
HAVgroup

HAV GROUP ASA

Second quarter and half-year financial results 2023

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A sustainable future at sea
www.havgroup.no

Agenda

1. HAV Group in brief and Q2 highlights
2. Megatrends and strategy
3. Business update
4. Financials
5. Summary and outlook
6. Q&A



HAV Group: Enabling the green transition at sea



International provider of green technology and services for maritime industries



Vision: A sustainable future at sea



Renowned provider of maritime products, systems and integrated solutions



Special expertise in guiding the marine and maritime industries towards zero emissions

Q2 HIGHLIGHTS

Key developments

- Improved revenue and EBIT versus previous quarters
- Q2 figures positively affected by reversal of previously accounted provision of NOK 46.9 million
- Planned acquisition of Undheim Systems AS, adding dynamic positioning capabilities to HAV Group's product portfolio
- Industrialization partner for Pherousa Green Technologies AS, which is developing ammonia cracker capable of converting ammonia to fuel cell quality hydrogen
- Order intake of NOK 53.3 million in Q2

Subsequent events

- NOK 200 million contract to develop SOV for ESVAGT (17 July 23)

* (Not included in external backlog per Q2)

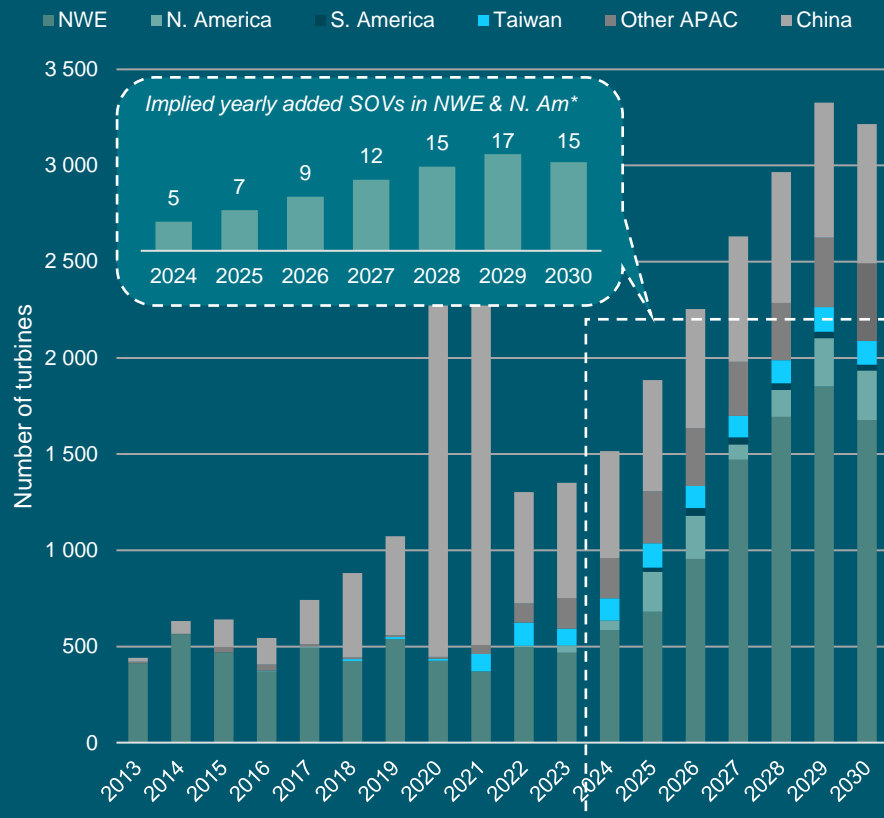
Operating income	EBIT	Profit before tax
NOK 200.3m	NOK 59.6m	NOK 58.7m

Cash balance	External backlog	Book-to-bill
NOK 259.4	NOK 514m*	x0.35

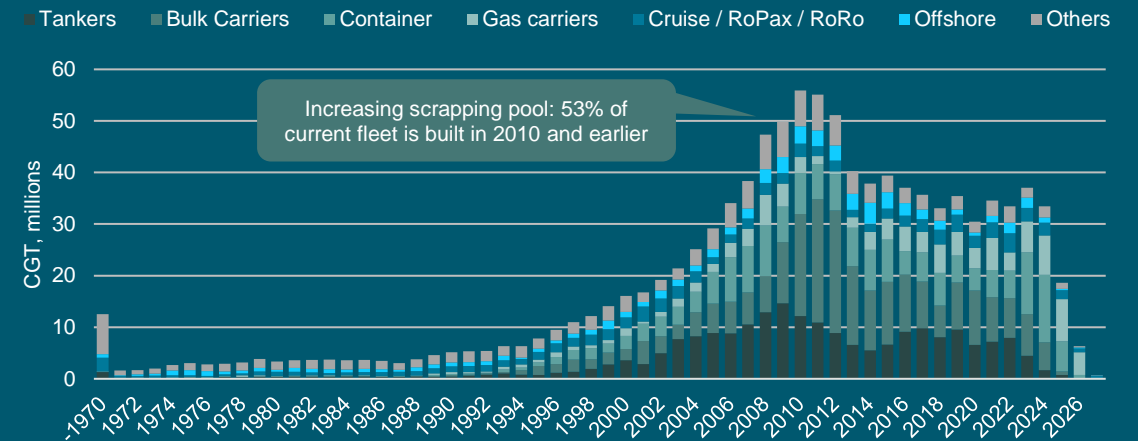
Maritime greentech megatrends and HAV group strategy

Maritime megatrends to accelerate growth of green technologies

Yearly offshore wind turbine installations



World merchant fleet by building year



- HAV is attractively positioned for the maritime megatrends encompassing **greener fleet renewal**, **tightening environmental regulation** and **increasing activity in offshore renewable energy**
- Number of **installed offshore wind turbines** expected to **grow substantially** in coming years, as estimated growth in total installed MW outgrows increase in turbine size
 - **North-West Europe** (“NWE”) estimated to be **key growth market** in absolute figures
 - Significant demand increase for SOVs estimated as number of turbines grow
- **Increasing demand for newbuilds** – Scrapping pool to grow significantly over the coming years, with **tightening regulation from green transition** and demand for **future-proofed technology**

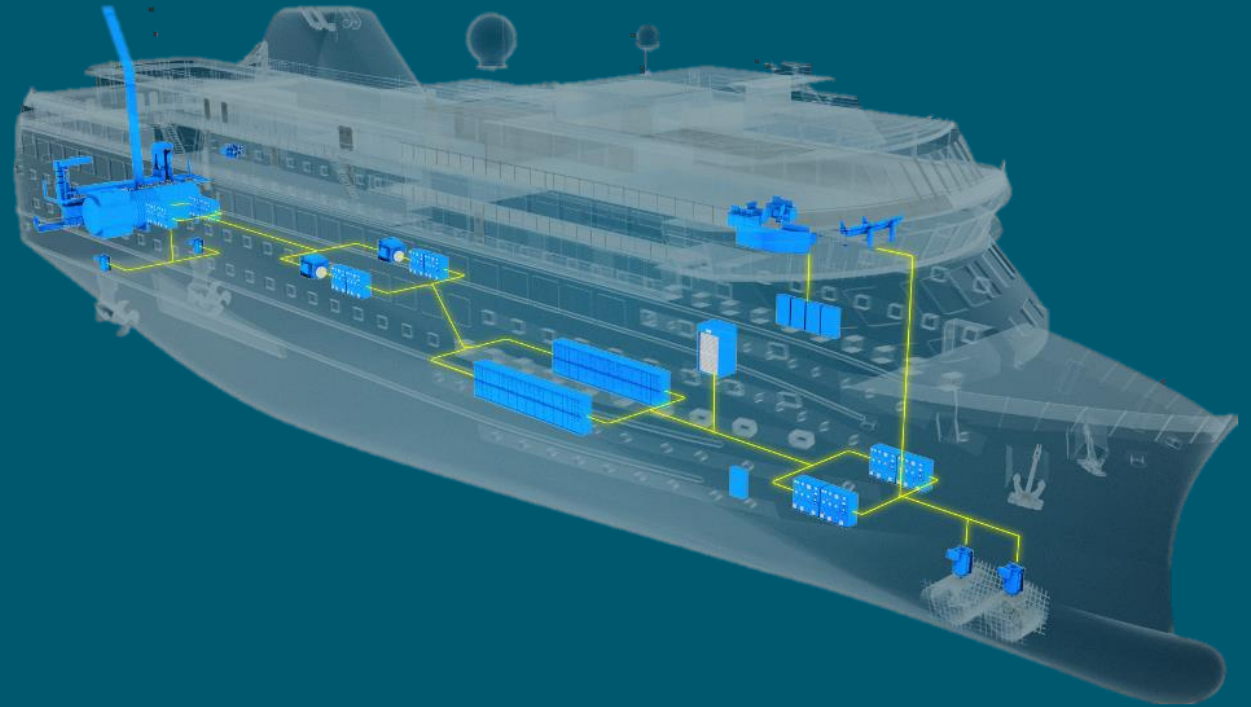
HAV Group perfectly positioned to leverage greentech maritime megatrends

Advise customers regarding selection of vessel parameters and technologies that enable them to increase their competitiveness and enable the green transition at sea

Pioneering innovations in the design and construction of zero-emission vessels and energy-optimized ship designs

World leading supplier of low/zero emission energy, propulsion and control systems

Supplier of highly energy-efficient, compact water purification systems



HAV Group value creation



STRATEGIC DEVELOPMENT

Actively taking part in the companies' strategic development to implement group strategy



COMPLEMENTARITY

Creating stakeholder value through collaboration and utilizing complementary knowledge and technology



SYNERGIES

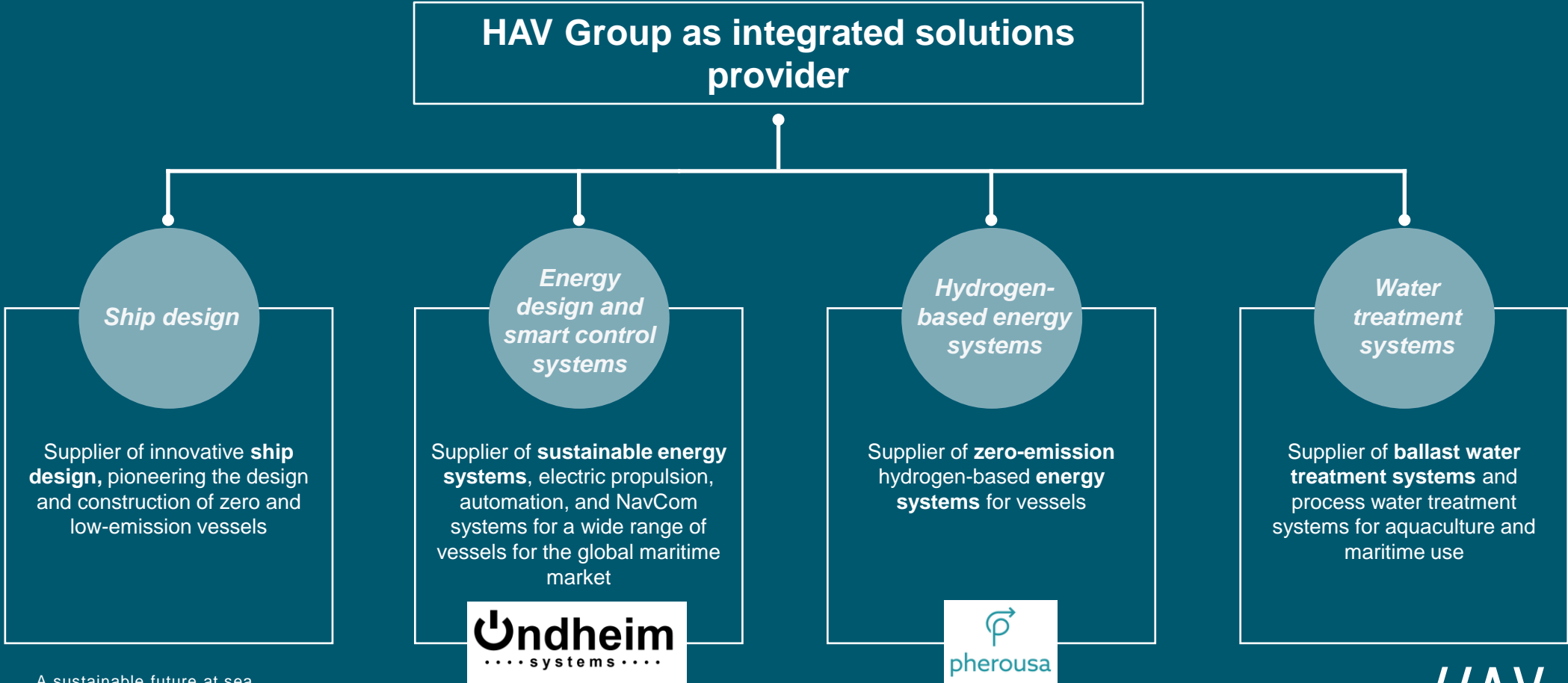
Extracting synergies through economies of scale and standardization of processes and systems



VALUE & GROWTH

Pursuing value accretive growth – organic and through M&A

HAV Group – Enabling the green transition at sea



Ship design

- Development of the most efficient vessels possible, covering every aspect of vessel **performance** and **functionality**, through:
 - Concept development
 - Detail design
 - Equipment selection
 - Procurement
 - Systems engineering
 - Integration
- **Simulation-based** ship design
 - Ability to analyse and document real-life performance of a vessel
- Sold designs for more than **120** vessel globally
- **Leading market position** within offshore wind, electric ferries and aquaculture

Q2 highlights

Event subsequent to end of Q2:

- Repeat order: HAV Group to develop methanol-fuelled **SOV** for **ESVAGT**
 - Scope: ship design and integrated equipment package including propulsion system, engines, propellers and positioning system
 - Contract value approximately **NOK 200 million**



Energy design and smart control systems

- Supplier of **low and zero-emission** energy, propulsion and control systems for the global marine market
- **Energy design from bridge to propeller:** knowledge about vessel operations and competence in integrating energy sources allows design of optimal power and propulsion systems
- **Smart control:** Software platforms for navigation, automation and control to ensure efficient and safe operations

Q2 highlights

- Acquisition of **Undheim Systems**
 - Adds dynamic positioning and autonomous vessel capabilities
 - Allows HAV Group to provide solutions that control all vessel speeds and enables semi-autonomous functionality
 - Closing expected Q3 2023
- Expected conversion projects have been terminated/postponed due to Enova's reduced financial support for battery installations
- IMO's revised GHG reduction strategy for global shipping (see below) expected to drive adoption of low and zero emission solutions



IMO's revised GHG reduction strategy for shipping

Objectives:

- Strengthen energy efficiency **design requirements** for ships
- **Reduce** annual **GHG emissions** from international shipping by:
 - Minimum 20%, striving for 30%, by 2030, compared to 2008
 - Minimum 70%, striving for 80%, by 2040, compared to 2008
- Uptake of **zero or near-zero GHG emission technologies**, fuels and/or energy sources to represent at least 5%, striving for 10%, of the energy used by international shipping by 2030
- Basket of mid-term GHG reduction measures to be finalized and agreed by 2025 – **moving from “soft” to “hard” requirements** for the shipping industry

Hydrogen-based energy systems

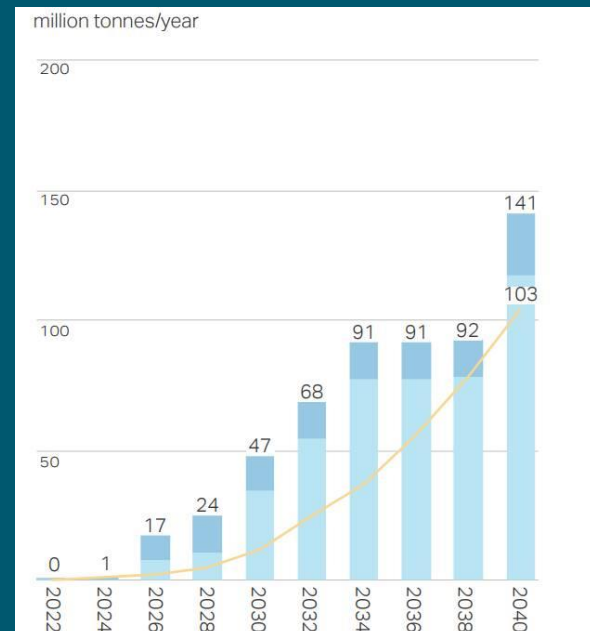
- Complete and scalable **zero-emission** hydrogen-based energy systems
- Suitable for vessels **newbuilds** and **retrofits**
- Granted preliminary approval by the Norwegian Maritime Authority for a maritime-based energy system with liquid hydrogen tank below deck from the Norwegian flag
- Leading competence in guiding clients in selecting and implementing the optimal technology for hydrogen based zero-emission fuels giving the lowest TCO

Q2 highlights

- Continued high interest in hydrogen-based **Zero Emission Pod**
- Adding **ammonia** to HAV Group's product portfolio
 - HAV Group industrialization partner for Pherousa Green Technologies
 - Develops ammonia cracker capable of converting ammonia to fuel cell quality hydrogen on board
 - Close to market breakthrough via six newbuild Ultramax dry bulk carriers
 - 120 ports equipped with ammonia trading facilities, can solve storage and infrastructure challenges hydrogen face as marine fuel



Ammonia ship fuel market expected to grow



- Expected alternative ammonia demand from the shipping industry based on orders of ships and industry's own indication of future investments vs. their expected global supply based on announced project development plans between 2022 and 2040*

— Expected demand for alternative fuels

Expected supply of alternative fuels:

- e-ammonia
- Blue ammonia

Water treatment systems

- **Ballast water** treatment systems (BWTS) for ships
 - Compact and highly flexible systems with very low energy consumption
 - For retrofit and vessel newbuilds
- **Process water** treatment systems for the aquaculture industry:
 - Live fish carriers
 - Land-based aquaculture
- Sold **700+** systems worldwide
- IMO and USCG certified

Q2 highlights

- Recurring business represents increasing proportion of revenue
- Successful delivery of first ATEX system to oil tanker, increases market potential for HAV Group's BWTS technology
- Contract for 4 + 2 BWTS systems to European frigate programme

Event subsequent to end of Q2:

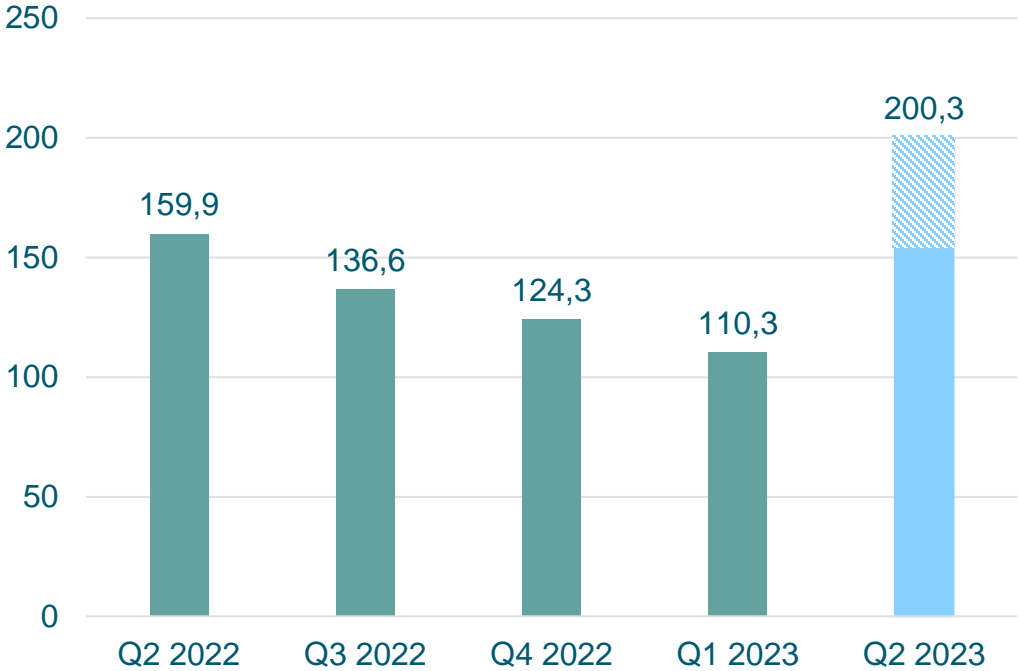
- Contracts with Chinese Yantai CIMC Raffles Offshore Ltd. for delivery of two large ballast water treatment systems for the newbuilds to Havfram Wind (see photo below)



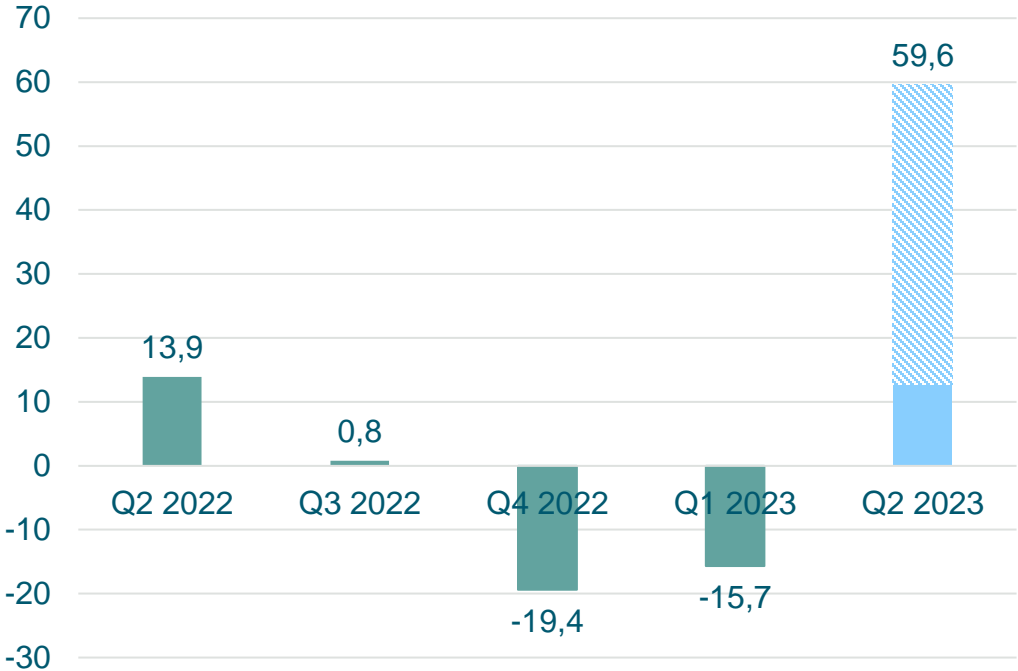
Financials

Revenue and EBIT development

Revenue



EBIT



 One-off effect of NOK 46.9 million related to reversal of previously accounted provision

Q2 2023 key financials

NOKm	Q2 2023*	Q2 2022	YTD 2023*	YTD 2022	2022
	unaudited	unaudited	unaudited	unaudited	Audited
Operating income	200.3	159.9	310.6	358.7	621.8
EBITDA	63.8	18.4	52.2	30.6	19.7
EBIT	59.6	13.9	43.9	22.0	2.0
EBIT Adjust.*	12.7	13.9	-3.0	22.0	2.0
Net finance	-1.0	3.4	1.6	-0.6	2.3
Net profit/loss	58.7	16.8	45.5	21.4	4.3
<i>EBIT margin</i>	<i>29.8 %</i>	<i>8.7 %</i>	<i>14.1 %</i>	<i>6.1 %</i>	<i>0.5 %</i>

Comments

- As the business is largely project-driven, periodic fluctuations will occur
- Q2 2023 an improvement versus previous quarters
- HAV Group's decision to maintain capacity to be able to fully capitalize on forthcoming growth opportunities is still affecting financial results

**Q2 2023 figures include one-off effect of NOK 46.9 million related to reversal of previously accounted loss provision.
- EBIT Adjust: excluding one-off effect.*

Ship design

NOKm	Q2 2023*	Q2 2022	2022
Operating income	105.9	31.1	155.4
EBIT	55.3	8.0	10.7
Profit before tax	55.5	11.6	10.5

Water treatment systems

NOKm	Q2 2023	Q2 2022	2022
Operating income	53.9	63.6	226.7
EBIT	2.7	5.2	24.5
Profit before tax	2.1	5.1	23.3

Energy design & smart control systems

NOKm	Q2 2023	Q2 2022	2022
Operating income	42.6	67.9	268.6
EBIT	6.1	4.1	-17.3
Profit before tax	6.6	4.2	-10.7

Hydrogen-based energy systems

NOKm	Q2 2023	Q2 2022	2022
Operating income	0.1	0.5	2.8
EBIT	-1.6	-1.5	-5.4
Profit before tax	-1.8	-1.5	-5.6

Q2 2023 balance sheet

NOKm	Q2 2023	Q2 2022
	unaudited	unaudited
Non-current assets		
Total intangible assets	81.0	77.7
Fixed assets		
Total tangible fixed assets	12.0	4.5
Financial fixed assets	2.2	2.1
Total fixed assets	95.1	84.2
Current assets		
Total receivables	213.0	187.0
Cash and bank deposit	259.4	299.7
Total current assets	472.4	486.8
Total assets	567.6	571.0

NOKm	Q2 2023	Q2 2022
	unaudited	unaudited
Equity		
Total equity	141.9	138.6
Liabilities		
Total provision for liabilities	8.1	6.3
Total long term liabilities	45.8	62.5
Total current liabilities	379.9	370.0
Total liabilities	425.7	432,5
Total equity and liabilities	567.6	571.0

Comments

Assets:

- Cash and bank deposit increased by NOK 35.5 million and total receivables increased by NOK 42.7 million from year end.

Total liabilities:

- Total liabilities increased from NOK 367.3 million at year-end 2022 to NOK 425.7 million per Q2.2023. Main reason is increase in advance payments from customers and increase in account payables.

Equity:

- Total equity has increased by NOK 29.3 million to NOK 141.9 million in Q2 2023. This is mainly caused by retained earnings in the period. Purchase of own shares reduced equity by NOK 16.8 million.
- Equity ratio has increased from 23.5% year-end 2022 to 25.0% per Q2.2023.

Q2 2023 cash flow statement

NOKm	Q2 2023	H1 2023	Q2 2022	H1 2022
	Unaudited	Unaudited	Unaudited	Unaudited
Cash flow from operations				
Net cash flow from/to operating activities	32.7	81.2	-44.2	-23.1
Cash flow from investments				
Net cash flow used in investments activities	-5.5	-17.3	-13.7	-16.4
Cash flow from financing activities				
Net cash flow used in financing activities	-8.0	-28.3	-15.6	-36.7
Net change in cash and cash equivalents	19.3	35.6	-73.5	-76.2
Cash and cash equiv. recognized in the balance sheet	259.4	259.4	299.7	299.7

Comments Q2

Positive cash flow from operations

- Driven by increase in advance payments from customers. The reversal of previously accounted provision has net zero effect in cash flow from operations.

Negative cash from investments

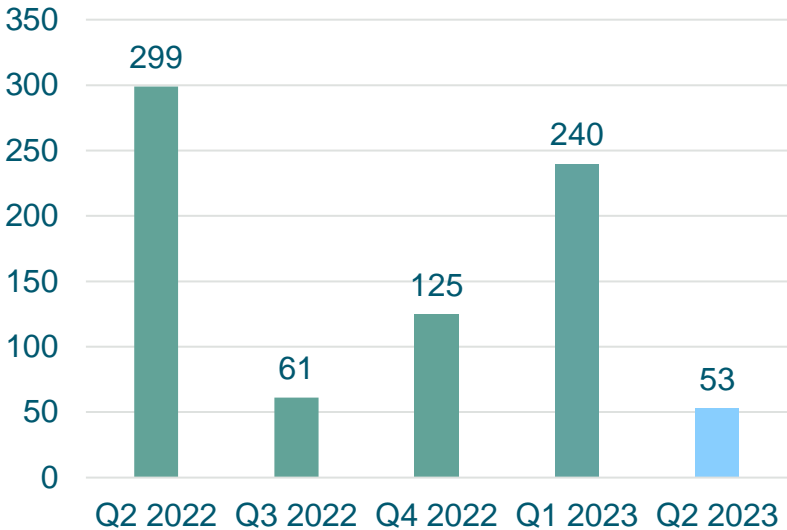
- Mainly related to investment in R&D

Negative cash from financing

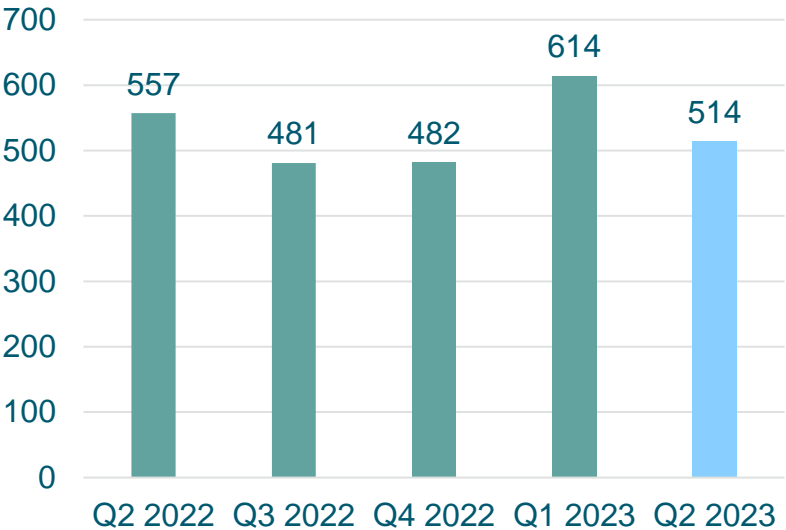
- Purchase of own shares:
NOK 2 million
- Installments & interest payments:
NOK 6 million

Order intake fluctuates from quarter to quarter

Order intake per quarter

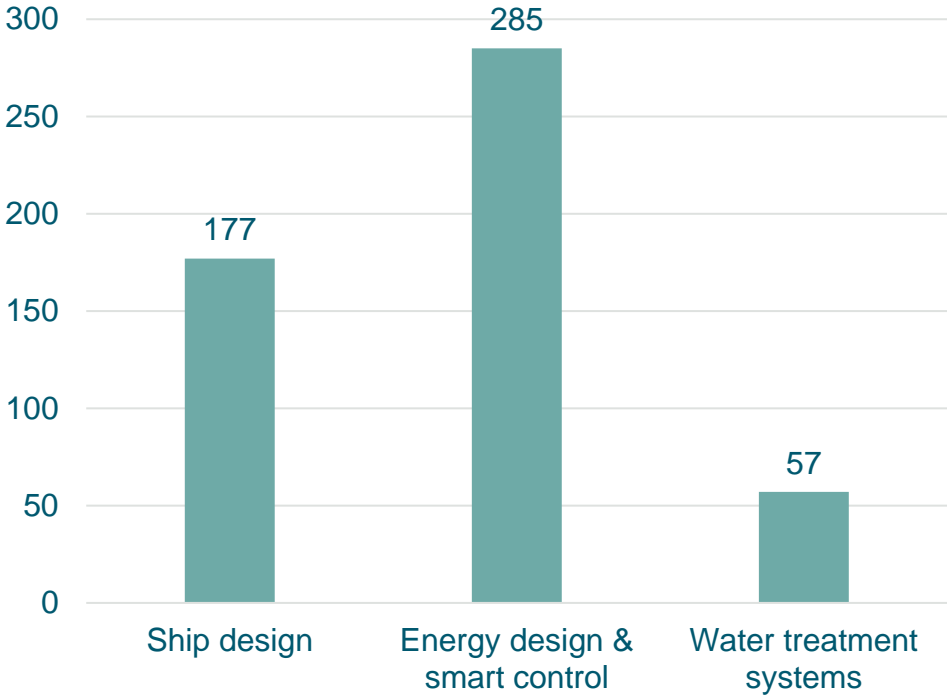
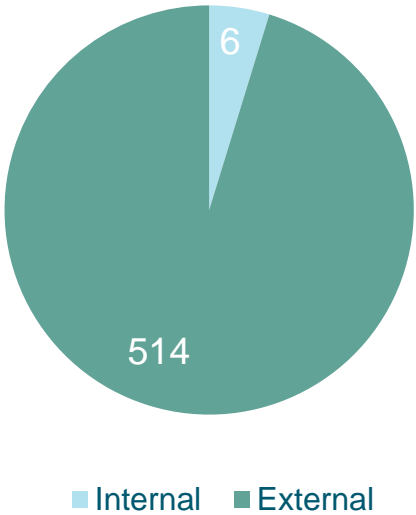


Order backlog development



NOK 200 million contract to develop SOV for ESVAGT (17 July 23) is not included in external backlog per Q2)

Order backlog: segment breakdown



Comments

- For water treatment systems, "fleet-agreements" signed by different ship owners are not included in the official backlog figures

Subsequent event:

- NOK 200 million order for both ship design and an integrated equipment package to vessel owned by Esvagt not included in the backlog per Q2.

Summary and market outlook

Why invest



Strong fundamentals and megatrends for maritime greentech



Perfectly positioned to leverage the green maritime megatrends



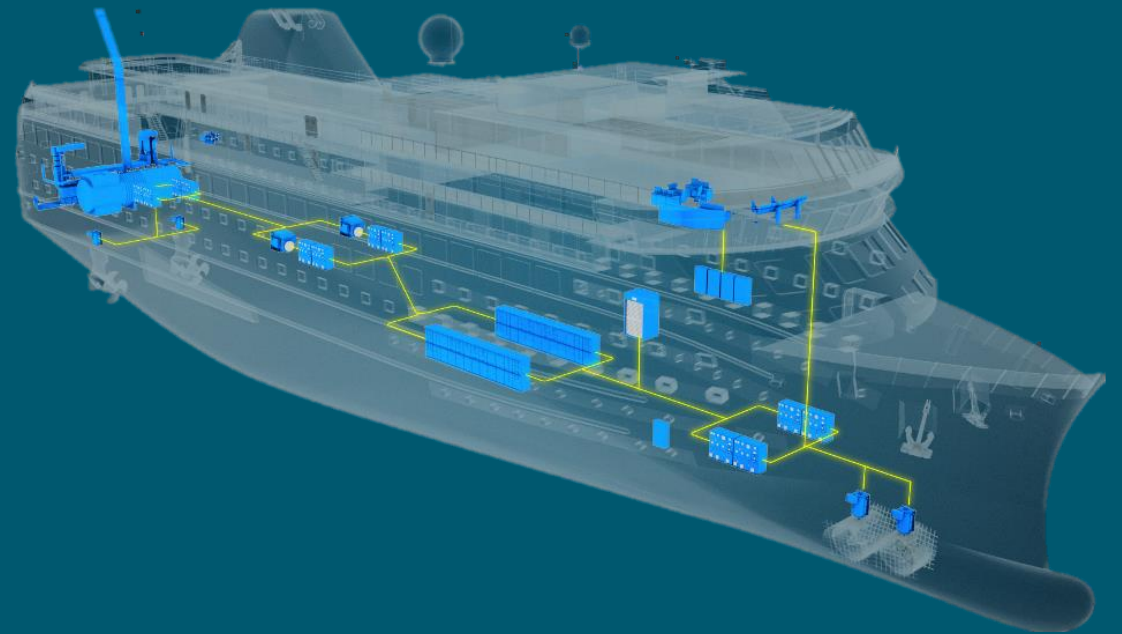
Track-record of profitable operations and robust balance sheet



Solid position for value creation

Outlook

- Global megatrends, including regulatory changes, provide incentives and requirements for the maritime industry to reduce the environmental footprint short and long term. IMO's revised GHG reduction strategy for shipping expected to further enhance this development.
- HAV Group possesses the technologies and products that enable the green transition at sea.
- The global maritime market outlook is more positive, but certain investment decisions are being delayed. This, in combination with differences in project mix, is expected to result in weaker margins in H2 2023 compared to H1 2023. HAV Group is currently utilizing excess capacity in projects aimed at improving the group's competitive position to be able to fully capitalise on the forthcoming growth opportunities.
- HAV Group reiterates 2025 revenue outlook of NOK 1.3 billion, with periodic fluctuations reflecting the project-driven business.



Q&A