
Nordic Technology Group

1H 2024 FINANCIAL REPORT

30 AUGUST 2024

DIRECTORS REPORT

NORDIC TECHNOLOGY GROUP

Nordic Technology Group AS (NTG) was incorporated in March 2021 as a limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law and other regulatory requirements. NTG has its headquarters located in the municipality of Oslo, Norway.

NTG's overall strategy is to carry out multi-channel value creation and realization by attracting and developing scale-up businesses and building the businesses into becoming industry-leading technology initiatives within their respective market niches.

As of 30 June 2024 NTG has majority ownership in four companies and a financial investment in one company. NTG is organized in three business areas:

<u>Business area</u>	<u>Company name</u>	<u>NTG%</u>
Sensor technology	Wavetrain Systems AS	82.0%
	Hammertech AS	82.3%
Nanomaterials technology	CondAlign AS	50.5%
	CrayoNano AS	14.4%
Clean technology	Hystorsys AS	100.0%
	MossHydro AS	89.9%

NTG GROUP CONSOLIDATED FINANCIALS 1H 2024 (Unaudited)

NTG Group had consolidated revenues of NOK 22.7 million in 1H 2024 compared to NOK 12.5 million in 1H 2023 not including the gain of NOK 50.2 million from sale of Hybrid Energy in 1H 2023. The revenues in 1H 2024 comes mainly from Hammertech AS (around NOK 10.1 million) and MossHydro AS (around NOK 11.7 million). Total operating expenses ended at NOK 111.1 million compared to total operating expenses of NOK 103.1 million in 1H 2023 mainly driven by an increase in payroll expenses.

Net operating loss for 1H 2024 amounts to NOK 88.3 million, of which NOK 56.1 million is related to depreciation and amortization expenses compared to a net operating loss in 1H 2023 of NOK 40.3 million, of which NOK 54.6 million was related to depreciation and amortization expenses and NOK 50.2 million related to gain on sale of Hybrid Energy in 1H 2023.

The consolidated NTG Group's cash balance on 30 June 2024, is around NOK 6.2 million compared to around NOK 10.1 million on 31 December 2023. Current assets as of 30 June 2024 is around NOK 43.9 million and current liabilities is NOK 64.8 million compared to NOK 53.0 million and NOK 62.6 million respectively on 31 December 2023. Total assets on 30 June 2024 are around NOK 617.5 million, of which NOK 479.1 million is related to intangible assets compared to total assets of NOK 659.1 million, of which NOK 515.7 million was related to intangible assets on 31 December 2023. The main change is due to the depreciation of goodwill during the period.

As of 30 June 2024, the Group companies have non-current liabilities of around NOK 49.9 million, primarily related to credit facilities and loans with banks, project financing and innovation loans with other institutions and convertible loans compared to around NOK 28.9 million on 31 December 2023.

Net cash outflow from operating activities during 1H 2024 was NOK 45.3 million compared to a net cash outflow of NOK 48.5 million in 1H 2023. The net cash outflow from investing activities was NOK 23.5 million compared to a net cash flow from investing activities of NOK 38.2 million in 1H 2023. The net cash flow from financing activities was NOK 65.0 million compared to a net cash flow from financing activities of NOK 1.0 million in 1H

2023. The main deviation in cash flow from financing activities is due to issuance of equity in the group companies and new loans in Nordic Technology Group AS in 1 H 2024.

The book value of equity as of 30 June 2024 is NOK 502.9 million corresponding to an equity ratio of around 81.4% compared to around NOK 567.6 million (86.1%) on December 31, 2023.

The parent company, Nordic Technology Group AS, has on behalf of certain group companies a total of NOK 38.3 million in guarantees for certain credit facilities and loans with banks and other institutions. The guarantees were on 30 June 2024 extended with 1 year until 30 June 2025. NTG parent company does not have any financial instruments such as forward contracts or hedging agreements in place exposing the NTG parent or the NTG Group for changes in currency exchange rates, interest rates or other commodity price changes.

The Board of Directors and executive management has carried out an impairment review in accordance with the applicable standards and the company's policies. This review involved assessing the carrying values of the company's assets, considering both internal factors, such as operational performance and future cash flow projections, and external factors, such as market conditions and economic outlook. Based on the evaluation and the recently completed third party valuations, the Board of Directors and executive management has determined that there are no material indicators of impairment that would warrant and require any adjustments to the book values of the NTG's (parent company) assets as the expected recoverable amounts of these assets continue to exceed their book values. However, the Board of Directors and executive management want to reiterate that there will always be a significant portion of uncertainty surrounding the estimates of the actual obtainable and realizable assets in the NTG's balance sheet should that be required.

GOING CONCERN

It is the opinion of the Board of Directors and Chief Executive Officer that the 1H 2024 financial statements and financial positions provide a true and fair view of the development, risks and results of the parent company and its subsidiaries as of 30 June 2024. The Board of Directors and Chief Executive Officer confirms that the 1H 2024 financial statements are prepared in accordance with the going concern assumption and has taken this into account when preparing the financial statements. There have been no other circumstances after the end of 30 June 2024 that are of importance when assessing the groups position besides what is informed under events after the balance sheet date.

The Board of Directors and executive management evaluates the future cash flow forecast by conducting a review of the company's financial health, operational performance, and external market conditions. Key financial metrics, such as working capital, capital expenditures, and debt obligations, are scrutinized to anticipate potential cash inflows and outflows. The Board of Directors and executive management also examines the assumptions behind revenue projections, including sales growth and market demand to verify whether they are realistic and aligned with current business conditions. In addition, external factors that could impact cash flow, such as economic shifts, interest rate changes, competitive pressures, and regulatory developments are also examined. The review allows the Board of Directors and executive management to determine the level of financial flexibility the company needs to maintain over the next 12 months and to clarify the strategies for addressing any potential shortfalls in cash flow, such as securing additional financing or optimizing working capital management.

Based on cash flow forecasts for the period up to June 2025, the Board of Directors and executive management expects that Wavetrain Systems, Hammertech, CondAlign will require additional funding to execute and proceed with its commercialization and growth strategy and has implemented action plans to secure the liquidity required. Wavetrain Systems, Hammertech and CondAlign has commenced a capital raise transaction, whilst Hystorsys, with a non-material liquidity need is planned supported by the parent company, Nordic Technology Group AS. In addition, the parent company is currently assessing a new strategic direction to ensure long-term growth and adaptability in a rapidly changing market. This evaluation involves analyzing emerging opportunities, reviewing current business operations, and aligning them with evolving industry trends and customer needs. While we are in the early stages of this process, the goal is to enhance our competitive positioning and continue delivering value to all stakeholders.

However, until financing is secured, there will always be an inherent risk that adequate sources of funds may not be available, or available at acceptable terms and conditions when needed, and as such, there is a considerable risk to the going concern if each of Wavetrain Systems, Hammertech or CondAlign are not successful in obtaining required liquidity.

The Board of Directors and Chief Executive Officer believes to the best of their abilities that Wavetrain Systems, Hammertech and CondAligns' initiatives and plans are realistic and sufficient to support the assumption that the Group can meet its financial obligations and continue to support the liquidity requirements for ongoing operations for the period up to June 2025.

EVENTS AFTER THE BALANCE SHEET DATE

There have been no events after the balance sheet date (reporting period) that would have an impact on the Company's financial statements or its financial position at the time issuing this report.

The Board of Directors report, including the 1H 2024 unaudited report will be available for download on the NTG Group's web page www.ntechgroup.no.

Oslo
30 August 2024

Sign
Henrik August Christensen
Chairman

Sign
Camilla Amundsen
Board member

Sign
Georg Johan Espe
Board member

Sign
Konstantinos Koutsoumpelis
Board member

Sign
Leif Rune Rinnan
Chief Executive Officer

Consolidated income statement

Amounts in NOK 1000

Operating income and expenses	Note	Unaudited H1 2024	Unaudited H1 2023	Unaudited YTD 2024	Unaudited YTD 2023
Revenue	1	22 724	12 452	22 724	12 452
Other operating income		0	50 253	0	50 253
Total revenue		22 724	62 706	22 724	62 706
Capitalized internally generated assets		-18 418	-15 244	-18 418	-15 244
Cost of goods sold		3 678	5 942	3 678	5 942
Payroll expenses		41 809	34 522	41 809	34 522
Depreciation and amortisation expenses	2, 3	56 141	54 605	56 141	54 605
Other operating expenses		27 853	23 226	27 853	23 226
Total operating expenses		111 062	103 051	111 062	103 051
Operating profit or loss		-88 339	-40 346	-88 339	-40 346
Financial income and expenses					
Other finance income		532	4 357	532	4 357
Other financial expense		3 807	3 675	3 807	3 675
Net financial items		-3 275	682	-3 275	682
Profit of loss before income tax		-91 614	-39 663	-91 614	-39 663
Income tax expense		177	177	177	177
Net loss for the period before minority interests		-91 436	-39 486	-91 436	-39 486

Consolidated balance sheet

Amounts in NOK 1000

ASSETS	Note	Unaudited YTD 2024	Audited 2023
Development	2	217 092	212 308
Other intangible assets	2	5 720	5 840
Deferred tax asset		7 543	7 366
Goodwill	2	248 712	290 164
Total intangible assets		479 067	515 677
Machinery and plant (leased)	3	2 628	3 604
Fixtures and fittings, tools, office machinery and equipment	3	10 973	11 344
Total tangible assets		13 601	14 948
Investments in shares		80 971	75 471
Total financial non-current assets		80 971	75 471
TOTAL NON-CURRENT ASSETS		573 639	606 095
Inventories		16 134	14 777
Total inventories		16 134	14 777
Trade receivables		8 762	7 593
Other receivables		12 744	20 536
Total receivables		21 506	28 130
Cash and bank deposits		6 234	10 107
TOTAL CURRENT ASSETS		43 874	53 013
TOTAL ASSETS		617 512	659 109

Consolidated balance sheet

Amounts in NOK 1000

EQUITY AND LIABILITIES	Note	Unaudited YTD 2024	Audited 2023
Share capital	4	301	301
Share premium	4	758 241	758 241
Total paid-in equity		758 541	758 541
Other equity	4	-312 863	-235 228
Total retained earnings		-312 863	-235 228
Minority interests	4	57 211	44 299
TOTAL EQUITY		502 889	567 612
Convertible loans		27 541	11 230
Liabilities to financial institutions		21 626	15 948
Other non-current liabilities		702	1 678
Total other non-current liabilities		49 868	28 856
Convertible loans		8 505	0
Liabilities to financial institutions		27 886	19 145
Trade payables		10 480	8 024
Public duties payable		6 520	5 088
Other short-term liabilities		11 363	30 383
Total current liabilities		64 755	62 641
TOTAL LIABILITIES		114 624	91 496
TOTAL EQUITY AND LIABILITIES		617 512	659 109

Oslo, 30 August 2024

Sign.
Henrik August Christensen
Chairman of the Board

Sign.
Georg Johan Espe
Member of the Board

Sign.
Konstantinos Koutsoumpelis
Member of the Board

Sign.
Camilla Amundsen
Member of the Board

Sign.
Leif Rune Rinnan
Chief Executive Officer

Consolidated cash flow statement

Amounts in NOK 1000

	Unaudited H1 2024	Unaudited H1 2023
Cash flow from operations		
Result before income taxes	-91 614	-39 663
Gain from sale of shares in subsidiaries	0	-50 253
Depreciation	56 141	54 605
Change in inventory	-1 357	-1 987
Change in trade debtors	-1 168	-4 570
Change in trade creditors	2 456	7 414
Change in other provisions	-9 796	-14 048
Net cash flow from operations	-45 338	-48 501
Cash flow used in investments		
Purchase of tangible and intangible assets, including capitalized internally generated assets	-18 007	-13 092
Net proceeds from sale of shares in subsidiaries	0	66 682
Purchase of shares in other companies	-5 500	-15 361
Net cash flow from investments	-23 507	38 229
Cash flow used in financing		
Proceeds from long term loans	21 013	-2 745
Proceeds from short term loans	8 505	0
Net change in bank overdraft	8 741	-16 999
Proceeds from issuance of equity	26 713	20 742
Net cash flow from financing	64 972	998
Net change in cash and cash equivalents	-3 872	-9 274
Cash and cash equivalents at the beginning of the period	10 107	54 679
Cash and cash equivalents at the end of the period	6 234	45 405

Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

General and basis for preparation

Nordic Technology Group AS (NTG) was incorporated in March 2021 as a limited liability company organized under Norwegian law and with a governance structure based on Norwegian corporate law and other regulatory requirements. NTG has its headquarters located in the municipality of Oslo, Norway. The condensed interim financial statements for the period ending on 30 June 2024 have been prepared on accordance with the Norwegian Accounting Act (NGAAP) and generally accepted accounting principles. The accounting principles applied in preparing the interim financial statements are consistent with the annual report for 2023. The interim financial statements are unaudited.

The preparation of the interim financial statements entails the use of valuations, estimates and assumptions that affect the application of the accounting policies and the amounts recognized as assets and liabilities, income, and expenses. The actual results may deviate from these estimates. The material assessments underlying the application of the group's accounting policy, and the main sources of uncertainty are the same as for the annual report for 2023.

It is the opinion of the Board of Directors and Chief Executive Officer that the 1H 2024 financial statements and financial positions provide a true and fair view of the development, risks and results of the parent company and its subsidiaries as of 30 June 2024. The Board of Directors and Chief Executive Officer confirms that the 1H 2024 financial statements are prepared in accordance with the going concern assumption and has taken this into account when preparing the financial statements. There have been no other circumstances after the end of 30 June 2024 that are of importance when assessing the groups position besides what is informed under events after the balance sheet date.

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Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

Note 1 Operating income

	Nordic Technology Group, consolidated	
	H1 2024	H1 2023
Sales income	22 724	12 452
Gain from sale of shares in subsidiaries	0	50 253
Total	22 724	62 706

Geographical distribution	H1 2024	H1 2023
Norway	12 159	11 198
Europe	451	118
Other countries	10 114	1 137
Total	22 724	12 452

By business area	H1 2024	H1 2023
Sensor technology	10 114	1 137
Clean technology	12 159	11 198
Nano-materials technology	451	118
Total	22 724	12 452

Note 2 Intangible assets

Nordic Technology Group, consolidated	Development	Other intangible assets	Goodwill	Total
Purchase cost at 31 December 2023	254 575	6 999	417 586	679 160
Additions during the period	17 611	161	0	17 772
Purchase cost at 30 June 2024	272 186	7 160	417 586	696 932
Accumulated depreciation at 30 June 2024	55 094	1 440	168 874	225 408
Book value at 30 June 2024	217 092	5 720	248 712	471 524
Depreciation for the period	12 827	281	41 452	54 560
Estimated useful life	5-10 years	3-15 years	5 years	
Depreciation plan	Straight line	Straight line	Straight line	

Nordic Technology Group AS

NOTES

(Amounts in NOK 1000)

Note 3 Tangible assets

Nordic Technology Group, consolidated	Machinery and plant (leased)	Fixtures, tools, office machinery	Total
Purchase cost at 31 December 2023	5 462	13 041	18 503
Additions during the period	5	230	235
Purchase cost at 30 June 2024	5 467	13 271	18 738
Accumulated depreciation at 30 June 2024	2 839	2 298	5 137
Book value at 30 June 2024	2 628	10 973	13 601
Depreciation for the period	981	600	1 581
Estimated useful life	5 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 4 Shareholders' equity

Nordic Technology Group, consolidated	Share capital	Share premium	Other equity	Minority interests	Total
Equity changes for the period					
Equity at 31 December 2023	301	758 241	-235 228	44 299	567 612
Result for the period			-77 635	-13 801	-91 436
Share capital increase subsidiaries				26 713	26 713
Equity at 30 June 2024	301	758 241	-312 863	57 211	502 889

Note 5 Events after the balance sheet date

There has been no events after the balance sheet date (reporting period) that would have an impact on the Company's financial statements or financial position at the time issuing this report.