

Disruptive technologies, sustainable results

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

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Key figures

Based on alternative performance measures ¹⁾	2021	2020	2019	2018
ORDERS AND RESULTS (MNOK)				
Order backlog	838	1 167	778	629
Order intake	113	701	396	388
Revenue	480	359	267	220
EBITDA	140	77	36	17
EBITDA margin %	29.1%	21.5%	13.5%	7.7%
BALANCE SHEET (MNOK)				
Total assets	451	558	416	2 416
Total equity	316	203	234	514
Equity ratio % (total equity/total assets)	70.1%	36.5%	56.1%	21.3%
SHARE (NOK)				
Share price 31 December	9.97	6.02	2.05	6.38
Basic earnings per share ²⁾	1.04	-0.33	2.06	-0.33
EMPLOYEES				
No. of employees 31 December	62	54	50	38
Sick-leave rate %	1.9%	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



INTRODUCTION TO ALTERNATIVE PERFORMANCE MEASURES (APM'S)
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 Accenture 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 Nekar ASA since November 2009.



Ingunn Svegård
Director of the Board

Ingunn Svegård (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). Svegård has held several senior positions within the Equinor group, as well as several non-executive director roles in start-ups and funds.

Svegård has been Director of the Board of Nekar ASA since 2019.



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 Nekar ASA since 2015.



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 Nekar ASA since 2019.

The Board of Directors' report

Operational highlights 2021

- Operational EBITDA¹ doubled from NOK 71 million in 2020 to NOK 143 million in 2021
- Order intake of NOK 113 million in 2021, compared to the record high intake of NOK 701 million in 2020
- Solid order backlog of NOK 838 million at year-end 2021
- Successful ocean testing of 1:2.5 “Starfish” closed fish cage conducted throughout 2021
- Completed development of 1:20 model of the SkyWalker wind turbine installation tool
- Intllilift AS entered into a joint venture, Inteliwell, with Transocean to develop a digital well construction solution
- Ole Falk Hansen appointed CEO from 1 July 2022

Strategy and organisational development

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

The foundation of Nekkar's business is world-class mechanical engineering, electrification, automation, and digitalisation. Nekkar aims to apply this 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.

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



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 relatively independent of each other, the Digital Solutions business area utilises its unique digitalization skills and automation sensor legacy 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 SaaS revenue.

Shipyard Solutions

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

Syncrolift is the global market leader for shiplifts and transfer systems offered to repair and newbuilding yards. It delivers turnkey 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, they deliver FastDocking™ products for efficient operations during docking and maintenance of vessels. As the global market leader, Syncrolift has started to focus more on the service and upgrade capabilities related to the company's installed base.

Aquaculture

Within the Aquaculture business area, Nekkar is currently testing and developing game-changing technologies with high sustainability impact on the aquaculture industry. Nekkar's "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 pilot version of Starfish started in March 2021. Throughout 2021, successful testing was conducted of the pilot fish cage's circulation units and flow system, monitoring system and software, inlet pipes and water pressure, plus sludge treatment system. Discussions were also started with a leading fish farmer to identify suitable sites for a full-scale test in 2022-2023.

Renewables

Nekkar is within this business area developing a disruptive installation technology tool that could significantly reduce the cost and environmental footprint associated with wind turbine installations. 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 2021, Nekkar received a NOK 21 million grant from Innovation Norway to progress the development of the SkyWalker wind turbine installation tool. Nekkar is working together with an undisclosed major wind turbine original equipment manufacturer (OEM) and Fred Olsen Renewables, in combination with support from academia, to develop the SkyWalker. During the third quarter 2021, Nekkar completed the development of a 1:20 model. Final assembly with software and wind tunnel testing will be conducted in 2022.

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 percent), 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.

Throughout 2021, a substantial number of resources in the Digital Solutions business area were allocated to projects in Shipyard Solutions, and to software development for both the Starfish and SkyWalker development projects. Further, in October 2021, Intellilift AS established a joint venture (JV), Inteliwell, with a subsidiary of Transocean Inc. for the purpose of commercialising products and services based on a digital well construction solution. The JV will provide software solutions (SaaS) that allow operators to further improve the consistency of their operations while reducing drilling costs through more reliable and faster drilling operations.

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

Preben Liltved was appointed interim CEO of Nekkar ASA with effect from 1 October 2020. Subsequent to year-end 2021, Ole Falk Hansen was appointed CEO of the company from 1 July 2022, at which point Preben Liltved will take on a role as EVP Operations in Nekkar.

EMPLOYEES

The total number of employees in the Nekkar Group were 62 at year end 2021, compared to 54 in the previous year. For Nekkar ASA similar number of employees were 14 and 13, respectively.

KEY FIGURES, NEKKAR GROUP

MNOK	2021	2020
Revenue	480	359
Reported EBITDA	140	77
Operational EBITDA	143	71
EBIT	134	75
Reported EBITDA %	29.1%	21.5%
Operational EBITDA %	29.8%	19.9%
Order intake	113	701
Order backlog	838	1 167
EPS (NOK) ¹	1.04	0.65

1) Continued business

Financial performance

FINANCIAL HIGHLIGHTS

- Nekkar Group’s revenue was NOK 480.0 million, an increase of 33.5 percent compared to 2020 (NOK 359.5 million).
- Nekkar Group’s operational EBITDA of NOK 142.6 million, equivalent to an operational EBITDA-margin of 29.8 percent, versus NOK 71.4 million and 19.9 percent in 2020.
- Reported EBITDA was NOK 139.8 million in 2021, an 80 percent increase from the reported EBITDA in 2020 (77.4).
- Operating profit ended at NOK 134.1 million in 2021, a significant increase from NOK 74.6 million in 2020.
- Strong order backlog of NOK 838 million (1,167) per 31 December 2021.

PROFIT AND LOSS

The substantially improved profit for the group in 2021 was a result of strong operating and financial performance in the Shipyard Solutions business.

Revenue for the Nekkar Group was NOK 480.0 million in 2021, an increase of 33.5 percent compared to 2020 (NOK 359.5 million). Reported EBITDA was

NOK 139.8 million in 2021, up from NOK 77.4 million in 2020.

Operational EBITDA was NOK 142.6 million in 2021 compared to NOK 71.4 million in 2020, equivalent to EBITDA-margins of 29.8 percent and 19.9 percent respectively.

Operating profit (EBIT) ended at NOK 134.1 million in 2021, an increase from NOK 74.6 million in 2020.

Pre-tax profit was NOK 132.5 million in 2021, up from NOK 71.7 million the previous year. Profit after tax (continued business) was NOK 111.6 million and NOK 70.8 million for 2021 and 2020 respectively.

Including discontinued business, net result for 2021 was NOK 111.6 million, compared to a negative result of NOK 32.9 million in 2020. The negative net result for 2020 was highly impacted by loss from discontinued business of NOK 103.7 million which included a settlement of NOK 94 million in the Cargotec / MacGregor arbitration. The settlement amount was paid in January 2021.

Order intake in 2021 was NOK 113 million compared to NOK 701 million in 2020. Nekkar’s order backlog was still strong at NOK 838 million (1,167) per 31 December 2021.



“Shipyard Solutions generated revenues of NOK 469 million in 2021 compared to NOK 343 million in 2020.”

Nekkar ASA

Revenue generated in Nekkar ASA in 2021 was NOK 5.3 million compared to NOK 5.9 million in 2020. The operating profit was negative with NOK 25.5 million compared to NOK 16.9 million in 2020. Profit/(loss) before tax for 2021 was NOK 167.5 million, versus NOK -54.2 million in 2020. The settlement of the Cargotec / MacGregor arbitration was the main reason for the significant loss in 2020. In 2021, Nekkar ASA recieved a group contribution of NOK 70.2 million from Syncrolift AS which was recognized as financial income in 2020. A group contribuion of NOK 191.4 million is recognized as financial income in 2021.

Shipyard Solutions

Shipyard Solutions generated revenues of NOK 468.6 million in 2021 compared to NOK 343.2 million in 2020. Reported EBITDA was NOK 158.5 million in 2021, a significant increase from NOK 88.2 million in 2020. The improvement is driven by strong performance in the newbuilding business. During 2021, Syncrolift has delivered five large projects with a combined contract value of more than NOK 850 million. Shipyards Solutions also experienced a positive development in the service business, both in terms of revenue- and order intake. The 2021 figures are negatively impacted by losses on FX hedging contracts of NOK 4.0 million compared to gains of NOK 6.0 million in 2020. Shipyard Solutions has a strong order backlog of NOK 838 million at the end of 2021 (1 167).

Digital Solutions

Intellilift delivered revenues of NOK 41.8 million in 2021 compared to NOK 30.9 million in 2020. 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. External revenues amounted to NOK 10.4 million in 2021 compared to NOK 15.0 million in 2020. The reported EBITDA was NOK 6.3 million in 2021 compared to NOK 5.0 million in 2020.

Aquaculture and Renewables

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

During 2021, Nekkar has been testing the downscaled prototype version of Starfish, a closed cage for fish farming.

Capitalized development costs related to Starfish amounted to NOK 13.5 million in 2021 while received the public grants from Innovation Norway and SkatteFUNN amounted to NOK 6.8 million.

In the Renewables area, the development of Nekkar’s disruptive wind turbine installation tool, SkyWalker has made good progress.

Capitalized development cost for SkyWalker amounted to NOK 9.4 million in 2021. NOK 0.7 million in public grant was received during the year.

In March 2021, Nekkar was awarded a grant of NOK 21 million from Innovation Norway to progress with the development of SkyWalker.

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 2021 were NOK 451.2 million, compared to NOK 558.1 million in 2020.

The net working capital (ref. definition of APMs) was positive with NOK 42.9 million, compared to negative with NOK 155.2 million at the end of 2020. 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 no credit facilities as of 31 December 2021, however, 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 2021. The Board of Directors is not aware of any unreported events occurring subsequent to the balance sheet date of 31 December 2021, which may be material to the Nekkar Group or to the annual accounts of 2021. As stated elsewhere in this report, the Board of Directors is not able to predict all effects from Covid-19 and the increased geopolitical risk on the business, but the Board believes the group is positioned to avoid serious harm. See Note 24 Subsequent events, for further information.

SHARE CAPITAL

At the end of 2021, Nekkar ASA had a share capital of NOK 11,714,230 divided into 106,493,000 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 negative with NOK 54.6 million in 2021, compared to NOK 125.4 million in 2020. The high operational cash flow in 2020 was driven by significant milestone payments received from the customers in the Shipyard Solutions segment. During 2021, these prepayments have to a large extent been converted to revenues as projects are being delivered.

Consolidated cash flow from investment activities was NOK -124.6 million in 2021. The cash flow was highly impacted by the NOK 94 million settlement of the MacGregor / Cargotec arbitration. Acquisition and expenditures related to fixed and intangible assets (capitalised development costs) amounted to NOK 26.3 million in 2021. In 2020, the net cash flow from investing activities was NOK -26.5 million.

In 2021, net cash flow from financing activities on the consolidated level was NOK -1.4 million, compared to NOK -0.9 million in 2020. The 2021 figure includes issuance of share capital in relation to employee share purchase program of NOK 1.1 million compared to NOK 2.8 million in 2020.

Nekkar had a net cash position of NOK 174.5 million at year-end 2021, of which NOK 10 million is held as a deposit for FX-derivative exposures in DNB. Nekkar's net cash position at year-end 2020 was NOK 355.1 million.

In 2021, the parent company's net cash flow from operating activities was negative with NOK 25.8 million (NOK -16.4 million), net cash flow from investments NOK -45.1 million (NOK -8.4 million), and net cash flow from financing was negative with NOK 103.4 million (NOK 123.3 million). The negative cash flow in 2021 was highly impacted by the settlement payment of the MacGregor / Cargotec arbitration.

The company or group had no net interest-bearing debt as of 31 December 2021.

RESEARCH AND DEVELOPMENT

The research and development ("R&D") activities of Nekkar are closely linked to its strategy of developing disruptive technologies that offer high sustainability impact for ocean-based industries. Nekkar's R&D



“Nekkar’s order backlog at the end of 2021 was NOK 838 million”

initiatives have shown good progress during 2021, and in the beginning of 2022. The highlight 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 development of a 1:20 model of the SkyWalker wind turbine installation tool.
- On 7 April 2021, Nekkar was awarded a NOK 21 million grant from Innovation Norway to progress with the development of SkyWalker.
- Within the Digital Solutions area, development of our digital platform and remote-control systems continued.

In 2021, gross capitalized development costs for the Group, amounted to NOK 28.7 million (NOK 16 million), of which NOK 13.5 million is related to the development of Starfish, NOK 9.4 million for SkyWalker and NOK 5.8 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 development costs. This amounted to NOK 7.5 million in 2021, hence net capitalized development costs were NOK 21.2 million. In 2020, net capitalized development costs were NOK 11.0 million.

Gross capitalized development costs in the parent company, Nekkar ASA, were NOK 22.9 million in 2021 and public grants amounted to NOK 7.5 million, hence the net capitalized amount was NOK 15.4 million. In 2020, the net capitalized amount was NOK 6.3 million.

As per 31 December 2021, capitalized development costs in the consolidated balance sheet amounted

to NOK 32.8 million. In Nekkar ASA, capitalized development costs were NOK 19.5 million as of 31 December 2021.

Nekkar's R&D investments is expected to increase in 2022 with the continuing development of Starfish, SkyWalker and our products within the Digital Solutions segment.

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 2021 was NOK 838 million, down from NOK 1,167 million at year-end 2020. This backlog is mainly related to newbuilding projects in the Shipyard Solutions business.

GOING CONCERN

As of 31 December 2021, the equity ratio at consolidated level was 70.1 percent. There was no interest-bearing debt on neither consolidated nor Nekkar ASA level at year-end 2021.

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 guarantee and currency facilities is 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 in 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 after closing of the MacGregor / Cargotec transaction. The activity in the market is depending on the construction and upgrade of navy- and commercial shipyards, 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 docking- and infrastructure solutions 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. However, the Covid-19 pandemic has resulted in project delays and a reduction in short to medium-term order intake.

Syncrolift AS has a solid order backlog for its 2022 new building business but is also positioned for accumulative success in acquiring recurring service

business. Scheduled deliveries for the current project portfolio extend into 2024.

Offshore energy, renewables and aquaculture, which represent the group's new investments, are early phase 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. However, a potential long-term downturn in the oil and gas industry, due to the energy transition towards low-carbon solutions, may impact the market outlook for some of these products.

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 the inherent credit risk in the conducted business, Nekkar 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 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's 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.

If for some reason customer contracts are terminated, the Company is exposed to currency loss (gain) related to ongoing hedging contracts. This risk may increase as a consequence of the ongoing corona pandemic and the volatile currency situation.

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 the 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.

RISKS OF POLITICAL AND HEALTH ORIENTED NATURE

The situation related to Covid-19 has clearly shown that there are business exposures to events that are totally outside of the normal control or planning for any management or Board of Directors. However, the Board of Directors is of the opinion that the group is well positioned to avoid serious harm due to increased vaccination rates and reduced Covid-19 restrictions worldwide.

PANDEMIC RISK

During 2021, the spread of Covid-19 continued to cause global disruption, with negative consequences both for human health, business and the global economy in general. The effects of Covid-19 on Nekkar's business in 2022 are difficult to predict, however, the current, or future, pandemics 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 demand could decrease as clients reduce CAPEX expenditure budgets

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.



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

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 third ESG report this year. The report is based on the Global Report Initiative (GRI) Standard and Euronext guidance on ESG reporting. The ESG report can be found in this annual report and on Nekkar's website.

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 political orientation.

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 expect and encourage the employees to report suspected infringements.

For more information, please see the ESG report at our website www.nekkar.com.

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. 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 2021.

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 1.9 percent in 2021 (1.6 percent in 2020). Nekkar experienced zero workplace incidents resulting in the need for medical treatment in 2021 (nil in 2020).

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.

From 2021, Nekkar has started climate accounting on Scope 1, 2 and 3. For more information, please see the ESG report on our website www.nekkar.com.

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. Women constitute 18 percent of the workforce in 2021 (2020: 17 percent). Consequently, the Board of Directors considers it important that Nekkar strives to attract more women to join the company.

One out of the corporate management team's three members is female. The Board of Directors of Nekar ASA consists of two persons of each gender.

Pursuant to the law prohibiting discrimination based on disabilities (the Norwegian Anti-Discrimination and Accessibility Act), Nekar 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 (Deputy Chair), Gisle Rike and Ingunn Svegård.

At the Annual General Meeting held 27 May 2021, Marit Solberg and Ingunn Svegård were re-elected for a period of two years. Trym Skeie and Gisle Rike were not up for re-election.

Insurance for board members and management

Nekar ASA has a directors' and officers' liability insurance which includes the board members and management in Nekar ASA and subsidiaries.

Auditor

KPMG is the elected auditor for Nekar ASA.

Board statement on corporate governance

The Nekar 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 Nekar 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. Nekar 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 Nekar.

Capital structure

Nekar Group's total equity at the end of 2021 was NOK 316.2 million, of which NOK 297.0 million was attributable to the majority, and NOK 19.4 million was attributable to the non-controlling interests. The equity to total assets ratio was 70.1 percent at the end of 2021, compared to 36.5 percent in 2020.

At the end of 2021, the equity in Nekar ASA was NOK 341.1 million, of which NOK 3.9 million was share premium capital, NOK 11.7 million share capital and NOK 325.6 million other equity. Comparable figures from year end 2020 were NOK 198.0 million, NOK 2.8 million, NOK 11.7 million and NOK 183.6 million respectively.

Outlook

Nekar's Shipyard Solutions business area entered 2022 with an order backlog of NOK 838 million, which will ensure a healthy activity level going forward.

Order intake in 2021 was NOK 113 million, which was as expected lower than in the previous year. However, it is important to note that Shipyard Solutions did not lose any significant tenders in 2021. There were simply few newbuild tenders in the market, and investment decisions on the active tenders were delayed because of the Covid-19 pandemic.

Going forward, the market situation for newbuild projects within Shipyard Solutions is promising. Available short-term projects are typically smaller

fast-track projects, but there are also larger long-term opportunities. Investment decisions for newbuild projects may still see some delays.

Nekar initiated a project in 2019 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 promising results. In 2021, Nekar's order intake from aftersales and services grew by 165 percent year-over-year, from NOK 27.6 million to NOK 73.2 million. Nekar expect this positive development to continue in 2022.

Intellilift, which is the heart of Nekar'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 to Renewables, Aquaculture and its traditional market within the offshore energy industry.

Late 2021, Intellilift established a joint venture, Inteliwell, together with Transocean for the purpose of commercialising products and services based on a digital well construction solution. The development and offering from Inteliwell looks promising and the JV has solid leads on oil and gas SaaS projects that may generate revenue in 2022.

In 2022, Nekar's Aquaculture business area will continue the comprehensive testing of the 1:2.5 pilot version of the fully digital closed fish cage, Starfish. Nekar will in parallel manufacture its first full scale Starfish for commercial fish farming. The plan is that a major Norwegian aquaculture company will test the

full-scale Starfish in one of its existing fish farms in 2022/2023.

Starfish will be suitable for both post smolt production and farming of full-size salmon. It will be a tool for developing a new and more sustainable way of farming at sea. New technology will be needed to grow and bring aquaculture into a more digital and technology-driven age. Nekar expects this to create opportunities for its Starfish closed fish cage technology.

Nekar's Renewables business area will continue its development of the SkyWalker wind turbine installation tool. In 2022, Nekar and its innovation partners will carry out physical test with the scaled model. After initial tests, the target is to produce a full-scale version for the land market and conduct on-site testing during 2023/2024. Nekar will also continue to evaluate the market potential for the SkyWalker in the offshore bottom fixed and floating market.

The market outlook for both the aquaculture and renewables industries, which Nekar is targeting with its development projects, looks highly promising with investment levels predicted to grow substantially in the coming years and decades ,however, partly offset by public funding schemes. Further, with energy prices at a relatively high level historically, the investment climate in the offshore energy industry can also be favourable for Nekar's subsidiary Intellilift. Although the business outlook for Nekar looks positive, it is difficult to predict short, medium, and long-term effects on all business areas from the Covid-19 pandemic and the unstable geopolitical situation. However, it is Nekar's view that the company is in a sound financial and operational position to handle short and medium-term volatility in the market.

Kristiansand, 28 April 2022
Board of Directors, Nekar ASA

				
Trym Skeie Chairman	Gisle Rike Director	Marit Solberg Director	Ingunn Svegård Director	Preben Liltved Interim CEO

Corporate governance

The Board of Directors (“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.

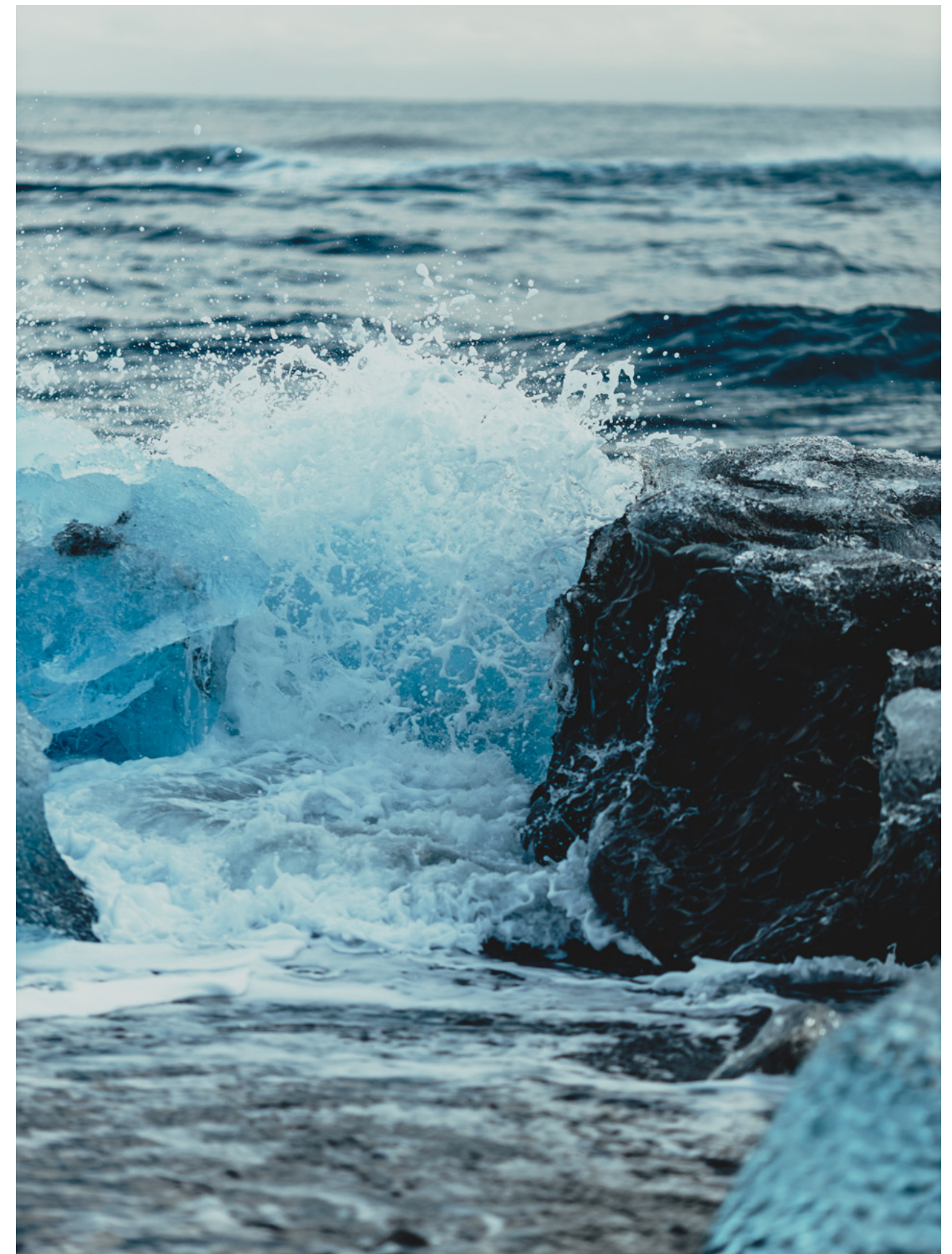
Compliance with generally accepted corporate governance guidelines is important because it contributes to:

- 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 ASA (“Nekkar” or the “Company”) 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 has addressed the 15 governance issues 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 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 the 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 the 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 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 2021 were NOK 451.2 million, and the company’s equity was NOK 316.2 million and hence the equity-to-assets ratio was 70.1 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 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 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 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 remuneration of leading employees. All the authorisations expire at the annual general meeting of the Company in 2022, and 30 June 2022 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 28 April 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 2022 is scheduled for 30 May 2022.

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.

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.

In accordance with the General Meeting on 27 May 2021, the shareholders elected the following members to the Board:

NAME	ELECTION PERIOD	POSITION
Trym Skeie	2020 – 2022	Chairperson
Marit Solberg	2021 – 2023	Vice chairperson
Gisle Rike	2020 – 2022	Director
Ingunn Svegård	2021 – 2023	Director

Nekkar strive to ensure that the Board has a composition necessary to safeguard the interest of the shareholders. The Board considers 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 Svegård are independent of the major shareholders and executive management. The Board does not include executive management.

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 share options.

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 states 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.

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.

At present, the Board does not have a remuneration committee.

There are no other committees established by the Board of Directors. The Board assesses 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 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 2021.

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 percent 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 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 published on the company's website, as well as at <https://newsweb.oslobors.no> at the same time as it is sent to shareholders.

Nekkar is entitled to publish all information (including the Annual Report) in English only.

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 has discussed the matter, and intends to act in accordance with applicable regulations as well as the general principles of the stock market if such a situation should occur.

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 2021

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Consolidated statement of comprehensive income

For the year ended 31 December

Amounts in NOK 1000	Notes	2021	2020
CONTINUED OPERATIONS			
OPERATING REVENUE			
Project revenue	2	478 892	359 467
Other income		1 091	-
Total revenue		479 983	359 467
OPERATING EXPENSES			
Cost of goods sold		236 708	198 368
Personnel costs	4, 5	73 820	57 966
Losses on accounts receivable		108	13 041
Other operating expenses	4, 14	25 614	18 710
Depreciation of fixed assets	6, 7	5 665	2 746
Other losses / (gains)	16	3 965	-5 990
Total Operating Expenses		345 881	284 840
Operating profit / (loss)		134 103	74 626
FINANCIAL INCOME AND EXPENSES			
Financial income	18	5 696	2 357
Financial expense	18	7 265	5 267
Net Finance		-1 569	-2 909
Profit / (loss) before tax		132 534	71 717
Income tax expenses / (- income)	13	20 914	896
Profit/ (loss) from continued operations		111 621	70 821
DISCONTINUED OPERATIONS			
Profit / (loss) after tax for the period from discontinued operation	22	-	-103 718
Profit for the period		111 621	-32 897
Attributable to equity holders of the company		110 224	-34 726
Attributable to non-controlling interests	21	1 397	1 829
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency differences for foreign operations		-	-
Other comprehensive income for the period		-	-
Total comprehensive income for the period		111 621	-32 897
Attributable to equity holders of the company		110 224	-34 726
Attributable to non-controlling interests		1 397	1 829
Earnings per share (NOK)	12	1.04	-0.33
Diluted earnings per share (NOK)	12	1.04	-0.33
Earnings per share - Continued operations (NOK)	12	1.04	0.65
Diluted earnings per share - Continued operations (NOK)	12	1.04	0.65

Consolidated statement of financial position

For the year ended 31 December

Amounts in NOK 1000	Notes	2021	2020
ASSETS			
NON-CURRENT ASSETS			
Deferred tax assets	13	15 982	34 204
Goodwill	7	16 643	16 643
Other intangible assets	7	40 084	26 840
Property, plant and equipment	6	14 439	6 224
Right-of-use assets	6	5 804	6 076
Total non-current assets		92 952	89 987
CURRENT ASSETS			
Inventories	3, 10	3 474	5 412
Trade receivables	2, 9, 10	134 749	36 643
Other receivables	9, 10, 16	13 906	21 909
Accrued, non-invoiced production	2, 10	20 153	22 382
Derivative financial instruments	16	11 505	26 636
Bank deposits, cash in hand, etc.	10	174 501	355 114
Total current assets		358 288	468 097
Total assets		451 241	558 084

Consolidated statement of financial position

For the year ended 31 December

Amounts in NOK 1000	Notes	2021	2020
EQUITY AND LIABILITIES			
EQUITY			
Issued share capital	11	11 714	11 696
Treasury shares	11	-1	-1
Share premium	11	3 863	2 751
Other equity	11	281 376	171 152
Shareholders equity		296 952	185 598
Non-controlling interests	21	19 276	17 879
Total equity		316 228	203 477
NON-CURRENT LIABILITIES			
Deferred tax	13	526	599
Lease liabilities	6	4 234	4 550
Total non-current liabilities		4 761	5 149
CURRENT LIABILITIES			
Trade payables		20 682	24 616
Income tax payable	13	2 618	-
Social Security and Employee taxes		6 519	5 092
Prepayments from customers	2	29 456	187 469
Derivative financial instruments	16	3 971	4 278
Current lease liabilities	6	1 566	950
Other current liabilities	17, 22	65 439	127 053
Total current liabilities		130 253	349 458
Total liabilities		135 013	354 607
Total equity and liabilities		451 241	558 084

Kristiansand, 28 April 2022
Board of Directors, Nekkarr



Trym Skeie
Chairman




Gisle Rike
Director



Marit Solberg
Director



Ingunn Svegård
Director



Preben Liltved
Interim 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	11	78	-	2 751	-	2 829	-	2 829
Equity as of 31.12.2020		11 696	(1)	2 751	171 152	185 598	17 879	203 477
Equity as of 1.1.2021		11 696	(1)	2 751	171 152	185 598	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

Consolidated statement of cash flows

For the year ended 31 December

Amounts in NOK 1000	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Profit (loss) before tax		132 534	71 717
Adjustments for:			
Depreciation / impairment	6, 7	5 665	2 746
Interest expense	18	2 549	78
Interest income	18	-2 521	-1 509
Other Financial Items	18	1 541	4 341
Income tax paid	13	-	-245
Changes in:			
Inventories	3	1 938	-4 580
Trade receivables	9	-98 106	1 616
Trade payables		-3 934	10 611
Other receivables and other payables		-94 260	40 645
Net cash flow from operating activities		-54 595	125 421
CASH FLOW FROM INVESTMENT ACTIVITIES			
Acquisition of Subsidiary - net of Cash acquired		-	-
Acquisition and expenditures of fixed/intangible assets	6, 7	-26 253	-12 083
Cash distribution from divested companies		-	-
Disposal of discontinued operation	22	-98 337	-13 964
Proceeds from sale of investments	22	-	-
Net cash flow from investment activities		-124 590	-26 046
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issuance of share capital		1 130	2 829
Dividends paid		-	-
Disbursement on short-term/ long-term debt		-	-
Payment of lease liabilities		-991	-837
Interest received	18	2 521	1 509
Interest paid	18	-2 549	-78
Other Financial items	18	-1 541	-4 341
Net cash flow from financing activities		-1 429	-918
Net change in cash and cash equivalents		-180 614	98 457
Cash and cash equivalents at the start of the period		355 114	256 658
Cash and cash equivalents at the end of the period		174 501	355 114
Cash flow attributable to non-controlling interests		-590	-389

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 2021 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 and 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 2022 have not been applied in preparing these consolidated financial statements.

The consolidated financial statements of the group for the year ending 31 December 2021 were approved by the Board of Directors on 28 April 2022.

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 where 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

No changes in IFRS effective for the 2021 financial statements are relevant this financial year.

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 are 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.

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 doesn't recognize any initial ECL on trade receivables due to low historical losses. The group engages in further judgement for trade receivables not paid when due. The group doesn'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 and 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 the event that the hedge no longer fulfils 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 increases or decreases 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 depreciation expense of the right-of-use asset.

For 2021, the incremental borrowing rate is assessed to be 3,95 percent 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 2021, Nekkar has only defined contribution plans.

2.16 REVENUE RECOGNITION

IFRS 15 Revenue from contracts with customers was adopted on 1 January 2018. The standard replaced IAS 11 Construction contracts, IAS 18 Revenue and related interpretations.

IFRS 15 introduces a new five step model that applies to all customer contracts;

- 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. 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 of performance 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.	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).
	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.	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.
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.	Measure of progress is based on cost incurred relative to the total expected cost to satisfy the performance obligation.
	“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.	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.
	For after sales contracts, in which is sale of components etc, revenue are recognized upon delivery.	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 unavoidable costs which is the lower of the cost of fulfilling the contract or any compensation or penalties arising from the failure to fulfill it.

The cost of fulfilling a contract comprises the costs that related directly to the contract, e.g. direct labour and materials.

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.

2.24 DISCONTINUED BUSINESS

A discontinued business is a component of the group's business, the operations and cash flows of which can be clearly distinguished from rest of the group and which:

- represents a major and separate line of business or geographical area of operations
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view for sale.

Classification as a discontinued business occurs on disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier.

When a business is classified as a discontinued business, the comparative statement of comprehensive income is re-presented as if the business had been discontinued from the start of the comparative period.

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.

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 2021, 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.

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.

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

(NOK 1000)	Total	Not due	0-3 months overdue	3-6 months overdue	>6 months overdue
31.12.2021	134 749	85 982	42 099	4 031	2 637
31.12.2020	36 643	3 959	25 450	2 706	4 528

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.

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.

The above table is presented net of bad debt provisions. As per 31 December 2021, 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 16 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 2021, the group's credit facilities include a guarantee and derivatives facility of NOK 350 million with Nordea. As per 31 December 2021, the group had drawn NOK 224 million of the guarantee 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 and Syncrolift 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:

2021	< 6 months	6-12 months	1-5 years	> 5 years	Total
LONG-TERM FINANCIAL OBLIGATIONS:					
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	-	-	130 253

2020	< 6 months	6-12 months	1-5 years	> 5 years	Total
LONG-TERM FINANCIAL OBLIGATIONS:					
Interest-bearing non-current liabilities	-	-	-	-	-
CURRENT FINANCIAL OBLIGATIONS:					
First year's installments on non-current liabilities	-	-	-	-	-
FX-derivatives	4 278	-	-	-	4 278
Prepayments for customers	-	187 469	-	-	187 469
Accounts payable and other current liabilities	144 398	-	-	-	144 398
Total financial obligations	148 676	187 469	-	-	336 145

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 from 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 project implementation. This further includes operational and financial qualification of major sub-suppliers in order to reduce completion risk in the projects.

The group handles 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 is 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 2021 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 prepares reliable estimates for future costs for each project.
- Warranty liability: The group customarily offers a warranty period of one/ two 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 74 million (2020: NOK 205 million) of tax losses carried forward and recognized deferred tax assets as per 31 December 2021 is NOK 16 million (2020: NOK 34 million). Further details on taxes are disclosed in [Note 13](#).

c) 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 monitoring relevant available information on trends like shipyard utilization indicators, investment trends and oil prices.

Within Shipyard Solutions, the order backlog is strong at NOK 838 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 early phase 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.

Note 1 Operating segments

Amounts in NOK 1000

The segments structure in Nekar are as follows:

CONTINUED BUSINESS consist of

Shipyards Solutions:	<p>The Shipyards 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:</p> <ul style="list-style-type: none"> • 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:	<p>The Digital Solutions segment is the competence hub that serves both other business areas in Nekar 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. Intellilift AS was acquired 1 April 2019.</p>
Other/Eliminations	<p>This segment includes group functions in the parent company, the development projects within Aquaculture and Renewables and group eliminations. In the Aquaculture business area, Nekar is currently testing and developing game-changing technologies with high sustainability impact on aquaculture. Nekar'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 are able to collect a significant amount of biological waste. It is a solution that could reduce OPEX levels dramatically for the fish farming industry, while simultaneously improve fish health.</p> <p>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. Testing and design of the solution and down-scaled version is ongoing.</p> <p>In 2021, capitalized development costs related to the development of Starfish and SkyWalker amounted to NOK 6.7 million and NOK 8.7 million respectively. Due to the current size of these business areas, they are not yet qualified as an operating segment, hence presented as Other.</p>

	2021				2020			
	BU SYS	Digital	Other/ Elim	Total	BU SYS	Digital	Other/ Elim	Total
External revenue	468 437	10 398	1 148	479 983	342 889	14 964	1 614	359 467
Internal revenue	180	31 390	4 150	35 720	333	15 960	4 307	20 600
Total revenue	468 617	41 788	5 298	515 703	343 222	30 923	5 921	380 067
Intergroup eliminations	-180	-31 390	-4 150	-35 720	-333	-15 960	-4 307	-20 600
Consolidated revenue	468 437	10 398	1 148	479 983	342 889	14 964	1 614	359 467
Earnings before depreciation, finance and tax (EBITDA)	158 452	6 282	-24 966	139 768	88 239	5 023	-15 889	77 372
Depreciation/amortisation	2 083	1 543	2 039	5 665	968	498	1 281	2 746
Operating profit/loss	156 369	4 739	-27 005	134 103	87 271	4 525	-17 170	74 626
Financial income	486	-	5 210	5 696	937	89	1 331	2 357
Financial cost	3 147	8	4 110	7 265	4 456	20	790	5 267
Segment profit/loss before tax	153 709	4 731	-25 906	132 534	83 752	4 593	-16 629	71 717
Income tax expense	34 921	1 952	-15 959	20 914	18 949	964	-19 018	896
Profit after tax	118 788	2 779	-9 946	111 621	64 803	3 629	2 389	70 821
This year's capital expenditures	4 252	5 856	15 538	25 645	501	5 043	6 540	12 083

Information about geographical areas

The activity are primarily distributed in the following regions:

Revenue	2021	2020
South Asia	130 041	126 761
North East Asia	112 309	43 093
Europe	108 417	101 502
South East Asia	88 340	66 714
Africa	17 499	3 559
America	16 480	8 338
West Asia	5 806	9 311
Australia	-	188
Other	1 091	-
Total revenue	479 983	359 467

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 2021 Shipyards Solutions has four customers that each accounted for more than 10 percent of the segments revenue. These customers generated revenue of NOK 112 million, NOK 80 million, NOK 52 million and NOK 49 million respectively.

Note 2 Revenue

Amounts in NOK 1000

Revenue streams

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

	2021	2020
Revenue from construction contracts recognized over time	420 275	305 536
Revenue from construction contracts recognized point in time	4 321	3 485
Revenue from service contracts	43 856	33 868
Other operating revenue ¹	11 531	16 578
Total revenue	479 983	359 467

1) Other revenue of NOK 1.1 million in 2021 includes an arbitration case where Nekkar ASA has received a cash payment during the year.

Contract balances

	2021	2020
Trade receivable	134 749	36 643
Contract assets	20 153	22 382
Contract liabilities	29 456	187 469

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.

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:

	2021	2020
Contracted revenue projects and long-term service contracts	1 556 306	1 984 319
Accumulated Revenue recognized per 31 December	758 158	838 474
Aggregated amount of the transaction price allocated to unsatisfied performance obligation	798 148	1 145 845

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

	2021	2020
Spare parts	2 405	2 536
Work in progress ¹⁾	1 069	2 876
Obsolescence	-	-
Total inventories	3 474	5 412

1) Work in progress relates to projects qualifying for point in time revenue recognition

Note 4 Payroll expenses and employee information

Amounts in NOK 1000

Payroll expenses	2021	2020
Salaries	57 316	43 607
Employer's social security contribution	8 503	7 312
Pension cost	4 488	4 281
Other benefits	3 513	2 765
Total payroll expenses continued operations	73 820	57 966
Number of employees at the end of the year	62	54

Payroll expenses of NOK 16.7 million (NOK 7 million) has been capitalized as R&D in 2021 (Note 7).

Board remunerations ¹⁾	2021	2020
Trym Skeie Board member since 06.2008	500	455
Gisle Rike ²⁾ Board member since 06.2015	315	294
Ingunn Svegård Board member since 10.2019	315	196
Marit Solberg Board member since 10.2019	315	196
Total	1 445	1 141

1) The Annual General Meeting determines the remuneration to the Board and nomination committee from one General Meeting to the next. For the financial year 2021, the reported remuneration is related to the remuneration paid in 2021 based on the amounts determined by the Board at the Annual General Meeting for 2020.

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 is comprised of the following members: Anne Grethe Ellingsen (Chairman) and Leif Haukom. The nomination committee remuneration paid in 2021 was NOK 67 thousand for the chairman and NOK 40 thousand for the member, a total of NOK 107 thousand.

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 competitive 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 percent of base salary for the CEO and other executives. Bonus payment reported in 2021 is based on the evaluation of the relevant performance criteria for the fiscal year ending 31.12.2020. Bonus payments are based on individual employment contracts.

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 2021

Amounts in NOK 1000

Name	Position	Base salary	Other benefits	Bonus paid	Pension cost
Preben Liltved ¹⁾	Interim CEO - from 9.2020	2 760	-	-	-
Rolf-Atle Tomassen	EVP Shipyard Solutions	1 740	13	658	199
Mette Harv	EVP Aquaculture & Renewables	1 679	13	0	174
Kristoffer Lundeland ²⁾	CFO - Hire in from 4.2019	3 030	-	-	-

1) Hired in, salary equals amount invoiced from Eyde Mooring Solutions AS. Preben Liltved holds 19.7 percent of the shares in Eyde Mooring Solutions AS.

2) Hired in, salary equals amount invoiced from Ernst & Young AS

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

Remuneration of Auditor	2021	2020
Statutory audit	1 573	1 580
Other attestation services	0	31
Other non-audit service	271	571
Total	1 844	2 182

Note 5 Pensions

Amounts in NOK 1000

Norwegian companies within Nekar have established defined contribution plans for all employees.

See the [remuneration report](#) for further details.

Total pension cost	2021			2020		
	Insured	Uninsured	Total	Insured	Uninsured	Total
+ Defined contribution plan	4 488	-	4 488	4 281	-	4 281
= Total pension cost	4 488	-	4 488	4 281	-	4 281
- of which recognized as payroll cost	4 488	-	4 488	4 281	-	4 281
- 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 31.12.2020				
Acquisition cost 31.12.	7 276	30 897	-	38 173
Accumulated depreciation and impairments as of 31.12.	-1 200	-24 673	-	-25 873
Book value as of 31.12.2020	6 076	6 225	-	12 301
2021 Financial year				
Book value as of 1.1.	6 076	6 225	-	12 301
Additions	1 153	5 138	5 500	11 791
Disposals	-	-	-	-
Depreciation and impairments	-1 426	-1 735	-688	-3 848
Book value as of 31.12.2021	5 804	9 627	4 812	20 243
Useful life (years)	4	3-10	2	
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
Useful life (years)	4	3-10	2	
Undiscounted lease liabilities and maturity of cash outflows ¹⁾				
Lease payments 2022				1 597
Lease payments 2023-2024				3 194
Lease payments 2024 >				1 464
Total undiscounted lease liabilities at 31.12.2021				6 255

1) The lease liability does not include 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 3.95 percent is applied.

Nekar finalized the production of a down-scaled pilot version of Starfish at the end of Q3 2021. Total allocated production cost is NOK 5 550 thousand and it is depreciated over a period of 2 years. The down-scaled pilot will serve as a testing unit for new features and technology.

Lease expenses included in the profit and loss amounted to NOK 1.3 million and NOK 1.2 million in 2021 and 2020 respectively. The expensed leasing amount is related to short-term lease agreements and low value assets. No interests expenses are recognized in 2020 related to the lease agreements included in Right-of-use assets.

Note 7 Intangible assets

Amounts in NOK 1000

	Customer portfolio	Patents, licences etc	Digital Solutions	Development costs	Technology assets	Goodwill	Total
As of 31.12.2020							
Acquisition cost 31.12.	9 616	534	7 241	11 676	3 300	16 643	49 011
Acc. depreciation and amortization	-4 590	-358	-	-	-578	-	-5 526
Book value as of 31.12.2020	5 026	176	7 241	11 676	2 722	16 643	43 483
2021 Financial year							
Book value 1.1.	5 026	176	7 241	11 676	2 722	16 643	43 483
Additions ¹⁾	-	-	-	20 560	-	-	20 560
Acquisitions	-	-	-	-	-	-	-
Disposals ²⁾	-	-	-	-5 500	-	-	-5 500
Depreciation and amortization	-341	-53	-1 093	-	-330	-	-1 817
Book value as of 31.12.2021	4 685	123	6 148	26 736	2 392	16 643	56 726
Useful life (years)	20 years	5-10	5-7	5-10	10 years	Infinite	
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	56 726

1) Additions are presented net of public grants received, this amounts to NOK 7.5 million.

2) The down-scaled version of Starfish is presented as other fixed assests, NOK 5.5 million.

Development cost (R&D) includes capitalised development cost of MNOK 7 related to the closed fish cage solution Starfish, MNOK 9 to project Sky Walker and MNOK 5.5 regarding project Inteliwell in intellilift.

Total R&D expenditures in 2020 was MNOK 3.5. The amount is included in other operating expenses in the consolidated statement of comprehensive income.

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

Allocation of goodwill and impairment assessment

Recognized goodwill relates to the acquisition of Intellilift and amounts to MNOK 17 as of 31 December 2021. 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 2021.

Goodwill is tested for impairment by groups of cash generating units (CGU) and Intellilift is assessed as one CGU. As of 31 December 2021, the recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections from the 2022 budget and a total forecast period of 5 years. The pre-tax discount rate applied to the cash flow projections is 14.5% 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 2021. 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 recognized goodwill. However, management believes that only a significant change in the assumptions used will lead to an impairment.

CGU Digital Solutions	2021	2020
Goodwill	16 643	16 643
Other intangible assets	11 392	11 722
Total	28 035	28 365

Development costs

The Group performed its impairment assessment in December 2021. 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 2021.

Note 8 Subsidiaries and investments in other companies

The following subsidiaries are basis for the consolidated accounts 31.12.21:

Subsidiary of Nekkar ASA	Registered office	Acquisition year	Ownership	Voting share	Local currency	Share capital in local currency
Syncrolift AS	Vestby, Norway	1994	100%	100%	NOK	950 000
Nekkar AS	Kristiansand, Norway	2018	100%	100%	NOK	30 000

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

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

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

1) Represents Intellilift AS' share.

As per 31 December 2021 Nekkar do not hold any positions in other companies.

Note 9 Trade and other receivables

Amounts in NOK 1000

Trade receivables	2021	2020
Trade receivables	147 662	49 557
Loss provisions	-12 913	-12 913
Net trade receivables	134 749	36 643

Trade receivables (net) per currency:	2021	2020
EUR	43 974	20 893
USD	66 283	5 205
NOK	4 124	9 911
SGD	19 502	587
Other currencies	866	47
Total	134 749	36 643

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	2021	2020
VAT	5 905	314
Prepayments	1 275	2 750
Fair value of firm commitment, effective hedging contracts	-	4 278
Prolonging of effective hedge relationship	5 255	12 735
Other receivables	1 470	1 832
Other short-term receivables	13 906	21 909

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 facility with Nordea Norge ASA is established.

Nekkar has the following credit facilities through its facilitators:

	2021		2020	
	Limit	Drawn	Limit	Drawn
Guarantee limit for group (Nordea)	290 000	223 853	200 000	184 451

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.

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

Assets pledged as collateral for secured debt:	2021	2020
Account/Group receivables	153 326	64 091
Inventory/Work in progress, including non-invoiced production	23 604	25 927
Property, plant and equipment	14 196	6 000
Assets pledged as collateral *	191 126	96 018

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

Other assets pledged as security and guarantees:

As per 31 December 2021, NOK 10 million is held as a restricted deposit for derivatives exposure in DnB.

Note 11 Share capital and shareholder information

Amounts in NOK

Date	Number of shares	Nominal value	Share capital
31.12.2021	106 493 000	0.11	11 714 230
31.12.2020	106 327 129	0.11	11 695 984

In 2021 there was an increase in share capital of NOK 18 246 and an increase in share premium of NOK 1 111 754.

The capital increase was related to an share purchase program where 165 871 shares were issued.

Dividends paid and proposed:	2021	2020
Dividend declared and paid during the year: per share	0.00	0.00
Dividend proposed : per share	0.00	0.00
Repayment of issued equity: NOK per share	0.00	4.00

Treasury shares:	Number of shares	Share capital (NOK 1 000)
Treasury shares as of 31.12.2020	6 632	1
Purchase/(sale) of treasury shares 2020		-
Treasury shares as of 31.12.2020	6 632	1
Purchase/(sale) of treasury shares 2021	-	-
Treasury shares as of 31.12.2021	6 632	1

Principal shareholders of Nekar ASA as of 31.12.2021:	Number of shares	Ownership	Voting share ⁴⁾
Shareholder			
SKEIE TECHNOLOGY AS ^{1,3)}	26 568 237	24.9%	24.9%
RASMUSSENGRUPPEN AS	11 512 506	10.8%	10.8%
AVANZA BANK AB	7 377 132	6.9%	6.9%
TIGERSTADEN AS	6 500 000	6.1%	6.1%
MP PENSJON PK	5 698 803	5.4%	5.4%
SKEIE CAPITAL INVESTMENT AS ^{1,3)}	4 907 586	4.6%	4.6%
NORDNET BANK AB	3 490 317	3.3%	3.3%
VINTERSTUA AS	3 176 682	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	1 390 261	1.3%	1.3%
SKEIE KAPPA INVEST AS ³⁾	1 204 828	1.1%	1.1%
PIROL AS	1 000 000	0.9%	0.9%
GUTTIS AS	1 000 000	0.9%	0.9%
TIGERGUTT INVEST AS	1 000 000	0.9%	0.9%
J.P. MORGAN BANK LUXEMBOURG S.A.	927 602	0.9%	0.9%
BARCLAYS CAPITAL SEC. LTD FIRM	891 250	0.8%	0.8%
AVANT AS	700 000	0.7%	0.7%
CLEARSTREAM BANKING S.A.	630 410	0.6%	0.6%
SVENSKA HANDELSBANKEN AB	607 554	0.6%	0.6%
Total, 20 largest shareholders	81 565 672	76.6%	76.6%
own shares	6 632	0.0%	0.0%
Total other	24 920 696	23.4%	23.4%
Total	106 493 000	100.0%	100.0%

1) Shares owned or controlled by the Skeie family, and companies directly or indirectly controlled by them, holds 34 616 005 shares representing 32.5 percent 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 percent of total shares.

3) 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 percent of total shares.

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

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

	Shares		
	31.12.2021	31.12.2020	31.12.2019
Board			
Trym Skeie ¹⁾	1 632 939	1 482 939	1 377 958
Marit Solberg	73 479	73 479	-
Group Executives			
Preben Liltved	83 786	74 979	-
Rolf-Atle Tomassen	3 303	150 000	150 000
Mette Harv	198 765	189 958	80 000

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 percent of total shares .

27 May 2021, the Annual General Meeting adopted a resolution to give the Board general authority to issue a maximum of 10 632 713 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 2022. No shares have been issued on the basis of this authorization in 2021.

27 May 2021, the Annual General Meeting adopted a resolution to give the Board authority to issue a maximum of 2 808 089 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 2022. During 2021, 165 871 shares have been issued in relation to a share purchase program, hence the remaining share

issue authority as per 31 December 2021 is 2 642 218 shares. As per 31 December 2021, there are no share options in palce in the company.

During 1Q 2022, a total number of 287 334 shares have been issued to employees and Board members as part of the share purchase program.

27 May 2021, the Annual General Meeting adopted a resolution to give the Board authority to buy a maximum of 7 325 450 shares in Nekar 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 2022. No shares have been bought on the basis of this authorization as of 28 April 2022.

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.

	2021	2020
Net profit attributable to ordinary equity holders of the parent from continuing operations	110 097	68 993
Net profit attributable to ordinary equity holders of the parent from discontinued operations	-	-103 718
Net profit attributable to ordinary equity holders of the parent from total	110 097	-34 726
Weighted average of issued shares excluding own shares	106 327	105 679
Earnings per share - continuing operation (NOK per share)	1.04	0.65
Earnings per share - discontinued operation (NOK per share)	-	-0.98
Earnings per share - total (NOK per share)	1.04	-0.33

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.

	2021	2020
Profit used to calculate diluted earnings per share - continuing operation	110 097	68 993
Profit (loss) attributable to ordinary shareholders (diluted)	110 097	68 993
Profit used to calculate diluted earnings per share - discontinued operation	-	-103 718
Profit (loss) attributable to ordinary shareholders (diluted)	-	-103 718
Profit used to calculate diluted earnings per share - total	110 097	-34 726
Profit (loss) attributable to ordinary shareholders (diluted)	110 097	-34 726
Average of issued shares excluding own shares	106 327	105 679
Average number of ordinary shares for calculation of diluted earnings per share	106 327	105 679
Diluted earnings per share - continuing operation (NOK per share)	1,04	0,65
Diluted earnings per share - discontinued operation (NOK per share)	-	-0,98
Diluted earnings per share - total (NOK per share)	1,04	-0,33
Share structure	2021	2020
Issued number of shares	106 493 000	106 327 129
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 assets of NOK 16.0 million (NOK 34.2 million) have been recognized as per 31 December 2021.

Intellilift AS, which is held 51 percent 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 are 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 over income tax treatments

Income tax expense:	2021	2020
Payable tax on profit	2 618	-196
Payable withholding taxes, taxes outside Norway	-	0
Not allocated tax losses	-	-
Change in deferred tax ^{*)}	24 317	7 291
Changes in unrecognized deferred tax asset	-6 022	-6 199
Tax expense on continued operations	20 914	896

^{*)} Includes NOK -73 thousand related to deferred tax on excess values from the acquisition of Intellilift in 2019.

Reconciliation of the effective tax rate	2021	2020
Profit before tax	132 534	71 717
Expected income tax according to income tax rate in Norway (22%)	29 157	15 778
This year's losses, and change in prior year's losses, not recognised	-8 244	-14 882
Tax expense in the profit and loss statement	20 914	896

Payable tax including withholding taxes	-	-
Effective tax rate	15.8%	1.2%

Origin of tax expense:	2021	2020
Norway	20 914	896
Total tax expense	20 914	896

Tax payable in the balance sheet	2021	2020
Tax payable, (including withholding taxes)	-	-
Prepaid tax	-	-
Total tax payable in balance sheet at year end	-	-

Deferred tax assets:	2021	2020
Fixed assets	301	862
Current assets	2 841	2 841
Other temporary differences / provisions	3 851	-4 094
Tax losses to be carried forward	8 990	40 617
Gross deferred tax asset	15 982	40 226

- Unrecognized tax losses	-	-6 022
Net recognized deferred tax assets¹⁾	15 982	34 204

- Deferred tax assets to be recovered after 12 months	-	26 286
- Deferred tax assets to be recovered within 12 months	15 982	7 918
Net recognized deferred tax assets	15 982	34 204

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

	2021	2020
Premises and office expenses	2 104	1 684
IT costs	3 811	4 030
Marketing and travel expenses	4 866	3 162
Consultancy and external services	9 635	7 424
Other expenses	5 198	2 410
Total other operating expenses	25 614	18 710

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 2021. 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 2021, the Group has not recorded any impairment of receivables relating to the amounts owed by related parties (NOK 0 million). The CEO, Preben Liltved is hired from Eyde Mooring Solutions AS. Total expensed amount in 2021 from Eyde Mooring Solutions AS is NOK 3.0 million.

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 and options are included in Note 11.

Note 16 Derivatives

Amounts in NOK 1000

	2021			2020		
	Assets	Liabilities	Net market value	Assets	Liabilities	Net market value
Forward currency contracts - Market values						
Forward currency contracts - effective hedging contracts	1 014	-261	752	13 313	-4 278	9 035
Forward currency contracts - ineffective hedging contracts - included in other liabilities/assets ¹⁾	10 491	-3 710	6 781	13 324	-	13 324
Forward currency contracts - market value	11 505	-3 971	7 534	26 636	-4 278	22 358

	Total MTM values	Total MTM values
Maturity distribution of currency contracts and MTM:		
Within 3 months	9 585	6 692
> 3 months, < 6 months	-660	-239
> 6 months, < 9 months	12	961
> 9 months, < 12 months	-	2 346
> 12 months, < 24 months	-1 404	12 598
> 24 Months	-	-
Total	7 534	22 358

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

Nominal value currency contracts, original currency	2021		2020	
Amounts in CUR 1000	Sold	Bought	Sold	Bought
NOK	-	253 348	20 487	344 208
USD	20 937	-	30 700	1 993
EUR	4 194	-	5 383	-
SGD	2 842	-	-	-

Other balance sheets effects	2021	2020
FV of firm commitment, classified as other receivable	261	4 278
FV of firm commitment, classified as other short term debt	1 014	13 313
Capitalized cost relating to prolonging of effective hedge relationship, classified as other receivables	5 255	12 735

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 may have hedging contracts that no longer meet the criteria for hedge accounting as the underlying delivery contract has been cancelled. These are recognized at fair value in the financial statement.

Changes in fair value of a an effective fair value hedge is recognized in the financial statement. A corresponding change in fair value of the hedged object is also recognized, offsetting the gain/loss from fair value hedge.

The ineffective portion of the recognized hedge relationships is recognized in P&L together with the

changes in value of derivatives. In 2021, a loss of NOK 4 million is recognized in the consolidated statement of comprehensive income related to FX contracts not qualifying for hedge accounting. In 2020, this amounted to a gain of NOK 6 million.

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 Liabilities and accruals

Amounts in NOK 1000

	2021	2020
Accrual for unpaid wages and salaries	4 325	1 546
Accrued holiday pay	5 227	5 061
Provision settlement agreement	-	94 102
Provision for warranty	26 577	-
Deferred income	17 062	-
Other accrued expenses	12 247	26 344
Total other current liabilities	65 439	127 053

On 11 January 2021, a global settlement agreement in the arbitration between Nekkar ASA and MacGregor, a subsidiary of Cargotec Oyj, was reached. The settlement resulted in a net payment of NOK 94 million from Nekkar ASA to MacGregor. The payment includes final agreement regarding the calculation of the purchase price as well as full and final settlement and release from warranties and obligations under the asset sale agreement.

A warranty provision is recognized for expected claims on installations delivered during the year. In 2021, Shipyard Solutions delivered newbuilding projects with a combined contract value of more than MNOK 850, and total warranty provisions of MNOK 26.6 have been recognized as per 31 December 2021. The warranty provision includes an extraordinary provision of MNOK 10 related to one specific project.

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	2 522	1 509
Agio	-	848
Other financial income	3 175	-
Financial income	5 696	2 357
Interest expenses	2 550	116
Disagio	2 904	4 189
Other financial expenses	1 811	961
Financial expenses	7 265	5 267
Net finance	-1 569	-2 909

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
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

2020

Non current financial assets:

Shares available for sale	-	-	-	-
Other receivables	-	-	-	-

Financial current assets:

Trade receivables	-	-	36 643	36 643
Other current receivables	-	-	21 909	21 909
Acquired, non-invoiced production	-	-	22 382	22 382
Derivatives ¹⁾	13 324	13 313	-	26 637
Prepayment to suppliers	-	-	-	-
Cash and cash equivalents	-	-	355 114	355 114
Total financial assets	13 324	13 313	436 050	462 686

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
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	-	-	94 683	94 683
Total financial liabilities	3 710	261	124 139	128 110

2020

Non-current financial liabilities

Interest-bearing non-current debt	-	-	-	-
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Current financial liabilities

First year instalment of non-current debt	-	-	-	-
Interest-bearing current liabilities	-	-	-	-
Prepayments from customers	-	-	187 469	187 469
Derivatives ¹⁾	-	4 278	-	4 278
Accounts payable and other short-term liabilities	-	-	156 761	156 761
Total financial liabilities	-	4 278	344 230	348 508

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.

	2021				2020			
	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	-	13 313	-	13 313	-
Foreign exchange contracts - non-hedging	10 491	-	10 491	-	13 324	-	13 324	-
Liabilities measured at fair value								
Foreign exchange contracts - hedging	261	-	261	-	4 278	-	4 278	-
Foreign exchange contracts - non-hedging	3 710	-	3 710	-	-	-	-	-

Note 20 Business combination

Amounts in NOK 1000

Acquisition and divestments in 2021

There have been no acquisitions or divestments in 2021.

Acquisition and divestments in 2020

There have been no acquisitions or divestments in 2020.

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 include goodwill and technology assets arising from the PPA, totalt amount of NOK 19.4 million.

2021	Total	
Number presented on 100% basis	Intellilift AS	
Non current assets	33 172	33 172
Current assets, excluding cash	12 875	12 875
Cash and cash equivalents	4 964	4 964
Non current liabilities	-1 024	-1 024
Current liabilities	-10 649	-10 649
Net assets	39 338	39 338
Revenue	41 788	41 788
Profit after tax	2 851	2 851
Other comprehensive income (OCI)	-	-
Total comprehensive income	2 851	2 851
NCI percentage	49%	49%
Net assets attributable to NCI	19 276	19 276
Profit after tax allocated to NCI	1 397	1 397
OCI allocated to NCI	-	-
2020	Total	
Number presented on 100% basis	Intellilift AS	
Non current assets	28 645	28 645
Current assets, excluding cash	11 225	11 225
Cash and cash equivalents	6 168	6 168
Non current liabilities	-1 763	-1 763
Short term liabilities to financial institutions	-	-
Current liabilities	-7 788	-7 788
Net assets	36 487	36 487
Revenue	30 923	30 923
Profit after tax	3 732	3 732
Other comprehensive income (OCI)	-	-
Total comprehensive income	3 732	3 732
NCI percentage	49%	49%
Net assets attributable to NCI	17 879	17 879
Profit after tax allocated to NCI	1 829	1 829
OCI allocated to NCI	-	-

Note 22 Discontinued Business

MacGregor / Cargotec Transaction

On 11 January 2021, a global settlement agreement of the Cargotec / MacGregor arbitration was reached between Nekkars ASA and MacGregor. The settlement resulted in a total payment of NOK 94 million from Nekkars to MacGregor, which comprises of payment of disputed items and previously withheld amount. The payment includes final agreement regarding the calculation of the purchase price as well as full and final settlement and release from warranties and obligations under the asset sale agreement.

NOK 103.7 million is recognized as loss from disposal of subsidiaries in the profit and loss statement for 2020. The amount includes the global settlement of NOK 94 million in addition to transaction related expenses such as legal- and consultancy fees. Internal costs of NOK 3.7 million is included in the amount.

The accounting effect of settlement agreement was recognized in 2020.

Note 23 Contingent liabilities / Material disputes

Cargotec / MacGregor arbitration

A global settlement agreement was reached on 11 January 2021. Reference is made to [Note 22](#).

Regular claims

Regular claims can be 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. Nekkars is of the opinion that recognized provisions will cover regular claims arising as part of ordinary business. Reference is made to [Note 17](#).

Note 24 Subsequent events

Events regarding Nekkars are as follows:

On 26 January 2022, Nekkars ASA appointed Ole Falk Hansen as chief executive officer (CEO) of the company from 1 July 2022. Ole Falk Hansen will succeed interim CEO, Preben Liltved, who has served as CEO since October 2020. Preben Liltved will serve as interim CEO until 1 July 2022, and will thereafter continue in the role of EVP Operations of Nekkars ASA.

On 22 February 2022, Syncrolift AS was awarded a contract to upgrade a shiplift and transfer system at an Egyptian shipyard. The contract value was approximately USD 3.5 million and includes installation of a fluid bed transfer system which is a smart and cost-efficient way of expanding the number of different vessels types the shipyard can receive without having to make significant investments into new infrastructure.

On 24 February 2022, Russian forces invaded Ukraine and the attack is internationally considered an act of aggression.

The invasion has led to increased geopolitical risk and triggered Europe's largest refugee crisis since the World War II. In addition, both energy- and raw material prices have increased significantly as a consequence.

Nekkars has no business activity in either Russia, Ukraine or Belarus, however the company may be affected by increasing raw material prices and general uncertainty in the market.

Parent company financial statements

NEKKAR ASA PER 31 DECEMBER 2021

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Profit and loss

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2021	NGAAP 2020
OPERATING INCOME			
Operating income		1 148	1 614
Group service fee from subsidiaries	11	4 150	4 307
Total operating income		5 298	5 921
OPERATING COSTS			
Personnel cost	1, 2	14 135	14 108
Depreciation on tangible fixed assets	3	1 463	681
Other operating costs	1, 12	15 213	8 012
Total operating costs		30 811	22 801
Operating profit		-25 512	-16 880
FINANCIAL INCOME AND EXPENSES			
Income from investments in subsidiaries	11, 13	191 432	71 348
Interest income	13	2 831	1 355
Other financial income	13	3 815	475
Interest expenses		2 357	77
Other financial expenses	10, 13, 14	2 697	110 380
Net financial items		193 024	-37 279
Profit before tax		167 512	-54 159
Tax	9	25 528	-
Profit for the year		141 984	-54 159
Provision dividend		-	-
Transferred to other equity		141 984	-54 159

Balance sheet

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2021	NGAAP 2020
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS			
Deferred tax assets	9	8 472	34 000
Intangible assets	3	19 456	9 545
Total intangible assets		27 928	43 545
FIXED ASSETS			
Furniture, office and computer equipment	3	4 832	4 897
Other fixed assets	3	4 813	-
Total fixed assets		9 644	4 897
FINANCIAL FIXED ASSETS			
Shares in subsidiaries	4	165 233	125 233
Loans to companies in the Group	5, 11	17 631	16 835
Total financial fixed assets		182 865	142 068
Total non-current assets		220 436	190 510
CURRENT ASSETS			
CURRENT RECEIVABLES			
Trade receivables	5	20	165
Intra-group accounts receivable	5, 11	1 094	1 039
Other receivables	5	2 832	3 925
Other intra-group receivables	5, 11	191 432	71 348
Total current receivables		195 378	76 477
Bank deposits	8	132 839	307 178
Total current assets		328 217	383 655
Total assets		548 653	574 165

Balance sheet

For the year ended 31 December

Amounts in NOK 1000	Notes	NGAAP 2021	NGAAP 2020
EQUITY AND LIABILITIES			
EQUITY			
PAID UP EQUITY			
Share capital	7	11 714	11 696
Treasury shares	7	-1	-1
Share premium	7	3 863	2 751
Total paid up equity		15 576	14 446
RETAINED EARNINGS			
Other equity		325 554	183 570
Total retained earnings		325 554	183 570
Total equity		341 131	198 017
LIABILITIES			
OTHER NON-CURRENT LIABILITIES			
Liabilities to financial institutions		-	-
Total other non-current liabilities		-	-
CURRENT LIABILITIES			
Trade payables		2 226	6 034
Intra-group trade payables	11	505	375
Social security and employees' tax deduction		1 022	1 343
Income tax payable	9	-	-
Other intra-group liabilities	8, 11	197 784	262 823
Other current liabilities	10, 13, 14	5 985	105 573
Total current liabilities		207 524	376 149
Total liabilities		207 524	376 149
Total equity and liabilities		548 653	574 165

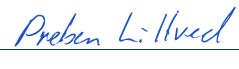
Kristiansand, 28 April 2022
Board of Directors, Nekkar ASA


Trym Skeie
Chairman of the board


Gisle Rike
Director


Marit Solberg
Director


Ingunn Svegården
Director


Preben Liltved
Interim 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	-	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	2 751	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

Cash flow

For the year ended 31 December

Amounts in NOK 1000	Notes	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		167 512	-54 159
Dividend from investments in subsidiaries		-191 432	-71 348
Depreciation		1 463	681
Gain(-)/Loss(+) from disposal of shares	14	-	-
Net interest income		-474	-1 278
Change in current receivables and current liabilities		-2 879	109 664
Net cash flow from operating activities		-25 810	-16 429
CASHFLOW FROM INVESTMENTS			
Disposal of shares in subsidiaries	14	-98 337	-14 034
Net contribution received from subsidiaries		70 160	13 122
Expenditures of tangible and intangible assets	3	-16 121	-6 664
Proceeds to and repayment from intra-group loans		-796	-802
Net cashflow from investments		-45 095	-8 378
CASHFLOW FROM FINANCING			
Proceeds from issuance of share capital	7	1 130	2 829
Net change overdraft facility / cash pool		-105 039	119 147
Disbursements of dividends		-	-
Net interest income		474	1 278
Net cashflow from financing		-103 435	123 254
EFFECTS OF EXCHANGE-RATE FLUCTUATIONS ON CASH AND CASH EQUIVALENTS			
Net change in cash and cash equivalents		-174 339	98 448
Cash and cash equivalents (opening balance)		307 178	208 729
Cash and cash equivalents (closing balance)		132 839	307 178

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 valued 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 are 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 percent 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	2021	2020
EUR	9.99	10.47
USD	8.82	8.57

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

Amounts in NOK 1000

Payroll expense:	2021	2020
Salaries	9 477	9 010
Employer's social security contribution	2 049	2 341
Pension costs	909	1 379
Other benefits	1 700	1 378
Total payroll expenses ¹⁾	14 135	14 108

1) Payroll expenses of NOK 7 million has been capitalized as R&D in 2021 (Note 3) and NOK 5 million in public grants related to expensed R&D is recognized as cost reduction.

Number of employees at the end of the year	14	13
---	-----------	-----------

Board remunerations ¹⁾	2021	2020
Trym Skeie Board member since 06.2008.	500	455
Gisle Rike ²⁾ Board member since 06.2015.	315	294
Ingunn Svegård Board member since 10.2019	315	196
Marit Solberg Board member since 10.2019	315	196
Total	1 445	1 141

1) "1) The Annual General Meeting determines the remuneration to the Board and nomination committee from one General Meeting to the next. For the financial year 2021, the reported remuneration is related to the remuneration paid in 2021 based on the amounts determined by the Board at the Annual General Meeting for 2020.

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 2021 was NOK 67 thousand for the chairman and NOK 40 thousand for the member, a total of NOK 107 thousand.

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 competitive 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 percent of base salary for the CEO and other executives. Bonus payments reported in 2021 is based on the evaluation of the relevant performance criteria for the fiscal year ending 31.12.2020. Bonus payments are based on individual employment contracts.

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

Reference is made to remuneration report for further details.

Remuneration and other benefits for the CEO and other Senior Executives

Name	Position	Base salary	Other benefits	Bonus paid	Pension cost
Preben Liltved ¹⁾	Interim CEO - from 9.2020	2 760	-	-	-
Rolf-Atle Tomassen	EVP Shipyard Solutions	1 740	13	658	199
Mette Harv	EVP Aquaculture & Renewables	1 679	13	0	174
Kristoffer Lundeland ²⁾	CFO - Hire in from 4.2019	3 030	-	-	-

1) Hired in, salary equals amount invoiced from Eyde Mooring Solutions AS. Preben Liltved holds 19,7 percent 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, car, group life insurance, phone, newspaper, etc.
Bonus paid	Bonus paid in current year

Auditors' fees (excl. VAT)	2021	2020
Statutory audit	1 158	1 285
Other attestation services	-	31
Other assistance	180	511
Total	1 338	1 827

Note 2 Pensions

Amounts in NOK 1000

Norwegian companies within Nekkar have established defined contribution planes for all employees.

See the [remuneration report](#) for further details.

Net pension costs from defined contribution plan	2021	2020
Service cost	909	1 379
+ Payroll tax of net pension cost	128	194
= Net periodic pension cost	1 038	1 573

Note 3 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 31.12.2019	3 257	5 201	-	8 458

As of 31.12.2020

Acquisition cost 31.12.	9 545	23 307	-	32 852
Accumulated depreciation as of 31.12.	-	-18 411	-	-18 411
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	-	14 441
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	29 100

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

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, NOK 19 456 thousand, includes development expenses incurred in connection with the development of a closed cage for fish farming, Starfish, and the disruptive wind turbine installation tool, SkyWalker. Government grants of NOK 7 460 thousand was received in 2021 and the additions is presented net of grants received.

Total R&D expenditures in 2021 was NOK 1.4 million. 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 is NOK 5 550 thousand and it is depreciated over a period of 2 years. The down-scaled pilot will serve as a testing unit for new features and technology.

Impairment assessment:

The company performed its impairment assessment in December 2021. 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 2021.

Operating lease agreements:

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

Total lease payment in 2021 is NOK 407 thousand.

Note 4 Subsidiaries and joint ventures

Amounts in NOK 1000

Nekkar ASA

Investments in subsidiaries valued at cost:

Subsidiary	Registered office	Acqui-sition date	Owner-ship	Voting share	Cur-rency	Share capital	Number of shares	Equity 31.12.2021	Net Result 2021	Cost	Net book value 2021	Net book value 2020
Syncrolift AS	Vestby, Norway	1994	100%	100%	NOK	950 000	95 000	127 201	123 810	165 203	165 203	125 203
Nekkar AS	Kristiansand, Norway	2018	100%	100%	NOK	30 000	30 000	-2 325	-796	30	30	30
Total								124 876	123 014	165 233	165 233	125 233

At year end 2021, Nekkar ASA received a gross group contribution of NOK 191.4 million from Syncrolift AS which is recognized as income from investments in subsidiaries in the profit and loss statement. In additon, Nekkar ASA has issued a group contribution of NOK 40 million to Syncrolift AS which is recognized as an increase in investments in subsidiaries.

Note 5 Trade and other receivables

Amounts in NOK 1000

	2021	2020
Trade receivables	20	165
Intra-group accounts receivables	1 094	1 039
Group contribution	191 432	71 348
Other receivables, including prepayments	2 832	3 925
Short-term receivables	195 378	76 477
Receivables maturing at over one year:		
Other receivables	-	-
Loans to subsidiaries ¹⁾	17 631	16 835
Total	17 631	16 835

1) Intercompany loan to Nekkar AS.

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

Note 6 Assets pledged as security and guarantees

Amounts in NOK 1000

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

Nekkar has the following credit facilities through its facilitators:

	2021		2020	
	Limit	Drawn	Limit	Drawn
Guarantee limit for group (Nordea)	290 000	223 853	200 000	184 451

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.

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

Assets pledged as collateral for secured debt - Group values:	2021	2020
Account/Group receivables	153 326	64 091
Inventory/Work in progress, including non-invoiced production	3 474	25 927
Property, plant and equipment	14 196	6 000
Assets pledged as collateral*	170 996	96 018

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

Note 7 Share capital and shareholder information

Amounts in NOK 1000

Date	Number of shares	Nominal value	Share capital
31.12.21	106 493 000	0.11	11 714 230
31.12.20	106 327 129	0.11	11 695 984

In 2021 there was an increase in share capital of NOK 18 246 and an increase in share premium of NOK 1 111 754.

The capital increase was related to an share purchase program where 165 871 shares were issued.

Dividends paid and proposed:	2021	2020
Dividend declared and paid during the year: per share	0.00	0.00
Dividend proposed: per share	0.00	0.00
Repayment of issued equity: NOK per share	0.00	4.00

Treasury shares:	Number of shares	Share capital
Treasury shares as of 31.12.2020	6 632	1
Sale of treasury shares 2020		-
Treasury shares as of 31.12.2020	6 632	1
Purchase/(sale) of treasury shares 2021	-	-
Treasury shares as of 31.12.2021	6 632	1

Principal shareholders of Nekar ASA as of 31.12.2021:

Shareholder	Number of shares	Ownership	Voting share ⁴⁾
SKEIE TECHNOLOGY AS ^{1,3)}	26 568 237	24.9%	24.9%
RASMUSSENGRUPPEN AS	11 512 506	10.8%	10.8%
AVANZA BANK AB	7 377 132	6.9%	6.9%
TIGERSTADEN AS	6 500 000	6.1%	6.1%
MP PENSJON PK	5 698 803	5.4%	5.4%
SKEIE CAPITAL INVESTMENT AS ^{1,3)}	4 907 586	4.6%	4.6%
NORDNET BANK AB	3 490 317	3.3%	3.3%
VINTERSTUA AS	3 176 682	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	1 390 261	1.3%	1.3%
SKEIE KAPPA INVEST AS ³⁾	1 204 828	1.1%	1.1%
PIROL AS	1 000 000	0.9%	0.9%
GUTTIS AS	1 000 000	0.9%	0.9%
TIGERGUTT INVEST AS	1 000 000	0.9%	0.9%
J.P. MORGAN BANK LUXEMBOURG S.A.	927 602	0.9%	0.9%
BARCLAYS CAPITAL SEC. LTD FIRM	891 250	0.8%	0.8%
AVANT AS	700 000	0.7%	0.7%
CLEARSTREAM BANKING S.A.	630 410	0.6%	0.6%
SVENSKA HANDELSBANKEN AB	607 554	0.6%	0.6%
Total, 20 largest shareholders	81 565 672	76.6%	76.6%
own shares	6 632	0.0%	0.0%
Total other	24 920 696	23.4%	23.4%
Total	106 493 000	100.0%	100.0%

1) Shares owned or controlled by the Skeie family, and companies directly or indirectly controlled by them, holds 34 616 005 shares representing 32.5 percent 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 percent of total shares.

3) 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 percent of total shares.

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

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

	Shares		
	31.12.2021	31.12.2020	31.12.2019
Board members			
Trym Skeie ¹⁾	1 632 939	1 482 939	1 377 958
Marit Solberg	73 479	73 479	-
Group Executives			
Preben Liltved	83 786	74 979	-
Rolf-Atle Tomassen	3 303	150 000	150 000
Mette Harv	198 765	189 958	80 000

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 percent of total shares.

27 May 2021, the Annual General Meeting adopted a resolution to give the Board general authority to issue a maximum of 10 632 713 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 2022. No shares have been issued on the basis of this authorization in 2021.

27 May 2021, the Annual General Meeting adopted a resolution to give the Board authority to issue a maximum of 2 808 089 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 2022. During 2021,

165 871 shares have been issued in relation to a share purchase program, hence the remaining share issue authority as per 31 December 2021 is 2 642 218 shares. As per 31 December 2021, there are no share options in palce in the company.

27 May 2021, the Annual General Meeting adopted a resolution to give the Board authority to buy a maximum of 7 325 450 shares in Nekar 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 2022. No shares have been bought on the basis of this authorization as of 28 April 2022.

Note 8 Cash and cash equivalents

Amounts in NOK 1000

	2021	2020
Bank deposits / (withdrawal), cash etc. as per 31.12.	-24 945	44 354
Deposits (+)/withdrawals (-) from cash pool account system as at 31.12.	157 784	262 823
Total cash and cash equivalents	132 839	307 177

Restricted bank deposits per 31 December 2021 were NOK 1 500 thousand and is related to employee's tax withholding.

Note 9 Tax

Amounts in NOK 1000

Change in deferred tax assets and deferred tax liabilities:

	1.1.2020	Changes 2020	31.12.20	Changes 2021	31.12.2021
Deferred tax					
Fixed assets	-1 192	769	-424	478	54
Pension fund / liabilities	-	-	-	-	-
Credit deduction carried forward	-	-	-	-	-
Allowance carried forward	-	-	-	-	-
Convertible debt	-	-	-	-	-
Tax loss carry forward	-48 950	8 015	-40 935	32 463	-8 472
Gross deferred tax (assets = - / liabilities = +)	-50 142	8 784	-41 358	32 941	-8 417
Unrecognized deferred tax assets related tax losses	14 950	-8 015	6 935	-6 935	-
Unrecognized deferred tax assets related to other temp. differences	1 192	-769	423	-478	-55
Net deferred tax reported (assets = - / liabilities = +)	-34 000	-0	-34 000	25 528	-8 472

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 and Nekkar AS represent a Norwegian Taxable group as the ownership is more than 90 percent. Based on expected taxable profit in the taxation group for the forthcoming five-year period, tax assets of NOK 8.5 million have been recognized as per 31 December 2021.

Breakdown of differences between profit before tax as per the accounts and tax basis for year:	2021	2020
Result before tax	167 512	-54 159
Permanent differences	29	105 483
Change to temporary profit/loss differences	-3 025	-769
Reversed group contribution from subsidiaries	-191 432	-71 348
Tax basis for the year before group contribution	-26 915	-20 793

Breakdown of tax costs:	2020	2019
Tax payable	-	-
Withholding tax from activities outside Norway	-	-
Effect of group contribution on deferred tax	42 115	15 697
Effect of tax on issue costs netted directly with deferred tax assets	-	-
Not allocated deferred tax related to tax losses	-	-769
Unrecognized change in other temp.differences	-478	-
Changes to deferred tax assets	-16 109	-14 928
Tax cost	25 528	-

Note 10 Other current liabilities

Amounts in NOK 1000

	2021	2020
Provision for unpaid wages and salaries	200	163
Provision for holiday pay	1 108	1 410
Provision for settlement of the Cargotec / MacGregor arbitration	-	94 102
Other accrued expenses	4 677	9 899
Total other current liabilities	5 985	105 573

Note 11 Related parties

Amounts in NOK 1000

Subsidiaries (Note 4), members of the Board (Note 1) 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.

	2021	2020
SALES, ROYALTIES, SALES FEES, GROUP FEE:		
Subsidiaries	4 150	4 307
COST OF SALES:		
Subsidiaries	-	-
BALANCE SHEET ITEMS RELATED TO PURCHASE AND SALE OF GOODS AND SERVICES:		
Receivables		
Loans to group companies	17 631	16 835
Accounts receivables	1 094	1 039
Other short term receivables ¹⁾	191 432	71 348
Current liabilities		
Accounts payable to subsidiaries	505	375
Other short term payables to subsidiaries ²⁾	197 784	262 823

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 (NOK 157.8 million) in addition to group contribution from Nekkar ASA of NOK 40.0 million.

The CEO, Preben Liltved, is hired in from Eyde Mooring Solutions AS where he is chairman and shareholder. During 2021, total transacions with Eyde Mooring Solutions AS amounted to NOK 3.0 million.

Chaiman of the Board, Trym Skeie, is also chariman and shareholder in Stimline AS. Nekkar ASA has acquired services from Stimline AS of NOK 0.6 million during 2021.

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 7](#).

Note 12 Other operating costs

Amounts in NOK 1000

	2021	2020
Cost of premises	433	466
IT costs	2 407	2 761
Marketing, travel	468	79
Consultancy, hire-ins and external services	6 421	3 989
Other expenses	5 484	717
Total other operating costs	15 213	8 012

Note 13 Financial items and exchange rate gains/losses

Amounts in NOK 1000

	2021	2020
Group contribution from subsidiaries	191 432	71 348
Gain/loss(-) from sale of subsidiaries / shares in financial investments	-	-106 688
Interest income from companies in same group	796	802
Other financial income	5 210	553
Interest paid to financial institutions	-2 357	-
Other financial costs	-1 748	-3 768
Net exchange rate gains (losses)	-308	475
Net financial items	193 024	-37 279

Exchange rate gains/losses:

Currency differences booked to income and costs in the profit and loss account are as follows:	2021	2020
Currency exchange income	640	1 042
Currency exchange costs	-949	-567
Total	-308	475

Note 14 Gain-/loss calculation disposal of shares

MacGregor / Cargotec Transaction

“On 11 January 2021, a global settlement agreement of the Cargotec / MacGregor arbitration was reached between Nekkar ASA and MacGregor. The settlement resulted in a total payment of NOK 94 million from Nekkar to MacGregor, which comprises of payment of disputed items and previously withheld amount. The payment includes final agreement regarding the calculation of the purchase price as well as full and final settlement and release from warranties and obligations under the asset sale agreement.

The accounting effect of settlement agreement was recognized in 2020.

Note 15 Subsequent events

Subsequent events regarding Nekkar ASA are listed in [Note 24](#) 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 2021, the income statement 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 balance sheet as at 31 December 2021, the income statement, statement of changes in equity and 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 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 13 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

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Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

Offices in:
Oslo Elverum Mo i Rana Stord
Alta Finnsnes Molde Straume
Arendal Hamar Skien Tromsø
Bergen Haugeund Sandnessjøen Trondheim
Bodo Krasvik Sandnessjøen Tynset
Drammen Kristiansand Stavanger Alesund



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
<p>The majority of the Group's revenues and profits derive from long-term construction and service contracts.</p> <p>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.</p> <p>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 criteria 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.</p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none">liquidated damages; andexpected cost to completion. <p>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.</p>	<p>Our audit procedures relating to significant long-term construction contracts, performed by the group team included:</p> <ul style="list-style-type: none">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 skepticism and critically assessed the accounting estimates and judgments against the requirements of IFRS 15Evaluating 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.



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



Independent Auditor's Report - Nekkar ASA

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 5967007LIEEXZXIFE872-2021-12-31-en.zip 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



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, 28 April 2022
KPMG AS

Knut Olav Karlsen
State Authorised Public Accountant

Disruptive technologies, sustainable results

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

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Disruptive technologies, sustainable results

Environmental, social and governance (ESG) issues are of increasing concern. In 2021, this became ever more evident with the ongoing pandemic and the imminent climate crisis. The COP26 meeting in Glasgow, as well as the introduction of new regulations such as the EU Taxonomy and the Transparency Act, have further helped push sustainability to the top of the agenda in many companies – including Nekkars. For organisations like ours, working systematically with sustainability and sustainability reporting has become a must if we are to be taken seriously – not just by the investor community, but by society at large. This is a development we welcome.

At Nekkars, we have chosen a business strategy where ESG and corporate performance are intertwined. In addition, we are taking a proactive approach to manage ESG risks and opportunities. Being a sustainable company means that we are never satisfied with the status quo, but continuously improving. That is why we started developing sustainability reports three years ago, mapping our direct and indirect impact, areas of improvement and the road ahead.

In 2021, we took this work one step further. First, Nekkars started climate accounting on our direct and indirect emissions. Last year, we only included numbers for electricity use, and this year we have also gathered data relating to fuel, business travel and purchased goods and services. Although we will continue to strengthen our climate reporting in the years to come, we see this as a first important step towards cutting our emissions and setting bold climate targets for our company.

Secondly, Nekkars organised another ESG Day in 2021 for all employees, where our sustainability work was in focus. This was previously referred to as Green Day, but this year we chose to rename the event to underline that being sustainable is about more than caring for the environment: It also entails good corporate governance and taking social responsibility, both within our own organisation and when working with suppliers and business partners around the world.

Finally, we have also conducted systematic stakeholder dialogue and a materiality assessment, following the GRI Standards' management approach for sustainability reporting. In the materiality assessment, we revised our previously defined sustainability topics, namely health and safety, ethics and anti-corruption, and the environment. We have also included working environment, specifically gender equality and diversity, as a new priority area from 2021. Our people are our most important assets and making sure that everyone have the ability to thrive and succeed are among our most important goals.



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

Preben Liltved, CEO

A new, sustainable direction

In 2020, Nekkars identified a new strategic direction: 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. Throughout 2021, all four business areas in Nekkars have demonstrated their ability to implement a business strategy where sustainability and profitability are intrinsically intertwined:

- **Aquaculture:** Progressed with extensive testing of the down scaled Starfish (1:2,5). 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 ocean-based pens face.
- **Renewables:** Continued the development of the SkyWalker wind turbine installation tool, including completion of a scaled down 1:20 model. SkyWalker is a disruptive installation tool that could significantly reduce the cost, CO₂ emissions and footprint on nature that are associated with wind turbine installations.

- **Shipyard Solutions:** Continued the development of Syncrolift's digital platform, which will enable more cost-efficient operations of shiplifts and transfer systems, while at the same time reducing their environmental footprint. Skarvik shiplift delivered with waste water collection system to avoid waste to seawater.
- **Digital Solutions:** Entered a joint venture with Transocean to develop a disruptive rig automation solution that allows operators to reduce drilling costs and emission levels through more reliable and faster drilling operations.

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

To find out more about how Nekkars utilises ESG as topic to generate long-term value creation for society and shareholders, please check out the following pages of this report.

Preben Liltved
CEO of Nekkars

About this report

This is Nekar ASA's (Nekar) sustainability report for the reporting period 1 January to 31 December 2021.

The last sustainability report was published in March 2021 and can be found on Nekar's website.

For information about this report and its content, please contact Nekar's CEO, Preben Liltved: preben.liltved@nekkar.com.

This report is prepared in accordance with the Global Reporting Initiative's (GRI) framework, Core Option. The report is also inspired by the Oslo Stock Exchange (OSE) Euronext guidelines for sustainability reporting.

The report has been reviewed and approved by Nekar's Board of Directors. It has not been audited by a third party.



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 2021

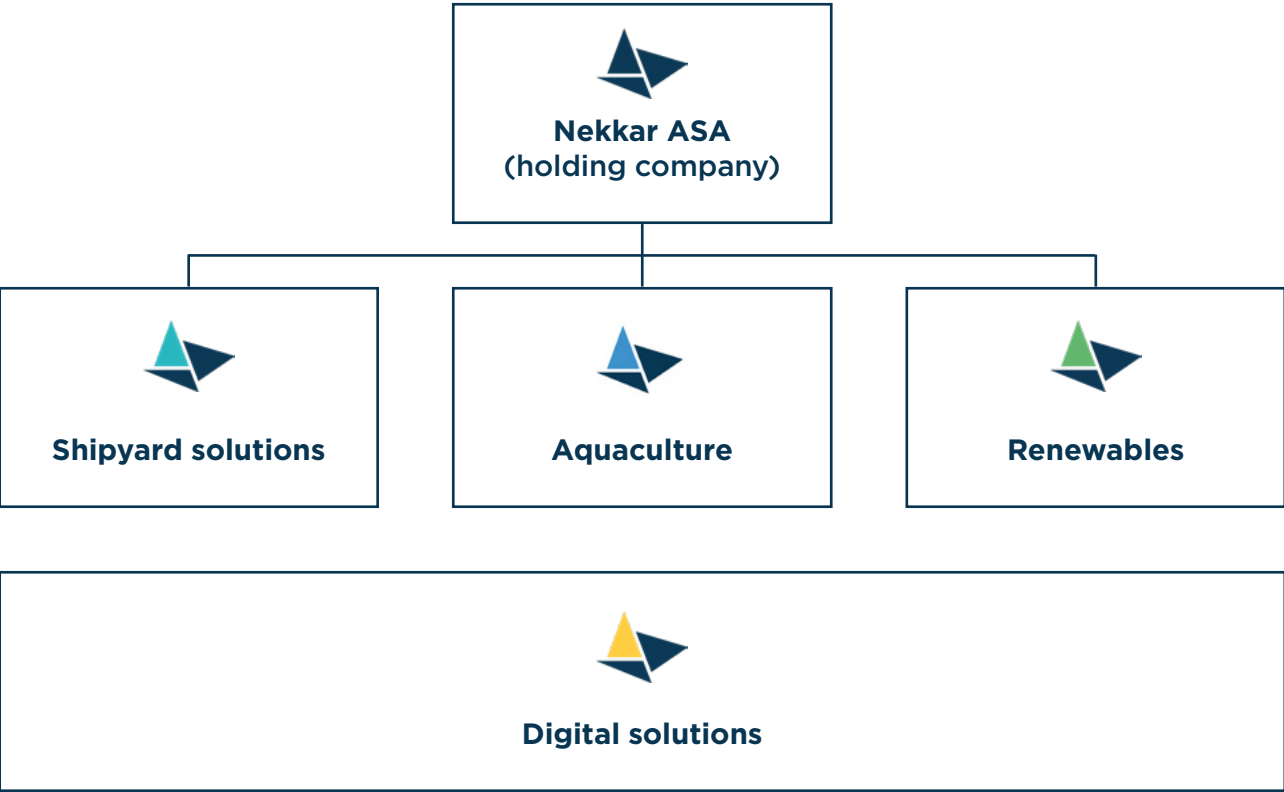


The company’s operations are divided into three business areas – Shipyard Solutions (Syncrolift), Aquaculture and Renewables – that are all supported by Nekkar’s Digital Solutions business unit which applies its unique competence within electrification, automation and digitalisation across the entire 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 recognized “Drilling Bay” in Kristiansand, Norway. Our highly competent employees have a long track record of innovation and product development.

Nekkar is an ASA company listed on the Oslo Stock Exchange (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 a sales and service representative in Dubai.

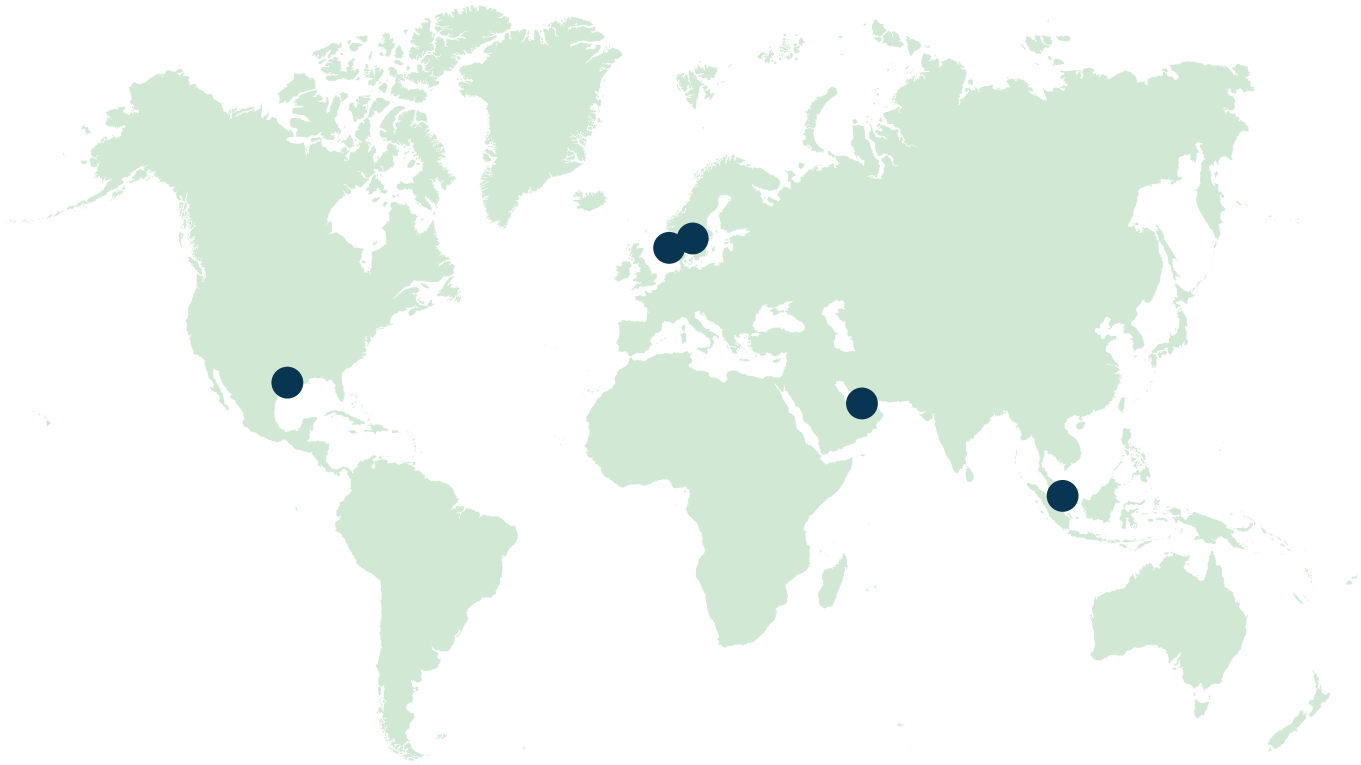
At the end of 2021, Nekkar had 62 permanent employees and 10 temporarily hired employee (project-based).



Employees by location

Location	Employees 2020	Employees 2021	Percentage increase
Kristiansand (Aquaculture, Renewables and Digital)	23	28	21.7%
Vestby (Shipyard Solutions)	35	39	25.9%
Singapore (Shipyard Solutions subsidiary)	3	3	0%
US (Shipyard Solutions subsidiary)	1	1	0%
Dubai (Shipyard Solutions)	1	1	0%

Includes full-time, part-time and temporarily hired employees



Corporate governance and sustainability approach

For Nekkar, adhering to good corporate governance standards is a 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, including the Norwegian Code of Practice for Corporate Governance (NUES). Nekkar is also 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. The company and its employees should at all times operate in an ethical and lawful manner.

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 of Directors (“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. The sustainability report has also been reviewed and approved by the Board. Corporate Executive Management bears the ultimate responsibility for the company’s strategy, development, and day-to- day work.

Nekkar’s main governing document is the company’s Code of Conduct, in addition to the Code of Conduct for Business Partners and the company’s Articles of Association.

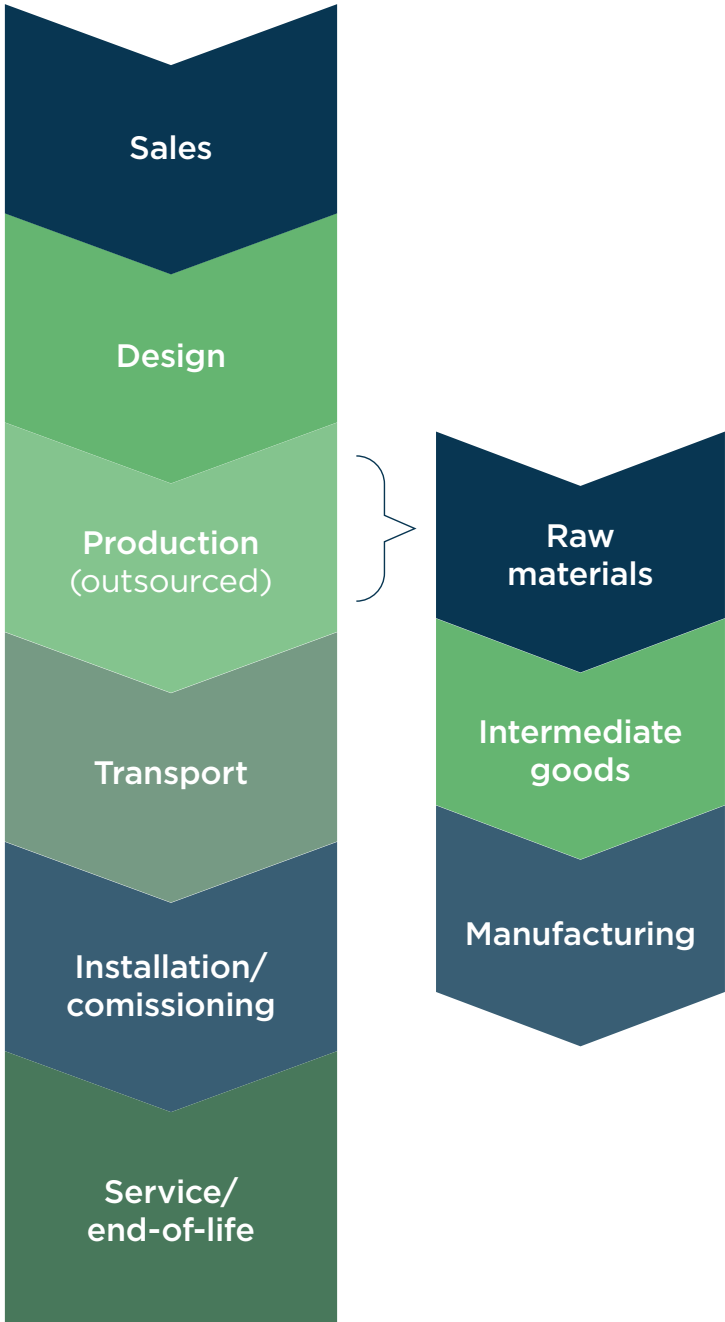


“It’s all about our responsibility to make the world liveable and sustainable for the next generation.”

Trym Skeie, Board Member

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.



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 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. Nekkar is currently developing the ‘Starfish’ cage, which aims to improve the sustainability of fish farming by improving fish welfare and eliminating sea lice and waste problems normally associated with fish farming. 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 laws and regulations, act in an ethical, sustainable and socially responsible manner and otherwise practice good corporate governance.

ESG Day 2021

On 25 November 2021, Nekkar arranged an ‘ESG Day’ – aiming to increase employees’ awareness of Environmental, Social and Governance topics.

The ESG Day was previously named Green Day, but the company decided to change this in order to include social and governance topics as well.

During the ESG Day 2021, the executive leadership group gave an introduction to ESG in general and Nekkar’s ESG work and guidelines specifically. This included a review of the company’s Code of Conduct and how this applies to employees, an introduction to ESG software tools, a reminder of Nekkar’s ESG goals for 2021 as well as suggested KPI’s for 2022. Ideas discussed at last year’s Green Day were also brought up, in addition to product improvement.

The next ESG Day will be arranged in the first half of 2022, and the main focus will be on social topics.

“Our company strives to improve our ESG efforts every day, and to make this happen, we need to have all employees on board. During this years’ ESG Day, employees were presented with our ESG strategy and participated in discussions on how we as a company can improve. I am already looking forward to the next ESG Day in 2022, where we can demonstrate our results.”

Inger-Marie Harvei, HSEQ Manager





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

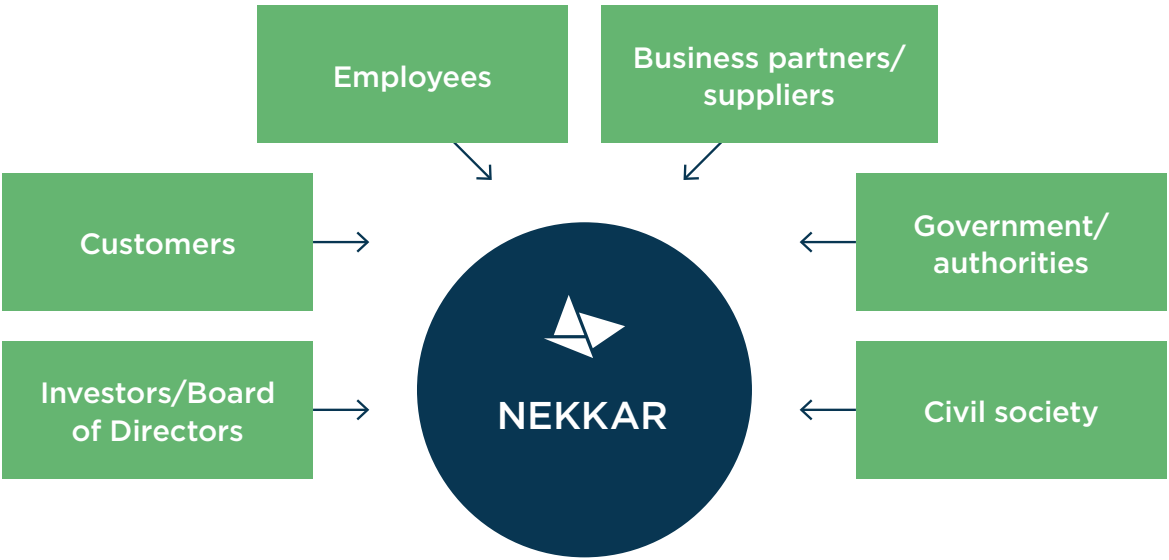
Suppliers are important stakeholders for Nekkar and are directly affected economically by the company. Also, suppliers’ responsibility is indirectly affected by Nekkar’s focus on responsible business practices as well as the expectations placed on them by the company.

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

Nekkar aims to have an ongoing dialogue with key stakeholder groups. A good dialogue strengthens the company’s relationship with the society in which it operates and its immediate surroundings. Good stakeholder dialogue also ensures a strategic approach to ESG 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/BoD 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 has 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 on the following page.

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 business controller (the management group) in January 2022.

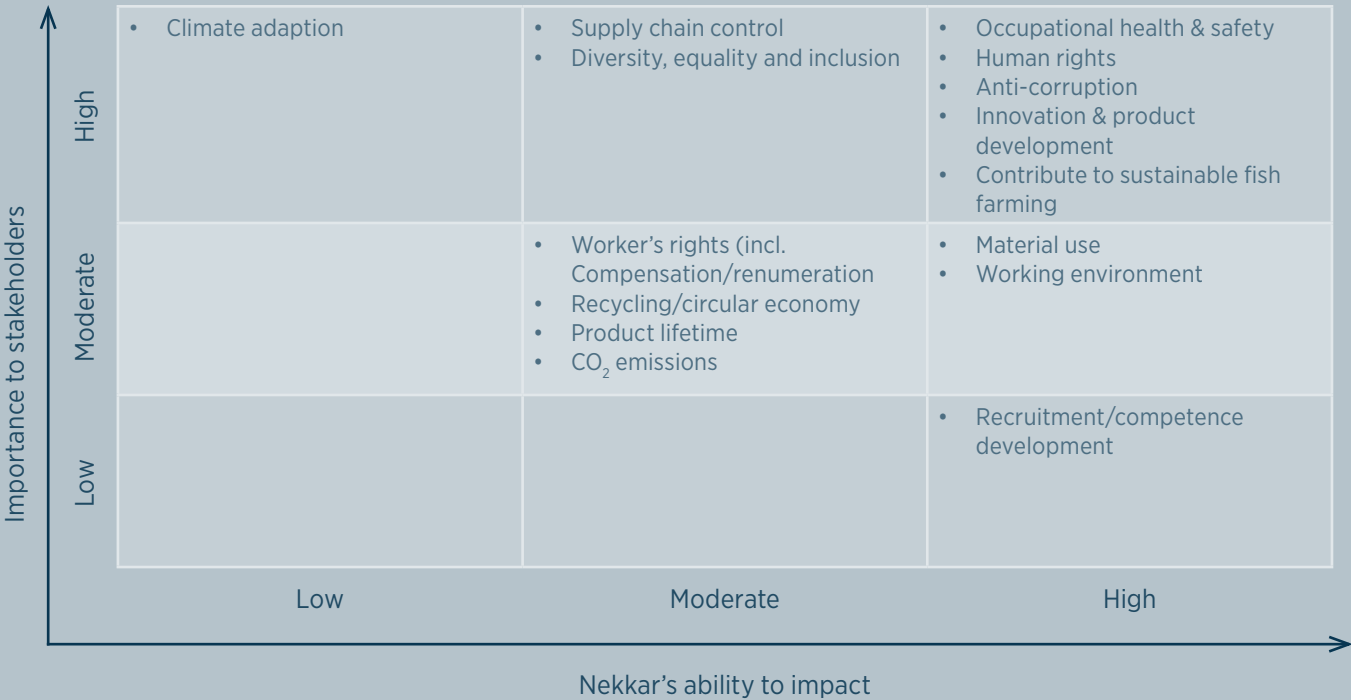


Stakeholder group	Topics mentioned	Arena for dialogue
Investors/BoD	<ul style="list-style-type: none">• Product innovation and development• Environment and climate• Regulations	<ul style="list-style-type: none">• ESG report• Direct communications (emails/meetings)• BoD meetings• Social media
Customers	<ul style="list-style-type: none">• Product innovation and development• Climate and the environment• Health and safety (HSE)• Inclusion• Material use• Biodiversity• Supply chain management	<ul style="list-style-type: none">• Direct communication (emails/meetings)• Website
Employees	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Employee surveys• Annual report• ESG report• ESG Day (previously Green Day)• All hands meeting• Meetings
Business partners/suppliers	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Annual report• ESG report• Newsletters• Website
Governments/authorities	<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Desktop research

Defining Nekkar’s material topics

Nekkar conducted a materiality assessment in January 2022. The materiality assessment was based on interviews and dialogues with employees, business partners and suppliers, customers, authorities and investors and owners, and a summary can be found in the below materiality matrix:

Materiality matrix



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)

Reporting themes and topics

In the next chapters, each of the suggested overarching sustainability topics and their relevance to Nekkar are discussed in detail. This chapter includes reporting according to GRI 401 Employment, GRI 403 Occupational Health and Safety, GRI 405 Diversity and Equal Opportunity, and GRI 205 Anti-Corruption.



“Keeping a close dialogue with key stakeholder groups as well as mapping out material topics are important for Nekkar. By doing this, we get a better understanding of our company’s direct and indirect impact, and can implement sustainability measures where needed.”

Anne-Line Agedal, Business Controller and ESG responsible

Working environment

Employees are a key stakeholder group being directly affected by and having a high impact on Nekkar’s operations and business activities. Attracting, developing, motivating and retaining highly competent people is vital to the company’s future business success.

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. The Employee Handbook has been under revision in 2021 and the new version will be communicated to all employees in the first half of 2022.

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. In August 2021, Nekkar conducted an employee survey which goal was to map out the working environment and areas of improvement. Out of 54 employees, 44 completed the survey (81.4 percent). A goal for 2022 is to increase the response rate to at least 85 percent.

In the 2021 survey, employees were asked to rank 28 different statements relating to the working environment (both physical and social) on a scale

81%

Response rate

77%

Motivation indicator

from 1 (lowest) to 10 (highest). The results show that the motivation indicator among employees is at 77 percent 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 (9.0 on average) was “I feel respected, appreciated and fairly treated at work”. Employees were also satisfied with the communication within the organisation (score 8.7) and their level of well-being at work (score 8.5).

The statement with the overall lowest score (6.3 on average) was: “I believe my salary is based on my competence, experience, responsibility and effort”. The company will focus more on communication regarding compensation/renumeration in 2022. Other statements with a lower score concerned job management (6.8) and training and development (6.8). The company does not actively promote external training and competence development today but is often sponsoring and facilitating for this when inquired by employees.



Gender equality and diversity

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 should be offered to all employees, regardless of their background. The company has a zero tolerance for discrimination whether based on gender, age, disabilities, political views, sexual orientation or other.

In 2021, the total number of employees at Nekkar was 62 where 82.3 percent of the workforce were men and 17.7 percent women. To achieve this, the company will consider different equality and diversity initiatives as well as partnerships.

“The company has a zero tolerance for discrimination whether based on gender, age, disabilities, political views, sexual orientation or other.”

Statement on equality and non-discrimination

Based on the Norwegian Activity Duty for employers (Aktivitets- og redegjørelsesplikten, ARP), the company is reporting the following employee data:

Permanent employees by region, gender, and payroll:

Location	No. of employees 2020	Payroll (MNOK) 2020	No. of employees 2021	Payroll (MNOK) 2021
Norway	48	43,496,514	53.3*	48,103,667
Women	9 (19%)	7,421,628 (17%)	11 (21%)	9,239,328 (19%)
Men	39 (81%)	36,074,886 (83%)	42.3 (79%)	40,091,665 (81%)
Singapore	2	Less than five of each gender	3	Less than five of each gender
Women	0	-	0	-
Men	2	-	3	-
US	1	Less than five of each gender	1	Less than five of each gender
Women	0	-	0	-
Men	1	-	1	-
Dubai	1	Less than five of each gender	2	Less than five of each gender
Women	0	-	0	-
Men	0	-	2	-

* The number of permanent employees are in this overview are excluding 3 long term hire-inns that received their salary from other companies (CEO (Eyde mooring solution), CFO (Ernst & Young), engineer (advantek))

Guidelines for executive management compensation was approved by the general meeting in May 2021. A full disclosure of executive management compensation can be found on page 148-153 and on Nekkar’s website.

Part-time employees, turnover, and parental leave:

Organisation	2020 (as per 31.12)			2021 (as per 31.12)		
	Men	Women	Total	Men	Women	Total
Number of permanent employees	45	9	54	50	11	61
Temporarily hired (project based)	6	0	6	8	2	10
Part time employees	0	0	0	1	0	1
Organisation total	51	9	60	59	13	72
Newly hired						
Total number of newly hired employees in 2020	3	1	4	9	2	11
Newly hired employees in Norway	1	1	2	4	2	6
Newly hired employees in the rest of the world	2	0	2	3	0	3
Employee turnover						
Number of employees who have left the company	0	0	0	3	0	3
Parental leave						
Number of employees on parental leave	3	0	3	3	0	3
Number of weeks on parental leave	17.5	0	17.5	21.7	0	21.7

Breakdown of employees and board members by gender:

	2020 (as per 31.12)			2021 (as per 31.12)		
	Men	Women	Total	Men	Women	Total
Organisation total	45	9	54	51	11	62
Board of Directors	2	2	4	2	2	4
Executive level management	3	1	4	3	1	4

Breakdown of employees and board members by age:

	2020 (as per 31.12)			2021 (as per 31.12)		
	Under 30	30-49	50+	Under 30	30-49	50+
Organisation total	3	25	23	1	31	30
Board of Directors	0	1	3	0	1	3
Executive level management	0	1	3	0	1	3

Goals and targets: Working environment

2021 goals	Status	2022 goals
Facilitating personnel development focusing on follow up of each employee through a systematic use of development appraisals.	In progress: Employee survey conducted in Syncrolift and Nekkar with 81.4 percent response rate.	Conduct employee surveys in all of Nekkar. KPI: response rate at least 90 percent. Review relevant development/ training programmes for employees and improve communication regarding this.
	New.	Improve communication regarding compensation/renumeration policies.
	New.	Increase the overall response concerning job management from 6.6 to at least 7.
	New.	Explore initiatives and join partnerships aiming at improving equality and diversity in the workplace.
	New.	Arrange another ESG Day. Further develop mission, vision and value statements following the next ESG Day.

Health and safety

Maintaining a safe and healthy working environment is critical to Nekkar and the company's stakeholders. Safe operations are at the core of our values and the company continuously work to ensure that employees return home safely every day.

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, 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.”

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.

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. Therefore, employees receive training on work-related hazards regularly, including fire safety. 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. Measures include for instance more frequent cleaning of our offices and having employees work from home.

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, Safe Job Analysis are carried out, as well as safety rounds to identify any risk factors and ensure necessary improvements.

Syncrolift conducted a safety round on-site in May 2021. During the safety round, 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.

Although the product is still in development, the company has in 2021 initiated a HSE process for the Starfish cage. Tests are ongoing and registered in the database and the HSE process will be completed in 2022.

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. 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, which is expected to be completed in Q1 2022. 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; however, 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 includes:

- 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

In 2021, Nekkar had zero work incidents. The absence due to illness in the reporting period was 1.88 percent.



Goals and targets: Health and safety

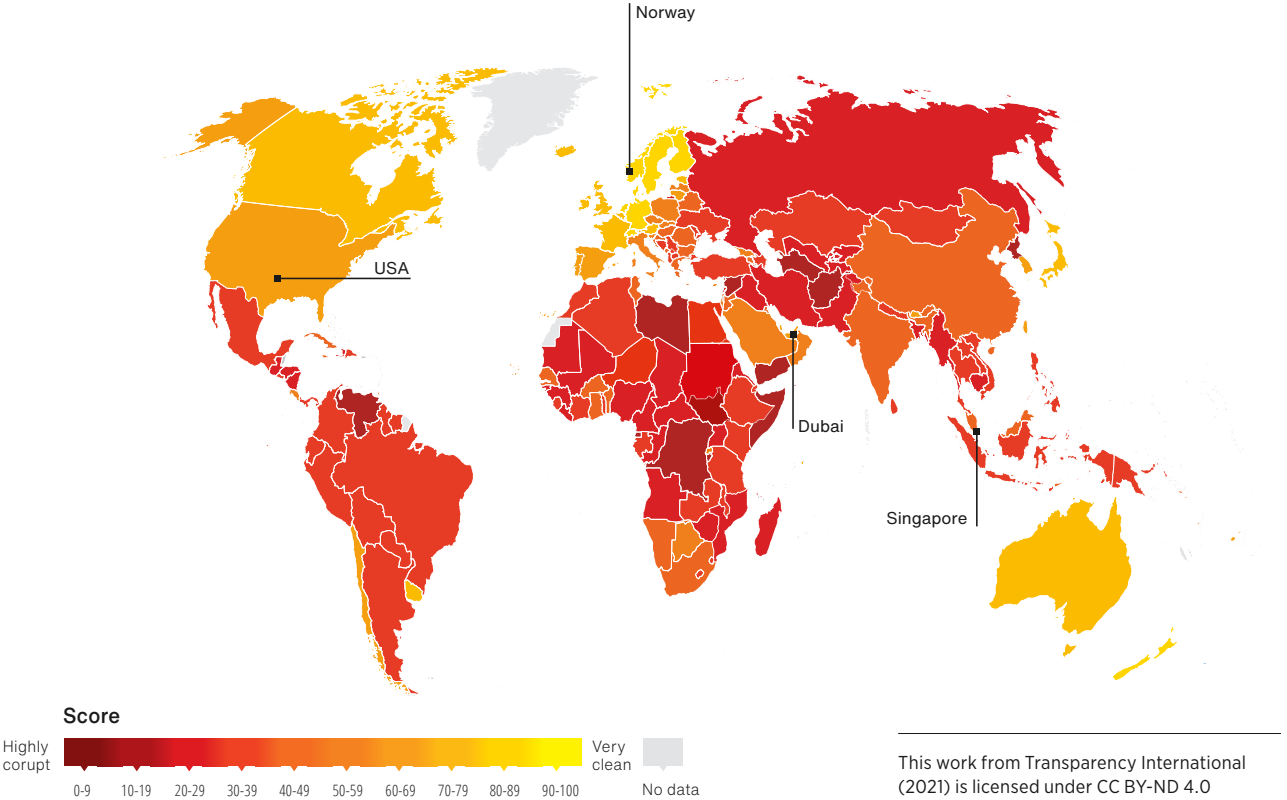
2021 goals	Status	2022 goals
Re-establish Nekkar Emergency Response Team.	Completed: The Nekkar Emergency Response Team was re-established in 2021.	Inform employees about the Emergency Response Plan and introduce the Emergency Response Team. Arrange necessary training for key functions.
Further improve health and safety processes and follow-up.	In progress: HSE process for Starfish initiated.	Complete HSE procedures for the Starfish cage. Strengthen our 'health and safety' mindset, and particularly promote this during our annual ESG Day. Appoint a safety representative in Kristiansand.
Implement revised process for follow-up of the health and safety of subcontractors.	In progress: A new quality system are in planning and will be implemented during 2022.	Implement the new quality system and communicate to employees and subcontractors.
	New.	Review fire safety routines and arrange annual training on all locations.

Governance, ethics and anti-corruption

For Nekkar, promoting and maintaining a high ethical standard is imperative. Doing business with integrity and building a culture that prevents unethical business practices is highly important to the company.

As a global company, Nekkar is both directly and indirectly exposed to ethical risks throughout its value chain. The company is present with offices in 4 countries, where 3 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 4 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 remainder of Nekkar’s operations takes place in countries where the risk of corruption is considered to be low.

Policies and guidelines

Our business should be conducted in a manner that respects internationally recognized 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 recognized business standards and practices and follows OECD’s guidelines for Multinational Businesses. The company adheres to international and national laws and regulations, including (but not limited to) the Human Rights Act, the Money Laundering 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.

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 Nekkar 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 this work will be completed in Q1 2022.

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 November 2021 during the annual ESG Day.

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. 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 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.

The company has in 2021 revised its procurement routines and procedures for employees and the management group.

Whistleblowing

All conditions, which give rise to ethical issues or is considered a breach of the Code of Conductis 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 related to Nekkar’s business practices 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 will be fully implemented in 2022, and information and training provided to all employees as well as on Nekkar’s external website.

There were zero confirmed incidents of corruption in 2021. Neither the company nor its employees faced criminal actions related to corruption or illicit business practices. No contracts with partners were terminated or allowed to expire due to violations related to corruption. The company is not aware of any ongoing investigation or any legal actions pending.

Goals and targets: Governance, ethics and anti-corruption

2021 goals	Status	2022 goals
Ensure regular information and training on ethics and anti-corruption, for example through townhall meetings.	Completed: Information and training provided during the annual ESG Day in November 2021.	KPI: 90 percent of employees that have received training in ethics and anti-corruption.
Re-establish an anonymous whistleblowing channel for reporting irregularities / concerns.	Close to complete: Whistleblowing channel established. This will be fully implemented during Q1 2022.	Inform and train employees in when and how to use the external whistleblowing channel. Publish information about the whistleblowing channel on Nekkar’s external website.
Get employees to sign for having read and understood the company’s Code of Conduct.	In progress: 92 percent of employees have signed the Code of Conduct as per 31.12.2021.	KPI: 100 percent of employees having signed the Code of Conduct in 2022. Publish the Code of Conduct on Nekkar’s external website.
Follow-up on the Code of Conduct for Business Partners, making sure that this is well known and complied with by new business partners.	In progress: New business partners usually sign contracts where our anti-corruption policies are stated, but not the Code of Conduct for Business Partners.	Include the Code of Conduct for Business Partners in procurement processes. KPI: 100 percent of critical suppliers or business partners having signed the Business Partner Code of Conduct. Publish the Business Partner Code of Conduct on Nekkar’s external website.
	New.	Revise procurement routines and procedures for Nekkar’s employees and management group.
	New.	Conduct human rights assessment with all suppliers.

Environmental and climate impact

As a manufacturing business, Nekkar’s business activities have both direct and indirect impact on climate and the environment. The company’s business activities are mainly related to the marine and maritime industries, which means that we have both an impact and responsibility to ensure sustainable use of our oceans.

Nekkar is committed to design and deliver sustainable solutions for the marine and maritime industries in Norway and abroad. The company recognizes the ocean as a highly important resource in terms of biodiversity, food, energy and value creation in general, and takes several measures to ensure that operations are conducted in accordance with applicable environmental standards, limiting or reducing our environmental footprint as much as possible.

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 thereby 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 percent 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 has been delivered. Shipyard Solutions is also investigating solutions for regenerating energy made 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 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 using CEMAsys’ digital solution. 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), and the emissions in Nekkar’s scope 1 stems from company cars, amounting to 0.8 tonnes CO₂.

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 a market-based approach. In 2021, Nekkar had a total electricity consumption of 185.2 MWh, amounting to 2.6 tonnes CO₂. In 2021, Shipyard Solutions moved into new and modern premises in Vestby and Nekkar also relocated its headquarter to new and more environmentally friendly premises in Kristiansand, which is likely to reduce this number.

The company’s largest source of indirect GHG emissions (Scope 3) is through outsourced global production, particularly in terms of steel manufacturing and the transportation from suppliers to the installation sites. The total number of purchased steel for manufacturing in 2021 was equal to emissions of 5 107.4 tonnes CO₂. This category stands for 98.7 percent of Nekkar’s total emissions. This was not measured in 2020.

Nekkar’s total emissions connected to flights for all countries was 61,5 tonnes CO₂ in 2021. The total number of kilometres driven with private cars within working hours was 37,215, which gave an emission of 3.6 tonnes CO₂. Although business travel was significantly reduced due to the Covid-19 pandemic in both 2020 and 2021, this is something that would normally have a significant impact on the company’s indirect GHG emissions.

In total, Nekkar’s emissions across scope 1, 2, and 3 amounted to 5 176 tonnes CO₂ in 2021. The emissions

data can be found in the table below. For a detailed overview, please see the climate report on Nekkar’s website.

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, electro 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 are to meet its environmental targets, employees need to be engaged in the process. The company’s annual ESG Day is important in this regard. Nekkar 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. The company will in 2022 implement an environmental policy which is to be shared with all relevant stakeholders.

Annual key energy and climate performance indicators

Name	Unit	2019 ¹	2020 ²	2021	% change from previous year
Scope 1+2 emissions	tCO ₂ e	-	0.5	3.4	528.9%
Total emissions (s1+s2+s3)	tCO ₂ e	-	0.5	5,176 ³	n.a.

1) Line indicates that historical data is not available.
2) The low number is due to limited data provided in 2020.
3) This figure reflect steel production related to Shipyard solutions project ordered with foreign subsuppliers.

Goals and targets: Environmental and climate impact

2021 goals	Status	2022 goals
Introduce climate accounting on both scope 1, 2 and 3	Completed: The company has in 2021 started climate accounting on all three scopes by using Cemasys' software solution.	Perform a third-party review of climate accounting data.
Arrange another “Green Day” creative workshop for employees	Completed: ESG Day arranged in November and December 2021.	See goal under ‘Working Environment’. Another ESG Day will be arranged in 2022.
Further develop existing and new products that can contribute positively to the development in the marine areas, including completion of the Starfish cage.	In progress: Nekkar has continued the development of the Starfish cage, Skywalker and flex-trolleys. Product innovation is a continuous target.	Start mapping our activities and how our products can help with climate mitigation/climate adaption as described by the EU Taxonomy.
Review material use and recycling of Nekkar products.	In progress: Preliminary life cycle analysis performed for Skywalker. The company is also in dialogue with the supplier of Starfish canvas.	Reuse/resale of Venice transfer system, Starfish recycling program and SkyWalker possible green steel production.
	New.	Start preparing for ISO 9001 certification for the entire organisation in 2022, with a plan to obtain such certification in 2023.
	New.	Implement an environmental policy, including business travel, which is to be shared with all relevant stakeholders.



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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 2021 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 27 May 2021. (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 Senio 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 2017 – 2021 available on the Company’s website, www.nekkar.com. All amounts are presented in NOK.

2 Overview | Financial performance in 2021

Total revenues of the Nekkar Group amounted to NOK 480 million in 2021, an increase of 33.5 percent compared to 2020. Operational EBITDA¹ ended at NOK 142.6 million in 2021 compared to NOK 71.4 million in 2020, equivalent to EBITDA-margins of 29.7 percent and 19.9 percent respectively.

Reported EBITDA was NOK 139.8 million in 2021, up from NOK 77.4 million in 2020.

Pre-tax profit was NOK 132.5 million in 2021, up from NOK 71.7 million the previous year. Profit after tax (continued business) was NOK 111.6 million and NOK 70.8 million for 2021 and 2020 respectively.

The substantially improved profit was a result of strong operating and financial performance in the Shipyard Solutions business. During 2021, Shipyard Solutions delivered five major shiplift projects that had a combined contract value of more than 850 million, which underlines the high activity in the period.

1) Operational EBITDA does not include accounting effects from FX hedging contracts not qualifying for hedge accounting. In 2021, this amounted to a loss of NOK 4.0 million compared to a gain of NOK 6 million in 2020.



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 2021 there has been 14 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 annul fee includes committee work.

At the annual general meeting 27 May 2021, Marit Solberg and Ingunn Svegården were re-elected as board members for a period of two years while Trym Skeie and Gisle Rike were not up for election.

The below table outlines the remuneration for the Board.

Name and position NOK	Annual fee	Audit Committee fees	Other Benefits	Pension	Extra- ordinary items	Total remuneration
Trym Skeie Chairman	500 000 (455 000)	- (-)	- (-)	- (-)	- (-)	500 000 (455 000)
Marit Solberg ¹ Deputy Chairman	315 000 (196 000)	- (-)	- (-)	- (-)	- (-)	315 000 (196 000)
Gisle Rike Board member	315 000 (294 000)	- (-)	- (-)	- (-)	- (-)	315 000 (294 000)
Ingunn Svegården ¹ Board member	315 000 (196 000)	- (-)	- (-)	- (-)	- (-)	315 000 (196 000)
Total	1 445 000 (1 141 000)	- (-)	- (-)	- (-)	- (-)	1 445 000 (1 101 000)

1) The remuneration is based on a 12 month period between the ordinary annual general meeting. Marit Solberg and Ingunn Svegården were elected as members of the Board in September 2019, hence the remuneration in 2019 is adjusted accordingly.

3.2 Shareholding members of the Board

As of 31 December, the Board members held shares in Nekar 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	2021	104 971	1 527 968	1 632 939	16,3
	2020	104 971	1 377 968	1 482 939	8,9
Marit Solberg	2021	73 479	-	73 479	0,7
	2020	73 479	-	73 479	0,4
Gisle Rike	2021	-	-	-	-
	2020	-	-	-	-
Ingunn Svegården	2021	-	-	-	-
	2020	-	-	-	-

1) Trym Skeie holds 428 111 shares in person and 1 204 828 shares through Skeie Kappa Invest AS. Total shares controlled by Trym Skeie is 1 632 939 as per 31 December 2021. The Skeie familiiy, and companies directly or indirectly controlled by them, holds 34 616 005 shares as per 31 December 2021, representing 32.5 percent of total shares outstanding.

4 Remuneration | Executive Management

The remuneration policy for Executive Management of Nekar ASA is based on offering competitive terms that should also reflect that Nekar is a listed company with an international focus. Competitive terms are important for the Company's ability to recruit and retain highly qualified personnel. However, as a general principle 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, Chief Financial Officer, 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 competitive and motivating, but in-line with general market terms.

4.1.2 PENSION CONTRIBUTION

The Company has established a defined contribution pension scheme in accordance with mandatory law. Members of the Executive Management team does not have special agreements which includes early reiternment plans or supplementary pension schemes.

The defined contribution plan includes 7 percent of fixed base salary up to 7.1G and 25.1 percent of fixed based salary ranging from 7.1G to 12G.

4.1.3 PERFORMANCE-RELATED CASH BONUS

Under the Company's bonus scheme, the maximum bonus is limited to 6 months fixed base salary. The measurement criteria are linked to personal goals and financial goal achievement 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 continuous 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 measurement criteria.

For the financial year 2021, a total cash bonus of NOK 672 thousand (2020: NOK 1 333 thousand) 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 percent 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, determined in a separate authorisation approved by the annual general meeting 27 May 2021. Distribution of shares to the Board is made after conferring with the nomination committee.

During 2021, a total of 165 871 (2020: 707 051) 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 severance pay is limited, however may this 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 percent 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.

In the financial year 2021, no incentive remuneration was reclaimed.

4.2 Remuneration and shareholdings

4.2.1 REMUNERATION DEVELOPMENT 2021-2020

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 remuneration	Proportion Fixed
Preben Liltved Interim CEO from 01.09.2020	2021	2 760	-	-	-	-	2 760	100%
	2020	744	-	-	-	-	744	100%
Kristoffer Lundeland Interim CFO	2021	3 030	-	-	-	-	3 030	100%
	2020	2 706	-	-	-	-	2 706	100%
Rolf-Atle Tomassen EVP Shipyards Solutions	2021	1 733	20	672	188	-	2 614	74%
	2020	1 740	13	658	199	-	2 610	75%
Mette Harv EVP Aquaculture and Renewables	2021	1 692	14	0	181	-	1 886	100%
	2020	1 679	13	0	174	-	1 866	100%
Toril Eidesvik CEO until 01.09.2020	2021	-	-	-	-	1 350	1 350	0%
	2020	1 845	10	675	131	-	2 661	75%

As illustrated, the total cash bonus paid to Executive Management amounted to NOK 672 thousand in 2021 which corresponds to -40 percent of fixed base salary for Rolf-Atle Tomassen. The bonus targets included both quantitative and qualitative 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 Nekar ASA as follows:

Name and position		Share program subject to lock-up	Other shares	Total no of shares	Market value year- end NOK million
Preben Liltved ¹ Interim CEO from 01.09.2020	2021	83 786	-	83 786	0.8
	2020	74 979	-	74 979	0.5
Kristoffer Lundeland ¹ Interim CFO	2021	-	-	-	-
	2020	-	-	-	-
Rolf-Atle Tomassen EVP Shipyards Solutions	2021	-	3 303	3 303	0.0
	2020	-	150 000	150 000	0.9
Mette Harv EVP Aquaculture and Renewables	2021	155 462	43 303	198 765	2.0
	2020	149 958	40 000	189 958	1.1

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. 2021	2021 vs. 2020	Act. 2020	2020 vs. 2019	Act. 2019	2019 vs. 2018	Act. 2018	2018 vs. 2017	Act. 2017	2017 vs. 2016
Preben Liltved (Interim CEO from 09.2020)	2 760	271%	744	-	-	-	-	-	-	-
Kristoffer Lundeland (Interim CFO from 04.2019)	3 030	12%	2 706	24%	2 188	-	-	-	-	-
Rolf-Atle Tomassen (EVP)	2 614	0%	2 610	-4%	2 718	11%	2 442	5%	2 335	-
Mette Harv (EVP)	1 886	1%	1 866	-4%	1 936	-20%	2 410	106%	1 169	-
Toril Eidesvik (former CEO 04.2016-09.2020)	1 350	-49%	2 661	-33%	3 980	-38%	6 369	107%	3 078	27%
Leiv Kallestad (former CFO 08.2017-04.2020)	-	-	-	-100%	1 040	-65%	2 984	184%	1 052	-
Henrik Solberg-Johansen (former CFO until 08.2017)	-	-	-	-	-	-	-	-100%	1 922	-1%
Chairman of the Board ¹	500	10%	455	8%	420	0%	420	5%	400	-
Board member ¹	315	7%	294	0%	294	22%	242	5%	230	-
Revenues	479 983	34%	359 467	35%	266 614	21%	220 310	4%	211 038	4%
Operational EBITDA	143 733	101%	71 382	39%	51 282	202%	17 000	62%	10 515	na
Profit before tax	132 534	85%	71 717	117%	33 102	149%	13 305	215%	4 228	na
Company employees	62	8	54	4	50	12	38	-	38	-2
Average remuneration	1 191	11%	1 073	6%	1 016	-13%	1 167	-4%	1 222	-11%

1) The remuneration is based on a 12 month period between the ordinary annual general meeting. Marit Solberg and Ingunn Svegård were elected as members of the Board in September 2019, hence the remuneration in 2019 is adjusted accordingly.

6 Compliance with the Remuneration Policy

The remuneration of the Board and Executive Management for the financial year 2021 is consistent with the framework provided by the remuneration guidelines, approved by the annual general meeting 27 May 2021.

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 2021 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 control

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. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains 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.

KPMG AS, a Norwegian limited liability company and member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.
Statsautoriserte revisorer - medlemmer av Den norske Revisorforening

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Bodo	Knavik	Sandnessjøen	Tynset
Drammen	Kristiansand	Stavanger	Alesund



Bergen, 28 April 2022
KPMG AS

Knut Olav Karlsen
State Authorised Public Accountant

Statement on compliance

Today, the Board of Directors and the CEO has reviewed and approved the 2021 Annual Report which includes the Board of Directors’ report and the consolidated and separate financial statements related to Nekkar ASA as of 31 December 2021.

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 2021 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 2021 has been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards

Kristiansand, 28 April 2022
The Board and Management of Nekkar ASA

 Trym Skeie Chairman	 Gisle Rike Director	 Marit Solberg Director
 Ingunn Svegård Director	 Preben Liltved Interim CEO	





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