

A photograph of a whale's tail fluke emerging from the ocean, set against a backdrop of mountains and a cloudy sky. The image is in a cool, blue-toned color palette.

INTERIM | REPORT

Q4 | 2020

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HIGHLIGHTS AND KEY FIGURES

SUMMARY OF THE FOURTH QUARTER AND FULL YEAR 2020

- Revenues for the fourth quarter of 2020 amounted to NOK 162.1 million, corresponding to a decline of 13 per cent from the fourth quarter of 2019. For the full year, revenues came in at 618.8 million, representing a decline of 7 per cent from 2019
- EBITDA was NOK 19.8 million, representing a margin of 12 per cent, and NOK 93.5 million for the full year, a margin of 15 per cent
- Segment Oceans delivered an acceptable quarter with NOK 73.6 million in revenues. Oceans achieved 7 per cent revenue growth in 2020
- Segment ITS increased revenues by 82 per cent from the third quarter. Revenues for the full year declined, however, by 22 per cent compared to the 2019 level
- Segment PIR delivered a 5 per cent increase in revenues compared to the prior quarter, and a decline of 14 per cent for the full year 2020 compared to 2019
- NORBIT acquired the SeaDarQ radar system, strengthening the company's position within maritime environmental monitoring
- Awarded a contract for delivery of the SeaCOP system including the above-mentioned SeaDarQ software. The value of the order is approximately NOK 10 million
- The Board of Directors declared a NOK 0.30 per share dividend in the fourth quarter, bringing the total dividend payment to NOK 0.60 per share for the fiscal year 2019
- The Board of Directors proposes a dividend for the fiscal year 2020 of NOK 0.30 per share

SUBSEQUENT EVENTS

- NORBIT announced in January that it was in advanced and exclusive negotiations regarding an add-on acquisition of an undisclosed European company, creating a platform for growth within the ITS segment. The preliminary transaction price values the target company at an enterprise value of EUR 14.5 million
- Announcement of partnership with DKV where NORBIT's On-Board Units has been approved for use on Italian motorways under the brand DKV BOX ITALIA.

CONSOLIDATED KEY FIGURES

Amounts in NOK million (except percentages and EPS)	Fourth quarter		Full year	
	2020	2019	2020	2019
Revenues	162.1	186.5	618.8	668.2
EBITDA	19.8	40.2	93.5	149.7
EBITDA margin	12%	22%	15%	22%
Adjusted EBITDA	19.8	40.2	93.5	158.3
Adjusted EBITDA margin (%)	12%	22%	15%	24%
EBIT	5.7	27.8	44.3	102.9
Profit for the period	(2.6)	24.6	27.4	77.3
Earnings per share (EPS)	(0.05)	0.43	0.48	1.45

FOURTH QUARTER AND PRELIMINARY ANNUAL RESULTS 2020

FINANCIAL RESULTS – NORBIT ASA

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

PROFIT AND LOSS

Revenues for the fourth quarter of 2020 amounted to NOK 162.1 million, representing a 13 per cent decline compared to the corresponding quarter of 2019 (NOK 186.5 million). Despite the increase in revenues from third quarter, all segments delivered lower sales compared to fourth quarter 2019.

For the full year of 2020, revenues came in at NOK 618.8 million, down 7 per cent compared to the same period of 2019 (NOK 668.2 million).

Revenues in all segments have been negatively impacted by the pandemic during 2020. Further details about the impact are provided under the segment results.

Total operating expenses include raw materials and change in inventories, employee benefit expenses, depreciation and amortization expenses and other operating expenses. The total operating expenses amounted to NOK 156.4 million for the fourth quarter (NOK 158.7 million).

For the full year of 2020, operating expenses totaled NOK 574.4 million (NOK 565.3 million).

Employee benefit expenses amounted to NOK 44.6 million for the fourth quarter (NOK 41.2 million).

For the twelve months of 2020, NORBIT had employee benefit expenses of a total of NOK 155.6 million (NOK 161.7 million).

EBITDA amounted to NOK 19.8 million this quarter (NOK 40.2 million), corresponding to a margin of 12 per cent (22 per cent). For the full year, EBITDA was NOK 93.5 million (NOK 149.7 million), representing a margin of 15 per cent (22 per cent).

Adjusted EBITDA is EBITDA adjusted for items affecting comparability. As there have not been items affecting comparability in 2020, adjusted EBITDA was the same as EBITDA both for the fourth quarter and for the full year.

Operating profit came in at NOK 5.7 million for the fourth quarter (NOK 27.8 million) and NOK 44.3 million for the full year of 2020 (NOK 102.9 million).

Net financial items amounted to negative NOK 9.4 million for the quarter (NOK 3.2 million). The decrease is primarily explained by foreign exchange losses due a weakened USD and EUR versus NOK.

For the full year, net financial items ended at negative NOK 9.5 million (negative NOK 7.4 million).

Taxes amounted to positive NOK 1.0 million for the quarter (negative NOK 6.3 million) and negative NOK 7.4 million for the full year (NOK 18.2 million).

Profit for the period was negative NOK 2.6 million for the fourth quarter of 2020 (NOK 24.6 million) and NOK 27.4 million for the full year (NOK 77.3 million).

SEGMENTS

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

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

OCEANS

Oceans encompasses all NORBIT's knowledge and competence targeting the global maritime markets, including proprietary technology and solutions. The segment 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 within the Oceans segment.

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

Key figures – Oceans

NOK million	Fourth quarter		Full year	
	2020	2019	2020	2019
Revenues	73.6	80.7	267.2	249.0
EBITDA	15.4	19.6	59.6	64.1
EBITDA margin (%)	21%	24%	22%	26%
EBIT	10.3	17.1	45.6	50.6
EBIT margin (%)	14%	21%	17%	20%

Revenues amounted to NOK 73.6 million for the fourth quarter of 2020. Despite a strong end to the quarter, segment Oceans delivered a 9 per cent revenue decline compared to the same period last year (NOK 80.7 million). The decline can be attributed to less products delivered to the aquaculture market compared to the corresponding period last year.

Throughout the year, the pandemic has had a negative impact on sales activities with travel restrictions imposed, limiting physical customer interaction. Despite this impact, Oceans recorded revenues of NOK 267.2 million for the full-year 2020, a 7 per cent increase from 2019 (NOK 249.0 million).

Operating expenses, including employee expenses and other operating expenses, amounted to NOK 23.8 million for the fourth quarter of 2020 (NOK 20.9 million).

For the twelve months of 2020, operating expenses came in at NOK 87.8 million (NOK 73.2 million). The increase from last year is mainly explained by a strengthening of the organization during 2019 and increased provisions for loss on receivables and guarantee commitments.

EBITDA amounted to NOK 15.4 million for the quarter (NOK 19.6 million), representing a margin of 21 per cent (24 per cent). The margin decline is explained by higher operating expenses.

For the full year, EBITDA was NOK 59.6 million (NOK 64.1 million), resulting in an EBITDA margin of 22 per cent (26 per cent).

Main events

- Announcement of the acquisition of the SeaDarQ Radar System from Nortek Group, strengthening NORBIT's position as a leading global provider of solutions for integrated environmental solutions.
- NORBIT Aptomar was awarded a contract for delivery of the SeaCOP Environmental Monitoring and Surveillance System for three multipurpose vessels. The value of the order is approximately NOK 10 million with revenue recognition in 2021 and 2022.

INTELLIGENT TRAFFIC SYSTEMS (ITS)

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

Key figures – ITS

NOK million	Fourth quarter		Full year	
	2020	2019	2020	2019
Revenues	39.7	46.8	145.1	186.3
EBITDA	9.0	20.3	42.5	83.1
EBITDA margin (%)	23%	43%	29%	45%
EBIT	5.3	16.2	27.7	69.9
EBIT margin (%)	13%	35%	19%	38%

Revenues amounted to NOK 39.7 million for the fourth quarter of 2020, corresponding to a decline of 15 per cent from the same period of 2019 (NOK 46.8 million). Revenues were, however, up 82 per cent from third quarter mainly explained by record high sales of On-Board Units (OBUs).

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

Operating expenses amounted to NOK 8.9 million for the quarter, compared to NOK 10.5 million in the corresponding period last year.

For the full year of 2020, ITS recorded a total of NOK 33.4 million in operating expenses (NOK 38.1 million).

EBITDA for the fourth quarter of 2020 amounted to NOK 9.0 million (NOK 20.3 million), representing a margin of 23 per cent (43 per cent).

For the twelve months of 2020, EBITDA was NOK 42.5 million (NOK 83.1 million), representing a margin of 29 per cent (45 per cent).

The decline in EBITDA, both in fourth quarter 2020 and for the full year compared to corresponding periods of 2019, can be explained by a lower revenue base and product mix with a higher share of lower margin products delivered in 2020.

Main events

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

PRODUCT INNOVATION & REALIZATION (PIR)

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

Key figures – PIR

NOK million	Fourth quarter		Full year	
	2020	2019	2020	2019
Revenues	53.3	66.5	224.6	259.9
EBITDA	(0.4)	3.4	2.3	22.6
EBITDA margin (%)	(1%)	5%	1%	9%
EBIT	(4.4)	(1.5)	(14.9)	4.4
EBIT margin (%)	(8%)	(2%)	(7%)	2%

Revenues amounted to NOK 53.3 million for the fourth quarter, a 20 per cent decline from the corresponding period last year (NOK 66.5 million) and a 5 per cent increase from the third quarter of 2020.

The decline from fourth quarter 2019 can primarily be explained by lower sales of contract manufacturing with activity towards industrial clients declining, partly offset by an increase in volumes sold to the automotive industry.

Revenues from R&D projects were relatively stable compared to the fourth quarter last year and was up compared to third quarter 2020.

For full year of 2020, revenues amounted to NOK 224.6 million, 14 per cent down compared to the prior year (NOK 259.9 million), explained by lower activity in both contract manufacturing and R&D services.

Operating expenses amounted to NOK 27.3 million for the quarter (NOK 30.2 million).

For the full year 2020, operating expenses came in at NOK 110.8 million (NOK 106.2 million).

EBITDA amounted to NOK -0.4 million for the fourth quarter of 2020 (NOK 3.4 million), representing a negative margin of 1 per cent (5 per cent).

For 2020 in total, the PIR segment recorded an EBITDA of NOK 2.3 million (NOK 22.6 million), resulting in a margin of 1 per cent (9 per cent). The weaker results are mainly attributed to a decline in sales of contract manufacturing and the segment delivering on a large and profitable R&D project in 2019, both resulting in lower contribution in 2020.

FINANCIAL POSITION AND LIQUIDITY

Consolidated financial position

Assets stood at NOK 671.8 million at 31 December 2020 compared to NOK 668.4 million as of 30 September 2020 and NOK 600.0 million as per year-end 2019.

Intangible assets amounted to NOK 171.5 million at the end of December 2020, up from NOK 168.5 million at the end of September and NOK 135.3 million at the end of 2019. The increase in the fourth quarter relates to NOK 9.5 million investments in R&D, partly offset by amortization.

Inventories amounted to NOK 164.6 million at the end of the fourth quarter of 2020, down from NOK 175.4 million at the end of the third quarter and NOK 167.8 million at the end of 2019.

Accounts receivables were NOK 121.4 million at 31 December 2020, down from NOK 131.2 million at 30 September 2020 and NOK 149.9 million as of 31 December 2019.

Bank deposits stood at NOK 15.0 million as per year-end 2020, compared to NOK 25.2 million at the end of the third quarter and NOK 21.7 million as per 31 December 2019.

Total borrowings stood at NOK 94.7 million at the end of the year compared to NOK 106.8 million three months earlier and NOK 19.3 million at the end of 2019. The company had NOK 199.9 million in undrawn committed credit facilities as of 31 December 2020.

Total equity was NOK 436.9 million as per year-end 2020, representing an equity ratio of 65 per cent, compared to NOK 456.5 million at the end of September 2020 and NOK 443.6 million at the end of 2019. NORBIT paid NOK 17.0 million in dividends (NOK 0.30 per share) in the fourth quarter.

Consolidated cash flow

Operating activities generated a cash flow of NOK 42.0 million in the fourth quarter of 2020 (NOK 49.1 million), including a net decrease in the working capital of NOK 33.0 million (NOK 7.3 million).

For 2020 in total, operating activities generated a cash flow of NOK 92.1 million (NOK 41.2 million), including a net decrease in the working capital of NOK 8.7 million (increase of NOK 88.7 million).

NORBIT does not have taxes payable due to tax losses carried forward from previous acquisitions.

Investing activities generated a cash outflow of NOK 22.3 million in the fourth quarter of 2020 (NOK 23.5 million). This includes NOK 6.9 million related to property expansions, mainly at the facility at Røros, which was completed in October, and NOK 6.0 million in machinery and equipment. In addition, NORBIT invested NOK 9.5 million in R&D in the quarter, representing 6 per cent of the revenues for the period. As in previous quarters the R&D investments primarily relate to broadening the product offering in segment Oceans and ITS.

For the twelve months of the year, cash flow from investing activities was NOK 136.7 million (NOK 81.9 million), including R&D investments of NOK 63.2 million, or 10 per cent of the full year revenues. Despite lower activity in 2020, primarily due to the pandemic, NORBIT maintained the planned investment program to support long-term growth.

Financing activities led to a cash outflow of NOK 29.9 million this quarter (negative NOK 9.7 million), mainly explained by NOK 17.0 million in dividends paid and NOK 12.9 million repayment of interest-bearing debt and leases.

For full year of 2020, NORBIT had a positive cash flow of NOK 37.8 million from financing activities (NOK 53.3 million).

SHARE INFORMATION

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

In the fourth quarter of 2020, the share traded between NOK 14.90 and NOK 19.40 per share, with a closing price of NOK 18.00 at 31 December 2020.

As of 31 December 2020, the company had a total of 1 513 shareholders, of which the 20 largest shareholders held 83.2 per cent of the total outstanding shares.

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

RISKS AND UNCERTAINTIES

NORBIT is exposed to various risk factors, including, but not limited to, operational, market and financial risks. For a more detailed description of the risk factors, please see an overview in the annual report for 2019.

NORBIT considers its most significant risks to be related to shortage of supply of consumables/ electronic components, and the implications the pandemic can have on demand and sales of products.

NORBIT relies on a significant supply of electronic components to produce and deliver its equipment and systems. A large portion of the electronic components are bought from foreign vendors, and the pandemic has resulted in increased uncertainty related to the supply. In addition, a recent surge in demand for consumer electronics has levelled the risk of supply shortage further in the first half of 2021 and prices are increasing.

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

The pandemic has impacted demand across all of NORBIT's operating segments. Number of new covid-19 cases continued to increase in the fourth quarter and mutations of the virus have increased the risk of a global lock-down further. A prolonged period of downturn thus represents a risk to the company's revenues and cash flow.

OUTLOOK

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

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

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

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

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

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

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

*Trondheim, Norway, 9 February 2021
the Board of Directors and CEO
NORBIT ASA*

Finn Haugan
Chair

Bente Avnung Landsnes
Deputy Chair

Tom Solberg
Board member

Trond Tuvstein
Board member

Marit Collin
Board member

Per Jørgen Weisethaunet
CEO

DEFINITIONS OF ALTERNATIVE PERFORMANCE MEASURES NOT DEFINED BY IFRS

EBITDA

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

EBITDA margin

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

EBIT

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

EBIT margin

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

Items affecting comparability

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

Adjusted (adj.) EBITDA

EBITDA adjusted for items affecting comparability. Adjusted EBITDA is a key performance indicator that the company considers relevant for understanding earnings adjusted for items that affect comparability.

Adjusted (adj.) EBITDA margin (%)

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

Equity ratio

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Amounts in NOK 1 000	Note	Q4 2020	Q4 2019	2020	2019
Revenues	4	162 110	186 467	618 798	668 176
Other gains and losses		-	-	-	10 865
Raw materials and change in inventories		78 065	87 092	292 670	304 495
Employee benefit expenses		44 586	41 153	155 595	161 650
Depreciation and amortization expenses	7, 9	14 161	12 390	49 125	46 836
Other operating expenses		19 621	18 039	77 062	63 147
Operating profit		5 677	27 793	44 346	102 913
Net financial items	6	(9 364)	3 157	(9 524)	(7 482)
Profit before tax		(3 687)	30 950	34 822	95 432
Income tax expense		1 048	(6 339)	(7 422)	(18 158)
Profit for the period		(2 639)	24 611	27 400	77 274
Attributable to:					
Owners of the Company		(2 639)	24 607	27 400	77 263
Non-controlling interests		-	4	-	10
Total		(2 638)	24 611	27 400	77 274
Average no. of shares outstanding basic and diluted	10	56 786 918	56 786 918	56 786 918	53 447 564
Earnings per share					
Basic (NOK per share)	10	(0.05)	0.43	0.48	1.45
Diluted (NOK per share)	10	(0.05)	0.43	0.48	1.45

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK 1 000	Q4 2020	Q4 2019	2020	2019
Profit for the period	(2 639)	24 611	27 400	77 274
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations	18	405	153	(112)
Items that will not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income	-	1 385	-	1 385
Other comprehensive income for the period, net of tax	18	1 791	153	1 273
Total comprehensive income for the period	(2 621)	26 402	27 553	78 547
Total comprehensive income for the period is attributable to:				
Owners of the Company	(2 621)	26 398	27 572	78 536
Non-controlling interests	-	4	(19)	10
Total	(2 621)	26 402	27 553	78 547

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK 1 000	Note	31.12.2020	30.09.2020	31.12.2019
ASSETS				
Non-current assets				
Land and property, plant and equipment	7, 9	149 953	124 004	78 653
Intangible assets	7	171 454	168 488	135 318
Deferred tax asset		19 845	18 540	25 623
Investments accounted for using the equity method		3 437	2 827	2 872
Shares in other companies		237	237	100
Other loans and receivables		285	81	-
Total non-current assets		345 211	314 178	242 567
Current assets				
Inventories		164 605	175 402	167 801
Trade receivables		121 356	131 191	149 877
Other receivables and prepayments		25 628	22 442	18 086
Bank deposits		14 953	25 208	21 680
Total current assets		326 543	354 242	357 443
Total assets		671 754	668 420	600 010
EQUITY AND LIABILITIES				
Liabilities				
Borrowings	8	11 561	36 209	15 843
Lease liabilities	9	14 703	1 201	3 954
Other liabilities		1 322	443	341
Total non-current liabilities		27 586	37 853	20 138
Trade payables		67 356	66 179	89 161
Other payables		47 467	32 185	39 262
Current tax liabilities		850	376	-
Borrowings	8	83 141	70 557	3 429
Lease liabilities	9	8 484	3 901	4 441
Derivative financial instruments	5	-	825	-
Total current liabilities		207 299	174 021	136 294
Total liabilities		234 885	211 874	156 431
Equity				
Share capital	10	5 678	5 679	5 679
Share premium		275 433	275 433	275 433
Retained earnings		155 303	174 952	161 923
Non-controlling interests		455	482	544
Total equity		436 869	456 546	443 579
Total equity and liabilities		671 754	668 420	600 010

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Amounts in NOK 1 000	Note	Attributable to owners				Non-controlling interests	Total equity
		Share capital	Share premium	Retained earnings	Total		
Balance at 31 December 2019		5 679	275 433	161 923	443 034	544	443 579
Profit for the period		-	-	27 400	27 400	0	27 400
Other comprehensive income		-	-	153	153	(19)	133
Total comprehensive income for the period		-	-	27 553	27 553	(19)	27 533
Transaction with owners in their capacity as owners:							
Transaction with non-controlling interest		-	-	(100)	(100)	(70)	(170)
Dividends paid	10	-	-	(34 072)	(34 072)		(34 072)
Total transactions with owners		-	-	(34 172)	(34 172)	(70)	(34 242)
Balance at 31 December 2020		5 679	275 433	155 303	436 415	455	436 869

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK 1 000	Note	Q4 2020	Q4 2019	2020	2019
Profit for the period		(2 639)	24 611	27 400	77 274
Adjustments for:					
Income tax expense recognised in profit or loss		(1 048)	6 339	7 422	18 158
Share of profit of associates		(704)	(1 470)	(316)	(1 470)
Investment income recognised in profit or loss		-	-	-	(10 865)
Net (gain)/loss arising on financial liabilities designated as at fair value through profit or loss		(825)	-	(196)	-
Depreciation and amortization	7, 9	14 161	12 390	49 125	46 836
Movements in working capital:					
(Increase)/decrease in trade receivables		9 835	(13 461)	28 521	(47 901)
(Increase)/decrease in inventories		10 796	(3 631)	3 195	(44 910)
Increase/(decrease) in trade payables		1 178	10 704	(21 805)	13 570
Increase/(decrease) in accruals		11 209	13 650	(1 240)	(9 472)
Net cash generated by operating activities		41 964	49 131	92 106	41 219
Cash flows from investing activities					
Payments for property, plant and equipment	7	(12 832)	(10 186)	(73 495)	(23 352)
Payments for intangible assets	7	(9 501)	(13 335)	(63 169)	(58 957)
Net cash (used in)/generated by investing activities		(22 333)	(23 521)	(136 664)	(81 887)
Cash flows from financing activities					
Proceeds from issue of equity instruments of the Company		-	-	-	250 000
Payment for services related to issue of equity instruments		-	-	-	(16 850)
Transactions with non-controlling interests		-	-	(170)	(19 254)
Proceeds from borrowings	8	-	191	32 700	106 306
Repayment of borrowings	8, 9	(3 060)	(2 849)	(10 126)	(189 862)
Net change in overdraft facility	8	(9 790)	(7 009)	49 499	(71 082)
Dividends paid	10	(17 036)	-	(34 072)	(6 000)
Net cash (used in)/generated by financing activities		(29 886)	(9 667)	37 831	53 258
Net increase in bank deposits		(10 255)	15 943	(6 725)	12 589
Bank deposits at the beginning of the period		25 208	5 737	21 680	9 091
Bank deposits at the end of the period		14 953	21 680	14 953	21 680

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 GENERAL INFORMATION

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

NORBIT's head office is located in Trondheim. In addition, in Q4 2020 the Group also had operations in Norway from Asker, Røros and Selbu, as well as foreign operations in Sopot / Gdansk, Vienna,

Budapest, Lanciano, Singapore, Shanghai, Gothenburg and Santa Barbara CA.

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

The consolidated financial statements of NORBIT ASA for the fourth quarter and twelve months ending 31 December 2020 incorporate the financial statements of the company and its subsidiaries (collectively referred to as the "Group").

NOTE 2 STATEMENT OF COMPLIANCE

The interim consolidated statements for the fourth quarter 2020, ending 31 December 2020, were prepared in accordance with IAS 34 Interim Financial Reporting and are unaudited. The interim consolidated financial statements do not include all information and disclosures required in the annual

financial statements, and should be read in conjunction with the Group's annual report for 2019. The consolidated financial statements of the Group as at and for the year ended 31 December 2019 are available at www.norbit.com.

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

NOTE 3 SIGNIFICANT ACCOUNTING PRINCIPLES

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

The preparation of accounts in accordance with IFRS requires the use of estimates. Furthermore, the application of the company's accounting policies requires management to exercise judgments. Estimates and subjective judgements are based on past experience and other factors that are considered appropriate. Actual results may deviate from these estimates.

The significant judgements, estimates and assumptions communicated in the consolidated financial statements as of 31 December 2019 also apply to these interim financial statements. Following the outbreak of the COVID-19 pandemic, all significant estimates and underlying assumptions have been reviewed in light of the new macroeconomic situation caused by the pandemic. In preparing these interim financial statements NORBIT has focused on estimates and assumptions related to impairment assessment of intangible assets and expected loss on accounts receivables. Based on the assessment, no impairment was recognized in the fourth quarter. A NOK 0.6 million reversal of provision for expected loss on accounts receivables was made in the quarter, bringing the

total provision for expected loss on accounts receivables to NOK 5.0 million in 2020.

NORBIT has built up additional stocks of electronic components following the outbreak of the COVID-19 pandemic. The pandemic has therefore not caused any major disruption to NORBIT's production or logistics in the fourth quarter. Shortage of supply of electronic components is further described as a risk factor under Risks and Uncertainties in the financial report.

NOTE 4 SEGMENT INFORMATION

The operating segments are aligned with the internal reporting and the operating segments are components of the Group that are evaluated regularly by the management team. The operating segments are Oceans, Intelligent

Traffic Systems (ITS) and Product Innovation and Realization (PIR). Oceans deliver tailored technology solutions to the global maritime markets. ITS is an independent supplier of tailored connectivity solutions based on short range

communication technology to intelligent traffic systems. PIR is enabling innovation and contract manufacturing to long-term key clients.

2020*Amounts in NOK 1 000*

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	267 238	145 149	224 584	(18 172)	618 798
Raw materials and change in inventories	119 880	69 211	111 462	(7 883)	292 670
Operating expenses	87 751	33 415	110 818	673	232 657
EBITDA	59 608	42 522	2 303	(10 962)	93 471
EBITDA margin	22%	29%	1%	-	15%
Depreciation	4 539	989	12 049	3 061	20 638
Amortization and impairment	9 506	13 809	5 172	-	28 487
EBIT	45 563	27 724	(14 918)	(14 023)	44 345
Total financial items (not allocated)					(9 524)
Profit before tax					34 822
Taxes (not allocated)					(7 422)
Profit after tax					27 400

Timing of revenues

- At point in time	238 678	145 149	201 324
- Over time	28 561	-	23 260
Total	267 238	145 149	224 584

2019*Amounts in NOK 1 000*

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	248 959	186 276	259 901	(26 961)	668 176
Raw materials and change in inventories	111 645	65 123	131 151	(3 424)	304 495
Operating expenses	73 213	38 072	106 199	(3 552)	213 932
EBITDA	64 102	83 081	22 551	(19 985)	149 749
EBITDA margin	26%	45%	9%	-	22%
Depreciation	2 106	1 540	13 399	1 872	18 917
Amortization and impairment	11 435	11 687	4 797	-	27 919
EBIT	50 561	69 855	4 355	(21 857)	102 913
Total financial items (not allocated)					(7 482)
Profit before tax					95 432
Taxes (not allocated)					(18 158)
Profit after tax					77 274

Timing of revenues

- At point in time	234 777	186 276	254 403
- Over time	14 182	-	5 498
Total	248 959	186 276	259 901

Q4 2020*Amounts in NOK 1 000*

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues	73 623	39 714	53 279	(4 507)	162 110
Raw materials and change in inventories	34 430	21 730	26 397	(4 493)	78 065
Operating expenses	23 796	8 944	27 323	4 144	64 207
EBITDA	15 397	9 040	(441)	(4 157)	19 838
EBITDA margin	21%	23%	(1%)	-	12%
Depreciation	1 177	263	2 424	1 363	5 227
Amortization and impairment	3 919	3 433	1 581	-	8 934
EBIT	10 300	5 344	(4 447)	(5 520)	5 677
Total financial items (not allocated)					(9 364)
Profit before tax					(3 687)
Taxes (not allocated)					1 048
Profit after tax					(2 639)

Timing of revenues

- At point in time	57 743	39 714	39 809
- Over time	15 880	-	13 470
Total	73 623	39 714	53 279

Q4 2019*Amounts in NOK 1 000*

	Oceans	ITS	PIR	Group/ elim.	Total
Revenues external customers	80 658	46 751	66 517	(7 459)	186 467
Raw materials and change in inventories	40 205	15 986	32 897	(1 996)	87 092
Operating expenses	20 903	10 466	30 241	(2 417)	59 192
EBITDA	19 551	20 300	3 379	(3 046)	40 183
EBITDA margin	24%	43%	5%	-	22%
Depreciation	709	384	3 654	971	5 718
Amortization and impairment	1 740	3 729	1 203	-	6 671
EBIT	17 102	16 187	(1 478)	(4 018)	27 793
Total financial items (not allocated)					3 157
Profit before tax					30 950
Taxes (not allocated)					(6 339)
Profit after tax					24 611

Timing of revenues

- At point in time	77 531	46 751	66 517
- Over time	3 127	-	-
Total	80 658	46 751	66 517

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The group has the following derivative financial instruments:

	31.12.2020	30.09.2020	31.12.2019
Foreign currency forwards NOK/EUR (<i>amounts in currency 1 000</i>)	-	-	-
Foreign currency forwards USD/EUR (<i>amounts in currency 1 000</i>)	-	1 500	-
Average FX rate in contract (NOK/EUR)	-	-	-
Average FX rate in contract (USD/EUR)	-	1.1125	-
Fair value of contracts based on MTM reports from counterpart banks	-	(825)	-

NOTE 6 NET FINANCIAL ITEMS

<i>Amounts in NOK 1 000</i>	2020	2019	Q4 2020	Q4 2019
Share of profit of associates	564	1 470	704	1 470
Net interest income / (expense)	(1 033)	(6 919)	(752)	(1 107)
Agio/disagio and other financial expenses	(9 054)	2 297	(9 316)	2 794
IPO related expenses	-	(4 330)	-	-
Net financial items	(9 524)	(7 482)	(9 364)	3 157

NOTE 7 LAND AND PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

<i>Amounts in NOK 1 000</i>	Land and properties	Machinery, fixtures and fittings	Intangible assets
Balance as of 31 December 2019	25 245	45 201	135 318
Additions	46 198	27 297	-
Depreciation	(2 405)	(14 728)	-
Capitalized development	-	-	63 169
Amortization	-	-	(27 033)
Impairment	-	-	-
Balance as of 31 December 2020	69 038	57 771	171 454

The Group invested NOK 9.5 million in intangible assets in Q4 2020 and NOK 63.2 million in the twelve month period ended 31 December 2020. The capital expenditures were primarily related to broadening the product offering in the Oceans and ITS segments, and certain projects within the PIR segment. The development projects progressed as planned during the fourth quarter, despite the challenges occurring related to the pandemic.

The expansion project at the production site at Røros was completed in October. Total investments of the production facilities amounted to NOK 6.9 million in the fourth quarter, and NOK 6.0 million was invested in machinery

and equipment. For the twelve month period ending 31 December 2020, total investments amounted to NOK 46.2 million for the production facilities and NOK 27.3 million in machinery and equipment.

At the end of each reporting period, the Group assess whether there are indications that any tangible or intangible asset has been impaired. If such indications are present, an estimate to the recoverable amount of the asset is calculated. No indications of impairment were identified as of 31 December 2020.

NOTE 8 BORROWINGS

<i>Amounts in NOK 1 000</i>	31.12.2020	30.09.2020	31.12.2019
Revolving credit facility	29 258	30 979	-
Overdraft facilities	50 820	60 610	1 320
Other borrowings	14 624	15 177	17 953
Total borrowings	94 702	106 766	19 273
Non-current borrowings	11 561	36 209	15 843
Current borrowings	83 141	70 557	3 429
Total borrowings	94 702	106 766	19 273

The Group's two main loan facilities were established with DNB in December 2018, comprising of a long-term revolving credit facility (RCF) and a short-term overdraft facility. The facilities have a credit limit of NOK 150 million and NOK 130 million, respectively. NORBIT had drawn NOK 50.8 million on the overdraft facility as per 31 December 2020, while NOK 29.3 million was drawn on the RCF. The RCF is priced at 3M NIBOR + 1.8 per cent margin p.a., while the overdraft facility is priced at 1M NIBOR + 1.4 per cent margin p.a. The maturity date for the RCF is December 2021, and consequently, the facility has been classified as short-term debt by 31 December 2020 in the accounts.

The financial covenants are as follows:

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

As of 31 December 2020, NORBIT is in compliance with both financial covenants.

NOTE 9 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

NORBIT leases a number of offices in addition to machinery and vehicles. Right-of-use assets are reported under Land and property, plant and equipment in the balance sheet. The movement in the right-of-use assets and lease liabilities during 2020 is summarised below:

Amounts in NOK 1 000	Right of use assets		Total	Lease liabilities
	Office rent	Machinery and vehicles		
Balance as of 31 December 2019	6 942	1 251	8 193	8 395
Additions	19 911	-	19 911	19 856
Depreciation expense	(4 079)	(880)	(4 959)	-
Impairments	-	-	-	-
Interest expense	-	-	-	178
Lease payments	-	-	-	(5 241)
Balance as of 31 December 2020	22 774	371	23 145	23 187

NOTE 10 SHARE CAPITAL AND EQUITY

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

As of 31 December 2020, NORBIT had issued a 56 786 918 ordinary shares at a par value of NOK 0.10 per share. All issued shares are fully paid. NORBIT holds no treasury shares and no options are outstanding. Average outstanding number

of shares is used in the calculation of earnings per share in all periods in 2019 and 2020.

The board of directors proposes a NOK 0.30 per share dividend based on the annual accounts for the financial year 2020 to be approved at the Annual General Meeting in May 2021.

NOTE 11 RELATED PARTY TRANSACTIONS

There were no significant transactions with related parties in the fourth quarter 2020.

NOTE 12 SUBSEQUENT EVENTS

On 18 January, NORBIT announced that it was in advanced and exclusive negotiations regarding an add-on acquisition of an undisclosed European company, creating a platform for growth within the ITS segment. The preliminary transaction price values the target company at an enterprise value of EUR 14.5 million.

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

YOUR NOTES:



NORBIT

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