Third quarter 2019
Financial statement

CEO Letter

Closing of the MacGregor transaction took place 31 July 2019 and Nekkar received a cash consideration of MNOK 554 based on preliminary figures as of same date. The cash consideration is based on the agreed enterprise value of MNOK 840 on cash and debt free basis. Hence, the cash consideration is the residual from adjustments for working capital and net debt at closing. The preliminary accounting effect of the transaction is MNOK 86. MacGregor is challenging the purchase price calculation and is claiming a downward purchase price adjustment of approximately MNOK 240. Nekkar will fully challenge the claim presented by MacGregor.

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 is accounted for in 3Q 2019.

Closing of the MacGregor / Cargotec Transaction

Following approval from the relevant competition authorities, closing of the transaction took place 31 July 2019. Completion of the transaction was based on preliminary figures as of 31 July 2019 and Nekkar received a cash consideration of MNOK 554 on the closing date.

In line with the agreed procedures in the transaction agreement, Nekkar has presented to MacGregor the final figures as of 31 July 2019, including calculation of the final purchase price. As communicated to OSE 18 November 2019, MacGregor is challenging the final purchase price calculation and is claiming a downward purchase price adjustment of approximately MNOK 240 compared to the amount presented by Nekkar.

The preliminary accounting effect of the transaction is MNOK 86. The recognized amount does not account for the claim set forth by MacGregor. Any subsequent changes in the final purchase price will impact the reported accounting effect of MNOK 86.

Nekkar is of the opinion that the figures presented by Nekkar are correct and will fully challenge the claim presented by MacGregor.

Financial performance Nekkar

The reported EBITDA for the continued business was MNOK 12.5 for 3Q 2019, which represents an increase of MNOK 2.7 (27%) compared to 3Q 2018. Syncrolift continued to perform well and delivered an EBITDA of MNOK 15 in the quarter. The activity in Syncrolift remains high and the third quarter order intake was MNOK 172. Following the strong order intake, the total newbuilding order backlog at the end of the third quarter was an all-time high of MNOK 734 which represents an increase of 19% compared to the previous quarter.

Revenue in the quarter was MNOK 64 compared to MNOK 53 the previous quarter and MNOK 61 in 3Q 2018.

The record high order backlog of MNOK 734 is expected to secure activity well into 2022 and the market outlook for new projects is viewed as good.

A dividend payment of NOK 4.0 per share, representing a total distribution of MNOK 422, was paid to the shareholders of Nekkar ASA 27 September 2019.

Toril Eidesvik, CEO

NEKKAR Board Report

FINANCIAL PERFORMANCE

- 3Q 2019 revenue was MNOK 64 which represents an increase of 5% compared to 3Q 2018.
- 3Q 2019 EBITDA was MNOK 12 compared to MNOK 10 in 3Q 2018.
- At the end of 3Q 2019, the order backlog of the Syncrolift business was MNOK 734 which will secure activity well into 2022. EPS in the quarter was NOK 0,12.

NEKKAR	3Q		YTD 30.09		Full year
MNOK	2019	2018	2019	2018	2018
Revenue	64	61	168	175	220
EBITDA	12	10	14	17	17
EBITDA margin	19,6 %	16,4 %	8,2 %	9,7 %	7,8 %
EBIT	12	9	12	16	15
Order intake	172	191	260	377	388
Order backlog	734	659	734	659	629
EPS (NOK)	0,12	0,05	0,09	0,10	0,14

TOTAL ASSETS AND NET INTEREST-BEARING DEBT [2]

Total assets at the end of 3Q 2019 was MNOK 423 compared to MNOK 2.416 at year end 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 value of net assets sold. The equity ratio at the end of 3Q 2019 was 46%. The net cash position is MNOK 306 at the end of 3Q 2019, whereas MNOK 182 is related to prepayments received from customers within the Syncrolift projects.

Following completion of the MacGregor transaction, all bank debt and overdraft facilities were settled. MNOK 84 of the company's convertible bond loan (total MNOK 86) were converted to shares and MNOK 2 were repaid in full.

A distribution of dividend to the parent company's shareholders of NOK 4.0 per share, total MNOK 422, was performed 27 September 2019.

ORDER INTAKE AND BACKLOG

The newbuild order intake was MNOK 172 in the third quarter compared to MNOK 6 in the previous quarter. As a result, the order backlog at the end of 3Q 2019 was MNOK 734 which is all-time high and represents an increase of 19% compared to the previous quarter.

The current order backlog will secure high activity well into 2022.

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 have used the modified retrospective approach at the date of initial application, 1 January 2019, with no restatement of comparable periods. Additional information of the financial impact of the IFRS 16 implementation is presented in Note 1 and Note 10.

NEKKAR Board Report

SHIPYARD SOLUTIONS

Syncrolift delivered revenues of MNOK 57 and EBITDA of MNOK 15 in 3Q 2019 compared to revenues of MNOK 61 and EBITDA of MNOK 14 in 3Q 2018. The decline in revenues is related to delays on the customer's side in some projects. The revenue decline is fully offset by higher profit margins in the period.

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)	3Q		YTD 30.09		Full year
MNOK	**2019**	**2018**	**2019**	**2018**	**2018**
Revenue	57	61	154	175	218
EBITDA	15	14	27	36	42
EBIT	15	13	27	35	41
Order backlog	734	659	734	659	629

OUTLOOK

SHIPYARD SOLUTIONS

The outlook is solid with newbuilding contracts of MNOK 172 being awarded in the third quarter and MNOK 260 year-to-date 2019. The ongoing business is performing well, and the order backlog will ensure high activity going forward. Delays in ongoing projects is basis for a slight reduction in revenue recognition, however not affecting the overall project margins.

Syncrolift is continuously developing new solutions and products to increase the repair yard productivity and minimize vessel time on land. In the new Fast Docking business area, six out of eight products have already been commercialized and the future growth potential is viewed as attractive.

In addition to new products and solutions, there is a potential for growth within service and upgrades. Syncrolift has a leading market position for shiplift and transfer systems, and the large installed base lays a foundation for increased service and aftermarket offerings.

NEKKAR NEW BUSINESS

Following completion of the Cargotec transaction, Nekkar has initiated a strategic planning process and identified several future business areas based on the industry knowledge built up in the Kristiansand region. Shipyard Solutions will still be an 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 system that collects different data sources into a unified visualization & monitoring platform- enabling remote operations. Intellilift is continuously working on new product development alongside its already commercialized products.

Aquaculture innovation through the development of Starfish, a fully closed salmon cage technology improving fish welfare and production economics. Through the development of Starfish, Nekkar brings offshore grade engineering competence to the aquafarming industry. Nekkar is working with a strategic partner within the aquaculture industry on the development of Starfish.

Offshore Energy & Renewables is looking into several products leveraging benefits of next generation PM 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	Unaudited	Unaudited	Unaudited	Audited
CONTINUED BUSINESS	**Note**	**YTD 30.09.2019**	**YTD 30.09.2018**	**3Q 2019**	**3Q 2018**	**31.12.2018**
Revenue from projects	2	167 534	175 382	63 908	61 272	220 310
Total operating revenue		**167 534**	**175 382**	**63 908**	**61 272**	**220 310**
Raw materials and consumables used		103 907	112 901	35 406	38 879	142 108
Other operating costs		49 831	45 125	16 004	12 574	61 201
EBITDA		**13 796**	**17 356**	**12 499**	**9 819**	**17 001**
Depreciation		2 072	1 373	708	599	1 887
Operating profit (EBIT)		**11 724**	**15 982**	**11 791**	**9 220**	**15 113**
Financial income		6 145	9 394	2 248	4 293	15 126
Financial expense		8 161	14 449	678	8 522	16 935
Net finance		**-2 016**	**-5 055**	**1 570**	**-4 229**	**-1 808**
Profit/loss before tax		**9 709**	**10 927**	**13 362**	**4 990**	**13 305**
Tax	6	189	313	172	63	1 490
Profit/loss from continued business		**9 520**	**10 614**	**13 190**	**4 928**	**11 814**
DISCONTINUED BUSINESS						
Profit/loss from discontinued business	9	**163 045**	**9 319**	**113 429**	**2 705**	**-26 758**
Profit/loss for the period		**172 565**	**19 933**	**126 619**	**7 633**	**-14 944**
Attributable to equity holders of the company	4	163 406	21 188	124 954	4 533	-28 593
Attributable to non-controlling interests		9 158	-1 254	1 665	3 100	13 649
COMPREHENSIVE INCOME						
Net result for the period		172 565	19 933	126 619	7 633	-14 944
Currency effects		**-13 988**	**-64 049**	**927**	**-7 763**	**-15 588**
Total comprehensive income		**158 577**	**-44 116**	**127 546**	**-130**	**-30 532**
Attributable to equity holders of the company		153 430	-34 794	127 257	4 977	-44 737
Attributable to non-controlling interests		5 147	-9 322	289	-5 107	14 205
Earnings per share (NOK)	4	1,55	0,24	1,18	0,05	-0,33
Diluted earnings per share (NOK)		1,55	0,20	1,18	0,04	-0,27
Earnings per share - Continued Business (NOK)	4	0,09	0,12	0,12	0,06	0,14
Diluted earnings per share - Continued Business (NOK)		0,09	0,10	0,12	0,05	0,11

FINANCIAL ACCOUNTS
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NEKKAR

(NOK 1 000)		Unaudited YTD 30.09.2019	Unaudited YTD 30.09.2018	Audited 31.12.2018
Intangible assets	6	46 996	36 190	25 020
Tangible assets		9 594	8 089	13 611
Total fixed assets		56 620	44 279	38 631
Inventories		1 206	596	596
Total receivables		59 180	118 358	111 216
Bank deposits/cash		306 344	266 871	349 445
Assets held for sale	9	-	1 748 747	1 916 148
Total current assets		366 729	2 134 572	2 377 405
Total assets		**423 349**	**2 178 851**	**2 416 036**
Share capital	3	11 617	9 561	9 579
Other equity		167 781	358 747	348 123
Non-controlling interests		15 242	132 996	156 528
Total equity		194 640	501 304	514 230
Provisions		-	-	-
Long term interest bearing debt		-	-	-
Long term liabilities		-	-	-
Current interest bearing debt	8, 10	900	300 245	287 445
Current liabilities	7	227 809	199 908	257 724
Liabilities held for sale	9	-	1 177 394	1 356 637
Total current liabilities		228 709	1 677 547	1 901 806
Total liabilities		228 709	1 677 547	1 901 806
Total equity and liabilities		**423 349**	**2 178 851**	**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	-	-	-	153 430	153 430	5 147	158 577
New shares issued	2 038	-	89 068	-	91 106	-	91 106
Acquisitions new subsidiaries	-	-	-	-	-	14 699	14 699
Dividend	-	-	-	-422 840	-422 840	-	-422 840
De-recognized NCI	-	-	-	-	-	-161 132	-161 132
Equity Closing balance 30.09.2019	**11 618**	**-1**	**240 793**	**-73 012**	**179 398**	**15 242**	**194 640**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NEKKAR

(Amounts in NOK 1000)	Note	YTD 30.09.2019	*YTD 30.09 2018 [Restated]	Audited 31.12.2018
Cash flow from operating activities				
Profit (loss) before tax		9 709	10 927	13 305
Adjustments for:				
Depreciation / impairment		2 072	1 373	1 887
Net Finance		2 016	6 638	3 263
Share based payment		-	-	531
Income tax paid		-189	-313	-1 509
Change in net current assets		22 411	43 604	108 563
A. Net cash flow from operating activities		**36 019**	**62 230**	**126 040**
Cash flow from investment activities				
Acquisition of Subsidiary - net of Cash acquired		-8 354	-	-
Acquisition of fixed assets		-3 189	-1 235	-7 783
Disposal of discontinued operation, net of cash-value disposed		-	-11 828	22 608
Proceeds from sale of investments	9	553 562	-	-
B. Net cash flow from investment activities		**542 019**	**-13 063**	**14 825**
Cash flow from financing activities				
Proceeds from issuance of share capital**		91 162	1 000	2 400
Disbursement on short-term/ long-term debt***		-287 445	-38 500	-52 400
Dividends paid		-422 840	-	-
Net Finance		-2 016	-6 638	-3 263
C. Net cash flow from financing activities		**-621 139**	**-44 138**	**-53 264**
Net change in cash and cash equivalents (A+B+C)		-43 101	5 028	87 602
Cash and cash equivalents at the start of the period		349 445	261 843	261 843
Cash and cash equivalents at the end of the period ******		**306 344**	**266 871**	**349 445**

* 3Q 2018 numbers are restated to reflect continued business

** 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 AS and Intellilift AS), whilst "discontinued business "(the activity transferred to Cargotec through the completed transaction), is presented on a separate line as "Profit/loss from discontinued business". For 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 3Q Financial Report, the focus is on continued business. For further information, please see note 2 and 9 to the report.

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 3Q 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.

The Group has initially adopted IFRS 16 Leases from 1 January 2019 (Ref. note 10). The change in accounting policies are reflected in the consolidated financial statements as at 30 September 2019, and for the year ending 31 December 2019.

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

This condensed consolidated 3Q interim report for 2019 was approved by the Board of Directors on 29 November 2019.

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.

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.

When assets meet the criteria for the assets held for sale classification, the asset value are measured at the lower of the carrying amount and fair value less costs to sell. Depreciation ceases of such assets. Fair value is a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the assets and transfer the liabilities which would take place between market participants at the measurement date under current market conditions.

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.

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 have used the incremental borrowing rate at 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 at 1 January 2019, adjusted by the amount of any prepaid or accrued lease payments.

The incremental borrowing rate differ 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 at 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.

Notes

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 10 for further details on accounting policies following the implementation of IFRS 16.

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					
(NOK 1000)	**3Q19**	**3Q18**	**YTD 30.09.2019**	**YTD 30.09.2018**	**2018**
BU SYS	57 557	61 272	157 828	175 382	220 277
Other	6 350	-	9 706	-	32
Total	**63 908**	**61 272**	**167 534**	**175 382**	**220 310**

EBITDA					
(NOK 1000)	**3Q19**	**3Q18**	**YTD 30.09.2019**	**YTD 30.09.2018**	**2018**
BU SYS	15 133	13 333	27 743	35 701	41 677
Other	-2 634	-3 514	-13 947	-18 345	-24 677
Total	**12 499**	**9 819**	**13 796**	**17 356**	**17 001**

NOTE 3. SHARE CAPITAL

As per 30 September 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.

Nekkar issued 16.935.608 new shares in 3Q 2019 through conversion from bond holders of in total MNOK 84,170. This corresponds to an increase in the share capital of NOK 1.862.917, and NOK 82.307.055 in share premium capital.

In September 2019, senior employees exercised 610.000 share options at a strike price of NOK 3,43 per share, corresponding to an increase in share capital of NOK 67.100, and NOK 2.025.200 in share premium capital.

As per 30 September 2019 150.000 share options are valid with a termination 31 May 2020. As of ex-date for cash dividend, the strike price for remaining options were changed from NOK 3,43 to NOK 1,30.

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	YTD 30.09.2019	YTD 30.09.2018	31.12.2018
Net income available to shareholders [Continued]	9 520	10 614	11 814
Effect of dilution	-	-	-
Diluted net income available to shareholders	9 520	10 614	11 814
Net income available to shareholders [Incl. disc.bus.]	163 406	21 188	-28 593
Effect of dilution	-	-	-
Diluted net income available to shareholders	163 406	21 188	-28 593
Weighted average number of shares outstanding	105 620	87 028	87 089
Effect of dilution	105	19 278	19 217
Diluted numbers of shares	105 725	106 306	106 306
Earnings per share (NOK) [Continued]	0,09	0,12	0,14
Diluted earnings per share (NOK) [Continued]	0,09	0,10	0,11
Earnings per share (NOK)	1,55	0,24	-0,33
Diluted earnings per share (NOK)	1,55	0,20	-0,27

Closing share price at Oslo Stock Exchange

30 September 2019	NOK 2,98
30 June 2019	NOK 6,08
31 March 2019	NOK 6,22
31 December 2018	NOK 6,42
30 September 2018	NOK 6,54
31 December 2017	NOK 4.20

A dividend of NOK 4,0 were distributed at 27 September 2019

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 was acquired from Skeie Consultants AS. Skeie Consultants AS currently holds 1,4% of the shares in Nekkar ASA.

Notes

NOTE 6. INTANGIBLE ASSETS

	Intangible Assets		
(NOK 1000)	**30.09.2019**	**30.09.2018**	**31.12.2018**
Goodwill	19 217	-	-
Deferred tax assets	19 201	30 011	18 939
Other intangible assets	8 577	6 179	6 080
Total	46 996	36 190	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 preliminary purchase price allocation, MNOK 19,2 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)	**30.09.2019**	**30.09.2018**	**31.12.2018**
Net book value - Opening Balance	-	-	-
Acquisition	19 217	-	-
Depreciations/Amortizations	-	-	-
Net book value - Closing Balance	19 217	-	-

Other intangible assets

Other intangible assets related to IP-rights amounts to MNOK 8,6 MNOK, of which MNOK 2,8 MNOK have been acquired as part of the Intellilift transaction.

	Other intangible assets		
(NOK 1000)	**30.09.2019**	**30.09.2018**	**31.12.2018**
Net book value - Opening Balance	6 080	6 473	6 473
Acquisition	2 792	-	-
Depreciations/Amortizations	-295	-294	-393
Net book value - Closing Balance	8 577	6 179	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)	**30.09.2019**	**30.09.2018**	**31.12.2018**
Gross deferred tax asset	19 201	30 011	18 939
Gross deferred tax liability	-	-	-
Net deferred tax asset (+) / liability (-)	19 201	30 011	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 3Q 2019.

Tax cost recognized as per 30 September 2019 relates to withholding taxes paid on sales fees received from a joint venture company in China.

Notes

NOTE 7. CURRENT LIABILITIES

	Current Liabilities		
(NOK 1000)	**30.09.2019**	**30.09.2018**	**31.12.2018**
Payables to suppliers	13 269	11 508	9 715
Payroll / Tax Payables	885	1 834	3 152
Prepayments from customers	184 607	123 277	130 538
Other current liabilities	29 048	63 289	114 320
Net book value - Closing Balance	227 809	199 908	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 Cargotec. The lenders approved the transaction and have received repayment in full. Liens and securities have been released post-closing.

The credit facilities as per 30 September 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 3Q 2019, Nekkar had drawn MNOK 137 of the guarantee facility.

At the end of 3Q 2019 the net cash position of Nekkar is MNOK 306, of which MNOK 40 is held as a deposit for derivative exposure in DNB.

Short term interest bearing debt relates to presentation of IFRS 16 ref. note10.

18 November 2019, Nekkar communicated that MacGregor is claiming a downward purchase price adjustment of MNOK 240. Nekkar will fully challenge the claim presented by MacGregor, ref. note 11.

NOTE 9 DISPOSALS OF DISCONTINUED BUSINESS

Reference is made to note 1 and 12 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 continue under the name Nekkar ASA in a new strategic direction. The transaction is 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 transaction is accounted for in 3Q 2019 and show a preliminary accounting effect of MNOK 86. In line with the agreed procedures in the transaction agreement, Nekkar has presented to MacGregor the final figures as of 31 July 2019, including calculation of the final purchase price.

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

Nekkar is of the opinion that the figures presented by Nekkar are correct and will fully challenge the claim presented by MacGregor. The preliminary transaction calculation of MNOK 86 does not account for the claim set forth by MacGregor. Any subsequent changes in the purchase price will impact the reported accounting effect of MNOK 86.

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 forms the basis for continued business, are allocated to discontinued business.

Notes

- Revenue and cost directly attributable to activities in the continued business but performed within the legal entities that forms the basis for the discontinued business, are allocated to continued business.
- Since transactions between continued business and discontinued business are to cease when the transaction with Cargotec is completed, intercompany transactions are eliminated.
- Intercompany interest related to cash pool arrangement is not eliminated based on the accounting of the cash pool arrangement.
- Interest from bank loans and bond loan have been allocated to the disposal group since these loans have funded these businesses, and the loans will be 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 will be responsible for settling the cash pool receivables/liabilities post transaction.

NEKKAR - Discontinued Business

(NOK 1 000)	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Results of discontinued business	**YTD 30.09.2019***	**YTD 30.09.2018**	**3Q 2019***	**3Q 2018**	**31.12.18**
Revenue	1 272 776	1 122 022	153 935	340 641	1 639 976
Expenses	1 216 042	1 104 286	153 688	329 979	1 649 365
Results from operating activities	56 734	17 736	246	10 662	-12 061
Income tax	6 872	8 417	-	7 957	14 698
Results from operating activities, net on tax	49 862	9 319	246	2 705	-26 759
Preliminary effect from sale of discontinued business **	113 183		113 183		
Income tax on sale of discontinued business ***	-		-		
Profit (loss) from discontinued business, net of tax	163 045	9 319	113 429	2 705	-26 759

* 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

Preliminary transaction calculation based on the consideration received on the closing date of the transaction

(NOK 1 000)	Unaudited
Preliminary 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]	50 201
Preliminary accounting effect before tax	**86 448**
Income tax expense [1]	
Preliminary accounting effect after tax [3]	**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 cost of MNOK 26.7, included in the total amount of MNOK 50, was expended in 2018 hence the accounting effect in 3Q 2019 is MNOK 113. Transaction related expenditures consist of both external and internal costs in the period from 2017 - 3Q 2019.

Notes

NOTE 10 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 holds a limited numbers 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 30.09.2019.

As per 09.2019 total lease obligations is calculated at KNOK 900 which is presented as a short-term financial liability. Lease payments of KNOK 444 in 2019, are corresponding to depreciation of KNOK 438, and finance cost of KNOK 6.

NOTE 11. SUBSEQUENT EVENTS

Completion of the asset sale agreement with MacGregor, a subsidiary of Cargotec Oyj, took place 31 July 2019. Completion of the transaction took place based on preliminary figures, with final purchase price to be based on financials as of 31 July 2019 according to procedures provided in the transaction agreement. In line with the agreed procedures, Nekkar has presented to MacGregor the final figures as of 31 July 2019, including calculation of the final purchase price. On the 18 November 2019, Nekkar informed Oslo Stock Exchange that MacGregor is challenging this calculation, claiming a downward purchase price adjustment of approximately MNOK 240 compared to the amount presented by Nekkar. Nekkar is of the opinion that the figures presented by Nekkar are correct and will fully challenge the claim presented by MacGregor.

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

Appendix

APPENDIX 1. SHAREHOLDERS

Major Shareholders per 30.09.2019		Shares	Share portion
SKEIE TECHNOLOGY AS	**)	26 568 237	25,2 %
RASMUSSENGRUPPEN AS		11 512 506	10,9 %
MP PENSJON PK		6 639 839	6,3 %
BARRUS CAPITAL AS		5 803 500	5,5 %
SKEIE CAPITAL INVESTMENT AS	**)	4 907 586	4,6 %
VINTERSTUA AS		4 847 000	4,6 %
TIGERSTADEN AS		4 482 012	4,2 %
PIMA AS		2 288 387	2,2 %
SKEIE CONSULTANTS AS	***)	1 507 243	1,4 %
MIDDELBORG INVEST AS		1 500 000	1,4 %
ITLUTION AS		1 475 261	1,4 %
AVANZA BANK AB	NOM	1 337 087	1,3 %
INTERACTIVE BROKERS LLC	NOM	1 273 511	1,2 %
TIGERSTADEN INVEST AS		1 250 000	1,2 %
SALT VALUE AS		1 082 625	1,0 %
JÆDEREN AS		1 000 000	0,9 %
DNB MARKETS Aksjehandel/-analyse		985 000	0,9 %
LEOVILLE AS		957 500	0,9 %
SKÅLA BÆR AS		875 000	0,8 %
GUTTIS AS		850 000	0,8 %
SKEIE ALPHA EQUITY AS	*)	804 828	0,8 %
SKEIE TRYM	*)	323 140	0,3 %
SKEIE ALPHA INVEST AS	*)	250 000	0,2 %
OTHER		23 099 816	21,9 %
Shares pr 30.09.2019	****)	105 620 078	100,0 %

*) 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.

**) 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

***) 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 share

****) A senior employee in TTS Marine AB holds 150.000 share options which expire latest 31.05.2020. Following the equity repayment of NOK 4,00/share in 3Q-2019 the strike price was reduced from NOK 3,43/share into 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