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Annual Report 2020

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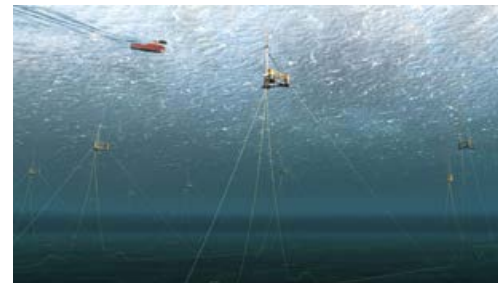
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Aker Offshore Wind in Brief

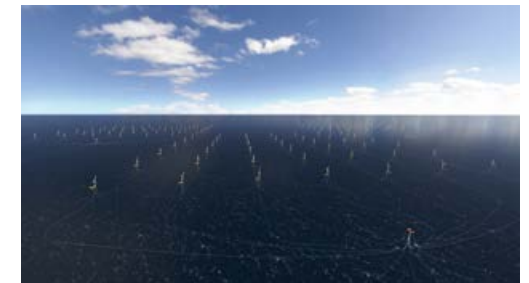
Aker Offshore Wind is an offshore wind developer striving to create a sustainable future – one driven by clean, green energy. We aim to drive the industrialization of deepwater and floating offshore wind and take early mover positions in the development of large-scale deepwater wind farms across the globe. We have resources at our disposal to become a leading deepwater independent power producer, including five decades worth of offshore expertise, industry-leading technology and powerful alliances.



Aker Offshore Wind is a pure play offshore wind developer headquartered in Norway, focusing on assets in deep waters. The company aims to source, develop and operate offshore wind projects.



Aker Offshore Wind aims to deploy cost-effective solutions based on decades of offshore experience, in close cooperation with leading global partners.

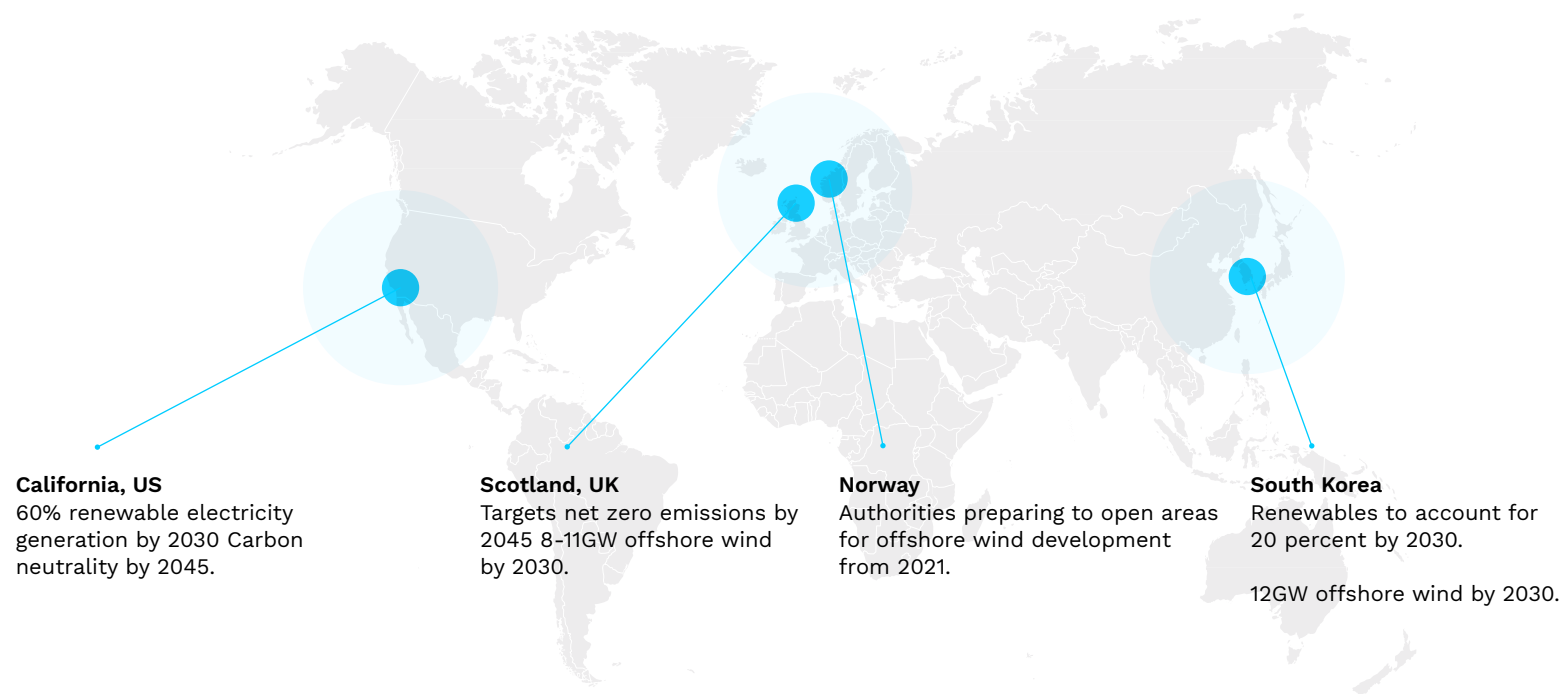


Aker Offshore Wind's portfolio includes development projects and prospects in South Korea, the US, Norway and the UK.

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Aker Offshore Wind Operations



Our Portfolio

Country	Project / Prospect	Estimated gross capacity	Region
South Korea	KF Wind	~1,500MW	Ulsan
USA	Redwood Coast Offshore Wind	~150MW	California
Norway	Vestavindar and Sønnavindar	~1,700MW	Utsira North, Southern North Sea II
Scotland	ScotWind	>500MW	TBA

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An Effective Renewable Energy Source



Virtually unlimited potential

About **80 percent** of the offshore wind resources are in waters deeper than 60 meters



Superior wind conditions

Wind capacity factors:
30-40 percent Onshore wind
45-50 percent Offshore Bottom-fixed
50-60 percent Offshore Floating



Smaller footprint

Increased adaptability to **ensure sustainable co-existence** with fisheries, marine life, shipping routes and more



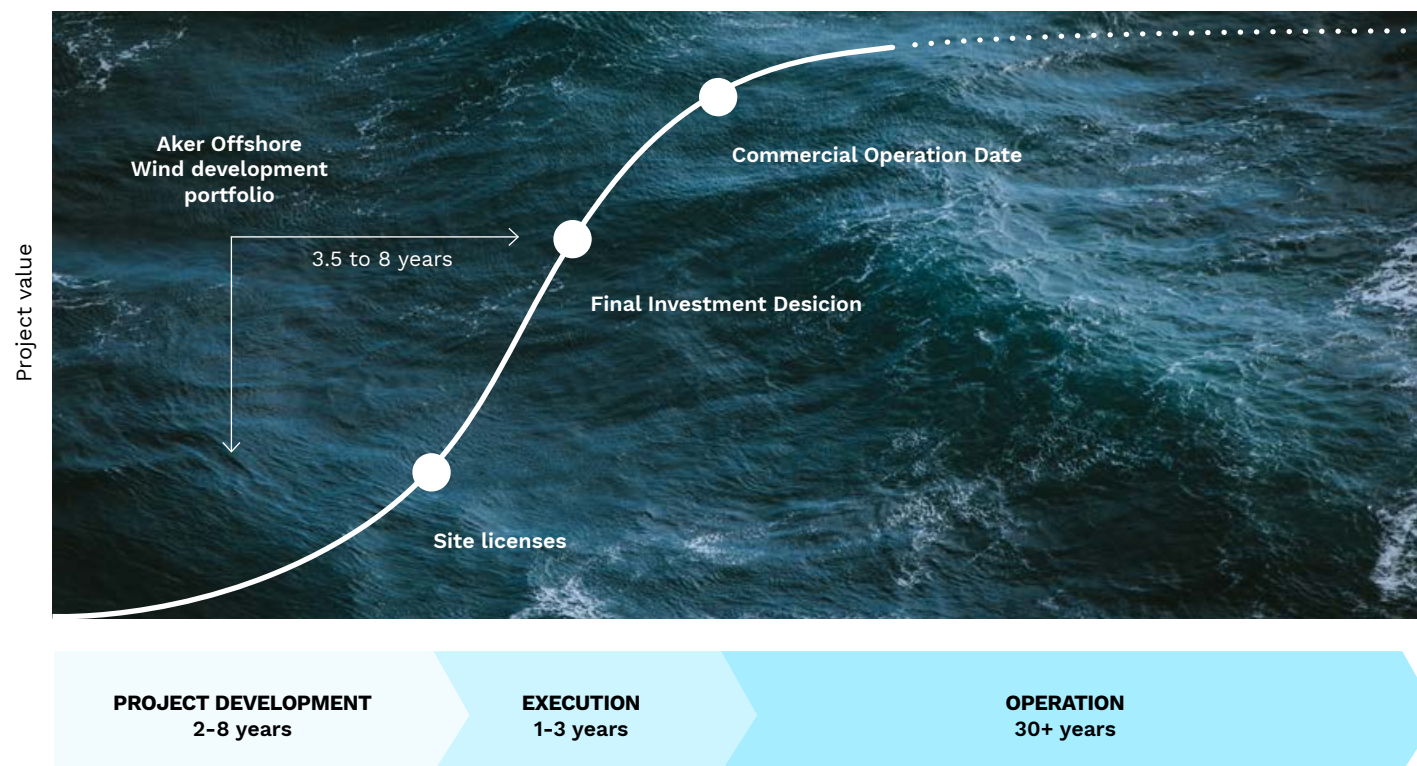
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Value Creation

The offshore deepwater wind segment is at the very beginning of its growth. We are an early mover and our portfolio is positioned at the front of the first wave of commercial scale floating deepwater projects. The value creation is larger in the project development and execution phases, as risk is reduced when the project matures into the operational phase.

Illustrative Deepwater Wind Development Timeline and Value Profile



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CEO Letter



2020 was an extraordinary year, as the world battled a global pandemic, the energy industry saw the renewable power revolution gather speed – and Aker Offshore Wind was created and listed with more than 20,000 shareholders.

Aker Offshore Wind is a company that strives for a sustainable future – one driven by clean, green energy. The realization of deepwater offshore wind farms – and floating wind in particular – can and will make a material contribution to meeting the world's future energy needs. Offshore wind has matured significantly over the past 15 years

and is now ready to truly scale in a new segment.

About 80 percent of the world's offshore wind acreage lies in water deeper than 60 meters, unsuitable for traditional bottom-fixed foundations. This is where our heritage from developing deepwater energy projects come into play. Aker Offshore Wind draws on the extensive offshore expertise of the broader Aker group. We have been involved in the design and deployment of floating structures and deepwater power systems in harsh environments across the globe for more than four decades. Now we are ready to leverage technology and industrialization to scale up projects and drive down costs, adding value to the communities we engage with, along with all our stakeholders.

We are at the front end of a new wave of commercial scale deepwater development projects. Our portfolio of projects and prospects span from South Korea to California, where we are part of consortia that have already taken early but firm steps towards developing deepwater wind projects. Last year, we also worked tirelessly to prepare for the lease processes in Scotland and Norway, where we see great opportunities.

Our company was formally established last summer following an incubation period of a few years at what was once a traditional oil services company. A series of agreements between Aker Solutions and Aker Offshore Wind ensures continued access to global offshore expertise. The platform of Aker Horizons has provided the company with another set of critical skills and support in the start-up phase. The network of the wider

Aker group of companies, from Cognite to AkerBP, is a benefit to Aker Offshore Wind and supports its sustainable growth.

This annual report contains Aker Offshore Wind's first reporting on sustainability related topics. Sustainability at Aker Offshore Wind is about operating and making decisions that minimizes negative impact on ecosystems and adds value to the company, its stakeholders and society. The company works proactively to ensure sustainability, integrity and responsibility in its operations.

I am thankful to all our employees at Aker Offshore Wind. We have put together a great team of global talent, combining Aker's legacy offshore expertise with new recruits who excel in a range of disciplines relevant to offshore wind. Our ambition is to build a forceful and capable company culture that thrives on diversity and opportunity for all.

We launched the company in the midst of a global pandemic, and with a series of necessary restrictions imposed on office life, conditions were far from ideal. However, I have been thoroughly impressed with the attitude and mindset expressed by the entire team, which makes me excited and positive about our future. Together with our partners and suppliers, and with the backing of the Aker group, we are in a great position to make a major positive impact and contribute to creating a sustainable future for our company and a world that requires renewable power.

Astrid Skarheim Onsum
CEO

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Board of Directors' Report

OVERVIEW

Aker Offshore Wind is a pure-play offshore wind developer headquartered in Norway, focusing on global assets in deep waters. The company develops and executes offshore wind projects in Norway and internationally, and the current portfolio consists of development projects and prospects located in South Korea, the US, Norway and the UK. Aker Offshore Wind's ambition is to develop into a full-fledged Independent Power Producer (IPP) as the deepwater offshore wind segment matures, while retaining flexibility to divest assets to maximize shareholder value.

The offshore wind market can broadly be categorized into two main segments based on the technologies used: bottom-fixed and floating. The water depth will determine which of the technologies are applicable. Bottom-fixed technology uses foundations connected to the seabed, whilst floating technology uses floating structures that are moored to the seabed. Aker Offshore Wind is focused on developing the floating wind market, but may also selectively seek opportunities to develop bottom-fixed projects that would typically be deeper than 60 meters.

During 2020, market interest in floating wind developments continued to increase significantly. In order to pursue market opportunities, the Board of Directors of Aker Solutions decided to spin off the offshore wind business into a separate company and list the company on Euronext Growth, a trading platform at the Oslo Stock Exchange. The plans were announced on July 17, 2020,

including an intention to distribute shares in the new company – Aker Offshore Wind – to Aker Solutions' shareholders. A private placement was completed, raising NOK 500 million, with a subsequent listing on Euronext Growth. On August 26, 2020, the initial trading of the shares in Aker Offshore Wind commenced. See [note 3](#) in the consolidated accounts for more information about the internal restructuring that took place related to the spin off.

STRATEGY AND DEVELOPMENT

Approximately 80 percent of all offshore wind resources are in waters of 60 meters and deeper, where the simplest bottom-fixed foundations are technically infeasible or economically unattractive. Floating foundations for offshore wind turbines are a natural response to this challenge and represent a rapidly maturing technology.

Floating offshore wind holds some key advantages compared with bottom-fixed, particularly in terms of placement for optimum wind resources and reduced impact on external stakeholders. Further from shore, potential challenges such as visual pollution are reduced. Locating wind farms away from fishing zones and outside of traditional shipping routes also limit the potential for conflicting interests and negative environmental impact.

Due to location further from shore, floating wind farms can tap into areas with generally higher and more consistent wind speeds. All else equal, increased wind speeds and more consistent wind will increase the overall capacity factor and the energy production

of the wind farm. Installation of turbines is generally less weather dependent than oil and gas installations as turbines and foundations can be assembled and pre-commissioned quayside with onshore facilities, before being towed offshore. This also reduces the need for specialized vessels, improving the cost and risk profile of the installation phase.

Aker Offshore Wind brings with it five decades of experience from offshore engineering, operations and execution of major industrial projects at sea. The Aker group has been involved with the design and global deployment of more than half of the semi-submersible platforms in the global oil and gas industry.

ORGANIZATION

The company was established with a core team of experts, with background and expertise from designing and developing offshore and wind technology in Aker. Astrid Skarheim Onsum was appointed CEO of Aker Offshore Wind in July 2020, after leading the business since 2018. Skarheim Onsum draws on more than 20 years of experience from executive management roles in the energy industry.

During the autumn of 2020, the company initiated a build-up of several key departments to strengthen the company's capabilities across the group and build a foundation for growth. The company ended the year with a core organization in place and several new hires signed. Establishing company governance, including management systems, Code of Conduct and internal reporting structure took priority in the first

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phase of the company's young life. During 2020, the company also established an operational hub in the US, the first outside of Norway.

Aker Solutions was an important resource base for Aker Offshore Wind, while the company grew its permanent workforce rapidly from its inception. At the end of 2020, Aker Offshore Wind employed a total of 40 employees, including contractors.

PROSPECTS AND PROJECTS

On a net basis, Aker Offshore Wind holds projects and prospects of more than 1.5GW of potential capacity, which could produce more than 7.0TWh annually when all farms are in full operation. Regions in which Aker Offshore Wind is developing projects include South Korea, the US (California), Scotland and Norway. Aker Offshore Wind made progress in its portfolio of development projects and prospects during 2020, supported by operational developments in the consortiums the company is part of.

Political ambitions and local conditions make **South Korea** an attractive market for floating offshore wind. The government has set a target of 20 percent renewable power generation by 2030, including 12GW offshore wind. Aker Offshore Wind owns a 30.6 percent stake in the Korean entity KFWind. The other partners are Ocean Winds, a joint venture between EDPR and Engie, and Wind Power Korea Co., Ltd. (WPK).

In January 2019, KFWind signed an MoU with Ulsan City which secures KFWind three potential floating sites for development in the Ulsan region with a potential combined gross capacity up to 1.5GW. The first phase of the project includes the development of a 500MW floating offshore wind farm. The project is targeting a financial investment decision (FID) in 2024 and commencement of commercial operation in 2026.

In October 2020, KFWind successfully

installed LiDARs offshore Ulsan. The LiDARs, or Light Detection and Ranging buoys, perform wind measurements and are scheduled to stay in place for at least one year to collect data from the area, as part of the process to proceed to the next regulatory step and applying for an Electricity Business License.

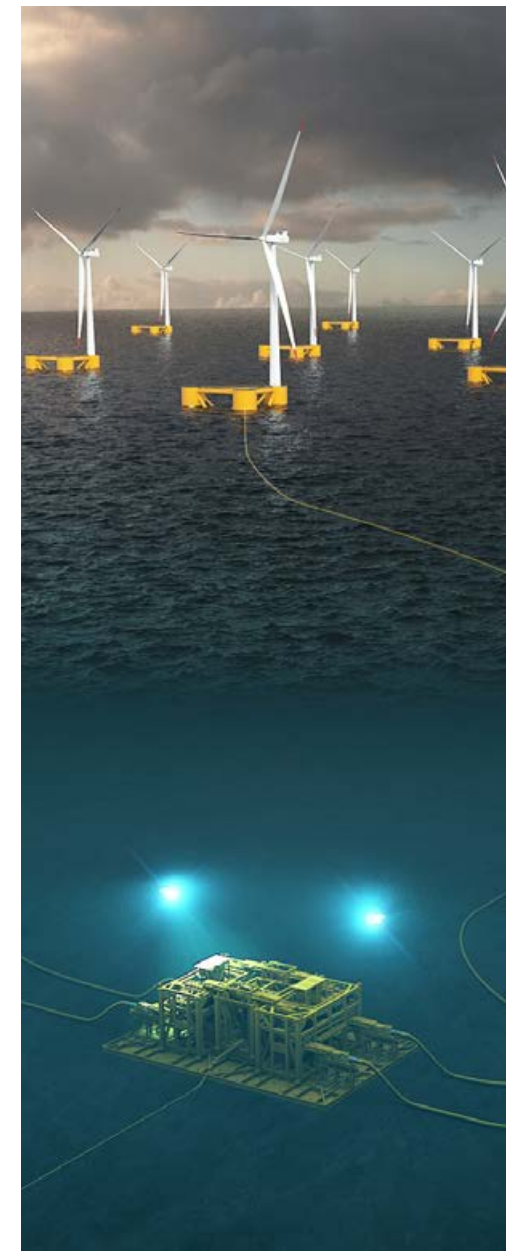
The **United States** is seen as a potentially major market for floating offshore wind. The most promising opportunities are located on the West Coast and in Hawaii due to large water depths and limited shallow acreage close to shore.

In December 2020, the Redwood Coast Offshore Wind LLC company was formed as a project consortium of Aker Offshore Wind and Ocean Winds aiming to develop approximately 150MW of floating offshore wind (currently approximately 75MW net for the Group). The project is sized to fit current local grid capacity.

In June 2020, the **Norwegian** government announced the opening of two areas for offshore wind development: Utsira Nord and Sørliche Nordsjø II. The areas were announced to have a combined potential capacity of about 4.5GW. While the two areas were officially opened on January 1, 2021, the government announced towards the end of 2020 that a new set of guidelines, outlining the license application process, would be released in the spring of 2021.

The areas are located close to several producing oil and gas facilities which can be electrified with power produced from offshore wind. In October 2020, Aker Offshore Wind and Aker BP announced a cooperation agreement aimed at accelerating the process of decarbonizing oil and gas assets and realizing offshore wind in Norway at large scale.

As a part of the **United Kingdom, Scotland** has a well-developed leasing, consenting and application system, managed by the Crown



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Estate Scotland. The ScotWind leasing round opened in early 2021 and aims to provide areas suitable for up to 10GW in capacity. A significant proportion of deepwater sites suitable for floating projects have been identified by Marine Scotland in their Sectoral Marine Plan for Offshore Wind. Aker Offshore Wind and an unidentified industrial partner in 2020 prepared plans to enter the ScotWind licensing round, with an ambition to develop more than 500MW in gross capacity.

MARKET OUTLOOK

The market for floating offshore wind is in an early phase of development, compared to bottom-fixed, but is expected to grow significantly in the coming years. Growth projections continue to be raised year over year and the potential is vast. Many countries are setting ambitious targets for developing offshore wind. They see offshore wind as an increasingly attractive source of renewable energy, and as an opportunity to develop new industry and aid in a green transition for existing suppliers.

Most of the growth is expected to take place in Asia and Europe. However, projections for North America are also growing. Due to the current immaturity of the industry, different market forecasts have yet to converge on a narrow band of expected installed capacity for the years and decades to come.

In addition to Aker Offshore Wind's current projects in South Korea, California, Scotland and Norway, further prospective markets are identified in both Europe and Asia.

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 Offshore Wind follows

the Euronext guidance on ESG reporting of January 2020. This includes reporting according to the Global Reporting Initiative (GRI) Standards. Aker Offshore Wind's strategy supports the UN Sustainable Development Goals. More information is available in the company's section for sustainability reporting for 2020 on starting on [page 17](#).

CORPORATE GOVERNANCE

Sound corporate governance at Aker Offshore Wind 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 to ensure 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 set the standards for corporate governance.

The board holds exclusive authority under the company's authorization matrix to approve matters of significance. The board of directors regularly receives extensive reports from the chief executive officer and the chief financial officer on key aspects of the business. These reports reflect underlying reporting to executive management from the business operations.

Aker Offshore Wind's Code of Conduct outlines the company's commitments and requirements for ethical business practices and personnel conduct. The Code of Conduct describes what Aker Offshore Wind expects from its employees, subsidiaries, subcontractors, representatives and other partners and explains the company's policies in a number of areas of particular importance such as corruption, including bribery and facilitation payments, conflict of interest, gifts

and hospitality and human rights. The Code of Conduct is available at www.akeroffshorewind.com.

Aker Offshore Wind in 2020 prepared a set of policies providing business practice guidance within several key areas. These policy documents define commitment and express the expected behavior across the company within areas such as Sustainability, HSSE and Quality.

See more in the governance section of the annual report's section for Sustainability Reporting.

GROUP FINANCIAL PERFORMANCE

Aker Offshore Wind presents its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. All amounts below refer to the consolidated financial statements for the group, unless otherwise stated. The financial statements cover the period from incorporation on July 8, 2020 to December 31, 2020.

In the period, the company had revenues of NOK 1.7 million. Operating loss ended at negative NOK 59.9 million. Financial items amounted to negative NOK 3.8 million and share of loss from equity-accounted investees were recognized by NOK 5.9 million. Loss for the period was negative by NOK 69.6 million, resulting in loss per share of NOK 0.13.

Total assets of the group amounted to NOK 885.3 million as of December 31, 2020, of which NOK 474.5 million was cash and cash equivalents. Investments in equity-accounted investees were NOK 364.3 million, representing the shareholding in Principle Power Inc. Net current operating assets ended at negative NOK 29.5 million. The company has no interest-bearing debt. Total equity amounted to NOK 830.6 million at year-end 2020, giving an equity ratio of 94 percent.

Cash flows from operating activities ended at negative NOK 22.8 million, significantly

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lower than operating loss of negative NOK 59.9 million due to cost accruals in the period. Cash flows from investing activities were negative by NOK 283.1 million, reflecting the increased shareholding in Principle Power Inc. in December 2020. Cash flows from financing activities of NOK 780.4 million include the two share issues of NOK 500 million in August 2020 and NOK 300 million in November 2020 respectively, reduced by related transaction costs of NOK 18.7 million.

INVESTING IN RESEARCH, INNOVATION AND TECHNOLOGY

The market for floating offshore wind is in an early phase of development, compared to bottom-fixed offshore wind. Aker Offshore Wind invests in innovation and developing technology to accelerate the industrialization of deepwater offshore wind. The key technologies exist and have been proven in pre-commercial projects. Aker Offshore Wind utilizes the Aker groups capabilities and experience from the offshore oil and gas industry to accelerate industrial scale offshore wind projects.

The company last year introduced an ambition to reduce the Levelized Cost of Energy (LCoE) from about €150 based on the pre-commercial projects to date for floating wind, to about €50 in 2030. This is a key priority for the company. Aker Offshore Wind's established a Technology Roadmap to drive and concentrate its resource allocation towards realizing the LCoE ambition.

Digitalization is a key improvement driver and a differentiating factor. Aker Offshore Wind works closely with partners like Cognite, Aker's industrial software company, to improve efficiency and cost by developing new tools and processes. In the NextWind Real Time Condition Monitoring project, supported by the California Energy Commission, Aker Offshore Wind partnered with Cognite, H.T. Harvey and MarineSitu

to develop next generation technologies for offshore floating wind farms, including monitoring of its impact on the environment via live data streaming, with computer vision for wildlife detection.

Towards the end of 2020, Aker Offshore Wind increased its ownership in Principle Power Inc. from approximately 20 percent to about 47 percent.

Principle Power is established as the industry leading provider of floating wind foundation technology, with more than 100MW of installed capacity by 2022. Principle Power has an established track record from several years of offshore operations and 34,000 operating hours with its WindFloat foundation. In 2020, a 9.5MW Turbine designed by Principle Power was installed in the Kincardine project in the UK, the biggest floating wind turbine in the world to date. Three 8.4MW WindFloat turbines were also successfully brought into operations in the WindFloat Atlantic project off the coast of Portugal.

Aker Offshore Wind will work with Principle Power and the other shareholders to further develop technology and drive down costs across the value chain to ensure the most competitive offering globally.

Separately, in November 2020, Aker Offshore Wind announced it had been awarded a grant from Enova, Norway's innovation fund for environmentally friendly technologies, for a pre-project that aims to reduce costs and increase maturity in important technical segments of offshore floating wind. The overall objective is to better understand how technical solutions can enable use and development of a Norwegian supply chain and drive down costs over time.

PARENT COMPANY AND ALLOCATION OF NET LOSS

The parent company Aker Offshore Wind AS is the ultimate parent company in the

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Aker Offshore Wind group and its business is the ownership and management of its subsidiaries. Aker Offshore Wind AS has outsourced all company functions to its subsidiaries, mainly Aker Offshore Wind Operating Company AS.

Aker Offshore Wind AS has a net loss of NOK 2.2 million in period from incorporation on July 8 to December 31, 2020. The company is currently in a growth phase and not in a position to pay any dividends. The board thereby proposes the following allocation of net loss (amounts in NOK million):

Dividends:	0
From share premium:	2.2
Total allocated:	2.2

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

Aker Offshore Wind aims to develop and operate deepwater offshore wind farms at industrial scale. The first major industrial projects could commence operation from 2025 onwards, so the company's activities were predominantly office based throughout 2020, and this is expected to continue for the next few years.

Aker Offshore Wind is committed to keeping people and environment safe and healthy. The cornerstone of this objective is a strong, structured and company-wide HSSE system, setting clear standards for HSSE management and leadership. Regular audits will identify, isolate and address potential shortcomings. At Aker Offshore Wind, every individual is personally committed to HSSE: with a focus on behavior and care for one another.

HEALTH AND WORKING ENVIRONMENT

Aker Offshore Wind is committed to a goal of zero harm to its employees. The company aims to achieve this through accident

prevention combined with safeguarding employees' physical and mental health. Aker Offshore Wind's recorded sick leave for the five months till the end of 2020 was 0 percent, well below the target of 3 percent.

In 2020, the COVID-19 pandemic had an adverse impact on working life at Aker Offshore Wind. The company implemented a series of measures, in accordance with national recommendations and Aker group-wide requirements, to reduce the spread of the virus while maintaining productivity. Throughout long periods, all or most employees worked from home, communicating digitally. Due to the effort and flexibility of the entire organization, Aker Offshore Wind has been able to perform at a high level and move forward during this extraordinary period.

In these working conditions, emphasis was placed on mental health issues among the work force. The Aker group implemented various support measures, including anonymous helplines and free consultancy by medical professionals, which also provided support to Aker Offshore Wind. A series of initiatives were introduced to ensure employees stayed connected.

SAFETY

Aker Offshore Wind operates with a zero-harm mindset and the belief that all incidents can be prevented. The current operating environment- office based turned home based- results in few safety-related risks to employees. A low-threshold reporting system for notification of safety-related incidents is under development.

SECURITY

Aker Offshore Wind's commitment towards safeguarding employees, assets and reputation was demonstrated by early connection to the Aker Global Security Operations Centre (GSOC). This core team of

security professionals operates a 24/7 Centre, servicing all Aker-group companies. No security incidents were reported in 2020.

CYBERCRIME

Cybercrime can be a major threat to operations. Aker Offshore Wind continually monitors the threat landscape and takes the necessary steps to safeguard employees, systems, information and products. Phishing emails remain the most important vector for cyber-attacks and 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 Offshore Wind and its assets.

EMERGENCY PREPAREDNESS AND RESPONSE

The company's capabilities within crisis management were set up in 2020. A dedicated resource was assigned to advise and assist management on development of systems and structure of emergency response and business continuity. An Aker Offshore Wind emergency number has been established, allowing all employees to easily report serious incidents and receive immediate assistance. Aker Offshore Wind also implemented RAYVN, a cloud-based system for managing critical events. The roll-out of the system included introductory training sessions and desktop drills for key members of the company and management.

ENVIRONMENT

The Code of Conduct sets out the principles according to which Aker Offshore Wind manages its environmental impact. The code states that Aker Offshore Wind shall act responsibly with an ambition to reduce

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direct and indirect negative influences on the external environment. The company shall adhere to relevant international and local laws and standards, strive to minimize its environmental impact and take a sustainable approach in its day-to-day operations. Aker Offshore Wind's aim is to support its customers and the industry to be better environmental performers through its products and services. The company is focused on reducing waste, reducing carbon dioxide (CO₂) emissions and improving the environmental mind-set amongst its employees. More details can be found in the sustainability reporting section of the annual report.

SAFEGUARDING DIVERSITY AND EQUAL OPPORTUNITY

Aker Offshore Wind had 18 permanent employees and 22 contract staff at the end of 2020. Aker Offshore Wind is strongly committed to the principles of non-discrimination and equal opportunity, regardless of gender, nationality or other factors. Men have traditionally dominated the industry. This continues to be reflected in our organization, where around 11 percent of employees are women. The percentage of women in leadership roles was 11 percent in 2020.

Aker Offshore Wind's workforce comprises five nationalities and offers a range of competencies and insights, benefitting both its partners and the business.

Aker Offshore Wind 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 annual report's 2020 sustainability reporting section.

Aker Offshore Wind has a procedure for handling whistleblower cases, and it is followed with respect to investigating discrimination allegations. It ensures all allegations are investigated and feedback provided to the whistleblowers where identity is known. At the end of 2020 no such cases had been reported. For more information on the whistleblower channel, see the chapter Conducting our Business with Integrity in the sustainability section.

LEADERSHIP, TALENT AND PERFORMANCE

Aker Offshore Wind's ambition is to offer professional development, worldwide career opportunities, competitive pay and benefits and a healthy work-life balance for all its employees.

The COVID-19 pandemic has led to new ways of working and collaborating and Aker Offshore Wind has a digitally connected, collaborative and mobile workplace for all employees. This will enhance end-user collaboration and communications through an agile, mobile and secure computing platform, in this case the Microsoft Office 365 set of tools. Employees can be onboarded and will continue to work in a more digitally connected, collaborative and mobile world.

Our performance process is built upon frequent performance conversations between managers and employees to ensure that we all work towards common goals, accelerate performance and help people grow and develop. The dialogues are mandatory for all employees and kept simple to make them efficient and impactful for both leader and employee.

RISK FACTORS

Aker Offshore Wind aims to build a global footprint and have operations in an emerging market segment. This exposes the company to regulatory changes and immature market conditions which provides both opportunities



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and risks. These risks may affect the company's operations, performance, finances, reputation and share price. It is evident that external risk factors such as pandemics, market risk, 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 outbreak of COVID-19 has resulted in a global pandemic and has severely impacted companies and markets globally. It is currently not possible to predict the consequences for the company, its business partners, Norway or the other countries the company operates in, the offshore wind industry or global business and markets – other than potentially adverse negative effects that may be long-term.

Such consequences may also impact Aker Offshore Wind and its current and planned operations and prospects/projects – as well as its suppliers of goods and services – including the company's ability to raise further capital or secure financing, future customers' ability to buy the company's products at attractive prices, and its contractors' ability to provide goods and services required for Aker Offshore Wind's projects at the agreed terms, or at all.

Any future outbreak of COVID-19 or new pandemics is beyond the company's control and there is no assurance that any future outbreak of COVID-19 or other contagious diseases occurring in areas in which the company or its suppliers or partners operate, or even in areas in which the company does not operate, will not seriously interrupt the industry and hence the company's business.

Pandemic outbreaks and other natural disasters could also occur in the future

and may impact Aker Offshore Wind in the following manner:

- Personnel may not be able to work due to illness, quarantines, travel restrictions and social distancing
- Office buildings and suppliers' fabrication yards and locations may as a result be shut down
- Supplies from vendors may be delayed and lead to delay of project completion
- Partners could face delays and losses and may claim reimbursement from Aker Offshore Wind and/or their suppliers
- Long-term impact on the global economy may result in loss and impairment of the assets
- Available future market development could slow down if governments postpone projects, and/or regulatory steps and deadlines

MARKET RISK

The profitability of the company will largely depend on the volume and cost of the electricity produced by the offshore wind installation, as well as government fiscal schemes. The future performance of the company will depend on entering into power purchase agreements ("PPA") under which prices may vary according to local market conditions, as well as predictability in government schemes. Electricity prices are, inter alia, dependent on substitute or adjacent commodity prices such as other renewable and fossil energy prices, but also dependent on meteorological conditions, CO2 pricing and other supply and demand factors going into the clearing of the market price of electricity. Low prices on the electricity produced could have a material adverse effect on the company. Financial and industrial support schemes and incentives are key factors in the future development of deepwater offshore wind markets.

National governments around the world have established such schemes to take leading roles in developing what is expected to be large profitable and subsidy-free business over time. However, in its current state the deepwater wind market, and floating wind in particular, rely on the support of national and regional authorities and a shift in such support represent a risk factor for the company.

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

- Instability in the world economy as a result of pandemics
- Local requirements, legislative restrictions and/or prohibitions on offshore wind activities in countries of existing or planned operations
- 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, could represent both an opportunity and risk

ETHICAL AND POLITICAL RISKS

The uncertainties and recent downturn of the global economy and other macroeconomic factors, including but not limited to the ongoing COVID-19 pandemic (as described below) could adversely affect the company's business. The prospects for global economic growth remain uncertain and this may impact political stability and decision making, availability of credit and terms thereof, liquidity more generally, interest rates and exchange rates, which in turn could have a material adverse effect on the company. In addition, volatility in the global economy may have an adverse impact on the demand for power in general, the demand for renewable energy and the speed of transition from fossil

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energy to renewable energy. Without a stable and/or growing global economy, the business of the company may therefore be adversely affected.

The offshore wind sector is publicly regulated, and regulation and fiscal regimes differ across geographies and may change over time. This could impact timing, frequency and process (e.g. auctions, qualitative assessment etc.) of acreage award/ licensing rounds, support schemes, timeline and required activities for development, local content and other terms and conditions for offshore wind development. Thus, there is political risk of investments in the offshore wind sector.

Aker Offshore Wind has established ethical policies and procedures in order to comply with applicable standards domestically and internationally. Aker Offshore Wind could, nevertheless, potentially become involved in unethical behaviour, either directly or through third parties and partners. The company may in the future have operations in countries associated with high political, corruption and human rights risks. Key tools to reduce these risks will be the company's code of conduct, anti-corruption compliance program and human rights program.

Risks are managed through country analyses, mandatory awareness training, compliance reviews and integrity due diligence. Aker Offshore Wind's anti-corruption program and human rights program will be subject to regular reporting to the Audit Committee/BoD.

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

CLIMATE RELATED RISKS

Climate related risks are defined within physical, regulatory/liability, technology, market and reputational risks. These risks have been covered under other chapters and in the sustainability report.

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 demand for the company's offerings and increase growth opportunities. Negative aspects could include increase in commodity prices, reduction of raw material and increased logistics and transportation cost that could potentially negatively impact the company's earnings.

OPERATIONAL RISK

The offshore renewable sector is still under development. Unexpected success in other areas of renewable energy may reduce the pressure on the authorities to allow for development of offshore wind farms. Both offshore wind and renewable energy generally experience frequent changes and developments in technology and business models. Failure or inability by Aker Offshore Wind to respond to such changes and innovations may render the company's operations non-competitive and may have a negative effect on the company's operational results, financial condition and future prospects.

Aker Offshore Wind is newly established and currently has a limited number of employees. The company is therefore vulnerable to key employees leaving, which may have a material adverse effect on the operations. The company will also rely on other third parties, providing the company with access to certain services and for resources required for execution of its

projects.

Aker Offshore Wind must also be prepared to expand its work force and to train, motivate and manage additional employees as the need for additional personnel arises. The company's personnel, facilities, systems, procedures and controls may not be adequate to support its future operations. Any failure to manage future growth effectively could have a material adverse effect on the company's business, results of operations, financial condition, cash flows and/or prospects.

The development phase of offshore wind farms includes obtaining several consents, commercial agreements, permits and licenses from relevant authorities and stakeholders to secure rights for both onshore and offshore construction and operation activities. Failure to obtain, delay in obtaining or losing necessary consents, commercial agreements, permits and licenses could result in termination or delay.

Further, most of the company's projects are carried out together with a partner, which means that the parties must be able to agree on key matters to progress the projects. Depending on ownership structure, certain actions may be taken by the partner on the company's behalf. However, joint execution also gives the consortium broader capabilities and involves risk sharing.

Examples of conflicts that may arise from development are (but not limited to):

- Failure to manage environmental legislation and concerns
- Co-habitation with fisheries, military, shipping, ports and local communities (including unions)
- Job creation
- Grid interdependencies and grid connection
- Radar interference caused by project
- Commercial agreements for onshore and offshore cable crossings

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- Proximity to existing infrastructure
- Commercial agreements for land rights for onshore substation and cable route
- Aker Offshore Wind's ability to compete effectively and maintain market positions and sales volumes
- The company's capability to successfully commercialize and build its business
- 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
- Cybercrime 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.

Aker Offshore Wind is exposed to a variety of financial market risks such as currency risk, interest rate risk, tax risk, price risk, credit and counterparty risk, liquidity risk and capital risk as well as risks associated with access to and terms of financing.

The financial risks affect the group's

income and the value of any financial instruments held. The objective of financial risk management is to manage and control financial risk exposures and thereby increase the predictability of earnings and minimize potential adverse effects on Aker Offshore Wind's financial performance. Aker Offshore Wind and its subsidiaries will use financial derivative instruments to hedge certain risk exposures and aim 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. Risk management is performed in every project in order to identify, evaluate and hedge financial risks under policies approved by the board of directors.

Financial risk management and exposures are described in detail in [note 15](#) and capital management is described in [note 14](#).

FUTURE EXPECTATIONS

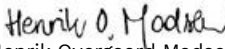
It is the opinion of the Board of Directors that the company has developed favorably since being established in July 2020. The priorities for 2021 and beyond will be for the company to mature existing projects and prospects towards a future financial investment decision. Market drivers remain supportive, as an increasing number of countries launch ambitions to develop floating wind as part of their energy mix. Other priorities include strengthening the organization with key hires both at the corporate and regional levels,

and to continue the technology development identified in the company's strategic roadmap towards a commercially competitive cost of energy production.

GOING CONCERN

The world is currently in the middle of the COVID-19 pandemic, and how this will unfold remains uncertain. Aker Offshore Wind is continuously monitoring the development and will continue to take measures to mitigate the negative impacts for the company, including measures required to meet restrictions from governmental authorities. However, there is a risk that the COVID-19 outbreak may have substantial negative effects on the global economy which are worse than current estimates, in which case this will also have increased negative effects on Aker Offshore Wind. The COVID-19 outbreak entails a degree of uncertainty in the going concern assumption for most companies. This is also the case for Aker Offshore Wind. However, the company has no external debt and a solid liquidity reserve as of December 31, 2020. Therefore, in accordance with the Norwegian Accounting Act, the board of directors confirms that the going concern assumption, on which the consolidated financial statements have been prepared, is appropriate.

Fornebu, March 25, 2021


Henrik Overgaard Madsen
Chairman


Kristian Monsen Røkke
Director


Kjell Inge Røkke
Director


Andrew Douglas Garrad
Director


Nina Jensen
Director


Astrid Skarheim Onsum
CEO

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Board of Directors



HENRIK O. MADSEN
Chairman

Henrik O. Madsen has worked more than 25 years for DNV/DNV GL in a number of scientific research and management positions, and served as the President and CEO of the company from 2006 to 2015. He holds a PhD in civil and structural engineering from the Technical University of Denmark, where he also serves as adjunct professor. In 2002, he was appointed a technology pioneer by the United States Offshore Energy Center's Technology Hall of Fame. Madsen was previously chairperson of the Norwegian Research Council.



**KRISTIAN MONSEN
RØKKE**
Board Member

Kristian Monsen Røkke has experience from offshore services and shipbuilding in several companies in the Aker group. Prior to assuming his current position as CEO of Aker Horizons AS, Røkke served as Chief Investment Officer of Aker ASA. Before that, he served as CEO of Akastor ASA, a publicly listed oil service investment company and prior to this he spent several years in various operational and executive roles at Philly Shipyard. He has an MBA from The Wharton School of the University of Pennsylvania. Kristian Røkke is a board member of several companies, including: Akastor ASA (Chairman), Philly Shipyard ASA (Chairman), American Shipping Company ASA and Aker Offshore Wind AS.



KJELL INGE RØKKE
Board Member

Kjell Inge Røkke, Aker ASA's main owner, has been a driving force in the development of Aker since the 1990s. Mr. Røkke launched his business career with the purchase of a 69-foot trawler in the United States in 1982, and gradually built a leading worldwide fisheries business. In 1996, the Røkke controlled company, RGI, purchased enough Aker shares to become Aker's largest shareholder, and later merged RGI with Aker. Mr. Røkke is also currently a director of Aker BP, Aker Solutions, Ocean Yield, Aker BioMarine and Aker Energy.

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NINA JENSEN
Board Member

Nina Jensen is the CEO of REV Ocean and is a tireless champion for promoting environmentally responsible solutions for the world's ocean. She started this position in 2018 after 15 years of positive impact in WWF-Norway (as Secretary-General since 2012). Ms. Jensen holds a Master's degree in Marine Biology from the University of Fishery Science in Tromsø, and has a background in communications and marketing from Ogilvy&Mather. Ms. Jensen is a board member of The Business for Peace Foundation, The Plastic REvolution Foundation, The C4IR Ocean and The Brain Tumour Association. She was named Young Global Leader by the World Economic Forum in 2014. She is also part of Friends of Ocean Action and an advisor to the High Level Panel for a Sustainable Ocean Economy.



ANDREW GARRAD
Board Member

Andrew Garrad has been professionally involved in wind energy over 40 years. Dr. Garrad cofounded the Garrad Hassan Group Ltd and was CEO and Chairman of the company along with some 25 group companies from 1984 to 2009. He was President of GL Garrad Hassan 2009 to 2014. He has held a number of public appointments including Chairman of the British Wind Energy Association and President of European Wind Energy Association. Dr. Garrad has a BA from the University of Oxford, a PhD from the University of Exeter and was awarded the honorary degree of DEng by University of Bristol in 2009 and the University of Exeter in 2018. He is a Fellow of the Royal Academy of Engineering. Dr. Garrad is a British citizen.

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Sustainability Report 2020

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1. About This Report

The initiatives highlighted in this report include those that have an impact on our employees, partners, suppliers, investors and societies where we are present.

Detailed information on Aker Offshore Wind's business model, role in the value chain and technology can be found in the Board of Directors report. The BoD report also provides information on our market strategy, growth targets and project pipeline.

GRI STANDARDS

Aker Offshore Wind reports and communicates on sustainability based on the Global Reporting Initiative (GRI) framework. This report has been prepared in accordance with the GRI Standards: Core Option.

Our overview of disclosure according to GRI, including references to sections of the report where GRI indicators are reported upon and the list of material aspects, can be found in the appendix at the end of the report. While preparing the report, we also followed the Euronext guidance on ESG reporting of January 2020.

REPORT BOUNDARIES

The report boundary is, in general, drawn around companies under the operational control of Aker Offshore Wind. However, we also provide information on some aspects where we have the potential to influence but do not have direct control.

NORWEGIAN ACCOUNTING ACT

The report seeks to address the legal requirements for company reporting on corporate social responsibility as



specified in the Norwegian Accounting Act ("regnskapsloven").

NCGB

Aker Offshore Wind is guided by the Norwegian Code of Practice for Corporate Governance issued by the Norwegian Corporate Governance Policy Board (NCGB). The objective of the Code of Practice is that companies listed on regulated markets in Norway will practice corporate governance

that provides division of roles between shareholders, the Board of Directors and executive management more comprehensively than is required by legislation. Although not listed on the main index of the Oslo Stock Exchange, Aker Offshore Wind strives to uphold the standards set by the Code of Practice.

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2. Sustainability at Aker Offshore Wind

Sustainability at Aker Offshore Wind is about making planet positive business decisions that add value to the company, its stakeholders and society. The company works proactively to ensure sustainability, integrity and responsibility in its operations.

Sustainability at Aker Offshore Wind means to develop renewable power by developing new offshore energy markets through responsible and value-driven business conduct. With a clear focus on environmental, social and governance activities, sustainability at Aker Offshore Wind is enacted by:

- Committing to powering the climate transition by developing green, clean energy and avoiding emissions of greenhouse gases in every country we operate
- Taking ownership to create a cleaner, safer and more sustainable future by minimizing negative impact on ecosystems
- With a responsible business as our starting point we will act to the benefit of our employees, partners and society by practicing sustainability, health and safety throughout the value chain



Image: Principle Power

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3. Our View

VISION

Aker Offshore Wind shall be the global leader in the offshore wind market as a pure-play deepwater developer.

MISSION

Aker Offshore Wind strives for a sustainable future – one driven by clean, green energy. As 80 percent of the world's offshore wind acreage is deeper than 60 meters, we leverage technology and push boundaries to scale, drive down costs and add value to the communities we engage with and to all our stakeholders.

VALUES

Aker Offshore Wind will establish a set of long-term corporate values to be the compass that guides our policies, our operations and our behavior. These values will be included in the Sustainability Report for 2021.

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4. Governance

Aker Offshore Wind is committed to working proactively to ensure sustainability, integrity and responsibility in its operations.

Sustainability at Aker Offshore Wind means to develop clean responsible power through developing new offshore energy markets by a responsible and value-driven business conduct. Sustainability considerations will be integrated in internal processes and business operations and tailored to diverse local contexts and stakeholder expectations.

The company is a signatory to the UN Global Compact, and thereby respects and adheres to the precautionary principle (Principle 7).

Aker Offshore Wind reports and communicates on sustainability according to the Global Reporting Initiative (GRI). We also follow the Euronext guidance on ESG reporting of January 2020. Aker Offshore Wind's strategy supports the UN Sustainable Development Goals.

The Board of Directors sets the direction of the company by determining the objectives, strategy and risk profile of the business within the parameters of applicable law, the articles of association and the company's adopted rules of procedure for the Board of Directors. The existing business targets and strategy are evaluated on an annual basis by the board through a designated strategy process whereby any significant changes as well as goals and guidelines of the company are adopted. The objectives and business strategy as defined and approved by the Board of Directors, are executed through a strategy implementation process in Aker Offshore Wind owned by the chief executive

officer.

The Board of Directors takes an active and strong approach in identifying and assessing business risks to ensure the overall risk profile of the company is understood and sound. Furthermore, the Board of Directors defines the general level of acceptable risk for the company and will continuously make assessments to ensure the risk level is within the parameters set and adopt changes to the company's risk profile as and when required.

Information concerning the objectives and principal strategies of the company, and any changes thereto, as well as business risk aspects, are disclosed to the market in the context of the company's annual report, its quarterly reporting and in designated market presentations as well as on the company's website. Aker Offshore Wind will also, from time to time, report on such information in compliance with the requirements for companies listed on Euronext Growth.

Aker Offshore Wind has a Code of Conduct outlining the company's commitments and requirements for ethical business practices and personnel conduct. The Code of Conduct describes what Aker Offshore Wind expects from its employees, subsidiaries, subcontractors, representatives and other partners and explains the company's policies in a number of areas of particular importance such as corruption, including bribery and facilitation payments, conflict of interest, gifts and hospitality and human rights. The Code of Conduct is available at www.akeroffshorewind.com.

The Code of Conduct is the key governing document and the foundation of our drive

to uphold the highest levels of integrity and avoid becoming complicit in unethical or illegal behaviour. We strive to minimize harm to the environment by providing environmentally sound technology for our own activities and to work with our partners and suppliers to do the same. We recognize our responsibility to positively impact societies and will strive to ensure that they benefit from our operations.

Additionally, Aker Offshore Wind has an integrated global anti-corruption compliance program. 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 Offshore Wind will also follow the Voluntary Principles on Security and Human rights – ensuring that we operate within a framework and by standards that encourages respect for human rights.

Sustainability at Aker Offshore Wind is owned by the chief executive officer, while the Board of Directors is ultimately responsible for overseeing and safeguarding management of the company's sustainability (environmental, social, and governance – ESG) work.

Starting with the highest level of the organization specific targets hold leadership, managers and employees accountable for sustainability at Aker Offshore Wind. Objectives and key results (OKRs) are implemented for the company and guides the performance of executive management positions. More details on remuneration

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policies for the highest governance body and senior executives can be found in the financial section of this report.

In 2020, the company's business excellence team was responsible for assessing, maintaining and reporting on sustainability topics while the company's business units were responsible for implementing, monitoring and sharing the company's sustainability work. Each of the company's locations is responsible for ensuring compliance with local legal requirements in addition to the corporate requirements.

Sustainability is embedded into Aker Offshore Wind's enterprise strategy and is not a separately developed strategy.

Decisions are made every day that have an impact across our value chain: they affect people, customers and suppliers, as well as the environment and the communities in which we operate. Some of these decisions have a short-term impact, while others have a long-term effect on stakeholders and the environment. Aker Offshore Wind believes that the effects are positive overall, but the company is aware of the difficult trade-offs and dilemmas that can occur in the value chain or in the countries where we operate. We know that how we conduct ourselves as an employer and as a business has a profound impact on the company's ability to create long-term value for society and for our shareholders.

Aker Offshore Wind is actively building its Management System. This will be governed through policies anchored at the highest level of the organization, which describe the intention and direction of the company, as formally expressed by top management. The policies set the direction for the development of the company's management system and certification according to ISO 9001 & 14001 during 2021. The management system shall contain specific procedures, controls and

review mechanisms to ensure operations are conducted in accordance with applicable internal and external regulatory framework. The policies and procedures are reviewed and updated regularly and as necessary. Business processes are owned by global functions and business owners, who have the responsibility and authority to standardize and optimize work processes to secure efficient operation. Our policies will be shared on our website.

CORPORATE GOVERNANCE

Good corporate governance at Aker Offshore Wind will ensure sustainable operations and value-creation over time to the benefit of the company's 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.

Management and the Board of Directors are responsible for ensuring that the company conducts its business using sound corporate governance and set the standards for corporate governance that apply to Aker Offshore Wind as a whole.

Under Aker Offshore Wind's authorization matrix, the Board of Directors holds exclusive authority in matters of material significance to the company. The company is in the process of updating its current authorization matrix. The Board of Directors regularly receives extensive reports from the chief executive officer and the chief financial officer on key aspects of the business. These reports reflect underlying reporting to executive management from the business operations.

THE WORK OF THE BOARD OF DIRECTORS

Procedures

Aker Offshore Wind's rules of procedure for the Board of Directors govern areas of

responsibility, duties and the distribution of roles between the board, the chairman and the chief executive officer. The rules of procedure also include provisions on matters such as convening and chairing board meetings, decision making, the duty and right of the chief executive officer to disclose information to the board and the duty of confidentiality.

Conflict of Interest

Aker Offshore Wind applies a strict norm as far as independence assessments are concerned, and has prepared guidelines ensuring that directors and executive personnel notify the Board of Directors if they have any material direct or indirect personal interest in any agreement concluded by the group.

The rules of procedure for the Board of Directors stipulate that neither the board members, the chief executive officer nor anyone else shall participate in the preparation, deliberation or resolution by the board of any matters that are of such special importance to themselves or any of their related parties that the person in question is deemed to have a prominent personal or financial interest in these matters. The relevant board member or person shall raise the issue of his or her independence whenever there may be cause to and is the primary responsible for adopting the correct decision as to whether he or she should step down from participating in the discussion of the matter at hand.

As far as the other officers and employees of Aker Offshore Wind are concerned, transactions with related parties are comprehensively addressed and regulated in the company's Code of Conduct.

Meetings

The Board of Directors will hold board meetings whenever needed, but normally

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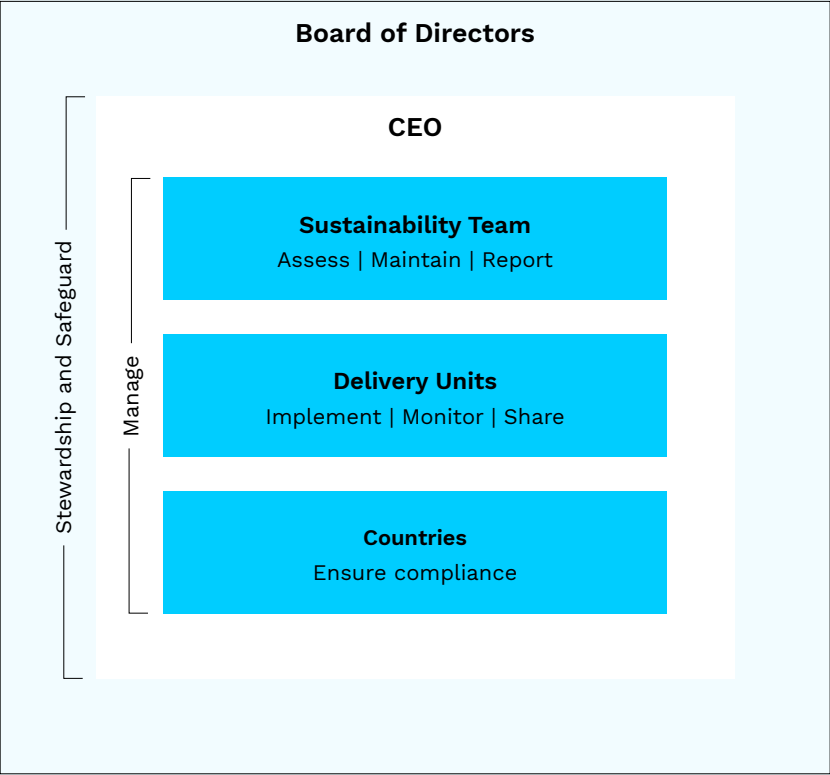
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six to twelve times a year. The need for extraordinary board meetings may typically arise because the internal authorization structure of the company requires the board to deliberate and approve material transactions and bids to be submitted by the company.

Matters Discussed by the Board of Directors

The chairman, in cooperation with the chief executive officer, prepares the agenda for deliberation by the Board of Directors. It is a priority to have matters prepared and presented in such a way that the board is provided an adequate basis for its deliberations. The Board of Directors has overall responsibility for the management of the company and shall, through the chief executive officer, ensure that its activities are organized in a sound manner. The Board adopts plans for the business, and keeps itself informed of the financial position of, and development within, the company. This encompasses the annual planning process, with the adoption of overall goals and strategic choices as well as financial plans and forecasts.

Governance Structure Sustainability



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5. Stakeholder Engagement

Aker Offshore Wind is committed to ongoing engagement with stakeholders to listen to their concerns and understand their expectations. The basis and scope of this report has been shaped by the materiality assessment conducted in 2020, and by our stakeholders' expectations obtained through monitoring and dialogue.

We interact with employees, unions, owners and shareholders, financial

institutions and project financiers, project partners and suppliers, governments and national authorities, non-governmental organizations and local communities, and industry groups. The nature of our engagement, stakeholders' key priorities, our corresponding actions and the connection to Aker Offshore Wind's material topics are presented in the table, below.

Stakeholders	Nature of engagement	Stakeholders' key ESG priorities	Key company actions to meet stakeholder expectations	AOW's material ESG topics
Employees	Daily	<ul style="list-style-type: none"> AOW's mission is an important part of the company's employee value proposition (EVP), and will help attract and retain talent. 	<ul style="list-style-type: none"> Building a company culture around the goal of contributing to solving the climate crisis will capitalise on the company's EVP. 	<ul style="list-style-type: none"> Transparent and value-driven company culture
Owners / shareholders	Daily	<ul style="list-style-type: none"> Strong investor interest in renewable energy as a solution to climate change and needed change in the current energy mix. Expectations related to positive impact on climate and the environment. Expectation of appropriate risk management of environmental impact and key governance topics, such as diversity and compliance. 	<ul style="list-style-type: none"> Clear communication of market strategy in light of investor preferences. Disclosures on share of projects that are EU Taxonomy-aligned. Appropriate management systems for risks and impacts. 	<ul style="list-style-type: none"> Develop renewable energy generation Reduce greenhouse gas emissions Minimize negative impact on ecosystems Lifecycle perspective on minimizing waste and pollution Diversity Human rights and labor rights Anti-corruption and anti-money laundering Responsible supply chain management
Financial institutions and project financiers	Regular engagement in relation to project development and pipeline	<ul style="list-style-type: none"> Private equity firms, investment banks and commercial banks seek to invest in renewable energy to meet demand by own investors, gaining taxonomy-aligned revenue and investments and as ESG friendly substitute to commercial bonds 		<ul style="list-style-type: none"> Develop renewable energy generation Reduce greenhouse gas emissions Minimising negative impact on ecosystems Diversity Human rights and labour rights

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Stakeholders	Nature of engagement	Stakeholders' key ESG priorities	Key company actions to meet stakeholder expectations	AOW's material ESG topics
Project partners and suppliers	Regular engagement on a project-by-project basis	<ul style="list-style-type: none"> • HSSE in the value chain is an important part of the safety culture in the industry. • Suppliers are concerned with building competency and experience in green growth markets. • Importance placed on project management, and on good cooperation with local stakeholders. 	<ul style="list-style-type: none"> • Occupational health and safety management system. • Supply chain management strategy with focus on local content. • Responsible and transparent project management and execution, in close cooperation with local communities. 	<ul style="list-style-type: none"> • Health and safety in the value chain • Connect local suppliers to green growth markets • Coexisting with other marine industries
Government and national authorities	Regular engagement on a project-by-project basis, and continuous monitoring	<ul style="list-style-type: none"> • Governments are concerned with accelerating the energy transition to reduce global emissions and building new value chains for future value creation. Through national climate goals, the energy mix will continuously skew towards renewable sources. • Emphasis on reducing potential negative impact on ecosystems, as well as on ensuring coordination and synergies between different offshore industries. 	<ul style="list-style-type: none"> • Demonstrate that AOW is providing clean, green and reliable energy, while minimizing the local impact on biodiversity. • Demonstrate contribution to value creation and innovation. • Cooperate actively with other marine industries. 	<ul style="list-style-type: none"> • Develop renewable energy generation • Reduce greenhouse gas emissions • Lifecycle perspective on minimizing waste • Minimize negative impact on ecosystems • Create new opportunities in green growth markets • Coexisting with other marine industries
Non-governmental organizations and local communities (NGO)	Regular engagement on a project-by-project basis, and continuous monitoring	<ul style="list-style-type: none"> • Environmental NGOs and others will pay close attention to the environmental impact on ecosystems and the sector's ability to operate alongside other marine industries. • Local communities are concerned with industry actors contributing to local value creation. 	<ul style="list-style-type: none"> • Conduct thorough Environmental Impact Assessments as basis for decisions. Appropriate management of impacts will be key to appease stakeholders and reduce opposition to the projects. • Supply chain management strategy with focus on local content. 	<ul style="list-style-type: none"> • Minimizing negative impact on ecosystems • Coexisting with other marine industries • Lifecycle perspective on minimizing waste • Create new opportunities in green growth markets
Industry groups	Regular engagement and continuous monitoring	<ul style="list-style-type: none"> • Incentivizing and accelerating the energy transition to provide clean energy that reduces global emissions and enables energy users to reduce the emissions from their operations and value chain. • Interest in building a greater sustainable marine industrial system, ensuring local job creation and value generation. 	<ul style="list-style-type: none"> • Demonstrate that AOW can provide clean, green and reliable energy, while minimizing the local impact on biodiversity. • Demonstrate contribution to value creation, including job creation. 	<ul style="list-style-type: none"> • Develop renewable energy generation • Reduce greenhouse gas emissions • Lifecycle perspective on minimizing waste • Create new opportunities in green growth markets • Connect local suppliers to green growth markets

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6. Materiality Assessment

In the second half of 2020, we conducted a materiality assessment to review our sustainability priorities. The purpose of the materiality assessment is to allocate resources to areas where the potential impact is the greatest and to identify which sustainability topics are material for Aker Offshore Wind's commercial and financial outlook. This will enable us to better manage sustainability risks and opportunities while at the same time provide our stakeholders with material disclosures.

The assessment considers the level of materiality of a topic against two parameters:

- issues influencing the decision-making of stakeholders, and/or
- the significance of (economic, environmental and social) impacts

The assessment comprised external and internal stakeholders to help evaluate decision-making priorities and significance of impacts.

The topics listed below are the areas addressed in the materiality assessment.

To secure the independence and integrity of the process, the materiality assessment was conducted by a reputable third-party organization.

Conducting a materiality assessment is in line with the Euronext guidance on ESG reporting of January 2020, and NASDAQ as well as the Sustainable Stock Exchange Initiative. It is also a requirement when reporting according to the GRI Standard.

Environmental Purpose



MATERIAL ENVIRONMENTAL TOPICS

- Renewable energy generation
- Reduce GHG emissions
- Minimising negative impact on ecosystems
- Lifecycle perspective on minimizing waste and pollution

Social Purpose



MATERIAL SOCIAL TOPICS

- Create new opportunities in green growth markets
- Connect local suppliers to green growth markets
- Diversity
- Health and safety in the value chain
- Coexisting with other marine industries
- Human rights and labor rights

Governance Purpose



MATERIAL GOVERNANCE TOPICS

- Responsible supply chain management
- Anti corruption and anti money laundering
- Transparent and value driven company culture

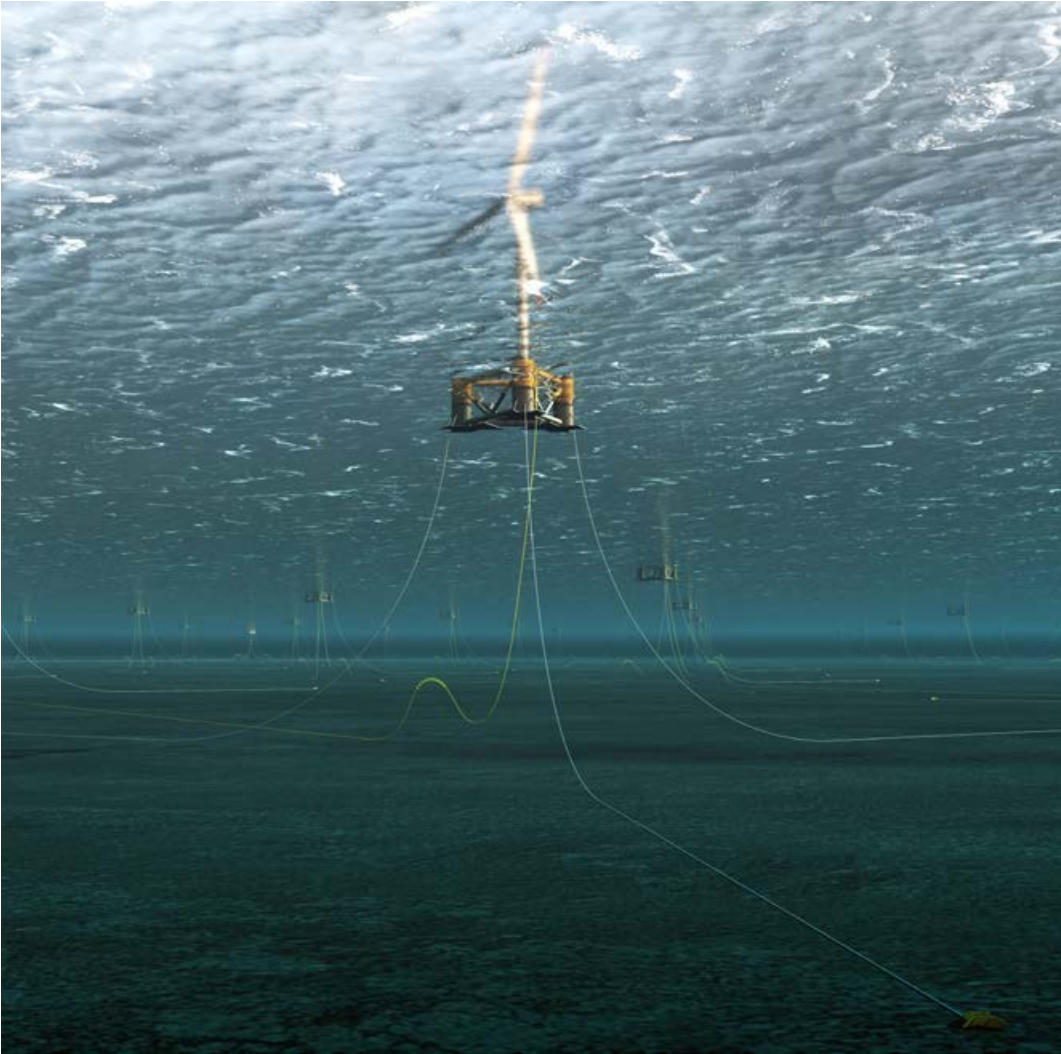
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7. Charters and Memberships

Aker Offshore Wind is a signatory to the UN Global Compact, the world's largest corporate sustainability initiative and is committed to its 10 principles. This report will be our annual Communication on Progress.

Aker Offshore Wind officially committed to the NOIA (National Ocean Industries Association) ESG Network by signing a Participation Agreement in July 2020. Signatories pledge their companies will participate in the NOIA ESG effort, providing support to the initiative by encouraging new member companies to attend, helping to create content for the events and providing information and resources such as examples of ESG programs and reports.



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8. UN Sustainable Development Goals

Aker Offshore Wind supports the UN Sustainable Development Goals (SDGs), a collection of 17 global goals set by the United Nations General Assembly in 2015. The goals provide a shared blueprint for peace and prosperity for people and the planet, now and into the future. We have prioritized 6 SDGs where we believe we can have the most impact and where we seek to contribute positively. In 2021, we will review this prioritization to make sure the goals are aligned with targets and material issues for Aker Offshore Wind.

Our Commitment



SDG 5: Our zero tolerance for discrimination and general gender diversity approach seek to contribute to target 5.5 of ensuring women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



SDG 13: By investing in renewable energy, Aker Offshore Wind is driving the transition to the low carbon society.



SDG 14: Through our environmental management approach, we seek to contribute to the sustainable management and protection of marine and coastal ecosystems, avoiding significant adverse impacts (target 14.2).



SDG 7: By building offshore wind power generation capacity globally, Aker Offshore Wind is contributing to target 7.2 of substantially increasing the share of renewable energy in the global energy mix by 2030.



SDG 16: Through our values, policies and governance model, we seek to contribute to the building of transparent and inclusive institutions, in the fight against illicit financial flows, corruption and bribery.



SDG 8: By building a new sector and value chain in floating offshore wind, we are contributing to target 8.2 of achieving higher levels of economic productivity through diversification, technological upgrading and innovation.

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9. Risk Management

Aker Offshore Wind aims to build a global footprint and operations in an emerging market segment. This exposes the company to regulatory changes and immature market conditions which provides both opportunities and risks. These risks may affect the company's operations, performance, finances, reputation and share price. External risk factors such as pandemics, market risk, 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. Climate-related risks are detailed below. The other risk factors are further described in the annual report. The Board of Directors' role in identifying and assessing business risks is detailed in chapter 4 of this report.

Climate-related risks are an integral part of Aker Offshore Wind's risk picture. The company will complete a TCFD-aligned climate-risk assessment in the course of 2021 and will publish its findings in a separate report as well in next year's sustainability report.

CLIMATE-RELATED RISKS

Aker Offshore Wind has identified several climate-related risks and their potential business impacts and these will be tracked through our enterprise risk management system. Moving forward, we will carefully monitor climate-related risks especially with regard to regulatory and market changes.

Climate-related risks are defined within physical, regulatory/liability, technology, market and reputational risks. 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 demand for the company's offerings and increase growth opportunities. Negative aspects could include increase in commodity prices, reduction of raw material and increased logistics and transportation cost that could potentially negatively impact the company's earnings.

Other key climate change-related risks and opportunities identified by the company, prior to the TCFD-aligned climate risk assessment being completed, are outlined below.

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Risks and Opportunities

PHYSICAL RISKS

- Sea level rise and extreme weather, floods and drought
- Changes in natural resources

Potential impacts:

- Harm to employees and damage to physical assets
- Disruption to operation, supply chain, market, public infrastructure
- Degradation or limitation on access to resources

TECHNOLOGY RISKS AND OPPORTUNITIES

- Breakthroughs or incremental improvements in technology that supports the transition to lower-carbon, energy-efficient economic systems

Potential impacts:

- Existing technologies becoming obsolete
- Required investment in new technologies

Growing demand for Aker Offshore Wind's technology, and increased competitiveness of the company.

REPUTATIONAL RISKS AND OPPORTUNITIES

- The company's core business is perceived as being part of the solution to the global climate crisis
- The company is perceived as having a negative impact on the local environment and biodiversity in its project locations

Potential impacts:

- Strong sense of purpose helping to recruit and retain talent
- Attracting investors, lenders, and political goodwill
- Civil society groups or movements may protest, or attempt to sabotage the construction and operation of projects

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10. Preparing for the EU Taxonomy

Aker Offshore Wind is closely monitoring the EU's work on Sustainable Finance and the EU Taxonomy regulation. The new legislative and non-legislative actions introduced in the European Green Deal and the EU Sustainable Finance Action plan will require financial market participants and companies to consider and disclose how they are working with sustainability in a new and standardized manner.

The EU Taxonomy establishes a classification system with criteria for which economic activities can be considered environmentally sustainable. Companies will be required to disclose to what extent their turnover, investments and operational costs align with the EU Taxonomy criteria.

The technical screening criteria that operationalize the EU Taxonomy in its current form (20 November 2020 draft) qualifies all wind power production as sustainable. The Taxonomy regulation however, on a general level, requires that an activity must not lead to a lock-in of carbon intensive assets in order for it to be qualified as sustainable. It is therefore unclear whether the supply of wind power to offshore oil production facilities will qualify as sustainable in the taxonomy.

Aker Offshore Wind will follow the finalization of technical screening criteria for electricity generation from wind, and related interpretation guidelines from the Platform on Sustainable Finance, closely. Going forward, we plan to analyze and disclose how our operations align with the EU Taxonomy criteria. We will also assess how the framework can be used for internal risk management, financial planning and strategy processes within Aker Offshore Wind.



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11. Developing Clean, Responsible Power

Aker Offshore Wind is powering the climate transition by developing green, clean energy. On a net basis, Aker Offshore Wind holds projects and prospects of more than 1.5GW of potential capacity, which could produce more than 7.0 TWh annually, if and when all farms are in full operation. We are currently exploring opportunities in South Korea, North America and Europe.

Where our projects deliver power to the grid, we will potentially help avoid CO₂ emissions from the current fossil fuel mix estimated at 0.706 kg CO₂/kWh in Europe, 0.638 kg CO₂e/kWh in North America and 0.905 kg CO₂e/kWh in the Asia Pacific region (2019 data for fossil fuel emission factor, U.S. EIA and 2019 data for regional fossil fuel energy mix, BP 2019 Statistical Review of World Energy). As we move into operations, we will estimate and report avoided GHG emissions and the carbon intensity of our operations.

We're proactively working with research communities, local government and stakeholders to manage and mitigate the impact on ecosystems. For all projects in which we hold a stake, we will ensure that a comprehensive Environmental Impact Assessment (EIA) has been completed, and its proposed mitigation measures are managed. No EIAs were completed in 2020 due to the maturity of the company's projects.

As detailed in the annual report, floating offshore wind holds some key advantages compared with bottom-fixed, particularly in terms of placement for optimum wind resources and reduced impact on external

stakeholders. Further from shore, potential challenges such as visual pollution and noise emission into the oceans, are reduced. Locating wind farms away from fishery zones and outside of traditional shipping routes also limit disturbance to industry. Remote and floating wind projects can also reduce the impact on marine ecosystems, limiting seabed deterioration and achieving a lower negative impact on birds and other wildlife compared to onshore or coastal wind.

Aker Offshore Wind seeks to work closely with other marine industries and activities in the areas where we explore opportunities. A part of this dialogue is to explore the logistics of the area to see where the development of a wind park will have minimum negative impact on other marine activities. When impact has been impossible to avoid, we have settled co-existent agreements with affected industries, e.g. local fishermen.

We have a lifecycle perspective on minimizing waste and pollution, and plan to work to improve resource use from procurement throughout the lifecycle of wind farms and through to decommissioning. Working with our suppliers we will design for optimal resource use. Based on the principles of the waste management hierarchy, we will work actively to prevent waste, and reuse, recycle and recover resources where possible.

Our Code of Conduct sets out the principles according to which Aker Offshore Wind manages its environmental impact. The code states that Aker Offshore Wind shall act responsibly with an ambition to reduce direct and indirect negative influences on the external environment.

Current Fossil Fuel Mix

EUROPE

0.706 kg

CO₂/kWh

NORTH AMERICA

0.638 kg

CO₂e/kWh

ASIA PACIFIC REGION

0.905 kg

CO₂e/kWh

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We shall adhere to relevant international and local laws and standards, strive to minimize our environmental impact and take a sustainable approach in our day-to-day operations. Our aim is to operate and make decisions that minimize negative impact on ecosystems and adds value to the company, its stakeholders and society. The company works proactively to ensure sustainability, integrity and responsibility in its operations. We are focused on reducing waste, reducing carbon dioxide (CO₂) emissions and improving the environmental mind-set amongst our employees.

It is our responsibility to:

- Understand and minimize the environmental impact in our area of work
- Share environmental best practices in our area of work
- Participate actively in environmental programs
- Encourage partners and ensure suppliers commit to environmentally sustainable solutions

GREENHOUSE GAS EMISSIONS

Aker Offshore Wind is committed to minimizing the emissions from its operations and supply chain to reduce the lifecycle carbon footprint of wind energy generation. Purchased goods, including the material composition of blades and towers, will be key drivers of the carbon footprint of wind project development. In parallel, Aker Offshore Wind focuses on maintaining a responsible business culture to reduce the emissions from its operations, including energy use, business travel and waste generation.

Aker Offshore Wind's GHG emissions from 2020 are limited, reflecting the early stage of the company operations. Gross GHG emissions will increase as the company expands.

Emissions

Category	Consumption	Unit	Emissions (tCO ₂ e)
Scope 1			
-	-	-	-
Total Scope 1			-
Scope 2			
Electricity consumption offices	58100	kWh	0.988
Purchased district heating	37700	kWh	0.165
Purchased cooling	23400	kWh	0.088
Total Scope 2			1.2
Scope 3			
Travel			
Business travel (flights)	2764	km	0.429
Commuting to/from work	20800	km	1.373
Waste			
Organic and sludge	331	kg	0.026
Paper, cardboard	310	kg	0.341
Glass	90	kg	0.086
Metal	10	kg	0.002
Soil and various materials	44	kg	0.024
Plastic	36	kg	0.070
Mixed waste	804	kg	0.442
Total Scope 3			2.8
Total emissions, Scope 1, 2, 3			4.0

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RESEARCH AND DEVELOPMENT

Aker Offshore Wind has partnered with third parties to conduct innovative research aimed at reducing the environmental footprint and impact on marine ecosystems of offshore wind projects, and to support cooperation with our local stakeholders to manage our projects in the best possible way:

(a) Enova-funded project on environmentally friendly technologies (NO)

Aker Offshore Wind in November announced it had been awarded a grant from Enova, Norway's innovation fund for environmentally friendly technologies, for a pre-project that aims to reduce costs and increase maturity in important technical segments of offshore floating wind. The overall objective is to better understand how technical solutions can enable use and development of a Norwegian supply chain and drive down costs over time.

(b) NorthWind (NO)

In December 2020, the Norwegian Minister of Petroleum and Energy, Tina Bru, announced an investment of NOK 120 million in a new wind power research center in Norway. The NorthWind research center will be at the cutting edge of technology, working on innovations to make wind power cheaper, more efficient, and more sustainable. One of the center's main priorities will be offshore wind research. The project will be led by SINTEF and brings together over 50 partners from research institutions and industry all around the world. Aker Offshore Wind is a proud industry partner in NorthWind.

(c) Marine Industrial Parks – New Opportunities for Coordination Offshore (NO)

Together with the Centre for the Ocean and the Arctic, Aker Offshore Wind is part of this pre-study on marine industrial parks. The project is based on the understanding that marine industrial parks can contribute

to better area and resource use and create synergies and cooperation, whilst reducing conflict between marine actors, leading to better coexistence and higher value creation. The project is planned as a pre-study to a potential pilot project, and will explore available technology, the impact of relevant regulation and stakeholder interests and expectations.

(d) NextWind (US)

In the NextWind project, supported by the California Energy Commission, Aker Offshore Wind partnered with Cognite, H.T. Harvey and MarineSitu to develop next generation technologies for offshore floating wind farms, including monitoring of its impact on the environment via live data streaming, with computer vision for wildlife detection. The transfer of NextWind from Aker Solutions to Aker Offshore Wind is in the process of being formalized with California Energy Commission.

(e) Wind impact assessment pre-study (NO)

Innovation Norway and the Centre for the Fourth Industrial Revolution (C4IR) are heading up a pre-study to define best practice on impact assessments for offshore wind. Aker Offshore Wind is an active contributor to the project as a key industry actor.

Aker Offshore Wind is also supporting five additional projects awaiting decision on public funding applications:

1. Institute of Marine Research WindFish project on the population level effects of floating wind farms on pelagic fish.
2. Norwegian Institute for Nature Research on marine spatial planning and cumulative impacts of blue growth on seabirds and migratory birds (MARCIMS).
3. A University of Bergen project titled R-DECO, Reutilization, Decommissioning

and Circularity of Offshore energy infrastructures.

4. WinDCollect: As part of a consortium led by SINTEF, Aker Offshore Wind has applied for a four-year project under the European Commission Horizon 2020 program aimed at demonstrating key grid technologies to enable large scale offshore wind energy.
5. CYBERLAB: Aker Offshore Wind has issued a letter of intent to participate in a project named CYBERLAB with SINTEF Ocean, which is leading a joint industry consortium developing methods to study parks of floating wind turbines interconnected with shared mooring, and more generally large "lattices" of floating energy structures. The ultimate objective of the methods developed in CYBERLAB is to accurately determine the global response of the whole energy park for reducing the leveled cost of electricity while ensuring high reliability of mooring.

These projects are relevant to Aker Offshore Wind's material topic of coexisting with other marine industries and contributes to our target of developing initiatives to support other marine industries.

Targets and initiatives for 2021

- Finalize and implement a Sustainability policy
- Establish an Environmental Impact Assessment procedure in the Business Management System, aligned with national regulation and best practice
- Complete a TCFD-aligned climate-risk assessment, and publish report

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12. A Responsible and Sustainable Supplier Base

We develop an open and transparent relationship with our suppliers and require them to adhere to our business ethics and standards.

- Ensure our suppliers have a healthy, safe and secure working environment.
- Ensure our suppliers' adherence to our Code of Conduct.
- Reduce material footprint in our projects.
- Use less materials in design.
- Standardize design to reduce/ reuse materials.

For the fiscal year 2020, Aker Offshore Wind's purchases primarily consisted of office supplies and small-scale research projects from specialised consultants and technical experts. A notable exception is the installation of LiDARs offshore Ulsan through the KFWind consortium. The LiDARs, or Light Detection and Ranging buoys, perform wind measurements and are scheduled to stay in place for at least one year to collect data from the area. For 2020, the proportion of contracts awarded to local suppliers was 50-60 percent in the UK and in Korea for the LiDAR contract. In Norway and US local content was approx. 100 percent as purchases mainly consisted of hours bought from third parties or conducted by own employees.

A RESPONSIBLE SUPPLY CHAIN

Our commitment to sustainability includes our external operations, such as those related to our suppliers and partners, as well as our internal operations. We are committed to engaging only with suppliers that meet our expectations. Suppliers are expected to

adhere to our business ethics and values, including our standards for health and safety, human and labour rights, environment, quality management, business integrity and sustainability as described in our Code of Conduct, as well as being competent and trustworthy.

At the current stage of building the Aker Offshore Wind business, a supply chain management organization has not been completed. It is foreseen that through our international presence, we will establish mutually beneficial relationships with local suppliers and subcontractors. Their local presence, knowledge and expertise will be key to our business. It will enable us to perform well in a complex industrial landscape and in remote locations.

Our key focus will be to ensure that suppliers have proven HSSE- and quality management processes, including change management.

Targets and initiatives for 2021

- Develop a supply chain strategy including how to conduct a responsible supplier base including information on managing environmental impact, impact assessments, strategies for selecting suppliers and sourcing low-impact technologies.
- Maturing a supply chain organization capable of ensuring minimum requirements are met and supporting sustainable solutions.

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13. Conducting our Business with Integrity

Doing business with integrity is imperative at Aker Offshore Wind. Our Code of Conduct is the company's main governing document. The Code of Conduct describes Aker Offshore Wind's commitments and requirements regarding ethical business practices and personal conduct. It describes the behaviour the company expects from its employees, as well as what employees and business partners can expect from Aker Offshore Wind. We are committed to operating with the highest standards of integrity, respecting the laws, cultures, dignity and rights of individuals everywhere and always.

DIVERSITY

Aker Offshore Wind aims to take a leading role in diversity and equality in the traditionally male-dominated energy and industry sectors. Aker Offshore Wind's efforts to safeguard diversity and equal opportunity is detailed in the Board of Directors Report.

BUSINESS INTEGRITY TRAINING

The Code of Conduct is supported by internal policies and procedures, which outlines Aker Offshore Wind's commitment to key areas such as anti-corruption, human rights, integrity risk management, integrity training and continuous improvement.

Training of employees and partners is the main tool for ensuring that business is conducted in a transparent and ethical manner. The business integrity program includes components that aim to reduce the risk of becoming involved in unethical or illegal behaviour, with particular focus on anti-corruption and respect and support for

human and labour rights.

In 2021 Aker Offshore Wind plans to develop a group-wide business integrity strategy/program to increase awareness and reduce integrity risk in future operations. This program will be subject to monitoring by the Board of Directors and progress will be reported monthly to the chief executive officer.

Continuous focus on awareness of compliance and business integrity is important to ensure that our employees know what to do if they find themselves in a difficult situation. Although our business integrity program, policies and procedures are applicable globally, we place importance on interacting with employees on the ground to ensure that the local context is considered in our communication and training material. This is to ensure that expectations of business conduct are understood in the context applicable to where the training is conducted.

All employees in Aker Offshore Wind will be requested on an annual basis to confirm by signing the Annual Statement of Compliance that they have read and familiarized themselves with the Code of Conduct. In addition, they must confirm that they for the previous year have conducted all tasks and responsibilities in accordance with the requirements set forth in this governing document.

Leaders in Aker Offshore Wind are expected to communicate the requirements in the Code of Conduct to all their direct reports. Managers are also responsible for promoting and monitoring compliance with the Code of Conduct within their respective

area of responsibility.

Aker Offshore Wind's governing body is the Board of Directors of Aker Offshore Wind. The Board of Directors are responsible for safeguarding, implementing and overseeing the management of business integrity. All directors will be included in mandatory annual e-learning, where they confirm that they have read and understood the Code of Conduct. The Board composition of Aker Offshore Wind was formed at the time of listing in August 2020. All directors completed the eLearning this year.

In 2020, all employees and direct hired-ins completed the mandatory e-learning where they confirmed to have read and understood Aker Offshore Wind's Code of Conduct.

BUSINESS PARTNERS

For Aker Offshore Wind, alliance / joint venture / consortium partners represent the highest risk of being involved in or associated with corrupt activities and are therefore subject to more targeted awareness activities. When entering into such a partnership, evaluation of the partner's existing business integrity program is part of the integrity due diligence process, and awareness activities are designed to match the level of maturity of the partner as well as the degree of integration and type of activity performed by the partner on Aker Offshore Wind's behalf.

References to the Code of Conduct as well as applicable anti-corruption legislation are always included in the partner agreements. An individual follow-up plan is developed for all medium- and high-risk partners, and activities will be monitored by the audit

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committee through quarterly reporting. At year-end 2020, Aker Offshore Wind had no active medium- or high-risk partners.

In 2020, neither Aker Offshore Wind nor any employee faced legal action related to corruption. No contracts with partners were terminated or allowed to expire due to violations related to corruption. There are no legal actions pending for anti-competitive, anti-trust or monopoly violations where Aker Offshore Wind is identified as a participant, nor were any such legal actions completed during 2020.

INTEGRITY RISK ASSESSMENTS: Operations and Projects

Aker Offshore Wind current activities are mainly in four countries. These are Norway, UK, US and South Korea. None of which have scores on internationally recognized indexes that indicate high inherent integrity risk. The aim is that most locations complete business integrity self-assessments on an annual basis.

Transparency International's Corruption Perceptions Index (CPI) scores and ranks countries / territories based on how corrupt a country's public sector is perceived to be by experts and business executives. It is a composite index, a combination of 13 surveys and assessments of corruption, collected by a variety of reputable institutions. The CPI is the most widely used indicator of corruption worldwide. The CPI scores for the four countries where Aker Offshore wind is present are shown in the map on the next page.

In addition to local presence, Aker Offshore Wind seeks opportunities for new projects globally. This requires a proactive approach and assessment of potential prospects in markets potentially associated with high integrity risks. The assessments are performed in the market development phase, before making any commitments. Based on the results of the assessments, the company

may decide not to go for potential prospects if the risks are deemed too high or implement project-specific activities to mitigate integrity risk if the market entry is seen as viable. The process aims to protect Aker Offshore Wind against the risk of becoming complicit in illegal or unethical practices. As part of the process, the company assesses risks of corruption, human or labor rights infringements, environmental damage and the potential resulting reputational risks.

Reporting Concerns

Aker Offshore Wind's whistleblowing channel whistleblowing@akeroffshorewind.com allows anyone to report incidents, breaches or suspected breaches of the Code of Conduct, other internal policies, or laws and regulations. The whistleblowing channel is managed by a third party and designed to secure reports and all related data, as well as protect the identity of the whistle-blower. This includes offering the possibility of anonymous dialogue between the whistle-blower and the investigator.

Reports are received and managed by Aker Offshore Wind's legal department. All reports are treated with strict confidentiality. When a case is substantiated, responses may lead to internal disciplinary actions, dismissal or even criminal prosecution.

The company maintains a "lessons-learned" database to share key learnings within the organization.

No cases were reported in 2020.

The legal department is responsible for deciding when investigation of a whistle-blower report and related activities shall be closed. The closing of the whistle-blower report is subject to monitoring by the Board of Directors and the audit committee.

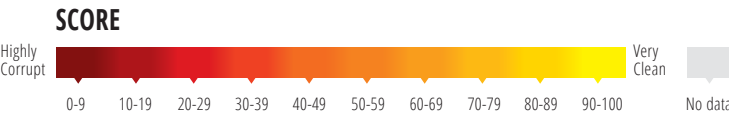
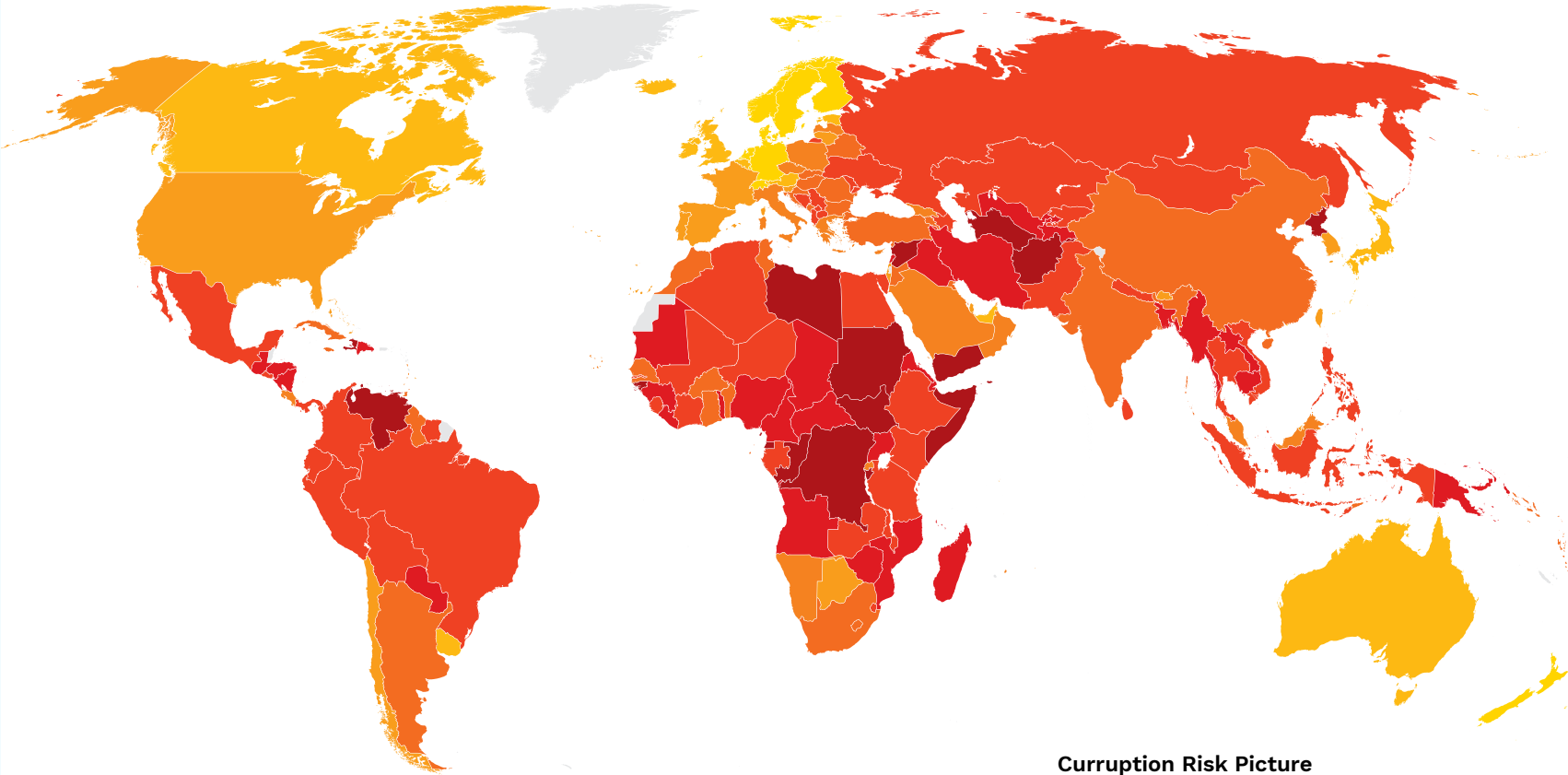
Targets and Initiatives for 2021

- Restart projects to further digitalize key business integrity work processes
- Evaluate business integrity training program with a view to provide more risk-based targeted training, adapt training to be delivered online and enable assessment of training effectiveness
- Provide annual Code of Conduct training to all company personnel
- Simplify and digitalize employee reporting of incidents and concerns

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Transparency International's Corruption Perceptions Index (CPI)



Corruption Risk Picture

Score	Country	Rank
84	Norway	7
77	United Kingdom	11
67	United States of America	25
61	South Korea	33

Corruptions Perceptions Index 2020 and global map by Transparency International (2020) is licensed under CC BY-ND 4.0

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Appendix: GRI Index

In order to report on all of Aker Offshore Wind's material ESG topics, we have defined seven own disclosures (OD). The indicators and their definitions are detailed here:

Indicator code	Indicator	Definition	Material topic	Section in report
OD1	MWh of renewable energy capacity in the project pipeline	Sum of annual capacity of projects in the pipeline.	Develop renewable energy generation	Chapter 11, Introduction
OD2	Cooperation with research communities and government stakeholders	Description of projects and initiatives to develop stronger cooperation and better coexistence with other marine industries.	Coexisting with other marine industries	Chapter 11, Research and development
OD3	R&D initiatives to drive the transition to clean and responsible power	Description of relevant R&D projects the company contributed to or participates in.	Lifecycle perspective on minimizing waste and pollution (Advance greentech solutions)	Chapter 11, Research and development
OD4	Initiatives to support other marine industries	Description of projects and initiatives to support other marine industries.	Coexisting with other marine industries	Chapter 11, Introduction and Research and development
OD5	Engagement of local marine stakeholders	Description of concerns raised by stakeholders and responses to these or actions taken.	Coexisting with other marine industries	Chapter 11, Introduction
OD6	Environmental impact assessments conducted	Description of EIA processes undertaken and the management of these.	Minimising negative impact on ecosystems	Chapter 11, Introduction
OD7	Good governance	Description of compliance with the NCGB code.	Other governance disclosures	Chapter 1, NCGB

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102 General disclosures		Section in report
Organizational profile		
102-1	Name of the organisation	Chapter 1, Report Boundaries
102-2	Activities, brands, products, and services	Annual report, Overview
102-3	Location of headquarters	Annual report, Overview
102-4	Location of operations	Annual report, Overview
102-5	Ownership and legal form	Aker Offshore Wind AS is a limited company ("aksjeselskap"). The company is majority-owned by Aker Horizons, and its stocks are traded on Oslo Euronext Growth (AOW-ME).
102-6	Markets served	Aker Offshore Wind is currently not producing power and is therefore not serving any markets as of yet.
102-7	Scale of the organisation	At the end of 2020, Aker Offshore Wind employed a total of 40 employees, including contractors. Information on the company's scale in financial terms can be found in the financial statement.
102-8	Information on employees and other workers	At the end of 2020, Aker Offshore Wind employed a total of 40 employees, including contractors.
102-9	Supply chain	Chapter 12, Introduction
102-10	Significant changes to the organisation and its supply chain	Seeing as Aker Offshore Wind was established in 2020, there have not been significant changes to its supply chain.
102-11	Precautionary principle or approach	Chapter 4, Introduction
102-12	External initiatives	Chapter 4, Introduction; Chapter 7
102-13	Membership or associations	Chapter 7
Strategy		
102-14	Statement from the key decision-maker	Annual report, CEO letter
102-15	Key impacts, risks and opportunities	Chapter 9; Chapter 4; Annual report
Ethics and integrity		
102-16	Values, principles, standards and norms of behaviour	Chapter 3

Governance		
102-18	Governance structure	Chapter 13; Corporate Governance section in BoD report
Stakeholder engagement		
102-40	List of stakeholder groups	Chapter 5
102-41	Collective bargaining agreements	100% of non-executive employees are covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Chapter 5
102-43	Approach to stakeholder engagement	Chapter 5
102-44	Key topics and concerns raised	Chapter 5
Reporting practice		
102-45	Entities included in the consolidated financial statements	Financial statement for Group and for entities
102-46	Defining report content and topic Boundaries	Chapter 1, Report Boundaries
102-47	List of material topics	Chapter 6
102-48	Restatements of information	N/A, as this is the company's first report.
102-49	Changes in reporting	N/A, as this is the company's first report.
102-50	Reporting period	Financial year 2020.
102-51	Date of most recent report	N/A, as this is the company's first report.
102-52	Reporting cycle	Annual.
102-53	Contact point for questions regarding the report	Tove Røskift, Chief of Staff and Business Excellence. Email: tove.roskraft@akeroffshorewind.com.
102-54	Claims of reporting in accordance with the GRI standards	Chapter 1, GRI Standards
102-55	GRI content index	Page 40 - 45
102-56	External assurance	No.

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Specific disclosures		
Clean and affordable energy: Develop renewable energy generation		
103-1,2,3	Management approach	Chapter 11, Introduction
OD1	MWh of renewable energy capacity in the project pipeline	Chapter 11, Introduction
Climate action: Reduce greenhouse gas emissions		
103-1,2,3	Management approach	Chapter 11, Introduction
305-5	Reduction of GHG emissions	Chapter 11, Introduction
Life below water: Minimize negative impact on marine ecosystems		
103-1,2,3	Management approach	Chapter 11, Introduction
OD2	Cooperation with research communities and government stakeholders	Chapter 11, Introduction
Climate action: Minimize lifecycle waste and pollution		
103-1,2,3	Management approach	Chapter 11, Introduction and Greenhouse gas emissions
305-1	Direct (Scope ¹) GHG emissions	Chapter 11, Greenhouse gas emissions
305-2	Energy indirect (Scope ²) GHG emissions	Chapter 11, Greenhouse gas emissions
305-3	Other indirect (Scope ³) GHG emissions	Chapter 11, Greenhouse gas emissions
OD6	Environmental impact assessments conducted	Chapter 11, Introduction
OD3	R&D initiatives to drive the transition to clean and responsible power	Chapter 11, Research and development

Decent work and economic growth: Create new opportunities in green growth markets		
103-1,2,3	Management approach	A key aspect of Aker Offshore Wind's contribution to the energy transition is the creation of value and employment opportunities in a new, sustainable industry. This enables the application of oil and gas sector expertise to a new market segment. Moving forward, we will work to maximize this positive contribution, and report on progress made.
203-2	Significant indirect economic impacts: Green jobs created	For the financial year 2020, AOW had created 18 fulltime jobs in its own organisation, 40 in total with hired contractors. As the company continues to grow, our impact on green job creation will increase, and we will provide more detailed reporting on this topic. We have an ambition to reach 70 FTEs in our own organisation in 2021.
Decent work and economic growth: Connect local suppliers to green growth markets		
103-1,2,3	Management approach	Chapter 12
201-2	Direct economic value generated and distributed	Consolidated financial statement
204-1	Proportion of spending on local suppliers	Chapter 12, Introduction
Decent work and economic growth: Health and safety in the value chain		
103-1,2,3	Management approach	Chapter 12
403-9	Work-related injuries	LTIF: 0. TRIF: 0.
403-10	Work-related ill health	Sick leave in 2020: 0%. Target of <3%.
Decent work and economic growth: Coexisting with other marine industries		
103-1,2,3	Management approach	Chapter 11
OD5	Engagement of local marine stakeholders	Chapter 11, Introduction
OD4	Initiatives to support other marine industries	Chapter 11, Introduction and Research and development

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Decent work and economic growth: Human rights and labour rights		
103-1,2,3	Management approach	Chapter 13
412-1	Operations that have been subject to human rights reviews or impact assessments	Chapter 13; no operations were subject to human rights reviews or impact assessments in 2020 as the company only had low-risk suppliers in this period.
Gender equality: Diversity		
103-1,2,3	Management approach	Board of Directors' Report, Safeguarding Diversity and Equal Opportunity
405-1	Diversity of governance bodies and employees	Board of Directors' Report, Safeguarding Diversity and Equal Opportunity
Peace, justice and strong institutions: Responsible supply chain management		
103-1,2,3	Management approach	Chapter 12
308-1	New suppliers that were screened using environmental criteria	Chapter 12; no suppliers were screened on environmental criteria in 2020 as the company only awarded low-risk contracts in this period.
308-2	Negative environmental impacts in the supply chain and actions taken	Chapter 12; no suppliers were audited on environmental performance in 2020 as the company only awarded low-risk contracts in this period.
414-1	New suppliers that were screened using social criteria	Chapter 12; no suppliers were screened on social criteria in 2020 as the company only awarded low-risk contracts in this period.
414-2	Negative social impacts in the supply chain and actions taken	Chapter 12; no suppliers were audited on social performance in 2020 as the company only awarded low-risk contracts in this period.
Peace, justice and strong institutions: Anti corruption and anti money laundering		
103-1,2,3	Management approach	Chapter 13
205-1	Diversity of governance bodies and employees	Board of Directors' Report, Safeguarding Diversity and Equal Opportunity
205-2	Communication and training about anti-corruption policies and procedures	Chapter 13, Business integrity training
205-3	Confirmed incidents of corruption and actions taken	Chapter 13, Reporting concerns

Peace, justice and strong institutions: Transparent and value-driven company culture		
103-1,2,3	Management approach	Chapter 3
102-16	Values, principles, standards and norms of behaviour	Chapter 3
102-22	Composition of the highest governance body and its committees	Chapter 4
102-35 a.	Remuneration policies	Note 18 Management Remuneration in Financial Statement
102-35 b.	Remuneration policies	Chapter 4
OD7	Good governance	Chapter 1, NCGB

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AKER OFFSHORE WIND GROUP

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AKER OFFSHORE WIND GROUP

Income Statement

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31, 2020
Revenues	4	1 704
Salary and other personnel costs	12	(17 480)
Other operating expenses	5	(42 497)
Depreciation	11	(1 601)
Operating profit (loss)		(59 874)
Financial income		1 331
Financial expenses		(5 134)
Net financial items		(3 803)
Share of profit (loss) equity-accounted investees	8	(5 903)
Profit (loss) before tax		(69 580)
Income tax benefit (expense)	6	(4)
Profit (loss) for the period		(69 584)
Earnings (loss) per share in NOK (basic and diluted)	7	(0.13)

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Other Comprehensive Income

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand

Jul 8 - Dec 31, 2020

Profit (loss) for the period	(69 584)
-------------------------------------	-----------------

Other comprehensive income

Items that may be reclassified subsequently to profit or loss:

Translation differences - foreign operations	(17 677)
Other comprehensive income (loss)	(17 677)
Total comprehensive income (loss)	(87 261)

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AKER OFFSHORE WIND GROUP

Balance Sheet

Consolidated statement for the period ended December 31

Amounts in NOK thousand	Note	2020
Assets		
Non-current assets		
Right-of-use assets	11	11 228
Equity-accounted investees	8	364 281
Total non-current assets		375 509
Current assets		
Interest bearing receivables	9	24 867
Current operating assets	10	10 385
Cash and cash equivalents		474 499
Total current assets		509 751
Total assets		885 260

Amounts in NOK thousand	Note	2020
Equity and liabilities		
Equity		
Share capital		678 745
Other paid-in capital		169 498
Reserves		(17 677)
Total equity	13	830 567
Non-current liabilities		
Pension liabilities	12	2 581
Non-current lease liabilities	11	8 475
Total non-current liabilities		11 056
Current liabilities		
Current lease liabilities	11	3 746
Current operating liabilities	10	39 891
Total current liabilities		43 637
Total equity and liabilities		885 260

Fornebu, March 25, 2021


Henrik Overgaard Madsen
Chairman


Kristian Monsen Røkke
Director


Kjell Inge Røkke
Director


Andrew Douglas Garrard
Director


Nina Jensen
Director


Astrid Skarheim Onsum
CEO

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Statement of Changes in Equity

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Share capital	Other paid-in capital	Currency translation reserve	Total equity
Profit (loss) for the period			(69 584)	-	(69 584)
Other comprehensive income			-	(17 677)	(17 677)
Total other comprehensive income			(69 584)	(17 677)	(87 261)
Equity at incorporation July 8, 2020		30	-	-	30
Reduction of shares		(30)	-	-	(30)
Contribution-in-kind		271 943	169 292	-	441 235
Share issues		406 803	393 197	-	800 000
Transaction costs, share issues		-	(18 715)	-	(18 715)
Continuity difference	3	-	(304 692)	-	(304 692)
Equity as of December 31, 2020	13	678 745	169 498	(17 677)	830 567

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Cash Flow Statement

Consolidated statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31, 2020
Profit (loss) before tax		(69 580)
<i>Adjustment for:</i>		
Depreciation	11	1 601
Share of profit equity-accounted investees	8	5 903
Accrued interest and foreign exchange		(534)
Changes in net current operating assets		39 807
Paid tax		(4)
Cash flow from operating activities		(22 808)
Investments in equity-accounted investees	8	(265 564)
Increase in interest-bearing receivables		(17 542)
Cash flow from investing activities		(283 106)
Payment of lease liability	11	(872)
Proceeds from share issues		800 000
Transaction costs related to share issues		(18 715)
Cash flow from financing activities		780 413
Net cash flow in the period		474 499
Cash and cash equivalent at the beginning of the period		-
Cash and cash equivalent at the end of the period		474 499

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AKER OFFSHORE WIND GROUP

Notes

Note 1 Reporting entity

Aker Offshore Wind AS is a limited liability company incorporated and domiciled in Norway and whose shares are traded on Euronext Growth. The registered office is located at Oksenøyveien 8, Bærum, Norway. The largest shareholder is Aker Renewable Power AS (a 100% owned subsidiary of Aker Horizons Holding AS) and the ultimate parent company is The Resource Group TRG AS.

The consolidated financial statements of Aker Offshore Wind AS and its subsidiaries (collectively referred as Aker Offshore Wind or the group, and separately as group companies) for the year ended December 31, 2020 were approved by the board of directors and CEO on March 17, 2021. The consolidated financial statements will be authorized by the Annual General Meeting on April 20, 2021.

Aker Offshore Wind is a Norwegian offshore wind developer with operations in Norway and internationally. The business of the Group is to source, develop and structure offshore wind projects, primarily focused on wind farms in deepwaters. The main office is at Fornebu, Norway. Aker Offshore Wind AS was established on July 8, 2020 as a fully owned subsidiary of Aker Solutions ASA. On August 26, 2020 the company was listed on Euronext Growth under the ticker AOW-ME.

Information on the group's structure is provided in [Note 16 Group companies](#). Information on other related party relationships of the group is provided in [Note 17 Related parties](#).

Note 2 Basis of accounting

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), their interpretations adopted by the International Accounting Standards Board (IASB) and the additional requirements of the Norwegian Accounting Act as of December 31, 2020.

Going concern basis of accounting

The consolidated financial statements have been prepared on a going concern basis.

Functional and presentation currency

The consolidated financial statements are presented in NOK, which is Aker Offshore Wind AS's functional currency. When the functional currency in a reporting unit is changed, the effect of the change is accounted for prospectively.

All financial information presented in NOK has been rounded to the nearest thousand (NOK thousand), except when otherwise stated. The subtotals and totals in some of the tables in these consolidated financial statements may not equal the sum of the amounts shown due to rounding.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

Cash flow statement

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

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1, 2020 and earlier application is permitted; however, the group has not early adopted the new or amended standards in preparing these consolidated financial statements and they are not expected to have a significant impact on the group's consolidated financial statements.

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 6 Tax](#)

[Note 8 Equity accounted investees](#)

[Note 11 Leasing](#)

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Note 3 Acquisition of business

Acquisition of Aker Offshore Wind business from Aker Solutions

On July 17, 2020, an Asset Purchase Agreement with Aker Solutions was entered into for the acquisition of Aker Solutions' ownership in Principle Power Inc, a global service and technology provider to the offshore wind industry, and development projects and prospects in, amongst others, South Korea (Ulsan) and the US (California), as well as approximately 12 employees. Purchase price was NOK 441 million.

The transaction is booked as a common control transaction out of scope from IFRS 3 Business Combinations as Aker Solutions were the sole shareholder at the time of the transaction. This means that Aker Solutions' book values of acquired assets and liabilities were continued in Aker Offshore Wind consolidated accounts. The difference between the fair value of the transaction and the net assets acquired has been booked as continuity difference towards equity.

Fair value of acquired assets and liabilities

Amounts in NOK thousand	Note	Book value	Fair value adjustment ¹⁾	Fair value
Equity-accounted investees	8	122 928	254 558	377 486
Shares in subsidiaries ²⁾		135	(45)	90
Other investments		6 866	-	6 866
Interest-bearing receivables, current		6 514	-	6 514
Goodwill		-	50 179	50 179
Net assets acquired at book value		136 443	304 692	441 135

1) The fair value adjustments have been booked towards equity as continuity difference in a common control transaction.

2) Nordavindar Offshore Wind AS, Vestavindar Offshore AS and Sønnavindar Offshore Wind AS.

Note 4 Revenues

The revenue in Aker Offshore Wind relates to delivery of services related to development projects within the offshore wind industry, primarily in deepwaters utilizing floating foundations as well as deep-water bottom-fixed technologies. Early parts of the development process include concept studies, environmental studies, wind studies and grid studies. Subject to the positive outcome of such studies and business case assessments, Aker Offshore Wind advances to discussions and formal processes concerning licensing and lease agreements with appropriate authorities, often in the form of local, regional or national government bodies. Final investment decision ("FID") is eventually undertaken when Aker Offshore Wind, together with its partners, deems the project in question attractive for development. Following FID and financial close, the project moves into the execution and construction phase. Revenue is recognized over time using a cost progress method or according to delivered time and materials.

Nature of performance obligations

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

Financial reporting principles

Service revenue is recognized over time as the services are provided. The revenue is recognized according to progress or using the invoiced amounts when the invoiced amounts directly correspond with the value of the services that are transferred to the customers. The progress is normally measured using an input method, by the reference of costs incurred to date relative to the total estimated costs.

Note 5 Expenses

Expenses by nature

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
IT	2 736
External consultants and hired-ins inclusive audit fees ¹⁾	37 098
Other operating expenses	2 663
Other operating expenses	42 497

1) See [note 17](#) for information about hired-ins from related parties

Development expenses

Development costs relate to costs incurred in relation to the exploration of project opportunities in advance of the point at which they can be capitalised, and amounts to NOK 11 million in the period.

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Fees to KPMG

Amounts in NOK thousand	Aker Offshore Wind AS ¹⁾	Other group companies	Total
Audit	366	209	575
Other assurance services	53	68	121
Total	419	277	696

1) Audit services include NOK 205 thousand related to listing process on Euronext Growth and is reported directly to equity.

Note 6 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 credits.

Judgements and estimates

Income tax expense is calculated based on reported income in the different legal entities. Deferred income tax expense is calculated based on the temporary differences between the assets' carrying amount for financial reporting purposes and their respective tax basis. The total amount of income tax expense and allocation between current and deferred income tax requires management's interpretation of complex tax laws and regulations in the tax jurisdictions where the group operates. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred tax benefit.

Effective tax reconciliation

Amounts in NOK thousand		Jul 8 - Dec 31, 2020
Profit before tax		(69 580)
Expected tax expense	22.0%	15 308
<i>Tax effects of:</i>		
Permanent differences	2.8%	1 923
Difference due to continuity method ¹⁾	1.3%	921
No recognition of deferred tax assets	(26.0%)	(18 121)
Effect of tax rate different than 22%	0%	(30)
Withholding tax	0%	(4)
Total income tax benefit (expense)		(4)

1) The acquisition of business from Aker Solutions in July 2020 is recognised at fair values in statutory accounts, see [Note 3 Business combination](#).

Deferred tax positions

Amounts in NOK thousand	2020
Intangible assets	(5 279)
Tax loss carry forwards	87 786
Total deferred tax positions	82 507
Not recognized in the balance sheet ¹⁾	(82 507)
Deferred tax asset (liability)	-

1) No deferred tax has been recognized as the companies are newly founded and have no history of taxable profits.

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Note 7 Earnings per share

Aker Offshore Wind holds 678 745 473 ordinary shares as of December 31, 2020. The company holds no treasury shares.

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Profit (loss) for the period	(69 584)
Basic/ diluted earnings per share (NOK)	
Issued ordinary shares at incorporation	30
Effect of shares issued in July 2020	21 631 784
Effect of shares issued in August 2020	354 727 490
Effect of shares issued in November 2020	142 690 810
Weighted average number of issued ordinary shares for the year	519 050 114
Earnings (loss) per share in NOK (basic and diluted)	0.13

Note 8 Equity-accounted investees

Financial reporting principles

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

An associate is an entity in which the group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity, but this is assessed on a case-by-case basis. A joint venture is an arrangement in which the group has joint control, whereby the group has rights to the net assets of the arrangement, rather than its assets and obligations for its liabilities. Joint control is established by contractual agreement requiring unanimous consent of the ventures for strategic, financial and operating decisions.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit and loss and other comprehensive income of the equity-accounted investees. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and further losses are not recognized except to the extent that the group incurs legal or constructive obligations or has made payments on behalf of the investee.

See [Note 17 Related parties](#) for more information about transactions and balances between Aker Offshore Wind and equity-accounted investees.

Investments in equity-accounted investees

Amounts in NOK thousand	Ownership	2020
Principle Power Inc	47.1%	364 281
Korea Floating Wind Power Co., Ltd.	30.6%	-
Redwood Coast Offshore Wind LLC	50.0%	-
Total		364 281

Principle Power Inc

Principle Power Inc (PPI) is an innovative technology and services provider for the offshore deepwater wind energy market. PPI's proven technology, the WindFloat - a floating wind turbine foundation - enables a change in paradigm for the industry in terms of reduced costs and risks for the installation and operations of offshore wind turbines. PPI is not publicly listed. Aker Offshore Wind increased its ownership in PPI from 18% to 47% in December 2020 and total investment amounted to NOK 264 million. The company is accounted for as an associated company.

Korea Floating Wind Power Co., Ltd.

Aker Offshore Wind holds 30.6% in Korean Floating Wind Power Co., Ltd. (KFWind). KFWind is one of five consortiums with an MoU in place with Ulsan City for the development of offshore wind in the region. KFWind is accounted for as an associated company. Aker Offshore Wind has provided funding to KFWind which is included in interest-bearing receivables (see [Note 9 Interest-bearing receivables](#)). No material impairment loss has been identified related to this receivable. The interest-bearing receivable granted to KFWind is short-term in nature and is expected to be paid back in 2021 as such the amount has not been considered as part of the investment. As of 31 December 2020, the Group had a negative investment balance related to its investment in KFWind. As the Group is not liable for KFWind's obligations, no investment balance has been recognized in the balance sheet.

Redwood Coast Offshore Wind LLC

The Redwood Coast Offshore Wind Project was established in 2018 as a consortium with EDP Renewables (now Ocean Winds). The company was selected in a competitive process to enter into a public-private partnership to pursue the development of an offshore wind energy project off the Northern California coast. In December 2020, the company was established as a separate vehicle. Aker Offshore Wind holds 50% of the company and accounts for the investment as a joint venture. As of December 31, 2020, the group has not made payments into the joint venture, but has made payments of NOK 6 316 thousand on behalf of the joint venture. The amount is reported in Current operating assets, see [Note 10 Current operating assets and liabilities](#).

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Summary of financial information for equity-accounted investees

Amounts in NOK thousand	Principle Power Inc	Korea Floating Wind Power Co., Ltd. ²⁾
Revenue	83 165	989
Depreciations and amortisations	(7 823)	-
Interest income	440	235
Interest expense	(6 874)	(1 302)
Income tax expense	-	-
Total comprehensive income (100%)	(57 323)	(46 267)
Group's share of total comprehensive income¹⁾	(3 806)	(13 996)
Current assets	213 545	26 819
Cash and cash equivalents	170 873	25 146
Non-current assets	162 755	237
Current liabilities	(26 945)	(86 087)
Current financial liabilities (excluding trade and other payables and provisions)	(1 840)	74 981
Non-current liabilities	(47 396)	-
Non-current financial liabilities (excluding trade and other payables and provisions)	(47 396)	-
Net assets (100%)	301 959	(59 031)
AOW's share of net assets	141 951	(18 078)
Goodwill	222 330	-
Share of loss not recognized	-	(18 078)
AOW's carrying amount of the investment	364 281	-

1) The group has included share of total comprehensive income from July 17, 2020.

2) The group has only recognized loss to bring book value of investment to zero, negative NOK 2 096 thousand.

Note 9 Interest-bearing receivables

Financial reporting principles

Interest-bearing receivables are generally classified as financial assets measured at amortized costs. Such financial assets are recognized initially at fair value and subsequent measurement at amortized cost using the effective interest method, less any impairment losses.

Amounts in NOK thousand	Note	2020
Receivable on equity-accounted investees	17	24 867
Total		24 867

Note 10 Current operating assets and liabilities

Financial reporting principles

Current operating assets

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.

Current operating liabilities

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.

Judgments and estimates

Judgment is involved when determining the impairment losses on doubtful receivables. The impairment is based on individual assessments of each customer and default risk in the industry and the country in which the customer operates.

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Trade and other receivables

Amounts in NOK thousand	Note	2020
Trade receivables		2 652
Public duty and tax refund		1 331
Other receivables	17	6 316
Prepaid expenses		87
Trade and other receivables		10 385

Trade and other payables

Amounts in NOK thousand	2020
Trade payables	8 236
Accrued expenses	18 410
Other current liabilities	13 245
Trade and other payables	39 891

Note 11 Leases

The company leases offices at Fornebu, Norway. The contract is for two years, with option for one additional year. See [Note 17 Related parties](#) for more information about the lease contract.

Financial reporting principles

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. The cash outflows for leases under IFRS 16 is presented as repayment of lease liabilities within financing activities in the cashflow statement. Interest paid is still classified as cash outflows within operating activities.

Judgments and estimates

The property lease, in which the group is a lessee, contain extension or termination options exercisable before the end of the noncancellable period. These options are used to provide operational flexibility for the group. In determining the lease term, the group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The most relevant factors to be considered as “creating economic incentive” include significant leasehold improvement, alternatives for the leased property and the costs and business disruption required to replace the leased assets. The option for one additional year has been included in the lease term per the reporting date, as management has determined that the company is reasonably certain to exercise such options.

The lease term assessment requires management's judgment and is made at the commencement of the leases. The lease term is reassessed if an option is actually exercised or the group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the group's control.

Right-of-use assets (ROU)

Amounts in NOK thousand	2020
Additions	12 829
Depreciation	(1 601)
Total	11 228

Lease liability

Amounts in NOK thousand	2020
Additions	12 829
Lease payments	(872)
Accrued interest	263
Total	12 220

Current lease liability	3 746
Non-current lease liability	8 474

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Note 12 Employee benefits

Salary and other personnel costs

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Salaries and wages	14 719
Social security costs	1 933
Pension costs	661
Other employee benefits	167
Salary and other personnel costs	17 480

The company has 18 full-time employees as of December 31, 2020.

Pension plans

Financial reporting principles

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.

The group's pension plans

The company does not have any defined benefit plans.

Defined contribution plan

All employees are offered participation in a defined contribution plan. The annual contributions expensed for the Norwegian plans in 2020 were NOK 418 thousand. The estimated contribution expected to be paid in 2021 is NOK 1 124 thousand.

Compensation plan

Employees in Aker Offshore Wind that were employed by Aker Solutions in 2008 when the company changed to defined contribution plan are part of a compensation plan. The compensation amount is adjusted annually in accordance with the adjustment of the employees' pensionable income, and accrued interest according to market interest. The compensation plan is an unfunded plan and 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 labour 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 Offshore Wind 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.

Total pension liability

Amounts in NOK thousand	2020
Compensation plan	2 581
Total	2 581

Note 13 Capital and reserves

Share Capital

The total number of outstanding shares is 678 745 473 at par value NOK 1.00 per share. All issued shares are fully paid. Aker Offshore Wind AS 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.

Other paid-in capital

Other paid-in capital include share premium net of transaction costs, negative NOK 304 692 thousand in continuity difference from the common control transaction (see [Note 3 Acquisition of business](#)) and retained earnings.

Other reserves

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations. Upon the disposal of investments in foreign operations or liquidation of such entities, the accumulated currency translation differences related to these entities are reclassified from the currency translation reserve to the income statement.

Note 14 Capital management

The objective of Aker Offshore Wind's capital management 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 technology which will increase the company's return on capital employed over time.

Investment policy

Aker Offshore Wind's capital management is based on a rigorous investment selection process which considers the weighted average cost of capital and strategic orientation in addition to external factors such as market expectations and extrinsic risk factors.

Liquidity planning

Aker Offshore Wind has a strong focus on its liquidity situation in order to meet its short-term working capital needs. Aker Offshore Wind had a liquidity reserve at December 31, 2020 of NOK 474 499 thousand being cash and cash equivalents.

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Note 15 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 company is or may be exposed to currency risk, credit risk, interest rate risk, liquidity risk and price risk.

Risk management

Risk management of financial risks is performed in every development project and is the responsibility of the project manager. They cooperate with finance managers to identify, evaluate and perform necessary hedging when necessary.

Currency risk

The group operates internationally and is exposed to currency risk on commercial transactions, recognized assets and liabilities and net investments in foreign operations. Commercial transactions and recognized assets and liabilities are subject to currency risk when payments are denominated in a currency other than the respective functional currency of the group company.

Currency exposures from investments in foreign currencies are only hedged when specifically instructed by management. As of December 31, 2020, the group had no net investment hedges.

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.

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 up front and in accordance with agreed milestones. Normally, lack of payment is due to disagreements related to project deliveries and is solved together with the customer.

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 are always measured at an amount equal to lifetime ECLs. 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.

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.

Price risk

The group is exposed to fluctuations in market prices in the operational areas related to contracts, including changes in market prices for raw materials, equipment and development in wages. These risks are to the extent possible managed in bid processes by locking in committed prices from vendors as a basis for offers to customer or through escalation clauses with customers.

Guarantees

Aker Offshore Wind AS has not provided any parent company guarantees on behalf of its subsidiaries or related parties.

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Note 16 Group companies

Financial reporting principles

The consolidated statements include all entities controlled by Aker Offshore Wind AS. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

Group companies

Aker Offshore Wind AS has six group companies in two countries at the reporting date. If not stated otherwise, ownership equals the percentage of voting shares.

Company	Location	Country	Percent
Aker Offshore Wind Operating Company AS	Oslo	Norway	100
Aker Offshore Wind USA AS	Oslo	Norway	100
Sønnavindar Offshore Wind AS	Oslo	Norway	100
Nordavindar Offshore Wind AS	Oslo	Norway	100
Vestavindar Offshore Wind AS	Oslo	Norway	100
Aker Offshore Wind USA LLC	Houston	USA	100

Note 17 Related parties

Financial reporting principles

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties.

Aker Offshore Wind AS is a parent company with control of the subsidiaries as listed in [Note 16 Group companies](#). Any transactions between the parent company and the subsidiary are shown in the separate financial statements of the parent company, and are eliminated in the consolidated financial statements.

Remunerations and transactions with directors and executive officers are summarized in [Note 18 Management remunerations](#).

The largest shareholder of Aker Offshore Wind is Aker Renewable Power AS (a 100% owned subsidiary of Aker Horizons Holding AS) which in turn is controlled by Kjell Inge Røkke through TRG Holding AS and The Resource Group TRG AS. The Resource Group TRG AS is the ultimate parent company of Aker Offshore Wind AS. 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 Offshore Wind AS and referred to as “Aker entities” in the table below.

Aker Solutions ASA was the sole shareholder from incorporation until listing of the company on Euronext Growth on August 26, 2020 and transactions with Aker Solutions Group until listing are reported as internal.

Summary of transactions and balances with significant related parties

Amounts in NOK thousand	Aker entities	Related parties to Aker	Associates	Joint Ventures	Total
<i>Income statement</i>					
Revenues	-	165	1 539	-	1 704
Operating expenses	(6 023)	(22 410)	-	-	(28 433)
Depreciations (ROU assets)	(1 601)	-	-	-	(1 601)
Interest income	-	-	486	-	486
Interest expense lease liability	(263)	-	-	-	(263)
<i>Balance sheet</i>					
Right-of-use asset (ROU assets)	11 228	-	-	-	11 228
Interest-bearing receivables	-	-	24 867	-	24 867
Trade and other receivables	-	907	1 539	6 316	8 762
Trade and other payables	(3 029)	(21 909)	-	-	(24 938)
Lease liabilities	(12 220)	-	-	-	(12 220)

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Significant Related Parties Transactions

Acquisition of business from Aker Solutions

On July 17, 2020, the Asset Purchase Agreement with Aker Solutions was entered into for the regarding the purchase of assets, rights and liabilities that were part of Aker Solutions' wind development business. The agreement included the purchase of shares in Principle Power Inc. and Korea Floating Wind Power Co., Ltd. As part of the Asset Purchase Agreement, several contracts related to the offshore wind business were assigned from Aker Solutions to the Aker Offshore Wind in relation to the group's wind business, such as agreements related to projects, portfolios, biddings and memorandum of understandings.

The purchase price was NOK 441 million. The acquisition is considered a common control transactions and differences between fair values and book values are reflected as continuity difference in equity. See [Note 3 Acquisition of business](#) for more information about the transaction.

Agreements with related parties to Aker

Aker Solutions

On July 17, 2020, the Transitional Services Agreement was entered into with Aker Solutions regarding services to be rendered to the group. Such services include, inter alia, access to employees who possess information necessary for the business and operations, assistance with financials, tax, legal, IT and human resources, and other similar services that ensure a smooth transition. The term of the agreement is six months with an option for the Aker Offshore Wind to extend for further three months.

In addition, the group has entered into Ancillary Agreements with Aker Solutions consisting of a personnel hire agreement, license agreement, technical services agreement, fabrication services agreement, agreement for sale of goods, EPCI agreement and an alliance agreement. The agreements provide the Group with, among other things, unique access to Aker Solutions' deep-water capabilities. The ancillary agreements is entered into on terms and conditions considered in line with prevailing practice for similar agreements.

Agreements with Aker entities

Aker Horizons Holding AS

Aker Offshore Wind has entered into a cooperation and shared service agreement with Aker Horizons Holding AS. The agreement includes CFO, financing and accounting services, business development and M&A support and other support functions.

Further, the group has entered into a sublease agreement with Aker Horizons Holding AS for its headquarter offices at Fornebu. The contract term is two years starting August 17, 2020, with option for one additional year.

Aker ASA

The group has enter into a IT service agreement with Aker ASA for delivery of IT services to the group.

Aker BP ASA

The group has enter into a Cooperation Frame Agreement with Aker BP ASA concerning decarbonizing oil and gas production assets with renewable power from offshore wind. The two companies collaborate on concepts for efficient development of large offshore wind parks to enable effective offtake to oil and gas producing assets on the NCS. Aker Offshore Wind is taking a role to develop and operate the wind parks. Aker BP will contribute with industry and technology competence and be a potential customer of electricity from offshore wind along with other operators.

Agreements with associated companies

Korea Floating Wind Power Co., Ltd.

The group has provided shareholder loans to the associated company Korea Floating Wind Power Co., Ltd. The receivables are interest-bearing (interest rate 3.5% per annum). Further, the companies have entered into a Shareholder Services Agreement whereby Aker Offshore Wind will provide services to the Associate on demand. See more information about the equity-accounted investee in [note 8](#).

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Note 18 Management remuneration

Remuneration to the board of directors

The board of directors did not receive any other fees than those listed in the table. The members of the board of directors have no agreements that entitle them to any extraordinary remuneration. The fees in the table represent expenses recognized in the income statement based on assumptions about fees to be approved at the general assembly rather than actual payments made in the year.

Amounts in NOK	Period	Board fees
Henrik Overgaard Madsen (Chairman)	Aug-Dec	166 667
Kristian Monsen Røkke	Aug-Dec	125 000
Kjell Inge Røkke	Oct-Dec	75 000
Andrew Douglas Garrad	Oct-Dec	75 000
Nina Jensen	Oct-Dec	37 500

Amounts in NOK	Job title	Base salary	Variable pay	Other benefits	Total taxable remuneration	Pension benefit earned
Astrid Skarheim Onsum	CEO	1 143 333	896 000	10 536	2 049 869	62 480

1) Pension benefits also include a pension compensation scheme (for transfer from benefit to contribution scheme)

Directors' and CEO's shareholding

The following number of shares is owned by the directors and the CEO (and their related parties) as of December 31, 2020:

Job title	Number of shares
Henrik Overgaard Madsen Chairman	30 000

The overview includes only direct ownership of Aker Offshore Wind shares.

According to policy in Aker, fees to directors employed in Aker companies are paid to the Aker companies, not to the directors in person. Therefore, board fees for Kristian Monsen Røkke and Kjell Inge Røkke are paid to Aker Horizons Holding AS and The Resource Group TRG AS respectively.

Audit committee

Aker Offshore Wind has an audit committee comprising one director, which held one meeting in 2020. As of December 31, 2020, the audit committee comprises Kristian Monsen Røkke. No fees have been paid related to the Audit Committee.

Remuneration to the CEO

The total remuneration to CEO consists of a fixed base salary, employee benefits and variable pay programs. The CEO participates in the standard pension and insurance schemes applicable to all employees. The table below includes remuneration earned in the period August 1 - December 31, 2020.

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AKER OFFSHORE WIND AS

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AKER OFFSHORE WIND AS

Income Statement

Statement for the period July 8 to December 31

Amounts in NOK thousand	Note	Jul 8 - Dec 31, 2020
Operating expenses	4	(2 022)
Operating profit (loss)		(2 022)
Financial income		(135)
Net financial items		(135)
Profit (loss) before tax		(2 158)
Income tax benefit (expense)	7	-
Profit (loss) for the period		(2 158)

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AKER OFFSHORE WIND AS

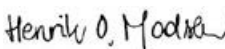
Balance Sheet

Statement for the period ended December 31

Amounts in NOK thousand	Note	2020
Assets		
Non-current assets		
Investment in group companies	5	1 196 325
Total non-current assets		1 196 325
Current assets		
Current operating assets		584
Cash and cash equivalents		28 036
Total current assets		28 620
Total assets		1 224 945

Amounts in NOK thousand	Note	2020
Equity and liabilities		
Equity		
Share capital		678 745
Other paid-in capital		541 617
Total equity	3	1 220 362
Current liabilities		
Current operating liabilities		4 583
Total current liabilities		4 583
Total equity and liabilities		1 224 945

Fornebu, March 25, 2021


Henrik Overgaard Madsen
Chairman


Kristian Monsen Røkke
Director


Kjell Inge Røkke
Director


Andrew Douglas Garrad
Director


Nina Jensen
Director


Astrid Skarheim Onsum
CEO

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AKER OFFSHORE WIND AS

Cash Flow Statement

Statement for the period July 8 to December 31

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Profit (loss) before tax	(2 158)
Changes in operating assets and liabilities	3 999
Cash flow from operating activities	1 841
Investment in group companies	(755 090)
Cash flow from investing activities	(755 090)
Proceeds from share issues	800 000
Transaction costs related to share issues	(18 715)
Cash flow from financing activities	781 285
Net cash flow in the period	28 036
Cash and cash equivalent at the beginning of the period	-
Cash and cash equivalent at the end of the period	28 036

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AKER OFFSHORE WIND AS

Notes

Note 1 Company information

Aker Offshore Wind AS is the parent company and owner of Aker Offshore Wind Operating Company AS and Aker Offshore Wind USA AS and is domiciled in Norway. Aker Offshore Wind was listed on Merkur Market operated by the Oslo Stock Exchange under the ticker “AOW-ME” on August 26, 2020

Note 2 Basis of accounting

The financial statements of the parent company are prepared in accordance with Norwegian legislation and Norwegian Generally Accepted Accounting Principles.

Financial reporting principles for notes to these financial statements are included in the relevant notes. For other financial reporting principles, see below.

Functional currency and presentation currency

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

Foreign currency

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

Classification

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

Measurement of borrowings and receivables

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

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

Cash flow statement

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

Note 3 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.

Amounts in NOK thousand	Share capital	Other paid-in capital	Total
Equity at incorporation July 8, 2020	30	-	30
Reduction of shares	(30)	-	(30)
Contribution-in-kind	271 943	169 292	441 235
Share issues	406 803	393 197	800 000
Transaction costs, share issues	-	(18 715)	(18 715)
Profit (loss) for the period		(2 158)	(2 158)
Total equity	678 745	541 617	1 220 362

The share capital of Aker Offshore Wind AS is divided into 678 745 473 shares with a nominal value of NOK 1. All issued shares are fully paid. The shares can be freely traded. See [Note 8 Shareholders](#) for an overview of the company’s largest shareholders.

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Note 4 Expenses

Expenses

Aker Offshore Wind AS has no employees and hence no personnel expenses. The CEO is employed by Aker Offshore Wind Operating Company AS.

Remuneration to and shareholding of CEO and board of directors are described in [Note 18 Management Remuneration](#) in the consolidated financial statements of Aker Offshore Wind.

Audit fees to KPMG

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Audit ¹⁾	366
Other assurance services	53
Total	419

1) Audit services include NOK 205 thousand related to listing process on Euronext Growth in August 2020 and is reported directly to equity.

Note 5 Investment 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 thousand	Registered office	Share capital	Number of shares held	Ownership	Book value
Aker Offshore Wind Operating Company AS	Fornebu, Norway	120 000	60	100%	1 184 425
Aker Offshore Wind USA AS	Fornebu, Norway	120	30	100%	11 900
Total					1 196 325

Note 6 Related parties

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions with related parties to Aker Offshore Wind AS have been based on arm's length terms.

Transactions with related parties

The company provided a short-term loan to Aker Offshore Wind Operating Company AS in 2020 that was settled before December 31. Interest income of NOK 374 thousand has been recognized in the period.

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Note 7 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. Deferred tax assets are recognized only to the extent it is probable that they will be utilized against future taxable profits.

Calculation of taxable income (loss)

Amounts in NOK thousand	Jul 8 - Dec 31, 2020
Profit (loss) before tax	(2 158)
Permanent differences	(18 466)
Taxable income (loss)	(20 624)

Aker Offshore Wind AS has not recognized deferred tax asset related to tax loss carry forwards as the group is newly founded and has no history of taxable profits.

Note 8 Shareholders

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

Company	Nominee	Number of shares held	Ownership
Aker Horizons Holding AS ^{1),2)}		346 262 406	51.0%
Nærings og Fiskeridepartementet		33 100 085	4.9%
Folketrygdfondet		28 511 677	4.2%
Nordnet Livsforsikring		11 585 887	1.7%
The Bank of New York Mellon SA/NV	Nominee	8 482 434	1.2%


1) The company changed name from Aker Horizons AS on January 26, 2021.

2) The shares were transferred to subsidiary Aker Renewable Power AS on January 19, 2021.

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Auditor's report



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To the General Meeting of Aker Offshore Wind AS

Independent auditor's report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aker Offshore Wind AS, which comprise:

- The financial statements of the parent company Aker Offshore Wind AS (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the period 8 July – 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Aker Offshore Wind AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2020, the income statement and other comprehensive income, statement of changes in equity and statement of cash flows for the period 8 July – 31 December 2020, 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 period 8 July – 31 December 2020 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 period 8 July – 31 December 2020 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.

Offices in:

Oslo	Elverum	Mo i Rana	Stord
Ålesund	Finnsnes	Molde	Strøme
Arndal	Hamar	Skien	Tromsø
Bergen	Haugesund	Sandnessjøen	Tromsø
Bodø	Kirkenes	Sandnessjøen	Tynset
Drammen	Kristiansund	Silkeborg	Ålesund

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Statustilsatte revisorer - medlemmer av Den norske Revisorsforening



KPMG AS

Aker Offshore Wind AS

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 scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Aker Offshore Wind AS

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

[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 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, 25 March 2021
KPMG AS



Vegard Tangerud
State Authorised Public Accountant

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