

Pointillist Response to the Solstad Press Release

Pointillist Partners LLC is committed to the fair and equitable treatment of shareholders. We are writing this to present a history and a solution in the refinancing of Solstad Offshore ASA (which we will refer to as “Solstad” throughout this letter). There is still an easy to implement solution available that will create equal treatment of shareholders: pro rata subscription rights for all shareholders into the new company, Solstad Maritime.

Background

Solstad announced on January 16, 2024 that the initial part the refinancing of the company had been completed. The news was disturbing on many levels. In letters to shareholders and in the media, Solstad presented the refinancing solution as the only safe alternative. Discrimination of shareholders was portrayed to be necessary. We will explain why we are skeptical of these claims.

In response to Solstad’s repeated claims that their solution was the only feasible plan, on Friday, January 12th, we and other financing partners sent an alternative financing proposal to Solstad and their lenders. The terms can be read [here](#). The following Tuesday, Solstad announced that the refinancing was completed according to their original plan.

The original financing plan: ~55% value reduction

To assess the difference between the solutions, one must compare how the two proposals, in approximate sizes, will affect shareholder value. In the original financing plan, we calculate that Solstad shareholders, excluding Aker, will experience a 55% reduction in the value of the total shareholding in Solstad and Solstad Maritime, regardless of the valuation method. The reduction is due to a prohibition against shareholders subscribing proportionally in the new company Solstad Maritime.

We have reasons to believe that Aker knows its valuation of Solstad in the original refinancing is too low. On December 14, 2023, Aker spent 400 million NOK to acquire 8.24 million shares at an average price of 48.5 NOK per share. **That is approximately double the implied share price in the Original Financing.** This shows that Aker believes the Solstad business is worth multiples more than the price they paid as part of the Original Financing.

This is entirely consistent with our conversations with Solstad’s advisor Pareto Securities and other Norwegian investment banks in the first 9 months of 2023, as they didn’t disagree that Solstad could be worth more than 100 NOK per share after the upcoming refinancing.

The Solstad Board went to great lengths to protect Aker’s interests. If the original plan for some reason should not be completed “in accordance with its terms,” Aker could seize control of the majority of the assets being transferred to Solstad Maritime and force the deal through. Aker paid nothing for this unusual and valuable right. If the Original Financing was truly the best plan, why was this backup necessary?

In summary, Solstad's management and board approved a refinancing plan that allows Aker to take more than half of Solstad's value by crushing the existing Solstad shareholders.

A better alternative that treats shareholders equally

In the alternative financing structure, which we support, presented to Solstad on January 12th, there is no loss of value or equity erosion for any Solstad shareholder, as each shareholder is given pro rata subscription rights to Solstad Maritime. The financing alternative is far superior to the original financing. Our financing alternative represents a massive financial improvement for Solstad's shareholders, because they are not diluted, as compared to the absurd dilution in the original refinancing.

Our financing option does not pose greater risk. The equity in the alternative financing comes from credible institutional investors such as Kistefos, Pointillist, MP Pensjon (Tines pensjonsfond), and others.

There would be no genuine reason for the banks to reject the alternative financing solution, including the handling of the Normand Maximus claim. The alternative solution would keep the banks in the exact same financial position they had previously agreed to.

It is important to note that the banks control the Normand Maximus claim and that we could not negotiate with the banks without Solstad's consent.

Refused to seriously consider other offers

It is extremely disturbing to hear that the restructuring was done in a hasty manner. Already in the fall of 2022, we and the market understood that Solstad needed refinancing and equity investment. Therefore, Pointillist initiated a dialogue with Solstad management and its advisors in early November 2022, and again in December, February, March, June, July and early August 2023. This dialogue is documented. We repeatedly suggested multiple solutions for consideration, and even shared our investment banking contacts. All our ideas included pro-rata participation for all shareholders. **This included our offer to guarantee a pro-rata rights-offering.** No one told us that our suggestions were not feasible, or that the Normand Maximus claim was holding up any deal, so we waited, and waited and waited for the offering to reach our inbox, so we could write a check.

Pointillist offered capital, expertise, and ideas. We took repeated initiatives, and waited for feedback and an engagement that never came.

It was therefore shocking to hear Solstad and its advisors admit to us during a conference call on January 8, 2024 that they had NOT seriously considered or sought other investment alternatives. **Yes, they said that.**

When asked why Pointillist the 3rd largest shareholder or other large shareholders were never asked to submit a financing proposal, they answered: "We didn't come that far with conversations with existing shareholders because the process moved much quicker than we anticipated."

No consultation with Aker?

According to Solstad's Shareholder letter published on January 16, 2024, Solstad had no "CONSULTATION" with Aker until September 25th, 2023, when Aker submitted a funding proposal to Solstad. We find this absence of contact hard to believe considering that the need for refinancing was well known. Given that Solstad informed us numerous times during the first half of 2023 that it was their goal to finalize the refinancing by the summer of 2023, this claim raises the following questions:

1. Why wasn't Solstad Board and Aker board member Frank O. Reite or representatives from Aker communicating with Solstad as they put together their plan? Aker had the unique benefit and advantage of knowing that Solstad had not made any progress on its refinancing when it submitted its offer in late September.
2. Why did Solstad not contact nor respond to Pointillist initiatives about submitting a proposal in the winter of 2022 and throughout the first half of 2023, especially considering Pointillist's consistent and repeated actions requesting to be included in the refinancing process?
3. Why did Solstad FAIL to solicit proposals from any of its major shareholders during the 12 months preceding the Original Financing announcement despite the forthcoming debt refinancing obligations?

Remember, to justify the grossly one-sided transaction Solstad has contended for months that the Aker led solution was the only feasible solution available to Solstad and therefore the resulting unfair treatment of minority shareholders was necessary. We remain stunned by these arguments.

Raised the "impossible" capital in three days

In its January 16, 2024-shareholder letter, Solstad also claims that the five investment banks they approached in the spring of 2023 were all unable to help Solstad secure equity financing. This is surprising, given that Pointillist had conversations in early 2023 with several Norwegian investment banks. We expressed both our interest in funding the company and ideas for how to best structure a refinancing.

As a response to Solstad's claim that no entity other than Aker was capable of putting together a credible solution, we participated in an alternative financing proposal. It only took us and other shareholders **three days** to come up with NOK 3.2 billion in equity (and about NOK 4.2 billion with Aker's pro rata participation).

Why did Solstad not respond to our repeated offers to provide capital and solutions throughout 2023? We believe it is obvious that Solstad never intended to seriously consider any offer other than Aker's. Solstad's rejection of the alternative financing within 48 hours of receiving it confirms our beliefs.

Propaganda

We believe Solstad's reception of the alternative financing, dismissing it as incomplete, was a charade. Solstad never gave us a chance to make it a complete solution. Lars Solstad must have known that it would be difficult, if not impossible, to formally enter into an agreement with the banks without Solstad's consent and over a weekend. Instead of using the alternative financing to work towards a

better solution, it was used as propaganda to justify a grossly one-sided and unfair transaction that favors Aker.

Lars Solstad of course claims in his comment published on January 17, 2024, that the alternative financing option lacked support from the banks and that it did not solve the AMSC owned Normand Maximus requirement. Obviously, it would be difficult for another party than Aker to enter into an agreement with AMSC, which is largely influenced by Aker.

We believe Lars Solstad's comments, as well as his lack of response to our repeated inquiries over the past 14 months, further support our view that he and the Board did not act in good faith in considering the recently solicited alternative financing option or any proposal other than Aker's proposal.

The Normand Maximus excuse to avoid a shareholder vote

Of course the Maximus claim should be addressed, but as mentioned above, there is no reason why it could not be solved in the alternative financing plan. In the original financing, the Normand Maximus claim has been used as a pretext to transfer the assets to Solstad Maritime. It seems that the reason Solstad handled the Maximus claim the way it did, was to have a justification for Aker to invest at a heavily discounted value without being required to hold a *general assembly and a shareholder vote*.

We firmly believe that this deal would never have been accepted by the shareholders in a vote, and that Aker and Solstad knew this.

Where is the government?

The original financing harms all stakeholders not named Aker. Therefore, it is alarming that regulatory oversight has not intervened. We know that Solstad failed to seriously consider other alternatives in the 12 months prior to the announcement of the original financing, despite repeated offers to contribute from us, the 3rd largest shareholder. We also know that the banks did not have time to seriously consider the legitimate financing option proposed last week, before the proposal was rejected by Solstad.

What does this mean for Solstad shareholders and all participants in the Norwegian market? All financial markets are subject to regulation to ensure that adequate control mechanisms are in place to maintain order, equality, and fairness, and to protect market participants from transactions that are detrimental to minority shareholders. Regulators should intervene when proposed transactions are extremely unfair or unfairly biased to the disadvantage of minority shareholders. But to date, no regulatory authorities have intervened in the Solstad transaction.

Clearly, in the absence of intervention, Norwegian authorities appear to enable a roadmap where large shareholders and the companies they influence can transfer significant value from smaller shareholders to themselves.

The 10-point roadmap for companies to extract lots of value from minority shareholders to one big, powerful investor:

1. Tell shareholders that you are working on a refinancing for a year, but don't give any details. Ignore external shareholders over and over again when they say they want to participate or offer capital.
2. At the last minute, accept a plan that largely transfers value from the existing company to another entity. In the process, you first receive an offer from the big powerful investor for almost nothing for the assets being transferred. This underpriced offer allows you to later tell the media that you have negotiated in "good faith" with your financial advisors.
3. Next, "negotiate" something that is slightly better than the pocket change you were originally offered by the big powerful investor. This protects your board of directors as they can claim that they conducted "due diligence." Continue to keep other shareholders and stakeholders in the dark.
4. Ensure that the corporate structure does not require a shareholder vote when transferring most of the company's assets to a newly created entity.
5. In this newly created entity, only allow smaller shareholders to subscribe for a small fraction of their effective pro rata share. Continue to keep other shareholders and stakeholders in the dark.
6. Wait until the last second to announce the refinancing plan to the shareholders. This last-minute timing is critical to protect the value extraction from the small shareholders, because you can claim that there was not enough time for other financing alternatives.
7. If small shareholders complain, (they are a nuisance, aren't they) just keep repeating that no one else presented a "complete solution". They don't need to know that you ignored interested parties, or never took them up on their offer to participate. Misdirect the media by saying that it is the duty of others to put forward a proposal, even if they have been kept in the dark.
8. When a group of shareholders offers a better solution for all shareholders, reject it quickly within 48 hours. Make sure you don't follow up or negotiate. Say that it

was not a "complete solution" because you know that the shareholder group could not negotiate with the banks on your behalf without your consent. 😊

9. Give your big powerful investor a nuclear weapon to seize company assets in case someone succeeds in shooting down your plan with a more attractive offer. Keep everybody but the big powerful investor in the dark about this poison pill with secret triggers.
10. Relax while your big powerful investor's attorneys send a letter threatening legal action to those shareholders who publicly express concerns about the fairness of the discriminatory deal. 😊

Warning to investors

In the US and other developed markets, Pointillist and other shareholders would have standard protections to ensure that something like this could never happen. The events of the last few months must be a warning to US investors as well as Norwegian retail investors, as it appears that the Norwegian markets lack regulatory oversight and are designed to benefit large institutions and billionaires.

A fair solution for equal treatment

The above shows why Pointillist remains determined to complete a fair transaction that treats all shareholders equally and on market terms. To repair the unfair situation a solution remains, allowing all Solstad shareholders to subscribe on a pro rata basis to Solstad Maritime.