

Q2 / H1 2023

Financial results

Nekkar ASA





Highlights from the period

Second quarter 2023

- Revenue of NOK 132.3 million (Q2 2022: 99.9), operational EBITDA¹ of NOK 27.3.9 million (24.7) and EBIT of NOK 33.7 million (3.9)
- Order intake of MNOK 148 (24), including:
 - Techano Oceanlift: EUR 4 million crane contract for CLSV
 - Syncrolift: Three contracts with combined value of NOK 85 million
- Order backlog of MNOK 864 at quarter-end (795)
- Agreement reached with 3 x offshore wind consortiums for potential use of SkyWalker as major component exchange tool for Norwegian offshore wind

First half 2023

- Revenue of NOK 233.8 million (H1 2022: 183.8), operational EBITDA¹ of NOK 50.6 million (36.4), and EBIT of NOK 56.3 million (15.5)
- Cash flow from operations of NOK 81.7 million (H1 2022: NOK 21.9 million), net cash flow of NOK 54.8 million (13.7)
- Order intake of NOK 175 million
- InteliWell JV secured breakthrough four-year contract with Transocean and Wintershall Dea
- Strengthened business offering with smart, electric lifting and handling solutions through acquisition of Techano

Events subsequent to the period

- Syncrolift awarded NOK 30 million contract to deliver an advanced ship transfer system to an undisclosed European naval shipyard
- Nekkar teams up with Bewi to become the leading provider of sustainable closed-cage fish farming solutions and aquaculture software through a joint investment in FiiZK

Key figures

MNOK	Q2 2023	Q2 2022	H1 2023	H1 2022	FY 2022
Revenue	132	100	234	184	388
Operational EBITDA	27	25	51	36	70
Reported EBITDA	36	6	60	20	62
EBIT	34	4	56	16	52
Operational EBITDA margin ¹	20.6%	24.7%	21.6%	19.8%	18.1%
EBITDA margin	27.2%	6.0%	25.6%	10.7%	16.1%
Order intake	148	24	175	55	277
Order backlog	864	795	864	795	838
EPS (NOK)	0.18	0.12	0.29	0.19	0.30

¹) Gains and losses on FX hedging contracts not qualifying for hedge accounting.



CEO Letter

I am pleased to say that the first half of 2023 was a period of significant progress. Our main revenue-generator, Syncrolift, has improved revenue, operational EBITDA and EBIT from the same period last year, the InteliWell joint venture has secured its breakthrough contract, we have added Techano Oceanlift to our portfolio, and offshore industry interest in SkyWalker is growing.

If we look specifically at this year's second quarter, Nekkar delivered another solid financial result. Revenue was up 32 percent to NOK 132 million compared to the same quarter last year, while operational EBITDA improved from NOK 25 to 27 million, with a healthy margin of 20.6 percent.

Order intake in the second quarter of 2023 was NOK 148 million, a significant improvement from the same quarter last year (24). The order intake includes three shiplift and ship transfer system contracts for Syncrolift worth approximately NOK 85 million, and a EUR 4 million crane contract for Techano Oceanlift.

Regarding the latter, we acquired Techano Oceanlift in the first quarter for a non-material amount. The Techano Oceanlift team consists of experts within offshore load handling and lifting equipment. They provide cranes, gangways and fish handling systems. We are very excited about bringing them into Nekkar. Techano Oceanlift delivered its first revenues as part of Nekkar in the second quarter, and our ambition is that the company will become a solid revenue generator in the coming years.

As of 30 June 2023, Nekkar's order backlog stood at NOK 864 million (795), which provides excellent visibility for Nekkar's subsidiary Syncrolift in the next couple of years. It is worth mentioned that growth in existing contracts and ad-hoc orders for service work is not included in the backlog.

Another financial highlight in the first half of the year is the strong cash conversion. Cash flow from operations was NOK 81.4 million in H1 2023 versus NOK 21.9 million in the same period last year. Net cash flow was NOK 54.8 million in H1 2023 compared to NOK 13.7

million in H1 2022. Consequently, Nekkar's balance sheet remains solid with NOK 236 million in cash, no interest-bearing debt, and an undrawn NOK 200 million credit facility available for future investments.

In this year's second quarter, Nekkar entered into agreements with three different offshore wind consortiums that aim to utilise SkyWalker as major component exchange tool on wind turbine generators should the consortiums' bids be successful in Norway's first offshore wind licensing round. The interest in SkyWalker is constantly growing and we are highly encouraged by the high-profile renewables companies that show an interest in utilising the technology offshore Norway.

The introduction of a new tax regime and the uncertainty that followed impacted our developmental trajectory for Starfish. However, with great uncertainty comes great opportunity and we are excited, as a subsequent event, to announce our strategic investment in FiiZK. A frontrunner in closed-cage farming solutions, FiiZK has also built an impressive suite of aquaculture software, used by some of the largest salmon farmers globally.

Our investment in FiiZK serves as an optimal platform for Starfish, which will be transferred as payment-in-kind as part of the agreement.

All in all, the first half of 2023 has been very solid and provided an excellent foundation for further growth in coming period.



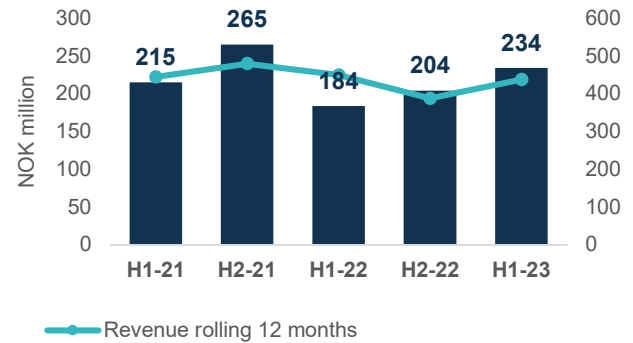
Ole Falk Hansen, CEO



Key figures: historic development

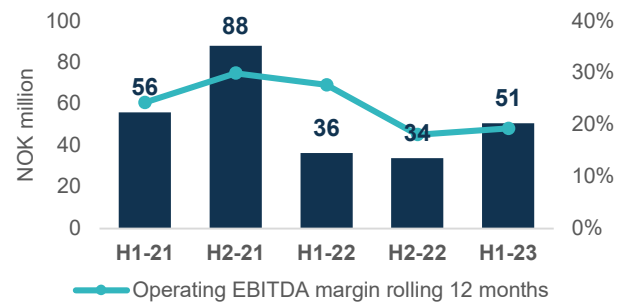
Revenue

In the first half of 2023, revenue reached NOK 233.8 million, a solid increase from NOK 183.8 million in the same period of 2022. While Syncrolift remains the primary revenue driver, with 90 percent of 2023's first-half revenue. Intellilift and Techano Oceanlift (included from Q2) have become significant contributors, jointly accounting for revenues of NOK 26 million in the first half of 2023, compared to NOK 11 million in the same period last year. This revenue diversification highlights the growing influence of these segments on the company's overall financial performance



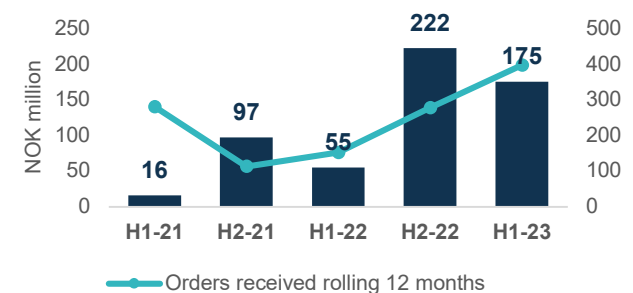
Operational EBITDA

In the initial half of 2023, the operational EBITDA¹⁾ amounted to NOK 50.6 million (21.6%), a noticeable growth from NOK 36.4 million (19.8%) recorded in the corresponding period of the prior year. This performance reflects the company's robust execution on projects and services within Syncrolift, coupled with a strong operational margin achieved through Intellilift.



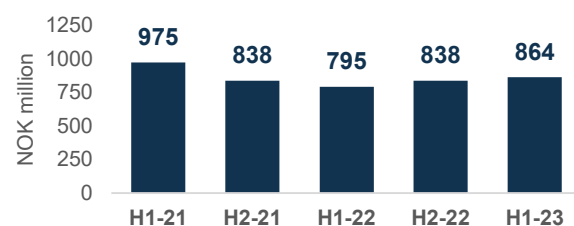
Order intake

The first half 2023 order intake²⁾ was NOK 175 million, a significant improvement compared to order intake of NOK 55 million in the same period last year. Order intake includes three contracts for Syncrolift worth around NOK 85 million, a EUR 4 million contract for Techano Oceanlift and the first IntelliAutomate contract for Intellilift through Inteliwell.



Order backlog

At the end of the first half 2023, the order backlog²⁾ was NOK 864 million compared to NOK 795 million in the same period last year and NOK 838 million as per 31 December 2022. The main part of the backlog includes construction contracts in Syncrolift and will ensure high activity over the coming years.



¹⁾ EBITDA is short for "earnings before interest, taxes, depreciation and amortization". Operational EBITDA also excludes gains or losses from FX hedging contracts measured at fair value through profit and loss.

²⁾ Order intake includes new signed contracts in the period in addition to increase of existing contracts and any cancellations of contracts. Order backlog represents the estimated value of remaining work on signed contracts.



Operational review

Business overview

Nekkar is an industrial technology group offering impact technologies combined with high-end software and automation solutions. Nekkar combines 50 years' heritage from the world's number one shiplift company, Syncrolift, with new investments into sustainable and digitalised technologies that aim to unlock future customer-value within large ocean-based industries such as offshore energy, renewables and aquaculture.

The foundation of Nekkar's business is world-class mechanical engineering, electrification, automation, and digitalisation. Nekkar aims to apply this competence as levers to develop disruptive and sustainable products combined with digital solutions.

From the first quarter of 2023, the business operation in Nekkar is organised in the following four business areas:

- Syncrolift
- Intellilift
- Techano Oceanlift
- Impact technology ventures

Syncrolift is a mature business that is Nekkar's main revenue-generating entity. Intellilift and Techano Oceanlift are growth businesses in a relatively early stage of development. The Impact technology ventures – SkyWalker wind turbine installation tool and Starfish closed fish cage – are innovation projects capable of disrupting their respective industries. In addition to delivering services to external customers, Intellilift also supports the three other business areas. The purpose is to enable digital business models to capitalise on disruptive hard-tech design to unlock revenue potential and drive business value from future software as a service (SaaS) revenue model.

Syncrolift

Syncrolift was severely impacted by the Covid-19 pandemic in 2021 as well as 2022 but has seen its business environment returning to normality in 2023.

Consequently, Syncrolift has signed multiple new contracts in the first half of 2023, including shiplifts and transfer systems to existing customers. One client has also reactivated a previously paused shiplift project, with associated reimbursement to Syncrolift, demonstrating the improved international market conditions for both tender activity and project execution and delivery.

High focus on the service market over several years continues to yield positive results. The number of long-term service agreements is steadily increasing.

No major newbuild contracts have been awarded in the first half of 2023. However, a healthy order backlog for Syncrolift and high tendering activity provides good visibility for the coming years.

Intellilift

In the first quarter of 2023, Intellilift, through the InteliWell joint venture (JV), signed its breakthrough contract for a game-changing drilling automation solution. The JV, which consists of Intellilift, Transocean and Viasat, was awarded a contract by Transocean to equip and utilize its InteliWell software on the drilling rig Transocean Norge.

Intellilift executes the project on behalf of InteliWell JV, and the installation of InteliAutomate was successfully conducted in this year's second quarter. The installation is conducted in two phases, whereof phase 1, which includes automated stand building (pipe & casing) plus tracker, was completed in the second quarter. Phase 2, which incorporates tripping, pipe, casing, casing tong integration, auto-filling and auto trip tank line-up, will be completed in this year's third quarter.

Successful implementation of InteliWell's breakthrough award is likely to open up further rig market opportunities in the oil and gas industry.

Intellilift is owned 51% by Nekkar.



Techano Oceanlift

In March, Nekkar strengthened its presence within renewables and aquaculture through the acquisition of Techano Oceanlift based in Kristiansand, Norway.

Techano Oceanlift's specialist competence includes the development and manufacturing of advanced load handling and lifting equipment, including cranes, winches, fish crowding systems, fish transfer systems, and offshore wind load handling cranes.

The Techano Oceanlift team proved during the second quarter that it will be a valuable addition to Nekkar. First, the company was awarded a EUR 4 million contract to deliver an offshore crane to a newbuild cable-lay support vessel (CLSV) that Sefine Shipyard is building for Norwegian shipowner Agalas. Under the contract, Techano Oceanlift will deliver a 70-tonnes offshore crane capable of performing both subsea installation and removal operations plus topside 3D-compensated lifting operations in conjunction with wind farm developments and operations.

Secondly, Techano Oceanlift demonstrated its ability to deliver then the company in June successfully completed delivery and commissioning of the new and upgraded live fish transfer system provided to SalMar Aker Ocean's fish farm, Offshore Farm 1.

Impact technology ventures

Starfish

Through a strategic investment in FiiZK, Nekkar is joining forces with BEWI Invest AS to become the leading provider of sustainable closed-cage fish farming solutions and aquaculture software.

Following a restructuring process, the new FiiZK group will going forward consist of three business units:

- Closed cage solutions for farming of fish
- Technical textiles including tarpaulin-based products for fisheries, industry, agriculture and logistics. Aquaculture products include lice skirts, treatment tarps, disinfectant tarps, landing nets and freshwater depots
- Digital, which incorporates a suite of software products for aquaculture planning, optimisation, and analysis

Nekkar invests a total of NOK 50 million for its 39 percent ownership share in FiiZK. Nekkar's consideration consists of NOK 25 million in cash plus a NOK 25 million payment in kind contribution through the transfer of Starfish.

SkyWalker

The SkyWalker project, where Nekkar is developing a ground-breaking wind turbine installation technology, is progressing well. During the second quarter of 2023, Nekkar entered into agreements with three different offshore wind consortiums that aim to utilise SkyWalker to perform major component exchange on their offshore wind turbines should the consortiums' bids be successful in Norway's first offshore wind licensing round.



Financial review

Q2 2023 financial results

The second quarter of 2023 saw revenues amounting to NOK 132.3 million, marking a significant growth of approximately 32% in comparison to the NOK 99.9 million recorded in the same period of 2022. This increase can be attributed in part to higher activity within the newbuilding sector of Syncrolift compared with the second quarter of 2022 as the business were no longer affected by external factors caused by COVID-19. Additionally, favorable revenue streams were derived from contributions of both Intellilift and Techano Oceanlift.

The operational EBITDA for the quarter totaled NOK 27.3 million, as opposed to NOK 24.7 million recorded in the second quarter of 2022. This translates to respective margins of 20.6% and 24.7%. These robust financial outcomes primarily stem from the high activity levels and exceptional performance of Syncrolift, supplemented by increased contribution from Intellilift.

EBITDA was NOK 35.9 million compared to NOK 6.0 million in the second quarter of 2022, representing a margin of solid 27.2 % vs. 6.0 % respectively. EBITDA is positively impacted by unrealized gains from foreign exchange hedging contracts of NOK 8.7 million in 2023 compared to losses of NOK 18.7 million in the second quarter of 2022.

The operating profit (EBIT) was NOK 33.7 million compared to NOK 3.9 million in the second quarter of 2022.

Net profit for the period was NOK 20.1 million compared to NOK 12.6 million in the second quarter of 2022. EPS for the second quarter of 2023 was NOK 0.18 (NOK 0.12).

First-half 2023 financial results

Revenues for the first half of 2023 was NOK 233.8 million compared to NOK 183.8 million in the same period last year. The increase of 27.2 % underscores that Syncrolift's operations are no longer hindered by the customer-driven delays that affected the business in 2022. Moreover, Intellilift has also seen increased workload and activity with Intellilift's revenue

contribution reaching NOK 18.9 million compared to the 10.8 million recorded in the same period the preceding year.

The operational EBITDA was NOK 50.6 million in the first half of 2023 compared to NOK 36.4 million in the first half of 2022, equivalent to an operational EBITDA margin of 21.6 % and 19.8% respectively. EBITDA was NOK 59.9 million compared to NOK 19.6 million in the first half of 2022. EBITDA in first half of 2023 is positively impacted by unrealized gains from foreign exchange hedging contracts not qualifying for hedge accounting of NOK 9.3 million compared with losses of NOK 16.8 million in the same period last year.

The operating profit was NOK 56.3 million compared to NOK 15.5 million in the first half of 2022. EBIT in the first half of last year was significantly impacted by the NOK 16.8 million loss on foreign exchange hedging contracts as USD appreciated 13% against the NOK in the first half.

Net profit for the period was NOK 33.2 million compared to NOK 20.0 million in the first half of 2022. EPS for the first half of 2023 was NOK 0.29 (NOK 0.19).

Cash flow from operating activities was NOK 81.7 million which represents an increase of NOK 59.8 million compared to the first half of 2022. The positive operating cash flow in the period was driven by strong operational results combined with a decrease in working capital as large part of the accrued non-invoiced revenue end of Q4 2022 has been converted to cash.

Cash flow from investing activities ended at negative NOK 14.1 million compared with negative NOK 19.2 million in the same period last year. Cash flow from investing activities is mainly related to capitalized development cost of Starfish and SkyWalker, in addition to acquisition of intellectual property rights related to Techano product offerings and fixed assets.

Cash flow from financing activities was negative at NOK 12.8 million compared with a positive cash flow of NOK 10.9 the first half of 2022. Cash flow from financing is negatively impacted by disagio effects in the first half of 2023.



Total cash flow ended at positive NOK 54.8 million, an increase by NOK 41.1 million compared to the first half of 2022, largely due to improved profits and reduced working capital.

Total assets, liabilities and equity

Total assets at the end of the second quarter 2023 were NOK 514.9 million compared to NOK 474.0 million in the same period last year. The increase is driven by a higher cash balance.

As per 30 June 2023, the net cash position was NOK 236.1 million compared to NOK 188.2 million as per 30 June 2022. At the end of the second quarter, NOK 4.8 million is restricted deposits related to employee's tax withholding and NOK 10.0 million for FX-derivatives exposure in DnB.

Total liabilities at the end of the second quarter 2023 were NOK 126.6 million compared to NOK 135.6 million in the same period last year. The decline is mainly due to reduced prepayment from customers. Net working capital stood at 57.5 million in Q2 2023, compared to 53.6 million during the same period last year.

The equity ratio at the end of the second quarter 2023 was 75.4% compared to 71.4% in the same period last year.

Nekkar currently maintains a debt-free financial structure. However, it's worth noting that the company possesses untapped credit facilities amounting to NOK 200 million with Nordea. Moreover, Nekkar also holds guarantee and currency facilities with Nordea and DnB.



Outlook

For Syncrolift, a healthy order backlog provides good visibility for 2023 and 2024. Tendering activity remains high in the segment, which has now recovered past Covid-19. We expect good operational and financial performance from Syncrolift in the coming quarters.

For Intellilift, successful implementation of InteliWell's breakthrough award is likely to open up further rig market opportunities. Intellilift is already in dialogue with other rig operators.

Techano Oceanlift's main focus going forward will be on executing the recently won crane contract for an offshore wind service vessel. The company is also pursuing market opportunities for new sales.

For SkyWalker, the design and verification for offshore use will continue together with partners for offshore wind.. Consortium partners' potentially successful bid for offshore licenses will be key to SkyWalker's development as major component exchange tool for offshore wind turbine generators.



Responsibility statement

Board and management confirmation

Today, the board of directors, the chief executive officer and head of finance have reviewed and approved the Nekkar ASA Condensed interim financial statements as of 30 June 2023.

To the best of our knowledge, we confirm that;

- the Condensed consolidated financial statements for the first half of 2023 have been prepared in accordance with IAS 34 Interim Financial Statements. the information presented in the Condensed interim financial statements gives a true and fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety
- the information presented in the Condensed interim financial statements gives a true and fair view of the development, performance, financial position, principles risk and uncertainties of the group
- the information presented in the Condensed interim financial statements gives a true and fair view of major related-party transactions

Kristiansand, 30 August 2023
The Board and Management of Nekkar ASA

Trym Skeie
Chair of the Board

Gisle Rike
Director

Marit Solberg
Director

Håkon André Berg
Director

Trine Ingebjørg Ulla
Director

Ole Falk Hansen
CEO



Financial accounts

Condensed consolidated statement of comprehensive income

NEKKAR						
(NOK 1 000)		Unaudited	Unaudited	Unaudited	Unaudited	Audited
	Note	H1 2023	H1 2022	Q2 2023	Q2 2022	2022
Revenue	2	233 781	183 771	132 284	99 913	387 503
Total revenue		233 781	183 771	132 284	99 913	387 503
Cost of goods sold		109 136	98 069	64 700	50 062	206 132
Other operating costs		74 050	49 293	40 306	25 216	111 075
Other losses / (gains)		-9 301	16 809	-8 651	18 655	8 055
EBITDA		59 896	19 600	35 929	5 980	62 241
Depreciation		3 641	4 069	2 229	2 047	10 475
Operating profit (EBIT)		56 255	15 531	33 700	3 933	51 766
Financial income		16 100	12 093	8 100	12 956	4 884
Financial expense		30 376	2 021	16 627	875	14 016
Net finance		-14 276	10 072	-8 527	12 081	-9 132
Profit/(loss) before tax		41 979	25 603	25 173	16 014	42 634
Tax	3	8 759	5 596	5 059	3 459	9 981
Profit/(loss) for the period		33 220	20 006	20 114	12 555	32 654
Attributable to equity holders of the company		30 761	19 762	18 974	12 317	31 839
Attributable to non-controlling interests		2 459	245	1 140	238	815
COMPREHENSIVE INCOME						
Net result for the period		33 220	20 006	20 114	12 555	32 654
Currency effects		-	-	-	-	-
Total comprehensive income		33 220	20 006	20 114	12 555	32 654
Attributable to equity holders of the company		30 761	19 762	18 974	12 317	31 839
Attributable to non-controlling interests		2 459	245	1 140	238	815
Earnings per share (NOK)		0,29	0,19	0,18	0,12	0,30
Diluted earnings per share (NOK)		0,29	0,19	0,18	0,12	0,30



Financial accounts

Condensed consolidated statement of financial position

NEKKAR				
(NOK 1 000)		Unaudited	Unaudited	Audited
	Note	30.06.2023	30.06.2022	31.12.2022
Deferred tax assets	3	-	10 458	7 032
Goodwill	3	17 050	16 643	16 643
Intangible assets	3	66 775	57 024	58 035
Tangible assets		25 638	17 983	14 218
Total non-current assets		110 130	102 108	95 929
Inventories		9 753	4 914	2 317
Trade receivables		96 767	110 869	106 875
Accrued, non-invoiced production		50 294	56 157	113 616
Other short-term receivables	6	11 873	11 730	7 126
Bank deposits		236 068	188 186	181 281
Total current assets		404 755	371 857	411 214
Total assets		514 885	473 965	507 143
Share capital	4	11 816	11 746	11 746
Share premium		9 206	5 919	5 919
Other equity		344 400	301 137	313 214
Non-controlling interests		22 918	19 520	20 090
Total equity		388 340	338 322	350 968
Deferred tax		746	490	454
Lease liabilities		12 809	3 578	2 716
Long term liabilities		13 555	4 068	3 169
Trade payables		43 311	35 737	45 893
Prepayments from customers / deferred revenue		9 750	41 928	42 418
Tax payables		-500	3 190	1 562
Current lease liabilities		1 919	1 464	1 549
Other current liabilities	5,6	58 511	49 257	61 584
Total current liabilities		112 991	131 575	153 006
Total liabilities		126 546	135 643	156 175
Total equity and liabilities		514 885	473 965	507 143



Financial accounts

Condensed consolidated statement of cash flows

NEKKAR			
(NOK 1 000)	Unaudited H1 2023	Unaudited H1 2022	Audited 31.12.2022
Cash flow from operating activities			
Profit (loss) before tax	41 979	25 603	42 634
<i>Adjustments for:</i>			
Depreciation / impairment	3 641	4 069	10 475
Net financial items	14 276	-10 072	9 132
Income tax paid	-2 618	-	-2 625
Change in net working capital	24 411	2 329	-21 667
Net cash flow from operating activities	81 689	21 929	37 950
Cash flow from investment activities			
Acquisition and expenditures of fixed/intangible assets	-14 106	-19 193	-22 401
Net cash flow from investment activities	-14 136	-19 193	-22 401
Cash flow from financing activities			
Net proceeds from issuance of share capital	3 010	1 772	2 088
Payment of lease liabilities	-1 499	-895	-1 725
Net financial items	-14 276	10 072	-9 132
Net cash flow from financing activities	-12 765	10 949	-8 768
Net change in cash and cash equivalents	54 788	13 686	6 780
Cash and cash equivalents at the start of the period	181 281	174 501	174 501
Cash and cash equivalents at the end of the period	236 068	188 186	181 281



Condensed consolidated statement of changes in equity

NEKKAR							
(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling interest	Total equity
Equity as of 1.1.2022	11 714	-1	3 863	281 376	296 952	19 276	316 228
Comprehensive income	-	-	-	19 762	19 762	245	20 006
New shares issued	32	-	2 056	-	2 088	-	2 088
Dividend	-	-	-	-	-	-	-
Equity Closing balance 30.06.2022	11 746	-1	5 919	301 137	318 801	19 520	338 322
Equity as of 1.1.2023	11 746	-1	5 919	313 215	330 878	20 090	350 968
Comprehensive income	-	-	-	30 761	30 761	2 459	33 220
New shares issued	71	-	3 287	-	3 359	-	3 359
Acquisitions new subsidiaries	-	-	-	-	-	297	297
Other changes	-	-	-	424	-	73	497
Equity Closing balance 30.06.2023	11 817	-1	9 206	344 400	365 422	22 918	388 340



Appendix

Note 1. General information

Reporting entity

Nekkar ASA ("Nekkar") is a public company incorporated and domiciled in Norway. The company is listed on the Oslo Stock Exchange where the shares are publicly traded.

The head office is located at Lumberveien 27 in Kristiansand, Norway.

As per 30 June 2023, Nekkar holds subsidiaries in Norway, USA and Singapore.

Nekkar is an industrial technology group offering impact technologies combined with high end software solutions. The group combines 50 years' heritage from the world's number one shiplift company, Syncrolift, with new investments into sustainable, digitalised technology businesses that aim to unlock customer-value within ocean-based industries such as offshore energy, renewables and aquaculture.

For more detailed information, please refer to the Annual Report of 2022 which is available at the company's website www.nekkar.com.

Basis of preparation

The unaudited consolidated financial statements for the first half of 2023 have been prepared in accordance with IAS 34 Interim Financial Statements. 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 2022.

There have been no changes to the accounting policies in the first half year of 2023 compared to the consolidated financial statement of 2022.

This condensed consolidated H1 2023 report was approved by the Board of Directors on 30 August 2023.

Judgements, estimates and assumptions

Preparation of the interim report requires the use of judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual future outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

The consolidated interim financial statements are prepared on the same basis as the consolidated financial statements for the financial year that ended 31 December 2022 with respect to the key assessments made by management regarding the application of the accounting principles of the group, and the key sources of estimation uncertainty.

IFRS 15 Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at point in time or over time, requires several judgmental factors.

For further information, reference is made to the description of accounting principles in the Annual Report.



Note 2. Operating segments

The segment structure in Nekkar is as follows:

Syncrolift

The Syncrolift segment includes shiplifts, docking/transfer systems and related service activity for shipyards. The main operating entity in this segment is Syncrolift AS with its head office in Vestby, Norway. Syncrolift also has local presence in important markets through subsidiaries in the US and in Singapore alongside a sales/service office in Dubai.

Syncrolift is the global market leader for shiplifts and transfer systems offered to repair and newbuilding yards. They deliver turnkey and customized solutions to commercial yards and navy bases around the world. The product range includes shiplifting systems for launching and retrievals of vessels and transfer systems for a fast and reliable way of moving vessels around the yard.

Capitalised development costs amounted to NOK 0 million in the first half of 2023

Intellilift

Intellilift is the competence hub that serves the other business areas in Nekkar along with external customers outside Nekkar. The business segment possesses unique competence within engineering, electrification, digitalisation and automation. Intellilift AS is owned 51% by Nekkar, and the company aims to develop open software platforms for collection, monitoring and control of data for the numerous industries.

Collecting data from numerous different sensors, will improve the real time operation as well as enable remote operation and robotization. The business model is threefold – project based, perpetual upfront software licenses and software as service licenses, depending on customer preferences. As per half year 2023, revenue is mainly project based as Intellilift has during the second quarter successfully delivered the first Inteliautomate solution to a customer.

Capitalised development costs amounted to NOK 0 million in the first half of 2023

Techano Oceanlift

In 2023, Techano Oceanlift marks a new addition to Nekkar's business portfolio. The acquisition was finalized at the close of Q1 2023. The company specializes in advanced load handling and lifting equipment for the aquaculture and offshore energy industry, with products such as cranes, gangways, and fish transfer systems.

Techano Oceanlift has a strong base of engineering expertise. Currently, these resources are actively engaged in the development of innovative solutions for the SOV market, including 3D cranes and gangways.

Capitalized development costs of 3D cranes and gangways amounted to NOK 5.8 million in the first half of 2023

Other

Includes group functions in the parent company, the advancement of impact technology ventures including Starfish and SkyWalker and group eliminations.

Starfish, is an intelligent closed cage system equipped with advanced sensors and a high degree of autonomy. In the first half of 2023, the capitalized development cost of Starfish amounted to NOK 2.8 million.

The SkyWalker project, is a ground-breaking wind turbine installation and service technology tool suitable for onshore and offshore wind. Capitalized development costs of SkyWalker amounted to NOK 0.4 million in the first half of 2023.



Development costs related to both SkyWalker and Starfish are partly funded by external contributions from Innovation Norway and Skattefunn.

Nekkar's segment structure is subject to change once the investment in FiiZK, and transfer of Starfish, has been finalized.

Revenue	2Q		1H		Full year
	2023	2022	2023	2022	2022
(NOK 1000)					
Syncrolift	117 890	98 593	211 278	181 504	383 138
Intellilift	8 697	5 006	18 977	10 797	22 384
Techano Oceanlift	6 867	-	6 867	-	-
Other/elim.	-1 171	-3 686	-3 341	-8 531	-18 019
Total revenue	132 284	99 913	233 781	183 771	387 503

Operational EBITDA	2Q		1H		Full year
	2023	2022	2023	2022	2022
(NOK 1000)					
Syncrolift	32 093	30 048	59 619	46 975	96 855
Intellilift	3 341	1 120	7 141	1 222	4 000
Techano Oceanlift	415	-	415	-	-
Other/elim.	-8 571	7 990	-16 580	-11 788	-30 559
Total Operational EBITDA	27 278	39 158	50 595	36 409	70 296

Reported EBITDA	2Q		1H		Full year
	2023	2022	2023	2022	2022
(NOK 1000)					
Syncrolift	40 744	11 393	68 920	30 166	88 800
Intellilift	3 341	1 120	7 141	1 222	4 000
Techano Oceanlift	415	-	415	-	-
Other/elim.	-8 571	-6 533	-16 580	-11 788	-30 559
Total EBITDA	35 929	5 980	59 896	19 600	62 241



Note 3. Intangible assets

Intangible assets			
<i>(NOK 1000)</i>	30.06.2023	30.06.2022	31.12.2022
Goodwill	17 050	16 643	16 643
Deferred tax assets	-	10 458	7 032
Capitalized development costs	59 821	49 808	50 959
Technology assets	1 898	2 228	2 062
Other intangible assets	5 057	4 988	5 016
Total development- and technology assets	66 775	57 024	58 036
Total intangible assets	83 826	84 125	81 711

Goodwill

Recognized goodwill pertains to the Intellilift acquisition in 2019, amounting to NOK 16.6 million, and the Techano Oceanlift acquisition in March 2023, totaling NOK 0.4 million, resulting in a combined value of NOK 17.1 million as of June 30, 2023. Included in goodwill is the value of employees with special skills and expected synergies with the existing business of Nekkar. These intangible assets do not fulfil the recognition criteria under IAS 38 and are therefore not recognized separately from goodwill.

In accordance with IAS 36, goodwill is not amortized, but tested for impairment.

Capitalized development costs

Capitalized development costs are related to ongoing research and development ("R&D") projects and include materials, direct salaries own personnel and other external costs. The R&D activities are closely linked with Nekkar's strategy to develop disruptive technologies that offer high sustainability impact for ocean-based industries.

The expenditure related to R&D investments amounted to NOK 8.4 million in the first half of 2023 and include Starfish, SkyWalker and 3D crane and gangway.



Note 4. Share capital and major shareholders

As per 30 June 2023, Nekkar ASA has issued 107 427 112 shares, each with a nominal value of NOK 0.11, hence the share capital is NOK 11 816 982. Nekkar ASA holds 6 632 treasury shares. The share capital has increased by NOK 71 146 during the first half of 2023 due to issuance of shares in connection with share program for employees and board members. There have been no changes to treasury holdings during the first half of 2023.

Major shareholders as per 30 June 2023 are listed below.

NEKKAR		
Major Shareholders per 30 June 2023	Number of shares	Ow nership
SKEIE TECHNOLOGY AS ^{1,3)}	31 475 823	29,3 %
RASMUSSENGRUPPEN AS	11 512 506	10,7 %
MP PENSJON PK	5 668 803	5,3 %
TIGERSTADEN AS	5 500 000	5,1 %
NORDNET BANK AB	4 067 210	3,8 %
DNB BANK ASA	4 053 000	3,8 %
AVANZA BANK AB	3 564 952	3,3 %
VINTERSTUA AS	2 957 911	2,8 %
HATLE AS	1 706 553	1,6 %
SKEIE CONSULTANTS AS ^{1,2)}	1 507 243	1,4 %
ITLUTION AS	1 475 261	1,4 %
SKEIE KAPPA INVEST AS ^{1,3)}	1 204 828	1,1 %
ALUNDO INVEST AS	1 000 000	0,9 %
JÆDEREN AS	887 026	0,8 %
BROWN BROTHERS HARRIMAN & CO.	840 000	0,8 %
SEDAL	815 000	0,8 %
GUTTIS AS	800 000	0,7 %
PIROL AS	750 000	0,7 %
AVANT AS	744 034	0,7 %
CITIBANK EUROPE PLC	675 037	0,6 %
Total, 20 largest shareholders	81 205 187	75,6 %
Ow n Shares	6 632	0,0 %
Total other shareholders	26 221 925	24,4 %
Total	107 427 112	100,0 %

1) Shares owned or controlled by the Skeie family, and companies directly or indirectly controlled by them, holds 34 701 181 shares representing 32,3% of

2) Shares owned or controlled by Bjarne Skeie, and companies directly or indirectly controlled by him, holds 1 507 243 shares representing 1,4% of total

3) Trym Skeie holds 513 287 shares in person and 1 204 828 through Skeie Kappa Invest AS. Total shares owned or controlled by Trym Skeie, and companies directly or indirectly controlled by him, is 1 718 115, representing 1,6% of total shares .

4) Voting portion are calculated after eliminating shares held by Nekkar ASA



Note 5. Other current liabilities

Other current liabilities			
(NOK 1000)	30.06.2023	30.06.2022	31.12.2022
Provision for unpaid wages and salaries	5 452	6 139	8 632
Provision for holiday pay	3 216	3 264	5 957
Social security and employee taxes	6 498	6 363	7 469
Derivative financial instruments	7 902	9 720	7 198
Guarantee provision	6 331	19 090	7 929
Other accrued expenses	29 112	4 682	24 398
Total other current liabilities	58 511	49 257	61 584

Note 6. Derivatives

Forward currency contracts - Market values (NOK 1000)	30.06.2023			30.06.2022		
	Assets	Liabilities	Net market value	Assets	Liabilities	Net market value
Forward currency contracts - effective hedging contracts				309	-553	-244
Forward currency contracts - ineffective hedging contracts - included in other liabilities/assets ¹⁾	5 203	-14 340	-9 137	-	-9 476	-9 476
Forward currency contracts - market value	5 203	-14 340	-9 137	309	-10 029	-9 720

1) FX contracts designed for hedging, but do not qualify for hedge accounting.

2) For market values per 31 Dec 2022, please refer to 2022 Annual Report.

Maturity distribution of currency contracts and MTM:	Total MTM values	Total MTM values
Within 3 months	-5 525	-1 544
> 3 months, < 6 months	-5 244	-1 987
> 6 months, < 9 months	689	-1 326
> 9 months, < 12 months	385	-1 407
> 12 months, < 24 months	558	-3 457
> 24 Months	-	0
Total	-9 137	-9 720

Nominal value currency contracts, original currency (Amounts in EUR 1000)	30.06.2023		30.06.2022	
	Sold	Bought	Sold	Bought
NOK	10 531	257 454	18 190	248 173
USD	24 239	-	22 791	-
EUR	2 200	2 396	3 204	1 790

For details on accounting treatment of forward currency contracts, please refer to accounting principles and note 16 in the 2022 Annual Report.



Note 7. Related parties

Note 15 and the accounting principles presented in the 2022 Annual Report describe the principles related to elimination of transactions between the entities within the group. During first half of 2023, there has been various transactions between the subsidiaries within the group and all transactions have been carried out as part of the ordinary business and on arm's length basis.

The main transactions between subsidiaries in the group relates to control system deliveries from Intellilift AS to Syncrolift AS, engineering hours from Intellilift AS to Nekkar ASA and management fee from Nekkar ASA to Syncrolift AS.

Note 8. Acquisitions

Nekkar ASA acquired 90,1 % of the shares in Techano Oceanlift AS on March 23, 2023. The company is reported as a subsidiary as of March.

Techano Oceanlift provides valuable competence within load handling and lifting equipment for the renewable, aquaculture, offshore and marine industries. By combining strong industry competence from Techano Oceanlift with Nekkar's impact technology, the acquisition strengthens Nekkar's offering in the industry verticals, especially within the renewables and aquaculture industries. Techano Oceanlift will contribute to developing smart, electric lifting and handling solutions that are fully automated and digitized, capable of challenging the incumbent solutions in the market.

The total book value of the shares is NOK 2.7 million. Added values of NOK 0.4 million are allocated to goodwill.

Note 9. Risks and uncertainties

Nekkar's risk factors as well as management of such factors are described in the 2022 annual report. No new risk and uncertainty factors have emerged since the annual report was published on 27 April 2023. For further information, please see Nekkar's annual report 2022.



Note 10. Alternative performance measures (APMs)

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.

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 margin and EBIT margin 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. For service contracts, the order intake is based on the value of the service orders received.

Order backlog represents the estimated value of remaining work for signed newbuild contracts and does not include the value of the service orders (included in the order intake defined above).

Working capital

Short term assets less bank deposits and cash in hand, less current liabilities adjusted for short term financial debt.



Lumberveien 27,
4621 Kristiansand,
Norway

info@nekkar.com
www.nekkar.com