

# NORBIT

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## Third quarter 2022 presentation

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11 November 2022

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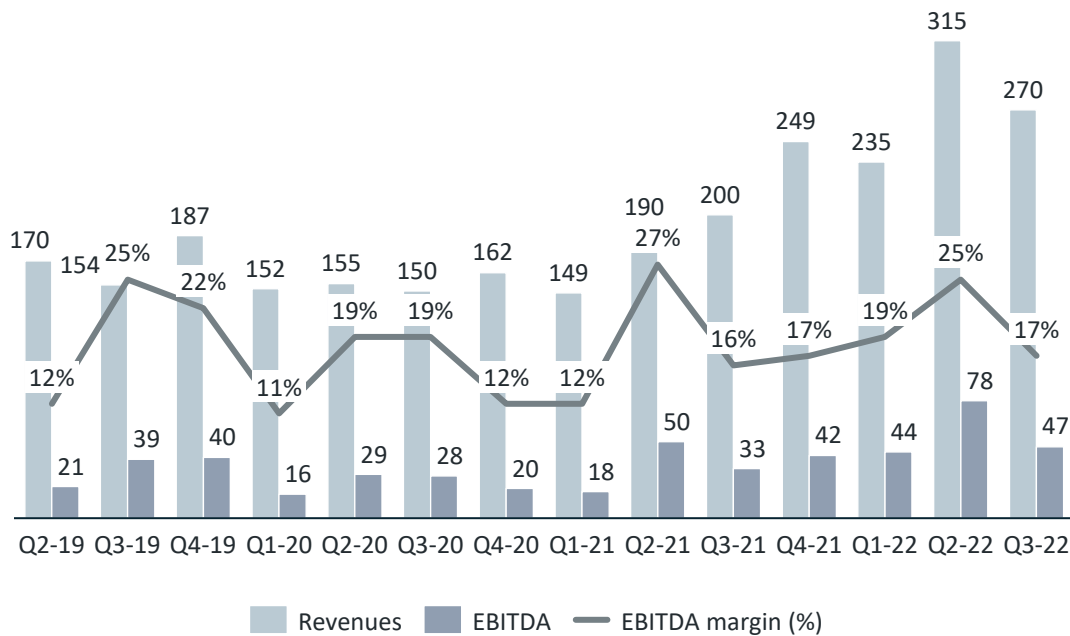
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# Profitable revenue growth continued

## Revenues and EBITDA

NOK million



## Third quarter 2022

- Revenue increased by 35 per cent from the third quarter of 2021.
- EBITDA ended at NOK 47 million, resulting in a margin of 17 per cent
- All segments contributed to the growth

## First nine months of 2022

- Revenues increased by 52 per cent to NOK 820.2 million
- EBITDA ended at NOK 168.7 million, resulting in a margin of 21 per cent



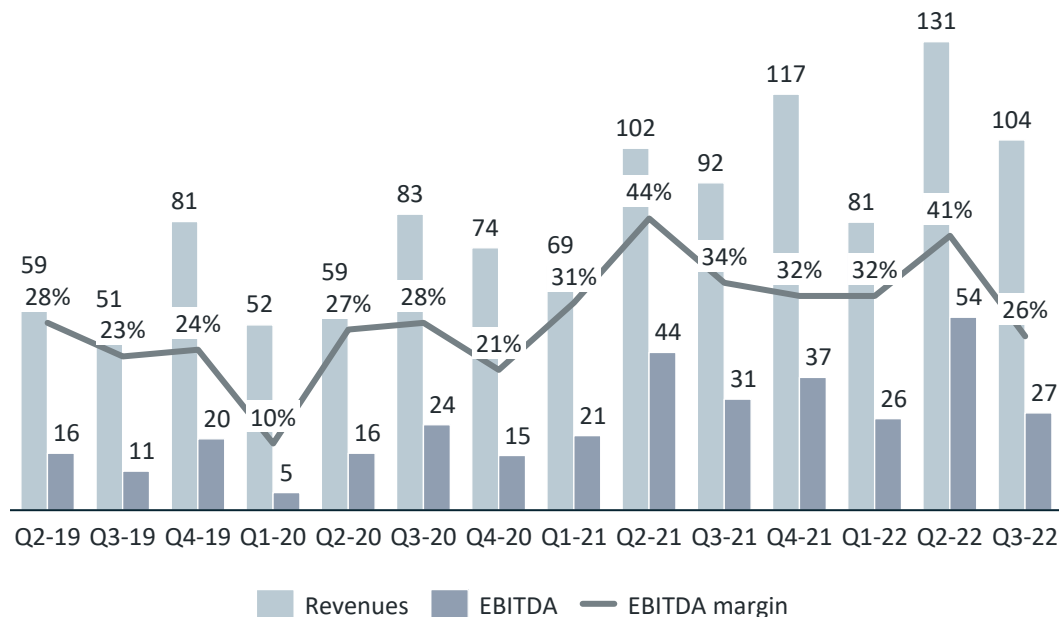
**OCEANS**



# Oceans - Increased sonar sales driving year-over-year growth

## Revenues and EBITDA

NOK million



## Third quarter 2022

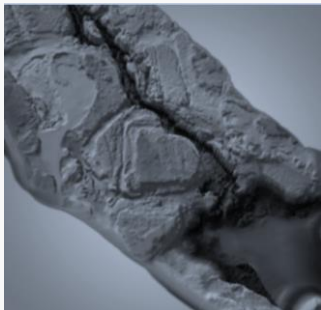
- Revenues of NOK 104 million, an increase of 13 per cent from Q3-21
  - Revenue growth mainly attributed to increased sonar sales
- EBITDA margin of 26 per cent, compared to 34 per cent in Q3-21
  - Operational expense increase primarily explained by strengthening the organisation to support further growth and strategic initiatives

## First nine months of 2022

- Revenues of NOK 316 million, an increase of 21 per cent from 2021
- EBITDA margin of 34 per cent, compared to 37 per cent YTD 2021

# Oceans delivering tailored technology solutions to the global maritime markets

*Sonars*



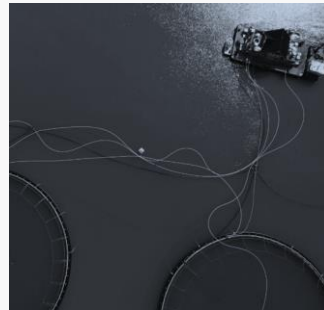
*Security*



*Environmental  
monitoring*



*Aqua*



*Connect*



*Diversified product offering with organic growth potential*

# GuardPoint - Underwater Surveillance – Product range



## GuardPoint 70

Unmanned vehicles: >1000m  
Open Circuit divers: 800m  
Close Circuit divers: 400m



## GuardPoint 100

Unmanned vehicles: >800m  
Open Circuit divers: 600m  
Close Circuit divers: 300m



## GuardPoint 200

Unmanned vehicles: >600m  
Open Circuit divers: 400m  
Close Circuit divers: 200m



## GuardPoint 400

Unmanned vehicles: >200m  
Open Circuit divers: 150m  
Close Circuit divers: 80m



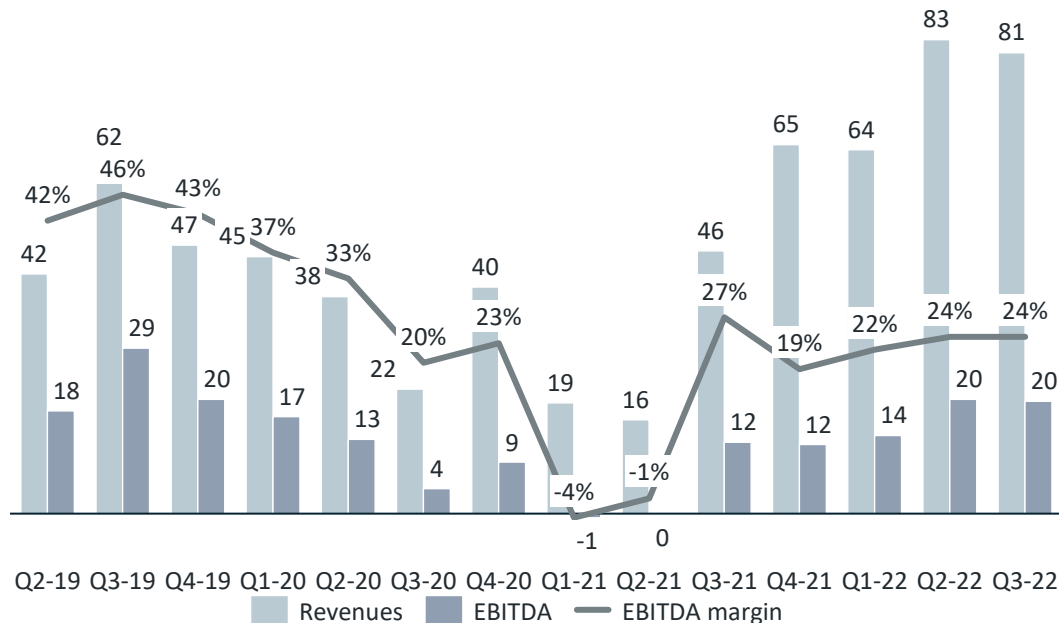
# CONNECTIVITY



# Connectivity - Continued strong demand for DSRC products

## Revenues and EBITDA

NOK million



## Third quarter 2022

- Revenues of NOK 81 million, representing an increase of 76 per cent from Q3-21, driven by:
  - Continued strong demand for DSRC products delivered by sub-segment ITS
  - NOK 17 million in revenues from iData (part of sub-segment Smart Data)
- EBITDA margin of 24 per cent, compared to 27 per cent in Q3-21

## First nine months of 2022

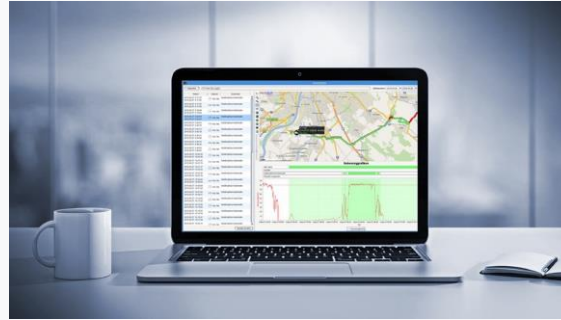
- Revenues of NOK 227 million, an increase from NOK 82 million in 2021
- EBITDA margin of 23 per cent, compared to 14 per cent YTD 2021

# Connectivity provides tailored connected solutions

## ITS



## Smart data



- Delivering customer value in selected niche applications where there is a need for tailored monitoring of physical parameters
- Delivering relevant technology, tailored sensors and connectivity, in addition to value added components (services and data)

## Strategic priorities

1

*Broaden product and customer portfolio*

2

*Increase share of subscription-based revenues*

3

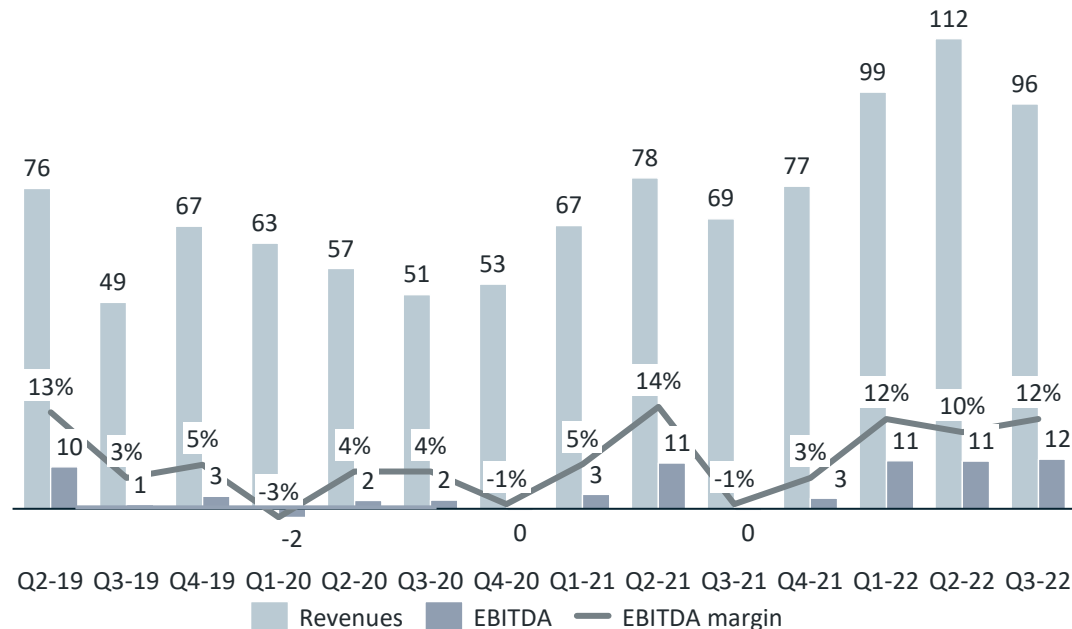
*Build new sub-segment based on tailored IoT in selected niche applications*



# Product Innovation & Realization - Continued strong profitability

## Revenues and EBITDA

NOK million



## Third quarter 2022

- Revenues of NOK 96 million, up 40 per cent year over year. The increase was driven by:
  - Higher activity within contract manufacturing
  - Higher sales of R&D products and services
  - Price increases to compensate for extraordinary material costs
- EBITDA came in at NOK 12 million, representing a margin of 12 per cent

## YTD 2022

- Revenues of NOK 306 million, an increase of 43 per cent from 2021
- EBITDA margin of 11 per cent, compared to 6 per cent YTD 2021



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Group financials



# Financials – P&L

<i>Amounts in NOK million</i>	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Revenues	269.7	200.3	820.2	538.9
Other gains and losses	-	-	-	1.2
Raw materials and change in inventories	123.7	92.1	373.3	252.8
Employee benefit expenses	66.2	49.3	176.7	125.2
Other operating expenses	32.6	25.9	101.4	61.1
<b>EBITDA</b>	<b>47.2</b>	<b>32.9</b>	<b>168.7</b>	<b>101.0</b>
Depreciation and amortisation expenses	21.5	19.1	62.5	49.4
<b>Operating profit / EBIT</b>	<b>25.7</b>	<b>13.8</b>	<b>106.2</b>	<b>51.7</b>
Net financial items	(10.2)	(1.1)	(19.1)	(5.2)
<b>Profit before tax</b>	<b>15.5</b>	<b>12.8</b>	<b>87.1</b>	<b>46.5</b>
Income tax expense	(3.9)	(2.7)	(20.2)	(10.7)
<b>Profit for the period</b>	<b>11.6</b>	<b>10.1</b>	<b>66.9</b>	<b>35.8</b>

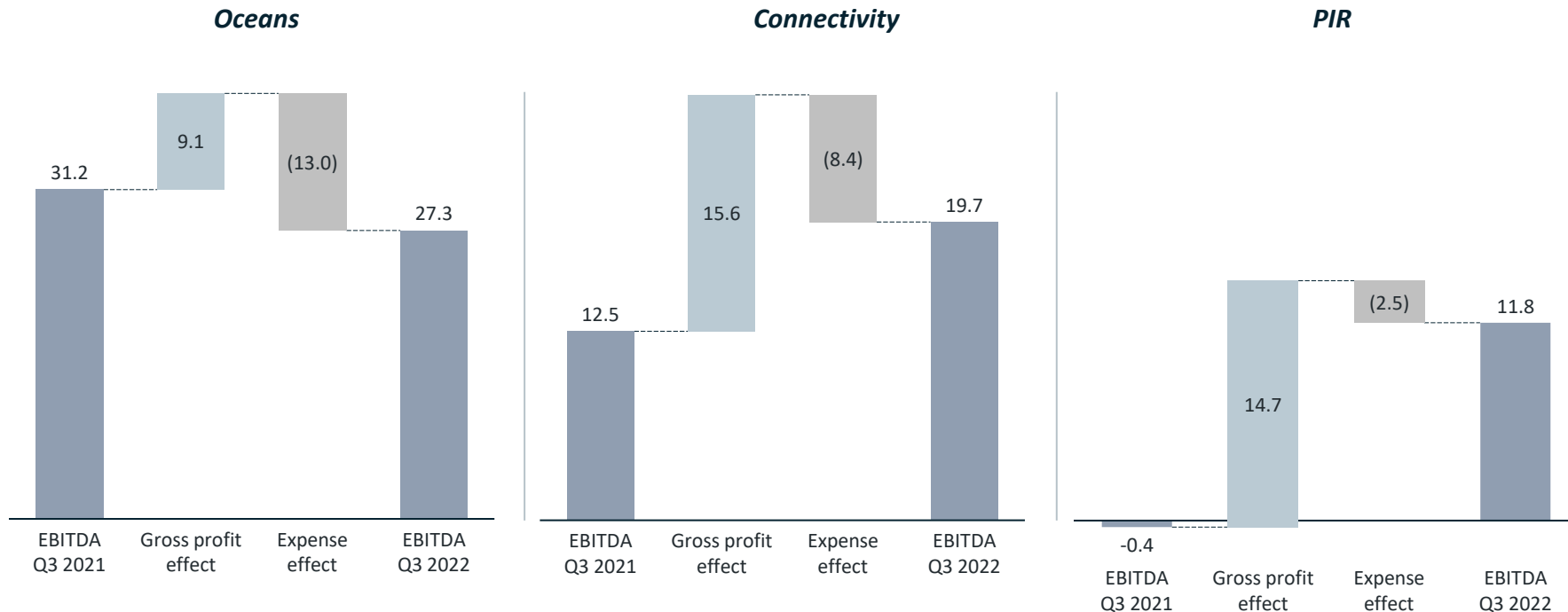
## Third quarter of 2022

- Revenues of NOK 269.7 million, up 35 per cent from Q3-21
  - All segments delivered revenue growth compared to Q3 2021
- Gross margin of 54 per cent, on par with that of third quarter of 2021
- Employee benefit expenses of NOK 66.2 million versus NOK 49.3 million in Q3 2021 with continuing strengthening of the organisation
- EBITDA of NOK 47.2 million (17 per cent margin), up from NOK 32.9 million in Q3 2021 (16 per cent margin)
- Net financial items of negative NOK 10.2 million (positive NOK 1.1 million), primarily explained by foreign exchange losses with strengthening of the USD vs. NOK
- Net profit for the period of NOK 11.6 million after NOK 3.9 million in tax expenses

# Increased profitability mainly driven Connectivity and PIR

## Segment EBITDA development Q3 2022 vs. Q3 2021

NOK million



# Financials – Balance sheet

Amounts in NOK million

	30.09.22	30.06.22	31.12.21
<b>ASSETS</b>			
Property, plant and equipment	162.4	162.0	164.9
Intangible assets	258.6	255.1	242.3
Goodwill	82.1	82.1	82.1
Deferred tax asset	-	-	13.3
Inventories	430.7	370.9	263.2
Trade receivables	106.9	145.0	154.9
Other receivables and prepayments	50.2	47.4	33.3
Other assets	1.3	1.4	1.2
Cash and cash equivalents	30.6	37.5	21.7
<b>Total assets</b>	<b>1,122.8</b>	<b>1,101.4</b>	<b>976.9</b>
<b>LIABILITIES</b>			
Interest-bearing borrowings	307.4	318.7	288.2
Lease liabilities	17.8	12.1	15.0
Trade payables	151.4	136.3	100.2
Other current liabilities	70.4	80.1	59.7
Other liabilities	18.2	15.5	16.0
<b>Total liabilities</b>	<b>565.2</b>	<b>562.8</b>	<b>479.1</b>
<b>Total equity</b>	<b>557.6</b>	<b>538.6</b>	<b>497.9</b>
<b>Total liabilities and equity</b>	<b>1,122.8</b>	<b>1,101.4</b>	<b>976.9</b>

## Fixed and intangible assets

- Land and PPE: NOK 162.4 million, limited changes from end of prior quarter
- Intangible assets: Increase of NOK 3.5 million driven by R&D investments, partly offset by amortisation

## Working capital

- Inventories: Increased NOK 59.9 million, primarily related to purchase of components to safeguard deliveries due to a continued challenging supply market for components
- Trade receivables: Decreased by NOK 38.1 million due to invoices being sold under the non-recourse factoring facility and lower revenue generation quarter over quarter
- Trade payables: NOK 151.4 million, up from NOK 136.3 million in Q2 2022 due to purchase raw materials to inventory

## Net-interest bearing debt, lease liabilities and equity

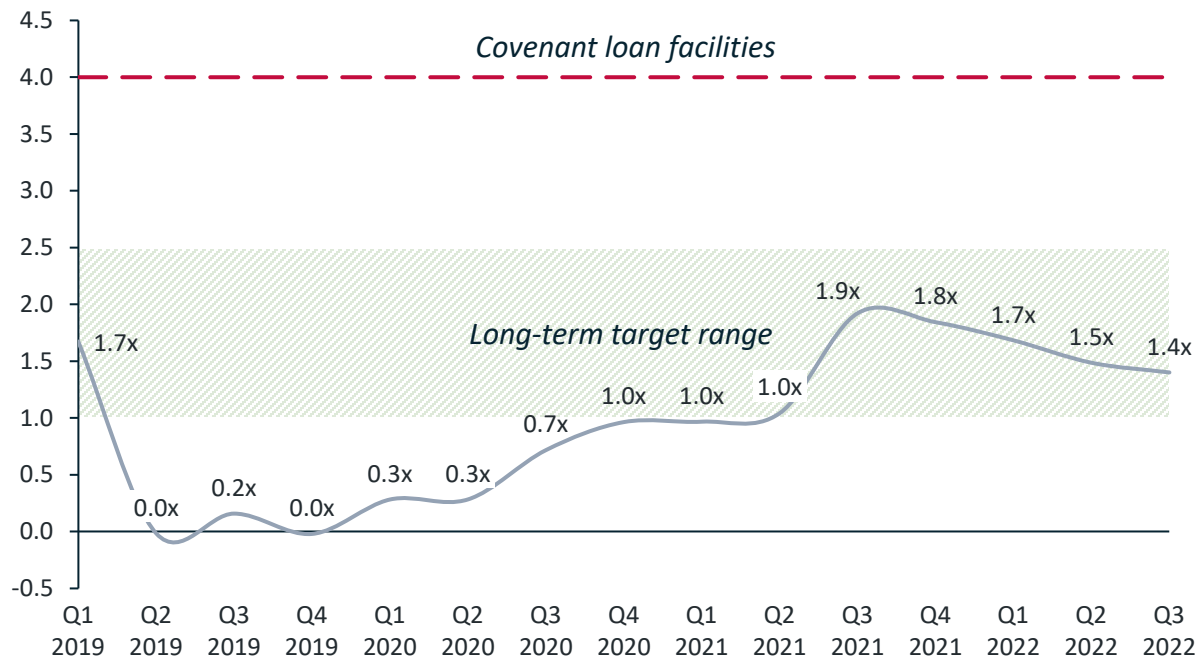
- Total borrowings of NOK 307.4 million, a decrease of NOK 11.3 million from prior quarter
- Net-interest bearing debt (excl. lease liabilities) of NOK 276.8 million, a small decrease from NOK 281.2 million in Q2 2022
- Equity of NOK 557.6 million, representing an equity ratio of 50 per cent



# Leverage ratio continues to decline

## NIBD/EBITDA

EBITDA 12 month rolling



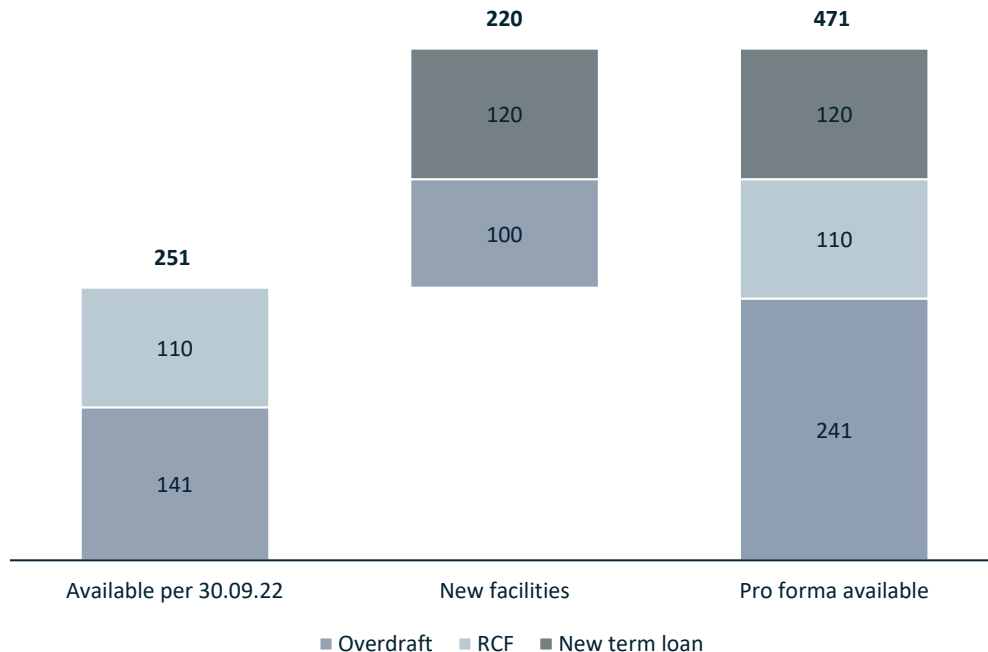
- Maintaining a strong balance sheet and liquidity position are first priorities for capital allocation
  - Provide for financial flexibility
  - Prudent risk management
  - Operating well within covenants
  - Maintain customer confidence
  - Available financing for working capital in growth phase
- 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%
  - 50 per cent equity ratio at Q3 2022

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

# A strong liquidity position with new financing package

## Available credit lines

NOK million



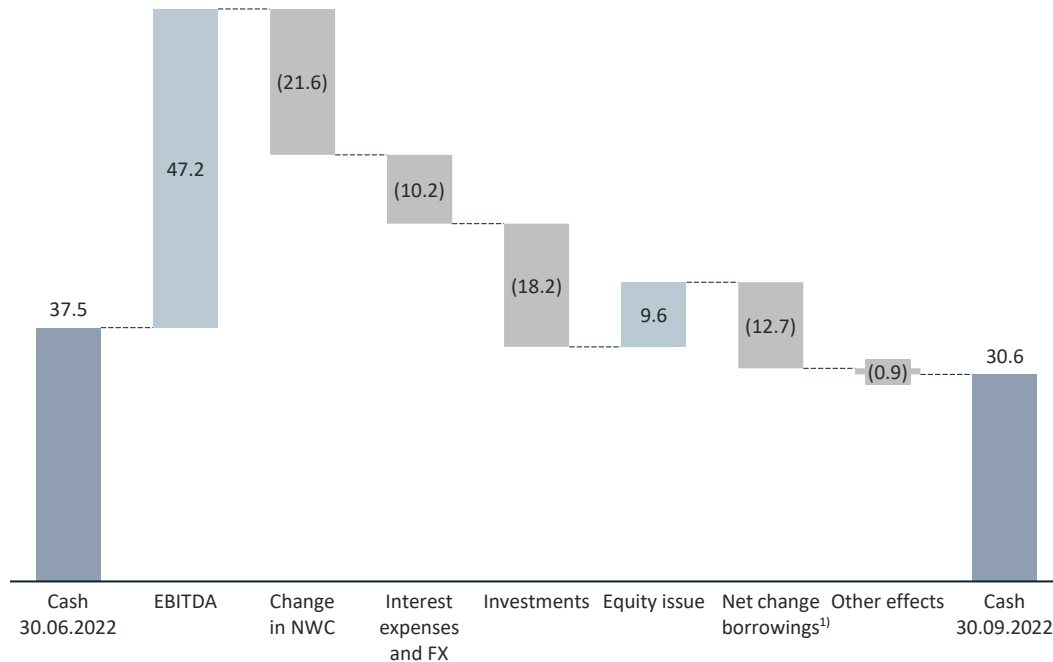
## Credit approval for refinancing

- Refinancing of the overdraft facility to NOK 350 million, strengthening liquidity by NOK 100 million
  - 140bps p.a. margin
  - Rolling one year facility
  - Covenants unchanged
- New NOK 120 million term loan to be established
  - Margin around the same level as the revolving credit facility
  - 7-year amortisation profile
  - Covenants the same as with all other main facilities

# Financials – Cash Flow

## Cash flow development third quarter 2022

NOK million



1) Including repayment of leases

## Third quarter of 2022

- Operating cash flow of positive NOK 14.4 million
  - Net increase in working capital of NOK 21.6 million, mainly related to purchase of components to inventory, partly offset by an increase in trade payables and a reduction of trade receivables
- Investing activities generated cash outflow of NOK 18.2 million
  - NOK 15.0 million invested in R&D. Full year guidance is approximately NOK 60 million
  - NOK 5.0 million invested in machinery and equipment.
- Financing activities led to a cash outflow of NOK 3.2 million following repayment of debt and leases
  - NOK 9.6 million in proceeds from issuance of new common shares related to incentive programs for employees

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## Outlook

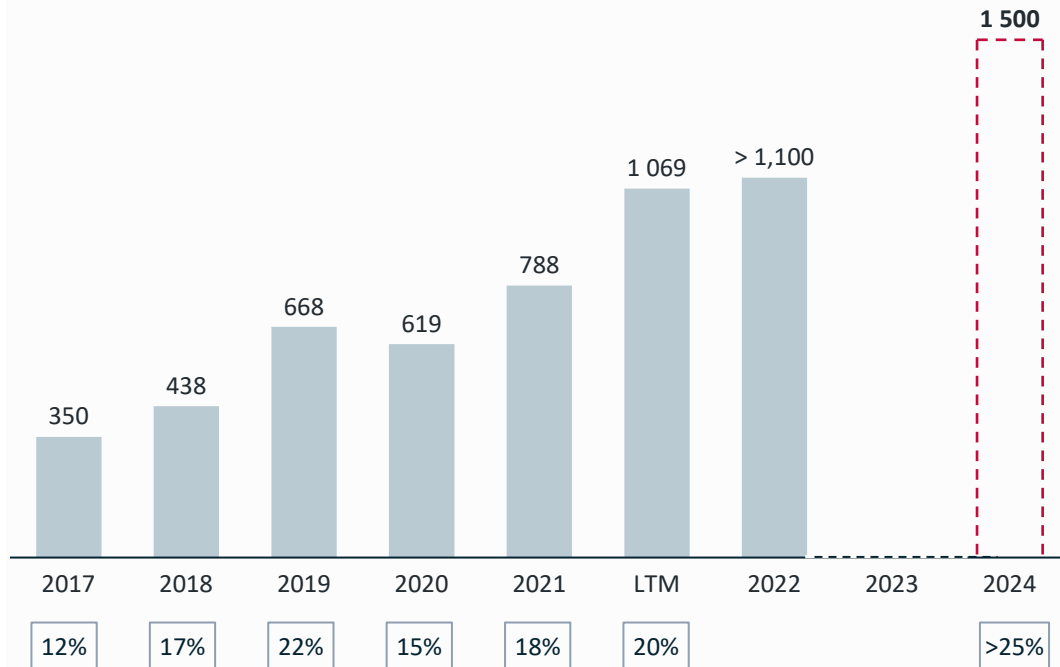




# Increases revenue target for 2022. On track to deliver on the 2024 ambition

## Organic revenue and EBITDA target

NOK million



- For 2022, revenues are expected to surpass NOK 1.1 billion, thus delivering above the target (approximately NOK 1.0 billion) set out in November last year
- Ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024
- Further steps towards the level is expected in 2023. Guidance to be provided at the Q4 reporting
- Value-accretive acquisitions to add to organic growth target and ambition, although remaining disciplined

# Short-term outlook

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- Fourth quarter historically the seasonally strongest quarter for Oceans
- Oceans is expected to deliver growth compared to the fourth quarter of last year



- Connectivity is benefiting from strong demand for DSRC products
- Connectivity is expected to deliver revenues of NOK 70 – 75 million in the fourth quarter



- Segment PIR is expected to deliver growth in revenues compared to third quarter this year, as well as fourth quarter last year

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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



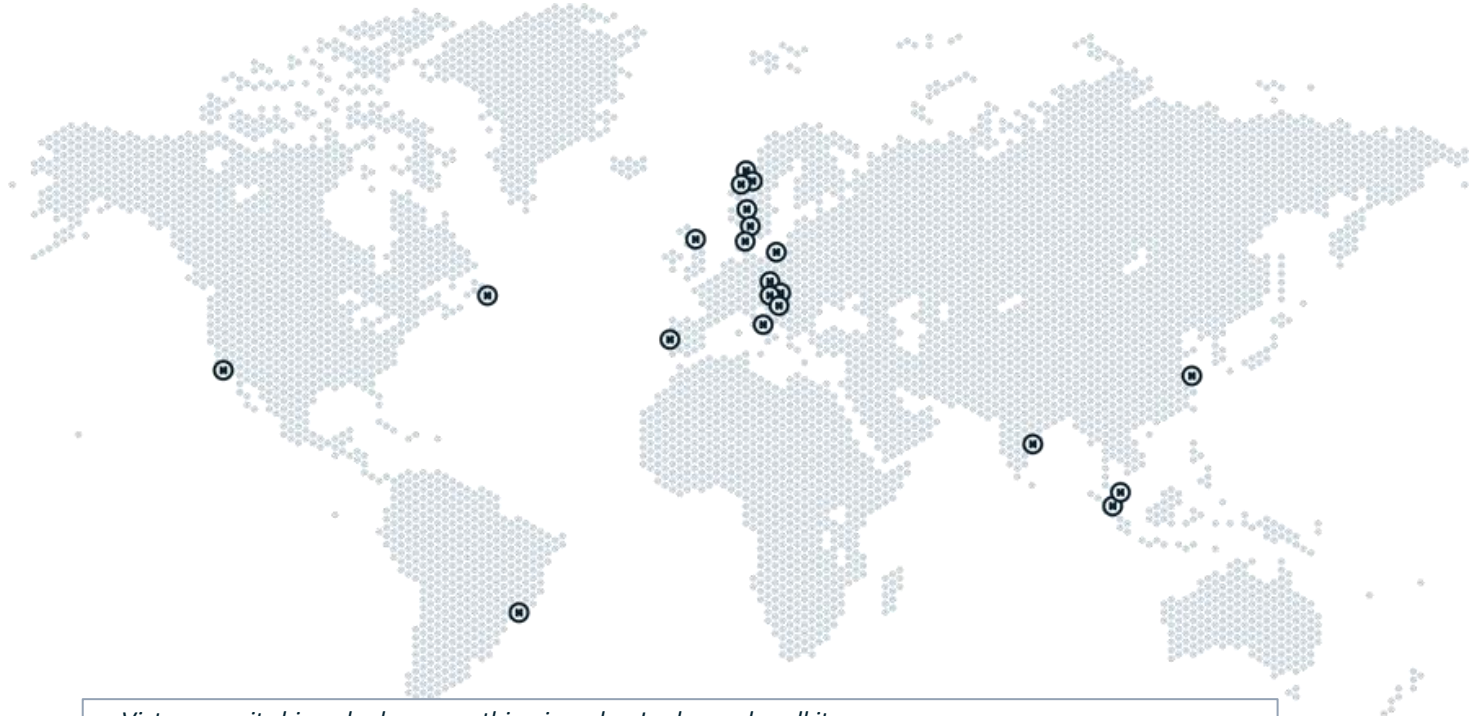
~430 EMPLOYEES



~ 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 encompasses NORBIT's technology within low power connected solutions



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

# Shareholder overview, updated 7 November 2022

#	Investor	# of shares	%
1	VHF INVEST AS – founder Steffen Kirknes	7 686 495	13,05
2	PETORS AS – CEO Per Jørgen Weisethaunet	7 000 000	11,88
3	REITAN KAPITAL AS	5 829 083	9,90
4	DRAUPNIR INVEST AS – family of founder Steffen Kirknes	5 102 949	8,66
5	J.P. Morgan SE	3 236 900	5,50
6	ESMAR AS	3 162 286	5,37
7	EIDCO A/S	3 062 286	5,20
8	The Bank of New York Mellon SA/NV	2 801 329	4,76
9	J.P. Morgan SE	1 253 549	2,13
10	CLEARSTREAM BANKING S.A.	1 226 734	2,08
11	Citibank	1 056 409	1,79
12	Danske Invest Norge Vekst	971 400	1,65
13	Danske Bank A/S – MD Oceans Peter K. Eriksen	793 668	1,35
14	USEGI AS	721 989	1,23
15	J.P. Morgan SE	720 392	1,22
16	SONSTAD AS	679 000	1,15
17	Carnegie Investment Bank AB	627 216	1,07
18	The Bank of New York Mellon SA/NV	607 930	1,03
19	Danske Bank A/S	525 000	0,89
20	Nordea Bank Abp	395 610	0,67
<b>Total top 20 shareholders</b>		<b>47 460 225</b>	<b>80,58</b>
Other shareholders		11 440 914	19,42
<b>Total</b>		<b>58 901 139</b>	<b>100,00</b>