



**INTERIM | REPORT**  
**Q1 | 2021**

**NORBIT**  
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# HIGHLIGHTS AND KEY FIGURES

## SUMMARY OF THE FIRST QUARTER 2021

- Revenues for the first quarter of 2021 amounted to NOK 148.7 million, representing a decline of 2 per cent from the corresponding period of 2020.
- EBITDA was NOK 17.7 million, representing a margin of 12 per cent. This compares to NOK 16.0 million in the same period of 2020 and a margin of 11 per cent.
- Segment Oceans showed strong performance in a seasonally slow quarter, reporting high growth compared with first quarter 2020 and an EBITDA margin in excess of 30 per cent.
- Segment ITS delivered as expected a weak quarter with revenues of NOK 19.4 million and an EBITDA close to zero
- Segment PIR reported growth compared with corresponding quarter of 2020 and improved profitability.
- NORBIT received an order for multiple WINGHEAD sonars from a leading global survey company. The value of the order is approximately NOK 10 million. The order was delivered in the first quarter.
- NORBIT and Fremtind Service entered into a letter of intent for a strategic partnership with the aim to develop future solutions for safer traffic and simplified payment along Norwegian roads, where NORBIT will be the supplier of On-Board Units ("OBUs") to Fremtind Service.

## SUBSEQUENT EVENTS

- 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.
- ITS received an initial order from an European insurance company for 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.
- NORBIT entered into a share purchase agreement to acquire the Hungarian technology company iData Kft. ("iData") for a total cash consideration of EUR 14.5 million.

## CONSOLIDATED KEY FIGURES

<i>Amounts in NOK million (except percentages and EPS)</i>	Fourth quarter		Full year
	2021	2020	2020
Revenues	<b>148.7</b>	151.6	<b>618.8</b>
EBITDA	<b>17.7</b>	16.0	<b>93.5</b>
EBITDA margin (%)	<b>12%</b>	11%	<b>15%</b>
EBIT	<b>2.7</b>	4.7	<b>44.3</b>
EBIT margin (%)	<b>2%</b>	3%	<b>7%</b>
Profit for the period	<b>(1.6)</b>	4.9	<b>27.4</b>
Earnings per share (EPS)	<b>(0.03)</b>	0.09	<b>0.48</b>

# FINANCIAL REVIEW – FIRST QUARTER 2021

## FINANCIAL RESULTS – NORBIT ASA

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

### PROFIT AND LOSS

**Revenues** for the first quarter of 2021 amounted to NOK 148.7 million, representing a 2 per cent decline compared to the corresponding quarter of 2020 (NOK 151.6 million). Compared with first quarter last year, both Oceans and PIR delivered strong growth, while segment ITS had a weak quarter where revenues declined 57 per cent.

**Other gains and losses** were NOK 1.2 million and relate to the acquisition of 65 per cent of the shares in Kilmore Marine Ltd (“Kilmore”), segment Oceans’ distributor in the UK and Middle East, where NORBIT previously held a 35 per cent ownership interest. Kilmore was consolidated in the accounts from 10 February 2021, previously being reported as an equity-accounted investee.

**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 147.2 million for the first quarter (NOK 146.9 million). In the first quarter, NORBIT recorded approximately NOK 1.5 million in expenses related to transaction processes.

**Employee benefit expenses** amounted to NOK 41.6 million for the first quarter (NOK 41.7 million).

**EBITDA** amounted to NOK 17.7 million this quarter (NOK 16.0 million), corresponding to a margin of 12 per cent (11 per cent).

**Operating profit** came in at NOK 2.7 million for the first quarter (NOK 4.7 million).

**Net financial items** amounted to negative NOK 4.2 million for the quarter (NOK 1.2 million). The decrease is primarily explained by foreign exchange losses due to a weakened EUR versus NOK, where NORBIT is maintaining cash reserves in EUR for part settlement of the acquisition of iData.

**Taxes** were NOK 0.1 million for the quarter (negative NOK 1.0 million).

**Profit for the period** was negative NOK 1.6 million for the first quarter of 2021 (NOK 4.9 million).

## SEGMENTS

NORBIT ASA is organised 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 a leading provider of tailored technology for vehicle identification and tracking, 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

NOK million	First quarter		Full year
	2021	2020	2020
Revenues	68.5	51.8	267.2
EBITDA	20.9	5.0	59.6
EBITDA margin (%)	31%	10%	22%
EBIT	16.0	2.1	45.6
EBIT margin (%)	23%	4%	17%

**Revenues** amounted to NOK 68.5 million for the first quarter of 2021, compared to NOK 51.8 million in the corresponding quarter last year, representing a growth of 32 per cent, of which NORBIT Kabelpartner stood for 8 percentage points. NORBIT Kabelpartner was included in segment Oceans in the first quarter (previously the PIR segment).

Delivery of sonar systems was solid throughout the quarter with a particularly strong March supported by the delivery of multiple WINGHEAD sonars to a leading global survey company. The NORBIT WINGHEADs will be installed on an Unmanned Surface Vessel (USV) to be used on marine renewable energy projects. The value of the order was approximately NOK 10 million. Regionally, sales growth was strong across all geographies, including Americas, Europe and Asia, compared to corresponding period of last year.

The pandemic continues to have an impact on both sales and business development activities with respect to the travel restrictions imposed, limiting physical customer interaction.

**Operating expenses**, including employee expenses and other operating expenses, amounted to NOK 22.1 million for the first quarter of 2021 (NOK 26.2 million). The decrease from last year is mainly explained by lower expenses related to use of external consultants and reversal of provision for credit losses on trade receivables versus a material increase in the first quarter of 2020.

**EBITDA** amounted to NOK 20.9 million for the quarter (NOK 5.0 million), representing a margin of 31 per cent (10 per cent). The margin increase is explained by the higher revenue base and lower other operating expenses.

## INTELLIGENT TRAFFIC SYSTEMS (ITS)

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

### Key figures – ITS

NOK million	First quarter		Full year
	2021	2020	2020
Revenues	19.4	45.2	145.1
EBITDA	(0.7)	16.5	42.5
EBITDA margin (%)	(4%)	37%	29%
EBIT	(5.0)	13.0	27.7
EBIT margin (%)	(26%)	29%	19%

**Revenues** amounted to NOK 19.4 million for the first quarter of 2021, corresponding to a decline of 57 per cent from the same period of 2020 (NOK 45.2 million).

As communicated in the fourth quarter report, NORBIT expected ITS to deliver a weak quarter with lower revenues and margins compared to fourth quarter. While delivery of connectivity modules for tachographs is holding up relatively well, first quarter was affected by limited delivery of OBUs. In addition, the financial results continue to be impacted by no delivery of products to one of the largest customers of ITS.

**Operating expenses** amounted to NOK 9.3 million for the quarter, compared to NOK 9.4 million in the corresponding period last year.

**EBITDA** for the first quarter of 2021 amounted to negative NOK 0.7 million (NOK 16.5 million), representing a negative margin of 4 per cent (37 per cent). The decline in EBITDA and margin can be explained by the lower revenue base.

### Main events

In the quarter, NORBIT announced that it had decided to terminate the process and agreement in relation to the acquisition of business and assets from the Norwegian IoT company StalkIT and associated companies due to the results of the due diligence.

In March, NORBIT and Fremtind Service entered into a letter of intent for a strategic partnership with the aim to develop future solutions for safer traffic and simplified payment along Norwegian roads, where NORBIT will be the supplier of OBUs to Fremtind Service.

Subsequent to the quarter-end, ITS received an initial order from an European insurance company for 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.

In addition, and with further reference to the stock exchange notice made in January, NORBIT announced that it had entered into a share purchase agreement for the acquisition of iData, a Hungarian technology company specialised in vehicle tracking and fleet management related services, for a total cash consideration of EUR 14.5 million, implying an enterprise valuation of EUR 14.5 million. The iData group of companies reported an EBITDA of EUR 1.9<sup>1</sup> million in 2020 and has since 2018 had an average growth rate in revenues of 6 per cent p.a.

At closing, the purchase price will be settled with a EUR 2.5 million equity private placement to the sellers, EUR 6.0 million in cash consideration, while the remainder will be financed and settled through a sellers credit, carrying 3 per cent interest p.a., of which half is due in 12 months and the remainder due in 24 months from the closing date. The purchase price is further subject to adjustments based on completion accounts at closing.

The transaction is conditional on customary closing conditions, including regulatory approval in Hungary. Post completion, iData will be included in the ITS segment.

## 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 robotised 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

NOK million	First quarter		Full year
	2021	2020	2020
Revenues	67.2	63.0	224.6
EBITDA	2.4	(1.7)	2.3
EBITDA margin (%)	4%	(3%)	1%
EBIT	(2.7)	(6.2)	(14.9)
EBIT margin (%)	(4%)	(10%)	(7%)

**Revenues** amounted to NOK 67.2 million for the first quarter, compared to NOK 63.0 million in the corresponding quarter last year, representing a growth of 7 per cent. Adjusted for change in reporting of NORBIT Kabelpartner, growth was 13 per cent.

The increase from first quarter 2020 can be explained by higher sales of contract manufacturing and R&D services. Within contract manufacturing, activity towards the automotive industry showed a strong increase, both year over year and compared to the prior quarter.

**Operating expenses** amounted to NOK 26.4 million for the quarter (NOK 33.3 million).

**EBITDA** amounted to NOK 2.4 million for the first quarter of 2021 (negative NOK 1.7 million), representing a margin of 4 per cent (negative 3 per cent). The improved results are mainly attributed to lower operating expenses.

### Main events

In April, NORBIT successfully completed its ISO 13485 certification of its factory in Selbu for manufacturing an assembly of electronic products and modules for the medical device industry.

1) EBITDA based on the consolidated non-audited accounts of iData Kft. and Beta Blue Kft in accordance with the Hungarian generally accepted accounting principles, converted to IFRS for presentation and information purposes and applying the average EUR/HUF exchange rate for 2020.

## FINANCIAL POSITION AND LIQUIDITY

### Consolidated financial position

**Assets** stood at NOK 691.3 million at 31 March 2021 compared to NOK 671.6 million at year-end 2020.

**Intangible assets** amounted to NOK 179.8 million at 31 March 2021, up from NOK 171.5 million at year-end 2020. The increase in the first quarter relates to NOK 15.4 million investments in R&D, partly offset by amortisation.

**Goodwill** was NOK 6.0 million as per 31 March 2021 and relates to the acquisition of 65 per cent of the shares in Kilmore.

**Inventories** amounted to NOK 170.3 million at the end of the first quarter of 2021, up from NOK 164.6 million at the end of the fourth quarter 2020.

**Trade receivables** were NOK 107.6 million at 31 March 2021, down from NOK 121.4 million at year-end 2020, partly explained by the lower revenue base quarter over quarter.

**Cash and cash equivalents** stood at NOK 18.4 million at 31 March 2021, compared to NOK 15.0 million at the end of the fourth quarter 2020.

**Total interest-bearing borrowings** stood at NOK 117.1 million at the end of March compared with NOK 94.7 million three months earlier. NORBIT had NOK 176.9 million in undrawn committed credit facilities at 31 March 2021.

**Total equity** was NOK 435.0 million at the end of the first quarter, representing an equity ratio of 63 per cent, compared to NOK 436.8 million and 65 per cent at year-end 2020.

### Consolidated cash flow

**Operating activities** generated a cash flow of NOK 9.7 million for the first quarter of 2021 (NOK 9.8 million), including a net increase in the working capital of NOK 2.4 million (net increase of NOK 6.8 million).

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

**Investing activities** generated a cash outflow of NOK 26.6 million for the first quarter of 2021 (NOK 37.4 million). This includes NOK 7.9 million in investments in fixed assets, a NOK 3.2 million investment in Kilmore, net of cash acquired, and NOK 15.4 million in investments in R&D, representing 10 per cent of revenues for the period. As in previous quarters the R&D investments primarily relate to broadening the product offering in segments Oceans and ITS.

**Financing activities** led to a cash inflow of NOK 20.3 million this quarter (positive NOK 31.1 million), mainly explained by a net increase in interest-bearing borrowings of NOK 22.4 million.

## SHARE INFORMATION

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

In the first quarter of 2021, the share traded between NOK 17.40 and NOK 23.00 per share, with a closing price of NOK 19.80 at 31 March 2021.

At 31 March 2021, the company had a total of 1 613 shareholders, of which the 20 largest shareholders held 84.6 per cent of the total outstanding shares.

The company has a total of 56 786 918 issued and outstanding 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 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. In recent months, the supply environment for chip components in the semiconductor industry has become challenging and risk of shortage has increased. With the increased surge in demand for electronics, the automotive industry has been particularly impacted following the downturn

in 2020. NORBIT has had a strategy of maintaining extra inventory of electronic components. However, lead times are increasing due to capacity constraints, 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 continuing to be rolled out, it will take time to achieve global immunity. The number of new reported cases is still high in most countries, and travel restrictions continue to be imposed, which is limiting sales and business development activities, particularly in Oceans with its global market presence. It remains uncertain when markets will normalise, and a continued period of lock-down represents a risk to the company's revenues and cash flow.

## OUTLOOK

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While segments Oceans and PIR delivered improving results compared to first quarter last year, the financial results this quarter were negatively impacted by the development in the ITS segment. As communicated in the fourth quarter report, the outlook for segment ITS is expected to be challenging also in the second quarter with revenues and margins remaining at low levels. The outlook for the second half of the year is however positive, where NORBIT expects a sharp increase in both revenues and margins, also supported by the recently announced NOK 50 million OBU contract.

In addition, NORBIT announced the signing of the agreement with iData, a company that fits well with ITS' strategy of positioning itself in selected IoT 5G niche applications. Through the acquisition, ITS is creating a broader platform for growth into the asset and vehicle tracking/monitoring market, where iData has a strong position in its home market. With the acquisition, ITS will diversify its revenue stream with iData's broad customer base where the subscription-based share of revenues represents more than 80 per cent of the activity. Furthermore, NORBIT sees attractive revenue synergies between the companies, whereby NORBIT can contribute market footprint, network, technology competence, scale and capital to fuel growth internationally.

Segment Oceans has had a strong start to second quarter and activity remains high. Sale of the WINGHEAD sonar was an important contributor to the growth

this quarter, demonstrating the success of Oceans' strategy of broadening the product platform through market driven innovation and the ability to scale through a global distribution network. Second quarter has historically been a seasonally strong quarter due to survey season and NORBIT expects revenues to grow quarter-over-quarter.

For segment PIR, revenues are expected to grow from the first quarter supported by continued high activity, particularly towards the automotive industry. The outlook for this year is positive where NORBIT anticipates growth in revenues and higher margins compared with 2020. The main risk to outlook is the challenging component situation within contract manufacturing. Strategically, it was an important milestone in April to complete the certification for manufacturing of products into the medical device industry, which will create an additional platform for growth longer term. With production capacity expanded last year and a highly robotised manufacturing line, PIR has the platform to scale organically and improve margins.

While the pandemic continues to be a challenge with respect to business activities, the company's diversified product offering, targeting different industries and geographies, combined with the organisation's ability to adapt and to successfully introduce new market-driven products makes the company robust. The Board remains positive about the company's long-term market outlook.

*Trondheim, Norway, 10 May 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*

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK 1 000</i>	<i>Note</i>	<b>Q1 2021</b>	Q1 2020
Revenue	4	<b>148 700</b>	151 571
Other gains and losses	11	<b>1 230</b>	-
Raw materials and change in inventories		<b>72 550</b>	68 194
Employee benefit expenses		<b>41 550</b>	41 698
Depreciation and amortisation expenses	7, 9	<b>14 957</b>	11 318
Other operating expenses		<b>18 180</b>	25 690
<b>Operating profit</b>		<b>2 693</b>	4 671
Net financial items	6	<b>(4 245)</b>	1 231
<b>Profit before tax</b>		<b>(1 552)</b>	5 902
Income tax expense		<b>50</b>	(1 034)
<b>Profit for the period</b>		<b>(1 602)</b>	4 869
<b>Attributable to:</b>			
Owners of the Company		<b>(1 602)</b>	4 873
Non-controlling interests		-	(4)
<b>Total</b>		<b>(1 602)</b>	4 869
Average no. of shares outstanding basic and diluted	10	<b>56 786 918</b>	56 786 918
<b>Earnings per share</b>			
Basic (NOK per share)	10	<b>(0.03)</b>	0.09
Diluted (NOK per share)	10	<b>(0.03)</b>	0.09

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK 1 000</i>	<b>Q1 2021</b>	Q1 2020
<b>Profit for the period</b>	(1 602)	4 869
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	(137)	(73)
<b>Other comprehensive income for the period, net of tax</b>	(137)	(73)
<b>Total comprehensive income for the period</b>	(1 739)	4 795
<b>Total comprehensive income for the period is attributable to:</b>		
Owners of the Company	(1 739)	4 799
Non-controlling interests	-	(4)
<b>Total</b>	(1 739)	4 795

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK 1 000</i>	<i>Note</i>	<b>31.03.2021</b>	31.12.2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7, 9	<b>150 024</b>	149 953
Intangible assets	7	<b>179 776</b>	171 454
Goodwill	11	<b>6 002</b>	-
Deferred tax asset		<b>19 681</b>	19 738
Equity-accounted investees		<b>814</b>	3 437
Shares in other companies		<b>237</b>	237
Other non-current assets		-	285
<b>Total non-current assets</b>		<b>356 534</b>	345 105
<b>Current assets</b>			
Inventories		<b>170 301</b>	164 605
Trade receivables		<b>107 621</b>	121 356
Other receivables and prepayments		<b>38 376</b>	25 628
Cash and cash equivalents		<b>18 421</b>	14 953
<b>Total current assets</b>		<b>334 719</b>	326 543
<b>Total assets</b>		<b>691 253</b>	671 648
<b>EQUITY AND LIABILITIES</b>			
<b>Liabilities</b>			
Interest-bearing borrowings	8	<b>10 898</b>	11 561
Lease liabilities	9	<b>12 734</b>	14 703
Other non-current liabilities		<b>1 384</b>	1 322
<b>Total non-current liabilities</b>		<b>25 017</b>	27 586
Trade payables		<b>76 734</b>	67 356
Other current liabilities		<b>38 923</b>	47 467
Tax liabilities		<b>996</b>	850
Interest-bearing borrowings	8	<b>106 206</b>	83 141
Lease liabilities	9	<b>8 353</b>	8 484
<b>Total current liabilities</b>		<b>231 212</b>	207 299
<b>Total liabilities</b>		<b>256 229</b>	234 885
<b>Equity</b>			
Share capital	10	<b>5 679</b>	5 679
Share premium		<b>275 433</b>	275 433
Retained earnings		<b>153 478</b>	155 197
Non-controlling interests		<b>434</b>	455
<b>Total equity</b>		<b>435 024</b>	436 763
<b>Total equity and liabilities</b>		<b>691 253</b>	671 648

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK 1000</i>	Attributable to owners			<b>Total</b>	Non-controlling interests	<b>Total equity</b>
	Share capital and premium	Share premium	Retained earnings			
<b>Balance at 31 December 2020</b>	5 679	275 433	155 197	<b>436 309</b>	455	<b>436 763</b>
Profit for the period	-	-	(1 602)	<b>(1 602)</b>	-	<b>(1 602)</b>
Other comprehensive income	-	-	(118)	<b>(118)</b>	(19)	<b>(137)</b>
<b>Total comprehensive income for the period</b>	-	-	(1 720)	<b>(1 720)</b>	(19)	<b>(1 739)</b>
<b>Balance at 31 March 2021</b>	5 679	275 433	153 478	<b>434 589</b>	434	<b>435 024</b>

<i>Amounts in NOK thousand</i>	Attributable to owners			<b>Total</b>	Non-controlling interests	<b>Total equity</b>
	Share capital	Share premium	Retained earnings			
<b>Balance at 31 December 2019</b>	5 679	275 433	161 923	<b>443 034</b>	544	<b>443 579</b>
Profit for the period	-	-	27 293	<b>27 293</b>	-	<b>27 293</b>
Other comprehensive income	-	-	153	<b>153</b>	(19)	<b>133</b>
<b>Total comprehensive income for the period</b>	-	-	27 446	<b>27 446</b>	(19)	<b>27 426</b>
<b>Transaction with owners in their capacity as owners:</b>						
Transaction with non-controlling interest	-	-	(100)	<b>(100)</b>	(70)	<b>(170)</b>
Dividends paid	-	-	(34 072)	<b>(34 072)</b>	-	<b>(34 072)</b>
<b>Total transactions with owners</b>	-	-	(34 172)	<b>(34 172)</b>	(70)	<b>(34 242)</b>
<b>Balance at 31 December 2020</b>	5 679	275 433	155 197	<b>436 309</b>	455	<b>436 763</b>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK 1 000</i>	<i>Note</i>	<b>Q1 2021</b>	Q1 2020
<b>Profit for the period</b>		<b>(1 602)</b>	4 869
<b>Adjustments for:</b>			
Income tax expense recognised in profit or loss		<b>50</b>	1 034
Share of profit of associates		<b>(41)</b>	(587)
Gain on disposal of interest in former associate		<b>(1 230)</b>	-
Depreciation and amortisation	7, 9	<b>14 957</b>	11 318
<b>Movements in working capital:</b>			
(Increase)/decrease in trade receivables		<b>13 735</b>	(6 674)
(Increase)/decrease in inventories		<b>(5 696)</b>	8 058
Increase/(decrease) in trade payables		<b>9 378</b>	(10 686)
Increase/(decrease) in accruals		<b>(19 830)</b>	2 489
<b>Net cash generated by operating activities</b>		<b>9 722</b>	9 821
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	7	<b>(7 907)</b>	(17 611)
Payments for intangible assets	7	<b>(15 442)</b>	(19 834)
Net cash outflow on acquisition of subsidiaries	11	<b>(3 240)</b>	-
<b>Net cash (used in)/generated by investing activities</b>		<b>(26 589)</b>	(37 445)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	8	-	32 700
Repayment of borrowings	8, 9	<b>(2 383)</b>	-
Repayment of lease liabilities	9	<b>(2 069)</b>	(1 663)
Net change in overdraft facility	8	<b>24 786</b>	31
<b>Net cash (used in)/generated by financing activities</b>		<b>20 334</b>	31 068
Net increase in bank deposits		<b>3 467</b>	3 444
Bank deposits at the beginning of the period		<b>14 953</b>	21 680
<b>Bank deposits at the end of the period</b>		<b>18 421</b>	25 124

## NOTES TO THE FINANCIAL STATEMENTS

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### NOTE 1 GENERAL INFORMATION

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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 recognised as world class, enabling people to explore more.

NORBIT's head office is located in Trondheim. In addition, in Q1 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 organised in three operating segments: Oceans, Intelligent Traffic Systems (ITS) and Product Innovation & Realization (PIR).

The consolidated financial statements of NORBIT ASA for the first quarter and three months ending 31 March 2021 incorporate the financial statements of the company and its subsidiaries (collectively referred to as the "Group").

### NOTE 2 STATEMENT OF COMPLIANCE

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The interim consolidated statements for the first quarter 2021, ending 31 March 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](http://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

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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 at 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 recognised in the first quarter.

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

### NOTE 4 SEGMENT INFORMATION

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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 Realization

(PIR). Oceans deliver tailored technology solutions to the global maritime markets. The ITS segment is a leading provider of tailored technology for vehicle identification and tracking. PIR is enabling innovation and contract manufacturing to long-term key clients.

**Q1 2021**

<i>Amounts in NOK 1 000</i>	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	68 475	19 357	67 232	(6 365)	<b>148 700</b>
Other gains and losses	-	-	-	1 230	<b>1 230</b>
Raw materials and change in inventories	25 436	10 779	38 391	(2 055)	<b>72 550</b>
Operating expenses	22 134	9 264	26 417	1 915	<b>59 730</b>
<b>EBITDA</b>	<b>20 905</b>	<b>(685)</b>	<b>2 425</b>	<b>(4 994)</b>	<b>17 650</b>
EBITDA margin	31%	(4%)	4%	-	<b>12%</b>
Depreciation	2 295	853	3 724	964	<b>7 836</b>
Amortisation and impairment	2 583	3 472	1 375	(309)	<b>7 120</b>
<b>EBIT</b>	<b>16 027</b>	<b>(5 010)</b>	<b>(2 674)</b>	<b>(5 649)</b>	<b>2 693</b>
Total financial items (not allocated)	-	-	-	-	<b>(4 245)</b>
<b>Profit before tax</b>	-	-	-	-	<b>(1 552)</b>
Taxes (not allocated)	-	-	-	-	<b>(50)</b>
<b>Profit after tax</b>	-	-	-	-	<b>(1 602)</b>

**Timing of revenues**

- At point in time	39 914	19 357	43 972		
- Over time	28 561	-	23 260		
<b>Total</b>	<b>68 475</b>	<b>19 357</b>	<b>67 232</b>		

**Q1 2020**

<i>Amounts in NOK 1 000</i>	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	51 771	45 152	63 027	(8 379)	<b>151 571</b>
Raw materials and change in inventories	20 573	19 261	31 468	(3 108)	<b>68 194</b>
Operating expenses	26 182	9 373	33 304	(1 470)	<b>67 388</b>
<b>EBITDA</b>	<b>5 016</b>	<b>16 518</b>	<b>(1 745)</b>	<b>(3 801)</b>	<b>15 989</b>
EBITDA margin	10%	37%	(3%)	-	<b>11%</b>
Depreciation	1 046	312	3 230	464	<b>5 053</b>
Amortisation and impairment	1 868	3 205	1 193	-	<b>6 265</b>
<b>EBIT</b>	<b>2 102</b>	<b>13 000</b>	<b>(6 167)</b>	<b>(4 265)</b>	<b>4 671</b>
Total financial items (not allocated)	-	-	-	-	<b>1 231</b>
<b>Profit before tax</b>	-	-	-	-	<b>5 902</b>
Taxes (not allocated)	-	-	-	-	<b>(1 034)</b>
<b>Profit after tax</b>	-	-	-	-	<b>4 869</b>

**Timing of revenues**

- At point in time	38 987	45 152	55 641		
- Over time	12 784	-	7 386		
<b>Total</b>	<b>51 771</b>	<b>45 152</b>	<b>63 027</b>		

**NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS**

The group has the following derivative financial instruments:

	31.03.21	31.12.20
Foreign currency forwards NOK/EUR ( <i>amounts in currency, thousand</i> )	-	-
Foreign currency forwards USD/EUR ( <i>amounts in currency, thousand</i> )	-	-
Average FX rate in contract ( <i>NOK/EUR</i> )	-	-
Average FX rate in contract ( <i>USD/EUR</i> )	-	-
Fair value of contracts based on MTM reports from counterpart banks	-	-

**NOTE 6 NET FINANCIAL ITEMS****Net financial items consist of:**

<i>Amounts in NOK 1 000</i>	<b>Q1 2021</b>	Q1 2020
Share of profit of associates	<b>41</b>	587
Net interest income / (expense)	<b>(1 217)</b>	(280)
Agio/disagio and other financial expenses	<b>(3 069)</b>	925
<b>Net financial items</b>	<b>(4 245)</b>	1 231

**NOTE 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

<i>Amounts in NOK 1 000</i>	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance at 31 December 2020	69 053	57 755	171 454
Additions	2 936	4 971	-
Depreciation	(1 085)	(4 609)	-
Capitalised development	-	-	15 442
Amortisation	-	-	(7 120)
Impairment	-	-	-
<b>Balance at 31 March 2021</b>	<b>70 903</b>	<b>58 117</b>	<b>179 776</b>

The group invested NOK 15.4 million in intangible assets in Q1 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 first quarter.

Total investments in property, plant and equipment were NOK 7.9 million in the first quarter, mainly relating to machinery investments.

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 2021.

**NOTE 8 BORROWINGS**

<i>Amounts in NOK 1 000</i>	<b>31.03.2021</b>	31.12.2020
Revolving credit facility	<b>27 537</b>	29 258
Overdraft facilities	<b>75 607</b>	50 820
Other borrowings	<b>13 961</b>	14 624
<b>Total borrowings</b>	<b>117 105</b>	94 702
Non-current borrowings	<b>10 898</b>	11 561
Current borrowings	<b>106 206</b>	83 141
<b>Total borrowings</b>	<b>117 105</b>	94 702

The group's two main loan facilities were established in December 2018, comprising of a long-term revolving credit facility (RCF) and a short-term overdraft facility. The facilities have a credit limit of NOK 150 million and NOK 130 million, respectively. NORBIT had drawn NOK 75.6 million on the overdraft facility as per 31 March 2021, while NOK 27.5 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 maturity date for the RCF is December 2021, and consequently, the facility has been classified as short-term debt by March 31, 2021 in the accounts.

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 31 March 2021, NORBIT is 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 Land and property, plant and equipment in the balance sheet. The movement in the right-of-use assets and lease liabilities during 2021 is summarised below:

<i>Amounts in NOK 1 000</i>	Right of use assets			Lease liabilities
	Office rent	Machinery and vehicles	Total	
Balance at 31 December 2020	22 760	371	<b>23 145</b>	<b>23 157</b>
Additions	-	-	-	-
Depreciation expense	(1 984)	(158)	<b>(2 142)</b>	-
Interest expense	-	-	-	<b>120</b>
Lease payments	-	-	-	<b>(2 190)</b>
<b>Balance at 31 March 2021</b>	<b>20 776</b>	<b>213</b>	<b>21 003</b>	<b>21 087</b>

## 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.

At 31 March 31 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.

NORBIT ASA held its annual general meeting on 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.

## 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 recognised and allocated a

preliminary 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

On 19 April, NORBIT ITS received an order from an European insurance company for delivery of On-Board Units ("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.

On 10 May NORBIT entered into a share purchase agreement to acquire the Hungarian technology company iData Kft. for a total cash consideration of EUR 14.5 million

On 4 May, NORBIT ASA held its annual general meeting. 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

## DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

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### **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.



**NORBIT**  
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