INTERIM REPORT

Q2 & H1 2021

NORBIT

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HIGHLIGHTS AND KEY FIGURES

HIGHLIGHTS

- NORBIT delivers its best financial quarter in history, reporting revenues of NOK 190.0 million for the second quarter and an EBITDA of NOK 50.5 million (27 per cent margin). Revenue growth was 22 per cent from the corresponding period of 2020.
- For the first half of 2021, revenues were NOK 338.7 million and the EBITDA NOK 68.1 million (20 per cent margin).
- Segment Oceans delivered all-time high revenues of NOK 101.5 million, an increase from NOK 58.7 million in the second quarter 2020, with an EBITDA margin of 44 per cent.
- ITS reported a weak financial quarter, but outlook for second half is promising driven by the announced contracts and strategic M&A.
- Segment PIR's revenues grew to NOK 78.5 million driven by an increase in activity on both contract manufacturing and R&D services. The EBITDA margin in the quarter was 14 per cent.
- The acquisition of the Hungarian technology company iData Kft. ('iData') for a total consideration of EUR 14.5 million was completed 30 July following regulatory approval by the Hungarian Ministry.
- Oceans was awarded a NOK 13 million contract for the SeaCOP system for three vessels with delivery expected late 2021 and early 2022.
- ITS received an initial order from an European insurance company for delivery of On-Board Units ('OBU's) with a total value of approximately NOK 50 million. Delivery is scheduled second half of 2021 and early 2022.
- NORBIT ASA held its annual general meeting 4 May 2021. All proposed resolutions were approved, including the annual results for 2020 and the board's proposal to distribute a dividend of NOK 0.30 per share.
- NORBIT reports on its long-term financial targets for 2024, where the ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent.

SUBSEQUENT EVENTS

- Refinancing and upsizing of the revolving credit facility ('RCF') to NOK 200 million and a new NOK 55 million term loan facility established, strengthening liquidity with approximately NOK 105 million.
- Order from Fremtind Service for delivery of OBUs for electronic toll collection in the Norwegian market, totalling NOK 27 million with delivery over the next 24 months.

CONSOLIDATED KEY FIGURES*

	Second quarter		First half year		Full year
Amounts in NOK million (except percentages and EPS)	**2021**	2020	**2021**	2020	**2020**
Revenues	**190.0**	155.2	**338.7**	306.7	**618.8**
EBITDA	**50.5**	29.5	**68.1**	45.5	**93.5**
EBITDA margin (%)	**27%**	19%	**20%**	15%	**15%**
EBIT	**35.1**	17.7	**37.8**	22.4	**44.3**
EBIT margin (%)	**18%**	11%	**11%**	7%	**7%**
Profit for the period	**27.3**	11.6	**25.7**	16.5	**27.3**
Earnings per share (EPS)	**0.48**	0.20	**0.45**	0.29	**0.48**

** See definitions on page 8.*

SECOND QUARTER AND FIRST HALF YEAR RESULTS 2021

FINANCIAL RESULTS – NORBIT ASA

Information in parentheses refers to the corresponding periods the previous year.

PROFIT AND LOSS

Revenues for the second quarter of 2021 amounted to NOK 190.0 million, representing a 22 per cent increase compared to the corresponding quarter of 2020 (NOK 155.2 million). Segments Oceans and PIR delivered strong growth both sequentially and year-over-year. As expected, segment ITS had another weak quarter. Further explanations are provided under the segment results.

For the first six months of 2021, NORBIT's revenues came in at NOK 338.7 million, up 10 per cent compared to the same period in 2020 (NOK 306.7 million).

Total operating expenses include raw materials and change in inventories, employee benefit expenses, depreciation and amortisation expenses and other operating expenses. The total operating expenses amounted to NOK 154.8 million for the quarter (NOK 137.4 million).

For the first half of 2021, total operating expenses were NOK 302.1 million (NOK 284.3 million).

Employee benefit expenses amounted to NOK 34.3 million for the second quarter this year (NOK 32.1 million).

So far this year, a total of NOK 75.9 million (NOK 73.8 million) have incurred in employee benefit expenses.

EBITDA amounted to NOK 50.5 million for the second quarter (NOK 29.5 million), corresponding to a margin of 27 per cent (19 per cent).

For the first six months of the year, EBITDA was NOK 68.1 million (NOK 45.5 million).

Operating profit came in at NOK 35.1 million for the second quarter (NOK 17.7 million) and NOK 37.8 million for the first half of 2021 (NOK 22.4 million).

Net financial items amounted to NOK 0.1 million for the quarter (negative NOK 2.8 million). The reduction is primarily explained by foreign exchange gains, partly offset by an increase in interest expenses compared to the second quarter of 2020.

For the first six months of the year, net financial items ended at negative NOK 4.1 million (negative NOK 1.6 million).

Taxes amounted to NOK 7.9 million for the quarter (NOK 3.3 million) and NOK 8.0 million for the first half of 2021 (NOK 4.3 million).

Profit for the period was NOK 27.3 million for the second quarter (NOK 11.6 million) and NOK 25.7 million for the first half of the year (NOK 16.5 million).

SEGMENTS

NORBIT ASA is organized in three operating segments; Oceans, Intelligent Traffic Systems (ITS) and Product Innovation & Realization (PIR).

The Oceans segment is offering tailored technology solutions to global maritime markets, the ITS segment is offering tailored connectivity solutions based on short range communication technology for traffic systems and truck applications, while the PIR segment is offering R&D services and contract manufacturing to key customers.

OCEANS

Oceans encompasses all NORBIT's knowledge and competence targeting the global maritime markets, including proprietary technology and solutions. The segment offers ultra-compact sonars for a range of special applications including seabed mapping and hydrography. The segment has further developed proprietary solutions and software for maritime and environmental monitoring. NORBIT is continuously working on expanding its offering in selected niches within the Oceans segment.

The segment has generally a low revenue visibility of 2-4 weeks, due to the short time from receipt of an order to customer delivery. The segment experience quarterly fluctuations in revenues due to seasonal variations.

Key figures – Oceans

	Second quarter		First half year		Full year
NOK million	**2021**	2020	**2021**	2020	**2020**
Revenues	**101.5**	58.7	**170.0**	110.5	**267.2**
EBITDA	**44.3**	15.7	**65.2**	20.7	**59.6**
EBITDA margin (%)	**44%**	27%	**38%**	19%	**22%**
EBIT	**38.7**	12.6	**54.7**	14.7	**45.6**
EBIT margin (%)	**38%**	22%	**32%**	13%	**17%**

Revenues for Oceans amounted to a record high NOK 101.5 million for the second quarter of 2021, an increase of 73 per cent from the same period last year (NOK 58.7 million), of which NORBIT Kabelpartner represented 9 percentage points. NORBIT Kabelpartner was included in segment Oceans in the first quarter 2021 (previously the PIR segment). Growth was mainly attributed to strong sonar sales, where revenues increased across all geographies compared to the corresponding period of 2020.

During the first six months of the year, Oceans' delivered sonar equipment systems to more than 50 different countries, and had multiple deliveries of the WINGHEAD sonar platform which has contributed positively to the growth.

Operating expenses, including employee expenses and other operating expenses, amounted to NOK 20.1 million for the second quarter of 2021 (NOK 16.8 million).

For the first half of 2021, operating expenses came in at NOK 42.2 million (NOK 42.9 million).

EBITDA for the Oceans segment amounted to NOK 44.3 million for the quarter (NOK 15.7 million), representing a margin of 44 per cent (27 per cent). The margin increase is explained by the higher revenue base.

For the first six months of the year, EBITDA was NOK 65.2 million (NOK 20.7 million), resulting in an EBITDA margin of 38 per cent (19 per cent).

Main events

In June, NORBIT announced that NORBIT Aptomar, part of segment Oceans, had been awarded a contract from an undisclosed European governmental customer for delivery of the SeaCOP system for three multipurpose law enforcement vessels. The system, which is similar to the system sold to another European governmental customer last fall, is designed for early detection of possible pollution to the marine environment and as the main decision support tool for the following emergency response and recovery operation. The value of the order is approximately NOK 13 million and the system is expected to be delivered during the late 2021 and early 2022.

INTELLIGENT TRAFFIC SYSTEMS (ITS)

Intelligent Traffic Systems (ITS) is a leading provider of tailored technology for vehicle identification and tracking.

Key figures – ITS

	Second quarter		First half year		Full year
NOK million	**2021**	2020	**2021**	2020	**2020**
Revenues	**16.4**	38.4	**35.7**	83.6	**145.1**
EBITDA	**(0.2)**	12.5	**(0.9)**	29.0	**42.5**
EBITDA margin (%)	**(1%)**	33%	**(2%)**	35%	**29%**
EBIT	**(4.4)**	8.8	**(9.4)**	21.8	**27.7**
EBIT margin (%)	**(27%)**	23%	**(26%)**	26%	**19%**

Revenues for ITS amounted to NOK 16.4 million for the second quarter of 2021, down by 57 per cent from the corresponding period of 2020 (NOK 38.4 million). The decline can be explained by limited delivery of OBUs and no delivery of products to one of the largest customers of ITS.

For the first half of 2021, revenues came in at NOK 35.7 million (NOK 83.6 million).

Operating expenses amounted to NOK 10.0 million for the quarter, an increase compared to the corresponding period last year (NOK 8.3 million).

So far this year, segment ITS has recorded a total of NOK 19.2 million in operating expenses (NOK 17.7 million).

EBITDA for the second quarter of 2021 amounted to negative NOK 0.2 million (NOK 12.5 million), representing a negative margin of 1 per cent (33 per cent).

For the first half of 2021, EBITDA was negative NOK 0.9 million (NOK 29.0 million), representing a negative margin of 2 per cent (35 per cent).

The decline in EBITDA and margin is a consequence of the lower revenue base.

Main events

ITS received an initial order from a European insurance company for the delivery of OBUs for electronic toll collection. The value of the order is approximately NOK 50 million and is scheduled for delivery in the second half of 2021 and first quarter 2022.

In May, NORBIT announced the acquisition of iData, a Hungarian technology company specialized in vehicle tracking and fleet management related services, for a total cash consideration of EUR 14.5 million. After the quarter-end, NORBIT completed the transaction of iData following regulatory approval by the Hungarian Ministry. As part of the settlement at closing, NORBIT issued EUR 2.5 million in new shares to the sellers and EUR 6.0 million was paid in cash. The remainder is financed and settled through a seller's credit. The final purchase price is subject to adjustments based on finalized closing accounts.

In June, NORBIT signed a partner program agreement with Nordic Semiconductor to explore joint opportunities in the IoT domain, adding to ITS' strategic target of establishing a sub-segment based on selected 5G/IoT niche applications.

In July, ITS received an order from Fremtind Service for delivery of OBUs for electronic toll collection in the Norwegian market. The value of the order is approximately NOK 27 million and it is scheduled for delivery over the next 24 months.

PRODUCT INNOVATION & REALIZATION (PIR)

The Product Innovation & Realization segment (PIR) offers R&D services and contract manufacturing to long-term key industrial customers through in-house capabilities and a high degree of robotized production. In addition, the segment sells products based on proprietary technology, including special instrumentation based on radar, radio frequency and embedded signal processing technology.

Key figures – PIR

	Second quarter		First half year		Full year
NOK million	**2021**	2020	**2021**	2020	**2020**
Revenues	**78.5**	57.4	**145.7**	120.5	**224.6**
EBITDA	**10.8**	2.4	**14.3**	0.7	**2.3**
EBITDA margin (%)	**14%**	4%	**10%**	1%	**1%**
EBIT	**5.4**	(1.9)	**3.0**	(8.1)	**(14.9)**
EBIT margin (%)	**7%**	(3%)	**2%**	(7%)	**(7%)**

Revenues for PIR amounted to NOK 78.5 million for the second quarter of the year, 37 per cent higher than for the corresponding period last year (NOK 57.4 million). Adjusted for change in reporting of NORBIT Kabelpartner, growth was 46 per cent.

For the first six months of 2021, revenues amounted to NOK 145.7 million (NOK 120.5 million), an increase of 21 per cent (29 per cent adjusted for NORBIT Kabelpartner).

The increase from the corresponding periods of 2020 is attributable to higher sales of contract manufacturing and R&D services. Within contract manufacturing, sales have been significantly higher to the automotive industry clients compared to other industry segments.

Operating expenses for the PIR segment amounted to NOK 22.8 million for the quarter (NOK 27.4 million).

For the first half of 2021, operating expenses came in at NOK 48.2 million (NOK 60.7 million).

The reduction from last year is primarily explained by the reclassification of Kabelpartner to segment Oceans.

EBITDA for the PIR segment amounted to NOK 10.8 million for the second quarter of 2021 (NOK 2.4 million), representing a margin of 14 per cent (4 per cent).

So far this year, the PIR segment has recorded an EBITDA of NOK 14.3 million (NOK 0.7 million), a margin of 10 per cent (1 per cent).

The improved results are mainly attributed to an increase in revenues combined with lower operating expenses.

Main events

In April, NORBIT completed the ISO 13485 certification of its factory in Selbu for manufacturing and assembly of electronic products and modules for the medical device industry. Segment PIR has already been awarded contracts in the domain and is expecting that it will contribute to further long-term growth.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 756.4 million at 30 June 2021, up from NOK 691.3 at 31 March this year and NOK 671.6 million at 31 December 2020.

Intangible assets amounted to NOK 183.4 million at the end of the second quarter of 2021, an increase from NOK 179.8 million at the end of the previous quarter and from NOK 171.5 million at the end of 2020. The quarterly increase relates to NOK 11.4 million investments in R&D, partly offset by amortization.

Inventories amounted to NOK 202.4 million at the end of the second quarter of 2021, compared to NOK 170.3 million at the end of the first quarter and NOK 164.6 million at the end of 2020. The inventory build-up is primarily related to NORBIT acquiring components to safeguard deliveries due to the challenging situation in the market for supply of electronic components.

Trade receivables were NOK 151.4 million at 30 June 2021, up from NOK 107.6 million and NOK 121.4 million at 31 March 2021 and 31 December 2020, respectively. The increase is explained by the revenue increase in the second quarter from the previous two quarters.

Cash and cash equivalents amounted to NOK 22.4 million at the end of June, compared to NOK 18.4 million at the end of March and NOK 15.0 million at the end of December 2020.

Total interest-bearing borrowings stood at NOK 142.6 million at the end of the second quarter compared to NOK 117.1 million three months earlier and NOK 94.7 million at the end of 2020. The company had NOK 166.3 million in undrawn committed credit facilities at 30 June 2021.

Subsequent to quarter-end, NORBIT entered into an agreement to refinance and increase the credit limit on its revolving credit facility (RCF) to NOK 200 million from previously NOK 150 million, and established a new NOK 55 million term loan, strengthening the liquidity with NOK 105 million. The maturity date for the RCF is February 2025 and July 2024 for the term loan. The margin on both loans is NIBOR +1.8 per cent margin p.a. The term loan amortises over 15 years. Covenants remain unchanged.

Total equity was NOK 445.4 million at the end of the quarter, representing an equity ratio of 59 per cent, compared to NOK 435.0 million at the end of March this year and NOK 436.8 million at the end of 2020. The increase is primarily explained by a positive net profit, partly offset by dividends paid of NOK 17.0 million in the second quarter.

Consolidated cash flow

Operating activities generated a cash flow of NOK 23.4 million for the second quarter of 2021 (NOK 48.3 million), including a net incease in the working capital of NOK 27.1 million (decrease of NOK 20.8 million).

For the first six months of 2021, operating activities generated a cash flow of NOK 33.1 million (NOK 58.1 million), including a net increase in the working capital of NOK 29.5 million (decrease of NOK 14.0 million).

The Norwegian companies in the group do not have taxes payable due to losses carried forward from previous acquisitions.

Investing activities generated a cash outflow of NOK 25.8 million for the second quarter of 2021 (NOK 49.6 million). This includes NOK 3.9 million in investments in fixed assets and NOK 11.4 million in investments in R&D, representing 6 per cent of revenues for the period. In addition, NORBIT reclassified NOK 10.5 million in inventory to property, plant and equipment.

For the first six months of the year, cash flow from investing activities was NOK 52.4 million (NOK 87.0 million), including R&D investements of NOK 26.9 million.

Financing activities led to a cash inflow of NOK 6.4 million this quarter (cash outflow of NOK 19.2 million). This mainly consists of dividends paid of NOK 17.0 million in the period (NOK 17.0 million), offset by a net increase in interest-bearing borrowings of NOK 25.5 million.

For the first half of 2021, NORBIT had a positive cash flow of NOK 26.7 million from financing activities (NOK 11.9 million).

SHARE INFORMATION

NORBIT ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the ticker NORBT.

In the second quarter of 2021, the share traded between NOK 18.40 and NOK 22.90 per share, with a closing price of NOK 19.25 at 30 June 2021.

As of 30 June 2021, the company had a total of 1 694 shareholders, of which the 20 largest shareholders held 84.6 per cent of the total outstanding shares.

The company had a total of 56 786 918 issued and outstanding shares at 30 June 2021.

On 4 May 2021, NORBIT held its annual general meeting. The general meeting approved the annual accounts and the board's dividend proposal, including dividend distribution of NOK 0.30 per share.

Subsequent to quarter-end, following completion of the iData transaction, and as settlement for the acquisition, the Board of Directors resolved to issue 1 212 165 new shares as a private placement to the sellers of iData at a subscription price of NOK 20.65.

In July, the Board of Directors approved incentive share purchase programs for all employees in NORBIT. The first program is a share purchase program where the employees were offered the opportunity to acquire shares at a 20 per cent

discount, subject to a lock-up period of 12 months. The second program is a share matching program, where the participants were offered the opportunity to acquire shares at market value, and in turn, obtain a right to receive compensation in new shares equivalent to their invested amount after 24 months if certain conditions are met. In connection with the programs, the Board of Directors resolved to issue new 460 219 new shares, of which 81 224 under program 1 and 378 995 under program 2. The dilution impact on the market value of the shares, assuming the rights are exercised in full, is estimated to 0.7 per cent.
The resolutions were based on the authorizations to increase the share capital granted by the general meeting on 4 May 2021. Following the registration of the share capital increases, NORBIT ASA will have a share capital of NOK 5 845 930.20, divided into 58 459 302 shares, each with a par value of NOK 0.10.

RISKS AND UNCERTAINTIES

NORBIT is exposed to various risk factors, including, but not limited to, operational, market and financial risks. For a more detailed description of the risk factors, please see an overview in the annual report for 2020.

NORBIT considers its most significant risks to be related to shortage of supply of electronic components, and the implications the pandemic can have on demand and sales of products.

NORBIT relies on a significant supply of electronic components to produce and deliver its equipment and systems. A large portion of the electronic components are bought from foreign vendors. The supply environment for chip components in the semiconductor industry continues to be challenging and risk of shortage has increased. Lead times are increasing due to capacity constraints in the supply chain, which may impact scheduling of planned deliveries, and, in worst case, cancellation of planned orders. NORBIT is actively working with its suppliers to secure required supplies to deliver according to plan.

Despite the global vaccination programs being rolled out, it will take time to achieve global immunity and several countries are reporting an increase in new cases due to the emergence of virus mutations. Travel restrictions are easing, but quarantees are still limiting sales and business development activities, particularly in Oceans. A lock-down due to the new virus mutations may represent a risk to the company's revenues and cash flow.

OUTLOOK

A positive outlook for second half of 2021

NORBIT delivered record high revenues and EBITDA in the second quarter, supported by solid growth in segments Oceans and PIR and by maintaining cost discipline. Heading into the second half of the year, NORBIT remains optimistic about the outlook with activity remaining high.

Segment Oceans continued on its growth trajectory in the second quarter, reporting strong results driven by the sonar business. Although outlook for second half must be seen in light of the record results in the second quarter, NORBIT expects high activity, where fourth quarter has historically been the seasonally strongest quarter of the year.

For segment ITS, the outlook for second half is reiterated, where NORBIT expects an uplift in both revenues and margins supported by the recently announced B2B OBU contracts and completion of the iData acquisition. Based on current delivery plans and no unexpected shortage of components, NORBIT expects ITS to generate revenues in above NOK 100 million in the second half, compared to NOK 36 million in the first half.

For segment PIR, revenues for the next two quarters are expected to increase from the level reported in the second quarter, based on an anticipated increase in sales of contract manufacturing supported by growing activity towards some larger customers.

Updating NORBIT's ambitions and long-term financial targets

Since 2010, NORBIT has grown its revenues by close to 30 per cent per year on average, mostly organic, and at the same time remained firm to the financial objective of growing profitably. Successful components to the progress made have been:

- a tailored growth strategy for each individual segment
- relentless focus on market-driven innovation in carefully selected niches
- a strong corporate culture
- a diversified business model
- recruiting and refining top talent
- maintaining control and proximity to highly robotized in-house production in order to remain competitive.

In updating the ambitions and long-term financial targets, NORBIT intends to reinforce the elements that have served the company well in the past, and further capitalize on its global sales and distribution platform.

For segment Oceans, strategic focus remains on broadening the product portfolio through organic R&D investments, strengthening its position as a world leading provider of tailored technology in the oceans domain, taking advantage of the established global distribution, while at the same time expanding its market presence further. In segment ITS, NORBIT is embarking on a strategy to grow a new sub-segment based on selected IoT 5G niche applications, complementing its existing position in the dedicated short range communication (DSRC) domain. The acquisition of iData accelerates this strategy, where the ambition is to significantly increase the share of income generated from subscription-based business models. Along this strategy, ITS will continue to both broaden its product and customer portfolio, reducing earnings volatility. Benefiting from the investments made in increasing the manufacturing capacity, the strategic objective in segment PIR remains to organically grow the segment by entering new industry verticals within contract manufacturing.

Based on the updated long-term plan, NORBIT's ambitions are to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. The revenue trajectory implies a growth rate of 25 per cent per year from 2020, where all segments are expected to contribute positively. Succeeding with the plan requires maintaining financial robustness and a strong balance sheet, ensuring the necessary flexibility to grow and employ capital, where capital allocation priority will be made to sustaining capital expenditures and R&D investments with an attractive return profile, predominately in segment Oceans and ITS. NORBIT will continue to explore value-accretive acquisitions through defined criteria to accelerate growth further, although remaining disciplined.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half year financial statements for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information contained therein provides a true and fair view of the Group's assets, liabilities, financial position and overall results. We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

Trondheim, Norway, 12 August 2021
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Tom Solberg
Director

Trond Tuvstein
Director

Marit Collin
Director

Per Jørgen Weisethaunet
Chief executive officer

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA Short for earnings before interest, tax, depreciation and amortization. EBITDA corresponds to operating profit before depreciation and amortization expenses, as reported in the consolidated statement of profit and loss. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profits.

EBITDA margin EBITDA as a percentage of revenues. The EBITDA margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.

EBIT Short for earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit and loss. EBIT is a key performance indicator that the company considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures.

EBIT margin EBIT as a percentage of revenues. The EBIT margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.

Equity ratio Total equity divided by total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.

Net interest-bearing debt Net interest-bearing debt is defined as total interest-bearing borrowings less cash and cash equivalents.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in NOK 1 000	*Note*	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	2020
Revenue	*4*	**189 950**	155 152	**338 650**	306 723	618 798
Other gains and losses	*11*			**1 230**		
Raw materials and change in inventories		**88 103**	77 298	**160 654**	145 492	292 670
Employee benefit expenses		**34 343**	32 113	**75 893**	73 811	155 595
Depreciation and amortization expenses	*7, 9*	**15 344**	11 764	**30 301**	23 082	49 125
Other operating expenses		**17 037**	16 267	**35 217**	41 957	77 062
Operating profit		**35 122**	17 710	**37 815**	22 380	44 346
Net financial items	*6*	**124**	(2 822)	**(4 121)**	(1 590)	(9 524)
Profit before tax		**35 246**	14 888	**33 694**	20 790	34 822
Income tax expense		**(7 922)**	(3 283)	**(7 922)**	(4 316)	(7 528)
Profit for the period		**27 324**	11 605	**25 722**	16 474	27 293
Attributable to:						
Owners of the Company		**27 324**	11 601	**25 722**	16 474	27 293
Non-controlling interests		**-**	4	**-**	-	-
Total		**27 324**	11 605	**25 722**	16 474	27 293
Average no. of shares outstanding basic and diluted	*10*	**56 786 918**	56 786 918	**56 786 918**	56 786 918	56 786 918
Earnings per share						
Basic (NOK per share)	*10*	**0.48**	0.20	**0.45**	0.29	0.48
Diluted (NOK per share)	*10*	**0.48**	0.20	**0.45**	0.29	0.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	2020
Profit for the period	**27 324**	11 605	**25 722**	16 474	27 293
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	**68**	103	**(50)**	29	153
Items that will not be reclassified to profit or loss					
Changes in the fair value of equity investments at fair value through other comprehensive income	**-**	-	**-**	-	-
Other comprehensive income for the period, net of tax	**68**	103	**(50)**	29	153
Total comprehensive income for the period	**27 392**	11 708	**25 672**	16 503	27 446
Total comprehensive income for the period is attributable to:					
Owners of the Company	**27 386**	11 704	**25 685**	16 503	27 465
Non-controlling interests	**6**	4	**(13)**	-	(19)
Total	**27 392**	11 708	**25 672**	16 503	27 446

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1 000	*Note*	31.03.2021	**30.06.2021**	30.06.2020	31.12.2020
ASSETS					
Non-current assets					
Property, plant and equipment	*7, 9*	150 024	**156 910**	114 058	149 953
Intangible assets	*7*	179 776	**183 391**	162 990	171 454
Goodwill	*11*	6 002	**6 002**	-	-
Deferred tax asset		19 681	**12 227**	21 848	19 738
Equity-accounted investees		814	**871**	2 682	3 437
Shares in other companies		237	**237**	100	237
Other non-current assets		-	**-**	-	285
Total non-current assets		356 534	**359 638**	301 678	345 105
Current assets					
Inventories		170 301	**202 450**	175 605	164 605
Trade receivables		107 621	**151 437**	111 944	121 356
Other receivables and prepayments		38 376	**20 468**	21 657	25 628
Derivative financial instruments		-	**-**	-	-
Cash and cash equivalents		18 421	**22 378**	4 656	14 953
Total current assets		334 719	**396 734**	313 861	326 543
Total assets		691 253	**756 372**	615 539	671 648
EQUITY AND LIABILITIES					
Liabilities					
Interest-bearing borrowings	*8*	10 898	**24 717**	40 715	11 561
Lease liabilities	*9*	12 734	**10 632**	2 065	14 703
Other non-current liabilities		1 384	**1 416**	316	1 322
Total non-current liabilities		25 017	**36 766**	43 096	27 586
Trade payables		76 734	**108 030**	72 188	67 356
Other current liabilities		38 923	**38 812**	43 398	47 467
Tax liabilities		996	**1 097**	407	850
Interest-bearing borrowings	*8*	106 206	**117 902**	9 341	83 141
Lease liabilities	*9*	8 353	**8 377**	4 037	8 484
Derivative financial instruments	*5*	-	**-**	196	-
Total current liabilities		231 212	**274 219**	129 567	207 299
Total liabilities		256 229	**310 985**	172 663	234 885
Equity					
Share capital	*10*	5 679	**5 679**	5 679	5 679
Share premium		275 433	**275 433**	275 433	275 433
Retained earnings		153 478	**163 833**	161 290	155 197
Non-controlling interests		434	**442**	474	455
Total equity		435 024	**445386**	442 876	436 763
Total equity and liabilities		691 253	**756 372**	615 539	671 648

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners					
Amounts in NOK thousand	Share capital	Share premium	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance at 31 December 2020	5 679	275 433	155 197	**436 309**	455	**436 763**
Profit for the period	-	-	25 722	**25 722**	-	**25 722**
Other comprehensive income	-	-	(50)	**(50)**	(13)	**(63)**
Total comprehensive income for the period	-	-	25 672	**25 672**	(13)	**25 660**
Dividends paid	-	-	(17 036)	**(17 036)**	**-**	**(17 036)**
Total transactions with owners	-	-	(17 036)	**(17 036)**	**-**	**(17 036)**
Balance at 30 June 2021	5 679	275 433	163 833	**444 944**	442	**445 386**

	Attributable to owners					
Amounts in NOK thousand	Share capital	Share premium	Retained earnings	**Total**	Non-controlling interests	**Total equity**
Balance at 31 December 2019	5 679	275 433	161 923	**443 035**	544	**443 579**
Profit for the period	-	-	16 474	**16 474**	-	**16 474**
Other comprehensive income	-	-	29	**29**	-	**29**
Total comprehensive income for the period	-	-	16 503	**16 503**	-	**16 503**
Transaction with non-controlling interest	-	-	(100)	**(100)**	(70)	**(170)**
Dividends paid	-	-	(17 036)	**(17 036)**	**-**	**(17 036)**
Total transactions with owners	-	-	(17 136)	**(17 136)**	(70)	**(17 206)**
Balance at 30 June 2020	5 679	275 433	161 290	**442 402**	474	**442 876**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK 1 000	*Note*	**Q2 2021**	Q2 2020	**1H 2021**	1H 2020	2020
Profit for the period		**27 324**	11 605	**25 722**	16 474	27 293
Adjustments for:						
Income tax expense recognised in profit or loss		**7 922**	3 283	**7 972**	4 317	7 529
Share of profit of associates		**(57)**	834	**(98)**	248	(316)
Gain on disposal of interest in former associate		**-**	-	**(1 230)**	-	-
Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		**-**	-	**-**	-	(196)
Depreciation and amortisation	*7, 9*	**15 344**	11 764	**30 301**	23 082	49 125
Movements in working capital:						
(Increase)/decrease in trade receivables		**(43 816)**	44 607	**(30 081)**	37 933	28 521
(Increase)/decrease in inventories		**(32 149)**	(15 862)	**(37 845)**	(7 804)	3 195
Increase/(decrease) in trade payables		**31 296**	(6 287)	**40 674**	(16 973)	(21 805)
Increase/(decrease) in accruals		**17 539**	(1 666)	**(2 291)**	823	(1 240)
Net cash generated by operating activities		**23 403**	48 278	**33 124**	58 099	92 106
Cash flows from investing activities						
Payments for property, plant and equipment	*7*	**(3 930)**	(27 878)	**(11 837)**	(45 489)	(73 495)
Reclassified from inventory to property, plant and equip.	*7*	**(10 500)**	-	**(10 500)**	-	-
Payments for intangible assets	*7*	**(11 416)**	(21 682)	**(26 858)**	(41 516)	(63 169)
Net cash outflow on acquisition of subsidiaries		**-**	-	**(3 240)**	-	-
Net cash (used in)/generated by investing activities		**(25 846)**	(49 560)	**(52 435)**	(87 005)	(136 664)
Cash flows from financing activities						
Transactions with non-controlling interests		**-**	(170)	**-**	(170)	(170)
Proceeds from borrowings	*8*	**15 800**	-	**15 800**	32 700	32 700
Repayment of borrowings	*8*	**(2 590)**	(869)	**(4 973)**	(1 225)	(6 770)
Repayment of lease liabilities	*9*	**(2 078)**	(986)	**(4 147)**	(2 293)	(3 356)
Net change in overdraft facility	*8*	**12 305**	(126)	**37 091**	(95)	49 499
Dividends paid	*10*	**(17 036)**	(17 036)	**(17 036)**	(17 036)	(34 072)
Net cash (used in)/generated by financing activities		**6 401**	(19 187)	**26 735**	11 881	37 831
Net increase in bank deposits		**3 957**	(20 469)	**7 424**	(17 025)	(6 726)
Bank deposits at the beginning of the period		**18 421**	25 124	**14 953**	21 680	21 680
Bank deposits at the end of the period		**22 378**	4 656	**22 378**	4 656	14 953

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

NORBIT is a knowledge-based Group that delivers tailor-made high technology products and services to industrial customers in the global market. NORBIT's vision is to be recognized as world class, enabling people to explore more.

NORBIT's head office is located in Trondheim. In addition, in Q2 2021 the Group also had operations in Norway from Asker, Røros, Selbu and Gjøvik, as well as foreign operations in Sopot / Gdansk, Vienna, Budapest, Lanciano, Singapore, Shanghai, Gothenburg and Santa Barbara CA.

The business includes development, manufacturing and delivery of products, systems and services based on electronics. NORBIT ASA is organized in three operating segments: Oceans, Intelligent Traffic Systems (ITS) and Product Innovation & Realization (PIR).

The consolidated financial statements of NORBIT ASA for the second quarter and six months ending 30 June 2021 incorporate the financial statements of the company and its subsidiaries (collectively referred to as the "Group").

NOTE 2 STATEMENT OF COMPLIANCE

The interim consolidated statements for the second quarter 2021, ending 30 June 2021, were prepared in accordance with IAS 34 Interim Financial Reporting and are unaudited. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual report for 2020. The consolidated financial statements of the Group as at and for the year ended 31 December 2020 are available at www.norbit.com.

The new standards and interpretations effective from 1 January 2021 do not have a significant impact on the Group's consolidated interim financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles applied in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the Group's annual financial statements for the year ended 31 December 2020. The Groups accounting principles are described in the annual report for 2020.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting policies requires management to exercise judgments. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

The significant judgements, estimates and assumptions communicated in the consolidated financial statements as of 31 December 2020 also apply to these interim financial statements. Following the outbreak of the COVID-19 pandemic, all significant estimates and underlying assumptions have been reviewed in light of the new macroeconomic situation caused by the pandemic. In preparing these interim financial statements NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets and expected loss on accounts receivables. Based on the assessment, no impairment was recognized in the first and second quarter.

The pandemic has not caused any major disruption to NORBIT's production or logistics in the second quarter. Shortage of supply of electronic components is further described as a risk factor under Risks and Uncertainities in the financial report.

NOTE 4 SEGMENT INFORMATION

The operating segments are aligned with the internal reporting and the operating segments are components of the Group that are evaluated regularly by the management team. The operating segments are Oceans, Intelligent Traffic Systems (ITS) and Product Innovation and Relization (PIR). Oceans deliver tailored technology solutions to the global maritime markets. ITS is offering connectivity solutions for vehicle identification and tracking, and PIR is offering R&D services and contract manufacturing to key customers.

1H 2021*

Amounts in NOK 1 000	Oceans	ITS	PIR	Eliminations	**Total**
Revenues	170 003	35 746	145 711	(12 810)	**338 650**
Other gains and losses	-	-	-	1 230	**1 230**
Raw materials and change in inventories	62 623	17 377	83 211	(2 558)	**160 654**
Operating expenses	42 216	19 235	48 223	1 436	**111 110**
EBITDA	65 164	(867)	14 277	(10 458)	**68 116**
EBITDA margin	38%	(2%)	10%		**20%**
Depreciation	4 889	1 558	8 485	448	**15 380**
Amortization and impairment	5 551	6 982	2 766	(377)	**14 921**
EBIT	54 724	(9 406)	3 026	(10 529)	**37 815**
Total financial items (not allocated)	-	-	-	-	**(4 121)**
Profit before tax	-	-	-	-	**33 694**
Taxes (not allocated)	-	-	-	-	**(7 972)**
Profit after tax	-	-	-	-	**25 722**

Timing of revenues			
- At point in time	150 885	35 746	130 259
- Over time	19 118	-	15 452
Total	170 003	35 746	145 711

* *Q1 figures have been restated in which operating expenses and depreciation have been reclassified in the PIR segment. NORBIT allocates operating expenses, depreciation and the operating result from its production facility (Øverhagaen Eiendom AS) to the three operating segments. In the first quarter, this was incorrectly reported as operating expenses in segment PIR. Following this reclassification, the operating result of PIR improved NOK 300 185 in the first quarter. The Group's overall result for Q1 is unchanged.*

H1 2020

Amounts in NOK 1 000	Oceans	ITS	PIR	Eliminations	**Total**
Revenues	110 501	83 599	120 458	(7 836)	**306 723**
Other gains and losses	-	-	-	-	**-**
Raw materials and change in inventories	46 891	36 863	59 107	2 632	**145 492**
Operating expenses	42 942	17 700	60 657	(5 531)	**115 768**
EBITDA	20 668	29 036	694	(4 936)	**45 463**
EBITDA margin	19%	35%	1%		**15%**
Depreciation	2 192	476	6 374	1 141	**10 183**
Amortization and impairment	3 746	6 768	2 385	-	**12 900**
EBIT	14 730	21 792	(8 065)	(6 078)	**22 380**
Total financial items (not allocated)	-	-	-		**(1 590)**
Profit before tax	-	-	-	-	**20 790**
Taxes (not allocated)	-	-	-	-	**(4 316)**
Profit after tax	-	-	-	-	**16 474**

Timing of revenues			
- At point in time	94 013	83 599	106 997
- Over time	16 488	-	13 461
Total	110 501	83 599	120 458

Q2 2021

Amounts in NOK 1 000	Oceans	ITS	PIR	Eliminations	**Total**
Revenues	101 528	16 388	78 469	(6 435)	**189 950**
Other gains and losses	-	-	-	-	**-**
Raw materials and change in inventories	37 188	6 598	44 821	(503)	**88 103**
Operating expenses	20 082	9 972	22 799	(1 472)	**51 380**
EBITDA	44 259	(181)	10 849	(4 460)	**50 466**
EBITDA margin	44%	(1%)	14%	-	**27%**
Depreciation	2 594	705	4 057	187	**7 544**
Amortization and impairment	2 968	3 510	1 391	(68)	**7 801**
EBIT	38 697	(4 396)	5 400	(4 580)	**35 122**
Total financial items (not allocated)	-	-	-	-	**124**
Profit before tax	-	-	-	-	**35 246**
Taxes (not allocated)	-	-	-	-	**(7 922)**
Profit after tax	-	-	-	-	**27 324**

Timing of revenues			
- At point in time	91 192	16 388	70 025
- Over time	10 336	-	8 444
Total	101 528	16 388	78 469

Q2 2020

Amounts in NOK 1 000	Oceans	ITS	PIR	Eliminations	**Total**
Revenues	58 729	38 448	57 431	543	**155 152**
Other gains and losses	-	-	-	-	**-**
Raw materials and change in inventories	26 317	17 602	27 639	5 740	**77 298**
Operating expenses	16 760	8 328	27 353	(4 061)	**48 380**
EBITDA	15 652	12 519	2 439	(1 136)	**29 474**
EBITDA margin	27%	33%	4%	-	**19%**
Depreciation	1 145	163	3 172	649	**5 130**
Amortization and impairment	1 879	3 563	1 193	-	**6 635**
EBIT	12 628	8 792	(1 926)	(1 784)	**17 710**
Total financial items (not allocated)	-	-	-	-	**(2 822)**
Profit before tax	-	-	-	-	**14 888**
Taxes (not allocated)	-	-	-	-	**(3 283)**
Profit after tax	-	-	-	-	**11 605**

Timing of revenues			
- At point in time	55 026	38 448	51 356
- Over time	3 704	-	6 075
Total	58 729	38 448	57 431

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	30.06.2021	31.12.2020
Foreign currency forwards NOK/EUR (amounts in currency '000)	**-**	-
Foreign currency forwards USD/EUR (amounts in currency '000)	**-**	-
Average FX rate in contract (NOK/EUR)	**-**	-
Average FX rate in contract (USD/EUR)	**-**	-
Fair value of contracts based om MTM reports from counterpart banks	**-**	-

NOTE 6 NET FINANCIAL ITEMS

Net financial items consist of:

Amounts in NOK 1 000	**1H 2021**	1H 2020	**Q2 2021**	Q2 2020
Share of profit of associates	**98**	(248)	**57**	(834)
Net interest income / (expense)	**(2 722)**	177	**(1 504)**	457
Agio/disagio and other financial expenses	**(1 498)**	(1 519)	**1 571**	(2 445)
Net financial items	**(4 121)**	(1 590)	**124**	(2 822)

NOTE 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Amounts in NOK 1 000	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance as of 31 December 2020	69 053	57 755	171 454
Additions	3 901	18 436	-
Depreciation	(2 269)	(8 834)	-
Capitalized development	-	-	26 858
Amortization	-	-	(14 921)
Impairment	-	-	-
Balance as of 30 June 2021	70 684	67 357	183 391

The Group invested NOK 11.4 million in intangible assets in Q2 2021 and NOK 26.9 million in the first half of 2021. The capital expenditures were primarily related to broadening the product offering in the Oceans and ITS segments. The development projects progressed as planned during the second quarter.

Total investments in property, plant and equipment was NOK 3.9 million in Q2 2021 and NOK 11.8 million for the first half of 2021. In addition, NORBIT reclassified in the second quarter NOK 10.5 million of demo kits to property, plant and equipment, which previously was reported as inventory in the balance sheet. The reclassification had no impact on the cash balance.

At the end of each reporting period, the Group assess whether there are indications that any tangible or intangible asset has been impaired. If such indications are present, an estimate to the recoverable amount of the asset is calculated. No indications of impairment were identified as of 30 June 2021.

NOTE 8 INTEREST-BEARING BORROWINGS

Amounts in NOK 1 000	**30.06.2021**	30.06.2020	31.12.2020
Revolving credit facility	**25 816**	32 700	29 258
Overdraft facilities	**87 911**	1 226	50 820
Other borrowings	**28 892**	16 131	14 624
Total interest-bearing borrowings	**142 619**	50 056	94 702
Non-current borrowings	**24 717**	40 715	11 561
Current borrowings	**117 902**	9 341	83 141
Total interest-bearing borrowings	**142 619**	50 056	94 702

The Group had two main loan facilities per end of Q2 2021, comprising of a long-term revolving credit facility (RCF) and a short-term overdraft facility. NORBIT had drawn NOK 87.9 million on the overdraft facility as per 30 June 2021, while NOK 25.8 million was drawn on the RCF. The RCF is priced at 3M NIBOR + 1.8 per cent margin p.a., while the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a.

The financial covenants are as follows:

- **Equity ratio:** Carrying value of total equity as per cent of carrying value of total assets shall exceed 30 per cent. To be reported by 30 June and 31 December
- **NIBD ratio:** Net interest bearing debt (total borrowings less bank deposits) over EBITDA shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12 month rolling basis.

As of June 30, 2021, NORBIT was in compliance with both financial covenants.

NOTE 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

NORBIT leases a number of offices in addition to machinery and vehicles. Right-of-use assets are reported under Property, plant and equipment in the balance sheet. The movement in the right-of-use assets and lease liabilities during 2021 is summarised below:

	Right of use assets			
Amounts in NOK 1 000	Office rent	Machinery and vehicles	**Total**	**Lease liabilities**
Balance at 31 December 2020	22 774	371	**23 145**	**23 157**
Additions	-	-	**-**	**-**
Depreciation expense	(3 989)	(287)	**(4 277)**	**-**
Interest expense	-	-	**-**	**230**
Lease payments	-	-	**-**	**(4 377)**
Balance at 30 June 2021	18 784	84	**18 868**	**19 010**

NOTE 10 SHARE CAPITAL AND EQUITY

NORBIT ASA has been listed on the Oslo Børs (Oslo Stock Exchange) since 20 June 2019. The share is traded under the symbol NORBIT.

As of 30 June 2021, NORBIT had issued a 56 786 918 ordinary shares at a par value of NOK 0.10 per share. All issued shares are fully paid. NORBIT holds no treasury shares and no options are outstanding. Average outstanding number of shares is used in the calculation of earnings per share in all periods in 2020 and 2021.

On 4 May 2021 the general meeting approved a cash dividend of NOK 0.30 per share based on the 2020 annual accounts. The dividend was paid 18 May to shareholders registered as of 4 May.

NOTE 11 BUSINESS COMBINATIONS

In February 2021, NORBIT ASA acquired a 65 per cent ownership interest in Kilmore Marine Ltd for a total consideration of GBP 450 000. Kilmore Marine Ltd. acts as segment Oceans's distributor in the UK and Middle East. Prior to the acquisition, NORBIT ASA held a 35 per cent ownership interest, which was reported as an equity-accounted investee in the consolidated accounts. As part of the transaction, NORBIT recognized a goodwill of NOK 6.0 million and a gain on existing ownership of NOK 1.2 million, reported as other gains and losses in the profit and loss accounts. Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, future excess earnings and the fact that deferred tax in accordance with IFRS is not discounted.

NOTE 12 RELATED PARTY TRANSACTIONS

NORBIT held until February a 35 per cent ownership interest Kilmore Marine Ltd. For further details, see note 11.

NOTE 13 SUBSEQUENT EVENTS

NORBIT completed the acquisition of iData Kft. on 30 July following regulatory approval by the Hungarian Ministry. iData will be included in segment ITS in NORBIT's reporting.

NORBIT entered into an agreement to increase the credit limit on its RCF to NOK 200 million from previously NOK 150 million, and established a new NOK 55 million term loan facility for its real estate properties. The maturity date for the RCF is February 2025 and July 2024 for the term loan. The margin on both loans is NIBOR + 1.8 per cent margin p.a. The term loan amortises over 15 years. Covenants remain unchanged.

NORBIT received an order from Fremtind Service for delivery of OBUs for electronic toll collection in the Norwegian market, totalling NOK 27 million with delivery over the next 24 months.

NORBIT

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