

Q2/H1 2022 financial results

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30 August 2022



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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

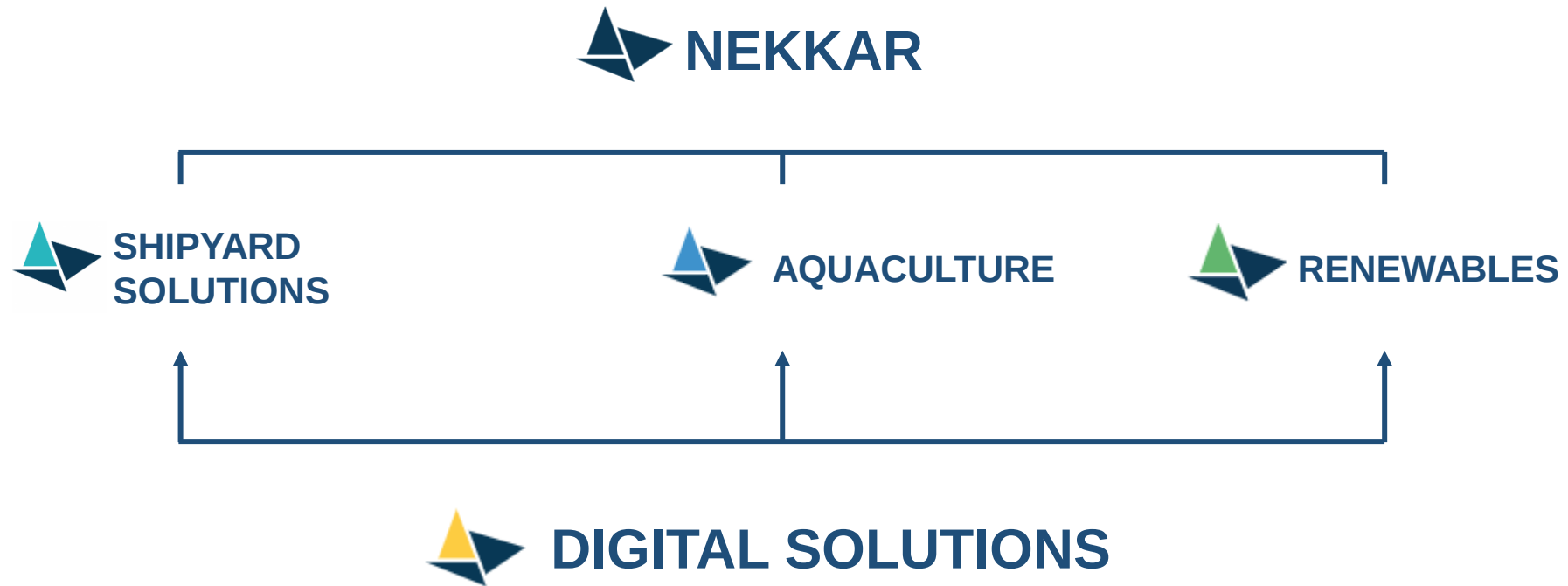


Headquarter in Kristiansand, Norway



Listed on Oslo Stock Exchange (NKR)

Disruptive technologies, sustainable results



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

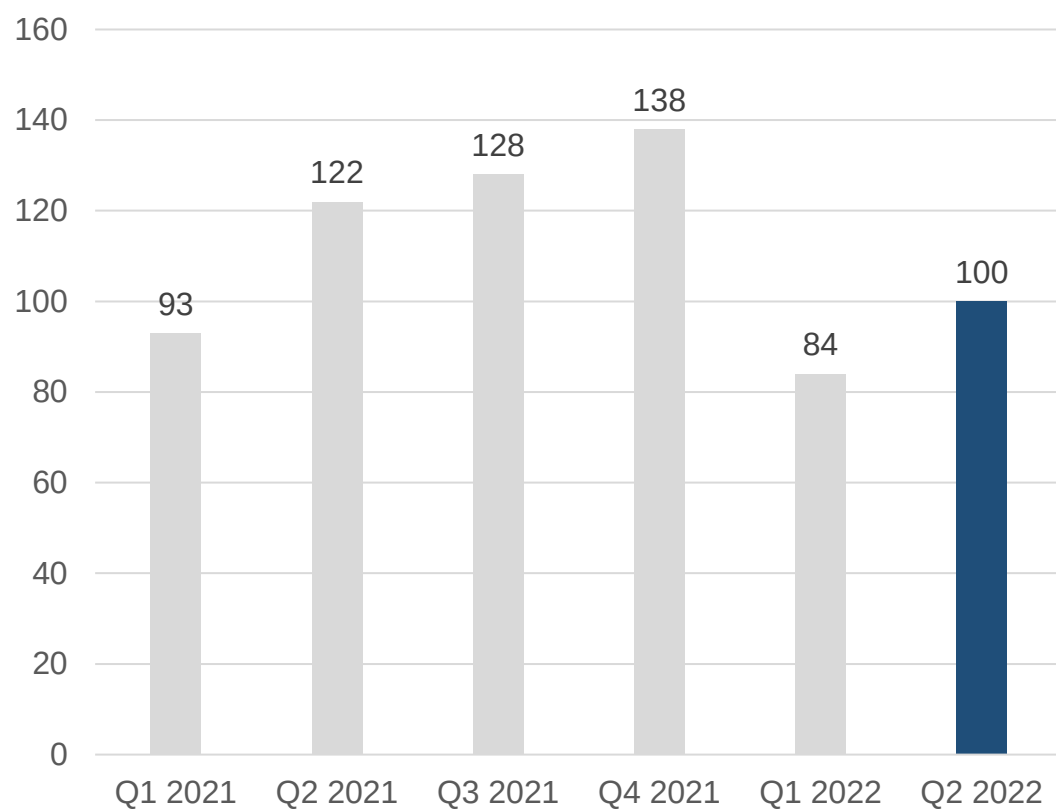
- Contract for upgrade of existing shiplift USD ~5 million
- Global communication company Viasat Inc. joins InteliWell joint venture together with Transocean Ltd. and Nekkar's subsidiary Intellilift AS



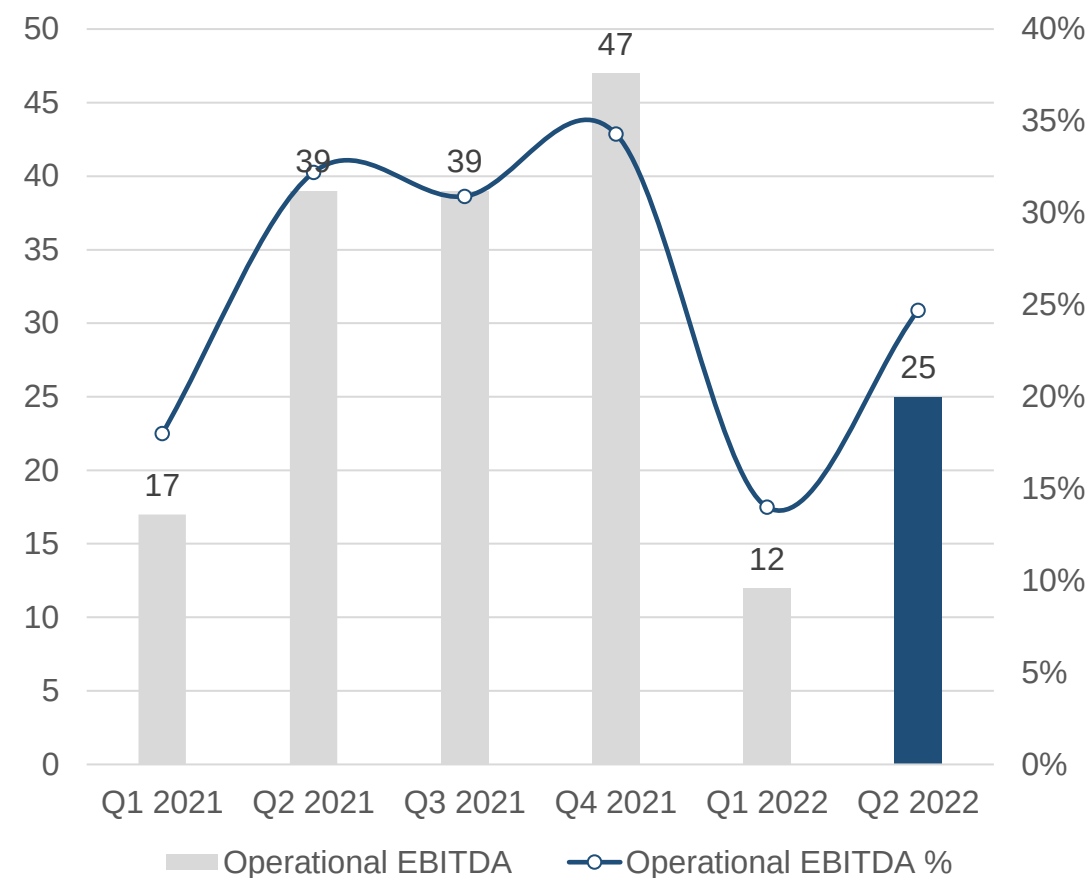
Key financials | Per quarter



Revenues (MNOK)



Operational EBITDA (MNOK) & margin (%)*



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

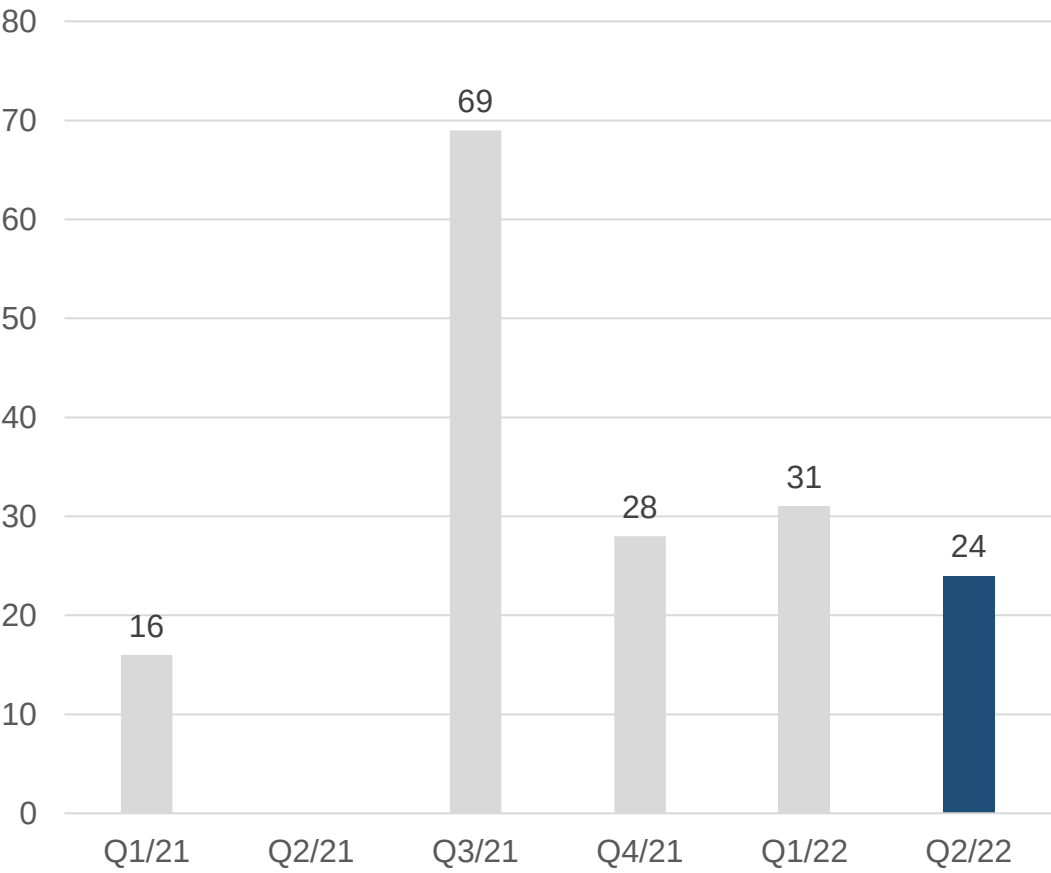
Shipyard solutions



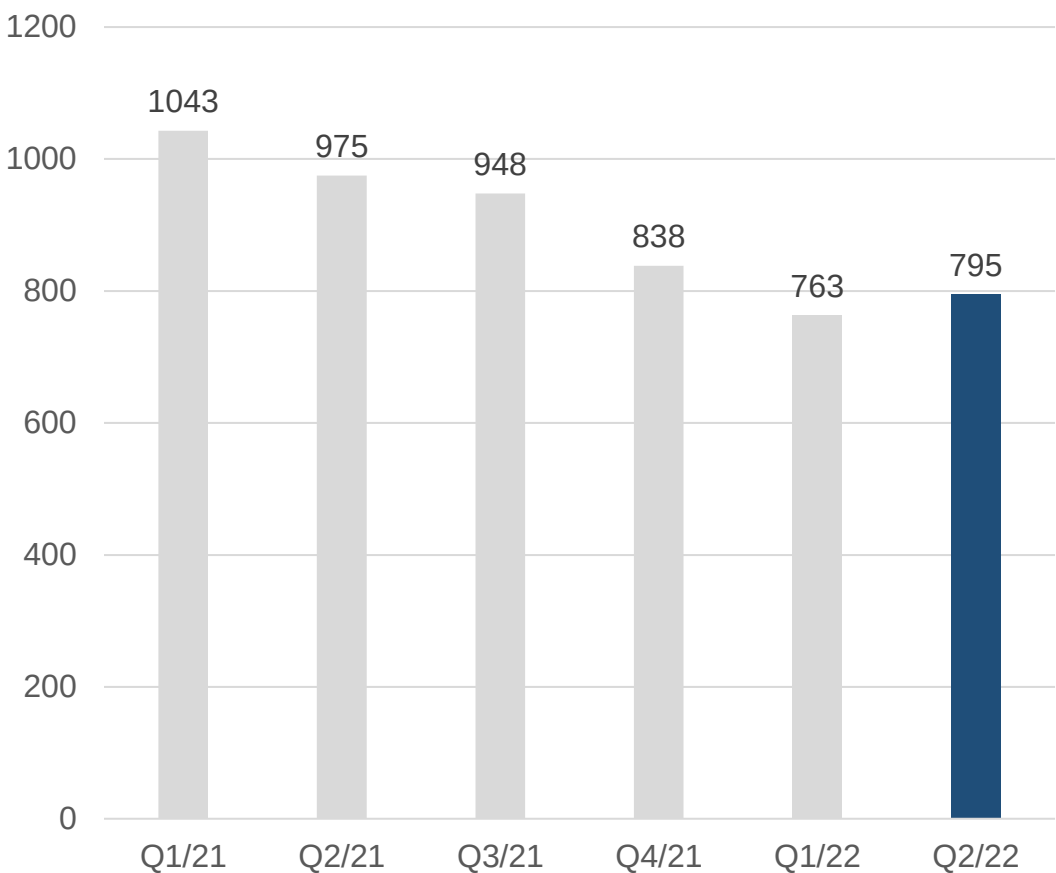
Order intake and backlog



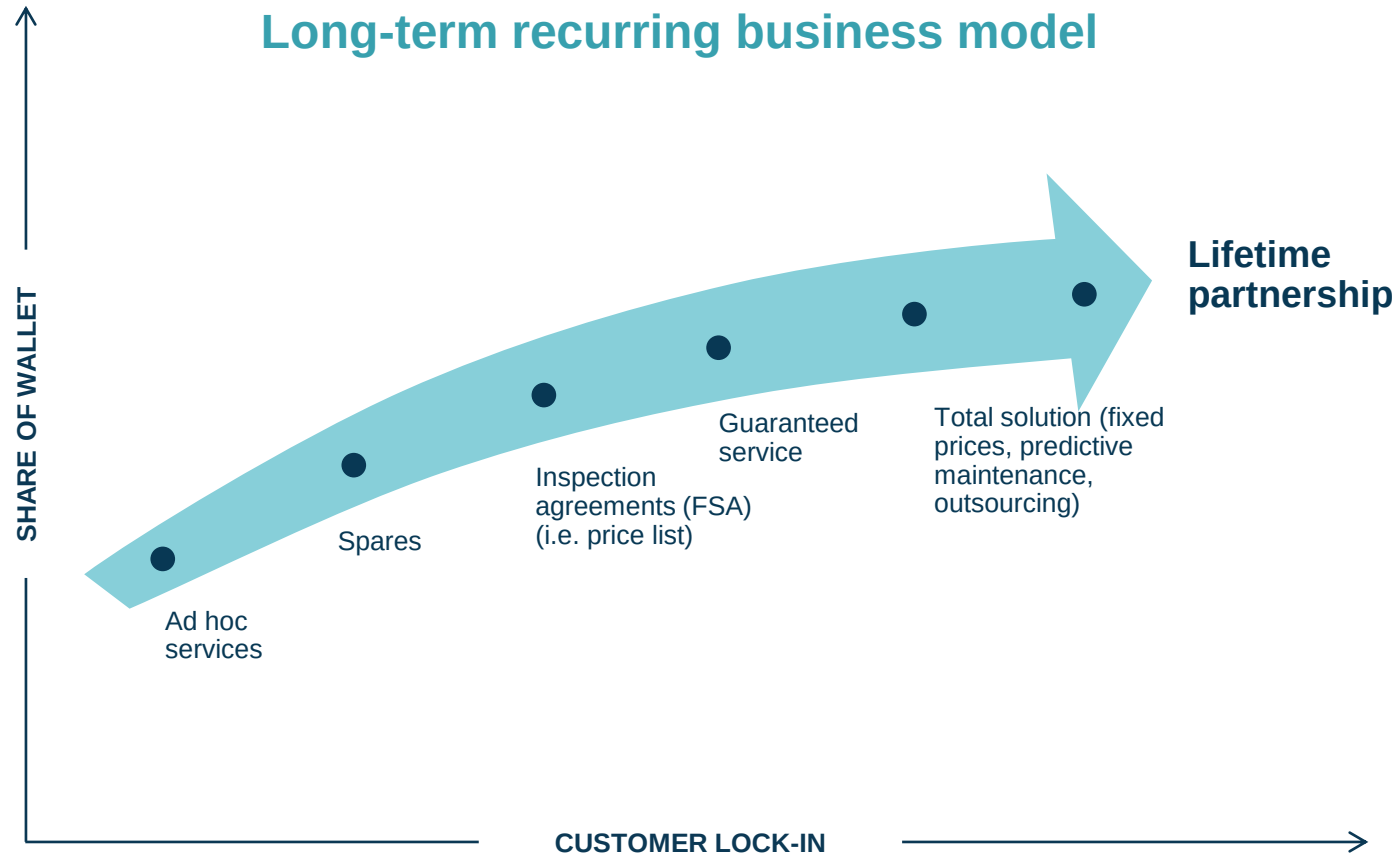
Order intake per quarter (MNOK)



Order backlog development (MNOK)



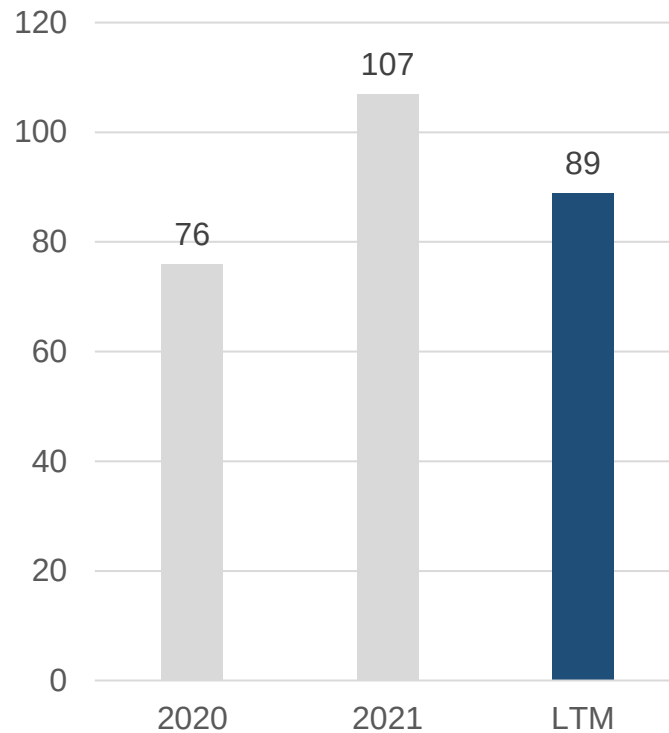
Service – moving from ad-hoc to long term lifecycle partnership



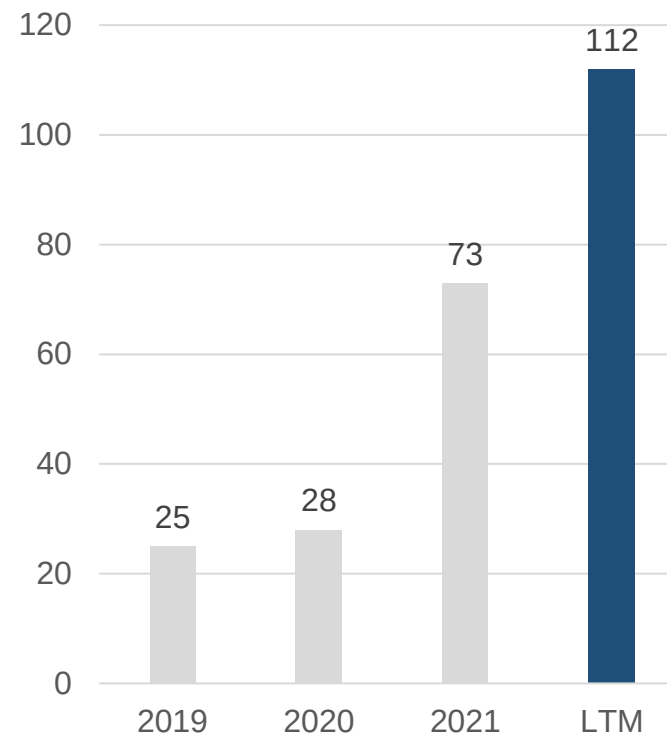
Aftersales/service strategy continues to yield results



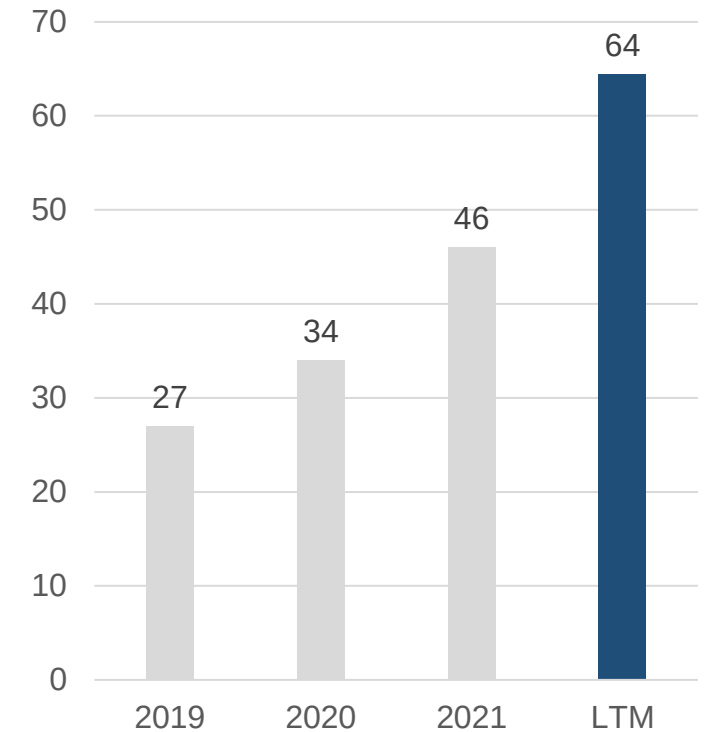
of service orders



Order intake (MNOK): services



Revenue (MNOK): services



Impact technologies



Digital Solutions



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



- 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 Nekar 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

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

InteliPlan

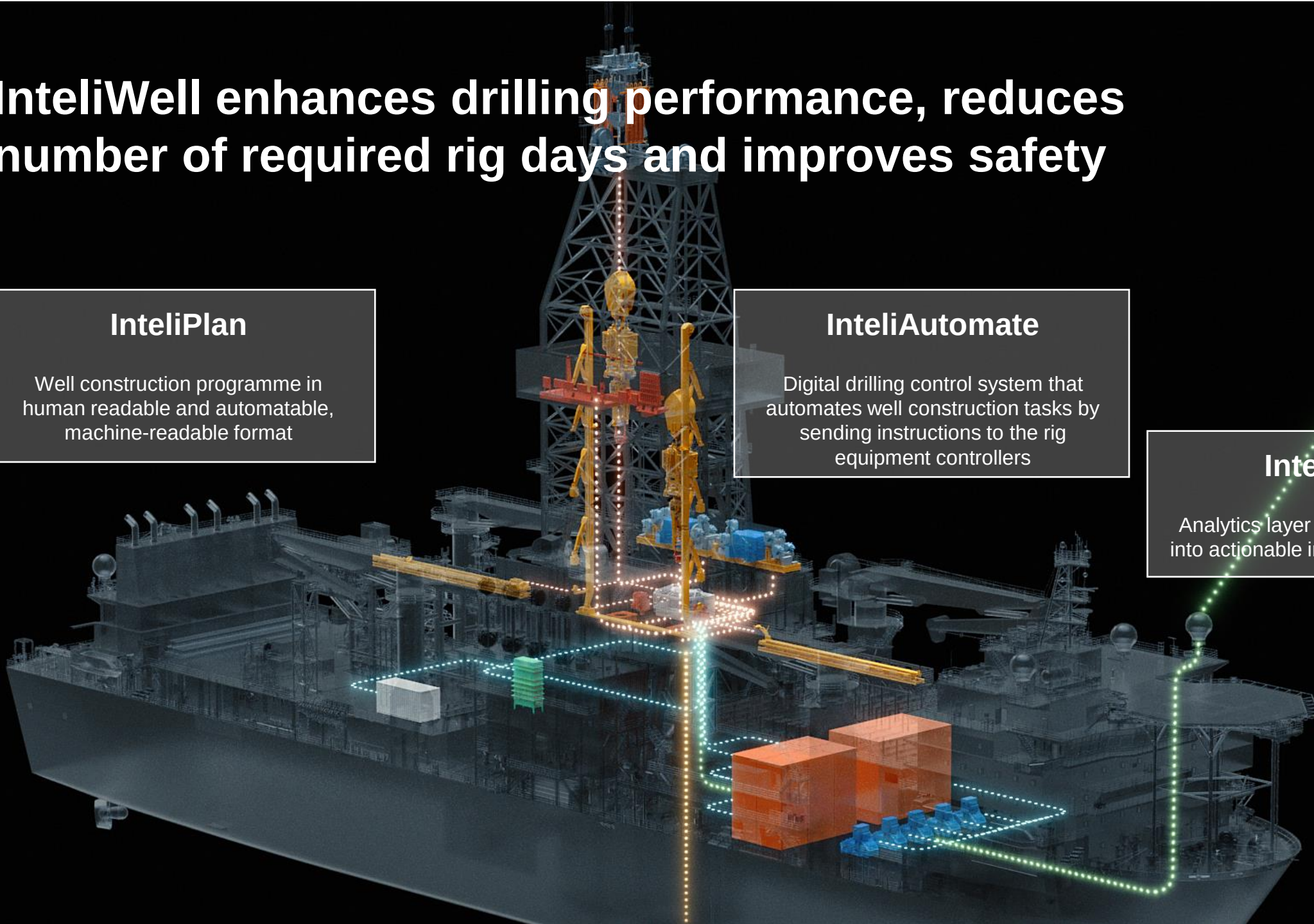
Well construction programme in human readable and automatable, machine-readable format

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





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





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

Financial highlights

Consolidated statement of profit and loss



Nekkar ASA	Unaudited Q2		Unaudited H1		Audited Full-Year
	2022	2021	2022	2021	2021
MNOK					
Revenue	100	122	184	215	480
Operational EBITDA¹	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
<i>Op. EBITDA %¹</i>	<i>24.7 %</i>	<i>32.2 %</i>	<i>19.8 %</i>	<i>26.1 %</i>	<i>29.7 %</i>
<i>EBITDA %</i>	<i>6.0 %</i>	<i>31.5 %</i>	<i>10.7 %</i>	<i>25.8 %</i>	<i>29.1 %</i>
<i>Order intake</i>	<i>24</i>	<i>-</i>	<i>55</i>	<i>16</i>	<i>113</i>
<i>Order backlog</i>	<i>795</i>	<i>975</i>	<i>795</i>	<i>975</i>	<i>838</i>
<i>EPS (NOK)</i>	<i>0.12</i>	<i>0.35</i>	<i>0.19</i>	<i>0.48</i>	<i>1.04</i>

¹Excl. 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

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
<i>Adjustments for:</i>			
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

Shipyards 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.



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