Disruptive technologies, Sustainable results

Annual report

2022

NEKKAR

Being a sustainable company means that we are never satisfied with the status quo, but continuously improving.

Key figures

Based on alternative performance measures[1]	2022	2021	2020	2019	2018[3]
ORDERS AND RESULTS (MNOK)					
Order intake	277	113	701	396	388
Order backlog	824	838	1,146	778	629
Revenue	388	480	359	267	220
EBITDA	62	140	77	36	17
EBITDA margin %	16.1%	29.1%	21.5%	13.5%	7.7%
BALANCE SHEET (MNOK)					
Total assets	507	451	558	416	2,416
Total equity	351	316	203	234	514
Equity ratio % (total equity/total assets)	69.2 %	70.1 %	36.5 %	56.1 %	21.3 %
SHARE (NOK)					
Share price 31 December	6.10	9.97	6.02	2.05[4]	6.38
Basic earnings per share[2]	0.30	1.04	-0.33	1.90	-0.33
EMPLOYEES					
No. of employees 31 December	68	62	54	50	38
Sick-leave rate %	3.4%	2.2%	1.6%	0.7%	2.8%

1) As the IFRS regulations do not define order backlog/intake/ EBITDA the number should be considered as an APM
2) Basic earnings per share are based on net profit for the year attributable to ordinary equity holders of the parent company
3) Represents key figures for continued business only. Total assets includes NOK 1,916 million in assets held for sale.
4) Ex dividend payout of NOK 4.0 per share due to the Cargotec / MacGregor transaction

388 **REVENUE** MNOK	62 **EBITDA** MNOK	16.1 **EBITDA MARGIN** PERCENT
507 **TOTAL ASSETS** MNOK	351 **TOTAL EQUITY** MNOK	69.2 **EQUITY RATIO** PERCENT

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.

PROFIT MEASURES
EBITDA is short for "earnings before interest, taxes', depreciation, amortization and impairment" in the consolidated income statement in the annual report.

EBIT is short for "earnings before interest and taxes". EBIT corresponds to "operating profit/loss" in the consolidated income statement in the annual report.

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 new build 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 new build contracts and does not include the value of 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.

The Board of Directors

Trym Skeie
Chair of the Board

Trym Skeie (b. 1968) is one of the main founders of Skagerak Capital where he currently is a part time partner. He holds either the Chair or Board of Directors position in several venture and growth companies in Norway, such as Noroff Education and Vissim. In addition he holds his own investment business through Skeie Alpha Invest and Skeie Kappa Invest. He has been working as an Investment Manager with Kistefos Venture Capital, management consultant in Acccenture and as a structural design engineer in Hydralift. Skeie holds a Master of Science (M.Sc.) in Economics and Business Administration from the Norwegian School of Economics (NHH), and a M.Sc. in Civil Engineering from the Norwegian University of Science and Technology (NTH).

Skeie has been Chair of the Board of Nekkar ASA since November 2009.

As of 31 December 2022, Trym Skeie and associated companies, hold 33 145 793 shares and zero share options in Nekkar ASA.

Ingunn Svegården
Director of the Board

Ingunn Svegården (b. 1978) is SVP within Renewables at Equinor ASA. She holds a master's degree in Chemistry and Biotechnology from the Norwegian University of Science and Technology (NTNU). Svegården has held several senior positions within the Equinor group, as well as several non-executive director roles in start-ups and funds.

Svegården has been Director of the Board of Nekkar ASA since 2019.

Svegården holds no shares or share options in Nekkar ASA.

Gisle Rike
Director of the Board

Gisle Rike (b. 1953) is Director of Property in Rasmussengruppen AS, a major shareholder of the Company. He holds an M. Sc. from the Norwegian University of Science and Technology (NTNU). Rike has various executive management experiences from project management and business development from Rasmussengruppen AS and Maritime Tentech AS.

Rike has been Director of the Board of Nekkar ASA since 2015.

Rike holds no shares or share options in Nekkar ASA.

Marit Solberg
Director of the Board

Marit Solberg (b. 1956) is an independent board member with extensive board experience. She has a long career in senior management positions in the seafood industry, including eight years as COO Farming in Mowi ASA. Solberg has a high level of technical and biological expertise within aquaculture and holds a master's degree in Marine Microbiology from the University of Bergen (UiB).

Solberg has been Director of the Board of Nekkar ASA since 2019.

As of 31 December 2022, Marit Solberg holds 98 809 shares and zero share options in Nekkar ASA.

The Board of Directors' report

Operational highlights 2022

- Operational EBITDA[1] of NOK 70 million compared to NOK 143 million in 2021
- Order intake of NOK 277 million in 2022, a significant increase from NOK 113 million in 2021
- Solid order backlog of NOK 824 million at year-end 2022
- Service revenue from shiplift business increased by close to 50 percent versus prior year
- BMS Heavy Cranes new innovation partner for the SkyWalker wind turbine installation tool
- Viasat Inc joined Transocean and Nekkar in the InteliWell joint venture, which secured its breakthrough contract award in Q1 2023
- Completed successful test of a downscaled Starfish without biomass - preparing for full-scale test with biomass together with a major fishfarmer
- Ole Falk Hansen appointed CEO from 1 July 2022

Strategy and organisational develoment

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 businesses 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 world-class competence as levers to develop disruptive and sustainable products combined with digital solutions in selected industries such as offshore energy, renewables and aquaculture.

Further, the unique combination of disruptive technologies, automation sensor legacy, agile digitalisation skills and open software platform approach will be building blocks for future SaaS (Software as a service) offerings from Nekkar.

BUSINESS OVERVIEW

Nekkar ASA is the holding company in the Nekkar Group, which is headquartered in Kristiansand, Norway. The company is listed on Oslo Stock Exchange with the ticker code NKR. The business operation in the Nekkar Group is organized in the following four business areas:

- Shipyard Solutions
- Aquaculture
- Renewables
- Digital Solutions

While Shipyard Solutions, Aquaculture and Renewables are business areas that operate relativelyindependent of each other, the Digital Solutions business area utilises its unique competence to support the three other business areas. The purpose is to enable digital business models to capitalise on disruptive hard-tech design to unlock additional revenue potential and drive business value from SaaSrevenue.

Shipyard Solutions

Shipyard Solutions, i.e. Syncrolift, with its main office in Vestby, Norway, is Nekkar's main revenue and cash-generating business.Syncrolift has local presence in important markets through subsidiaries in the US and in Singapore and a sales/service office in Dubai.

1) EBITDA is short for "earnings before interest, taxes, depreciation, amortization and impairment". Operational EBITDA also excludes gains or losses from FX hedging contracts not qualifying for hedge accounting.

Syncrolift is the global market leader for shiplifts and transfer systems offered to repair and newbuilding yards. It delivers turn key and customized solutions for shipyards 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. In addition, the company delivers FastDocking™ products for efficient operations during docking and maintenance of vessels. As the global market leader, Syncrolift has successfully increased focus on the service and upgrade capabilities related to the company's installed base.

In 2022, Shipyard Solutions secured order intake of NOK 277 million, a significant increase from NOK 113 million the year before. New awards included a USD 3.5 million contract to upgrade a shiplift and transfer system that is installed at an undisclosed Egyptian shipyard, a USD 5 million contract to upgrade an existing shiplift for an undisclosed international customer, plus a USD 10 million contract to upgrade two third-party shiplift systems in Dubai Maritime City. At year-end 2022, Shipyard Solutions' order backlog stood at NOK 824 million, which provides strong visibility for the coming years. In 2022, Shipyard Solutions received service and spare parts orders worth NOK 95 million, up from NOK 63 million in 2021.

Aquaculture

Within the Aquaculture business area, Nekkar is currently developing a full-scale version of its game-changing "Starfish" closed fish cage which has high sustainability impact potential on the aquaculture industry.

"Starfish" is a fully automated, closed cage solution that has double protection against escapes, avoids problems with salmon lice due to water intake from deep waters below the cage, and can collect up to 90 percent of biological waste. It is a solution that could reduce OPEX levels dramatically for the fish farming industry, while simultaneously improve fish welfare.

Ocean testing of the downscaled pilot version of Starfish was successfully completed in 2022, with highly promising results. Based on dialogue with fish farmers, certain design improvements were subsequently made to Starfish to further enhance the go-to-market product with increased volume and optimized operational aspects. During 2022, Nekkar was in dialogue with fish farmers regarding identification of appropriate sites for the first full-scale test, but decision-making processes were postponed because of the announced introduction of resource rent tax on aquaculture activities. Next step is to conduct a full scale pilot test with biomass together with a fish farmer.

Renewables

Nekkar is within this business area developing a disruptive wind turbine installation and service tool that could significantly reduce the cost and environmental footprint associated with wind turbine installations and maintenance. The solution - called SkyWalker - uses active heave compensation derived from offshore lifting systems combined with digital solutions that allows for remote-controlled and automated solutions. Again, Nekkar's competence within electrification, automation and digitalisation is being utilised to develop this potentially game-changing technology.

In June 2022, Nekkar concluded wind tunnel testing of a downscaled SkyWalker model, with test results above expectations. The wind tunnel tests confirmed that SkyWalker can operate in significantly stronger wind speeds than the existing operating window for today's installation solutions. Nekkar has in recent years worked together with Fred Olsen Renewables and academia to develop the SkyWalker. In 2022, BMS Heavy Cranes entered into an innovation agreement for the development and testing of the SkyWalker. BMS will participate, as Nekkar's lifting and installation partner, in testing the full-scale prototype and when rolling out the technology to the market.

Nekkar's original intention for SkyWalker was to use it solely as a wind turbine installation tool, first onshore and then for quayside assembly of offshore wind turbines. However, requests from operators and (OEMs) during the latter part of 2022 indicate that they are also interested in deploying SkyWalker in the operations and maintenance phase of an offshore wind farm. This could expand its commercial potential significantly.

Subsequent to year end 2022, Nekkar strengthened its presence within both renewables and aquaculture through taking over the employees and intellectual property rights of Techano. A nine-person strong engineering team with extensive industry experience with product delivery and project executions within renewables, aquaculture and marine industries, will be a highly complementary addition of capability and expertise to Nekkar's existing team.

Digital Solutions

This business area is a competence hub that serves the other business areas in Nekkar along with customers outside the group. The business area possesses unique competence within engineering, electrification, digitalisation and automation. Intellilift AS, where Nekkar owns a majority share (51%), is the driving force behind the Digital Solutions business area which develops open software platforms for collection, monitoring and control of data for 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 will be threefold – project based, perpetual upfront software licenses and SaaS revenue, depending on customer preferences.

The resources in the Digital Solutions business area support projects in Shipyard Solutions, and software development for both the Starfish and SkyWalker development projects. Late 2021, Intellilift AS established a joint venture (JV), Inteliwell, with a subsidiary of Transocean Inc. to accelerate the decrease of drilling time through rig automation, and to streamline well construction process through developing new AI-driven processes and tools. The JV provides software solutions that allow operators to further improve the consistency of their operations while reducing drilling costs through more reliable and faster drilling operations. In 2022, global communication company Viasat Inc. joined the JV. Subsequent to year end Inteliwell signed its first commercial contract. The four-year contract is with an undisclosed major rig operator. Nekkar's subsidiary, Intellilift, will execute the project on behalf of the joint venture during 2023.

KEY FIGURES, NEKKAR GROUP

MNOK	2022	2021
Revenue	388	480
Operational EBITDA	70	143
Reported EBITDA	62	140
EBIT	52	134
Operational EBITDA %	18.1%	29.9%
EBITDA %	16.1%	29.1%
Order intake	277	113
Order backlog	824	838
EPS (NOK)	0.30	1.04

388
Revenue

62
EBITDA

16.1%
EBITDA margin

PEOPLE AND ORGANIZATION

The different business units are managed by the following executives:

- **Shipyard Solutions:** Rolf-Atle Tomassen
- **Aquaculture:** Mette Harv
- **Renewables:** Mette Harv
- **Digital Solutions:** Stig Trydal

Ole Falk Hansen was appointed CEO of the company from 1 July 2022, at which point interim CEO Preben Liltved took on a role as EVP Operations in Nekkar.

EMPLOYEES

The total number of employees in the Nekkar Group was 68 at year-end 2022, compared to 62 in the previous year. For Nekkar ASA similar number of employees were 17 and 14, respectively.

Financial performance

FINANCIAL HIGHLIGHTS

- Nekkar Group's revenue was NOK 387.5 million, a decrease of 19.3 percent compared to 2021 (NOK 480.0 million).
- Nekkar Group's operational EBITDA of NOK 70.3 million, equivalent to an operational EBITDA-margin of 18.1 percent, versus NOK 142.6 million and 29.9 percent in 2021.
- Reported EBITDA was NOK 62.2 million in 2022, which equals an EBITDA margin of 16.1 percent, versus NOK 139.8 million and 29.1 percent in 2021.
- Operating profit ended at NOK 51.8 million in 2022, compared to NOK 134.1 million in 2021.
- Strong order backlog of NOK 824 million (838) per 31 December 2022.
- Solid order intake of NOK 276.8 in 2022, a significant increase of 146.1 percent compared to 2021 (NOK 112.5 million).

PROFIT AND LOSS

Revenue for the Nekkar Group was NOK 387.5 million in 2022, a decrease of 19.3 percent compared to 2021 (NOK 480.0 million). Reported EBITDA was NOK 62.2 million in 2022, down from NOK 139.8 million in 2021.

Operational EBITDA was NOK 70.3 million in 2022 compared to NOK 142.6 million in 2021, equivalent to EBITDA-margins of 18.1 percent and 29.9 percent respectively.

Pre-tax profit was NOK 42.6 million in 2022, down from NOK 132.5 million the previous year. Profit after tax was NOK 32.7 million and NOK 111.6 million for 2022 and 2021 respectively.

The solid 2022 results are a result of strong operational and financial performance in Shipyard Solutions. The reduction compared with 2021 profit is impacted by customer driven delays in major shiplift projects. In addition, 2021 was positively impacted by several large shiplift projects being finalized with successful completion.

Order intake in 2022 was NOK 277 million compared to NOK 113 million in 2021. Nekkar's order backlog was still strong at NOK 824 million (838) per 31 December 2022.

Nekkar ASA

Revenue generated in Nekkar ASA in 2022 was NOK 11.5 million compared to NOK 5.3 million in 2021. The operating profit was negative with NOK 37.8 million compared to negative NOK 25.5 million in 2021. Profit/(loss-) before tax for 2022 was negative NOK 38.3 million, versus NOK 167.5 million in 2021.

Shipyard Solutions

Shipyard Solutions generated revenues of NOK 383.4 million in 2022 compared to NOK 468.6 million in 2021. Reported EBITDA was NOK 88.8 million in 2022, a decrease from NOK 158.5 million in 2021. The decrease is impacted by customer driven delays in large projects in the newbuilding business. 2021 was also in comparison positively impacted by successful execution and delivery of five large projects with related realization of project cost savings.

The 2022 reported EBITDA figures are negatively impacted by losses on FX hedging contracts of NOK 8.1 million compared to loss of NOK 4.0 million in 2021. Shipyard Solutions has a strong order backlog of NOK 824 million at the end of 2022 (837).

Digital Solutions

Intellilift delivered revenues of NOK 22.4 million in 2022 compared to NOK 41.8 million in 2021. A large portion of the revenues are internally generated as Intellilift's products and solutions are integrated with other segments of the group, e.g. deliveries of control systems to Syncrolift.

Shipyard Solutions generated revenues of NOK 383 million in 2022 compared to NOK 469 million in 2021.

External revenues amounted to NOK 4.4 million in 2022 compared to NOK 10.4 million in 2021. The reported EBITDA was NOK 4.0 million in 2022 compared to NOK 6.3 million in 2021.

Aquaculture and Renewables

Both business areas are in its development phase and therefore has limited impact on the financial performance. However, important progress has been made during the year.

During 2022, ocean testing of the downscaled protype version of Starfish, a closed cage for fish farming was successfully completed, with highly positive results. Certain design improvements were made and dialogue with fish farmers regarding full-scale test initiated.

Gross capitalized development costs related to Starfish amounted to NOK 10.9 million in 2022 while received public grant from Innovation Norway and SkatteFUNN amounted to NOK 2.4 million.

In the Renewables area, the development of Nekkar's disruptive wind turbine installation tool, SkyWalker has made good progress. In the first half of 2022, the down-scaled (1:20) model of SkyWalker was successfully tested, performing beyond expectations, both in our facilities and in a wind tunnel laboratory. Nekkar signed an innovation agreement with BMS heavy industries as a potential partner for testing and commercialization of SkyWalker.

In March 2021, Nekkar was awarded a grant of NOK 21 million from Innovation Norway to progress with the development of a turbine installation technology. As of April 2023, NOK 6.5 million is received.

Gross capitalized development cost for SkyWalker amounted to NOK 13.9 million in 2022. NOK 8.4 million in public grant from Innovation Norway and SkatteFUNN was received during the year.

Nekkar will continue to apply for public funding to help finance the technology development towards innovative and sustainable solutions that are designed to disrupt its target industry sectors.

See Note 1 for further details on the operating segments.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total assets at the end of 2022 were NOK 507.1 million, compared to NOK 451.2 million in 2021.

The net working capital (ref. definition of APMs) was positive with NOK 85.7 million, compared to positive with NOK 48.6 million at the end of 2021. The group's business practice may affect cash balances substantially from time to time due to prepayments (milestone payments) received from customers in the newbuilding business of Syncrolift, which are independent of when revenue recognition occurs.

Nekkar Group has during 2022 established an overdraft facility and a revolving credit facility of in total NOK 200 million with Nordea. No amounts has been drawn under these facilities as of 31 December 2022. Additionally guarantee and currency facilities are established with Nordea and DNB.

The reporting currency of Nekkar Group is NOK (Norwegian krone). As substantial parts of both income and expenses are denominated in foreign currencies, fluctuating foreign exchange rates may affect the group's operating results. Nekkar Group, therefore, works on reducing its exposure to currency fluctuations by using hedging instruments. Nekkar is using hedge accounting for FX contracts that qualify for hedge accounting, while the remaining FX contracts are measured at fair value through profit and loss. For additional information, please refer to the Accounting principles, section 2.9.

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The Board of Directors affirms that the accounts provide a true and fair view of the company's financial position as of 31 December 2022. The Board of Directors is not aware of any unreported events occurring subsequent to the balance sheet date of 31 December 2022, which may be material to the Nekkar Group or to the annual accounts of 2022. See Note 23 Subsequent events, for further information.

SHARE CAPITAL

At the end of 2022, Nekkar ASA had a share capital of NOK 11.745.837 divided into 106.780.334 shares at 0.11 each. The company holds 6.632 own shares.

CASH FLOW

The reported cash flow on consolidated level from operating activities was positive with NOK 38.0 million in 2022, compared to negative NOK 54.6 million in 2021. Positive operational cash flow in 2022 is driven by a solid results combined with an increase in working capital of NOK 37 million. Accrued non-invoiced production at the end of 2022 has to a large extent been converted to receivables or cash in the first quarter of 2023, as projects has reached milestones for invoicing.

Consolidated cash flow from investment activities was NOK -22.4 million in 2022 which equals acquisition and expenditures related to fixed and intangible assets (capitalized development costs). In 2021, the net cash flow from investing activities was NOK -124.6 million. The cash flow in 2021 was highly impacted by the NOK 94 million settlement of the Macgregor / Cargotec arbitration.

In 2022, net cash flow from financing activities on the consolidated level was NOK -8.8 million, compared to NOK -1.4 million in 2021. The 2022 figure includes issuance of share capital in relation to employee share purchase program of NOK 2.1 million compared to NOK 1.1 million in 2021.

Nekkar had a net cash position of NOK 181.3 million at year-end 2022, of which NOK 10 million is held as a deposit for FX-derivative exposures in DNB. Nekkar's net cash position at year-end 2021 was NOK 174.5 million.

In 2022, the parent company's net cash flow from operating activities was negative with NOK 29.8 million (2021: MNOK -25.8), net cash flow from investments NOK -67.4 million (2021: MNOK -45.1), and net cash flow from financing was positive with NOK 136.6 million (2021: MNOK -103.4).

The company or group had no net interest-bearing debt as of 31 December 2022, but has established credit facilities of in total NOK 200 million during 2022.

RESEARCH AND DEVELOPMENT

The research and development ("R&D") activities of Nekkar are closely linked to the strategy of developing disruptive technologies that offer high sustainability impact for ocean-based industries. R&D initiatives have shown good progress during 2022, and in the beginning of 2023. The highlights are:

- Successful ocean testing of Starfish, a highly innovative closed fish cage solution that is designed to reduce environmental impact and operating expenditures for the fish farmers.
- Completed wind turbine testing of the downscaled SkyWalker wind turbine installation tool.
- Within the Digital Solutions area, development of Nekkar's digital platform and remote-control systems continued.

In 2022, gross capitalized development costs amounted to NOK 32.9 million (MNOK 28.7), of which NOK 10.9 million is related to the development of Starfish, NOK 13.9 million on SkyWalker and NOK 8,1 million related to product development within the Digital Solutions segment.

Received public grants from Innovation Norway and SkatteFUNN are treated as a reduction of capitalized

Nekkar's order backlog at the end of 2022 was NOK 824 million

development costs. This amounted to NOK 12.5 million in 2022, hence net capitalized development costs were NOK 20.1 million. In 2021, net capitalized development costs were NOK 21.2 million.

Gross capitalized development costs in Nekkar ASA were NOK 24.8 million in 2022 and public grants amounted to NOK 10.8 million, hence the net capitalized amount was NOK 14.0 million. In 2021, the net capitalized amount was NOK 15.4 million.

As per 31 December 2022, capitalized development costs in the consolidated balance sheet amounted to NOK 50.9 million. In Nekkar ASA, capitalized development costs were NOK 22.7 million as of 31 December 2022.

Cost from other development activities related to customer specific projects, may in some cases be charged to the profit and loss as an operating expense.

ORDER BACKLOG

Nekkar's order backlog at the end of 2022 was NOK 824 million, down from NOK 838 million at year-end 2021. This backlog is mainly related to newbuilding projects in the Shipyard Solutions business.

GOING CONCERN

As of 31 December 2022, the equity ratio at consolidated level was 69.2%. There was no interest-bearing debt on neither consolidated nor Nekkar ASA level at year-end 2022.

The financial objective of the group is to have sufficient cash reserves or credit lines available to finance operations and investments on an ongoing basis. The group's cash position combined with established credit facilities, guarantee and currency facilities are considered sufficient to fund the existing business plan at least mid-term.

In accordance with Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared based on the going concern assumption and that the requirements are fulfilled.

Risk factors and risk management

The Nekkar Group is exposed to various markets, financial and operational risks and as experienced from latter events, also political and health-oriented risks.

The Board of Directors reviews operating reports from management on a monthly basis. In addition to the continuous risk mitigation, the Board of Directors and management carry out specific risk analyses in connection with major investments and contracts.

Specific risk areas or projects are continuously monitored and assessed. The group has furthermore implemented thorough procedures related to contract approvals and authorization matrixes.

Near term, the group is mainly exposed towards the shipyard business, but as the new business areas increase in importance and size, the group will be exposed in other market segments as well. The prevailing business strategy is planned to be funded with cash flow from operations.

MARKET RISKS

There are a number of risks related to the market development for Nekkar's products and services. Nekkar monitors these risks through its sales network and by available information on relevant trends.

Shipyard Solutions is the main business of the group. The activity in the market is depending on the construction and upgrade of navy bases and shipyards, which is suitable for the Syncrolift® shiplift systems and solutions.

Expected future demand for the current product portfolio depends on the shipyards' need to implement more efficient production lines which again depends on the general market activity.

Currently there are no signs long term that the yard industry will reduce its focus on increased productivity.

Syncrolift AS has a solid order backlog for its 2023 new building business in addition being part of several tender processes for new projects. It is also positioned for accumulative success in acquiring recurring service business. Scheduled deliveries for the current project portfolio extend into 2025.

Renewables and aquaculture, which represents the group's new investments, are product development projects. For these business areas the risk factors mainly relate to commercialization. Digital Solutions (Intellilift) has proven commercialized technology and the products have been sold to both oil and gas related business and the wind industry.

CLIMATE RISK

Nekkar develops digitalised impact technologies that aim to unlock customer value, including reduction of environmental footprint and CO2-emissions, in numerous industries including renewables, aquaculture, shipping and offshore energy. As such, climate change represents both a risk and an opportunity for Nekkar. Nekkar considers its main climate risks to be associated with the global ambition/implementation gap for the transition to more renewable energy, as well as climate policy and taxation changes that could limit or delay the adoption of Nekkar's new technologies that are enablers to reduce the carbon footprint in the industries the company operates. This applies to both the renewables and aquaculture industries.

Nekkar's exposure to the offshore energy industry is limited today, but could grow in the coming years. The offshore energy industry has been identified as high risk by the Task Force on Climate-Related Financial Disclosures, and the industry is under pressure to reduce its emissions. Although the Ukraine war and associated energy shortage in Europe is likely to result in heavy investments in the offshore energy industry in the coming years, there is a long term risk of declining investment in upstream oil and gas. However, the software and technologies that Nekkar delivers are capable of significantly reducing drilling time and amount of personnel required offshore, thereby substantially reducing the carbon footprint associated with this type of offshore operations. As such, climate-related risks also represents an opportunity for Nekkar.

The energy transition may shorten the expected useful lives of oil and gas related assets, which has the potential to accelerate depreciation charges. However, Nekkar is primarily a software supplier to the offshore energy industry, which means that the company does not expect assessment of effect on useful lives to have significant accounting impact.

Another climate risk is the increase in the frequency and intensity of extreme weather events. As the large majority of Nekkar's operations in based in Norway, this expectation is not assessed to lead to any effects on expected useful economic life of property, plant and equipment. However, extreme weather could result in delayed project progress, for example for installation of shiplifts in parts of the world that are more exposed to extreme weather. This could potentially mean that revenue and margin recognition could be delayed in such projects. Nekkar has not experienced any delays caused by extreme weather events during 2022.

Overall, it is Nekkar's view that the company is well positioned to profit from a stronger focus on reducing emissions from the industries the company operates within, and that there are more positive business opportunities than negative risks associated with stronger industry efforts on reducing emissions and combating climate change.

Nekkar has considered the impact of climate change on going concern. Effective assessment and analysis of climate-related risks and opportunities is vital to understand the potential impacts of climate-related risks on asset valuations, revenue and investment requirements. For 2023, Nekkar has therefore defined an objective to conduct a detailed climate risk analysis and set carbon footprint reduction goals for the company.

FINANCIAL RISKS (SHORT TERM FINANCING)

The Nekkar Group is exposed to credit, liquidity and currency-related risks, and has adopted an active approach to managing risk in the financial markets. The aim of the group's financial strategy is to be sufficiently robust to withstand adverse conditions. The financial risks related to credit, liquidity, and currency are described below.

Credit risks represent potential financial losses stemming from contractual partners' failure to fulfil their contractual obligations. Developments in the part of the shipyard business applicable for Syncrolift have historically resulted in only modest losses on payments from customers.

With the understanding that substantial credit risks can be present, Nekkar Group has taken measures to limit these risks through evaluating the financial strength of its contract partners, restricting credit and utilizing mechanisms to secure payments, such as letters of credit and prepayments. Nekkar works continuously to limit its exposure to credit risks.

The liquidity risk is related to a situation in which Nekkar Group may be unable to meet short-term financial demands and fulfil its obligations as they fall due. In order to monitor liquidity risk, Nekkar prepares, on regular basis, rolling cashflow forecasts to predict liquidity requirements. The group's overall cash position is satisfactory and evaluated to be sufficient to fund the prevailing business plan in combination with the credit, guarantee and currency facilities, established with its bank relations.

The company will in addition to the operating cash flow normally have access to capital markets for further funding with the option to finance activities through either equity or debt or a combination.

In order to manage currency risks, Nekkar' policy is to hedge significant currency exposures within a 24-month period. The hedging is performed based on firm contracts for sale or purchase in currencies other than the functional currency of the Nekkar unit entering into the hedging contract. Hedge accounting is applied for the hedging contracts that qualify as hedging of firm commitments in accordance with IFRS 9. Hedging contracts not qualifying for hedge accounting are measured at fair value through profit and loss.

OPERATIONAL RISKS

Nekkar Group's new-build business is primarily organized through deliveries of completed projects. The operational risks related to the project execution are mainly deliveries from sub-suppliers, project management, and customer related issues.

During the tender phase, projects undergo a thorough risk evaluation in order to identify and mitigate potential technical and commercial risks in addition to an assessment of other potential risk areas, and the level of contingency required. Measures have been implemented to ensure that projects are being satisfactorily assessed both prior to signing the contracts and during execution phase. The bid review process, where major risks are evaluated before a binding offer is sent to potential customers is an essential part of the procedures.

Nekkar will continue to focus on improving its risk monitoring and assessment tools, as well as its project management tools.

GLOBAL PANDEMIC RISK

High vaccination rate in Nekkar's home market has limited the impact of Covid-19 in 2022. However, there are still great disparities in vaccination rates worldwide. As such, the Covid-19 pandemic may still have negative influence on Nekkar's international operations also in 2023 and it is difficult to estimate the effects on the operations for the full year. A new negative development of the Covid-19 situation or other pandemics globally or in key countries or regions may impact Nekkar in the following manner:

- Personnel may not be able to perform their work due to illness, quarantines, travel restrictions and social distancing
- Manufacturing sites, service bases or office buildings may be shut down
- Supplies from suppliers and deliveries to clients may be delayed
- Available future market could decrease as clients reduce CAPEX expenditure

GEOPOLITICAL RISK

The invasion of Ukraine by Russian forces has led to increased geopolitical risk which have significantly impacted both the energy- and raw material prices.

Nekkar has no business activity in either Russia, Ukraine, or Belarus, however the company may be negatively affected by increased raw material prices and uncertainties in the market if the situation will be long-lasting. In general, the business outlook for Nekkar is positive, but it is difficult to predict short, medium and long-term effects on all business lines from a potential escalation of the war. However, Nekkar's Shipyard Solutions business has a large number of navy customers. Increased geopolitical risk often means increased defence spending. As such, this also represent a business opportunity for Nekkar.

Corporate social responsibility

Nekkar is part of a global industry where what is good for the globe and the people, and what is good for business are more closely related than ever. Our ability to create value is dependent on promoting and maintaining high ethical standards to create a trust-based relationship with our employees, our owners, our business partners, our communities, and other stakeholders.

Nekkar is dedicated to conducting our activities in an ethical and responsible way; aiming at sustainable development for employees, customers, investors, and the communities in which we operate. Our policies for corporate social responsibility encompass QHSE, business ethics, support for human and employee rights and anti-corruption measures.

Nekkar is committed to follow OECD's Guidelines for Multinational Enterprises and contributing to the improvement of international business standards and practices, especially with regard to corruption, labor relations and the global environment. Nekkar operates in a manner that respects the human rights as set out in the UN's Universal Declaration of Human Rights and the core conventions of the International Labor Organization.

Nekkar releases its forth ESG report this year. The report is based on the Global Report Initiative (GRI) Standard and Euronext guidance on ESG reporting. The Nekkar ESG report also includes a section on Nekkar's adhering to the Transparency Act, a Norwegian legislation, which requires companies to promote respect for human rights and decent working conditions. The ESG report can be found in this annual report and on Nekkar's website. Nekkar will also publish a reporting on human rights in line with the Transparency Act reporting requirements within 30 June 2023. The report will be published on Nekkar's website, www.nekkar.com

Nekkar gives high priority to creating a working environment where employees thrive and develop as humans and professionals. We support our workers' opportunities to exercise their employee rights and to be organized through trade and labor unions, and we facilitate annual meetings for global employee representatives. Nekkar is also an advocate for equal rights for all employees regardless of gender, sexual orientation, disability, ethnicity, religion or politicalorientation.

The Nekkar Code of Conduct describes Nekkar's ethical commitments and requirements to expected behavior in areas such as anti-corruption and conflict of interest. It sets expectations for personal conduct and business practice.

The Code includes our most important ethical principles and provides some references to more detailed requirements for expected business and personal conduct. The Code applies to the Nekkar companies, board members, management and employees, including temporary personnel and consultants or contractors that act on Nekkar's behalf. Nekkar has also developed a separate policy applying to our subcontractors.

Nekkar has zero tolerance for corruption and encourages its employees to report suspected infringements.

For more information, please see the ESG report at page 104 of this document.

Quality, Health, Safety and Environment (QHSE)

The Board of Directors believes that a proactive QHSE policy is a precondition for the successful development of a long-term sustainable and profitable business to the benefit of customers, employees, shareholders and all other stakeholders.

Nekkar is dedicated to conducting our activities in an ethical and responsible way

The Nekkar Group therefore never compromises on issues of quality and safety and has committed itself to a zero-harm-and-fault policy.

Nekkar always operates with worker safety and environmental sensitivity at the forefront and supports a company culture characterized by strong day-to-day compliance with high QHSE standards. Our QHSE ambitions are to cause no harm to people or to the environment, to prevent accidents and damages to property and to avoid faults and non-conformities that may influence the quality of all deliveries.

The group comprises of companies and business areas that differ in size, operate in different business segments and face different legislative systems. The Board of Directors advocates a consistent QHSE policy at corporate level, and common QHSE reporting procedures are applied.

The group also welcomes a general, global tendency towards more stringent QHSE requirements from customers, contributing to fair competition based on quality, experience, efficiency and technology, and with no compromise on safety.

All employees are accountable for contributing to their own health, safety and wellbeing as well as that of their colleagues. Managers at all levels, however, have a special responsibility to monitor and mitigate any safety risks and to contribute to the improvement of management systems and Nekkar's QHSE performance.

The skilled and dedicated workers of Nekkar are the group's most important success factors, and the Board of Directors wishes to express their gratitude to all employees for their contribution in 2022.

Nekkar has a strong focus on risk awareness, and the Board of Directors urges management to continue promoting a culture of workplace injury prevention. Reported absence due to illness was 3.4 percent in 2022 (2.2 percent in 2021). Nekkar experienced zero workplace incidents resulting in the need for medical treatments in 2022 (nil in 2021).

Nekkar continuously works towards ensuring a healthy and motivating working environment for its employees. Efforts are made to encourage joint corporate culture based on the core values described above.

Environment

Nekkar takes care to avoid any negative impact of its operations on the physical environment although the group's activities are viewed to have limited impact on the external environment. Measures are taken to ensure that operations are conducted in accordance with applicable environmental standards.

The use of products delivered by Nekkar represents limited risks of environmental pollution. The Nekkar Group's operations are not regulated by any licenses or regulatory orders.

Nekkar conducts climate accounting on Scope 1, 2 and 3. For more information, please see the ESG report at page 104 of this document.

Equal opportunities

Nekkar promotes a working environment that offers equal rights, equal treatment and equal opportunities to everyone regardless of gender, religion, disabilities and ethnic background. It is an important goal that all employees experience equal possibilities regarding their professional and personal development.

Engineers make up the majority of Nekkar's workforce and represent a profession where women historically have been underrepresented. The challenge of attracting women to the field is reflected by the fact that women constituted only 18 percent of the workforce in 2022 (2021: 21 percent). Consequently, the Board of Directors considers it important that Nekkar complies with a recruitment policy where it is more attractive for women to join the company.

Two out of the corporate management team's five members is female. The Board of Directors of Nekkar ASA consists of two persons of each gender.

Pursuant to the law prohibiting discrimination based on disabilities (the Norwegian Anti-Discrimination and Accessibility Act), Nekkar has made efforts, where applicable, to locate operations and implement office layout in a manner that enhances accessibility for everybody, and make reasonable workplace accommodations to meet the needs of employees with hearing or sight impairments.

Board of Directors

The Board of Directors consists of Trym Skeie (Chair), Marit Solberg (Vice Chair), Gisle Rike and Ingunn Svegården.

At the Annual General Meeting held 30 May 2022, Trym Skeie and Gisle Rike were re-elected for a period of two years. Marit Solberg and Ingunn Svegården were not up for re-election.

Insurance for board members and management

Nekkar ASA has a directors' and officers' liability insurance which includes the board members and management in Nekkar ASA and subsidiaries. The liability limit is NOK 75 million.

Auditor

KPMG is the elected auditor for Nekkar ASA.

Board statement on corporate governance

The Nekkar Board of Directors adheres to good corporate governance standards and uses the Norwegian Code of Practice for Corporate Governance as a guideline. A more detailed account of the applicable principles for corporate governance is provided as a separate Corporate Governance section in the annual report. Resolutions from the General Meetings are published on the company's website, www.nekkar.com.

Shareholder structure and limitation

The shares of Nekkar ASA are publicly traded at the Oslo Stock Exchange, where the company trades under the ticker code NKR. All shares are identified by the owner's name. As reflected in the company's Articles of Association, there are no restrictions to voting, or to the transfer of share ownership, nor are there any mechanisms in effect aimed at preventing takeovers. Nekkar ASA has one class of shares, and each share confers one vote at the General Meeting. There is no specific representation – neither individually nor jointly – for shares owned by employees of Nekkar.

Capital structure

Nekkar Group's total equity at the end of 2022 was NOK 351.0 million, of which NOK 330.9 million was attributable to the majority, and NOK 20.1 million was attributable to the non-controlling interests.

The equity to total assets ratio was 69.2% at the end of 2022, compared to 70.1% in 2021. At the end of 2022, the equity in Nekkar ASA was NOK 312.9 million, of which NOK 5.9 million was share premium capital, NOK 11.7 million share capital and NOK 295.2 million other equity. Comparable figures from year end 2021 were NOK 341.1 million, NOK 3.9 million, NOK 11.7 million and NOK 325.6 million respectively.

Outlook

Nekkar's Shipyard Solutions business area entered 2023 with an order backlog of NOK 824 million, which provides good visibility for 2023 and 2024.

Order intake in 2022 was NOK 277 million, which was significantly higher than the previous year, reflecting high tendering activity in the Shipyard Solutions business area throughout the year. The market situation for newbuild projects within Shipyard Solutions remains promising. Investment decisions for newbuild projects may still see some delays.

In 2019, Nekkar initiated a project to generate more service revenues from Syncrolift's extensive global installed base of ship lifts and transfer systems. The aging installed base provides a solid foundation for both upgrades and replacements of existing systems. This strategic effort has started to yield strong results. In 2022, Nekkar's order intake from aftersales and services grew by 30 percent year-over-year, from NOK 73 million to NOK 95 million. Service revenue increased to NOK 68 million in 2022, up almost 50 percent from NOK 46 million in 2021. Nekkar expect this positive development to continue in 2023.

Intellilift, which is the heart of Nekkar's Digital Solutions business area, continues to play an important role in developing Syncrolift's digital platform. The company is also well positioned for further growth in different sectors going forward. With a developed digital platform based on its IP, Intellilift offers solutions for both renewables, aquaculture and its traditional market within the offshore oil and gas industry. Subsequent to year-end 2022, the InteliWell JV, which Intelillift is part of, signed its first commercial contract. The four-year contract is with an undisclosed major rig operator. Nekkar's subsidiary, Intellilift, will execute the project on behalf of the JV during 2023. The contract consists of a fixed sum project amount plus service fee throughout the contract period. The successful implementation of this contract is likely to open up further rig market opportunities that may generate further revenue in 2023, depending on timing of awards.

Investments in the oil and gas industry is currently at a high level due to a high oil price level, partly impacted by the European energy crisis caused by Russia's invasion of Ukraine. Investments into development of oil and gas are expected to remain high in the coming years. This, coupled with a demand to reduce emissions from oil and gas developments and production, could result in increased demand for Intellilift's products and technologies.

Nekkar's Aquaculture business aims to secure agreement with a fish farmer for full scale test of "Starfish" with biomass. The Norwegian government's announced resource rent tax on aquaculture production has postponed major planned investment in the seafood industry. A clarification on the exact taxation level and structure is likely to have a positive effect on investment decisions.

Nekkar's Renewables business area will continue its development of the SkyWalker wind turbine installation tool and together with developers explore opportunities for installation and major component exchange for both bottom-fixed and floating offshore wind.

The market outlook for the renewables industry which Nekkar is targeting with its SkyWalker tool, is promising with investment levels predicted to grow substantially in the coming years and decades. Furthermore, on March 29 2023 the Ministry of Petroleum and Energy announced a competition for project areas for offshore renewable energy production in two areas on the Norwegian continental shelf: Sørlige Nordsjø II and Utsira Nord, which provides additional opportunities for SkyWalker and Nekkar. Increased pressure on profitability for wind farm developers and operators could also stimulate interest in more cost-efficient wind turbine installation tools such as the SkyWalker.

Kristiansand, 27 April 2023
Board of Directors, Nekkar ASA

Trym Skeie	Gisle Rike	Marit Solberg	Ingunn Svegården	Ole Falk Hansen
Chairman	Director	Director	Director	CEO

Corporate governance

The Board of Directors (“the Board”) of Nekkar ASA (“Nekkar” or the “Company” is responsible for ensuring that the Company is organised, managed and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations.

Compliance with generally accepted corporate governance guidelines is important because it contributes to:

- reduced risk
- enhanced values in the best interests of all stakeholders
- fair treatment of all stakeholders
- strengthened confidence and attractivity
- desired conduct

The Board considers compliance with generally accepted corporate governance guidelines as an important prerequisite for long-term value creation. The Company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles.

Nekkar seeks to comply with the Norwegian Code of Practice for Corporate Governance (the “Corporate Governance Code”), last revised on 14 October 2021, which is available at the Norwegian Corporate Governance Committee’s website www.nues.no. The principal purpose of the Corporate Governance Code is to ensure (i) that listed companies implement corporate governance that clarifies the respective roles of shareholders, the board of directors and executive management more comprehensively than what is required by legislation and (ii) effective management and control over activities with the aim of securing the greatest possible value creation over time in the best interest of companies, shareholders, employees and other parties concerned.

The following statement explains how Nekkar addresses the 15 governance topics covered by the Code.

1. Implementation and reporting on corporate governance

The Board is aware of its responsibility for implementation of internal procedures and regulations to ensure that the company and its subsidiaries ("the Group") complies with applicable principles for good corporate governance in line with Norwegian and applicable international standards. The Board actively adheres to this.

Good corporate governance is an integral part of the decision-making process in matters dealt with by the Board. Governing structures and controls help to ensure that the policy is enacted upon. The work of the Board is based on defined division of roles and responsibilities between the shareholders, the Board and management. Nekkar has implemented specific set of rules and procedures for the Board, constituting the governance structure and administrative procedures for their work.

According to Nekkar's own evaluation, the company deviates from the Corporate Governance Code on the following points:

- Item 6: Nekkar deviates from the recommendation to have all board members present at the general meeting as the company deemed it satisfactory to require the presence of the chairperson of the Board, the chairperson nomination committee, the auditor, and the CEO. Nekkar also deviates from the recommendation to establish routines for appointment of an independent person to chair the general meeting. In case particular items on the agenda requires such measures, the Board will consider appointing an independent chairperson.
- Item 9: Nekkar does not have an audit committee. Pursuant to Nekkar's Articles of Association, the complete Board serves as audit committee of the company provided that the Board at all times satisfies the requirements in the Norwegian Public Limited Liability Act section 6-42. Considering a lower complexity level in the business after the disposal of the maritime and offshore business, as well as the reduced number of Board members, the Board deems it sensible that all members are equally informed about the accounting issues.
- Item 9: Nekkar does not have a remuneration committee. Instead, the Board resolves matters relating to compensation paid to the executive personnel. As all Board members are independent of the Company's executive personnel, it is the Board's view that it is a suitable body to help ensure a thorough and independent preparation of matters relating to compensation paid to the executive personnel.
- Item 14: Due to the unpredictable nature of a takeover situation, the Company has decided not to implement detailed guidelines on take-over situations. In the event of a takeover, the board of directors will consider the relevant recommendations in the Corporate Governance Code and whether a potential situation entails that the recommendations in the Corporate Governance Code can be complied with or not.

Corporate governance in Nekkar is subject to regular reviews and discussions by the Board.

2. Business

Nekkar (OSE: NKR) 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 growth within ocean-based industries such as offshore energy, renewables and aquaculture, and make them more sustainable and productive. Nekkar's investments in development of the "Starfish" closed fish cage and the "SkyWalker" wind turbine installation tool, are examples of how this strategy is implemented.

Nekkar is a public limited liability company organized under the laws of Norway and subject to the provisions of the Norwegian Public Limited Liability Companies Act.

Nekkar's objective is currently defined in the Articles of Association as follows:

The company's purpose is to engage in industrial activities and related matters such as direct and indirect investments in companies carrying out industrial activity, as well as active ownership of the different companies.

Nekkar's operations are based on cross border trade, and interaction with people from many countries and different cultures. Nekkar embraces social responsibility by increasing the understanding of cultural differences, seeking to increase tolerance. The company has approved more specific guidelines for Corporate Social Responsibility ("CSR") based on the principles of the UN Global Compact about CSR related to human rights, labour, environment and anti-corruption.

In addition, Nekkar each year publishes a sustainability report where it presents the main social, societal, and environmental challenges Nekkar faces, and how the company approaches them. Following dialogue with the company's key stakeholders, Nekkar has identified three priority areas, health and safety, ethics and anti-corruption and the environment – that are integrated with the company's business strategy, and the goals are each year defined to improve Nekkar's performance within these areas.

To discuss and evaluate goals, strategy and risk profile, the Board conducts an annual two-day strategy meeting, where the main purpose is to set the long-term direction for the company.

A further description of the company's operations, goals, strategy, and risk profile is provided in the group's annual report, which shows how the company's operations and strategies are aligned with objectives defined in the Articles of Association.

3. Equity and dividends

The company's solidity is continuously assessed based on the company's goals, strategies and risk profile. Total assets at the end of 2022 were NOK 507.1 million and the company's equity was NOK 350.1 million, providing an equity-to-assets ratio of 69.2 percent.

Nekkar aims to give shareholders a competitive long-term return that reflects the risk inherent in the company's operations. Based on Nekkar's capital structure and growth strategy, the shareholders' return should be realized mainly through an increase in the value of their shares. However, dividends and share buybacks may also be relevant in the future, if and when the circumstances permit it. Growth through acquisitions will be funded through a balanced mix of equity and debt.

The Annual General Meeting determines the annual dividend, based on the Board's proposal. The Board has not proposed a dividend payment for the 2022 financial year.

The shareholders can give the Board the authority to increase the share capital or purchase the Company's own shares at the Annual General Meeting. However, such mandates should be intended for a defined purpose.

The General Meeting has given the Board authorisations to increase the Company's share capital. This may be used in order to further develop the company and/or in connection with acquisitions of business or assets within the same or corresponding sector as the Company, and in connection with issuing shares to employees and/or board members of the Company. The General Meeting has also granted the Board authority to buy own shares for deletion or to use them as part of part of remuneration of employees. All the authorisations expire at the annual general meeting of the Company in 2023, and 30 June 2023 at the latest.

4. Equal treatment of shareholders

Equal treatment of all shareholders is a core governance principle. Nekkar has one class of shares and is listed on Oslo Stock Exchange under the ticker symbol NKR. Each share carries one vote at the General Meeting.

In situations where normal preferential rights shall be deviated from, the Company's Board is proposed to prepare grounds for such a decision in accordance with the Norwegian Code of Practice for Corporate Governance and shall present these to the General Meeting.

Own shares are purchased through ordinary trade on the Oslo Stock Exchange if applicable. On 31 December 2022, the Company owned 6,632 shares.

5. Share and negotiability

All Nekkar shares carry equal rights and are freely negotiable and the Company's articles of association do not contain any form of restriction on negotiability.

6. General meetings

The interest of the company's shareholders is exercised at the General Meetings (GM). The Annual General Meeting is usually held end of May or beginning of June. The meeting for 2023 is scheduled on 30 May 2023.

The General Meetings deal with and decide on the following matters:

- Adoption of income statement and balance sheet.
- Application of profit or coverage of deficit pursuant to the adopted income statement and balance sheet as well as distribution of dividends.
- Election of board of directors. The general meeting shall elect the chairman of the board and the vice-chairman of the board.
- Other issues that pursuant to the provisions of the Norwegian laws and Articles of Association are to be treated by the General Meeting.

All shareholders with known address registered in the Norwegian Central Securities Depository (VPS) will receive an invitation to the GM. The invitation is sent at least three weeks prior to the meeting. Other documents will be made available at Nekkar's website. A shareholder may request a print of documents relating to matters to be dealt with at the GM.

The deadline for shareholders to give notice of their intention to attend the meeting is one day prior to the meeting.

Shareholders who are unable to attend the GM may vote by proxy. The proxy form is designed in such a way that voting instructions may be given for each item on the agenda.

The Company's Board chooses whether to hold the general meeting as a physical meeting or as an electronic meeting.

The chairperson of the Board, the chairperson of the nomination committee, the auditor, and the CEO are present at the GM, in addition to other Board members when appropriate. The chairperson of the Board opens the GM and is normally elected to chair the meeting.

Nekkar has not deemed it necessary to require the presence of all members of the Board at the GM. Nekkar also deviates from the recommendation to establish routines for appointment of an independent person to chair the GM. In case of particular items on the agenda requiring such measures, the Board will consider appointing an independent chairperson.

All shares carry an equal right to vote at General Meetings. Resolutions at GMs are normally passed by simple majority unless otherwise is required by Norwegian law.

The minutes of the GM are made available on Nekkar's website and published to the Oslo stock exchange.

7. Nomination committee

Pursuant to Nekkar's Articles of Association, the nomination committee shall consist of 2-3 members, independent of the Board and management.

The committee nominates candidates to the Board and proposes Board members' remuneration. No member of the company's Board is a member of the nomination committee.

As part of its nomination process, the committee will have contact with major shareholders, the Board and the company's executive management to ensure that the process takes both the Board's and the company's needs into consideration.

A justification for a candidate will include information on each candidate's competence, capacity and independence.

The current members of the nomination committee are Leif Haukom and Anne-Grete Ellingsen. Both members are independent of the major shareholders, the Board and the executive management.

The members of the nomination committee are elected by the GM. According to the Code, the GM shall elect the Chair of the nomination committee and set the guidelines for the committee's work.

Information regarding the committee members, the procedures, as well as how input and proposals may be submitted to the committee is published on the company's website.

8. Board of directors, composition and independence

Pursuant to Nekkar's Articles of Association, the company's Board shall consist of three to five members. The current Board consists of four members elected by the GM.

At the General Meeting on 30 May 2022, the shareholders elected the following members to the Board:

NAME	ELECTION PERIOD	POSITION
Trym Skeie	2022 – 2024	Chairperson
Marit Solberg	2021 – 2023	Vice chairperson
Gisle Rike	2022 – 2024	Director
Ingunn Svegården	2021 – 2023	Director

Nekkar strive to ensure that the Board has a composition necessary to safeguard the interest of the shareholders. The Board consider its composition to be diverse and competent with respect to expertise, capacity and diversity adapted to the company's objectives, main challenges and the common interest of all shareholders. The Board emphasizes the importance of efficiency as a collegial body. The board consists of two men and two women.

Trym Skeie is, both directly and indirectly, a major shareholder in the company. Gisle Rike is employed by Rasmussengruppen AS, which is a major shareholder in the Company. Marit Solberg and Ingunn Svegården are independent of the major shareholders and executive management. The Board does not include executive management and the majority of the Board members are independent of the Company's executive personnel and material business contacts.

The Directors of the Board are elected for a period of two years. Please see the Annual Report for a presentation of the Board members.

According to the Code, the Chairperson of the Board should be elected by the GM. This is also stated in the Company's Articles of Association.

Both Trym Skeie and Marit Solberg own shares in Nekkar. None of the Board members hold any shareoptions.

9. The work of the board of directors

The Board has the overall responsibility to oversee the organization, operation and management of Nekkar, whilst the CEO is responsible for day-to-day management. This means that the Board is responsible for how to organize the company's activities and establishing systems in order to ensure that Nekkar operates in compliance with laws and regulations, corporate governance guidelines and the values stated in the company's Code of Conduct.

The Board conducts its work through established procedures ("Rules and procedures for the Board of Directors") where its responsibilities for the work and administrative procedures are outlined. The Board has adopted an annual plan for its work to ensure that all important issues and business areas are covered, emphasizing objectives, strategy, and implementation of the company's business plan in particular. The Rules and procedures for the Board also state how the board of directors and executive management shall handle agreements with related parties, including whether an independent valuation must be obtained. The Board should also present any such agreements in their annual directors' report. Further, If the chairperson of the Board is personally involved in matters of a material character, the Board's consideration of such matters will be chaired by another member of the Board.

Pursuant to Nekkar's Articles of Association, the complete Board shall serve as audit committee of the company provided that the Board at all times satisfies the requirements in the Norwegian Public Limited Liability Act section 6-42. Considering a lower complexity level in the business after the disposal of the maritime and offshore business, as well as the reduced number of Board members, the Board deems it sensible that all members are equally informed about the accounting issues.

The Board has considered but not established a remuneration committee. Instead, the Board resolves matters relating to compensation paid to the executive personnel. As all Board members are independent of the Company's executive personnel, it is the Board's view that it is a suitable body to help ensure a thorough and independent preparation of matters relating to compensation paid to the executive personnel. There are no other committees established by the Board of Directors. The Board assess the need for additional roles and functions for the Board and its directors on an annual basis.

The Board evaluates its own performance and expertise on an annual basis. The evaluation is submitted to the nomination committee.

10. Risk management and internal control

The Board focuses on ensuring adequate organization and supervision of Nekkar's internal control and overall risk management. On an annual basis, the Board discusses and assesses the group's risk exposures, systems, routines, and internal control to mitigate these risks. Internal control procedures, limiting authorizations, organizational changes and increased reporting are part of the improvements.

The Board's work with internal control and applicable systems encompasses the company's corporate values, Code of Conduct and guidelines for Corporate Social Responsibility.

Procedures and systems upholding uniform reporting are prepared. Management prepares monthly financial reports, which are submitted to, and reviewed by the Board.

As part of ongoing risk management efforts, the Board and management carry out specific risk reviews of major investments and contracts.

As part of the annual budget and strategy process, the Board and executive management conduct an annual review to discuss and identify external and internal opportunities and threats for the group.

In addition, the Board carries out a thorough review of the company's financial status in the annual Board of Directors' Report. This review also includes a description of the main elements of our HSE efforts with a corresponding action plan if needed.

The Nekkar Code of Conduct outlines Nekkar's ethical commitments and requirements to expected behavior regarding issues as anti-corruption and conflict of interest. It sets standards for personal conduct and business practice.

The Code of Conduct has been communicated to all employees and implemented in order to ensure that the company's ethical commitments and requirements are reflected in all business behavior. The Code of Conduct includes the most important ethical principles and provides references to more detailed requirements related to business and personal conduct.

The Code of Conduct applies to all Nekkar group companies, Board members, management and employees, including temporary personnel and consultants or contractors acting on behalf of Nekkar.

11. Remuneration of the Board of Directors

Remuneration of the Board is determined by the GM, based on recommendation from the nomination committee. The recommendation is normally linked to the Board members' responsibilities, competence and time commitment, taking the company's size and complexity into consideration. It also references the level of Board remuneration in comparable, Norwegian stock exchange listed companies.
The remuneration is not linked to the company's performance. There is no share option program for the Board of Directors but they can take part in the company's share purchase program.

Members of the Board, including companies with whom they are associated, are usually not given separate assignments by Nekkar in addition to their function as directors. Such assignments will be based on approval from the Board. There were no such assignments in 2022.

12. Salary and other remuneration for executive personnel

The Board determines the principles applicable to the group's policy for compensation of executive management. The Board is directly responsible for determining the CEO's salary and other benefits. The CEO is, in consultation with the chairperson of the Board, responsible for determining the salary and other benefits for the group's other senior executives.

The guidelines for salaries and other remuneration are communicated yearly to the GM, where so far, the Board has asked for the endorsement of all sections of the declaration of the determination of salaries and other remuneration of leading employees, except the option program where they have asked for approval. Executive management remuneration consists of three main elements: salary, bonus and equity-based instruments.

The Boards' view on management compensation is that it should be competitive, simple and motivating, but not above observed market levels, and help ensure that the executive personnel and shareholders have convergent interests. Bonuses are determined according to specific targets set for each year. Bonus schemes are limited to a portion of the salary, increasing according to the position category up to a maximum of 50% of base annual salary unless special circumstances apply. Guidelines and the annual remuneration report are presented in the Annual Report.

13. Information and communication

Nekkar's reporting and communication policy is based on openness, taking into account the requirement for equal treatment of all stakeholders in the financial markets.

The company has established guidelines for reporting of financial and other information. The purpose of these guidelines is to ensure that timely and correct information is made available to shareholders and other stakeholders. A financial calendar and other shareholder information, including the investor relations policy, is available on the company's website.

Any dividend proposals are presented in the meeting call for the General Meeting.

All information distributed to the company's shareholders is simultaneously published on the company's website and Oslo stock exchange's website (www.newsweb.no).

14. Take-overs

The company's Articles of Association do not include defense mechanisms aimed towards take-over bids, nor are any other obstacles implemented with the objective of reducing the trade and/or transferability of the company's shares.

The shares are freely negotiable. Transparency and equal treatment of the shareholders are fundamental principles the company adheres to. No additional principles have been established for how Nekkar will or should act with respect to takeover bids, but the Board intends to act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur. Furthermore, the Board will issue a statement to the shareholders with an assessment of the bid and a recommendation of whether to accept it or not.

15. Auditor

The external auditor is independent in relation to Nekkar and elected by the Annual General Meeting. The auditor's fee is approved by the GM.

The auditor conducts a minimum of two meetings per year with the Board, and at least in one of the meetings a part of the meeting is held without management present. One of the meetings is conducted in connection with the review of the annual accounts, while the second meeting's purpose is to review the company's internal control systems and routines. The Board reviews the yearly audit plan with the auditor together with identified weaknesses and suggestions for improving the company's internal control.

In addition, the auditor is present in the Board meetings as and when required.

It has not been deemed necessary by the Board to implement additional guidelines regarding the use of the auditor for services other than auditing.

Consolidated financial statements

NEKKAR PER 31 DECEMBER 2022

NOTES

Consolidated statement of comprehensive income

For the year ended 31 December

Amounts in NOK 1000	Notes	2022	2021
CONTINUED OPERATIONS			
OPERATING REVENUE			
Project revenue	2	387 503	478 892
Other income		-	1 091
Total revenue		**387 503**	**479 983**
OPERATING EXPENSES			
Cost of goods sold		206 132	236 708
Personnel costs	4, 5	78 294	73 820
Losses on accounts receivable		-	108
Other operating expenses	4, 14	32 781	25 614
Depreciation of fixed assets	6, 7	10 475	5 665
Other losses / (gains)	16	8 055	3 965
Total Operating Expenses		**335 737**	**345 881**
Operating profit / (loss)		**51 766**	**134 103**
FINANCIAL INCOME AND EXPENSES			
Financial income	18	4 884	5 696
Financial expense	18	14 016	7 265
Net Finance		**-9 132**	**-1 569**
Profit / (loss) before tax		**42 634**	**132 534**
Income tax expenses / (- income)	13	9 981	20 914
Profit/ (loss) from continued operations		**32 654**	**111 621**
DISCONTINUED OPERATIONS			
Profit / (loss) after tax for the period from discontinued operation		-	-
Profit for the period		**32 654**	**111 621**
Attributable to equity holders of the company		31 839	110 224
Attributable to non-controlling interests	21	815	1 397
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subseqently to profit or loss			
Foreign currency differences for foreign operations		-	-
Other comprehensive income for the period		**-**	**-**
Total comprehensive income for the period		**32 654**	**111 621**
Attributable to equity holders of the company		31 839	110 224
Attributable to non-controlling interests		815	1 397
Earnings per share (NOK)	12	0.30	1.04
Diluted earnings per share (NOK)	12	0.30	1.04

Consolidated statement of financial position

For the year ended 31 December

Amounts in NOK 1000	Notes	2022	2021
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets	13	7 032	15 982
Goodwill	7	16 643	16 643
Other intangible assets	7	58 035	40 084
Property, plant and equipment	6	9 809	14 439
Right-of-use assets	6	4 409	5 804
Total non-current assets		**95 929**	**92 952**
CURRENT ASSETS			
Inventories	3, 10	2 317	3 474
Trade receivables	2, 9, 10	106 875	134 749
Other receivables	9, 10, 16	7 126	13 906
Accrued, non-invoiced production	2, 10	113 616	20 153
Derivative financial instruments	16	-	11 505
Bank deposits, cash in hand, etc.	10	181 281	174 501
Total current assets		**411 214**	**358 288**
Total assets		**507 143**	**451 241**

Consolidated statement of financial position

For the year ended 31 December

Amounts in NOK 1000	Notes	2022	2021
EQUITY AND LIABILTIES			
EQUITY			
Issued share capital	11	11 746	11 714
Treasury shares	11	-1	-1
Share premium	11	5 919	3 863
Other equity	11	313 214	281 376
Shareholders equity		**330 878**	**296 952**
Non-controlling interests	21	20 090	19 276
Total equity		**350 968**	**316 228**
NON-CURRENT LIABILITIES			
Deferred tax	13	454	526
Lease liabilities	6	2 716	4 234
Total non-current liabilities		**3 169**	**4 761**
CURRENT LIABILITIES			
Trade payables		45 893	20 682
Income tax payable	13	1 562	2 618
Social Security and Employee taxes		7 469	6 519
Prepayments from customers	2	42 418	29 456
Derivative financial instruments	16	7 198	3 971
Current lease liabilities	6	1 549	1 566
Other current liabilities	17, 22	46 917	65 439
Total current liabilities		**153 006**	**130 253**
Total liabilities		**156 175**	**135 013**
Total equity and liabilities		**507 143**	**451 241**

Kristiansand, 27 April 2023
Board of Directors, Nekkar

Trym Skeie
Chairman

Gisle Rike
Director

Marit Solberg
Director

Ingunn Svegården
Director

Ole Falk Hansen
CEO

Consolidated statement of changes in equity

For the year ended 31 December

Amounts in NOK 1000	Note	Share capital	Treasury shares	Share premium	Other equity	Share-holders equity	Non-controlling interests	Total equity
Equity as of 1.1.2020		**11 619**	**-1**	**-**	**205 878**	**217 495**	**16 050**	**233 544**
Profit /(loss) for the period		-	-	-	-34 726	-34 726	1 829	-32 897
Total comprehensive income		-	-	-	-34 726	-34 726	1 829	-32 897
New Shares Issued		78	-	2 751	-	2 829	-	2 829
Equity as of 31.12.2020		**11 696**	**-1**	**2 751**	**171 152**	**185 599**	**17 879**	**203 477**
Equity as of 1.1.2021		**11 696**	**-1**	**2 751**	**171 152**	**185 599**	**17 879**	**203 477**
Profit /(loss) for the period		-	-	-	110 224	110 224	1 397	111 621
Total comprehensive income		-	-	-	110 224	110 224	1 397	111 621
New Shares Issued	11	18	-	1 112	-	1 130	-	1 130
Equity as of 31.12.2021		**11 714**	**-1**	**3 863**	**281 376**	**296 952**	**19 276**	**316 228**
Equity as of 1.1.2022		**11 714**	**-1**	**3 863**	**281 376**	**296 952**	**19 276**	**316 228**
Profit /(loss) for the period		-	-	-	31 839	31 839	815	32 654
Total comprehensive income		-	-	-	31 839	31 839	815	32 654
New Shares Issued	11	32	-	2 056	-	2 087	-	2 087
Equity as of 31.12.2022		**11 746**	**-1**	**5 919**	**313 215**	**330 878**	**20 090**	**350 968**

Consolidated statement of cash flows

For the year ended 31 December

Amounts in NOK 1000	Notes	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before tax		42 634	132 534
Adjustments for:			
Depreciation / impairment	6, 7	10 475	5 665
Interest expense	18	3 437	2 549
Interest income	18	-4 884	-2 521
Other Financial Items	18	10 579	1 541
Income tax paid	13	-2 625	-
Changes in:			
Inventories	3	1 157	1 938
Trade receivables	9	27 874	-98 106
Trade payables		25 210	-3 934
Accrued, non-invoiced production		-93 462	2 229
Other receivables and other payables		17 554	-96 489
Net cash flow from operating activities		**37 950**	**-54 595**
CASH FLOW FROM INVESTMENT ACTIVITIES			
Acquisition and expenditures of fixed/intangible assets	6, 7	-22 401	-26 253
Disposal of discontinued operation		-	-98 337
Net cash flow from investment activities		**-22 401**	**-124 590**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		2 088	1 130
Payment of lease liabilities		-1 725	-991
Interest received	18	4 884	2 521
Interest paid	18	-3 437	-2 549
Other Financial items	18	-10 579	-1 541
Net cash flow from financing activities		**-8 768**	**-1 429**
Net change in cash and cash equivalents		6 780	-180 614
Cash and cash equivalents at the start of the period		174 501	355 114
Cash and cash equivalents at the end of the period		**181 281**	**174 501**
Cash flow attributable to non-controlling interests		798	-590

Accounting principles

1. General information

1.1 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 registered head office is located at Andøyfaret 15 in Kristiansand, Norway.

As per 31 December 2022 Nekkar holds subsidiaries in Norway, USA and Singapore.

Today, 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 growth within ocean-based industries such as offshore energy, renewables and aquaculture.

Syncrolift delivers systems, products and services to yards and naval bases within three main areas:

- Shiplift and Transfer systems: The company delivers complete tailored shiplift and transfer systems. The offering includes design, engineering, assembly, and installation.
- FastDocking: Innovative products and solutions are designed to increase on-land productivity within docking and ship handling.
- Service and upgrades: Systematic approach to help clients maintain and improve the capability and lifespan on shiplifts and transfer systems, maintenance, spare replacements and upgrades of small and larger components.

The Syncrolift business has a global customer base, and its product offering addresses several core operations on yards and naval bases around the world. The shiplift products simplifies the docking operations while the transfer systems secure a safe and effective infrastructure as vessels are moved by rails or wheels at the yard, enabling multiple use of the shiplift, and improved yard utilization.

Further information of the principal activities of the group is included in Note 1.

1.2 BASIS OF PREPARATION

Nekkar's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union. Standards and interpretations effective for annual periods beginning on or after 1 January 2023 have not been applied in preparing these consolidated financial statements.

The consolidated financial statements of the group for the year ended 31 December 2022 were approved by the Board of Directors on 27 April 2023.

The consolidated financial statements have been prepared on the basis of uniform accounting principles for similar transactions and events under otherwise similar circumstances. The consolidated financial statements are presented in NOK. Financial information is presented and rounded to the nearest thousands, except were stated otherwise.

2. Summary of key accounting principles

The accounting principles set out below have been applied consistently to all periods presented in the consolidated financial statements and have been applied consistently by group entities.

2.1 BASIC PRINCIPLES

a) New accounting standards and amendments
The accounting policies adopted are consistent with those of the previous financial year. New or revised accounting standards and interpretations implemented as of 1 January 2022 are among others Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37) and Proceeds before Intended Use (Amendments to IAS 16 Property, plant and equipment). The new or revised accounting standards and interpretations do not represent a significant impact to Nekkar's accounting policies.

b) Current versus non-current classification
The group presents assets and liabilities in the consolidated statement of financial position as either current or non-current. An asset is classified as current when it is expected to be realized or intended to be sold or consumed in the normal operating cycle, held primarily for the purpose of trading, expected to be realized within twelve months after the reporting period, or is cash or cash equivalent. All other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Fair value measurement
The group measures financial instruments, such as derivatives, at fair value, as defined in IFRS 13, at each balance sheet date.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.2 BASIS FOR CONSOLIDATION

a) Subsidiaries
Subsidiaries are entities which Nekkar controls. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries are consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date when such control ceases.

In cases where Nekkar achieves control over an entity, business combinations are accounted for using the acquisition method. Non-controlling interests is presented separately as equity in the group's consolidated statement of financial position.

2.3 SEGMENT INFORMATION

For management purposes, the group is organized into segments based on its products and services (business units). The Board of directors monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. However, the group's financing (including finance costs and finance income) is managed at group level and is not allocated to operating segments.

Group support functions from the parent company along with Aquaculture and Renewables are presented as "Other". Refer to Note 1 for further details.

2.4 FOREIGN CURRENCIES

a) Functional and presentation currencies

The financial statements of the individual entities in the group are measured in the currency primarily used in the economic area where the unit operates (functional currency). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional and presentation currency of the parent company, and the presentation currency of the group.

b) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency using the currency spot rates at the time of recognition. Foreign currency gains and losses that arise from the payment of such transactions, and the currency conversion effect from monetary items (assets and liabilities) nominated in foreign currencies, which are valued at the currency spot rates at the balance sheet date, are recognized in profit and loss. Non-monetary items measured at historical cost in foreign currency are translated into functional currency using the exchange rates as at the dates of the initial transaction.

c) Group companies

On consolidation, the assets and liabilities of foreign operations are converted into NOK at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates. Currency effects derived from consolidation are recognized in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to the specific foreign operation is reclassified to profit or loss.

2.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized in the financial statements at cost less accumulated depreciation and accumulated impairment. Cost includes the costs directly related to the acquisition of the fixed asset.

Subsequent expenditures are capitalized when it is likely that the group will receive future economic benefits from the expenditure, and the expenditure can be measured reliably. Other repair and maintenance costs are recognized in profit or loss in the period when the expenses are incurred.

Property, plant and equipment are depreciated based on the straight-line method. Historical cost of the fixed asset is depreciated to the residual value over expected useful life, which is:

Machinery and vehicles	3-5 years
Fixtures/office equipment	5-10 years
Computer equipment	3-5 years

Indicators related to possible impairment requirements is monitored continuously. If the carrying value of the fixed asset is higher than the estimated recoverable amount, the value is impaired to recoverable amount.

Gains and losses from disposal of assets are recognized in profit or loss and represent the difference between the sales price and the carrying value.

Depreciation methods, useful lives and residual values are assessed at the reporting date and adjusted when required.

2.6 INTANGIBLE ASSETS

Intangible assets that have been acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired through a business combination is their fair value at the date of acquisition. Capitalized intangible assets are recognized at cost less any amortization and impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized but are expensed as incurred.

Intangible assets with a definite useful life are amortized over their economic life and tested for impairment if there are indications of impairment. The amortization method and -period are assessed at least once a year. Changes to the amortization method and/or period are presented as change in accounting estimate.

Intangible assets with an indefinite useful life are tested for impairment at least once a year, either individually or as a part of a cash-generating unit. Intangible assets with an indefinite economic life are not amortized.

Customer relationships and customer portfolio
Customer relationships and customer portfolios are established through contracts with customers. Customer relationships and customer portfolio acquired through a business combination is recognized as an asset based on its fair value at the acquisition date. The customer relationship and customer portfolios have limited useful life and are amortized using the straight-line method over their expected useful life (15 to 20 years).

Patents and licenses
Patents and licenses have limited useful life and are recorded at historical cost in the balance sheet less depreciation. Patents and technology are amortized using the straight-line method over their expected useful life (2 to 15 years).

Research and development
Research costs are expensed as incurred. Development activities include design or planning of production of new or significantly improved products and processes. Development costs associated with development of new products are capitalized to the extent that they can be reliably measured, the product or process is technically, or commercially feasible, future financial benefits are likely, and the group intends and has sufficient resources to complete the development, and to sell or use the asset.

Capitalized development costs include materials, direct labor, directly attributable overheads and capitalized borrowing costs. Development costs are depreciated over their expected useful life (2 to 15 years). Public grants related to capitalized R&D projects, is recognized as a reduction of capitalized costs.

Government grants
Government grants are recognized when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Tax credits related to R&D projects are classified as government grants if they ultimately are settled with cash, tax credits settled only via taxes are classified as tax allowances.

Grants are recognized in the statement of profit or loss as other operating income, over the periods necessary to match them with the cost they are intended to compensate. Grants relating to intangible assets are deducted from the carrying amount of the asset and recognized in profit or loss as a reduction of the depreciation charge over the lifetime of the assets.

In 2022 Nekkar has received in total NOK 12.5 million in government grants of which NOK 8.8 million is received from Innovasjon Norge and NOK 3.7 million from SkatteFunn. Reference is made to note 7.

2.7 BUSINESS COMBINATIONS AND GOODWILL

When acquiring a business, financial assets and liabilities are recognized at fair value in the opening group balance. The consideration paid in a business combination is measured at fair value at the acquisition date.

The initial accounting for a business combination can be changed if new information about the fair value at the acquisition date is present. The allocation can be amended within 12 months of the acquisition date provided that the initial accounting at the acquisition date was determined provisionally. The non-controlling interest is measured at fair value.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

2.8 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and is recognized when the group becomes party to the contractual provisions of the instrument.

Initial recognition and measurement of financial assets

At initial recognition, a financial asset is classified in one of three principal classification categories: financial assets subsequently measured at amortized cost, fair value through other comprehensive income or as fair value through profit and loss.

With the exception of forward FX contracts (see 2.9), all financial assets are classified as financial assets measured at amortized cost.

Trade receivable

Accounts receivables are on initial recognition measured at the transaction price. The group utilize the expedient in IFRS 15 for prepayment where the transfer of goods is expected in less than one year. Therefore, the group don't measure the trade receivables at fair value even if there may be a significant financing component. For subsequent measurement, accounts receivable is measured at amortized cost determined using the effective interest method, and less provision for expected credit loss (ECL). The group don't recognize any initial ECL on trade receivables due to low historical losses. The group engage in further judgement for trade receivables not paid when due. The group don't use a provision matrix as allowed under IFRS 9.

Contract assets

Contract assets, which mainly is satisfied performance obligations not yet invoiced, is recognized with the estimated considerations according to IFRS 15 for the work performed. Contract assets are subject to impairment testing in the same manner as trade receivables.

Recognition and measurement of financial liabilities

All financial liabilities in the group are classified as financial liabilities as subsequently measured at amortized cost unless the financial liabilities are derivatives or financial liabilities held for trading, which are classified and measured at fair value

In subsequent periods, financial instruments are measured in accordance with classifications described above.

2.9 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The group is exposed to fluctuations in foreign exchange rate which may affect the operating results. The group utilizes hedging of contractual income and cost in a foreign currency.

Fair value hedging

The group uses financial derivatives to hedge foreign currency risk. Derivatives are recognized initially at fair value and are subsequently re-measured at fair value. Attributable transaction costs are recognized in the profit or loss as they incur.

The entity applies hedge accounting to hedging relationships that meets the qualifying criteria. The group only uses forward currency contracts for fair value hedging of the foreign currency risk in unrecognized firm commitments. The group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value of the respective hedged items attributable to the hedged risk.

Changes to fair value of the hedging instrument are recognized in profit and loss as a finance cost or income along with the change in fair value associated with the corresponding hedged asset or liability. The accumulated change in fair value of the hedge item are classified as other receivable or other short-term liabilities.

In those instances where the hedge do not fulfill the criteria for hedge accounting, the derivative is carried at fair value through profit and loss. For financial instrument initial acquired for a hedge purpose, the fair value adjustment increase or decrease the operational profit. This applies to derivatives where the underlying delivery contract has been cancelled.

Derivatives at fair value through profit and loss

Derivatives that are not designated as hedging instruments are recognized at fair value as financial expenses and financial income.

2.10 LEASES

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. At the commencement date of a lease, a lessee will have to recognize a liability based on future lease payments and an asset representing the right to use the underlying asset during the lease term ("Right-of-use assets"). Further, the lessee will be required to separately recognize the interest expense on the lease liability and the deprecation expense of the right-of-use asset.

For 2022, the incremental borrowing rate is assessed to be 6,26% which is used in the calculation of right-of-use assets and the corresponding lease liability.

Nekkar has applied the following practical expedients to leases previously classified as operating leases at the date of initial application of IFRS 16:

- Exemption for short-term leases (defined as 12 months or less)
- Exemption for leases of low value assets

2.11 INVENTORIES

Inventories are valued at the lower of cost and net realizable value. The cost is calculated by means of the first-in, first-out principle (FIFO). For finished goods and work in progress (for project in which revenue recognition is "point-in-time"), the cost consists of product design expenses, consumption of materials, direct labor costs, other direct costs, and indirect production costs (based on a normal capacity level). Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated costs necessary to make the sale.

2.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of bank deposits. Withdrawals from the bank overdraft constitute part of current liabilities. Deposits and overdrafts are presented net if the bank has a legal/contractual right to offset the deposits and liabilities.

The group has a cash pool arrangement where Nekkar is the primary agreement holder. Cash positions on bank accounts with different currencies are presented net in the consolidated financial statement.

2.13 FINANCIAL LIABILITIES

The group classifies financial liabilities at initial recognition into the following: non-derivative financial liabilities, loans and borrowings, payables, financial liabilities at fair value through profit or loss and derivatives designated as hedging instruments.

Non-derivative financial liabilities are initially recognized at fair value plus directly attributable transaction costs. After initial recognition, liabilities are measured at amortized costs using the effective interest method.

Loans are classified as current liabilities unless there is an unconditional right to postpone payment of the debt by more than 12 months from the date of the balance sheet. The following year's payment is classified as short-term debt.

The group derecognizes a financial liability when the contractual obligations are satisfied or cancelled.

2.14 TAXES

Tax in the profit and loss accounts comprise both tax payable for the period and change in deferred tax. Tax payable for the period and deferred tax are recognized in profit or loss, with the exception of tax on items related to business combinations or taxes recognized directly in equity or comprehensive income.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax assets are recognized when it is convincing evidence that the company will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. The group includes the possibility of tax planning through group contribution as part of the assessment of convincing evidence. The group only recognized deferred tax assets which can be utilized in five years as the subsequent period is considered too uncertain. For the period going forward, the disposal of former loss-making entities in the Norwegian tax group is the main driver for additional utilization of the deferred tax assets going forward.

Deferred tax asset or liability is measured using tax rates and tax laws enacted or substantially enacted on the balance sheet date, and which presumably may be utilized when the deferred tax advantage is realized or when the deferred tax is settled.

2.15 PENSION OBLIGATIONS, BONUS SCHEMES AND OTHER COMPENSATION SCHEMES FOR EMPLOYEES

a) Pension obligations

The companies in the group have various pension plans. The pension plans are in general financed by payments to insurance companies or pension funds. As of 31 December 2022, Nekkar has only defined contribution plans.

2.16 REVENUE RECOGNITION

A five-step process is applied before revenue can be recognized;

1. Identify the contract
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations
5. Recognized revenue as performance obligation is satisfied

During the application process, step 2 and 5 has been the most complex due to the contract structure within Nekkar. Below are further details on the 5-step model, focusing on step 2 and 5.

1. Identification of contract

The group's revenue derives from contracts with customers in one of the following revenue streams;

a. Long-term construction contracts (engineer-to-order)
b. Service contracts
c. After sales

All these revenue streams are based on a contract with the customer.

2. Identification of performance obligations

Due to contract structure, there are differences within the contracts with regards to identification of performance obligations. The review has shown;

The deliveries in contracts are reviewed to identify if there are distinct performance obligations. Contracts held within continued business ordinarily represent one performance obligation, ref section 5 below. It could be argued that there could be more than one performance obligations in some of the contracts, but those potential additional performance obligations identified has been assessed immaterial.

3. Transaction price

Revenue from construction contracts includes original contract amount and approved variation orders. For contracts where it is identified multiple performance obligations, a stand-alone selling price is identified to each of the performance obligation. Potential liquidated damages are recognized as a reduction of the transaction price unless it is highly probable that they will not be incurred. Beyond this there are only immaterial variable considerations.

4. Allocation of transaction price to performance obligation

Based on the extensive review of contracts upon the implementation of IFRS 15, the following has been identified;

Contracts represent one performance obligation, hence allocation of transaction price to performance obligation is 1:1.

5. Revenue recognition as performance obligation is satisfied

Revenue is measured based on the consideration specified in a contract with a customer. The group recognizes revenue when it transfers control over a good or service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, and the related revenue recognition policies.

Type of contract	Nature and timing of satisfaction ofperformance obligation	Revenue recognition under IFRS 15
Shipyard solutions		
Construction contracts (Engineer-to-order)	Long term construction contracts with a typical duration of 18-48 months from contracts are signed, to the projects are closed. These projects are engineer-to-order projects, which delivers highly customized turnkey systems for shipyards around the world. The projects are highly specialized systems for each individual project, with no alternative use for the company, and where each project is considered to be one performance obligation. For the performance obligations identified in the contracts, it is assessed that control will be transferred to the customer over time as the items are constructed.	After a thorough analysis of the criteria for "over time" revenue recognition the main issue relating to timing of revenue recognition was Nekkar's enforceable right to payment for the performance completed to date in a situation with termination by the customer for other reasons than Nekkar's failure to perform as promised (termination by convenience). Nekkar has assessed the right to payment to date from a legal point of view. The result of the contract review is that the relevant contract either includes a termination by convenience clause that is in favor of the group, or that general legal basis in the relevant jurisdiction is in favor of the group, thus Nekkar have the legal right to require payment from the customer for performance to date. Payment covers approximately the expected selling price of the goods and services transferred to date, which equals cost plus a reasonable profit margin. Based on this it is the company's assessment, that revenue recognition over time is correct for these contracts. In addition, there is often no alternative use. Measure of progress is based on cost incurred relative to the total expected cost to satisfy the performance obligation.
Upgrade contracts (Engineer-to-order)	Long term upgrade contracts with a typical duration of 12-24 months from contracts are signed, to the projects are closed. These projects are engineer-to-order projects, which delivers upgrades of existing shiplift systems with highly customized turnkey systems for shipyards around the world. The projects are highly specialized systems for each individual project, with no alternative use for the company, that the customer controls throughout the project phase and where each project is considered to be one performance obligation. For the performance obligations identified in the contracts, it is assessed that control will be transferred to the customer over time as the items are constructed.	The analysis of the criteria for "over time" revenue recognition for these types of contracts is linked to Nekkar's performance enhancing an asset that the customer controls as the asset is enhanced or upgraded. Nekkar has assessed that the customer controls the asset throughout the upgrade. The asset is in operation throughout most of the project phase and all installation will happen on customer premises. As such the customer have physical control of the asset including control over functional and operational structures. Legal ownership of the work performed is also transferred to the customer as the work is carried out. Based on this it is the company's assessment, that revenue recognition over time is correct for these contracts. Measure of progress is based on cost incurred relative to the total expected cost to satisfy the performance obligation.

Construction contracts (Engineer-to-order)	Long term construction contracts with a typical duration of 18-48 months from contracts are signed, to the projects are closed. These projects are engineer-to-order projects, which delivers turnkey systems for shipyards around the world. The projects are specialized systems for each individual project, however there might be an alternative use for the company.	"Point-in-time" revenue recognition where revenue is recognized when the goods are delivered and have been accepted by the customer at their premises.
Service and after sales contracts	The company delivers service-based business, where work is done on the customers equipment. These deliveries are man-hour based and considered over-time deliveries. Spare parts as part of the service delivery are recognized upon delivery. Lead time from order to completed customer delivery is normally less than three months. For after sales contracts, in which is sale of components etc, revenue are recognized upon delivery.	Revenue from contracts with customers for other services is recognized over-time using a cost progress method or is recognized over-time as manhours and materials are delivered to the customer. Revenue from contracts with customers for after sales, are recognized at point-in-time upon delivery.

2.17 CONTRACT COSTS

For revenue where performance obligations are satisfied over time, which is the primary source of revenue at the group, all cost are recognized as expensed when incurred because control of the work in progress transfers continuously to the customer as it is produced and not at discrete intervals.

For contracts where performance obligation are satisfied at a point in time, IAS 2, Inventory, sets the accounting.

Cost to obtain a contract are immaterial for the group and expensed when incurred.

Balance sheet classification

For contracts recognized "over-time", an amount equal to completed, not invoiced, performance obligations based on transaction price are recognized as contract asset, while prepayments from customers are recognized as contract liability. For contracts where there is both a contract asset and a contract liability, it is presented net in the consolidated statement of financial position.

Onerous contracts

The full loss is recognized immediately if contracts are forecast to be loss making. The full loss includes all relevant contract costs.

2.18 IMPAIRMENT OF ASSETS

Non-financial assets

At the reporting date, the group assesses whether there are indications that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group estimates the asset's recoverable amount. For goodwill and intangible assets not yet available for use, or with an indeterminable useful life, the recoverable amount is estimated at the same time each year. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In the assessment of value in use, the estimated future cash flow is discounted to net present value, with a pretax market-based discount rate. The rate takes into consideration the time value of money and asset-specific risk. With the purpose of testing for impairment, assets that have not been tested individually are grouped in the smallest identifiable group of assets that generate incoming cash flow which in all material aspects is independent of incoming cash flows from other assets or group of assets (cash generating units or CGU). Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates.

Impairment losses relating to goodwill cannot be reversed in future periods. For other assets, an assessment is made on each reporting date whether there are indications that previously recognized impairment losses no longer exist or have decreased. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

2.19 CASH FLOW STATEMENT

The cash flow statement has been prepared based on the indirect method.

2.20 EARNINGS PER SHARE

The basic earnings per share and diluted earnings per share are presented for ordinary shares. The basic earnings per share is calculated by dividing the period's earnings attributable to owners of the ordinary shares adjusted for the number of own shares.

Diluted earnings per share are calculated by adjusting the earnings and the weighted average number of ordinary outstanding shares, adjusted for the number of own shares, for potential dilution effects.

2.21 FINANCIAL INCOME AND COST

Financial income consists of capital gains on financial investments and changes to fair value of financial assets to fair value in profit and loss. Interest income is recognized in profit and loss using the effective interest method.

Financial costs comprise interest costs on loans, the effect of interest in discounted accruals, changes to the fair value of financial assets to fair value in profit and loss, and impairment of financial assets. Borrowing costs not directly attributable to acquisition, processing or production of a qualifying asset, are included in profit and loss using the effective interest rate method.

Foreign currency gains and losses are reported net.

2.22 EQUITY

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

2.23 CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities are not recognized in the financial statements. Significant contingent liabilities are disclosed, except for contingent liabilities that are unlikely to incur.

Liabilities are recognized unless no reliable estimate can be made. If no reliable estimate can be made, the group accounts for the liability as a contingent liability.

3. Financial risk management

3.1 FINANCIAL RISK FACTORS

The group's activities entail various types of financial risk; market risk (including currency risk and interest rate risk), credit risk, liquidity risk and operational risk.

The Board of Directors has the primary responsibility for establishing and supervising the group's framework for risk management. The principles of risk management have been established in order to identify and analyze the risk to which the group is exposed. Principles and systems for risk management are regularly reviewed to reflect any changes in activities and market conditions.

The audit committee reviews management's monitoring of the group's principles and procedures for risk management.

The group's main risk management plan focuses on the unpredictability of the capital market and attempts to minimize its potentially negative effects on the group's financial results. The group engages in international operations and is especially exposed to currency risk. The group uses hedging to reduce the risk of currency exposure.

The group has a decentralized structure with operational supervision of the various business units, where the main management of financial risk is determined by the Board of Directors. This applies to areas such as currency risk, interest rate risk, credit risk and use of financial derivatives.

For the classification of financial assets and liabilities, reference is made to Note 19.

MARKET RISK

Market risk is the risk of changes to market prices, such as foreign exchange rates interest and commodities, affecting the income or value of financial instruments. Management of market risk intends to monitor that risk exposure lies within a set framework.

The companies of the group buy and sell financial derivatives and incur financial obligations to control market risk. Transactions are carried out within the guidelines issued by the group. Hedge accounting is used for FX contracts that qualify for hedge accounting. The remaining contracts are measured at fair value through profit and loss.

There are a number of risks related to the market development for Nekkar's products and services. Nekkar monitors these risks through its sales network and by monitoring relevant available information on trends like shipyard utilization indicators, investment trends and oil prices.

Within BUSYS, the order backlog is strong at over NOK 824 million and represents a solid operational foundation for the coming periods. Future demand for the current product portfolio depends on the shipyards' need to implement more efficient production lines. Currently, there are no signs that the yard industry's focus on restructuring and increased productivity will diminish. From the volume of identified prospects, we expect there is potential for further growth in the segment.

Renewables and aquaculture are still product development projects. For these business areas the risk factors mainly relate to commercialization of the products and solutions. Digital Solutions (Intellilift) has a proven commercialized technology and the products have been sold to both oil-gas related business and wind industry. However, a potential downturn in the oil-gas market may impact the market outlook for some of these products.

Further description of the group's market risk can be found in the Directors' report.

a) Currency risk

The group operates on a world-wide basis and is exposed to currency risk in foreign currencies. Exposure to the risk in foreign exchange rates relates primarily to the group's operating activities (when revenue or expense is denominated in foreign currencies).

The group manages its foreign currency risk by hedging the net exposure in foreign currencies, which is mainly USD and EUR. Currency cash flow forecasts are reviewed on a regular basis and the group aims to hedge a portion of the forecasted net currency exposure that matures within a 24-months period.

Forward exchange contracts are used as hedging instruments and they are designated as hedges of firm commitments for those hedging relationships that qualify for hedge accounting. When necessary, forward exchange contracts are prolonged as they mature.

For other monetary assets and obligations in foreign currency, net exposure is monitored, and is adjusted by purchasing and selling foreign currency when necessary.

The group has insignificant investments in foreign subsidiaries where net assets are exposed to currency risk at conversion of currency.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As per 31 December 2022, the group does not have any interest-bearing debt, hence no material exposure to the risk of changes in market interest rates. The group's surplus liquidity is in the form of bank deposits. Any divergence from the use of a floating rate of interest and placement of surplus liquidity shall be determined by the Board of Directors.

Items exposed to interest rate risk are mainly related to bank deposits and undrawn credit facilities.

c) Price risk

The group is exposed to fluctuations in market prices in the operational areas related to contracts, including changes in market prices for raw materials, equipment and development in wages. These risks are to the extent possible managed in the bid processes by locking in committed prices from vendors as a basis for offers to customers, or by striving to place purchase orders to vendors as soon as possible after contract signing or through escalation clauses with customers.

Furthermore, the majority of Nekkar's long-term service contracts with customers have built-in clauses that ensure annual inflation adjustments that correspond to recognized consumer price indices or similar. Nekkar also has internal processes in place to effectively manage price risk, including mandatory internal controls and safeguarding processes for tenders and contracts.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risk from its operating activities (primarily for trade receivables and contract assets) and from its financing activities, including deposits with bank and financial institutions, foreign exchange transactions and other financial instruments.

Credit risk is handled at a corporate level. The credit risk is reduced through distribution on several counterparts. Requirements to credit ratings have been established toward counterparts, and new customers are subject to credit rating test. In order to minimize the risk of losses the group applies comprehensive use of Letters of Credit toward its customers. The group carries out assessment of credit risk to the political structure depending on the economic importance of the agreements based on assessments from the OECD and other equivalent factors.

Maximum risk exposure is represented by the extent of financial assets recognized in the balance sheet. Please find additional information in Note 19.

The counterparties for derivatives and bank deposits are investment grade rated banks (Nordea and DNB), and the credit risk related to these are considered insignificant.

As of 31.12, the group had the following maturity distribution on its external customers:

(NOK 1000)	Total	Not due	0-3 months overdue	3-6 months overdue	>6 months overdue
31.12.2022	106 875	28 488	56 321	-1 248	23 314
31.12.2021	134 749	85 982	42 099	4 031	2 637

For accounts receivable that are not yet due, the assessment is, based on previous experience, that there is no need to impair the value. Accounts receivables relate to independent customers who have no previous history of failing to fulfill their obligations to the group. Invoicing is to a large extent carried out in accordance with milestone-based progress in each project.

The above table is presented net of bad debt provisions. As per 31 December 2022, a provision NOK 13 million is included due to uncertainty for payment in one project. Hence, the gross amount of accounts receivables > 6 months overdue is NOK 36 million.

Additional information on accounts receivable is available in Note 9.

LIQUIDITY RISK

Liquidity risk is the risk of the group being unable to fulfill its financial obligations as they fall due. Liquidity risk management implies maintaining sufficient cash and committed credit facilities for the group to meet obligations as they mature for payment.

As of 31 December 2022, the group's credit facilities include a guarantee and derivatives facility of NOK 350 million, an overdraft facility of NOK 100 million and a revolving credit facility of NOK 100 million. All facilities are with Nordea. As per 31 December 2022, the group had drawn NOK 201 million of the guarantee facility. No amount has been drawn on the overdraft and the revolving credit facility.

The group is continuously focusing on efficient management of working capital in order to optimize cash flow from operations. The group has established a joint cash pool arrangement that includes Nekkar ASA, Syncrolift AS and Nekkar SkyWalker Onshore AS. The cash pool arrangement improves accessibility and flexibility in the management of liquidity funds.

The group's liquidity development is continuously monitored based on liquidity forecasts from the Business units.

The group's strategy is always to have sufficient cash reserves or credit facilities available to be able to finance its operations and investments.

The table below gives an overview of the structure of maturity of the group's financial obligations:

Remaining period:

2022	< 6 months	6-12 months	1-5 years	> 5 years	Total
LONG-TERM FINANCIAL OBLICATIONS:					
Interest-bearing non-current liabilities	-	-	-	-	-
CURRENT FINANCIAL OBLIGATIONS:					
First year's installments on non-current liabilities	-	1 549	-	-	-
FX-derivatives	3 988	-	3 210	-	7 198
Prepayments for customers	42 418	-	-	-	42 418
Accounts payable and other current liabilities	103 390	-	-	-	103 390
Total financial obligations	149 796	-	3 210	-	153 006

2021	< 6 months	6-12 months	1-5 years	> 5 years	Total
LONG-TERM FINANCIAL OBLICATIONS:					
Interest-bearing non-current liabilities	-	-	-	-	-
CURRENT FINANCIAL OBLIGATIONS:					
First year's installments on non-current liabilities	-	-	-	-	-
FX-derivatives	2 567	-	1 404	-	3 971
Prepayments for customers	-	29 456	-	-	29 456
Accounts payable and other current liabilities	96 825	-	-	-	96 825
Total financial obligations	99 392	29 456	1 404	-	130 253

CLIMATE RISK

Nekkar develops digitalised impact technologies that aim to unlock customer value, including reduction of environmental footprint and CO2-emissions, in numerous industries including renewables, aquaculture, shipping and offshore energy. As such, climate change represents both a risk and an opportunity for Nekkar. Nekkar considers its main climate risks to be associated with the global ambition/implementation gap for the transition to more renewable energy, as well as climate policy and taxation changes that could limit or delay the adoption of Nekkar's new technologies that are enablers to reduce the carbon footprint in the industries the company operates. This applies to both the renewables and aquaculture industries.

Nekkar's exposure to the oil and gas industry is limited today, but could grow in the coming years. The offshore energy industry has been identified as high risk by the Task Force on Climate-Related Financial Disclosures, and the industry is under pressure to reduce its emissions. Although the Ukraine war and associated energy shortage in Europe is likely to result in heavy investments in the offshore energy industry in the coming years, there is a long term risk of declining investment in upstream oil and gas. However, the software and technologies that Nekkar delivers are capable of significantly reducing drilling time and amount of personnel required offshore, thereby substantially reducing the carbon footprint associated with this type of offshore operations. As such, climate-related risks also represents an opportunity for Nekkar.

The energy transition may shorten the expected useful lives of oil and gas related assets, which has the potential to accelerate depreciation charges. However, Nekkar is primarily a software supplier to the oil and gas industry, which means that the company does not expect assessment of effect on useful lives to have significant accounting impact.

Another climate risk is the increase in the frequency and intensity of extreme weather events. As the large majority of Nekkar's operations is based in Norway, this expectation is not assessed to lead to any effects on expected useful economic life of property, plant and equipment. However, extreme weather could result in delayed project progress, for example for installation of shiplifts in parts of the world that are more exposed to extreme weather. This could potentially mean that revenue and margin recognition could be delayed in such projects. Nekkar has not experienced any delays caused by extreme weather events during 2022.

Overall, it is Nekkar's view that the company is well positioned to profit from a stronger focus on reducing emissions from the industries the company operates within, and that there are more positive business opportunities than negative risks associated with stronger industry efforts on reducing emissions and combating climate change.

Nekkar has considered the impact of climate change on going concern. Effective assessment and analysis of climate-related risks and opportunities is vital to understand the potential impacts of climate-related risks on asset valuations, revenue and investment requirements. For 2023, Nekkar has therefore defined an objective to conduct a detailed climate risk analysis and set carbon footprint reduction goals for the company.

OPERATIONAL RISK

Operational risk is the risk of direct or indirect losses as a result of a whole range of causes related to the group's processes, personnel, technology and infrastructure, as well as external factors besides of credit risk, market risk and liquidity risk that follow from laws, rules and generally accepted principles for business conduct. Operational risk arises in all of the group's business areas.

The group's deliveries are primarily organized in the form of projects. The group continuously strives to improve operations and projects implementation. This further includes operational and financial qualification of major sub-suppliers in order to reduce completion risk in the projects.

The group handle operational risk so that a balance is reached between avoiding economic loss or damage to the group's reputation, general cost effectiveness, and to avoid control routines that limit initiative and creativity.

The responsibility to develop and implement controls designed to handle operational risk is allocated to the top management within each business area. This responsibility is supported by developing the overall group standard for management of operational risk in various areas.

3.2 ESTIMATION OF FAIR VALUE

Fair value of financial instruments traded in an active market are based on the market value on the balance sheet date. The group has non such items in the financial statement.

Fair value of financial instruments not traded in an active market is estimated using valuation techniques (primarily discounted future prospective cash flows) or other relevant information for giving a best estimate of fair value on the balance sheet date. Examples of this are forward contracts in foreign currencies where fair value are calculated by using the change in the currency on the balance sheet date.

Fair value of drawings/technology acquired in a business combination is determined using the relief of royalty method. The valuation is based on the concept that if the company owns a technology, it does not have to rent, and is then relieved from paying a royalty.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

4. Use of judgement and estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the group. Such changes are reflected in the assumptions when they occur.

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

a) Judgements
Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is included below and in respective notes:

- Revenue recognition - Right to payment (IFRS 15): For contracts with no termination for convenience clause, the group's enforceable right to payment is subject to general law in the relevant jurisdiction. In most cases with termination, the group is responsible to mitigating the customer's losses by maximizing revenue from alternative sources. Based on historic numbers and current estimates, alternative revenue sources are considered insignificant. Consequently, the major portion of a contract value and company profit will be compensated from the initial contract holder.

b) Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2022 is included below and in respective notes:

- Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts. For further description of assumptions and estimation uncertainties, please see Note 7.
- Revenue recognition of construction contracts: Recognition of revenue from construction contracts is done in accordance with the percentage of completion method, ref. IFRS 15. The assessment of project costs is based on several estimates and assessments, each which have an inherent uncertainty. The percentage of completion method requires that the group prepare reliable estimates for future costs for each project.
- Warranty liability: The group customarily offers a warranty period of one/ three years on its delivered products. Management estimates accruals for future guarantee commitments based on information from historical guarantee claims, together with updated information of the quality of recent deliveries. Factors that may affect estimated obligations include the outcome of productivity and quality initiatives, as well as reference prices and labor costs.
- Deferred tax assets: The group has recognized deferred tax assets related to the Norwegian companies. The following criteria have been used to estimate whether it is probable that future taxable profit will be available against which unused tax losses can be utilized:
    - *The group has convincing evidence that future taxable profit will be available against which the unused tax losses can be utilized by the entity*
    - *The group has sufficient temporary differences*
    - *Tax losses is a result of specific identifiable causes*

In addition to the above, the Syncrolift business has a strong earnings history. The group has NOK 94 million (2021: NOK 74 million) of tax losses carried forward and recognized deferred tax assets as per 31 December 2022 is MNOK 7 (2021: MNOK 16). Further details on taxes are disclosed in Note 13.

Note 1 Operating segments

Amounts in NOK 1000

The segments structure in Nekkar are as follows:

CONTINUED BUSINESS consist of

Shipyard Solutions:	The Shipyard Solutions segment includes the business related to deliveries of shiplift and docking systems along with other products and services to shipyards and naval bases. The business consists of three main areas: • Shiplift and transfer systems: deliveries of complete tailored shiplifting and transfer systems. The offering includes design, engineering, assembly and installation • FastDocking: new products and solutions which are designed to increase on-land productivity within docking and ship handling • Service and upgrades: annual inspections on shiplifts, maintenance, spare replacements and upgrades of small and larger components
Digital Solutions:	The Digital Solutions segment is the competence hub that serves both other business areas in Nekkar along with customers outside the group. The business segment possesses unique competence within engineering, electrification, digitalisation and automation. Intellilift AS is the driving force of this business segment.
Other/Eliminations	Includes group functions in the parent company, the development projects within Aquaculture and Renewables and group eliminations. In the Aquaculture business area, Nekkar is currently developing and planning a full-scale test of game-changing technologies with high sustainability impact on aquaculture. Nekkar's "Starfish" closed fish cage is a fully automated, closed cage solution that has double protection against escapes, avoids problems with salmon lice due to water intake from deep waters below the cage, and can collect a significant amount of biological waste. It is a solution that could reduce OPEX levels dramatically for the fish farming industry, while simultaneously improving fish health. Renewables include the development of SkyWalker, a disruptive wind turbine installation technology that could significantly reduce the cost and environmental footprint associated with wind turbine installations. During the year, the production of a down-scaled version (1:20) was completed and tested. In 2022, capitalized development costs related to the development of Starfish and SkyWalker amounted to MNOK 14.0 net of government funding of MNOK 2.4 and MNOK 8.4 in government grants respectively. Due to the current size of these business areas, they are not yet qualified as an operating segment, hence presented as Other.

	2022				2021			
	BU SYS	Digital	Other/ Elim	Total	BU SYS	Digital	Other/ Elim	Total
External revenue	383 138	4 365	-	387 503	468 437	10 398	1 148	479 983
Internal revenue	285	18 018	11 539	29 842	180	31 390	4 150	35 720
Total revenue	**383 423**	**22 384**	**11 539**	**417 346**	**468 617**	**41 788**	**5 298**	**515 703**
Intergroup eliminations	-285	-18 018	-11 539	-29 842	-180	-31 390	-4 150	-35 720
Consolidated revenue	**383 138**	**4 365**	**-**	**387 503**	**468 437**	**10 398**	**1 148**	**479 983**
Earnings before depreciation, finance and tax (EBITDA)	88 840	4 012	-30 611	62 241	158 452	6 282	-24 966	139 768
Depreciation/amortisation	1 663	1 350	7 463	10 475	2 083	1 543	2 039	5 665
Operating profit/loss	**87 177**	**2 662**	**-38 074**	**51 766**	**156 369**	**4 739**	**-27 005**	**134 103**
Financial income	2 034	-	2 850	4 884	486	-	5 210	5 696
Financial cost	10 044	50	3 922	14 016	3 147	8	4 110	7 265
Segment profit/loss before tax	**79 168**	**2 612**	**-39 146**	**42 634**	**153 709**	**4 731**	**-25 906**	**132 534**
Income tax expense	17 344	740	-8 104	9 981	34 921	1 952	-15 959	20 914
Profit after tax	**61 823**	**1 872**	**-31 042**	**32 654**	**118 788**	**2 779**	**-9 946**	**111 621**
This year's capital expenditures	**2 980**	**6 378**	**13 043**	**22 401**	**4 252**	**5 856**	**15 538**	**25 645**

Information about geographical areas

The activity are primarily distributed in the following regions:

Revenue	**2022**	**2021**
South Asia	153 831	130 041
North East Asia	4 588	112 309
Europe	36 116	108 417
South East Asia	27 552	88 340
Africa	11 279	17 499
North America	136 029	16 634
South America	3 842	-155
West Asia	13 537	5 806
Australia	143	-
Other	584	1 091
Total revenue	**387 503**	**479 983**

Sales are allocated based on the customer's country of domicile.

Since revenue is project based, historic geographical allocation will not be representative for business going forward.

During 2022 BU SYS has two customers that each accounted for more than 10% of the segments revenue. These customers generated revenue of MNOK 139 and MNOK 83 respectively.

Note 2 Revenue

Amounts in NOK 1000

Revenue streams

Description of revenue streams are presented under "Accounting principles" in section 2.16.

	2022	2021
Revenue from construction contracts recognized over time	315 350	420 275
Revenue from construction contracts recognized point in time	-	4 321
Revenue from service contracts	67 788	43 856
Other operating revenue	4 365	11 531
Total revenue	**387 503**	**479 983**

Contract balances

	2022	2021
Trade receivable	106 875	134 749
Contract assets	113 616	20 153
Contract liabilitites	42 418	29 456

Contracts assets are primarily related to the Group's rights to considerations for work performed, but not invoiced at the reporting date. This is classified as accrued, non-invoiced production in the consolidated statement of financial position. Contracts liabilities relates to advance consideration received from customer on work not yet completed. This is classified as prepayments from customer in the consolidated statement of financial position. Contract assets and contract liabilities are presented net on project for project basis. Revenue recognized in 2022 that was included in contract liabilities in the beginning of the year is MNOK 29. (MNOK 187 for 2021).

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by primary geographical market under segment information in Note 1.

Transaction price allocated to the remaining performance obligation

The following table shows the remaining performance obligation on committed projects:

	2022	2021
Contracted revenue projects and long-term service contracts	1 510 943	1 556 306
Accumulated Revenue recognized per 31 December	686 991	758 158
Aggregated amount of the transaction price allocated to unsatisfied performance obligation	823 952	798 148

Production time for typical Shipyard Solutions projects are up to 48 months, hence revenue allocated to the remaining performance obligation is expected to be recognized within the next 48 months. The above does not include short-term service orders.

Note 3 Inventories

Amounts in NOK 1000

	2022	2021
Spare parts	1 145	2 405
Work in progress	1 172	1 069
Obsolescence	-	-
Total inventories	**2 317**	**3 474**

Note 4 Payroll expenses and employee information

Amounts in NOK 1000

Payroll expenses	**2022**	**2021**
Salaries	59 489	57 316
Employer's social security contribution	9 530	8 503
Pension cost	5 604	4 488
Other benefits	3 671	3 513
Total payroll expenses	**78 294**	**73 820**
Number of employees at the end of the year	**68**	**62**

Payroll expenses of MNOK 18.8 (2021: MNOK 16.7) has been capitalized as R&D in 2022 (Note 7).

Board remunerations [1]		**2022**	**2021**
Trym Skeie	Board member since 06.2009.	500	500
Gisle Rike [2]	Board member since 06.2015.	315	315
Ingunn Svegården	Board member since 10.2019	315	315
Marit Solberg	Board member since 10.2019	315	315
Total		**1 445**	**1 445**

1) The Annual General Meeting determines the remuneration to the Board and nomination commitee from one General Meeting to the next. For the financial year 2022, the reported remuneration is related to the remuneration paid in 2022 based on the amounts determined by the Board at the Annual General Meeting for 2021.
2) Gisle Rike represents Rasmussengruppen and the board fee is paid to Rasmussengruppen.

The board has not received any remuneration beyond director`s fee. No loans or severance pay is given to the directors.

Nomination Committee remuneration

Nekkar's nomination committee comprised of the following members: Anne Grethe Ellingsen (Chairman) and Leif Haukom. The nomination committee remuneration paid in 2022 was TNOK 67 for the chairman and TNOK 40 for the member, a total of TNOK 107.

Statement regarding the stipulation of remuneration and other benefits for the CEO and other Executives

Regarding Group management, Nekkar ASA's remuneration policy is based on offering competitive terms. Remunerations should reflect that Nekkar is a listed company with an international focus.

The annual remuneration is based on Group managements part-taking in the results generated by the company and the added value for shareholders through increased company value.Remuneration consists of two main components; Base salary and bonus.

- Base salaries is intended to be competetive and motivating, but in line with general market terms.
- Bonus for the CEO and other executives is determined on the basis of target results and on individual targets. Bonus targets are revised annually and is limited to 50 % of base salary for the CEO and other executives. Bonus payment reported in 2022 is based on the evaluation of the relevant performance criteria for the fiscal year ending 31.12.2021. Bonus payments are based on individual employment contracts. A total bonus provision of MNOK 3.2 is included in other current liabilities per 31.12.2022 for the CEO and other executives based on the 2022 targets. The final bonus payment is to be approved by the board.

Senior executives have six months notice, and severance pay periods of up to 6 months. Reference is made to the remuneration report for further details.

Remuneration and other benefits for the CEO and other Senior Executives employed during 2022

Amounts in NOK 1000

Name	Position	Base salary	Other benefits	Bonus paid	Pension cost
Ole Falk Hansen	CEO - from 7.2022	1 288	7		98
Preben Liltved [1)]	Interim CEO - from 9.2020. COO from 7.2022	1 931	7	-	103
Rolf-Atle Tomassen	EVP Shipyard Solutions	1 955	20	691	196
Mette Harv	EVP Aquaculture & Renewables	1 765	14	-	222
Marianne Voreland Ottosen	Head of Finance - from 4.2022	819	111	-	138
Kristoffer Lundeland [2)]	CFO - Hire in until 8.2022	1 667	-	-	-

1) Hired in untill 6.2022, Of total base salary, MNOK 1.1 equals amount invoiced from Eyde Mooring Solutions AS. Preben Liltved holds 19,7% of the shares in Eyde Mooring Solutions AS.
2) Hired in, salary equals amount invoiced from Ernst & Young AS

Other benefits	Board remuneration, sign-on fee, car, group life insurance, phone, newspaper, etc.
Bonus paid	Bonus paid to employee in current year

Remuneration of Auditor	2022	2021
Statutory audit	1 294	1 573
Other attestation services	75	0
Tax advisory	0	0
Other non-audit service	108	271
Expenses	0	0
Total	**1 477**	**1 844**

Note 5 Pensions

Amounts in NOK 1000

Nekkar companies have established pension plans in accordance with local practice and law regulations. In general Nekkar has set up defined contribution plans for all employees. Annual contribution paid during the year is expensed when incurred.

Reference is made to the remuneration report for further details.

	2022			2021		
Total pension cost	**Insured**	**Uninsured**	**Total**	**Insured**	**Uninsured**	**Total**
+ Defined contribution plan	5 604	-	5 604	4 488	-	4 488
= Total pension cost	**5 604**	**-**	**5 604**	**4 488**	**-**	**4 488**
- of which recognized as payroll cost	5 604		5 604	4 488		4 488
- of which recognized as finance cost	-	-	-	-	-	-

Note 6 Fixed assets

Amounts in NOK 1000

	Right-of-use asset	Furniture, office-equipment, etc.	Starfish downscaled pilot version	Total
As of 31.12.2021				
Acquisition cost 31.12.	8 429	36 035	5 500	49 965
Accumulated depreciation and impairments as of 31.12.	-2 626	-26 408	-688	-29 721
Book value as of 31.12.2021	**5 804**	**9 627**	**4 812**	**20 243**
2022 Financial year				
Book value as of 1.1.	5 804	9 627	4 812	20 243
Additions	-	2 427	-	2 427
Disposals				-
Depreciation, amortization and impairments	-1 394	-2 245	-4 812	-8 451
Book value as of 31.12.2022	**4 409**	**9 808**	**-**	**14 219**
As of 31.12.2022				
Acquisition cost 31.12.	8 429	38 463	5 500	52 392
Accumulated depreciation and impairments as of 31.12.	-4 020	-28 652	-5 500	-38 171
Book value as of 31.12.2022	**4 409**	**9 809**	**-**	**14 219**
Undiscounted lease liabilities and maturity of cash outflows [1)]				
Lease payments 2023				1 597
Lease payments 2024-2025				3 061
Lease payments 2025 >				-
Total undiscounted lease liabilities at 31.12.2022				**4 658**

1) The lease liability does not included the 5 yr option period for the offices in Syncrolift. Yearly KPI adjustments are included in the rental contract, however not included in the calculation of lease liability. When calculating the Right-of-use asset, a discount rate of 6,26% is applied.

Nekkar finalized the production of a down-scaled pilot version of Starfish at the end of Q3 2021. Total allocated production cost was TNOK 5 550. The down-scaled pilot served as a testing unit for new features and technology and the testing was finalized in June 2022. The down-scaled pilot was fully depreciated at the end of 2022.

Lease expenses included in the profit and loss amounted to MNOK 2.0 and MNOK 1.3 in 2022 and 2021 respectively. The expensed leasing amount is related to short-term lease agreements and low value assets.

Note 7 Intangible assets

Amounts in NOK 1000

	Customer portfolio	Patents, licences etc	Digital Solutions	Development costs	Technology assets	Goodwill	Total
As of 31.12.2021							
Acquisition cost 31.12.	9 616	534	7 241	26 736	3 300	16 643	64 070
Acc. depreciation and amortization	-4 931	-412	-1 093	-	-908	-	-7 344
Book value as of 31.12.2021	**4 685**	**123**	**6 148**	**26 736**	**2 392**	**16 643**	**56 727**
2022 Financial year							
Book value 1.1.	4 685	214	6 148	26 736	2 392	16 643	56 727
Additions	-	-	-	31 898	-	-	31 898
Public grant	-	-	-	-12 546	-	-	-12 546
Acquisitions	625	-	-	-	-	-	625
Disposals	-	-	-	-	-	-	-
Depreciation and amortization	-363	-53	-943	-334	-330	-	-2 024
Book value as of 31.12.2022	**4 947**	**160**	**5 205**	**45 753**	**2 062**	**16 643**	**74 678**
Useful life (years)	20 years	5-10	5-7	5-10	10 years	Infinite	
As of 31.12.2022							
Acquisition cost 31.12.	10 241	534	7 241	46 088	3 300	16 643	84 047
Acc. depreciation and amortization	-5 294	-465	-2 037	-334	-1 238	-	-9 368
Book value as of 31.12.2022	**4 947**	**69**	**5 205**	**45 753**	**2 062**	**16 643**	**74 678**

Development cost (R&D) includes capitalised development cost of MNOK 15 related to the closed fish cage solution Starfish, MNOK 14 to project SkyWalker and MNOK 8.1 regarding project Inteliwell and Robotoc driller in intellilift. Total public grants received on these projects amounts to MNOK 12.5 in 2022.

Technology assets and goodwill relates to the acquisitions of Intellilift AS in 2019.

Total R&D expenses in 2022 was MNOK 3.5. The amount is included in other operating expenses in the consolidated statement of comprehensive income.

Allocation of goodwill and impairment assessment

Recognized goodwill relates to the acquisition of Intellilift and amounts to MNOK 17 as of 31 December 2022. Included in goodwill is the value of employees with special skills and expected synergies with the existing business of the Group. These intangible assets do not fulfil the recognition criteria under IAS 38 and are therefore not recognized separately. Reference is made to note 20 Business Combinations.

In accordance with IAS 36, goodwill is not amortized, but is tested for impairment at least annually, or when there are indications of impairment. Nekkar performed its annual impairment test in December 2022.

Goodwill is tested for impairment by groups of cash generating units (CGU) and Intellilift is assessed as one CGU. As of 31 December 2022, the recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from the 2023 budget and a total forecast period of 5 years. The pre-tax discount rate applied to the cash flow projections is 15.7% and the cash flows beyond the five-year period are extrapolated using a 1.5% growth rate.

The impairment test indicated that the recoverable amount exceeds the book value of the CGU, hence no impairment is recognized as per 31 December 2022.

The value in use is based on several key assumptions and is most sensitive to the following:

- Discount rate (WACC)
- Gross margins
- Growth assumptions in cash flow projections
- Terminal growth rate

If these key assumptions are developing unfavorably it may cause a need for impairment of the recognised goodwill. However, management believes that only a significant change in the assumptions used will lead to an impairment.

CGU Digital Solutions	2022	2021
Goodwill	16 643	16 643
Other intangible assets	21 117	16 341
Total	**37 760**	**28 035**

Development costs

The Group performed its impairment assessment in January 2023. The recoverable amount has been determined based on a value in use calculation using 5 year cash flow projections. The impairment test indicated that the recoverable amount exceeds book value, hence no impairment is recognized as per 31 December 2022.

Note 8 Subsidiaries and investments in other companies

The following subsidiaries are basis for the consolidated accounts 31.12.22:

Subsidiary of Nekkar ASA	Registered office	Acquisition year	Ownership	Voting share	Local currency	Functional currency	Share capital in local currency
Syncrolift AS	Vestby, Norway	1994	100%	100%	NOK	NOK	1 045 000
Nekkar AS	Kristiansand, Norway	2018	100%	100%	NOK	NOK	60 000
Nekkar SkyWalker Onshore AS	Kristiansand, Norway	2022	100%	100%	NOK	NOK	30 000

Subsidiary of Syncrolift AS	Registered office	Acquisition year	Ownership	Voting share	Local currency	Functional currency	Share capital in local currency
Syncrolift Inc	USA	2019	100%	100%	USD	USD	-
Syncrolift South East Asia	Singapore	2019	100%	100%	SGD	SGD	-

Subsidiary of Nekkar AS	Registered office	Acquisition year	Ownership	Voting share	Local currency	Functional currency	Share capital in local currency
Intellilift AS	Kristiansand, Norway	2019	51%	51%	NOK	NOK	101 321

Subsidiary of Intellilift AS	Registered office	Acquisition year	Ownership[1]	Voting share[1]	Local currency	Functional currency	Share capital in local currency
Intellirob AS	Kristiansand, Norway	2019	100%	100%	NOK	NOK	30 000

1) Represents Intellilift AS' share.

As per 31 December 2022 Nekkar do not hold any positions in other companies.

Note 9 Trade and other receivables

Amounts in NOK 1000

Trade receivables	2022	2021
Trade receivables	119 842	147 662
Loss provisions	-12 967	-12 913
Net trade receivables	**106 875**	**134 749**

Trade receivables (net) per currency:	2021	2020
EUR	14 186	43 974
USD	85 725	66 283
NOK	4 671	4 124
SGD	2 293	19 502
Other currencies	-	866
Total	**106 875**	**134 749**

For additional information on accounts receivables and associated risks, see Accounting Principles and sections 2.8, 3.1 and 4 and Note 19.

Other short-term receivables	2022	2021
VAT	5 866	5 905
Prepayments	819	1 275
Fair value of firm commitment, effective hedging contracts	-	-
Prolonging of effective hedge relationship	137	5 255
Other receivables	302	1 470
Other short-term receivables	**7 126**	**13 906**

For accrued, not invoiced revenue, see Note 2 Revenue.

For receivables relating to derivatives and hedge accounting, see Note 16 Derivatives.

Note 10 Assets pledged as security and guarantees

Amounts in NOK 1000

Nekkar ASA has no interest bearing debt, however a guarantee and credit facilities with Nordea Norge ASA is established.

Nekkar has the following credit facilities through its facilitators:

	2022		2021	
	Limit	**Drawn**	**Limit**	**Drawn**
Guarantee limit for Group (Nordea)	290 000	200 897	290 000	223 853
Overdraft facility (Nordea)	100 000	-	-	-
Revolving Credit facility (Nordea)	100 000	-	-	-

The finance agreements include pledges of plant and machinery, inventory and accounts receivables in Nekkar ASA and Syncrolift AS.

The guarantee limit is utilized by Nekkar ASA and Syncrolift AS and cover payment guarantee, performance bonds, advance payment bonds and tax guarantees.

Under the new credit facilities established in 2022, the financial covenants are a debt ratio based on net debt/ EBITDA and an equity ratio based on equity/total assets.

- The company's debt ratio shall not exceed 2,5 times the EBITDA and is calculated from the consolidated total interest bearing debt to the consolidated EBITDA.
- Equity ratio shall not be lower than 35 %, calculated from the consolidated total equity to consolidated total assets.

The covenants also include a condition requiring Nekkar to maintain its 100 % ownership in Syncrolift AS. The covenants are monitored on a regular basis to ensure compliance with the credit agreements which are tested and reported on a quarterly basis. Nekkar was in compliance with its covenants as of December 31, 2022.

For the above mentioned facilities the following assets have been pledged as collateral to Nordea:

Assets pledged as collateral for secured debt:	2022	2021
Account/Group receivables	125 947	153 326
Inventory/Work in progress, including non-invoiced production	125 035	23 604
Property, plant and equipment	8 995	14 196
Assets pledged as collateral *	**259 976**	**191 126**

* Assets pledged as collateral only includes Nekkar ASA and Syncrolift AS. The pledged assets are presented in the balance sheet under the differenct categories. In addition, investments in subsidiaries and intercompany balances and loans are eliminated in the group accounts.

A MNOK 10 bank deposit in DnB is in addition restricted and serves as collateral for derivative facilities with DnB.

Note 11 Share capital and shareholder information

Amounts in NOK

Date	Number of shares	Nominal value	Share capital
31/12/2022	106 780 334	0.11	11 745 837
31/12/2021	106 493 000	0.11	11 714 230

In 2022 there was an increase in share capital of NOK 31 607 and an increase in share premium of NOK 2 055 893.

The capital increase was related to a share purchase program where 287 334 shares were issued.

Dividends paid and proposed:	2022	2021
Dividend declared and paid during the year: per share	-	-
Dividend proposed: per share	-	-
Repayment of issued equity: NOK per share	-	-

Treasury shares:	Number of shares	Share capital (NOK 1 000)
Treasury shares as of 31.12.2021	6 632	1
Sale of treasury shares 2021		-
Treasury shares as of 31.12.2021	**6 632**	**1**
Purchase/(sale) of treasury shares 2022	-	-
Treasury shares as of 31.12.2022	**6 632**	**1**

Principal shareholders of Nekkar ASA as of 31.12.2022:	Number of shares	Ownership	Voting share [4]
Shareholder			
SKEIE TECHNOLOGY AS [1,3]	31 475 823	29.5%	29.5%
RASMUSSENGRUPPEN AS	11 512 506	10.8%	10.8%
MP PENSJON PK	5 698 803	5.3%	5.3%
TIGERSTADEN AS	5 557 501	5.2%	5.2%
AVANZA BANK AB	4 764 545	4.5%	4.5%
DNB BANK ASA	4 053 000	3.8%	3.8%
NORDNET BANK AB	3 673 523	3.4%	3.4%
VINTERSTUA AS	3 157 682	3.0%	3.0%
SKEIE CONSULTANTS AS [2]	1 507 243	1.4%	1.4%
ITLUTION AS	1 475 261	1.4%	1.4%
HATLE AS	1 447 833	1.4%	1.4%
SKEIE KAPPA INVEST AS [3]	1 204 828	1.1%	1.1%
ALUNDO INVEST AS	1 000 000	0.9%	0.9%
PIROL AS	1 000 000	0.9%	0.9%
SEDAL	800 000	0.7%	0.7%
GUTTIS AS	800 000	0.7%	0.7%
MERRILL LYNCH PROF. CLEARING CORP.	791 886	0.7%	0.7%
BROWN BROTHERS HARRIMAN & CO	770 000	0.7%	0.7%
AVANT AS	744 034	0.7%	0.7%
NORDNET LIVSFORSIKRING AS	618 852	0.6%	0.6%
Total, 20 largest shareholders	**82 053 320**	**76.8%**	**76.8%**
own shares	6 632	0.0%	0.0%
Total other	24 720 382	23.2%	23.2%
Total	**106 780 334**	**100.0%**	**100.0%**

1) Shares owned or controlled by the Skeie family, and companies directly or indirectly controlled by them, holds 34 653 036 shares representing 32,5% of total shares.

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 shares.

3) Trym Skeie holds 465 142 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 1 669 970, representing 1,6% of total shares .

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

Shares, share options and convertion rights owned or controlled by Board members, Group executives and their relatives:

	Shares		
	31.12.2022	31.12.2021	31.12.2020
Board			
Trym Skeie [1)]	1 669 970	1 632 939	1 482 939
Marit Solberg	96 809	73 479	73 479
Group Executives			
Ole Falk Hansen [2)]	200 311		
Preben Liltved	101 561	83 786	74 979
Rolf-Atle Tomassen	3 303	3 303	150 000
Mette Harv	198 765	198 765	189 958

1) Trym Skeie holds 465 142 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 1 669 970, representning 1,6% of total shares.
2) Ole Falk Hansen holds 200 311 shares through OFH Invest AS.

30 May 2022, the Annual General Meeting adopted a resolution to give the Board general authority to issue a maximum of 10 678 034 shares against cash or non-monetary redemption, including merger related activities to acquisitions of business or assets within the same or corresponding business sector as the company. This authorization is valid until the next Annual General Meeting and latest on 30 June 2023. No shares have been issued on the basis of this authorization in 2022.

30 May 2022, the Annual General Meeting adopted a resolution to give the Board authority to issue a maximum of 2 820 058 shares against cash redemption for the benefit of the company's executive management and board members. This authorization is valid until the next Annual General Meeting and latest on 30 June 2023. After 30 May 2022, no shares have been issued in relation to a share purchase program, hence the remaining share issue authority as per 31 December 2022 is 2 820 058 shares. As per 31 December 2022, there are no share options in place in the company.

30 May 2022, the Annual General Meeting adopted a resolution to give the Board authority to buy a maximum of 7 356 674 shares in Nekkar ASA within a price range of NOK 1 to NOK 25. The authority can be used to buy own shares for deletion, or to use the shares as part of remuneration of leading employees or in the company's share purchase program. The authority is valid until the next Annual General Meeting or latest 30 June 2023. No shares have been bought on the basis of this authorization as of 30 April 2023.

Note 12 Earnings per share

Amounts in NOK 1000

Basic earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

	2022	2021
Net profit attributable to ordinary equity holders of the parent from continuing operations	31 839	110 224
Net profit attributable to ordinary equity holders of the parent from discontinued operations	-	-
Net profit attributable to ordinary equity holders of the parent from total	31 839	110 224
Weighted average of issued shares excluding own shares	106 327	106 327
Earnings per share - continuing operation (NOK per share)	**0.30**	**1.04**
Earnings per share - discontinued operation (NOK per share)	**-**	**-**
Earnings per share - total (NOK per share)	**0.30**	**1.04**

Diluted earnings per share:

In determining whether potential ordinary shares are dilutive or antidilutive, each issue or series of potential ordinary shares is considered separately rather than in aggregate.

	2022	2021
Profit used to calculate diluted earnings per share - continuing operation	31 839	110 224
Profit (loss) attributable to ordinary shareholders (diluted)	31 839	110 224
Profit used to calculate diluted earnings per share - discontinued operation	-	-
Profit (loss) attributable to ordinary shareholders (diluted)	-	-
Profit used to calculate diluted earnings per share - total	31 839	110 224
Profit (loss) attributable to ordinary shareholders (diluted)	31 839	110 224
Average of issued shares excluding own shares	106 327	106 327
Average number of ordinary shares for calculation of diluted earnings per share	106 327	106 327
Diluted earnings per share - continuing operation (NOK per share)	**0.30**	**1.04**
Diluted earnings per share - discontinued operation (NOK per share)	**-**	**-**
Diluted earnings per share - total (NOK per share)	**0.30**	**1.04**

Share structure	**2022**	**2021**
Issued number of shares	106 780 334	106 493 000
Own shares	6 632	6 632

Note 13 Tax

Amounts in NOK 1000

Deferred tax assets related to losses which can be carried forward for tax purposes, are reported if the management believes it is likely that the company can use these against expected taxable income for the upcoming five years. Tax asset of MNOK 7.0 (2021: MNOK 16.0) have been recognized as per 31 December 2022.

Intellilift AS, which is held by 51% by Nekkar ASA, is not part of the Norwegian tax group.

The following criteria have been applied to assess the likelihood of taxable income against which unused tax losses may be utilized:

- the Group has sufficient temporary differences
- the entities is expected to have taxable profits. Tax losses carried forward do not expire within the Norwegian tax system.
- tax losses are induced by specific identifiable causes
- the Group do not carry any uncertainty overincome tax treatments

Deferred tax liabilities and deferred tax assets are netted if the Group has a legal right to offset deferred tax assets against deferred taxes in the balance sheet, and if the deferred taxes are owed to the same tax authorities.

Income tax expense:	**2022**	**2021**
Payable tax on profit	1 568	2 618
Payable withholding taxes, taxes outside Norway	-	0
Not allocated tax losses	-	-
Change in deferred tax*)	8 413	24 317
Changes in unrecognized deferred tax asset	-	-6 022
Tax expense on continued operations	**9 981**	**20 914**

*) Includes TNOK -73 related to deferred tax on excess values from the acquisition of Intellilift in 2019.

Reconciliation of the effective tax rate	**2022**	**2021**
Profit before tax	**42 634**	**132 534**
Expected income tax according to income tax rate in Norway (22 %)	9 380	29 157
Permanent differences	351	-
This year's losses, and change in prior year's losses, not recognised	-	-8 244
Adjustment in tax in prior years	250	
Tax expense in the profit and loss statement	**9 981**	**20 914**
Payable tax including witholding taxes	-	-
Effective tax rate	23.4 %	15.8 %

Origin of tax expense:	**2022**	**2021**
Norway	9 981	20 914
Total tax expense	**9 981**	**20 914**

Tax payable in the balance sheet	**2022**	**2021**
Tax payable, (including withholding taxes)	1 571	2 618
Prepaid tax	-	-
Total tax payable in balance sheet at year end	**1 571**	**2 618**

Deferred tax assets:	**2022**	**2021**
Fixed assets	626	301
Projects under construction	-19 967	-
Current assets	2 853	2 841
Other temporary differences / provisions	3 325	3 851
Tax losses to be carried forward	20 723	8 990
Gross deferred tax asset	**7 560**	**15 982**
- Unrecognized tax losses	-527	-
Net recognized deferred tax assets[1)]	**7 032**	**15 982**
- Deferred tax assets to be recovered after 12 months	-	-
- Deferred tax assets to be recovered within 12 months	7 032	15 982
Net recognized deferred tax assets	**7 032**	**15 982**

1) Deferred tax asset relating to tax losses carried forward have been recognized as deferred tax asset to the extent that it is probable that future profits will be available.

Note 14 Other operating expenses

Amounts in NOK 1000

	2022	2021
Premises and office expenses	2 488	2 104
IT costs	4 384	3 811
Marketing and travel expenses	8 319	4 866
Consultancy and external services	11 640	9 635
Other expenses	5 951	5 198
Total other operating expenses	**32 781**	**25 614**

Note 15 Related parties

Nekkar ASA is the ultimate parent based and listed in Norway.

The subsidiaries (Note 8), members of the Board (Note 4) and members of the Senior Executive Group (Note 4) are considered as related parties. Transactions between subsidiaries have been eliminated in the consolidation financial statements.

The Group has carried out various transactions with subsidiaries in 2022. All the transactions have been carried out as part of the ordinary business and on an arm's length basis. For the year ended 31 December 2022, the Group has not recorded any impairment of receivables relating to the amounts owed by related parties (2021: MNOK 0). The former CEO, now COO, Preben Liltved was hired from Eyde Mooring Solutions AS untill 30 June, 2022. Total expensed amount in 2022 from Eyde Mooring Solutions AS is MNOK 1.8.

Nekkar has entered into a lease agreement for headquarter offices effective from April 2023 with Lumber Teknopark AS, which is ultimately owned 51 % by Skeiegruppen AS. The contract term is 5 year and 6 months starting from April 2023, with an additonal five-year option.

Impairment assessment is part of the annual evaluation with regard to the financial position of the related party, and the market in which the related party operates.

Information on Board and Senior Executive Group's shares are included in Note 11.

Note 16 Derivatives

Amounts in NOK 1000

Forward currency contracts - Market values	2022 Assets	2022 Liabilities	2022 Net market value	2021 Assets	2021 Liabilities	2021 Net market value
Forward currency contracts - effective hedging contracts	-	-27	-27	1 014	-261	752
Forward currency contracts - ineffective hedging contracts - included in other liabilities/assets [1)]	61	-7 232	-7 171	10 491	-3 710	6 781
Forward currency contracts - market value	**60**	**-7 260**	**-7 198**	**11 504**	**-3 971**	**7 534**

Maturity distribution of currency contracts and MTM:	2022 Total MTM values	2021 Total MTM values
Within 3 months	-1 907	9 585
> 3 months, < 6 months	-2 080	-660
> 6 months, < 9 months	-3 065	12
> 9 months, < 12 months	-135	0
> 12 months, < 24 months	-11	-1 404
> 24 Months	0	0
Total	**-7 198**	**7 534**

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

Nominal value currency contracts, original currency Amounts in CUR 1000	2022 Sold	2022 Bought	2021 Sold	2021 Bought
NOK	34 725	312 892	-	253 348
USD	31 606	-	20 937	-
EUR	1 107	3 300	4 194	-
SGD	-	-	2 842	-

Other balance sheets effects	2022	2021
FV of firm commitment, classified as other receivable	27	261
FV of firm commitment, classified as other short term debt	-	1 014
Capitalized cost relating to prolonging of effective hedge relationship, classified as other receivables	137	5 255

Forward currency contracts

Derivatives are recognized at fair value on the contract date. The value is adjusted to fair value at the end of each balance sheet date. The value is set to observable market price, Note 19.

The Group enters into hedging contracts that qualifies as fair value hedges. In addition to these, the Group have hedging contracts that do not meet the criteria for hedge accounting either because the underlying delivery contract has been cancelled or because the relationship between the hedge instruments and the hedge objects for other reasons are considered ineffective. These are recognized at fair value in the financial statement.

Changes to fair value that meet the criteria of an effective fair value hedge is recognized in the financial statement with a corresponding change in fair value of the assets or liabilities that are being hedged or the FV of the firm commitment.

The ineffective portion of the recognized hedge relationships is recognized in P&L together with the changes in value of derivatives. In 2022, a loss of MNOK 8 is recognized under Other losses / (gains) in the consolidated statement of comprehensive income related to FX contracts not qualifying for hedge accounting. In 2021, this amounted to a loss ofMNOK4.

The asset or liability being hedged is contractual income or cost related to production cost. Hedged assets or liabilities are recognized in the balance sheet at actual value. The hedged asset or liability represents, among other things, the part of the contractual income or cost that has not been invoiced on the balance sheet date, or where invoices have not been received from the supplier. The asset or liability is included in Other current assets or Other current liabilities respectively. Additionally the hedged asset or liability for each contract is represented through bank, client or supplier.

For additional information on foreign currency and appurtenant risks, please refer to Accounting principles, and see section 2.8 and 3.1.

Note 17 Provisions and other accruals

Amounts in NOK 1000

	2022	2021
Accrued wages and salaries	8 632	4 325
Accrued holiday pay	5 957	5 227
Provision for warranty	7 929	26 577
Deferred income	-	17 062
Contract liabilities	21 217	5 159
Other accrued expenses	3 181	7 088
Total provisions and other accruals	**46 917**	**65 439**

DEVELOPMENT OF SIGNIFICANT PROVISIONS	Provision for warranty
Balance as of December 31, 2021	26 577
New provision	2 644
Provision utilized	-4 080
Provision reversed	-17 213
Balance as of December 31, 2022	**7 929**

A warranty provision is recognized for expected claims on installations delivered during the year. A total warranty provision of MNOK 7.9 have been recognized as per 31 December 2022.

There is an inherent uncertainty related to the amount of future warranty claims - however based on management's judgments of possible outcomes, a general warranty provision in the region of 2% of the contract value on delivered new building projects have been applied. It is expected that these costs will be incurred during the guarantee period for the respective deliveries, which normally vary from 12-36 months.

Risk related to the estimates that form the basis for the book values are further described in Accounting principles, under sections 2.16 and 4.

Note 18 Financial items and foreign currency gains/losses

Amounts in NOK 1000

	2021	2020
Interest income	4 884	2 522
Agio	-	-
Other financial income	-	3 175
Financial income	4 884	5 696
Interest expenses	3 437	2 550
Disagio	9 957	2 904
Other financial expenses	622	1 811
Financial expenses	14 016	7 265
Net finance	**-9 132**	**-1 569**

Note 19 Financial risk management

Amounts in NOK 1000

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Financial assets and liabilities are described in Accounting Principles, under sections 2.8, 2.9, 2.10, 2.12, 2.13 and 2.14. Risks associated with the underlying estimates of the recognized values and financial risk management is described in Accounting Principles, ref section 3.

Classification of financial assets	Financial derivative contracts not designated for hedging / ineffective hedges	Financial derivative contracts designated for hedging	Loans, cash and receivables	Total
2022				
Non current financial assets:				
Shares available for sale	-	-	-	-
Other receivables	-	-	-	-
Financial current assets:				
Trade receivables	-	-	106 875	106 875
Other current receivables	-	-	7 126	7 126
Accrued, non-invoiced production	-	-	113 616	113 616
Derivatives[1]	-	-		-
Prepayment to suppliers	-	-	-	-
Cash and cash equivalents	-	-	181 281	181 281
Total financial assets	**-**	**-**	**408 898**	**408 898**
2021				
Non current financial assets:				
Shares available for sale	-	-	-	-
Other receivables	-	-	-	-
Financial current assets:				
Trade receivables	-	-	134 749	134 749
Other current receivables	-	-	13 906	13 906
Acquired, non-invoiced production	-	-	20 153	20 153
Derivatives[1]	10 491	1 014		11 505
Prepayment to suppliers	-	-	-	-
Cash and cash equivalents	-	-	174 501	174 501
Total financial assets	**10 491**	**1 014**	**343 309**	**354 814**

1) Fair value of financial liabilities: The Group's derivatives consist of forward currency contracts. Fair value of forward currency contracts is determined by utilizing market-to-market rate on the balance-sheet date as stated by the Group's bank. Fair value relating to non-current debt is considered approximately equal to carrying value, as loans are given at market terms and with a floating rate.

Classification of financial liabilities:	Financial derivative contracts not designated for hedging / ineffective hedges	Financial derivative contracts designated for hedging	Loans and receivables	Total
2022				
Non-current financial liabilities				
Interest-bearing non-current debt	-	-	-	-
Current financial liabilities				
First year instalment of non-current debt	-	-	-	-
Interest-bearing current liabilities	-	-	-	-
Prepayments from customers	-	-	42 418	42 418
Derivatives [1)]	7 171	27	-	7 198
Accounts payable and other short-term liabilities	-	-	101 840	101 840
Total financial liabilities	**7 171**	**27**	**144 259**	**151 457**
2021				
Non-current financial liabilities				
Interest-bearing non-current debt	-	-	-	-
Current financial liabilities				
First year instalment of non-current debt	-	-	-	-
Interest-bearing current liabilities	-	-	-	-
Prepayments from customers	-	-	29 456	29 456
Derivatives [1)]	3 710	261	-	3 971
Accounts payable and other short-term liabilities	-	-	95 259	95 259
Total financial liabilities	**3 710**	**261**	**124 715**	**128 687**

1) Fair value of financial liabilities: The Group's derivatives consist of forward currency contracts. Fair value of forward currency contracts is determined by utilizing market-to-market rate on the balance-sheet date as stated by the Group's bank. Fair value relating to non-current debt is considered approximately equal to carrying value, as loans are given at market terms and with a floating rate.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	2022				2021			
	Overall	Level 1	Level 2	Level 3	Overall	Level 1	Level 2	Level 3
Assets measured at fair value								
Foreign exchange contracts - hedging	-	-	-	-	1 014	-	1 014	-
Foreign exchange contracts - non-hedging	-	-	-	-	10 491	-	10 491	-
Liabilities measured at fair value								
Foreign exchange contracts - hedging	27	-	27	-	27	-	27	-
Foreign exchange contracts - non-hedging	7 171	-	7 171	-	7 171	-	7 171	-

Note 20 Business combination

Amounts in NOK 1000

Acquisition and divestments in 2022

There have been no acquisitions or divestments in 2022.

NEKKAR SKYWALKER ONSHORE AS

Nekkar SkyWalker Onshore AS was incorporated by Nekkar ASA in May 2022. The company will own and further develop the technology related to Skywalker.

Acquisition and divestments in 2021

There have been no acquisitions or divestments in 2021.

Note 21 Non controlling interest (NCI)

Amounts in NOK 1000

The following table summarizes the information relating to Nekkar ASA's subsidiaries that has material non controlling interest, before intra group eliminations. Non-current assets includes goodwill and technology assets arising from the PPA, totalt amount of MNOK 18.7.

	2021		2022	
Number presented on 100% basis	**Intellilift AS**	**Total**	**Intellilift AS**	**Total**
Non current assets	33 172	33 172	37 871	37 871
Current assets, excluding cash	12 875	12 875	8 422	8 422
Cash and cash equivalents	4 964	4 964	6 593	6 593
Non current liabilities	-1 024	-1 024	-951	-951
Current liabilities	-10 649	-10 649	-10 933	-10 933
Net assets	39 338	39 338	41 001	41 001
Revenue	41 788	41 788	22 634	22 634
Profit after tax	2 851	2 851	1 663	1 663
Other comprehensive income (OCI)	-	-	-	-
Total comprehensive income	2 851	2 851	1 663	1 663
NCI percentage	**49%**	**49%**	**49%**	**49%**
Net assets attributable to NCI	19 276	19 276	20 090	20 090
Profit after tax allocated to NCI	1 397	1 397	815	815
OCI allocated to NCI	-	-	-	-

Note 22 Contingent liabilities / Material disputes

Regular claims

Regular claims are made against the Group as a result of its ordinary operations. These claims are part of ordinary business and are generally covered by provisions for guarantee costs and contingencies in ongoing projects. Nekkar is of the opinion that recognized provisions will cover regular claims arising as part of ordinary business.

Syncrolift project claim

Syncrolift has finalized and delivered a shiplift and transfer system to a shipyard in South America in June 2022. The final 10 % milestone invoice (MNOK 13.5) has not been paid by the customer, as the customer claim a project delay. Syncrolift has made no provision in relation to this claim as no contractual right to hold back the payment has been found, and the payment is still expected to be received.

Note 23 Subsequent events

Events regarding Nekkar are as follows:

On 23 March 2023, Nekkar announced a strengthening of its presence within renewables and aquaculture through onboarding a 9 person strong engineering team from Techano. This was done through participation in a share issue securing Nekkar a 90,1 % ownership in Nekkar Offshore Technologies AS. The add-on business will combine Nekkar's unique in-house automation, electrification, and software competence, with personnel from Techano who are specialists in load handling and lifting equipment for the renewable, aquaculture, offshore and marine industries.

Inteliwell, the joint venture between Nekkar's subsidiary, Intellilift AS and Transocean and Viasat secured its first rig services contract on 16 February 2023. An undisclosed major rig operator, has contracted the JV to equip and utilize its proprieriary InteliWell software on a drilling rig. The rig will be equipped with the InteliAutomate-solution, which automates and optimizes stand building and tripping sequences, in order to reduce drilling time and costs.. Entering the first rig is a major milestone and validation of Inteliwell and is expected to open new doors in the global rig market.

Parent company financial statements

NEKKAR ASA PER 31 DECEMBER 2022

NOTES

Profit and loss

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2022	NGAAP 2021
OPERATING INCOME			
Intra-Group operating income		7 389	-
Operating income		-	1 148
Group service fee from subsidiaries	1	4 150	4 150
Total operating income		**11 539**	**5 298**
OPERATING COSTS			
Cost of goods sold		7 228	-
Personnel cost	2, 3	19 518	14 135
Depreciation on tangible fixed assets	4	5 739	1 463
Other operating costs	2, 5	16 870	15 213
Total operating costs		**49 356**	**30 811**
Operating profit		**-37 817**	**-25 512**
FINANCIAL INCOME AND EXPENSES			
Income from investments in subsidiaries	1, 6	-	191 432
Income from investments in equity accounted investments		-	-
Interest received from group companies		-	796
Other interest income		2 835	2 035
Interest income	6	2 835	2 831
Other financial income	6	405	3 815
Interest expenses		3 201	2 357
Other financial expenses	6	567	2 697
Net financial items		**-528**	**193 024**
Profit before tax		**-38 345**	**167 512**
Tax	7	-8 031	25 528
Profit for the year		**-30 313**	**141 984**
Transferred to other equity		**-30 313**	**141 984**

Balance sheet

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2022	NGAAP 2021
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Deferred tax assets	7	16 503	8 472
Intangible assets	4	23 254	19 456
Total intangible assets		**39 757**	**27 928**
FIXED ASSETS			
Furniture, office and computer equipment	4	4 128	4 832
Other fixed assets	4	-	4 813
Total fixed assets		**4 128**	**9 644**
FINANCIAL FIXED ASSETS			
Shares in subsidiaries	8	246 275	165 233
Loans to companies in the Group	1, 9	-	17 631
Total financial fixed assets		**246 275**	**182 865**
Total non-current assets		**290 160**	**220 436**
CURRENT ASSETS			
CURRENT RECEIVABLES			
Trade receivables	9	13	20
Intra-group accounts receivable	1, 9	7 740	1 094
Other receivables	9	3 431	2 832
Other intra-group receivables	1, 9	-	191 432
Total current receivables		**11 184**	**195 378**
Bank deposits	12	172 168	132 839
Total current assets		**183 353**	**328 217**
Total assets		**473 512**	**548 653**

Balance sheet

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2022	NGAAP 2021
EQUITY AND LIABILITIES			
EQUITY			
PAID UP EQUITY			
Share capital	13	11 746	11 714
Treasury shares	13	-1	-1
Share premium	13	5 919	3 863
Total paid up equity		**17 664**	**15 576**
RETAINED EARNINGS			
Other equity		295 240	325 554
Total retained earnings		**295 240**	**325 554**
Total equity		**312 904**	**341 131**
LIABILITIES			
OTHER NON-CURRENT LIABILITIES			
Liabilities to financial institutions		-	-
Total other non-current liabilities		**-**	**-**
CURRENT LIABILITIES			
Trade payables		4 659	2 226
Intra-group trade payables	1	5 775	505
Social security and employees` tax deduction		1 752	1 022
Income tax payable	7	-	-
Other intra-group liabilities	1, 12	141 210	197 784
Other current liabilities	2, 6, 10	7 211	5 985
Total current liabilities		**160 608**	**207 524**
Total liabilities		**160 608**	**207 524**
Total equity and liabilities		**473 512**	**548 653**

Kristiansand, 27 April 2023
Board of Directors, Nekkar ASA

Trym Skeie
Chairman of the board

Gisle Rike
Director

Marit Solberg
Director

Ingunn Svegården
Director

Ole Falk Hansen
CEO

Equity
For the year ended 31 December

Amounts in NOK 1000	Share capital	Treasury shares	Share premium	Other equity	Total
Equity as of 1.1.2020	**11 618**	**-1**	**0**	**237 740**	**249 358**
New share issued	78		2 751		2 829
Net profit for the year				-54 159	-54 159
Equity as of 31.12.2020	**11 696**	**-1**	**2 752**	**183 570**	**198 017**
Equity as of 1.1.2021	**11 696**	**-1**	**2 752**	**183 570**	**198 017**
New share issued	18		1 112		1 130
Net profit for the year				141 984	141 984
Equity as of 31.12.2021	**11 714**	**-1**	**3 863**	**325 554**	**341 131**
Equity as of 1.1.2022	**11 714**	**-1**	**3 863**	**325 554**	**341 131**
New share issued	32		2 056		2 088
Net profit for the year				-30 313	-30 313
Equity as of 31.12.2022	**11 746**	**-1**	**5 919**	**295 240**	**312 904**

Cash flow

For the year ended 31 December

Amounts in NOK 1000	Notes	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		-38 345	167 512
Dividend from investments in subsidiaries		-	-191 432
Depreciation		5 739	1 463
Net interest income		366	-474
Change in current receivables and current liabilities		2 419	-2 879
Net cash flow from operating activities		**-29 822**	**-25 810**
CASHFLOW FROM INVESTMENTS			
Additional equity into subsidiaries		-67 542	-
Proceeds from sale shares in subsidiaries	14	-	-98 337
Net contribution received from subsidiaries		-	70 160
Expenditures of tangible and intangible assets	3	-17 520	-16 121
Proceeds to and repayment from intra-group loans		17 631	-796
Net cashflow from investments		**-67 431**	**-45 095**
CASHFLOW FROM FINANCING			
Proceeds from group contribution		151 432	
Proceeds from issuance of share capital	7	2 088	1 130
Net change overdraft facility / cash pool		-16 574	-105 039
Net interest income		-366	474
Net cashflow from financing		**136 580**	**-103 435**
EFFECTS OF EXCHANGE-RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents		39 328	-174 339
Cash and cash equivalents (opening balance)		132 839	307 178
Cash and cash equivalents (closing balance)		**172 168**	**132 839**
This consists of:			
Bank and cash pool deposits		172 168	132 839

Accounting principles

Nekkar ASA

The financial statements have been prepared in accordance with The Norwegian Accounting Act and generally accepted accounting principles in Norway.

Subsidiaries, associated companies
Subsidiaries and associates are valuated at cost, less any impairment losses. Impairment losses are reversed if the reason for the impairment loss disappears in a later period. Dividends, group contributions and other distributions from subsidiaries are recognized as financial income in the same year as they are recognized in the financial statement of the provider. If dividends / group contribution exceed withheld profits after the acquisition date, the excess amount represents repayment of invested capital, and the distribution will be deducted from the recorded value of the acquisition in the balance sheet for the parent company.

Operating income
Operating income includes income on delivered products and services granted over the year. The income is recognized once the delivery of services has taken place and most of the risk and return has been transferred.

Classification and valuation of balance sheet items
Current assets and short-term liabilities include items which fall due within one year, and items related to the operating cycle. Other balance sheet items are classified as fixed assets / long term liabilities.

Current assets are valued at the lower of cost and fair value. Short term liabilities are posted in the balance sheet at the nominal value at the time of initial establishment.

Fixed assets are valued at cost, less depreciation and impairment losses. Long term liabilities are posted in the balance sheet at the nominal value at the time of the initial establishment.

Accounts receivables and other receivables
Accounts receivable and other current receivables are recorded in the balance sheet at their nominal value less impairment provision on unsecured claims. Provisions on unsecured claims are made on basis of an individual assessment of the different receivables. A general loss provision on other receivables is estimated based on expected loss.

Short term investments
Short term investments are valued at the lower of acquisition cost and fair value at the balance sheet date. Dividends and other distributions are recognized as other financial income.

Property, plant and equipment
Property, plant and equipment is capitalized and depreciated linearly over the asset’s estimated useful life. Costs for maintenance are expensed as incurred, whereas costs for improving and upgrading property, plant and equipment are added to the acquisition cost and depreciated with the related asset. If carrying value of non-current asset exceeds the estimated recoverable amount, the asset is impaired to the recoverable amount. The recoverable amount is greater of the net value and value in use. When assessing value in use a DCF-model on the cash flow from the asset are applied.

Pensions
Nekkar ASA has established a defined contribution plan for its employees.

Within the defined contribution plan the company pays a fixed contributions to a separate legal entity. The company has no legal or other obligation to pay further contributions if the insurance company does not have sufficient assets to pay all employee benefits relating to employee service in current and prior periods. Contributions are recorded as payroll expense in the financial statements.

The Group recognizes the service cost of the pension plan as a payroll expense in the statement of profit and loss.

Taxes
The tax expense in the profit and loss accounts consists of the current tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities. Deferred tax is calculated as 22 % of temporary differences and the tax effect of tax losses carried forward. Tax-increasing and tax-reducing temporary differences which are reversed, or could be reversed, during the same period are offset against each other and recorded as a net sum. Temporary changes are only assessed for the Norwegian companies. Deferred tax assets are recorded in the balance sheet when it is more likely than not that tax assets will be utilized.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

Foreign currency
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date.

Non-monetary items that are measured at their historical price expressed in foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date.

Changes to exchange rates are recognized in the income statements as they occur during the accounting period.

Currency rates on year end which is basis for revaluation of balance sheet items are:

Currency rate	2022	2021
EUR	10.51	9.99
USD	9.86	8.82

Cash flow statement
The cash flow statement is presented using the indirect method. Cash and cash equivalents include cash, bank deposits and other short term, highly liquid investments with maturities of three months or less.

Cash and cash equivalents
Cash and cash equivalents consist of cash and bank deposits. Bank deposits in foreign currencies are translated into NOK using the exchange rate on the balance sheet date. Withdrawals from the bank overdraft facility constitute part of current liabilities.

Use of estimates
The management has used estimates and assumptions that have affected assets, liabilities, incomes, expenses and information on potential liabilities in accordance with generally accepted accounting principles in Norway.

Note 1 Related parties

Amounts in NOK 1000

Subsidiaries (Note 8), members of the Board (Note 2) and members of the senior executive group are considered as related parties. Nekkar ASA is involved in various transactions with associated companies where all transactions are based on normal course of business and at arms length prices.

	2022	2021
SALES, ROYALTIES, SALES FEES, GROUP FEE:		
Subsidiaries	4 150	4 150
COST OF SALES:		
Subsidiaries	-	-
BALANCE SHEET ITEMS RELATED TO PURCHASE AND SALE OF GOODS AND SERVICES:		
Receivables		
Loans to group companies	-	17 631
Accounts receivables	7 740	1 094
Other short term receivables [1]	-	191 432
Current liabilities		
Accounts payable to subsidiaries	5 775	505
Other short term payables to subsidiaries [2]	141 210	197 784

1) Other short term receivables consist of group contribution from Syncrolift AS.
2) Other short term payables to subsidiaries includes Syncrolift AS' share of cash within the global cash pool (MNOK 141.2)

As interim CEO (untill 7.2022), Preben Liltved, was hired in from Eyde Mooring Solutions AS where he is chairman and shareholder. From January untill June 2022, total transactions with Eyde Mooring Solutions AS amounted to MNOK 1.6.

Chairman of the Board, Trym Skeie, is also chairman and shareholder in Stimline AS. Nekkar ASA has acquired services from Stimeline AS of MNOK 0.4 during 2022.

The above mention transactions are based on normal course of business and are at arm's length prices.

Information on the board and senior executive group's shares are stated in Note 13.

Note 2 Personnel costs, number of employees, remunerations, loans to employees etc.

Amounts in NOK 1000

Payroll expense:	**2022**	**2021**
Salaries	13 381	9 477
Employer's social security contribution	2 682	2 049
Pension costs	1 774	909
Other benefits	1 681	1 700
Total payroll expenses [1)]	**19 518**	**14 135**

1) Payroll expenses of MNOK 11,6 has been capitalized as R&D in 2022 (Note 3) and MNOK 10,8 in public grants related to expensed R&D is recognized as cost reduction.

Number of employees at the end of the year	**19**	**14**

Board remunerations [1)]		**2022**	**2021**
Trym Skeie	Board member since 11.2009.	500	500
Gisle Rike [2)]	Board member since 06.2015.	315	315
Ingunn Svegården	Board member since 10.2019	315	315
Marit Solberg	Board member since 10.2019	315	315
Total		**1 445**	**1 445**

1) The Annual General Meeting determines the remuneration to the Board and nomination commitee from one General Meeting to the next.
2) Gisle Rike represents Rasmussengruppen AS and the board fee is paid to Rasmussengruppen AS.

The board has not received any remuneration beyond director`s fee. No loans or severance pay is given to the directors.

Nomination committee remuneration

Nekkar’s nomination committee comprised of the following members: Anne Grethe Ellingsen (Chairman) and Leif Haukom.

The nomination committee remuneration paid in 2022 was TNOK 67 for the chairman and TNOK 40 for the member, a total of TNOK 107.

Statement regarding the stipulation of remuneration and other benefits for the CEO and other Executives

Regarding Group management, Nekkar ASA's remuneration policy is based on offering competitive terms. Remunerations should reflect that Nekkar is a listed company with an international focus.

The annual remuneration is based on Group managements part-taking in the results generated by the company and the added value for shareholders through increased company value.

Remuneration consists of two main components; Base salary and bonus.

- Base salaries is intented to be competetive and motivating, but in line with general market terms.
- Bonus for the CEO and other executives is determined on the basis of target results and on individual targets. Bonus targets are revised annually and is limited to 50 % of base salary for the CEO and other executives. Bonus payments reported in 2022 is based on the evaluation of the relevant performance criteria for the fiscal year ending 31.12.2022. Bonus payments are based on individual employment contracts. A bonus provision of MNOK 2.5 is included in other current liabilities per 31.12.2022 for the CEO and other executives based on the 2022 targets. The final bonus payment is to be approved by the board.

Senior executives have six months notice, and severance pay periods of up to 6 months.

Reference is made to remuneration report for further details.

Renumeration and other benefits for the CEO and other Senior Executives

Amounts in NOK 1000

Name	Position	Base salary	Other benefits	Bonus paid	Pension cost
Ole Falk Hansen	CEO from 7.2022	1 288	7	-	98
Preben Liltved [1)]	Interim CEO - from 9.2020. COO from 7.2022	1 931	7	-	103
Mette Harv	EVP Aquaculture & Renewables	1 765	14	-	222
Marianne Voreland Ottosen	Head of finance from 4.2022	819	111	-	138
Kristoffer Lundeland [2)]	CFO - Hire in untill 8.2022	1 667	-	-	-

1) Hired in untill June 2022. Of total salary, MNOK 1.1 equals amount invoiced from Eyde Mooring Solutions AS. Preben Liltved holds 19,7 % of the shares in Eyde Mooring Solutions AS.
2) Hired in, salary equals amount invoiced from Ernst & Young AS

Remunerations	Taxable remuneration
Other benefits	Board remuneration, sign-on fee, car, group life insurance, phone, newspaper, etc.
Bonus paid	Bonus paid in current year

Auditors' fees (excl. VAT)	2022	2021
Statutory audit	890	1 158
Other attestation services	75	-
Tax advisory	-	-
Other assistance	108	180
Total	**1 073**	**1 338**

Note 3 Pensions

Amounts in NOK 1000

Norwegian companies within Nekkar have established defined contribution plans for all employees. Reference is made to the remuneration report for further details.

Net pension costs from defined contribution plan	2022	2021
Service cost	1 774	909
+ Payroll tax of net pension cost	250	128
= Net periodic pension cost	**2 024**	**1 038**

Note 4 Tangible and intangible assets

Amounts in NOK 1000

	Intangible assets, R&D	Furniture and office equip.	Starfish downscaled pilot version	Total
Book value as of 31.12.2020	**9 545**	**4 897**	**-**	**14 441**
2021 Fiscal year				
Book value as of 1.1.	9 545	4 897	-	-
Additions	9 911	710	5 500	16 121
Disposals	-	-	-	-
Depreciation, amortization and impairments [1]	-	-776	-688	-1 463
Book value as of 31.12.2021	**19 456**	**4 832**	**4 813**	**14 659**
As of 31.12.2021				
Acquisition cost 31.12.	19 456	24 017	5 500	48 973
Accumulated depreciation as of 31.12.	-	-19 187	-688	-19 874
Book value as of 31.12.2021	**19 456**	**4 832**	**4 813**	**29 100**
2022 Fiscal year				
Book value as of 1.1.	19 456	4 832	4 813	29 100
Additions	17 298	222		17 520
Disposals	-13 500	-	-	-13 500
Depreciation, amortization and impairments [1]	-	-926	-4 813	-5 739
Book value as of 31.12.2022	**23 254**	**4 128**	**-**	**27 383**
As of 31.12.2022				
Acquisition cost 31.12.	23 254	24 239	5 500	52 993
Accumulated depreciation as of 31.12.	-	-20 113	-5 500	-25 613
Book value as of 31.12.2022	**23 254**	**4 128**	**-**	**27 382**
Depreciation schedule	None	Linear	Linear	
Depreciation period		3-10 years	2 years	

The company has no leases classified as financial lease.

Development costs / R&D:
The book value of R&D assets, TNOK 23 254, includes development expenses incurred in connection with the development of a closed cage for fish farming, Starfish. Government grants of TNOK 1 887 is received in 2022 and the additions is presented net of grants received. Upon establishment of Nekkar SkyWalker Onshore AS in May 2022, Nekkar ASA made a contribution in kind consisting of the development expenses incurred to date in connection with the development of the disruptive wind turbine installation tool, SkyWalker. This contribution in kind equals the disposal of TNOK 13 500 in 2022. At the end of 2022, no development expenses is capitalized in Nekkar ASA in connection with SkyWalker.

Total R&D expenditures in 2022 was MNOK 2.3. The amount is included in other operating expenses in the consolidated statement of comprehensive income.

Nekkar finalized the production of a down-scaled pilot version of Starfish at the end of Q3 2021. Total allocated production cost was TNOK 5 550. The down-scaled pilot served as a testing unit for new features and technology and the testing was finalized in June 2022. The down-scaled pilot was fully depreciated at the end of 2022.

Impairment assessment:
The company performed its impairment assessment in January 2023. The recoverable amount has been determined based on a value in use calculation using 5 year cash flow projections. The impairment test indicated that the recoverable amount exceeds book value, hence no impairment is recognised as per 31 December 2022.

Operating lease agreements:
Nekkar ASA has entered into a lease agreements for offices. The lease is classified as operational lease.

Total lease payment in 2022 is TNOK 438.

Note 5 Other operating costs

Amounts in NOK 1000

	2022	2021
Cost of premises	705	433
IT costs	2 575	2 407
Marketing, travel	902	468
Consultancy, hire-ins and external services	8 642	6 421
Other expenses	4 045	5 484
Total other operating costs	**16 870**	**15 213**

Note 6 Financial items and exchange rate gains/losses

Amounts in NOK 1000

	2022	2021
Group contribution from subsidiaries	-	191 432
Interest income from companies in same group	-	796
Other financial income	2 835	5 210
Interest paid to financial institutions	-3 201	-2 357
Other financial costs	-567	-1 748
Net exchange rate gains (losses)	405	-308
Net financial items	**-528**	**193 024**

Exchange rate gains/losses:

Currency differences booked to income and costs in the profit and loss account are as follows:	**2022**	**2021**
Currency exchange income	1 220	640
Currency exchange costs	-815	-949
Total	**405**	**-308**

Note 7 Tax

Amounts in NOK 1000

Change in deferred tax assets and deferred tax liabilities:

	1.1.2021	Changes 2021	31.12.2021	Changes 2022	31.12.2022
Deferred tax					
Fixed assets	-424	478	54	-37	17.361
Pension fund / liabilities	-	-	-	-	-
Credit deduction carried forward	-	-	-	-	-
Allowance carried forward	-	-	-	-	-
Convertible debt	-	-	-	-	-
Tax loss carry forward	-40 935	32 463	-8 472	-8 049	-16 520
Gross deferred tax (assets = - / liabilities = +)	**-41 358**	**32 941**	**-8 417**	**-8 085**	**-16 503**
Unrecognized deferred tax assets related tax losses	6 935	-6 935	-	-	-
Unrecognized deferred tax assets related to other temp. differences	423	-478	-55	55	-
Net deferred tax reported (assets = - / liabilities = +)	**-34 000**	**25 528**	**-8 472**	**-8 031**	**-16 503**

Deferred tax assets related to losses which can be carried forward for tax purposes, are reported if the management believes it is likely that the company can use these against future taxable income. Nekkar ASA, Syncrolift AS, Nekkar SkyWalker Onshore AS and Nekkar AS represent a Norwegian Taxable group as the ownership is more than 90%. Based on expected taxable profit inthe taxation group for the forthcoming five-year period, tax assetsof MNOK 16.5 have been recognized as per 31 December 2022.

Breakdown of differences between profit before tax as per the accounts and tax basis for year:	**2022**	**2021**
Result before tax	-38 345	167 512
Permanent differences	1 593	29
Change to temporary profit/loss differences	167	-3 025
Reversed group contribution from subsidiaries	-	-191 432
Tax basis for theyear before group contribution	**-36 584**	**-26 915**

Breakdown of tax costs:	**2022**	**2021**
Tax payable	-	-
Effect of group contribution on deferred tax	-	42 115
Unrecognized change inother temp.differences	55	-478
Changes to deferred tax assets	-8 085	-16 109
Tax cost	**-8 031**	**25 528**

Note 8 Subsidiaries and joint ventures

Amounts in NOK 1000

Nekkar ASA

Investments in subsidiaries valued at cost:

Subsidiary	Registered office	Acquisition date	Ownership	Voting share	Currency	Share capital	Number of shares	Equity 31.12.2022	Net Result 2022	Cost	Net book value 2022	Net book value 2021
Syncrolift AS	Vestby, Norway	1994	100%	100%	NOK	1 045 000	95 000	177 076	61 489	215 078	215 078	165 203
Nekkar AS	Kristiansand, Norway	2018	100%	100%	NOK	60 000	30 000	15 304	0	17 697	17 697	30
Nekkar SkyWalker Onshore AS	Kristiansand, Norway	2022	100%	100%	NOK	30 000	30 000	13 411	11	13 500	13 500	-
Total								**192 380**	**61 490**	**246 275**	**246 275**	**165 233**

During 2022 intercompany receivables against Syncrolift AS and Nekkar AS was converted to equity. This was done through a share contribution of MNOK 49.875 in Syncrolift AS and MNOK 17.667 in Nekkar AS respectively, which was settled by conversion of the mentioned receivables.

Note 9 Trade and other receivables

Amounts in NOK 1000

	2022	2021
Trade receivables	13	20
Intra-group accounts receivables	7 740	1 094
Group contribution	-	191 432
Other receivables, including prepayments	3 431	2 832
Short-term receivables	**11 184**	**195 378**
Receivables maturing at over one year:		
Other receivables	-	-
Loans to subsidiaries [1)]	-	17 631
Total	**-**	**17 631**

1) Intercompany loan to Nekkar AS.

Receivables based on intercompany trade and group fees are settled on a regular basis.

Note 10 Other current liabilities

Amounts in NOK 1000

	2022	2021
Provision for unpaid wages and salaries	1 433	200
Provision for holiday pay	1 695	1 108
Other accrued expenses	4 083	4 677
Total other current liabilities	**7 211**	**5 985**

Note 11 Assets pledged as security and guarantees

Amounts in NOK 1000

Nekkar ASA has no interest bearing debt, however credit and guarantee facilities with Nordea are established.

Nekkar has the following credit facilities through its facilitators:

	2022		2021	
	Limit	Drawn	Limit	Drawn
Guarantee limit for Group (Nordea)	290 000	200 897	290 000	223 853
Overdraft facility (Nordea)	100 000	-	-	-
Revolving Credit facility (Nordea)	100 000	-	-	-

The finance agreements include pledges of plant and machinery, inventory and accounts receivables in Nekkar ASA and Syncrolift AS. The guarantee limit is utilized by Nekkar ASA and Syncrolift AS and cover performance guarantees and advance payment guarantees.

Under the new credit facilities established in 2022, the financial covenants are a debt ratio based on net debt/ EBITDA and an equity ratio based on equity/total assets.

- The company's debt ratio shall not exceed 2,5 times the EBITDA and is calculated from the consolidated total interest bearing debt to the consolidated EBITDA.
- Equity ratio shall not be lower than 35 %, calculated from the consolidated total equity to consolidated total assets.

The covenants also include a condition related to Nekkar maintaining its 100 % ownership in Syncrolift AS. The covenants are monitored on a regular basis to ensure compliance with the credit agreements which are tested and reported on a quarterly basis. Nekkar was in compliance with its covenants as of December 31, 2022.

For the above mentioned facilities the following assets have been pledged as collateral to Nordea:

Assets pledged as collateral for secured debt - Group values:	**2022**	**2021**
Account/Group receivables	125 947	153 326
Inventory/Work in progress, including non-invoiced production	125 035	23 604
Property, plant and equipment	8 995	14 196
Assets pledged as collateral *	**259 976**	**191 126**

* Assets pledged as collateral only includes Nekkar ASA and Syncrolift AS. The pledged assets are presented in the balance sheet under the differenct categories.

Note 12 Cash and cash equivalents

Amounts in NOK 1000

	2022	2021
Bank deposits / (withdrawal), cash etc. as per 31.12.	30 958	-24 945
Deposits (+)/withdrawals (-) from cash pool account system as at 31.12.	141 210	157 784
Total cash and cash equivalents	**172 168**	**132 839**

Restricted bank deposits per 31 December 2022 were TNOK 1 500 and is related to employee's tax witholding.

Additional undrawn committed current bank revolving credit facilities and overdraft facilities amount to MNOK 200 million, that together with cash and cash equivalents gives a total liquidity reserve of MNOK 372 as of December 31, 2022. See also note 11.

Note 13 Share capital and shareholder information

Amounts in NOK 1000

Date	Number of shares	Nominal value	Share capital
31.12.22	106 780 334	0.11	11 745 837
31.12.21	106 493 000	0.11	11 714 230

In 2022 there was an increase in share capital of NOK 31 607 and an increase in share premium of NOK 2 055 893.

The capital increase was related to a share purchase program where 287 334 shares were issued.

Dividends paid and proposed:	2022	2021
Dividend declared and paid during the year: per share	-	-
Dividend proposed: per share	-	-
Repayment of issued equity: NOK per share	-	-

Treasury shares:	Number of shares	Share capital
Treasury shares as of 31.12.2021	6 632	1
Sale of treasury shares 2021		-
Treasury shares as of 31.12.2021	**6 632**	**1**
Purchase/(sale) of treasury shares 2022	-	-
Treasury shares as of 31.12.2022	**6 632**	**1**

Principal shareholders of Nekkar ASA as of 31.12.2022:

Shareholder	Number of shares	Ownership	Voting share [4)]
SKEIE TECHNOLOGY AS [1,3)]	31 475 823	29.5%	29.5%
RASMUSSENGRUPPEN AS	11 512 506	10.8%	10.8%
MP PENSJON PK	5 698 803	5.3%	5.3%
TIGERSTADEN AS	5 557 501	5.2%	5.2%
AVANZA BANK AB	4 764 545	4.5%	4.5%
DNB BANK ASA	4 053 000	3.8%	3.8%
NORDNET BANK AB	3 673 523	3.4%	3.4%
VINTERSTUA AS	3 157 682	3.0%	3.0%
SKEIE CONSULTANTS AS [2)]	1 507 243	1.4%	1.4%
ITLUTION AS	1 475 261	1.4%	1.4%
HATLE AS	1 447 833	1.4%	1.4%
SKEIE KAPPA INVEST AS [3)]	1 204 828	1.1%	1.1%
ALUNDO INVEST AS	1 000 000	0.9%	0.9%
PIROL AS	1 000 000	0.9%	0.9%
SEDAL	800 000	0.7%	0.7%
GUTTIS AS	800 000	0.7%	0.7%
MERRILL LYNCH PROF. CLEARING CORP.	791 886	0.7%	0.7%
BROWN BROTHERS HARRIMAN & CO	770 000	0.7%	0.7%
AVANT AS	744 034	0.7%	0.7%
NORDNET LIVSFORSIKRING AS	618 852	0.6%	0.6%
Total, 20 largest shareholders	**82 053 320**	**76.8%**	**76.8%**
own shares	6 632	0.0%	0.0%
Total other	24 720 382	23.2%	23.2%
Total	**106 780 334**	**100.0%**	**100.0%**

1) Shares owned or controlled by the Skeie family, and companies directly or indirectly controlled by them, holds 34 653 036 shares representing 32,5% of total shares.

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 shares.

3) Trym Skeie holds 465 142 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 1 669 970, representning 1,6% of total shares .

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

Shares, share options and convertion rights owned or controlled by Board members, Group executives and their relatives:

	Shares	
	31.12.2022	**31.12.2021**
Board members		
Trym Skeie [1)]	1 669 970	1 632 939
Marit Solberg	96 809	73 479
Group Executives		
Ole Falk Hansen [2)]	200 311	-
Preben Liltved	101 561	83 786
Rolf-Atle Tomassen	3 303	3 303
Mette Harv	198 765	198 765

1) Trym Skeie holds 428 111 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 1 632 939, representning 1,5% of total shares .
2) Ole Falk Hansen holds 200 311 shares through OFH Invest AS

30 May 2022, the Annual General Meeting adopted a resolution to give the Board general authority to issue a maximum of 10 678 034 shares against cash or non-monetary redemption, including merger related activities to acquisitions of business or assets within the same or corresponding business sector as the company. This authorization is valid until the next Annual General Meeting and latest on 30 June 2023. No shares have been issued on the basis of this authorization in 2022.

30 May 2022, the Annual General Meeting adopted a resolution to give the Board authority to issue a maximum of 2 820 058 shares against cash redemption for the benefit of the company's executive management and board members. This authorization is valid until the next Annual General Meeting and latest on 30 June 2023. After 30 May 2022, no shares have been issued in relation to a share purchase program, hence the remaining share issue authority as per 31 December 2022 is 2 820 058 shares. As per 31 December 2022, there are no share options in place in the company.

30 May 2022, the Annual General Meeting adopted a resolution to give the Board authority to buy a maximum of 7 356 674 shares in Nekkar ASA within a price range of NOK 1 to NOK 25. The authority can be used to buy own shares for deletion, or to use the shares as part of remuneration of leading employees or in the company's share purchase program. The authority is valid until the next Annual General Meeting or latest 30 June 2023. No shares have been bought on the basis of this authorization as of 30 April 2023.

Note 14 Subsequent events

Subsequent events regarding Nekkar ASA are listed in Note 23 in Nekkar Group.

Auditors' report

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To the General Meeting of Nekkar ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nekkar ASA, which comprise:

- The financial statements of the parent company Nekkar ASA (the Company), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nekkar ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 14 years from the election by the general meeting of the shareholders on 30 November 2009 for the accounting year 2009.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition for long term construction contracts

Reference is made to note 2, the Key Audit Principles section 2.16 and the Board of Directors report.

The Key Audit Matter	*How the matter was addressed in our audit*
The majority of the Group's revenues and profits derive from long-term construction and service contracts. IFRS 15 Revenue from contracts with customers ("IFRS 15") is based on a five-step model for revenue recognition and requirements and guidance relevant to project accounting estimates and judgements. IFRS 15 has a higher degree of judgment in determining the number of performance obligations which can impact the timing and amount of revenue recognition for certain contracts. The standard also has a complex criterion for assessing if revenue should be recognized over time or at a certain point in time. This assessment is complicated, due to the group's different revenue streams and the contract structures. Timing of revenue recognition is based on the assessment of contractual facts vs. criteria under IFRS 15 and is subject to a high degree of judgement. Accounting for long term construction contracts involves management estimates and judgments and complex assessments of future events for which there may be limited or no external information available. The key judgements and estimates applied by management include their assessment of the stage of project completion as well as assessing the estimated future contract revenue and cost outcomes. Revenue and cost outcomes factored in management's forecasts include: • liquidated damages; and • expected cost to completion. Contract accounting estimates and timing of revenue recognition require significant attention during the audit and are subject to a high degree of auditor judgment. As such, revenue recognition is considered a key audit matter.	Our audit procedures relating to significant long-term construction contracts, performed by the group team included: • Challenging management's assumptions in determining if certain contracts contain single or multiple performance obligations by obtaining, reading, and critically assessing the terms and conditions of relevant contractual documents. • Assessing contractual revenue forecasts including reconciling those forecasts with reference to signed contracts and variation orders. • Obtaining and reading the terms and conditions of significant contracts and comparing these to management's assessment of the contract forecasts. • Critically considering the terms and conditions of significant contracts and comparing these to management's assessment of the requirements in IFRS 15 relating to timing of revenue recognition; over time vs. point in time revenue recognition. • For financially significant contracts and any contracts with a reasonable possibility of being in a significant loss-making position, we applied professional scepticism and critically assessed the accounting estimates and judgments against the requirements of IFRS 15 • Evaluating management's process for assessing measurement of progress and the method applied. • Reading and discussing project reports with management and comparing current forecasts to historical outcomes where relevant. • Challenging management on the estimate of cost to complete and the risk assessment related to forecast cost. • Evaluating the adequacy and appropriateness of the disclosures in the financial statements related to IFRS 15, revenue from construction contracts and service contracts.

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Independent Auditor's Report - Nekkar ASA

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other accompanying information otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion

We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name 5967007LIEEXZXIFE872-2022-12-31-en, have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities

Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and

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Independent Auditor's Report - Nekkar ASA

the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities

Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements have been prepared in accordance with the European Single Electronic Format.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 27 April 2023
KPMG AS

Knut Olav Karlsen
State Authorised Public Accountant

5

Disruptive technologies, Sustainable results

Sustainability report

2022

NEKKAR

At Nekkar, we have chosen a business strategy where ESG and corporate performance are intertwined.

Disruptive technologies, sustainable results

Environmental, social and governance (ESG) issues remain at the top of the agenda. In 2022, the growing climate crisis manifested itself through several hurricanes in the Americas and Caribbean, only to be eclipsed by severe floods in Pakistan and China. World leaders gathered in Sharm el-Sheikh for COP27, and later concluded a historic framework to cut food waste in half at the UN Biodiversity Conference in Montreal.

In 2022, the European Parliament voted to pass the Corporate Sustainability Reporting Directive (CSRD), and in Norway, the Transparency Act entered into force. The legislation will further standardize and lift the quality of ESG-reporting, solidifying sustainability as an integral part of annual reporting and any viable business strategy. At Nekkar, we work systematically with sustainability, and welcome these developments.

Ole Falk Hansen
CEO of Nekkar

Nekkar's business strategy merges ESG and corporate performance. In addition, we take a proactive approach to managing ESG risks and opportunities. Being a sustainable company means that we are never satisfied with the status quo, but continuously seek to improve. This is the fourth year Nekkar has published a sustainability report. Every year, we strive to better understand our impact on people, climate, and society, as well as seek out areas of improvement.

In 2022, we continued to expand our climate accounting for direct and indirect emissions and included more Scope 3 data than previously obtained. Moreover, we revised our procurement routines for employees and the management group and started reviewing all suppliers in terms of ethical business conduct. We continued the tradition of organising an ESG Day for employees at our offices in Kristiansand and Vestby, this year with a focus on communication and collaboration. Nekkar also became a sponsor of GameOn, the world's first university course in e-sport and gaming, which aims to include more young people in active jobs which currently are outside of the labour market.

Finally, throughout the year, we also worked to implement a new environmental policy for the company and its employees, and further strengthened Nekkar's health and safety routines. Combined, these developments helped move our company towards better ESG-related routines that will strengthen our approach to sustainability.

A new, sustainable direction

Nekkar's strategy is to leverage the group's superior engineering, electrification, automation, and digitalisation heritage from "Drilling Bay" in Kristiansand, to develop disruptive technologies that can make high-growth industry sectors more sustainable, productive, and profitable. In 2022, all four business areas in Nekkar have demonstrated their ability to implement a business strategy where sustainability and profitability are intrinsically intertwined:

Aquaculture

Nekkar successfully completed the pilot test of a downscaled Starfish closed fish cage, and subsequently made certain design improvements to further enhance the go-to-market product. Starfish is a fully automated, closed fish cage solution that is digitally and remotely managed. It has been designed to reduce environmental impact and operating expenditure to a minimum, while also avoiding the biological challenges that traditional open ocean-based pens face. This includes limiting risk of escape, reducing sea lice treatments and collection of sediments from the farming.

Renewables

SkyWalker is a disruptive installation tool that could significantly reduce the cost, CO_2 emissions and footprint on nature that are associated with wind turbine installations. In 2022, wind tunnel testing of a downscaled (1:20) model was completed, delivering results that underline SkyWalker's unrivalled operating window. Leading international wind turbine installation player BMS Group entered into an innovation agreement for the development and testing of SkyWalker.

Shipyard Solutions

In 2022 Syncrolift focused on projects for upgrades and refurbishments of existing shipyard installations with reuse of on-site steel structures. Exploring alternatives, such as sustainable or recycled materials help minimize the environmental impact of a Syncrolift®.

Having realized at Skarvik Shipyard our Enclosed Decking solution for Sea-Pollution-Prevention (eliminate release of pollutants and foreign debris into sea), we continue to promote this solution world wide. Our vision is to make this a industry standard within 2027. Syncrolift and Intellilift are also searching for smarter solutions not only optimize operations, but minimize excessive use of consumeables which have a harm potential.

Syncrolift performs service and inspections, further supplying OEM spares to ensure proper maintenance. Thereby extending the operational safety and lifespan of installed equipment, safeguarding workers and handling ships with adequate built-in safety measures in place.

We are active on R&D for the next generation of transfer systems with our Flextrolley, achieving better results using less resources.

Digital Solutions

During the year Intellilift tested and fine-tuned the products and services that will be used in InteliWell, which is a joint venture established with Transocean and Viasat to develop a disruptive rig automation solution that allows operators to reduce drilling costs and emission levels through more reliable and faster drilling operations. Subsequent to year-end, InteliWell signed its first commercial contract with a major rig operator. The business area's resources were also allocated to software development for both Aquaculture, Renewables and Shipyard Solutions.

As readers will notice, Nekkar's sustainability practices aim to benefit both our bottom line and create greater impact on the wider community.

To find out more about how Nekkar utilises ESG to generate long-term value creation for society and shareholders, please check out the following pages.

Best regards,

Ole Falk Hansen
CEO of Nekkar

About this report

This is Nekkar ASA's (Nekkar) fourth sustainability report, and applies to the reporting period 1 January to 31December 2022.

The report is prepared together with the company's financial reporting and covers Nekkar's three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – and Nekkar's Digital Solutions businessunit.

The report is prepared in accordance with the 2021 Global Reporting Initiative's (GRI) framework. The report is also inspired by the Oslo Stock Exchange (OSE) Euronext guidelines for sustainability reporting. The report was published on 27 April 2023. No restatements of information have been made from previous reportingperiods.

The 2022 sustainability report has been reviewed and approved by Nekkar's Board of Directors (the Board). It has not been audited by a third party. For information about this report and its content, please contact Nekkar's CEO, Ole Falk Hansen: Ole.falk.hansen@nekkar.com.

Sustainability highlights 2022

Nekkar has maintained its focus on environmental, social and governance in 2022. For example, we launched a new sustainability website and entered into a partnership with Varodd, one of Norway's largest employment and inclusion companies. Other sustainability highlights include:

Governance, ethics and anti-corruption

In 2022, Nekkar revised the company's procurement routines for employees and the management group. The company also started reviewing all suppliers in terms of ethical business conduct, with a particular focus on human rights.

100% of Nekkar's employees have now read and signed the company's ethical guidelines (Code of Conduct). The company also finished the Business Partner Code of Conduct, and both have been made available on Nekkar's website.

The company increased its focus on reporting of irregularities. Information about Nekkar's whistleblowing channel has been published on the website for external users and employees have also been informed and trained on when and how to use it.

Environmental and climate impact

We strengthened our climate accounting in 2022, which now includes more Scope 3 data than previous years.

In 2022, Syncrolift has focused on and executed refurbishment and upgrade projects and thereby contributed to reducing the environmental impact of docking solutions.

During the year we have also worked to implement a new environmental policy for the company and its employees.

Health and safety

In 2022, Nekkar strengthened the organisation's health and safety routines. We started the year by re-establishing the Nekkar Emergency Response Team, and we also appointed a safety representative in Kristiansand in June.

Strengthening our health and safety mindset was a particular focus for our annual ESG Day that was arranged in December 2022. In addition to introducing the new Emergency Response Team, we also used this day to inform and train employees in the company's Emergency Response Plan.

Fire safety continue to be a prioritised area, and in addition to reviewing our company's fire safety guidelines, Nekkar arranged a fire drills for both locations in 2022.

Working environment

The annual ESG Day also focused on the working environment in Nekkar, particularly the importance of good communication and collaboration and how to improve this.

We conducted another employee survey amongst employees, with an increased participation rate of 86% (up from 81.4% in2021).

The company has started using the Eloomi online portal for conducting relevant development / training programmes for employees in 2022.

About Nekkar

Nekkar is a company that utilises electrification, automation and digitalisation competence as levers to make high-growth industries more efficient, profitable and sustainable.

KEY FIGURES 2022

388

REVENUE
MNOK

62

EBITDA
MNOK

69

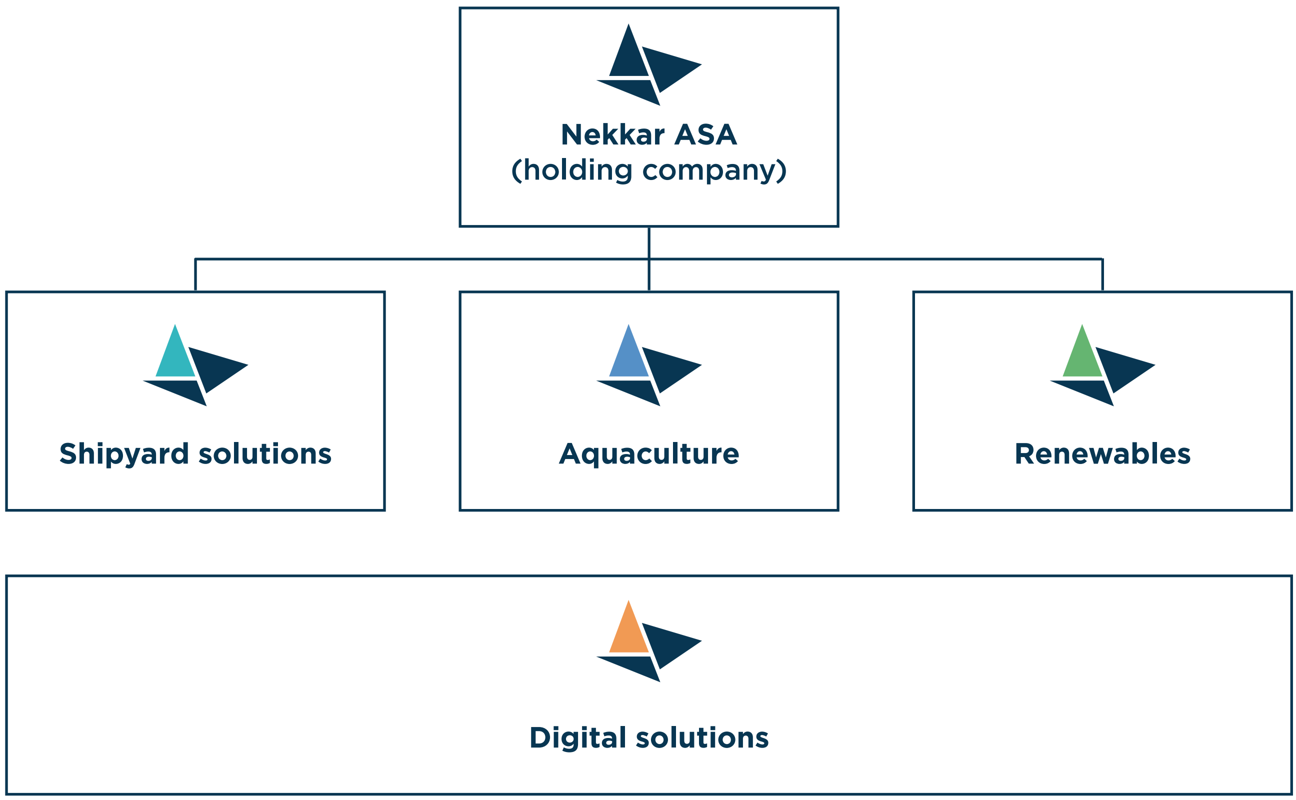
EQUITY RATIO
PERCENT

The company's operations are divided into three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – that are all supported by Nekkar's Digital Solutions business unit which applies its unique competence within electrification, automation and digitalisation across the entire Nekkar group.

Nekkar has extensive industrial experience and a strong legacy within product development and project execution from both the former TTS brand, which grew from a small business to a multi-billion global company, and the internationally recognised "Drilling Bay" in Kristiansand, Norway. Our highly competent employees have a long track record of innovation and product development.

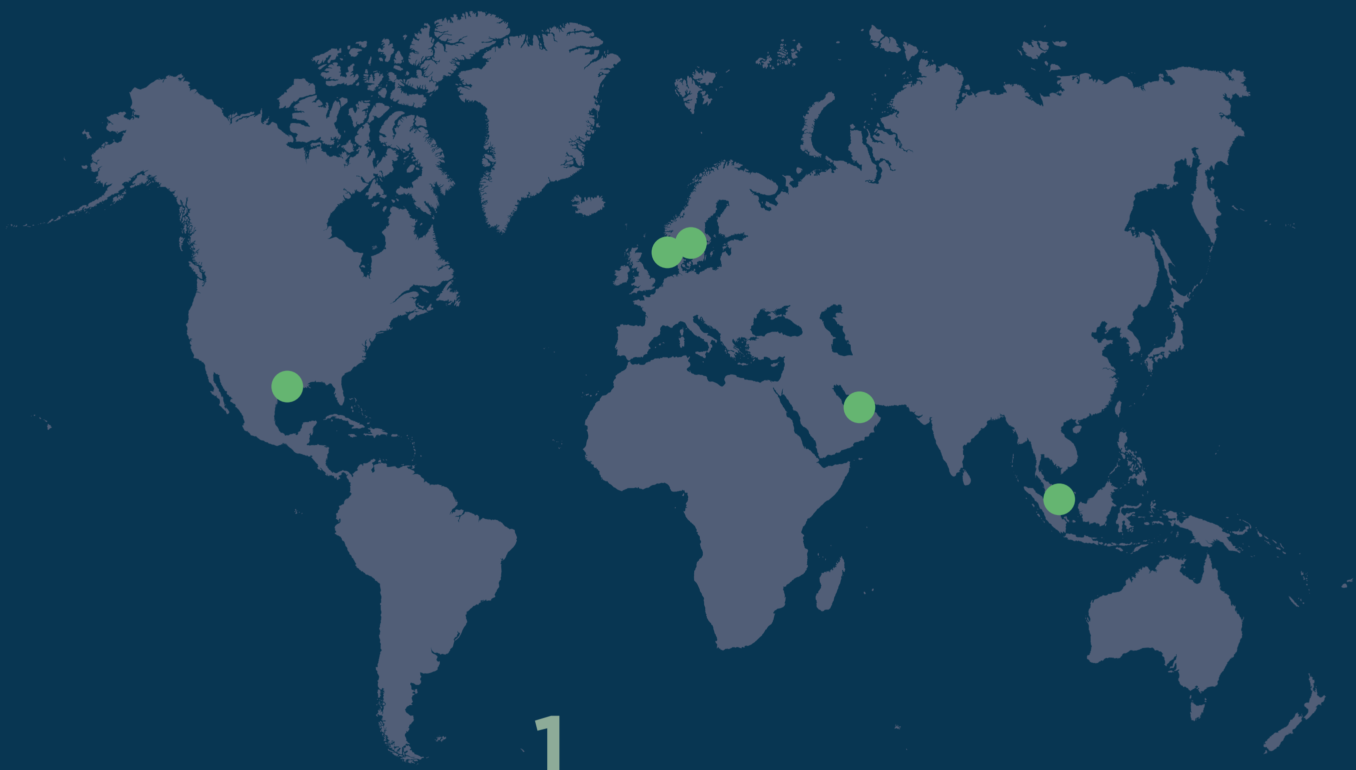
Nekkar is a public limited company (ASA) listed on the Oslo Stock Exchange (legal name: Nekkar ASA, ticker: NKR).

Nekkar company structure



Locations

Nekkar (the holding company, as well as the Aquaculture, and Renewables and Digital business areas) is headquartered in Kristiansand, on the South coast of Norway. Shipyard Solutions is located in Vestby, with subsidiaries in Singapore and the US. The company also has two sales and service representatives in Dubai.



Corporate governance and sustainability approach

For Nekkar, adhering to good corporate governance standards is a prerequisite for long-term value creation. This is a short summary of our corporate governance statement. For more information, please refer to the full statement in the annual report or on Nekkar's website.

The company strives to ensure that its internal control mechanisms, organisation and management structures comply with good corporate governance principles, including the Norwegian Code of Practice for Corporate Governance (NUES). Nekkar is committed to OECD's Guidelines for Multinational Enterprises and contributing to the improvement of international business standards and practices, especially with regards to questions of corruption, labour relations and the global environment.

Nekkar's governance structure shall ensure a systematic approach to corporate social responsibility.

The Annual General Meeting (AGM) is Nekkar's supreme governing body and where stakeholders can influence how sustainability is practiced. The Board is responsible for ensuring that the company is organised, managed, and controlled in an appropriate and satisfactory manner in full compliance with applicable laws and regulations.

Corporate Executive Management bears the ultimate responsibility for the company's strategy, development, and day-to-day work.

The responsibility for managing Nekkar's impacts on the economy, environment and people have been delegated from the Board to Nekkar's Corporate Executive Management and Sustainability Manager. The management group regularly report back to the Board on the management of Nekkar's impact on the economy, environment and people.

Nekkar's main governing document are the company's Code of Conduct, the Code of Conduct for Business Partners and the company's Articles of Association. These documents have been developed by Nekkar's Corporate Executive Management and are approved by the Board.

Governance structure and composition

Information about Nekkar's governance structure, including Board committees, can be found in the annual report (corporate governance statement) or in the corporate governance policy on the company's website. Here, the company also lists the Board committees that are responsible for decision making on and overseeing the management of Nekkar's impact on the economy, environment and people.

An explanation of the nomination and selection processes of members of the Board and the committees, including criteria considering shareholder's views, diversity, independence, and relevant competencies, are also available in the annual report (corporate governance statement). In accordance with NUES guidelines and the Norwegian Public Limited Liability Companies Act, the chair of the Board is not a senior executive in the organisation.

Role and evaluation of the highest governance body

To enhance its collective knowledge, skills and experience on sustainable development, the Board is updated regularly for example through the process to establish the annual sustainability reports.

The process for evaluating the performance of the Board in overseeing the management of Nekkar's impacts on the economy, environment, and people, including the independence and frequency of these evaluations is rendered in the corporate governance statement of the annual report.

Remuneration policies

Remuneration policies for members of the Board and senior executives are described in the company's remuneration report, which also includes information about fixed and variable pay, sign-on bonuses or recruitment incentive payments, termination payments, clawbacks and retirement benefits.

The company has not yet established remuneration policies for the Board and senior executives relating to objectives and performance in relation to the management of the organisation's impacts on the economy, environment and people.

The process for designing Nekkar's remuneration policies and for determining remuneration is also detailed in the remuneration report as well as in the corporate governance statement in the annual report. Remuneration consultants are not involved in determining remuneration. The results of votes of stakeholders (including shareholders) on remuneration and proposals can be found in the Annual General Meeting (AGM) Notice on the company's website.

Every year, the company reports the annual total compensation for Nekkar's highest paid individual (the CEO) and this information can be found in the remuneration report, together with information about the ratio of the percentage increase in annual total compensation. Please refer to the working environment chapter of this report for additional information about remuneration in Nekkar.

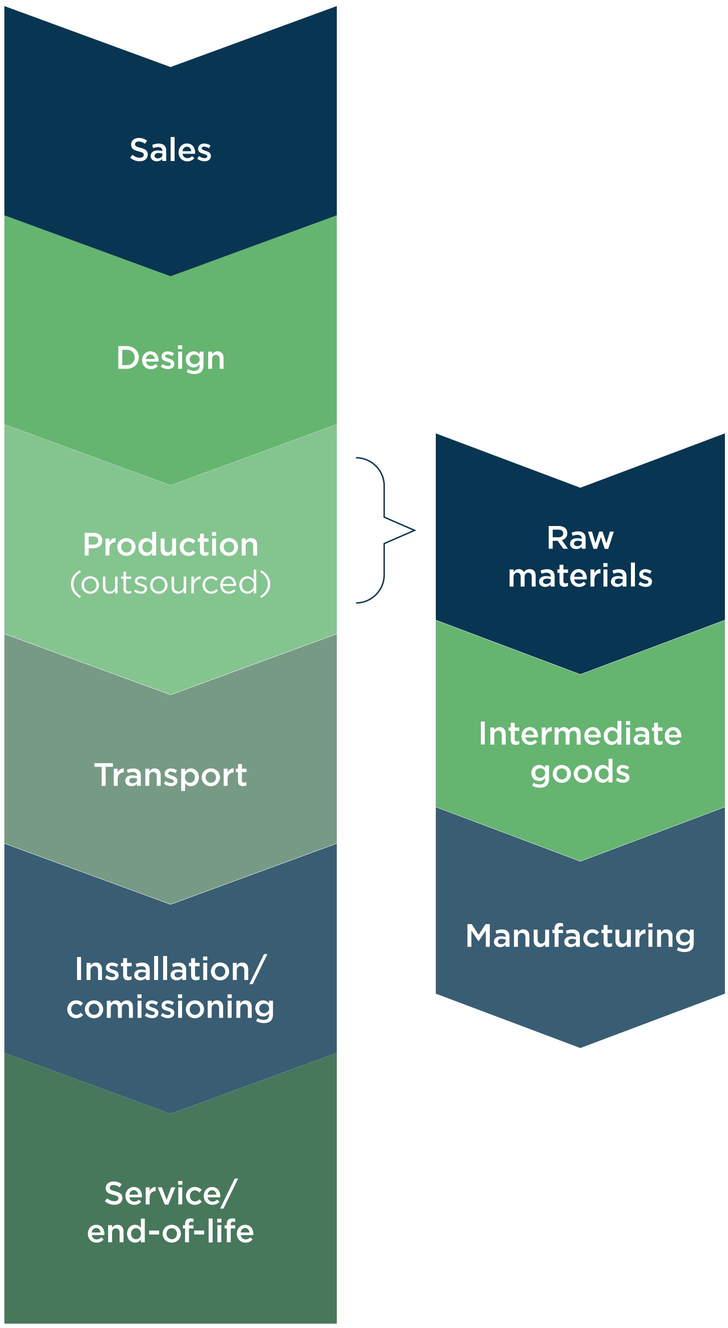
Conflicts of interest

As stated in Nekkar's Code of Conduct, the Board as well as Corporate Executive Management are responsible for ensuring that conflicts of interests are prevented and mitigated. Conflicts of interests are disclosed to stakeholders, and critical concerns are communicated to the Board. The total number and nature of critical concerns that were communicated to the Board during the reporting period were zero.

Supply chain and sectors served

Nekkar's business operations are mainly related to ocean-based industries and segments such as ports and harbours, aquaculture and renewable energy. Nekkar has global presence with projects all over the world.

There have been no significant changes regarding sectors in which Nekkar is active, the company's value chain, or business partners compared to the previous reporting period.



UN Sustainable Development Goals

Nekkar supports the UN's Sustainable Development Goals (UN SDGs). The company is implementing activities and initiatives relating to four of the SDGs, where the company has the potential to make the biggest contribution:

Nekkar promotes equal opportunities for employees regardless of their gender, age, ethnic or cultural background. Nekkar's employees should be treated with respect and the company shall ensure a safe and healthy working environment for everyone.

Designing and adapting our products to foster innovation and the development of sustainable technology is a key consideration in Nekkar's product development. An example is the wind turbine installation tool SkyWalker. This innovation has the potential of increasing the efficiency and decrease the environmental footprint of installing and maintaining wind turbines.

The ocean represents a highly significant resource in terms of food, energy and value creation and has a high priority in our efforts to ensure a sustainable future. Nekkar's business operations are closely linked to the sea as our products are designed for the maritime and marine industries. Our goal is to design and produce products that can contribute positively to the development in marine areas.

Nekkar aims to promote and maintain the highest ethical standards to create a trust-based relationship with our stakeholders. The company shall comply with relevant laws and regulations, act in an ethical, sustainable and socially responsible manner and otherwise practice good corporate governance.

ESG Day 2022

In December 2022, Nekkar arranged its annual "ESG Day" at our sites in Vestby and Kristiansand. This year's event focused on the Social in ESG.

Last year, the goal was to increase employees´ awareness of Environmental, Social and Governance topics in general. This year, the company wanted to dig deeper into social sustainability topics, to get to know the "S" in "ESG" even better.

To learn more about this topic, we were happy to welcome Tor Åge Eikerapen, a psychologist specialised in organisational psychology, to facilitate a workshop for our employees at Vestby and Kristiansand. Eikerapen works with leaders and organisations dealing with change, and hosts Norway's largest podcast focusing on management and leadership.

The theme of his workshop was Communication and Collaboration – What does it take for others to understand what you are trying to communicate in the same way as you do? Poor communication can be the root of several problems, but good communication can prevent misunderstandings and conflicts from happening. As part of the workshop, all participants were asked to take the VIA character strength test. Based on the questions answered in the test, a list of 24 different positive characteristics was generated for every single participant.

At the ESG Day, we also focused on strengthening our 'health and safety' mindset. To do so, we introduced the new Emergency Response Team, and informed employees about the company's Emergency Response Plan.

Stakeholders

Investors/Board of Directors (BoD)

Nekkar's investors and owners are primary stakeholders and directly affect the company's priorities and strategic direction. Ensuring value for shareholders is one of the main priorities for the company.

Customers

Nekkar's customers directly affect the company economically and the company's ability to offer attractive products at acceptable cost is decisive for customer retention. Furthermore, an increased ESG awareness among customers is part of driving Nekkar's sustainability priorities.

Employees

Nekkar's employees are directly affected by the company's internal policies and activities. The company is greatly dependent on its employees and the ability to attract and retain skilled talent.

Business partners/suppliers

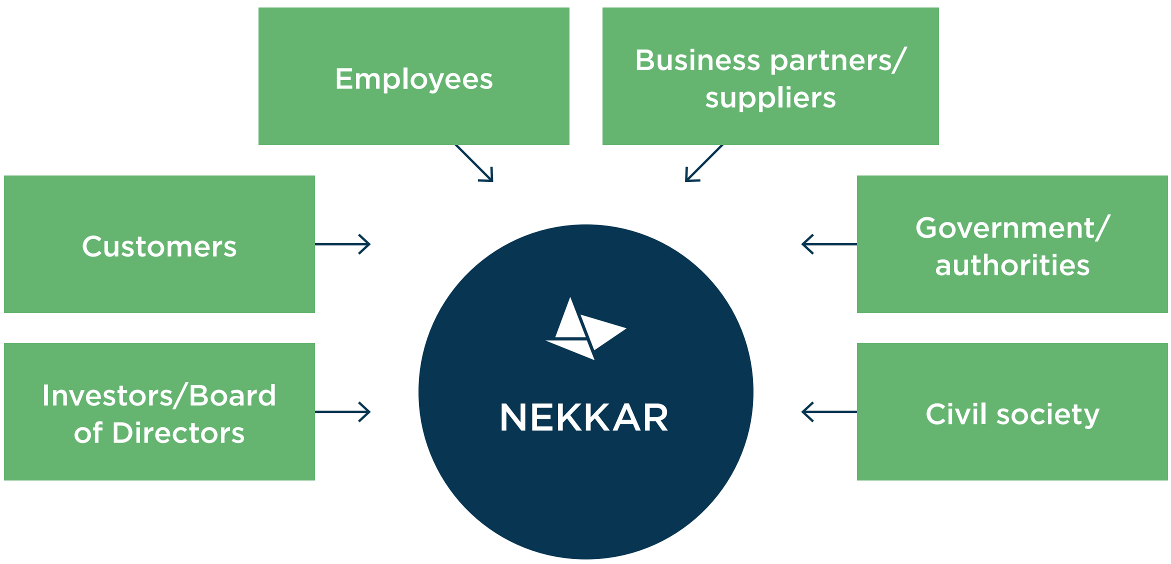
Suppliers are important stakeholders for Nekkar and are directly affected economically by the company. Also, suppliers' responsibility is indirectly affected by Nekkar's focus on responsible business practices as well as the expectations placed on them by the company.

Government/authorities

Nekkar is directly affected by government regulations in the countries in which it operates, and the company's operating conditions is directly and indirectly affected by regulatory authorities. As a listed company, Nekkar is also bound by the Oslo Stock Exchange's regulations.

Civil society

Local communities are indirectly, socially, environmentally and economically, affected by Nekkar's activities in terms of job creation and tax contribution. Civil society is also environmentally impacted by the company's products.



Stakeholder dialogue

Stakeholder dialogue strengthens the company's relationship with the society in which it operates. It also ensures a strategic approach to sustainability reporting, and systematic stakeholder dialogue is a fundamental objective of the GRI Standards Management Approach.

In December 2021, key stakeholder groups including employees, business partners / suppliers, customers and investors / Board members were invited to participate in Teams interviews with representatives from Nekkar. In the interviews, we asked about general ESG topics as well as their perception of the company's approach to sustainability. Nekkar also conducted desktop research, for example when it comes to the ESG priorities of relevant governmental authorities. A summary of key topics and arena of dialogue can be found in the table below.

The findings of the stakeholder dialogue were structured for discussion with Nekkar's internal ESG workforce consisting of the company's CEO, HSEQ manager and Head of Sustainability in January 2022.

Nekkar aims to have an ongoing dialogue with key stakeholder groups, and the company will continute to engage with stakeholders for future reporting processes.

Stakeholder group	Topics mentioned	Arena for dialogue
Investors/BoD	• Product innovation and development • Environment and climate • Regulations	• ESG report • Direct communications (emails/meetings) • BoD meetings • Social media
Customers	• Product innovation and development • Climate and the environment • Health and safety (HSE) • Inclusion • Material use • Biodiversity • Supply chain management	• Direct communication (emails/meetings) • Website
Employees	• Good corporate governance • Product innovation and development • Climate and the environment • Product lifetime (LCA/LCM) • Supply chain management • Compensation/renumeration • Diversity, equality and non-discrimination • Health and safety (HSE) • Working environment	• Employee surveys • Annual report • ESG report • ESG Day (previously Green Day) • All hands meeting • Meetings
Business partners/suppliers	• Fair and equal treatment of suppliers • Supply chain management • Health and safety (HSE) • Anti-corruption • Working environment • Competence/recruitment • Climate and the environment • Diversity, equality and non-discrimination • Product lifetime (LCA/LCM) • Product innovation and development	• Annual report • ESG report • Newsletters • Website
Governments/authorities	• Human rights • Global sustainability development goals • Climate and the environment • Labour rights • Anti-corruption • Consumer interests • Good corporate governance • Risk evaluation • Circularity • Pollution prevention • Biodiversity	• Desktop research

Defining Nekkar's material topics

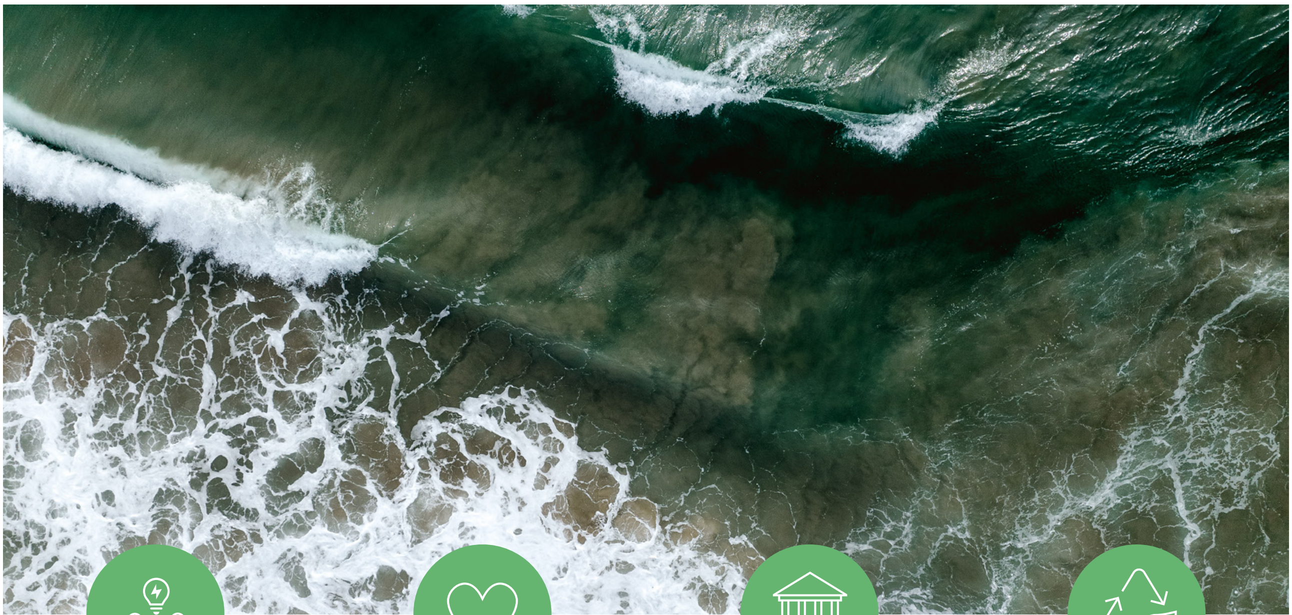
Nekkar conducted a materiality assessment in January 2022. In this process we applied a double materiality approach, looking both at inward impact (sustainability issues that could or already do affect the company), and outward impact (how Nekkar's operations affect the economy, environment, and people). The materiality assessment was based on interviews and dialogues with employees, business partners and suppliers, customers, authorities and investors and owners, and approved by the Board. A summary can be found in the below materiality matrix:

Materiality matrix

Importance to stakeholders	Low	Moderate	High
High	• Climate adaption	• Supply chain control • Diversity, equality and inclusion	• Occupational health & safety • Human rights • Anti-corruption • Innovation & product development • Contribute to sustainable fish farming
Moderate		• Worker's rights (incl. Compensation/renumeration • Recycling/circular economy • Product lifetime • CO_2 emissions	• Material use • Working environment
Low			• Recruitment/competence development

Nekkar's ability to impact

These topics can be narrowed down to the following priority areas for Nekkar:



Working environment
(including equality and diversity)

Health and safety

Ethics and anti-corruption
(including human rights)

Environment
(including product innovation)

There have been no change to the list of material topics compared to the previous reporting period.

Nekkar's advancements relating to the management of each of the material topics identified are disclosed to stakeholders through the annual sustainability reports.

Working environment

Attracting, developing, motivating and retaining competent employees is vital to Nekkar's success.

86%

Response rate

77%

Motivation indicator

Employees are a key stakeholder group being directly affected by and having a high impact on Nekkar's operations and business activities. Nekkar has an actual and potential positive impact on employees and the working environment. By securing worker's rights, offering good and stable working conditions for employees while facilitating a good company culture where employees thrive and succeed, Nekkar positively impacts its employees and the working environment. Failure to do so, can lead to an actual or potential negative impact.

The company is operating according to the Norwegian Working Environment Act and according to local laws and regulations in other countries where it is present. Nekkar has also developed its own Employee Handbook where expectations for the working environment is outlined specifically.

Due to the company's size, Nekkar has not maintained a Working Environment Committee in Norway but has appointed a Health and Safety representative which meets with the management group on a regular basis.

A number of the companies' engineers are members of NITO or Tekna, and the company is also a member of the Confederation of Norwegian Enterprise.

The CEO as well as the HSEQ Manager bears the overall responsibility for ensuring a good working environment in Nekkar, and each employee is responsible for contributing to a happy and healthy corporate culture.

Employee surveys

The working environment should form the foundation for a meaningful work situation and increase employee engagement. Every year, Nekkar conducts employee surveys to map employee satisfaction. Our goal for 2022 was to increase the response rate from 81% to at least 85%. The 2022 employee survey had an 86% response rate. In the survey, employees were asked to rank 28 different statements relating to the working environment (both physical and social) and employee motivation on a scale from 1 (lowest) to 10 (highest).

The results show that the motivation indicator among employees is at 77% on average. This percentage is based on a ranking of the following: tasks, responsibilities, feedback, relationship to leaders/ management, competence/professional development, collegial support, cooperation and mastering of tasks. The statement which received the highest score 8.9 on average) was "I am satisfied with my job/position".

The statement with the overall lowest score 6.7 on average) was: I have discussed my goals and targets with my manager

KPI	2021	2022
Employee survey response rate	81%	86%
Motivation indicator	77%	77%

Gender equality and diversity (Equality statement 2022)

Ensuring a diverse workforce is important to Nekkar and the company has the direct ability and responsibility to impact gender equality and diversity in the workspace. Equal opportunities are offered to all employees, regardless of their background.

Employee category[2]

	2021			2022		
Organisation	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Organisation total	59 (82%)	13 (18%)	72 (100%)	62 (85%)	11 (15%)	73 (100%)
Permanent employees	51 (82%)	11 (18%)	62 (85%)	57 (84%)	11 (16%)	68 (93%)
Temporarily hired employees (project based)	8 (80%)	2 (20%)	10 (14%)	5 (100%)	0 (0%)	5 (7%)
Full-time employees	50 (82%)	11 (18%)	81 (98%)	53 (83%)	11 (94%)	64 (94%)
Part-time employees	1 (100%)	0 (0%)	1 (2%)	4 (100%)	0 (0%)	4 (6%)
Involuntary part-time employees	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)	0 (0%)
Non-guaranteed hours employees	0%	0%	0%	0%	0%	0%
Newly hired employees	9 (82%)	2 (18%)	11 (15%)	10 (91%)	1 (9%)	11 (15%)
Turnover	3 (100%)	0 (0%)	3 (4%)	9 (90%)	1 (10%)	10 (14%)

There have been no significant fluctuations in the number of employees during the reporting period or between reporting periods. The company hired 11 new employees in 2022, with 10 employees leaving the company. The turnover is mainly linked to long/ inconvenient travel route.

At the end of 2022, Nekkar employed 73 persons, up from 72 in 2021. 85% of the company's employees are male, while 15% are female. The company's low level of female employees is due to that the majority of Nekkar's employees are engineers. The percentage of females pursuing an education within engineering is currently very low in Norway (11.11% as of March 2023), which makes it hard to recruit female engineers. The company has the ambition to increase the number of female employees going forward, and will look at specific measures to improve gender balance in 2023. A majority (93%) of Nekkar's employees are permanent hires, of which 16% are women and 84% are men. The company has very few part-time employees (6%), and no involuntary part-time workers.

In 2022, the number of temporarily hired employees went significantly down from previous reporting periods (50% reduction from 2021). The reason for this is that the company managed to fill more permanent positions. The most common type of workers who are not employees are personell working on-site from different locations around the world. There have been no significant fluctuations in the number of workers who are not employees during the reporting period or between reporting periods.

2) Numbers in headcount per 31 December 2022.

Gender diversity[3]

	2021			2022		
Organisation	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Permanent employees	51 (82%)	11 (18%)	62 (100%)	57 (84%)	11 (16%)	68 (100%)
Board of Directors	2 (50%)	2 (50%)	4 (100%)	2 (50%)	2 (50%)	4 (100%)
Executive level management	3 (77%)	1 (23%)	4 (100%)	3 (60%)	2 (40%)	5 (100%)

As a Norwegian Public Limited Company, Nekkar is required to have at least 40% female participation in the Board of Directors. At the end of 2022, two (50%) Board members were men, and two (50%) Board members were women. Nekkar's Executive Management Team comprised of three (60%) men and two (40%) women in the reporting period.

Age diversity[4]

	2021			2022		
Organisation	**Below 30**	**30-49**	**Above 50**	**Below 30**	**30-49**	**Above 50**
Permanent employees	1 (2%)	31 (50%)	30 (48%)	1 (1%)	36 (53%)	31 (46%)
Board of Directors	0 (0%)	1 (25%)	3 (75%)	0 (0%)	1 (25%)	3 (75%)
Executive level management	0 (0%)	1 (25%)	3 (75%)	0 (0%)	2 (40%)	3 (60%)

In addition to gender, age is also an important diversity indicator. To date, Nekkar has few employees under the age of 30. Traditionally, the company has sought to recruit people with longer experience and education, but is now aiming to increase the number of young people within the firm. For example, we are planning a visit to the Norwegian University of Science and Technology (NTNU) in 2023 to look for candidates and to make our company known among young people.

3 & 4) Numbers in headcount per 31 December 2022.

Nekkar offers equal pay for equal work. The jobs need not be identical, but they must be substantially equal. Job content (not job titles) determines whether jobs are substantially equal.

Permanent employees by region, gender, and payroll[5]

	2021		2022	
Location	**No. of employees**	**Annual total compensation (MNOK)**	**No. of employees**	**Annual total compensation (MNOK)**
Norway	53.3*	48 103	59.7	57 (84%)
Women	11 (21%)	9 239 (19%)	11 (18%)	10 126 (17%)
Men	42.3 (79%)	40 091 (81%)	48.7 (82%)	48 922 (83%)

The number of permanent employees in this overview are excluding three long term hires that received their salary from other companies (Advantek). For data privacy reasons, we are not disclosing salaries where there are less than five employees in each category, hence, only salaries for employees in Norway are shown.

The annual total compensation for employees in Norway was on average NOK 989,101 in the reporting period, up from NOK 925,535 in 2021 (7% increase). On average, male employees in Norway earned NOK 1,004,569 in 2022, up from NOK 947,793 in 2021 (6% increase), compared to female employees that earned NOK 920,620 in 2022, up from NOK 839,939 in 2021 (10% increase).

In Norway, Nekkar's female employees earned 92% of male employees salaries in 2022. The main differences in salaries are due to a difference in responsibility and competence.

Ratio of basic salary and remuneration of women to men[6]

	Gender balance in %		% salary of women to men			
Employee function	**Men**	**Women**	**Total benefits**	**Base salary**	**Bonus**	**Overtime**
Administration	57%	43%	33%	34%	23%	100%
Engineers / technical personell	92%	8%	7%	7%	11%	0%

5) At year-end, excluding salary/remuneration for the CEO. A full disclosure of executive management compensation can be found in the separate remuneration report on Nekkar's website.
6) Numbers in headcount per 31 December 2022. Significant locations of operations is Norway due to the majority of workers being employed here.

Our work on diversity

To improve gender balance on all levels in the organisation, Nekkar is taking several measures. Our main focus has been in recruitment processes, where we actively seek out female candidates for open positions.

All employees (100%) are entitled to parental leave, following the Norwegian Working Environment Act. In total, there were three employees that took parental leave in 2022, all of them men.

	2021			2022		
Organisation	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Number of employees on parental leave	3	0	3	3	0	3
Number of weeks on parental leave	21.7	0	21.7	18.5	0	18.5

Our work on non-discrimination

Discrimination is defined as the unfair or prejudicial treatment of people and groups based on characteristics such as race, gender, age, or sexual orientation. Nekkar has zero tolerance for discrimination whether based on gender, age, disabilities, political views, sexual orientation or the like. The company is operating in accordance with the Norwegian Equality and Anti-discrimination Act, and has established its own guidelines regarding non-discrimination which is part of the Code of Conduct. To identify cases of discrimination, Nekkar conducts employee surveys and employee development talks, where discrimination is one of the topics we are asking about.

Incidents of discrimination should be reported to the employee's nearest line manager or thorugh the company's external and anonymous whistleblowing channel. All reports will be handled with discretion and without repraisals for the person reporting. No incidents of discrimination were reported in 2022.

Preparing young people for the job market, through gaming

Nekkar is a proud sponsor of GameOn, the world's first university course in e-sport and gaming, aimed at unemployed youth.

The first 30 students will start in January 2023 and get the chance to take varied classes like gaming history, programming, psychology, and video production. The goal of the programme is to help socially marginalised young people who wish to get an education or a job, and who also are passionate about gaming.

GameOn has been developed by Varodd, an employment and inclusion company that works to include more people in the labour market.

"Most universities operate with tough entry requirements that favour those who succeed academically. That may leave out young people who have great potential to succeed in the job market, and this program aims to help those students get a relevant degree. In a time of high demand for labour and significant rates of social marginalisation among youth, it is of extra importance to include more young people in these initiatives," says project manager at Varodd, Anders Stavnsbo.

The Norwegian Labour and Welfare Administration (NAV) and The University of Agder help run the project with Varodd.

GameOn is a unique study program that merges teaching and practical tasks, with close collaboration with businesses. Students will utilise their gaming and IT-skills, but also get the chance to develop skills that are important to succeed in society and the labour market. There are numerous courses that target this group, but GameOn is the first course to offer ECTS credits and grant access to further academic education.

Stavnsbo emphasises the importance of having businesses in on the project.

"The practical experience that students get through job placements, for instance at Nekkar, gives them valuable hands-on knowledge that makes them better prepared for the job market after they have completed the course. The business partners are an essential component in this program.

Health and safety

Safe operations are at the core of our values and the company continuously work to ensure that employees return home safely every day.

Maintaining a safe and healthy working environment is critical to Nekkar and the company's stakeholders. The company, its management and employees shall at all times comply with applicable rules and regulations in order to prevent accidents, injuries and damage to people, assets or the environment.

The company has an actual and potential positive impact on occupational health and safety by establishing health and safety guidelines, conducting risk assessments, conducting measurments, implementing reporting procedures, and by providing communication and training to employees about health and safety risks. The company can also positively impact this topic by ensuring access to and appropriate use of health and safety gear. If not taken seriously or handled properly, Nekkar could have an actual or potential negative impact on this topic.

Nekkar's policies and guidelines regarding health and safety are described in the company's Health and Safety Handbook to which all employees have been onboarded. Shipyard Solutions has also been certified according to ISO 45001 Occupational Health and Safety, which is an international standard aiming to improve employee safety, reducing workplace risks and creating better and safer working conditions.

The CEO as well as the HSEQ Manager have the overall responsibility for health and safety at Nekkar, in addition to individual health and safety representatives for each business unit. All managers have a particular responsibility to monitor and mitigate any safety risks and report conditions that may impact quality, safety, the environment or assets. Employees have a duty to follow the company's health and safety guidelines, prevent unsafe actions and otherwise promote good safety behaviour.

In 2021, the company established a new Emergency Response Plan, which includes information about internal notification procedures, mobilising, 24/7 preparedness and communications. The Emergency Response Plan also includes an Emergency Response Team, which was re-established in 2022. We also appointed a safety representative in Kristiansand in June.

Risks and opportunities

Working at Nekkar could potentially involve health and safety risks to employees and the risks differ depending on whether employees are working in one of the company's office locations or onsite. Employees receive training on work-related hazards regularly, including fire safety, which continues to a prioritised area. In addition to reviewing our company's fire safety guidelines, Nekkar arranged a fire drill for key functions in 2022. Service personnel undergo on the job training guided by experienced co-workers upon hiring, and also attend specific health and safety trainings organised by clients to receive work permits before entering a work site.

For employees doing production follow-up from suppliers or onsite inspections and installation supervision, there are work hazards that require special attention, including lifting, working at heights, working with scaffolding, dropped objects, trapping, entanglement, burns and other hazards arising from equipment use. Specific project risk assessments are regularly carried out for the work sites, which mainly relates to Shipyard Solutions' projects. At Nekkar's office locations, risks are mainly associated with sedentary work.

In 2020 the company implemented precautionary measures relating to the Covid-19 pandemic for all business units, following recommendations from national and local authorities. These has been sustained for most of 2021 and parts of 2022.

Measures include for instance more frequent cleaning of our offices and the use of home office.

Health and safety are continuously discussed at management level, and extra focus is put on this during the annual ESG Day (previously Green Day), where the company actively promote a safety culture. To minimise health and safety risks, the company has taken a number of precautions. The company has invested in ergonomic desks / chairs at the office locations and employees working in Syncrolift have access to health services, such as massage / physiotherapy to minimise the risk of ergonomic health issues. At the work sites, a Safe Job Analysis is carried out, as well as safety rounds to identify any risk factors and ensure necessary improvements.

Syncrolift conducts safety rounds on-site on a regular basis. During the safety round in September, employees were asked to undertake a survey where they had to rank several statements relating to health and safety. The statements included topics such as indoor climate, ergonomics and fire safety. Overall, the scores were good, but some improvements can be made for fire safety, light and noise at the offices.

All employees are required to use personal protective equipment whenever necessary. Personal protective equipment is site specific and determined by the different risk factors on each site.

Suppliers, business partners and subcontractors

Health and safety requirements for our suppliers have until now followed the legislation and standards in the supplier's home country. Today, all of Nekkar's suppliers have to fill out a "Supplier Evaluation Questionnaire" (SEQ). In the questionnaire, we ask if the supplier have implemented a Quality Management system, an Occupational Health Management System, an Environmental Management system, or any OHSAS- and / or ISO-certifications. When working for Nekkar, suppliers can register injuries and work-related incidents through a system for non-conformities.

To follow up on the health and safety of subcontractors, Nekkar is working to implement the QMS system in Kristiansand. Nekkar aims at increasing its effort with respect to suppliers' compliance with our health and safety policies in the time to come.

Reporting irregularities

We continuously work towards our zero injuries vision. It is of critical importance to have full overview of any adverse event at Nekkar's sites to be able to work on prevention and ensure a healthy and safe workplace.

Injuries are registered at site level and all employees are encouraged to immediately report incidents or dangerous occurrences. Injuries and incidents are registered through the HSE web portal at Landax.no and in a mobile app, in addition to immediate internal notification to the CEO, HSEQ Manager or nearest line manager. Examples of incidents to report include:

- Near incidents/ incidents, accidents, epidemic disease at office location, during site work, service or travelling
- Influence of damage/hazardous conditions
- Breaches of health and safety regulations
- Missing or evacuation of personnel
- Security breaches or criminal acts towards Nekkar and employees
- Spill/release of products which require notification to authorities and local response

KPI	2020	2021	2022
No. of work incidents in the reporting period	0	0	0
Absence due to illness	1.62%	1.88%	3.4%

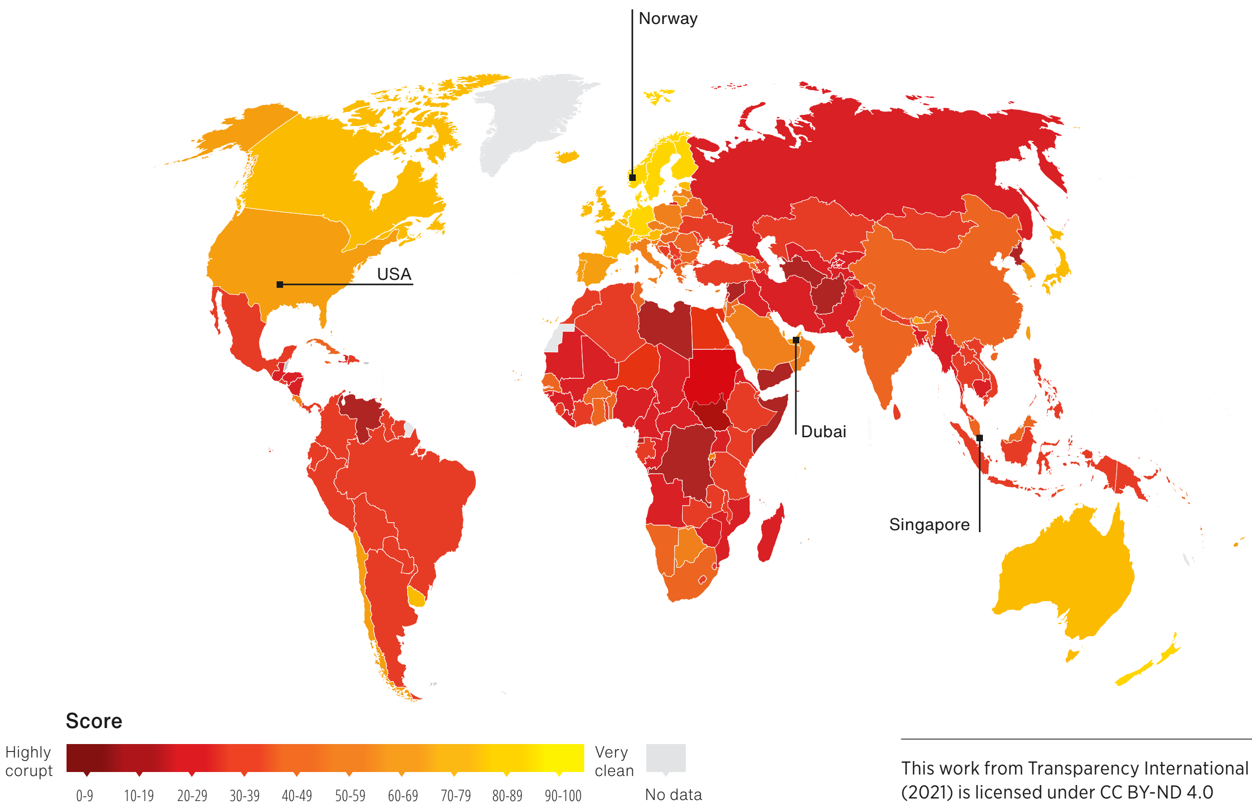
Business ethics and anti-corruption

Doing business with integrity and building a culture that prevents unethical business practices is highly important to Nekkar.

Promoting and maintaining a high ethical standard is imperative. As a global company, Nekkar is both directly and indirectly exposed to ethical risks throughout its value chain, and can thus have an actual or potential negative impact on the environment in which the company operates. However, by establishing clear guidelines, communicating with employees about risks and providing training in business ethics and anti-corruption, the company can positively impact this topic.

Nekkar has offices in four different countries, where three score 69 or lower according to the Corruption Perception Index (CPI). The CPI index scores and ranks countries/territories based on how corrupt its public sector is perceived to be by experts and business executives. The CPI scores for the four countries where Nekkar is present are shown in the map below:

Country	Score
Norway	85
United Arab Emirates	69
United States of America	67
Singapore	48



Main risks are considered to be related to Shipyard Solutions' activities as the company delivers projects to countries with a heightened risk of corruption, including China and Vietnam (the Far East), the Middle East, Africa and South America. However, based on the risk assessment carried out by the company, risk exposure is considered to be limited. The rest of Nekkar's operations takes place in countries where the risk of corruption is considered to be low.

Policies and guidelines

Nekkar's business should be conducted in a manner that respects internationally recognised human and labour rights. The company oppose from all forms of discrimination, human trafficking, forced labour and illicit forms of child labour in our operations or value chain.

Nekkar is committed to follow internationally recognised business standards and practices and follows OECD's guidelines for Multinational Enterprises. The company adheres to international and national laws and regulations, including (but not limited to) the Human Rights Act, the Money Laundering Act, the Transparency Act, and the Penal Code with related regulations. Furthermore, the company shall comply with applicable laws and regulations in all countries where it is present.

Our guidelines for ethics, anti-corruption and conflict of interest are described in the company's Code of Conduct. The Code of Conduct addresses important principles and sets clear rules and expectations for ethical behaviour for all of Nekkar's stakeholders.

Communication and training on ethics and anti-corruption

The company does not have an ethics committee as of today, but the Management Group is responsible for communication about and compliance with the Code of Conduct. The Code of Conduct is shared with all employees as part of the onboarding process, and employees are expected to read, understand and comply with this. In 2021, the company started collecting signatures from all employees on the Code of Conduct, and completed this process in 2022. In 2022, 100% of Nekkar's employees had read and signed the company's Code of Conduct.

Code of Conduct workshops are regularly held at all business locations as well as workshops focused on raising ethical awareness. Joint information meetings are held whenever the Code of Conduct is updated. The latest information meeting was held in December 2022 during the annual ESG Day.

KPI	2022
Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	0 (0%)
Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to	73 (100%)

Nekkar has developed a Business Partner Code of Conduct , which is part of our standard terms and conditions in contracts with business partners.

READ THE CODE OF CONDUCT HERE

Business Partner Code of Conduct

Nekkar has developed a Business Partner Code of Conduct , which is part of our standard terms and conditions in contracts with business partners. We have also published this on Nekkar's external website. New business partners usually sign contracts where our anti-corruption policies are stated, and the company itself, or a third party on our behalf, conducts risk assessments in relation to financial and illicit activities for new suppliers, customers and sales representatives. Shipyard Solutions and Syncrolift also uses a supplier evaluation questionnaire, which is required to be filled in order to become an approved supplier. The evaluation form includes questions on sustainability, ethical standards, environmental management and health and safety.

In 2022, Nekkar revised the company's procurement routines for employees and the management group. The company has also started reviewing all suppliers in terms of ethical business conduct, with a particular focus on human rights.

Whistleblowing

All conditions, which give rise to ethical issues or is considered a breach of the Code of Conduct is expected to be reported to an employee's closest line manager or to the HSEQ and registered, so that necessary follow-up can be done, and suitable measures implemented. Examples of concerns that may be reported include allegations such as:

- Criminal activities
- Violations of health, safety or the environment
- Infringements of Nekkar's Code of Conduct
- Violation of generally accepted rules/standards

In 2021, the company started the process of establishing an anonymous whistleblowing channel through My Voice (Mitt Varsel). The whistleblowing channel was fully implemented in 2022. Information about the channel was published on the website for external users and employees have also been informed and trained on when and how to use it.

Grievance mechanism

Nekkar is committed to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to. Grievance mechanisms are established to enable stakeholders to raise concerns about, and seek remedy for, the organisation's potential and actual negative impacts. In the reporting period, Nekkar has so far not registered any incidents of negative impacts, and has therefore not instituted processes to remediate negative impacts or tracked the effectiveness of the grievance mechanism.

KPI	2020	2021	2022
total number of significant instances of non-compliance with laws and regulations during the reporting period	0	0	0
total number of fines for instances of noncompliance with laws and regulations that were paid during the reporting period	0	0	0
confirmed incidents of corruption in the reporting period	0	0	0
criminal actions faced related to corruption or illicit business practices in the reporting period	0	0	0
contracts with partners were terminated or allowed to expire due to violations related to corruption in the reporting period	0	0	0
No. of ongoing investigations or legal actions pending	0	0	0

Human Rights (Transparency Act reporting 2022)

In 2022, Norway implemented the "Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions", more commonly known as the Transparency Act.

The purpose of the law is to promote respect for fundamental human rights and decent working conditions in connection with the production of goods and the provision of services, and to ensure the general public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions.

Nekkar opposes from all forms of discrimination, human trafficking, forced labour and illicit forms of child labour in our value chain, and expects that our business partners and suppliers act in compliance to applicable law and share our values and acknowledgement of internationally recognised compliance standards, as described in our Code of Conduct for Business Partners.

Nonetheless, Nekkar is aware that we operate in geographical areas where there could be a potential risk of and illicit forms of child labour, unequal pay conditions, forced labour or health and safety deviations. To reduce this risk, Nekkar began a due diligence process in 2022 to identify and assess actual and potential adverse impacts on fundamental human rights and decent working conditions that the company could either have caused or contributed towards.

In 2022, we have listed all of our suppliers and mapped them out by country of operation, in order to get a geographical overview. Furthermore, we have mapped our suppliers' ethics routines through a Supplier Evaluation Questionnaire, and require all of our suppliers to sign our Code of Conduct for Business Partners.

To manage our risk, we frequently communicate our expectations to suppliers, carry out nondisclosed evalutations, and ask for more information where needed. We also carry out physical audits of some of our suppliers as part of our initial screening/ due diligence. In 2022, all new suppliers were screened using social criteria as part of the supplier approvement process.

In the reporting period, Nekkar has not registered any negative impact from the related topics in our value chain, including human rights breaches. Nekkar aims to strengthen the company's work related to human rights and supplier due diligence in 2023.

KPI	2022
% of new suppliers that were screened using social criteria	100%

Nekkar opposes from all forms of discrimination, human trafficking, forced labour and illicit forms of child labour in our value chain, and expects that our business partners and suppliers act in compliance to applicable law and share our values and acknowledgement of internationally recognised compliance standards, as described in our Code of Conduct.

Environmental and climate impact

Nekkar is committed to design and deliver sustainable solutions for the marine and maritime industries in Norway and abroad.

As a manufacturing business, Nekkar's business activities can have both a positive and negative impact on climate and the environment. By delivering sustainable solutions for the marine and maritime industries in Norway and abroad, Nekkar mainly has a positive impact on this topic. The company takes several measures to ensure that operations are conducted in accordance with applicable environmental standards, limiting or reducing emissions as much as possible.

The majority of the company's business activities are related to the marine and maritime industries, which means that we have a responsibility to ensure sustainable use of our oceans. Nekkar recognises the ocean as a highly important resource in terms of biodiversity, food, energy and value creation in general.

Sustainable product innovation

Nekkar aims to contribute to the sustainable use and development of marine resources through its innovative products. New business opportunities focus on impact technology solutions combined with high-end software solutions that will positively contribute to increased sustainability. In our digital solutions, the focus is technology enabling electrification and reduced energy consumption in general, which contributes to reduced greenhouse gas emissions.

In 2021, Nekkar completed the development of Starfish: a semi-closed fish cage designed to improve fish welfare and reduce the lice and waste problem associated with fish-farming. The fish cage is manufactured by using light and eco-friendly materials, where the inner canvas is recyclable and made of materials that removes the need for chemicals during cleaning. The goal is to collect at least 90% of the waste and develop environmentally friendly solutions for waste management instead of exposing the sea water, for example using dead fish or feed remains as a fertiliser.

Several of Shipyard Solutions innovations contributes to reducing unwanted emissions into the sea. The ship lifts are designed to provide better control than a traditional dock. In 2019 the first closed system for collecting wastewater was delivered, and in 2020 an upgraded version where the wastewater is cleaned was delivered. Shipyard Solutions is also investigating solutions for regenerating energy produced during the lifting operations into the subsequent transfer of the ship.

Climate accounting and emissions reduction

In addition to designing and developing sustainable and environmentally friendly products, reducing emissions where we can is important to the company. Nekkar has a direct and indirect impact on the environment and emissions are mainly related to energy consumption at our offices, transport of products / equipment and employee business travel.

Nekkar started climate accounting in 2020 (base year) and is in the process of setting targets for reducing energy consumption and GHG emissions from its business operations. The climate accounting was updated in 2021 and 2022 using CEMAsys' digital solution, and comprises the following organisational units: Aquaculture, Intellilift, Syncrolift, and Renewables. The information comes from both external and internal sources, and is based on the "Corporate Accounting and Reporting Standard", as developed by the Greenhouse Gas Protocol Initiative (the GHG protocol). This is the most widely used method for measuring greenhouse gas emissions, and the ISO standard 14064-I is also based on this.

Nekkar has limited emissions from sources that are either owned or controlled by the company (Scope 1 emissions). The emissions in Nekkar's Scope 1 stems from company cars, amounting to 1.3 tCO_2e in the reporting period[10].

The heating and ventilation of office buildings in Norway and Singapore is the main source of indirect emissions (Scope 2 emissions). Consumption of electricity in own or rented premises and/or buildings are measured using an operational control approach. In 2022, Nekkar had a total electricity consumption of 239.9 MWh, which gave total Scope 2 emissions of 2.9 tCO_2e (location based). Total market based Scope 2 GHG emissions was 97.1 tCO_2e in the reporting period.

In 2022, Nekkar strengthened its climate accounting by including more Scope 3 data than previous years. Scope 3 (indirect GHG emissions) accounts for the majority (99.9%) of Nekkar's total emissions. The main source of Scope 3 emissions stems from outsourced global production, particularly steel manufacturing and the transportation from suppliers to the installation sites. Purchased steel for manufacturing amounted to 1 560.0 tCO_2e in 2022, which is a significant decrease compared to 2021.

Business travel was significantly reduced in both 2020 and 2021 due to the Covid-19 pandemic, which impacted the company's indirect GHG emissions for this period. Nekkar's emissions from Scope 3, business travel was 19 483.2 tCO_2e in 2022, and the major increase stems from increased air travel. The total number of kilometers driven by private cars within working hours was 29 676, which gave an emission of 5.1 tCO_2e.

In total, Nekkar's emissions across Scope 1, 2, and 3 amounted to 21,141.6 tCO_2e in 2022, up from 5,176 tCO_2e in the previous reporting period . The big increase must be seen in light of an improvement of data gathering. The emissions data can be found in the table below. For a detailed overview.

Annual market based GHG Emissions

Category	Unit	2020	2021
electricity total (scope 2) with market-based calculations	tCO_2e	0.2	74.4
Scope 2 total with market-based electricity calculations	tCO_2e	0.2	74.4
Scope 1+2+3 total with market-based electricity calculations	tCO_2e	0.7	5 247.8
Percentage change		**100%**	**733 057.2%**

10) 2020 + 2021 total emissions: The low number is due to limited data provided.

Waste management, recycling and reuse

Although waste from our in-house operations is relatively limited, implementing good waste management procedures (take-back schemes, reuse, and recycling of products and equipment) is important to the company.

Nekkar's products are mainly made out of steel, electronic components, hydraulic and paint. Although our products have a long lifetime (approximately 25 years), the company facilitate recycling and reducing waste for our customers when using our products. When products are upgraded the old steel assemblies as well as wooden decking, old rail systems, wire ropes, and hydraulic oil are scrapped and recycled. Motors and wire sheaves are usually refurbished and reinstalled.

Creating awareness among employees and business partners

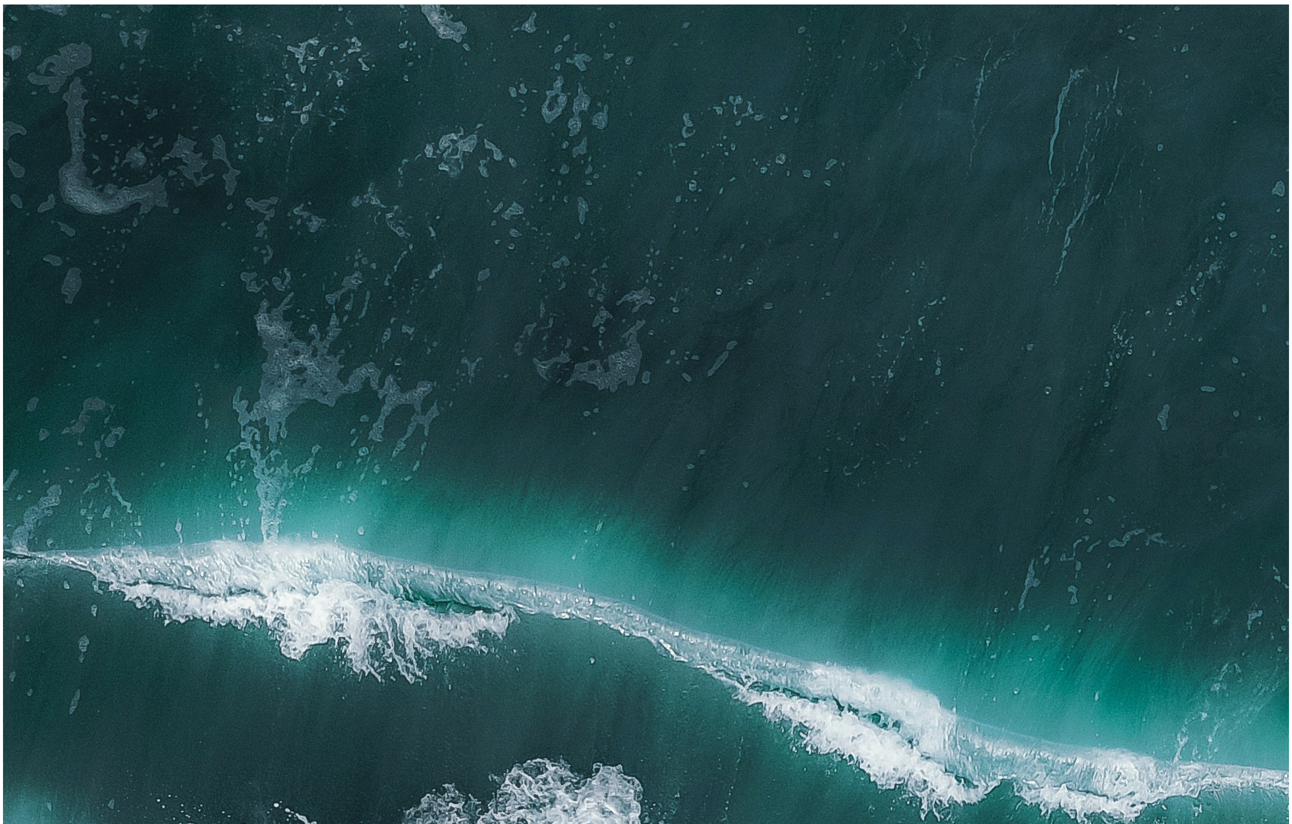
If the company is to meet its environmental targets, employees need to be engaged in the process. Nekkar's annual ESG Day is important in this regard.

The company has also started a project where we aim to have a closer cooperation with our suppliers, increasing their awareness around issues related to emissions and waste. During 2022, we have also worked to implement a new environmental policy for the company and our employees, which will be completed in 2023.

In Nekkar's Supplier Evaluation Questionnaire, we ask whether suppliers have a documented Environmental Management system, environmental certificates, environmental impact assessments, and about the risk management of chemicals and other substances, to track their efforts.

Environmental efforts – outlook

Nekkar acknowledges the important challenges that the world is facing in terms of climate change and environmental pollution. The company has the ambition to reduce emissions and will in 2023 conduct a climate risk analysis and set carbon footprint reduction goals. The company also pays close attention to the development of the EU Taxonomy and relevant Technical Screening Criteria (TSC) for our industry, and aims to comply with these once they enter into force.



Goals and targets 2023

Working environment:

- Conduct a new employee survey in 2023. KPI: 100% participation rate.
- Improve gender balance on all levels in the organisation. Explore initiatives that can help improve equality and diversity in the workplace.

Health and safety:

- Provide health and safety training for key functions, including fire drills.

Governance, ethics and anti-corruption:

- Inform all new employees on our anti-corruption guidelines.
- Provide information and training for Board members in Nekkar's business ethics and anti-corruption guidelines.
- Conduct due diligence of suppliers regarding business ethics and particularly human rights.
- KPI: 100% of major suppliers having signed the Business Partner Code of Conduct.

Environment:

- Prepare for ISO 14001 certification for the entire organisation.
- Complete and publish the environmental policy on our website.
- Conduct a climate risk analysis.
- Set carbon footprint reduction goals.
- Map our activities according to the EU Taxonomy and relevant TSC.

Other sustainability goals:

- Make sure that sustainability documents and routines are adopted by all companies in the Nekkar Group ("one firm").
- Arrange another ESG Day, focusing on updating Nekkar's ESG strategy

GRI content index

GRI 2 - General Disclosures 2021			
Disclosure	**Disclosure description**	**Reference**	**Omission**
2-1	Organizational details	About Nekkar Locations	
2-2	Entities included in the organization's sustainability reporting	Note 1 Operating segments	
2-3	Reporting period, frequency and contact point	About this report	
2-4	Restatements of information	About this report	
2-5	External assurance	About this report	
2. Activity and workers			
2-6	Activities, value chain and other business relationships	About Nekkar Supply chain and sectors served	
2-7	Employees	Locations Gender equality and diversity	Information not available: The company has not managed to report the breakdown of different employee groups by region
2-8	Workers who are not employees	Gender equality and diversity	
3. Governance			
2-9	Governance structure and composition	Corporate governance and sustainability approach 1. Implementation and reporting on corporate governance (annual report) 8. Board of directors, composition and independence (annual report)	Information not available: The company does not report information about underrepresented social groups
2-10	Nomination and selection of the highest governance body	Corporate governance and sustainability approach 7. Nomination committee (annual report)	
2-11	Chair of the highest governance body	Governance structure and composition	
2-12	Role of the highest governance body in overseeing the management of impacts	Governance structure and composition 2. Business (annual report) 9. The work of the board of directors (annual report) 10. Risk management and internal control (annual report)	
2-13	Delegation of responsibility for managing impacts	Corporate governance and sustainability approach	
2-14	Role of the highest governance body in sustainability reporting	About this report	
2-15	Conflict of interest	Conflicts of interest 10. Risk management and internal control (annual report)	

2-16	Communication of critical concerns	Conflicts of interest	
2-17	Collective knowledge of the highest governance body	Role and evaluation of the highest governance body	
2-18	Evaluation of the performance of the highest governance body	Role and evaluation of the highest governance body 2. Business (annual report) 9. The work of the board of directors (annual report)	
2-19	Remuneration policies	Remuneration policies 9. The work of the board of directors (annual report) 11. Remuneration of the Board of Directors (annual report) 12. Salary and other remuneration for executive personnel (annual report)	
2-20	Process to determine remuneration	Remuneration policies 9. The work of the board of directors (annual report) 11. Remuneration of the Board of Directors (annual report) 12. Salary and other remuneration for executive personnel (annual report)	
2-21	Annual total compensation ratio	Remuneration report (website) Gender equality and diversity	
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	CEO letter	
2-23	Policy commitments	UN Sustainable Development Goals The Transparency Act Policies and guidelines Business partner Code of Conduct Corporate governance and sustainability approach Communication and training on ethics and anti-corruption	
2-24	Embedding policy commitments	Communication and training on ethics and anti-corruption	
2-25	Processes to remediate negative impacts	Whistleblowing	
2-26	Mechanisms for seeking advice and raising concerns	Whistleblowing	
2-27	Compliance with laws and regulations	Whistleblowing	
2-28	Membership associations	Working environment	
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Corporate governance and sustainability approach Stakeholders Stakeholder dialogue	
2-30	Collective bargaining agreements		

Material topcis			
GRI 3: Material topcis 2021			
3-1	Process to determine material topcis	Defining Nekkar's material topics Stakeholder dialogue	
3-2	List of material topics	defining Nekkar's material topics	
WORKING ENVIRONMENT			
3-3	Management of material topics	Working environment Stakeholder dialogue	
GRI 401: Employment			
401-1	New employee hires and employee turnover	Table 3 Employee category	Information not available: The company has not managed to gather information about age group and region
Own KPI			
Parental leave	Number of employees on parental leave	Table 6 Parental leave	
Employee survey	Employee survey participation rate	Employee surveys	
GRI 405: Equality and diversity			
405-1	Diversity of governance bodies and employees	Gender equality and diversity	Information not available: The company does not track information about minority or vulnerable groups.
405-2	Ratio of basic salary and remuneration of women to men	Table 2 Ratio of basic salary and remuneration of women to men	
GRI 406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	Our work on diversity and non-discrimination	
HEALTH AND SAFETY			
3-3	Management of material topics	Health and safety	
GRI 403: Occupational health and safety			
403-1	Occupational health and safety management system	Health and safety	
403-2	Hazard identification, risk assessment, and incident investigation	Risks and opportunities + Reporting irregularities	
403-3	Occupational health services	Health and safety	

403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety	
403-4	Worker participation, consultation, and communication on occupational health and safety	Health and safety	
Own KPI			
KPI	Absence due to illness	Reporting irregularities	
KPI	Work incidents	Reporting irregularities	
ETHICS AND ANTI-CORRUPTION			
3-3	Management of material topics	Business Ethics and anti-corruption Stakeholder dialogue	
GRI 205: Anti-corruption			
205-1	Operations assessed for risks related to corruption		Information not available: The company has not managed to gather data about this in 2022 but plans to obtain the information in 2023.
205-2	Communication and training about anti-corruption policies and procedures	Communication and training on ethics and anti-corruption Business Partner Code of Conduct	Information not available: breakdown only shown for Norway, and not specified per employee category. The company has nott trained employees or Board members in anti-corruption.
205-3	Confirmed incidents of corruption and actions taken	Whistleblowing	
GRI 414: Supplier social assessment			
414-1	New suppliers that were screened using social criteria	Transparency Act	
ENVIRONMENT			
3-3	Management of material topics	Environment and climate impact Stakeholder dialogue	
GRI 305: Emissions			
305-1	Direct (scope 1) GHG emissions	Climate accounting and emissions reduction Carbon accoutning report 2022 (website)	
305-2	Energy indirect (scope 2) GHG emissions	Climate accounting and emissions reduction Carbon accoutning report 2022 (website)	
305-3	Other indirect (scope 3) GHG emissions	Climate accounting and emissions reduction Carbon accoutning report 2022 (website)	

Disruptive technologies, Sustainable results

Remuneration report
2022

NEKKAR

Content

1 Introduction/Statements

The report on salaries and other remuneration to leading personnel (the "Report") provides an overview of the total remuneration received by each member of the board of directors ("Board") and of the executive management ("Executive Management") of Nekkar ASA (the "Company") for the financial year 2022 with comparative figures for the past five financial years.

The remuneration of the Board and Executive Management during the past financial year is based on the guidelines for determination of salaries and other remuneration in the Company, which were approved by the annual general meeting on 30 May 2022. (the "Guidelines"). The overall objective of the remuneration is to attract, motivate and retain qualified members of the Board and the Executive Management and to align the interests of the Board and the Executive Management with the interests of the Company and its shareholders.

The report is based on the requirements set out in the Norwegian Public Limited Companies Act of 13 June 1997 no. 45 (the "Companies Act") section 6-16a and 6-16b, as well as Regulation on guidelines and report on remuneration for Senior Executives of 11 December 2021 No. 2730 (the "Regulation")

The information included in the Report has been derived from the audited annual reports of the Company for the financial years 2018 – 2022 available on the Company's website, www.nekkar.com. All amounts are presented in NOK.

2 Overview | Financial performance in 2022

Total revenues of the Nekkar Group amounted to NOK 388 million in 2022, a decrease of 19.1 percent compared to 2021. Operational EBITDA[1] ended at NOK 70.3 million in 2022 compared to NOK 142.6 million in 2021, equivalent to EBITDA-margins of 18.2 percent and 29.7 percent respectively.

Reported EBITDA was NOK 62.2 million in 2022, down from NOK 139.8 million in 2021.

Pre-tax profit was NOK 42.6 million in 2022, down from NOK 132.5 million the previous year. Profit after tax (continued business) was NOK 32.6 million and NOK 111.6 million for 2022 and 2021 respectively.

The revenue and profit are solid also in 2022, but the decrease compared to the extraordinary results from 2021 was to a large extent a result of customer driven delays in major shiplift projects in Shipyard Solutions. However the activity remains high also in 2022.

1) Operational EBITDA does not include accounting effects from FX hedging contracts not qualifiying for hedge accounting. In 2022, this amounted to a loss of NOK 8.1 million compared to a loss of NOK 4.0 million in 2021.

3 Remuneration | Board of directors

3.1 Fixed annual fee

Members of the Board receive a fixed annual base fee approved by the annual general meeting. The nomination committee assesses and presents proposals for the remuneration of the Board. Further, the nomination committee conducts an assessment of the Company's remuneration on the basis of the Company's size and complexity as well as the level of director's fees in other listed Norwegian companies. The size of the remuneration is not affected by the Company's financial development.

During 2022 there has been 17 Board meetings.

This annual base fee shall be in line with market practice of comparable listed companies taking into account the required competencies, effort and scope of work of the members of the Board. The members of the Board also serves as Audit committee and the fixed annual fee includes committee work.

At the annual general meeting 30 May 2022, Trym Skeie and Gisle Rike were re-elected as board members for a period of two years while Marit Solberg and Ingunn Svegården were not up for election.

The below table outlines the remuneration for the Board for the financial year 2022-(2021).

Name and position NOK	**Annual fee**	**Audit Committee fees**	**Other Benefits**	**Pension**	**Extra-ordinary items**	**Total remuneration**
Trym Skeie Chairman	500 000 (500 000)	- (-)	- (-)	- (-)	- (-)	500 000 (500 000)
Marit Solberg[1] Deputy Chairman	315 000 (315 000)	- (-)	- (-)	- (-)	- (-)	315 000 (315 000)
Gisle Rike Board member	315 000 (315 000)	- (-)	- (-)	- (-)	- (-)	315 000 (315 000)
Ingunn Svegården[1] Board member	315 000 (315 000)	- (-)	- (-)	- (-)	- (-)	315 000 (315 000)
Total	**1 445 000 (1 445 000)**	**- (-)**	**- (-)**	**- (-)**	**- (-)**	**1 445 000 (1 445 000)**

1) The remuneration is based on a 12 month period between the ordinary annual general meeting.

NOMINATION COMMITTEE REMUNERATION

In 2022, Nekkar's nomination committee comprised of the following members: Anne Grethe Ellingsen (Chairman) and Leif Haukom. The nomination committee remuneration in 2022 was TNOK 67 for the chairman and TNOK 40 for the member.

3.2 Shareholding members of the Board

As of 31 December, the Board members held shares in Nekkar ASA as follows:

Name and position		Share program subject to lock-up	Oher shares	Total no of shares	Market value year-end NOK million
Trym Skeie[1]	2022	142 002	1 527 968	1 669 970	10.2
	2021	104 971	1 527 968	1 632 939	16.3
Marit Solberg	2022	98 809	-	98 809	0.6
	2021	73 479	-	73 479	0.7
Gisle Rike	2022	-	-	-	-
	2021	-	-	-	-
Ingunn Svegården	2022	-	-	-	-
	2021	-	-	-	-

1) Trym Skeie holds 465 142 shares in person and 1 204 828 shares through Skeie Kappa Invest AS. Total shares controlled by Trym Skeie is 1 669 970 as per 31 December 2022. The Skeie familiy, and companies directly or indirectly controlled by them, holds 34 653 036 shares as per 31 December 2022, representing 32.5% of total shares outstanding.

4 Remuneration | Executive Management

The remuneration policy for Executive Management of Nekkar ASA is based on offering competitive terms that should also reflect that Nekkar is a listed company with an international focus. Competitive terms are imporatant for the Company's ability to recruit and retain highly qualified personnel. However, as a general principles the management salary should not be leading compared to the industry, in addition to avoiding that the variable element constitutes a too large portion of the total compensation and thus entailing unfortunate incentives and short-term focus.

The remuneration of the members of the Executive Management is assessed on an annual basis and is effective from 1 August. The remuneration and the remuneration components is approved by the Board.

Members of the Executive Management are entitled to an annual remuneration package in accordance with the Remuneration Policy, which may consist of the following fixed and variable remuneration components:

a. fixed base salary,
b. pension contribution,
c. performance-related pay arrangements consisting of an annual cash bonus,
d. long-term incentive remuneration consisting of participation in share purchase- or share option programs,
e. termination and severance payments, and
f. non-monetary employee benefits.

The choice of these components create a well-balanced remuneration package reflecting (i) individual performance and responsibility of the members of the Executive Management in relation to goals and targets, both in the short and the longer term, and (ii) the Company's overall performance.

Members of the Executive Management includes the Chief Executive Officer, Head of Finance, Chief Operating Officer along with Executive Vice Presidents for the various business units.

4.1 Remuneration composition

4.1.1 FIXED BASE SALARY

The fixed base salary is stipulated based on the position's responsibility, complexity, competence and seniority. The base salary is intended to be competetive and motivating, but in-line with general market terms.

4.1.2 PENSION CONTRIBUTION

The Company has established a defined contribuion pension scheme in accordance with mandatory law. Members of the Executive Management team does not have special agreements which includes early retirement plans or supplementary pension schems.

The defined contribution plan includes 7% of fixed base salary up to 7.1G and 25.1% of fixed based salary ranging from 7.1G to 12G.

4.1.3 PERFORMANCE-RELATED CASH BONUS

Under the Company's bonus scheme, the maxium bonus is limited to 6 months fixed base salary. The measurement criteria are linked to personal goals and financial goal achievment for the Group or relevant business unit. The defined performance criteria in the bonus scheme includes both sales & operational targets along with organisational- and financial goals.

The purpose of the annual cash bonus is to stimulate the continous development of the Company's value creating, growth and results as the individual member's interests is aligned with the Company. Stipulation of the cash bonus is based on an overall assessment of the measurment criterias.

For the financial year 2022, a total cash bonus of TNOK 691 (2021: TNOK 672) was paid to the Executive Management.

4.1.4 LONG-TERM INCENTIVE, SHARE PURCHASE PROGRAM

A share-based investment program is established in the Company. All the employees of the Group and the members of the Company's Board are given the

opportunity to acquire shares in the Company at a discounted price of 25% against a 2-3 year lock-in period which prevents sale of the shares within the period.

The Board determines the detailed allocations within the limit, based on a separate authorisation approved by the annual general meeting 30 May 2022. Distribution of shares to the Board is made after conferring with the nomination committee.

During 2022, a total of 287 334 (2021: 165 871) shares were issued related to the share purchase program.

4.1.5 TERMINATION AND SEVERANCE PAYMENTS
Members of the Executive Management has a notice period of six months. The use of severence pay is limited, however this may in some instances serve as a good alternative for all involved parties. The use of severance pay is limited upwards to one annual salary.

4.1.6 NON-MONETARY EMPLOYEE BENEFITS
Members of the Executive Management may be granted certain non-monetary benefits such as company car as well as other customary non-monetary employee benefits such as, newspaper, telephony, internet access, group life insurance and post-qualifying education/course as approved by the Board.

4.1.7 CLAW-BACK
The share purchase program includes a good-/bad leaver clause which entitles the Company to acquire a proportional, or all, shares from the employee if he/she resigns within the lock-up period. E.g. if an employee resigns (good leaver) one year post participating in the share purchase program, the Company has the right to acquire 50% of the shares from the employee. The price shall be equal to the employee's subscription price per share.

If the employee is legally dismissed within the lock-up period, the Company has the right to acquire all shares obtained in the share purchase program at a price per share set to the lowest of the subscription price and share price at Oslo Børs.

4.2 Remuneration and shareholdings

4.2.1 REMUNERATION DEVELOPMENT 2022-2021

The development in the remuneration of the Executive Management is summarized in the table below

Name and position NOK thousand		Fixed base salary	Other benefits	Cash bonus	Pension cost	Severance pay	Total remu-neration	Proportion Fixed
Ole Falk Hansen CEO from 07.2022	2022	1 288	7	-	98	-	1 393	100%
	2021	-	-	-	-	-	-	-
Preben Liltved[1] Interim CEO from 09.2020-06.2022, COO from 07.2022	2022	1 931	7	-	103	-	2 041	100%
	2021	2 760	-	-	-	-	2 760	100%
Marianne Voreland Ottosen Head of finance from 04 2022	2022	819	111	-	138	-	1 068	100%
	2021	-	-	-	-	-	-	-
Kristoffer Lundeland[2] Interim CFO from 04.2019 - 08.2022	2022	1 667	-	-	-	-	1 667	100%
	2021	3 030	-	-	-	-	3 030	100%
Rolf-Atle Tomassen EVP Shipyards Solutions	2022	1 955	20	691	196	-	2 862	76%
	2021	1 733	20	672	188	-	2 614	74%
Mette Harv EVP Aquaculture and Renewables	2022	1 765	14	-	222	-	2 001	100%
	2021	1 692	14	-	181	-	1 886	100%
Toril Eidesvik CEO until 09.2020	2022	-	-	-	-	-	-	-
	2021	-	-	-	-	1 350	1 350	-

1) Preben Liltved was hired in from Eyde Mooring Solutions AS until 30.06.2022. Of fixed base salary MNOK 1.1 represents fee paid to Eyde Mooring Solutions AS

2) Kristoffer Lundeland was hired until 01.09.2022. Fixed base salary represents fee paid to EY.

As illustarted, the total cash bonus paid to Executive Management amounted to TNOK 691 in 2022 which corresponds to ~40% of fixed base salary for Rolf-Atle Tomassen.The bonus targets included both quantitative and qualitative and ESG targets. These targets include; sales & operation, financial targets (budget) and organizational targets.

4.2.2 SHAREHOLDING EXECUTIVE MANAGEMENT

As of 31 December, the Executive Management held shares in Nekkar ASA as follows:

Name and position		Share program subject to lock-up	Oher shares	Total no of shares	Market value year-end NOK million
Ole Falk Hansen CEO from 07.2022	2022	200 311	-	200 311	1.2
	2021	-	-	-	-
Preben Liltved Interim CEO from 09.2020 - 06.2022, COO from 07.2022	2022	101 561	-	101 561	0.6
	2021	83 786	-	83 786	0.8
Marianne Voreland Ottosen Head of finance from 04 2022	2022	-	-	-	-
	2021	-	-	-	-
Kristoffer Lundeland Interim CFO from 04.2019 - 08.2022	2022	-	-	-	-
	2021	-	-	-	-
Rolf-Atle Tomassen EVP Shipyards Solutions	2022	-	3 303	3 303	0.0
	2021	-	3 303	3 303	0.0
Mette Harv EVP Aquaculture and Renewables	2022	155 462	43 303	198 765	1.2
	2021	155 462	43 303	198 765	2.0

5 Remuneration of the Board and Executive Management | Comparative overview

The development in the remuneration of the Board and Executive Management over the past five financial years is summarized in the table below.

Name and position NOK thousand	Act. 2022	2022 vs. 2021	Act. 2021	2021 vs 2020	Act. 2020	2020 vs. 2019	Act. 2019	2019 vs. 2018	Act. 2018	2018 vs. 2017
Ole Falk Hansen (CEO from 07.2022)	1 393	100%	-	-	-	-	-	-	-	-
Preben Liltved (Interim CEO from 09.2020-06.2022, COO from 07.2022)	2 041	-26%	2 760	3	744	-	-	-	-	-
Marianne Voreland Ottosen (Head of finance from 04.2022)	1 068	100%	-	-	-	-	-	-	-	-
Rolf-Atle Tomassen (EVP)	2 862	10%	2 614	-	2 610	-4%	2 718	11%	2 442	5%
Mette Harv (EVP)	2 001	6%	1 886	1%	1 866	-4%	1 936	-20%	2 410	106%
Toril Eidesvik (former CEO 04.2016-09.2020)	-	-100%	1 350	-49%	2 661	-33%	3 980	-38%	6 369	107%
Kristoffer Lundeland (Interim CFO from 04.2019 - 08.2022)	1 667	-45%	3 030	12%	2 706	24%	2 188	-	-	-
Leiv Kallestad (former CFO 08.2017-04.2020)	-	-	-	-	-	-100%	1 040	-65%	2 984	184%
Henrik Solberg-Johansen (former CFO until 08.2017)	-	-	-	-	-	-	-	-	-	-100%
Chairman of the Board[1]	500	-	500	10%	455	8%	420	-	420	5%
Board member[1]	315	-	315	7%	294	-	294	22%	242	5%
Revenues	387 503	-19%	479 983	34%	359 467	35%	266 614	21%	220 310	4%
Operational EBITDA	70 296	-51%	143 733	101%	71 382	39%	51 282	202%	17 000	62%
Profit before tax	42 634	-68%	132 534	85%	71 717	117%	33 102	149%	13 305	215%
Company employees	68	8	62	8	54	4	50	12	38	-
Average remuneration	1 118	-6%	1 191	11%	1 073	6%	1 016	-13%	1 167	-4%

1) The remuneration for the Board equals the approved amount from the Annual General Meeting.

6 Compliance with the Remuneration Policy

The remuneration of the Board and Executive Management for the financial year 2022 is consistent with the framework provided by the remuneration guidelines, approved by the annual general meeting 30 May 2022.

Auditor assurance report

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To the General Meeting of Nekkar ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Nekkar ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2022 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our Independence and Quality Management

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We apply the International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, and accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, 27 April 2023
KPMG AS

Knut Olav Karlsen
State Authorised Public Accountant

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Statement on compliance

Today, the Board of Directors and the CEO has reviewed and approved the 2022 Annual Report which includers the Board of Directors' report and the consolidated and separate financial statements related to Nekkar ASA as of 31 December 2022.

This statement is based on reports, information and statements from the group's CEO, CFO and other administration, on the results of the group's relevant activities, and on other information which is essential to assess the position of the group and parent company.

To the best of our knowledge we confirm that;

- the Consolidated annual financial statements for 2022 have been prepared in accordance with IFRSs and IFRICs as adopted by the European Union, IFRSs as issued by IASB, and additional Norwegian disclosure requirements in the Norwegian Accounting Act
- the Board of Directors report gives a true and fair view of the development, performance, financial position, principle risks and uncertainties of the company and the group,
- the information presented in the financial statements gives fair view of the company's and the group's assets, liabilities, financial position and results for the period viewed in their entirety
- the Board of Directors report for the group and the parent company is in accordance with the Norwegian Accounting Act and relevant Norwegian Accounting Standards
- the separate financial statement for Nekkar ASA for 2022 has been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards

Kristiansand, 27 April 2023
The Board and Management of Nekkar ASA

Trym Skeie
Chairman

Gisle Rike
Director

Marit Solberg
Director

Ingunn Svegården
Director

Ole Falk Hansen
CEO

NEKKAR

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