



NOVEMBER 2023

NORVA²⁴

3rd Quarter 2023 Presentation

Category leader in the attractive underground infrastructure maintenance service market

Today's presenters



HENRIK NORRBOM

Group CEO

BACKGROUND

- At Norva24 since Sept 2023
- CEO Cramo AB
- CEO Skanova AB
- Prior to that Head of Networks Telia, Various mgmt. roles within Eltel Networks



DEAN ZUZIC

Group CFO

BACKGROUND

- At Norva24 since 2023
- Previously CFO in two OSE listed companies; ABL Group ASA and Spectrum/ TGS ASA
- Prior to that CFO in Norsk Gjenvinning, Kid Interior and Plantasjen, Investment Manager in Møller Investor AS



STEIN YNDESTAD

Corp Dev Officer/IRO

BACKGROUND

- At Norva24 since 2017
- Group CFO until February 2023
- Previously CFO/COO at Adevinta and Country Manager Spain/Head of M&A/Head of IR at Schibsted

Schibsted Adevinta

Uniquely positioned in a market with long-term growth prospects



Strong mega-trends driving UIM spending

Old sewerage infrastructure:
On average >40 years old

Climate change and extreme weather

Stricter regulations



Massive market opportunity

Northern Europe market
opportunity worth
NOK 36 billion

European addressable market of
more than NOK 140 billion

Very low annual cyclicality



We are the market leader

Norva24 is the clear market
leader in Northern Europe

Strong positions in
attractive markets:
Norway, Sweden,
Denmark and Germany



We have a proven model for growth and value creation

Organic growth focused on synergies,
operational efficiency and continuous
profitability improvements

Driving consolidation through
highly accretive M&A

Strong track record of organic growth and M&A

From 10 branches and NOK 150 million in revenue to 75 branches and NOK 3 bn revenues since 2015

Key priorities: Continued profitable growth and M&A



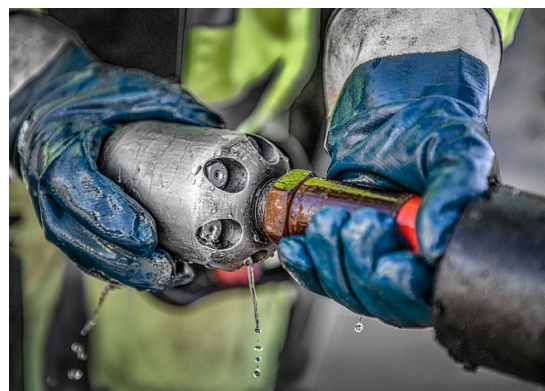
Price optimization

- Optimizing pricing to ensure strong margin picture
- Continuing to actively adjust prices to compensate for increased cost
 - Pro-active cost control



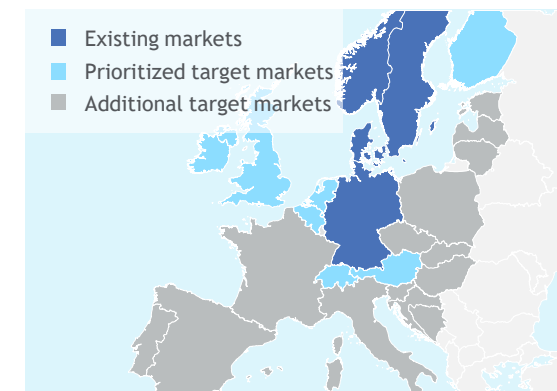
Improve utilization

- Maximize utilization of vehicle and personnel
- Benchmark vehicles and personnel on invoiced hours, or invoiced amount on a continuous basis



Improve low-performing units

- Close follow-up on branches with EBITA-margin below threshold
- Right people in the right place
- Developing playbook to support management



Growth

- Optimizing organic growth
- Accelerating M&A
- Ambition #1: Targeting increased density in existing markets
- Ambition #2: Expand to new markets

Record numbers in Q3 23

Solid growth and improved operating margins

Financial highlights

792 NOKm +29%

Total operating revenue
Organic revenue +8%*

124 NOKm +43%

Adjusted EBITA

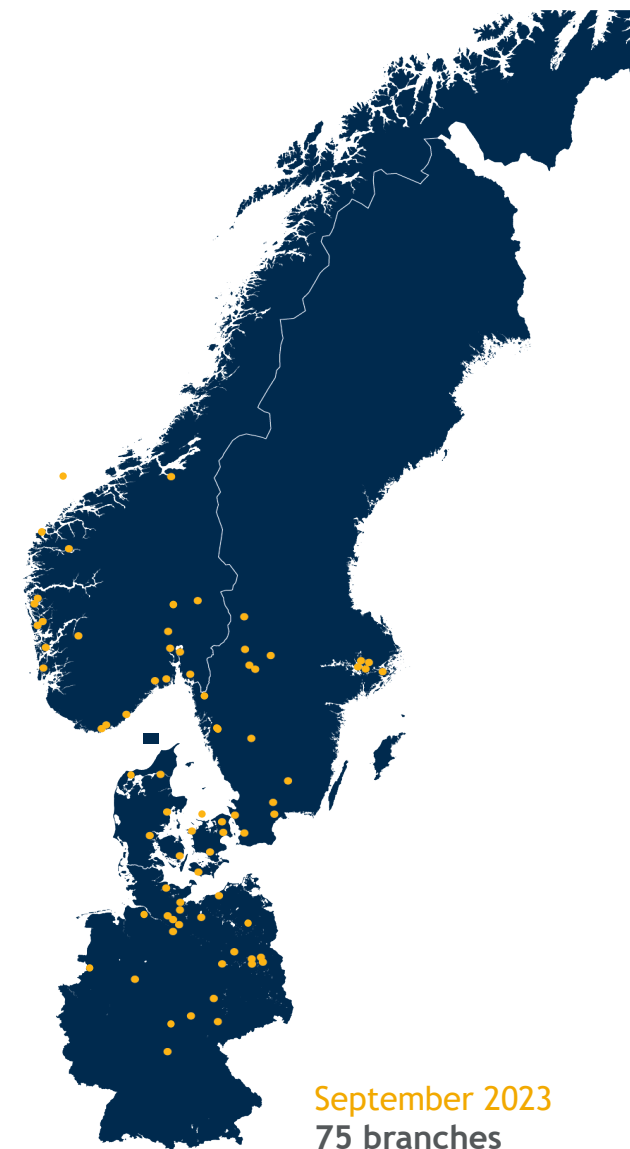
15.7% +1.5pp

Adjusted EBITA margin

*) Currency adjusted

Operational highlights

- Improved utilization drives revenues and profitability
- Norway achieved strong growth in revenues and profitability, with lower performing units picking up the pace
- Germany with good growth, but softer margins
- Sweden with strong growth combined with solid EBITA margin
- Denmark continue the improvements, increasing number of branches performing well
- Significant M&A pipeline, and two transactions closed after 30 September

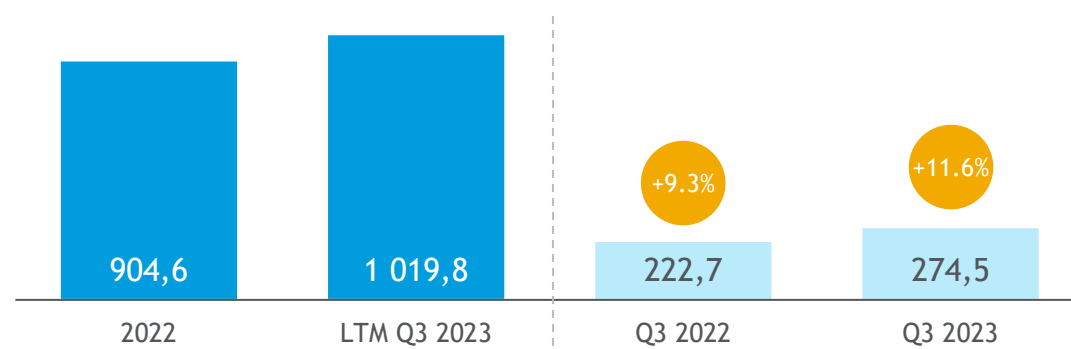


Norway: Strong growth and record-breaking profitability

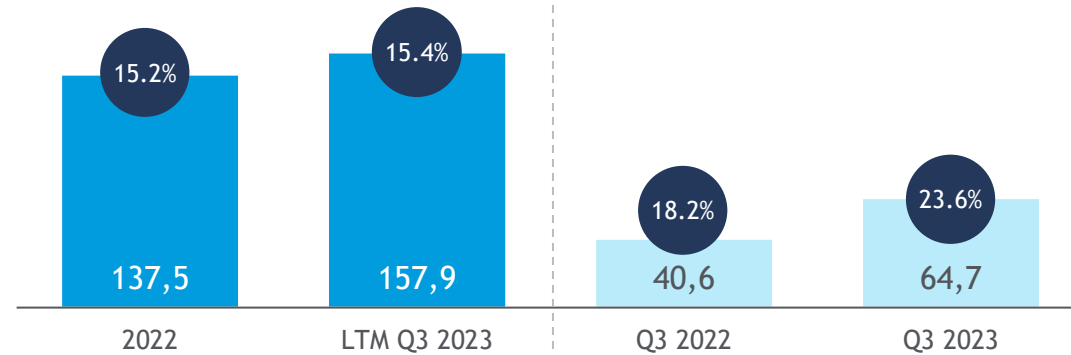


Operating revenue development

NOKm



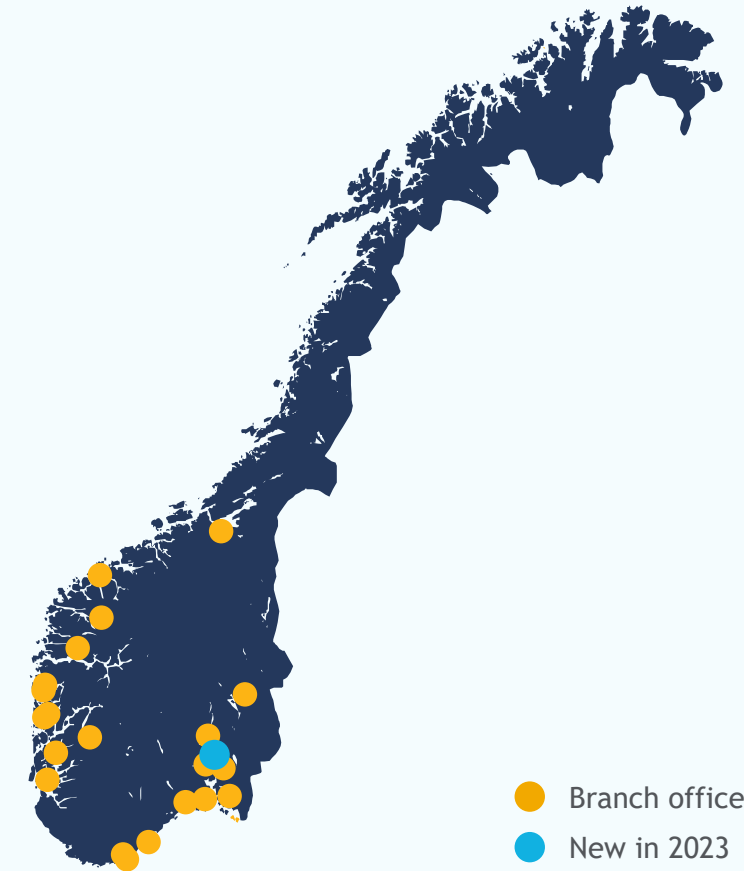
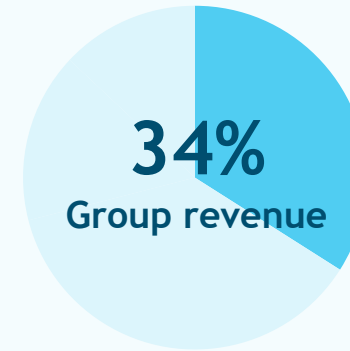
Adj. EBITA development



● EBITA margin

● Currency adjusted organic growth

Geographical footprint



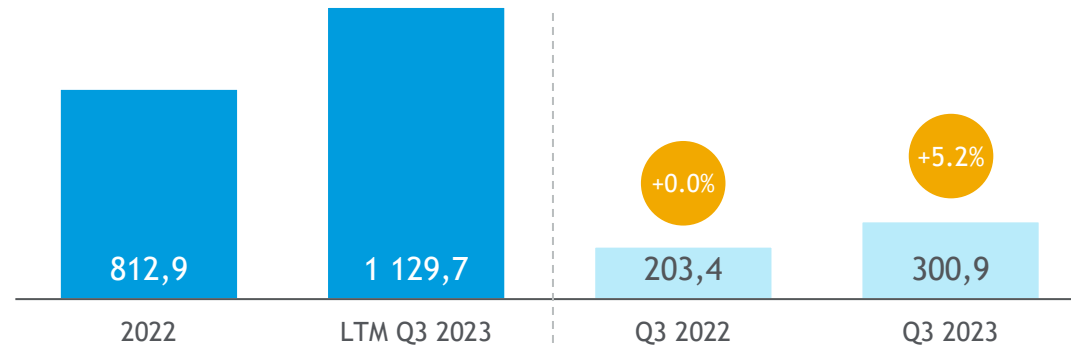
● Branch offices
● New in 2023

Germany: Strong total growth of 48%, softer margins

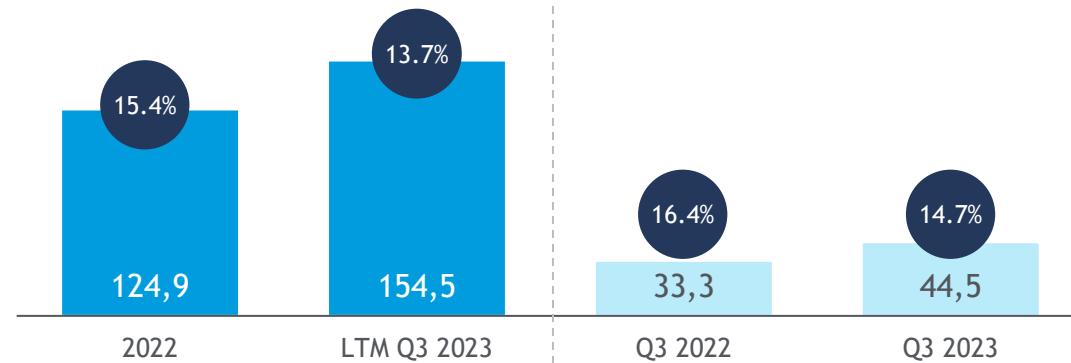


Operating revenue development

NOKm

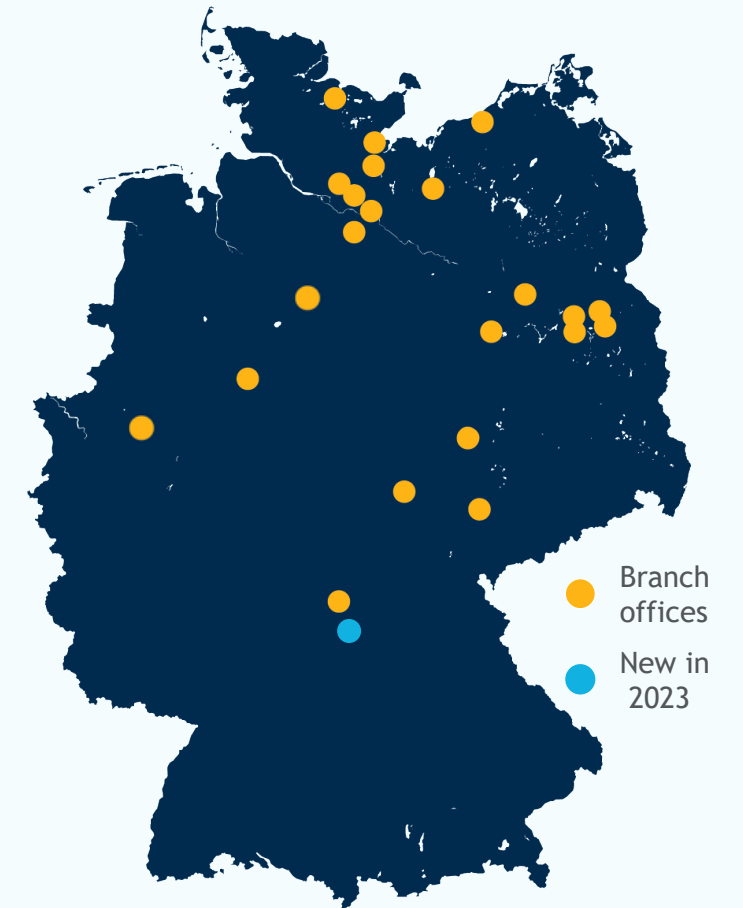
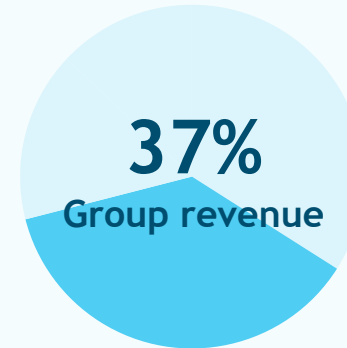


Adj. EBITA development



● EBITA margin

Geographical footprint

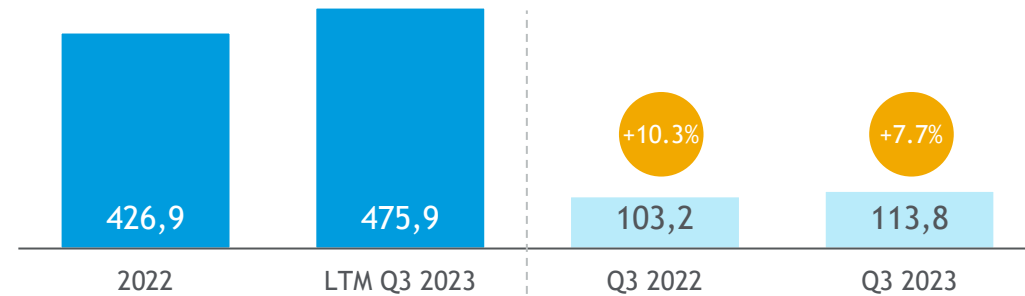


Sweden: Good growth combined with solid EBITA margin



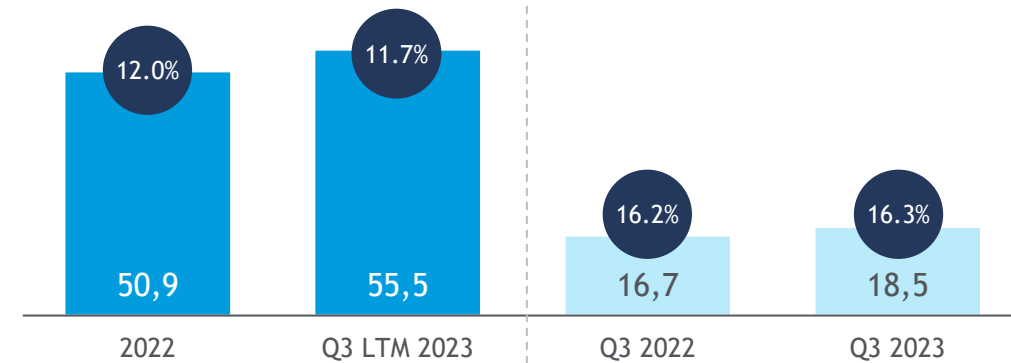
Operating revenue development

NOKm



● Currency adjusted organic growth

Adj. EBITA development



● EBITA margin

Geographical footprint



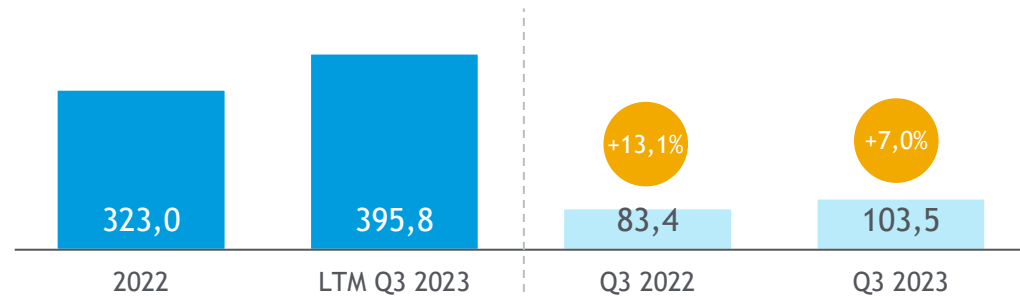
● Branch offices
● New in 2023

Denmark: Delivering on the improvement plan, EBITA-margin up by 3.5%-points in Q3

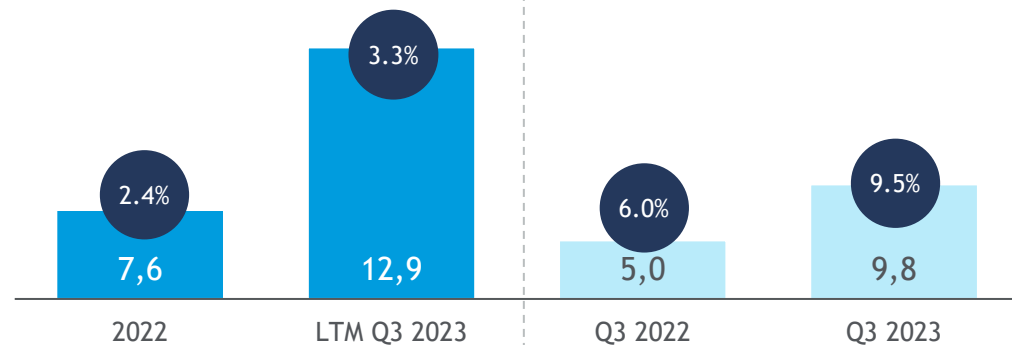


Operating revenue development

NOKm



Adj. EBITA development



● EBITA margin

● Currency adjusted organic growth

Geographical footprint

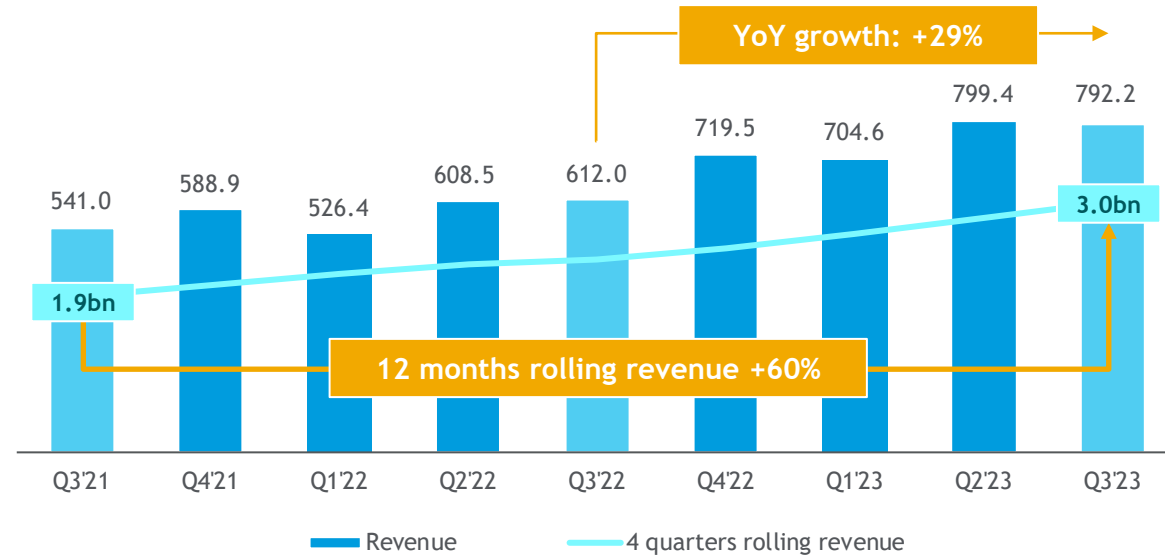


Good total revenue growth and record strong Adj EBITA in Q3

Efficient adaption of cost base and pricing to compensate for inflation

Quarterly operating revenue development

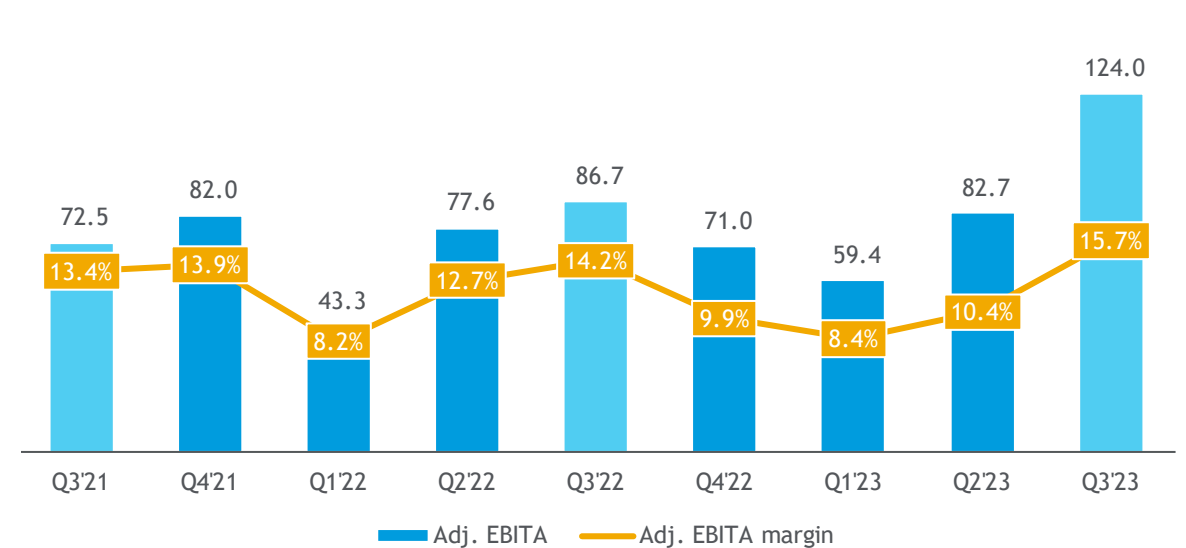
NOKm



- Total revenue growth of 29% in the quarter driven by acquired growth
 - 14.2% acquired growth
 - 7.8% currency adjusted organic growth
- On the path of reaching 2025 target of 4.5BN NOK of revenues

Quarterly adj. EBITA development

NOKm



- Adjusted EBITA at NOK 124 million +43%
- Adjusted EBITA margin increased to 15.7%
- Inflation resistant with a lag as adjustments take place in arrears.
- Strong cash flow from operating activities in YTD Q3

Improvement in EBT, EBIT, EBITA and EBITDA in Q3

- Strong growth
- Efficient operations
- Strong margins

| Jul-Sep 2023 | Jul-Sep 2022 | Growth | CONSOLIDATED STATEMENT OF PROFIT OR LOSS NOK million | Jan-Sep 2023 | Jan-Sep 2022 | Growth |
|--------------|--------------|------------|---|---------------|---------------|------------|
| 785 | 611 | 29% | Revenue from customer contracts | 2,277 | 1,733 | 31% |
| 7 | 1 | | Other operating income | 19 | 14 | 32% |
| 792 | 612 | 29% | Total operating revenue | 2,296 | 1,747 | 31% |
| | | | Operating expenses | | | |
| -134 | -78 | 72% | Operational service expenses | -374 | -210 | 78% |
| -303 | -249 | 22% | Personnel expenses | -935 | -749 | 25% |
| -111 | -96 | 15% | Vehicle operating expenses | -328 | -271 | 21% |
| -49 | -48 | 2% | Other operating expenses | -189 | -145 | 30% |
| 0 | 5 | | Other gains/losses | 0 | 5 | |
| -598 | -466 | 28% | Total operating expenses | -1,826 | -1,371 | 33% |
| 195 | 146 | 33% | Earnings before interest, taxes, depreciation and amortization (EBITDA) | 470 | 376 | 25% |
| -72 | -60 | 19% | Total depreciation | -212 | -175 | 21% |
| 123 | 86 | 44% | Earnings before interest, taxes and amortization (EBITA) | 258 | 201 | 29% |
| -13 | -9 | 44% | Total amortization | -35 | -24 | 42% |
| 110 | 77 | 44% | Earnings before interest and taxes (EBIT) | 224 | 176 | 27% |
| -22 | -7 | 206% | Net financial items | -14 | -7 | 99% |
| 88 | 69 | 27% | Profit before income tax (EBT) | 210 | 170 | 24% |
| -17 | -19 | -10% | Income tax expense | -51 | -43 | 17% |
| 70 | 50 | 41% | Profit for the period | 160 | 126 | 27% |
| 124 | 87 | 43% | Adjusted EBITA | 266 | 208 | 28% |
| 15.7 % | 14.2 % | 1,5 pp | Adjusted EBITA margin, % | 11.6 % | 11.9 % | -0.3 pp |

Strong balance sheet and significant headroom for continued growth

Balance sheet highlights

- Net debt of NOK 1,276 million in Q3'23, representing a Net interest bearing debt / Adj. EBITDA of 2.1x.
 - Significant headroom to financial covenant at 4.0x Net debt / Proforma Adj EBITDA.
 - Net interest nearing debt / Proforma Adj EBITDA as defined in loan agreement currently 2.1x.
- A. Goodwill amounted to NOK 1,669 million as of 30 September 2023, and impairment test shows ample headroom.
- B. Right-of-use assets referring to financial leasing of vehicles and property
- C. PPE primarily referring to vehicles and equipment used in the operational business
- D. Lease-liability NOK 850 m related to Right of use assets
- E. Non-current loan primarily refers to bank loans.

| NOKm | Note | 9/30/2023 | 12/31/2022 |
|--------------------------------------|------|----------------|----------------|
| Assets | | | |
| Goodwill | A | 1,669.0 | 1,508.7 |
| Intangible assets | | 149.6 | 152.4 |
| Right-of-use assets | B | 872.8 | 752.3 |
| Property, plant and equipment | C | 514.1 | 483.9 |
| Other non-current receivables | | 6.1 | 5.3 |
| Total non-current assets | | 3,211.5 | 2,902.5 |
| Inventories | | 20.1 | 12.7 |
| Accounts receivable | | 474.2 | 340.1 |
| Other current receivables | | 204.9 | 147.8 |
| Cash and cash-equivalents | | 221.0 | 204.7 |
| Total current assets | | 920.1 | 705.3 |
| TOTAL ASSETS | | 4,131.6 | 3,607.8 |
| EQUITY AND LIABILITIES | | | |
| Equity | | 1,962.2 | 1,729.2 |
| Deferred tax liability | | 87.7 | 80.5 |
| Non-current lease liabilities | D | 637.4 | 554.3 |
| Non-current loans | E | 641.3 | 533.5 |
| Other non-current liabilities | | 43.3 | 49.0 |
| Total non-current liabilities | | 1,409.7 | 1,217.3 |
| Accounts payable | | 192.4 | 135.8 |
| Taxes payable | | 31.8 | 21.3 |
| Current portion of lease liabilities | D | 212.0 | 179.5 |
| Current portion of loans | E | 5.7 | 11.5 |
| Provisions | | 46.3 | 52.0 |
| Other current liabilities | | 271.4 | 261.1 |
| Total current liabilities | | 759.7 | 661.2 |
| TOTAL EQUITY AND LIABILITIES | | 4,131.6 | 3,607.8 |
| Net debt | | 1275.5 | 1074.1 |
| Net debt/Adj. EBITDA | | 2.1 | 2.1 |

Lease liabilities account for approx. 70% of net debt

Comments

- Total net debt amounted to NOK 1,276 million as per 30 September 2023
- According to IFRS-16, all leases are capitalized. The lease liabilities amounted to NOK 850 million as per 30 September
 - Leasing payments next 12 months of NOK 212 million
- Depreciation of the leased assets is included in the total depreciation in the Profit and Loss statement
- Net debt excluding lease liabilities amounted to NOK 426 million as per 30 September 2023
- Of the NOK 1,100 million credit facility, NOK 500 million was unutilized and available as per 30 September 2023

Net debt breakdown

June 30, 2023

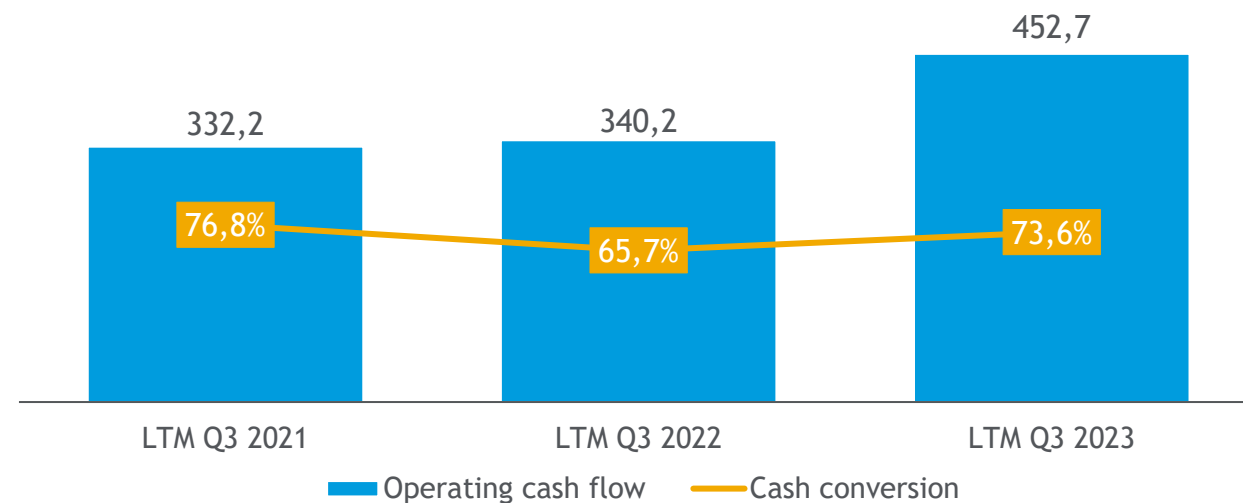
| NOKm | Current portion | Non-current | Total debt |
|---|-----------------|----------------|----------------|
| Buildings and property | 69.5 | 207.3 | 276.8 |
| + Vehicles and equipment | 137.7 | 425.4 | 563.1 |
| + Furniture, fixtures & other | 4.9 | 4.7 | 9.6 |
| = Total Leases liability IFRS 16 | 212.0 | 637.4 | 849.5 |
| + Loans | 5.7 | 641.3 | 647.0 |
| = Total Interest Bearing debt | 217.7 | 1,278.7 | 1,496.4 |
| - Cash and cash equivalent | | | 221.0 |
| = NIBD, including IFRS 16 | | | 1,275.5 |
| NIBD excluding building and property leases | | | 998.7 |
| NIBD excluding all IFRS 16 lease liability | | | 426.0 |

Strong cash flow from operating activities

Comments

- Achieved normalized cash conversion in Q3.
- Net working capital buildup is a result of strong Q3 but still need to be improved
 - Focus on improving cash conversion going forward
- Strong discipline on capital allocation

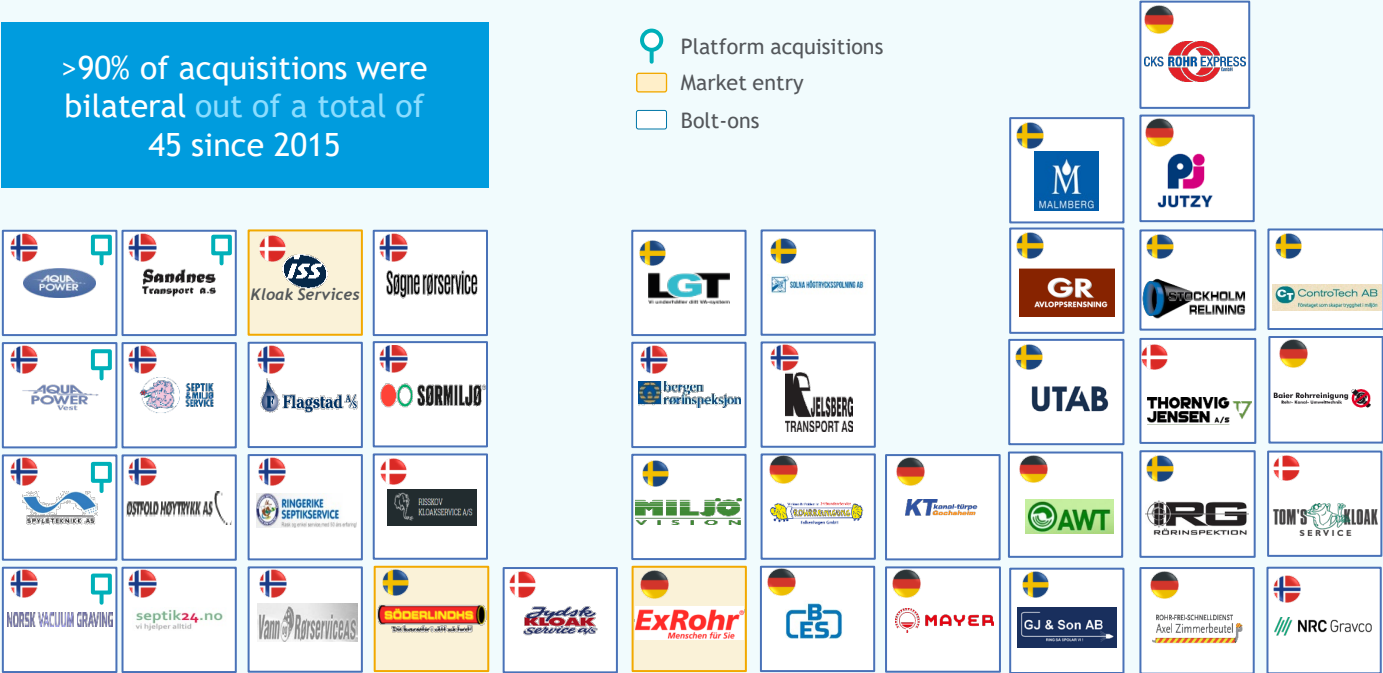
Net cash inflow from operating activities and cash conversion
NOKm



| NOKm | LTM Q3 2021 | LTM Q3 2022 | LTM Q3 2023 |
|---|-------------|-------------|-------------|
| Adjusted EBITDA | 432.5 | 518.0 | 614.9 |
| Net cash inflow from operating activities | 332.2 | 340.2 | 452.7 |
| Cash conversion | 76.8% | 65.7% | 73.6% |

Delivering on our M&A strategy

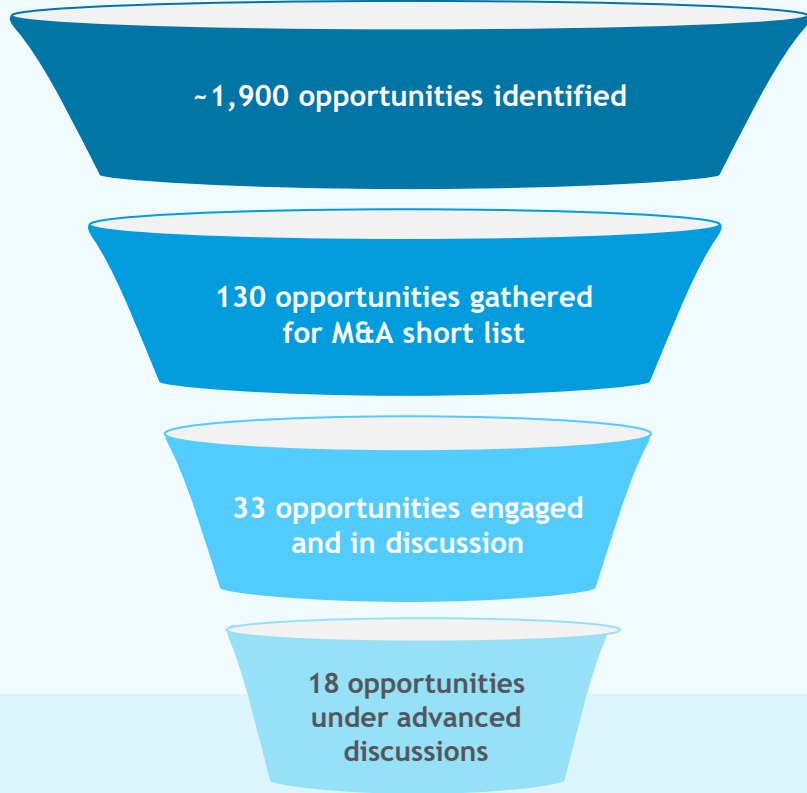
Group revenue and number of transactions¹



Statutory group revenue (NOKm)

| 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|------|------|------|-------|-------|-------|-------|-------|--------------------------|
| 146 | 512 | 902 | 1,004 | 1,287 | 1,523 | 2,025 | 2,466 | 3,016 ² (LTM) |

Rich potential M&A pipeline



Two new acquisitions in attractive markets



ControTech i Malmö AB

- Strengthening market position in Malmö/Skåne
 - Complementing Norva24 Söderlindhs in the greater Malmö area
- Long history of profitable operations
- Revenues of 35MSEK, strong profitability
- Current management, with General Manager Niclas Jönson, will continue to manage the operation going forward



Baier Rohrreinigung GmbH

- Strengthening market position in Bayern
- Complementing Kanal Turpe in Bayern, developing the close cooperation even further.
- Long history of profitable operations
- Revenues of 4.5MEUR, good profitability
- Current General Manager, Andreas Baier, will continue to manage the operation going forward

Well capitalized: On track to deliver on financial targets

| | | |
|--------------------------|----------------|---|
| Operating revenue growth | Organic growth | Target to achieve revenue of around NOK 4.5bn by 2025 while achieving an average organic growth per annum of at least in line with market growth |
| | Total growth | |
| Profitability | | Target to achieve an adjusted EBITA margin of 14-15% in the medium term |
| Capital structure | | Norva24's capital structure shall enable a high degree of financial flexibility and allow for acquisitions. Target steady state net debt ratio (including IFRS16 lease liabilities) of 2.5x adj. EBITDA for the last 12 months, temporary increase for M&A |
| Dividend policy | | As a part of Norva24's vision and strategy, it intends to reinvest cash flows into growth and expansion initiatives, including acquisitions, and as such does not expect to pay annual dividends to its shareholders in the medium term |

Key take-aways



Record numbers in Q3 23:
Solid growth and improved margins



Uniquely positioned in an
attractive growth market



Strong M&A activity and pipeline



On track to deliver on growth and
profitability targets



NORVA²⁴



Q&A