



NORBIT

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Q4 | 2019

NORBIT ASA

14 FEBRUARY 2020



HIGHLIGHTS FOR 2019

Numbers in parentheses refers to the corresponding period in the previous year.

FOURTH QUARTER

- Revenues for the fourth quarter of 2019, amounted to NOK 186.5 million (NOK 127.5 million), up 46 per cent from the fourth quarter of 2018
- EBITDA was NOK 40.2 million for the period (NOK 27.1 million), a significant improvement since the corresponding quarter in 2018, representing a margin of 22 per cent

FULL YEAR

- Revenues for the full year 2019 came in at NOK 668.2 million (NOK 438.4 million), an increase of 52 per cent compared to 2018, with significant growth contribution from all three segments
- EBITDA was NOK 149.7 million (NOK 74.8 million), up 100 per cent from 2018, representing a margin of 22 per cent
- In June 2019, NORBIT was listed on the Oslo Stock Exchange
- The Board of Directors of NORBIT proposes a dividend for 2019 of NOK 0.6 per share

RECENT EVENTS

- In January 2020, NORBIT announced an award from a major energy company for the delivery of a system for vessel traffic monitoring and early warning asset protection (SeaCOP eVTS)
- CFO of NORBIT has given notice that he will resign from his position

CONSOLIDATED KEY FIGURES¹

<i>Amounts in million NOK (except percentages and EPS)</i>	<u>Q4</u>		<u>Full year</u>	
	2019	2018	2019	2018
Revenues	186.5	127.5	668.2	438.4
EBITDA	40.2	27.1	149.7	74.8
<i>EBITDA margin</i>	22%	21%	22%	17%
Adjusted EBITDA	40.2	27.1	158.3	74.8
<i>Adjusted EBITDA margin (%)</i>	22%	21%	24%	17%
EBIT	27.8	18.6	102.9	38.0
Profit for the period	24.6	7.5	77.3	48.0
Earnings per share (EPS)	0.43	0.17	1.45	1.12

¹ Definitions included on page 10

FINANCIAL REVIEW

FINANCIAL RESULTS NORBIT ASA

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

Profit and loss

Revenues for the fourth quarter of 2019 amounted to NOK 186.5 million (NOK 127.5 million), representing a 46 per cent growth compared to the corresponding quarter in 2018. All three segments are contributing considerably to the growth this quarter. The revenues are also significantly higher than for the previous quarter. Invest

For the full year of 2019, the revenues came in at NOK 668.2 million (NOK 438.4 million). The segments Oceans and Intelligent Traffic Systems (ITS) are the main contributors to the growth for the year. Segment Oceans has delivered a steady growth of 31 per cent, while ITS has ramped up deliveries of new products on long-term contracts during the year. Also, the segment Product innovation & realization (PIR) has delivered a solid growth for the year with an 18 per cent increase in revenues.

See the segment results for further details.

Total operating expenses includes raw materials and change in inventories, employee benefit expenses, depreciation and amortization expenses and other operating expenses. The total operating expenses for NORBIT amounted to NOK 158.7 million for the quarter (NOK 108.9 million).

For the full year of 2019, operating expenses came in at NOK 565.3 million (NOK 400.3 million). This includes a reduction of the total expenses by a one-off bargain purchase gain of NOK 10.9 million from the acquisition of AblePay in the first quarter of 2019.

Employee benefit expenses amounted to NOK 41.2 million for the fourth quarter (NOK 34.3 million). The increase is mainly related to higher activity in the company's manufacturing facilities, as a result of higher volumes produced, and a larger organization.

For the twelve months of 2019, employee benefits expenses amounted to NOK 161.7 million (NOK 110.9 million), including one-off expenses of NOK 19.5 million related to settlement and termination of a synthetic option scheme and other employee benefits in the second quarter this year.

EBITDA amounted to NOK 40.2 million for the fourth quarter (NOK 27.1 million) and NOK 149.7 million for 2019 as a whole (NOK 74.8 million).

Adjusted EBITDA is EBITDA adjusted for items affecting comparability. As there were no items affecting comparability for the fourth quarter of 2019 or 2018, adjusted EBITDA were the same as EBITDA for the periods. For the full year of 2019, adjusted EBITDA amounted to NOK 158.3 million (NOK 74.8 million), representing a margin of 24 per cent (17 per cent). The items affecting comparability includes the one-off bargain purchase of NOK 10.9 million for the first quarter and one-off employee expenses for the second quarter mentioned above.

Net financial items came in at NOK 3.2 million for the quarter (NOK -7.4 million) and NOK -7.5 million for the full year (NOK 16.9 million). The net financial items for the year included one-off expenses related to the IPO of NOK 4.3 million for the second and third quarter this year and a financial income of NOK 30.3 million related to sale of shares in the associated company Kvikna ehf. for the second quarter 2018.

Tax expense for the quarter amounted to NOK 6.3 million (NOK 3.8 million). For the full year, the tax expense was NOK 18.2 million (NOK 7.0 million). The company does not have taxes payable due to losses carried forward from previous acquisitions.

Profit after tax was NOK 24.6 million for the quarter (NOK 7.5 million) and NOK 77.3 million for the year (NOK 48.0 million).

SEGMENTS

NORBIT ASA is organized in three operating segments; Oceans, Intelligent Traffic Systems (ITS) and Product, Innovation & Realization (PIR).

The Oceans segment delivers tailored technology solutions to the global maritime markets, the ITS segment offers tailored connectivity solutions based on short range communication technology to intelligent traffic systems, while the PIR segment enables in house multidisciplinary R&D and manufacturing.

Oceans

Oceans encompasses all NORBIT's knowledge and competence targeting the global maritime markets, including proprietary technology and solutions. The company offers ultra-compact sonars for a range of special applications including seabed mapping and hydrography. The company has further developed proprietary solutions and software for maritime and environmental monitoring. NORBIT is continuously working on expanding its offering in selected niches within the Oceans segment.

The segment has generally a low revenue visibility of 2-4 weeks, due to the short time from the company receives a customer order until delivery.

KEY FIGURES OCEANS

Amounts in NOK million	Q4		Full year	
	2019	2018	2019	2018
Revenues	80.7	56.0	249.0	189.9
EBITDA	19.6	20.9	64.1	54.0
EBITDA margin (%)	24%	37%	26%	28%
EBIT	17.1	17.4	50.6	38.9
EBIT margin (%)	21%	31%	20%	20%

Revenues for Oceans amounted to NOK 80.7 million for the fourth quarter of 2019 (NOK 56.0 million), which was all-time high quarterly revenues for the segment. Due to a relatively high average unit price, the segment experience quarterly fluctuations in revenues. In addition, revenues are normally somewhat lower for the first and third quarters of the year.

For the full year of 2019, Oceans delivered revenues of NOK 249.0 million (NOK 189.9 million), representing an increase of 31 per cent. The segment's growth is attributable to increased sale of sonar solutions, as well as other products. The segment has succeeded in introducing its products and solutions into new market segments.

Operating expenses, including employee expenses and other operating expenses, in the Oceans segment amounted to NOK 20.9 million for the quarter (NOK 16.8 million). For the full year, operating expenses came in at NOK 73.2 million (NOK 66.7 million), an increase of 10 per cent compared to a revenue growth of 31 per cent in the same period, demonstrating an effective sales model through the global indirect distribution network.

EBITDA for the Oceans segment amounted to NOK 19.6 million for the quarter (NOK 20.9 million), representing a margin of 24 per cent (37 per cent). In the fourth quarter of 2018, the EBITDA was positively affected by a correction of capitalized R&D expenses. The margin is normally mainly affected by the product mix sold in the quarter, which is expected to fluctuate between the quarters.

EBITDA was NOK 64.1 million for 2019 (NOK 54.0 million), representing a margin of 26 per cent (28 per cent).

Award from major energy company

After the end of the quarter, in January 2020, NORBIT announced that NORBIT Aptomar, part of segment Oceans, was in agreement with an undisclosed international partner within the energy market about delivery of a system for vessel traffic monitoring and early warning asset protection, called SeaCOP eVTS.

The award was strategically important, as it proves NORBIT's business model, both with regards to broadening the application area of existing products and solutions, as well as benefiting on the sales and distribution platform when entering new markets.

The SeaCOP eVTS system combines remote sensing technologies like radar, infrared cameras and sonars,

with state-of-the-art data fusion and artificial intelligence. The purpose is to give the user a situational awareness, information and tools to increase efficiency and reduce cost, at the same time ensuring the safety and integrity of people, the environment and marine assets.

Product development in Oceans

The Ocean segment has a continuous focus on expanding its product offering and tailoring its solutions to new sub-markets.

The above-mentioned award to Aptomar, is a result of the segment's continuous development of tailored technology to new application areas in selected niches.

In July 2019, NORBIT announced a contract award from an undisclosed partner in the maritime markets. The award was one of the company's first deliveries to the aquaculture sector and another result on how NORBIT works to capitalize on – and expand its domain knowledge in selected niches.

Intelligent Traffic Systems (ITS)

Intelligent Traffic Systems (ITS) is a leading provider of tailored connectivity solutions based on short range communication technology to intelligent traffic systems and truck applications.

KEY FIGURES ITS

Amounts in NOK million	Q4		Full year	
	2019	2018	2019	2018
Revenues	46.8	14.2	186.3	39.5
EBITDA	20.3	6.2	83.1	9.6
EBITDA margin (%)	43%	43%	45%	24%
EBIT	16.2	4.9	69.9	3.6
EBIT margin (%)	35%	35%	38%	9%

Revenues for ITS amounted to NOK 46.8 million for the fourth quarter of 2019 (NOK 14.2 million), explained by a significant step-up in deliveries of new products. Compared to the third quarter of 2019, the revenues are 24 per cent lower. As explained in the third quarter, the revenues for the third quarter was higher resulting from some deliveries being moved from the second to the third quarter.

Volume fluctuations between quarters on the long-term contracts are also expected going forward.

For the full year of 2019, ITS had revenues of NOK 186.3 million (NOK 39.5 million). The growth for the full year is driven by deliveries of new products on long-term contracts with large international companies, as well as an increase in demand for existing satellite tolling products.

Operating expenses in ITS amounted to NOK 10.5 million for the quarter (NOK 2.5 million). For the full year of 2019, operating expenses was NOK 38.1 million (NOK 15.0 million). The increase in operating expenses are mainly explained by higher activity in the segment

EBITDA for the fourth quarter for the ITS segment amounted to NOK 20.3 million (NOK 6.2 million), representing a margin of 43 per cent (43 per cent). For the full year, EBITDA totalled NOK 83.1 million (NOK 9.6 million). The EBITDA margin for 2019 was 45 per cent (24 per cent). The margin is expected to fluctuate between the quarters and is mainly affected by the product mix and volumes sold.

Product Innovation & Realization (PIR)

The Product Innovation and Realization segment (PIR) offers R&D services and contract manufacturing services to long-term key clients. In addition, the segment sells products based on proprietary technology, including special instrumentation based on radar, radio frequency and embedded signal processing technology. NORBIT has manufacturing facilities in Røros and Selbu in Norway. The facility in Røros has a high degree of robotization, enabling high productivity and efficiency. PIR's revenues are dependent on allocation of the production capacity between internal segments and contract manufacturing for external customers.

KEY FIGURES PIR

Amounts in NOK million	Q4		Full year	
	2019	2018	2019	2018
Revenues	66.5	45.9	259.9	221.1
EBITDA	3.4	1.5	22.6	20.0
EBITDA margin (%)	5%	3%	9%	9%
EBIT	-1.5	-1.2	4.4	6.3
EBIT margin (%)	-2%	-3%	2%	3%

Revenues for PIR amounted to NOK 66.5 million for the fourth quarter of 2019 (NOK 45.9 million), corresponding to a growth of 45 per cent. The increase in revenues can be explained by higher contract manufacturing services to external customers.

For 2019 as a whole, revenues came in at NOK 259.9 million (NOK 221.1 million). This represents a revenue increase of 18 per cent.

Operating expenses for the PIR segment amounted to NOK 30.2 million for the fourth quarter (NOK 18.1 million). The increase is a result of higher manufacturing activity, more personnel, as well as higher other operating expenses following the high activity level.

For the full year of 2019, operating expenses came in at NOK 106.2 million (NOK 83.9 million).

EBITDA for the PIR segment amounted to NOK 3.4 million for the quarter (NOK 1.5 million), representing a margin of 5 per cent (3 per cent).

For the twelve months of 2019, EBITDA was NOK 22.6 million (NOK 20.0 million), representing a margin of 9 per cent (9 per cent).

As for the other business segments, the margin for the quarter will fluctuate depending on the product mix sold. In the fourth quarter of 2019, a high share of the revenues comes from contract production.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 600.0 million at 31 December 2019, an increase from NOK 562.5 million at the end of the previous quarter and from NOK 470.5 million at the end of 2018.

Invested R&D during 2019 was NOK 59.0 million, of which the acquisition of AblePay accounted for NOK 7.9 million. Adjusted for this effect, R&D investments to revenues was 7.6 per cent for 2019.

Inventories has increased during 2019, to meet the increased demand for NORBIT's products. The company keeps extra inventory of electronic components to maintain flexibility and to avoid unnecessary fluctuations in deliveries caused by volatile supply. As of 31 December, inventories amounted to NOK 167.8 million, compared to NOK 164.2 million at the end of the previous quarter and to NOK 122.9 million at the end of 2018.

Accounts receivables was NOK 149.9 million at the end of 2019, up from NOK 136.4 million at the end of the third quarter and from NOK 102.0 million at the end of 2018. The increase can be explained by the higher activity and revenues for the company. A large share of the customers is in the automotive industry requiring long credit terms. Despite the increase, the company assess the credit risk to be low.

Bank deposits amounted to NOK 21.7 million as of 31 December 2019, up from NOK 5.7 million as of 30 September 2019 and from NOK 9.1 million at the end of 2018.

Total equity amounted to NOK 443.6 million at the end of the year, representing an equity ratio of 73.9 per cent. At year-end 2018, the equity was NOK 157.9 million, with an equity ratio of 33.6 per cent.

Total comprehensive income increased the equity by NOK 78.6 million in 2019. The net proceeds of the share issue increased the equity by NOK 236.9 million. Prior to the IPO, NORBIT acquired shares from minority shareholders in NORBIT EMS and NORBIT ITS, reducing the equity by NOK 23.7 million, and paid a

dividend in the first quarter of NOK 6.0 million.

The company repaid both short- and long-term liabilities to the bank during the 2019 and at the end of the period the company had undrawn short-term facilities of NOK 130 million and long-term facilities of NOK 150.0 million.

Consolidated cash flow

Operating activities generated a cash flow of NOK 49.1 million for the fourth quarter of 2019 (NOK -9.1 million), including a net decrease in the working capital by NOK 5.9 million (increase of NOK 2.6 million), mainly related to an increase in trade and other payables by NOK 10.7 million and an increase in accruals by NOK 12.3 million.

For the full year of 2019, operating cash flow ended at NOK 41.2 million (NOK 15.9 million), including a net increase in working capital of NOK 90.1 million (increase of NOK 49.6 million).

Investing activities led to a cash outflow of NOK 23.5 million for the quarter (positive NOK 4.3 million). NORBIT invested NOK 10.2 million in property plant and equipment, whereas NOK 5.0 million relates to the expansion of the production facilities at Røros and NOK 5.2 million to additional machinery and other equipment. NOK 13.3 million of the investments for the quarter relates to R&D investments.

For the full year 2019, cash flow used for investment activities was NOK 81.9 million (NOK 46.2 million). The investments mainly consist of NOK 23.4 million related to payments for property, plant and equipment and NOK 59.0 million related to capitalization of R&D expenses. NOK 7.9 million of the R&D expenses was related to the acquisition of AblePay in the first quarter.

Financing activities generated a cash flow of NOK -9.7 million for the fourth quarter (NOK 7.6 million), including a decrease in the overdraft facility of NOK 7.1 million and repayment of borrowings of NOK 2.9 million.

For the full year, cash flow from financing activities totalled NOK 53.3 million (NOK 24.6 million). This includes the equity issue related to the IPO and listing

at the Oslo Stock Exchange in June, generating net proceeds of NOK 233.2 million, as well as reduction of long-term debt of NOK 83.6 million and reduction of overdraft facility by NOK 71.1 million.

SHARE INFORMATION

On 20 June 2019, NORBIT ASA had its first day of listing at the Oslo Børs (Oslo Stock Exchange) under the symbol NORBIT.

In the fourth quarter, the share traded between NOK 18.10 and NOK 21.00 per share, with a closing price of NOK 20.00 at 30 December 2019.

On 6 December 2019, the company announced that it had entered into a market making agreement with Pareto Securities, with a purpose to enhance the liquidity of the trading of the company's shares. The first day of market making was on 9 December 2019.

As of 12 February 2020, the company had a total of 1,256 shareholders, of which the 20 largest shareholders held 82.32 per cent of the total outstanding shares.

The company has a total of 56,786,918 issued and outstanding shares.

RECENT EVENTS

As mentioned above, after the end of the fourth quarter, NORBIT Aptomar was in agreement with an undisclosed international partner within the energy market about delivery of a system for vessel traffic monitoring and early warning asset protection, called SeaCOP eVTS.

CFO of NORBIT, Stian Lønvik, has given notice to the company that he will resign from his position. He has a 6-month termination period hence he will remain in position until end July 2020. NORBIT has started the search for his replacement.

SIGNIFICANT RISKS AND UNCERTAINTIES

NORBIT is exposed to market risks and financial risks. For a further description, please see an overview in the company's Prospectus prepared in connection with the Listing of the company's shares on the Oslo Børs.

In the medium term, NORBIT considers its significant risks to be related to (1) shortage of supply of electronic components, and (2) delivery of units to its largest customers.

The company relies, and will in the future continue to rely, on a significant supply of electronic components to produce and deliver its equipment and systems. Although the market for electronic components has improved considerably during 2019, the supply of components still represents a potential uncertainty for the company. To mitigate this risk, the company holds extra electronic components in inventory.

In the ITS segment, NORBIT has a few large customers. There is a risk related to customer-requested changes in the delivery schemes, which might implicate fluctuations in revenues in the individual quarters. In addition, both the segment ITS and the segment PIR are exposed to the European Automotive industry. Some of the largest European truck companies have issued guidance for 2020 implying a negative growth. This could affect the demand for some of the products delivered by the mentioned segments.

OUTLOOK

NORBIT maintains its long-term financial targets.

NORBIT strongly believe in the untapped potential for the core sonar technology of segment Oceans and the opportunities that exist in expanding the product offering to new sub-markets. In 2019, a significant part of NORBIT's investments in R&D was allocated to broadening the product offering in segment Oceans. In addition, the company strengthened its business development- and sales capacities for the segment, in particular for applications to environmental monitoring, surveillance & defence. Based on this, the company expects its R&D investments for 2020 to be approximately 8 to 10 per cent of revenues. The quarterly revenues are still expected to fluctuate and the segment's margin will vary based on the product mix sold in the quarter.

For the segment ITS, the long-term outlook is attractive for NORBIT. NORBIT has a very strong position as an independent supplier for dedicated short-range communication solutions to industrial blue-chip clients within both automotive and satellite-based tolling. The interest for road pricing and distance-based taxation, is intensifying.

In the short term outlook NORBIT expects somewhat lower visibility in customer orders from the European Automotive Industry, resulting from a reported decline in the demand for heavy trucks in 2020.

2019 was a good year for NORBIT, with strong and profitable growth. The Board of Directors proposes a dividend of NOK 0.6 per share, in line with the company's dividend policy. When proposing the annual dividend, the Board has considered the company's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth. The Board considers NORBIT's financial capacity for further growth to be strong. The company's diversified product offering across its segments, makes NORBIT well positioned to meet various market scenarios.

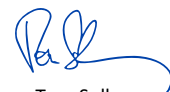
Trondheim, Norway, 13 February 2020
The Board of Directors and CEO
NORBIT ASA



Finn Haugan
Chairperson



Bente Avnung Landsnes
Deputy Chairperson



Tom Solberg
Board member



Trond Tuvstein
Board member



Marit Collin
Board member



Per Jørgen Weisethaunet
CEO

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA	Earnings before interest, tax, depreciation and amortization. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profit before investments in fixed assets.
EBITDA margin	EBITDA as a percentage of net sales. 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	Earnings before interest and tax. 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. Depreciations are included, however, which is a measure of resource consumption necessary for generating the result.
EBIT margin	EBIT as a percentage of net sales. 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.
Items affecting comparability	Items affecting comparability includes costs related to the planned IPO, transaction costs related to acquired entities, including release of negative goodwill from acquisitions, severance costs and other normalisations such as divestment of real estate, closing of facilities, unscheduled raw material production stops and other.
Adjusted (adj.) EBITDA	Normalised earnings before interest, tax, depreciation and amortization (i.e. items affecting comparability and deviations are added back). Adjusted EBITDA is a key performance indicator that the company considers relevant for understanding earnings adjusted for items that affect comparability.
Adjusted (adj.) EBITDA margin (%)	EBITDA before items affecting comparability as a percentage of net sales. The adjusted 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.
Operating cash flow	Earnings before interest and tax, adjusted for items not affecting cash flow and changes in operating capital. Operating cash flow is a key performance indicator that shows the contributions of the business to the cash flow for financing of investments and acquisitions.
Equity ratio	Total equity in relation to total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.

Condensed consolidated statement of profit and loss

<i>Amounts in NOK 000's</i>	<i>Note</i>	2019	2018	Q4 2019	Q4 2018
Revenues	2	668 176	438 369	186 467	127 519
Other gains and losses	3	10 865			
Raw materials and change in inventories		304 495	209 540	87 092	57 626
Employee benefit expenses		161 650	110 856	41 153	34 338
Depreciation and amortization expenses		46 836	36 714	12 390	8 470
Other operating expenses		63 147	43 210	18 039	8 467
Operating profit		102 913	38 048	27 793	18 617
Net financial items	3, 7	-7 482	16 939	3 157	-7 363
Profit before tax		95 432	54 987	30 950	11 254
Income tax expense		-18 158	-7 036	-6 339	-3 772
Profit for the period		77 274	47 951	24 611	7 482
Attributable to:					
Owners of the Company		77 263	47 636	24 607	7 160
Non-controlling interests		10	314	4	322
		77 274	47 951	24 611	7 482
Earnings per share					
Basic (NOK per share)		1,45	1,12	0,43	0,17
Diluted (NOK per share)		1,45	1,12	0,43	0,17

Condensed consolidated statement of comprehensive income

<i>Amounts in NOK 000's</i>	<i>Note</i>	2019	2018	Q4 2019	Q4 2018
Profit for the period		77 274	47 951	24 611	7 482
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		-112	603	405	202
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		1 385		1 385	
Other comprehensive income for the period, net of tax		1 273	603	1 791	202
Total comprehensive income for the period		78 547	48 554	26 402	7 685
Total comprehensive income for the period is attributable to:					
Owners of the Company		78 536	48 239	26 398	7 363
Non-controlling interests		10	314	4	322
		78 547	48 554	26 402	7 685

Condensed consolidated statement of financial position

<i>Amounts in NOK 000's</i>	<i>Note</i>	31.12.2019	30.09.2019	31.12.2018
ASSETS				
Property, plant and equipment		78 653	73 540	70 963
Intangible assets	3	135 318	128 654	104 279
Deferred tax asset		25 623	30 930	33 130
Investments accounted for using the equity method		2 872	1 402	1 402
Shares in other companies		100	626	626
Other loans and receivables			147	
Total non-current assets		242 567	235 299	210 400
Inventories		167 801	164 170	122 890
Trade receivables		149 877	136 416	101 976
Other receivables and prepayments		18 086	20 758	26 120
Derivative financial instruments	6		107	
Bank deposits		21 680	5 737	9 091
Total current assets		357 443	327 188	260 077
Total assets		600 010	562 487	470 477

<i>Amounts in NOK 000's</i>	<i>Note</i>	31.12.2019	30.09.2019	31.12.2018
LIABILITIES				
Borrowings		15 843	16 892	84 827
Lease liabilities		3 954	4 919	5 863
Other liabilities		341	374	155
Total non-current liabilities		20 138	22 185	90 845
Trade payables		89 161	78 457	75 591
Other payables		39 262	28 967	52 757
Borrowings		3 429	10 439	85 152
Lease liabilities		4 441	5 159	7 004
Derivative financial instruments	6			1 213
Total current liabilities		136 294	123 022	221 717
Total liabilities		156 431	145 207	312 562
Share capital	5	5 679	5 679	434
Share premium		275 433	275 397	43 820
Retained earnings		161 923	135 664	103 939
Non-controlling interests	3	544	540	9 722
Total equity		443 579	417 280	157 915
Total equity and liabilities		600 010	562 487	470 477

Condensed consolidated statement of changes in equity

	Attributable to owners				Non-controlling interests	Total equity
	Share capital and premium	Other equity	Retained earnings	Total		
<i>Amounts in NOK 000's</i>	<i>Note</i>					
Balance at 1 January 2018		410	33 344	71 700	105 454	9 408
Profit for the period				47 636	47 636	314
Other comprehensive income				603	603	
Total comprehensive income for the period		0	0	48 239	48 239	314
Transaction with owners in their capacity as owners:						
Contribution of equity, net of transaction costs and tax		24	10 476		10 500	
Dividends paid				-16 000	-16 000	
Total transactions with owners		24	10 476	-16 000	-5 500	0
Balance at 31 December 2018		434	43 820	103 939	148 193	9 722

	Attributable to owners				Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Total		
<i>Note</i>						
Balance at 1 January 2019		434	43 820	103 939	148 193	9 722
Profit for the period				77 263	77 263	10
Other comprehensive income				1 273	1 273	
Total comprehensive income for the period		0	0	78 536	78 536	10
Transaction with owners in their capacity as owners:						
Contribution of equity, net of transaction costs and tax		5 244	231 613		236 857	
Transaction with non-controlling interest				-14 552	-14 552	-9 189
Dividends paid				-6 000	-6 000	
Total transactions with owners		5 244	231 613	-20 552	216 305	-9 189
Balance at 31 December 2019		5 679	275 433	161 923	443 034	544

Condensed consolidated statement of cash flows

<i>Amounts in NOK 000's</i>	<i>Note</i>	2019	2018	Q4 2019	Q4 2018
Profit for the period		77 274	47 951	24 611	7 482
Adjustments for:					
Income tax expense recognised in profit or loss		18 158	7 036	6 339	3 772
Share of profit of associates	7	-1 470	-287	-1 470	-287
Investment income recognised in profit or loss	7	-10 865	-25 974		-25 974
Net gain on sale of equity instruments through OCI		1 385		1 385	
Depreciation and amortization		46 836	36 714	12 390	8 470
Movements in working capital:					
(Increase)/decrease in trade and other receivables		-47 901	-46 004	-13 461	-20 840
(Increase)/decrease in inventories		-44 910	-41 866	-3 631	-7 870
Increase/(decrease) in trade and other payables		13 570	30 044	10 704	18 143
Increase/(decrease) in accruals		-10 857	8 329	12 264	8 060
(Decrease)/increase in other liabilities			-87		-87
Net cash generated by operating activities		41 219	15 855	49 131	-9 131
Cash flows from investing activities					
Payments to acquire financial assets			-26		-26
Proceeds on sale of financial assets			29 389		29 389
Payments for property, plant and equipment	3	-23 352	-37 294	-10 186	-17 539
Payments for intangible assets	3	-58 957	-38 226	-13 335	-7 520
Net cash inflow on acquisition of subsidiaries		422			
Net cash (used in)/generated by investing activities		-81 887	-46 157	-23 521	4 304
Cash flows from financing activities					
Proceeds from issue of equity instruments of the Company		250 000	10 500		
Payment for services related to issue of equity instruments		-16 850			
Transactions with non-controlling interests		-19 254			
Proceeds from borrowings		106 306	13 067	191	-16 488
Repayment of borrowings		-189 862		-2 849	19 891
Net change in overdraft facility		-71 082	17 014	-7 009	4 184
Dividends paid		-6 000	-16 000		
Net cash (used in)/generated by financing activities		53 257	24 581	-9 667	7 587
Net increase in bank deposits		12 589	-5 720	15 943	2 760
Bank deposits at the beginning of the period		9 091	14 811	5 737	6 330
Bank deposits at the end of the period		21 680	9 091	21 680	9 091

Notes to the condensed consolidated financial statements

Note 1 | Accounting principles

General information

NORBIT is a knowledge-based group that delivers tailor-made high technology products and services to industrial customers in the global market. NORBIT's vision is to be recognized as world class, enabling people to explore more.

The group head office is located in Trondheim. In addition, 2019 the Group also had operations in Norway from Asker, Røros, Selbu and Gjøvik, as well as foreign operations in Sopot / Gdansk, Vienna, Budapest, Lanciano, Singapore, China, Gothenburg and Santa Barbara CA.

The business includes the development, manufacture and delivery of products, systems and services based on electronics. Norbit Oceans and Norbit ITS constitute the Group's primary market segments in 2019. The PIR segment is the Group's R&D and manufacturing capacities.

Basis of preparation

The interim consolidated statements for the fourth quarter 2019 and for YTD 2019, ending 31 December 2019, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual report for 2018. The consolidated condensed statements are unaudited.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the Group's annual financial statements for the year ended 31 December 2018.

The new standards and interpretations effective from 1 January 2019 do not have a significant impact on the Group's consolidated interim financial statements.

Note 2 | Segment information

The operating segments are aligned with the internal reporting and the operating segments are components of the Group that are evaluated regularly by the management team. The operating segments are Oceans, Intelligent Traffic Systems (ITS) and Product Innovation and Relization (PIR). Oceans deliver tailored technology solutions to the global maritime markets. ITS is an independent supplier of tailored connectivity solutions based on short range communication technology to intelligent traffic systems. PIR is enabling innovation and contract manufacturing to long-term key clients.

Amounts in NOK 000's	2019				
	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	248 959	186 276	259 901	-26 961	668 176
Raw materials and change in inventories	111 645	65 123	131 151	-3 424	304 495
Operating expenses	73 213	38 072	106 199	-3 552	213 932
EBITDA	64 102	83 081	22 551	-19 985	149 749
EBITDA margin	26%	45%	9%		22%
Depreciation	2 106	1 540	13 399	1 872	18 917
Amortization and impairment	11 435	11 687	4 797		27 919
EBIT	50 561	69 855	4 355	-21 857	102 913
Total financial items (not allocated)					-7 482
Profit before tax					95 432
Taxes (not allocated)					-18 158
Profit after tax					77 274
Timing of revenues					
- At point in time	234 777	186 276	254 403		
- Over time	14 182		5 498		
Total	248 959	186 276	259 901		

Amounts in NOK 000's	2018				
	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	189 943	39 466	221 084	-12 124	438 369
Raw materials and change in inventories	69 292	14 881	117 129	8 238	209 540
Operating expenses	66 653	14 957	83 936	-11 479	154 067
EBITDA	53 998	9 628	20 019	-8 883	74 762
EBITDA margin	28%	24%	9%		17%
Depreciation	2 401	744	10 747	1 814	15 706
Amortization and impairment	12 730	5 322	2 955		21 007
EBIT	38 867	3 562	6 317	-10 697	38 048
Total financial items (not allocated)					16 939
Profit before tax					54 987
Taxes (not allocated)					-7 036
Profit after tax					47 951
Timing of revenues					
- At point in time	165 302	39 466	205 360		
- Over time	24 641		15 724		
Total	189 943	39 466	221 084		

Amounts in NOK 000's

Q4 2019

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	80 658	46 751	66 517	-7 459	186 467
Raw materials and change in inventories	40 205	15 986	32 897	-1 996	87 092
Operating expenses	20 903	10 466	30 241	-2 417	59 192
EBITDA	19 551	20 300	3 379	-3 046	40 183
EBITDA margin	24%	43%	5%		22%
Depreciation	709	384	3 654	971	5 718
Amortization and impairment	1 740	3 729	1 203		6 671
EBIT	17 102	16 187	-1 478	-4 018	27 793
Total financial items (not allocated)					3 157
Profit before tax					30 950
Taxes (not allocated)					-6 339
Profit after tax					24 611

Timing of revenues

- At point in time	77 531	46 751	66 517		
- Over time	3 127				
Total	80 658	46 751	66 517		

Amounts in NOK 000's

Q4 2018

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	56 036	14 230	45 929	11 324	127 519
Raw materials and change in inventories	18 333	5 618	26 303	7 373	57 627
Operating expenses	16 793	2 462	18 110	5 440	42 805
EBITDA	20 910	6 150	1 516	-1 489	27 087
EBITDA margin	37%	43%	3%		21%
Depreciation	772	221	1 836	1 074	3 903
Amortization and impairment	2 707	981	878	1	4 567
EBIT	17 431	4 948	-1 198	-2 564	18 617
Total financial items (not allocated)					-7 363
Profit before tax					11 253
Taxes (not allocated)					-3 772
Profit after tax					7 483

Timing of revenues

- At point in time	35 556	14 230	44 763		
- Over time	20 480		1 166		
Total	56 036	14 230	45 929		

Note 3 | Significant transactions

Listing on Oslo Stock Exchange

NORBIT Group AS was converted to NORBIT ASA and made a successful IPO and was listed on Oslo Stock Exchange in June 2019. Total equity contribution was TNOK 250 000. Total expenses related to the raise of capital and the listing was TNOK 21 180, of which TNOK 16 850 was recorded as a reduction of the equity contribution, and TNOK 4 330 was recorded as other financial expenses.

In 2014 Norbit launched a share-based payment program to incentivize the group's leading employees. The options being granted in this program are synthetic, meaning that they give a right to payment in cash equivalent to the amount real purchase options would have given, but there are no new shares being issued. The program had a duration of five years from the agreement was signed, the options were settled in Q2 when the company was listed. Effect on employee benefit expenses was TNOK 19 464 related to the termination of the program and other employee benefits.

Business combinations

100% of the share capital in Ablepay AS was acquired in the beginning of 2019. Ablepay was acquired for the company's own developed technology and the possible synergies the acquisition has with other companies within the group. Ablepay was founded in 2009 and the technology has been developed in close collaboration with SINTEF. NORBIT Ablepay is reported as a part of the PIR operating segment

Details of the purchase consideration, the net assets required and goodwill are as follows:

Purchase price allocation:

<i>Amounts in NOK 000's</i>	1H 2019
Cash paid (TNOK 100) + earn out (TNOK 600)	700
Net assets acquired	11 565
Bargain gain	-10 865

The price of the shares in the company was significantly lower than the value of the assets. The previous owners were not willing to invest more into the company and the industrial fit to NORBIT was clear due to the production and development of the fact that products can be further developed and produced in close collaboration with resources within the PIR-segment and the existing employees of Ablepay. NORBIT has after the acquisition done a valuation of the existing technology in the company and the valuation resulted in a gain of TNOK 10 865 recognized as other gain and losses in the condensed consolidated financial statement for YTD 2019.

Development and acquisition of intangible assets

The Group made capital expenditure of TNOK 58 957 in intangible assets YTD 2019, of which TNOK 7 942 is attributable to the acquisition of Ablepay. In Q4 the capital expenditure was TNOK 13 335.

Facility expansion

During Q4 the total investment in the expansion of the Røros factory amounted to TNOK 5 000.

Transactions with non-controlling interest

The Company acquired shares from non-controlling interest in NORBIT EMS AS and NORBIT ITS AS totalling TNOK 23 742, leading to a reduction of Non-controlling interest of TNOK 9 189 and Retained earnings of TNOK 14 552.

New credit facility implemented

A new credit and guarantee facility provided by DNB was implemented early 2019. The company has made a repayment of long term debt to DNB after the listing. The company has an undrawn long term facility of TNOK 150 000 (3M NIBOR + 1,8% margin) and an undrawn short term facility of TNOK 130 000 (1M NIBOR + 1,4% margin) as of end of 2019.

Note 4 | Subsequent events

There are no material subsequent events after the end of Q4 2019 or Q4 2018.

Note 5 | Earnings per share

<i>Amounts in NOK</i>	2019	2018	Q4 2019	Q4 2018
Basic earnings per share				
Total basic earnings per share attributable to the ordinary equity holders of the company	1,45	1,12	0,43	0,17
Diluted earnings per share				
Total diluted earnings per share attributable to the ordinary equity holders of the company	1,45	1,12	0,43	0,17
Reconciliations of earnings used in calculating earnings per share				
<i>Amounts in NOK 000's</i>	2019	2018	Q4 2019	Q4 2018
<i>Basic earnings per share</i>				
Profit from continuing operations attributable to the ordinary equity holders of the company:				
Used in calculation basic earnings per share	77 274	47 951	24 611	7 482
Used in calculating diluted earnings per share	77 274	47 951	24 611	7 482
Weighted average number of shares used as the denominator				
<i>Number</i>	2019	2018	Q4 2019	Q4 2018
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	53 447 564	42 834 175	56 786 918	43 429 500

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 ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued without consideration due to potential ordinary shares.

Note 6 | Derivative financial instruments

The group has the following derivative financial instruments:

	31.12.2019	31.12.2018
	EUR	EUR
	Amount base	Amount base
	('000)	('000)
Foreign currency forwards (sale)	0	12 600
Average FX rate in contracts	N/A	9,9489
Fair value of contracts based om MTM reports from counterpart banks	0	-1 213

Note 7 | Net financial items

Net financial items consists of

<i>Amounts in NOK</i>	2019	2018	Q4 2019	Q4 2018
Share of profit of associates	1 470	287	1 470	287
Gain related to realization of shares in associated company		25 974		-4 319
Interest expenses	-6 919	-9 252	-1 107	-2 637
IPO related expenses	-4 330			
Agio/disagio and other financial expenses	2 297	-70	2 794	-693
Net financial items	-7 482	16 939	3 157	-7 363