

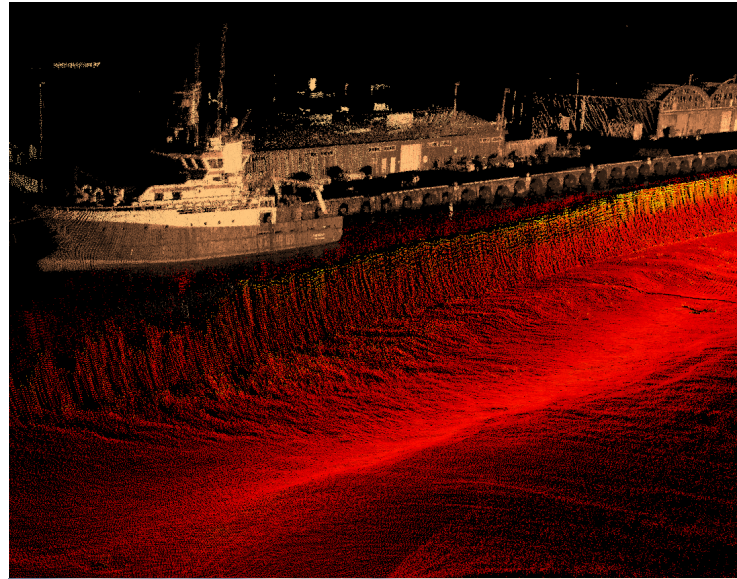
NORBIT

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Q2 AND 1H | 2019

NORBIT ASA

22 AUGUST 2019



HIGHLIGHTS FOR 2019

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

SECOND QUARTER

- For the second quarter 2019, NORBIT's revenues amounted to NOK 169.7 million (NOK 115.4 million), up 47 per cent from the corresponding period in 2018
- Adjusted EBITDA was NOK 40.4 million for the period (NOK 21.4 million), up 89 per cent from the corresponding period in 2018, representing a margin of 24 per cent
- In April, NORBIT announced a large frame agreement with the German company Toll Collect, with initial volume deliveries in the first quarter of 2019
- On 21 June 2019, NORBIT was listed on the Oslo Stock Exchange

FIRST HALF

- Revenues for the first six months of 2019 came in at NOK 327.3 million (NOK 205.5 million), up 59 per cent from the same period in 2018
- Adjusted EBITDA was NOK 79.7 million (NOK 27.4 million), representing a margin of 24 per cent
- In March, NORBIT announced a large agreement with the German industry giant Continental Automotive, with initial volume deliveries in the first quarter this year
- In January, NORBIT acquired the mobile payment specialist AblePay from a group of venture investors

CONSOLIDATED KEY FIGURES¹

<i>Amounts in million NOK (except percentages)</i>	<u>Q2</u>		<u>1H</u>		2018
	2019	2018	2019	2018	
Revenues	169.7	115.4	327.3	205.5	438.4
EBITDA	21.0	21.4	71.1	27.4	74.8
EBIT	8.0	11.5	48.6	7.8	38.0
Adjusted EBITDA	40.4	21.4	79.7	27.4	74.8
<i>Adjusted EBITDA margin (%)</i>	24%	19%	24%	13%	17%
Adjusted EBIT	27.4	11.5	57.2	7.8	38.0
<i>Adjusted EBIT margin (%)</i>	16%	10%	17%	4%	9%

¹ Definitions included on page 9

FINANCIAL REVIEW

FINANCIAL RESULTS NORBIT ASA

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

Profit and loss

Revenues for the second quarter 2019 amounted to NOK 169.7 million (NOK 115.4 million), representing a 47 per cent increase since the comparable quarter last year. For the first six months of 2019, NORBIT's revenues came in at NOK 327.3 million (NOK 205.5 million), up by 59 per cent compared to the same period in 2018.

The increase in revenues is mainly driven by a growth in the ITS segment in the first half of 2019 of 396 per cent compared to the same period in 2018, while Oceans grew 44 per cent in the same period. PIR had a growth of 19 per cent. See the segment results for further details.

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 161.7 million for the quarter (NOK 103.9 million).

For the first six months of 2019, operating expenses came in at NOK 278.7 million (NOK 197.7 million). This includes a reduction of the total expenses in the first quarter this year 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 51.3 million for the quarter (NOK 26.3 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.

For the first half of 2019 employee benefits expenses amounted to NOK 84.1 million (NOK 52.5 million).

EBITDA amounted to NOK 21.0 million for the quarter (NOK 21.4 million) and NOK 71.1 million for the first six months (NOK 27.4 million).

Adjusted EBITDA, which is EBITDA adjusted for items affecting comparability, i.e. the one-off bargain purchase of NOK 10.9 million in the first quarter and one-off employee expenses in the second quarter mentioned above, amounted to NOK 40.4 million for the second quarter this year (NOK 21.4 million), representing a margin of 24 per cent (19 per cent).

For the first six months of the year, NORBIT had an adjusted EBITDA of NOK 79.7 million (NOK 27.4 million), representing a margin of 24 per cent (13 per cent).

Net financial items came in at NOK -7.7 million for the second quarter (NOK 26.7 million). The net financial items this quarter included one-off expenses related to the IPO of NOK 4.7 million, while in the comparable quarter last year the financial items included a financial income of NOK 30.3 million related to sale of shares in the associated company Kvikna. For the first half year, net financial items were NOK -7.3 million (NOK 26.2 million).

Tax expenses for the second quarter this year was a tax gain of NOK 0.3 million (expense of NOK 1.9 million). For the first six months this year, the tax expense was NOK 6.7 million (NOK 1.0 million).

Profit after tax for the quarter was NOK 0.5 million (NOK 36.4 million). For the first half year, NORBIT had a profit of NOK 34.6 million (NOK 33.0 million).

Total effect on P&L related to the IPO was NOK 19.5 million in employee benefit expenses due to the termination and settlement of the synthetic option scheme and other employee benefits for leading employees and other key personnel. Expenses related to the IPO was NOK 20.3 million; NOK 4.7 million was recorded as finance expense and NOK 15.6 million (before tax) was recorded as a reduction of equity.

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	Q2		1H	
	2019	2018	2019	2018
Revenues	58.8	53.9	117.6	81.8
EBITDA	16.2	15.6	33.1	17.2
EBITDA margin (%)	28%	29%	28%	21%
EBIT	12.5	11.5	25.7	9.0
EBIT margin (%)	21%	21%	22%	11%

Revenues for Oceans amounted to NOK 58.8 million for the second quarter of 2019 (NOK 53.9 million). This corresponds to an increase of 9 per cent. For the first half year, Oceans delivered revenues of NOK 117.6 million (NOK 81.8 million), representing an increase of 44 per cent.

Oceans deliver a solid performance in Europe and North-America. However, sales to the Asian markets are lower than expected for the quarter this year.

Operating expenses in the Oceans segment amounted to NOK 16.4 million for the quarter (NOK 16.3 million) and NOK 34.9 million for the first half year (NOK 32.8 million). This is a increase of 6 per cent while revenues grew by 44 per cent in the same

period. This shows the relatively slim organisation, and the fact that sales is done through global indirect distributors accounted for as a cost of goods sold.

EBITDA for the Oceans segment amounted to NOK 16.2 million for the quarter (NOK 15.6 million), representing a margin of 28 per cent (29 per cent). The decrease in margin is mainly explained by the change in product mix sold in the period. The product mix is expected to fluctuate between the quarters.

EBITDA was NOK 33.1 million for the first six months (NOK 17.2 million), representing a margin of 28 per cent (21 per cent).

In July 2019, NORBIT Oceans announced that the Company was awarded a contract with an undisclosed partner in the maritime markets. The contract has a value of approximately NOK 10 million. The order is expected to be delivered in the second half of 2019.

Intelligent Traffic Systems (ITS)

Intelligent Traffic Systems (ITS) has been a leading provider of products and solutions to international system integrators for more than 10 years. NORBIT has evolved into an independent supplier of tailored connectivity solutions based on short range communication technology to intelligent traffic systems and truck applications.

KEY FIGURES ITS

Amounts in NOK million	Q2		1H	
	2019	2018	2019	2018
Revenues	41.7	5.1	77.8	15.7
EBITDA	17.5	0.1	34.3	-1.2
EBITDA margin (%)	42%	2%	44%	-8%
EBIT	13.7	-1.7	29.1	-4.9
EBIT margin (%)	33%	-33%	37%	-31%

Revenues for ITS amounted to NOK 41.7 million for the second quarter of 2019 (NOK 5.1 million). This corresponds to an increase of 714 per cent, driven by new long-term contracts with international blue-chip clients.

Some volume fluctuations are expected on the long-term contracts between quarters as some of the customers are still in ramp-up of their own logistics. To prepare for increased activity in the second half of this year, NORBIT has invested in additional machinery to increase its production capacity.

For the first half year, ITS had revenues of NOK 77.8 million (NOK 15.7 million), an increase of 396 per cent.

Operating expenses in ITS amounted to NOK 8.2 million for the quarter (NOK 4.2 million). For the first half year operating expenses was NOK 17.6 million (NOK 9.2 million). The increase in operating expenses are due to employment of more engineers and project management resources. Also other indirect expenses related to manufacturing of the increased volumes has increased. For the first half year, the increase of 91 per cent is significantly lower than the growth in revenues of 396 per cent, showing that ITS has a slim organisation.

EBITDA for the quarter for the ITS segment amounted to NOK 17.5 million (NOK 0.1 million), representing a margin of 42 per cent (2 per cent). For the first six months, EBITDA totalled NOK 34.3 million (NOK -1.2 million). The EBITDA margin for the first half year was 44 per cent (-8 per cent).

Product Innovation & Realization (PIR)

The Product Innovation and Realization segment (PIR) consists of the in-house multidisciplinary R&D engineering capabilities and integrated world class manufacturing. In addition to acting as an enabler for Oceans and ITS, PIR offers R&D and contract manufacturing services to long-term key clients. PIR has nearly 25 years of history in realizing innovative products, systems and solutions for industrial customers. PIR's integrated world-class manufacturing is based on three factories with history dating back to the 1980s.

KEY FIGURES PIR

Amounts in NOK million	Q2		1H	
	2019	2018	2019	2018
Revenues	75.5	60.0	143.9	121.1
EBITDA	9.9	5.2	17.8	12.0
EBITDA margin (%)	13%	9%	12%	10%
EBIT	4.8	1.5	8.6	4.7
EBIT margin (%)	6%	3%	6%	4%

Revenues for PIR amounted to NOK 75.5 million for the second quarter of 2019 (NOK 60.0 million). This corresponds to an increase of 26 per cent.

For the first half year revenues came in at NOK 143.9 million (NOK 121.1 million). The increase in revenues is mainly driven by higher sales of R&D services and contract manufacturing for external customers.

Operating expenses in the PIR segment amounted to NOK 25.7 million for the second quarter (NOK 22.8 million), representing an increase of 12 per cent. Higher activity in the period has led to some more employees and other indirect expenses. For the first six months, operating expenses came in at NOK 48.2 million (NOK 47.0 million).

EBITDA for the PIR segment amounted to NOK 9.9 million for the quarter (NOK 5.2 million), representing a margin of 13 per cent (9 per cent), and NOK 17.8 million for the first six months of the year (NOK 12.0 million). The margin improvement is driven by higher utilisation on R&D engineers, as well as higher share of products sold based on NORBIT IP rights.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

As of 30 June 2019, NORBIT's total assets amounted to NOK 560.9 million up from NOK 470.5 million at 31 December 2018.

The invested R&D during the first half year was NOK 33.5 million, of which the acquisition of AblePay accounted for NOK 7.9 million. Adjusted for this effect, R&D investments to revenues was 7.8 per cent during the period.

To meet the increased demand for NORBIT products and the challenging market for electronic components the Group has increased the inventories by NOK 28.8 million. During the same period the accounts receivables has increased by NOK 31.1 million due to higher activity and revenues. A large share of the customers are in the automotive industry requiring long credit terms. Despite the increase, the Group assess the credit risk to be low.

NORBIT had bank deposits of NOK 21.1 million as of 30 June 2019, up from NOK 9.1 million at the end of 2018.

Total equity amounted to NOK 400.6 million, representing an equity ratio of 71.4 per cent. At year-end 2018, the equity was NOK 157.9 million, with an equity ratio of 33.6 per cent.

The total comprehensive income increased the equity by NOK 34.6 million in the first half year. The net proceeds of the share issue increased the equity by NOK 237.7 million. Prior to the IPO, NORBIT acquired shares from minority shareholders in NORBIT EMS and NORBIT ITS, reducing the equity by NOK 23.6 million, and paid a dividend in the first quarter of NOK 6 million.

The Group repaid both short- and long term liabilities to the bank during the first half of 2019 and at the end of the period the Group had undrawn short term facilities of NOK 130 million and long term facilities of NOK 150 million.

Consolidated cash flow

Cash flow from operating activities amounted to NOK -17.0 million for the second quarter of 2019 (NOK 26.8 million), including an increase in the working capital by NOK 30.3 million.

For the first half of 2019, operating cash flow ended at to NOK -4.3 million (NOK 14.8 million), including a net increase in working capital of NOK 57.2 million.

Cash flow used for investment activities was NOK 15.6 million in the quarter (NOK 20.7 million), whereas NOK 2.9 million relate to equipment, including a tank for testing and calibration of Sonars for the Oceans segment, and NOK 12.7 million related to R&D.

For the first half, cash flow used for investment activities was NOK 40.2 million (NOK 35.0 million). The investments are primarily related to capitalization of R&D expenses as well as payments for property, plant and equipment. NOK 7.9 million in R&D was related to the acquisition of AblePay in the first quarter.

Cash flow from financing activities amounted to a positive NOK 49.5 million for the quarter (NOK -3.6 million). The financing activities include NORBIT's equity issue related to the Company's IPO and listing at the Oslo Stock Exchange in June 2019, generating net proceeds of NOK 234.4 million, as well as repayment of long term debt of NOK 101.3 million and reduction of an overdraft facility by NOK 82.8 million.

For the first six months, cash flow from financing activities totalled NOK 56.5 million (NOK 11.8 million).

OTHER IMPORTANT EVENTS IN THE FIRST HALF YEAR

Dredging application

During the second quarter of 2019, the Oceans segment successfully completed customer demonstration of an integrated sonar solution with user interface tailored for dredging application.

Agreement with Continental

In March 2019, NORBIT announced a partnership with Continental on intelligent digital tachograph.

The intelligent digital tachograph will become mandatory for all newly registered trucks from mid of 2019, following a new EU directive. Every year there is registered approximately 400,000 new trucks in EU, according to The European Automobile Manufacturers Association. Via the DSRC (Dedicated Short Range Communication) interface, a defined minimum amount of data from the intelligent digital tachograph will be transmitted wireless from the moving vehicle to the devices of the control officers after appropriate authentication. This data set contains vehicle and calibration data, information about security breaches and malfunctions.

The revenues from this partnership falls under the ITS segment.

Agreement with Toll Collect

In April 2019, NORBIT announced a contract awarded by the German based company Toll Collect, for units for satellite-based toll collection using DSRC technology (Dedicated Short Range Communication). The units, that have both GPS and GPRS antennas integrated, enables significant installation cost-reduction.

The total volume awarded was 1 million units, whereas the agreed volume for 2019 was 210,000 units. Initial volumes were delivered in the first quarter of 2019. The revenues from this contract falls under the ITS segment.

German based Toll Collect GmbH operates a system for the collection of a distance-based usage fee (toll) for vehicles and vehicle combinations with a gross

vehicle weight of 7.5 tonnes or more on 12,800 kilometres of German motorways and all German federal trunk-roads. Toll Collect has implemented this system on behalf of the Federal Ministry of Transport and Digital Infrastructure (BMVI).

NORBIT's new integrated units replace both the existing IR/DSRC based unit and the current rooftop mounted antennas. The NORBIT units enable The European Electronic Toll Service (EETS) compliance and cross boarder interoperability.

Acquisition of AblePay

In January 2019, NORBIT has acquired the mobile payment specialist AblePay from a group of venture investors including Sintef Venture, Investinor, Founders Fund, Co-founder and Sparebank 1 Markets.

One of AblePay's key products is a SIM/SAM card with embedded BLE called AblePay BlueCard. This product has been delivered to a range of payment terminal providers in high volumes enabling smooth mobile/app-based payment over the Bluetooth interface.

The company continues under the name NORBIT AblePay and is co-located with NORBIT's R&D department in the Group's headquarter in Trondheim.

ORGANISATION

During the second quarter, the segment Oceans opened its sales office in Chinas, targeting this strategically important market. In addition, the NORBIT office in Hungary, which includes the majority of the software department of the Oceans segment, has moved to new and larger premises, preparing for further expansion. This team is fully focused on software development, which is considered to be a critical part of NORBIT's product expansion.

TRANSACTIONS WITH RELATED PARTIES

There has not been any significant related party transactions during the first half of 2019. Please see note 18 to the financial statements for 2018 for further details.

SHARE INFORMATION

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

In the Company's initial public offering (IPO), the shares were priced at NOK 19.0 per share. Following the completion of the IPO, the Company has a total of 56,786,918 issued and outstanding shares.

From the first day of listing until the end of the second quarter, the share traded between NOK 20.83 and NOK 20.00 per share, with a closing price of NOK 20.00 at 28 June 2019.

As of 15 August 2019, the Company had a total of 1,189 shareholders, of which the 20 largest shareholders held 81.22 per cent of the total outstanding shares.

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.

For the next six months of 2019, NORBIT considers its significant risks to be related to (1) shortage of supply of consumables/ 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 is improving, it is still volatile and demanding and represent an uncertainty for the Company.

In the ITS segment, NORBIT has a few large customers. The Company considers there to be a risk related to customer-requested changes in the delivery schemes. This might implicate large fluctuations in revenues in the individual quarters.

OUTLOOK

NORBIT has launched ambitious financial targets, including a 3-year revenue CAGR of more than 25 per cent and a long-term ambition of an EBITDA margin of more than 20 per cent. In addition, the Company has launched its ambition to invest approximately 5 per cent of its annual revenue to R&D to secure long-term growth.

For the Oceans segment, NORBIT expect both revenues and margins to be on approximately the same level in the second half as in the first half of 2019. The segment is focusing on expanding its product offering and tailoring its solutions to new sub markets, which is expected to have a positive impact on the growth potential in the medium-to-longer term.

For the ITS segment, the growth is expected to continue into the second half of 2019, based on increase in volume deliveries to previously announced contracts. On the long-term contracts, some volume fluctuations are expected between the quarters as some of the customers are still in ramp-up of their own logistics.

For the second half of the year, the PIR segment will focus on increasing its production capacity, including investing in expansion of its facilities and new machinery. The facility expansion will commence in the third quarter of 2019. In the second half of the year, a larger share of the production capacity is expected to be allocated for deliveries to Oceans and ITS, affecting revenue contribution from PIR

The Board considers NORBIT to be well positioned for further profitable growth.

Trondheim, Norway, 21 August 2019
The Board of Directors and CEO
NORBIT ASA


RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND CEO

We declare that, to the best of our knowledge, the half year financial statements for the period 1 January to 30 June 2019 have been prepared in accordance with IAS 34 – Interim Reporting, and that the information contained therein provides a true and fair view of the Group’s assets, liabilities, financial position and overall results. We further declare that, to the best of our knowledge, the half-year report provides a true and fair view of important events that have taken place during the accounting period and their impact on the half-year financial statements, as well as the most important risks and uncertainties facing the business in the forthcoming accounting period.

Board of Directors and CEO of NORBIT ASA
Trondheim, Norway, 21 August 2019



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 Group 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 Group 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 Group 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 Group 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 Group 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 Group considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Adjusted EBIT	Normalised earnings before interest and tax (i.e. non-recurring items and deviations are added back). Adjusted EBIT is a key performance indicator that the Group considers relevant for understanding earnings adjusted for non-recurring items that affect comparability.
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 Group considers relevant for assessing its financial leverage.

Condensed consolidated statement of profit and loss

<i>Amounts in NOK 000's</i>	<i>Note</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Continuing operations					
Revenue	2	327 349	205 467	169 653	115 374
Other gains and losses	3	10 865			
Raw materials and change in inventories		148 661	101 820	77 982	55 711
Employee benefit expenses		84 114	52 503	51 347	26 327
Depreciation and amortization expenses		22 459	19 640	12 995	9 850
Other operating expenses		34 378	23 735	19 361	11 967
Operating profit		48 601	7 769	7 968	11 520
Other financial income		13 945	35 645	6 150	31 670
Interest expenses		-4 869	-4 601	-2 845	-2 201
Other financial expenses		-16 405	-4 801	-10 999	-2 748
Net financial items		-7 329	26 243	-7 694	26 720
Profit before tax		41 272	34 012	274	38 240
Income tax expense		-6 713	-985	262	-1 876
Profit for the period		34 559	33 027	536	36 364
Attributable to:					
Owners of the Company		34 555	33 280	574	36 630
Non-controlling interests		4	-253	-39	-266
		34 559	33 027	536	36 364
Earnings per share					
From continuing operations					
Basic (NOK per share)		0,69	0,78	0,01	0,84
Diluted (NOK per share)		0,69	0,78	0,01	0,84

Condensed consolidated statement of comprehensive income

<i>Amounts in NOK 000's</i>	<i>Note</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Profit for the period		34 559	33 027	536	36 364
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		48	-253	40	-508
Other comprehensive income for the period, net of tax		48	-253	40	-508
Total comprehensive income for the period		34 607	32 774	575	35 856
Total comprehensive income for the period is attributable to:					
Owners of the Company		34 603	33 027	614	36 122
Non-controlling interests		4	-253	-39	-266
		34 607	32 774	575	35 856

Condensed consolidated statement of financial position

<i>Amounts in NOK 000's</i>	<i>Note</i>	30.06.2019	31.12.2018
ASSETS			
Property, plant and equipment		69 175	70 963
Intangible assets		124 337	104 279
Deferred tax asset		36 087	33 130
Investments accounted for using the equity method		1 402	1 402
Shares in other companies		626	626
Other loans and receivables		147	
Total non-current assets		231 775	210 400
Inventories		151 705	122 890
Trade receivables		133 083	101 976
Other receivables and prepayments		22 002	26 120
Derivative financial instruments	6	1 210	
Bank deposits		21 126	9 091
Total current assets		329 126	260 077
Total assets		560 901	470 477

<i>Amounts in NOK 000's</i>	<i>Note</i>	30.06.2019	31.12.2018
LIABILITIES			
Borrowings		17 158	84 827
Lease liabilities		3 087	5 863
Other liabilities		91	155
Total non-current liabilities		20 337	90 845
Trade payables		83 733	75 591
Other payables		47 134	52 757
Borrowings		2 109	85 152
Lease liabilities		6 949	7 004
Derivative financial instruments	6		1 213
Total current liabilities		139 924	221 717
Total liabilities		160 261	312 562
Share capital and share premium	5	5 679	434
Other equity		276 295	43 820
Retained earnings		118 129	103 939
Non-controlling interests		538	9 722
Total equity		400 640	157 915
Total equity and liabilities		560 901	470 477

Condensed consolidated statement of changes in equity

	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital and premium	Other equity	Retained earnings			
<i>Amounts in NOK 000's</i>	<i>Note</i>					
Balance at 31 December 2017	410	33 344	71 700	105 454	9 408	114 862
Profit for the period			47 636	47 636	314	47 951
Other comprehensive income			603	603		603
Total comprehensive income for the period	0	0	48 239	48 239	314	48 554
Transaction with owners in their capacity as owners:						
Contribution of equity, net of transaction costs and tax	24	10 476		10 500		10 500
Dividends paid			-16 000	-16 000		-16 000
Total transactions with owners	24	10 476	-16 000	-5 500	0	-5 500
Balance at 31 December 2018	434	43 820	103 939	148 193	9 722	157 915

	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital and premium	Other equity	Retained earnings			
	<i>Note</i>					
Balance at 31 December 2018	434	43 820	103 939	148 193	9 722	157 915
Profit for the period			34 555	34 555	4	34 559
Other comprehensive income			48	48		48
Total comprehensive income for the period	0	0	34 603	34 603	4	34 607
Transaction with owners in their capacity as owners:						
Contribution of equity, net of transaction costs and tax	5 244	232 475		237 719		237 719
Transaction with non-controlling interest			-14 413	-14 413	-9 189	-23 602
Dividends paid			-6 000	-6 000		-6 000
Total transactions with owners	5 244	232 475	-20 413	217 306	-9 189	208 117
Balance at 30 June 2019	5 679	276 295	118 129	400 102	538	400 640

Condensed consolidated statement of cash flows

<i>Amounts in NOK 000's</i>	<i>Note</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Profit for the period		34 559	33 027	536	36 364
Adjustments for:					
Income tax expense recognised in profit or loss		6 713	985	-262	1 876
Investment income recognised in profit or loss		-10 865			
Depreciation and amortization		22 459	19 640	12 995	9 850
Movements in working capital:					
(Increase)/decrease in trade and other receivables		-31 107	-24 595	-7 810	-2 006
(Increase)/decrease in inventories		-28 815	-16 969	-10 250	-9 462
Increase/(Decrease) in trade and other payables		8 142	6 124	3 702	-4 494
Increase/(decrease) in accruals		-5 417	-3 424	-15 920	-5 304
Net cash generated by operating activities		-4 329	14 789	-17 009	26 824
Cash flows from investing activities					
Payments for property, plant and equipment		-7 094	-14 374	-2 897	-8 783
Payments for intangible assets		-33 495	-20 579	-12 706	-11 928
Net cash outflow on acquisition of subsidiaries		422			
Net cash (used in)/generated by investing activities		-40 167	-34 953	-15 603	-20 711
Cash flows from financing activities					
Proceeds from issue of equity instruments of the Company		250 000	10 500	250 000	10 500
Payment for services related to issue of equity instruments		-15 574		-15 574	
Transactions with non-controlling interests		-19 254			
Proceeds from borrowings		104 918	25 345	937	25 169
Repayment of borrowings		-185 155	-14 309	-103 058	-10 687
Net change in overdraft facility		-72 403	6 215	-82 822	-12 545
Dividends paid		-6 000	-16 000		-16 000
Net cash (used in)/generated by financing activities		56 533	11 751	49 483	-3 562
Net increase in bank deposits		12 036	-8 413	16 872	2 550
Bank deposits at the beginning of the period		9 091	14 811	4 254	3 847
Bank deposits at the end of the period		21 126	6 398	21 126	6 398

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 to industrial customers in a 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, in Q1 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 Q1 2019. Norbit ODM and Norbit EMS are the Group's respective R&D and manufacturing capacities.

Basis of preparation

The interim consolidated statements for the second quarter 2019 and for the first half year 2019, ending 30 June 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 standards and interpretations effective from 1 January 2019 do not have 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 in-house manufacturing.

Amounts in NOK 000's

1H 2019

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	117 738	77 755	143 940	-12 084	327 350
Raw materials and change in inventories	49 680	25 901	77 991	-4 910	148 661
Operating expenses incl. other gains and losses	34 913	17 556	48 150	7 008	107 627
EBITDA	33 145	34 298	17 800	-14 181	71 061
EBITDA margin	28 %	44 %	12 %		22 %
Depreciation	898	769	6 780	575	9 023
Amortization and impairment	6 591	4 454	2 391		13 437
EBIT	25 655	29 075	8 628	-14 757	48 601
Total financial items (not allocated)					-7 329
Profit before tax					41 272
Taxes (not allocated)					-6 713
Profit after tax					34 559
Timing of revenues					
- At point in time	108 670	77 755	136 715		
- Over time	9 069		7 226		
Total	117 738	77 755	143 941		

Amounts in NOK 000's

1H 2018

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	81 793	15 680	121 061	-13 067	205 467
Raw materials and change in inventories	31 771	7 664	62 066	319	101 820
Operating expenses	32 813	9 221	47 028	-12 825	76 237
EBITDA	17 208	-1 204	11 967	-561	27 410
EBITDA margin	21 %	-8 %	10 %		13 %
Depreciation	1 193	330	5 911	498	7 932
Amortization and impairment	7 004	3 320	1 385		11 709
EBIT	9 012	-4 855	4 671	-1 059	7 769
Total financial items (not allocated)					26 243
Profit before tax					34 012
Taxes (not allocated)					-985
Profit after tax					33 027
Timing of revenues					
- At point in time	78 409	15 680	115 318		
- Over time	3 384		5 743		
Total	81 793	15 680	121 061		

Amounts in NOK 000's

Q2 2019

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	58 820	41 742	75 492	-6 401	169 653
Raw materials and change in inventories	26 152	16 014	39 894	-4 079	77 982
Operating expenses	16 433	8 214	25 698	20 363	70 708
EBITDA	16 235	17 514	9 900	-22 685	20 964
EBITDA margin	28 %	42 %	13 %		12 %
Depreciation	466	387	3 432	293	4 578
Amortization and impairment	3 305	3 460	1 652		8 417
EBIT	12 463	13 667	4 816	-22 978	7 968
Total financial items (not allocated)					-7 694
Profit before tax					274
Taxes (not allocated)					262
Profit after tax					536
Timing of revenues					
- At point in time	54 659	41 742	73 764		
- Over time	4 162		1 728		
Total	58 820	41 742	75 492		

Amounts in NOK 000's

Q2 2018

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	53 906	5 131	60 013	-3 676	115 374
Raw materials and change in inventories	22 083	876	32 024	728	55 711
Operating expenses	16 253	4 157	22 814	-4 931	38 293
EBITDA	15 570	98	5 175	527	21 370
EBITDA margin	29 %	2 %	9 %		19 %
Depreciation	586	165	2 993	250	3 995
Amortization and impairment	3 502	1 660	692		5 854
EBIT	11 482	-1 728	1 489	277	11 520
Total financial items (not allocated)					26 720
Profit before tax					38 240
Taxes (not allocated)					-1 876
Profit after tax					36 364
Timing of revenues					
- At point in time	51 529	5 131	56 862		
- Over time	2 377		3 151		
Total	53 906	5 131	60 013		

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 Børs in June 2019. Total equity contribution was TNOK 250 000. Total expenses related to the raise of capital and the listing was TNOK 20 272, of which TNOK 15 574 was recorded as a reduction of the equity contribution, and TNOK 4 698 was recorded as other financial expenses.

In 2014 Norbit launched a shared-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:

Amounts in NOK 000's

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 owneres 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 1H 19.

Development and acquisition of intangible assets

The Group made capital expenditure of TNOK 33 495 in intangible assets in 1H 2019, of which TNOK 7 942 is attributable to the acquisition of Ablepay. In Q2 the capital expenditure was TNOK 12 706.

Transactions with non-controlling interest

The Company acquired shares from non-controlling interest in NORBIT EMS AS and NORBIT ITS AS totalling TNOK 23 602, leading to a reduction of Non-controlling interest of TNOK 9 189 and Retained earnings of TNOK 14 413.

New credit facility implemented

A new credit and guarantee facility was implemented early 2019. The company has made a repayment of long term debt to the bank 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 June.

Note 4 | Subsequent events

There are no material subsequent events after the end of Q2 2019 or Q2 2018.

Note 5 | Earnings per share

<i>Amounts in NOK</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Basic earnings per share				
Total basic earnings per share attributable to the ordinary equity holders of the company	0,69	0,78	0,01	0,84
Diluted earnings per share				
Total diluted earnings per share attributable to the ordinary equity holders of the company	0,69	0,78	0,01	0,84
Reconciliations of earnings used in calculating earnings per share				
<i>Amounts in NOK 000's</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Basic earnings per share				
Profit from continuing operations attributable to the ordinary equity holders of the company:				
Used in calculation basic earnings per share	34 559	33 027	536	36 364
Used in calculating diluted earnings per share	34 559	33 027	536	36 364
Weighted average number of shares used as the denominator				
<i>Number</i>	1H 2019	1H 2018	Q2 2019	Q2 2018
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	50 108 209	42 238 850	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 weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

Note 6 | Derivative financial instruments

The Group has the following derivative financial instruments:

	30.06.2019	31.12.2018
	EUR	EUR
	Amount base	Amount base
	('000)	('000)
Foreign currency forwards (sale)	6 700	12 600
Average FX rate in contracts	9,7224	9,9489
Fair value of contracts based on MTM reports from counterpart banks	1 210	-1 213