

Q1 | 2020

**NORBIT ASA
6 MAY 2020**



HIGHLIGHTS FOR THE FIRST QUARTER OF 2020

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

- Revenues for the first quarter of 2020, amounted to NOK 151.6 million (NOK 157.7 million), down 4 per cent from the first quarter of 2019
- EBITDA was NOK 16.0 million for the period (NOK 50.1 million), representing a margin of 11 per cent
- Award from a major energy company for a system for vessel traffic monitoring and early warning asset protection (SeaCOP eVTS)
- During the first quarter, the covid-19 situation caused major disruptions to the global economy
 - On 27 March, NORBIT announced that some customer orders were postponed or reduced in all business segments and that uncertainty related to the medium-term outlook had increased significantly
 - All segments were affected; segment Oceans experienced reduced activity, in particular due to its global exposure and low revenue visibility, while segments ITS and PIR were moderately affected this quarter
 - NORBIT managed to maintain production and deliveries as requested by customers without significant deviations
 - NORBIT has taken several precautionary steps to safeguard employees, operations and its financial position and is closely monitoring the situation

RECENT EVENTS

- On 30 April, NORBIT announced the appointment of Per Kristian Reppe as new CFO
- On 7 April, the board of directors announced a revised proposal for dividend distribution due to the increased uncertainty caused by the corona pandemic
- On 4 May, NORBIT held its annual general meeting which approved the 2019 annual results, the board's dividend proposal, as well as other items

CONSOLIDATED KEY FIGURES¹

<i>Amounts in million NOK (except percentages and EPS)</i>	First quarter		Full year
	2020	2019	2019
Revenues	151.6	157.7	668.2
EBITDA	16.0	50.1	149.7
<i>EBITDA margin</i>	11%	32%	22%
Adjusted EBITDA	16.0	39.2	158.3
<i>Adjusted EBITDA margin (%)</i>	11%	25%	24%
EBIT	4.7	40.6	102.9
Profit for the period	4.9	34.0	77.3
Earnings per share (EPS)	0.09	0.78	1.45

¹ Definitions included on page 10

FINANCIAL REVIEW

FINANCIAL RESULTS NORBIT ASA

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

Profit and loss

Revenues for the first quarter of 2020 amounted to NOK 151.6 million (NOK 157.7 million), representing a 4 per cent decline compared to the corresponding quarter of 2019. Segment ITS delivered a 25 per cent revenue growth, while segment Oceans and PIR had approximately 12 and 8 per cent lower revenues respectively than for the same quarter last year. Further explanations are provided under the segment results.

Total operating expenses includes raw materials and change in inventories, employee benefit expenses, depreciation and amortisation expenses and other operating expenses. The total operating expenses for NORBIT amounted to NOK 146.9 million for the quarter (117.1 million). The expenses are lower than the NOK 158.7 million reported for the previous period, mainly due to lower activity resulting in reduced raw material expenses.

Employee benefit expenses amounted to NOK 41.7 million for the first quarter of 2020 (NOK 32.8 million), an increase from the first quarter of 2019. The increase can mainly be explained by a strengthening of the organisation throughout 2019, in particular within sales and marketing in the Oceans segment. The expenses are on the same level as for the previous quarter.

EBITDA amounted to NOK 16.0 million for the first quarter this year (NOK 50.1 million), corresponding to a margin of 11 per cent (32 per cent).

Adjusted EBITDA is EBITDA adjusted for items affecting comparability. As there were no items affecting comparability for the first quarter of 2020, adjusted EBITDA were the same as EBITDA for the periods. In the first quarter of 2019, the company had a one-off bargain purchase of NOK 10.9 million affecting the comparability, resulting in an adjusted EBITDA of NOK 39.2 million.

Net financial items amounted to NOK 1.2 million for the quarter (NOK 0.4 million), an increase of NOK 0.8 million from the first quarter of 2019. The items include a share of profit in associates of NOK 0.6 million and a positive contribution from agio of NOK 0.9 million. In addition, the company had interest expenses of NOK 0.3 million for the quarter, down from NOK 2.0 million for the first quarter last year, due to repayment of borrowings during 2019.

Tax expense for the quarter amounted to NOK 1.0 million (NOK 7.0 million). The company does not have taxes payable due to losses carried forward from previous acquisitions.

Profit after tax was NOK 4.9 million for the period (NOK 34.0 million).

SEGMENTS

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

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

Oceans

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

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

KEY FIGURES OCEANS

Amounts in NOK million	First quarter		Full year
	2020	2019	2019
Revenues	51.8	58.9	249.0
EBITDA	5.0	16.9	64.1
EBITDA margin (%)	10%	29%	26%
EBIT	2.1	13.2	50.6
EBIT margin (%)	4%	22%	20%

Revenues for Oceans amounted to NOK 51.8 million for the first quarter of 2020 (NOK 58.9 million), which was 12 per cent lower than the revenues reported for the same period last year. The segment experience quarterly fluctuations in revenues due to a relatively high average unit price.

As previously communicated, revenues are normally lower for the first and third quarters of the year. The revenues are however lower than expected this quarter due to the covid-19 pandemic, which has resulted in lower activity, in particular in Asia, which was hit by the pandemic earlier than the rest of the world. The revenue from sale of sonars is lower than for the corresponding period last year.

The segment has succeeded in introducing its products and solutions into new market segments. The award announced in January 2020 for NORBIT Aptomar contributes to increased sale of this type of products and solutions.

Operating expenses, including employee expenses and other operating expenses, in the Oceans segment amounted to NOK 26.2 million for the first quarter of 2020 (NOK 18.5 million), an increase of NOK 7.7 million from the corresponding period of 2019, and NOK 5.3 million from the fourth quarter of 2019. The increase can primarily be explained by a larger organisation resulting in higher employee expenses, higher cost from foreign subsidiaries due to the weakening of the NOK against EUR and USD and increased provision for loss on receivables. The provision follows the increased uncertainty related to the implications of the covid-19 situation.

EBITDA for the Oceans segment amounted to NOK 5.0 million for the quarter (NOK 16.9 million), representing a margin of 10 per cent (29 per cent), a decline from the corresponding period of 2019. The lower margin is a result of the higher operating expenses mentioned above. The margin is expected to fluctuate between the quarters.

Award from major energy company

In January 2020, NORBIT Aptomar, part of segment Oceans, was awarded a contract with an undisclosed international partner within the energy market for delivery of a system for vessel traffic monitoring and early warning asset protection, called SeaCOP eVTS.

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

Strengthening of the market organisation

Throughout 2019 and into 2020, segment Oceans strengthened its organisation in international sales and marketing functions, to position itself for further growth in selected geographies and verticals. This is in line with the company's strategy to broaden the product offering in the segment targeting the untapped potential of the sonar technology in the segment and the opportunities in expanding to new sub-markets. NORBIT has attracted several executives within sales and business development the last twelve months.

As previously communicated, a significant part of the group's R&D investments are sourced to broadening the product offering in the Oceans segment. The development projects progressed as planned during the first quarter.

Intelligent Traffic Systems (ITS)

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

KEY FIGURES ITS

Amounts in NOK million	First quarter		Full year 2019
	2020	2019	
Revenues	45.2	36.0	186.3
EBITDA	16.5	16.8	83.1
EBITDA margin (%)	37%	47%	45%
EBIT	13.0	15.4	69.9
EBIT margin (%)	29%	43%	38%

Revenues for ITS amounted to NOK 45.2 million for the first quarter of 2020 (NOK 36.0 million), up by 25 per cent from the corresponding period of 2019 and slightly down from the previous quarter. The increase can be explained by the increase in deliveries of new products on long-term contracts during 2019.

Due to the covid-19 situation, some of the automotive factories in Europe closed during March, which moderately affected the ITS segment as some customer orders were temporarily stopped or reduced. Still, the ITS segment maintained deliveries on most contracts in the quarter without any significant delays.

Operating expenses in ITS amounted to NOK 9.4 million for the quarter (NOK 9.3 million), in line with the expenses reported for the corresponding period last year, and slightly down from the NOK 10.5 million reported for the previous quarter.

EBITDA for the first quarter of 2020 for the ITS segment amounted to NOK 16.5 million (NOK 16.8 million), representing a margin of 37 per cent (47 per cent). The lower margin can mainly be explained by a different product mix in the quarter.

Product Innovation & Realization (PIR)

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

KEY FIGURES PIR

Amounts in NOK million	First quarter		Full year 2019
	2020	2019	
Revenues	63.0	68.5	259.9
EBITDA	-1.7	7.9	22.6
EBITDA margin (%)	-3%	12%	9%
EBIT	-6.2	3.8	4.4
EBIT margin (%)	-10%	6%	2%

Revenues for PIR amounted to NOK 63.0 million for the first quarter of the year (NOK 68.5 million), 8 per cent lower than for the corresponding period last year and 5 per cent lower than the previous quarter. The reduction in revenues from the first quarter of 2019, can be explained by lower sales of R&D services. Despite the implications of the covid-19 situation, revenues from contract manufacturing increased this quarter compared to the corresponding quarter last year.

Operating expenses for the PIR segment amounted to NOK 33.3 million for the quarter (NOK 22.5 million). The increase from the first quarter last year is a result of higher manufacturing activity, more personnel and higher other operating expenses following the increased activity level. In addition, NORBIT Ablepay was included in the accounts from the second quarter of 2019. As for the Oceans segment, the PIR segment has strengthened its organisation during the last year to capitalise on the growth opportunities for the company.

The expenses are also NOK 3.1 million higher than the previous quarter, partly explained by a provision made for loss on receivables for the segment due to the increased uncertainty related to the covid-19 situation, increased freight costs and a project for optimisation of production processes.

EBITDA for the PIR segment amounted to minus NOK 1.7 million for the first quarter of 2020 (NOK 7.9 million), representing a margin of minus 3 per cent (12 per cent).

As for the other business segments, the margin for the quarter fluctuates depending on the product mix sold. In the first quarter of 2020, a high share of the revenues came from contract production, while the segment delivered on a large and profitable project including R&D services in the corresponding quarter of 2019.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets amounted to NOK 636.4 million at 31 March 2020, up from NOK 600.0 million at 31 December 2019.

Invested R&D during the first quarter of 2020 was NOK 19.8 million, representing 12 per cent of revenues. The capital expenses primarily relate to investments in broadening the product offering in the Oceans segment as previously communicated. The 12 per cent is higher than the range of 8 to 10 per cent communicated by the company in the report for the fourth quarter of 2019. The investments are proceeding according to plan, although revenues are somewhat lower than expected for the quarter. For the first quarter of 2019, R&D investments amounted to NOK 20.8 million, including NOK 7.9 million related to the acquisition of AblePay.

Inventories amounted to NOK 159.7 million at the end of the first quarter, down from NOK 167.8 million at the end of the previous quarter. As previously communicated, the company keeps extra inventory of electronic components to maintain flexibility and to avoid unnecessary fluctuations in deliveries caused by volatile supply. This has proven to be a successful strategy, in particular in the challenging situation created by covid-19, impacting both production of components and logistics.

Accounts receivables were NOK 156.6 million at 31 March 2020, up from NOK 149.9 million at 31 December 2019. The increase is explained by higher value on receivables in foreign currencies, due to the weakening of the NOK against EUR and USD.

Based on the increased uncertainty following the covid-19 situation, the company has increased the provisions for loss on receivables in the quarter.

Bank deposits amounted to NOK 25.1 million at 31 March 2020, up from NOK 21.7 million at 31 December 2019.

Total equity amounted to NOK 448.4 million at the end of the quarter, up from NOK 443.6 million at the

end of 2019, representing an equity ratio of 70.5 per cent.

Total comprehensive income increased the equity by NOK 4.8 million for the period, compared to NOK 34.0 million for the corresponding period of 2019.

During the first quarter of 2020, NORBIT has drawn NOK 32.1 million of its long-term bank facility of NOK 150.0 million. The company has an undrawn short-term bank facility of NOK 130.0 million.

Consolidated cash flow

Operating activities generated a cash flow of NOK 9.8 million for the first quarter of 2020 (NOK 12.7 million), including a net increase in the working capital of NOK 6.8 million (increase of NOK 26.9 million). The change in working capital includes an increase in trade receivables of NOK 6.7 million, a decrease in inventories of NOK 8.1 million, a decrease in trade payables of NOK 10.7 million and an increase in accruals of NOK 2.5 million.

Investing activities led to a cash outflow of NOK 37.4 million for the first quarter of the year (NOK 24.6 million). The investments include NOK 8.0 million related to the expansion of the facilities at Røros and NOK 9.6 million related to the machinery and equipment, as well as NOK 19.8 million related to R&D (intangible assets). The R&D investments are primarily expenses related to broadening the product offering in segment Oceans, as mentioned above.

Financing activities generated a positive cash flow of NOK 31.1 million for the first quarter of 2020 (NOK 7.0 million), including proceeds from long-term borrowings of NOK 32.7 million. Repayment of borrowings and change in overdraft facility represents NOK 1.6 million of the total cash flow from financing activities.

UPDATE ON THE COVID-19 SITUATION

On 27 March 2020, NORBIT published a business update related to the implications of the corona pandemic (covid-19) on the company's operations.

NORBIT's highest priority is the safety and well-being of its employees and customers, and the company has introduced several precautionary measures to safeguard its people, operations, as well as its financial position.

In the report for the fourth quarter of 2019, the company communicated that it had experienced lower visibility in customer orders from the European automotive industry, resulting from a reported decline in the demand for heavy trucks in 2020. Since then, several of the large European truck manufacturers, has announced temporary closure of its production facilities due to the covid-19 situation. As of the end of April, some of these have communicated that the facilities will gradually resume production in May.

As announced, NORBIT has experienced that some customer orders are postponed or reduced in all business segments, and that uncertainty related to the short to medium-term outlook has increased. Also, due to restrictions imposed by national authorities, both in Norway and other countries, the company has experienced some delays in the import of components and export of goods. Despite this, NORBIT has been able to maintain production at its facilities in Røros and Selbu.

The management of NORBIT is closely monitoring the situation and is on an ongoing basis considering implementing further measures to scale its operations to reduce costs and adapt to the market situation following the covid-19 pandemic.

SHARE INFORMATION

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

In the first quarter of 2020, the share traded between NOK 20.40 and NOK 14.40 per share, with a closing price of NOK 14.60 at 31 March 2020.

As of 5 May 2020, the company had a total of 1,455 shareholders, of which the 20 largest shareholders held 82.38 per cent of the total outstanding shares.

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

On 4 May 2020, NORBIT held its annual general meeting. The general meeting approved the annual accounts and the board's proposal for dividend distribution. The general meeting elected a nomination committee consisting of Reidar Stokke (chair), Berit Rian and Janniche FUSDahl.

RECENT EVENTS

On 30 April, NORBIT announced the appointment of Per Kristian Reppe as new CFO of the company. He will join the team from no later than 1 August 2020.

Reppe has experience from finance, strategy, business development and investor relations, and he is currently CFO of Abelee, a Norwegian data science company, which is part of the Aker Group. Prior to this, he spent five years with Aker ASA as an investment manager and head of investor relations. He has also been a senior associate at Arkwright and an equity analyst with Pareto Securities. Reppe holds a master's degree from the Norwegian School of Economics (NHH) with major in financial economics.

On 7 April 2020, the board of directors of NORBIT announced a revised proposal for dividend. The board proposed to the annual general meeting to reduce the dividend from NOK 0.60 per share announced on 14 February 2020 to NOK 0.30 per share. In addition, the board proposed that it was given an authorisation from the general meeting to resolve additional distributions of dividends up to NOK 0.30 per share based on the annual accounts for the financial year 2019 if the board considers this to be appropriate at a later time.

The revised proposal followed the increased uncertainty resulting from the covid-19 situation. Although NORBIT has a solid financial position, the board wanted to maintain the company's financial flexibility. The annual general meeting approved the board's proposal, as noted above.

OUTLOOK

Going into 2020, the covid-19 situation has caused major disruptions to the world economy. Across all continents, people, businesses and governments are struggling to cope with the immediate crisis and to come to grips with the longer-term effects. In addition to the increased uncertainty, the covid-19 situation has resulted in a significant drop in the oil price. Although NORBIT is not largely exposed to the oil and gas industry, the development in this sector could have implications for the company to some extent.

At this point in time, it is difficult to predict the longer term consequences of the covid-19 pandemic. The uncertainty for the medium term has increased significantly and 2020 is expected to be challenging. However, NORBIT remains

positive about its long-term market outlook and is therefore maintaining most of its investment programmes, to position the company for further growth on the other side of this extraordinary situation.

Segment Oceans experienced reduced activity in the first quarter this year following the covid-19. The segment has a global exposure, and in general low revenue visibility due to the short time from the company receives a customer order until delivery. The uncertainty related to the market outlook for 2020 for segment Oceans has increased significantly due to the covid-19. However, although 2020 is expected to be challenging, NORBIT maintains its strategy of investing in broadening the product offering to capitalise on a strong global sales and distribution network.

Segment ITS was less impacted than Oceans in the first quarter, partly due to its European exposure and partly due to the different contract structure. NORBIT expects meanwhile, that the segment will be increasingly affected going forward, since some automotive factories in Europe are temporarily closed and some projects are put on hold, thus reducing customers' visibility, which result in customers being increasingly cautious in placing new orders.

Segment PIR is experiencing high uncertainty with regards to the covid-19 situation. The segment's contract manufacturing activities are largely exposed to the automotive industry, while the sale of R&D services to some extent is exposed to the oil and gas industry or related industries. However, the expansion of the company's production facility at Røros is progressing as planned, enabling increased flexibility and scalability.

The board of directors and management is closely monitoring the market developments, with the goal of maintaining the company's financial robustness during this challenging period. This includes close monitoring of the expenses and investments and ongoing considerations related to capacity adjustments and cost reductions. At the same time, the company will also prepare for the aftermath of the covid-19, thus continue its strategy to invest in broadening of the product offering to create a sound foundation for growth and long-term value creation.

For 2020, it is expected that the revenues and the EBITDA margin will deviate from the company's long-term targets. However, NORBIT has a strong financial position and its diversified product offering, targeting different industries and geographies, makes the company robust. The board of directors therefore maintains the long-term financial targets.

Trondheim, Norway, 5 May 2020

The Board of Directors and CEO

NORBIT ASA



Finn Haugan
Chairperson



Bente Avnung Landsnes
Deputy Chairperson



Tom Solberg
Board member



Trond Tuvstein
Board member



Marit Collin
Board member



Per Jørgen Weisethaunet
CEO

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

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

Condensed consolidated statement of profit and loss

<i>Amounts in NOK 000's</i>	<i>Note</i>	Q1 2020	Q1 2019
Revenues	2	151 571	157 696
Other gains and losses			10 865
Raw materials and change in inventories		68 194	70 680
Employee benefit expenses		41 698	32 766
Depreciation and amortization expenses		11 318	9 464
Other operating expenses		25 690	15 017
Operating profit		4 671	40 634
Net financial items	7	1 231	365
Profit before tax		5 902	40 999
Income tax expense		-1 034	-6 975
Profit for the period		4 869	34 024
Attributable to:			
Owners of the Company		4 873	33 981
Non-controlling interests		-4	43
		4 869	34 024
Earnings per share			
Basic (NOK per share)	5	0,09	0,78
Diluted (NOK per share)	5	0,09	0,78

Condensed consolidated statement of comprehensive income

<i>Amounts in NOK 000's</i>	<i>Note</i>	Q1 2020	Q1 2019
Profit for the period		4 869	34 024
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-73	8
Other comprehensive income for the period, net of tax		-73	8
Total comprehensive income for the period		4 795	34 032
Total comprehensive income for the period is attributable to:			
Owners of the Company		4 799	33 989
Non-controlling interests		-4	43
		4 795	34 032

Condensed consolidated statement of financial position

<i>Amounts in NOK 000's</i>	<i>Note</i>	31.03.2020	31.12.2019
ASSETS			
Land and property, plant and equipment		91 309	78 653
Intangible assets	3	147 942	135 318
Deferred tax asset		24 652	25 623
Investments accounted for using the equity method		3 699	2 872
Shares in other companies		100	100
Total non-current assets		267 701	242 567
Inventories		159 743	167 801
Trade receivables		156 551	149 877
Other receivables and prepayments		26 670	18 086
Derivative financial instruments	6	637	
Bank deposits		25 124	21 680
Total current assets		368 724	357 443
Total assets		636 425	600 010

<i>Amounts in NOK 000's</i>	<i>Note</i>	31.03.2020	31.12.2019
LIABILITIES			
Borrowings		47 591	15 843
Lease liabilities		3 003	3 954
Other liabilities		316	341
Total non-current liabilities		50 910	20 138
Trade payables		78 475	89 161
Other payables		50 776	39 262
Current tax liabilities		344	
Borrowings		3 460	3 429
Lease liabilities		4 085	4 441
Total current liabilities		137 141	136 294
Total liabilities		188 051	156 431
Share capital	5	5 679	5 679
Share premium		275 433	275 433
Retained earnings		166 722	161 923
Non-controlling interests		540	544
Total equity		448 374	443 579
Total equity and liabilities		636 425	600 010

Condensed consolidated statement of changes in equity

<i>Note</i>	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings			
Balance at 31 December 2019	5 679	275 433	161 923	443 034	544	443 579
Profit for the period			4 873	4 873	-4	4 869
Other comprehensive income			-73	-73		-73
Total comprehensive income for the period	0	0	4 799	4 799	-4	4 795
Balance at 31 March 2020	5 679	275 433	166 722	447 834	540	448 374

<i>Note</i>	Attributable to owners			Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings			
Balance at 31 December 2018	434	43 820	103 939	148 193	9 723	157 915
Profit for the period			33 981	33 981	43	34 024
Other comprehensive income			8	8		8
Total comprehensive income for the period	0	0	33 989	33 989	43	34 032

Transaction with owners in their capacity as owners:

Transaction with non-controlling interest			-14 374	-14 374	-8 423	-22 797
Dividends paid			-6 000	-6 000		-6 000
Total transactions with owners	0	0	-20 374	-20 374	-8 423	-28 797
Balance at 31 March 2019	435	43 820	117 554	161 807	1 342	163 150

Condensed consolidated statement of cash flows

<i>Amounts in NOK 000's</i>	<i>Note</i>	Q1 2020	Q1 2019
Profit for the period		4 869	34 024
Adjustments for:			
Income tax expense recognised in profit or loss		1 034	6 975
Share of profit of associates		-587	
Investment income recognised in profit or loss			-10 865
Depreciation and amortization		11 318	9 464
Movements in working capital:			
(Increase)/decrease in trade receivables		-6 674	-23 297
(Increase)/decrease in inventories		8 058	-18 565
Increase/(Decrease) in trade payables		-10 686	4 440
Increase/(decrease) in accruals		2 489	10 503
Net cash generated by operating activities		9 821	12 679
Cash flows from investing activities			
Payments for property, plant and equipment	3	-17 611	-4 198
Payments for intangible assets	3	-19 834	-20 789
Net cash inflow on acquisition of subsidiaries			422
Net cash (used in)/generated by investing activities		-37 445	-24 565
Cash flows from financing activities			
Transactions with non-controlling interests			-19 254
Proceeds from borrowings		32 700	103 982
Repayment of borrowings		-1 663	-82 097
Net change in overdraft facility		31	10 419
Dividends paid			-6 000
Net cash (used in)/generated by financing activities		31 068	7 049
Net increase in bank deposits		3 444	-4 836
Bank deposits at the beginning of the period		21 680	9 091
Bank deposits at the end of the period		25 124	4 254

Notes to the condensed consolidated financial statements

Note 1 | Accounting principles

General information

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

The group head office is located in Trondheim. In addition, in Q1 2020 the Group also had operations in Norway from Asker, Røros, Selbu and Gjøvik, as well as foreign operations in Sopot / Gdansk, Vienna, Budapest, Lanciano, Singapore, Shanghai, Gothenburg and Santa Barbara CA.

The business includes the development, manufacture and delivery of products, systems and services based on electronics. Norbit Oceans and Norbit ITS constitute the Group's primary market segments in 2020. The PIR segment is the Group's R&D and manufacturing capacities.

Basis of preparation

The interim consolidated statements for the first quarter 2020, ending 31 March 2020, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual report for 2019. The consolidated condensed statements are unaudited.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the Group's annual financial statements for the year ended 31 December 2019.

The new standards and interpretations effective from 1 January 2020 do not have a significant impact on the Group's consolidated interim financial statements.

Judgements, estimates and assumptions

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 2019 also apply to these interim financial statements. Following the outbreak of the Covid-19 pandemic, all significant estimates and underlying assumptions have been reviewed in light of the new macroeconomic situation caused by the pandemic. In preparing these interim financial statements NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets and expected loss on accounts receivables.

NORBIT has not experienced any major disruption to its operations caused by the Covid-19 pandemic.

Note 2 | Segment information

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

Amounts in NOK 000's
Q1 2020

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	51 771	45 152	63 027	-8 379	151 571
Raw materials and change in inventories	20 573	19 261	31 468	-3 108	68 194
Operating expenses	26 182	9 373	33 304	-1 470	67 388
EBITDA	5 016	16 518	-1 745	-3 801	15 989
EBITDA margin	10%	37%	-3%		11%
Depreciation	1 046	312	3 230	464	5 053
Amortization and impairment	1 868	3 205	1 193		6 265
EBIT	2 102	13 000	-6 167	-4 265	4 671
Total financial items (not allocated)					1 231
Profit before tax					5 902
Taxes (not allocated)					-1 034
Profit after tax					4 869
Timing of revenues					
- At point in time	38 987	45 152	55 641		
- Over time	12 784		7 386		
Total	51 771	45 152	63 027		

Amounts in NOK 000's
Q1 2019

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	58 918	36 013	68 449	-5 684	157 696
Other gains and losses				10 865	10 865
Raw materials and change in inventories	23 527	9 887	38 096	-832	70 680
Operating expenses	18 480	9 341	22 453	-2 491	47 783
EBITDA	16 910	16 784	7 900	8 503	50 098
EBITDA margin	29%	47%	12%		32%
Depreciation	432	382	3 349	282	4 444
Amortization and impairment	3 286	995	739	0	5 020
EBIT	13 192	15 408	3 812	8 221	40 634
Total financial items (not allocated)					365
Profit before tax					40 999
Taxes (not allocated)					-6 975
Profit after tax					34 024
Timing of revenues					
- At point in time	54 011	36 013	62 951		
- Over time	4 907		5 498		
Total	58 918	36 013	68 449		

Note 3 | Significant transactions

Development and acquisition of intangible assets

The Group made capital expenditure of TNOK 19 834 in intangible assets in Q1 2020. These capital expenditures was primarily related to broadening the product offering in Oceans, and projects within the ITS and PIR segments. The development projects progressed as planned during the first quarter, despite the challenges occurring related to the covid-19 pandemic.

Facility expansion

During Q1 the total investment in the expansion of the production facilities amounted to TNOK 8 032 and TNOK 9 580 in machinery and equipment.

Long term facility

The group has during Q1 2020 drawn TNOK 32 700 of the long term facility of TNOK 150 000. The group has an undrawn short term facility of TNOK 130 000.

Note 4 | Subsequent events

There are no material subsequent events after the end of Q1 2020 or Q1 2019.

Note 5 | Earnings per share

Amounts in NOK

Q1 2020 Q1 2019

Basic earnings per share

Total basic earnings per share attributable to the ordinary equity holders of the company

0,09 0,78

Diluted earnings per share

Total diluted earnings per share attributable to the ordinary equity holders of the company

0,09 0,78

Reconciliations of earnings used in calculating earnings per share

Amounts in NOK 000's

Q1 2020 Q1 2019

Basic earnings per share

Profit from continuing operations attributable to the ordinary equity holders of the company:

Used in calculation basic earnings per share

4 873 33 981

Used in calculating diluted earnings per share

4 873 33 981

Weighted average number of shares used as the denominator

Number

Q1 2020 Q1 2019

Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share

56 786 918 43 429 500

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the number of ordinary shares that would be issued without consideration due to potential ordinary shares.

Note 6 | Derivative financial instruments

The group has the following derivative financial instruments:

	31.03.2020	31.03.2019
	EUR	EUR
	Amount base	Amount base
	('000)	('000)
Foreign currency forwards (sale)	5 000	10 100
Average FX rate in contract (NOK/EUR)		9,9481
Average FX rate in contract (USD/EUR)	1,1125	
Fair value of contracts based om MTM reports from counterpart banks	637	2 042

Note 7 | Net financial items

Net financial items consists of

<i>Amounts in NOK</i>	Q1 2020	Q1 2019
Share of profit of associates	587	
Interest expenses	-280	-2 024
Agio/disagio and other financial items	925	2 389
Net financial items	1 231	365