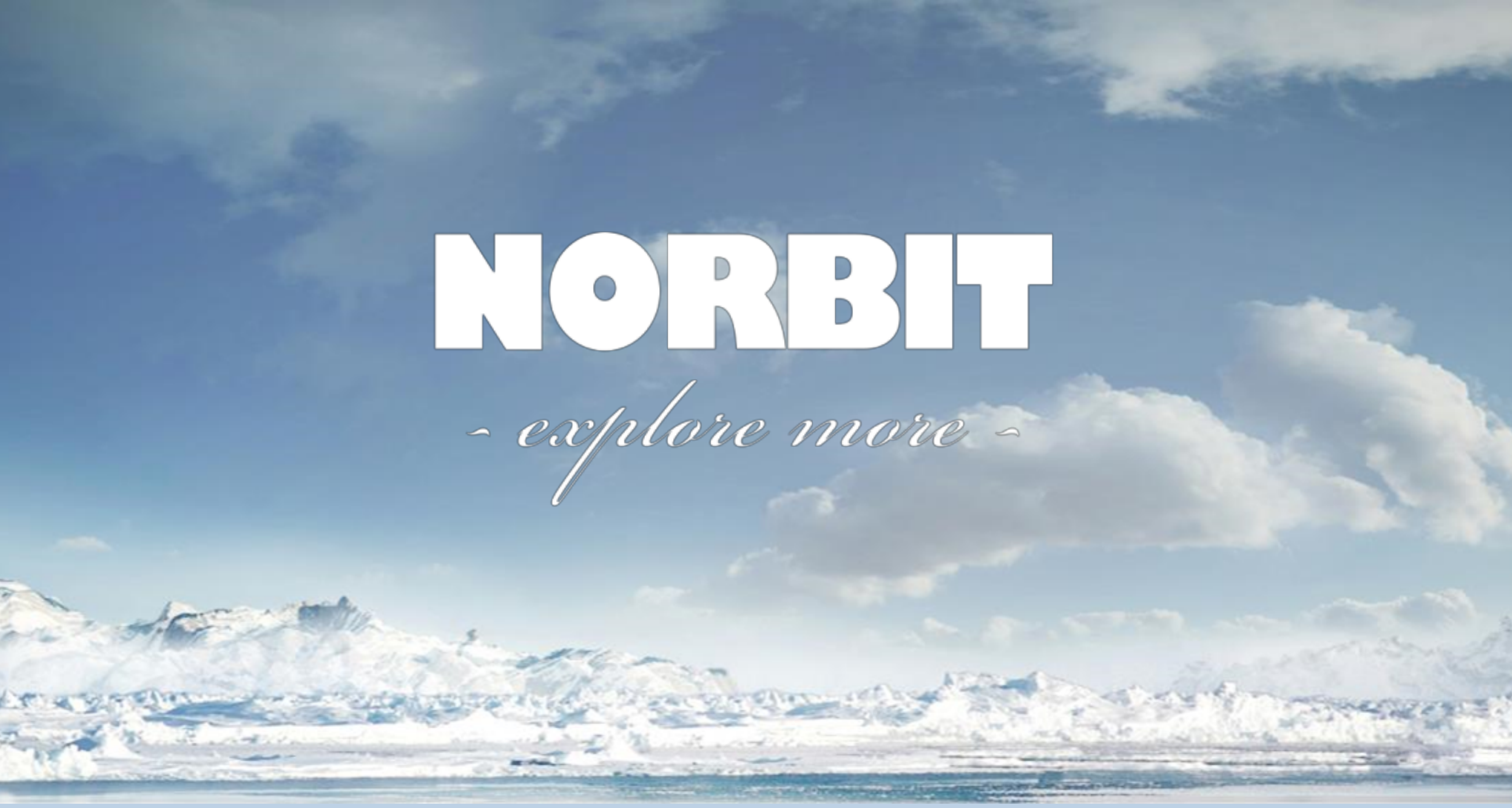


# CONSOLIDATED

# FINANCIAL STATEMENT

# 2018

# NORBIT ASA

## Consolidated statement of profit or loss

| *Amounts in NOK 000's* | *Note* | **Year ended 31/12/18** | Year ended 31/12/17 |
|---|---|---|---|
| Revenue | *2* | **438 369** | 350 124 |
| Other gains and losses | *13a)* | **0** | 2 051 |
| Changes in inventories of finished goods and work in progress | | **-13 302** | -1 982 |
| Raw materials and consumables used | | **222 842** | 189 922 |
| Employee benefits expenses | *4a,8d),18c),d) 19* | **110 856** | 89 982 |
| Depreciation and amortisation expenses | *7a), 8a)* | **36 714** | 32 635 |
| Other operating expenses | *4a),4b)* | **43 210** | 33 688 |
| **Operating profit** | | **38 048** | 7 930 |
| Share of profit from associates | *4c)* | **26 261** | 281 |
| Interest income | *4c)* | **0** | 23 |
| Other financial income | *4c)* | **15 058** | 10 807 |
| Interest expenses | *4c)* | **-9 252** | -10 712 |
| Other financial expenses | *4c)* | **-15 129** | -5 448 |
| **Net financial items** | | **-9 323** | -5 331 |
| Profit before tax | | **54 987** | 2 880 |
| Income tax expense | *5* | **-7 036** | 25 642 |
| **PROFIT FOR THE PERIOD** | | **47 951** | 28 522 |
| **Attributable to:** | | | |
| Owners of the Company | | **47 636** | 28 499 |
| Non-controlling interests | | **314** | 23 |
| | | **47 951** | 28 522 |
| **Earnings per share** | *20* | | |
| Basic (NOK per share) | | **114,3** | 75,6 |
| Diluted (NOK per share) | | **114,3** | 75,6 |

## Consolidated statement of other comprehensive income

| *Amounts in NOK 000's* | *Note* | **Year ended 31/12/18** | Year ended 31/12/17 |
|---|---|---|---|
| **Profit for the period** | | **47 951** | 28 522 |
| | | | |
| **Other comprehensive income** | | | |
| Exchange differences on translation of foreign operations | | **603** | 273 |
| **Other comprehensive income for the period, net of tax** | | **603** | 273 |
| | | | |
| **Total comprehensive income for the period** | | **48 554** | 28 795 |
| | | | |
| **Total comprehensive income for the period is attributable to:** | | | |
| Owners of the Company | | **48 239** | 28 773 |
| Non-controlling interests | | **314** | 23 |
| | | **48 554** | 28 795 |

## Consolidated statement of financial position

| *Amounts in NOK 000's* | *Notes* | **31/12/18** | 31/12/17 | 01/01/17 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Property, plant and equipment | *7* | **70 963** | 52 595 | 57 869 |
| Intangible assets | *4a),8a)* | **104 279** | 85 069 | 71 879 |
| Deferred tax asset | *8b)* | **33 130** | 39 995 | 11 848 |
| Investments accounted for using the equity method | *14c)* | **1 402** | 4 150 | 2 649 |
| Shares in other companies | *6a)* | **626** | 100 | 100 |
| **Total non-current assets** | | **210 400** | 181 909 | 144 345 |
| Inventories | *8c)* | **122 890** | 81 025 | 59 482 |
| Trade receivables | *6b)* | **101 976** | 55 972 | 49 853 |
| Other receivables and prepayments | | **26 120** | 19 453 | 14 170 |
| Derivative financial instruments | *11a)* | **0** | 185 | 0 |
| Bank deposits | *6c)* | **9 091** | 14 811 | 6 321 |
| **Total current assets** | | **260 077** | 171 446 | 129 827 |
| **Total assets** | | **470 477** | 353 355 | 274 171 |

## Consolidated statement of financial position

| *Amounts in NOK 000's* | *Notes* | **31/12/18** | 31/12/17 | 01/01/17 |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Borrowings | *11d)* | **84 827** | 66 443 | 52 531 |
| Lease liabilities | *22* | **5 863** | 11 020 | 14 975 |
| Other liabilities | | **155** | 7 607 | 2 430 |
| **Total non-current liabilities** | | **90 845** | 85 070 | 69 936 |
| Trade payables | *6d)* | **75 591** | 45 547 | 46 247 |
| Other payables | *6d)* | **52 757** | 35 466 | 21 292 |
| Current tax liabilities | | **0** | 0 | 757 |
| Borrowings | *11d)* | **85 152** | 65 754 | 62 479 |
| Lease liabilities | *22* | **7 004** | 6 656 | 5 582 |
| Derivative financial instruments | *11a)* | **1 213** | 0 | 0 |
| **Total current liabilities** | | **221 717** | 153 423 | 136 356 |
| **Total liabilities** | | **312 562** | 238 494 | 206 292 |
| Share capital and share premium | *9a)* | **434** | 410 | 363 |
| Other equity | | **43 820** | 33 344 | 12 391 |
| Retained earnings | *9b)* | **103 939** | 71 700 | 40 163 |
| Non-controlling interests | *14a)* | **9 722** | 9 408 | 14 963 |
| **Total equity** | | **157 915** | 114 861 | 67 879 |
| **Total equity and liabilities** | | **470 477** | 353 355 | 274 171 |

Trondheim 23 May 2019

Finn Haugan
Chairperson

Bente Avnung Landsnes
Deputy chair

Trond Tuvstein
Board member

Tom Solberg
Board member

Marit Collin
Board member

Per Jørgen Weisethaunet
CEO

NORBIT
- explore more -

## Consolidated statement of changes in equity

| *Amounts in NOK 000's* | *Notes* | Attributable to owners: Share capital and premium | Other equity | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | | 363 | 12 391 | | 40 163 | 52 917 | 14 963 | 67 879 |
| Profit for the period | | | | | 28 499 | 28 499 | 23 | 28 522 |
| Other comprehensive income | | | | | 273 | 273 | | 273 |
| **Total comprehensive income for the period** | | 0 | 0 | 0 | 28 773 | 28 773 | 23 | 28 795 |
| **Transaction with owners in their capacity as owners:** | | | | | | | | |
| Contributions of equity net of transaction costs after tax | | 47 | 20 953 | | | 21 000 | | 21 000 |
| Acquisition of non-controlling interest | | | | | 3 107 | 3 107 | -5 577 | -2 470 |
| Dividends paid | | | | | -343 | -343 | | -343 |
| Total | | 47 | 20 953 | 0 | 2 764 | 23 764 | -5 577 | 18 187 |
| **Balance at 31 December 2017** | | 410 | 33 344 | 0 | 71 700 | 105 454 | 9 408 | 114 862 |

| *Amounts in NOK 000's* | *Notes* | Attributable to owners: Share capital and premium | Other equity | Other reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| **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:** | | | | | | | | |
| Contributions of equity net of transaction costs after tax | | 24 | 10 476 | | | 10 500 | | 10 500 |
| Dividends paid | | | | | -16 000 | -16 000 | | -16 000 |
| Total | | 24 | 10 476 | | -16 000 | -5 500 | 0 | -5 500 |
| **Balance at 31 December 2018** | | 434 | 43 820 | 0 | 103 939 | 148 193 | 9 723 | 157 915 |

## Consolidated statement of cash flows

| *Amounts in NOK 000's* | **Year ended 31/12/18** | Year ended 31/12/17 |
|---|---|---|
| **Profit for the period** | **47 951** | 28 522 |
| Adjustments for: | | |
| Income tax expense recognised in profit or loss | **7 036** | -25 642 |
| Share of profit from associates | **-287** | -281 |
| Investment income recognised in profit or loss | **-25 974** | -2 051 |
| Depreciation and amortization | **36 714** | 32 635 |
| Movements in working capital: | | |
| (Increase)/decrease in trade and other receivables | **-46 004** | -3 874 |
| (Increase)/decrease in inventories | **-41 866** | -12 253 |
| Increase/(decrease) in trade and other payables | **30 044** | -2 002 |
| Increase/(decrease) in provisions | **8 329** | -1 477 |
| Increase/(decrease) in other liabilities | **-87** | -757 |
| Income taxes paid | **0** | 0 |
| **Net cash generated by operating activities** | **15 855** | 12 820 |
| **Cash flows from investing activities** | | |
| Payments to acquire financial assets | **-26** | -1 114 |
| Proceeds on sale of financial assets | **29 389** | 0 |
| Payments for property, plant and equipment | **-37 294** | -8 921 |
| Proceeds from disposal of property, plant and equipment | **0** | 25 |
| Payments for intangible assets | **-38 226** | -30 173 |
| Net cash flow on acquisition of subsidiaries | **0** | -1 185 |
| **Net cash (used in)/generated by investing activities** | **-46 157** | -41 369 |
| **Cash flows from financing activities** | | |
| Proceeds from issue of equity instruments of the Company | **10 500** | 21 000 |
| Transactions with non-controlling interests | **0** | -2 470 |
| Proceeds from borrowings | **13 067** | 35 109 |
| Repayment of borrowings | **0** | -9 510 |
| Net change in overdraft facility | **17 014** | -7 090 |
| Dividends paid | **-16 000** | 0 |
| **Net cash (used in)/generated by financing activities** | **24 581** | 37 038 |
| **Net increase in bank deposits** | **-5 720** | 8 490 |
| Bank deposits at the beginning of the period | **14 811** | 6 321 |
| **Bank deposits at the end of the period** | **9 091** | 14 811 |

# NOTES TO THE CONSOLIDATED ACCOUNTS

## 1 Significant changes in the current reporting period

The financial position and performance of the group was particularly affected by the following events and transactions during the reporting period:

Reduced shareholdings in the associate Kvikna ehf., which resulted in a gain. See note 3 for further details related to this transaction.

Capital expenditure related to PP&E totalling TNOK 37 293 and intangible assets totalling TNOK 38 226. CAPEX in PP&E primarily relates to increased production capacity in the ITS/Connectivity operating segment.
Capital expenditure related to intangible assets primarily relates to product development in the ITS and Oceans operating segments. The development work is expected to lead to sale of new products during 2019.

## 2 Segment information

**2 (a) Description of segments and principal activities**

NORBIT is structured in three main business units: Oceans, Intelligent Traffic Systems (ITS) and Product Innovation and Realization (PIR).
Oceans: NORBIT Oceans encompasses all NORBIT's knowledge and competence targeting the global maritime markets with 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. The Company is continuously working on expanding its offering in selected niches of the Oceans business unit.

Intelligent Traffic Systems ("ITS"): NORBIT ITS business unit 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. ITS has seen a step-up in both revenue and profitability driven by long-term contracts with international blue-chip clients.

Product Innovation and Realization ("PIR"): NORBIT PIR is formed by in-house multidisciplinary R&D engineering capabilities and integrated world class manufacturing. In addition to act 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.

**2 (b) Profit before tax for different segments**

*Amounts in NOK 000's* — 2017

| | Oceans | ITS | PIR | Group/ eliminations | Total |
|---|---|---|---|---|---|
| Revenues | 102 259 | 42 922 | 229 315 | -24 372 | 350 124 |
| Gross Profit | 64 945 | 14 710 | 102 904 | -18 324 | 164 235 |
| Gross margin (%) | 64 % | 34 % | 45 % | | 47 % |
| Operating expenses | 34 871 | 16 608 | 82 993 | -10 801 | 123 671 |
| **EBITDA** | **30 074** | **-1 898** | **19 911** | **-7 523** | **40 565** |
| EBITDA margin | 29 % | -4 % | 9 % | | 12 % |
| Depreciation | 1 583 | 834 | 10 599 | 584 | 13 600 |
| Amortization and impairment | 10 699 | 4 746 | 3 590 | 0 | 19 035 |
| **EBIT** | **17 792** | **-7 477** | **5 721** | **-8 107** | **7 930** |
| Total financial items (not allocated) | | | | | -5 049 |
| **Profit before tax** | | | | | **2 881** |
| Taxes (not allocated) | | | | | 25 642 |
| **Profit after tax** | | | | | **28 522** |
| | | | | | |
| **Timing of revenues** | | | | | |
| - At point in time | 96 458 | 42 922 | 227 635 | | |
| - Over time | 5 801 | 0 | 1 680 | | |
| Total | 102 259 | 42 922 | 229 315 | | |

*Amounts in NOK 000's* — 2018

| | Oceans | ITS | PIR | Group/ eliminations | Total |
|---|---|---|---|---|---|
| Revenues | 189 943 | 39 466 | 221 084 | -12 125 | 438 369 |
| Gross Profit | 120 651 | 24 585 | 103 955 | -20 362 | 228 829 |
| Gross margin (%) | 64 % | 62 % | 47 % | | 52 % |
| 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 | 0 | 21 007 |
| **EBIT** | **38 867** | **3 562** | **6 317** | **-10 697** | **38 049** |
| Total financial items (not allocated) | | | | | 16 939 |
| **Profit before tax** | | | | | **54 988** |
| 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 | 0 | 15 724 | | |
| Total | 189 943 | 39 466 | 221 084 | | |

## 3 Material profit or loss items

### 3 (a) Income on investments

In 2018 share of profit from assosiates is significantly influenced by the group's partial sale of the associated company Kvikna Ehf. NORBIT reduced its holding in Kvikna from 33.34% to 5.78% and realized a profit of TNOK 25 974 from the sale of shares. TNOK 287 is share of profit from the assosiated company Kilmore Marine Ltd.

## 4 Other income and expense items

### 4 (a) Government grants

The group has received government grants of a total of TNOK 7 644 in 2018 (TNOK 8 625 in 2017).

The grants are accounted as reduction of payroll, other operating expenses or intangible assets.

### 4 (b) Spesifications of other operating expenses

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| External services/fees | **21 740** | 12 147 |
| Travel expenses | **4 453** | 4 652 |
| Freight | **2 154** | 2 512 |
| Office supplies | **4 664** | 3 958 |
| Marketing/promotions | **5 331** | 5 895 |
| Service and maintenance | **2 013** | 3 067 |
| Other operating expenses | **2 856** | 1 457 |
| **Total** | **43 210** | 33 688 |

### 4 (c) Finance income and costs

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| *Finance income* | | |
| Financial exchange gain (net) | **1 640** | 5 940 |
| Other financial income | **13 418** | 4 867 |
| **Finance income** | **15 058** | 10 807 |
| | | |
| *Finance costs* | | |
| Interest expense | **9 252** | 10 712 |
| Other financial expense | **15 129** | 5 448 |
| **Finance costs** | **24 381** | 16 160 |

**4 (d) Auditor's remuneration**

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| Audit fee | **616** | 525 |
| Tax fee | **20** | 76 |
| Other audit related services | **80** | 65 |
| **Total** | **716** | 666 |

**4 (e) Payroll expenses**

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| Salaries | **97 385** | 74 285 |
| Pension expenses - note 8d | **4 236** | 3 460 |
| Payroll tax | **13 140** | 8 646 |
| Tax grant (skatteFUNN) | **-3 438** | -1 438 |
| Capitalized payroll expenses as development asset | **-8 613** | -3 145 |
| Other compensations and social costs | **8 147** | 8 174 |
| **Total payroll expenses** | **110 856** | 89 982 |
| | | |
| Average number of full time employees | 176 | 166 |

## 5 Income tax expense

### 5 (a) Income tax expense

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| *Current tax* | | |
| Current tax on profits for the year | **0** | 0 |
| Adjustments for current tax of prior periods | **0** | -87 |
| **Total current tax expense** | **0** | -87 |
| | | |
| *Deferred income tax* | | |
| Decrease/(increase) in deferred tax asset | **-7 036** | 25 729 |
| (Decrease)/increase in deferred tax liabilities | **0** | 0 |
| **Total deferred tax expense/(benefit)** | **-7 036** | 25 729 |
| | | |
| **Total income tax expense** | **-7 036** | 25 642 |

### 5 (b) Numerical reconciliation of income tax expense to prima facie tax payable

| *Amounts in NOK 000's* | | **2018** | 2017 |
|---|---|---|---|
| **Profit before income tax expense** | | **54 987** | 2 880 |
| Tax at the rate of 23% (2017 - 24%) | | **-12 647** | -693 |
| Tax effect of amounts which are not deductible (taxable) | | | |
| in calculating taxable income: | | | |
| | Goodwill impairment | **0** | 0 |
| | Income from associated companies | **5 777** | 65 |
| | Change in tax rate | **-1 625** | -827 |
| | Change in unrecognised tax asset | | 24 883 |
| | Tax result other permanent differences | **1 459** | 2214 |
| | Subtotal | **-7 036** | 25 642 |

In 2017 NORBIT acquired 100% of the shares in Aptomar AS. At the date of the acquisition there was significant uncertainty as to whether NORBIT would be able to utilize the tax loss carry forward in Aptomar. Hence, the deferred tax asset related to the tax loss carryforward was not recognised in the purchase price allocation in the acquisition. By the end of 2017 the uncertainty had been significantly reduced and the deferred tax asset could be recognised through profit and loss.

### 5 (c) Amounts recognised directly in equity

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| Deferred tax: Tax losses acquisitions | 0 | 2 464 |
| Total | 0 | 2 464 |

## 6 Financial assets and financial liabilities

### 6 (a) Measurement bases for financial instruments

*Financial assets*

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Financial assets at fair value | | | |
| Shares in other companies (through OCI) | **626** | 100 | 100 |
| **Total** | **626** | 100 | 100 |
| | | | |
| Financial assets at amortised cost | | | |
| Trade receivables | **101 976** | 55 972 | 49 853 |
| Other receivables and prepayments | **26 120** | 19 453 | 14 170 |
| Derivatives | **0** | 185 | 0 |
| Bank deposits | **9 091** | 14 811 | 6 321 |
| **Total** | **137 187** | 90 421 | 70 345 |

*Financial liabilities*

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Liabilities at amortised cost | | | |
| Trade payables | **75 591** | 45 547 | 46 247 |
| Borrowings | **169 978** | 132 197 | 115 010 |
| Lease liabilities | **12 867** | 17 676 | 20 557 |
| Derivatives | **1 213** | 0 | 0 |
| Other payables | **13 022** | 25 283 | 22 987 |
| **Total** | **272 671** | 220 703 | 204 801 |

### 6 (b) Trade receivables

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| **Current assets** | | | |
| Trade receivables | **102 616** | 56 113 | 49 853 |
| Loss allowance | **-640** | -141 | 0 |
| **Total** | **101 976** | 55 972 | 49 853 |

*(i) Classification as trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 12C

**6 (c) Cash and cash equivalents**

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Bank deposits payable on demand | **4 326** | 10 143 | 3 099 |
| Bank deposits restricted to tax payments | **4 765** | 4 668 | 3 222 |
| **Total** | **9 091** | 14 811 | 6 321 |

*(i) Restricted cash*

Restricted cash was TNOK 4 765 (TNOK 4 668 in 2017 and TNOK 3 222 per 01.01.2017) for the group.

Restricted cash is related to tax deductions that are paid in on an ongoing basis on behalf of employees.

*(ii) Reconciliation to cash flow statement*

*The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:*

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Balances as above | **9 091** | 14 811 | 6 321 |
| Balances per statement of cash flows | **9 091** | 14 811 | 6 321 |

**6 (d) Trade and other payables**

**Current liabilities**

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Trade payables | 75 591 | 45 547 | 46 247 |
| Overdraft | **72 403** | 55 389 | 62 479 |
| Borrowings | **12 749** | 10 366 | |
| Lease liabilities | **7 004** | 6 656 | 5 582 |
| Payroll tax and other statutory liabilities | **11 588** | 8 074 | 5 075 |
| Other payables | **41 169** | 27 392 | 16 973 |
| Derivatives | **1 213** | | |
| Total | **221 717** | 153 424 | 136 356 |

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**6 (e) Borrowings**

| | 2018 | | |
|---|---|---|---|
| *Amounts in NOK 000's* | Current | Non-current | Total |
| *Secured* | | | |
| Bank overdrafts (i) | 72 403 | | 72 403 |
| Bank loans (ii)* | 12 749 | 84 826 | 97 575 |
| Lease liabilities (iii) | 7 004 | 5 863 | 12 867 |
| Total secured borrowings | **92 156** | 90 689 | 182 846 |

*) Of which next year's down-payment 12 749

| | 2017 | | |
|---|---|---|---|
| *Amounts in NOK 000's* | Current | Non-current | Total |
| *Secured* | | | |
| Bank overdrafts (i) | 55 389 | | 55 389 |
| Bank loans (ii)* | 10 366 | 66 443 | 76 809 |
| Lease liabilities (iii) | 6 656 | 11 020 | 17 676 |
| Total secured borrowings | **72 411** | 77 463 | 149 873 |

**) Of which next year's down-payment 10 366*

| | 01.01.2017 | | |
|---|---|---|---|
| *Amounts in NOK 000's* | Current | Non-current | Total |
| *Secured* | | | |
| Bank overdrafts (i) | 62 479 | | 62 479 |
| Bank loans (ii) | | 52 531 | 52 531 |
| Lease liabilities (iii) | 5 582 | 14 975 | 20 557 |
| Total secured borrowings | **68 061** | 67 506 | 135 567 |

*(i)* *Bank overdrafts*

The group has established a group account arrangement in which the parent company with subsidiaries are jointly liable.

The overdraft limit as pr. 31.12.2018 was TNOK 90 000 and available funds where TNOK 17 597.

Current borrowings include the group's total overdraft balance against the bank and the current part of long-term borrowings at year ned. The group refinanced in January 2019 and as of 01.01.2019 the overdraft limit is TNOK 130 000.

*(ii)* *Bank loans*

The group has various facilities (long- and short term) with Sparebank 1 SMN with an interest rate of 3M NIBOR + margin in the range 2.5% - 2.9%

Please refer to note 12a) for details on covenants related to the credit facilities

The group has refinanced in January with DNB. Interest rate on long term loan is 3M NIBOR + margin of 1.8%, short term facility has a interest rate of 1M NIBOR + 1.4%

*(iii)* *Lease liabilities*

The Group has a portfolio of 20 leases (2017: 16) which mainly consist of lease of office premises and production equipment in the PIR operating segment. The lease agreements have a duration in the range of 12 to 60 months. Extension options in the lease agreements have been assessed and reflected in the IFRS 16 calculations if use og the option is reasonably certain.

There are only explicitly identifiable interest rates in three of the agreements. For all other agreements, an estimated marginal borrowing cost ("EMBC") has been used. For contracts that existed on the date of transition to IFRS, EMBC as of 01.01.17 has been used. EMBC as of 01.01.17 has been estimated on the basis of the marginal cost of drawing on the Group's overdraft facility in Sparebank1 SMN (“SMN”) and is calculated to 4.1% p.a.

## 7 Property, plant and equipment

| *Amounts in NOK 000's* | **Land and properties** | **Furniture, fixtures and fittings** | **Total** |
|---|---|---|---|
| **Cost at 1 January 2017** | 37 163 | 148 306 | 185 469 |
| Accumulated depreciation | 12 470 | 115 130 | 127 600 |
| **Net book amount 1 January 2017** | 24 692 | 33 176 | 57 869 |
| Additions | 294 | 8 059 | 8 352 |
| Disposals | 0 | 25 | 25 |
| Depreciation charge | 1 981 | 11 619 | 13 600 |
| **Net book amount 31 December 2017** | 23 005 | 29 591 | 52 595 |
| | | | |
| **Cost at 1 January 2018** | 37 456 | 156 340 | 193 796 |
| Accumulated depreciation | 14 452 | 126 749 | 141 201 |
| **Net book amount 1 January 2018** | 23 005 | 29 591 | 52 595 |
| Additions | 1 119 | 32 992 | 34 111 |
| Desposals | 0 | 37 | 37 |
| Depreciation charge | 1 992 | 13 714 | 15 707 |
| **Net book amount 31 December 2018** | 22 131 | 48 832 | 70 963 |
| | | | |
| Useful life | 25 years | 3-7 years | |
| Depreciation method | Linear | Linear | |
| Land is not depreciated | | | |

*(i) Leased assets*

Machinery, vehices and inventory includes the following amounts where the group is a lessee under a finance lease:

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| **Leased equipment** | | | |
| Cost | **28 489** | 26 641 | 23 941 |
| Accumulated depreciation | **15 790** | 8 883 | 2 852 |
| Net book amount | **12 699** | 17 759 | 21 088 |

Leased assets are office facilities including furniture and fittings and production machinery.

See note 7(e) for lease liabilities.

*(ii) Non-current assets pledget as security*

It is referred to note 21.

*(iii) Impairment loss and compensation*

There are no impairment losses in 2017 and 2018. It is referred to note 23 for accounting policies relevant to property, plant and equipment

*(iiii) Change in depreciation period*

There are no changes to the depreciation period for the fixed assets.

## 8 (a) Intangible assets

| *Amounts in NOK 000's* | Capitalized Development costs | Total |
|---|---|---|
| **Cost at 1 January 2017** | 137 957 | 137 957 |
| Accumulated amortization | 53 775 | 53 775 |
| Accumulated impairment | 12 303 | 12 303 |
| **Net book amount 1 January 2017** | 71 879 | 71 879 |
| Additions*) | 32 225 | 32 225 |
| Desposals | | 0 |
| Amortization charge | 19 035 | 19 035 |
| **Net book amount 31 December 2017** | 85 069 | 85 069 |
| | | |
| **Cost at 1 January 2018** | 170 182 | 170 182 |
| Accumulated amortization | 72 810 | 72 810 |
| Accumulated impairment | 12 303 | 12 303 |
| **Net book amount 1 January 2018** | 85 069 | 85 069 |
| Additions | 40 217 | 40 217 |
| Desposals | | 0 |
| Amortization charge | 21 007 | 21 007 |
| **Net book amount 31 December 2018** | 104 279 | 104 279 |
| | | |
| Useful life | 3-5 years | |

The Group has no intangible assets with indefinite useful life.

*) In 2017 the Group aquired Aptomar AS; this included additions in R&D of TNOK 6 443. All other additions in R&D in 2017 and 2018 was developed internally by the Group.

In 2018, further development was made on own technology and own products within the market segments Intelligent Traffic Systems, Product Innovation & Realization and and Oceans.
In ITS the development projects primarely are related to next generation connectivity devices for GNSS tolling for trucks and DSRC-modules for digital tachographs. The projects will be completed in Q1-2019 and sale commences during the quarter.
In Oceans the development is mainly related to next generation of both hardware and new software of the sonar.

*(i)* Amortisation methods and useful lives

The group amortises the capitalized development cost using the straight-line method over 3-5 years.
Useful life is considered for each product and the amortization period is equal to useful life of the developed product.
See note 23 or the other accounting policies relevant to intangible assets.

*(ii)* *Non-current assets pledget as security*

It is referred to note 21.

*(iii)* *Impairment loss and compensation*

At the end of each reporting period the management perform an impairment test. The net present value from expected future cash flow for each product is calculated and tested against the book value of the intangible asset.
No indication of impairment was discovered in 2017 or in 2018.
It is referred to note 23 for accounting policies relevant to impairment of intangible assets.

*(iv)* *Change in depreciation period*

There are no changes to the depreciation period for the intangible assets.

*(v)* *Capitalization of R&D expenses*

Internal development costs will be capitalised if, and only if, it is probable that the expected future economic benefits that are attributable to the asset will be generated for the Group and the cost of the asset can be measured reliabl
The probability of expected future economic benefits from internal developed intangible assets are estimated based on assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

## 8 (b) Deferred tax balances

*(i) Deferred tax assets*

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| **The balance comprises temporary differencs attributable to:** | | | |
| Tax losses | **-21 071** | -29 314 | -5 345 |
| Intangible and fixed assets | **-11 581** | -10 253 | -6 434 |
| Inventories | **-944** | -829 | -567 |
| Other current assets | **-26** | 41 | 24 |
| Other non-current liabilities | **916** | 1 120 | 1 182 |
| Other current liabilities | **-540** | -824 | -277 |
| Provisions | **-199** | -257 | -431 |
| Net deferred tax assets | **-33 445** | -40 316 | -11 848 |

| *Amounts in NOK 000's* | **Tax losses** | **Intangible and fixed assets** | **Inventories** | **Other** | **Total** |
|---|---|---|---|---|---|
| **Movements** | | | | | |
| **At 1 January 2017** | -5 307 | -6 434 | -567 | 185 | -12 123 |
| (Charged)/credited | | | | | 0 |
| -to profit or loss | -21 543 | -3 819 | -262 | -105 | -25 729 |
| -directly to equity | -2 464 | | | | -2 464 |
| -to other comprehensive income | | | | | 0 |
| **At 31 December 2017** | -29 314 | -10 253 | -829 | 80 | -40 316 |
| | | | | | |
| **At 1 January 2018** | -29 314 | -10 253 | -829 | 80 | -40 316 |
| (Charged)/credited | | | | | 0 |
| - to profit or loss | 8 408 | -1 328 | -115 | 71 | 7 036 |
| -directly to equity | -165 | | | | -165 |
| - to other comprehensive income | | | | | 0 |
| Acquisition of subsidiary | | | | | 0 |
| **At 31 December 2018** | -21 071 | -11 581 | -944 | 151 | -33 445 |

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses. The Group has assessed the probability of obtaining the necessary taxable profits based on budgets and forecasts. These analysis indicate that the Group will be in a tax payable position within approximately 2-3 years.

### 8 (c) Inventories

| *Amounts in NOK 000's* | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| **Current assets** | | | |
| Raw materials | **84 410** | 55 845 | 36 284 |
| Work in progress | **19 944** | 9 925 | 10 060 |
| Finished goods | **18 537** | 15 255 | 13 137 |
| **Book value** | **122 890** | 81 025 | 59 482 |
| | | | |
| Inventory held at cost | **127 183** | 84 459 | 61 844 |
| Obsolescence (i) | **-4 293** | -3 435 | -2 362 |
| **Book value** | **122 890** | 81 025 | 59 482 |

*(i)* All inventories are valuated at the lower of cost and net realisable value. Inventory write-downs recognised as an expense for the group is TNOK 4 293 (TNOK 3 435 in 2017 and TNOK 2 362 per 01.01.2017).

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| **Spesification of raw materials and consumables used** | | |
| Purchase of goods | **221 152** | 182 007 |
| Freight, customs etc. | **1 690** | 7 915 |
| Change of inventories | **-13 302** | -1 982 |
| **Total** | **209 540** | 187 940 |

## 8 (d) Pension

The Group has pension plans secured through collective agreements in insurance companies.
The arrangement satisfies the requirements of the Act on Mandatory Occupational Pensions. The Group has pension plans with defined contribution plans. The defined contribution plan means that the company has not incurred any future obligation. After the annual grant is paid the company has fulfilled its obligation in accordance with the arrangement.

## 9 Equity

### 9 (a) Share capital and share premium

The share capital in Norbit Group AS at 31 December 2018 consists of one share class with a total of 434 295 shares with a face value of NOK 1, with a total share capital of NOK 434 295.

| | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| | ***Nr of shares*** | *Nr of shares* | *Nr of shares* |
| Ordinary shares | | | |
| Fully paid | **434 295** | 410 482 | 410 482 |
| Total share capital and share premium | **434 295** | 410 482 | 410 482 |

*(i) Movements in ordinary shares:*

| **Details** | **Number of shares** | **Per value** | **Share permium** | **Total** |
|---|---|---|---|---|
| Opening balance 1 January 2017 | 362 856 | 363 | 12 391 | 12 754 |
| Ordinary issue | 47 626 | 48 | 20 953 | 21 001 |
| Balance 31 December 2017 | 410 482 | 410 | 33 344 | 33 754 |
| Ordinary issue | 23 813 | 24 | 10 476 | 10 500 |
| Balance 31 December 2018 | 434 295 | 434 | 43 820 | 44 254 |

### 9 (b) Retained earnings

Movements in retained earnings were as follows:

| | **2018** | 2017 |
|---|---|---|
| Balance 1 January | **71 700** | 40 163 |
| Net profit for the period | **47 636** | 28 499 |
| Items of other comprehensive income recognised directly in retained earnings | **603** | 273 |
| Gain on purchase of non-controlling interest | | 3 107 |
| Dividends | **-16 000** | -343 |
| Balance 31 December | **103 939** | 71 700 |

## 10 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements are included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

### 10 (a) Significant estimates and judgements

The areas involving significant estimates or judgements are:
- Estimated fair value of synthetical options under IFRS 2 (note 19)
- Assessment of economic life and amortization and depreciation plans (note 7 and 8a)
- Capitalization of expenses for R&D (note 8a)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

## 11 Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance

***Market risk - interest rate***

The group's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

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

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

| *Amounts in NOK 000's* | **Impact on pre-tax profit 2018** | **Impact on pre-tax profit 2017** |
|---|---|---|
| Interest rates - increase by 100 basis points *) | -820 | -656 |
| Interest rates - decrease by 100 basis points *) | 820 | 656 |

*) Ceteres paribus

***Market risk - foreign exchange***

The group's main foreign exchange risk arises from contracts with customer denominated foreign currencies and purchase of products and services in foreign exchange as a part of fulfilling contracts with customers.

Fluctuations in exchange rates can lead to increased or decreased profit margin in contracts with customers compared to the initial project calculus.

***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group is mainly exposed to credit risk related to trade receivables and other current receivables.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected losses are calculated through an individual assessment each receivable's credit risk. The assessment is carried out by senior staff in the group's finance department.

***Liquidity risk***

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The group's strategy for managing liquidity risk is to have sufficient liquidity at all times in order to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the Group's reputation. For unutilized credit facilities see note 6e).

### 11 (a) Derivatives

The group has the following derivative financial instruments:

| | **31/12/2018** | | 31/12/2017 | |
|---|---|---|---|---|
| | EUR | *USD* | EUR | *USD* |
| | Amount base ('000) | Amount base ('000) | Amount base ('000) | Amount base ('000) |
| Foreign currency forwards (sale) | 12 600 | | 2 000 | 1 600 |
| Average FX rate in contract | 9,9489 | | 9,9286 | 8,1818 |

*(i) Classification of derivatives*

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. The group’s accounting policy for its cash flow hedges is set out in note 25(p). Further information about the derivatives used by the group is provided in note 12(b) below.

*(ii) Fair value measurements*

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

| | **2018** | 2017 |
|---|---|---|
| *(iii) Fair value measurements recognised in profit or loss* | -1 398 | 185 |

**11 (b) Market risk**

*(i) Foreign exchange risk*

*Exposure*

The group’s exposure to foreign currency risk at the end of the reporting period, expressed in TNOK, was as follows:

| *Amounts in NOK 000's* | **31/12/2018** | ***31/12/2017*** |
|---|---|---|
| Trade receivables | 77 303 | 40 384 |
| Trade payables | 55 325 | 32 760 |

*Instruments used by the group*

The group operates internationally and is exposed to foreign exchange risk, primarily EUR and USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of probable foreign exchange revenues and expenditures. The risk is hedged with the objective of minimising the volatility of the group's cash flow caused by exchange rate fluctuations

The group treasury’s risk management policy is to hedge between 65% and 80% of forecast net inflow of foreign currency up to one quarter in advance, subject to a review of the cost of implementing each hedge. However, the group's use of derivatives to reduce the foreign exchange risk exposure do not meet the hedge accounting criteria. Hence, the derivative transactions are classified as ‘held for trading’ for accounting purposes and are accounted for at fair value through profit or loss.

**11 (c) Credit risk**

*(i) Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by customers is regularly monitored by line management. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The group has historically had no material losses on receivables and manage the accounts recevables on a regular basis. No significant old receivables at the end of the reporting period.

*(ii) Security*

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

*(iii)* *Impairment of financial assets*

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. IFRS7(35G) The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

**11 (d) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. At the end of the reporting period the group had available credit lines of TNOK 17 597 (2017 – TNOK 34 611) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. The group refinanced in December 2018, but the agreement was implemented early 2019. In the new agreement the short term credit line is TNOK 130 000 (the old agreement was TNOK 90 000.

Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates. In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

*(i)* *Financing arrangements*

| *Amounts in NOK 000's* | **2018** | 2017 |
|---|---|---|
| **Floating rate** | | |
| Expiring within one year (bank overdraft and bill facility) | 85 152 | 65 754 |
| Expiring beyond one year (bank loans) | 84 827 | 66 443 |
| | 169 979 | 132 198 |

*(ii)* *Maturities of financial liabilities*

The table below provides an overview of the maturity profile of all financial liabilities. For bank loans the stated amount of book value is included estimated interest payments. Other items are stated at booked amounts. In cases where the counterparty may claim earlier redemption, the amount is placed in the earliest period the payment may be required from the counterparty.

| **Contractual maturities of financial liabilities** | **Less than 1 year** | **Between 1 year and 5 years** | **Over 5 years** | **Total contractual cash flows** | **Carrying amount (assets)/ liabilities** |
|---|---|---|---|---|---|
| **At 31 December 2018** | | | | | |
| Non-derivatives | | | | | |
| Trade payables | 75 591 | | | 75 591 | 75 591 |
| Borrowings (excluding finance leases) *) | 91 043 | 61 924 | 42 311 | 195 278 | 169 979 |
| Lease liabilities | 7 007 | 5 863 | | 12 870 | 12 867 |
| Other payables | 13 022 | | | 13 022 | 13 022 |
| **Total** | 186 663 | 67 787 | 42 311 | 296 761 | 271 459 |
| | | | | | |
| Derivatives | | | | | |
| Foreign currency forwards | 1 213 | | | 1 213 | 1 213 |
| **Total** | 1 213 | 0 | 0 | 1 213 | 1 213 |

| Contractual maturities of financial liabilities | Less than 1 year | Between 1 year and 5 years | Over 5 years | Total contractual cash flows | Carrying amount (assets)/ liabilities |
|---|---|---|---|---|---|
| **At 31 December 2017** | | | | | |
| Non-derivatives | | | | | |
| Trade payables | 45 547 | | | 45 547 | 45 547 |
| Borrowings (excluding finance leases) *) | 69 814 | 43 513 | 39 900 | 153 227 | 132 198 |
| Lease liabilities | 6 656 | 11 020 | | 17 676 | 17 676 |
| Other payables | 25 283 | | | 25 283 | 25 283 |
| **Total** | 147 300 | 54 533 | 39 900 | 241 733 | 220 703 |
| | | | | | |
| Derivatives | | | | | |
| Foreign currency forwards | -185 | | | -185 | -185 |
| **Total** | -185 | 0 | 0 | -185 | -185 |

| | Borrowings | Lease liabilities | Total |
|---|---|---|---|
| **01/01/2017** | **115 010** | **20 557** | **135 567** |
| Cash changes | | | |
| - net changes in loans | 17 188 | -5 582 | 11 606 |
| - interest and fee payments | -10 713 | -794 | -11 507 |
| Non-cash changes | | | |
| - new leasing liabilitites | | 2 701 | 2 701 |
| - accrued interest and fee | 10 712 | 794 | 11 506 |
| **31/12/2017** | **132 197** | **17 676** | **149 872** |
| | | | |
| **01/01/2018** | **132 197** | **17 676** | **149 872** |
| Cash changes | | | |
| - net changes in loans | 37 781 | -6 656 | 31 125 |
| - interest and fee payments | -9 951 | -636 | -10 587 |
| Non-cash changes | | | |
| - accrued interest and fee | 9 952 | 636 | 10 588 |
| - new leasing liabilitites | | 1 847 | 1 847 |
| **31/12/2018** | **169 979** | **12 867** | **182 846** |

## 12 Capital management

**12 (a) Risk management**

The group’s objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.
- maintain compliance wwith covenants from financial institutions

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

The group monitors capital on the basis of the following gearing ratios:

- Carrying value of total equity as % of carrying value of total assets
- Carrying value of total equity less capitalised development which is not commercialized as % of carrying value of total assets less capitalised development which is not commercialized
- NIBD over EBITDA
- Borrowing Base as % of carrying value of accounts receivables and inventory

| **Equity ratios 31 December** | **2018** | **2017** |
|---|---|---|
| Total equity | 157 915 | 114 861 |
| Total assets | 470 477 | 353 355 |
| **Net equity ratio** | **34 %** | **33 %** |

| **NIBD ratios 31 December** | **2018** | **2017** |
|---|---|---|
| | *TNOK* | *TNOK* |
| NIBD | 160 888 | 117 387 |
| EBITDA | 74 762 | 40 565 |
| **NIBD to EBITDA ratio** | 2,15 | 2,89 |

*(i) Loan covenants*

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

2018:
- Carrying value of total equity as % of carrying value of total assets > 30%
- NIBD over EBITDA < 4

The group has complied with these covenants throughout the reporting period.

**12 (b) Dividends**

| | **2018** | **2017** |
|---|---|---|
| *(i) Ordinary shares* | | |
| Final dividend for the year ended 31 December 2016 | | 343 |
| Final dividend for the year ended 31 December 2017 | 6 000 | |
| Additional dividends paid during 2018 | 10 000 | |
| **Total dividends paid** | **16 000** | **343** |

*(iii) Dividends not recognised at the end of the reporting period*

| | | |
|---|---|---|
| In addition to the above dividends, since year end the board of directors have recommended the payment for the year ended 2018 (2017). The aggregate amount of the proposed dividend expected to be paid during March 2019 out of retained earings at 31 December 2018, but not recognised as liability at year end, is | 16 000 | 6 000 |

Of the TNOK 16 000 paid during 2018, TNOK 10 000 is attributable to a proxy given to the Board on the 2017 annual shareholder's meeting. The TNOK 10 000 in additonal dividend was paid in June 2018.

## 13 Business combination

### 13 (a) Summary of acquisition

In 2017, Norbit Group aquired 100% of the share capital in Aptomar AS and Kabelpartner AS.
The aquisitions have contributed to higher profits for the group, both in 2017 and 2018.

Aptomar AS is a company with long experience in solving surveillance challenges for the oil and gas industry in Norway and abroad.
NORBIT aquired the company to utilze synergies in Service and Support organisation; and also explore the possibilities to combine technology in the full Ocean space domain.

Kabelpartner AS is aquired to strengthen the group`s position in the EMS market and is the third aquired company in this field (after EMS Selbu and EMS Røros).
For the previous owner Kabelpartner represented non-core busienss and wanted to close down or sell the factory.
For NORBIT this factory was an important supplier in the Ocean segment and represented an attractive opportunity for vertically integration.

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

**Aptomar AS**
**Purchase consideration:**

| | 2017 |
|---|---|
| Cash paid | 7 418 |
| Net assets aquired | 7 418 |
| Goodwill | - |

**Kabelpartner AS**
**Purchase consideration:**

| | 2017 |
|---|---|
| Cash paid | 532 |
| Net assets aquired | 2 583 |
| Goodwill | **-2 051** |

Negative goodwill is recorded as other gains and losses in the consolidated statement of profit or loss

There where no aquisitions in 2018.

## 14 Interests in other entities

### 14 (a) Non-controlling interests (NCI)

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

**Shares owned by NCI**

| | 31 Dec 18 | 31 Dec 17 | 01/01/2017 |
|---|---|---|---|
| Norbit ITS AS | 6,00 % | 6,00 % | 6,00 % |
| Norbit EMS AS | 9,73 % | 9,73 % | 17,34 % |

**Summarised balance sheet**

| | Norbit ITS AS | | | Norbit EMS AS | | |
|---|---|---|---|---|---|---|
| *Amounts in NOK 000's* | 31 Dec 18 | 31 Dec 17 | 1 Jan 17 | 31 Dec 18 | 31 Dec 17 | 1 Jan 17 |
| | *TNOK* | *TNOK* | *TNOK* | *TNOK* | *TNOK* | *TNOK* |
| Current assets | 34 196 | 13 686 | 32 830 | 122 578 | 92 808 | 86 346 |
| Current liabilities | 64 043 | 20 920 | 20 663 | 89 238 | 47 622 | 46 891 |
| **Current net assets** | **-29 846** | **-7 234** | **12 166** | **33 340** | **45 186** | **39 455** |
| Non-current assets | 69 759 | 46 198 | 29 418 | 46 509 | 26 662 | 31 019 |
| Non-current liabilities | 6 188 | 6 750 | 3 129 | 12 696 | 6 566 | 9 125 |
| **Non-current net assets** | **63 572** | **39 448** | **26 289** | **33 812** | **20 096** | **21 893** |
| **Net assets** | **33 725** | **32 214** | **38 455** | **67 153** | **65 282** | **61 348** |
| Accumulated NCI | 2 024 | 1 933 | 2 307 | 7 199 | 6 975 | 10 638 |

**Summarised statement of comprehensive income**

| | Norbit ITS AS | | Norbit EMS AS | |
|---|---|---|---|---|
| *Amounts in NOK 000's* | **2018** | 2017 | **2018** | 2017 |
| Revenue | 39 466 | 42 922 | 222 195 | 211 893 |
| Profit for the period | 1 512 | -6 241 | 3 088 | 3 934 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | **1 512** | **-6 241** | **3 088** | **3 934** |
| Profit allocated to NCI | 91 | -374 | 224 | 247 |
| Dividends paid to NCI | - | - | - | - |

| | Norbit ITS AS | | Norbit EMS AS | |
|---|---|---|---|---|
| **Summarised statement of comprehensive income** | **2018** | **2017** | **2018** | **2017** |
| | *TNOK* | *TNOK* | *TNOK* | *TNOK* |
| Cash flows from operating activities | 1 906 | 15 136 | -19 659 | 10 037 |
| Cash flows from investing activities | -1 329 | -18 795 | 13 194 | -7 355 |
| Cash flows from financing activities | -563 | 3 621 | 6 130 | -2 559 |
| Net incr./(decr.) in cash and cash eq. | **14** | **-37** | **-334** | **123** |

### 14 (b) Transactions with non-controlling interests

There are no transactions with non-controlling interests in 2018. In 2017, the group acquired 7,61% of the outstanding shares in NORBIT EMS AS through several small transactions. The transactins were primarely initiated by the sellers.

### 14 (c) Interests in associates and joint ventures

Set out below are the associates and joint ventures of the group as at 31 December 2018 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The proportion of ownership interest is the same as the proportion of voting rights held.

| | | | | Quoted fair value | | Carrying amount | |
|---|---|---|---|---|---|---|---|
| **Name of entity** | **Place of business** | **% of ownership interest 2018/2017** | **Measure-ment method** | **2018** | **2017** | **2018** | **2017** |
| *Associate* | | | | | | | |
| Kvikna ehf | | 5,78%/33,34% | Equity method | n.a | n.a | n.a | 3 035 |
| Kilmore Marine Ltd. | Aberdeen | 35%/35% | Equity method | n.a | n.a | 1 402 | 1 115 |
| Other | | | Equity method | n.a | n.a | 26 | - |
| **Total equity accounted investments** | | | | | | **1 428** | **4 150** |

## 15 Contingent liabilities and contigent assets

The group had no material contingent liabilities or contingent assets at 31 December 2018 or at 31 December 2017

## 16 Commitments

**16 (a) Capital commitments**

The group had no material capital commitments at 31 December 2018 or at 31 December 2017

## 17 Events occuring after the reporting period

In January 2019 the Group acquired 100% of outstanding shares of AblePay Technologies AS. The initial acquisiton price was TNOK 100 with an earn-out clause linked to sales in 2019 and 2020. The earn-out has been estimated to TNOK 600, thus arriving at an estimated acquisiton price of TNOK 600. The company has been renamed to Norbit AblePay AS.

Ablepay was acquired for the company`s own developed technology and the synergies the acquisition has on the ITS segment. Ablepay was founded in 2009 and the technology has been developed in close collaboration with SINTEF.

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

**Purchase consideration:**

| *Amounts in NOK 000's* | **Q1 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 significant 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 collaborat with resources within the PIR-segment and the exsisting emloyees of Ablepay.
NORBIT has after the acuisition done a valuation of the existing technology in the company and the valuation resulted in a gain of TNOK 10 865 recogniced as other gain and losses in the consolidated statement of profit or loss in (

## 18 Related party transactions

### 18 (a) Shareholders

The shareholders in Norbit Group ASA were as follows as of December 2018:

| Shareholder | Shares | Pecentage |
|---|---|---|
| VHF Invest AS | 105 566 | 24,31 % |
| Draupnir Invest AS | 95 704 | 22,04 % |
| Petors AS | 85 158 | 19,61 % |
| Eidco AS | 64 301 | 14,81 % |
| Esmar AS | 51 099 | 11,77 % |
| Racce AS | 13 202 | 3,04 % |
| Peter Koldgaard Eriksen | 7 129 | 1,64 % |
| Usegi | 6 562 | 1,51 % |
| Stein Martin Beyer | 2 787 | 0,64 % |
| Peter Tschulik | 1 701 | 0,39 % |
| Loen Holding AS | 1 086 | 0,25 % |
| | **434 295** | **100 %** |

Shares held by Board of directors and Executive management were as follows as of December 2018:

| Name | Shares | Percentage |
|---|---|---|
| **Board of Directors** | | |
| Per Arne Eide (ownership through Eidco) | 64 301 | 14,81 % |
| Carl Fredrik Eide (ownership through Racce) | 13 202 | 3,04 % |
| Steffen Kirknes (ownership/control of shares in Vhf and Draupnir) | 201 270 | 46,34 % |
| Per Jørgen Weisethaunet (ownership through Petors) | 85 158 | 19,61 % |
| | | |
| **Executive Management** | | |
| Per Jørgen Weisethaunet | see above | |
| Stian Lønvik (ownership through Loen Holding) | 1 086 | 0,25 % |
| Peter K. Eriksen | 7 129 | 1,64 % |
| Stein M. Beyer | 2 787 | 0,64 % |
| Peter Tschulik | 1 701 | 0,39 % |
| Arild Søraunet (ownership through Usegi) | 6 562 | 1,51 % |
| | **383 196** | **88,23 %** |

**18 (b) Subsidiaries**

All transactions and outstanding balances among subsidiaries are eliminated in the financial statement for the group.

**18 (c) Key management personnel compensation**

| **2018**<br>*Amounts in NOK 000's* | **Salary** | **Pension costs** | **Other remuneration** |
|---|---|---|---|
| Per Jørgen Weisethaunet (Group CEO) | 2 186 | 84 | 10 |
| Stian Lønvik (Group CFO) | 1 372 | 80 | 9 |
| Peter K. Eriksen (CEO Oceans) | 2 206 | | 10 |
| Stein M. Beyer (CEO PIR) | 1 669 | 70 | 25 |
| Peter Tschulik (CEO ITS) | 1 308 | | 9 |
| Arild Søraunet (CEO PIR and Group CTO) | 1 169 | 81 | 5 |

| **2017**<br>*Amounts in NOK 000's* | **Salary** | **Pension costs** | **Other remuneration** |
|---|---|---|---|
| Per Jørgen Weisethaunet (Group CEO) | 1 995 | 81 | 79 |
| Stian Lønvik (Group CFO) | 1 211 | 77 | 16 |
| Peter K. Eriksen (CEO Oceans) | 1 894 | | 10 |
| Stein M. Beyer (CEO PIR) | 1 600 | 70 | 31 |
| Peter Tschulik (CEO ITS) | 1 282 | | 3 |
| Arild Søraunet (CEO PIR and Group CTO) | 1 045 | 78 | 6 |

The personnel compensation tables do not include fair value adjustment related to synthetic options that have not been exercised.

**18 (d) Board of directors compensation**

| **2018**<br>*Amounts in NOK 000's* | **Remuneration** |
|---|---|
| Per Jørgen Weisethaunet | 75 |
| Steffen Kirknes | 60 |
| Per Arne Eide | 60 |
| Tom Solberg | 60 |
| Odd Gulbrandsen | 60 |
| Frode Iglebæk | 60 |
| Carl Fredrik Eide | 60 |

| **2018**<br>*Amounts in NOK 000's* | **Remuneration** |
|---|---|
| Per Jørgen Weisethaunet | 75 |
| Steffen Kirknes | 60 |
| Per Arne Eide | 60 |
| Tom Solberg | 60 |
| Odd Gulbrandsen | 60 |
| Frode Iglebæk | 60 |
| Carl Fredrik Eide | 60 |

**18 (e) Transactions with management and board members**

There was no related party transactions between the company and the parties in the management or the board in 2018 or 2017, except from the remunerations listed in 18(c) and 18(d).

**18 (f) Transactions with other related parties**

| | **2018** | 2017 | 01/01/2017 |
|---|---|---|---|
| Accounts payable to asscociates | **1 345** | 1 388 | 1 535 |
| | **1 345** | 1 388 | 1 535 |

## 19 Share-based payments

**Introduction**

Norbit wants to facilitate the awarding of extraordinary efforts to the best of the Group and individuals who possess the expertise and experience that the Group considers to be decisive for the Group to be able to achieve its goals.

Norbit believes that an incentive scheme that prizes such efforts, experience and / or expertise will be well-suited for contributing to increased value creation on the Group's hand, thereby also increasing the total value of the group and the company's shares.

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 has a duration of five years from the agreement is signed. After this period there cannot be any new issues of options without the consent of the share holders. The options that have allready been granted retain their rights after the five year period is over.

**Valuation**

The model used for valuating the syntethic options is Black-scholes, which is a pricing model used to determine the fair price or theoretical value for a call or a put option based on six variables such as volatility, type of option, underlying stock price, time, strike price, and risk-free rate. The assumptions used in the model vary according to the time of the valuation. Volatility is obtained from comparable companies.

Norbit awarded options in 2014 and 2015 and theese are valuated for the financial statement 2017 and 2018. In 2017 the value of the options where TNOK 3 617 and in 2018 the value was TNOK 4 934. The increase in value is mainly attributable to a higher estimated share price. Share price used in the latest ordinary share issue has been used as estimated share price in the option pricing model.

**Granted options**

| Year | Number of options |
|---|---|
| 2014 | 5 806 |
| 2015 | 5 443 |
| 2016 | 0 |
| 2017 | 0 |
| 2018 | 0 |

**Total awarded in 2014 and 2015, valuated 31.12.2017 and 31.12.2018**

| Option cost for the company at grant date | | | | Valuation date | | |
|---|---|---|---|---|---|---|
| **Year:** | **Months** | **Vesting period** | **Cost (NOK):** | **31/12/16** | **31/12/17** | **31/12/18** |
| 2014 | | | 530 452 | 1 155 975 | 1 689 205 | 2 280 060 |
| 2015 | | | 776 036 | 1 002 096 | 1 481 606 | 2 044 469 |
| 2016 | | | | | | |
| 2017 | | | | | | |
| 2018 | | | | | | |
| 2019 | | | | | | |
| **Total** | | | **1 306 488** | **2 158 071** | **3 170 811** | **4 324 529** |
| Payroll tax | | | 184 215 | 304 288 | 447 084 | 609 759 |
| **Total incl. payroll tax** | | | **1 490 703** | **2 462 359** | **3 617 895** | **4 934 288** |

**Valuation of options awarded in 2014**

**Assumptions:**

| | | | |
|---|---|---|---|
| Date of valuation: | 31/12/2017 | 31/12/2018 | |
| Date of Agreement: | 31/12/2014 | 31/12/2014 | |
| Type of option: | American Call | American Call | |
| Type of shares: | A-shares | A-shares | |
| Number of shares: | 5 806,00 | 5 806,00 | |
| Option price per Share: | 0,00 | 0,00 | |
| Price regulation: | 0 % | 0 % | |
| Share price (NOK): | 350,00 | 460,00 | *(nominal value)* |
| Strike (NOK): | 128,61 | 128,61 | *(nominal value)* |
| Risk free interest rate: | 0,80 % | 1,26 % | *NIBOR 3M* |
| Volatility: | 0,408 | 0,408 | *3 months volatility* |
| Maturity: | 31/12/2024 | 31/12/2024 | |
| Durability, years: | 10 | 10 | |
| Durability, months: | 120 | 120 | |

**Option Program specifications and calculation per 31.12.2017:**

| Vesting Dates | Portion | No. of shares | Strike | Time to maturity | Intrinsic value (NOK) | Time value (NOK) | Option value (NOK) | Total Option value / cost (NOK) |
|---|---|---|---|---|---|---|---|---|
| 31/12/2014 | 100 % | 5 806 | 128,61 | 10,008 | 221,390 | 69,5512 | 290,9412 | 1 689 205 |
| 31/12/2015 | 0 | - | 128,61 | 9,008 | 221,390 | 64,7589 | 286,1489 | - |
| 31/12/2016 | 0 | - | 128,61 | 8,005 | 221,390 | 59,4718 | 280,8618 | - |
| 31/12/2017 | 0 | - | 128,61 | 7,005 | 221,390 | 53,6535 | 275,0435 | - |
| 31/12/2018 | 0 | - | 128,61 | 6,005 | 221,390 | 47,2135 | 268,6035 | - |
| **Total** | **100 %** | **5 806** | | | | | | **1 689 205** |

**Option Program specifications and calculation per 31.12.2018:**

| Vesting Dates | Portion | No. of shares | Strike | Time to maturity | Intrinsic value (NOK) | Time value (NOK) | Option value (NOK) | Total Option value / cost (NOK) |
|---|---|---|---|---|---|---|---|---|
| 31/12/2014 | 100 % | 5 806 | 128,61 | 10,008 | 331,390 | 61,3175 | 392,7075 | 2 280 060 |
| 31/12/2015 | 0 | - | 128,61 | 9,008 | 331,390 | 56,2770 | 387,6670 | - |
| 31/12/2016 | 0 | - | 128,61 | 8,005 | 331,390 | 50,7822 | 382,1722 | - |
| 31/12/2017 | 0 | - | 128,61 | 7,005 | 331,390 | 44,8221 | 376,2121 | - |
| 31/12/2018 | 0 | - | 128,61 | 6,005 | 331,390 | 38,3441 | 369,7341 | - |
| **Total** | **100 %** | **5 806** | | | | | | **2 280 060** |

**Valuation of options awarded in 2015**

**Assumptions:**

| | | | |
|---|---|---|---|
| Date of valuation: | 31/12/2017 | 31/12/2018 | |
| Date of Agreement: | 31/12/2015 | 31/12/2015 | |
| Type of option: | American Call | American Call | |
| Type of shares: | A-shares | A-shares | |
| Number of shares: | | | |
| Number of shares: | 5 443,00 | 5 443,00 | |
| Option price per Share: | 0,00 | 0,00 | |
| Price regulation: | 0 % | 0 % | |
| Share price (NOK): | 350,00 | 460,00 | *(nominal value)* |
| Strike (NOK): | 202,12 | 202,12 | *(nominal value)* |
| Risk free interest rate: | 0,80 % | 1,26 % | *NIBOR 3M* |
| Volatility: | | 0,408 | *3 months volatility* |
| Maturity: | 31/12/2025 | 31/12/2025 | |
| Durability, years: | 10 | 10 | |
| Durability, months: | 120 | 120 | |

**Option Program specifications and calculation per 31.12.2017:**

| Vesting Dates | Portion | No. of shares | Strike | Time to maturity | Intrinsic value (NOK) | Time value (NOK) | Option value (NOK) | Total Option value / cost (NOK) |
|---|---|---|---|---|---|---|---|---|
| 31/12/2015 | 100 % | 5 443 | 202,12 | 10,008 | 147,880 | 124,3239 | 272,2039 | 1 481 606 |
| 31/12/2016 | 0 | - | 202,12 | 9,005 | 147,880 | 117,7283 | 265,6083 | - |
| 31/12/2017 | 0 | - | 202,12 | 8,005 | 147,880 | 110,4190 | 258,2990 | - |
| 31/12/2018 | 0 | - | 202,12 | 7,005 | 147,880 | 102,2517 | 250,1317 | - |
| 31/12/2019 | 0 | - | 202,12 | 6,005 | 147,880 | 93,0604 | 240,9404 | - |
| **Total** | **100 %** | **5 443** | | | | | | **1 481 606** |

**Option Program specifications and calculation per 31.12.2018:**

| Vesting Dates | Portion | No. of shares | Strike | Time to maturity | Intrinsic value (NOK) | Time value (NOK) | Option value (NOK) | Total Option value / cost (NOK) |
|---|---|---|---|---|---|---|---|---|
| 31/12/2015 | 100 % | 5 443 | 202,12 | 10,008 | 257,880 | 117,7344 | 375,6144 | 2 044 469 |
| 31/12/2016 | 0 | - | 202,12 | 9,005 | 257,880 | 110,5007 | 368,3807 | - |
| 31/12/2017 | 0 | - | 202,12 | 8,005 | 257,880 | 102,5098 | 360,3898 | - |
| 31/12/2018 | 0 | - | 202,12 | 7,005 | 257,880 | 93,6220 | 351,5020 | - |
| 31/12/2019 | 0 | - | 202,12 | 6,005 | 257,880 | 83,6871 | 341,5671 | - |
| **Total** | **100 %** | **5 443** | | | | | | **2 044 469** |

## 20 Earnings per share

| | *Amounts in NOK* | **2018** | 2017 |
|---|---|---|---|
| **20 (a)** | **Basic earnings per share** | | |
| | Total basic earnings per share attributable to the ordinary equity holders of the company | **114,27** | 75,61 |
| **20 (b)** | **Diluted earnings per share** | | |
| | Total diluted earnings per share attributable to the ordinary equity holders of the company | **114,27** | 75,61 |

**20 (c) Reconciliations of earnings used in calculating earnings per share**

| *Amounts in NOK* | **2018** | 2017 |
|---|---|---|
| *Basic earnings per share* | | |
| Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share | **47 636** | 28 499 |
| *Diluted earnings per share* | | |
| Profit attributable to the ordinary equity holders of the company used in calculating diluted earnings per share | **47 636** | 28 499 |

**20 (d) Weighted average number of shares used as the denominator**

| | **2018** | 2017 |
|---|---|---|
| | ***Number*** | *Number* |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | **416 883** | 376 930 |
| Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | **416 883** | 376 930 |

**20 (e) Information concerning the classification of securities**

*(i)* *Ordinary shares*

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

*(ii)* *Diluted shares*

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 could be issued under the treasury stock method for instruments that gives right to issue of new ordinary shares.

*(iii)* *Ordinary issues of shares in 2017 and 2018*

One issue on ordinary shares was made on 06.09.2017 (from 362 856 shares to 410 482)

One issue on ordinary shares was made on 06.09.2018 (from 410 482 shares to 434 295)

## 21 Assets pledged as security

**(a)** Secured borrowings

| | 2018 | 2017 | 01/01/2017 |
|---|---|---|---|
| Long term debt | **110 442** | 94 485 | 73 088 |
| Short term debt | **72 403** | 55 389 | 62 479 |
| Total secured debt | **182 846** | 149 873 | 135 567 |

**(b)** The carrying amounts of assets pledged as security for current and non-current borrowings are:

| | 2018 | 2017 | 01/01/2017 |
|---|---|---|---|
| **Current** | | | |
| Receivables | **87 075** | 48 799 | 41 206 |
| Inventories | **121 449** | 79 377 | 56 949 |
| Total current assets pledged as security | **208 523** | 128 176 | 98 155 |
| **Non-current** | | | |
| Property, plant and equipment | **57 587** | 34 591 | 36 622 |
| *Finance lease* | | | |
| Property plant and equipment (booked in balance sheet)* | **12 699** | 17 759 | 21 088 |
| Total non-current assets pledged as security | **70 286** | 52 350 | 57 710 |
| **Total assets pledged as security** | **278 810** | 180 525 | 155 865 |

*) Legal ownership to PP&E classified as finance lease remains with the lessor. Hence, the lessor can reclaim the assets if the leasing liabilities are defaulted by the group. However, legal pledges in these assets have not been issued.

## 22 Leases

### 22 (a) Assumptions made:

As a first-time adopter of IFRS, Norbit has chosen to do an early adoption of IFRS 16 to avoid a significant restating next financial year. Norbit has adopted the new rules retrospectively as of 1 January 2017 as permitted under IFRS 16.

The adoption of IFRS 16 required changes in the group`s accounting policies and affected the recognition, measurement and presentation of certain amounts recognised in the statement of profit, loss and the balance sheet. See note 26 for explanations.

Norbit has chosen to present the right-of-use assets as part of property, plant and equipment and the lease liabilities as other liabilities in the balance sheet.

The primary financial statements reproduced below only shows those line items that are affected by the implementation of IFRS 16.

Disclosures required under other standards are not illustrated.

Norbit Group does not have any right-of-use assets that would meet the definition of investment property.

## 23 Summary of significant accounting policies

The most important accounting principles applied in the preparation of the annual financial statements are described below. These principles are applied in the same way for all periods presented, unless otherwise indicated in the description.

### Basic principles

The consolidated financial statements of Norbit ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

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

• Fair value of foreign currency derivatives (IFRS 9)
• Fair value of share-based payments (IFRS 2), see note 19.

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting policies requires management to exercise judgments. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

The consolidated financial statements have been prepared on the assumption of the business being a going concern.

### Consolidation principles

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

The acquisition method of accounting is used to account for purchases of subsidiaries that constitute a business. The consideration gives is measures at the fair values of the assets transferred, the equity instruments that have been issued, liabilities assumed on the transfer of control and direct costs relating to the actual purchase. The cost of acquisition also includes the fair value of all assets or liabilities that are the result of an agreement on contingent consideration.

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

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

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

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

### Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any receivables considered to be part of the net investment, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

## Foreign currency translations

**Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is Norbit ASA`s functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

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

**Group companies**

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

• Balance sheet items are translated at the closing rate at the date of that balance sheet
• Statement of profit or loss are translated at average exchange rates
• All resulting exchange differences are recognised in other comprehensive income

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

## Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

The depreciation methods and periods used by the group are disclosed in note 8a. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

## Intangible assets

**Development**

Development expenditure are capitalized to the extent that a future economic benefit related to development can be identified of an identifiable intangible asset and the expenses can be measured reliably. Otherwise, such expenses are recognized as an expense as incurred. Capitalized development are depreciated over the expected useful lives, see note 8c.

## Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

### Financial instruments

A financial instrument is defined as being any contract that gives rise to a financial asset at one entity and a financial liability or equity instrument at another entity. From 1 January 2017, the group classifies its financial assets in the following measurement categories:

• those to be measured subsequently at fair value (either through OCI or through profit or loss), and
• those to be measured at amortised cost.

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

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

The group reclassifies debt investments when and only when its business model for managing those assets changes.

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

### Impairment of financial assets

From 1 January 2017, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables measured at fair value upon initial recognition, and thereafter at amortised cost. Interest is ignored if it is insignificant.

## Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned by FIFO-method (first in - first out). Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Trade and other borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

## Employee benefits

**Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Pension**

The group has a defined contribution plan. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

## Leases

**IFRS 16 Leases**

**General impact of application of IFRS 16 Leases**

The Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) in advance of its effective date. IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 3. The impact of the adoption of IFRS 16 on the Group's consolidated financial statements is described below.

The date of initial application of IFRS 16 for the Group is 1 January 2017. The Group has applied IFRS 16 using the full retrospective approach, with restatement of the comparative information.

**Impact of the new definition of a lease**

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2017 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not change significantly the scope of contracts that meet the definition of a lease for the Group.

**Impact on Lessee Accounting**

Former operating leases

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance-sheet. Applying IFRS 16, for all leases (except as noted below), the Group: a) recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments; b) recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss; and c) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis. Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets. This replaces the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within other expenses in the consolidated statement of profit or loss.

**Former finance leases**

The main difference between IFRS 16 and IAS 17 with respect to assets formerly held under a finance lease is the measurement of residual value guarantees provided by a lessee to a lessor. IFRS 16 requires that the Group recognises as part of its lease liability only the amount expected to be payable under a residual value guarantee, rather than the maximum amount guaranteed as required by IAS 17. This change did not have a material effect on the Group's consolidated financial statements.

## Tax

The tax expense consists of tax payable and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## Revenues

### IFRS 15 *Revenue from Contracts with Customers*

The Group has used IFRS 15 from 1 January 2017.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:
· Step 1: Identify the contract(s) with a customer
· Step 2: Identify the performance obligations in the contract
· Step 3: Determine the transaction price
· Step 4: Allocate the transaction price to the performance obligations in the contract
· Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

The use of IFRS 15 har not caused any changes compered to revenue recognition under previous GAAP.

## Statement of cash flows

The group reports cash flows from operating activities using the indirect method. Interest received is presented within investing cash flows; interest paid is presented within operating cash flows. Dividends paid to shareholders and non-controlling interests are presented under financing activities.

## 24 First-time adoption of International Financial Reporting Standards

### First-time adoption - Balance sheet 01.01.2017

| Amounts in NOK 000's | NGAAP | IFRS-adjustment | IFRS |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **47 218** | 10 651 | **57 869** |
| Intangible assets | **82 213** | 1 514 | **83 727** |
| Investments accounted for using the equity method | **2 649** | - | **2 649** |
| Financial assets at fair value through other comprehensive income | **100** | | **100** |
| **Total non-current assets** | **132 180** | 12 165 | **144 345** |
| | | | |
| **Current assets** | | | |
| Inventories | **59 482** | - | **59 482** |
| Trade receivables | **49 853** | - | **49 853** |
| Other receivables | **14 170** | - | **14 170** |
| Derivative financial instruments | **-** | - | **-** |
| Cash and cash equivalents (excluding bank overdrafts) | **6 321** | | **6 321** |
| **Total current assets** | **129 827** | - | **129 827** |
| | | | |
| **Total assets** | **262 006** | 12 165 | **274 171** |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | **52 531** | - | **52 531** |
| Lease liabilities | **-** | 14 975 | **14 975** |
| Other liabilities | **11 555** | -9 125 | **2 430** |
| Provisions | **-** | - | **-** |
| **Total non-current liabilities** | **64 087** | 5 850 | **69 936** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | **66 176** | 2 119 | **68 295** |
| Borrowings | **62 479** | - | **62 479** |
| Lease liabilities | **-** | 5 582 | **5 582** |
| Derivative financial instruments | **-** | - | **-** |
| **Total current assets** | **128 654** | 7 701 | **136 356** |
| | | | |
| **Total liabilities** | **192 741** | 13 551 | **206 292** |
| | | | |
| **EQUITY** | | | |
| Share capital and share premium | **363** | - | **363** |
| Other equity | **12 391** | - | **12 391** |
| Retained earnings | **41 549** | -1 386 | **40 163** |
| Non-controlling interests | **14 963** | - | **14 963** |
| | | | |
| **Total equity** | **69 265** | -1 386 | **67 879** |
| | | | |
| **Total equity and liabilities** | **262 006** | 12 165 | **274 171** |



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**First-time adoption - Result 2018**

| | NGAAP | IFRS-adjustment | IFRS |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | **438 369** | - | **438 369** |
| Other operating revenues | **-** | - | **-** |
| **Total operating revenues** | **438 369** | **-** | 438 369 |
| Changes in inventories of finished goods and work in | **-** | - | **-** |
| Raw materials and consumables used | **209 540** | - | **209 540** |
| Employee benefits expenses | **113 342** | -2 486 | **110 856** |
| Depreciation and amortisation expenses | **31 373** | 5 341 | **36 714** |
| Impairment of non-current assets | **-** | - | **-** |
| Other operating expenses | **48 221** | -5 010 | **43 210** |
| **Total operating expenses** | **402 475** | **-2 155** | **400 320** |
| **Operating profit** | **35 894** | 2 155 | **38 048** |
| **Share of profit of associates** | **26 261** | - | **26 261** |
| Interest income | **-81** | - | **-81** |
| Financial income | **15 058** | | **15 058** |
| Interest expenses | **-8 616** | -636 | **-9 252** |
| **Financial expenses** | **-13 650** | -1 398 | **-15 048** |
| Others [impairment of financial assets] | | | **-** |
| Net financial items | **18 973** | -2 034 | **16 939** |
| **Profit before tax** | **54 867** | 120 | **54 987** |
| Income tax expense | **-6 880** | -156 | **-7 036** |
| **Profit for the year from continuing operations** | **47 987** | -36 | **47 951** |
| Discontinued operations | | | |
| Profit for the year from discontinued ope TNOK | | | |
| **PROFIT FOR THE YEAR** | **47 987** | -36 | **47 951** |
| Attributable to: | | | |
| **Owners of the Company** | **47 672** | -36 | **47 636** |
| Non-controlling interests | **314** | - | **314** |
| | **47 987** | -36 | **47 951** |

**First-time adoption - Balance sheet 31.12.2018**

| *Amounts in NOK 000's* | NGAAP | IFRS-adjustment | IFRS |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | **64 782** | 6 182 | **70 963** |
| Intangible assets | **135 149** | 2 260 | **137 409** |
| Investments accounted for using the equity method | **1 402** | - | **1 402** |
| Financial assets at fair value through other comprehensive | **626** | - | **626** |
| **Total non-current assets** | **201 958** | 8 442 | **210 400** |
| | | | |
| **Current assets** | | | |
| Inventories | **122 890** | - | **122 890** |
| Trade receivables | **101 976** | - | **101 976** |
| Other receivables | **26 120** | - | **26 120** |
| Derivative financial instruments | **-** | - | **-** |
| Cash and cash equivalents (excluding bank overdrafts) | **9 091** | - | **9 091** |
| **Total current assets** | **260 077** | - | **260 077** |
| | | | |
| **Total assets** | **462 036** | 8 442 | **470 477** |
| | | | |
| **LIABILITIES** | | | |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | **97 575** | - | **97 575** |
| Lease liabilities | **-** | 5 863 | **5 863** |
| Other liabilities | **3 892** | -3 737 | **155** |
| Provisions | **-** | - | **-** |
| **Total non-current liabilities** | **101 467** | 2 126 | **103 593** |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | **133 216** | -4 868 | **128 349** |
| Borrowings | **72 403** | - | **72 403** |
| Lease liabilities | **-** | 7 004 | **7 004** |
| Derivative financial instruments | **-** | 1 213 | **1 213** |
| **Total current assets** | **205 620** | 3 349 | **208 969** |
| | | | |
| **Total liabilities** | **307 086** | 5 476 | **312 562** |
| | | | |
| **EQUITY** | | | |
| Share capital and share premium | **434** | - | **434** |
| Other equity | **43 820** | - | **43 820** |
| Retained earnings | **100 973** | 2 966 | **103 939** |
| Non-controlling interests | **9 722** | - | **9 722** |
| | | | |
| **Total equity** | **154 949** | 2 966 | **157 915** |
| | | | |
| **Total equity and liabilities** | **462 036** | 8 442 | **470 477** |

| *Amounts in NOK 000's* | 01/01/17 | 31/12/18 | |
|---|---|---|---|
| Property, plant and equipment | 10 651 | 6 182 | Implementation of IFRS 16 Leases |
| Intangible assets | 1 051 | 1 333 | Adjustment for negative goodwill |
| Intangible assets | 463 | 927 | Deferred tax on IFRS adjustments |
| | | | |
| **IFRS 1 adjustments - assets** | **12 165** | **8 442** | |
| | | | |
| Lease liabilities | 14 975 | 5 863 | Implementation of IFRS 16 Leases |
| Other liabilities | -9 125 | -3 737 | Implementation of IFRS 16 Leases |
| Trade and other payables | 2 462 | 1 132 | Implementation of IFRS 2 Share Based Payments |
| Trade and other payables | -343 | -6 000 | Dividend not recognised under IFRS until approved by shareholder's meeting |
| Trade and other payables | - | 1 213 | Implementation of IFRS 9 Financial Instruments |
| Lease liabilities | 5 582 | 7 004 | Implementation of IFRS 16 Leases |
| | | | |
| **IFRS 1 adjustments - liabilitites** | **13 551** | **5 476** | |
| | | | |
| **IFRS 1 adjustments - equity** | **-1 386** | **2 966** | |