NEKKAR

Disruptive technologies, sustainable results

Q2/H1 2022 financial results

Ole Falk Hansen, CEO
Kristoffer Lundeland, CFO

30 August 2022

Disclaimer

By reading this company presentation (the “Presentation”), or attending any meeting or oral presentation held in relation thereto, you (the “Recipient”) agree to be bound by the following terms, conditions and limitations.

The Presentation has been produced by Nekkar ASA (the “Company”) for information purposes only and does not in itself constitute, and should not be construed as, an offer to sell or a solicitation of an offer to buy any securities of the Company in any jurisdiction. The distribution of this Presentation may be restricted by law in certain jurisdictions, and the Recipient should inform itself about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction.

The Recipient acknowledge that it will be solely responsible for its own assessment of the Company, the market and the market position of the Company and that it will conduct its own analysis and be solely responsible for forming its own view of the potential future performance of the Company’s business. The Company shall not have any liability whatsoever (in negligence or otherwise) arising directly or indirectly from the use of this Presentation or its contents, including but not limited to any liability for errors, inaccuracies, omissions or misleading statements in this Presentation, or violation of distribution restrictions.

An investment in the Company involves significant risk, and several factors could adversely affect the business, legal or financial position of the Company or the value of its securities. For a description of relevant risk factors we refer to the Company’s annual report for 2019, available on the Company’s website www.nekkar.com. Should one or more of these or other risks and uncertainties materialize, actual results may vary significantly from those described in this Presentation. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

This Presentation contains certain forward-looking statements relating to inter alia the business, financial performance and results of the Company and the industry in which it operates. Any forward-looking statements contained in this Presentation, including assumptions, opinions and views of the Company or cited from third party sources, are solely opinions and forecasts and are subject to risks, uncertainties and other factors that may cause actual results and events to be materially different from those expected or implied by the forward-looking statements. The Company cannot provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor do any of them accept any responsibility for the future accuracy of opinions expressed in this Presentation or the actual occurrence of forecasted developments.

This Presentation speaks as at the date set out on herein. Neither the delivery of this Presentation nor any further discussions of the Company shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. The Company does not assume any obligation to update or revise the Presentation or disclose any changes or revisions to the information contained in the Presentation (including in relation to forward-looking statements).

This Presentation is subject to Norwegian law, and any dispute arising in respect of this Presentation is subject to the exclusive jurisdiction of Norwegian courts.

Disruptive technologies, sustainable results

Strategic direction

Offering impact technologies combined with high-end software and automation solutions, based on specialist competence within:

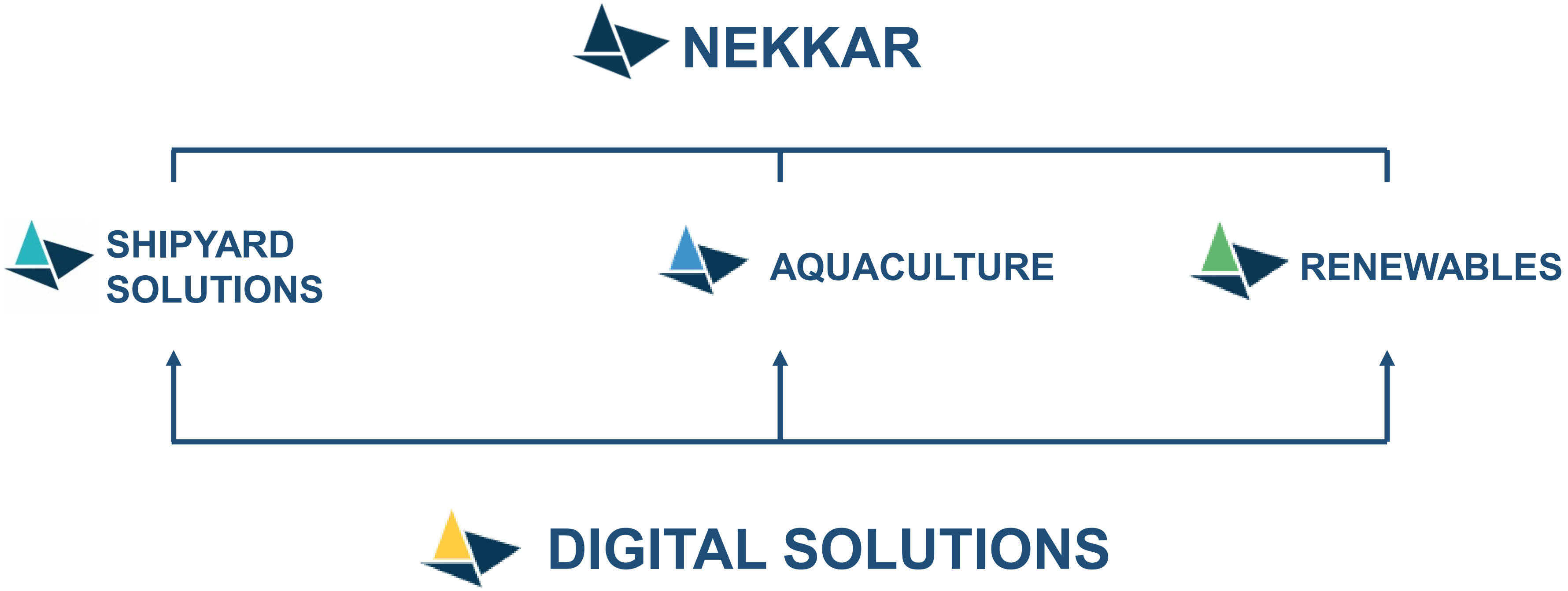
- Mechanical engineering
- Electrification
- Automation
- Digitalization

To develop **sustainable and digitalised technologies** that aim to unlock customer value within large **ocean-based industries** such as offshore energy, aquaculture and renewables

Nekkar in brief

- NOK 480 million revenue company (2021)
- 71 FTEs
- Headquarter in Kristiansand, Norway
- Listed on Oslo Stock Exchange (NKR)

Disruptive technologies, sustainable results



Nekkar ASA

Q2 2022 highlights

Highlights

- Revenue of NOK 100 million (Q2 2021: NOK 122 million)
- Operational EBITDA* of NOK 25 million (NOK 39 million)
- Operational EBITDA margin of 25% (32%)
- EBIT of NOK 4 million (NOK 37 million)
- Order intake of NOK 24 million (NOK 0 million)
- Starfish closed fish cage: Successful completion of ocean-based pilot test
- SkyWalker: Wind tunnel test results above expectations

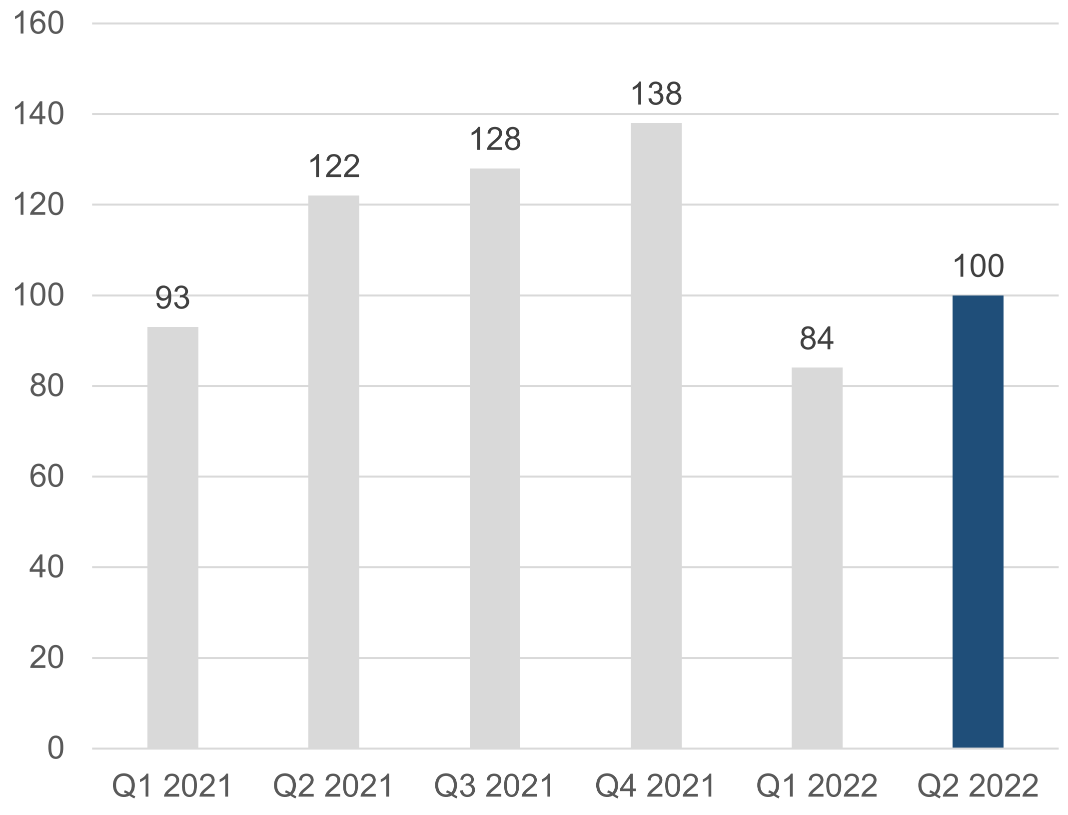
Subsequent events

- Contract for upgrade of existing shiplift USD ~5 million
- Global communication company Viasat Inc. joins InteliWell joint venture together with Transocean Ltd. and Nekkar's subsidiary Intellilift AS

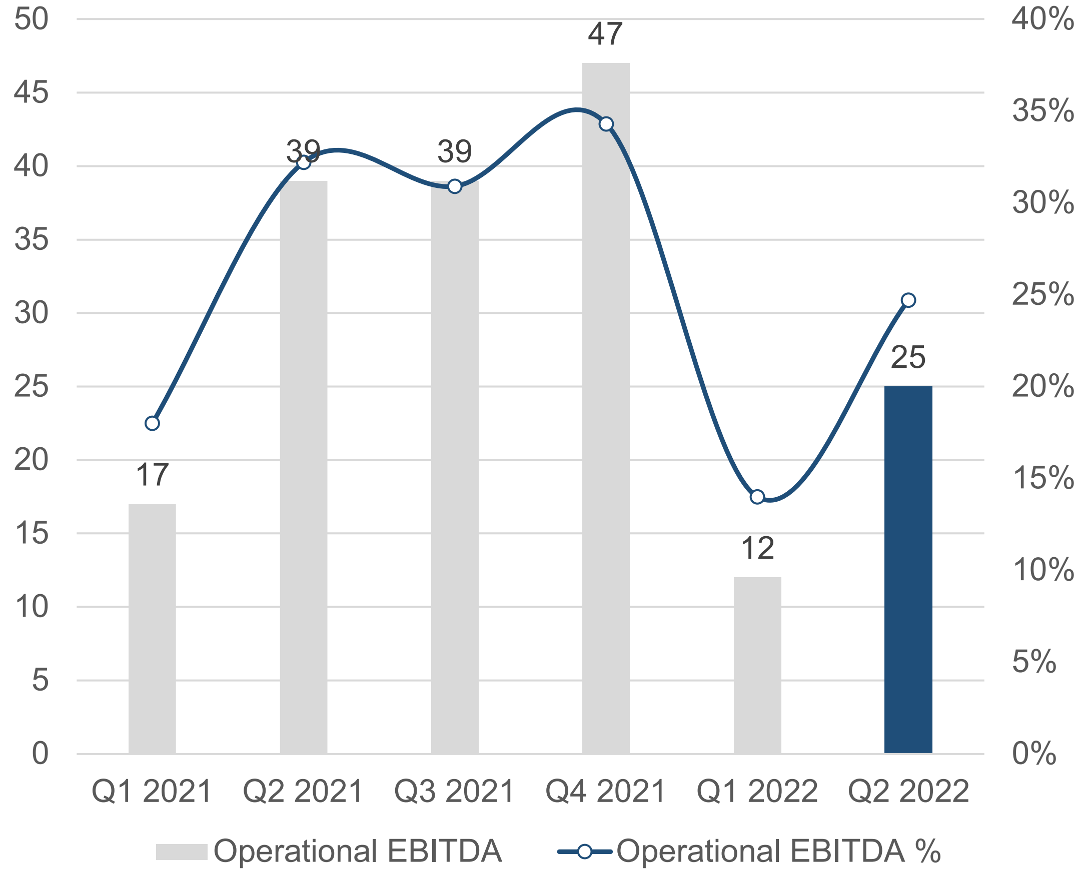
*Excluding losses/gain on FX contracts not qualifying for hedge accounting

Key financials | Per quarter

Revenues (MNOK)



Operational EBITDA (MNOK) & margin (%)*

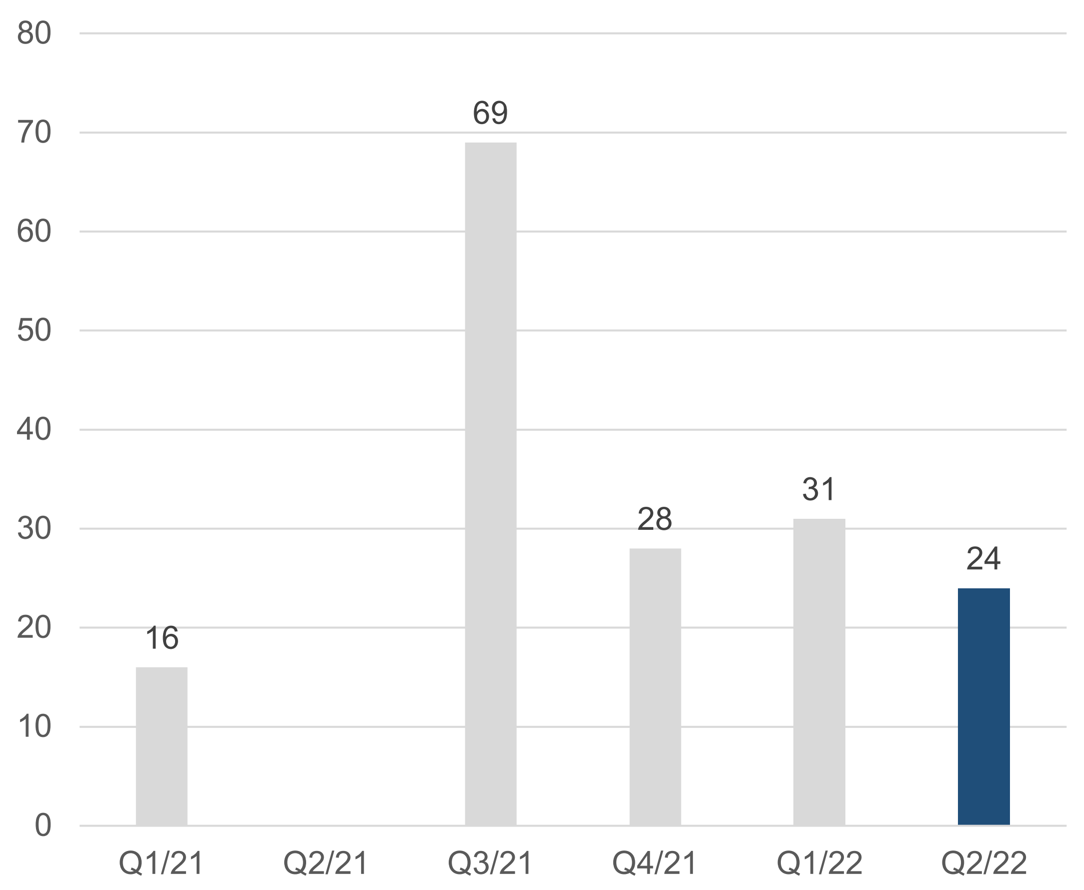


*Excluding losses/gain on FX contracts not qualifying for hedge accounting

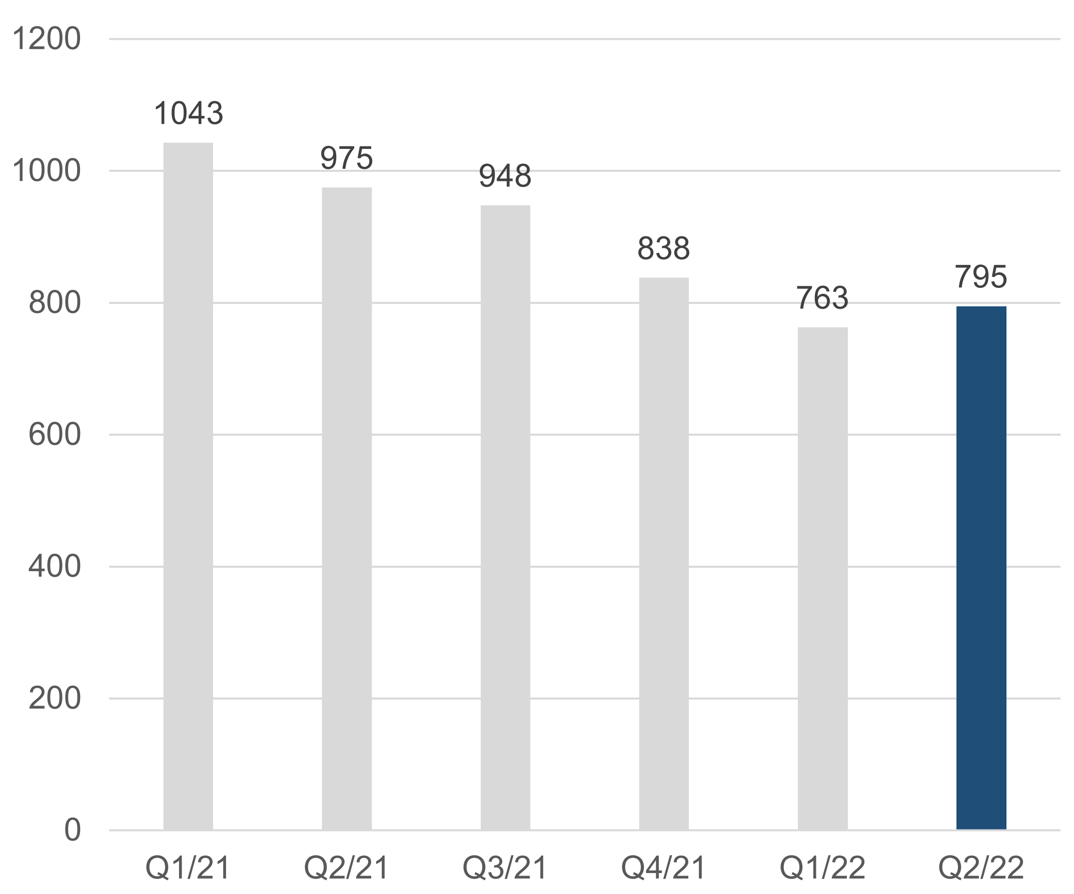
Shipyard solutions

Order intake and backlog

Order intake per quarter (MNOK)



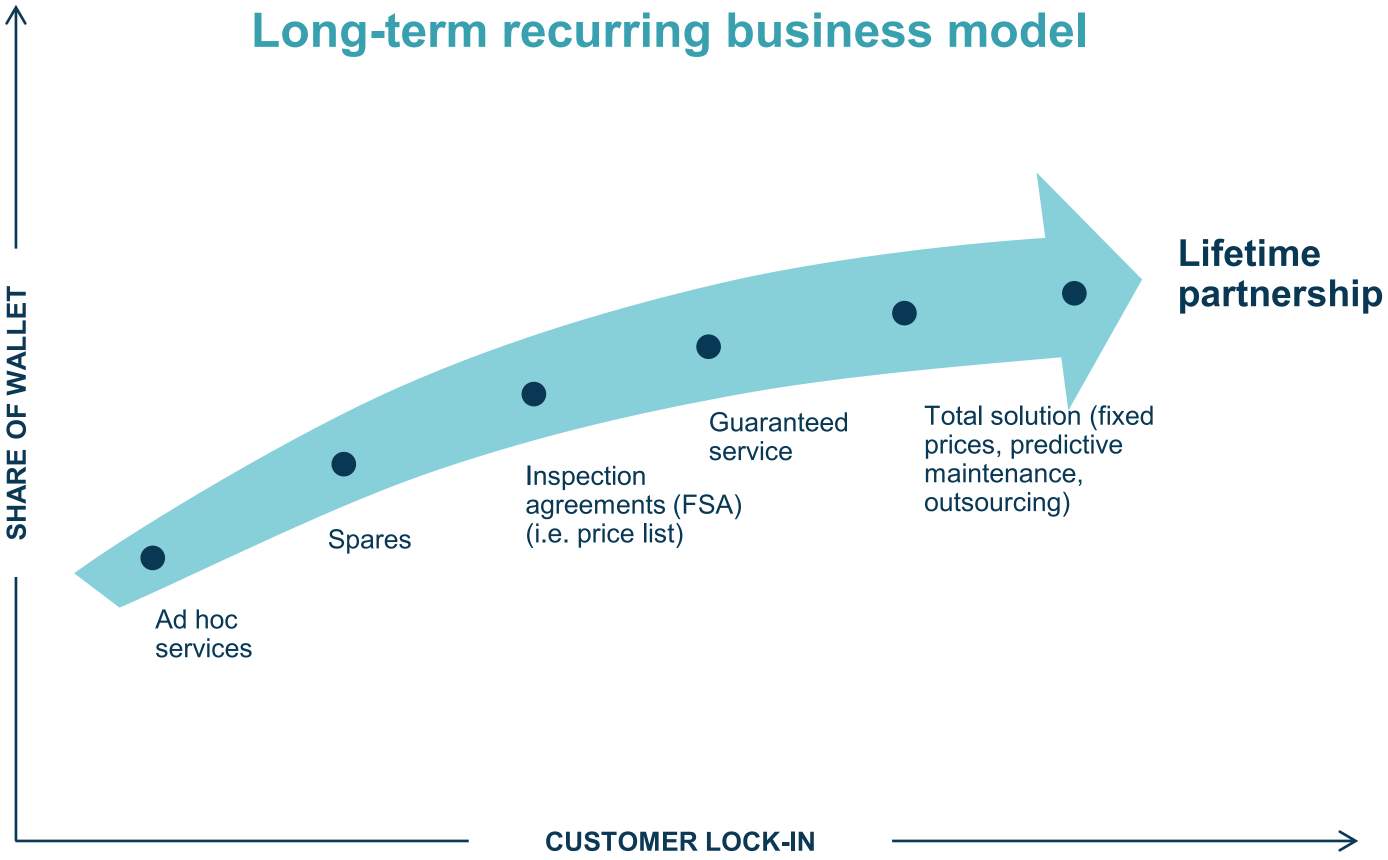
Order backlog development (MNOK)



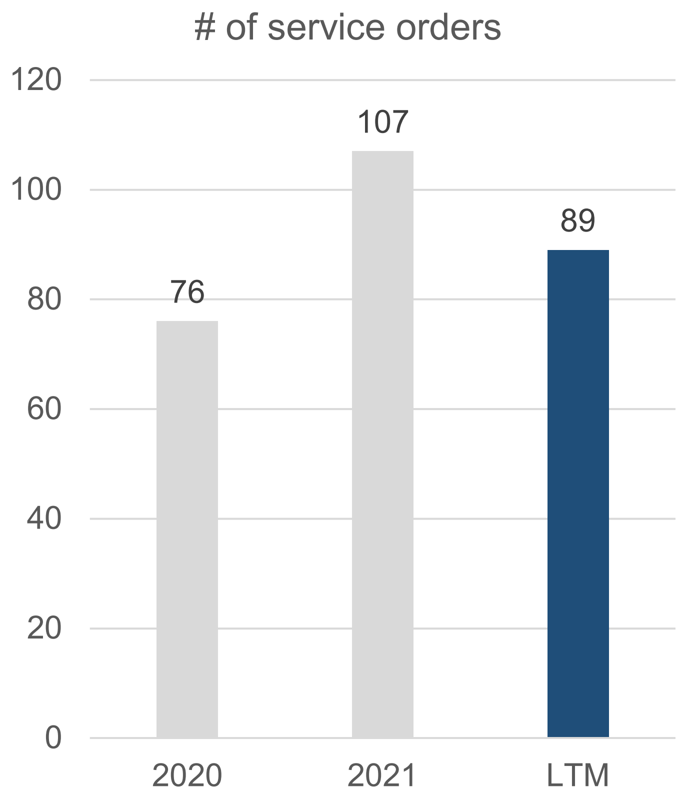
SHIPYARD SOLUTIONS

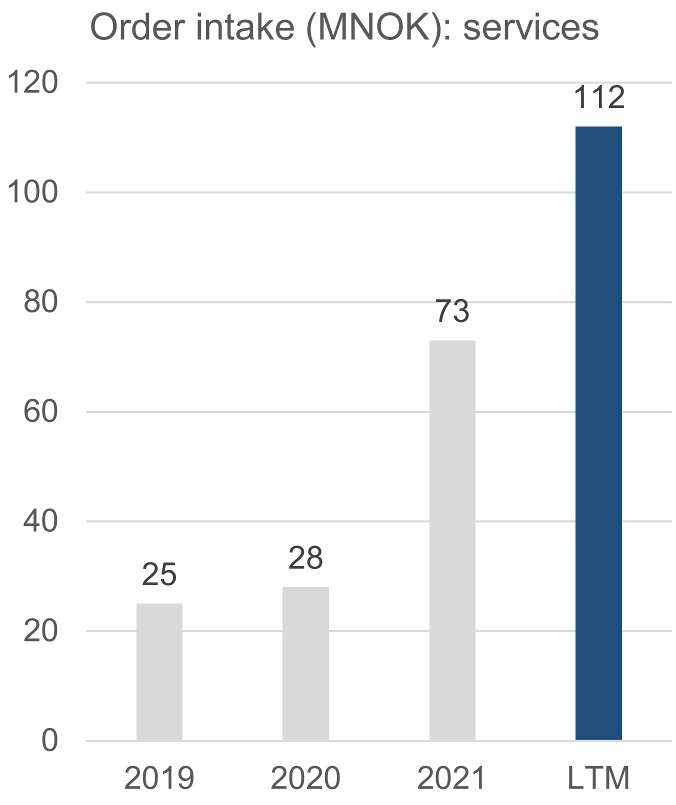
Service – moving from ad-hoc to long term lifecycle partnership

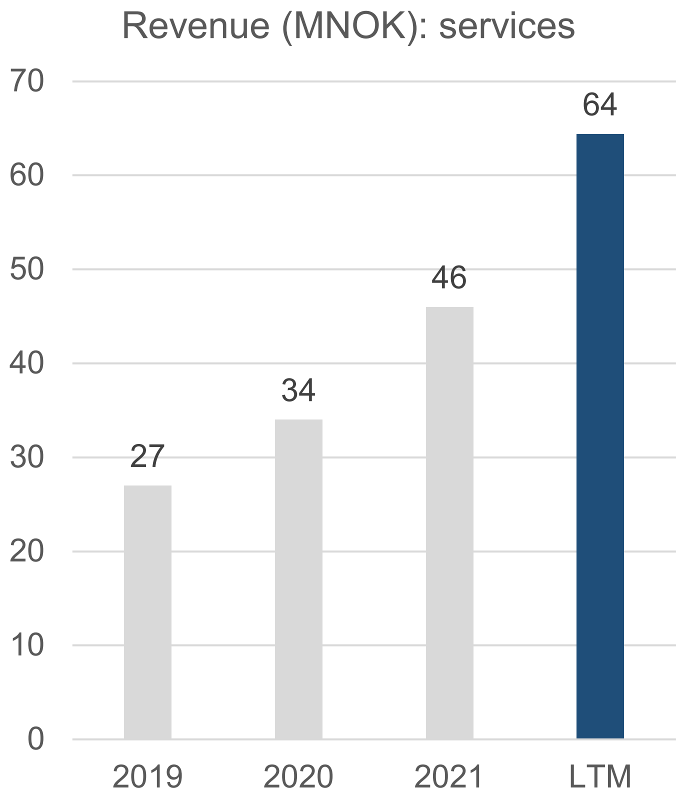
Long-term recurring business model



Aftersales/service strategy continues to yield results







Impact technologies

Digital Solutions

Creating a disruptive digital well construction solution company together with Transocean and Viasat

INTELIWELL
BEYOND WELL AUTOMATION

Transocean

- Leading international provider of offshore drilling services for oil and gas wells
- Operates fleet of 37 mobile offshore drilling units
- Listed on New York Stock Exchange

INTELLILIFT

- Specialist within electrification, automation, digitalization and remote control of drilling equipment
- Engineers with long experience of developing software solutions within drilling and renewables
- Part of Oslo-listed Nekkar ASA

Viasat

- Global communication company with 7,000 employees
- INTELIE by Viasat provides operational AI expertise, real-time data analytics, and planning components
- Listed on Nasdaq

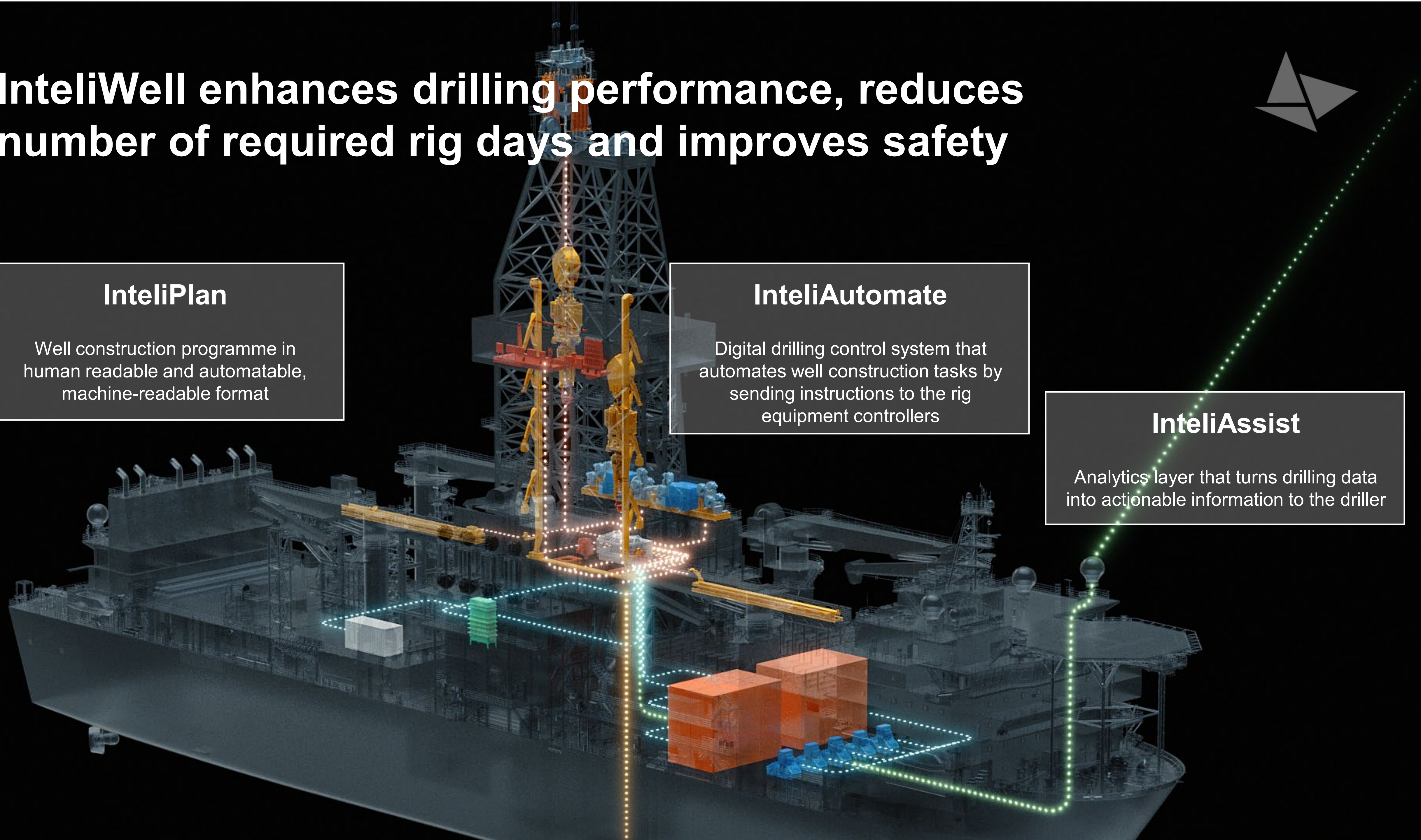
Operator benefits from JV offering:

Expedition of the well construction process

Improve consistency of drilling operations

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

InteliWell enhances drilling performance, reduces number of required rig days and improves safety



InteliPlan

Well construction programme in human readable and automatable, machine-readable format

InteliAutomate

Digital drilling control system that automates well construction tasks by sending instructions to the rig equipment controllers

InteliAssist

Analytics layer that turns drilling data into actionable information to the driller

Rig market fundamentals support InteliWell business case

Large active rig fleet

345 jack-ups

124 floaters

High oil price

USD 79-109 per barrel (Brent Crude) in 2022

Current rig day rates

Jack-ups: USD ~125k

Floaters: USD ~400k

Renewables

Photo: Unsplash.com

SkyWalker – the future wind turbine installation tool

Wind tunnel test results above expectations

- 36 m/s vs max 10-12 m/s for crane
- Confirms SkyWalker’s unrivalled operating window

Strong industry interest:

- Industrial partnerships
- Pursuing location for full scale tests
- Offshore wind

AQUACULTURE

Starfish: completion of ocean-based pilot test

Completion of Starfish pilot test
- Successful test, promising results
- Test results shared with several fish farming companies

Design improvements to Starfish
- To further enhance go-to-market product with increased volume and optimized operational aspects
- In close dialogue with fish farmers

Full scale model
- Analysing sites for full scale model together with leading fish farming companies

Financial highlights

Nekkar ASA

Financial highlights

Consolidated statement of profit and loss

Nekkar ASA	Unaudited Q2		Unaudited H1		Audited Full-Year
MNOK	**2022**	**2021**	**2022**	**2021**	**2021**
Revenue	**100**	**122**	**184**	**215**	**480**
Operational EBITDA[1]	**25**	**39**	**36**	**56**	**143**
Reported EBITDA	6	38	20	55	140
EBIT	4	37	16	54	134
Capitalised dev. cost	9	8	18	14	29
Op. EBITDA %[1]	*24.7 %*	*32.2 %*	*19.8 %*	*26.1 %*	*29.7 %*
EBITDA %	*6.0 %*	*31.5 %*	*10.7 %*	*25.8 %*	*29.1 %*
Order intake	*24*	*-*	*55*	*16*	*113*
Order backlog	*795*	*975*	*795*	*975*	*838*
EPS (NOK)	*0.12*	*0.35*	*0.19*	*0.48*	*1.04*

[1]Excl. losses/gain on FX contracts not qualifying for hedge accounting

- **Q2 revenue** of MNOK 100, representing a decline of 18% compared to the same period last year
  - Revenue decline impacted by customer-related delays
- **H1 revenue** of MNOK 184 compared to MNOK 215 in H1 2021
  - Service revenues of MNOK 34 in H1 2022, compared to MNOK 14 in the same period last year.
- **Q2 operational EBITDA** of MNOK 25 compared to MNOK 39 in 2021
  - EBITDA margins of 24.7% and 32.2% respectively. Unrealized losses on FX hedging contracts in Q2 2022 of MNOK 19.
- **H1 operational EBITDA** of MNOK 36 compared to MNOK 56 in 2021. Operational EBITDA margin of 19.8% and 26.1% respectively.
- **Order intake** of MNOK 55 in H1 2022, compared to MNOK 16 in the same period last year.
  - **Order backlog** of MNOK 795 at the end of the second quarter
- **Capitalised development costs** (R&D capex) of MNOK 18 in H1 compared to MNOK 14 in 2021

Nekkar ASA

Balance sheet

Condensed consolidated statement of financial position

(NOK 1 000)	Unaudited	Unaudited	Audited
	30.06.2022	**30.06.2021**	**31.12.2021**
Deferred tax assets	10 458	33 092	15 982
Goodwill	16 643	16 643	16 643
Intangible assets	57 024	35 519	40 084
Tangible assets	17 983	14 099	20 243
Total non-current assets	**102 108**	**99 354**	**92 952**
Inventories	4 914	10 687	3 474
Trade receivables	110 869	61 693	134 749
Accrued, non-invoiced production	56 157	31 087	20 153
Other short-term receivables	11 730	28 142	25 411
Bank deposits	188 186	197 694	174 501
Total current assets	**371 857**	**329 303**	**358 288**
Total assets	**473 965**	**428 657**	**451 241**

(NOK 1 000)	Unaudited	Unaudited	Audited
	30.06.2022	**30.06.2021**	**31.12.2021**
Share capital	11 714	11 695	11 714
Other equity	307 056	224 982	285 239
Non-controlling interests	19 520	18 397	19 276
Total equity	**338 322**	**255 074**	**316 229**
Deferred tax	490	563	526
Lease liabilities	3 578	4 010	4 234
Total non-current liabilities	**4 068**	**4 572**	**4 761**
Trade payables	35 737	19 800	20 682
Prepayments from customers / deferred rev.	41 928	113 851	46 518
Current lease liabilities	1 464	1 257	1 566
Other current liabilities	52 447	34 103	61 485
Total current liabilities	**131 575**	**169 011**	**130 251**
Total liabilities	**135 643**	**173 583**	**135 012**
Total equity and liabilities	**473 965**	**428 657**	**451 241**

Cash flow statement

Condensed consolidated statement of cash flow

(NOK 1 000)	Unaudited	Unaudited	Audited
	H1 2022	**H1 2021**	**2021**
Cash flow from operating activities			
Profit (loss) before tax	25 603	52 933	132 534
Adjustments for:			
Depreciation / impairment	4 069	1 508	5 665
Net financial items	-10 072	852	1 569
Income tax paid	-	-	-
Unrealized effects from FX hedging contracts	16 501	400	6 542
Change in net working capital	-14 172	-96 624	-200 904
Net cash flow from operating activities	**21 929**	**-40 932**	**-54 595**
Cash flow from investment activities			
Acquisition and expenditures of fixed/intangible assets	-19 193	-16 979	-26 253
Disposal of discontinued operation	-	-98 337	-98 337
Net cash flow from investment activities	**-19 193**	**-115 316**	**-124 590**
Cash flow from financing activities			
Net proceeds from issuance of share capital	1 772	-	1 130
Payment of lease liabilities	-895	-322	-991
Net financial items	10 072	-852	-1 569
Net cash flow from financing activities	**10 949**	**-1 173**	**-1 429**
Net change in cash and cash equivalents	13 686	-157 421	-180 613
Cash and cash equivalents at the start of the period	174 501	355 114	355 114
Cash and cash equivalents at the end of the period	**188 187**	**197 693**	**174 501**

- **Operating cash flow** of MNOK 22 in the first half of 2022, representing a significant increase of MNOK 63 compared to the same period last year.
- **Cash flow from investments** of MNOK -19 in the first half of 2022, mainly related to R&D investments in new technologies.
  - 2021 cash flow highly impacted by the settlement of the Cargotec / MacGregor arbitration.
- **Cash flow from financing** of MNOK 10.9 in the first half of 2022, compared to MNOK -1.2 from the previous year.
- **Net cash flow** of MNOK 13.7 in the first half of 2022 and a net cash position of MNOK 188 as per 30 June 2022.
  - MNOK 10 is held as a deposit for FX-derivative exposure in DnB and MNOK 3.5 is restricted deposits related to employee's tax withholding.

Summary Q2 2022 & outlook

Summary

- Solid financial performance in Q2 2022, with operational EBITDA-margin of 25%
- Solid order backlog of NOK 795 million provides good visibility for the next couple of years
- Aftersales/service strategy continues to yield results, further underlined by USD ~5 million contract in Q3 2022
- Good progress on impact technologies: InteliWell JV further strengthened by Viasat Inc., Starfish pilot test completed, and highly promising SkyWalker wind tunnel test

Outlook

Shipyard Solutions	▪ Strong tendering activity for newbuilds and service/upgrades, expect decisions on large newbuild tenders during H2 2022
Digital Solutions	▪ Expecting short-term signing on oil and gas SaaS projects through InteliWell
Aquaculture	▪ Decision to be made on ideal site location for full scale model of Starfish closed fish cage
Renewables	▪ Industrial partnerships to fast-track commercialisation of SkyWalker

Next update - 24th November 2022 – Q3 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 first quarter and full-year 2021 for Nekkar ASA. The consolidated financial statements for Q2 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 2021.

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.

NEKKAR

nekkar.com