

ININ

Q1 2023 Company update

1 June 2023

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01

Introduction to Inin Group

Inin Group is a listed investment company focusing on infrastructure and industry services



Vertical-focused buy-and-build strategy within **infrastructure and industry services** niches in the Nordics



We create value through a combination of **M&A** and **organic growth** and **development initiatives**



We combine the **Private Equity ownership** and **value creation mindset** with an **industrial approach** and **long-term ownership**



Our mission is to create value by identifying investment opportunities within Nordic infrastructure and industry services niches, working in close collaboration with portfolio companies to deliver sustainable growth and superior profitability

Inin carefully selects attractive positions within infrastructure and industry services verticals

Strong underlying growth drivers and an attractive company position...

Supported by strong megatrends and macro drivers

- Positive ESG drivers
- Regulatory support
- Underlying changes in the business climate and sentiment

Clear growth drivers in the specific market/ services provided

- Positive development in market demand and need for the services
- Underlying changes in the value chain and modus operandi

Growth and improvement initiatives to create a leading niche position

- Company well positioned to grasp the marked opportunities
- Possibility for a leading niche position
- Potential for growth and improvement initiatives to be defined and executed

...ideally combined with

- ✓ Strong cash flow and cash conversion
- ✓ Capital light business model with limited capex requirements
- ✓ Strong and entrepreneurial management team
- ✓ Limited project risk
- ✓ Broad customer base, and being important for the customers
- ✓ Visibility in demand and activity
- ✓ Clear positive contributions to the society

Inin aims to deliver the best of the energetic value-creation focused PE ownership and the long-term and industrially focused corporate model

Positive impact from the **private equity model**

- ✓ Clear focus on value creation
- ✓ Time is of value, action-focused
- ✓ Smart use of leverage
- ✓ Not wasting capital
- ✓ Incentivizing talent and nurturing ownership for entrepreneurs



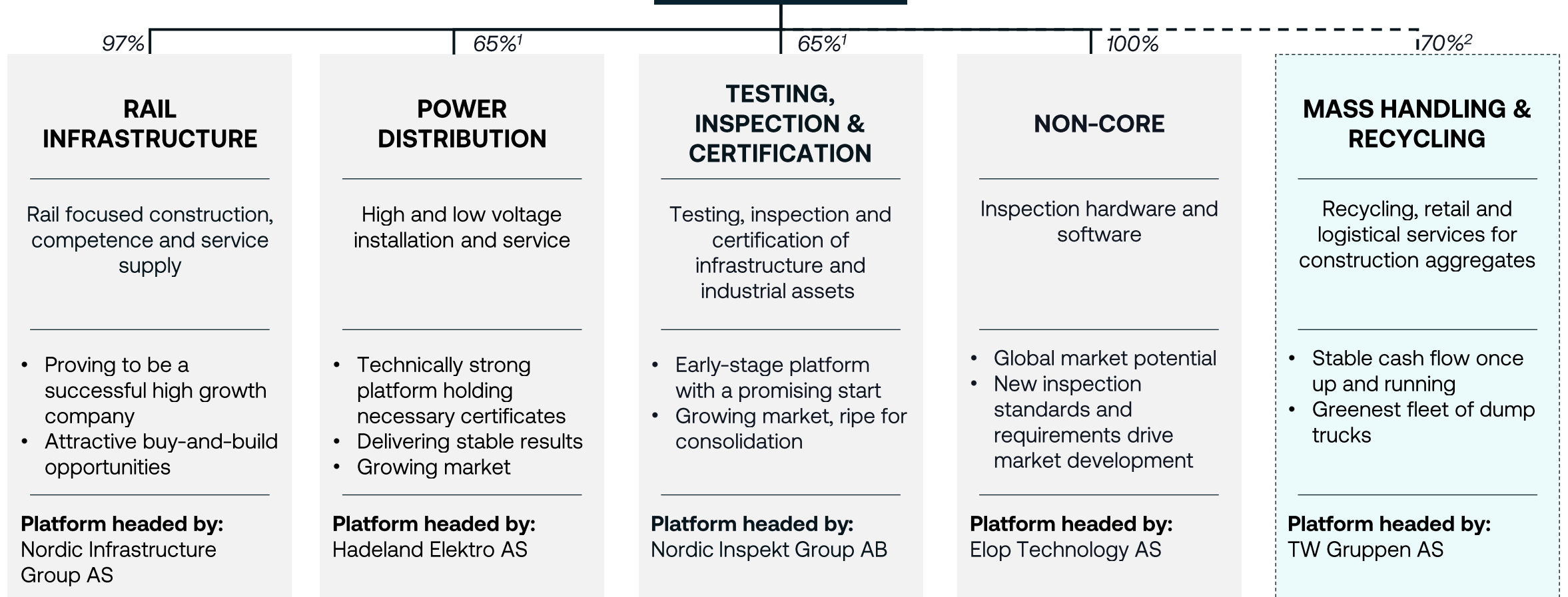
Positive impact from the **corporate model**

- ✓ Long-term thinking
- ✓ Have time to build businesses for the long-run
- ✓ No exit pressure
- ✓ Industrial perspective and focus on sustainability
- ✓ Credibility with entrepreneurs and in recruiting



The Inin team has extensive experience and expertise from PE ownership, corporate management positions, and as entrepreneurs, ensuring an excellent basis for contributing to value creation in the platform company verticals

There are four platform investments within Inin Group – Mass Handling & Recycling to be the fifth



1: Company management owns 35%

2: Term sheet signed - expected to be closed in June 2023, company management owns remaining 30%

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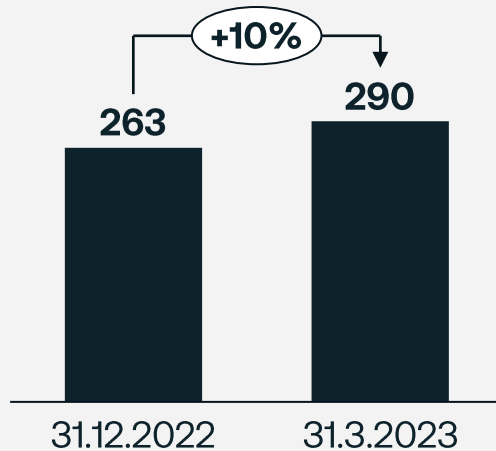
Higlights Q1 2023

Highlights Q1 2023

Operations

High activity and progress as planned within all platforms

Order book development



Business development

Term sheet signed

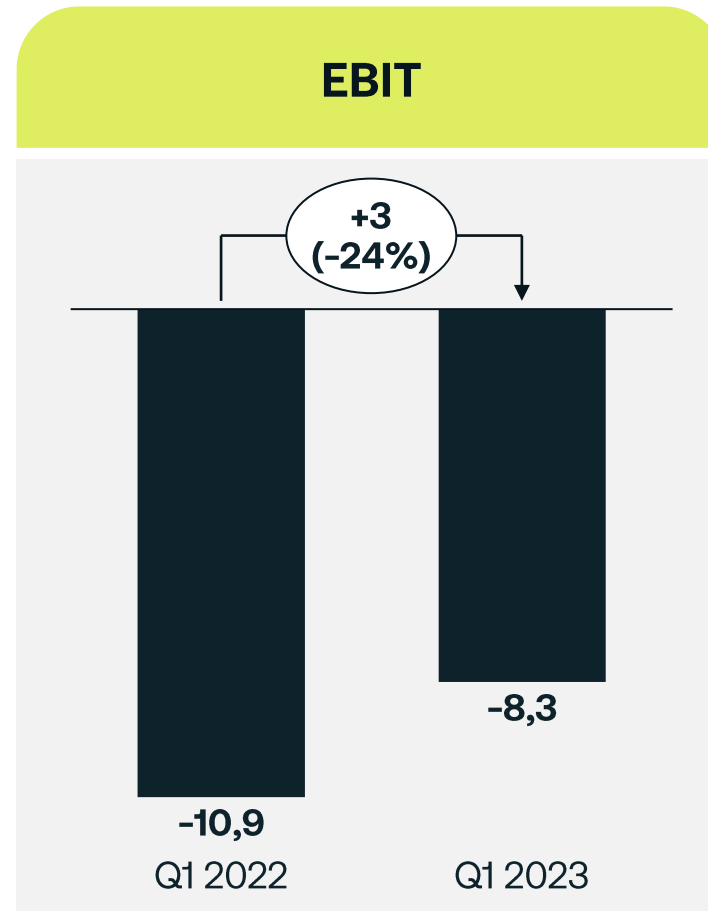
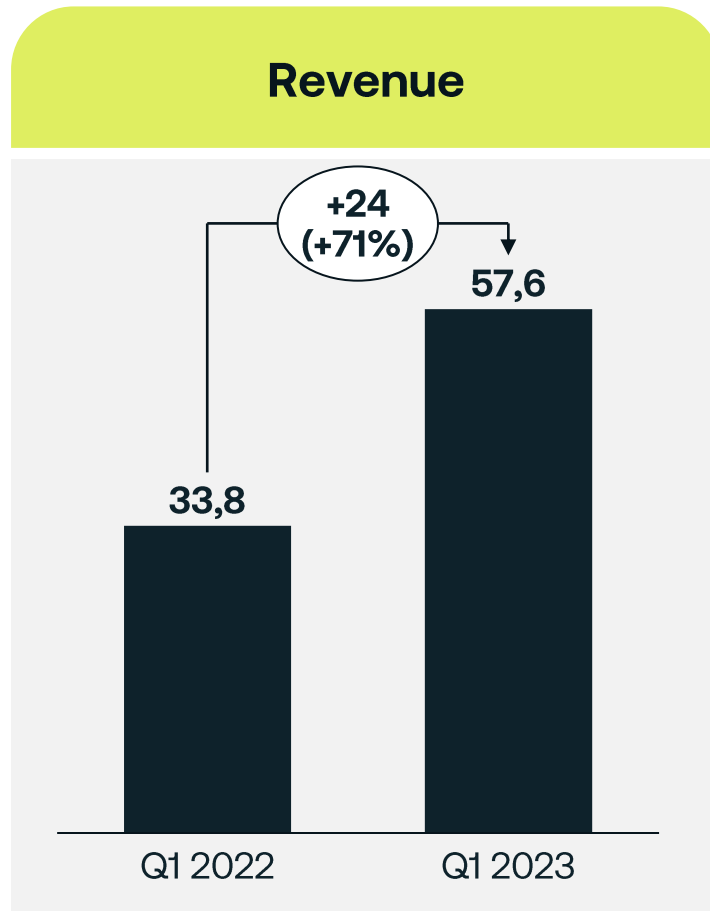
- ✓ Rail contractor Team 1435 AS
- ✓ Fibre optics contractor Thuve'n Anlegg & Bane AS (Q2)
- ✓ Non-destructive testing company AlfaTest AB (Q2)

- ✓ **Mass Handling & Recycling** to be established as 4th investment platform upon completion of acquisition of **TW Gruppen**
- ✓ Environmentally responsible receipt, transport, recycling and sale of masses

Financials

- Revenue of **NOK 57.6 million**, increase of 71% versus Q1 2022 (33.8 million)
- EBIT of **NOK -8.3 million**, decrease of 24% versus Q1 2022 (-10.9 million)
- Cash NOK 63.7 million
- Interest bearing debt NOK 8.5 million

Significant organic growth in the portfolio



- Q1 traditionally slow quarter in infrastructure industry
- All investment platforms contributing to revenue growth and improved EBIT
- Significant cost reduction in Elop Technology

03

Investment platform update

Rail construction- and maintenance market growth driven by favorable megatrends



Megatrends and macro drivers

- Megatrends such as **urbanization** and **environmental awareness** increase rail traffic both between and within cities
- **Political consensus in favor of investments** that increase the capacity of public transport



Market potential

- **Increasing demand for specialist infrastructure services** due to macro and socio-economic factors
- **Underinvestment** in public railroad, light rail and metro systems has led to a significant and growing **maintenance deficit**
- Consolidation and recruitment potential as **competitors** have become **large and bureaucratic**



Value creation strategy

- Nordic Infrastructure Group has the **specialist competence** and **experience** to capitalize on the marked opportunities
- Choosing to be a **niche players** within specific fields leads to **risk mitigation** and potential for greater margins – compared to generalist contractors
- Organic growth **accelerated** by **acquiring complimentary competence** and additional capacity

Rail infrastructure – business update

Inin Group's first and currently largest investment platform

Headed by



Main services

Rail-focused construction, maintenance, competence and service supply

Geographical presence

Norway and Sweden

Highlights Q1 2023

Operations

- Recruitment of project manager for large projects
- High tender activity
- Preparation for high-activity season

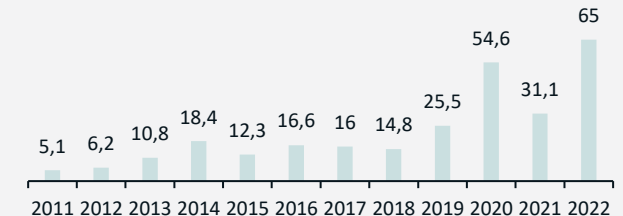
Main contract awards

- SEK 28.5 million contract in Sweden
- ERTMS training services to Siemens Mobility: NOK ~9-10 million annually
- Installation of signaling systems: contract expansion from NOK 21 to 53.5 million (Q2)
- NOK 30.7 million contract for track ballast replacement (Q2)

M&A activity

- Signed term sheet to acquire railway contractor Team 1435 AS

Team 1435 AS: revenue 2011-2022 (mnok)



- Establishment of rail maintenance company Railproduction Bane AS
- Signed term sheet to acquire fibre optics contractor Thuve'n Anlegg & Bane AS (Q2)

Demand for electrical infrastructure growing rapidly – existing infrastructure strained



Megatrends and macro drivers

- **Rising demand for renewable energy sources** such as solar and wind power, which requires the construction of **new electrical infrastructure** to connect these sources to the grid
- **Growing urbanization and industrialization**, which creates demand for **new buildings, factories, and infrastructure** that require electrical construction services



Market potential

- Fragmented industry with **untapped structural potential** in an increasingly **dynamic utilities sector**
- **Maintenance deficit growing** on strained existing infrastructure
- **Multiple municipality owned** players serving the local infrastructure – potentially **not run** as commercially and **effectively as possible**



Value creation strategy

- Potential to build an **efficient, commercially run**, player focusing on the **profitable niches** unbound by geography or policy

Power distribution – business update

Ambition to become the leading player to install and service electrical infrastructure in the Nordics

Headed by



Main services

High and low voltage installation and service

Geographical presence

Norway

Highlights Q1 2023

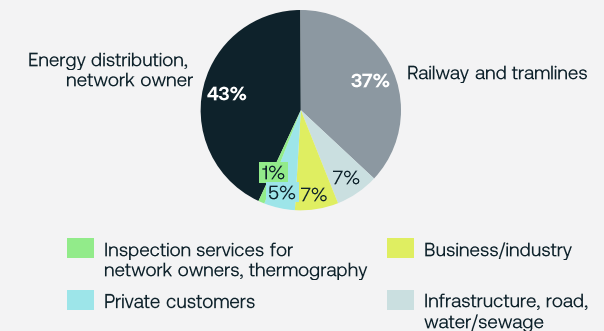
Operations

- Strong orderbook development
- Actively searching for suitable new hires
- Q1 involved a significant amount of work on tenders and potential new projects, with successful bids secured for several of them
- One notable project completed in February was the construction and commissioning of a new rectifier station on the Gråkallbanen for Trondheim Municipality

Main contract awards

- NOK 6.5 million contract to oversee electrical installations for rehabilitation of rectifier station
- NOK 12 million contract to perform electrical rehabilitation work (Q2)

Customer segments



Inspection market growing – locally fragmented market with a few large players



Megatrends and macro drivers

- **Increasing regulations** and standards for quality and safety across various industries
- Increasing international trade and increasing demand for imported products has increased the need for TIC services to ensure compliance with **local regulations and standards**
- Growing focus on **sustainability and environmental regulations**, leading to increased demand for TIC services



Market potential

- Large industrial projects **starting / ongoing in the Nordics**
- Market leaders hold 50-60% of the market, **rest of the market shared between smaller, local companies**
- This dominance by a few companies a **high price level in the Nordics**, compared to continental Europe
- What is essentially a **duopoly** across Nordics opens door for an **alternative player – a challenger**



Value creation strategy

- Inspekt will **consolidate a fragmented market** that has specialist operative competence but is lacking commercial experience
- **Large players** have become bureaucratic leading to **unhappy employees – significant organic growth potential** through recruitments
- Significant potential to provide **premium, customer centric, service**
- **Organic growth** accelerated by acquiring **complimentary competence and additional capacity**

Testing, inspection and certification – business update

Building a company that challenges the large incumbent market leaders in the Nordics

Headed by



Main services

Testing, inspection and certification of infrastructure and industrial assets

Geographical presence

Sweden

Highlights Q1 2023

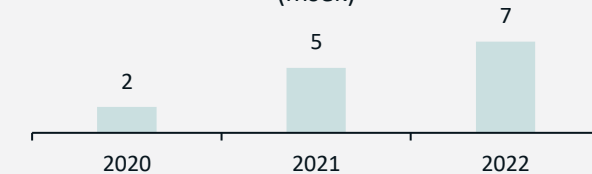
Operations

- Recruitment and branding
- Market research
- Preparation of establishment in several locations
- Discussions with several potential target companies
- Customer visits and contract discussions

M&A activity

- Acquired Trygg Inspection AB (Q2 2023)

Trygg Inspection AB: revenue 2020-2022 (msek)



- Decided not to proceed with contemplated acquisition of NSK - Nordisk Svets Kontroll AB
- Signed term sheet to acquire non-destructive testing company AlfaTest AB (Q2)

Non-core

Targeting a global infrastructure market

Headed by



Main services

Tools and software to inspect, monitor and manage large infrastructures

Geographical presence

HQ in Norway, international sales and distribution network

Highlights Q1 2023

M&A activity

- Offer from company that intends to pursue a process of a public listing on NASDAQ
- Values Elop Technology at USD 30 million
- To be settled in a 100% share swap
- Transaction subject to due diligence by both parties and final transaction documentation
- BoD to evaluate proposal before giving recommendation or acceptance

Technology development

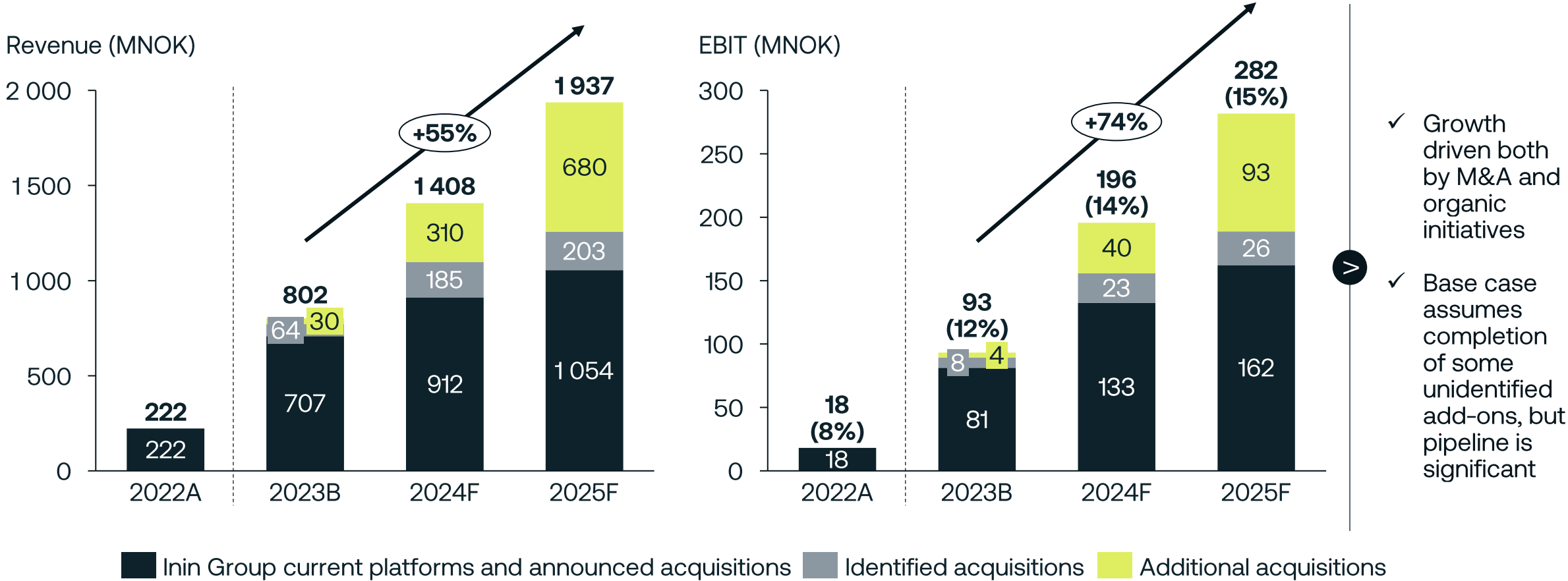
Release of Insight 2.0, next generation dry-coupling rolling ultrasound scanner:

- Improved image quality
- Enhanced 3D view
- Easier cross-track slicing
- 30% less push-down force
- Elimination of dependency of separate compute module
- Upgrade available to Insight 1.0 customers

04

Summary and outlook

On track to exceed previously communicated ambition to surpass NOK 1 billion revenue in 2024



Note:

- Pro-forma figures
- Announced acquisitions: Team 1435 AS, TW Gruppen, Thuve'n Anlegg & Bane AS and AlfaTest AB
- Inin owns Elop Technology – a Inspection hardware & software company – currently in divestment process – excluded from slide
- Excluding Inin Group overhead

Summary and outlook

Summary

- Solid order book of NOK 290 million
- Revenue of NOK 57.6 million (33.8 million in Q1 2022) and EBIT of NOK -8.3 million (-10.9 million in Q1 2022), affected by normal seasonality
- Transformation of Inin Group to a dedicated, listed investment vehicle with a long-term investment horizon
- Successful implementation of buy-and-build strategy:
 - Closed one acquisition
 - Established a joint venture business
 - Signed four term sheets so far in 2023
- Elop Technology defined as non-core, offer received - strategic alternatives under review

Outlook

- Solid order backlog provides good visibility in 2023 for Rail infrastructure and Power distribution investment platforms
- Continued high tendering activity expected as maintenance requirements of public rail infrastructure continue to grow
- Testing, inspection and certification platform to generate income from H2 2023 onwards
- Acquisitions expected to be closed during Q2 and Q3 2023:
 - Team 1435 AS,
 - Thuve'n Anlegg & Bane AS
 - AlfaTest AB
 - TW Gruppen AS
- Mass handling & recycling to be added as 4th investment platform
- Strong revenue growth expected in 2023 versus 2022 – both organically and through M&A, with improved EBIT

Q&A