

# NORBIT

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## Fourth quarter and full-year 2022 presentation

CEO Per Jørgen Weisethaunet  
CFO Per Kristian Reppe

15 February 2023

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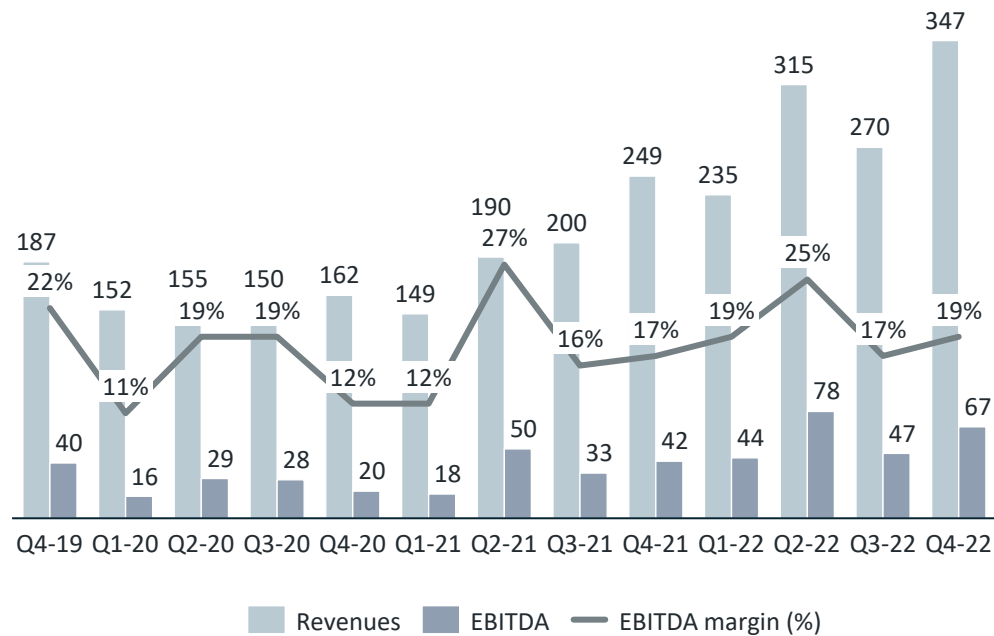
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# All time high revenues driven by growth in all segments

## Revenues and EBITDA

NOK million



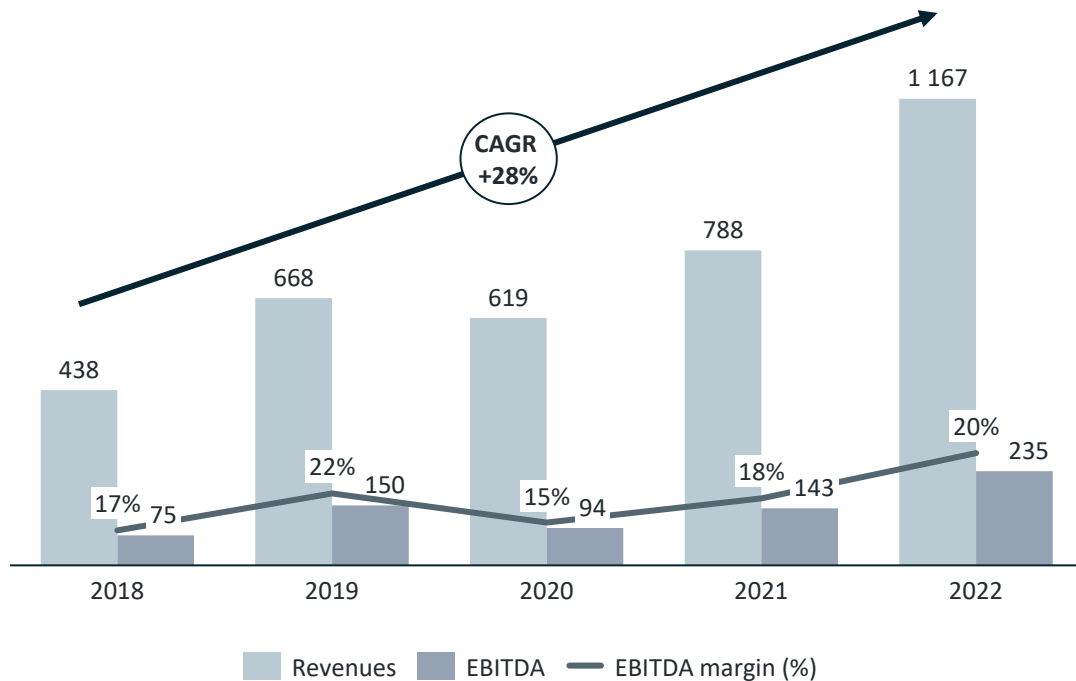
## Fourth quarter 2022

- 40 per cent revenue growth from the fourth quarter of 2021
- EBITDA ended at NOK 67 million, resulting in a margin of 19 per cent
- All segments contributed to the growth

# Continued good progress towards the 2024 ambition level

## Revenues and EBITDA

NOK million



## Full year 2022

- 48 per cent revenue growth
- Improved profitability driven by higher revenue base and operational leverage, despite current inflationary environment
- Earnings per share of NOK 1.82 represent more than a doubling from NOK 0.83 in 2021
- Dividend of NOK 0.70 per share proposed, an increase from NOK 0.30 paid in 2022

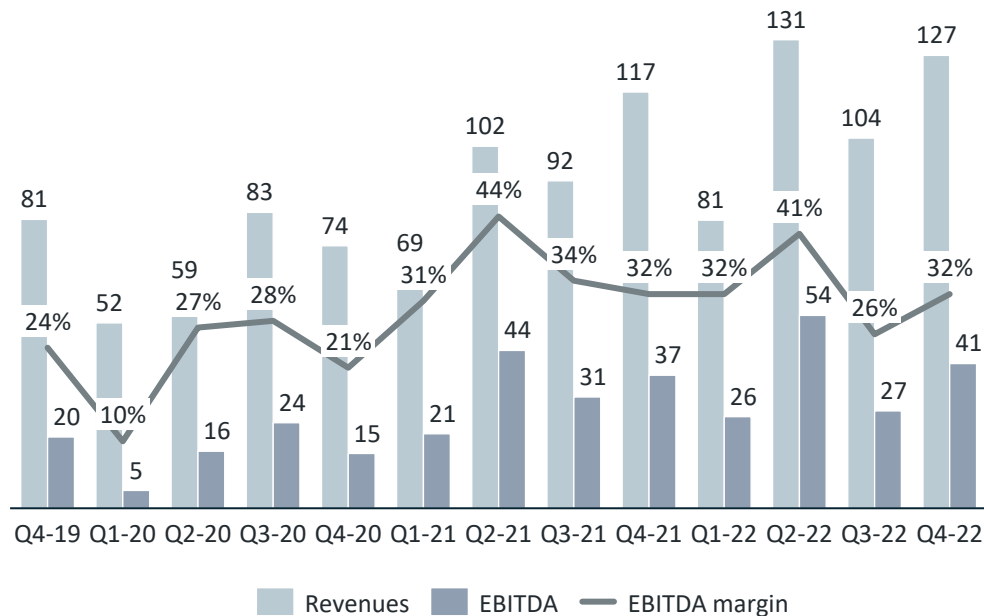


**OCEANS**

# Oceans – Sustained growth driven by strong sonar sales

## Revenues and EBITDA

NOK million



### Fourth quarter 2022

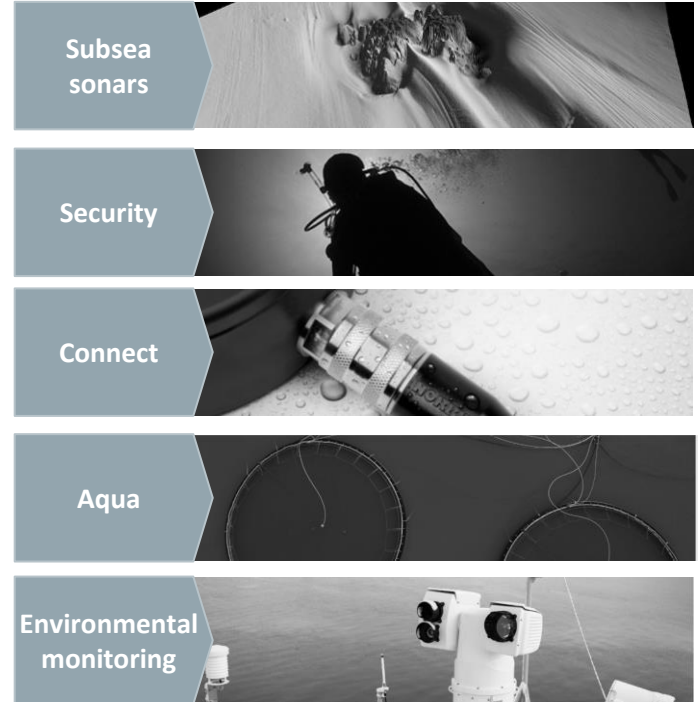
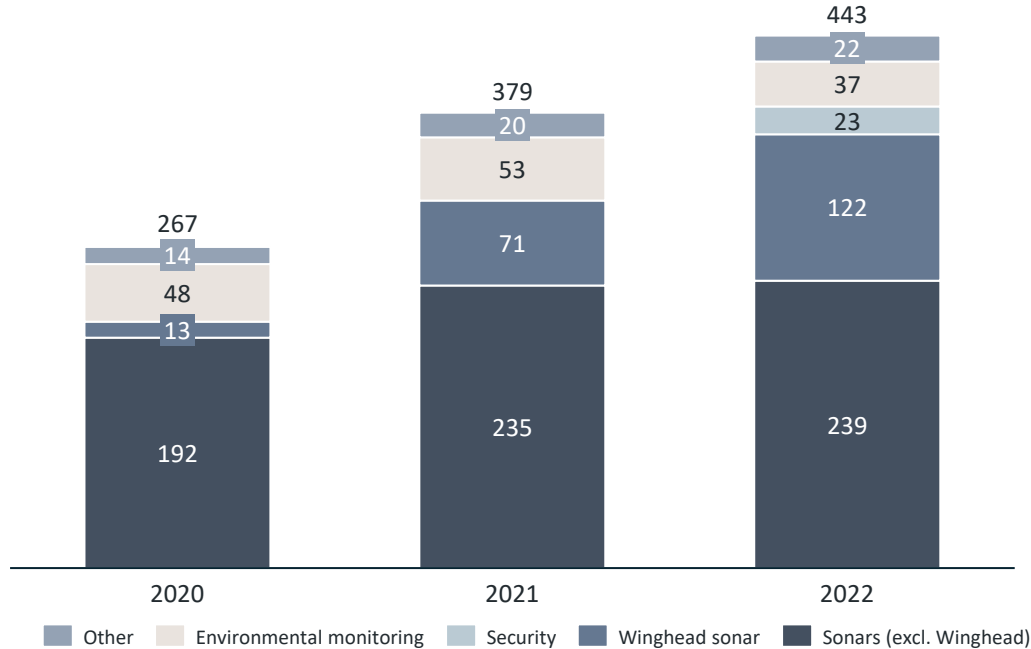
- Revenues of NOK 127 million, an increase of 9 per cent from Q4-21
  - Mainly attributed to increased sonar sales
- EBITDA margin of 32 per cent, on par with Q4-21

### Full year 2022

- Revenues of NOK 443 million, an increase of 17 per cent from 2021
- EBITDA margin of 33 per cent, compared to 35 per cent in 2021

# Growth by innovating new products and solutions into new applications

Oceans' revenue mix  
NOK million





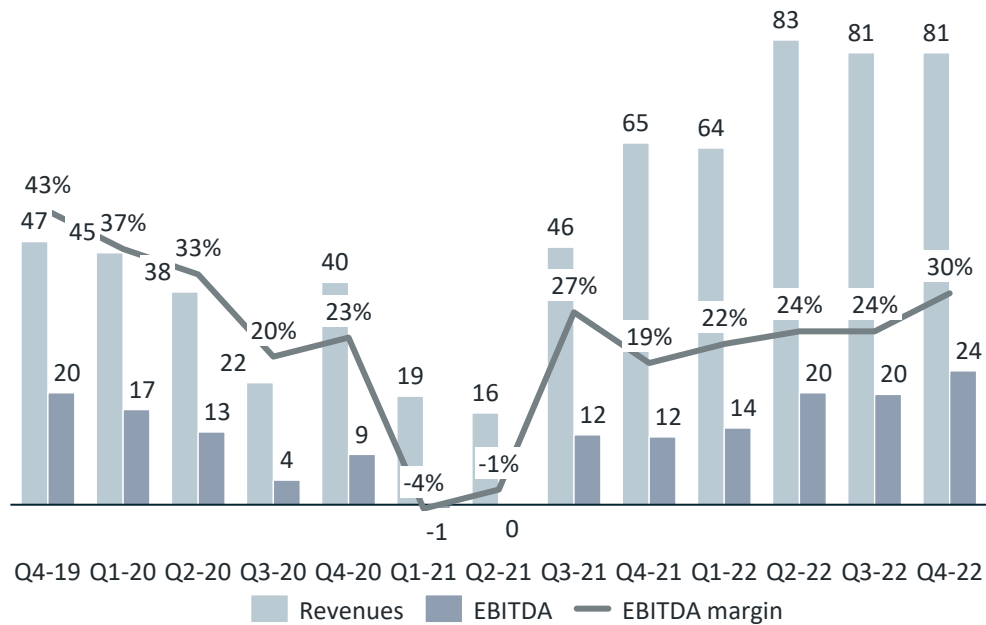
**CONNECTIVITY**



# Connectivity - Continued strong demand for DSRC products

## Revenues and EBITDA

NOK million



### Fourth quarter 2022

- Revenues of NOK 81 million, representing an increase of 25 per cent from Q4-21, driven by continued strong demand for DSRC products, including On-Board Units, and satellite-based tolling units
- EBITDA margin of 30 per cent, compared to 19 per cent in Q4-21

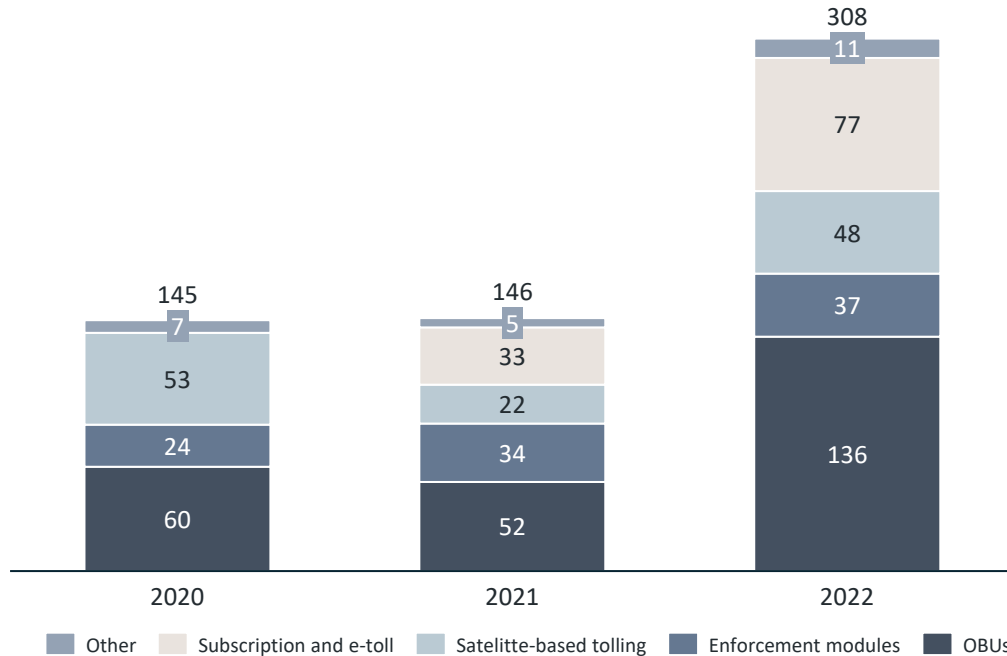
### Full year 2022

- Revenues of NOK 308 million, an increase from NOK 146 million in 2021
- EBITDA margin of 25 per cent, compared to 16 per cent in 2021

# Revenues more than doubled in 2022

## Connectivity revenue mix

NOK million



On-Board Units



Enforcement modules for tachographs



Satellite-based tolling



Subscription and e-toll



Other



## Awarded significant On-Board Unit order

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- Subsequent to quarter-end, Connectivity received a NOK 150 million order for On-Board Units with delivery in the first half of 2023
- The result of NORBIT's strategy of migrating the sales of On-Board Units from tendering to B2B
- Enabled by NORBIT's in-house manufacturing capabilities and scalability
- Discussions are ongoing with respect to additional volume deliveries in the second half of 2023



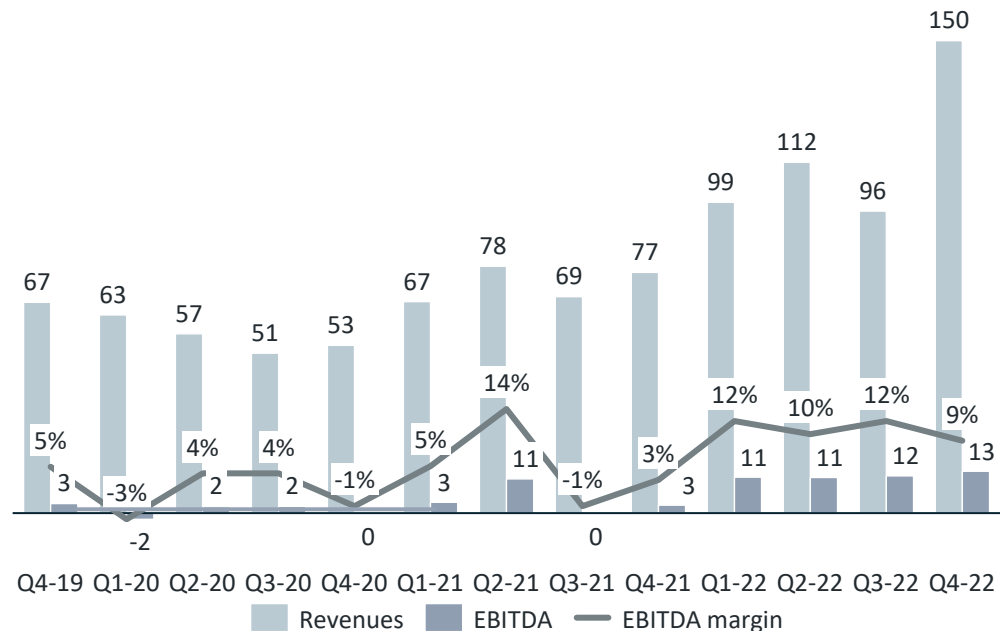


PIR

# Product Innovation & Realization – Revenues doubled from Q4-21

## Revenues and EBITDA

NOK million



### Fourth quarter 2022

- Revenues of NOK 150 million, up 96 per cent from Q4-21. The increase was driven by:
  - Strong demand from automotive clients within contract manufacturing
  - Ramp-up of production towards new customers
  - Customer reimbursements for higher material costs
- EBITDA came in at NOK 13 million, representing a margin of 9 per cent

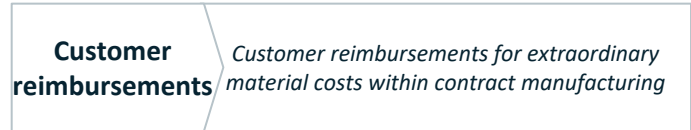
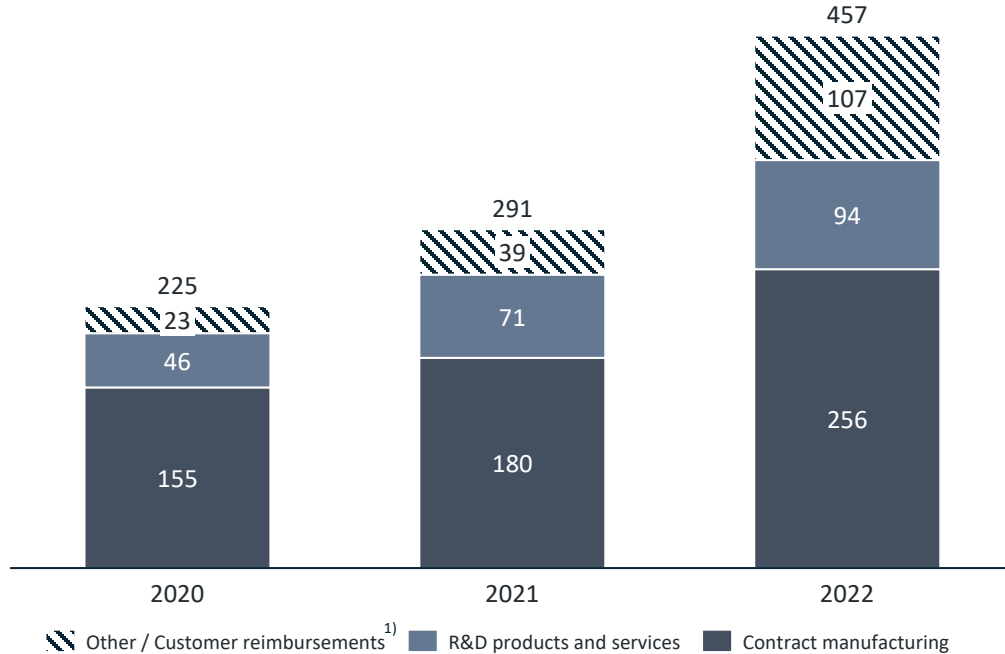
### Full year 2022

- Revenues of NOK 457 million, an increase of 57 per cent from 2021
- EBITDA margin of 10 per cent, compared to 6 per cent 2021

# Growth driven by both contract manufacturing and R&D products / services

## PIR revenue mix

NOK million



1) In 2020, "other" includes external revenues recognised in Norbit Kabelpartner. Norbit Kabelpartner has been reported under segment Oceans since 1.1.2021. There were no customer reimbursements for extraordinary material costs in 2020

# NORBIT

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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 dramatic, cloudy sky. The water is a deep blue-green color.

# Financials – P&L

<i>Amounts in NOK million</i>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
Revenues	347.3	248.9	1 167.5	787.8
Other gains and losses	-	-	-	1.2
Raw materials and change in inventories	176.3	110.5	549.5	363.3
Employee benefit expenses	73.4	62.5	250.2	187.7
Other operating expenses	31.0	34.4	132.4	95.5
<b>EBITDA</b>	<b>66.5</b>	<b>41.5</b>	<b>235.3</b>	<b>142.6</b>
Depreciation and amortization expenses	24.0	19.7	86.5	69.0
<b>Operating profit / EBIT</b>	<b>42.6</b>	<b>21.9</b>	<b>148.8</b>	<b>73.5</b>
Net financial items	(8.9)	(4.6)	(28.0)	(9.8)
<b>Profit before tax</b>	<b>33.7</b>	<b>17.3</b>	<b>120.8</b>	<b>63.7</b>
Income tax expense	6.1	(5.2)	(14.1)	(15.9)
<b>Profit for the period</b>	<b>39.8</b>	<b>12.1</b>	<b>106.7</b>	<b>47.9</b>

## Fourth quarter of 2022

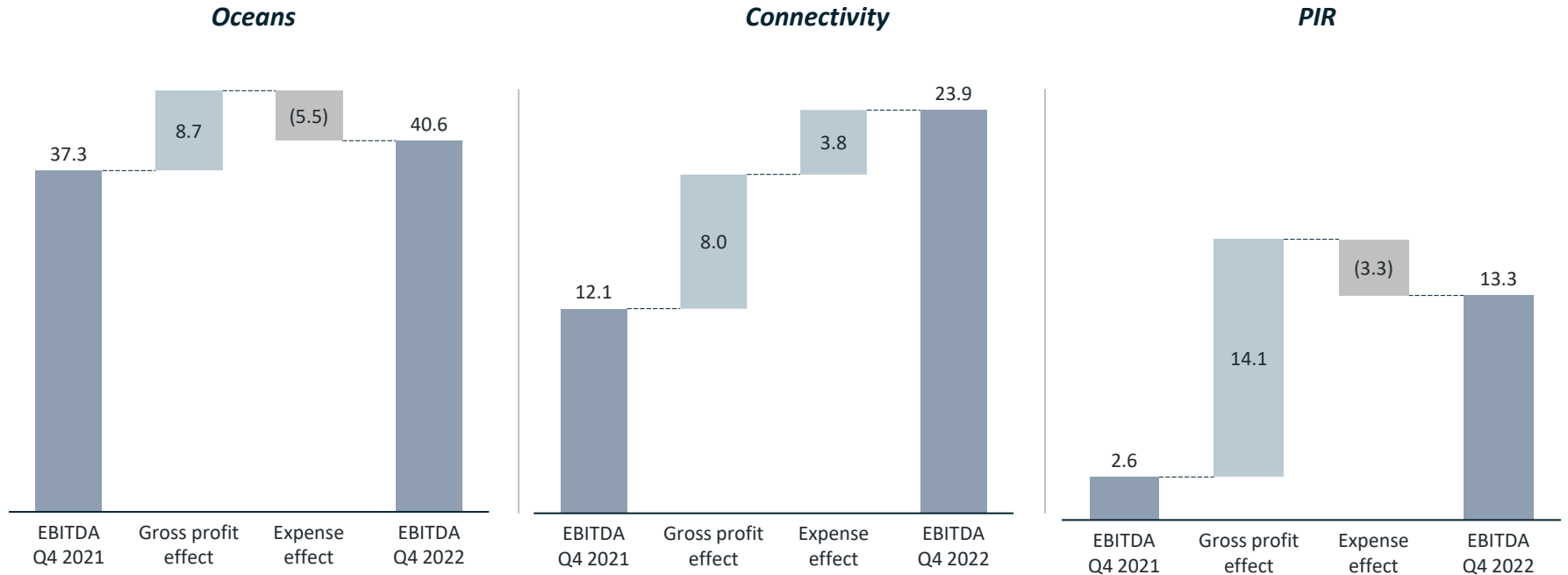
- Revenues of NOK 347.3 million, up 40 per cent from Q4-21
  - All segments delivered revenue growth compared to Q4 2021
- Gross margin of 49 per cent, down from 56 per cent in Q4-21
  - Largely explained by PIR' increasing share of group revenues with high level of customer reimbursements in the quarter
- Employee benefit expenses of NOK 73.4 million versus NOK 62.5 million in Q4 2021 with continuing strengthening of the organisation to support the activity increase
- EBITDA of NOK 66.5 million (19 cent margin), up from NOK 41.5 million in Q4 2021 (17 per cent margin)
- Net financial items of negative NOK 8.9 million (negative NOK 4.6 million)
  - This included NOK 5.4 million in net interest expenses and NOK 3.6 million in foreign exchange losses and other financial expenses
- Net profit for the period of NOK 39.8 million including a tax income of NOK 6.1 million



# EBITDA improvement driven by all segments

## Segment EBITDA development Q4 2022 vs. Q4 2021

NOK million



# Financials – Balance sheet

Amounts in NOK million

	31.12.22	30.09.22	31.12.21
<b>ASSETS</b>			
Property, plant and equipment	187.7	162.4	164.9
Intangible assets	258.8	258.6	242.3
Goodwill	84.4	82.1	82.1
Deferred tax asset	15.6	-	13.3
Inventories	426.3	430.7	263.2
Trade receivables	168.0	106.9	154.9
Other receivables and prepayments	37.0	50.2	33.3
Other assets	1.3	1.3	1.2
Cash and cash equivalents	41.7	30.6	21.7
<b>Total assets</b>	<b>1,220.8</b>	<b>1,122.8</b>	<b>976.9</b>
<b>LIABILITIES</b>			
Interest-bearing borrowings	337.4	307.4	288.2
Lease liabilities	35.8	17.8	15.0
Trade payables	132.6	151.4	100.2
Other current liabilities	93.3	70.4	59.7
Other liabilities	22.3	18.2	16.0
<b>Total liabilities</b>	<b>621.5</b>	<b>565.2</b>	<b>479.1</b>
<b>Total equity</b>	<b>599.3</b>	<b>557.6</b>	<b>497.9</b>
<b>Total liabilities and equity</b>	<b>1,220.8</b>	<b>1,122.8</b>	<b>976.9</b>

## Fixed and intangible assets

- Land and PPE: An increase of NOK 25.3 million, primarily driven by right-of-use assets following lease financing of production lines
- Intangible assets: On par with prior quarter as amortisations offset R&D investments in the quarter

## Working capital

- Inventories: Decreased NOK 4.4 million from prior quarter
- Trade receivables: Increased NOK 61.1 million on quarterly revenue growth and intra-quarter effects with sales skewed towards the back-end of the quarter
- Trade payables: Decrease of NOK 18.8 million

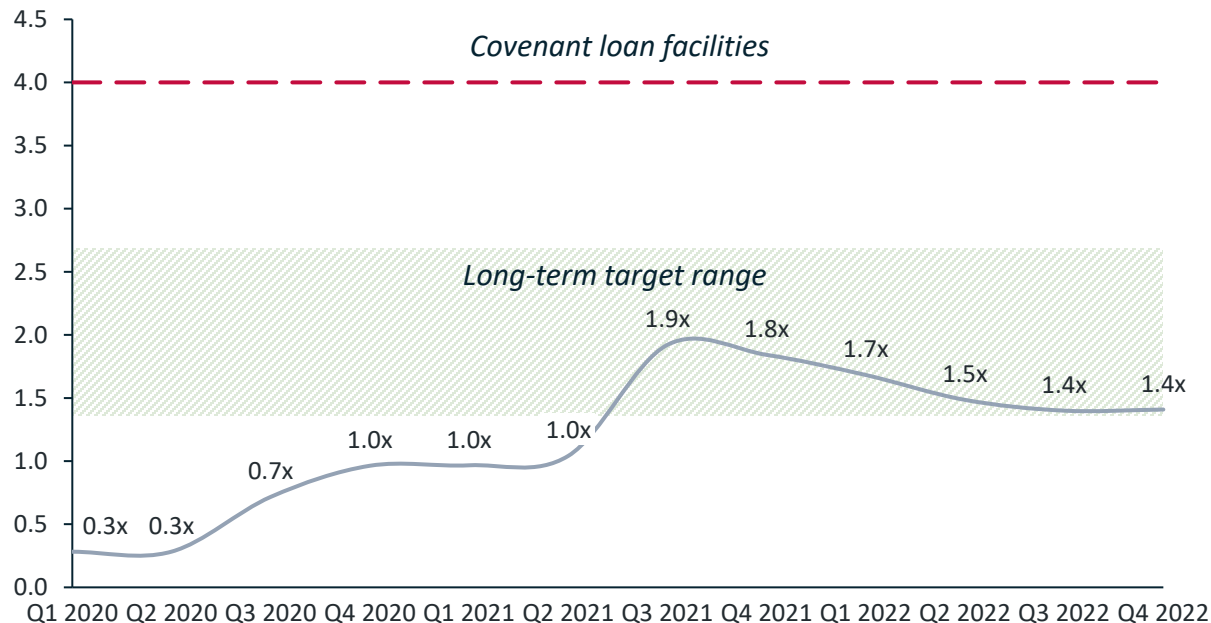
## Net-interest bearing debt and equity

- Total borrowings of NOK 337.4 million, an increase of NOK 30.0 million from prior quarter
- Net-interest bearing debt (excl. lease liabilities) of NOK 295.6 million, an increase of NOK 18.8 million from Q3-22
- Equity of NOK 599.3 million, representing an equity ratio of 49 per cent

# Strong balance sheet and solid liquidity position

## NIBD/EBITDA

EBITDA 12 month rolling



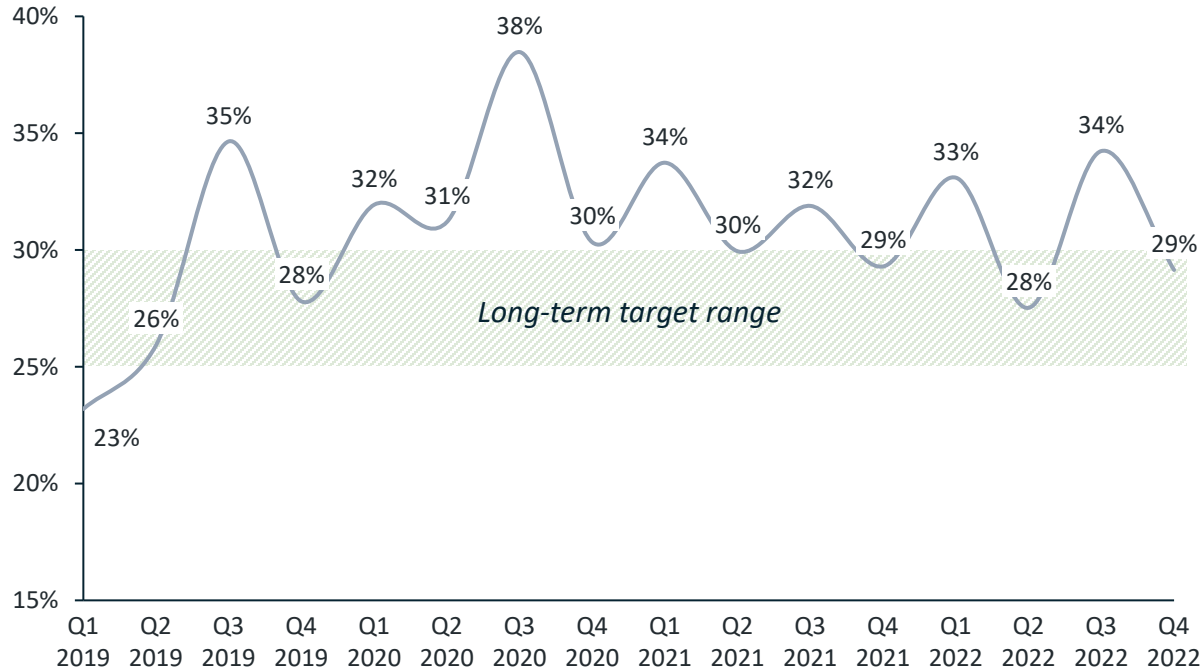
- NIBD/EBITDA ratio down from 1.8x in Q4-21 and remained stable at 1.4x from prior quarter
- Expect ratio to decline further in 2023
- Long-term target level between 1.0 – 2.5x NIBD<sup>1</sup>/EBITDA over the cycle
- Covenants in loan facilities at 4.0x NIBD/EBITDA and equity ratio > 30%
  - 49 per cent equity ratio at Q4 2022
- NOK 439.4 million in undrawn credit facilities as per 31 December

1) NIBD defined as total interest bearing borrowings less cash and cash equivalents (including leasing liabilities starting Q3 2021). EBITDA on a 12 month rolling basis

# Ambition to improve working capital efficiency

## Net working capital<sup>1</sup>

Per cent of annualized quarterly revenues



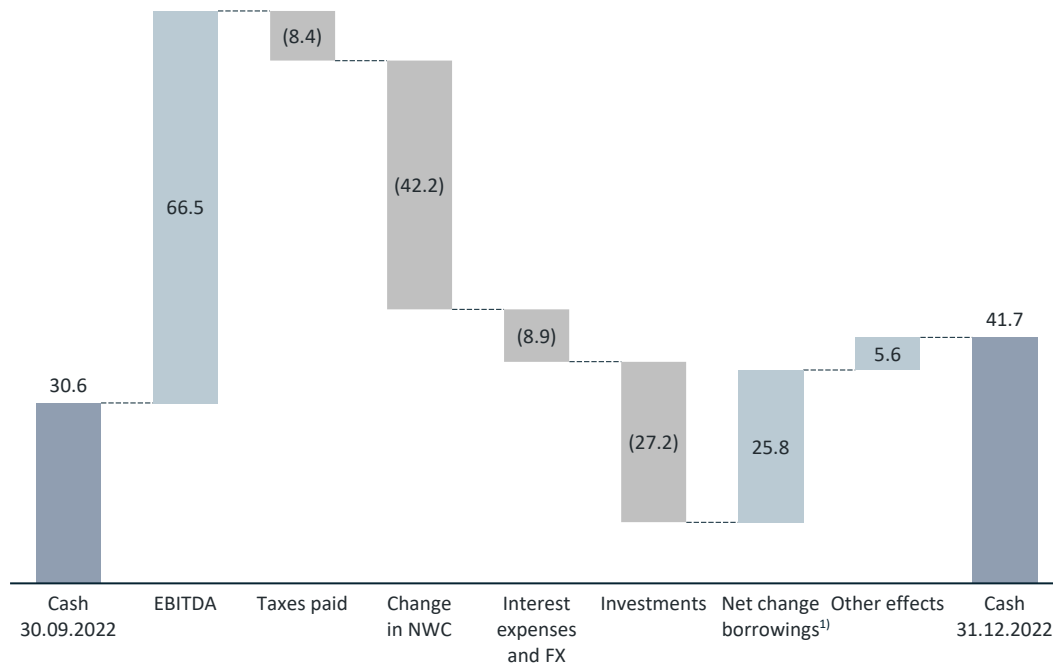
- Net working capital ratio at 29% in Q4-2022
  - Challenging supply market for raw materials last 18 months, requiring purchase of longer series of components to inventory
  - Some signs of improvement in the supply chain, but for certain semiconductor components the market is challenging
- Net working capital target range between 25 – 30% of revenues longer-term
- Ambition to reach lower end of the range over time, assuming component market normalises
- Some fluctuations over target level should be expected short-term

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

# Financials – Cash Flow

## Cash flow development fourth quarter 2022

NOK million



1) Including repayment of leases

## Fourth quarter of 2022

- Operating cash flow of positive NOK 7.0 million
  - Net increase in working capital of NOK 42.2 million, mainly related to increase in trade receivables and reduction of trade payables
- Investing activities generated a cash outflow of NOK 27.2 million
  - NOK 11.8 million invested in R&D.
  - NOK 10.8 million invested in machinery and equipment
  - NOK 7.8 million in net cash outflow from acquisition of Aursund Maskinering AS
  - Guidance for 2023 is NOK 60 – 70 million in R&D investments and NOK 35 – 45 million investments in fixed assets
- Financing activities led to a cash inflow of NOK 31.4 million following a net increase in interest-bearing borrowings
  - Acquisition of Aursund Maskinering partly financed by a NOK 5.6 million interest-free sellers' credit

# NORBIT

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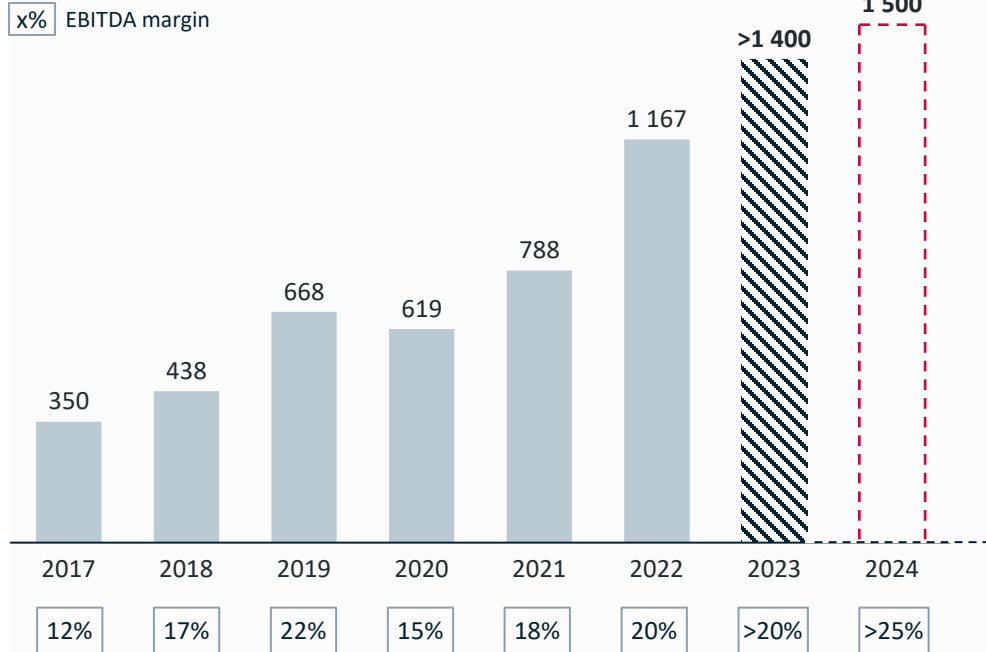
## Outlook

A wide-angle photograph of a long, straight asphalt road that stretches from the foreground into the distance, crossing a narrow isthmus between two bodies of water. The road is flanked by metal guardrails. The water on both sides is a deep, clear blue. In the background, several jagged, snow-capped mountains rise against a sky filled with large, white and grey clouds. The overall atmosphere is serene and majestic.

# Target revenues in excess of NOK 1.4 billion in 2023, on track for 2024 ambition

## Organic revenue and EBITDA target

NOK million



- Revenue target for 2023 is in excess of NOK 1.4 billion, supported by growth in all three business segments
- Margins expected to improve from 2022
- Ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024
- Value-accretive acquisitions to add to organic growth target and ambition, although remaining disciplined

# Short-term outlook

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- Strong start to first quarter with high activity, particularly in the sonar business
- Targeting to deliver growth compared to the corresponding period of 2022



- Connectivity continues to benefit from strong demand for DSRC products
- Recently awarded a NOK 150 million contract to deliver On-Board Units in the first half of 2023, and discussions are ongoing with respect to additional deliveries in the second half of the year
- Supported by this award, Connectivity is expected to report revenues between NOK 270 – 300 million in the first six months of 2023



- Growth in segment PIR is supported by a general electrification trend and an increasing preference among new clients to manufacture products in geographical proximity to its operations.
- In the first quarter, PIR is expected to report growth from the corresponding quarter of 2022.



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**TECHNOLOGY**  
**IS PART OF THE SOLUTION**

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



EXPLORING  
SINCE 1995



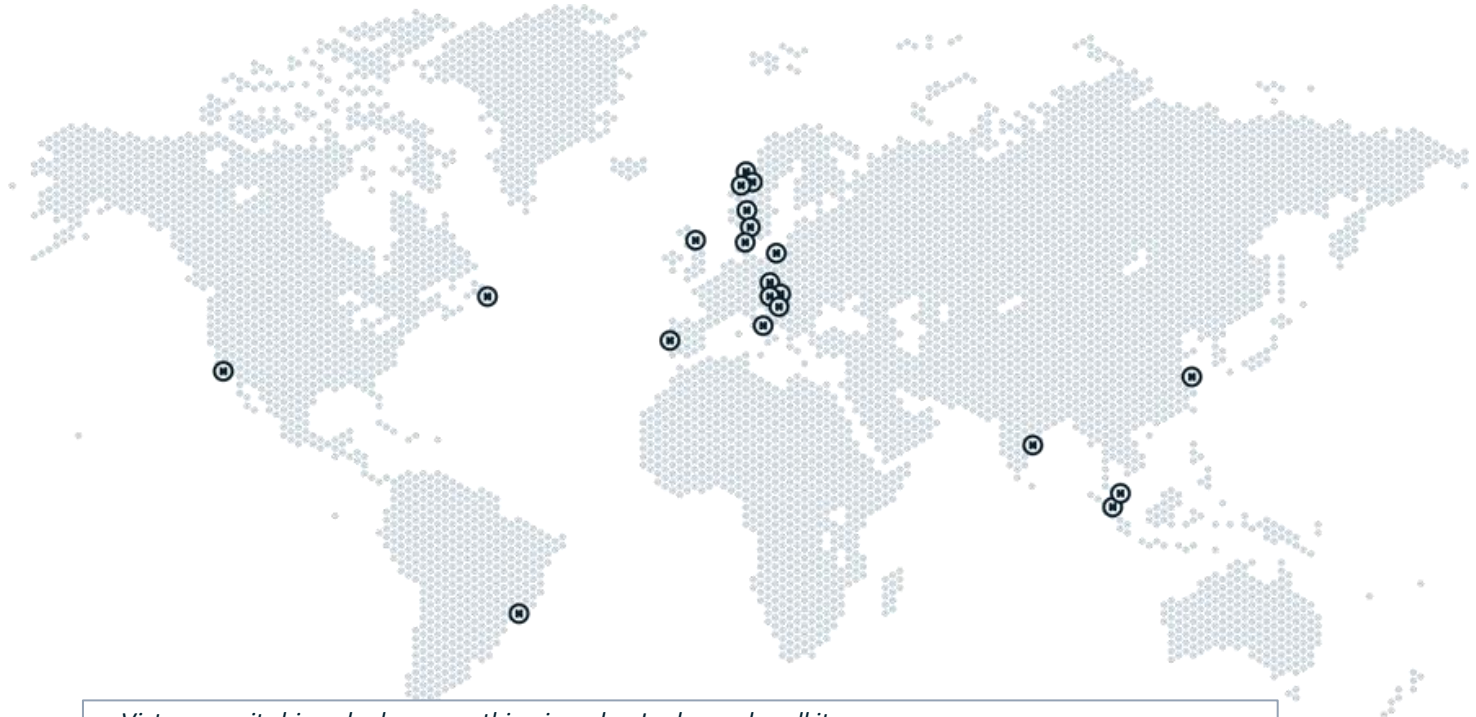
~450 EMPLOYEES



~ 18 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

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## *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 10 February 2023

#	Investor	# of shares	%
1	VHF INVEST AS – founder Steffen Kirknes	7,686,495	12.98
2	PETORS AS – CEO Per Jørgen Weisethaunet	7,000,000	11.82
3	REITAN KAPITAL AS	5,829,083	9.85
4	DRAUPNIR INVEST AS – family of founder Steffen Kirknes	5,102,949	8.62
5	J.P. Morgan SE	3,225,037	5.45
6	ESMAR AS	3,162,286	5.34
7	EIDCO A/S	3,062,286	5.17
8	The Bank of New York Mellon SA/NV - Arctic Funds	2,882,596	4.87
9	J.P. Morgan SE	1,679,064	2.84
10	Danske Invest Norge Vekst	971,400	1.64
11	Citibank	937,694	1.58
12	The Bank of New York Mellon SA/NV	876,645	1.48
13	Danske Bank A/S – MD Oceans Peter K. Eriksen	795,208	1.34
14	CLEARSTREAM BANKING S.A.	724,565	1.22
15	USEGI AS - CTO Arild Søråunet	721,989	1.22
16	J.P. Morgan SE	720,392	1.22
17	SONSTAD AS	679,000	1.15
18	Carnegie Investment Bank AB	627,216	1.06
19	Danske Bank A/S	525,000	0.89
20	Saxo Bank A/S	509,708	0.86
<b>Total top 20 shareholders</b>		<b>47,718,613</b>	<b>80.61</b>
Other shareholders		11,480,585	19.39
<b>Total</b>		<b>59,199,198</b>	<b>100.00</b>