

# NORBIT

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## First quarter 2021 result presentation

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

- Founded 1995
- HQ in Trondheim, Norway
- Manufacturing facilities in Selbu and Røros, Norway
- Offices and Subsidiaries in 15 countries
- Listed on Oslo Børs, ticker **NORBIT**



*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



Intelligent Traffic Systems (ITS) is offering tailored connectivity solutions for vehicle identification and tracking



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

# Several milestone orders, partnerships and strategic M&A

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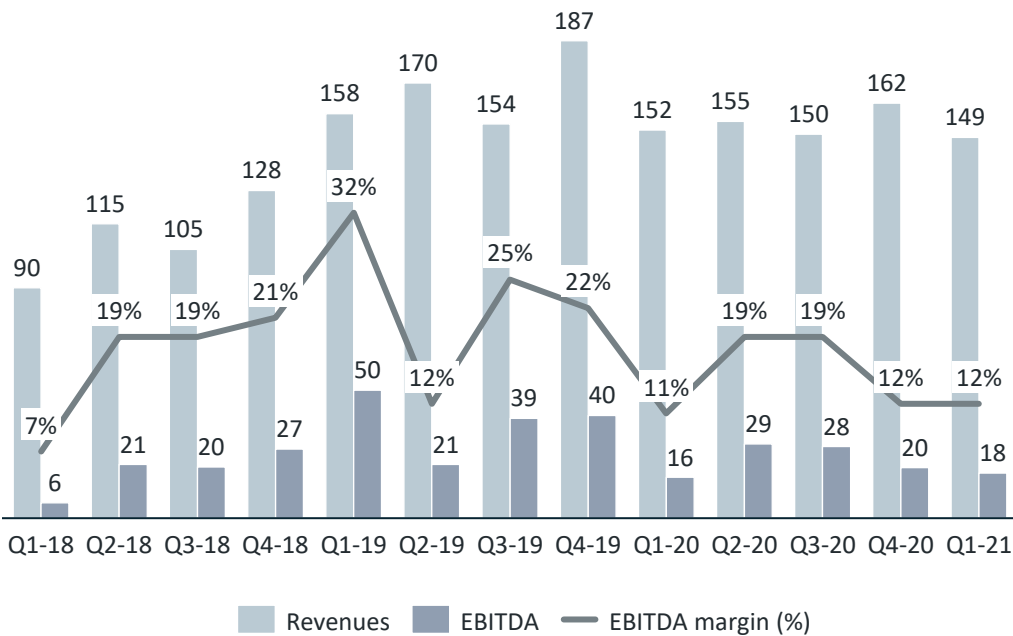
- Agreement to acquire the Hungarian technology company iData Kft.
- Milestone orders for WINGHEAD sonars
- Migrating On-Board Units business from tendering to B2B.
  - First volume orders secured
- NORBIT certified to supply medical devices



# Strong performance in Oceans and PIR, partly offset by expected headwinds in ITS

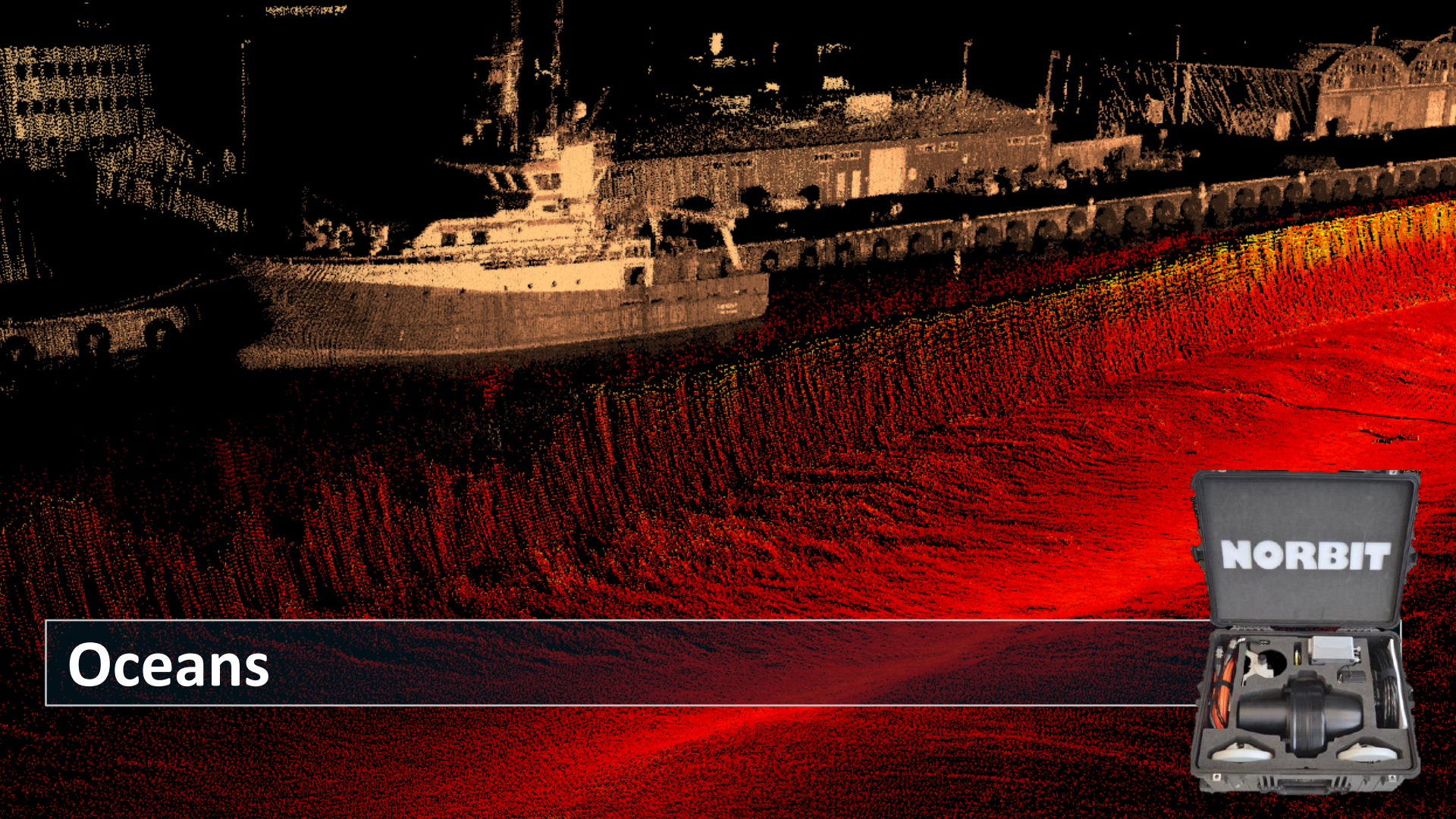
## Revenues and EBITDA

NOK million



## First quarter 2021

- Strong growth in both Oceans and PIR
- ITS segment had a weak financial quarter, but announced important contracts and strategic M&A
- Revenues totalled NOK 149 million, compared with NOK 152 million in Q1-20
- EBITDA came in at NOK 18 million, representing a 12 per cent margin
- The annual general meeting decided to distribute a dividend of NOK 0.30 per share for the financial year 2020



# Oceans

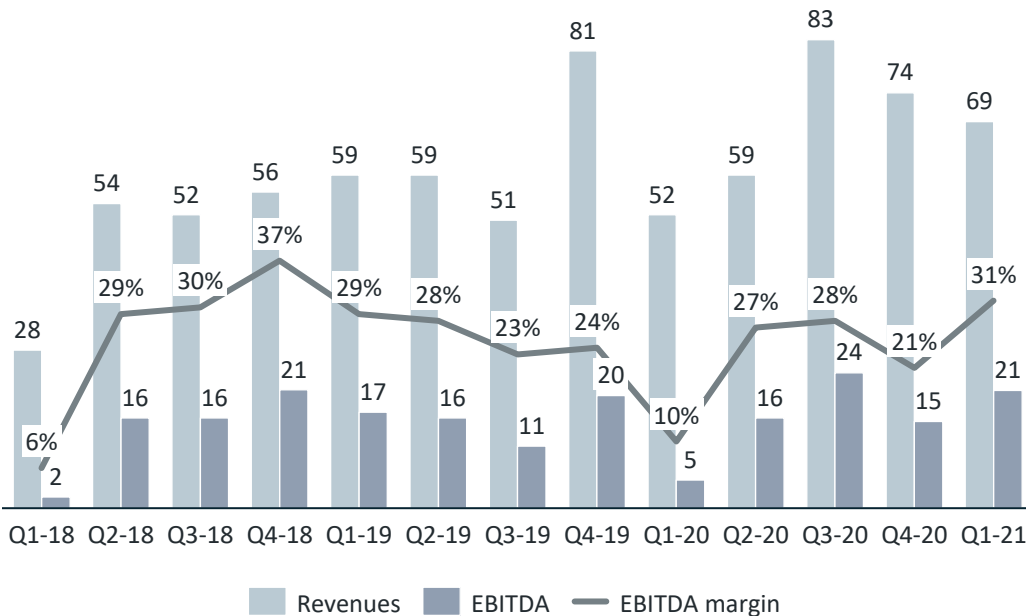




# Strong growth and solid profitability in Oceans

## Revenues and EBITDA

NOK million



### First quarter 2021

- Revenues of NOK 69 million, an increase of 32 per cent from Q1-20\*
- Solid demand for sonar systems - multiple WINGHEAD sonars delivered in the quarter
- The pandemic continues to have an impact on business development activities
- Strong EBITDA margin of 31 per cent for the quarter

\* NORBIT Kabelpartner previously reported in the PIR segment accounts for 8% of the growth



**WINGHEAD sonars to a total value of NOK 10 million delivered to XOCEAN**





**DSRC solutions for satellite-based truck tolling**



**Connectivity devices for smart tachograph**

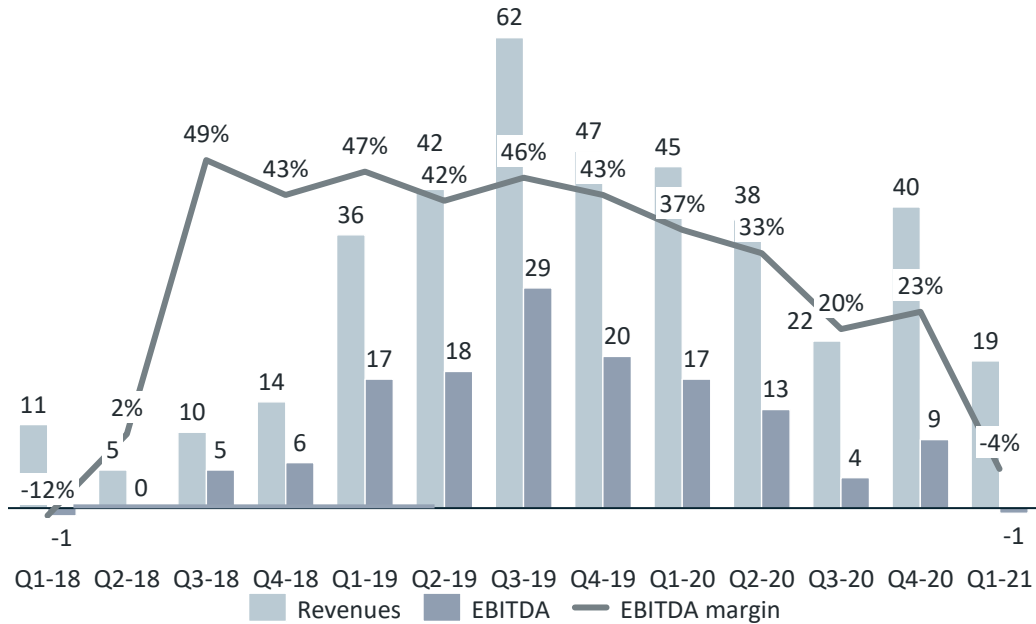
# Intelligent Traffic Systems (ITS)



# Weak quarter for Intelligent Traffic Systems (ITS)

## Revenues and EBITDA

NOK million



## First quarter 2021

- Revenue decline of 57 per cent from Q1-20 due to stop in supply to one of the larger clients and limited deliveries of OBUs following record-high sales in Q4-20
- Delivery of connectivity modules for tachographs is holding up relatively well
- Decline in EBITDA and margin due to the lower revenue base

## Recent events

- Process to acquire the Norwegian IoT company StalkIT terminated
- Increased demand from insurance industry as demonstrated by large first order for delivery of OBUs to major European insurance company and strategic cooperation with Fremtind Services



## Migrating On-Board Units business from tendering to B2B



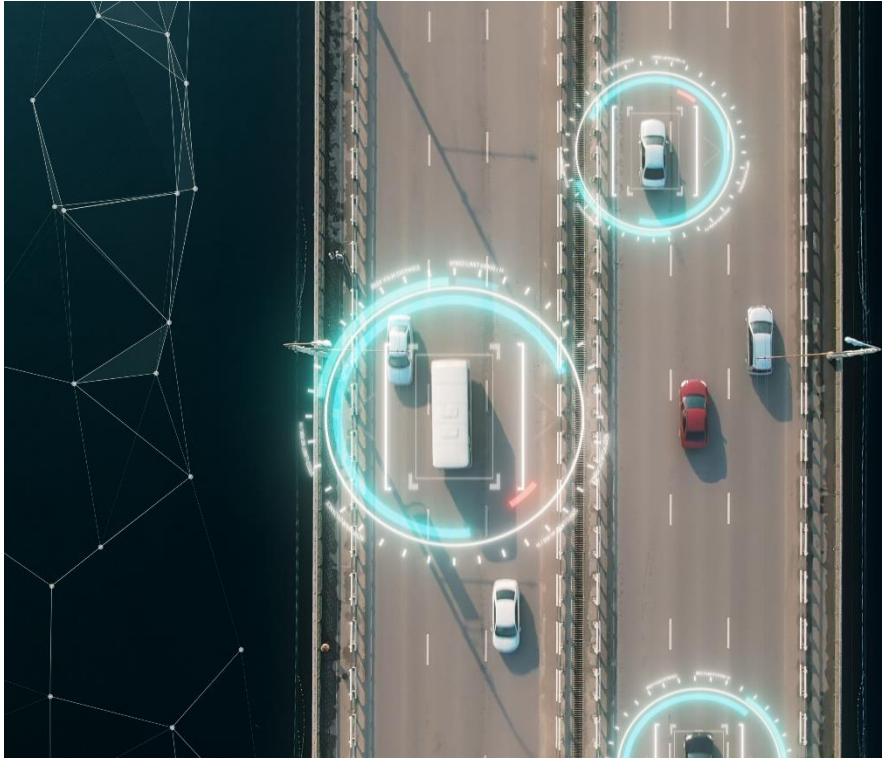
Major European insurance company places NOK 50 million order for On-Board Units scheduled for delivery in second half of 2021



Cooperation with Fremtind Service, subsidiary of Fremtind Insurance



# Acquisition of iData, creating a broader platform for growth for ITS



## iData

Specialised in GPS tracking with a subscription-based recurring revenue business model

Large customer base in its home market, Hungary

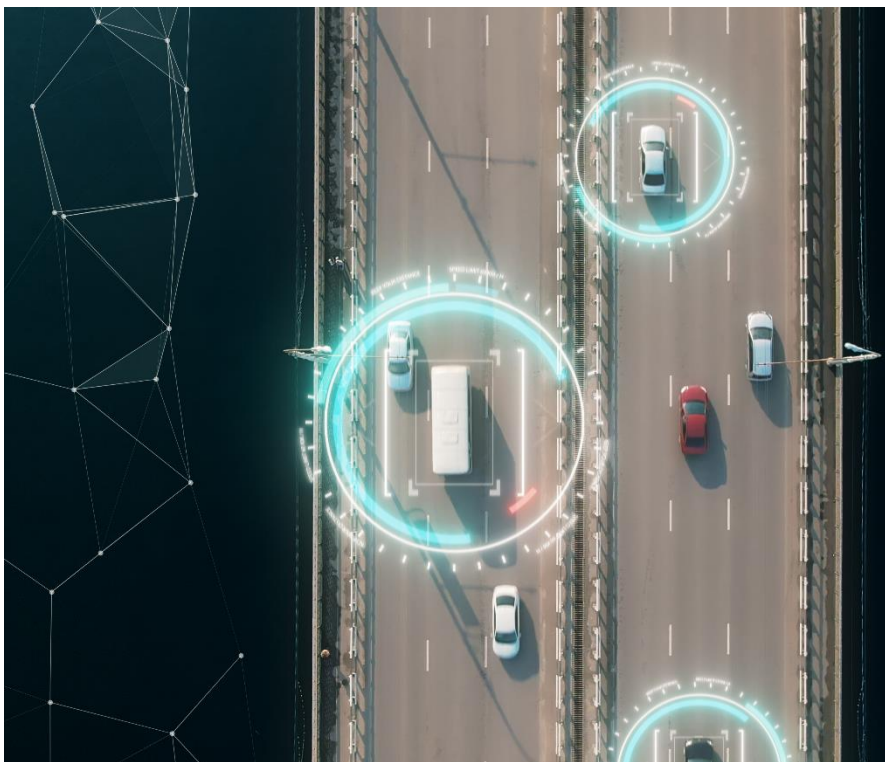
Vehicle tracking and fleet management services based on own proprietary technology

Transaction values iData at an enterprise value of EUR 14.5 million

2020 revenues  
EUR 5 million  
ARR > 80 %

34,000 vehicles from  
4,200 companies  
tracked using iTrack GPS  
Tracking System

## Strategic fit with ITS' strategy of positioning itself in selected IoT 5G niche applications



# iData

Jump start strategy to create a new subsegment within asset and vehicle tracking/monitoring

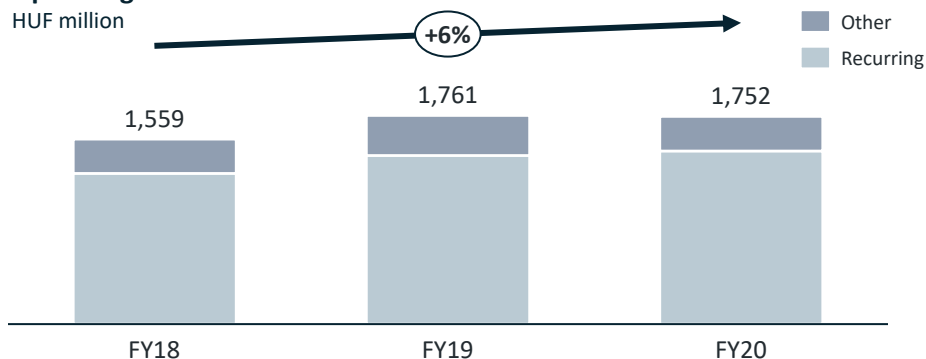
With the acquisition, ITS will diversify its revenue stream with iData's broad customer base and subscription-based business model.

NORBIT sees attractive revenue synergies:  
NORBIT can contribute with broader market footprint, network, technology competence, scale and capital to fuel growth internationally.

# Financial highlights of the iData acquisition

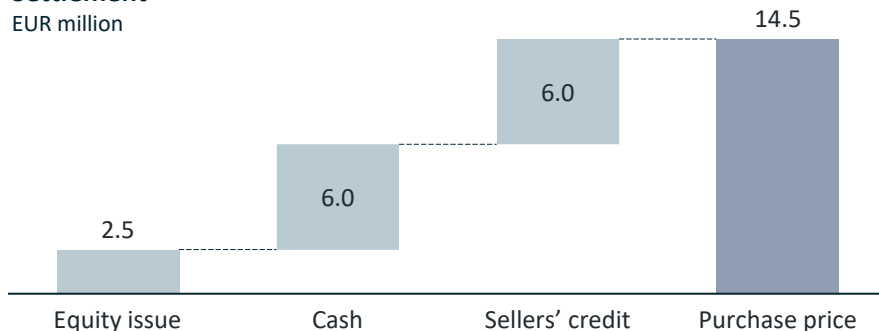
## Operating revenues

HUF million



## Settlement

EUR million



## Key financials

- iData generating EUR 5.0 million in revenues in 2020
- 13% revenue growth in 2019 and a stable development in 2020 despite of covid-19 implications
- Consistently high margins over the last three years with 2020 EBITDA of EUR 1.9 million, translating into a margin of around 35%
- Attractive cash conversion

## Settlement

- Purchase price of EUR 14.5 million
- EUR 2.5 million to be settled in NORBIT ASA shares, based on last 30-days volume weighted share price
- EUR 6.0 million paid in cash
- EUR 6.0 million settled through a sellers' credit, of which half due in 12 months and remainder in 24 months from closing



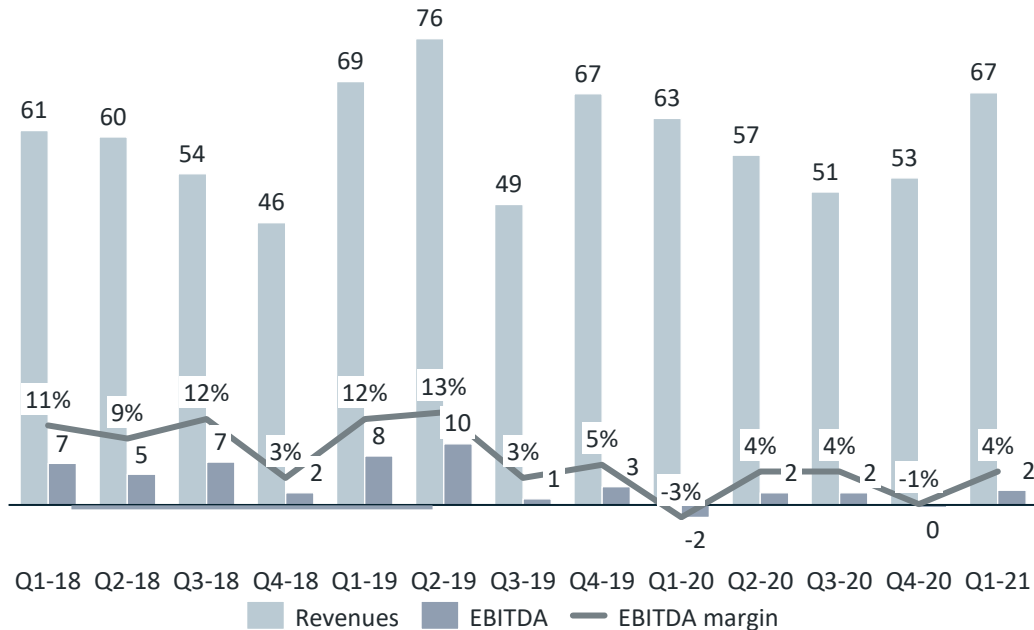
## Product Innovation & Realization (PIR)



# Growth returning in Product Innovation & Realization

## Revenues and EBITDA

NOK million



### First quarter 2021

- Revenues grew by 7 per cent\* and reached NOK 67 million, driven by higher sales of contract manufacturing and R&D services
- EBITDA came in at NOK 2.4 million, positively affected by lower operating expenses

*\*13 per cent increase adjusted for Kabelpartner which was previously reported in the PIR segment*

### Recent events

- ISO-13485 certification of Selbu factory completed in April for manufacturing and assembly of electronic products and modules for the medical device industry

## “Fast Track” established for rapid prototyping

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- “Fast Track” established for rapid prototyping and piloting
- Covers complete units including electronics, mechanical parts both in plastic and metal
- Invested in machinery and processes for efficient delivery  
*(Milling, turning, 3D-printing, ultrasonic welding and potting)*





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Group financials





# Financials – P&L

Amounts in NOK 000's

	Q1 2021	Q1 2020
Revenues	148 700	151 571
Other gains and losses	1 230	-
Raw materials and change in inventories	72 550	68 194
Employee benefit expenses	41 550	41 698
Other operating expenses	18 180	25 690
<b>EBITDA</b>	<b>17 650</b>	<b>15 989</b>
Depreciation and amortization expenses	14 957	11 318
<b>Operating profit / EBIT</b>	<b>2 693</b>	<b>4 671</b>
Net financial items	(4 245)	1 231
<b>Profit before tax</b>	<b>(1 552)</b>	<b>5 902</b>
Income tax expense	50	(1 034)
<b>Profit for the period</b>	<b>(1 602)</b>	<b>4 869</b>

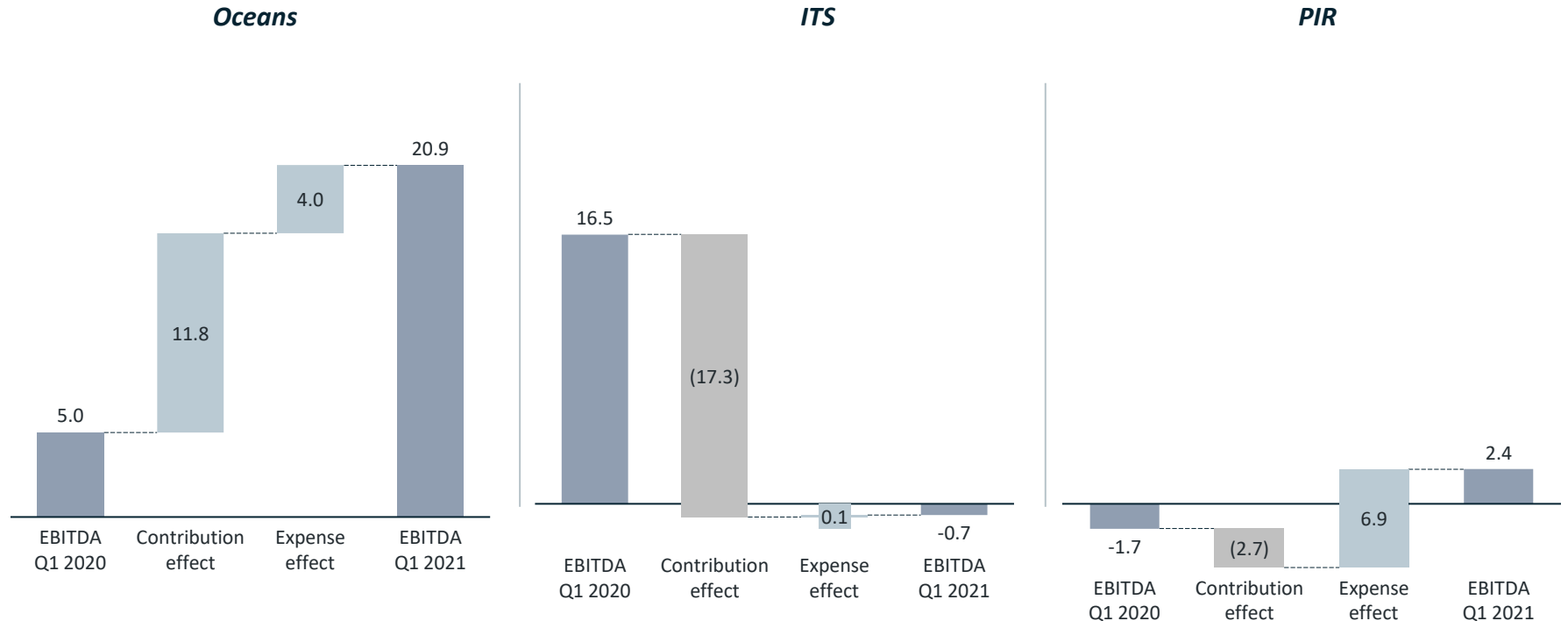
## First quarter of 2021

- Revenues of NOK 148.7 million, down 2% from Q1 2020
  - Growth in Oceans and PIR year-over-year
  - Results impacted by a weak quarter by ITS
- Total expenses, excluding D&A, amounted to NOK 132.3 million versus NOK 135.6 million in Q1 2020
- EBITDA of NOK 17.7 million (12% margin) compared to NOK 16.0 million in Q1 2020 (10% margin)
  - Including gain of NOK 1.2 million relating to acquisition of Kilmore Marine Ltd (Oceans' distributor in UK / Middle East) and transaction costs of approximately NOK 1.5 million
- Net financial items of negative NOK 4.2 million primarily due to foreign exchange losses with EUR weakening versus NOK in the quarter
- Net profit for the period of negative NOK 1.6 million

# Oceans and ITS' results largely offsetting each other year-over-year

## Segment EBITDA development Q1 2021 vs. Q1 2020

NOK million



# Financials – Balance sheet

Amounts in NOK 000's

	31.03.21	31.12.20
<b>ASSETS</b>		
Land and property, plant and equipment	150 024	149 953
Intangible assets	179 776	171 454
Goodwill	6 002	-
Deferred tax asset	19 681	19 738
Inventories	170 301	164 605
Trade receivables	107 621	121 356
Other receivables and prepayments	38 376	25 628
Other assets	1 052	3 959
Cash and cash equivalents	18 421	14 953
<b>Total assets</b>	<b>691 253</b>	<b>671 648</b>
<b>LIABILITIES</b>		
Interest-bearing borrowings	117 105	94 702
Lease liabilities	21 087	23 187
Trade payables	76 734	67 356
Other current liabilities	38 923	47 467
Other liabilities	2 380	2 172
<b>Total liabilities</b>	<b>256 229</b>	<b>234 885</b>
<b>Total equity</b>	<b>435 024</b>	<b>436 763</b>
<b>Total liabilities and equity</b>	<b>691 253</b>	<b>671 648</b>

## Fixed and intangible assets

- Land and PPE: On par with prior quarter
  - NOK 7.9 million in investments in fixed assets, offset by depreciation
- Intangible assets: Increase of NOK 8.3 million from end of Q4 2020 explained by investments in R&D, partly offset by amortization
- Goodwill: Preliminary allocated NOK 6.0 million in Q1 2021, relating to acquisition of Kilmore Marine Ltd

## Working capital

- Inventories: NOK 170.3 million, increase of NOK 5.7 million quarter-over-quarter
- Trade receivables: NOK 107.6 million, down by NOK 13.7 million
- Other receivables: Up NOK 12.7 million, mainly driven by accrued income on projects
- Trade payables: NOK 76.7 million, up NOK 9.4 million from Q4 2020

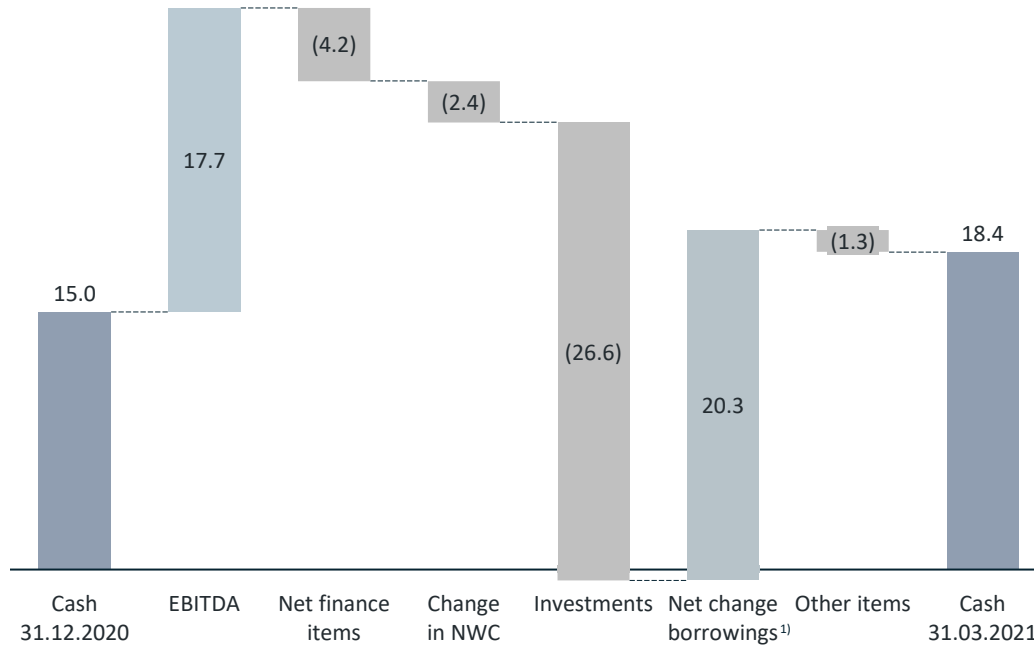
## Net-interest bearing debt, lease liabilities and equity

- Total borrowings of NOK 117.1 million
- Net-interest bearing debt (excl. lease liabilities) of NOK 98.7 million, up from NOK 79.7 million in Q4 2020
- Equity of NOK 435.0 million, representing an equity ratio of 63%

# Financials – Cash Flow

## Cash flow development first quarter 2021

NOK million



## Fourth quarter of 2020

- Operating cash flow of NOK 9.7 million
  - Net increase in working capital of NOK 2.4 million
- Investing activities generated cash outflow of NOK 26.6 million
  - NOK 7.9 million related to investments in fixed assets
  - NOK 15.4 million invested in R&D
  - NOK 3.2 million relating to acquisition of Kilmore Marine, net of cash
- Financing activities led to a cash inflow of NOK 20.3 million
  - Net increase of NOK 22.4 million in interest-bearing borrowings
  - NOK 2.1 million in repayment of leases

1) Including repayment of leases



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## Outlook



# Outlook

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- Activity continues to be high
- WINGHEAD important contributor to the growth
- Second quarter is a seasonally strong quarter and NORBIT expects revenues to grow quarter-over-quarter



- Challenging outlook also for the second quarter with revenues and margins remaining at low levels
- Outlook for the second half of the year is positive, supported by the recently announced NOK 50 million OBU contract
- A broader platform for growth into the asset and vehicle tracking/monitoring market with the acquisition of iData



- Continued high activity, particularly in contract manufacturing - positive outlook for the full year
- Main risk is the supply environment for electronic components
- Medical certification creates additional platform for longer term growth
- Platform to scale organically and improve margins following capacity expansion



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 breaking through, creating a moody and atmospheric scene.

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

# Shareholder overview, updated 10 May 2021

#	Investor	# of shares	%
1	VHF INVEST AS - founder Steffen Kirknes	8,686,495	15.30
2	PETORS AS - CEO Per Jørgen Weisethaunet	6,940,695	12.22
3	DRAUPNIR INVEST AS - family of founder Steffen Kirknes	5,702,949	10.04
4	ESMAR AS	3,832,286	6.75
5	EIDCO A/S	3,832,286	6.75
6	Taiga Investment Funds (through Morgan Stanley)	3,745,187	6.60
7	Handelsbanken Nordiska smabolag (through J.P. Morgan Bank)	3,198,135	5.63
8	ARCTIC FUNDS PLC	2,734,676	4.82
9	SPAREBANK 1 MARKETS AS	2,567,735	4.52
10	Citibank, N.A.	1,150,000	2.03
11	Danske Invest Norge Vekst	1,050,000	1.85
12	Danske Bank A/S - MD Oceans Peter K. Eriksen	725,076	1.28
13	USEGI AS - CTO Arild Sjøraunet	721,989	1.27
14	SONSTAD AS	685,822	1.21
15	Carnegie Investment Bank AB	627,216	1.10
16	Nordea Bank Abp	571,731	1.01
17	Citibank, N.A.	525,000	0.92
18	Handelsbanken Mikrocap Norden (through J.P. Morgan Bank)	520,392	0.92
19	VPF FONDSFINANS UTBYTTE	300,000	0.53
20	Stein Martin Beyer - MD PIR and COO	295,147	0.52
<b>Total 20 largest shareholders</b>		<b>48,412,817</b>	<b>85.25</b>
Other shareholders		8,374,101	14.75
<b>Total</b>		<b>56,786,918</b>	<b>100.00</b>