Aker ASA Q4 2024:

Letter from the President and CEO

Letter from the CEO

Dear fellow shareholders,

Aker is at its best when we couple our Norwegian advantages and industrial capabilities with global megatrends. However, growth doesn't occur in vacuum, nor is it linear. It is shaped by external factors, such as geopolitics, market forces, technological advancements, and public sentiment. We remain committed to our core strengths: lasting partnerships with global champions, leveraging transactional capabilities, and maintaining financial strength and flexibility to seize opportunities. This context sets the stage for our fourth quarter results and guides Aker's strategic responses to the complex challenges and opportunities of today's world.

I'm penning this letter a few weeks into the second presidency of Donald Trump, marked by unprecedented high activity from the oval office. The AI race between the US and China has intensified, with both nations striving for technological dominance. Meanwhile, peace talks are on the horizon, offering hope for an end to the three-year conflict in Ukraine.

In my 16 years leading Aker, I have never witnessed such an evolving and fragmented market landscape. National security, energy security and affordability, and economic and technological competitiveness are at the forefront. At the same time, public perception, emotions, and deeply rooted sentiments are increasingly influencing boardroom decisions.

Over the past 30 years, Norway has thrived in an increasingly globalized world, which has also benefited Aker. We've enjoyed a certain degree of independence. This is a new era. We're witnessing a shift towards protectionism, and a transaction-driven approach to trade and industrial development. While the days of free trade and globalization with easy access to markets, people, capital, and technology may effectively be over, this new context encourages us to both adapt and leverage our core capabilities to seize opportunities.

It is against this backdrop that we report our final quarter of 2024. Aker's Net Asset Value stood at NOK 58 billion at the end of the year, after dividends paid, up from NOK 57 billion at the end of the third quarter. The quarterly share price rose to NOK 549, up nearly 7% including dividend, compared to a 1% increase for the Oslo Stock Exchange Benchmark Index (OSEBX) and 4% increase for the Brent oil price. Aker paid NOK 3.8 billion in dividends in 2024, representing NOK 51 per share.

The Board has proposed a cash dividend of NOK 26.50 per share for the fiscal year 2024, to be disbursed in the second quarter of this year. Consistent with the practice of previous years, the Board will also propose an authorization for an additional cash dividend to be distributed in the second half of 2025.

High activity and considerable momentum

In alignment with our strategic priority of more focused, cash-generative investments, Aker's portfolio companies generated transactions exceeding NOK 25 billion in 2024. Additionally, more than NOK 32 billion in cash dividends were distributed to Aker and our fellow shareholders by the portfolio companies throughout the year. These dividends were derived partly from single transactions and partly from consistent project execution and steady growth in core parts of our portfolio, including contributions from Aker BP, which recently announced a strategic update:

- ***Outstanding performance in the fourth quarter and for 2024 overall:*** Aker BP has a continuously improving, low-cost portfolio at USD 6.2 per barrel and is a global leader in producing with low emissions, with a current CO_2 intensity of 2.7 kg/barrel. Projects are progressing according to plan, operating cash flow was record high, and its financial position strengthened. The company announced a base dividend growth of 5% in 2025.
- ***Set to deliver production growth into the next decade:*** The production performance was strong across the portfolio, with 93% production efficiency, and Johan Sverdrup continued to outperform expectations with a new all-time high. The company is maintaining its production outlook of more than 500 mboepd into 2030 and beyond, based on increased Johan Sverdrup recovery to 75% and a target of 1 billion barrels from the Yggdrasil area.
- ***Enhanced performance through digitalization, AI, and remote operations:*** Setting the standard for the future, Aker BP, in collaboration with its partners, is pioneering the development of the first unmanned production platform ever constructed. Furthermore, the company will manage the Yggdrasil field from

shore, utilizing a highly digitized control center to operate the fields at sea. These advancements underscore Aker BP's commitment to innovation and sustainability, positioning it as a leader in the energy sector.

Strategic priorities in an evolving energy landscape

Despite strong momentum in many of our investments, we've also learned some expensive lessons in recent years, especially related to the energy transition, which is both capital-intensive, infrastructure reliant, and faces several systemic challenges. As an active owner, we are focusing on how best to leverage our strengths in this shift more broadly, especially through Aker Solutions as a supplier and the Industry Capital Partners (ICP) companies as an investor, but also in considering the best way forward for Aker Horizons.

Aker Solutions:

Aker Solutions delivered strong revenue growth with improved margins in 2024. While there are opportunities for the company to capture value from the energy transition, oil and gas projects remain the core business for the company. Like many of its peers, ventures into the renewables sector have encountered significant challenges, such as elevated inflation and supply chain disruptions, leading to negative profitability. In response, the company has adopted a more selective approach to contract models, accepting very limited lump-sum items and a reduced risk profile. This shift also necessitates other simplifications in work processes beyond just contract formats, especially compared to those used in the oil and gas sector. Despite a more selective approach, however, Aker Solutions has secured approximately NOK 17 billion in project wins within offshore wind and carbon capture so far in 2025.

ICP:

ICP initially ventured ambitiously into the 'green investments' market, which, in hindsight, proved to be overly optimistic. As the market has corrected, the complexities of this transition have become clearer. ICP has now adopted a more focused strategy, centered around two companies: ICP Infrastructure and ICP Asset Management. The decision to move away from venture capital and private equity is to better align with Aker's strengths.

Both companies are attracting interest from institutional investors globally. ICP Infrastructure is initially seeking platform companies in data centers and renewables and the company benefits from the leadership and network of Christian Rynning-Tønnesen, former CEO of Statkraft, while ICP Asset Management plans to launch its second active global equity fund, a concentrated, high-conviction portfolio, in the first half of this year.

Aker Horizons:

The key focus going forward will be on de-risking projects and maintaining capital discipline to drive value creation. In Mainstream Renewable Power, cost optimization measures are being implemented, while ensuring successful delivery of projects under construction and moving new solar and wind projects towards final investment decision.

In Northern Norway, the Narvik Green Ammonia project progresses towards DG2, together with partners Statkraft and off-taker VNG. With increased demand for AI and cloud computing, Aker Horizons is also working on developing data center opportunities on the Narvik properties.

Additionally, following the sale of 80% of its carbon capture business to SLB, Aker Horizons' portfolio company, Aker Carbon Capture (ACC), announced its next strategic steps to balance immediate shareholder returns with strategic investments. ACC's dividend distribution of NOK 3.5 billion – 90% of its market cap – allows the company to maximize shareholder value while reinforcing its ability to act as a responsible owner of SLB Capturi.

Aker Horizons met a broad range of fixed income investors in January regarding a potential new bond issue. Based on valuable feedback, the company decided not to pursue a potential bond offering until the ongoing process of optimizing the company's overall capital structure has been further matured.

Balancing considerations

Taking a step back in these strategic considerations I am struck by how often the energy transition is discussed as a shift from one energy source to another rather than evolving an integrated, complex system with the goal of achieving the greatest possible effect: meeting demand with the lowest emissions possible, at the lowest cost and within the shortest amount of time. A complex task, indeed.

The true full system cost of solar and wind energy, for example, includes the need for alternative baseload sources, such as batteries and gas turbines. Furthermore, it often necessitates upgrading the grid or building other infrastructure due to increased electrification. Consequently, the actual cost is significantly higher than the unit cost often communicated.

The International Energy Agency (IEA)'s forecasts, which stated that global oil output would peak by 2030, despite forecasted growth in demand, and that future exploration of oil and gas would not be necessary, have been under scrutiny for overly optimistic assumptions regarding the shift to renewable energy sources. As the IEA's former oil market chief noted in a recent critical report, the agency's forecasts "...influence not only trillions of dollars in investment decisions but also government policies with far-reaching geopolitical consequences."

The energy landscape is evolving, not transitioning. Thus, while forecasts are influential, Aker's investment decisions have continuously sought to reflect a more integrated and balanced approach. Throughout the time it takes to change an entire system, we need politics and incentives to invest and develop both existing and new sources of energy.

Thus, strategically, we first consider how to get more out of the existing energy system – for example, by investing in technology that increases capacity utilization in already-installed energy infrastructure. Secondly, how to reduce emissions – for example, decarbonizing oil and gas production through energy efficiency initiatives, electrification, or carbon capture, or by investing in new sources of energy.

Competitiveness in increased market fragmentation

The climate challenge is global, but solutions are often local, depending on natural resources, infrastructure, policy environments, and public sentiment. Unlike fossil fuels, renewables are distributed resources and less geography-specific. This creates enormous geopolitical incentives at a time when small countries may struggle to succeed in a world increasingly dominated by great powers.

Consider hydropower, which not only forms the backbone of the Norwegian energy system by generating approximately 90% of all electricity in Norway, but also represents an enormous opportunity. Unlike intermittent energy sources, such as wind, hydropower is one of the few forms of renewable energy that can adjust to demand and serve as baseload. With an increasing share of intermittent renewable power production in both the Nordic region and the rest of Europe, the benefit of power exchange is increasing.

However, while Norway is a small fish in a big pond, we lack national consensus on our future livelihood and are plagued by short-term thinking. An ambitious, long-term energy policy that strengthens Norway's role as an exporter to Europe is, thus, not only part of the solution but also an opportunity to build a closer, long-term partnership with our main market. To gain momentum for our offshore wind development, as just one example, we need a comprehensive plan that balances the need for reliable power supply to mainland Norway, while also taking part in a European market – perhaps even more formalized than today.

The EU recently proposed comprehensive reforms aimed at deregulation and increased competitiveness. For Norwegian jobs and businesses, it is essential that our interests and opportunities are safeguarded when the future of Europe is defined. With rising trade barriers and regional competition, securing access is more important than ever. We need enhanced cooperation and dialogue, not isolation and distance. While the EEA agreement has served Norway well, it does not provide influence when Europe responds to developments with key trading partners such as the US and China.

Making Data (and Organizations) AI-Ready

At the World Economic Forum's Annual Meeting in Davos in January, there was no shortage of discussions around "big questions." One of my key takeaways was that as we navigate these complex dynamics, the role of artificial intelligence (AI) and data analytics becomes increasingly pivotal. The race between the US and China is only accelerating AI development, which in turn heightens the demand for advanced data and AI technologies and increased data center capacity.

However, AI is only as powerful as the data it processes. Many organizations struggle with fragmented, inconsistent, and incomplete data, which hampers their ability to leverage AI tools effectively. By investing in robust data infrastructure, implementing stringent data governance practices, and prioritizing data quality, data can transform into a valuable asset. Clean, well-organized data will enable AI to enhance operational efficiency, optimize resource allocation, and drive innovation across industries.

Cognite Data Fusion (CDF) excels in orchestrating both unstructured and structured industrial data. It's designed to handle complex, asset-heavy industrial data projects and the advanced data modeling capabilities bridge the gap between raw data and actionable insights. CDF models the entire value chain from design, to construction, to operation and allows users to seamlessly share data with partners and suppliers in real-time. Thus, by leveraging Cognite's expertise, companies can ensure data is not only clean but contextually rich and ready for AI applications.

Cognite’s strong commercial development continued to accelerate in 2024, ending the year with solid momentum. The company’s Annual Recurring Revenue reached all-time-high, increasing to USD 94 million at year-end. This was up by close to 40% from the year before. In addition, the company’s total revenue, as well as number of active users, also reached record highs.

We’re barely scratching the surface. The AI race between the US and China is only accelerating the need for contextualized data. Both nations are heavily investing in AI to gain technological supremacy, which has significant implications for global industries. This competition is not just about developing advanced AI models but also about ensuring these models are trained on high-quality, contextually relevant data. Companies that can effectively manage and utilize their data will be the primary beneficiaries of this race.

Moreover, the impact of AI and data extends beyond operational efficiencies to workforce and organizational development. Salesforce CEO, Marc Benioff, predicts that we are the last generation to work exclusively with human colleagues; in the future, we will collaborate with digital workers, both in computers and in the form of humanoids. Today, companies are structured around human workers performing tasks. In the future, technology will automate core processes, making it the backbone of operations, while humans will add value in more strategic and creative roles. To achieve this vision, having quality data and effective AI systems in place is crucial. Starting from scratch with a clear strategy will be more advantageous than trying to retrofit existing systems. This shift will significantly impact productivity and competitiveness going forward.

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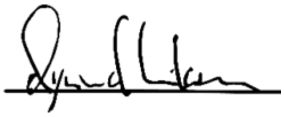
While we are in a new era of uncertainty and volatility, I am confident in Aker’s trajectory. Our portfolio is performing well in core segments, while also developing new opportunities for growth with discipline. Looking ahead, our geopolitical radar needs to be finely tuned and our strategic thinking flexible. We remain committed to continue delivering shareholder value, leveraging our core strengths as an active owner, fostering robust partnerships, and embracing technological advancements.

Together with our portfolio companies and partners, we will continue to build a sustainable and prosperous future for Aker and all its stakeholders.

Thank you for your trust and confidence in our journey.

Regards,



Øyvind Eriksen,
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