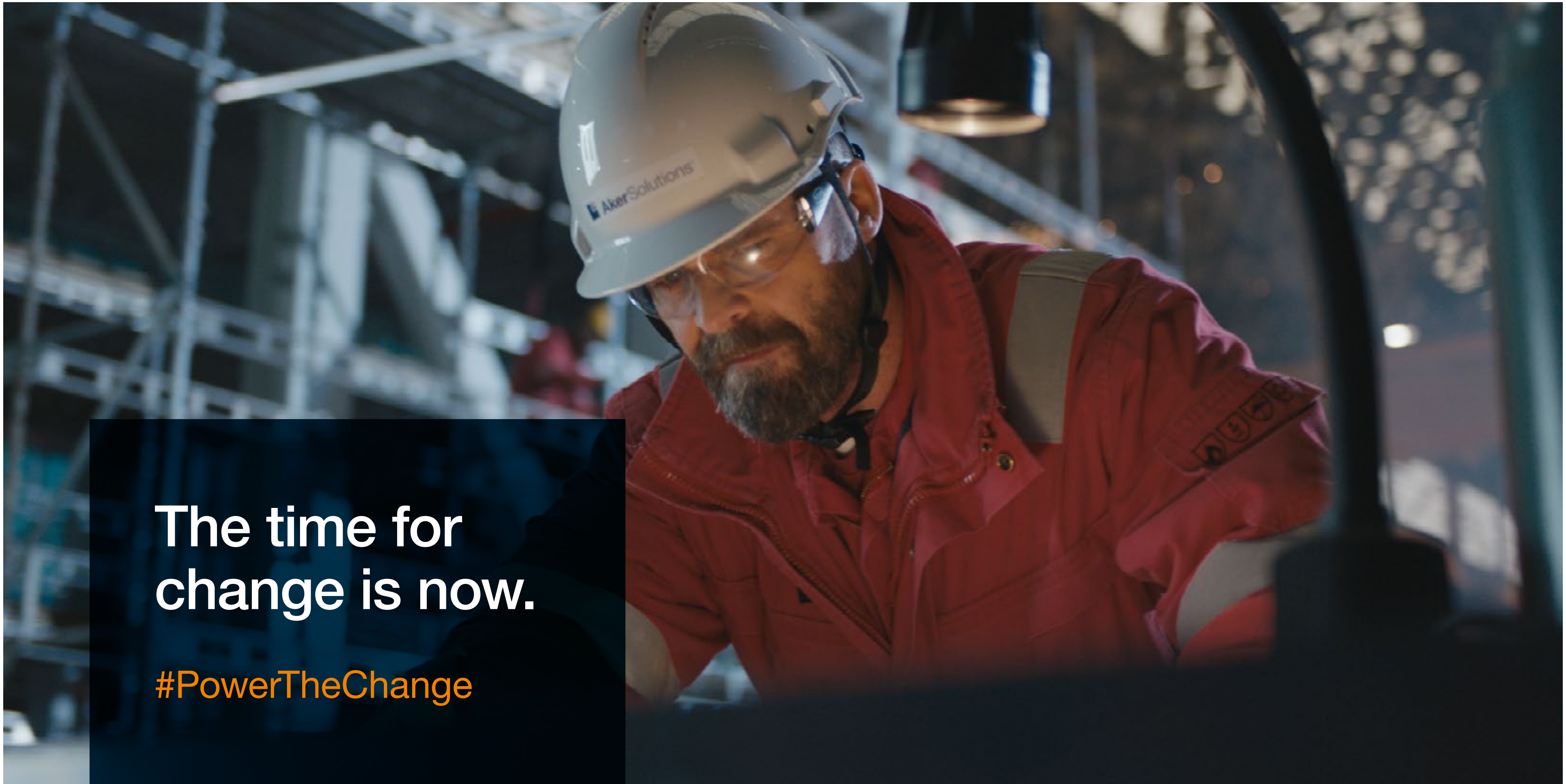
Annual Report 2020

Aker Solutions



The time for change is now.

#PowerTheChange

#PowerTheChange

The time for change is now. In our common quest to create a cleaner, safer and more sustainable future, we must take ownership and accountability.

Content

Key figures*

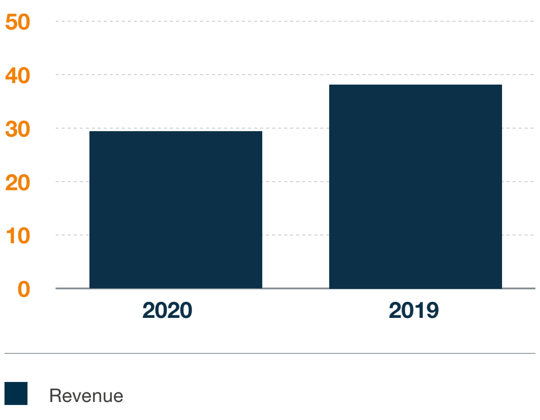
		2020	2019
ORDERS AND RESULTS			
Order backlog December 31	NOK million	37,979	33,083
Order intake	NOK million	34,163	26,155
Revenue	NOK million	29,396	38,163
EBITDA	NOK million	1,539	2,711
EBITDA margin	Percent	5.2	7.1
EBITDA margin ex. special items	Percent	4.3	7.3
EBIT	NOK million	-776	988
EBIT margin	Percent	-2.6	2.6
EBIT margin ex. special items	Percent	-0.2	3.6
Net income	NOK million	-1,520	283
CASHFLOW			
Cashflow from operational activities	NOK million	501	360
BALANCE SHEET			
Net interest-bearing debt	NOK million	-456	-986
Equity ratio	Percent	29.5	32.2
Liquidity reserve	NOK million	8,171	8,883
SHARE			
Share price December 31	NOK	16.45	n/a*
Basic earnings per share	NOK	-3.13	0.49
EMPLOYEES			
Total employees December 31	Own employees	14,494	18,789
HSSE			
Lost time incident frequency**	Per million worked hours	0.18	0.3
Total recordable incident frequency**	Per million worked hours	1.28	1.29
Sick-leave rate**	Percentage of total working hours	3.02	2.5

** Aker Solutions and Kvaerner merged in November 2020, and share price at end of 2019 not comparable*
Note: 2019 figures are restated to reflect the merger between Aker Solutions and Kvaerner
*** 2020 numbers are Aker Solutions and Kvaerner, but 2019 numbers are only Aker Solutions*

Key figures*

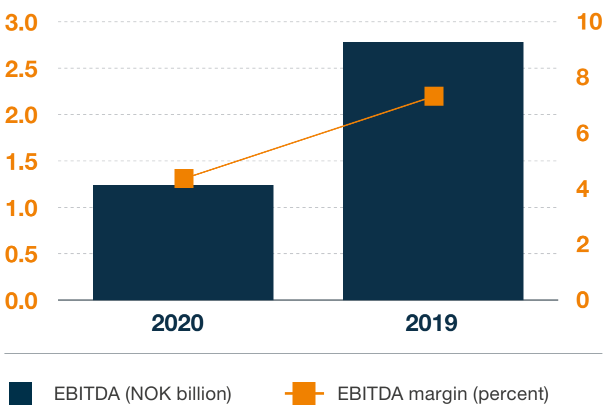
Revenue

Amounts in NOK billion



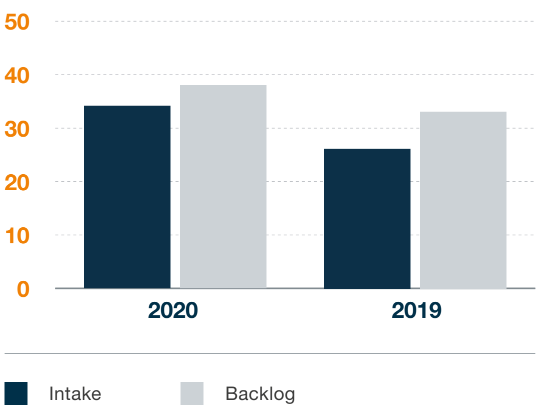
EBITDA and EBITDA margin ex. special items

Amounts in NOK billion and percent



Order intake and backlog

Amounts in NOK billion



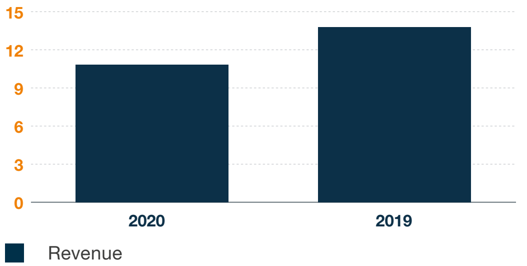
2019 figures are restated to reflect the merger between Aker Solutions and Kvaerner

Segment key figures*

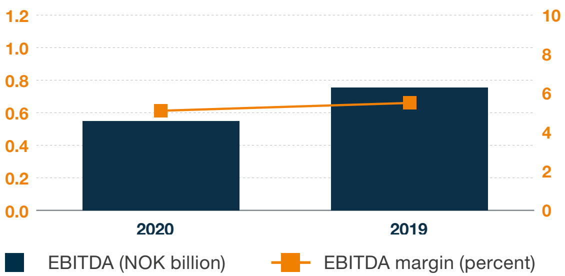
Renewables and Field Development

Amounts in NOK billion and percent

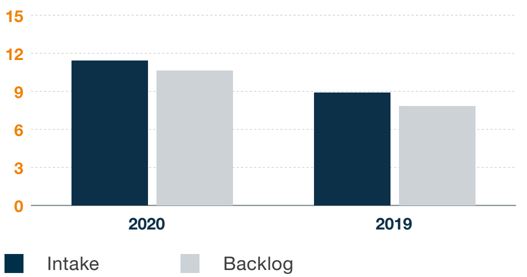
Revenue



EBITDA and EBITDA margin ex. special items



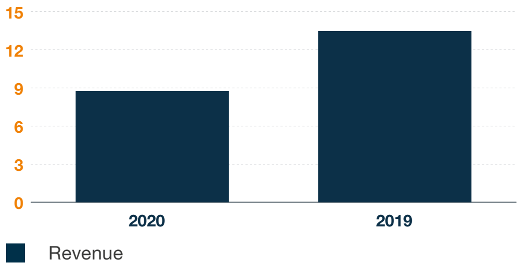
Order intake and backlog



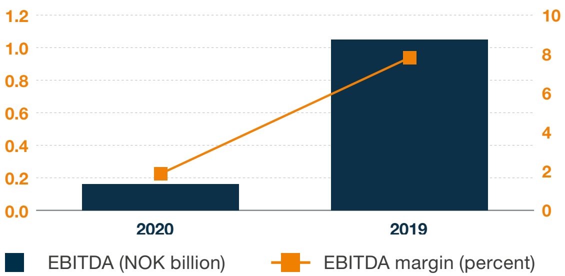
Electrification, Maintenance and Modifications

Amounts in NOK billion and percent

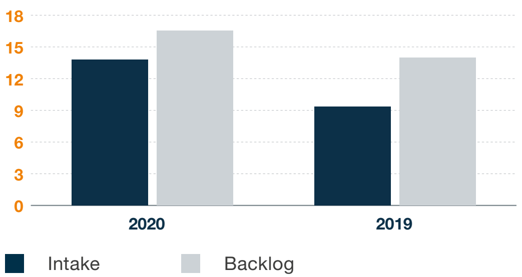
Revenue



EBITDA and EBITDA margin ex. special items



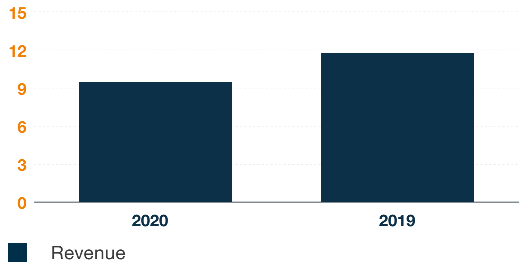
Order intake and backlog



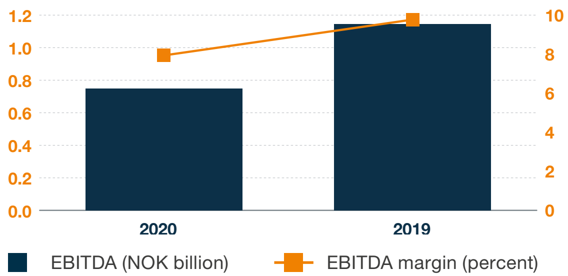
Subsea

Amounts in NOK billion and percent

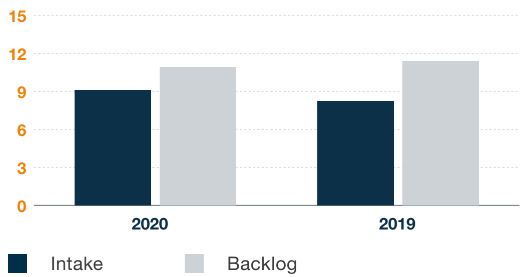
Revenue



EBITDA and EBITDA margin ex. special items



Order intake and backlog



**2019 figures are restated to reflect the merger between Aker Solutions and Kvaerner*

Where we are

Operations in about 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 companywide HSSE system, setting clear standards for HSSE management and leadership.

Pandemic/ COVID-19

Protecting health and life of the people working for and with Aker Solutions has been on top of the agenda through 2020. Thorough procedures have made it possible to maintain progress on ongoing contracts in spite of the pandemic. Still, the financial results were negatively impacted by the unprecedented situation. The COVID-19 will also through 2021 continue to influence both private lives as well as ongoing operations. Through close collaboration with customers and authorities, Aker Solutions aims to continue to demonstrate that progress for projects under execution can be continued.

Merger

In 2020, the merger of the previous Aker Solutions and Kvaerner organizations was completed. The new organization now represents a focused supplier company with the foundation to build an even more solid financial platform. The planned synergy effects have been implemented during the merger process and will be followed up through 2021.

Key Projects for Decarbonization Already in Execution

The Hywind Tampen for Equinor is the world's largest project for offshore wind power based on floating units. Aker Solutions has the EPC contract for delivery of the 11 hulls and the construction has already commenced in our Stord yard. In the fourth quarter, the company secured three milestone contracts related to the Norwegian Longship project for full scale carbon capture and storage (CCS).

Collaboration

At Aker Solutions, we are strong believers in collaboration, and the best results are achieved when a supplier and a customer work together as one team. It allows the most efficient development concept, that brings the greatest value, to be selected. Aker Solutions will continue to drive this collaboration and actively pursue new partnerships in existing markets, as well broadening current oil and gas partnerships into the emerging energy markets.

Front-End

Front-End work was in strong demand in 2020, with a total of 159 orders for studies and projects. Of these, 23 percent were for projects related to the energy transition. Several of the ongoing studies are expected to lead to FEEDS in the second half of 2021.

Growth for Renewable and Low Carbon Energy Solutions

Aker Solutions will maintain the already strong position as a supplier to the oil and gas market, and simultaneously grow the activities in the markets for sustainable energy production. The target has been set for renewables and low-carbon solutions to constitute one-third of the revenues by 2025, and to become two-thirds of the revenues by 2030. The complimentary offerings and capabilities in the merged Aker Solutions and Kvaerner company are some of the main enablers for this acceleration.

Divestments

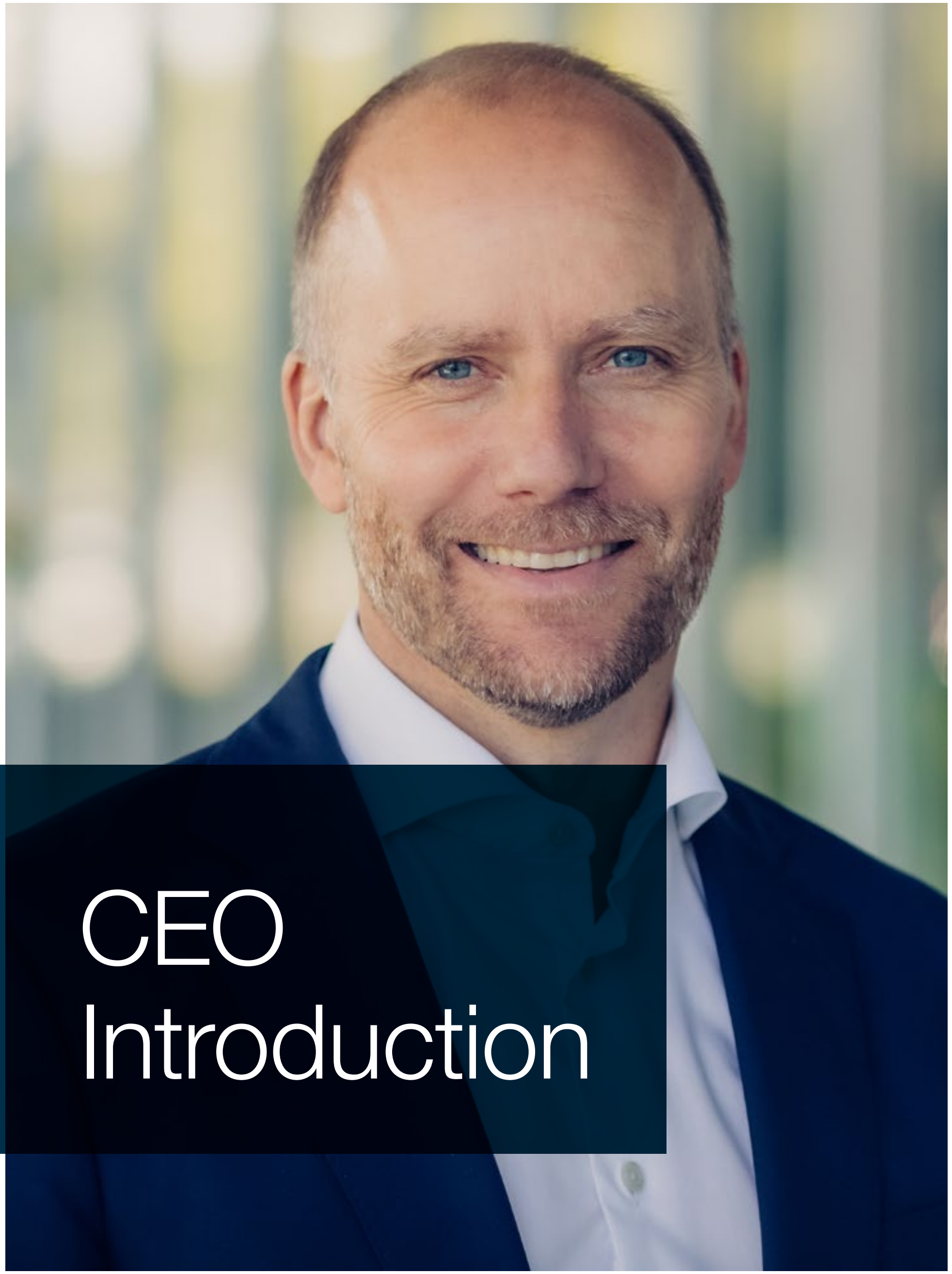
Aker Solutions spun-off its Carbon Capture and Offshore Wind businesses unlocking significant value to its shareholders. As independent companies, they can reach their full potential for further growth in a more significant way than they could as an integrated part of Aker Solutions.

A Solid Neighbor in Many Local Communities

At the University Agostinho Neto, Aker Solutions delivered a new library as part of our USD 5 million investment and long term commitment to Angola. The engineering school library is now remodeled and equipped with new furniture, academic books, computers and internet access. In a year where local communities worldwide have struggled to handle the pandemics, Aker Solutions has collaborated with authorities and provided practical support as well as donations of equipment and funds to the health care organizations.

Digitalization

Data and digitalization are valuable tools that Aker Solutions can use to drive value for the customers through the life of an energy asset. Aker Solutions is collaborating with strong players like Cognite, SAP, Google and Siemens to accelerate the development of digital solutions to drive efficiencies through the value chains of the industry.



CEO Introduction

In August, I started my new role as Chief Executive Officer at Aker Solutions. At the same time, we announced that we already, during last autumn, would make significant structural and strategic changes to transform the company. This included spinning off Aker Carbon Capture and Aker Offshore Wind, thereby unlocking significant value to shareholders. We also completed merging Aker Solutions and Kvaerner to create a leading execution partner for both existing and emerging energy industries.

The merger has strengthened the size and resilience of the company. We have a simplified and leaner organizational structure, and the offering is well tailored to our markets. The targeted cost savings were fully implemented during 2020, which has further enhanced competitiveness. In 2021, we are making further improvements.

> The merger has strengthened the size and resilience of the company.

During last year, the effects of the COVID-19 pandemic and the market volatility were noticeable within the company. The revenue and EBITDA fell as a result of the challenging backdrop, but the order backlog grew 15 percent compared to 2019, ending at NOK 38 billion. The outlook for project sanctioning improved for the coming years.

The COVID-19 pandemic also introduced new HSSE challenges. I am pleased with how we as a company have managed this situation. We are committed to a goal of zero harm to our employees, not just through accident prevention, but also through safeguarding employee's physical and mental health. Even before this was declared as a pandemic, we mobilized our emergency response and crisis management teams to safeguard our employees' well-being and ensure that business continuity was maintained.

In cooperation with local health authorities, we implemented several measures to safeguard employees, suppliers and local societies to prevent the spread of the virus. Our focus was on the health and safety of the people and, I am pleased to say our employees have done a fantastic job in adhering to the regulations we implemented across our locations. This has been key to keep operations going and to minimize the negative potential of the situation. In close collaboration with our customers, partners and national authorities, we have in spite of the pandemic managed to maintain a strong progress on ongoing, important projects around the world.

In June 2020, the Norwegian government and parliament decided on a temporary tax incentive package. This tax relief was aimed at increasing the sanctioning of new oil and gas projects at the Norwegian Continental Shelf. This has resulted in some immediate new contracts last year, as well as creating more studies for our front-end business. This will create a pull-through effect and materialize in more work in the months and years to come.

The world will continue to demand oil and gas as well as the by-products for a long time. We will maintain our position as one of the leading international suppliers to the oil and gas companies.

In parallel, the shift towards low-carbon and renewables is prominent. The energy transition continues to evolve from high level international and national ambitions to materializing into industrial company strategies, ours included. We are using this market development to grow our business for deliveries to a more sustainable energy production. Our backlog within low-carbon, oil and gas and renewable business is steadily increasing.

We see that our customers, for almost all upcoming oil and gas projects, want solutions for reduction of climate footprint on their installations. We also see customers demanding solutions for sustainable energy production such as offshore wind power or hydrogen production plants. Some prospects look to combine oil and gas production with development of renewable power generation.

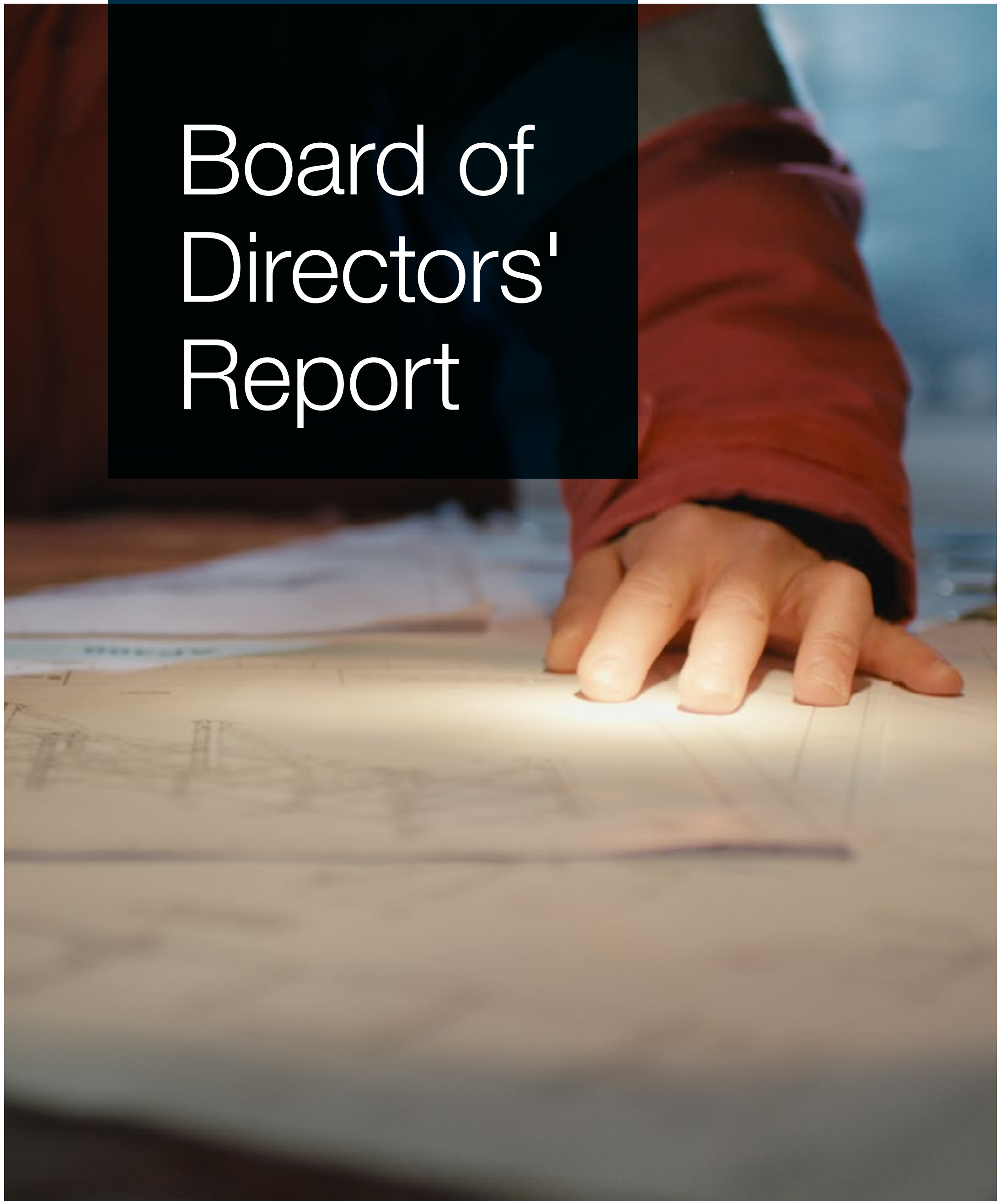
Aker Solutions already has a strong offering for oil and gas projects. For execution of renewable projects and decarbonization solutions, our offering is built upon our proven expertise and execution models.
In the emerging markets, we also see that energy companies, end customers and key contractors can take new roles and establish new business models.
From Aker Solutions, we are actively driving for a development for increased used of partnerships, alliances and other collaboration models, and we have already established several key strategic agreements.
In essence, we are creating a stronger and more optimized supplier company with a focused strategy.

Increased use of digital solutions and technologies across all work processes will, both in 2021 and in the subsequent years, be an essential enabler for our development and growth.

Even though 2020 was a challenging year for us all, we have pulled together as a company and a new organization. From my background on the customer-side and now seeing the company from the inside, I am confident that Aker Solutions is the best partner for energy companies to succeed in the market we see ahead – and to deliver value for shareholders. I am looking forward to what we will achieve together in 2021.

Best Regards,

Kjetel Digre
CEO, Aker Solutions



Board of Directors' Report

2020 was an important year for the development of Aker Solutions. During the year, Aker Solutions made significant structural and strategic changes to transform the company and enhance shareholder value. This included spinning off Aker Carbon Capture and Aker Offshore Wind. In addition, the merger between Kvaerner and Aker Solutions was completed in November 2020 and created a leading execution partner for both existing and emerging energy industries. The historical figures have been restated to reflect the merger between Aker Solutions and Kvaerner.

The year was characterized by how the COVID-19 pandemic, volatility in markets and in macro-conditions caused global disruption, increased risk and reduced activity levels. Despite these headwinds, Aker Solutions delivered a growing order intake and increased order backlog in 2020.

Aker Solutions' revenue for 2020 was NOK 29.4 billion. This was a decrease of approximately 23 percent from the record high level in 2019, due to the finalization of several large projects. The EBITDA was lower due to the reduced activity level, effects of COVID-19 and provision of approximately NOK 500 million related to non-recurring project adjustments. Impairments in 2020 was NOK 1 billion, mainly related to right-of-use-assets.

Overview

Building on nearly two centuries of technological and engineering excellence, Aker Solutions is committed to finding solutions to bring energy resources safely and cost effectively into production, maximizing recovery, and minimizing the environmental footprint.

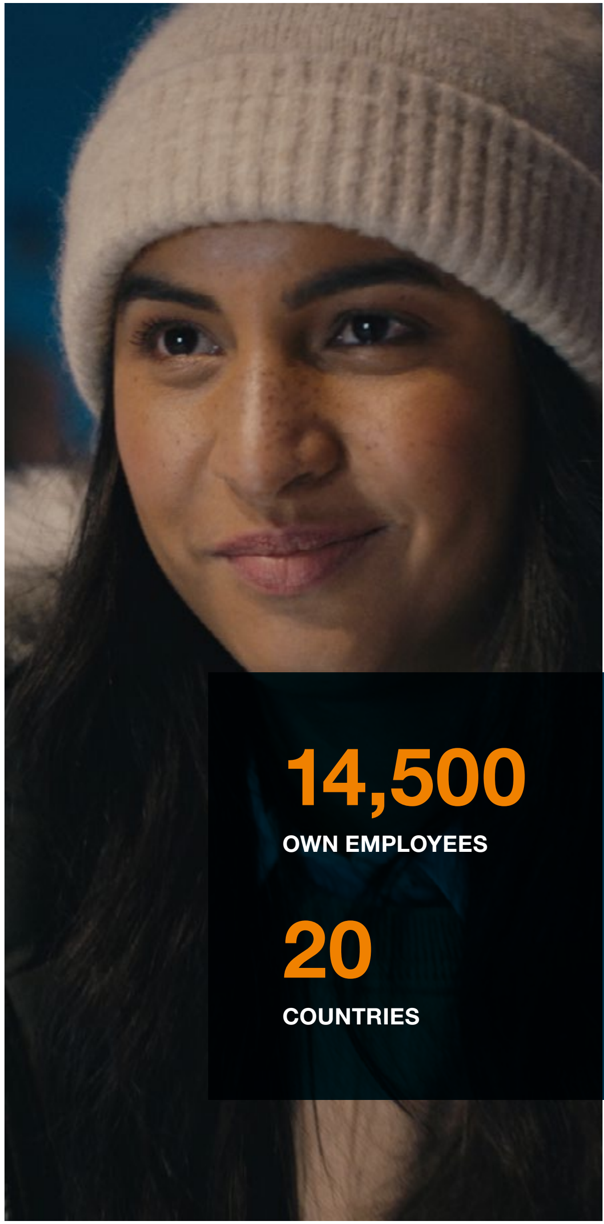
The company provides products, systems and services ranging from concept studies and front-end engineering to subsea production systems and services for enhancing and extending the life of a field. The main customers are international, national and independent oil and gas and energy companies. In addition, the company serves customers owning and operating 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 had about 14,500 own employees and was present in more than 20 countries at the end of 2020. The head office is at Fornebu, Norway. Aker Solutions ASA is listed on the Oslo Stock Exchange.

Strategy and Organizational Development

In 2020, Aker Solutions and Kvaerner joined forces to create a leading execution partner for delivering low carbon oil and gas and renewables projects around the globe. The merger of equals combined complementary offerings with significant synergies to support value creation for customers, shareholders, employees and the societies surrounding the operations.

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 in 2020. 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 over the years to come to bridge gap to the natural decline.



14,500
OWN EMPLOYEES

20
COUNTRIES

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

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

The 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 the Hywind Tampen, the world's largest floating wind project sanctioned to date. Within decarbonization, Aker Solutions has been awarded several contracts for the new Norwegian Longship project for a full-scale CCUS value chain. Aker Solutions' is engaged across the entire CCUS 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. In June 2020, the Norwegian government and parliament decided on a temporary tax relief system as an incentive for increasing the number of new oil and gas projects on the Norwegian Continental Shelf. This has triggered the start of some new projects and some contract awards for Aker Solutions during 2020, and sanctioning of more than 30 projects is anticipated within the next couple of years. Aker Solutions is already involved in front-end engineering for several of these prospects. The tax relief package on NCS, enabled by strong collaboration across the industry, is expected to secure strong activity levels for many parts of the company's Norwegian operations several years ahead.

Internationally, Aker Solutions will continue to leverage on its broad international footprint and long-term customer relations to deliver low-carbon oil and gas projects globally. In addition, the company is involved in several projects within renewables.

Digitalization is identified as a key enabler for the 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 potential 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.

Organization

Kvaerner and Aker Solutions joined forces to create a new supplier company with a larger scale and a stronger position as a solid and reliable execution partner. After the merger was completed, the company has restructured the organization 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.

New management and leadership teams have been established as a part of the merger and restructuring. In August, Kjetel Digre replaced Luis Araujo as Chief Executive Officer (CEO). Mr. Digre has a proven track record both as a senior leader and from management positions for some of the world's largest energy projects.

Also from August, Idar Eikrem, previously EVP and Chief Financial Officer (CFO) for Kvaerner succeeded Ole Martin Grimsrud as EVP and CFO for Aker Solutions. Karl-Petter Løken, previously President and CEO for Kvaerner was appointed Executive Vice President (EVP) for the Renewables segment. Egil Bøyum took the lead on the merger preparations and completion process, and after completion of the merger was appointed EVP for Aker Solutions' functional area for Performance and Transformation. Anders Hannevik was appointed EVP for Customers and Strategy. Kjetil Kristiansen took up the position as EVP for People and Organization.

Maria Peralta was appointed EVP for the Subsea segment. Sturla Magnus was named as EVP for the Topside & Facilities segment, while Marte Mogstad and Linda Litlekalsøy Aase were appointed EVPs for the Engineering and for the Electrification, Maintenance and Modifications segments respectively.

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 the Gulf of Mexico, Brazil, the North Sea, Africa, Asia and Russia. The new Aker Solutions has approximately 14,500 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.

The market volatility in 2020 caused by the COVID-19 pandemic may continue to influence the market development in 2021. Simultaneously, customers in several key segments have strong drivers to maintain progress for maturing and sanctioning of important prospects. The time-limited Norwegian tax incentive package for new petroleum projects is expected to lead to contract awards for several projects both in 2021, 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 159 front-end orders in 2020, making it another record year, with solid international traction. This is historically a leading indicator for upcoming project activity. 13 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. 23 percent of these studies were for projects related to the energy transition, compared with 11 percent for 2019.

In the longer term, leading customers and the entire industry is 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, represents 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 very well positioned for all such projects.

> "The company won 159 front-end orders in 2020, making it another record year, with solid international traction.

ESG/Sustainability

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. More information is available in the company's sustainability report for 2020 on www.akersolutions.com/sustainability-reports.

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.

More information is available in the corporate governance report for 2020 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. 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. The merger took place in November 2020 and historical numbers presented are restated to reflect the merger. All financial information, except those in the Parent Company Financial Statements on page 104, relate to the consolidated financial statements for the group, since the parent company has very limited operations.

> “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. The merger took place in November 2020 and historical numbers presented are restated to reflect the merger.

Consolidated Financial Results

Aker Solutions' revenue decreased to NOK 29.4 billion in 2020 from NOK 38.2 billion the prior year. The reduction from the record high activity level in 2019 was driven by the finalization of several large projects, and negative impacts of COVID-19 and the volatility in the oil market leading to lower project sanctioning. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the full year 2020 decreased to NOK 1.539 billion compared to NOK 2.711 billion a year earlier. EBITDA excluding special items was NOK 1.236 million, compared to NOK 2.782 billion a year earlier. This corresponds to a reduction of the EBITDA margin excluding special items to 4.3 percent compared to 7.3 percent for 2019. The EBITDA for 2020 was negatively impacted by approximately NOK 500 million in project adjustments. In addition, earnings last year were impacted by restructuring costs of NOK 516 million, impairments of NOK 1.027 billion and gain on dividend distribution of Aker Carbon Capture and Aker Offshore Wind shares of NOK 808 million.

The measures to deliver on our target of 1.5 billion of cost reduction 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 100 million in 2020, which is the same as in the previous year. Interest expenses were NOK 504 million compared to NOK 547 million the year before. Aker Solutions hedges currency risk for all significant project exposures. More than 80 percent of the value of the hedging instruments either qualify for hedge accounting or are hedges of separated embedded derivatives. Income before tax decreased to negative NOK 1,314 million in 2020 from positive NOK 441 million the year before. The income tax expense was NOK 206 million despite having negative earnings before tax, mainly driven by write-down of tax assets in Brazil, Malaysia and the UK. This corresponds to an effective tax rate of 16 percent. The income tax expense was NOK 157 million with an effective tax rate of 36 percent the year before.

Net income after tax in 2020 was NOK negative 1,520 million compared with positive NOK 283 million the previous year. Earnings per share were negative NOK 3.13 versus positive NOK 0.49 in 2019. Excluding special items, the earnings per share for 2020 were negative NOK 1.36 versus positive NOK 1.32 the previous year.

Renewables and Field Development Financial Results

Following the merger between the previous Aker Solutions and Kvaerner organizations, 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.

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 decreased to NOK 10.8 billion in 2020 from NOK 13.8 billion the year before. The development was influenced by the finalization of several larger EPC projects during the year, and by projects being in the early phases of execution on recently awarded work. Excluding special items, the EBITDA margin was 5.1 percent versus 5.5 percent the year earlier, mainly driven by finalization of large EPC projects during 2020 and recently awarded work being in early phases of execution. The EBITDA in 2020 is also negatively impacted by COVID-19 cost.

The full-year order intake increased to NOK 11.4 billion in 2020 from NOK 8.9 billion in the prior year. Tender activity remains high at an estimated sales value of NOK 30 billion. The order backlog was NOK 10.6 billion at the end of 2020 versus NOK 7.8 billion a year earlier.

Electrification, Maintenance & Modifications Financial Results

The Electrification, Modifications and Maintenance segment (EMM) optimizes field life solutions. This is driven by decarbonization and environmentally sound offerings, as well as specialized capabilities for efficient execution of minor maintenance and modification services

EMM revenue decreased to NOK 8.7 billion in 2020 from the record-high revenue of NOK 13.5 billion the year before. Excluding special items, the EBITDA margin was 1.8 percent versus 7.8 percent a year earlier, mainly reflecting finalization of larger modification and hook-up projects during 2020 versus the record activity in 2019, as well as impacts from COVID-19 and some non-recurring project adjustments.

The full-year order intake was NOK 13.8 billion in 2020, compared to NOK 9.3 billion the prior year. Tender activity remains very high at an estimated sales value of NOK 17 billion. The order backlog was NOK 16.5 billion at the end of 2020 versus NOK 14.0 billion a year earlier.

Subsea Financial Results

The Subsea segment supplies broad and market-leading intelligent subsea solutions, products, systems and services in a competitive market.

Subsea revenue decreased to NOK 9.5 billion in 2020 from NOK 11.8 billion the year before, mainly due to several project nearing completion and being in early execution of recently awarded work. Excluding special items, the EBITDA margin was 7.9 percent versus 9.7 percent a year earlier, mainly driven by a combination of larger multi-year projects nearing completion and newly awarded work being in early phases of execution, as well as impacts from some non-recurring project adjustments and impacts from COVID-19.

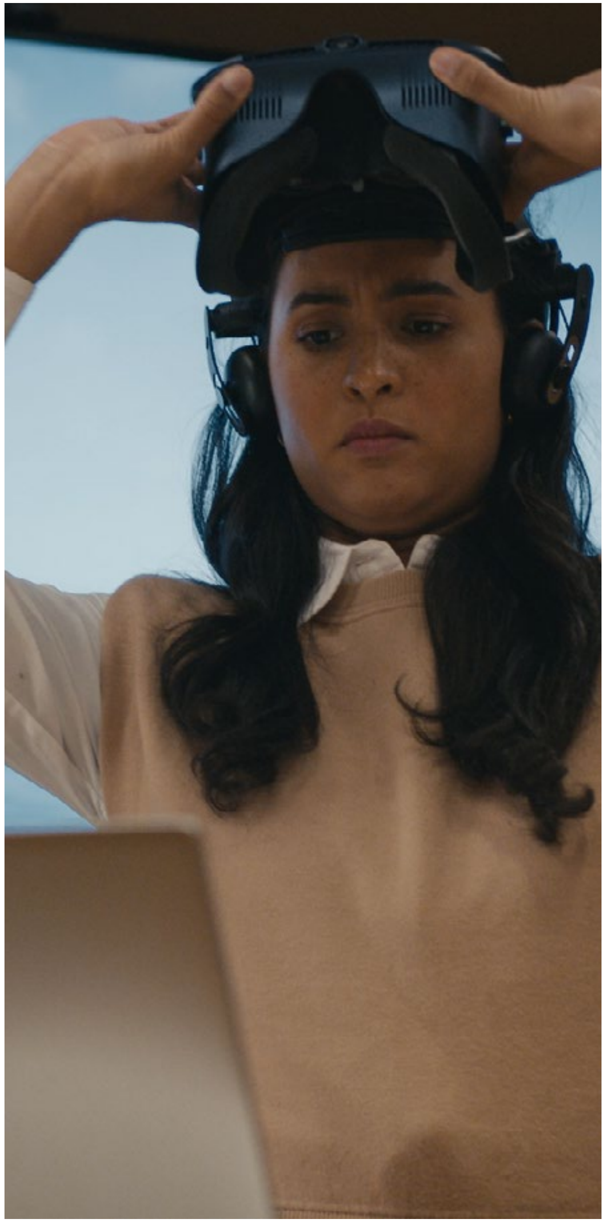
The full-year order intake was NOK 9.1 billion in 2020, compared to NOK 8.2 billion the prior year. Tender activity remains very high at an estimated sales value of NOK 29 billion. The order backlog was NOK 10.9 billion at the end of 2020 versus NOK 11.4 billion a year earlier.

Segment key figures

	Renewables and Field Development		Electrification, Maintenance and Modifications		Subsea	
NOK million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue	**10,829**	13,765	**8,733**	13,477	**9,457**	11,754
EBITDA	**434**	746	**27**	1,041	**569**	1,098
EBITDA margin (%)	**4.0**	5.4	**0.3**	7.7	**6.0**	9.3
EBITDA ex. special items	**549**	753	**161**	1,051	**748**	1,145
EBITDA ex. special items (%)	**5.1**	5.5	**1.8**	7.8	**7.9**	9.7
EBIT	**153**	462	**-234**	844	**-623**	161
EBIT margin (%)	**1.4**	3.4	**-2.7**	6.3	**-6.6**	1.4
EBIT ex. special items	**324**	493	**22**	854	**-45**	362
EBIT ex. special items (%)	**3.0**	3.6	**0.3**	6.3	**-0.5**	3.1
NCOA (or working capital)	**-945**	-347	**-235**	-215	**676**	616
Order intake	**11,402**	8,870	**13,792**	9,334	**9,076**	8,205
Order Backlog	**10,632**	7,843	**16,527**	13,992	**10,912**	11,376
Employees	**4,176**	4,225	**6,018**	8,036	**3,605**	3,874

Note: Aker Solutions and Kvaerner merged in November 2020, historical numbers are pro forma.

MENU



Assets, Equity and Liability

Non-current assets totaled NOK 14.0 billion at the end of 2020, compared with NOK 16.3 billion the year before. Goodwill and other intangible assets were reduced to NOK 5.8 billion from NOK 6.5 billion the year before following impairments recognized in 2020. The company had a net cash position of NOK 456 million in 2020, compared with net cash position of NOK 986 million in the prior year. The net cash consists of current and non-current borrowings and cash and cash equivalent. The debt includes bond loans in the Norwegian market, bank loans with Nordic and international banks and local financing in Brazil. The company ended the year with a total liquidity buffer of NOK 8.2 billion consisting of cash and bank deposits of NOK 3.2 billion as well as committed long-term revolving bank credit facilities of NOK 5 billion.

The book value of equity, including non-controlling interests, was NOK 7.9 billion at the end of 2020, compared with NOK 10.6 billion a year earlier. The company's equity ratio was 29.5 percent, down from 32.2 percent a year earlier.

Cashflow

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

Net cashflow from operating activities was NOK 501 million in 2020 compared with NOK 360 million a year earlier. Net current operating assets was minus NOK 280 million at the end of 2020 versus NOK 177 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 371 million in 2020, compared with NOK 1,308 million a year earlier. Investments in technology development and IT were NOK 197 million, compared with NOK 301 million a year earlier. Net cash outflow related to financing activities was NOK 1,458 million, increased from NOK 354 million in 2019.

Investing in Research, Innovation and Technology

Building on a history of technological and engineering accomplishments, Aker Solutions is at the forefront of applying technology to power the shift from fossil to renewable energy production. Part of this ground-breaking work is development of cutting-edge offshore technologies to support oil and gas and floating offshore wind production, floating and subsea substations, offshore power cables, energy storage and fish Farming. Furthermore, Aker Solutions takes advantage of digital technologies to harvest data for better design and operations, ultimately transforming the energy value chain.

> “Aker Solutions is at the forefront of applying technology to power the shift from fossil to renewable energy production.

The total 2020 R&D expenditure was NOK 259 million, of which NOK 199 million was capitalized and NOK 60 million was expensed. More than half of all R&D investments were allocated to digital initiatives. The research and development portfolio include six key development programs, including several technology qualification projects. At the end of the year, Aker Solutions recognized NOK 256 million in impairment losses on capitalized R&D related to technologies where the market outlook changed.

In the third quarter Aker Solutions agreed to sell its subsidiary software company, ix3 AS (subsequently renamed to aiZe AS) to aiZe Holding AS software company owned by Aker ASA, for NOK 207 million. Aker Solutions will retain access to necessary software products and improvements of these through partnership agreements, while the company will no longer be required to fund the development of new software. The agreement with aiZe will reduce the annual operating expenses with approximately NOK 50 million. This is in accordance with the company's strategic objective to develop the new Aker Solutions as a focused and optimized supplier company.

The focus on digital activities continues in projects, in close collaboration with customers and partners. Aker Solutions laid out an ambitious plan to substantially reduce engineering and fabrication manhours by transforming field development through the use of advanced digital tools. The development will take place in 2021 and 2022. The use of data analytics continues in Aker Solutions' Technology Centers in Reading, UK, and in Tranby, Norway to combine live data from various subsea systems with analytics and visualization to provide new insight during operations. Analytics are being developed to detect problems, reduce diagnostics time and target the correct remedial action.

Aker Solutions has continued investing in early phases of technology development. The company continues to build a foundation for product development through our additive manufacturing capability using Hiptech technology and 3D printing using multiple technologies. A 3D printing facility in Tranby for prototyping with polymer printers is up and running.

As in 2019, much of Aker Solutions' innovation took place in collaboration with other companies, such as ABB, MAN Energy Solutions, and Principle Power Inc.

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 loss of NOK 163 million in 2020 mainly consisting of corporate costs and interest expenses. The net profit was of NOK 1,123 in 2019 mainly consisting of a dividend from subsidiary of NOK 1,400 million, in addition to corporate costs and net interest expenses.

More information on the allocation of profits can be found in the income statement of the parent company on page 104 of this report.

Health, Safety, Security and Environment

With the COVID-19 pandemic, a key priority in 2020 was to safeguard employees and ensure that business continuity was maintained. The strong focus on virus precautions has proved successful, but the effect was also that several other HSSE initiatives that were agreed in 2019 were put on hold.

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 companywide HSSE system, setting clear standards for HSSE management and leadership. Regular audits aim to identify, isolate and help address potential shortcomings.

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

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 is personally responsibility for every employee. To strengthen the culture further and improve the HSSE performance, Aker Solutions implemented the standardized International Association of Oil & Gas Producers (IOGP) Lifesaving Rules in 2019. The company has since continued to integrate and develop these rules across all parts of the business.

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 employee's physical and mental health. In 2019, a new health hazard assessment E-score tool was piloted in five countries to gain a systematic overview of health risks. The planned for further roll-out in 2020 was delayed due to the pandemic situation. The intention is to continue this program in 2021.

One of the key priorities in 2020 was to also 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 during the past year for significant numbers of employees. This was done by promoting mental health material through internal channels for mass communication as well as through use of meetings face to face and on digital platforms.

Aker Solutions' global sick leave for 2020 was 3.02 percent, which is above the target of 2.6 percent. The 2020 number reflects a negative influence by the COVID-19 situation.

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 2020, Aker Solutions delivered 305 Zero Days, compared to 297 in 2019. This represents an increase of eight days. However, the company is committed to return to the 2017 level, setting a goal of 315 Zero Days for 2021.

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 0.25, which is well below the target of 0.4. The company experienced 11 serious incident cases in 2020, and 6 of those were related to dropped objects.

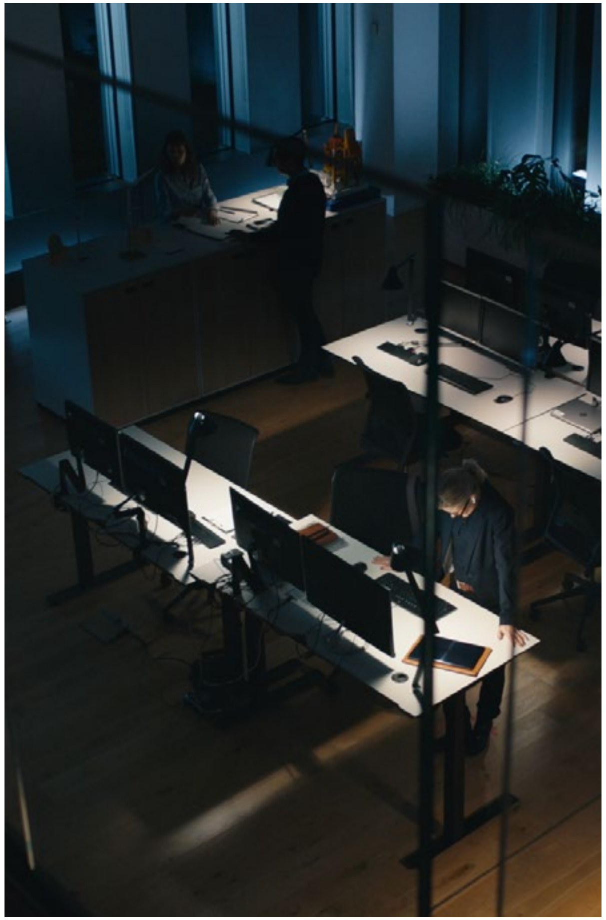
In total, 56 employees were injured with a severity higher than first aid treatment, in the company's operations globally during 2020. Out of these, there were no fatalities, but three injuries were classified as serious. A total of 8 injuries caused lost work days, and 7 caused restricted work. The remaining 41 injuries required medical treatment. At the end of 2020, Aker Solutions had a Lost Time Injury Frequency (LTIF) of 0.18, compared to 0.3 in 2019. The Total Recordable Injuries Frequency (TRIF) also had a positive development and decreased from 1.3 in 2019 to 1.28 in 2020.

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 is now supporting all aspects of Aker Solutions' global operations as well as some of the affiliated Aker companies.

The introduction of a confidentiality module in the Synergi-Life reporting tool has enabled the function to register sensitive cases, while also ensuring privacy. Other improvements of the tool have enabled cases within physical, personnel and IT security to be differentiated and managed by the correct functions. This has also ensured improvements within trending and root-cause analysis. Most of the cases reported in 2020 were related to failure of technical components, personnel not adhering to security procedures and generic cyber-attacks. No serious security incidents were reported in 2020.

In 2020, plans to continue to onboard sites around the world to the corporate systems for access management and remote surveillance were impacted by the COVID-19 development. The intention for 2021 is to incorporate the company's offices and facilities in Mumbai (India), Al Khobar (Saudi Arabia) and Sandnessjøen (Norway).



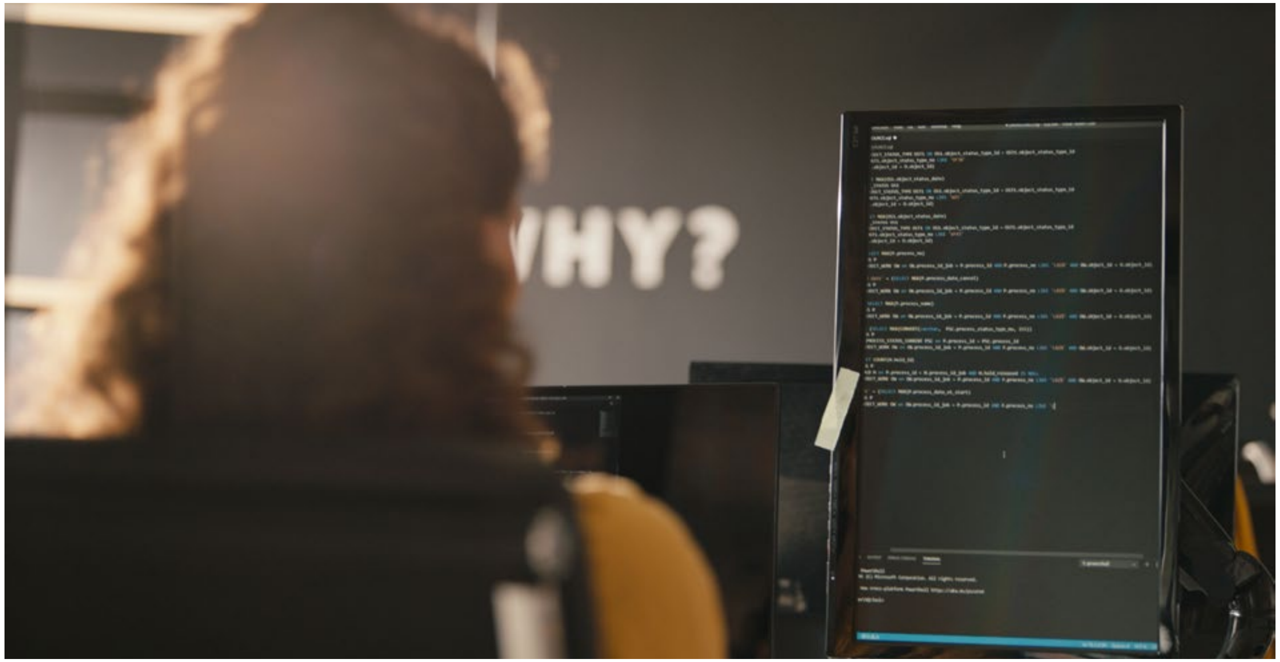
Cybercrime

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. 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 the clients' assets.

Emergency Preparedness and Response

The primary focus in 2020 for the company's Corporate Emergency Response Team (CERT) was to manage the business continuity and health issues associated with the COVID-19.

The CERT comprises leaders from the global HR, IT, HSSE, Security, Legal and Communications functions. When necessary, the team draws upon other resources, so during handling of the pandemic Supply Chain was included in this team. The team trains at least once a quarter 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 climate change agenda in line with our low-carbon and renewables solutions strategy. There is also commitment from the company to reduce its own internal emissions by control of its internal activities. The data and numbers reported for 2020 represents operations in both the previous Kvaerner and Aker Solutions.

> Aker Solutions works to protect the environment by offering products, systems and services that promotes 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 110,930 MWh in 2019 to 145,520 megawatt hours (MWh) in 2020. This increase reflects a greater activity level, which is also contributed with the merger of Kvaerner and Aker Solutions. However, the total carbon dioxide emissions were lower in 2020 at 24,914 tonnes versus 35,255 tonnes in 2019. The numbers for 2019 do not include the former Kvaerner organization. The COVID-19 pandemic has contributed to this development, as it has caused an overall reduction of travel locally and internationally. This situation has accelerated use of digital channels for communication and meetings as alternatives to conventional business traveling.

In 2020, Aker Solutions reported on its climate change information to CDP and will continue this practice in 2021. Our rating in CDP was a ‘C’ and we strive to improve our activities and plans further.

Aker Solutions also measures and monitors waste segregation and recycling activities. In 2020, the company recorded total waste of 16,183 tonnes, compared with 8,350 tonnes in the previous year. In total, 61 percent of the waste was sent for recycling. This is a reduction from the 69 percent that was reported in 2019. The numbers for 2019 do not include the former Kvaerner organization. To align with industry standards, the company only includes material recycling in its recycled waste fraction, excluding hazardous waste and waste-to-energy recovery.

Safeguarding Diversity and Equal Opportunity

Aker Solutions had 14,494 employees and 4,238 contract staff at the end of 2020. The company is strongly committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality or other factors. Men have traditionally dominated the oil and gas industry and, particularly, offshore work. This continues to be reflected in our organization, where around 17 percent of our employees are women. The percentage of women in leadership roles increased from 22 percent in 2019 to 24 percent in 2020.

Aker Solutions’ diverse workforce represents about 87 nationalities and offers a wide range of competencies and insights, benefitting both its customers and the business. Aker Solutions seeks to promote diversity in its workforce through clear recruitment requirements and the development of individuals and programs supporting equal opportunity, in accordance with its people policy and recruitment procedures. More information regarding the company’s commitment to equality and diversity is available in the company’s 2020 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, oil price volatility, ethical and political risks 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 will have negative influence on the operations also in 2021. From the start of this year, authorities in all countries where Aker Solutions operates are rolling out vaccinations at a fast pace. In parallel, both authorities and Aker Solutions are mitigating the continued virus risk by precaution procedures.

The company is cooperating closely with authorities, customers and partners to mitigate the situation. However, as the restrictions are dynamic and continuously changing at the start of 2021, 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

Market Risk

Sanctioning of new projects were to a large extent postponed or cancelled during 2020, and this situation may continue in 2021 unless significant fiscal stimulations are imposed by governments. 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
- 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.

Ethical and Political Risks

Aker Solutions has established ethical policies and procedures in order to comply with applicable standards domestically and internationally. Aker Solutions could, nevertheless, potentially become involved in unethical behavior, either directly or through third parties and 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, anti-corruption compliance program and human rights program, which are implemented at all locations globally. Risks are managed through country analyses, mandatory awareness training, compliance reviews and integrity due diligence. Aker Solutions' anti-corruption program and human rights program are subject to quarterly reporting to the Audit Committee.

Aker Solutions has zero tolerance for corruption and works vigilantly to prevent such behavior. 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 2020, the company maintained most core elements of its anti-corruption and human rights compliance framework. The company conducted screenings of potential projects in high risk countries and integrity due diligences 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 personnel, including new personnel joining after the merger with Kvaerner. 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, were postponed or cancelled in 2020 due to the global COVID-19 pandemic.

Climate Related Risks

Climate related risks are defined within physical, regulatory/liability, technology, market and reputational risks. These risks have been covered under the other chapters and in the sustainability report. The company may face increasing reputational challenges and declining political goodwill if talent, investors and customers only associate Aker Solutions with the oil and gas industry.

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 limit certain growth opportunities. Risks are 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.

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.

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 tenders is 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 cashflow 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 and strong order intake in 2020 contributed to an improved balance sheet and visibility. The development in financial covenants is closely monitored, and management do 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 cashflow 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, the credit risk on these 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 are highly rated oil companies, where the credit risk is considered to be limited. The credit risk is monitored closely under the current volatile market conditions, especially for lower rated companies.

  As a result of the COVID-19 situation and general market uncertainties, credit risk has increased in most industries. The additional factors of volatile commodity prices and an increasing transition towards greener energy, credit risk has increased 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.

- **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 buy-backs, 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.

The Board of Directors has proposed that no dividend payment be made for 2020. While Aker Solutions' finances were solid, with a liquidity buffer of NOK 8.2 billion at the end of the year, the board consider it still important to exercise caution and to prioritize a strong balance sheet amid continued uncertainty about the market outlook as well as the continued uncertainty from the pandemic. The board deems it prudent to build financial robustness to support Aker Solutions' objectives for strategic development and delivering shareholder value. Focus will be on continued safe operations, cost improvements, predictable project execution, strong capital discipline, healthy margins and increased cash generation.

Going Concern

During the first quarter of 2020, the sharp decline in commodity prices, exacerbated by the COVID-19 pandemic caused global disruption, with significant negative consequences both for human health, economic activity and Aker Solutions.

While several key uncertainties from 2020 also continue to influence the outlook for 2021, Aker Solutions is now better positioned to mitigate these challenges. During last year, the company developed and implemented several new processes for maintaining operations in parallel with strict virus precautions, and these measures will remain to be essential for the operations also in 2021. Several key strategic steps for positioning Aker Solutions for growth in target markets were also completed last year. The order backlog is healthy and balanced, and the financial platform has been improved.

The high 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 increased, the assessment is that Aker Solutions has the resources, organization, competence, assets and customer base to continue being a going concern.

Therefore, 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 2020 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 11, 2021
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Lone Fønss Schrøder
Director

Thorhild Widvey
Director

Jan Arve Haugan
Director

Oddvar Hølland
Director

Hilde Karlsen
Director

Audun Bråthen
Director

Kjetel Digre
Chief Executive Officer

Consolidated Financial Statements

Aker Solutions
December 31, 2020

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, 2020.

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 2020 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, 2020.
- 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 11, 2021
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Lone Fønss Schrøder
Director

Thorhild Widvey
Director

Jan Arve Haugan
Director

Oddvar Hølland
Director

Hilde Karlsen
Director

Audun Bråthen
Director

Kjetel Digre
Chief Executive Officer

Income Statement

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Revenue from customer contracts	3, 4	**28,434**	37,917
Other income	3, 8, 18, 27, 29	**962**	246
Revenue and other income		**29,396**	**38,163**
Materials, goods and services		**-13,088**	-18,771
Personnel expenses	5	**-11,291**	-12,994
Other operating expenses	6	**-3,479**	-3,687
Operating expenses before depreciation, amortization and impairment		**-27,857**	**-35,452**
Operating income before depreciation, amortization and impairment		**1,539**	**2,711**
Depreciation and amortization	10, 11, 18	**-1,287**	-1,395
Impairment	10, 11, 12, 18	**-1,027**	-327
Operating income		**-776**	**988**
Interest income	7	**100**	100
Interest expenses	7	**-504**	-547
Net other financial items	7	**-134**	-100
Income before tax		**-1,314**	**441**
Income tax	9	**-206**	-157
Net income		**-1,520**	**283**
Net income attributable to:			
Equity holders of the parent company		**-1,540**	242
Non-controlling interests		**20**	41
Net income		**-1,520**	**283**
Earnings per share in NOK (basic and diluted)	8	**-3.13**	**0.49**

1) Restated due to merger between Aker Solutions and Kvaerner, refer to note 26

Other Comprehensive Income (OCI)

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Net income		**-1,520**	**284**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Cashflow hedges, effective portion of changes in fair value	24	**-37**	124
Cashflow hedges, reclassified to income statement	24	**-22**	-98
Cashflow hedges, deferred tax	9, 24	**-12**	-7
Translation differences - foreign operations		**-140**	85
Total		**-211**	**103**
Items that will not be reclassified to profit or loss:			
Remeasurements of defined pension obligations	19	**-52**	-136
Remeasurements of defined pension obligations, deferred tax asset	9	**11**	30
Change in fair value of equity investments over OCI	25, 28	**146**	0
Total		**106**	**-106**
Other comprehensive income (loss), net of tax		**-105**	**-3**
Total comprehensive income		**-1,625**	**280**
Total comprehensive income (loss) attributable to:			
Equity holders of the parent company		**-1,647**	239
Non-controlling interests		**22**	41
Total comprehensive income		**-1,625**	**280**

1) Restated due to merger between Aker Solutions and Kvaerner, refer to note 26

Balance Sheet

Consolidated statement as of December 31

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Assets			
Non-current assets			
Property, plant and equipment	10, 12	**3,567**	4,229
Intangible assets including goodwill	11, 12	**5,825**	6,450
Right-of-use assets and investment property	12, 18	**2,938**	3,703
Deferred tax assets	9	**464**	871
Lease receivables	18	**668**	663
Investments in companies	22, 25, 28	**318**	269
Interest-bearing receivables	25	**196**	121
Other non-current assets		**9**	21
Total non-current assets		**13,984**	**16,326**
Current assets			
Current tax assets		**83**	121
Inventories	13	**255**	378
Trade receivables	3, 14, 25	**2,945**	3,380
Customer contract assets and other receivables	3, 14, 25	**4,655**	6,295
Prepayments		**1,312**	1,698
Derivative financial instruments	24, 25	**223**	187
Interest-bearing receivables	18, 25	**200**	130
Cash and cash equivalents	15, 22	**3,171**	4,483
Total current assets		**12,843**	**16,672**
Total assets		**26,827**	**32,998**

Fornebu, March 11, 2021
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Lone Fønss Schrøder
Director

Thorhild Widvey
Director

Jan Arve Haugan
Director

Oddvar Hølland
Director

Hilde Karlsen
Director

Audun Bråthen
Director

Kjetel Digre
Chief Executive Officer

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Equity and liabilities			
Equity			
Share capital	16	**532**	532
Share premium	16	**3,687**	3,687
Reserves	16	**1,265**	1,330
Retained earnings		**2,386**	4,977
Total equity attributable to the parent		**7,870**	**10,526**
Non-controlling interests	27	**38**	**97**
Total equity		**7,908**	**10,622**
Non-current liabilities			
Non-current borrowings	17, 25	**2,513**	3,280
Non-current lease liabilities	18	**4,468**	4,946
Pension obligations	19	**1,082**	898
Deferred tax liabilities	9	**223**	594
Other non-current liabilities		**5**	30
Total non-current liabilities		**8,291**	**9,747**
Current liabilities			
Current tax liabilities		**108**	82
Current borrowings	17, 25	**202**	217
Current lease liabilities	18	**643**	590
Provisions	20	**590**	691
Trade payables	21, 25	**2,125**	2,525
Other payables	21	**5,696**	7,660
Customer contract liabilities	3	**1,010**	737
Derivative financial instruments	24, 25	**254**	126
Total current liabilities		**10,628**	**12,629**
Total liabilities		**18,919**	**22,376**
Total equity and liabilities		**26,827**	**32,998**

1) Restated due to merger between Aker Solutions and Kvaerner, refer to note 26

Cashflow

Consolidated statement for the year ended December 31

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Cashflow from operating activities			
Net income		**-1,520**	**283**
Adjustments for:			
Income tax	9	**206**	158
Net financial cost	7	**534**	524
(Profit) loss on foreign currency forward contracts	7	**4**	23
Depreciation, amortization and impairment	10, 11, 12, 18	**2,314**	1,723
Other (profit) loss on disposals and non-cash effects	8, 29	**-981**	-105
Net income after adjustments		**558**	**2,606**
Changes in operating assets and liabilities		**544**	-1,610
Cash generated from operating activities		**1,101**	**996**
Interest paid		**-451**	-538
Interest received		**95**	99
Income taxes paid		**-244**	-198
Net cash from operating activities		**501**	**360**
Cashflow from investing activities			
Acquisition of property, plant and equipment	10	**-431**	-901
Payments for capitalized development	11	**-197**	-301
Sale of subsidiaries, net of cash	27, 29	**172**	0
Acquisition of subsidiaries, net of cash		**0**	-35
Proceeds from sale of property, plant and equipment		**14**	33
Proceeds from sale of intangible assets		**49**	0
Change in interest-bearing receivables		**-102**	-66
Acquisition of shares and funds		**-1**	-167
Sale of shares and funds		**19**	16
Cash collection from lease receivables	18	**107**	113
Net cash used in investing activities		**-371**	**-1,308**

Amounts in NOK million	Note	2020	*Restated*[1] 2019
Cashflow from financing activities			
Proceeds from borrowings	17	**1,503**	1,784
Repayment of borrowings	17	**-2,236**	-1,190
Payment of lease liabilities	18	**-669**	-593
Acquisition of non-controlling interests	27	**-48**	0
Payment for treasury shares under share purchase programs	5	**49**	-65
Paid dividend		**-19**	-268
Other financing activities		**-37**	-21
Net cash from financing activities		**-1,458**	**-354**
Effect of exchange rate changes on cash and bank deposits		**16**	51
Net increase (decrease) in cash and bank deposits		**-1,312**	**-1,251**
Cash and cash equivalents at the beginning of the period		**4,483**	5,734
Cash and cash equivalents at the end of the period	15	**3,171**	**4,483**

1) Restated due to merger between Aker Solutions and Kvaerner, refer to note 26

Equity

Consolidated statement of changes in equity

Amounts in NOK million	Note	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 in Aker Solutions as of January 1, 2019		294	0	-1	5,621	-8	1,240	0	**7,147**	106	**7,252**
Capital increase from merger with Kvaerner[1]	26	238	3,687	0	0	0	0	0	**3,925**	0	**3,925**
Continuity difference[1]	26	0	0	0	-438	1	-7	0	**-444**	0	**-444**
Restated equity as of January 1, 2019		**532**	**3,687**	**-1**	**5,183**	**-7**	**1,233**	**0**	**10,627**	**106**	**10,733**
Net income		0	0	0	241	0	0	0	**241**	41	**283**
Other comprehensive income		0	0	0	-106	18	85	0	**-3**	0	**-3**
Total comprehensive income		**0**	**0**	**0**	**135**	**18**	**85**	**0**	**239**	**41**	**280**
Change in treasury shares		0	0	0	7	0	0	0	**7**	0	**7**
Employee share purchase program		0	0	0	-17	0	0	0	**-17**	0	**-17**
Dividend		0	0	0	-268	0	0	0	**-268**	0	**-268**
Change in non-controlling interests from dividend		0	0	0	0	0	0	0	**0**	-32	**-32**
Revaluation of tax positions in Angolan Kwanza related to prior years		0	0	0	-48	0	0	0	**-48**	-24	**-72**
Other adjustments to equity		0	0	0	-13	0	0	0	**-13**	5	**-8**
Equity as of December 31, 2019		**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 of treasury shares (Kvaerner before the merger)		0	0	0	4	0	0	0	**4**	0	**4**
Employee share purchase program (Kvaerner before the merger)		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	8, 26	0	0	0	-47	0	0	0	**-47**	0	**-47**
Non-cash dividend distribution of shares in AOW and CCUS	8, 27	0	0	0	-953	0	0	0	**-953**	0	**-953**
Dividends to non-controlling interests	27	0	0	0	0	0	0	0	**0**	-37	**-37**
Change in non-controlling interests from acquisition of shares	27	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**

1) The merger between Aker Solutions and Kvaerner and corresponding share increase occurred legally in November 2020, but is presented in equity at the beginning of the earliest period presented (January 1, 2019). See further information in note 26.

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 14,500 own employees and was present in about 20 countries at the end of 2020. 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.

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, 2019) based on the book-value method. The companies were under common control of Aker ASA when the merger was completed in November 2020.

In December 2020, the previous common ownership of Aker Solutions between Aker ASA and the Norwegian State was dissolved. As a consequence of the dissolution, Aker ASA is no longer deemed to control Aker Solutions. Aker Solutions is therefore no longer a subsidiary of Aker ASA, but an associate.

See note 26 for more information about the merger between Aker Solutions and Kvaerner
See note 29 for more information about relationship to Aker and other related parties

Note 2 Basis of Preparation

Statement of Compliance

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. 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, 2020.

The consolidated financial statements were approved by the Board of Directors and the chief executive officer (CEO) on March 11, 2021. The consolidated financial statements will be authorized at the Annual General Meeting on April 14, 2021. 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.

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 Tax
- Note 10 Property, Plant and Equipment
- Note 11 Intangible Assets
- Note 12 Impairment of Assets
- Note 13 Inventories
- Note 14 Customer Contract Assets and Other Receivables
- Note 18 Leasing
- Note 19 Pension Obligations
- Note 20 Provisions and Contingent Liabilities

New Financial Reporting Principles

Some amendments to standards and interpretations have become effective during the year. These changes did not have a material impact on the consolidated financial statements. Standards, amendments to standards and interpretations that have been published, but not yet effective are not expected to have a material impact on the consolidated financial statements.

Note 3 Revenue

The revenue in Aker Solutions ranges from man-hour based maintenance and engineering services in the oil and gas and renewables industry, to complex construction contracts for delivery of subsea systems, low-carbon solutions, offshore wind and modifications of oil and gas installations. 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, and this assessment may involve significant judgement. 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 contract 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 (LD) 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 lumpsum 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.

Note 3 continues on next page

Note 3 Revenue cont.

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 offshore wind and traditional oil and gas installations, topside modules, floating production units (FPSOs), decommissioning, hook-up services and marine operations. Most contracts last between one to three years. The contracts include engineering, procurement and construction (EPC) 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 usually have 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 lumpsum elements. Some 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 lumpsum 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 10-20 percent progress.

Subsea Service Contracts

Services include maintenance, repair, spares supply, installation and commissioning of subsea equipment and production asset through regional service bases. The contracts are mainly reimbursable, but lumpsum contracts or elements of lumpsum 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 last 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.

Note 3 continues on next page

Note 3 Revenue cont.

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

Amounts in NOK million	**2020**	**2019**
Renewables and field development	**10,708**	13,235
Electrification, modifications and maintenance	**8,344**	12,994
Subsea construction contracts	**7,122**	9,153
Subsea service contracts	**2,260**	2,535
Total revenue from customer contracts	**28,434**	**37,917**

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, 2020 was NOK 38 billion, compared to NOK 33,1 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	**2021**	**2022**	**2023**	**2024 and later**	**Total backlog**
Backlog phasing of ongoing performance obligations	16.2	6.6	2.3	1.7	**26.8**
Backlog phasing of performance obligations not yet started	2.5	4.4	2.8	1.4	**11.1**
Total backlog	**18.7**	**11.0**	**5.2**	**3.1**	**38.0**

Revenue recognized in 2020 for performance obligations satisfied in prior years was NOK 8 million, compared to NOK 237 million the year before. The amount includes variable consideration not meeting the highly probable threshold, and contracts in early phases that did not report profit due to uncertain cost estimates.

Contract Balances

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

Amounts in NOK million	**December 31, 2020**	**December 31, 2019**
Trade receivables	**2,945**	3,380
Customer contract assets	**4,106**	5,666
Customer contract liabilities	**-1,010**	-737

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. The amount of NOK 737 million recognized in contract liabilities at the end of prior period has been recognized as revenue in 2020.

The bad debt provision included in trade receivables at December 31, 2020 was NOK 79 million, compared to NOK 85 million the year before. No impairment has been recognized on customer contract assets.

Note 3 continues on next page

Note 3 Revenue cont.

Other Income

Other income include leasing revenue, gains on sale of fixed assets, profits and losses from equity accounted investees and gains from non-cash dividend distribution and sale of business.

Amounts in NOK million	Note	2020	2019
Revenue from operating leases	18	**91**	109
Profit (loss) from equity accounted investees	28	**18**	132
Gain on non-cash dividend distribution of shares in AOW and CCUS	8, 27	**808**	0
Gain on sale of ix3	27, 29	**34**	0
Other		**11**	4
Total other income		**962**	**246**

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 21 for more information about trade and other payables
See note 27 for more information about gain on non-cash dividend distribution and sale of subsidiary
See note 28 for more information about equity accounted investees
See note 29 for more information about sale of ix3

Note 4 Segments

Aker Solutions is a global provider of equipment, systems and services to oil and gas and renewable energy industries. Aker Solutions merged with Kvaerner in November 2020, and the merged company has three reporting segments. Comparative segment figures have been restated using the book-value method.

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 CEO (chief executive officer) 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 serves the renewable business and pursues and executes projects within offshore wind power, green onshore and 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 radically 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 solutions for the electrification of oil and gas infrastructures to enable low-carbon oil and gas production, as well as electrification of onshore facilities. The segment also provides a full-range offering of maintenance and modification services including asset integrity management for offshore facilities. The segment also provides hook-up and installation services for offshore topsides, 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, Angola and Middle East.

Note 4 continues on next page

Note 4 Segments cont.

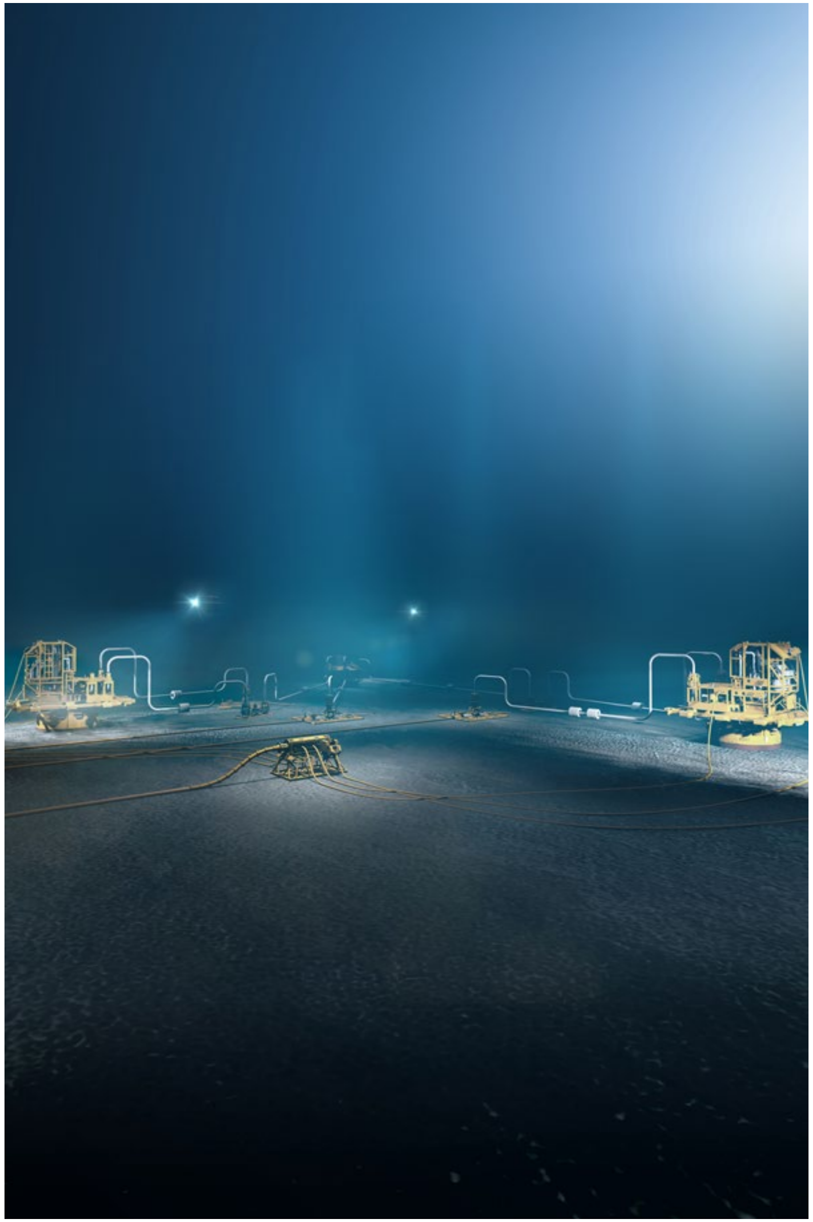
Subsea

The Subsea segment provides market-leading intelligent subsea systems, products, services and low-carbon solutions, used in oil & 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 & gas basins globally, and with main manufacturing hubs for subsea equipment in Brazil, Malaysia and Norway. 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 2020

Amounts in NOK million	Note	Renewables & Field Development	Electrification, Maintenance & Modifications	Subsea	Total operating segments	Other	Intra-group elimination	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**
Cashflow								
Cashflow from operating activities		756	-589	179	**345**	155	0	**501**
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		4,176	6,018	3,605	**13,799**	695	0	**14,494**

Note 4 continues on next page

Note 4 Segments cont.

Segment Performance 2019

Amounts in NOK million	Note	Renewables & Field Development	Electrification, Maintenance & Modifications	Subsea	Total operating segments	Other	Intra-group elimination	Total
Income statement								
Revenue from customer contracts		13,235	12,994	11,688	**37,917**	0	0	**37,917**
Other income		142	130	6	**278**	-33	0	**246**
External revenue		13,378	13,124	11,693	**38,195**	-33	0	**38,163**
Inter-segment revenue		388	353	61	**801**	119	-920	**0**
Total revenue		**13,765**	**13,477**	**11,754**	**38,996**	**87**	**-920**	**38,163**
Operating income before depreciation, amortization and impairment		746	1,041	1,098	**2,884**	-173	0	**2,711**
Depreciation and amortization	10, 11	-260	-197	-783	**-1,239**	-156	0	**-1,395**
Impairment	10, 11, 12, 18	-23	0	-154	**-178**	-150	0	**-327**
Operating income		**462**	**844**	**161**	**1,467**	**-479**	**0**	**988**
Assets and Liabilities								
Property, plant and equipment	10	1,456	270	2,457	**4,183**	46	0	**4,229**
Intangible assets	11	1,631	1,350	3,213	**6,193**	256	0	**6,450**
Right-of-use assets	18	201	32	1,607	**1,840**	1,863	0	**3,703**
Current operating assets		2,634	3,135	4,958	**10,727**	1,883	-737	**11,872**
Operating assets		**5,921**	**4,787**	**12,183**	**22,891**	**4,100**	**-737**	**26,253**
Current operating assets		2,634	3,135	4,958	**10,727**	1,883	-737	**11,872**
Current operating liabilities		2,981	3,350	4,342	**10,673**	1,760	-737	**11,695**
Net current operating assets		**-347**	**-215**	**616**	**54**	**123**	**0**	**177**
Cashflow								
Cashflow from operating activities		246	606	630	**1,483**	-1,123	0	**360**
Acquisition of property, plant and equipment	10	-304	-67	-500	**-871**	-30	0	**-901**
Capitalized development	11	-73	0	-145	**-218**	-83	0	**-301**
Other key figures								
Order intake		8,870	9,334	8,205	**26,409**	-63	-191	**26,155**
Order backlog		7,843	13,992	11,376	**33,211**	-634	506	**33,083**
Own employees		4,225	8,036	3,874	**16,135**	2,654	0	**18,789**

Note 4 continues on next page

Note 4 Segments cont.

Reconciliation of Information on Operating Segments to IFRS Measures

Amounts in NOK million	2020	2019
Assets		
Total operating assets	**21,579**	26,253
Deferred tax assets	**464**	871
Lease receivables	**668**	663
Investments in companies	**318**	269
Derivative financial instruments	**223**	187
Current interest-bearing receivables	**200**	130
Non-current interest-bearing receivables	**196**	121
Other non-current assets	**9**	21
Cash and cash equivalents	**3,171**	4,483
Total assets	**26,827**	**32,998**
Liabilities		
Total operating liabilities	**9,529**	11,695
Non-current borrowings	**2,513**	3,280
Non-current lease liabilities	**4,527**	4,946
Pension obligations	**1,082**	898
Deferred tax liabilities	**223**	594
Other non-current liabilities	**5**	30
Current borrowings	**202**	217
Current lease liabilities	**584**	590
Derivative financial instruments	**254**	126
Total liabilities	**18,919**	**22,376**

Major Customer

One major customer delivering to all reporting segments represented 41 percent of total revenue in 2020 (2019: 38 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		Non-current operating assets		Capital expenditure fixed assets	
Amounts in NOK million	2020	2019	2020	2019	2020	2019
Norway	**18,957**	25,140	**8,798**	8,426	**117**	399
Malaysia	**1,566**	2,367	**527**	621	**27**	64
UK	**1,345**	3,571	**1,681**	3,587	**7**	32
USA	**1,239**	979	**386**	507	**21**	55
Brazil	**1,034**	2,065	**911**	1,202	**178**	158
Angola	**939**	1,030	**218**	145	**39**	57
Brunei	**771**	806	**3**	1	**2**	1
Canada	**712**	646	**59**	70	**2**	9
United Arab Emirates	**522**	97	**0**	0	**0**	0
Russia	**498**	834	**0**	0	**1**	0
Australia	**412**	9	**1**	2	**0**	0
Other countries	**439**	373	**414**	482	**36**	126
Total revenue from customer contracts	**28,434**	**37,917**	**12,997**	**15,044**	**431**	**901**
Other income (than customer contracts)	**962**	**246**				
Total revenue	**29,396**	**38,163**				

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	2020	2019
Salaries and wages including holiday allowance	**9,010**	10,141
Social security contribution	**1,170**	1,480
Pension cost	**839**	681
Restructuring cost related to personnel	**16**	70
Other employee benefits	**256**	622
Personnel expenses	**11,291**	**12,994**
Total number of employees as of December 31	**14,494**	18,789

Loans to Employees

There were no loans to employees as of December 31, 2020. Loans to employees related to the 2019 share purchase program amounted to NOK 38 million as of December 31, 2019. There was no share purchase program in 2020.

See note 19 for more information about the pension cost and obligation
See note 20 for more information about restructuring provision related to downsizing of personnel

Note 6 Other Operating Expenses

Amounts in NOK million	2020	2019
Operating and maintenance expenses for property	**859**	816
IT and office supplies	**1,151**	1,191
Travel expenses	**226**	458
External consultants including audit fees	**530**	913
Insurance	**160**	160
Other expenses	**552**	148
Other operating expenses	**3,479**	**3,687**

See note 18 for more information about leasing costs
See note 31 for more information about audit fees

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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 result. Foreign exchange gains and losses also 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.

Financial Income and Expenses

Amounts in NOK million	2020	2019
Interest income on lease receivables	36	33
Other interest income	64	67
Interest income	**100**	**100**
Interest expense on lease liabilities	-230	-249
Interest expense on financial liabilities measured at amortized cost	-259	-276
Interest expense on pension obligations	-15	-22
Interest expense	**-504**	**-547**
Net foreign exchange gain (loss)	-91	-105
Profit (loss) on foreign currency forward contracts	-4	-23
Other finance income	21	45
Gain (loss) from equity accounted investees	-12	-6
Other financial expense	-48	-11
Net other finance items	**-134**	**-100**
Net finance cost	**- 538**	**- 547**

See note 18 for more information about lease receivables and liabilities
See note 19 for more information about pension obligations
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 28 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)

	2020	2019
Net income attributable to ordinary shares (NOK million)	**-1,540**	242
Weighted average number of issued ordinary shares for the year adjusted for treasury shares	**492,065,453**	491,549,824
Basic and diluted earnings per share (NOK)	**-3.13**	0.49

Aker Solutions issued 220,122,700 new shares on November 10, 2020 as merger consideration to the previous Kværner ASA shareholders. This resulted in an increase of issued shares from 272,044,389 to 492,167,089. In the calculation of weighted average number of shares, the 222,122,700 consideration shares are included as if they had been issued on January 1, 2019.

Dividends

Aker Solutions distributed in August 2020 dividends to its shareholders in the form of dividend shares in Aker Offshore Wind Holding AS and Aker Carbon Capture AS. The distribution implied that one share in Aker Solutions entitled the shareholders to receive one share in each company. The companies completed a private placement before they were successfully admitted to trading on Euronext Growth (Oslo). Based on the first trading day at Euronext Growth, each shareholder received a value of NOK 3,41 per share in Aker Offshore Wind Holding AS and a value of NOK 5,05 per share in Aker Carbon Capture AS.

The non-cash dividend distribution to shareholders was accounted for at fair value based on a valuation prior to the listing. The value of the shares was NOK 953 million at the time of distribution, and a gain of NOK 808 million was recognized in other income.

See note 16 for more information about share capital and treasury shares
See note 27 for more information about the dividend distribution of 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 12 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 cashflows. Economic conditions may change and lead to a different conclusion regarding recoverability, and such changes may effect future reporting periods.

Note 9 continues on next page

Note 9 Income Tax cont.

Income Tax Expense

Amounts in NOK million	2020	2019
Current income tax		
Current year	**142**	176
Adjustments for prior years	**8**	20
Total current income tax	**151**	**196**
Deferred income tax		
Origination and reversal of temporary differences	**-344**	-90
Write down of tax loss carry-forwards and deferred tax assets	**372**	34
Change in tax rates	**7**	4
Adjustment for prior periods	**21**	13
Total deferred income tax	**56**	**-39**
Total income tax	**206**	**157**

Recoverability of tax losses carried forward has been subject to assessment following the oil price volatility and global COVID-19 pandemic in 2020. As a result of changed manufacturing strategy and market developments, deferred tax assets related to tax losses carried forward has been written down by NOK 372 million in 2020.

Taxes in OCI and Equity

Amounts in NOK million	2020	2019
Cashflow hedges, deferred tax	**-16**	7
Remeasurement of defined benefit pension plans	**-11**	-30
Income taxes included in OCI	**-27**	**-23**
Restatement of taxes related to prior years	**0**	51
Current tax cost in equity	**0**	**51**

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	2020		2019	
Income before tax	**-1,314**		441	
Income tax when applying Norwegian tax rate of 22 percent	**-289**	**22.0%**	97	22.0%
Tax effects of:				
Effect of different tax rates[1]	**-59**	**4.5%**	-9	-2.0%
Non-deductible expenses[2]	**55**	**-4.2%**	75	16.9%
Effect of withholding tax	**89**	**-6.8%**	-55	-12.5%
Effect of tax incentives	**0**	**0.0%**	-16	-3.7%
Current tax adjustments related to prior years	**8**	**-0.6%**	20	4.6%
Deferred tax adjustments related to prior years	**21**	**-1.6%**	13	2.8%
Previously unrecognized tax losses used to reduce payable tax[3]	**3**	**-0.2%**	3	0.8%
Write down of deferred tax assets	**372**	**-28.3%**	34	7.7%
Impact of change in tax rate[4]	**7**	**-0.5%**	1	0.1%
Other	**1**	**0.0%**	-5	-1.0%
Income tax and effective tax rate	**206**	**-15.7%**	**157**	**35.6%**

1) Effect of different tax rates in other jurisdictions.
2) Permanent differences include impact of non-deductible expenses and corporate interest restriction rules.
3) Effect of non-recognized timing differences and tax losses is related to tax losses in international operations.
4) Includes the effect of change in tax rate in the UK (from 19 to 17 percent in 2020), in India (from 35 to 29 percent from April 1, 2019) and in Norway (from 23 to 22 percent in 2019).

Note 9 continues on next page

Note 9 Income Tax cont.

Deferred Tax Assets and Liabilities

	Assets		Liabilities		Net	
Amounts in NOK million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Property, plant and equipment	**50**	40	**-167**	-111	**-118**	-71
Pensions	**187**	183	**0**	0	**187**	183
Projects under construction	**10**	5	**-2,035**	-1,409	**-2,025**	-1,404
Tax loss carry-forwards	**1,892**	1,509	**0**	0	**1,892**	1,509
Intangible assets	**6**	3	**-197**	-197	**-191**	-195
Provisions	**258**	206	**-37**	-40	**221**	166
Derivatives	**27**	3	**-11**	-1	**16**	2
Tax credits and other	**433**	235	**-174**	-149	**259**	86
Total before offsetting	**2,863**	**2,184**	**-2,621**	**-1,908**	**242**	**277**
Offsetting	**-2,398**	-1,314	**2,398**	1,314	**0**	0
Total	**464**	**871**	**-223**	**-594**	**242**	**277**

Note 9 continues on next page

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Note 9 Income Tax cont.

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, 2019	**-74**	**164**	**-2,204**	**1,307**	**-239**	**213**	**-7**	**1,060**	**221**
Recognized in profit and loss	15	-5	816	140	44	-48	2	-928	37
Recognized in other comprehensive income (OCI)	0	24	0	0	0	0	-7	0	17
Recognized in equity (revaluation related to prior year)	0	0	-15	0	0	0	0	-23	-39
Prepaid withholding tax	0	0	0	0	0	0	0	61	61
Reclassification between categories	-10	0	0	64	0	0	13	-63	4
Currency translation differences	-2	0	-2	-1	0	0	1	-21	-25
Balance as of December 31, 2019	**-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**

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	Expires within 5-20 years	Indefinite expiration	Total	Of which is unrecognized	Of which is recognized	Unrecognized
Norway	0	0	7,357	**7,357**	0	7,357	76
Europe excluding Norway	326	27	652	**1,005**	989	16	0
North America	0	652	708	**1,359**	652	708	0
South America	0	0	713	**713**	364	349	0
Asia Pacific	144	901	188	**1,233**	1,230	3	1
Total	**470**	**1,579**	**9,618**	**11,667**	**3,234**	**8,433**	**77**

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, cashflows, 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 45 million as of December 31, 2020, all of which expire in 2021. Contractual commitments were NOK 324 million per December 31, 2019.

Property, Plant and Equipment

Amounts in NOK million	Buildings and sites	Machinery and equipment	Under construction	Total
Historical cost				
Balance as of December 31, 2018	2,588	6,864	498	9,950
Additions	87	98	716	901
Reclassifications from assets under construction	27	341	-373	-5
Disposals and scrapping	-25	-68	0	-93
Currency translation differences	-3	15	-1	11
Balance as of December 31, 2019	**2,674**	**7,250**	**840**	**10,764**
Additions	51	36	341	**429**
Reclassifications from assets under construction	404	485	-889	**0**
Disposals 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**
Accumulated depreciation and impairment				
Balance as of December 31, 2018	-967	-4,989	-16	-5,972
Depreciation for the year	-92	-482	0	-574
Impairment	-9	-37	0	-46
Disposals and scrapping	20	60	0	80
Currency translation differences	-10	-13	0	-23
Balance as of December 31, 2019	**-1,057**	**-5,461**	**-16**	**-6,535**
Depreciation for the year	-92	-485	0	**-577**
Impairment	-6	-157	0	**-163**
Disposals 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**
Book value as of December 31, 2019	**1,616**	**1,789**	**824**	**4,229**
Book value as of December 31, 2020	**1,746**	**1,591**	**230**	**3,567**

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

The technology development programs at Aker Solutions are closely monitored in order 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 lifes. The majority of the capitalized development in 2020 related to digital development programs. Intangible assets also include goodwill and other assets identified in previous mergers and acquisitions.

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 as a whole, 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, cashflows, 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, 2018	3,004	5,329	319	**8,653**
Additions from internal development[1]	301	0	0	**301**
Reclassifications between categories	30	0	-25	**5**
Assets fully written down, no longer in use	-2	0	0	**-2**
Currency translation differences	40	66	6	**112**
Balance as of December 31, 2019	**3,373**	**5,396**	**300**	**9,069**
Additions from internal development[1]	199	0	0	**199**
Reclassifications 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**

1) Development cost funded by third-party totaled NOK 84 million in 2020 (NOK 130 million in 2019).

Amounts in NOK million	Capitalized development	Goodwill	Other	Total
Accumulated amortization and impairment				
Balance as of December 31, 2018	-1,579	-464	-214	**-2,257**
Amortization for the year	-282	0	-35	**-317**
Impairment	-25	0	0	**-25**
Reclassifications between categories	-14	0	14	**0**
Currency translation differences	-16	0	-4	**-21**
Balance as of December 31, 2019	**-1,916**	**-464**	**-239**	**-2,619**
Amortization for the year	-247	0	-27	**-274**
Impairment	-256	-96	0	**-352**
Reclassifications between categories	7	0	0	**7**
Disposal of subsidiaries and assets	0	1	0	**0**
Currency translation differences	29	7	10	**47**
Balance as of December 31, 2020	**-2,384**	**-552**	**-256**	**-3,191**
Book value as of December 31, 2019	**1,457**	**4,932**	**61**	**6,450**
Book value as of December 31, 2020	**955**	**4,839**	**31**	**5,825**

Research and Development Expenses

The research and development expense amounted to NOK 60 million in 2020 compared to NOK 118 million in 2019.

See note 12 for more information about impairment testing

Note 12 Impairment of Assets

The year 2020 was challenging due to the COVID-19 pandemic and the market volatility. Aker Solutions made several structural and strategic changes during the year to adapt to the new market environment, including the merger of Aker Solutions and Kvaerner. The outlook for project sanctioning has improved as a result of the Norwegian Government's temporary tax incentives. Nevertheless, the impairment testing of the assets resulted in impairment losses of NOK 352 million for intangible assets, NOK 163 million for property, plant and equipment and NOK 513 million for right-of-use lease assets in 2020.

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 updates of the future expected cashflows, 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 for all assets as part of a cash generating unit (CGU) every quarter. 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 cashflows. 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, cashflows, determination of CGUs and WACC, growth rate used for calculation of terminal value and other assumptions that may change over time. In particular, future cashflows 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.

Cashflow Assumptions

Three year cashflows in the period 2021 to 2023 have been used as basis for the estimates of future cashflows. The forecasted cashflows are based on firm orders in the backlog and identified prospects in addition to expected service revenue. 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 cashflows 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.

Note 12 continues on next page

Note 12 Impairment of Assets cont.

Discount and Growth Rate

Estimated future cashflows 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 three-year period.

Impairment Testing of Individual Assets and CGUs

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

	Renewables and Field Development		Electrification, Modification and Maintenance (EMM)		Subsea		Other		Total	
Amounts in NOK million	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Impairment of intangible assets	-19	23	96	-	260	2	15	-	352	25
Impairment of property, plant and equipment	0	-	21	-	125	46	16	-	163	46
Impairment of right-of-use assets	75	-	4	-	14	107	420	150	513	257
Total impairment	**56**	**23**	**121**	**-**	**399**	**154**	**452**	**150**	**1 027**	**327**

The impairment of intangible assets of NOK 352 million (NOK 25 million in 2019) mainly relate to development programs where the technology or commercial outlook no longer justified the value. The impairment on property, plant and equipment of NOK 163 million in 2020 (NOK 46 million in 2019) mainly relate to leasehold improvements and production assets. The impairment of right-of-use assets of NOK 513 million (NOK 257 million in 2019) relate to separable areas that are vacated by Aker Solutions and update of market value of potential sub-leases. One CGU with recoverable amount of NOK 42 million was impaired, the other impairments related to individual assets.

Note 12 continues on next page

MENU

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. After the merger and the restructuring of the company in 2020, the groups of CGUs that include goodwill have changed compared to prior year. Goodwill has been reallocated based on where the business activity continues in the new organization. The fair value of the CGU has been used as basis for the allocation. The book value of goodwill for the four groups of CGUs that include goodwill is shown below. The book-value method has been used for the comparative figures.

Amounts in NOK million	2020	2019
Engineering	**681**	694
Topside yards	**720**	734
Electrification, modifications and maintenance	**1,297**	1,322
Subsea	**2,140**	2,181
Total goodwill as of December 31	**4,839**	**4,932**

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

	2020	
	Post-tax WACC	Pre-tax WACC
Engineering	**8.9%**	**12.0%**
Topside yards	**8.9%**	**10.2%**
Electrification, modifications and maintenance	**9.0%**	**12.1%**
Subsea	**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 cashflows 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 1.7 percent has been used for the CGUs. The annual impairment testing of goodwill did not result in any impairment losses.

Comparison to prior year

The groups of CGUs that include goodwill changed in 2020 following the merger and restructuring of the company as presented above. In 2019, Aker Solutions and Kvaerner were separate companies and each had two CGUs containing goodwill. In Aker Solutions, the post-tax WACC for the Projects CGU was 8.6 percent (pre-tax: 11.0 percent) and for the Services CGU 8.8 percent (pre-tax: 11.5 percent). They both had a growth rate of 1.5 percent. In Kvaerner, the post-tax WACC for the Stord yard CGU was 8.9 percent (pre-tax: 11.0 percent) and for the Verdal yard CGU 8.9 percent (pre-tax: 10.3 percent). A growth rate of 1.0 percent was used for both Kvaerner CGUs.

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 cashflow. 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 cashflows in the future.

The recoverable amounts exceed book value for all scenarios for all the CGUs in the goodwill impairment testing. The asset base in Engineering, Topside yards, and EMM is relatively lower and the recoverable amount is significantly higher than book values for these CGUs. Subsea CGU with net assets of NOK 5,551 million is sensitive for impairment. The WACC used in the impairment testing was 9.1 percent and the growth rate was 1.7 percent. Sensitivity testing has been performed by changing one assumption and keeping the others constant. The WACC can be increased to 10.7 percent, the growth rate can be reduced to minus 0.8 percent and the cashflows can be reduced by 17 percent without triggering an impairment.

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
See note 26 for more information about the merger between Aker Solutions and Kvaerner

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	**2020**	**2019**
Raw materials and semi-finished goods	**253**	375
Finished goods	**2**	3
Total	**255**	**378**
Inventories at cost	**367**	557
Inventory write-downs to net realizable value	**-112**	-179
Total	**255**	**378**
Balance of January 1	**378**	333
Purchase of inventory	**753**	1,462
Recognized as expense	**-848**	-1,401
Write down for obsolete inventory	**-67**	-73
Reversal of write down for obsolete inventory	**70**	57
Currency translation differences	**-31**	0
Total	**255**	**378**

There are no securities pledged over inventories.

Note 14 Customer Contract Assets 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 (with or without a significant financing component) 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.

Customer Contract Assets and Other Receivables

Amounts in NOK million	2020	2019
Trade receivables	**2,986**	3,145
Trade receivables, related parties	**38**	320
Less provision for impairment of receivables	**-79**	-85
Trade receivables, net	**2,945**	**3,380**
Customer contract assets	**4,106**	5,666
Other receivables	**549**	629
Customer contract assets and other receivables	**4,655**	**6,295**

Bad Debt Provision

Amounts in NOK million	2020	2019
Balance as of January 1	**-85**	-106
Provisions made during the year	**-20**	-13
Provisions made during the year	**15**	0
Provisions made during the year	**4**	33
Provisions reversed during the year	**4**	0
Currency translation differences	**3**	0
Balance as of December 31	**-79**	**-85**

Aging of Trade Receivables

Amounts in NOK million	2020	2019
Not due	**1,940**	2,822
Past due 0-30 days	**312**	229
Past due 31-90 days	**299**	129
Past due 91 days to one year	**291**	141
Past due more than one year	**183**	143
Total	**3,024**	**3,465**

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 22 for more information about credit risk and the ECL method
See note 25 for more information about financial assets and liabilities and IFRS 9 implementation effects
See note 29 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	2020	2019
Cash pool	**1,764**	754
Interest-bearing deposits	**1,393**	3,576
Non interest-bearing deposits and other	**14**	153
Total	**3,171**	**4,483**

Available Liquidity

Additional undrawn committed non-current bank revolving credit facilities amounted to NOK 5 billion, compared to NOK 4.4 billion in the prior period. Together with cash and cash equivalents, this gives a total liquidity buffer of NOK 8.2 billion, compared to NOK 8.9 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 with a nominal share capital of NOK 293,807,940 through the issuance of 272,044,389 shares. In the merger with Kværner ASA on November 10, 2020, Aker Solutions issued 220,122,700 new ordinary shares as merger consideration (the “Consideration Shares”). 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, 2020. 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.

Share Premium

The share premium include the capital increase from the merger with Kvaerner. The fair value of Kvaerner was NOK 3,925 million at the time of the merger on November 10, 2020. An amount of NOK 3,687 million reflecting the excess consideration above nominal value was recognized as share premium.

Treasury Shares

The number of own shares (treasury shares) was 101,636 per December 31, 2020, which is the same as last year. Each share has a nominal value of NOK 1.08. The total consideration for the shares was NOK 2.2 million. The shares were acquired in order to meet obligations under previous years' employee share programs.

Hedging Reserve

The hedge reserve mainly relates to effects of currency cashflow 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.

Note 16 continues on next page

Note 16 Equity cont.

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 26 for more information about the merger between Aker Solutions and Kvaerner
See note 28 for more information about 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 31 December 2020. 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. The revolving credit facility in Kvaerner prior to the merger has been cancelled.

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.

Note 17 continues on next page

Note 17 Borrowings cont.

Bonds and Borrowings

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%	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%	2019-2024	Fixed, periodically
Other borrowings			**16**					
Total borrowings			**2,715**					
Current borrowings			**202**					
Non-current borrowings			**2,513**					
Total borrowings			**2,715**					

2019

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**	1.80%	3.15%	4.95%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	1,000	**993**	1.84%	3.00%	4.84%	06/03/24	Floating, 3M+fix margin
Total bonds[1]			**2,496**					
Revolving credit facility Aker Solutions (NOK 5,000 million)[2]	NOK	600	**582**	1.87%	1.10%	2.97%	03/19/23	NIBOR + Margin[3]
Revolving credit facility Kvaerner (NOK 2,000 million)[2]	NOK	0	**0**	1.87%	1.80%	3.67%	09/19/24	NIBOR + Margin[3]
Brazilian Development Bank loans[4]	BRL	190	**415**	8.62%	0.00%	8.62%	2020-2024	Fixed, periodically
Other borrowings			**4**					
Total borrowings			**3,497**					
Current borrowings			**217**					
Non-current borrowings			**3,280**					
Total borrowings			**3,497**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,500 million by total issue costs that are amortized over the duration of the loans. Amount includes NOK 15 million in remaining issue costs and NOK 12 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. The credit facility in Kvaerner was cancelled in 2020 as a result of the merger.
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 8.1 percent in 2020. 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

2020

Amounts in NOK million	Carrying amount	Total cashflow[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**

2019

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,503	**1,707**	38	38	75	1,556
ISIN NO 0010853286	993	**1,221**	25	25	49	1,123
Total bonds	**2,496**	**2,928**	**63**	**62**	**124**	**2,679**
Revolving credit facility (NOK 5,000 million)[2]	582	**659**	10	9	18	622
Brazilian development bank loans	415	**445**	96	115	203	31
Other borrowings	4	**4**	4	0	0	0
Total other borrowings	**1,001**	**1,108**	**110**	**124**	**221**	**653**
Total borrowings	**3,497**	**4,037**	**173**	**186**	**345**	**3,332**

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 cashflow 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

	2020				2019			
Amounts in NOK million	**Bond**	**Credit Facilities**	**Other Borrowings**	**Total**	**Bond**	**Credit Facilities**	**Other Borrowings**	**Total**
Balance as of January 1	2,496	582	419	**3,497**	2,508	-25	430	**2,913**
Proceeds from loans and borrowings	0	1,400	103	**1,503**	1,000	600	184	**1,784**
Repayment of borrowings	0	-2,000	-236	**-2,236**	-1,000	0	-190	**-1,190**
Total changes from financial cashflows	**0**	**-600**	**-133**	**-733**	**0**	**600**	**-6**	**594**
Accrued interest	-5	0	4	**-2**	-6	1	1	**-4**
Amortization of borrowing cost	7	6	0	**13**	-5	6	0	**1**
Currency translation differences	0	0	-60	**-60**	0	0	-6	**-6**
Balance as of December 31	**2,497**	**-12**	**230**	**2,715**	**2,496**	**582**	**419**	**3,497**

Mortgages

The company has no mortgage liabilities in 2020 (nor 2019).

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 building	Investment property	Machinery and vehicles	Others	Total
Historical cost					
Balance at January 1, 2019	4,909	0	38	6	**4,952**
Transfer between categories	-495	495	0	0	**0**
Restated balance at January 1, 2019	**4,414**	**495**	**38**	**6**	**4,952**
Additions and remeasurement	186	0	4	3	**193**
De-recognition due to termination or sublease	-181	0	0	0	**-181**
Currency translation differences	50	0	0	0	**50**
Balance as of December 31, 2019	**4,469**	**495**	**41**	**9**	**5,014**
Additions and remeasurement	303	3	3	2	**312**
De-recognition due to termination or sublease	-27	-116	0	0	**-143**
Transfer between categories	-692	692	0	0	**0**
Currency translation differences	9	0	-3	-1	**4**
Balance as of December 31, 2020	**4,062**	**1,074**	**40**	**10**	**5,187**
Accumulated depreciation and impairment					
Balance at January 1, 2019	-542	0	0	0	**-542**
Transfer between categories	42	-42	0	0	**0**
Restated balance at January 1, 2019	**-500**	**-42**	**0**	**0**	**-542**
Depreciation expense	-443	-43	-14	-5	**-505**
Impairments	-231	-26	0	0	**-257**
Currency translation difference	-8	0	0	0	**-8**
Balance as of December 31, 2019	**-1,182**	**-112**	**-14**	**-5**	**-1,312**
Depreciation expense	-395	-25	-12	-4	**-436**
Impairments	-483	-30	0	0	**-513**
Transfer between categories	272	-272	0	0	**0**
Currency translation difference	8	0	2	0	**11**
Balance as of December 31, 2020	**-1,780**	**-438**	**-23**	**-8**	**-2,249**
Book value as of December 31, 2019	**3,287**	**383**	**27**	**4**	**3,703**
Book value as of December 31, 2020	**2,283**	**636**	**17**	**2**	**2,938**

The impairment of right-of-use assets for land and buildings mainly relates to new separable areas that are, or will be, vacated by Aker Solutions in the near future, and update of market value of potential sub-leases.

Note 18 continues on next page

Note 18 Leases and Investment Property cont.

Lease liabilities and Lease Receivables

The movement in lease liabilities is presented below. The movement in lease receivables related to sub-leases is also included in the table.

Amounts in NOK million	Lease liabilities		Lease receivable (sub-lease)	
	2020	**2019**	**2020**	**2019**
Movement of lease liabilities and receivables				
Balance as of January 1	5,536	6,024	784	846
Additions and remeasurement	208	193	118	28
De-recognition	-1	-191	0	0
Interest expense/sub-lease interest income	230	237	36	33
Lease payments/sub-lease payments	-899	-829	-143	-146
Currency translation differences	36	102	3	23
Balance as of December 31	**5,111**	**5,536**	**797**	**784**
Of which current	643	590	129	121
Of which non-current	4,468	4,946	668	663
Balance as of December 31	**5,111**	**5,536**	**797**	**784**

The weighted-average discount rate applied to calculate lease liability was 4.3 percent in 2020 (4.4 percent in 2019). The company has not had any material lease concessions as a result of COVID-19 pandemic.

See note 6 for more information about operating expenses for land and buildings
See note 12 for more information about impairment testing right-of-use assets as part of a CGU
See note 20 for more information about onerous lease provisions for operating leases
See note 29 for more information about leasing contracts with related parties

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

Amounts in NOK million	Lease Payments		Financial sub-lease income		Operational sub-lease income	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Maturity within 1 year	842	810	159	156	24	11
Maturity 1-5 years	2,671	2,897	475	525	36	10
Maturity 5-10 years	1,774	1,985	222	290	13	0
Maturity later than 10 years	927	1,115	60	15	0	0
Total	**6,213**	**6,807**	**916**	**986**	**73**	**22**
Discounting effect	-1,103	-1,271	-119	-203	n/a	n/a
Lease liabilities and lease receivable	**5,111**	**5,536**	**797**	**784**	**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	**2020**	**2019**
Income from operational sub-leases presented as other income	91	109
Expenses relating to short-term leases presented as operating costs	-513	-654
Expenses relating to low-value leases presented as operating costs	-40	-56
Depreciation of ROU assets	-436	-505
Impairments of ROU assets	-513	-257
Interest on lease receivables presented as financial income	36	33
Interest on lease liabilities presented as financial expense	-230	-249
Gain on termination of lease agreements	-0	38
Expense relating to variable lease payments not included in lease liabilities	-4	-3
Total effect on profit/(loss) before tax	**-1,608**	**-1,544**

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.

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 plans 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 2020 were NOK 310 million, compared to NOK 325 million in 2019. The estimated contribution expected to be paid in 2021 is NOK 314 million.

Note 19 continues on next page

Note 19 Pension Obligations cont.

Defined Benefit Plans

The defined benefit plans at the Norwegian companies in Aker Solutions are split between funded and unfunded plans. 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 2021 is NOK 58 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.

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 2020 were NOK 116 million, compared to NOK 119 million in 2019. The estimated contribution expected to be paid in 2021 is NOK 116 million.

Pension Plans Outside Norway

Pension plans outside Norway are mainly defined contribution plans. The annual contributions expensed for plans outside Norway in 2020 were NOK 173 million, compared to NOK 185 million in 2019. The estimated contributions expected to be paid in 2021 is NOK 196 million to the plans outside Norway.

Total Pension Cost

Amounts in NOK million	2020	2019
Defined benefit plans	**245**	117
Defined contribution plans	**609**	584
Total	**854**	**701**

Note 19 continues on next page

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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	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Balance as of January 1	**2,232**	2,112	**-1,346**	-1,391	**12**	50	**899**	771
Current service and administration cost	**221**	89	**9**	8	**0**	0	**230**	96
Interest cost (income)	**44**	57	**-29**	-38	**0**	1	**15**	22
Included in income statement	**265**	**146**	**-20**	**-30**	**0**	**1**	**245**	**117**
Actuarial loss (gain) arising from financial assumptions	**85**	58	**0**	0	**0**	0	**85**	58
Return on plan assets	**0**	0	**-20**	29	**0**	0	**-20**	29
Changes in asset ceiling	**0**	0	**0**	0	**3**	-39	**3**	-39
Actuarial loss (gain) arising from experience adjustments	**-6**	79	**-10**	8	**0**	0	**-16**	87
Remeasurement loss (gain) included in OCI	**79**	**137**	**-30**	**37**	**3**	**-39**	**52**	**136**
Contributions paid into the plan	**0**	0	**-72**	-109	**0**	0	**-72**	-109
Benefits paid by the plan	**-186**	-163	**144**	148	**0**	0	**-43**	-16
Other	**-186**	**-163**	**72**	**39**	**0**	**0**	**-115**	**-125**
Balance as of December 31	**2,391**	**2,232**	**-1,324**	**-1,346**	**15**	**12**	**1,082**	**898**

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

	Present value of obligation		Fair value of plan assets		Impact of asset ceiling		Net defined benefit liability	
Amounts in NOK million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Net defined benefit liability funded plan	**1,309**	1,334	**-1,324**	-1,346	**15**	12	**0**	1
Net defined benefit liability unfunded plans	**1,082**	898	**0**	0	**0**	0	**1,082**	898
Balance as of December 31	**2,391**	**2,232**	**-1,324**	**-1,346**	**15**	**12**	**1,082**	**898**

Note 19 continues on next page

Note 19 Pension Obligations cont.

Assets in the Defined Benefit Plan

Amounts in NOK million	**2020**	**2019**
Bonds	**708**	784
Income and equity funds	**616**	561
Total plan assets at fair value	**1,324**	**1,346**

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:

Amounts in NOK million	**2019**	**2018**
Discount rate	1.50%	2.20%
Asset return	1.50%	2.20%
Salary progression	2.00%	2.25%
Pension indexation funded plans[1]	0-4%	0-4%
Mortality table	K2013	K2013
Remaining life expectancy at age 65 for pensioners, males	22.5	22.4
Remaining life expectancy at age 65 for pensioners, females	25.8	25.7

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.

Amounts in NOK million	**2020**	**2019**
Discount rate increase by 1 percent	-119	-119
Discount rate decrease by 1 percent	153	153
Expected rate of salary increase by 1 percent	1	2
Expected rate of salary decrease by 1 percent	-1	-2
Expected rate of pension increase by 1 percent	144	144
Expected rate of pension decrease by 1 percent	-9	-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
See note 30 for more information about pension arrangements for the management

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 below.

Provisions

Amounts in NOK million	Warranties	Onerous contracts	Restructuring	Other	Total
Balance as of January 1, 2019	**737**	**118**	**19**	**113**	**987**
Provisions made during the year	117	191	14	27	**349**
Provisions used during the year	-146	-68	-12	-4	**-231**
Provisions reversed during the year	-425	-3	-2	-8	**-438**
Reclassifications	8	3	0	5	**15**
Currency translation differences	6	0	0	2	**9**
Balance as of December 31, 2019	**296**	**241**	**18**	**135**	**691**
Provisions made during the year	157	-19	277	74	**489**
Provisions used during the year	-90	-78	-176	-42	**-386**
Provisions reversed during the year	-38	-86	-52	-28	**-204**
Reclassifications	1	5	0	6	**13**
Currency translation differences	-4	1	-2	-6	**-12**
Balance as of December 31, 2020	**322**	**63**	**65**	**140**	**590**

Amounts in NOK million	Warranties	Onerous contracts	Restructuring	Other	Total
Expected timing of payments					
Due within twelve months	162	210	11	28	**411**
Due after twelve months	134	32	7	107	**280**
Total as of December 31, 2019	**296**	**241**	**18**	**135**	**691**
Due within twelve months	113	59	63	41	**276**
Due after twelve months	209	4	3	99	**314**
Total as of December 31, 2020	**322**	**63**	**65**	**140**	**590**

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.

Restructuring Provision

The restructuring provision relates to expected employee costs for permanent and temporary redundancies. The provision has been estimated based on assumptions of number of employees affected, salary levels, notice period, idle time assumed during notice period and severance pay. The provision is sensitive for changes in any of these assumptions.

Other

Other provisions relate to other liabilities with uncertain timing or amount. This includes provisions for claims, leasehold dilapidations and certain employee benefits.

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.

Nordsee Ost project

In 2012, arbitration related to the Nordsee Ost project was filed by Kvaerner AS. The last wind jackets for the project were delivered in October 2013. The legacy project related to Nordsee Ost has been subject to significant estimation uncertainty over the years, as estimating the final outcome required assessment of complex interpretations of contractual, engineering, design and project execution issues with a wide range of reasonably possible outcomes. Management assessed the likely outcome of these proceedings at December 31, 2020, which form the basis of the recoverable amounts of the receivable that is recognized in the financial statements.

In early March 2021, Aker Solutions received the final ruling from the arbitration tribunal in Germany. The ruling entitles Aker Solutions to receive a recoverable cash amount of approximately EUR 67 million, of which approximately EUR 23 million relates to interest. This amount and the financial effects thereof will be recognized in Aker Solutions' financial statements when the asset qualify for recognition, which is expected to be when payment has been received. The cash amount to be received will cover the receivable in the balance sheet, and in addition Aker Solutions will receive approximately EUR 23 million of interest income.

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 269 million (NOK 444 million) as of December 31, 2020 compared to BRL 265 million (NOK 580 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.

See note 3 for more information about customer contracts
See note 5 for more information about restructuring costs
See note 32 for more information about the Nordsee Ost project

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	2020	2019
Trade creditors	2,068	2,509
Trade creditors, related parties	57	16
Trade payables	**2,125**	**2,525**
Accrued operating costs	4,233	5,784
Public duties and taxes	863	923
Other current liabilities	599	953
Other payables	**5,696**	**7,660**
Total	**7,821**	**10,185**

Trade creditors include an amount of NOK 275 million as of December 31, 2020 (NOK 217 million in 2019) subject to reverse factoring. Other payables include NOK 102 million of payments received from sale of unbilled receivables as of December 31, 2020 (NOK 44 million in 2019). Trade creditors include NOK 13 million (NOK 10 million in 2019) due after one year.

See note 3 for more information about customer contract liabilities
See note 29 for more information about receivables 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 Risk generally increased in 2020 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.

- **Currency risk:** The pandemic impacted volatility in the currency market which may impact the future results of Aker Solutions.
- **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 and strong order intake in 2020 contributed to 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 involving 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 cashflow 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 disqualification effects are reported in the "other" segment. Currency exposure from 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. Although mitigating actions have been taken in order to minimize the currency exposure, Aker Solutions experienced significant exposure to currency devaluation in Angola in 2019. The exposure originated from legal requirements in Angola to convert all payments from clients to local currency and high invoicing activity at the same time as the Angolan Kwanza (AOA) devalued more than 30 percent. Aker Solutions could be exposed to similar exposure in the unlikely event that other countries where the company has operations impose similar restrictions.

Conversions to AOA are done on the official AOA month end central bank exchange rate for the month prior to invoicing. Instruments to hedge currency exposure in Angolan Kwanza are generally not available in the foreign exchange market, hence trade receivables and cash in AOA bank accounts are exposed to currency fluctuations. Mitigating actions in Angola include multilateral agreements with banks, customers and vendors on timing of payments to minimize the exposed cash balance and USD linked bank deposits. Aker Solutions will always strive to minimize cash balances and maximize cash available for treasury.

Total cash in local bank accounts in Angola amounted to NOK 245 million as of December 31, 2020 compared to NOK 444 million in the prior year. NOK 122 million of the bank deposits was placed on USD linked bank deposit and USD and EUR bank accounts, hence not exposed to AOA devaluation.

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 cashflows 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.

	2020				2019			
Amounts in million	**USD**	**EUR**	**GBP**	**AOA**	**USD**	**EUR**	**GBP**	**AOA**
Bank deposits	-1	-10	-54	9,403	-16	-2	-80	13,049
Intercompany deposits (+) and loan (-)	66	-1	-1	0	29	-123	-1	0
Balance sheet exposure	**65**	**-12**	**-56**	**9,403**	**13**	**-125**	**-81**	**13,049**
Forecasted receipts from customers	248	96	106	8,392	251	93	106	10,530
Forecasted payments to vendors	-201	-81	-131	-1,955	-91	-79	-126	-293
Cashflow exposure	**47**	**15**	**-25**	**6,437**	**160**	**15**	**-20**	**10,237**
Forward exchange contracts	-110	-3	81	0	-166	113	102	0
Tri-party agreements	0	0	0	0	0	0	0	-8,308
Net exposure in currency	**2**	**0**	**0**	**15,840**	**6**	**2**	**1**	**14,977**
Net exposure in NOK	**16**	**5**	**0**	**208**	**54**	**22**	**12**	**275**

The currency exposures in USD, EUR and GBP per December 31, 2020 were within the trading mandate as of December 31, 2020 and 2019. The currency exposure of NOK 208 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.

	2020		2019	
Amounts in NOK million	**Income (loss) before tax**	**Equity increase (decrease)**	**Income (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strengthening	**-1**	**-49**	-84	-115
EUR - 15 percent strengthening	**62**	**63**	41	78
GBP - 15 percent strengthening	**70**	**145**	52	89
AOA - 15 percent strengthening	**31**	**31**	40	40

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:

	2020			
Amounts in NOK million	**Revenue increase (decrease)**	**EBIT increase (decrease)**	**Profit (loss) before tax**	**Equity increase (decrease)**
USD - 15 percent strengthening	462	-11	-49	149
EUR - 15 percent strengthening	1	7	5	82
GBP - 15 percent strengthening	210	-94	-96	142
BRL - 15 percent strengthening	155	-62	-71	118

Interest Rate Risk

Borrowings issued at variable rates expose the company to cashflow 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 cashflow are substantially independent of changes in market interest rates. At year-end, 50 percent of NOK 2,500 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.

	2020		2019	
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	48	0	49	0
Interest on borrowings	-44	29	13	40
Effect of interest rate swap	13	0	-33	0
Cashflow sensitivity (net)	**17**	**29**	**28**	**40**

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 during 2020 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 insignificant.

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 oil 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 cashflow. 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

2020

Amounts in NOK million	Book value	Total cashflow[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	-	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

2019

Amounts in NOK million	Book value	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years	More than 5 years
Borrowings	3,497	**4,037**	173	186	345	3,332	0
Net derivative financial instruments	61	**61**	45	9	2	5	0
Trade and other payables	10,185	**10,185**	10,159	17	2	6	1
Lease liabilities	5,536	**6,807**	424	387	816	2,081	3,100
Total liabilities	**19,279**	**21,090**	**10,800**	**599**	**1,165**	**5,425**	**3,101**
Financial guarantees		**13,859**	896	1,412	1,342	2,657	7,553

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 fulfillment of lease obligations, credits and loans were NOK 10.7 billion (NOK 9.0 billion in 2019)
- Financial guarantees including counter guarantees for bank/surety bonds and guarantees for pension obligations to employees were NOK 6.4 billion (NOK 4.9 billion in 2019)

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. This statutory liability is unlimited in time, but is limited in amount. The remaining value of the financial guarantees where Aker Solutions has a secondary joint liability was NOK 2.6 billion per December 31, 2020 compared to NOK 3.1 billion per December 31, 2019.

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, 2020 the liquidity reserve amounted to NOK 8.2 billion compared to NOK 8.9 billion in the prior year. It was composed of an undrawn committed credit facility 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

As per end of 2020, the debt structure of Aker Solutions was 7 percent (29 percent in 2019) from bank and export credit agency (ECA) debt and 93 percent (71 percent in 2019) from bonds issued in the Norwegian market. 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. The reported ratios are within the requirements in the loan agreements as shown in the table below.

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

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Note 23 Capital Management cont.

Gearing and Interest Cover Ratios at December 31

Amounts in NOK million	2020	2019
Gearing ratios		
Non-current interest-bearing borrowings	**2,513**	3,280
Current interest-bearing borrowings	**202**	217
Gross interest-bearing debt	**2,715**	**3,497**
Cash and cash equivalent	**-3,171**	-4,483
Net debt	**-456**	**-986**
EBITDA excl. IFRS 16[1] (Operating income before depreciation, amortization and impairment)	**475**	1,718
Restructuring and other special items as defined in the loan agreement	**234**	457
Adjusted EBITDA	**709**	**2,176**
Gross interest-bearing debt/adjusted EBITDA	**3.8**	**1.6**
Net debt/adjusted EBITDA	**-0.6**	**-0.5**
Interest cover		
Adjusted EBITDA excl. IFRS 16[1]	**709**	2,176
Net interest expense as defined in the loan agreement	**196**	209
Adjusted EBITDA/Net finance cost	**3.6**	**10.4**

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

The interest cover ratio related to the revolving credit facility was close to the debt covenant per December 31, 2020. However, the facility has been undrawn since November 2020, and there are no plans to draw on the facility in the foreseeable future. The development of the interest cover ratio is closely monitored, and management will engage in close dialog with the lending banks if financial forecasts indicate a breach.

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 cashflows 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

Cashflow 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 cashflow hedge accounting are highly probable future transactions expected to occur at various dates during the next one to four years, depending on progress in 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, 2020, 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.

Note 24 continues on next page

Note 24 Derivative Financial Instruments cont.

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.

Cashflow Hedges of Interest Rates

Aker Solutions' interest exposure mainly arises from external funding in 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 cashflow 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 cashflows. Given Aker Solutions hedging policy and the assumption that projects are cash neutral, this table also indicates when the cashflows 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 cashflow and revenue recognition.

	2020						2019					
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												
Cashflow hedging instruments	178	81	35	48	13	0	114	85	21	8	0	0
Fair value adjustments to hedged instruments[2]	-71	-58	-8	-5	-1	0	-46	-37	-4	-5	0	0
Embedded derivatives in ordinary commercial contracts	35	26	8	0	0	0	39	19	8	13	0	0
Financial instruments not hedge accounted	67	17	10	32	7	0	74	72	1	1	0	0
Total forward foreign exchange contracts	**208**	**66**	**46**	**76**	**20**	**0**	**181**	**140**	**25**	**17**	**0**	**0**
Cashflow hedges interest rate assets	15	0	15	0	0	0	5	0	1	0	5	0
Total financial instrument assets	**223**	**66**	**61**	**76**	**20**	**0**	**187**	**140**	**26**	**17**	**5**	**0**
Liabilities												
Cashflow hedging instruments	-194	-53	-53	-74	-13	0	-88	-63	-22	-4	0	0
Fair value adjustments to hedged instruments	54	39	8	7	0	0	54	42	11	2	0	0
Embedded derivatives in ordinary commercial contracts	-71	-15	-16	-33	-7	0	-13	-11	-1	-1	0	0
Financial instruments not hedge accounted	-8	-4	-3	0	0	0	-79	-63	-5	-11	0	0
Total forward foreign exchange contracts	**-218**	**-34**	**-64**	**-101**	**-20**	**0**	**-126**	**-95**	**-17**	**-15**	**0**	**0**
Cashflow hedges interest rate liability	-36	-2	0	-14	-19	0	0	0	0	0	0	0
Total financial instrument liabilities	**-254**	**-36**	**-64**	**-115**	**-40**	**0**	**-126**	**-95**	**-17**	**-15**	**0**	**0**
Net financial instruments	**-31**	**30**	**-3**	**-39**	**-20**	**0**	**61**	**45**	**9**	**2**	**5**	**0**

1) Cashflows 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 the 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 cashflow hedges on profit and loss and equity (not adjusted for tax).

	2020			2019		
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 (cashflow hedges)	**-16**	**24**	**-40**	7	-2	9
Interest rate swaps	**-21**	**-2**	**-19**	5	0	5
Total	**-37**	**22**	**-59**	**13**	**-2**	**15**

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 24 million (negative NOK 2 million in 2019) of the value of the forward contracts have already impacted the income statement indirectly as revenues and expenses are recognized based on updated forecasts and progress. The negative NOK 40 million (NOK 9 million in 2019) that are currently recorded directly 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 cashflow hedges.

Amounts in NOK million	**Hedge reserve**
Balance as of January 1, 2019	-7
Forward currency contracts	118
Interest rate swaps	5
Total changes in fair value	**124**
Forward currency contracts	-95
Interest rate swaps	-3
Total amount reclassified to profit or loss	**-98**
Tax on movements on reserves during the year	-7
Balance as of December 31, 2019	**12**
Forward currency contracts	-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**

Interest Rate Swaps

Aker Solutions currently has two outstanding bonds. For the bond of NOK 1,500 at floating interest rates maturing July 25, 2022, NOK 750 million has been swapped to fixed interest rate. For the bond of NOK 1,000 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

Financial assets and liabilities in the group consist of investments in other companies, trade and other receivables, cash and cash equivalents, forward foreign exchange contracts, trade and other payables, borrowings and equity.

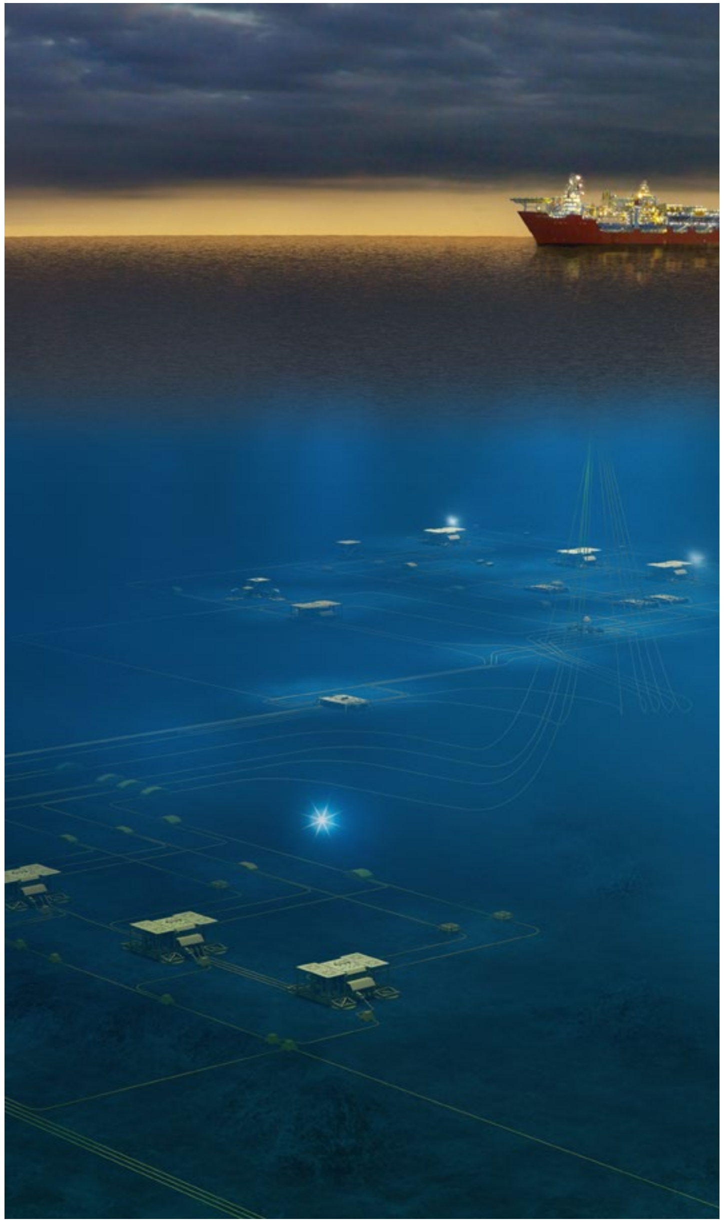
The Fair Value Hierarchy

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, 2020

	Carrying value							Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Financial assets at FVTPL[1]**	**Amortized cost**	**Equity investments at FVOCI[1]**	**Financial liabilities at FVTPL[1]**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	0	257	0	0	**257**	165	0	92	**257**
Non-current receivables	0	0	873	0	0	0	**873**	0	0	0	**0**
Trade and other receivables	0	0	3,494	0	0	0	**3,494**	0	0	0	**0**
Forward foreign exchange contracts	174	0	0	0	0	0	**174**	0	174	0	**174**
Fair value embedded derivatives	35	0	0	0	0	0	**35**	0	35	0	**35**
Interest rate instruments	15	0	0	0	0	0	**15**	0	15	0	**15**
Current interest-bearing receivables	0	0	200	0	0	0	**200**	0	0	0	**0**
Cash and cash equivalents	0	0	3,171	0	0	0	**3,171**	0	0	0	**0**
Financial assets	**223**	**0**	**7,737**	**257**	**0**	**0**	**8,218**	**165**	**223**	**92**	**480**
Non-current borrowings[3]	0	0	0	0	0	-2,513	**-2,513**	-2,407	0	-28	**-2,435**
Current borrowings[3]	0	0	0	0	0	-202	**-202**	0	0	-202	**-202**
Trade and other payables[4]	0	0	0	0	0	-4,220	**-4,220**	0	0	0	**0**
Lease liabilities	0	0	0	0	0	-5,111	**-5,111**	0	0	0	**0**
Forward foreign exchange contracts	-206	0	0	0	0	0	**-206**	0	-206	0	**-206**
Fair value embedded derivatives	-12	0	0	0	0	0	**-12**	0	-12	0	**-12**
Interest rate instruments	-36	0	0	0	0	0	**-36**	0	-36	0	**-36**
Financial liabilities	**-254**	**0**	**0**	**0**	**0**	**-12,046**	**-12,300**	**-2,407**	**-254**	**-230**	**-2,891**

1) FVTPL is short for fair value through profit and loss, 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.

Note 25 continues on next page

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Note 25 Financial Assets and Liabilities cont.

Financial Instruments as of December 31, 2019

	Carrying value							Fair value			
Amounts in NOK million	**Fair value - hedging instruments**	**Financial assets at FVTPL[1]**	**Amortized cost**	**Equity investments at FVOCI[1)]**	**Financial liabilities at FVTPL[1]**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Other investments[2]	0	0	0	101	0	0	**101**	0	0	93	**93**
Non-current receivables	0	0	805	0	0	0	**805**	0	0	0	**0**
Trade and other receivables	0	0	4,006	0	0	0	**4,006**	0	0	0	**0**
Forward foreign exchange contracts	136	0	0	0	0	0	**136**	0	136	0	**136**
Fair value embedded derivatives	46	0	0	0	0	0	**46**	0	46	0	**46**
Interest rate instruments	5	0	0	0	0	0	**5**	0	5	0	**5**
Current interest-bearing receivables	0	9	121	0	0	0	**130**	9	0	0	**9**
Cash and cash equivalents	0	0	4,483	0	0	0	**4,483**	0	0	0	**0**
Financial assets	**187**	**9**	**9,415**	**101**	**0**	**0**	**9,713**	**9**	**187**	**93**	**289**
Non-current borrowings[3]	0	0	0	0	0	-3,280	**-3,280**	-2,551	0	-784	**-3,334**
Current borrowings[3]	0	0	0	0	0	-217	**-217**	0	0	-217	**-217**
Trade and other payables[4]	0	0	0	0	0	-6,045	**-6,045**	0	0	0	**0**
Lease liabilities	0	0	0	0	0	-5,536	**-5,536**	0	0	0	**0**
Forward foreign exchange contracts	-113	0	0	0	0	0	**-113**	0	-113	0	**-113**
Fair value embedded derivatives	-13	0	0	0	0	0	**-13**	0	-13	0	**-13**
Financial liabilities	**-126**	**0**	**0**	**0**	**0**	**-15,079**	**-15,205**	**-2,551**	**-126**	**-1,001**	**-3,678**

1) FVTPL is short for fair value through profit and loss, 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 4,140 million in 2019 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 28 for more information about other investments

Note 26 Merger of Aker Solutions and Kvaerner

Aker Solutions ASA and Kværner ASA merged on November 10, 2020 to create a new supplier company with a stronger position as a solid execution partner and to accelerate the energy transition to renewable and low carbon energy solutions. Aker Solutions ASA absorbed the assets and liabilities of Kværner ASA and issued 220,122,700 consideration shares. The existing shares in Kværner ASA were deleted. Eligible shareholders in Kværner ASA received 0.8183 consideration shares in the merged Aker Solutions for each share they owned in Kværner ASA.

Financial Reporting Principles

Both companies were controlled by Aker ASA at the time of the merger. As common control transactions are not in scope of IFRS 3 Business Combinations, the company elected to use the book-value method to account for the merger. These consolidated financial statements include the transferred assets, liabilities, income and expenses of Kvaerner group retrospectively at book values from the beginning of the earliest period presented (January 1, 2019) as if Aker Solutions and Kvaerner had always been combined

The merger

The assets and liabilities of Kvaerner are measured at their book values in the combined financial statements. The difference of NOK 444 million between the fair value and book value of Kvaerner as of January 1, 2019 is recognized within equity in these financial statements for the merged company. The transaction costs related to the merger are recognized as expenses in the income statement. Costs related to the share issue of NOK 40 million are recognized in equity.

Comparative figures for 2019

The table below illustrates how the book values of each company were combined to present the 2019 comparative financial statements. The same consolidation principles have been applied for 2020.

Amounts in NOK million	Aker Solutions	Kvaerner	Eliminations	Com-bined
Income statement				
Revenue	29,263	9,032	-132	38,163
Operating income before depreciation, amortization and impairment (EBITDA)	2,244	498	-32	2,710
Operating income (EBIT)	705	306	-24	987
Income before tax	170	307	-36	441
Net income	83	233	-33	283
Balance sheet				
Non-current assets	14,298	2,126	-98	16,326
Current assets	12,265	4,231	176	16,672
Total assets	**26,563**	**6,357**	**78**	**32,998**
Equity	7,231	3,385	6	10,622
Non-current liabilities	9,123	643	-19	9,747
Current liabilities	10,209	2,329	90	12,629
Total equity and liabilities	**26,563**	**6,357**	**78**	**32,998**

See note 12 for more information about how goodwill has been reallocated after the merger and reorganization

Note 27 Subsidiaries and NCIs

During 2020, Aker Solutions made significant structural and strategic changes to transform the company. Aker Carbon Capture and Aker Offshore Wind were spun-off to shareholders as a dividend distribution, and ix3 (renamed aiZe) was sold to Aker. Aker Solutions merged with Kvaerner in November 2020.

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 merged with Kvaerner in 2020, and the subsidiaries of the merged company are listed in this note. Aker Solutions has 71 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.

Note 27 continues on next page

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 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	90
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
Aker Insurance Services AS	Fornebu	Norway	100
Aker Solutions AS	Fornebu	Norway	100
Aker Solutions Contracting AS	Fornebu	Norway	100

Note 27 Subsidiaries and NCIs cont.

Company	Location	Country	Percent
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 Holding AS	Fornebu	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 Process Gulf Co. Ltd	Al-Khobar	Saudi Arabia	100
Aker Solutions Saudi Arabia Co. Ltd.	Al-Khobar	Saudi Arabia	100
Aker Solutions Korea Co. Ltd	Geoje	South Korea	100
Aker Solutions Sweden 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
Kvaerner Resources Ltd	London	UK	100

Company	Location	Country	Percent
Aker Solutions Inc.	Houston	USA	100
Aker Solutions USA Corporation	Houston	USA	100
Kvaerner Americas Holdings Inc	Canonsburg	USA	100
Kvaerner North American Construction Inc	Canonsburg	USA	100
Kvaerner Renewables US LLC	Canonsburg	USA	100

Subsidiaries Sold or Distributed as Dividends

Aker Solutions sold ix3 to aiZe AS (a company fully owned by Aker ASA) during the year with resulted in a gain of NOK 34 million recognized in other income. Further, Aker Solutions established Aker Offshore Wind and Aker Carbon Capture as two subsidiaries during 2020 which were distributed as non-cash dividends to shareholders in August 2020. The dividend distribution was accounted for at fair value based on a valuation prior to the listing. The value of the shares was NOK 953 million at the time of distribution, and a gain of NOK 808 million was recognized in other income.

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 5 percent of Aker Powergas Pvt Ltd in 2020 and owned 100% of the company per December 31, 2020. Aker Solutions Enterprises LDS (Angola) distributed dividend to non-controlling interest in 2020 of NOK 37 million.

See note 3 for more information about other income
See note 8 for more information about the non-cash dividend distribution
See note 26 for more information about the merger with Kvaerner
See note 29 for more information about the sale of ix3 AS to aiZe AS

Note 28 Investment 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	2020	2019
Joint Ventures and Associates	61	168
Other investments	257	101
Total investment in companies	**318**	**269**

Joint Ventures and Associates (Equity Accounted Investees)

The company had twelve equity-accounted investments as of December 31, 2020. 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	50.0%	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
Petromarin Holding AS	Bergen, Norway	20.5%	Associate
Bemlotek AS	Fornebu, Norway	24.6%	Associate
Kværnhuset Industri-inkubator AS	Egersund, Norway	33.0%	Associate

Amounts in NOK million	2020	2019
Equity accounted investees per January 1	**168**	**58**
Acquisition	1	19
Reclassification from other investments	8	117
Sale	-118	0
Share of profits included in other income	18	132
Share of profits included in other financial expense	-12	-6
Dividends received	-5	-154
Currency translation differences	0	1
Equity accounted investees per December 31	**61**	**168**

Note 28 continues on next page

Note 28 Investment in Companies cont.

Other Investments

Amounts in NOK million	2020	2019
Shares in listed companies	**165**	0
Shares in unlisted companies	**92**	101
Total other investments	**257**	**101**

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 profit recognized in OCI in 2020 was NOK 146 million (zero in 2019). 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 29 Related Parties

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 of Aker Solutions. The management and the Board of Aker Solutions are also related parties. 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.

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 ASA is controlled by The Resource Group TRG AS, a company controlled by Kjell Inge Røkke. In December 2020, the previous common ownership in Aker Kværner Holding AS between Aker ASA and the Norwegian State was dissolved. As a consequence of the dissolution, Aker ASA is no longer deemed to control Aker Solutions. Aker Solutions is therefore no longer a subsidiary of Aker ASA, but an associate. In this respect, all 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 no longer related parties of Aker Solutions, such as Akastor and Aker BP. Non-controlling interests with significant influence are also considered as related parties of Aker Solutions.

Note 29 continues on next page

Note 29 Related Parties cont.

Transactions and Balances with Related Parties

Amounts in NOK million	2020			2019		
	Aker Companies	**Joint ventures and associates**	**Total**	**Aker Companies**	**Joint ventures and associates**	**Total**
Income statement						
Operating revenues	3,354	23	**3,377**	3,892	140	**4,032**
Operating costs	-250	-123	**-372**	-389	-105	**-494**
Depreciation and impairment of ROU assets	-192	0	**-192**	-209	0	**-209**
Net financial items	-40	0	**-40**	-53	0	**-53**
Balance sheet						
Right-of-use (ROU) assets	537	0	**537**	1,141	0	**1,141**
Lease receivables, long term	0	0	**0**	189	0	**189**
Trade receivables	35	2	**38**	324	1	**325**
Non-current interest-bearing receivable	192	0	**192**	98	0	**98**
Lease receivables, short term	0	0	**0**	61	0	**61**
Current interest-bearing receivables	70	0	**70**	0	0	**0**
Non-current borrowings	-13	0	**-13**	0	0	**0**
Non-current leasing liabilities	-676	0	**-676**	-1,285	0	**-1,285**
Trade payables	-45	-12	**-57**	-11	-5	**-16**
Current interest-bearing loan	-1	0	**-1**	-1	0	**-1**
Current leasing liabilities	-40	0	**-40**	-90	0	**-90**

Note 29 continues on next page

Note 29 Related Parties cont.

Significant Related Parties Transactions

Aker Solutions has several transactions with related parties on a recurring basis as part of normal business and leases property from related parties. Below is a description of the significant related party transactions and balances during the year.

Lease Agreements with Related Parties

Through TRG AS, Kjell Inge Røkke owns various companies with investments in industrial properties, as well as 40 percent of the shares of the commercial real estate company Fornebu Gateway AS. Aker Solutions is tenant at several of these properties. In 2020, Aker Solutions paid NOK 67 million in rent to the real estate companies owned by TRG and NOK 97 million in rent to Fornebu Gateway AS. Further, Aker Solutions had sub-lease income from other Aker companies of NOK 52 million in 2020 (NOK 51 million in 2019).

Commercial Contracts with Aker BP

Aker Solutions holds agreements for delivery of equipment and services to Aker BP for various oil fields offshore Norway. Such transactions are included in the related party table for the income statement table above. As Aker BP is no longer a related party of Aker Solutions after December 22, 2020, the accounts receivable balance of NOK 448 million as at December 31, 2020 is not included in the related party table for the balance sheet.

Other

Other agreements with related parties include:

- Aker Solutions sold in 2020 the fully owned company ix3 AS (subsequently renamed to aiZe AS) to aiZe Holding AS, a company fully owned by Aker ASA. The sales price was NOK 207 million and the gain was NOK 34 million recognized in other income. Aker Solutions also sold intangible assets to aiZe with a sale price of NOK 48.9 million and a gain of NOK 7.5 million recognized in other income.
- Aker Solutions contributed NOK 60 million in 2020 (NOK 94 million in 2019) to Aker Pensjonskasse, which is a fund established by Aker to manage the retirement plan for employees and retirees in Aker Solutions and other Aker companies. In addition, Aker Solutions had a commitment to fund Aker Pensjonskasse and has given total loan of NOK 160 million per 2020.
- Aker Solutions supported the group's union representative function with NOK 1,057,500 in 2020, same as in the previous year.

See note 3 for more information about other income
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 22 for more information about guarantee commitments for Akastor
See note 27 for more information about subsidiaries
See note 28 for more information about joint arrangements and associates
See note 30 for more information about compensation to the management and the Board of Directors

Note 30 Management Remuneration

Remuneration to the Board of Directors

The Board of Directors of the company consists of ten directors. Seven are elected by the shareholders and three by the employees. All director positions are up for election in 2021, both the shareholder and employee appointed directors. The board held 19 meetings in 2020 with an average attendance rate of 95.7 percent. In addition, certain matters were processed by way of circulation of documents. The audit committee held 9 meetings in 2020.

As of December 31, 2020, the board comprised of Leif Arne Langøy (chairman), Kjell Inge Røkke, Øyvind Eriksen, Birgit Aagaard-Svendsen, Lone Fønss Schrøder, Thorhild Widvey, Jan Arve Haugan, Hilde Karlsen (employee elected), Audun Bråthen (employee elected) and Oddvar Hølland (employee elected). As per the same date, the members of the audit committee were Birgit Aagaard-Svendsen (chairperson), Lone Fønss Schrøder, Hilde Karlsen and Jan Arve Haugan. The board composition as of December 31, 2020 reflects changes made in connection with the merger between Aker Solutions ASA and Kværner ASA effective November 10, 2020. In November 2020, the board established a remuneration committee comprised by three members, Leif Arne Langøy, Øyvind Eriksen and Thorhild Widvey.

The fees in the table below represent expenses in the income statement based on expected fees to directors who have served on the board of Aker Solutions ASA in 2020, to be approved by the annual general meeting to be held in April 2021. The directors did not receive any other fees except for employee elected directors who have received salaries as employees. No agreements exist which entitle the directors to any extraordinary compensation. The said general meeting of Aker Solutions ASA will also approve fees to directors who served on the board of Kværner ASA in the period from the annual general meeting of Kværner ASA in 2020 until completion of the merger with Aker Solutions ASA, however, such fees are not included in the below table.

Note 30 continues on next page

Note 30 Management Remuneration cont.

		2020	2019	2020			2019	
Amounts in NOK		Number of shares owned[1]		Audit Committee fees	Remuneration Committee fees	Board fees[2]	Audit Committee fees	Board fees[2]
Leif Arne Langøy[3]	Chairman	159,426	na	0	3,000	77,500	na	na
Kjell Inge Røkke[3, 4]		0	na	0	0	45,000	na	na
Øyvind Eriksen[4]		0	0	0	3,000	587,500	0	620,000
Birgit Aagaard-Svendsen		90,000	25,000	215,000	0	360,000	215,000	360,000
Lone Fønss Schrøder[3]		0	na	15,625	0	45,000	na	na
Thorhild Widvey[3]		0	na	0	3,000	45,000	na	na
Jan Arve Haugan[3]		159,439	na	15,625	0	45,000	na	na
Hilde Karlsen		27,350	10,925	41,667	0	180,000	0	180,000
Audun Bråthen		5,656	3,973	0	0	180,000	0	135,000
Oddvar Hølland[5]		13,941	na	0	0	60,000	0	45,000
Atle Teigland[6]		na	8,751	83,333	0	120,000	125,000	180,000
Koosum Kalyan[3]		na	0	0	0	327,500	0	422,500
Henrik O. Madsen[3]		na	0	0	0	315,000	0	360,000
Kristian Røkke[3, 4]		na	0	109,375	0	315,000	125,000	360,000
Total		**455,812**	**48,649**	**480,625**	**9,000**	**2,702,500**	**465,000**	**2,662,500**

1) Includes shares held by related parties.
2) Board fees include an allowance of NOK 12,500 per meeting per physical attendance for board members residing outside the Nordic countries.
3) Leif Arne Langøy is new chairman and Kjell Inge Røkke, Lone Fønss Schrøder, Thorhild Widvey and Jan Arve Haugan are new board members from November 2020, replacing Koosum Kaylan, Henrik O. Madsen and Kristian Røkke. The fees are calculated for a proportionate part of the year.
4) The number of shares owned covers direct ownership of Aker Solutions ASA only and does not include Øyvind Eriksen's, Kjell Inge Røkke's and Kristian Røkke's indirect ownership. The fees allocated to Øyvind Eriksen, Kjell Inge Røkke and Kristian Røkke will as per Aker policies be paid to their respective employer companies.
5) Oddvar Hølland replaced Atle Teigland as an employee elected director in August 2020. The fee is calculated for a proportionate part of the year.
6) Retired from the board in August 2020. The fee is calculated for a proportionate part of the year.

Nomination Committee

Current members of the nomination committee are Frank Reite (chairman), Ove Taklo, Georg Rabl and Ingebret Hisdal. Members as of December 31, 2019 were Leif Arne Langøy (chairman), Georg Rabl, Arild Frick and Gerhard Heiberg. Each member of the nomination committee receive an annual compensation of NOK 36,000.

Note 30 continues on next page

Note 30 Management Remuneration cont.

Executive Management Remuneration 2020

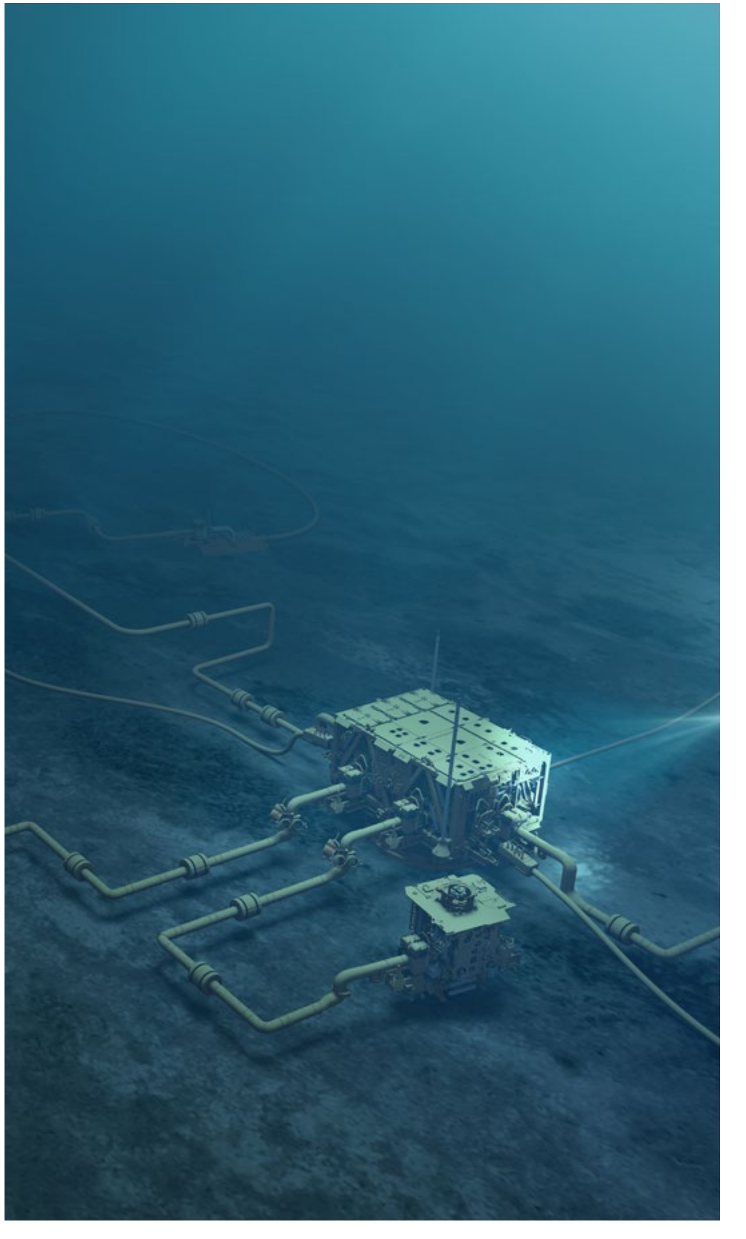
The main purpose of the executive remuneration program is to encourage a strong and sustainable performance-based culture, which supports growth in shareholder value. The total remuneration to executives consists of a fixed base salary, standard employee benefits and variable pay programs. The chief executive officer (CEO) and the executive management team participate in the standard pension and insurance schemes applicable to all employees. Pension and insurance benefits for the executives may also include other elements as outlined in footnotes of the table below.

The remuneration to the executive management team in 2020 was according to the guidelines of the company. Due to the company's financial situation all variable pay schemes and share programs were suspended during 2020. Bonuses reported as earned in 2020 relate to variable pay schemes from previous years. One executive received a discretionary payment as part of an individual termination agreement with the company. The amount is included in the table below.

The merged company has established a new executive management team. The remuneration of the executive managers serving is shown in the table below. The figures below represent expensed remuneration rather than what is paid out in the period.

All members of the executive management team in Kvaerner prior to the merger have accepted new management positions in the merged company. The remuneration principles as outlined in the 2019 annual report for Kvaerner were unchanged in 2020 and up to the time of the merger. The Kvaerner executives did not earn any bonuses in 2020 prior to the merger, as the executive bonus program in Kvaerner was suspended due to the market uncertainties.

Note 30 continues on next page



Note 30 Management Remuneration cont.

Amounts in NOK	Job title	Period	Base salary	Variable pay[1]	Other benefits[2]	Total remuneration	Pension benefit earned/ cost to company[3]
Kjetel Digre	Chief Executive Officer	Aug. 1 - Dec. 31	2,893,333	0	8,924	**2,902,257**	41,028
Idar Eikrem	Chief Financial Officer	Aug. 1 - Dec. 31	1,142,711	0	92,623	**1,235,334**	42,556
Egil Bøyum[4]	Chief Transformation Officer	Jan. 1 - Dec. 31	3,033,346	526,685	22,956	**3,582,988**	232,419
Anders Hannevik	Executive Vice President, Customers & Strategy	Nov. 11 - Dec. 31	428,634	0	86,264	**514,897**	13,881
Kjetil Kristiansen	Executive Vice President, People & Organization	Aug. 1 - Dec. 31	1,026,667	0	527,041	**1,553,708**	41,609
Marte Mogstad	Executive Vice President, Engineering	Nov. 11 - Dec. 31	311,117	0	86,553	**397,670**	13,895
Karl-Petter Løken	Executive Vice President, Renewables	Nov. 11 - Dec. 31	404,444	0	350,202	**754,647**	13,881
Sturla Magnus	Executive Vice President, Topside & Facilities	Nov. 11 - Dec. 31	373,333	0	86,309	**459,642**	13,881
Maria Peralta[5]	Executive Vice President, Subsea	Jan. 1 - Dec. 31	2,546,325	94,113	958,067	**3,598,504**	110,415
Linda Litlekalsøy Aase[6]	Executive Vice President, Electrification, Maintenance & Modifications	Jan. 1 - Dec. 31	2,328,308	123,379	221,290	**2,672,977**	179,310
Luis Araujo	Chief Executive Officer	Jan. 1 - Jul. 31	6,370,027	0	4,053,773	**10,423,800**	60,509
Ole Martin Grimsrud	Chief Financial Officer	Jan. 1 - Jul. 31	1,565,487	891	13,299	**1,579,678**	84,031
Dean Watson	Chief Operating Officer and Executive Vice President Subsea Lifecycle Services	Jan. 1 - Jul. 31	4,049,231	12,638	3,988,832	**8,050,701**	57,835
Valborg Lundegaard	Executive Vice President, Customer Management	Jan. 1 - Jul. 31	1,417,393	499,158	20,391	**1,936,942**	150,466
Knut Nyborg	Executive Vice President, Front End	Jan. 1 - Nov.10	2,147,403	496,917	20,417	**2,664,736**	207,980
Geir Glømmi[7]	Executive Vice President, Greenfield Projects	Mar. 23 - Nov. 10	1,285,699	0	5,853	**1,291,552**	63,892
Total			**31,323,458**	**1,753,781**	**10,542,794**	**43,620,033**	**1,327,588**

1) Variable pay includes amounts earned during the year from variable pay schemes from 2018 and 2019 including applicable holiday pay and interest on deferred elements.
2) Other benefits include severance pay and other termination benefits, phone and broadband allowance, relocation costs such as housing, children school fees and individual tax consultancy fees, in addition to membership in the standard employee benefit scheme and an additional executive group life and disability insurance.
3) Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and a compensation related to early retirement from a management position.
4) Egil Bøyum served as Executive Vice President, Greenfield Projects until March 22, 2020. From March 23 to November 10, 2020 he led the review and preparation activities for the company reorganization.
5) Maria Peralta served as Executive Vice President, Products until November 10, 2020.
6) Linda Litlekalsøy Aase served as Executive Vice President, Brownfield Projects until November 10, 2020.
7) Geir Glømmi acted as Executive Vice President, Greenfield Projects from March 23, 2020 to November 10, 2020.

Note 30 continues on next page

Note 30 Management Remuneration cont.

Executive Management Remuneration 2019

The remuneration of the executive management team is shown in the table below. The salary figures below represent expensed remuneration rather than what is paid out in the period.

Amounts in NOK	Job title	Period	Base salary	Variable pay[1]	Other benefits[2]	Total remuneration	Pension benefit earned/ cost to company[3]
Luis Araujo	Chief Executive Officer	Jan. 1 - Dec. 31	7,727,614	0	388,379	**8,115,993**	102,262
Ole Martin Grimsrud	Chief Financial Officer	Aug. 1 - Dec. 31	1,143,333	213,449	15,171	**1,371,953**	59,339
Dean Watson[4]	Chief Operating Officer	Jan. 1 - Dec. 31	3,886,400	2,058,321	848,392	**6,793,113**	97,677
Mark Riding	Executive Vice President, Strategy	Jan. 1 - Jun. 30	1,688,956	1,264,461	0	**2,953,417**	192,653
Valborg Lundegaard	Executive Vice President, Customer Management	Jan. 1 - Dec. 31	2,628,565	1,275,473	34,648	**3,938,686**	263,461
Knut Nyborg	Executive Vice President, Front End	Jan. 1 - Dec. 31	2,399,600	1,172,788	22,648	**3,595,036**	223,220
Maria Peralta	Executive Vice President, Products	Jun 1 - Dec. 31	1,633,333	370,269	550,054	**2,553,656**	62,427
Egil Bøyum[5]	Executive Vice President, Greenfield Projects	Jan. 1 - Dec. 31	2,854,478	1,360,709	22,648	**4,237,834**	223,675
Linda Litlekalsøy Aase	Executive Vice President, Brownfield Projects	Jan. 1 - Dec. 31	2,283,077	550,510	22,648	**2,856,235**	168,340
Svein Stoknes	Chief Financial Officer	Jan. 1 - Jul. 31	1,951,507	1,814,197	1,048,256	**4,813,959**	102,555
Knut Sandvik	Executive Vice President Greenfield Projects	Jan. 1 - Jun. 30	1,463,000	721,701	124,340	**2,309,041**	126,645
Total			**29,659,863**	**10,801,877**	**3,077,184**	**43,538,924**	**1,622,254**

1) Estimated variable pay earned during the year which was calculated based on the schemes described above including applicable holiday pay allowances and interest on deferred elements.
2) Other benefits include membership in the standard employee benefit scheme and an additional executive group life and disability insurance, termination benefits, and phone and broadband allowance. It also include relocation costs such as housing, children school fees, and individual tax consultancy fees.
3) Pension benefits include the standard employee pension scheme, a pension compensation scheme (for transfer from benefit to contribution scheme), a disability pension scheme and a compensation related to early retirement from a management position.
4) Dean Watson is also serving as Executive Vice President, Subsea Lifecycle Services.
5) Egil Bøyum was serving as Executive Vice President Products until May 31, 2019.

Note 30 continues on next page

Note 30 Management Remuneration cont.

Shareholding and Termination Agreements

The company practice standard employment contracts and standard terms and conditions regarding notice period and severance pay for the CEO and the members of the executive management team. The below table sets out information of notice period and severance pay as well as shareholding applicable to the current executive management team.

	Job title	Number of shares owned[1]	Notice period	Severance pay
Kjetel Digre	Chief Executive Officer	0	3 months	6 months
Idar Eikrem	Chief Financial Officer	176 236	3 months	6 months
Egil Bøyum	Chief Transformation Officer	4 357	3 months	6 months
Anders Hannevik	Executive Vice President, Customers & Strategy	0	3 months	6 months
Kjetil Kristiansen	Executive Vice President, People & Organization	0	3 months	6 months
Marte Mogstad	Executive Vice President, Engineering	397	3 months	6 months
Karl-Petter Løken	Executive Vice President, Renewables	41 818	3 months	6 months
Sturla Magnus	Executive Vice President, Topside & Facilities	51 449	3 months	6 months
Maria Peralta	Executive Vice President, Subsea	7 824	3 months	6 months
Linda Litlekalsøy Aase	Executive Vice President, Electrification, Maintenance & Modifications	38 551	3 months	6 months

1) Includes shares held by related parties.

See note 5 for more information about salaries for employees
See note 19 for more information about pension arrangements

Note 31 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)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Audit	**4.4**	6.7	**15.7**	17.8	**20.1**	24.5
Other assurance services	**0.2**	0.0	**3.3**	0.4	**3.4**	0.5
Tax services	**0.0**	0.0	**1.0**	1.1	**1.1**	1.1
Other non-audit services	**0.0**	0.1	**1.3**	1.9	**1.3**	1.9
Total	**4.6**	**6.8**	**21.3**	**21.2**	**25.9**	**28.0**

Note 32 Subsequent Events

Nordsee Ost Project

In early March 2021, Aker Solutions received a final ruling from an arbitration tribunal in Germany related to the legacy project Nordsee Ost project. Arbitration has been ongoing between Kvaerner AS and the counterparty since 2012. The ruling entitles Aker Solutions to receive a recoverable cash amount of approximately EUR 67 million, of which approximately EUR 23 million relates to interest. This amount and the financial effects thereof will be recognized in financial statements of Aker Solutions when the asset qualify for recognition, which is expected to be when payment has been received. The cash amount to be received will cover the receivable in the balance sheet, and in addition Aker Solutions will receive approximately EUR 23 million of interest income.

See note 20 for more information about the Nordsee Ost Project

Parent Company Financial Statements

Aker Solutions ASA
December 31, 2020

Income Statement

For the year ended December 31

Amounts in NOK million	Note	2020	2019
Operating revenues	2	**43**	26
Operating expenses	2	**-63**	-74
Operating loss		**-20**	**-49**
Income from subsidiaries	5	**-**	1,400
Net financial income	3	**-159**	-236
Earnings before tax		**-179**	**1,115**
Income tax	4	**16**	8
Net earnings		**-163**	**1,123**
Net earnings (loss) for the period distributed as follows:			
Other equity		**-163**	1,123
Net earnings		**-163**	**1,123**

Balance Sheet

Statement as of December 31

Amounts in NOK million	Note	2020	2019
Assets			
Deferred tax asset	4	**317**	245
Investments in group companies	5	**16,357**	11,438
Non-current interest-bearing receivables from group companies	8	**880**	52
Other non-current interest-bearing receivables		**41**	2
Total non-current assets		**17,594**	**11,737**
Current interest-bearing receivables from group companies	8	**1,302**	622
Non-interest bearing receivables from group companies	8	**17**	81
Financial instruments	9	**380**	238
Other current receivables		**8**	0
Cash and cash equivalents	8	**1,766**	264
Total current assets		**3,473**	**1,206**
Total assets		**21,068**	**12,943**

Amounts in NOK million	Note	2020	2019
Equity and liabilities			
Issued capital		**532**	294
Other equity		**6,339**	3,714
Total equity	6	**6,871**	**4,008**
Non-current borrowings	7	**2,471**	3,058
Total non-current liabilities		**2,471**	**3,058**
Current borrowings	7	**14**	20
Current borrowings from group companies	8	**10,185**	5,531
Non interest-bearing liabilities from group companies	8	**986**	13
Financial instruments	9	**405**	272
Other current liabilities		**136**	41
Total current liabilities		**11,726**	**5,877**
Total liabilities		**14,197**	**8,935**
Total equity and liabilities		**21,068**	**12,943**

Fornebu, March 11, 2021
Board of Directors of Aker Solutions ASA

Leif-Arne Langøy
Chairman

Øyvind Eriksen
Deputy Chairman

Kjell Inge Røkke
Director

Birgit Aagaard-Svendsen
Director

Lone Fønss Schrøder
Director

Thorhild Widvey
Director

Jan Arve Haugan
Director

Oddvar Hølland
Director

Hilde Karlsen
Director

Audun Bråthen
Director

Kjetel Digre
Chief Executive Officer

Cashflow

Statement for the year ended December 31

Amounts in NOK million	**2020**	**2019**
Earnings (loss) before tax	**-179**	1,115
Profit (loss) on foreign currency forward contracts	**-49**	84
Changes in other operating assets and liabilities	**-591**	594
Net cash from operating activities	**-819**	**1,792**
Increase in investments in subsidiaries	**0**	0
Net cash used in investing activities	**0**	**0**
Changes in borrowings to group companies	**-453**	-241
Changes in borrowings from group companies	**2,753**	-2,553
Shares issued to employees through share purchase program	**0**	59
Merger with Kværner	**7**	0
Repurchase of treasury shares	**0**	-51
Sale of own shares	**13**	0
Net cash from financing activities	**2,320**	**-2,786**
Net increase (decrease) in cash and cash equivalents	**1,501**	**-994**
Cash and cash equivalents at the beginning of the period	**264**	1,258
Cash and cash equivalents at the end of the period[1]	**1,765**	**264**

1) Unused credit facilities amounted to NOK 5,000 million as of December 31, 2020 (NOK 4,400 million as of December 31, 2019)

The cashflow 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 and Kværner 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.

On November 10, 2020, Aker Solutions ASA merged with Kværner ASA. Aker Solutions ASA absorbed the assets and liabilitites of Kvaerner ASA and issued 220,122,700 consideration shares. The existing shares in Kvaerner ASA were deleted. Eligible shareholders in Kvaerner ASA received 0,8183 consideration shares in the merged Aker Solutions for each share they owned in Kvaerner ASA.

Both companies were controlled and consolidated into Aker ASA at the time of the merger. In addition, there were other common shareholders in the merged entity. The financial statements in this report include financial performance and position of both companies as if the merger occurred on January 1, 2020 based on the book-value method, as this is deemed to provide the best true and fair view of the transaction.

Note 2 Operating Revenue and Expenses

Revenue

Operating revenue consists of NOK 43 million in income from Parent Company Guarantees (PCG). 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. Remuneration to and shareholding of managing director Kjetel Digre and Board of Directors are described in note 30 Management Remuneration in the consolidated financial statements.

Audit fees to KPMG

Amounts in NOK million	**2020**	**2019**
Audit	**4.2**	5.7
Other assurance services	**0.1**	0.3
Other non-audit services	**0.0**	0.1
Total	**4.3**	**6.1**

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 cashflow hedges and market values are accounted for against equity.

Financial Income and Expenses

Amounts in NOK million	2020	2019
Interest income from group companies	128	68
Interest expense to group companies	-58	-95
Net interest income from group companies	**70**	-26
External interest income	8	1
External interest expenses	-219	-208
Net external interest expense	**-212**	**-207**
Loss on loans to group companies	-2	-4
Other financial expenses	-11	-2
Foreign exchange loss	-2,850	-1,235
Foreign exchange gain	2,845	1,237
Net other financial items	**-17**	**-4**
Net financial income	**-159**	**-236**

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	2020	2019
Calculation of taxable income		
Earnings (loss) before tax	**-179**	1,115
Permanent differences	**90**	-1,171
Change in timing differences	**-34**	148
Taxable income	**-123**	**91**
Positive (and negative) temporary differences		
Unrealized gain on forward exchange contracts	**11**	-39
Interest rate swaps	**-33**	5
Impairment on internal receivables	**-50**	-48
Tax loss carried forward	**-1,366**	-1,028
Basis for deferred tax	**-1,438**	**-1,110**
Deferred tax in income statement	**309**	245
Deferred tax in equity	**7**	-1
Deferred tax asset	**317**	**245**

The Company has a temporary difference related to the limitation of the deductibility of interest of NOK 252 million which is not recognized in the balance sheet.

Aker Solutions ASA merged with Kvaerner ASA in accordance with the principle of continuity and Kvaerner's tax positions as of January 1, 2020 were transferred. The merger was implemented with full tax continuty pursuant to Chapter 11 of the Norwegian Tax Act and in accordance with Chapter 13 of the Norwegian Public Limited Liability Companies Act.

Amounts in NOK million	2020	2019
Income tax benefit		
Origination and reversal of temporary differences	**19**	12
Witholding tax	**-4**	-4
Total tax income	**16**	**8**

Effective Tax Rate

Amounts in NOK million	2020	2019
Income tax 22%	**39**	-245
Tax on permanent differences	**-20**	258
Witholding tax	**-4**	-4
Total tax income	**16**	8

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%	**11,438**
Kværner Holding AS	Fornebu, Norway	1,010	10,000	100%	**4,919**
Total investments in group companies					**16,357**

In November 2020, Aker Solutions ASA merged with Kværner ASA. Aker Solutions ASA absorbed the assets and liabilities of Kvaerner ASA.

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, 2019	294	0	0	4	3,710	**4,008**
Merger with Kværner[1]	238	3,687	0	0	0	**3,925**
Continuty difference	0	0	0	0	132	**132**
Share issuance cost[2]	0	0	0	0	-48	**-48**
Extraordinary dividend	0	0	0	0	-953	**-953**
Earnings for the period	0	0	0	0	-163	**-163**
Cashflow hedge[3]	0	0	0	-30	0	**-30**
Equity as of December 31, 2020	**532**	**3,687**	**0**	**-26**	**2,678**	**6,871**

1) The capital increase from merger with Kvearner was register in Register of Business Enterprises 10 November 2020, however presented in the equity statement as this occurred January 1, 2020.
2) Share issuance cost arising from the merger and the extraordinary dividend payout.
3) The value of interest swap agreements changing interest from floating to fixed is recognized directly in equity and will be re-leased to income together with the corresponding interest expenses.

Share Capital

Aker Solutions ASA was founded May 23, 2014 with a nominal share capital of NOK 293,807,940 through the issuance of 272,044,389 shares. In the merger with Kværner ASA on November 10, 2020, Aker Solutions ASA issued 220,122,700 new ordinary shares as merger consideration (the "Consideration Shares"). 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, 2020.

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 101,636 per December 31, 2020 (same as in the previous year). The consideration for these shares was NOK 1.7 million.

Extraordinary Dividend

Aker Solutions distributed in August 2020 dividends to its shareholders in the form of dividend shares in Aker Offshore Wind Holding AS and Aker Carbon Capture AS. The distribution implied that one share in Aker Solutions entitled the shareholders to receive one share in each company. The companies completed a private placement before they were successfully listed on the Oslo Euronext Growth, each shareholder received a value of NOK 3.41 per share in Aker Offshore Wind Holding AS and a value of NOK 5.05 per share in Aker Carbon Capture AS. The value of the non-cash dividend distribution to shareholders was NOK 953 million.

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

Note 7 Borrowings

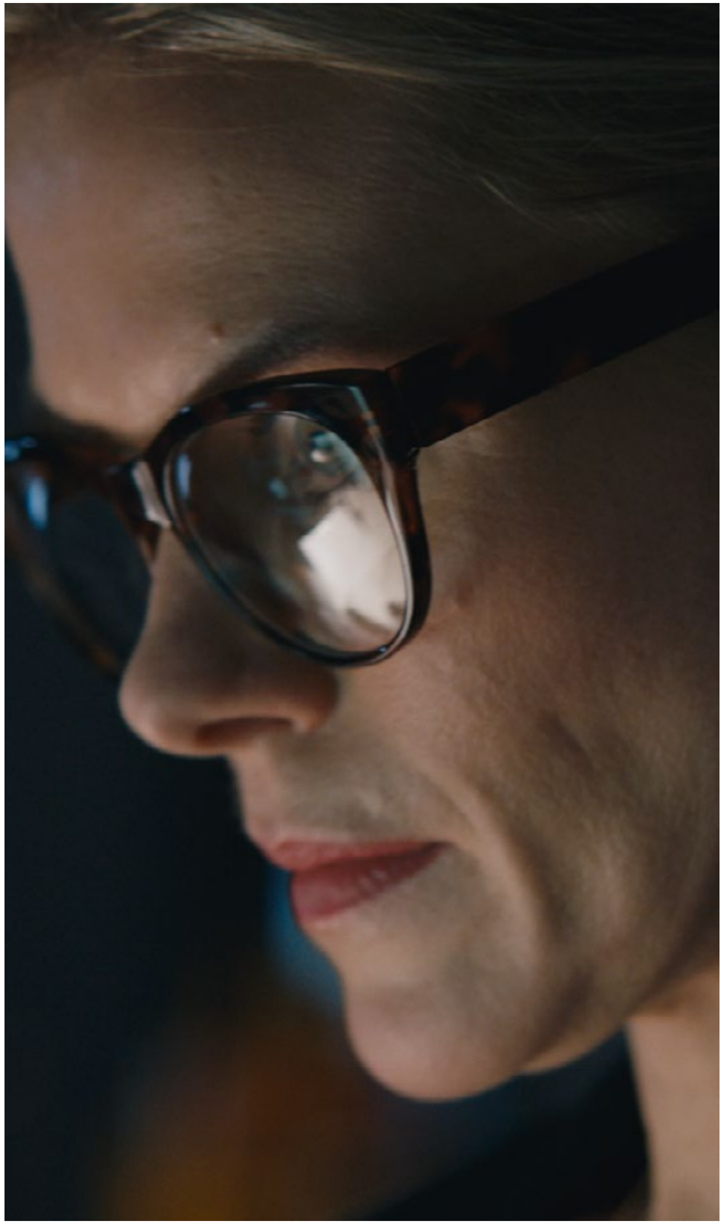
Financial Reporting Principles

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.

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.

Note 7 continues on next page



Note 7 Borrowings cont.

Bonds and Borrowings

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%	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]
Total credit facility			**-12**					
Total borrowings			**2,485**					
Current borrowings			**14**					
Non-current borrowings			**2,471**					
Total			**2,485**					

2019

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**	1.80%	3.15%	4.95%	07/25/22	Floating, 3M+fix margin
ISIN NO 0010853286	NOK	1,000	**993**	1.84%	3.00%	4.84%	06/03/24	Floating, 3M+fix margin
Total bonds[1]			**2,496**					
Revolving credit facility (NOK 5,000 million)[2]	NOK	600	**582**	1.87%	1.10%	2.97%	03/19/23	NIBOR + Margin[3]
Total credit facility			**582**					
Total borrowings			**3,078**					
Current borrowings			**20**					
Non-current borrowings			**3,058**					
Total			**3,078**					

1) The carrying amount is calculated by reducing the nominal value of NOK 2,500 million (NOK 2,500 million in 2019) by total issue costs related to the new financing of NOK 15 million (NOK 22 million in 2019). Amount includes NOK 12 million of accrued interest related to the bonds (NOK 18 million in 2019).
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.

Note 7 continues on next page

Note 7 Borrowings cont.

Maturity of Bonds and Borrowings

2020

Amounts in NOK million	Carrying amount	Total cashflow[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**

2019

Amounts in NOK million	Carrying amount	Total cashflow[1]	6 months and less	6-12 months	1-2 years	2-5 years
ISIN NO 0010814213	1,503	**1,707**	38	38	75	1,556
ISIN NO 0010853286	993	**1,222**	25	25	49	1,123
Total	**2,496**	**2,929**	**63**	**63**	**124**	**2,679**
Revolving credit facility (NOK 5,000 million)[2]	582	**659**	**10**	9	18	622
Total borrowings	**3,078**	**3,588**	**73**	**72**	**142**	**3,301**

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 cashflow 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 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.

Receivables and Borrowings with Group Companies

Amounts in NOK million	2020	2019
Group companies interest-bearing deposits in the cash pool system	9,185	3,575
Aker Solutions ASAs net borrowings in the cash pool system	-7,420	-3,311
Cash in cash pool system	**1,766**	**264**
Current interest-bearing receivables from group companies	1,302	622
Non-current interest-bearing receivables from group companies	880	52
Current interest-bearing borrowings from group companies	-10,185	-5,531
Net interest-bearing borrowings from group companies	**-8,003**	**-4,857**
Current non interest-bearing receivables from group companies	17	81
Current non interest-bearing borrowings from group companies	986	13
Net non interest-bearing receivables from group companies	**1,004**	**94**
Total net borrowings from group companies	**-5,234**	**-4,499**

All current receivables and borrowings are due within one year.

Note 9 Financial Risk Management and Financial Instruments cont.

Note 9 Financial Risk Management and Financial Instruments

Currency Risk

As of December 31, 2020 Aker Solutions ASA has outstanding foreign exchange contracts with other entities in the group with a gross total value of approximately NOK 7.8 billion. 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 about 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.

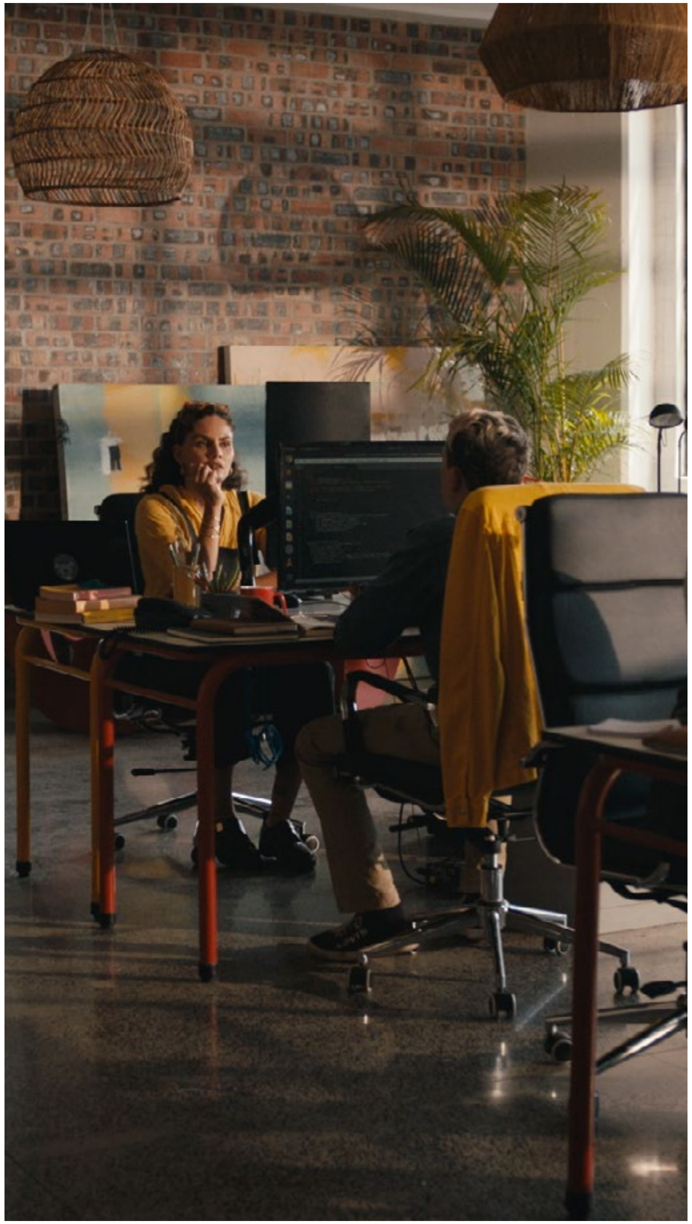
The treasury function within Aker Solutions ASA also has a mandate to hold limited positions in the currency and interest markets. The mandate has limits that are strictly defined and is operated under a strict stop-loss regime. Open positions are continuously monitored on a mark to market basis.

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

	2020		2019	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Forward exchange contracts with group companies	**192**	**-194**	145	-89
Forward exchange contracts with external counterparts	**188**	**-175**	88	-182
Total	**380**	**-369**	**233**	**-271**

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 50 percent of NOK 2,500 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.

50 percent of the total external loan of NOK 2,500 million was at fixed interest rates per December 31, 2020. 40 percent of the total external loan of NOK 3,100 million was at fixed interest rates per December 31, 2019.

Hedge accounting is applied using the cashflow 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, 2020 a net loss of NOK 26 million (NOK 33 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.

	2020		2019	
Amounts in NOK million	Assets	Liabilities	Assets	Liabilities
Interest rate swaps - cashflow hedge (against equity)	**0**	**-33**	5	0
Total	**0**	**-33**	**5**	**0**

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	2020	2019
Parent company guarantees to group companies	**93,782**	58,421
Counter guarantees for bank/surety bonds	**6,449**	4,973
Total guarantee liabilities	**100,231**	**63,394**

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.

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%

2019

Company	Nominee	Number of shares held	Ownership
Aker Kværner Holding AS		110,333,615	40.56%
Aker ASA		17,331,762	6.37%
Verdipapirfondet DNB Norge		12,669,915	4.66%
Goldman Sachs & Co. LLC	NOM	12,197,394	4.48%
Folketrygdfondet		10,950,677	4.03%
JP Morgan Chase Bank, N.A. London	NOM	4,706,482	1.73%
Ferd AS		4,300,000	1.58%
BNP Paribas Arbitrage SNC. Meglerkonto		3,747,884	1.38%
Euroclear Bank S.A/N.V.	NOM	3,374,092	1.24%
The Bank of New York Mellon SA/NV	NOM	3,088,089	1.14%
Storebrand Norge I Verdipapirfond		3,063,978	1.13%

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Independent Auditor's Report

To the Annual Shareholders' 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 2020, 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 2020, 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 are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 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.

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.

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Impairment of goodwill and cash generating units

Refer to note 10 Property, Plant and Equipment, note 11 Intangible Assets including goodwill, note12 Impairment of Assets and note 18 Leases and Investment Property

The key audit matter

The Group's operations are sensitive to certain factors including oil prices which in turn impact the timing and nature of future capital expenditure on existing and new oil fields and installations.

The economic environment, current long-term assumptions and the Group's business plans indicate that impairment is a risk related to specific cash generating units.

As a result of the merger between Aker Solutions ASA and Kvaerner ASA goodwill has been reallocated. It is a risk that the method applied and the allocation performed is incorrect.

As of 31 December 2020, the Group has property, plant and equipment of NOK 3 567 million, intangible assets including goodwill of NOK 5 825 million, and right-of-use assets and investment property of NOK 2 938 million. The Group has recognized an impairment charge in 2020 of NOK 1 028 million.

How the matter was addressed in our audit

Our audit procedures in this area included:

- Assessing management's process and results for identification, consistent treatment and classification of cash generating units to ensure they were appropriate and in accordance with IAS 36;
- Assessing management's process and results for allocating goodwill to ensure the method applied was appropriate and in accordance with IAS 36;
- Evaluating and challenging management's assessment of impairment indicators;
- Where impairment triggers were not identified, assess the reasonableness of the evaluation to ensure no cash generating unit has been excluded from the impairment testing;
- Where impairment indicators were identified assessing if the models used to calculate value in use are appropriate and mathematically accurate;
- Assessing the discount rates applied in cash flow forecasts with reference to available market data for selected cash generating units tested;
- Challenging management on the timing of the cash flows;
- Evaluating and challenging management on the growth assumptions in the cash flow forecasts, forecast margins and order intake by assessing a range of outcomes based on varying assumptions independently determined;
- Assessing the calculations and rationale supporting the impairment of the cash generating units by performing our own independent sensitivity analysis of managements models; and
- Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to the carrying value of intangible assets and property, plant and equipment and the assumptions applied to the impairment testing.

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Construction contract profit and identification of performance obligations

Refer to note 3 Revenue and note 4 Operating 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 2020, the Group has recognized revenue of NOK 28 434 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 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;
- 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.

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Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional skepticism 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

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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 Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Sustainability concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

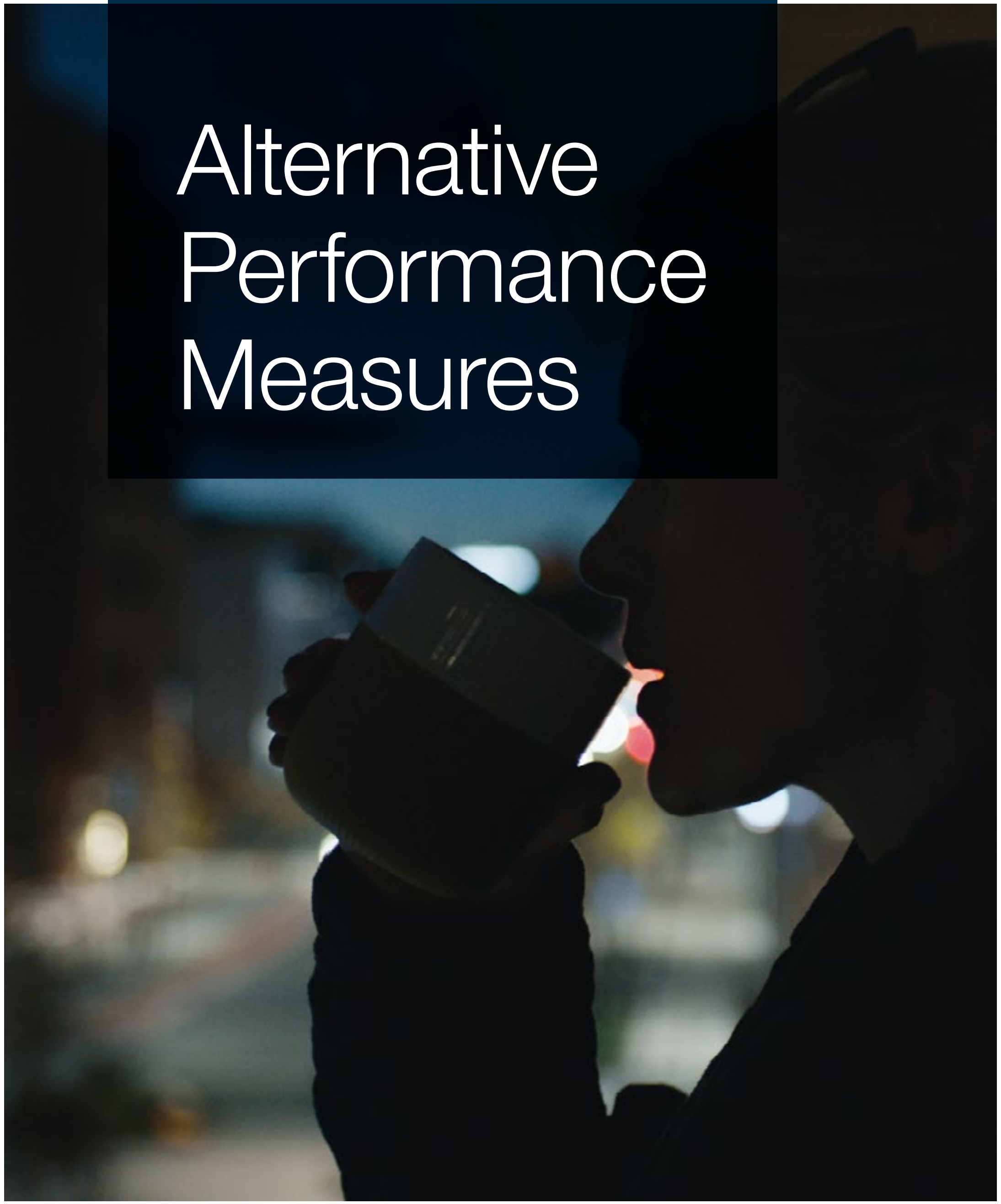
Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 11 March 2021
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.

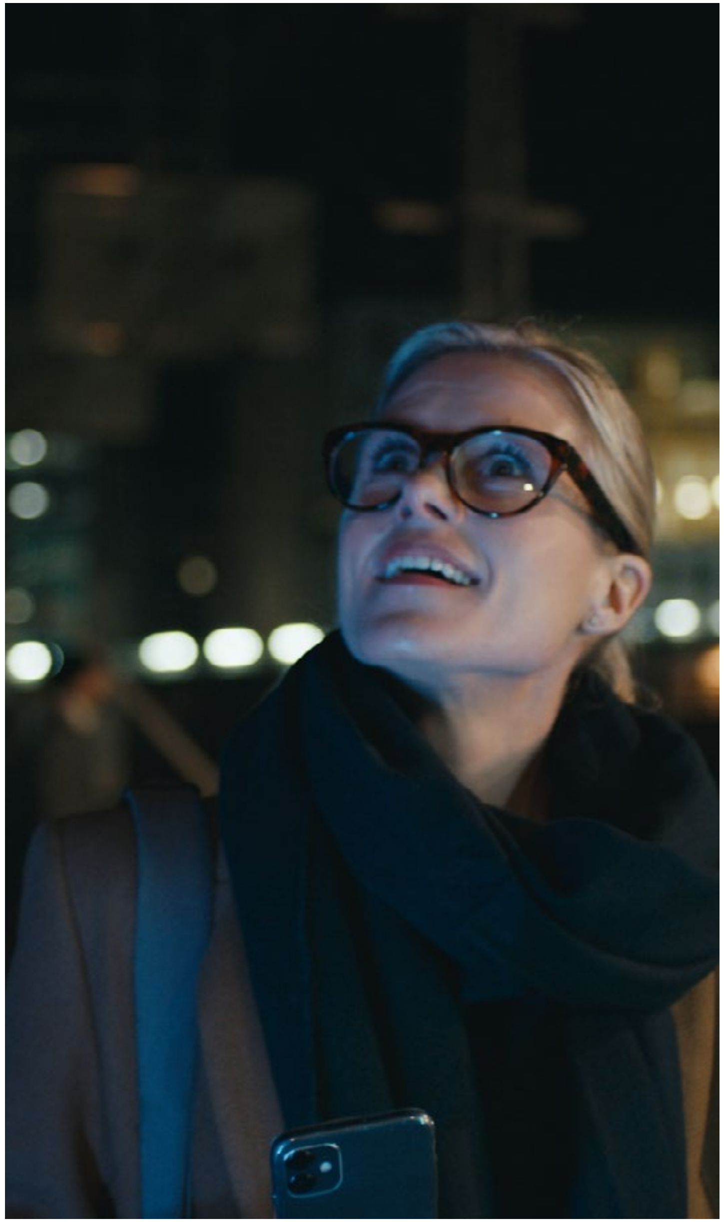
EBITDA is short for earnings before interest, taxes, depreciation and amortization. EBITDA corresponds to the "operating income before depreciation, amortization and impairment" in the consolidated income statement in the annual report.

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/eliminations		Aker Solutions	
Amounts in NOK million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue	10,829	13,765	8,733	13,477	9,457	11,754	376	-834	29,396	38,163
Non-qualifying hedges	0	0	0	0	0	0	5	-2	5	-2
Gain on dividend distribution of CCUS and AOW shares	0	0	0	0	0	0	-808	0	-808	0
(Gain) loss on sale of subsidiaries	0	0	0	0	0	0	-42	0	-42	0
(Gain) loss on sale of PPE	0	0	0	0	0	0	-3	0	-3	0
Sum of special items excluded from revenue	0	0	0	0	0	0	-848	-2	-848	-2
Revenue ex. special items	**10,829**	**13,765**	**8,733**	**13,477**	**9,457**	**11,754**	**-472**	**-835**	**28,548**	**38,161**
EBITDA	434	746	27	1,041	569	1,098	509	-173	1,539	2,711
Gain on dividend distribution of CCUS and AOW shares	0	0	0	0	0	0	-808	0	-808	0
(Gain) loss on sale of subsidiaries	0	0	0	0	0	0	-42	0	-42	0
(Gain) loss sale of PPE	0	0	0	0	0	0	-3	0	-3	0
Restructuring cost	115	7	135	10	179	47	87	6	516	70
Non-qualifying hedges	0	0	0	0	0	0	-4	0	-4	0
Other special items	0	0	0	0	0	0	39	1	39	1
Sum of special items excluded from EBITDA	115	7	135	10	179	47	-731	7	-302	72
EBITDA ex. special items	**549**	**753**	**161**	**1,051**	**748**	**1,145**	**-222**	**-166**	**1,236**	**2,782**
EBITDA margin	*4.0%*	*5.4%*	*0.3%*	*7.7%*	*6.0%*	*9.3%*			*5.2%*	*7.1%*
EBITDA margin ex. special items	*5.1%*	*5.5%*	*1.8%*	*7.8%*	*7.9%*	*9.7%*			*4.3%*	*7.3%*
EBIT	153	462	-234	844	-623	161	-72	-479	-776	988
Sum of special items excluded from EBITDA	115	7	135	10	179	47	-731	7	-302	72
Impairments	56	23	121	0	399	154	452	150	1,027	327
Sum of special items excluded from EBIT	171	30	255	10	577	201	-279	157	725	399
EBIT ex. special items	**324**	**493**	**22**	**854**	**-45**	**362**	**-351**	**-322**	**-51**	**1,387**
EBIT margin	1.4%	3.4%	-2.7%	6.3%	-6.6%	1.4%			-2.6%	2.6%
EBIT margin ex. special items	3.0%	3.6%	0.3%	6.3%	-0.5%	3.1%			-0.2%	3.6%

Profit Measures continues on next page

Profit Measures cont.

	Aker Solutions	
Amounts in NOK million	**2020**	**2019**
Net income	-1,520	282
Sum of special items excluded from EBIT	725	399
Financial items Devaluation (special items)	0	106
Other financial items (special items)	0	16
Non-qualifying hedges	7	0
Tax effects on special items	140	-112
Net income ex. special items	-648	691
Net income to non-controlling interests	-20	-41
Net income ex. non-controlling interests	**-668**	**650**
Average number of shares (in '000)	**492,065**	491,550
Earnings per share[1]	**-3,13**	0,49
Earnings per share ex. special items[2]	**-1,36**	**1,32**

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.

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 (available liquidity) 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	2020	2019
Cash and cash equivalents	**3,171**	4,483
Credit facility (unused)	**5,000**	4,400
Liquidity buffer	**8,171**	**8,883**

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	2020	2019
Current tax assets	**83**	121
Inventory	**255**	378
Customer contract assets and other receivables	**4,655**	6,295
Trade receivables	**2,945**	3,380
Prepayments	**1,312**	1,698
Current tax liabilities	**-108**	-81
Provisions	**-590**	-691
Trade payables	**-2,125**	-2,525
Other payables	**-5,696**	-7,634
Customer contract liabilities	**-1,010**	-737
Net current operating assets (NCOA)	**-280**	**203**

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	2020	2019
Non-current borrowings	**2,513**	3,280
Current borrowings	**202**	217
Cash and cash equivalents	**-3,171**	-4,483
Net interest-bearing debt	**-456**	**-986**

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	2020	2019
Equity	**7,908**	10,622
Total assets	**26,827**	32,998
Equity %	**29.5**	**32.2**

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