



MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

INTERIM | REPORT

Q3 | 2023





MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

HIGHLIGHTS

SUMMARY OF THE THIRD QUARTER RESULTS 2023

- NORBIT delivered continued growth in the third quarter, reporting revenues of NOK 328.6 million and an EBITDA result of NOK 68.2 million, representing a margin of 21 per cent. Revenues increased by 22 per cent from the corresponding quarter in 2022, supported by underlying growth in all the three business segments.
- For the first nine months of the year, NORBIT delivered revenues of NOK 1 122.9 million and an EBITDA margin of 27 per cent. This represents a growth rate of 37 per cent from the corresponding period of 2022.
- The Oceans segment reported revenues of NOK 134.1 million, up from NOK 103.8 million in the third quarter of 2022, as a result of strong sonars sales. The EBITDA margin for Oceans in the quarter was 30 per cent.
- The Connectivity segment reported revenues of NOK 115.8 million, up 44 per cent from NOK 80.7 million in the corresponding quarter of 2022, driven by growth in all product verticals. The EBITDA margin was 30 per cent.
- The Product Innovation & Realization (PIR) segment reported NOK 85.5 million in revenues in the third quarter, a decrease of 11 per cent from NOK 96.0 million in the corresponding quarter of 2022. Adjusting for customer reimbursements of extraordinary material costs, the underlying growth was 14 per cent driven by increased activity within contract manufacturing. The EBITDA margin for the quarter was 9 per cent.
- Diluted earnings per share were NOK 0.37 for the third quarter, up from NOK 0.20 one year earlier.
- The target for the year, to deliver more than NOK 1.5 billion in revenues and an EBITDA margin above 25 per cent, is reiterated.

SUBSEQUENT EVENTS

- NORBIT acquired the Canadian maritime technology company Ping Digital Signal Processing Inc, supporting the strategy of broadening the product offering in the Oceans domain. The valuation was USD 3.24 million on a cash and debt-free basis. The transaction closed early October.

MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

THIRD QUARTER AND FIRST NINE MONTHS RESULTS 2023

FINANCIAL REVIEW

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

PROFIT AND LOSS

Revenues for the third quarter of 2023 amounted to NOK 328.6 million, representing an increase of 22 per cent compared to the corresponding quarter of 2022 (NOK 269.7 million).

For the first nine months of 2023, NORBIT's revenues came in at NOK 1 122.9 million, an increase of 37 per cent compared to the same period of 2022 (NOK 820.2 million).

Raw material expenses and inventory changes were NOK 133.6 million for the third quarter (NOK 123.7 million). The increase from the same period last year is primarily explained by the higher activity level. The gross margin was 59 per cent (54 per cent).

For the first three quarters of 2023, raw material expenses and inventory changes amounted to NOK 455.0 million (NOK 373.3 million). The gross margin for the first three quarters of the year was 59 per cent (54 per cent).

Employee benefit expenses amounted to NOK 90.8 million (NOK 66.2 million) for the third quarter this year. The increase from last year is primarily explained by a strengthening of the organisation to support the activity level and strategic initiatives, as well as bonus provisions.

So far this year, a total of NOK 256.0 million (NOK 176.7 million) has been incurred in employee benefit expenses.

Other operating expenses amounted to NOK 36.0 million (NOK 32.6 million) for the third quarter of 2023.

For the first nine months, other operating expenses amounted to NOK 112.2 million (NOK 101.4 million).

EBITDA amounted to NOK 68.2 million for the third quarter (NOK 47.2 million), corresponding to a margin of 21 per cent (17 per cent).

For the first nine months of the year, EBITDA was NOK 299.7 million (NOK 168.7 million), resulting in a margin of 27 per cent (21 per cent).

Operating profit (EBIT) came in at NOK 41.4 million for the third quarter (NOK 25.7 million), representing a margin of 13 per cent (10 per cent).

For the nine-month period, EBIT was NOK 220.6 million (NOK 106.2 million), corresponding to a margin of 20 per cent (13 per cent).

Net financial items amounted to negative NOK 11.0 million for the quarter (negative NOK 10.2 million). This included NOK 7.3 million in net interest expenses and NOK 3.6 million in foreign exchange losses.

For the first nine months of the year, net financial items ended at negative NOK 30.6 million (negative NOK 19.1 million).

A tax expense of NOK 8.3 million was recorded for the quarter (NOK 3.9 million), and NOK 47.6 million for the first three quarters of the year (NOK 20.2 million).

Profit for the period was NOK 22.1 million (NOK 11.6 million), and NOK 142.4 million for the first three quarters of the year (NOK 66.9 million). Diluted earnings per share were NOK 0.37 (NOK 0.20) and NOK 2.39 for the first nine months (NOK 1.14).

CONSOLIDATED KEY FIGURES¹⁾

Amounts in NOK million (except percentages and EPS)	Third quarter		YTD		Full year
	2023	2022	2023	2022	2022
Revenues	328.6	269.7	1 122.9	820.2	1 167.5
EBITDA	68.2	47.2	299.7	168.7	235.3
EBITDA margin	21%	17%	27%	21%	20%
EBIT	41.4	25.7	220.6	106.2	148.8
EBIT margin (%)	13%	10%	20%	13%	13%
Profit for the period	22.1	11.6	142.4	66.9	106.7
Earnings per share (EPS) – diluted	0.37	0.20	2.39	1.14	1.82

¹⁾ See definitions on page 20.

NORBIT

- explore more -

MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

SEGMENTS

NORBIT ASA is organised in three operating segments; Oceans, Connectivity and Product Innovation & Realization (PIR). The Oceans segment delivers tailored technology solutions to global maritime markets, and the Connectivity segment is a leading supplier of solutions for asset identification, monitoring and tracking. The third segment, PIR, provides R&D products and services and contract manufacturing to key customers.

OCEANS

Targeting the global maritime market, the Oceans segment encompasses all of NORBIT's knowledge and competencies, including proprietary technology and solutions. The segment offers ultra-compact sonars for a range of special applications, including seabed mapping and hydrography. In addition, Oceans has developed proprietary solutions and software for maritime and environmental monitoring and security solutions. NORBIT is continuously working towards expansion in selected niche areas within the segment.

The segment generally has a low revenue visibility of 2-4 weeks, due to the short time from receipt of an order to customer delivery. The segment experiences quarterly fluctuations in revenues due to seasonal variations.

Oceans – financial figures

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
Revenues	134.1	103.8	422.1	316.0
Raw materials	40.9	35.9	129.2	104.5
Gross profit	93.2	67.9	292.9	211.4
Operating expenses	53.3	40.6	146.5	104.4
EBITDA	39.8	27.3	146.4	107.0
Depreciation and amortisation	11.6	8.1	33.3	23.4
EBIT	28.3	19.2	113.1	83.6
Gross margin (%)	69%	65%	69%	67%
EBITDA margin (%)	30%	26%	35%	34%
EBIT margin (%)	21%	18%	27%	26%

Revenues amounted to NOK 134.1 million for the third quarter of 2023, an increase of 29 per cent from the same period last year (NOK 103.8 million). The improvement was driven by a 36 per cent increase in sonar sales, primarily due to strong demand for the WBMS platform and favourable currency development. Europe was the best performing region in the quarter.

For the first nine months of the year, Oceans recorded revenues of NOK 422.1 million, 34 per cent higher than for the same period last year (NOK 316.0 million).

Oceans – revenue split

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
Subsea sonars	110.4	80.9	357.4	247.0
Security	6.1	3.7	18.5	23.0
Environmental monitoring	9.4	13.5	22.4	29.7
Aqua	1.2	0.0	2.8	0.0
Connect	7.0	5.6	21.0	16.3
Total	134.1	103.8	422.1	316.0

Gross margin for the third quarter ended at 69 per cent, compared to 65 per cent in the third quarter last year. The increase in the gross margin is primarily explained by a lower share of sales on commission, partly as a result of NORBIT's acquisition of its distributor Seahorse Geomatics earlier this year.

For the first nine months of the year, the gross margin was 69 per cent, compared with 67 per cent in the same period of 2022.

Operating expenses, including employee expenses and other operating expenses amounted to NOK 53.3 million for the quarter, an increase of NOK 12.7 million compared to the corresponding period last year (NOK 40.6 million). The increase was primarily driven by a strengthening of the organisation, costs incurred in relation to the Seahorse Geomatics operation acquired, as well as integration costs.

For the first nine months of 2023, operating expenses came in at NOK 146.5 million (NOK 104.4 million).

EBITDA for the Oceans segment amounted to NOK 39.8 million for the quarter (NOK 27.3 million), representing a margin of 30 per cent (26 per cent).

For the first three quarters of the year, EBITDA was NOK 146.4 million (NOK 107.0 million), resulting in an EBITDA margin of 35 per cent (34 per cent).

EBIT was NOK 28.3 million (NOK 19.2 million) in the third quarter of 2023, corresponding to a margin of 21 per cent (18 per cent).

For the first nine months of the year, EBIT was NOK 113.1 million (NOK 83.6 million), resulting in an EBIT margin of 27 per cent (26 per cent).

Subsequent events

■ NORBIT announced the acquisition of the Canadian maritime technology company Ping Digital Signal Processing Inc. The company has developed an interferometric side scan sonar technology which is complementary to the current product portfolio in Oceans, thus broadening the product offering in the segment. The target company is valued at USD 3.24 million on a cash and debt-free basis. In the fiscal year 2023, the company reported revenues of USD 1.7 million¹⁾ and an adjusted operating profit of USD 0.5 million.¹⁾ The transaction closed in early October.

CONNECTIVITY

The Connectivity segment is a leading technology solution provider for asset identification, monitoring and tracking.

Connectivity – financial figures

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
Revenues	115.8	80.7	423.9	227.4
Raw materials	45.5	32.1	165.5	81.4
Gross profit	70.3	48.6	258.4	146.0
Operating expenses	36.1	28.9	111.7	92.6
EBITDA	34.2	19.7	146.7	53.4
Depreciation and amortisation	11.5	9.7	33.4	27.5
EBIT	22.7	10.0	113.2	26.0
Gross margin (%)	61%	60%	61%	64%
EBITDA margin (%)	30%	24%	35%	23%
EBIT margin (%)	20%	12%	27%	11%

1) Converted from CAD to USD applying an average exchange rate of 0.74 in the period from fiscal year 1 September 2022 to 31 August 2023.

NORBIT

- explore more -

MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

Revenues amounted to NOK 115.8 million for the third quarter of 2023, an increase of 44 per cent from the corresponding quarter of 2022 (NOK 80.7 million).

In total, revenues from DSRC technology were NOK 93.3 million in the quarter (NOK 63.9 million), while revenues from subscription and e-toll represented NOK 22.5 million (NOK 16.8 million).

For the first nine months of 2023, revenues came in at NOK 423.9 million (NOK 227.4 million), corresponding to an increase of 86 per cent. DSRC represented NOK 356.0 million of the total revenues for the first nine months of 2023 (NOK 168.4 million).

Connectivity – revenue split

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
On-Board Units	54.0	43.4	269.1	103.7
Tachograph enforcement modules	20.7	9.0	49.5	25.6
Satellite-based tolling	14.8	9.4	30.6	33.8
Subscription and e-toll	22.5	16.8	67.9	59.0
Other	3.8	2.0	6.8	5.3
Total	115.8	80.7	423.9	227.4

Gross margin for the third quarter was 61 per cent, on par with the level reported in the third quarter last year (60 per cent).

For the first nine months of the year, the gross margin for Connectivity was 61 per cent, compared to 64 per cent in the first nine months of 2022.

Operating expenses amounted to NOK 36.1 million for the quarter, an increase of NOK 7.2 million compared to the corresponding period last year (NOK 28.9 million). The increase was primarily driven by a strengthening of the organisation, wage inflation, as well as a stronger HUF versus NOK with approximately 40 per cent of the operating costs being HUF denominated.

So far this year, Connectivity has recorded a total of NOK 111.7 million in operating expenses (NOK 92.6 million).

EBITDA for the third quarter of 2023 amounted to NOK 34.2 million (NOK 19.7 million), representing a margin of 30 per cent (24 per cent). The increase in EBITDA is explained by the higher revenue base.

For the first nine months of 2023, EBITDA was NOK 146.7 million (NOK 53.4 million), representing a margin of 35 per cent (23 per cent).

EBIT was NOK 22.7 million (NOK 10.0 million) in the third quarter of 2023, representing a margin of 20 per cent (12 per cent).

For the first nine months of the year, EBIT was NOK 113.2 million (NOK 26.0 million), resulting in an EBIT margin of 27 per cent (11 per cent).

Main events

- Connectivity received an order from Toll Collect for delivery of units for satellite-based toll collection in 2024. The order has an estimated value of NOK 30 million.

PRODUCT INNOVATION & REALIZATION (PIR)

The Product Innovation & Realization segment (PIR) offers R&D services and contract manufacturing to long-term key industrial customers through in-house capabilities and a high degree of robotised production. In addition, the segment sells products based on tailored proprietary technology, including special instrumentation based on radar, radio frequency and embedded signal processing technology.

PIR – financial figures

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
Revenues	85.5	96.0	299.5	306.4
Raw materials	48.8	60.9	162.2	198.5
Gross profit	36.7	35.1	137.3	107.9
Operating expenses	28.8	23.3	88.7	73.4
EBITDA	7.9	11.8	48.7	34.5
Depreciation and amortisation	4.2	3.3	12.8	10.0
EBIT	3.7	8.5	35.9	24.5
Gross margin (%)	43%	37%	46%	35%
EBITDA margin (%)	9%	12%	16%	11%
EBIT margin (%)	4%	9%	12%	8%

Revenues amounted to NOK 85.5 million for the third quarter of the year, a decrease of 11 per cent from the corresponding period last year (NOK 96.0 million). In the quarter, PIR recognised no customer reimbursements of extraordinary material costs (NOK 21.3 million). Adjusted for this effect, revenue growth was 14 per cent from the corresponding period of 2022, primarily driven by industrial clients within contract manufacturing. Revenues from contract manufacturing were NOK 63.1 million in the quarter, compared with NOK 52.1 million in the prior-year period, adjusted for customer reimbursements.

For the first nine months of 2023, revenues amounted to NOK 299.5 million (NOK 306.4 million), a decrease of 2 per cent from the same period last year. Adjusted for customer reimbursements, revenue growth was 23 per cent.

PIR – revenue split

NOK million	Third quarter		Year to date	
	2023	2022	2023	2022
Contract manufacturing	63.1	52.1	224.3	171.0
Customer reimbursements	0.0	21.3	6.6	68.4
R&D Products & Services	22.4	22.6	68.5	67.0
Total	85.5	96.0	299.5	306.4

Gross margin for the third quarter was 43 per cent, compared to 37 per cent in the third quarter last year. Adjusted for the customer reimbursement effect in revenues and raw material costs, the gross margin in the third quarter last year was 47 per cent. The margin decrease is partly explained by customer mix.

For the first nine months of the year, the gross margin was 46 per cent, compared with 35 per cent in the first nine months of 2022. Adjusted for customer reimbursements, the gross margin was 47 per cent in the year-to-date period, compared to 45 per cent in the corresponding period of 2022.

NORBIT

- explore more -

MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General

Note 2 Statement of compliance

Note 3 Significant accounting principles

Note 4 Segment information

Note 5 Derivative financial instruments

Note 6 Net financial items

Note 7 Property, plant and equipment and intangible assets

Note 8 Interest-bearing borrowings

Note 9 Right-of-use assets and lease liabilities

Note 10 Share capital and equity

Note 11 Business combination

Note 12 Related party transactions

Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

Operating expenses for the PIR segment amounted to NOK 28.8 million for the third quarter (NOK 23.3 million). The increase is primarily explained by an increase in payroll expenses following a strengthening of the organisation to support the growth.

For the first three quarters of 2023, operating expenses came in at NOK 88.7 million (NOK 73.4 million).

EBITDA amounted to NOK 7.9 million for the third quarter of 2023 (NOK 11.8 million), representing a margin of 9 per cent (12 per cent).

So far this year, the PIR segment has recorded an EBITDA of NOK 48.7 million (NOK 34.5 million), a margin of 16 per cent (11 per cent). Adjusted for customer reimbursements, the year-to-date margin was 17 per cent.

EBIT was NOK 3.7 million (NOK 8.5 million) in the third quarter of 2023, representing a margin of 4 per cent (9 per cent).

For the first nine months of the year, EBIT was NOK 35.9 million (NOK 24.5 million), resulting in an EBIT margin of 12 per cent (8 per cent).

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 1 400.7 million at 30 September 2023, up from NOK 1 373.5 million at 30 June this year and NOK 1 220.8 million at 31 December 2022.

Intangible assets amounted to NOK 296.3 million at the end of the third quarter of 2023, a decrease from NOK 297.7 million at the end of the previous quarter and up from NOK 258.8 million at the end of 2022. The decrease in the quarter is primarily explained by amortisation, partly offset by NOK 15.0 million in R&D investments.

Goodwill stood at NOK 84.4 million at 30 September 2023, on par with the level reported at 30 June 2023 and at year-end 2022. Goodwill primarily relates to the acquisition of iData in 2021.

Inventories amounted to NOK 545.2 million at the end of the third quarter of 2023, compared to NOK 507.4 million at the end of the second quarter and NOK 426.3 million at the end of 2022. Growth in inventories is partly a result of an expected activity increase. Inventory management remains a key priority, with focus on increasing the inventory turnover and rebalancing the security stock level as the component market improves.

SHARE INFORMATION

NORBIT ASA is listed on the Oslo Børs (Oslo Stock Exchange) under the ticker NORBT.

In the third quarter of 2023, the share traded between NOK 52.00 and NOK 65.80 per share, with a closing price of NOK 52.80 at 29 September 2023.

At 30 September 2023, the company had approximately 2 300 shareholders, of which the 20 largest shareholders held 79.1 per cent of the total outstanding shares.

At 30 September 2023, the total number of shares in NORBIT ASA amounted to 59 820 747 and the number of outstanding shares was 59 777 187. At the same date, NORBIT ASA held 43 560 own shares.

In July, the board of directors approved an incentive share purchase program

Trade receivables were NOK 178.8 million at 30 September 2023, down from NOK 181.3 million at 30 June 2023 and NOK 168.0 million at year-end 2022.

Interest-bearing borrowings totalled NOK 285.9 million at the end of the third quarter, on par with the level reported at 30 June 2023, and down from NOK 337.4 million at the end of 2022.

The company had NOK 457.9 million in undrawn committed credit facilities at 30 September 2023.

Total equity was NOK 740.1 million at the end of the quarter, representing an equity ratio of 53 per cent, compared with NOK 710.3 million at the end of June this year and NOK 599.3 million at the end of 2022. The increase in the quarter is primarily explained by a positive net profit.

Consolidated cash flow

Operating activities generated a cash flow of NOK 13.9 million for the third quarter of 2023 (NOK 14.4 million), including a net increase in the working capital of NOK 41.6 million (increase of NOK 21.6 million), mainly related to purchase of components to inventory.

For the first nine months of 2023, operating activities generated a cash flow of NOK 183.9 million (NOK 77.6 million), including a net increase in the working capital of NOK 71.2 million (increase of NOK 69.8 million).

Investing activities generated a cash outflow of NOK 27.0 million for the third quarter of 2023 (NOK 18.2 million). This included NOK 12.0 million invested in machinery, equipment and capitalisation of assets, and NOK 15.0 million in R&D investments. The R&D investments represented 4.6 per cent of the revenues in the quarter. As in previous quarters, the R&D investments primarily relate to broadening the product offering in the Oceans and Connectivity segments.

For the first nine months of the year, cash flow from investing activities was NOK 82.5 million (NOK 69.2 million), including R&D investments of NOK 44.9 million.

Financing activities led to a cash inflow of NOK 4.9 million in the quarter (cash outflow of NOK 3.2 million).

For the first nine months of 2023, NORBIT had a negative cash flow of NOK 99.7 million from financing activities, primarily explained by repayment of debt and dividends paid (NOK 0.4 million).

for all eligible employees in NORBIT. The share purchase program is structured as a share matching program offering participants the opportunity to acquire shares at market value. In turn, they obtain a right to receive compensation in new shares equivalent to their invested amount after 24 months, provided that certain conditions are met. In connection with the program, the board of directors resolved to issue 142 727 new shares at a price of NOK 56.49. The dilution impact on the market value of the shares, assuming the rights are exercised in full, is estimated to be 0.2 per cent. Furthermore, the board of directors resolved to issue 120 845 new shares at par value to eligible employees who participated in the incentive program in 2021. The resolutions were based on the authorisations to increase the share capital granted by the general meeting on 4 May 2023.

After quarter-end, the board of directors resolved to issue 196 668 consideration shares to the sellers of Ping Digital Processing Inc at a price of NOK 53.07 per share as partial settlement of the transaction.

NORBIT

- explore more -

MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General

Note 2 Statement of compliance

Note 3 Significant accounting principles

Note 4 Segment information

Note 5 Derivative financial instruments

Note 6 Net financial items

Note 7 Property, plant and equipment and intangible assets

Note 8 Interest-bearing borrowings

Note 9 Right-of-use assets and lease liabilities

Note 10 Share capital and equity

Note 11 Business combination

Note 12 Related party transactions

Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

RISKS AND UNCERTAINTIES

NORBIT is exposed to various risk factors, including, but not limited to, operational, market and financial risks. For a more detailed description of the risk factors, please see an overview in the annual report for 2022.

NORBIT considers its most significant risk to be related to the supply shortage of components. NORBIT relies on a significant supply of components to produce and deliver its equipment and systems.

There are signs of some improvement in the supply environment for components, but for certain semiconductor components the supply market is still challenging. Lead times are generally improving but remain elevated for certain components with a corresponding low visibility. To some extent, this impacts the scheduling of planned deliveries, leading to delays. There is also a risk that customers may re-schedule orders due to challenges in their own supply chain, beyond the scope of NORBIT.

NORBIT is working actively to manage and mitigate the risk of supply shortage by evaluating the use of component equivalents in close dialogue with customers,

as well as working with suppliers to secure the raw material components needed to deliver according to plans. The increase in inventory requires careful management, as changes in market dynamics or reduced demand may negatively impact NORBIT as a supplier, potentially leading to obsolete inventory that has not been provided for in the financial statements.

Price increases on raw materials components continue to persist. Over the last year, inflation has become broader and remain elevated. Combined, this leads to upwards pressure on the cost base. NORBIT continues to manage inflation by taking appropriate measures to maintain acceptable margins.

Geopolitical risk has increased following outbreak of wars, political unrest and trade sanctions. NORBIT is exposed through its foreign trade, where a large portion of the components are bought in a global market and goods and services are sold to more than 50 countries worldwide. Business operation may therefore be subject to regulatory changes, trade barriers, increased tariffs, restrictive governmental actions and changes in laws and policies that may have an adverse effect on the operations and results.

OUTLOOK

The outlook for NORBIT remains positive, with a high activity level in all the three business segments, and NORBIT is on track to deliver on the guidance of revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2023. Over the last years, NORBIT has made significant investments in broadening the product offering, expanding the production capacity and increasing inventories to maintain a safety stock of components in order to safeguard deliveries and seize opportunities in a challenging supply market for components. These strategic decisions have been an enabler for organic growth and enhanced flexibility, positioning NORBIT to deliver on larger contracts. As part of the fourth quarter reporting in February, NORBIT will communicate financial targets for the period beyond 2023.

Oceans maintains its positive growth trajectory, and the segment has so far this year delivered 34 per cent revenue increase. Growth has primarily been driven by strong sonar sales across a broad customer base in diversified markets. Ocean intelligence is a secular trend within the blue economy, and Oceans has strategically positioned itself for long-term growth by continuously broadening the product offering with new innovations for seabed exploration, inspection, and security surveillance. Fourth quarter has started out strong for Oceans, and the segment is expected to report growth compared to the same period of last year (NOK 127 million).

The shift from public tendering to B2B partnerships, focusing on developing tailored technology for customers, has been a key success factor in achieving the growth in Connectivity. NORBIT's increased ability to handle larger contracts has established the company as a reliable and experienced partner, which has accelerated growth further. Additionally, with evolving EU regulatory requirements, the demand for technology in safe and green transport continues to rise. Revenues for the fourth quarter are expected to be between NOK 115 – 125 million, up from NOK 81 million reported in the corresponding quarter in 2022.

PIR continues to experience increased demand within contract manufacturing, with growth driven by the industrial client base. Revenues for the fourth quarter are expected to be between NOK 115 – 125 million, up from NOK 112 million in the fourth quarter last year, adjusted for customer reimbursements.

In addition to realising the organic growth potential, NORBIT will continue to explore value-accretive acquisitions through its defined criteria to accelerate further growth. The board of directors remains optimistic about NORBIT's long-term outlook. The group's diversified product offering targeting multiple industries and geographies, combined with the organisation's ability to leverage mega trends and to successfully introduce new market-driven innovation, makes the company robust.

Trondheim, Norway, 14 November 2023

The board of directors and CEO

NORBIT ASA



Finn Haugan
Chair of the board



Bente Avnung Landsnes
Deputy chair of the board



Christina Hallin
Director



Trond Tuvstein
Director



Magnus Reitan
Director



Per Jørgen Weisethaunet
Chief executive officer



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

<i>Amounts in NOK million</i>	<i>Note</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Revenue	4	328.6	269.7	1 122.9	820.2	1 167.5
Other gains and losses	11	-	-	-	-	-
Raw materials and change in inventories		133.6	123.7	455.0	373.3	549.5
Employee benefit expenses		90.8	66.2	256.0	176.7	250.2
Depreciation and amortisation expenses	7, 9	26.8	21.5	79.1	62.5	86.5
Other operating expenses		36.0	32.6	112.2	101.4	132.4
Operating profit		41.4	25.7	220.6	106.2	148.8
Net financial items	6	(11.0)	(10.2)	(30.6)	(19.1)	(28.0)
Profit before tax		30.4	15.5	190.0	87.1	120.8
Income tax expense		(8.3)	(3.9)	(47.6)	(20.2)	(14.1)
Profit for the period		22.1	11.6	142.4	66.9	106.7

Attributable to:

Owners of the Company		22.1	11.6	142.4	66.9	106.7
Non-controlling interests		-	-	-	-	-
Total		22.1	11.6	142.4	66.9	106.7

Average no. of shares outstanding – basic	10	59 786 535	58 784 992	59 429 838	58 588 017	58 662 698
Average no. of shares outstanding – diluted	10	59 917 732	58 907 253	59 546 170	58 630 114	58 725 000

Earnings per share

Basic (NOK per share)	10	0.37	0.20	2.40	1.14	1.82
Diluted (NOK per share)	10	0.37	0.20	2.39	1.14	1.82

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK million</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit for the period	22.1	11.6	142.4	66.9	106.7
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	(6.1)	(2.2)	4.0	(0.4)	1.5
Items that will not be reclassified to profit or loss:					
Changes in the fair value of equity investments at fair value through other comprehensive income	-	-	-	-	-
Other comprehensive income for the period, net of tax	(6.1)	(2.2)	4.0	(0.4)	1.5
Total comprehensive income for the period	16.0	9.4	146.4	66.5	108.2

Total comprehensive income for the period is attributable to:

Owners of the Company	16.0	9.4	146.4	66.5	108.2
Non-controlling interests	-	-	-	-	-
Total	16.0	9.4	146.4	66.5	108.2



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General

Note 2 Statement of compliance

Note 3 Significant accounting principles

Note 4 Segment information

Note 5 Derivative financial instruments

Note 6 Net financial items

Note 7 Property, plant and equipment and intangible assets

Note 8 Interest-bearing borrowings

Note 9 Right-of-use assets and lease liabilities

Note 10 Share capital and equity

Note 11 Business combination

Note 12 Related party transactions

Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK million</i>	<i>Note</i>	30.09.2023	30.06.2023	31.12.2022	30.09.2022
ASSETS					
Non-current assets					
Property, plant and equipment	7, 9	182.8	186.8	187.7	162.4
Intangible assets	7	296.3	297.7	258.8	258.6
Goodwill	11	84.4	84.4	84.4	82.1
Deferred tax asset		14.6	13.3	15.6	0.0
Equity-accounted investees		0.6	0.7	0.7	0.6
Shares in other companies		0.8	0.8	0.6	0.6
Total non-current assets		579.6	583.7	547.8	504.4
Current assets					
Inventories		545.2	507.4	426.3	430.7
Trade receivables		178.8	181.3	168.0	106.9
Other receivables and prepayments		53.7	49.6	37.0	50.2
Cash and cash equivalents		43.4	51.5	41.7	30.6
Total current assets		821.1	789.8	673.0	618.4
Total assets		1 400.7	1 373.5	1 220.8	1 122.8
EQUITY AND LIABILITIES					
Liabilities					
Interest-bearing borrowings	8	123.2	139.9	154.6	156.6
Lease liabilities	9	21.3	25.4	24.0	9.1
Deferred tax liabilities		3.5	3.6	3.6	0.0
Other non-current liabilities		6.1	5.9	5.4	9.6
Total non-current liabilities		154.1	174.8	187.6	175.4
Trade payables		164.5	155.2	132.6	151.4
Other current liabilities		123.8	136.4	93.3	70.4
Tax liabilities		49.3	41.3	13.4	8.5
Interest-bearing borrowings	8	162.7	147.5	182.8	150.8
Lease liabilities	9	6.3	7.9	11.8	8.7
Derivative financial instruments	5	0.0	0.0	0.0	0.0
Total current liabilities		506.5	488.4	433.8	389.9
Total liabilities		660.6	663.2	621.5	565.2
Equity					
Share capital	10	6.0	6.0	5.9	5.9
Share premium		357.3	339.3	319.9	319.9
Retained earnings		376.8	365.0	273.5	231.7
Non-controlling interests		0.0	0.0	0.0	0.0
Total equity		740.1	710.3	599.3	557.6
Total equity and liabilities		1 400.7	1 373.5	1 220.8	1 122.8



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	Note	Attributable to owners			Total	Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings			
Balance at 31 December 2022		5.9	319.9	273.5	599.3	0.0	599.3
Profit for the period		-	-	142.4	142.4	-	142.4
Other comprehensive income		-	-	4.0	4.0	-	4.0
Total comprehensive income for the period		0.0	0.0	146.4	146.4	0.0	146.4
Repurchase of shares		(0.0)	-	(1.4)	(1.4)	-	(1.4)
Share issue		0.1	37.4	-	37.4	-	37.4
Dividends paid	10	-	-	(41.6)	(41.6)	-	(41.6)
Total transactions with owners		0.1	37.4	(43.1)	(5.6)	0.0	(5.6)
Balance at 30 September 2023		6.0	357.3	376.8	740.1	0.0	740.1

Amounts in NOK million	Note	Attributable to owners			Total	Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings			
Balance at 31 December 2021		5.8	308.8	183.3	497.9	0.0	497.9
Profit for the period		-	-	66.9	66.9	-	66.9
Other comprehensive income		-	-	(0.4)	(0.4)	-	(0.4)
Total comprehensive income for the period		0.0	0.0	66.5	66.5	0.0	66.5
Repurchase of shares		-	-	(0.5)	(0.5)	-	(0.5)
Share issue		0.0	11.2	-	11.2	-	11.2
Dividends paid	10	-	-	(17.5)	(17.5)	-	(17.5)
Total transactions with owners		0.0	11.2	(18.0)	(6.8)	0.0	(6.8)
Balance at 30 September 2022		5.9	319.9	231.7	557.6	0.0	557.6



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK million</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022	2022
Profit for the period	22.1	11.6	142.4	66.9	106.7
Adjustments for:					
Income tax expense recognised in profit or loss	8.3	3.9	47.6	20.2	14.1
Income taxes paid	(1.8)	(1.1)	(14.2)	(2.6)	(10.9)
Share of profit of associates	0.1	-	0.1	0.3	0.2
Depreciation and amortisation	26.8	21.5	79.1	62.6	86.5
Movements in working capital:					
(Increase)/decrease in trade receivables	2.5	38.1	(8.9)	48.0	(11.0)
(Increase)/decrease in inventories	(37.8)	(59.9)	(112.1)	(167.5)	(161.3)
Increase/(decrease) in trade payables	9.3	15.1	30.8	50.9	32.0
Increase/(decrease) in accruals	(15.5)	(14.9)	18.9	(1.2)	29.3
Net cash generated by operating activities	13.9	14.4	183.9	77.6	85.7
Cash flows from investing activities					
Payments for property, plant and equipment	(12.0)	(5.0)	(26.5)	(20.7)	(31.5)
Reclassified from inventory to property, plant and equipment	-	1.7	-	1.7	3.2
Payments for intangible assets	(15.0)	(15.0)	(44.9)	(48.7)	(60.5)
Net cash outflow from acquisition and other shares	-	-	(11.2)	(1.5)	(3.1)
Net cash (used in)/generated by investing activities	(27.0)	(18.2)	(82.5)	(69.2)	(91.9)
Cash flows from financing activities					
Payment for share buy-back costs	(0.6)	-	(1.4)	(0.5)	(0.5)
Proceeds from issuance of common shares	8.1	9.6	8.1	9.6	9.6
Proceeds from borrowings	30.0	30.0	126.3	30.0	30.0
Repayment of borrowings	(37.4)	(31.7)	(133.0)	(37.0)	(39.4)
Repayment of lease liabilities	(3.1)	(2.6)	(9.6)	(6.8)	(10.0)
Net change in overdraft facility	8.0	(8.5)	(48.5)	22.7	54.0
Dividends paid	-	-	(41.6)	(17.5)	(17.5)
Net cash (used in)/generated by financing activities	4.9	(3.2)	(99.7)	0.4	26.2
Net increase in cash and cash equivalents	(8.2)	(7.0)	1.7	8.8	20.0
Cash and cash equivalents at the beginning of the period	51.5	37.5	41.7	21.7	21.7
Cash and cash equivalents at the end of the period	43.4	30.6	43.4	30.6	41.7



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 GENERAL

NORBIT is a global provider of tailored technology solutions to selected applications. NORBIT's vision is to be recognised as world class, enabling people to explore more.

NORBIT is headquartered in Trondheim, with manufacturing in Norway and Hungary. In addition, as of 30 September 2023 NORBIT also had operations through its foreign subsidiaries in Denmark, Czech Republic, Poland, Austria, Hungary, Italy, Singapore, China, Sweden, Croatia, Slovakia, Brazil, United Kingdom, Chile, United States and Canada.

The business includes development, manufacturing and delivery of products, systems and services based on electronics. NORBIT ASA is organised in three operating segments: Oceans, Connectivity and Product Innovation & Realization (PIR).

The consolidated financial statements of NORBIT ASA for the third quarter and nine months ending 30 September 2023 incorporate the financial statements of the company and its subsidiaries (collectively referred to as the "Group").

NOTE 2 STATEMENT OF COMPLIANCE

The interim consolidated statements for the third quarter of 2023, ending 30 September 2023, were prepared in accordance with IAS 34 Interim Financial Reporting and are unaudited. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual report for 2022. The consolidated financial statements of the Group as at and for the year ended 31 December 2022 are available at www.norbit.com.

The new standards and interpretations effective from 1 January 2023 do not have a significant impact on the Group's consolidated interim financial statements.

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

The accounting principles applied in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the Group's annual financial statements for the year ended 31 December 2022. The Groups accounting principles are described in the annual report for 2022.

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 significant judgements, estimates and assumptions communicated in the consolidated financial statements as of 31 December 2022 also apply to these interim financial statements. In preparing these interim financial statements, NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets, loss allowance for expected credit losses on trade receivables and warranty provisions. Based on the assessment, no impairment of intangible assets was recognised in the quarter. In the third quarter of 2023, NORBIT reversed NOK 0.7 million in provisions on expected loss on trade receivables and NOK 0.3 million warranty provisions.



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

NOTE 4 SEGMENT INFORMATION

The operating segments are aligned with the internal reporting and the operating segments are components of the Group that are evaluated regularly by the management team. The operating segments are Oceans, Connectivity and Product Innovation and Relization (PIR).

YTD 2023

<i>Amounts in NOK million</i>	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	422.1	423.9	299.5	(22.6)	1 122.9
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	129.2	165.5	162.2	(1.9)	455.0
Operating expenses	146.5	111.7	88.7	21.3	368.2
EBITDA	146.4	146.7	48.7	(42.1)	299.7
EBITDA margin	35%	35%	16%	-	27%
Depreciation	15.6	6.4	11.9	2.1	36.0
Amortisation and impairment	17.7	27.0	0.9	(2.5)	43.1
EBIT	113.1	113.2	35.9	(41.7)	220.6
Total financial items (not allocated)					(30.6)
Profit before tax					190.0
Taxes (not allocated)					(47.6)
Profit after tax					142.4

Timing of revenues

- At point in time	406.8	369.7	266.1	(22.6)	1 019.9
- Over time	15.3	54.2	33.4	0.0	103.0
Total	422.1	423.9	299.5	(22.6)	1 122.9

YTD 2022

<i>Amounts in NOK million</i>	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	316.0	227.4	306.4	(29.5)	820.2
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	104.5	81.4	198.5	(11.2)	373.3
Operating expenses	104.4	92.6	73.4	7.8	278.2
EBITDA	107.0	53.4	34.5	(26.2)	168.7
EBITDA margin	34%	23%	11%	-	21%
Depreciation	12.4	5.8	9.9	1.7	29.9
Amortisation and impairment	11.0	21.6	0.0	0.0	32.6
EBIT	83.6	26.0	24.5	(27.9)	106.2
Total financial items (not allocated)					(19.1)
Profit before tax					87.1
Taxes (not allocated)					(20.2)
Profit after tax					66.9

Timing of revenues

- At point in time	282.3	196.7	277.7	(29.5)	727.2
- Over time	33.7	30.6	28.7	0.0	93.0
Total	316.0	227.4	306.4	(29.5)	820.2



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

Q3 2023

Amounts in NOK million	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	134.1	115.8	85.5	(6.9)	328.6
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	40.9	45.5	48.8	(1.7)	133.6
Operating expenses	53.3	36.1	28.8	8.6	126.8
EBITDA	39.8	34.2	7.9	(13.8)	68.2
EBITDA margin	30%	30%	9%	-	21%
Depreciation	5.4	2.1	3.9	0.7	12.1
Amortisation and impairment	6.2	9.4	0.3	(1.2)	14.6
EBIT	28.3	22.7	3.7	(13.3)	41.4
Total financial items (not allocated)					(11.0)
Profit before tax					30.4
Taxes (not allocated)					(8.3)
Profit after tax					22.1

Timing of revenues

- At point in time	128.2	97.1	72.3	(6.9)	290.7
- Over time	5.9	18.8	13.2	0.0	37.9
Total	134.1	115.8	85.5	(6.9)	328.6

Q3 2022

Amounts in NOK million	Oceans	Connectivity	PIR	Group/Elim.	Total
Revenues	103.8	80.7	96.0	(10.8)	269.7
Other gains and losses	-	-	-	-	-
Raw materials and change in inventories	35.9	32.1	60.9	(5.1)	123.7
Operating expenses	40.6	28.9	23.3	5.9	98.8
EBITDA	27.3	19.7	11.8	(11.6)	47.2
EBITDA margin	26%	24%	12%	-	17%
Depreciation	4.4	2.5	3.2	0.7	10.8
Amortisation and impairment	3.7	7.2	0.1	0.0	11.0
EBIT	19.2	10.0	8.5	(12.3)	25.4
Total financial items (not allocated)					(10.2)
Profit before tax					15.2
Taxes (not allocated)					(3.9)
Profit after tax					11.3

Timing of revenues

- At point in time	78.2	63.9	77.5	(10.8)	208.9
- Over time	25.5	16.7	18.5	0.0	60.7
Total	103.8	80.7	96.0	(10.8)	269.7



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	30.09.23	31.12.22
Foreign currency forwards EUR/NOK (amounts in EUR)	-	-
Foreign currency forwards USD/EUR (amounts in USD)	-	-
Average FX rate in contract (EUR/NOK)	-	-
Average FX rate in contract (USD/NOK)	-	-
Fair value of contracts based on MTM reports from counterpart banks (NOK million)	-	-

NOTE 6 NET FINANCIAL ITEMS

Net financial items consist of:

Amounts in NOK million	YTD 2023	YTD 2022	Q3 2023	Q3 2022
Share of profit of associates	(0.1)	(0.3)	(0.1)	(0.1)
Net interest income / (expense)	(20.7)	(10.6)	(7.3)	(3.9)
Agio/disagio and other financial expenses	(9.8)	(8.2)	(3.6)	(6.2)
Net financial items	(30.6)	(19.1)	(11.0)	(10.2)

NOTE 7 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Amounts in NOK million	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance at 31 December 2022	65.5	86.7	258.8
Additions from acquisition of companies	0.0	1.6	34.2
Additions	2.5	24.0	0.0
Depreciation	(4.4)	(21.8)	0.0
Capitalised development	0.0	0.0	44.9
Amortisation	0.0	0.0	(43.1)
Currency effects	0.0	1.7	1.5
Balance at 30 September 2023	63.5	92.1	296.3

The Group invested NOK 15.0 million in intangible assets in the third quarter 2023 and NOK 44.9 million in the first three quarters of 2023. The capital expenditures were primarily related to broadening the product offering in the Oceans and Connectivity segments. The development projects progressed as planned during the year.

Total investments in property, plant and equipment were NOK 12.0 million in the third quarter 2023 and NOK 26.5 million for the first nine months of the year, primarily related to machinery and equipment.

At the end of each reporting period, the Group assess whether there are indications that any tangible or intangible asset has been impaired. If such indications are present, an estimate to the recoverable amount of the asset is calculated. No indications of impairment were identified as of September 30, 2023.



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

NOTE 8 INTEREST-BEARING BORROWINGS

Amounts in NOK million	30.09.2023	31.12.2022	30.09.2022
Revolving credit facility	0.0	90.0	90.0
Overdraft facility	92.1	140.6	109.2
Term loans	167.7	50.4	51.3
Seller's credit	0.0	32.6	32.6
Other borrowings	26.1	23.8	24.2
Total interest-bearing borrowings	285.9	337.4	307.4
Non-current borrowings	123.2	154.6	156.6
Current borrowings	162.7	182.8	150.8
Total interest-bearing borrowings	285.9	337.4	307.4

The Group had four main loan facilities per end of Q3 2023, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and two term loans. The credit limits are NOK 200 million and NOK 350 million on the RCF and overdraft facility, respectively.

NORBIT had drawn NOK 92.1 million on the overdraft facility as of September 30, 2023, while the RCF was undrawn. NOK 167.7 million was outstanding on the two terms loans.

The RCF and one term loan are priced at 3M NIBOR + 1.8 per cent margin p.a., the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a., while the NOK 120 million term loan is priced at 3M NIBOR + 2.15 per cent margin p.a.

The financial covenants are as follows:

- **Equity ratio:** Carrying value of total equity as per cent of carrying value of total assets shall exceed 30 per cent. To be reported by 30 June and 31 December
- **NIBD ratio:** Total interest-bearing borrowings and lease liabilities less cash and cash equivalents over EBITDA (IFRS, as reported) shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12 month rolling basis.

As of September 30, 2023, NORBIT was in compliance with both financial covenants.

In the quarter, NORBIT repaid the remaining EUR 3.0 million balance on the sellers' credit in relation to the iData acquisition.

NOTE 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

NORBIT leases a number of offices in addition to machinery and vehicles. Right-of-use assets are reported under property, plant and equipment in the balance sheet. The movement in the right-of-use assets and lease liabilities during 2023 is summarised below.

Amounts in NOK million	Right of use assets			Lease liabilities
	Office rent	Machinery and vehicles	Total	
Balance at 31 December 2022	9.3	26.2	35.5	35.9
Additions	1.7	(0.4)	1.4	1.4
Depreciation expense	(7.0)	(2.7)	(9.7)	-
Interest expense	-	-	-	1.0
Lease payments	-	-	-	(10.5)
Balance at 30 September 2023	4.0	23.2	27.2	27.7



MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events
Definitions of alternative performance measures not defined by IFRS

Company contact information

NOTE 10 SHARE CAPITAL AND EQUITY

NORBIT ASA has been listed on the Oslo Børs (Oslo Stock Exchange) since 20 June 2019. The share is traded under the symbol NORBT.

At 30 September 30, 2023, the total number of shares in NORBIT ASA amounted to 59 820 747 and the number of outstanding shares was 59 777 187, each with a par value of NOK 0.10 per share. As per the same date, NORBIT ASA held 43 560 own shares. All issued shares are fully paid. Average

outstanding number of shares is used in the calculation of earnings per share in all periods of 2022 and 2023.

At 30 September 2023, there were 131 197 restricted stock units ('RSUs') outstanding. The RSU will vest in second quarter 2024 and 2025. The RSUs are included in the calculation of diluted earnings per share.

NOTE 11 BUSINESS COMBINATION

Nicarnica Aviation AS

In March 2022, NORBIT ASA acquired 100 per cent ownership in Nicarnica Aviation AS, a Norwegian technology company that has developed remote sensing solutions for detecting hazardous emissions. The technology broadens and complements the existing environmental monitoring solutions

developed by segment Oceans. The total consideration for the shares was NOK 0.9 million, paid in cash to the sellers. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition.

<i>Amounts in NOK million</i>	Purchase price
Cash consideration	0.9
Total	0.9

Recognised amount of identifiable assets and acquired liabilities assumed

Intangible assets	1.0
Deferred tax asset	2.0
Cash and cash equivalents	0.0
Interest-bearing borrowings	(1.6)
Trade payables	(0.4)
Other current liabilities	(0.1)
Total identifiable net assets	0.9
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	0.9



MENU:

Highlights and key figures

Summary of the third quarter results 2023

Subsequent events

Third quarter and first nine months results 2023

Financial review

Consolidated key figures

Segments

Share information

Risks and uncertainties

Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss

Condensed consolidated statement of comprehensive income

Condensed consolidated statement of financial position

Condensed consolidated statement of changes in equity

Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1	General
Note 2	Statement of compliance
Note 3	Significant accounting principles
Note 4	Segment information
Note 5	Derivative financial instruments
Note 6	Net financial items
Note 7	Property, plant and equipment and intangible assets
Note 8	Interest-bearing borrowings
Note 9	Right-of-use assets and lease liabilities
Note 10	Share capital and equity
Note 11	Business combination
Note 12	Related party transactions
Note 13	Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

Aursund Maskinering AS

In November 2022, NORBIT ASA acquired 100 per cent ownership in Aursund Maskinering AS. The company has been a key supplier for segment Oceans for several years. The total consideration for the shares was NOK 9.3 million and was paid through a combination of cash and an interest-free sellers credit. Half of the sellers' credit is due November 2023, while the remainder is

due November 2024. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 2.3 million. Aursund Maskinering is reported under segment Oceans.

Amounts in NOK million	Purchase price
Cash consideration	3.7
Sellers credit	5.6
Total	9.3

Recognised amount of identifiable assets and acquired liabilities assumed*

Property, plant and equipment	5.7
Inventories	1.7
Trade receivables	2.1
Other receivables	0.1
Cash and cash equivalents	1.5
Deferred tax liability	(0.3)
Interest-bearing borrowings	(1.1)
Trade payables	(0.1)
Other current liabilities	(2.6)
Total identifiable net assets	7.0
Goodwill	2.3
Cash and cash equivalents in acquired business	1.5
Total cash outflow from acquisition of business	7.8

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

CPS AS

In January 2023, NORBIT ASA acquired 100 per cent ownership in the technology company CPS AS. CPS design, develop and industrialise custom IoT ready devices for various areas of application across a number of industry segments. The devices are designed, developed and industrialised based on proprietary modules. CPS also provides firmware licenses and services to customers. The total consideration was NOK 12.6 million paid through a

combination of NOK 3.6 million in cash and NOK 9.0 million in issuance of consideration share. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from 1 January 2023 and the preliminary analysis gave rise to NOK 14.7 million in fair value adjustments relating to customer relationships.

Amounts in NOK million	Purchase price
Considerations shares	9.0
Cash consideration	3.6
Total	12.6

Recognised amount of identifiable assets and acquired liabilities assumed*

Property, plant and equipment	0.0
Customer relationships	16.2
Inventories	0.0
Trade receivables	2.0
Cash and cash equivalents	1.3
Deferred tax liability	(3.2)
Interest-bearing borrowings	(1.5)
Trade payables	(1.1)
Other current liabilities	(1.2)
Total identifiable net assets	12.6
Cash and cash equivalents in acquired business	1.3
Total cash outflow from acquisition of business	2.3

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



MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

Seahorse Geomatics

In April 2023, NORBIT acquired the business and certain assets from Seahorse Geomatics Inc, Oceans' distributor and reseller in the North American market for more than a decade. The purchase price was USD 2.5 million, including value of purchased inventory. This was financed by the issuance of 265 670

consideration shares at a price of NOK 39.22, or NOK 10.4 million, NOK 8.7 million in cash and a seller credit of NOK 7.1 million. The seller credit will be repaid in equal instalments in the second quarter 2024 and Q2 2025.

<i>Amounts in NOK million</i>	Purchase price
Considerations shares	10.4
Cash consideration	8.7
Seller credit	7.1
Total	26.2
Recognised amount of identifiable assets and acquired liabilities assumed*	
Property, plant and equipment	1.5
Customer relationships	17.8
Inventories	6.8
Total identifiable net assets	26.2
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	8.7

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

NOTE 12 RELATED PARTY TRANSACTIONS

There were no related party transactions in the first three quarters of 2023.

NOTE 13 SUBSEQUENT EVENTS

NORBIT acquired the Canadian maritime technology company Ping Digital Signal Processing Inc, supporting the strategy of broadening the product offering in the Oceans domain. The valuation was USD 3.24 million on a cash and debt-free basis. The transaction closed early October. In connection with closing, the board of directors resolved to issue 196 668 consideration shares to the sellers of Ping Digital Processing Inc at a price of NOK 53.07 per share as partial settlement of the transaction.



MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA	Short for earnings before interest, tax, depreciation and amortisation. EBITDA corresponds to operating profit before depreciation and amortisation expenses, as reported in the consolidated statement of profit and loss. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profits.
EBITDA margin	EBITDA as a percentage of revenues. The EBITDA margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
EBIT	Short for earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit and loss. EBIT is a key performance indicator that the company considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures.
EBIT margin	EBIT as a percentage of revenues. The EBIT margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.
Equity ratio	Total equity divided by total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.
Net interest-bearing debt	Net interest-bearing debt is defined as total interest-bearing borrowings less cash and cash equivalents.
Gross profit	Gross profit is revenues less cost for raw materials and change in inventories, as reported in the consolidated statement of profit and loss. Gross profit is a key performance indicator that the company considers relevant for measuring the profitability before its employee benefit expenses, other operating expenses and depreciation and amortisation expenses.
Gross margin	Gross margin is defined as gross profit divided by revenues. The gross margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.



MENU:

Highlights and key figures

Summary of the third quarter results 2023
Subsequent events

Third quarter and first nine months results 2023

Financial review
Consolidated key figures
Segments
Share information
Risks and uncertainties
Outlook

Condensed consolidated financial statements

Condensed consolidated statement of profit or loss
Condensed consolidated statement of comprehensive income
Condensed consolidated statement of financial position
Condensed consolidated statement of changes in equity
Condensed consolidated statement of cash flows

Notes to the condensed consolidated financial statements

Note 1 General
Note 2 Statement of compliance
Note 3 Significant accounting principles
Note 4 Segment information
Note 5 Derivative financial instruments
Note 6 Net financial items
Note 7 Property, plant and equipment and intangible assets
Note 8 Interest-bearing borrowings
Note 9 Right-of-use assets and lease liabilities
Note 10 Share capital and equity
Note 11 Business combination
Note 12 Related party transactions
Note 13 Subsequent events

Definitions of alternative performance measures not defined by IFRS

Company contact information



NORBIT ASA
Stiklestadveien 1
NO-7041 Trondheim
Norway
T: +47 73 98 25 50
www.norbit.com