



Disruptive technologies, sustainable results

Q3 2022 operational update

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24 November 2022



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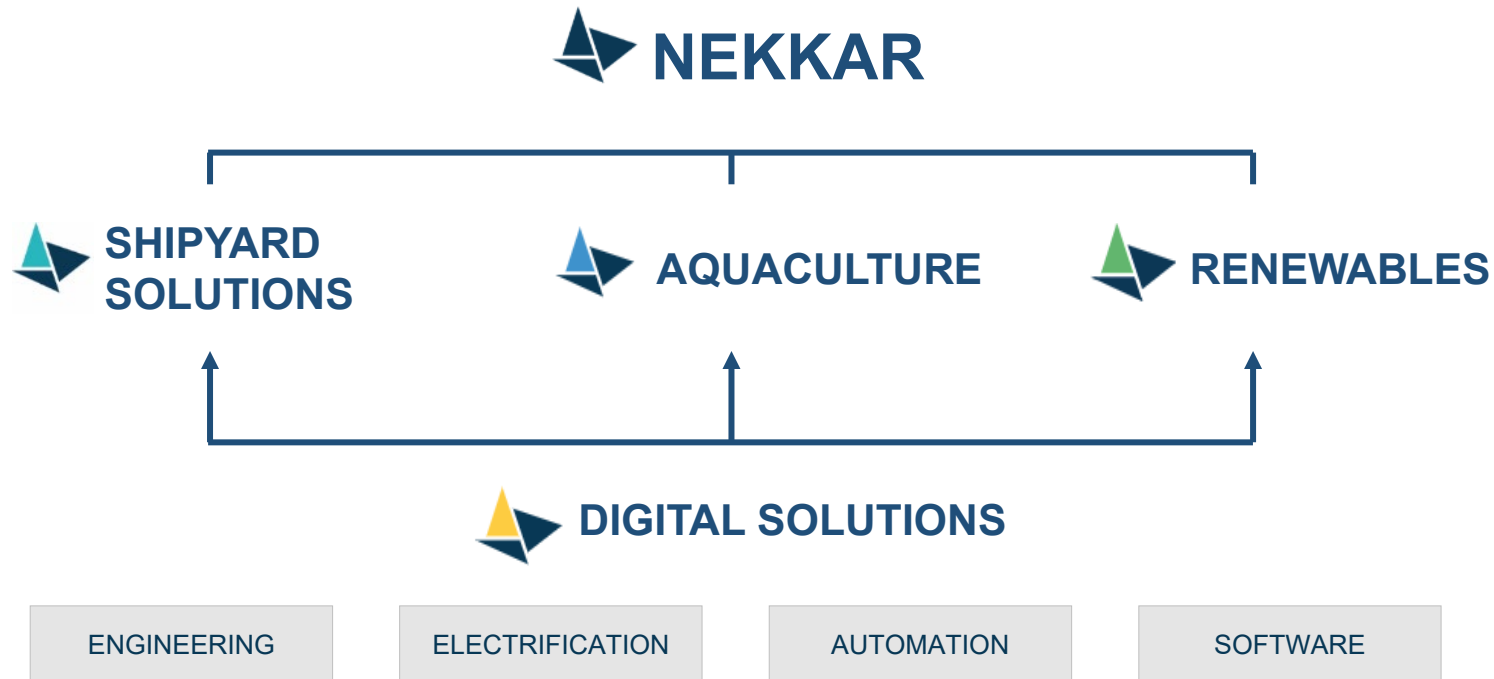
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Disruptive technologies, sustainable results

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



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



NEKKAR IN BRIEF



NOK 480m revenue ('21)



29.1% EBITDA margin ('21)



No interest-bearing debt



72 employees



Kristiansand, Norway (HQ)



Listed on OSE (NKR)

Q3 2022 highlights



Highlights

- Operational EBITDA margin of 27.1% (Q3 2021: 30.9%)¹
- Revenue of NOK 79 million (NOK 128 million) due to previously mentioned client-side delays on certain projects
- Quarterly order intake of NOK 117 million (NOK 69 million)
 - Highest order intake since 2020
 - Continued high tendering activity
- Order backlog of NOK 894 million, increased for the second quarter in a row
- Global communication company Viasat Inc. joined InteliWell joint venture together with Transocean Ltd. and Nekkar's subsidiary Intellilift AS

Subsequent events

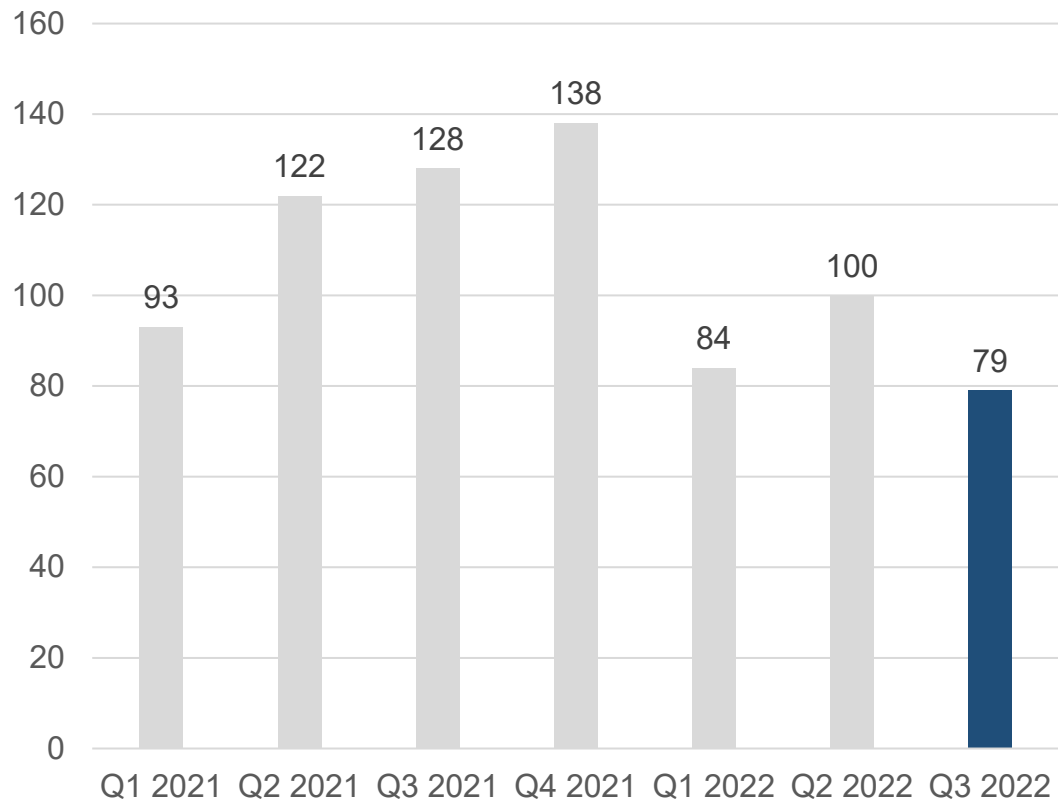
- Signed SkyWalker innovation agreement with installation company BMS Heavy Cranes



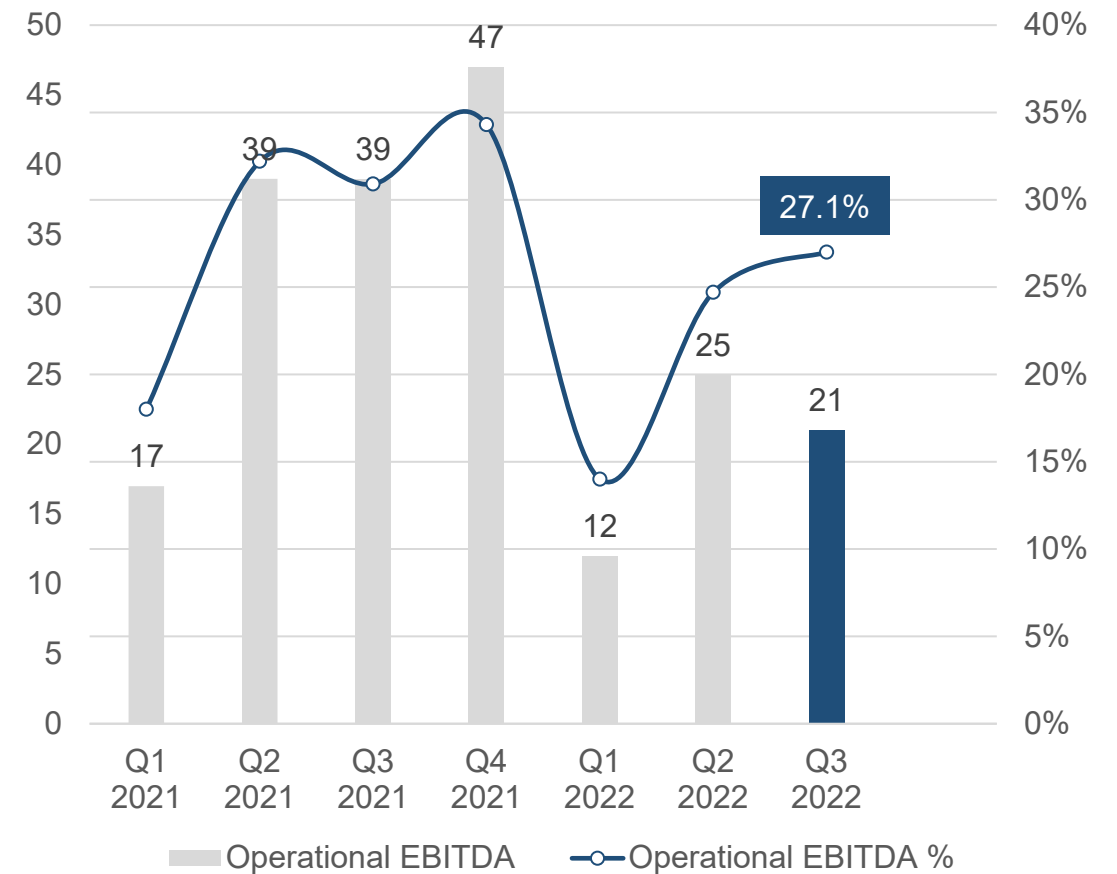
Key financials | Per quarter



Revenues (MNOK)



Operational EBITDA (MNOK) & margin (%)¹

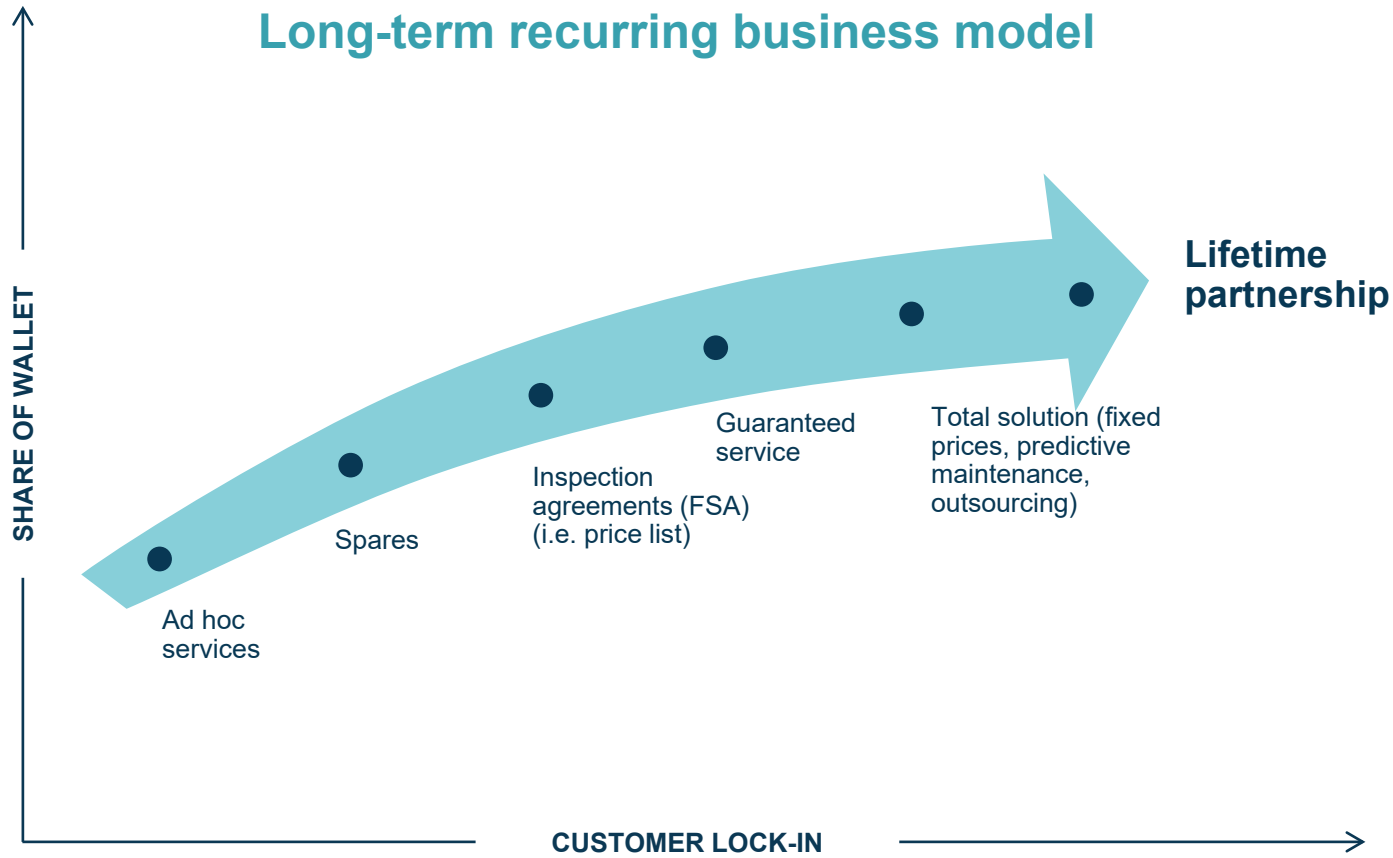


¹ Excluding losses/gain on FX contracts not qualifying for hedge accounting

Shipyards solutions



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



Multiple new contracts in Q3 2022, reflecting high tendering activity



Shiplift spare parts

Value: NOK 51.5 million

Location: UK

Transfer fluid systems

Value: NOK 23.6 million

Location: US

Engineering project

Value: NOK 3.9 million

Location: Nordics

Transfer fluid systems

Value: NOK 19.9 million

Location: US

Spares and inspections

Value: NOK 18 million

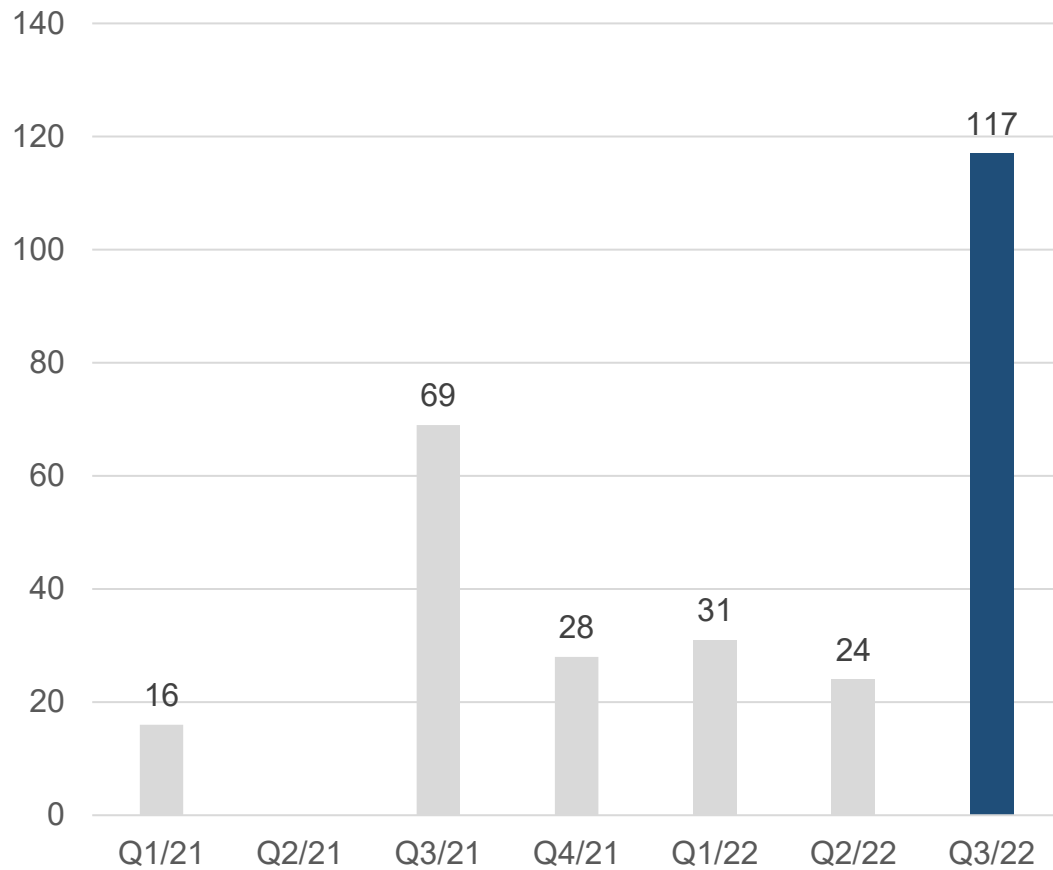
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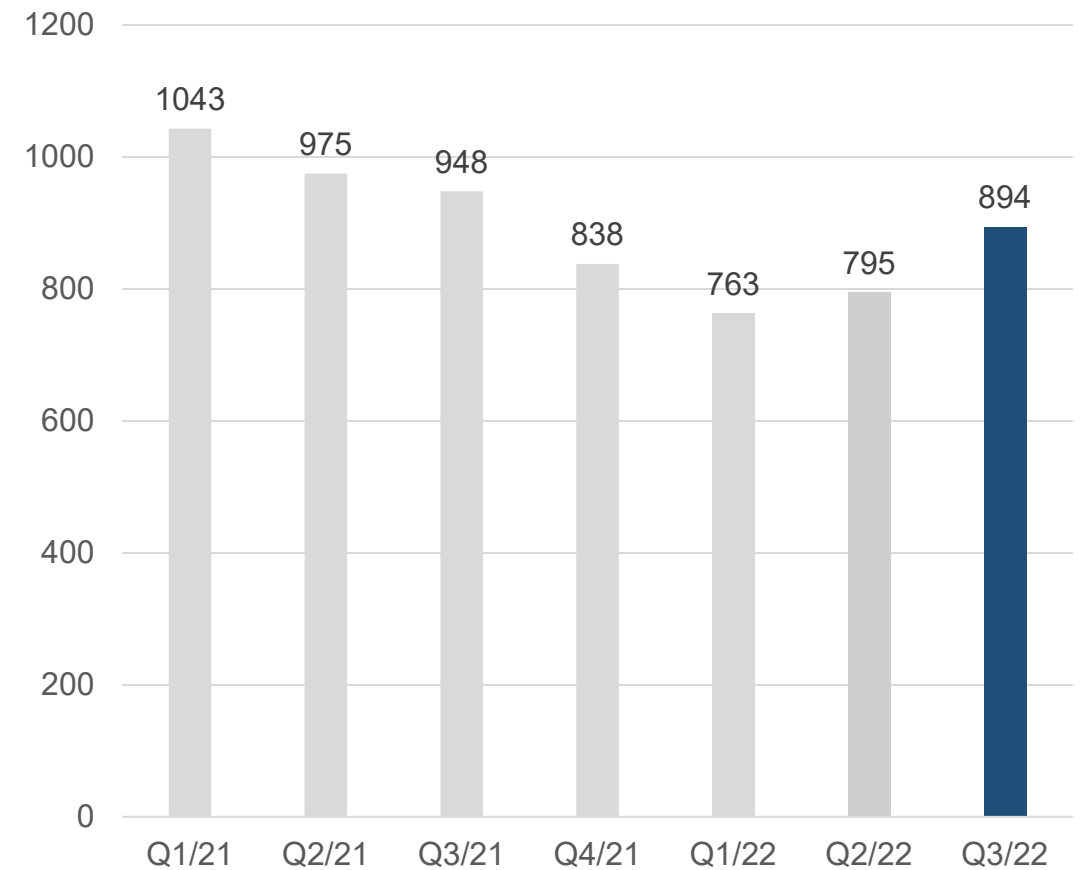
Order intake and backlog



Order intake per quarter (MNOK)¹



Order backlog development (MNOK)



¹ Does not account for FX fluctuations in existing contracts



Impact technologies



Soft funding and industrial partnerships remain key part of technology development strategy

NOK 5.5 million soft funding received in Q3:

- Starfish (NOK 1.9 million)
- SkyWalker (NOK 1.9 million)
- Intellilift (NOK 1.8 million)

Additional NOK 6.5 million received so far in Q4 2022

Innovation partners:

 **Fred. Olsen Renewables**

BMS







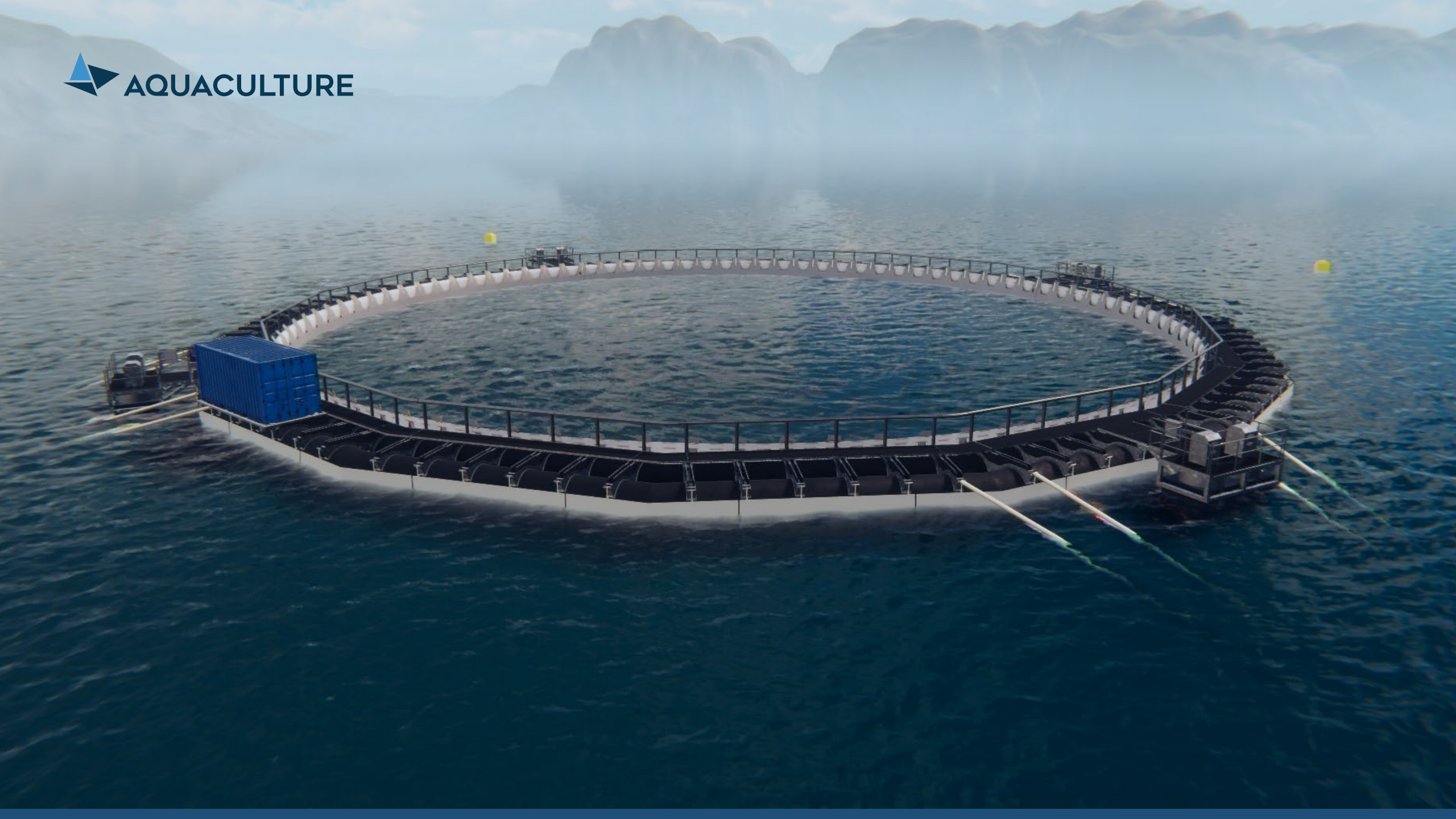
BMS: SkyWalker innovation partner

- Favoured installation partner for several large international wind turbine manufacturers (OEMs)
- 10+ years' wind turbine installation experience: onshore and offshore

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 + rolling SkyWalker out to market





Starfish: Completion of design improvements

Design improvements made to Starfish

- To further enhance go-to-market product with increased volume and optimized operational aspects

Progress on full scale Starfish

- Analysing sites for full scale model together with leading fish farming companies
- Resource rent tax on aquaculture activities has postponed client decision making
- Nekkar development progress of full scale Starfish not affected





Visasat joins digital well construction solution JV together with Nekkar and 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



- 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



- 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



Financial highlights

Financial highlights

Consolidated statement of profit and loss



Nekkar ASA	Unaudited Q3		Unaudited YTD Q3		Audited Full-Year
	2022	2021	2022	2021	2021
<i>MNOK</i>					
Revenue	79	128	263	342	480
Operational EBITDA ¹	21	39	58	95	143
Reported EBITDA	5	37	24	92	140
EBIT	3	36	18	89	135
Net capitalized development costs ²	0,4	6	18	13	21
<i>Operational EBITDA margin¹</i>	27,1 %	30,9 %	22,0 %	27,9 %	29,8 %
<i>EBITDA margin</i>	6,0 %	28,6 %	9,3 %	26,9 %	29,2 %
Order intake	117	69	142	85	113
Order backlog	894	948	948	948	838
EPS (NOK)	-0,02	0,25	0,17	0,73	1,04

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

²Net of received soft-funding

- **Third quarter revenue** of MNOK 79, representing a decline of 38% compared to the same period last year
 - Revenue decline impacted by customer-related delays
- **YTD Q3 revenue** of MNOK 263 compared to MNOK 342 in 2021
 - Service revenues of MNOK 44 YTD Q3 2022, compared to MNOK 26 in the same period last year
- **Third quarter operational EBITDA** of MNOK 21 compared to MNOK 39 in 2021
 - Operational EBITDA margins of 27.1%. Unrealized losses on FX hedging contracts in Q3 2022 of MNOK 16
- **YTD Q3 operational EBITDA** of MNOK 58 compared to MNOK 95 in 2021. Operational EBITDA margin of 22.0%
- **Order intake** of MNOK 117 in Q3 2022, compared to MNOK 69 in the same period last year
 - **Solid order backlog** of MNOK 894 at the end of the third quarter
- **Capitalized development costs** (R&D capex) of MNOK 6 in Q3 and MNOK 24 as per YTD - offset by soft-funding of MNOK 6 received in Q3
- **Third quarter EPS** of -0,02 and YTD Q3 EPS of 0,17. Negative EPS in Q3 impacted by losses on FX contracts and disagio finance cost.

Summary Q3 2022 & outlook



Summary



Lower revenue than expected due to previously mentioned client-side delays, but solid operational performance with EBITDA-margin of 27.1%



Strong NOK 117 million order intake in quarter, highest since 2020



Solid order backlog of NOK 894 million, provides excellent visibility for coming years



Good progress on impact technologies: IntelliWell JV further strengthened by Viasat Inc., BMS joins as SkyWalker innovation partner (Q4)

Outlook

Shipyards Solutions

- High tendering activity, expect newbuild tenders awards in Q4 2022

Digital Solutions

- Signing of oil and gas SaaS projects through IntelliWell moving gradually closer

Aquaculture

- Development of full scale Starfish closed fish cage to progress as planned despite industry turbulence

Renewables

- Industrial partnerships to fast-track commercialisation of SkyWalker

Next update: 17 February 2023 – Q4/FY 2022 financial results

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.



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