



Disruptive technologies, sustainable results

Q2/H1 2021 financial results

Preben Liltved, CEO
Kristoffer Lundeland, CFO

26 August 2021



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.

Nekkar ASA

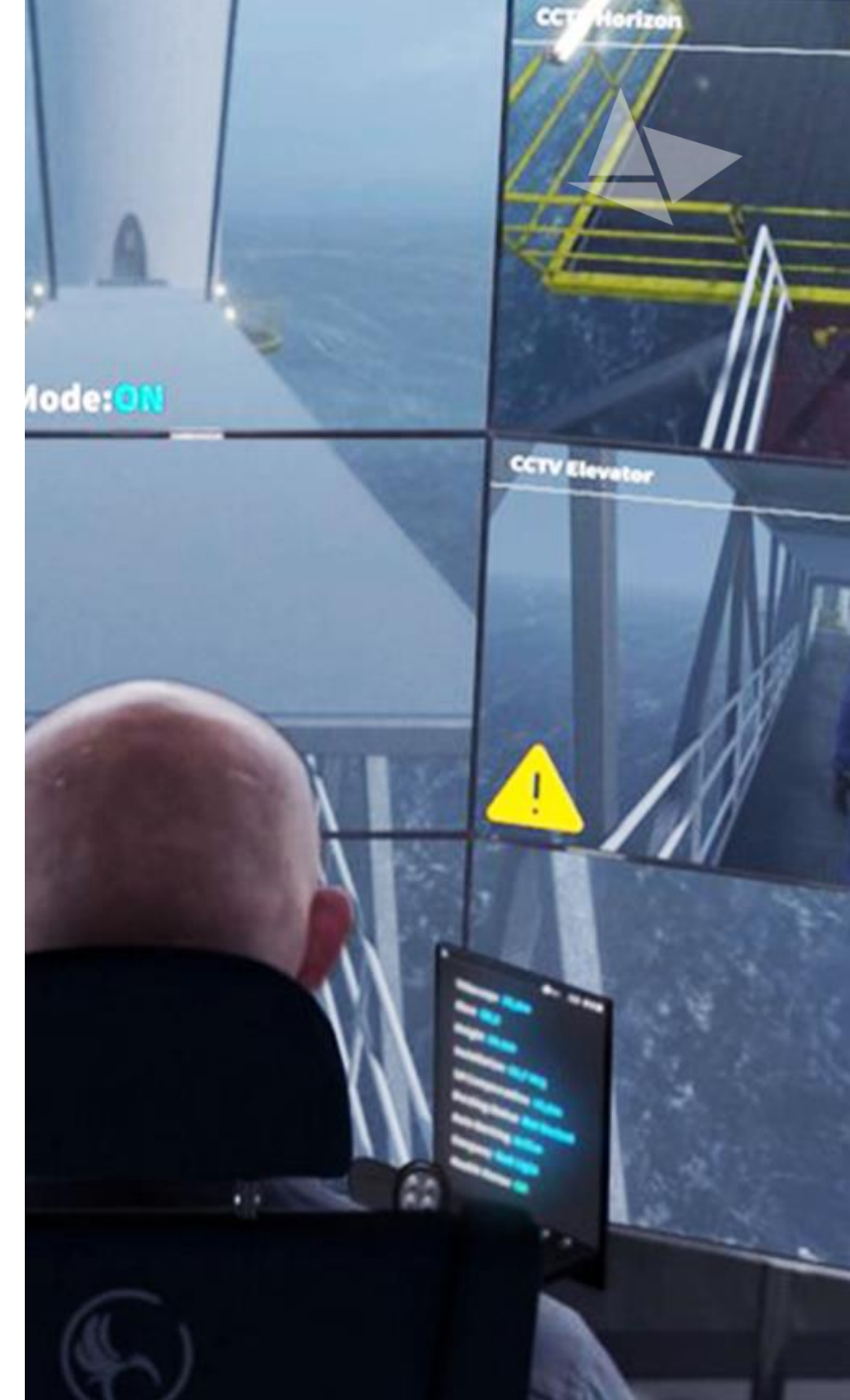
Q2 2021 highlights

Highlights Q2 2021

- Revenue of NOK 121.8 million (Q2 2020: 63.8)
- Operational EBITDA of NOK 39.2 million (14.6) *
- EBIT of NOK 37.4 million (25.8)
- Three shipyard solutions projects successfully commissioned during quarter
- Promising sea testing of Starfish closed fish cage
- Kicked off wind turbine installation innovation project

Events subsequent to quarter

- Three new upgrade/spare parts contracts for Shipyard Solutions, totaling NOK 41 million in contract value



Disruptive technologies, sustainable results



New strategic direction defined in 2020

Leverage unique and recognized **drilling and lifting heritage** and **execution ability** from “Drilling Bay” in Kristiansand, within:



Engineering



Electrification



Automation



Digitalization

To develop **disruptive technologies** that can make high-growth industry sectors, such as aquaculture and renewables, even **more sustainable and profitable**

Nekkar in brief



NOK 360 million revenue company (2020)



63 employees



Headquarter in Kristiansand, Norway



Listed on Oslo Stock Exchange (NKR)

Utilise 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

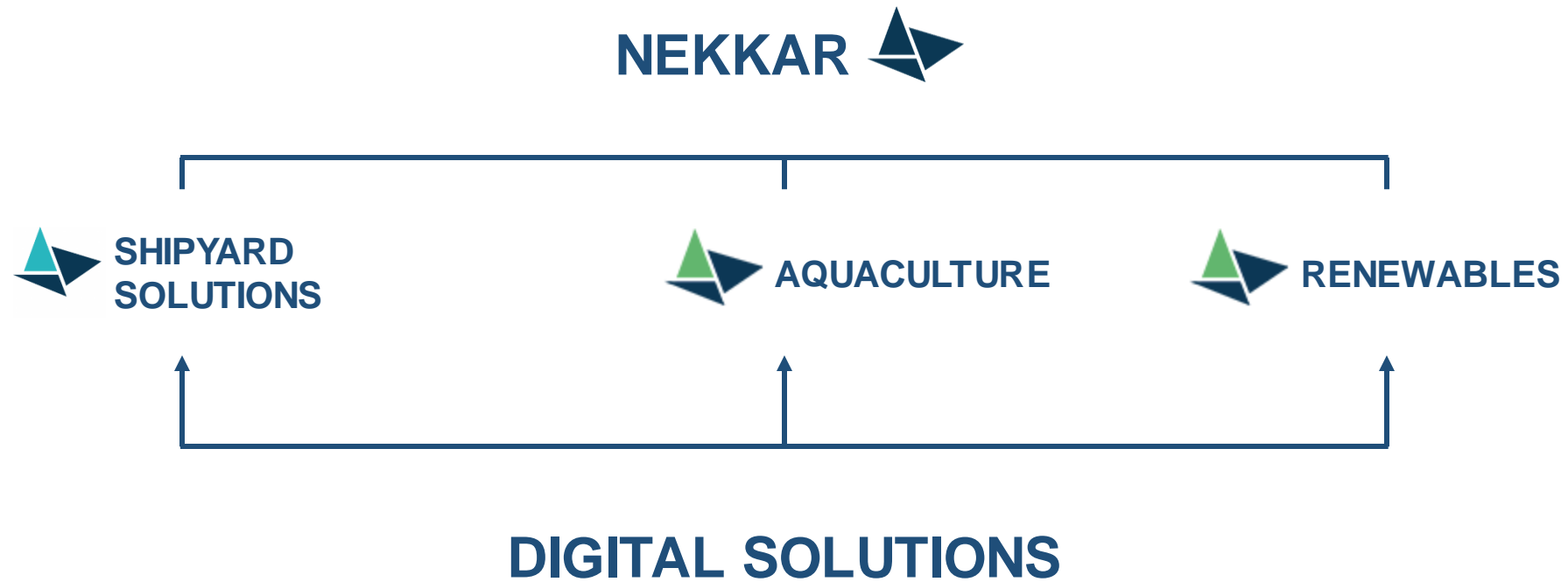
Automation &
diagnostics

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



 Shipyard solutions



Three shiplift projects successfully delivered in second quarter



Project #1

- Shiplift with transfer system
- Client in Pakistan



Project #2

- Shiplift with control system from Intellilift/Syncrolift
- Client in Qatar



Project #3

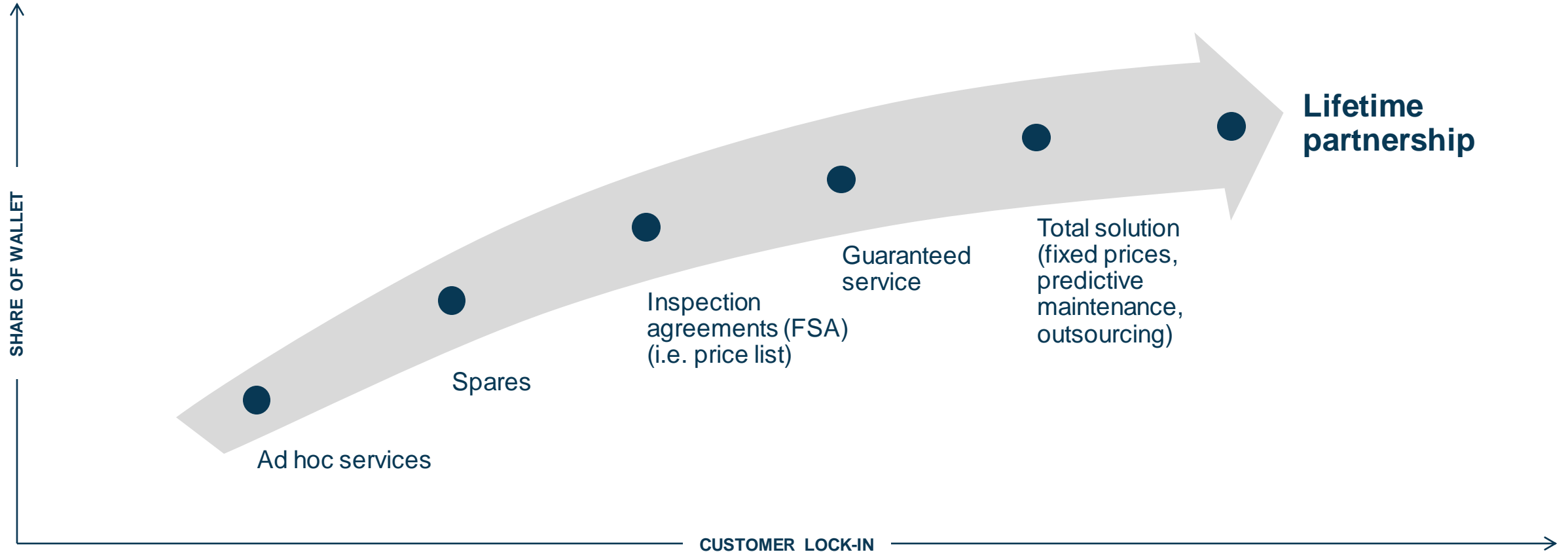
- First batch of trolley system
- Main batch remaining
- Client in USA



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



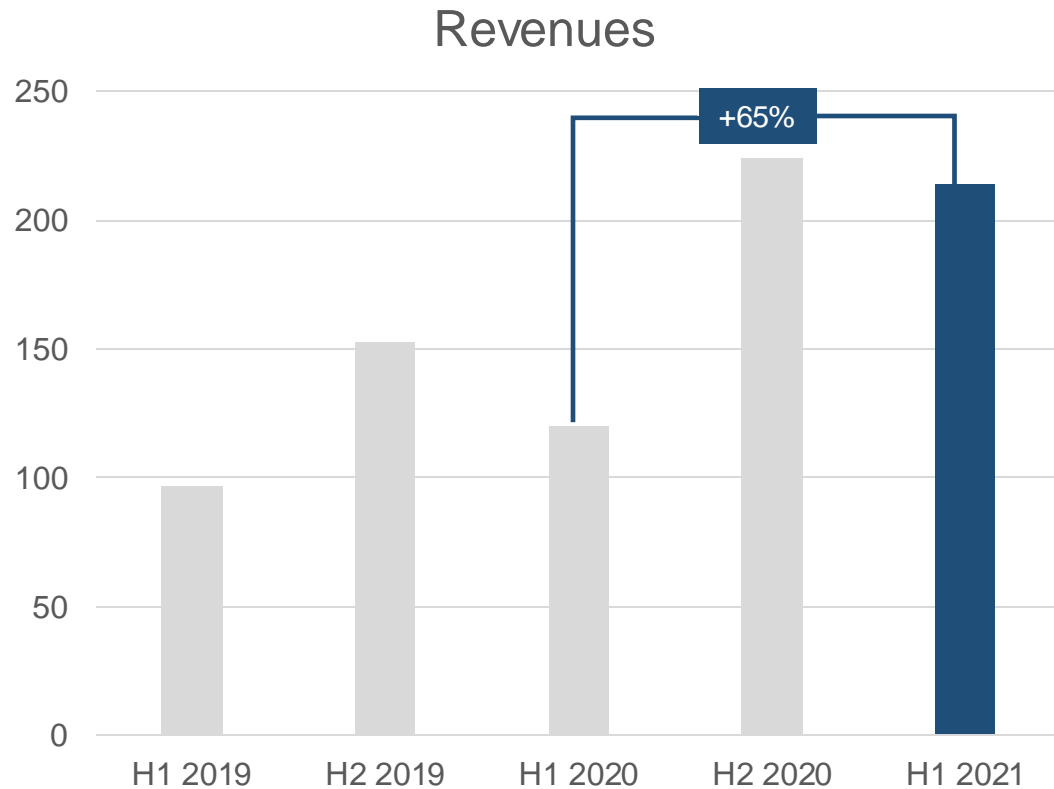
LONG-TERM RECURRING BUSINESS MODEL



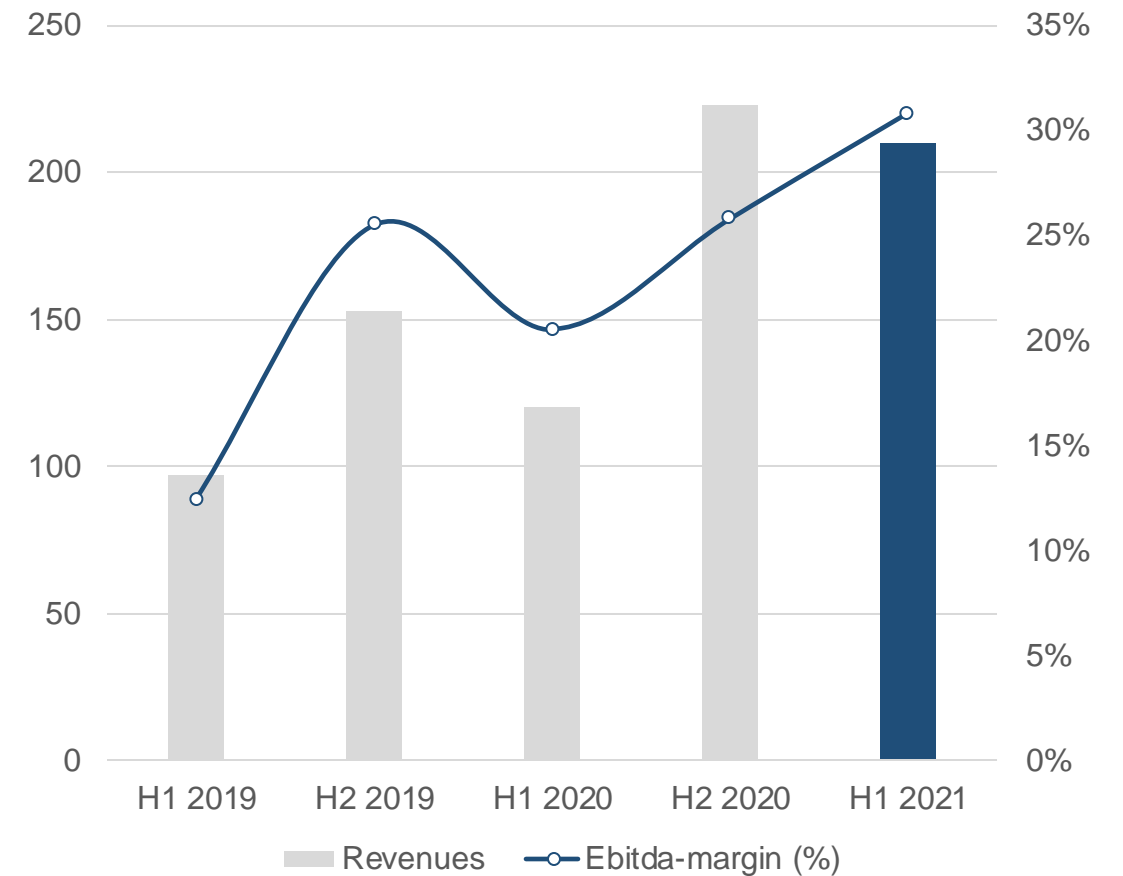


Shipyard solutions | Key financials

Revenues (MNOK)



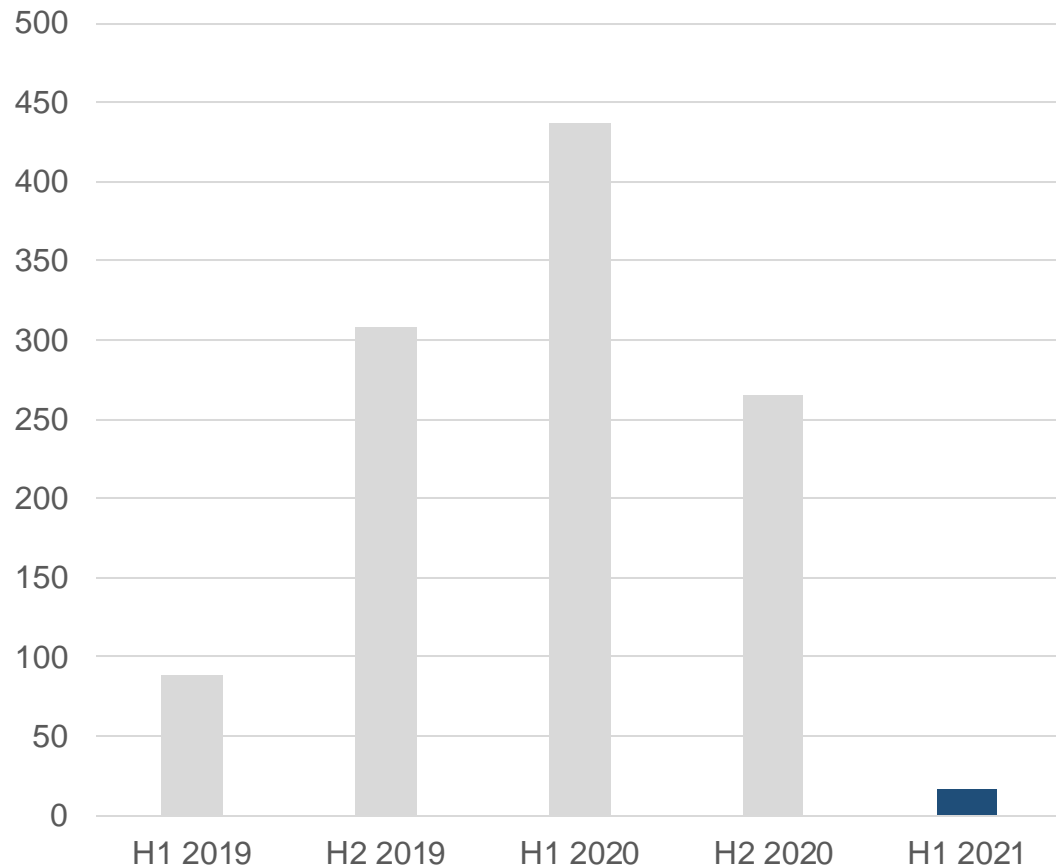
Revenues and operational EBITDA margin (%)



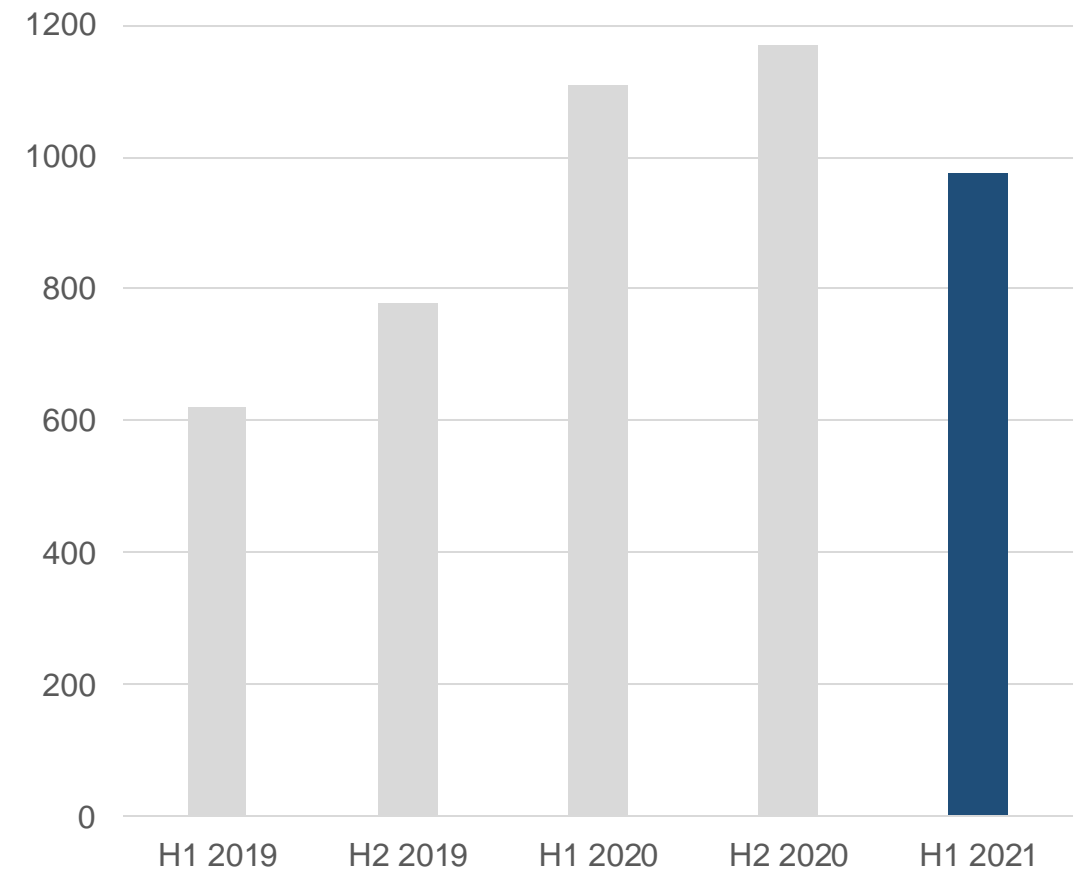


Shipyard solutions | Order intake and backlog

Order intake per half-year period



Order backlog* development





NOK 41 million in new upgrade and service won so far in Q3 (subsequent to second quarter)

Control system upgrade

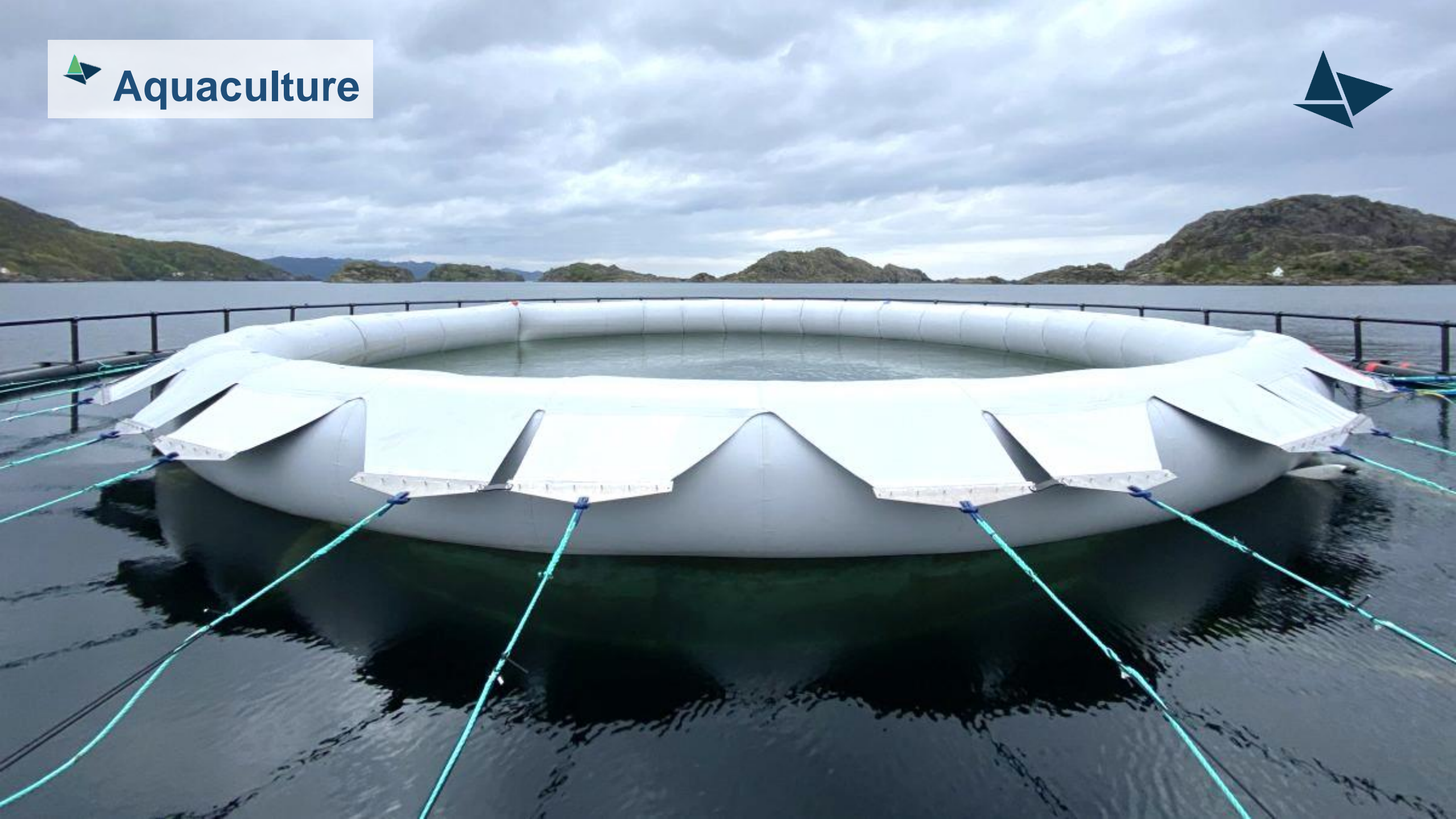
- Customer in Spain
- Syncrolift contract, Intellilift to deliver completely new control and drive systems
- Contract value: NOK 18 million

Sale of transfer trolleys in storage

- Trolleys currently stored in Italy
- Sold to client in Turkey
- Contract value: NOK 10 million
- Healthy margin

Spare parts order

- Customer in Singapore
- Contract value NOK 13 million



Nekkar's Starfish matches Norwegian government's ambitions for fish farming

From the aquaculture strategy document "An ocean of opportunities":



Facilitate increased digitalization and data sharing for profitable and sustainable development of the fish farming industry



Facilitate technological development contributing to solve environmental and area challenges in aquaculture, including the impact of salmon lice and the spread of disease



Continue to facilitate aquaculture at sea



Consider stronger incentives for fish farmers to improve fish health and welfare

On 24 August 2021, Norwegian Ministry of Trade, Industry and Fisheries also announced plans to establish a new permit scheme in order to solve environmental challenges and to be able to use new areas along the coast



Nærings- og fiskeridepartementet

Ny tillatelsesordning: Peker ut ny retning for miljøvennlig havbruk

24.8.2021 07:50:36 CEST | [Nærings- og fiskeridepartementet](#)

Del [f](#) [in](#) [tw](#) [em](#) [wh](#)

For å løse miljøutfordringer og for å kunne ta i bruk nye arealer langs kysten, foreslår Nærings- og fiskeridepartementet å etablere en ny tillatelsesordning for oppdrett.

– Vi har naturgitte fortrinn for å produsere mer sunn sjømat som verden trenger. Derfor foreslår vi en ordning med nye miljøvennlige tillatelser som gir næringen mulighet til å ta i bruk nye områder og utvikle ny teknologi for å produsere mer sjømat, sier fiskeri- og sjømatminister Odd Emil Ingebrigtsen (H).

Sustainable aquaculture with closed technologies in sea



Starfish closed cage fish farming

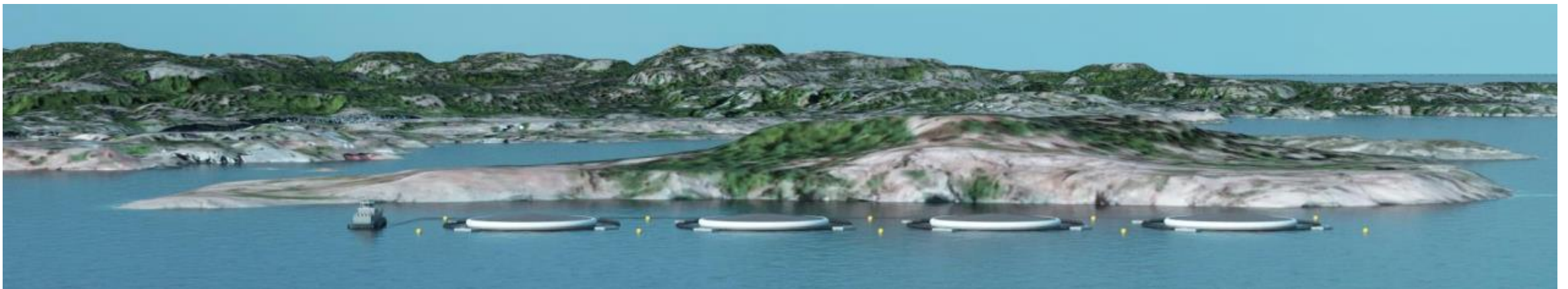
Protection against sea lice increase **fish welfare** and dramatically **reduction in Opex**

Lower risk of escape due to dual safety

Collection of waste contributes to **circular economy** – sludge will be turned into value

Digital systems = better control, increased growth and reduced Opex






Significantly **lower energy consumption** than land-based fish farming



Starfish pilot test at Hidra in Flekkefjord: progressing according to plan



Concept tests: Q1-Q4 2021

	Circulations units & flow	<i>First unit tested</i>
	Regulation, monitoring & software: <ul style="list-style-type: none">• Cameras under and over water level• Compressors• Flow sensors• GPS for external data (wind etc.)	<i>Most equipment installed: testing and data generation ongoing</i>
	Inlet pipes / water pressure	<i>1 of 4 inlet pipelines installed and in operation. No 2,3 and 4 to be installed in Q3</i>
	Ocean current measurement	<i>Installed and operation</i>
	Sludge treatment system	<i>To be installed Q3/Q4</i>

Production started of full-size Starfish – ready for testing early 2022





SkyWalker – the future wind turbine installation



Increased weather window
due to guided lift



Reduced turbine
installation time



Turbines can be larger
and installed higher



Possible to reduce
tower oscillation



Smaller installation
footprint required



Low or zero
emission machine



Remotely controlled,
unmanned lifting platform



Easier transport to site



Technology based on active
heave compensation (AHC)

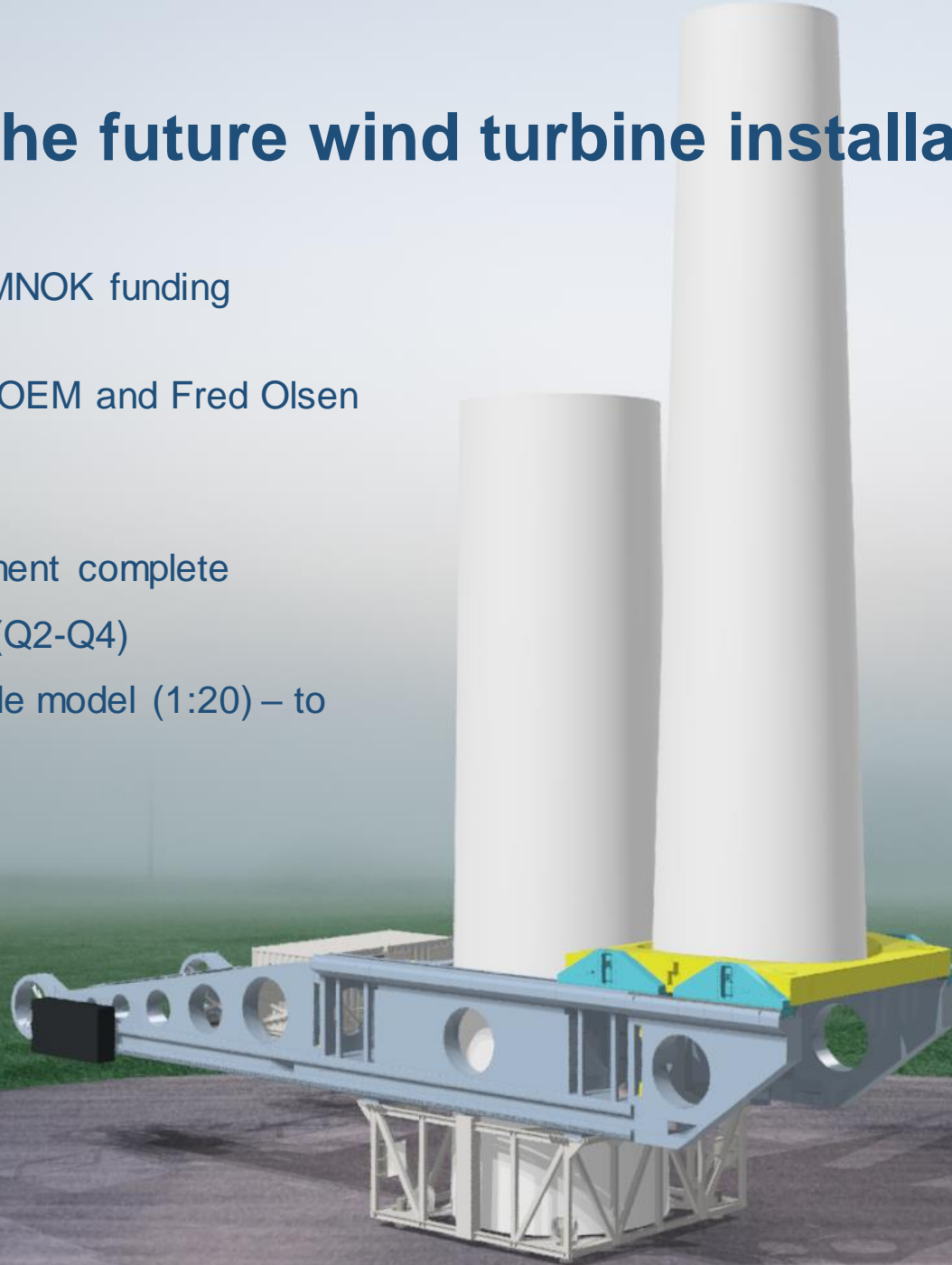
SkyWalker – the future wind turbine installation tool



- Innovation Norway 21.5 MNOK funding approved (Q1)
- Cooperation with turbine OEM and Fred Olsen Renewables

Project progress

- Concept design development complete
- Detailed design ongoing (Q2-Q4)
- Production started of scale model (1:20) – to be tested in Q4 2021
- Test of prototype on site



Financial highlights

Consolidated statement of profit and loss



Nekkar ASA	Unaudited Q2		Unaudited H1		Audited Full-Year
	2021	2020	2021	2020	2020
<i>MNOK</i>					
Revenue	122	64	215	130	359
Reported EBITDA	38	27	55	2	77
Operational EBITDA¹	39	15	56	19	71
EBIT	37	26	54	1	75
<i>EBITDA %</i>	<i>31.5 %</i>	<i>41.6 %</i>	<i>25.8 %</i>	<i>1.8 %</i>	<i>21,5 %</i>
<i>Op. EBITDA %¹</i>	<i>32.2 %</i>	<i>22.9 %</i>	<i>26.1 %</i>	<i>14.9 %</i>	<i>19,9 %</i>
<i>Order intake</i>	<i>-</i>	<i>428</i>	<i>16</i>	<i>437</i>	<i>701</i>
<i>Order backlog</i>	<i>975</i>	<i>1,110</i>	<i>975</i>	<i>1,110</i>	<i>1,167</i>
<i>EPS (NOK)</i>	<i>0.35</i>	<i>0.28</i>	<i>0.48</i>	<i>0.01</i>	<i>-0.33</i>

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

- Second quarter **revenue of MNOK 122**, representing an increase of 90% year-on-year
- First half 2021 **revenue** of MNOK 215 compared to MNOK 130 in 2020, equivalent to an increase of 65%
 - Revenue growth driven by high activity in Shipyard Solutions
- Second quarter **operational EBITDA** of MNOK 39 compared to MNOK 15 in 2020
 - Loss on FX hedging contracts amounted to MNOK 0.9 in the second quarter of 2021 compared to a gain of MNOK 12 in 2020
- First half 2021 **operational EBITDA** of MNOK 56 compared to MNOK 19 in 2020. Operational EBITDA margin of 26.1% and 14.9% respectively.
 - Strong first half 2021 performance driven by Shipyard Solutions
- Healthy **order backlog** of MNOK 975 at the end of the second quarter
- **Capitalized development costs** (R&D capex) of MNOK 14 in the first half 2021 compared to MNOK 2 in 2020
- Second quarter **earnings per share** of NOK 0.35 compared to NOK 0.28 in 2020

Balance sheet

Condensed consolidated statement of financial position



(NOK 1 000)	Unaudited	Unaudited	Audited
	30.06.2021	30.06.2020	31.12.2020
Deferred tax assets	33 092	35 368	34 204
Goodwill	16 643	16 643	16 643
Intangible assets	35 519	18 526	26 840
Tangible assets	14 099	6 657	12 300
Total non-current assets	99 354	77 195	89 987
Inventories	10 687	9 930	5 412
Trade receivables	61 693	189 444	36 643
Accrued, non-invoiced production	31 087	9 868	22 382
Other short-term receivables	25 679	7 260	35 810
Bank deposits	200 157	256 048	367 850
Total current assets	329 303	472 549	468 096
Total assets	428 657	549 745	558 084

(NOK 1 000)	Unaudited	Unaudited	Audited
	30.06.2021	30.06.2020	31.12.2020
Share capital	11 695	11 617	11 695
Other equity	224 982	206 940	173 903
Non-controlling interests	18 397	16 787	17 879
Total equity	255 074	235 345	203 477
Deferred tax	563	641	599
Lease liabilities	4 010	-	4 550
Total non-current liabilities	4 572	641	5 149
Trade payables	19 800	15 781	24 616
Prepayments from customers / deferred rev.	113 851	255 027	187 469
Current lease liabilities	1 257	300	950
Other current liabilities	34 103	42 649	136 423
Total current liabilities	169 011	313 757	349 458
Total liabilities	173 583	314 398	354 607
Total equity and liabilities	428 657	549 745	558 084

Cash flow statement

Condensed consolidated statement of cash flow



(NOK 1 000)	Unaudited	Unaudited	Audited
	H1 2021	H1 2020	2020
Cash flow from operating activities			
Profit (loss) before tax	52 933	2 242	71 717
<i>Adjustments for:</i>			
Depreciation / impairment	1 508	1 225	2 746
Net financial items	852	-1 191	2 909
Income tax paid	-	-	-245
Change in net working capital	-106 496	-6 107	56 738
Net cash flow from operating activities	-51 204	-3 831	133 866
Cash flow from investment activities			
Acquisition and expenditures of fixed/intangible assets	-16 979	-2 260	-12 083
Disposal of discontinued operation	-98 337	-	-13 964
Net cash flow from investment activities	-115 316	-2 260	-26 046
Cash flow from financing activities			
Proceeds from issuance of share capital	-	-	2 829
Payment of lease liabilities	-322	-	-837
Net financial items	-852	1 191	-2 909
Net cash flow from financing activities	-1 173	1 191	-918
Net change in cash and cash equivalents	-167 693	-4 900	106 902
Cash and cash equivalents at the start of the period	367 850	260 948	260 948
Cash and cash equivalents at the end of the period	200 157	256 048	367 850

- **Operating cash flow** of MNOK -51 representing a decrease of MNOK 47 from the previous year
- **Cash flow from investments** of MNOK -115, highly impacted by the settlement of the Cargotec / MacGregor arbitration
- **Cash flow from financing** of MNOK -1.2 compared to MNOK 1.2 from the previous year
- **Credit facilities** as per 30 June 2021 were in total MNOK 350, which includes a guarantee- and derivatives facility with Nordea
 - At the end of the first half 2021, Nekkar had drawn MNOK 174 of the guarantee facility
- **Net cash position** of MNOK 200 as per 30 June 2021, of which MNOK 10 is held as a deposit for FX-derivative exposures in DnB and MNOK 3.5 is restricted deposits related to employee's tax withholding.

Disruptive technologies, sustainable results



Summary Q2 2021 and outlook



Summary



Very strong financial performance in quarter



Solid financial position, no interest-bearing debt



Solid long-term order backlog of NOK 975 million, despite no order intake in second quarter



Progression as planned for Starfish and SkyWalker development projects

Outlook



Shipyard solutions:

Lower newbuild order intake in 2021, but Nekkar expects project awards in H2 2021



Expected growth in service/upgrade revenues



Aquaculture:

Continue development and testing of circulation systems and digital platform for monitoring and controlling Starfish cage



Full-size version planned to be ready for testing in early 2022



Renewables:

Kick-off of wind installation innovation project



Design and model testing of technology solution in Q3 and Q4



Digital:

Solid leads on oil & gas SaaS projects



Third of three first Syncrolift projects commissioned in Q3

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 quarter and first half of 2021 for Nekkar ASA. The consolidated financial statements for H1 2021 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 2020.

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 newbuild contracts and does not include the value of service orders.



nekkar.com