



NORBIT

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Q1 2019

CONDENSED FINANCIAL STATEMENTS

NORBIT ASA

Condensed statement of profit or loss

<i>Amounts in NOK 000's</i>	<i>Note</i>	3 month period ended 31/03/19	3 month period ended 31/03/18
Revenue	2	157 696	90 093
Other gains and losses	3	10 865	0
Raw material and change in inventories		70 680	46 109
Employee benefits expenses		32 766	26 176
Depreciation and amortisation expenses		9 464	9 791
Other operating expenses		15 017	11 768
Operating profit		40 634	-3 751
Share of profit from associates		0	0
Interest income		0	0
Other financial income		7 795	3 975
Interest expenses		-2 024	-2 399
Other financial expenses		-5 406	-2 053
Net financial items		365	-477
Profit before tax		40 999	-4 228
Income tax expense		-6 975	891
PROFIT FOR THE PERIOD		34 024	-3 337
Attributable to:			
Owners of the Company		33 981	-3 350
Non-controlling interests		43	13
		34 024	-3 337
Earnings per share	5		
From continuing operations			
Basic (NOK per share)		0,78	-0,08
Diluted (NOK per share)		0,78	-0,08

Condensed statement of other comprehensive income

<i>Amounts in NOK 000's</i>	<i>Note</i>	3 month period ended 31/03/19	3 month period ended 31/03/18
Profit for the period		34 024	-3 337
Other comprehensive income			
Exchange differences on translation of foreign operations		8	255
Other comprehensive income for the period, net of tax		8	255
Total comprehensive income for the period		34 032	-3 082
Total comprehensive income for the period is attributable to:			
Owners of the Company		33 989	-3 095
Non-controlling interests		43	13
		34 032	-3 082

Condensed statement of financial position

<i>Amounts in NOK 000's</i>	<i>Notes</i>	31/03/19	31/03/18
ASSETS			
Property, plant and equipment		70 761	54 996
Intangible assets		120 049	88 028
Deferred tax asset		32 416	41 114
Investments accounted for using the equity method		1 402	4 150
Shares in other companies		626	100
Total non-current assets		225 254	188 388
Inventories		141 455	88 532
Trade receivables		125 273	78 561
Other receivables and prepayments		20 517	18 032
Derivative financial instruments	6	2 042	411
Bank deposits		4 254	3 847
Total current assets		293 541	189 383
Total assets		518 795	377 771

Condensed statement of financial position

<i>Amounts in NOK 000's</i>	<i>Notes</i>	31/03/19	31/03/18
LIABILITIES			
Borrowings		107 430	63 300
Lease liabilities		4 810	11 112
Other liabilities		-112	7 905
Total non-current liabilities		112 129	82 317
Trade payables		80 031	56 166
Other payables		60 912	36 225
Borrowings		95 570	84 514
Lease liabilities		7 004	6 770
Total current liabilities		243 517	183 674
Total liabilities		355 646	265 991
Share capital and share premium	5	434	410
Other equity		43 820	33 344
Retained earnings		117 554	68 605
Non-controlling interests		1 342	9 421
Total equity		163 150	111 780
Total equity and liabilities		518 795	377 771

Condensed statement of changes in equity

Notes	Attributable to owners				Total	Non-controlling interests	Total equity
	Share capital and premium	Other equity	Other reserves	Retained earnings			
Balance at 31 December 2018	434	43 820	0	103 939	148 193	9 723	157 915
Profit for the period				33 981	33 981	43	34 024
Other comprehensive income				8	8		8
Total comprehensive income for the period	0	0	0	33 989	33 989	43	34 032
Transaction with owners in their capacity as owners:							
Transaction with non-controlling interest				-14 374	-14 374	-8 423	-22 797
Dividends paid				-6 000	-6 000		-6 000
				-20 373	-20 374	-8 423	-28 797
Balance at 31 March 2019	434	43 820	0	117 554	161 807	1 342	163 150

Notes	Attributable to owners				Total	Non-controlling interests	Total equity
	Share capital and premium	Other equity	Other reserves	Retained earnings			
Balance at 31 December 2017	410	33 344	0	71 700	105 454	9 408	114 862
Profit for the period				-3 350	-3 350	13	-3 337
Other comprehensive income				255	255		255
Total comprehensive income for the period	0	0	0	-3 095	-3 095	13	-3 082
Balance at 31 March 2018	410	33 344	0	68 604	102 358	9 422	111 780

Condensed statement of cash flows

<i>Amounts in NOK 000's</i>	3 month period ended 31/03/19	3 month period ended 31/03/18
Profit for the period	34 024	-3 337
Adjustments for:		
Income tax expense recognised in profit or loss	6 975	-891
Investment income recognised in profit or loss	-10 865	0
Depreciation and amortization	9 464	9 791
Movements in working capital:		
(Increase)/decrease in trade and other receivables	-23 297	-22 589
(Increase)/decrease in inventories	-18 565	-7 507
Increase/(decrease) in trade and other payables	4 440	10 618
Increase/(decrease) in provisions	10 503	1 880
Income taxes paid	0	0
Net cash generated by operating activities	12 679	-12 035
Cash flows from investing activities		
Payments for property, plant and equipment	-4 198	-5 591
Payments for intangible assets	-20 789	-8 651
Net cash flow on acquisition of subsidiaries	422	0
Net cash (used in)/generated by investing activities	-24 565	-14 242
Cash flows from financing activities		
Transactions with non-controlling interests	-19 254	0
Proceeds from borrowings	103 982	176
Repayment of borrowings	-82 097	-3 622
Net change in overdraft facility	10 419	18 759
Dividends paid	-6 000	0
Net cash (used in)/generated by financing activities	7 049	15 313
Net increase in bank deposits	-4 836	-10 964
Bank deposits at the beginning of the period	9 091	14 811
Bank deposits at the end of the period	4 254	3 847

Notes to the condensed accounts

Note 1 | Accounting principles

General information

Norbit is a knowledge-based group that delivers tailor-made high technology to industrial customers in a global market. The Norbit companies should be recognized as "World Class" in their respective markets.

The group head office is located in Trondheim. In addition, in Q1 2019 the Group also had operations in Norway from Asker, Røros, Selbu and Gjøvik, as well as foreign operations in Sopot / Gdansk, Vienna, Budapest, Lanciano, Singapore, Gothenburg and Santa Barbara CA.

The business includes the development, manufacture and delivery of products, systems and services based on electronics. Norbit Oceans and Norbit ITS constitute the Group's primary market segments in Q1 2019. Norbit ODM and Norbit EMS are the Group's respective R&D and manufacturing capacities.

Basis of preparation

The interim consolidated statements for the first quarter 2019, ending 31 March 2019, were prepared in accordance with IAS 34 Interim Financial Reporting. The interim consolidated financial statements do not include all information and disclosures required in the annual financial statements, and should be read in conjunction with the group's annual report for 2018.

The accounting policies adopted in the interim financial statements are consistent with the standards and interpretations followed by the preparation of the Group's annual financial statements for the year ended 31 December 2018.

The standards and interpretations effective from 1 January 2019 do not have significant impact on the Group's consolidated interim financial statements.

Note 2 | Segment information

Amounts in NOK 000's

Q1 2019

	Oceans	ITS	PIR	Group/ eliminations	Total
Revenues	58 918	36 013	68 449	-5 684	157 696
Gross Profit	35 390	26 126	30 352	6 012	97 881
Gross margin (%)	60 %	73 %	44 %		62 %
Operating expenses	18 480	9 341	22 453	-2 491	47 783
EBITDA	16 910	16 784	7 900	8 503	50 098
EBITDA margin	29 %	47 %	12 %		32 %
Depreciation	432	382	3 349	282	4 444
Amortization and impairment	3 286	995	739	0	5 020
EBIT	13 192	15 408	3 812	8 221	40 634
Total financial items (not allocated)					365
Profit before tax					40 999
Taxes (not allocated)					-6 975
Segment profit included in discontinued operations					
Profit after tax					34 024
Timing of revenues					
- At point in time	54 011	36 013	62 951		
- Over time	4 907	0	5 498		
Total	58 918	36 013	68 449		

Amounts in NOK 000's

Q1 2018

	Oceans	ITS	PIR	Group/ eliminations	Total
Revenues	27 886	10 550	61 048	-9 390	90 093
Gross Profit	18 198	3 762	31 006	-8 982	43 984
Gross margin (%)	65 %	36 %	51 %		49 %
Operating expenses	16 560	5 063	24 214	-7 893	37 944
EBITDA	1 638	-1 302	6 792	-1 089	6 040
EBITDA margin	6 %	-12 %	11 %		7 %
Depreciation	606	165	2 918	248	3 936
Amortization and impairment	3 502	1 660	692	0	5 854
EBIT	-2 470	-3 127	3 182	-1 336	-3 751
Total financial items (not allocated)					-477
Profit before tax					-4 228
Taxes (not allocated)					891
Profit after tax					-3 337
Timing of revenues					
- At point in time	26 880	10 550	58 455		
- Over time	1 007	0	2 592		
Total	27 886	10 550	61 048		

Note 3 | Significant transactions**Business combinations**

In Q1 2019 the company acquired 100% of the share capital in Ablepay AS.

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

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

Purchase consideration:*Amounts in NOK 000's***Q1 2019**

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

The price of the shares in the company was significant lower than the value of the assets.

The previous owners were not willing to invest more into the company and the industrial fit to NORBIT was clear due to the production and development of the fact that products can be further developed and produced in close collaboration with resources within the PIR-segment and the existing employees of Ablepay.

NORBIT has after the acquisition done a valuation of the existing technology in the company and the valuation resulted in a gain of TNOK 10 865 recognized as other gain and losses in the consolidated statement of profit or loss in Q1-19.

Development and acquisition of intangible assets

The Group made capital expenditure of TNOK 20 789 in intangible assets in Q1 2019, of which TNOK 7 942 is attributable to the acquisition of AblePay.

Transactions with non-controlling interest

In Q1 the Company acquired shares from non-controlling interest in NORBIT EMS AS and NORBIT ITS AS totalling TNOK 22 797, leading to a reduction of Non-controlling interest of TNOK 8 423 and Retained earnings of TNOK 14 374.

New credit and guarantee facility implemented

A new credit and guarantee facility provided by DNB was implemented during Q1. Repayment of the former credit facility and implementation of the new facility represented a net cash inflow of TNOK 21 884.

There are no other significant transactions in Q1 2019.

Note 4 | Subsequent events

There are no material subsequent events after the end of Q1 2019 or Q1 2018.

Note 5 | Earnings per share

<i>Amounts in NOK</i>	Q1 2019	Q1 2018
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	0,783	-0,081
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	0,783	-0,081
Reconciliations of earnings used in calculating earnings per share		
<i>Amounts in NOK 000's</i>	Q1 2019	Q1 2018
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:	34 024	-3 337
<i>Diluted earnings per share</i>		
Profit from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculation basic earnings per share	34 024	-3 337
Used in calculating diluted earnings per share	34 024	-3 337
Weighted average number of shares used as the denominator		
	Q1 2019	Q1 2018
	<i>Number</i>	<i>Number</i>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	43 429 500	41 048 200

Information concerning the classification of securities*Ordinary shares*

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

Diluted shares

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

Note 6 | Derivative financial instruments

The group has the following derivative financial instruments:

	31/03/19	31/03/18
	EUR	EUR
	Amount base ('000)	Amount base ('000)
Foreign currency forwards (sale)	10 100	1 500
Average FX rate in contract	9,9481	9,9408
Market value of contracts based on MTM reports from counterpart banks	2 042	411