Fourth quarter 2019
Financial statement

CEO Letter

As a result of recent contract wins, Nekkar increased the order backlog in the fourth quarter as the Syncrolift business recorded an all-time high backlog of MNOK 778 as per 31 December 2019. The strong fourth quarter EBITDA of MNOK 22 was impacted by timing effects in ongoing projects combined with high realized margins on completed deliveries.

Due to the Cargotec transaction, the accounts are presented in accordance with IFRS 5, hence the "Consolidated Statement of Comprehensive Income" represents the continued business (Nekkar ASA, Syncrolift AS and Intellilift AS), while discontinued business (the activity transferred to Cargotec), is presented on a separate line as "Profit/loss from discontinued business". Closing of the transaction took place 31 July and was accounted for in 3Q 2019.

The MacGregor / Cargotec Transaction

The asset sale agreement with MacGregor, a subsidiary of Cargotec Oyj, was completed 31 July 2019. Completion of the transaction was based on preliminary figures, with the final purchase price to be determined based on financials as of 31 July 2019 according to procedures provided in the transaction agreement.

On the 18 November 2019, Nekkar disclosed that MacGregor is challenging the purchase price calculation and is claiming a downward adjustment of approximately MNOK 240 compared to the amount presented by Nekkar.

Nekkar has in the period from receipt of the "Objection Notice" initiated analysis and investigations in order to understand and assess the extensive changes to the purchase price presented by MacGregor. With the aim to facilitate an amicable process, views have been exchanged with MacGregor in accordance with the procedure described in the sales and purchase agreement. At the time of reporting, no solution has been agreed between the parties.

There is risk and uncertainty with respect to the financial outcome and timing of the ultimate resolution of the disputed amount. Nekkar is of the opinion that the figures presented by Nekkar are correct and has fully challenged the claim presented by MacGregor.

Financial performance Nekkar

The reported EBITDA for the continued business was MNOK 22 for 4Q 2019, which represents an increase of MNOK 22 compared to 4Q 2018. Syncrolift continued to perform well and delivered an EBITDA of MNOK 24 in the quarter. The quarter was impacted by timing effects in ongoing projects combined with high realized margin on completed deliveries.

The activity in Syncrolift remains high and the fourth quarter order intake was MNOK 136. Following the strong order intake, the total newbuilding order backlog at the end of the fourth quarter was an all-time high of MNOK 778 which represents an increase of 6% compared to the previous quarter and 24% compared to 31 December 2018.

Revenue in the quarter was MNOK 99 compared to MNOK 64 the previous quarter and MNOK 45 in 4Q 2018. The record high order backlog is expected to secure high activity going forward. In addition, the market outlook for new projects is viewed as attractive.

New business areas

Nekkar has been awarded a grant of MNOK 10 under the Innovation Norway's Environmental Technology program, to develop pilot and test a Closed Cage for fish farming. The development will be done in close cooperation with a renowned fish farmer and is part of our strategy to push for new innovative and sustainable solutions.

The Intellilift investment has provided Nekkar with access to technology, knowledge and new industry insights. Intellilift has continued its positive development and delivered revenue and EBITDA in 2019 of MNOK 13 and MNOK 3 respectively. The company will continue working on new product development and already commercialized solutions. We expect to realize positive synergies by integrating Intellilift's solutions and products with the existing business.

Toril Eidesvik, CEO

NEKKAR Board Report

FINANCIAL PERFORMANCE

- 4Q 2019 revenue was MNOK 99 which represents a significant increase compared to 4Q 2018.
- 4Q 2019 EBITDA was MNOK 22 compared to MNOK 0 in 4Q 2018.
- At the end of 4Q 2019, the order backlog of the Syncrolift business was MNOK 778 which will secure activity well into 2022. EPS in the quarter was NOK 0,37.

NEKKAR	4Q		Full year	
MNOK	**2019**	**2018**	**2019**	**2018**
Revenue	99	45	267	220
EBITDA	22	-	36	17
EBITDA margin	22,5 %	0,0 %	13,5 %	7,8 %
EBIT	21	-1	33	15
Order intake	136	11	396	388
Order backlog	778	629	778	629
EPS (NOK)	0,37	0,01	0,46	0,14

TOTAL ASSETS AND NET INTEREST-BEARING DEBT [2]

Total assets at the end of 4Q 2019 were MNOK 389 compared to MNOK 2.416 at yearend 2018. The MacGregor transaction is accounted for in 3Q 2019 which is the main reason for changes in net assets. See note 9 for additional information regarding the carrying amount of net assets sold.

The equity ratio at the end of 4Q 2019 was 60%. The net cash position is MNOK 261 at the end of 4Q 2019, whereas MNOK 82 is related to prepayments received from customers within the Syncrolift projects.

ORDER INTAKE AND BACKLOG

The order intake was MNOK 136 in the fourth quarter, of which MNOK 128 was newbuild. As a result, the order backlog at the end of 4Q 2019 was MNOK 778 which is an all-time high and represents an increase of 24% compared to 4Q 2018.

The current order backlog will secure high activity in coming years.

EFFECT FROM CHANGES IN ACCOUNTING PRINCIPLES

The implementation of IFRS 16, which was made effective as of 1 January 2019, does not have material impact as the number of leased assets and facilities, and their duration, are limited. Nekkar has used the modified retrospective approach at the date of initial application, 1 January 2019, with no restatement of comparable periods. Additional information on the financial impact of the IFRS 16 implementation is presented in Note 1 and Note 11.

NEKKAR Board Report

SHIPYARD SOLUTIONS

Syncrolift delivered revenue and EBITDA of MNOK 92 and MNOK 24 in 4Q 2019, compared to revenue of MNOK 42 and EBITDA of MNOK 6 in 4Q 2018.

The strong performance in 4Q 2019 is driven by good activity in on-going projects combined with completed projects that delivered high margins in the quarter. The financial performance from the Syncrolift business may fluctuate significantly on a quarter-to-quarter basis as timing effects in project execution and revenue recognition may have substantial impact on interim revenue and EBITDA.

The order book in Syncrolift is at an all-time high, and the activity levels are expected to remain high going forward based on the strong order book, high utilization of resources, and a strong market.

SHIPYARD SOLUTIONS (BU SYS)	4Q		Full year	
MNOK	2019	2018	2019	2018
Revenue	92	42	250	220
EBITDA	24	6	51	42
Order backlog	778	629	778	629

OUTLOOK

SHIPYARD SOLUTIONS

The market situation has been positive, and further newbuilding contracts with value of MNOK 128 was awarded in the fourth quarter and MNOK 369 for full year 2019. The ongoing business is performing well, and the order backlog will ensure high activity in the coming periods. Interim revenues and EBITDA can however fluctuate due to timing effects in project execution i.a. due to delays related to circumstances outside the control of Syncrolift, Syncrolift may experience a decline in interim revenue and EBITDA compared to the performance in the fourth quarter. However, the long-term outlook of the business is good, supported by an all-time high order backlog and high market activity.

Syncrolift has ambitious plans with regards to its service business and is furthermore committed to develop new solutions and products to increase repair yard productivity. In the new Fast Docking business area, six out of eight products are now commercialized and the opportunity for future growth is viewed as attractive, however market acceptance is still pending.

In addition to new products and solutions, the service and upgrade market is viewed as promising. Syncrolift has a leading market position for shiplift and transfer systems, and the large installed base provides an excellent position to expand the company’s footprint and offerings within service and aftermarket. The investment in Intellilift is expected to generate positive synergies for the Syncrolift business as products and solutions may be integrated with the existing business.

NEKKAR NEW BUSINESS

Following completion of the Cargotec transaction, Nekkar has completed a strategic planning process and identified future business areas based on the industry knowledge built up in the Kristiansand region. Shipyard Solutions will still be the instrumental building block, while new business areas will be concentrated around delivery of sustainable solutions to ocean-based industries.

Digital: Intellilift delivers open software platforms to collect, monitor and control data for different offshore energy industries. Intellilift has developed “Phoenix” which is a mixed reality system that combines different data sources and high resolution real time camera streams. The product has been sold both to oil-gas business and wind industry and enable remote operation of machinery and processes. Intellilift is continuously working on new product development alongside its already commercialized products. Intellilift has secured new strategic contracts in the fourth quarter. We also expect positive synergies to be realized by integrating the products and solutions of Intellilift with the Syncrolift business as well as the aquaculture business.

NEKKAR Board Report

Aquaculture: Nekkar is in the process of developing Starfish, a fully closed salmon cage technology improving fish welfare and production economics. Through this development, Nekkar brings offshore grade engineering competence to the aquafarming industry. Nekkar has been awarded an Environmental Technology grant from Innovation Norway of MNOK 10 to develop, pilot and test the closed cage for fish farming. The development will be done in close cooperation with a renowned fish farmer and is part of our strategy to push for new innovative and sustainable solutions.

Offshore Energy & Renewables Nekkar s looking into several products leveraging benefits of next generation permanent magnet winches, electrification and battery energy storage, utilizing the benefits of electrification and automation to harvest substantial improvements through structural reengineering. Nekkar still has an opportunistic approach in this business area and the strategic direction is more order-driven compared with the two other business areas.

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NEKKAR

(NOK 1 000)		Unaudited	Audited	Unaudited	Audited
CONTINUED BUSINESS	**Note**	**31.12.2019**	**31.12.2018**	**4Q 2019**	**4Q 2018**
Revenue from projects	2	266 614	220 310	99 080	44 927
Total operating revenue		**266 614**	**220 310**	**99 080**	**44 927**
Raw materials and consumables used		156 777	142 108	52 871	29 207
Other operating costs		73 736	61 201	23 905	16 076
EBITDA		**36 100**	**17 001**	**22 304**	**-355**
Depreciation		3 026	1 887	954	514
Operating profit (EBIT)		**33 074**	**15 113**	**21 350**	**-869**
Financial income		12 107	15 126	5 962	5 733
Financial expense		12 080	16 935	3 919	2 486
Net finance		**27**	**-1 808**	**2 043**	**3 247**
Profit/loss before tax		**33 102**	**13 305**	**23 393**	**2 377**
Tax	6	-15 874	1 490	-16 063	1 177
Profit/loss from continued business		**48 976**	**11 814**	**39 456**	**1 200**
DISCONTINUED BUSINESS					
Profit/loss from discontinued business	9	**163 045**	**-26 758**	**-**	**-36 077**
Profit/loss for the period		**212 021**	**-14 944**	**39 456**	**-34 877**
Attributable to equity holders of the company	4	202 055	-28 593	38 648	-49 780
Attributable to non-controlling interests		9 966	13 649	808	14 903
COMPREHENSIVE INCOME					
Net result for the period		212 021	-14 944	39 456	-34 877
Currency effects		-14 929	-15 588	-941	48 461
Total comprehensive income		**197 091**	**-30 532**	**38 515**	**13 584**
Attributable to equity holders of the company		191 137	-44 737	37 707	3 706
Attributable to non-controlling interests		5 955	14 205	808	9 878
Earnings per share (NOK)	4	1,91	-0,33	0,37	-0,57
Diluted earnings per share (NOK)		1,91	-0,27	0,37	-0,47
Earnings per share - Continued Business (NOK)	4	0,46	0,14	0,37	0,01
Diluted earnings per share - Continued Business (NOK)		0,46	0,11	0,37	0,01

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NEKKAR

(NOK 1 000)		**Unaudited 31.12.2019**	**Audited 31.12.2018**
Intangible assets	6	65 401	25 020
Tangible assets		10 354	13 611
Total fixed assets		75 754	38 631
			-
Inventories		833	596
Total receivables		51 425	111 216
Bank deposits/cash		260 948	349 445
Assets held for sale	9	-	1 916 148
Total current assets		313 205	2 377 405
			-
Total assets		**388 961**	**2 416 036**
			-
Share capital	3	11 617	9 579
Other equity		205 878	348 123
Non-controlling interests		16 050	156 528
Total equity		233 545	514 230
			-
Provisions		675	-
Long term interest bearing debt		-	-
Long term liabilities		675	-
			-
Current interest bearing debt	8, 10	-	287 445
Current liabilities	7	154 740	257 724
Liabilities held for sale	9	-	1 356 637
Total current liabilities		154 740	1 901 806
Total liabilities		155 415	1 901 806
			-
Total equity and liabilities		**388 961**	**2 416 036**

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NEKKAR

(NOK 1 000)	Share capital	Treasury shares	Share premium	Other equity	Shareholders equity	Non controlling interest	Total equity
Equity as of 1.1.2019	**9 580**	**-1**	**151 725**	**196 399**	**357 703**	**156 528**	**514 230**
Comprehensive income	-	-	-	191 137	191 137	5 955	197 091
Share option cost	-	-	-	-	-	-	-
New shares issued	2 038	-	89 068	-	91 106	-	91 106
Acquisitions new subsidiaries	-	-	-	-	-	14 699	14 699
Dividend	-	-	-	-422 450	-422 450	-	-422 450
De-recognized NCI	-	-	-	-	-	-161 132	-161 131
Equity Closing balance 31.12.2019	**11 618**	**-1**	**240 793**	**-34 915**	**217 495**	**16 050**	**233 545**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NEKKAR

(Amounts in NOK 1000)	Note	31.12.2019	Audited 31.12.2018
Cash flow from operating activities			
Profit (loss) before tax		33 102	13 305
Adjustments for:			
Depreciation / impairment		3 026	1 887
Net Finance		-27	3 263
Share based payment		-	531
Income tax paid		-189	-1 509
Change in net current assets		-43 430	108 563
A. Net cash flow from operating activities		**-7 518**	**126 040**
Cash flow from investment activities			
Acquisition of Subsidiary - net of Cash acquired		-8 354	-
Acquisition of fixed assets		-7 481	-7 783
Disposal of discontinued operation, net of cash-value disposed		-	22 608
Proceeds from sale of investments	9	553 562	-
B. Net cash flow from investment activities		**537 727**	**14 825**
Cash flow from financing activities			
Proceeds from issuance of share capital*		91 162	2 400
Disbursement on short-term/ long-term debt**		-287 445	-52 400
Dividends paid		-422 450	-
Net Finance		27	-3 263
C. Net cash flow from financing activities		**-618 706**	**-53 264**
Net change in cash and cash equivalents (A+B+C)		-88 497	87 602
Cash and cash equivalents at the start of the period		349 445	261 843
Cash and cash equivalents at the end of the period * **		**260 948**	**349 445**

* Figures are presented gross and includes MNOK 84 of the bond loan which has been converted.

** Figures are presented gross and includes MNOK 84 of the bond loan which has been converted. Conversion of bond loan had no cash effect.

*** Numbers reflect the operation in continued business.

Notes

NOTE 1. GENERAL INFORMATION

Reporting entity

As per 31 July 2019, following the completion of the transaction between TTS Group ASA and Cargotec Oyj, TTS Group ASA changed its name to Nekkar ASA.

Nekkar ASA is registered and domiciled in Norway, and the head office is located in Bergen.

Due to the Cargotec transaction, discontinued operations are presented in accordance with IFRS 5, non-current assets held for sale and discontinued operations. Hence the "Condensed Consolidated Statement of Comprehensive Income" represents the "continued business" (Nekkar ASA, Syncrolift and Intellilift), whilst "discontinued business "(the activity transferred to Cargotec through the completed transaction), is presented on a separate line as "Profit/loss from discontinued business". In the "Consolidated Statement of Financial Position", assets and liabilities relating to the activity transferred to Cargotec, are presented on a separate line as "Assets held for sale" and "Liabilities held for sale". In the notes to the 4Q Financial Report, the focus is continued business. For further information on discontinued business, reference is made to note 2 and 9.

The annual report 2018 is available at the company website www.nekkar.com.

Basis of preparation

The financial reports are prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The unaudited consolidated financial statements for 4Q 2019 have been prepared in accordance with IAS 34 Interim Financial Statements. The interim accounts do not include all the information required for a full financial statement and should therefore be read in connection with the consolidated financial statements of 2018.

Nekkar has initially adopted IFRS 16 Leases from 1 January 2019 (Ref. note 11). The change in accounting policies are reflected in the consolidated financial statements for the year ending 31 December 2019.

Except for the changes outlined above, the accounting policies applied in these interim financial statements are identical to those applied in the consolidated financial statements for the year ended 31 December 2018.

This condensed consolidated 4Q interim report for 2019 was approved by the Board of Directors on 26 February 2020.

Judgements estimates and assumptions

Preparation of the interim report requires the use of judgments, estimates and assumptions that affect the application of accounting principles and the reported amounts of assets and liabilities, income and expenses. Actual future outcome may differ from these estimates. Additional information on contingent liabilities related to the Cargotec transaction is included in Note 10.

The consolidated interim financial statements are prepared on the same basis as the consolidated financial statements for the financial year that ended 31 December 2018 with respect to the key assessments made by management regarding the application of the Group’s accounting principles, and the key sources of estimation uncertainty.

IFRS 5 Non-current assets held for sale and discontinued business

On 8 February 2018 Nekkar ASA announced that it entered into an asset sale agreement with Cargotec Oyj, and the company therefore present the accounts in accordance with IFRS 5. The purpose of IFRS 5 is to specify the accounting for assets held for sale, and the presentation and disclosure of discontinued business.

Post-closing of the Cargotec transaction, Nekkar will continue in a new strategic direction, focusing the business around BU SYS along with new business areas. The financial position and results are presented separately.

Please see further information in note 9 for the reclassification of assets and liabilities held for sale, and the presentation of revenue and costs for discontinued business.

Notes

IFRS 15 Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. Nekkar adopted IFRS 15 using the modified retrospective implementation method, with the effect of initially applying this standard recognized at the date of initial application (1 January 2018). It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time, or over time – requires several judgmental factors including evaluation of right to payment.

For further information reference is made to the Annual report 2018 – Accounting Principles, section 2.20.

New standards, amendments and interpretations adopted by Nekkar:

IFRS 16 Leases, effective as of 1 January 2019

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The new standard requires lessees to account for all leases, exemption for short term leases and leases of low value assets, under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will have to recognize a liability based on future lease payments and an asset representing the right to use the underlying asset during the lease term ("Right-of-use assets"). Further, the lessee will be required to separately recognize the interest expense on the lease liability and the deprecation expense of the right-of-use asset.

Effective 1 January 2019, Nekkar adopted IFRS 16 using the modified retrospective approach with no restatement of comparable figures for 2018. Nekkar recognized the cumulative effect of initially applying the new standard as an adjustment to the opening balance sheet. Right-of-use assets will initially be reflected at an amount equal to the corresponding lease liability.

In accordance with the transition requirements of IFRS 16, Nekkar recognized a lease liability for leases previously classified as operating leases in accordance with IAS 17. Nekkar measured the lease liabilities at the present value of the remaining lease payments. When an implicit interest rate is not available, Nekkar has used the incremental borrowing rate on 1 January 2019 when calculating the present value of lease payments. The right-of-use assets are measured at an amount equal to the lease liability on 1 January 2019, adjusted by the amount of any prepaid or accrued lease payments.

The incremental borrowing rate differs from 2,75% to 7,50% depending on the asset description and location of which the asset is acquired.

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
- Excluded any initial direct costs from the measuring of the right-of-use assets

IFRS 16 does not contain detailed transition requirements for leases previously classified as finance leases when the modified retrospective approach is applied. For leases that Nekkar classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability on 1 January 2019 was determined to be the carrying amount of the leased asset and liability at the date of the initial implementation of IFRS 16.

On transition to IFRS 16, Nekkar recognized MNOK 1 as right-of-use assets corresponding to the discounted value of lease liabilities at 1 January 2019.

Reference is made to note 11 for further details on accounting policies following the implementation of IFRS 16.

Notes

NOTE 2. SEGMENT INFORMATION

After closing of the Cargotec transaction, Nekkar will report the following segments:

- Shipyard Solutions (BU SYS)
- Nekkar ASA and Intellilift AS (Other)

BU SYS includes ship lifts and transfer systems, fast docking solutions, as well as complete production lines to the shipyard industry. Product range includes ship-lift systems, ship transfer systems and service activity.

Other includes Intellilift which delivers open software platforms to collect, monitor and control data for different offshore energy industries. Other also includes corporate headquarter functions in Nekkar ASA. Revenue and EBITDA from Intellilift in 2019 contributed with MNOK 13 and MNOK 3 respectively.

Revenue				
(NOK 1000)	**31.12.2019**	**31.12.2018**	**4Q19**	**4Q18**
BU SYS	250 121	220 277	92 390	44 940
Other	16 493	32	6 690	32
Total	**266 614**	**220 310**	**99 080**	**44 972**

EBITDA				
(NOK 1000)	**31.12.2019**	**31.12.2018**	**4Q19**	**4Q18**
BU SYS	50 812	41 677	23 513	5 977
Other	-14 712	-24 677	-1 209	-6 332
Total	**36 100**	**17 001**	**22 304**	**-355**

NOTE 3. SHARE CAPITAL

As per 31 December 2019 Nekkar ASA has issued 105.620.078 shares, each with a face value of NOK 0.11, and a share capital of total NOK 11.618.209. Nekkar ASA holds 6 632 treasury shares.

There is no change to share capital or treasury holding during 4Q/2019.

During 2019 Nekkar ASA issued 18.531.523 new shares, of which 17.921.523 shares were issued following conversion of bond debt into equity, and 610.000 from redeemed share options. Total issued capital was NOK 91.162.300 represented by an increase of share capital by NOK 2.038.468, and an increase of share premium capital of NOK 89.123.832.

On 27 September 2019, Nekkar ASA made a repayment of issued equity of NOK 4,00 per share. Total distributed funds were TNOK 422 450.

As per 31 December 2019, one former senior employee holds 150.000 share options with a strike price of 1,30 and termination date 31 May 2020.

Notes

NOTE 4. EARNINGS PER SHARE

Earnings per share (EPS) is based upon the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments. Instruments that have a positive intrinsic value have been included in dilution effects.

Earnings per share	31.12.2019	31.12.2018	4Q 2019	4Q 2018
Net income available to shareholders [Continued]	48 976	11 814	39 456	1 200
Effect of dilution	-	-	-	-
Diluted net income available to shareholders	48 976	11 814	39 456	1 200
Net income available to shareholders [Incl. disc.bus.]	202 055	-28 593	38 649	-49 780
Effect of dilution	-	-	-	-
Diluted net income available to shareholders	202 055	-28 593	38 649	-49 780
Weighted average number of shares outstanding	105 620	87 089	105 620	87 089
Effect of dilution	105	19 217	105	19 217
Diluted numbers of shares	105 725	106 306	105 725	106 306
Earnings per share (NOK) [Continued]	0,46	0,14	0,37	0,01
Diluted earnings per share (NOK) [Continued]	0,46	0,11	0,37	0,01
Earnings per share (NOK)	1,91	-0,33	0,37	-0,57
Diluted earnings per share (NOK)	1,91	-0,27	0,37	-0,47

Closing share price at Oslo Stock Exchange

31 December 2019	NOK 2,05	
30 September 2019	NOK 2,98	Repayment of issued equity, NOK 4,00, distributed at 27 September 2019
30 June 2019	NOK 6,08	
31 March 2019	NOK 6,22	
31 December 2018	NOK 6,42	
31 December 2017	NOK 4.20	

NOTE 5. RELATED PARTIES

Note 20 and the accounting principles presented in the 2018 Annual Report, Consolidated Financial Statements Section 2.2, describe the principles related to elimination of transactions between group subsidiaries. Eliminated transactions have no significance for the financial position and profit for the period.

The Group has carried out various transactions with subsidiaries which is part of the ordinary operations and at arm’s length principles. The material part of related party transactions was related to the discontinued business.

Please see note 9 for further information on classification, elimination and presentation of continued vs. discontinued business.

During 2Q Nekkar AS, a fully owned subsidiary of Nekkar ASA, purchased 51% of the shares in Intellilift AS, a company registered and domiciled in Norway and located in Kristiansand. 21% of the shares were acquired from Skeie Consultants AS. Skeie Consultants AS currently hold 1,4% of the shares in Nekkar ASA.

Notes

NOTE 6. INTANGIBLE ASSETS

	Intangible Assets	
(NOK 1000)	**31.12.2019**	**31.12.2018**
Goodwill	16 643	-
Deferred tax assets	35 367	18 939
Other intangible assets	13 391	6 080
Total	65 401	25 020

Goodwill

On 1 April 2019, Nekkar ASA acquired 51% of the voting shares in Intellilift AS ("Intellilift") for MNOK 15.3. Intellilift was established in 2016 and is based in Kristiansand. The company specializes in robotization and electrification through innovative technology and design.

The acquisition is accounted for using IFRS 3, and Intellilift is included in the consolidated figures for continued business from the acquisition date, 1 April 2019. As part of the purchase price allocation, MNOK 16,6 is accounted for as goodwill following the transaction. The Group has elected to measure the non-controlling interest in Intellilift at fair value.

Goodwill		
(NOK 1000)	**31.12.2019**	**31.12.2018**
Net book value - Opening Balance	-	-
Acquisition	16 643	-
Depreciations/Amortizations	-	-
Net book value - Closing Balance	16 643	-

Other intangible assets

Other intangible assets related to IP-rights amounts to MNOK 13,4 MNOK, of which MNOK 7,7 MNOK have been acquired as part of the Intellilift transaction.

Other intangible assets		
(NOK 1000)	**31.12.2019**	**31.12.2018**
Net book value - Opening Balance	6 080	6 473
Acquisition	7 951	-
Depreciations/Amortizations	-641	-393
Net book value - Closing Balance	13 391	6 080

Deferred tax assets

Nekkar can be liable for tax in more than one jurisdiction due to the global nature of its business. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the Group may pay tax in one or more jurisdictions, even though it might have an overall loss or have tax losses exceeding taxable profit at the consolidated level.

Deferred income tax reflects the impact of temporary differences between the amount of assets and liabilities recognized for financial purposes, and such amounts recognized for tax purposes. The net recognized deferred tax consist of the following components:

Deferred tax assets		
(NOK 1000)	**31.12.2019**	**31.12.2018**
Gross deferred tax asset	35 367	18 939
Gross deferred tax liability	-	-
Net deferred tax asset (+) / liability (-)	35 367	18 939

Recognized deferred tax asset relates to tax losses in Norwegian companies. The criteria applied to estimates for the utilization of tax losses against future taxable profit are unchanged in 4Q 2019.

Notes

NOTE 7. CURRENT LIABILITIES

Current Liabilities		
(NOK 1000)	**31.12.2019**	**31.12.2018**
Payables to suppliers	14 005	9 715
Payroll / Tax Payables	3 740	3 152
Prepayments from customers	82 212	130 538
Other current liabilities	54 783	114 320
Net book value - Closing Balance	154 740	257 724

NOTE 8. FINANCIAL RISK MANAGEMENT / INTEREST BEARING DEBT

The Group's objectives and principles of financial risk management are consistent with what is stated in the consolidated financial statements for the fiscal year 2018.

On 31 July the company's debt was settled as part of the completion of the asset sales agreement between Nekkar ASA and MacGregor. The lenders approved the transaction and have received repayment in full. Liens and securities have been released post-closing.

Credit facilities as per 31 December 2019 were in total MNOK 350 which includes a guarantee facility of MNOK 200 and derivatives facility of MNOK 150 with Nordea. At the end of 4Q 2019, Nekkar had drawn MNOK 142 of the guarantee facility.

At the end of 4Q 2019 the net cash position of Nekkar is MNOK 261, of which MNOK 40 is held as a deposit for FX-derivative exposure in DNB.

Short-term interest-bearing debt relates to presentation of IFRS 16 ref. note11.

Reference is made to note 10 for information on contingent liabilities related to the MacGregor transaction.

NOTE 9 DISPOSALS OF DISCONTINUED BUSINESS

Reference is made to the accounting principles and note 28 in the 2018 Annual Report with regard to the basis for reclassification of held-for-sale and discontinued business.

During Q4 2017 TTS Group reclassified major parts of the business, the disposal group, as discontinued business. The basis for this reclassification was the Cargotec agreement announced 8 February 2018. TTS Group ASA continues under the name Nekkar ASA in a new strategic direction. The transaction was an asset sale. Accordingly, the majority of the group's assets and liabilities were presented as a disposal group held for sale.

The transaction was completed 31 July 2019 based on preliminary figures.

Nekkar received a cash consideration of MNOK 554 on the closing date. The preliminary accounting effect of the transaction is MNOK 113 in 2019 and MNOK 86 if transaction related expenses in 2018 is included.

As communicated to Oslo Stock Exchange 18 November 2019, MacGregor is challenging the purchase price calculation and is claiming a downward adjustment of approximately MNOK 240 compared to the amount presented by Nekkar. Reference is made to Note 10.

Nekkar is of the opinion that the figures presented by Nekkar are correct and has fully challenged the claim presented by MacGregor. The profit calculation from the transaction does not include any contingent liabilities. Any subsequent changes in the final settlement will impact the reported accounting effect of the transaction.

The principles for the reclassification to discontinued business has been as follows;

- All revenue and expenses from legal entities included in the disposal group have been reclassified.
- Revenue and cost directly attributable to activities in the disposal group but performed within the legal entities that form the basis for continued business, are allocated to discontinued business.
- Revenue and cost directly attributable to activities in the continued business but performed within the legal entities that form the basis for the discontinued business, are allocated to continued business.

Notes

- Since transactions between continued business and discontinued business ceased when the transaction with Cargotec was completed, intercompany transactions are eliminated.
- Interest from bank loans and bond loan was allocated to the disposal group since these loans have funded these businesses, and the loans was repaid as part of the transaction.
- All assets and liabilities from the legal entities included in the disposal group have been reclassified.
- Due to the terms in the asset sale agreement, the group's financing through the Cash Pool arrangement, Cash pool balances have not been eliminated between continued and discontinued business because each company was responsible for settling the cash pool receivables/liabilities post transaction.

NEKKAR - Discontinued Business

(NOK 1 000)	Unaudited	Audited	Unaudited	Audited
Results of discontinued business	**31.12.2019***	**31.12.2018**	**4Q 2019***	**4Q 2018**
Revenue	1 272 776	1 639 976	-	515 283
Expenses	1 216 042	1 649 365	-	545 079
Results from operating activities	56 734	-12 061	-	-29 796
Income tax	6 872	14 698	-	6 281
Results from operating activities, net on tax	49 862	-26 759	-	-36 077
Preliminary effect from sale of discontinued business **	113 183	-	-	-
Income tax on sale of discontinued business ***	-	-	-	-
Profit (loss) from discontinued business, net of tax	163 045	-26 759	-	-36 077

* Discontinued Business was disposed 31.07.2019.

** Transaction expenses of MNOK 26,7, was recognized in 2018. Please refer to table below "details of sales of the business" for accounting effects.

*** The transaction may result in capital gain taxation in some jurisdictions. MNOK 12.8 was withheld by the buyer in the received cash consideration due to alleged tax reclaim responsibilities. Tax assessment is currently ongoing.

NEKKAR - Details of the sale of the business

The transaction calculation is based on the consideration received on the closing date of the transaction

(NOK 1 000)	Unaudited
Transaction calculation	
Enterprise value	**840 000**
NIBD & NWC adjustment	-273 634
Withheld funds potential tax obligation [1]	-12 800
Cash consideration received [2]	**553 566**
Fair value of contingent consideration	-
Total disposal consideration	**553 566**
Carrying amount of net assets sold	565 858
Derecognized assets	12 191
Non-controlling interests	-161 132
Majority's amount of derecognized net assets	**416 917**
Transaction related expenses [3]	23 465
Accounting effect before tax	**113 183**
Income tax expense [1]	
Accounting effect after tax 2019 [3]	**113 183**
Transaction related expenses in 2018 [3]	26 735
Total accounting effect after tax	**86 448**

[1] The transaction may result in capital gain taxation in some jurisdictions. MNOK 12.8 was withheld by the buyer in the received cash consideration due to alleged tax reclaim responsibilities. Tax assessment is currently ongoing.

[2] On the closing date, 31 July 2019, Nekkar communicated an estimated transaction value of NOK 5.7 per share on fully diluted basis. The figure of NOK 5.7 includes dividend payment received in Nekkar ASA from the target companies alongside estimated transaction costs. These items are not included in the cash consideration received at closing.

[3] Transaction related costs of MNOK 26.7 was expensed in 2018, hence the accounting effect of the transaction is MNOK 113 in 2019. Transaction related expenditures consist of both external and internal costs in the period from 2017 - 4Q 2019.

Notes

NOTE 10 CONTINGENT LIABILITIES / MATERIAL DISPUTES

The asset sale agreement with MacGregor, a subsidiary of Cargotec Oyj, was completed 31 July 2019.

At the transaction date, funds were transferred based on preliminary figures. Final purchase price is to be settled based on financials as of 31 July 2019 according to procedures provided in the transaction agreement.

In line with the agreed procedures, Nekkar presented to MacGregor figures as of 31 July 2019, including calculation of the purchase price. On 18 November 2019, Nekkar disclosed that MacGregor is challenging the purchase price calculation, claiming a downward adjustment of approximately MNOK 240 compared to the amount presented by Nekkar.

Nekkar has in the period from receipt of the "Objection Notice" initiated analysis and investigations in order to understand and assess the extensive changes to the purchase price presented by MacGregor. With the aim to facilitate an amicable process, views have been exchanged with MacGregor in accordance with the procedure described in the sales and purchase agreement. At the time of reporting, no solution has been agreed between the parties.

Nekkar is of the opinion that the figures which have been presented are based on the best estimates from consistently applied accounting policies in the sold companies, and has fully challenged the claim presented by MacGregor. There is risk and uncertainty with respect to the financial outcome and timing of the ultimate resolution of the disputed amount. No provision related to the disputed amount is included in the 4Q interim financial statements.

NOTE 11 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

IFRS 16 Leases
IFRS 16 Leases was adopted by Nekkar on 1 January 2019. Nekkar implemented the new standard using the modified retrospective approach with no restatement of comparable figures for 2018. Nekkar has entered various operating leases which mainly comprise office facilities and storage facilities.

Nekkar companies currently hold a limited number of lease obligation, with a weighted average duration of less than 24 months. As such the adoption of IFRS 16 has limited effect on the accounts as per 31.12.2019.

As per 12.2019 total lease obligations are calculated at KNOK 600 which is presented as a short-term financial liability. Lease payments of KNOK 592 in 2019, are corresponding to depreciation of KNOK 600, and finance cost of KNOK 8.

NOTE 12 SUBSEQUENT EVENTS

On the 27. January 2020, Nekkar ASA was awarded an Environmental Technology grant from Innovation Norway of MNOK 10 to develop, pilot and test a Closed Cage for fish farming in cooperation with a renowned Norwegian fish farmer.

Additional information on subsequent events is available at www.newsweb.no – ticker NKR.

Appendix

APPENDIX 1. SHAREHOLDERS

Major Shareholders per 31.12.2019		Shares	Share portion
SKEIE TECHNOLOGY AS	2)	26 568 237	25,2 %
RASMUSSENGRUPPEN AS		11 512 506	10,9 %
MP PENSJON PK		6 639 839	6,3 %
SKEIE CAPITAL INVESTMENT AS	2)	4 907 586	4,6 %
TIGERSTADEN AS	4)	4 089 512	3,9 %
VINTERSTUA AS		3 157 200	3,0 %
MIDDELBORG INVEST AS		2 670 496	2,5 %
AVANZA BANK AB	NOM	2 639 550	2,5 %
TIGERSTADEN INVEST AS	4)	2 000 000	1,9 %
PIMA AS		1 603 613	1,5 %
SKEIE CONSULTANTS AS	3)	1 507 243	1,4 %
ITLUTION AS		1 475 261	1,4 %
SKÅLA BÆR AS		1 150 000	1,1 %
GINKO AS		1 000 000	0,9 %
DNB MARKETS [Aksjehandel/-analyse]		1 000 000	0,9 %
HORTULAN AS		969 270	0,9 %
INTERACTIVE BROKERS LLC	NOM	958 272	0,9 %
JÆDEREN AS		922 122	0,9 %
SKEIE ALPHA EQUITY AS	1)	804 828	0,8 %
TIGERGUTT INVEST AS	4)	800 000	0,8 %
LEOVILLE AS	4)	550 000	0,5 %
PIROL AS	4)	600 000	0,6 %
SKEIE TRYM	1)	323 140	0,3 %
SKEIE ALPHA INVEST AS	1)	250 000	0,2 %
OTHER		27 521 403	26,1 %
Shares pr 31.12.2019	5)	105 620 078	100,0 %

1) Shares owned or controlled by Trym Skeie and companies directly or indirectly controlled by him holds 1.377.968 shares representing 1,30 % of total shares.

2)Shares owned or controlled by the Skeie family and companies directly or indirectly controlled by them holds 31.475.823 shares representing 29,80% of total share

3) Shares owned or controlled by Bjarne Skeie and companies directly or indirectly controlled by him holds 1.507.243 shares representing 1,43% of total shares.

4) Tigerstaden AS and it's subsidiaries holds 8.039.512 shares representing 7,61% of total shares.

5) A senior employee in TTS Marine AB holds 150.000 share options which expire latest 31.05.2020. Strike price is set to NOK 1,30/share.

APPENDIX 2. END NOTES

[1] Net-Interest Bearing Debt (NIBD) = Bank deposits less interest-bearing debt to financial institutions and bondholders.

[2] Net working capital (NWC) = Short term assets, less bank deposits, less short-term liabilities (ex. Interest bearing debt).

[3] NEKKAR Total represents both continued and discontinued businesses

[4] EBITDA = Earnings before interest, tax, depreciation and amortization

[5] EBIT = Earnings before interest and tax