



Disruptive technologies, sustainable results

H2 and full-year 2020 interim results presentation

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Nekkar ASA

H2 2020 highlights

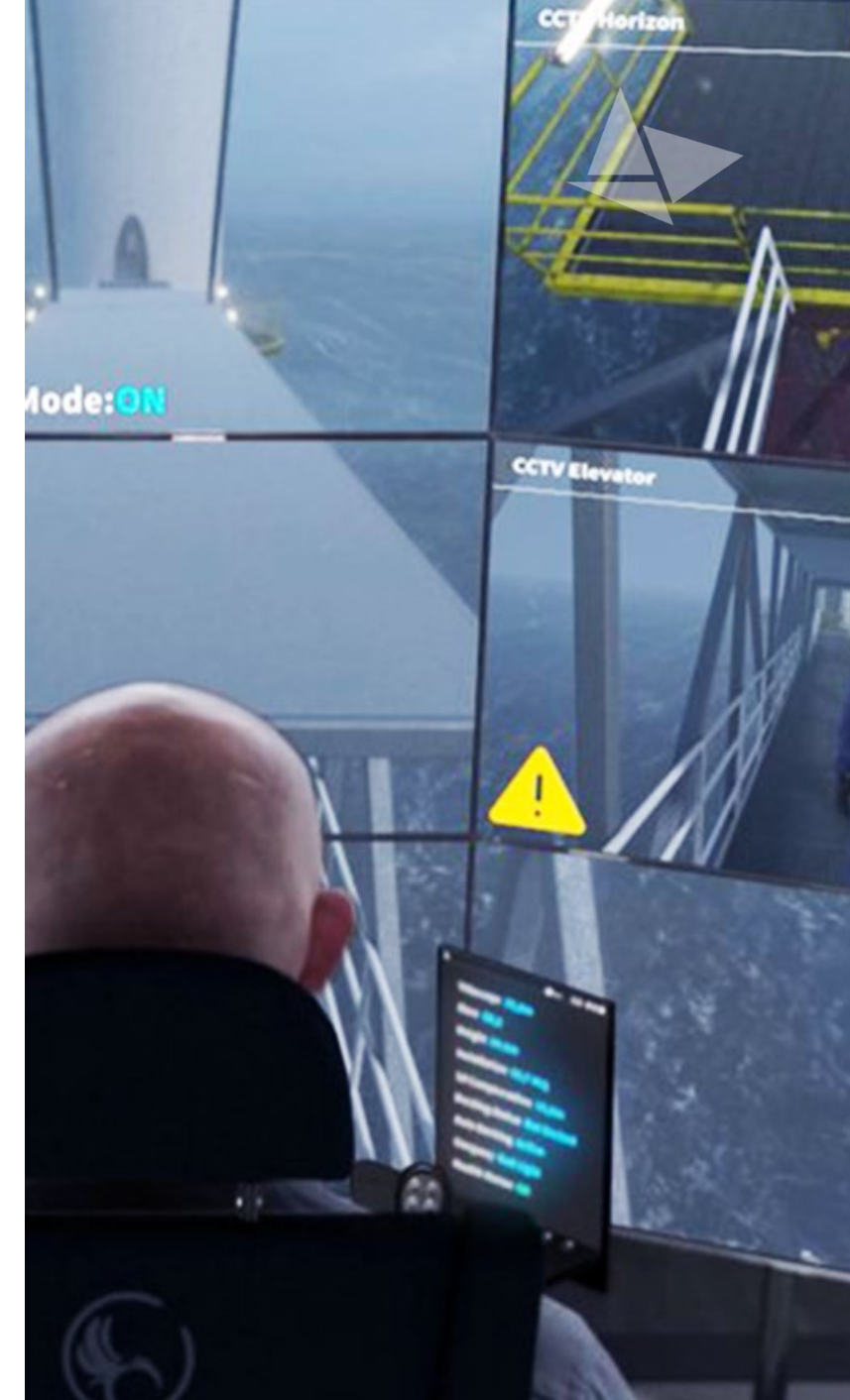
Highlights H2 2020

- NOK 230 million in revenues, up 41% vs H2 2019
- Operational EBITDA*-result of NOK 52 million (= EBITDA-margin of 22.6%)
- Record high order backlog of NOK 1,167 million at year-end
- Secured USD 30 million contract for shipyard solutions
- Solid financial position
- Started preparations for ocean testing of “Starfish” closed fish cage at Hidra outside Flekkefjord, Norway
- Completed pre-study of wind installation technology
- Signed lease agreement for new office and workshop for Syncrolift at Vestby, Norway

Events subsequent to year-end

- NOK 94 million settlement in the Cargotec / MacGregor arbitration. The settlement amount is included in loss from discontinued business of NOK 104 million in the statement of profit and loss
- Ocean testing started for “Starfish” closed fish cage

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



Disruptive technologies, sustainable results



Nekkar in brief

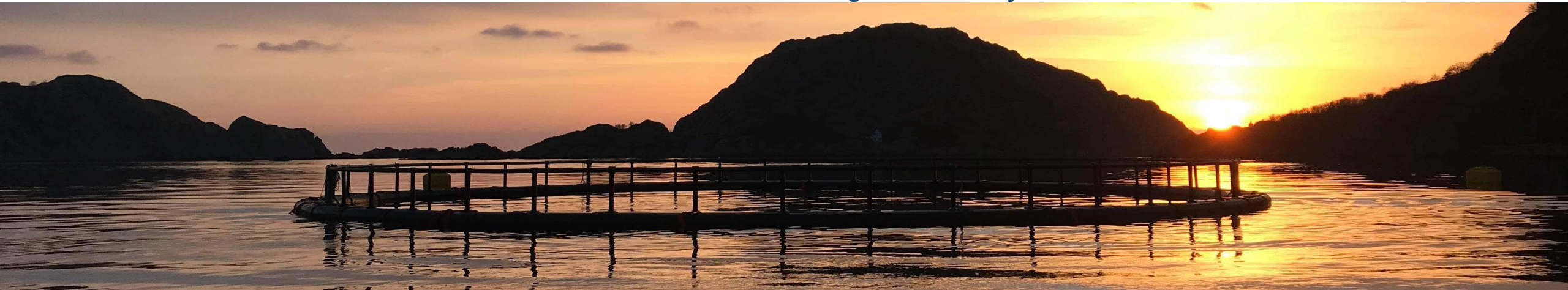
- NOK 360 million revenue company (2020)
- Strong financial performance: 19.9% EBITDA-margin in 2020
- Strong operational cash flow, no interest-bearing debt
- 63 employees
- Listed on Oslo Stock Exchange (NKR)
- Headquartered in Kristiansand, Norway

New strategic direction

Leverage unique and recognised “drilling bay” heritage and execution ability in Kristiansand, within:

- Engineering
- Electrification
- Automation
- Digitalisation

To develop disruptive technologies that can make high-growth industry sectors even more sustainable



Utilising unique Nekkar competence to unlock productivity and sustainability gains in high-growth industry sectors



Common value levers



Engineering



Electrification



Digitalisation



Automation

Value delivered

Smaller
environmental
footprint

Energy
efficiency

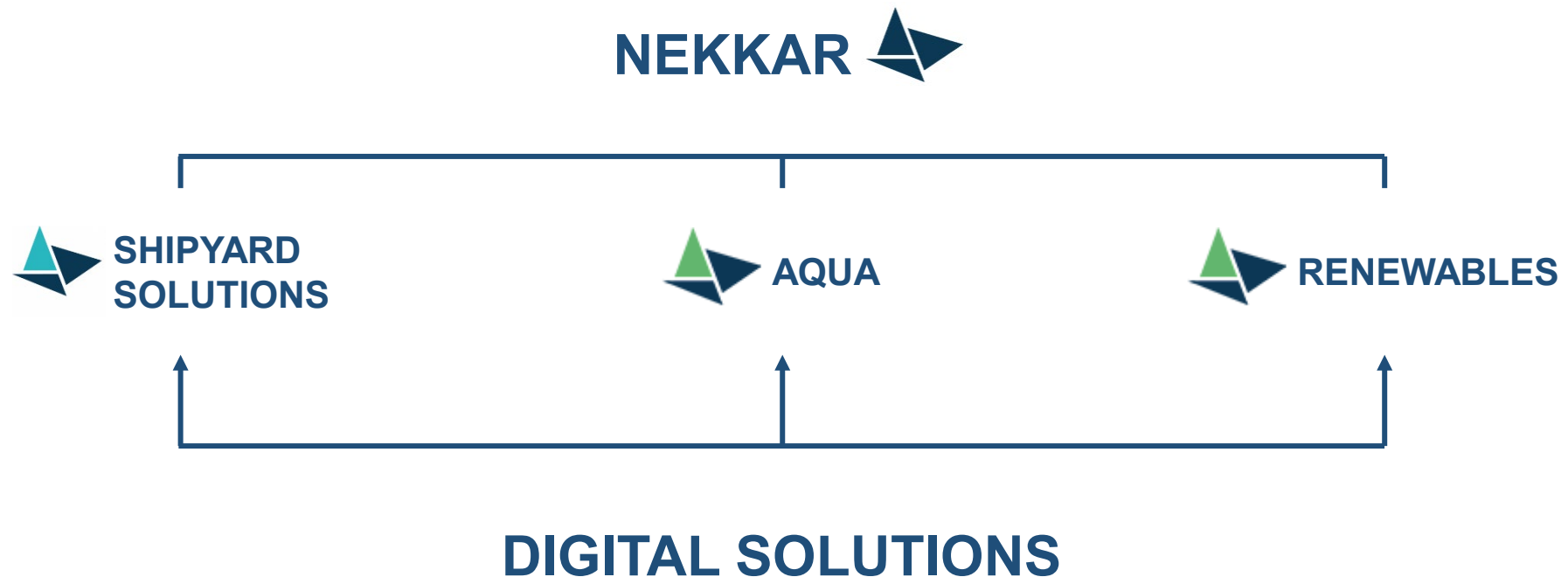
Automation &
diagnostics

Visualisation &
robotisation

Remote &
unmanned
operations

Significantly
reduced opex

Digital business models to capitalise on unique hard-tech to unlock and drive value from SaaS revenue potential



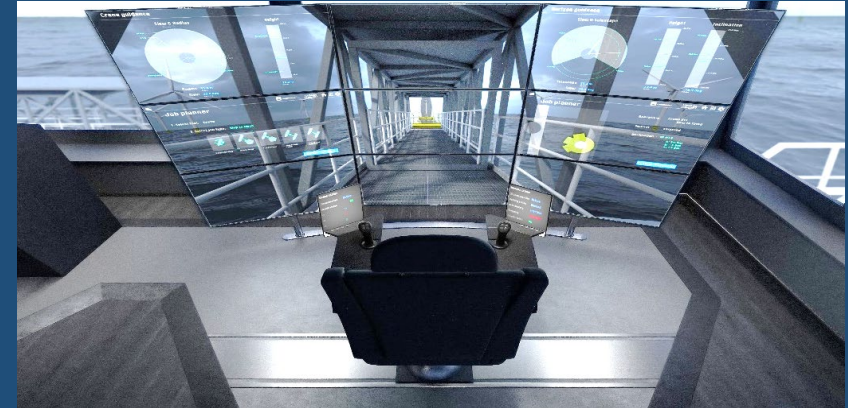
Nekkar's digital solutions being leveraged across multiple industries



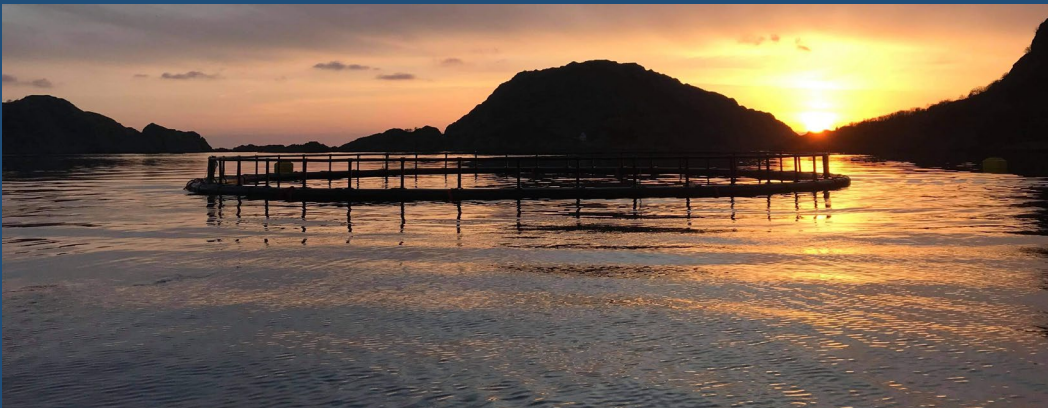
Renewables



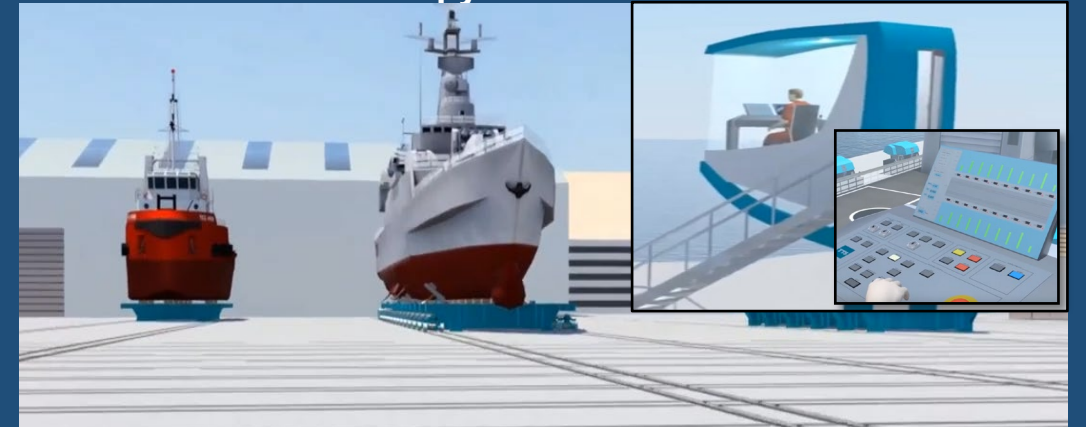
Offshore oil and gas



Aquaculture



Shipyard solutions



SYNCROLIFT Shipyard solutions

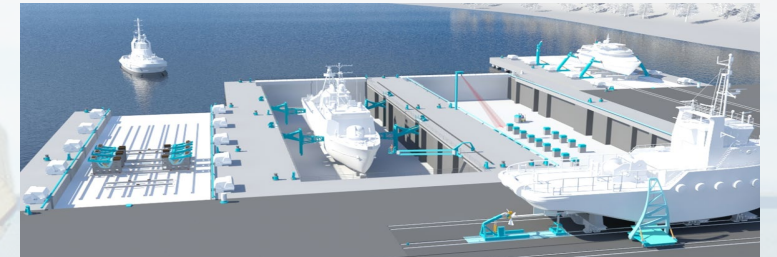


Syncrolift in brief

- Market leader for shiplifts and transfer systems to repair and newbuilding yards (~75% market share)
- Customized Syncrolift installations lift vessels up to 30,000 tonnes
- Installed base of ~200 systems globally
- Extensive service and aftermarket growth opportunity

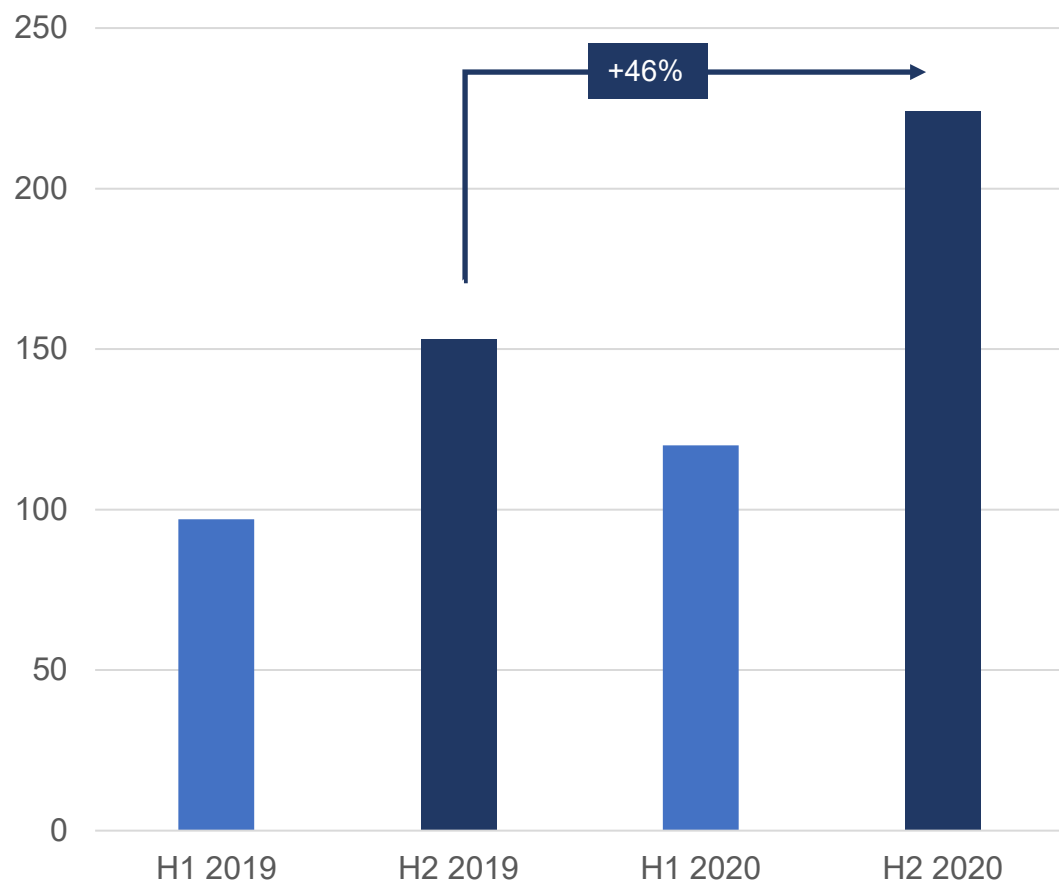
Client offering

- Systems for ship handling and docking
- Improves yard productivity and operations
- Reduce man-hours, increased precision, smarter way of working

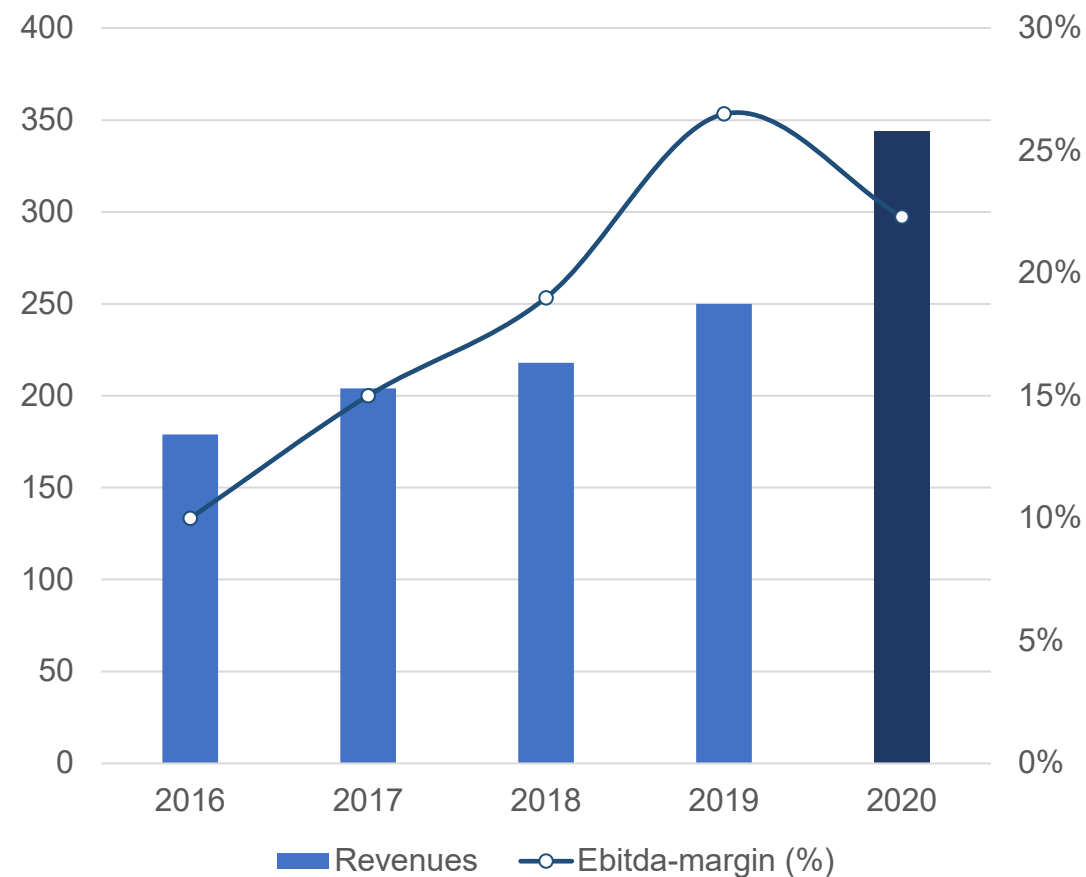




Revenues (MNOK)



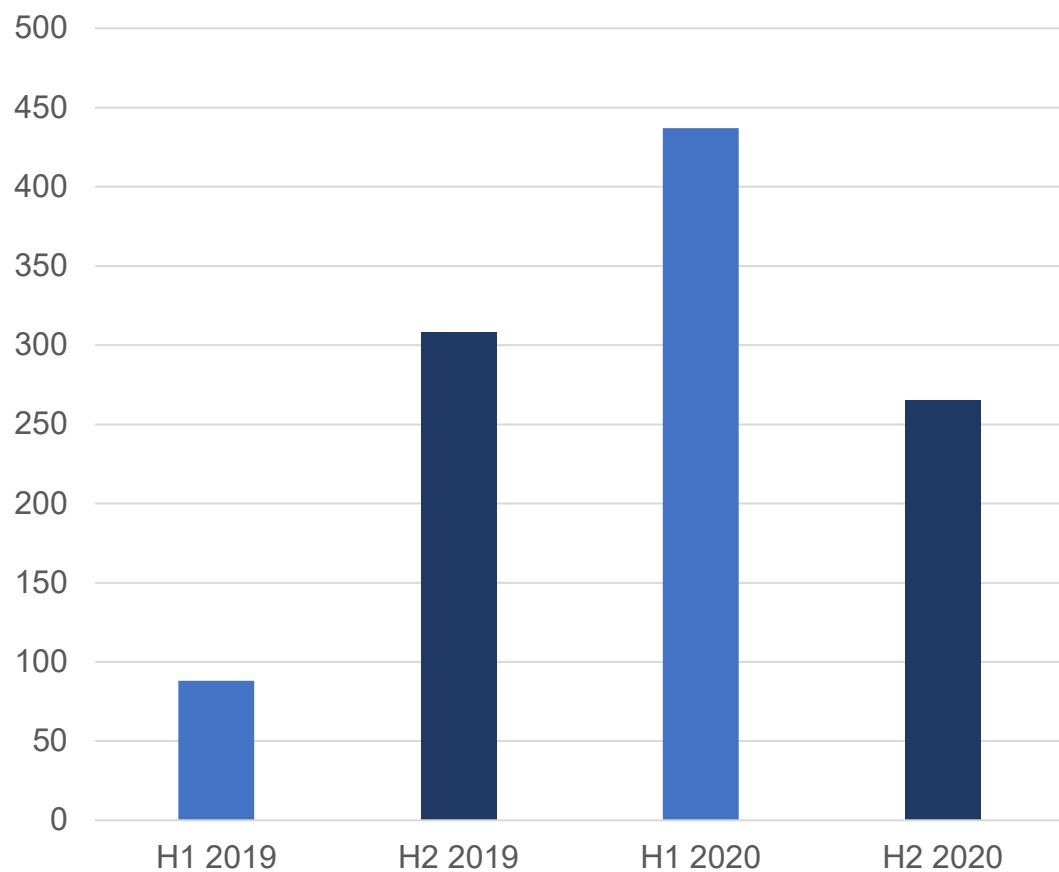
Revenues and operational EBITDA margin (%): FY 2016-2020



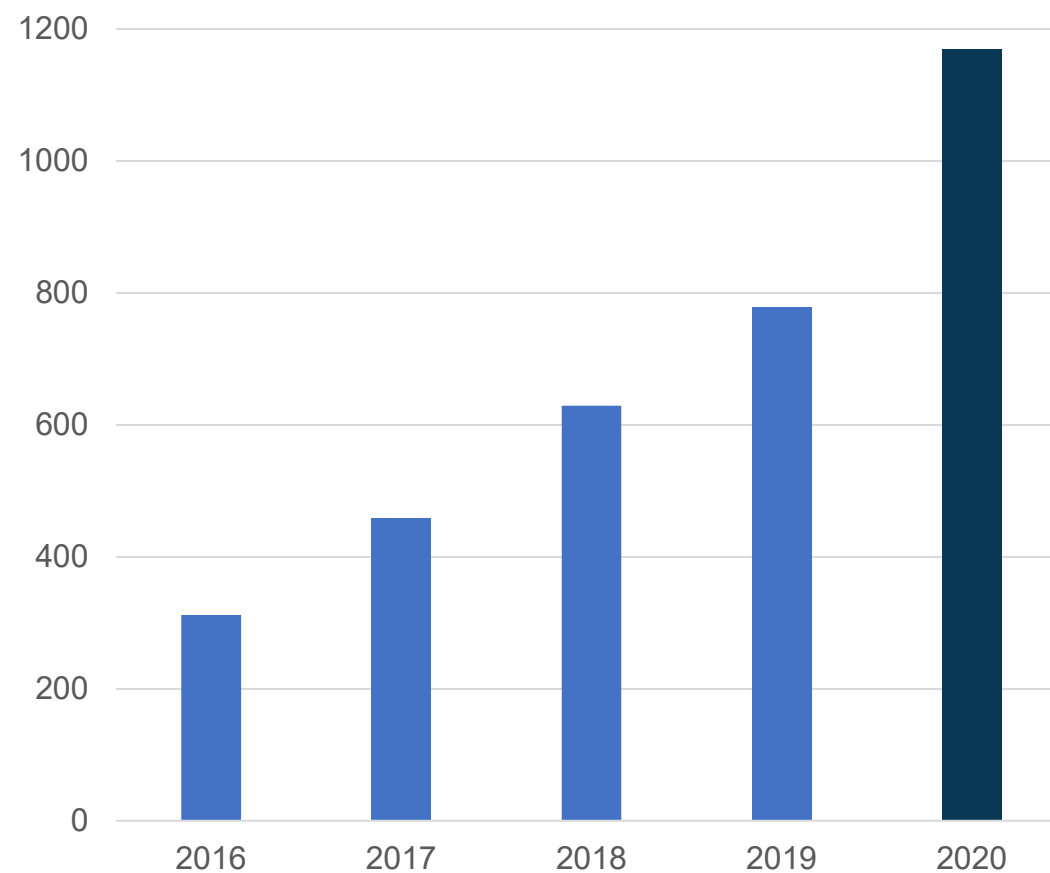
Shipyards solutions | Order intake and backlog

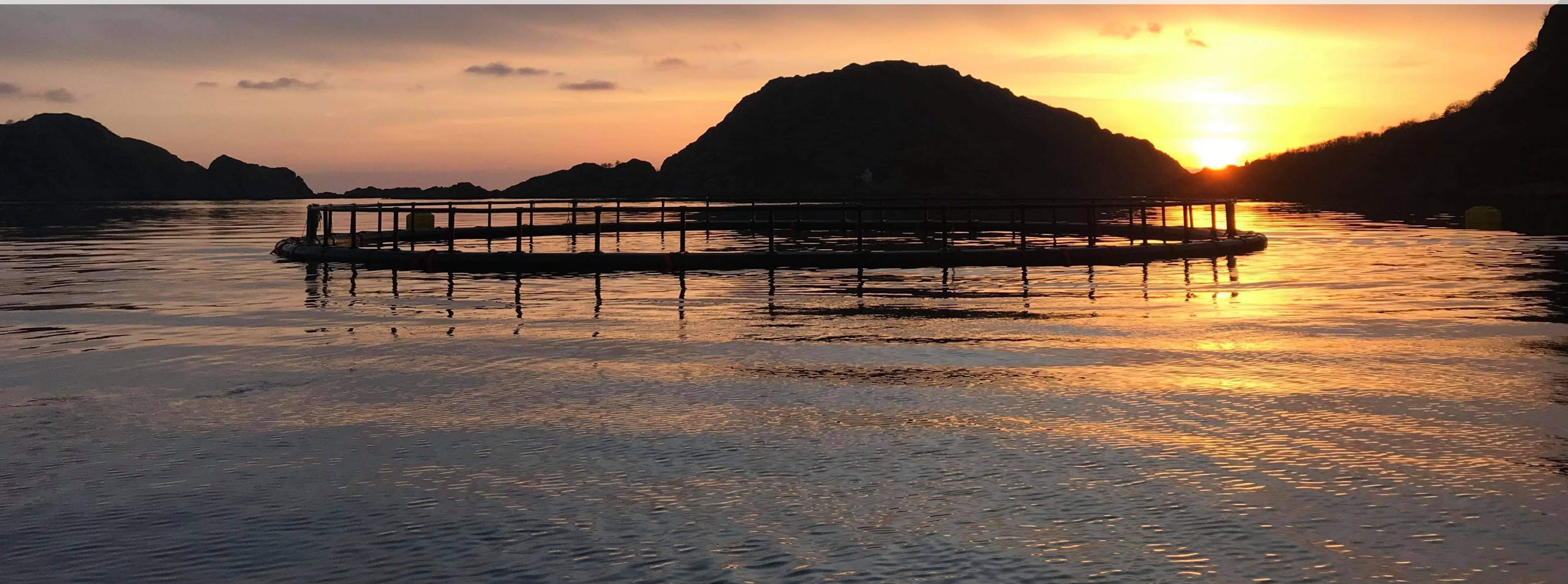


Order intake per half-year period



Order backlog* development: FY 2016-2020





Political drive towards closed caged fish farming



Norwegian authorities view closed fish cages as solution to solve environmental problems, including:

- Sea lice
- Escapes
- Mortality rate

Canadian authorities have announced plan to phase out open cage fish farms in British Columbia by 2025



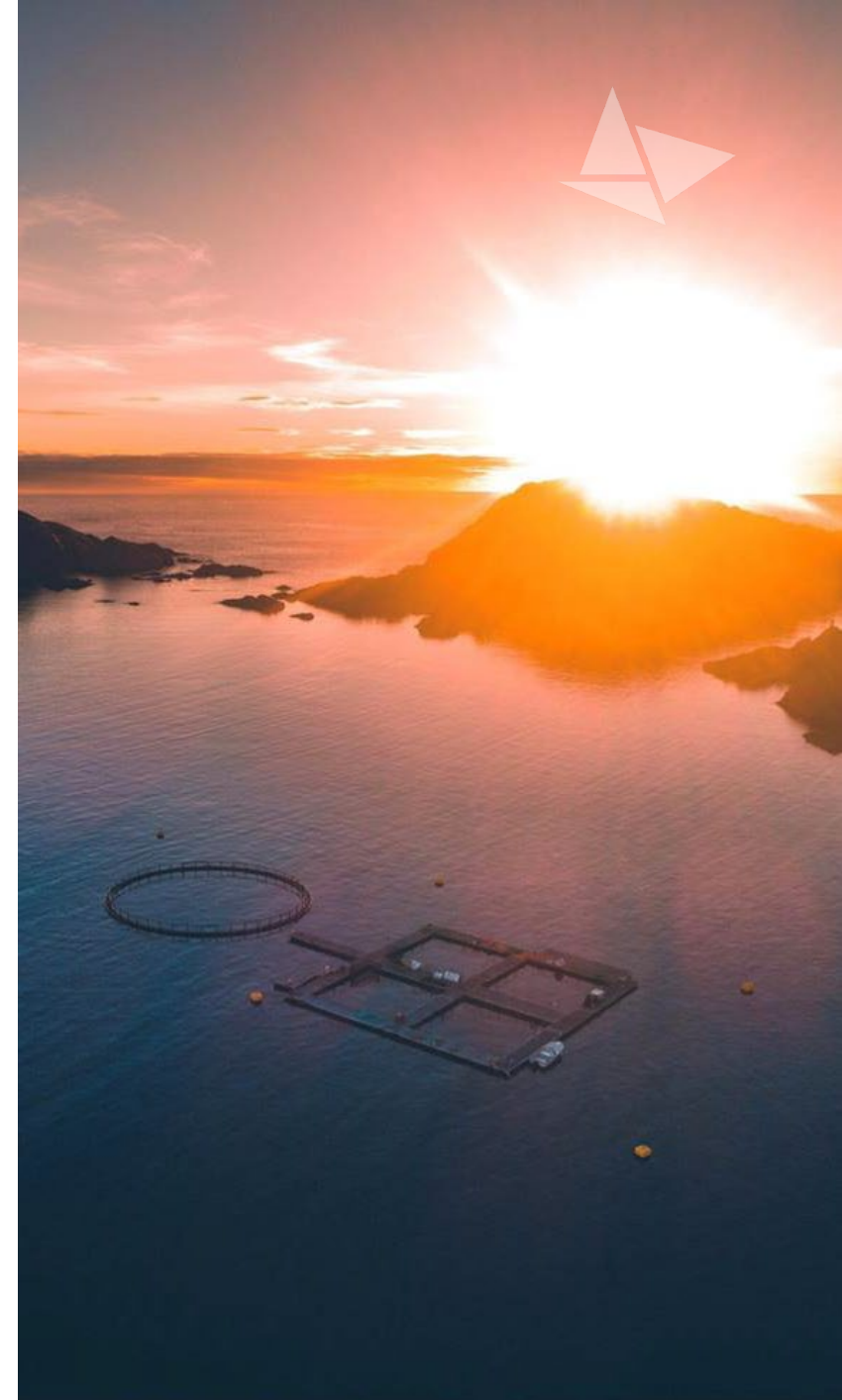
Nekkar's response to aquaculture industry requirements

Utilising Digital Solutions competence to increase productivity

- Fully digitalized and automated closed fish cage
- Remotely managed and fully automated operations
- Software platform for remote surveillance, data acquisition, bio analytics and production control
- Open-source control system that enables easy integration of third-party vendors: Gives customers flexibility in choosing best software and hardware products to be used with the cage
- Significantly reduced opex
- Unique combination of disruptive technologies and automation sensor legacy will be building blocks for future SaaS offerings

Reducing environmental impact and operating expenditure

- Water intake from deeper water layers prevent salmon lice
- Automated closed solution that enables collection of up to 90% of biological waste
- Double protection against escapes
- Cage produced in soft materials, is recyclable and designed to optimize logistics
- Lower energy consumption
- No chemicals required to clean cage



“Starfish” – a closed technology improving fish welfare, production economics and environmental impact



- Innovation agreement with Lerøy
- Partly funded by Innovation Norway
- Tank testing successfully completed at SINTEF in 2020
- Ocean testing of Starfish pilot to start at Hidra, South Norway, March 2021





Renewables: Nekkar's next target industry

Targeting wind power

- Developing a highly disruptive installation technology

Objectives

- Reduced CO2 emissions
- Reduced footprint in nature (forest areas etc)
- Increased installation productivity
- Lower costs
- Remove height limitation for turbine installation

Basis for market entry

- Nekkar's Digital Solutions competence within electrification, automation and digitalisation
- Developing fully automated and remote-controlled installation technology
- Offshore engineering competence

Status

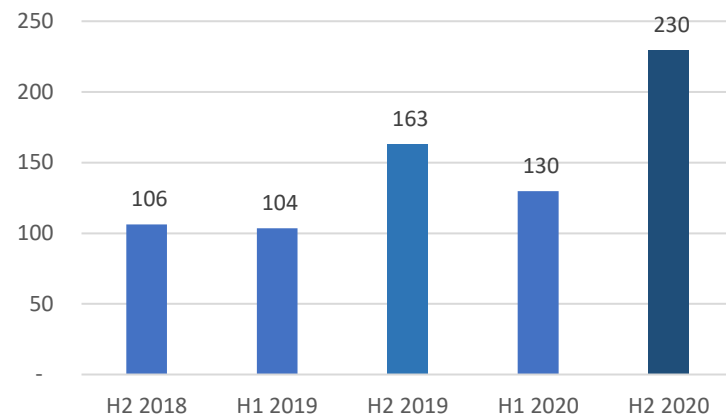
- Pre-study completed together with reputable, international industry partners
- Technology undergoing patent approval



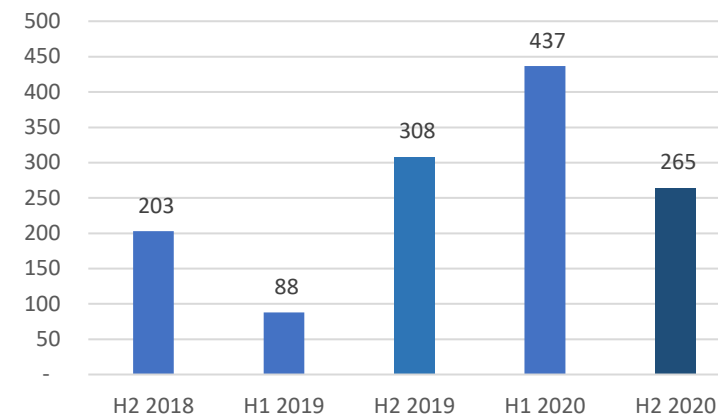
Financial highlights



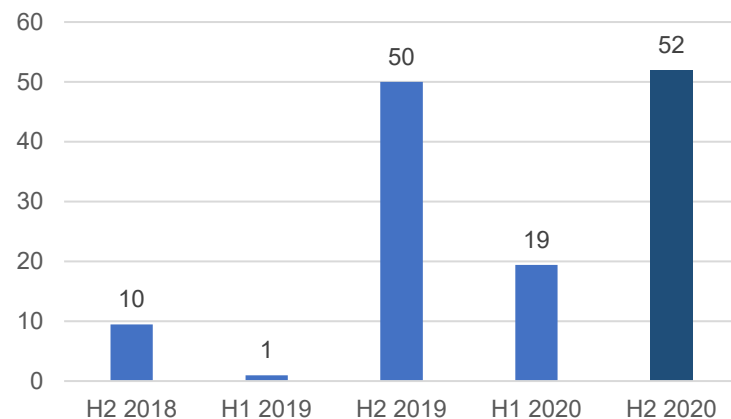
Revenues



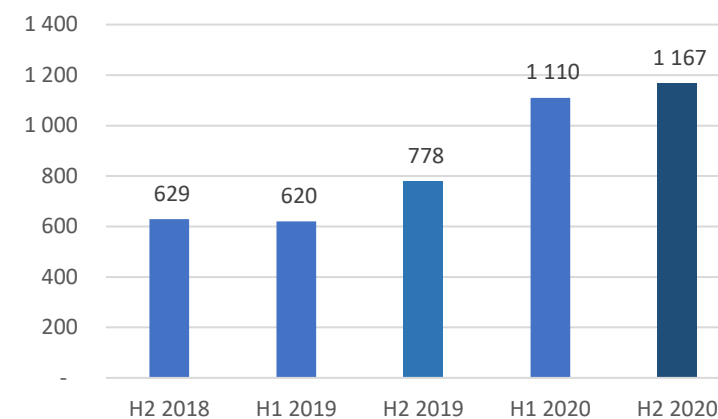
Order intake



Operational EBITDA



Order backlog



Financial highlights



Nekkar ASA	2H		Full-Year	
MNOK	2020	2019	2020	2019
Revenue	230	163	359	267
Reported EBITDA	75	35	77	36
Operational EBITDA*	52	50	71	51
EBIT	74	33	75	33
EBITDA %	32,7 %	21,4 %	21,5 %	13,4 %
Operational EBITDA %*	22,6 %	30,7 %	19,9 %	19,1 %
Order intake	265	308	701	396
Order backlog	1 167	778	1 167	778
EPS (NOK)	0,65	0,49	0,67	0,46

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

- Second half **revenue** of MNOK 230, representing an increase of 41% year-on-year
 - Full-year revenue increased by ~35% compared to 2019
- Second half **operational EBITDA** of MNOK 52 compared to MNOK 50 in 2019
 - Full-year operational EBITDA of MNOK 71 versus MNOK 51 in 2019. Operational EBITDA margin of ~20%
 - Gains on FX hedging contracts amounted to MNOK 23 in second half and the full-year 2020 effect was MNOK 6
- **Earnings per share** for 2020, continued operations, of NOK 0.67 compared to NOK 0.46 in 2019.
 - Result from discontinued operations of MNOK -104 in 2020 which includes a settlement agreement of MNOK 94. Earnings per share incl. discontinued operations of NOK -0.33.

Disruptive technologies, sustainable results



Summary and outlook



Summary



Solid financial results in H2 2020



Strong cash flow, solid financial position



Record high order backlog



Arbitration settlement means Nekkar can focus on the future instead of the past

Outlook



Shipyard solutions:

Expected lower newbuild order intake in 2021
Expected growth in service/upgrade revenues



Aqua:

Extensive “Starfish” prototype testing in H1 2021
Preparations for test with biomass



Renewable: Kick-off of wind installation innovation project
Design and model testing of technology solution



Digital:

Solid leads on oil & gas SaaS projects
Planned commissioning of 3 x Syncrolift projects



Appendix

Statement of profit and loss

Condensed consolidated statement of comprehensive income



(NOK 1 000)	Unaudited	Audited	Unaudited	Unaudited
	2020	2019	2H 2020	2H 2019
CONTINUED BUSINESS				
Revenue from projects	359 467	266 614	229 567	162 988
Total operating revenue	359 467	266 614	229 567	162 988
Cost of goods sold	198 224	144 952	127 668	76 451
Other operating costs	89 860	70 379	49 897	36 552
Other losses / (gains)	-5 990	15 182	-23 095	15 182
EBITDA	77 372	36 100	75 097	34 803
Depreciation	2 746	3 026	1 521	1 662
Operating profit (EBIT)	74 626	33 074	73 576	33 141
Net finance	-2 909	27	-4 101	3 613
Profit/loss before tax	71 717	33 102	69 475	36 755
Tax	896	-15 874	454	-15 891
Profit/loss from continued business	70 821	48 976	69 021	52 646
DISCONTINUED BUSINESS				
Profit/loss from discontinued business	-103 718	148 116	-103 718	113 415
Profit/loss for the period	-32 897	197 091	-34 697	166 061
Attributable to equity holders of the company	-36 238	195 833	-37 301	169 660
Attributable to non-controlling interests	1 829	1 259	1 091	-3 599
COMPREHENSIVE INCOME				
Net result for the period	-32 897	197 091	-34 697	166 061
Currency effects	-	-	-	-
Total comprehensive income	-32 897	197 091	-34 697	166 061
Attributable to equity holders of the company	-34 726	195 833	-35 788	169 660
Attributable to non-controlling interests	1 829	1 259	1 091	-3 599
Earnings per share (NOK)	-0,33	2,07	-0,34	1,63
Diluted earnings per share (NOK)	-0,33	1,91	-0,34	1,55
Earnings per share - Continued Business (NOK)	0,67	0,52	0,65	0,56
Diluted earnings per share - Continued Business (NOK)	0,67	0,46	0,65	0,50

- Second half **revenue** of MNOK 230, representing an increase of 41% year-on-year
 - Full-year **revenue** of MNOK 359 representing an increase of ~35% compared to 2019
- Second half **EBITDA** of MNOK 75 is impacted by gains on FX hedging contacts which is presented as other losses/(gains)
 - Operational EBITDA** of MNOK 52 in the second half and full-year of MNOK 71 in 2020 versus MNOK 51 in the previous year
 - Operational EBITDA** margin of ~23% in the second half and ~20% in full-year 2020
- A bad debt provision of MNOK 13, related to accounts receivables, is included in other operating costs in 2020.
- Loss from **discontinued business** of MNOK 104 in the second half. This includes the global settlement of MNOK 94 in the Cargotec / MacGregor arbitration, in addition to transaction related external and internal costs.
- Earnings per share for 2020, continued operations, of **NOK 0.67** compared to NOK 0.46 in 2019.
 - Earnings per share including loss from discontinued operations of NOK -0.33.

Balance sheet

Condensed consolidated statement of financial position



(NOK 1 000)	Unaudited	Audited
	31.12.2020	31.12.2019
Deferred tax assets	35 368	35 367
Goodwill	16 643	16 643
Intangible assets	26 840	16 633
Tangible assets	6 224	6 528
Right-of-use assets	6 076	584
Total non-current assets	91 151	75 755
Inventories	5 412	6 886
Trade receivables	36 643	38 260
Accrued, non-invoiced production	24 082	12 371
Other short-term receivables	27 254	21 822
Bank deposits/cash	367 850	260 948
Total current assets	461 241	340 287
Total assets	552 392	416 042

(NOK 1 000)	Unaudited	Audited
	31.12.2020	31.12.2019
Share capital	11 695	11 617
Other equity	173 903	205 878
Non-controlling interests	17 879	16 050
Total equity	203 477	233 545
Deferred tax	1 763	675
Lease liabilities	4 550	-
Total non-current liabilities	6 313	675
Trade payables	24 616	14 005
Prepayments from customers	189 169	109 293
Current lease liabilities	950	600
Other current liabilities	127 867	57 923
Total current liabilities	342 602	181 821
Total liabilities	348 915	182 496
Total equity and liabilities	552 392	416 042

Cash flow statement

Condensed consolidated statement of cash flow



(NOK 1 000)	Unaudited	Audited
	2020	2019
Cash flow from operating activities		
Profit (loss) before tax	71 717	33 102
<i>Adjustments for:</i>		
Depreciation / impairment	2 746	3 026
Interest expense	78	3 457
Interest income	-1 509	-7 259
Other Financial Items	4 341	3 775
Income tax paid	-245	-189
Change in net current assets	56 738	22 574
Net cash flow from operating activities	133 866	58 250
Cash flow from investment activities		
Acquisition of Subsidiary - net of Cash acquired	-	-8 354
Acquisition and expenditures of fixed/intangible assets	-12 083	-13 311
Cash distribution from divested companies	-	-59 346
Disposal of discontinued operation	-13 965	-
Proceeds from sale of investments	-	553 562
Net cash flow from investment activities	-26 046	472 551
Cash flow from financing activities		
Proceeds from issuance of share capital	2 829	2 092
Dividends paid	-	-422 450
Disbursement on short-term/ long-term debt	-	-198 375
Payment of lease liabilities	-837	-592
Interest received	1 509	7 259
Interest paid	-78	-3 457
Other Financial items	-4 341	-3 775
Net cash flow from financing activities	-918	-619 298
Net change in cash and cash equivalents	106 902	-88 498
Cash and cash equivalents at the start of the period	260 948	349 445
Cash and cash equivalents at the end of the period	367 849	260 948

- **Operating cash flow** of MNOK 134 representing a significant increase from the previous year
- **Cash flow from investments** of MNOK 26 includes net capitalized expensed of MNOK 11 related to ongoing R&D investments
- **Cash flow from financing** of MNOK 0.9 includes issuance of share capital in relation to employee share program
- **Credit facilities** as per 31 December 2020 were in total MNOK 350, which includes a guarantee- and derivatives facility with Nordea
 - At the end of the second half 2020, Nekkar had drawn MNOK 184 of the guarantee facility
- **Net cash position** of MNOK 368, of which MNOK 10 is held as a deposit for FX-derivative exposures in DnB

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 second half of 2020 for Nekkar ASA. The financial information is not reported according to the requirements in IAS 34 (Interim Financial Reporting) and the 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 newbuild contracts and does not include the value of service orders.



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