute with its expertise. These activities will be classified under 9.1 Close to market research, development and innovation.

Corporate Governance

Good corporate governance at Aker Solutions will ensure sustainable operations and value creation over time to the benefit of shareholders and other stakeholders. Corporate governance is a framework of processes, mechanisms, and responsibilities for managing the business and making sure the right objectives and strategies are set and implemented with results that can be measured and followed up.

The management and the Board of Directors are responsible for ensuring that the company conducts business using sound corporate governance, and sets the standards for corporate governance, ensuring these reflect the Norwegian Code of Practice for Corporate Governance.

The audit committee supports the Board of Directors in the quality assurance of guidelines, policies, and other governing instruments pertaining to the company. The committee supports the Board of Directors in safeguarding that the company has sound management and internal controls over financial reporting and enterprise risks. The audit committee also monitors compliance with the company's Code of Conduct as well as anti-corruption and third-party representative policies.

The directors and officers of Aker Solutions ASA 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 more than 50 percent) are covered by the insurance. The cover also includes employees in managerial positions or employees who become named in a claim or investigation.

More information is available in the corporate governance report for 2021 on www.akersolutions.com/corporate-governance.

Financial Performance

Aker Solutions presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union. Aker Solutions merged with Kvaerner in November 2020, and the consolidated financial statements in this report include financial results of Aker Solutions and Kvaerner as a merged company from the beginning of the reporting period based on the book-value method. All financial information, except those in the Parent Company Financial Statements, relate to the consolidated financial statements for the group, since the parent company has very limited operations.

Consolidated Financial Results

Aker Solutions' revenue increased slightly to NOK 29.5 billion in 2021 from NOK 29.4 billion in the prior year. Earnings before interest and other financial items, taxes, depreciation and amortization (EBITDA) for the full year 2021 increased to NOK 1.842 billion (6.2 percent) compared to NOK 1.539 billion (5.2 percent) a year earlier. EBITDA excluding special items was NOK 1.871 billion, compared to NOK 1.236 billion a year earlier. This corresponds to an increase of the EBITDA margin excluding special items to 6.4 percent compared to 4.3 percent for 2020. The positive development of EBITDA for 2021 was mainly driven by solid performance in the Subsea segment as well as improvement in the Electrification, Maintenance and Modifications segment from the year before.

The company's measures to deliver on a target of 1.5 billion of cost reductions from full-year 2019 to full-year 2021 has now been fully implemented. These cost reductions include cost saving programs, which both companies already had initiated due to the market downturn, as well as cost synergies realized through the merger.

Interest income was NOK 242 million in 2021, compared to NOK 100 million in the previous year. Interest expenses were NOK 383 million compared to NOK 504 million the year before. Income before tax increased to NOK 520 million in 2021 from negative NOK -1,314 million the year before. The positive development is mainly driven by the improvements in the Subsea and EMM segments, as well as higher impairments and net financial items in 2020. The effective P&L tax rate was 52 percent compared to negative 15.7 percent in the previous year.

Net income after tax in 2021 was NOK 249 million compared with negative NOK -1,520 million the previous year. Earnings per share were NOK 0.52 versus negative NOK -3.13 in 2020. Excluding special items, the earnings per share for 2021 were NOK 0.65 versus negative NOK -1.36 the previous year.

External Reporting Segments

The company has established three reporting segments for communication to shareholders and the financial markets: The Renewables and Field Development segment, the Electrification, Maintenance and Modifications (EMM) segment, and the Subsea segment.

Renewables and Field Development Financial Results

The Renewables and Field Development segment designs and delivers renewable energy solutions for offshore wind, hydrogen and carbon capture, utilization and storage (CCUS). The segment also includes engineering and fabrication for complete deliveries of traditional oil and gas platforms, onshore facilities, decommissioning and marine operations.

Renewables and Field Development revenue remained stable at NOK 10.6 billion in 2021 from NOK 10.8 billion the year before. The EBITDA margin improved to 5.0 percent from 4.0 percent the year earlier, positively impacted by NOK 125 million related to an arbitration settlement in the first quarter of 2021. Several projects in the portfolio were still in earlier phases of execution in 2021, with no margin recognition.

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The full-year order intake increased to NOK 14.0 billion in 2021 from NOK 11.4 billion in the prior year. This represented a book-to-bill of 1.3 times. Tender activity remains very high with an estimated sales value of around NOK 46 billion at year-end. The order backlog increased by 32 percent during 2021 to NOK 14.1 billion at the end of the year versus NOK 10.6 billion a year earlier.

Electrification, Maintenance & Modifications Financial Results

The Electrification, Modifications and Maintenance segment (EMM) optimizes field life solutions. It has specialized capabilities for efficient execution of a range of maintenance and modifications services for offshore infrastructure, and offers decarbonization and environmentally sound offerings including electrification solutions.

EMM revenue increased to NOK 9.2 billion in 2021 from NOK 8.7 billion the year before. The EBITDA margin was 4.4 percent versus 0.3 percent a year earlier, when some non-recurring project adjustments were made.

The full-year order intake was NOK 9.9 billion in 2021, compared to NOK 13.8 billion the prior year. This represented a book-to-bill of 1.1 times. The segment was engaged in active tenders at an estimated sales value of NOK 7 billion at year-end. The order backlog increased to NOK 17.6 billion at the end of 2021 versus NOK 16.5 billion a year earlier.

Subsea Financial Results

The Subsea segment supplies a broad spectrum of market leading intelligent subsea products, systems and solutions globally, as well as subsea lifecycle services.

Subsea revenue increased slightly to NOK 9.7 billion in 2021 from NOK 9.5 billion the year before. The EBITDA margin increased to 12.8 percent percent versus 6.0 percent percent a year earlier, driven by solid performance on ongoing projects supported by a robust project portfolio with a high portion of standardized equipment.

The full-year order intake almost doubled to NOK 16.8 billion in 2021, compared to NOK 9.1 billion the prior year. This represented a book-to-bill of 1.7 times. Subsea won several significant contracts in the year, with the largest one being the Jansz-Io subsea gas compression contract. Tender activity remains very high at an estimated sales value of NOK 28 billion at year-end. The order backlog increased by 63 percent to NOK 17.8 billion at the end of 2021 versus NOK 10.9 billion a year earlier.

Segment Key Figures

	Renewables & Field Development		**Electrification, Maintenance & Modifications**		**Subsea**	
NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	10,625	10,829	9,197	8,733	9,712	9,457
EBITDA	535	434	402	27	1,244	569
EBITDA margin	5.0%	4.0%	4.4%	0.3%	12.8%	6.0%
EBITDA ex. special items	540	549	420	161	1,244	748
EBITDA margin ex. special items	5.1%	5.1%	4.6%	1.8%	12.8%	7.9%
EBIT	317	153	273	-234	627	-623
EBIT margin	3.0%	1.4%	3.0%	-2.7%	6.5%	-6.6%
EBIT ex. special items	285	324	291	22	630	-45
EBIT margin ex. special items	2.7%	3.0%	3.2%	0.3%	6.5%	-0.5%
NCOA (or working capital)	-795	-945	-111	-235	-275	676
Order Intake	14,028	11,402	9,882	13,792	16,837	9,076
Order Backlog	14,058	10,632	17,553	16,527	17,826	10,912
Employees	4,553	4,675	6,085	5,694	3,607	3,500

Note: Aker Solutions and Kvaerner merged in November 2020, historical numbers are restated according to the book-value method.

Assets, Equity and Liability

Non-current assets totalled NOK 13.5 billion at the end of 2021, compared with NOK 14.0 billion the year before. Goodwill and other intangible assets were NOK 5.7 billion at year-end which is slightly less than the year before. The company had a net cash position of NOK 2.2 billion in 2021, compared with net cash position of NOK 0.5 billion in the prior year. The net cash consists of current and non-current borrowings and cash and cash equivalent. The debt at the end of 2021 mainly consist of bond loans in the Norwegian market. The company ended the year with a total liquidity buffer of NOK 9.6 billion consisting of cash and bank deposits of NOK 4.6 billion as well as committed long-term revolving bank credit facilities of NOK 5.0 billion. The liquidity buffer in the prior year was NOK 8.2 billion.

The book value of equity, including non-controlling interests, was NOK 7.9 billion at the end of 2021, which is the same as the year earlier. The company's equity ratio was 27.2 percent, down from 29.5 percent a year earlier.

Cash Flow

Consolidated cash flow from operating activities depends on several factors, including progress on and delivery of projects, changes in working capital and prepayments from customers.

Net cash flow from operating activities was NOK 2,799 million in 2021 compared with NOK 901 million a year earlier. Net current operating assets was NOK -1.8 billion at the end of 2021 versus NOK -0.3 million a year earlier. Net current operating assets may fluctuate due to the timing of large milestone payments on projects as well as other timing effects and working capital movements.

Aker Solutions' net cash outflow for investing activities was NOK 6 million in 2021, compared with net inflow of NOK 271 million a year earlier. Investments in technology development and IT were NOK 144 million, compared with NOK 197 million a year earlier. Net cash outflow related to financing activities was NOK 1,424 million, compared to NOK 1,958 million in 2020.

Investing in Research, Innovation and Technology

Building on a history of technological and engineering accomplishments, Aker Solutions is well positioned to leverage core capabilities and maintain a strong position in oil and gas, while growing low-carbon and renewable offerings. Through the dual role as both a technology agnostic and technology integrator/ developer, the company choses the best system solutions for customers and provides competitive technology that enables low-carbon and renewable offerings

Aker Solutions' technology strategy is customer focused on standardization within oil and gas, including technologies such as all-electric subsea tree and others. Technologies such as subsea compression, subsea CO2 injection and storage, subsea and floating substations for electrification of FPSOs/platforms enable new offerings within low-carbon. Subsea and floating substations, power cables for floating wind, engineering concept studies within fish farming, and eFuel are examples of technologies that create new opportunities within the renewable segment.

The strong focus on digitalization within the company continued throughout the year, targeting disrupting data silos. The NOA field development, operated by Aker BP, aims to transform the way the company delivers projects through a fully digitalized project execution model, which is setting new standards for cost efficiency. During 2021, NOK 45 million was expended with digitalization.

Partnership, alliances and Joint Industry Projects (JIPs) are key contributors to Aker Solutions' technology role. Technologies such as subsea substations, HVDC concepts and data driven services are being developed in collaboration with partners such as ABB, Siemens, Cognite and others.

Through 2021, Aker Solutions was awarded several JIPs to develop engineering solutions and subsea products within low-carbon and renewable solutions over three years. These JIPs are in collaboration with customers, research institutes and suppliers.

Aker Solutions has the key role in the Linking Carbon Capture and Storage (LINCCS) R&D project. The initiative is funded by NOK 100 million from the Research Council of Norway and a similar amount from industry partners including important customers. The objective for Aker Solutions' work is to develop new solutions for transport and storage of CO2 after capture on offshore oil and gas installations. The ambition is to reduce costs for such solutions by 70 percent.

Furthermore, through technology partners such as SuperNode (part of Aker Horizon), Aker Solutions has the potential to provide disruptive superconductor power transmission solutions that also expands the subsea delivery portfolio. When the technology is commercialized, it can result in subsea deliveries of Cooling, Pumping Pod (CPP) and system solution deliveries within floating wind. Total 2021 R&D expenditure was NOK 195 million, of which NOK 144 million was capitalized and NOK 51 million was expensed. The research and development portfolio included several key development programs for future and current prospects. At the end of the year, Aker Solutions recognized NOK 32 million in impairment losses on capitalized R&D related to technologies where the market outlook changed.

Parent Company Financial Statements

Aker Solutions ASA, the parent company of the Aker Solutions group, owns and manages the group's subsidiaries. Aker Solutions ASA has outsourced all company functions to other companies in the group, mainly Aker Solutions AS. Assets and liabilities related to the corporate treasury function are held by Aker Solutions ASA. Aker Solutions ASA had a net profit of NOK 810 million in 2021 as it received non-taxable group contributions. The costs in the company mainly consist of corporate costs and interest expenses. The net loss was NOK -163 million in 2020.

More information on the allocation of profits can be found in the income statement of the parent company in this report.

Health, Safety, Security and Environment

Aker Solutions is committed to a goal of zero harm to people, assets and the environment. The cornerstone of this objective is a strong, structured and company wide HSSE system, setting clear standards for HSSE management and leadership. Regular audits aim to identify, isolate and help address potential shortcomings.

Aker Solutions is focused on continuous improvement and learning throughout the organization, and the HSSE system is a key enabler in the quest for increasingly stringent standards. The HSSE culture is founded on the principle that HSSE has personal responsibility for every employee.

Participation and consultation of our people and safety representatives is a success factor for the HSSE Management System and a key ingredient in a strong HSSE culture.

> "Aker Solutions is committed to a goal of zero harm to people, assets and the environment.

One of the focus areas in 2021 has been Management System standardization and amalgamation of Aker Solutions and Kvaerner procedures. To ensure compliance and identify best practices the company has also implemented an annual HSSE Verification and Maturity assessment

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program. Global Control of Work Process and leadership training have also been an important focus areas in 2021.

These programs have been carried out while the HSSE Function has continued to manage the company's COVID-19 pandemic response, safeguarding its capability to deliver projects and services to clients.

Health and Working Environment

Aker Solutions is committed to a goal of zero harm to its employees, not just through accident prevention, but also through safeguarding employees' physical and mental health. In 2021, the health discipline continued to focus on reducing exposure to health hazards by performing site-specific assessments with the E-score tool at five Norway locations and three international locations. The identified hazards and risks will be eliminated or controlled according to a new improvement plan for the site and ultimately contribute to limit the number of new work-related illnesses.

Another priority in 2021 was to care for the mental health of employees during the pandemic. This included efforts to avoid negative effects of long-term use of home office and other precautions. This was done by promoting mental health awareness and coping skills through internal channels for mass communication as well as through face-to-face meetings and on digital platforms.

Aker Solutions' global sick leave for 2021 was 3.17 percent, which is above the target of 2.5 percent. The sick leave in the previous year was 3.02 percent. The 2021 number reflects a negative influence by the COVID-19 pandemic.

Safety

Aker Solutions operates with a zero-harm mindset and the belief that all incidents can be prevented. The Zero Days indicator counts days without a recordable injury or serious incident across the company. In 2021, Aker Solutions delivered 306 Zero Days, compared to 305 in 2020. However, the company is committed to returning to the 2017 level, setting a goal of 315 Zero Days for 2022.

Aker Solutions uses the lagging indicator Serious Incident Frequency (SIF) to focus on the trend and occurrence of high-risk incidents. These are incidents where the actual or potential consequence is deemed to be high or extreme, as defined by the company's classification matrix. The year-end result indicates a positive performance development on this KPI, with a SIF figure of 0.29, which is slightly below the target of 0.3. The company experienced 12 serious incident cases in 2021, and four of those were related to dropped objects.

In total, 56 employees were injured with a severity higher than first aid treatment, with five classified as serious, during 2021. There were no fatalities. A total of 14 injuries caused lost workdays, and 12 caused restricted work. The remaining 30 injuries required medical treatment. At the end of 2021, Aker Solutions had a Lost Time Injury Frequency (LTIF) of 0.34, compared to 0.18 in 2020. The Total Recordable Injuries Frequency (TRIF) increased slightly from 1.28 in 2020 to 1.31 in 2021.

Security

Aker Solutions' commitment towards safeguarding employees, assets and reputation is demonstrated by the core team of security professionals and the operation of a 24/7 Global Security Operations Center. The Center supports all aspects of Aker Solutions' global operations as well as some of the affiliated Aker companies.

Security is currently grouped into the disciplines of physical security, personnel security, travel security, information security and executive protection. It is managed either from within the security function or as a stakeholder in concert with the appropriate function. In 2021, 124 Security Cases were reported and most of the cases were related to physical security (generally failure of technical components and personnel not adhering to security procedures). No serious security incidents were reported in 2021 and 118 cases out of 124 were reported as low risk (green).

Cybercrime

The risks posed by cyber criminals continues to be a major threat to operations. This risk is managed by IT with the security function closely engaged as a stakeholder. The threat landscape is continuously monitored, and necessary steps are taken to safeguard employees, systems, data and products. Phishing emails remain the most important vector for cyber-attacks. Further measures have been taken to secure email, improve capabilities to identify ongoing malicious activities and increase employee awareness of cyber threats. With smarter products connected to the internet, there is an increased risk to these devices and the systems they are connected to. Precautions have been taken to protect Aker Solutions' and clients' assets.

Emergency Preparedness and Response

While the primary focus in 2021 for the company's Emergency Response Teams has been the management of business continuity and health issues associated with COVID-19, additional effort has been placed on coordinating the actions of organizations at the tactical, operational and strategic levels of the company. Governance around emergency management has been revised and the roles, responsibility of functions and how they will interact with each other in a situation have been interrogated and refined. Emphasis has been placed on training with exercises conducted at all three levels ensuring that teams, as standard, comprise leaders from the P&O, IT, HSSE, Security, Legal and Communications functions and subject matter experts as appropriate. The teams train regularly, and all findings and learnings are registered in the Synergi tool.

Environment

Aker Solutions works to protect the environment by offering products, systems and services that promote the reduction of the environmental footprint of customers' operations where possible. There is an opportunity to support the climate change agenda in line with our low-carbon and renewables solutions strategy. The company has also committed to reduce its own internal emissions by control of its internal activities.

> "Aker Solutions works to protect the environment by offering products, systems and services that promote the reduction of the environmental footprint of customers' operations where possible.

The company's internal total energy consumption, based on the recorded use of oil, gas, fuels and electricity, increased from 145,520 megawatt hours (MWh) in 2020 to 159,476 MWh in 2021. This increase is mainly due to higher energy consumption in the winter months of January and February. However, the total carbon dioxide emissions were lower in 2021 at 22,852 tons versus 24,914 tons in 2020. The COVID-19 pandemic has contributed to this development, as it has caused an overall reduction of travel locally and internationally. This has accelerated use of digital channels for communication and meetings as alternatives to conventional business travel.

In 2021, Aker Solutions reported on its climate change information to CDP and will continue this practice in 2022. The company received a "B" score for its 2021 CDP rating, which is an excellent achievement. The company strives to improve activities and plans further. The CDP report can be viewed at https://www.akersolutions.com/sustainability/reporting-frameworks-and-assessments/

Aker Solutions also measures and monitors waste segregation and recycling activities. In 2021, the company recorded total waste of 34,623 tons, compared with 16,183 tons in the previous year. In total, 78,3 percent of the waste was sent for recycling in 2021. This is a positive development from the 61 percent that was reported in 2020. To align with industry standards, the company only includes material recycling in its recycled waste fraction, excluding hazardous waste and waste-to-energy recovery.

In 2021, Aker Solutions initiated a project to develop a comprehensive Climate Action Plan. The plan was launched in January 2022 and more information is available in the company's annual sustainability report.

Safeguarding Diversity and Equal Opportunity

Aker Solutions had 15,012 employees and 4,965 contract staff at the end of 2021. The company is strongly committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality, or other factors. The company has a diverse workforce, which it seeks to develop and motivate through strategy involvement, competency management, employee engagement, career development and leadership training.

Aker Solutions seeks to promote diversity in its workforce through clear requirements for diversity in recruitment and development of individuals and programs supporting equal opportunity, in accordance with its Code of Conduct, People Policy and recruitment procedures. Men have traditionally dominated the oil and gas industry and, particularly, offshore work. This continues to be reflected in the company's organization, where around 18 percent of its employees are women. Aker Solutions strengthened its focus on promoting greater diversity in 2021 through recruiting more female candidates and promoting women to leadership roles. The percentage of females being recruited in 2021 was 17.5 percent compared with 11.2 percent in 2020. The percentage of women in leadership roles has decreased from 23.77 in 2020 to 23.18 in 2021. As the company is not content with this development, increasing the share of female employees will remain a priority in 2022.

Aker Solutions is empowered by its diverse workforce with 91 nationalities and by the number of female employees excelling and filling crucial roles across the company's global operations.

More information regarding the company's commitment to equality and diversity is available in the company's 2021 sustainability report: www.akersolutions.com/sustainability-reports.

Risk Factors

Aker Solutions' global footprint, operations and exposure to energy markets and a volatile commodity price provides both opportunities and risks that may affect the company's operations, performance, finances, reputation and share price. It is evident that external risk factors such as pandemics, market risk, supply chain risks, cybercrime, compliance and integrity risks, political risks, risks related to civil or political unrest including war, and climate related risks may have a significant adverse impact on the company, in addition to internal risk factors such as operational risks and financial risks. These risk factors are further described below.

Pandemics

The COVID-19 pandemic may have negative influence on the operations also in 2022. Although vaccination levels are rapidly increasing in most of the countries where Aker Solutions operate, and societies are gradually re-opening, future developments are difficult to predict. The company continues to cooperate closely with authorities, customers and partners to mitigate the situation. However, as the restrictions are dynamic and continuously changing at the start of 2022, it is difficult to estimate the effects on the operations for the full year.

Pandemic outbreaks and other natural disasters could also occur in the future and may impact Aker Solutions in the following manner:

- Personnel may not be able to work due to illness, quarantines, travel restrictions and social distancing
- Manufacturing sites, service bases or office buildings may as a result be shut down
- Supplies from vendors and deliveries to clients may be delayed
- Clients are likely to face delays and losses and may claim reimbursement from Aker Solutions and other suppliers
- Long-term impact on the global economy may result in loss and impairment of the assets
- Available future market could decrease as clients reduce capex

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Market Risk

The challenging commodity price environment and the effects of the COVID-19 pandemic create significant uncertainty for both the activity and financial performance of Aker Solutions. However, the Norwegian tax incentive program is expected to trigger gradual increasing activities for Aker Solutions' operations in Norway.

Some of the principal factors that contribute to market risk are outlined below:

- Instability in the world economy as a result of virus pandemics or risks related to civil or political unrest including war, including impacts such as supply chain disruptions
- Volatile oil and gas market, changes in supply, demand and storage having an adverse impact on energy prices which is likely to impact activity levels significantly
- Uncertainty regarding future contract awards and their impact on future earnings and profitability
- Climate change and speed of the energy transition to renewables and lower carbon economy, including environmental requirements, impact upon oil company activities and the overall development of the market
- Local content requirements, legislative restrictions and/or prohibitions on oil and gas activities in countries of existing or planned operations
- Liabilities under environmental laws or regulations
- These factors will influence oil price and oil companies' exploration, development, energy transition, production, investment, modification and maintenance activity

Developments within the market will lead to capacity adjustments and changes in the valuation of company assets and liabilities. The main uncertainties include delivering on the company's international growth ambitions, entry and establishment in new growth markets, and delivering a competitive cost base. Aker Solutions is committed to an active policy of risk management and will take mitigating actions to increase flexibility in its operations, for instance by seeking to drive down costs, build a sustainable global workforce, invest in sustainable energy such as floating offshore wind and technology to capture emissions such as carbon capture and storage, and enhance standardization and simplification. The company aims to be agile in its approach to the market, effectively adapting to industry demand, Environment Social Governance (ESG) requirements, and fluctuations to deliver optimal value and rewards across the value chain. A focus on continuous improvement in productivity and sustainability is central to these efforts. Entering new market segments also presents new opportunities and risks. In 2022, Aker Solutions will expand its engineering offering by establishing an engineering consultancy service business. However, consultancy services are generally considered a low-risk business model.

Compliance, Integrity and Political Risks

Aker Solutions shall conduct its business with integrity, respecting the laws, cultures, dignity and rights of individuals in all of the countries where we operate. Aker Solutions has a code of conduct which is endorsed by the Board of Directors and it constitutes a framework for managing compliance and integrity risks. It describes Aker Solutions' commitments and requirements regarding business practice, personal conduct and expectations towards business partners.

The code of conduct and other compliance procedures are implemented and operationalized in the line of business through a global compliance program. Aker Solutions' compliance program is managed by the Business Integrity and Compliance team, led by Chief Compliance Officer (CCO). The global compliance program is designed to help the company promote a culture of compliance and integrity and to prevent, detect and respond to non-compliances, breaches of law, regulations or internal policies.

Aker Solutions has established policies and procedures in order to comply with applicable ethical standards, laws and regulations domestically and internationally. Aker Solutions could, nevertheless, potentially become involved in unethical behaviour, either directly or through third parties or partners. The company has operations in countries associated with high political, corruption and human rights risks. Key tools to reduce these risks are the company's code of conduct, global compliance program including anti-corruption and human rights frameworks, which are implemented at our locations globally. Risks are managed through country risk assessments, sanctions and trade compliance assessments, mandatory compliance and integrity awareness trainings, compliance reviews and integrity due diligence process of business partners. Aker Solutions' compliance program including anti-corruption and human rights frameworks are subject to quarterly reporting to the Audit Committee.

Aker Solutions has zero tolerance for corruption and works vigilantly to prevent such behaviour. The company has control systems in place throughout the organization designed to identify and limit the effects of violations of the code of conduct. Employees violating the code face consequences ranging from a warning to dismissal for violating the code of conduct.

In 2021, the company maintained most core elements of its global compliance program including anti-corruption and human rights compliance frameworks. The company conducted screenings of potential projects in high-risk countries and integrity due diligence processes of potential business partners as it pursued opportunities in high-risk markets. All whistleblower cases received were investigated. Code of Conduct refresher eLearning was made available to all company personnel. The Human Rights Committee maintained its quarterly meetings throughout the year. Activities requiring travel and / or in-person interaction, such as classroom training and on-site audits, continued to be postponed or cancelled in 2021 due to the global COVID-19 pandemic.

Climate-Related Risks

Aker Solutions maps climate-related risks in accordance with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD). The recommended disclosures and our responses can be found in the independent Climate Risk Review. The report summarizes climate-related risks (physical, regulatory/liability, technology, market and reputational) and opportunities for Aker Solutions and includes key findings, gaps and recommendations. These risks and potential impacts are covered in other chapters in this report and in more detail within the company's Annual Sustainability Reports.

The company is exposed to risks and opportunities stemming from climate change and the energy transition to renewables and a lower carbon economy. This includes changes in global demand, energy prices and environmental requirements that could increase costs, reduce demand for the company's offerings, reduce revenue and external investment and limit certain growth opportunities. Some risks can be mitigated or turned into opportunities by investing in or transforming existing technology and services into sustainable energy such as floating offshore wind and technology to reduce emissions such as carbon capture and storage. The company may face increasing reputational and recruiting challenges and declining political goodwill if talent, investors and customers only associate Aker Solutions with the oil and gas industry instead of as a key player accelerating the transition to sustainable energy production.

Overall, the 2021 Climate Risk Review shows that Aker Solutions has a clear understanding of climate-related risks and has adequate systems in place to manage them. The assessment also includes recommended actions and priorities for the future, many of which are already being addressed through the company's new Climate Action Plan ongoing assessments for the EU Taxonomy and other internal initiatives.

Operational Risk

Aker Solutions uses both reimbursable and fixed-price contracts. Contracts that include fixed prices for all or parts of the deliverables are subject to the risk of potential cost overruns. Aker Solutions is involved in projects that are both demanding and complex in nature, with significant design and engineering requirements, as well as extensive procurement and manufacturing of equipment, sourcing supplies and construction management. In certain situations, the projects may also require the development of innovative new technology and solutions. These can impact upon the company's ability to deliver on time and in accordance with a contract, potentially harming Aker Solutions' reputation, performance and finances. Factors that may have an adverse material effect on the business, results of operations and finances of Aker Solutions include, but are not limited to:

- The loss of business from a significant customer, the failure to deliver a significant project as agreed, or alterations to the order backlog.
- Aker Solutions' ability to compete effectively and maintain market positions and sales volumes.
- The company's capability to successfully commercialize new technology.
- Partnerships, joint ventures and other types of cooperation that expose the company to risks and uncertainties outside its control.
- Non-delivery and/or disputes with a key supplier.
- Significant delays or quality issues impacting upon project delivery or performance.
- Cybercriminals and cyber security issues leading to system downtime or significant loss of intellectual property.

- Supply chain issues such as increased prices, longer lead times, capacity of fabrication years, logistics.
- Resources (both competence and quantities) required to execute projects.

The Situation in Russia and Ukraine

During the winter of 2021 to 2022, geopolitical tensions increased around Russia, Ukraine and other countries. In February 2022, Russian armed forces invaded Ukraine, and the international response has been to drastically expand sanctions against Russia. One of the effects of this situation is increased uncertainty for the global business environment in general, and for business in Russia in particular. Management is handling this event and its development proactively, including sanctions and indirect impacts, and are taking actions to mitigate its effect on supply chain and other associated risks. The safety and security of employees is always a primary focus for Aker Solutions.

Financial Risks

The objective of financial risk management is to manage exposure from financial risks to increase predictability of earnings and minimize potential adverse effects on financial performance. Financial risk management and exposures are described in detail in note 22 and capital management is described in note 23. The main financial risks are:

- **Currency risk:** Aker Solutions has international operations and is exposed to currency risk on commercial transactions, assets and liabilities when payments and revenues are denominated in a currency other than the functional currency of the respective entity. The currency risks in all major contracts are hedged with external banks in the foreign exchange market. More than 80 percent of the hedging volume either qualifies for hedge accounting or is presented separately as hedges of embedded derivatives. Aker Solutions operates in some jurisdictions where regulations and requirements limit the convertibility of local currency and restrict free flow of cash. Despite mitigating actions, Aker Solutions has historically experienced currency losses in Angola as currency hedging instruments are generally not available. The COVID-19 pandemic has also increased the volatility in the currency market and there is a risk that the contingency buffer included in tender prices may be insufficient to cover currency losses when market fluctuations are significant. Currency variation clauses, escalation mechanisms and currency options are also used to mitigate contingent currency exposures in tenders.
- **Liquidity risk:** Liquidity risk is the risk that the company is unable to meet the obligations associated with its financial liabilities. The corporate treasury department ensures financial flexibility by forecasting cash flow needs and maintaining sufficient liquidity reserves and available committed credit lines. The current market uncertainty as a result of the COVID-19 pandemic has increased the liquidity risk. However, the merger with Kvaerner, strong order intake in 2020 and 2021 and strong cash generation from operations has contributed to an improved balance sheet and visibility. The development in financial covenants is closely monitored, and management does not foresee any breach of covenants. The undrawn revolving credit facility of NOK 5,000 million and the group's cash reserve is currently assessed as sufficient.
- **Interest rate risk:** The company's interest exposure mainly arises from external funding in bank and debt capital markets. Currently all external debt in Aker Solutions is at floating interest rates. The company's risk management strategy is that 30-50 percent of the interest exposure shall be fixed interest rate for the duration of the debt. The company uses interest rate swaps to achieve the desired fixed/floating ratio of the external debt. As the group has no significant interest-bearing operating assets, operating income and operating cash flow are substantially independent of changes in market interest rates.
- **Credit risk:** Credit risk is the risk of financial losses if a customer or counterparty to financial receivables and financial instruments fails to meet contractual obligations. Financial instruments and financing are done with reputable and highly rated banks and financial institutions, of which the credit risk is considered to be low. The credit risk related to customers' ability to pay is assessed in the bid phase and during execution of a project. The majority of the customers in traditional oil and gas projects are highly rated energy companies, where the credit risk is considered to be limited. New customers in the renewable energy sector may represent an increased credit risk. However, the majority of customers in the renewables sector are leading renewable energy companies and highly rated energy companies where Aker Solutions' products support their decarbonization efforts and transition to renewables. The credit risk is monitored closely, especially for lower rated

companies and new customers. As a result of the ongoing COVID-19 pandemic and general market uncertainties, credit risk has increased in most industries. Due to a predominance of large international companies with a relatively low credit risk in its customer base, the overall exposure of Aker Solutions to credit risk related to customers' ability to pay is low.

- **Price risk:** Aker Solutions is exposed to fluctuations in market prices which are mitigated in the bid process to a great extent by locking in committed prices with vendors or through escalation clauses with customers.

Aker Solutions' approach to enterprise risk management, risk management and internal controls are based on the principles in ISO 31000, Project Management Institute and the Committee of Sponsoring Organizations of Treadway Commission (COSO) frameworks, however, without applying all elements of these standards. Climate related risk is also evaluated in accordance with Task Force on Climate-related Financial Disclosure (TCFD). Aker Solutions has company-wide governing documents and tools for each defined risk category on how to assess, respond to and report on risks actively and systematically. The assessment, definition, follow-up and implementation of adequate mitigating actions towards the main risk factors are all integral parts of the overall governance of the company. Aker Solutions applies a combination of risk management practices in order to effectively manage the risk to the company such as: mandatory internal key controls and safeguarding processes for tender and projects in execution, scenario planning, sensitivity analysis, and regular audits.

Dividends and Dividend Policy

Aker Solutions' overall objective is to create long term value for its owners in the form of an increase in the value of the company's shares over time and/ or dividend payments or share buybacks, or a combination of these.

The company has adopted a dividend policy whereby any dividend is subject to an annual evaluation by the Board of the company's financial position and re-investment opportunities based on strict principles for allocation of capital. The dividend policy supports the company in building financial robustness and maintaining a strong balance sheet with adequate liquidity reserves to handle future obligations as well as realizing objectives for strategic development and delivering of shareholder value. Aker Solutions targets to pay annual dividends of 30-50 percent of adjusted net profit over time.

Given the company's solid financial position and positive outlook, the Board has proposed a dividend per share of NOK 0.20 for 2021. The dividend proposed by the Board of Directors will be presented to the annual general meeting for approval. An approved dividend distribution will normally be paid out to shareholders in the month following the general meeting.

Going Concern

While uncertainties from 2021, including the COVID-19 pandemic, continue to influence the outlook for 2022, Aker Solutions is now much better positioned to mitigate these challenges. During the past two years, the company has developed and implemented several new processes for maintaining operations in parallel with strict virus precautions, and these measures may remain essential for the

operations also in 2022. Several key strategic steps for positioning Aker Solutions for growth in target markets were also completed last year. The order backlog is strong and balanced, and the financial platform has been improved.

Market volatility caused by the COVID-19 pandemic increases the risk regarding the going concern assumption for most companies, and this is also the case for Aker Solutions. Although the risk has decreased as vaccination levels have risen worldwide, potential future effects of the pandemic are difficult to predict. However, the assessment is that Aker Solutions has the resources, organization, competence, assets and customer base to continue being a going concern.

Cybercrime continues to be a major threat to operations. The threat landscape is continuously monitored, and necessary steps are taken to safeguard employees, systems, data and products. With digitalization and increased data sharing between partners, suppliers and clients, Aker Solutions is committed to protecting the company's and clients' assets.

In accordance with the Norwegian Accounting Act, the Board of Directors confirms that the consolidated financial statements and parent company financial statements have been prepared based on the going-concern assumption.

The Board of Directors confirm that the Annual Report for 2021 gives a true and fair overview of the development during the year and the impact on the financial statements, the most significant risk and uncertainties facing the company.

Fornebu, March 4, 2022
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Thorhild Widway
Director

Jan Arve Haugan
Director

Hilde Karlsen
Director

Lone Fønss Schrøder
Director

Tommy Angeltveit
Director

Rune Rafdal
Director

Line Småge Breidablikk
Director

Kjetel Digre
Chief Executive Officer

Consolidated Financial Statements

Aker Solutions
December 31, 2021

Declaration by the Board of Directors and Chief Executive Officer

The Board and chief executive officer have today considered and approved the annual report and financial statements for the Aker Solutions group and its parent company Aker Solutions ASA for the calendar year ended on December 31, 2021.

This declaration is based on reports and statements from the chief executive officer, chief financial officer and on the results of the group's business as well as other essential information provided to the Board to assess the position of the parent company and the group.

To the best of our knowledge:

- The 2021 financial statements for the parent company and the group 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 parent company's and the group's assets, liabilities, financial position and results taken as a whole as of December 31, 2021.
- The Board of Directors report of the parent company and the group provides a true and fair overview of the development, performance and financial position of the parent company and the group taken as a whole, and the most significant risks and uncertainties facing the parent company and the group.

Fornebu, March 4, 2022
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy Chairman	**Øyvind Eriksen** Deputy Chairman	**Kjell Inge Røkke** Director	**Birgit Aagaard-Svendsen** Director
Thorhild Widway Director	**Jan Arve Haugan** Director	**Hilde Karlsen** Director	**Lone Fønss Schrøder** Director
Tommy Angeltveit Director	**Rune Rafdal** Director	**Line Småge Breidablikk** Director	**Kjetel Digre** Chief Executive Officer

Income Statement

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2021	2020
Revenue from customer contracts	3, 4	29,195	28,434
Other income	3, 8, 18, 26	278	962
Revenue and other income		**29,473**	**29,396**
Materials, goods and services		-13,854	-13,088
Personnel expenses	5	-10,633	-11,291
Other operating expenses	6	-3,143	-3,479
Operating expenses before depreciation, amortization and impairment		**-27,631**	**-27,857**
Operating income before depreciation, amortization and impairment		**1,842**	**1,539**
Depreciation and amortization	10, 11, 18	-1,097	-1,287
Impairment	10, 11, 12, 18	-52	-1,027
Operating income		**693**	**-776**
Interest income	7	242	100
Interest expenses	7	-383	-504
Net other financial items	7	-32	-134
Income before tax		**520**	**-1,314**
Income tax	9	-271	-206
Net income		**249**	**-1,520**
Net income attributable to:			
Equity holders of the parent company		254	-1,540
Non-controlling interests		-5	20
Net income		**249**	**-1,520**
Earnings per share in NOK (basic and diluted)	8	**0.52**	**-3.13**

Other Comprehensive Income (OCI)

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2021	2020
Net income		**249**	**-1,520**
Other Comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cash flow hedges, effective portion of changes in fair value	24	-153	-37
Cash flow hedges, reclassified to income statement	24	143	-22
Cash flow hedges, deferred tax	9, 24	11	-12
Translation differences - foreign operations		-19	-140
Total		**-18**	**-211**
Items that will not be reclassified to profit or loss:			
Remeasurements of defined pension obligations	19	-51	-52
Remeasurements of defined pension obligations, deferred tax asset	9	11	11
Change in fair value of equity investments over OCI	25, 27	-53	146
Total		**-94**	**106**
Other comprehensive income (loss), net of tax		**-111**	**-104**
Total comprehensive income		**138**	**-1,624**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company		142	-1,646
Non-controlling interests		-4	22
Total comprehensive income		**138**	**-1,624**

Balance Sheet

Consolidated statement as of December 31

Amounts in NOK million	Note	2021	2020
Assets			
Non-current assets			
Property, plant and equipment	10, 12	3,231	3,567
Intangible assets including goodwill	11, 12	5,724	5,825
Right-of-use assets and investment property	12, 18	2,803	2,938
Deferred tax assets	9	581	464
Lease receivables	18	634	668
Investments in companies	22, 25, 27	262	318
Interest-bearing receivables	25	206	196
Other non-current assets		22	9
Total non-current assets		**13,463**	**13,984**
Current assets			
Current tax assets		69	83
Inventories	13	293	255
Trade receivables	3, 14, 25	4,677	2,945
Customer contract assets and other receivables	3, 14, 25	3,713	4,655
Prepayments		1,774	1,312
Derivative financial instruments	24, 25	175	223
Interest-bearing receivables	18, 25	143	200
Cash and cash equivalents	15, 22	4,560	3,171
Total current assets		**15,405**	**12,843**
Total assets		**28,868**	**26,827**

Fornebu, March 4, 2022

Leif-Arne Langøy Chairman	**Øyvind Eriksen** Deputy Chairman	**Kjell Inge Røkke** Director	**Birgit Aagaard-Svendsen** Director
Thorhild Widway Director	**Jan Arve Haugan** Director	**Hilde Karlsen** Director	**Lone Fønss Schrøder** Director
Tommy Angeltveit Director	**Rune Rafdal** Director	**Line Småge Breidablikk** Director	**Kjetel Digre** Chief Executive Officer

Amounts in NOK million	Note	2021	2020
Equity and liabilities			
Equity			
Share capital	16	532	532
Share premium	16	3,687	3,687
Reserves	16	1,186	1,265
Retained earnings		2,428	2,386
Total equity attributable to the parent		**7,833**	**7,870**
Non-controlling interests	26	**28**	**38**
Total equity		**7,861**	**7,908**
Non-current liabilities			
Non-current borrowings	17, 25	925	2,513
Non-current lease liabilities	18	4,056	4,468
Pension obligations	19	1,010	1,082
Deferred tax liabilities	9	333	223
Other non-current liabilities		4	5
Total non-current liabilities		**6,327**	**8,291**
Current liabilities			
Current tax liabilities		69	108
Current borrowings	17, 25	1,434	202
Current lease liabilities	18	692	643
Provisions	20	784	590
Trade payables	21, 25	1,429	2,125
Other payables		7,372	5,696
Customer contract liabilities	3	2,656	1,010
Derivative financial instruments	24, 25	242	254
Total current liabilities		**14,679**	**10,628**
Total liabilities		**21,007**	**18,919**
Total equity and liabilities		**28,868**	**26,827**

Cash Flow

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2021	*Restated* 2020
Cash flow from operating activities			
Net income		**249**	**-1,520**
Adjustment for:			
Income tax	9	271	206
Net financial cost	7	173	534
(Profit) loss on foreign currency forward contracts	7	0	4
Depreciation, amortization and impairment	10, 11, 12, 18	1,149	2,314
Other (profit) loss on disposals and non-cash effects	8	11	-981
Net income after adjustments		**1,853**	**558**
Changes in operating assets and liabilities[1]		1,252	587
Cash generated from operating activities		**3,105**	**1,145**
Income taxes paid		-306	-244
Net cash from operating activities		**2,799**	**901**
Cash flow from investing activities			
Interest received[2]		220	95
Dividends received[2]		7	5
Acquisition of property, plant and equipment	10	-218	-431
Payments for capitalized development	11	-144	-197
Sale of subsidiaries, net of cash	26	-2	172
Proceeds from sale of property, plant and equipment		6	14
Proceeds from sale of intangible assets		0	49
Change in interest-bearing receivables		11	-102
Acquisition of shares and funds		0	-1
Sale of shares and funds		1	19
Cash collection from lease receivables	18	125	107
Net cash used in investing activities		**6**	**-271**

Amounts in NOK million	Note	2021	*Restated* 2020
Cash flow from financing activities			
Interest paid[3]		-340	-451
Proceeds from borrowings	17	0	1,503
Repayment of borrowings	17	-352	-2,236
Payment of lease liabilities	18	-680	-669
Acquisition of non-controlling interests	26	-31	-48
Paid dividend		-3	-19
Other financing activities		-18	-37
Net cash from financing activities		**-1,424**	**-1,958**
Effect of exchange rate changes on cash and bank deposits		8	16
Net increase (decrease) in cash and bank deposits		**1,388**	**-1,312**
Cash and cash equivalents at the beginning of the period		3,171	4,483
Cash and cash equivalents at the end of the period	15	**4,560**	**3,171**

1) Purchase and sale of treasury shares related to share purchase program for employees and managers were presented as cash from financing activities in 2020. Prior year figures have been restated.
2) Interest and dividends received was presented as cash from operating activities in 2020. Prior year figures have been restated.
3) Interest paid was presented as cash from operating activities in 2020. Prior year figures have been restated.

Equity

Consolidated statement of changes in equity

Amounts in NOK million	Notes	Share capital	Share premium	Treasury share reserve	Retained earnings	Hedging reserve	Translation reserve	Fair value reserve	Equity attributable to parent	Non-controlling interests	Total equity
Equity as of January 1, 2020		**532**	**3,687**	**0**	**4,978**	**12**	**1,318**	**0**	**10,526**	**97**	**10,622**
Net income		0	0	0	-1,540	0	0	0	**-1,540**	20	**-1,520**
Other comprehensive income		0	0	0	-40	-71	-140	146	**-105**	1	**-104**
Total comprehensive income		**0**	**0**	**0**	**-1,581**	**-71**	**-140**	**146**	**-1,646**	**22**	**-1,624**
Sale (purchase) of treasury shares		0	0	0	4	0	0	0	**4**	0	**4**
Employee share purchase program		0	0	0	9	0	0	0	**9**	0	**9**
Taxes on equity transactions	9	0	0	0	-29	0	0	0	**-29**	0	**-29**
Transaction costs due to merger and spin off	2, 8	0	0	0	-47	0	0	0	**-47**	0	**-47**
Non-cash dividend distribution of shares in AOW and CCUS	8	0	0	0	-953	0	0	0	**-953**	0	**-953**
Dividends to non-controlling interests		0	0	0	0	0	0	0	**0**	-37	**-37**
Change in non-controlling interests from acquisition of shares	26	0	0	0	-4	0	0	0	**-4**	-44	**-48**
Other changes to equity		0	0	0	10	0	0	0	**10**	0	**10**
Equity as of December 31, 2020		**532**	**3,687**	**0**	**2,386**	**-59**	**1,178**	**146**	**7,870**	**38**	**7,908**
Net income		0	0	0	254	0	0	0	**254**	-5	**249**
Other comprehensive income		0	0	0	-40	1	-19	-53	**-112**	1	**-111**
Total comprehensive income		**0**	**0**	**0**	**214**	**1**	**-19**	**-53**	**142**	**-4**	**138**
Sale (purchase) of treasury shares	16	0	0	-7	-96	0	0	0	**-103**	0	**-103**
Employee share purchase program	5	0	0	0	10	0	0	0	**10**	0	**10**
Taxes on equity transactions	9	0	0	0	-41	0	0	0	**-41**	0	**-41**
Dividends to non-controlling interests	26	0	0	0	0	0	0	0	**0**	-8	**-8**
Change in non-controlling interests from acquisition of shares	26	0	0	0	-32	0	0	0	**-32**	2	**-29**
Other changes to equity		0	0	0	-13	0	0	0	**-13**	0	**-13**
Equity as of December 31, 2021		**532**	**3,687**	**-7**	**2,428**	**-58**	**1,159**	**93**	**7,833**	**28**	**7,861**

Notes to the Consolidated Financial Statements

For the year ended December 31

Note 1 Company Information

Aker Solutions is a global provider of products, systems and services to the oil and gas and renewable industry. The company had about 15,000 own employees and was present in more than 20 countries at the end of 2021.

The main office is in Fornebu, Norway and the parent company Aker Solutions ASA is listed on the Oslo Stock Exchange under the ticker AKSO. The consolidated financial statements in this report include the financial performance and position of the company and its subsidiaries collectively referred to as “the group” or “the company” and separately as group companies.

Note 2 Basis of Preparation

Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the European Union, their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2021.

The consolidated financial statements were approved by the Board of Directors and the chief executive officer (CEO) on March 4, 2022. The consolidated financial statements will be authorized at the Annual General Meeting on April 7, 2022. Until this date the Board of Directors has the authority to amend the financial statements.

Basis of Measurement

The consolidated balance sheet has been prepared on the historical cost basis except for certain financial assets and liabilities as presented in note 25 measured at fair value on each reporting date. The financial information presented in Norwegian Kroner (NOK) has been rounded to the nearest million (NOK million), therefore the subtotals and totals in some tables may not equal the sum of the amounts shown.

In November 2020, Aker Solutions ASA merged with Kværner ASA. The consolidated financial statements in this report include financial performance and position of both companies and its subsidiaries from the earliest period presented in these financial statements (January 1, 2020) based on the book-value method. The companies were under common control of Aker ASA at the time of the merger.

Consolidation

The consolidated financial statements comprise the parent company Aker Solutions ASA and its subsidiaries. Intra-group balances and transactions, and any unrealized gains and losses or income and expenses arising from intra-group transactions, are eliminated in the consolidated financial statements.

Translation of foreign currency

The consolidated financial statements are presented in Norwegian kroner (NOK). Assets and liabilities of subsidiaries that have a different functional currency are translated to NOK using the rate on the balance sheet date. Income and expenses are translated using the average exchange rate for the year, calculated on the basis of 12 monthly rates. Foreign exchange differences arising from these translations are recognized in other comprehensive income, and presented as a separate component in equity (translation reserve). The translation differences are reclassified to the income statement upon disposal or liquidation of the related operations. Exchange differences arising from non-current monetary receivable or payable by a foreign operation where settlement is neither planned nor likely in the foreseeable future, forms part of the net investment in that entity and are also recognized in other comprehensive income.

Judgments and Estimates

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The main areas where judgements and estimates have been made are described in each of the following notes:

- Note 3 Revenue
- Note 9 Income Tax
- Note 10 Property, Plant and Equipment
- Note 11 Intangible Assets and Goodwill
- Note 12 Impairment of Assets
- Note 13 Inventories
- Note 14 Trade and Other Receivables
- Note 18 Leases and Investment Property
- Note 19 Pension Obligations
- Note 20 Provisions and Contingent Liabilities

New or Changed Financial Reporting Principles

Aker Solutions has changed the presentation of certain items in the cash flow statement in 2021 to better reflect the nature of the items, see further details in footnotes to the cash flow statement. Amendments to standards and interpretations that has become effective in 2021 has not had a material impact on the consolidated financial statements, nor are any material changes expected.

Note 3 Revenue

The revenue in Aker Solutions consists of large engineering, procurement and construction (EPC) contracts within the renewables and oil and gas energy sector. The company also has engineering contracts and frame agreements for maintenance of various energy installations. The compensation format is both lump sum and reimbursable, and the contracts often include various incentive mechanisms. Project execution is a key component of all deliveries.

Financial Reporting Principles

Customer contracts are assessed using the five-step model. Only approved customer contracts with a firm commitment are basis for revenue recognition. Variation orders are included when they have been approved, either verbally, in writing or implied by customary business practice. The deliveries in the contracts are reviewed to identify distinct performance obligations. For the vast majority of the identified performance obligations, control has been assessed to be transferred to the customer over time as the performance obligation is satisfied. Revenue is recognized over time using a cost based progress method, or as time and materials are delivered to the customer. The cost progress method is commonly used on lump sum contracts and reimbursable contracts when scope of work is firm. The time and materials method is more commonly used for reimbursable contracts with less firm scope. These methods are used to best reflect the pattern of transfer of control of goods and services to the customer.

Variable considerations, such as incentive payments, are included in revenue when they are highly probable. Expected liquidated damages (LDs) are recognized as a reduction of revenue unless it is highly probable LDs will not be incurred. The transaction price of performance obligations is adjusted for significant financing components to reflect the time value of money. Financing components may exist when the expected time period between the transfer of the promised goods and services and the payment is more than twelve months. This assessment is performed at the contract inception. Profit is not recognized until the outcome of the performance obligations can be measured reliably. Contract costs are expensed as incurred. The full loss is recognized immediately when identified on loss-making contracts. The loss is determined based on revenue less direct cost (i.e.labour, subcontractor and material cost) and an allocation of overhead that relate directly to the contract or activities required to fulfil the contract.

Judgments and Estimates

It can be challenging to estimate the expected revenue and cost in the company's customer contracts, in particular if there are operational challenges. The most significant judgments and estimates in the customer contracts are described below.

Performance Obligations

Significant management judgement is sometimes required in order to identify distinct performance obligations in customer contracts. This includes an analysis of the customer contract to determine if the goods or services are distinct deliveries or input to an overall promise to deliver a combined system of products and services. As most of the contracts represent a single, combined output for the customers, contracts will normally contain one performance obligation.

Variable Consideration

Incentive payments are integral and significant parts of contract revenue on certain reimbursable contracts. They can also be present in lump sum contracts. Incentive payments include key performance indicators, bonuses, target sum mechanisms and productivity measures and can potentially both increase and decrease revenue. Most incentives are estimated using the most likely amount. Revenue from variable consideration is included only when it is highly probable that the revenue will not be reversed. There is a risk that the actual payment of incentives may differ from the estimated amount.

Liquidated Damages (LDs)

LDs are penalties for not achieving defined milestones on time. LDs are common in construction contracts, but can also be present in service contracts. If a project does not meet the defined milestone in a contract, a provision reducing the transaction price is made unless it is highly probable that LD will not be imposed. The estimated LD provision is highly judgmental. The assessment of the LD provision is based on experience from similar LD situations in addition to client relationship, contractual position and status on negotiations.

Total Contract Cost

The estimates of total contract cost can be judgmental and sensitive to changes. The cost estimates can significantly impact revenue recognition for contracts using cost progress, particularly in lump sum construction contracts. The forecasting of total project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, manufacturing capacity, productivity and quality factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Different Types of Customer Contracts

The revenue in Aker Solutions consists of various contracts for the engineering, procurement, construction, modification and maintenance within the oil and gas and renewables energy sector.

Renewables and Field Development

Deliveries include foundations for carbon capture, offshore wind and traditional oil and gas installations, topside modules, substructures, floating production units (FPSOs), decommissioning, hook-up services and marine operations. Most contracts last between three to five years. The contracts include a combination of FEED, engineering, procurement, construction and installation (EPCI) of equipment. Each contract is usually assessed as one performance obligation as the deliveries are combined in one output. The contracts may be lump sum, reimbursable, target cost or a combination. The contracts regularly include incentives for achievement of key performance indicators (KPIs) or penalties for late delivery. Payment terms are normally 30-45 days according to predefined milestones or monthly billing. Revenue is recognized over time using a cost progress method. Estimates of total contract revenue and cost may require management judgment. No profit is recognized unless the outcome can be measured reliably, usually at 20 percent progress.

Electrification, Maintenance and Modification Contracts

Deliveries include electrification, maintenance, modification and hook-up contracts for oil and gas installations. The contracts are mainly reimbursable, but can also include lump sum elements. The majority of the contracts have incentive mechanisms including bonuses, target sum mechanisms, key performance indicators and productivity measures. Each contract or purchase order under a frame agreement is usually assessed as a separate performance obligation. The contracts usually last from one to five years. Revenue is recognized over time using a cost progress method or revenue is recognized according to delivered time and materials. Payment terms are normally 30 days after time and materials are delivered.

Subsea Construction Contracts

Deliveries include stand-alone subsea equipment or complete subsea systems consisting of subsea trees, wellheads, manifolds, umbilicals, tie-in and other types of subsea equipment. Most contracts last more than one year and can be as long as five years. The contracts include engineering, procurement and construction (EPC) of subsea production equipment. Each contract is usually assessed as one performance obligation as the deliveries are combined in one output. The contracts are mainly lump sum with penalties (LDs). Some contracts may have incentive arrangements. Payment terms are normally 30-90 days according to predefined milestones. If payment is agreed upon delivery of the equipment, a financing component will be presented if significant. Revenue is recognized over time using a cost progress method. Estimates of total contract revenue and cost may require management judgment. No profit is recognized unless the outcome can be measured reliably, usually at 20 percent progress.

Subsea Service Contracts

Services include installation and commissioning as well as maintenance, repair, spare supply of subsea equipment and production asset through regional service bases. The contracts are mainly reimbursable, but lump sum contracts or elements of lump sum exist in some regions. Each service job under a frame agreement is usually assessed as a separate performance obligation as they represent one combined output. The frame agreements can run for several years and each service job usually lasts for some months to as long as two years. Revenue is recognized over time using a cost progress method or according to delivered time and materials. Payment terms are normally 30 days after time and materials are delivered.

The following tables show the revenue from customer contracts by type. Revenue by country is shown in note 4 (operating segments).

Amounts in NOK million	2021	2020
Renewables and field development	10,508	10,708
Electrification, modifications and maintenance	8,998	8,344
Subsea construction contracts	7,346	7,122
Subsea service contracts	2,321	2,260
Other	22	0
Total revenue from customer contracts	**29,195**	**28,434**

Timing of Revenue

The satisfaction of performance obligations in customer contracts vary from a few months to as long as five years. The order backlog as of December 31, 2021 was NOK 49.2 billion, compared to NOK 38.0 billion the year before. The table below shows the expected timing of future revenue for ongoing and not yet started performance obligations at year-end.

Amounts in NOK billion	2022	2023	2024	2025 and later	Total backlog
Backlog phasing of ongoing performance obligations	27.9	11.0	4.8	2.8	**46.5**
Backlog phasing of performance obligations not yet started	0.7	0.6	0.7	0.7	**2.7**
Total backlog	**28.7**	**11.5**	**5.5**	**3.5**	**49.2**

Revenue recognized in 2021 for performance obligations satisfied in prior years was NOK -64 million, compared to NOK 8 million the year before. The amount includes income from arbitration settlement of NOK 39 million in addition to provisions for penalties for late deliveries.

Contract Balances

The company has recognized the following assets and liabilities related to contracts with customers:

Amounts in NOK million	December 31, 2021	December 31, 2020
Trade receivables	4,677	2,945
Customer contract assets	3,606	4,106
Customer contract liabilities	-2,656	-1,010

Customer contract assets relate to consideration for work completed, but not yet invoiced at the reporting date. The contract assets are transferred to trade receivables when the right to payment become unconditional, which usually occurs when invoices are issued to the customers. Customer contract liabilities relate to advances from customer for work not yet performed.

The change in contract assets and liabilities relates to the natural progression of the project portfolio, as well as the current project mix. Of the amount of NOK -1,010 million recognized in contract liabilities at the end of prior year, NOK 997 million has been recognized as revenue in 2021.

The bad debt provision included in trade receivables at December 31, 2021 was NOK 44 million, compared to NOK 79 million the year before. No impairment has been recognized on customer contract assets.

Other Income

Other income includes revenue that is not derived from regular customer contracts, such as leasing revenue and profits from equity accounted investees. COVID-19 compensation from authorities or insurance companies related to lost revenue is also included in other income.

Amounts in NOK million	Note	2021	2020
Revenue from operating leases	18	144	91
Settlement from arbitration	20	86	0
COVID-19 compensation		43	0
Profit (loss) from equity accounted investees	27	5	18
Gain on non-cash dividend distribution of shares in AOW and CCUS	8, 26	0	808
Gain on sale of subsidiaries	26, 28	0	34
Other		0	11
Total other income		**278**	**962**

See note 4 for more information about revenue per segment and per country
See note 8 for more information about gain on non-cash dividend distribution of shares in AOW and CCUS
See note 14 for more information about trade and other receivables
See note 18 for more information about leasing revenue
See note 20 for more information about revenue and other income from arbitration process
See note 21 for more information about trade and other payables
See note 27 for more information about equity accounted investees

Note 4 Segments

Aker Solutions is a global provider of equipment, systems and services to the renewable and oil and gas energy sector. Aker Solutions has three reporting segments.

Financial Reporting Principles

Reporting segments are components of the group regularly reviewed by the chief operating decision maker to assess performance and be able to allocate resources. The group's Chief Executive Officer (CEO) is the chief decision maker at Aker Solutions. The accounting principles of the reporting segments are the same as described in this annual report, except for hedge accounting. When contract revenues and contract costs are denominated in a foreign currency, the subsidiary hedges the exposure against corporate treasury. Hedge accounting is applied independently of whether the hedge qualifies for hedge accounting in accordance with IFRS. The correction of the non-qualifying hedges to secure that the consolidated financial statements are in accordance with IFRS is made as an adjustment at the corporate level and reported in the Other segment. This means that the group's segment reporting reflects all hedges as qualifying even though they may not qualify according to IFRS. Transactions between the segments are based on market prices and eliminated upon consolidation. Aker Solutions has a central treasury function. Financing of the various segments does not necessarily reflect the financial strength of the individual segments. Financial items are therefore presented only for the group as a whole.

Renewables and Field Development

The Renewables and Field Development segment pursues and executes projects within offshore wind power, green onshore as well as the market for traditional oil and gas platforms, onshore facilities, decommissioning and marine operations. The objective of the segment is to add value by improving efficiency and reducing carbon footprint in oil and gas deliveries. Furthermore accelerating the transition to renewables and become a key supplier to renewables and carbon capture solutions by building execution and collaboration through a digital value chain.

The Renewables and Field Development reporting segment includes three operating segments in Aker Solutions that are organized separately and provide individual management reporting to the CEO. The following three operating segments are included: (1) Engineering, (2) Renewables and (3) Topside & Facilities. The operating segments have been aggregated as they share resources and production capacity, and engineering is often an integrated scope of renewables and topside customer contracts. The operating segments have similar commercial risks, they operate in the same economic climate and have the same markets and customers. They also have similar operational characteristics and use the same type of KPI's to monitor the business.

Electrification, Maintenance and Modifications

The Electrification, Maintenance and Modification segment provides optimized field life solutions driven by decarbonization and environmentally sound offerings both for offshore and onshore facilities. The segment provides a full-range offering of maintenance and modification services including electrification projects, digitally enabled asset integrity services, hook-up and installation services as well as late-life and decommissioning activities. The segment has a global presence across regions with main execution in Norway, UK, Canada, Brazil, Brunei and Angola.

Subsea

The Subsea segment provides market-leading intelligent subsea systems, products, services and low-carbon solutions, used in oil and gas production. The segment provides design, engineering, procurement, manufacturing, fabrication, installation, and life-of-field services for subsea systems and field infrastructure. The broad product offering includes, but is not limited to, trees, controls systems, umbilicals, intervention- and Workover systems, manifolds, tie-in and connection systems, pumps, and market-leading subsea gas compression and boosting systems. The segment also provides extensive life-of-field services including installation and commissioning, conditional monitoring, inspection, maintenance, repair, upgrades and spares supply, related to subsea equipment and infrastructure. The segment has a global delivery model with service bases across all main offshore oil and gas basins globally, and with main manufacturing hubs for subsea equipment in Brazil, Malaysia, Norway and UK. The subsea umbilicals are being manufactured in Norway and the United States.

Other

The Other segment includes unallocated corporate costs and the effect of hedges not qualifying for hedge accounting. The Other segment also includes impairments of right-of-use lease assets for certain leases, as certain lease decisions are taken by the corporate center. The number of employees in global operations and finance support functions are reported in the Other segment while the related cost is allocated to the segments.

Note 4 continues on next page

Note 4 Segments cont.

Segment Performance 2021

Amounts in NOK million	Notes	Renewables & Field Development	Electrification, Maintenance & Modifications	Subsea	Total operating segments	Other	Intra-group eliminations	Total
Income statement								
Revenue from customer contracts		10,508	8,998	9,667	**29,173**	22	0	**29,195**
Other income		83	-1	18	**100**	178	0	**278**
External revenue		10,590	8,998	9,684	**29,273**	200	0	**29,473**
Inter-segment revenue		35	200	27	**262**	4	-266	**0**
Total revenue		**10,625**	**9,197**	**9,712**	**29,534**	**204**	**-266**	**29,473**
Operating income before depreciation, amortization and impairment		535	402	1,244	**2,181**	-340	0	**1,842**
Depreciation and amortization	10, 11	-255	-129	-615	**-998**	-98	0	**-1,097**
Impairment	10, 11, 12, 18	37	-1	-2	**35**	-87	0	**-52**
Operating income		**317**	**273**	**627**	**1,217**	**-524**	**0**	**693**
Assets and Liabilities								
Property, plant and equipment	10	1,158	66	1,716	**2,940**	290	0	**3,231**
Intangible assets	11	1,483	1,314	2,893	**5,690**	34	0	**5,724**
Right-of-use assets	18	347	30	944	**1,321**	1,482	0	**2,803**
Current operating assets		2,620	2,158	4,044	**8,822**	1,791	-86	**10,527**
Operating assets		**5,608**	**3,568**	**9,597**	**18,773**	**3,597**	**-86**	**22,285**
Current operating assets		2,620	2,158	4,044	**8,822**	1,791	-86	**10,527**
Current operating liabilities		3,415	2,269	4,319	**10,003**	2,393	-86	**12,311**
Net current operating assets		**-795**	**-111**	**-275**	**-1,181**	**-602**	**0**	**-1,784**
Cash flow								
Cash flow from operating activities		-283	209	1,739	**1,665**	1,134	0	**2,799**
Acquisition of property, plant and equipment	10	-83	-12	-102	**-198**	-21	0	**-218**
Capitalized development	11	-12	0	-106	**-118**	-25	0	**-144**
Other key figures								
Order intake		14,028	9,882	16,837	**40,747**	-1	-280	**40,466**
Order backlog		14,058	17,553	17,826	**49,437**	-172	-97	**49,168**
Own employees		4,553	6,085	3,607	**14,245**	767	0	**15,012**

Note 4 continues on next page

Note 4 Segments cont.

Segment Performance 2020

Amounts in NOK million	Notes	Renewables & Field Development	Electrification, Maintenance & Modifications	Subsea	Total operating segments	Other	Intra-group eliminations	Total
Income statement								
Revenue from customer contracts		10,708	8,344	9,382	**28,434**	0	0	**28,434**
Other income		76	32	16	**124**	838	0	**962**
External revenue		10,784	8,376	9,398	**28,558**	838	0	**29,396**
Inter-segment revenue		46	357	59	**462**	144	-606	**0**
Total revenue		**10,829**	**8,733**	**9,457**	**29,020**	**982**	**-606**	**29,396**
Operating income before depreciation, amortization and impairment		434	27	569	**1,030**	509	0	**1,539**
Depreciation and amortization	10, 11	-225	-140	-793	**-1,158**	-129	0	**-1,287**
Impairment	10, 11, 12, 18	-56	-121	-399	**-576**	-452	0	**-1,027**
Operating income		**153**	**-234**	**-623**	**-704**	**-72**	**0**	**-776**
Assets and Liabilities								
Property, plant and equipment	10	1,352	208	1,984	**3,543**	23	0	**3,567**
Intangible assets	11	1,500	1,322	2,835	**5,656**	169	0	**5,825**
Right-of-use assets	18	310	20	1,207	**1,536**	1,402	0	**2,938**
Current operating assets		2,082	2,373	4,205	**8,661**	1,464	-876	**9,249**
Operating assets		**5,244**	**3,922**	**10,231**	**19,397**	**3,058**	**-876**	**21,579**
Current operating assets		2,082	2,373	4,205	**8,661**	1,464	-876	**9,249**
Current operating liabilities		3,027	2,608	3,529	**9,164**	1,242	-876	**9,529**
Net current operating assets		**-945**	**-235**	**676**	**-503**	**223**	**0**	**-280**
Cash flow								
Cash flow from operating activities		710	-542	217	**386**	515	0	**901**
Acquisition of property, plant and equipment	10	-92	-26	-306	**-424**	-7	0	**-431**
Capitalized development	11	-20	0	-148	**-167**	-30	0	**-197**
Other key figures								
Order intake		11,402	13,792	9,076	**34,270**	442	-549	**34,163**
Order backlog		10,632	16,527	10,912	**38,071**	-105	14	**37,979**
Own employees		4,675	5,694	3,500	**13,869**	625	0	**14,494**

Note 4 continues on next page

Note 4 Segments cont.

Reconciliation of Information on Reporting Segments to IFRS Measures

Amounts in NOK million	2021	2020
Assets		
Total operating assets	22,285	21,579
Deferred tax assets	581	464
Lease receivables	634	668
Investment in companies	262	318
Derivative financial instruments	175	223
Current interest-bearing receivables	143	200
Non-curent interest-bearing receivables	206	196
Other non-current assets	22	9
Cash and cash equivalents	4,560	3,171
Total assets	**28,868**	**26,827**
Liabilities		
Total operating liabilities	12,311	9,529
Non-current borrowings	925	2,513
Non-current lease liabilities	4,056	4,527
Pension obligations	1,010	1,082
Deferred tax liabilities	333	223
Other non-current liabilities	4	5
Current borrowings	1,434	202
Current lease liabilities	692	584
Derivative financial instruments	242	254
Total liabilities	**21,007**	**18,919**

Major Customer

One major customer delivering to all reporting segments represented 45 percent of total revenue in 2021 (2020: 41 percent). Aker Solutions has long-term contracts with this customer which is a large international oil company.

Geographical Information

External revenue is presented on the basis of geographical location of the selling company. Non-current assets and capital expenditures are based on the geographical location of the company owning the assets.

	Revenue from customer contracts		Non-current operating assets		Capital expenditure fixed assets	
Amounts in NOK million	2021	2020	2021	2020	2021	2020
Norway	23,069	18,984	8,511	8,647	133	117
Brazil	1,029	1,034	844	911	29	178
UK	1,005	1,672	1,019	1,191	4	7
Malaysia	925	1,567	438	524	3	27
USA	948	1,239	301	362	6	21
Brunei	664	771	21	3	2	2
Angola	555	612	199	218	3	39
Canada	475	712	52	59	2	2
India	196	236	198	204	7	3
Australia	125	412	0	1	0	0
United Arab Emirates	63	522	0	0	0	0
Russia	4	471	6	0	0	1
Other countries	136	203	169	210	28	33
Total	**29,195**	**28,434**	**11,758**	**12,330**	**218**	**431**

See note 3 for more information about revenue

Note 5 Personnel Expenses

Financial Reporting Principles

Personnel expenses include wages, salaries, social security contributions, sick leave, parental leave and other employee benefits. The benefits are recognized in the year in which the associated services are rendered by the employees.

Personnel Expenses

Amounts in NOK million	2021	2020
Salaries and wages including holiday allowance	8,537	9,010
Social security contribution	1,100	1,170
Pension cost	620	839
Other employee benefits	375	272
Personnel expenses	**10,633**	**11,291**
Total number of employees as of December 31	15,012	14,494
Average number of employees	14,722	16,503

Employee Share Purchase Program

In 2021, 1,267 employees signed up for share purchase programs in Aker Solutions. Employees received a 25 percent reduction of cost price limited to a total of NOK 7,500. Employees could sign up for shares up to a maximum amount of NOK 60,000 and management up to an amount of maximum 20 percent of annual salary. Employees that are still working in the company after three years will receive one bonus share for every two shares still held by the employee. The company granted an interest-free loan to each employee signing up for the program that was fully repaid at year-end by salary deductions over six months. There were no loans to employees as of December 31, 2021, same as in the previous year.

See note 19 for more information about the pension cost and obligation

Note 6 Other Operating Expenses

Amounts in NOK million	2021	2020
Operating and maintenance expenses for property	637	859
Rental of equipment, IT systems and support	1,402	1,151
Travel expenses	193	226
External consultants including audit fees	325	530
Insurance	134	160
Other expenses	451	552
Other operating expenses	**3,143**	**3,479**

See note 18 for more information about leasing costs
See note 29 for more information about audit fees

Note 7 Financial Income and Expenses

Financial Reporting Principles

Interest income and expenses include effects from using the effective interest rate method where fees, interest paid, transaction costs and other premiums are deferred and amortized over the life of the instrument. Interest income from lease receivables and interest expense from lease liabilities are also included in addition to interest expense on pension obligations.

Foreign exchange gains and losses arise upon settlement of monetary assets and liabilities that are not hedged. Translation of monetary assets and liabilities denominated in foreign currencies related to operating activities such as trade receivables and payables are presented as operating gains and losses. However, the gains and losses are offset by the effects from hedging derivatives. Translation of operational monetary assets and liabilities in countries with hyperinflationary or non-convertible currencies are presented as financial items. Translation of assets and liabilities related to general financing of the entity are included as financial income and expenses. Foreign exchange gains and losses also include effects from translating monetary assets and liabilities denominated in foreign currencies at the balance sheet date. The profit or loss on foreign exchange forward contracts include effects from derivatives that do not qualify for hedge accounting, embedded derivatives and the ineffective portion of qualifying hedges.

Finance Income and Expenses

Amounts in NOK million	2021	2020
Interest income from lease receivables	35	36
Other interest income	208	64
Interest income	**242**	**100**
Interest expense on lease liability	-204	-230
Interest expense on financial liabilities measured at amortized cost	-169	-259
Interest expense on financial liabilities measured at fair value	-10	-15
Interest expense	**-383**	**-504**
Net foreign exchange gain (loss)	30	-91
Profit (loss) on foreign currency forward contracts	-11	-4
Other finance income	14	21
Gain (loss) from equity accounted investees	0	-12
Other financial expenses	-65	-48
Net other finance items	**-32**	**-134**
Net finance cost	**-173**	**-538**

See note 18 for more information about lease receivables and liabilities
See note 19 for more information about pension obligations
See note 20 for more information about interest income from arbitration process
See note 22 for more information about foreign exchanges gains and losses
See note 24 for more information about derivative financial instruments
See note 25 for more information about financial assets and liabilities
See note 27 for more information about equity accounted investees

Note 8 Earnings per Share and Dividends

Financial Reporting Principles

The calculation of basic and diluted earnings per share is based on the net income attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding. Treasury shares are not included in the weighted average number of ordinary shares. Weighted average number of diluted and ordinary shares is the same, as the company does not have any dilutive instruments.

Earnings per Share (EPS)

Amounts in NOK million	2021	2020
Income attributable to ordinary shares (NOK million)	254	-1,540
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	488,564,065	492,065,453
Basic and diluted earnings per share (NOK)	0.52	-3.13

Dividends

Aker Solutions targets to pay annual dividends of 30-50 percent of adjusted net profit over time. Given the company's solid financial position and positive outlook, the Board has proposed a dividend per share of NOK 0.20 for 2021. The proposed dividend amounts to NOK 97 million based on outstanding shares as of December 31, 2021. Aker Solutions had a liquidity buffer of NOK 9.6 billion as of December 31, 2021 compared to NOK 8.2 billion as of December 31, 2020.

In the previous year, Aker Solutions distributed dividends to its shareholders in the form of dividend shares in Aker Offshore Wind Holding AS (NOK 3.41 per share) and Aker Carbon Capture AS (NOK 5.05 per share) for at total amount of NOK 953 million.

See note 16 for more information about share capital and treasury shares

Note 9 Income Tax

Financial Reporting Principles

Income tax in the income statement consists of current tax, effect of change in deferred tax positions and withholding tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current Tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the reporting date that will be paid during the next twelve months. Current tax also includes any adjustment of taxes from previous years and taxes on dividends recognized in the year.

Deferred Tax

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is measured at the tax rates expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognized for goodwill identified in business combinations. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority. Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences. The deferred tax asset is only recognized to the extent it is considered probable that future taxable profits will be available to utilize the tax losses and credits.

Withholding Tax

Withholding tax and any related tax credits are presented as income tax if they can be netted against corporate income tax. Such taxes are generally recognized in the period they are incurred. Withholding tax and related tax credits directly related to construction contracts are recognized according to the progress of the construction contract, and follow the same recognition criteria as the underlying construction contract.

Judgments and Estimates

The group is subject to income taxes in numerous jurisdictions, and judgment may be involved when determining the taxable amounts. Tax authorities in different jurisdictions may challenge calculation of taxes payable from prior periods.

Management judgment is required when assessing valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years taking into consideration also expected changes in temporary differences. The profits are compared to book value of the tax assets.The estimate of future taxable profits is sensitive to future market development for the projects and services of Aker Solutions. Forecasts are based on firm orders in the backlog and identified prospects in addition to expected service revenue. Changes in the assumptions related to the expected prospects and services can have a significant impact on the forecasted cash flows. Economic conditions may change and lead to a different conclusion regarding recoverability, and such changes may effect future reporting periods.

Deferred tax assets

The deferred tax asset is recognized only to the extent it is considered probable that future taxable profits will be available to utilize the tax losses and credits. The forecasted future taxable profits are based on firm orders in the backlog and identified prospects in addition to expected service revenue. The forecasted taxable profits reflect organic growth only. Other parameters in the assessment are the predicted long-term investment level by companies in the renewable and oil and gas energy sector, mix of projects and services and level of operating expenses.

Note 9 continues on next page

Note 9 Income Tax cont.

Income Tax Expense

Amounts in NOK million	2021	2020
Current income tax		
Current year	216	142
Prior year adjustment	4	8
Total current income tax	**220**	**151**
Deferred income tax		
Origination and reversal of temporary differences	50	-344
Write down of tax loss carry-forwards and deferred tax assets	5	372
Change in tax rates	0	7
Adjustment for prior periods	-4	21
Total deferred income tax	**51**	**56**
Total income tax	**271**	**206**

There has not been any impairments of tax assets in 2021. In the previous year, deferred tax assets related to tax losses carried forward was written down by NOK 372 million as a result of changed manufacturing strategy and market developments.

Taxes in OCI and Equity

Amounts in NOK million	2021	2020
Cash flow hedges, deferred tax	-11	-16
Remeasurement of defined benefit pension plans	-11	-11
Income taxes included in OCI	**-22**	**-27**

Note 9 continues on next page

Note 9 Income Tax cont.

Effective Tax Rate

The table below reconciles the tax expense as if the Norwegian tax rate of 22 percent was applied.

Amounts in NOK million	**2021**		**2020**	
Income before tax	520		-1,314	
Income tax when applying Norwegian tax rate of 22 percent	114	22.0%	-289	22.0%
Tax effects of:				
Effect of different tax rates in other jurisdictions	5	0.9%	-59	4.5%
Non-deductible expenses	40	7.6%	55	-4.2%
Effect of withholding tax	104	19.9%	89	-6.8%
Current tax adjustments related to prior years	4	0.8%	8	-0.6%
Deferred tax adjustments related to prior years	-4	-0.7%	21	-1.6%
Previously unrecognized tax losses used to reduce payable tax	3	0.6%	3	-0.2%
Write down of deferred tax assets	5	1.0%	372	-28.3%
Impact of change in tax rate	0	0.0%	7	-0.5%
Other	0	-0.1%	1	0.0%
Income tax and effective tax rate	**271**	**52.1%**	**206**	**-15.7%**

Note 9 continues on next page

Note 9 Income Tax cont.

Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Property, plant and equipment	61	50	-143	-167	-82	-118
Pensions	178	187	-3	0	175	187
Projects under construction	9	10	-2,635	-2,035	-2,626	-2,025
Tax loss carry-forwards	2,398	1,892	0	0	2,398	1,892
Intangible assets	6	6	-197	-197	-192	-191
Provisions	173	258	0	-37	173	221
Derivatives	24	27	-1	-11	23	16
Tax credits and other	577	433	-198	-174	379	259
Total before offsetting	**3,426**	**2,863**	**-3,177**	**-2,621**	**248**	**242**
Offsetting	-2,845	-2,398	2,845	2,398	0	0
Total	**581**	**464**	**-333**	**-223**	**248**	**242**

Change in Net Recognized Deferred Tax Assets and Liabilities

Amounts in NOK million	Property, plant and equipment	Pensions	Projects under construction	Tax loss carry-forwards	Intangible assets	Provisions	Derivatives	Tax credits and other	Total
Balance as of January 1, 2020	**-71**	**183**	**-1,404**	**1,509**	**-195**	**166**	**2**	**86**	**277**
Recognized in profit and loss	-49	-8	-621	421	-1	62	-3	142	-56
Recognized in equity (merger effect)	0	0	0	0	0	0	0	-16	-16
Recognized in other comprehensive income (OCI)	0	11	0	0	0	0	16	0	27
Prepaid withholding tax	0	0	0	0	0	0	0	42	42
Currency translation differences	2	0	0	-39	4	-6	1	4	-34
Balance as of December 31, 2020	**-118**	**187**	**-2,025**	**1,892**	**-191**	**221**	**16**	**259**	**242**
Recognized in profit and loss	29	-23	-602	505	0	-29	-5	74	-51
Recognized in other comprehensive income (OCI)	0	11	0	0	0	0	11	0	22
Prepaid withholding tax	0	0	0	0	0	0	0	32	32
Currency translation differences	1	0	1	1	0	0	1		3
Balance as of December 31, 2021	**-82**	**175**	**-2,626**	**2,398**	**-192**	**173**	**23**	**379**	**248**

Note 9 continues on next page

Note 9 Income Tax cont.

Tax Loss Carry-Forwards and Unrecognized Deferred Tax Assets (gross amount)

Amounts in NOK million	Tax losses carry-forwards						Other tax assets
	Expiry within 5 years	Expiry 5-20 years	Indefinite expiration	Total	Of which is unrecognized	Of which is recognized	Unrecognized
Norway	0	0	9,269	**9,269**	0	9,269	55
Europe excluding Norway	62	4	524	**590**	537	52	0
North America	253	388	922	**1,563**	661	903	0
South America	0	0	430	**430**	153	277	39
Middle East & Africa	46	0	51	**96**	51	46	0
Asia Pacific	474	648	141	**1,263**	1,263	0	0
Total	**834**	**1,040**	**11,336**	**13,211**	**2,664**	**10,546**	**94**

See note 20 for more information about contingent tax claims

Note 10 Property, Plant and Equipment

The majority of property, plant and equipment relates to subsea manufacturing plants and service bases in Norway, Brazil, Malaysia, the US and the UK. Fixed assets also include furniture and fittings in office buildings.

Financial Reporting Principles

Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and impairment losses. Components of property, plant and equipment with different useful lives are accounted for separately. Assets are normally depreciated on a straight-line basis over their expected economic lives as follows:

- Machinery and equipment: 3-15 years
- Buildings: 8-30 years
- Land: No depreciation

Impairment triggers are assessed quarterly and impairment testing is performed when triggers have been identified. Borrowing costs are capitalized as part of the cost of the asset when significant. The cost of self-constructed assets includes the cost of materials, direct labor, production overheads and borrowing cost.

Judgment and Estimates

Judgment is involved when determining the depreciation period and when assessing impairment or reversal of impairment. Impairment is assessed for individual assets and for cash generating units. The impairment testing involves judgmental assumptions about future market development, cash flows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time.

Commitments

Aker Solutions has entered into contractual commitments for the acquisition of property, plant and equipment amounting to NOK 137 million as of December 31, 2021, all of which expire in 2022. Contractual commitments were NOK 45 million per December 31, 2020.

Property, Plant and Equipment

Amounts in NOK million	Buildings and sites	Machinery and equipment	Under construction	Total
Historical cost				
Balance as of December 31, 2019	2,674	7,250	840	**10,764**
Additions	51	36	341	**429**
Reclassification from assets under construction	404	485	-889	**0**
Disposal and scrapping	-67	-34	-40	**-140**
Currency translation differences	-205	-128	-21	**-355**
Balance as of December 31, 2020	**2,857**	**7,610**	**231**	**10,697**
Additions	2	45	171	**218**
Reclassification from assets under construction	11	148	-159	**0**
Reclassification	-20	21	-1	**0**
Disposal and scrapping	-16	-306	0	**-322**
Currency translation differences	-7	-30	-1	**-38**
Balance as of December 31, 2021	**2,827**	**7,487**	**241**	**10,556**
Accumulated depreciation and impairment				
Balance as of December 31, 2019	-1,057	-5,461	-16	**-6,535**
Depreciation for the year	-92	-485	0	**-577**
Impairment	-6	-161	0	**-167**
Reversal of impairment	0	4	0	**4**
Disposal and scrapping	14	29	16	**59**
Reclassification between categories	0	0	0	**0**
Currency translation differences	30	56	-1	**85**
Balance as of December 31, 2020	**-1,111**	**-6,019**	**-1**	**-7,131**
Depreciation for the year	-90	-400	0	**-490**
Impairment	-25	-13	-1	**-39**
Reversal of impairment	5	5	0	**10**
Disposal and scrapping	16	301	0	**316**
Currency translation differences	-5	14	0	**8**
Balance as of December 31, 2021	**-1,211**	**-6,112**	**-2**	**-7,325**
Book value as of December 31, 2020	**1,746**	**1,591**	**230**	**3,567**
Book value as of December 31, 2021	**1,617**	**1,375**	**239**	**3,231**

See note 12 for more information about impairment testing
See note 17 for more information about PPE being held as security for borrowings
See note 18 for more information about right-of-use lease assets

Note 11 Intangible Assets and Goodwill

In Aker Solutions, intangible assets mainly relate to capitalized technology development in addition to goodwill. The technology development programs are closely monitored to secure the desired technological achievements in time and at acceptable cost levels. Technology development programs that meet certain criteria are capitalized and amortized over the expected useful lives.

Financial Reporting Principles

Capitalized Development

The technology development at Aker Solutions is graded according to a Technology Readiness Level (TRL) consisting of eight phases. Research and development costs are expensed as incurred until a program has completed the concept phase. Development cost is only capitalized if the product or process is technically and commercially feasible and the business case shows a positive net present value. Capitalized development mainly includes internal labor costs in addition to materials for the development program. Any third-party funding is presented as a reduction of the capitalized amount. The capitalized development is normally amortized over five years on a straight-line basis, but certain programs with a clear differentiating offering and a longer economic benefit may be amortized up to seven years. For development projects in progress, a full impairment test is performed annually or when impairment indicators are identified. Assets are written down to recoverable amount, if lower than book value.

Goodwill

Goodwill represents the consideration paid in excess of identifiable assets and liabilities in business combinations. Goodwill has an indefinite useful life and is tested for impairment annually, or when impairment indicators are identified.

Other

Other intangible assets include IT systems and technology development acquired through business combinations.

Judgments and Estimates

The decision to capitalize a development program involves management judgment. There are strict internal rules defining what qualifies for capitalization, and the documentation of the assessment is monitored centrally. Management makes assessment of future market opportunities, ability to successfully achieve the desired technological solution and the time and cost it takes to develop it. These factors may change over time.

Judgment is involved when determining the amortization period and when assessing impairment or reversal of impairment. Impairment indicators are assessed for individual development projects, other intangible assets and for cash generating units including goodwill. Impairment testing is performed when impairment indicators have been identified. In addition, goodwill and capitalized development programs that have not been completed are subject to an annual impairment test. The impairment testing involves judgmental assumptions about future market development, cash flows, determination of weighted average cost of capital (WACC), growth rate and other assumptions that may change over time.

Note 11 continues on next page

Note 11 Intangible Assets and Goodwill cont.

Intangible Assets

Amounts in NOK million	Capitalized development	Goodwill	Other	Total
Historical cost				
Balance as of December 31, 2019	3,373	5,396	300	**9,069**
Additions from internal development[1]	199	0	0	**199**
Reclassification between categories	3	0	-3	**0**
Disposal of subsidiaries and assets	-205	0	0	**-205**
Currency translation differences	-31	-5	-11	**-47**
Balance as of December 31, 2020	**3,339**	**5,390**	**287**	**9,016**
Additions from internal development[1]	144	0	0	**144**
Reclassification between categories	-4	0	4	**0**
Disposal of subsidiaries and assets	-120	0	0	**-120**
Currency translation differences	23	-6	1	**18**
Balance as of December 31, 2021	**3,382**	**5,385**	**292**	**9,058**

1) Development cost funded by third-party totalled NOK 54 million in 2021 (NOK 84 million in 2020).

Amounts in NOK million	Capitalized development	Goodwill	Other	Total
Accumulated depreciation and impairment				
Balance as of December 31, 2019	-1,916	-464	-239	**-2,619**
Amortization for the year	-247	0	-27	**-274**
Impairment	-277	-96	0	**-373**
Reversal of impairment	21	0	0	**21**
Reclassifications between categories	7	0	0	**7**
Currency translation differences	29	7	10	**47**
Balance as of December 31, 2020	**-2,384**	**-552**	**-256**	**-3,191**
Amortization for the year	-203	0	-19	**-222**
Impairment	-32	0	0	**-32**
Disposal of subsidiaries and assets	120	0	0	**120**
Currency translation differences	-15	6	-1	**-9**
Balance as of December 31, 2021	**-2,512**	**-546**	**-276**	**-3,334**
Book value as of December 31, 2020	**955**	**4,839**	**31**	**5,825**
Book value as of December 31, 2021	**869**	**4,840**	**16**	**5,724**

Research and Development Expenses

The research and development expense was NOK 51 million in 2021 compared to NOK 60 million in 2020.

See note 12 for more information about impairment testing

Note 12 Impairment of Assets

The future outlook improved during the year as Aker Solutions was awarded several major contracts both within the renewable energy sector and more traditional oil and gas energy sector. Following major impairments during the previous year of more than NOK 1 billion, the company had impairments of NOK 52 in 2021.

Financial Reporting Principles

Individual Assets

Each property, plant, equipment and right-of-use asset is assessed for impairment triggers every quarter to identify assets that are damaged, no longer in use or will be disposed. Capitalized development is assessed for impairment triggers every quarter to identify development programs where the technological development or commercial outlook for that specific technology no longer justify the book value. Capitalized development programs that have not been completed are subject to annual impairment testing. The impairment testing of capitalized development include an update of the future expected cash flows, assessing status on technical achievements and reviewing cost incurred compared to budget in order to identify if any of the capitalized cost should be expensed. The assets are written down to recoverable amount, if lower than book value. Reversal of impairment is assessed quarterly for assets previously impaired.

Assets in a Cash Generating Unit (CGU)

Impairment indicators are assessed quarterly for all assets (including right-of-use assets) that are part of a cash generating unit (CGU). A CGU represents the lowest level of independent revenue generated by the assets. This is usually the lowest level where a separate external market exists for the output from the CGU. Impairment indicators are reviewed for all assets with assessment of market conditions, technological development, change in order backlog, change in discount rate and other elements that may impact the value of the assets in the CGU. Assets are usually tested using the value-in-use approach determined by discounting expected future cash flows. Various sensitivity analysis for change in future cash flows, growth rate and WACC is performed for CGUs with limited headroom in the impairment testing. Impairment losses are recognized for assets in CGUs where the recoverable amount is lower than book value.

Goodwill

The groups of CGUs that include goodwill are tested for impairment annually or when impairment triggers have been identified. The company does not have other assets than goodwill with indefinite useful lives.

Judgments and Estimates

The impairment testing of assets is by nature highly judgmental as it includes estimates such as future market development, cash flows, determination of CGUs and WACC, growth rate used for calculation of terminal value and other assumptions that may change over time. In particular, future cash flows are uncertain as they are impacted by market developments beyond Aker Solutions' control. The oil price impacts for example the investment levels in capex and maintenance projects by the oil companies. Carbon taxation impacts the investment levels of carbon capture and offshore wind investments. These external factors in turn impacts the markets in which Aker Solutions operates.

Cash Flow Assumptions

When estimating future cash flows, four years of cash flows in the period 2022 to 2025 have been used as basis. The forecasted cash flows are based on firm orders in the backlog and identified prospects in addition to expected service revenue. ROU lease assets are included in the impairment test. Management has defined the growth rate, post-tax discount rate and estimated future cash flows as the most sensitive assessment in the value-in-use calculation. The forecasted cash flows used in the impairment tests reflect organic growth only. Other parameters in the assessment are the predicted long-term oil price per barrel, mix of projects and services, level of operating expenses and capital expenditure for maintenance of the asset portfolio.

Discount and Growth Rate

Estimated future cash flows are discounted to their present value using the weighted average cost of capital (WACC), which is a post-tax discount rate. The WACC is based on a risk-free interest rate, a risk premium and average beta values of peers within each market. A separate WACC has been calculated for each of the CGUs taken into consideration country specific risk premiums and long-term risk free interest rates. A growth rate has been applied to calculate terminal value after the four-year period.

Note 12 continues on next page

Note 12 Impairment of Assets cont.

Impairment Testing of Individual Assets and CGUs

The table below summarizes the impairments recognized per group of asset and per segment.

	Renewables & Field Development		Electrification, Maintenance & Modifications		Subsea		Other		Total	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Impairment of intangible assets	20	-19	0	96	3	260	9	15	32	352
Impairment of property, plant and equipment	-9	0	0	21	1	125	37	16	29	163
Impairment of right-of-use assets	-49	75	1	4	-2	14	41	420	-9	513
Total impairment	**-37**	**56**	**1**	**121**	**2**	**399**	**87**	**452**	**52**	**1,027**

The company has not had significant impairments in 2021. Impairment in the previous year mainly related to development programs where the technology or commercial outlook no longer justified the value, and impairment of ROU assets for separable areas that are vacated by Aker Solutions and update of market value of potential sub-leases.

Note 12 continues on next page

Note 12 Impairment of Assets cont.

Impairment Testing of Goodwill

The groups of CGUs identified when testing goodwill represent the level where synergies are expected and goodwill is monitored. ROU lease assets are included in the impairment testing.

The book value of goodwill for the four groups of CGUs that include goodwill is shown below.

Amounts in NOK million	2021	2020
Engineering	681	681
Topside yards	720	720
Electrification, modifications and maintenance	1,298	1,297
Subsea	2,140	2,140
Total goodwill as of December 31	**4,840**	**4,839**

The WACC used in the impairment testing of goodwill is shown below.

	2021		2020	
Amounts in NOK million	Post-tax WACC	Pre-tax WACC	Post-tax WACC	Pre-tax WACC
Engineering	9.2%	13.7%	8.9%	12.0%
Topside yards	9.2%	12.7%	8.9%	10.2%
Electrification, modifications and maintenance	9.6%	13.1%	9.0%	12.1%
Subsea	9.3%	13.3%	9.1%	11.4%

Assumptions

A post-tax value-in-use method was used, with pre-tax rates calculated using an iterative method for illustration purposes only. The forecasted cash flows are based on firm orders and an expected share of new contracts. When determining the terminal value, a growth rate between 1.5 percent and 1.6 percent has been used for the CGUs. The annual impairment testing of goodwill did not result in any impairment losses.

Sensitivities

The impairment testing is affected by changes in the long-term oil price as it will impact the expected order intake. The testing is also affected by changes in WACC, growth rates, product mix, cost levels and the ability of Aker Solutions to secure projects as forecasted in the cash flow. Multiple sensitivity tests have been run on the key assumptions in the value-in-use calculation to address the current uncertainty in the oil service market. Sensitivity testing of goodwill includes changing various assumptions to consider other potential alternative market conditions. This includes changing the discount rate and growth rate in addition to reducing the expected cash flows in the future.

The recoverable amounts exceed book value for all scenarios and for all the CGUs in the goodwill impairment testing.

See note 10 for more information about property, plant and equipment
See note 11 for more information about intangible assets
See note 18 for more information about right-of-use lease assets

Note 13 Inventories

Financial Reporting Principles

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less selling expenses and the estimated cost to complete the inventory. The cost of inventories is based on the weighted average cost.

Judgments and Estimates

The assessment of obsolete and slow-moving inventory in order to determine inventory write-downs is subject to management judgment. The selling price in the market has to be estimated, and there is a risk that the actual selling price may turn out to be different than the amount estimated by management.

Inventories

Amounts in NOK million	2021	2020
Raw materials and semi-finished goods	293	253
Finished goods	1	2
Total	**293**	**255**
Total inventories at cost	389	367
Inventory write-downs to net realizable value	-96	-112
Total	**293**	**255**
Inventory (Net) - Opening balance	255	378
Purchase of inventory	877	753
Recognised as expenses	-818	-848
Write down	-51	-67
Reversal of write down	33	70
Currency translation differences	-3	-31
Total	**293**	**255**

There are no securities pledged over inventories.

Note 14 Trade and Other Receivables

Financial Reporting Principles

Trade and other receivables are recognized at the original invoiced amount, less impairment losses. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used. Impairment losses are estimated based on the expected credit loss method (ECL) for trade receivables, contract assets and other receivables.

Judgments and Estimates

Judgment is involved when determining the impairment losses on receivables and customer contract assets. The impairment is based on individual assessments of each customer and default risk in the industry and the country in which the customer operates. The customers of Aker Solutions are mainly large, international energy companies with low credit risk.

Trade and Other Receivables

Amounts in NOK million	2021	2020
Trade receivables	4,645	2,986
Trade receivables, related parties	76	38
Less bad debt provision	-44	-79
Trade receivables, net	**4,677**	**2,945**
Customer contract assets	3,606	4,106
Other receivables	108	549
Customer contract assets and other receivables	**3,713**	**4,655**

Bad Debt Provision

Amounts in NOK million	2021	2020
Balance as of January 1	-79	-85
Provisions made during the year	-19	-20
Provisions reversed during the year	5	4
Provisions used during the year	49	15
Reclassifications	0	4
Currency translation differences	0	3
Balance as of December 31	**-44**	**-79**

Aging of Trade Receivables

Amounts in NOK million	2021	2020
Not due	4,073	1,940
Past due 0-30 days	196	312
Past due 31-90 days	250	299
Past due 91 days to one year	158	291
Past due more than one year	45	183
Total	**4,721**	**3,024**

The uncertainty in the oil and gas market and the COVID-19 pandemic has generally increased the global credit risk. In Aker Solutions, the credit risk has not changed significantly, as the majority of customers are large, international energy companies.

See note 3 for more information about customer contract assets and trade receivables
See note 20 for more information about settlement of other receivables from arbitration process
See note 22 for more information about credit risk and the ECL method
See note 25 for more information about financial assets and liabilities
See note 28 for more information about receivables to related parties

Note 15 Cash and Cash Equivalents

Financial Reporting Principles

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

Cash and Cash Equivalents

Amounts in NOK million	2021	2020
Cash pool	3,001	1,764
Interest-bearing deposits	1,549	1,393
Non interest-bearing deposits and other	9	14
Total	**4,560**	**3,171**

Available Liquidity

Additional undrawn committed non-current bank revolving credit facilities amounted to NOK 5.0 billion, compared to NOK 5.0 billion in the prior period. Together with cash and cash equivalents, this gives a total liquidity buffer of NOK 9.6 billion, compared to NOK 8.2 billion in prior year.

See note 17 for more information about borrowings
See note 22 for more information about cash restrictions and the cash pool arrangement
See note 23 for more information about capital management

Note 16 Equity

Share Capital

Aker Solutions ASA was founded May 23, 2014. After the merger with Kværner ASA on November 10, 2020 the new share capital was NOK 531,540,456 divided into 492,167,089 shares, each having a nominal value of NOK 1.08 as of December 31, 2021. All issued shares are fully paid. Aker Solutions 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.

Treasury Shares

The group purchases its own shares to meet obligations under employee share purchase programs and variable pay programs for management. Treasury shares are not included in the weighted average number of ordinary shares. Earnings per share have been calculated based on an average of 488.564.065 shares outstanding December 31, 2021.

Amounts in NOK million	Number of shares	Consideration
Treasury shares as of December 31, 2020	101,636	2
Purchase	9,872,919	156
Sale	-3,438,961	-53
Treasury shares as of December 31, 2021	**6,535,594**	**105**

Hedging Reserve

The hedge reserve mainly relates to effects of currency cash flow hedges that are not yet recognized in the income statement. The hedging effects are recognized in the income statement according to the progress of the underlying customer contract.

Translation Reserve

The currency translation reserve includes foreign exchange differences arising from the translation of the subsidiaries into the presentation currency of the consolidated financial statements.

Fair Value Reserve

The fair value reserve includes fair value adjustments of equity securities at fair value through other comprehensive income (FVOCI).

See note 2 for more information about currency translation of subsidiaries
See note 24 for more information about hedging
See note 27 for more information about equity securities in the fair value reserve

Note 17 Borrowings

Financial Reporting Principles

Interest-bearing borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated 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.

Revolving Credit Facility

The revolving credit facility agreement of NOK 5,000 million was established in 2018 and matures in March 2023. The facility is provided by a syndicate of high quality international banks. The revolving credit facility was undrawn as of December 31, 2021. The terms and conditions include restrictions which are customary for these kind of facilities, including inter alia negative pledge provisions and restrictions related to acquisitions, disposals and mergers. There are also certain provisions of change of control included in the agreement. There are no restrictions for dividend payments and the facility is unsecured.

Norwegian Bonds

The group has two bonds listed on the Oslo Stock Exchange denominated in Norwegian Kroner. The bond of NOK 1,500 million matures on July 25, 2022, and the bond of NOK 1,000 million matures on June 3, 2024. The interest rate for both bonds is three months floating interbank rate (NIBOR) plus a predefined margin. Trustee services are provided by Nordic Trustee and the loan documentation is based on Nordic Trustee's standard loan agreement for bond issues. The bonds are unsecured on a negative pledge basis and includes no dividend restrictions. Aker Solutions' strategy is to have between 30-50 percent of borrowings at fixed interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates. In 2021, Aker Solutions re-purchased NOK 104 million of the bond maturing in 2022 and NOK 66 million of the bond maturing 2024.

Note 17 continues on next page

Note 17 Borrowings cont.

Bonds and Borrowings

2021

Amounts in NOK million	Currency	Nominal currency value	Carrying amount	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010814213	NOK	1,396	1,404	0.73%	3.15%	3.88%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	934	931	0.83%	3.00%	3.83%	06/03/24	Floating, 3M+fix margin
Total bonds[1]			**2,335**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	-6	0.80%	1.10%	1.90%	03/19/23	NIBOR + Margin[3]
Brazilian Development Bank loans[4]	BRL	18	28	5.83%	0.00%	5.83%	2022-2024	Fixed, periodically
Other borrowings			3					
Total borrowings			**2,360**					
Current borrowings			1,434					
Non-current borrowings			925					
Total borrowings			**2,360**					

2020

Amounts in NOK million	Currency	Nominal currency value	Carrying amount	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010814213	NOK	1,500	1,503	0.34%	3.15%	3.49%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	1,000	994	0.35%	3.00%	3.35%	06/03/24	Floating, 3M+fix margin
Total bonds[1]			**2,497**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	-12	0.25%	1.60%	1.85%	03/19/23	NIBOR + Margin[3]
Brazilian Development Bank loans[4]	BRL	130	214	5.78%	0.00%	5.78%	2021-2024	Fixed, periodically
Other borrowings			16					
Total borrowings			**2,715**					
Current borrowings			202					
Non-current borrowings			2,513					
Total borrowings			**2,715**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,330 million by total issue costs that are amortized over the duration of the loans. The carrying amount includes NOK -8 million in remaining issue costs and NOK 13 million of accrued interest related to the bonds.
2) The carrying amount relates to fees for establishing the credit facility which is deferred according to the amortized cost method and accrued fees for the period.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.
4) Brazilian loans consist of loans with interest rates ranging from 0.8 percent to 8.3 percent in 2021. The weighted average interest rate is used in the table and is calculated based on the contractual rates on the loans at December 31 and does not include the effect of swap agreements.

Note 17 continues on next page

Note 17 Borrowings cont.

Maturity of Bonds and Borrowings

2021

Amounts in NOK million	Carrying amount	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,404	1,437	27	1,410	0	0
ISIN NO 0010853286	931	1,024	18	18	36	952
Total bonds	**2,335**	**2,461**	**45**	**1,428**	**36**	**952**
Revolving credit facility (NOK 5,000 million)[2]	-6	0	0	0	0	0
Brazilian Development Bank loans	28	29	16	9	4	1
Other borrowings	3	3	3	0	0	0
Total other borrowings	**25**	**32**	**19**	**9**	**4**	**1**
Total borrowings	**2,360**	**2,493**	**64**	**1,437**	**40**	**953**

2020

Amounts in NOK million	Carrying amount	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,503	1,596	27	28	1,541	0
ISIN NO 0010853286	994	1,119	17	17	34	1,051
Total bonds	**2,497**	**2,715**	**44**	**45**	**1,576**	**1,051**
Revolving credit facility (NOK 5,000 million)[2]	-12	0	0	0	0	0
Brazilian development bank loans	214	222	106	86	25	5
Other borrowings	16	16	3	0	0	13
Total other borrowings	**218**	**238**	**109**	**86**	**25**	**18**
Total borrowings	**2,715**	**2,953**	**153**	**131**	**1,601**	**1,069**

1) The interest costs are calculated using either the last fixing rate known by year end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).
2) The cash flow is based on the assumption that the nominal drawn amount will remain constant until the maturity of the revolving credit facility.

Note 17 continues on next page

Note 17 Borrowings cont.

Movement of Liabilities

	2021				2020			
Amounts in NOK million	**Bonds**	**Credit facilities**	**Other borrowings**	**Total**	**Bonds**	**Credit facilities**	**Other borrowings**	**Total**
Balance as of January 1	2,497	-12	230	**2,715**	2,496	582	419	**3,497**
Proceeds from loans and borrowings	0	0		**0**	0	1,400	103	**1,503**
Repayment of borrowings	-170	0	-182	**-352**	0	-2,000	-236	**-2,236**
Total changes from financial cash flows	**-170**	**0**	**-182**	**-352**	**0**	**-600**	**-133**	**-733**
Accrued interest	1	0	-2	**-1**	-5	0	4	**-2**
Amortization of borrowing cost	7	6	0	**13**	7	6	0	**13**
Currency translation differences	0	0	-16	**-16**	0	0	-60	**-60**
Balance as of December 31	**2,335**	**-6**	**31**	**2,360**	**2,497**	**-12**	**230**	**2,715**

Mortgages

The company has no mortgage liabilities in 2021 (nor 2020).

See note 23 for more information about capital management
See note 24 for more information about interest rate derivatives
See note 25 for more information about financial assets and liabilities

Note 18 Leases and Investment Property

The company leases a number of office buildings, manufacturing and service sites in addition to some machines and vehicles. Contracts that contain a lease are recognized on the balance sheet as a right-of-use asset and lease liability unless the lease is short-term or low-value. Vacated leased property made available for sub-lease and property with operational sub-leases are classified as investment property.

Financial Reporting Principles

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The discount rate is calculated for each lease based on a model that includes swap-rates, credit risk and country risk. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. Several property leases contain extension options or cancellation clauses. The non-cancellable lease period is basis for the lease commitment. Periods covered by extension or termination options are included when it is reasonably certain that the lease period will be extended. When management has decided to extend the lease period is typically an event that would trigger an updated assessment of the reasonably certain criteria.

Non-lease components such as electricity, insurance and other property-related expenses paid to the landlord are excluded from the lease commitment for offices and manufacturing sites, but included when renting apartments and vehicles if included in the agreed lease amount. Future index or rate adjustments of lease payments are only included in the lease liability when a minimum adjustment has been contractually agreed and is in-substance fixed.

When a separable part of a leased property has been vacated by Aker Solutions, the right-of-use asset is reclassified as investment property and assessed for impairment. The investment property is measured using the cost model, meaning that the book value and depreciation of the lease term from the ROU asset is the basis for measuring also the investment property. When testing the investment property for impairment, the expected future sub-lease income is discounted to present value and compared to the value of the investment property. The cost model together with impairment assessments is also an estimate of fair value of the right-of-use asset classified as investment property.

The company has a number of sub-leases. Income from operational sub-leases on investment property is recognized as other income. Sub-leases covering the major part of the lease term in the head-lease are classified as financial sub-leases. The portion of the right-of-use asset or investment property subject to financial sub-lease is de-recognized and a sub-lease receivable is recognized in the balance sheet when the sub-lease commences.

Judgments and Estimates

The company has applied significant judgment when determining impairment of the investment property. Impairment is assessed for separable parts of leased buildings that have been or will be vacated in the near future. The impairment is sensitive to changes in estimated future expected sub-lease income and sub-lease period. Further, judgment is involved when determining whether sub-lease contracts are financial or operational, as well as when determining lease term for contracts that has extension or termination options. Determination of the discount rate also include judgment.

Note 18 continues on next page

Note 18 Leases and Investment Property cont.

Right-of-Use (ROU) Assets

The movement in the right-of-use assets is summarized below.

Amounts in NOK million	Land and buildings	Investment property	Machinery, vehicles and other	Total
Historical cost				
Balance at January 1, 2020	4,469	495	50	**5,014**
Additions and remeasurement	303	3	5	**312**
De-recognition due to termination or sublease	-27	-116	0	**-143**
Transfer between categories	-692	692	0	**0**
Currency translation differences	9	0	-4	**4**
Balance as of December 31, 2020	**4,062**	**1,074**	**51**	**5,187**
Additions and remeasurement	267	91	4	**363**
De-recognition through financial sublease	-5	-143	0	**-148**
Disposals through early exit of lease contract	-16	0	-11	**-27**
Transfer between categories	-192	192	0	**0**
Currency translation differences	19	14	0	**33**
Balance as of December 31, 2021	**4,135**	**1,229**	**44**	**5,408**
Accumulated depreciation and impairment				
Balance at January 1, 2020	-1,181	-112	-19	**-1,312**
Depreciation expense	-395	-25	-16	**-436**
Impairments	-483	-30	0	**-513**
Transfer between categories	272	-272	0	**0**
Currency translation difference	8	0	2	**11**
Balance as of December 31, 2020	**-1,779**	**-438**	**-32**	**-2,249**
Depreciation expense	-324	-43	-7	**-374**
Impairments	-19	-41	0	**-61**
Reversal of impairment this period	69	0	0	**69**
De-recognition through financial sublease	0	3	0	**3**
Depreciation and impairment on disposal of ROU, acc.	13	0	10	**23**
Transfer between categories	46	-46	0	**0**
Currency translation difference	-12	-6	0	**-18**
Balance as of December 31, 2021	**-2,005**	**-571**	**-28**	**-2,604**
Book value as of December 31, 2020	**2,283**	**636**	**19**	**2,938**
Book value as of December 31, 2021	**2,130**	**658**	**16**	**2,803**

Note 18 continues on next page

Note 18 Leases and Investment Property cont.

Lease liabilities and Lease Receivables

The movement in lease liabilities and lease receivables related to sub-leases are shown in the table below.

	Lease liabilities		Lease receivable (sub-lease)	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**
Movement of lease liabilities and receivables				
Balance as of January 1	5,111	5,536	797	784
Additions and remeasurement	279	208	152	118
De-recognition	-5	-1	-71	0
Interest expense/sub-lease interest income	204	230	35	36
Lease payments/sub-lease payments	-876	-899	-155	-143
Currency translation differences	35	36	9	3
Balance as of December 31	**4,748**	**5,111**	**767**	**797**
Of which current	692	643	133	129
Of which non-current	4,056	4,468	634	668
Balance as of December 31	**4,748**	**5,111**	**767**	**797**

The weighted-average discount rate applied to calculate lease liability was 4.3 percent in 2021 (4.3 percent in 2020). The company has not had any material lease concessions as a result of COVID-19 pandemic.

The maturity of lease payments and sub-lease income per December 31 are presented below:

	Lease Payments		Financial sub-lease income		Operational sub-lease income	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Maturity within 1 year	876	842	160	159	67	24
Maturity 1-5 years	2,560	2,671	407	475	99	36
Maturity 5-10 years	1,543	1,774	232	222	28	13
Maturity later than 10 years	691	927	96	60	0	0
Total	**5,670**	**6,213**	**895**	**916**	**194**	**73**
Discounting effect	-922	-1,103	-128	-119	n/a	n/a
Lease liabilities and lease receivable	**4,748**	**5,111**	**767**	**797**	**n/a**	**n/a**

Amounts Recognized in the Income Statement

The following amounts are recognized in the income statement related to leasing:

Amounts in NOK million	**2021**	**2020**
Income from operational sub-leases presented as other income	144	91
Expenses relating to short-term leases presented as operating costs	-490	-513
Expenses relating to low-value leases presented as operating costs	-28	-40
Depreciation of ROU assets	-374	-436
Impairments of ROU assets	9	-513
Interest on lease receivables presented as financial income	35	36
Interest on lease liabilities presented as financial expense	-204	-230
Gain on termination of lease agreements	1	0
Expense relating to variable lease payments not included in lease liabilities	-3	-4
Total effect on profit/(loss) before tax	**-910**	**-1,608**

Short-term leases include storage and accommodation for expats and workers in addition to rental of tools, machinery, cranes, containers and other equipment used in production.

See note 6 for more information about operating expenses for land and buildings
See note 12 for more information about impairment testing of right-of-use assets
See note 20 for more information about onerous lease provisions for operating leases
See note 28 for more information about leasing contracts with related parties

Note 19 Pension Obligations

Aker Solutions operates several pension plans around the world. The most common type of plan is the defined contribution plan, where Aker Solutions makes contributions to the employee's individual pension account. Aker Solutions also has a closed defined benefit plan where the impact is gradually reduced.

Financial Reporting Principles

Defined Contribution Plans

A defined contribution plan is a type of retirement plan where the employer makes contributions on a regular basis to the employees individual pension account. The benefits received by the employee are based on the employer contributions and gains or losses from investing the capital. Contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

Defined Benefit Plans

A defined benefit plan is a type of pension plan where the employer promises an annual pension on retirement based on a percentage of the salary upon retirement and the employee's earnings history, years of service and age. The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

The defined benefit obligation is calculated separately for each plan by discounting the estimated amount of future benefit that employees have earned in the current and prior periods and deducting the fair value of any plan assets. The change of the defined benefit obligation as a result of the change of assumptions (actuarial gains and losses) and the return on plan assets are recognized immediately in other comprehensive income. Net interest expense and other expenses related to defined benefit plans are recognized in the income statement. When the benefits of a plan are changed, settled or when a plan is curtailed, the change relating to past service or the gain or loss on curtailment or settlement is recognized immediately in the income statement.

Judgments and Estimates

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 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.

Pension Plans in Norway

The main pension arrangement in Norway is a general pension plan organized by the Norwegian state providing a basic pension entitlement to all tax payers. The additional pension plans which all Norwegian employers are obliged to provide according to current legislation, represent limited additional pension entitlements. The occupational plans in Aker Solutions in Norway are described below.

Defined Contribution Plans

All employees in Norway are offered participation in a defined contribution plan. The annual contributions expensed for the Norwegian plans in 2021 were NOK 340 million, compared to NOK 310 million in 2020. The estimated contribution expected to be paid in 2022 is NOK 325 million.

Defined Benefit Plans

The defined benefit plans at the Norwegian companies in Aker Solutions are split between funded and unfunded plans. The plans are organized in Aker Pensjonskasse. Aker Solutions companies in Norway closed the defined benefit plans in 2008. Employees who were 58 years or older in 2008 are still members of the closed defined benefit plan. This is a funded plan and represents the funded pension liability reported in the tables below. Aker Solutions also has various unfunded early retirement plans and executive pension plans that are partially closed for new members. The estimated contribution expected to be paid during 2022 is NOK 46 million. The liability is calculated using a projected unit credit method.

Compensation Plans

All employees in 2008 who had a calculated loss of more than NOK 1,000 per year upon transition to the defined contribution plan were offered compensation. The compensation amount will be adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. If the employee leaves the company voluntarily before the age of 67 years, the accrued compensation amount will be paid out. The compensation plan is an unfunded plan, and is included in the unfunded pension liability reported in the tables below. The liability is calculated using a earned balance method.

Note 19 continues on next page

Note 19 Pension Obligations cont.

Tariff Based Pension Agreement (AFP)

Employees in Norway have a tariff based lifelong retirement arrangement (AFP) organized by the main labor unions and the Norwegian state. The pension can be withdrawn from the age of 62. The information required to estimate the pension obligation from this defined benefit plan is not available from the plan administrator. Aker Solutions therefore currently accounts for the plan as if it was a defined contribution plan. The company will account for it as a defined benefit plan if information becomes available from the plan administrator. The annual contributions expensed in 2021 were NOK 116 million, compared to NOK 116 million in 2020. The estimated contribution expected to be paid in 2022 is NOK 121 million.

Pension Plans Outside Norway

Pension plans outside Norway are mainly defined contribution plans. The annual contributions expensed for plans outside Norway in 2021 were NOK 101 million, compared to NOK 173 million in 2020. The estimated contributions expected to be paid in 2022 is NOK 104 million to the plans outside Norway.

Total Pension Cost

Amounts in NOK million	**2021**	**2020**
Defined benefit plans[1]	69	245
Defined contribution plans	562	609
Total	**630**	**854**

1) The amount in 2020 include costs related to gratuity pension program for early retirement. There were no significant gratuity pension programs in 2021.

Note 19 continues on next page

Note 19 Pension Obligations cont.

Movement in Net Defined Benefit Liability

The table below shows the movement from the opening balance to the closing balance for the net defined benefit liability.

	Present value of obligation		Fair value of plan assets		Impact of asset ceiling		Net defined benefit liability	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Balance as of January 1	2,391	2,232	-1,324	-1,346	15	12	1,082	899
Current service and administration cost	55	221	4	9	0	0	59	230
Interest cost (income)	29	44	-19	-29	0	0	10	15
Included in income statement	**84**	**265**	**-15**	**-20**	**0**	**0**	**69**	**245**
Actuarial loss (gain) arising from financial assumptions	-44	85	0	0	0	0	-44	85
Return on plan assets	0	0	45	-20	0	0	45	-20
Changes in asset ceiling	0	0	0	0	25	3	25	3
Actuarial loss (gain) arising from experience adjustments	25	-6	0	-10	0	0	25	-16
Remeasurements loss (gain) included in OCI	**-19**	**79**	**45**	**-30**	**25**	**3**	**51**	**52**
Contributions paid into the plan	0	0	-85	-72	0	0	-85	-72
Benefits paid by the plan	-245	-186	138	144	0	0	-107	-43
Other	**-245**	**-186**	**53**	**72**	**0**	**0**	**-192**	**-115**
Balance as of December 31	**2,211**	**2,391**	**-1,242**	**-1,324**	**40**	**15**	**1,010**	**1,082**

The net liability disclosed above relates to funded and unfunded plans as follows:

	Present value of obligation		Fair value of plan assets		Asset ceiling		Net defined benefit liability	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net defined benefit liability funded plan	1,201	1,309	-1,242	-1,324	40	15	0	0
Net defined benefit liability unfunded plans	1,010	1,082	0	0	0	0	1,010	1,082
Balance as of December 31	**2,211**	**2,391**	**-1,242**	**-1,324**	**40**	**15**	**1,010**	**1,082**

Note 19 continues on next page

Note 19 Pension Obligations cont.

Assets in the Defined Benefit Plan

Amounts in NOK million	2021	2020
Bonds	618	708
Income and equity funds	624	616
Total plan assets at fair value	**1,242**	**1,324**

The majority of the bond investment is in Norwegian municipalities and is assumed to have a rating equal to AA, but there are few official ratings for these investments. The remaining bond investment is primarily in the Norwegian market within bonds assumed to be of "Investment Grade" quality. The majority of these investments do not, however, have an official rating. The fund investments consist of fixed income funds and equity funds with listed securities where the value is based on quoted prices. The equity securities are invested globally, and the value is based on quoted price at the reporting date without any deduction for estimated future selling cost.

Actuarial Assumptions

The information below relates only to Norwegian plans as these represent the majority of the plans. The following were the principal actuarial assumptions at the reporting date:

	2021	2020
Discount rate	1.90%	1.50%
Asset return	1.90%	1.50%
Salary progression	2.75%	2.00%
Pension indexation funded plans1	0-4 %	0-4 %
Mortality table	K2013	K2013
Remaining life expectancy at age 65 for pensioners, males	22.6	22.5
Remaining life expectancy at age 65 for pensioners, females	25.9	25.8

1) Pension indexation for unfunded plans is agreed individually (0-4 percent).

The discount rate is based on high-quality corporate bonds (OMF) with maturities consistent with the terms of the obligations. The assumptions used are in line with recommendations from the Norwegian Accounting Standards Board.

Sensitivity Analysis

Changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have changed the defined benefit obligation as of December 31 by the amounts shown below.

	2021	2020
Discount rate increase by 1 percent	-102	-119
Discount rate decrease by 1 percent	119	153
Expected rate of salary increase by 1 percent	1	1
Expected rate of salary decrease by 1 percent	-1	-1
Expected rate of pension increase by 1 percent	112	144
Expected rate of pension decrease by 1 percent	-8	-9

At Aker Solutions, a one percent increase of discount rate decreases the benefit obligation by only 8 percent. This is because the benefit obligation in Aker Solutions consists mainly of pensioners and employees over 60 years of age, hence limiting the discounting effect.

See note 5 for more information about personnel expenses

Note 20 Provisions and Contingent Liabilities

Financial Reporting Principles

A provision is a liability with uncertain timing and amount. Provisions are recognized when cash outflow is considered probable, the amount can be reliably estimated and the obligation is a result of a past event. All provisions are presented as short-term as they are part of the operating cycle.

A contingent liability is a possible obligation that arises from past events that typically depends on a future event outside of the company's control, for example a court decision. A provision is made when it is considered as probable that cash outflow will take place, and the obligation can be measured reliably.

Judgments and Estimates

The provisions are estimated based on a number of assumptions and are highly judgmental in nature. The various provisions with assumptions and estimation uncertainties are discussed in the table to the right.

Provisions

Amounts in NOK million	Warranties	Onerous contracts	Other	Total
Balance as of December 31, 2019	**296**	**241**	**153**	**691**
Provisions made during the year	157	-19	351	**489**
Provisions used during the year	-90	-78	-218	**-386**
Provisions reversed during the year	-38	-86	-80	**-204**
Reclassifications	1	5	7	**13**
Currency translation differences	-4	1	-8	**-12**
Balance as of December 31, 2020	**322**	**63**	**205**	**590**
Provisions made during the year	150	116	256	**523**
Provisions used during the year	-64	-33	-89	**-186**
Provisions reversed during the year	-9	-68	-66	**-143**
Reclassifications	0	0	-2	**-2**
Currency translation differences	1	1	1	**3**
Balance as of December 31, 2021	**399**	**79**	**306**	**784**

Amounts in NOK million	Warranties	Onerous contracts	Other	Total
Expected timing of payments				
Payment within one year	113	59	103	**276**
Payment after one year	209	4	102	**314**
Total as of December 31, 2020	**322**	**63**	**205**	**590**
Payment within one year	119	74	141	**334**
Payment after one year	280	5	165	**450**
Total as of December 31, 2021	**399**	**79**	**306**	**784**

Note 20 continues on next page

Note 20 Provisions and Contingent Liabilities cont.

Warranties

The provision for warranties relates to expected re-work for products and services delivered to customers. The warranty period is normally two to five years. The provision is based on the historical average warranty expense for each type of equipment and an assessment of the value of delivered products and services currently in the warranty period. The provision can also be a higher or lower amount following a specific evaluation of the actual circumstances for each contract. The final warranty cost may differ from the estimated warranty provision.

Onerous Contracts

The provision includes onerous customer contracts with expected losses upon completion.

Other

Other provisions relate to other liabilities with uncertain timing or amount. This includes provisions for claims, leasehold dilapidations, restructuring provision and certain employee benefits. The restructuring provision relates to expected employee costs for permanent and temporary redundancies.

Contingent Liabilities

Disputes with customers are normally settled during the final negotiations with the customer upon delivery and provided for in the projects accounts. However, given the scope of the group's worldwide operations there is a risk that legal claims may arise in the future for deliveries where revenue has been recognized in the past. Legal and tax claims are assessed on a regular basis.

Tax Claim in Brazil

The tax authorities in the state of Parana in Brazil claimed in 2015 Aker Solutions Brazil stating that the conditions for the export exemption from ICMS are not fulfilled. ICMS is a value added tax on sales and services related to the movement of goods. The claim amount including penalties and interest was approximately BRL 276 million (NOK 436 million) as of December 31, 2021 compared to BRL 269 million (NOK 444 million) in the prior year. Management has the opinion that a successful outcome in the administrative appeal system or in a judicial process is likely based on current law and practice. The claim is regarded as a contingent liability since the possible outcome will be confirmed by the occurrence of an uncertain future event (a potential court decision). No provision has been made for this contingent liability since a cash outflow is not considered probable.

Nordsee Ost Arbitration

In March 2021, Aker Solutions received a favourable outcome in the Nordsee Ost arbitration process, and NOK 698 million (EUR 67 million) was paid to Aker Solutions in 2021. Aker Solutions has recognized NOK 125 million as revenue, NOK 147 million as interest income and remaining NOK 426 million as settlement of accounts receivable in 2021. Counterparty RWE has submitted an application for annulment of the arbitration award to the German Courts, and Aker Solutions has submitted its defence. No provision has been made for this contingent liability as the probability for a cash outflow is considered remote.

See note 3 for more information about revenue from customer contracts and other income
See note 7 for more information about financial income and expense
See note 14 for more information about trade receivables

Note 21 Trade and Other Payables

Financial Reporting Principles

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortized cost method would have been used. Aker Solutions has established factoring arrangements where payments are received from financial institutions for customer contract assets (prior to issuance of the customer invoice), so-called "sale of unbilled receivables." The payments from financial institutions are based on the progress of the customer contract. Some creditors have entered into factoring agreements for the sale of their receivables on Aker Solutions to financial institutions, so-called "reverse factoring." The amounts related to "reverse factoring" and "sale of unbilled receivables" are included in trade and other payables in the balance sheet as they relate to operational activities. The amounts are also disclosed individually below.

Trade and Other Payables

Amounts in NOK million	**2021**	**2020**
Trade creditors	1,429	2,068
Trade creditors, related parties	0	57
Trade payables	**1,429**	**2,125**
Accrued operating costs	5,700	4,233
Public duties and taxes	728	863
Other current liabilities	944	599
Other payables	**7,372**	**5,696**
Total	**8,802**	**7,821**

Trade creditors include an amount of NOK 154 million as of December 31, 2021, (NOK 275 million in 2020) subject to reverse factoring. Other payables did not include any payments received from sale of unbilled receivables as of December 31, 2021 (NOK 102 million in 2020). Trade creditors include NOK 5 million as of December 31, 2021 (NOK 13 million in 2020) due after one year.

See note 3 for more information about customer contract liabilities
See note 28 for more information about payables to related parties

Note 22 Financial Risk Management and Exposures

The objective of financial risk management is to manage and control financial risk exposures to increase the predictability of earnings and minimize potential adverse effects on the company's financial performance. The financial risks has generally increased as a result of the COVID-19 pandemic. Aker Solutions uses derivatives to hedge currency risk exposures and aims to apply hedge accounting whenever possible in order to reduce the volatility resulting from the periodic market-to-market revaluation of financial instruments in the income statement. The company is also exposed to interest rate risk, credit risk, liquidity risk and price risk.

Risk Management

Risk management of financial risks is performed in every project and is the responsibility of the project manager. They cooperate with local finance managers and corporate treasury to identify, evaluate and hedge financial risks under policies approved by the Board of Directors. The company has well-established procedures for overall risk management, as well as policies for the use of derivatives and financial investments.

COVID-19 Pandemic

The COVID-19 pandemic generally increased several financial risks in 2020, however during 2021, the impact on the financial risks started to decline.

- **Currency risk:** The COVID-19 pandemic has increased the volatility in the currency market and there is a risk that the contingency buffer included in tender prices may be insufficient to cover currency losses when market fluctuations are significant. Currency variation clauses, escalation mechanisms and currency options are used to mitigate contingent currency exposures in tenders.
- **Credit risk:** Operational challenges due to restrictions on mobility, volatile commodity prices and an increasing transition towards greener energy has increased credit risk more in the oil and gas industry than in other industries. Due to a predominance of large international oil companies with a relatively low credit risk in its customer base, the exposure of Aker Solutions to this increased credit risk is limited.
- **Liquidity risk:** The current market uncertainty as a result of the COVID-19 pandemic has increased the liquidity risk. However, the merger with Kvaerner, strong order intake in 2020 and 2021 and strong cash generation from operations have contributed to an improved balance sheet and visibility.

Currency Risk

Aker Solutions has international operations and is exposed to currency risk on commercial transactions, assets and liabilities when payments and revenues are denominated in a currency other than the functional currency of the respective entity. The company's exposure to currency risk is primarily related to USD, EUR, GBP, BRL and AOA (Angolan Kwanza). The company's primary translation risk is related to USD, EUR, GBP and BRL.

Use of Currency Derivatives

The Aker Solutions' policy requires that all entities mitigate currency exposure in all contracts. Aker Solutions manages the currency risk in the tender period by including currency clauses in the tender, by entering into currency options or by adding a contingency in the tender price to cover for potential currency fluctuations. Each entity identify and hedge their exposure with the corporate treasury department and the corporate treasury department manages the overall currency exposures by entering into currency derivative instruments in the foreign exchange market. The Aker Solutions group has a large number of contracts related to hedging of foreign currency exposures and the currency risk policy has been well established.

Each business unit designates all foreign currency hedge contracts with corporate treasury as cash flow hedges or as hedges of separate embedded derivatives. Corporate treasury enters into external foreign exchange contracts separately for revenue and cost exposure. More than 80 percent of the value of the hedging instruments either qualify for hedge accounting or are hedges of separate embedded derivatives. Corporate treasury monitors hedges not qualifying for hedge accounting and non-qualifying hedges are reported in the "other" segment. Currency exposure from long-term investments in foreign currencies is only hedged when specifically instructed by management.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Hyperinflationary and Non-Convertible Currencies

Aker Solutions operates in some jurisdictions where regulations and requirements may limit the convertibility of local currency and restrict free flow of cash. Mitigating actions are taken to minimize the currency exposure. However, Aker Solutions has historically experienced currency exposures in such jurisdictions where no means of hedging has been available.

Exposure to Currency Risk

Corporate treasury is allowed to hold positions within an approved trading mandate. The net exposure as of December 31 is shown in the following table. A bank deposit in a currency different than the functional currency of the entity represent an exposure for the group. A negative amount on bank deposits represent an overdraft for the entities. Estimated forecasted cash flows in the table are calculated based on the entity's hedge transactions through corporate treasury, as these are considered to be the best estimate of future revenue and cost in foreign currencies. The net exposure is closely monitored by corporate treasury and reported on a daily basis to management.

	2021				2020			
Amounts in NOK million	USD	EUR	GBP	AOA	USD	EUR	GBP	AOA
Bank deposits	7	-12	-86	4,788	-1	-10	-54	9,403
Intercompany deposits (+) and loan (-)	51	-1	-1	0	66	-1	-1	0
Balance sheet exposure	**57**	**-14**	**-87**	**4,788**	**65**	**-12**	**-56**	**9,403**
Forecasted receipts from customers	350	114	188	7,624	248	96	106	8,392
Forecasted payments to vendors	-321	-144	-188	-2,717	-201	-81	-131	-1,955
Cash flow exposure	**30**	**-30**	**0**	**4,907**	**47**	**15**	**-25**	**6,437**
Forward exchange contracts	-86	43	88	0	-110	-3	81	0
Tri-party agreements	0	0	0	0	0	0	0	0
Net exposure in currency	**1**	**-1**	**0**	**9,695**	**2**	**0**	**0**	**15,840**
Net exposure in NOK	**12**	**-9**	**-2**	**151**	**16**	**5**	**0**	**208**

The currency exposures in USD, EUR and GBP per December 31, 2021 and 2020, were within the trading mandate. The currency exposure of NOK 151 million in Angolan Kwanza represent the amount that has not been possible to hedge. Angolan Kwanza and other non-convertible currencies are not included in the trading mandate.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Sensitivity Analysis - Fair Value of Financial Instruments

The impact on income and equity from a 15 percent strengthening of EUR, USD, GBP and AOA against other currencies is shown below. A 15 percent weakening would have had the equal, but opposite effect. This sensitivity analysis shows the impact on financial instruments denominated in a foreign currency per December 31 and assumes that all other variables, in particular interest rates, remain constant. The analysis does not include the effect on future transactions (not invoiced as of December 31) or any effect from translation of subsidiaries.

	2021		2020	
Amounts in NOK million	**Income (loss) before tax**	**Equity increase (decrease)**	**Income (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strenghtening	41	-33	-1	-49
EUR - 15 percent strenghtening	149	195	62	63
GBP - 15 percent strenghtening	185	246	70	145
AOA - 15 percent strenghtening	23	23	31	31

The competitiveness of Aker Solutions is influenced by currency exchange rate fluctuations, choices of locations, suppliers and other strategic decisions. Such effects are not systematically hedged and are not included in the sensitivity analysis.

Sensitivity Analysis - Currency Translation of Subsidiaries

A change in foreign currency rates will also impact the income and balance sheet when translating the Aker Solutions companies into the presentation currency which is NOK. The effect of change in the various currencies will impact the consolidated financial statements in the following manner:

	2021			
Amounts in NOK million	**Revenue increase (decrease)**	**EBIT increase (decrease)**	**Profit (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strengthening	306	-26	-35	115
EUR - 15 percent strengthening	2	7	9	86
GBP - 15 percent strengthening	117	0	-8	155
BRL - 15 percent strengthening	153	14	5	162

Interest Rate Risk

Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates do not affect profit and loss when held to maturity, as these borrowings are measured at amortized cost.

The company's interest exposure mainly arises from external funding in bank and debt capital markets. Currently all external borrowings in Aker Solutions are at floating interest rates. The company's risk management strategy is that 30-50 percent of the interest exposure shall be fixed interest rate for the duration of the debt. The company uses interest rate swaps to achieve the desired fixed / floating ratio of the external debt.

As the company has no significant interest-bearing operating assets, operating income and operating cash flow are substantially independent of changes in market interest rates. At year-end, 54 percent of NOK 2,330 million in bonds was fixed for the duration of the bonds through interest rate swaps.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Interest Rates Sensitivity

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

	2021		2020	
Amounts in NOK million	**Income (loss) before tax**	**Equity increase (decrease)[1]**	**Income (loss) before tax**	**Equity increase (decrease)[1]**
Interest on cash and cash equivalents	38	0	48	0
Interest on borrowings	-25	16	-44	29
Effect of interest rate swap	13	0	13	0
Cash flow sensitivity (net)	**25**	**16**	**17**	**29**

1) Not including tax effect on hedge reserve or effects to equity that follow directly from the effects to profit and loss.

A decrease of 100 basis points in interest rates would have had the equal but opposite effect on the amounts, on the basis that all other variables remain constant.

Credit Risk

Credit risk is the risk of financial losses if a customer or counterparty to financial receivables and financial instruments fails to meet contractual obligations.

Investment Instruments and Derivatives

Investment instruments, loans, credit facilities and derivatives are only conducted with approved counterparties and governed by standard agreements (ISDA, Nordic Trustee and LMA documentation). All approved banks are participants in the Aker Solutions loan syndicate and have investment grade ratings. Credit risk related to investment securities and derivatives is therefore considered to be low.

Trade Receivables and Contract Assets

Assessment of credit risk related to customers and subcontractors is an important requirement in the bid phase and throughout the contract period. Such assessments are based on credit ratings, income statement and balance sheet reviews and using credit assessment tools available (e.g. Dun & Bradstreet). Revenues are mainly related to large and long-term projects closely followed up in terms of payments in accordance with agreed milestones. Normally, lack of payment is due to disagreements related to project deliveries and is solved together with the customer.

Aker Solutions's major customers are highly rated energy companies where the credit risk is considered to be limited. Risk related to lower rated companies is monitored closely. The maximum exposure to credit risk at the reporting date equals the book value of each category of financial assets. The company does not hold collateral as security.

Measurement of Expected Credit Losses (ECLs)

Impairment is assessed using the expected credit loss (ECL) method for financial assets. The company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation to the company in full. ECLs are estimated probability-weighted net present value of future expected credit losses. ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime ECLs. Twelve month ECLs are used for interest-bearing receivables and bank balances for which credit risk has not increased significantly since initial recognition.

At each reporting date, the company assesses whether any financial assets are credit-impaired. Evidence that a financial asset is credit-impaired includes when invoices are more than 90 days past due without agreed postponement, knowledge of significant financial difficulty of the customer or debtor or other forward-looking information. The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Liquidity Risk

Liquidity risk is the risk that the company is unable to meet the obligations associated with its financial liabilities. The company's approach to managing liquidity is to ensure, as far as possible, 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. Management monitors rolling weekly and monthly forecasts of the company's liquidity reserve on the basis of expected cash flow. Due to the dynamic nature of the underlying businesses, corporate treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Financial Liabilities and the Period in which they Mature

2021

Amounts in NOK million	Book value	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	2,360	2,493	64	1,437	40	953	0
Net derivative financial instruments	-67	-67	-19	-20	-15	-12	0
Trade and other payables	8,802	8,802	8,796	1	4	1	0
Lease liabilities	4,748	5,670	443	433	827	1,733	2,234
Total liabilities	**15,843**	**16,898**	**9,284**	**1,851**	**855**	**2,675**	**2,234**
Financial guarantees		18,651	2,111	1,357	1,260	4,659	9,265

2020

Amounts in NOK million	Book value	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	2,715	2,953	153	131	1,601	1,069	0
Net derivative financial instruments	-31	-31	30	-3	-39	-20	0
Trade and other payables	7,821	7,821	7,797	11	8	0	5
Lease liabilities	5,111	6,213	444	398	773	1,898	2,701
Total liabilities	**15,616**	**16,956**	**8,424**	**537**	**2,343**	**2,947**	**2,706**
Financial guarantees		17,193	3,719	744	2,332	4,360	6,037

1) Nominal currency value including interest.

Note 22 continues on next page

Note 22 Financial Risk Management and Exposures cont.

Cash Pool Arrangements

The company policy for the purpose of optimizing availability and flexibility of cash within the company is to operate centrally managed cash pooling arrangements. Such arrangements are either organized with a bank as a service provider, or as a part of the operation of corporate treasury. An important condition for the participants (business units) in such cash pooling arrangements is that Aker Solutions 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. The company policy is not applied in countries where local laws prohibit international cash pool arrangements, such as Brazil, Angola and India.

Price Risk

The company is exposed to fluctuations in market prices both in the investment portfolio and in the operating businesses related to individual contracts. The units are exposed to changes in market price for raw materials, equipment and development in wages. This is managed in the bid process by locking in committed prices from key vendors as basis for offers to customers or through escalation clauses with customers.

Guarantees

The company has provided the following guarantees on behalf of wholly owned subsidiaries as of December 31 (all obligations are per date of issue):

- Non-financial parent company guarantees related to project performance on behalf of group companies.
- Financial parent company indemnity guarantees for fulfilment of lease obligations, credits and loans were NOK 10.8 billion (NOK 10.7 billion in 2020).
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees were NOK 7.8 billion (NOK 6.4 billion in 2020).

Guarantee on Behalf of Akastor

Aker Solutions was demerged from Akastor in 2014, and parties in a demerger have joint liability according to Norwegian law. If an obligation that arose prior to the completion of the demerger is not met by either party, the other party will have secondary joint liability for such obligation. The remaining value of the financial guarantees where Aker Solutions has a secondary joint liability was NOK 2.5 billion per December 31, 2021, compared to NOK 2.6 billion per December 31, 2020.

See note 14 for more information about trade and other receivables
See note 15 for more information about cash and available credit facility
See note 17 for more information about borrowings
See note 18 for more information about lease liabilities
See note 21 for more information about trade and other payables
See note 24 for more information about derivatives
See note 25 for more information about financial assets and liabilities

Note 23 Capital Management

The objective of Aker Solutions' capital management policy is to optimize the capital structure to ensure sufficient and timely funding over time to finance its activities at the lowest cost, in addition to investing in projects and businesses which will increase the company's return on capital employed over time.

Investment Policy

Aker Solutions' capital management is based on a rigorous investment selection process which considers not only Aker Solutions' weighted average cost of capital and strategic orientation, but also external factors such as market expectations and extrinsic risk factors. This selection process is coupled with a centralized approval process for all capital expenditures to be incurred by the group.

Funding Policy

Liquidity Planning

Aker Solutions has a strong focus on liquidity in order to meet its working capital needs short-term and to ensure solvency for its financial obligations long-term. The group's internal guideline is to have a minimum liquidity reserve of NOK 3 billion, including cash and undrawn committed credit facilities. As per December 31, 2021 the liquidity reserve amounted to NOK 9.6 billion compared to NOK 8.2 billion in the prior year. It was composed of an undrawn committed credit facility, cash in bank accounts and bank deposits.

Funding of Operations

Aker Solutions' funding policy states that all operating units will be funded through corporate treasury. This ensures optimal availability and transfer of cash within the group, better control of the group's overall debt as well as discounted funding for its operations. The group policy is not applied in countries where local laws prohibit international cash pool arrangements, such as Brazil, Angola and India.

Aker Solutions emphasizes financial flexibility and steers its capital structure accordingly to ensure a balance between liquidity risk and refinancing risk. In this perspective, loans and other external borrowings are to be renegotiated well in advance of their due date.

Aker Solutions aims to have diversified mix of funding sources in order to obtain an optimal cost of capital. These funding sources include:

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

Debt Covenants

The majority of drawn debt in Aker Solutions was from bonds issued in the Norwegian market in 2021 (99.0 percent as of December 31, 2021 and 92.0 percent in 2020). The remaining debt relate to banks and export credit agencies (ECA). The group monitors capital on the basis of gearing and interest cover ratios. All debt covenants are based on IFRS excluding the impact of IFRS 16. At year-end, all ratios are within the requirements in the loan agreements.

Aker Solutions has the following debt covenants for the revolving facility:

- The company's gearing ratio shall not exceed 3.5, calculated from the net debt to the adjusted EBITDA
- The company's interest cover ratio shall not be less than 3.5, calculated from the adjusted EBITDA to net finance cost

Aker Solutions has the following debt covenant for the bonds ISIN NO 0010814213 (expire in 2022) and ISIN NO 0010853286 (expire in 2024):

- The company's gearing ratio shall not exceed 3.5, calculated from the net debt to the adjusted EBITDA

These guidelines aim to maintain a strong financial position for Aker Solutions, which enable the company to comply with its covenants on existing debt and to maintain satisfactory external credit rating to ensure reliable access to capital over time.

Note 23 continues on next page

Note 23 Capital Management cont.

Gearing and Interest Cover Ratios at December 31

Amounts in NOK million	2021	2020
Gearing ratios		
Non-current interest-bearing borrowings	925	2,513
Current interest-bearing borrowings	1,434	202
Gross interest-bearing debt	**2,360**	**2,715**
Cash and cash equivalents	4,560	3,171
Net debt	**-2,200**	**-456**
EBITDA excl. IFRS 16[1] (Operating income before depreciation, amortization and impairment)	1,378	475
Restructuring and other special items as defined in the loan agreement	-50	234
Adjusted EBITDA	**1,328**	**709**
Gross interest-bearing debt/adjusted EBITDA	**1.8**	**3.8**
Net debt/adjusted EBITDA	**-1.7**	**-0.6**
Interest cover		
Adjusted EBITDA excl. IFRS 16[1]	1,328	709
Net interest expense as defined in the loan agreement	38	-196
Adjusted EBITDA/Net finance cost	**34.6**	**-3.6**

1) Excluding IFRS 16 means that leasing cost is reported as part of operating cost and included in EBITDA.

See note 17 for more information about borrowings
See note 22 for more information about financial risk management
See note 24 for more information about interest rate derivatives
See note 25 for more information about financial assets and liabilities

Note 24 Derivative Financial Instruments

Aker Solutions has future cash flows to be settled in foreign currencies, and forward contracts are the most commonly used derivative to hedge such exposures. The risk management policy states that all foreign exchange exposure shall be hedged, of which at least 80 percent shall qualify for hedge accounting or be hedges of separated embedded derivatives. Aker Solutions also has interest rate exposure from its external funding. Interest rate swaps are used to achieve the risk management strategy of having 30-50 percent at fixed interest rates.

Financial Reporting Principles

Cash Flow Hedges of Foreign Currency

Forward contracts are the most commonly used derivative to hedge foreign currency exposure. In addition, currency options are sometimes used to hedge exposures. In case of changes in the expected maturity dates, currencies or amounts of the hedged items corresponding derivatives are routinely adjusted (pre-matured or rolled over), usually by means of currency swaps.

The hedged transactions in foreign currency subject to cash flow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress of the projects and firm commitments. The derivatives are recognized initially and subsequently at fair value in the balance sheet, and the effective portion of changes in the fair value is recognized in other comprehensive income as a hedge reserve.

Aker Solutions designates the full forward foreign exchange contracts to hedge its currency risk and applies a hedge ratio of 1:1. The policy covers critical terms such as currency pair, amount and timing of the forward exchange contracts to align with the hedged item. The existence of an economic relationship between the hedging instrument and hedged item is determined based on matching critical terms of their respective cash flows. In addition, an assessment is made to determine whether the derivative designated in each hedging relationship is expected to be, and has been, effective in offsetting changes in cash flows of the hedged item by the hypothetical derivative method.

In these hedge relationships, the main sources of ineffectiveness are:

- any sequential change of timing of the hedged item;
- change in the total amount of the hedge item; and
- significant change in the counterparty's and Aker Solutions' credit risk

Aker Solutions does not designate any net positions in a hedging relationship. Some hedged transactions are not accounted for by applying hedge accounting, primarily because internal hedged transactions are grouped and netted before external hedge transactions are established. Changes in the fair value of derivatives will be reported as financial income or expenses. Remaining derivatives not applying hedge accounting include derivatives used by corporate treasury to hedge the residual exposure of the company as part of its risk mandate. As of December 31, 2021, these hedging instruments include currency forwards, interest swaps and foreign exchange swaps.

Hedge accounting is discontinued with immediate recognition in finance income and expenses in the income statement when the hedge no longer qualifies for hedge accounting, for example upon sale, expiration, termination or when a forecasted transaction is no longer probable. The derivative financial instruments are classified as current assets or liabilities as they are part of the operating cycle.

Foreign Currency as Embedded Derivatives

Embedded derivatives may exist in contracts with a currency other than the currency of the contracting partners. The embedded derivative will under certain circumstances be separated and recognized at fair value in the balance sheet and changes recognized in the income statement. These entries will result in corresponding and opposite effects compared to the hedging instrument.

Aker Solutions applies the following separation criteria for embedded derivatives:

- The embedded derivative needs to be separated if the agreed payment is in a currency different from any of the major contract parties' own functional currency, or
- that the contract currency is not considered to be commonly used for the relevant economic environment defined as the countries involved in the cross-border transaction.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

Cash Flow Hedges of Interest Rates

Aker Solutions' interest exposure mainly arises from external funding from bank and debt capital markets. Most of the external debt in Aker Solutions is at floating interest rates. The risk management strategy is that 30-50 percent of the interest exposure shall be fixed interest rate for the duration of the debt. Interest rate swaps are used to achieve the desired fixed/floating ratio of the external debt.

Hedge accounting is applied using the cash flow model for interest rate swaps which means that gains and losses from floating to fixed interest rates are recognized in the hedging reserve in equity and will be continuously released to the income statement until the bank borrowings are repaid. This is done based on the periodic market-to-market revaluation of the interest rate swaps whose fair value tends to reach zero upon maturity.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

Fair Values and Maturity

The following table presents the fair value of the derivatives and a maturity analysis of the derivatives undiscounted cash flows. Given Aker Solutions hedging policy and the assumption that projects are cash neutral, this table also indicates when the cash flows related to project expenses are expected to impact profit and loss. Project revenues are recognized over time according to the progress of the project. This may result in differences between cash flow and revenue recognition.

	2021						2020					
Amounts in NOK million	Instruments at fair value[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years	Instruments at fair value[1]	6 months or less	6-12 months	1-2 years	2-5 years	Over 5 years
Assets												
Cash flow hedging instruments	96	47	22	22	5	0	178	81	35	48	13	0
Fair value adjustments to hedged instruments[2]	-45	-25	-11	-8	-1	0	-71	-58	-8	-5	-1	0
Embedded derivatives in ordinary commercial contracts	72	22	7	39	5	0	35	26	8	0	0	0
Financial instruments not hedge accounted	52	28	13	9	2	0	67	17	10	32	7	0
Total forward foreign exchange contracts	**175**	**72**	**31**	**62**	**12**	**0**	**208**	**66**	**46**	**76**	**20**	**0**
Cash flow hedges interest rate assets	0	0	0	0	0	0	15	0	15	0	0	0
Total financial instrument assets	**175**	**72**	**31**	**62**	**12**	**0**	**223**	**66**	**61**	**76**	**20**	**0**
Liabilities												
Cash flow hedging instruments	-283	-117	-63	-83	-19	0	-194	-53	-53	-74	-13	0
Fair value adjustments to hedged instruments	120	65	31	20	4	0	54	39	8	7	0	0
Embedded derivatives in ordinary commercial contracts	-71	-36	-16	-14	-6	0	-71	-15	-16	-33	-7	0
Financial instruments not hedge accounted	-1	-1	0	0	0	0	-8	-4	-3	0	0	0
Total forward foreign exchange contracts	**-235**	**-89**	**-49**	**-77**	**-21**	**0**	**-218**	**-34**	**-64**	**-101**	**-20**	**0**
Cash flow hedges interest rate liability	-7	-2	-3	0	-3	0	-36	-2	0	-14	-19	0
Total financial instrument liabilities	**-242**	**-91**	**-51**	**-77**	**-24**	**0**	**-254**	**-36**	**-64**	**-115**	**-40**	**0**
Net financial instruments	**-67**	**-19**	**-20**	**-15**	**-12**	**0**	**-31**	**30**	**-3**	**-39**	**-20**	**0**

1) Cash flows from matured derivatives are translated to NOK using the exchange rates on the balance sheet date.
2) Fair value of settled derivatives not yet booked in the income statement are recognized in balance sheet and will be reclassified to the income statement over the next years as the projects progress.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

Unsettled Hedges

The table below shows the impact from the unsettled cash flow hedges on profit and loss and equity (not adjusted for tax).

	2021			2020		
Amounts in NOK million	**Fair value of all hedging instruments**	**Recognized in profit and loss**	**Deferred in equity (the hedge reserve)**	**Fair value of all hedging instruments**	**Recognized in profit and loss**	**Deferred in equity (the hedge reserve)**
Forward exchange contracts (cash flow hedges)	-186	-110	-76	-16	24	-40
Interest rate swaps	-7	-2	-5	-21	-2	-19
Total	**-193**	**-112**	**-81**	**-37**	**22**	**-59**

The purpose of the hedging instrument is to secure a situation where the hedged item and the hedging instrument together represent a predetermined value independent of fluctuations of exchange rates. Revenue and expenses on the underlying customer contracts are recognized in the income statement in accordance with progress. Consequently, NOK -110 million (NOK 24 million in 2020) of the value of the forward contracts have already impacted the income statement. The NOK -76 million (NOK 40 million in 2020) that are currently recorded in the hedge reserve, will be reclassified to the income statement over the next years.

The value of the interest swaps is attributable to changes in the interest swap curve for Norwegian Kroner during the period from inception of the hedge to the balance sheet date, excluding accrued interest rates of the swaps, tax and deferred settlements related to matured instruments.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

Hedge Reserve Movement

The table below shows the movement in the hedge reserve from changes in the cash flow hedges.

Amounts in NOK million	**Hedge reserve**
Balance as of January 1, 2020	12
Forward currency	-16
Interest rate swaps	-21
Total changes in fair value	**-37**
Forward currency contracts	-24
Interest rate swaps	2
Total amount reclassified to profit or loss	**-22**
Tax on movements on reserves during the year	-12
Balance as of December 31, 2020	**-59**
Forward currency contracts	-182
Interest rate swaps	29
Total changes in fair value	**-153**
Forward currency contracts	144
Interest rate swaps	-1
Total amount reclassified to profit or loss	**143**
Tax on movements on reserves during the year	11
Balance as of December 31, 2021	**-58**

Interest Rate Swaps

Aker Solutions currently has two outstanding bonds. For the bond of NOK 1,396 million at floating interest rates maturing July 25, 2022, NOK 750 million has been swapped to fixed interest rate. For the bond of NOK 934 million at floating interest rates maturing June 3, 2024, NOK 500 million has been swapped to fixed interest rate. Floating interest rates are tied to inter-bank offered rates (NIBOR for NOK).

See note 17 for more information about borrowings
See note 25 for more information about financial assets and liabilities

Note 25 Financial Assets and Liabilities

The fair value hierarchy defines a framework for categorizing financial assets and liabilities based on fair value valuation techniques. Fair value of assets and liabilities in level one is based on quoted prices in an active market, whereas level three fair values are based on assumptions made by the company in the absence of quoted prices.

The Fair Value Hierarchy

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:

- Level 1: Fair values are based on prices quoted in an active market for identical assets or liabilities.
- Level 2: Fair values are based on price input other than quoted prices. Such prices are derived from observable market transactions in an active market for identical assets or liabilities. Level 2 includes currency or interest derivatives and interest bonds, typically when the group uses forward prices on foreign exchange rates or interest rates as inputs to valuation models.
- Level 3: Fair values are based on unobservable input, mainly based on internal assumptions used in the absence of quoted prices from an active market or other observable price inputs.

Note 25 continues on next page

Note 25 Financial Assets and Liabilities cont.

Financial Instruments as of December 31, 2021

	Carrying value					Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Amortized cost**	**Equity investments at FVOCI**[1]	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	203	0	**203**	190	0	14	**203**
Non-current receivables	0	862	0	0	**862**	0	0	0	**0**
Trade and other receivables	0	4,785	0	0	**4,785**	0	0	0	**0**
Forward foreign exchange contracts	103	0	0	0	**103**	0	103	0	**103**
Fair value embedded derivatives	72	0	0	0	**72**	0	72	0	**72**
Current interest-bearing receivables	0	143	0	0	**143**	0	0	0	**0**
Cash and cash equivalents	0	4,560	0	0	**4,560**	0	0	0	**0**
Financial assets	**175**	**10,349**	**203**	**0**	**10,728**	**190**	**175**	**14**	**379**
Non-current borrowings[3]	0	0	0	-925	**-925**	-932	0	3	**-929**
Current borrowings[3]	0	0	0	-1,434	**-1,434**	-1,410	0	-28	**-1,438**
Trade and other payables[4]	0	0	0	-4,296	**-4,296**	0	0	0	**0**
Lease liabilities	0	0	0	-4,748	**-4,748**	0	0	0	**0**
Forward foreign exchange contracts	-164	0	0	0	**-164**	0	-164	0	**-164**
Fair value embedded derivatives	-71	0	0	0	**-71**	0	-71	0	**-71**
Interest rate instruments	-7	0	0	0	**-7**	0	-7	0	**-7**
Financial liabilities	**-242**	**0**	**0**	**-11,403**	**-11,645**	**-2,342**	**-242**	**-24**	**-2,609**

1) FVOCI is short for fair value through other comprehensive income.
2) Investments in level 1 consist of listed shared with quoted market prices, and investments in level 3 are shares where fair value cannot be measured reliably as the financial instrument is not traded in an active market. The best estimate of fair value is initial purchase price.
3) Fair value is quoted prices for the bonds noted on the Oslo Stock Exchange.
4) Trade and other payables that are not financial liabilities at negative NOK 4,506 million in 2021 are not included.

Note 25 continues on next page

Note 25 Financial Assets and Liabilities cont.

Financial Instruments as of December 31, 2020

	Carrying value					Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Amortized cost**	**Equity investments at FVOCI[1]**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	257	0	**257**	165	0	92	**257**
Non-current receivables	0	873	0	0	**873**	0	0	0	**0**
Trade and other receivables	0	3,494	0	0	**3,494**	0	0	0	**0**
Fair value embedded derivatives	35	0	0	0	**35**	0	35	0	**35**
Interest rate instruments	15	0	0	0	**15**	0	15	0	**15**
Current interest-bearing receivables	0	200	0	0	**200**	0	0	0	**0**
Cash and cash equivalents		3,171	0	0	**3,171**	0	0	0	**0**
Financial assets	**223**	**7,737**	**0**	**0**	**8,218**	**165**	**223**	**92**	**480**
Non-current borrowings[3]	0	0	0	-2,513	**-2,513**	-2,407	0	-28	**-2,435**
Current borrowings[3]	0	0	0	-202	**-202**	0	0	-202	**-202**
Trade and other payables[4]	0	0	0	-4,220	**-4,220**	0	0	0	**0**
Lease liabilities	0	0	0	-5,111	**-5,111**	0	0	0	**0**
Forward foreign exchange contracts	-206	0	0	0	**-206**	0	-206	0	**-206**
Fair value embedded derivatives	-12	0	0	0	**-12**	0	-12	0	**-12**
Interest rate instruments	-36	0	0	0	**-36**	0	-36	0	**-36**
Financial liabilities	**-254**	**0**	**0**	**-12,046**	**-12,300**	**-2,407**	**-254**	**-230**	**-2,891**

1) FVOCI is short for fair value through other comprehensive income.
2) Investments in level 1 consist of listed shared with quoted market prices, and investments in level 3 are shares where fair value cannot be measured reliably as the financial instrument is not traded in an active market. The best estimate of fair value is initial purchase price.
3) Fair value is quoted prices for the bonds noted on the Oslo Stock Exchange.
4) Trade and other payables that are not financial liabilities at negative NOK 3,601 million in 2020 are not included.

See note 14 for more information about trade and other receivables
See note 17 for more information about borrowings
See note 21 for more information about trade and other payables
See note 22 for more information about financial risk management
See note 24 for more information about derivatives
See note 27 for more information about other investments

Note 26 Subsidiaries and NCIs

Financial Reporting Principles

The consolidated statements include all entities controlled by Aker Solutions ASA. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Non-controlling interests (NCIs) are measured on initial recognition at their portion of fair values, and yearly earnings are allocated to the NCI according to their ownership interest.

Subsidiaries

Aker Solutions has 69 subsidiaries in 27 countries at the reporting date. The number of countries where Aker Solutions had employees was about 20. The group holds the majority of the shares in all subsidiaries except four, see description below. If not stated otherwise, ownership equals the percentage of voting shares.

Company	Location	Country	Percent
Aker Solutions Enterprises, LDA	Luanda	Angola	49
Aker Solutions Pty Ltd	Perth	Australia	100
Aker Solutions Azerbaijan LLC	Baku	Azerbaijan	100
Aker Solutions do Brasil Ltda	Curitiba	Brazil	100
C.S.E. Mecânica e Instrumentacâo Ltda	Curitiba	Brazil	100
Aker Solutions Sdn Bhd	Kuala Belait	Brunei	100
Aker Solutions Asset Integrity and Management Canada Inc.	Newfoundland	Canada	100
Aker Solutions Canada Inc	Vancouver	Canada	100
Kvaerner Canada Ltd	St John's	Canada	100
Aker Solutions (Shenzhen) Co. Ltd	Shenzhen	China	100
Kvaerner Engineering & Technology (Beijing) Co Ltd	Beijing	China	100
Aker Solutions Congo SA	Point-Noire	Congo	70
Aker Solutions Cyprus Limited	Limassol	Cyprus	100
Kvaerner Finland Oy	Ulvila	Finland	100
Aker Solutions SAS	Paris	France	100
Aker Solutions Ghana Ltd	Accra	Ghana	90
Aker Solutions Ghana Holding Ltd	Accra	Ghana	100
Aker Solutions Deepwater Ghana Ltd	Accra	Ghana	80
Aker Powergas Pvt Ltd	Mumbai	India	100
Aker Powergas Subsea Pvt Ltd	Mumbai	India	100
Aker Engineering International Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Engineering Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions APAC Sdn Bhd	Kuala Lumpur	Malaysia	48
Aker Solutions India Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Malaysia Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions Umbilical Asia Pacific Sdn Bhd	Kuala Lumpur	Malaysia	100
Aker Solutions de Mexico	Mexico City	Mexico	100
Aker Solutions Mocambique Ltda	Maputo	Mozambique	100
Aker Solutions BV	Zoetemer	Netherlands	100
Aker Solutions Nigeria Ltd	Ikoyi-Lagos	Nigeria	100
Aker Installation FP AS	Fornebu	Norway	100

Company	Location	Country	Percent
Aker Insurance Services AS	Fornebu	Norway	100
Aker Solutions AS	Fornebu	Norway	100
Aker Solutions Contracting AS	Fornebu	Norway	100
Aker Solutions Holding AS	Fornebu	Norway	100
Aker Solutions Middle East AS	Fornebu	Norway	100
Aker Solutions Russia AS	Fornebu	Norway	100
ASK JV AS	Stavanger	Norway	100
Benestad Solutions AS	Lierskogen	Norway	100
KBeDesign AS	Fornebu	Norway	100
Kværner AS	Fornebu	Norway	100
Kværner Ghana AS	Lysaker	Norway	100
Kværner Resources AS	Fornebu	Norway	100
Norwegian Contractors AS	Lysaker	Norway	100
Aker Solutions Gulf Services WLL	Doha	Qatar	49
Kvaerner LLC	Moscow	Russia	100
Aker Solutions Saudi Arabia Co. Ltd.	Al-Khobar	Saudi Arabia	100
Aker Solutions Korea Co. Ltd	Geoje	South Korea	100
Aker Solutions AB	Gothenborg	Sweden	100
K Water AB	Örnsköldsvik	Sweden	100
Aker Solutions Tanzania Ltd	Dar es Salaam	Tanzania	100
Aker Engineering and Technology Ltd	London	UK	100
Aker Engineering Malaysia Ltd	Leeds	UK	100
Aker Offshore Partner Ltd	Aberdeen	UK	100
Aker Solutions Angola Ltd	Maidenhead	UK	100
Aker Solutions DC Trustees Ltd	London	UK	100
Aker Solutions EAME Limited	Aberdeen	UK	100
Aker Solutions Enterprises International (UK) Limited	London	UK	49
Aker Solutions Holding Limited	Aberdeen	UK	100
Aker Solutions IP Limited	Aberdeen	UK	100
Aker Solutions Ltd	Maidenhead	UK	100
Enovate Systems Limited	Aberdeen	UK	100
International Design Engineering and Services Ltd	Glasgow	UK	100
Kvaerner Contracting Ltd	London	UK	100

Company	Location	Country	Percent
Kvaerner Resources Ltd	London	UK	100
Aker Solutions Inc.	Houston	USA	100
Aker Solutions USA Corporation	Houston	USA	100
Kvaerner Americas Holdings Inc	Canonsburg	USA	100
Kvaerner Renewables US LLC	Canonsburg	USA	100

Subsidiaries where Aker Solutions does not have the Majority of Shares

Aker Solutions has less than 50 percent of the shares in four subsidiaries as shown in the table. Aker Solutions has control over relevant activities through shareholders agreements. The subsidiaries are fully consolidated and the non-controlling interest share of profit and equity is presented in the income statement and in the balance sheet.

Non-Controlling Interests

Aker Solutions acquired the remaining 10 percent of Aker Engineering Malaysia Sdn Bhd in 2021.

Note 27 Investments in Companies

Financial Reporting Principles

Joint ventures are those entities where the company has joint control and rights to net assets. Associates are those entities where the company has significant influence, but not control or joint control (usually between twenty and fifty percent of the voting power). Interests in joint ventures and associates are accounted for using the equity method. The investments are initially recognized at cost (including transaction costs) and subsequently increased or decreased to recognize the share of the profit or loss. The profit or loss for the equity-accounted investees is presented as other income when the operations are closely linked to the current operations of Aker Solutions, otherwise they are presented as financial income.

Other investments are those entities in which the company does not have significant influence. These are usually entities where the company holds less than twenty percent of the voting power. Such investments are designated as equity securities at fair value through other comprehensive income (FVOCI) as they represent long-term strategic investments. When the investments are sold, the accumulated gain or loss in equity is not reclassified to the income statement.

Investments in Companies

The company has recognized the following balances for its investment in other companies:

Amounts in NOK million	2021	2020
Joint Ventures and Associates	58	61
Other investments	203	257
Total investment in companies	**262**	**318**

Joint Ventures and Associates (Equity Accounted Investees)

The company had eleven equity-accounted investments as of December 31, 2021. Ownership percentage equals the percentage of voting shares.

Name of company	Office	Percent	Type
Kiewit-Kvaerner Contractors (KKC)	Newfoundland, Canada	50.0 %	Joint venture
K2JV ANS	Stord, Norway	51.0 %	Joint venture
KDS JV AS	Fornebu, Norway	50.0 %	Joint venture
Kvaerner COOEC Engineering&Technology (Qingdao) Ltd	Qingdao, China	60.0 %	Joint venture
Fast Subsea AS	Tranby, Norway	50.0 %	Joint venture
Concrete Structures AS	Fornebu, Norway	50.0 %	Associate
Eldøyane Næringspark AS	Stord, Norway	21.3 %	Associate
Siva Verdal Eiendom AS	Trondheim, Norway	46.0 %	Associate
Vitec AS	Verdal, Norway	34.0 %	Associate
Bemlotek AS	Fornebu, Norway	24.6 %	Associate
Kværnhuset Industri-inkubator AS	Egersund, Norway	33.0 %	Associate

Amounts in NOK million	2021	2020
Equity accounted investees per January 1	61	168
Acquisition	0	1
Reclassification from other investments	0	8
Sale	-1	-118
Share of profits included in other income	5	18
Share of profits included in other financial expense	0	-12
Dividends received	-7	-5
Currency translation differences	1	0
Equity accounted investees per December 31	**58**	**61**

Note 27 continues on next page

Note 27 Investment in Companies cont.

Other Investments

Amounts in NOK million	2021	2020
Shares in listed companies	190	165
Shares in unlisted companies	14	92
Total other investments	**203**	**257**

Other investments relate to shares in listed and unlisted companies where ownership is below 20 percent. The ownership in the listed companies are measured at their market value with changes over OCI as they are long-term strategic investments. The loss recognized in OCI in 2021 was NOK 53 million (profit NOK 146 million in 2020). Unlisted shares are usually measured at cost less impairment, as this is assumed to be the best estimate of fair value.

See note 3 for more information about other income
See note 7 for more information about financial income and expense

Note 28 Related Parties and Key Management Compensation

Financial Reporting Principles

Related party relationships are defined to be entities under joint control or significant influence by Aker Solutions, and companies outside the Aker Solutions group that are under control (either directly or indirectly) or joint control by the owners having significant influence over Aker Solutions. The management and the Board of Aker Solutions are also related parties.

Related Parties of Aker Solutions

The largest shareholder of Aker Solutions is Aker Holdings AS (previously Aker Kværner Holding AS), which is wholly-owned by Aker ASA. Aker Solutions is an associate of Aker ASA, and entities controlled by Aker ASA and entities which Kjell Inge Røkke and his close family controls through The Resource Group TRG AS are considered related parties to Aker Solutions. These entities include companies like Aker Carbon Capture, Aker Offshore Wind and Cognite and are referred to as Aker entities in this note. Companies that are associates of Aker ASA or The Resource Group TRG AS are not considered related parties of Aker Solutions, such as Akastor and Aker BP.

Related party relationships also include entities under joint control or significant influence by Aker Solutions. Non-controlling interests with significant influence are also considered as related parties of Aker Solutions.

Related parties are in a position to enter into transactions with the company that would potentially not be undertaken between unrelated parties. All transactions in the Aker Solutions group with related parties have been based on arm’s length terms.

Note 28 continues on next page

Note 28 Related Parties cont.

Transactions and Balances with Related Parties

	2021			2020		
Amounts in NOK million	Aker and TRG companies	Joint ventures and associates	Total	Aker and TRG companies	Joint ventures and associates	Total
Income statement						
Operating revenues	358	15	**373**	3,354	23	**3,377**
Operating costs	-552	-105	**-657**	-250	-123	**-372**
Depreciation and impairment of ROU assets	7	-4	**3**	-192	0	**-192**
Net financial items	13	0	**13**	-40	0	**-40**
Balance sheet						
Right-of-use (ROU) assets	576	16	**593**	537	0	**537**
Trade receivables	71	5	**76**	35	2	**38**
Non-current interest-bearing receivables	202	0	**202**	187	5	**192**
Current interest-bearing receivables	10	0	**10**	70	0	**70**
Non-current borrowings	0	0	**0**	-13	0	**-13**
Non-current leasing liabilities	-667	-10	**-678**	-676	0	**-676**
Trade payables	0	0	**0**	-45	-12	**-57**
Current interest-bearing loans	0	0	**0**	-1	0	**-1**
Current leasing liabilities	-43	-6	**-50**	-40	0	**-40**

Note 28 continues on next page

Note 28 Related Parties cont.

Significant Related Parties Transactions

Aker Solutions has transactions with related parties on a recurring basis as part of normal business. Aker Solutions also leases industrial properties owned by Kjell Inge Røkke through TRG AS which amounted to NOK 68 million in 2021 (NOK 67 million in 2020). In addition, Aker Solutions supported the group's union representative function with NOK 765,000 in 2021 (NOK 1,057,500 in 2020).

Compensation to Key Management

The key management personnel of Aker Solutions include the Board of Directors and the executive management team. Refer to further description about management compensation in the Management Remuneration Report available at www.akersolutions.com/corporate-governance.

Amounts in NOK million	2021	2020
Salaries and wages including holiday allowance	69	36
Social security contributions	10	7
Pension cost	1	1
Termination benefits	0	6
Share-based payments	3	0
Other employee benefits	3	5
Total compensation to key management personnel	**86**	**55**

See note 14 for more information about customer contract assets and receivables
See note 18 for more information about leasing contracts
See note 21 for more information about trade and other payables
See note 26 for more information about subsidiaries
See note 27 for more information about joint arrangements and associates

Note 29 Audit Fees

KPMG is the auditor of the group. The table below presents expenses for audit and other services to the auditor.

	Aker Solutions ASA		Subsidiaries		Total	
Amounts in NOK million (excl. VAT)	2021	2020	2021	2020	2021	2020
Audit	4.2	4.4	17.4	15.7	21.5	20.1
Other assurance services	0.3	0.2	0.9	3.3	1.2	3.4
Tax services	0.0	0.0	0.3	1.0	0.3	1.1
Other non-audit services	0.0	0.0	0.8	1.3	0.8	1.3
Total	**4.5**	**4.6**	**19.3**	**21.3**	**23.7**	**25.9**

Note 30 Subsequent Events

Acquisition of Unitech Power Systems

Aker Solutions agreed on February 7, 2022, to acquire 100 percent of Unitech Power Systems, an electrical power systems consultant company. The company employs 35 specialist engineers and is based in Stavanger, Norway. The acquisition is an important step towards creating an engineering consultancy business for Aker Solutions that will drive the energy transition. The all-cash transaction is expected to be completed during the first quarter of 2022.

The Situation in Russia and Ukraine

In February 2022, Russian armed forces invaded Ukraine. Aker Solutions has no employees in Ukraine. The company has 15 employees at its Moscow office in Russia. The company has recently completed some smaller early-phase engineering studies for potential future prospects in Russia. No new activities or projects will be started in Russia. Management is handling this event and its development proactively, including sanctions and indirect impacts, and are taking actions to mitigate its effect on supply chain and other associated risks.

Parent Company Financial Statements

Aker Solutions ASA
December 31, 2021

Income Statement

For the year ended December 31

Amounts in NOK million	Note	2021	2020
Operating revenues	2	35	43
Operating expenses	2	-62	-63
Operating loss		**-27**	**-20**
Income from subsidiaries	5	941	0
Net financial income	3	-134	-159
Earnings before tax		**780**	**-179**
Income tax	4	30	16
Net earnings		**810**	**-163**
Net earnings (loss) for the period distributed as follows:			
Proposed dividends		97	0
Other equity		713	-163
Net earnings		**810**	**-163**

Balance Sheet

Statement as of December 31

Amounts in NOK million	Note	2021	2020
Assets			
Deferred tax asset	4	347	317
Investments in group companies	5	16,357	16,357
Non-current interest-bearing receivables from group companies	8	845	880
Other non-current interest-bearing receivables		21	41
Total non-current assets		**17,570**	**17,594**
Current interest-bearing receivables from group companies	8	7	1,302
Non-interest bearing receivables from group companies	8	24	17
Financial instruments	9	322	380
Other current receivables		0	8
Cash and cash equivalents	8	3,214	1,766
Total current assets		**3,567**	**3,473**
Total assets		**21,137**	**21,068**

Amounts in NOK million	Note	2021	2020
Equity and liabilities			
Issued capital		532	532
Other equity		6,981	6,339
Total equity	6	**7,512**	**6,871**
Non-current borrowings	7	921	2,471
Total non-current liabilities		**921**	**2,471**
Current borrowings	7	1,408	14
Current borrowings from group companies	8	10,784	10,185
Non interest-bearing liabilities from group companies	8	18	986
Financial instruments	9	322	405
Provisions for dividend	6	97	0
Other current liabilities		75	136
Total current liabilities		**12,704**	**11,726**
Total liabilities		**13,624**	**14,197**
Total equity and liabilities		**21,137**	**21,068**

Fornebu, March 4, 2022

Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Tommy Angeltveit
Director

Line Småge Breidablikk
Director

Thorhild Widway
Director

Jan Arve Haugan
Director

Hilde Karlsen
Director

Lone Fønss Schrøder
Director

Rune Rafdal
Director

Kjetel Digre
Chief Executive Officer

Cash Flow

Statement for the year ended December 31

Amounts in NOK million	**2021**	**2020**
Earnings (loss) before tax	780	-179
Profit (loss) on foreign currency forward contracts	-25	-49
Changes in other operating assets and liabilities	-1,139	-591
Net cash from operating activities	**-384**	**-819**
Increase in investments in subsidiaries	0	0
Net cash used in investing activities	**0**	**0**
Changes in borrowings to group companies	0	-453
Changes in borrowings from group companies	1,922	2,753
Shares issued to employees through share purchase program	-89	0
Merger with Kvaerner	0	7
Sale of own shares	0	13
Net cash from financing activities	**1,833**	**2,320**
Net increase (decrease) in cash and cash equivalents	**1,449**	**1,501**
Cash and cash equivalents at the beginning of the period	1,766	264
Cash and cash equivalents at the end of the period[1]	**3,214**	**1,766**

1) Unused credit facilities amounted to NOK 5,000 million as of December 31, 2021 (NOK 5,000 million as of December 31, 2020)

The cash flow statement has been prepared using the indirect method.

Notes to the Parent Company Financial Statements

For the year ended December 31

Note 1 Company Information

Aker Solutions ASA is the parent company and owner of Aker Solutions Holding AS. Aker Solutions ASA is domiciled in Norway and listed on the Oslo Stock Exchange. The financial statements of the parent company are prepared in accordance with Norwegian legislation and Norwegian Generally Accepted Accounting Principles.

Note 2 Operating Revenue and Expenses

Revenue

Operating revenue consists of NOK 35 million in income from Parent Company Guarantees (PCG), compared to NOK 43 million in the previous year. The PCGs are invoiced annually over the lifetime of the guarantee.

Expenses

There are no employees in Aker Solutions ASA and hence no personnel expenses. Executive management and corporate staff are employed by other Aker Solutions companies. Costs for their services as well as other parent company costs are recharged proportionally to Aker Solutions ASA and presented as operating expenses. For further description about management compensation to the Board of Directors and the executive management team, refer to the Management Remuneration Report available at www.akersolutions.com/corporate-governance.

Audit fees to KPMG

Amounts in NOK million	2021	2020
Audit	4.2	4.2
Other assurance services	0.3	0.1
Other non-audit services	0.0	0.0
Total	**4.5**	**4.3**

See note 10 for more information about guarantees

Note 3 Financial Income and Expenses

Financial Reporting Principles

Foreign Currency
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 balance sheet date are translated to NOK at the exchange rate on that date.

Foreign currency derivatives
Subsidiaries have entered into internal financial derivative contracts with the parent company to hedge their currency exposure. The parent company uses foreign exchange contracts with external banks to mitigate the currency exposure from the internal derivative contracts with the subsidiaries. Aker Solutions ASA does not apply hedge accounting and financial assets and liabilities related to foreign currency contracts are measured at fair value with changes recognized in the income statement.

Interest rate derivatives
Aker Solutions enters into interest rate derivatives (interest rate swaps) to avoid unbalanced exposure to fluctuations in short term interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates to maintain the preferred split between fixed and floating interest rates. The swaps are classified as cash flow hedges and market values are accounted for against equity.

Financial Income and Expenses

Amounts in NOK million	2021	2020
Interest income from group companies	92	128
Interest expense to group companies	-15	-58
Net interest income from group companies	**77**	**70**
External interest income	0	8
External interest expenses	-140	-219
Net external interest expense	**-139**	**-212**
Loss on loans to group companies	-65	-2
Other financial expenses	-4	-11
Foreign exchange loss	-1,364	-2,850
Foreign exchange gain	1,360	2,845
Net other financial items	**-72**	**-17**
Net financial income	**-134**	**-159**

See note 7 for more information about borrowings
See note 9 for more information about financial risk management and financial instruments

Note 4 Tax

Financial Reporting Principles

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

Deferred Tax Asset and Tax Expenses

Amounts in NOK million	2021	2020
Calculation of taxable income		
Earnings (loss) before tax	780	-179
Permanent differences	-946	90
Change in timing differences	68	-34
Taxable income	**-98**	**-123**
Positive (and negative) temporary differences		
Unrealized gain on forward exchange contracts	8	11
Interest rate swaps	-5	-33
Impairment on internal receivables	-115	-50
Tax loss carried forward	-1,464	-1,366
Basis for deferred tax	**-1,576**	**-1,438**
Deferred tax in income statement	346	309
Deferred tax in equity	1	7
Deferred tax asset	**347**	**317**

The company has a temporary difference per December 31, 2021 related to the limitation of the deductibility of interest of NOK 314 million (NOK 252 million in 2020) which is not recognized in the balance sheet.

The deferred tax asset is recognized only to the extent it is considered probable that future taxable profits will be available to utilize the tax losses and credits. The forecasted future taxable profits in Aker Solutions ASA mainly consist of expected taxable group contributions from the subsidiaries.

Amounts in NOK million	2021	2020
Income tax benefit		
Origination and reversal of temporary differences	37	19
Withholding tax	-6	-4
Total tax income	**30**	**16**

Effective Tax Rate

Amounts in NOK million	2021	2020
Income tax 22 percent	-172	39
Tax on permanent differences	208	-20
Withholding tax	-6	-4
Total tax income	**30**	**16**

Note 5 Investments in Group Companies

Financial Reporting Principles

Investments in subsidiaries are measured at cost. The investments are written down to fair value when the impairment is not considered to be temporary. Impairment losses are reversed if the basis for the impairment is no longer present.

Dividends and other distributions from subsidiaries are recognized in the same year as they are recognized in the financial statement of the provider. If the distributed dividend in the subsidiary exceeds accumulated profits in the ownership period, the payment is treated as a reduction of the carrying value of the investment.

Investment in Group Companies

Amounts in NOK million	Registered office	Share capital	Number of shares held	Percentage owner- / voting share	Book value
Aker Solutions Holding AS	Fornebu, Norway	3,600	30	100%	16,357
Total investments in group companies					**16,357**

In August 2021, Aker Solutions Holding AS merged with Kværner Holding AS. Aker Solutions Holding AS absorbed the assets and liabilities of Kværner Holding AS.

In 2021, Aker Solutions ASA received non-taxable group contributions from Aker Solutions Holding AS and Aker Solutions AS (a subsidiary of Aker Solutions Holding AS) of NOK 941 million.

Note 6 Shareholders' Equity

Financial Reporting Principles

Repurchase of share capital is recognized at cost as a reduction in equity and is classified as treasury shares. No gain or loss is recognized in the income statement on the purchase or sale of the company's own shares.

Shareholders' Equity

Amounts in NOK million	Share capital	Share Premium	Treasury Shares	Hedging reserve	Retained earnings	Total
Equity as of December 31, 2020	532	3,687	0	-26	2,678	**6,871**
Share issuance cost[1]	0	0	0	0	3	**3**
Repurchase of treasury shares	0	0	0	0	-7	**-7**
Shares issued to employees through share purchase program	0	0	0	0	-89	**-89**
Earnings for the period	0	0	0	0	810	**810**
Proposed dividends	0	0	0	0	-97	**-97**
Cash flow hedge[2]	0	0	0	22	0	**22**
Equity as of December 31, 2021	**532**	**3,687**	**0**	**-4**	**3,298**	**7,512**

1) Share issuance cost arising from the merger in 2020.
2) The value of interest swap agreements changing interest from floating to fixed is recognized directly in equity and will be released to income together with the corresponding interest expenses.

Share Capital

Aker Solutions ASA was founded May 23, 2014, and has a nominal share capital of NOK 531,540,456.12 with a total number of outstanding shares of 492,167,089 at par value NOK 1.08 per share as of December 31, 2021.

All issued shares are fully paid. Aker Solutions 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.

The number of own shares (treasury shares) was 6,535,594 per December 31, 2021 (101,636 per December 31, 2020). The consideration for the shares owned per December 31, 2021 was NOK 153 million.

See note 3 and 9 for more information about the hedging reserve for interest rate swap agreements

Note 7 Borrowings

Financial Reporting Principles

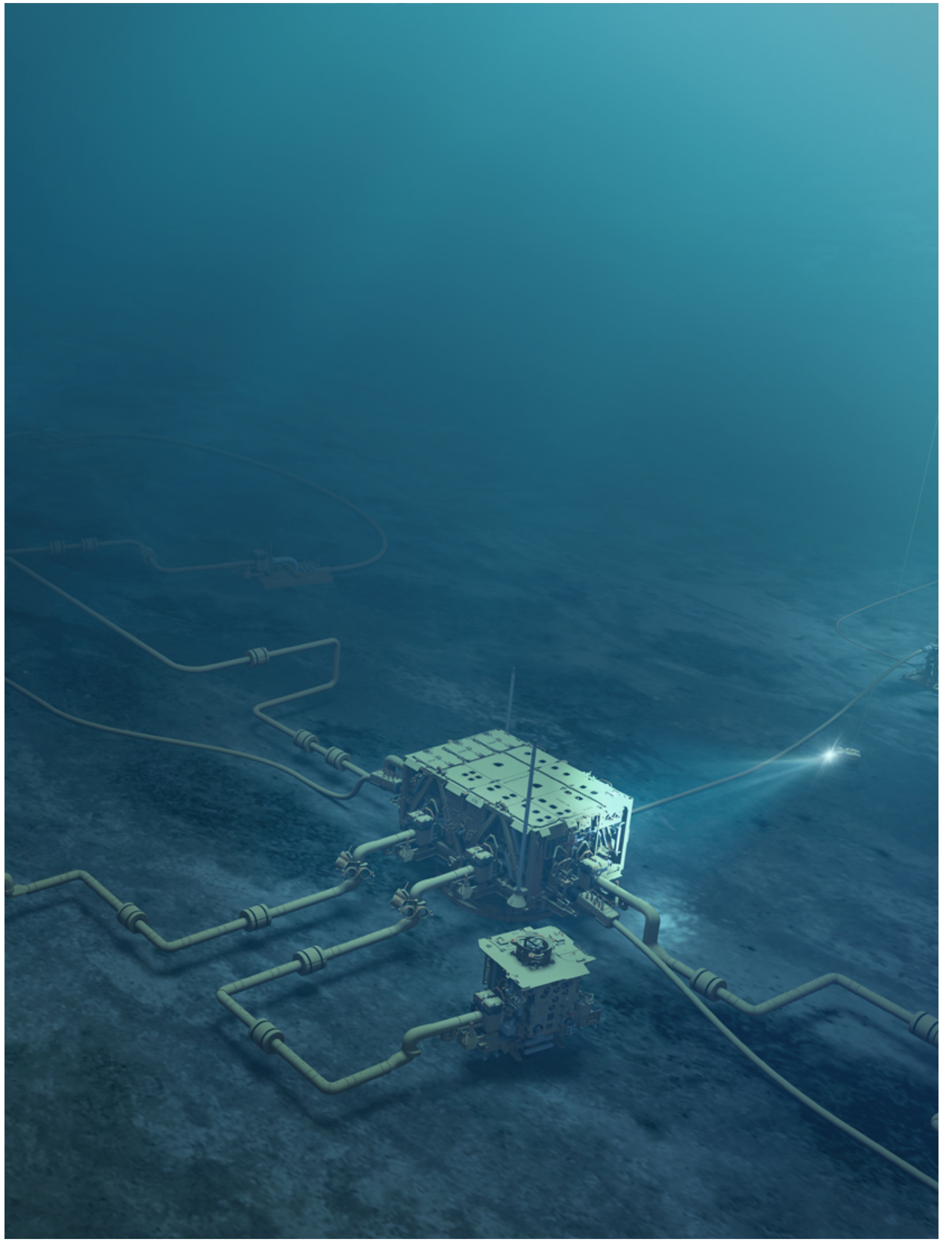
Interest-bearing borrowings are recognized initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the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

Revolving Credit Facility

The revolving credit facility agreement of NOK 5,000 million was established in 2018 and matures in March 2023. The facility is provided by a syndicate of high quality international banks. The revolving credit facility was undrawn as of December 31, 2021. The terms and conditions include restrictions which are customary for these kind of facilities, including inter alia negative pledge provisions and restrictions related to acquisitions, disposals and mergers. There are also certain provisions of change of control included in the agreement. There are no restrictions for dividend payments, and the facility is unsecured.

Norwegian Bonds

The group has two bonds amounting to NOK 2,500 million listed on the Oslo Stock Exchange denominated in Norwegian Kroner. The interest rate for both bonds is three months floating interbank rates (NIBOR) plus a predefined margin. Trustee services are provided by Nordic Trustee and the loan documentation is based on Nordic Trustee's standard loan agreement for bond issues. The bond loans are unsecured on a negative pledge basis and include no dividend restrictions. Aker Solutions' strategy is to have between 30-50 percent of borrowings at fixed interest rates. Parts of the external loans with floating interest rates are swapped to fixed interest rates by means of interest rate derivatives to maintain the desired split between fixed and floating interest rates. In 2021 Aker Solutions re-purchased NOK 104 million in the bond loan maturing 2022 and NOK 66 million in the bond loan maturing 2024.



Bonds and Borrowings

2021

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010814213	NOK	1,396	1,404	0.73%	3.15%	3.88%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	934	931	0.83%	3.00%	3.83%	03/06/24	Floating, 3M+fix margin
Total bonds[1]			**2,335**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	-6	0.80%	1.10%	1.90%	03/19/23	NIBOR + Margin3
Total credit facility			**-6**					
Total borrowings			**2,329**					
Current borrowings			1,408					
Non-current borrowings			921					
Total			**2,329**					

2020

Amounts in NOK million	Currency	Nominal currency value	Carrying amount (NOK)	Interest rate	Fixed interest margin	Interest coupon	Maturity date (mm/dd/yy)	Interest terms
ISIN NO 0010814213	NOK	1,500	1,503	0.34%	3.15%	3.49%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	1,000	994	0.35%	3.00%	3.35%	03/06/24	Floating, 3M+fix margin
Total bonds[1]			**2,497**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	0	-12	0.25%	1.60%	1.85%	03/19/23	NIBOR + Margin3
Total credit facility			**-12**					
Total borrowings			**2,485**					
Current borrowings			14					
Non-current borrowings			2,471					
Total			**2,485**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,330 million (NOK 2,500 million in 2020) by total issue costs related to the new financing of NOK- 8 million (NOK 15 million in 2020). Amount includes NOK 13 million of accrued interest related to the bonds (NOK 12 million in 2020).
2) The carrying amount includes fees for establishing the credit facility which is deferred according to the amortized cost method.
3) The margin applicable to the facility is decided by a price grid based on the gearing ratio. Commitment fee is 35 percent of the margin.

Maturity of Bonds and Borrowings

2021

Amounts in NOK million	Carrying amount	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,404	1,437	27	1,410	0	0
ISIN NO 0010853286	931	1,024	18	18	36	952
Total	**2,335**	**2,461**	**45**	**1,428**	**36**	**952**
Revolving credit facility (NOK 5,000 million)[2]	-6	0	0	0	0	0
Total borrowings	2,329	**2,461**	**45**	**1,428**	**36**	**952**

2020

Amounts in NOK million	Carrying amount	Total cash flow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,503	1,596	27	28	1,541	0
ISIN NO 0010853286	994	1,119	17	17	34	1,051
Total	**2,497**	**2,715**	**44**	**45**	**1,575**	**1,051**
Revolving credit facility (NOK 5,000 million)[2]	-12	0	0	0	0	0
Total borrowings	**2,485**	**2,715**	**44**	**45**	**1,575**	**1,051**

1) The interest costs are calculated using either the last fixing rate known by year-end (plus applicable margin) or the contractual fixed rate (when fixed rate debt).
2) The cash flow is based on the assumption that the nominal drawn amount will remain constant until the maturity of the revolving credit facility.

See note 3 for more information about financial income and expenses
See note 9 for more information about the company's exposure to interest rates and liquidity risk

Note 8 Receivables and Borrowings from Group Companies

Financial Reporting Principles

Assets and liabilities are presented as current when they are due within one year or they are part of the operating cycle. Other assets and liabilities are classified as non-current. Current assets are valued at the lowest of cost and fair value. Current liabilities are valued at nominal value at the time of recognition.

Non-current receivables are measured at cost less impairment losses that are not considered to be temporary. Non-current liabilities are initially valued at transaction value less attributable transaction cost. Subsequent to initial recognition, interest-bearing non-current 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 borrowing on an effective interest basis.

Trade and other receivables are recognized at the original invoiced amount less allowances for expected losses. Provision for expected losses is considered on an individual basis.

Aker Solutions ASA has two centralized cash concentration arrangements (cash pools) with DNB and Nordea where balances are consolidated and netted across legal entities and countries. The participants in the cash pools are joint and severally liable and it is therefore important that Aker Solutions as a group is financially viable. In addition cash management arrangements are set up with local banks in Malaysia, Brazil and India where cash concentration is prohibited. The cash pools and cash management arrangements cover a majority of the group's geographical footprint and ensure control of and access to the majority of the group's cash. Participation in the cash pool is vested in the group policy and decided by each company's board of directors and confirmed by a statement of participation.

The cash pool systems were showing a net balance of NOK 3,013 million per December 31, 2021 (NOK 1,766 million per December 31, 2020). This amount is reported in Aker Solutions ASA's accounts as short-term borrowings from group companies and as cash in the cash pool system.

Aker Solutions ASA is the group’s central treasury function and enters into borrowings and deposit agreements with group companies. Deposits and borrowings are agreed at market terms and are dependent on the group companies’ credit quality, country risk and the duration of the borrowings.

In addition there is a net balance of NOK 201 million outside cash pool system per December 31, 2021.

Receivables and Borrowings with Group Companies

Amounts in NOK million	2021	2020
Group companies interest-bearing deposits in the cash pool system	9,915	9,185
Aker Solutions ASAs net borrowings in the cash pool system	-6,901	-7,420
Cash in cash pool system	**3,013**	**1,766**
Current interest-bearing receivables from group companies	7	1,302
Non-current interest-bearing receivables from group companies	845	880
Current interest-bearing borrowings from group companies	-10,784	-10,185
Net interest-bearing borrowings from group companies	**-9,932**	**-8,003**
Current non interest-bearing receivables from group companies	24	17
Current non interest-bearing borrowings from group companies	115	986
Net non interest-bearing receivables from group companies	**139**	**1,004**
Total net borrowings from group companies	**-6,780**	**-5,234**

All current receivables and borrowings are due within one year.

Note 9 Financial Risk Management and Financial Instruments

Currency Risk

As of December 31, 2021, Aker Solutions ASA has outstanding foreign exchange contracts with other entities in the group with a gross total value of approximately NOK 11.9 billion (NOK 7.8 billion in 2020). Large contracts are hedged back-to-back with external banks, while minor contracts are hedged based on internal matching principles. Contracts hedged back to back with external banks represent more than 80 percent of the total group exposure. Aker Solutions ASA does not apply hedge accounting to any of the currency derivatives. All financial assets and liabilities related to foreign exchange contracts are revalued at fair value in respect to exchange rate movements each period.

The treasury function within Aker Solutions ASA also has a mandate to hold limited positions in the currency and interest markets. The mandate has limits that are strictly defined and is operated under a strict stop-loss regime. Open positions are continuously monitored on a mark to market basis.

The fair value of foreign exchange forward contracts and options is presented in the table below.

	2021		2020	
Amounts in NOK million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Forward exchange contracts with group companies	199	-174	192	-194
Forward exchange contracts with external counterparts	124	-141	188	-175
Total	**322**	**-315**	**380**	**-369**

All instruments are booked at fair value as per December 31.

Note 9 continues on next page

Note 9 Financial Risk Management and Financial Instruments cont.

Interest Rate Risk

Interest rate swaps are applied to achieve the internal policy that 30-50 percent of the company's gross external borrowing shall be at fixed interest rates, with duration matching the remaining duration of the borrowing. At year-end, approximately 54 percent of NOK 2,330 million in bonds was fixed for the duration of the bonds through interest rate swaps. The revolving credit facility was undrawn at the year-end. Per December 31, 2020, 50 percent of the total external loan of NOK 2,500 million was at fixed interest rates.

Hedge accounting is applied using the cash flow hedge accounting model. That means gains and losses on interest rate swaps from floating to fixed interest rates are recognized in the hedging reserve in equity. As of December 31, 2021 a net loss of NOK 4 million (NOK 5 million before tax) is recognized in equity and will be continuously released to the income statement until the repayment of the borrowings via the mark to market revaluation process.

The fair value of interest rate swaps is presented in the table below.

	2021		2020	
Amounts in NOK million	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps - cash flow hedge (against equity)	0	-5	0	-33
Total	**0**	**-5**	**0**	**-33**

Credit Risk

Credit risk relates to loans to subsidiaries, overdraft in the group cash pool, hedging contracts, guarantees to subsidiaries and deposits with external banks. Loans to subsidiaries are subject to loan applications approved by the relevant SVP. Loss provisions are made in situations where the company is not expected to be able to fulfil its loan obligations from future earnings. External deposits and forward contracts are placed with reputable relationship banks, primarily where the company also has a borrowing relation. The existence of netting agreements between Aker Solutions ASA and the relationship banks reduces the credit risk.

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. The development in the group's and thereby Aker Solutions ASA's available liquidity is continuously monitored through weekly and monthly cash forecasts, financial strategy plans and long-term business forecast.

See note 3 for more information about financial income and expenses
See note 7 for more information about borrowings

Note 10 Guarantees

Amounts in NOK million	2021	2020
Parent company guarantees to group companies	83,377	93,782
Counter guarantees for bank/surety bonds	7,844	6,449
Total guarantee liabilities	**91,221**	**100,231**

Parent company guarantees are issued on behalf of subsidiaries in contractual obligations towards customers. The amounts disclosed above represent the total contractual value of the customer contracts.

Bank guarantees and surety bonds are issued on behalf of Aker Solutions subsidiaries, and counter indemnified by Aker Solutions ASA.

See note 2 for more information about revenue from guarantees

Note 11 Related Parties

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

Operating Revenue and Expenses	Note 2
Financial items	Note 3
Investments	Note 5
Cash pool	Note 8
Receivables and borrowings	Note 8
Foreign exchange contracts	Note 9
Guarantees	Note 10

All transactions with related parties have been based on arm's length terms.

Note 12 Shareholders

Shareholders with more than 1 percent shareholding per December 31 are listed below.

2021

Company	Nominee	Numbers of shares held	Ownership
Aker Holding AS		164,090,489	33.34%
Nærings- og fiskeridepartementet		60,185,885	12.23%
North Sea Strategic Investments AS		34,970,405	7.11%
Folketrygdfondet		21,617,051	4.39%
Euroclear Bank S.A./N.V.	NOM	8,080,055	1.64%
The Bank of New York Mellon SA/NV	NOM	6,450,000	1.31%
Verdipapirfondet DNB SMB		5,749,435	1.17%

2020

Company	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS		164,090,489	33.34%
Nærings- og fiskeridepartementet		60,185,885	12.23%
North Sea Strategic Investments AS		34,970,405	7.11%
Folketrygdfondet		7,443,677	1.51%
Verdipapirfondet Holberg Norge		6,300,000	1.28%
Verdipapirfondet DNB SMB		5,395,599	1.10%
The Bank of New York Mellon SA/NV	NOM	5,177,310	1.05%
The Bank of New York Mellon SA/NV	NOM	5,126,905	1.04%
The Bank of New York Mellon SA/NV	NOM	5,064,767	1.03%

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Independent Auditor's Report

To the General Meeting of Aker Solutions ASA

Report on the Audit of the Financial Statements

Opinion

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

- The financial statements of the parent company Aker Solutions ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cashflow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Solutions ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cashflows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cashflows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

We have been the auditor of the Company for 8 years from the election by the general meeting of the shareholders on 23 May 2014 for the accounting year 2014.

KPMG

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.

Construction contract profit and identification of performance obligations

Refer to note 3 Revenue and note 4 Segments

The key audit matter

The majority of the Group's revenues and profits are derived from long-term construction contracts.

In IFRS 15 Revenue from contracts with customers there is a high degree of judgement in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts.

Accounting for long term projects is considered to be a risk area due to the significant judgement and estimation applied by management as well as the degree of complexity of the contracts currently in the portfolio.

The key judgements and estimates applied by management include their assessment of the stage of project completion as well as assessing the estimated future contract revenue and cost outcomes. Revenue and cost outcomes factored into management's forecasts include:

- incentive payments;
- key performance indicators;
- liquidated damages; and
- expected fulfilment cost.

For the year ended 31 December 2021, the Group has recognized revenue of NOK 29 195 million related to revenue from customer contracts.

How the matter was addressed in our audit

For financially significant contracts and any contracts with a reasonable possibility of being in a significant loss-making position, we applied professional skepticism and critically assessed the accounting estimates and judgments against the requirements of IFRS 15. Our audit procedures in this area included:

- Challenging management's assumptions in determining if certain contracts contain single or multiple performance obligations by obtaining, reading, and critically assessing the terms and conditions of relevant contractual documents;
- Assessing contractual revenue forecasts including corroborating those forecasts with reference to signed contracts and variation orders to assess the contractual basis of estimated future revenues;
- Assessing variable considerations estimates included in forecasted revenue in accordance with IFRS 15;
- Obtained and read the terms and conditions of significant contracts and comparing these to management's assessment of the contract forecasts;
- Evaluating management's process for assessing the stage of completion and the method applied in accordance with IFRS 15;
- Challenging management on estimated cost recoveries, recovery of incentive payments, incentives linked to key performance indicators and recognition of liquidated damages by reference to contractual terms and conditions and assessing probability of managements forecasts in accordance with IFRS 15 and IAS 37 for onerous contracts;
- Reading and discussing project reports and other assessments with management and comparing current forecasts to historical outcomes where relevant;
- Challenging management on the estimate of cost to complete and the risk assessment related to fulfilment cost; and
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to revenue from construction contracts.

KPMG

Other Information

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

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

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

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

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

Report on Other Legal and Regulatory Requirements

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

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXG42836-2021-12-31-EN have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

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

Management's Responsibilities

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

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

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

Oslo, 4 March 2022
KPMG AS

Roland Fredriksen
State Authorised Public Accountant

Alternative Performance Measures

Aker Solutions discloses alternative performance measures in addition to those normally required by IFRS as such performance measures are frequently used by securities analysts, investors and other interested parties. Alternative performance measures are meant to provide an enhanced insight into the operations, financing and future prospects of the company.

Profit Measures

EBITDA and EBIT terms are presented as they are used by financial analysts and investors. Special items are excluded from EBITDA and EBIT as alternative measures to provide enhanced insight into the financial development of the business operations and to improve comparability between different periods.

EBITDA is short for earnings before interest, taxes, depreciation and amortization. EBITDA corresponds to the "operating income before depreciation, amortization and impairment" in the consolidated income statement in the annual report.

EBIT is short for earnings before interest and taxes. EBIT corresponds to "operating income" in the consolidated income statement in the annual report.

Margins such as EBITDA margin and EBIT margin are used to compare relative profit between periods. EBITDA margin and EBIT margin are calculated as EBITDA or EBIT divided by revenue.

Special items may not be indicative of the recurring operating results or cash flows of the company. Profit measures excluding special items are presented as alternative measures to improve comparability of the underlying business performance between the periods.

Profit Measures continues on next page

Profit Measures cont.

	Renewables & Field Development		Electrification, Maintenance & Modifications		Subsea		Other		Aker Solutions	
Amounts in NOK million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue	10,625	10,829	9,197	8,733	9,712	9,457	-62	376	29,473	29,396
Non-qualifying hedges	0	0	0	0	0	0	-9	5	-9	5
Gain on dividend distribution of ACC and AOW shares	0	0	0	0	0	0	0	-808	0	-808
(Gain) loss on sale of subsidiaries	0	0	0	0	0	0	0	-42	0	-42
(Gain) loss on sale of PPE	0	0	0	0	0	0	0	-3	0	-3
Sum of special items excluded from revenue	0	0	0	0	0	0	-9	-848	-9	-848
Revenue ex. special items	**10,625**	**10,829**	**9,197**	**8,733**	**9,712**	**9,457**	**-71**	**-472**	**29,464**	**28,548**
EBITDA	535	434	402	27	1,244	569	-340	509	1,842	1,539
Gain on dividend distribution of ACC and AOW shares	0	0	0	0	0	0	0	-808	0	-808
(Gain) loss on sale of subsidiaries	0	0	0	0	0	0	0	-42	0	-42
(Gain) loss sale of PPE	0	0	0	0	0	0	0	-3	0	-3
Restructuring cost	5	115	18	135	1	179	2	87	25	516
Non-qualifying hedges	0	0	0	0	0	0	-7	-4	-7	-4
Other special items	0	0	0	0	0	0	12	39	12	39
Sum of special items excluded from EBITDA	5	115	18	135	1	179	6	-731	29	-302
EBITDA ex. special items	**540**	**549**	**420**	**161**	**1,244**	**748**	**-333**	**-222**	**1,871**	**1,236**
EBITDA margin	5.0%	4.0%	4.4%	0.3%	12.8%	6.0%			6.2%	5.2%
EBITDA margin ex. special items	5.1%	5.1%	4.6%	1.8%	12.8%	7.9%			6.4%	4.3%
EBIT	317	153	273	-234	627	-623	-524	-72	693	-776
Sum of special items excluded from EBITDA	5	115	18	135	1	179	6	-731	29	-302
Impairments	-37	56	1	121	2	399	87	452	52	1,027
Sum of special items excluded from EBIT	-32	171	18	255	2	577	93	-279	81	725
EBIT ex. special items	**285**	**324**	**291**	**22**	**630**	**-45**	**-431**	**-351**	**775**	**-51**
EBIT margin	3.0%	1.4%	3.0%	-2.7%	6.5%	-6.6%			2.4%	-2.6%
EBIT margin ex. special items	2.7%	3.0%	3.2%	0.3%	6.5%	-0.5%			2.6%	-0.2%

Profit Measures continues on next page

Profit Measures cont.

	Aker Solutions	
Amounts in NOK million	**2021**	**2020**
Net income	249	-1,520
Sum of special items excluded from EBIT	81	725
Non-qualifying hedges	0	7
Tax effects on special items	-18	140
Net income ex. special items	**313**	**-648**
Net income to non-controlling interests	5	-20
Net income ex. non-controlling interests	**317**	**-668**
Average number of shares (in '000)	488,564	492,065
Earnings per share[1]	0.52	-3.13
Earnings per share ex. special items[2]	**0.65**	**-1.36**

1) Earnings per share is calculated using Net income, adjusted for non-controlling interests, divided by average number of shares
2) Earnings per share ex. special items is calculated using Net income ex. Special items, adjusted for non-controlling interests, divided by average number of shares

Order Intake Measures

Order intake, order backlog and book-to-bill ratios are presented as alternative performance measures, as they are indicators of the company's revenues and operations in the future.

Order intake includes new agreed customer contracts in the period in addition to expansion of existing contracts. For construction contracts, the order intake includes the value of agreed contracts and options, and value of agreed change orders and options. It does not include potential options and change orders. For service contracts, the order intake is based on estimated customer revenue in periods that are firm in the contracts.

Order backlog represents the estimated value of remaining work on agreed customer contracts. The order backlog does not include parts of the Services segment, which is short-cycled or book-and-turn in nature. The order backlog does also not include potential growth or value of options in existing contracts.

Book-to-bill ratio is calculated as order intake divided by revenue in the period. A book-to-bill ratio higher than 1 means that the company has secured more contracts in the period than what has been executed in the same period.

	2021			2020		
Amounts in NOK million	**Order intake**	**Revenue from customer contracts**	**Book-to-bill**	**Order intake**	**Revenue from customer contracts**	**Book-to-bill**
Renewables & Field Development	14,028	10,543	1.3x	11,402	10,748	1.1x
Electrification, Maintenance & Modifications	9,882	9,198	1.1x	13,792	8,733	1.6x
Subsea	16,837	9,694	1.7x	9,076	9,441	1.0x
Other/eliminations	-281	-240		-107	-488	
Aker Solutions	**40,466**	**29,195**	**1.4x**	**34,163**	**28,434**	**1.2x**

Financing Measures

Alternative financing and equity measures are presented as they are indicators of the company's ability to obtain financing and service its debts.

Liquidity buffer (liquidity reserve) is a measure of available cash and is calculated by adding together the cash and cash equivalents and the unused credit facility.

Amounts in NOK million	2021	2020
Cash and cash equivalents	4,560	3,171
Credit facility (unused)	5,000	5,000
Liquidity buffer/reserve	**9,560**	**8,171**

Net current operating assets (NCOA) or working capital is a measure of the current capital necessary to maintain operations. Working capital includes trade receivables, trade payables, accruals, provisions and current tax assets and liabilities.

Amounts in NOK million	2021	2020
Current tax assets	69	83
Inventory	293	255
Customer contract assets and other receivables	3,713	4,655
Trade receivables	4,677	2,945
Prepayments	1,774	1,312
Current tax liabilities	-69	-108
Provisions	-784	-590
Trade payables	-1,429	-2,125
Other payables	-7,372	-5,696
Customer contract liabilities	-2,656	-1,010
Net current operating assets (NCOA)	**-1,784**	**-280**

Net interest-bearing debt is a measure that shows the overall debt situation. Net interest bearing debt is calculated by netting the value of a company's liabilities and debts with its cash and cash equivalents.

Amounts in NOK million	2021	2020
Non-current borrowings	925	2,513
Current borrowings	1,434	202
Cash and cash equivalents	-4,560	-3,171
Net interest-bearing debt	**-2,200**	**-456**

Equity ratio is a financial ratio indicating the relative proportion of equity used to finance a company's assets and is a measure of the level of leverage used by a company.

Amounts in NOK million	2021	2020
Equity	7,861	7,908
Total assets	28,868	26,827
Equity ratio	27.2%	29.5%

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