

# NORBIT

*- explore more -*

## Second quarter 2022 presentation

CEO Per Jørgen Weisethaunet  
CFO Per Kristian Reppe

12 August 2022

# Disclaimer

---

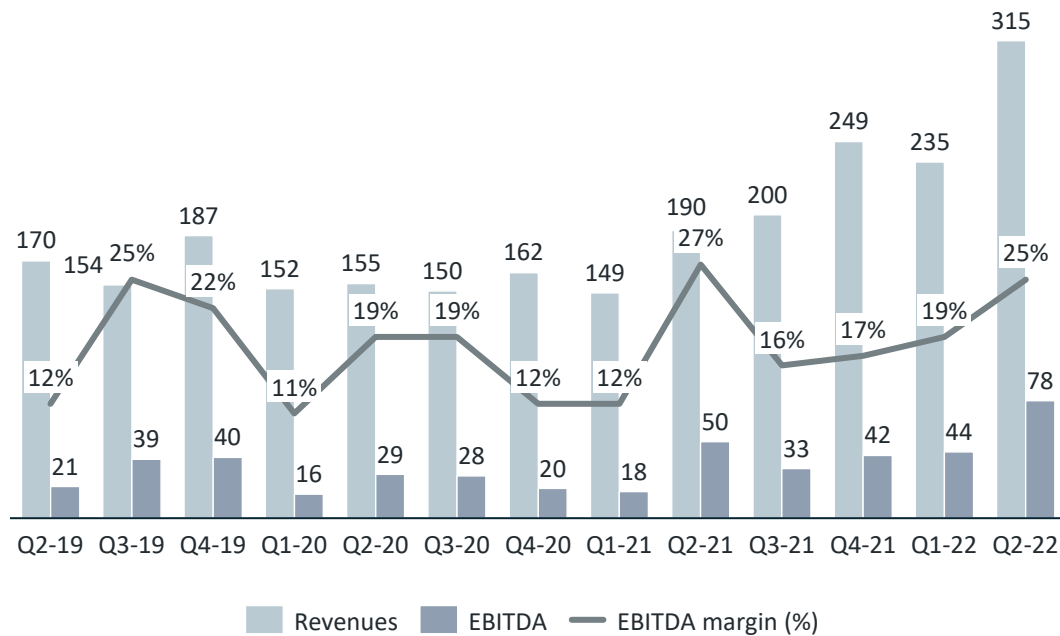
These materials, prepared by NORBIT ASA (the "**Company**"), may contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact including, without limitation, those regarding the Company's financial position, business strategy, plans and objectives of management for future operations is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. Although management believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements. The Company assumes no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation does not constitute or form part of, and is not prepared or made in connection with, an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information in this presentation is subject to verification, completion and change. The contents of this presentation have not been independently verified. The Company's securities have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**"), and are offered and sold only outside the United States in accordance with an exemption from registration provided by Regulation S of the US Securities Act. This presentation should not form the basis of any investment decision. Investors and prospective investors in securities of any issuer mentioned herein are required to make their own independent investigation and appraisal of the business and financial condition of such company and the nature of the securities.

# 66 per cent revenue growth and historically high EBITDA result

## Revenues and EBITDA

NOK million



## Second quarter 2022

- Revenue increased by 66 per cent from the second quarter of 2021. All segments delivered record high revenues
- EBITDA ended at NOK 78 million, resulting in a margin of 25 per cent
- On track towards the target for 2022 to deliver revenues in excess of NOK 1.0 billion
- Distributed a dividend of NOK 0.30 per share for the financial year 2021

## First half 2022

- Revenues totalled NOK 551 million, up 63 per cent from first half 2021
- EBITDA of NOK 122 million, a margin of 22 per cent



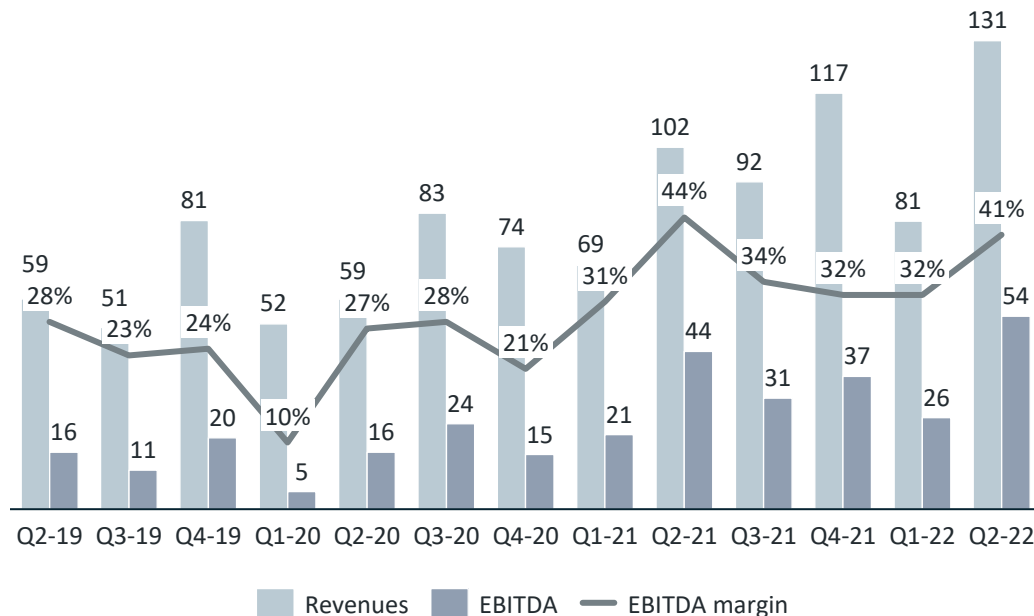
**OCEANS**



# Strong sonar sales drove all-time high revenue

## Revenues and EBITDA

NOK million



### Second quarter 2022

- Record revenues of NOK 131 million, an increase of 29 per cent from Q2-21
- Revenue growth was mainly attributed to increased sonar sales and in particular from the Americas region
- EBITDA margin of 41 per cent, compared to 44 per cent in Q2-21

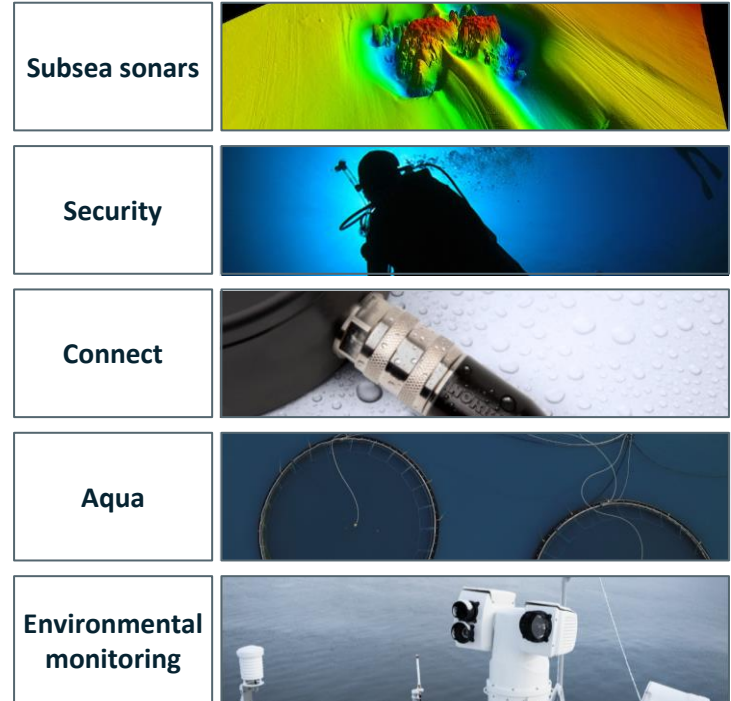
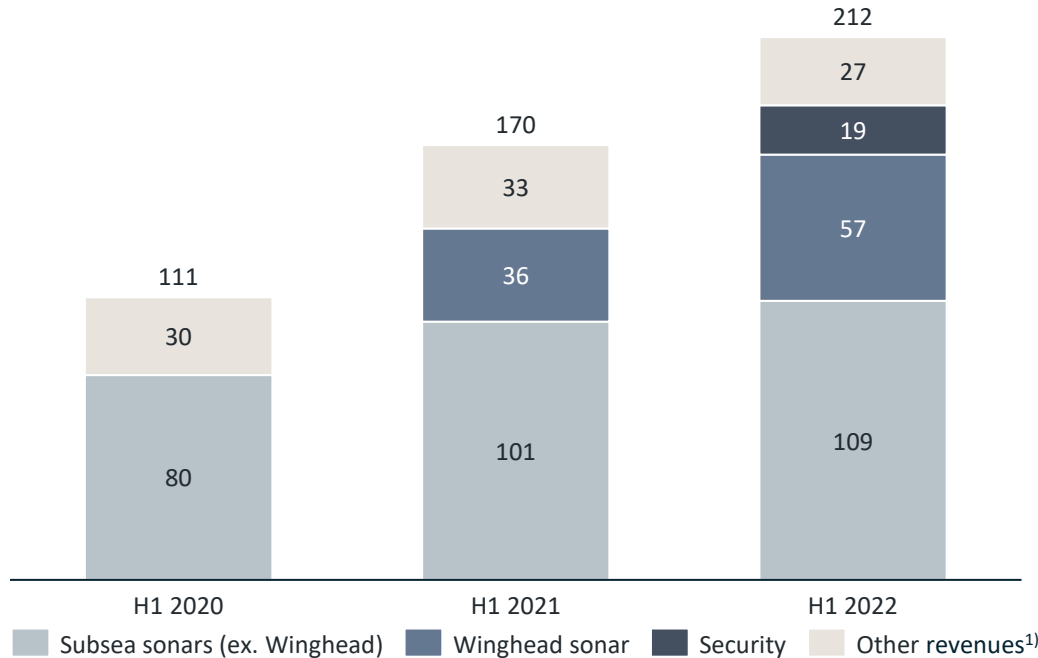
### First half 2022

- Revenues of NOK 212 million, an increase of 25 per cent from first half 2021
- EBITDA margin of 38 per cent, on par with level reported in the first half 2021

# Revenue growth from broadening the product offering through innovation

## Oceans' revenue mix

NOK million



1) Other revenues include revenues from sub-segments Connect, Aqua and Environmental monitoring, in addition to revenues from Service & Support

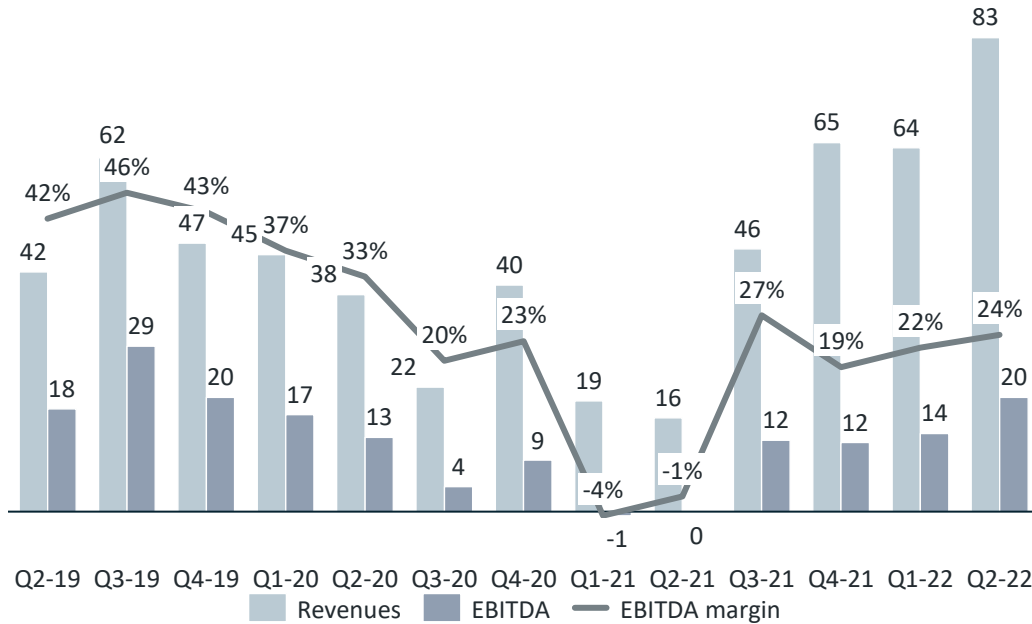


**CONNECTIVITY**

# Connectivity delivers strong growth and improved profitability

## Revenues and EBITDA

NOK million



## Second quarter 2022

- Revenues of NOK 83 million driven by increased sales from sub-segment ITS of DSRC products and NOK 21.6 million in revenues from iData (part of sub-segment Smart Data)
- EBITDA margin of 24 per cent, compared to negative 1 per cent in Q2-21. Improvement from higher revenue base and profit contribution from iData

## First half 2022

- Revenues of NOK 147 million, up from NOK 36 million in the same period last year
- EBITDA margin of 23 per cent



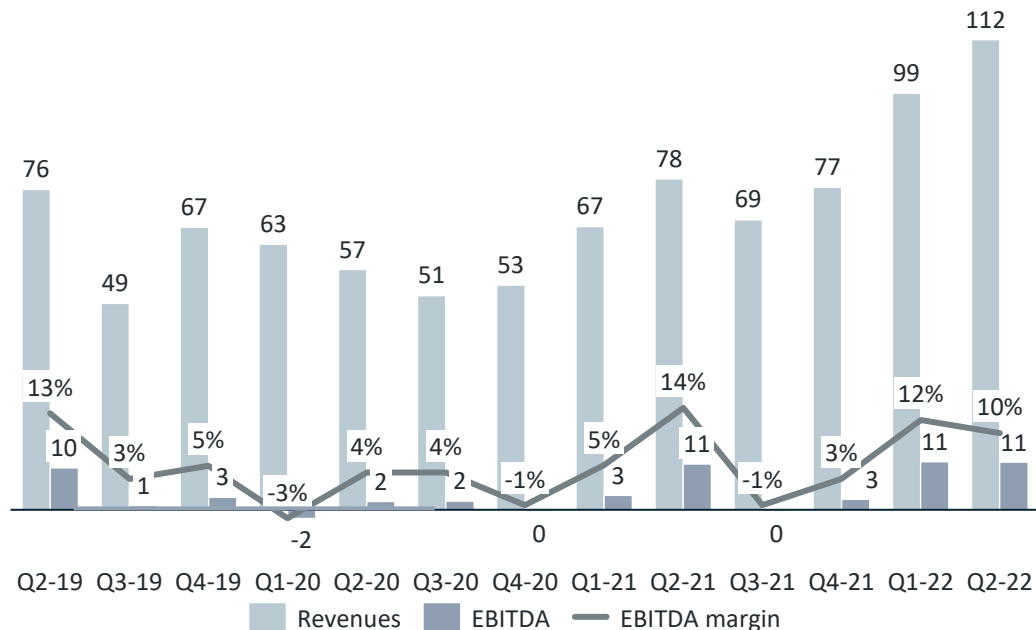


PIR

# Contract manufacturing the primary growth driver in PIR

## Revenues and EBITDA

NOK million



### Second quarter 2022

- Revenues of NOK 112 million, up 42 per cent year over year
- Increase driven by higher activity within contract manufacturing and price increases to compensate for extraordinary material costs
- EBITDA came in at NOK 11 million, representing a margin of 10 per cent

### First half 2022

- Revenues of NOK 210 million, up 44 per cent from the same period last year
- EBITDA margin of 11 per cent

# NORBIT

*- explore more -*

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. The overall scene is serene and majestic.

# Financials – P&L

<i>Amounts in NOK million</i>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>1H 2022</b>	<b>1H 2021</b>
Revenues	315.3	190.0	550.5	338.7
Other gains and losses	-	-	-	1.2
Raw materials and change in inventories	149.1	88.1	249.5	160.7
Employee benefit expenses	50.6	34.3	110.5	75.9
Other operating expenses	37.9	17.0	68.9	35.2
<b>EBITDA</b>	<b>77.7</b>	<b>50.5</b>	<b>121.6</b>	<b>68.1</b>
Depreciation and amortization expenses	20.8	15.3	41.0	30.3
<b>Operating profit / EBIT</b>	<b>56.9</b>	<b>35.1</b>	<b>80.6</b>	<b>37.8</b>
Net financial items	(2.5)	0.1	(8.9)	(4.1)
<b>Profit before tax</b>	<b>54.4</b>	<b>35.2</b>	<b>71.6</b>	<b>33.7</b>
Income tax expense	(11.7)	(7.9)	(16.3)	(8.0)
<b>Profit for the period</b>	<b>42.8</b>	<b>27.3</b>	<b>55.3</b>	<b>25.7</b>

## Second quarter of 2022

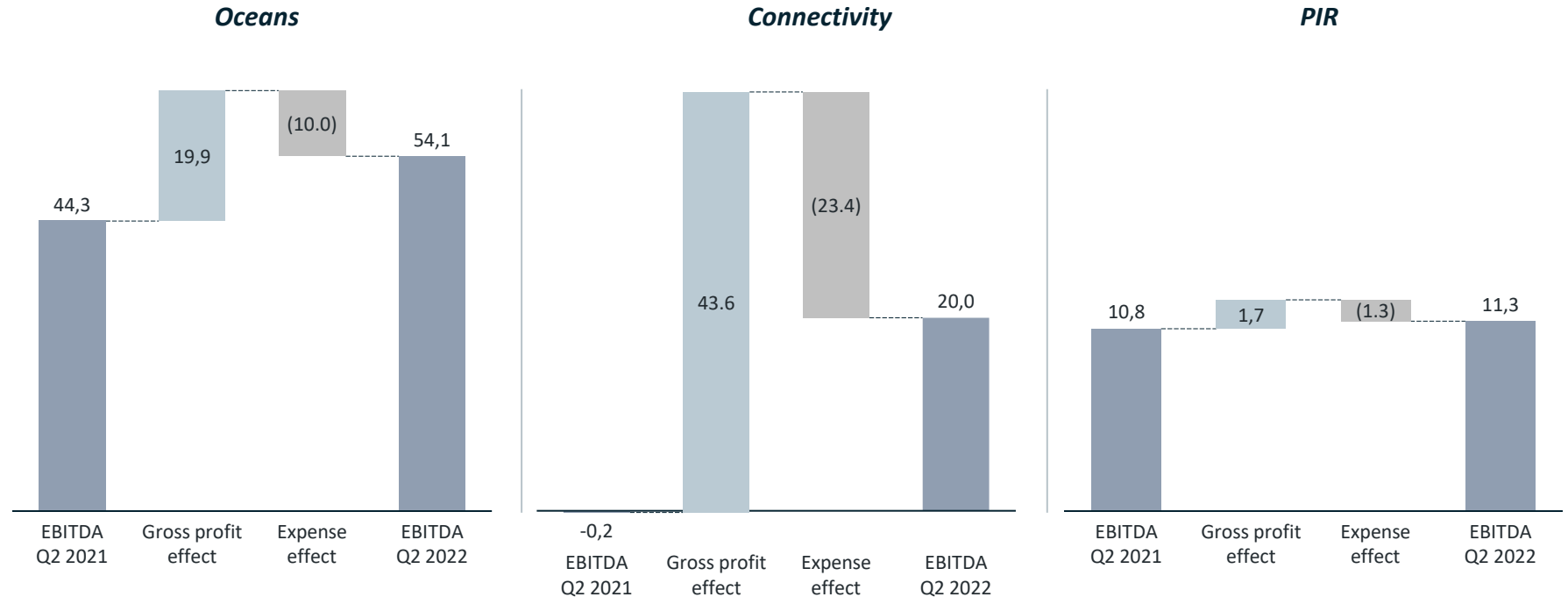
- Revenues of NOK 315.3 million, up 66 per cent from Q2-21
  - 55 per cent growth year over year adjusted for iData acquisition (acquired July 2021)
  - All segments delivered revenue growth from Q2 2021
- Gross margin of 53 per cent, in line with the level reported in the second quarter of 2021
- Employee benefit expenses of NOK 50.6 million versus NOK 34.3 million in Q2 2021, increase mainly due to strengthening of the organisation and NOK 5.6 million attributable to iData
- EBITDA of NOK 77.7 million (25 per cent margin), up from NOK 50.5 million in Q2 2021 (27 per cent margin)
- Net financial items of negative NOK 2.5 million (positive NOK 0.1 million), primarily due to increase in interest expenses
- Net profit for the period of NOK 42.8 million after NOK 11.7 million in tax expenses



# All segments contributing to increased profitability

## Segment EBITDA development Q2 2022 vs. Q2 2021

NOK million



# Financials – Balance sheet

Amounts in NOK million

	30.06.22	31.03.22	31.12.21
<b>ASSETS</b>			
Property, plant and equipment	162.0	164.9	164.9
Intangible assets	255.1	248.3	242.3
Goodwill	82.1	82.1	82.1
Deferred tax asset	0.0	11.1	13.3
Inventories	370.9	334.9	263.2
Trade receivables	145.0	163.3	154.9
Other receivables and prepayments	47.4	41.2	33.3
Other assets	1.4	1.5	1.2
Cash and cash equivalents	37.5	22.3	21.7
<b>Total assets</b>	<b>1,101.4</b>	<b>1,069.6</b>	<b>976.9</b>
<b>LIABILITIES</b>			
Interest-bearing borrowings	318.7	300.6	288.2
Lease liabilities	12.1	13.0	15.0
Trade payables	136.3	153.2	100.2
Other current liabilities	80.1	74.9	59.7
Other liabilities	15.5	15.5	16.0
<b>Total liabilities</b>	<b>562.8</b>	<b>557.3</b>	<b>479.1</b>
<b>Total equity</b>	<b>538.6</b>	<b>512.3</b>	<b>497.9</b>
<b>Total liabilities and equity</b>	<b>1,101.4</b>	<b>1,069.6</b>	<b>976.9</b>

## Fixed and intangible assets

- Land and PPE: Decrease of NOK 2.9 million due to depreciation
- Intangible assets: Increase of NOK 6.8 million driven by R&D investments, partly offset by amortisation

## Working capital

- Inventories: Increased NOK 36.0 million, primarily related to purchase of components to safeguard deliveries due to a challenging supply market for components
- Trade receivables: Decreased by NOK 18.3 million despite quarterly increase in revenues due to invoices being sold under the non-recourse factoring facility
- Trade payables: NOK 136.3 million, down from NOK 153.2 million in Q1 2022

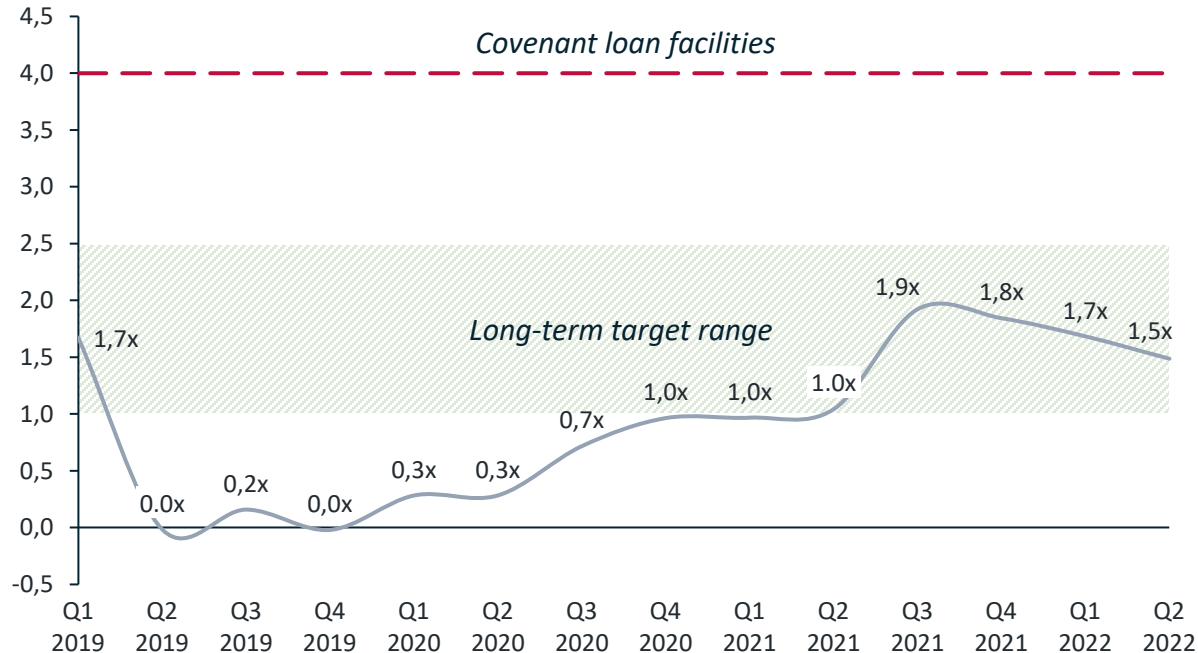
## Net-interest bearing debt, lease liabilities and equity

- Total borrowings of NOK 318.7 million, increase of NOK 18.1 million from prior quarter
- Net-interest bearing debt (excl. lease liabilities) of NOK 281.2 million, a small increase from NOK 278.3 million in Q1 2022
- Equity of NOK 538.6 million, representing an equity ratio of 49 per cent

# Leverage ratio declining on result improvement

## NIBD/EBITDA

EBITDA 12 month rolling



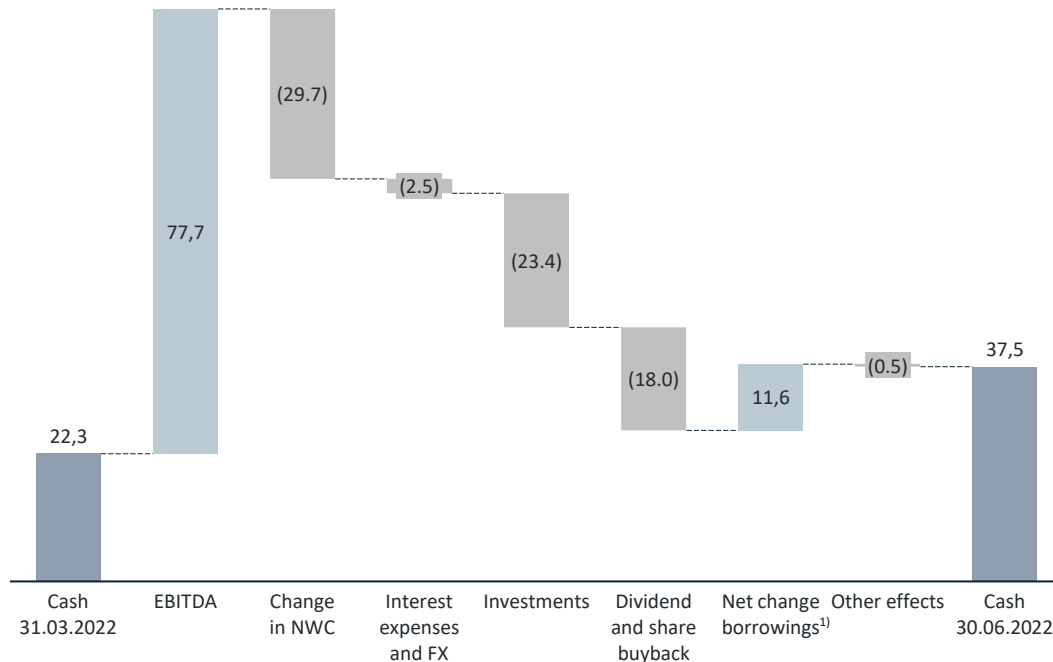
- Maintaining a strong balance sheet and liquidity position are first priorities for capital allocation
  - Provide for financial flexibility
  - Prudent risk management
  - Operating well within covenants
  - Maintain customer confidence
  - Available financing for working capital in growth phase
- 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%
  - 49 per cent equity ratio at Q2 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

# Financials – Cash Flow

## Cash flow development second quarter 2022

NOK million



1) Including repayment of leases

## Second quarter of 2022

- Operating cash flow of positive NOK 44.9 million
  - Net increase in working capital of NOK 29.7 million, primarily driven by increase in inventories and reduction in trade payables, partly offset by a reduction of trade receivables
- Investing activities generated cash outflow of NOK 23.4 million
  - NOK 17.8 million invested in R&D. Full year guidance of NOK 50 – 60 million reiterated
  - NOK 5.7 million invested in machinery and equipment. Full year guidance is NOK 40 – 50 million (gross before lease financing)
- Financing activities led to a cash outflow of NOK 6.4 million
  - Mainly explained by dividend paid of NOK 17.5 million, partly offset by an increase in interest bearing borrowings



# NORBIT

*- explore more -*

## Outlook

A wide-angle photograph of a long, straight asphalt road that stretches across a body of water, likely a fjord. The road is flanked by metal guardrails. The water is a deep blue-green color. In the background, there are several large, rugged mountains covered in snow. The sky is filled with large, white clouds, with some blue patches visible. The overall scene is serene and majestic.

# Risk mitigating actions to manage the challenging component market

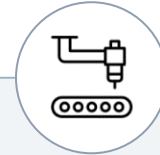
---



***Security stock of  
components***



***R&D design  
adaptations***



***Flexibility with  
in-house production***

# Short-term outlook

---



- Third quarter has historically been weaker than the second and fourth quarter due to seasonality
- The target is to continue on the growth path comparing third quarter last year



- For the second half, activity is expected to be maintained around the same level as the first half of 2022
- Guidance is supported by the backlog in sub-segment ITS and the recurring revenue stream from Smart Data

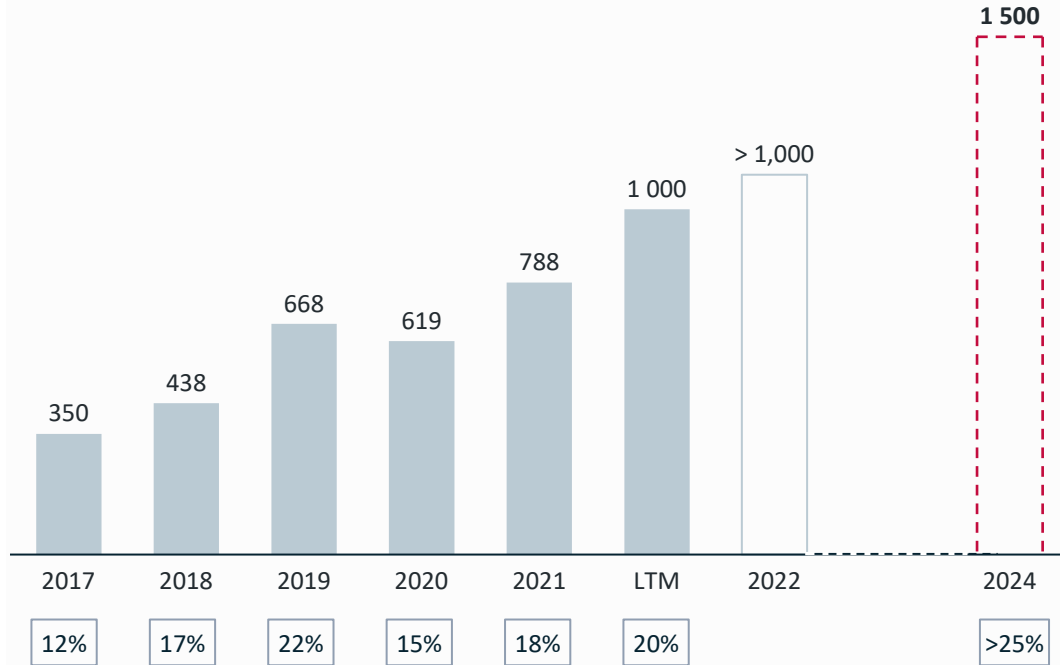


- Revenues for the third quarter is expected to be in line with the second quarter and up from third quarter last year
- The directional guidance is subject to PIR receiving the needed components to deliver as planned

# On track to deliver more than NOK 1.0 billion in revenues in 2022

## Organic revenue and EBITDA target

NOK million



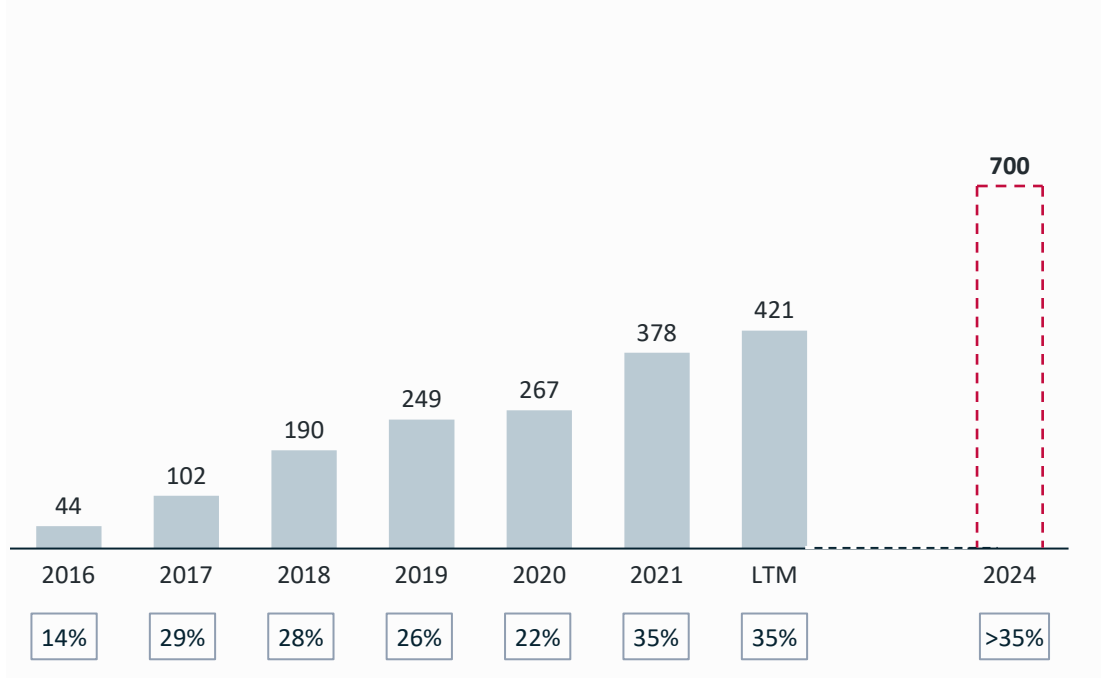
- Revenue target for 2022 is in excess of NOK 1.0 billion, supported by growth in all three business segments
- Quarterly seasonal fluctuations are expected, along with the impact of currency movements
- Ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024
- Value-accretive acquisitions to add to organic growth target and ambition, although remaining disciplined



# Oceans: Ambition level and strategic priorities

## Organic revenue and EBITDA margin target

NOK million



## Strategic priorities

1

*Continue to broaden product offering, utilising a global market distribution*

2

*Increase market presence*

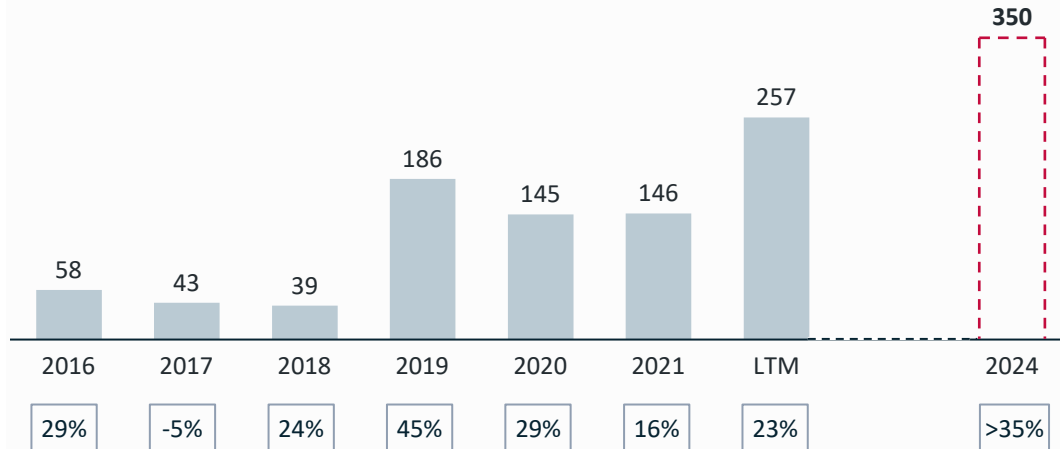
3

*Expand into new market segments*

# Connectivity: Ambition level and strategic priorities

## Organic revenue and EBITDA margin target

NOK million



## Strategic priorities

1

*Broaden product and customer portfolio*

2

*Increase share of subscription-based revenues*

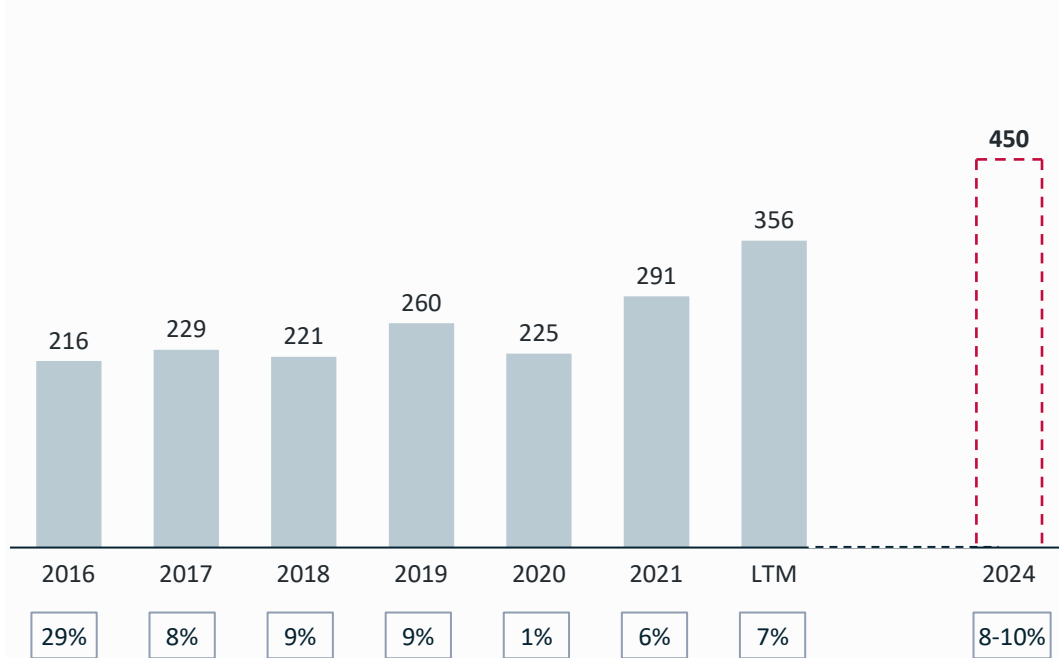
3

*Build new sub-segment based on selected IoT/5G niche applications*

# PIR: Ambition level and strategic priorities

## Organic revenue and EBITDA margin target

NOK million



## Strategic priorities

1

*Organic growth through new client acquisition*

2

*Exploit synergies between in-house R&D and high volume manufacturing*

3

*Broaden industry focus*

**NORBIT**  
*- explore more -*

---

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

---



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



EXPLORING  
SINCE 1995



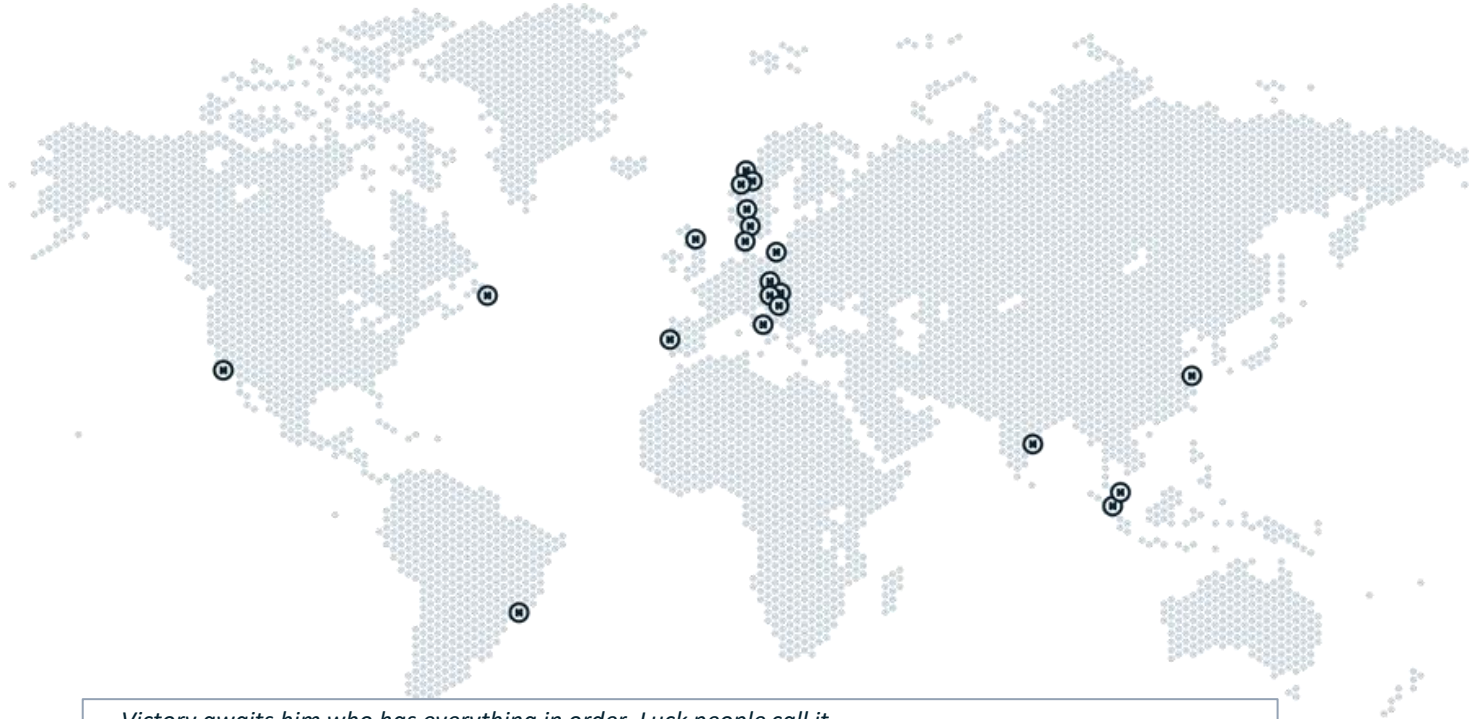
~400 EMPLOYEES



~ 16 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 encompasses NORBIT's technology within low power wireless solutions



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

# Shareholder overview, updated 10 August 2022

#	Investor	# of shares	%
1	VHF INVEST AS	7 686 495	13,05
2	PETORS AS	6 985 051	11,86
3	REITAN KAPITAL AS	5 829 083	9,90
4	DRAUPNIR INVEST AS	5 102 949	8,67
5	ESMAR AS	3 162 286	5,37
6	J.P. Morgan SE	3 155 784	5,36
7	EIDCO A/S	3 062 286	5,20
8	The Bank of New York Mellon SA/NV	2 751 329	4,67
9	CLEARSTREAM BANKING S.A.	2 585 944	4,39
10	J.P. Morgan SE	1 236 582	2,10
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	795 008	1,35
14	USEGI AS	721 989	1,23
15	J.P. Morgan SE	720 392	1,22
16	SONSTAD AS	682 000	1,16
17	Carnegie Investment Bank AB	627 216	1,06
18	Danske Bank A/S	525 000	0,89
19	DnB NOR MARKETS, AKSJEHAND/ANALYSE	500 000	0,85
20	Nordea Bank Abp	395 610	0,67
	<b>Total top 20 shareholders</b>	<b>48 552 813</b>	<b>82,43</b>
	Other shareholders	10 348 326	17,57
	<b>Total</b>	<b>58 901 139</b>	<b>100,00</b>