

NORBIT

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Second quarter and first half year 2024 presentation

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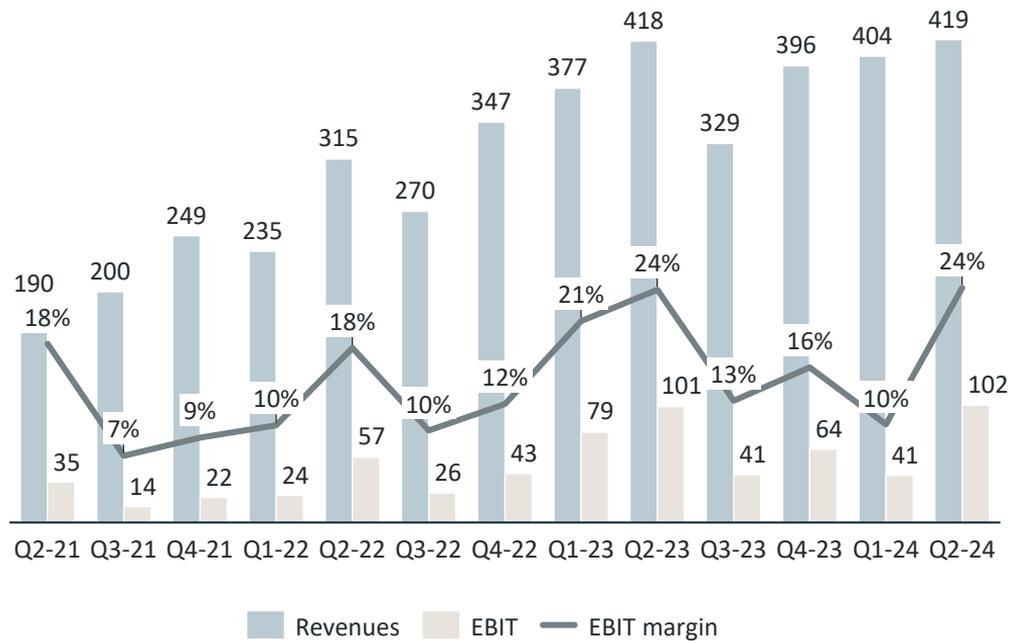
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Highlights

Continued operational and strategic progress

Revenues and EBIT

NOK million



Second quarter 2024

- Revenues of NOK 419 million, on par with level reported in Q2-23
 - Strong growth in Oceans and PIR, offset by decline in Connectivity with lower On-Board Units sold due to rescheduling of orders
- EBIT ended at NOK 102 million, representing 24 per cent margin
- A dividend of NOK 2.55 per share for the financial year 2023 distributed in May

First half year 2024

- Revenues totaled NOK 823 million, up 4 per cent from first half 2023
- EBIT of NOK 143 million, a margin of 17 per cent

Main events (second quarter and subsequent)

- Acquisition of Innomar for EUR 40.5 million on a cash-and- debt free basis
- Completed a NOK 200 million private placement of new shares
- NOK 160 million order for Connectivity for a new product

Highlights

Acquisition of the maritime technology company Innomar

- Acquisition of Innomar completed in July for a total consideration of EUR 40.5 million on a cash-and-debt free basis.
- Innomar has nearly 30 years of experience in acoustic underwater systems, marine electronics, signal processing and software, and has established itself as a market leader in the field of sub-bottom profiling
- Based in Rostock, Innomar serves a global market having sold systems to more than 80 countries
- Innomar has delivered an average organic revenue growth of nearly 15 per cent per year last five years and attractive margins driven by strong demand for their technology solutions
- Strong strategic and financial rationale:
 - 🎯 Tailored technology to carefully selected applications
 - 🔄 A complementary product portfolio, providing diversification
 - 📊 Positive revenue synergies expected through R&D and sales
 - 🔍 Customer and commercially focused organisation with deep domain specific knowledge
 - 🏢 A cultural fit
 - 💰 Strong expected value accretion to EBIT, free cash flow and earnings per share

International customer base

Served customers in 80+ countries



Exploring sub-surface layers

Technology application within renewable energy



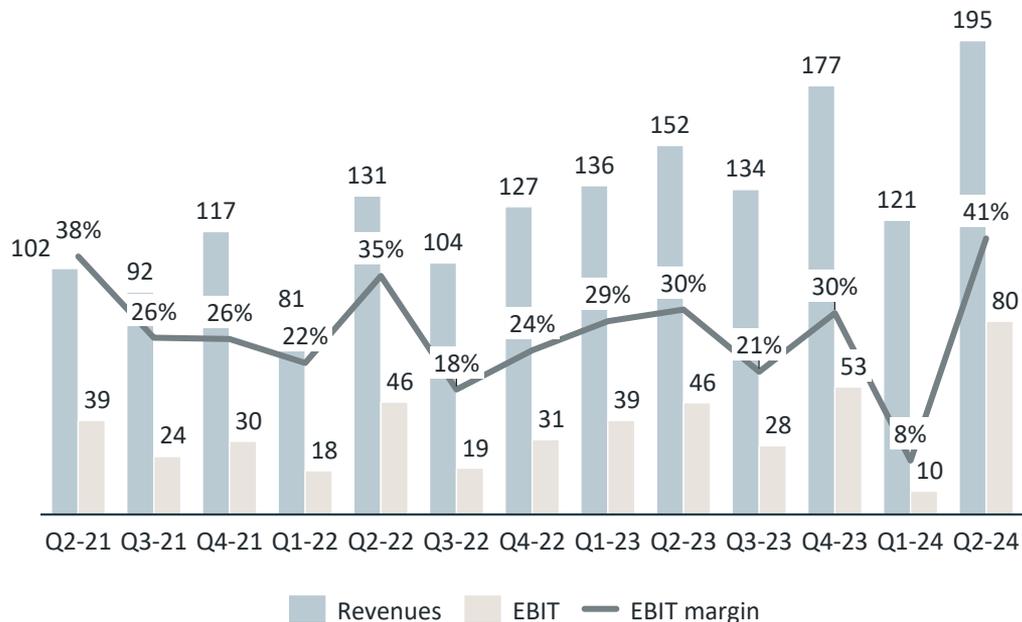


OCEANS

Strong growth and improved profitability

Revenues and EBIT

NOK million



Second quarter 2024

- Revenues of NOK 195 million, compared to NOK 152 million in Q2-23
 - High demand for sonars drove growth with particularly Europe being a strong region in the quarter
- EBIT margin of 41 per cent, compared to 30 per cent in Q2-23
 - Margin increase explained by increase in revenues and improved gross margin

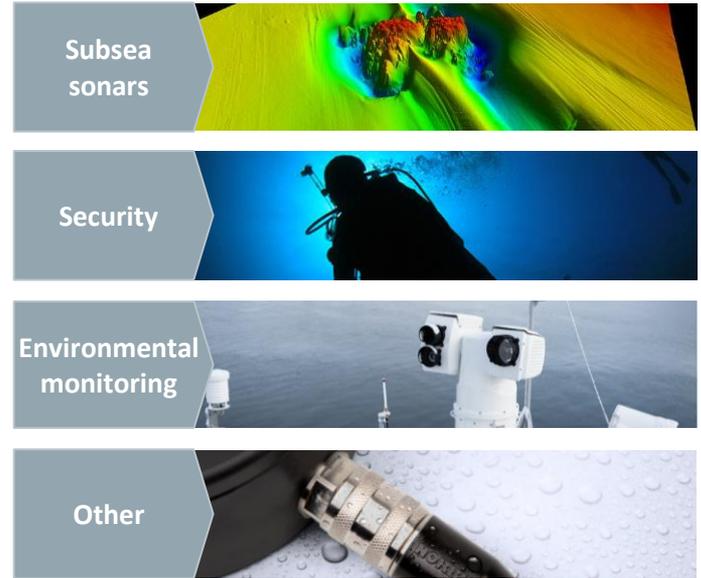
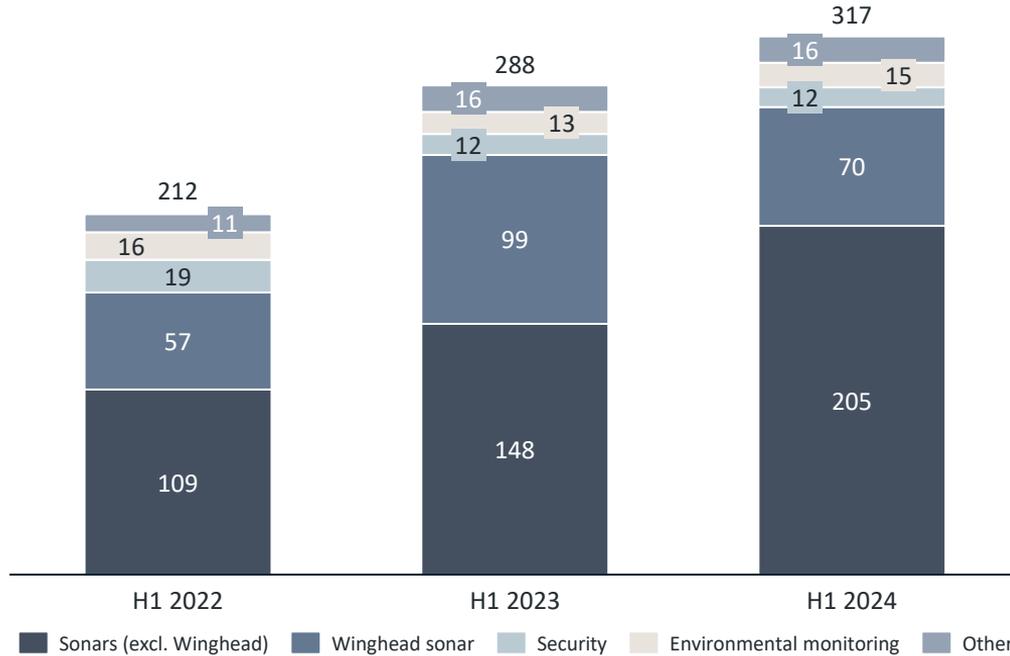
First half year 2024

- Revenues of NOK 317 million, an increase of 10 per cent from the first half of 2023
- EBIT margin of 28 per cent, on par with the first half of 2023

Growth driven by increased demand for sonar technology

Oceans' revenue mix

NOK million



New technologies to explore the ocean space increase demand for acoustic solutions

AUV technology



USV technology

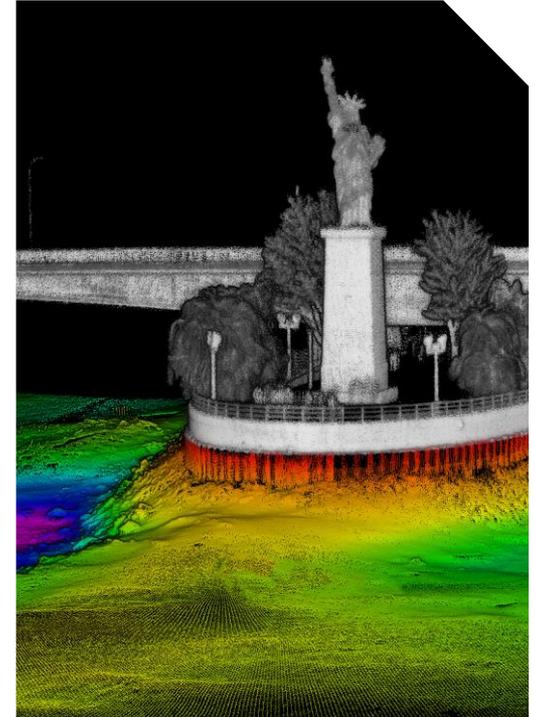


NORBIT – recognized as world-class by being qualified for Paris 2024

PARIS 2024



- Underwater surveillance in the Seine during the Paris 2024 Olympics
- Deployed 6 Guardpoint Sonars
- Strategic collaboration with French Security Services
- Testimony to our vision; NORBIT - to be recognized as world-class



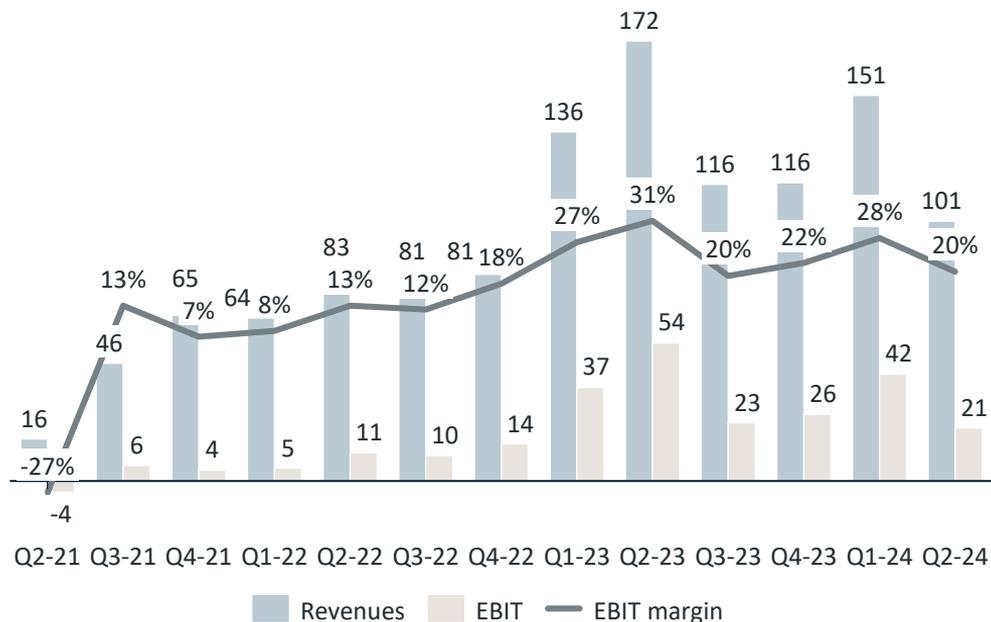


CONNECTIVITY

Revenue decline on lower OBU sales

Revenues and EBIT

NOK million



Second quarter 2024

- Revenues of NOK 101 million compared to NOK 172 million in Q2-23
 - Sales of OBUs in Q2-24 reduced due to rescheduling from a larger client.
- EBIT margin of 20 per cent, compared to 31 per cent in Q2-23

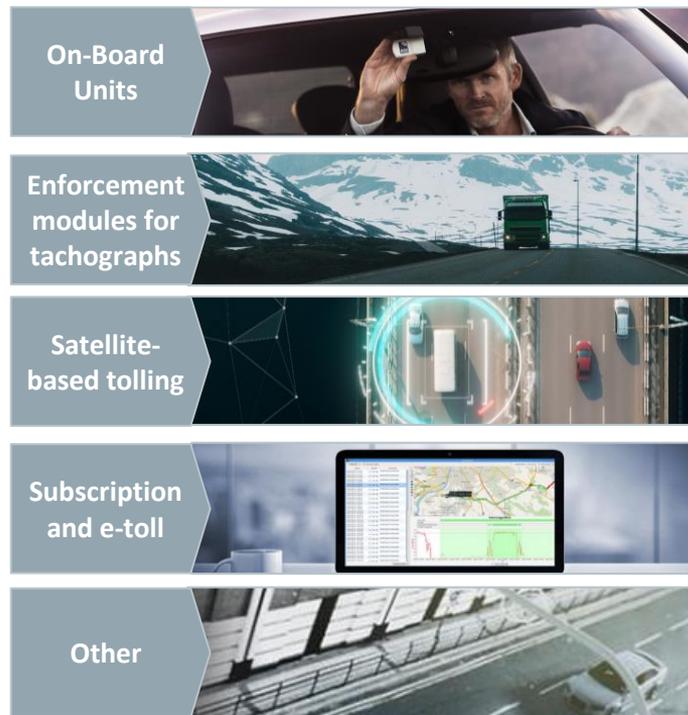
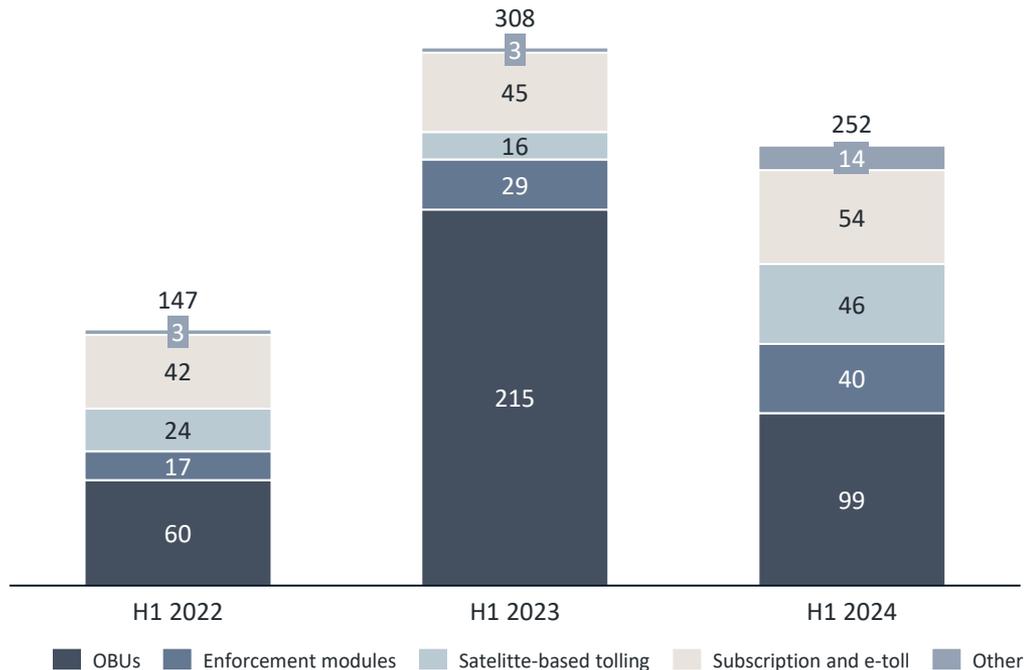
First half year 2024

- Revenues of NOK 252 million, down from NOK 308 million in H1-23, which included a NOK 150 million OBU contract from European client
- EBIT margin of 25 per cent, compared to 29 per cent in H1-23

Revenue decline from lower OBU sales partly mitigated by growth in other verticals

Connectivity revenue mix

NOK million



Broadening both customer base and product offering

- Toll4Europe, a leading European Electronic Toll Service (EETS) provider, has requested NORBIT to deliver a new innovative GNSS (satellite-based) On-Board Unit (OBU)
 - Initial NOK 160 million contract, for delivery in Q2/Q3-25
 - Product currently under development
- GNSS OBUs contributes to efficient toll collection with single subscription for commercial trucks across borders in Europe
- In line with strategy to broaden both customer base and product offering
- Stepping up from being a supplier of enforcement modules (VTMs) to GNSS OBUs
 - Since 2019, NORBIT has delivered around 2 million VTMs





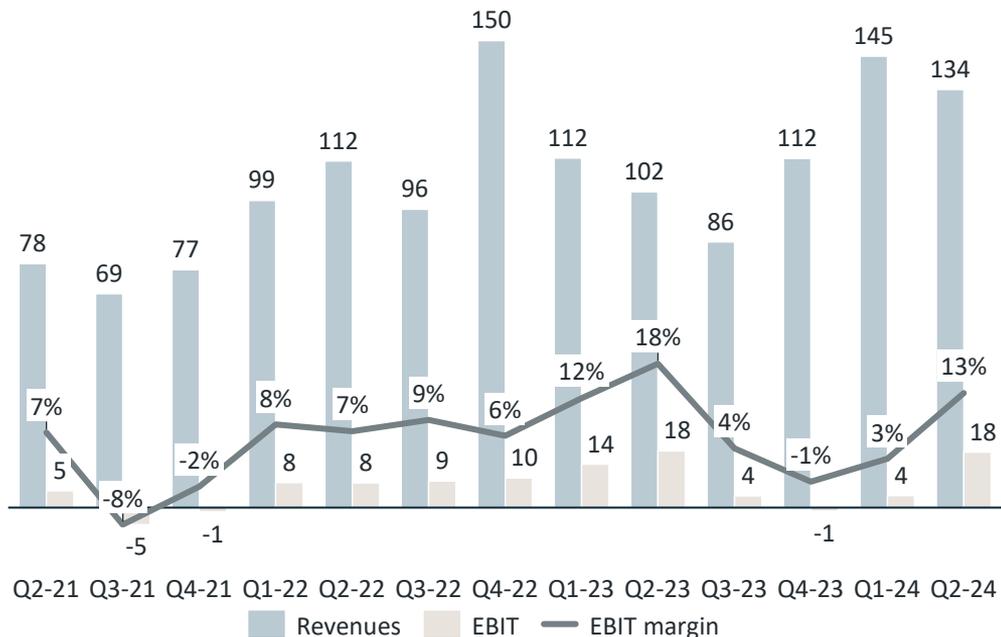
PIR

Product Innovation & Realization

Increased activity and sequential margin improvement

Revenues and EBIT

NOK million



Second quarter 2024

- Revenues of NOK 134 million, up 32 per cent from Q2-23.
 - The increase was driven by strong demand from industrial clients in contract manufacturing
- EBIT margin of 13 per cent, compared to 18 per cent in Q2-23

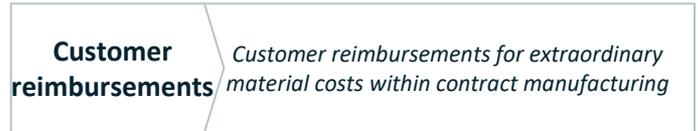
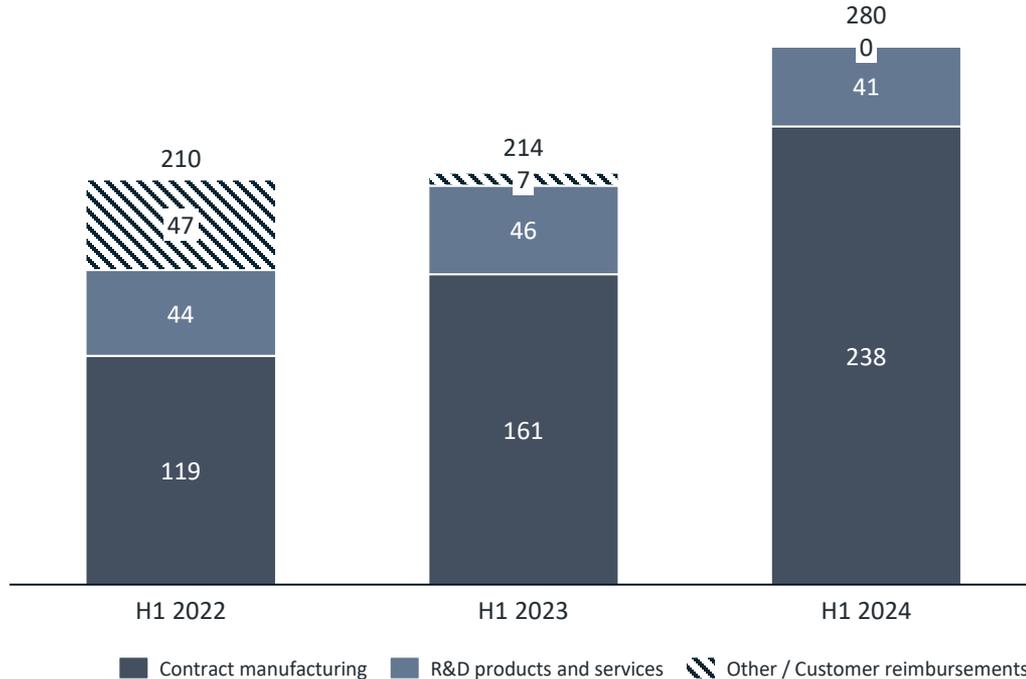
First half year 2024

- Revenues of NOK 280 million, up from NOK 214 million in the same period last year
- EBIT margin of 8 per cent, compared to 15 per cent in the first half of 2023

Revenue increase driven by industrial clients in contract manufacturing

PIR revenue mix

NOK million



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Group financials

A wide-angle photograph of a long, straight asphalt road that appears to cross a body of water. The road is flanked by metal guardrails. In the background, there are large, rugged mountains covered in snow under a sky with scattered white clouds and patches of blue. The water is a clear, light blue-green color.

Profit and loss statement

<i>Amounts in NOK million</i>	Q2 2024	Q2 2023	H1 2024	H1 2023
Revenues	418.9	417.6	823.4	794.3
Raw materials and change in inventories	163.0	166.9	354.3	321.4
Employee benefit expenses	89.3	85.0	190.5	165.2
Other operating expenses	34.7	38.6	73.6	76.2
EBITDA	131.9	127.2	205.0	231.5
Depreciation and amortisation expenses	30.1	26.5	62.1	52.3
Operating profit / EBIT	101.8	100.6	142.9	179.2
Net financial items	(8.5)	(11.3)	(9.2)	(19.6)
Profit before tax	93.4	89.3	133.8	159.6
Income tax expense	(21.3)	(21.0)	(31.5)	(39.3)
Profit for the period	72.1	68.4	102.3	120.3

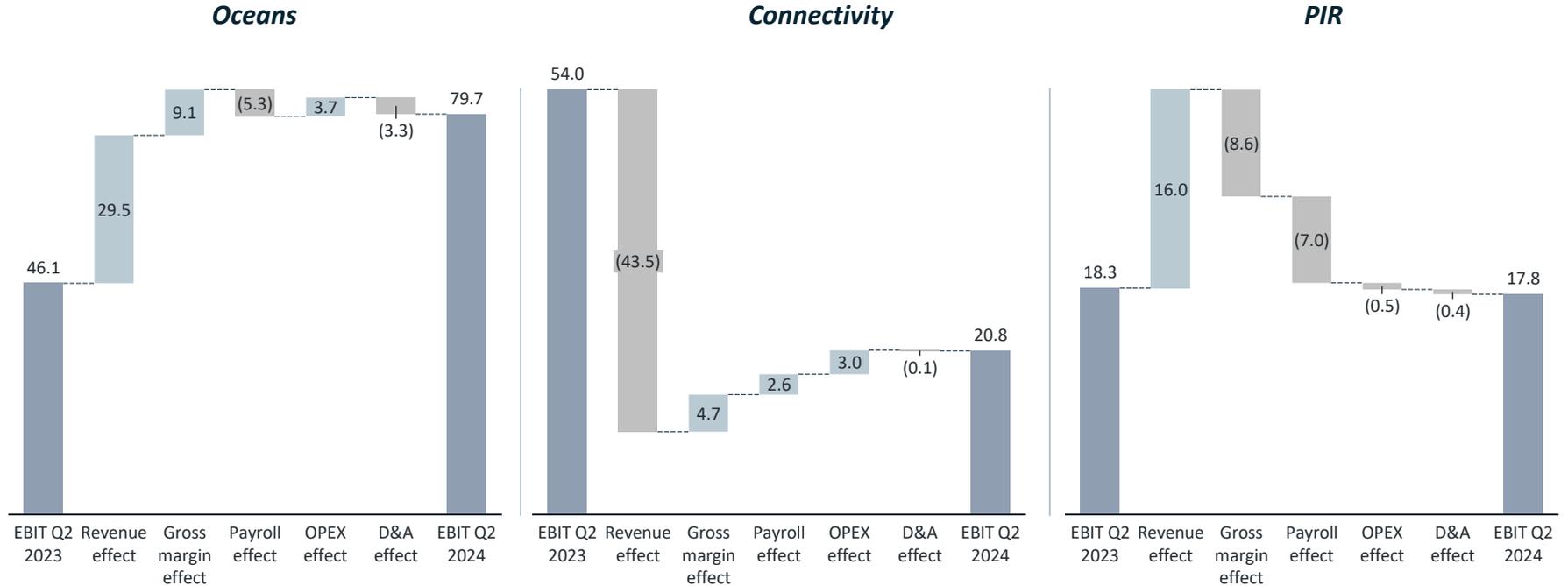
Second quarter of 2024

- Revenues of NOK 418.9 million, on par with level in Q2-23
 - The PIR and Connectivity segments delivered strong growth, offset by decline in Connectivity on lower OBU sales
- Gross margin of 61 per cent compared to 60 per cent in Q2-23
 - Margin growth in Oceans and Connectivity, partly offset by decline in PIR on customer mix
- Employee benefit expenses of NOK 89.3 million versus NOK 85.0 million in Q2-23, largely explained by strengthening of the organisation and acquisitions in 2023
- EBITDA of NOK 131.9 million (31 cent margin), up from NOK 127.2 million in Q2-23 (30 per cent margin)
- EBIT of NOK 101.8 million (24 per cent margin), up from NOK 100.6 million in Q2-23 (24 per cent margin)
- Net financial items of negative NOK 8.5 million (negative NOK 11.3 million)
 - This included NOK 8.2 million in net interest expenses and NOK 0.5 million in foreign exchange gains
- Net profit for the period of NOK 72.1 million

Oceans was the profitability driver in the second quarter of 2024

Segment EBIT development Q2 2024 vs. Q2 2023

NOK million



Balance sheet

Amounts in NOK million

	30.06.24	31.03.24	31.12.23
ASSETS			
Property, plant and equipment (incl. right-of-use assets)	248.0	225.7	220.5
Intangible assets	312.4	308.6	303.2
Goodwill	111.1	111.1	111.1
Deferred tax asset	15.6	14.7	13.9
Inventories	463.6	496.6	562.0
Trade receivables	181.8	172.6	170.3
Other receivables and prepayments	54.9	55.6	48.1
Other assets	17.7	6.5	6.6
Cash and cash equivalents	66.2	64.0	60.7
Total assets	1,471.3	1,455.4	1,496.4
LIABILITIES			
Interest-bearing borrowings	250.5	196.5	211.5
Lease liabilities	86.8	61.0	54.7
Trade payables	123.1	116.6	174.5
Other current liabilities	179.9	187.1	191.8
Other liabilities	84.2	69.5	70.5
Total liabilities	724.6	630.8	702.9
Total equity	746.7	824.6	793.4
Total liabilities and equity	1,471.3	1,455.4	1,496.4

Fixed and intangible assets

- Land and PPE: An increase of NOK 22.2 million due to leasing of production equipment to increase capacity
- Intangible assets: An increase of NOK 3.8 million primarily related to R&D investments, partly offset by amortisation

Working capital

- Inventory: Decreased NOK 32.9 million from prior quarter
- Trade receivables: Increased NOK 9.3 million
- Trade payables: Increased of NOK 6.4 million

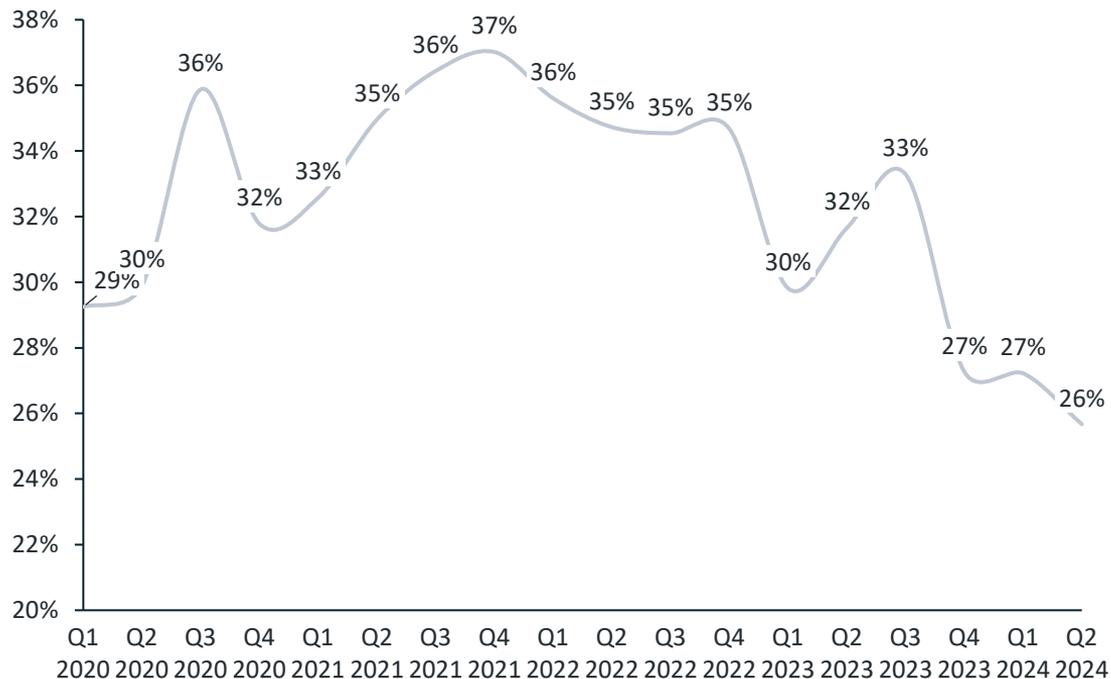
Net-interest bearing debt and equity

- Total borrowings of NOK 250.5 million, an increase of NOK 54.0 million from prior quarter
- Net-interest bearing debt (excl. lease liabilities) of NOK 184.4 million
- Equity of NOK 746.7 million, representing an equity ratio of 51 per cent

Working capital efficiency continues to improve on inventory reduction

Net working capital¹

Per cent of last twelve months revenues



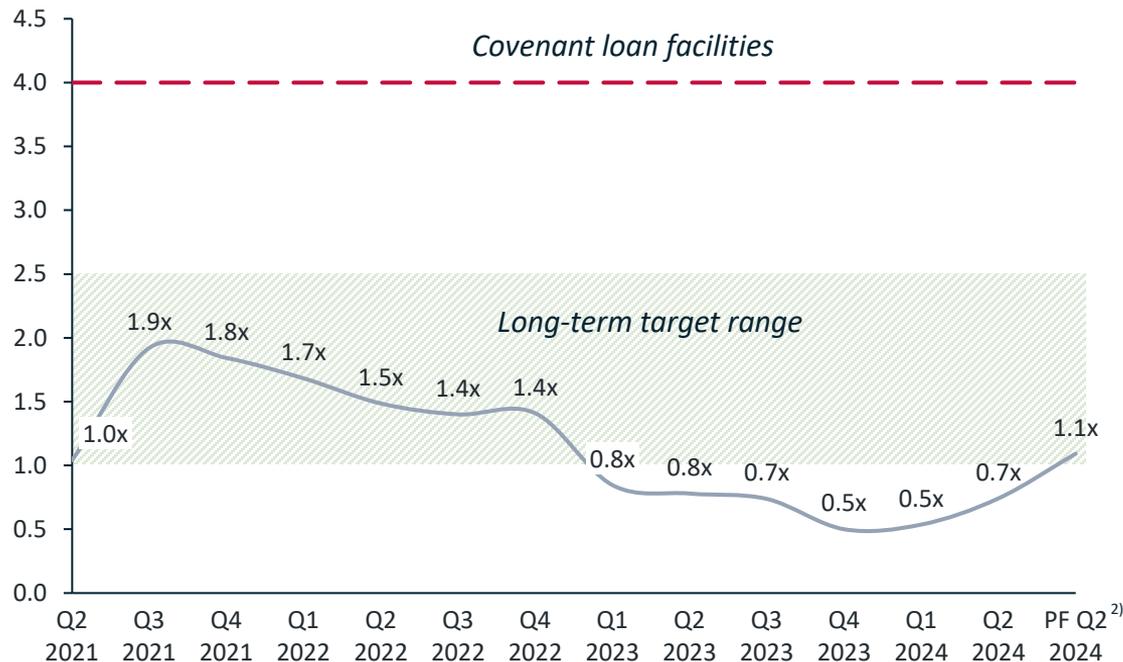
- Working capital efficiency improving post a challenging period in the supply market for raw material components last years:
 - Net working capital ratio at 26 per cent of last twelve months revenues and 24 per cent Q2-24 annualized
- Inventory reduced approximately NOK 100 million in first half of 2024 on higher supply chain reliability and improved inventory management
- Continue maintaining high cash conversion rate on receivables
- Fluctuations in working capital should be expected from quarter to quarter

1) Net working capital defined as trade receivables + inventory + other receivables and prepayments, less trade payables and other current liabilities

A strong balance sheet for further growth

NIBD/EBITDA

EBITDA 12 month rolling



- Financing activities in Q2-24 and July:
 - Entered into a EUR 38.0 million loan agreement to finance the cash portion of Innomar acquisition, post-closing adjustments and working capital. Interest at EURIBOR + 175bps subject to NIBD/EBITDA below 2.5x for the group
 - Raised NOK 200 million in new equity to strengthen financial flexibility and capital base for further growth
 - NIBD/EBITDA at 1.1x and equity ratio at 48 per cent post-acquisition and equity private placement.
 - Blended cost of borrowings at 5.5 per cent pre-tax and 4.1 per cent post-tax after transactions
- Long-term target level between 1.0 – 2.5x NIBD¹/EBITDA over the cycle
- Covenants in loan facilities at 4.0x NIBD/EBITDA and equity ratio > 30%

1) NIBD defined as total interest-bearing borrowings less cash and cash equivalents (including leasing liabilities starting Q3 2021)

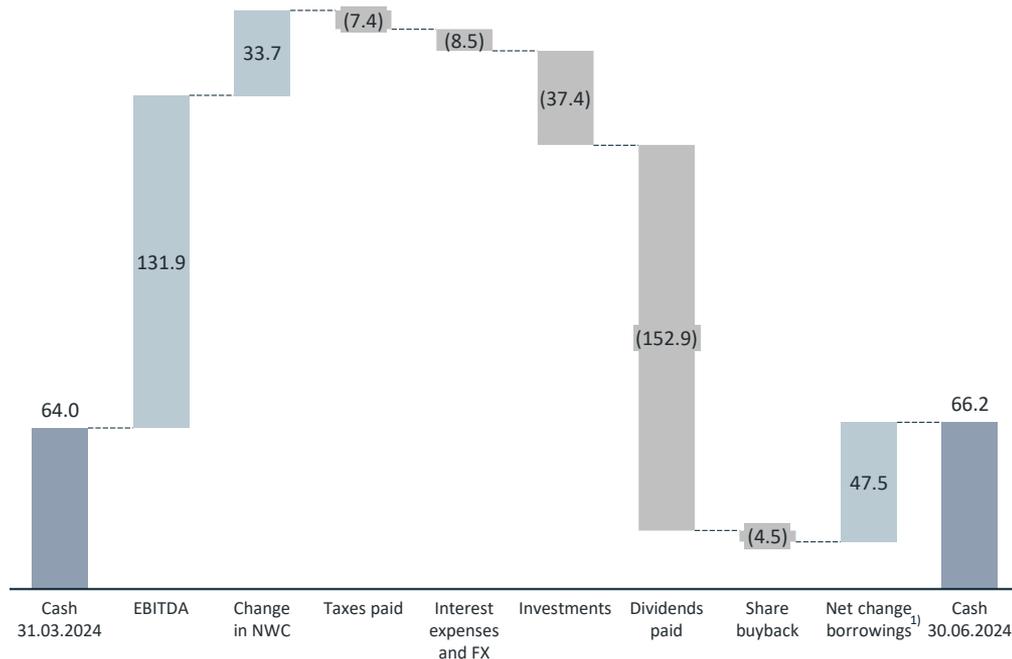
2) Pro-forma adjusted for cash portion of Innomar acquisition and equity private placement, net of fees. Including EBITDA contribution from Innomar last twelve months

Financials

Cash flow

Cash flow development second quarter 2024

NOK million



1) Including repayment of leases

Second quarter of 2024

- Operating cash flow of positive NOK 149.5 million
 - Net decrease in working capital of NOK 33.7 million, mainly driven by reduction of inventories
- Net cash used in investing activities totalled NOK 37.4 million
 - NOK 19.9 million invested in R&D
 - NOK 6.5 million invested in machinery and equipment
 - Guidance for 2024 is NOK 65 – 75 million in R&D investments and NOK 90 - 100 million investments in fixed assets (including leased equipment)
- Financing activities led to a cash outflow of NOK 109.9 million mainly due to NOK 152.9 million in dividends paid, partly offset by increased borrowings

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Outlook



Short-term outlook



- Third quarter is typically a slower quarter than the second and fourth quarter
- In the third quarter, Oceans is expected to deliver growth compared to the corresponding period of 2023 (excluding any contribution from the Innomar acquisition)



- Connectivity's revenues for the coming quarter are expected to be in the range of NOK 120 – 130 million, driven by increased supply of both OBUs and enforcement modules for tachographs



- High demand within contract manufacturing expected
- Revenues for third quarter expected to be NOK 120 – 130 million

Outlook

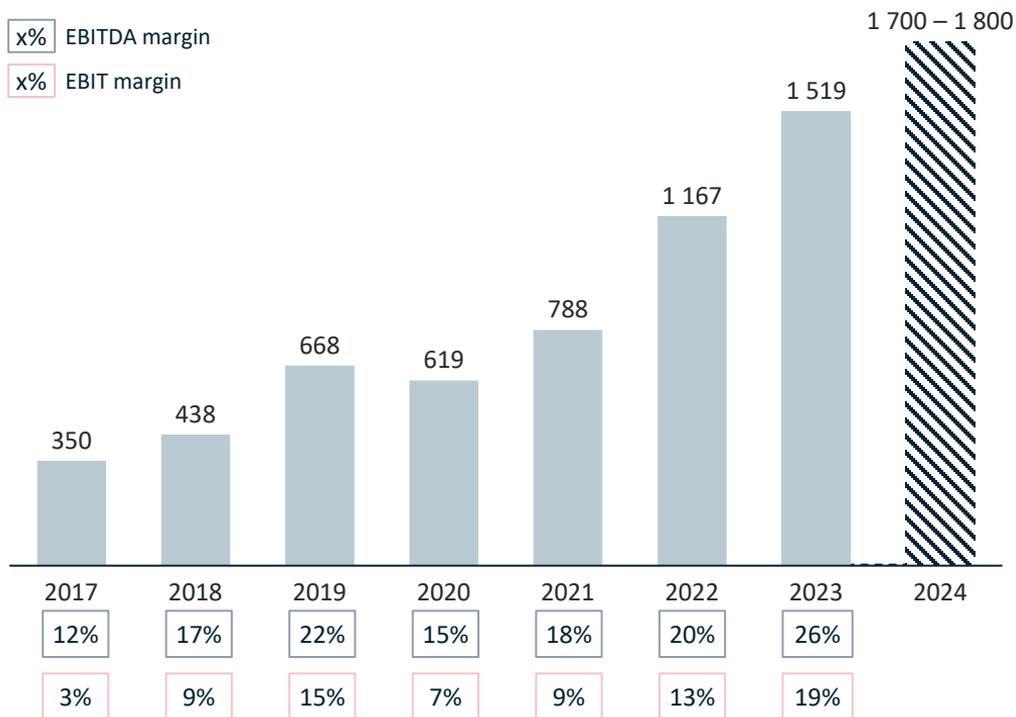
2024 outlook

Revenue and profitability margins

NOK million

x% EBITDA margin

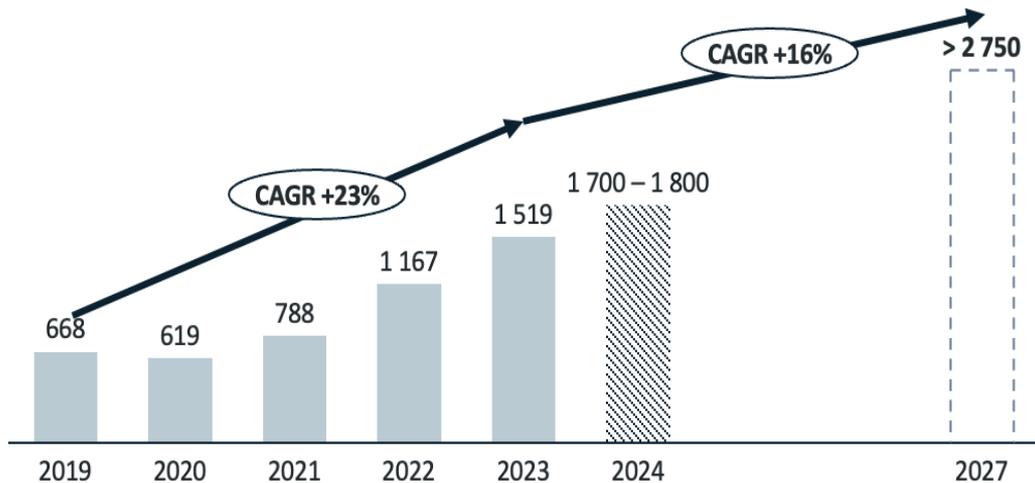
x% EBIT margin



2024 Outlook

- Revenue target of NOK 1.7 - 1.8 billion reiterated
 - Based on current forecasts and outlook, revenues are forecasted to end up in the lower end of the range (no contribution from Innomar in guidance)
 - Growth expected to be strongest in Oceans and PIR versus 2023
 - EBIT margin targeted to be in line with 2023
- Continue to explore value-accretive acquisitions to add to organic growth

2027 Ambition - *Organic revenue growth*

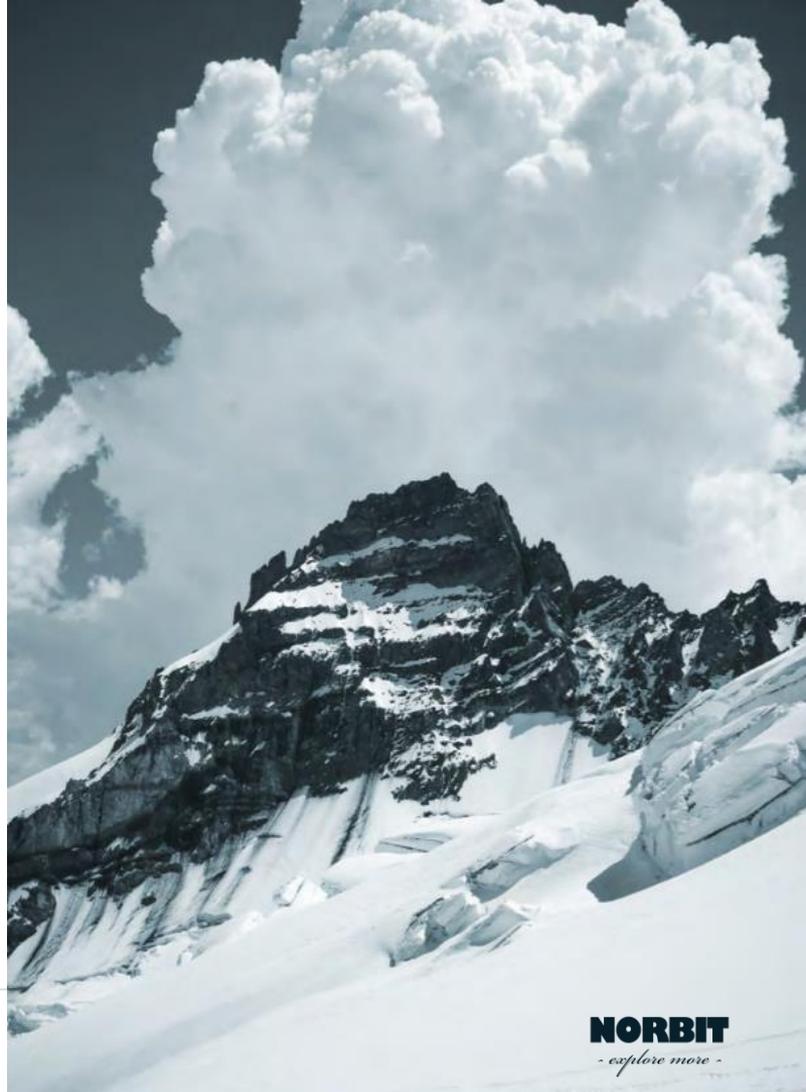


Revenue
CAGR
~16%

EBIT margin
~20%

Return on
capital employed
~30%

Leverage policy
(NIBD/EBITDA)
1.0 – 2.5x



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TECHNOLOGY
IS PART OF THE SOLUTION



NORBIT is to be recognised as world class, enabling people to explore more



EXPLORING
SINCE 1995



~500 EMPLOYEES



~ 20 COUNTRIES

NORBIT

EURONEXT
OSLO BØRS



*Victory awaits him who has everything in order. Luck people call it...
Defeat is certain for him who has neglected to take necessary precaution in time. This is called bad luck"*
Roald Amundsen 1912

Technology is part of the solution

Diversified and robust business model



Oceans is offering tailored technology solutions to global maritime markets



Connectivity is a leading technology solution provider for asset identification, monitoring and tracking



Product Innovation & Realization (PIR) is offering R&D services and contract manufacturing to key customers

Shareholder overview, updated 13 August 2024

#	Investor	# of shares	%
1	PETORS AS – CEO Per Jørgen Weisethaunet	7,091,320	11.16
2	VHF INVEST AS – founder Steffen Kirknes	6,164,495	9.70
3	REITAN KAPITAL AS	6,086,781	9.58
4	DRAUPNIR INVEST AS – family of founder Steffen Kirknes	3,602,949	5.67
5	The Bank of New York Mellon SA/NV - Arctic Funds	3,152,533	4.96
6	J.P. Morgan SE - Handelsbanken Nordiska Småbolag	3,093,879	4.87
7	EIDCO A/S	2,430,628	3.83
8	AWC AS	2,397,472	3.77
9	ESMAR AS	2,162,286	3.40
10	Saxo Bank A/S	1,154,973	1.82
11	VERDIPAPIRFONDET DNB SMB	1,002,667	1.58
12	The Bank of New York Mellon SA/NV	901,645	1.42
13	Danske Invest Norge Vekst	897,373	1.41
14	Danske Bank A/S (partly held by MD Oceans - Peter Eriksen)	854,650	1.35
15	SONSTAD AS	840,000	1.32
16	J.P. Morgan SE - Handelsbanken Microcap Norden	820,392	1.29
17	Deutsche Bank Aktiengesellschaft (Founding mngt Innomar)	726,272	1.14
18	USEGI AS - CTO Arild Sjøraunet	671,989	1.06
19	J.P. Morgan SE	579,867	0.91
20	State Street Bank and Trust Comp	550,000	0.87
	Total top 20 shareholders	45,182,171	71.13
	Other shareholders	18,341,592	28.87
	Total	63,523,763	100.00