ANNUAL REPORT 2020

NORBIT

- explore more -

COVERING THE WORLD. UNCOVERING POSSIBILITIES.

NORBIT is a global provider of tailored technology to carefully selected niches.

CONTENTS

NORBIT AT A GLANCE

NORBIT is a global provider of tailored technology to carefully selected niches. The business is organised in three business segments.

The Oceans segment delivers tailored technology and solutions to the global maritime markets. The Intelligent Traffic Systems (ITS) segment offers tailored connectivity solutions based on short range communication technology to intelligent traffic systems and truck applications. The Product, Innovation & Realization (PIR) segment offers R&D services and contract manufacturing services to key customers.

All companies and employees in NORBIT share the same vision: To be recognised as world-class, enabling people to explore more.

NORBIT has a strong corporate culture inspired by great explorers. Deep domain knowledge from each segment ensures that innovations by NORBIT´s experienced R&D engineers are fully market driven. In-house manufacturing capabilities ensure good scalability and quality control, elements that are vital to further growth and expansions.

NORBIT is headquartered in Trondheim, Norway, with manufacturing facilities in Selbu and Røros, Norway and 14 offices and subsidiaries around the world.

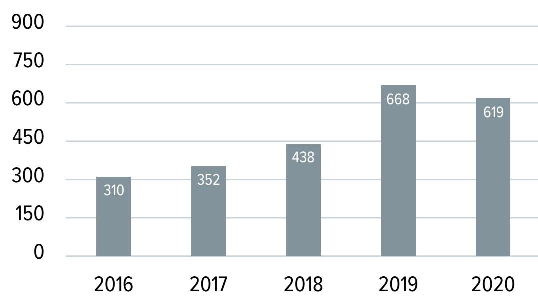
KEY FIGURES – NORBIT

Amounts in NOK million (except percentages and EPS)

	2020	2019	2018
Revenues	**618.8**	668.2	438.4
EBITDA	**93.5**	149.7	74.8
EBITDA margin (%)	**15%**	22%	17%
EBIT	**44.3**	102.9	38.0
Profit for the period	**27.3**	77.3	48.0
Earnings per share (EPS)	**0.48**	1.45	1.11

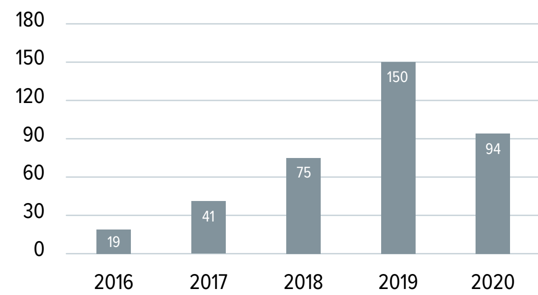
REVENUES

NOK million



EBITDA

NOK million



HIGHLIGHTS 2020

- NORBIT succeeded in maintaining activity in a challenging environment caused by the pandemic, with all customers receiving orders as planned, although revenue growth and profitability in all segments were negatively impacted
- Total revenues amounted to NOK 619 million in 2020, representing a 7 per cent decline from 2019
- EBITDA for the group ended at NOK 93.5 million, a margin of 15 per cent
- Expansion of production facilities at Røros completed, doubling production capacity
- Investment program in R&D maintained to support long-term growth. New WINGHEAD sonar completed, increasing product offering in the Oceans segment.

EQUIPPED TO CLIMB HIGHER

LETTER FROM THE CEO

– Over the past ten years, we have succeeded in growing our revenue base at an average rate of close to 30 per cent per year.

During 2020, we have seen the importance of being prepared to face the unknown and having courage. Through continued investments, NORBIT enters 2021 with a broader product offering towards carefully selected niches, increased production capacity, and last but not least, new valuable skills and experiences.

"I may say that this is the greatest factor: the way in which the expedition is equipped, the way in which every difficulty is foreseen, and precautions taken for facing or avoiding it. Victory awaits him who has everything in order, luck some people call it."

This quote from Roald Amundsen, a Norwegian pioneer and the first person to reach the South Pole, is a continuous inspiration for us at NORBIT to always explore more and uncovering possibilities. Although 2020 was an unprecedented and challenging year, we continued to look for opportunities. Strategic planning enabled us to respond to changes and adjust the route. With support in one of our core values, "Safe under pressure", the NORBIT organisation has shown adaptability to take on the challenges that lie ahead, with commitment and responsibility, working towards our goals. I would like to thank all our employees for their flexibility and strong commitment to keep the wheels turning.

EXPANDING OUR OFFERING

In February 2020, we presented another record year and celebrated our 25 years anniversary. Our ability to realise profitable growth was demonstrated in all segments, ranging from Oceans targeting the maritime markets, Intelligent Traffic Systems (ITS) with its connectivity solutions for vehicle identification and tracking and Product Innovation & Realization (PIR) which delivers R&D services and contract manufacturing to selected key customers. At that time, there were early signs of the consequences of the coronavirus, including reduced visibility on customer orders from the European automotive industry.

When the pandemic hit a few weeks later, our key priority was to safeguard people and operations, as well as to maintain the delivery of products and services to our customers. However, as a company with ambitions of profitable growth, it is also part of our DNA to think about how we could best adapt to the new reality. We modelled several scenarios and although we saw a high degree of uncertainty in the market, the pace of all our investment programs was maintained, including new product developments and expansion of our production capacity at Røros, which was completed in October. We decided to use a period of temporary decline in existing products to expand the overall offering. The pandemic has also shown us the strategic importance of having in-house production in Norway, which gives us control of and proximity to a critical part of the value chain, allowing us to provide our customers with the required level of service and quality.

TECHNOLOGY IS PART OF THE SOLUTION

As the world is continuing on the path of the fourth industrial revolution, technology has become increasingly important to accelerate growth and to solve some of the fundamental issues we as a global population face, most notably climate change. I'm convinced that NORBIT, as a future-oriented technology company, will be part of the solution. For more than 25 years we have pioneered groundbreaking innovations. Last year, we reached the podium as a "Star of Innovation" company at the European Small and Mid-Cap Awards 2020 thanks to our highly committed and hard-working colleagues who continuously explore new strategies, business models and market opportunities. I am proud and humble to be part of this team.

In our Oceans segment, we offer systems for exploring the opportunities that lie on and below the ocean surface, covering almost two-thirds of our planet. Last year, we launched the WINGHEAD sonar family targeting the higher-end professional market. We also acquired SeaDarQ, a software for environmental monitoring, hydrography and small object detection, strengthening NORBIT´s position as a provider of integrated environmental solutions. During the year, Oceans also received three important awards for the environmental monitoring and surveillance system SeaCOP from international customers.

As a supplier of technology for use in electronic road tolling application, NORBIT has built a strong competence base for design and manufacturing of high-volume wireless low power devices. This skill set has enabled us to contribute to the digitalisation of manual processes related to enforcement of driving and resting hours by innovating wireless connectivity modules for tachographs.

In our business unit Product Innovation & Realization (PIR), we merge our client's domain specific knowledge with our R&D expertise and our in-house leading edge manufacturing process capabilities and skills, enabling us to innovate on technology and support the continued development of our customers.

ROOM FOR GROWTH

Over the past ten years, we have succeeded in growing our revenue base at an average rate of close to 30 per cent per year. While growth came to a halt in 2020, our ambitions remain unchanged. During 2021 we aim to provide our shareholders with an updated view on our targets for the years to come, and with the expansion of our production facility at Røros completed, we have capacity for further growth.

For our Oceans segment, growth will continue to be supported by broadening the product portfolio and expanding our market presence. Within ITS we are capitalising on our existing capabilities as we are embarking on a strategy to grow a new sub-segment based selected IoT 5G niche applications, while at the same time maintaining the strategic objective of broadening the product and customer portfolio. In January 2021, we announced a potential acquisition that may kick-start this strategy, expanding ITS' footprint into the asset tracking and monitoring domain. PIR will focus on organic growth with the capacity expanded, leveraging the scalability of having highly robotised manufacturing.

On top of that, we will continue to explore value-accretive transactions to grow NORBIT even further.

With the steps taken during 2020, we have strengthened our foundation for delivering long-term value creation. I look forward to continuing to explore more and developing NORBIT further together with our team of NORBIT explorers, customers and business partners.

Per Jørgen Weisethaunet
CEO of NORBIT ASA

OCEANS

The Oceans segment delivers tailored technology and solutions to the global maritime markets. NORBIT's sonar solutions, the main growth driver for the segment the last years, are based on a highly integrated and compact sonars with light detection and ranging (LIDAR) and global positioning system (GPS) for surface and subsea and subsea imaging and mapping. In addition, Oceans offers solutions for environmental monitoring, customised cable assemblies through NORBIT Connect and tailored products for the aquaculture as well as the defence and security markets.

SUBSEA

NORBIT Subsea specialises in ultra-compact wideband multibeam sonars for hydrographic applications, forward-looking applications, as well as advanced subsea solutions such as leakage detection. NORBIT Subsea's technologies are based on the latest in analog and digital signal processing, and the products provide wide coverage monitoring combined with high sensitivity and accuracy.

APTOMAR

NORBIT Aptomar is a leading provider of integrated monitoring for the marine sector, delivering sensors, control systems and remote operations through professional mariners in the Aptomar Global Maritime Control Centre. The monitoring solutions are used by customers within offshore production and exploration, ports and harbours, as well as remote sensing for civilian and military vessels.

AQUA

NORBIT Aqua provides tailored products for the aquaculture industry, including high power underwater lights, power cabinets and various sensor solutions.

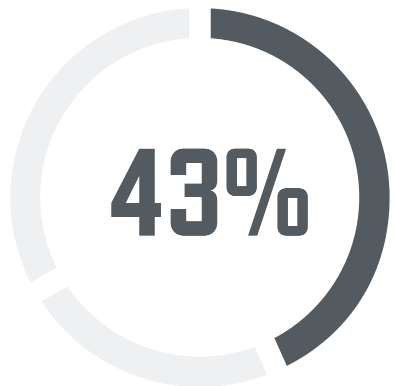
SECURITY

NORBIT Security combines a selection of products from across the NORBIT group, each having its own strong ancestry and capabilities within the defence and security industry. By leveraging on the group's skills in data fusion and display, NORBIT can provide high performance and integrated solutions.

CONNECT

NORBIT Connect delivers customised cable assemblies, electromechanical box builds and operations solutions with a proven track-record over the last 25 years.

OCEANS – Share of total group revenue



OCEANS – Key figures

Amounts in NOK million	**2020**	2019	2018
Revenues	**267.2**	249.0	189.9
EBITDA	**59.6**	64.1	54.0
EBITDA margin (%)	**22%**	26%	28%
EBIT	**45.6**	50.6	38.9
EBIT margin (%)	**17%**	20%	20%

ITS

The Intelligent Traffic Systems (ITS) segment offers tailored connectivity solutions based on short range communication technology to intelligent traffic systems and truck applications. ITS has a leading position as an independent supplier for dedicated solutions to industrial blue-chip customers within both automotive and satellite-based tolling. NORBIT has supplied short-range communication (DSRC) products based on the CEN (European Committee for Standardisation) standard to professional customers for over 10 years.

DSRC SOLUTIONS FOR SATELLITE-BASED TRUCK TOLLING

NORBIT offers solutions for connectivity devices for satellite-based truck tolling, i.e. DSRC modules for satellite-based On Board Units or tailored DSRC devices with integrated GPS and GSM antennas.

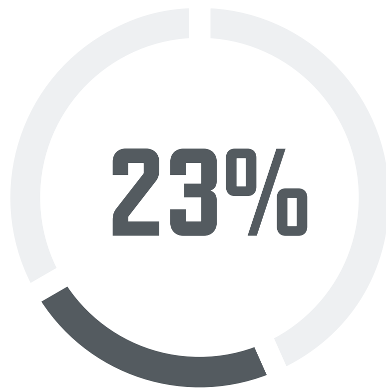
CONNECTIVITY DEVICES FOR SMART TACHOGRAPH

NORBIT offers solutions for DSRC devices specifically tailored for integration with the new generation of smart tachographs. The DSRC devices enables wireless remote enforcement of driving and resting hours by use of DSRC based communication with smart tachographs from the roadside.

STANDARD TOLL TAG

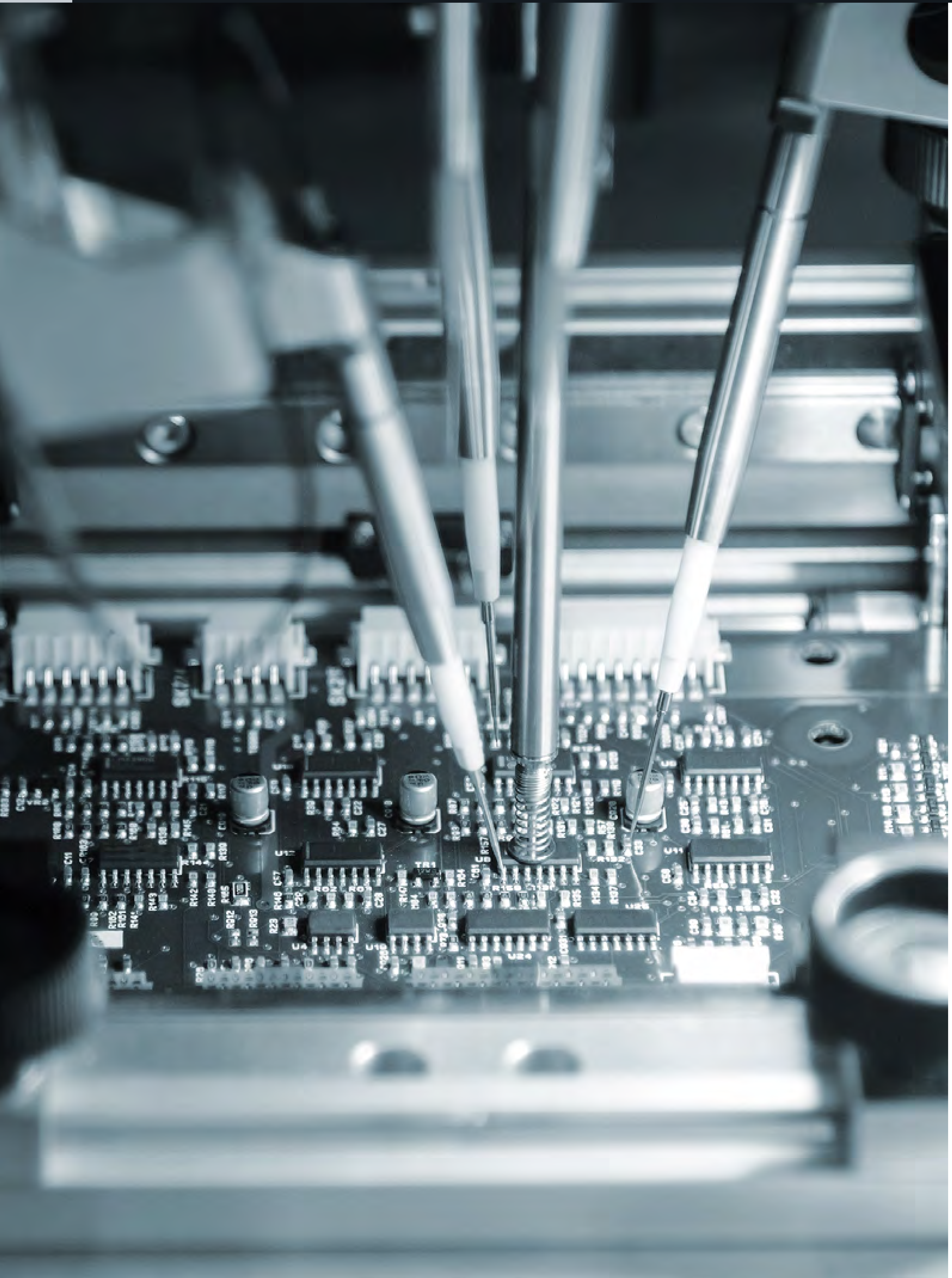
NORBIT offers standard DSRC based toll tags and roadside units. The customers for the standard electronic toll tags are primarily toll operators, both public and private entities.

ITS – Share of total group revenue



ITS – Key figures

Amounts in NOK million	**2020**	2019	2018
Revenues	**145.1**	186.3	39.5
EBITDA	**42.5**	83.1	9.6
EBITDA margin (%)	**29%**	45%	24%
EBIT	**27.7**	69.9	3.6
EBIT margin (%)	**19%**	38%	9%



PIR

Product Innovation and Realisation (PIR) segment offers special R&D and contract manufacturing services to long-term key industrial customers.

R&D SERVICES

NORBIT has more than 25 years experience with R&D and technology innovations. A long range of tailored solutions has been created by NORBIT engineers for use in many different market domains. With both manufacturing and R&D as in-house capabilities NORBIT has a setup that allows for creation of new technologies and solutions in parallel with production process innovation, enabling efficient and optimised realisations of new products.

In the PIR segment this vast R&D experience within an industrial culture is made available and offered to external key clients. Special R&D projects, for professional clients in different market domains, brings challenges needed to refine and grow new generations of NORBIT engineers and gives the organisation access to new valuable domain knowledge for the future.

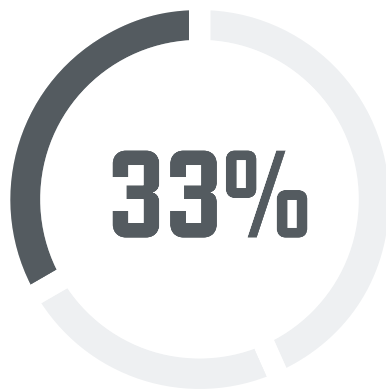
The segment has throughout the years also developed a range of tailored products based on NORBIT Intellectual Property, which are sold to long-term key customers under either the customer's brand or dual branding.

CONTRACT MANUFACTURING

NORBIT has provided contract manufacturing of electronics for external customers for several decades. With focus on world class highly robotised manufacturing processes, PIR supply electronic components into demanding markets such as the automotive, medical, security, energy, marine and oceans related industries.

Contract manufacturing for external customers gives NORBIT a continued benchmark of the company's manufacturing capabilities, securing leading-edge processes and routines for the entire group.

PIR – Share of total group revenue



PIR – Key figures

Amounts in NOK million	**2020**	2019	2018
Revenues	**224.6**	259.9	221.1
EBITDA	**2.3**	22.6	20.0
EBITDA margin (%)	**1%**	9%	9%
EBIT	**(14.9)**	4.4	6.3
EBIT margin (%)	**(7%)**	2%	3%

EXECUTIVE MANAGEMENT

Per Jørgen Weisethaunet

Chief Executive Officer (CEO)

Per Jørgen Weisethaunet has held the position as group CEO since 2001. Mr Weisethaunet has been the co-owner of NORBIT since 2008. He also has several years of experience as project engineer R&D, miscellaneous electronics design in various positions, and two years of experience as operations manager in Cargoscan Metler Toledo. Mr Weisethaunet has been chair and director of a number of executive boards. Mr Weisethaunet holds a master of science degree in RF & Microwave electronics from the Norwegian University of Technology, a Bachelor of science in electronics from Trondheim University of Engineering (TIH), business economics from Trondheim Economic University center of competence (TØHK) and supply chain management from BI Norwegian Business School.

Number of NORBIT shares* at 24 March 2021: 6 948 588

Per Kristian Reppe

Chief Financial Officer (CFO)

Per Kristian Reppe has held the group CFO position since July 2020. Prior to joining NORBIT, Mr Reppe held various positions in the Aker Group, including CFO of Abelee and investment manager and head of investor relations at Aker ASA. He also has experience as management consultant at Arkwright and as an equity analyst at Pareto Securities. Mr Reppe holds an MSc degree from the Norwegian School of Economics (NHH) with major in financial economics.

Number of NORBIT shares* at 24 March 2021: 0

Arild Søraunet

Chief Technical Officer (CTO)

Arild Søraunet has held the group CTO position since 2018. Mr Søraunet was previously the business manager of the R&D Services part of the business segment PIR, referred to as ODM. Further, he has experience as CEO of NORBIT Subsea AS from 2011 to 2016, project manager of NORBIT ODM from 2002 to 2011, development engineer in Cavotec Micro-Control AS from 2000 to 2002 and development engineer in Kongsberg Defence & Aerospace AS from 1997 to 2000. Mr Søraunet holds a master of science in applied physics from the University of Tromsø and a bachelor of science in electronics from Levanger College of Engineering.

Number of NORBIT shares* at 24 March 2021: 721 989

Stein Martin Beyer

Chief Operating Officer (COO) and Business Unit Director PIR

Stein Martin Beyer is the group COO and business unit director of PIR, a position he has held since 2012. Beyer has 28 years of experience with industrial management and leadership, including seven years in NORBIT and ten years as CEO in Servi Cylinderservice AS. Mr Beyer holds a master of science in material technology from the Norwegian University of Technology (currently known as NTNU Business School) and a business economics degree from BI Norwegian Business School.

Number of NORBIT shares* at 24 March 2021: 295 147

Peter Koldgaard Eriksen

Business Unit Director Oceans

Peter Koldgaard Eriksen is the business unit firector of Oceans, a position he has held since 2016. Mr Eriksen has nine years of experience in NORBIT Subsea AS, seven years in RESON Inc and Goleto California as CEO, EVP, group CTO and in business development. He also has 11 years of experience in RESON AS Slangerup Denmark as R&D engineer, R&D manager, CTO, production manager and in the global management team. Mr Eriksen holds a master of science in active vibration control from Aalborg University Center, as well as various educations from MBA Kellogg Chicago US, HKUST Hong Kong and Vallendar Germany

Number of NORBIT shares* at 24 March 2021: 712 900

Peter Tschulik

Business Unit Director ITS

Peter Tschulik is the business unit director of ITS, a position he has held since 2016. Mr Tschulik has seven years of experience in the ITS domain, including in Global Product Management and Marketing and Center of Competence for Electronic Tolling in Siemens Austria. He has six years of experience in the energy sector, as head of communications and head of account manager in Siemens Austria, as well as 16 years of experience in the ICT sector as head of technical sales support & development in Fixed Network. Mr Tschulik has a PhD from the University of Vienna along with studies of electronics from Technical University of Vienna.

Number of NORBIT shares* at 24 March 2021: 186 700

* *Number of shares is including shares held by related parties.*

BOARD OF DIRECTORS

BOARD OF DIRECTORS

According to NORBIT's articles of association, the board of directors shall consist of a minimum of three and a maximum of seven directors elected by the general meeting. The general meeting elects the chair of the board and the deputy chair of the board.

At 31 December 2020, NORBIT's board of directors comprises five members, of which all were elected for a period of two years at the company's extraordinary general meeting on 3 May 2019. NORBIT's board is composed such that it is able to act independently of any special interests. All directors are deemed to be independent of senior executives, material business associates and the company's largest shareholders.

Finn Haugan (1953)
Chair

Finn Haugan has experience as CEO of Sparebank 1 SMN from 1991 to 2019. During this period, Sparebank 1 SMN's equity certificates were listed at Oslo Børs, Sparebank 1 Gruppen was established and the bank's total assets grew from NOK 16 to 165 billion. Before joining Sparebank 1 SMN, he held managerial positions at Forretningsbanken and Fokus Bank, his final two years as deputy CEO. Mr Haugan has experience from several board positions, including as chair of Sparebank 1 Gruppen, the industry organisation Finance Norway and Norwegian Bank's Guarantee Fund. He currently serves as chair of Sparebank 1 BV, Sinkaberg Hansen, Forte Fondsforvaltning and is a director of OKEA ASA.

Chair since May 2019.

Chair of the remuneration committee.

Number of NORBIT shares* at 24 March 2021: 65 789

Bente Avnung Landsnes (1957)
Deputy chair

Bente Avnung Landsnes has experience as CEO and president of Oslo Børs ASA and Oslo Børs VPS Holding ASA from 2006 to 2019. She started her career at Bankenes Betalingssentral and was the CEO of Bankenes Utredningsselskap and senior vice president at Bankenes Betalingssentral before joining Sparebanken NOR in 1996. From 2000 to 2003, Ms Landsnes held the position of group executive vice president in Gjensidige NOR Sparebank and she was group executive vice president at DNB NOR (IT and operations) from 2003 to 2006. Ms Landsnes has, amongst others, experience with change and reputation management, financial reporting, investor relations, corporate governance, ESG and digital transformation. From 2019, she has worked as a non-executive director, mentor and advisor.

Deputy chair since May 2019.

Member of the audit committee.

Number of NORBIT shares* at 24 March 2021: 50 473

Tom Solberg (1962)
Director

Tom Solberg has served as a director of NORBIT since 16 January 2004 and was re-elected at the group's general meeting on 3 May 2019. Mr Solberg holds a masters' degree in law and is currently the chair, partner and lawyer in Pretor Advokat AS. He also serves on the board of directors of several other companies, including the position of chair in MSG Production AS in Skien and Brilliant AS in Trondheim.

Director since January 2004.

Member of the remuneration committee.

Number of NORBIT shares* at 24 March 2021: 65 789

Trond Tuvstein (1972)
Director

Trond Tuvstein currently holds the position as CEO of Trym, a construction and property development company. Mr Tuvstein also has experience as CFO of SalMar ASA from 2013 to June 2019, and prior to that he was the company's head of investor relations for two years. In addition, he has extensive experience from the accounting industry, including partner positions in audit firms, PricewaterhouseCoopers (PWC) and Systemrevisjon. Mr Tuvstein's core competencies include financial reporting, strategy and financing as well as mergers and acquisitions.

Director since May 2019.

Chair of the audit committee.

Number of NORBIT shares* at 24 March 2021: 32 894

Marit Collin (1960)
Director

Marit Collin holds a Bachelor of Science in economics from Trondheim Økonomiske Høgskole. In addition, she has attended the master of management program at NTNU. Ms Collin has experience as CEO of Kantega AS since 2011 and serves as a director of BN Bank ASA, Sparebank 1 Regnskapshuset SMN AS, Rosenborg Ballklubb and is the chair of Secure Identity Holding AS.

Director since May 2019.

Member of the remuneration committee.

Number of NORBIT shares* at 24 March 2021: 41 447

* *Number of shares is including shares held by related parties.*

BOARD OF DIRECTORS' REPORT FOR 2020

STRENGTHENING THE FOUNDATION FOR LONG-TERM GROWTH IN A CHALLENGING ENVIRONMENT

2020 turned out to be an extraordinary year where both operational priorities and financial results were impacted by the pandemic. Total revenues came in at NOK 619 million, representing a decline of 7 per cent from 2019, with an EBITDA margin of 15 per cent, down from 22 per cent in 2019. In a challenging environment, NORBIT maintained a long-term perspective and continued its strategic plans and investment programmes to strengthen the growth platform in anticipation of a market recovery. Based on the company's strong financial position and positive long-term market outlook, the board proposes a dividend of NOK 0.30 per share for the fiscal year 2020.

OVERVIEW OF THE BUSINESS

The board of directors' report for the NORBIT group ("NORBIT" or "the group") comprises NORBIT ASA ("the parent company") and all subsidiaries. The parent company, NORBIT ASA, is a Norwegian public limited liability company.

Business and location

NORBIT is a global provider of tailored technology solutions to carefully selected niches. The group is headquartered in Trondheim, Norway, with in-house integrated production facilities at two locations in Norway; Selbu and Røros. NORBIT has sales and R&D offices located in Europe, North America and Asia.

NORBIT's operations are organised in three business units: Oceans, Intelligent Traffic Systems (ITS) and Product Innovation and Realisation (PIR).

The Oceans segment delivers tailored technology solutions to the global maritime markets and the ITS segment offers tailored connectivity solutions based on short range communication technology to intelligent traffic systems and truck applications. The PIR segment offers R&D services and contract manufacturing services to key customers.

A further description of each business unit is presented under the section "Segment information".

Core purpose, vision and values

NORBIT has defined its core purpose to be *"Explore More"*.

NORBIT's vision is: "*To be recognised as world class, enabling people to explore more"*. This is reflected in all the group's activities. From exploring customers' needs and commercial opportunities where NORBIT can bring new tailored technology, to always exploring how to improve performance in all aspects.

The group has strong core values, deeply rooted in the organisation, securing customer orientation and acting as important guidelines in the daily work:

- We deliver!
- Safe under pressure
- Refinement of talents

Strategic platform

NORBIT has a strategy for continued growth, which implies the following goals and priorities for each of its three segments:

Oceans has an ambition to grow through a broadening of its product offering and expanding to new market niches, capitalising on its established global distribution network. In addition, NORBIT seeks to expand its distribution network by increasing the number of Tier 1 partners in its existing areas to strengthen its market presence and by targeting selected new regions. The initiatives may be further accelerated through strategic acquisitions.

Intelligent Traffic Systems (ITS) will maintain its leading position as an independent supplier for dedicated short-range communication solutions to industrial blue-chip customers within both automotive and satellite-based tolling. Broadening the product and customer portfolio of the segment remains a key strategic objective. By taking advantage of existing key competence and domain knowledge within high-volume wireless low power devices, ITS is aiming to position itself within selected IoT 5G niche applications as a sub-segment.

Product Innovation and Realisation (PIR) includes part of the group's innovation capabilities. As part of this, special R&D projects for external customers are regarded as strategically important to ensure long-term leading-edge technology development expertise in the group. In addition, PIR will maintain its focus on delivering world-class contract manufacturing products to key long-term external customers. With the expansion of the production facility at Røros completed, the capacity is effectively doubled at the site, leaving room for PIR to grow organically within contract manufacturing.

Markets and customers

NORBIT's key markets are the maritime markets, targeted by the Oceans segment, the automotive industry, targeted by the applications from the ITS segment as well as the contract manufacturing from the PIR segment and other market players from the transportation sector, targeted by the ITS segment. In addition, the PIR segment offers solutions to various long-term key customers from different sectors.

Segment Oceans' offering is primarily serving selected parts of the global sonar market. The segment has a highly diversified customer base world-wide with the five largest customers in 2020 accounting for approximately 22 per cent of revenues. NORBIT has established a global indirect sales and distribution network for the Oceans segment, supported by regional offices covering a wide range of customers in various industries. The segment has generally a low revenue visibility of 2 to 4 weeks, due to the short time from receipt of an order to customer delivery. The segment experience quarterly fluctuations in revenues due to seasonal variations.

In the Intelligent traffic systems (ITS) segment, NORBIT offers systems and service solutions where its core competences in design and manufacturing are used to produce low power wireless secure communications devices tailored for special enforcement applications for traffic related challenges.

For the ITS segment, NORBIT has a particular focus on the sub-market segments for devices based on dedicated short-range communication (DSRC). The markets for NORBIT's DSRC solutions for global navigation satellite systems (GNSS) based tolling devices and DSRC devices for smart tachographs are both considered relatively dependent on the size of the market for trucks. This is partially due to the intensified EU-initiated focus on utilisation of smart tachographs, distance-based tolling and the EU priority to connect all tolling in Europe and enable vehicles to only need one OBU (On-Board Unit) that connect to any European electronic tolling system. EU regulations related to smart tachographs was implemented from 15 June 2019. From this date all new trucks registered in the EU must have a smart tachograph installed in the vehicle.

NORBIT has a leading position in these sub-market segments, demonstrated by long-term contracts with large international corporations, and the group aims to further capitalise on its technology advantage, domain knowledge and customer relations going forward. Unlike the Oceans segments, ITS has few and large customers, with medium to long-term visibility.

NORBIT's PIR segment mainly has long-term relations to selected key customers both for contract manufacturing and for sale of products based on proprietary technology. Approximately half of the revenues generated from contract manufacturing relates to the Automotive industry.

The group's different product offering across its segments provides NORBIT with a robust and diversified customer base, making NORBIT well positioned to meet various market scenarios.

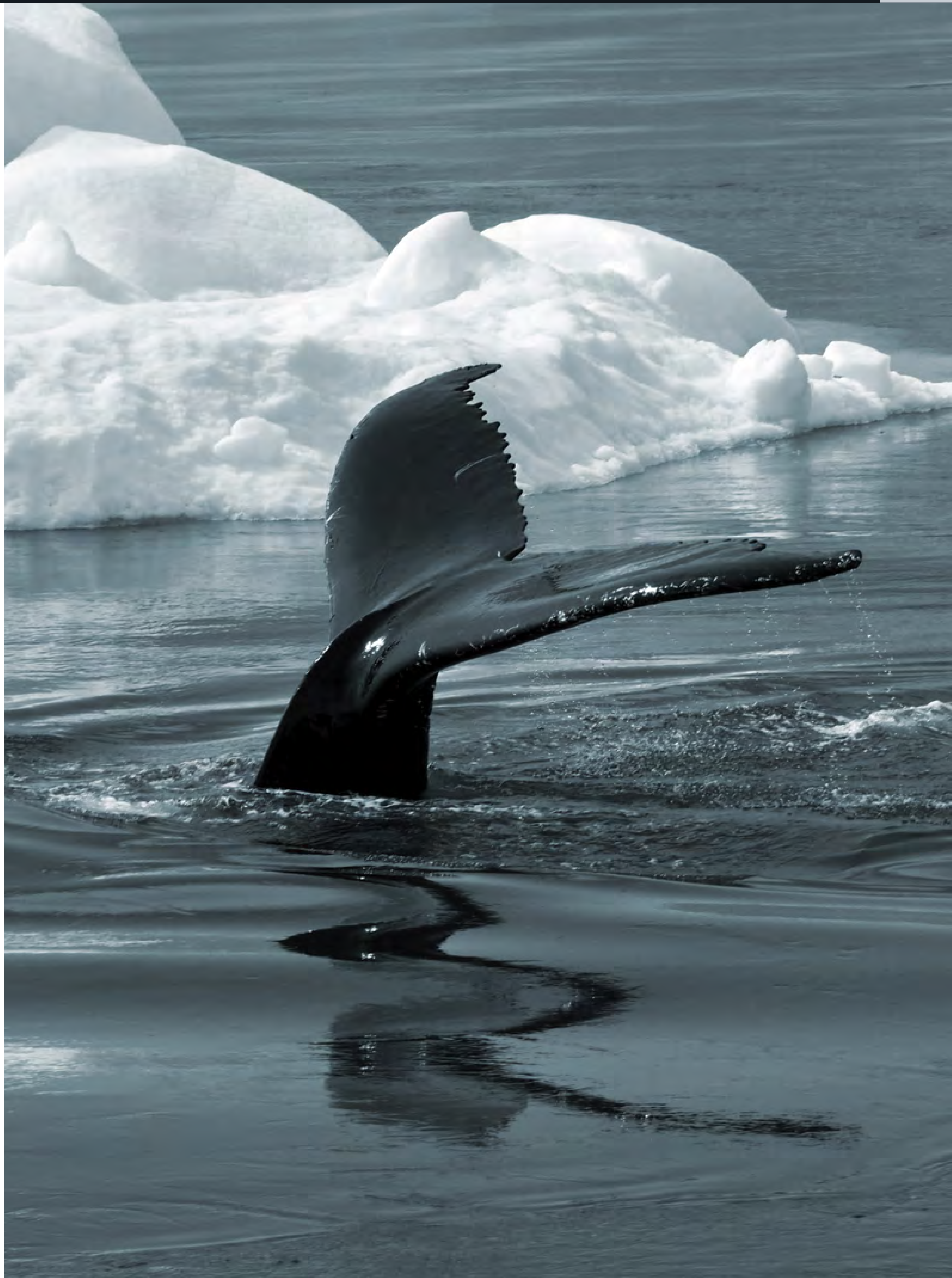
KEY EVENTS IN 2020

Covid-19 pandemic

NORBIT's highest concern during the pandemic was to maintain the safety and well-being of its employees. Several proactive measures were implemented to safeguard people and operations, and throughout the year NORBIT experienced very few instances of the virus within the organisation. Despite the challenging times, NORBIT was able to deliver products to its customers.

By maintaining a long-term perspective, NORBIT decided to continue its strategic plans and investment programs to strengthen the growth platform in anticipation of a market recovery. During 2020, NORBIT invested NOK 63.2 million in R&D and NOK 73.5 million in property, plant and equipment, of which a majority related to the expansion at the Røros facility.

At the same time, a number of initiatives were implemented to safeguard the financial robustness, including reduced use of consultants, new employments were put on hold and some



employees in production were temporary laid-off to adjust the organisation to the new activity level.

Overall, the pandemic had a marked impact on demand across NORBIT's operating segments. Under normal circumstances, NORBIT would expect growth in all of its segments. In 2020, only Oceans delivered revenue growth, although less than targeted as travel restrictions limited physical customer interaction, resulting in reduced sales activity. Segments ITS and PIR were more directly impacted through its exposure to the automotive industry, with revenues declining 22 per cent and 14 per cent, respectively. For ITS in particular, revenues were also impacted by inventory build-up at one larger client during the first half of 2020, resulting in no deliveries under the frame agreement in the second half of 2020.

The board wishes to express its gratitude to all employees for the significant efforts made to cope with and manage the implications of the pandemic.

Product development
On 24 June, NORBIT Subsea, part of the segment Oceans, launched its new ultra-high resolution sonar WINGHEAD. The WINGHEAD sonar family is both an integrated system as well as a stand-alone sonar system, expected to significantly expand the addressable market of the Oceans segment. Due to its high resolution, the Winghead sonar family targets the high-end professional market in particular. The launch of the new sonar family is in line with the strategy to broaden the product offering in Oceans to benefit from the company's existing sales and distribution platform.

Acquisitions
In October, NORBIT announced the acquisition of the SeaDarQ Radar System from Nortek group. The SeaDarQ software for environmental monitoring, hydrography and small object detection strengthens NORBIT´s position as a leading global provider of solutions for integrated environmental solutions. The SeaDarQ software has been integrated with NORBIT's existing SeaCOP system, and the combined solution will be an important contributor to minimise damages from potential oil spills wherever it is implemented. This is fully in line with NORBIT Oceans' philosophy to provide environmentally friendly and sustainable technologies, and to broaden the product offering to the maritime markets.

Agreements
NORBIT Oceans received three awards for delivery of the SeaCOP Environmental Monitoring and Surveillance System for three separate clients in North America, Asia and Europe. The contract value for the last two awards was NOK 30 million in total. The SeaCOP system combines remote sensing technologies like radar, infrared cameras and sonars, with state-of-the-art data fusion and artificial intelligence. The purpose is to give the user a situational awareness, information and tools to increase efficiency and reduce cost, while at the same time ensuring the safety of people, the environment and marine assets.

In June, NORBIT announced a new contract with an existing customer within the aquaculture market. The value of the contract was approximately NOK 10 million and the order was delivered in the fourth quarter of 2020.

In July, NORBIT was awarded a contract for multiple sonar systems to a governmental customer in North America. The value of the order was approximately NOK 11 million and the order was delivered from the Oceans segment during the third quarter 2020.

Production capacity
In October, the expansion of NORBIT's facility in Røros was completed, doubling the production capacity.

EVENTS AFTER THE BALANCE SHEET DATE

On 18 January, NORBIT announced that it was in advanced and exclusive negotiations regarding an add-on acquisition of an undisclosed European company, creating a platform for growth within the ITS segment. The preliminary transaction price values the target company at an enterprise value of EUR 14.5 million. The transaction price is based on an expected EBITDA of approximately EUR 2 million. The transaction price and completion of the transaction are, inter alia, subject to due diligence. If completed, the acquisition is expected to be financed partly of a seller's credit, by use of NORBIT's available credit lines and through a EUR 2.5 million private placement to the sellers of the target company.

On 8 February, NORBIT announced that NORBIT's OBUs had been approved for use on Italian motorways. DKV will deliver the NORBIT OBUs under the brand DKV BOX ITALIA.

On 8 March, NORBIT announced an agreement for acquisition of business and assets from the Norwegian IoT company StalkIT and associated companies. The transaction price is agreed to NOK 24 million and is expected to be financed by use of NORBIT's available credit lines. Closing is expected to take place during March 2021, contingent on satisfactory outcome of a due diligence and shareholder approval in StalkIT and associated companies.

FINANCIAL REVIEW

All amounts in brackets are comparative figures for 2019 unless otherwise specifically stated.

The following financial review is based on the consolidated financial statements of NORBIT ASA and its subsidiaries. The statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

In the view of the board, the income statement, the statements of comprehensive income, changes in equity and cash flow, the balance sheet and the accompanying notes provide satisfactory information about the operations, financial results and position of the group and the parent company at 31 December 2020.

Pursuant to section 3-3a of the Norwegian Accounting Act, it is confirmed that the accounts have been prepared based on the assumption that NORBIT is a going concern and the board confirms that this assumption continues to apply.

Consolidated statement of income
Consolidated operating revenues for 2020 amounted to NOK 618.8 million (NOK 668.2 million), corresponding to a decline of 7 per cent from the year before. Revenues in all segments have been negatively impacted by the pandemic during 2020. The largest segment, Oceans, achieved an increase in revenues of 7 per cent despite extensive travel restrictions which limited international sales activity. Segments ITS and PIR both reported sales decline in 2020 compared to 2019.

Operating expenses include raw materials and change in inventories, employee benefit expenses, depreciation and amortisation expenses and other operating expenses. Operating expenses totalled NOK 574.4 million for the year (NOK 565.3 million). The comparable figure for 2019 included a reduction of the total expenses by a one-off bargain purchase gain of NOK 10.9 million from the acquisition of AblePay and one-off expenses of NOK 19.5 million related to settlement and termination of a synthetic option scheme and other employee benefits.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 93.5 million (NOK 149.7 million), corresponding to an EBITDA margin of 15 per cent (22 per cent).

There were no items affecting comparability in 2020, thus adjusted EBITDA came in at NOK 93.5 million (NOK 158.4 million), representing a margin of 15 per cent (24 per cent). Items affecting comparability in 2019 amounted to NOK -8.6 million, being the net effect of the abovementioned bargain purchase gain and settlement of the synthetic option scheme.

Operating profit for 2020 was NOK 44.3 million for 2020 (NOK 102.9 million).

Net financial items amounted to an expense of NOK 9.5 million for the full year (expense of NOK 7.5 million), mainly explained by foreign exchange losses. Figures for 2019 included one-off expenses related to the IPO of NOK 4.3 million.

NORBIT recorded a profit before taxes of NOK 34.8 million (NOK 95.4 million). Tax expenses amounted to NOK 7.5 million for 2020 (NOK 18.2 million). Consequently, profit for 2020 ended at NOK 27.3 million (NOK 77.3 million). The Norwegian companies in the group does not have taxes payable due to losses carried forward from previous acquisitions.

Consolidated statement of financial position
NORBIT had total assets of NOK 671.6 million at 31 December 2020, an increase from NOK 600.0 million at the end of 2019.

Total non-current assets amounted to NOK 345.1 million at 31 December 2020, up from NOK 242.6 million one year before, whereas the largest items include intangible assets of NOK 171.5 million, property, plant and equipment of NOK 150.0 million and a deferred tax asset of NOK 19.8 million.

Total investments in R&D during 2020 amounted to NOK 63.2 million (NOK 59.0 million), corresponding to 10.2 per cent of revenues for 2020 (8.8 per cent).

Total current assets amounted to NOK 326.5 million, down from NOK 357.4 million at 31 December 2019.

Inventories were relatively stable during 2020. The group keeps extra inventory of electronic components to maintain flexibility and to avoid unnecessary fluctuations in deliveries caused by volatile supply. At 31 December 2020, inventories amounted to NOK 164.6 million, compared to NOK 167.8 million at the end of 2019.

Trade receivables were NOK 121.4 million at 31 December 2020, down from NOK 149.9 million at the end of 2019 with the reduction largely explained by the lower revenue base.

Cash and cash equivalents amounted to NOK 15.0 million at 31 December 2020, down from NOK 21.7 million at the end of 2019.

Total non-current liabilities ended at NOK 27.6 million, up from NOK 20.1 million at year-end 2019. The increase can mainly be explained by higher lease liabilities as NORBIT extended its lease agreement in Trondheim.

Total current liabilities were NOK 207.3 million at 31 December 2020, an increase from NOK 136.3 million at year-end 2019, primarily explained by an increase in current borrowings of NOK 79.7 million.

Total equity ended at NOK 436.8 million, down from NOK 443.6 million at 31 December 2019. This represents an equity ratio of 65.0 per cent (73.9 per cent). The reduction is mainly explained by NOK 34.1 million in dividends paid, partly offset by NOK 27.3 million in profit for the period.

At the end of the year, NORBIT had NOK 199.9 million in undrawn committed credit facilities.

Consolidated statement of cash flows

Operating activities generated a cash flow of NOK 92.1 million for 2020 (NOK 41.2 million), including a net decrease in working capital of NOK 8.7 million (increase of NOK 88.7 million). The decrease is mainly explained by a reduction of trade receivables, partly offset by a decrease in trade payables. Depreciation and amortisation for 2020 amounted to NOK 49.1 million, compared to NOK 46.8 million in 2019.

Cash flow used for investment activities was NOK 136.7 million for the year (NOK 81.9 million). The investments mainly consist of NOK 73.5 million related to payments for property, plant and equipment and NOK 63.2 million related to investments in R&D, primarily within the Oceans and ITS segments.

Financing activities generated a cash flow of NOK 37.8 million (NOK 53.3 million). During 2020, NORBIT distributed total dividends of NOK 34.1 million (NOK 6.0 million), equating to NOK 0.60 per share. Figures for 2019 include net proceeds of NOK 233.2 million from the equity issue related to the IPO and listing at the Oslo Stock Exchange in June, as well as net reduction in borrowings of NOK 154.6 million.

PARENT COMPANY RESULTS AND ALLOCATION OF NET PROFIT

The financial statements for the parent company are prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

The parent company had a profit before taxes of NOK 38.2 million (a profit of NOK 79.6 million). After a tax expense of NOK 8.4 million, the company recorded a net profit of NOK 29.8 million (net profit of NOK 62.4 million).

Dividends

The board proposes the following allocation of the net profit of NOK 29.8 million for the parent company:

Dividend (NOK 0.30 per share)	NOK 17.0 million
Transferred to other equity	NOK 12.7 million

The proposed dividend is in line with the dividend policy, which is to distribute annual dividends in the range of 30 to 50 per cent of the group's ordinary net profit after tax.

When evaluating the dividend proposal, the board of directors considers NORBIT's financial position, investment plans as well as the financial flexibility needed to provide for sustainable growth. The board considers NORBIT's financial capacity for further growth to be strong. Furthermore, the board of directors has concluded that the group will have an equity and liquidity after paying the proposed dividend which is acceptable in relation to the risks and scope of its activities.

The proposed dividend will be considered at NORBIT's annual general meeting on 4 May 2021.

For the fiscal year 2019, NORBIT paid dividends in the aggregate amount of NOK 34.1 million (NOK 0.60 per share). Half of the dividend was paid in May, while the remainder was paid in November 2020.

SEGMENT INFORMATION

NORBIT is organised in three operating segments: Oceans, Intelligent Traffic Systems (ITS) and Product Innovation and Realisation (PIR).

Oceans

Throughout the year, the pandemic has had a negative impact on sales activities with travel restrictions imposed, limiting physical customer interaction. Despite this impact, revenues for the Oceans segment amounted to NOK 267.2 million (NOK 249.0 million), representing an increase of 7 per cent. The segment's growth is attributable to increased sale of sonar solutions and deliveries of the SeaCOP system for environmental monitoring. The segment has succeeded in introducing its products and solutions into new market segments.

Operating expenses for segment Oceans, including employee expenses and other operating expenses, amounted to NOK 87.8 million for 2020 (NOK 73.2 million). The increase from last year is mainly explained by a strengthening of the organisation during 2019 and increased provisions for loss on receivables and guarantee commitments.

EBITDA for the Oceans segment was NOK 59.6 million for 2020 (NOK 64.1 million), representing a margin of 22 per cent (26 per cent).

The Oceans segment has a continuous focus on expanding its product offering and tailoring its solutions to new sub-markets. In 2020 NORBIT successfully launched its new ultrahigh-resolution sonar WINGHEAD, in line with the strategy to leverage the existing sales and distribution platform.

During the year, Oceans was awarded several new contracts for deliveries of its SeaCOP Environmental Monitoring and Surveillance System.

Intelligent Traffic Systems (ITS)
Revenues for ITS amounted to NOK 145.1 million for 2020 (NOK 186.3 million). The segment has throughout the last nine months of 2020 been impacted by the pandemic with its exposure to the European automotive industry, resulting in lower volumes sold of wireless modules for digital tachographs. In addition, inventory build-up at one large customer during the first half of the year had a negative impact on ITS' revenues in the second half of 2020 with no delivery of products. Part of the revenue decline was, however, offset by a sharp increase in delivery of OBUs, particularly in the fourth quarter.

Operating expenses for segment ITS amounted to NOK 33.4 million for the full year of 2020 (NOK 38.1 million). The decrease is mainly explained by lower activity in the segment.

For the full year of 2020, EBITDA for ITS totalled NOK 42.5 million (NOK 83.1 million), representing an EBITDA margin of 29 per cent (45 per cent). The decline in EBITDA in 2020 is explained by a lower revenue base and product mix with a higher share of lower margin products delivered in 2020.

As mentioned above, NORBIT announced in January that it was in advanced and exclusive negotiations regarding an add-on acquisition of an undisclosed European company, with a significant share of subscription based revenues. The potential transaction will form a platform for growth into the asset tracking and monitoring domain along with the strategy to broaden the product and customer portfolio of ITS.

Product Innovation and Realisation (PIR)
Revenues for PIR amounted to NOK 224.6 million for 2020 (NOK 259.9 million), representing a decrease of 14 per cent as a consequence of lower activity in both contract manufacturing and R&D services.

Operating expenses for the PIR segment amounted to NOK 110.8 million for 2020 (NOK 106.2 million).

The PIR segment recorded an EBITDA for the year of NOK 2.3 million (NOK 22.6 million), representing a margin of 1 per cent (9 per cent). The reduced profit is mainly attributed to a decline in sales of contract manufacturing. Moreover, the segment delivered on a large and profitable R&D project in 2019.

RESEARCH AND DEVELOPMENT

Investments in research and development (R&D) is an important part of NORBIT's strategy to develop new and innovative technological solutions and remains an important part of the group's strategy going forward. For 2020, the group invested a total of NOK 63.2 million in R&D, representing 10.2 per cent of the revenues for the year. Despite lower activity in 2020, primarily due to the pandemic, NORBIT maintained the planned investment program to support long-term growth. A significant part of NORBIT's investments in R&D in 2020 was allocated to broadening the product offering with the launch of WINGHEAD in segment Oceans. In 2019, R&D investments amounted to NOK 59.0 million, of which the acquisition of AblePay in the first quarter accounted for NOK 7.9 million. Adjusted for this acquisition, the 2019 investments represented 7.6 per cent of revenues for 2019 (8.8 per cent unadjusted).

In 2021, NORBIT expects its R&D investments to be between NOK 50 and 60 million.

RISKS AND RISK MANAGEMENT

NORBIT is subject to several risks which may affect the group's operations, performance, finances and share price. These risk factors are further described below. These risks are monitored by the corporate management and reported to the board on a regular basis.

Pandemics
The Covid-19 virus caused global disruption and has had an impact on demand and the supply chain across all of NORBIT's operating segments. Mutations of the virus have increased the risk of a global lock-down further. A prolonged period of downturn may have continued negative effects on the company's business and financial results, representing a risk to revenues and cash flow. Furthermore, pandemic outbreaks could also occur in the future and may impact NORBIT's operations, business activity and finances.

Market risk
The activities of the group are international, with delivery of high-technology products, systems and solutions with related services, primarily to customers in the maritime markets and the automotive and transportation markets. Market risk can therefore vary somewhat within these different segments and markets. Further, the group has exposure to a wide range of industries through its engineering and manufacturing services and covers amongst other various industrial customers.

Each operating segment is exposed to a separate competitive landscape. Increased competition in the markets where the group operates may have a material adverse effect on the group's business, results and cash flow.

Operational risk
NORBIT considers shortage of supply of consumables/electronic components to be the main operational risk. While production is an in-house capability, NORBIT relies on a significant supply of electronic components to produce and deliver its equipment and systems. A large portion of the electronic components are bought from foreign vendors, and the pandemic has resulted in increased uncertainty related to the supply. In addition, a recent surge in demand for consumer electronics has levelled the risk of supply shortage further in the first half of 2021 and prices are increasing.

NORBIT has maintained a strategy of keeping extra inventory of electronic components to maintain flexibility and avoid unnecessary fluctuations in deliveries caused by volatile supply and are working continuously with its suppliers to secure required supplies to deliver according to plan.

Geopolitical risk
NORBIT is a global company with more than 80 per cent of its products exported to countries worldwide. As a result, NORBIT's operations are subject to variety of country, regulatory and political risks, including, but not limited to, regulatory changes, trade barriers, restrictive government actions and changes in law and government policies. Sourcing of components might also be subject to tariffs or increased costs, which may not be recoverable.

Financial risk
NORBIT is exposed to several financial risks. Note 5 to the financial statements explains the group's exposure to financial risks and how these could affect the group's future financial performance.

Interest rate risk
The group's main interest rate risk arises from borrowings with variable rates, which expose the group to cash flow interest rate risk. NORBIT has no financial instruments designated to hedge interest rate risk.

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

Currency risk
NORBIT has international operations and clients and is exposed to currency risk through customer contracts and purchase of products and services in currencies other than the functional currency (NOK). NORBIT is primarily exposed to EUR and USD currencies.

Fluctuations in exchange rates can lead to increased or decreased profit margin in contracts with customers compared to the initial project calculus. The group was a net seller of EUR and a net buyer of USD during 2020

The group's hedging practice over the last few years has been to hedge in the range of 30-50 per cent of expected net positions in EUR and USD on a rolling quarterly basis. There is currently an ongoing process to optimise the hedging practice further.

Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to credit risk related to bank deposits, trade receivables and other current receivables. The exposure to credit risk is monitored on an ongoing basis within the group.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. During 2020, NORBIT made NOK 4.6 million in provisions relating to expected loss on trade receivables. Total provisions stood at NOK 5.6 million at year-end 2020, representing 4.4 per cent of the par value of trade receivables.

Liquidity risk
Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The group's strategy for managing liquidity risk is always to have sufficient liquidity to meet its financial liabilities at

maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the group's reputation. At 31 December 2020, NORBIT had NOK 199.9 million in undrawn credit facilities, of which NOK 120.7 million was available under the revolving credit facility and NOK 79.2 million under the overdraft facility, providing a significant liquidity buffer.

CORPORATE GOVERNANCE

Good corporate governance provides the foundation for long-term value creation, to the benefit of shareholders, employees and other stakeholders. The board of directors of NORBIT has established a set of governance principles to ensure a clear division of roles between the board of directors, the executive management and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

NORBIT is subject to annual corporate governance reporting requirements under section 4.4 of the Oslo Stock Exchange Rule Book II and the Norwegian Code of Practice for Corporate Governance, cf. section 7. NORBIT follows the Norwegian Code of Practice for Corporate Governance, and the company's practice is in accordance with these recommendations.

The annual statement on corporate governance for 2020 has been approved by the board and can be found in the ESG section of this annual report.

CORPORATE SOCIAL RESPONSIBILITY

The section 3-3c in the Norwegian Accounting Act requires that large companies account for their efforts to integrate corporate social responsibility in their business strategies and day-to-day operations. NORBIT has chosen to report on its efforts to integrate human rights, labour standards, the environment and anti-corruption measures in a separate section of the annual report, approved by the board of directors. Please refer to the ESG section of the report.

EMPLOYEES AND ORGANISATION

In 2020, NORBIT had an average work force of 246 full time equivalents (FTEs), compared to an average of 245 in 2019. The headquarter is in Trondheim, Norway, with the main manufacturing facilities in Selbu and Røros, Norway, and subsidiaries in Sweden, Germany, Poland, Austria, Hungary, Italy, Singapore, Brazil, China and US. NORBIT also has ownership interests in two companies located in the UK and on Iceland, reported as associated companies.

Of the total 246 FTE's in the group, 70 are women, giving a female percentage of the workforce of 28 per cent. The board of directors consists of five members, of which two are women, while six out of six members of the management team are men. The group has 33 part-time employees, of which 73 per cent are women and 27 per cent are men, and 48 temporary employees of which 73 per cent are men and 27 per cent are women. During 2020, 9 employees, divided into 7 men and 2 woman, had parental leave. The average parental leave has been 16 weeks for men and 33 weeks for women.

The group is committed to promoting equality and equal treatment at all stages of the organisation and other relationships. Further information is provided under the ESG section of the annual report. Salary surveys will be carried out for the first time for the financial year 2021.

Employee share purchase programme

The group does not have a share purchase or option programme.

Changes to the executive management and board of directors

The board of directors was elected on the group's extraordinary general meeting on 3 May 2019 for a period of two years, and there were no changes to the board of directors in 2020. The board consists of Finn Haugan (chair), Bente Avnung Landsnes (deputy chair), Trond Tuvstein, Marit Collin and Tom Solberg. Mr Solberg was elected to the board on 21 May 2009 and re-elected in May 2019. The Articles of Association provide that the board of directors shall consist of a minimum of three and a maximum of seven directors elected by NORBIT ASA's shareholders.

On 30 April 2020, NORBIT announced that the company has appointed Per Kristian Reppe as Chief Financial Officer (CFO). Mr Reppe took up his position in July 2020, replacing Stian Lønvik who resigned from this position in February 2020.

SHARE AND SHAREHOLDER MATTERS

NORBIT ASAs shares are listed at Euronext Oslo Børs (Oslo Stock Exchange) under the ticker "NORBT".

During 2020, the share traded between NOK 12.60 and NOK 20.98 per share, with a closing price of NOK 18.00 at 30 December 2020.

At 31 December 2020, the company had a total of 1 513 shareholders, of which the 20 largest shareholders held 83.2 per cent of the total outstanding shares. The company has a total of 56 786 918 issued and outstanding shares as at year-end 2020. There were no treasury shares or options outstanding at the same date.

NORBIT has one share class and all shares have equal rights in the company. The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO 001 0734338.

NORBIT ASA's annual general meeting for 2021 is planned to be held at the company's headquarter in Trondheim on 4 May 2021. However, due to the ongoing pandemic situation and in order to comply with the advice of the authorities and regulatory requirements to decrease the risk of spreading of the coronavirus, the board of directors encourage all shareholders not to physically attend the meeting, but rather use available means to vote electronically or submit a proxy form.

OUTLOOK

2020 turned out to be an extraordinary year. In a challenging environment, NORBIT's business model and organisation were stress tested. By maintaining a long-term perspective, NORBIT decided to continue its strategic plans and investment programs to strengthen the growth platform in anticipation of a market recovery.

Segment Oceans has entered 2021 on a positive note considering the first three months of the year is generally considered a seasonally slow period. Focus on value accretive growth remains high on the strategic agenda. In 2020, the WINGHEAD sonar was launched and additional products are under development, supporting long-term growth. Increasing market presence and broadening the product portfolio are cornerstones in the Oceans strategy, which may be further accelerated through acquisitions.

Broadening the product and customer portfolio of the ITS segment remains a key strategic objective. By taking advantage of existing key competence within high-volume wireless low power devices, ITS is aiming to position itself within selected IoT 5G niche applications. As announced in January 2021, NORBIT is already in advanced and exclusive negotiations to acquire a European company, with a significant share of subscription-based revenues, to expand ITS' footprint. The potential transaction will form a platform for growth into the asset tracking and monitoring domain along with the above-mentioned strategy. NORBIT expects first half of 2021 to be challenging for segment ITS, expecting lower revenues and margins compared to fourth quarter with continued inventory build down at one large client and lower volumes of OBUs to be delivered.

Outlook for segment PIR is positive and NORBIT expects the segment to deliver strong growth and margin improvement in first quarter compared to fourth quarter. With the expansion of the production facility at Røros completed, the capacity is effectively doubled at the site, leaving room for PIR to grow organically within contract manufacturing where the outlook is favorable.

In 2021, NORBIT expects its R&D investments to be NOK 50 – 60 million, while investments in fixed assets are anticipated to be NOK 10 – 20 million.

For the fiscal year 2020, the board of directors proposes a dividend of NOK 0.30 per share, in line with the company's dividend policy. When proposing the annual dividend, the board has considered the company's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth. Considering NORBIT's solid liquidity position, the board considers the financial capacity for further growth to be strong.

The pandemic is expected to impact the short-term outlook. Still, the company's diversified product offering, targeting different industries and geographies, combined with the organisation's ability to adapt and to successfully introduce new market-driven products makes the company robust. The board remains positive about the company's long-term market outlook.

Trondheim, Norway, 24 March 2021
The board of directors and CEO
NORBIT ASA

Finn Haugan *Chair of the board*	Bente Avnung Landsnes *Deputy chair of the board*	Tom Solberg *Director*
Trond Tuvstein *Director*	Marit Collin *Director*	Per Jørgen Weisethaunet *Chief executive officer*

ESG REPORT

ESG is the consideration of environmental, social and governance factors in the day-to-day operations of the group. NORBIT aims to create value for customers, shareholders, employees and the society at large; first and foremost, by producing a variety of specialised products and solutions that support the customers' sustainability strategies.

UN GLOBAL COMPACT

In 2020, NORBIT was approved membership in the UN Global Compact, the world's largest sustainability initiative. Through participation, the group confirms that it supports the Ten Principles of the UN Global Compact on human rights, labour, environment and anti-corruption.

NORBIT is committed to making the UN Global Compact and its principles part of the group strategy, culture and day-to-day operations, and to engage in collaborative projects advancing the broader development goals of the UN. As part of this commitment, NORBIT has committed to report on practical actions that the group has taken (or plans to undertake) to implement the UN Global Compact principles, as well as a measurement of outcomes of these actions. NORBIT submitted its first Communication on Progress Report in March 2021, describing the undertaken activities and outcomes in 2020. This report can be found on UN Global Compact's website www.unglobalcompact.org.

8 DECENT WORK AND ECONOMIC GROWTH

Creating safe and decent work conditions
NORBIT develops and offers technology to detect threats, both to humans, assets, and infrastructure. This technology enables safe and decent work conditions for different occupational groups, ranging from truck drivers to platform workers.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Stimulating innovation in a range of different industries
NORBIT is offering R&D services and contract manufacturing services realising ground-breaking innovations, systems, and solutions for industrial customers in markets such as automotive, medical, defense, energy, marine and subsea.

13 CLIMATE ACTION

Reducing CO_2 emissions from the transportation sector
The transport sector is responsible for one third of global CO_2 emissions. NORBIT's devices used for electronic tolling contribute to reducing the CO_2 emissions from the transportation sector, for instance by reducing vehicle miles traveled, stop-and-go traffic and sub-optimal truck loads.

14 LIFE BELOW WATER

Sustainability using the oceans
NORBIT delivers tailored technology and solutions to the global maritime markets. Combining remote sensing technologies with state-of-the-art data fusion and artificial intelligence, the user gets information and tools to increase efficiency and reduce cost, while at the same time ensuring the safety of the environment and marine assets.

As part of the progress report to the UN Global Compact, NORBIT has identified four sustainable development goals (SDGs) that the group contributes to today and will continue to work towards in the future.

ENVIRONMENT

NORBIT's ambition is to create environmental value both in terms of acting responsible in the group's own value chain (internal focus), as well as developing and selling products that contribute to solving environmental challenges for customers and the society at large (external focus). "Doing more with less" is the group environmental tag, reflected in the group's Code of Conduct. The following information provides examples of standards the group has in place and initiatives that are ongoing relating to environmental considerations. As part of the progress with the UN Global Compact, NORBIT intends to identify and implement further relevant activities in line with SDG 13 and 14 as the priority areas for the group.

Increasing focus on environmental monitoring

Over recent years, NORBIT Oceans has built up a strong presence within environmental monitoring through its SeaCOP Surveillance System. The purpose of the system is to give the user a situational awareness, information and tools to increase efficiency and reduce cost, at the same time ensuring the safety of people, the environment and marine assets. In 2020, sales of such solutions represented approximately 20 per cent of NORBIT Oceans' revenues. NORBIT also acquired the SeaDarQ Radar System in 2020, strengthening NORBIT´s position as a leading global provider of solutions for integrated environmental solutions.

Certifications

NORBIT has three production facilities: NORBIT EMS Røros, NORBIT EMS Selbu and NORBIT Kabelpartner. NORBIT EMS Røros and NORBIT Kabelpartner are certified according to the international standard that specify requirements for an effective environmental management system, ISO 14001. The three manufacturing sites have different KPIs defined for electricity and water consumptions.

Energy efficiency

In 2020, NORBIT completed the expansion of the production facility at Røros. The new facility was built with energy efficiency in mind, with thermal energy storage as the main energy source.

Vendor assessment

In 2020, NORBIT started implementing a new supplier quality management system with general quality agreement for suppliers and business partners regarding environmental issues. The system is expected to be rolled-out for the entire organisation in 2021.

SOCIAL

At year-end, NORBIT had 261 full- and part-time number of employees in 8 number of jurisdictions. NORBIT strives to protect health, safety, human rights, labour rights and maintaining a high ethical standard in its business concept and relations with customers, suppliers and employees. NORBIT's Code of Conduct describes the group's policies and goals related to these standards.

Labour rights and working environment

NORBIT complies with established standards and employment legislation. The Code of Conduct is founded on key UN and International Labour Organisation (ILO) conventions and documents. NORBIT employees have the right to join or form trade unions of their own choosing and to bargain collectively. Workers representative roles are established and such employees have access to carry out their representative functions in the workplace. NORBIT describes employees' rights, compensation, benefits, and responsibilities through several policy documents.

Equality, diversity and respect

NORBIT is a global company with offices and presence in 14 countries worldwide and employees have a broad and diversified background. Different expertise and experience contribute positively to NORBIT's development. NORBIT shall promote a working environment characterised by equality, diversity, and mutual respect. NORBIT does not accept any form of discrimination on the basis of factors such as gender, age, ethnicity, religion, disability, sexual orientation or political conviction, nor does NORBIT accept harassment, including unwanted sexual attention.

NORBIT's organisational culture shall be characterised by openness and good internal communication so that any misconduct or problems can be addressed, discussed, and resolved in a timely manner. NORBIT's employees are encouraged to report any incident of discrimination.

Employee relationship and employee satisfaction

NORBIT's main asset is the knowledge and skills of its employees and NORBIT gives each employee considerable scope in making decisions regarding his or her work. This implies a large degree of freedom, but it also places substantial responsibility on the employees. According to an

employee satisfaction survey conducted during 2020, the working environment in the group is perceived as very good.

Health, safety and security
"Safe under pressure" is one of NORBIT's core values. A safe, secure, and healthy working environment is a key priority in the group, and this applies wherever the group operates. The specific business units have defined safety routines and work instructions for use of potentially harmful tools.

NORBIT has defined specific KPIs for HSS related injuries and sick leave. NORBIT has a vision of zero injuries, and in 2020 no significant injuries or accidents were recorded. the goal for sick leave vary from <2.5 per cent to <4.0 per cent for the different business units. The group had 3.5 per cent sick leave in 2020, compared to 2.6 per cent in 2019. Sick leave within the Norwegian workforce is lower than the country average of approximately 6 per cent (as of Q4 2020) according to Statistics Norway.

Ethical standards
NORBIT maintains a high ethical standard in its business concept and relations with customers, suppliers and employees. The following ethical guidelines are practiced in the group and apply to all employees:

1. **Personal conduct:** All employees and representatives of the group shall behave with respect and integrity towards business relations and partners, customers and colleagues. The executive management team has a particular responsibility to promote openness, loyalty and respect.
2. **Conflict of Interests:** Employees or representatives shall avoid situations in which a conflict between their own personal and/or financial interests and the group's interests may occur.
3. **Confidential Information:** Employees or representatives of the group possessing confidential information related to the group shall conduct themselves and safeguard such information with great care and loyalty and comply with any and all signed confidentiality statements.
4. **Competition:** The group supports fair and open competition. Employees and representatives shall never take part in any activities that may constitute a breach of competition legislation.
5. **Influence:** Employees and representatives shall neither directly nor indirectly offer, promise, request, demand or accept illegal or unjust gifts of money or any other remuneration in order to achieve a commercial benefit.

NORBIT has zero tolerance for any form of corruption, bribery, fraud, or dishonesty. This means that NORBIT has no tolerance for paying, facilitating, or receiving any bribes or facilitation, payments, extortion, kickbacks or any other improper private or professional benefits to customers, agents, contractors, suppliers or employees of any such party or government officials.

Whistleblowing
Whistleblowing is an important channel for receiving information about negative issues so that they can be properly corrected and followed up. NORBIT encourages its employees to report suspected or actual occurrences of inappropriate, unethical, or illegal events or breaches of the Code of Conduct. NORBIT has therefore drawn specific guidelines for whistleblowing, including whom to report to, how to report and how the company is required to act on the report.

Community engagements
NORBIT has been a sponsor of several local sport associations and student organisations for many years. In particular, NORBIT has contributed with both monetary support and non-financial initiatives in order to stimulate the engineers of the future to become interested in innovation and development. In close collaboration with various educational institutions, NORBIT is part of inspiring the new generations of engineers to explore the technology area in search of new knowledge.

CORPORATE GOVERNANCE

Report on the Norwegian Code of Practice for Corporate Governance

NORBIT aims to maintain a high standard of corporate governance. Good corporate governance strengthens the confidence in the group and contributes to long-term value creation by regulating the division of roles and responsibilities between shareholders, the board of directors and executive management.

Corporate governance at NORBIT ASA (the "company") shall be based on the following main principles:

- All shareholders shall be treated equally
- NORBIT shall maintain open, relevant and reliable communication with its stakeholders, including its shareholders, governmental bodies and the public about its activities
- NORBIT's board of directors shall be autonomous and independent of the executive management
- The majority of the directors shall be independent of major shareholders
- There shall be clear division of roles and responsibilities between shareholders, the board and management

NORBIT's corporate governance principles are in accordance with the Norwegian Accounting Act §3-3b and based on the current Norwegian Code of Practice (the Code) for Corporate Governance, most recently issued on 17 October 2018. The Code is available at www.nues.no.

A review and presentation of NORBIT's compliance with the Code's recommendations follows herein. NORBIT's principles are consistent with the recommendations.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

NORBIT's corporate governance principles are determined by the board of directors (the "board"), which has the overall responsibility for ensuring that the group has a high standard of corporate governance. The board has prepared a corporate governance policy document addressing the framework of guidelines and principles regulating the interaction between the shareholders, the board and the Chief Executive Officer (the CEO).

The purpose of the corporate governance policy is to ensure appropriate separation of roles and responsibilities between shareholders, the board and executive management, as well as to ensure satisfactory controls of the group's business activities. The board and executive management perform an annual assessment of its principles for corporate governance.

Deviations from the Code: None

2. BUSINESS ACTIVITY

NORBIT is a global provider of tailored technology solutions to carefully selected niches. The business purpose is set out in the company's Articles of Association as:

"The company is the parent company of an internationally focused technology group which provides custom-made high-technology products in selected niche markets. This is done through acquisition, management and trading in shares, partnership interests and other securities."

The board has defined clear objectives for the group, to ensure value creation for the shareholders. NORBIT will provide its shareholders and the broader capital market with an updated view on its ambitions and targets during 2021.

Deviations from the Code: None

3. EQUITY AND DIVIDENDS

The board is committed to maintain a satisfactory capital structure for the group according to the group's goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board will continuously assess the capital requirements related to the group's strategy and risk profile.

Equity
At 31 December 2020, the group's equity totalled NOK 436.8 million, which corresponds to an equity ratio of 65.0 per cent. The board considers NORBIT's financial position to be solid with the necessary capacity to support the its objectives, strategy and risk profile.

Dividends
The board has established a dividend policy. Long term, the policy is to pay out between 30 and 50 per cent of the group's ordinary net profit after tax as dividends. When deciding on the annual dividend, the board considers the group's financial position, investment plans as well as the needed financial flexibility for strategic growth.

Based on the financial results for 2020, the board proposes a dividend of NOK 0.30 per share, in line with the group's dividend policy.

Board authorisations
In the event that a board authorisation is proposed for a capital increase, acquisition of treasury shares or similar, or for multiple purposes, each authorisation should be treated as a separate issue and subject to vote by the general meeting. Board authorisations are valid for such periods as the shareholders' meeting decides. Authorisations to the board to increase the share capital or to buy own shares will normally not be given for periods longer than until the next annual general meeting (AGM).

It follows from the purpose of the authorisations that the board may need to waive existing shareholders' preference rights, which is permitted under the terms of the authorisations concerned.

At the annual general meeting 2020, the board was granted the following authorisations:

- Increase in the company's share capital by up to an aggregate nominal value of 30 per cent of the total share capital in connection with investments and transactions
- Increase in the company's share capital by up to 5.28 per cent of the share capital in connection with incentive programs to the group's employees
- Acquisition of treasury shares by up 10 per cent of the share capital on behalf of the company
- Resolve additional distributions of dividends up to NOK 0.30 per share based on the annual accounts for the financial year 2019

Only the authorisation to resolve additional dividend of NOK 0.30 per share was exercised in 2020.

Deviations from the Code: None

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

NORBIT has a single class of shares, and all shares carry the same rights in the company. Equal treatment of shareholders is essential. In the event of capital increases based on authorisations issued by the general meeting, where the existing shareholders' pre-emptive rights are waived upon, the board will justify the reason for such waiver through a public announcement in connection with the capital increase.

Any transactions, agreements or arrangements between the company or group entities and its shareholders, members of the board, members of the executive management team or close associates of any such parties may only be entered into as part of the ordinary course of business and on arm's length market terms. All such transactions shall comply with the procedures set out in the Norwegian Public Limited Liability Companies Act.

The board shall arrange for a valuation to be obtained from an independent third party unless the transaction, agreement or arrangement in question is considered to be immaterial. Directors and members of the executive management team shall immediately notify the board if they have any material direct or indirect interest in any transaction entered into by the company.

Additional information on transactions with related parties can be found in Note 25 to the 2020 financial statements.

Deviations from the Code: None

5. SHARES AND NEGOTIABILITY

NORBIT's shares are freely tradeable and there are no restrictions on owning or voting for shares.

Deviations from the Code: None

6. ANNUAL SHAREHOLDERS' GENERAL MEETING

Meeting notification, registration and participation

NORBIT's highest decision-making body is the general meeting of shareholders. All shareholders have the right to participate in the general meetings of the company and NORBIT encourages all of its shareholders to participate. The annual general meeting for 2021 will take place on 4 May 2021.

Pursuant to article 8 of the company's articles of associations, shareholders who wish to participate in a general meeting, shall notify the company of this within a deadline which is set out in the notice of the general meeting, and which cannot expire earlier than five days prior to the meeting. The cut-off for confirmation of attendance shall be set as short as practically possible.

Shareholders who are unable to attend a general meeting may use electronic voting to vote directly on individual agenda items during the pre-meeting registration period. Shareholders unable to attend may also vote by proxy. The procedures for electronic voting and proxy voting instructions are described in the meeting notification and published on the company website.

Shareholders may also send notification of their attendance, using the form provided, by post or email to the company's account manager DNB, or via the company's website, www.norbit.com.

The full notice for general meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The board will ensure that the notice includes information about resolutions and that supporting information is sufficiently detailed to allow shareholders to form a view on all matters to be considered at the meeting. Notices shall provide information on procedures that shareholders shall observe in order to participate in and vote at the general meeting. The notice should also set out: (i) the procedure for representation at the meeting through a proxy, including a form to appoint a proxy, and (ii) the right for shareholders to propose resolutions in respect of matters to be dealt with by the general meeting. The form for the appointment of a proxy should also be designed to make voting on each individual matter possible.

In accordance with article 8 of the company's articles of association, documents relating to matters to be addressed at a general meeting of shareholders may be made available on NORBIT's website. The same applies to documents which by law must be included in or attached to the invitation to attend the general meeting. If the documents are made available in this way, the statutory requirement with respect to distribution to shareholders is not applicable. A shareholder may nevertheless ask to be sent documents relating to matters to be discussed at a general meeting by post.

Meeting chair and voting

The general meeting elects the person to chair the meeting. The board, the chair of the nomination committee and the company's auditor are expected to be present at general meetings. The general meeting elects the members of the nomination committee and shareholder elected directors.

Minutes of the general meeting will be published as soon as practical via the Oslo Stock Exchange's messaging service www.newsweb.no (ticker: NORBT) and on the company's website www.norbit.com.

Deviations from the Code: None

7. NOMINATION COMMITTEE

NORBIT has a nomination committee as required by Article 7 of the company's articles of association. At 31 December 2020, the nomination committee comprised the following:

- Reidar Stokke, chair
- Berit Rian
- Janniche Fusdahl

The nomination committee should comprise at least three members, and each member is elected for a period of two years. The members of the nomination committee should be selected to consider the interests of shareholders in general. The majority of the nomination committee must be independent of the board and the executive management team. Members of the executive management team shall not be members of the nomination committee. The members and chair of the nomination committee are elected by the general meeting.

The primary responsibilities of the nomination committee are to recommend and propose to the general meeting candidates and remuneration for the company's directors and nomination committee, and remuneration to the members of the audit committee. The recommendation will include a proposal for appointment of chair. The nomination committee must make a written recommendation, which is published and presented to the general meeting.

The deadline for proposing board candidates for the upcoming term is 31 October. The nomination committee normally begins its work for the upcoming general meeting on this date.

Deviations from the Code: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Composition

NORBIT does not have a corporate assembly. According to article 5 of the NORBIT's articles of associations, the board shall consist of a minimum of three and a maximum of seven directors elected by the general meeting. The general meeting elects the Chair of the board and the Deputy Chair of the board. Directors are elected for a period of two years.

At 31 December 2020, NORBIT's board comprise five members, of which all were elected for a period of two years at the company's extraordinary general meeting on 3 May 2019. The current composition of the board is presented in the annual report, and an overview of the directors competence and background is available from the company's website www.norbit.com.

In appointing members to the board, it is emphasised that the board shall have the required competency to independently evaluate the cases presented by the executive management team as well as the company's operation. It is also considered important that the board can function well as a body of colleagues.

Directors are encouraged to own shares in the company. At 31 December 2020, all the directors held shares in NORBIT, further disclosed in Note 26 to the financial statements .

Independence of the board

NORBIT's board is composed such that it is able to act independently of any special interests. All the directors of NORBIT are deemed to be independent of senior executives, material business associates and the company's largest shareholders, although, Prétor Advokat, a Norwegian law firm, in which the director Tom Solberg is a partner, renders legal services to the group. The services provided are mainly undertaken by Tom Solberg. The service fee to Prétor is disclosed in Note 25 to the financial statements.

Deviations from the Code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The board shall ensure that the group has proper management with clear internal distribution of responsibilities and duties. A clear division of work has been established between the board and the executive management team. The CEO is responsible for the executive management of the group.

The board has the overall responsibility for the management of the group and the supervision of its day-to-day management and business activities. The board shall prepare an annual plan for its work with special emphasis on goals, strategy and implementation. The board's primary responsibility shall be (i) participating in the development and approval of the group's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. The board is also responsible for ensuring that the operation of the group is compliant with the group's values and ethical guidelines. The Chair of the board is responsible for ensuring that the board's work is performed in an effective and correct manner.

All members of the board shall regularly receive information about the group's operational and financial development. The group's strategies shall regularly be subject to review and evaluation by the board.

The regulations governing the board's working practices includes guidelines for how individual directors and the CEO should conduct themselves with respect to matters in which they may have a personal interest. Among them is the stipulation that each director must make a conscious assessment of his/her own impartiality and inform the board of any possible conflict of interest.

The board evaluates its own performance and expertise once a year. The board held a total of 14 meetings in 2020 and the attendance rate was 97.1 per cent.

Sub-committees of the board

Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board.

The committee's main tasks are to prepare the board's follow-up of the financial reporting process, monitor the performance of the group's internal control and risk management systems, and maintain an ongoing dialogue with the auditor. The audit committee held 6 meetings in 2020. The attendance rate was 100 per cent.

At 31 December 2020, the audit committee comprised the following:

- Trond Tuvstein, Chair
- Bente Avnung Landsnes

Remuneration committee

NORBIT has a remuneration committee appointed by the board. The remuneration committee shall evaluate and propose the compensation of NORBIT's CEO and other members of the executive management team and provide general compensation related advice to the board.

At 31 December 2020, the remuneration committee comprised the following:

- Finn Haugan, Chair
- Tom Solberg
- Marit Collin

Deviations from the Code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board shall ensure that NORBIT has sound internal control and systems for risk management that are appropriate in relation to the extent and nature of the group's activities. The internal control and the systems shall also encompass the group's corporate values and ethical guidelines.

The objective of the risk management and internal control is to be to manage exposure to risks in order to ensure successful conduct of the group's business and to support the quality of its financial reporting.

The board shall carry out an annual review of the group's most important areas of exposure to risk and its internal control arrangements.

The board shall provide an account in the annual report of the main features of the group's internal control and risk management systems as they relate to the group's financial reporting.

Internal control of financial reporting is achieved through day-to-day follow-up by management, and supervision by the audit committee.

Deviations from the Code: None

11. REMUNERATION OF THE BOARD

Remuneration of directors shall be reasonable and reflect the board's responsibilities, expertise, time invested and the complexity of the business. The remuneration to the directors is not performance-related nor include share option elements.

The annual general meeting shall determine the board's remuneration after considering recommendations by the company's nomination committee. Additional information on remuneration paid to individual directors for 2020 is presented in Note 26 to the financial statements.

The board shall be informed if individual directors perform tasks for the company or any group entities other than exercising their role as directors. Fee for any such services shall be approved by the board. Work in sub-committees may be compensated in addition to the remuneration received for board membership. Director Tom Solberg performs legal services for the company. Further details are provided in Note 25 to the financial statements.

Deviations from the Code: None

12. REMUNERATION OF EXECUTIVE MANAGEMENT

Pursuant to Section 6-16a of the Public Limited Companies Act, the board has adopted separate guidelines on the remuneration of executive management. The company's guidelines for renumeration to executive management are described in Note 26 to the financial statements and will also be presented to the shareholders at the annual general meeting in the form of a separate document.

The board determines the remuneration paid to the CEO. The CEO determines the remuneration payable to the key executives in accordance after consultation with members of the remuneration committee.

There were no incentive programs in effect and no variable remuneration was paid to executive management in 2020, with the exception of a discretionary bonus paid to the Business Unit Leader of Oceans. Further information is provided under Note 26.

Deviations from the Code: None

13. INFORMATION AND COMMUNICATION

Investor relations

The company's reporting of financial and other information is based on transparency and equal treatment of shareholders, the financial community and other interested parties. The objective of the company's investor relation activities is to ensure that the financial markets and shareholders receive accurate and timely information that can affect the company's share price. All market participants shall have access to the same information, and all information is published in English. All notices sent to the stock exchange are made available on the company's website and at www.newsweb.no.

NORBIT's ambition is to comply with the Oslo Stock Exchange's Code of Practice for IR ("the IR Code"). The company has, in line with the IR Code, also adopted an IR Policy. The CEO and CFO are responsible for communications with shareholders in the period between general meetings.

Financial information

The company holds investor presentations in association with the publication of its quarterly results. These presentations are open to all and provide an overview of the group's operational and financial performance in the previous quarter, as well as an overview of the general market outlook and group's future prospects. These presentations are also made available on the company's website.

Quiet period

NORBIT will minimise its contacts with analysts, investors and journalists in the 30 days period prior to publication of its results. During this period, the company will minimise meetings with investors, analysts, media or other parties about the group's results and future outlook. This is to ensure that all interested parties in the market are treated equally.

Deviations from the Code: None

14. TAKEOVERS

In a takeover process, should it occur, the board and the executive management team each have an individual responsibility to ensure that the company's shareholders are treated equally and that there are no unnecessary interruptions to the group's business activities. The board has a particular responsibility in ensuring that the shareholders have sufficient information and time to assess the offer.

In the event of a takeover process, the board shall ensure that:

- the board will not seek to hinder or obstruct any takeover bid for the company's operations or shares unless there are particular reasons for doing so;
- the board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the company;
- the board shall not institute measures with the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected.

In the event of a takeover bid, the board will, in addition to complying with relevant legislation and regulations, seek to comply with the recommendations in the Code. This could include obtaining a valuation and fairness opinion from an independent expert. On this basis, the board shall draw up a statement containing a well-grounded evaluation of the bid and make a recommendation as to whether or not the shareholders should accept the bid. The evaluation shall specify how, for example, a takeover would affect long-term value creation of NORBIT.

Deviations from the Code: None

15. AUDITOR

The auditor is appointed by the general meeting. The auditor makes an annual presentation of the auditing plan to the audit committee. Further, the auditor provides the board with written confirmation that the requirement of independence has been met.

The auditor participates in all meetings of the audit committee and in the board meeting that deals with the annual accounts. The auditor reports to the audit committee and board on his assessment of the internal control on the financial reporting process.

The auditor reviews, with the board and audit committee, any material changes in the company's accounting principles and assessments of material accounting estimates. There have been no disagreements between the auditor and management on any material issues.

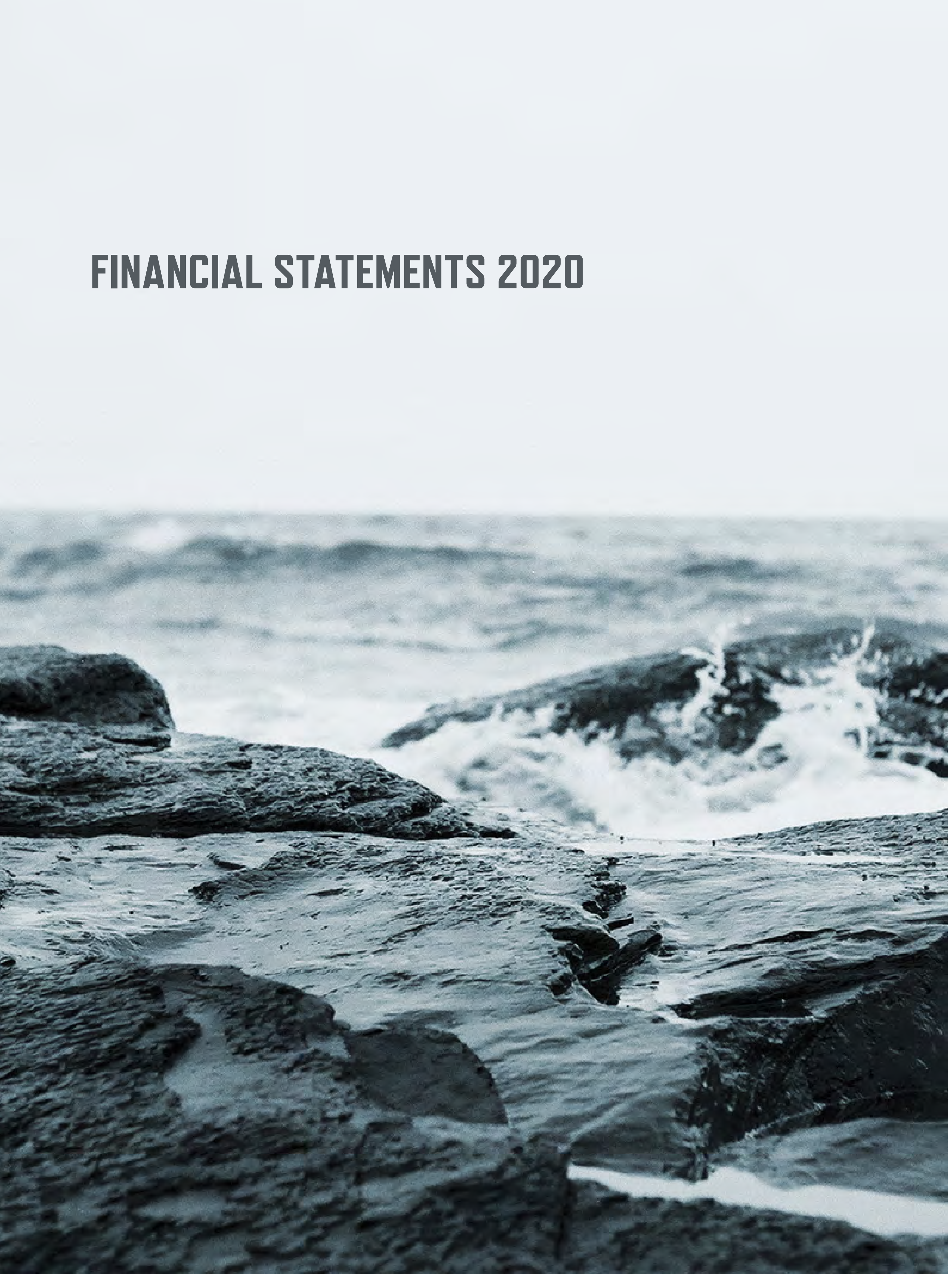
The outcome of this review is presented to the board. The board and the audit committee have met with the auditor without representatives of executive management being present regarding the preparation of the annual accounts for 2020.

At the annual general meeting the board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. Compensation paid is presented in Note 8 to the financial statements.

The board shall arrange for the auditor to attend all general meetings.

Deviations from the Code: None

FINANCIAL STATEMENTS 2020



NORBIT GROUP

NORBIT ASA

CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK thousand	Note	**2020**	2019
Revenue	*4, 6*	**618 798**	668 176
Other gains and losses	*22*	**-**	10 865
Raw materials and change in inventories	*14*	**292 670**	304 495
Employee benefit expenses	*7*	**155 595**	161 650
Depreciation and amortisation expenses	*12, 13, 20*	**49 125**	46 836
Other operating expenses	*8*	**77 062**	63 147
Operating profit		**44 346**	102 913
Share of profit of associates	*23*	**564**	1 470
Financial income	*9*	**1 024**	2 962
Financial expenses	*9*	**11 111**	11 914
Net financial items		**(9 524)**	(7 482)
Profit before tax		**34 822**	95 432
Income tax expense	*10*	**(7 528)**	(18 158)
Profit for the period		**27 293**	77 274
Attributable to:			
Owners of the company		**27 293**	77 263
Non-controlling interests		**-**	10
Sum		**27 293**	77 274
Average no. of shares outstanding basic and diluted	*11*	**56 786 918**	53 447 564
Earnings per share			
Basic (NOK per share)	*11*	**0.48**	1.45
Diluted (NOK per share)	*11*	**0.48**	1.45

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in NOK thousand	Note	**2020**	2019
Profit for the period		**27 293**	77 274
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**153**	(112)
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	*5*	**-**	1 385
Other comprehensive income for the period, net of tax		**153**	1 273
Total comprehensive income for the period		**27 446**	78 547
Total comprehensive income for the period is attributable to:			
Owners of the company		**27 465**	78 536
Non-controlling interests		**(19)**	10
Sum		**27 446**	78 547

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Note	**31.12.2020**	31.12.2019
ASSETS			
Property, plant and equipment	*12*	**149 953**	78 653
Intangible assets	*13*	**171 454**	135 318
Deferred tax asset	*10*	**19 738**	25 623
Equity-accounted investees	*23*	**3 437**	2 872
Shares in other companies	*15*	**237**	100
Other non-current assets		**285**	-
Total non-current assets		**345 105**	242 567
Inventories	*14*	**164 605**	167 801
Trade receivables	*16*	**121 356**	149 877
Other receivables and prepayments		**25 628**	18 086
Cash and cash equivalents	*17*	**14 953**	21 680
Total current assets		**326 543**	357 443
Total assets		**671 648**	600 010
LIABILITIES			
Interest-bearing borrowings	*18, 21*	**11 561**	15 843
Lease liabilities	*20*	**14 703**	3 954
Other non-current liabilities		**1 322**	341
Total non-current liabilities		**27 586**	20 138
Trade payables	*5*	**67 356**	89 161
Tax liabilities	*10*	**850**	-
Interest-bearing borrowings	*18, 21*	**83 141**	3 429
Lease liabilities	*20*	**8 484**	4 441
Other current liabilities	*19*	**47 467**	39 262
Total current liabilities		**207 299**	136 294
Total liabilities		**234 885**	156 431
EQUITY			
Share capital	*24*	**5 679**	5 679
Share premium	*24*	**275 433**	275 433
Retained earnings	*24*	**155 197**	161 923
Equity attributable to equity holders of the parent company		**436 308**	443 034
Non-controlling interests		**455**	544
Total equity		**436 763**	443 579
Total equity and liabilities		**671 648**	600 010

Trondheim, Norway, 24 March 2021
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Tom Solberg
Director

Trond Tuvstein
Director

Marit Collin
Director

Per Jørgen Weisethaunet
Chief executive officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners					
Amounts in NOK thousand	*Note*	Share capital and premium	Other equity	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2018		434	43 820	103 939	148 193	9 722	**157 915**
Profit for the period		-	-	77 263	77 263	10	**77 274**
Other comprehensive income		-	-	1 273	1 273	-	**1 273**
Total comprehensive income for the period		-	-	78 536	78 536	10	**78 547**
Transaction with owners in their capacity as owners:							
Contribution of equity, net of transaction costs and tax		5 244	231 613	-	236 857	-	**236 857**
Transaction with non-controlling interest		-	-	(14 552)	(14 552)	(9 189)	**(23 742)**
Dividends paid	*24*	-	-	(6 000)	(6 000)	-	**(6 000)**
Total transactions with owners		5 244	231 613	(20 552)	216 305	(9 189)	**207 115**
Balance at 31 December 2019		5 679	275 433	161 923	443 034	544	**443 579**

		Attributable to owners					
Amounts in NOK thousand	*Note*	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2019		5 679	275 433	161 923	443 034	544	**443 579**
Profit for the period		-	-	27 293	27 293	-	**27 293**
Other comprehensive income		-	-	153	153	(19)	**133**
Total comprehensive income for the period		-	-	27 446	27 446	(19)	**27 426**
Transaction with owners in their capacity as owners:							
Transaction with non-controlling interest		-	-	(100)	(100)	(70)	**(170)**
Dividends paid	*24*	-	-	(34 072)	(34 072)	-	**(34 072)**
Total transactions with owners		-	-	(34 172)	(34 172)	(70)	**(34 242)**
Balance at 31 December 2020		5 679	275 433	155 197	436 309	455	**436 763**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK thousand	*Note*	**2020**	2019
Profit for the period		**27 293**	77 274
Adjustments for:			
Income tax expense recognised in profit or loss	*10*	**7 529**	18 158
Share of profit of associates	*23*	**(316)**	(1 470)
Investment income recognised in profit or loss		**-**	(10 865)
Net (gain)/loss arising on financial liabilities designated as fair value through profit or loss		**(196)**	-
Depreciation and amortisation	*12, 13*	**49 125**	46 836
Movements in working capital:			
(Increase)/decrease in trade receivables		**28 521**	(47 901)
(Increase)/decrease in inventories		**3 195**	(44 910)
Increase/(decrease) in trade payables		**(21 805)**	13 570
Increase/(decrease) in accruals		**(1 240)**	(9 472)
Net cash generated by operating activities		**92 106**	41 219
Cash flows from investing activities			
Payments for property, plant and equipment	*12*	**(73 495)**	(23 352)
Payments for intangible assets	*13*	**(63 169)**	(58 957)
Net cash inflow on acquisition of subsidiaries		**-**	422
Net cash (used in)/generated by investing activities		**(136 664)**	(81 887)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		**-**	250 000
Payment for services related to issue of equity instruments		**-**	(16 850)
Transactions with non-controlling interests		**(170)**	(19 254)
Proceeds from borrowings	*18*	**32 700**	106 306
Repayment of borrowings	*18*	**(6 770)**	(182 896)
Repayment of lease liabilities	*20*	**(3 356)**	(6 966)
Net change in overdraft facility		**49 499**	(71 082)
Dividends paid	*24*	**(34 072)**	(6 000)
Net cash (used in)/generated by financing activities		**37 831**	53 257
Net increase in cash and cash equivalents		**(6 726)**	12 589
Cash and cash equivalents at the beginning of the period		**21 680**	9 091
Cash and cash equivalents at the end of the period		**14 953**	21 680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 01 COMPANY INFORMATION

NORBIT ASA is a limited liability company incorporated and domiciled in Norway with headquarter at Stiklestadveien 1, Trondheim. NORBIT is listed on the Oslo Stock Exchange with the ticker "NORBT".

The consolidated financial statements of NORBIT ASA for the year ended December 31, 2020 incorporate the financial statements of the parent company NORBIT ASA and its subsidiaries (collectively referred to as the "group" and separately as "group companies").

NOTE 02 BASIS FOR PREPARATION AND ESTIMATES AND ASSUMPTIONS

STATEMENT OF COMPLIANCE
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretation Committee (IFRIC), as adopted by the EU, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

The consolidated financial statements for 2020 were approved and authorised for issue by the board of directors on 24 March 2021. The consolidated financial statements will be submitted to NORBIT's annual general meeting, to be held 4 May 2021, for final approval.

GOING CONCERN BASIS OF ACCOUNTING
The consolidated financial statements have been prepared on the assumption of the business being a going concern.

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

- Derivative financial instruments are measured at fair value
- Fair value of share-based payments (IFRS 2), see note 27.

FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY
The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of NORBIT ASA and most of the group companies. Foreign subsidiaries operate with local currency as the functional currency.

Financial information presented in NOK has been rounded to the nearest thousand, except when otherwise stated. As a result of rounding differences, amounts and percentages may not add up to the total.

The results and financial position of group companies whose functional currency is different from the presentation currency (NOK) are translated to NOK in the following way:

- Balance sheet items are translated using the exchange rates at the balance sheet date
- Profit and loss items are translated at average exchange rates for the reporting period
- All resulting exchange differences are recognised in other comprehensive income

USE OF ESTIMATES AND JUDGMENTS
The preparation of annual financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Although management believes these assumptions to be reasonable, given historical experience, actual amounts and results could differ from these estimates. Estimates and underlying assumptions are reviewed and assessed on an on-going basis. Changes to accounting estimates are recognised in the period in which the estimates are revised.

Estimates and assumptions that could have a significant impact on the carrying amount of assets and liabilities within the next financial year are discussed below.

Impairment testing of intangible assets
NORBIT has significant investments in intangible assets. In accordance with applicable accounting principles, the group considers whether there are indications of impairment on the carrying amounts. If such indications exist, an impairment test is performed to determine whether any intangible assets recorded in the balance sheet should be impaired. The value in use can be significantly impacted by market conditions. Evaluating whether an asset is impaired or if an impairment should be reversed, requires a high degree of judgment and may to a large extent depend upon the selection of key future assumptions, including determining appropriate cash-generating units, discount rate, projecting future cash flows and assumptions on future market conditions. Reference is made to note 13 for further information.

Loss allowance for trade receivables
NORBIT has exposure to a diversified customer base, of which a majority is international. Thus, the group is exposed to credit risk on its trade receivables. The group applies the IFRS 9 simplified approach to measuring expected credit losses. This assessment involves a high degree of judgment, particularly relating to assessing scenario probabilities. Reference is made to note 4 and 16 for further information.

Warranty provisions
A provision is made for expected warranty expenditures for the group companies. The warranty period is generally 12 to 24 months, while some clients have purchased extended warranties. The level and duration of warranty provisions are based on historical data. Assessing and determining the potential warranty expenditures requires a high degree of judgment.

NOTE 03 SIGNIFICANT CHANGES AND FUTURE CHANGES TO ACCOUNTING POLICIES

The group did not apply any amendments to the standards that were effective for the current year as such standards did not have any material impact on the amounts reported in the financial statements. The group has chosen not to adopt early any standards, interpretations or amendments that have been issued but are not yet effective as these changes are not expected to have a material effect on the financial statements.

NOTE 04 ACCOUNTING PRINCIPLES

The accounting principles presented below have been applied consistently for the reporting period and for the group companies presented in the consolidated financial statements.

GROUP ACCOUNTING AND CONSOLIDATION PRINCIPLES
Subsidiaries
Subsidiaries are all companies over which the group has control. The group controls an company when the group is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Subsidiaries are consolidated from the date on which control is transferred to the group until the date of which control ceases.

Investment in associates
Associates are all companies over which the group has significant influence, but which is not a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control or joint control of these policies. This is generally the case where the group holds between 20 and 50 per cent of the voting rights.

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit and loss and OCI of the associate, until the date on which significant influence ceases to exist. Share of profit or loss of the equity-accounted associate is reported as part of net financial items in the consolidated accounts. If there are indication of that the investment in the associate or joint venture is impaired, the group will perform an impairment test of the carrying amount of the investment. Any impairment losses are recognised as share of profit of an associate in the statement of profit or loss.

Dividends received from associates are presented as part of net cash flow from operating activities in the statement of cash flows. Received dividends are recognised as a reduction of the carrying amount of the investment.

Business combinations
Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date when control is transferred to the group. The consideration given is measured at the fair values of the assets transferred, the equity instruments that have been issued, liabilities assumed on the transfer of control and direct costs relating to the actual purchase. The cost of acquisition also includes the fair value of all assets or liabilities that are the result of an agreement on contingent consideration.

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

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

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

Elimination of transactions upon consolidation
Intra-group balances and transactions, and any significant unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associated and joint ventures are eliminated to the extent of the group's interest in the entity.

FOREIGN CURRENCY TRANSLATIONS AND TRANSACTIONS
Foreign currency transactions are translated into each group company's functional currency using the exchange rates at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into the group company's functional currency using the exchange rate on the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement under net financial items.

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

REVENUE RECOGNITION
The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The group recognises revenue when (or as) a performance obligation is satisfied, that is when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

Sale of goods
The group manufactures and sells a range of electronic equipment in the industrial market. Sales are recognised when control of the products has been transferred, being when the products are delivered to customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of services
Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual cost spent relative to the total expected costs.

Some contracts include multiple deliverables, such as the sale of hardware and related installation services. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include the installation of hardware, revenue for the hardware is recognised at a point in time when the hardware is delivered, the legal title has passed and the customer has accepted the hardware.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Financing components
The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

PENSION
For defined contribution plans, contributions are paid into pension insurance plans. Contributions to defined contributions plans are charged to the income statement in the period to which contributions relate. Reference is made to note 7.

GOVERNMENT GRANTS
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants are recognised at the value of the contribution at the transaction date. Government grants are either accounted as reduction of payroll, other operating expenses, or intangible assets if a grant is related to R&D of capitalised assets.

FINANCIAL INCOME AND EXPENSE
Financial income and financial expenses comprise interest income and expense on borrowings, foreign exchange gains and losses, dividend income, gains and losses on derivatives and change in the fair value of financial assets at fair value through the income statement. Foreign currency gains and losses are reported on a net basis.

INCOME TAX
Income tax recognised in the income statement comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to the tax payable in respect of previous years.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Goodwill not deductible for tax purposes
- The initial recognition of assets and liabilities in a transaction that is not a business combination and that affect neither accounting nor taxable profit
- Temporary differences relating to investments in subsidiaries, if it is probably that they will not reverse in the foreseeable future

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if:

- There is a legally enforceable right to offset current tax assets and liabilities
- They related to income taxes levied by the same taxation authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities or assets on a net basis, or to realise the tax assets and settle the liabilities simultaneously.

Deferred tax assets are recognised if it is probable that future taxable profits will be available against which the temporary differences can be utilised.

CURRENT/NON-CURRENT CLASSIFICATION
An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after balance sheet date. Other assets are classified as non-current.
A liability is classified as current when it is expected to be settled in the group's normal operating cycle, is held primarily for the purpose of being traded, the liability is due to be settled within twelve months after the balance sheet date, or if the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

PROPERTY, PLANT AND EQUIPMENT
An item of property, plant and equipment is recognised as an asset if it is probable that the future economic benefit associated with the assets will flow to the group, and its cost can be reliably measured. Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the asset's acquisition.

When significant parts of an item of property, plant and equipment have different useful lives, major components are accounted for as separate items.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

Depreciation
Depreciation is recognised in the income statement on a straight-line basis over the estimated useful life of each major component of an item of property, plant and equipment, taking residual value into consideration. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date. The depreciation methods and periods used by the group are disclosed in note 12.

INTANGIBLE ASSETS
Research and development
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product and process is technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset.

The capitalised expenditure includes cost of materials, direct labour costs and operating expenses that are directly attributable to developing and preparing the asset for its intended use. Other development expenditures are recognised in the income statement as an expense in the period in which it occurs.

Capitalised development expenditures are recognised at historic cost less accumulated amortisation and impairment losses. Acquired intangible assets are measured following the same principle.

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets unless such useful lives are indefinite. Intangible assets are amortised from the day they are available for use. The amortisation methods and periods used by the group are disclosed in note 13.

INVENTORY
Inventory is stated at the lower of cost and net realisable value. Cost is determined by the first-in first-out (FIFO) method. The cost of purchased inventory is determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES
The group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through the income statement), and
- Those to be measured at amortised cost

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

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

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

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore classified as current. Trade receivables measured at fair value upon initial recognition, and thereafter at amortised cost, less allowance made for credit losses. The interest rate element is disregarded if insignificant, which is the case for the vast majority of the group's trade receivables.

Cash and cash equivalents
Cash and cash equivalents consist of cash deposits on call with financial institutions and restricted cash.

Trade and other payables
Trade payables are recognised at the original invoiced amount. Other payable are recognised initially at fair value. Trade and other payables are valued at amortised cost using the effective interest rate method. The interest rate element is disregarded if it is insignificant, which is the case for the vast majority of the group's trade payables.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

IMPAIRMENT
Impairment of non-financial assets
The carrying amount of the groups non-financial assets (other than deferred tax assets and inventory) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If an indication of impairment exists, the asset's recoverable amount is estimated. Intangible assets with an indefinite useful life and intangible assets that are not yet available for use are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired.

For the purposes of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount and recognised in the income statement. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

An impairment loss on goodwill is not reversed. For assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, net of depreciation or amortisation, calculated as if no impairment loss had been recognised.

Impairment of financial assets
The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

There are mainly trade receivables that are subject to the expected credit loss model in IFRS9. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. Trade receivables are grouped based on shared credit risk characteristics and days past due. Expected losses are calculated through an individual and specific assessment of each customer / receivable. The assessment is carried out by senior staff in the group's finance department in dialogue with the management of the operating segments. For trade receivables that are more than 90 days past due date, a scenario analysis is performed. The scenario analysis includes scenarios for (i) the client's bankruptcy, (ii) the client executes debt negotiations and (iii) the customer pays the claim in full.

PROVISIONS
A provision is recognised when the group has a present obligation as a result of a past event that can be estimated reliably and it is probable that the group will be required to settle the obligation. If the effect is material, provisions are determined as the present value of expected future cash flows, discounted by a market based pre-tax discount rate.

Warranty provisions are made for expected future expenses related to delivered products and services. The provisions are based on historic data of incurred warranty expenses.

LEASES
The group applies IFRS 16 and its leasing agreements primarily consist of rent of office premises and production facilities with various lease terms and conditions.

Upon entering into a contract, an assessment is made of whether an agreement contains a lease arrangement entitling the group to control the use of an identified asset. If the lease is identified as such, assets and associated liabilities are recognised at the start of the lease. The group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease if it is reasonably certain to be exercised. Lease payments for the first twelve month following the balance sheet date is classified as current liabilities.

Right-of-use assets
The group recognises right-of-use asset at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The cost of right-of-use asset includes the amount of lease liability recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's estimated useful life and the lease term and is subject to impairment assessment of non-financial assets.

Lease liabilities
The lease liability is initially measured at the present value of the lease payment that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate as the discount rate which is generally the case for the group. The lease payments include fixed payments and variable lease payments that depend on an index or rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, or as appropriate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Short-term leases and lease of low value assets
The group applies the recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. The group also applies recognition exemption to leases that are considered low-value assets, mainly IT and office equipment.

Lease payments associated with short-term leases and low-value assets are recognised on a straight-line basis as an expense in the income statement.

DIVIDENDS
Dividends are recorded in the group's consolidated financial statement in the period which they are approved by the general meeting.

NOTE 05 FINANCIAL RISK AND EXPOSURE

NORBIT is exposed to different types of financial risk, including interest-, currency-, credit-, and liquidity risks. The group's finance department is responsible for carrying out the policies and guidelines for financial risk management approved by the board.

INTEREST RATE RISK
The group's main interest rate risk arises from borrowings with variable rates, which expose the group to cash flow interest rate risk. NORBIT has no financial instruments designated to hedge interest rate risk.

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

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

Interest rate exposure

Amounts in NOK thousand	**Impact on pre-tax profit 2020**	Impact on pre-tax profit 2019
Interest rates - increase by 100 basis points *	**(756)**	(675)
Interest rates - decrease by 100 basis points *	**756**	675

**) Ceteris paribus*

CURRENCY RISK
NORBIT has international operations and clients and is exposed to currency risk through customer contracts and purchase of products and services in currencies other than the functional currency (NOK). NORBIT is primarily exposed to EUR and USD currencies.

The group's exposure to foreign currency risk, expressed in NOK thousand, at the end of the reporting period is set out in the table below.

Foreign exchange exposure

Amounts in NOK thousand	**31.12.2020**	31.12.2019
Trade receivables	**83 740**	103 582
Trade payables	**(42 382)**	(58 746)
Bank deposits	**8 435**	4 589
Overdraft facility*	**60 663**	-

* *NORBIT has a multi-currency overdraft facility (EUR, USD and NOK). The overdraft facility is shown net in the consolidated financial statements. At 31 December 2020 the USD and EUR balance on the overdraft facility was NOK 60.7 million (i.e. net cash).*

Financial assets and liabilities – net foreign exchange exposure by major currencies

	31.12.2020	
	Currency	NOK
USD	5 909	50 416
EUR	4 964	51 974
GBP	694	8 077
HUF	59 785	1 720
PLN	653	1 499
JPY	(24 436)	(1 955)
Other		(1 276)

Fluctuations in exchange rates can lead to increased or decreased profit margin in contracts with customers compared to the initial project calculus. The group was a net seller of EUR and a net buyer of USD during 2020.

Derivatives
The group's hedging practice over the last few years has been to hedge in the range of 30-50 per cent of expected net positions in EUR and USD on a rolling quarterly basis. There is currently an ongoing process to optimise the hedging practice further.

There were no derivatives outstanding at 31 December 2020 or at 31 December 2019.

Classification of derivatives
Derivatives are only used for economic hedging purposes and not as speculative investments. However, the group's hedging policy does not meet the hedge accounting criteria. Hence, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

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

CREDIT RISK
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The group is exposed to credit risk related to bank deposits, trade receivables and other current receivables. The exposure to credit risk is monitored on an ongoing basis within the group.

Cash and cash equivalents
Bank deposits are held with reputable banks with strong credit-ratings. Based on their credit ratings, management does not expect any of these financial institutions to fail to meet their obligations.

Trade receivables
The group has inherent credit risk through the fact that a client may not be able to meet its obligations under a contract. The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Reference is made to note 4 and note 16.

LIQUIDITY RISK
Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The group's strategy for managing liquidity risk is always to have sufficient liquidity to meet its financial liabilities at maturity, both under normal and exceptional circumstances, without risking unacceptable losses or at the expense of the group's reputation. At 31 December 2020, NORBIT had NOK 199.9 million in undrawn credit facilities, of which NOK 120.7 million was available under the revolving credit facility and NOK 79.2 million under the overdraft facility, providing a significant liquidity buffer.

Financing arrangements: Interest-bearing borrowings

Amounts in NOK thousand	**2020**	2019
Floating rate		
Expiring within one year (bank overdraft and revolving credit facility)	**83 141**	3 429
Expiring beyond one year (loans from financial institutions)	**11 561**	15 843
Total	**94 702**	19 272

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

Contractual maturities of financial liabilities at 31 December 2020

Amounts in NOK thousand	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
At 31 December 2020					
Non-derivatives					
Trade payables	67 356	-	-	67 356	67 356
Borrowings	84 945	11 737	1 176	97 858	94 702
Lease liabilities	8 484	15 389	-	23 873	23 187
Other payables	15 830	-	-	15 830	15 830
Total	176 615	27 127	1 176	204 917	201 075

Contractual maturities of financial liabilities at 31 December 2019

Amounts in NOK thousand	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
At 31 December 2019					
Non-derivatives					
Trade payables	89 161	-	-	89 161	89 161
Borrowings	4 132	11 080	7 815	23 027	20 592
Lease liabilities	4 441	4 271	-	8 713	8 395
Other payables	8 025	-	-	8 025	8 025
Total	105 759	15 351	7 815	128 925	126 172

Net change in borrowings and lease liabilities

Amounts in NOK thousand	Borrowings	Lease liabilities	Total
1 January 2019	169 979	12 867	**182 846**
Cash changes			
- net changes in loans	(150 707)	(6 966)	**(157 673)**
- interest and fee payments	(6 919)	(400)	**(7 318)**
Non-cash changes			
- accrued interest and fee	6 919	400	**7 320**
- new leasing liabilitites	-	2 494	**2 494**
31 December 2019	19 272	8 395	**27 667**
- of which non-current	15 843	3 954	**19 797**
- of which current	3 429	4 441	**7 870**
Total	19 272	8 395	**27 667**
1 January 2020	19 272	8 395	**27 667**
Cash changes			
- net changes in loans	75 429	(5 063)	**70 366**
- interest and fee payments	(979)	(178)	**(1 156)**
Non-cash changes			
- accrued interest and fee	979	178	**1 156**
- new leasing liabilitites	-	19 856	**19 856**
31 December 2020	94 702	23 187	**117 889**
- of which non-current	83 141	14 703	**97 844**
- of which current	11 561	8 484	**20 045**
Total	94 702	23 187	**117 889**

NOTE 06 SEGMENT INFORMATION

DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES
NORBIT is organised in three operating segments; Oceans, Intelligent Traffic Systems (ITS) and Product, Innovation & Realization (PIR). 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 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 is enabling innovation and contract manufacturing to long-term key clients.

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

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

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 proprietary technology, including special instrumentation based on radar, radio frequency and embedded signal processing technology.

Financial results reportable segments

	2020				
Amounts in NOK thousand	Oceans	ITS	PIR	Group/ eliminations	Total
Revenues	267 238	145 149	224 584	(18 172)	**618 798**
Raw materials and change in inventories	119 880	69 211	111 462	(7 883)	**292 670**
Operating expenses	87 751	33 415	110 818	673	**232 657**
EBITDA	59 608	42 522	2 303	(10 962)	**93 471**
EBITDA margin	22%	29%	1%	-	**15%**
Depreciation	4 539	989	12 049	3 061	**20 638**
Amortisation and impairment	9 506	13 809	5 172	-	**28 487**
EBIT	45 563	27 724	(14 918)	(14 023)	**44 345**
Total financial items (not allocated)					**(9 524)**
Profit before tax					**34 822**
Taxes (not allocated)					**(7 528)**
Segment profit included in discontinued operations					
Profit after tax					**27 293**
Timing of revenues					
- At point in time	238 678	145 149	201 324		
- Over time	28 561	-	23 260		
Total	267 238	145 149	224 584		

	2019				
Amounts in NOK thousand	Oceans	ITS	PIR	Group/ eliminations	Total
Revenues	248 959	186 276	259 901	(26 961)	**668 176**
Raw materials and change in inventories	111 645	65 123	131 151	(3 424)	**304 495**
Operating expenses	73 213	38 072	106 199	(3 552)	**213 932**
EBITDA	64 102	83 081	22 551	(19 985)	**149 749**
EBITDA margin	26%	45%	9%	-	**22%**
Depreciation	2 106	1 540	13 399	1 872	**18 917**
Amortisation and impairment	11 435	11 687	4 797	-	**27 919**
EBIT	50 561	69 855	4 355	(21 857)	**102 913**
Total financial items (not allocated)					**(7 482)**
Profit before tax					**95 432**
Taxes (not allocated)					**(18 158)**
Segment profit included in discontinued operations					
Profit after tax					**77 274**
Timing of revenues					
- At point in time	234 777	186 276	254 403		
- Over time	14 182	-	5 498		
Total	248 959	186 276	259 901		

NOTE 07 SALARIES, PENSION AND SOCIAL SECURITY COSTS

Payroll expenses

Amounts in NOK thousand	2020	2019
Salaries	**150 284**	142 295
Pension costs	**7 571**	6 790
Payroll tax	**17 947**	14 511
Capitalised payroll expenses as development asset	**(22 894)**	(18 669)
Synthetical share-based payment expenses	**-**	15 200
Other payroll expenses	**2 686**	1 523
Total payroll expenses	**155 595**	161 650
Average number of FTEs	**246**	245

Pension arrangements
NORBIT's Norwegian group companies have pension plans secured through collective agreements in life insurance companies. The Norwegian companies in the group are subject to the Norwegian Act on Occupational Pensions, and the group meets the requirement of this legislation. The group has pension plans with defined contribution plans. The defined contribution plan means that the companies have not incurred any future obligation. After the annual grant is paid the companies have fulfilled its obligation in accordance with the arrangement.

In addition, some of the Norwegian companies in the group are members of an agreement-based early retirement plan (AFP). The scheme provides the employees the opportunity to retire before the normal retirement age in Norway of 67 years. Employees who choose retirement will retain a life-long benefit from the age of 62 years. The Norwegian Accounting Standards Board has issued a statement concluding that the AFP plan is a multi-employer defined benefit plan. The AFP plan exposes the participating entities to actuarial risk associated with employees of other entities with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual participating entities. Sufficient information is not available to use defined benefit accounting and the AFP plan is accounted for as a defined contribution plan.

The group's subsidiaries outside of Norway have pension plans based on local practice and regulations.

NOTE 08 OTHER OPERATING EXPENSES

Amounts in NOK thousand	2020	2019
External services	**43 052**	31 990
Travel expenses	**3 457**	5 177
Freight	**7 764**	3 588
Office supplies	**1 949**	4 171
Marketing	**6 438**	5 938
Guarantee, service and support	**3 546**	6 523
Other operating expenses	**10 856**	5 760
Total operating expenses	**77 062**	63 147

Fees to the auditors

The table below summarises audit fees, as well as fees for audit related services, tax services and other services incurred by the group during 2020 and 2019.

Amounts in NOK thousand	**2020**	2019
Audit fee	**1 579**	805
Tax advisory fee	**57**	20
Other audit related services	**186**	446
Auditor's remuneration in other operating expenses	**1 822**	1 271
Other IPO related services classified as finance cost	**-**	857
Other IPO related services charged directly to equity	**-**	857
Total auditor's remuneration	**1 822**	2 985

NOTE 09 FINANCIAL INCOME AND FINANCIAL EXPENSES

Amounts in NOK thousand	**2020**	2019
Financial income		
Financial exchange gain (net)	**-**	1 382
Other financial income	**1 024**	1 580
Financial income	**1 024**	2 962
Financial expenses		
Interest expenses	**979**	6 112
Financial exchange loss (net)	**5 406**	-
IPO related expenses	**-**	4 330
Other financial expense	**4 726**	1 472
Financial expenses	**11 111**	11 914
Share of profit of associates	**564**	1 470
Net financial items	**(9 524)**	(7 482)

Please refer to note 23 for further information regarding share of profits from associates.

NOTE 10 INCOME TAX EXPENSE

Income tax specification

Amounts in NOK thousand	**2020**	2019
Current tax		
Current tax on profits for the year *)	**1 314**	339
Adjustments for current tax of prior periods	**-**	-
Total current tax expense	**1 314**	339
Deferred income tax		
Decrease/(increase) in deferred tax asset	**6 214**	17 819
Total deferred tax expense/(benefit)	**6 214**	17 819
Total income tax expense	**7 528**	18 158

**) Current tax relates to foreign subsidiaries and is classified as current liabilities in the balance sheet.*

Reconciliation between nominal and effective tax rates

Amounts in NOK thousand	**2020**	2019
Profit before income tax expense	**34 822**	95 432
Tax at the rate of 22%	**7 661**	20 995
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Income from associated companies	**(124)**	(323)
Change in unrecognised tax asset	**819**	-
Other permanent differences	**(827)**	(2 514)
Subtotal	**7 528**	18 158
Effective tax rate	**22%**	19%

Amounts recognised directly in equity

Amounts in NOK thousand	**2020**	2019
Deferred tax: Tax on transaction costs	**-**	(3 707)
Total	**-**	(3 707)

Deferred tax assets

Amounts in NOK thousand	**2020**	2019
The balance comprises temporary differencs attributable to:		
Tax losses	**(6 869)**	(14 763)
Intangible and fixed assets	**(12 375)**	(10 135)
Inventories	**(1 244)**	(674)
Total	**(20 487)**	(25 572)
Other current assets	**(1 244)**	(122)
Other non-current liabilities	**535**	776
Other current liabilities	**(38)**	(527)
Provisions	**(690)**	(177)
Sub-total other	**(1 436)**	(51)
Total deferred tax assets	**(21 924)**	-
Unrecognised deferred tax assets	**2 185**	-
Net deferred tax assets	**(19 738)**	(25 623)

Change in deferred tax assets

Amounts in NOK thousand	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
At 1 January 2019	(21 071)	(11 581)	(944)	466	**(33 130)**
(Charged)/credited	-	-	-	-	**-**
- to profit or loss	16 193	1 446	270	(405)	**17 504**
- directly to equity	(3 707)	-	-	-	**(3 707)**
Acquisition of subsidiary	(6 178)	-	-	(112)	**(6 290)**
At 31 December 2019	(14 763)	(10 135)	(674)	(51)	**(25 623)**
At 1 January 2020	(14 763)	(10 135)	(674)	(51)	**(25 623)**
(Charged)/credited	-	-	-	-	**-**
- to profit or loss	7 894	(2 240)	(570)	800	**6 214**
At 31 December 2020	(6 869)	(12 375)	(1 244)	749	**(19 738)**

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise temporary differences and losses. The group has assessed the probability of obtaining the necessary taxable profits based on budgets and forecasts. These analysis indicate that the group will be in a tax payable position in 2021.

NOTE 11 EARNINGS PER SHARE

Amounts in NOK	**2020**	2019
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	**0.48**	1.45
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	**0.48**	1.45

Reconciliations of earnings used in calculating earnings per share

Amounts in NOK thousand	**2020**	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	**27 293**	77 263
Used in calculating diluted earnings per share	**27 293**	77 263

Weighted average number of shares used as the denominator

Number	**2020**	2019
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**56 786 918**	53 447 564

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 equity holders of the parent company by the weighted average number of shares outstanding during the year plus the number of potential shares that could be issued.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK thousand	Land and properties	Machinery, fixtures and fittings	Total
Cost at 1 January 2019	38 575	189 295	227 870
Accumulated depreciation	16 444	140 464	156 907
Net book amount 1 January 2019	22 131	48 832	70 963
Additions	5 140	21 467	26 607
Disposals	-	-	-
Depreciation charge	2 026	16 891	18 917
Net book amount 31 December 2019	25 245	53 408	78 653
Cost at 1 January 2020	43 715	210 762	254 477
Accumulated depreciation	18 470	157 355	175 824
Net book amount 1 January 2020	25 245	53 408	78 653
Additions	46 310	47 153	93 463
Disposals	-	-	-
Depreciation charge	2 517	19 646	22 163
Net book amount 31 December 2020	69 038	80 915	149 953
Useful life	25 years	3-7 years	
Depreciation method	Linear	Linear	

Leased assets
Machinery, fixtures and fittings includes the following amounts where the group is a lessee:

Amounts in NOK thousand	**2020**	2019
Leased equipment		
Cost	**52 790**	32 934
Accumulated depreciation	**29 645**	24 727
Net book amount	**23 145**	8 207

Please refer to note 20 for further information regarding leased assets.

Impairment loss and compensation
There were no impairment losses in 2020 or 2019.

Change in depreciation period
There were no changes to the depreciation period for the fixed assets.

NOTE 13 INTANGIBLE ASSETS

Amounts in NOK thousand	Capitalised development costs
Cost at 1 January 2019	210 399
Accumulated amortisation	93 817
Accumulated impairment	12 303
Net book amount 1 January 2019	104 279
Additions	58 957
Disposals	-
Amortisation charge	27 919
Net book amount 31 December 2019	135 318
Cost at 1 January 2020	269 356
Accumulated amortisation	121 736
Accumulated impairment	12 303
Net book amount 1 January 2020	135 318
Additions	62 994
Disposals	-
Amortisation charge	26 858
Net book amount 31 December 2020	171 454
Useful life	3-7 years

In 2020, further development was made on own technology and own products, mainly within the market segments Oceans and ITS. In Oceans, the majority of the capital spent relates to the development of the new ultra-high resolution sonar WINGHEAD, which was released in June, in addition to other hardware and software development.

In the ITS segment, the development projects are primarily related to next generation connectivity devices for GNSS tolling for trucks and DSRC-modules.

Amortisation methods and useful lives
Capitalised development is normally amortised over three to five years on a straight-line basis. Economic benefit is, however, considered for each product and the amortisation period is equal to useful life of the developed product. In 2020, amortisation of the group's investment in the WINGHEAD sonar was started based on a seven year, straight-line amortisation plan.

Impairment
At the end of each reporting period, the group assess whether there are indications that any intangible asset has been impaired. If such indications are present, an estimate of the recoverable amount of the asset is calculated. Regardless of whether there is an indication of impairment, intangible assets with indefinite useful lives or intangible assets that are not yet available for use at the balance sheet date, are tested every year.

To assess whether indications of impairment exist, an analysis of future cash flows from intangible assets similar to the requirements under IAS 36.39 is prepared. In this analysis estimated contribution per product is applied, that is sales value less direct material cost and direct personnel costs. Both external documentation, budgets and forecasts are used in preparing the analysis. It is also considered to what extent previous estimates of future cash flows have been met. Prevailing market conditions are also taken into account, particularly related to Covid-19 and the impact on estimates and forecasts.

Future cash flows are calculated at the present value using a discount rate specific to the relevant asset, ranging from 8.1 per cent to 9.1 per cent. These rates are calculated based on the rates implicit in the current market transactions for similar assets or based on the weighted average cost of capital of several listed companies that are relevant for a single asset (or portfolio of assets), that in terms of potential performance and risk corresponds to the relevant asset being tested for impairment.

No indication of impairment was identified in 2020 or in 2019. It is referred to note 4 for accounting policies relevant to intangible assets.

Change in amortisation period
Capitalised development relating to the WINGHEAD sonar is amortised over seven years. The remaining capitalised developments are amortised over three to five years. There were no changes in amortisation profiles during 2020.

NOTE 14 INVENTORIES

Amounts in NOK thousand	2020	2019
Current assets		
Raw materials and stores	**118 819**	121 216
Work in progress	**8 568**	16 932
Finished goods - at cost	**37 218**	29 653
Book value	**164 605**	167 801
Inventory held at cost	**170 012**	170 865
Obsolescence raw materials	**(5 135)**	(3 064)
Obsolescence finished goods	**(272)**	-
Book value	**164 605**	167 801

Amounts in NOK thousand	2020	2019
Spesification of raw materials and consumables used		
Purchase of goods	**284 915**	346 202
Freight, customs etc.	**4 560**	3 203
Change of inventories	**3 196**	(44 910)
Total	**292 670**	304 495

NOTE 15 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets

Amounts in NOK thousand	2020	2019
Financial assets at fair value		
Aptomar do Brazil	**137**	-
Tangen Næringsbygg AS	**100**	100
Total shares in other companies (through OCI)	**237**	100
Financial assets at amortised cost		
Trade receivables	**121 356**	149 877
Other receivables and prepayments	**25 628**	18 086
Derivatives	**-**	-
Cash and cash equivalents	**14 953**	21 680
Total	**161 938**	189 643

Financial liabilities

Amounts in NOK thousand	2020	2019
Liabilities at amortised cost		
Trade payables	**67 356**	89 161
Interest-bearing borrowings	**94 702**	19 273
Lease liabilities	**23 187**	8 395
Derivatives	**-**	-
Other payables	**15 830**	34 853
Total	**201 075**	151 682

NOTE 16 TRADE RECEIVABLES

Amounts in NOK thousand	**2020**	2019
Current assets		
Trade receivables	**126 994**	150 916
Loss allowance	**(5 638)**	(1 039)
Total	**121 356**	149 877

Amounts in NOK thousand	**2020**	2019
Not due	**89 046**	103 944
1-30 days past due date	**17 585**	20 348
31-60 days past due date	**2 766**	4 176
60+ days past due date	**17 597**	22 448
Total	**126 994**	150 916

NOTE 17 CASH AND CASH EQUIVALENTS

Restricted bank deposits are tax deductions made on behalf of employees.

Amounts in NOK thousand	**2020**	2019
Bank deposits payable on demand	**8 558**	15 445
Bank deposits restricted to tax payments	**6 395**	6 235
Total	**14 953**	21 680

NOTE 18 INTEREST-BEARING BORROWINGS

	2020		
Amounts in NOK thousand	Current	Non-current	**Total**
Bank overdrafts	50 820	-	**50 820**
Bank loans	32 321	11 561	**43 882**
Total interest-bearing borrowings	83 141	11 561	**94 702**

	2019		
Amounts in NOK thousand	Current	Non-current	**Total**
Bank overdrafts	1 320	-	**1 320**
Bank loans	2 109	15 843	**17 953**
Total interest-bearing borrowings	3 429	15 843	**19 273**

The group's two main loan facilities were established in December 2018, comprising a revolving credit facility (RCF) and an overdraft facility. The facilities have a credit limit of NOK 150 million and NOK 130 million, respectively. NORBIT had drawn NOK 50.8 million on the overdraft facility at 31 December 2020, while NOK 29.3 million was drawn on the RCF. The RCF is priced at 3M NIBOR + 1.8 per cent margin p.a., while the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a. The maturity date for the RCF is December 2021, and consequently, the facility has been classified as a current liability by 31 December 2020 in the accounts. Refer to note 21 for details on covenants related to the credit facilities.

Assets pledged as security

Amounts in NOK thousand	**2020**	2019
Secured interest-bearing borrowings		
Long term debt	**11 561**	15 844
Short term debt	**83 141**	3 429
Total secured interest-bearing borrowings	**94 702**	19 273

The carrying amounts of assets pledged as security for current and non-current interest-bearing borrowings are:

Amounts in NOK thousand	**2020**	2019
Current		
Receivables	**118 298**	126 022
Inventories	**158 628**	165 595
Total current assets pledged as security	**276 927**	291 617
Non-current		
Property, plant and equipment	**128 971**	65 904
Total non-current assets pledged as security	**128 971**	65 904
Total assets pledged as security	**405 898**	357 521

NOTE 19 OTHER CURRENT LIABILITIES

Amounts in NOK thousand	**2020**	2019
Payroll tax and other statutory liabilities	**10 872**	8 025
Holiday pay accrual	**14 581**	15 293
Prepayments from customers	**13 289**	4 647
Debt to former non-controlling interest	**-**	4 487
Warranty provisions	**3 193**	1 092
Other payables and accruals	**5 533**	5 719
Total	**47 467**	39 262

NOTE 20 LEASES

NORBIT has chosen to present the right-of-use assets as part of property, plant and equipment, and the lease liabilities as separate line items in the balance sheet. The group does not have any right-of-use assets that would meet the definition of investment property.

At year-end, the group had a portfolio of 6 leases (2019: 17) which mainly consist of lease of office premises and production facilities. At 31 December 2020, the leases had a weighted average remaining lease term of 34 months. Extension options in the lease agreements have been assessed and reflected in the IFRS 16 calculations if use of the option is reasonably certain.

There are no explicitly identifiable interest rates in the lease agreements. Hence, an estimated marginal borrowing cost has been used, equivalent to NIBOR 1M at the time of the agreements and the credit margin according to the revolving credit facility (1.8 per cent) agreement with DNB.

Key figures related to the lease portfolio

	2020		
Amounts in NOK thousand	Machinery and vehicles	Office rent	**Total**
Carrying amount at 31 December *)	371	22 774	**23 145**
Lease liability at 31 December	334	22 853	**23 187**
Depreciations	879	4 079	**4 959**
New lease agreements	-	22 709	**22 709**
Lease payments	810	4 323	**5 133**

	2019		
Amounts in NOK thousand	Machinery and vehicles	Office rent	**Total**
Carrying amount at 31 December *)	1 251	6 956	**8 207**
Lease liability at 31 December	(1 120)	(7 275)	**(8 395)**
Depreciations	2 613	4 374	**6 987**
New lease agreements	873	2 382	**3 255**
Lease payments	2 552	4 414	**6 966**

** Both lease categories are included in the "Machinery, fixtures and fittings" category in note 12.*

NOTE 21 CAPITAL MANAGEMENT

Risk management
The group's objectives when managing capital are to:

- Safeguard its ability to continue as a going concern, so that it can provide a competitive risk-adjusted return for shareholders and benefits for other stakeholders
- Maintain financial robustness and an optimised capital structure in order to reduce cost of capital
- Maintain a robust headroom to covenants in loan agreements
- In order to optimise the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt

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

- Carrying value of total equity as per cent of carrying value of total assets
- Net interest bearing debt (NIBD) over EBITDA

Loan covenants

Amounts in NOK thousand	**2020**	2019
Equity ratios 31 December		
Total equity	**436 763**	443 579
Total assets	**671 648**	600 010
Equity ratio	**65%**	74%

Amounts in NOK thousand	**2020**	2019
NIBD ratios 31 December		
NIBD	**79 749**	(2 407)
EBITDA	**93 471**	149 749
NIBD to EBITDA ratio	**0.85**	(0.02)

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

- 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: Net interest-bearing debt (total interest-bearing borrowings less cash and cash equivalents) over EBITDA shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12-month rolling basis.

The group has complied with these covenants throughout the reporting period and at year-end 2020.

Dividends
NORBIT's dividend policy is to pay out annual dividends between 30 and 50 per cent of the group's ordinary net profit after tax. When deciding on the annual dividend, the board of directors will consider the group's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.

The board of directors has proposed that NOK 0.30 per share is paid as dividend for the financial year 2020 (NOK 17.0 million), representing 62.5 per cent of net profit after tax.

In 2020, NORBIT paid NOK 0.60 per share in dividends to the shareholders (NOK 34.1 million) for the financial year 2019, representing 41.3 per cent of net profit after tax. Half of the dividend was paid in May, while the remainder was paid in November in accordance with the authorisation provided to the board of directors by the general meeting in 2020.

NOTE 22 BUSINESS COMBINATIONS

There were no business combinations in 2020.

In 2019, NORBIT acquired 100 per cent of the share capital in Ablepay AS ("Ablepay"). Ablepay was acquired for the company's self-developed technology and the possible synergies the acquisition has with other companies within the group. Ablepay was founded in 2009 and the technology has been developed in close collaboration with SINTEF. Ablepay AS has been renamed to NORBIT Ablepay AS and is reported as a part of the PIR operating segment.

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

Purchase price allocation:

Amounts in NOK thousand	
Cash paid (TNOK 100) + earn out (TNOK 600)	700
Net assets acquired	11 565
Bargain gain	(10 865)

The transaction resulted in a gain of NOK 10 865 thousand recognised as other gain and losses in the consolidated financial statement for 2019.

NOTE 23 EQUITY-ACCOUNTED INVESTEES

Equity-accounted investees include associated companies of NORBIT and are defined as related parties. See note 25 for overview of transactions and balances with associated companies.

Interests in associates
Set out below are the associates of the group at 31 December 2020 which, in the opinion of the directors, are material to the group. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the group. The proportion of ownership interest is the same as the proportion of voting rights held.

		Ownership		Carrying amount	
Amounts in NOK thousand		**2020**	2019	**2020**	2019
Associated company	**Head office**				
Kilmore Marine Ltd.	Aberdeen	**35%**	35%	**2 596**	2 065
Kvikna Consulting Ehf.	Reykavik	**33%**	33%	**841**	807
Total				**3 437**	2 872

Kilmore Marine Ltd
Kilmore Marine Limited is a private limited company located in Aberdeen, Scotland. Kilmore Marine Ltd. acts as NORBIT Oceans' distributor in the UK and Middle East. NORBIT ASA owns 35 per cent of the shares in the company. Subsequent to year-end, NORBIT ASA acquired the remaining 65 per cent of the shares in the company for a total consideration of GBP 450 000. Kilmore Marine Ltd. will be consolidated in the financial statements from 10 February 2021.

Kvikna Consulting Ehf
Based in Reykjavik, Iceland, Kvikna Consulting Ehf. is a software company providing services to all of NORBIT's operating segments. NORBIT ASA owns 33.33 per cent of the shares in the company.

Share of profits from associates

Amounts in NOK thousand	**2020**	2019
Kilmore Marine Ltd.	**522**	664
Kvikna Consulting Ehf.	**41**	807
Share of profit from associates	**564**	1 470

NOTE 24 SHARE CAPITAL AND SHAREHOLDER INFORMATION

Share capital and share premium
The share capital in NORBIT ASA at 31 December 2020 consists of one share class with a total of 56 786 918 shares with a face value of NOK 0.10 with a total share capital of NOK 5 678 692.

Number of shares	**2020**	2019
Ordinary shares		
Fully paid	**56 786 918**	56 786 918
Total number of shares	**56 786 918**	56 786 918

Movements in ordinary shares

Amounts in NOK thousand	Number of shares	Par value	Share premium	Total
Opening balance at 1 January 2019	434 295	434	43 820	**44 254**
Split 1:100	43 429 500	-	-	-
Ordinary issue	13 357 418	5 244	244 756	**250 000**
Less: Transaction costs arising on share issues	-	-	(13 143)	**(13 143)**
Balance at 31 December 2019	56 786 918	5 679	275 433	**281 112**
Balance at 31 December 2020	56 786 918	5 679	275 433	**281 112**

Movements in retained earnings

Amounts in NOK thousand	**2020**	2019
Balance at 1 January	**161 923**	103 939
Net profit for the period	**27 293**	77 263
Items of other comprehensive income recognised directly in retained earnings	**153**	1 273
Transaction with non-controlling interest	**(100)**	(14 552)
Dividends	**(34 072)**	(6 000)
Balance at 31 December	**155 197**	161 923

The 20 largest shareholders in NORBIT ASA at 31 December 2020:

Shareholder	Shares	Pecentage
VHF Invest AS	8 686 495	15.30%
Petors AS	6 925 695	12.20%
Draupnir Invest AS	5 702 949	10.04%
Esmar AS	3 832 286	6.75%
Eidco A/S	3 832 286	6.75%
Taiga Investment Funds (Morgan Stanley & Co. Int. Plc.)	3 745 187	6.60%
Handelsbanken Nordiska Smabolag (J.P. Morgan Bank Luxembourg S.A.)	3 698 135	6.51%
Arctic Funds Plc (The Bank of New York Mellon SA/NV)	2 692 374	4.74%
Citibank, N.A.	1 200 000	2.11%
Danske Invest Norge Vekst	1 050 000	1.85%
Danske Bank A/S	725 076	1.28%
Usegi AS	721 989	1.27%
T.D. Veen AS	715 000	1.26%
Nordea Bank Abp	684 247	1.20%
Sonstad AS	676 000	1.19%
Carnegie Investment Bank AB	627 216	1.10%
Citibank, N.A.	525 000	0.92%
Handelsbanken Microcap Norden (J.P. Morgan Bank Luxembourg S.A.)	470 392	0.83%
GH Holding AS	421 000	0.74%
Bergen Kommunale Pensjonskasse	310 344	0.55%
Total 20 largest shareholders	**47 241 671**	**83.19%**
Other shareholders	9 545 247	16.81%
Total number of shares	**56 786 918**	**100.00%**

NOTE 25 RELATED PARTIES

Related party relationships are those involving control (either direct or indirect), joint control or significant influence. Related parties are in a position to enter into transactions with the company that would not be undertaken between unrelated parties. All transactions with related parties in NORBIT have been based on arm's length basis.

Transactions with management and directors
During 2020, the group purchased legal services of NOK 923 thousand from Prétor Advokat AS, in which Director Tom Solberg is one of the partners.

There were no other related party transactions between the company and the parties in the management or the board in 2020 or 2019.

Transactions with associates
Below summarises the transactions and balance sheet items with associates.

Amounts in NOK thousand	**2020**	2019
Trade receivables	**9 771**	-
Trade payables	**2 598**	1 016
Revenues	**13 862**	15 165
Raw materials	**6 561**	5 489

NOTE 26 REMUNERATION TO THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Board of directors compensation
The board of directors did not receive any other fees than those listed in the table below.

The members of the board of directors have no agreements that entitle them to any extraordinary remuneration other than approved at the annual general meeting.

The fees in the table below represent actual expenses paid in the year.

2020

Amounts in NOK thousand	Remuneration
Finn Haugan	520
Bente Avnung Landsnes	325
Tom Solberg	170
Trond Tuvstein	200
Marit Collin	170

2019

Amounts in NOK thousand	Remuneration
Finn Haugan	292
Bente Avnung Landsnes	190
Tom Solberg	88
Trond Tuvstein	117
Marit Collin	88

Guidelines for remuneration to the members of the executive management of NORBIT
Members and terms
At the December 31, 2020, the executive management of NORBIT comprised group CEO Per Jørgen Weisethaunet, group CFO Per Kristian Reppe, group CTO Arild Søraunet, Business Unit Director Oceans Peter Koldgaard Eriksen, Business Unit Director ITS Peter Tschulik and Business Unit Director PIR and group COO Stein Martin Beyer. The group practices standard employment contracts and standard terms and conditions regarding notice period and severance pay. All members of the executive management team have six months' notice period as part of their employment contracts, with the exception of Business Unit Director of ITS Peter Tschulik who has a three months notice period.

The salary figures for the remuneration for the executive management represent what has been expensed in the year.

None of the executive management team receive remuneration for directorships in the group entities.

Remuneration to the executive management in 2020 was in compliance with the guidelines as presented to the general meeting in May 2020.

Benefits, variable pay and performance based remuneration
The executive management team has no special pension and insurance plans. There are no performance based pension plans. No loans, prepayments or other forms of credit issued to any members of the executive personnel.

There was no variable pay or performance based remuneration to executive management in 2020. Business Unit Director in Oceans, Peter Koldgaard Eriksen received USD 150 000 as a discretionary bonus as part of an agreement made prior the listing of the company's shares in 2019. The agreement expired in 2020.

In 2019, NORBIT terminated a synthetic option program prior to the listing of the company's shares. The program was launched in 2014 and had a duration of five years. The bonus payment is included in the below table.

2020

Amounts in NOK thousand	Salary	Bonus and share-based payment	Pension costs	Other remuneration	**Total remuneration**
Per Jørgen Weisethaunet (group CEO)	2 727	-	110	10	**2 846**
Per Kristian Reppe (group CFO) - as of 20.7	864	-	43	77	**983**
Stian Lønvik (group CFO) as of 1.1 to 31.7	1 116	-	70	12	**1 197**
Business Unit Directors (BUD):					
Peter K. Eriksen (BUD Oceans)	2 812	1 483	145	-	**4 439**
Stein M. Beyer (BUD PIR and group COO)	2 008	-	148	6	**2 162**
Peter Tschulik (BUD ITS)	1 790	-	27	-	**1 818**
Arild Søraunet (group CTO)	1 272	-	94	8	**1 374**
Total	12 588	1 483	636	113	**14 819**

2019

Amounts in NOK thousand	Salary	Bonus and share-based payment	Pension costs	Other remuneration	**Total remuneration**
Per Jørgen Weisethaunet (group CEO)	2 195	6 294	107	24	**8 620**
Stian Lønvik (group CFO)	1 647	2 826	102	21	**4 596**
Business Unit Directors (BUD):					
Peter K. Eriksen (BUD Oceans)	2 557	2 201	76	-	**4 834**
Stein M. Beyer (BUD PIR)	1 848	1 540	116	32	**3 536**
Peter Tschulik (BUD ITS)	1 537	-	24	-	**1 561**
Arild Søraunet (group CTO)	1 171	3 080	103	12	**4 366**
Total	10 955	15 941	528	89	**27 513**

Shares held by Board of directors and Executive management were as follows as of December 2020:

Name	Shares	Percentage
Board of directors		
Finn Haugan	65 789	0.12%
Bente Avnung Landsnes	50 473	0.09%
Tom Solberg (through Mariteam AS)	65 789	0.12%
Trond Tuvstein (through TTU Invest AS)	32 894	0.06%
Marit Collin (through Collin AS)	26 447	0.05%
Total shares held by board of directors	**241 392**	**0.43%**
Executive management		
Per Jørgen Weisethaunet (through Petors AS)	6 933 588	12.21%
Per Kristian Reppe	-	0.00%
Peter K. Eriksen (through Danske Bank A/S)	725 076	1.28%
Stein M. Beyer	295 147	0.52%
Peter Tschulik	186 700	0.33%
Arild Søraunet (ownership through Usegi AS)	721 989	1.27%
Total shares held by executive management	**8 862 500**	**15.61%**

NOTE 27 SHARE-BASED ARRANGEMENTS

There were no share-based payments in 2020.

In 2019, NORBIT terminated a synthetic option program in connection with the group's initial public offering on the Oslo Stock Exchange. The termination of the program implied a total payment to the employees of NOK 19 525 thousand excluding payroll tax, and an expense of NOK 15 200 thousand excluding payroll tax.

At the general meeting held 4 May 2020, the board was granted an authorisation to increase NORBIT ASA's share capital by up to 5.28 per cent of the share capital to be used to issue share to the company's employees in connection with incentive programs. The authorisation is valid until the annual general meeting in 2021 to be held 4 May 2021.

NOTE 28 CONTINGENCIES AND CLAIMS

The group was not involved in any material contingencies or legal claims at 31 December 2020 or 31 December 2019.

NOTE 29 GOVERNMENT GRANTS

The group received government grants of a total of NOK 8 065 thousand in 2020 (NOK 5 461 thousand in 2019).

NOTE 30 EVENTS AFTER THE BALANCE SHEET DATE

- On 18 January 2021, NORBIT announced that it was in advanced and exclusive negotiations regarding an add-on acquisition of an undisclosed European company, creating a platform for growth within the ITS segment. The preliminary transaction price values the target company at an enterprise value of EUR 14.5 million. The transaction price is based on an expected EBITDA of approximately EUR 2 million. The transaction price and completion of the transaction are, inter alia, subject to due diligence. If completed, the acquisition is expected to be financed partly by a seller's credit, by use of NORBIT's available credit lines and through a EUR 2.5 million private placement to the sellers of the target company.
- On 8 February 2021, NORBIT announced that NORBIT's On-Board-Units had been approved for use on Italian motorways. DKV will deliver the NORBIT OBUs under the brand DKV BOX ITALIA.
- On 8 March 2021, NORBIT announced an agreement for acquisition of business and assets from the Norwegian IoT company StalkIT and associated companies. The transaction price is agreed to NOK 24 million and is expected to be financed by use of NORBIT's available credit lines. Closing is expected to take place during March 2021, contingent on satisfactory outcome of a due diligence and shareholder approval in StalkIT and associated companies.

STATEMENT OF INCOME – NORBIT ASA

Amounts in NOK thousand	*Note*	**2020**	2019
Revenues	*3*	**24 380**	18 074
Employee benefit expenses	*4*	**18 960**	34 486
Other operating expenses	*5*	**19 694**	15 194
Depreciation and amortisation expenses	*9*	**592**	339
Operating profit		**(14 865)**	(31 946)
Financial income	*6*	**57 535**	118 710
Financial expenses	*6*	**4 511**	7 211
Net financial items		**53 024**	111 498
Profit before tax		**38 159**	79 552
Income tax expense	*7*	**8 402**	17 158
Profit for the period		**29 757**	62 394
Allocations and transfers			
Dividends	*8*	**17 036**	34 072
Transferred to/from other equity	*8*	**12 721**	28 322
Total allocations		**29 757**	62 394

STATEMENT OF FINANCIAL POSITION – NORBIT ASA

Amounts in NOK thousand	*Note*	**31.12.2020**	31.12.2019
ASSETS			
Office equipment	*9*	**1 913**	1 141
Intangible assets	*9*	**417**	164
Deferred tax asset	*7*	**54**	62
Investments in associated companies	*10*	**1 140**	1 140
Investments in subsidiaries	*10*	**247 228**	236 465
Other non-current assets		**313**	3 171
Total non-current assets		**251 065**	242 143
Trade receivables		**3 753**	4 225
Receivables on group companies	*10*	**264 732**	314 972
Other receivables		**869**	2 045
Cash and cash equivalents	*13*	**764**	11 187
Total current assets		**270 118**	332 429
Total assets		**521 183**	574 572
LIABILITIES			
Trade payables		**2 277**	1 494
Other payables		**517**	722
Interest-bearing borrowings	*11*	**80 078**	-
Liabilities to group companies	*10*	**-**	125 302
Other current liabilities	*8*	**20 268**	41 732
Total current liabilities		**103 140**	169 249
Total liabilities		**103 140**	169 249
EQUITY			
Share capital	*8*	**5 679**	5 679
Share premium	*8*	**275 433**	275 433
Other equity	*8*	**136 932**	124 211
Total equity		**418 043**	405 323
Total equity and liabilities		**521 183**	574 572

Trondheim, Norway, 24 March 2021
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Tom Solberg
Director

Trond Tuvstein
Director

Marit Collin
Director

Per Jørgen Weisethaunet
Chief executive officer

STATEMENT OF CASH FLOWS – NORBIT ASA

Amounts in NOK thousand	*Note*	**2020**	2019
Profit before tax		**38 159**	79 552
Depreciation and amortisation	*9*	**592**	339
Changes in other operating assets and liabilities		**656**	7 400
Net cash generated by operating activities		**39 407**	87 290
Cash flows from investing activities			
Proceeds from sale of shares and investments in other companies		**-**	1 567
Payments for office equipment and intangible assets	*9*	**(1 617)**	(1 272)
Investments in subsidiaries		**(19 157)**	(87 388)
Payment of group receivables	*10*	**50 240**	(160 293)
Net cash (used in)/generated by investing activities		**29 467**	(247 386)
Cash flows from financing activities			
Net change in overdraft facility	*11*	**50 820**	(71 001)
Proceeds from borrowings	*11*	**32 700**	-
Proceeds from group companies	*10*	**(125 302)**	95 675
Dividends paid	*8*	**(34 072)**	(6 000)
Repayment of borrowings	*11*	**(3 442)**	(81 034)
Net proceeds from share issue		**-**	233 150
Net cash (used in)/generated by financing activities		**(79 297)**	170 790
Net increase in cash and cash equivalents		**(10 423)**	10 695
Cash and cash equivalents at the beginning of the period		**11 187**	492
Cash and cash equivalents at the end of the period		**764**	11 187

NOTES TO THE FINANCIAL STATEMENTS – NORBIT ASA

NOTE 01 COMPANY INFORMATION

NORBIT ASA is the parent company of the NORBIT group of companies. NORBIT ASA is domiciled in Norway with headquarter at Stiklestadveien 1, Trondheim. NORBIT ASA is listed on the Oslo Stock Exchange with ticker "NORBT".

NOTE 02 ACCOUNTING PRINCIPLES

The annual accounts have been prepared in compliance with the Accounting Act and accounting principles generally accepted in Norway. The financial statement is presented in NOK which is the functional currency of the parent company. Financial information presented in NOK has been rounded to the nearest thousand, except when stated otherwise.

USE OF ESTIMATES
The preparation of financial statements in compliance with the generally accepted accounting practices requires management to make estimates and assumptions that affect the reported amount in the profit and loss statement, the measurement of assets and liabilities, and the disclosure of contingent assets and liabilities at the balance sheet date. Actual results may differ from estimates.

SHARES IN SUBSIDIARIES AND ASSOCIATED COMPANIES
Subsidiaries
Subsidiaries are all companies over which the parent company has control. The parent company controls a company when the parent company is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

Investment in associates
Associates are all entities over which the parent company has significant influence, which is not a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without having control or joint control of these policies. This is generally the case where the parent company holds between 20 and 50 per cent of the voting rights.

Accounting principles
The cost method is used as a principle for investments in subsidiaries and associated companies. Investments are valued at acquisition cost for the shares unless a write-down has been necessary. Investments are written down to market value if the decline is viewed as not transitory in nature and when deemed necessary. Write-downs are reversed if the basis for the write-down is no longer present. The cost price is increased when funds are raised through capital increase or when group contributions are made to subsidiaries. Dividends received are initially recognised as income. Dividends and group contributions from subsidiaries are recognised in the same year as the subsidiary allocates the amount.

REVENUE RECOGNITION
Income arising from royalties and management services provided to subsidiaries is recognised if all the following conditions are satisfied:

- A service has been transferred to a subsidiary based on a contract or a service level agreement
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- The amount of revenue can be measured reliably

Revenue is valued at the fair value of the consideration, net after deduction of value added tax, returns, discounts and other discounts.

CLASSIFICATION OF BALANCE SHEET ITEMS
Current assets and short-term liabilities include items that are due within one year after time of acquisition. The remaining items are classified as non-current assets or long-term liabilities. Current assets are valued at the lower of acquisition cost and fair value. Current liabilities are recorded in the balance sheet at face value at the time of transaction.

Non-current assets are recorded at acquisition cost and depreciated on a straight-line basis over the expected economic lifetime. Upon a change in value not deemed to be temporary, the affected fixed asset is written down to market value. Long-term liabilities are recorded in the balance sheet at face value at the date they are assumed.

TANGIBLE ASSETS
Tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses. Acquisition cost of tangible assets include fees, taxes and other direct purchase expenses necessary to prepare the fixed asset for operation. Maintenance of fixed assets is expensed under operating costs on an ongoing basis. Costs and improvements are added to the cost of the asset and depreciated in line with the asset. The difference between maintenance and cost / improvement is calculated in relation to the condition of the asset at the time of acquisition.

Depreciations are charged to the income statement using the straight-line method over estimated utilised lifetime.

When an indication that the carrying amount of a fixed asset is higher than its fair value occurs, an impairment test is performed. If the carrying amount is higher than both the sales value and the recoverable amount, a write-down is made to the higher of the sales value and the recoverable amount. Previous write-downs, with the exception of the write-down of goodwill, are reversed if the conditions for the write-down no longer exist.

RECEIVABLES
Receivables are recognised in the balance sheet at face value after deduction for provisions for expected losses. Provisions for losses are made on the basis of an individual assessment of the receivables. Other receivables, both current and non-current receivables, are recognised at the lower of par value and fair value.

FOREIGN CURRENCY
Foreign-currency-denominated monetary items are valued at the year-end exchange rate, and currency translation effects are presented as part of net financial items. Foreign currency transactions are recorded at the exchange rate on the transaction date.

PENSIONS
Contributions to pension arrangements are charged to the income statement when they occur.

TAXES
The tax expense in the income statement includes both the tax payable for the period and the change in deferred tax. Deferred tax is calculated on the basis of the temporary differences that exist between accounting and tax values, as well as any tax loss carryforwards at the end of the financial year. Tax-increasing and tax-reducing temporary differences that reverse or can reverse in the same period are offset. The recognition of deferred tax assets on net tax-reducing differences that are not offset and loss carryforwards is justified on the basis of expected future earnings. Deferred tax and tax assets that can be recognised in the balance sheet are entered net in the balance sheet. Tax reduction on group contribution provided, and tax on received group contribution, which is recognised as a reduction of the capitalised amount on investment in subsidiaries, is recognised directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an impact on deferred tax). tax). Deferred tax is recognised at nominal amount.

CASH FLOW STATEMENT
The cash flow statement is prepared according to the indirect method. Cash and cash equivalents comprise cash, bank deposits, and other short-term liquid placements.

NOTE 03 REVENUES

All revenue relates to license fees, office rent and management services to Norwegian group companies.

NOTE 04 PAYROLL EXPENSES, NUMBER OF EMPLOYEES AND BENEFITS

Amounts in NOK thousand	**2020**	2019
Salaries/wages	**15 598**	29 303
Payroll tax	**2 140**	3 963
Pension expenses	**763**	690
Other remuneration	**458**	531
Total employee benefit expenses	**18 960**	34 486
The number of FTEs in the accounting year has been	**14**	12

Remuneration to executives

	2020		2019	
Amounts in NOK thousand	**CEO**	**Board**	CEO	Board
Salaries	**2 727**	**-**	2 195	-
Share-based payments and bonuses	**-**	**-**	6 294	-
Board fees	**-**	**1 385**	-	773
Pension expenses	**110**	**-**	107	-
Other remuneration	**10**	**-**	24	-
Total	**2 846**	**1 385**	8 620	773

The parent company has pension plans secured through collective agreements in life insurance companies. NORBIT ASA is subject to the Norwegian Act on Occupational Pensions, and the parent company meets the requirement of this legislations through its defined contribution plans. The defined contribution plan means that the parent company has not incurred any future obligation. After the annual grant is paid NORBIT ASA has fulfilled its obligation in accordance with the arrangement.

NOTE 05 OTHER OPERATING EXPENSES

Amounts in NOK thousand	**2020**	2019
Office premises	**5 587**	4 849
External services	**8 155**	3 338
Audit fees	**1 196**	257
Marketing	**740**	849
Other operating expenses	**4 017**	5 901
Total other operating expenses	**19 694**	15 194

Expensed audit fee

Amounts in NOK thousand	**2020**	2019
Audit fee	**1 082**	187
Tax advisory fee	**28**	-
Other audit related services	**86**	228
Total audit fees	**1 196**	257

NOTE 06 FINANCIAL INCOME AND FINANCIAL EXPENSES

Amounts in NOK thousand	**2020**	2019
Financial income - investments in subsidiaries	**52 037**	113 112
Interest income from group companies	**34**	126
Other interest income	**4 779**	3 103
Other financial income	**685**	2 369
Other interest expenses	**(655)**	(2 207)
Other financial expenses	**(3 856)**	(5 004)
Total net financial items	**53 024**	111 498

NOTE 07 TAXES

Calculation of deferred tax/deferred tax benefit

Amounts in NOK thousand	**2020**	2019
Temporary differences		
Tangible	**(245)**	(282)
Net temporary differences	**(245)**	(282)
Tax loss carryforward	**-**	-
Net temporary differences	**(245)**	(282)
Basis for deferred tax	**(245)**	(282)
Basis for income tax expense, changes in deferred tax and tax payable		
Profit/(loss) before taxes	**38 159**	79 552
Permanent differences	**31**	(1 563)
Basis for the tax expense for the year	**38 190**	77 989
Change in temporary differences	**(38)**	(16 646)
Basis for payable taxes in the income statement	**38 153**	61 343
+/- Group contributions received/given	**(38 153)**	(61 343)
Taxable income (basis for payable taxes in the balance sheet)	**-**	-
Components of the income tax expense		
Payable tax on this year's profit/(loss)	**8 394**	13 495
Change in deferred tax	**8**	3 662
Tax expense	**8 402**	17 158
Payable taxes in the balance sheet		
Payable tax in the tax charge	**8 394**	13 495
Tax effect of group contribution	**(8 394)**	(13 495)
Payable tax in the balance sheet	**-**	-
Reconciliation of the tax expense		
Tax expense based on current year tax rate	**8 395**	17 501
Tax effect of permanent differences	**7**	(4 051)
Other differences	**-**	3 707
Tax expense	**8 402**	17 158

NOTE 08 EQUITY

Change in equity for the year

Amounts in NOK thousand	Share capital	Share premium	Other equity	**Total**
Equity at 1 January	5 679	275 433	124 211	**405 322**
Capital increase	-	-	-	**-**
Profit for the year	-	-	29 757	**29 757**
Dividends	-	-	(17 036)	**(17 036)**
Equity at 31 December	5 679	275 433	136 932	**418 043**

The parent company's share capital consists of 56 786 918 shares with a par value of NOK 0.10. The board of directors has proposed that NOK 0.30 per share is paid as dividend for the financial year 2020 (NOK 17.0 million).

NOTE 09 TANGIBLE AND INTANGIBLE ASSETS

Amounts in NOK thousand	Patents	Office equipment	**Total**
Purchase cost 1 January	164	2 469	**164**
Additions	253	1 364	**1 617**
Purchase cost 31 December	417	3 833	**4 249**
Accumulated depreciation 31 December	-	1 920	**1 920**
Net book value at 31 December	417	1 913	**2 329**
Depreciation in the year	-	592	**592**
Estimated useful life	Indefinite	3-5 years	
Depreciation plan	N/A	Linear	

NOTE 10 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

Value in NOK thousand	Business office	Ownership/ voting right	Equit last year (100%)	Profit/(loss) last year (100%)	**Book value**
Subsidiary					
NORBIT Subsea AS	Trondheim	100%	58 826	22 989	**84 899**
NORBIT ITS AS	Trondheim	100%	37 726	(3 026)	**54 968**
NORBIT EMS AS	Selbu/Røros	100%	88 658	10 221	**64 286**
NORBIT ODM AS	Trondheim	100%	(4 622)	14 231	**34 871**
NORBIT Aptomar AS	Trondheim	100%	35 478	5 746	**412**
Fenrits AS	Trondheim	100%	821	-	**1 356**
NORBIT AblePay AS	Trondheim	100%	7 543	(2 615)	**700**
NORBIT NV AS	Trondheim	100%	272	-	**576**
NORBIT Kabelpartner AS	Trondheim	100%	5 484	3 071	**3 532**
NORBIT Germany GmbH	Hamburg	50%	986	-	**502**
NORBIT GmbH	Vienna	100%	(139)	157	**524**
NORBIT s.r.l	Lanciano	100%	84	(23)	**126**
NORBIT Hungary Kft.	Budapest	100%	2 519	1 162	**122**
NORBIT Sweden AB	Gothenburg	100%	-	-	**78**
NORBIT Singapore Ltd.	Singapore	100%	153	170	**70**
NORBIT Poland Sp. z.o.o.	Gdansk/Sopot	100%	1 524	1 044	**47**
NORBIT US Ltd.	Santa Barbara	100%	671	2 019	**-**
NORBIT China Co., Ltd	Shanghai	100%	-	-	**159**
Book value at 31 December					**247 228**
Associated companies					
Kilmore Marine Ltd.	Aberdeen	35%	2 546	1 493	**1 114**
Kvikna Consulting Ehf.	Reykjavik	33%	-	-	**26**
Book value at 31 December					**1 140**

	Trade receivables		Other receivables	
Amounts in NOK thousand	**2020**	2019	**2020**	2019
Group companies	**3 753**	4 225	**264 732**	314 972
Sum	**3 753**	4 225	**264 732**	314 972

	Trade payables		Other short-term liabilities	
Amounts in NOK thousand	**2020**	2019	**2020**	2019
Group companies	**633**	-	**-**	125 302
Sum	**633**	-	**-**	125 302

	Non current receivables		Non current liabilities	
Amounts in NOK thousand	**2020**	2019	**2020**	2019
Group companies	**313**	-	**-**	-
Sum	**313**	-	**-**	-

NOTE 11 RECEIVABLES AND LIABILITIES

Receivables with maturity later than one year

Amounts in NOK thousand	**2020**	2019
Loans to companies in the same group	**313**	3 171
Interest-bearing borrowings		
Overdraft facility	**50 820**	-
Revolving credit facility	**29 258**	-
Total	**80 078**	-
Debt secured by mortgage		
Long-term debt	**-**	-
Short-term debt	**80 078**	-
Total	**80 078**	-
Book value of pledged assets		
Fixed assets	**592**	339
Receivables	**268 484**	319 196
Total	**269 076**	319 535

The group's two main loan facilities were established in December 2018, comprising a revolving credit facility (RCF) and an overdraft facility. The facilities have a credit limit of NOK 150 million and NOK 130 million, respectively. NORBIT had drawn NOK 50.8 million on the overdraft facility at 31 December 2020, while NOK 29.3 million was drawn on the RCF. The RCF is priced at 3M NIBOR + 1.8 per cent margin p.a., while the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a. The maturity date for the RCF is December 2021, and consequently, the facility has been classified as a current liability by 31 December 2020 in the accounts. Refer to note 21 of the consolidated financial statementsfor details on covenants related to the credit facilities.

NOTE 12 FINANCIAL DERIVATIVES

NORBIT ASA had no forward exchange contracts or other financial derivatives at the end of the financial year.

NOTE 13 RESTRICTED BANK DEPOSITS

Restriced bank deposits

Amounts in NOK thousand	**2020**	2019
Bank deposits restricted to tax payments	**764**	738

NOTE 14 TRANSACTIONS WITH RELATED PARTIES

Balances with group companies are specified in note 10.
Interest to / from group companies is shown by separate lines in the income statement.

Related-party transactions:

Amounts in NOK thousand	**2020**	2019
Sales of goods and services		
Revenue from licenses, management fees and services to group companies	**24 380**	18 074

STATEMENT BY THE BOARD OF DIRECTORS AND CEO

WE CONFIRM, TO THE BEST OF OUR KNOWLEDGE, THAT

- The group financial statements for the period from 1 January to 31 December 2020 have been prepared in accordance with IFRS, as adopted by the EU
- The financial statements of NORBIT ASA for the period from 1 January to 31 December 2020 have been prepared in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- The financial statements give a true and fair view of the group and the company's consolidated assets, liabilities, financial position and results of operations
- The report of the board of directors provides a true and fair view of the development and performance of the business and the position of the group and the company, together with a description of the key risks and uncertainty factors that the group and the company is facing

Trondheim, Norway, 24 March 2021
The board of directors and CEO
NORBIT ASA

Finn Haugan *Chair of the board*	Bente Avnung Landsnes *Deputy chair of the board*	Tom Solberg *Director*
Trond Tuvstein *Director*	Marit Collin *Director*	Per Jørgen Weisethaunet *Chief executive officer*

AUDITOR'S REPORT

To the General Meeting of NORBIT ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of NORBIT ASA, which comprise:

- The financial statements of the parent company NORBIT ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of NORBIT ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities are largely unchanged compared to last year. *Valuation of intangible assets* and *Valuation of inventory* involves similar complexity and risks as previous year and have been considered as key audit matters also for 2020.

Key Audit Matter	How our audit addressed the Key Audit Matter
Value of intangible assets	
Intangible assets mainly consist of self-developed software and hardware used in own products. The value represents approximately 26 % of the total assets, with a book value of NOK 171 454 thousand as of 31.12.2020. The year-end result reflects depreciation of NOK 28 487 thousand spread over the three segments as described in the note 6. No impairments have been recognized in 2020 as the management analysis of the values concluded that there were no impairment indicators present. The value of these assets depends on future income. We focused on this area due to the significance of the amount and the valuation that depends on discretionary assumptions around the projections for future income and costs and discount rate used. A more detailed description of the methodology management used to identify impairment indicators is described in note 13.	We obtained and understood management's documentation of whether any impairment indicators related to the intangible assets were present. The documentation shows that management's evaluation is done per group of intangible assets. Furthermore, the main assumptions made by management to identify possible impairment indicators are documented. Our assessment suggests that management's model is based on the recognized valuation methodology. We also assessed the logical structure and tested mathematical accuracy of the model without finding material deviations. We challenged management's use of assumptions for projections of future income and costs by comparing these against company's historic results and approved budgets. To form an opinion about accuracy of the budgets we compared historical year-end results with previous years' budgets. To evaluate assumptions about future income and costs we analyzed whether the budgets were based on historical income and considered whether the growth assumptions were reasonable. We found that the assumptions were aligned with historical results and in line with budgets, and that there was a reasonable alignment between the historical year-end results and respective budgets. The discount rate used is assessed against empirical data and expectations about the future return, relevant risk premium and gearing ratio. We concluded that the used discount rate is reasonable.

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	We read the relevant notes and found the information and explanations provided consistent and sufficient.
Valuation of the inventory The groups inventory represents approximately 25 % of the total asset value, with a book value of NOK 164 605 thousand. Inventory consists of raw materials, work in progress and finished goods and it is valued at the lower of cost and fair value. We focused on this area due to the significance of the amount and because fair value is based on management judgement. For a description of the inventory's composition and provision for obsolescence, refer to note 14.	We observed the company's routines for physical inventory count including performing sample-based test counts and testing of the company's internal control related to rolling inventory counts. These activities enabled us to determine quantity and existence of the inventory. To form an opinion about the valuation of raw materials, we checked a sample book values against invoices. To form an opinion about the valuation of work in progress and finished goods, we considered the method used to compute the value. Furthermore, we tested the input data in the calculations against incoming invoices and hourly rates used. Our testing did not detect significant deviations. We reviewed and evaluated managements' method for identification and calculation of obsolescence. The method is partially based on experience and partially on models where inventory turnover is a key component. We challenged management by discussing the total size of the booked obsolescence with them. Through our presence at the inventory count we checked whether damaged goods were identified, assessed and valued. Furthermore, we tested the provision for obsolescence by checking booked value against the specification of identified obsolete goods including the overviews of goods with low turnover. We also performed an analysis of the level of obsolescence provision compared to previous years. Our work did not detect significant deviations. We read the relevant notes and found the information and explanations provided consistent and sufficient.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditor's Report - NORBIT ASA

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial*

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Information, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Trondheim, 24 March 2021
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

EBITDA
Short for earnings before interest, tax, depreciation and amortization. EBITDA corresponds to operating profit before depreciation and amortization 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.

Items affecting comparability
Items affecting comparability are defined as significant items affecting EBITDA that are isolated in order to understand financial performance and comparability between periods. In 2019, items affecting comparability were a NOK 19.5 million expense related to settlement and termination of a synthetic option scheme and other employee expenses in the second quarter, and a NOK 10.9 million reduction of expenses related to a one-off bargain purchase gain from the acquisition of AblePay in the first quarter. There have not been any items affecting comparability in 2020.

Adjusted (adj.) EBITDA
EBITDA adjusted for items affecting comparability. 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 revenues. 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.

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.

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