

NORBIT

- explore more -

Update on ambitions and long-term financial targets

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13 August 2021, Trondheim, Norway

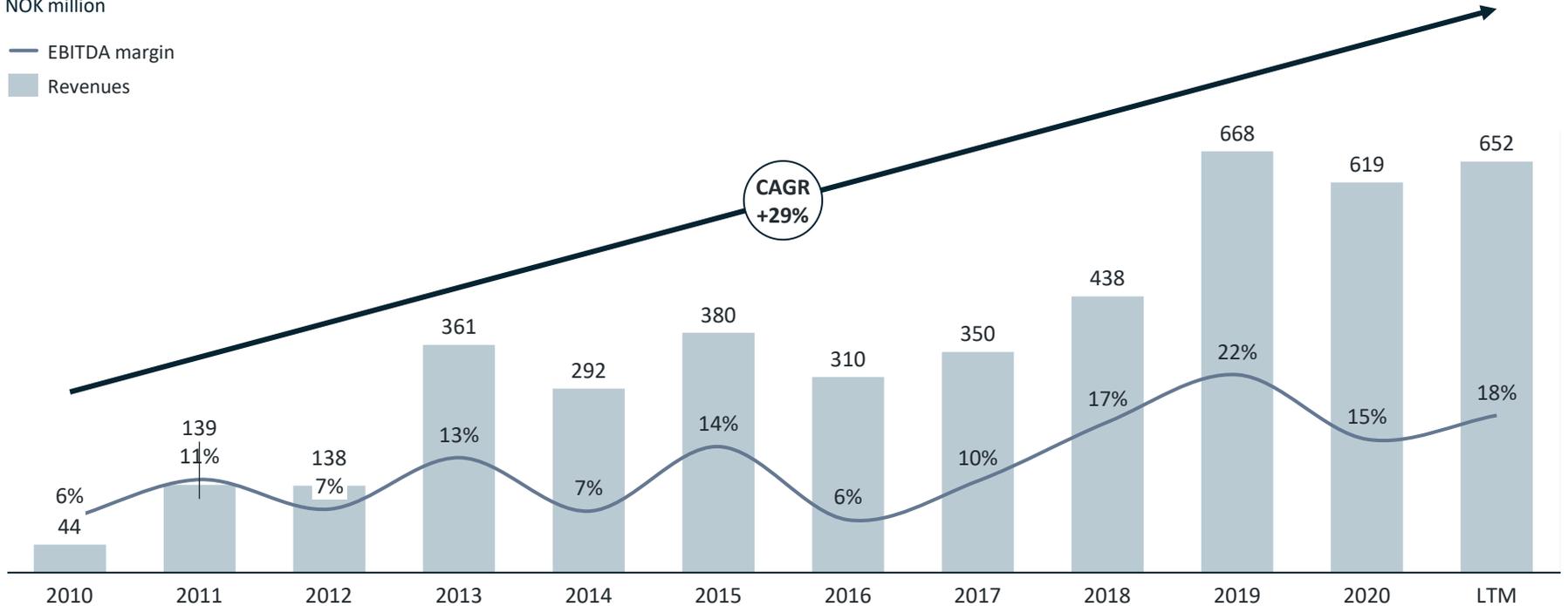
NORBIT has delivered continued growth and profitability in the past

Historical revenues and EBITDA¹ margin

NOK million

— EBITDA margin

■ Revenues



1) Numbers from and including 2018 in accordance with IFRS. Financial figures prior to 2018 based on local GAAP

Successful elements to historical results

1

Tailored growth strategy for each segment

2

Market-driven innovation in carefully selected niches

3

Strong corporate culture “explore more”

4

Diversified business model

5

Recruiting and refining top talents

6

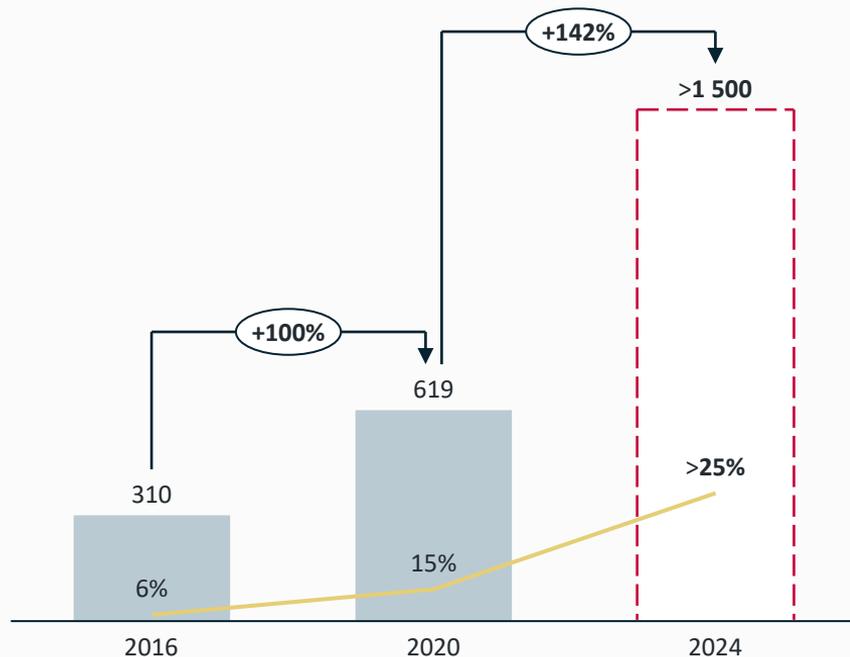
Highly robotized in-house production and R&D capabilities

Ambition level: Organic revenues in excess of NOK 1.5bn and EBITDA margin above 25%

Ambition level: Organic growth

NOK million

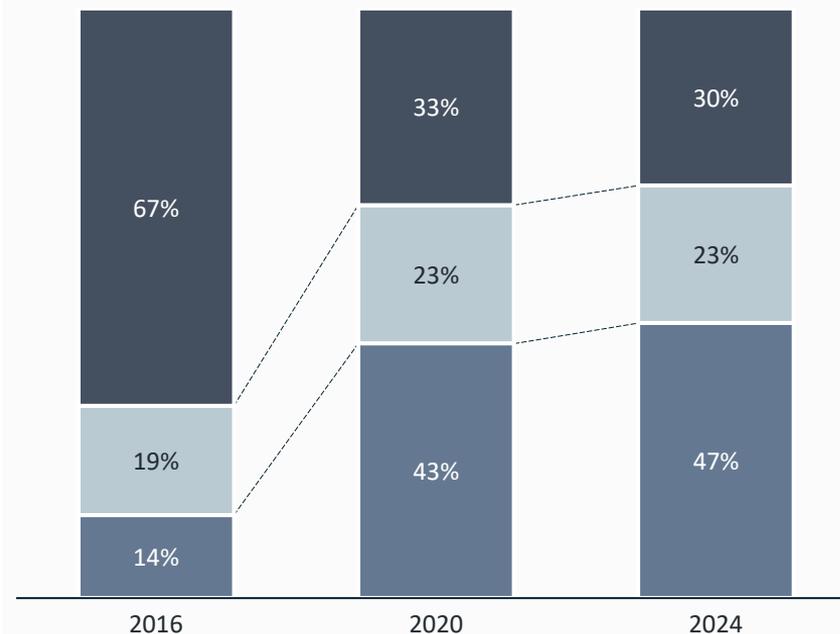
Revenues EBITDA



Segment composition

Per cent of total

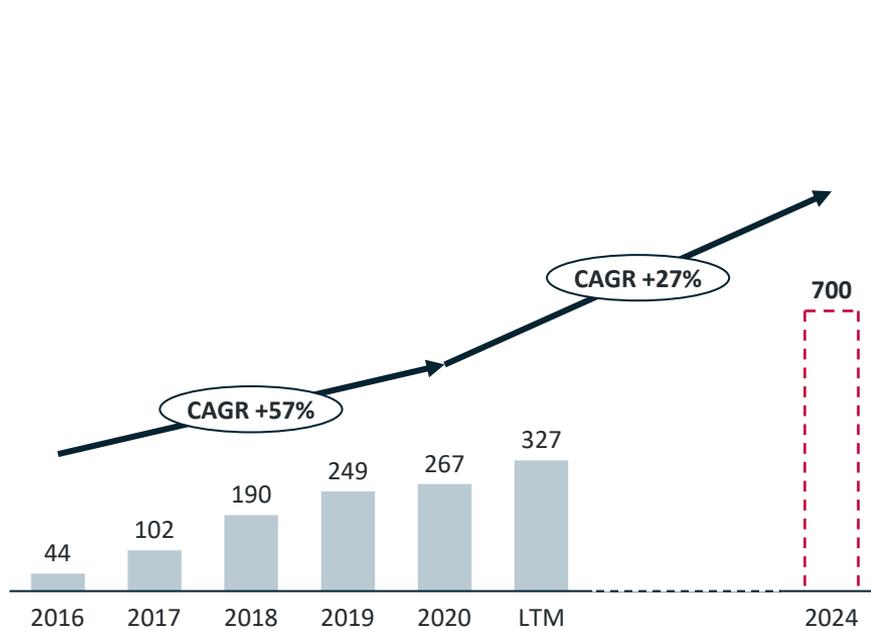
PIR ITS Oceans



Oceans: Ambition level

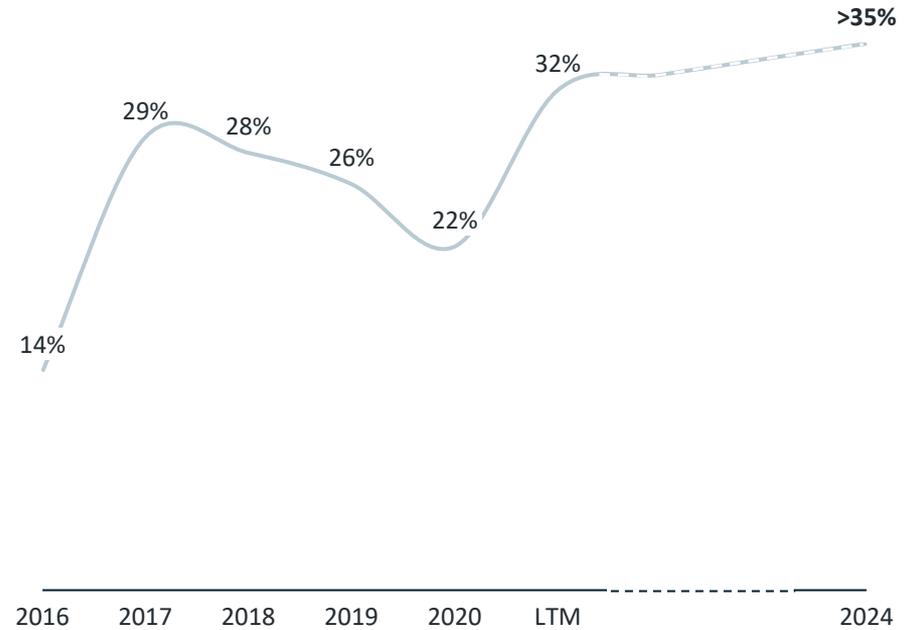
Revenues historical figures and organic ambition

NOK million



EBITDA margin historical figures and ambition

Margin



Oceans: Basis for growth and strategic priorities

Basis for growth

Increased demand for technology to explore and monitor the oceans domain

Vast domain knowledge and proven ability to innovate

A global sales and distribution platform

Strategic priorities

1

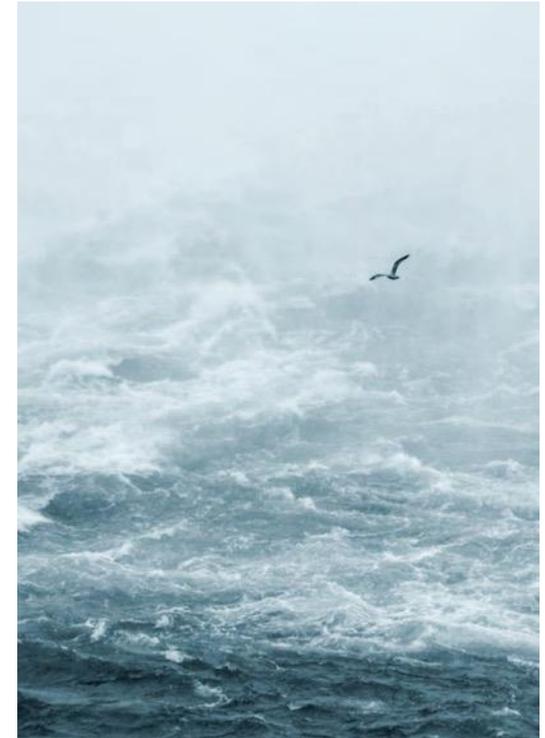
Continue to broaden product offering, utilising a global market distribution

2

Increase market presence

3

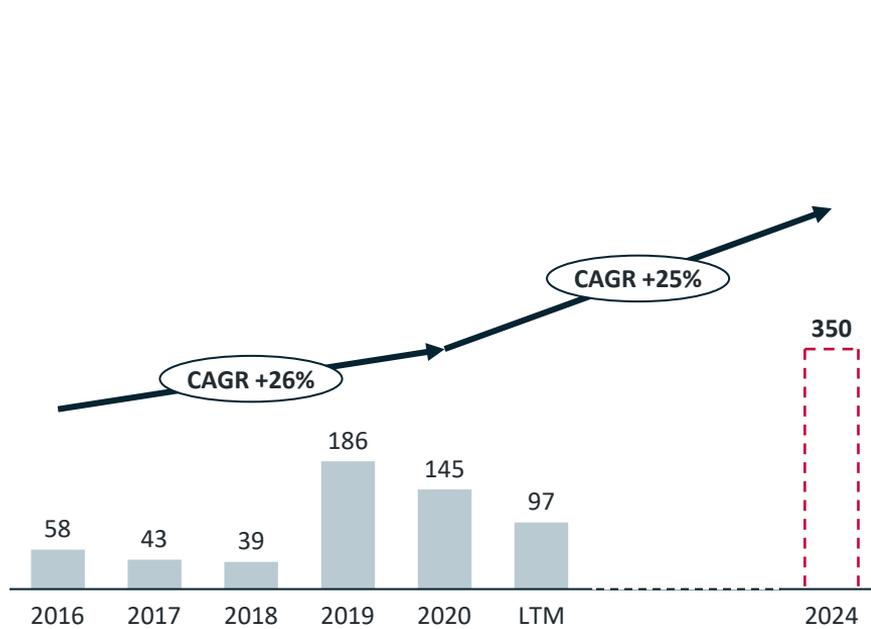
Expand into new market segments



ITS: Ambition level

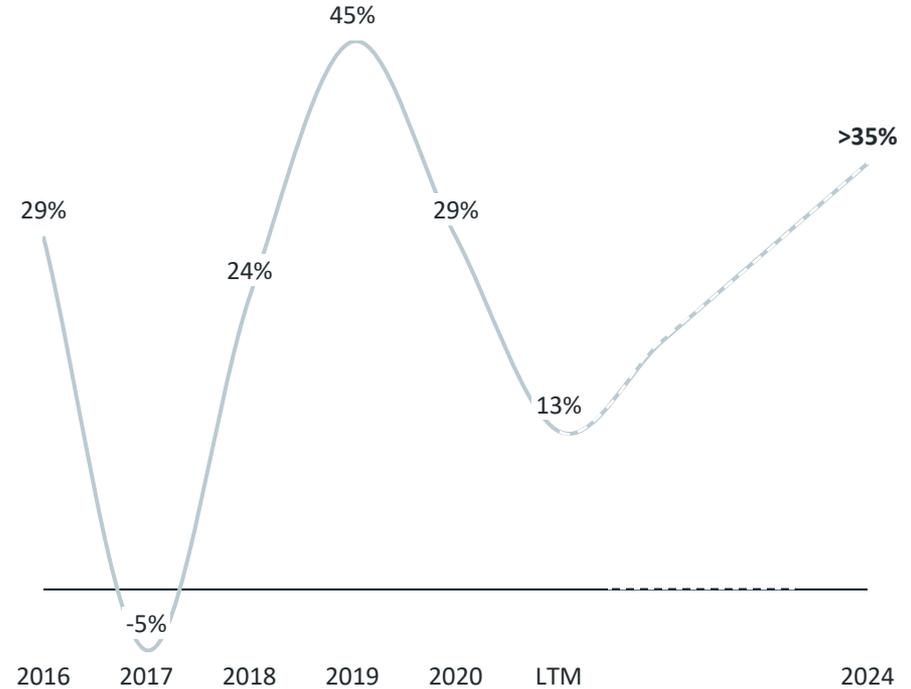
Revenues historical figures and organic ambition

NOK million

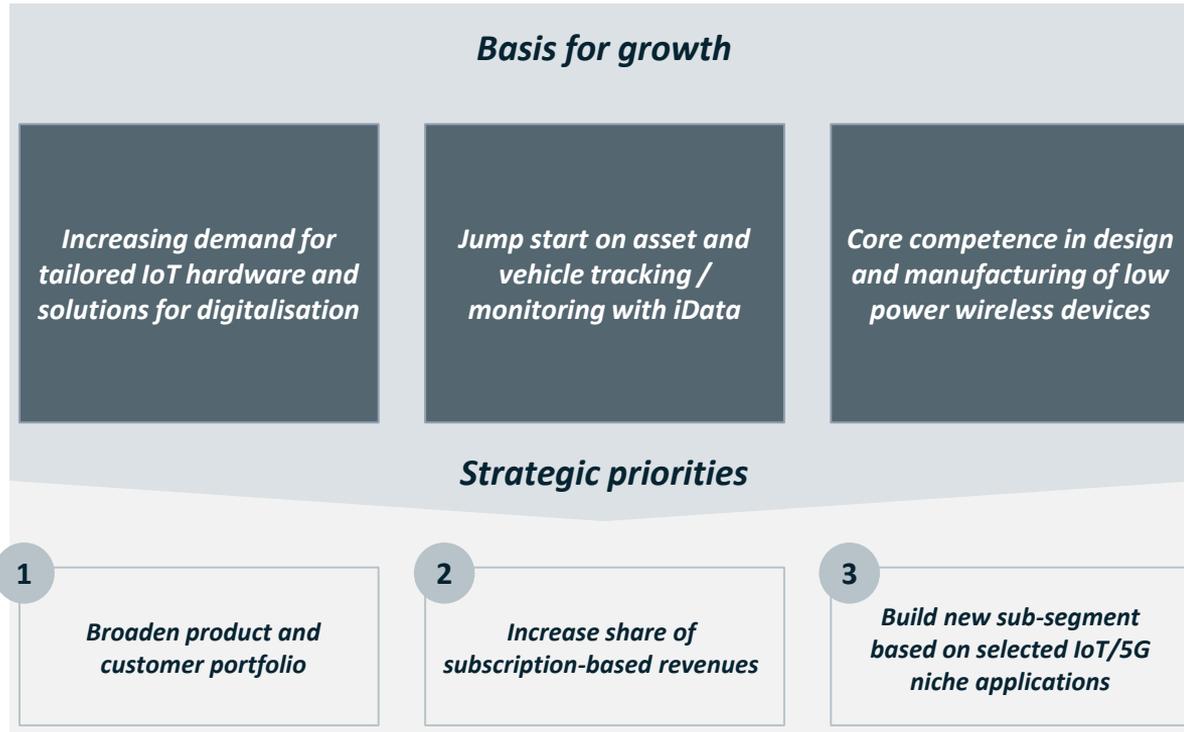


EBITDA margin historical figures and ambition

Margin



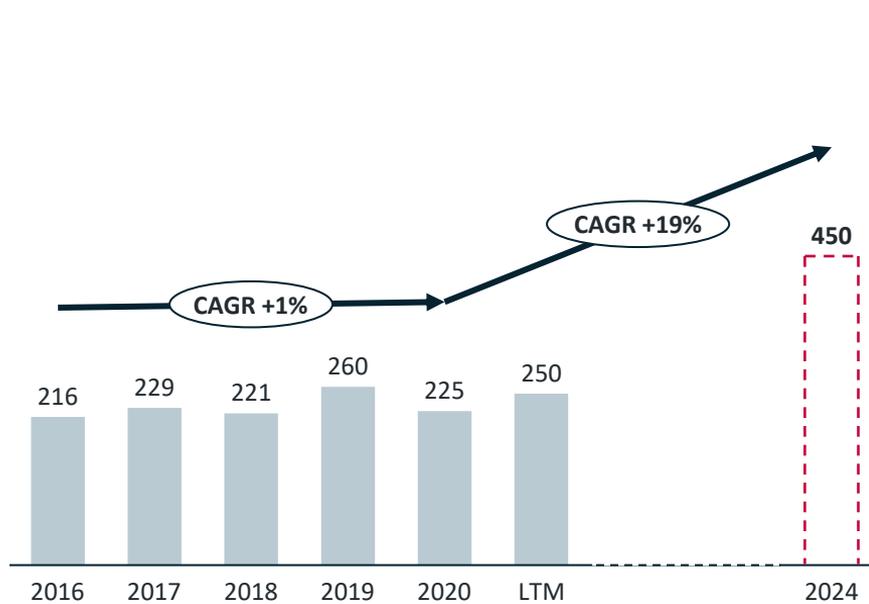
ITS: Basis for growth and strategic priorities



PIR: Ambition level

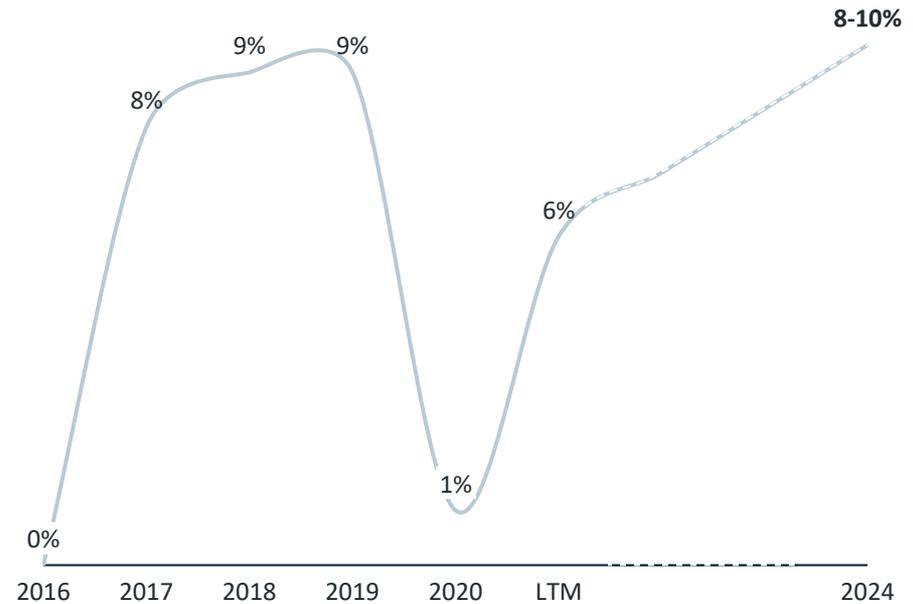
Revenues historical figures and organic ambition

NOK million

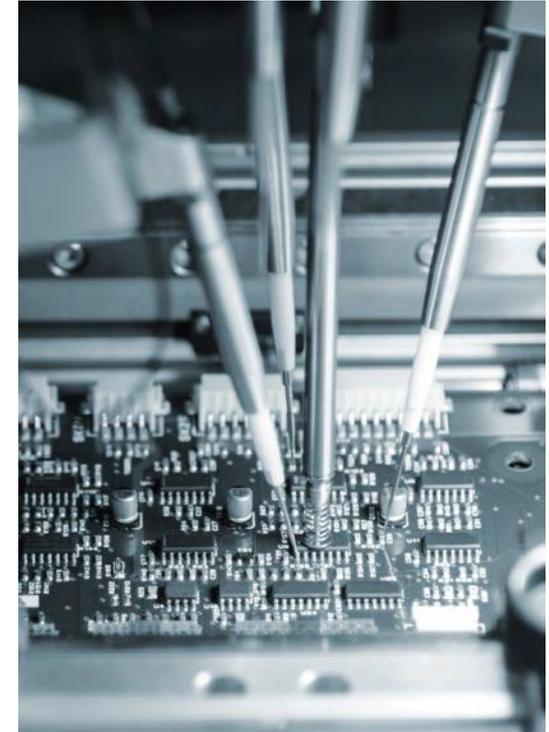
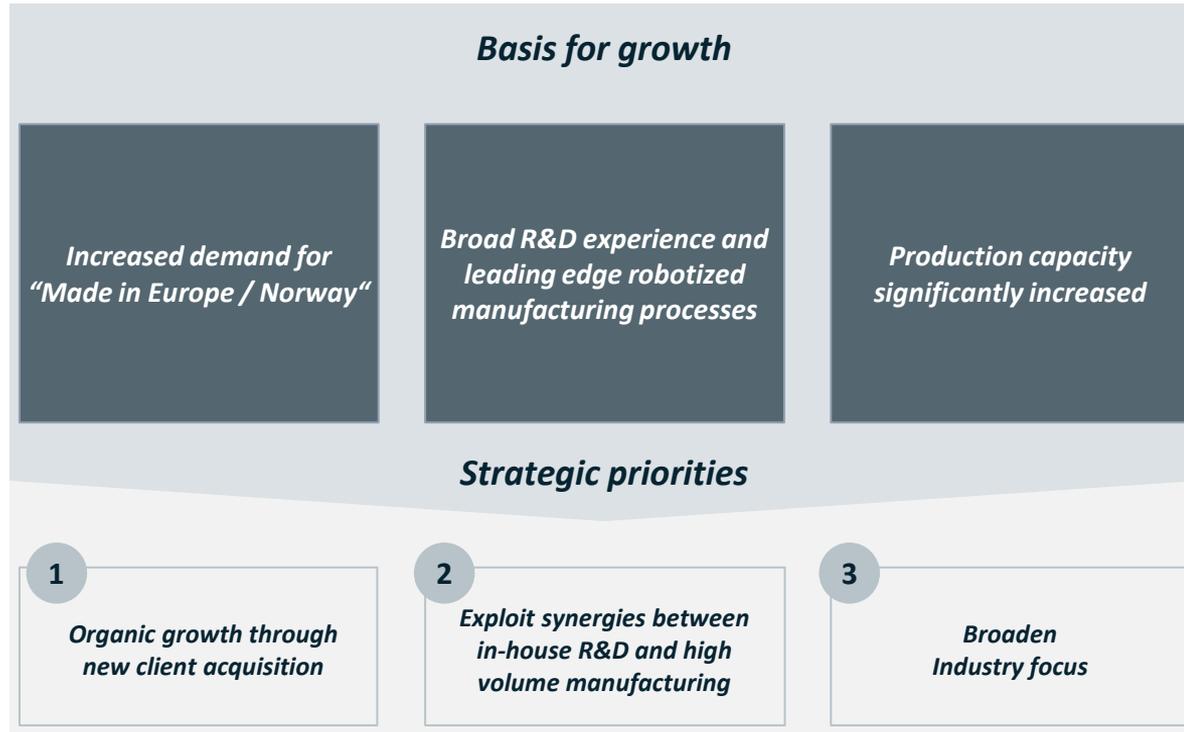


EBITDA margin historical figures and ambition

Margin



PIR: Basis for growth and strategic priorities



Capital allocation framework

Capital allocation priorities

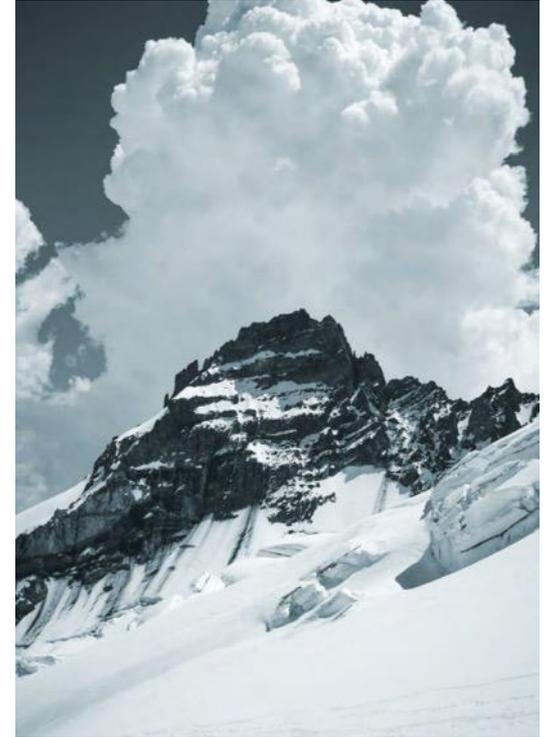
1 Maintain a solid balance sheet

2 Working capital and sustaining capital expenditures

3 R&D investments to support organic growth

4 Strategic M&A

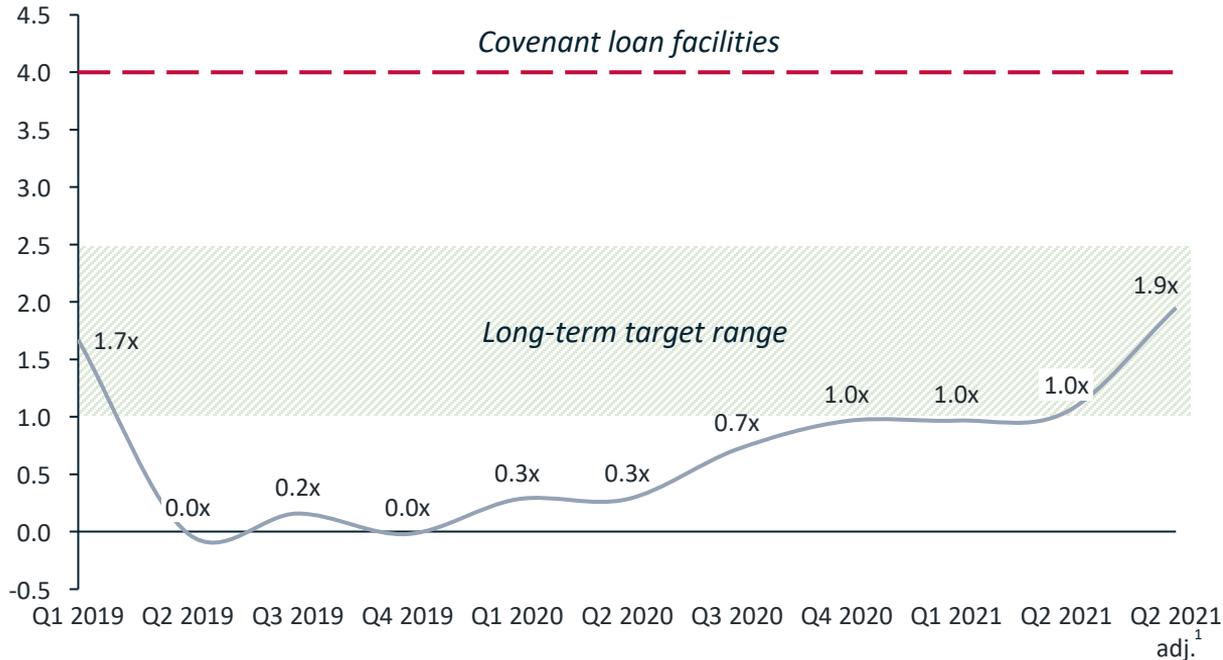
5 Shareholder distributions



Maintaining a solid balance sheet

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 NIBD²/EBITDA over the cycle
- Covenants in loan facilities at 4.0x NIBD/EBITDA and equity ratio > 30%
 - 59% equity ratio at Q2 2021

1) Pro-forma adjusted for cash payment of iData on 30 July and including seller's credit of EUR 6.0 million and leasing liabilities per 30.06.21

2) NIBD defined as total interest bearing borrowings less cash and cash equivalents (including leasing liabilities starting Q3 2021)

Growth will require working capital, but ambition to increase capital efficiency

Net working capital¹

Per cent of annualized quarterly revenues



- Net working capital target range between 25 – 30% of revenues
- Ambition to lower working capital to lower end of target over time
- Some fluctuations over target level should be expected, particularly near-term with the challenging component situation
- Strategy of maintaining extra inventory as security stock to safeguard deliveries continues

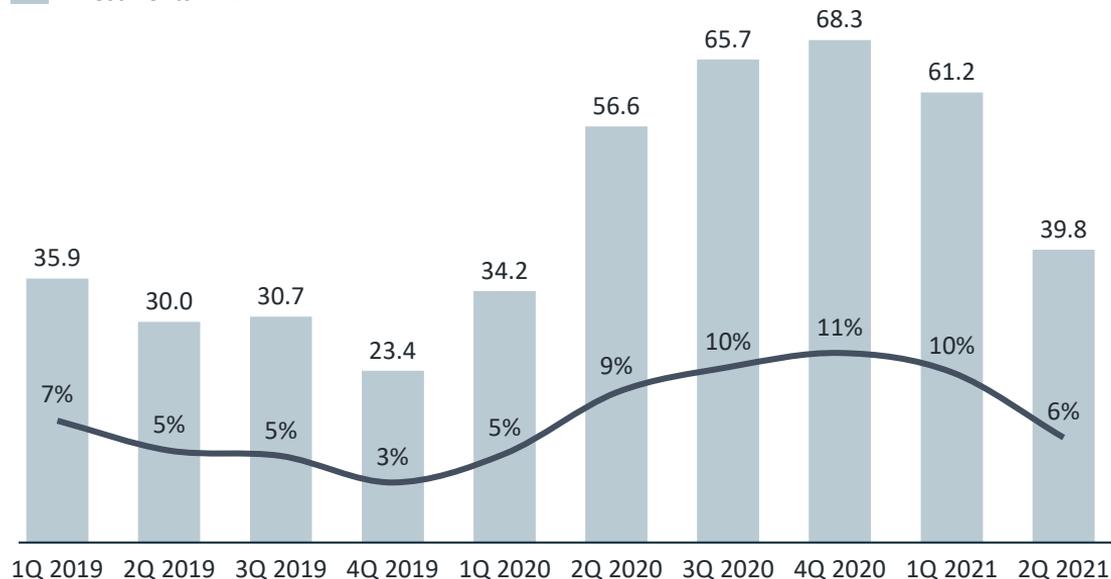
1) Net working capital defined as trade receivables + inventory + other receivables and prepayments, less trade payables and other current liabilities

From growth capex to sustaining capex level

Investments in fixed assets¹

NOK million, 12 month rolling

— % revenues (group)
■ Investments PPE



- Investments in property, plant and equipment on downward trajectory, guiding NOK 10 – 20 million for 2021
- No significant increase in growth investments expected to reach ambition level:
 - Investments made in expanding the Røros facility in 2020, doubling capacity
 - Available capacity at the Selbu facility
 - Oceans expanded its production facilities in Trondheim in Q1 2021
- Priority for sustaining capex in machinery and equipment to maintain competitiveness and strengthen productivity

1) Includes investments in property, plant and equipment, excluding reclassification of inventory to fixed assets

Prioritizing R&D capex to reach ambition level

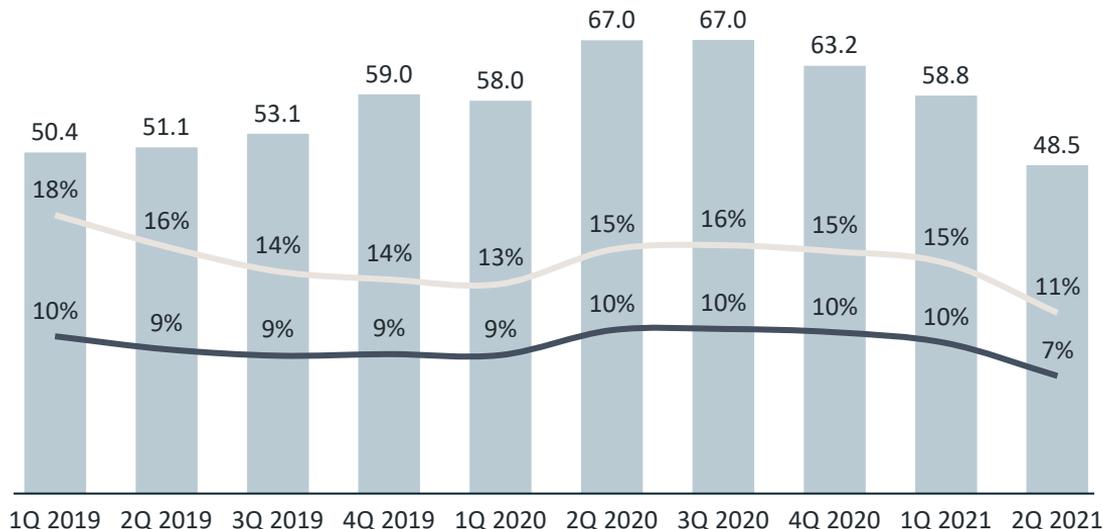
Investments in R&D CAPEX¹

NOK million, 12 month rolling

— % revenues (group)

— % revenues (Oceans and ITS)

■ R&D capital expenditures



- Continued focus on organic R&D investments, mainly to grow Oceans and ITS segments (> 95% of R&D capex historically)
- Strict prioritization favouring projects with attractive risk-adjusted returns and short payback period
- Continuous review of project portfolio to evaluate upsides and risks
- Expect nominal spending level to increase going forward (partly due to iData acquisition), but decline in percentage of revenues, to reach 2024 ambition level

1) Research and development capital expenditures reported as payments for intangible assets in the cash flow statement

Continuing to pursue value-added acquisition

M&A criteria

Value accretive to shareholders

Organization with deep market domain knowledge

Technology in carefully selected niches

Cultural fit with target

Synergy potential

Dividend policy

Dividend policy

NORBIT ASA's dividend policy is to pay out annual dividends between 30 and 50 per cent of the company's ordinary net profit after tax. When deciding on the annual dividend, the company will take into account the company's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.



A wide-angle photograph of a glacier lagoon. The foreground and middle ground are filled with numerous icebergs of various sizes, some appearing as large, flat slabs and others as smaller, more jagged chunks. The water is a deep, dark blue, reflecting the overcast sky. The sky is filled with heavy, dark grey clouds, with some lighter patches where the sun is trying to break through. The overall mood is somber and majestic.

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EXPLORING IS FINDING OPPORTUNITIES WHERE OTHERS FIND LIMITS