



INTERIM | REPORT

Q3 | 2021

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HIGHLIGHTS AND KEY FIGURES

SUMMARY OF THE THIRD QUARTER 2021

- Revenues reached an all-time high level of NOK 200.3 million in the third quarter and NOK 538.9 million for the first nine months of 2021, up 34 per cent and 18 per cent respectively from the corresponding periods of 2020
- EBITDA was NOK 32.9 million for the quarter compared with NOK 28.2 million in the corresponding period of 2020. Adjusted for transaction costs related to the acquisition of iData Kft. ('iData'), EBITDA was NOK 37.0 million, representing a margin of 18 per cent
- NORBIT renames the business segment Intelligent Traffic Systems (ITS) to 'Connectivity'. The existing ITS business will become a subsegment within Connectivity, together with a new vertical called Smart Data comprising of the software solutions provider iData as well as initiatives related to tailored IoT in selected niche applications
- Connectivity delivered revenues of NOK 46.0 million the third quarter, more than a doubling from NOK 21.8 million in third quarter 2020, supported by the acquisition of iData and growth in ITS. The EBITDA margin was 27 per cent
- Segment Oceans reported revenues of NOK 91.8 million and an EBITDA margin of 34 per cent driven by continued strong sonar sales
- The Product Innovation & Realization segment (PIR) delivered revenues of NOK 68.8 million and an EBITDA margin of close to zero as limited contribution from proprietary products and R&D services impacted margins negatively
- The acquisition of iData was completed 30 July following regulatory approval by the Hungarian Ministry. The total consideration was EUR 14.5 million.
- Completed refinancing and upsizing of the revolving credit facility to NOK 200 million and a new NOK 55 million term loan facility established, strengthening liquidity with approximately NOK 105 million
- Connectivity received an order from Fremtind Service for delivery of On-Board Units for electronic toll collection in the Norwegian market, totalling NOK 27 million with delivery over the next 24 months

CONSOLIDATED KEY FIGURES*

Amounts in NOK million (except percentages and EPS)	Third quarter		First nine months		Full year
	2021	2020	2021	2020	2020
Revenues	200.3	150.0	538.9	456.7	618.8
EBITDA	32.9	28.2	101.0	73.6	93.5
EBITDA margin (%)	16%	19%	19%	16%	15%
EBIT	13.8	16.3	51.7	38.7	44.3
EBIT margin (%)	7%	11%	10%	8%	7%
Profit for the period	10.1	13.6	35.8	30.0	27.3
Earnings per share (EPS)	0.17	0.24	0.63	0.53	0.48

* Definitions included on page 8.

THIRD QUARTER RESULTS 2021

FINANCIAL REVIEW

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

ACQUISITION OF iDATA

On 30 July, NORBIT completed the acquisition of the software solutions provider iData. iData and its subsidiaries are included in NORBIT's consolidated accounts as from 1 August 2021. Historical figures have not been restated. For further information regarding the acquisition, please see note 11 to the financial statements.

PROFIT AND LOSS

Revenues for the third quarter of 2021 amounted to NOK 200.3 million, representing a 34 per cent increase compared to the corresponding quarter of 2020 (NOK 150.0 million). Adjusted for the iData acquisition, organic growth was 25 per cent year over year. All segments reported growth in revenues in the third quarter compared to the same period last year.

For the first nine months of 2021, NORBIT's revenues came in at NOK 538.9 million, up 18 per cent compared to the same period of 2020 (NOK 456.7 million).

Raw material expenses and change in inventories were NOK 92.1 million in the third quarter (NOK 69.1 million). The increase from the same period last year is primarily explained by the higher revenue base. The contribution margin was 54 per cent, on par with reported level in third quarter 2020.

For the three quarters of 2021, raw material expenses and change in inventory were NOK 252.8 million (NOK 214.6 million).

Employee benefit expenses amounted to NOK 49.3 million for the third quarter this year (NOK 37.2 million). The increase is driven by the iData acquisition, strengthening of the organisation and share-based compensation to employees.

So far this year, a total of NOK 125.2 million (NOK 111.0 million) have incurred in employee benefit expenses.

Other operating expenses were NOK 25.9 million (NOK 15.5 million), including NOK 4.1 million in transaction costs related to the acquisition of iData. The remaining increase from the third quarter last year is largely explained by operating expenses in iData.

So far this year, a total of NOK 61.1 million (NOK 57.4 million) have incurred in other operating expenses.

EBITDA amounted to NOK 32.9 million this quarter (NOK 28.2 million), corresponding to a margin of 16 per cent (19 per cent). Adjusted for transaction costs related to the iData acquisition, EBITDA was NOK 37.0 million, equalling a margin of 18 per cent.

For the first nine months of the year, EBITDA was NOK 101.0 million (NOK 73.6 million).

Operating profit came in at NOK 13.8 million for the third quarter (NOK 16.3 million) and NOK 51.7 million so far this year (NOK 38.7 million).

Net financial items amounted to negative NOK 1.1 million for the quarter (positive NOK 1.4 million). The reduction is mainly due to higher interest expenses.

For the first nine months of the year, net financial items ended at negative NOK 5.2 million (negative NOK 0.2 million).

Taxes amounted to NOK 2.7 million for the quarter (NOK 4.2 million) and NOK 10.7 million for the first three quarters of the year (NOK 8.5 million).

Profit for the period was NOK 10.1 million (NOK 13.6 million) and NOK 35.8 million for the first three quarters of the year (NOK 30.0 million).

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. The *Connectivity* segment (previous ITS) encompasses NORBIT's technology within low power wireless solutions both related to electronic vehicle identification for tolling and tachograph enforcement together with a new vertical comprising of the recently acquired Hungarian software solutions provider iData, as well as NORBIT's initiatives within tailored IoT in selected niche applications. The *PIR* segment offers R&D services, proprietary products 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 generally has a low revenue visibility of 2-4 weeks, due to the short time from receipt of an order to customer delivery. The segment experiences some quarterly fluctuations in revenues due to seasonal variations.

Key figures – Oceans

	Third quarter		Nine months		Full year
NOK million	2021	2020	2021	2020	2020
Revenues	91.8	83.1	261.8	193.6	267.2
EBITDA	31.2	23.5	96.3	44.2	59.6
EBITDA margin (%)	34%	28%	37%	23%	22%
EBIT	24.0	20.5	78.7	35.3	45.6
EBIT margin (%)	26%	25%	30%	18%	17%

Revenues for Oceans amounted to NOK 91.8 million for the third quarter of 2021. The segment delivered a 10 per cent revenue growth from a strong third quarter last year (NOK 83.1 million), of which NORBIT Kabelpartner represented 6 percentage points. NORBIT Kabelpartner was included in segment Oceans from the first quarter 2021 (previously the PIR segment).

Growth was mainly attributed to strong sonar sales, where Asia and Europe showed solid growth year over year, while Americas was down as Oceans delivered on a large contract to a governmental customer in North America in third quarter last year.

For the first nine months of the year, Oceans recorded revenues of NOK 261.8 million, 35 per cent higher than for the same period last year (NOK 193.6 million) primarily explained by higher sonar sales.

Operating expenses, including employee expenses and other operating costs, amounted to NOK 27.6 million for the third quarter of 2021 (NOK 21.0 million). The increase is explained by the inclusion of NORBIT Kabelpartner in the Oceans segment, representing NOK 6.0 million of the increase.

For the first nine months of 2021, operating expenses came in at NOK 69.8 million (NOK 64.0 million).

EBITDA for the Oceans segment amounted to NOK 31.2 million for the quarter (NOK 23.5 million), representing a margin of 34 per cent (28 per cent). The improved results is due to operational leverage following growth in revenues and higher contribution margin due to a favourable product mix.

For the first three quarters of the year, EBITDA was NOK 96.3 million (NOK 44.2 million), resulting in an EBITDA margin of 37 per cent (23 per cent).

CONNECTIVITY

Segment ITS renamed to Connectivity

NORBIT has renamed the business segment Intelligent Traffic Systems (ITS) to 'Connectivity' following the iData acquisition. The former ITS will become a subsegment within Connectivity, together with a new vertical named Smart Data comprising of the recently acquired Hungarian software solutions provider iData, the Bluetooth Low Energy expert NORBIT Ablepay, as well as NORBIT's initiatives within tailored IoT in selected niche applications. All together, Connectivity will encompass NORBIT's technology within low power wireless solutions, enabling clients to digitise their operation through data collection and analysis with tailored sensors, connectivity devices and software.

Key figures – Connectivity

NOK million	Third quarter		Year to date		Full year
	2021	2020	2021	2020	2020
Revenues	46.0	21.8	81.7	105.4	145.1
EBITDA	12.5	4.4	11.6	33.5	42.5
EBITDA margin (%)	27%	20%	14%	32%	29%
EBIT	6.1	0.6	(3.3)	22.4	27.7
EBIT margin (%)	13%	3%	(4%)	21%	19%

Revenues for Connectivity amounted to NOK 46.0 million for the third quarter of 2021, up 110 per cent from the corresponding period of 2020 (NOK 21.8 million). iData reported NOK 13.0 million in revenues for the months of August and September.

For the first nine months of 2021, revenues came in at NOK 81.7 million (NOK 105.4 million).

Operating expenses for Connectivity amounted to NOK 20.5 million for the quarter (NOK 6.8 million). The increase is primarily related to operating expenses in iData (NOK 9.0 million), higher payroll expenses and increased use of external consultants.

So far this year, segment Connectivity has recorded a total of NOK 39.7 million in operating expenses (NOK 24.5 million).

EBITDA for the third quarter of 2021 amounted to NOK 12.5 million (NOK 4.4 million), representing a margin of 27 per cent (20 per cent).

For the first nine months of 2021, EBITDA was NOK 11.6 million (NOK 33.5 million), representing a margin of 14 per cent (32 per cent). The decline in EBITDA and margin is primarily explained by the lower revenue base in the first half of 2021.

Other main events

In July, NORBIT Connectivity secured an order from Fremtind Service for delivery of On-Board Units 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.

The iData acquisition was completed for a total consideration of EUR 14.5 million. 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. See note 8 and 11 to the financial statements for further information.

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	Third quarter		Year to date		Full year
	2021	2020	2021	2020	2020
Revenues	68.8	50.8	214.5	171.3	224.6
EBITDA	(0.4)	2.1	13.9	2.7	2.3
EBITDA margin (%)	(1%)	4%	6%	2%	1%
EBIT	(5.5)	(2.4)	(2.5)	(10.5)	(14.9)
EBIT margin (%)	(8%)	(5%)	(1%)	(6%)	(7%)

Revenues for PIR amounted to NOK 68.8 million for the third quarter of the year, up from NOK 50.8 million in the corresponding period last year. Adjusted for change in reporting of NORBIT Kabelpartner, growth was 45 per cent.

Revenue growth in the quarter was primarily driven by contract manufacturing where price inflation on components has been significant this year. NORBIT recognised approximately NOK 20 million in revenues in the quarter related to pass-through invoicing of extraordinary material costs, having a significant negative impact on the contribution margin.

For the first nine months of 2021, revenues amounted to NOK 214.5 million, 25 per cent up compared to last year (34 per cent adjusted for NORBIT Kabelpartner).

Operating expenses for the PIR segment amounted to NOK 20.8 million for the quarter (NOK 22.8 million).

For the first three quarters of 2021, operating expenses came in at NOK 69.0 million (NOK 83.5 million).

The reduction from last year is primarily explained by the reclassification of Kabelpartner to segment Oceans, partly offset by an increase in operating expenses within R&D services.

EBITDA for the PIR segment amounted to negative NOK 0.4 million for the third quarter of 2021 (positive NOK 2.1 million), representing a negative margin of 1 per cent (positive 4 per cent). Limited revenues from sale of proprietary products impacted the margins negatively.

So far this year, the PIR segment has recorded an EBITDA of NOK 13.9 million (NOK 2.7 million), corresponding to a margin of 6 per cent (2 per cent). The improved results are mainly attributed to the higher revenue base combined with a reduction of operating expenses.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 937.0 million at 30 September 2021, up from NOK 756.4 million at 30 June this year and NOK 671.6 million as per 31 December 2020.

Intangible assets amounted to NOK 243.9 million at the end of September 2021, up from NOK 183.4 million at the end of June and from NOK 171.5 million at the end of 2020. The increase is primarily explained by fair value adjustments in the iData transaction, where NORBIT identified NOK 46.1 million in excess values mainly related to customer relationships and trademark. NORBIT invested NOK 14.3 million in R&D in the quarter.

Goodwill stood at NOK 82.1 million as of 30 September 2021, where NORBIT made a preliminary allocation of NOK 76.1 million to goodwill in connection with the acquisition of iData.

Inventories amounted to NOK 249.2 million at the end of the third quarter of 2021, up from NOK 202.4 million at the end of the second quarter and NOK 164.6 million at the end of 2020. The increase in the inventory level is primarily related to NORBIT purchasing components to safeguard deliveries due to the challenging situation in the market for supply of raw material components. Net of the iData acquisition, inventories increased by NOK 39.3 million from the end of the second quarter.

Trade receivables were NOK 135.2 million at 30 September 2021, down from NOK 151.4 million at 30 June 2021 and up from 121.4 million at year-end 2020. The decrease from the previous quarter can mainly be explained by reduction in receivables towards some automotive clients in segment PIR.

Cash and cash equivalents amounted to NOK 29.1 million at the end of September, compared to NOK 22.4 million at the end of June and NOK 15.0 million at the end of 2020.

Total interest-bearing borrowings stood at NOK 272.6 million at the end of the third quarter compared to NOK 142.6 million three months earlier and NOK 94.7

million at the end of 2020. The increase in the quarter is primarily explained by financing of the iData acquisition.

During the quarter, 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 for both loans is NIBOR + 1.8 per cent margin p.a. The term loan amortises over 15 years. Covenants remain unchanged.

The company had NOK 201.5 million in undrawn committed credit facilities at 30 September 2021.

Total equity was NOK 490.0 million at the end of the quarter, representing an equity ratio of 52 per cent, compared to NOK 445.4 million at the end of June this year and NOK 436.8 million at the end of 2020.

The increase in the quarter is primarily explained by NOK 33.5 million in shares issued and a positive net profit.

Consolidated cash flow

Operating activities generated a cash flow of NOK 17.2 million for the third quarter of 2021 (negative NOK 8.0 million), including a net increase in the working capital of NOK 14.7 million (increase of NOK 38.3 million), mainly related to higher inventories, partly offset by a reduction of trade receivables.

So far this year, operating activities have generated a cash flow of NOK 50.3 million (NOK 50.1 million), including a net increase in working capital of NOK 44.3 million (increase of NOK 24.3 million).

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

Investing activities generated cash outflow of NOK 145.5 million for the third quarter of 2021 (NOK 27.3 million). This includes NOK 123.7 million in net cash outflow from the acquisition of iData, NOK 14.3 million in investments in R&D and NOK 7.6 million in investments in fixed assets.

For the first nine months of the year, cash flow from investing activities was NOK 198.0 million (NOK 114.3 million), including R&D investments of NOK 41.2 million.

Financing activities led to a cash inflow of NOK 135.1 million this quarter (NOK 55.8 million). The increase is due to a net change in borrowings of NOK 130.0 million, primarily related to the financing of the iData acquisition. NORBIT received NOK 7.2 million in proceeds from issuance of new common shares.

For the first nine months of 2021, NORBIT had a positive cash flow of NOK 161.9 million from financing activities (NOK 67.7 million).

SHARE INFORMATION

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

In the third quarter of 2021, the share traded between NOK 18.50 and NOK 29.50 per share, with a closing price of NOK 29.50 at 30 September 2021.

As of 30 September 2021, the company had a total of 1 752 shareholders, of which the 20 largest shareholders held 83.6 per cent of the total outstanding shares.

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 authorisations to increase the share capital granted by the general meeting on 4 May 2021.

Following completion of the iData transaction on 30 July, 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.

Following the registration of the share capital increases, NORBIT ASA has 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 risk to be related to 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. The supply environment for raw material components is challenging, particularly within the semiconductor industry. The supply market is characterised by low visibility as lead times have increased and remains

unreliable due to capacity constraints, both on manufacturing as well as transportation and freight. This impacts scheduling of planned deliveries leading to delays and, in worst case, cancellation of planned orders. There is also a risk that customers may cancel orders due to challenges in their own supply chain beyond the scope of NORBIT.

NORBIT is actively working to mitigate the risk of shortage by increasing inventory levels, 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 plan.

OUTLOOK

NORBIT continued on the growth trajectory in the third quarter, and all business segments contributed positively to the progress. Adjusted for the iData acquisition, NORBIT delivered 25 per cent growth compared with third quarter of 2020. While travel restrictions are still impacting business development activities across multiple geographies, NORBIT has been able to recover lost ground and accelerate momentum, benefitting from the strategies and priorities set last year. Looking into the fourth quarter the outlook is positive, and NORBIT expects growth in revenues from the third quarter.

Segment Oceans has experienced strong growth year to date, primarily driven by the sonar business. The last three months of the year have historically been the seasonally strongest quarter, and activity has remained high both in the sonar and environmental monitoring business.

For segment Connectivity (former ITS), NORBIT reiterates its guidance of revenue recognition in excess of NOK 100 million for the second half of the year, implying revenues of more than NOK 55 million in the fourth quarter. The guidance is based on current delivery plans and no unexpected shortage of components. The newly acquired iData is showing positive development supported by growth in recurring revenues from subscriptions.

For segment PIR, revenues are expected to slightly increase from the third quarter driven by additional sale of R&D services and proprietary products. While the underlying demand for contract manufacturing is strong, PIR is the segment with

highest exposure to the global component shortage and with the current market situation there is a risk that deliveries could be delayed.

The target next year is to deliver revenues of approximately NOK 1.0 billion supported by growth in all three business segments. As in previous years, quarterly seasonal fluctuations should be expected, as well as the impact of currency movements as a substantial share of NORBIT's revenues is denominated in foreign currencies. The board remains optimistic about the outlook for NORBIT. The outlook is supported by the company's order backlog and demand forecasts from customers. With the ongoing disruption in the supply market for raw material components, including increased lead time, the supply chain risk cannot be fully mitigated. However, NORBIT is actively working to increase inventory levels and strengthening the organisation across all business segments to prepare for the anticipated activity increase and to safeguard delivery schedules to the best extent possible.

Longer term, NORBIT has set out an ambition to deliver organic revenues of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT will continue to explore value-accretive acquisitions through defined criteria to accelerate growth further, although remaining disciplined. The company'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, 10 November 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 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.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in NOK 1 000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Revenue	4	200 298	149 966	538 948	456 688	618 798
Other gains and losses	11	-	-	1 230	-	-
Raw materials and change in inventories		92 131	69 113	252 785	214 605	292 670
Employee benefit expenses		49 333	37 198	125 226	111 009	155 595
Depreciation and amortisation expenses	7, 9	19 069	11 882	49 370	34 964	49 125
Other operating expenses		25 926	15 484	61 143	57 441	77 062
Operating profit		13 838	16 288	51 654	38 669	44 346
Net financial items	6	(1 060)	1 430	(5 181)	(160)	(9 524)
Profit before tax		12 778	17 718	46 472	38 508	34 822
Income tax expense		(2 715)	(4 154)	(10 687)	(8 470)	(7 528)
Profit for the period		10 064	13 564	35 786	30 038	27 293
Attributable to:						
Owners of the Company		10 064	13 564	35 786	30 038	27 293
Non-controlling interests		-	-	-	-	-
Total		10 064	13 564	35 786	30 038	27 293
Average no. of shares outstanding basic and diluted	10	58 067 949	56 786 918	57 170 385	56 786 918	56 786 918
Earnings per share						
Basic (NOK per share)	10	0.17	0.24	0.63	0.53	0.48
Diluted (NOK per share)	10	0.17	0.24	0.63	0.53	0.48

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Profit for the period	10 064	13 564	35 786	30 038	27 293
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	1 065	106	1 027	135	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	1 065	106	1 027	135	153
Total comprehensive income for the period	11 128	13 670	36 813	30 173	27 446
Total comprehensive income for the period is attributable to:					
Owners of the Company	11 128	13 662	36 826	30 165	27 465
Non-controlling interests	-	8	(13)	8	(19)
Total	11 128	13 670	36 813	30 173	27 446

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1 000	Note	30.09.2021	30.06.2021	30.09.2020	31.12.2020
ASSETS					
Non-current assets					
Property, plant and equipment	7, 9	164 368	156 910	124 004	149 953
Intangible assets	7	243 893	183 391	168 488	171 454
Goodwill	11	82 131	6 002	-	-
Deferred tax asset		9 774	12 227	18 540	19 738
Equity-accounted investees		831	871	2 827	3 437
Shares in other companies		237	237	237	237
Other non-current assets		-	-	81	285
Total non-current assets		501 234	359 638	314 178	345 105
Current assets					
Inventories		249 161	202 450	175 402	164 605
Trade receivables		135 244	151 437	131 191	121 356
Other receivables and prepayments		22 189	20 468	22 442	25 628
Cash and cash equivalents		29 145	22 378	25 208	14 953
Total current assets		435 739	396 734	354 242	326 543
Total assets		936 973	756 372	668 420	671 648
EQUITY AND LIABILITIES					
Liabilities					
Interest-bearing borrowings	8	164 703	24 717	36 209	11 561
Lease liabilities	9	8 523	10 632	1 201	14 703
Other non-current liabilities		6 757	1 416	443	1 322
Total non-current liabilities		179 983	36 766	37 853	27 586
Trade payables		107 579	108 030	66 179	67 356
Other current liabilities		42 546	38 812	32 185	47 467
Tax liabilities		468	1 097	376	850
Interest-bearing borrowings	8	107 889	117 902	70 557	83 141
Lease liabilities	9	8 466	8 377	3 901	8 484
Derivative financial instruments	5	-	-	825	-
Total current liabilities		266 947	274 219	174 021	207 299
Total liabilities		446 930	310 985	211 874	234 885
Equity					
Share capital	10	5 846	5 679	5 679	5 679
Share premium		308 781	275 433	275 433	275 433
Retained earnings		174 974	163 833	174 952	155 197
Non-controlling interests		442	442	482	455
Total equity		490 042	445 386	456 546	436 763
Total equity and liabilities		936 973	756 372	668 420	671 648

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	Attributable to owners				Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Total		
Balance at 31 December 2020	5 679	275 433	155 197	436 309	455	436 763
Profit for the period	-	-	35 786	35 786	-	35 786
Other comprehensive income	-	-	1 027	1 027	(13)	1 014
Total comprehensive income for the period	-	-	36 813	36 813	(13)	36 801
Share issue	167	33 348	-	33 515	-	33 515
Dividends paid	-	-	(17 036)	(17 036)	-	(17 036)
Total transactions with owners	167	33 348	(17 036)	16 479	-	16 479
Balance at 30 September 2021	5 846	308 781	174 974	489 601	442	490 042

Amounts in NOK thousand	Attributable to owners				Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Total		
Balance at 31 December 2019	5 679	275 433	161 923	443 034	544	443 579
Profit for the period	-	-	30 038	30 038	-	30 038
Other comprehensive income	-	-	127	127	8	135
Total comprehensive income for the period	-	-	30 165	30 165	8	30 173
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 September 2020	5 679	275 433	174 952	456 064	482	456 546

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK 1 000	Note	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Profit for the period		10 064	13 564	35 786	30 038	27 293
Adjustments for:						
Income tax expense recognised in profit or loss		2 715	4 154	10 687	8 470	7 528
Share of profit of associates		41	140	(57)	387	(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		-	629	-	629	(196)
Depreciation and amortisation	7, 9	19 069	11 882	49 370	34 964	49 125
Movements in working capital:						
(Increase)/decrease in trade receivables		24 912	(19 247)	(5 170)	18 686	28 521
(Increase)/decrease in inventories		(39 293)	203	(77 137)	(7 601)	3 195
Increase/(decrease) in trade payables		(2 276)	(6 010)	38 397	(22 983)	(21 805)
Increase/(decrease) in accruals		1 949	(13 273)	(342)	(12 450)	(1 240)
Net cash generated by operating activities		17 180	(7 958)	50 304	50 141	92 106
Cash flows from investing activities						
Payments for property, plant and equipment	7	(7 567)	(15 174)	(19 404)	(60 663)	(73 495)
Reclassified from inventory to property, plant and equip.	7	-	-	(10 500)	-	-
Payments for intangible assets	7	(14 299)	(12 152)	(41 158)	(53 668)	(63 169)
Net cash outflow on acquisition of business	11	(123 678)	-	(126 918)	-	-
Net cash (used in)/generated by investing activities		(145 544)	(27 326)	(197 979)	(114 331)	(136 664)
Cash flows from financing activities						
Transactions with non-controlling interests		-	-	-	(170)	(170)
Proceeds from issuance of ordinary shares	10	7 180	-	7 180	-	-
Proceeds from borrowings	8	150 039	-	165 839	32 700	32 700
Repayment of borrowings	8	(663)	(3 548)	(5 636)	(7 066)	(6 770)
Repayment of lease liabilities	9	(2 021)	-	(6 167)	-	(3 356)
Net change in overdraft facility	8	(19 404)	59 384	17 687	59 289	49 499
Dividends paid	10	-	-	(17 036)	(17 036)	(34 072)
Net cash (used in)/generated by financing activities		135 132	55 836	161 867	67 717	37 831
Net increase in cash and cash equivalents		6 768	20 552	14 192	3 528	(6 726)
Cash and cash equivalents at the beginning of the period		22 378	4 656	14 953	21 680	21 680
Cash and cash equivalents at the end of the period		29 145	25 208	29 145	25 208	14 953

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

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

NORBIT is headquartered in Trondheim, with manufacturing in Norway. In addition, in Q3 2021 NORBIT also had operations through its foreign subsidiaries in 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 third quarter and nine months ending 30 September 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 third quarter 2021, ending 30 September 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 group's 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. 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 accounts receivables and the purchase price allocation and fair value adjustments related to the acquisition of iData Kft ("iData"). Based on the

assessment, no impairment was recognised in the third quarter, while a NOK 0.6 million provision on expected loss on accounts receivables was recorded. The fair value adjustments and purchase price allocation concerning the iData transaction is described further in note 11.

The COVID-19 pandemic has not caused any major disruption to NORBIT's production or logistics in the third quarter. Shortage of supply of raw material components is further described as a risk factor under Risks and Uncertainties 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, Connectivity and Product Innovation and Realization (PIR).

YTD 2021**Amounts in NOK 1 000*

	Oceans	Connectivity	PIR	Eliminations	Total
Revenues	261 805	81 704	214 510	(19 071)	538 948
Other gains and losses	-	-	-	1 230	1 230
Raw materials and change in inventories	95 618	30 369	131 606	(4 808)	252 785
Operating expenses	69 846	39 716	69 030	7 778	186 369
EBITDA	96 341	11 620	13 873	(20 811)	101 023
EBITDA margin	37%	14%	6%	-	19%
Depreciation	8 385	3 032	12 157	1 087	24 660
Amortisation and impairment	9 263	11 909	4 167	(629)	24 710
EBIT	78 693	(3 321)	(2 451)	(21 268)	51 654
Total financial items (not allocated)					(5 181)
Profit before tax					46 472
Taxes (not allocated)					(10 687)
Profit after tax					35 786

Timing of revenues

- At point in time	230 880	81 704	192 775
- Over time	30 925	-	21 735
Total	261 805	81 704	214 510

* 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 (Øverhagen 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.

YTD 2020*Amounts in NOK 1 000*

	Oceans	Connectivity	PIR	Eliminations	Total
Revenues	193 630	105 434	171 305	(13 680)	456 688
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	85 464	47 481	85 065	(3 404)	214 605
Operating expenses	63 955	24 472	83 495	(3 471)	168 450
EBITDA	44 211	33 482	2 745	(6 805)	73 633
EBITDA margin	23%	32%	2%	-	16%
Depreciation	3 362	726	9 625	1 698	15 411
Amortisation and impairment	5 587	10 375	3 591	-	19 553
EBIT	35 263	22 380	(10 472)	(8 503)	38 669
Total financial items (not allocated)					(160)
Profit before tax					38 508
Taxes (not allocated)					(8 470)
Profit after tax					30 038

Timing of revenues

- At point in time	171 880	105 434	154 289
- Over time	21 749	-	17 016
Total	193 630	105 434	171 305

Q3 2021*Amounts in NOK 1 000*

	Oceans	Connectivity	PIR	Eliminations	Total
Revenues	91 802	45 958	68 798	(6 261)	200 298
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	32 995	12 992	48 395	(2 250)	92 131
Operating expenses	27 630	20 481	20 807	6 342	75 259
EBITDA	31 178	12 486	(404)	(10 353)	32 907
EBITDA margin	34%	27%	(1%)	-	16%
Depreciation	3 495	1 474	3 672	639	9 280
Amortisation and impairment	3 713	4 927	1 401	(252)	9 789
EBIT	23 969	6 085	(5 477)	(10 739)	13 838
Total financial items (not allocated)					(1 060)
Profit before tax					12 778
Taxes (not allocated)					(2 715)
Profit after tax					10 064

Timing of revenues

- At point in time	79 995	45 958	62 516
- Over time	11 807	-	6 283
Total	91 802	45 958	68 798

Q3 2020*Amounts in NOK 1 000*

	Oceans	Connectivity	PIR	Eliminations	Total
Revenues	83 129	21 835	50 846	(5 845)	149 966
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	38 573	10 618	25 958	(6 036)	69 113
Operating expenses	21 013	6 771	22 838	2 060	52 682
EBITDA	23 543	4 446	2 050	(1 869)	28 170
EBITDA margin	28%	20%	4%		19%
Depreciation	1 170	251	3 252	556	5 228
Amortisation and impairment	1 840	3 607	1 206	-	6 654
EBIT	20 533	588	(2 407)	(2 425)	16 288
Total financial items (not allocated)					1 430
Profit before tax					17 718
Taxes (not allocated)					(4 154)
Profit after tax					13 564

Timing of revenues

- At point in time	70 449	21 835	41 056
- Over time	12 680	-	9 790
Total	83 129	21 835	50 846

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	30.09.2021	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 on MTM reports from counterpart banks	-	-

NOTE 6 NET FINANCIAL ITEMS

Net financial items consist of:

Amounts in NOK 1 000	YTD 2021	YTD 2020	Q3 2021	Q3 2020
Share of profit of associates	57	(140)	(41)	108
Net interest income / (expense)	(4 869)	(283)	(2 147)	(459)
Agio/disagio and other financial expenses	(370)	262	1 128	1 781
Net financial items	(5 181)	(160)	(1 060)	1 430

NOTE 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Amounts in NOK 1 000	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance at 31 December 2020	69 053	57 755	171 454
Additions from acquisition of companies	293	9 006	56 214
Additions	4 315	25 589	41 158
Depreciation	(3 716)	(14 614)	-
Capitalised development	-	-	-
Amortisation	-	-	(24 710)
Currency effects	(40)	(86)	(223)
Balance at 30 September 2021	69 906	77 648	243 893

The group invested NOK 14.3 million in intangible assets in Q3 2021 and NOK 41.2 million in the first three quarters of 2021. 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 third quarter.

Total investments in property, plant and equipment was NOK 7.6 million in Q3 2021 and NOK 29.9 million for the first three quarters of 2021. In the second quarter NORBIT reclassified 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 September 2021.

NOTE 8 INTEREST-BEARING BORROWINGS

<i>Amounts in NOK 1 000</i>	30.09.2021	30.09.2020	31.12.2020
Revolving credit facility	60 000	30 979	29 258
Overdraft facility	68 507	60 696	50 820
Term loan	55 000	-	-
Seller's credit	60 855	-	-
Other borrowings	28 230	15 091	14 624
Total interest-bearing borrowings	272 592	106 766	94 702
Non-current borrowings	164 703	36 209	11 561
Current borrowings	107 889	70 557	83 141
Total interest-bearing borrowings	272 592	106 766	94 702

The group had three main loan facilities per end of Q3 2021, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and a term loan. In the third quarter, 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 term loan amortises over 15 years.

NORBIT had drawn NOK 68.5 million on the overdraft facility as per 30 September 2021, while NOK 60.0 million was drawn on the RCF. NOK 55 million was outstanding on the term loan. The

RCF and term loan are 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.

■ **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 30 September 2021, NORBIT was in compliance with both financial covenants.

In connection with the acquisition of iData Kft., the transaction was partly settled through issuance of a EUR 6.0 million sellers' credit. The seller's credit bears an interest of 3% p.a and accrues on the loan. Half of the seller's credit is to be repaid 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 2021 is summarised below:

<i>Amounts in NOK 1 000</i>	Right of use assets		Total	Lease liabilities
	Office rent	Machinery and vehicles		
Balance at 31 December 2020	22 774	371	23 145	23 157
Additions	-	-	-	-
Depreciation expense	(6 017)	(313)	(6 330)	-
Interest expense	-	-	-	230
Lease payments	-	-	-	(6 398)
Balance at 30 September 2021	16 757	58	16 815	16 989

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 September 2021, NORBIT had issued a 58 459 302 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.

During the third quarter, NORBIT issued a total of 1 672 384 new shares, where 460 219 was issued in connection with incentive programs to employee, while 1 212 165 new shares was issued to the seller's of iData.

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 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.

On 30 July 2021, NORBIT completed the acquisition of iData, a Hungarian technology company specialised in vehicle tracking and fleet management related services. iData has three subsidiaries in Hungary (Beta Blue Kft.), Croatia (iData Fleet Management d.o.o.) and Slovakia (iData Slovakia s.r.o.), collectively with iData Kft. referred to as "iData". iData is reported under segment Connectivity in the segment reporting. Through the acquisition, the Connectivity segment is creating a broader platform for growth into the asset and vehicle tracking market, where iData has a strong position in its home markets. The

total consideration for the shares was EUR 14.5 million and was paid through a combination of cash, seller's credit and issuance of consideration shares. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The main fair value adjustments were related to customer relationships and trademark. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 76.1 million. Goodwill is not tax deductible. From 30 July to 30 September, iData contributed with revenues of NOK 13.0 million to the group, NOK 3.2 million in EBITDA and NOK 1.3 million to EBIT. Transaction costs amounted to NOK 4.1 million.

ACQUISITION OF IDATA

Purchase price

Consideration shares	26 101
Cash consideration	62 692
Seller's credit	62 177
Total	150 970

Recognised amount of identifiable assets and acquired liabilities assumed*

Trademark	2 217
Customer relationships	43 867
Other intangible assets	10 130
Property, plant and equipment	9 299
Inventories	7 419
Trade receivables	8 718
Other current assets	3 758
Cash and cash equivalents	1 191
Deferred tax	(4 148)
Non-current liabilities	(1 299)
Trade payables	(1 825)
Other current liabilities	(4 486)
Total identifiable net assets	74 841
Goodwill	76 129
Cash and cash equivalents in acquired business	1 191
Total cash outflow from acquisition of business	123 678

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

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

There were no subsequent events after the balance sheet date.



NORBIT
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