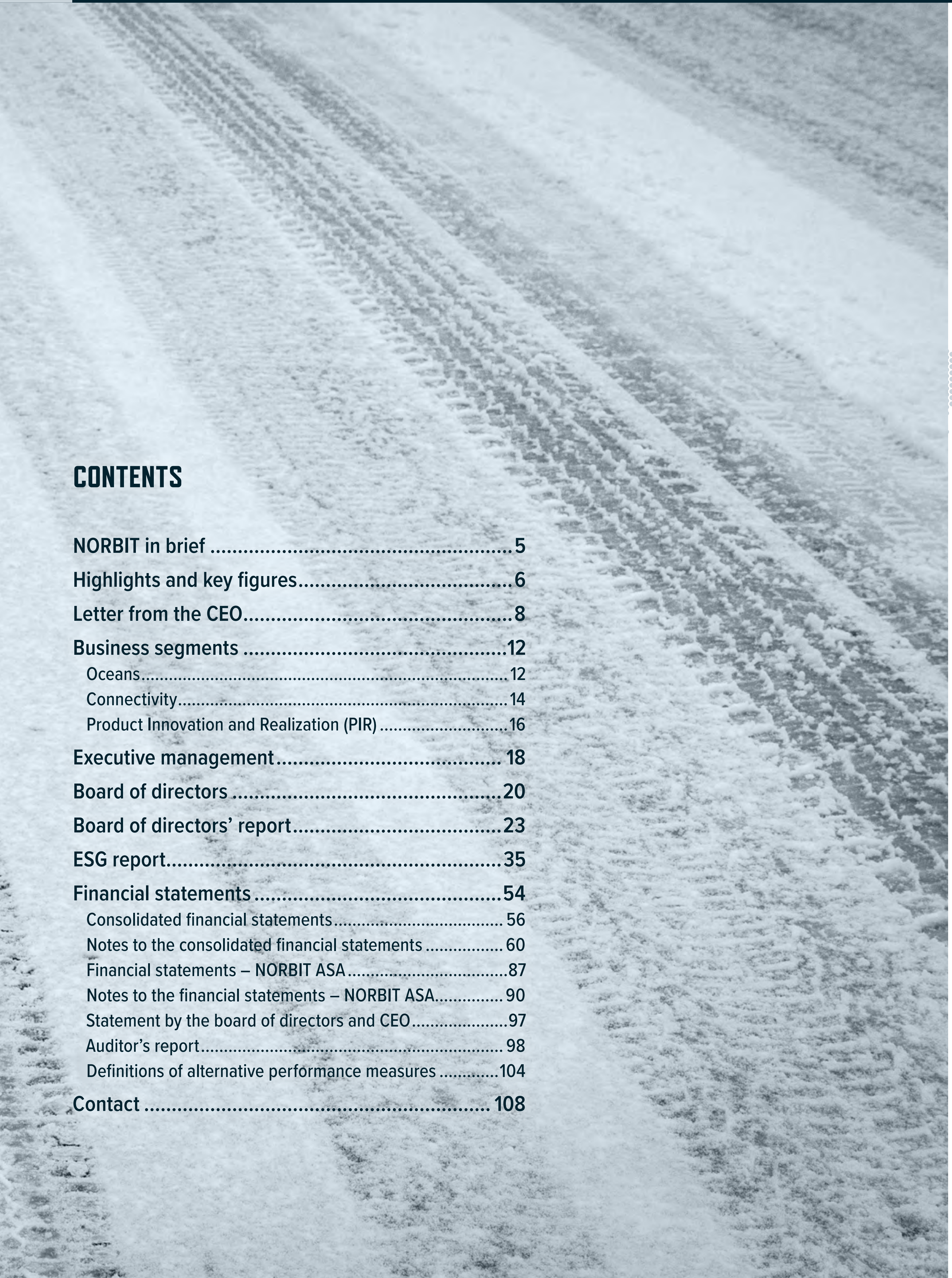
ANNUAL REPORT 2021

NORBIT

- explore more -

COVERING THE WORLD. UNCOVERING POSSIBILITIES.

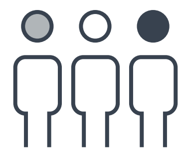
NORBIT is a global provider of tailored technology to carefully selected niches.



CONTENTS

NORBIT IN BRIEF

~400 EMPLOYEES



22 NATIONALITIES

15 COUNTRIES

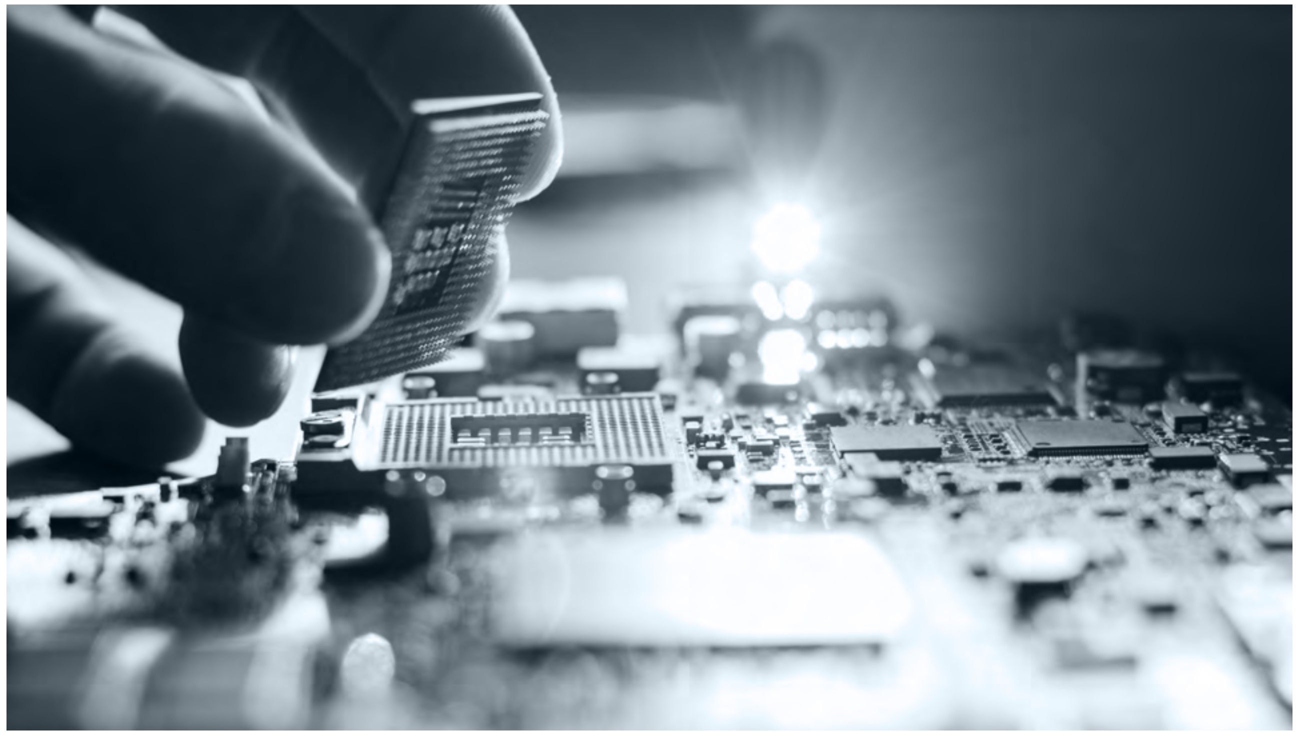
NORBIT is a global provider of tailored technology to selected niches, solving challenges through sustainable and innovative solutions, in line with its mission to Explore More. The company is structured in three business segments to address its key markets: Oceans delivering technology solutions to global maritime markets, Connectivity supplying solutions for asset identification, monitoring and tracking, and Product Innovation & Realization (PIR) offering R&D services and contract manufacturing.

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. Vertically integrated manufacturing ensures good scalability and quality control, elements that are vital to further growth and expansions.

NORBIT is headquartered in Trondheim with manufacturing in Norway and a worldwide sales and distribution platform.

HIGHLIGHTS

- In 2021, NORBIT regained and accelerated its momentum across all three business segments, Oceans, Connectivity and PIR, resulting in all time high revenues, growth of 27 per cent and improved profitability
- NORBIT completed the acquisition of iData Kft, a company specialised in vehicle tracking and fleet management related services
- Improved profitability driven by higher revenue base and operational leverage, despite cost inflation on raw materials
- The board of directors has decided to propose to the annual general meeting an ordinary dividend for 2021 of NOK 0.30 per share
- NORBIT updated its ambitions and long-term financial targets. The ambition is to deliver organic revenues of NOK 1.5 billion, implying an annual growth rate of 25 per cent from 2020, and an EBITDA margin above 25 per cent in 2024.



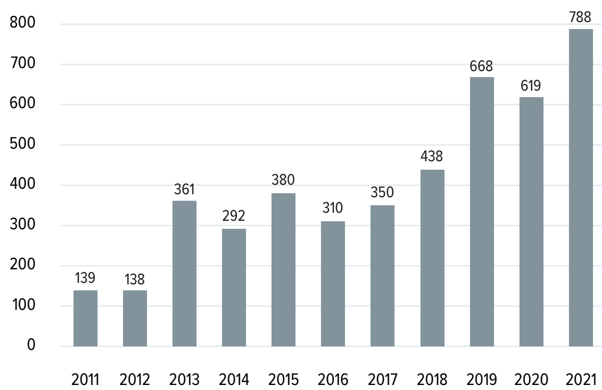
KEY FIGURES

KEY FIGURES – NORBIT [1)]

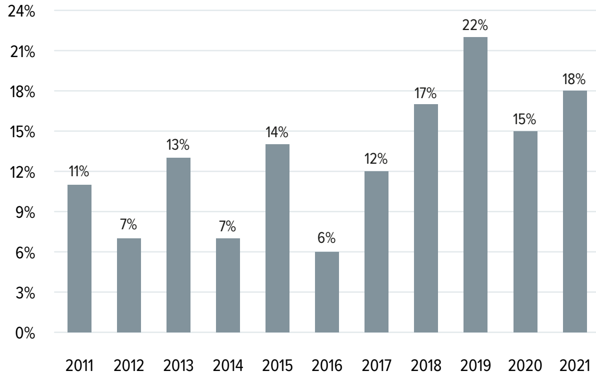
Amounts in NOK million (except percentages, EPS and DPS)	**2021**	2020	2019	2018	2017
Revenues	**787.8**	618.8	668.2	438.4	350.1
EBITDA	**142.6**	93.5	149.7	74.8	40.5
EBITDA margin	**18%**	15%	22%	17%	12%
EBIT	**73.5**	44.3	102.9	38.0	7.9
EBIT margin	**9%**	7%	15%	9%	2%
Profit for the period	**47.9**	27.3	77.3	48.0	28.5
Earnings per share (EPS)	**0.83**	0.48	1.45	1.11	-
Dividend declared per share (DPS)	**0.30**	0.30	0.60	-	-
Cash & cash equivalents	**21.7**	15.0	21.7	9.1	14.8
Equity ratio	**51%**	65%	74%	34%	33%
Net interest-bearing borrowings	**266.5**	79.7	(2.4)	160.9	117.4
Cash flow from operations	**47.7**	92.1	41.2	15.9	12.8
Cash flow from investments	**(217.6)**	(136.7)	(81.9)	(46.2)	(41.4)
Cash flow from financing	**176.6**	37.8	53.3	24.6	37.0
R&D investments	**51.2**	63.2	59.0	38.2	30.2
R&D investments (% revenues)	**6%**	10%	9%	9%	9%
Net working capital	**291.6**	196.8	207.3	122.6	75.5
Net working capital (% LTM revenues)	**37%**	32%	31%	28%	22%
Average number of employees – full-time equivalents	**311**	246	245	176	145

1) For definitions of alternative performance measures, please see page 104.

REVENUES
NOK million



EBITDA
Per cent



TECHNOLOGY IS PART OF THE SOLUTION

LETTER FROM THE CEO

In 2021, NORBIT came back on our profitable growth trajectory where we saw strategic decisions across all three segments yielding positive results. We believe technology is part of the solution, whether it's exploring and protecting the ocean space or enabling clients to further digitise their operations.

At the entry of 2021, we had already strengthened our foundation for delivering long-term value creation following a broadening of the product offering towards carefully selected niches and expansion of our production capacity. During the year, we saw the results of strategic initiatives and directions where all three business segments – Oceans, Connectivity and Product Innovation & Realization (PIR) – contributed to the growth of 27 per cent for the group.

Looking ahead, we have identified two major trends where technology in general, and NORBIT in specific, can play an important role: growth in the ocean economy and the digital transformation.

As we prepare for the next phase of our strategy of profitable growth, with new financial targets for 2024, we intend to reinforce the elements that have served the company well in the past, including market-driven innovation, recruiting and refining of top talents, capitalising on our global sales and distribution platform and a strong corporate culture of always exploring more.

BLUE ECONOMY

Oceans, which offers a range of ground-breaking technologies and products that enable effective and safe operations in the ocean space, has experienced tremendous growth internationally the last years and accounted for almost half of our revenues in 2021.

Our new sonar family WINGHEAD, targeting the higher-end professional market and demanding the best possible performance, was a significant contributor in its first full year after the market introduction in 2020. This is a good example of our market-driven R&D investments generating an attractive return profile.

It's estimated that only five per cent of the oceans – covering two thirds of the Earth's surface – have been explored, implying that there is a large market opportunity for our solutions. Our products can be used to conduct bathymetric surveys, to monitor dredging operations in real time, identifying potential corridors for navigation, mapping of seabed for inspection of offshore wind structures, quay walls and bridges, just to name a few examples.

Oceans also has a strong offering within environmental monitoring and technology which can be used for bottom classification for environmental protection. To read more about the five main areas where Oceans' products are well-positioned for sustainable growth in the ocean industries see page 12.

DIGITISATION AND THE ELECTRIFICATION MEGATRENDS

Our two other business segments, Connectivity and PIR, are specialised within electronics and innovations which are at the core of the digital transformation and electrification megatrends. This covers in-house multidisciplinary R&D and world-class manufacturing and extensive experience working with wireless technology, customised integrated antennas, embedded software and low power devices.

We started 2021 by announcing the acquisition of the Hungarian software company iData, a company specialised in vehicle tracking and fleet management related services with a subscription based recurring revenue business model. The acquisition is part of our strategy to broaden the platform for growth, allowing us to take a stronger position in the asset and vehicle tracking and monitoring market.

In the second half of the year, we decided to rename Intelligent Traffic Systems (ITS) to Connectivity, where ITS as a sub-segment continues to offer tailormade solutions within Dedicated Short-Range Communications (DSRC), in addition to a sub-segment named Smart Data consisting of iData and selected initiatives within Connected Solutions. Connectivity provides a better description of what we do in this business unit - namely enabling our clients to further digitise and make their operations more effective, with optimised planning of routes resulting in reduced traffic. This is done through data collection

– Technology will be a vital element in solving several of the major challenges ahead of us, and NORBIT is positioned to contribute.

and analyses with tailored sensors and connectivity devices, cloud computing and data fusion directly integrated into the client's own business software or as stand-alone services.

Connected Solutions enable efficient digitalisation in almost any business vertical. 25 billion devices are currently connected to the Internet according to the research and business intelligence firm Gartner. Sensors and devices connected to the Internet are used in a variety of applications and redefining industries. We have identified vehicle and asset tracking and monitoring as a good extension of our Connectivity business. In addition, we see verticals where we can act as a technology and manufacturing partner for other companies to bring Connected Solutions into their core domains.

PIR is a supplier of R&D services and contract manufacturing to clients varying in size from start-ups to large international corporations, working across industries such as automotive, medical, security, energy, marine and subsea. PIR is also benefiting from the electrification megatrend, providing R&D expertise and manufacturing capabilities of tailored electronic components. In 2021, PIR grew its revenues by almost 30 per cent, utilising our increased production capacity at Røros. With the ongoing disruption in supply chains globally and geopolitical risk, we experience that the attractiveness of Norway as a manufacturing location continues to increase.

SUPPORT IN OUR CORE VALUES

Our diversified business model has proven to be resilient and tested through various market cycles. In 2021, we experienced the challenging supply market for components and unreliable lead times, impacting the wider organisation. With support in our core values, “We deliver!” and “Safe under pressure”, we adapted to a new reality. As risk mitigating actions, we increased inventory levels to safeguard deliveries and worked day and night with suppliers to secure the needed components to deliver as planned. By entering the year with a security level of inventory, we also succeeded in winning orders from new clients when our peers could not deliver.

I would like to thank all employees for their efforts and commitment throughout the year, exploring for solutions rather than finding problems.

LONG-TERM AMBITIONS

Since 2010, we have grown our revenues by close to 30 per cent per year on average, mostly organic, and at the same time remained firm to our objective of delivering sustained and profitable growth.

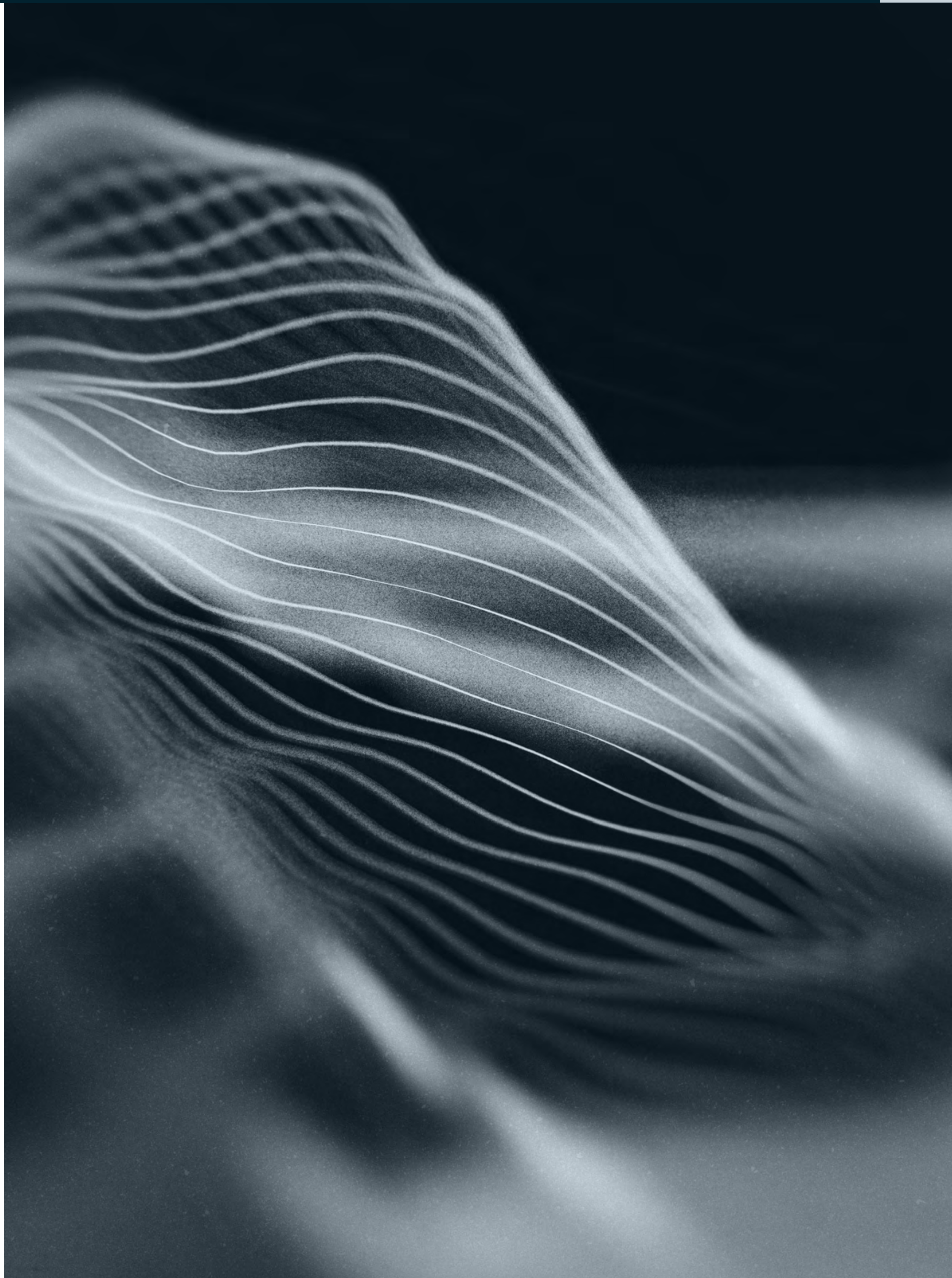
In August, we updated our ambitions and long-term financial targets. According to the updated plan, the ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, we will continue to pursue value-accretive acquisitions to accelerate growth further.

An integral part of our strategy is the worldwide sales and distribution network. After adding further geographies during the year we are now present with offices in 15 countries and had clients in over 60 countries across all populated continents in 2021.

For Oceans, the growth towards 2024 will be driven by increased demand for technology to explore and monitor the oceans domain, combined with our vast domain knowledge and proven ability to innovate. In Connectivity, we expect increased demand for tailored IoT hardware and Connected Solutions for digitalisation where we can use our competence in design and manufacturing of low power wireless devices. Broad R&D experience and leading-edge robotised manufacturing processes together with “Made in Europe” are strengths that PIR can continue to capitalise on going forward.

Technology will be a vital element in solving several of the major challenges ahead of us, and NORBIT is positioned to contribute.

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 have been the primary growth driver for the segment in the last few years. The sonar solutions are based on highly integrated and compact sonars with light detection and ranging (LIDAR) and a global positioning system (GPS) for surface 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 and security markets.

NORBIT has established a global indirect sales and distribution network for its sonar business, supported by regional offices covering a wide range of customers in various industries. The segment generally has a low revenue visibility of 2 to 4 weeks, due to the short time from receipt of an order to customer delivery. The segment experiences quarterly fluctuations in revenues due to seasonal variations, where second and fourth quarter have historically been the seasonally strongest periods.

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's subsea technologies are based on the latest analogue and digital signal processing, and the products provide comprehensive coverage monitoring combined with high sensitivity and accuracy.

CONNECT

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

APTOMAR

NORBIT Aptomar is a leading provider of environmental monitoring and surveillance solutions for the marine sector and delivers sensors, control systems and remote operations through professional mariners from the Aptomar Global Maritime Control Centre. Customers use the monitoring solutions within offshore production and exploration, ports and harbours. The technology is also used by civilian and military vessels for remote sensing.

SECURITY

NORBIT Security combines a selection of products from across the NORBIT group. Each segment and product group has strong ancestry and capabilities within the security industry. NORBIT can deliver high performance and integrated solutions by leveraging the group's data fusion and display skills.

AQUA

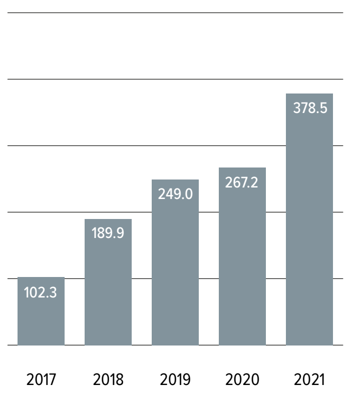
NORBIT Aqua provides tailored products for the aquaculture industry, including high power underwater lights, power cabinets and additional sensor solutions.

MAIN EVENTS 2021

- In February, segment Oceans received an order for multiple WINGHEAD sonars from a leading global survey company. The value of the order is approximately NOK 10 million. The sonars were delivered in the second quarter 2021.
- In June, segment Oceans was awarded a NOK 13 million contract from an undisclosed European governmental customer for delivery of the SeaCOP system for three multipurpose law enforcement vessels. The system is designed for early detection of possible pollution to the marine environment and as the main decision support tool for the following emergency response and recovery operation.
- Sales of NORBIT's WINGHEAD, a compact and ultra-high resolution curved array broadband multibeam sonar platform, continued to grow and significantly contributed to the Oceans segment results.
- By the end of the year, NORBIT had delivered sonar equipment to more than 50 countries.

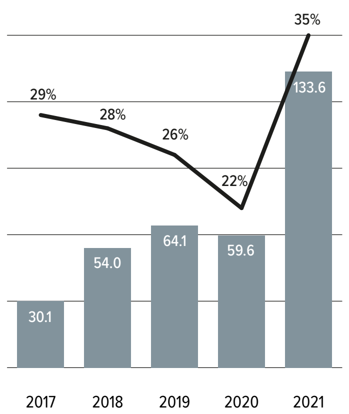
REVENUES – OCEANS

NOK million



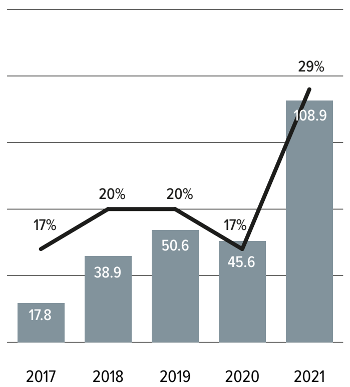
EBITDA – OCEANS

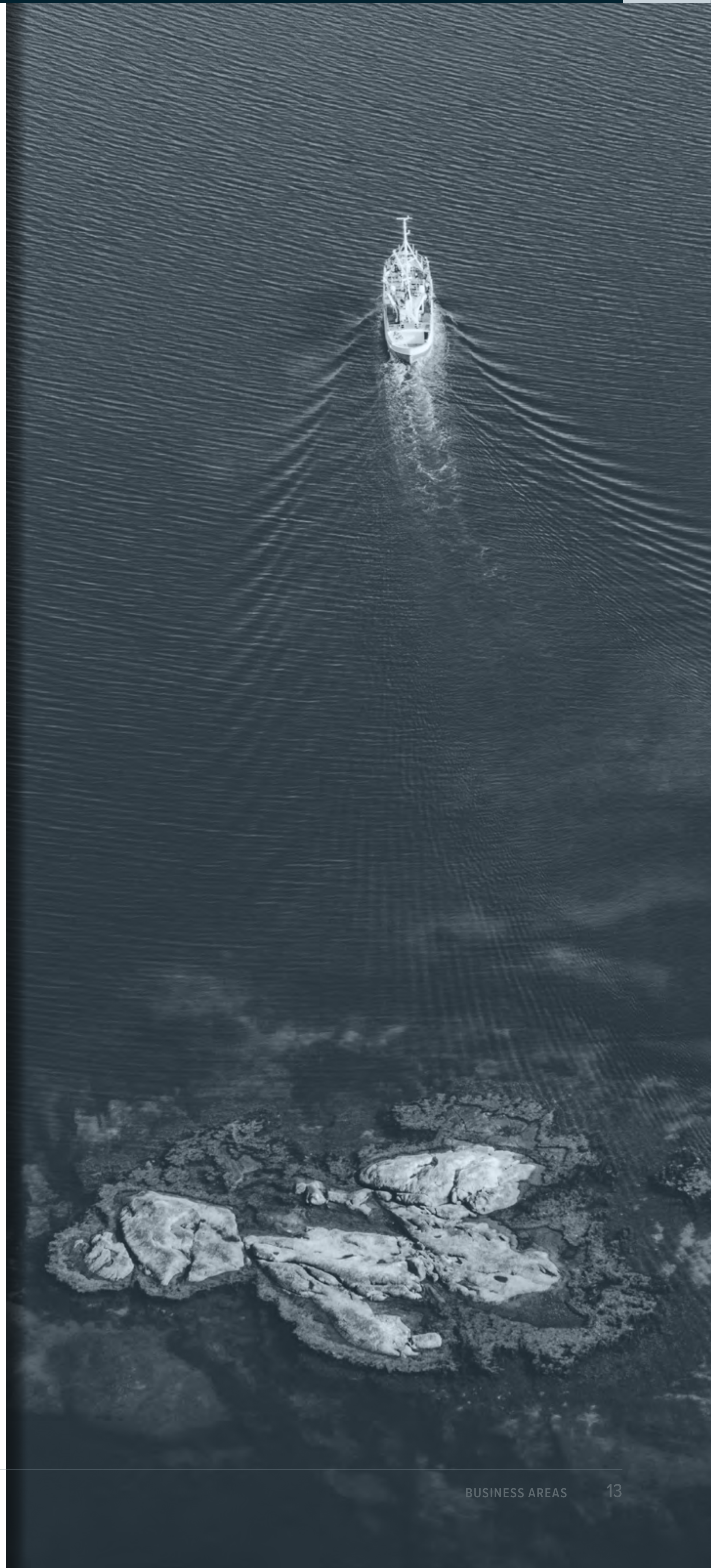
NOK million — *Margin %*



EBIT – OCEANS

NOK million — *Margin %*





CONNECTIVITY

The Connectivity segment enables clients to digitise their operations further through data collection and tailored sensor analysis with connectivity devices, cloud computing and data fusion being directly integrated into the client's business software or as stand-alone services. Connectivity consists of the Intelligent Traffic Systems (ITS) and Smart Data sub-segments.

INTELLIGENT TRAFFIC SYSTEMS

ITS offers tailored connectivity solutions based on dedicated short-range communication (DSRC) technology for intelligent traffic systems and truck applications. ITS has a leading position as an independent supplier for dedicated solutions to industrial blue-chip customers within automotive and satellite-based tolling, as well as to leading insurance companies. The contracts are generally frame agreements with medium to long-term visibility.

NORBIT offers connectivity devices for satellite-based truck tolling, i.e. tailored DSRC integrated with GPS and GSM antennas, and DSRC based connectivity devices for smart tachographs. 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 On-Board Unit ("OBU") that connect to any European electronic tolling system. EU regulations related to smart tachographs was implemented from 15 June 2020. From this date all new trucks registered in the EU must have a smart tachograph installed in the vehicle.

SMART DATA

Smart Data consists of the software service provider iData, which specialises in vehicle monitoring, tailored reporting, fleet management and fuel control, and has more than 15 years of experience in this domain. With its iTrack GPS tracking system, iData's solutions are used by more than 4 800 companies in around 40 000 vehicles. iData also offers e-toll payment solutions that are used in more than 10 000 vehicles. iData operates predominantly in Hungary where it has a strong market position. More than 85 per cent of the revenues generated are recurring, either through subscriptions, rental or e-toll payment.

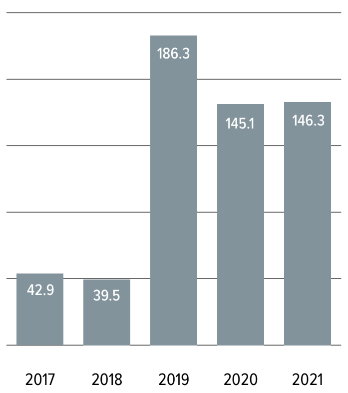
Smart Data also covers selected initiatives within Connected Solutions.

MAIN EVENTS 2021

- NORBIT renamed the business segment Intelligent Traffic Systems (ITS) to 'Connectivity' following the iData acquisition.
- In March, NORBIT entered into a letter of intent with Fremtind Service to develop solutions for safer traffic and simplified payment systems along Norwegian roads. NORBIT later secured a NOK 27 million contract with Fremtind Service, a subsidiary of one of the largest insurance companies in Norway, to deliver OBUs for electronic toll collection in Norway.
- In April, Connectivity signed an agreement with a European insurance company to deliver OBUs for electronic toll collection worth approximately NOK 50 million.
- In July, NORBIT acquired iData, a technology company specialising in vehicle tracking and fleet management. The acquisition was completed for a total consideration of EUR 14.5 million. As part of the settlement at closing, NORBIT issued EUR 2.5 million in new shares to the sellers and EUR 6.0 million was paid in cash.
- In December, NORBIT secured a NOK 35 million order from an existing undisclosed European customer to deliver enforcement modules to satellite-based tolling systems.

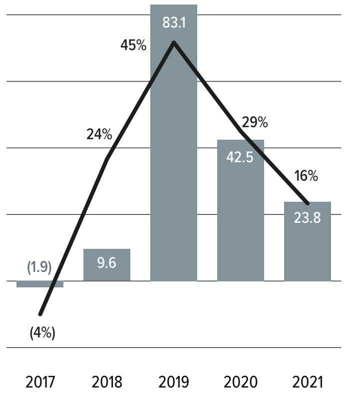
REVENUES – CONNECTIVITY

NOK million



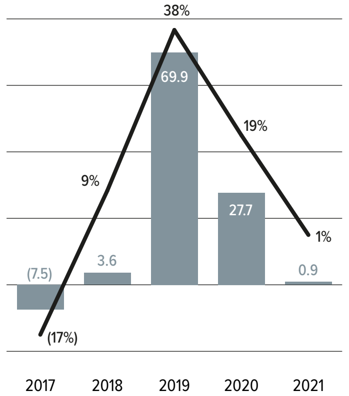
EBITDA – CONNECTIVITY

NOK million — Margin %



EBIT – CONNECTIVITY

NOK million — Margin %



PIR

The Product Innovation & Realization (PIR) segment offers Research and Development (R&D) products and services, alongside contract manufacturing services to long-term and key industrial customers. With both manufacturing and R&D as in-house capabilities, NORBIT has a setup that allows for development of new technologies and solutions in parallel with production process innovation, enabling efficient and optimised realisations of new products. The PIR segment has mainly long-term relations to selected key customers both for contract manufacturing and for the sale of products based on proprietary technology.

R&D SERVICES

NORBIT has more than 25 years of experience with R&D and technology innovations. NORBIT engineers have created a broad range of tailored solutions for many market domains.

In the PIR segment, vast industrial R&D experience is available and offered to key external clients. In addition, special R&D projects for professional clients in different market domains bring together challenges needed to refine and grow new generations of NORBIT engineers. This provides NORBIT with access to new valuable domain knowledge for the future.

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

CONTRACT MANUFACTURING

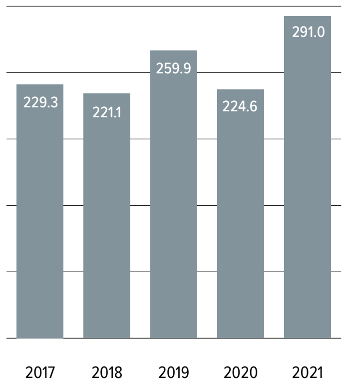
For decades, NORBIT has provided contract manufacturing of electronics for external customers. With a focus on highly robotised, world-class manufacturing processes, PIR supplies electronic products to demanding markets such as the automotive, medical, security, energy, marine and ocean-related industries.

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.

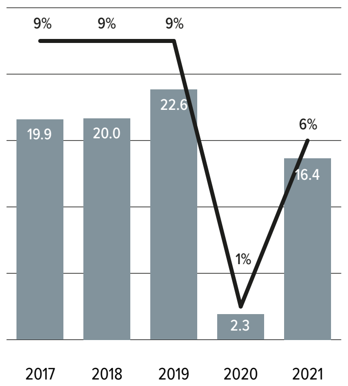
MAIN EVENTS 2021

- In April, NORBIT completed the ISO 13485 certification of the Selby factory in Norway. The certification enables NORBIT to manufacture high-quality medical devices using best-in-class and highly robotised manufacturing processes.
- A "Fast Track" department was established for rapid prototyping and piloting, covering complete units including electronics, mechanical parts both in plastic and metal, benefiting from synergies between the R&D department and contract manufacturing.

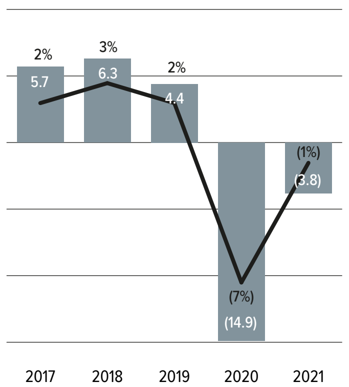
REVENUES – PIR
NOK million

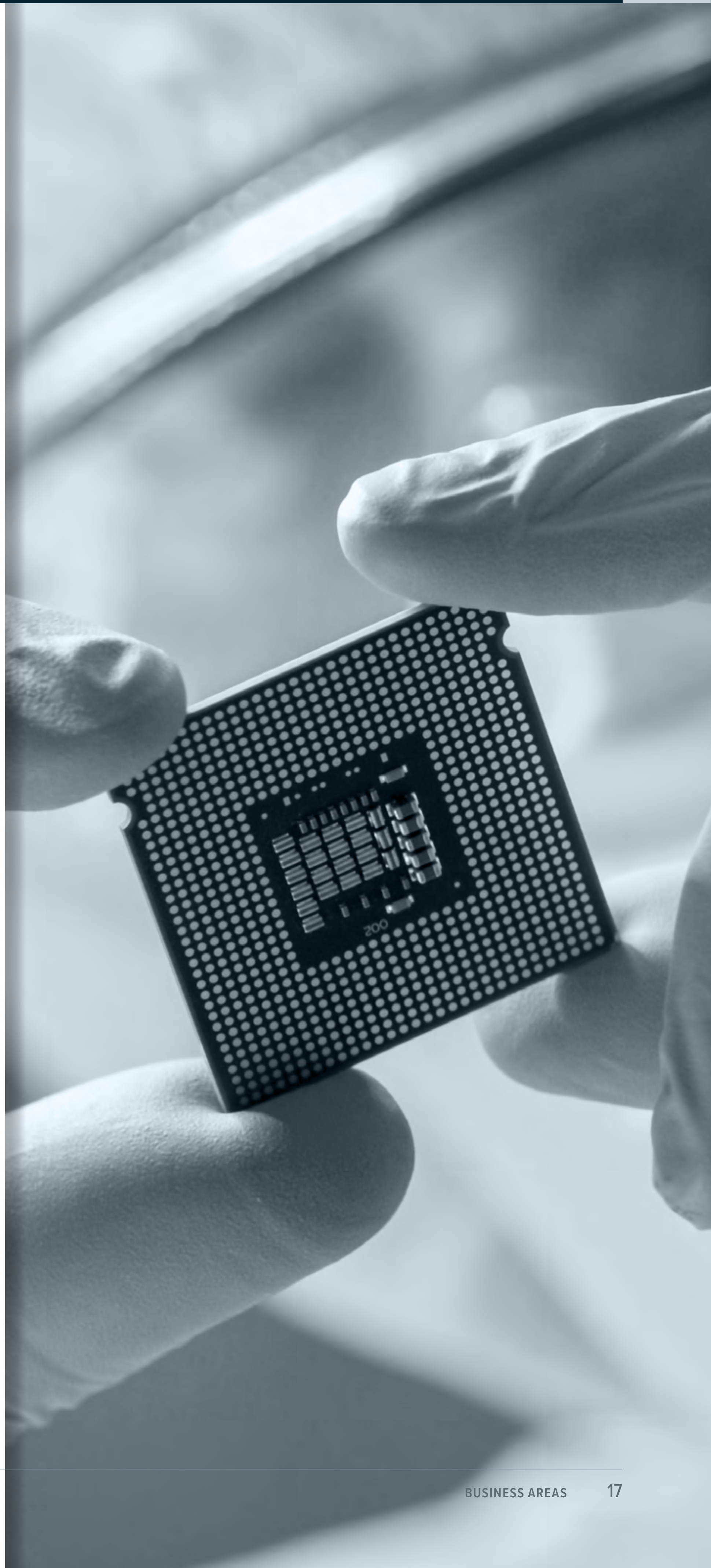


EBITDA – PIR
■ *NOK million* ━ *Margin %*



EBIT – PIR
■ *NOK million* ━ *Margin %*





EXECUTIVE MANAGEMENT

Per Jørgen Weisethaunet

Chief executive officer (CEO)

Per Jørgen Weisethaunet has been the group's CEO since 2001 and co-owner of NORBIT since 2008. He has several years of experience as an R&D project engineer and has worked with various electronics designs across several positions. Per Jørgen also previously worked as an operations manager in Cargoscan Metler Toledo. Weisethaunet has been chair and director of several executive boards. Weisethaunet holds a Master of Science degree in RF & Microwave electronics from the Norwegian University of Technology (NTNU), 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 2022: 6 973 588

Per Kristian Reppe

Chief financial officer (CFO)

Per Kristian Reppe has been the group's CFO since July 2020. Before joining NORBIT, Reppe held various senior positions in the Aker group, including CFO of Abelee and Investment Manager and Head of Investor Relations at Aker ASA. Prior to that, he worked as a management consultant at Arkwright and as an equity analyst at Pareto Securities. Reppe holds a Master of Science degree from the Norwegian School of Economics (NHH) with a major in financial economics.

Number of NORBIT shares* at 24 March 2022: 28 544

Arild Søraunet

Chief technical officer (CTO)

Arild Søraunet has been the group's CTO since 2018. Søraunet was previously the Business Manager of the R&D Services part of the business segment PIR, formerly known as ODM. Before that, he was the CEO of NORBIT Subsea AS from 2011 to 2016, and project manager of NORBIT ODM from 2002 to 2011. Arild has additional development engineer experience from Cavotec Micro-Control AS between 2000 to 2002 and Kongsberg Defence & Aerospace AS from 1997 to 2000. 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 2022: 721 989

Stein Martin Beyer

Chief operating officer (COO) and business unit director PIR

Stein Martin Beyer has been the group's COO and Business Unit Director of PIR since 2012. Beyer has 36 years of experience with industrial management and leadership, including 10 years in NORBIT and 10 years as CEO in Servi Cylinderservice AS. Beyer holds a Master of Science in material technology from the Norwegian University of Technology (NTNU) and a business economics degree from BI Norwegian Business School.

Number of NORBIT shares* at 24 March 2022: 295 147

Peter Koldgaard Eriksen

Business unit director Oceans

Peter Koldgaard Eriksen has been the group's Business Unit Director of Oceans since 2016. Koldgaard Eriksen has nine years of experience in NORBIT Subsea AS, seven years in RESON Inc and Goleta California as CEO, EVP, group CTO, and business development. He also has 11 years of experience in RESON AS Slangerup Denmark as an R&D engineer and R&D manager. During his time at RESON AS, he worked as CTO and Production Manager and in the global management team.

Koldgaard 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 2022: 748 570

Peter Tschulik

Business unit director Connectivity

Peter Tschulik has been the group's Business Unit Director of Connectivity since 2016. Tschulik has several years of domain experience, including his experience as a Global Product Management and Marketing and Center of Competence for Electronic Tolling in Siemens, Austria. In addition, he has six years of experience in the energy sector as Head of Communications and Head of Account Manager in Siemens, Austria, and 16 years of experience in the ICT sector as Head of Technical Sales Support & Development in Fixed Network. Tschulik has a PhD from the University of Vienna and studies of electronics from the Technical University of Vienna.

Number of NORBIT shares* at 24 March 2022: 201 640

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

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 and deputy chair of the board. At 31 December 2021, NORBIT's board of directors comprises five members, all of which all were elected at the company's general meeting on 4 May 2021. NORBIT's board is composed to be 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 was the CEO of Sparebank 1 SMN from 1991 to 2019. Sparebank 1 SMN's equity certificates were listed on the Oslo Stock Exchange during this period. Sparebank 1 Gruppen was established, and the bank's total assets grew from NOK 16 to 165 billion. Before Sparebank 1 SMN, Haugan held managerial positions at Forretningsbanken and Fokus Bank, his final two years as deputy CEO. Haugan has experience from several board positions, including chair of Sparebank 1 Gruppen, the industry organisation, Finance Norway, and Norwegian Bank's Guarantee Fund. He currently serves as chair of Sparebank 1 Sør Øst Norge (listed company), Sinkaberg Hansen AS, Forte Fondsforvaltning AS, Elekt AS, Solon Eiendom AS and is a director of OKEA ASA and LL Holding AS. Chair since May 2019, re-elected 4 May 2021 for a period of one year. Chair of the remuneration committee.

Haugan attended 15 board meetings in 2021 (100% attendance rate).

Number of NORBIT shares* at 24 March 2022: 92 498

Bente Avnung Landsnes (1957)
Deputy chair

Bente Avnung Landsnes served as the CEO and president of Oslo Børs ASA and Oslo Børs VPS Holding ASA from 2006 to 2019. Landsnes 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, Landsnes held the position of group executive vice president in Gjensidige NOR Sparebank. She was the group executive vice president at DNB NOR (IT and operations) from 2003 to 2006. Landsnes has, amongst others, experience with change and reputation management, financial reporting, investor relations, corporate governance, ESG and digital transformation. Since 2019, she has worked as a non-executive director, mentor and advisor. Deputy chair since May 2019, re-elected 4 May 2021 for a period of two years. Member of the audit committee.

Landsnes attended 15 board meetings in 2021 (100% attendance rate).

Number of NORBIT shares* at 24 March 2022: 60 473

Tom Solberg (1962)
Director

Tom 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 as chair in Pretor Advokat AS, Brilliant AS and Romy Clima AS in Trondheim, and deputy chair in MSG Production AS in Skien. Director since January 2004, re-elected 4 May 2021 for a period of one year. Member of the remuneration committee.

Solberg attended 15 board meetings in 2021 (100% attendance rate).

Number of NORBIT shares* at 24 March 2022: 65 789

Trond Tuvstein (1972)
Director

Trond Tuvstein is currently the CEO of Trym, a construction and property development company. Before Trym, Tuvstein was the CFO of SalMar ASA in the period 2013 to 2019. Prior to that, he spent two years as the company's Head of Investor Relations. In addition, he has extensive accounting experience, having worked in partner positions in audit firms, PricewaterhouseCoopers (PWC) and Systemrevisjon. Tuvstein's core competencies include financial reporting, strategy and financing, as well as mergers and acquisitions. Director since May 2019, re-elected 4 May 2021 for a period of two years. Chair of the audit committee.

Tuvstein attended 15 board meetings in 2021 (100% attendance rate).

Number of NORBIT shares* at 24 March 2022: 32 894

Marit Collin (1960)
Director

Marit Collin holds a Bachelor of Science in economics from Trondheim Økonomiske Høgskole. In addition, Collin has attended the Master of Management program at NTNU. Collin has been the CEO of Kantega AS since 2011. She 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, re-elected 4 May 2021 for a period of one year. Member of the remuneration committee.

Collin attended 14 board meetings in 2021 (93% attendance rate) .

Number of NORBIT shares* at 24 March 2022: 41 447

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

BOARD OF DIRECTORS' REPORT FOR 2021

MOVING TOWARDS THE 2024 AMBITION LEVEL

NORBIT ASA reported good progress in 2021, with all-time high revenues, despite challenges relating to the pandemic and shortage in supply of raw material components. Revenues came in at NOK 787.8 million, representing an increase of 27 per cent from 2020, with an EBITDA margin of 18 per cent, up from 15 per cent in 2020. During the year, NORBIT provided an update on its ambitions and long-term financial targets. The group's ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT is continuing to pursue value-accretive acquisitions to accelerate growth further. Based on the group'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 2021.

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 production facilities at Selbu, Røros and Trondheim in Norway. NORBIT has a global sales and distribution platform with subsidiaries in Sweden, Denmark, Poland, Austria, Hungary, Czech Republic, Slovakia, Croatia, Italy, Singapore, Brazil, China, the UK and the US. NORBIT also has ownership interests in two companies located in Germany and Iceland, reported as associated companies.

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

Through its three business segments, NORBIT has a diversified business model where the segments are exposed to different markets drivers, customer bases and risks. The group's diversified offering across its segments makes NORBIT well positioned to meet various market scenarios.

A further description of each business unit is presented under the section "Business segments".

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

Financial ambitions and strategic platform

Since 2010, NORBIT has grown its revenues by close to 30 per cent per year on average, mostly organic, and at the same time remained firm to the financial objective of growing profitably. Successful components to the progress made have been:

- a tailored growth strategy for each individual segment
- relentless focus on market-driven innovation in carefully selected niches
- a strong corporate culture
- a diversified business model
- recruiting and refining top talent
- maintaining control and proximity to highly robotised in-house production in order to remain competitive

In 2021, NORBIT updated its ambitions and long-term financial targets. NORBIT intends to reinforce the elements that have served the group well in the past, and further capitalise on its global sales and distribution platform and innovation capabilities.

NORBIT has set out an ambition to deliver organic revenues of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT will continue to explore value-accretive acquisitions through defined criteria to accelerate growth further, although remaining disciplined. The group's diversified product offering, targeting multiple industries and geographies, combined with the organisation's ability to adapt and to successfully introduce new market-driven innovation makes the group robust.

NORBIT has a strategy for continued profitable growth through investing in innovation. The strategic priorities for each segment are described in more detail below.

Oceans

For segment Oceans, strategic priorities remain on broadening the product portfolio and expanding into new geographies and adjacent markets, capitalising on a global sales and distribution platform. Market-driven innovation is a cornerstone in the growth strategy. Successful launches of the WINGHEAD sonar family and the Guardpoint surveillance sonar are two examples of such innovation, where both are expected to contribute to continued growth.

Oceans has set out an ambition to deliver organic revenues of NOK 700 million and an EBITDA margin in excess of 35 per cent in 2024. In 2021, Oceans delivered NOK 378.5 million in revenues and an EBITDA margin of 35 per cent.

Connectivity

In segment Connectivity, NORBIT has a strategy to grow the new sub-segment Smart Data based on selected Connected Solutions, complementing its strong position in the dedicated short-range communication (DSRC) domain. The ambition with Smart Data is to increase the share of income generated from subscription-based business models, providing growth in recurring revenues. Along with this strategy, Connectivity as a whole will focus on investing in innovation by developing new products and solutions, capitalising on its capabilities within software and low power wireless devices for asset tracking, identification and monitoring.

Connectivity has the ambition to deliver revenues of NOK 350 million in 2024, with an EBITDA margin in excess of 35 per cent. In 2021, Connectivity delivered NOK 146.3 million in revenues and an EBITDA margin of 16 per cent.

PIR

Benefiting from the investments made in increasing the manufacturing capacity, the strategic objective in PIR remains to organically grow the segment. PIR is experiencing increasing demand, both supported by a general electrification trend and an increasing preference among new clients to manufacture products in geographical proximity to its operation. By having in-house R&D and manufacturing capabilities, PIR can offer a strong value proposition, supporting clients from prototype development to full scale production.

PIR has the ambition to deliver revenues of NOK 450 million in 2024, with an EBITDA margin between 8 and 10 per cent. In 2021, PIR reported NOK 291 million in revenues and an EBITDA margin of 6 per cent.

FINANCIAL REVIEW

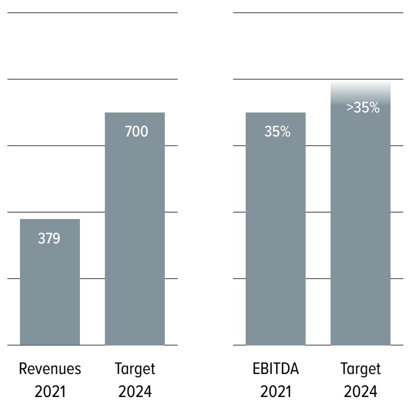
All amounts in brackets are comparative figures for 2020 unless otherwise specifically stated.

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 the 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 2021.

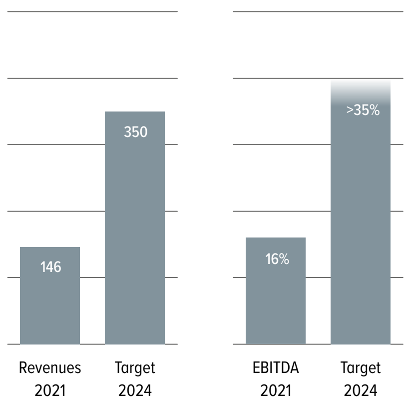
OCEANS

***Revenues** – NOK million* ***EBITDA** – per cent*



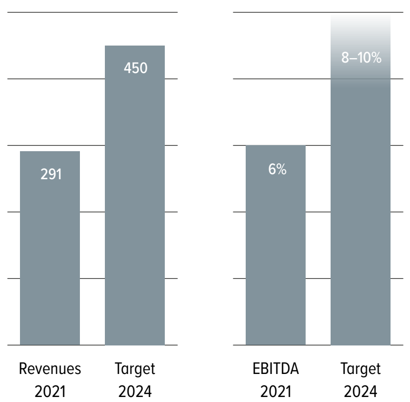
CONNECTIVITY

***Revenues** – NOK million* ***EBITDA** – per cent*



PIR

***Revenues** – NOK million* ***EBITDA** – per cent*



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

Total operating revenues for 2021 amounted to NOK 787.8 million (NOK 618.8 million), corresponding to an increase of 27 per cent from the year before. The largest segment, Oceans, achieved an increase in revenues of 42 per cent, driven by higher sonar sales. Revenues from segment Connectivity in 2021 were relatively stable, after a weak first half of the year. Segment PIR reported revenue growth of 30 per cent. The increase from 2020 were attributable to higher sales of contract manufacturing and R&D services.

Other gains and losses were NOK 1.2 million and relate to the acquisition of 65 per cent of the shares in Kilmore Marine, segment Oceans' distributor in the UK and the Middle East, where NORBIT previously had a 35 per cent ownership interest.

Raw material expenses and change in inventory were NOK 363.3 million (NOK 292.7 million).

Employee benefit expenses amounted to NOK 187.7 million (NOK 155.6 million). The increase is primarily explained by the acquisition of iData in 2021 and a general strengthening of the organisation due to the higher activity level.

Other operating expenses were NOK 95.5 million (NOK 77.1 million). The increase from 2020 was primarily explained by the iData acquisition, which represented NOK 15.7 million of the increase.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 142.6 million (NOK 93.5 million), corresponding to an EBITDA margin of 18 per cent (15 per cent). Adjusted for transaction costs related to the iData acquisition, EBITDA was NOK 150.0 million, equaling a margin of 19 per cent.

Depreciation and amortisation were NOK 69.0 million (NOK 49.1 million) with the increase explained by amortisation on completed R&D investments and full year effect of depreciations related to investments at the production facility at Røros and in machinery and equipment.

Operating profit for 2021 was NOK 73.5 million (NOK 44.3 million).

Net financial items amounted to negative NOK 9.8 million for the full year (expense of NOK 9.5 million), mainly explained by reduced foreign exchange losses, offset by an increase in interest expenses.

NORBIT recorded a profit before taxes of NOK 63.7 million (NOK 34.8 million). Tax expenses amounted to NOK 15.9 million for 2021 (NOK 7.5 million).

Consequently, profit for 2021 ended at NOK 47.9 million (NOK 27.3 million).

Consolidated statement of financial position

NORBIT had total assets of NOK 976.9 million at 31 December 2021, an increase from NOK 671.6 million at the end of 2020.

Total non-current assets amounted to NOK 503.8 million at 31 December 2021, up from NOK 345.1 million the year before, of which the largest items include intangible assets and property, plant and equipment.

Intangible assets rose to NOK 242.3 million (NOK 171.5 million) primarily due to the acquisition of iData and the associated fair value adjustments of the transaction, in total NOK 56.2 million. Total investments in R&D during 2021 amounted to NOK 51.2 million (NOK 63.2 million), corresponding to 6.5 per cent of revenues for 2021 (10.2 per cent).

Property, plant and equipment increased to NOK 164.9 million (NOK 150.0 million) mainly explained by NOK 29.0 million investments, a NOK 10.5 million reclassification of inventory to property, plant and equipment and NOK 9.3 million related to the iData acquisition, partly offset by depreciations of NOK 24.9 million.

Total current assets amounted to NOK 473.2 million, up from NOK 326.5 million at 31 December 2020.

At 31 December 2021, inventories amounted to NOK 263.2 million, compared to NOK 164.6 million at the end of 2020. The increase in the inventory level is primarily related to NORBIT purchasing components to safeguard deliveries due to the challenging situation in the market for the supply of raw material components, as well as the underlying growth in activity.

Trade receivables were NOK 154.9 million at 31 December 2021, up from NOK 121.4 million at the end of 2020, mainly explained by an increase in revenues comparing fourth quarter 2021 with the corresponding period of 2020.

Cash and cash equivalents amounted to NOK 21.7 million at 31 December 2021, up from NOK 15.0 million at the end of 2020.

Total liabilities were NOK 479.1 million at year-end 2021, up from NOK 234.9 million as of 31 December 2020, of which the largest items include interest-bearing borrowings and trade payables.

Total equity ended at NOK 497.9 million, up from NOK 436.8 million at 31 December 2020. This represents an equity ratio of 51 per cent (65 per cent). The increase is mainly explained by NOK 47.9 million in profit for the period, and share issues of NOK 33.5 million, partly offset by NOK 17.0 million in dividends paid.

Consolidated statement of cash flows

Operating activities generated a cash flow of NOK 47.7 million for 2021 (NOK 92.1 million), including a net increase in working capital of NOK 83.7 million (decrease of NOK 8.7 million). The increase is mainly driven by an increase in trade receivables and inventories.

Cash flow used for investment activities was NOK 217.6 million for the year (NOK 136.7 million). The investments mainly consist of NOK 126.9 million related to the acquisitions of iData and Kilmore Marine, NOK 51.2 million in R&D investments and NOK 39.5 million investments in property plant and equipment, including a NOK 10.5 million reclassification of inventory.

Financing activities generated a cash flow of NOK 176.6 million (NOK 37.8 million), primarily explained by an increase in net interest-bearing borrowings of NOK 194.6 million. During 2021, NORBIT distributed total dividends of NOK 17.0 million (NOK 34.1 million), equating to NOK 0.30 per share.

Financing and capital structure

At the end of 2021, NORBIT had NOK 288.2 million in interest-bearing borrowings (NOK 94.7 million) and NOK 266.5 million (79.7 million) when adjusting for cash and cash equivalents. NORBIT had NOK 183.5 million in undrawn committed credit facilities at 31 December 2021.

During the year, NORBIT entered into an agreement to refinance and increase the credit limit on its revolving credit facility (RCF) to NOK 200 million from previously NOK 150 million, and established a new NOK 55 million term loan, strengthening the liquidity with NOK 105 million. The maturity date for the RCF is February 2025 and July 2024 for the term loan. The margin for both loans is NIBOR + 1.8 per cent margin p.a. The term loan amortises over 15 years. Covenants remain unchanged.

NORBIT has a policy of maintaining a leverage ratio, defined as net-interest-bearing borrowings (including leasing liabilities) divided by EBITDA, in the range of 1.0 – 2.5x. At the end of 2021, the ratio was 1.8x (1.0x). The equity ratio was 51 per cent (65 per cent). Further information regarding NORBIT's capital management policy can be found in Note 20 to the financial statements.

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 49.8 million (a profit of NOK 38.2 million). After a tax expense of NOK 17.0 million, the company recorded a net profit of NOK 32.8 million (net profit of NOK 29.8 million).

Dividends

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

Amounts in NOK million	
Dividend (NOK 0.30 per share)	17.5
Transferred to other equity	15.3

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 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 2022.

For the fiscal year 2020, NORBIT paid dividends in the aggregate amount of NOK 17.0 million (NOK 0.30 per share).

SEGMENT INFORMATION

NORBIT is organised in three operating segments: Oceans, Connectivity and Product Innovation and Realization (PIR).

Oceans

Financial review

Revenues for the segment amounted to NOK 378.5 million in 2021, representing an increase of 42 per cent from 2020 (NOK 267.2 million). Growth was mainly attributed to strong sonar sales, where revenues increased across all geographies compared to the corresponding period of 2020.

The segment has a highly diversified customer base worldwide with the five largest customers in 2021 accounting for approximately 10 per cent of revenues. Revenues were equally split between Americas, Europe/Middle East and Asia-Pacific in 2021.

Operating expenses for segment Oceans, including employee expenses and other operating expenses, amounted to NOK 105.6 million for 2021 (NOK 87.8 million). The increase is explained by the inclusion of NORBIT Kabelpartner in the Oceans segment (reported within PIR in 2020), representing NOK 21.7 million of the increase.

EBITDA for the Oceans segment was NOK 133.6 million for 2021 (NOK 59.6 million), representing a margin of 35 per cent (22 per cent). The improved results are due to operational leverage following growth in revenues and a favourable product mix in the sonar business.

Connectivity

Financial review

Revenues for Connectivity amounted to NOK 146.3 million for 2021 (NOK 145.1 million), after experiencing a weak first half of the year. iData reported NOK 33.2 million in revenues in the period of August to December. Revenues were impacted by a particularly challenging first half of the year for sub-segment ITS, where the pandemic and the exposure to the European automotive industry resulted in lower volumes sold.

Operating expenses for segment Connectivity amounted to NOK 72.0 million for the full year of 2021 (NOK 33.4 million). The increase is primarily related to operating expenses in iData of NOK 25.0 million, increased use of external consultants and increased production cost for ITS related products.

For the full year of 2021, EBITDA for Connectivity totalled NOK 23.8 million (NOK 42.5 million), representing an EBITDA margin of 16 per cent (29 per cent). The decline in EBITDA and margin is primarily explained by higher operating expenses and the weak first half experienced by sub-segment ITS with low profitability.

Product Innovation and Realization (PIR)

Financial review

Revenues for PIR amounted to NOK 291.0 million for 2021 (NOK 224.6 million), representing an increase of 30 per cent as a consequence of higher sales of contract manufacturing and R&D services. In 2021, contract manufacturing represented 75 per cent of the revenues in the segment, while R&D services and products represented the remainder. Within contract manufacturing, approximately 70 per cent of the revenues relates to the automotive industry.

Operating expenses for the PIR segment amounted to NOK 93.6 million for 2021 (NOK 110.8 million). The reduction from last year is primarily explained by the reclassification of Kabelpartner to segment Oceans.

The PIR segment recorded an EBITDA for the year of NOK 16.4 million (NOK 2.3 million), representing a margin of 6 per cent (1 per cent). The improved results are mainly attributed to the higher revenue base combined with lower operating expenses.

EVENTS AFTER THE BALANCE SHEET DATE

- Oceans was awarded an order for multiple Guardpoint surveillance sonar systems for a total value of NOK 20 million with delivery in the second quarter of 2022
- Connectivity secured several important contracts, including a NOK 30 million order from Toll Collect, a NOK 25 million extension order for OBUs to a European customer, a NOK 15 million order for OBU's from a French customer, and an agreement with Flyt AS was entered into for delivery of OBUs
- NORBIT strengthened its liquidity with NOK 120 million by refinancing its overdraft facility, and entered into a NOK 110 million non-recourse factoring agreement
- NORBIT announced it was in exclusive negotiations regarding an add-on acquisition of an undisclosed international maritime company, to be included in segment Oceans if acquired. The target company is valued at USD 3.6 million on a cash- and debt-free basis, expected to be financed 65 per cent by cash and 35 per cent through a private placement of shares

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 2021, the group invested a total of NOK 51.2 million in R&D (NOK 63.2 million), representing 6.5 per cent of the revenues for the year. A significant part of NORBIT's investments in R&D in 2021 was allocated to segment Oceans and Connectivity to further broaden the product offering.

In 2022, 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.

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 in a global market. The current supply environment for raw material components continues to be challenging, particularly within the semiconductor industry. The supply market is characterised by low visibility as lead times have increased and remains unreliable due to capacity constraints, both on manufacturing as well as transportation and freight. This impacts the scheduling of planned deliveries leading to delays and, in the worst case, cancellation of planned orders. There is also a risk that customers may cancel orders due to challenges in their own supply chain beyond the scope of NORBIT.

NORBIT has maintained a strategy of keeping extra inventory of electronic components to maintain flexibility, which has been a successful strategy in the current component market.

NORBIT is working actively to mitigate the risk of supply shortages by increasing inventory levels, evaluating the use of component equivalents in close dialogue with customers, as well as working with suppliers to secure the raw material components needed to deliver according to plan.

Market risk

The activities of the group are international, with the delivery of high-technology products, systems and solutions with related services to a variety of markets and customers. Market risk can therefore vary somewhat within these different segments. 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.

Geopolitical risk

NORBIT is a global group of companies with close to 80 per cent of its revenues generated outside of Norway. As a result, NORBIT's operations are subject to a 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.

NORBIT has almost no direct exposure to Ukranie and Russia. However, the war in Ukraine could have indirect effects on NORBIT through the supply chain, which may lead to inflationary pressure, disruptions and shortage of components

Pandemics

The Covid-19 virus caused global disruption throughout 2021 and impacted NORBIT's supply chain across its operating segments. The number of new covid-19 cases increased significantly at the end of the year. A broader infection throughout the organisation poses a risk that production processes might temporarily stop due to sick leave, which might impact revenues and cash flow in such periods. The pandemic has also had financial consequences on certain of the partners NORBIT trade with, resulting in particularly increased credit risk on trade receivables NORBIT has outstanding at any given time. Furthermore, pandemic outbreaks could also occur in the future and may impact NORBIT's operations, business activity and finances.

Financial risk

NORBIT is exposed to several financial risks. Note 5 to the financial statements explain the group's exposure to financial risks and how these could affect the group's future financial performance. Financial risks are managed centrally by the finance department.

Interest rate risk

The group's main interest rate risk arises from borrowings with variable rates in EUR, USD and NOK, 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 2021.

The group rebalances the short-term (within 90 days) main currency exposures on a monthly basis in order to have a neutral currency position on trade receivables, trade payables and cash. There is currently an ongoing process to optimise the medium to long-term hedging practice.

Credit risk

The group is exposed to credit risk related to cash and cash equivalents, trade receivables and other current receivables. Cash is held with reputable banks with strong credit ratings, implying a low credit risk. Receivables carry a higher credit risk due to the fact that NORBIT conducts its business with a fragmented customer base. Historically, NORBIT has had limited losses on its receivables.

The exposure to credit risk is monitored on an ongoing basis within the finance department as a risk mitigating action. The group's receivables are not credit insured.

Liquidity risk

Liquidity risk is the risk that the group is unable to meet the obligations associated with its financial liabilities. For NORBIT, liquidity risk is managed by maintaining sufficient cash deposits and available committed credit lines that the group can draw on to meet its obligations as they occur. NORBIT has a centrally managed multi-currency cash pool arrangement where most subsidiaries are connected. The liquidity trend is monitored frequently, supported by budgets and forecasts.

At 31 December 2021, NORBIT had NOK 183.5 million in undrawn credit facilities.

CORPORATE GOVERNANCE

NORBIT ASA is subject to annual corporate governance reporting requirements under §3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the Oslo Stock Exchange Rule Book II. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance may be found at www.nues.no. NORBIT ASA 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 2021 has been approved by the board and can be found in the ESG section on page 43 of this annual report.

CORPORATE SOCIAL RESPONSIBILITY

NORBIT is required to report on its corporate social responsibility and selected related issues under §3-3a and §3-3c of the Norwegian Accounting Act, as well as provide an annual statement on its efforts to secure equal opportunities under §26-a in the Equality and Anti-discrimination Act of Norway.

NORBIT has chosen to report on its efforts to integrate environment and climate issues, social conditions and working environment (hereunder injuries, sickness leave, equality and non-discrimination, respect for human rights and measures against corruption and bribery) in the separate ESG report, approved by the board of directors. The detailed reporting on all relevant topics can be found from page 35 of this annual report.

EMPLOYEES AND ORGANISATION

In 2021, NORBIT had an average workforce of 311 full time equivalents (FTEs), compared to an average of 246 in 2020. NORBIT is a global group of companies with employees in 15 countries.

Number of full-time equivalents:

Country	Average 2021	Per year-end
Norway	233	246
USA	5	5
Hungary	59	117
Austria	2	2
Poland	1	1
Italy	2	2
Singapore	2	2
China	1	1
Denmark	0	1
United Kingdom	3	3
Czech Republic	0	1
Croatia	4	8
Slovakia	1	3
Total	311	391

Employee share purchase programs

In July, the board of directors introduced incentive share purchase programs for all employees in NORBIT. In total, 98 employees participated in the programs, representing close to 40 per cent of the total employees eligible for participation.

Changes to the executive management and board of directors

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. The board consists of Finn Haugan (chair), Bente Avnung Landsnes (deputy chair), Trond Tuvstein, Marit Collin and Tom Solberg.

The board of directors was elected on the company's general meeting on 4 May 2021, and there were no changes to the board of directors in 2021.

Directors and officers liability insurance

NORBIT ASA has a directors and officers liability insurance with AIG for the group, including the parent company and its subsidiaries. The insurance covers the board members, CEO and members of the management team. The insurance comprises personal legal liabilities, including defence and legal costs.

SHARE AND SHAREHOLDER MATTERS

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

During 2021, the share traded between NOK 17.40 and NOK 35.40 per share, with a closing price of NOK 31.30 at year-end 2021.

At 31 December 2021, NORBIT ASA had a total of 1 384 shareholders, of which the 20 largest shareholders held 83.8 per cent of the total outstanding shares. NORBIT ASA has a total of 58 459 302 issued and outstanding shares as at year-end 2021. There were no treasury shares or options outstanding at the same date.

NORBIT ASA's annual general meeting for 2022 is planned to be held at the company's headquarter, Stiklestadveien 1, Trondheim, on 4 May 2022 16:00 CET.

Equity issues

In connection with the share purchase programs to employees, the board of directors of NORBIT ASA resolved to increase the parent company's share capital by NOK 46 021.90 through the issuance of 460 219 new shares, each with a par value of NOK 0.10. The resolution was based on the authorisation to increase the share capital granted by the general meeting on 4 May 2021.

As settlement for the acquisition of iData, completed on 30 July 2021, the board of directors resolved to issue 1 212 165 new shares as a private placement to the sellers of iData at a subscription price of NOK 20.65.

OUTLOOK

In 2021, NORBIT made good progress towards its 2024 ambition level despite experiencing challenges relating to the pandemic and shortage in supply of components. In total, NORBIT grew its revenues by 27 per cent from 2020. Supported by the higher revenue base and operational leverage, profitability increased with particularly segment Oceans contributing with strong results. The board wishes to thank its external stakeholders for their continued support, as well as thank all employees for their efforts and for the results achieved in 2021.

As NORBIT enters a new year, the board of directors is optimistic about the outlook. The target for 2022 is to deliver revenues in excess of NOK 1.0 billion, supported by growth in all three business segments. As in previous years, quarterly seasonal fluctuations are expected, along with the impact of currency movements as a substantial share of NORBIT's revenues is

denominated in foreign currencies. Longer term, NORBIT has set out an ambition to deliver organic revenues of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT will continue to explore value-accretive acquisition through its defined criteria to accelerate further growth.

Continued long-term growth will require further investments in R&D to broaden the product portfolio and in manufacturing equipment. In 2022, NORBIT expects its R&D investments to be NOK 50–60 million, while investments in fixed assets are anticipated to be NOK 40–50 million. The increase from 2021 reflects investments in two production lines to support underlying demand from existing and new customers.

For the fiscal year 2021, 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 of directors has considered the company's financial position, investment plans and the needed financial flexibility to provide for sustainable growth. Considering NORBIT's solid liquidity position, the board of directors considers the financial capacity for further profitable growth to be strong.

Trondheim, Norway, 24 March 2022
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

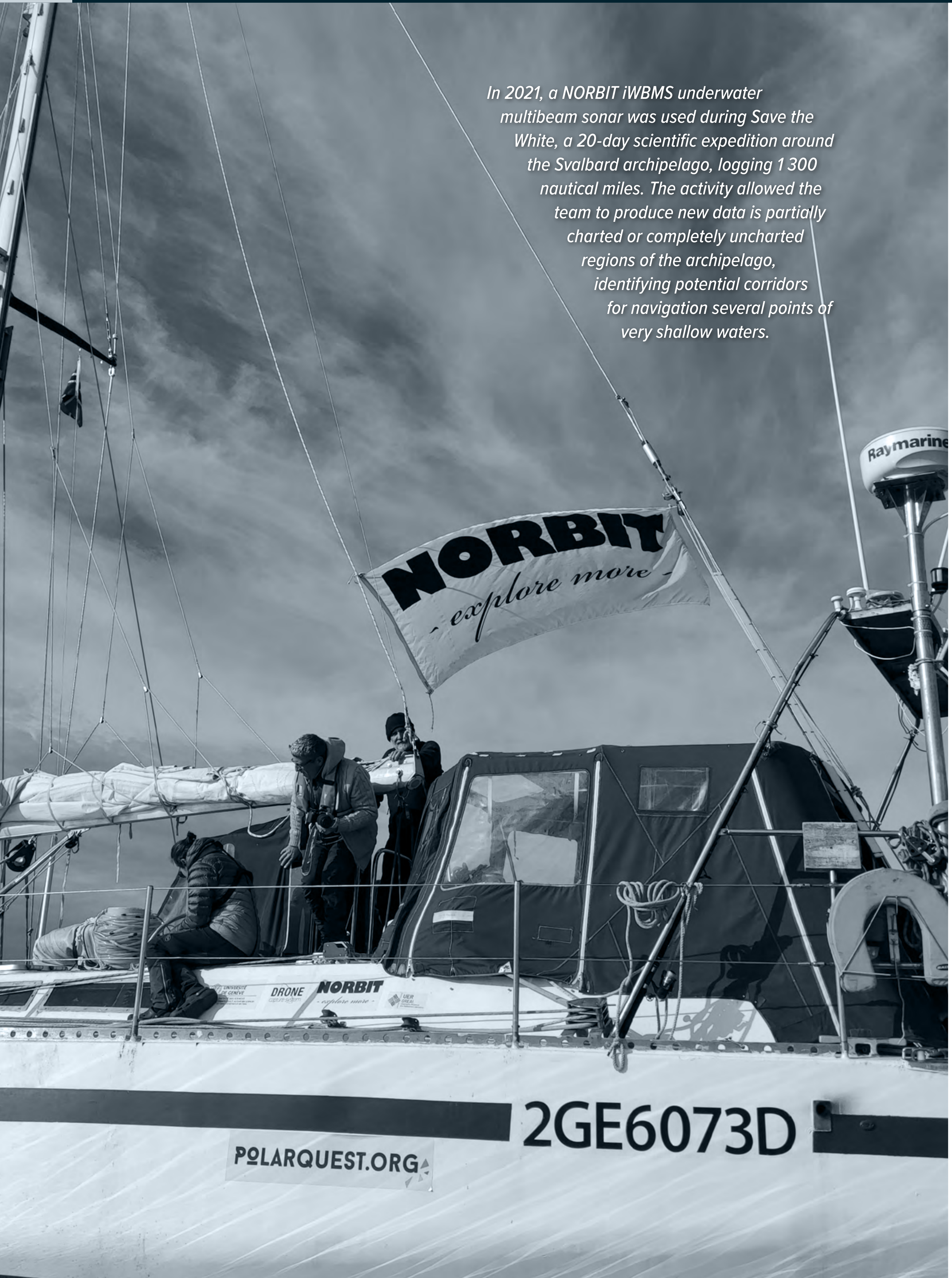
Bente Avnung Landsnes
Deputy chair of the board

Tom Solberg
Director

Trond Tuvstein
Director

Marit Collin
Director

Per Jørgen Weisethaunet
Chief executive officer



In 2021, a NORBIT iWBMS underwater multibeam sonar was used during Save the White, a 20-day scientific expedition around the Svalbard archipelago, logging 1 300 nautical miles. The activity allowed the team to produce new data is partially charted or completely uncharted regions of the archipelago, identifying potential corridors for navigation several points of very shallow waters.

ESG REPORT

At NORBIT, we act and conduct business with integrity and transparency. Part of this also includes transparent reporting and disclosure of how the group's day-to-day operations impact environmental, social and governance factors. NORBIT aims to create value for customers, shareholders, employees, and society; first and foremost, by producing a variety of specialised products and solutions that support the customers' sustainability strategies.

NORBIT's license to operate rests on confidence from its key stakeholders. All employees are therefore committed to comply with the group's code of conduct to ensure maintenance of high ethical standards in its business concept and relations with customers, suppliers and employees. The ethical guidelines apply to all employees and include, among others, guidelines on personal conduct, conflicts of Interests, anti-corruption and fair competition.

The ambition is to contribute to sustainable development 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 sustainability challenges for customers and the society at large (external focus).

COMMITTED TO MAKING UN GLOBAL COMPACT PRINCIPLES A PART OF DAILY OPERATIONS

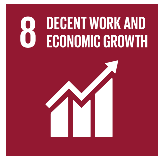
NORBIT is committed to making the UN Global Compact and its principles part of the group strategy, culture and day-to-day operations.

As part of this commitment, NORBIT reports on practical actions taken or planned by the group to implement the UN Global Compact principles and measurement of outcomes of these actions. NORBIT has submitted a Communication on Progress Report in March 2022, describing undertaken activities and outcomes in 2021. This report can be found on the UN Global Compact's website www.unglobalcompact.org.

Supporting our customers' sustainability strategies

NORBIT also 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 within two main areas; digital transformation and blue economy.

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:



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.

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, security, energy, marine and subsea.

Reducing CO_2 emissions from the transportation sector

The transport sector is responsible for one third of global CO_2 emissions. NORBIT's solutions withing fleet management contribute in reducing the CO_2 emissions from the transport sector, for instance by route optimisation.

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.

ENVIRONMENT

NORBIT's ambition is to create environmental value. "Doing more with less" is the group environmental tag, which is reflected in the group's Code of Conduct. The following information provides examples of the group's standards and ongoing initiatives relating to environmental considerations. In addition, NORBIT intends to identify and implement additional activities in line with SDG 13 and 14, reducing CO_2 emissions from the transportation sector and sustainably using the oceans, both of which are priority areas for the group.

Oceans and the Blue Economy

The oceans are an integral part of the world economy, from harvesting of seafood and extraction of resources such as minerals and energy to maritime commerce and transport.

Today, ocean industries, known as the Blue Economy, have an estimated turnover of between USD 3 and 6 trillion annually, according to the UN, but are expected to become even more important over the next decades. DNV GL forecast a nine-fold increase in demand for ocean space for sustainable aquaculture and energy production towards 2050, made possible by technology innovation.

The Blue Economy brings endless opportunities, but there is also a need to find solutions that protect marine biodiversity and ensures safe operations at sea. Within segment Oceans, there are five main areas where Oceans' technology and products are well-positioned to support in the Blue Economy: safety of navigation, renewable energy, security, fisheries and environmental monitoring.

Within marine transport, Oceans offers tools for safe underwater navigation and our high-performance sonars are used when conducting maintenance or construction of infrastructure such as quay walls, bridges and pipelines.

For marine renewable energy projects, Oceans has solutions for permitting surveys, planning surveys, construction and maintenance support as well as planning of water resources and reservoirs. Towards 2050, Blue Economy investments in offshore wind will exceed oil and gas according to DNV GL.

OCEANS AND THE BLUE ECONOMY

SAFETY OF NAVIGATION

- Maintenance of infrastructure
- Construction of infrastructure

RENEWABLE ENERGY

- Permitting surveys
- Planning surveys
- Construction support
- Planning of water resources/reservoirs

SECURITY

- Disaster help, fly in assets
- Surveys for support of dive sites
- Security of sites

FISHERIES

- OEM OLEX for habitant detection for planning of asset deployed on seafloor

ENVIRONMENTAL MONITORING

- Bottom classification for environmental protection
- Ponds detection/documentation
- Pollution and oil spill detection

Fisheries are expected to have a key role in transforming food systems and eliminating hunger and malnutrition, according to The Food and Agriculture Organization (FAO). Oceans provide solutions for habitant detection for planning of asset deployed on seafloor, in addition to technology and services to the aquaculture segment allowing for sustainable growth of ocean related proteins.

Over recent years, 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 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 2021, sales of such solutions represented approximately 15 per cent of Oceans' revenues.

Connectivity's contribution to lower CO_2 emissions

Through Connectivity, NORBIT enables our clients to further digitise and make their operations and logistics more effective, with optimised planning of routes resulting in reduced traffic. Sub-segment Smart Data has systems and software designed to monitor, control and protect vehicles through fleet management, using real-time data to determine the current location of a vehicle or asset and allowing for improved route planning, including identifying more fuel-efficient roads.

Certifications

NORBIT has three production facilities, of which two are certified according to the international standard that specifies requirements for an effective environmental management system, ISO 14001. The third production site is in process of being Eco-Lighthouse certified. The three manufacturing sites have different KPIs defined for electricity and water consumption.

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 2021, NORBIT completed the development of a new supplier quality management system, expecting the system to be rolled-out during 2022.

SOCIAL

At year-end 2021, NORBIT had 391 full-time equivalents across 15 jurisdictions. NORBIT's main asset is its employees. NORBIT's core value "Refinement of talents" serves as a guiding principle for continuous development of all employees' skills and personal attributes. NORBIT strives to protect all its employees' health, safety, human rights, and labour rights. NORBIT also conducts its work 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

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.

Working environment

NORBIT shall promote a working environment characterised by diversity, equality, and mutual respect. This includes providing equal opportunities for all employees in an inclusive work culture. NORBIT appreciates that every individual is unique and valuable and should be respected for his or her individual abilities.

Diversity

NORBIT is committed to promoting diversity. NORBIT is a global group of companies with offices in 15 countries worldwide, having employees of 22 different nationalities. NORBIT's employees have a broad and diversified background, both culturally as well as by education and work experience. Different expertise and experience contribute positively to NORBIT's development.

NORBIT is supportive of gender diversity, strengthening the collaborative foundation between employees. Within the group, the gender balance varies across functions. Of the total 311 FTE's in the group, 88 are women, giving a female percentage of the workforce of 28 per cent. The board of directors consists of five members, of which two were women, while six out of six members of the management team are men. In 2021, the group had 43 part-time employees, of which 70 per cent were women and 30 per cent were men, and 65 temporary employees of which 74 per cent were men and 26 per cent were women. There were no involuntary part-time engagements in the group in 2021. During 2021, 10 Norwegian employees, divided into 8

Oceans has solutions for permitting surveys, planning surveys, construction and maintenance support as well as planning of water resources and reservoirs.

Photo: XOCEAN Ltd

men and 2 women, had parental leave. The average parental leave in the Norwegian companies was 15 weeks for men and 23 weeks for women. NORBIT follows applicable laws and regulations governing parental leave.

Equality

NORBIT strives to ensure that work of equal value shall receive equal pay, regardless of social differences. Salaries are determined based on a variety of factors, including, but not limited to, seniority, performance, responsibility and qualifications. Salary adjustments are carried out once a year. Salary levels vary across jurisdictions depending on competition for such resources and the general wage level of the countries NORBIT operates in. As a general guideline, NORBIT shall provide competitive salaries, but not be market leading. In addition to salaries, employees have pension and insurance schemes, which is governed by the employment agreements. All employees with 50 per cent working interest or more are entitled to participate in employee share incentive programs.

In 2021, NORBIT carried out a salary survey for its Norwegian companies in the group. The table below sets out the results of the survey. The salary gap between women and men is found in the administration / other category and is primarily explained by a larger share of men being employed in senior positions.

Number of employees	Female	Men	Ratio female to male (average)
Overall (excl executive management team)	80	167	83%
Engineers	6	67	100%
Production	42	54	103%
Administration / other	32	46	82%

Respect

NORBIT does not accept any form of harassment or discrimination based on gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, or political opinion. This is governed by NORBIT's Code of Conduct, which all employees are obliged to follow according to the employment agreement.

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 group is required to act on the report. There were no such incidents reported in 2021.

Recruiting

As a growing group, NORBIT is in continuous search of new skilled employees. Recruiting is generally carried out through open channels, and in certain cases with support from recruitment agencies. The recruitment agencies are well familiar with NORBIT's values and Code of Conduct. NORBIT welcomes all relevant applications to its open positions, and we treat applications with strict confidentiality.

Employee relationships and satisfaction

NORBIT gives each employee considerable scope in making decisions regarding their work. This implies a significant degree of freedom and places a substantial responsibility on employees.

The 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. All NORBIT employees are encouraged to report any incident of discrimination.

According to an employee satisfaction survey conducted during 2021, the working environment in the group is perceived as very good.

Health, safety and security

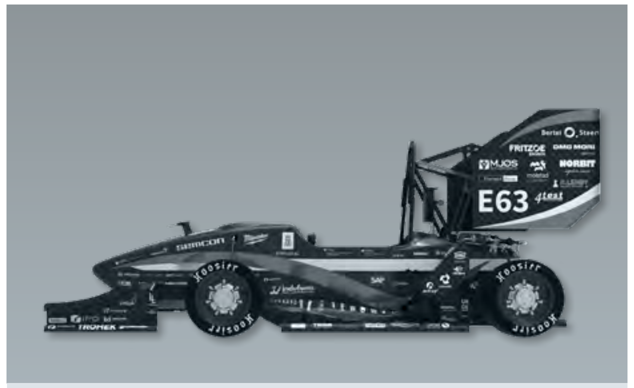
A safe, secure, and healthy working environment is a key priority in the group, and this applies wherever the group operates. The specific business units have defined safety routines and work instructions for the use of potentially harmful tools.

NORBIT has defined specific KPIs for HSS related injuries and sick leave. NORBIT strives for zero injuries, and in 2021 no significant injuries or accidents were recorded. NORBIT is working proactively to maintain a low sick leave. The group had 3.3 per cent sick leave in 2021, compared to 3.5 per cent in 2020. Sick leave within the Norwegian workforce is lower than the country average of approximately 6.5 per cent (as of Q3 2021), 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 practised in the group and apply to all employees:

SELECTED STUDENT SPONSORSHIPS:



REVOLVE NTNU

An independent student organisation at the Norwegian University of Science and Technology with more than 60 members who work voluntarily to develop and build a race car from scratch in one year, since 2017. The car competes in one of the largest engineering competitions for students in the world, Formula Student.

ORBIT NTNU

A non-profit student organisation that has designed and build Norway's first operational student satellite, FRAMSat-1. The satellite will be launched in 2022 in the ISAR Spectrum rocket from Andøya Space Center, Norway. Orbit's first mission, SelfieSat, is set to launch summer 2022 on a SpaceX Falcon 9.

PROPULSE NTNU

A rocketry team that aims to give students hands-on experience with engineering projects. The students join the team as an extracurricular activity on a voluntary basis with the goal of learning as much as they can about rockets, engineering and teamwork.

ASCEND NTNU

An aerial robotics team consisting of students with a goal to become the best performing team at the International Aerial Robotics Competition, American Venue, and the AlphaPilot competition. Ascend NTNU aims high, work hard, and create new and innovative solutions to some of the most challenging problems in cybernetics and autonomy as of today.

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.

Supporting the engineers of the future

NORBIT's recruiting strategy includes offering internships to students. As part of the internship programmes, the students learn and experience how technology can innovate and be applied in various contexts. During 2021, the group had 20 internship positions within R&D across Oceans, Connectivity and PIR.

NORBIT also contributes with both monetary support and non-financial initiatives to various student organisations in order to stimulate the engineers of the future to become interested in innovation and development. In close collaboration with educational institutions, NORBIT inspires a new generation of engineers to explore the technology area in search of new knowledge.

Community engagements

NORBIT aspires to be a positive contributor in the societies where the group has operations. This covers various activities, ranging from providing reflective vests to children in kindergartens, to being a proud sponsor of several local sports associations. In 2021, NORBIT provided monetary support to over 10 local sport associations.

COPORATE 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 a 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 14 October 2021. The Code is available at www.nues.no.

A review and presentation of NORBIT's compliance with the Code's recommendations follow 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

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, strategies and risk profiles for the group, to ensure sustainable value creation for the shareholders. The board evaluates the company's objectives, strategy and risk profiles at least yearly, and when carrying out this work, the board takes into account financial, social and environmental considerations.

In 2021, NORBIT updated its ambitions and long-term financial targets. NORBIT intends to reinforce the elements that have served the company well in the past, and further capitalise on its global sales and distribution platform. The ambition is to deliver organic revenues of NOK 1.5 billion, implying an annual growth rate of 25 per cent from 2020, and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT will continue to explore value-accretive acquisitions through defined criteria to accelerate growth further, although remaining disciplined.

Deviations from the Code: None

3. EQUITY AND DIVIDENDS

The board is committed to maintaining 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 continuously assess the capital requirements related to the group's strategy and risk profile.

Equity

At 31 December 2021, the group's equity was NOK 497.9 million, which corresponds to an equity ratio of 51 per cent. The board considers NORBIT's financial position to be solid with the necessary capacity to support 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 2021, 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.

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 2021, the board was granted the following authorisations:

- To increase 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, mergers, demergers and transactions

- Increase in the company's share capital by up to 2 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

In 2021, and based on the above authorisations, the board resolved to issue 1 212 165 new shares in connection with the acquisition of iData Kft at a price of NOK 20.65 per share as partial settlement of the transaction. This represented 2.1 per cent of the total share capital prior to the transaction.

The board also resolved to increase the company's share capital by NOK 46 021.90, in connection with incentive share purchase programs for employees, through the issuance of 460 219 new shares, each with a par value of NOK 0.10. This represented 0.8 per cent of the total share capital prior to the transaction.

Following these share capital increases, the company's share capital at 31 December 2021 is NOK 5 845 930.20, divided into 58 459 302 shares, each with a par value of NOK 0.10.

Deviations from the Code: None

4. EQUAL TREATMENT OF SHAREHOLDERS

NORBIT has a single class of shares, and all shares carry the same rights in the company. Equal treatment of shareholders is essential in NORBIT's corporate governance principles. 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 in the company's own shares are carried out through the stock exchange or at prevailing market price.

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. 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.

Deviations from the Code: None

6. GENERAL MEETINGS

Meeting notification, registration and participation

The general meeting is NORBIT's highest decision-making body. 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 2022 will take place on 4 May 2022.

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 physically attend a general meeting have a right to request to attend electronically to vote directly on individual agenda items. Shareholders unable to attend may also vote by proxy. The procedures for 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 the proposed 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 shall 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 and the chair of the nomination committee should attend the general meetings. The company's auditor is expected to attend the general meetings when the matters to be dealt with are of such nature that this is considered necessary.

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. On 4 May 2021, the general meeting elected the following chair and members to the nomination committee for a period of one year:

- Reidar Stokke, chair
- Berit Rian
- Janniche Fusdahl

The general meeting determines the committee's remuneration. The guidelines for the nomination committee have been approved by the general meeting. According to these guidelines, the nomination committee should comprise at least three members. The members of the nomination committee should be selected to consider the interests of shareholders in general, where the majority of the committee members are independent of the board and the executive management team. Members of the board or the executive management team shall not be members of the nomination committee.

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 any sub-committees. The nomination committee should justify its proposal, and the recommendation will include a proposal for the appointment of the chair. The nomination committee must make a written recommendation, which is published and presented to the general meeting.

Proposal for board candidates should be communicated to the chair of the nomination committee by sending an email to reidar.olaf.stokke@gmail.com prior to 31 December.

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. Proposals for the election period by the nomination committee to the general meeting should not exceed two years at a time, with the possibility of re-election.

At 31 December 2021, NORBIT's board comprised five members, who were all re-elected at the company's general meeting on 4 May 2021. Three of the directors were re-elected for a period of one year, and two of the directors were re-elected for a period of two years. The current composition of the board is presented in this annual report, and is also available from the company's website www.norbit.com. The presentation includes an overview of the directors' competence and background, meeting attendance and whether they are considered to be independent.

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 2021, 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. The board does not include members of the executive management. 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 in the ordinary course of business. See section 11 for further information.

Deviations from the Code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The board has adopted guidelines for their work and for the executive management. According to these guidelines, the board shall ensure that the group has proper management with a 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.

According to the board's instructions, 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 and be in accordance with the recommendations of the Norwegian Code of Practice for Corporate Governance.

The regulations governing the board's working practices include 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 on matters concerned at each board meeting.

The board shall consider whether to 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 or otherwise not cause any with respect to whether the agreement is on arm's length market terms. 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 24 to the 2021 financial statement.

The board evaluates its own performance and expertise once a year. The board held a total of 15 meetings in 2021 and the attendance rate was 98.7 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. At 31 December 2021, the audit committee comprised the following:

- Trond Tuvstein, Chair
- Bente Avnung Landsnes

The composition of the committee meets the requirements of the Norwegian Public Limited Liability Companies Act and the Code as regards to independence and competence.

The committee's main responsibilities are governed by the Norwegian Public Limited Liability Companies Act and the instructions of the audit committee include the following tasks:

- Prepare matters to be considered by the board and to support the board in the exercise of its management and supervisory responsibilities
- Monitor and assess the quality of the statutory audit
- Prepare the follow-up of the financial reporting process

for the board of directors, including assessing the quality and make recommendations to secure process integrity
- Monitor the performance and effectiveness of the group's internal control and risk management systems in relation to the financial reporting process
- Maintain an ongoing dialogue with the auditor
- Review the independence and objectivity of the auditor and ensure compliance with applicable rules and guidelines regarding the provisions of additional services rendered by the auditor
- Prepare the company's appointment of an external auditor and submit its recommendation to the board

The audit committee held six meetings in 2021. The attendance rate was 100 per cent.

Remuneration committee

NORBIT has a remuneration committee appointed by the board. At 31 December 2021, the remuneration committee comprised the following:

- Finn Haugan, Chair
- Tom Solberg
- Marit Collin

The committee's main responsibilities are set out in the instructions to the committee and includes in brief as follows:

- Evaluate and review the executive management team's agreements, compensation, benefits, including goals and objectives relevant to the compensation
- Prepare for consideration matters relating to salary and terms of the CEO to the board of directors
- Assisting the CEO in determining the remuneration of the other members of the executive management team
- Prepare for consideration matter of principles and guidelines for remuneration to the CEO and executive management team, including propose recommendations to the board, with respect to incentive compensation plans and equity-based plans
- Provide general compensation related advise to the board

The remuneration committee held three meetings in 2021. The attendance rate was 100 per cent.

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 objective of risk management and internal control is to ensure the 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 OF DIRECTORS

Remuneration of directors shall be reasonable and reflect the board's responsibilities, expertise, time invested and the complexity of the business. Work in sub-committees may be compensated in addition to the remuneration received for board membership.

The general meeting shall determine the board's remuneration after considering recommendations by the nomination committee. Information on all remuneration paid to individual directors is presented to the general meeting in the Remuneration Report for 2021 and in Note 26 to the financial statements. The remuneration to the directors is not performance-related nor include share option elements. The board does not participate in incentive programs available to employees in the group or any other share-based incentive schemes.

The board shall be informed if individual directors perform tasks for the company or any group entities other than exercising their role as directors. The fee for any such services shall be approved by the board. In 2021, director Tom Solberg performed legal services in the ordinary course of business for the group through his employer Pretor Advokat. The service fee to Prétor Advokat, in aggregate, is disclosed in Note 24 to the financial statements. The agreement and fee have been reviewed and approved by the board of directors.

Deviations from the Code: None

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

Pursuant to Section 6-16a of the Public Limited Companies Act, the board has adopted clear and understandable guidelines for the remuneration of the executive management team. A description of the guidelines is presented to the general meeting in the form of a separate document, to be approved by the shareholders.

The company's remuneration principles shall be designed to ensure responsible and sustainable remuneration decisions that support the company's business strategy, long-term interests, and sustainable business practices. To this end, salaries and other employment terms shall enable the company to retain, develop and recruit skilled senior executives with relevant experience and competence. The remuneration shall be on market terms, competitive, and reflect the performance and responsibilities of individual senior executives. A ceiling has been set for performance-related remuneration.

Pursuant to Section 6-16b of the Public Limited Companies Act, the board will prepare to the general meeting a Remuneration Report which includes information on remuneration paid to the executive management team in accordance with the guidelines.

Deviations from the Code: None

13. INFORMATION AND COMMUNICATIONS

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 relations 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 the communication 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 media in the 30 days period prior to publication of its results. 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 take-over process, the board shall ensure that the following principles are complied with:

- 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;
- the board shall be aware of the particular duty it has for ensuring that the values and interests of the shareholders are protected; and
- the main terms of the agreements entered into between the company and the bidder that is material to the market's evaluation of the bid are publicly disclosed no later than

at the same time as the announcement that the bid will be made is published.

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. Any transaction that is in effect a disposal of the company's activities should be decided by a general meeting.

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 that concerns the quarterly accounts and in the board meeting that deals with the annual accounts. The auditor reports to the audit committee and board on the 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. The outcome of this review is presented to the board. There have been no disagreements between the auditor and management on any material issues in 2021.

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 2021.

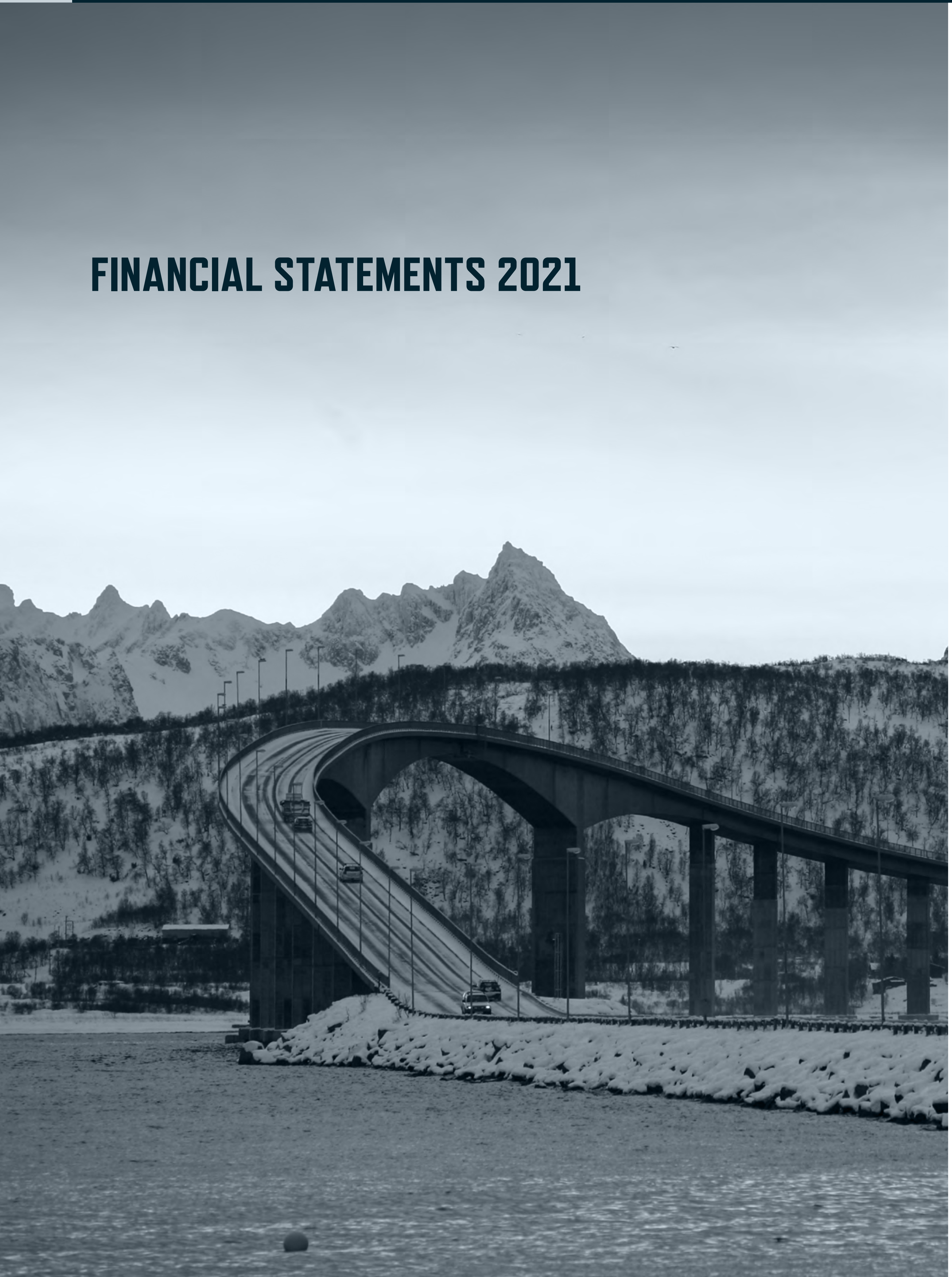
The board has adopted guidelines and authorisations for ensuring compliance with applicable laws and regulations concerning the rendering of non-audit services from the appointed auditor, The audit committee is responsible for monitoring compliance under the relevant policy. Non-audit service assignments are either approved by the audit committee or the CFO prior to engagement, depending on the materiality of the assignment. The CFO receives at least once a year from the auditor a summary of the services other than auditing that have been provided to the group companies. The summary is presented to the audit committee.

At the annual general meeting the board 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 2021



NORBIT GROUP

NORBIT ASA

CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK million	*Note*	**2021**	2020
Revenue	*4, 6*	**787.8**	618.8
Other gains and losses	*21*	**1.2**	-
Raw materials and change in inventories	*14*	**363.3**	292.7
Employee benefit expenses	*7, 26*	**187.7**	155.6
Depreciation and amortisation expenses	*12, 13*	**69.0**	49.1
Other operating expenses	*8*	**95.5**	77.1
Operating profit		**73.5**	44.3
Share of profit of associates	*22*	**(0.3)**	0.6
Financial income	*9*	**0.3**	1.0
Financial expenses	*9*	**9.8**	11.1
Net financial items		**(9.8)**	(9.5)
Profit before tax		**63.7**	34.8
Income tax expense	*10*	**(15.9)**	(7.5)
Profit for the period		**47.9**	27.3
Attributable to:			
Owners of the company		**47.9**	27.3
Non-controlling interests		**0.0**	0.0
Sum		**47.9**	27.3
Average no. of shares outstanding basic and diluted	*11*	**57 467 325**	56 786 918
Earnings per share			
Basic (NOK per share)	*11*	**0.83**	0.48
Diluted (NOK per share)	*11*	**0.83**	0.48

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in NOK million	*Note*	**2021**	2020
Profit for the period		**47.9**	27.3
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(3.2)**	0.2
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments at fair value through other comprehensive income		**-**	-
Other comprehensive income for the period, net of tax		**(3.2)**	0.2
Total comprehensive income for the period		**44.7**	27.4
Total comprehensive income for the period is attributable to:			
Owners of the company		**44.7**	27.5
Non-controlling interests		**(0.0)**	(0.0)
Sum		**44.7**	27.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	*Note*	**31.12.2021**	31.12.2020
ASSETS			
Property, plant and equipment	*12*	**164.9**	150.0
Intangible assets	*13*	**242.3**	171.5
Goodwill	*13*	**82.1**	-
Deferred tax asset	*10*	**13.3**	19.7
Equity-accounted investees	*22*	**0.9**	3.4
Shares in other companies	*15*	**0.2**	0.2
Other non-current assets		**-**	0.3
Total non-current assets		**503.8**	345.1
Inventories	*14*	**263.2**	164.6
Trade receivables	*16*	**154.9**	121.4
Other receivables and prepayments		**33.3**	25.6
Cash and cash equivalents	*17*	**21.7**	15.0
Total current assets		**473.2**	326.5
Total assets		**976.9**	671.6
LIABILITIES			
Interest-bearing borrowings	*18, 20*	**162.6**	11.6
Lease liabilities	*12*	**6.5**	14.7
Other non-current liabilities		**7.2**	1.3
Total non-current liabilities		**176.3**	27.6
Trade payables	*5*	**100.2**	67.4
Current tax liabilities	*10*	**8.8**	0.9
Interest-bearing borrowings	*18, 20*	**125.6**	83.1
Lease liabilities	*12*	**8.5**	8.5
Other current liabilities	*19*	**59.7**	47.5
Total current liabilities		**302.7**	207.3
Total liabilities		**479.1**	234.9
EQUITY			
Share capital	*23*	**5.8**	5.7
Share premium	*23*	**308.8**	275.4
Retained earnings	*23*	**183.3**	155.2
Equity attributable to equity holders of the parent company		**497.9**	436.3
Non-controlling interests		**-**	0.5
Total equity		**497.9**	436.8
Total equity and liabilities		**976.9**	671.6

Trondheim, Norway, 24 March 2022
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 million	*Note*	Share capital and premium	Other equity	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2019		5.7	275.4	161.9	443.0	0.5	**443.6**
Profit for the period		-	-	27.3	27.3	-	**27.3**
Other comprehensive income		-	-	0.2	0.2	(0.0)	**0.2**
Total comprehensive income for the period		-	-	27.4	27.4	-	**27.4**
Transaction with owners in their capacity as owners:							
Transaction with non-controlling interest		-	-	(0.1)	(0.1)	(0.1)	**(0.2)**
Dividends paid	*23*	-	-	(34.1)	(34.1)	-	**(34.1)**
Total transactions with owners		-	-	(34.2)	(34.2)	(0.1)	**(34.2)**
Balance at 31 December 2020		5.7	275.4	155.2	436.3	0.5	**436.8**

		Attributable to owners					
Amounts in NOK million	*Note*	Share capital	Share premium	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2020		5.7	275.4	155.2	436.3	0.5	**436.8**
Profit for the period		-	-	47.9	47.9	-	**47.9**
Other comprehensive income		-	-	(3.2)	(3.2)	(0.0)	**(3.2)**
Other changes in equity		-	-	0.4	0.4	(0.4)	**-**
Total comprehensive income for the period		-	-	45.1	45.1	(0.5)	**44.7**
Transaction with owners in their capacity as owners:							
Share issue		0.2	33.3	-	33.5	-	**33.5**
Dividends paid	*23*	-	-	(17.0)	(17.0)	-	**(17.0)**
Total transactions with owners		0.2	33.3	(17.0)	16.5	-	**16.5**
Balance at 31 December 2021		5.8	308.8	183.3	497.9	-	**497.9**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK million	*Note*	**2021**	2020
Profit for the period		**47.9**	27.3
Adjustments for:			
Income tax expense recognised in profit or loss	*10*	**15.9**	7.5
Income taxes paid	*10*	**(0.4)**	-
Share of profit of associates	*22*	**0.3**	(0.3)
Gain on disposal of interest in former associate		**(1.2)**	-
Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		**-**	(0.2)
Depreciation and amortisation	*12, 13*	**69.0**	49.1
Movements in working capital:			
(Increase)/decrease in trade receivables		**(24.9)**	28.5
(Increase)/decrease in inventories		**(91.2)**	3.2
Increase/(decrease) in trade payables		**31.0**	(21.8)
Increase/(decrease) in accruals		**1.4**	(1.2)
Net cash generated by operating activities		**47.7**	92.1
Cash flows from investing activities			
Payments for property, plant and equipment	*12*	**(29.0)**	(73.5)
Reclassified from inventory to property, plant and equipment	*12*	**(10.5)**	-
Payments for intangible assets	*13*	**(51.2)**	(63.2)
Net cash outflow from acquisition of subsidiaries	*21*	**(126.9)**	-
Net cash (used in)/generated by investing activities		**(217.6)**	(136.7)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		**7.2**	-
Transactions with non-controlling interests		**-**	(0.2)
Proceeds from borrowings	*18*	**166.3**	32.7
Repayment of borrowings	*18*	**(7.4)**	(6.8)
Repayment of lease liabilities	*12*	**(8.2)**	(3.4)
Net change in overdraft facility	*18*	**35.7**	49.5
Dividends paid	*23*	**(17.0)**	(34.1)
Net cash (used in)/generated by financing activities		**176.6**	37.8
Net increase in cash and cash equivalents		**6.7**	(6.7)
Cash and cash equivalents at the beginning of the period		**15.0**	21.7
Cash and cash equivalents at the end of the period		**21.7**	15.0

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 31 December 2021 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 2021 were approved and authorised for issue by the board of directors on 24 March 2022. The consolidated financial statements will be submitted to NORBIT's annual general meeting, to be held 4 May 2022, 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 25.

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

Financial information presented in NOK has been rounded to the nearest million with one decimal, 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 and in future periods if affected.

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.

Impairment testing of goodwill
During 2021, NORBIT made a preliminary purchase price allocation for the acquisitions of Kilmore Marine Ltd and iData Kft and its three subsidiaries. As part of the purchase price allocation, NORBIT recognised NOK 82.1 million in goodwill. Reference is made to note 13 and 21 for further information. In accordance with applicable accounting principles, the group considers whether there are indications of impairment on the goodwill. If such indications exist, an impairment test is performed to determine whether any goodwill recorded in the balance sheet should be impaired. These calculations require management to estimate future cash flows and discount rate, including assumptions on future market conditions, all of which involves a high degree of judgment.

Loss allowance for trade receivables
NORBIT has exposure to a diversified and fragmented 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 5 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 entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 entities 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.

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 other than NOK 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 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.

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 research and development 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 as 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 as 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 probably 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 is 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.

GOODWILL

Goodwill acquired in a business combination represents cost price of the acquisition in excess of the net fair value of identifiable net assets in the acquired entity at the time of acquisition. Goodwill is recognised initially at cost and subsequently measured at cost less accumulated impairment losses. See Business combinations for further details on measurement of goodwill.

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 to 90 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 bank deposits on call with financial institutions and other short-term, highly liquid investments with original maturities of less than three months.

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 IFRS 9. 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 depreciation 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 long-term borrowings with variable rates, which expose the group to cash flow interest rate risk. NORBIT has no financial instruments related to hedging of interest rates.

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 million	**Impact on pre-tax profit 2021**	Impact on pre-tax profit 2020
Interest rates - increase by 100 basis points *	**(2.9)**	(0.8)
Interest rates - decrease by 100 basis points *	**2.9**	0.8

**) 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 million, at the end of the reporting period is set out in the table below.

Foreign exchange exposure:

Amounts in NOK million	**31.12.2021**	31.12.2020
Receivables	**146.4**	83.7
Payables	**(67.5)**	(42.4)
Bank deposits	**11.7**	8.6
Overdraft facility*	**54.2**	60.7
Sellers credit	**(60.2)**	0.0
Net position	**84.6**	110.6

* *NORBIT has a multi-currency overdraft facility (EUR, USD, GBP and NOK). The overdraft facility is shown net in the consolidated financial statements. At 31 December 2021, the USD, EUR and GBP balance on the overdraft facility was NOK 54.2 million (i.e. net cash).*

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

	31.12.2021	
	Currency	NOK
USD	(1.5)	(13.6)
EUR	8.0	79.4
GBP	0.6	7.2
HUF	602.1	16.3
PLN	0.6	1.4
SEK	(2.7)	(2.7)
DKK	0.3	0.4
JPY	(52.3)	(4.2)
Other	-	0.5
Net position	**-**	**84.6**

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 2021. The group rebalances the short-term (within 90 days) main currency exposures on a monthly basis in order to have a neutral currency position on trade receivables, trade payables and cash deposits.

Derivatives
There were no derivatives outstanding as per 31 December 2021 or at 31 December 2020. There is currently an ongoing process to optimise foreign exchange hedging through the use of derivatives.

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, if any, 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 cash and cash equivalents, 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. For NORBIT, liquidity risk is managed by maintaining sufficient cash deposits and available committed credit lines that the group can draw on to meet its obligations as they occur. NORBIT has a centrally managed multi-currency cash pool arrangement where most subsidiaries are connected. The liquidity trend is monitored frequently, supported by budgets and forecasts.

At 31 December 2021, NORBIT had NOK 183.5 million in undrawn credit facilities, of which NOK 140.0 million was available under the revolving credit facility and NOK 43.5 million under the overdraft facility, providing a solid liquidity buffer.

Maturities of financial liabilities
The table below provides an overview of the maturity profile of all financial liabilities. For interest-bearing borrowings the stated amount of contractual cash flows 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 2021

Amounts in NOK million	Less than 1 year	Between 1 year and 5 years	Over 5 years	Total contractual cash flows	Carrying amount (assets) / liabilities
At 31 December 2021					
Trade payables	100.2	-	-	100.2	100.2
Interest-bearing borrowings	132.1	164.1	6.0	302.3	288.2
Lease liabilities	8.5	6.5	-	15.0	15.0
Other payables	40.0	-	-	40.0	40.0
Total	280.7	170.7	6.0	457.4	443.4

Contractual maturities of financial liabilities at 31 December 2020

Amounts in NOK million	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					
Trade payables	67.4	-	-	67.4	67.4
Interest-bearing borrowings	84.9	11.7	1.2	97.9	94.7
Lease liabilities	8.5	15.4	-	23.9	23.2
Other payables	15.8	-	-	15.8	15.8
Total	176.6	27.1	1.2	204.9	200.1

NOTE 06 Segment information

DESCRIPTION OF SEGMENTS AND PRINCIPAL ACTIVITIES
NORBIT ASA is organised in three operating segments; Oceans, Connectivity 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 global maritime markets, and the Connectivity segment is a leading supplier of solutions for asset identification, monitoring and tracking. The third segment, PIR, provides R&D products and services and contract manufacturing to key customers

Oceans 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.

The Connectivity segment enables clients to digitise their operations through data collection and tailored sensor analysis with connectivity devices, cloud computing and data fusion being directly integrated into the client's business software or as stand-alone services. Connectivity consists of the Intelligent Traffic Systems (ITS) and Smart Data sub-segments.

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

Financial results reportable segments

	2021				
Amounts in NOK million	Oceans	Connectivity	PIR	Group/ eliminations	Total
Revenues	378.5	146.3	291.0	(27.9)	**787.8**
Other gains and losses	-	-	-	1.2	**1.2**
Raw materials and change in inventories	139.2	50.5	181.0	(7.5)	**363.3**
Operating expenses	105.6	72.0	93.6	12.1	**283.2**
EBITDA	133.6	23.8	16.4	(31.3)	**142.6**
EBITDA margin	35%	16%	6%		**18%**
Depreciation	11.9	4.7	15.0	1.6	**33.2**
Amortisation and impairment	12.8	18.1	5.3	(0.4)	**35.8**
EBIT	108.9	0.9	(3.8)	(32.5)	**73.5**
Total financial items (not allocated)					**(9.8)**
Profit before tax					**63.7**
Taxes (not allocated)					**(15.9)**
Profit after tax					**47.9**
Timing of revenues					
- At point in time	325.7	130.9	261.6		
- Over time	52.7	15.3	29.4		
Total	378.5	146.3	291.0		

	2020				
Amounts in NOK million	Oceans	Connectivity	PIR	Group/ eliminations	**Total**
Revenues	267.2	145.1	224.6	(18.2)	**618.8**
Raw materials and change in inventories	119.9	69.2	111.5	(7.9)	**292.7**
Operating expenses	87.8	33.4	110.8	0.7	**232.7**
EBITDA	59.6	42.5	2.3	(11.0)	**93.5**
EBITDA margin	22%	29%	1%		**15%**
Depreciation	4.5	1.0	12.0	3.1	**20.6**
Amortisation and impairment	9.5	13.8	5.2	-	**28.5**
EBIT	45.6	27.7	(14.9)	(14.0)	**44.3**
Total financial items (not allocated)					**(9.5)**
Profit before tax					**34.8**
Taxes (not allocated)					**(7.5)**
Profit after tax					**27.3**
Timing of revenues					
- At point in time	238.7	145.1	201.3		
- Over time	28.6	-	23.3		
Total	267.2	145.1	224.6		

NOTE 07 Salaries, pension and social security costs

Payroll expenses

Amounts in NOK million	**2021**	2020
Salaries	**171.8**	150.3
Pension costs	**8.4**	7.6
Payroll tax	**24.1**	17.9
Capitalised payroll expenses as development asset	**(22.1)**	(22.9)
Other payroll expenses	**5.5**	2.7
Total employee benefit expenses	**187.7**	155.6
Average number of FTEs	**311**	246

Pension arrangements

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

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 lifelong 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 million	**2021**	2020
External services	**57.5**	43.1
Travel expenses	**3.1**	3.5
Freight	**5.3**	7.8
Office supplies	**2.7**	1.9
Marketing	**1.7**	2.6
Guarantee, service and support	**3.9**	3.5
Other operating expenses	**21.2**	14.7
Total operating expenses	**95.5**	77.1

Fees to the auditors

The table below summarises audit fees, as well as fees for audit services, tax services and other non-audit services incurred by the group during 2021 and 2020.

Amounts in NOK million	**2021**	2020
Audit fee	**0.9**	1.6
Tax advisory fee	**-**	0.1
Non-audit services	**0.7**	0.2
Auditor's remuneration in other operating expenses	**1.6**	1.8

NOTE 09 Financial income and financial expenses

Amounts in NOK million	**2021**	2020
Financial income		
Foreign exchange gain (net)	**-**	-
Interest income	**0.1**	-
Other financial income	**0.2**	1.0
Financial income	**0.3**	1.0
Financial expenses		
Interest expenses	**8.2**	1.0
Foreign exchange loss (net)	**0.3**	5.4
Other financial expense	**1.2**	4.7
Financial expenses	**9.8**	11.1
Share of profit of associates	**(0.3)**	0.6
Net financial items	**(9.8)**	(9.5)

Please refer to note 22 for further information regarding share of profits from associates.

NOTE 10 Income tax expense

Income tax specification

Amounts in NOK million	**2021**	2020
Current tax		
Current tax on profits Norwegian companies	**8.4**	-
Current tax on profits foreign companies	**1.2**	1.3
Adjustments for current tax of prior periods	**0.2**	-
Total current tax expense	**9.8**	1.3
Deferred income tax		
Decrease/(increase) in deferred tax (asset)	**6.0**	6.2
Total deferred tax expense/(benefit)	**6.0**	6.2
Total income tax expense	**15.9**	7.5

Reconciliation between nominal and effective tax rates

Amounts in NOK million	**2021**	2020
Profit before income tax expense	**63.7**	34.8
Tax at the rate of 22%	**14.0**	7.7
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Income from associated companies	**0.1**	(0.1)
Change in unrecognised tax asset	**0.2**	0.8
Other permanent differences	**1.6**	(0.8)
Subtotal	**15.9**	7.5
Effective tax rate	**25%**	22%

Amounts recognised directly in equity

Amounts in NOK million	**2021**	2020
Deferred tax	**-**	-
Total	**-**	-

Deferred tax assets

Amounts in NOK million	**2021**	2020
The balance comprises temporary differencs attributable to:		
Tax losses	**-**	(6.9)
Intangible and fixed assets	**(12.3)**	(12.4)
Inventories	**(1.2)**	(1.2)
Other assets and liabilities	**(1.9)**	(1.4)
Total	**(15.4)**	(21.9)
Total deferred tax assets	**(15.4)**	(21.9)
Unrecognised deferred tax assets	**2.2**	2.2
Net deferred tax assets	**(13.3)**	(19.7)

Deferred tax

Amounts in NOK million	**2021**	2020
The balance comprises temporary differencs attributable to:		
Intangible and fixed assets	**4.0**	-
Total	**4.0**	-

Change in deferred tax assets

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
At 1 January 2020	(14.8)	(10.1)	(0.7)	(0.1)	**(25.6)**
(Charged)/credited -to profit or loss	7.9	(2.2)	(0.6)	0.8	**6.2**
At 31 December 2020	(6.9)	(12.4)	(1.2)	0.7	**(19.7)**
At 1 January 2021	(6.9)	(12.4)	(1.2)	0.7	**(19.7)**
(Charged)/credited - to profit or loss	6.9	0.1	0.1	(0.4)	**6.6**
At 31 December 2021	(0.0)	(12.3)	(1.2)	0.3	**(13.3)**

Change in deferred tax

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
At 1 January 2020	-	-	-	-	**-**
(Charged)/credited -to profit or loss		(0.2)			**(0.2)**
Acquisition of subsidiary		4.1			**4.1**
At 31 December 2021	-	4.0	-	-	**4.0**

NOTE 11 Earnings per share

Amounts in NOK	**2021**	2020
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	**0.83**	0.48
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	**0.83**	0.48

Reconciliations of earnings used in calculating earnings per share

Amounts in NOK million	**2021**	2020
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculation basic earnings per share	**47.9**	27.3
Used in calculating diluted earnings per share	**47.9**	27.3

Weighted average number of shares used as the denominator

Number	**2021**	2020
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**57 467 325**	56 786 918

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 would be issued.

NOTE 12 Property, plant and equipment and leases

Amounts in NOK million	Land and properties	Machinery, fixtures and fittings	Right-of-use assets	**Total**
Cost at 1 January 2020	43.7	177.8	32.9	**254.5**
Accumulated depreciation	18.5	132.6	24.7	**175.8**
Net book amount 1 January 2020	25.2	45.2	8.2	**78.7**
Additions	46.2	27.2	19.9	**93.4**
Disposals	-	-	-	**-**
Depreciation charge	2.4	14.7	5.0	**22.1**
Net book amount 31 December 2020	69.0	57.8	23.2	**150.0**
Cost at 1 January 2021	89.9	205.1	52.8	**347.8**
Accumulated depreciation	20.9	147.3	29.7	**197.9**
Net book amount 1 January 2021	69.0	57.8	23.2	**150.0**
Additions from acquisition of companies	0.3	9.0	-	**9.3**
Additions	4.4	35.1	-	**39.5**
Depreciation charge	5.1	19.7	8.4	**33.2**
Currency effects	-	(0.6)	-	**(0.6)**
Net book amount 31 December 2021	68.6	81.5	14.8	**164.9**
Useful life	25 years	3-7 years	1-5 years	
Depreciation method	Linear	Linear	Linear	

Right-of-use assets and lease liabilities
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 the balance sheet. The group does not have any right-of-use assets that would meet the definition of investment property.

At year-end 2021, the group had a portfolio of 4 leases (2020: 6) which mainly consist of lease of office premises and production facilities. At 31 December 2021, the leases had a weighted average remaining lease term of 23 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.

The movement in the lease liabilities during 2021 and 2020 is summarised in the following:

Amounts in NOK million	
Lease liabilities at 1 January 2020	8.4
New lease agreements	19.9
Interest expense	0.2
Lease payments	(5.2)
Balance at 31 December 2020	23.2
Lease liabilities at 1 January 2021	23.2
New lease agreements	-
Interest expense	0.4
Lease payments	(8.6)
Balance at 31 December 2021	15.0
Current leasing	8.5
Non-current liabilities	6.5
Total	15.0

Impairment loss and compensation
There were no impairment losses in 2021 and 2020.

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

NOTE 13 Goodwill and intangible assets

	Intangible assets			
Amounts in NOK million	Development costs	Trademark and customer relationships	**Total**	Goodwill
Cost at 1 January 2020	269.4	0.0	**269.4**	0.0
Accumulated amortization	121.7	0.0	**121.7**	0.0
Accumulated impairment	12.3	0.0	**12.3**	0.0
Net book amount 1 January 2020	135.3	0.0	**135.3**	0.0
Additions	63.0	0.0	**63.0**	0.0
Disposals	0.0	0.0	**0.0**	0.0
Amortization charge	26.9	0.0	**26.9**	0.0
Net book amount 31 December 2020	171.5	0.0	**171.5**	0.0
Cost at 1 January 2021	332.4	0.0	**332.4**	0.0
Accumulated amortization	148.6	0.0	**148.6**	0.0
Accumulated impairment	12.3	0.0	**12.3**	0.0
Net book amount 1 January 2021	171.5	0.0	**171.5**	0.0
Additions from acquisition of companies	10.1	46.1	**56.2**	82.1
Additions	51.2	0.0	**51.2**	0.0
Amortization charge	33.9	1.9	**35.8**	0.0
Currency effects	(0.7)	0.0	**(0.7)**	0.0
Net book amount 31 December 2021	198.2	44.2	**242.3**	82.1
Useful life	3-7 years	10 years		n.a

Intangible assets
Intangible assets primarily comprise capitalised development costs related to plan or design for the production of new or substantially improved technology products. In addition, NORBIT recognised NOK 56.2 million in intangible assets following the acquisition of iData Kft in July 2021, of which NOK 43.9 million related to fair value adjustments of customer relationships.

In 2021, further development was made on own technology and own products, mainly within the market segments Oceans and Connectivity. In Oceans, the majority of the capital spent relates to the development of new applications on the ultra-high resolution sonar WINGHEAD, which was released in 2020, in addition to hardware and software development on the other sonar products.

In the Connectivity segment, the development projects are primarily related to next generation connectivity devices for GNSS tolling for trucks, DSRC-modules and software solutions for the products delivered by iData.

Amortisation methods and useful lives
Capitalised development is normally amortised over three to seven years on a straight-line basis. Economic benefit is, however, considered for each product and the amortisation period is equal to the estimated useful life of the developed product.

Impairment considerations
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, a simplified 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 8.6 per cent to 9.6 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 2021 or in 2020. It is referred to note 4 for accounting policies relevant to intangible assets.

Change in amortisation period
There were no changes in amortisation profiles during 2021.

Goodwill
In 2021, NORBIT made a preliminary recognition of NOK 82.1 million in goodwill in connection with the acquisitions of Kilmore Marine Ltd and iData. Acquired companies are integrated into each reporting segment, where Kilmore Marine Ltd is included in segment Oceans and iData in segment Connectivity. NORBIT did not perform an impairment test as of 31 December 2021 due to recent acquisitions. There were no indications of impairment as of the balance sheet date. Reference is made to note 21 for further information regarding the acquisitions.

NOTE 14 Inventories

Amounts in NOK million	**2021**	2020
Current assets		
Raw materials and stores	**199.0**	118.8
Work in progress	**11.3**	8.6
Finished goods - at cost	**53.0**	37.2
Book value	**263.2**	164.6
Inventory held at cost	**267.4**	170.0
Obsolescence raw materials	**(3.7)**	(5.1)
Obsolescence finished goods	**(0.5)**	(0.3)
Book value	**263.2**	164.6

Amounts in NOK million	**2021**	2020
Spesification of raw materials and consumables used		
Purchase of goods	**455.8**	284.9
Freight, customs etc.	**6.1**	4.6
Change of inventories	**(98.6)**	3.2
Total	**363.3**	292.7

NOTE 15 Financial assets and financial liabilities

Financial assets

Amounts in NOK million	**2021**	2020
Financial assets at fair value		
Aptomar do Brazil	**0.1**	0.1
Tangen Næringsbygg AS	**0.1**	0.1
Total shares in other companies (through OCI)	**0.2**	0.2
Financial assets at amortised cost		
Trade receivables	**154.9**	121.4
Other receivables and prepayments	**33.3**	25.6
Derivatives	**-**	-
Cash and cash equivalents	**21.7**	15.0
Total	**209.9**	161.9

Financial liabilities

Amounts in NOK million	**2021**	2020
Liabilities at amortised cost		
Trade payables	**100.2**	67.4
Interest-bearing borrowings	**288.2**	94.7
Lease liabilities	**15.0**	23.2
Derivatives	**-**	-
Other payables	**40.0**	15.8
Total	**443.4**	201.1

NOTE 16 Trade receivables

Amounts in NOK million	**2021**	2020
Current assets		
Trade receivables	**163.1**	127.0
Loss allowance	**(8.1)**	(5.6)
Total	**154.9**	121.4

Amounts in NOK million	**2021**	2020
Not due	**118.1**	89.0
1-30 days past due date	**16.4**	17.6
31-60 days past due date	**8.7**	2.8
60+ days past due date	**19.9**	17.6
Total	**163.1**	127.0

During 2021, NORBIT made NOK 2.5 million in provisions relating to expected loss on accounts receivables.
Total provisions stood at NOK 8.1 million as per year-end 2021, representing 5.0 per cent of the par value of accounts receivables.

NOTE 17 Cash and cash equivalents

Restricted cash and cash equivalents were NOK 8.4 million as per year-end 2021 (NOK 6.4 million in 2020) for the group. Restricted bank deposits are tax deductions made on behalf of employees.

Amounts in NOK million	**2021**	2020
Bank deposits payable on demand	**13.2**	8.6
Bank deposits restricted to tax payments	**8.4**	6.4
Total	**21.7**	15.0

NOTE 18 Interest-bearing borrowings

	2021		
Amounts in NOK million	Current	Non-current	**Total**
Revolving credit facility	-	60.0	**60.0**
Overdraft facility	86.5	-	**86.5**
Term loan	3.7	50.4	**54.1**
Seller's credit	30.1	30.1	**60.2**
Other borrowings	5.3	22.1	**27.4**
Total interest-bearing borrowings	125.6	162.6	**288.2**

	2020		
Amounts in NOK million	Current	Non-current	**Total**
Revolving credit facility	29.3	-	**29.3**
Overdraft facility	50.8	-	**50.8**
Other borrowings	3.1	11.6	**14.6**
Total interest-bearing borrowings	83.1	11.6	**94.7**

The Group has three main loan facilities, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and a term loan. NORBIT had drawn NOK 86.5 million on the overdraft facility as per 31 December 2021, compared to the credit limit of NOK 130 million. NOK 60.0 million was drawn on the RCF, while NOK 54.1 million was outstanding on the term loan. The RCF and term loan are 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.

During 2021, NORBIT entered into an agreement to increase the credit limit on its RCF to NOK 200 million from previously NOK 150 million, and established a new NOK 55 million term loan facility for its real estate properties. The maturity date for the RCF is February 2025 and July 2024 for the term loan. The term loan amortises over 15 years. The overdraft facility is refinanced each year on a rolling basis.

Refer to note 20 for details on covenants related to the credit facilities.

Secured borrowings

Amounts in NOK million	**2021**	2020
Long term debt	**132.5**	11.6
Short term debt	**95.5**	83.1
Total secured borrowings	**228.0**	94.7

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

Amounts in NOK million	**2021**	2020
Current		
Receivables	**117.0**	118.3
Inventories	**254.2**	158.6
Total current assets pledged as security	**371.2**	276.9
Non-current		
Property, plant and equipment	**130.7**	129.0
Total non-current assets pledged as security	**130.7**	129.0
Total assets pledged as security	**501.9**	405.9

NOTE 19 Other current liabilities

Amounts in NOK million	**2021**	2020
Payroll tax and other statutory liabilities	**8.8**	10.9
Holiday pay accrual	**17.4**	14.6
Prepayments from customers	**5.4**	13.3
Warranty provisions	**4.5**	3.2
Other payables and accruals	**23.7**	5.5
Total	**59.7**	47.5

NOTE 20 Capital management

Capital allocation
NORBIT's capital allocation framework and strategy are determined by the board of directors. Based on the framework, NORBIT has made the following capital priorities to ensure continued profitable growth, while at the same time maintaining a robust financial position to mitigate financial risks:

1. Maintain a solid balance sheet
2. Working capital and sustaining capital expenditures
3. Investments in research and development to support organic growth
4. Strategic acquisitions to accelerate growth
5. Shareholder distributions

The group's objectives when managing the solidity of its balance sheet and liquidity position are the following:

- 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
- Provide for financial flexibility
- 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, reduce investments or sell assets to reduce debt.

Covenants
The group monitors its covenants on the basis of the following leverage ratios:

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

NORBIT has a policy of maintaining a NIBD ratio in the range of 1.0 – 2.5x in order to ensure a solid balance sheet.

Loan covenants

Amounts in NOK million	**2021**	2020
Equity ratios 31 December		
Total equity	**497.9**	436.8
Total assets	**976.9**	671.6
Equity ratio	**51%**	65%

Amounts in NOK million	**2021**	2020
NIBD ratios 31 December		
Interest bearing borrowings	**288.2**	94.7
Lease liabilities*	**15.0**	-
Cash and cash equivalents	**21.7**	15.0
NIBD	**281.5**	79.7
EBITDA**	**152.8**	93.5
NIBD to EBITDA ratio	**1.84**	0.85

* *Lease liabilities were excluded from the covenant calculations in 2020*
** *EBITDA in 2021 is adjusted to include 12-month financials from the acquisition of iData Kft, completed 30 July 2021*

Under the terms of the major borrowing facilities, 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:** Total interest-bearing borrowings and lease liabilities less cash and cash equivalents over EBITDA (IFRS, as reported) shall not exceed 4.0 times. To be reported each quarter. EBITDA is calculated on a 12 month rolling basis.

The group has complied with these covenants throughout the reporting period and as per year-end 2021.

Dividend policy
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 2021, or NOK 17.5 million, representing 36.1 per cent of net profit after tax.

In 2021, NORBIT paid NOK 0.30 per share in dividends to the shareholders (NOK 17.0 million) for the financial year 2020, representing 62.5 per cent of net profit after tax.

NOTE 21 Business combinations

In February 2021, NORBIT ASA acquired a 65 per cent ownership interest in Kilmore Marine Ltd for a total consideration of GBP 450 000. Kilmore Marine Ltd. acts as segment Oceans' distributor in the UK and Middle East. Prior to the acquisition, NORBIT ASA held a 35 per cent ownership interest, which was reported as an equity-accounted investee in the consolidated accounts. As part of the transaction, NORBIT recognised a preliminary goodwill of NOK 6.0 million and a gain on existing ownership of NOK 1.2 million, reported as other gains and losses in the profit and loss accounts. Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, future excess earnings and the fact that deferred tax in accordance with IFRS is not discounted

Purchase price allocation:

Amounts in NOK million	
Kilmore Marine	
Cash consideration	5.3
Fair value of previous equity interests	2.9
Total considerations	8.2
Total identifiable net assets *	2.1
Goodwill	6.0
Cash and cash equivalents in acquired business	2.1
Total cash outflow from acquisition of business	3.2

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

On 30 July 2021, NORBIT completed the acquisition of iData, a Hungarian technology company specialised in vehicle tracking and fleet mangement related services. iData has three subsidiaries in Hungary (Beta Blue Kft.), Croatia (iData Fleet Management d.o.o.) and Slovakia (iData Slovakia s.r.o.), collectively with iData Kft. referred to as "iData". iData is reported under segment Connectivity in the segment reporting. Through the acquisition, the Connectivity segment is creating a broader platform for growth into the asset and vehicle tracking market, where iData has a strong position in its home markets. The total consideration for the shares was EUR 14.5 million and was paid through a combination of cash, seller's credit and issuance of consideration shares. The purchase price and fair value of assets and liabilities acquired are presented in the table. The main fair value adjustments were related to customer relationships and trademark. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 76.1 million. Goodwill is not tax deductible. From 30 July to 31 December, iData contributed with revenues of NOK 33.2 million to the Group, NOK 6.5 million in EBITDA and NOK 1.3 million to EBIT. Transaction costs amounted to NOK 7.6 million.

Purchase price allocation:

Amounts in NOK million	
Idata	
Considerations shares	26.1
Cash consideration	62.7
Seller's credit	62.2
Total	151.0
Recognised amount of identifiable assets and acquired liabilities assumed	
Trademark	2.2
Customer relationships	43.9
Other intangible assets	10.1
Property, plant and equipment	9.3
Inventories	7.4
Trade receivables	8.7
Other current assets	3.8
Cash and cash equivalents	1.2
Deferred tax	(4.1)
Non-current liabilities	(1.3)
Trade payables	(1.8)
Other current liabilities	(4.5)
Total identifiable net assets*	74.8
Goodwill	76.1
Cash and cash equivalents in acquired business	1.2
Total cash outflow from acquisition of business	123.7

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

NOTE 22 Equity-accounted investees

Equity-accounted investees include associated companies of NORBIT and are defined as related parties. See note 24 for overview of transactions and balances with associated companies.

Interests in associates
Set out below are the associates of the group as per 31 December 2021. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the parent company. The proportion of ownership interest is the same as the proportion of voting rights held.

		Ownership		Carrying amount	
Amounts in NOK million		**2021**	2020	**2021**	2020
Associated company	**Head office**				
Kilmore Marine Ltd.	Aberdeen	**100%**	35%	**-**	2.6
Kvikna Consulting Ehf.	Reykavik	**33%**	33%	**0.9**	0.8
Norbit Germany GmbH	Hamburg	**50%**		**-**	-
Total				**0.9**	3.4

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. In February 2021, 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. was 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.

Norbit Germany GmbH
Norbit Germany GmbH is located in Hamburg. NORBIT ASA owns 50 per cent of the shares in the company. Norbit Germany GmbH did not deliver services to the NORBIT group of companies during 2021 or 2020.

Share of profits from associates

Amounts in NOK million	**2021**	2020
Kilmore Marine Ltd.	**-**	0.5
Kvikna Consulting Ehf.	**0.1**	0.0
Norbit Germany GmbH	**(0.4)**	-
Share of profit from associates	**(0.3)**	0.6

NOTE 23 Share capital and shareholder information

Share capital and share premium
The share capital in NORBIT ASA as per 31 December 2021 consists of one share class with a total of 58 459 302 shares with a face value of NOK 0.10 with a total share capital of NOK 5 845 930.

Number of shares	**2021**	2020
Ordinary shares		
Fully paid	**58 459 302**	56 786 918
Total number of shares	**58 459 302**	56 786 918

Movements in ordinary shares

Amounts in NOK million	Number of shares	Par value	Share premium	**Total**
Details				
Opening balance 1 January 2020	56 786 918	5.7	275.4	**281.1**
Balance 31 December 2020	56 786 918	5.7	275.4	**281.1**
Ordinary issue	1 672 384	0.2	33.3	**33.5**
Balance 31 December 2021	58 459 302	5.8	308.8	**314.6**

In connection with the share purchase programs to employees, the board of directors of NORBIT ASA resolved to increase the company's share capital by NOK 46 021.90 through the issuance of 460 219 new shares, each with a par value of NOK 0.10. The resolution was based on the authorisation to increase the share capital granted by the Company's general meeting on 4 May 2021.

As settlement for the acquisition of iData, completed on 30 July 2021, the Board of Directors resolved to issue 1 212 165 new shares as a private placement to the sellers of iData at a subscription price of NOK 20.65.

RETAINED EARNINGS

Movements in retained earnings were as follows:

Amounts in NOK million	**2021**	2020
Balance at 1 January	**155.2**	161.9
Net profit for the period	**47.9**	27.3
Other comprehensive income	**(3.2)**	0.2
Transaction with non-controlling interest	**-**	(0.1)
Other changes in equity	**0.4**	-
Dividends	**(17.0)**	(34.1)
Balance 31 December	**183.3**	**155.2**

The 20 largest shareholders in NORBIT ASA were as follows at 31 December 2021:

Shareholder	Shares	Pecentage
VHF Invest As	7 686 495	13.15%
Petors AS (100% owned by CEO Per Jørgen Weisethaunet)	6 965 695	11.92%
Reitan Kapital AS	5 829 083	9.97%
Draupnir Invest AS	5 102 949	8.73%
Clearstream Banking S.A.	3 349 312	5.73%
Esmar AS	3 162 286	5.41%
J.P. Morgan Bank Luxembourg S.A.	3 140 771	5.37%
Eidco AS	3 062 286	5.24%
The Bank of New York Mellon SA/NV	2 731 329	4.67%
J.P. Morgan Bank Luxembourg S.A.	1 129 777	1.93%
Citibank	1 056 409	1.81%
Danske Invest Norge Vekst	1 050 000	1.80%
Danske Bank A/S (of which 748 570 shares controlled by BUD Peter K. Eriksen)	759 039	1.30%
Usegi AS (100% owned by CTO Arild Søraunet)	721 989	1.24%
Sonstad AS	684 822	1.17%
J.P. Morgan Bank Luxembourg S.A.	669 492	1.15%
Carnegie Investment Bank AB	627 216	1.07%
Danske Bank A/S	525 000	0.90%
Nordea Bank ABP	395 610	0.68%
Middelboe AS	347 639	0.59%
Total 20 largest	**48 997 199**	**83.81%**
Other	9 462 103	16.19%
Total outstanding shares	**58 459 302**	**100.00%**

NOTE 24 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 board directors
During 2021, the group purchased legal services of NOK 1.3 million 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 2021 or 2020.

Transactions with associates
The table below summarises the transactions and balance sheet items with associates.

Amounts in NOK million	**2021**	2020
Trade receivables	**-**	9.8
Trade payables	**0.8**	2.6
Revenues	**-**	13.9
Operating expenses	**4.6**	6.6

NOTE 25 Share-based arrangements

Share incentive programs to employees
At the general meeting held 4 May 2021, the board of directors was granted an authorisation to increase NORBIT ASA's share capital by up to 2.0 per cent of the share capital to be used to issue share to the group's employees in connection with incentive programs. The authorisation is valid until the annual general meeting in 2022 to be held 4 May 2022.

In July 2021, the board of directors approved and implemented an incentive share purchase programs for all eligible employees in NORBIT for the fiscal year 2021, which also included the executive management team, but not the board of directors.

The first program was a share purchase program where eligible employees were offered the opportunity to acquire shares for up to NOK 25 000 less a 20 per cent discount and subject to a lock-up period of 12 months. The offer price (before discount) for the new shares was NOK 18.71, corresponding to the five-day average volume weighted price of the NORBIT ASA share prior to 24 June. Employees were offered financing from NORBIT for the invested amount, to be repaid through deduction of salary over a 12-month period.

The second program was a share matching program, where eligible participants were offered the opportunity to acquire shares at market value, and in turn, obtain a right to receive compensation in new shares equivalent to their invested amount after 24 months if certain conditions are met. There is no lock-up on the shares acquired. The offer price was set to NOK 18.38, corresponding to the five-day average volume weighted price of NORBIT ASA's share prior to 28 June. NORBIT did not provide financing for the second program.

In connection with the programs, the board of directors resolved to issue new 460 219 new shares, of which 81 224 under program 1 and 378 995 under program 2. This represented 0.8 per cent of the total share capital prior to the transactions.

There were no share incentive programs to employees in 2020.

Share-based remuneration to the executive management team
There were no share-based payments to the corporate management team in 2021 or 2022.

NOTE 26 Remuneration to the board of directors and executive management

Remuneration to the board of directors
Compensation to the members of the board of directors is set out below, referring to the actual expenses paid in the year.

The board's remuneration is determined by the general meeting after receiving proposal from the nomination committee. The remuneration comprises of a fixed payment for board membership and work in sub-committees. In addition, the board members are compensated for travel expenses. NORBIT is responsible for payment of social security taxes, as well as costs for directors' and officer's liability insurance.

The remuneration to the board members is not performance-related nor include share option elements. The board does not participate in incentive programs available to employees in the group or any other share-based incentive schemes.

For further information, refer to NORBIT's Remuneration Report to be published to the general meeting 4 May 2022.

Board of directors compensation 2021

Amounts in NOK thousand	Remuneration
Finn Haugan	515
Bente Avnung Landsnes	325
Tom Solberg	165
Trond Tuvstein	200
Marit Collin	165

Board of directors compensation 2020

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

Remuneration to the members of the executive management team
Compensation to the executive management team consists of a fixed salary, variable pay, pension benefits and non-financial benefits. In accordance with the guidelines determined by the general meeting, a ceiling has been set for variable pay.

No member of the executive management team receive remuneration for directorships in the group entities. 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.

Compensation to the executive management team for 2021 and 2020 is set out below. For further information, refer to NORBIT's Remuneration Report to be published to the general meeting 4 May 2022, in accordance with the Norwegian Public Limited Liability Companies Act Section 6-16b and related regulations. The report will also include information related to derogation and deviation to the guidelines as approved by the general meeting 4 May 2021.

		Fixed salary paid			Variable pay				
Amounts in NOK million		Salary 1)	Pension benefits	Other benefits	Performance-based bonus paid 2)	Other bonus paid 3)	**Total paid**	Performance-based bonus accrued 4)	**Total paid and accrued**
Per Jørgen Weisethaunet	2021	3.0	0.1	0.0	-	-	**3.1**	0.5	**3.6**
(Group CEO)	2020	2.7	0.1	0.0	-	-	**2.8**	-	**2.8**
Per Kristian Reppe	2021	2.0	0.1	0.0	-	0.2	**2.3**	0.3	**2.6**
(Group CFO) 5)	2020	0.9	0.0	0.1	-	-	**1.0**	-	**1.0**
Stian Lønvik	2021	-	-	-	-	-	**-**	-	**-**
(Group CFO) 6)	2020	1.1	0.1	0.0	-	-	**1.2**	-	**1.2**
Arild Søraunet	2021	1.7	0.1	0.0	-	-	**1.8**	0.3	**2.1**
(Group CTO)	2020	1.3	0.1	0.0	-	-	**1.4**	-	**1.4**
Peter Koldgaard Eriksen	2021	3.7	0.1	0.1	-	0.6	**4.5**	0.5	**5.0**
(Business unit director Oceans) 7)	2020	2.8	0.1	0.1	-	1.5	**4.4**	-	**4.4**
Peter Tschulik	2021	1.8	0	-	-	-	**1.8**	0.3	**2.1**
(Business unit director Connectivity) 8)	2020	1.8	0.0	-	-	-	**1.8**	-	**1.8**
Stein Martin Beyer	2021	2.0	0.1	0.0	-	-	**2.2**	0.4	**2.5**
(Business unit director PIR and group COO)	2020	2.0	0.1	0.0	-	-	**2.2**	-	**2.2**

1) Salaries as expensed, excluding social security taxes
2) Variable performance-based cash bonus paid during the year under the incentive program, excluding social security expenses
3) Other cash bonus paid in the year outside the incentive program, excluding social security expenses
4) Variable performance based bonus accrued, to be paid the year after under the incentive program, excluding social security expenses
5) 2020 remuneration from 20.7 to 31.12
6) 2020 remuneration from 1.1 to 31.7
7) Remuneration in USD, translated to NOK
8) Remuneration in EUR, translated to NOK

Directors' and executive management's shareholding
The following number of shares is owned by the directors and the members of the executive management (and their related parties) as of 31 December 2021. In connection with incentive program for all employees in NORBIT, certain members of the corporate management team participated in the programs, whereas part of these shares acquired is subject to a lock-up of 12 months.

Name	Shares subject to lock-up	Shares not subject to lock-up	Total shares at year-end	Percentage
Board of directors				
Finn Haugan	-	81 078	81 078	0.14%
Bente Avnung Landsnes	-	60 473	60 473	0.10%
Tom Solberg (through Mariteam AS)	-	65 789	65 789	0.11%
Trond Tuvstein (through TTU Invest AS)	-	32 894	32 894	0.06%
Marit Collin (through Collin AS)	-	41 447	41 447	0.07%
Total shares held by board of directors	-	281 681	281 681	0.48%
Executive management				
Per Jørgen Weisethaunet (through Petors AS)	-	6 973 588	6 973 588	11.93%
Per Kristian Reppe	1 336	27 208	28 544	0.05%
Peter K. Eriksen (through Danske Bank A/S)	2 672	745 898	748 570	1.28%
Stein M. Beyer	-	295 147	295 147	0.50%
Peter Tschulik	1 336	200 304	201 640	0.34%
Arild Søraunet (ownership through Usegi AS)	-	721 989	721 989	1.24%
Total shares held by executive management	5 344	8 964 134	8 969 478	15.34%

NOTE 27 Contingencies and claims

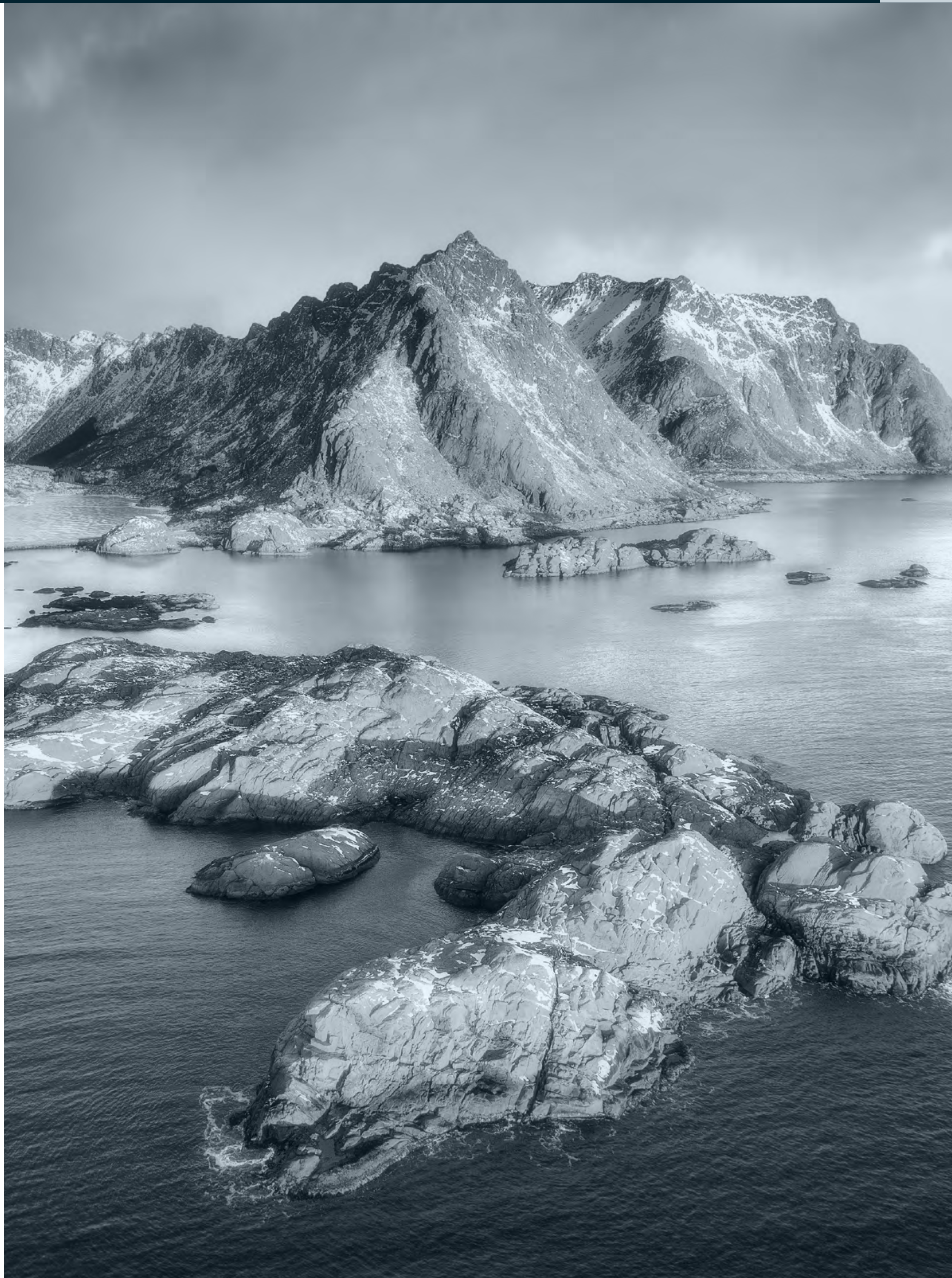
The group was not involved in any material contingencies or legal claims at 31 December 2021 or 31 December 2020.

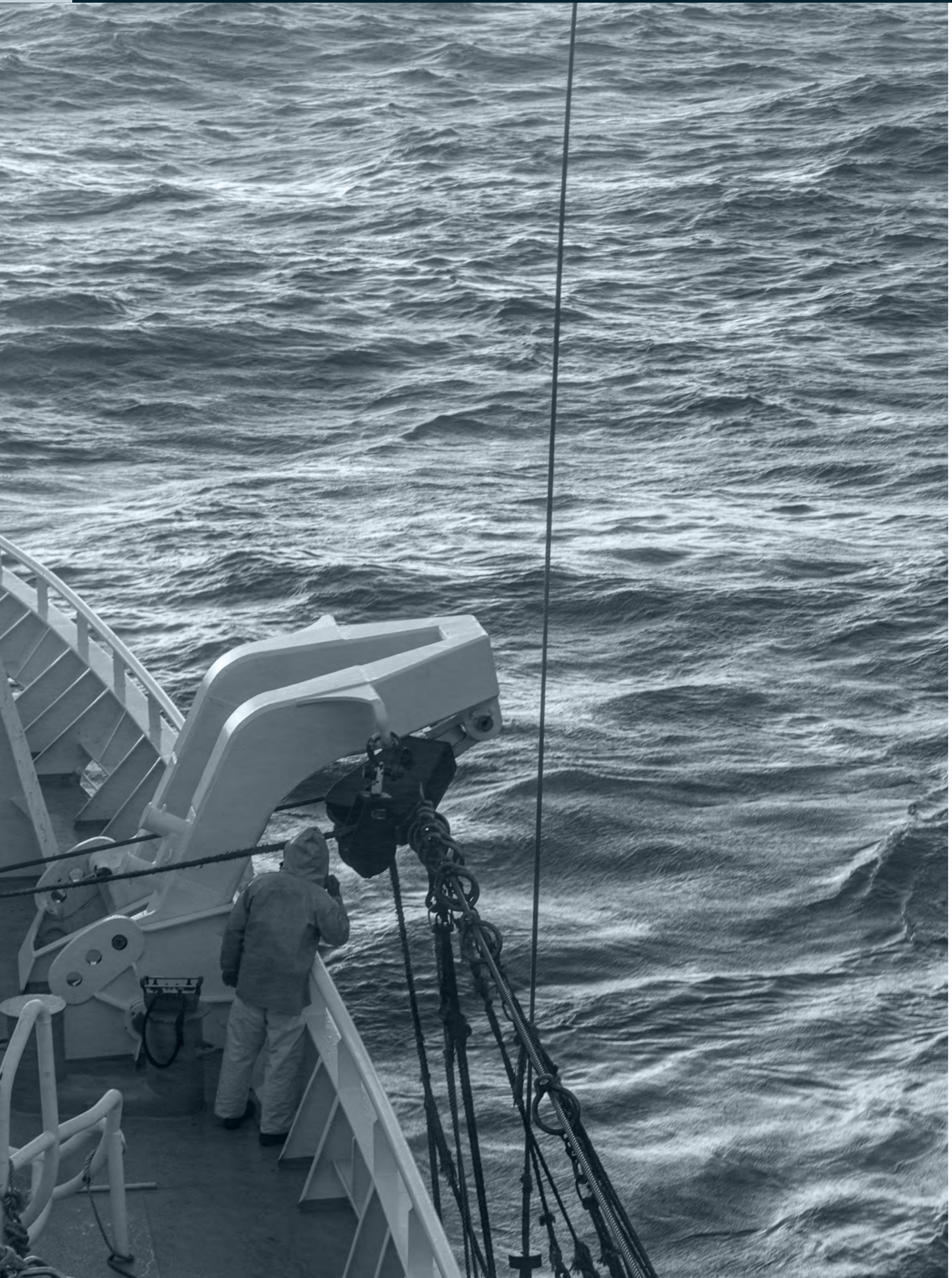
NOTE 28 Government grants

The group received government grants of a total of NOK 6.8 million in 2021 (NOK 8.1 million in 2019).

NOTE 29 Events after the balance sheet date

- Oceans was awarded an order for multiple Guardpoint surveillance sonar systems for a total value of NOK 20 million with delivery in the second quarter of 2022
- Connectivity secured several important contracts, including a NOK 30 million order from Toll Collect, a NOK 25 million extension order for OBUs to a European customer, a NOK 15 million order for OBU's from a French customer, and an agreement with Flyt AS was entered into for delivery of OBUs
- PIR was awarded a four-year frame agreement with an undisclosed European industrial customer for delivery of electronic modules for charging products. The value of the contract is NOK 120 million.
- NORBIT strengthened its liquidity with NOK 120 million by refinancing its overdraft facility, and entered into a NOK 110 million non-recourse factoring agreement
- NORBIT announced it was in exclusive negotiations regarding an add-on acquisition of an undisclosed international maritime company, to be included in segment Oceans if acquired. The target company is valued at USD 3.6 million on a cash- and debt-free basis, expected to be financed 65 per cent by cash and 35 per cent through a private placement of shares





STATEMENT OF INCOME – NORBIT ASA

Amounts in NOK million	*Note*	**2021**	2020
Revenue	*3*	**25.3**	24.4
Employee benefit expenses	*4*	**26.6**	19.0
Depreciation and amortisation expenses	*9*	**0.9**	0.6
Other operating expenses	*5*	**31.7**	19.7
Operating profit		**(33.8)**	(14.9)
Financial income	*6*	**108.5**	57.5
Financial expenses	*6*	**24.9**	4.5
Net financial items		**83.7**	53.0
Profit before tax		**49.8**	38.2
Income tax expense	*7*	**17.0**	8.4
Profit for the period		**32.8**	29.8
Allocations and transfers			
Dividends	*8*	**17.5**	17.0
Transferred to/from other equity	*8*	**15.3**	12.7
Total allocations		**32.8**	29.8

STATEMENT OF FINANCIAL POSITION – NORBIT ASA

Amounts in NOK million	*Note*	**31.12.2021**	31.12.2020
ASSETS			
Office equipment	*9*	**2.5**	1.9
Intangible assets	*9*	**0.7**	0.4
Deferred tax asset	*7*	**0.1**	0.1
Investments in associated companies	*10*	**-**	1.1
Investments in subsidiaries	*10*	**264.0**	247.2
Loan to group companies		**91.2**	0.3
Total non-current assets		**358.5**	251.1
Trade receivables		**1.0**	3.8
Receivables on group companies	*10*	**286.8**	264.7
Other receivables		**2.1**	0.9
Cash and cash equivalents	*13*	**1.0**	0.8
Total current assets		**290.8**	270.1
Total assets		**649.3**	521.2
LIABILITIES			
Trade payables		**1.5**	2.3
Other payables		**0.5**	0.5
Interest-bearing borrowings	*11*	**86.5**	80.1
Tax payable	*7*	**8.4**	0.0
Other current liabilities		**25.6**	20.3
Total current liabilities		**122.5**	103.1
Interest-bearing borrowings	*11*	**60.0**	-
Total non-current liabilities		**60.0**	-
Total liabilities		**182.5**	103.1
EQUITY			
Share capital	*8*	**5.8**	5.7
Share premium	*8*	**308.8**	275.4
Other equity	*8*	**152.2**	136.9
Total equity		**466.8**	418.0
Total equity and liabilities		**649.3**	521.2

Trondheim, Norway, 24 March 2022
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 million	*Note*	**2021**	2020
Cash flow from operations			
Profit before income taxes		**49.8**	38.2
Depreciation and amortisation expenses	*9*	**0.9**	0.6
Impairment of financial assets		**20.5**	-
Changes in other operating assets and liabilities		**6.0**	0.7
Net cash generated by operating activities		**77.2**	39.4
Cash flow from investments			
Payments for office equipment and intangible assets	*9*	**(1.7)**	(1.6)
Purchase of shares and investments in other group companies		**(23.3)**	(19.2)
Payment of group receivables (long/short term)		**(112.9)**	50.2
Net cash (used in)/generated by investing activities		**(137.9)**	29.5
Cash flow from financing			
Proceeds from issue of equity instruments of the company	*8*	**33.5**	-
Net change in overdraft facility	*11*	**35.7**	50.8
Proceeds from borrowings	*11*	**34.2**	32.7
Payment to group companies	*10*	**(22.0)**	(125.3)
Dividends paid	*8*	**(17.0)**	(34.1)
Repayment of borrowings	*11*	**(3.4)**	(3.4)
Net cash (used in)/generated by financing activities		**60.9**	(79.3)
Net change in cash and cash equivalents		**0.2**	(10.4)
Net increase in cash and cash equivalents		**0.2**	(10.4)
Cash and cash equivalents at the beginning of the period		**0.8**	11.2
Cash and cash equivalents at the end of the period	*11*	**1.0**	0.8

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 million with one decimal, except when otherwise stated.

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 entities over which the parent company has control. The parent company controls an entity when the parent company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investment in associates
Associates are all entities over which the parent company 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 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 recognized 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 utilized 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
Commitments to contribute pension arrangements to employees 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). 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 the Norwegian group companies.

NOTE 04 Payroll expenses, number of employees and benefits

Amounts in NOK million	**2021**	2020
Salaries/wages	**22.2**	15.6
Payroll tax	**3.2**	2.1
Pension expenses	**0.9**	0.8
Other remuneration	**0.3**	0.5
Total employee benefit expenses	**26.6**	19.0
Average number of FTEs	**18**	14

Remuneration paid to executives

	2021		2020	
Amounts in NOK million	**CEO**	**Board**	CEO	Board
Salaries	**3.0**	**-**	2.7	-
Board fees	**-**	**1.4**	-	1.4
Pension expenses	**0.1**	**-**	0.1	-
Other remuneration	**0.0**	**-**	0.0	-
Total	**3.1**	**1.4**	2.8	1.4

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 million	**2021**	2020
Office premises	**8.0**	5.6
External services	**19.4**	8.2
Audit fees	**1.1**	1.2
Marketing	**0.6**	0.7
Other operating expenses	**2.6**	4.0
Total other operating expenses	**31.7**	19.7

Expensed audit fee

Amounts in NOK million	**2021**	2020
Audit fee	**0.4**	1.1
Tax advisory fee	**0.0**	0.0
Other audit related services	**0.7**	0.1
Total audit fees	**1.1**	1.2

NOTE 06 Financial income and financial expenses

Amounts in NOK million	**2021**	2020
Financial income - investment in subsidiaries	**100.9**	52.0
Interest income from group companies	**1.2**	0.0
Other interest income	**2.1**	4.8
Other financial income	**4.4**	0.7
Total financial income	**108.5**	57.5
Impairment of shares in subsidaries	**(20.0)**	0.0
Other interest expenses	**(1.4)**	(0.7)
Other financial expenses	**(3.5)**	(3.9)
Total financial expenses	**(24.9)**	(4.5)
Total net financial items	**83.7**	53.0

NOTE 07 Taxes

Calculation of deferred tax/deferred tax benefit

Amounts in NOK million	**2021**	2020
Temporary differences		
Tangible	**(0.4)**	(0.2)
Net temporary differences	**(0.4)**	(0.2)
Basis for deferred tax	**(0.4)**	(0.2)
Basis for income tax expense, changes in deferred tax and tax payable		
Profit/(loss) before taxes	**49.8**	38.2
Permanent differences	**27.6**	0.0
Basis for the tax expense for the year	**77.5**	38.2
Change in temporary differences	**0.1**	(0.0)
Basis for payable taxes in the income statement	**77.6**	38.2
+/- Group contributions received/given	**(39.5)**	(38.2)
Taxable income (basis for payable taxes in the balance sheet)	**38.1**	-
Components of the income tax expense		
Payable tax on this year's profit/(loss)	**17.1**	8.4
Change in deferred tax	**(0.1)**	0.0
Tax expense	**17.0**	8.4
Payable tax in the tax charge	**17.1**	8.4
Tax effect of group contribution	**(8.7)**	(8.4)
Payable tax in the balance sheet	**8.4**	-
Reconciliation of the tax expense		
Tax expense based on current year tax rate	**11.0**	8.4
Tax effect of permanent differences	**6.1**	0.0
Tax expense	**17.0**	8.4

NOTE 08 Equity

Change in equity for the year

Amounts in NOK million	Share capital	Share premium	Other equity	**Total**
Equity at 1 January	5.7	275.4	136.9	**418.0**
Ordinary share issue	0.2	33.3	0.0	**33.5**
Profit for the year	0.0	0.0	32.8	**32.8**
Dividends	0.0	0.0	(17.5)	**(17.5)**
Equity at 31 December	5.8	308.8	152.2	**466.8**

The parent company's share capital consists of 58 459 302 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 2021 (NOK 17.5 million).

During 2021, the parent company issued 460 219 new shares to employees in connection with incentive programs. The parent company also issued 1 212 165 shares in connection of the acquisition of iData Kft to the sellers of the company, on behalf of its two subsidiaries NORBIT Holding Kft and NORBIT Hungary Kft,

NOTE 09 Tangible and intangible assets

Amounts in NOK million	Patents	Office equipment	Buildings	**Total**
Purchase cost 1 January	0.4	3.8	0.0	**4.2**
Additions	0.2	1.1	0.4	**1.7**
Purchase cost 31 December	0.7	4.9	0.4	**6.0**
Accumulated depreciation 31 December	0.0	2.7	0.1	**2.8**
Net book value at 31 December	0.7	2.2	0.3	**3.2**
Depreciation in the year		0.8	0.1	**0.9**
Estimated useful life	Indefinite	3-5 years	3-5 years	
Depreciation plan	N/A	Linear	Linear	

NOTE 10 Investments in subsidiaries and associated companies

Value in NOK thousand	Business office	Ownership/ voting right	Equity last year (100%)	Profit/(loss) last year (100%)	**Book value**
Subsidiary					
NORBIT Subsea AS	Trondheim	100.00%	58.7	66.2	**84.9**
NORBIT ITS AS	Trondheim	100.00%	60.6	(11.9)	**81.3**
NORBIT EMS AS	Selbu/Røros	100.00%	87.2	4.4	**66.3**
NORBIT ODM AS	Trondheim	100.00%	13.8	(0.8)	**15.2**
NORBIT Aptomar AS	Trondheim	100.00%	45.1	6.8	**3.2**
Fenrits AS	Trondheim	100.00%	0.8	0.0	**1.4**
NORBIT NV AS	Trondheim	100.00%	0.3	(0.0)	**0.6**
NORBIT Kabelpartner AS	Trondheim	100.00%	5.6	6.5	**3.5**
NORBIT GmbH	Vienna	100.00%	(0.1)	0.0	**0.5**
NORBIT s.r.l	Lanciano	100.00%	0.1	0.0	**0.1**
NORBIT Hungary Kft.	Budapest	100.00%	0.4	(2.0)	**0.1**
NORBIT Sweden AB	Gothenburg	100.00%	0.0	(0.0)	**0.1**
NORBIT Singapore Ltd.	Singapore	100.00%	0.3	0.2	**0.1**
NORBIT Poland Sp. z.o.o.	Gdansk/Sopot	100.00%	1.5	0.0	**0.0**
NORBIT US Ltd.	Santa Barbara	100.00%	2.6	2.0	**0.0**
NORBIT China Co., Ltd	Shanghai	100.00%	0.2	0.1	**0.2**
Kilmore Marine Ltd.	Aberdeen	100.00%	3.1	0.9	**6.4**
NORBIT Holding Kft	Budapest	100.00%	0.0	0.0	**0.0**
NORBIT Czezh Republic s.r.o	Brno	100.00%	0.0	0.0	**0.0**
NORBIT Denmark ApS	Copenhagen	100.00%	0.1	0.0	**0.1**
Book value per 31 December					**264.0**
Associated companies					
Kvikna Consulting Ehf.	Reykjavik	33.33%	0.0	0.0	**0.0**
NORBIT Germany GmbH	Hamburg	50.00%	0.0	0.0	**0.0**
Book value at 31 December					**0.0**

	Trade receivables		Other receivables	
Amounts in NOK million	**2021**	2020	**2021**	2020
Group companies	**1.0**	3.8	**286.8**	264.7
Sum	**1.0**	3.8	**286.8**	264.7

	Trade payables		Other short-term liabilities	
Amounts in NOK million	**2021**	2020	**2021**	2020
Group companies	-	0.6	-	-
Sum	-	0.6	-	-

	Non current receivables		Non current liabilities	
Amounts in NOK million	**2021**	2020	**2021**	2020
Group companies	**91.2**	0.3	**-**	-
Sum	**91.2**	0.3	-	-

NOTE 11 Receivables and liabilities

Receivables with maturity later than one year

Amounts in NOK million	**2021**	2020
Loans to companies in the same group	**91.2**	0.3
Interest-bearing borrowings		
Overdraft facility	**86.5**	50.8
Revolving credit facility	**60.0**	29.3
Total	**146.5**	80.1
Debt secured by mortgage		
Long-term debt	**60.0**	0.0
Short-term debt	**86.5**	80.1
Total	**146.5**	80.1
Book value of pledged assets		
Fixed assets	**3.2**	0.6
Receivables	**287.8**	268.5
Total	**291.0**	269.1

The parent company has two loan facilities, comprising of a long-term revolving credit facility (RCF) and a short-term overdraft facility. The facilities have a credit limit of NOK 200 million and NOK 130 million, respectively. NOK 86.5 million was drawn on the overdraft facility as per 31 December 2021, while NOK 60.0 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 February 2025. The overdraft facility is refinanced each year on a rolling basis.

NOTE 12 Forward contracts

NORBIT ASA has no forward exchange contracts or other financial instruments at the end of the financial year.

NOTE 13 Restricted bank deposits

Restriced bank deposits

Amounts in NOK million	**2021**	2020
Bank deposits restricted to tax payments	**1.0**	0.8

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 million	**2021**	2020
Sales of goods and services		
Revenue from licenses, management fees and services to group companies	**25.3**	24.4

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 2021 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 2021 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 2022
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 balance sheet as at 31 December 2021, 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 balance sheet as at 31 December 2021, the income statement, statement of 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 comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with 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 the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in

PricewaterhouseCoopers AS, Brattørkaia 17B, Postboks 6365 Torgard, NO-7492 Trondheim
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years from the election by the general meeting of the shareholders on 22 September 2009 for the accounting year 2009.

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. *Value of intangible assets* involves similar complexity and risks as the previous year and have been considered a key audit matter also for 2021. *Valuation of inventory* carries less risk than previous years and has not been considered as a key audit matter for 2021. As the Group acquired two companies this year, we gave the resulting Accounting for business combinations due attention.

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 25% of the total assets, with a book value of mNOK 242,3 as of 31.12.2021. The year-end result reflects depreciation of mNOK 26,9 spread over the three segments as described in the note 6. No impairments have been recognized in 2021 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 4 and 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.

(2)

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.

We read the relevant notes and found the information and explanations provided consistent and sufficient.

Accounting for business combinations	
During the year, NORBIT acquired two companies, of which the acquisition of the Hungarian company iData was the most significant. For each business combination, the management prepared a purchase price allocation (PPA) analysis in which the difference between the net assets in the acquired company and the purchase price was allocated to identified assets from the acquired company. Customer relationships, trademark and goodwill were among the identified assets. To determine the value of the identified intangible assets, management used judgement and performed calculations based on expectations about the acquired companies' future development. Customer relationships, unlike goodwill and trademarks, are written off over their expected useful lives. Furthermore, acquired inventories are valued at fair value, i.e., sales price in the acquisition analyzes. The distribution of values in the acquisition analysis may have a significant impact on the financial statements. We focused on this area due to the judgmental nature of purchase price allocation calculations. The Group's disclosures and principles for accounting for business combinations and valuation of goodwill, trademark and customer relationships are described in the annual report under note 4, 13 and 21.	We obtained and reviewed the PPA and understood how management identified goodwill and other intangible assets. We obtained and examined the acquisition agreements and evaluated the terms of the agreements and had extensive discussions with management. We confirmed the cash consideration from the agreements to bank receipts. To challenge managements judgement, we examined the acquisition analyses with emphasis on methods and assumptions used for identifying and valuing intangible assets such as customer relationships and trademark. We traced the information in the PPA to the target's financial statements. We tested the mathematical accuracy of the calculations and challenged the Company`s allocations based on our expectations from the underlying business drivers in the acquired companies. Based on our audit procedures we found the methods and assumptions to be reasonable. We also read the relevant notes 4, 13 and 21 and found the information and explanations provided sufficient.

Independent Auditor's Report - NORBIT ASA

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director`s report applies correspondingly to the report on Environmental, Social and Governance (ESG).

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view 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 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 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.
- 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 Audit Committee 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

Report on compliance with Regulation on European Single Electronic Format (ESEF)

Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name NORBIT-2021-12-31-en.zip have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Trondheim, 24 March 2022
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning

Signers:

Name	*Method*	*Date*
Smørdal, Kjetil	BANKID_MOBILE	2022-03-24 14:32

This document package contains:
- Closing page (this page)
- The original document(s)
- The electronic signatures. These are not visible in the document, but are electronically integrated.

This file is sealed with a digital signature. The seal is a guarantee for the authenticity of the document.

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES

EBITDA
Short for earnings before interest, tax, depreciation and amortisation. EBITDA corresponds to operating profit before depreciation and amortisation expenses, as reported in the consolidated statement of profit and loss. EBITDA is a key performance indicator that the company considers relevant for understanding the generation of profits.

EBITDA margin
EBITDA as a percentage of revenues. The EBITDA margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.

EBIT
Short for earnings before interest and tax and corresponds to operating profit in the consolidated statement of profit and loss. EBIT is a key performance indicator that the company considers relevant, as it facilitates comparisons of profitability over time independent of corporate tax rates and financing structures.

EBIT margin
EBIT as a percentage of revenues. The EBIT margin is a key performance indicator that the company considers relevant for understanding the profitability of the business and for making comparisons with other companies.

EQUITY RATIO
Total equity divided by total assets. The equity ratio is a key performance indicator that the company considers relevant for assessing its financial leverage.

NET INTEREST-BEARING BORROWINGS
Net interest-bearing borrowings is defined as total interest-bearing borrowings less cash and cash equivalents.

NET WORKING CAPITAL
Net working capital is defined as the sum of inventories, trade receivables and other receivables and prepayments, less the sum of trade payables and other current liabilities, as reported in consolidated statement of financial position.

R&D INVESTMENTS
R&D investments is equal to payments for intangible assets, as reported n the consolidated statement of cash flows.

Your notes

NORBIT
- explore more -

NORBIT ASA
Stiklestadveien 1
NO-7041 Trondheim
Norway

T: +47 73 98 25 50

www.norbit.com