NEKKAR

Disruptive technologies, sustainable results

Q4 and full-year 2022 financial results

Ole Falk Hansen, CEO

16 February 2023

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Nekkar ASA

Disruptive technologies, sustainable results

Proven track record of delivering **technologies** that increase **efficiency** and **sustainability** for fast-growing industries

NEKKAR

SHIPYARD SOLUTIONS | **AQUACULTURE** | **RENEWABLES**

DIGITAL SOLUTIONS

ENGINEERING | ELECTRIFICATION | AUTOMATION | SOFTWARE

Leveraging unique and recognized **heritage** and **execution ability** from "the Drilling Bay" in Kristiansand, Norway

NEKKAR IN BRIEF

- **MNOK 388** revenue ('22)
- MNOK 824 in **order backlog**
- Strong balance sheet, no interest-bearing debt
- **80** employees
- **Kristiansand**, Norway (HQ)
- **Listed on OSE (NKR)**

Q4 2022 highlights

Highlights

- Highest quarterly revenue in 2022 at MNOK 125 (Q4 2021: 138)
- Operational EBITDA[1] of MNOK 13 (47) negatively impacted by a USD depreciation in Q4 2022 – reported EBITDA of MNOK 38 (48)
- Strong balance sheet: MNOK 181 in cash, no interest-bearing debt, MNOK 200 undrawn credit facility
- High tendering activity & solid order intake of MNOK 105 (28)
  - MUSD 10 contract to upgrade third-party shiplift systems at Dubai Maritime City
- Order backlog of MNOK 824 provides strong visibility
- SkyWalker innovation agreement with BMS Heavy Cranes

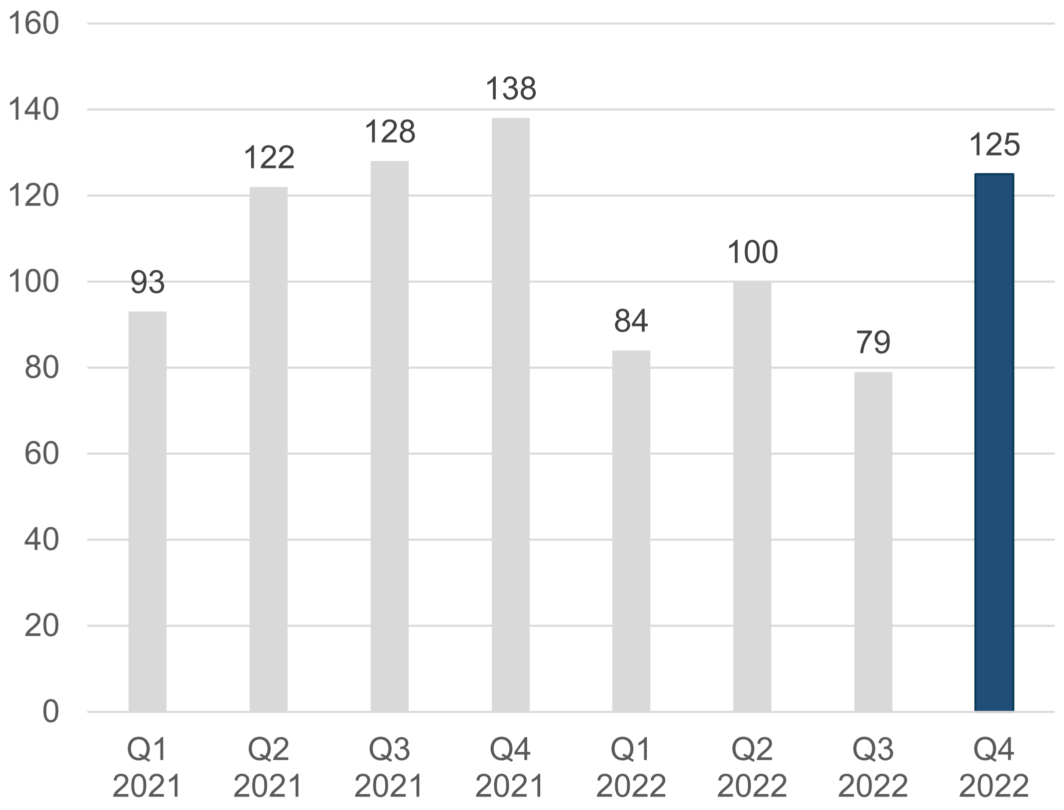
Subsequent events

- InteliWell JV secures breakthrough four-year contract with major drilling rig operator

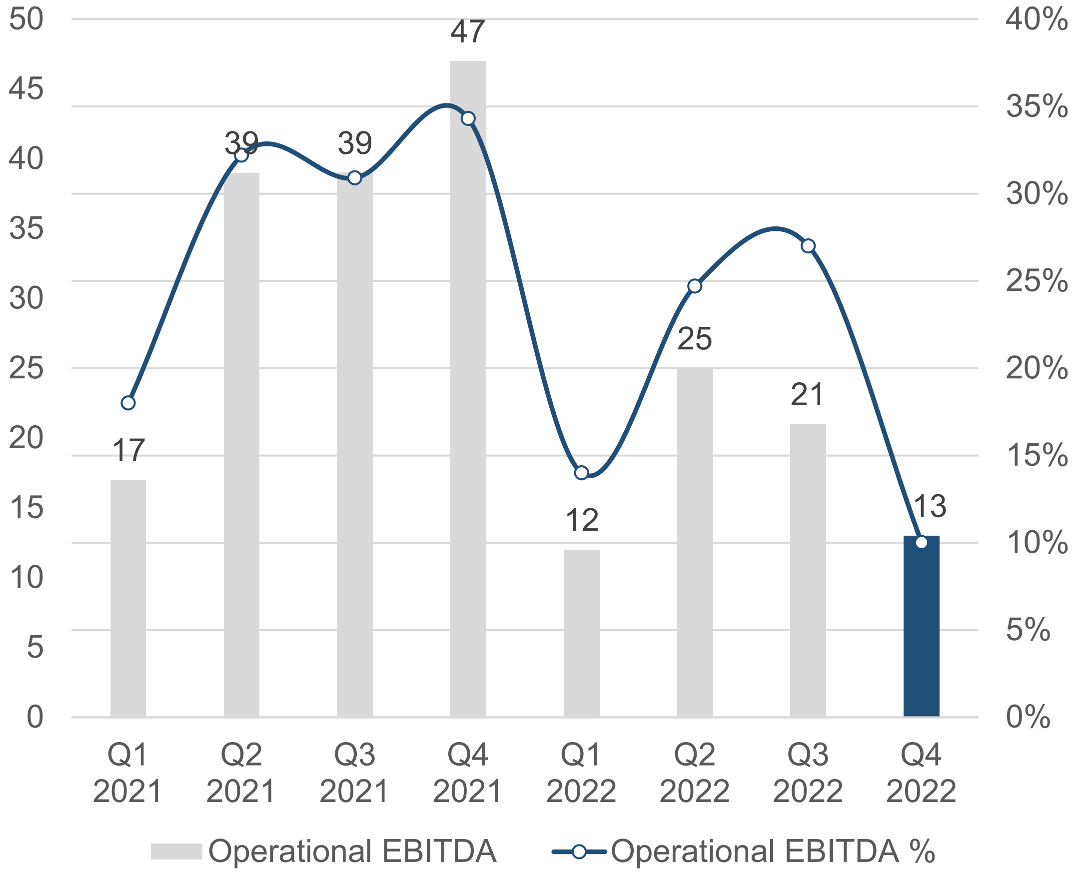
1 Excluding losses/gain on FX contracts not qualifying for hedge accounting

Key financials | Per quarter

Revenue (MNOK)



Operational EBITDA (MNOK) & margin (%)[1]



1 Excluding losses/gain on FX contracts not qualifying for hedge accounting

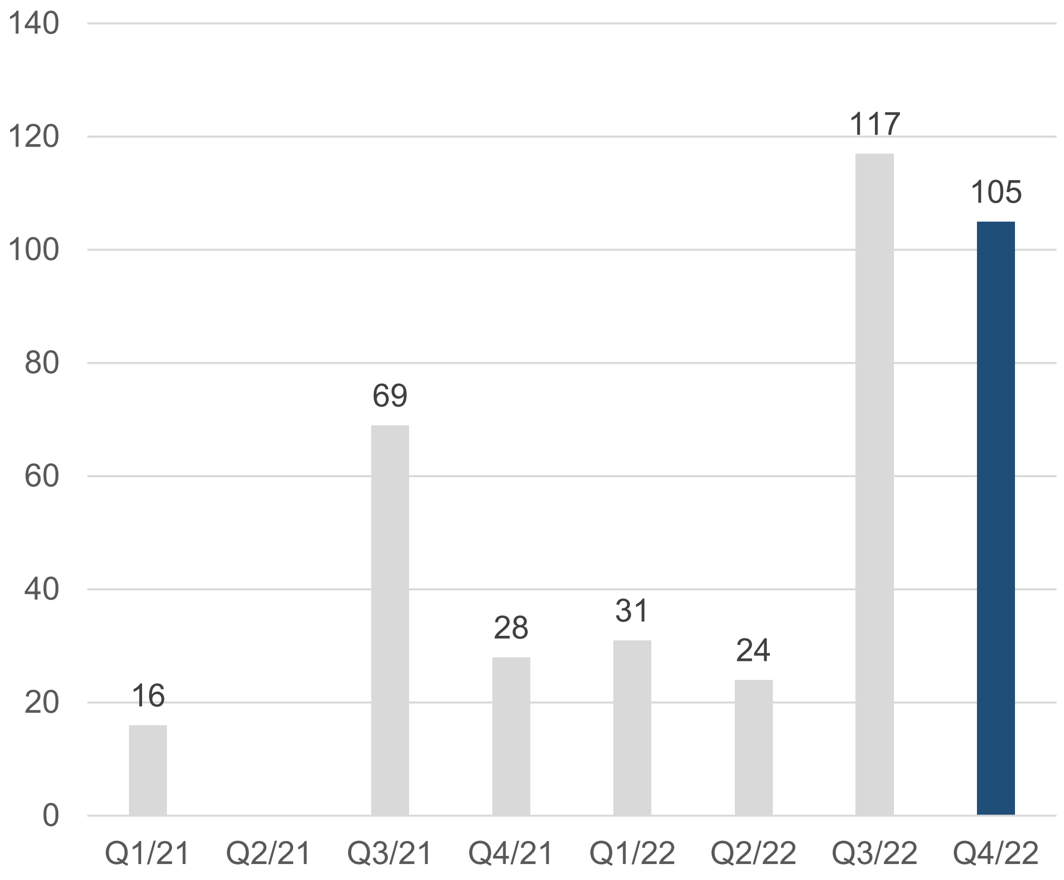
Shipyard solutions

MUSD 10 contract in Q4 2022

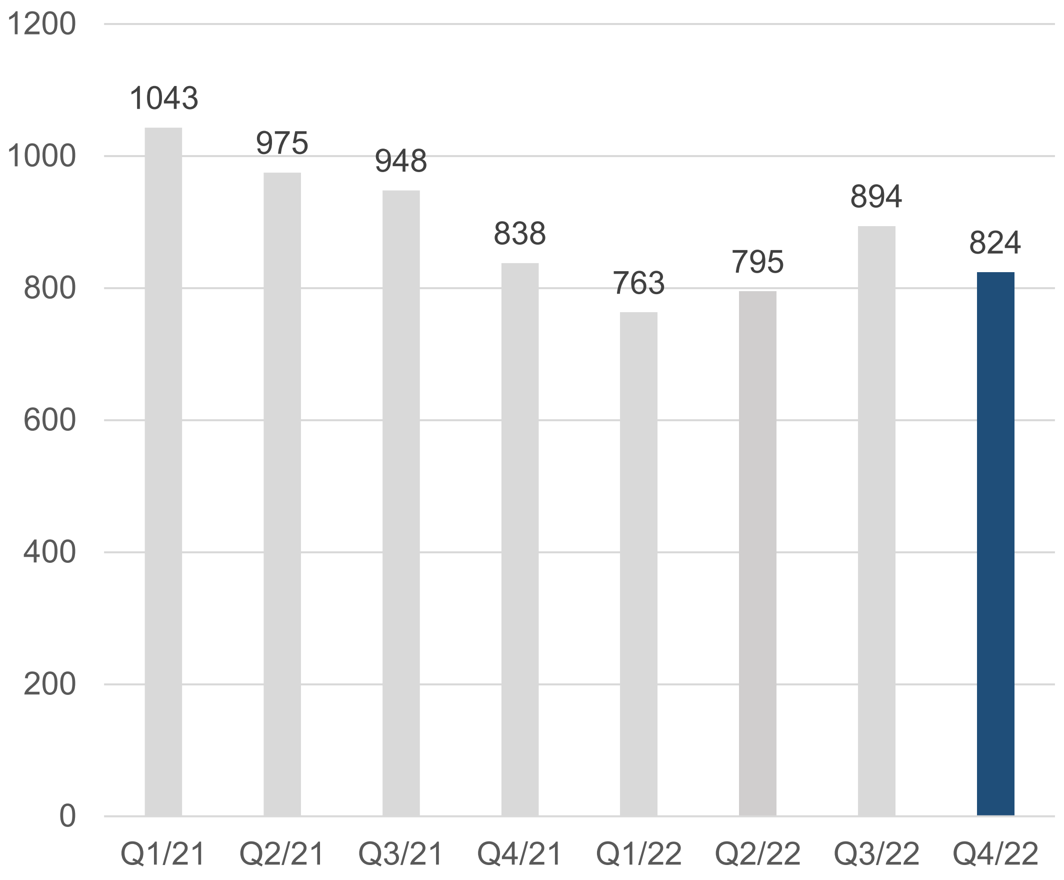
- Customer: Dubai Maritime City
- Newbuild contract for Syncrolift
- Upgrade of two third-party shiplift systems
- Execution in 2023 and early 2024

Order intake and backlog

Order intake per quarter (MNOK)[1]



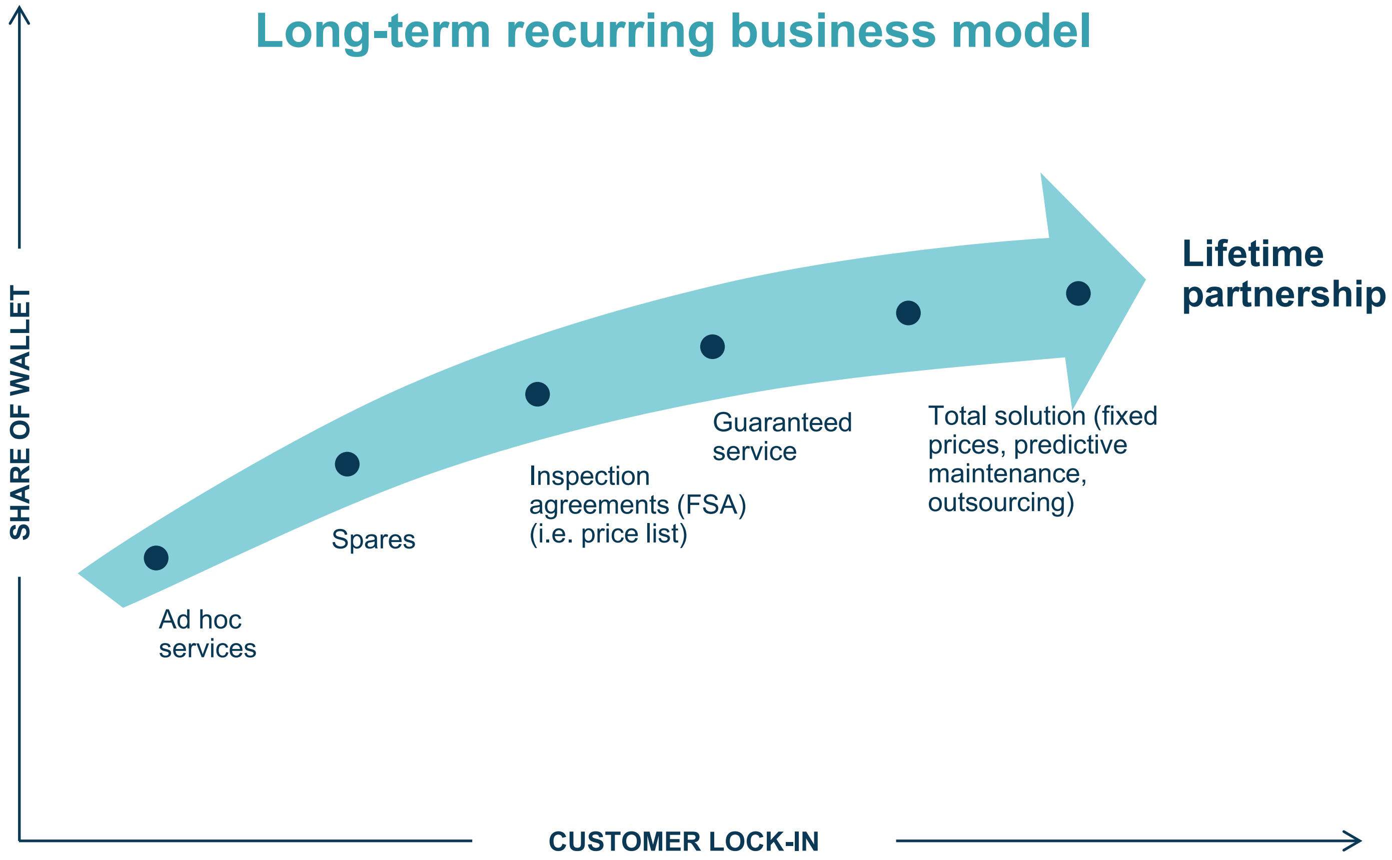
Order backlog[2] development (MNOK)



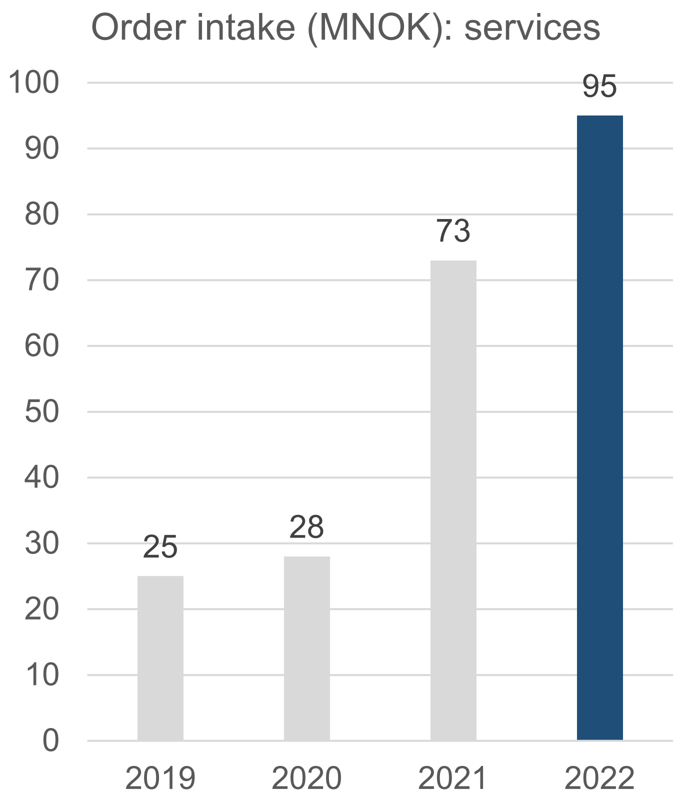
1 Does not account for FX fluctuations in existing contracts | 2 Order backlog does not include order intake received and executed in each quarter, i.e. service revenue and spare part deliveries

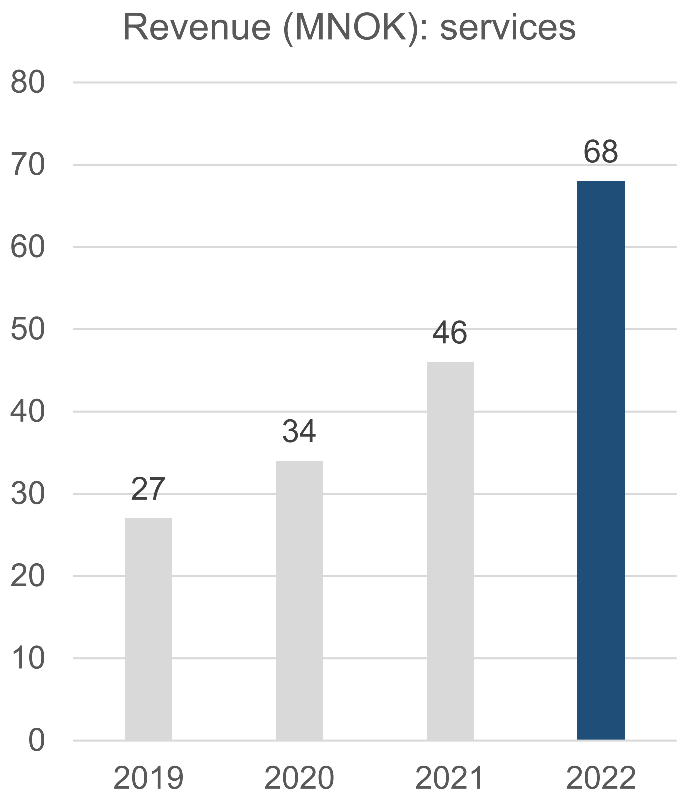
SHIPYARD SOLUTIONS

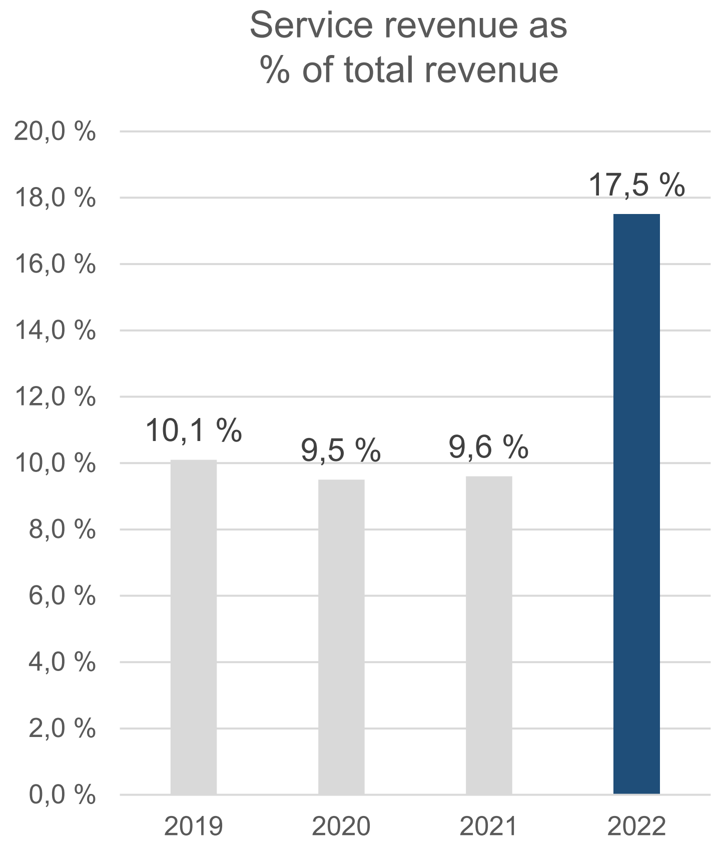
Service – moving from ad-hoc to long term lifecycle partnership



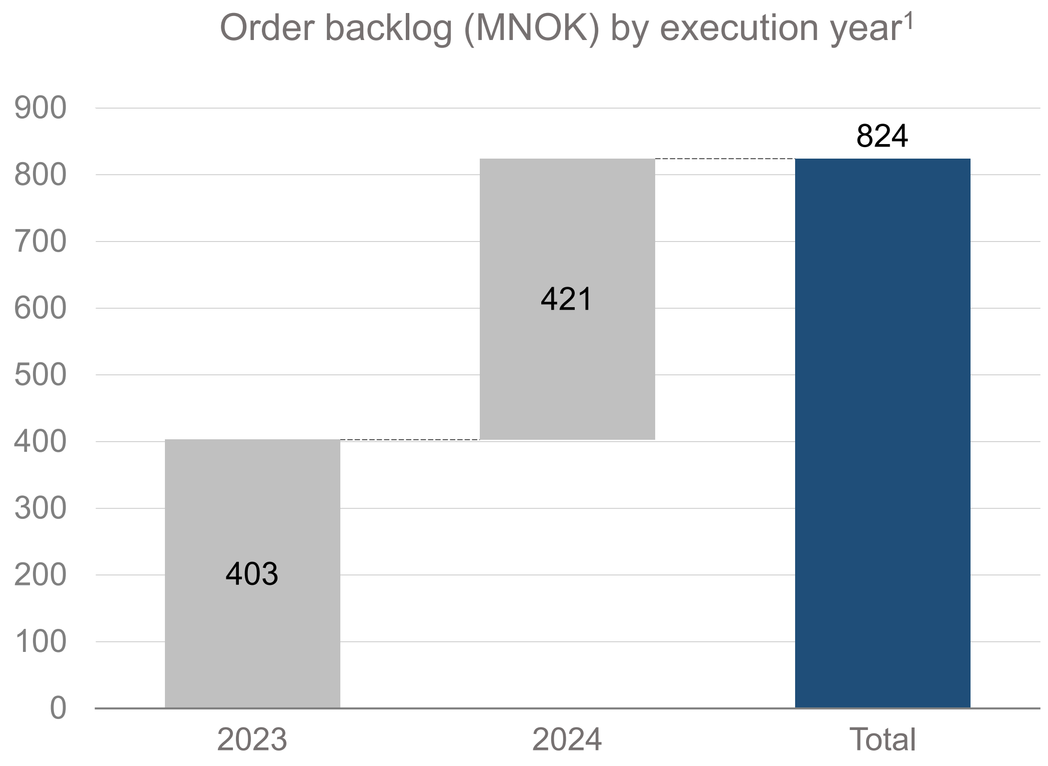
Service revenue continues to grow

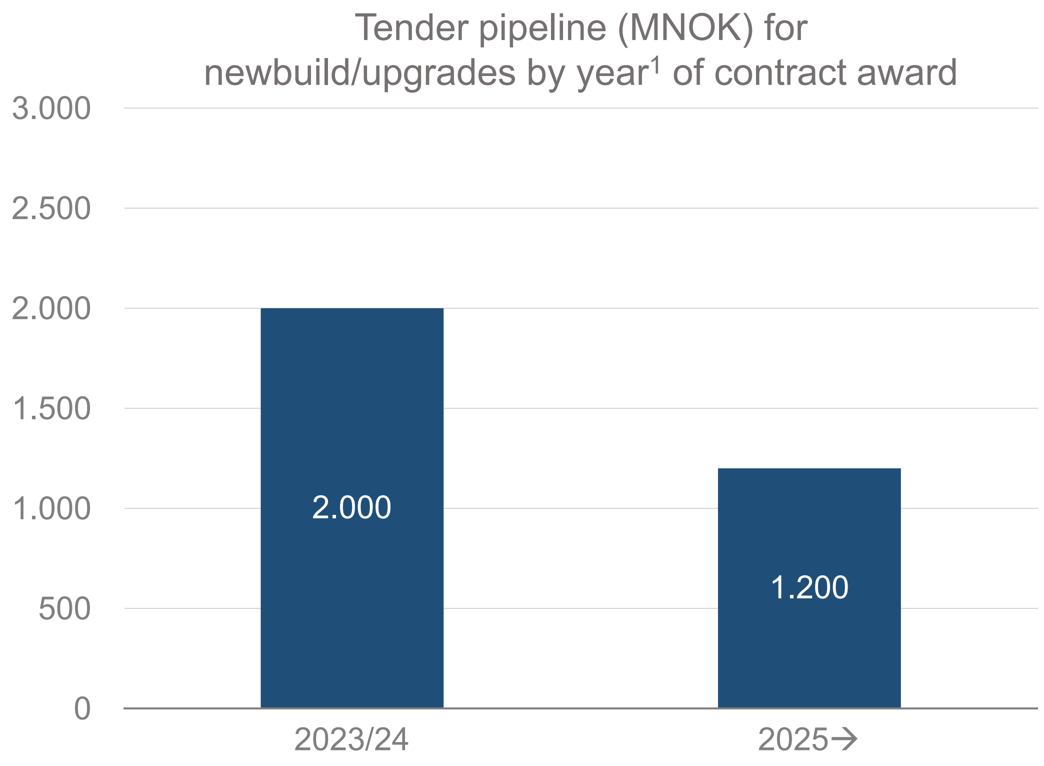






Shipyard Solutions: High visibility and tendering activity





1 Timings are indicative. Execution period and timing of contract awards may be impacted by external factors outside of Nekkar's control.

Impact technologies

Digital Solutions

INTELLILIFT

Breakthrough contract for InteliWell joint venture

Potential door-opener to global rig market

- Four-year contract with an undisclosed major rig operator
- Rig to be equipped with InteliAutomate-solution which ensures automatic execution of pre-built optimized operational sequences, including:
  - Stand building
  - Tripping
- Intellilift to execute project on behalf of JV
- Fixed sum project plus service fee throughout contract period
- Delivery in 2023

INTELIWELL
BEYOND WELL AUTOMATION

INTELLILIFT

Transocean

Viasat

Expedition of the well construction process

Improve consistency of drilling operations

Reduced drilling costs and environmental footprint through more reliable and faster drilling operations

Renewables

Photo: Unsplash.com

BMS: SkyWalker innovation partner

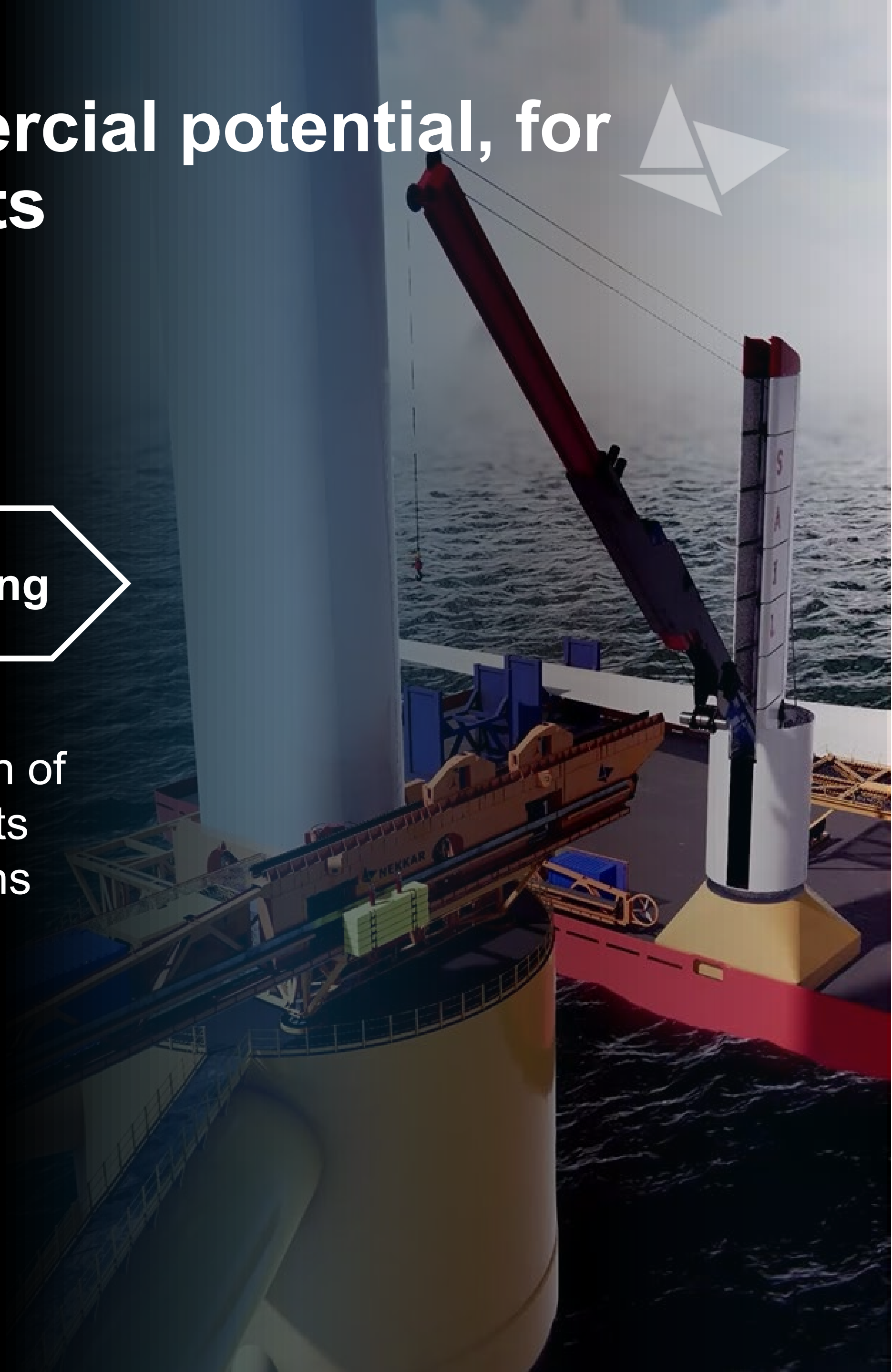
- Favoured installation partner for several large international wind turbine manufacturers (OEMs)

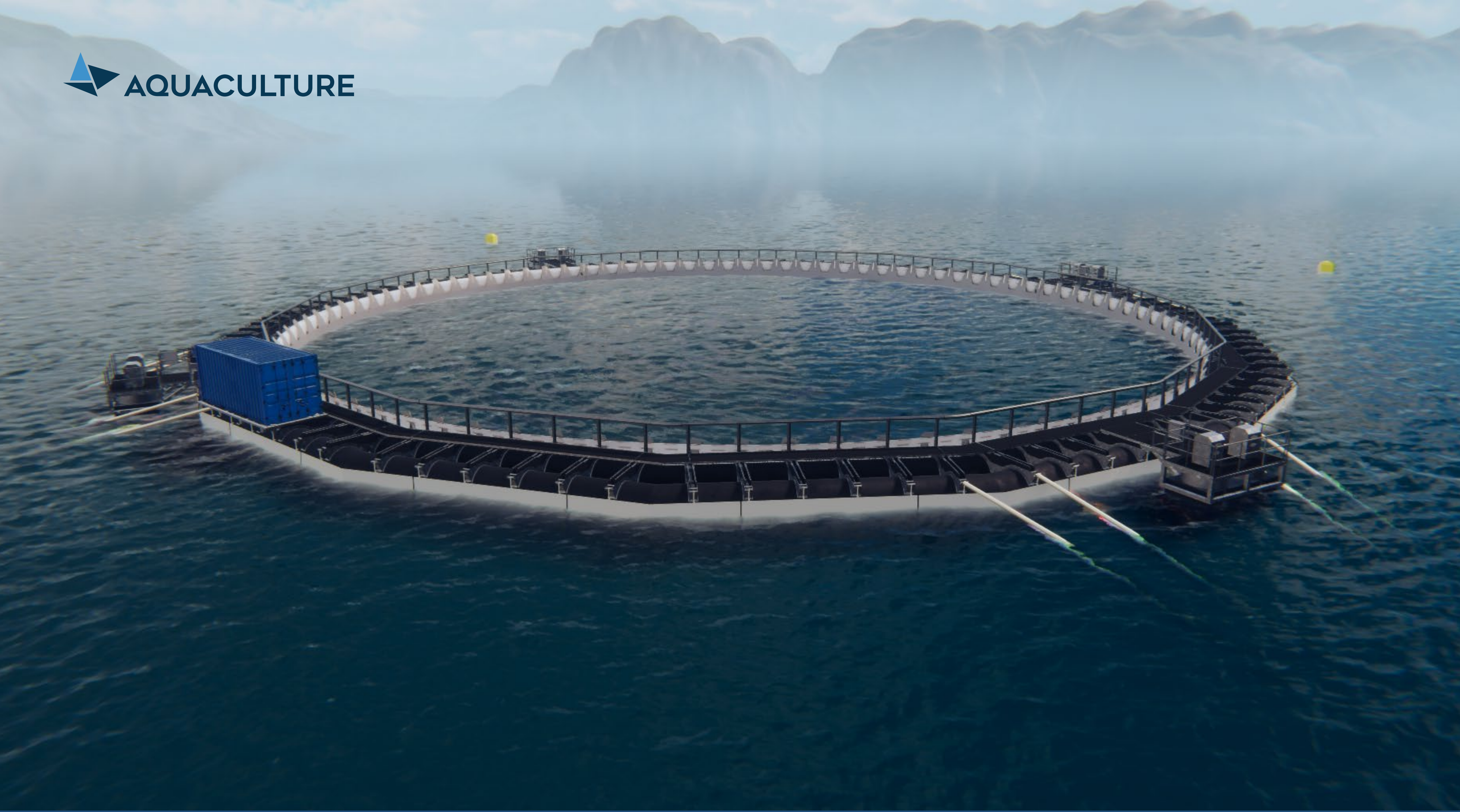
BMS' role in partnership

- Verification and benchmarking of SkyWalker installation tool
- Provision of specialist know-how and technical information regarding logistics and handling
- Cost assessment of SkyWalker versus current technologies
- Installation partner when testing full-scale SkyWalker prototype + roll-out to market

Potential expansion of SkyWalker’s commercial potential, for offshore projects – driven by client requests

Installation	Operations & maintenance	Decommissioning
Installation of tower sections and major turbine components	Major components replacement (MCR) and service offshore	Reverse installation of major components and tower sections




AQUACULTURE

AQUACULTURE

Starfish: Pursuing scope for full-scale test of closed fish cage

Scope of test

- Nekkar to build first full-scale Starfish
- Fish farmer to operate Starfish with biomass during full scale test

Full scale Starfish

- Double protection and protection against sea lice
- Equipped for data acquisition, monitoring and automation
- Ready for biomass
- Post-smolt phase

Financial highlights

Nekkar ASA

Financial highlights

Consolidated statement of profit and loss

Nekkar ASA	Q4		Full-Year	
	Unaudited	Unaudited	Unaudited	Audited
MNOK	**2022**	**2021**	**2022**	**2021**
Revenue	**125**	**138**	**388**	**480**
Operational EBITDA[1]	**13**	**47**	**70**	**143**
Reported EBITDA	38	48	62	140
EBIT	34	45	52	135
Net capitalized development costs [2]	1	1	19	21
Operational EBITDA margin [1]	*10,1 %*	*34,3 %*	*18,2 %*	*29,7 %*
EBITDA margin	*30,3 %*	*34,8 %*	*16,1 %*	*29,1 %*
Order intake	105	28	277	113
Order backlog	824	838	824	838
EPS (NOK)[2]	0,14	0,31	0,30	1,04

[1] Excl. losses/gain on FX contracts not qualifying for hedge accounting
[2] Net of received soft-funding

- Fourth quarter **revenue of MNOK 125**, representing a decrease of ~9% year-on-year
- Full-year 2022 **revenue** of MNOK 388 compared to MNOK 480 in 2021, equivalent to a decrease of 19%
  - Revenue decline driven by project delays in Shipyard Solutions
- Fourth quarter **operational EBITDA** of MNOK 13 compared to MNOK 47 in the same period last year
  - Operational EBITDA impacted by depreciation of USD vs NOK
- Full-year 2022 **operational EBITDA** of MNOK 70 compared to MNOK 143 in 2021. Operational EBTIDA margin of 18.2% and 29.7% respectively
- **Order intake** of MNOK 115 in the fourth quarter and a solid **order backlog** of MNOK 824 at the end of the quarter
- **Net capitalized development costs** (R&D capex) of MNOK 1 in the fourth quarter and MNOK 19 in 2022
- Fourth quarter **earnings per share** of NOK 0.14 compared to NOK 0.31 in 2021.

Nekkar ASA

Balance sheet

Condensed consolidated statement of financial position

	Unaudited	Audited
NOK'000	**31.12.2022**	**31.12.2021**
Deferred tax assets	16 016	15 982
Goodwill	16 643	16 643
Intangible assets	58 035	40 084
Tangible assets	9 808	14 439
Right-of-use assets	4 409	5 804
Total non-current assets	**104 912**	**92 952**
Inventories	2 317	3 474
Trade receivables	104 903	134 749
Accrued, non-invoiced production	115 588	20 153
Other short-term receivables	7 124	25 411
Bank deposits	181 281	174 501
Total current assets	**411 212**	**358 288**
Total assets	**516 124**	**451 241**

	Unaudited	Audited
NOK'000	**31.12.2022**	**31.12.2021**
Share capital	11 746	11 714
Other equity	319 503	285 238
Non-controlling interests	19 954	19 276
Total equity	**351 202**	**316 228**
Deferred tax	8 930	526
Lease liabilities	2 716	4 234
Total non-current liabilities	**11 646**	**4 761**
Trade payables	45 893	20 682
Income tax payable	1 835	2 618
Prepayments from customers/deferred rev.	42 418	29 456
Current lease liabilities	1 549	1 566
Other current liabilities	61 581	75 930
Total current liabilities	**153 276**	**130 253**
Total liabilities	**164 922**	**135 013**
Total equity and liabilities	**516 124**	**451 241**

Nekkar ASA

Cash flow statement

Condensed consolidated statement of cash flow

	Unaudited	Audited
NOK'000	**2022**	**2021**
Cash flow from operating activities		
Profit (loss) before tax	42 634	132 534
Adjustments for:		
Depreciation	10 475	5 665
Net financial items	9 132	1 569
Income tax paid	- 2 625	0
Changes in:		
Accrued non-invoiced production	-95 434	2 229
Prepayments from customers	12 962	-158 013
Trade receivables	29 846	-98 106
Other receivables and other payables	30 959	59 527
Net cash flow from operating activities	**37 950**	**-54 595**
Cash flow from investment activities		
Acquisition and expenditures of fixed/intangible assets	-22 401	-26 253
Disposal of discontinued operation	0	-98 337
Net cash flow from investment activities	**-22 401**	**-124 590**
Cash flow from financing activities		
Proceeds from issuance of share capital	2 088	1 130
Payment of lelase liabilities	-1 725	-991
Net financial items	-9 132	-1 569
Net cash flow from financing activities	**-8 768**	**-1 429**
Net change in cash and cash equivalents	6 780	-180 614
Cash and cash equivalents at the start of the period	174 501	355 114
Cash and cash equivalents at the end of the period	**181 280**	**174 501**

- **Operating cash flow** of MNOK 38.0 compared to a negative cash flow of MNOK 54.6 in 2021
  - Working capital increase of MNOK 22 compared with 2021
  - Build-up of non-invoiced production due to higher project execution expected to be converted to cash primo 2023
- **Cash flow from investments** of MNOK - 22.4 is whereas MNOK -19 is related to net development cost of new technology
- **Cash flow from financing** of MNOK -8.8 compared to MNOK -1.4 from the previous year
  - Nekkar had a net disagio impacting cash flow from financing of MNOK -10.0 in 2022 compared with MNOK - 2.9 in 2021
- **Net cash position** of MNOK 181 as per 31 December 2022, of which MNOK 10 is held as a deposit for FX-derivative exposures in DnB and MNOK 4.5 is restricted deposits related to employee's tax withholding

Summary Q4 2022 & outlook

Summary

- Strong Q4 revenue, operational EBITDA negatively affected by currency development – solid reported EBITDA
- Order intake of MNOK 105, with strong long-term order backlog of MNOK 824
- Solid balance sheet: MNOK 181 in cash, no interest-bearing debt, and undrawn MNOK 200 credit facility
- Good progress for impact technologies: breakthrough contract for Inteliwell JV and BMS as SkyWalker innovation partner

Outlook

Shipyard Solutions	▪ Backlog provides good visibility for 2023 and 2024 ▪ High tendering activity
Digital Solutions	▪ Successful implementation of InteliWell's breakthrough award likely to open up further rig market opportunities
Aquaculture	▪ Secure agreement for full scale test with fishfarmer ▪ Proof of concept likely to open further opportunities
Renewables	▪ Seeking industrial partnerships to fast-track commercialisation of SkyWalker ▪ Pursuing O&M opportunities within offshore wind

Next update: 25 May 2023 – Q1 2023 operational update

Alternative performance measures

INTRODUCTION TO ALTERNATIVE PERFORMANCE MEASURES (APMs)

Nekkar Group (Nekkar) discloses alternative performance measures in addition to those normally required by IFRS. Nekkar is of the opinion that APMs are providing enhanced insight into the operations and prospects of the company. APMs are used as an integral part of the management and board of directors' key performance measure reporting and controls. Furthermore, securities analysts, investors and other interested parties frequently use such performance measures.

BASIS FOR PREPARATION

This presentation provides financial highlights for the fourth quarter and full-year 2022 for Nekkar ASA. The consolidated financial statements for Q4 2022 have been prepared in accordance with IAS 34 Interim Financial Statements, however the interim accounts do not include all the information required for a full financial statement and should therefore be read in connection with the audited consolidated financial statements of 2022.

The interim financial figures are not audited.

PROFIT MEASURES

EBITDA is short for "earnings before interest, taxes, depreciation and amortisation" in the consolidated income statement.

Nekkar defines "Operational EBITDA" as EBITDA excluding losses/gain on FX contracts not qualifying for hedge accounting.

EBIT is short for "earnings before interest and taxes". EBIT corresponds to "operating profit/loss" in the consolidated income statement.

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

ORDER INTAKE MEASURES

Order intake and order backlog are presented as APMs as they are indicators of the company's revenue generation and operations in the future.

Order intake includes new signed contracts in the period, in addition to expansion of existing contracts and any cancellations of contracts. For newbuild contracts, the order intake is based on the signed contract value excluding potential options and change orders.

Order backlog represents the estimated value of remaining work for signed contracts.

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