NORBIT

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ANNUAL REPORT 2023

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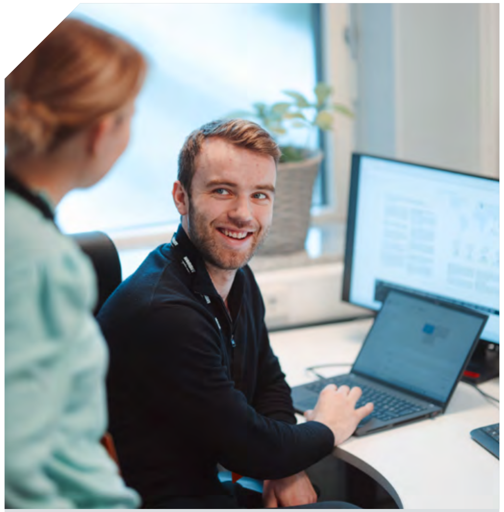

CORPORATE GOVERNANCE

SUSTAINABILITY

FINANCIAL STATEMENTS

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HIGHLIGHTS IN 2023

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REACHED 2024 AMBITIONS

- Delivered all-time high revenues of NOK 1 518.9 million, a 30 per cent increase from 2022.
- The EBITDA margin ended at 26 per cent, up from 20 per cent in 2020, as a result of increased revenues and operational leverage.

PROPOSING A RECORD HIGH DIVIDEND

- Due to the strong financial results and development, the board has proposed a dividend of NOK 2.55 per share, consisting of a NOK 1.55 per share ordinary dividend and NOK 1.00 per share extraordinary dividend.

AMBITIONS FOR 2027 SET

- Target to deliver more than NOK 2.75 billion in revenues in 2027, with an EBIT margin of around 20 per cent and a return of capital employed of around 30 per cent.

OCEANS

CONTINUED STRONG AND PROFITABLE GROWTH

- Delivered NOK 599.0 million in revenues, an increase of 35 per cent from 2022. Growth was particularly strong for subsea sonars, and EMEA showed a strong development in 2023. The EBITDA margin for the year was 35 per cent.

STRATEGIC ACQUISITIONS

- Completed the acquisition of Seahorse Geomatics, re-seller and distributor of the sonar technology in the North American market, and the maritime technology company Ping Digital Signal Processing.

CONNECTIVITY

GROWTH ACROSS ALL BUSINESS VERTICALS

- Reported NOK 540.3 million in revenues, an increase of 75 per cent from 2022. All business verticals showed growth, with the strongest increase reported for On-Board Units. The EBITDA margin was 34 per cent.

NEW FRAME AGREEMENTS AND CONTRACTS

- During 2023, Connectivity entered into contracts and frame agreements for a total of NOK 950 million. This included a new 5-year agreement for delivery of enforcement modules for tachographs and On-Board Unit orders for a total of NOK 420 million.

PIR

STRONG DEMAND WITHIN CONTRACT MANUFACTURING

- Reported NOK 411.8 million in revenues in 2023, an underlying growth of 16 per cent when adjusting for customer reimbursement of extraordinary material costs. Growth was driven by industrial clients within contract manufacturing. The EBITDA margin for the year was 13 per cent.

CONTRACT AWARD

- Entered into an agreement for delivery of tailored electronics for data collection and transmission for a total value of NOK 80 million, to be delivered over a period of 30 months.

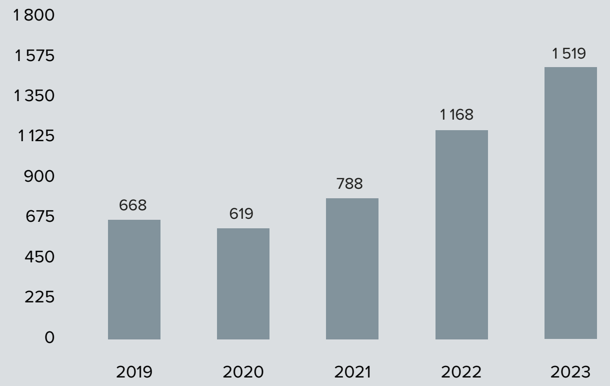
KEY FIGURES

KEY FIGURES – NORBIT [1)]

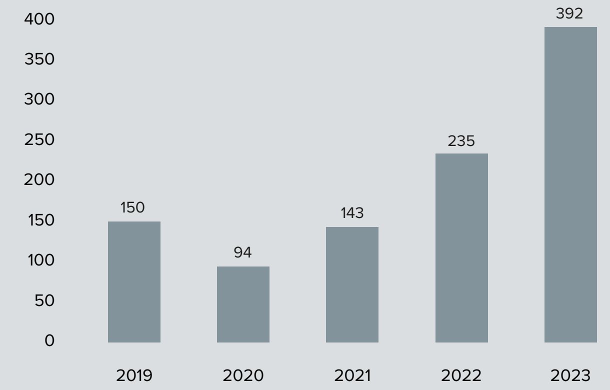
Amounts in NOK million (except percentages, EPS and DPS)	**2023**	2022	2021	2020	2019
Revenues	**1 518.9**	1 167.5	787.8	618.8	668.2
Revenue growth	**30%**	48%	27%	(7%)	52%
EBITDA	**391.8**	235.3	142.6	93.5	149.7
EBITDA margin	**26%**	20%	18%	15%	22%
EBIT	**284.2**	148.8	73.5	44.3	102.9
EBIT margin	**19%**	13%	9%	7%	15%
Profit for the period	**185.3**	106.7	47.9	27.3	77.3
Diluted earnings per share (EPS)	**3.10**	1.82	0.83	0.48	1.45
Dividend declared per share (DPS)	**2.55**	0.70	0.30	0.30	0.60
Cash & cash equivalents	**60.7**	41.7	21.7	15.0	21.7
Equity ratio	**53%**	49%	51%	65%	74%
Net interest-bearing borrowings	**150.8**	295.6	266.5	79.7	(2.4)
Net interest-bearing borrowings including leasing liabilities	**205.5**	331.4	284.3	102.9	6.0
NIBD/EBITDA ratio [2)]	**0.5x**	1.4x	1.7x	1.0x	0.0x
Cash flow from operations	**345.7**	85.7	47.7	92.1	41.2
Cash flow from investments	**(149.0)**	(91.9)	(217.6)	(136.7)	(81.9)
Cash flow from financing	**(177.7)**	26.2	176.6	37.8	53.3
R&D investments	**60.2**	60.5	51.2	63.2	59.0
R&D investments (% revenues)	**4.0%**	5.2%	6.5%	10.2%	8.8%
Net Working Capital	**414.2**	405.3	291.6	196.8	207.3
Net Working Capital (% LTM revenues)	**27%**	35%	37%	32%	31%
Average pre-tax return on capital employed	**29%**	17%	11%	9%	26%
Average number of employees - full-time equivalents	**498**	418	311	246	245

1) For definitions of alternative performance measures, please see page 98.
2) 12-month rolling EBITDA including contribution from acquisitions. Definition on page 74.

REVENUES
NOK million



EBITDA
NOK million



LETTER FROM THE CEO:

SETTING OUR SIGHTS BEYOND THE HORIZON

In the spirit of the great explorers, NORBIT has always embraced the challenges of venturing into the unknown, pushing the boundaries of what is possible. As we reflect on our journey, it is with a profound sense of achievement that we announce that NORBIT reached our 2024 goal one year early. This milestone is a testament to the dedication, innovation, and hard work of our entire team.

Embarking on a new expedition

Setting new targets is indeed the explorer's finest hour. It is in this spirit of exploration and ambition that NORBIT sets forth our updated ambitions for the future. The next steps on our journey, defined by our ambitions for 2027, are inspired by the same drive and ambitions that led Roald Amundsen to the South Pole. Like Amundsen, we understand that achieving greatness requires not just setting goals but preparing meticulously to surpass them.

Leveraging decades of experience and a strong corporate culture

NORBIT's operations over the past 29 years have been a continuous expedition of innovation and growth. These years have equipped us with invaluable references and skills, preparing us for the challenges and opportunities that lie ahead. Our journey thus far has been marked by an unwavering commitment to our vision – "Recognised as World Class – Enabling people to Explore More" – and a deep respect for our clients and the markets in which they operate.

The announcement of our targets for 2027 marks a new chapter in NORBIT's story – one that builds on our rich legacy of innovation and our commitment to solving challenges at scale. As we embark on this next phase of our journey, we do so with the confidence that comes from almost three decades of preparation, growth and achievement.

Preparing for tomorrow's challenges today

To ensure NORBIT is ready to navigate the challenges and seize the opportunities that lie ahead, we are taking proactive steps to further strengthen our organisation. This involves:

Investing in our people: Recognising that our team's talent and dedication are our greatest assets, we are committed to fostering a culture of continuous learning and professional development. By equipping our team with the skills and knowledge they need to excel, we ensure NORBIT remains agile and innovative.

Market driven in all aspects: To us, technology is a means to solving challenges. Technology in itself is never the goal. To ensure that we remain market driven in all aspects, we value domain knowledge and keep our clients as our guiding star for how to prioritise which opportunities to seize. Long-lasting customer relations increase our ability to be relevant and deliver value for our customers across the geographic regions and business verticals in which they operate.

Tailored technology in carefully selected applications: Our focus on research and development ensures that we stay at the forefront of technological innovation. We are continuously exploring new ways to apply our expertise in creating solutions that anticipate the needs of our clients.

– Our focus on research and development ensures that we stay at the forefront of technological innovation.

Attractive drivers and trends

We are very motivated to get started on a new ambition period. Setting new goals and working hard to reach them is what drives us. We are well positioned to benefit from mega-trends such as the blue economy, digitalisation and increased demand for technology "Made in Norway and Europe".

Financial horizons

As we navigate towards 2027, we are guided by clear financial ambitions that reflect our commitment to continued sustainable and profitable growth. Our goal is to achieve an annual revenue growth of 16 per cent, with an EBIT margin of around 20 per cent. Furthermore, a return on capital employed of 30 per cent is targeted, allocating capital by investing in R&D and production capacity to generate value for all our stakeholders. Throughout this journey, maintaining a strong balance sheet will be paramount, ensuring that we have the financial resilience to pursue opportunities while managing risks.

Looking forward with gratitude and optimism

To our NORBIT team, our valued customers, trusted partners and committed shareholders, your unwavering support and belief in our vision have been pivotal in forming today's NORBIT. As we look to the future, we are excited about the journey ahead and the opportunities it presents. Let us move forward together, embracing the spirit of exploration that defines us, and continuing to make a meaningful impact in the world.

Thank you all for being part of this journey.
Explore More!

Per Jørgen Weisethaunet
CEO of NORBIT ASA

NORBIT IN BRIEF

~500 EMPLOYEES

~35 NATIONALITIES

~80% EXPORT SHARE

~60 EXPORT COUNTRIES

NORBIT is a global provider of tailored technology to selected applications. We support our customers and partners in solving demanding challenges through sustainable innovation.

Today we are structured in three business segments to address our key markets: Oceans, Connectivity and Product Innovation & Realisation (PIR). The Oceans segment delivers tailored technology solutions to global maritime markets. The Connectivity segment provides tailored wireless solutions for identification, monitoring and tracking. The PIR segment offers R&D services and products, and contract manufacturing to key customers.

We are around 500 explorers from over 35 different nationalities. We are headquartered in Trondheim, with manufacturing and R&D in Norway, Hungary and Canada, and a worldwide sales and distribution platform.

A RICH HISTORY OF INNOVATION AND GROWTH

Since our founding in 1995, we have been at the forefront of technology development, creating innovative, tailored solutions that have enabled our customers to solve challenges in a wide range of industries – from subsea to space.

At the beginning of our journey, activity was primarily related to development and sales of tailored client and dual branded products. This was further expanded into contract manufacturing in 2009 and 2012, respectively, with the acquisitions of our factories at Røros and Selbu in Norway.

By capitalising on our knowledge base, attracting domain expertise and expanding internationally, we

have over the last ten years gradually positioned NORBIT as a leading global technology company with a diversified portfolio of proprietary products. Today, more than 80 per cent of our revenues come from exports to around 60 countries, while the share of revenues from sale of technology based on our own intellectual property is close to 80 per cent.

VISION AND VALUES

NORBIT has a strong corporate culture inspired by great explorers. Our history shows that we have stayed committed to our core purpose, vision and values. Our core purpose to "Explore More", and our vision "To be recognised as world class, enabling people to explore more", have have led us to focus on exploring customer needs and commercial opportunities where we can bring new tailored technology.

Our core values:

- We deliver!
- Safe under pressure
- Refinement of talents

These values act as important guidelines in our daily work:

- We train our colleagues to be able to observe, reflect and act independently, ensuring that we are on top of the circumstances rather than ending up as victims of them.
- We are fully committed to deliver value to our partners.
- We walk the extra mile to exceed expectations.
- We are ambitious, and we see opportunities rather than challenges.
- We equip our colleagues with the skills and confidence needed to face the unpredictability that lies ahead of us.
- Our employees shall be allowed to refine their strengths, as well as develop and explore other aspects of themselves.

TECHNOLOGY IS PART OF THE SOLUTION IN A MORE SUSTAINABLE FUTURE

NORBIT has developed a sustainability strategy based on the double materiality principle; both evaluating our actual or potential impact on people and the environment, and the financial impact on our own business. This has resulted in four sustainability focus areas for the years to come. The areas are connected to NORBIT's overall values and vision.

In addition to investing in existing verticals, we recognise the importance of exploring new markets where we can leverage our technology platform to deliver innovative solutions. Our objective is to explore how we can play a part in solving sustainability challenges for our customers, partners, and the society at large.

When developing and delivering our innovative solutions, we will strive to have sustainability in mind throughout the process – from the early design to the late production phase.

Our people are our greatest asset and enabler of success. We will continuously work towards creating an attractive and safe workplace, to bring out the best in our people.

Ethical business conduct will always be a priority for NORBIT. We aim for transparency, traceability, and integrity across our full value chain.

You find more details about our existing efforts and objectives in our sustainability report on page 36.

OUR SUSTAINABLE FOCUS AREAS:

1 Explore more sustainability opportunities
We want to accelerate the green transition. We will continuously explore how we can play a part in solving sustainability challenges for customers, partners, and the society at large through our products and solutions.

2 We will deliver solutions adapted to the new reality of sustainability
We will deliver products and solutions with sustainability in mind – both during the design, development, production, transportation, and recycling process.

3 Refinement of talents in an attractive place to work
Our people are our greatest asset. We will continuously work towards creating an attractive and safe workplace and refining our talents.

4 Safe under pressure with ethical business conduct
We will ensure good governance and legal compliance in all countries and markets. We aim for transparency, traceability, and integrity across our value chain.

BUILDING ON OUR LEGACY OF INNOVATION TO DRIVE FUTURE GROWTH

STRATEGY AND AMBITIONS

Since 2010, our revenues have increased by 31 per cent per year on average, mostly organic. At the same time, we have remained firm to our financial objective of growing profitably. We believe that the enablers behind our continued success will be the same as those that have been vital to our growth path thus far.

From the very beginning, we have pursued a strategy of relentless focus on market driven innovation in carefully selected applications. We invest in the development of new products and solutions when we understand the needs and expectations of our customers in their domain. In partnership with our customers, we listen, explore, and develop solutions that allow us to grow together with our partners. Our focus on research and development ensures that we stay at the forefront of technological innovation.

At NORBIT, we manufacture what we sell. In-house manufacturing capabilities enable scalability and control of the value chain and operations, elements that are fundamental to sustaining further growth and remaining competitive, especially in an unstable and complex macro environment.

Our mindset is opportunity driven, by applying an entrepreneurial and commercial sprit. When identifying the right opportunity, we act dynamically and apply agility as a competitive advantage.

NORBIT's main asset is our employees. Attracting and refining top talent enables us to create value for our clients and deliver when it matters. We give each employee considerable decision-making scope regarding their work. This implies a significant degree of freedom, but also places a substantial responsibility on our employees.

Throughout our history, a key factor for success has been to diversify our business model, thereby reducing dependency on any one market or product, while also taking advantage of opportunities for growth and expansion. Tailoring the growth strategy for each business segment has been an intentional choice.

REFINING THE STRATEGIC PRIORITIES

Going forward, we aim to strengthen our position as a leading global provider of tailored technology for specific applications, delivering value to our customers by solving challenges through innovation.

Alongside our foundation for success, the following priorities are central to our strategy going forward:

- Broadening market driven product offering with tailored technology.
- Going from "niche to notable" by cultivating our ability to take on larger tasks.
- Diversifying our customer base, reducing dependencies on specific sectors, and leverage cross-segment growth opportunities.
- Pursuing operational excellence and scalability, developing leadership to unlock the potential of all colleagues.
- Prioritising the overall best opportunities, focusing on NORBIT as a whole.
- Exploring value-accretive acquisitions through defined criteria to accelerate growth.

LONG-TERM FINANCIAL AMBITIONS

NORBIT's ambition in 2027 is to deliver organic revenues in excess of NOK 2.75 billion and an EBIT margin of around 20 per cent. The revenue trajectory implies a growth rate of 16 per cent per year from 2023, with all segments expected to contribute positively. The following targets have been set for the three business segments for 2027:

Oceans: Revenues in excess of NOK 1.1 billion and an EBIT margin between 25 and 30 per cent.

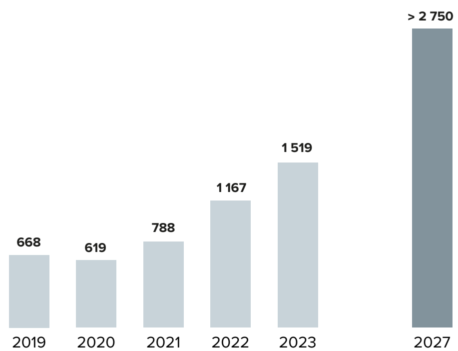
Connectivity: Revenues in excess of NOK 1.0 billion and an EBIT margin between 25 and 30 per cent.

PIR: Revenues in excess of NOK 750 million and an EBIT margin between 8 and 10 per cent.

Combined with active balance sheet management, the targeted return on capital employed is around 30 per cent.

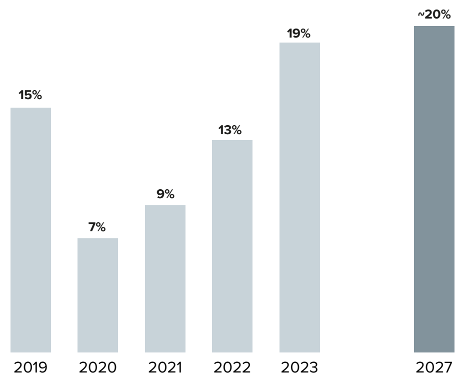
REVENUES

NOK million



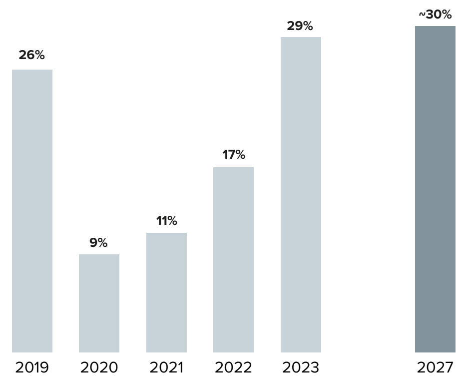
EBIT MARGIN

Per cent



RETURN ON CAPITAL EMPLOYED

Per cent



THE NORBIT SHARE

NORBIT ASAs shares are listed at Euronext Oslo Børs (Oslo Stock Exchange) under the ticker "NORBT". NORBIT has a single class of shares, and all shares carry the same rights in the company.

SHARES AND SHARE CAPITAL

At 31 December 2023, the total number of shares in NORBIT ASA amounted to 60 017 415 and the number of outstanding shares was 59 973 855. At the same date, NORBIT ASA held 43 560 own shares.

During 2023, the share traded between NOK 30.00 and NOK 65.80 per share, with a closing price of NOK 57.00 at year-end 2023. At 31 December 2023, the company had approximately 2 300 shareholders, of which the 20 largest shareholders held 77.9 per cent of the total outstanding shares.

DIVIDEND POLICY

NORBIT ASA's objective is to provide shareholders with a long-term competitive return through an increase in the share price and payment of dividends.

The dividend policy is to pay out annual ordinary dividends between 30 and 50 per cent of the company's net profit after tax, with the intention to pay out potential excess capital as extraordinary dividends. When proposing the total dividend payment, the board of directors will take into account the company's financial position, investment plans, any restrictions by law, as well as the needed financial flexibility to provide for sustainable growth. To that end, the company has set long-term financial targets relating to its capital structure to have a NIBD/EBITDA ratio between 1.0 –2.5x.

IR CONTACT:

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Group CFO

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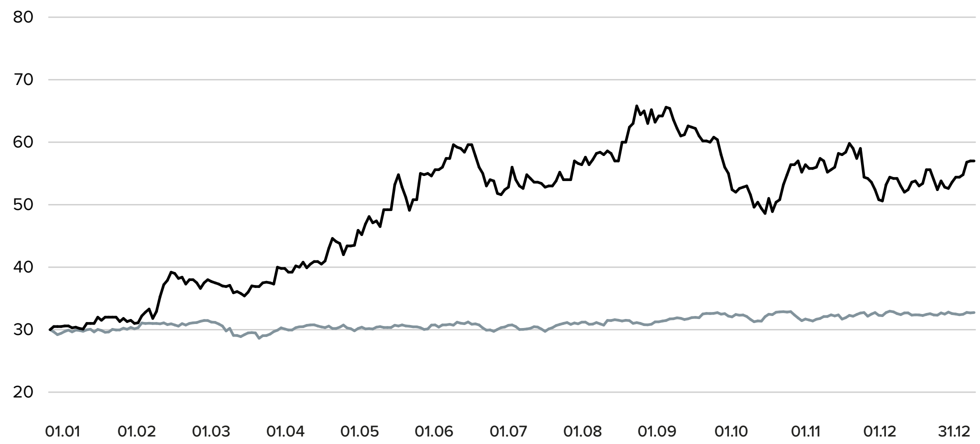
FINANCIAL CALENDAR

Annual general meeting:	6 May 2024
Results 1st quarter 2024:	15 May 2024
Half year results 2024:	15 August 2024
Results 3rd quarter 2024:	14 November 2024
Results 4rd quarter 2024:	13 February 2025

Click or scan the QR-code for access to NORBITs share price development.

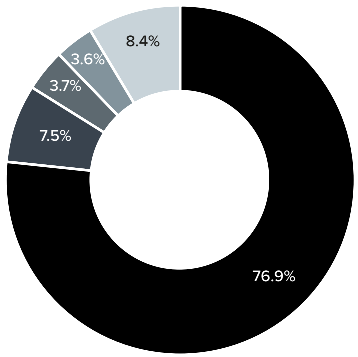
SHARE PRICE DEVELOPMENT 2023

NOK ■ NORBIT ■ OSEBX rebased



GEOGRAPHICAL SHARE DISTRIBUTION

■ Norway
■ Sweden
■ Denmark
■ UK
■ Other



BUSINESS SEGMENTS:
OCEANS

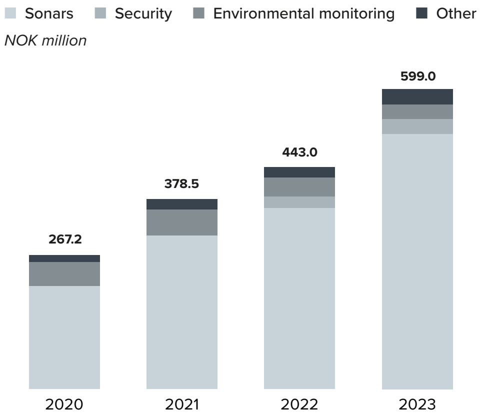
In the Oceans segment, NORBIT delivers tailored technology solutions to the international maritime markets. The customer base is diversified and includes survey companies, research organisations, governmental institutions, dredging companies, rental companies, contractors and industrial clients. The segment generally has some degree of seasonality and a low revenue visibility of two to four weeks due to the short time from receipt of an order to customer delivery.

Through Oceans, NORBIT specialises in design and development of a range of different sonars, including wideband multibeam sonars, interferometric side-scan sonars and long-range surveillance sonars, for exploring the ocean space. The sonar solutions collect, process and visualise data that enable valuable and relevant insight to our clients from the depth of the oceans. The sonars are primarily used for seabed mapping, construction support, inspection and subsurface navigation with multiple other applications subsea.

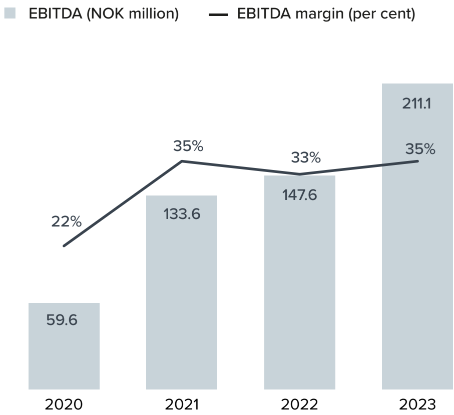
NORBIT is also a provider of security and monitoring solutions for detecting and monitoring activity at sea. Detecting threats below the surface is made possible by the use of surveillance sonars that are integrated with proprietary software. The technology can be used for obstacle avoidance, mine countermeasures and threat detection from divers or other moving objects to critical infrastructure. Monitoring solutions above surface are provided through an integrated offering, where NORBIT delivers sensors, control systems and surveillance solutions, providing the customers with a single operational picture for decision support and operational risk management.

In addition to the above, NORBIT also offers other technologies and products in some selected niches in the maritime domain.

REVENUES



EBITDA



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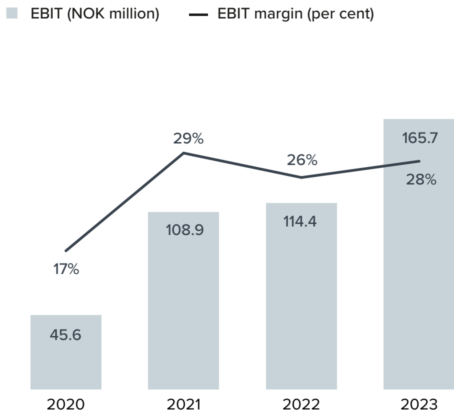
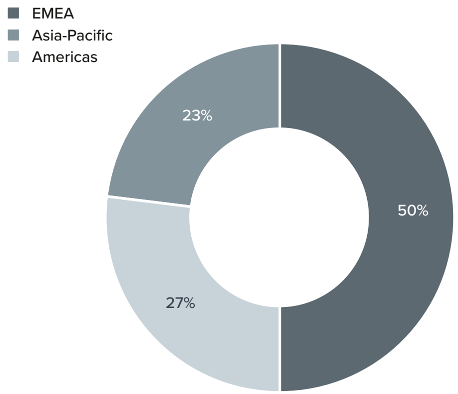


GEOGRAPHICAL REVENUE DISTRIBUTION



SONAR SURVEY OPERATIONS ON USV's

In 2020, NORBIT introduced the WINGHEAD sonar platform, a multibeam echo sounder designed for high-resolution bathymetric surveys in the professional market.

One application area is the construction industry, where there is a shortage of resources available to conduct surveys for dredging operations. To improve the mobilisation time, safety, cost and overall environmental footprint, the industry is investing in smaller and more environmentally friendly vessels – such as USVs (Unmanned Surface Vehicles). A solution to streamline the survey is to use the WINGHEAD multibeam integrated with GNSS/INS Navigation, mounted on any USV. The dredging solution includes NORBIT's integrated NORdredge software, which performs real-time processing and is essential for survey efficiency and ease of use.

SURVEILLANCE OF CRITICAL INFRASTRUCTURE AT SEA

NORBIT's product portfolio includes security and surveillance solutions for detecting and monitoring activity both above and below the sea surface.

The GuardPoint Underwater Sonar System is a surveillance tool used below surface, designed to detect, track, classify, and alert to the presence of underwater objects in the toughest environments. The sonar system can be used to perform underwater surveillance of sensitive installations and critical infrastructure such as nuclear facilities, LNG terminals, offshore energy platforms, superyachts, cruise ships and naval vessels.

BUSINESS SEGMENTS:
CONNECTIVITY

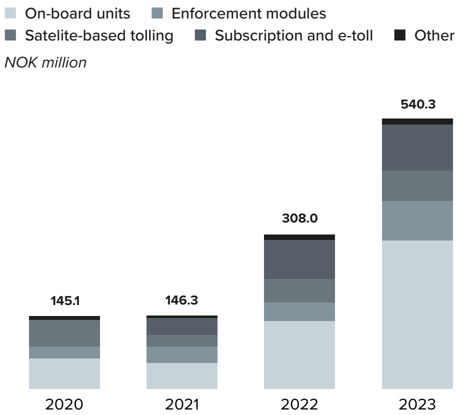
In the Connectivity segment, NORBIT is a leading technology provider for asset identification, monitoring and tracking, designed to enhance operational efficiency across various industries.

NORBIT has taken the position as an independent technology supplier of low power wireless devices to international blue-chip customers. Our extensive experience with different technology domains has made this part of NORBIT a preferred technology partner for electronic vehicle identification, toll collection On-Board Units and enforcement technology for tachographs and related to satelite-based tolling. The contracts in such partnerships are generally frame agreements with medium to long term visibility.

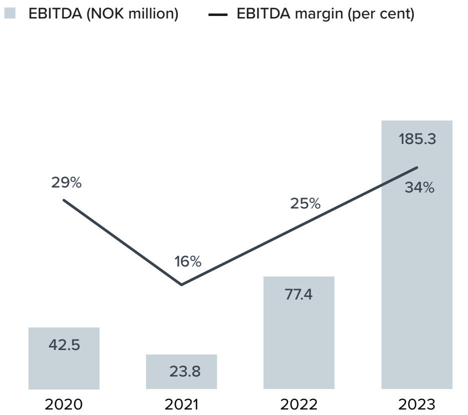
Complementing the technology expertise, NORBIT offers state-of-the-art software for dedicated payment solutions for e-tolling, vehicle monitoring and fleet management.

Capabilities also extend beyond the transport and mobility domain, leveraging experience to facilitate effective digitalisation and efficient operations for partners and clients across a broad spectrum of sectors. Solutions are often tailored to ensure optimal value for clients in their specific use case.

REVENUES



EBITDA



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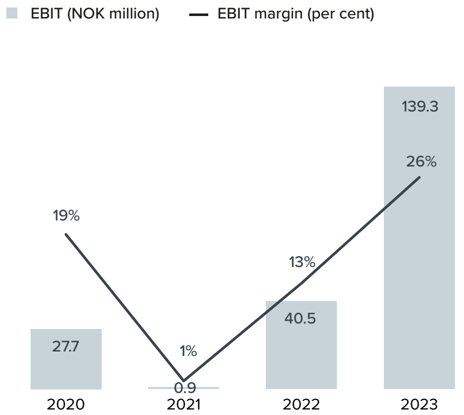
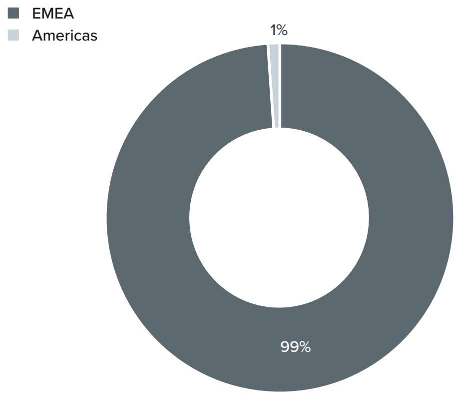


GEOGRAPHICAL REVENUE DISTRIBUTION



PARTNERSHIPS WITH THE INSURANCE INDUSTRY

For nearly two decades, NORBIT has been at the forefront in supplying DSRC (Dedicated Short-Range Communications) On-Board Units.

These units, mounted on vehicle windshields, facilitate electronic toll payments and associated services. Historically, our primary clients were large, state-owned toll service entities. In recent years, the landscape has shifted with private insurance firms emerging as toll operators in some European nations. Capitalising on this trend, NORBIT has entered strategic partnerships with select insurance companies in Europe. Our collaboration extends beyond supplying On-Board Units to co-creating continual advancements in related technologies and services.

MONITORING AND FLEET MANAGEMENT SERVICES

NORBIT has decades of experience in developing telematics devices and services, specialising in vehicle monitoring and fleet management.

Our proprietary iTrack GPS tracking system provides intelligent solutions for real-time asset monitoring, with customisation features. When combined with our expertise in technology for e-tolling and tachograph enforcement, our fleet management solutions contribute to a unique and complete offering towards mobility and intelligent traffic systems, enabling our customers and partners to explore more.

BUSINESS SEGMENTS:

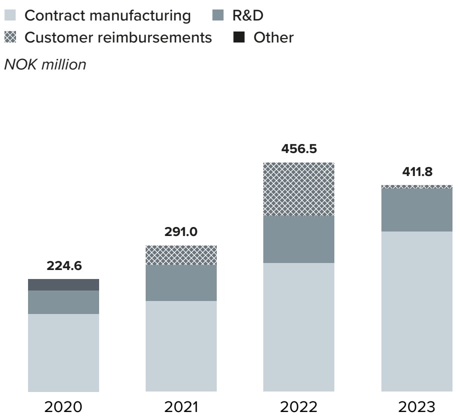
PRODUCT INNOVATION & REALIZATION (PIR)

With decades of experience, NORBIT offers contract manufacturing of electronics to clients, and R&D products and services through the Product Innovation & Realization (PIR) segment. With manufacturing and R&D as in-house capabilities, NORBIT has a setup that allows for the creation of new technologies and solutions in parallel with production process innovation, enabling efficient and optimised realisations of new products.

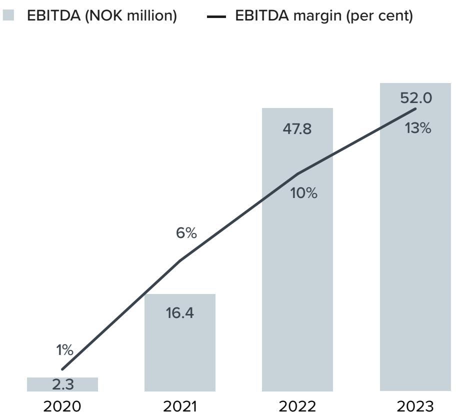
With highly robotised, world-class manufacturing processes, NORBIT supplies contract manufacturing of electronic products to demanding markets such as the automotive, industrial, medical, security, energy, marine and ocean-related industries. Contract manufacturing for external customers gives NORBIT a continued benchmark of the company's manufacturing capabilities, securing leading-edge processes and routines for the entire group. Manufacturing is carried out at two production sites in Norway.

Vast industrial R&D experience is available and offered to external clients as well as the Oceans and Connectivity segments. In addition, special R&D projects for professional clients in different market domains bring together challenges needed to refine and grow new generations of NORBIT engineers. This provides NORBIT with access to new valuable domain knowledge for the future. The R&D team has also developed a range of customised products based on NORBIT intellectual property throughout the years. These are sold to long-term key customers under either the customer's brand or dual branding.

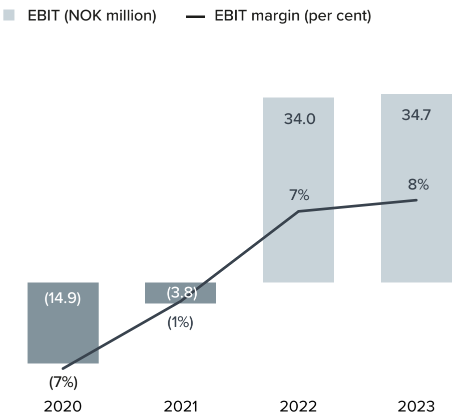
REVENUES



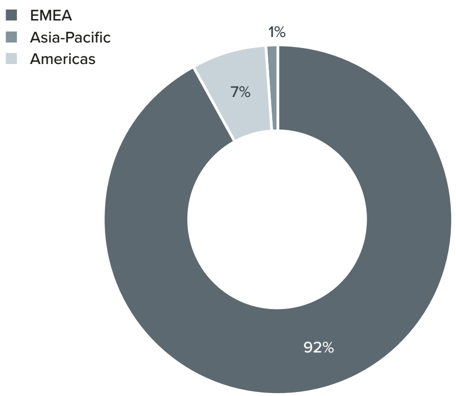
EBITDA



EBIT



GEOGRAPHICAL REVENUE DISTRIBUTION



SUPPORTING THE ELECTRIFICATION TREND

From the factory at Røros in Norway, NORBIT has for decades been a manufacturer of electronics to top-tier suppliers in the automotive industry.

The high-volume manufacturing site is one of few automotive certified electronic manufacturing plants in the Nordic region. NORBIT is benefiting from a global electrification trend, particularly witnessed in the automotive industry by the growth rate and adoption of electric cars, and the development of the heavy-duty electric market and related infrastructure and services. In 2023, NORBIT has produced electronic modules for electromobility charging products for several customers, illustrating that NORBIT is well positioned for the electrification megatrend.

CONTRIBUTING TO AVIATION SAFETY

For close to 30 years, NORBIT has contributed to bringing passengers safely to the ground when flying. In 1995, NORBIT developed the first high performance navigation receivers for use in navigation system measuring instruments.

A decade later, NORBIT developed its first complete NAV Analyzer. The NAV Analyzer is used to measure critical parameters of the Instrument Landing System and VOR ground system, providing high accuracy and measurement speed for ground and flight inspection. The NAV Analyzer is a portable, battery-operated weatherproof unit to be used both indoors and outdoors. Today, NORBIT provides the complete product to its client Indra Navia together with integrity monitoring solutions, in accordance with the latest aviation requirements.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

EXECUTIVE MANAGEMENT TEAM

Stein Martin Beyer

Chief operating officer (COO)

Stein Martin Beyer has been the group's COO since 2012. Beyer has over 35 years of experience within industrial management and leadership, including more than a decade in NORBIT and ten years as CEO of Servi Cylinderservice AS. Beyer holds a Master of Science in material technology from the Norwegian University of Technology (NTNU) and a business economics degree from BI Norwegian Business School.

At 8 April 2024, Beyer and related parties held 316 458 shares and 21 739 RSU's in NORBIT.

Arild Søraunet

Chief technical officer (CTO)

Arild Søraunet has been the group's CTO since 2018. Søraunet was previously the business manager of the R&D Services part of the business segment PIR, formerly known as ODM. Before that, he was the CEO of NORBIT Subsea AS from 2011 to 2016, and project manager of NORBIT ODM from 2002 to 2011. Søraunet has additional development engineer experience from Cavotec Micro-Control AS between 2000 to 2002 and Kongsberg Defence & Aerospace AS from 1997 to 2000. Søraunet holds a Master of Science in applied physics from the University of Tromsø and a Bachelor of Science in electronics from Levanger College of Engineering.

At 8 April 2024, Søraunet and related parties held 689 448 shares and 18 698 RSU's in NORBIT.

Julie Dahl Benum

Director of Strategy and ESG

Julie Dahl Benum joined NORBIT in December 2022 as director of strategy and ESG. Prior to joining NORBIT, Benum held the position of senior manager and head of strategy in Karabin Impello AS. She also has experience as project manager at NTNU Technology Transfer AS and as management consultant at BCG. Benum holds an MSc degree in industrial economics and technology management from the Norwegian University of Science and Technology (NTNU).

At 8 April 2024, Benum and related parties held 1 150 shares and 0 RSU's in NORBIT.

Per Jørgen Weisethaunet

Chief executive officer (CEO)

Per Jørgen Weisethaunet was one of the company's first employees in 1995 and has been the group's CEO since 2001 and co-owner of NORBIT since 2008. He has several years of experience across a variety of fields including R&D, operations management, commercial and strategic business development, and has held several different positions throughout the organisation. Weisethaunet has been chair and director of several executive boards. He holds a Master of Science degree in RF & Microwave electronics from the Norwegian University of Technology (NTNU), a Bachelor of Science in electronics from Trondheim University of Engineering (TIH), business economics from Trondheim Economic University center of competence (TØHK) and supply chain management from BI Norwegian Business School.

At 8 April 2024, Weisethaunet and related parties held 7 031 239 shares and 32 380 RSU's in NORBIT.

Per Kristian Reppe

Chief financial officer (CFO)

Per Kristian Reppe has been the group's CFO since July 2020. Before joining NORBIT, Reppe held various senior positions in the Aker group, including CFO of Abelee and investment manager and head of investor relations at Aker ASA. Prior to that, he worked as a management consultant at Arkwright and as an equity analyst at Pareto Securities. Reppe holds a Master of Science degree from the Norwegian School of Economics (NHH) with a major in financial economics.

At 8 April 2024, Reppe and related parties held 66 701 shares and 22 945 RSU's in NORBIT.

Peter Koldgaard Eriksen

Business unit director Oceans

Peter Koldgaard Eriksen has been the group's business unit director of Oceans since 2016. Koldgaard Eriksen has 12 years of experience in NORBIT, seven years in RESON Inc and Goleta California as CEO, EVP, group CTO, and in business development. He also has 11 years of experience in RESON AS Slangerup Denmark as an R&D engineer and R&D manager. During his time at RESON AS, he worked as CTO and production manager and was part of the global management team. Koldgaard Eriksen holds a Master of Science in active vibration control from Aalborg University Center, as well as various educations from MBA Kellogg Chicago US, HKUST Hong Kong and Vallendar Germany.

At 8 April 2024, Koldgaard Eriksen and related parties held 819 370 shares and 35 435 RSU's in NORBIT.

BOARD OF DIRECTORS

According to NORBIT's articles of association, the board of directors shall consist of a minimum of three and a maximum of seven directors elected by the general meeting. The general meeting elects the chair and deputy chair of the board. At 31 December 2023, NORBIT's board of directors comprised five members.

NORBIT's board is composed to be able to act independently of any special interests. All directors are deemed to be independent of senior executives, material business associates and the company's main shareholders.[1)]

1) *Defined as shareholders holding 10 per cent or more of the shares*

Finn Haugan (1953)
Chair

Finn Haugan was the CEO of the listed company Sparebank 1 SMN from 1991 to 2019. Haugan has experience from several board positions, including chair of Sparebank 1 Gruppen, the industry organisation Finance Norway, and Norwegian Bank's Guarantee Fund. He currently serves as chair of Sparebank 1 Sør Øst Norge (listed company), Solon Eiendom AS, Folkeinvest AS, Sinkaberg Hansen AS, Borg Forvaltning AS, Elekt AS, deputy chair of LL Holding AS, and director of OKEA ASA. Chair of NORBIT ASA since May 2019 and re-elected on 4 May 2022 for a period of two years. Chair of the remuneration committee.

Haugan attended 13 board meetings in 2023 (100 per cent attendance rate).

Number of shares* at 8 April 2024: 93 998

Bente Avnung Landsnes (1957)
Deputy chair

Bente Avnung Landsnes served as the CEO and president of Oslo Børs ASA and Oslo Børs VPS Holding ASA from 2006 to 2019. Before that she was group executive president of DNBNOR and Gjensidige NOR Sparebank (2000-2006). Landsnes has experience with change and reputation management, financial reporting, investor relations, corporate governance, ESG and digital transformation, amongst others. Since 2019, she has worked as a non-executive director, mentor and advisor. Landsnes currently serves as chair of Hvitsten AS, board member of Heimstaden Bostad AB and board member of Zagreb Stock Exchange. Deputy chair since May 2019 and re-elected on 4 May 2023 for a period of two years. Member of the audit committee and the remuneration committee.

Landsnes attended 12 board meetings in 2023 (92 per cent attendance rate).

Number of shares* at 8 April 2024: 74 073

Trond Tuvstein (1972)
Director

Trond Tuvstein is currently the CEO of Trym, a real estate and construction company. In addition, Tuvstein holds the position as director in Norges Sjømatråd AS and Måsøval Eiendom AS. Before Trym, Tuvstein was the CFO of SalMar ASA in the period 2013 to 2019. Prior to that, he spent two years as the company's Head of Investor Relations. In addition, he has extensive accounting experience, having worked in partner positions in audit firms, Pricewaterhouse-Coopers (PWC) and Systemrevisjon. Tuvstein's core competencies include financial reporting, strategy and financing, as well as mergers and acquisitions. Director since May 2019 and re-elected on 4 May 2023 for a period of two years. Chair of the audit committee.

Tuvstein attended 13 board meetings in 2023 (100 per cent attendance rate).

Number of shares* at 8 April 2024: 32 894

Christina Hallin (1960)
Director

Christina Hallin is currently working as non-executive director, mentor, and advisor within the industrial sector mainly in Sweden. Hallin was most recently CEO of SEM (Swedish Electromagnets AB). Prior to that Hallin worked more than 35 years within the Volvo group with executive positions in various disciplines, in Sweden and internationally. Hallin is a director in Bulten AB and SEM AB. Hallin holds a Master of Science degree in electrical engineering from Chalmers University of Technology. Director since 4 May 2022 and elected for a period of two years.

Hallin attended 13 board meetings in 2023 (100 per cent attendance rate).

Number of shares* at 8 April 2024: 0

Magnus Reitan (1975)
Director

Magnus Reitan is currently the CEO of Reitan Kapital AS, the asset management arm of Reitangruppen, responsible for managing excess liquidity for Reitan AS. Reitan has held various executive positions within Reitangruppen, both in Norway and internationally. Reitan is also a director of Reitan AS and Reitan Convenience AS. Reitan is educated at the Norwegian School of Economics and the Norwegian Business School. Director since 4 May 2022 and elected for a period of two years. Member of the remuneration committee.

Reitan attended 13 board meetings in 2023 (100 per cent attendance rate).

Number of shares* at 8 April 2024: 5 829 083

* *Number of shares includes shares held by related parties.*

BOARD OF DIRECTORS' REPORT FOR 2023

ANOTHER RECORD YEAR AND NEW AMBITIONS SET

NORBIT delivered a strong performance in 2023 across its three business segments, reporting NOK 1 518.9 million in revenues, representing a growth rate of 30 per cent from 2022. The EBITDA margin came in at 26 per cent. Thus, NORBIT delivered on its ambition plan one year ahead of schedule and is now embarking on the next phase of its journey. In February 2024, NORBIT presented an updated strategic roadmap and long-term financial targets for 2027. The group's ambition is to deliver organic revenues in excess of NOK 2.75 billion, an EBIT margin of around 20 per cent and a return on capital employed of around 30 per cent. In addition, NORBIT continues to pursue value-accretive acquisitions to accelerate further growth. Based on the group's strong financial performance, solid balance sheet and positive long-term market outlook, the board proposes a dividend of NOK 2.55 per share for the fiscal year 2023.

OVERVIEW OF THE BUSINESS

The board of directors' report for the NORBIT group ("NORBIT" or "the group") comprises NORBIT ASA ("the parent company") and all subsidiaries. The parent company, NORBIT ASA, is a Norwegian public limited liability company.

Business and location

NORBIT is a global company providing tailored technology to selected applications. The group is headquartered in Trondheim, Norway, with manufacturing and R&D in Norway, Hungary and Canada. NORBIT has a global sales and distribution platform with subsidiaries in Denmark, Czech Republic, Poland, Austria, Hungary, Italy, Singapore, China, Sweden, Croatia, Slovakia, Brazil, United Kingdom, Chile, United States and Canada.

NORBIT is organised in three business units: Oceans, Connectivity and Product Innovation & Realization (PIR). Oceans delivers tailored technology solutions to the global maritime markets. The Connectivity segment provides tailored wireless solutions for identification, monitoring and tracking. PIR offers R&D services and products and contract manufacturing.

Through its three business segments, NORBIT has a diversified business model where the segments are exposed to different market drivers, customer bases and risks. The group's diversified offering across its segments makes NORBIT well positioned to meet various market scenarios.

A further description of each business unit is presented under the section "Business segments".

Summary of the year

2023 was another rewarding year for NORBIT where strong operational performance yielded new record results for the group. During the year, the targets for both revenues and margins were increased, and NORBIT was able to deliver on its ambition plans one year ahead of schedule.

In total, revenues grew by 30 per cent to reach NOK 1 518.9 million supported by strong demand across the three business segments. The operating profit before depreciation and amortisation (EBITDA) came in at NOK 391.8 million, an increase of 67 per cent from 2022, resulting in a margin of 26 per cent for the year.

During the year, NORBIT continued to strengthen its operations, market position and technology platform. In 2023, over 80 new colleagues were welcomed into the family, new products were launched to the market and continued investments were made in R&D and machinery equipment to prepare for further growth.

In 2023, NORBIT made three acquisitions to strengthen its strategic position. The IoT start-up CPS AS strengthened the Connectivity segment's position on design, development and industrialisation of custom IoT-ready devices. The Oceans segment strengthened its market position with the acquisition of Seahorse Geomatics, Oceans' distributor and reseller in the North American market, and with the acquisition of Ping Digital Signal Processing Inc, a Canadian maritime technology company with a complementary product portfolio.

NORBIT ended the year with a strong financial platform and a robust balance sheet due to the strong results achieved. Considering the performance of the year, the board has proposed an increase in the dividend to NOK 2.55 per share, consisting of a NOK 1.55 per share ordinary dividend and a NOK 1.00 per share extraordinary dividend.

In February 2024, NORBIT announced an updated strategic roadmap and new long-term financial targets for 2027. The group's ambition is to deliver organic revenues in excess of NOK 2.75 billion, an EBIT margin of around 20 per cent and a return on capital employed of around 30 per cent. In order to accelerate growth beyond the organic target, NORBIT will continue to explore value-accretive acquisitions through its defined criteria. For more information about these targets and strategic priorities, please see page 9 of the annual report.

FINANCIAL REVIEW

All amounts in brackets are comparative figures for 2022 unless otherwise specifically stated.

Accounting policies, responsibility statement and going concern

The following financial review is based on the consolidated financial statements of NORBIT ASA and its subsidiaries. The statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the group and the parent company at 31 December 2023.

Pursuant to section 3-3a of the Norwegian Accounting Act, it is confirmed that the accounts have been prepared based on the assumption that NORBIT is a going concern, and the board confirms that this assumption continues to apply.

Consolidated statement of income

Total operating revenues for 2023 amounted to NOK 1 518.9 million (NOK 1 167.5 million), corresponding to an increase of 30 per cent from the year before. The Oceans segment achieved an increase in revenues of 35 per cent, driven by higher sonar sales across multiple geographies. Revenue growth was strongest in the Connectivity segment, reporting an increase of 75 per cent, primarily supported by strong demand for DSRC technology, in particular for On-Board Units. The PIR segment reported a decline in revenues of 10 per cent. However, adjusting for the effect of customer reimbursement of extraordinary material costs, the underlying growth in the segment was 16 per cent. The underlying increase from 2022 was attributable to higher sales of contract manufacturing.

Raw material expenses and change in inventory amounted to NOK 614.7 million (NOK 549.5 million). The increase from the prior year reflects the higher activity level. Gross margin was 60 per cent in 2023 (53 per cent).

Employee benefit expenses amounted to NOK 360.3 million (NOK 250.2 million). The increase is primarily explained by a general strengthening of the organisation to support further growth, strategic initiatives, a depreciating Norwegian krone and acquisitions throughout 2023.

Other operating expenses were NOK 152.2 million (NOK 132.4 million). The increase from 2022 is related to a general activity increase.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 391.8 million (NOK 235.3 million), corresponding to an EBITDA margin of 26 per cent (20 per cent).

Depreciation and amortisation were NOK 107.7 million (NOK 86.5 million), with the increase explained by amortisation on completed R&D investments, depreciation of investments made during 2023, as well amortisation of excess values of intangible assets in relation to acquisitions.

Operating profit for 2023 was NOK 284.2 million (NOK 148.8 million) corresponding to a margin of 19 per cent (13 per cent).

Net financial items amounted to negative 38.1 NOK million for the full year (negative NOK 28.0 million), mainly explained by an increase in interest expenses following higher interest rates.

NORBIT recorded a profit before taxes of NOK 246.0 million (NOK 120.8 million). Tax expenses amounted to NOK 60.8 million for 2023 (NOK 14.1 million).

Consequently, profit for the year ended at NOK 185.3 million (NOK 106.7 million) and diluted earnings per share were NOK 3.10 (NOK 1.82).

Consolidated statement of financial position

NORBIT had total assets of NOK 1 496.4 million at 31 December 2023, an increase from NOK 1 220.8 million at the end of 2022.

Total non-current assets amounted to NOK 655.2 million at 31 December 2023, up from NOK 547.8 million the year before, of which the largest items include intangible assets, property, plant and equipment and goodwill.

Intangible assets rose to NOK 303.2 million (NOK 258.8 million) primarily due to NOK 60.2 million in investments in R&D (NOK 60.5 million) and NOK 42.5 million in additions from acquisitions, partly offset by amortisation. Total investments in R&D during 2023 corresponded to 4.0 per cent of revenues for 2023 (5.2 per cent).

Property, plant and equipment (including right-of-use-assets) increased to NOK 220.5 million (NOK 187.7 million), mainly explained by NOK 46.3 million investments and additions of NOK 32.0 million in right-of-use assets, partly offset by depreciations of NOK 48.6 million.

Goodwill amounted to NOK 111.1 million (NOK 84.4 million). The increase is primarily explained by preliminary allocation of goodwill in relation to the acquisition of Ping Digital Signal Processing Inc.

Total current assets amounted to NOK 841.1 million, up from NOK 673.0 million at 31 December 2022.

At 31 December 2023, inventories amounted to NOK 562.0 million, compared to NOK 426.3 million at the end of 2022. The increase in the inventory level is primarily related to the increased activity and NORBIT securing components to safeguard deliveries due to a challenging market for supply of electronic components.

Trade receivables were NOK 170.3 million at 31 December 2023, on par with the level as per the end of 2022 (NOK 168.0 million).

Cash and cash equivalents amounted to NOK 60.7 million at 31 December 2023, up from NOK 41.7 million at the end of 2022.

Total liabilities were NOK 702.9 million at year-end 2023, up from NOK 621.5 million at 31 December 2022, of which the largest items include interest-bearing borrowings, trade payables and other current liabilities.

Total equity ended at NOK 793.4 million, up from NOK 599.3 million at 31 December 2022. This represents an equity ratio of 53 per cent (49 per cent). The increase is mainly explained by NOK 185.3 million in profit for the period, and share issues of NOK 47.9 million in connection with incentive programmes for employees and acquisitions, partly offset by NOK 41.6 million in dividends paid.

Consolidated statement of cash flows

Operating activities generated a cash flow of NOK 345.7 million for 2023 (NOK 85.7 million), including a net decrease in working capital of NOK 11.9 million (increase of NOK 110.9 million). The decrease is mainly driven by customer advances and increase in trade payables, partly offset by an increase in inventories.

Cash flow used for investment activities was NOK 149.0 million for the year (NOK 91.9 million). The investments mainly consist of NOK 42.6 million in net cash outflow related to the acquisitions of CPS AS, Seahorse Geomatics Inc. and Ping Digital Signal Processing Inc. and shares in the EV-charger company Enua, NOK 60.2 million in R&D investments and NOK 46.3 million investments in property, plant and equipment.

Financing activities generated a cash outflow of NOK 177.7 million (cash inflow of NOK 26.2 million), primarily explained by an decrease in interest-bearing borrowings of NOK 129.6 million and NOK 41.6 million in dividends paid.

Financing and capital structure

At the end of 2023, NORBIT had NOK 211.5 million in interest-bearing borrowings (NOK 337.4 million) and NOK 150.8 million (NOK 295.6 million) when adjusting for cash and cash equivalents. NORBIT had NOK 530.0 million in undrawn committed credit facilities at 31 December 2023.

The group had four main loan facilities per end 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.

The RCF and one of the term loans are priced at a margin of 1.80 per cent p.a. The margin on the overdraft facility is 1.40 per cent p.a, while the margin on the other term loan is 2.15 per cent p.a. Maintaining a low funding cost and optimising the cost of capital are key priorities in the capital management policy.

NORBIT has a policy of maintaining a leverage ratio, defined as net-interest-bearing borrowings (including leasing liabilities) divided by EBITDA, in the range of 1.0 – 2.5x. At the end of 2023, the ratio was 0.5x (1.4x). The equity ratio was 53 per cent (49 per cent).

Further information regarding NORBIT's capital management policy can be found in note 21 to the financial statements.

PARENT COMPANY RESULTS AND ALLOCATION OF NET PROFIT

The financial statements for the parent company are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The parent company had a profit before taxes of NOK 256.7 million (a profit of NOK 121.2 million). After a tax expense of NOK 54.9 million (NOK 28.4 million), the company recorded a net profit of NOK 201.8 million (net profit of NOK 92.8 million).

Dividends

The board proposes the following allocation of the net profit for the parent company:

Amounts in NOK million	
Dividend (NOK 2.55 per share)	152.9
Transferred to other equity	48.9

The board's proposed dividend to the annual general meeting consists of an ordinary dividend of NOK 1.55 per share, representing 50 per cent of the reported net profit, in addition to an extraordinary dividend of NOK 1.00 per share.

For the fiscal year 2022, NORBIT paid dividends in the aggregate amount of NOK 41.6 million (NOK 0.70 per share).

For more information on NORBIT's dividend policy, please see page 10.

SEGMENT INFORMATION

NORBIT is organised in three operating segments: Oceans, Connectivity and Product Innovation & Realization (PIR).

Oceans

Financial review

Revenues for the segment amounted to NOK 599.0 million in 2023, representing an increase of 35 per cent from 2022 (NOK 443.0 million). Revenue growth was primarily driven by increased demand for sonars and related services, leading to growth in sonar sales of 41 per cent to NOK 509.1 million in 2023. During the year, Oceans continued to invest in the platform, expanding product offering into new applications.

The segment has a highly diversified customer base worldwide, with the five largest customers in 2023 accounting for approximately 14 per cent of revenues. Approximately 50 per cent of the revenues were generated from customers in Europe, Africa and Middle East, 27 per cent in Americas and reminder in Asia-Pacific.

Gross profit for the year ended at NOK 423.0 million (NOK 293.2 million), resulting in a gross margin of 71 per cent (66 per cent). The increase in the gross margin is a result of lower share of sales on commission and favourable product mix.

Operating expenses for segment Oceans, including employee expenses and other operating expenses, amounted to NOK 211.9 million for 2023 (NOK 145.6 million). The increase is explained by a general strengthening of the organisation to support long-term growth and strategic initiatives, acquisitions throughout 2023 and a depreciating Norwegian krone.

EBITDA for the Oceans segment was NOK 211.1 million for 2023 (NOK 147.6 million), representing a margin of 35 per cent (33 per cent). The improved results are due to increased sales combined with higher gross margins.

EBIT was NOK 165.7 million in 2023 (NOK 114.4 million), corresponding to a margin of 28 per cent (26 per cent).

In 2023, NORBIT made two acquisitions to strengthen the strategic position of Oceans. In April, NORBIT acquired the business and certain assets from Seahorse Geomatics Inc, Oceans' distributor and reseller in the North American market, for total consideration of NOK 26.2 million. In October, NORBIT completed the acquisition of 100 per cent of the shares in Ping Digital Signal Processing Inc, a Canadian maritime technology company. The company has developed an interferometric side scan sonar technology which is complementary to the current product portfolio in Oceans, thus broadening the product offering in the segment. Total consideration paid in shares and cash at closing was NOK 39.5 million.

Connectivity

Financial review

Revenues for Connectivity amounted to NOK 540.3 million for 2023 (NOK 308.0 million). The increase was largely explained by higher sales of On-Board Units, where revenues increased to NOK 295.7 million in 2023 (NOK 135.6.0 million). Revenues relating to DSRC technology increased to NOK 447.8 million compared to NOK 231.0 million in 2022. Subscription and e-toll revenues amounted to NOK 92.4 million compared to NOK 77.0 million in 2022.

Connectivity has a concentrated customer base with blue chip clients, where the five largest customers accounted for 73 per cent of revenues. Approximately 99 per cent of the revenues were generated from customers in Europe.

Gross profit for the year ended at NOK 331.9 million (NOK 198.3 million), resulting in a gross margin of 61 per cent (64 per cent). The lower gross margin is a result of product mix.

Operating expenses for segment Connectivity amounted to NOK 146.6 million for the full year of 2023 (NOK 121.0 million). The increase is primarily explained by higher payroll expenses due to allocation of costs from the factories, a stronger Hungarian forint versus the Norwegian krone as 40 to 50 per cent of operating expenses are forint-based, and lower capitalisation of internal R&D.

For the full year of 2023, EBITDA for Connectivity totaled NOK 185.3 million (NOK 77.4 million), representing an EBITDA margin of 34 per cent (25 per cent). The increase in EBITDA is a result of the increase in revenues.

EBIT was NOK 139.3 million in 2023 (NOK 40.5 million), corresponding to a margin of 26 per cent (13 per cent).

In January, NORBIT acquired the IoT start-up CPS AS, included in the Connectivity segment. CPS designs, develops and industrialises custom IoT-ready devices for various areas of application across a number of industry segments. The total consideration paid was NOK 12.6 million.

Product Innovation & Realization (PIR)

Financial review

Revenues for PIR amounted to NOK 411.8 million for 2023 (NOK 456.5 million), representing a decrease of 10 per cent. During the year, PIR invoiced customers NOK 6.6 million (NOK 106.7 million) to receive reimbursement for extraordinary material costs due to a challenging supply market for certain components. Adjusted for this effect, underlying revenues grew by 16 per cent. Revenue growth was driven by higher sales of contract manufacturing. In 2023, contract manufacturing represented 77 per cent of the revenues in the segment, while R&D services and products and customer reimbursements represented the remainder. Within contract manufacturing, approximately 45 per cent of the revenues related to the automotive industry.

PIR has a relatively fragmented customer base with clients predominately in Europe. The five largest customers accounted for 53 per cent of revenues in 2023. Approximately 92 per cent of the revenues were generated from customers in Europe.

Gross profit for the year ended at NOK 178.6 million (NOK 149.1 million), resulting in a gross margin of 43 per cent (33 per cent). Adjusted for the customer reimbursement effect, the gross margin was 44 per cent for the year, compared to 43 per cent in 2022.

Operating expenses for the PIR segment amounted to NOK 126.6 million for 2023 (NOK 101.3 million). The increase is primarily explained by payroll expenses due a strengthening of the organisation to deliver on the revenue growth.

EBITDA for the year was NOK 52.0 million (NOK 47.8 million), representing a margin of 13 per cent (10 per cent).

EBIT was NOK 34.7 million in 2023 (NOK 34.0 million), corresponding to a margin of 8 per cent (7 per cent).

EVENTS AFTER THE BALANCE SHEET DATE

There were no subsequents events after the balance sheet date.

RESEARCH AND DEVELOPMENT

Investments in research and development (R&D) is an important part of NORBIT's strategy to develop new and innovative technological solutions to support long-term growth. In 2023, the group invested a total of NOK 60.2 million in R&D (NOK 60.5 million), representing 4.0 per cent of the revenues for the year. A significant part of NORBIT's investments in R&D in 2023 was allocated to the Oceans and Connectivity segments to further broaden the product offering.

In 2024, NORBIT expects its R&D investments to be between NOK 65 and 75 million.

RISKS AND RISK MANAGEMENT

NORBIT is subject to several risks which may affect the group's operations, performance, finances and share price. These risk factors are further described below. These risks are monitored by the corporate management and reported to the board on a regular basis.

Operational risk

NORBIT considers shortage of supply of consumables/electronic components to be the main operational risk. While production is an in-house capability, NORBIT relies on a significant supply of components to produce and deliver its products and solutions. A large portion of the components are purchased in a global market. The supply market for components improved during 2023. However, 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 reschedule orders due to challenges in their own supply chain, beyond the scope of NORBIT.

NORBIT has maintained a strategy of keeping extra inventory of electronic components to maintain flexibility, which has been a successful strategy in the challenging component market.

NORBIT is working actively to manage and mitigate the risk of supply shortage by 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 remains elevated. Combined, this leads to upwards pressure on the cost base. NORBIT continues to manage inflation by taking appropriate measures to maintain acceptable margins.

Market risk

The group's activities are international, with the delivery of high-technology products, systems and solutions with related services to a variety of markets and customers. Market risk can therefore vary somewhat within these different segments. Further, the group has exposure to a wide range of industries through its engineering and manufacturing services, as it covers a wide variety of industrial customers.

Each operating segment is exposed to a separate competitive landscape. Increased competition in the markets where the group operates may have a material adverse effect on the group's business, results and cash flow.

Geopolitical risk

NORBIT is a global group of companies with approximately 80 per cent of its revenues generated outside of Norway. Furthermore, a large part of the raw material components is purchased in a global market. Business operations are thus significantly dependent on foreign trade. As a result, NORBIT's operations are subject to a variety of country, regulatory and political risks, including, but not limited to, regulatory changes, trade barriers, restrictive government actions and changes in law and policies. Sourcing of components might also be subject to tariffs or increased costs, which may not be recoverable.

Financial risk
NORBIT is exposed to several financial risks. Note 5 to the financial statements explains the group's exposure to financial risks and how these could affect the group's future financial performance. Financial risks are managed centrally by the finance department.

Interest rate risk
The group's main interest rate risk arises from borrowings with variable rates in EUR, USD and NOK, which expose the group to cash flow interest rate risk. NORBIT had no financial instruments designated to hedge interest rate risk as per the end of 2023.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, hence there is no interest rate risk associated with these financial assets and liabilities.

Currency risk
NORBIT has international operations and clients and is exposed to currency risk through customer contracts and purchase of products and services in currencies other than the functional currency (NOK). NORBIT is primarily exposed to EUR and USD currencies.

Fluctuations in exchange rates can lead to increased or decreased profit margin in contracts with customers compared to the initial project calculus. The group was a net seller of EUR and a net buyer of USD during 2023.

The group rebalances the short-term (within 90 days) main currency exposures on a monthly basis in order to have a neutral currency position on trade receivables, trade payables and cash. NORBIT had no financial instruments designated to hedge currency risk as per the end of 2023.

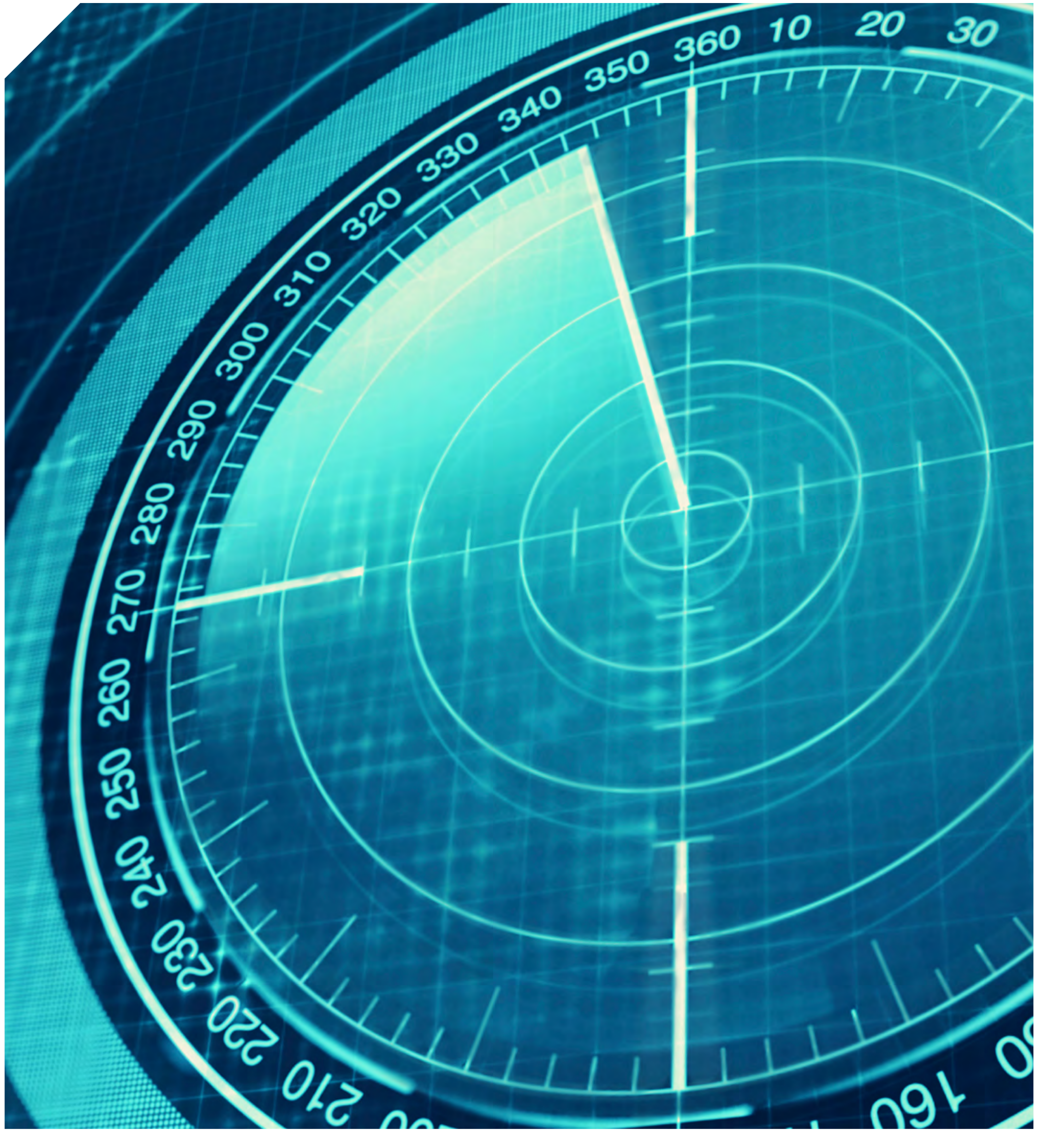
Credit risk
The group is exposed to credit risk related to cash and cash equivalents, trade receivables and other current receivables. Cash is held with reputable banks with strong credit ratings and low credit risk. Receivables carry a higher credit risk due to the fact that NORBIT conducts its business with a fragmented customer base. Historically, NORBIT has had limited losses on its receivables.

The exposure to credit risk is monitored on an ongoing basis within the finance department as a risk mitigating action. The group's receivables are not credit insured.

Liquidity risk
Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. For NORBIT, liquidity risk is managed by maintaining sufficient cash deposits and available committed credit lines that the group can draw on to meet its obligations as they occur. NORBIT has a centrally managed multi-currency cash pool arrangement where most subsidiaries are connected. The liquidity trend is monitored frequently, supported by budgets and forecasts.

At 31 December 2023, NORBIT had NOK 530.0 million in undrawn credit facilities.

CORPORATE GOVERNANCE
NORBIT ASA is subject to annual corporate governance reporting requirements under §3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the Oslo Stock Exchange Rule Book II. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance may be found at www.nues.no. NOR-



BIT ASA follows the Norwegian Code of Practice for Corporate Governance, and the company's practice is in accordance with these recommendations. The annual statement on corporate governance for 2023 has been approved by the board and can be found in the corporate governance section on page 28 of this annual report.

CORPORATE SOCIAL RESPONSIBILITY

NORBIT is required to report on its corporate social responsibility and selected related issues under §3-3a and §3-3c of the Norwegian Accounting Act, as well as provide an annual statement on its efforts to secure equal opportunities under §26-a in the Equality and Anti-discrimination Act of Norway.

NORBIT has chosen to report on its efforts to integrate environment and climate issues, social conditions and working environment (hereunder injuries, sickness leave, equality and non-discrimination, respect for human rights and measures against corruption and bribery) in the sustainability section of the annual report, approved by the board of directors. The detailed reporting on all relevant topics can be found from page 37.

EMPLOYEES AND ORGANISATION

NORBIT is a global group of companies with employees in 20 jurisdictions, having a broad skillset and a diverse background. In 2023, NORBIT had an average workforce of 498 full time equivalents (FTEs), compared to an average of 418 in 2022. The average workforce in Norway was 322 FTEs in 2023 and 176 FTEs outside of Norway.

Employee share purchase programmes

In July 2023, incentive share purchase programmes for all NORBIT employees were approved by the board of directors. In total, 183 employees participated in the programmes. The share purchase programme is structured as a share matching programme where participants are 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.

Director's and officers' liability insurance

NORBIT ASA has a directors and officers liability insurance for the group, including the parent company and its subsidiaries. The insurance covers the board members, CEO and members of the management team. The insurance comprises personal legal liabilities, including defense and legal costs.

OUTLOOK

A record year supports increased dividends, positive outlook for 2024

As a result of solid operational performance and continued strong demand, NORBIT ended 2023 by delivering on its ambitions one year ahead of target, with revenues surpassing NOK 1.5 billion and the EBITDA margin coming in at 26 per cent. All three business segments contributed positively to the development with underlying growth and margin improvement.

Considering the strong performance and NORBIT's solid financial position, the board of directors proposes an ordinary dividend of NOK 1.55 per share. In addition, the board proposes an extraordinary dividend of NOK 1.00, bringing the total dividend to NOK 2.55 per share for the fiscal year 2023. When proposing the annual dividend, the board has considered the company's financial position, investment plans and the necessary financial flexibility to provide for sustainable growth. Considering NORBIT's solid liquidity position and balance sheet, the board considers the financial capacity for further profitable growth to be strong.

The board is optimistic about the outlook for the year. The target for 2024 is to deliver revenues of NOK 1.7 – 1.8 billion, supported by growth in all three business segments. First half revenues are expected to be in line with the level reported in the corresponding period of 2023. The EBIT margin for the year is targeted to be in line with that of 2023. 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 foreign currencies.

Continued long-term growth will require further investments in R&D to broaden the product portfolio and in manufacturing equipment. In 2024, NORBIT expects its R&D investments to be NOK 65 – 75 million. Investments in fixed assets are anticipated to be NOK 90 – 100 million with a significant share of the investments being allocated to the factories to increase production capacity and de-risk operations.

Update on the strategic roadmap and new long-term financial targets towards 2027

Concluding two consecutive strategy periods since the listing in 2019, NORBIT has demonstrated its ability to grow profitably and deliver on the targets set by developing and introducing new innovative solutions through a global sales and distribution network. Since 2018, the annual revenue growth has been 28 per cent, and the EBIT margin has increased from 9 per cent to 19 per cent. This in a period with a global pandemic lockdown and a subsequent challenging market for supply of components, during which strategic priorities and operational performance were stress tested.

NORBIT is now preparing for the next phase with an updated strategic roadmap and new financial targets. A landscape shaped by global shifts towards resilience, digitalisation and sustainability represents opportunities for expansion and innovation across all NORBIT's segments. Growth in the blue economy, shift towards renewable energy, alongside geopolitical unrest drives increased demand for NORBIT's advanced seabed exploration, inspection, and security surveillance solutions in the Oceans segment. For the Connectivity segment, there is an increased demand for digital transformation of operations, in addition to technologies enabling safe and green mobility. These global mega-trends further impact supply chains, positioning Norway - and consequently, the PIR segment - as a pivotal and reliable centre for R&D and contract manufacturing excellence.

NORBIT's ambition in 2027 is to deliver organic revenues in excess of NOK 2.75 billion and an EBIT margin of around 20 per cent. Combined with active balance sheet management, the targeted return on capital employed is around 30 per cent.

As part of the capital allocation framework, NORBIT will continue to remain a financially robust company, supporting the flexibility needed to grow towards the set targets by investing and employing capital in accretive R&D projects and expanding production capacity. In order to accelerate growth beyond the organic target, NORBIT will continue to explore value-accretive acquisitions through its defined criteria. Capital left shall be distributed to the shareholders subject to the financial policy. In presenting the new targets, the board has decided to amend the dividend policy by aligning it with the capital allocation framework and capital structure targets. The dividend policy is to pay out annual ordinary dividends between 30 and 50 per cent of the company's net profit after tax, with the intention to pay out potential excess capital as extraordinary dividends.

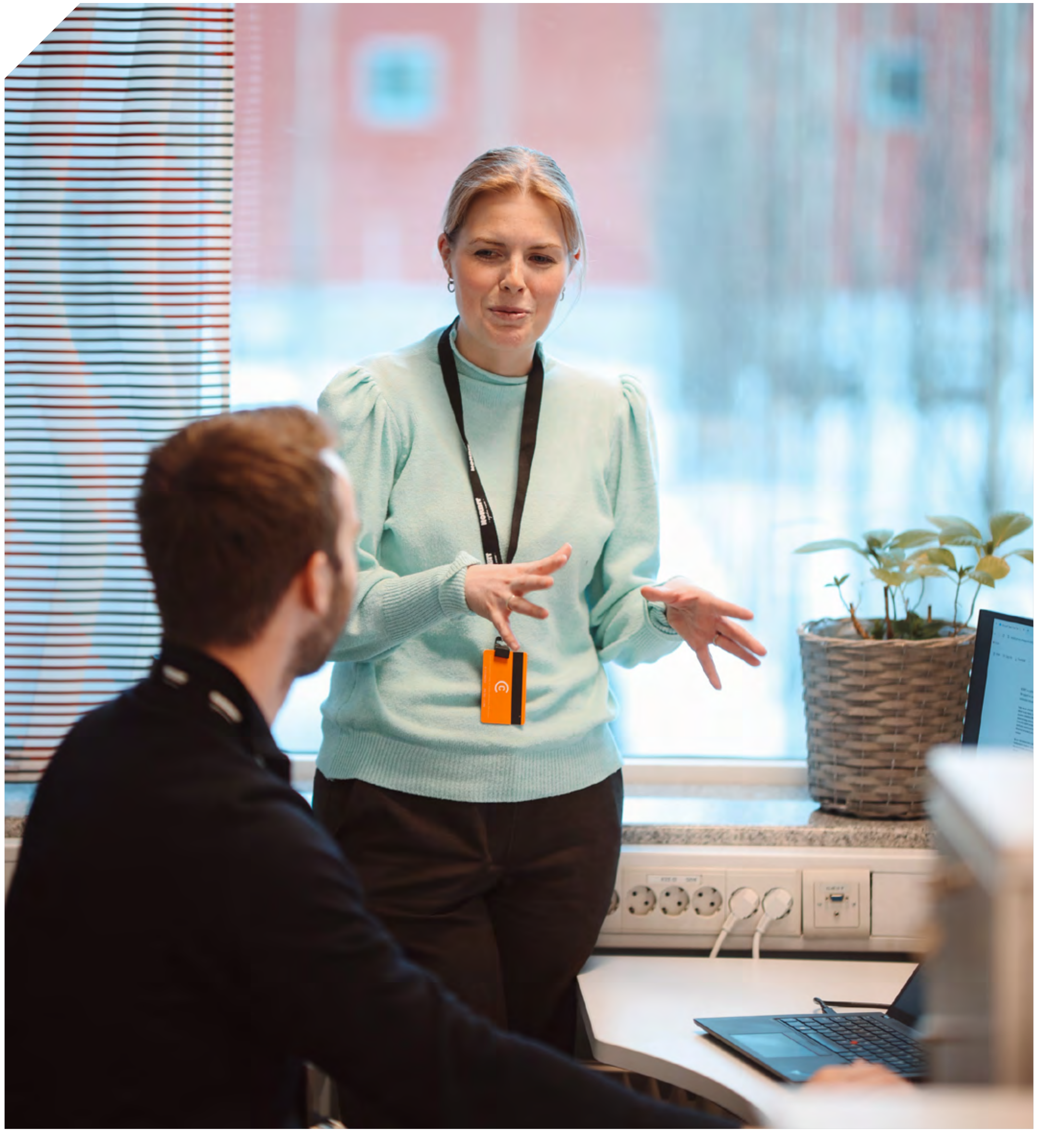
The board remains optimistic about NORBIT's long-term outlook. The group's diversified product offering targeting multiple industries and geographies, combined with the organisation's ability to leverage megatrends and to successfully introduce new market-driven innovation, makes the company robust.

The board wishes to thank shareholders and external stakeholders for their continued support, as well as thank all employees for their efforts and for the results achieved in 2023.

Trondheim, Norway, 8 April 2024
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*

REPORT ON THE NORWEGIAN CODE OF PRACTICE FOR CORPORATE GOVERNANCE



NORBIT aims to maintain a high standard of corporate governance. Good corporate governance strengthens the confidence in the group and contributes to long-term value creation by regulating the division of roles and responsibilities between shareholders, the board of directors and executive management.

Corporate governance at NORBIT ASA (the "company") shall be based on the following main principles:

- All shareholders shall be treated equally.
- NORBIT shall maintain open, relevant and reliable communication with its stakeholders, including its shareholders, governmental bodies and the public about its activities.
- NORBIT's board of directors shall be autonomous and independent of the executive management.
- The majority of the directors shall be independent of major shareholders.
- There shall be a clear division of roles and responsibilities between shareholders, the board and management.

NORBIT's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and based on the current Norwegian Code of Practice (the Code) for Corporate Governance, most recently issued on 14 October 2021. The Code is available at www.nues.no.

A review and presentation of NORBIT's compliance with the Code's recommendations follow herein. NORBIT's principles are consistent with the recommendations.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

NORBIT's corporate governance principles are determined by the board of directors (the "board"), which has the overall responsibility for ensuring that the group has a high standard of corporate governance. The board has prepared a corporate governance policy document addressing the framework of guidelines and principles regulating the interaction between the shareholders, the board and the Chief Executive Officer (the CEO).

The purpose of the corporate governance policy is to ensure appropriate separation of roles and responsibilities between shareholders, the board and executive management, as well as to ensure satisfactory controls of the group's business activities. The board and executive management perform an annual assessment of its principles for corporate governance.

Deviations from the Code: None

2. BUSINESS

NORBIT is a global company providing tailored technology to selected applications. The business purpose is set out in the company's Articles of Association as:

"The company is the parent company of an internationally focused technology group which provides custom-made high-technology products in selected niche markets. This is done through acquisition, management and trading in shares, partnership interests and other securities."

The board has defined clear objectives, strategies and risk profiles for the group, to ensure sustainable value creation for the shareholders. The board evaluates the company's objectives, strategy and risk profiles at least yearly, and when carrying out this work, the board takes into account financial, social and environmental considerations. NORBIT's ambition is to contribute to sustainable development both by acting responsibly in the group's own operations (internal focus) and by developing and selling products that contribute to solving sustainability challenges for customers and the society at large (external focus). Further details about this work can be found in the sustainability section of this report.

Deviations from the Code: None

3. EQUITY AND DIVIDENDS

The board is committed to maintaining a satisfactory capital structure for the group according to the group's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board regularly assesses the capital requirements related to the group's strategy and risk profile.

Equity

At 31 December 2023, the group's equity was NOK 793.4 million, which corresponds to an equity ratio of 53 per cent. The board considers NORBIT's financial position to be solid with the necessary capacity to support its objectives, strategy and risk profile.

Dividends

The board has established a clear and predictable dividend policy as detailed on page 10 of the annual report. Based on the financial results for 2023, the board proposes a dividend of NOK 2.55 per share consisting of a NOK 1.55 per share ordinary dividend and a NOK 1.00 per share extraordinary dividend.

Board authorisations

In the event that a board authorisation is proposed for a capital increase, acquisition of treasury shares or similar, or for multiple purposes, each authorisation should be treated as a separate issue and subject to vote by the general meeting. Board authorisations are valid for such periods as the shareholders' meeting decides. Authorisations to the board to increase the share capital or to buy own shares will normally not be given for periods longer than until the next annual general meeting.

It follows from the purpose of the authorisations that the board may need to waive existing shareholders' preference rights, which is permitted under the terms of the authorisations concerned.

At the annual general meeting in 2023, the board was granted the following authorisations:

- To increase the company's share capital by up to an aggregate nominal value of 20 per cent of the total share capital, or 11 839 839 shares, in connection with investments, acquisitions, mergers, demergers and other transactions.
- Increase in the company's share capital by up to 2 per cent of the share capital, or 1 183 983 shares, in connection with incentive programmes to the group's employees.
- Acquisition of treasury shares by up to an aggregate nominal value of 10 per cent of the share capital, or 5 919 919 shares, for defined purposes.

All board authorisations are valid up until the next annual general meeting which will be held on 6 May 2024.

Share issues

In 2023, and based on the authorisation above, the board resolved to increase the share capital in connection with the following events, each with a par value of NOK 0.10:

- The acquisitions of CPS AS, Seahorse Geomatics Inc and PING Digital Signal Processing Inc., through the issuance of a total of 760 397 consideration shares to the sellers.
- The incentive share purchase programmes to employees, through the issuance of 263 572 new shares.
- The exercise of restricted stock units by executive management through the issuance of 92 307 new shares.
- Purchase of 26 728 shares from primary insiders in relation to shares awarded in incentive programmes to cover tax liabilities.

All board resolutions in relation to the above authorisations have been in compliance with the general meetings decisions.

Deviations from the Code: None

4. EQUAL TREATMENT OF SHAREHOLDERS

NORBIT has a single class of shares, and all shares carry the same rights in the company. Equal treatment of shareholders is essential in NORBIT's corporate governance principles. In the event of capital increases based on authorisations issued by the general meeting, where the existing shareholders' pre-emptive rights are set aside, the board will justify this through a public announcement in connection with the capital increase.

Any transactions in the company's own shares are carried out through the stock exchange or at prevailing market price.

Deviations from the Code: None

5. SHARES AND NEGOTIABILITY

NORBIT's shares are freely tradeable and there are no restrictions on owning or voting for shares. The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 0010856511.

Deviations from the Code: None

6. GENERAL MEETINGS

NORBIT encourages its shareholders to participate at the general meeting, the company's highest decision-making body. Only those who are shareholders five business days prior to the general meeting (the record date) have the right to participate and vote at the general meeting. The annual general meeting for 2024 will take place on 6 May 2024.

Pursuant to article 8 of the company's articles of associations, shareholders who wish to participate at the general meeting shall notify the company of this within a deadline which is set out in the notice of the general meeting, and which cannot expire earlier than two business days prior to the general meeting.

Shareholders have the right to request to attend electronically to vote directly on individual agenda items. Shareholders unable to attend may also submit their vote in advance of the meeting or vote by proxy. The procedures for advance voting and for providing proxy voting instructions will be described in the meeting notification and published on the company website.

Shareholders may also send notification of their attendance, using the form provided, by post or email to the company's account manager DNB, or via the company's website, www.norbit.com.

The full notice for general meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The board will ensure that the notice includes information about the proposed resolutions and that supporting information is sufficiently detailed to allow shareholders to form a view on all matters to be considered at the meeting. Notices shall provide information on procedures that shareholders shall observe in order to participate in and vote at the general meeting. The notice should also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting. The form for the appointment of a proxy should also be designed to make voting on each individual matter possible.

In accordance with article 8 of the company's articles of association, documents relating to matters to be addressed at a general meeting of shareholders shall be made available on NORBIT's website. The same applies to documents which by law must be included in or attached to the invitation to attend the general meeting. If the documents are made available in this way, the statutory requirement with respect to distribution to shareholders is not applicable. A shareholder may nevertheless ask to be sent documents relating to matters to be discussed at a general meeting by post.

Meeting chair and voting

The general meeting elects the person to chair the meeting. The board and the chair of the nomination committee should attend the general meetings. The company's auditor is expected to attend the general meetings when the matters to be dealt with are of such nature that this is considered necessary. The general meeting elects the members of the nomination committee and shareholder elected directors.

Minutes of the general meeting will be published as soon as practical via the Oslo Stock Exchange's messaging service www.newsweb.no (ticker: NORBT) and on the company's website www.norbit.com.

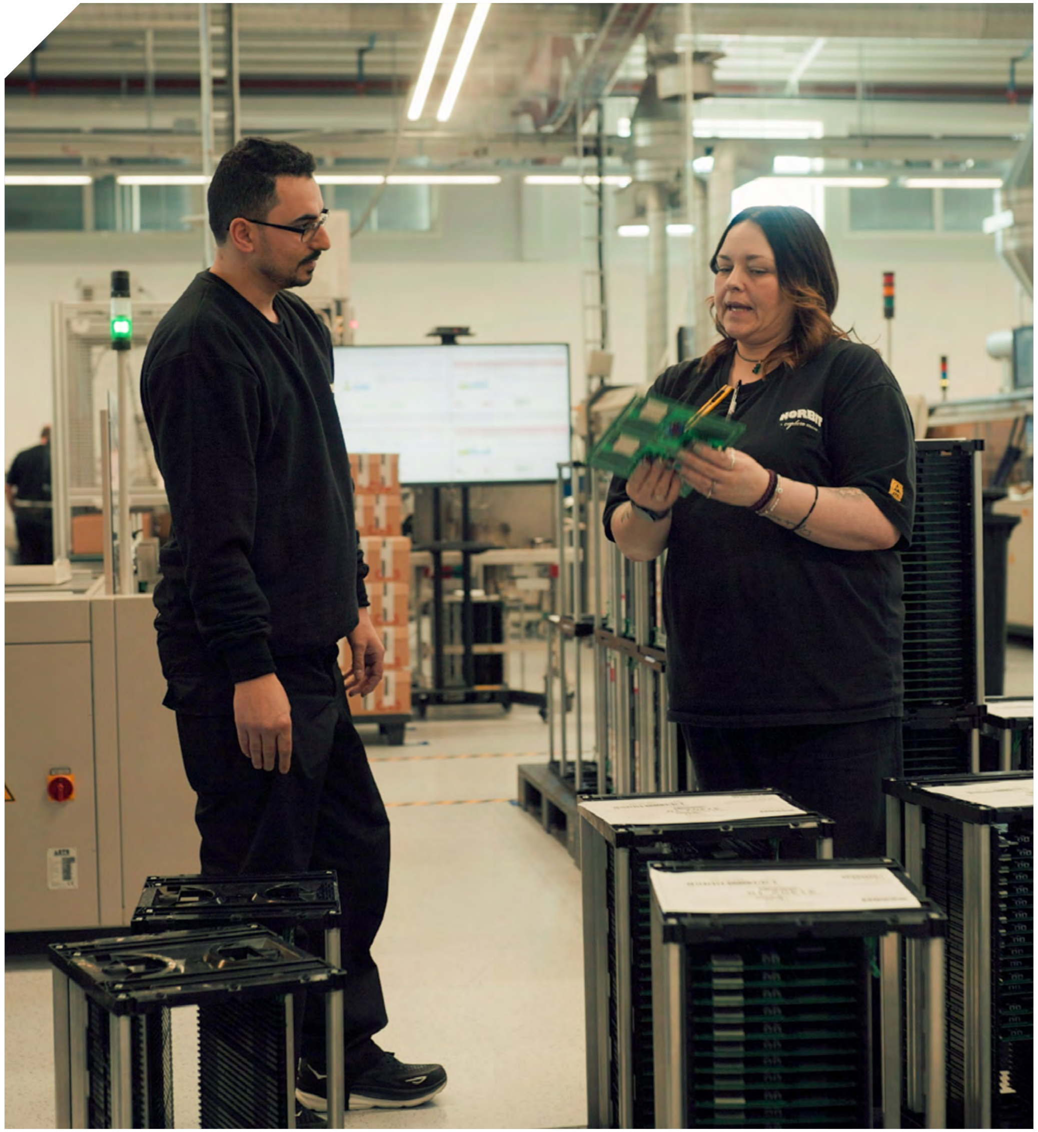
Deviations from the Code: None

7. NOMINATION COMMITTEE

NORBIT has a nomination committee as required by Article 7 of the company's articles of association. On 4 May 2023, the general meeting elected the following members to the nomination committee:

- Reidar Stokke, chair – one year
- Janniche Fusdahl – two years
- Berit Rian – not up for election in 2023

The general meeting determines the committee's remuneration. The guidelines for the nomination committee have been approved by the general meeting. According to these guidelines, the nomination committee shall be comprised of at least three members. The members



of the nomination committee should be selected to consider the interests of shareholders in general, where the majority of the committee members are independent of the board and the executive management team. Members of the board or the executive management team shall not be members of the nomination committee.

The primary responsibilities of the nomination committee is to recommend and propose to the general meeting candidates and remuneration for the company's directors and nomination committee, and remuneration to the members of any subcommittees. The nomination committee should provide a rationale for its proposal, and the recommendation will include a proposal for the appointment of the chair. The nomination committee must make a written recommendation, which is published and presented to the general meeting.

In its proposal to the general meeting regarding the company's directors, the nomination committee shall consider the wishes of the shareholders when making its recommendations. The committee shall also consider the proposed candidates, experience, qualifications and their capacity to serve as directors in a satisfactory manner, including required competencies to independently evaluate the cases presented. Emphasis shall also be given to ensuring independence of the board. It is also considered important that the board has diversity, relevant complementary background and can function well as a body of colleagues. The nomination committee's recommendations shall at all times satisfy the requirements relating to the composition of the board set forth in applicable legislation.

Proposal for board candidates should be communicated to the chair of the nomination committee by sending an email to reidar.olaf.stokke@gmail.com prior to 31 December.

Deviations from the Code: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Composition

NORBIT does not have a corporate assembly. According to article 5 of the NORBIT's articles of associations, the board shall consist of a minimum of three and a maximum of seven directors elected by the general meeting. The general meeting elects the chair of the board and the deputy chair of the board. Proposals for the election period by the nomination committee to the general meeting should not exceed two years at a time, with the possibility of re-election.

At 31 December 2023, NORBIT's board comprised five members in addition to a deputy director, all elected by the general meeting based on the nomination committee's proposal. The composition of the board meets the requirements under the Norwegian Public Limited Liability Companies Act. The current composition of the board is presented in this annual report and is also available from the company's website www.norbit.com. The presentation includes an overview of the directors' competence and background, meeting attendance and whether they are considered to be independent.

Directors Finn Haugan, Christina Hallin and Magnus Reitan, in addition to deputy director Solberg, are up for election at the general meeting in May 2024.

Directors are encouraged to own shares in the company. At 31 December 2023, four of the five directors held shares in NORBIT, further disclosed in note 27 to the financial statements.

Independence of the board

NORBIT's board is composed such that it is able to act independently of any special interests. The board does not include members of the executive management. All the directors of NORBIT are deemed to be independent of senior executives, material business associates and the company's main shareholders, although the Norwegian law firm Prétor Advokat, in which the deputy director Tom Solberg is a partner, renders legal services to the group in the ordinary course of business. See section 11 for further information.

Deviations from the Code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The board has adopted guidelines for their work and for the executive management. According to these guidelines, the board shall ensure that the group has proper management with a clear internal distribution of responsibilities and duties. A clear division of work has been established between the board and the executive management team. The CEO is responsible for the executive management of the group.

The board has the overall responsibility for the management of the group and the supervision of its day-to-day management and business activities. The board prepares an annual plan for its work with special emphasis on goals, strategy and implementation. The board's primary responsibility shall be (i) participating in the development and approval of the group's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. The board is also responsible for ensuring that the operation of the group is compliant with the group's values and ethical guidelines. The chair of the board is responsible for ensuring that the board's work is performed in an effective and correct manner.

All members of the board regularly receive information about the group's operational and financial development. The group's strategies shall regularly be subject to review and evaluation by the board.

According to the board's instructions, any transactions, agreements or arrangements between the company or group entities and its shareholders, members of the board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act and be in accordance with the recommendations of the Norwegian Code of Practice for Corporate Governance.

The regulations governing the board's working practices include guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is the stipulation that each director must make a conscious assessment of his/her own impartiality and inform the board of any possible conflict of interest on matters concerned at each board meeting.

The board shall consider whether a valuation should be obtained from an independent third party unless

the transaction, agreement or arrangement in question is considered to be immaterial or otherwise not cause any issues with respect to whether the agreement is on arm's length market terms. Directors and members of the executive management team shall immediately notify the board if they have any material direct or indirect interest in any transaction entered into by the company.

Additional information on transactions with related parties can be found in note 25 to the 2023 financial statement.

The board evaluates its own performance and expertise once a year. The board held a total of 13 meetings in 2023 and the attendance rate was 98 per cent.

Sub-committees of the board

Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board. At 31 December 2023, the audit committee comprised the following:

- Trond Tuvstein, chair
- Bente Avnung Landsnes

The composition of the committee meets the requirements of the Norwegian Public Limited Liability Companies Act and the Code as regards to independence and competence.

The committee's main responsibilities are governed by the Norwegian Public Limited Liability Companies Act and the instructions of the audit committee include the following tasks:

- Prepare matters to be considered by the board and to support the board in the exercise of its management and supervisory responsibilities.
- Monitor and assess the quality of the statutory audit.
- Prepare the follow-up of the financial reporting process for the board of directors, including assessing the quality and make recommendations to secure process integrity.
- Monitor the performance and effectiveness of the group's internal control and risk management systems in relation to the financial reporting process.
- Maintain an ongoing dialogue with the auditor.
- Review the independence and objectivity of the auditor and ensure compliance with applicable rules and guidelines regarding the provisions of additional services rendered by the auditor.
- Prepare the company's appointment of an external auditor and submit its recommendation to the board.

The audit committee held seven meetings in 2023. The attendance rate was 100 per cent.

Remuneration committee

NORBIT has a remuneration committee appointed by the board. At 31 December 2023, the remuneration committee comprised the following:

- Finn Haugan, chair
- Bente Avnung Landsnes
- Magnus Reitan

The committee's main responsibilities are set out in the instructions to the committee and includes in brief as follows:

- Evaluate and review the executive management team's agreements, compensation, benefits, including goals and objectives relevant to the compensation.
- Prepare the board's yearly CEO assessment, including consideration matters relating to salary and terms, to the board of directors.
- Assisting the CEO in determining the remuneration of the other members of the executive management team.
- Prepare for consideration matter of principles and guidelines for remuneration to the CEO and executive management team, including propose recommendations to the board, with respect to incentive compensation plans and equity-based plans.
- Review and endorse the guidelines for remuneration to the senior executives and the board of directors' report on salary and other remuneration for the senior executives.
- Provide general compensation related advise to the board.
- Discuss organisational issues with the CEO that have relevance for the compensation plans.

The remuneration committee held three meetings in 2023. The attendance rate was 100 per cent.

Deviations from the Code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board shall ensure that NORBIT has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the group's activities.

The objective of risk management and internal control is to ensure the successful conduct of the group's business and to support the quality of its financial reporting.

The board shall carry out an annual review of the group's most important areas of exposure to risk and its internal control arrangements.

The board shall provide an account in the annual report of the main features of the group's internal control and risk management systems as they relate to the group's financial reporting.

Internal control of financial reporting is achieved through day-to-day follow-up by management, and supervision by the audit committee.

Deviations from the Code: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of directors shall be reasonable and reflect the board's responsibilities, expertise, time invested and the complexity of the business. Work in sub-committees may be compensated in addition to the remuneration received for board membership.

The general meeting shall determine the board's remuneration after considering recommendations by the nomination committee. Information on remuneration determined by the general meeting to the directors for the work performed in each term is presented to the general meeting in the Remuneration Report for 2023. The remuneration to the directors is not performance-related nor include share option elements. The board does not participate in incentive programmes available to employees in the group or any other share-based incentive schemes.

The board shall be informed if individual directors perform tasks for the company or any group entities other than exercising their role as directors. The fee for any such services shall be approved by the board. In 2023, deputy director Tom Solberg performed legal services in the ordinary course of business for the group through his employer Prétor Advokat. The service fee to Prétor Advokat, in aggregate, is disclosed in note 25 to the financial statements. The agreement and fee have been reviewed and approved by the board of directors.

Deviations from the Code: None

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

Pursuant to Section 6-16a of the Public Limited Companies Act, the board has adopted clear and understandable guidelines for the remuneration of the executive management team. A description of the guidelines has been presented to the general meeting in the form of a separate document and approved by the shareholders.

The company's remuneration principles shall be designed to ensure responsible and sustainable remuneration decisions that support the company's business strategy, long-term interests, and sustainable business practices. To this end, salaries and other employment terms shall enable the company to retain, develop and recruit skilled senior executives with relevant experience and competence. The remuneration shall be on market terms, competitive, and reflect the performance and responsibilities of individual senior executives. A ceiling has been set for performance-related remuneration.

Pursuant to Section 6-16b of the Public Limited Companies Act, the board will prepare to the general meeting a Remuneration Report which includes information on remuneration paid and awarded to the executive management team in accordance with the guidelines.

Deviations from the Code: None

13. INFORMATION AND COMMUNICATIONS

Investor relations

The company's reporting of financial and other information is based on transparency and equal treatment of shareholders, the financial community and other interested parties. The objective of the company's investor relations activities is to ensure that the financial markets and shareholders receive accurate and timely information that can affect the company's share price. All market participants shall have access to the same information, and all information is published in English. All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

NORBIT's ambition is to comply with the Oslo Stock Exchange's Code of Practice for IR ("the IR Code"). The company has, in line with the IR Code, also adopted an IR Policy. The CEO and CFO are responsible for the communication with shareholders in the period between general meetings.

Financial information

The company holds investor presentations in association with the publication of its quarterly results. These presentations are open to all and provide an overview

of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and group's future prospects. These presentations are also made available on the company's website.

Quiet period
NORBIT will minimise its contacts with analysts, investors and media in the 30 days period prior to publication of its results. This is to ensure that all interested parties in the market are treated equally.

Deviations from the Code: None

14. TAKEOVERS

In a takeover process, should it occur, the board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the group's business activities. The board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a take-over process, the board shall ensure that the following principles are complied with:

- the board will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so;
- the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders;
- the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected; and
- the main terms of the agreements entered into between the company and the bidder that is material to the market's evaluation of the bid are publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a takeover bid, the board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This could include obtaining a valuation and fairness opinion from an independent expert. On this basis, the board shall draw up a statement containing a well-grounded evaluation of the bid and make a recommendation as to whether or not the shareholders should accept the bid. The evaluation shall specify how, for example, a takeover would affect long-term value creation of NORBIT. Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting.

Deviations from the Code: None

15. AUDITOR

The auditor is appointed by the general meeting. The auditor makes an annual presentation of the auditing plan to the audit committee. Further, the auditor provides the board with written confirmation that the requirement of independence has been met.

The auditor participates in all meetings of the audit committee that concerns the quarterly accounts and annual audit, as well as in the board meeting that deals with the annual accounts. The auditor reports to the audit committee and board on the assessment of the internal control on the financial reporting process.

The auditor reviews, with the board and audit committee, any material changes in the company's accounting principles and assessments of material accounting estimates. The outcome of this review is presented to the board. There have been no disagreements between the auditor and management on any material issues in 2023.

The board and the audit committee have met with the auditor without representatives of executive management being present regarding the preparation of the annual accounts for 2023.

The board has adopted guidelines and authorisations for ensuring compliance with applicable laws and regulations concerning the rendering of non-audit services from the appointed auditor. The audit committee is responsible for monitoring compliance under the relevant policy. Non-audit service assignments are either approved by the audit committee or the CFO prior to engagement, depending on the materiality of the assignment. The CFO and audit committee receives at least once a year from the auditor a summary of the services other than auditing that have been provided to the group companies.

At the annual general meeting, the board presents a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. Compensation paid is presented in note 8 to the financial statements. The board shall arrange for the auditor to attend all general meetings.

Deviations from the Code: None

SUSTAINABILITY

SUSTAINABILITY

SUSTAINABILITY REPORT

This report is prepared in accordance with the Norwegian Accounting Act §3-3c, the Transparency Act and the Equality and Anti-Discrimination Act. As a preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD) from the EU commission, we include elements from the new Environmental Sustainability Reporting Standard (ESRS) in this report. During 2023, we have updated our materiality assessment of sustainability related impacts, risks and opportunities. For the annual report 2024, we will include the full ESRS approach.

PLANNED REPORTING TIMELINE FOR NORBIT:

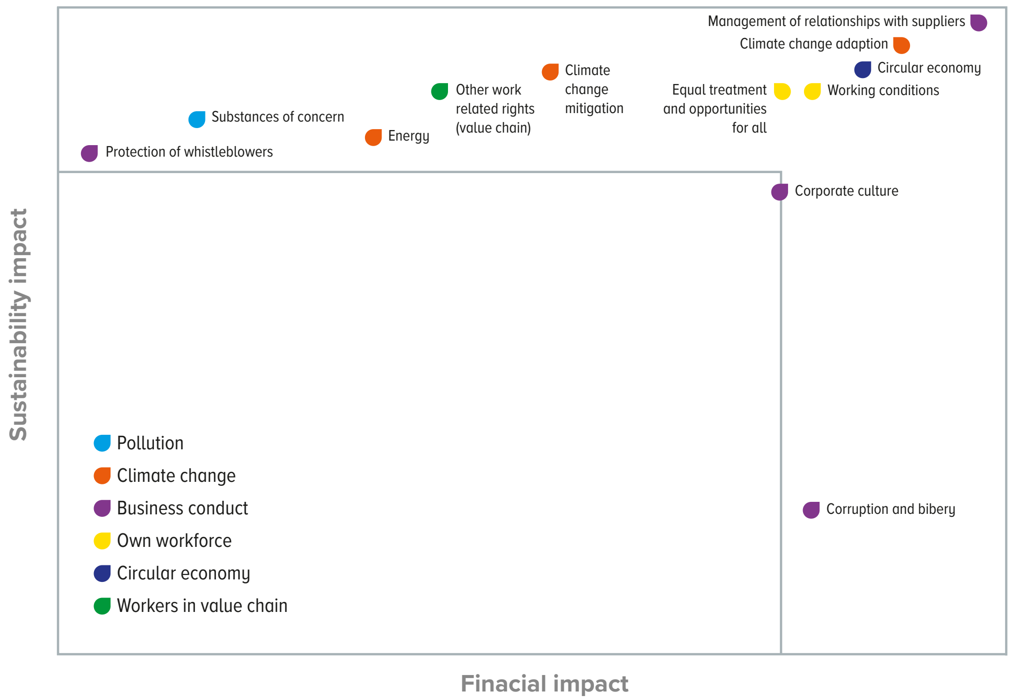
FINDING THE MOST MATERIAL SUSTAINABILITY TOPICS FOR NORBIT

During 2023, NORBIT updated the materiality assessment from 2022 to better harmonise with the updated terminology and definitions in the ESRS. The process followed the methodology described in the ESRS and was carried out in two steps. Firstly, relevant sustainability matters were identified using three lenses:

1. **Value chain perspective:** Identification of impacts, risks and opportunities throughout each step of our value chain.
2. **Sustainability context perspective:** Identification of impacts, risks and opportunities associated with our own activities and business context.
3. **Stakeholder perspective:** Identification of impacts, risks and opportunities based on interviews with key internal and external stakeholders. External stakeholders include customers, investors, suppliers, local communities and lenders.

Secondly, the identified impacts, risks and opportunities were prioritised based on the double materiality principle; both evaluating actual or potential impact by NORBIT on people or the environment, and the financial impact on NORBIT. The result of the materiality assessment is shown below.

RESULT FROM THE 2023 MATERIALITY ASSESSMENT



OUR FOCUS AREAS

Our ambition is to contribute to sustainable development, encompassing both the creation of products and solutions that address sustainability challenges for our customers and the society at large (external focus), and responsible conduct within our own value chain (internal focus). This dual ambition, integrating impact through our products and solutions with key findings from our materiality assessment, leads us to identify four primary sustainability objectives for NORBIT. These objectives align with our core values and vision:

1. Explore more sustainability opportunities
2. Deliver products and solutions adapted to the new reality of sustainability
3. Refine talents in an attractive place to work
4. Ensure safety under pressure with ethical business conduct

The first objective focuses on external aspects, encompassing both environmental and social impacts. The subsequent objectives, 2 to 4, primarily reflect our internal perspective; objective 2 pertains to environmental aspects, objective 3 to social aspects, and objective 4 to governance aspects.

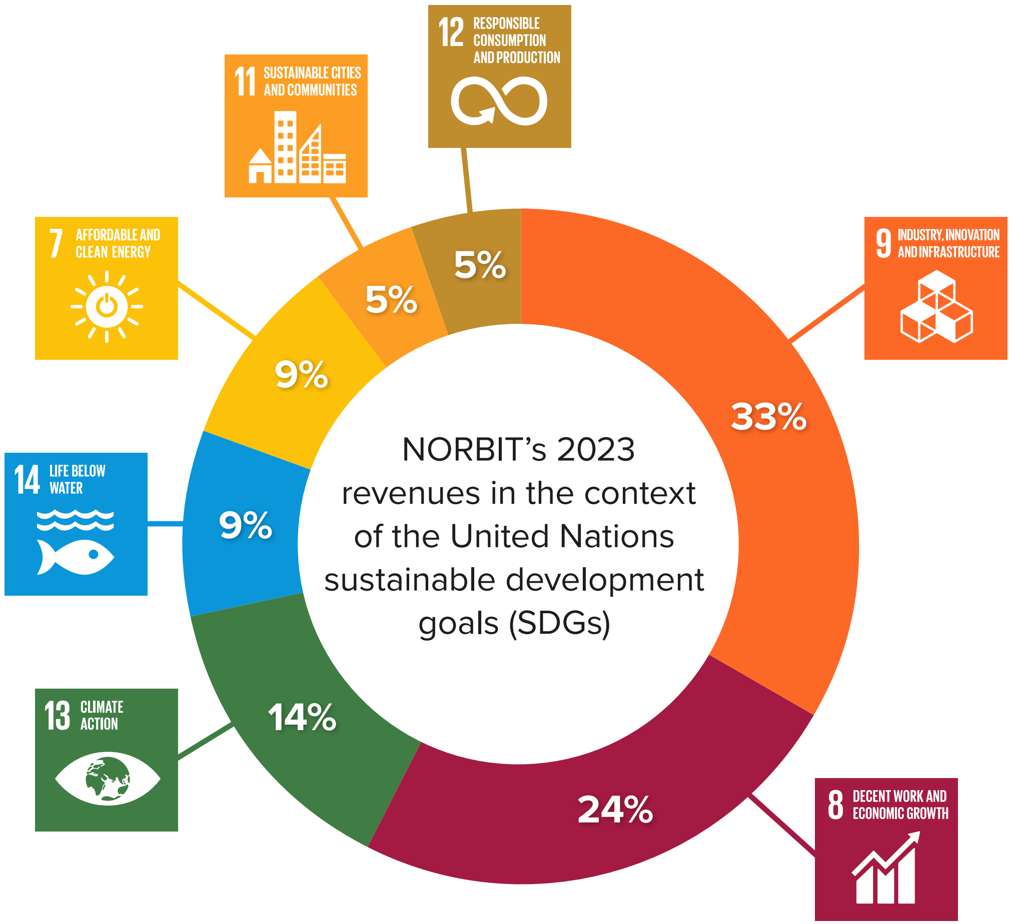
EXPLORE MORE SUSTAINABILITY OPPORTUNITIES

Objective:	To reach our long-term objective, we will in 2024 strive to:
We want to accelerate the green transition. We will continuously explore how we can play a part in solving sustainability challenges for customers, partners, and the society at large through our products and solutions.	- Identify new sectors and areas where we can make a positive impact on the environment and society through innovation and product development. - Build domain knowledge and capabilities in such sectors through selected innovation projects.

NORBIT delivers products and solutions that address a range of societal and environmental challenges. Our impact ranges from enhancing transportation safety and efficiency to contributing to the development of offshore wind farms. Since 2010, we have grown our revenues by over 30 per cent per year on average, while at the same time making a difference to our customers and society at large through sustainable innovation.

Our vision is to be recognised as world-class, enabling people to explore more. Our core values “We deliver!”, “Safe under pressure” and “Refinement of talents” ensure customer focus and enable employees to perform at their best. This is vital in solving the major challenges ahead of us.

The impact of our products and solutions is further demonstrated through our alignment with the United Nations sustainable development goals (SDGs). In 2023, seven of these goals were directly related to our revenue streams, with each goal having a significant influence on climate, environmental, infrastructure, and innovation initiatives.



ENHANCING ROAD SAFETY BY USE OF INTELLIGENT DIGITAL TACHOGRAPHS

PROBLEM: According to the European Commission, over 3 500 people die in crashes involving heavy goods vehicles in Europe every year. Estimates suggest that for up to 80 per cent of all crashes, the drivers are the party at fault, explained by both driver fatigue and behaviour, as well as technical malfunction.

SOLUTION: NORBIT's enforcement modules for digital tachograph transmit data wirelessly from the moving truck to control officers. Using this data, the control officer can selectively stop vehicles and ensure that the driver complies with driving times and rest periods, and thus ensure greater road safety, both for the driver and other road users.

IMPACT: In Europe today, around 80 per cent of all trucks above 3.5 tons delivered from 2019 use NORBIT technology.

Contributes to:

CONTRIBUTING TO GREEN ENERGY BUILD-OUT

PROBLEM: Electricity consumption continues to rise and the need for energy security becomes more pressing. This shift is increasingly driven by the challenges of global energy shortages and the imperative to meet ambitious climate targets.

SOLUTION: To address these challenges, a significant shift towards renewable energy sources, such as wind power at sea, is essential. Our sonars are widely used for seabed mapping surveys in the development phase of these projects and we also see increased demand for sonars to monitor infrastructure during operations.

IMPACT: The EU, UK, and US together aim to reach a combined wind at sea capacity of over 140 GW by 2030, a goal capable of powering well over 100 million homes. NORBIT sonars are in operation in several wind farm development projects across the world.

Contributes to:

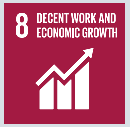
PROTECTING CRITICAL INFRASTRUCTURE AT SEA

PROBLEM: The world is experiencing increased geopolitical unrest and instability, emphasising the need for surveillance of critical infrastructures exposed at sea, such as renewable energy infrastructure.

SOLUTION: In late 2021, NORBIT launched GuardPoint, a suite of sonar surveillance systems able to detect and track divers and submersibles approaching an asset. Our security solutions offer protection of critical infrastructure, both above and below the sea surface.

IMPACT: Most governments now mandate underwater security for critical infrastructures at potential risk of disruption. NORBIT is delivering such solutions to private corporations, navies and government agencies in several countries.

Contributes to:



WE WILL DELIVER PRODUCTS AND SOLUTIONS ADAPTED TO THE NEW REALITY OF SUSTAINABILITY

Objective:	To reach our long-term objective, we will in 2024 strive to:
We will deliver products and solutions with sustainability in mind – both during the design, development, production, transportation, and recycling process.	- Continue to map activities according to the EU Taxonomy's requirements. - Implement selected projects to increase the degree of alignment, for instance related to refurbishment, recyclability and design for long lifetime. - Revise and update environmental KPIs for the production facilities in accordance with EU Taxonomy requirements. - Establish greenhouse gas accounts according to the GHG Protocol. - Continue to design and operationalise circular business models for selected products.

Climate change and environmental degradation are two of the biggest challenges of our time. To overcome these challenges, the European Union has established the European Green Deal with the aim of transforming EU into a sustainable economy with no net emissions of greenhouse gases by 2050. A building brick in this effort is the EU Taxonomy, a framework that defines environmentally sustainable economic activities. This framework guides NORBIT's approach to product design, development, production, and end-of-life management.

EU TAXONOMY REPORTING

Background

According to the Non-financial reporting directive (NFRD) article 19(a) and 29(a), non-financial undertakings with more than 500 employees on a group basis, are required to report on the EU Taxonomy. The Delegated Acts currently in force include the Climate Delegated Act (Regulation 2021/2139), the Disclosures Delegated Act (Regulation 2021/2178), and the Complementary Climate Delegated Act (Regulation 2022/1214). In addition, the Environmental Delegated Act was adopted in June 2023 and is in the process of entering into force.

In 2022, NORBIT conducted an analysis of our products, sites and activities and reviewed them according to the activities defined in the Climate Delegated Act. During this process, we identified activity “3.6 Manufacture of other low carbon technologies” as the most relevant activity to our operations. However, as EU introduced the Environmental Delegated Act in June 2023, a new set of activities aligning more closely with our operations than those in the Climate Delegated Act, now exists.

Given that the Environmental Delegated Act is a recent introduction, we meet the requirement to report on eligibility, meaning the proportion of our turnover, CAPEX, and OPEX that conform to the taxonomy activity definitions outlined in the new Environmental Delegated Act. As the EU Taxonomy is under development, described assumptions and applied principles in this years' disclosure can change in the future.

Eligibility assessment

A taxonomy-eligible activity means an economic activity that is included in the taxonomy regulation. All our activities have been mapped out according to the activities defined in the Delegated Acts and categorised as either eligible or non-eligible following the description stated in the regulation. The table below outlines what activities we find eligible under the taxonomy. Activity “1.2 Manufacturing of electronic and electrical equipment” is found to be relevant for a majority of our activities. In addition to the three activities outlined in the table, we have found activities that seem to be in an area of ambiguity in terms of relevance. For instance, we are involved in acquisitions and ownership of buildings (activity 7.7), but have as of now decided to report on such activities under the core activity of what we deliver – namely those described in the table below.

For our PIR segment, it is not yet clear whether we, as a contract manufacturer and R&D service provider, should report under activity 1.2, or if this responsibility falls to our customers, as they are the product owners and are in control of design and material decisions. Since the EU has not clarified this yet, we have not included PIR's revenues in this year's eligibility score. As the EU continues to refine the activity descriptions, our approach may change.

REFURBISHMENT OF ON-BOARD UNITS

One of the key priorities in the EU Taxonomy is designing products for reuse and recyclability. In 2023, NORBIT partnered up with customers in the Norwegian market to refurbish On-Board Units. Selected large-scale clients return used tags to the production factory in Røros, where the tags are disassembled, and circuit boards are tested for reuse. Plastics and batteries are sorted and recycled.

Economic activity under the EU Taxonomy:	Description of economic activity:	Application to NORBIT business segments:
1.2 Manufacturing of electrical and electronic equipment	Manufacturing of electrical and electronic equipment for industrial, professional and consumer use.	**Connectivity:** - On-Board Units - Enforcement modules for tachographs - Satellite-based tolling - Other **Oceans:** - Subsea sonars - Security - Connect - Aqua - Environmental monitoring
4.1 Provision of IT/OT data-driven solutions	Manufactures, develops, installs, deploys, maintains, repairs or provides professional services, (...) including software and information technology systems built for the purpose of remote monitoring and predictive maintenance, including systems for remotely collecting, processing, transferring, and storing data from equipment, products or infrastructure during their use or operation.	**Connectivity:** - Subscription and e-toll
5.1 Repair, refurbishment and remanufacturing	Repair, refurbishment and remanufacturing of goods that have been used for their intended purpose before by a customer (physical person or legal person).	**Connectivity:** - On-Board Units

KPI disclosure

The definitions of the turnover, CAPEX, and OPEX KPIs are set out in Annex I to the Disclosures Delegated Act. The proportion of taxonomy-eligible KPIs are calculated by dividing a numerator by a denominator. The table below provides further information on how the denominators and numerators were derived for each KPI.

KPI	Variable	Explanation of included data
Turnover	Numerator eligibility	Part of the turnover in the denominator that is associated with taxonomy-eligible activities.
	Denominator	The amounts derived from the sale of products and the provision of services after deducting sales rebates and value added tax and other taxes directly linked to turnover.
CAPEX	Numerator eligibility	Part of the CAPEX denominator that is related to assets and processes that are associated with taxonomy-eligible activities.
	Denominator	The total additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements. I.e. costs that are accounted based on IAS 16 Property, plant, and equipment, IAS 38 Intangible Assets, IAS 40 Investment Property, IAS 41 Agriculture and IFRS 16 Leases. Financial investments, including capital injections in associated companies and joint ventures, are excluded from the metric.
OPEX	Numerator eligibility	Part of the OPEX denominator that is associated with taxonomy-eligible activities.
	Denominator	Non-capitalised costs related to research and development, building renovation measures, short-term leases, and maintenance and repair and any other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective functioning of such assets. All R&D related costs are capitalised and included in the CAPEX KPI.

FURTHER WORK ON THE TAXONOMY

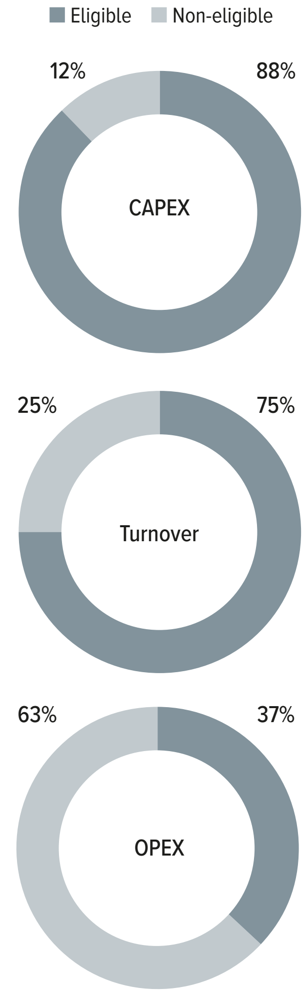
The next step of NORBIT's taxonomy journey is to map eligible activities according to the criteria for alignment, and to identify actions to improve alignment. This work was started in 2023. We have started defining actions and projects on topics such as design for long lifetime, repair, refurbishment, recyclability, and substitution of substances. This endeavor will require a significant amount of effort and dedication.

CERTIFICATIONS AND ENVIRONMENTAL KPIS AT PRODUCTION SITES

NORBIT has three production facilities located in Røros, Selbu and Trondheim. The facilities in Røros and Trondheim are certified according to the environmental management system ISO 140001, whereas the facility in Selbu is certified according to Eco-Lighthouse (Miljøfyrtårn). The sites have defined different environmental KPIs, such as electricity and water consumption.

The taxonomy defines criteria related to environmental factors such as water, pollution prevention and biodiversity for each eligible activity. In 2024, we will map these criteria and revise the KPIs of the sites so that we increase alignment.

ESTIMATION OF ELIGIBILITY KPIS FOR TURNOVER, CAPEX AND OPEX UNDER THE TAXONOMY



REFINEMENT OF TALENTS IN AN ATTRACTIVE PLACE TO WORK

Objective:	To reach our long-term objective, we will in 2024 strive to:
Our people are our greatest asset. We will continuously work towards creating an attractive and safe workplace and refining our talents.	- Continue to refine, digitalise and scale employee life cycle processes such as recruitment, onboarding and offboarding. - Disseminate and implement the diversity and equality initiative developed autumn 2023. - Build upon the established leader development programme by introducing new sessions, exploring innovative formats such as video, and extending the programme to onboard and empower new leaders. - Implement new H&S policy and reporting system. - Continue to engage the people of NORBIT through new chapters of our "Life in NORBIT" video story. - Establish a learning and information sharing platform across all companies with relevant content.

NORBIT creates value for our customers by combining world-class technology with production capabilities and domain knowledge from our employees. This knowledge and capabilities are our greatest assets. At year-end 2023, NORBIT had 498 full-time equivalents across 20 jurisdictions. We strive to create an attractive, inclusive, and diverse workplace where individuals are valued, respected, and empowered to reach their full potential.

LABOUR RIGHTS

NORBIT complies with established standards and employment legislation. Our Code of Conduct is founded on key UN and International Labour Organisation (ILO) conventions and documents. NORBIT employees have the right to join or form trade unions of their choice and engage in collective bargaining. Several unions have representation among our workforce, for instance Tekna and NITO in Norway. In 2023, approximately 55 per cent of the workforce in Norway was employed in entities with collective bargaining agreements.

Workers' representative roles are established, granting those employees the necessary access to perform their representative functions in the workplace. Throughout 2023, NORBIT has sustained Working Environment Committees (WECs) across the various group companies, ensuring ongoing dialogue with employee representatives both individually and through WECs and unions.

DIVERSITY AND EQUALITY

NORBIT fosters a work culture that values diversity, equality, and respect. We have zero tolerance for harassment or discrimination of any kind, including that

based on gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, or political opinion. This is governed by our Code of Conduct, which all employees are obliged to follow.

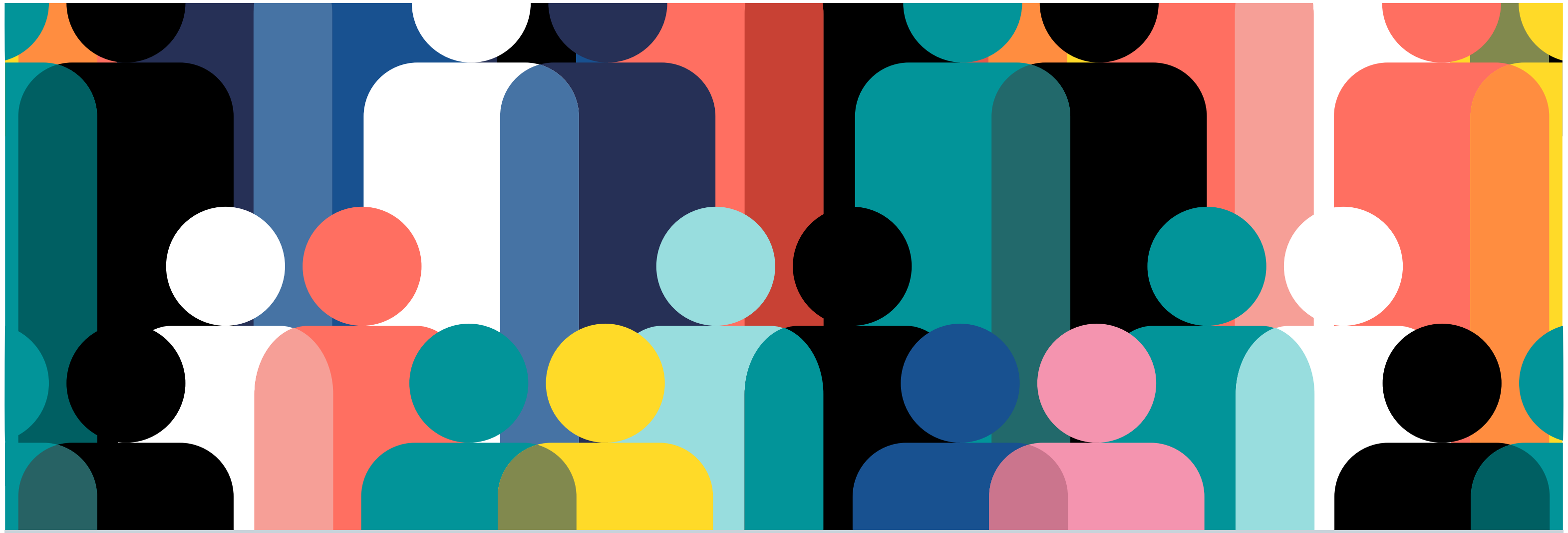
Diversity
In 2023, NORBIT had offices in 17 countries and employed from over 35 nationalities, showcasing employees with diverse cultural, educational, and professional backgrounds.

While gender balance varied across different companies and functions, the group's total full-time equivalents (FTEs) included 141 women, constituting 28 per cent of the workforce. The executive management team comprised five men and one woman, while the board of directors had three men and two women.

The company employed 57 part-time and 110 temporary employees, with women making up 61 and 34 per cent of each category, respectively. All part-time positions were voluntary. In Norway, seven employees took parental leave – four men and three women – with an average duration of 17 weeks for men and 20 weeks for women, in line with relevant parental leave laws and regulations.

In 2023, several management teams in the group were complemented with female leaders. We believe that bringing more women into leadership roles will foster increased diversity of thought, improved decision-making, and a more inclusive culture – a trend NORBIT is eager to continue.

Our commitment to gender diversity and equality is an ongoing and continuous effort. A risk analysis on discrimination was carried out in 2023, incorporat-



DIVERSITY RISK ANALYSIS AND OBJECTIVES

Risk analysis
In 2023, NORBIT conducted an analysis of the main risk factors related to diversity, through interviews with internal stakeholders. The main risk factors identified were:

- **Gender diversity:** NORBIT has had stable female representation the last years, yet imbalanced across departments. There is a higher female presence in production and support roles, and lower in engineering and management roles.
- **Cultural and ethnic diversity:** NORBIT has a strong cultural and ethnic diversity, which is viewed as vital for continued global market engagement.
- **Educational diversity:** Predominantly engineering-focused; diversification seen as important for growth and development of the company.

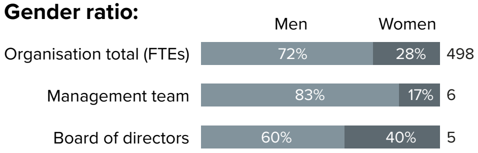
Objectives for the further diversity work
- We aim to enhance female representation, particularly in engineering, R&D and management roles.
- Our diverse workforce is pivotal to our global market presence, and we seek to further diversify our cultural and ethnic makeup.
- We aim to expand our talent pool to include a wider range of educational backgrounds.

Main actions planned
- Foster an inclusive and systematic recruitment process, by doing 'equality checks' in job postings and training on bias recognition.
- Leadership development programmes will emphasise diversity and inclusion, ensuring our leaders are equipped to foster an inclusive culture.
- Ensuring balanced representation in all internal and external communications, with a focus on diverse language, imagery, terminology, and presenters.
- Promote female visibility in various departments to inspire new hires.

ing employee interviews to pinpoint potential risk factors. This approach led to the establishment of specific objectives and initiatives, detailed in the box on the previous page.

Moving into 2024, our emphasis will be on disseminating and enacting these strategies throughout NORBIT, ensuring our work environment embodies the principles of diversity, inclusion, and zero tolerance for discrimination and harassment.

Gender ratio:



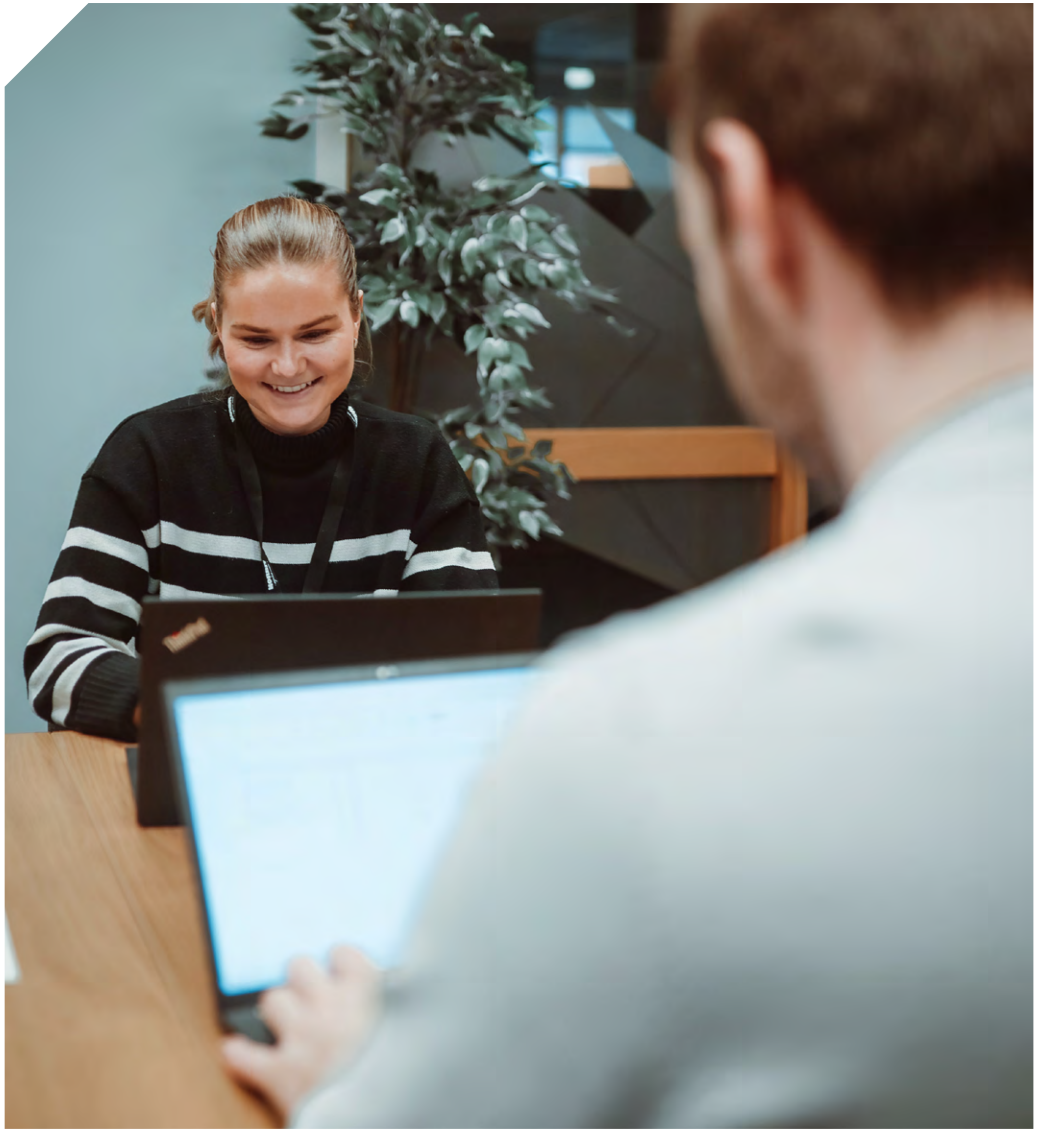
	2023			2022		
Organisation	**Women**	**Men**	**Total**	Women	Men	Total
Number of full-time employees (FTE)	**141**	**357**	**498**	125	293	418
Number of part-time employees (headcount)	**35**	**22**	**57**	29	11	40
Number of temporarily employees (headcount)	**37**	**73**	**110**	17	39	56
Parental leave	**3 (average 20 weeks)**	**4 (average 17 weeks)**	**7 (average 19 weeks)**	4 (average 19 weeks)	11 (average 15 weeks)	15 (average 16 weeks)

Equality

NORBIT strives to ensure equal pay for equal work, regardless of social differences. Salaries are set based on factors like seniority, performance, responsibility, and qualifications, and are reviewed annually. Salary levels vary across jurisdictions depending on competition for resources and the general wage level in the region. NORBIT shall provide competitive salaries, but not be market leading. Benefits include pension and insurance, outlined in employment agreements. Employees working 50 per cent or more are eligible for share incentive programmes.

In 2023, NORBIT carried out a salary survey for its Norwegian entities. The gender salary gap is found in administrative roles, mainly due to more men in senior positions.

Number of employees (FTEs)	Female	Male	Salary ratio female to male (average)
Overall (excl.executive management team)	98	218	82%
Engineers	6	93	96%
Production	54	79	100%
Administration/other	38	47	84%



HEALTH AND SAFETY

"Safe under pressure" is one of NORBIT's core values. A safe, secure, and healthy working environment is a key priority in NORBIT, and this applies wherever we operate.

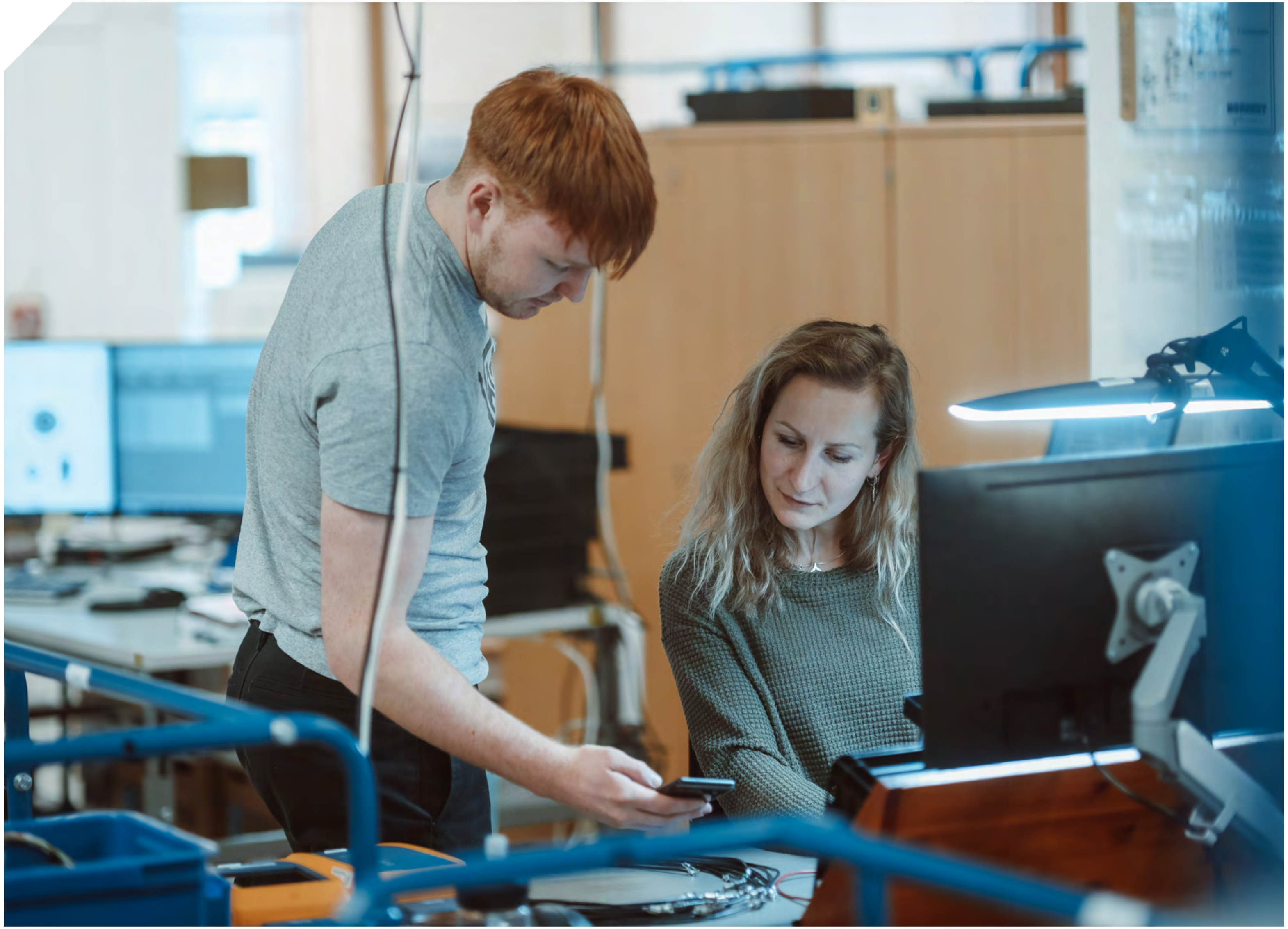
In 2023, we unified a health and safety policy across all group companies, setting clear objectives and expectations for both employees and NORBIT as an employer. In addition, the specific business units have defined safety routines and work instructions for the use of potentially harmful tools.

The policy sets targets for injuries and sick leave, aiming for zero injuries. Notably, no significant injuries or accidents were reported in 2023. Sick leave goals range from less than 2.5 per cent to less than 4.0 per cent across different entities. In 2023, the group's sick leave was 3.0 per cent for the Norwegian workforce, down from 3.6 per cent in 2022 and 3.3 per cent in 2021, and below Norway's national average of about 6.7 per cent (as of Q3 2023).

In late 2023, an improved reporting regime for health and safety issues was established. In 2024, we will focus on implementing the new policy and reporting system to better track progress and identify areas for improvement.

EMPLOYEE AND LEADER DEVELOPMENT

NORBIT places a strong emphasis on nurturing autonomy, mastery and relatedness in our employees and leaders. Autonomy allows employees the freedom to make decisions, mastery encourages continuous skill refinement, and relatedness foster collaboration and meaningful connections across NORBIT.



Employee life cycle

A good employee relationship starts with a positive recruitment and onboarding experience. In 2023, we refined, digitalised, and implemented our new recruitment, preboarding and onboarding programmes and toolbox. These changes not only improved the welcoming experience for new employees but also boosted operational efficiency, reducing time invested for managers and HR. In early 2024, we will introduce a structured offboarding programme, reinforcing our commitment to comprehensive employee lifecycle management.

Leader development

Leadership is crucial for employee satisfaction and growth. In November 2023, we launched a leader development programme to build exceptional leaders who support, engage, and develop the people of NORBIT. By February 2024, 15 leaders have completed two programme modules, and 79 leaders have finished the initial module. The programme covers various topics, including NORBIT culture and values, motivational theories, communication, and feedback strategies, providing both theoretical insights and practical tools for a holistic learning experience. The programme will continue throughout 2024.

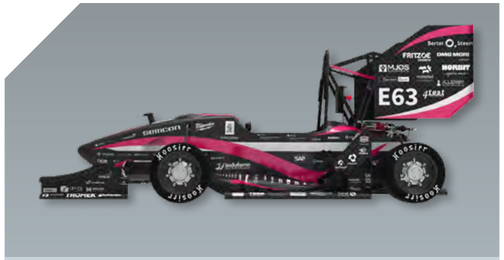
COMMUNICATION AND INFORMATION SHARING

Sharing information is an important means for engaging the people of NORBIT. In 2023, we expanded our video series, "Life in NORBIT," with two new chapters, offering insights into our corporate culture and daily operations, drawing over 600 unique viewers. Three more chapters are planned for 2024. Additionally, we arranged a series of “Eat and Explore” lunch learning events, and introduced several educational learning videos, to enhance employee skills and motivation. In 2024 we will expand this effort.

SUPPORTING THE EXPLORERS OF THE FUTURE

One of NORBIT’s core values is “Refinement of talents”. NORBIT’s recruiting strategy includes offering internships to students. As part of the internship programmes, the students learn and experience how technology can innovate and be applied in various contexts. During 2023, the company had over 25 internships across the group.

NORBIT also contributes with both monetary support and non- financial initiatives to various student organisations to stimulate the engineers of the future to become interested in innovation and development. In close collaboration with educational institutions, NORBIT inspires a new generation of engineers to explore the technology area in search of new knowledge.



REVOLVE NTNU

An independent student organisation at the Norwegian University of Science and Technology, with a multidisciplinary team of 60 students from 20 different majors. In one year, the students in Revolve NTNU work to create a world-class racecar from scratch. The car will compete in Formula Student, the world’s largest competition for engineering students.

ORBIT NTNU

A volunteer student organisation, Orbit NTNU is a leading environment in Scandinavia for designing and building small satellites for launch into space. Its first mission, SelfieSat, was launched in May 2022. FRAMSat-1, Norway’s first operational student satellite, is expected to launch in 2024 from Andøya Space Center. During the year, a large group from Orbit came to visit NORBIT for a tour and presentation of the company.

PROPULSE NTNU

A rocketry team that aims to give students a hands-on experience with engineering projects, with the goal of fostering teamwork and increasing the interest and expertise in space travel in Norway. For 2023’s project Bifrost, the team designed and developed the first bipropellant engine used in a Norwegian rocket. The rocket achieved the best flight performance in its category at the European Rocketry Challenge.

ASCEND NTNU

An aerial robotics team building the competitive drones of the future, Ascend NTNU develops innovative solutions to some of today’s most challenging problems within cybernetics and autonomy. It recently won Mission 9 of the prestigious International Aerial Robotics Competition. During the year, a large group from Ascend came to visit NORBIT for a tour and presentation of the company.

SAFE UNDER PRESSURE WITH ETHICAL BUSINESS CONDUCT

Objective:	To reach our long-term objective, we will in 2024 strive to:
We will ensure good governance and legal compliance in all countries and markets. We aim for transparency, traceability and integrity across our value chain.	- Continue to harmonise and implement supplier assessment methodology and self assessment questionnaires across NORBIT. - Conduct risk assessments in operations and supply chain on a yearly basis. - Continue with regular training to ensure that the company's values and ethical principles are understood by our employees.

NORBIT operates within a global value chain that encompasses five key stages: the production of materials and components; transportation; production, assembly, and re-packaging; delivery to customers; and end-of-life management of products. Our commitment to ethical business practices extends through this entire chain and relates to both suppliers, employees, and customers.

HUMAN RIGHTS AND THE TRANSPARENCY ACT

With the Norwegian Transparency Act effective from July 1, 2022, NORBIT is committed to upholding fundamental human rights and ensuring decent working conditions in our supply chain, as well as providing public transparency in these efforts. Our compliance involves annual due diligence assessments aligned with the OECD Guidelines for Multinational Enterprises and sharing this information openly.

In 2022, NORBIT completed our first due diligence assessment. We identified and initiated actions towards high-risk suppliers, employing methods like self-assessment schemes and site visits. An updated assessment in late 2023 pinpointed 11 material high-risk suppliers, subject for further evaluation in 2024.

Furthermore, we updated our supplier assessment methodology and governing documents in 2022. In 2023, we have focused on harmonising and implementing these updates across NORBIT, a process we are continuing into 2024. Our latest report on the Transparency Act can be found on www.norbit.com/esg/.

EMPLOYEE ETHICAL GUIDELINES

NORBIT's license to operate rests on the confidence from our key stakeholders. All employees are therefore committed to comply with our Code of Conduct to ensure maintenance of high ethical standards. The ethical guidelines apply to all employees and include, among others, guidelines on personal conduct, conflicts of interests, anti-corruption and fair competition.

In 2023, the Code of Conduct was updated in line with evolving internal and external requirements. To enhance understanding, a practical guide was made in Norwegian, English and Hungarian, illustrating accepted and unaccepted behaviors. Additionally, an instructional video highlighting key points of the Code has been shared with all employees, becoming a valuable tool in our new employee onboarding process.

The most important ethical principles are summarised below:

1. **Personal conduct:** All employees and representatives of the company shall behave with respect and integrity towards business relations and partners, customers and colleagues. The executive management team has a particular responsibility to promote openness, loyalty and respect.

2. **Conflict of Interests:** Employees or representatives shall avoid situations in which a conflict between their own personal and/or financial interests and the company's interests may occur.

3. **Confidential information:** Employees or representatives of the company possessing confidential information related to the company shall conduct themselves and safeguard such information with great care and loyalty and comply with any and all signed confidentiality statements.

4. **Anti-corruption:** NORBIT has zero-tolerance for any form of corruption, bribery, fraud, or dishonesty. This means that NORBIT has no tolerance for paying, facilitating, or receiving any bribes or facilitation, payments, extortion, kickbacks or any other improper private or professional benefits to customers, agents, contractors, suppliers or employees of any such party or government officials. All NORBIT employees are encouraged to report any incident of such behavior.

5. **Competition:** The company supports fair and open competition. Employees and representatives shall never take part in any activities that may constitute a breach of competition legislation.

6. **Influence:** Employees and representatives shall neither directly nor indirectly offer, promise, request, demand, or accept illegal or unjust gifts of money or any other remuneration in order to achieve a commercial benefit.

WHISTLEBLOWING GUIDELINES

Whistleblowing is an important channel for receiving information about negative issues so that they can be properly corrected and followed up. NORBIT encourages its employees to report suspected or actual occurrences of inappropriate, unethical, or illegal events or breaches of the Code of Conduct. NORBIT has therefore drawn specific guidelines for whistleblowing, including whom to report to, how to report and how the company is required to act on the report. The guidelines were updated in 2023. There were no incidents reported in 2023.

FINANCIAL STATEMENTS – NORBIT GROUP

FINANCIAL STATEMENTS – NORBIT ASA

CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK million	*Note*	**2023**	2022
Revenue	*4.6*	**1 518.9**	1 167.5
Raw materials and change in inventories	*15*	**614.7**	549.5
Employee benefit expenses	*7, 27*	**360.3**	250.2
Depreciation and amortisation expenses	*12, 13, 14*	**107.7**	86.5
Other operating expenses	*8*	**152.2**	132.4
Operating profit		**284.2**	148.8
Share of profit of associates	*23*	**0.0**	(0.2)
Financial income	*9*	**3.2**	0.7
Financial expenses	*9*	**41.3**	28.5
Net financial items		**(38.1)**	(28.0)
Profit before tax		**246.0**	120.8
Income tax expense	*10*	**(60.8)**	(14.1)
Profit for the period		**185.3**	106.7
Attributable to:			
Owners of the company		**185.3**	106.7
Non-controlling interests		**0.0**	0.0
Total		**185.3**	106.7
Average no. of shares outstanding - basic	*11*	**59 564 339**	58 662 698
Average no. of shares outstanding - diluted	*11*	**59 684 428**	58 725 000
Earnings per share			
Basic (NOK per share)	*11*	**3.11**	1.82
Diluted (NOK per share)	*11*	**3.10**	1.82

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in NOK million	**2023**	2022
Profit for the period	**185.3**	106.7
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	**4.0**	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	**0.0**	0.0
Other comprehensive income for the period, net of tax	**4.0**	1.5
Total comprehensive income for the period	**189.3**	108.2
Total comprehensive income for the period is attributable to:		
Owners of the company	**189.3**	108.2
Non-controlling interests	**0.0**	0.0
Total	**189.3**	108.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	*Note*	**31.12.2023**	31.12.2022
ASSETS			
Property, plant and equipment	*12*	**166.3**	152.1
Right of use assets	*13*	**54.2**	35.6
Intangible assets	*14*	**303.2**	258.8
Goodwill	*14*	**111.1**	84.4
Deferred tax asset	*10*	**13.9**	15.6
Equity-accounted investees	*23*	**0.7**	0.7
Shares in other companies	*16*	**5.9**	0.6
Total non-current assets		**655.2**	547.8
Inventories	*15*	**562.0**	426.3
Trade receivables	*17*	**170.3**	168.0
Other receivables and prepayments		**48.1**	37.0
Cash and cash equivalents	*18*	**60.7**	41.7
Total current assets		**841.1**	673.0
Total assets		**1 496.4**	1 220.8

Amounts in NOK million	*Note*	**31.12.2023**	31.12.2022
LIABILITIES			
Interest-bearing borrowings	*19, 21*	**122.6**	154.6
Lease liabilities	*13*	**37.5**	24.0
Deferred tax liabilities	*10*	**3.1**	3.6
Other non-current liabilities		**8.7**	5.4
Total non-current liabilities		**171.9**	187.6
Trade payables	*5*	**174.5**	132.6
Current tax liabilities	*10*	**58.7**	13.4
Interest-bearing borrowings	*19, 21*	**88.9**	182.8
Lease liabilities	*13*	**17.2**	11.8
Other current liabilities	*20*	**191.8**	93.3
Total current liabilities		**531.1**	433.8
Total liabilities		**702.9**	621.5
Share capital	*24*	**6.0**	5.9
Share premium	*24*	**367.7**	319.9
Retained earnings	*24*	**419.7**	273.5
Equity attributable to equity holders of the parent company		**793.4**	599.3
Non-controlling interests		**0.0**	0.0
Total equity		**793.4**	599.3
Total equity and liabilities		**1 496.4**	1 220.8

Trondheim, Norway, 8 April 2024

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners					
Amounts in NOK million	*Note*	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2022		5.9	319.9	273.5	599.3	0.0	**599.3**
Profit for the period		0.0	0.0	185.3	185.3	0.0	**185.3**
Other comprehensive income		0.0	0.0	4.0	4.0	0.0	**4.0**
Total comprehensive income for the period		0.0	0.0	189.3	189.3	0.0	**189.3**
Transaction with owners in their capacity as owners:							
Repurchase of shares		0.0	0.0	(1.4)	(1.4)	0.0	**(1.4)**
Share issue		0.1	47.8	0.0	47.9	0.0	**47.9**
Dividends paid	*21*	0.0	0.0	(41.6)	(41.6)	0.0	**(41.6)**
Total transactions with owners		0.1	47.8	(43.1)	4.8	0.0	**4.8**
Balance at 31 December 2023		6.0	367.7	419.7	793.4	0.0	**793.4**

		Attributable to owners					
Amounts in NOK million	*Note*	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2021		5.8	308.8	183.3	497.9	0.0	**497.9**
Profit for the period		0.0	0.0	106.7	106.7	0.0	**106.7**
Other comprehensive income		0.0	0.0	1.5	1.5	0.0	**1.5**
Total comprehensive income for the period		0.0	0.0	108.2	108.2	0.0	**108.2**
Transaction with owners in their capacity as owners:							
Repurchase of shares		0.0	0.0	(0.5)	(0.5)	0.0	**(0.5)**
Share issue		0.0	11.2	0.0	11.2	0.0	**11.2**
Dividends paid	*21*	0.0	0.0	(17.5)	(17.5)	0.0	**(17.5)**
Total transactions with owners		0.0	11.2	(18.0)	(6.8)	0.0	**(6.8)**
Balance at 31 December 2022		5.9	319.9	273.5	599.3	0.0	**599.3**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK million	*Note*	**2023**	2022
Profit for the period		**185.3**	106.7
Adjustments for:			
Income tax expense recognised in profit or loss	*10*	**60.8**	14.1
Income taxes paid	*10*	**(19.9)**	(10.9)
Share of profit of associates	*23*	**0.0**	0.2
Depreciation and amortisation	*12, 13, 14*	**107.7**	86.5
Movements in working capital:			
(Increase)/decrease in trade receivables		**1.7**	(11.0)
(Increase)/decrease in inventories		**(125.4)**	(161.3)
Increase/(decrease) in trade payables		**40.4**	32.0
Increase/(decrease) in accruals		**95.2**	29.3
Net cash generated by operating activities		**345.7**	85.7
Cash flows from investing activities			
Payments for property, plant and equipment	*12*	**(46.3)**	(31.5)
Reclassified from inventory to property, plant and equipment	*12*	**0.0**	3.2
Payments for intangible assets	*14*	**(60.2)**	(60.5)
Net cash outflow from acquisitions and other shares	*22*	**(42.6)**	(3.1)
Net cash (used in)/generated by investing activities		**(149.0)**	(91.9)
Cash flows from financing activities			
Payment for share buy-back costs		**(1.4)**	(0.5)
Proceeds from issuance of common shares		**8.1**	9.6
Proceeds from borrowings	*19*	**126.3**	30.0
Repayment of borrowings	*19*	**(135.3)**	(39.4)
Repayment of lease liabilities	*13*	**(13.1)**	(10.0)
Net change in overdraft facility	*19*	**(120.6)**	54.0
Dividends paid	*21*	**(41.6)**	(17.5)
Net cash (used in)/generated by financing activities		**(177.7)**	26.2
Net increase in cash and cash equivalents		**19.0**	20.0
Cash and cash equivalents at the beginning of the period		**41.7**	21.7
Cash and cash equivalents at the end of the period		**60.7**	41.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 01 Company information

NORBIT ASA is a limited liability company incorporated and domiciled in Norway with headquarter at Stiklestadveien 1, Trondheim. NORBIT is listed on the Oslo Stock Exchange with the ticker "NORBT".

The consolidated financial statements of NORBIT ASA for the year ended December 31, 2023 incorporate the financial statements of the parent company NORBIT ASA and its subsidiaries (collectively referred to as the "group" and separately as "group companies").

NOTE 02 Basis for preparation and estimates and assumptions

STATEMENT OF COMPLIANCE
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements for 2023 were approved and authorised for issue by the board of directors on 8 April 2024. The consolidated financial statements will be submitted to NORBIT's annual general meeting, to be held 6 May 2024, for final approval.

GOING CONCERN BASIS OF ACCOUNTING
The consolidated financial statements have been prepared on the assumption of the business being a going concern.

BASIS FOR MEASUREMENT
The consolidated financial statements have been prepared on the basis of the historical cost principle, with the following modifications:

- Derivative financial instruments are measured at fair value
- Fair value of share-based payments (IFRS 2), see note 26.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY
The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of NORBIT ASA and the Norwegian subsidiaries in the group. Foreign subsidiaries operate with local currency as the functional currency.

Financial information presented in NOK has been rounded to the nearest million with one decimal, except when otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

The results and financial position of group companies whose functional currency is different from the presentation currency (NOK) are translated to NOK in the following way:

- Balance sheet items are translated using the exchange rates at the balance sheet date
- Profit and loss items are translated at average exchange rates for the reporting period
- All resulting exchange differences are recognised in other comprehensive income

USE OF ESTIMATESS AND JUDGMENTS
The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Although management believes these assumptions to be reasonable, given historical experience, actual amounts and results could differ from these estimates. Estimates and underlying assumptions are reviewed and assessed on an on-going basis.

Changes to accounting estimates are recognised in the period in which the estimates are revised and in future periods if affected.

Estimates and assumptions that could have a significant impact on the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment testing of intangible assets
In accordance with applicable accounting principles, the group considers whether there are indications of impairment on the carrying amounts for the intangible assets. If such indications exist, an impairment test is performed to determine whether any intangible assets recorded in the balance sheet should be impaired. The value in use can be significantly impacted by market conditions. Evaluating whether an asset is impaired or if an impairment should be reversed, requires a high degree of judgment and may to a large extent depend upon the selection of key future assumptions, including determining appropriate cash-generating units,

discount rate, projecting future cash flows and assumptions on future market conditions. Reference is made to note 14 for further information.

Impairment testing of goodwill
In accordance with applicable accounting principles, the group performs impairment testing of goodwill annually, or more frequently if any indications of impairment on the goodwill exist. The estimated recoverable value for the cash-generating units is determined based on the higher of its fair value less cost of disposal or value in use. Value in use is estimated based on a present value of the future cash flows expected to be derived from the cash-generating units. These calculations require management to estimate future cash flows and discount rate, including assumptions on future market conditions, all of which involves a high degree of judgment. Reference is made to note 14 for further information.

Loss allowance for trade receivables
NORBIT has exposure to a diversified and fragmented customer base, of which a majority is international. Thus, the group is exposed to credit risk on its trade receivables. The group applies the IFRS 9 simplified approach to measuring expected credit losses. This assessment involves a high degree of judgment, particularly relating to assessing scenario probabilities. Reference is made to note 5 and 17 for further information.

Warranty provisions
A provision is made for expected warranty expenditures for the group companies. The warranty period is generally 12 to 24 months, while some clients have purchased extended warranties. The level and duration of warranty provisions are based on historical data. Assessing and determining the potential warranty expenditures requires a high degree of judgment.

Provision for obsolete inventory
The group makes provision for obsolescence of inventory. These provisions are based on an assessment of the age distribution of inventory items and whether the goods are part of an active or expired product range. A provision for obsolescence is made when the net realisable value of the good is lower than the cost of the good. These provisions are estimate-based and require in-depth knowledge about goods and markets.

Climate risk
NORBIT evaluates the overall climate risk to be low. Hence, climate-related matters are not expected to substantially affect assets, provisions, or future cash-flows. The Task Force on Climate Related Financial Disclosure's (TCFD) defines three main types of climate related risks; physical risk, risk associated with transition to a low carbon community, and lastly liability risk.

NORBIT's main physical risk factors are identified to be rising sea levels, changes in hydro power availability, and power outages and transport challenges due to extreme weather events. As NORBIT's main physical assets are located in Norway, and the Norwegian government has risk mitigation measures and emergency response plans in the event of such acute or chronic incidents, the consequences, and hence, physical risk is currently considered low. The transition risk is evaluated more as an opportunity rather than a risk, as NORBIT delivers solutions relevant for the green transition, for instance related to electrification and digitalisation. Lastly, the liability risk is considered low as the industries NORBIT operates in are not heavily exposed to climate related legal regulations.

NOTE 03 Significant changes and future changes to accounting policies

The group did not apply any amendments to the standards that were effective for the current year as such standards did not have any material impact on the amounts reported in the financial statements. The group has chosen not to adopt early any standards, interpretations or amendments that have been issued but are not yet effective as these changes are not expected to have a material effect on the financial statements.

NOTE 04 Accounting principles

The accounting principles presented below have been applied consistently for the reporting period and for the group companies presented in the consolidated financial statements.

GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES

Subsidiaries

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the group until the date of which control ceases.

Investment in associates

Associates are all entities over which the group has significant influence, but which is not a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control or joint control of these policies. This is generally the case where the group holds between 20 and 50 per cent of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit and loss and OCI of the associate, until the date on which significant influence ceases to exist. Share of profit or loss of the equity-accounted associate is reported as part of net financial items in the consolidated accounts.

Dividends received from associates are presented as part of net cash flow from operating activities in the statement of cash flows. Received dividends are recognised as a reduction of the carrying amount of the investment.

Business combinations

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the group. The consideration given is measured at the fair values of the assets transferred, the equity instruments that have been issued, liabilities assumed on the transfer of control and direct costs relating to the actual purchase. The cost of acquisition also includes the fair value of all assets or liabilities that are the result of an agreement on contingent consideration.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The costs associated with the business combination are expensed when they are incurred.

If the aggregate of the consideration transferred, the carrying amount of non-controlling interests and the fair value on the acquisition date of any previously held ownership interests exceeds the fair value of the acquired entity's identifiable net assets, the difference is capitalised as goodwill. If the aggregate is less than the company's net assets, the difference is immediately recognised in profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

Elimination of transactions upon consolidation

Intra-group balances and transactions, and any significant unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associated and joint ventures are eliminated to the extent of the group's interest in the entity.

FOREIGN CURRENCY TRANSLATIONS AND TRANSACTIONS

Foreign currency transactions are translated into each group company's functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into the group company's functional currency using the exchange rate on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies other than NOK are recognised in the income statement under net financial items.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rates on the date the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

REVENUE RECOGNITION

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The group recognises revenue when (or as) a performance obligation is satisfied, that is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The majority of revenue for the group relates to sale of goods where the control is transferred to the customer at a point in time, depending on the contracted delivery terms. There is only one performance obligation in each contract and no variable consideration.

For the revenue that is recognised over time, the group is using cost incurred compared to total expected cost (cost to cost) as a measure of progress. The contracts usually consist of only one performance obligation and there are no significant variable components in the transaction price.

Sale of goods
The group manufactures and sells a range of electronic equipment in the industrial market. Sales are recognised when control of the products has transferred, being when the products are delivered to customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of services
Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual cost spent relative to the total expected costs.

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed, and the customer has accepted the hardware.

Estimates of revenues, costs, or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Financing components
In contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction prices are adjusted for the time value of money.

PENSION
For defined contribution plans, contributions are paid into pension insurance plans. Contributions to defined contributions plans are charged to the income statement in the period to which contributions relate.

GOVERNMENT GRANTS
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Government grants are recognised at the value of the contribution at the transaction date. Government grants are either accounted for as reduction of expenses, or intangible assets if a grant is related to research and development of capitalised assets.

FINANCIAL INCOME AND EXPENSE
Financial income and financial expenses comprise interest income and expense on borrowings, foreign exchange gains and losses, dividend income, gains and losses on derivatives and change in the fair value of financial assets at fair value through the income statement. Foreign currency gains and losses are reported on a net basis.

INCOME TAX
Income tax recognised in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted as at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets and liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit
- Temporary differences relating to investments in subsidiaries, if it is probably that they will not reverse in the foreseeable future

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted as at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if:
- There is a legally enforceable right to offset current tax assets and liabilities
- They related to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities or assets on a net basis, or to realise the tax assets and settle the liabilities simultaneously.

Deferred tax assets are recognised if it is probable that future taxable profits will be available against which the temporary differences can be utilised.

CURRENT/NON-CURRENT CLASSIFICATION
An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after balance sheet date. Other assets are classified as non-current.

A liability is classified as current when it is expected to be settled in the group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the balance sheet date, or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

PROPERTY, PLANT AND EQUIPMENT
An item of property, plant and equipment is recognised as an asset if it is probably that the future economic benefit associated with the assets will flow to the group, and its cost can be reliably measured. Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the asset's acquisition.

When significant parts of an item of property, plant and equipment have different useful lives, major components are accounted for as separate items.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the income statement during the reporting period as incurred.

Depreciation
Depreciation is recognised in the income statement on a straight-line basis over the estimated useful life of each major component of an item of property, plant and equipment, taking residual value into consideration. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The depreciation methods and periods used by the group are disclosed in note 12.

INTANGIBLE ASSETS
Research and development
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product and process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset.

The capitalised expenditure includes cost of materials, direct labour costs and operating expenses that are directly attributable to developing and preparing the asset for its intended use. Other development expenditures are recognised in the income statement as an expense in the period in which it occurs.

Capitalised development expenditures are recognised at historic cost less accumulated amortisation and impairment losses. Acquired intangible assets is measured following the same principle.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such useful lives are indefinite. Intangible assets are amortised from the day they are available for use. The amortisation methods and periods used by the group are disclosed in note 14.

GOODWILL
Goodwill acquired in a business combination represents cost price of the acquisition in excess of the net fair value of identifiable net assets in the acquired entity at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses. See note 14 and 22 for further details on measurement of goodwill.

INVENTORY
Inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method or the weighted average cost formula. The cost of purchased inventory is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES
The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through the income statement), and
- Those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30-60 days and are therefore classified as current. Trade receivables measured at fair value upon initial recognition, and thereafter at amortised cost, less allowance made for credit losses. The interest rate element is disregarded if insignificant, which is the case for the vast majority of the group's trade receivables.

Cash and cash equivalents
Cash and cash equivalents consist of bank deposits on call with financial institutions and other short-term, highly liquid investments with original maturities of less than three months.

Trade and other payables
Trade payables are recognised at the original invoiced amount. Other payable are recognised initially at fair value. Trade and other payables are valued at amortised cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the vast majority of the group's trade payables.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

IMPAIRMENT
Impairment of non-financial assets
The carrying amount of the groups non-financial assets (other than deferred tax assets and inventory) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and recognised in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

An impairment loss on goodwill is not reversed. For assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, net of depreciation or amortisation, calculated as if no impairment loss had been recognised.

Impairment of financial assets
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

There are mainly trade receivables that are subject to the expected credit loss model in IFRS 9. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are grouped based on shared credit risk characteristics and days past due. Expected losses are primarily calculated through an individual and specific assessment of each customer / receivable. The assessment is carried out by senior staff in the group's finance department in dialogue with the management of the operating segments. For trade receivables that are more than 90 days past due date, a scenario analysis is performed. The scenario analysis includes scenarios for (i) the client's bankruptcy, (ii) the client executes debt negotiations and (iii) the customer pays the claim in full.

PROVISIONS
A provision is recognised when the group has a present obligation as a result of a past event that can be estimated reliably, and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined as the present value of expected future cash flows, discounted by a market based pre-tax discount rate.

Warranty provisions are made for expected future expenses related to delivered products and services. The provisions are based on historic data of incurred warranty expenses.

LEASES
The group applies IFRS 16, and its leasing agreements primarily consist of rent of office premises and manufacturing equipment with various lease terms and conditions.

Upon entering into a contract, an assessment is made of whether an agreement contains a lease arrangement entitling the group to control the use of an identified asset. If the lease is identified as such, assets and associated liabilities are recognised at the start of the lease. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain to be exercised. Lease payments for the first twelve month following the balance sheet date is classified as current liabilities.

Right-of-use assets
The group recognises right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciation on a straight-line basis over the shorter of the asset's estimated useful life and the lease term and is subject to impairment assessment of non-financial assets.

Lease liabilities
The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incre-

mental borrowing rate as the discount rate. The lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and lease of low value assets
The group applies the recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The group also applies recognition exemption to leases that are considered low-value assets, mainly IT and office equipment.

Lease payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the income statement.

DIVIDENDS
Dividends are recorded in the group's consolidated financial statement in the period which they are approved by the general meeting.

NOTE 05 Financial risk and exposure

NORBIT is exposed to different types of financial risk, including interest-, currency-, credit-, and liquidity risks. The group's finance department is responsible for carrying out the policies and guidelines for financial risk management approved by the Board.

INTEREST RATE RISK
The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. NORBIT has no financial instruments related to hedging of interest rates.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, hence there is no interest rate risk associated with these financial assets and liabilities.

The following table shows the group's sensitivity to potential changes in interest rates. The calculation takes into account all interest-bearing financial instruments. The calculation in the table shows the effect based on interest-bearing financial instruments at the balance sheet date.

Interest rate exposure

Amounts in NOK million	**Impact on pre-tax profit 2023**	Impact on pre-tax profit 2022
Interest rates - increase by 100 basis points [1]	**(2.4)**	(3.4)
Interest rates - decrease by 100 basis points [1]	**2.4**	3.4

1) Ceteris paribus

CURRENCY RISK
NORBIT has international operations and clients and is exposed to currency risk through customer contracts and purchase of products and services in currencies other than the functional currency (NOK). NORBIT is primarily exposed to EUR and USD currencies.

The group's exposure to foreign currency risk, expressed in NOK million, at the end of the reporting period is set out in the table below.

Foreign exchange exposure:

Amounts in NOK million	**31.12.2023**	31.12.2022
Receivables	**152.9**	170.5
Payables	**(128.5)**	(101.2)
Bank deposits	**37.5**	34.5
Overdraft facility [1]	**(5.8)**	35.9
Sellers credit	**0.0**	(32.6)
Net position	**56.0**	107.1

1) NORBIT has a multi-currency overdraft facility (EUR, USD, GBP and NOK). The overdraft facility is shown net in the consolidated financial statements. At 31 December 2023, the USD, EUR and GBP balance on the overdraft facility was NOK -5.8 million (i.e. net debt).

Financial assets and liabilities – net foreign exchange exposure by major currencies:

	31.12.2023		31.12.2022	
	Currency	**NOK**	Currency	NOK
USD	**(0.8)**	**(7.9)**	(0.1)	(1.2)
EUR	**4.7**	**52.3**	8.0	84.6
GBP	**0.1**	**0.9**	0.8	10.0
HUF	**416.0**	**12.2**	522.8	13.7
PLN	**0.9**	**2.3**	0.8	1.8
SEK	**(3.1)**	**(3.2)**	(2.0)	(1.9)
DKK	**0.3**	**0.4**	0.5	0.7
JPY	**(33.5)**	**(2.4)**	(21.5)	(1.6)
Other		**1.4**		1.0
Net position		**56.0**		**107.1**

Fluctuations in exchange rates can lead to increased or decreased profit margin in contracts with customers compared to the initial project calculus. The group was a net seller of EUR and a net buyer of USD during 2023.

The group rebalances the short-term (within 90 days) main currency exposures on a monthly basis in order to have a neutral currency position on trade receivables, trade payables and cash deposits.

Derivatives

There were no derivatives outstanding at 31 December 2023 or at 31 December 2022. There is currently an ongoing process to optimise foreign exchange hedging through the use of derivatives.

Classification of derivatives

Derivatives, if any, are only used for economic hedging purposes and not as speculative investments. However, the group's hedging policy does not meet the hedge accounting criteria. Hence, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

Fair value measurement

Fair value measurements of foreign currency contracts, if any, are based on Marked to Market reports from leading Norwegian currency traders, primarily major Norwegian banks.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to credit risk related to cash and cash equivalents, trade receivables and other current receivables. The exposure to credit risk is monitored on an ongoing basis within the group.

Cash and cash equivalents

Cash deposits are held with reputable banks with strong credit-ratings. Based on their credit ratings, management does not expect any of these financial institutions to fail to meet their obligations.

Trade receivables

The group has inherent credit risk through the fact that a client may not be able to meet its obligations under a contract. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Reference is made to note 4 and note 17.

LIQUIDITY RISK

Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. For NORBIT, liquidity risk is managed by maintaining sufficient cash deposits and available committed credit lines that the group can draw on to meet its obligations as they occur. NORBIT has a centrally managed multi-currency cash pool arrangement where most subsidiaries are connected. The liquidity trend is monitored frequently, supported by budgets and forecasts.

As per 31 December 2023, NORBIT had NOK 530.0 million in undrawn credit facilities, providing a solid liquidity buffer.

Maturities of financial liabilities

The table below provides an overview of the maturity profile of all financial liabilities. For interest-bearing borrowings the stated amount of contractual cash flows is including estimated interest payments. Other items are stated at booked amounts. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty.

Contractual maturities of financial liabilities at 31 December 2023

Amounts in NOK million	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
At 31 December 2023					
Trade payables	174.5	0.0	0.0	174.5	174.5
Interest-bearing borrowings	110.1	131.1	0.0	241.2	211.5
Lease liabilities	17.2	33.0	4.5	54.7	54.7
Other payables	94.0	0.0	0.0	94.0	94.0
Total	395.9	164.1	4.5	564.5	534.7

Contractual maturities of financial liabilities at 31 December 2022

Amounts in NOK million	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
At 31 December 2022					
Trade payables	132.6	0.0	0.0	132.6	132.6
Interest-bearing borrowings	197.0	162.6	1.3	360.8	337.4
Lease liabilities	11.8	24.0	0.0	35.8	35.8
Other payables	63.0	0.0	0.0	63.0	63.0
Total	404.4	186.6	1.3	592.3	568.9

NOTE 06 Segment information

Description of segments and principal activities

NORBIT ASA is organised in three operating segments; Oceans, Connectivity and Product Innovation & Realization (PIR). 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 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 encompasses all NORBIT's knowledge and competence targeting the global maritime markets, including proprietary technology and solutions. The business unit 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, including security applications. NORBIT is continuously working on expanding its offering in selected applications.

The Connectivity segment enables clients to digitise their operations through data collection and tailored sensor analysis with connectivity devices, cloud computing and data fusions being directly integrated into the client's business software or as stand-alone services.

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.

Financial results reportable segments

	2023				
Amounts in NOK million	Oceans	Connectivity	PIR	Group/ eliminations	**Total**
Revenues	599.0	540.3	411.8	(32.2)	**1 518.9**
Raw materials and change in inventories	175.9	208.4	233.2	(2.8)	**614.7**
Operating expenses	211.9	146.6	126.6	27.3	**512.4**
EBITDA	211.1	185.3	52.0	(56.6)	**391.8**
EBITDA margin	35%	34%	13%		**26%**
Depreciation	21.1	8.8	16.1	2.7	**48.6**
Amortisation and impairment	24.3	37.2	1.2	(3.7)	**59.0**
EBIT	165.7	139.3	34.7	(55.6)	**284.2**
Total financial items (not allocated)					**(38.1)**
Profit before tax					**246.0**
Taxes (not allocated)					**(60.8)**
Profit after tax					**185.3**

	2022				
Amounts in NOK million	Oceans	Connectivity	PIR	Group/ eliminations	**Total**
Revenues	443.0	308.0	456.5	(40.1)	**1 167.5**
Raw materials and change in inventories	149.8	109.7	307.4	(17.4)	**549.5**
Operating expenses	145.6	121.0	101.3	14.7	**382.6**
EBITDA	147.6	77.4	47.8	(37.5)	**235.3**
EBITDA margin	33%	25%	10%		**20%**
Depreciation	17.6	7.8	13.6	2.7	**41.7**
Amortisation and impairment	15.5	29.1	0.1	0.0	**44.8**
EBIT	114.4	40.5	34.0	(40.1)	**148.8**
Total financial items (not allocated)					**(28.0)**
Profit before tax					**120.8**
Taxes (not allocated)					**(14.1)**
Profit after tax					**106.7**

NOTE 07 Salaries, pension and social security costs

Payroll expenses

Amounts in NOK million	**2023**	2022
Salaries	**308.1**	222.7
Pension costs	**16.0**	11.9
Payroll tax	**45.5**	31.7
Capitalised payroll expenses as development asset	**(16.1)**	(22.4)
Other payroll expenses	**6.8**	6.3
Total employee benefit expenses	**360.3**	250.2
Average number of FTEs	**498**	418

Pension arrangements
The Norwegian group companies have pension plans secured through collective agreements in life insurance companies and are subject to the Norwegian Act on Occupational Pension. The group meets the requirement of this legislation.

The group has pension plans with defined contribution plans. The defined contribution plan means that the company has not incurred any future obligation. After the annual grant is paid the company has fulfilled its obligation in accordance with the arrangement.

In addition, some of the Norwegian companies in the group are members of an agreement-based early retirement plan (AFP). The scheme provides the employees the opportunity to retire before the normal retirement age in Norway of 67 years. Employees who choose retirement will retain a lifelong benefit from the age of 62 years. The Norwegian Accounting Standards Board has issued a statement concluding that the AFP plan is a multi-employer defined benefit plan. The AFP plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the AFP plan is accounted for as a defined contribution plan.

The group's subsidiaries outside of Norway have pension plans based on local practice and regulations.

NOTE 08 Other operating expenses

Amounts in NOK million	**2023**	2022
External services	**75.9**	73.9
Travel expenses	**15.1**	10.6
Freight	**14.4**	8.0
Office supplies	**8.1**	4.8
Marketing	**6.6**	5.0
Guarantee, service and support	**5.5**	1.8
Other operating expenses	**26.7**	28.4
Total operating expenses	**152.2**	132.4

Fees to the auditors
The table below summarises audit fees, as well as fees for audit services, tax services and other audit related services incurred by the group during 2023 and 2022.

Amounts in NOK million	**2023**	2022
Audit fee	**1.4**	1.4
Tax advisory fee	**0.0**	0.0
Other audit related services	**0.4**	0.1
Auditor's remuneration in other operating expenses	**1.9**	1.5

NOTE 09 Financial income and financial expenses

Amounts in NOK million	**2023**	2022
Financial income		
Interest income	**1.1**	0.2
Other financial income	**2.1**	0.5
Financial income	**3.2**	0.7
Financial expenses		
Interest expenses	**29.7**	16.2
Financial exchange loss (net)	**10.6**	10.5
Other financial expenses	**1.0**	1.8
Financial expenses	**41.3**	28.5
Share of profit of associates	**0.0**	(0.2)
Net financial items	**(38.1)**	(28.0)

Please refer to note 23 for further information regarding share of profits from associates.

NOTE 10 Income tax

Income tax specification

Amounts in NOK million	**2023**	2022
Current tax		
Current tax on profits Norwegian companies	**56.2**	12.0
Current tax on profits foreign companies	**1.0**	3.5
Adjustments for current tax of prior periods	**1.4**	0.0
Total current tax expense	**58.7**	15.5
Deferred income tax		
Change in deferred tax	**2.2**	(1.4)
Total deferred tax expense/(benefit)	**2.2**	(1.4)
Total income tax expense	**60.8**	14.1

Reconciliation between nominal and effective tax rates

Amounts in NOK million	**2023**	2022
Profit before income tax expense	**246.0**	120.8
Expected tax calculated at Norwegian tax rate of 22%	**54.1**	26.6
Effect of different tax rates abroad	**(2.0)**	(0.2)
Change in previously not recognised deferred tax assets	**0.7**	(13.2)
Other items	**8.0**	1.0
Subtotal	**60.8**	14.1
Effective tax rate	**25%**	12%

Amounts recognised directly in equity

Amounts in NOK million	**2023**	2022
Deferred tax	**-**	-
Total	**0**	0

Deferred tax assets

Amounts in NOK million	**2023**	2022
The balance comprises temporary differencs attributable to:		
Intangible and fixed assets	**(12.2)**	(14.2)
Inventories	**(2.6)**	(1.9)
Other assets and liabilities	**(3.1)**	(2.9)
Total deferred tax assets	**(18.0)**	(19.0)
Unrecognised deferred tax assets	**4.1**	3.4
Net deferred tax assets	**(13.9)**	(15.6)

Deferred tax

Amounts in NOK million	**2023**	2022
The balance comprises temporary differencs attributable to:		
Intangible and fixed assets	**3.1**	3.6
Total	**3.1**	3.6

Change in deferred tax assets

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
At 1 January 2022	(0.0)	(12.3)	(1.2)	0.3	**(13.3)**
(Charged)/credited -to profit or loss	0.0	(1.7)	(0.7)	0.3	**(2.1)**
Acquisition of subsidiary	0.0	(0.2)	0.0	0.0	**(0.2)**
At 31 December 2022	0.0	(14.2)	(1.9)	0.6	**(15.6)**
At 1 January 2023	0.0	(14.2)	(1.9)	0.6	**(15.6)**
(Charged)/credited	0.0	0.0	0.0	0.0	
- to profit or loss	0.1	2.0	(0.7)	0.3	**1.8**
Acquisition of subsidiary	(0.1)	0.0	0.0	0.1	**(0.0)**
At 31 December 2023	0.0	(12.2)	(2.6)	1.0	**(13.9)**

Change in deferred tax

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
At 1 January 2022	0.0	4.0	0.0	0.0	**4.0**
(Charged)/credited -to profit or loss	0.0	(0.4)	0.0	0.0	**(0.4)**
At 31 December 2022	0.0	3.6	0.0	0.0	**3.6**
At 1 January 2023	0.0	3.6	0.0	0.0	**3.6**
(Charged)/credited -to profit or loss	0.0	(0.4)	0.0	0.0	**(0.4)**
At 31 December 2023	0.0	3.1	0.0	0.0	**3.1**

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses. The group has assessed the probability of obtaining the necessary taxable profits based on budgets and forecasts.

NOTE 11 Earnings per share

Amounts in NOK	**2023**	2022
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	**3.11**	1.82
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	**3.10**	1.82

Reconciliations of earnings used in calculating earnings per share

Amounts in NOK million	**2023**	2022
Profit from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculation basic earnings per share	**185.3**	106.7
Used in calculating diluted earnings per share	**185.3**	106.7

Number	**2023**	2022
Weighted average number outstanding	**59 564 339**	58 662 698
Weighted average number diluted	**59 684 428**	58 725 000

Basic earnings per share
Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share
Diluted earnings per share amounts are calculated by dividing the net profit attributable to equity holders of the parent company by the weighted average number of shares outstanding during the year plus the number of potential shares that would be issued.

NOTE 12 Property, plant and equipment

Amounts in NOK million	Land and properties	Machinery, fixtures and fittings	Total
Cost at 1 January 2022	94.6	249.2	**343.8**
Accumulated depreciation	(26.0)	(167.0)	**(193.1)**
Translation differences	0.0	(0.6)	**(0.6)**
Net book amount 1 January 2022	68.6	81.5	**150.1**
Additions from acquisition of companies	0.0	5.7	**5.7**
Additions	2.8	25.5	**28.3**
Depreciation charge	(5.9)	(26.2)	**(32.1)**
Translation differences	0.0	0.0	**0.0**
Net book amount 31 December 2022	65.5	86.6	**152.1**
Cost at 1 January 2023	97.4	280.4	**377.8**
Accumulated depreciation	(31.9)	(193.2)	**(225.1)**
Translation differences	0.0	(0.6)	**(0.6)**
Net book amount 1 January 2023	65.5	86.6	**152.1**
Additions from acquisition of companies	0.0	1.6	**1.6**
Additions	2.5	43.8	**46.3**
Depreciation charge	(6.1)	(29.2)	**(35.2)**
Translation differences	0.0	1.5	**1.5**
Net book amount 31 December 2023	61.9	104.4	**166.3**
Useful life	25 years	3-7 years	
Depreciation method	Linear	Linear	

Impairment loss and compensation
There were no impairment losses in 2023 and 2022.

Change in depreciation period
There were no changes to the depreciation period for the fixed assets.

NOTE 13 Right-of-use assets and leasing liabilities

NORBIT has chosen to present the right-of-use assets as part of property, plant and equipment, and the lease liabilities as separate line items the balance sheet. The group does not have any right-of-use assets that would meet the definition of investment property.

As per year-end 2023, the group had a portfolio of 17 leases (2022: 14) which mainly consist of lease of office premises and manufacturing equipment. As per 31 December 2023, the leases had a weighted average remaining lease term of 52 months. Extension options in the lease agreements have been assessed and reflected in the IFRS 16 calculations if use of the option is reasonably certain.

Leases are discounted using the interest rate implicit in the lease agreements or, if that rate cannot be readily determined, the estimated marginal borrowing cost has been used, equivalent to 1M NIBOR at the time of the agreements and the credit margin according to the revolving credit facility (1.8 per cent) agreement.

Amounts in NOK million	Buildings	Mahinery and vehicles	Total
Balance at 31 December 2021	14.7	0.0	14.8
Additions	3.2	27.2	30.4
Depreciation expense	8.6	1.1	9.7
Balance at 31 December 2022	9.3	26.2	35.6
Additions	22.4	9.6	32.0
Depreciation expense	9.6	3.8	13.4
Balance at 31 December 2023	22.2	32.0	54.2

Leasing liabilities

Amounts in NOK million	**2023**	2022
Balance at 1 January	**35.9**	15.0
Additions	**32.0**	30.4
Accrued interest expense	**1.7**	0.5
Lease payments	**(14.8)**	(10.0)
Balance at 31 December	**54.7**	35.9
Current lease liabilities	**17.2**	11.8
Non-current lease liabilities	**37.5**	24.0
Total	**54.7**	35.9

NOTE 14 Goodwill and intangible assets

	Intangible assets			
Amounts in NOK million	Development costs	Trademark and customer relationships	**Total**	Goodwill
Cost at 1 January 2022	393.7	46.1	**439.7**	82.1
Accumulated amortisation	(182.5)	(1.9)	**(184.4)**	0.0
Accumulated impairment	(12.3)	0.0	**(12.3)**	0.0
Translation differences	(0.7)	0.0	**(0.7)**	0.0
Net book amount 1 January 2022	198.2	44.2	**242.3**	82.1
Additions from acquisition of companies	1.0	0.0	**1.0**	2.3
Additions	60.5	0.0	**60.5**	0.0
Amortisation charge	(40.1)	(4.6)	**(44.8)**	0.0
Translation differences	(0.3)	0.0	**(0.3)**	0.0
Net book amount 31 December 2022	219.2	39.6	**258.8**	84.4
Cost at 1 January 2022	455.1	46.1	**501.2**	84.4
Accumulated amortisation	(222.6)	(6.5)	**(229.2)**	0.0
Accumulated impairment	(12.3)	0.0	**(12.3)**	0.0
Translation differences	(1.0)	0.0	**(1.0)**	0.0
Net book amount 1 January 2023	219.2	39.6	**258.8**	84.4
Additions from acquisition of companies	0.0	42.5	**42.5**	26.7
Additions	60.2	0.0	**60.2**	0.0
Amortisation charge	(49.9)	(9.2)	**(59.0)**	0.0
Translation differences	0.1	0.7	**0.8**	0.0
Net book amount 31 December 2023	229.7	73.5	**303.2**	111.1
Useful life	3-7 years	10 years		

Intangible assets
Intangible assets primarily comprise capitalised development costs related to plan or design for the production of new or substantially improved technology products.

In 2023, further development was made on own technology and own products, mainly within the market segments Oceans and Connectivity. In Oceans, the majority of the capital spent relates to the development of new applications and products within the sonar space.

In the Connectivity segment, the development projects are primarily related to next generation connectivity devices for GNSS tolling for trucks, DSRC-modules and software solutions for the services delivered by iData Kft.

Amortisation methods and useful lives
Capitalised development is normally amortised over three to seven years on a straight-line basis. Economic benefit is, however, considered for each product and the amortisation period is equal to the estimated useful life of the developed product.

Impairment considerations
At the end of each reporting period, the group assess whether there are indications that any intangible asset has been impaired. If such indications are present, an estimate of the recoverable amount of the asset is calculated. Regardless of whether there is an indication of impairment, intangible assets with indefinite useful lives or intangible assets that are not yet available for use at the balance sheet date, are tested every year.

To assess whether indications of impairment exist, an analysis of future cash flows from intangible assets similar to the requirements under IAS 36.39 is prepared. In this analysis estimated cash flow from each asset or group of assets in a cash-generating unit is applied. The cash flow consists of revenues, raw material cost, payroll cost, other operating costs, as well as investments needed to support the revenue assumption. Both external documentation, budgets and forecasts are used in preparing the analysis. It is also considered to what extent previous estimates of future cash flows have been met. Prevailing market conditions are also taken into account, including its impact on estimates and forecasts.

NORBIT has grouped its individual intangible assets, other than goodwill, into five cash-generating units:

- **NORBIT ITS:** Includes all technology developed within dedicated short-range communications for products such as On-Board Units, units for satellite-based tolling and enforcement modules for tachographs. The cash-generating unit is part of segment Connectivity.
- **NORBIT iData:** Consists of the software technology developed by iData under the iTrack brand. The cash-generating unit is part of segment Connectivity.
- **NORBIT Oceans – Products:** Comprises technology developed for subsea sonars for seabed mapping and hydrography, as well as lamps sold to the aquaculture market. The cash-generating unit is part of segment Oceans.
- **NORBIT Oceans – Solutions:** Comprises the technology developed for security and environmental monitoring applications in the maritime environment. The cash-generating unit is part of segment Oceans.
- **NORBIT ODM:** Consist of technology related used in navigation system measuring instruments. The cash-generating unit is part of segment PIR.

Future cash flows are calculated at the present value using a discount rate specific to the relevant cash-generating unit, ranging from 9.7 per cent 10.7 per cent (2022: 9.5 per cent to 10.7 per cent). These rates are calculated based on the rates implicit in the current market transactions for similar cash-generating units or based on the weighted average cost of capital of several listed companies that are relevant for a single asset (or portfolio of assets), that in terms of potential performance and risk corresponds to the relevant asset being tested for impairment.

No indication of impairment was identified in 2023 or in 2022 due to the significant difference between recoverable amount and carrying value.

It is referred to note 4 for accounting policies relevant to intangible assets.

Change in amortisation period
There were no changes in amortisation profiles during 2023.

Goodwill
In 2021, NORBIT made a recognition of NOK 82.1 million in goodwill in connection with the acquisitions of Kilmore Marine Ltd and iData Kft. NOK 2.3 million in goodwill was recognised as part of the acquisition of Aursund Maskinering AS in 2022 and NOK 26.7 million as a part of the acquisition of Ping Digital Signal Processing Inc. Acquired companies are integrated into each reporting segment, where Kilmore Marine Ltd , Aursund Maskinering AS and Ping Digital Signal Processing are included in segment Oceans and iData Kft in segment Connectivity.

Impairment testing was carried out for iData Kft and Kilmore Marine Ltd as the companies represent the only cash-generating units containing material goodwill not subject to a preliminary purchase price allocation.

The recoverable amounts are determined based on the higher of the cash-generating units fair value less costs of disposal and value in use.
In accordance with IFRS 13, quoted prices in active markets for similar assets have been applied to measure fair value less cost of disposal. Adjustments to the valuation multiples for a group of comparable assets are made to reflect a difference in the cost of capital between comparable assets and the cash-generating units, as well as control premiums to reflect transaction prices in the quoted market.

For value in use, discounted cash flow models are applied, in which management has projected cash flows in the period from 2024 to 2028 based on budget and forecasts. The key assumptions used in the calculations are discussed below.

EBITDA and investments
EBITDA corresponds to operating profit before depreciation and amortisation expenses, as reported in the consolidated statement of profit and loss. Assumptions with regards to EBITDA projections are made in terms of revenue growth for the products and services sold, as well as the operating costs. Investments are determined based on the expected revenue growth rate applied in the forecast period as part of the business plan. In judging these assumptions, historical data is considered, as well as the expectations about the market development and future conditions.

Terminal value
Terminal value beyond the forecast period is determined applying the average of a terminal value in perpetuity at a growth rate of 2.5 per cent and the lower of an exit multiple in line with the acquisition multiple and trading multiples for similar assets.

Discount rate
The discount rate applied is the weighted average cost of capital for the specific cash-generating units and the industry and country the assets primarily operate in. When estimating the discount rate, a risk-free rate equal to the 10-year local government bond yield is applied, as well as risk premium. The discount rate is further adjusted for country risk, liquidity risk as well as capital structure target. The pre-tax discount rate applied in 2023 for the impairment testing was 14.7 (14.9) per cent.

Conclusion and sensitivity
For the assets containing goodwill, the recoverable amount estimated far exceeded the carrying value and thus there were no indication of impairment as of the balance sheet date. A sensitivity analysis was not performed due to the significant difference between the recoverable amount and the carrying value.

NOTE 15 Inventories

Amounts in NOK million	**2023**	2022
Current assets		
Raw materials and stores	**437.9**	338.0
Work in progress	**13.9**	12.7
Finished goods - at cost	**110.2**	75.6
Book value	**562.0**	426.3
Inventory held at cost	**573.8**	432.0
Obsolescence raw materials	**(11.8)**	(5.1)
Obsolescence finished goods	**(0.0)**	(0.6)
Book value	**562.0**	426.3

Amounts in NOK million	**2023**	2022
Spesification of raw materials and consumables used		
Purchase of goods	**735.6**	704.5
Freight, customs etc.	**14.9**	8.1
Change of inventories	**(135.7)**	(163.1)
Total	**614.7**	549.5

NOTE 16 Financial assets and financial liabilities

Financial assets

Amounts in NOK million	**2023**	2022
Financial assets at fair value		
Enua AS	**5.0**	0.0
Tangen Næringsbygg AS	**0.1**	0.1
ProVenture Seed III AS	**0.8**	0.5
Total shares in other companies (through OCI)	**5.9**	0.6

Amounts in NOK million	**2023**	2022
Financial assets at amortised cost		
Trade receivables	**170.3**	168.0
Cash and cash equivalents	**60.7**	41.7
Total	**231.0**	209.7

Financial liabilities

Amounts in NOK million	**2023**	2022
Liabilities at amortised cost		
Trade payables	**174.5**	132.6
Interest-bearing borrowings	**211.5**	337.4
Lease liabilities	**54.7**	35.8
Other payables	**94.0**	63.0
Total	**534.7**	568.9

NOTE 17 Trade receivables

Amounts in NOK million	**2023**	2022
Current assets		
Trade receivables	**177.1**	178.9
Loss allowance	**(6.7)**	(10.9)
Total	**170.3**	168.0

Amounts in NOK million	**2023**	2022
Not due	**100.4**	109.9
1-30 days past due date	**31.7**	37.4
31-60 days past due date	**4.4**	7.7
60+ days past due date	**40.5**	23.8
Total	**177.1**	178.9

Total provisions stood at NOK 6.7 million as per year-end 2023, representing 3.8 per cent of the par value of accounts receivables.

NOTE 18 Cash and cash equivalents

Restricted cash and cash equivalents were NOK 11.1 million as per year-end 2023 (NOK 8.2 million in 2022) for the group. Restricted bank deposits are tax deductions made on behalf of employees.

Amounts in NOK million	**2023**	2022
Bank deposits payable on demand	**49.6**	33.5
Bank deposits restricted to tax payments	**11.1**	8.2
Total	**60.7**	41.7

NOTE 19 Interest-bearing borrowings

	2023		
Amounts in NOK million	Current	Non-current	**Total**
Overdraft facility	20.0	0.0	**20.0**
Term loan	63.9	102.9	**166.7**
Other borrowings	5.0	19.7	**24.7**
Total interest-bearing borrowings	88.9	122.6	**211.5**

	2022		
Amounts in NOK million	Current	Non-current	**Total**
Revolving credit facility	0.0	90.0	**90.0**
Overdraft facility	140.6	0.0	**140.6**
Term loan	3.7	46.7	**50.4**
Seller's credit	32.6	0.0	**32.6**
Other borrowings	5.9	17.9	**23.8**
Total interest-bearing borrowings	182.8	154.6	**337.4**

Secured interest-bearing borrowings

Amounts in NOK million	**2023**	2022
Long term debt	**122.6**	154.6
Short term debt	**88.9**	150.1
Total secured borrowings	**211.5**	304.7

The group had four main loan facilities per the balance sheet date, comprising of a long-term revolving credit facility (RCF), a multi-currency 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 20.0 million on the overdraft facility as of December 31, 2023, while the RCF was undrawn. NOK 166.7 million was outstanding on the two terms 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 a 1M reference rate (NOK, USD and EUR) + 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 maturity date for the RCF is February 2025, July 2024 for the first term loan and June 2026 for the NOK 120 million term loan. The two term loans amortise over 15 and 7 years, respectively. The overdraft facility is refinanced each year on a rolling basis.

Refer to note 21 for details on covenants related to the credit facilities.

Assets pledged as security

Amounts in NOK million	**2023**	2022
Current		
Receivables	**111.5**	120.1
Inventories	**537.3**	413.2
Total current assets pledged as security	**648.8**	533.3
Non-current		
Property, plant and equipment	**139.5**	128.4
Total non-current assets pledged as security	**139.5**	128.4
Total assets pledged as security	**788.4**	661.7

NOTE 20 Other current liabilities

Amounts in NOK million	**2023**	2022
Payroll tax and other statutory liabilities	**29.1**	18.2
Holiday pay accrual	**18.9**	19.5
Prepayments from customers	**62.8**	7.7
Warranty provisions	**5.7**	4.5
Other payables and accruals	**75.3**	43.6
Total	**191.8**	93.3

NOTE 21 Capital management

Capital allocation
NORBIT's capital allocation framework and strategy are determined by the board of directors. Based on the framework, NORBIT has made the following capital priorities to ensure continued profitable growth, while at the same time maintaining a robust financial position to mitigate financial risks:

1. Maintain a solid balance sheet
2. Investments to support organic growth
3. Strategic acquisitions to accelerate growth
4. Shareholder distributions

The group's objectives when managing the solidity of its balance sheet and liquidity position are the following:

- Safeguard its ability to continue as a going concern, so that it can provide a competitive risk-adjusted return for shareholders and benefits for other stakeholders
- Maintain financial robustness and an optimised capital structure in order to reduce cost of capital
- Provide for financial flexibility
- Maintain a robust headroom to covenants in loan agreements

In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, reduce investments or sell assets to reduce debt.

Covenants
The group monitors its covenants on the basis of the following leverage ratios:

- Carrying value of total equity as per cent of carrying value of total assets
- Net interest bearing debt (NIBD) including lease liabilities over EBITDA ("NIBD ratio")

NORBIT has a policy of maintaining a NIBD ratio in the range of 1.0 – 2.5x in order to ensure a solid balance sheet.

Loan covenants

Amounts in NOK million	**2023**	2022
Equity ratios 31 December		
Total equity	**793.4**	599.3
Total assets	**1 496.4**	1 220.8
Equity ratio	**53%**	49%

Amounts in NOK million	**2023**	2022
NIBD ratios 31 December		
Interest bearing borrowings	**211.5**	337.4
Lease liabilities	**54.7**	35.8
Cash and cash equivalents	**(60.7)**	(41.7)
NIBD	**205.5**	331.5
EBITDA	**391.8**	235.3
NIBD to EBITDA ratio	**0.52**	1.41

Under the terms of the major borrowing facilities, the group is required to comply with the following financial covenants:

- **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.

The group has complied with these covenants throughout the reporting period and as per year-end 2023 and 2022.

Dividend policy

NORBIT's dividend policy objective is to provide shareholders with a long-term competitive return through an increase in the share price and payment of dividends. The dividend policy is to pay out annual ordinary dividends between 30 and 50 per cent of the company's net profit after tax, with the intention to pay out potential excess capital as extraordinary dividends. When proposing the total dividend payment, the board of directors will take into account the company's financial position, investment plans, any restrictions by law, as well as the needed financial flexibility to provide for sustainable growth. To that end, the company has set long-term financial targets relating to its capital structure to have a NIBD/EBITDA ratio between 1.0 –2.5x.

The board of directors has proposed that NOK 2.55 per share is paid as dividend for the financial year 2023, or NOK 152.9 million, representing 82 per cent of net profit after tax. This consists of an ordinary dividend of NOK 1.55 per share and an extraordinary dividend of NOK 1.00 per share.

In 2023, NORBIT paid NOK 0.70 per share in dividends to the shareholders (NOK 41.2 million) for the financial year 2022, representing 36.1 per cent of net profit after tax.

NOTE 22 Business combinations

Ping Digital Signal Processing Inc

In October 2023, NORBIT acquired 100 per cent of the shares in Ping Digital Signal Procesing Inc, a Canadian maritime technology company. The company's principal business activity is sales, research and development of leading edge sonar technology for mapping, imaging and exploring the underwater environment. The total consideration was NOK 39.5 million paid through a combination of NOK 29.1 million in cash and NOK 10.4 million in issuance of consideration shares. 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 26.6 million. The company is reported under segment Oceans.

Purchase price:

Amounts in NOK million	
Considerations shares	10.4
Cash consideration	29.1
Total	39.5
Recognised amount of identifiable assets and acquired liabilities assumed [1]	
Property, plant and equipment	0.1
Technology	4.6
Trademark	3.6
Inventories	3.5
Trade receivables	2.0
Other receivables	0.6
Cash and cash equivalents	2.8
Deferred tax liability	(2.2)
Trade payables	(0.4)
Other current liabilites	(1.7)
Total identifiable net assets	12.9
Goodwill	26.6
Cash and cash equivalents in acquired business	2.8
Total cash outflow from acquisition of business	26.2

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

Seahorse Geomatics Inc

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.

Purchase price:

Amounts in NOK million	
Considerations shares	10.4
Cash consideration	8.7
Sellers credit	7.1
Total	**26.2**
Recognised amount of identifiable assets and acquired liabilities assumed [1)]	
Property, plant and equipment	1.5
Technology	5.5
Customer relationships	12.4
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**

1) 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 industrialise custom IoT ready devices for various areas of application across a number of industry segments. The devices are designed, developed, and industrialised based on proprietary modules. CPS also provides firmware licenses and services to customers. The total consideration was NOK 12.6 million paid through a combination of NOK 3.6 million in cash and NOK 9.0 million in issuance of consideration share. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from 1 January 2023 and the preliminary analysis gave rise to NOK 14.7 million in fair value adjustments relating to customer relationships and technology. The company is reported under segment Connectivity.

Purchase price:

Amounts in NOK million	
Considerations shares	9.0
Cash consideration	3.6
Total	**12.6**
Recognised amount of identifiable assets and acquired liabilities assumed [1)]	
Technology	4.8
Customer relationships	11.4
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**

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

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 was 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.

Purchase price:

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

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.

Purchase price:

Amounts in NOK million	
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**

NOTE 23 Equity-accounted investees

Equity-accounted investees include associated companies of NORBIT and are defined as related parties. See note 25 for overview of transactions and balances with associated companies.

Interests in associates
Set out below are the associates of the group as per 31 December 2022. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the parent company. The proportion of ownership interest is the same as the proportion of voting rights held.

		Ownership		Carrying amount	
Amounts in NOK million		**2023**	2022	**2023**	2022
Associated company	**Head office**				
Kvikna Consulting Ehf.	Reykavik	**33%**	33%	**0.7**	0.7
Total				**0.7**	0.7

Kvikna Consulting Ehf
Based in Reykjavik, Iceland, Kvikna Consulting Ehf. is a software company providing services to all of NORBIT's operating segments. NORBIT ASA owns 33.33 per cent of the shares in the company.

Share of profits from associates

Amounts in NOK million	**2023**	2022
Kvikna Consulting Ehf.	**0.0**	(0.2)
Share of profit from associates	**0.0**	(0.2)

NOTE 24 Share capital and shareholder information

Share capital and share premium
The share capital in NORBIT ASA as per 31 December 2023 consists of one share class with a total of 60 017 415 shares with a face value of NOK 0.10 with a total share capital of NOK 6 001 74.50

Number of shares	**2023**	2022
Ordinary shares		
Fully paid	**60 017 415**	58 901 139
Total number of shares	**60 017 415**	58 901 139

Movements in ordinary shares

Amounts in NOK million	Number of shares	Par value	Share premium	**Total**
Balance 1 January 2022	58 459 302	5.8	**308.8**	**314.6**
Ordinary issue	441 837	0.0	**11.2**	**33.5**
Balance 31 December 2022	58 901 139	5.9	**319.9**	**325.8**
Ordinary issue	1 116 276	0.1	**47.8**	**47.9**
Balance 31 December 2023	60 017 415	6.0	**367.7**	**373.7**

In 2023 and based on the authorisations granted at the Annual General Meeting in May 2023 and 2022, board of directors resolved to increase the company's share capital in connection with the following events, each with a par value of NOK 0.10:

- The acquisitions of CPS AS, Seahorse Geomatics Inc and Ping Digital Signal Processing Inc., through the issuance of a total of 760 397 consideration shares to the sellers
- The incentive share purchase programmes to employees through the issuance of 263 572 new shares
- The exercise of restricted stock units by the executive management through the issuance of 92 307 new shares

Treasury shares
At the Annual General Meeting in 2023, the board of directors was granted the authorisation to acquire treasury shares by up to 10 per cent of the share capital on behalf of the company.

In connection with incentive programmes, NORBIT ASA purchased 26 728 shares from primary insiders to cover tax liabilities. At 31 December 2023, the company held 43 560 treasury shares.

Number of shares	**2023**	2022
Treasury shares		
Balance at 1 January	**16 832**	0
Own shares purchased	**26 728**	16 832
Balance at 31 December	**43 560**	16 832

RETAINED EARNINGS

Movements in retained earnings were as follows:

Amounts in NOK million	**2023**	2022
Balance at 1 January	**273.5**	183.3
Net profit for the period	**185.3**	106.7
Other comprehensive income	**4.0**	1.5
Treasury shares	**(1.4)**	(0.5)
Dividends	**(41.6)**	(17.5)
Balance at 31 December	**419.7**	**273.5**

The shareholders in NORBIT ASA were as follows at 31 December 2023:

Shareholder	Shares	Pecentage
VHF INVEST AS	7 686 495	12.8%
Petors AS (100% owned by CEO Per Jørgen Weisethaunet)	7 022 868	11.7%
Reitan Kapital AS	5 829 083	9.7%
Draupnir Invest AS	5 102 949	8.5%
The Bank of New York Mellon SA/NV	3 227 909	5.4%
Esmar AS	3 162 286	5.3%
Eidco AS	3 062 286	5.1%
J.P. Morgan SE	2 953 946	4.9%
Danske Invest Norge Vekst	971 400	1.6%
Danske Bank A/S (of which 819 370 shares controlled by BUD Peter K. Eriksen)	825 129	1.4%
J.P. Morgan SE	820 392	1.4%
Avanza Bank AB	791 207	1.3%
The Bank of New York Mellon SA/NV	776 645	1.3%
Clearstream Banking S.A.	758 863	1.3%
Usegi AS (100% owned by CTO Arild Søraunet)	721 989	1.2%
Sonstad AS	679 000	1.1%
Carnegie Investment Bank AB	647 541	1.1%
J.P. Morgan SE	605 154	1.0%
Citibank	561 397	0.9%
Nordnet Bank AB	535 400	0.9%
Total 20 largest	**46 741 939**	**77.9%**
Other	13 275 476	22.1%
Total outstanding shares	**60 017 415**	**100.00%**

NOTE 25 Related parties

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions with related parties in NORBIT have been based on arm's length basis.

Transactions with management and board directors
During 2023, the group purchased legal services of NOK 1.7 million from Prétor Advokat AS, in which Director Tom Solberg is one of the partners.

Nesta Eiendom AS, a company owned 50 per cent by Petors Estate AS, has entered into an agreement with NORBIT EMS AS, whereby NORBIT EMS AS leases storage facilities from Nesta Eiendom AS. The consideration paid was NOK 0.1 million in 2023. Petors Estate AS is owned 100 per cent by Petors AS, which again is 100 per cent owned by CEO Per Jørgen Weisethaunet.

There were no other related party transactions between the company and the parties in the management or the board in 2023 or 2022.

Transactions with associates
Below summarises the transactions and balance sheet items with associates.

Amounts in NOK million	**2023**	2022
Trade receivables	**0.0**	0.9
Trade payables	**0.3**	0.6
Revenues	**0.0**	4.5
Operating expenses	**4.3**	4.6

NOTE 26 Share-based arrangements

Share incentive programmes to employees
At the general meeting held 4 May 2023, the board of directors was granted an authorisation to increase NORBIT ASA's share capital by up to 2.0 per cent of the share capital to be used to issue share to the group's employees in connection with incentive programmes. The authorisation is valid until the annual general meeting to be held 6 May 2024.

In July 2023, the board of directors approved and implemented an incentive share purchase programmes for all eligible employees in NORBIT for the fiscal year 2023, which also included the executive management team, but not the board of directors.

The programme was a share matching programmes, where eligible 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. Shares are subject to a lock-up. The offer price was set to NOK 56.49, corresponding to the five-day average volume weighted price of NORBIT ASA's share prior to 26 June. Financing was provided for the participants for up to NOK 25 000 per employee.

In connection with the programme, the board of directors resolved to issue new 142 727 new shares. In addition, the board of directors awarded shares to eligible employees who participated in the share matching programme in 2021. A total of 120 845 shares were issued at par value as a result of the award.

Share-based remuneration to corporate management
In accordance with the authorisation granted at the company's annual general meeting, the board of directors has implemented a share-based incentive programmes for corporate management consisting of the award and issuance of restricted stock units ('RSU'). One RSU granted gives a contingent entitlement to one NORBIT ASA share free of charge. The number of RSUs awarded are based on a set of predetermined and measurable performance criteria in the accruing year and the group's achievements of certain quantitative and qualitative goals. Each RSU granted is restricted and follows a vesting schedule. The RSUs granted will vest over a period of three years following the accrual year, where 1/3 of the RSUs will vest immediately after the first general meeting following the accruing year, 1/3 is released the year after, and the final 1/3 released 12 months after that. The fair value of the RSU entitlements is established when they are awarded and charged to profit and loss over the vesting period.
As of December 31, 2023, there were 131 197 restricted stock units ('RSUs') outstanding. The RSUs will vest in the second quarter of 2024 and 2025. In 2023, NOK 12.6 million was charged to the profit and loss through a combination of paid and accrued compensation.

Movements of of the number of RSUs outstanding

Number of RSUs	**2023**	2022
1 January	**106 840**	0
Granted during the yer	**116 664**	183 395
Released during the year	**(92 307)**	(61 129)
Cancelled	**0**	(15 426)
Adjustments	**0**	0
Total	**131 197**	106 840

Outstanding RSUs in the executive management team *Number of RSUs*	Outstanding per 1 January	Granted	Released	Cancelled	Adjustments	Outstanding per 31 December
Per Jørgen Weisethaunet (Group CEO)	26 713	28 535	(22 868)	0	0	32 380
Per Kristian Reppe (Group CFO)	18 106	20 838	(15 999)	0	0	22 945
Peter K. Eriksen (BUD Oceans)	28 226	31 982	(24 774)	0	0	35 435
Stein M. Beyer (Group COO)	18 455	18 768	(15 484)	0	0	21 739
Julie Dahl Benum (Director of strategy and ESG)	0	0	0	0	0	0
Arild Søraunet (Group CTO)	15 340	16 541	(13 183)	0	0	18 698
Total	106 840	116 664	(92 307)	-	-	131 197

NOTE 27 Remuneration to the board of directors and executive management

Remuneration to the board of directors
Compensation to the members of the board of directors is set out below, referring to the actual expenses paid in the year.

The board's remuneration is determined by the general meeting after receiving proposal from the nomination committee. The remuneration comprises of a fixed payment for board membership and work in sub-committees. In addition, the board members are compensated for travel expenses. NORBIT is responsible for payment of social security taxes, as well as costs for directors' and officer's liability insurance.

The remuneration to the board members is not performance-related nor include share option elements. The board does not participate in incentive programmes available to employees in the group or any other share-based incentive schemes.

For further information, refer to NORBIT's Remuneration Report to be published to the general meeting 6 May 2024.

Board of directors compensation 2023

Amounts in NOK thousand	**2023**	2022
Finn Haugan - chair	**545**	540
Bente Avnung Landsnes - deputy chair	**395**	375
Trond Tuvstein - director	**250**	250
Magnus Reitan - direcetor	**195**	0
Christina Hallin - director	**175**	0
Tom Solberg - deputy director / former director	**92**	190
Marit Collin - former director	**0**	190

Remuneration to the members of the executive management team
Compensation to the executive management team consists of a fixed salary, variable pay, pension benefits and non-financial benefits. In accordance with the guidelines, a ceiling has been set for variable pay and performance bonus remuneration.

No member of the executive management team receive remuneration for directorships in the group entities. The executive management team has no special pension and insurance plans. There are no performance-based pension plans. No loans, pre-payments or other forms of credit issued to any members of the executive personnel other than financing available through the incentive programmes open for all eligible employees in the group.

Compensation to the executive management team for 2023 and 2022 is set out below. For further information, refer to NORBIT's Remuneration Report to be published to the general meeting 6 May 2024, in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16b and related regulations. The report will also include information related to derogation and deviation to the guidelines as approved by the general meeting 6 May 2023, if any.

		Fixed salary paid			Variable pay		
Amounts in NOK million	Year	Salary [1]	Pension benefits	Other benefits	Performance-based bonus [2]	Other bonus [3]	**Total**
Per Jørgen Weisethaunet	2023	3.3	0.1	0.0	1.6	0.0	**5.0**
Group CEO and business unit director Connectivity	2022	3.1	0.1	0.0	1.3	0.0	**4.5**
Per Kristian Reppe	2023	2.5	0.1	0.1	1.1	0.5	**4.4**
Group CFO	2022	2.3	0.1	0.0	0.9	0.0	**3.3**
Arild Søraunet	2023	1.8	0.1	0.0	0.9	0.0	**2.9**
Group CTO	2022	1.8	0.1	0.0	0.8	0.0	**2.7**
Peter Koldgaard Eriksen	2023	3.9	0.1	0.0	1.4	0.6	**6.0**
Business unit director Oceans [4]	2022	3.4	0.1	0.1	1.4	0.0	**5.1**
Julie Dahl Benum	2023	1.4	0.1	0.0	0.0	0.0	**1.5**
Director of strategy and ESG	2022	0.0	0.0	0.0	0.0	0.0	**0.0**
Stein Martin Beyer	2023	2.1	0.1	0.1	1.1	0.0	**3.4**
Group COO	2022	2.0	0.1	0.1	0.9	0.0	**3.1**
Peter Tschulik	2023	0.0	0.0	1.9	0.0	0.0	**1.9**
Former business unit director Connectivity [5]	2022	1.8	0.0	0.0	0.2	0.0	**2.0**

1) Salaries as expensed, excluding social security taxes.
2) Variable performance-based cash and equity bonus during the year under the incentive programme to executive management, excluding social security expenses and as expensed.
3) Other cash bonus in the year outside the incentive programme to executive management, excluding social security expenses.
4) Remuneration in USD, translated to NOK.
5) 2022 renumeration from 1.1-30.11. Remuneration in EUR, translated to NOK. 2023 renumeration is severance payment from 1.1.-30.11.

Directors' and executive management's shareholding
The following number of shares is owned by the directors and the members of the executive management and their related parties as of 31 December 2023. In connection with incentive programme for all employees in NORBIT, certain members of the corporate management team participated in the programme, whereas part of these shares acquired are subject to a lock-up of 24-months.

Name	Shares subject to lock-up	Shares not subject to lock-up	Total shares at year-end	Percentage
Board of directors				
Finn Haugan (direct and through MIFI AS)	-	93 998	93 998	0.16%
Bente Avnung Landsnes	-	69 473	69 473	0.12%
Trond Tuvstein (through TTU Invest AS)	-	32 894	32 894	0.05%
Magnus Reitan (through Reitan Kapital AS)	-	5 829 083	5 829 083	9.71%
Christina Hallin	-	-	-	0.00%
Tom Solberg (through Mariteam AS) - deputy director	-	46 052	46 052	0.08%
Total shares held by Board of Directors	-	6 071 500	6 071 500	10.12%
Executive Management				
Per Jørgen Weisethaunet (through Petors AS)	-	7 031 239	7 031 239	11.72%
Per Kristian Reppe	20 885	45 816	66 701	0.11%
Peter K. Eriksen (through Danske Bank A/S)	26 157	793 213	819 370	1.37%
Stein M. Beyer	8 956	307 502	316 458	0.53%
Arild Søraunet (ownership through Usegi AS)	-	739 448	739 448	1.23%
Julie Dahl Benum	1 150	-	1 150	0.00%
Total shares held by Executive Management	57 148	8 917 218	8 974 366	14.95%

NOTE 28 Contingencies and claims

The group was not involved in any material contingencies or legal claims at 31 December 2023 or 31 December 2022.

NOTE 29 Government grants

The group received government grants of a total of NOK 8.3 million in 2023 (NOK 14.1 million in 2022).

NOTE 30 Events after the balance sheet date

There were no subsequent events after year-end 2023.

STATEMENT OF INCOME – NORBIT ASA

Amounts in NOK million	*Note*	**2023**	2022
Revenue	*3*	**29.2**	31.0
Employee benefit expenses	*4*	**57.2**	38.7
Depreciation and amortisation expenses	*5*	**1.3**	1.1
Other operating expenses	*6*	**24.2**	30.7
Operating profit		**(53.5)**	(39.5)
Financial income	*7*	**332.0**	168.4
Financial expenses	*7*	**21.8**	7.8
Net financial items		**310.2**	160.6
Profit before tax		**256.7**	121.2
Income tax expense	*8*	**54.9**	28.4
Profit for the period		**201.8**	92.8
Allocated to:			
Dividends	*9*	**152.9**	41.2
Transferred to/from other equity	*9*	**48.9**	51.6
Total allocation		**201.8**	92.8

STATEMENT OF FINANCIAL POSITION – NORBIT ASA

Amounts in NOK million	*Note*	**31.12.2023**	31.12.2022
ASSETS			
Office equipment	*5*	**3.3**	2.3
Intangible assets	*5*	**1.2**	0.8
Deferred tax asset	*8*	**0.2**	0.1
Investments in associated companies	*10*	**0.0**	0.0
Investments in subsidiaries	*10*	**327.5**	272.8
Loan to group companies	*10*	**194.0**	158.8
Investment in shares		**5.8**	0.5
Total non-current assets		**532.1**	435.4
Trade receivables		**0.1**	2.3
Receivables on group companies	*10*	**476.9**	428.0
Other receivables		**3.4**	2.4
Cash and cash equivalents	*11*	**1.4**	1.1
Total current assets		**481.7**	433.8
Total assets		**1 013.8**	869.2

Amounts in NOK million	*Note*	**31.12.2023**	31.12.2022
LIABILITIES			
Trade payables		**3.3**	2.2
Interest-bearing borrowings	*12*	**37.1**	140.6
Tax payable	*8*	**56.4**	12.0
Other current liabilities		**190.0**	92.6
Total current liabilities		**269.7**	247.5
Other borrowings		**0.0**	2.6
Interest-bearing borrowings	*12*	**102.9**	90.0
Total non-current liabilities		**120.0**	92.6
Total liabilities		**389.7**	340.1
EQUITY			
Share capital	*9*	**6.0**	5.9
Share premium	*9*	**367.7**	319.9
Other equity	*9*	**250.4**	203.3
Total equity		**624.1**	529.1
Total equity and liabilities		**1 013.8**	869.2

Trondheim, Norway, 8 April 2024
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

STATEMENT OF CASH FLOWS – NORBIT ASA

Amounts in NOK million	*Note*	**2023**	2022
Cash flow from operations			
Profit before income taxes		**256.7**	121.2
Taxes paid in the period		**(10.4)**	(8.4)
Depreciation and amortisation expenses	*5*	**1.3**	1.1
Changes in other operating assets and liabilities		**(4.4)**	46.2
Net cash generated by operating activities		**243.1**	160.2
Cash flow from investments			
Payments for office equipment and intangible assets	*5*	**(2.6)**	(1.1)
Purchase of shares and investments in other group companies		**(29.3)**	(25.6)
Payment of group receivables (long/short term)		**(35.2)**	(67.7)
Net cash (used in)/generated by investing activities		**(67.1)**	(94.4)
Cash flow from financing			
Payment for share buy-back costs		**(1.4)**	(0.5)
Proceeds from issue of equity instruments of the company	*9*	**8.1**	9.6
Net change in overdraft facility	*12*	**(120.6)**	54.0
Repayment of borrowings		**(90.0)**	0.0
Proceeds from borrowings	*12*	**120.0**	30.0
Payment to group companies	*10*	**(50.1)**	(141.2)
Dividends paid	*9*	**(41.6)**	(17.5)
Net cash (used in)/generated by financing activities		**(175.7)**	(65.6)
Net change in cash and cash equivalents		**0.3**	0.1
Net increase in cash and cash equivalents		**0.3**	0.1
Cash and cash equivalents at the beginning of the period		**1.1**	1.0
Cash and cash equivalents at the end of the period	*11*	**1.4**	1.1

NOTES TO THE FINANCIAL STATEMENTS – NORBIT ASA

NOTE 01 Company information

NORBIT ASA is the parent company of the NORBIT group of companies. NORBIT ASA is domiciled in Norway with headquarter at Stiklestadveien 1, Trondheim. NORBIT ASA is listed on the Oslo Stock Exchange with ticker “NORBT”.

NOTE 02 Accounting policies

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway. The financial statement is presented in NOK which is the functional currency of the parent company. Financial information presented in NOK has been rounded to the nearest million with one decimal, except when otherwise stated.

USE OF ESTIMATES

The preparation of financial statements in compliance with the generally accepted accounting practices requires management to make estimates and assumptions that affect the reported amount in the profit and loss statement, the measurement of assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date. Actual results may differ from estimates.

SHARES IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Subsidiaries

Subsidiaries are all entities over which the parent company has control. The parent company controls an entity when the parent company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in associates

Associates are all entities over which the parent company has significant influence, but which is not a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control or joint control of these policies. This is generally the case where the parent company holds between 20 and 50 per cent of the voting rights.

Accounting principles

The cost method is used as a principle for investments in subsidiaries and associated companies. Investments are valued at acquisition cost for the shares unless a write-down has been necessary. Investments are written down to market value if the decline is viewed as not transitory in nature and when deemed necessary. Write-downs are reversed if the basis for the write-down is no longer present. The cost price is increased when funds are raised through capital increase or when group contributions are made to subsidiaries. Dividends received are initially recognised as income. Dividends and group contributions from subsidiaries are recognised in the same year as the subsidiary allocates the amount.

REVENUE RECOGNITION

Income arising from royalties and management services provided to subsidiaries is recognised if all the following conditions are satisfied:

- A service has been transferred to a subsidiary based on a contract or a service level agreement
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The amount of revenue can be measured reliably

Revenue is valued at the fair value of the consideration, net after deduction of value added tax, returns, discounts and other discounts.

CLASSIFICATION OF BALANCE SHEET ITEMS

Current assets and short-term liabilities include items that are due within one year after time of acquisition. The remaining items are classified as non-current assets or long-term liabilities. Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are recorded in the balance sheet at face value at the time of transaction.

Non-current assets are recorded at acquisition cost and depreciated on a straight-line basis over the expected economic lifetime. Upon a change in value not deemed to be temporary, the affected fixed asset is written down to market value. Long-term liabilities are recorded in the balance sheet at face value at the date they are assumed.

TANGIBLE ASSETS

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost of tangible assets include fees, taxes and other direct purchase expenses necessary to prepare the fixed asset for operation. Maintenance of fixed assets is expensed under operating costs on an ongoing basis. Costs and improvements are added to the cost of the asset and depreciated in line with the asset. The difference between maintenance and cost / improvement is calculated in relation to the condition of the asset at the time of acquisition.

Depreciations are charged to the income statement using the straight-line method over estimated utilised lifetime.

When an indication that the carrying amount of a fixed asset is higher than its fair value occurs, an impairment test is performed. If the carrying amount is higher than both the sales value and the recoverable amount, a write-down is made to the higher of the sales value and the recoverable amount. Previous write-downs, with the exception of the write-down of goodwill, are reversed if the conditions for the write-down no longer exist.

RECEIVABLES

Receivables are recognised in the balance sheet at face value after deduction for provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the receivables. Other receivables, both current and non-current receivables, are recognised at the lower of par value and fair value.

FOREIGN CURRENCY

Foreign-currency-denominated monetary items are valued at the year-end exchange rate, and currency translation effects are presented as part of net financial items. Foreign currency transactions are recorded at the exchange rate on the transaction date.

PENSIONS

Commitments to contribute pension arrangements to employees are charged to the income statement when they occur.

TAXES

The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated on the basis of the temporary differences that exist between accounting and tax values, as well as any tax loss carryforwards at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are offset. The recognition of deferred tax assets on net tax-reducing differences that are not offset and loss carryforwards is justified on the basis of expected future earnings. Deferred tax and tax assets that can be recognised in the balance sheet are entered net in the balance sheet. Tax reduction on group contribution provided, and tax on received group contribution, which is recognised as a reduction of the capitalised amount on investment in subsidiaries, is recognised directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an impact on deferred tax). tax). Deferred tax is recognised at nominal amount.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits, and other short-term liquid placements.

NOTE 03 Revenues

All revenue relates to license fees, office rent and management services to Norwegian group companies.

NOTE 04 Payroll expenses, number of employees and benefits

Amounts in NOK million	**2023**	2022
Salaries/wages	**44.7**	31.9
Payroll tax	**7.4**	4.6
Pension expenses	**1.6**	1.2
Other remuneration	**3.4**	1.0
Total employee benefit expenses	**57.2**	38.7
The number of FTEs in the financial year has been	**28**	22

Remuneration to executives

	2023		2022	
Amounts in NOK million	**CEO**	**Board**	CEO	Board
Salaries	**3.3**	**-**	3.1	-
Share-based payments and bonuses	**1.6**	**-**	1.3	-
Board fees	**-**	**1.7**	-	1.5
Pension expenses	**0.1**	**-**	0.1	-
Other remuneration	**0.0**	**-**	0.0	-
Total	**5.0**	**1.7**	4.5	1.5

The parent company has pension plans secured through collective agreements in life insurance companies. NORBIT ASA is subject to the Norwegian Act on Occupational Pensions, and the parent company meets the requirement of this legislations through its defined contribution plans. The defined contribution plan means that the parent company has not incurred any future obligation. After the annual grant is paid NORBIT ASA has fulfilled its obligation in accordance with the arrangement.

NOTE 05 Tangible and intangible assets

Amounts in NOK million	Patents	Office equipment	Buildings	**Total**
Purchase cost per 1 January	0.8	5.8	0.4	**7.1**
Additions	0.3	1.7	0.6	**2.6**
Purchase cost per 31 December	1.2	7.6	1.0	**9.7**
Accumulated depreciation per 31 December	0.0	4.8	0.4	**5.3**
Net book value per 31 December	1.2	2.7	0.5	**4.5**
Depreciation in the year		1.1	0.2	**1.3**
Estimated useful life	Indefinite	3-5 years	3-5 years	
Depreciation plan	N/A	Linear	Linear	

NOTE 06 Other operating expenses

Amounts in NOK million	**2023**	2022
Office premises	**4.1**	9.9
External services	**14.2**	16.7
Audit fees	**0.7**	0.5
Marketing	**0.9**	0.6
Other operating expenses	**4.3**	2.9
Total other operating expenses	**24.2**	30.7

Expensed audit fee

Amounts in NOK million	**2023**	2022
Audit fee	**0.6**	0.5
Tax advisory fee	**0.0**	0.0
Non-audit services	**0.1**	0.0
Total audit fees	**0.7**	0.5

NOTE 07 Financial income and financial expenses

Amounts in NOK million	**2023**	2022
Financial income - investment in subsidiaries	**311.2**	158.6
Interest income from group companies	**10.5**	6.2
Other interest income	**10.2**	3.6
Other financial income	**0.1**	0.0
Total financial income	**332.0**	168.4
Other interest expenses	**(9.8)**	(4.4)
Other financial expenses	**(12.0)**	(3.4)
Total financial expenses	**(21.8)**	(7.8)
Total net financial items	**310.2**	160.6

NOTE 08 Taxes

Calculation of deferred tax/deferred tax benefit

Amounts in NOK million	**2023**	2022
Temporary differences		
Tangible	**(1.0)**	(0.5)
Net temporary differences	**(1.0)**	(0.5)
Basis for deferred tax	**(1.0)**	(0.5)
Deferred tax asset (22%)	**(0.2)**	(0.1)
Basis for income tax expense, changes in deferred tax and tax payable		
Profit/(loss) before taxes	**256.7**	121.2
Permanent differences	**0.3**	7.9
Basis for the tax expense for the year	**257.1**	129.1
Change in temporary differences	**0.3**	0.1
Basis for payable taxes in the income statement	**257.4**	129.2
+/- Group contributions received/given	**(1.2)**	(74.4)
Taxable income (basis for payable taxes in the balance sheet)	**256.2**	54.8
Components of the income tax expense		
Payable tax on this year's profit/(loss)	**56.6**	28.4
Adjustment in respect of prior years	**(1.7)**	0.0
Total payable tax	**55.0**	28.4
Change in deferred tax	**(0.1)**	(0.0)
Tax expense	**54.9**	28.4
Payable tax in the tax charge	**56.6**	28.4
Tax effect of group contribution	**(0.3)**	(16.4)
Payable tax in the balance sheet	**56.4**	12.0
Reconciliation of the tax expense		
Tax expense based on current year tax rate	**56.5**	26.7
Tax effect of permanent differences	**0.1**	1.7
Other differences	**(1.7)**	0.0
Tax expense	**54.9**	28.4

NOTE 09 Equity

Change in equity for the year

Amounts in NOK million	Share capital	Share premium	Other equity	**Total**
Equity at 1 January	5.9	319.9	203.3	**529.1**
Ordinary share issue	0.1	47.8	0.0	**47.9**
Repurchase of shares	(0.0)	0.0	(1.4)	**(1.4)**
Profit for the year	0.0	0.0	201.8	**201.8**
Dividends	0.0	0.0	(152.9)	**(152.9)**
Other items	0.0	0.0	(0.4)	**(0.4)**
Equity at 31 December	6.0	367.7	250.4	**624.1**

The parent company's share capital consists of 60 017 415 shares with a par value of NOK 0.10. The board of directors has proposed that NOK 2.55 per share is paid as dividend for the financial year 2023 (NOK 152.9 million).

As per the same date, NORBIT ASA held 43 560 own shares. As of December 31, 2023, there were 131 197 restricted stock units ('RSUs') outstanding. Half will vest in the second quarter of 2024, while the remaining half will vest in second quarter 2025. In 2023 and based on the authorisations granted at the Annual General Meeting in May 2023 and 2022, board of directors resolved to increase the company's share capital in connection with the following events, each with a par value of NOK 0.10:

- The acquisitions of CPS AS, Seahorse Geomatics Inc and Ping Digital Signal Processing Inc., through the issuance of a total of 760 397 consideration shares to the sellers
- The incentive share purchase programmes to employees through the issuance of 263 572 new shares
- The exercise of restricted stock units by the executive management through the issuance of 92 307 new shares

NOTE 10 Investments in subsidiaries and associated companies

Value in NOK thousand	Business office	Ownership/ voting right	Equity (100%)	Profit/(loss) (100%)	**Book value**
Subsidiary					
NORBIT Subsea AS	Trondheim	100.00%	119.5	126.9	**94.5**
NORBIT ITS AS	Trondheim	100.00%	65.0	21.5	**81.3**
NORBIT EMS AS	Selbu/Røros	100.00%	82.3	88.4	**67.8**
NORBIT ODM AS	Trondheim	100.00%	13.4	1.8	**9.3**
Fenrits AS	Trondheim	100.00%	0.9	0.0	**1.4**
NORBIT NV AS	Trondheim	100.00%	0.3	0.0	**0.6**
NORBIT Kabelpartner AS	Trondheim	100.00%	5.3	7.8	**3.5**
Aursund Maskinering AS	Trondheim	100.00%	6.7	1.2	**9.3**
NORBIT GmbH	Vienna	100.00%	0.6	0.5	**0.5**
NORBIT s.r.l	Lanciano	100.00%	5.7	5.8	**0.1**
NORBIT Hungary Kft.	Budapest	100.00%	(1.8)	1.4	**0.1**
NORBIT Sweden AB	Gothenburg	100.00%	0.0	0.0	**0.1**
NORBIT Singapore Ltd.	Singapore	100.00%	0.9	0.3	**0.1**
NORBIT Poland Sp. z.o.o.	Gdansk/Sopot	100.00%	2.5	0.1	**0.0**
NORBIT US Ltd.	Santa Barbara	100.00%	5.2	(3.7)	**0.0**
NORBIT China Co., Ltd	Shanghai	100.00%	0.3	0.1	**0.2**
Norbit Ltd.	Aberdeen	100.00%	3.9	0.8	**6.4**
NORBIT Holding Kft	Budapest	100.00%	(3.4)	18.5	**0.1**
NORBIT Czech Republic s.r.o	Brno	100.00%	0.0	0.0	**0.0**
NORBIT Denmark ApS	Copenhagen	100.00%	0.6	0.3	**0.1**
Norbit Canada Inc	Vancouver	100.00%	(0.9)	(0.9)	**0.0**
Norbit Chile srl	Santiago	100.00%	(0.3)	(0.3)	**0.1**
Ping Digital Signal Processing Inc	Victoria	100.00%	8.0	1.3	**39.5**
Book value per 31 December					**327.5**

Value in NOK thousand	Business office	Ownership/ voting right	Equity (100%)	Profit/(loss) (100%)	**Book value**
Associated companies					
Kvikna Consulting Ehf.	Reykjavik	33.33%	0.7	0.0	**0.0**
Book value at 31 December					**0.0**

	Trade receivables		Other receivables	
Amounts in NOK million	**2023**	2022	**2023**	2022
Group companies	**0.1**	2.3	**476.9**	428.0
Sum	**0.1**	2.3	**476.9**	428.0

	Trade payables		Other short-term liabilities	
Amounts in NOK million	**2023**	2022	**2023**	2022
Group companies	**0.0**	0.0	**0.0**	0.0
Sum	**0.0**	0.0	**0.0**	0.0

	Non current receivables		Non current liabilities	
Amounts in NOK million	**2023**	2022	**2023**	2022
Group companies	**194.0**	158.8	**0.0**	0.0
Sum	**194.0**	158.8	**0.0**	0.0

NOTE 11 Restricted bank deposits

Restriced bank deposits

Amounts in NOK million	**2023**	2022
Bank deposits restricted to tax payments	**1.4**	1.1

NOTE 12 Receivables and liabilities

Receivables with maturity later than one year

Amounts in NOK million	**2023**	2022
Loans to companies in the same group	**194.0**	158.8
Sum	**194.0**	158.8
Interest-bearing borrowings		
Overdraft facility	**20.0**	140.6
Term loan	**120.0**	0.0
Revolving credit facility	**0.0**	90.0
Sum	**140.0**	230.6
Debt secured by mortgage		
Long-term debt	**102.9**	90.0
Short-term debt	**37.1**	140.6
Total	**140.0**	230.6
Book value of pledged assets		
Fixed assets	**2.7**	2.1
Receivables	**476.9**	430.3
Sum	**479.7**	432.4

The parent company has three loan facilities, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and a term loan. The facilities have a credit limit of NOK 200 million and NOK 350 million on the RCF, respectively. NOK 20.0 million was drawn on the overdraft facility as per 31 December 2023, while the RCF was undrawn. NOK 120.0 million was drawn 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. The maturity date for the term loan and RCF is June 2026 and February 2025, respectively. The overdraft facility is refinanced each year on a rolling basis.

NOTE 13 Forward contracts

NORBIT ASA has no forward exchange contracts or other financial instruments at the end of the financial year.

NOTE 14 Transactions with related parties

Related-party transactions:

Amounts in NOK million	**2023**	2022
Sales of goods and services		
Revenue from licenses, management fees and services to group companies	**29.2**	31.0

STATEMENT BY THE BOARD OF DIRECTORS AND CEO

WE CONFIRM, TO THE BEST OF OUR KNOWLEDGE, THAT

- The group financial statements for the period from 1 January to 31 December 2023 have been prepared in accordance with IFRS, as adopted by the EU
- The financial statements of NORBIT ASA for the period from 1 January to 31 December 2023 have been prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- The financial statements give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of operations
- The report of the board of directors provides a true and fair view of the development and performance of the business and the position of the group and the company, together with a description of the key risks and uncertainty factors that the group and the company is facing

Trondheim, Norway, 8 April 2024
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

To the General Meeting of NORBIT ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NORBIT ASA, which comprise:

- the financial statements of the parent company NORBIT ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of NORBIT ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2023, statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 15 years from the election by the general meeting of the shareholders on 22 September 2009 for the accounting year 2009 with a renewed election on 4 May 2023.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Intangible Assets and *Valuation of Inventory* have the same characteristics and risks as in the prior year, and therefore continues to be areas of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of intangible assets	
Intangible assets mainly consist of self-developed software and hardware used in own products. The value represents approximately 20% of the Group's total assets, with a book value of NOK 303.2 million on 31 December 2023. As management concluded that no impairment indicators were present at the balance sheet date, an impairment test was not performed, and no impairment was recognised in 2023. We focused on valuation of intangible assets, specifically management's assessment of impairment indicators, due to the significance of the amount, and because the assessment is based on estimates of future cash flows which depend on discretionary assumptions, such as projections for future income and costs and discount rate used. A more detailed description of the methodology management used to identify impairment indicators is described in note 4 and 14 to the consolidated financial statements.	We obtained and understood management's documented evaluation of whether impairment indicators related to the intangible assets were present. Management's assessment was performed by preparing an analysis of estimated cash flow from each group of intangible assets. We found that management's model was based on a recognised valuation methodology. We also assessed the logical structure and tested mathematical accuracy of the model without finding material deviations. We challenged management's use of assumptions for projections of future income and costs by comparing these against company's historic results and approved budgets. To assess the reliability of the budgets, we compared historical year-end results with previous years' budgets. To evaluate assumptions about future income and costs, we compared the budgets to historical income and considered whether the growth assumptions were reasonable. We found that the assumptions were aligned with historical results and in line with budgets, and that there was a reasonable alignment between the historical year-end results and respective budgets. The discount rates used were assessed against empirical data and expectations about the future return, relevant risk premium and gearing ratio. We found that the used discount rate was reasonable. We read the relevant notes and found the information and explanations provided consistent and sufficient.
Valuation of Inventory	
Inventory represents approximately 38% of the Group's total assets, with a book value of NOK 562.0 million on 31 December 2023. Inventory consists of raw materials, work in progress, and finished goods, and is valued at the lower of cost and net realisable value. A provision for obsolescence is made when the net realisable value is lower than the cost of the good. We focused on valuation of inventory due to the significance of the amount and because determination of both acquisition cost and	To test the acquisition cost of raw materials, we tested a sample of book values against underlying invoices. To test the acquisition cost of work in progress and finished goods, we considered the method used to compute the acquisition cost, including determination of direct and indirect production cost. Furthermore, we tested the input data in the calculations against incoming invoices and applied hourly rates. We noted no material errors.

obsolescence require application of management judgement. For a description of the inventory's composition and provision for obsolescence, refer to note 15 to the consolidated financial statements.	We also reviewed and evaluated management's method for identification and calculation of obsolescence. The method is partially based on experience and partially on models where inventory turnover is a key component. We challenged management by discussing the total size of the booked obsolescence with them. Through our presence at the inventory count, we tested whether damaged goods were identified, assessed, and valued. Furthermore, we tested the provision for obsolescence against a specification of identified obsolete goods including overviews of goods with a low turnover. We also performed an analysis of the level of obsolescence provision compared to previous years. Our work did not detect significant deviations. We read the relevant notes and found the information and explanations provided consistent and sufficient.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.
In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely

that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of NORBIT ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 254900C08RCMXVZYFY97-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Trondheim, 8 April 2024
PricewaterhouseCoopers AS

Marius Fevaag Larsen
State Authorised Public Accountant
(This document is signed electronically)

Revisjonsberetning Norbit ASA

Signers:

Name	*Method*	*Date*
Larsen, Marius Fevaag	BANKID_MOBILE	2024-04-08 17:44

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

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

NET WORKING CAPITAL
Net working capital is defined as the sum of inventories, trade receivables and other receivables and prepayments, less the sum of trade payables and other current liabilities, as reported in consolidated statement of financial position.

R&D INVESTMENTS
R&D investments is equal to payments for intangible assets, as reported n the consolidated statement of cash flows.

AVERAGE PRE-TAX RETURN ON CAPITAL EMPLOYED
Average pre-tax return on capital employed is defined as EBIT divided by average capital employed in the financial year. Capital employed is defined as the sum of total equity, plus interest-bearing borrowings and lease liabilities less cash and cash equivalents, as reported in the consolidated financial position.

APPENDIX

Turnover

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turnover (3) (million NOK)	Proportion of Turnover year N (4) (%)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		*million NOK*	*%*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL										
Manufacturing of electrical and electronic equipment	CE 1.2	*1047*	*69*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	*92*	*6*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing	CE 5.1	*1*	*0,1*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
Turnover of Taxonomy-eligible activities (A.1+A.2)		*1140*	*75,1*																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		*379*	*25*																
Total (A+B)		*1519*	100 %																

OpEx

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	OpEx (3) [million NOK]	Proportion of OpEx year N (4) [percentage]	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		*million NOK*	*%*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL ; N/EL	EL ; N/EL	EL ; N/EL	EL ; N/EL	EL ; N/EL	EL ; N/EL										
Manufacturing of electrical and electronic equipment	CE 1.2	*5,3*	*29*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	*1*	*6*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing	CE 5.1	*0*	*0*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
OpEx of Taxonomy-eligible activities (A.1+A.2)		*6,3*	*37*																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		*10,8*	*73*																
Total (A+B)		*17,1*	100 %																

CapEx

2023				Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3) (million NOK)	Proportion of CapEx year N (4) [percentage]	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversty (16)	Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year N-1 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
Text		*million NOK*	*%*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y ; N ; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)																			
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL	EL : N/EL										
Manufacturing of electrical and electronic equipment	CE 1.2	*107*	*77*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Provision of IT/OT data-driven solutions	CE 4.1	*15*	*11*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
Repair, refurbishment and remanufacturing	CE 5.1	*0*	*0*	N/EL	N/EL	N/EL	N/EL	EL	N/EL										
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																			
CapEx of Taxonomy-eligible activities (A.1+A.2)		*122*	*88*																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		*17*	*12*																
Total (A+B)		*139*	100 %																

NORBIT

- explore more -

NORBIT ASA

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