

# Q3 2023

*Financial results*

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# Nekkar in brief

## Industrial technology company

Presently a portfolio of established businesses and impact technology ventures within ocean-based industries

## World-class engineering expertise

Proven track-record delivering complex and profitable projects  
Strong in-house innovation and commercialization capabilities

## Digitalization of sustainable ocean-based industries

Leveraging software and digitalization to increase efficiency and sustainability for fast-growing industries

## Strong industrial ownership and history of value creation

+30 % ownership by Skeiegruppen, which has a solid industrial track record



Revenue 2022

**MNOK 388**



Order backlog

**MNOK 747**



**MNOK 167 in cash**  
**No interest-bearing debt**



Employees

**87**



Headquarters

**Kristiansand, Norway**



Stock listed

**OSE (NKR)**



# Industrial technology company driving efficiency & sustainability for ocean-based industries

## World-class expertise

Scalable software leveraged across the portfolio

In-house innovation & commercialization capabilities

Proven track-record delivering complex and profitable projects

## Engaged industrial ownership

Long-term active owner

Buy-to-build strategy

Focus on profitable growth

Strong cash flow to ensure flexibility

## Flexible ownership model to maximize value

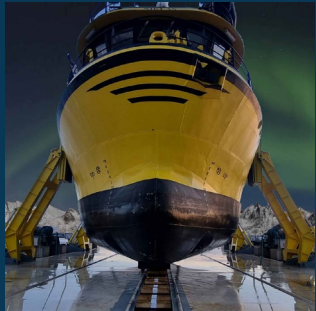
Individual degree of integration to maximize synergies and value per company

Focus on value-adding activities

# Portfolio overview



## Companies



### SYNCROLIFT®

The global leading provider of shipyard solutions for safe and efficient ship docking



### INTELLILIFT

Industrial software solutions focused on digitalizing workflows through automation and remote-control systems for drilling and offshore load handling



### TECHANO OCEANLIFT

Intelligent load handling systems, such as cranes and gangways, for renewables, subsea, and aquaculture vessels

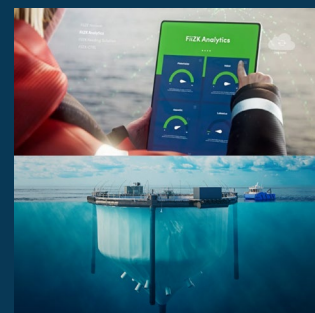
## Impact Technology Ventures



### SKYWALKER

The disruptive wind turbine service and installation machine for onshore and offshore use

## Associated companies (below 50% ownership)



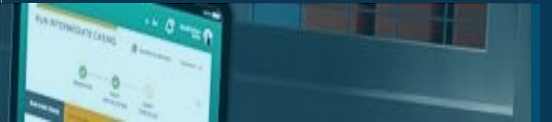
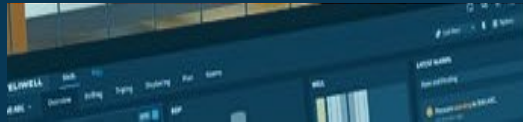
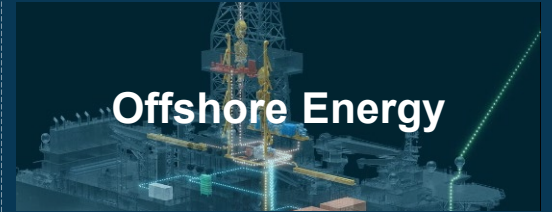
### Fii ZK

The leading provider of closed-cage solutions, technical textiles, and software for the aquaculture industry

# Nekkar operates in four main business segments, focused on sustainable technologies for ocean-based industries



Business segments



Digital

 SYNCROLIFT®

 TECHANO OCEANLIFT

 INTELLILIFT

Fii  
ZK

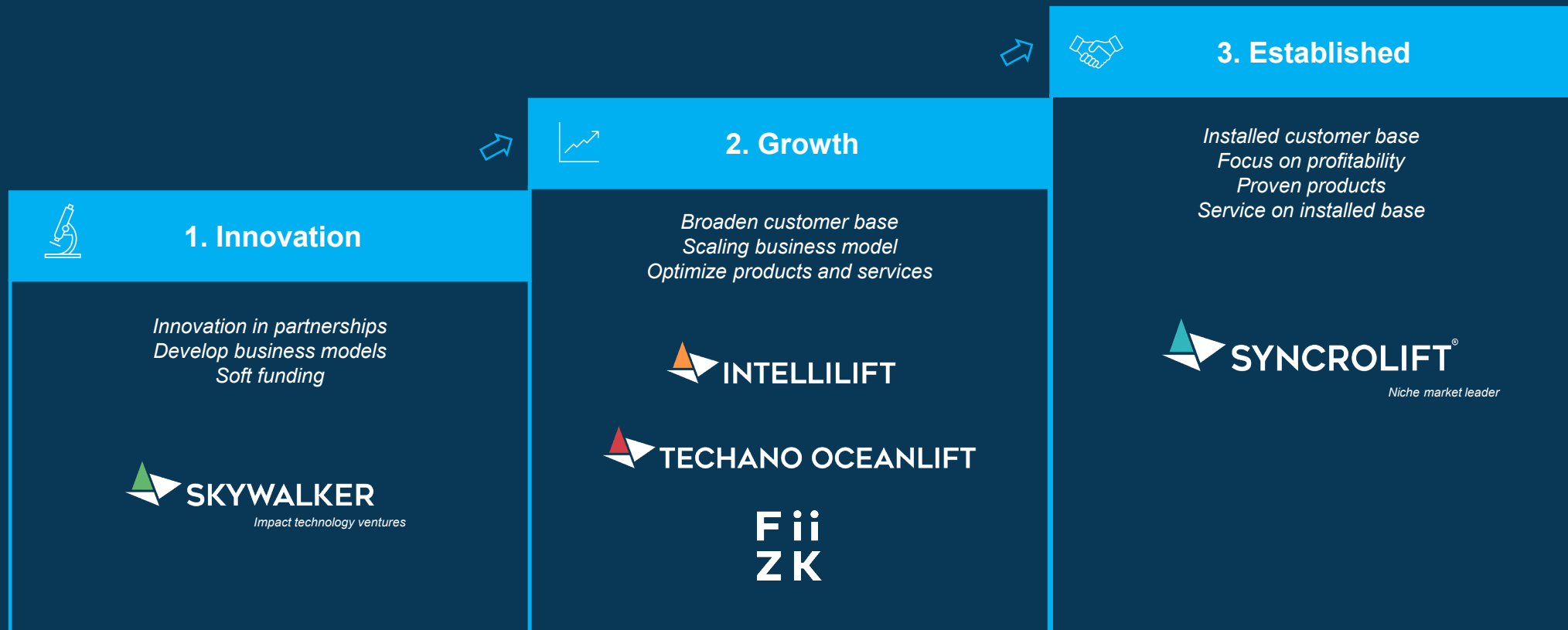
 SKYWALKER  
*Impact technology ventures*

Portfolio

# The portfolio consist of mature, financially solid business, and new impact technology ventures



*Nekkar portfolio, overview of maturity level and key focus areas*



# Highlights: Q3 2023



## Financial highlights

- **Revenue** of MNOK 162, up 105% versus Q3 2022 (79)
- **EBITDA<sup>1</sup>** of MNOK 29, up 71% (17)
- **EBITDA margin** of 17.8% (22%)
- **Strong balance sheet:** MNOK 166 in cash, no interest-bearing debt, MNOK 200 undrawn credit facility
- **Order intake** of MNOK 61 (117)
- Healthy **order backlog** of MNOK 747 at quarter-end (894)

### Events subsequent to end-Q3:

- Syncrolift: Order confirmation for 15 MUSD shiplift and transfer system to PT Pal Indonesia

## Operational highlights



- Steady execution of projects and services
- MNOK 30 contract signed in August
- High tender activity



- Transocean Norge scope in finalization
- Good feedback from all customer partners



- Execution of 70t offshore crane as planned
- Tendering activity for both subsea and renewable vessels



- SkyWalker development plan for offshore major component replacement (MCR) for bottom fixed and floating



- Transaction finalised for 39% ownership
- Moved Starfish into FiiZK Group
- Restructuring ongoing as planned

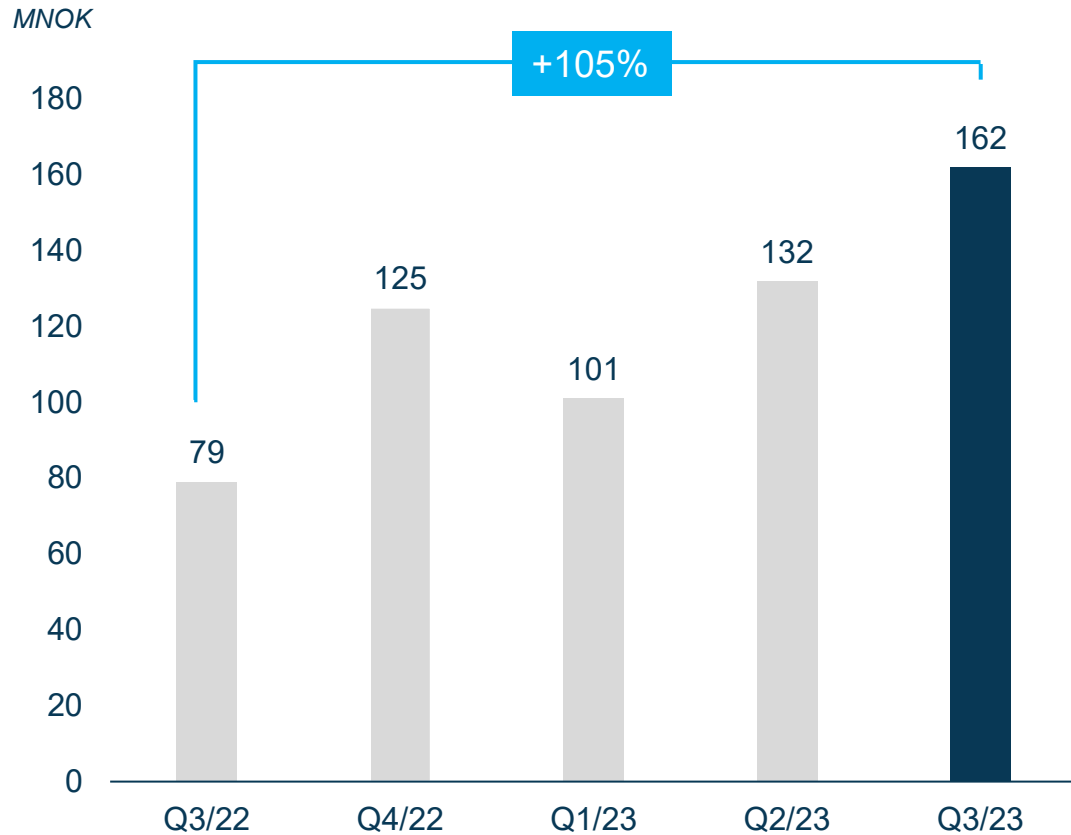
<sup>1</sup> See updated EBITDA definition on page 22



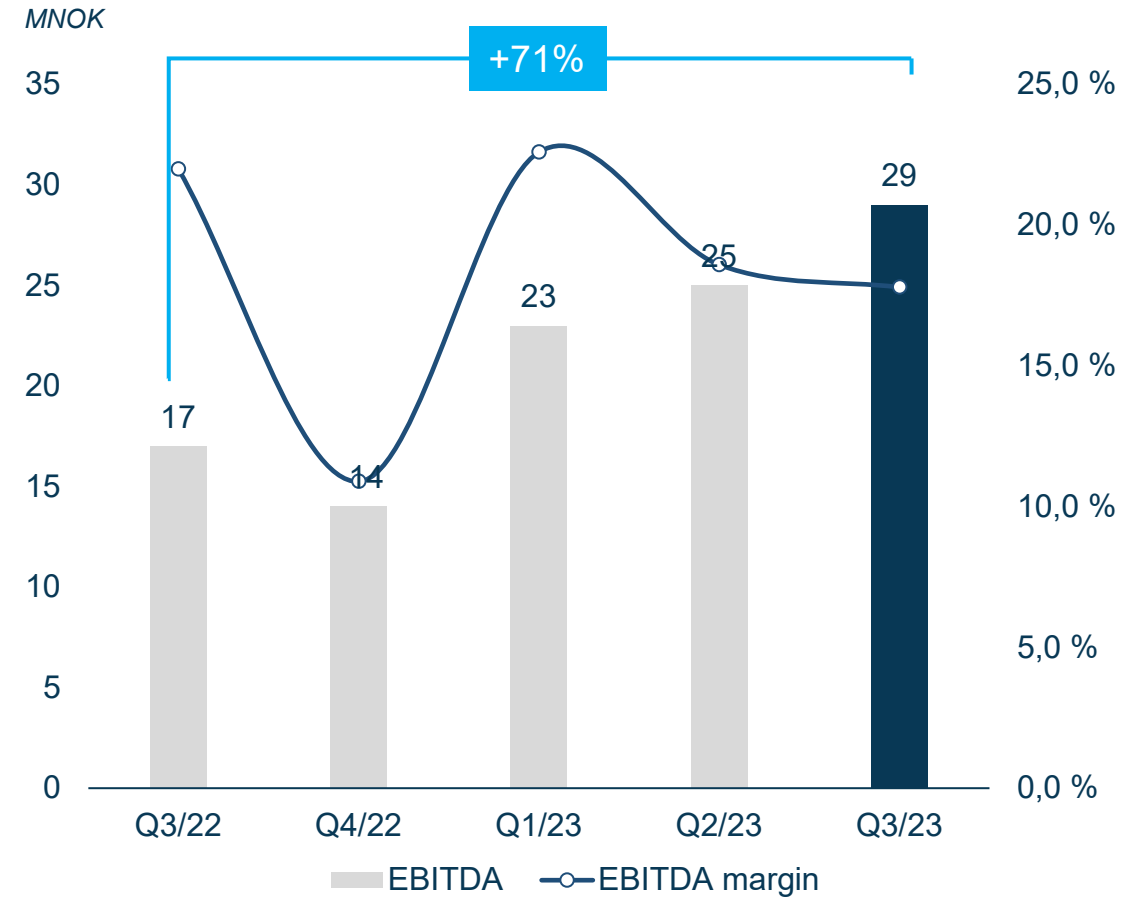
# Key financials | Per quarter



## Revenue



## EBITDA & margin (%)<sup>1</sup>



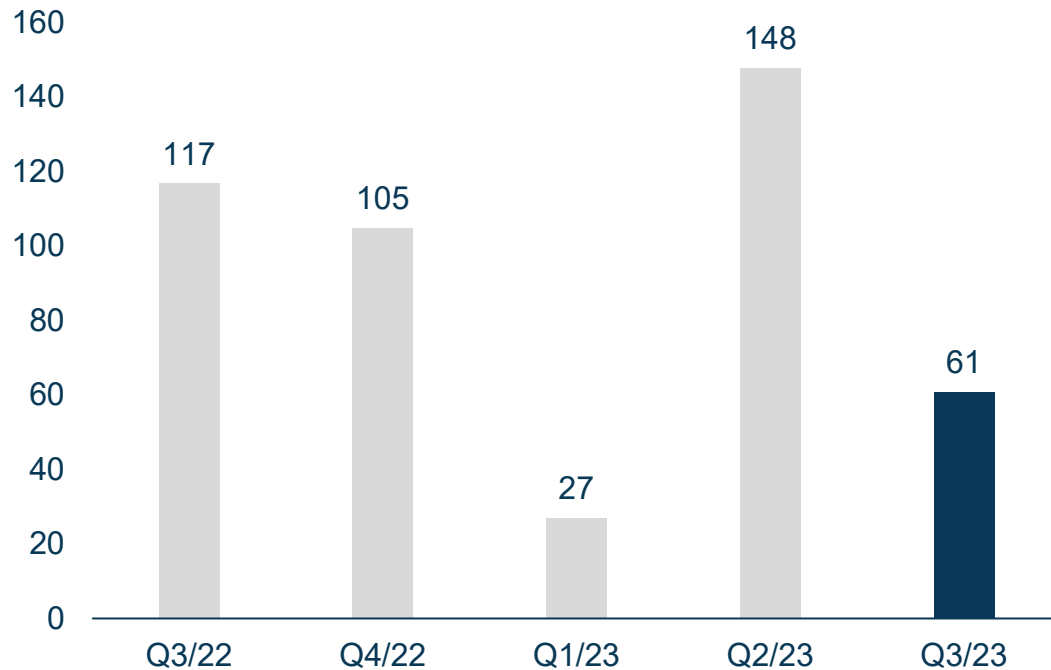
<sup>1</sup> See updated EBITDA definition on page 22

# Order intake and backlog | Per quarter



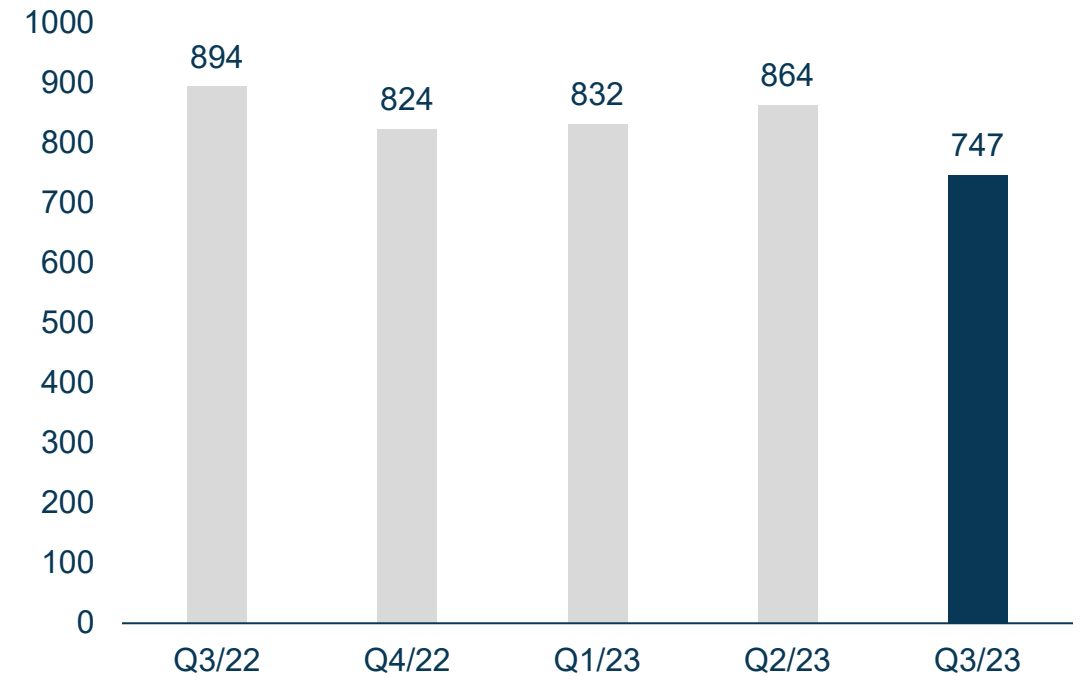
## Order intake per quarter<sup>1</sup>

MNOK



## Order backlog development<sup>2</sup>

MNOK



Additional 15 MUSD contract signed after Q3 not included in above charts

<sup>1</sup> Does not account for FX fluctuations in existing contracts | <sup>2</sup> Order backlog does not include order intake received and executed in each quarter, i.e. service revenue and spare part deliveries

# Syncrolift Q3 update

## Market & Sales

- Subsequent to the quarter: Order confirmation for 15 MUSD shiplift and transfer system to PT Pal Indonesia
- NOK 30 million contract for advanced ship transfer system to European naval shipyard
- Continued high tender activity within newbuilds and services – no major tenders awarded nor lost in this quarter
- Offices established in Australia and India as part of Global Reach strategy

## Financials

- 88% revenue growth vs same quarter last year
- Service activity somewhat increased from previous quarter – expecting solid activity for Q4 on services

## Operations

- Good progress on ongoing projects
- No newbuild projects completed during Q3
- Improved sourcing through new India office
- Increased customer activity in inhouse Innovation Lab in Vestby



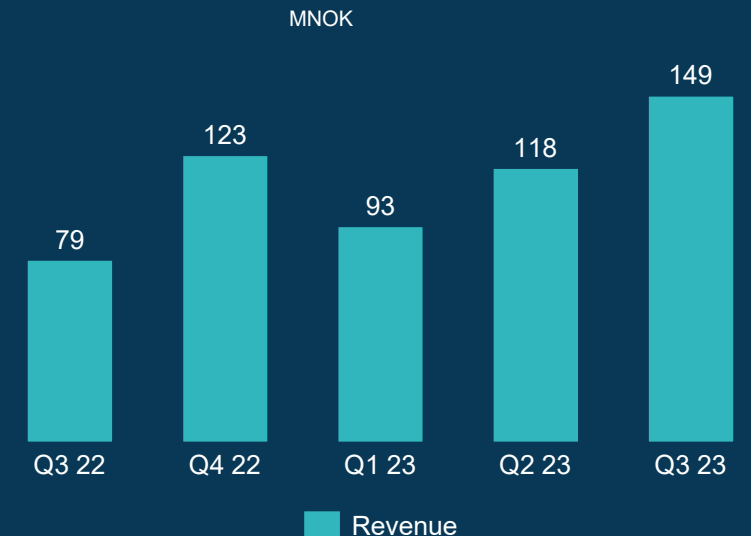
The leading provider of safe & efficient shipyard solutions

Ownership  
**100%**

Employees  
**39**

Head office  
**Vestby**

Est.  
**1958**

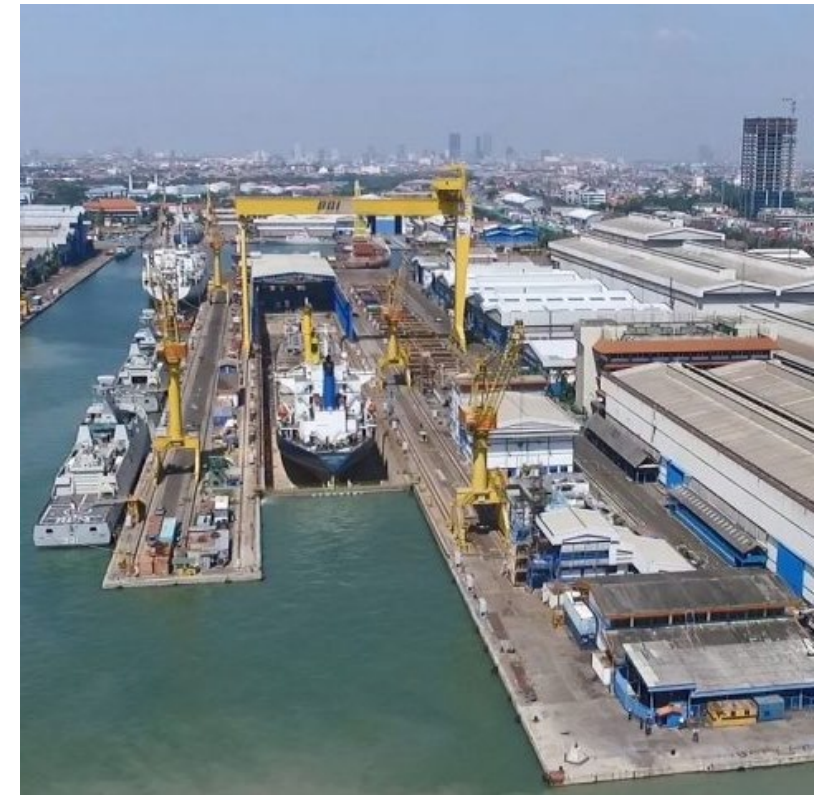


# Syncrolift awarded USD 15 million newbuild project



*“We are delighted to be awarded one of this year’s largest newbuild project for our industry segment, thereby maintaining our market leading win-rate globally. PT Pal’s systems will be customized to their specific needs, with safe and efficient operations at the forefront of the solutions we will provide” – Rolf Atle Tomassen, CEO Syncrolift*

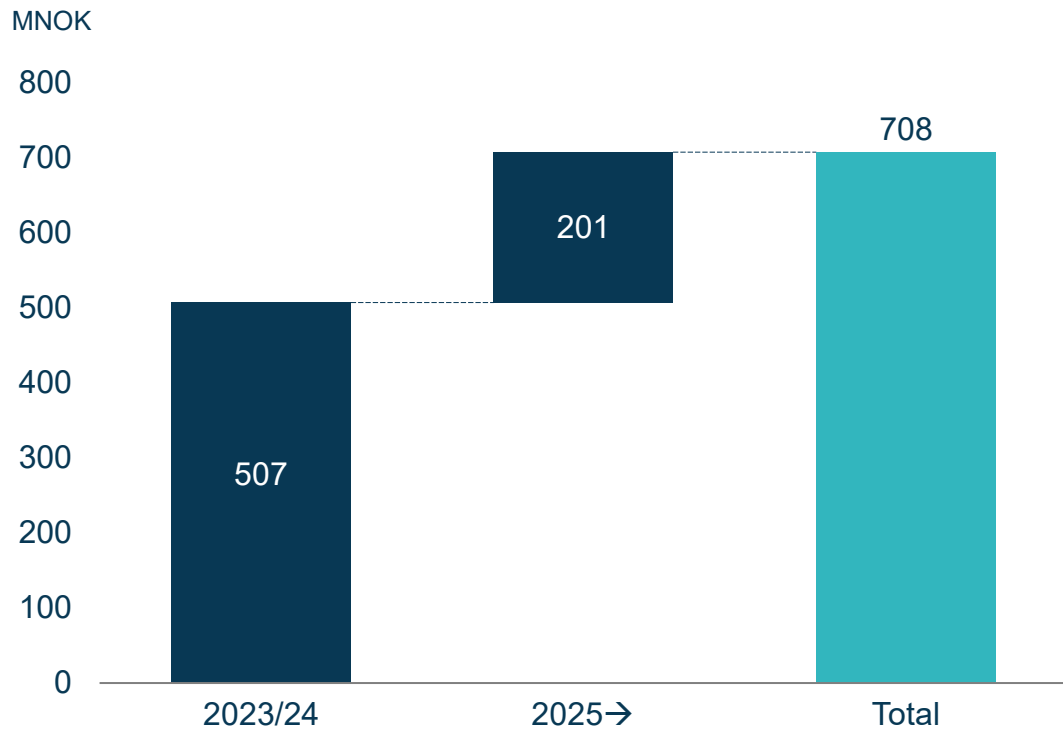
- **Order confirmation:** Delivery of newbuild shiplift and ship transfer system
- **Customer:** PT Pal Indonesia, a government owned company
- **Order value:** USD 15 million
- **Final contract:** Expected to be signed within short time
- **Delivery date:** Within approximately two years
- **Project management and engineering:** Syncrolift HQ, Vestby, Norway



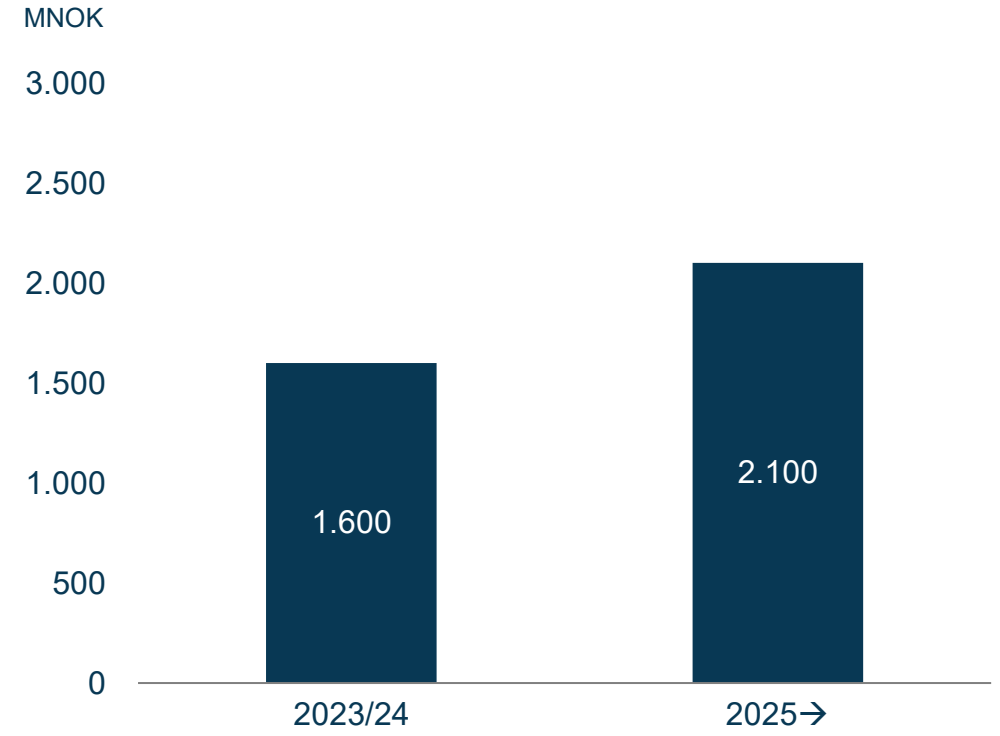


# High visibility and tendering activity, no major tenders awarded nor lost in this quarter

**Syncrolift order backlog by execution year<sup>1</sup>**



**Tender pipeline, newbuild/upgrades by year<sup>1</sup> of contract award**



Additional 15 MUSD contract signed after Q3 not included in above charts

<sup>1</sup> Timings are indicative. Execution period and timing of contract awards may be impacted by external factors outside of Nekkar's control. Order backlog per 30 September 2023.

# Techano Oceanlift Q3 update

## Market & Sales

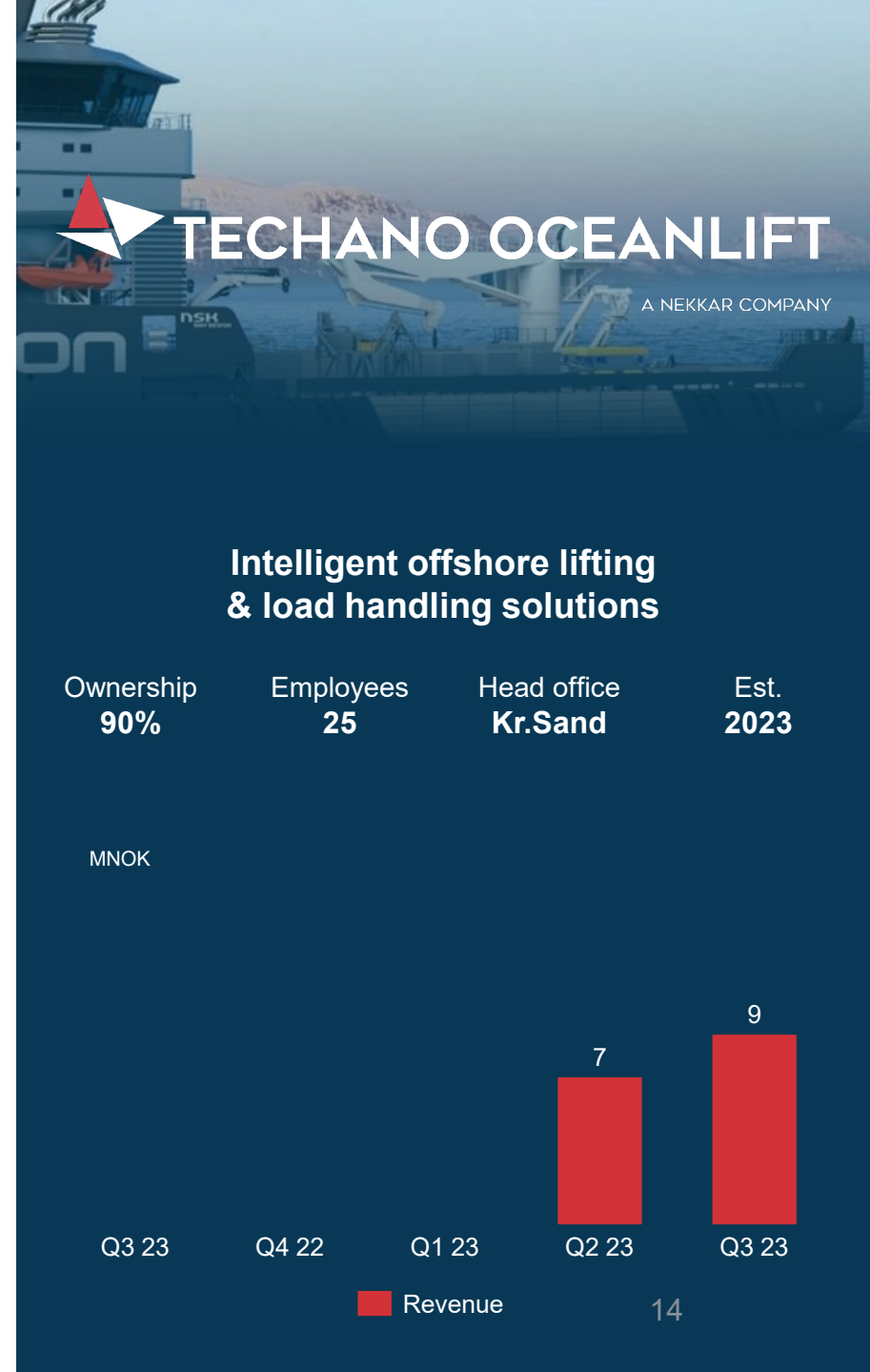
- Tendering activity for equipment deliveries to both subsea and renewable vessels

## Financials

- Second quarter with revenue contribution from Techano Oceanlift

## Operations

- Execution of 70t offshore crane to Sefine Shipyard/Agalas as planned
- Successful delivery of two offshore cranes to Salmar's Artic Offshore Farming

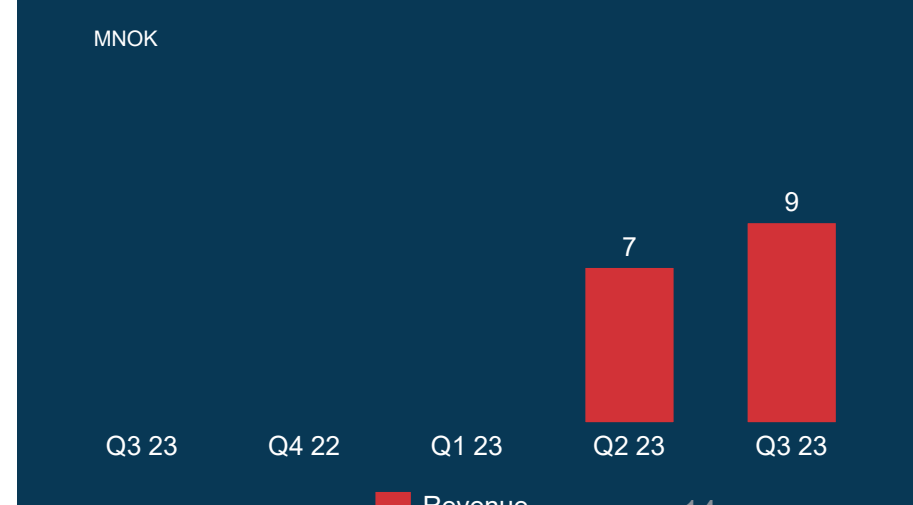


**TECHANO OCEANLIFT**  
A NEKKAR COMPANY

### Intelligent offshore lifting & load handling solutions

Ownership <b>90%</b>	Employees <b>25</b>	Head office <b>Kr.Sand</b>	Est. <b>2023</b>
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MNOK



Q3 23	Q4 22	Q1 23	Q2 23	Q3 23
			7	9

Revenue 14

# Intellilift Q3 update

## Market & Sales

- InteliWell pursuing new contracts for automation systems
- Tendering for simulators and other drilling controls

## Financials

- Primarily driven by Transocean Norge scope

## Operations

- Transocean Norge scope in finalization - good feedback from customers:

*“Transocean and Hayfin are pleased with the successful installation of the Inteliwell product on the harsh environment semisubmersible, Transocean Norge, and the favorable impact it has had by automating offline standbuilding. The product is now being readied to deploy automated tripping functionality. Transocean’s customers, Wintershall Dea and OMV, are also pleased with our progress and have been supportive of the efforts. Intellilift, as a partner in the Inteliwell JV, has been critical in developing the control software necessary to deliver these advances in drilling automation and our success is a direct result of the exceptional efforts from the Intellilift team. We anticipate that Inteliwell will be in use by more customers over the course of the coming year.”*



## Data-driven performance for ocean-based industries

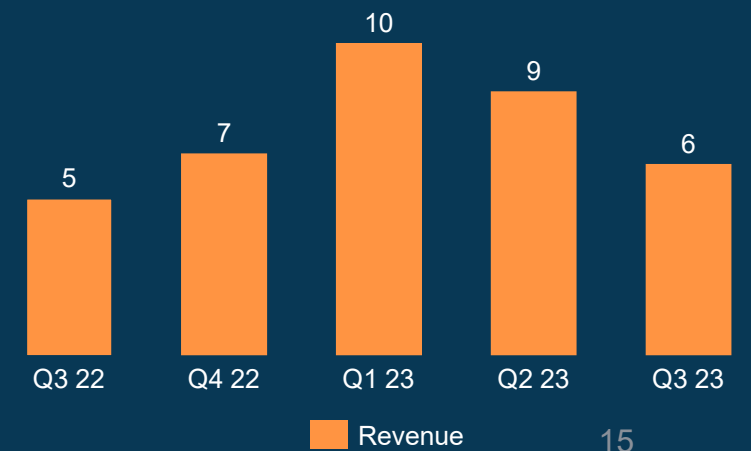
Ownership  
**51%**

Employees  
**15**

Head office  
**Kr.sand**

Est.  
**2018**

MNOK



15

# Financial highlights



## Profit & Loss, Q3 2023

MNOK	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
<b>Revenue</b>	<b>162</b>	<b>79</b>	<b>396</b>	<b>263</b>	<b>388</b>
Syncrolift	149	78	358	260	383
Intellilift	6	5	25	18	22
Techano Oceanlift	9	0	16	0	0
Other incl. eliminations	-2	-5	-2	-15	-18
<b>EBITDA</b>	<b>29</b>	<b>17</b>	<b>77</b>	<b>54</b>	<b>68</b>
<b>EBIT</b>	<b>27</b>	<b>15</b>	<b>71</b>	<b>48</b>	<b>57</b>
Net financials	2	-18	0	-25	-15
<b>Profit (loss) before tax</b>	<b>29</b>	<b>-3</b>	<b>71</b>	<b>23</b>	<b>43</b>
Tax expense	7	-1	16	5	10
<b>Profit (loss) for the period</b>	<b>22</b>	<b>-2</b>	<b>55</b>	<b>18</b>	<b>33</b>
<b>EBITDA margin</b>	<b>17.8 %</b>	<b>22.0 %</b>	<b>19.3 %</b>	<b>20.6 %</b>	<b>17.5 %</b>
Net capitalised development costs <sup>1</sup>	0	0	8	18	19
Order intake	61	117	236	142	277
<b>Order backlog</b>	<b>747</b>	<b>894</b>	<b>747</b>	<b>894</b>	<b>838</b>
<b>EPS (NOK)</b>	<b>0.20</b>	<b>-0.02</b>	<b>0.49</b>	<b>0.17</b>	<b>0.30</b>

1. Net of received soft-funding

## Revenue

- Q3 revenue of MNOK 162, an increase of 105% compared to the same period last year
- YTD revenue of MNOK 396, 51% year-over-year growth

## Profitability

- EBITDA margin at 17.8 % in Q3 2023, down from 22.0 % in Q3 2022
- Net financial items driven by gain/losses on FX contracts not qualifying for hedge accounting and Agio
- Profit for the period of MNOK 22 compared with negative MNOK 2 in the same period last year

## Sales

- Order intake of MNOK 61 in Q3 2023 and a YTD 2023 total of MNOK 236 compared to MNOK 117 and MNOK 142 in 2022 for the same periods in 2022, respectively
  - Order backlog of MNOK 747 at the end of the third quarter

## CAPEX

- Net capitalised development costs (R&D capex) of MNOK 0 in Q3 2023 compared to MNOK 0 in Q3 2022. CAPEX in the period is offset by received soft-funding in Q3 2023 of MNOK 7



# Balance sheet



## Balance sheet, Q3 2023

MNOK	30.09.23	30.06.23	31.12.22
<b>ASSETS</b>			
Deferred tax assets	0.0	0.0	7.0
Goodwill	17.1	17.1	16.6
Intangible assets	45.3	66.8	58.0
Right of use assets	14.2	15.1	5.8
Tangible assets	10.1	11.2	8.4
Financial assets	51.5	0.0	0.0
Inventories	11.5	9.8	2.3
Trade receivables	105.3	96.8	106.9
Accrued, non-invoiced production	111.8	50.3	113.6
Other short-term receivables	11.8	11.9	7.1
Bank deposits	166.5	236.1	181.3
<b>Total assets</b>	<b>544.9</b>	<b>514.9</b>	<b>507.1</b>
<b>LIABILITIES</b>			
Deferred tax	8.0	0.7	0.5
Lease liabilities	13.9	14.7	4.3
Trade payables	42.2	43.3	45.9
Prepayments from customers/deferred rev.	39.1	9.8	42.4
Other current liabilities	38.1	58.0	63.1
<b>Total equity</b>	<b>403.7</b>	<b>388.3</b>	<b>351.0</b>
<b>Total liabilities &amp; equity</b>	<b>544.9</b>	<b>514.9</b>	<b>507.1</b>
<b>Net working capital</b>	<b>121.1</b>	<b>57.6</b>	<b>78.5</b>

### Assets

- Intangible assets decrease of MNOK 21.5 in Q3 2023, mainly due to the Starfish technology utilized as a contribution in kind in the FiiZK transaction
- MNOK 50 million of Financial assets as of Q3 2023 are linked to the investment in FiiZK

### Working capital

- Q3 end: MNOK 121.1; Increase from MNOK 57.6 per Q2 2023
- Significant increase in accrued non-invoiced production since Q2 2023; driven by projects approaching invoicing milestones

### Cash

- Robust cash position of MNOK 166 at Q3 end
- Quarter was negatively impacted by the increased working capital and the FiiZK transaction
- Available credit facility; MNOK 200 provides additional financial flexibility

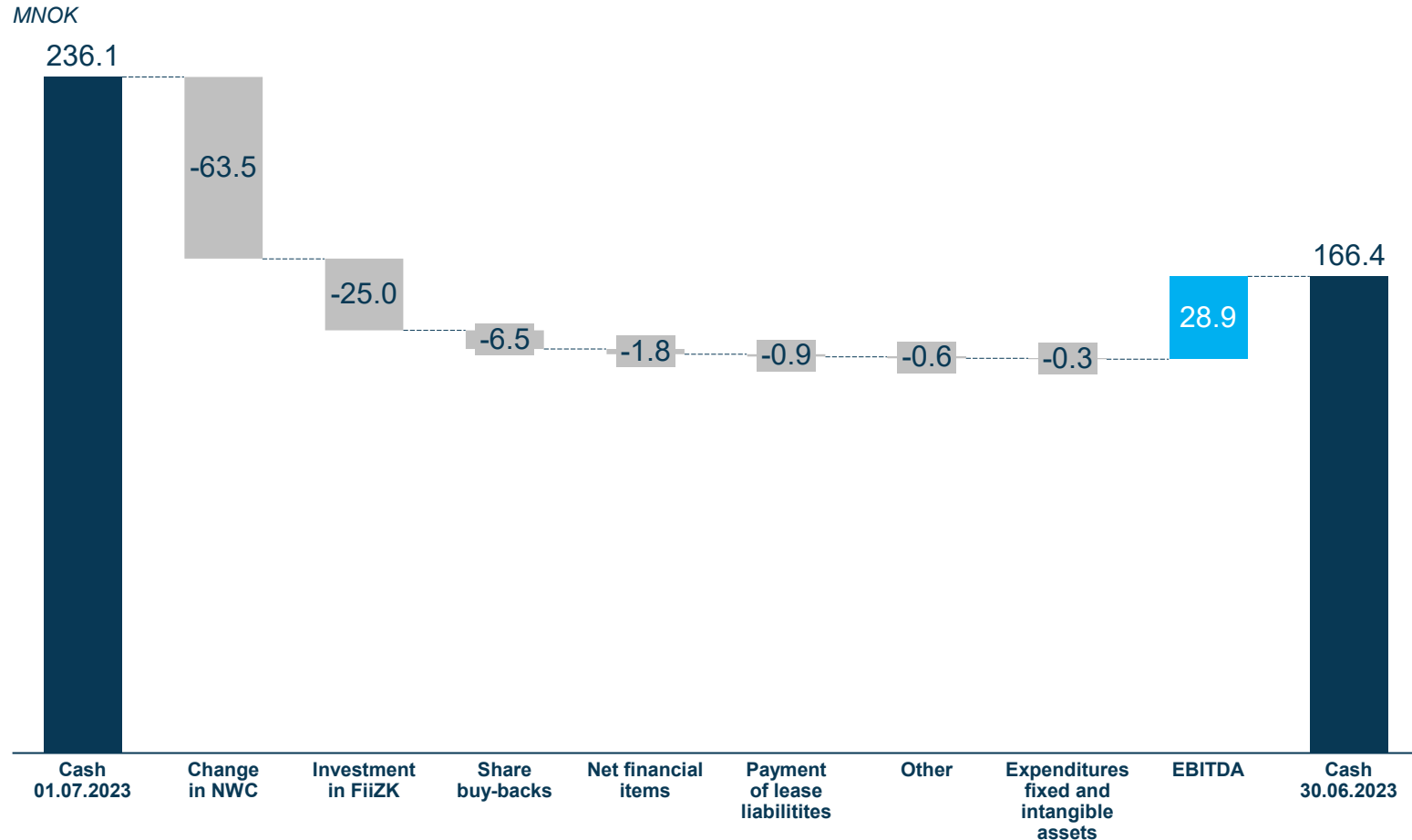
### Net interest-bearing debt and equity

- No interest-bearing debt
- Solid equity of MNOK 404, representing a 74 % equity ratio

# Cash flow



## Cash flow development, Q3 2023



## Cash flow

- Operating cash flow for Q3 2023 is negative at MNOK -34.6, driven by an increase of MNOK 63.5 in working capital during the period.
- Cash flow from investments in Q3 2023 is negative at MNOK -25.3 in Q3 2023 mainly related to the MNOK 25 cash contribution in FiiZK
- Cash flow from financing is MNOK -9.3 in the third quarter of 2023, impacted by the share buy-back program
- Despite a net cash outflow of MNOK -69.6 in the third quarter 2023, the company maintains a strong cash position of MNOK 166.4 as of September 30, 2023

# Nekkar's capital allocation strategy



<b>Portfolio growth</b> Investments in existing portfolio companies to fuel organic growth while maintaining a strong balance sheet	
<b>New business</b> Strategic M&A to strengthen Nekkar's defined business segments	<b>Share buy-backs</b> Buy-back program initiated in Q3 2023
<b>Innovation &amp; R&amp;D</b> Prudent development of Impact Technology Ventures to validate technology and market potential	

<b>Available capital Q3 2023</b>	<b>MNOK</b>
Net cash	166
Undrawn credit facility	200
<b>Total</b>	<b>366</b>

Expecting continued solid operational cash flow going forward

# Summary Q3 2023 & outlook



## Summary



Significantly improved revenue and EBITDA compared to Q3 2022



Healthy order backlog of NOK 747 million, order intake of NOK 61 million in quarter. Additional 15 MUSD confirmed subsequent to the quarter.



Continued strong cash position and balance sheet



Investment in FiiZK opens up growth opportunities in the aquaculture industry

## Outlook



- Backlog provides good visibility for 2023 and 2024
- High tendering activity



- Successful implementation of InteliWell's breakthrough award likely to open up further rig market opportunities



- Execution of backlog for offshore wind crane
- High tendering activity



- Pursuing O&M within offshore wind for SkyWalker



- Finalize restructuring and organization
- Sales and marketing focus towards digital solutions and closed cage system

Next update: Q4/FY 2023 financial results (Date: TBD)

# Alternative performance measures



## INTRODUCTION TO ALTERNATIVE PERFORMANCE MEASURES (APMs)

Nekkar Group (Nekkar) discloses alternative performance measures in addition to those normally required by IFRS. Nekkar is of the opinion that APMs are providing enhanced insight into the operations and prospects of the company. APMs are used as an integral part of the management and board of directors' key performance measure reporting and controls. Furthermore, securities analysts, investors and other interested parties frequently use such performance measures.

## BASIS FOR PREPARATION

This presentation provides financial highlights for the third quarter and YTD September 2023 for Nekkar ASA. The consolidated financial statements for Q3 2023 have been prepared in accordance with IAS 34 Interim Financial Statements, however the interim accounts do not include all the information required for a full financial statement and should therefore be read in connection with the audited consolidated financial statements of 2022.

The interim financial figures are not audited.

## PROFIT MEASURES

EBITDA is short for "earnings before interest, taxes, depreciation and amortisation" in the consolidated income statement.

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

Margins such as EBITDA and EBIT are used to compare relative profit between periods. The margins are calculated as EBITDA or EBIT divided by revenue.

## ORDER INTAKE MEASURES

Order intake and order backlog are presented as APMs as they are indicators of the company's revenue generation and operations in the future.

Order intake includes new signed contracts in the period, in addition to expansion of existing contracts and any cancellations of contracts. For newbuild contracts, the order intake is based on the signed contract value excluding potential options and change orders.

Order backlog represents the estimated value of remaining work for signed contracts.

# Historic results with updated EBITDA definition



MNOK	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
<b>Revenue</b>	162	132	101	125	79	100	84
<b>EBITDA</b>	29	25	23	14	17	24	12
EBIT	27	22	22	14	15	22	10
Net financials	2	3	-5	10	-18	-6	-1
<b>Profit (loss) before tax</b>	29	25	17	20	-3	16	10
Tax expense	7	5	4	5	-1	3	2
<b>Profit (loss) for the period</b>	22	20	13	15	-2	13	7
<b>EBITDA margin</b>	17.8 %	18.6 %	22.6 %	10.9 %	22.0 %	24.5 %	14.5 %
<b>EPS (NOK)</b>	0.20	0.18	0.11	0.14	-0.02	0.12	0.07

Updated EBITDA definition to better reflect operational performance and separate foreign currency effects

- Losses / gains on FX contracts not qualifying for hedge accounting and realized agio are classified as net financials (both previously reported as part of EBITDA)

Excel sheet with details available on Nekkar IR website



[nekkar.com](https://nekkar.com)