

# NORBIT

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## Third quarter 2021 result presentation

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11 November 2021, Trondheim, Norway

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# Summary of the third quarter 2021

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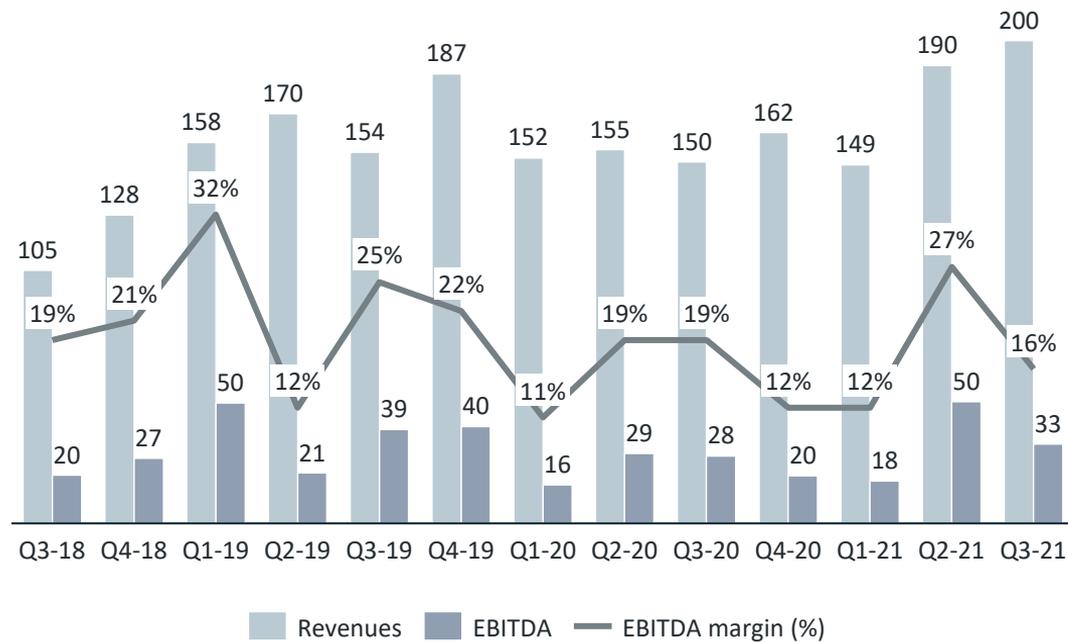
- 34 per cent increase in revenues driven by growth in all segments
- Strong sale of sonars drove revenue growth in Oceans, resulting in a 34 per cent EBITDA margin
- New business segment NORBIT Connectivity doubled revenues and achieved an EBITDA margin of 27 per cent
- Solid revenue growth in PIR, but limited contribution from proprietary products impacted EBITDA negatively
- Completed acquisition of iData
- Secured milestone order with Fremtind Service for On-Board Units totalling NOK 27 million
- Strengthened liquidity through refinancing and new debt facility



# All time high revenues

## Revenues and EBITDA

NOK million



## Third quarter 2021

- Revenues increased by 34 per cent year over year to NOK 200 million
  - Connectivity more than doubled revenues
  - Oceans grew revenues by 10 per cent
  - 35 per cent revenue growth in PIR
- EBITDA came in at NOK 33 million, compared with NOK 28 million in Q3-20
- Adjusted for transaction costs related to iData, EBITDA was NOK 37 million

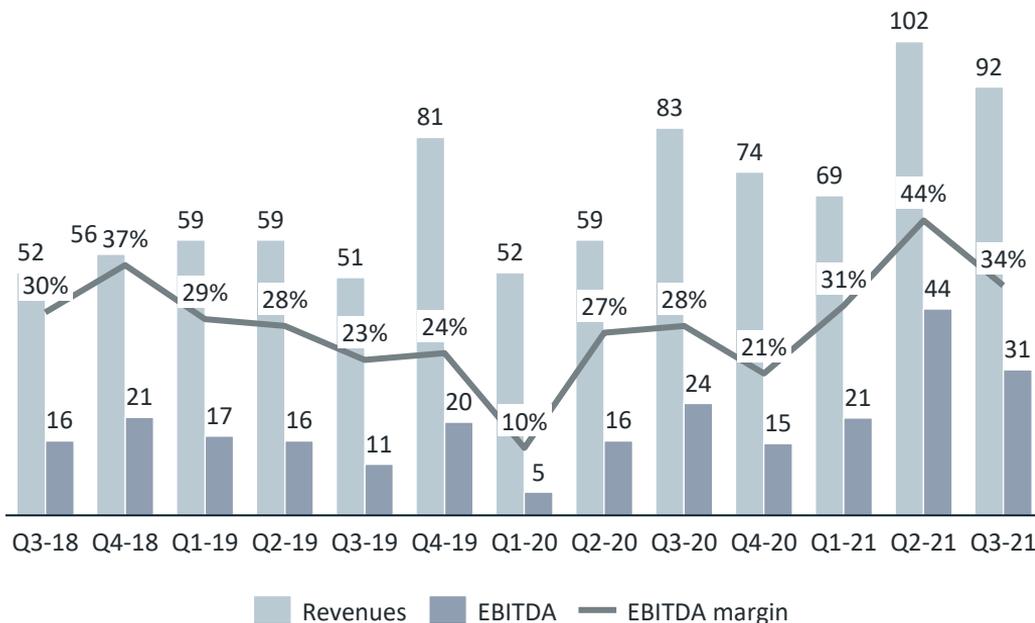


**OCEANS**

# Continued strong sonar sales in Oceans

## Revenues and EBITDA

NOK million



## Third quarter 2021

- Revenues of NOK 92 million, an increase of 10 per cent from Q3-20\*, driven by strong sonar sales
- Strong sonar sales in Asia and Europe drove the progress
- EBITDA margin of 34 per cent for the quarter, compared with 28 per cent in Q3-20



\* NORBIT Kabelpartner previously reported in the PIR segment accounts for 6 percentage points of the growth



**CONNECTIVITY**

# NORBIT Connectivity encompasses NORBIT's technology within low power wireless solutions



*DSRC modules for satellite-based truck tolling*

*On Board Units (OBU) / Toll Tags*

*Connectivity devices for enforcement smart tachograph*

AblePau

**NORBIT**

IoT

*Bluetooth Lower Energy expert*

*NORBIT's new initiative within tailored low power IoT in selected niche applications*

**iData**

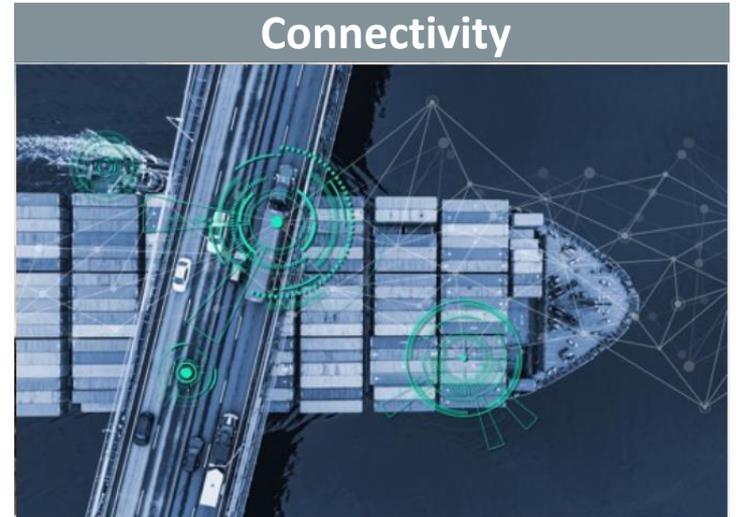


*vehicle tracking and monitoring*

*tailored reporting*

*fleet management*

*fuel control*



# NORBIT Connectivity structured in two sub segments

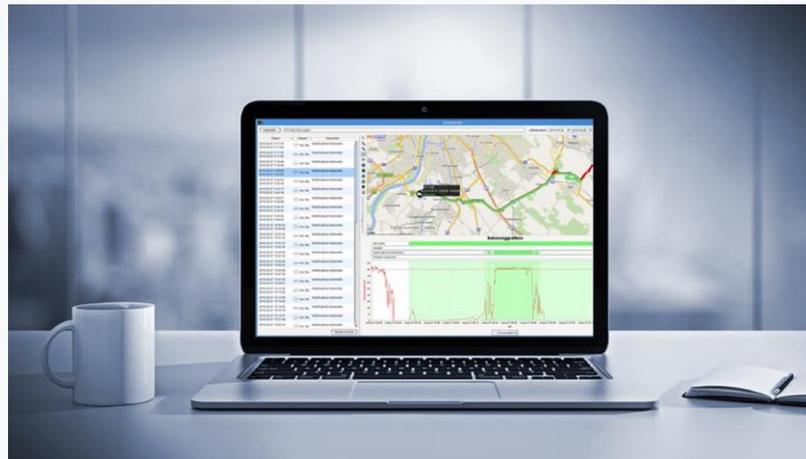
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## Connectivity



### ITS

Offers tailor-made solutions within Dedicated Short-Range Communications (DSRC)



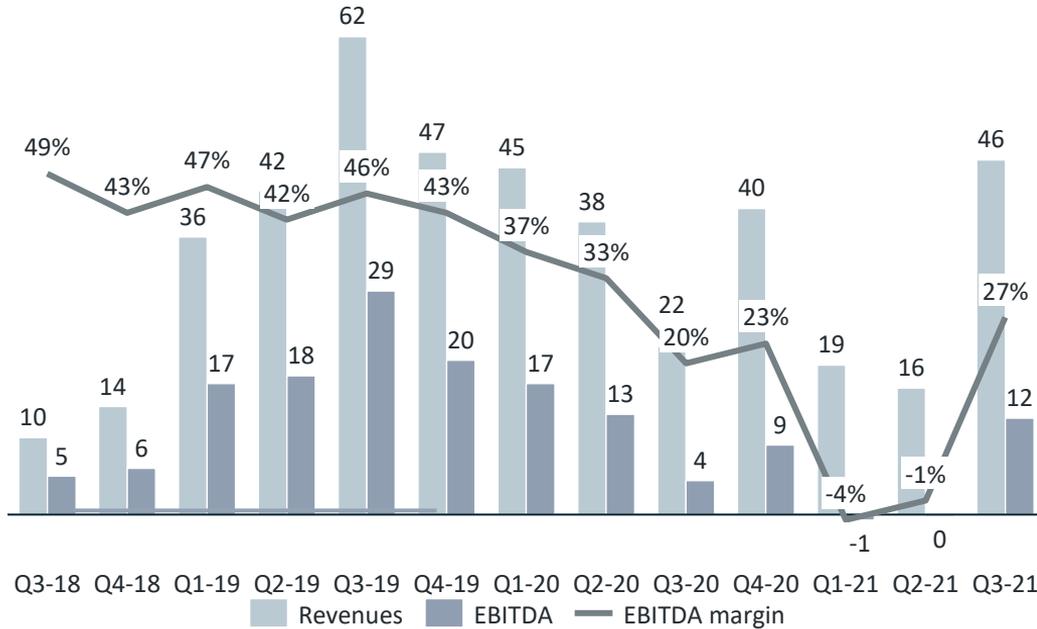
### Smart Data

NORBIT's new initiative within tailored IoT in selected niche applications, the Bluetooth Low Energy expert NORBIT AblePay and the recently acquired iData

# Strong growth in revenues for Connectivity

## Revenues and EBITDA

NOK million



## Third quarter 2021

- Revenue of NOK 46 million\*, more than a doubling from NOK 22 million in Q3-20, supported by iData acquisition and growth in ITS
- EBITDA of NOK 12.5 million, compared with NOK 4.4 million in Q3-20, giving an EBITDA margin of 27 per cent

## Main events

- NOK 27 million order secured from Fremtind Service for delivery of On-Board Units (OBUs) for electronic toll collection
- Completion of iData Kft transaction on July 30

*\*iData reported NOK 13.0 million in revenues for the months of August and September.*

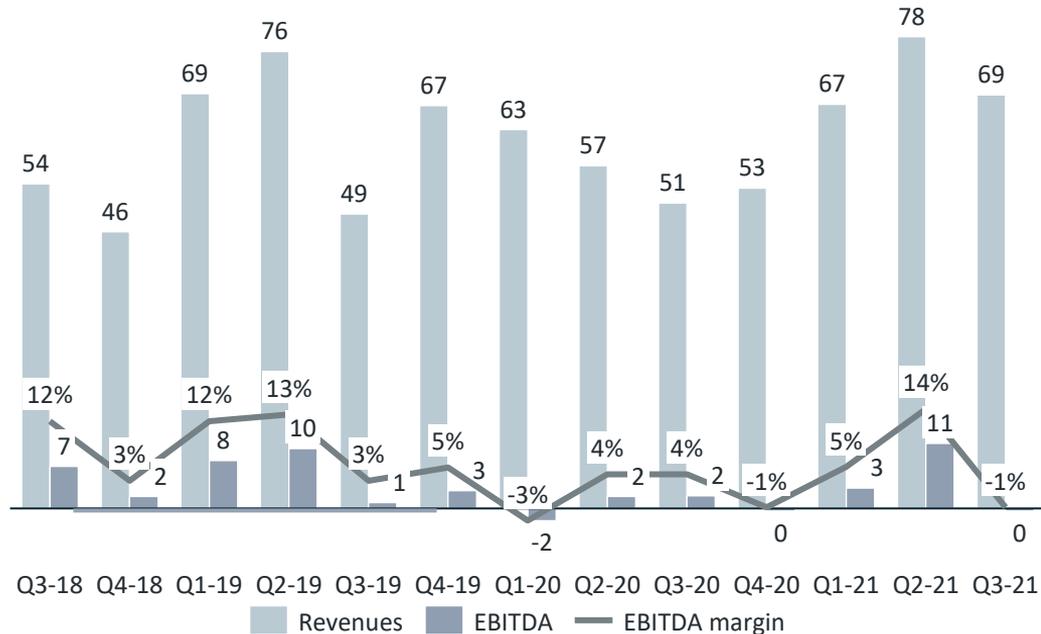


PIR

# Growth also in PIR, but weak margin development

## Revenues and EBITDA

NOK million



## Third quarter 2021

- Revenues grew by 35 per cent\* to NOK 69 million, driven by contract manufacturing where price inflation on components has been significant
- EBITDA negative by NOK 0.4 million. Limited revenues from proprietary products impacted the EBITDA margin negatively

*\*45 per cent increase adjusted for Kabelpartner which was previously reported in the PIR segment*

A wide-angle photograph of a vast body of water filled with numerous icebergs of various sizes and shapes. The sky is filled with heavy, dark, grey clouds, with some light breaking through near the horizon. The water is a deep blue-grey color, reflecting the sky and the ice. The icebergs are a mix of white and light blue, with some showing signs of melting and chipping. The overall mood is somber and majestic.

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## Group financials

# Financials – P&L

| <i>Amounts in NOK 000's</i>             | <b>Q3 2021</b> | <b>Q2 2021</b> | <b>Q3 2020</b> | <b>YTD 2021</b> | <b>YTD 2020</b> |
|-----------------------------------------|----------------|----------------|----------------|-----------------|-----------------|
| Revenues                                | 200 298        | 189 950        | 149 966        | 538 948         | 456 688         |
| Other gains and losses                  | -              | -              | -              | 1 230           | -               |
| Raw materials and change in inventories | 92 131         | 88 103         | 69 113         | 252 785         | 214 605         |
| Employee benefit expenses               | 49 333         | 34 343         | 37 198         | 125 226         | 111 009         |
| Other operating expenses                | 25 926         | 17 037         | 15 484         | 61 143          | 57 441          |
| <b>EBITDA</b>                           | <b>32 907</b>  | <b>50 466</b>  | <b>28 170</b>  | <b>101 023</b>  | <b>73 633</b>   |
| Depreciation and amortization expenses  | 19 069         | 15 344         | 11 882         | 49 370          | 34 964          |
| <b>Operating profit / EBIT</b>          | <b>13 838</b>  | <b>35 122</b>  | <b>16 288</b>  | <b>51 654</b>   | <b>38 669</b>   |
| Net financial items                     | (1 060)        | 124            | 1 430          | (5 181)         | (160)           |
| <b>Profit before tax</b>                | <b>12 778</b>  | <b>35 246</b>  | <b>17 718</b>  | <b>46 472</b>   | <b>38 508</b>   |
| Income tax expense                      | (2 715)        | (7 922)        | (4 154)        | (10 687)        | (8 470)         |
| <b>Profit for the period</b>            | <b>10 064</b>  | <b>27 324</b>  | <b>13 564</b>  | <b>35 786</b>   | <b>30 038</b>   |

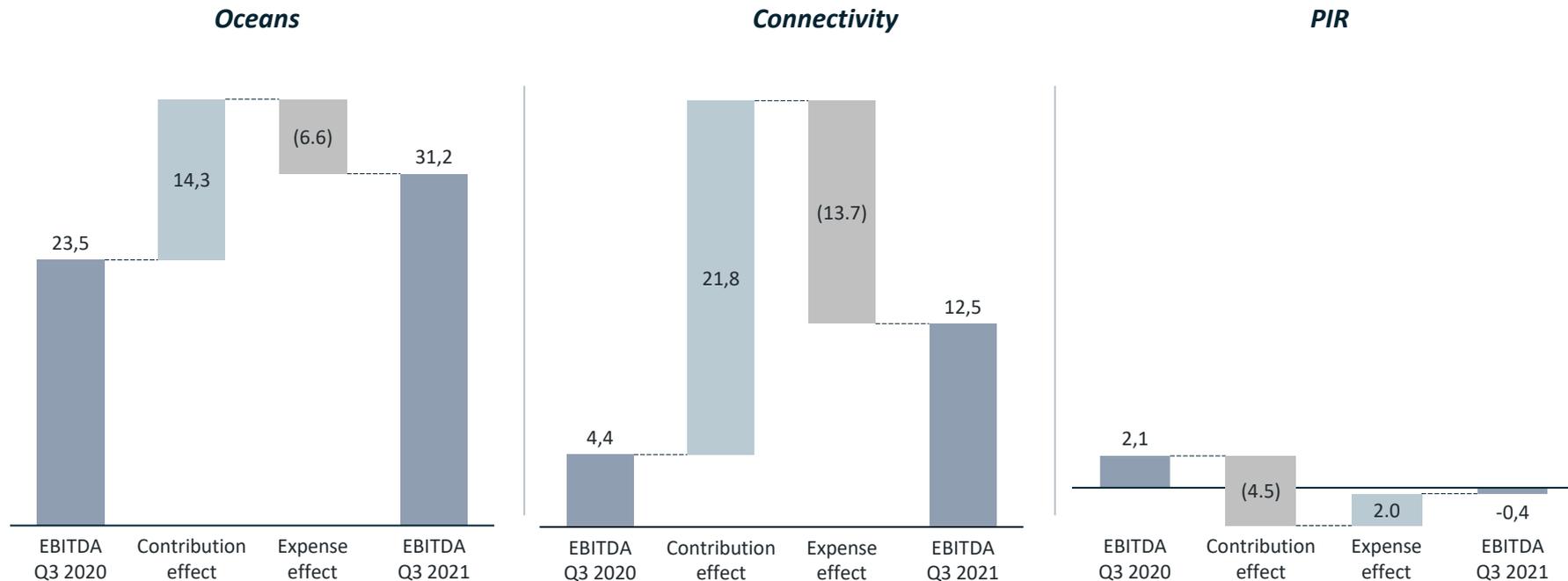
## Third quarter of 2021

- Revenues of NOK 200.3 million, up 34% from Q3 2020
  - 25% growth year over year adjusted for iData acquisition
  - All segments delivered revenue growth compared to Q3 2020
- Contribution margin of 54%, on par with reported level in Q3 2020
- Employee benefit expenses of NOK 49.3 million versus NOK 37.2 million in Q3 2020, increase mainly due to iData acquisition, strengthening the organization and employee share-based compensation
- EBITDA of NOK 32.9 million (16% margin). Adjusted for iData transaction costs, EBITDA was NOK 37.0 million (18% margin)
- Net financial items of negative NOK 1.1 million due to interest expenses, partly offset by foreign exchange gains
- Net profit for the period of NOK 10.1 million

# Segment EBITDA development

## Segment EBITDA development Q3 2021 vs. Q3 2020

NOK million



# Financials – Balance sheet

Amounts in NOK 000's

|                                     | 30.09.21       | 30.06.21       | 31.12.20       |
|-------------------------------------|----------------|----------------|----------------|
| <b>ASSETS</b>                       |                |                |                |
| Property, plant and equipment       | 164 368        | 156 910        | 149 953        |
| Intangible assets                   | 243 893        | 183 391        | 171 454        |
| Goodwill                            | 82 131         | 6 002          | -              |
| Deferred tax asset                  | 9 774          | 12 227         | 19 738         |
| Inventories                         | 249 161        | 202 450        | 164 605        |
| Trade receivables                   | 135 244        | 151 437        | 121 356        |
| Other receivables and prepayments   | 22 189         | 20 468         | 25 628         |
| Other assets                        | 1 068          | 1 109          | 3 959          |
| Cash and cash equivalents           | 29 145         | 22 378         | 14 953         |
| <b>Total assets</b>                 | <b>936 973</b> | <b>756 372</b> | <b>671 648</b> |
| <b>LIABILITIES</b>                  |                |                |                |
| Interest-bearing borrowings         | 272 592        | 142 619        | 94 702         |
| Lease liabilities                   | 16 989         | 19 010         | 23 187         |
| Trade payables                      | 107 579        | 108 030        | 67 356         |
| Other current liabilities           | 42 546         | 38 812         | 47 467         |
| Other liabilities                   | 7 225          | 2 514          | 2 172          |
| <b>Total liabilities</b>            | <b>446 930</b> | <b>310 985</b> | <b>234 885</b> |
| <b>Total equity</b>                 | <b>490 042</b> | <b>445 386</b> | <b>436 763</b> |
| <b>Total liabilities and equity</b> | <b>936 973</b> | <b>756 372</b> | <b>671 648</b> |

## Fixed and intangible assets

- Land and PPE: Increased primarily due to NOK 7.6 million in investments in fixed assets
- Intangible assets: Increase of NOK 60.5 million due to NOK 46.1 million in fair value adjustments from iData acquisition and NOK 14.3 million in investments in R&D, partly offset by amortization

## Working capital

- Inventories: Increased to NOK 249.2 million, primarily related to purchase of components to safeguard deliveries due to a challenging supply market for components
- Trade receivables: Decrease to NOK 135.2 million, mainly due to reduction of receivables towards PIR clients
- Trade payables: NOK 108.0 million, on par with prior quarter level

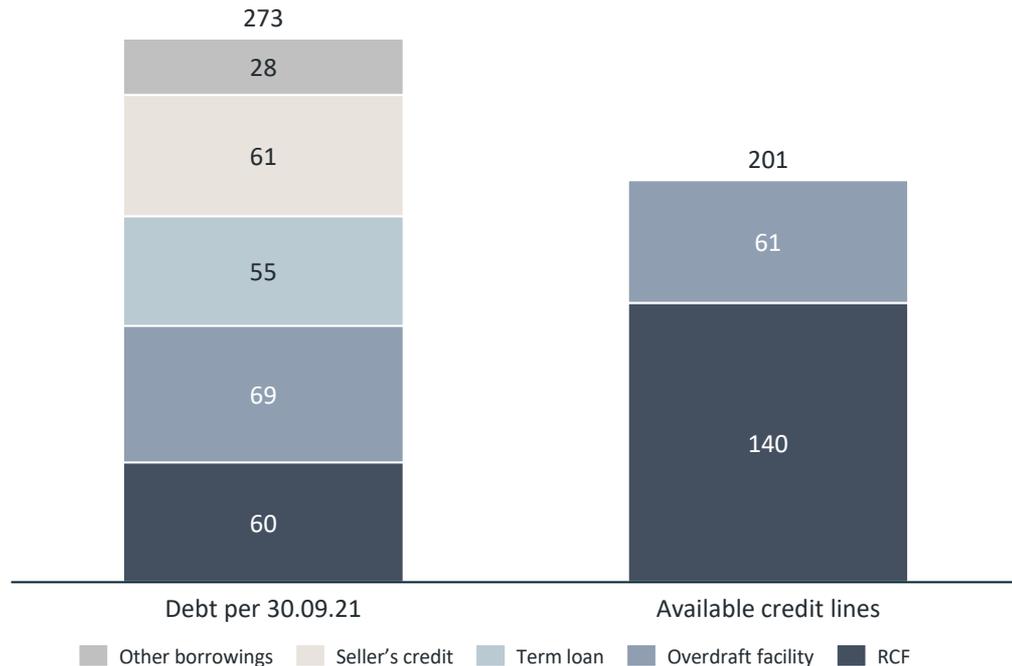
## Net-interest bearing debt, lease liabilities and equity

- Total borrowings of NOK 272.6 million, increased due to financing of iData acquisition
- Net-interest bearing debt (excl. lease liabilities) of NOK 243.4 million, up from NOK 120.2 million in Q2 2021
- Equity of NOK 490.0 million, representing an equity ratio of 52%

# Liquidity strengthened following refinancing

## Debt facilities and available credit lines

NOK million



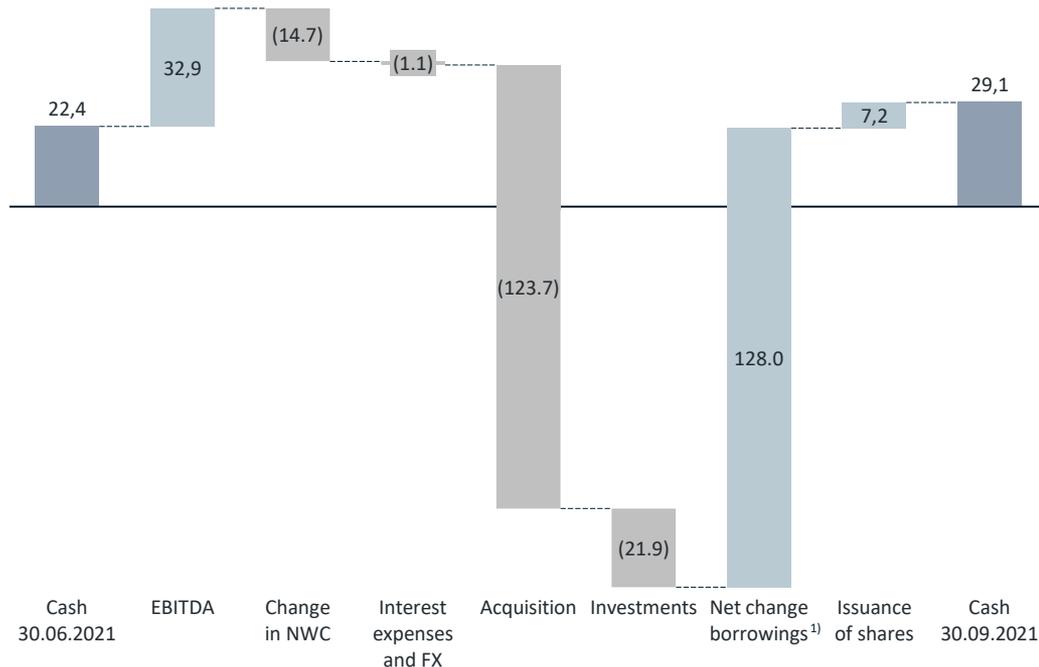
## Refinancing terms and conditions:

- Successful refinancing of revolving credit facility, upsizing to NOK 200 million
  - NIBOR + 180bps p.a.
  - Maturing February 2025
  - Flexible structure
- Established new term loan of NOK 55 million with security in real estate portfolio
  - NIBOR + 180bps p.a.
  - Three year tenor, amortizing over 15 year
- Strengthened liquidity with NOK 105 million

# Financials – Cash Flow

## Cash flow development third quarter 2021

NOK million



## Third quarter of 2021

- Operating cash flow of NOK 17.2 million
  - Net increase in working capital of NOK 14.7 million, primarily driven by increase in inventory, partly offset by reduction of trade receivables
- Investing activities generated cash outflow of NOK 145.5 million
  - NOK 123.7 million in net cash outflow from iData acquisition
  - NOK 14.3 million invested in R&D
  - Maintaining 2021 guidance of NOK 50 – 60 million in R&D investments. Fixed assets guided up to approximately NOK 25 million from NOK 10 – 20 million on higher capitalization of demo equipment in segment Oceans
- Financing activities led to a cash inflow of NOK 135.1 million
  - Net increase of NOK 128.0 million in interest-bearing borrowings and leases, mainly due to financing of the iData acquisition
  - NOK 7.2 million in net proceeds from equity issue related to employee incentive programs

1) Including repayment of leases

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## Outlook



# Short-term outlook

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- Fourth quarter historically the seasonally strongest quarter for Oceans
- Activity has remained high both on the sonar and environmental monitoring business



- Revenue expected to exceed NOK 100 million in second half of the year, implying revenues of more than NOK 55 million in the fourth quarter
- iData showing a positive trajectory supported by growth in recurring revenues

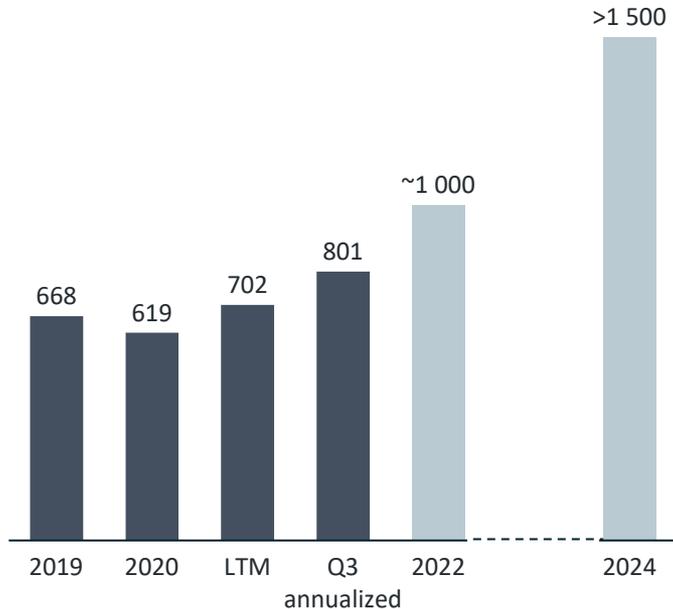


- Revenues expected to increase slightly from the third quarter driven by additional sale of R&D services and proprietary products
- Strong underlying demand for contract manufacturing, but challenging market for supply of raw material components

# Long-term ambitions

## Organic revenue growth

NOK million



- Target next year is to deliver revenues of approximately NOK 1.0 billion supported by growth in all three business segments
- With the ongoing disruption in the supply market for raw material components, including increased lead time, the supply chain risk cannot be fully mitigated
- NORBIT is actively working to increase inventory levels and strengthening the organization across all business segments to prepare for the anticipated activity increase and to safeguard delivery schedules to the best extent possible.
- Longer term, NORBIT has set out an ambition to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024
- Value-accretive acquisition to add to organic growth target and ambition, although remaining disciplined

A wide-angle photograph of a glacier lagoon. The foreground is dominated by large, flat, greyish-blue icebergs floating in the water. The water is a deep, dark blue, reflecting the overcast sky. In the background, more icebergs of various shapes and sizes are scattered across the lagoon. The sky is filled with heavy, dark grey clouds, with some lighter patches where the sun is trying to break through, creating a moody and atmospheric scene.

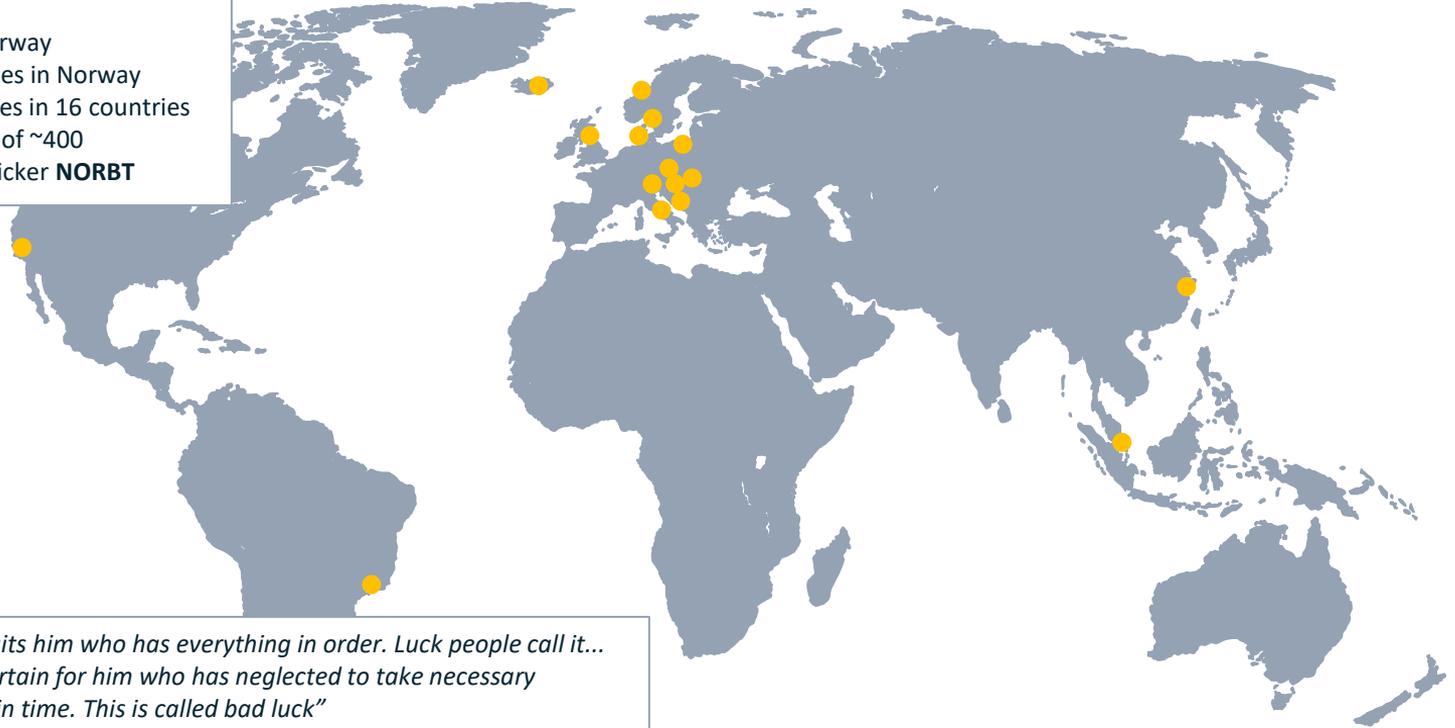
# NORBIT

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**EXPLORING IS FINDING OPPORTUNITIES WHERE OTHERS FIND LIMITS**

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

- Founded 1995
- HQ in Trondheim, Norway
- Manufacturing facilities in Norway
- Offices and subsidiaries in 16 countries
- Dedicated workforce of ~400
- Listed on Oslo Børs, ticker **NORBT**



*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**

# A global provider of tailored technology to carefully selected niches

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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 wireless solutions



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

# Shareholder overview, updated 8 November 2021

| #                                    | Investor                                                   | # of shares       | %             |
|--------------------------------------|------------------------------------------------------------|-------------------|---------------|
| 1                                    | VHF INVEST AS - founder Steffen Kirknes                    | 7,686,495         | 13.15         |
| 2                                    | PETORS AS - CEO Per Jørgen Weisethaunet                    | 6,940,695         | 11.87         |
| 3                                    | REITAN KAPITAL AS                                          | 5,829,083         | 9.97          |
| 4                                    | DRAUPNIR INVEST AS - family of founder Steffen Kirknes     | 5,102,949         | 8.73          |
| 5                                    | ESMAR AS                                                   | 3,162,286         | 5.41          |
| 6                                    | Handelsbanken Nordiska smabolag (through J.P. Morgan Bank) | 3,140,771         | 5.37          |
| 7                                    | EIDCO A/S                                                  | 3,062,286         | 5.24          |
| 8                                    | Hanover Active Equity Fund II                              | 2,950,000         | 5.05          |
| 9                                    | ARCTIC FUNDS PLC                                           | 2,734,676         | 4.68          |
| 10                                   | CLEARSTREAM BANKING S.A. (including sellers of iData Kft)  | 1,222,692         | 2.09          |
| 11                                   | Citibank                                                   | 1,056,409         | 1.81          |
| 12                                   | Danske Invest Norge Vekst                                  | 1,050,000         | 1.80          |
| 13                                   | Danske Bank A/S - MD Oceans Peter K. Eriksen               | 755,901           | 1.29          |
| 14                                   | USEGI AS - CTO Arild Sjøraunet                             | 721,989           | 1.24          |
| 15                                   | SONSTAD AS                                                 | 684,822           | 1.17          |
| 16                                   | J.P. MORGAN BANK LUXEMBOURG S.A.                           | 670,392           | 1.15          |
| 17                                   | Carnegie Investment Bank AB                                | 627,216           | 1.07          |
| 18                                   | Citibank                                                   | 525,000           | 0.90          |
| 19                                   | Nordea Bank Abp                                            | 395,610           | 0.68          |
| 20                                   | J.P. MORGAN BANK LUXEMBOURG S.A.                           | 337,966           | 0.58          |
| <b>Total 20 largest shareholders</b> |                                                            | <b>48,657,238</b> | <b>83.23</b>  |
| Other shareholders                   |                                                            | 9,802,064         | 16.77         |
| <b>Total</b>                         |                                                            | <b>58,459,302</b> | <b>100.00</b> |