

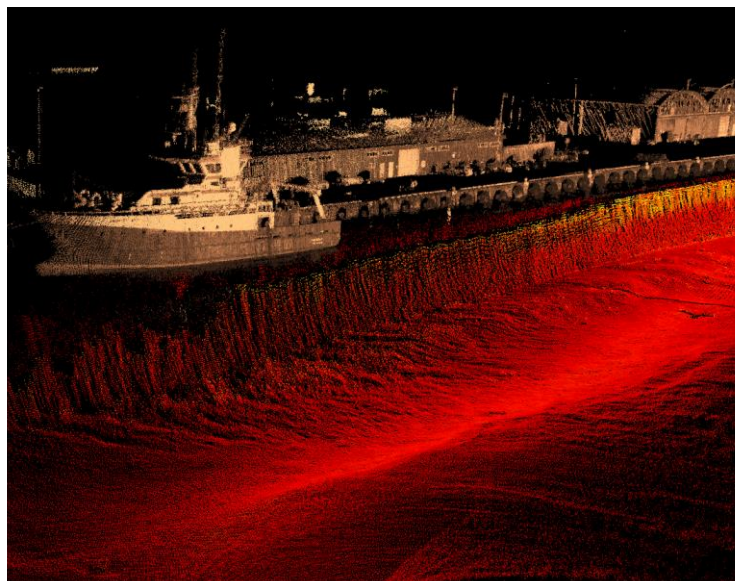
NORBIT

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Q3 | 2019

NORBIT ASA

29 OCTOBER 2019



HIGHLIGHTS FOR 2019

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

THIRD QUARTER

- For the third quarter of 2019, NORBIT's revenues amounted to NOK 154.4 million (NOK 105.4 million), up 46 per cent from the third quarter of 2018
- EBITDA was NOK 38.5 million for the period (NOK 20.3 million), up 90 per cent from the same period in 2018, representing a margin of 25 per cent
- In July, NORBIT was awarded a contract with a partner in the maritime markets with an approximate value of NOK 10 million for the Oceans segment
- In September, a key automotive client gave notice about a significant increase in volume deliveries, with an expected annual revenue impact of NOK 50 million for the PIR segment from 2020

FIRST NINE MONTHS

- Revenues for the first nine months of 2019 came in at NOK 481.7 million (NOK 310.9 million), up 55 per cent from the same period in 2018
- EBITDA was NOK 109.6 million (NOK 47.7 million), up 130 per cent from the same period in 2018, representing a margin of 23 per cent
- In January, NORBIT acquired the mobile payment specialist AblePay from a group of venture investors
- In March, NORBIT announced a large agreement with the German industry giant Continental Automotive, with initial volume deliveries in the first quarter this year
- On 21 June 2019, NORBIT was listed on the Oslo Stock Exchange

CONSOLIDATED KEY FIGURES¹

<i>Amounts in million NOK (except percentages)</i>	Q3		YTD		2018
	2019	2018	2019	2018	
Revenues	154.4	105.4	481.7	310.9	438.4
EBITDA	38.5	20.3	109.6	47.7	74.8
EBIT	26.5	11.7	75.1	19.4	38.0
Adjusted EBITDA	38.5	20.3	118.2	47.7	74.8
<i>Adjusted EBITDA margin (%)</i>	<i>24.9%</i>	<i>19.2%</i>	<i>24.5%</i>	<i>15.3%</i>	<i>17%</i>
Adjusted EBIT	26.5	11.7	83.7	19.4	38.0
<i>Adjusted EBIT margin (%)</i>	<i>17.2%</i>	<i>11.1%</i>	<i>17.4</i>	<i>6.3%</i>	<i>9%</i>

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 third quarter of 2019 amounted to NOK 154.4 million (NOK 105.4 million), representing a 46 per cent increase since the third quarter of 2018, explained by the significant higher sales in the ITS segment.

For the first nine months of 2019, NORBIT's revenues came in at NOK 481.7 million (NOK 310.9 million), up by 55 per cent compared to the same period in 2018. The ITS segment is the main contributor to the growth, delivering a 453 per cent increase since the corresponding period last year, while Oceans and PIR grew by 26 and 10 per cent respectively.

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 127.8 million for the quarter (NOK 93.7 million).

For the first three quarters of 2019, operating expenses came in at NOK 417.5 million (NOK 291.4 million). This includes a reduction of the total expenses for 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 36.4 million for the quarter (NOK 24.0 million). The increase is mainly related to higher activity in the company's facilities, as a result of higher volumes produced, and a larger organization.

For the nine months of 2019 employee benefits

expenses amounted to NOK 120.5 million (NOK 76.5 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 38.5 million for the third quarter (NOK 20.3 million) and NOK 109.6 million for the first nine months (NOK 47.7 million).

Adjusted EBITDA is EBITDA adjusted for items affecting comparability. As there were no items affecting comparability for the third quarter of 2019 or 2018, adjusted EBITDA were the same as EBITDA for the periods. For the first nine months, adjusted EBITDA amounted to NOK 118.2 million for the first nine months (NOK 47.7 million), representing a margin of 25 per cent (15 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 -3.3 million for the third quarter (NOK -1.9 million) and NOK -10.6 million for the first nine months (NOK 24.3 million). The net financial items for the first nine months included one-off expenses related to the IPO of NOK 4.7 million for the second 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 last year.

Tax expense for this quarter amounted to NOK -5.1 million (NOK -2.3 million). For the first nine months this year, the tax expense was NOK -11.8 million (NOK -3.3 million).

Profit after tax was NOK 18.1 million for the quarter (NOK 7.4 million) and NOK 52.7 million for the first nine months (NOK 40.5 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. Also, due to a relatively high average unit price of NOK 1 to 2 million per system, fluctuations in revenues between quarters should be expected. The Oceans segment normally experience somewhat lower revenues in the first and third quarters of the year, related to survey season and vacation season respectively.

KEY FIGURES OCEANS

Amounts in NOK million	Q3		YTD	
	2019	2018	2019	2018
Revenues	50.6	52.1	168.3	133.9
EBITDA	11.4	15.9	44.6	33.1
EBITDA margin (%)	23%	30%	26%	25%
EBIT	7.8	12.4	33.5	21.4
EBIT margin (%)	15%	24%	20%	16%

Revenues for Oceans amounted to NOK 50.6 million for the third quarter of 2019 (NOK 52.1 million), whereas North-America was the strongest performing region.

For the first nine months of the year, Oceans delivered revenues of NOK 168.3 million (NOK 133.9 million), representing an increase of 26 per cent.

Operating expenses in the Oceans segment amounted to NOK 17.4 million for the quarter (NOK 17.0 million). For the first nine months, operating expenses came in at NOK 52.3 million (NOK 49.9 million), an increase of only 5 per cent compared to a revenue growth of 26 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 11.4 million for the quarter (NOK 15.9 million), representing a margin of 23 per cent (30 per cent). The decrease in margin is mainly explained by change in product mix, while operating expenses are stable as explained above. The product mix is expected to fluctuate between the quarters.

EBITDA was NOK 44.6 million for the first nine months (NOK 33.1 million), representing a margin of 26 per cent (25 per cent).

Contract awarded

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. Deliveries on this contract will be completed in the fourth quarter.

Product development in Oceans

The Ocean segment has a continuous focus on expanding its product offering and tailoring its solutions to new sub markets. Below are some examples of the segment's product developments in the quarter.

Following successful completion of a customer demonstration of NORBIT's integrated sonar solution with user interface tailored for dredging application in the second quarter, the Oceans segment secured and

delivered an important first order for a 4D dredging system in the third quarter for one of the big dredging companies in Benelux.

In June 2019, NORBIT demonstrated a new concept in simplifying the hydrographic data acquisition workflow. DCT (Data Collection Tool) enables beginners and experts alike to achieve fast, high-quality results using NORBIT's integrated mapping systems.

In August 2019, the first saildrone, a wind-driven and solar-powered unmanned surface vehicle (USV), was launched in the Gulf of Mexico by the US NOAA's Office of Coast Survey, the University of Southern Mississippi, and Saildrone. The USV is equipped with NORBIT's sensor technology, bringing lower power, wide swath high resolution bathymetric multibeam data for nautical charting.

Intelligent Traffic Systems (ITS)

Intelligent Traffic Systems (ITS) is a leading provider of products and solutions to international system integrators. The ITS segment is currently a 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	Q3		YTD	
	2019	2018	2019	2018
Revenues	61.8	9.6	139.5	25.2
EBITDA	28.5	4.7	62.8	3.5
EBITDA margin (%)	46%	49%	45%	14%
EBIT	24.6	3.5	53.7	-1.4
EBIT margin (%)	40%	36%	38%	-5%

Revenues for ITS amounted to NOK 61.8 million for the third quarter of 2019 (NOK 9.6 million), corresponding to a significant growth, driven by new long-term contracts with international blue-chip clients.

The revenues for the quarter are also 48 per cent higher than for the previous quarter, resulting from some deliveries being moved from the second to the third quarter as explained the previous quarter. Some volume fluctuations between quarters on the long-term contracts are also expected going forward.

For the first nine months, ITS had revenues of NOK 139.5 million (NOK 25.2 million), an increase of 453 per cent.

Operating expenses in ITS amounted to NOK 10.1 million for the quarter (NOK 3.3 million). For the first nine months, operating expenses was NOK 27.6 million (NOK 12.5 million). The increase in operating expenses are partly explained higher activity in the segment. In addition, the segment had an increase in costs related to use of internal and external consultants. The increased level is expected to remain until more resources are recruited. Also, other indirect expenses related to manufacturing of the increased volumes has increased.

EBITDA for the third quarter for the ITS segment amounted to NOK 28.5 million (NOK 4.7 million), representing a margin of 46 per cent (49 per cent). For the first nine months, EBITDA totalled NOK 62.8 million (NOK 3.5 million). The EBITDA margin for the first nine months was 45 per cent (14 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. NORBIT' has manufacturing facilities at Røros and Selbu in Norway, both with a long history of delivering world-class manufacturing. PIR's revenues are largely dependent on how the production capacity is allocated between the internal segments and contract manufacturing for external customers.

KEY FIGURES PIR

Amounts in NOK million	Q3		YTD	
	2019	2018	2019	2018
Revenues	49.4	54.1	193.4	175.2
EBITDA	1.4	6.5	19.2	18.5
EBITDA margin (%)	3%	12%	10%	11%
EBIT	-2.8	2.8	5.8	7.5
EBIT margin (%)	-6%	5%	3%	4%

Revenues for PIR amounted to NOK 49.4 million for the third quarter of 2019 (NOK 54.1 million), corresponding to a decrease of 9 per cent. The lower revenues can mainly be explained by extraordinary low sales of products based on NORBIT IPR, as well as lower sales of R&D services compared to the corresponding quarter last year.

Compared to the previous quarter, revenues are down by 35 per cent. This reduction can be explained by lower volumes from contract manufacturing for external customers, as expected and communicated the previous quarter. Due to the high volume deliveries from the ITS segment, more of the company's production capacity was allocated to this segment. In addition, sale of products based on NORBIT IPR are lower this quarter than the previous, and sale of R&D services were lower due to vacation in the third quarter.

For the first nine months, revenues came in at NOK 193.4 million (NOK 175.2 million). This represents a revenue increase of 10 per cent

Operating expenses for the PIR segment amounted to NOK 27.8 million for the third quarter (NOK 18.8 million), representing an increase of 12 per cent, explained by high manufacturing activity.

For the first nine months, operating expenses came in at NOK 76.0 million (NOK 65.8 million).

EBITDA for the PIR segment amounted to NOK 1.4 million for the quarter (NOK 6.5 million), representing a margin of 3 per cent (12 per cent). The reduced margin is mainly driven by lower sales of R&D services and the low sales of products based on NORBIT IPR.

For the first nine months of the year, EBITDA was NOK 19.2 million (NOK 18.5 million), representing a margin of 10 per cent (11 per cent).

Significant volume increase on automotive contract

On 10 September 2019, NORBIT announced that a key automotive client had given notice about a significant increase in volume deliveries on an existing product. The increase has an expected annual revenue impact of NOK 50 million from 2020.

Expansion of facilities

As previously communicated, the PIR segment will focus on increasing its production capacity including investing in expansion of its facilities.

During the third quarter, NORBIT received approvals from the Røros local authorities for expansion of its production facilities. The company expects the expansion, which also includes new manufacturing equipment, to be completed during the summer of 2020, with production commencing in the second half of 2020.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

As of 30 September 2019, NORBIT's total assets amounted to NOK 562.7 million up from NOK 470.5 million at 31 December 2018.

The invested R&D during the first nine months was NOK 45.6 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 inventories by NOK 41.3 million during the first nine months of 2019, of which NOK 12.5 million during the third quarter. The inventory build-up in the quarter is partly as a result of expected higher volumes for the Ocean segment in the fourth quarter.

During the first nine months of 2019, accounts receivables have increased by NOK 34.4 million due to higher activity and revenues. A large share of the customers is 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 5.7 million as of 30 September 2019, up from NOK 9.1 million at the end of 2018.

Total equity amounted to NOK 417.3 million, representing an equity ratio of 74.2 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 52.1 million in the first nine months. The net proceeds of the share issue increased the equity by NOK 236.8 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 nine months of 2019 and at the end of the period the Group had undrawn short-term facilities of NOK 121.7 million and long-term facilities of NOK 150.0 million.

Consolidated cash flow

Cash flow from operating activities amounted to NOK -3.7 million for the third quarter of 2019 (NOK 10.2 million), including an increase in the working capital by NOK 38.9 million (NOK 8.1), mainly related to increase in inventories as explained above and reduction of accruals related to IPO costs.

For the first nine months of 2019, operating cash flow ended at to NOK -8.0 million (NOK 25.0 million), including a net increase in working capital of NOK 96.1 million (NOK 47 million).

Cash flow used for investment activities was NOK 18.2 million for the quarter (NOK 15.5 million). As explained in the report for the second quarter, NORBIT invested in additional machinery to increase production capacity, amounting to NOK 6.1 million for the third quarter. NOK 12.1 million of the investments for the quarter relate to R&D.

For the first nine months, cash flow used for investment activities was NOK 58.4 million (NOK 50.5 million). The investments mainly consist of NOK 45.6 million related to capitalization of R&D expenses and NOK 13.2 million related to payments for property, plant and equipment. NOK 7.9 million of the R&D expenses was related to the acquisition of AblePay in the first quarter.

Cash flow from financing activities amounted to NOK 6.5 million for the quarter (NOK 5.2 million), including an increase in the overdraft facility of NOK 8.3 million.

For the first nine months, cash flow from financing activities totalled NOK 63.1 million (NOK 17.0 million). This includes the equity issue related to the IPO and listing at the Oslo Stock Exchange in June, generating net proceeds of NOK 233.3 million, as well as repayment of long-term debt of NOK 187.0 million and reduction of an overdraft facility by NOK 64.1 million.

SHARE INFORMATION

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

In the third quarter, the share traded between NOK 19.11 and NOK 24.00 per share, with a closing price of NOK 20.00 at 30 September 2019.

As of 25 October 2019, the Company had a total of 1,183 shareholders, of which the 20 largest shareholders held 82.20 per cent of the total outstanding shares.

The Company has a total of 56,786,918 issued and 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.

In the medium term, 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's financial targets include a 3-year revenue CAGR of more than 25 per cent starting from 2017, 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 maintains its expectations for revenues and margins for the second half of 2019 to be in line with the first half of the year. During the first month of the fourth quarter, the segment has experienced high demand and a positive development, supporting that Oceans will deliver high revenues for the fourth quarter. The segment has experienced improvements in the Chinese market, although the uncertainty related to this market remains high.

The Ocean segment has low revenue visibility due to the short time from the company receives a customer order until delivery. In addition, as one order can have a relatively high impact on quarterly results, fluctuations between the quarters are expected. The segment has a continuous focus on expanding its product offering and tailoring its solutions to new sub markets.

For the ITS segment, the volumes were extra high in the third quarter, as a result of postponed deliveries in the second quarter. Still, NORBIT maintains its expectations for revenues for the second half of 2019 for the ITS segment to be higher than for the first half of the year.

As previously communicated, it is expected that a larger share of NORBIT's production capacity will be allocated to Oceans and ITS in the second half of 2019 than in the first half of the year, impacting PIR's revenues from contract manufacturing in the fourth quarter. However, sales of R&D consultants and products based on NORBIT IPR is expected to pick up in the fourth quarter compared to this quarter.

The expansion of the production facilities at Røros is expected to be completed during the summer of 2020. As explained above, the higher cost level related to peak production, including manning more shifts etc, is expected to persist until the new building at Røros is ready for production.

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

Trondheim, Norway, 28 October 2019
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 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

<i>Amounts in NOK 000's</i>	<i>Note</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Revenue	2	481 708	310 850	154 359	105 383
Other gains and losses	3	10 865			
Raw materials and change in inventories		217 403	151 913	68 741	50 093
Employee benefit expenses		120 497	76 519	36 383	24 016
Depreciation and amortization expenses		34 446	28 244	11 986	8 603
Other operating expenses		45 108	34 743	10 730	11 009
Operating profit		75 120	19 431	26 518	11 662
Net financial items	3, 7	-10 638	24 302	-3 309	-1 941
Profit before tax		64 482	43 733	23 209	9 721
Income tax expense		-11 819	-3 264	-5 106	-2 280
Profit for the period		52 663	40 468	18 103	7 441
Attributable to:					
Owners of the Company		52 656	40 476	18 101	7 196
Non-controlling interests		6	-8	2	245
		52 663	40 468	18 103	7 441
Earnings per share					
Basic (NOK per share)		1,01	0,95	0,32	0,17
Diluted (NOK per share)		1,01	0,95	0,32	0,17

Condensed consolidated statement of comprehensive income

<i>Amounts in NOK 000's</i>	<i>Note</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Profit for the period		52 663	40 468	18 103	7 441
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		-518	401	-565	653
Other comprehensive income for the period, net of tax		-518	401	-565	653
Total comprehensive income for the period		52 145	40 869	17 538	8 095
Total comprehensive income for the period is attributable to:					
Owners of the Company		52 139	40 877	17 438	7 850
Non-controlling interests		6	-8	2	245
		52 145	40 869	17 440	8 095

Condensed consolidated statement of financial position

<i>Amounts in NOK 000's</i>	<i>Note</i>	30.09.2019	30.06.2019	31.12.2018
ASSETS				
Property, plant and equipment		73 540	69 175	70 963
Intangible assets	3	128 654	124 337	104 279
Deferred tax asset		30 930	36 087	33 130
Investments accounted for using the equity method		1 402	1 402	1 402
Shares in other companies		626	626	626
Other loans and receivables		147	147	
Total non-current assets		235 299	231 775	210 400
Inventories		164 170	151 705	122 890
Trade receivables		136 416	133 083	101 976
Other receivables and prepayments		20 758	22 002	26 120
Derivative financial instruments	6	107	1 210	
Bank deposits		5 737	21 126	9 091
Total current assets		327 188	329 126	260 077
Total assets		562 487	560 901	470 477

<i>Amounts in NOK 000's</i>	<i>Note</i>	30.09.2019	30.06.2019	31.12.2018
LIABILITIES				
Borrowings		16 892	17 158	84 827
Lease liabilities		4 919	3 087	5 863
Other liabilities		374	91	155
Total non-current liabilities		22 185	20 337	90 845
Trade payables		78 457	83 733	75 591
Other payables		28 967	47 134	52 757
Borrowings		10 439	2 109	85 152
Lease liabilities		5 159	6 949	7 004
Derivative financial instruments	6			1 213
Total current liabilities		123 022	139 924	221 717
Total liabilities		145 207	160 261	312 562
Share capital	5	5 679	5 679	434
Share premium		275 397	276 295	43 820
Retained earnings		135 664	118 129	103 939
Non-controlling interests	3	540	538	9 722
Total equity		417 280	400 640	157 915
Total equity and liabilities		562 487	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	Other reserves	Retained earnings				
<i>Amounts in NOK 000's</i>								
	<i>Note</i>							
Balance at 31 December 2017		410	33 344	0	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	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	0	103 939	148 193	9 722	157 915

	Attributable to owners					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	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					52 656	52 656	6	52 663
Other comprehensive income					-518	-518		-518
Total comprehensive income for the period		0	0	0	52 139	52 139	6	52 145
Transaction with owners in their capacity as owners:								
Contribution of equity, net of transaction costs and tax		5 244	231 577			236 822		236 822
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	231 577	0	-20 413	216 409	-9 189	207 219
Balance at 30 September 2019		5 679	275 397	0	135 664	416 739	540	417 280

Condensed consolidated statement of cash flows

<i>Amounts in NOK 000's</i>	<i>Note</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Profit for the period		52 663	40 468	18 103	7 441
Adjustments for:					
Income tax expense recognised in profit or loss		11 819	3 264	5 106	2 280
Investment income recognised in profit or loss		-10 865			
Depreciation and amortization		34 446	28 244	11 986	8 603
Movements in working capital:					
(Increase)/decrease in trade and other receivables		-34 440	-25 164	-3 333	-569
(Increase)/decrease in inventories		-41 280	-33 996	-12 465	-17 027
Increase/(Decrease) in trade and other payables		2 866	11 901	-5 276	5 777
Increase/(decrease) in accruals		-23 246	268	-17 829	3 692
Net cash generated by operating activities		-8 037	24 986	-3 707	10 197
Cash flows from investing activities					
Payments for property, plant and equipment		-13 166	-19 755	-6 072	-5 381
Payments for intangible assets		-45 622	-30 706	-12 128	-10 127
Net cash outflow on acquisition of subsidiaries		422			
Net cash (used in)/generated by investing activities		-58 367	-50 461	-18 199	-15 508
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		-16 725		-1 151	
Transactions with non-controlling interests		-19 254			
Proceeds from borrowings		106 115	29 555	1 197	4 210
Repayment of borrowings		-187 013	-19 891	-1 858	-5 582
Net change in overdraft facility		-64 073	12 831	8 330	6 616
Dividends paid		-6 000	-16 000		
Net cash (used in)/generated by financing activities		63 050	16 995	6 517	5 244
Net increase in bank deposits		-3 353	-8 481	-15 389	-67
Bank deposits at the beginning of the period		9 091	14 811	21 126	6 398
Bank deposits at the end of the period		5 737	6 330	5 737	6 330

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, 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 third quarter 2019 and for YTD 2019, ending 30 September 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 Realization (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.

<i>Amounts in NOK 000's</i>	YTD 2019				
	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	168 301	139 525	193 384	-19 502	481 708
Raw materials and change in inventories	71 440	49 137	98 254	-1 428	217 403
Operating expenses	52 310	27 606	75 958	-1 135	154 740
EBITDA	44 551	62 782	19 172	-16 939	109 566
EBITDA margin	26 %	45 %	10 %		23 %
Depreciation	1 397	1 156	9 745	900	13 198
Amortization and impairment	9 695	7 958	3 594		21 247
EBIT	33 459	53 668	5 833	-17 839	75 120
Total financial items (not allocated)					-10 638
Profit before tax					64 482
Taxes (not allocated)					-11 819
Profit after tax					52 663
Timing of revenues					
- At point in time	157 246	139 525	187 886		
- Over time	11 055		5 498		
Total	168 301	139 525	193 384		

<i>Amounts in NOK 000's</i>	YTD 2018				
	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	133 907	25 236	175 155	-23 449	310 850
Raw materials and change in inventories	50 959	9 263	90 826	865	151 913
Operating expenses	49 860	12 495	65 826	-16 918	111 262
EBITDA	33 089	3 478	18 503	-7 395	47 675
EBITDA margin	25 %	14 %	11 %		15 %
Depreciation	1 629	523	8 911	740	11 803
Amortization and impairment	10 023	4 341	2 077		16 440
EBIT	21 438	-1 385	7 514	-8 136	19 431
Total financial items (not allocated)					24 302
Profit before tax					43 732
Taxes (not allocated)					-3 264
Profit after tax					40 468
Timing of revenues					
- At point in time	129 746	25 236	160 597		
- Over time	4 161		14 558		
Total	133 907	25 236	175 155		

Amounts in NOK 000's

Q3 2019

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	50 563	61 770	49 444	-7 417	154 359
Raw materials and change in inventories	21 760	23 236	20 263	3 482	68 741
Operating expenses	17 397	10 051	27 808	-8 142	47 113
EBITDA	11 406	28 483	1 372	-2 757	38 505
EBITDA margin	23 %	46 %	3 %		25 %
Depreciation	499	387	2 965	325	4 176
Amortization and impairment	3 104	3 504	1 203		7 811
EBIT	7 804	24 592	-2 796	-3 082	26 518
Total financial items (not allocated)					-3 309
Profit before tax					23 209
Taxes (not allocated)					-5 106
Profit after tax					18 103

Timing of revenues

- At point in time	47 489	61 770	49 444		
- Over time	3 074				
Total	50 563	61 770	49 444		

Amounts in NOK 000's

Q3 2018

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	52 115	9 555	54 094	-10 382	105 383
Raw materials and change in inventories	19 187	1 599	28 760	546	50 093
Operating expenses	17 046	3 274	18 798	-4 094	35 025
EBITDA	15 881	4 682	6 536	-6 834	20 265
EBITDA margin	30 %	49 %	12 %		19 %
Depreciation	436	193	3 001	242	3 872
Amortization and impairment	3 019	1 020	692		4 732
EBIT	12 426	3 469	2 843	-7 076	11 662
Total financial items (not allocated)					-1 941
Profit before tax					9 720
Taxes (not allocated)					-2 280
Profit after tax					7 441

Timing of revenues

- At point in time	50 538	9 555	48 111		
- Over time	1 577		5 983		
Total	52 115	9 555	54 094		

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 16 725 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 45 622 in intangible assets YTD 2019, of which TNOK 7 942 is attributable to the acquisition of Ablepay. In Q3 the capital expenditure was TNOK 12 128.

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 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 120 652 (1M NIBOR + 1,4% margin) as of end September.

Note 4 | Subsequent events

There are no material subsequent events after the end of Q3 2019

Note 5 | Earnings per share

<i>Amounts in NOK</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Basic earnings per share				
Total basic earnings per share attributable to the ordinary equity holders of the company	1,01	0,95	0,32	0,17
Diluted earnings per share				
Total diluted earnings per share attributable to the ordinary equity holders of the company	1,01	0,95	0,32	0,17
Reconciliations of earnings used in calculating earnings per share				
<i>Amounts in NOK 000's</i>	YTD 2019	YTD 2018	Q3 2019	Q3 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	52 663	40 468	18 103	7 441
Used in calculating diluted earnings per share	52 663	40 468	18 103	7 441
Weighted average number of shares used as the denominator				
<i>Number</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	52 334 445	42 635 733	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 on the conversion of all potential ordinary shares into ordinary shares.

Note 6 | Derivative financial instruments

The group has the following derivative financial instruments:

	30.09.2019	31.12.2018
	EUR	EUR
	Amount base	Amount base
	('000)	('000)
Foreign currency forwards (sale)	3 300	12 600
Average FX rate in contracts	9,9922	9,9489
Fair value of contracts based on MTM reports from counterpart banks	107	-1 213

Note 7 | Net financial items

Net financial items consists of

<i>Amounts in NOK</i>	YTD 2019	YTD 2018	Q3 2019	Q3 2018
Agio/disagio	-496	623	-2 366	73
Interest expenses	-5 813	-6 615	-944	-2 014
IPO related expenses	-4 330			
Gain related to realization of shares in associated company		30 293		
Net financial items	-10 638	24 302	-3 309	-1 941