

# Eqva ASA

## Third quarter results 2022

16 November 2022

# Agenda

1. Eqva ASA | Business overview
2. Q3 2022 financial and operational status
3. Strategy and outlook

## Enclosure

- Consolidated financial statements

# Havyard becomes Eqva

To reflect the company's growth strategy and its transformation to a fully integrated service company, which contributes to green transition in maritime, power intensive and renewable industries.

The name Eqva was formed by combining the letters "eq", the starting point of the words equal, equity and equality, and "va" the starting point of the word's "variety" and "value" – words that reflects the company's strategic priorities.

The "va" also brings association to the Norwegian word for "Water" (Vann), signaling a company proud of its origin as a maritime company, and who wants to use its over 100-year long history of expertise in its positioning.



# This is Eqva

A knowledge-based active owner of industrial service companies that contribute to the green transition in maritime, power intensive and renewable industries



Maritime service provider with attractive location, strong infrastructure and skilled organisation



Full-service provider of technical, sustainable solutions and services to maritime and landbased industries



A specialised hydropower plant developer and operator



# Potential for significant value creation for customers and shareholders

## A complementary service offering across the value chain

- Strong pipeline of potential projects, can potentially lead to volume uptick in 2023 and 2024
- Catalyst for further sustainable growth on the west coast of Norway where both companies operate
- Synergies between BKS and Havyard Leirvik to be utilized
  - Complementary service offering across the value chain
  - Improved utilisation of work force and facilities
  - Strong expertise within service and maintenance

**BKS**

Eqva's companies deliver integrated services across the value chain from idea to delivery

**HAVYARD**

# Eqva's business platform

## Strong foundation for further value creation



### **Broad service offering to maritime and landbased industries**

*Positioned in industries where we can make a change for a more sustainable future and create attractive shareholder value.*



### **Long history**

*Building on our over 100-year long history of expertise to create innovative, competitive, profitable and sustainable solutions and services for our customers.*



### **Our people**

*Performance-driven culture - focus on environment, safety and superior quality in everything we do.  
450 employees within the group with complementary competences.*



### **Preferred by customers**

*Recognised for our contribution to enable the green transition.  
Strong partnerships and trust.  
Focus on high quality in every delivery.*

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# Q3 2022 highlights

## Operational highlights

- “Signature projects” delivered and in progress during Q3 (marine fuel cell, pipe installation in biotech factory)
- Increasing activities at the yard within new segments (aquaculture and land-based industry) – will strengthen utilization of the infrastructure and competence
- Establishment of real estate division within the group

## Financial highlights

- Solid underlying operations in the group companies
- The macroeconomic environment has influenced financial performance
  - We see that key customers within the maritime segment reduce their budgets – hence projects are delayed which impact the volumes at Havyard Leirvik in 2<sup>nd</sup> half of 2022
  - Uncertain macro-environment in the Norwegian maritime industry due to the proposed aquaculture tax
- High tender activities with key customers in Productions, solutions & renewables

## Consolidated financial figures YTD Q3 2022 (all in NOK)

Revenues <b>452 million</b> (Q3 125 million)	EBITDA* <b>YTD 12 million</b> (Q3 -1.1 million)
Order book <b>230 million</b>	Equity ratio <b>47 %</b>

\*All figures in this slide are pro forma figures for the full year 2022 and comprises the group's subsidiaries including BKS and Fossberg Kraft acquired in June 2022. See appendix for consolidated reported figures (unaudited). EBITDA adjusted for transaction- and restructuring costs at mNOK 2 mill. during Q3 / mNOK 13 YTD pr. Q3)



# Q3 2022 highlights – key projects

## Marine fuel cell system

- Decarbonising marine transportation is becoming increasingly relevant for our customers, and a special focus area for Eqva.
- Eqva recently completed delivery of a test facility for a new innovative hydrogen fuel project at the west coast of Norway.

## Pipe system for biotech processing plant

- Eqva successfully completed a project at a food and processing plant in the third quarter, an example of how Eqva's expertise is highly relevant for landbased industries.
- Total contract value of NOK 40 million.

# Maritime services

## Key events

- Transition from newbuilding to services in 2022
  - New strategy implemented, which implies lower risk and less volatility
- Leading position within electrification and hybridization of vessels
  - Large electrification project ongoing, expects completion in the beginning of 2023
- Hazy market outlook due to general macroeconomic environment
  - Customers reduce their budgets - contract award processes takes time, and some projects are put on hold/cancelled
  - Proposed resource tax on aquaculture has affected the entire Norwegian maritime sector
- Havyard Leirvik is diversifying its operations to include activities towards aquaculture and land-based industry
  - Aims to increase utilization of the infrastructure at the plant
  - Several upcoming projects in tender phase – expected to give significant volumes in 2023

## Pro forma figures YTD Q3 2022

(all in NOK)

Revenues <b>172.4 million</b> (Q3 46.4 million)	EBITDA <b>8.4 million</b> (Q3 2.8 million)
Order book <b>92 million</b>	EBITDA margin <b>5 %</b> (Q3 6%)

# Products, solutions & renewables

## Key events

- Improving underlying operational performance in BKS
  - Lower capacity utilization than optimal YTD Q3 2022 due to some projects moved to Q4 2022/start of 2023
- Frame agreements with increasing volumes - secure steady operations going forward
  - High tender activity within key segments – indicates high order intake into 2023
- Positive outlook for **BKS** short term, despite general market uncertainty and recent turbulent macroeconomic environment
  - Well positioned for further increase in revenue and margin increase in Q4 2022 and first half of 2023
- Positive outlook for **Fossberg Kraft**
  - Two new projects in the order book for execution in 2023

## Pro forma figures YTD Q3 2022

(all in NOK)

Revenues <b>276.2 million</b> (Q3 78.2 million)	EBITDA <b>9.4 million</b> (Q3 0.7 million)
Order book <b>138 million</b>	EBITDA margin <b>3 %</b> (Q3 1 %)

# Segment overview

## Group consolidated financial figures Q3 2022

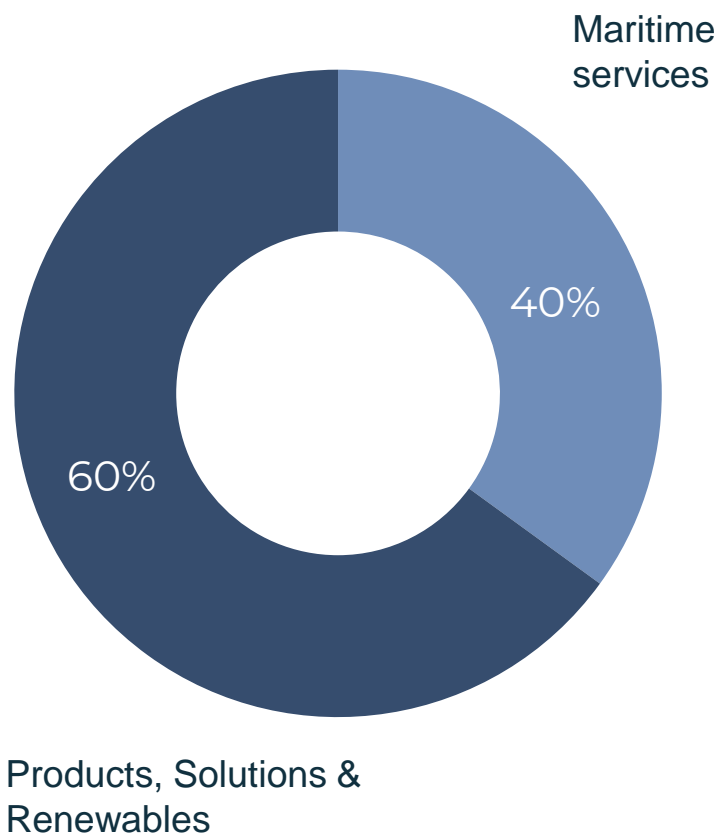
(all in NOKm)

	Maritim Service	Products, Solutions & renewables	Other/elim.	Eqva Group consolidated Q3 2022
Revenues	46.4	78.3	0.4	125.2
Materials and consumables	34.4	18.2	0.2	52.8
Payroll expenses	8.9	48.3	1.1	58.3
Other operating expenses	0.4	11.1	3.8	15.3
Adjusted EBITDA*	2.8	0.7	-4.7	-1.1

*\*EBITDA is adjusted for non-recurring items amounting to mNOK 2 in Q3 2022 due to transaction/restructuring costs (adjustment done on other operating expenses in segment Other/elim.)*

# Timing of projects impacted by market uncertainty

## Order book divided by segment (%)



### Order book in Maritime Service at mNOK 92

- Electrification project
- Engine change
- Various service projects

### Order book in Products, Solutions & Renewables at mNOK 138 BKS

- Combination of projects and frame agreements supports increasing activities in Q4 and into 2023
- High tender activities with key customers

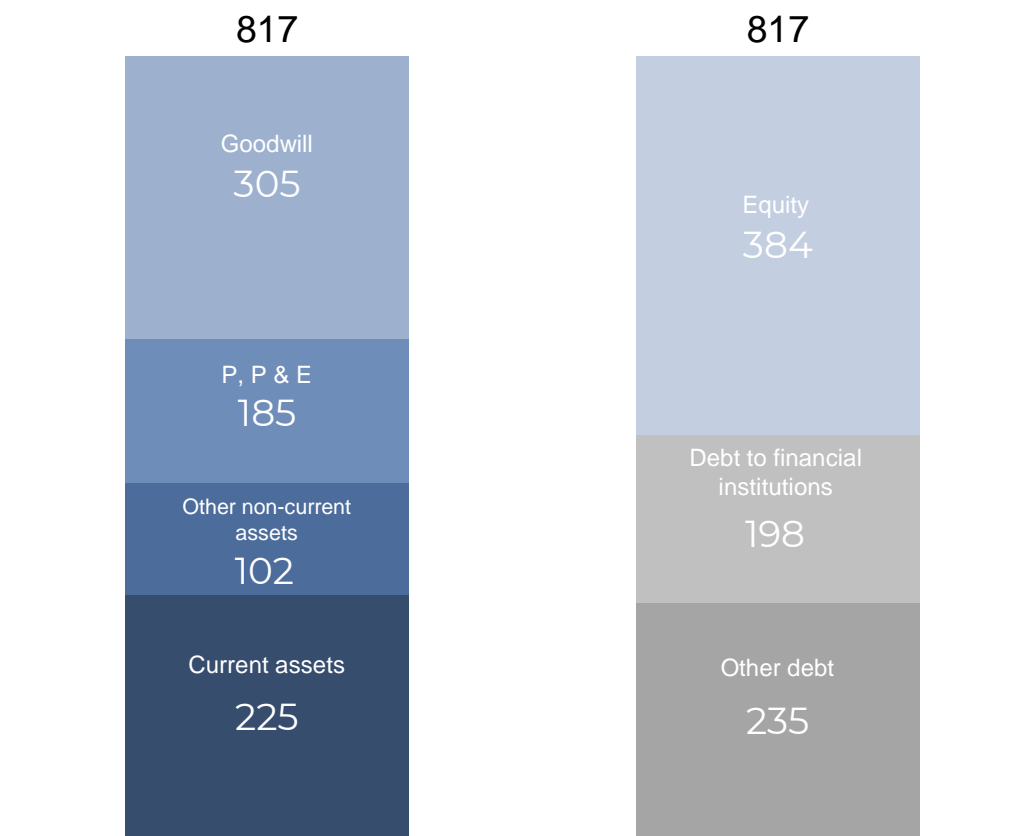
### Fossberg Kraft

- Two power plants under construction
- A list of prospects to be converted to projects creating revenues in 2023



# Q3 Balance sheet

As of 30 September 2022 (NOKm)



- Total assets and liabilities at stable levels during the quarter
- Equity ratio of 47 per cent
- Total debt decreased from NOK 436 million by the end of second quarter to NOK 433 million in the end of third quarter.
  - Total outstanding debt to credit institutions increased from NOK 181 million to NOK 198 million (of which construction loans amount to NOK 40 million)
  - Seller's credit of NOK 25 million following the transaction in June
- Net interest-bearing debt\* NOK 100 million as of 30 September
- Compliant with loan covenants as of 30 September.

\*NIBD : Debt to financial institutions less unrestricted cash. Construction loans not included in definition of NIBD

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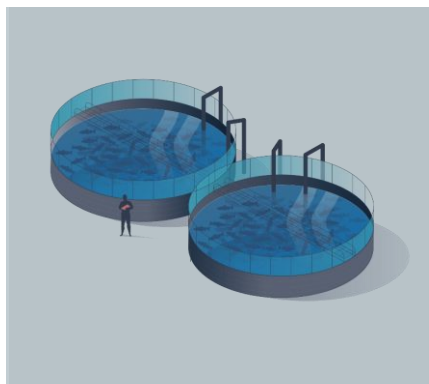
- Consolidated financial statements

# Long-term key market drivers

Despite current macroeconomic uncertainty, strong underlying demand for our services

Key markets characteristics in a low-carbon economy

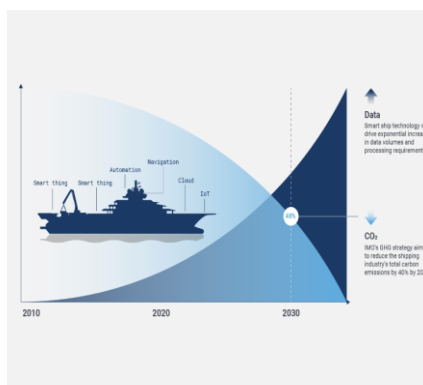
Decarbonising  
and emission  
cuts



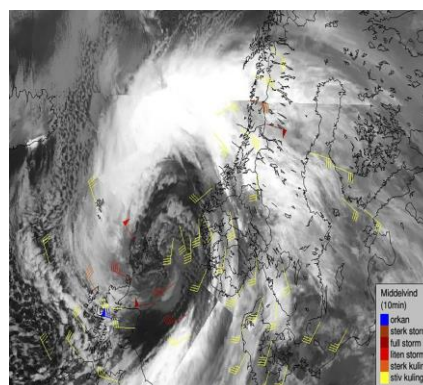
Climate change  
adaption



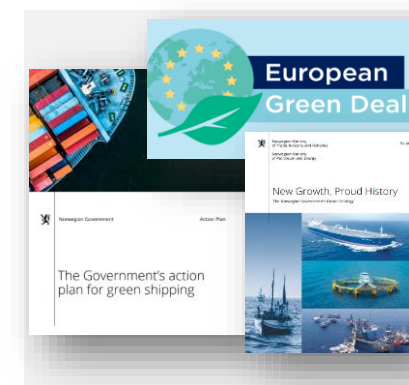
**Stricter  
regulations** and  
increased legal and  
political pressure



Circular  
economy



Efficient  
technology



# Eqva will be a driving force in the transition to a sustainable economy



ESG is integrated in corporate governance structures and industry strategies

We work proactively with our customers in the transition process

Havyard aims to be a frontrunner on ESG, and a strategic priority is to increase the quality of its sustainability reporting initiatives in 2022-23

## Strategic priorities in for FY'2022

- Materiality assessment
- Determine ambition level for sustainability reporting
- Start work and facilitation of full sustainability report to be written in accordance with GRI recommendations
- Identify main focus goals among the UN's 17 Sustainable Development Goals



# Overview of financial guidance

- Revenues in 2022 is expected to be above initial targets
- Taking a more cautious stance on 2022 EBITDA-guidance due to market uncertainty in the Maritime Service segment in particularly
- Further growth in volumes expected into 2023 for both segments combined
- The EBITDA margin is reduced to 4-6 per cent, but still aims to reach the original target of 7-8 per cent

## Financial guidance (NOK million)

FY'2022 revenue  
**600-650**

FY'2022 EBITDA  
margin\*  
**1-3%**

FY'2023 revenue  
**600-700**

FY'2023 EBITDA  
margin  
**4-6%**



# Actively seeking value-adding acquisitions

## M&A selection criteria

Consolidation of maritime  
and industrial services

Expand footprint in  
selected markets

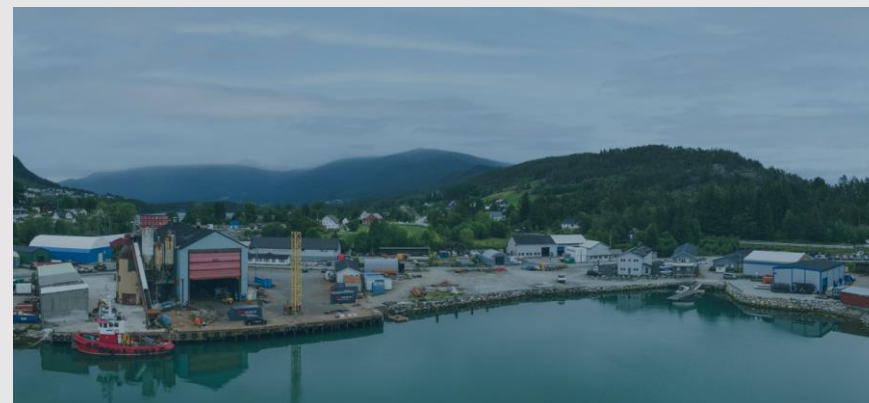
Value accretive to  
shareholders

Cultural fit

Synergy potential

# A new real estate division under establishment

- Ongoing strategic project to restructure the attractive industrial locations at Sunde (BKS) and Leirvik (Havyard Leirvik) in a separate division.
  - BKS has production area of total 15 000 sqm and ~ 4 000 sqm indoor capacity. In addition, there are administration building, quay area and housing for workers.
  - Havyard Leirvik is located close to main vessel routes. The yard has ~98 000 sqm yard area, 220m outfitting quay, a 130x20x5m built-in dry dock. In addition, it has adequate crane arrangements, warehouses and blasting hall.
- Aims to highlight the value of these assets, of significant size also above book values.
- Sees potential to develop these properties beyond current use
  - both within Eqva's own business and with strategic partners.
- Restructuring to be completed within 31 December 2022.



BKS` facilites at Sunde, Kvinnherad



Yard facilites at Havyard Leirvik

# Concluding remarks

- Improving underlying operational performance and continued focus on utilizing synergies within group companies
- Financials impacted by strategic shift in Maritime services, delays of projects and inflation on input factors, partly offset by high activity in Products, services.
- Participated in several strategic important projects in the quarter, and expect increasing activity in Products, services & renewables in Q4 2022 and H1 2023.
- Well positioned to capitalize on key macro drivers long-term, despite uncertainty in current geopolitical and macroeconomic environment
- A more cautious look on end-22, but long-term relationship with key customers and building on our deep market knowledge creates opportunities for profitable growth

# Enclosure : Consolidated financial statements

# Consolidated statement of profit and loss



(NOK 1,000)

		2022 YTD Q3	2022 YTD Q2	2021
		Unaudited Urevidert	Unaudited Urevidert	Audited Revidert
Revenues	Salgsinntekt	265 492	128 976	902 893
Other operating revenues	Annen driftsinntekt	-3 929	339	7 293
<b>Operating income</b>	<b>Driftsinntekt</b>	<b>261 563</b>	<b>129 315</b>	<b>910 186</b>
Materials and consumables	Varekostnader	145 807	84 132	636 956
Payroll expenses	Lønnskostnader	95 339	35 851	164 574
Other operating expenses	Andre driftskostnader	30 201	15 937	51 761
<b>Operating expenses</b>	<b>Driftskostnader</b>	<b>271 347</b>	<b>135 920</b>	<b>853 291</b>
<b>Operating profit/loss before depreciation and amortisation (EBITDA)</b>	<b>Driftsresultat før avskrivninger og nedskrivninger (EBITDA)</b>	<b>-9 784</b>	<b>-6 605</b>	<b>56 895</b>
Impairment of non-current assets	Nedskrivning av anleggsmidler	0	0	0
Depreciation	Avskrivninger	5 015	1 540	5 409
<b>Operating profit/loss (EBIT)</b>	<b>Driftsresultat (EBIT)</b>	<b>-14 799</b>	<b>-8 145</b>	<b>51 486</b>
Financial income	Finansinntekter	852	609	57 597
Financial expenses	Finanskostnader	-15 313	-7 070	-16 245
Share of profit/loss of associate	Andel av resultat fra tilknyttet selskap	-10 090	-3 003	-1 128
<b>Profit / loss before tax</b>	<b>Resultat før skatt</b>	<b>-39 350</b>	<b>-17 609</b>	<b>91 711</b>
Income tax expense	Skattekostnad	-16 781	-16 781	-957
<b>Profit from continued operations</b>	<b>Resultat fra videreført virksomhet</b>	<b>-22 570</b>	<b>-828</b>	<b>92 666</b>
<b>Profit from discontinued operation</b>	<b>Resultat fra ikke videreført virksomhet</b>	<b>0</b>	<b>0</b>	<b>286 997</b>
<b>Profit for the period</b>	<b>Perioderesultat</b>	<b>-22 570</b>	<b>-828</b>	<b>379 663</b>
<b>Attributable to :</b>	<b>Tilordnet:</b>			
Equity holders of parent	Aksjonærer i morselskapet	-22 570	-828	347 200
Non-controlling interest	Ikke-kontrollerende eierinteresser	0	0	32 463
<b>Total</b>	<b>Sum</b>	<b>-22 570</b>	<b>-828</b>	<b>379 663</b>
Earnings per share (NOK)	Resultat per aksje (NOK)	-0,31	-0,01	14,01
Diluted earnings per share (NOK)	Utvannet resultat per aksje (NOK)	-0,31	-0,01	14,01
<b>Earnings from continued operations</b>	<b>Resultat fra videreført virksomhet</b>			
Earnings per share (NOK)	Resultat per aksje (NOK)	-0,31	-0,01	3,74
Diluted earnings per share (NOK)	Utvannet resultat per aksje (NOK)	-0,31	-0,01	3,74

- P&L figures in this consolidated P&L do not include adjustment for transaction and restructuring costs (abt. NOK 13 million YTD Q3 2022)
- Approximately NOK 12 million of financial expenses YTD Q3 is due to value adjustment (unrealized loss) on shares in former subsidiary HAV Group ASA
- Item “share of profit/loss of associate” at about NOK 10 million YTD Q3 2022 is due to value adjustment of investment in associate (main underlying reason is unrealized loss in the subsidiary’s loan nominated in foreign currency)



# Consolidated statement of financial position



## Assets

(NOK 1,000)

ASSETS	EIENDELER	2022 YTD Q3 Unaudited Urevidert	2022 YTD Q2 Unaudited Urevidert	2021 Audited Revidert
<b>Non-current assets</b>	<b>Anleggsmidler</b>			
Deferred tax benefit	Utsatt skattefordel	1 710	1 710	1 710
Goodwill	Goodwill	305 992	303 500	0
Licenses, patents and R&D	Lisenser, patenter og FoU	35 178	35 578	0
Property, plant and equipments	Eiendom, anlegg og utstyr	184 514	154 937	16 116
Right of use assets	Bruksrett eiendeler	6 237	3 106	332
Investment in associates	Investeringer i tilknyttet selskap	18 902	25 990	194 185
Loan to associates	Lån til tilknyttet selskap	6 524	4 756	4 338
Investment in financial assets	Investeringer i finansielle	23 201	29 592	4 610
Other non-current receivables	Andre langsiktige fordringer	9 436	19 569	111
<b>Total non-current assets</b>	<b>Sum anleggsmidler</b>	<b>591 695</b>	<b>578 738</b>	<b>221 403</b>
<b>Current Assets</b>	<b>Omløpsmidler</b>			
Inventory	Varelager	11 524	23 274	2 781
Accounts receivables	Kundefordringer	101 385	75 086	19 784
Other receivables	Andre kortsiktige fordringer	30 255	16 654	26 176
Contract assets customer contracts	Kontraktseiendeler kundekontrakter	0	0	0
Cash and cash equivalents	Bankinnskudd	81 934	148 067	221 733
<b>Total current assets</b>	<b>Sum omløpsmidler</b>	<b>225 099</b>	<b>263 081</b>	<b>270 474</b>
<b>TOTAL ASSETS</b>	<b>SUM EIENDELER</b>	<b>816 793</b>	<b>841 819</b>	<b>491 877</b>

## Equity and liabilities

ASSETS	EIENDELER	2022 YTD Q3 Unaudited Urevidert	2022 YTD Q2 Unaudited Urevidert	2021 Audited Revidert
<b>EQUITY AND LIABILITIES</b>	<b>EGENKAPITAL OG GJELD</b>			
<b>Equity</b>	<b>Egenkapital</b>			
Share capital	Aksjekapital	3 599	3 599	1 239
Share premium reserve	Overkurs	265 175	265 175	22 535
Treasury shares	Egne aksjer	-3	-3	-3
Retained earnings	Opptjent egenkapital	112 426	134 168	274 042
Non-controlling interests	Ikke-kontrollerende eierinteresser	3 006	3 006	0
<b>Total equity</b>	<b>Sum egenkapital</b>	<b>384 203</b>	<b>405 945</b>	<b>297 814</b>
<b>Non-current liabilities</b>	<b>Langsiktig gjeld</b>			
Deferred tax liability	Utsatt skatt	2 978	2 978	2 441
Lease liabilities	Leieforpliktelser	6 923	2 048	225
Loans and borrowings	Gjeld til kredittinstitusjoner	149 124	55 360	4 348
Other long-term liabilities	Annen langsiktig gjeld	47 122	49 536	31 933
<b>Total non-current liabilities</b>	<b>Sum langsiktig gjeld</b>	<b>206 146</b>	<b>109 921</b>	<b>38 947</b>
<b>Current liabilities</b>	<b>Kortsiktig gjeld</b>			
Accounts payables	Leverandørgjeld	66 433	84 559	27 793
Taxe payables	Betalbar skatt	3 270	2 926	2 603
Public duties payables	Skyldig offentlige avgifter	26 747	40 829	17 523
Loans and borrowings, current	Gjeld til kredittinstitusjoner	48 797	125 841	435
Contract liabilities	Kontraktsforpliktelse	46 108	4 092	35 558
Lease liabilities	Leieforpliktelse kortsiktig	1 353	1 353	132
Other current liabilities	Annen kortsiktig gjeld	33 734	66 353	71 073
<b>Total current liabilities</b>	<b>Sum kortsiktig gjeld</b>	<b>226 443</b>	<b>325 952</b>	<b>155 117</b>
<b>Total liabilities</b>	<b>Sum gjeld</b>	<b>432 589</b>	<b>435 873</b>	<b>194 063</b>
<b>TOTAL EQUITY AND</b>	<b>SUM EGENKAPITAL OG</b>	<b>816 793</b>	<b>841 819</b>	<b>491 877</b>