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HIGHLIGHTS AND KEY FIGURES

SUMMARY OF THE FIRST QUARTER 2023

- First quarter was yet another record quarter for NORBIT with all-time high revenues of NOK 376.7 million, corresponding to a growth of 60 per cent from the first quarter of 2022, supported by strong demand in all three business segments.
- The EBITDA result was NOK 104.3 million, representing a margin of 28 per cent, up from NOK 43.9 million and 19 per cent in the first quarter of 2022.
- Oceans reported revenues of NOK 135.7 million, up from NOK 80.8 million in the first quarter of 2022. Revenue growth was driven by strong sonar sales, in particular from the WINGHEAD sonar family. The EBITDA margin was 36 per cent.
- Connectivity reported revenues of NOK 136.3 million, representing more than a doubling in revenues from the corresponding quarter of 2022. Growth was primarily driven by higher sale of On-Board Units. The EBITDA margin was 35 per cent in the quarter.
- In the quarter, Connectivity announced two large On-Board Unit contracts for a total value of approximately NOK 420 million. The first NOK 150 million order is for delivery in the first half of 2023, while the NOK 270 million frame agreement covers deliveries for a two-year period starting second quarter 2023.
- Product Innovation & Realization (PIR) reported NOK 112.4 million in revenues in the first quarter, up 14 per cent from NOK 98.8 million in the corresponding quarter of 2022. Adjusting for customer reimbursements of extraordinary material costs, the underlying growth rate was 28 per cent. The increase in revenues was primarily driven by higher demand from industrial clients in contract manufacturing. The EBITDA margin for the quarter was 16 per cent.
- Diluted earnings per share were NOK 0.88 for the first quarter, up from NOK 0.21 one year earlier.
- In the quarter, NORBIT acquired the IoT start up CPS AS (“CPS”) at an equity value of NOK 12.6 million, bolstering Connectivity’s capabilities to deliver value by supporting clients in their digitalisation efforts.
- Guidance for the year is maintained, whereby NORBIT targets to deliver revenues in excess of NOK 1.4 billion and continued margin improvement.

SUBSEQUENT EVENTS

- NORBIT acquired the business and certain assets of Seahorse Geomatics Inc, Oceans’ distributor and re-seller in the North American market, for a purchase price of USD 1.5 million.
- Connectivity was awarded a new frame agreement with an existing European blue-chip client for delivery of tachograph enforcement modules. The frame agreement extends to 2029 and has an estimated value in excess of NOK 500 million based on current forecasts.
- NORBIT ASA held its annual general meeting 4 May 2023. All proposed resolutions were approved including the annual accounts for 2022 and the board’s proposal to distribute a dividend of NOK 0.70 per share.



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FIRST QUARTER 2023

FINANCIAL REVIEW

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

PROFIT AND LOSS

Revenues for the first quarter of 2023 amounted to NOK 376.7 million, representing an increase of 60 per cent compared to the corresponding quarter of 2022 (NOK 235.2 million). All segments reported an increase in revenues compared to the same period last year. Further details are provided in the review of the segments.

Raw material expenses and inventory changes were NOK 154.5 million for the first quarter (NOK 100.4 million). The increase from the same period last year is primarily explained by the higher activity level. The gross margin was 59 per cent (57 per cent).

Employee benefit expenses amounted to NOK 80.2 million for the first quarter this year (NOK 60.0 million). The increase from last year is primarily explained by a strengthening of the organisation to support further growth and strategic initiatives.

Other operating expenses amounted to NOK 37.6 million (NOK 30.9 million) for the first quarter of 2023. The increase from last year is mainly explained by warranty cost and provisions, travel expenses, maintenance costs, as well as an increase in the general expense level.

EBITDA amounted to NOK 104.3 million for the first quarter (NOK 43.9 million), corresponding to a margin of 28 per cent (19 per cent).

Operating profit (EBIT) came in at NOK 78.5 million for the first quarter (NOK 23.6 million), representing a margin of 21 per cent (10 per cent).

Net financial items amounted to negative NOK 8.3 million for the quarter (negative NOK 6.4 million). The increase in financial expenses is primarily related to increasing interest rates. In the quarter, net interest expenses were NOK 6.7 million, while foreign exchange losses were NOK 1.7 million, of which NOK 1.4 million was mark-to-market adjustments of foreign exchange derivative contracts.

A tax expense of NOK 18.3 million was recorded for the quarter (NOK 4.7 million).

Profit for the period was NOK 51.9 million (NOK 12.5 million), translating into diluted earnings per share of NOK 0.88 (NOK 0.21).

CONSOLIDATED KEY FIGURES ¹⁾

Amounts in NOK million (except percentages and EPS)	Q1 2023	Q1 2022
Revenues	376.7	235.2
EBITDA	104.3	43.9
EBITDA margin (%)	28%	19%
EBIT	78.5	23.6
EBIT margin (%)	21%	10%
Profit for the period	51.9	12.5
Earnings per share (EPS) - diluted	0.88	0.21

¹⁾ Definitions included on page 20.

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SEGMENTS

NORBIT ASA is organised in three operating segments; Oceans, Connectivity and Product Innovation & Realization (PIR). The Oceans segment delivers tailored technology solutions to global maritime markets, and the Connectivity segment is a leading supplier of solutions for asset identification, monitoring and tracking. The third segment, PIR, provides R&D products and services and contract manufacturing to key customers.

OCEANS

Targeting the global maritime market, the Oceans segment encompasses all of NORBIT's knowledge and competence, including proprietary technology and solutions. The segment offers ultra-compact sonars for a range of special applications, including seabed mapping and hydrography. In addition, Oceans has developed proprietary solutions and software for maritime and environmental monitoring and security solutions. NORBIT is continuously working towards expansion in selected niche areas within the 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 experiences quarterly fluctuations in revenues due to seasonal variations.

Oceans: Financial figures

Amounts in NOK million	Q1 2023	Q1 2022
Revenues	135.7	80.8
Raw materials	39.8	21.4
Gross profit	95.9	59.4
Operating expenses	46.9	33.7
EBITDA	49.1	25.7
Depreciation and amortisation	10.3	7.6
EBIT	38.8	18.1
Gross margin (%)	71%	73%
EBITDA margin (%)	36%	32%
EBIT margin (%)	29%	22%

Revenues amounted to NOK 135.7 million for the first quarter of 2023, an increase of 68 per cent from the same period last year (NOK 80.8 million). First quarter is generally a seasonally slow period for Oceans, but this year both February and March were exceptionally strong months for the sonar business, also supported by a few larger deliveries. Revenues from sale of sonars and related services increased to NOK 118.9 million (NOK 60.7 million) in the quarter. The WINGHEAD sonar platform was a strong contributor to the results, representing 51 per cent of the sonar related revenues in the quarter. Over the last twelve months, the WINGHEAD platform has delivered revenue growth close to 130 per cent.

Oceans: Revenue split

Amounts in NOK million	Q1 2023	Q1 2022
Subsea sonars	118.9	60.7
Security	2.7	7.5
Environmental monitoring	6.6	7.1
Aqua	0.6	0.0
Connect	7.0	5.5
Total	135.7	80.8

Gross margin for the first quarter ended at 71 per cent compared to 73 per cent in the first quarter last year. The gross margin was higher than the average margin

reported in recent quarters due to lower share of sales on commission, as well as a favourable product mix.

Operating expenses, including employee expenses and other operating expenses, amounted to NOK 46.9 million for the first quarter of 2023 (NOK 33.7 million). The increase is primarily explained by a strengthening of the organisation, increased travel expenses, as well as warranty costs and provisions.

EBITDA for the Oceans segment amounted to NOK 49.1 million for the quarter (NOK 25.7 million), representing a margin of 36 per cent (32 per cent).

EBIT was NOK 38.8 million in the first quarter of 2023 (NOK 18.1 million), corresponding to a margin of 29 per cent (22 per cent).

Main events

- Subsequent to quarter-end, NORBIT acquired the business and certain assets from Seahorse Geomatics Inc, Oceans' distributor and reseller in the North American market for more than a decade. The purchase price was USD 1.5 million, and was financed by issuance of consideration shares of NOK 10.4 million, and NOK 5.2 million was paid in cash.

CONNECTIVITY

The Connectivity segment is a leading technology solution provider for asset identification, monitoring and tracking.

Connectivity: Financial figures

Amounts in NOK million	Q1 2023	Q1 2022
Revenues	136.3	63.7
Raw materials	54.3	19.7
Gross profit	82.0	44.0
Operating expenses	34.9	30.3
EBITDA	47.0	13.7
Depreciation and amortisation	10.5	8.7
EBIT	36.6	5.0
Gross margin (%)	60%	69%
EBITDA margin (%)	35%	22%
EBIT margin (%)	27%	8%

Revenues amounted to NOK 136.3 million for the first quarter of 2023, an increase of 114 per cent from the corresponding period of 2022 (NOK 63.7 million). The increase from last year was primarily driven by continued strong demand for DSRC products, largely due to the NOK 150 million order received for On-Board Unit deliveries in first half of 2023. In total, revenues from DSRC technology were NOK 115.2 million in the quarter (NOK 43.1 million), while revenues from subscription and e-toll represented NOK 21.1 million (NOK 20.6 million).

Connectivity: Revenue split

Amounts in NOK million	Q1 2023	Q1 2022
On-Board Units	89.6	14.9
Tachograph enforce modules	14.5	8.4
Satellite-based tolling	8.1	17.3
Subscription and e-toll	21.1	20.6
Other	3.1	2.5
Total	136.3	63.7

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Gross margin for the first quarter was 60 per cent compared to 69 per cent in the first quarter last year. The decrease is largely explained by the revenue mix as DSRC products, which represent an increasing share of total revenues, have a lower gross margin than the subscription and e-toll-based part of the business.

Operating expenses amounted to NOK 34.9 million for the quarter, an increase of NOK 4.6 million compared to the corresponding period last year (NOK 30.3 million). The increase is primarily related to higher payroll expenses from strengthening of the organisation, wage inflation in Hungary, indirect costs allocated from the Røros factory, as well as provisions made for loss on trade receivables.

EBITDA for the first quarter of 2023 amounted to NOK 47.0 million (NOK 13.7 million), representing a margin of 35 per cent (22 per cent).

The increase in EBITDA is explained by the higher revenue base, partly offset by an increase in operating expenses.

EBIT was NOK 36.6 million in the first quarter of 2023 (NOK 5.0 million), representing a margin of 27 per cent (8 per cent).

Main events

- Received a NOK 150 million order for On-Board Units with delivery in the first half of 2023. Discussions are ongoing with respect to additional volume deliveries in the second half of 2023.
- Entered into a NOK 270 million two-year frame agreement for delivery of On-Board Units starting second quarter 2023.
- Acquisition of the IoT start-up CPS for an equity value of NOK 12.6 million. The acquisition was financed by the issuance of NOK 9.0 million in consideration shares, and NOK 3.6 million was paid in cash.
- Subsequent to quarter-end, Connectivity was awarded a new frame agreement with an existing European blue-chip client for delivery of tachograph enforcement modules. The frame agreement extends to 2029 and the estimated value is in excess of NOK 500 million, based on current forecasts.

PRODUCT INNOVATION & REALIZATION (PIR)

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

PIR: Financial figures

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022
Revenues	112.4	98.8
Raw materials	61.2	61.5
Gross profit	51.2	37.4
Operating expenses	32.9	26.0
EBITDA	18.2	11.4
Depreciation and amortisation	4.3	3.3
EBIT	13.9	8.1
<hr/>		
Gross margin (%)	46%	38%
EBITDA margin (%)	16%	12%
EBIT margin (%)	12%	8%

Revenues amounted to NOK 112.4 million for the first quarter of the year, an increase of 14 per cent from the corresponding period last year (NOK 98.8 million).

In the quarter, PIR recognised NOK 3.7 million in customer reimbursements of extraordinary material costs (NOK 13.7 million). Adjusted for this effect, revenue growth was 28 per cent from the corresponding period of 2022. Growth was largely driven by increased demand from industrial clients within contract manufacturing. Revenues from contract manufacturing, adjusted for customer reimbursements, was NOK 84.8 million in the quarter (NOK 64.6 million).

PIR: Revenue split

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022
Contract manufacturing	84.8	64.6
Customer reimbursements	3.7	13.7
R&D Products & Services	23.9	20.6
Total	112.4	98.8

Gross margin for the first quarter was 46 per cent compared to 38 per cent in the first quarter last year. Adjusted for the customer reimbursement effect in revenues and raw material costs, the gross margin was 47 per cent in the quarter, compared to 44 per cent in the first quarter of 2022.

Operating expenses for the PIR segment amounted to NOK 32.9 million for the first quarter (NOK 26.0 million). The increase is primarily explained by higher payroll expenses following a strengthening of the organisation, warranty provisions and maintenance expenses.

EBITDA amounted to NOK 18.2 million for the first quarter of 2023 (NOK 11.4 million), representing a margin of 16 per cent (12 per cent).

EBIT was NOK 13.9 million in the first quarter of 2023 (NOK 8.1 million), representing a margin of 12 per cent (8 per cent).

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 1 261.0 million at 31 March 2023, up from NOK 1 220.8 million at 31 December 2022.

Intangible assets amounted to NOK 278.8 million at the end of the first quarter, up from NOK 258.8 million at the end of 2022. The increase is primarily explained by NOK 16.2 million in additions relating to the CPS acquisition, including NOK 14.7 million in fair value adjustments, and NOK 15.8 million in R&D investments, partly offset by amortisation.

Goodwill stood at NOK 84.4 million at 31 March 2023, and year-end 2022. Goodwill primarily relates to the acquisition of iData in 2021.

Inventories amounted to NOK 455.6 million, up from NOK 426.3 million at the end of 2022. The increase in inventory is primarily related to an expected activity increase and NORBIT securing components to safeguard deliveries for the next quarters.

Trade receivables were NOK 154.7 million at 31 March 2023, down from NOK 168.0 million at 31 December 2022. The decrease from the previous quarter is primarily explained by more receivables sold under the non-recourse factoring facility.

Cash and cash equivalents amounted to NOK 41.7 million at the end of the year, on par with prior quarter.

Interest-bearing borrowings totalled NOK 259.1 million at the end of the first quarter, compared to NOK 337.4 million three months earlier.

The company had NOK 519.9 million in undrawn committed credit facilities at 31 March 2023.



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Total equity was NOK 666.9 million at the end of the quarter, representing an equity ratio of 53 per cent, compared to NOK 599.3 million at the end of December last year. The increase in the quarter is primarily explained by a positive net profit.

Consolidated cash flow

Operating activities generated a cash flow of NOK 109.9 million for the first quarter of 2023 (NOK 18.2 million), including a decrease in the working capital of NOK 20.9 million (increase of NOK 18.5 million), mainly related to an increase in trade payables and a decrease in trade receivables, partly offset by an increase in inventories.

Investing activities generated a cash outflow of NOK 24.1 million for the first quarter of 2023 (NOK 27.5 million). This mainly included NOK 15.8 million in R&D investments, NOK 5.8 million invested in machinery, equipment and capitalisation of assets and NOK 2.4 million in net cash outflow relating to the acquisition of CPS and investments in other shares. The R&D investments represented 4.2 per cent of the revenues in the quarter. As in previous quarters, the R&D investments primarily relate to broadening the product offering in the Oceans and Connectivity segments.

Financing activities led to a cash outflow of NOK 86.0 million in the quarter (cash inflow of NOK 10.0 million) following repayment of interest-bearing borrowings and lease liabilities.

SHARE INFORMATION

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

In the first quarter of 2023, the share traded between NOK 30.00 and NOK 40.00 per share, with a closing price of NOK 40.00 at 31 March 2023.

At 31 March 2023, the company had a approximately 1 800 shareholders, of which the 20 largest shareholders held 81.3 per cent of the total outstanding shares.

At 31 March 2023, the total number of shares in NORBIT ASA amounted to 59 199 198 and the number of outstanding shares was 59 182 366. At the same date, NORBIT ASA held 16 832 treasury shares.

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 2022.

NORBIT considers its most significant risk to be related to the supply shortage of components. NORBIT relies on a significant supply of components to produce and deliver its equipment and systems. A large portion of the components are bought in a global market.

There are signs of some improvement in the supply environment for components, but for certain semiconductor components the supply market is still challenging. Lead times are generally improving, but remain elevated on certain components with a corresponding low visibility. To some extent, this impacts the scheduling of planned deliveries leading to delays. There is also a risk that customers may re-schedule orders due to challenges in their own supply chain beyond the scope of NORBIT.

NORBIT is working actively to manage and mitigate the risk of supply shortage by purchasing larger series of components to inventory, evaluating the use of component equivalents in close dialogue with customers, as well as working

with suppliers to secure the raw material components needed to deliver according to plans. The increase in inventory requires careful management as changes in market dynamics or reduced demand may negatively impact NORBIT as a supplier, potentially leading to obsolete inventory that has not been provided for in the financial statements.

Price increases on raw materials components continue to persist. Over the last year, inflation has become broader and remain elevated. Combined, this leads to upwards pressure on the cost base. NORBIT continues to manage inflation by taking appropriate measures to maintain acceptable margins.

Given NORBIT's dependency on foreign trade, business operation is subject to regulatory and political risk, including, but not limited to, regulatory changes, trade barriers, increased tariffs, restrictive governmental actions and changes in laws and policies.

Following the war in Ukraine, geopolitical risk has increased. While NORBIT has no direct exposure to Ukraine, Belarus or Russia, the war could have indirect effects on NORBIT through the supply chain, which may lead to disruptions and shortage of components.

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OUTLOOK

The outlook for NORBIT remains positive supported by continued high activity in all three business segments and second quarter is expected to be yet another strong quarter. The guidance for the year is reiterated, where the targets are to deliver revenues in excess of NOK 1.4 billion and continued margin improvement. As in previous years, quarterly seasonal fluctuations are expected, along with the impact of currency movements as a substantial share of NORBIT's revenues is denominated in EUR and USD.

In what is generally a seasonally slow period, Oceans delivered a solid first quarter supported by continued strong demand for compact underwater sonars. Revenue visibility is generally low in the segment, but the target for second quarter is to deliver on par with revenues of the corresponding quarter of 2022, which was the best quarter last year. In April, NORBIT acquired Seahorse Geomatics, Oceans' distributor and reseller in the North American market. With this, Oceans is strengthening its sales and distribution platform further in this important region, as well as aligning strategic objectives.

Over the last years, NORBIT has made significant investments in broadening the product offering, expanding the production capacity and increasing inventories to maintain a safety stock of components to safeguard deliveries and seize opportunities. These strategic decisions have been an enabler for organic growth and enhanced the flexibility, positioning NORBIT to deliver on larger contracts.

So far this year, Connectivity has announced contracts for close to NOK 1.0 billion, including two On-Board Unit contracts with a value of approximately

NOK 420 million and a frame agreement for delivery of tachograph enforcement modules with an estimated value in excess of NOK 500 million. These awards highlight the strong demand for DSRC products and is partly driven by Connectivity's strategic direction of partnering with the insurance industry on existing products and innovations and partly due to new regulations. Following the European Union's third mobility package, new policy frameworks come into force involving the use of smart tachographs, leading to increased demand for tachographs with wireless interface based on DSRC technology. Supported by the recent awards, Connectivity is expected to deliver between NOK 150 – 160 million in revenues in the second quarter.

PIR is experiencing high demand within contract manufacturing, driven by growth from existing and new customers. Revenues for the second quarter are expected to be between NOK 90 – 100 million, which compares to NOK 78 million in the corresponding quarter of 2022, adjusted for customer reimbursements.

In addition to realising the organic growth potential, NORBIT will continue to explore value-accretive acquisitions through its defined criteria to accelerate further growth. The board of directors remains optimistic about NORBIT's long-term outlook. The group's diversified product offering, targeting multiple industries and geographies, combined with the organisation's ability to adapt and to successfully introduce new market-driven innovation makes the company robust.

Trondheim, Norway, 15 May 2023
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Christina Hallin
Director

Trond Tuvstein
Director

Magnus Reitan
Director

Per Jørgen Weisethaunet
Chief executive officer



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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK million</i>	<i>Note</i>	Q1 2023	Q1 2022
Revenue	4	376.7	235.2
Other gains and losses	11	-	-
Raw materials and change in inventories		154.5	100.4
Employee benefit expenses		80.2	60.0
Depreciation and amortisation expenses	7, 9	25.8	20.2
Other operating expenses		37.6	30.9
Operating profit		78.5	23.6
Net financial items	6	(8.3)	(6.4)
Profit before tax		70.2	17.2
Income tax expense		(18.3)	(4.7)
Profit for the period		51.9	12.5
Attributable to:			
Owners of the company		51.9	12.5
Non-controlling interests		-	-
Total		51.9	12.5
Average no. of shares outstanding - basic	10	59 076 389	58 459 302
Average no. of shares outstanding - diluted	10	59 183 229	58 459 302
Earnings per share			
Basic (NOK per share)	10	0.88	0.21
Diluted (NOK per share)	10	0.88	0.21

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK million</i>	Q1 2023	Q1 2022
Profit for the period	51.9	12.5
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	6.6	1.8
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	6.6	1.8
Total comprehensive income for the period	58.5	14.4
Total comprehensive income for the period is attributable to:		
Owners of the company	58.5	14.4
Non-controlling interests	-	-
Total	58.5	14.4



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK million</i>	<i>Note</i>	31.03.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment	7, 9	183.9	187.7
Intangible assets	7	278.8	258.8
Goodwill	11	84.4	84.4
Deferred tax asset		13.0	15.6
Equity-accounted investees		0.7	0.7
Shares in other companies		0.8	0.6
Total non-current assets		561.6	547.8
Current assets			
Inventories		455.6	426.3
Trade receivables		154.7	168.0
Other receivables and prepayments		47.4	37.0
Cash and cash equivalents		41.7	41.7
Total current assets		699.4	673.0
Total assets		1 261.0	1 220.8
EQUITY AND LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	8	140.6	154.6
Lease liabilities	9	23.2	24.0
Deferred tax liabilities		3.5	3.6
Other non-current liabilities		6.0	5.4
Total non-current liabilities		173.2	187.6
Current liabilities			
Trade payables		158.7	132.6
Other current liabilities		107.3	93.3
Tax liabilities		25.5	13.4
Interest-bearing borrowings		118.5	182.8
Lease liabilities	9	9.5	11.8
Derivative financial instruments	5	1.4	0.0
Total current liabilities		420.9	433.8
Total liabilities		594.1	621.5
Equity			
Share capital	10	5.9	5.9
Share premium		328.9	319.9
Retained earnings		332.0	273.5
Non-controlling interests		0.0	0.0
Total equity		666.9	599.3
Total equity and liabilities		1 261.0	1 220.8



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings			
Balance at 31 December 2022	5.9	319.9	273.5	599.3	0.0	599.3
Profit for the period	-	-	51.9	51.9	-	51.9
Other comprehensive income	-	-	6.6	6.6	-	6.6
Total comprehensive income for the period	0.0	0.0	58.5	58.5	0.0	58.5
Share issue	0.0	9.0	-	9.0	-	9.0
Total transactions with owners	0.0	9.0	0.0	9.0	0.0	9.0
Balance at 31 March 2023	5.9	328.9	332.0	666.9	0.0	666.9

Amounts in NOK million	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings			
Balance at 31 December 2021	5.8	308.8	183.3	497.9	0.0	497.9
Profit for the period	-	-	12.5	12.5	-	12.5
Other comprehensive income	-	-	1.8	1.8	-	1.8
Total comprehensive income for the period	0.0	0.0	14.4	14.4	0.0	14.4
Balance at 31 March 2022	5.8	308.8	197.6	512.3	0.0	512.3



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK million</i>	<i>Note</i>	Q1 2023	Q1 2022
Profit for the period		51.9	12.5
Adjustments for:			
Income tax expense recognised in profit or loss		18.3	4.7
Income taxes paid		(7.0)	(0.9)
Share of profit of associates		(0.0)	0.1
Depreciation and amortisation	7, 9	25.8	20.2
Movements in working capital:			
(Increase)/decrease in trade receivables		15.3	(8.3)
(Increase)/decrease in inventories		(29.2)	(71.6)
Increase/(decrease) in trade payables		25.1	52.7
Increase/(decrease) in accruals		9.8	8.8
Net cash generated by operating activities		109.9	18.2
Cash flows from investing activities			
Payments for property, plant and equipment	7	(5.8)	(10.0)
Payments for intangible assets	7	(15.8)	(16.0)
Net cash outflow from acquisition and other shares	11	(2.4)	(1.5)
Net cash (used in)/generated by investing activities		(24.1)	(27.5)
Cash flows from financing activities			
Proceeds from borrowings	8	90.0	0.0
Repayment of borrowings	8	(92.3)	(3.0)
Repayment of lease liabilities	9	(3.2)	(2.1)
Net change in overdraft facility	8	(80.5)	15.1
Net cash (used in)/generated by financing activities		(86.0)	10.0
Net increase in cash and cash equivalents		(0.1)	0.6
Cash and cash equivalents at the beginning of the period		41.7	21.7
Cash and cash equivalents at the end of the period		41.7	22.3



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NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL

NORBIT is a global provider of tailored technology solutions to selected applications. NORBIT's vision is to be recognised as world class, enabling people to explore more.

NORBIT is headquartered in Trondheim, with manufacturing in Norway and Hungary. In addition, in the first quarter of 2023 NORBIT also had operations through its foreign subsidiaries in Denmark, Czech Republic, Poland, Austria, Hungary, Italy, Singapore, China, Sweden, Croatia, Slovakia, Brazil, United Kingdom and United States.

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

The consolidated financial statements of NORBIT ASA for the first quarter and three months ending 31 March 2023 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 first quarter 2023, ending 31 March 2023, 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 2022. The consolidated financial statements of the group as at and for the year ended 31 December 2022 are available at www.norbit.com.

The new standards and interpretations effective from 1 January 2023 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 2022. The group's accounting principles are described in the annual report for 2022.

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 judgments 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 2022 also apply to these interim financial statements. In preparing these interim financial statements, NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets, loss allowance for expected credit losses on trade receivables and warranty provisions. Based on the assessment, no impairment of intangible assets was recognised in the quarter. In the first quarter of 2023, NORBIT made NOK 1.3 million in provisions on expected loss on trade receivables and NOK 1.4 million in additional warranty provisions.



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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, Connectivity and Product Innovation and Relization (PIR).

Q1 2023

Amounts in NOK million

	Oceans	Connectivity	PIR	Group / Elim	Total
Revenues	135.7	136.3	112.4	(7.8)	376.7
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	39.8	54.3	61.2	(0.8)	154.5
Operating expenses	46.9	34.9	32.9	3.1	117.8
EBITDA	49.1	47.0	18.2	(10.0)	104.3
EBITDA margin	36%	35%	16%	-	28%
Depreciation	4.9	2.1	4.1	0.7	11.8
Amortisation and impairment	5.4	8.4	0.2	0.0	14.0
EBIT	38.8	36.6	13.9	(10.7)	78.5
Total financial items (not allocated)	-	-	-	-	(8.3)
Profit before tax	-	-	-	-	70.2
Taxes (not allocated)	-	-	-	-	(18.3)
Profit after tax	-	-	-	-	51.9

Timing of revenues

- At point in time	131.4	119.8	102.0	(7.8)	345.4
- Over time	4.4	16.5	10.4	0.0	31.3
Total	135.7	136.3	112.4	(7.8)	376.7

Q1 2022

Amounts in NOK million

	Oceans	Connectivity	PIR	Group / Elim	Total
Revenues	80.8	63.7	98.8	(8.2)	235.2
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	21.4	19.7	61.5	(2.2)	100.4
Operating expenses	33.7	30.3	26.0	0.9	90.9
EBITDA	25.7	13.7	11.4	(6.9)	43.9
EBITDA margin	32%	22%	12%	-	19%
Depreciation	4.0	1.5	3.4	0.6	9.5
Amortisation and impairment	3.6	7.2	(0.1)	0.0	10.7
EBIT	18.1	5.0	8.1	(7.5)	23.6
Total financial items (not allocated)	-	-	-	-	(6.4)
Profit before tax	-	-	-	-	17.2
Taxes (not allocated)	-	-	-	-	(4.7)
Profit after tax	-	-	-	-	12.5

Timing of revenues

- At point in time	67.2	55.4	91.9	(8.2)	206.4
- Over time	13.6	8.3	6.9	0.0	28.7
Total	80.8	63.7	98.8	(8.2)	235.2



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NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	31.03.2023	31.12.2022
Foreign currency forwards EUR/NOK (amounts in EUR)	10 000 000	-
Foreign currency forwards USD/EUR (amounts in USD)	3 500 000	-
Average FX rate in contract (EUR/NOK)	10.94	-
Average FX rate in contract (USD/NOK)	10.37	-
Fair value of contracts based on MTM reports from counterpart banks (NOK million)	(1.4)	-

NOTE 6 NET FINANCIAL ITEMS

Net financial items consist of:

Amounts in NOK million	Q1 2023	Q1 2022
Share of profit of associates	0.0	(0.1)
Net interest income / (expense)	(6.7)	(3.2)
Agio/disagio and other financial expenses	(1.7)	(3.1)
Net financial items	(8.3)	(6.4)

NOTE 7 PROPERTY, PLANT AND EQUIPMENT, AND INTANGIBLE ASSETS

Amounts in NOK million	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance at 31 December 2022	65.5	86.6	258.8
Additions from acquisition of companies	0.0	0.0	16.2
Additions	0.0	5.8	0.0
Depreciation	(1.5)	(7.1)	0.0
Capitalised development	0.0	0.0	15.8
Amortisation	0.0	0.0	(14.0)
Currency effects	0.0	2.1	2.0
Balance at 31 March 2023	64.1	87.5	278.8

The group invested NOK 15.8 million in intangible assets in the first quarter of 2023. The capital expenditures were primarily related to broadening the product offering in the Oceans and Connectivity segments. The development projects progressed as planned during the year.

Total investments in property, plant and equipment was NOK 5.8 million in the first quarter of 2023, primarily related to machinery and equipment.

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 31 March 2023.



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NOTE 8 INTEREST-BEARING BORROWINGS

Amounts in NOK million	31.03.2023	31.12.2022
Revolving credit facility	0.0	90.0
Overdraft facility	60.1	140.6
Term loans	139.5	50.4
Seller's credit	35.6	32.6
Other borrowings	23.9	23.8
Total interest-bearing borrowings	259.1	337.4
Non-current borrowings	140.6	154.6
Current borrowings	118.5	182.8
Total interest-bearing borrowings	259.1	337.4

The group had four main loan facilities per end of the first quarter of 2023, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and two term loans. The credit limits are NOK 200 million and NOK 350 million on the RCF and overdraft facility, respectively.

NORBIT had drawn NOK 60.1 million on the overdraft facility as of 31 March 2023, while the RCF was undrawn. NOK 139.5 million was outstanding on the two terms loans. At 31 March 2023, NOK 30 million was available to draw under one of the term loans.

The RCF and one term loan are priced at 3M NIBOR + 1.8 per cent margin p.a., the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a, while the NOK 120 million term loan is priced at 3M NIBOR + 2.15 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:** Total interest-bearing borrowings and lease liabilities less cash and cash equivalents over EBITDA (IFRS, as reported) shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12 month rolling basis.

As of 31 March 2023, NORBIT was in compliance with both financial covenants.

In connection with the acquisition of iData Kft. completed in July 2021, the transaction was partly settled through issuance of a EUR 6.0 million sellers' credit. The seller's credit bears an interest of 3 per cent p.a and accrues on the loan. Half of the seller's credit was paid in July 2022, while the remainder is due in July 2023.

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 2023 is summarised below.

Amounts in NOK million	Right of use assets		Total	Lease liabilities
	Office rent	Machinery and vehicles		
Balance at 31 December 2022	9.3	26.2	35.5	35.9
Additions	-	-	-	-
Depreciation expense	(2.2)	(1.0)	(3.2)	-
Interest expense	-	-	-	0.3
Lease payments	-	-	-	(3.5)
Balance at 31 March 2023	7.1	25.2	32.3	32.7



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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 NORBT.

As of 31 March 2023, the total number of shares in NORBIT ASA amounted to 59 199 198 and the number of outstanding shares was 59 182 366, each with a par value of NOK 0.10 per share. As per the same date, NORBIT ASA held 16 832 own shares. All issued shares are fully paid. Average outstanding

number of shares is used in the calculation of earnings per share in all periods of 2022 and 2023.

At 31 March 2023, there were 106 840 restricted stock units ('RSUs') outstanding. Half will vest in the second quarter of 2023, while the remaining half will vest in second quarter 2024. The RSUs are included in the calculation of diluted earnings per share.

NOTE 11 BUSINESS COMBINATIONS

Nicarnica Aviation AS

In March 2022, NORBIT ASA acquired 100 per cent ownership in Nicarnica Aviation AS, a Norwegian technology company that has developed remote sensing solutions for detecting hazardous emissions. The technology broadens and complements the existing environmental monitoring solutions

developed by segment Oceans. The total consideration for the shares was NOK 0.9 million, paid in cash to the sellers. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition.

<i>Amounts in NOK million</i>	Purchase price
Cash consideration	0.9
Total	0.9

Recognised amount of identifiable assets and acquired liabilities assumed

Intangible assets	1.0
Deferred tax asset	2.0
Cash and cash equivalents	0.0
Interest-bearing borrowings	(1.6)
Trade payables	(0.4)
Other current liabilities	(0.1)
Total identifiable net assets	0.9
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	0.9



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Aursund Maskinering AS

In November 2022, NORBIT ASA acquired 100 per cent ownership in Aursund Maskinering AS. The company has been a key supplier for segment Oceans for several years. The total consideration for the shares was NOK 9.3 million and was paid through a combination of cash and an interest-free sellers credit. Half of the sellers' credit is due November 2023, while the remainder is due November 2024. The purchase price and fair value of assets and liabilities

acquired are presented in the table below. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 2.3 million. In 2021, Aursund Maskinering reported revenues of NOK 8.1 million and an EBITDA of NOK 1.6 million (Norwegian GAAP). Aursund Maskinering is reported under segment Oceans.

<i>Amounts in NOK million</i>	Purchase price
Cash consideration	3.7
Sellers credit	5.6
Total	9.3
Recognised amount of identifiable assets and acquired liabilities assumed*	
Property, plant and equipment	5.7
Inventory	1.7
Trade receivables	2.1
Other receivables	0.1
Cash and cash equivalents	1.5
Deferred tax liability	(0.3)
Interest-bearing borrowings	(1.1)
Trade payables	(0.1)
Other short-term debt	(2.6)
Total identifiable net assets	7.0
Goodwill	2.3
Cash and cash equivalents in acquired business	1.5
Total cash outflow from acquisition of business	7.8

*The purchase price allocation is preliminary and may be subject to adjustments.



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CPS AS

In January 2023, NORBIT ASA acquired 100 per cent ownership in the technology company CPS AS. CPS design, develop and industrialise custom IoT ready devices for various areas of application across a number of industry segments. The devices are designed, developed and industrialised based on proprietary modules. CPS also provides firmware licenses and services to customers. The total consideration was NOK 12.6 million paid through a

combination of NOK 3.6 million in cash and NOK 9.0 million in issuance of consideration share. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from 1 January 2023 and the preliminary analysis gave rise to NOK 14.7 million in fair value adjustments relating to intangible assets.

<i>Amounts in NOK million</i>	Purchase price
Consideration shares	9.0
Cash consideration	3.6
Total	12.6
Recognised amount of identifiable assets and acquired liabilities assumed*	
Property, plant and equipment	0.0
Intangible assets	16.2
Inventory	0.0
Receivables	2.0
Cash and cash equivalents	1.3
Deferred tax liabilities	(3.2)
Interest-bearing borrowings	(1.5)
Trade payables	(1.1)
Other current liabilities	(1.2)
Total identifiable net assets	12.6
Cash and cash equivalents in acquired business	1.3
Total cash outflow from acquisition of business	2.3

* The purchase price allocation is preliminary and may be subject to adjustments

NOTE 12 RELATED PARTY TRANSACTIONS

There were no related party transactions in the first quarter of 2023.

NOTE 13 SUBSEQUENT EVENTS

- NORBIT acquired the business and certain assets from Seahorse Geomatics Inc, Oceans' distributor and reseller in the North American market for more than a decade. The purchase price was USD 1.5 million, and was financed by issuance of 298 059 consideration shares at a price of NOK 30.25107, or NOK 10.4 million, and NOK 5.2 million was paid in cash.
- Connectivity was awarded a new frame agreement with an existing European blue-chip client for delivery of tachograph enforcement modules. The frame agreement extends to 2029 and has an estimated value in excess of NOK 500 million based on current forecasts.
- NORBIT ASA held its annual general meeting 4 May 2023. All proposed resolutions were approved including the annual result for 2022 and the board's proposal to distributed a dividend of NOK 0.70 per share.



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DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA	Short for earnings before interest, tax, depreciation and amortisation. EBITDA corresponds to operating profit before depreciation and amortisation 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.
Gross profit	Gross profit is revenues less cost for raw materials and change in inventories, as reported in the consolidated statement of profit and loss. Gross profit is a key performance indicator that the company considers relevant for measuring the profitability before its employee benefit expenses, other operating expenses and depreciation and amortisation expenses.
Gross margin	Gross margin is defined as gross profit divided by revenues. The gross 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.

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