
Nordic Technology Group

2H 2023 FINANCIAL REPORT

29 FEBRUARY 2024

DIRECTORS REPORT

NORDIC TECHNOLOGY GROUP

Nordic Technology Group AS (NTG) was incorporated in March 2021 as a limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law and other regulatory requirements. NTG has its headquarters located in the municipality of Oslo, Norway.

NTG's overall strategy is to carry out multi-channel value creation and realization by attracting and developing scale-up businesses and building the businesses into becoming industry-leading technology initiatives within their respective market niches. NTG's strategy also includes acquiring new businesses and NTG plans to continue searching for and evaluating target businesses operating within NTG's technology segments, meeting its requirements for disruptive technology, with large growth markets and with a clear ESG profile.

As of 31 December 2023 NTG has majority ownership in four companies and a financial investment in one company. NTG is organized in three business areas:

Business area	Company name	NTG%
Sensor technology	Wavetrain Systems AS	82.0%
	Hammertech AS	84.5%
Nanomaterials technology	CondAlign AS	50.5%
	CrayoNano AS	14.4%
Clean technology	Hystorsys AS	100.0%
	MossHydro AS	89.9%

NTG GROUP CONSOLIDATED FINANCIALS

NTG Group had consolidated revenues of NOK 15.2 million in 2H 2023 compared to NOK 18.6 million in 2H 2022. The revenues in 2H 2023 comes mainly from Hammertech AS (around NOK 5.6 million) and MossHydro AS (around NOK 8.4 million). Total operating expenses ended at NOK 114.0 million compared to total operating expenses of NOK 119.6 million in 2H 2022.

Net operating loss for 2H 2023 amounts to NOK 98.8 million, of which NOK 57.7 million is related to depreciation and amortization expenses compared to a net operating loss in 2H 2022 of NOK 101.0 million, of which NOK 64.5 million was related to depreciation and amortization expenses.

The consolidated NTG Group's cash balance on 31 December 2023 is around NOK 8.0 million compared to around NOK 54.7 million on 31 December, 2022. Current assets as of 31 December 2023 is around NOK 49.8 million, including NOK 10 million in an escrow account due for release in February 2024 related to the sale of Hybrid Energy AS, and current liabilities is NOK 56.2 million compared to NOK 83.0 million and NOK 87.3 million respectively on 31 December 2022. Total assets on 31 December 2023 are around NOK 656.3 million, of which NOK 516.1 million is related to intangible assets compared to total fixed assets of NOK 711.2 million, of which NOK 644.2 million was related to intangible assets on 31 December 2022. The main change is due to the sale of Hybrid Energy AS in January 2023.

As of 31 December 2023 the Group companies have non-current liabilities of around NOK 29.1 million, primarily related to loans with banks, project financing and innovation loans with other institutions compared to around NOK 22.5 million on 31 December 2022.

Net cash outflow from operating activities during 2023 was NOK 77.3 million compared to a net cash outflow of NOK 39.7 million in 2022. The net cash flow from investing activities was NOK 14.1 million compared to a net cash outflow from investing activities of NOK 1.0 million in 2022. The net cash flow from financing activities

was NOK 16.6 million compared to a net cash flow from financing activities of NOK 95.4 million in 2022. The main deviation in cash flow from financing activities is due to the NOK 102.2 million capital raise in Nordic Technology Group AS in 2022 as part of the listing of the company's shares on Oslo Euronext Growth.

The book value of equity as of 31 december 2023 was NOK 571.0 million corresponding to an equity ratio of around 87.0% compared to around NOK 684.5 million (86.2%) on 31 December 2022.

The parent company, Nordic Technology Group AS, has on behalf of certain group companies a total of NOK 34.3 million in guarantees for certain credit facilities and loans with banks and other institutions. The guarantees were on 30 June 2023 extended with 1 year until 30 June 2024. NTG parent company does not have any financial instruments such as forward contracts or hedging agreements in place exposing the NTG parent or the NTG Group for changes in currency exchange rates, interest rates or other commodity price changes.

NTG Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when impairment testing for an asset is required, the Group estimates the asset's recoverable amount. As of 31 December 2023 no requirement for impairment testing is required as the market values are assumed to be higher than the book values based on third party valuations and equity transactions in the companies. However, the board and management want to emphasize that there will always be a significant uncertainty surrounding the estimates of the actual obtainable and realizable assets in the NTG's balance sheet should that be required.

GOING CONCERN

It is the opinion of the Board of Directors and Chief Executive Officer that the 2H 2023 financial statements and financial positions provide a true and fair view of the development, risks and results of the parent company and its subsidiaries as of 31 December 2023. The Board of Directors and Chief Executive Officer confirms that the 2H 2023 financial statements are prepared in accordance with the going concern assumption and has taken this into account when preparing the financial statements. There have been no other circumstances after the end of 31 December 2023 that are of importance when assessing the groups position besides what is informed under events after the balance sheet date.

Management reviews on a regular basis cash-flow forecasts to evaluate whether it will be able to cover the liquidity needs for the next 12-month period. In developing estimates of future cash flows, the management makes assumptions about revenue and revenue growth, pricing strategies, cost of materials, payroll and other operating expenses, capital expenditures, potential acquisition opportunities, loan repayments, interest rates, currency development and tax charges. The assumptions applied are based on historical experience and future expectations, and uncertainty arises from the effectiveness of these decisions and their impact on revenues and expenses.

Based on cash flow forecasts for the period up to May 2025, management expects that Wavetrain Systems, Hammertech, CondAlign and Hystorsys will require additional liquidity to execute and proceed with its commercialization and growth strategy and has implemented action plans to secure the liquidity required. Wavetrain Systems and Hammertech has commenced a capital raise transaction. CondAlign has engaged financial advisors to facilitate an equity capital raise, whilst Hystorsys, with a non-material liquidity need is planned supported by the parent company, Nordic Technology Group AS.

However, until financing is secured, there will always be an inherent risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed, and as such, there is a considerable risk to the going concern if each of Wavetrain Systems, Hammertech or CondAlign are not successful in obtaining required liquidity.

The Board of Directors and Chief Executive Officer believes to the best of their abilities that Wavetrain Systems, Hammertech and CondAligns' initiatives and plans are realistic and sufficient to support the assumption that the

Group can meet its financial obligations and continue to support the liquidity requirements for ongoing operations for the period up to May 2025.

The Board of Directors and the Chief Executive Officer at NTG express a measured sense of optimism regarding the future prospects of the NTG Group companies. They carefully assess the current landscape and foresee promising opportunities ahead. The NTG Group companies demonstrate strong market positioning across various sectors, benefitting from efficient product and service offerings that deliver value to their customers. Moreover, their innovative technology foundation disrupts conventional norms, enabling them to stay ahead in a rapidly evolving business environment.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date (reporting period) that would have an impact on the Company's financial statements or its financial position at the time issuing this report.

The Board of Directors report, including the 2H 2023 unaudited report will be available for download on the NTG Group's web page www.ntechgroup.no.

Oslo
29. February 2024

Sign
Henrik August Christensen
Chairman

Sign
Camilla Amundsen
Board member

Sign
Georg Johan Espe
Board member

Sign
Konstantinos Koutsoumpelis
Board member

Sign
Leif Rune Rinnan
Chief Executive Officer

Consolidated income statement

Amounts in NOK 1000

		Unaudited H2 2023	Unaudited H2 2022	Unaudited YTD 2023	Audited YTD 2022
Operating income and expenses	Note				
Revenue	1	14 855	18 606	27 307	16 142
Other operating income		313	0	50 566	1 218
Total revenue		15 167	18 606	77 873	17 360
Capitalized internally generated assets		-20 317	-20 997	-35 561	-21 511
Cost of goods sold		5 816	12 146	11 758	12 064
Payroll expenses		47 058	41 355	81 580	41 559
Depreciation and amortisation expenses	2, 3	57 698	64 534	112 303	61 668
Other operating expenses		23 697	22 517	46 923	23 217
Total operating expenses		113 951	119 556	217 002	116 997
Operating profit or loss		-98 784	-100 949	-139 130	-99 636
Financial income and expenses					
Other finance income		1 114	1 407	3 591	1 407
Write-down of financial assets		0	0	0	18 168
Other financial expense		2 678	3 679	4 472	3 679
Net financial items		-1 563	-2 272	-881	-20 440
Profit of loss before income tax		-100 347	-103 221	-140 010	-120 076
Income tax expense		571	2 205	749	535
Net loss for the period before minority interests		-99 776	-101 015	-139 262	-119 541

Consolidated balance sheet

Amounts in NOK 1000

ASSETS	Note	Unaudited YTD 2023	Audited 2022
Development	2	212 723	230 947
Other intangible assets	2	5 883	5 988
Deferred tax asset		7 366	6 617
Goodwill	2	290 164	400 663
Total intangible assets		516 135	644 215
Machinery and plant (leased)	3	3 604	5 312
Fixtures and fittings, tools, office machinery and equipment	3	11 344	3 580
Total tangible assets		14 948	8 892
Investments in shares		75 471	58 110
Total financial non-current assets		75 471	58 110
TOTAL NON-CURRENT ASSETS		606 553	711 217
Inventories		14 777	10 112
Total inventories		14 777	10 112
Trade receivables		7 593	3 866
Other receivables		19 347	14 342
Total receivables		26 940	18 207
Cash and bank deposits		8 033	54 679
TOTAL CURRENT ASSETS		49 750	82 998
TOTAL ASSETS		656 303	794 215

Consolidated balance sheet

Amounts in NOK 1000

	Note	Unaudited YTD 2023	Audited 2022
EQUITY AND LIABILITIES			
Share capital	4	301	301
Share premium	4	758 241	758 241
Total paid-in equity		758 541	758 541
Other equity	4	-231 947	-116 935
Total retained earnings		-231 947	-116 935
Minority interests	4	44 404	42 847
TOTAL EQUITY		570 998	684 453
Convertible loans		11 230	0
Liabilities to financial institutions		16 220	18 864
Other non-current liabilities		1 678	3 587
Total other non-current liabilities		29 128	22 451
Liabilities to financial institutions		17 072	33 002
Trade payables		15 774	11 995
Public duties payable		3 898	6 169
Other short-term liabilities		19 433	36 144
Total current liabilities		56 178	87 310
TOTAL LIABILITIES		85 305	109 761
TOTAL EQUITY AND LIABILITIES		656 303	794 215

Oslo, 29 February 2024

Sign.
Henrik August Christensen
Chairman of the Board

Sign.
Georg Johan Espe
Member of the Board

Sign.
Konstantinos Koutsoumpelis
Member of the Board

Sign.
Camilla Amundsen
Member of the Board

Sign.
Leif Rune Rinnan
Chief Executive Officer

Consolidated cash flow statement

Amounts in NOK 1000

	Unaudited YTD 2023	Audited YTD 2022
Cash flow from operations		
Result before income taxes	-140 010	-120 076
Gain from sale of shares in subsidiaries	-50 566	0
Write-down of financial assets	0	18 168
Depreciation	112 303	61 668
Change in inventory	-4 665	-526
Change in trade debtors	-5 836	3 562
Change in trade creditors	17 638	-992
Change in other provisions	-6 196	-1 480
Net cash flow from operations	-77 332	-39 677
Cash flow used in investments		
Capitalized internally generated assets	-35 561	-21 511
Government grants related to development	9 293	10 351
Purchase of other intangible assets	-607	-1 994
Purchase of tangible assets	-8 623	-529
Net proceeds from sale of shares in subsidiaries	66 994	15 170
Purchase of shares in other companies	-17 361	-2 517
Net cash flow from investments	14 135	-1 030
Cash flow used in financing		
Proceeds from long term loans	6 677	304
Net change in bank overdraft	-15 931	1 684
Proceeds from issuance of equity	25 805	102 032
Incremental cost related to share issue	0	-7 571
Purchase of own shares (Condalign AS)	0	-1 066
Net cash flow from financing	16 551	95 382
Net change in cash and cash equivalents	-46 645	54 676
Cash and cash equivalents at the beginning of the period	54 679	3
Cash and cash equivalents at the end of the period	8 033	54 679

Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

General and basis for preparation

Nordic Technology Group AS was incorporated on 17 February 2021. The group was established on 1 July 2022 by Nordic Technology Group AS acquiring the shareholdings of its subsidiaries, which included Wavetrain Systems AS, Hammertech AS, Hybrid Energy AS (including its 100% owned subsidiary Hystorsys AS), MossHydro AS and CondAlign AS, in addition to CrayoNano AS as a financial investment. On 10 January 2023, Nordic Technology Group AS entered into a share purchase agreement regarding 100% of the shares in Hybrid Energy AS. The shares in Hybrid Energy AS' wholly owned subsidiary Hystorsys AS was not included in the transaction and is now owned 100% by Nordic Technology Group AS. Hybrid Energy AS is not included in the condensed interim financial statements for the period ending on June 30 2023.

The condensed interim financial statements for the period ending on 31 December 2023 have been prepared on accordance with the Norwegian Accounting Act (NGAAP) and generally accepted accounting principles. The accounting principles applied in preparing the interim financial statements are consistent with the annual report for 2022. The interim financial statements are unaudited.

The preparation of the interim financial statements entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income, and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the group's accounting policy and the main sources of uncertainty are the same as for the annual report for 2022.

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However, until financing is secured, there will always be an inherent risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed, and as such, there is a considerable risk to the going concern if each of Wavetrain Systems, Hammertech or CondAlign are not successful in obtaining required liquidity.

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Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

Note 1 Operating income

	Nordic Technology Group, consolidated	
	H2 2023	H2 2022
Sales income	14 855	16 142
Other operating income	313	1 218
Total	15 167	17 360

Geographical distribution	H2 2023	H2 2022
Norway	8 999	15 795
Europe	224	1 565
Other countries	5 631	0
Total	14 855	17 360

By business area	H2 2023	H2 2022
Sensor technology	5 631	1 248
Clean technology	8 999	15 890
Nano-materials technology	224	222
Total	14 855	17 360

Note 2 Intangible assets

Nordic Technology Group, consolidated	Development	Other intangible assets	Goodwill	Total
Purchase cost at 30 June 2023	240 586	7 165	417 586	665 337
Additions during the period	13 844	0	0	13 844
Purchase cost at 31 Desember 2023	254 430	7 165	417 586	679 181
Accumulated depreciation at 31 Desember 2023	41 707	1 282	127 422	170 411
Book value at 31 Desember 2023	212 723	5 883	290 164	508 770
Depreciation for the period	14 246	522	41 452	56 219
Estimated useful life	5-10 years	3-15 years	5 years	
Depreciation plan	Straight line	Straight line	Straight line	

Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

Note 3 Tangible assets

	Machinery and plant (leased)	Fixtures, tools, office machinery	Total
Nordic Technology Group, consolidated			
Purchase cost at 30 June 2023	5 462	4 484	9 946
Additions during the period	0	8 561	8 561
Purchase cost at 30 June 2023	5 462	13 045	18 507
Accumulated depreciation at 31 Desember 2023	1 858	1 701	3 559
Book value at 31 Desember 2023	3 604	11 344	14 948
Depreciation for the period	796	682	1 478
Estimated useful life	5 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 4 Shareholders' equity

Nordic Technology Group, consolidated

	Share capital	Share premium	Other equity	Minority interests	Total
Equity changes for the period					
Equity at 30 June 2023	301	758 241	-144 725	51 893	665 709
Result for the period			-87 223	-12 553	-99 776
Share capital increase subsidiaries				5 064	5 064
Other changes in equity			1	0	1
Equity at 31 December 2023	301	758 241	-231 947	44 404	570 998

Note 5 Events after the balance sheet date

There has been no events after the balance sheet date (reporting period) that would have an impact on the Company's financial statements or financial position at the time issuing this report.