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HIGHLIGHTS

SUMMARY OF THE SECOND QUARTER AND FIRST HALF YEAR RESULTS 2023

- NORBIT delivered yet another record quarter, reporting revenues of NOK 417.6 million and an EBITDA of NOK 127.2 million, representing a margin of 30 per cent. Revenues grew 32 per cent from the corresponding quarter in 2022, supported by strong growth in all three business segments.
- For the first half of 2023, NORBIT delivered revenues of NOK 794.3 million, corresponding to an increase of 44 per cent from the same period of 2022, while the EBITDA was NOK 231.5 million, representing a margin of 29 per cent.
- Oceans reported revenues of NOK 152.2 million, up from NOK 131.4 million in the second quarter of 2022 as a result of strong sonars sales. The EBITDA margin in the quarter was 38 per cent. For the first half of 2023, the segment delivered revenues of NOK 288.0 million, an increase of 36 per cent from the first half of 2022, and an EBITDA margin of 37 per cent.
- NORBIT acquired the business and certain assets of Seahorse Geomatics Inc ('Seahorse'), Oceans' distributor and re-seller in the North American market, strengthening its sales and distribution platform in order to accelerate growth and align strategic objectives.
- Connectivity reported revenues of NOK 171.8 million, up more than double from NOK 83.0 million in the corresponding quarter of 2022. Growth was primarily driven by increased demand for On-Board Units ('OBUs'). The EBITDA margin was 38 per cent. For the first half of 2023, Connectivity delivered revenues of NOK 308.1 million, representing more than a doubling of revenues from first half 2022, and an EBITDA margin of 36 per cent.
- In the quarter, Connectivity was awarded a new frame agreement with an existing European blue-chip client, for delivery of tachograph enforcement modules. The frame agreement extends to 2029, and has an estimated value in excess of NOK 500 million based on current forecasts.
- Product Innovation & Realization (PIR) reported NOK 101.6 million in revenues in the second quarter, down from NOK 111.5 million in the corresponding quarter of 2022. Adjusting for customer reimbursements of extraordinary material costs, underlying growth was 26 per cent driven by increased activity within contract manufacturing. The EBITDA margin for the quarter was 22 per cent. For the first half of 2023, the segment delivered revenues of NOK 214.0 million and an EBITDA margin of 19 per cent.
- PIR entered into an agreement with an undisclosed Nordic customer for delivery of tailored electronics, for data collection and transmission to the client's cloud solution. Deliveries are scheduled over a period of 30 months, and the agreement has an estimated value of approximately NOK 80 million.
- Diluted earnings per share were NOK 1.15 for the second quarter, up from NOK 0.73 one year earlier. For the first half of 2023, earnings per share more than doubled to NOK 2.03 from NOK 0.95 in 2022.
- NORBIT ASA held its annual general meeting on the 4th of May 2023. All proposed resolutions were approved, including the annual results for 2022 and the board's proposal to distribute a dividend of NOK 0.70 per share.
- The target for the year is increased, with NORBIT aiming to deliver revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent. The previous guiding was for revenues in excess of NOK 1.4 billion and margin improvement from last year.

SUBSEQUENT EVENTS

- Connectivity received an order from Toll Collect for delivery of units for satellite-based toll collection. The value of the order is approximately NOK 30 million and deliveries are scheduled for 2024.

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SECOND QUARTER AND FIRST HALF YEAR RESULTS 2023

FINANCIAL REVIEW

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

PROFIT AND LOSS

Revenues for the second quarter of 2023 amounted to NOK 417.6 million, representing an increase of 32 per cent compared to the corresponding quarter of 2022 (NOK 315.3 million).

For the first half of 2023, NORBIT's revenues came in at NOK 794.3 million, an increase of 44 per cent compared to the first half of 2022 (NOK 550.5 million).

Raw material expenses and inventory changes were NOK 166.9 million for the second quarter (NOK 149.1 million). The increase from the same period last year is primarily explained by the higher activity level. The gross margin was 60 per cent (53 per cent).

For the first half of 2023, raw material expenses and inventory changes amounted to NOK 321.4 million (NOK 249.5 million). The gross margin for the first half of the year was 60 per cent (53 per cent).

Employee benefit expenses amounted to NOK 85.0 million for the second quarter this year (NOK 50.6 million). The increase from second quarter last year is primarily explained by a strengthening of the organisation to support the activity level and strategic initiatives, as well as bonus provisions.

In the first half of 2023, the company incurred a total of NOK 165.2 million in employee benefit expenses (NOK 110.5 million).

Other operating expenses amounted to NOK 38.6 million for the second quarter of 2023 (NOK 37.9 million).

For the first half of the year, a total of NOK 76.2 million (NOK 68.9 million) was incurred in other operating expenses.

EBITDA amounted to NOK 127.2 million for the second quarter (NOK 77.7 million), corresponding to a margin of 30 per cent (25 per cent).

For the first half of 2023, EBITDA was NOK 231.5 million (NOK 121.6 million), representing a margin of 29 per cent (22 per cent).

Operating profit (EBIT) came in at NOK 100.6 million for the second quarter (NOK 56.9 million), representing a margin of 24 per cent (18 per cent).

For the first half of the year, EBIT was NOK 179.2 million (NOK 80.6 million), corresponding to a margin of 23 per cent (15 per cent).

Net financial items amounted to negative NOK 11.3 million for the quarter (negative NOK 2.5 million). This included NOK 6.8 million in net interest expenses and NOK 4.5 million in foreign exchange losses, of which NOK 4.6 million is explained by realised losses on foreign exchange derivative contracts.

Net financial items for the first half of 2023 ended at negative NOK 19.6 million, compared with negative NOK 8.9 million in the first half of 2022.

A tax expense of NOK 21.0 million was recorded for the quarter (NOK 11.7 million) and NOK 39.3 million for the first half of 2023 (NOK 16.3 million).

Profit for the period was NOK 68.4 million (NOK 42.8 million) and NOK 120.3 million for the first half of the year (NOK 55.3 million). Diluted earnings per share were NOK 1.15 (NOK 0.73) and NOK 2.03 for the first half of the year (NOK 0.95).

CONSOLIDATED KEY FIGURES*

Amounts in NOK million (except percentages and EPS)	Second quarter		First half year		Full year
	2023	2022	2023	2022	2022
Revenues	417.6	315.3	794.3	550.5	1 167.5
EBITDA	127.2	77.7	231.5	121.6	235.3
EBITDA margin	30%	25%	29%	22%	20%
EBIT	100.6	56.9	179.2	80.6	148.8
EBIT margin (%)	24%	18%	23%	15%	13%
Profit for the period	68.4	42.8	120.3	55.3	106.7
Earnings per share (EPS) – diluted	1.15	0.73	2.03	0.95	1.82

*See definitions on page 22.

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SEGMENTS

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

OCEANS

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

The segment 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 quarterly fluctuations in revenues due to seasonal variations.

Oceans – financial figures

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
Revenues	152.2	131.4	288.0	212.2
Raw materials	48.4	47.2	88.2	68.6
Gross profit	103.8	84.2	199.7	143.6
Operating expenses	46.4	30.1	93.2	63.8
EBITDA	57.4	54.1	106.5	79.8
Depreciation and amortisation	11.4	7.8	21.7	15.3
EBIT	46.1	46.3	84.8	64.4
Gross margin (%)	68%	64%	69%	68%
EBITDA margin (%)	38%	41%	37%	38%
EBIT margin (%)	30%	35%	29%	30%

Revenues amounted to NOK 152.2 million for the second quarter of 2023, an increase of 16 per cent from the same period last year (NOK 131.4 million). The improvement was driven by a 22 per cent increase in the sales of sonars, primarily due to strong sales of the WBMS platform and favourable currency development. Europe was the best performing region in the quarter.

For the first half of the year, Oceans recorded revenues of NOK 288.0 million, 36 per cent higher than for first half 2022 (NOK 212.2 million).

Oceans – revenue split

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
Subsea sonars	128.1	105.4	247.0	166.1
Security	9.7	11.8	12.4	19.3
Environmental monitoring	6.4	9.0	13.0	16.2
Aqua	1.0	0.0	1.5	0.0
Connect	7.0	5.1	14.0	10.7
Total	152.2	131.4	288.0	212.2

Gross margin for the second quarter ended at 68 per cent, compared to 64 per cent in the second quarter last year. The increase in gross margin is partly explained by a lower share of sales on commission.

For the first half of the year, the gross margin was 69 per cent, compared to 68 per cent for the corresponding in 2022.

Operating expenses, including employee expenses and other operating expenses, amounted to NOK 46.4 million for the second quarter of 2023 (NOK 30.1 million). The increase is primarily explained by a strengthening of the organisation.

For the first half of 2023, operating expenses came in at NOK 93.2 million (NOK 63.8 million).

EBITDA for the Oceans segment amounted to NOK 57.4 million for the quarter (NOK 54.1 million), representing a margin of 38 per cent (41 per cent).

For the first half of the year, EBITDA was NOK 106.5 million (NOK 79.8 million), resulting in an EBITDA margin of 37 per cent (38 per cent).

EBIT was NOK 46.1 million (NOK 46.3 million) in the second quarter of 2023, corresponding to a margin of 30 per cent (35 per cent).

For the first half of the year, EBIT was NOK 84.8 million (NOK 64.4 million), resulting in an EBIT margin of 29 per cent (30 per cent).

Main events

■ NORBIT acquired the business and certain assets from Seahorse, Oceans' distributor and reseller in the North American market for more than a decade. Through the transaction, Oceans is strengthening its sales and distribution platform further in order to accelerate growth and align strategic objectives.

CONNECTIVITY

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

Connectivity – financial figures

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
Revenues	171.8	83.0	308.1	146.7
Raw materials	65.7	29.6	120.0	49.3
Gross profit	106.1	53.4	188.1	97.4
Operating expenses	40.7	33.4	75.6	63.7
EBITDA	65.4	20.0	112.4	33.7
Depreciation and amortisation	11.4	9.0	21.9	17.7
EBIT	54.0	11.0	90.5	16.0
Gross margin (%)	62%	64%	61%	66%
EBITDA margin (%)	38%	24%	36%	23%
EBIT margin (%)	31%	13%	29%	11%

Revenues amounted to NOK 171.8 million for the second quarter of 2023, representing more than a doubling in revenues from from the corresponding period of 2022 (NOK 83.0 million). The increase from last year was primarily

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driven by continued strong demand for DSRC products, largely due to the NOK 150 million order received for OBU deliveries in first half of 2023.

In total, revenues from DSRC technology were NOK 147.5 million in the quarter (NOK 61.4 million), while revenues from subscription and e-toll represented NOK 24.3 million (NOK 21.6 million).

For the first half of the year, revenues came in at NOK 308.1 million (NOK 146.7 million), corresponding to an increase of 110 per cent. DSRC represented NOK 262.7 million of the total revenues for the first half of 2023 (NOK 104.5 million).

Connectivity – revenue split

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
On-Board Units	125.5	45.4	215.1	60.3
Tachograph enforcement modules	14.3	8.2	28.8	16.6
Satellite-based tolling	7.7	7.0	15.8	24.4
Subscription and e-toll	24.3	21.6	45.4	42.2
Other	0.0	0.8	3.0	3.2
Total	171.8	83.0	308.1	146.7

Gross margin for the second quarter was 62 per cent compared to 64 per cent in the second quarter last year. The decrease is explained by DSRC products increasing share of revenues where the gross margin is lower than for the subscription-based part of the business.

For the first half of the year, the gross margin for Connectivity was 61 per cent, compared to 66 per cent in the corresponding period of 2022.

Operating expenses amounted to NOK 40.7 million for the quarter, an increase of NOK 7.3 million compared to the corresponding period last year (NOK 33.4 million). The increase was primarily driven by a strengthening of the organisation, lower capitalisation of R&D expenses, as well as a stronger HUF versus NOK with approximately 40 per cent of the operating costs being HUF denominated.

For the first half of the year, Connectivity has recorded a total of NOK 75.6 million in operating expenses (NOK 63.7 million).

EBITDA for the second quarter of 2023 amounted to NOK 65.4 million (NOK 20.0 million), representing a margin of 38 per cent (24 per cent). The increase in EBITDA is explained by the higher revenue base, demonstrating the operational leverage in the segment through high-volume manufacturing.

For the first half of 2023, EBITDA was NOK 112.4 million (NOK 33.7 million), representing a margin of 36 per cent (23 per cent).

EBIT was NOK 54.0 million in the second quarter of 2023 (NOK 11.0 million), representing a margin of 31 per cent (13 per cent).

For the first half of the year, EBIT was NOK 90.5 million (NOK 16.0 million), resulting in an EBIT margin of 29 per cent (11 per cent).

Main events

- Connectivity was awarded a new frame agreement with an existing European blue-chip client for delivery of tachograph enforcement modules. The frame agreement extends to 2029 and the estimated value is in excess of NOK 500 million, based on current forecasts.

PRODUCT INNOVATION & REALIZATION (PIR)

The Product Innovation & Realization 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 tailored proprietary technology, including special instrumentation based on radar, radio frequency and embedded signal processing technology.

PIR – financial figures

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
Revenues	101.6	111.5	214.0	210.4
Raw materials	52.2	76.2	113.4	137.6
Gross profit	49.5	35.4	100.6	72.7
Operating expenses	26.9	24.1	59.9	50.1
EBITDA	22.5	11.3	40.8	22.7
Depreciation and amortisation	4.3	3.4	8.6	6.7
EBIT	18.3	7.9	32.2	16.0
Gross margin (%)	49%	32%	47%	35%
EBITDA margin (%)	22%	10%	19%	11%
EBIT margin (%)	18%	7%	15%	8%

Revenues amounted to NOK 101.6 million for the second quarter of the year, a decrease of 9 per cent from the corresponding period last year (NOK 111.5 million). In the quarter, PIR recognised NOK 2.9 million in customer reimbursements of extraordinary material costs (NOK 33.4 million). Adjusted for this effect, revenue growth was 26 per cent from the corresponding period of 2022. Growth was strong both from automotive and industrial clients within contract manufacturing. Revenues from contract manufacturing, adjusted for customer reimbursements, were NOK 76.4 million in the quarter (NOK 54.3 million).

For the first half of 2023, revenues amounted to NOK 214.0 million (NOK 210.4 million). Adjusted for customer reimbursements, revenue growth was 27 per cent.

PIR – revenue split

NOK million	Second quarter		First half year	
	2023	2022	2023	2022
Contract manufacturing	76.4	54.3	161.2	118.9
Customer reimbursements	2.9	33.4	6.6	47.1
R&D Products & Services	22.2	23.8	46.1	44.5
Total	101.6	111.5	214.0	210.4

Gross margin for the second quarter was 49 per cent, compared to 32 per cent in the second quarter last year. Adjusted for the customer reimbursement effect in revenues and raw material costs, the gross margin was 51 per cent in the quarter, compared to 45 per cent in the second quarter of 2022. The margin increase is partly explained by price adjustments.

For the first half of the year, the gross margin was 47 per cent, compared to 35 per cent in the same period of 2022. Adjusted for the customer reimbursement effect, the gross margin was 49 per cent for the first half of the year, compared to 45 per cent in the first six months of 2022.

Operating expenses for the PIR segment amounted to NOK 26.9 million for the second quarter (NOK 24.1 million). The increase is primarily explained by an



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increase in payroll expenses following a strengthening of the organisation to support the growth.

For the first half of 2023, operating expenses came in at NOK 59.9 million (NOK 50.1 million).

EBITDA amounted to NOK 22.5 million for the second quarter of 2023 (NOK 11.3 million), representing a margin of 22 per cent (10 per cent). Adjusted for customer reimbursements, the margin was 23 per cent (14 per cent)

For the first half of the year, the PIR segment has recorded an EBITDA of NOK 40.8 million (NOK 22.7 million), a margin of 19 per cent (11 per cent). Adjusted for customer reimbursements, the margin for the first half of 2023 was 20 per cent (14 per cent).

EBIT was NOK 18.3 million (NOK 7.9 million) in the second quarter of 2023, representing a margin of 18 per cent (7 per cent).

For the first half of the year, EBIT was NOK 32.2 million (NOK 16.0 million), resulting in an EBIT margin of 15 per cent (8 per cent).

Main events

- PIR entered into an agreement with an undisclosed Nordic customer for delivery of tailored electronics for data collection and transmission to the clients' cloud solution. Deliveries are scheduled over a period of 30 months, and the agreement has an estimated value of approximately NOK 80 million over said period.
- NORBIT co-invested in the EV-charger company ENUA, underpinning NORBIT's commitment to contribute to the green transition. Manufacturing of the chargers will be carried out by the PIR segment.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 1 373.5 million at 30 June 2023, up from NOK 1 261.0 million at 31 March this year and NOK 1 220.8 million at 31 December 2022.

Intangible assets amounted to NOK 297.7 million at the end of the second quarter of 2023, up from NOK 278.8 million at the end of the previous quarter and NOK 258.8 million at the end of 2022. The increase in the quarter is primarily explained by NOK 17.8 million in fair value adjustments related to the acquisition of the business and assets of Seahorse and NOK 14.1 million in R&D investments, partly offset by NOK 14.5 million in amortisation.

Goodwill stood at NOK 84.4 million at 30 June 2023, on par with the level reported at 31 March 2023 and at year-end 2022. Goodwill primarily relates to the acquisition of iData in 2021.

Inventories amounted to NOK 507.4 million at the end of the second quarter of 2023, compared to NOK 455.6 million at the end of the first quarter and NOK 426.3 million at the end of 2022. The increase in inventory is primarily related to an expected activity increase and NORBIT securing components to safeguard deliveries for the next quarters, as well as inventory purchased in connection with the Seahorse acquisition.

Trade receivables were NOK 181.3 million at 30 June 2023, up from NOK 154.7 million at 31 March 2023 and NOK 168.0 million at year-end 2022. The increase from the previous quarter is primarily explained by the revenue growth and intra-quarter effects with revenues skewed towards the back end of the quarter.

Cash and cash equivalents amounted to NOK 51.5 million at the end of the first half 2023, compared to NOK 41.7 million at the end of March and at year-end 2022.

Interest-bearing borrowings totalled NOK 287.4 million at the end of the second quarter, compared to NOK 259.1 million three months earlier and NOK 337.4 million at the end of 2022.

The company had NOK 495.9 million in undrawn committed credit facilities at 30 June 2023.

Total equity was NOK 710.3 million at the end of the quarter, representing an equity ratio of 52 per cent, compared to NOK 666.9 million at the end of March this year and NOK 599.3 million at the end of 2022. The increase in the quarter is primarily explained by a positive net profit, partly offset by NOK 41.6 million in dividends paid.

Consolidated cash flow

Operating activities generated a cash flow of NOK 60.0 million for the second quarter of 2023 (NOK 44.9 million), including a net increase in the working capital of NOK 50.5 million (increase of NOK 29.7 million), mainly related to purchase of components to inventory and an increase in trade receivables.

For the first half of the year, operating activities generated a cash flow of NOK 169.9 million (NOK 63.2 million), including a net increase in the working capital of NOK 29.6 million (increase of NOK 48.2 million).

Investing activities generated a cash outflow of NOK 31.5 million for the second quarter of 2023 (NOK 23.4 million). This included NOK 8.7 million invested in machinery, equipment and capitalisation of assets and NOK 14.1 million in R&D investments. The R&D investments represented 3 per cent of the revenues in the quarter. As in previous quarters, the R&D investments primarily relate to broadening the product offering in the Oceans and Connectivity segments.

For the first half of the year, cash flow from investing activities was NOK 55.6 million (NOK 51.0 million), including R&D investments of NOK 29.9 million (NOK 33.8 million).

Financing activities led to a cash outflow of NOK 18.7 million in the quarter (cash outflow of NOK 6.4 million) following NOK 41.6 million in dividends paid, partly offset by an increase in borrowings.

For the first half of the year, NORBIT had a negative cash flow of NOK 104.6 million from financing activities primarily due to repayment of debt and dividends paid (positive NOK 3.6 million).



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SHARE INFORMATION

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

In the second quarter of 2023, the share traded between NOK 39.20 and NOK 59.60 per share, with a closing price of NOK 59.60 at 30 June 2023.

At 30 June 2023, the company had approximately 2 100 shareholders, of which the 20 largest shareholders held 80.0 per cent of the total outstanding shares.

At 30 June 2023, the total number of shares in NORBIT ASA amounted to 59 557 175 and the number of outstanding shares was 59 524 601. At the same date, NORBIT ASA held 32 574 own shares.

On 8 April, NORBIT issued 265 670 consideration shares to the sellers of Seahorse at a price of NOK 39.22 per share as partial settlement of the transaction.

On 4 May, NORBIT held its annual general meeting. The general meeting approved the annual accounts and the board's dividend proposal, including dividend distribution of NOK 0.70 per share.

On 5 June, the board of directors resolved to award a total of 116 664 restricted stock units ('RSUs') to members of the executive management based on the performance during the financial year 2022. Simultaneously with the award, the board of directors resolved to issue 92 307 new shares for the vested portion of the 2021 and 2022 programs. 15 742 of the issued shares were repurchased by NORBIT ASA. The remaining RSUs will vest in the second quarter of 2024 and 2025.

Subsequent to quarter-end, the board of directors approved an incentive share purchase program for all eligible employees in NORBIT. The share purchase program is structured as a share matching program offering participants the opportunity to acquire shares at market value. In turn they obtain a right to receive compensation in new shares equivalent to their invested amount after 24 months, provided certain conditions are met. In connection with the program, the board of directors resolved to issue 142 727 new shares at a price of NOK 56.49. The dilution impact on the market value of the shares, assuming the rights are exercised in full, is estimated to be 0.2 per cent. Furthermore, the board of directors resolved to issue 120 845 new shares at par value to eligible employees who participated in the incentive program in 2021. The resolutions were based on the authorisations to increase the share capital granted by the general meeting on 4 May 2023.

RISKS AND UNCERTAINTIES

NORBIT is exposed to various risk factors, including, but not limited to, operational, market and financial risks. For a more detailed description of the risk factors, please see an overview in the annual report for 2022.

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

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

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

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

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

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

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

NORBIT

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OUTLOOK

The outlook for NORBIT remains positive, supported by continued high activity in all three business segments. After a record first half of the year, where NORBIT reported revenue growth of 44 per cent and an EBITDA margin of 29 per cent, the target for the year is increased. In 2021, NORBIT set out an ambition to deliver revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. Based on current outlook and forecasts, NORBIT is now aiming to deliver on the ambition in 2023, primarily due to Connectivity exceeding the revenue target. As in previous years, quarterly seasonal fluctuations are expected, along with the impact of currency movements as a substantial share of NORBIT's revenues is denominated in EUR and USD. As part of the fourth quarter reporting, NORBIT will communicate new financial targets for the period beyond 2023.

Oceans reported solid results in what is a seasonally strong quarter due to high survey activity. Two success factors for the growth have been diversifying the product offering and expanding the addressable market by leveraging a global sales and distribution platform. Ocean intelligence is a secular trend within the blue economy, and Oceans has strategically positioned itself for long-term growth by continuously broadening the product offering with new innovations for seabed exploration, inspection, and security surveillance. In April, NORBIT acquired Seahorse, an important distributor and reseller of Oceans' products in the North American market. This acquisition further strengthens Oceans' sales and distribution platform in the region, accelerating growth and aligning with the company's strategic objectives. In the third quarter, Oceans is expected to deliver growth compared to the corresponding period of 2022.

Connectivity exceeded its revenue target in the first half of the year, reporting over NOK 300 million. The strong performance was driven by a NOK 150 million OBU contract. Moving forward, Connectivity will capitalize on recently awarded contracts, including a NOK 270 million OBU frame agreement and a NOK 500 million agreement for tachograph enforcement modules. The shift from public tendering to B2B partnerships, focusing on developing tailored technology for

customers, has been a key success factor in achieving this growth. NORBIT's increased ability to handle larger contracts has established the company as a reliable and experienced partner, further accelerating growth. Additionally, with evolving EU regulatory requirements, the demand for technology in safe and green transport continues to rise. Revenues for the second half of 2023 is expected to be in the range of NOK 230 – 250 million.

PIR continues to experience strong demand, particularly within contract manufacturing. Over the next six months, activity is expected to remain around current levels with revenues forecasted at NOK 210 – 220 million, which implies growth of 10 – 20 per cent from second half of 2022, adjusted for customer reimbursements.

Over the last years, NORBIT has made significant investments in broadening the product offering, expanding the production capacity and increasing inventories to maintain a safety stock of components to safeguard deliveries and seize opportunities. These strategic decisions have been an enabler for organic growth and enhanced flexibility, positioning NORBIT to deliver on larger contracts. In order to support continued growth, de-risk operations and reduce certain capacity constraints in the production, NORBIT currently expects investments in fixed assets to be NOK 50 – 60 million (previously NOK 35 – 45 million). Investments in R&D of NOK 60 – 70 million for the year is reiterated.

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

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half year financial statements for the period 1 January to 30 June 2023 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information contained therein provides a true and fair view of the Group's assets, liabilities, financial position and overall results. We further declare that, to the best of our knowledge, the

half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

Trondheim, Norway, 14 August 2023

The board of directors and CEO
NORBIT ASA



Finn Haugan
Chair of the board



Bente Avnung Landsnes
Deputy chair of the board



Christina Hallin
Director



Trond Tuvstein
Director



Magnus Reitan
Director



Per Jørgen Weisethaunet
Chief executive officer



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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in NOK million	Note	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Revenue	4	417.6	315.3	794.3	550.5	1 167.5
Other gains and losses	11	-	-	-	-	-
Raw materials and change in inventories		166.9	149.1	321.4	249.5	549.5
Employee benefit expenses		85.0	50.6	165.2	110.5	250.2
Depreciation and amortisation expenses	7, 9	26.5	20.8	52.3	41.0	86.5
Other operating expenses		38.6	37.9	76.2	68.9	132.4
Operating profit		100.6	56.9	179.2	80.6	148.8
Net financial items	6	(11.3)	(2.5)	(19.6)	(8.9)	(28.0)
Profit before tax		89.3	54.4	159.6	71.6	120.8
Income tax expense		(21.0)	(11.7)	(39.3)	(16.3)	(14.1)
Profit for the period		68.4	42.8	120.3	55.3	106.7

Attributable to:

Owners of the Company		68.4	42.8	120.3	55.3	106.7
Non-controlling interests		-	-	-	-	-
Total		68.4	42.8	120.3	55.3	106.7

Average no. of shares outstanding - basic	10	59 422 704	58 472 367	59 250 503	58 465 871	58 662 698
Average no. of shares outstanding - diluted	10	59 533 559	58 499 239	59 359 362	58 479 381	58 725 000

Earnings per share

Basic (NOK per share)	10	1.15	0.73	2.03	0.95	1.82
Diluted (NOK per share)	10	1.15	0.73	2.03	0.95	1.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK million	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Profit for the period	68.4	42.8	120.3	55.3	106.7
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	3.5	(0.1)	10.1	1.7	1.5
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	3.5	(0.1)	10.1	1.7	1.5
Total comprehensive income for the period	71.9	42.7	130.4	57.1	108.2

Total comprehensive income for the period is attributable to:

Owners of the Company	71.9	42.7	130.4	57.1	108.2
Non-controlling interests	-	-	-	-	-
Total	71.9	42.7	130.4	57.1	108.2



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK million</i>	<i>Note</i>	30.06.2023	31.03.2023	31.12.2022	30.06.2022
ASSETS					
Non-current assets					
Property, plant and equipment	7, 9	186.8	183.9	187.7	162.0
Intangible assets	7	297.7	278.8	258.8	255.1
Goodwill	11	84.4	84.4	84.4	82.1
Deferred tax asset		13.3	13.0	15.6	0.0
Equity-accounted investees		0.7	0.7	0.7	0.7
Shares in other companies		0.8	0.8	0.6	0.6
Total non-current assets		583.7	561.6	547.8	500.5
Current assets					
Inventories		507.4	455.6	426.3	370.9
Trade receivables		181.3	154.7	168.0	145.0
Other receivables and prepayments		49.6	47.4	37.0	47.4
Cash and cash equivalents		51.5	41.7	41.7	37.5
Total current assets		789.8	699.4	673.0	600.8
Total assets		1 373.5	1 261.0	1 220.8	1 101.4
EQUITY AND LIABILITIES					
Liabilities					
Interest-bearing borrowings	8	139.9	140.6	154.6	160.3
Lease liabilities	9	25.4	23.2	24.0	3.4
Deferred tax liabilities		3.6	3.5	3.6	0.0
Other non-current liabilities		5.9	6.0	5.4	6.6
Total non-current liabilities		174.8	173.2	187.6	170.3
Trade payables		155.2	158.7	132.6	136.3
Other current liabilities		136.4	107.3	93.3	80.1
Tax liabilities		41.3	25.5	13.4	9.0
Interest-bearing borrowings	8	147.5	118.5	182.8	158.4
Lease liabilities	9	7.9	9.5	11.8	8.7
Derivative financial instruments	5	0.0	1.4	0.0	0.0
Total current liabilities		488.4	420.9	433.8	392.5
Total liabilities		663.2	594.1	621.5	562.8
Equity					
Share capital	10	6.0	5.9	5.9	5.9
Share premium		339.3	328.9	319.9	310.4
Retained earnings		365.0	332.0	273.5	222.3
Non-controlling interests		0.0	0.0	0.0	0.0
Total equity		710.3	666.9	599.3	538.6
Total equity and liabilities		1 373.5	1 261.0	1 220.8	1 101.4



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Note	Attributable to owners			Total	Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings			
Balance at 31 December 2022		5.9	319.9	273.5	599.3	-	599.3
Profit for the period		-	-	120.3	120.3	-	120.3
Other comprehensive income		-	-	10.1	10.1	-	10.1
Total comprehensive income for the period		-	-	130.4	130.4	-	130.4
Repurchase of shares		(0.0)	-	(0.9)	(0.9)	-	(0.9)
Share issue		0.1	19.4	3.6	23.0	-	23.0
Dividends paid	10	-	-	(41.6)	(41.6)	-	(41.6)
Total transactions with owners		0.1	19.4	(38.9)	(19.5)	-	(19.5)
Balance at 30 June 2023		6.0	339.3	365.0	710.3	-	710.3

Amounts in NOK million	Note	Attributable to owners			Total	Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings			
Balance at 31 December 2021		5.8	308.8	183.3	497.9	-	497.9
Profit for the period		-	-	55.3	55.3	-	55.3
Other comprehensive income		-	-	1.7	1.7	-	1.7
Total comprehensive income for the period		-	-	57.1	57.1	-	57.1
Repurchase of shares		-	-	(0.5)	(0.5)	-	(0.5)
Share issue		0.0	1.6	-	1.7	-	1.7
Dividends paid	10	-	-	(17.5)	(17.5)	-	(17.5)
Total transactions with owners		0.0	1.6	(18.0)	(16.3)	-	(16.3)
Balance at 30 June 2022		5.9	310.4	222.3	538.6	-	538.6



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK million</i>	Q2 2023	Q2 2022	1H 2023	1H 2022	2022
Profit for the period	68.4	42.8	120.3	55.3	106.7
Adjustments for:					
Income tax expense recognised in profit or loss	21.0	11.7	39.3	16.3	14.1
Income taxes paid	(5.4)	(0.7)	(12.4)	(1.5)	(10.9)
Share of profit of associates	0.0	0.1	(0.0)	0.2	0.2
Depreciation and amortisation	26.5	20.8	52.3	41.0	86.5
Movements in working capital					
(Increase)/decrease in trade receivables	(26.6)	18.3	(11.3)	9.9	(11.0)
(Increase)/decrease in inventories	(45.0)	(36.0)	(74.2)	(107.6)	(161.3)
Increase/(decrease) in trade payables	(3.6)	(16.9)	21.5	35.8	32.0
Increase/(decrease) in accruals	24.6	4.9	34.4	13.7	29.3
Net cash generated by operating activities	60.0	44.9	169.9	63.2	85.7
Cash flows from investing activities					
Payments for property, plant and equipment	(8.7)	(5.7)	(14.5)	(15.7)	(31.5)
Reclassified from inventory to property, plant and equipment	-	-	-	-	3.2
Payments for intangible assets	(14.1)	(17.8)	(29.9)	(33.8)	(60.5)
Net cash outflow from acquisition and other shares	(8.7)	-	(11.2)	(1.5)	(3.1)
Net cash (used in)/generated by investing activities	(31.5)	(23.4)	(55.6)	(51.0)	(91.9)
Cash flows from financing activities					
Payment for share buy-back costs	(0.9)	(0.5)	(0.9)	(0.5)	(0.5)
Proceeds from issuance of common shares		-	-	-	9.6
Proceeds from borrowings	6.3	-	96.3	-	30.0
Repayment of borrowings	(3.2)	(2.4)	(95.5)	(5.4)	(39.4)
Repayment of lease liabilities	(3.3)	(2.1)	(6.4)	(4.2)	(10.0)
Net change in overdraft facility	24.0	16.1	(56.5)	31.2	54.0
Dividends paid	(41.6)	(17.5)	(41.6)	(17.5)	(17.5)
Net cash (used in)/generated by financing activities	(18.7)	(6.4)	(104.6)	3.6	26.2
Net increase in cash and cash equivalents	9.8	15.1	9.8	15.8	20.0
Cash and cash equivalents at the beginning of the period	41.7	22.4	41.7	21.7	21.7
Cash and cash equivalents at the end of the period	51.5	37.5	51.5	37.5	41.7



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NOTE 1 GENERAL

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

NORBIT is headquartered in Trondheim, with manufacturing in Norway and Hungary. In addition, as of 30 June 2023 NORBIT also had operations through its foreign subsidiaries in Denmark, Czech Republic, Poland, Austria, Hungary, Italy, Singapore, China, Sweden, Croatia, Slovakia, Brazil, United Kingdom, Chile, United States and Canada.

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

The consolidated financial statements of NORBIT ASA for the second quarter and six months ending 30 June 2023 incorporate the financial statements of the company and its subsidiaries (collectively referred to as the "group").

NOTE 2 STATEMENT OF COMPLIANCE

The interim consolidated statements for the second quarter of 2023, ending 30 June 2023, were prepared in accordance with IAS 34 Interim Financial Reporting and are unaudited. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual report for 2022. The consolidated financial statements of the group as at and for the year ended 31 December 2022 are available at www.norbit.com.

The new standards and interpretations effective from 1 January 2023 do not have a significant impact on the group's consolidated interim financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles applied in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the group's annual financial statements for the year ended 31 December 2022. The groups accounting principles are described in the annual report for 2022.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting policies requires management to exercise judgments. Estimates and subjective 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 2022 also apply to these interim financial statements. In preparing these interim financial statements, NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets, loss allowance for expected credit losses on trade receivables and warranty provisions. Based on the assessment, no impairment of intangible assets was recognized in the quarter. In the second quarter of 2023, NORBIT made NOK 1.7 million in provisions on expected loss on trade receivables and NOK 0.5 million in additional warranty provisions.



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NOTE 4 SEGMENT INFORMATION

The operating segments are aligned with the internal reporting and the operating segments are components of the group that are evaluated regularly by the management team. The operating segments are Oceans, Connectivity and Product Innovation and Relization (PIR).

H1 2023

<i>Amounts in NOK million</i>	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	288.0	308.1	214.0	(15.7)	794.3
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	88.2	120.0	113.4	(0.2)	321.4
Operating expenses	93.2	75.6	59.9	12.7	241.4
EBITDA	106.5	112.4	40.8	(28.2)	231.5
EBITDA margin	37%	36%	19%		29%
Depreciation	10.2	4.3	8.0	1.4	23.9
Amortisation and impairment	11.5	17.6	0.5	(1.2)	28.5
EBIT	84.8	90.5	32.2	(28.4)	179.2
Total financial items (not allocated)					(19.6)
Profit before tax					159.6
Taxes (not allocated)					(39.3)
Profit after tax					120.3

Timing of revenues

- At point in time	278.5	272.6	193.8	(15.7)	729.2
- Over time	9.4	35.5	20.2	0.0	65.1
Total	288.0	308.1	214.0	(15.7)	794.3

H1 2022

<i>Amounts in NOK million</i>	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	212.2	146.7	210.4	(18.7)	550.5
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	68.6	49.3	137.6	(6.0)	249.5
Operating expenses	63.8	63.7	50.1	1.9	179.4
EBITDA	79.8	33.7	22.7	(14.6)	121.6
EBITDA margin	38%	23%	11%		22%
Depreciation	8.0	3.4	6.7	1.3	19.4
Amortisation and impairment	7.3	14.4	0.0	0.0	21.6
EBIT	64.4	16.0	16.0	(15.9)	80.6
Total financial items (not allocated)					(8.9)
Profit before tax					71.6
Taxes (not allocated)					(16.3)
Profit after tax					55.3

Timing of revenues

- At point in time	186.7	130.0	191.9	(18.7)	489.8
- Over time	25.5	16.7	18.5	0.0	60.7
Total	212.2	146.7	210.4	(18.7)	550.5

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Q2 2023

Amounts in NOK million

	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	152.2	171.8	101.6	(8.0)	417.6
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	48.4	65.7	52.2	0.6	166.9
Operating expenses	46.4	40.7	26.9	9.6	123.6
EBITDA	57.4	65.4	22.5	(18.2)	127.2
EBITDA margin	38%	38%	22%		30%
Depreciation	5.3	2.2	3.9	0.7	12.1
Amortisation and impairment	6.1	9.3	0.3	(1.2)	14.5
EBIT	46.1	54.0	18.3	(17.7)	100.6
Total financial items (not allocated)					(11.3)
Profit before tax					89.3
Taxes (not allocated)					(21.0)
Profit after tax					68.4

Timing of revenues

- At point in time	147.2	152.8	91.8	(8.0)	383.8
- Over time	5.0	19.0	9.8	0.0	33.8
Total	152.2	171.8	101.6	(8.0)	417.6

Q2 2022

Amounts in NOK million

	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	131.4	83.0	111.5	(10.6)	315.3
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	47.2	29.6	76.2	(3.9)	149.1
Operating expenses	30.1	33.4	24.1	1.0	88.5
EBITDA	54.1	20.0	11.3	(7.7)	77.7
EBITDA margin	41%	24%	10%		25%
Depreciation	4.1	1.8	3.3	0.7	9.8
Amortisation and impairment	3.7	7.2	0.1	0.0	10.9
EBIT	46.3	11.0	7.9	(8.3)	56.9
Total financial items (not allocated)					(2.5)
Profit before tax					54.4
Taxes (not allocated)					(11.7)
Profit after tax					42.8

Timing of revenues

- At point in time	119.5	74.5	99.9	(10.6)	283.4
- Over time	11.9	8.5	11.6	0.0	32.0
Total	131.4	83.0	111.5	(10.6)	315.3



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NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	30.06.23	31.12.22
Foreign currency forwards EUR/NOK (amounts in EUR)	-	-
Foreign currency forwards USD/EUR (amounts in USD)	-	-
Average FX rate in contract (EUR/NOK)	-	-
Average FX rate in contract (USD/NOK)	-	-
Fair value of contracts based on MTM reports from counterpart banks (NOK million)	-	-

NOTE 6 NET FINANCIAL ITEMS

Net financial items consist of:

Amounts in NOK million	H1 2023	H1 2022	Q2 2023	Q2 2022
Share of profit of associates	0.0	(0.2)	0.0	(0.1)
Net interest income / (expense)	(13.4)	(6.7)	(6.8)	(3.5)
Agio/disagio and other financial expenses	(6.2)	(2.0)	(4.5)	1.1
Net financial items	(19.6)	(8.9)	(11.3)	(2.5)

NOTE 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Amounts in NOK million	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance at 31 December 2022	65.5	86.6	258.8
Additions from acquisition of companies	0.0	1.6	34.2
Additions	0.5	13.9	0.0
Depreciation	(3.0)	(14.4)	0.0
Capitalised development	0.0	0.0	29.9
Amortisation	0.0	0.0	(28.5)
Currency effects	0.1	2.9	3.3
Balance at 30 June 2023	63.1	90.8	297.7

The group invested NOK 14.1 million in intangible assets in Q2 2023 and NOK 29.9 million in the first half of 2023. The capital expenditures were primarily related to broadening the product offering in the Oceans and Connectivity segments. The development projects progressed as planned during the year.

Total investments in property, plant and equipment was NOK 8.7 million in Q2 2023 and NOK 14.5 million for the first six months of the year, primarily related to machinery and equipment.

At the end of each reporting period, the group assess whether there are indications that any tangible or intangible asset has been impaired. If such indications are present, an estimate to the recoverable amount of the asset is calculated. No indications of impairment were identified as of 30 June 2023.



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NOTE 8 INTEREST-BEARING BORROWINGS

Amounts in NOK million	30.06.2023	31.12.2022	30.06.2022
Revolving credit facility	0.0	90.0	60.0
Overdraft facility	84.1	140.6	117.7
Term loans	138.6	50.4	52.3
Seller's credit	36.9	32.6	63.3
Other borrowings	27.9	23.8	25.5
Total interest-bearing borrowings	287.4	337.4	318.7
Non-current borrowings	139.9	154.6	160.3
Current borrowings	147.5	182.8	158.4
Total interest-bearing borrowings	287.4	337.4	318.7

The group had four main loan facilities per end of Q2 2023, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and two term loans. The credit limits are NOK 200 million and NOK 350 million on the RCF and overdraft facility, respectively.

NORBIT had drawn NOK 84.1 million on the overdraft facility as of 30 June 2023, while the RCF was undrawn. NOK 138.6 million was outstanding on the two terms loans. As per 30 June 2023, NOK 30 million was available to draw under one of the term loans.

The RCF and one term loan are priced at 3M NIBOR + 1.8 per cent margin p.a., the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a, while the NOK 120 million term loan is priced at 3M NIBOR + 2.15 per cent margin p.a.

The financial covenants are as follows:

- **Equity ratio:** Carrying value of total equity as per cent of carrying value of total assets shall exceed 30 per cent. To be reported by 30 June and 31 December.

- **NIBD ratio:** Total interest-bearing borrowings and lease liabilities less cash and cash equivalents over EBITDA (IFRS, as reported) shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12 month rolling basis.

As of June 30, 2023, NORBIT was in compliance with both financial covenants.

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

NOTE 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

NORBIT leases a number of offices in addition to machinery and vehicles. Right-of-use assets are reported under property, plant and equipment in the balance sheet. The movement in the right-of-use assets and lease liabilities during 2023 is summarised below.

Amounts in NOK million	Right of use assets			Lease liabilities
	Office rent	Machinery and vehicles	Total	
Balance at 31 December 2022	9.3	26.2	35.5	35.9
Additions	-	3.9	3.9	3.9
Depreciation expense	(4.5)	(2.0)	(6.6)	-
Interest expense	-	-	-	0.6
Lease payments	-	-	-	(7.0)
Balance at 30 June 2023	4.8	28.1	32.9	33.3



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NOTE 10 SHARE CAPITAL AND EQUITY

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

At June 30, 2023, the total number of shares in NORBIT ASA amounted to 59 557 175 and the number of outstanding shares was 59 524 601, each with a par value of NOK 0.10 per share. As per the same date, NORBIT ASA held 32 574 own shares. All issued shares are fully paid. Average outstanding number of shares is used in the calculation of earnings per share in all periods of 2022 and 2023.

At June of 30, 2023, there were 131 197 restricted stock units ('RSUs') outstanding. The RSU will vest in second quarter 2024 and 2025. The RSUs are included in the calculation of diluted earnings per share.

On 4 May 2023, NORBIT held its annual general meeting. The general meeting approved the annual accounts and the board's dividend proposal, including dividend distribution of NOK 0.70 per share.

NOTE 11 BUSINESS COMBINATIONS

Nicarnica Aviation AS

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

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

<i>Amounts in NOK million</i>	Purchase price
Cash consideration	0.9
Total	0.9
Recognised amount of identifiable assets and acquired liabilities assumed	
Intangible assets	1.0
Deferred tax asset	2.0
Cash and cash equivalents	0.0
Interest-bearing borrowings	(1.6)
Trade payables	(0.4)
Other current liabilities	(0.1)
Total identifiable net assets	0.9
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	0.9



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Aursund Maskinering AS

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

due November 2024. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 2.3 million. Aursund Maskinering is reported under segment Oceans.

<i>Amounts in NOK million</i>	Purchase price
Cash consideration	3.7
Sellers credit	5.6
Total	9.3

Recognised amount of identifiable assets and acquired liabilities assumed*

Property, plant and equipment	5.7
Inventories	1.7
Trade receivables	2.1
Other receivables	0.1
Cash and cash equivalents	1.5
Deferred tax liability	(0.3)
Interest-bearing borrowings	(1.1)
Trade payables	(0.1)
Other current liabilities	(2.6)
Total identifiable net assets	7.0
Goodwill	2.3
Cash and cash equivalents in acquired business	1.5
Total cash outflow from acquisition of business	7.8

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

CPS AS

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

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

<i>Amounts in NOK million</i>	Purchase price
Considerations shares	9.0
Cash consideration	3.6
Total	12.6

Recognised amount of identifiable assets and acquired liabilities assumed*

Property, plant and equipment	0.0
Customer relationships	16.2
Inventories	0.0
Trade receivables	2.0
Cash and cash equivalents	1.3
Deferred tax liability	(3.2)
Interest-bearing borrowings	(1.5)
Trade payables	(1.1)
Other current liabilities	(1.2)
Total identifiable net assets	12.6
Cash and cash equivalents in acquired business	1.3
Total cash outflow from acquisition of business	2.3

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



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Seahorse Geomatics

In April 2023, NORBIT acquired the business and certain assets from Seahorse Geomatics Inc, Oceans' distributor and reseller in the North American market for more than a decade. The purchase price was USD 2.5 million, including value of purchased inventory. This was financed by the issuance of 265 670

consideration shares at a price of NOK 39.22, or NOK 10.4 million, NOK 8.7 million in cash and a seller credit of NOK 7.1 million. The seller credit will be repaid in equal instalments in Q2 2024 and Q2 2025.

Amounts in NOK million	Purchase price
Considerations shares	10.4
Cash consideration	8.7
Seller credit	7.1
Total	26.2
Recognised amount of identifiable assets and acquired liabilities assumed*	
Property, plant and equipment	1.5
Customer relationships	17.8
Inventories	6.8
Total identifiable net assets	26.2
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	8.7

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

NOTE 12 RELATED PARTY TRANSACTIONS

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

NOTE 13 SUBSEQUENT EVENTS

- Connectivity received an order from Toll Collect for delivery of units for satellite-based toll collection. The value of the order is approximately NOK 30 million and deliveries are scheduled for 2024.



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DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA	Short for earnings before interest, tax, depreciation and amortisation. EBITDA corresponds to operating profit before depreciation and amortisation expenses, as reported in the consolidated statement of profit and loss. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profits.
EBITDA margin	EBITDA as a percentage of revenues. The EBITDA margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
EBIT	Short for earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit and loss. EBIT is a key performance indicator that the company considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures.
EBIT margin	EBIT as a percentage of revenues. The EBIT margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Equity ratio	Total equity divided by total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.
Net interest-bearing debt	Net interest-bearing debt is defined as total interest-bearing borrowings less cash and cash equivalents.
Gross profit	Gross profit is revenues less cost for raw materials and change in inventories, as reported in the consolidated statement of profit and loss. Gross profit is a key performance indicator that the company considers relevant for measuring the profitability before its employee benefit expenses, other operating expenses and depreciation and amortisation expenses.
Gross margin	Gross margin is defined as gross profit divided by revenues. The gross margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.



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