

NORBIT

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Fourth quarter and full-year 2023 presentation

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15 February 2024

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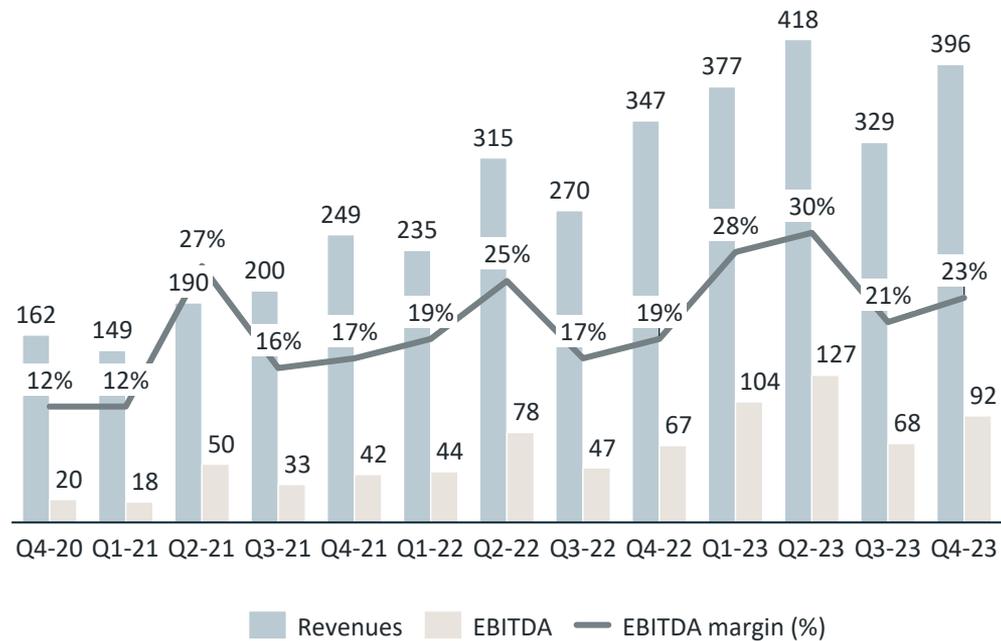
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Solid progress in both revenues and profitability year-over-year

Revenues and EBITDA

NOK million



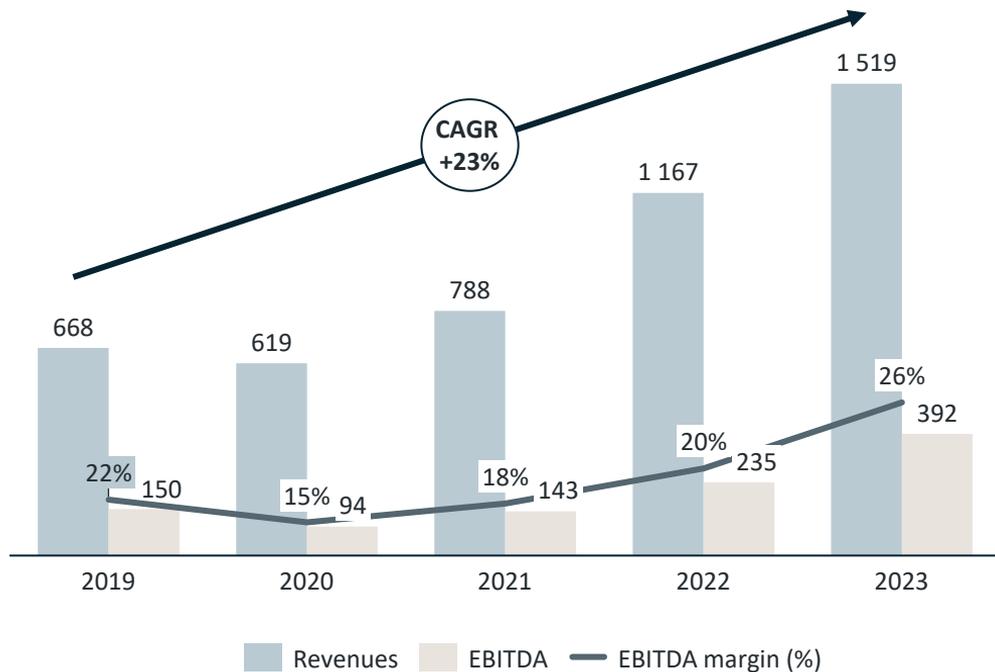
Fourth quarter 2023

- 14 per cent revenue growth from the fourth quarter of 2022
- Underlying growth in all business segments
- EBITDA ended at NOK 92.1 million (23 per cent)

Solid operational performance in 2023

Revenues and EBITDA

NOK million



Full year 2023

- 30 per cent revenue growth from 2022
- Increased profitability driven by higher revenue base, improved gross margins and operational leverage
- Earnings per share of NOK 3.10, 71 per cent increase from NOK 1.82 in 2022
- Dividend of NOK 2.55 per share proposed
 - NOK 1.55 per share ordinary dividend
 - NOK 1.00 per share extraordinary dividend

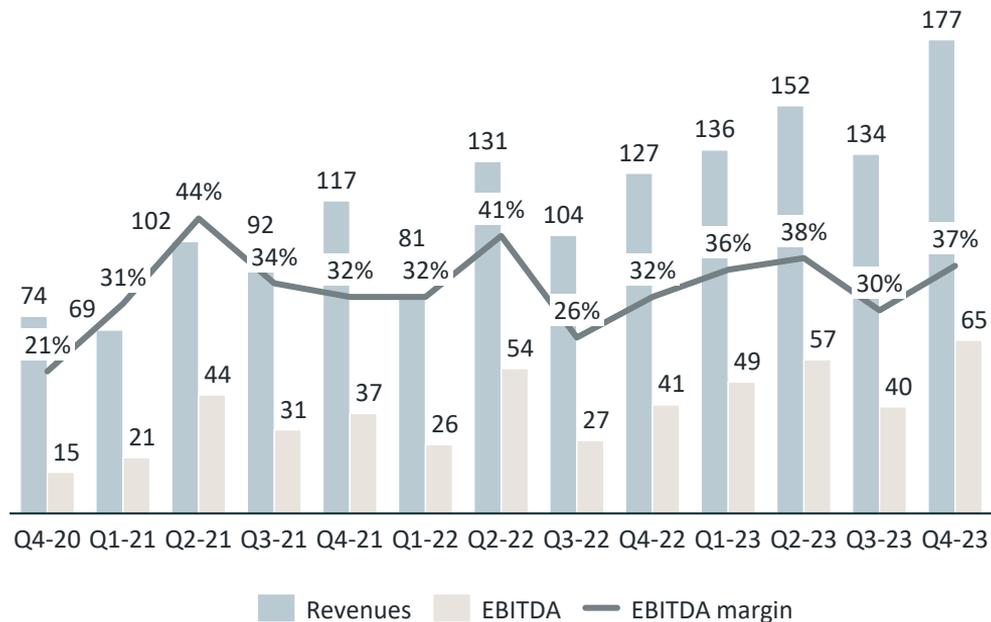


OCEANS

Oceans – Continues on a growth trajectory

Revenues and EBITDA

NOK million



Fourth quarter 2023

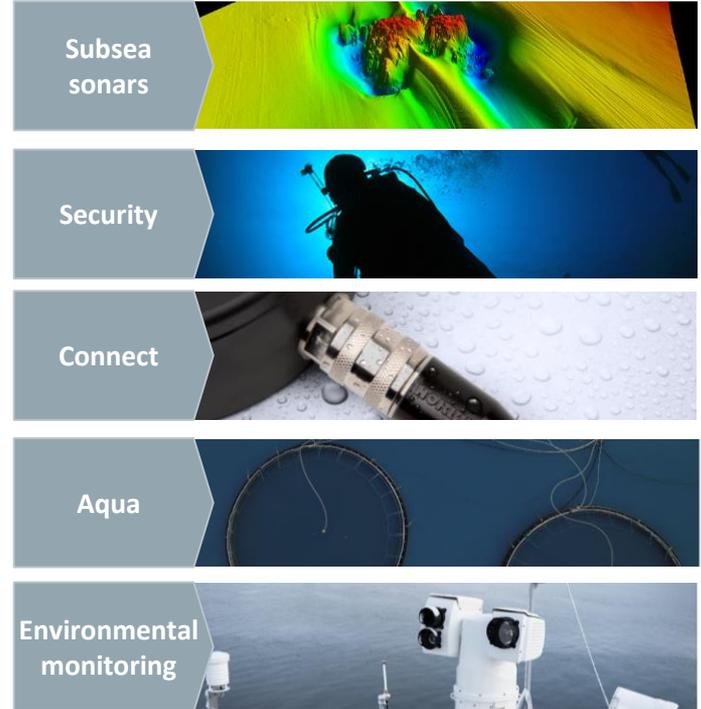
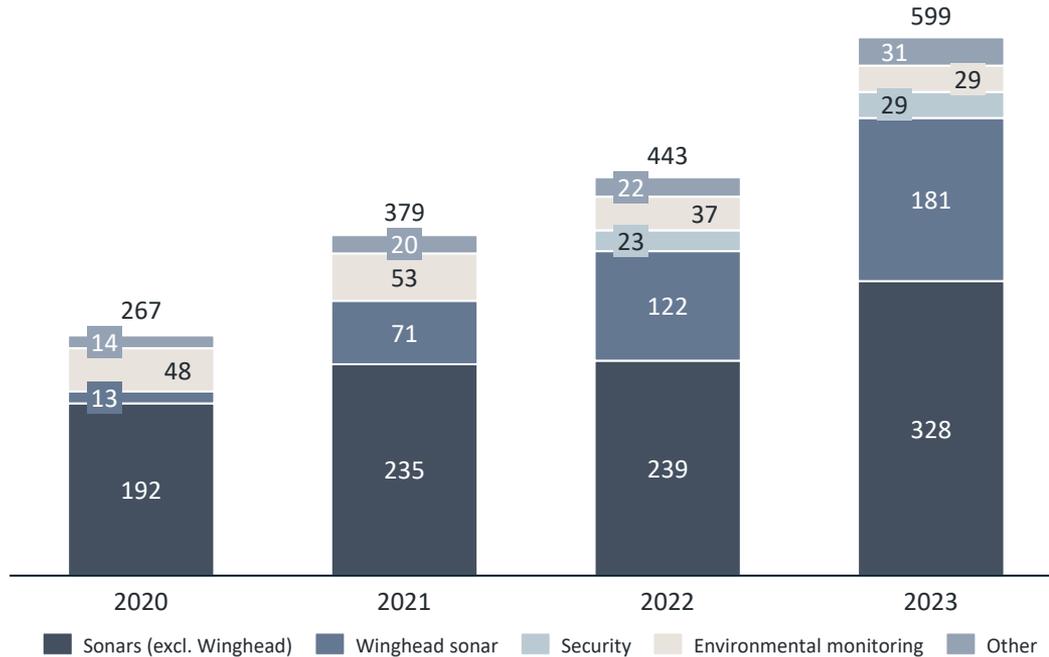
- Revenues of NOK 177 million, up 39 per cent from Q4-22
 - 33 per cent increase in sonar sales
 - Strong sales in EMEA and Americas
- EBITDA of NOK 65 million, representing margin of 37 per cent, up from 32 per cent in Q4-22

Full year 2023

- Revenues of NOK 599 million, an increase of 35 per cent from 2022
- EBITDA margin of 35 per cent, up from 33 per cent reported in 2022

Growth by innovating new products and solutions into new applications

Oceans' revenue mix
NOK million



Broadening the product offering in Oceans through complementary acquisition

- Completed the acquisition of the Canadian maritime technology company Ping Digital Signal Processing Inc
- Renowned worldwide for producing some of the world's most advanced interferometric side scan sonars
- PING DSP brings an extraordinary enhancement to NORBIT's diverse collection of cutting-edge sonar systems
- Total consideration paid in cash and shares at closing was USD 3.7 million
- Generated an adjusted EBIT of USD 0.5 million in FY23¹



1) Converted from CAD to USD applying an average exchange rate of 0.74 from 1 September 2022 to 31 August 2023

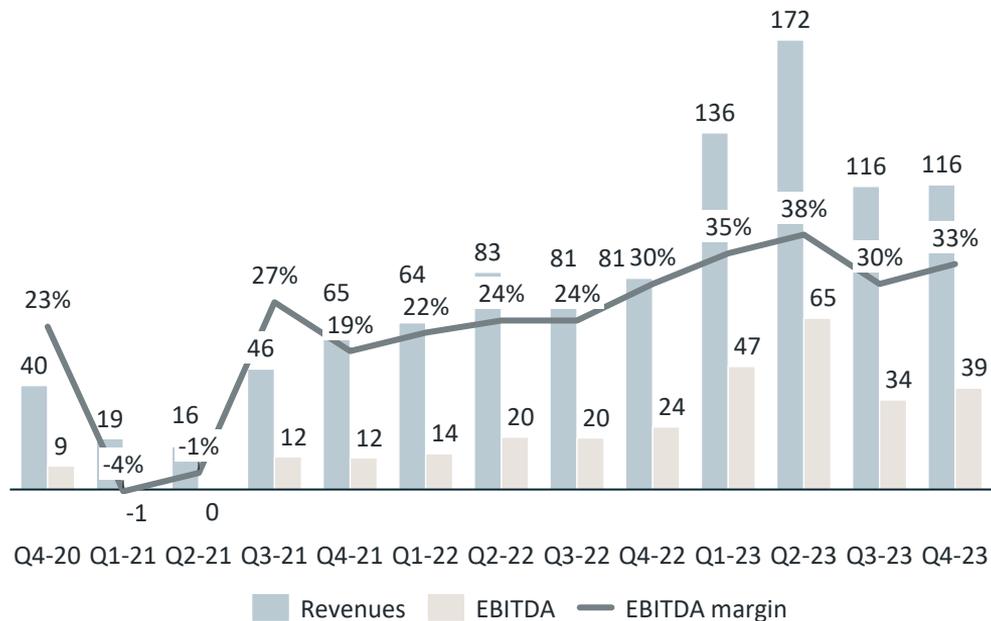


CONNECTIVITY

Connectivity – Continued solid progress

Revenues and EBITDA

NOK million



Fourth quarter 2023

- Revenues of NOK 116 million in the quarter, representing an increase of 44 per cent from Q4-22.
 - Revenue growth driven by increased sales of enforcement modules for tachographs and satellite-based units
- EBITDA margin of 33 per cent, compared to 30 per cent in Q4-22

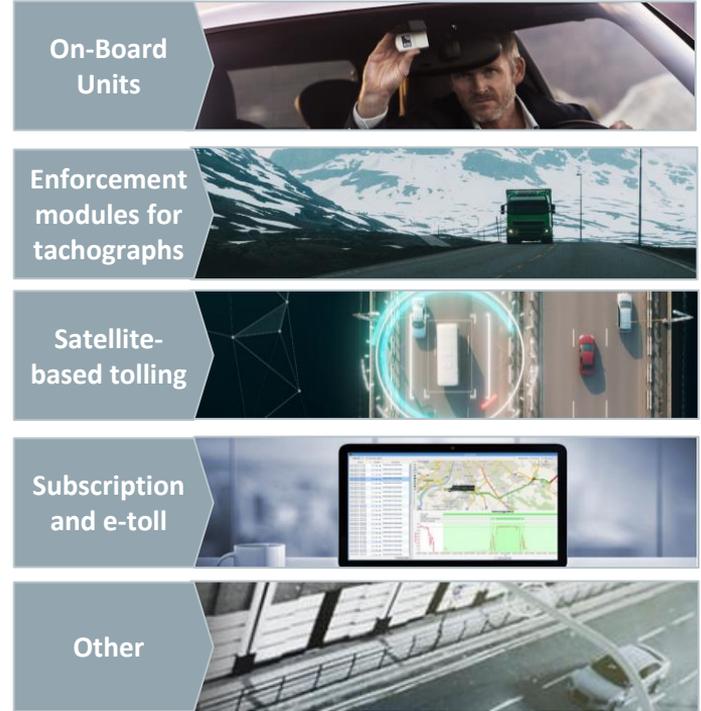
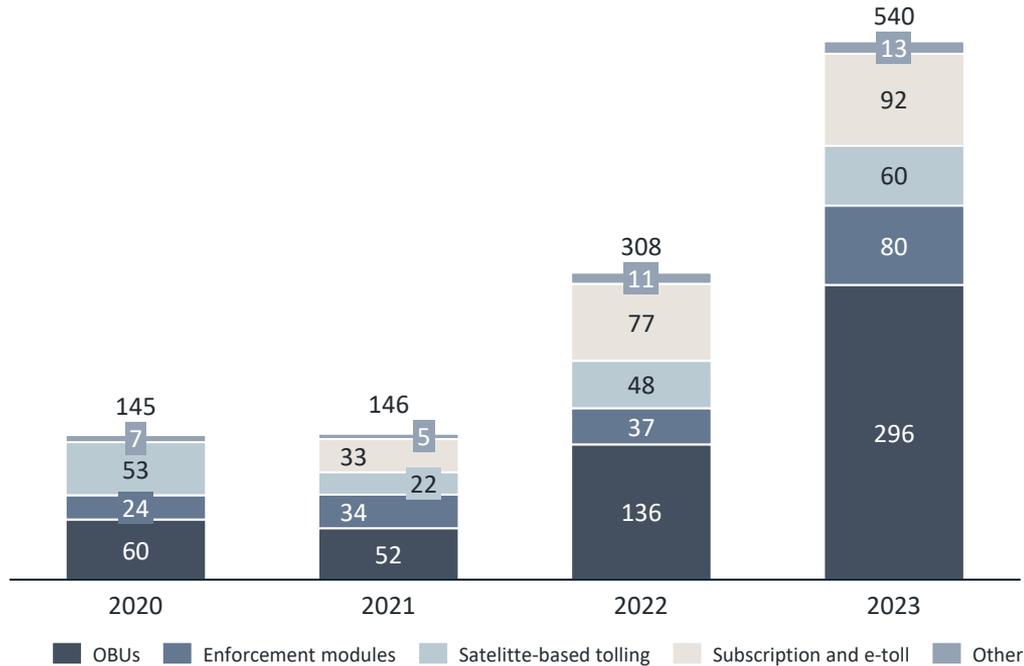
Full year 2023

- Revenues of NOK 540 million, up from NOK 308 million in the same period last year
- EBITDA margin of 34 per cent, compared to 25 per cent 2022

Strong increase in demand across the business verticals in 2023

Connectivity revenue mix

NOK million



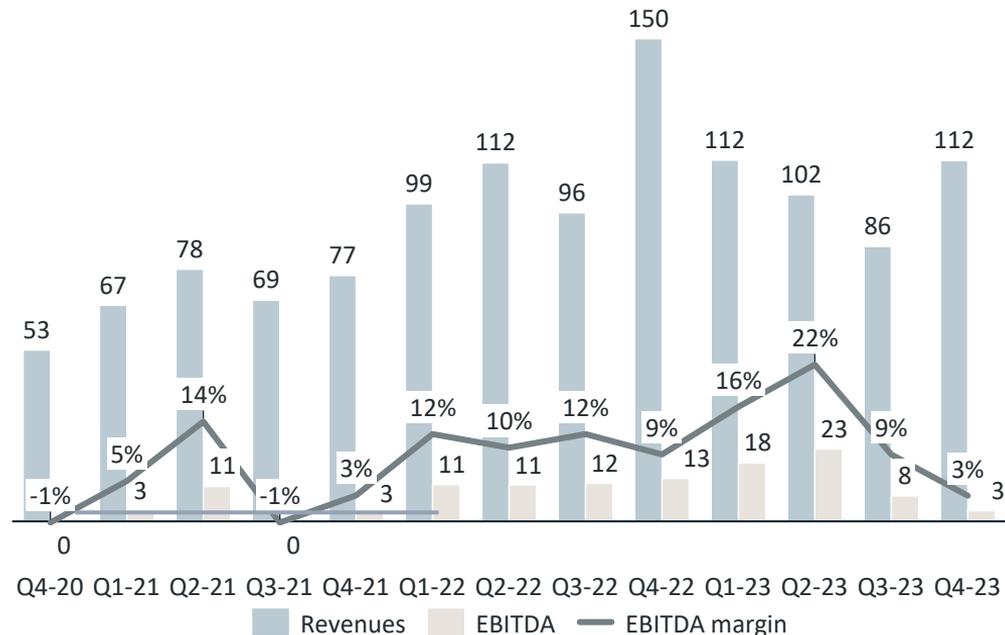


PIR

Product Innovation & Realization – Underlying revenues on par with Q4-22

Revenues and EBITDA

NOK million



Fourth quarter 2023

- Revenues of NOK 112 million, a decrease of 25 per cent from Q4-22.
 - Adjusted for customer reimbursements, revenues were on par with that of Q4-22
- EBITDA margin of 3 per cent, compared to 9 per cent in Q4-22

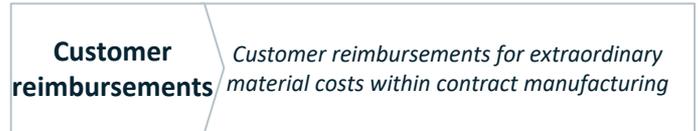
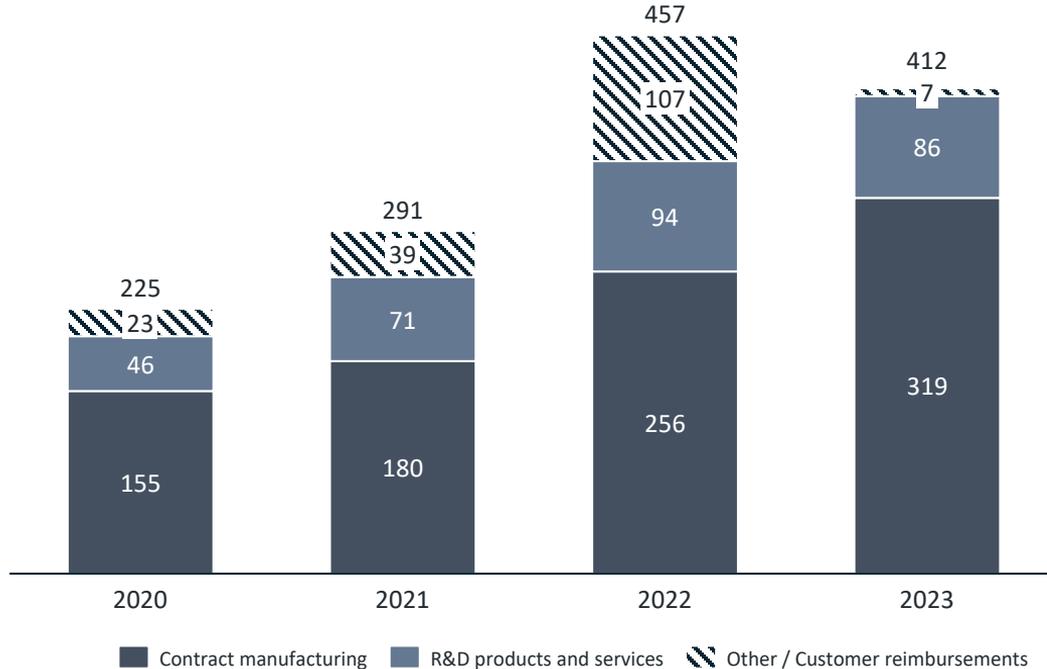
Full year 2023

- Revenues of NOK 412 million, compared with NOK 457 million in the same period last year
 - Adjusted for customer reimbursements, underlying revenue growth was 16 per cent
- EBITDA margin of 13 per cent, compared to 10 per cent in 2022

Underlying revenue growth driven by contract manufacturing

PIR revenue mix

NOK million



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Group financials

A wide-angle photograph of a long, straight asphalt road that stretches across a body of water, likely a fjord or a large lake. The road is flanked by metal guardrails and has a thin layer of snow on its edges. In the background, a prominent, snow-capped mountain peak rises sharply against a sky filled with large, white and grey clouds. The water is a deep blue-green color, and the overall scene is serene and majestic.

Financials – P&L

<i>Amounts in NOK million</i>	Q4 2023	Q4 2022	FY 2023	FY 2022
Revenues	396.0	347.3	1 518.9	1 167.5
Raw materials and change in inventories	159.7	176.3	614.7	549.5
Employee benefit expenses	104.3	73.4	360.3	250.2
Other operating expenses	40.0	31.0	152.2	132.4
EBITDA	92.1	66.5	391.8	235.3
Depreciation and amortisation expenses	28.5	24.0	107.7	86.5
Operating profit / EBIT	63.6	42.6	284.2	148.8
Net financial items	(7.6)	(8.9)	(38.1)	(28.0)
Profit before tax	56.0	33.7	246.0	120.8
Income tax expense	(13.2)	6.1	(60.8)	(14.1)
Profit for the period	42.9	39.8	185.3	106.7

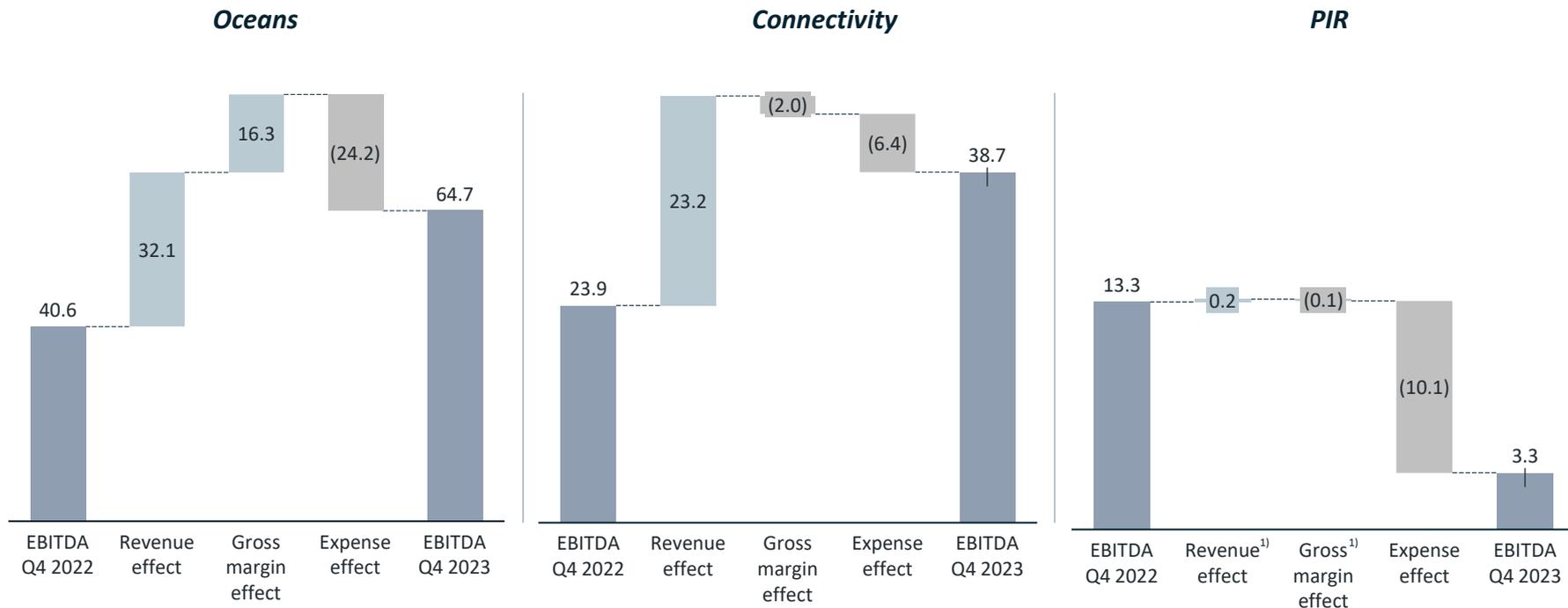
Fourth quarter of 2023

- **Revenues** of NOK 396.0 million, up 14 per cent from Q4-22
 - Growth adjusted for customer reimbursement in PIR of 28 per cent y/y
 - Currency impacting revenues with around 9 percentage points y/y
- **Gross margin** of 60 per cent, up from 49 per cent in Q4-22
- **Employee benefit expenses** of NOK 104.3 million versus NOK 73.4 million in Q4-22
 - Increase driven by a continued strengthening of the organisation, a depreciating Norwegian krone and acquisitions throughout 2023
- **Operating expenses** of NOK 40.0 million versus NOK 31.0 million in Q4-22 driven by freight expenses, IT costs, insurance, setup cost new office in the US and a depreciating Norwegian krone
- **EBITDA** of NOK 92.1 million (23 cent margin), up from NOK 66.5 million in Q4-22 (19 per cent margin)
- **Net financial items** of negative NOK 7.6 million, of which NOK 7.9 million is explained by net interest expenses
- **Net profit** for the period of NOK 42.9 million and EPS of NOK 0.71

Increase in profitability driven by Oceans and Connectivity

Segment EBITDA development Q4 2023 vs. Q4 2022

NOK million



1) Revenue and gross margin effect adjusted for customer reimbursements

Financials – Balance sheet

Amounts in NOK million

	31.12.23	30.09.23	31.12.22
ASSETS			
Property, plant and equipment	220.3	182.8	187.7
Intangible assets	303.2	296.3	258.8
Goodwill	111.1	84.4	84.4
Deferred tax asset	14.1	14.6	15.6
Inventories	562.0	545.2	426.3
Trade receivables	170.3	178.8	168.0
Other receivables and prepayments	48.1	53.7	37.0
Other assets	6.6	1.4	1.3
Cash and cash equivalents	60.7	43.4	41.7
Total assets	1,496.6	1,400.7	1,220.8
LIABILITIES			
Interest-bearing borrowings	211.5	285.9	337.4
Lease liabilities	54.7	27.6	35.8
Trade payables	174.5	164.5	132.6
Other current liabilities	191.8	123.8	93.3
Other liabilities	70.7	58.9	22.3
Total liabilities	703.2	660.6	621.5
Total equity	793.4	740.1	599.3
Total liabilities and equity	1,496.6	1,400.7	1,220.8

Fixed and intangible assets

- Land and PPE: An increase of NOK 37.5 million due to investments and lease additions
- Intangible assets: An increase of NOK 6.8 million primarily related to fair value adjustments in relation to acquisition of Ping Digital Processing Inc

Working capital

- Inventories: Increase of NOK 16.8 million in the quarter on finished goods rescheduled from fourth quarter to January
- Trade receivables: Decrease of NOK 8.5 million
- Trade payables: Up by NOK 10.0 million

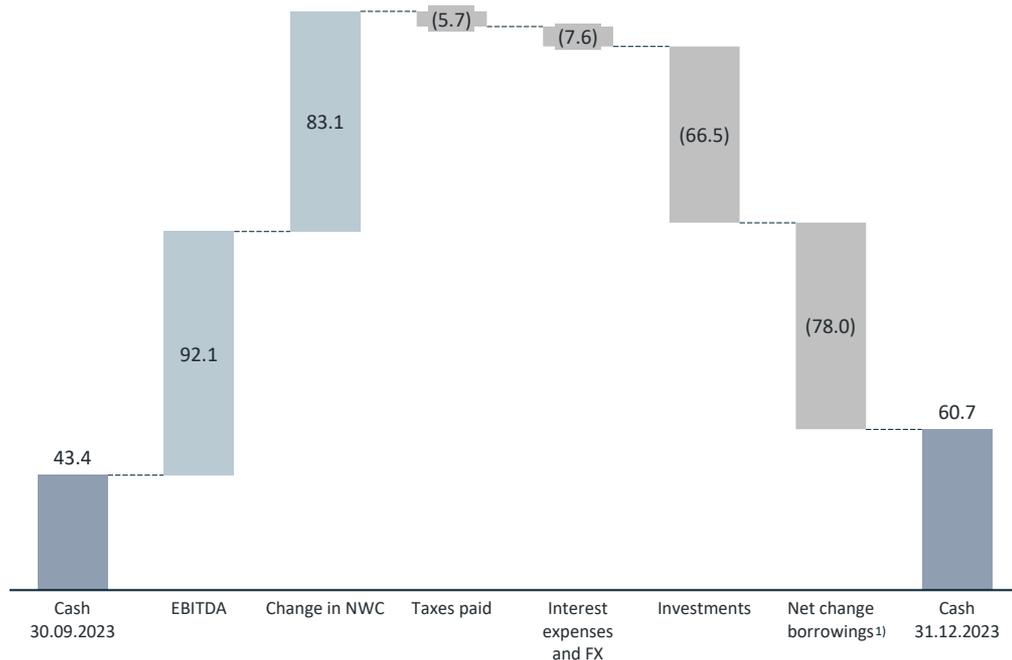
Net-interest bearing debt and equity

- Net-interest bearing debt (excl. lease liabilities) of NOK 150.8 million, a decrease from NOK 242.5 million at the end of Q3-2023
- Equity of NOK 793.4 million, representing an equity ratio of 53 per cent

Financials – Cash Flow

Cash flow development fourth quarter 2023

NOK million



1) Including repayment of leases

Fourth quarter of 2023

- Operating cash flow of positive NOK 161.8 million
 - Net decrease in working capital of NOK 83.1 million, mainly related to advance payments from customers
- Investing activities generated a cash outflow of NOK 66.5 million
 - NOK 15.3 million invested in R&D
 - NOK 19.8 million invested in machinery and equipment
 - NOK 31.4 million in net cash outflow from acquisition of Ping Digital Signal Processing and shares in EV-charger company Enea
- Financing activities led to a cash outflow of NOK 78.0 million

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Outlook



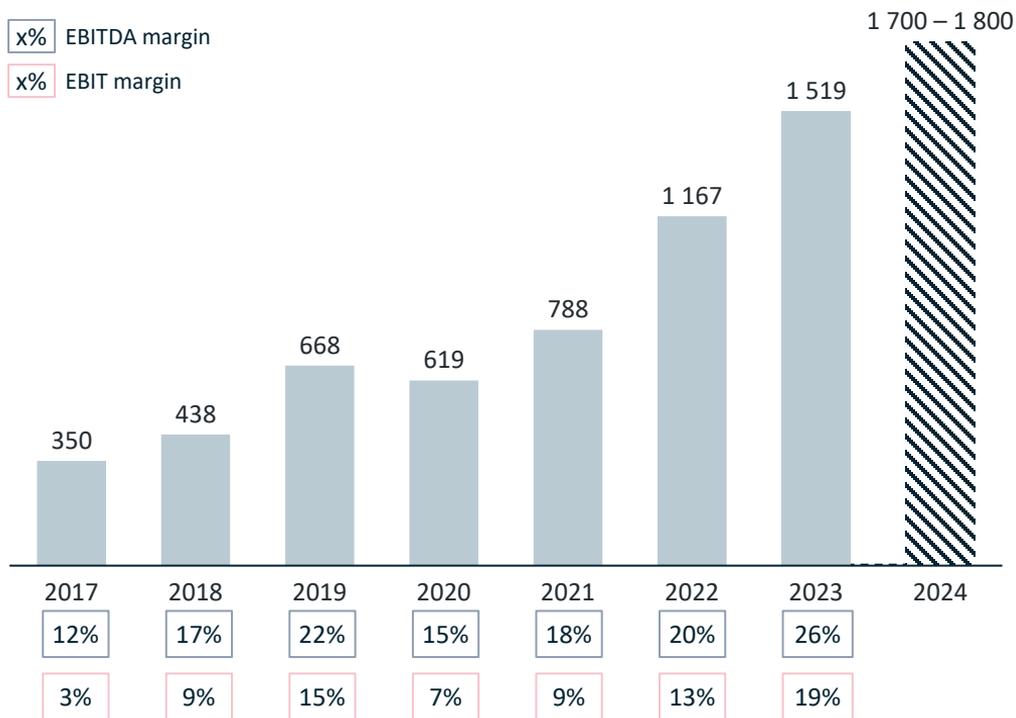
2024 outlook

Revenue and profitability margins

NOK million

x% EBITDA margin

x% EBIT margin



2024 Outlook

- Revenue target of NOK 1.7 - 1.8 billion supported by growth in all three business segments
 - First half revenues expected to be in line with the level reported in the corresponding period of 2023
- EBIT margin targeted to be in line with 2023
- Continue to explore value-accretive acquisitions to add to organic growth



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**Update on ambitions and long-term financial targets
2024 - 2027**

Agenda

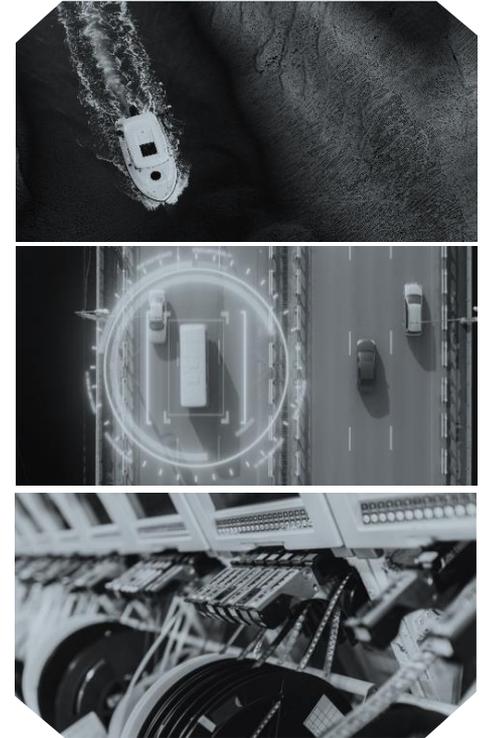
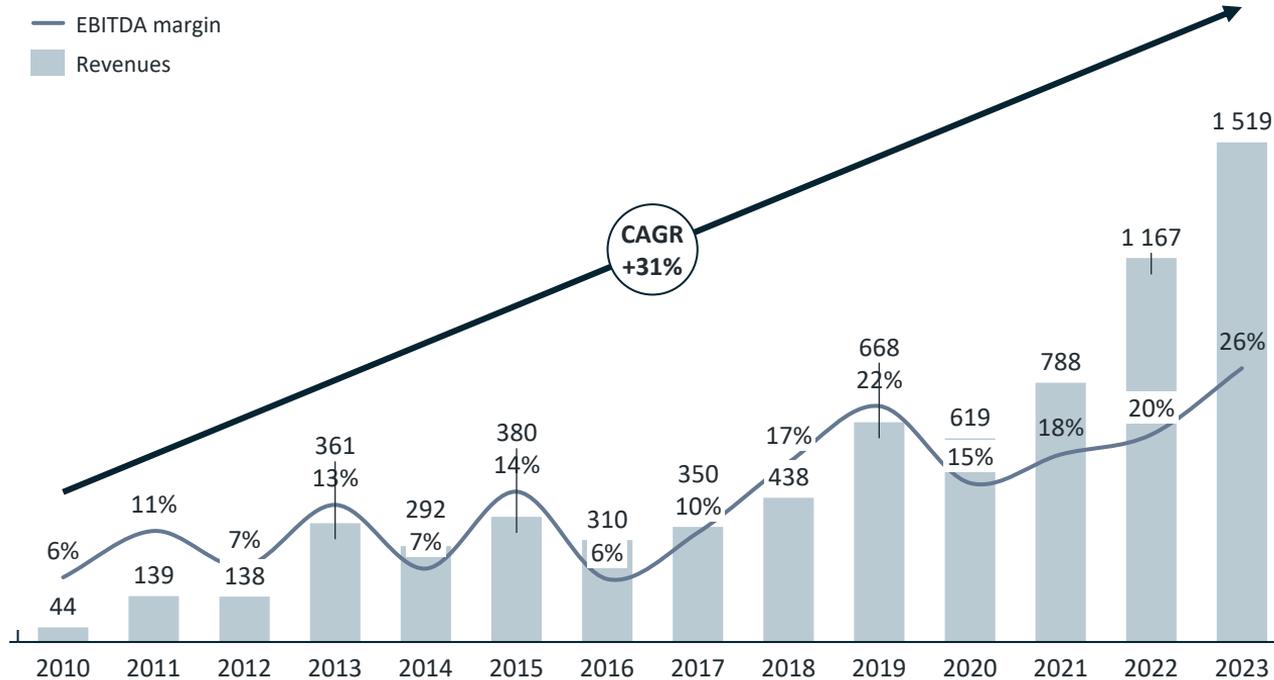
- Strategic priorities and goals
- Long-term financial targets



NORBIT has delivered continued growth and profitability

Historical revenues and EBITDA margin

NOK million



Strong track record of delivering on targets set

IPO plan (2018 – 2021)

Revenues: Target: > 25%.

Delivered: 22%

EBITDA: Target: > 20%

Delivered: Average 19%

Update on 2024 plan (2021 – 2024)

Revenues: Target: NOK 1.5bn in 2024

Delivered in 2023

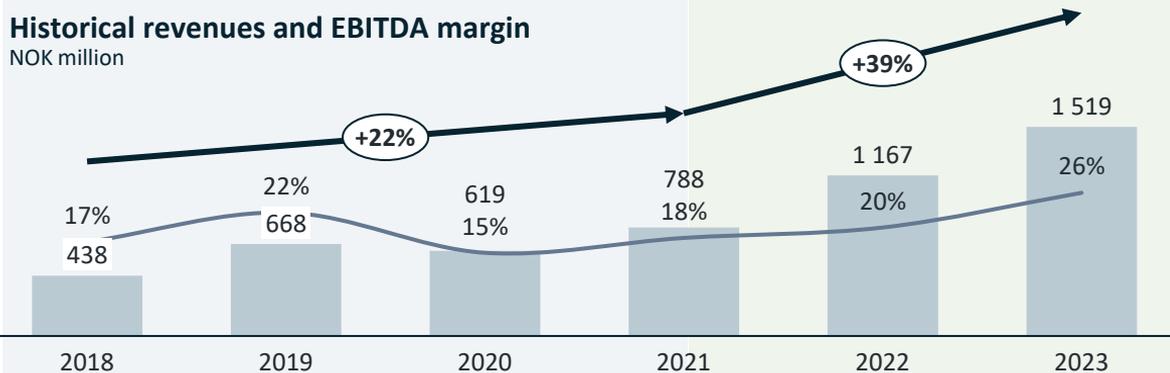
EBITDA: Target: > 25%

Delivered: 26% in 2023

— EBITDA margin ■ Revenues

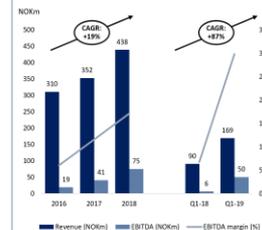
Historical revenues and EBITDA margin

NOK million



Continued strong growth and margin expansion in Q1

Strong historical growth and margin improvement...



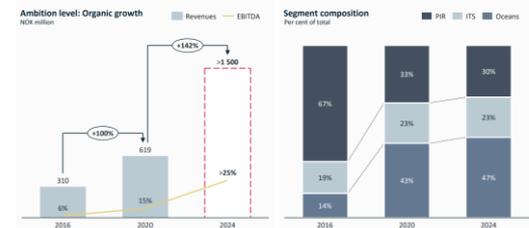
...ambitious targets going forward

- Targeting 3Y revenue CAGR > 25%
- Long-term ambition of EBITDA margin > 20%
- Aims to invest ~5% of revenue in R&D, to secure long-term growth

IPO to accelerate growth to fully exploit NORBIT's inherent potential

IPO plan

Ambition level: Organic revenues in excess of NOK 1.5bn and EBITDA margin above 25%



2024 plan

Successful elements to historical and future results

Strong corporate culture
“Explore More”

Recruiting and refining top talents

Opportunity driven with
entrepreneurial and commercial spirit

Market-driven innovation in
carefully selected applications

Tailored and dynamic growth strategy

Diversified business model



Strong corporate culture of “explore more”

Core purpose

Explore more

Vision

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

Core values

- *We deliver!*
- *Safe under pressure*
- *Refinement of talents*

*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

Selected drivers and mega trends

“Technology is part of the solution”

Renewable energy



The blue economy



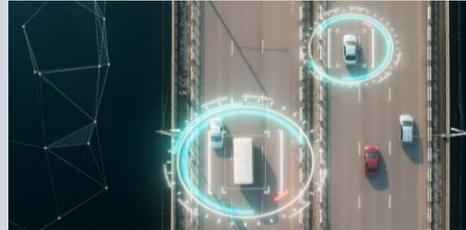
Geopolitical unrest



Safe and green mobility



Digitalisation of operations



“Made in Norway”



Strategic priorities

Broaden product offering
market driven with tailored technology

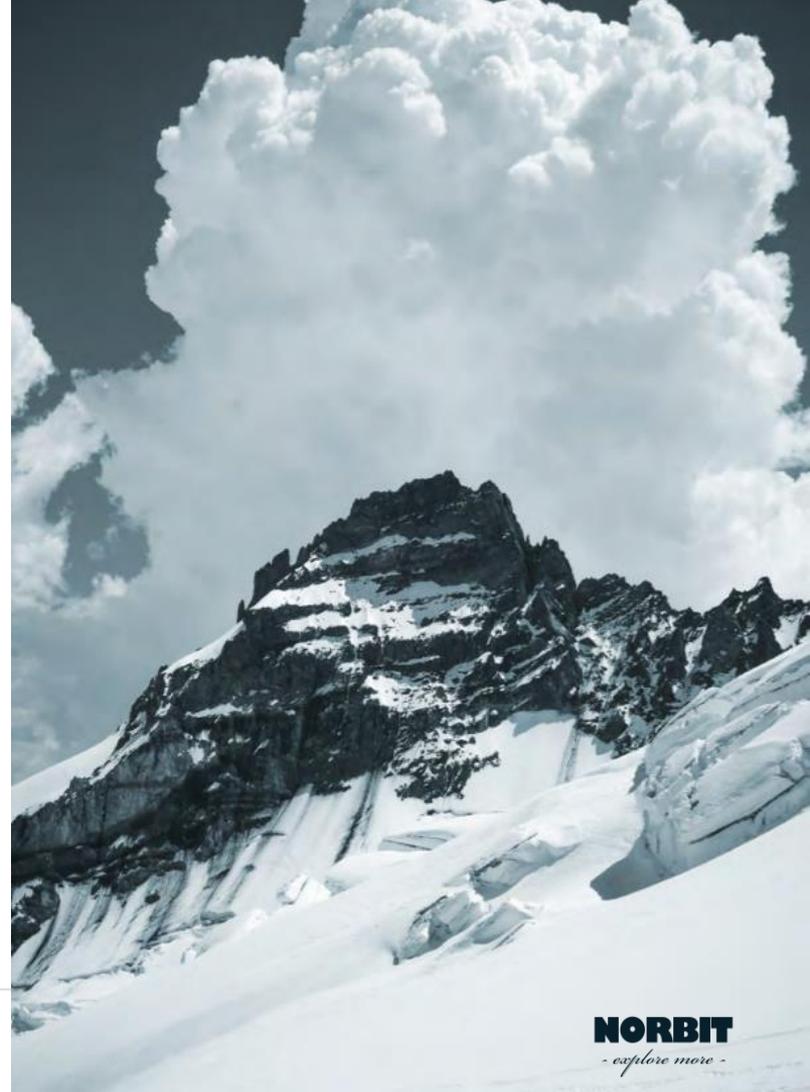
Going from “niche to notable”

Remain diversified and broaden customer base

Pursue operational excellence and scalability

Prioritise the overall best opportunities

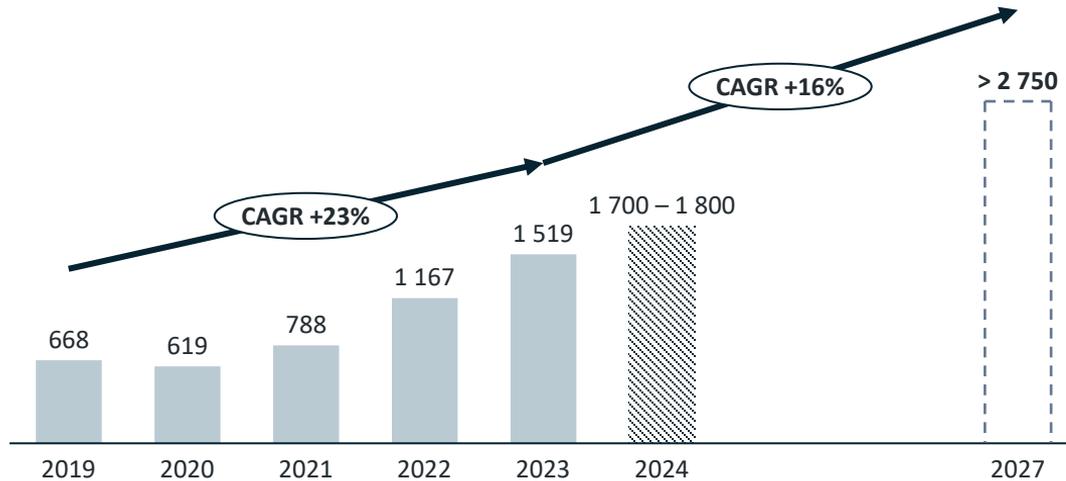
Explore value-accretive acquisitions



Target to deliver more than NOK 2.75 billion in revenues in 2027

Ambition level: Organic revenue growth

NOK million



- Revenue growth of 23 per cent annually since 2019
 - ~4 p.p. positive effect by currency
 - ~2 p.p. positive effect by M&A
- Target to deliver organic revenues of more than NOK 2.75 billion in 2027
 - Target supported by growth in all three business segments
 - EBIT margin target of ~20%
- Ambition to deliver more than NOK 3.0 billion in revenues in 2027 with targeted acquisitions

Agenda

- Strategic priorities and goals
- **Long-term financial targets**



Long-term financial targets towards 2027

Revenue CAGR

~16%

EBIT margin

~20%

Return on
capital employed

~30%

Leverage policy
(NIBD/EBITDA)

1.0 – 2.5x

Target equal revenue growth across the business segments



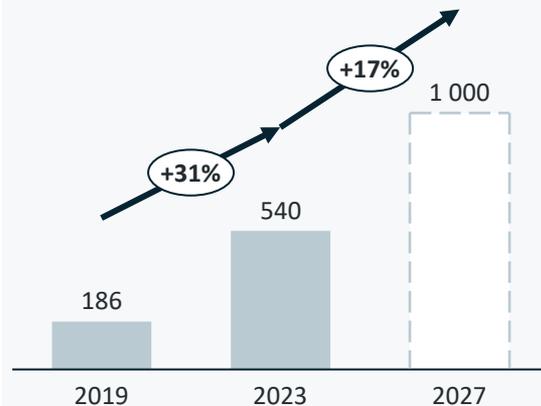
Oceans: Revenue target

NOK million



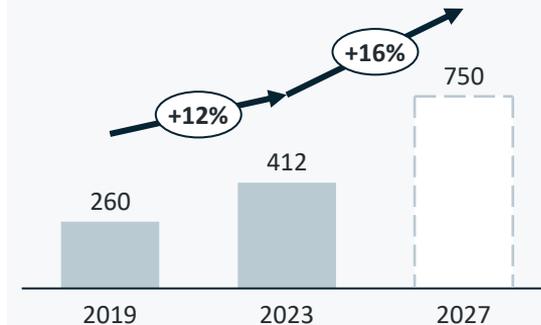
Connectivity: Revenue target

NOK million



PIR: Revenue target

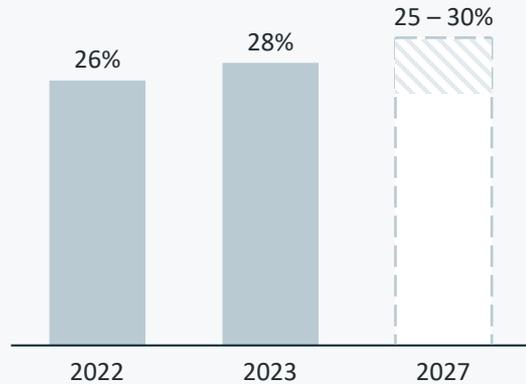
NOK million



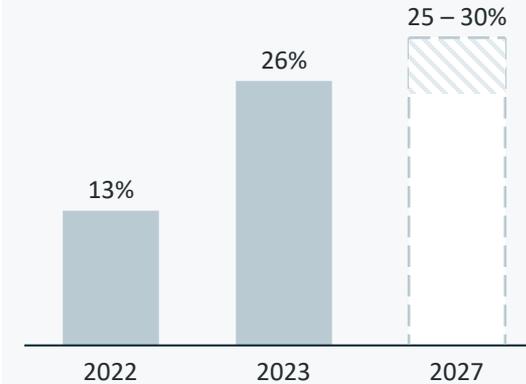
Blended group EBIT-margin ambition of around ~20% in 2027



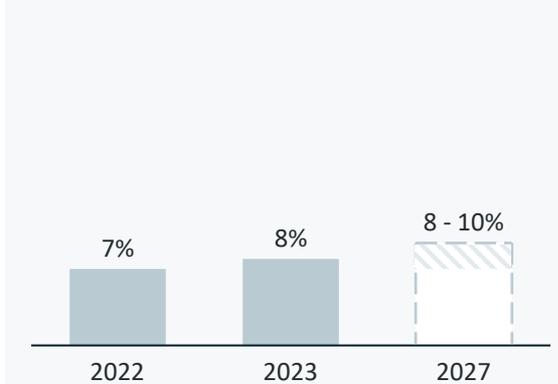
Oceans: EBIT margin target
Per cent



Connectivity: EBIT margin target
Per cent



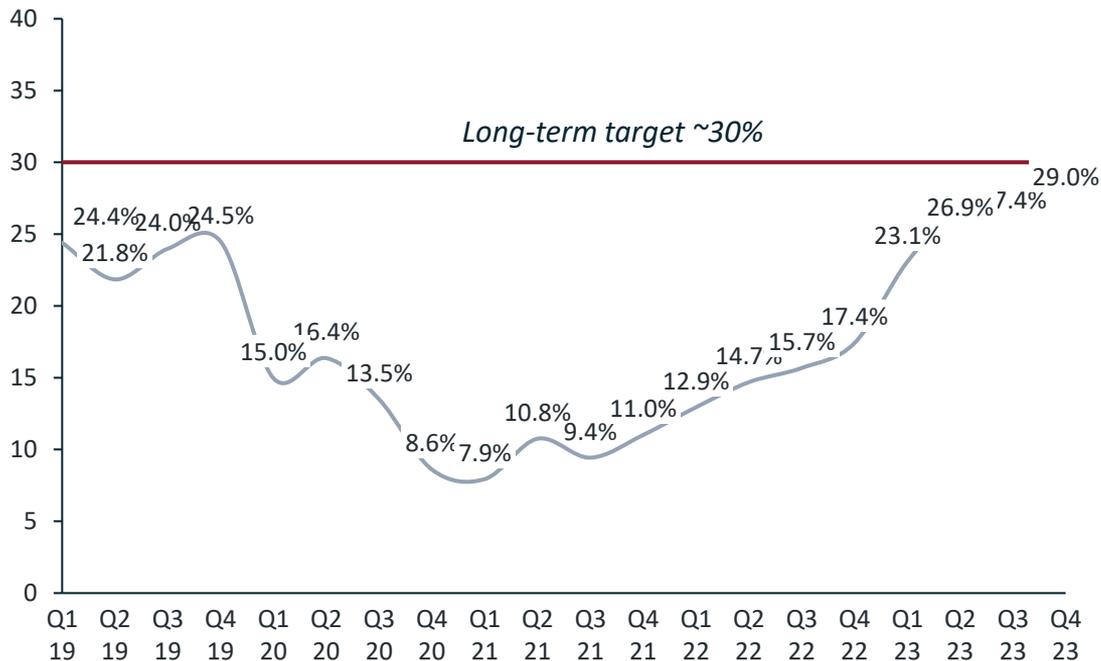
PIR: EBIT margin target
Per cent



Target to deliver a return on capital employed ~30%

Return on capital employed¹

12 month rolling



- Long-term target to deliver ~30% return on capital employed (pre-tax)
 - 29% delivered in 2023
- Stronger focus on capital allocation and optimising balance sheet
 - Invest in R&D projects with attractive risk-reward profile
 - Adjust capacity selectively
 - Increase working capital efficiency with target below 25% of revenues vs. 30% average since start of 2021
 - Strong internal focus on inventory optimisation and increasing turnover
 - Continue scaling non-recourse factoring of receivables

¹ Return on capital employed pre-tax calculated as operating profit (EBIT) divided by capital employed. Capital employed is defined as the sum of book equity and net interest-bearing debt including leasing liabilities. Numbers are trailing last 12 months

Capital allocation priorities

1

Maintain a solid balance sheet

2

Investments to support organic growth

3

Strategic M&A

4

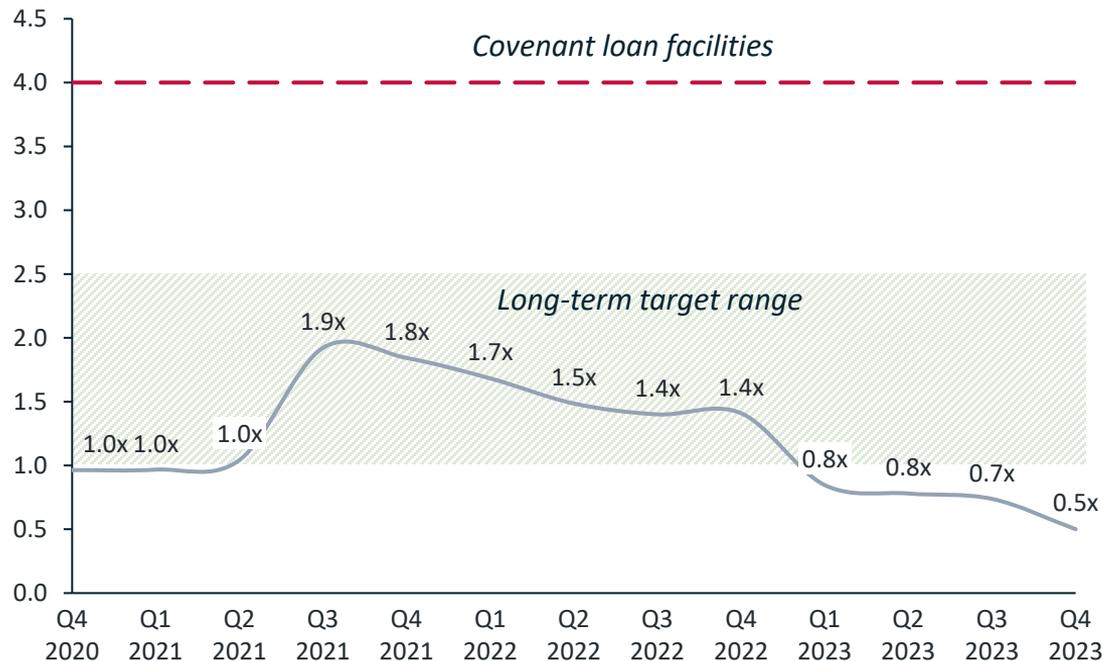
Shareholder distributions



Maintaining a solid balance sheet

NIBD/EBITDA

EBITDA 12 month rolling



- Maintaining a strong balance sheet and liquidity position are first priorities for capital allocation:
 - Provide for financial flexibility
 - Prudent risk management
 - Operating well within covenants
 - Maintain strong creditworthiness
- 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%
 - 53% equity ratio at Q4 2023

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

Investments to support organic growth

R&D investments to drive organic growth

- Continued high focus on market driven innovation through R&D. More than 95% of investments allocated to Oceans and Connectivity
- 2024 investments expected to be NOK 65 – 75 million
- Expect nominal level to increase year over year and target to remain between 3 – 5% of revenues

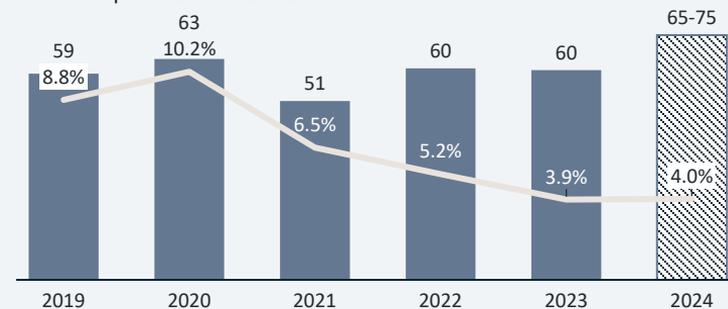
Capacity investments in production

- Maintaining control of production remains important in order to ensure reliability, agility and scalability. Majority of fixed asset investments are capacity investments for machinery and equipment with focus on robotising production
- 2024 investments expected to be NOK 90 – 100 million, including two SMT lines and a new production line for enforcement modules for tachographs
- NOK 50 – 75 million estimated in investments in buildings until 2027 to deliver on ambition plan. Required machinery investments depending on prioritisation of product roadmap

1) Per cent of revenues in 2024 based on mid-point of capex guidance and revenue target of NOK 1.7 – NOK 1.8 billion.
PPE investments include lease additions of machinery equipment

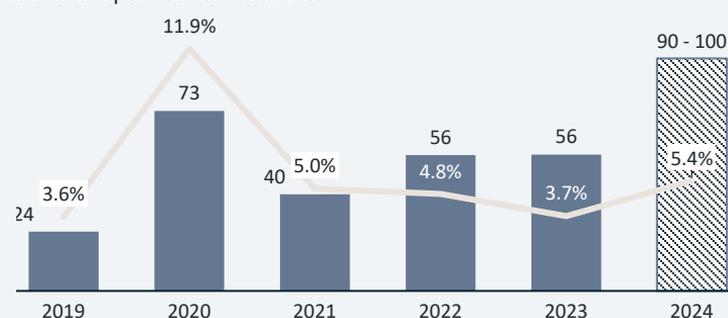
R&D investments¹⁾

MNOK and per cent of revenues



PPE investments¹⁾

MNOK and per cent of revenues



Continuing to pursue value-added acquisition

Tailored M&A strategy

- A total of ~NOK 250 million in consideration paid over the last three years for selected targets, predominately to broaden product offering, gain market access and/or grow technology base
- Continued focus on add-on acquisitions to strengthen our position in the Oceans and Connectivity domains
- Disciplined approach with focus on selected criteria:
 - Organisation with deep market domain knowledge
 - Technology in carefully selected applications
 - Cultural fit with target
 - Synergy potential
 - Value accretive to shareholders

Examples of acquisitions

iData

SEA HORSE
GEOMATICS

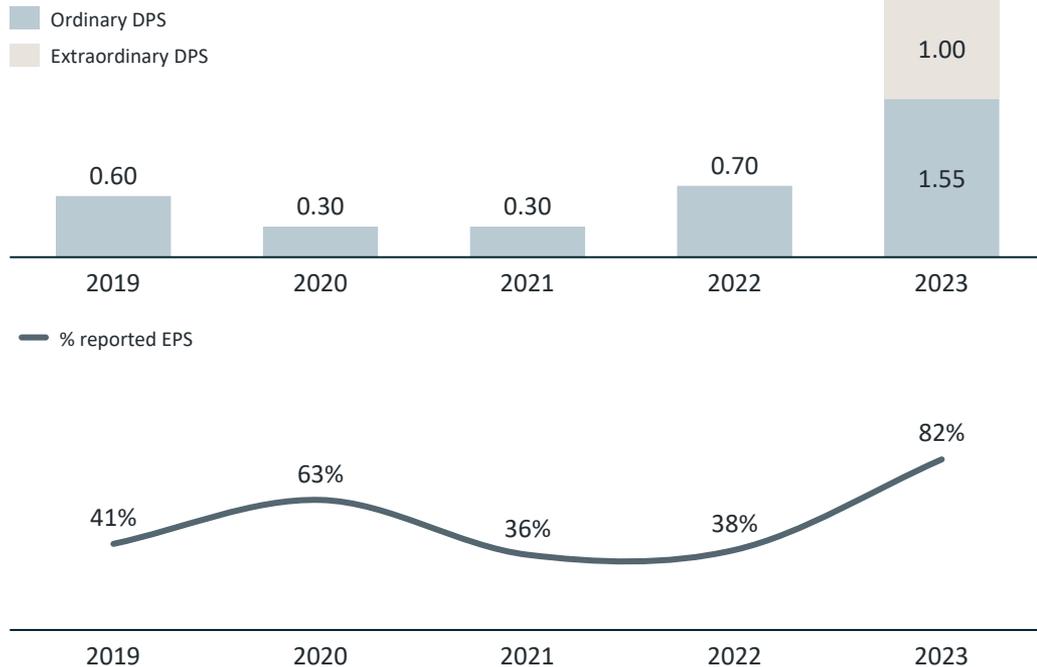
Ping
DSP

CPS AS
Your IoT Solution Partner

Strong increase in the dividend and amending the dividend policy

Dividend declared

NOK



Amended dividend policy

NORBIT ASA's objective is to provide shareholders with a long-term competitive return through an increase in the share price and payment of dividends.

The dividend policy is to pay out annual ordinary dividends between 30 and 50 per cent of the company's net profit after tax, with the intention to pay out potential excess capital as extraordinary dividends.

When proposing the total dividend payment, the board of directors will take into account the company's financial position, investment plans, any restrictions by law, as well as the needed financial flexibility to provide for sustainable growth.

To that end, the company has set long-term financial targets relating to its capital structure to have a NIBD/EBITDA ratio between 1.0 – 2.5x.

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TECHNOLOGY
IS PART OF THE SOLUTION

