ANNUAL REPORT 2022

NORBIT

- explore more -

COVERING THE WORLD. UNCOVERING POSSIBILITIES.

NORBIT is a global provider of tailored technology to selected applications by solving challenges through innovative solutions.

CONTENTS

HIGHLIGHTS

- In 2022, NORBIT made solid progress towards its ambition level for 2024, delivering all-time high revenues of NOK 1.2 billion, representing 48 per cent growth from 2021. All three business segments contributed to the growth.
- Profitability continued to improve driven by the strong organic growth and operational leverage. EBITDA and EBIT margin were 20 per cent and 13 per cent in 2022.
- The board of directors has decided to propose to the annual general meeting an ordinary dividend for 2022 of NOK 0.70 per share.
- During the year, NORBIT raised approximately NOK 350 million in debt capital and established a non-recourse factoring facility, securing a strong liquidity buffer and a solid financial platform for continued growth.
- For 2023, the target is to deliver revenues in excess of NOK 1.4 billion, representing more than 20 per cent growth from 2022. The target is to improve margins from 2022.

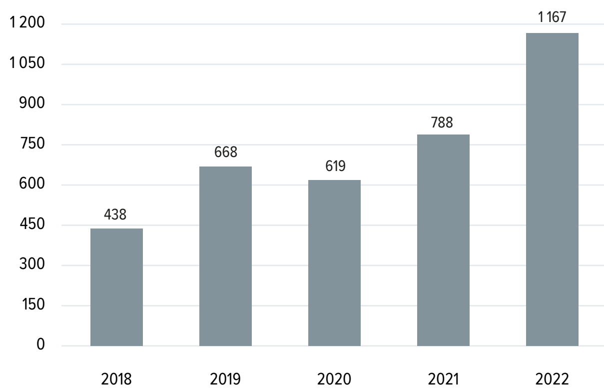
KEY FIGURES

KEY FIGURES – NORBIT [1)]

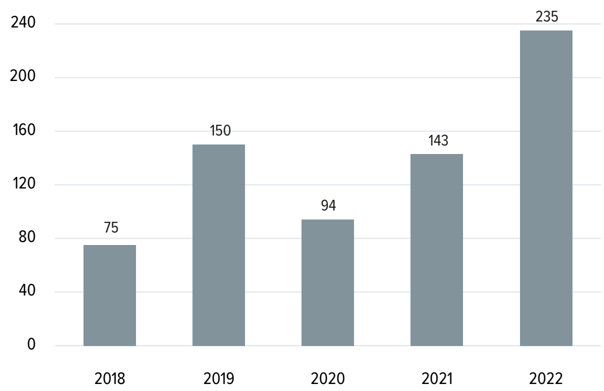
Amounts in NOK million (except percentages, EPS and DPS)	**2022**	2021	2020	2019	2018
Revenues	**1 167.5**	787.8	618.8	668.2	438.4
EBITDA	**235.3**	142.6	93.5	149.7	74.8
EBITDA margin	**20%**	18%	15%	22%	17%
EBIT	**148.8**	73.5	44.3	102.9	38.0
EBIT margin	**13%**	9%	7%	15%	9%
Profit for the period	**106.7**	47.9	27.3	77.3	48.0
Diluted earnings per share (EPS)	**1.82**	0.83	0.48	1.45	1.11
Dividend declared per share (DPS)	**0.70**	0.30	0.30	0.60	-
Cash & cash equivalents	**41.7**	21.7	15.0	21.7	9.1
Equity ratio	**49%**	51%	65%	74%	34%
Net interest-bearing borrowings	**295.6**	266.5	79.7	(2.4)	160.9
Cash flow from operations	**85.7**	47.7	92.1	41.2	15.9
Cash flow from investments	**(91.9)**	(217.6)	(136.7)	(81.9)	(46.2)
Cash flow from financing	**26.2**	176.6	37.8	53.3	24.6
R&D investments	**60.5**	51.2	63.2	59.0	38.2
R&D investments (% revenues)	**5%**	7%	10%	9%	9%
Net Working Capital	**405.3**	291.6	196.8	207.3	122.6
Net Working Capital (% LTM revenues)	**35%**	37%	32%	31%	28%
Average pre-tax return on capital employed	**17%**	11%	9%	26%	11%
Average number of employees - full-time equivalents	**418**	311	246	245	176

1) For definitions of alternative performance measures, please see page 116.

REVENUES
NOK million



EBITDA
NOK million



SOLVING CHALLENGES AT SCALE

LETTER FROM THE CEO

The scale of global challenges facing us requires technology that can be applied across industries to make a lasting impact. In 2022, NORBIT's growth path continued, proving that we have solutions that contribute where it matters.

Our ability to develop and grow continued to be demonstrated in 2022. We delivered close to 50 per cent growth in revenues and improved profitability, driven by strong performance across all our business segments.

Through almost three decades of developing tailored technology, we have built a strong company culture. It is inspired by the great Norwegian polar explorers' ability to set audacious goals, prepare for and cope with the unexpected, and return home with increased knowledge and enhanced skills. NORBIT´s employees represent a fully equipped team with profound skills and capabilities, discovering solutions and introducing new, market driven innovations. At NORBIT, we believe technology is part of the solution for many major challenges that lie ahead of us.

FROM NICHE TO NOTABLE

We have a proud legacy of transferring domain knowledge to tailored solutions that simplify the daily life of our customers, in line with our vision to be recognized as world class – enabling people to explore more. We combine applied physics, electronics design, software development and mechanical construction to develop solutions with the relevant features and functionality.

Historically, we have prioritised our innovation strength and commercial efforts based on a set of criteria. These criteria include scalability in profitable niches, technology barriers and competitive landscape. Over the last years, we have experienced that our growth, in it self, has increased our ability to take on larger tasks and contribute to society, our employees and all other stakeholders. We see opportunities within several of the current megatrends, and we believe we can make a difference. The ocean space and digital transformation are two highly relevant examples.

SUPPORTING THE RENEWABLE ENERGY INDUSTRY AND PROTECTING CRITICAL INFRASTRUCTURE

Through our Oceans segment, we enable customers across different maritime industries to explore the seabed and monitor critical infrastructure, supported by a broad product offering and a global sales and distribution platform.

Ocean intelligence is a major trend within the blue economy, as only a small fraction of the world's oceans has been explored. Autonomous vessels carrying sophisticated sensor suites allow for a significant step-up in surveying efficiency of the seabed. During 2022, we have continued to broaden our product offering by developing new features that open up for new applications. The i80s variant of our WINGHEAD sonar has tailored functionality for unmanned vessel operations.

Continued growth in electricity consumption, energy security and diversification of energy sources leads to increased demand for offshore wind. On both sides of the Atlantic Ocean there are ambitious plans towards 2030: The EU, UK and US combined target 140 GW by 2030, enough to power more than 100 million homes. Our sonars are widely used for seabed mapping surveys in the development phase of these projects, and we also see increased demand for sonars to monitor infrastructure during operations.

The Nord Stream pipeline explosion last autumn has led to increased focus on surveillance of critical underwater infrastructure. In late 2021, we launched GuardPoint, a surveillance sonar system able to detect and track divers and submersibles approaching an asset. Our security solutions offer protection of critical infrastructure, both above and below the sea surface. Considering the growing geopolitical unrest the world is facing, we see a significant market potential for our solutions.

– As our market verticals grow, we will stay true to our philosophy of providing tailored technology.

DIGITALISATION AND DATA PROVISION

Digitalisation of processes in various industries and verticals is at the core of Connectivity.

For decades, our low-power dedicated short-range communication (DSRC) technology has enabled efficient identification of vehicles in toll collection applications and secure enforcement in satellite-based tolling systems.

Since 2019, a new generation of NORBIT technology, connected to digital tachographs, has enabled road authorities to do secure wireless enforcement of driving time and rest period for heavy-duty vehicles. The European Union has announced its Mobility Package, a set of regulations applicable for road freight transport. The aim of these regulations is to improve the social protection of drivers, reduce CO_2 emissions, and further increase road safety. With the introduction of the mobility package, all countries in the EU and UK will have harmonised guidelines for cabotage activities and hauliers working internationally. The mobility package will gradually lead to increased demand for tachographs with wireless interface based on DSRC technology; first by retrofitting old tachographs, and secondly by expanding the regulation to include vehicles between 2.5 and 3.5 tons.

Going forward, NORBIT's proud history and experience within the transportation field are used to enable effective digitalisation for customers and partners across a wide range of new sectors. While we still deliver the relevant tailored technology, sensors, and connectivity, we have expanded our strategy to also focus on offering subscription-based services and data, keeping our commitment to deliver innovative solutions that meet the evolving needs of our customers.

MADE IN EUROPE

The trend of re- and nearshoring increased during the pandemic, and further accelerated in 2022 as companies increased their focus on security of delivery. Over the last twelve months, we have experienced continued growth in contract manufacturing due to increasing demand from both existing key customers and new customers. This is a testimonial of the competitiveness of our in-house manufacturing capabilities and our successful strategy to invest in a safety stock of components. Access to components has been critical for our ability to meet demand and utilise capacity.

STAYING AGILE WHILE EXPANDING

We entered 2022 with a revenue target of NOK 1.0 billion. As we summarise the year, we report NOK 1.2 billion in revenues with an EBITDA margin of 20 per cent. We are on-track to reach our ambition of delivering NOK 1.5 billion in revenues and an EBITDA margin of 25 per cent in 2024. Since 2010, revenues have on average grown by 31 per cent annually and we have improved our profitability, laying the foundation for long-term value creation.

As our market verticals grow, we will stay true to our philosophy of providing tailored technology. Our solutions shall be easy to use for our clients, but challenging for our engineers to develop. We are committed to remaining agile and dynamic, allowing us to seize opportunities when they arise.

I would like to express my gratitude to our employees for their dedication and commitment, as well as our customers, partners, suppliers, shareholders and all other stakeholders who support and believe in us. Our constant desire to gain new knowledge and discover opportunities is a vital part to why we have come this far. Looking into the future, we are excited about the opportunities that lie ahead of us. Explore More!

Per Jørgen Weisethaunet
CEO of NORBIT ASA

THIS IS NORBIT

NORBIT is a global provider of tailored technology to selected applications. We support our customers and partners in solving demanding challenges through sustainable innovation.

Today we are structured in three business segments to address our key markets: Oceans, Connectivity and Product Innovation & Realization (PIR). The Oceans segment delivers tailored technology solutions to global maritime markets. The Connectivity segment provides tailored wireless solutions for identification, monitoring and tracking. The PIR segment offers R&D services and products, and contract manufacturing to key customers.

We are ~450 explorers from 22 different nationalities. We are headquartered in Trondheim, with R&D and manufacturing in Norway and Hungary, and a worldwide sales and distribution platform.

A RICH HISTORY OF INNOVATION AND GROWTH

Since our founding in 1995, we have been at the forefront of technology development, creating innovative, tailored solutions that have enabled our customers to solve challenges in a wide range of industries – from subsea to space.

At the beginning of our journey, activity was primarily related to development and sales of tailored client and dual branded products. This was further expanded into contract manufacturing in 2009 and 2012, respectively, with the acquisitions of our factories at Røros and Selbu in Norway.

By capitalising on our knowledge base, attracting domain expertise and expanding internationally, we have over the last ten years gradually positioned NORBIT as a leading global technology company with a diversified portfolio of proprietary products. Today, more than 80 per cent of our revenues come from exports to more than 60 countries, while the share of revenues from sale of technology based on our own intellectual property is close to 70 per cent.

BUILDING ON OUR LEGACY OF INNOVATION TO DRIVE FUTURE GROWTH

Since 2010, our revenues have increased by 31 per cent per year on average, mostly organic. At the same time, we have remained firm to our financial objective of growing profitably. Looking ahead, we believe that the enablers behind our continued success will be the same as those that have been vital to our growth path thus far:

From the very beginning, we have pursued a strategy of relentless focus on **market driven innovation** in carefully selected applications. We invest in the development of new products and solutions when we understand the needs and expectations of our customers and their domain. In partnership with our customers, we listen, explore and develop solutions that allow us to grow together with our partners.

Throughout our history, a key factor for success has been to **diversify our business model**, thereby reducing dependency on any one market or product, while also taking advantage of opportunities for growth and expansion. **Tailoring the growth strategy** for each business segment has been an intentional choice.

At NORBIT, we manufacture what we sell. **In-house manufacturing capabilities** enable scalability and control of the value chain and operations, elements that are fundamental to sustain further growth and remain competitive.

NORBIT's main asset is our employees. **Attracting and retaining top talent** enable us to create value for our clients and deliver when it matters. We give each employee considerable scope in making decisions regarding their work. This implies a significant degree of freedom, but also places a substantial responsibility on our employees.

~ 450
EMPLOYEES

22
NATIONALITIES

~ 80%
EXPORT SHARE

~ 60
EXPORT COUNTRIES

Going forward, we aim to strengthen our position as a leading global provider of tailored technology for specific applications, delivering value to our customers by solving challenges through innovation. At the same time, we shall remain ambitious on what we can achieve, with the aim of growing our business significantly in the years to come.

To achieve our ambitions, we will continue to invest in people and innovation. This includes delivering both organic and inorganic growth in the business segments, each with its own strategic priorities and growth pillars. An overarching goal across our three existing verticals is to introduce new market driven technology solutions, while maintaining a diversified product offering that targets multiple industries and geographies. This, together with our agility and ability to adapt, make NORBIT robust.

VISION AND VALUES

NORBIT has a strong corporate culture inspired by great explorers. Reflected in our history, we have stayed committed to our core purpose, vision and values. Our core purpose to "Explore More" and vision "To be recognised as world class,

enabling people to explore more" have made us focus on exploring customer needs and commercial opportunities where we can bring new tailored technology.

Our core values:
- We deliver!
- Safe under pressure
- Refinement of talents

These values act as important guidelines in our daily work:
- We train our colleagues to be able to observe, reflect and act independently, ensuring that we are on top of the circumstances rather than ending up as victims of them.
- We are fully committed to deliver value to our partners.
- We walk the extra mile to exceed expectations.
- We are ambitious, and we see opportunities rather than challenges.
- We equip our colleagues with the skills and confidence needed to face the unpredictability that lies ahead of us.
- Our employees shall be allowed to refine their strengths, as well as develop and explore other aspects of themselves.

TECHNOLOGY IS PART OF THE SOLUTION IN A MORE SUSTAINABLE FUTURE

During 2022, NORBIT has developed a sustainability strategy based on the double materiality principle; both evaluating our actual or potential impact on people and the environment, and the financial impact on our own business. This has resulted in four overall sustainability topics for us to focus on in the years to come. The areas are connected to NORBIT's overall values and vision.

In addition to investing in existing verticals, we recognise the importance of exploring new markets where we can leverage our technology platform to deliver innovative solutions. Our objective is to explore how we can play a part in solving sustainability challenges for our customers, partners, and the society at large.

When developing and delivering our innovative solutions, we will strive to have sustainability in mind throughout the process – from the early design to the late production phase.

Our people are our greatest asset and enabler of this. We will continuously work towards creating an attractive and safe workplace to bring out the best in our people.

Conducting business ethically has always been and will always be a priority for NORBIT. We aim for transparency, traceability, and integrity across our full value chain.

You find more details about our existing efforts and objectives in our sustainability report on page 41.

Our sustainability focus areas:

1

Explore more sustainable opportunities

We want to thrust the green transition. We will continuously explore how we can play a part in solving sustainability challenges for customers, partners, and the society at large through our products and solutions.

2

We will deliver solutions adapted to the new reality of sustainability

We will deliver products and solutions with sustainability in mind – in the design, development, and production processes.

3

Refinement of talents in an attractive place to work

Our people are our greatest asset. We will continuously work towards creating an attractive and safe workplace and refining our talents.

4

Safe under pressure with ethical business conduct

We will ensure good governance and legal compliance in all countries and markets. We aim for transparency, traceability, and integrity across our value chain.

OCEANS

The Oceans segment delivers tailored technology solutions to the global maritime markets. NORBIT's sonar solutions have been the primary growth driver for the segment over 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 advanced solutions for environmental monitoring, tailored products for the aquaculture and security markets, as well as customised cables.

Oceans has 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 two to four 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, with the second and fourth quarter generally being the seasonally strongest periods.

SUBSEA

In the subsea domain, Oceans specialises in ultra-compact wideband multibeam sonars for subsurface navigation and seabed mapping for inspection. Clients include dredging companies, survey companies, research organisations, rental companies and governmental institutions, among others. The technology solutions are based on the latest analogue and digital signal processing, and the products provide comprehensive coverage monitoring combined with high sensitivity and accuracy.

SECURITY

In a global market with increased geopolitical tension, Oceans delivers a broad portfolio of security solutions for detecting threats below the sea surface. This is made possible by the use of surveillance sonars that are integrated with proprietary software. The technology can be used for a wide range of applications, including obstacle avoidance, mine countermeasures and threat detection from divers or other moving objects to critical infrastructure at or close to sea.

CONNECT

Oceans delivers customised high-quality cables and electro-mechanical box builds with a proven track record over the last 25 years.

ENVIROMENTAL MONITORING

As a provider of integrated environmental monitoring solutions, Oceans delivers sensors, control systems and surveillance solutions to the maritime sector. The technology collects and processes data from a wide range of sensors, providing the customers with a common operational picture for decision support and operational risk management. This may include oil spill detection, vessel collision avoidance and environmental observation of birds and mammals. Customers use the monitoring solutions within offshore production and exploration, SAR, ports and harbours. The technology is also used by civilian and military vessels for remote sensing, detection and classification.

AQUA

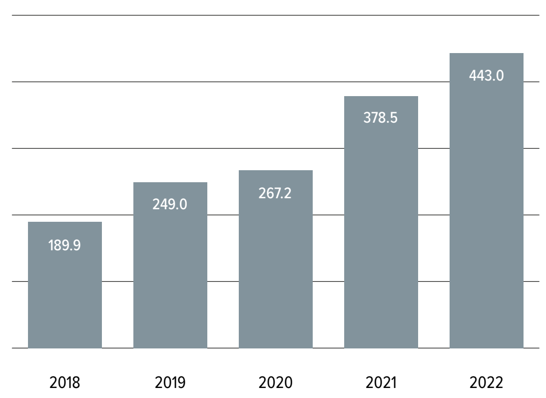
Oceans is a provider of technical solutions, as well as services to the aquaculture industry. The segment offers tailored products, including high power underwater lights, camera systems and acoustic sensors.

MAIN EVENTS 2022

- In January, Oceans was awarded a NOK 20 million order from an undisclosed international customer for delivery of several Guardpoint surveillance sonar systems for security applications. The systems will be used to protect critical infrastructure on land, offering 360 degree detection below the sea surface.
- In March, Oceans was awarded a NOK 15 million order for the newly developed WINGHEAD i80s sonar system. The sonars are used for seabed mapping by integrating the systems on autonomous low carbon emission vessels.

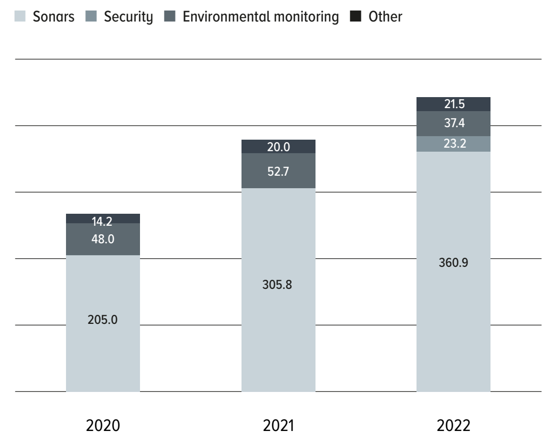
REVENUES – OCEANS

NOK million



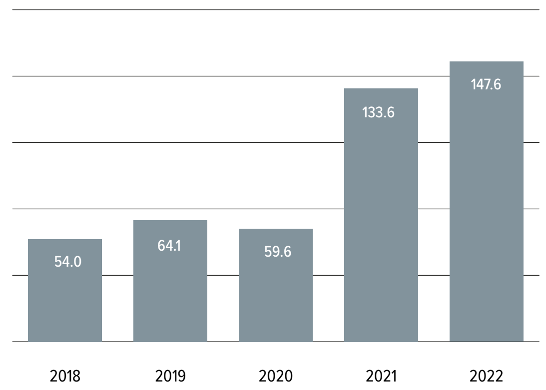
REVENUE MIX – OCEANS

NOK million



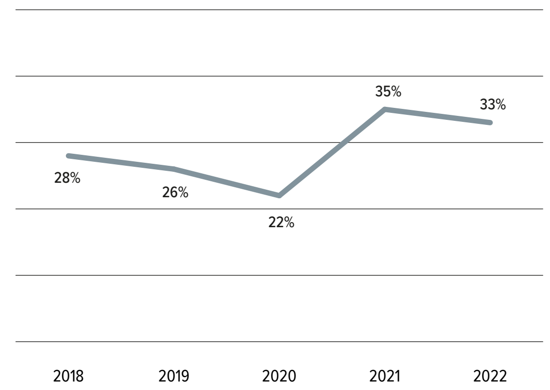
EBITDA – OCEANS

NOK million



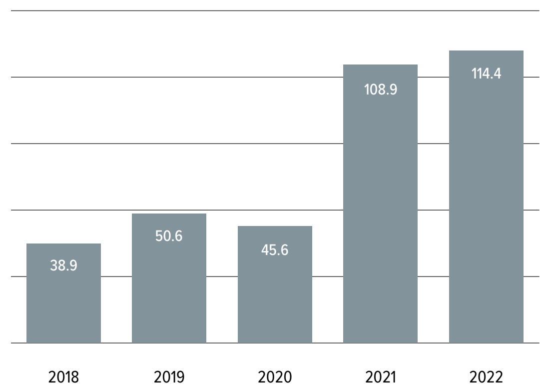
EBITDA MARGIN – OCEANS

Per cent



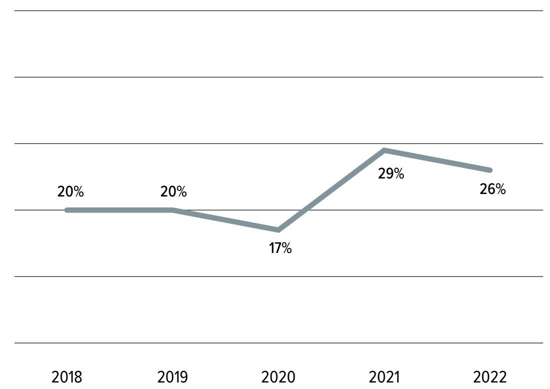
EBIT – OCEANS

NOK million

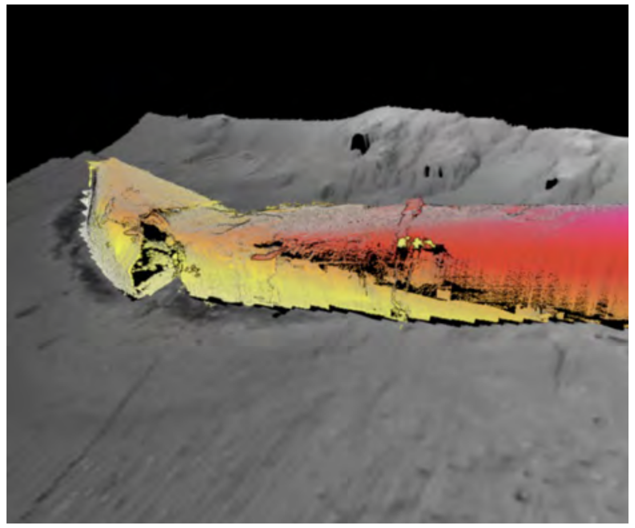


EBIT MARGIN – OCEANS

Per cent



SONAR SURVEY OPERATIONS ON ROV



In 2020, NORBIT launched its WINGHEAD sonar platform, a multibeam echo sounder for high resolution bathymetry. The WINGHEAD sonar is particularly suited for the professional market which requires the best possible performance. In 2022, Oceans supported its client in performing a technical assessment of the MV Schiedyk, a 50-year old shipwreck off the west coast of Vancouver Island. The shipwreck is located 106 to 122 meters below the surface. The sonar was installed on a remotely operated vehicle together with other survey equipment, including sensors and positioning systems. Together with acquisition and post-processing software, the client was able to extract ultra-high-resolution images of the shipwreck.

SECURE DETECTION OF OBJECTS BELOW THE SURFACE

Oceans' portfolio of products includes security and surveillance solutions to detect and monitor activity both above and below the sea surface. The GuardPoint Underwater Sonar System is a surveillance tool used below surface, designed to detect, track, classify, and alert to the presence of underwater objects in the toughest environments. In 2022, Oceans was awarded a milestone contract for delivery of multiple GuardPoint sonars to a client in the Middle East, where the task at hand was to provide 360 degree surveillance of an asset considered as critical infrastructure in the region.

CONNECTIVITY

The Connectivity segment empowers customers and partners to solve demanding problems through tailored monitoring of physical parameters. This is done through data collection and tailored sensor analysis with connectivity devices, cloud computing and data fusions being directly integrated into the customer'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. Based on this technology, Connectivity delivers devices and solutions for several applications, including smart tachographs, On-Board Units, satellite-based truck tolling and tailored solutions integrated with GNSS and GSM antennas.

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.

SMART DATA

The Connectivity segment has several decades of experience and competence in design and manufacturing of low power wireless devices in the vehicle identification, monitoring and reporting domain. Today, this experience is used to enable effective digitalisation and operations for customers and partners across a wide range of sectors under the segment "Smart Data".

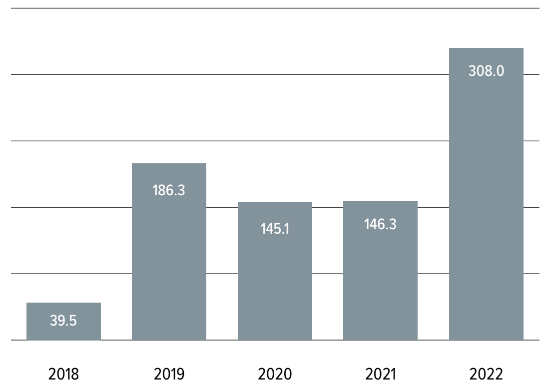
Through the software service provider iData, Connectivity offers solutions for vehicle monitoring, tailored reporting, fleet management and fuel control. With its iTrack GPS tracking system, iData's solutions are used by more than 4 800 companies in around 40 000 vehicles. iData also offers e-toll payment solutions that are used in more than 10 000 vehicles. iData predominately operates 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.

MAIN EVENTS 2022

- In February, Connectivity received an order for NOK 25 million from a European customer to deliver On-Board Units, and received a NOK 30 million order from Toll Collect for delivery of satellite-based toll collection.
- In the same month, Connectivity also received a NOK 15 million order from a French customer for delivery of On-Board Units.

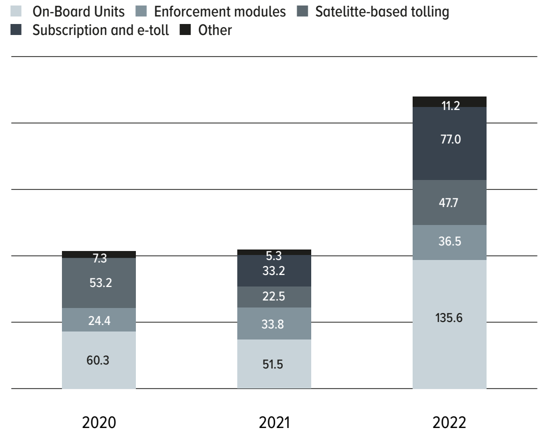
EBIT – CONNECTIVITY

NOK million



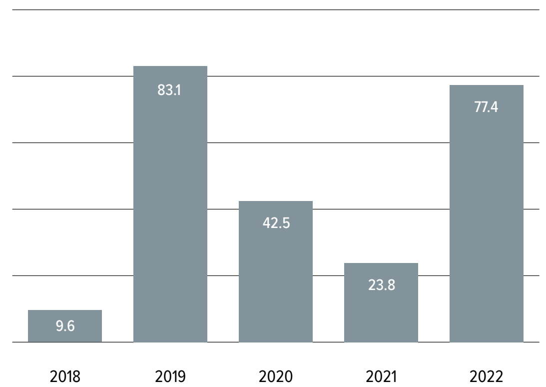
REVENUE MIX – CONNECTIVITY

NOK million



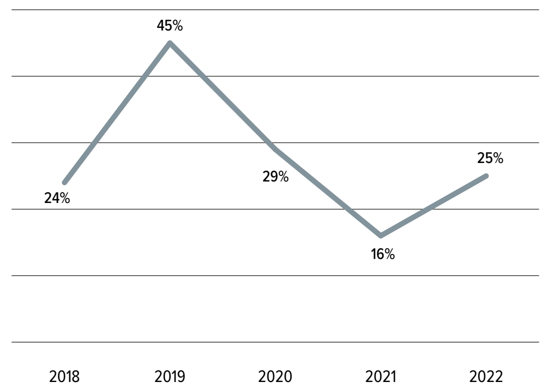
EBITDA – CONNECTIVITY

NOK million



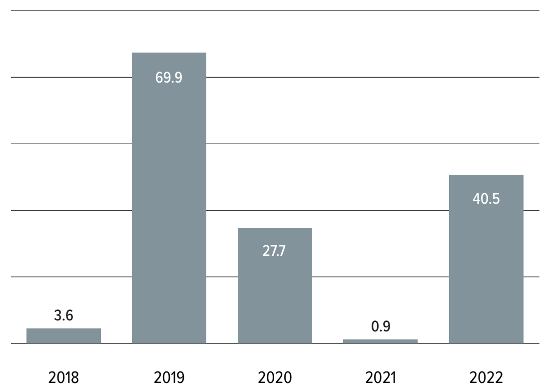
EBITDA MARGIN – CONNECTIVITY

Per cent



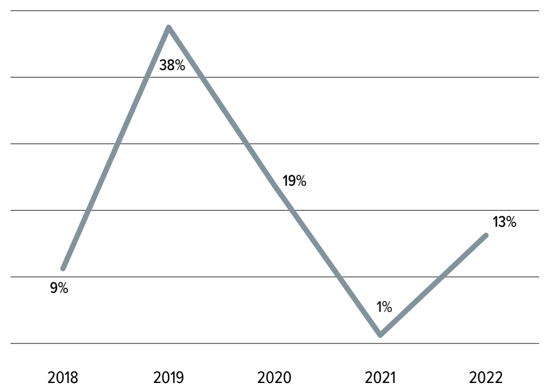
EBIT – CONNECTIVITY

NOK million



EBIT MARGIN – CONNECTIVITY

Per cent



PARTNERSHIPS WITH THE INSURANCE INDUSTRY

Connectivity has been a leading provider of DSRC On-Board Units for close to 20 years. The units are installed on the vehicle windshield, allowing electronic payment of road tolls and related services. In the past, the customers for this product were primarily large state-owned toll service providers tendering for such units. In recent years, private insurance companies have positioned themselves as tolling providers in certain European countries. Connectivity has successfully entered into several partnerships with selected insurance companies in the European market to provide On-Board Units, as well as being a technology partner for continuous innovation on related products and services.

MONITORING AND FLEET MANAGEMENT SERVICES

NORBIT has decades of experience in developing telematics devices and services, specialising in vehicle monitoring and fleet management. The proprietary iTrack GPS tracking system offers smart solutions for real-time monitoring of assets. A unique feature is the customisation process and technology that allows even a pre-sales team to customise reports and implement features – in hours instead of months. Other strong solutions include the NaviTrack service, which solves complex challenges for transport organisers. Additionally, NORBIT offers a fuel tank probe which, after installation calibration, reaches more than 99 per cent volume accuracy.

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 the creation of new technologies and solutions in parallel with production process innovation, enabling efficient and optimised realisations of new products. The PIR segment mainly has long-term relations to selected key customers, both for contract manufacturing and for 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 external clients, as well as the Oceans and Connectivity segments. 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 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.

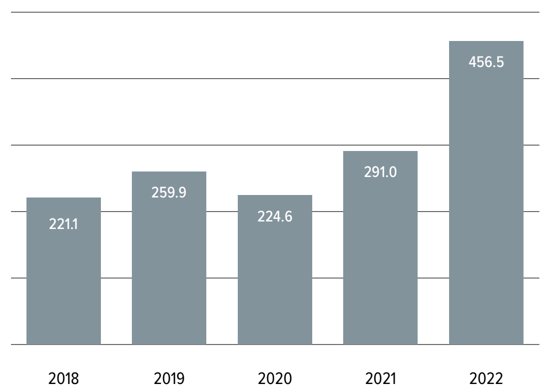
Contract manufacturing for external customers gives NORBIT a continued benchmark of the company's manufacturing capabilities, securing leading-edge processes and routines for the entire group.

MAIN EVENTS 2022

- In February, PIR entered into a frame agreement with a European industrial client for delivery of electronic modules for electromobility charging products. The agreement has a value of NOK 120 million over a four-year period.

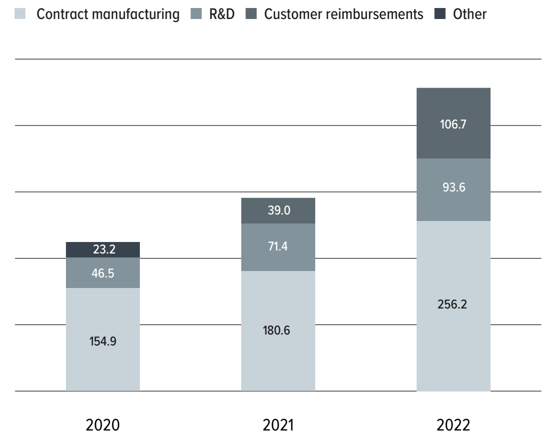
REVENUES – PIR

NOK million



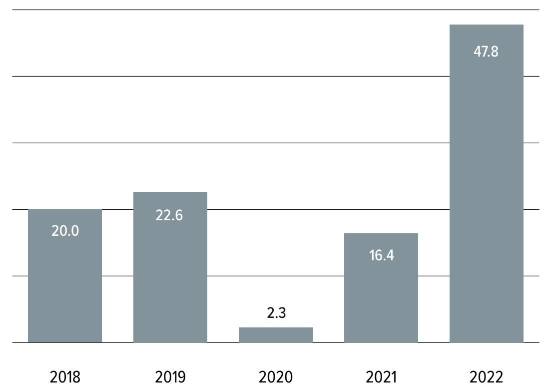
REVENUE MIX – PIR

NOK million



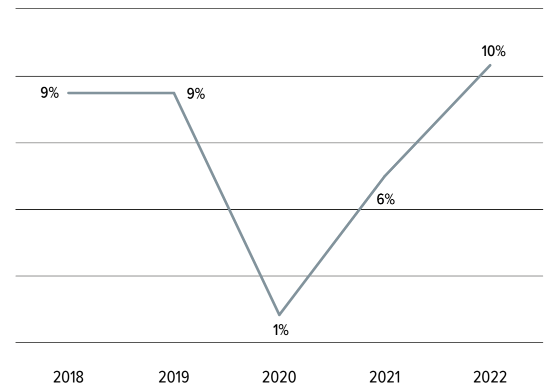
EBITDA – PIR

NOK million



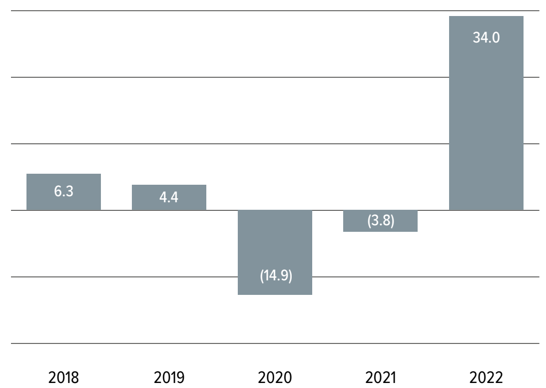
EBITDA MARGIN – PIR

Per cent



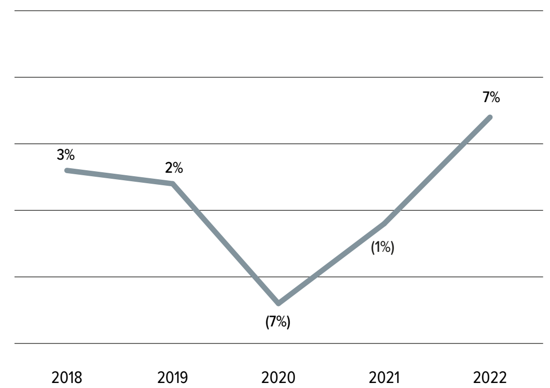
EBIT – PIR

NOK million

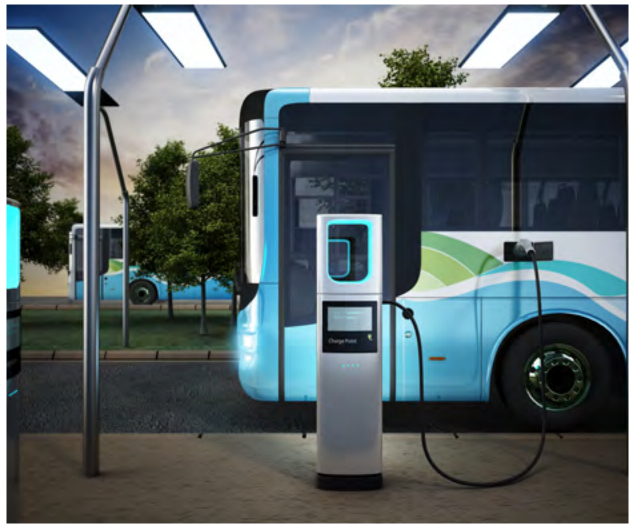


EBIT MARGIN – PIR

Per cent



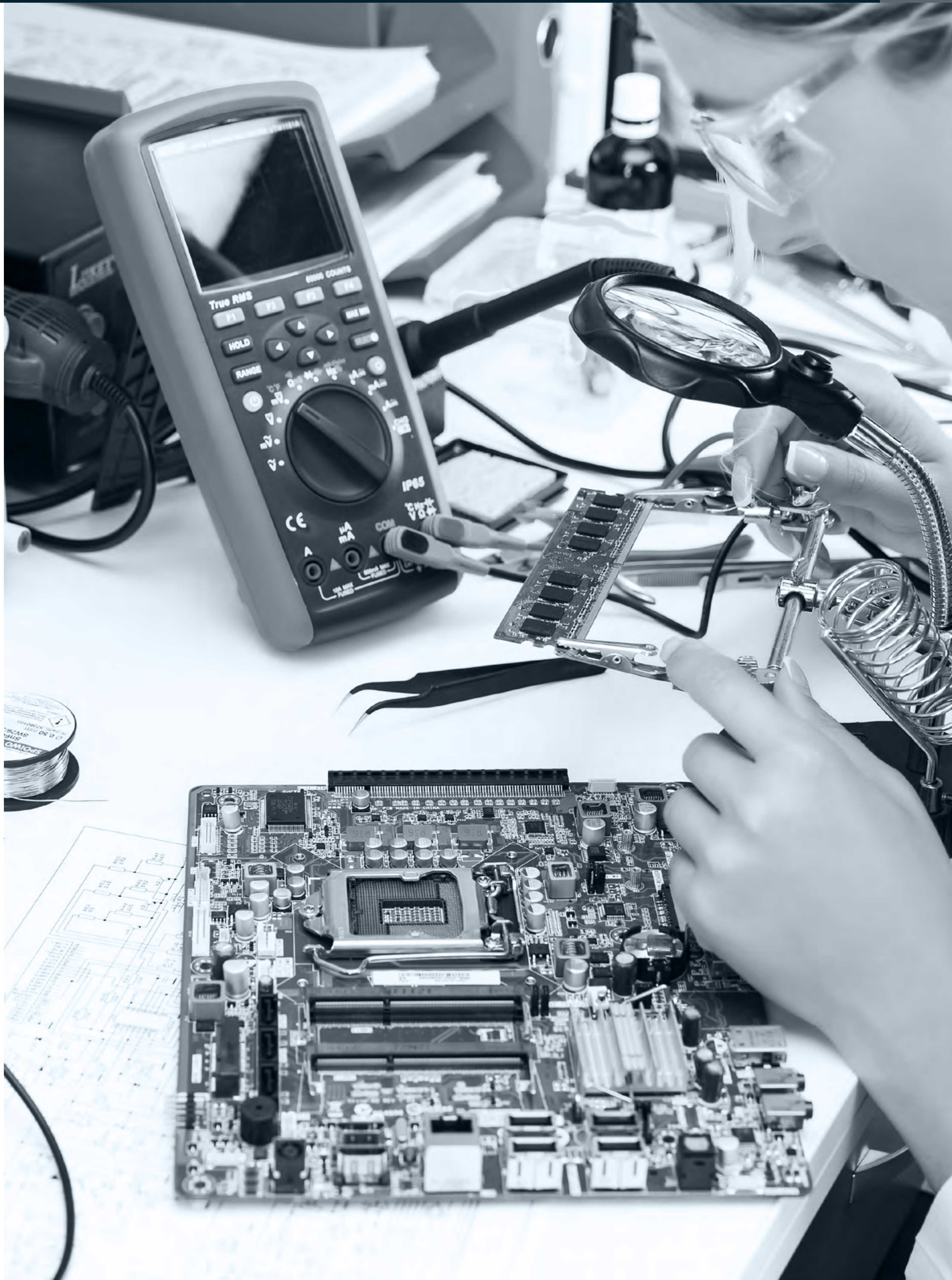
SUPPORTING THE ELECTRIFICATION TREND



From the factory at Røros in Norway, NORBIT has for decades been a manufacturer of electronics to top-tier suppliers in the automotive industry. The high-volume manufacturing site is one of very few automotive certified electronic manufacturing plants in the Nordic region. NORBIT is benefiting from a global electrification trend, particularly witnessed in the automotive industry by the growth rate and adoption of electric cars, and the development of the heavy-duty electric market and related infrastructure and services. In 2022, NORBIT entered into a NOK 120 million frame agreement with a European Tier 1 supplier for delivery of electronic modules for electromobility charging products, illustrating that NORBIT´s segment Product Innovation & Realization is well positioned for the electrification megatrend.

CONTRIBUTING TO AVIATION SAFETY

For close to 30 years, NORBIT has contributed to bringing passengers safely to the ground when flying. In 1995, NORBIT developed the first high performance navigation receivers for use in navigation system measuring instruments. A decade later, NORBIT developed its first complete NAV Analyzer. The NAV Analyzer is used to measure critical parameters of the Instrument Landing System and VOR ground system, providing high accuracy and measurement speed for ground and flight inspection. The NAV Analyzer is a portable, battery-operated weatherproof unit to be used both indoors and outdoors. Today, NORBIT provides the complete product to its client Indra Navia together with integrity monitoring solutions, in accordance with the latest aviation requirements.



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. He 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 29 March 2023: 7 007 893

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 29 March 2023: 53 955

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 29 March 2023: 725 823

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 within industrial management and leadership, including ten years in NORBIT and ten years as CEO of 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 29 March 2023: 308 716

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 ten 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 was part of 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 29 March 2023: 786 539

Julie Dahl Benum

Director of Strategy and ESG

Julie Dahl Benum joined NORBIT in December 2022 as director of strategy and ESG. Prior to joining NORBIT, Benum held the position of senior manager and head of strategy in Karabin Impello AS. She also has experience as project manager at NTNU Technology Transfer AS and as management consultant at BCG. Benum holds an MSc degree in industrial economics and technology management from the Norwegian University of Science and Technology (NTNU).

Number of NORBIT shares* at 29 March 2023: 0

* *Number of shares includes 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 2022, NORBIT's board of directors comprised five members. Three of the directors were first elected in May 2019, while two were elected at the general meeting 4 May 2022.

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 the listed company Sparebank 1 SMN from 1991 to 2019. 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, Borg Forvaltning AS, Elekt AS, Solon Eiendom AS, deputy chair of LL Holding AS, and is a director of OKEA ASA. Chair of Norbit ASA since May 2019 and re-elected on 4 May 2022 for a period of two years. Chair of the remuneration committee.

Haugan attended 13 board meetings in 2023 (100 per cent attendance rate).

Number of NORBIT shares* at 29 March 2023: 93 998

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 experience with change and reputation management, financial reporting, investor relations, corporate governance, ESG and digital transformation, amongst others. Since 2019, she has worked as a non-executive director, mentor and advisor. Deputy chair since May 2019 and re-elected on 4 May 2021 for a period of two years. Member of the audit committee and the remuneration committee.

Landsnes attended 13 board meetings in 2022 (100 per cent attendance rate).

Number of NORBIT shares* at 29 March 2023: 69 473

Trond Tuvstein (1972)
Director

Trond Tuvstein is currently the CEO of Trym, a real estate and construction company. In addition, Tuvstein holds the position as director in Norges Sjømatråd AS and Måsøval Eiendom AS. 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 and re-elected on 4 May 2021 for a period of two years. Chair of the audit committee.

Tuvstein attended 13 board meetings in 2022 (100 per cent attendance rate).

Number of NORBIT shares* at 29 March 2023: 32 894

Christina Hallin (1960)
Director

Christina Hallin is currently the CEO of SEM AB. Hallin previously held various executive positions within Volvo Group, both internationally and in Sweden. Hallin is a director in Alimak AB, Bulten AB, SensysGatso AB and SEM AB. Hallin holds a Master of Science degree in engineering from Chalmers University of Technology. Director since 4 May 2022 and elected for a period of two years.

Hallin attended eight board meetings in 2022 (100 per cent attendance rate).

Number of NORBIT shares* at 29 March 2023: 0

Magnus Reitan (1975)
Director

Magnus Reitan is currently the CEO of Reitan Kapital AS, the asset management arm of Reitangruppen, responsible for managing excess liquidity for Reitan AS. Reitan has held various executive positions within Reitangruppen, both in Norway and internationally. Reitan is also a director of Reitan AS and Reitan Convenience AS. Reitan is educated at the Norwegian School of Economics and the Norwegian Business School. Director since 4 May 2022 and elected for a period of two years. Member of the remuneration committee.

Reitan attended eight board meetings in 2022 (100 per cent attendance rate).

Number of NORBIT shares* at 29 March 2023: 5 829 083

* *Number of shares includes shares held by related parties.*

BOARD OF DIRECTORS' REPORT FOR 2022

ADVANCING AT HIGH SPEED

NORBIT ASA continued on its positive trajectory in 2022, delivering all-time high revenues of NOK 1.2 billion and growing 48 per cent from 2021, supported by all three business segments. While inflation remained elevated throughout the year and component prices increased in a challenging supply market, NORBIT was able to improve profitability and increasing the EBITDA margin to 20 per cent. In 2023, NORBIT is expected to further close the gap to its ambition level for 2024, targeting revenues in excess of NOK 1.4 billion and margin improvement. In addition, NORBIT is continuing to pursue value-accretive acquisitions to accelerate further growth. Based on the group's strong financial position and positive long-term market outlook, the board proposes a dividend of NOK 0.70 per share for the fiscal year 2022.

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 company providing tailored technology to selected applications. The group is headquartered in Trondheim, Norway, with R&D and manufacturing in Norway and Hungary. 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 provides tailored wireless solutions for identification, monitoring and tracking. PIR offers R&D services and products and contract manufacturing.

Through its three business segments, NORBIT has a diversified business model where the segments are exposed to different market 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".

Financial ambitions and strategic platform

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 2023, NORBIT targets revenues to exceed NOK 1.4 billion and profitability to improve versus 2022.

In addition to the set organic ambition level, NORBIT will continue to explore value- accretive acquisitions through defined criteria to accelerate further growth, although remaining disciplined.

NORBIT has a strategy for continued profitable growth through investing in innovation. The strategic platform and 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 of the growth strategy. The successful launches of the WINGHEAD sonar family and the Guardpoint surveillance sonar for subsurface detection of objects and threats 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 2022, Oceans delivered NOK 443.0 million in revenues and an EBITDA margin of 33 per cent.

Connectivity

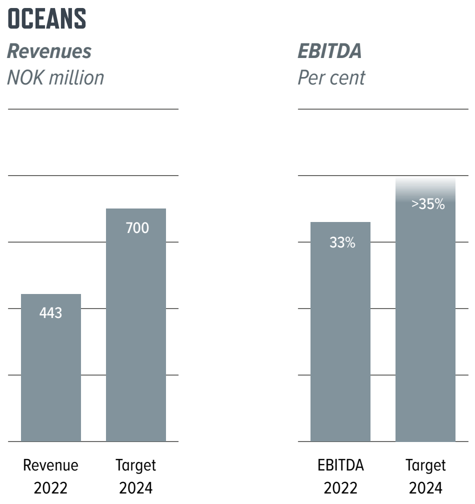
The main objective for the Connectivity segment is to deliver customer value in applications where there is a need for tailored monitoring of physical parameters. This is done through delivering relevant technology, sensors and connectivity, in addition to value added components, such as services and data. One strategic priority for Connectivity is to grow the connected solutions portfolio, complementing NORBIT's strong position in the dedicated short-range communication domain. The ambition is to increase the share of recurring revenue, income generated from subscription-based business models. Connectivity will also invest 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.

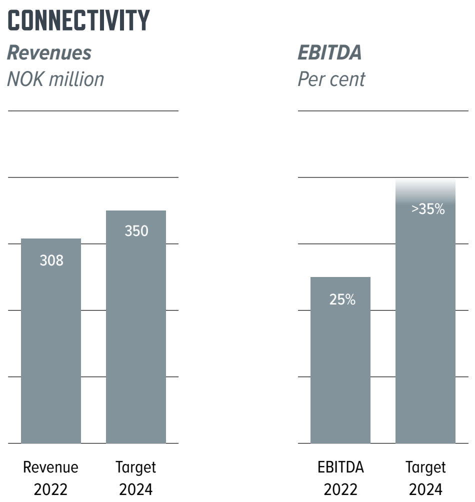
Connectivity has the ambition to deliver revenues of NOK 350 million in 2024, with an EBITDA margin in excess of 35 per cent. In 2022, Connectivity delivered NOK 308.0 million in revenues and an EBITDA margin of 25 per cent.

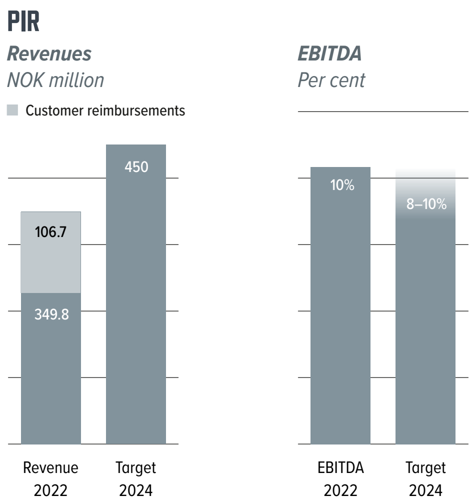
PIR

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 for manufacturing products in geographical proximity to their operations. 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 in EBITDA margin between 8 and 10 per cent. In 2022, PIR reported NOK 456.5 million in revenues, of which NOK 106.7







million was customer reimbursements for extraordinary material costs. The EBITDA margin was 10 per cent.

FINANCIAL REVIEW

All amounts in brackets are comparative figures for 2021 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 2022.

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 2022 amounted to NOK 1 167.5 million (NOK 787.8 million), corresponding to an increase of 48 per cent from the year before. Segment Oceans achieved an increase in revenues of 17 per cent, driven by higher sonar sales across multiple geographies. Revenue growth was strongest in segment Connectivity, reporting an increase of 111 per cent, primarily supported by strong demand for DSRC technology, in particular for On-Board Units. Segment PIR reported revenue growth of 57 per cent. The increase from 2021 was attributable to higher sales of contract manufacturing and R&D products and services , as well as customer reimbursements for extraordinary material costs.

Raw material expenses and change in inventory were NOK 549.5 million (NOK 363.3 million). The increase from the prior year reflects the higher activity level. Gross margin was 53 per cent in 2022 (54 per cent).

Employee benefit expenses amounted to NOK 250.2 million (NOK 187.7 million). The increase is primarily explained by a general strengthening of the organisation to support further growth, strategic initiatives, as well as wage inflation.

Other operating expenses were NOK 132.4 million (NOK 95.5 million). The full-year effect of the iData acquisition represented NOK 15.9 million of the increase from 2021.

Operating profit before depreciation and amortisation (EBITDA) amounted to NOK 235.3 million (NOK 142.6 million), corresponding to an EBITDA margin of 20 per cent (18 per cent).

Depreciation and amortisation were NOK 86.5 million (NOK 69.0 million), with the increase explained by amortisation on completed R&D investments, depreciation of investments made during 2022, as well as full-year effect of the iData acquisition, including amortisation of excess values in relation to the transaction.

Operating profit for 2022 was NOK 148.8 million (NOK 73.5 million) corresponding to a margin of 13 per cent (9 per cent).

Net financial items amounted to negative NOK 28.0 million for the full year (negative NOK 9.8 million), mainly explained by an increase in interest expenses and foreign exchange losses.

NORBIT recorded a profit before taxes of NOK 120.8 million (NOK 63.7 million). Tax expenses amounted to NOK 14.1 million for 2022 (NOK 15.9 million).

Consequently, profit for 2022 ended at NOK 106.7 million (NOK 47.9 million) and diluted earnings per share was NOK 1.82 (NOK 0.83).

Consolidated statement of financial position

NORBIT had total assets of NOK 1 220.8 million at 31 December 2022, an increase from NOK 976.9 million at the end of 2021.

Total non-current assets amounted to NOK 547.8 million at 31 December 2022, up from NOK 503.8 million the year before, of which the largest items include intangible assets and property, plant and equipment.

Intangible assets rose to NOK 258.8 million (NOK 242.3 million) primarily due to investments in R&D, partly offset by amortisation. Total investments in R&D during 2022 amounted to NOK 60.5 million (NOK 51.2 million), corresponding to 5.2 per cent of revenues for 2022 (6.5 per cent).

Property, plant and equipment increased to NOK 187.7 million (NOK 164.9 million), mainly explained by NOK 31.5 million investments and additions of NOK 30.4 million in right-of-use assets, partly offset by depreciations of NOK 41.7 million.

Total current assets amounted to NOK 673.0 million, up from NOK 473.2 million at 31 December 2021.

At 31 December 2022, inventories amounted to NOK 426.3 million, compared to NOK 263.2 million at the end of 2021. The increase in the inventory level is primarily related to the activity increase and NORBIT securing components to safeguard deliveries due to a challenging market for supply of electronic components.

Trade receivables were NOK 168.0 million at 31 December 2022, up from NOK 154.9 million at the end of 2021, mainly explained by an increase in revenues when comparing fourth quarter 2022 with the corresponding period of 2021. During 2022, NORBIT entered into a non-recourse factoring facility in order to sell invoices with long credit period. At the end of the fourth quarter, this had a positive liquidity impact of approximately NOK 80 million.

Cash and cash equivalents amounted to NOK 41.7 million at 31 December 2022, up from NOK 21.7 million at the end of 2021.

Total liabilities were NOK 621.5 million at year-end 2022, up from NOK 479.1 million at 31 December 2021, of which the largest items include interest-bearing borrowings and trade payables.

Total equity ended at NOK 599.3 million, up from NOK 497.9 million at 31 December 2021. This represents an equity ratio of 49 per cent (51 per cent). The increase is mainly explained by NOK 106.7 million in profit for the period, and share issues of NOK 11.2 million in connection with incentive programs to employees, partly offset by NOK 17.5 million in dividends paid.

Consolidated statement of cash flows

Operating activities generated a cash flow of NOK 85.7 million for 2022 (NOK 47.7 million), including a net increase in working capital of NOK 110.9 million (increase of NOK 83.7 million). The increase is mainly driven by an increase in inventories.

Cash flow used for investment activities was NOK 91.9 million for the year (NOK 217.6 million). The investments mainly consist of NOK 3.1 million related to the acquisitions of Aursund Maskinering and Nicarnica Aviation, NOK 60.5 million in R&D investments and NOK 31.5 million investments in property, plant and equipment.

Financing activities generated a cash inflow of NOK 26.2 million (NOK 176.6 million), primarily explained by an increase in net interest-bearing borrowings of NOK 44.7 million and proceeds from equity issues of NOK 9.6 million, partly offset by dividends paid of NOK 17.5 million, or NOK 0.30 per share.

Financing and capital structure

At the end of 2022, NORBIT had NOK 337.4 million in interest-bearing borrowings (NOK 288.2 million) and NOK 295.6 million (266.5 million) when adjusting for cash and cash equivalents. NORBIT had NOK 439.4 million in undrawn committed credit facilities at 31 December 2022.

During the year, NORBIT refinanced its multicurrency overdraft facility, increasing the credit limit to NOK 350 million from previously NOK 130 million. NORBIT also established a new NOK 120 million term loan. In total, this strengthened liquidity with NOK 340 million during 2022. In addition, NORBIT entered into a NOK 110 million non-recourse factoring facility to improve capital efficiency.

The margin on the overdraft facility is 1.40 per cent p.a, while the margin on the new term loan is 2.15 per cent p.a. Maintaining a low funding cost and optimising the cost of capital are key priorities in the capital management policy.

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 2022, the ratio was 1.4x (1.8x). The equity ratio was 49 per cent (51 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 121.2 million (a profit of NOK 49.8 million). After a tax expense of NOK 28.4 million, the company recorded a net profit of NOK 92.8 million (net profit of NOK 32.8 million).

Dividends

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

Amounts in NOK million	
Dividend (NOK 0.70 per share)	41.2
Transferred to other equity	51.6

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 sustainable growth. The board considers NORBIT's financial capacity for further growth to be strong. Furthermore, the board of directors has concluded that relative to the risks and scope of its activities, the group will retain acceptable equity and liquidity levels after paying the proposed dividend.

The proposed dividend will be considered at NORBIT's annual general meeting on 4 May 2023.

For the fiscal year 2021, NORBIT paid dividends in the aggregate amount of NOK 17.5 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 443.0 million in 2022, representing an increase of 17 per cent from 2021 (NOK 378.5 million). Revenue growth was primarily driven by the entry into the security market, with NORBIT recognising NOK 23.2 million in revenues in 2022, in addition to increasing demand for sonars. Revenues from sale of sonars and related services increased by 18 per cent to NOK 360.9 million in 2022. The WINGHEAD sonar platform was a strong contributor to the revenue growth in 2022, representing 37 per cent of the sonar systems sold and growing at a rate of 72 per cent year over year. During the year, Oceans' continued to invest in the platform, expanding product offering into new applications.

The segment has a highly diversified customer base worldwide, with the five largest customers in 2022 accounting for approximately 17 per cent of revenues. Approximately 50 per cent of the revenues were generated from customers in Europe, Africa and Middle East, with the remainder shared equally between Americas and Asia-Pacific.

Operating expenses for segment Oceans, including employee expenses and other operating expenses, amounted to NOK 145.6 million for 2022 (NOK 105.6 million). The increase is explained by a general strengthening of the organisation to support long-term growth and strategic initiatives.

EBITDA for the Oceans segment was NOK 147.6 million for 2022 (NOK 133.6 million), representing a margin of 33 per cent (35 per cent). The improved results are due to operational leverage following growth in revenues and improved gross margin.

EBIT was NOK 114.4 million in 2022 (NOK 108.9 million), corresponding to a margin of 26 per cent (29 per cent).

In 2022, NORBIT acquired Nicarnica Aviation AS and Aursund Maskinering AS for a total consideration of NOK 10.2 million. Nicarnica Aviation's technology broadens and complements the existing environmental monitoring solutions developed by segment Oceans, while Aursund Maskinering secures capacity and resources in the manufacturing of sonars. Further information may be found in note 21 to the financial statements.

Connectivity

Financial review

Revenues for Connectivity amounted to NOK 308.0 million for 2022 (NOK 146.3 million). The increase was largely explained by higher sales of DSRC products, where revenues increased to NOK 231.0 million in 2022 (NOK 113.1 million), supported by increased deliveries of On-Board Units. Full-year effect of the iData acquisition contributed to further revenue growth in 2022. Adjusting for this effect, subscription and e-toll revenues in iData grew by 15 per cent in 2022 from 2021. iData reported NOK 77.0 million in revenues in 2022, compared with NOK 33.2 million in revenues in the period of August to December 2021.

Operating expenses for segment Connectivity amounted to NOK 121.0 million for the full year of 2022 (NOK 72.0 million). Full-year contribution from iData explains NOK 31.6 million of the increase from 2021.

For the full year of 2022, EBITDA for Connectivity totalled NOK 77.4 million (NOK 23.8 million), representing an EBITDA margin of 25 per cent (16 per cent). The increase in EBITDA is a result of the increase in revenues.

EBIT was NOK 40.5 million in 2022 (NOK 0.9 million), corresponding to a margin of 13 per cent (1 per cent).

Product Innovation and Realization (PIR)
Financial review
Revenues for PIR amounted to NOK 456.5 million for 2022 (NOK 291.0 million), representing an increase of 57 per cent. During the year, PIR invoiced customers NOK 106.7 million (NOK 39.0 million) to receive reimbursement for extraordinary material costs due to a challenging supply market for certain components. Adjusted for this effect, revenues grew by 39 per cent. Revenue growth was driven by higher sales of contract manufacturing and R&D products and services. In 2022, contract manufacturing represented approximately 80 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 related to the automotive industry.

Operating expenses for the PIR segment amounted to NOK 101.3 million for 2022 (NOK 93.6 million). The increase is primarily explained by a strengthening of the organisation and higher electricity cost.

The PIR segment recorded an EBITDA for the year of NOK 47.8 million (NOK 16.4 million), representing a margin of 10 per cent (6 per cent). The improved results are mainly attributed to the higher revenue base and scalability.

EBIT was NOK 34.0 million in 2022 (negative NOK 3.8 million), corresponding to a margin of 10 per cent (negative 1 per cent).

EVENTS AFTER THE BALANCE SHEET DATE

- Segment Connectivity received a NOK 150 million order for On-Board Units with delivery in the first half of 2023. Discussions are ongoing with respect to additional volume deliveries in the second half of 2023.

- NORBIT announced the closing of the acquisition of the IoT start-up CPS AS. The acquisition includes a highly skilled IoT team, further bolstering Connectivity's capabilities to deliver value by supporting clients in their digitalisation efforts. The transaction valued CPS at an enterprise value of NOK 13.0 million, implying an equity value of NOK 12.6 million. The acquisition was financed by the issuance of consideration shares at a price equal to NOK 30.25107 per share with a total value of NOK 9.0 million, and NOK 3.6 million was paid in cash.

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 to support long-term growth. In 2022, the group invested a total of NOK 60.5 million in R&D (NOK 51.2 million), representing 5.2 per cent of the revenues for the year. A significant part of NORBIT's investments in R&D in 2022 was allocated to segment Oceans and Connectivity to further broaden the product offering.

In 2023, NORBIT expects its R&D investments to be between NOK 60 and 70 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 components to produce and deliver its products and solutions. A large portion of the components are bought in a global market. The supply market for components was challenging for most of 2022, but some signs of improvement were seen in the fourth quarter. However, for certain semiconductor components the supply market is still challenging. Lead times remain elevated and are unreliable, resulting in low visibility. This impacts the scheduling of planned deliveries leading to delays and, in worst case, cancellation of planned orders. There is also a risk that customers may re-schedule 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 manage unreliable lead times and to mitigate the risk of supply shortages by purchasing larger series of components to inventory, 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 plans. The increase in inventory requires careful management as changes in market dynamics or reduced demand may negatively impact NORBIT as supplier, leading to obsolete inventory that has not been provided for in the financial statements.

Price increases on raw materials components continue to persist. Over the last year, inflation has become broader and remain elevated. Combined, this leads to upwards pressure on the cost base. NORBIT continues to manage inflation by taking appropriate measures to maintain acceptable margins.

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 approximately 80 per cent of its revenues generated outside of Norway. Furthermore, a large part of the raw material components is bought in a global market. Business operation is thus significantly dependent on foreign trade. 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 policies. Sourcing of components might also be subject to tariffs or increased costs, which may not be recoverable.

Following the war in Ukraine, geopolitical risk has increased. While NORBIT has no direct exposure to Ukraine, Belarus or Russia, the war could have indirect effects on NORBIT through the supply chain, which may lead to disruptions and shortage of components.

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 2022.

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-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 and 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 2022, NORBIT had NOK 439.4 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 2022 has been approved by the board and can be found in the corporate governance section on page 55 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 sustainability section of the annual report, approved by the board of directors. The detailed reporting on all relevant topics can be found from page 41.

EMPLOYEES AND ORGANISATION

In 2022, NORBIT had an average workforce of 418 full time equivalents (FTEs), compared to an average of 311 in 2021. NORBIT is a global group of companies with employees in 14 countries.

Number of full-time equivalents:

Country	Average 2022	Per year-end
Norway	267	277
USA	5	5
Hungary	117	120
Austria	3	3
Brazil	1	1
Poland	1	1
Italy	2	3
Singapore	2	3
China	1	1
Denmark	2	2
United Kingdom	4	4
Czech Republic	1	0
Croatia	8	9
Slovakia	6	5
Total	418	434

Employee share purchase programs

In July 2022, incentive share purchase programs for all NORBIT employees were approved by the board of directors. In total, 133 employees participated in the programs, representing 34 per cent of the total employees eligible for participation. The first program is a share investment program with the opportunity to acquire shares at a discount to the market value, subject to a lock-up of 24 months. The second program is a share matching program, where the 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.

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, Christina Hallin and Magnus Reitan. Tom Solberg is elected deputy director.

The board of directors was elected on the company's general meeting on 4 May 2022. Chistina Hallin and Magnus Reitan are new members of the board of directors from 2022.

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 2022, the share traded between NOK 23.30 and NOK 32.40 per share, with a closing price of NOK 28.80 at year-end 2022.

At 31 December 2022, NORBIT ASA had approximately 1 800 shareholders, of which the 20 largest shareholders held 80.4 per cent of the total outstanding shares. NORBIT ASA had a total of 58 901 139 issued shares and 58 884 307 outstanding shares at year-end 2022. The number of treasury share held were 16 832 at 31 December 2022.

NORBIT ASA's annual general meeting for 2023 is planned to be held 4 May 2023 16:00 CET.

Equity issues

In connection with the incentive share purchase programs to employees, the board of directors of NORBIT ASA resolved to increase the parent company's share capital by NOK 38 070,80, through the issuance of 380 708 new shares, each with a par value of NOK 0.10.

The board also resolved to increase the company's share capital by NOK 6 112.90 in connection with the exercise of restricted stock units by executive management through the issuance of 61 129 new shares, each with a par value of NOK 0.10.

The resolutions were based on the authorisation to increase the share capital granted by the general meeting on 4 May 2022.

OUTLOOK

Activity has been high in all three business segments in the first weeks of 2023, and the board is optimistic about the outlook for the year. The target for 2023 is to deliver revenues in excess of NOK 1.4 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. Margins are expected to continue improving.

Subsurface navigation and seabed mapping for inspection continues to be a growing market for Oceans' sonar platform, in particular towards the renewable energy market and for autonomous navigation. Launch of new product innovations will expand the addressable market further, where Oceans is benefiting from its global sales and distribution platform. In addition, given the current geopolitical unrest, Oceans is well positioned for continued growth with its security and monitoring solutions, providing a range of products to detect and monitor activity both over and below the sea surface. First quarter has started out well and Oceans is targeting to deliver growth compared to the corresponding period of 2022.

Connectivity continues to benefit from strong demand for DSRC products and its strategy of partnering with the insurance industry on existing products and innovations, evidenced by the recently awarded NOK 150 million contract to deliver On-Board Units in the first half of 2023. Discussions are ongoing with respect to additional deliveries in the second half of the year. Supported by this award, Connectivity is expected to report revenues between NOK 270 – 300 million in the first six months of 2023. Capitalising on its capabilities within low power wireless devices for asset monitoring and safety solutions, Connectivity is investing in new innovations to broaden the product offering further to secure long-term growth.

Growth in segment PIR is supported by a general electrification trend and an increasing preference among new clients to manufacture products in geographical proximity to its operations. In the first quarter, PIR is expected to report growth from the corresponding quarter of 2022.

Over the last years, NORBIT has made significant investments in broadening the product offering, expanding the production capacity and increasing inventories to maintain a safety stock of components to safeguard deliveries and seize opportunities. These strategic decisions have been an enabler for organic growth and enhanced the flexibility, positioning NORBIT to deliver on larger contracts. Continued long-term growth will require further investments in R&D to broaden the product portfolio and in manufacturing equipment. In 2023, NORBIT expects its R&D investments to be NOK 60 – 70 million, while investments in fixed assets are anticipated to be NOK 35 – 45 million.

In addition to realising the organic growth potential, NORBIT will continue to explore value-accretive acquisitions through its defined criteria to accelerate further growth. The board of directors remains optimistic about NORBIT's long-term outlook. 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 company robust.

For the fiscal year 2022, the board of directors proposes a dividend of NOK 0.70 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.

The board wishes to thank shareholders and external stakeholders for their continued support, as well as thank all employees for their efforts and for the results achieved in 2022.

Trondheim, Norway, 29 March 2023
The board of directors and CEO
NORBIT ASA

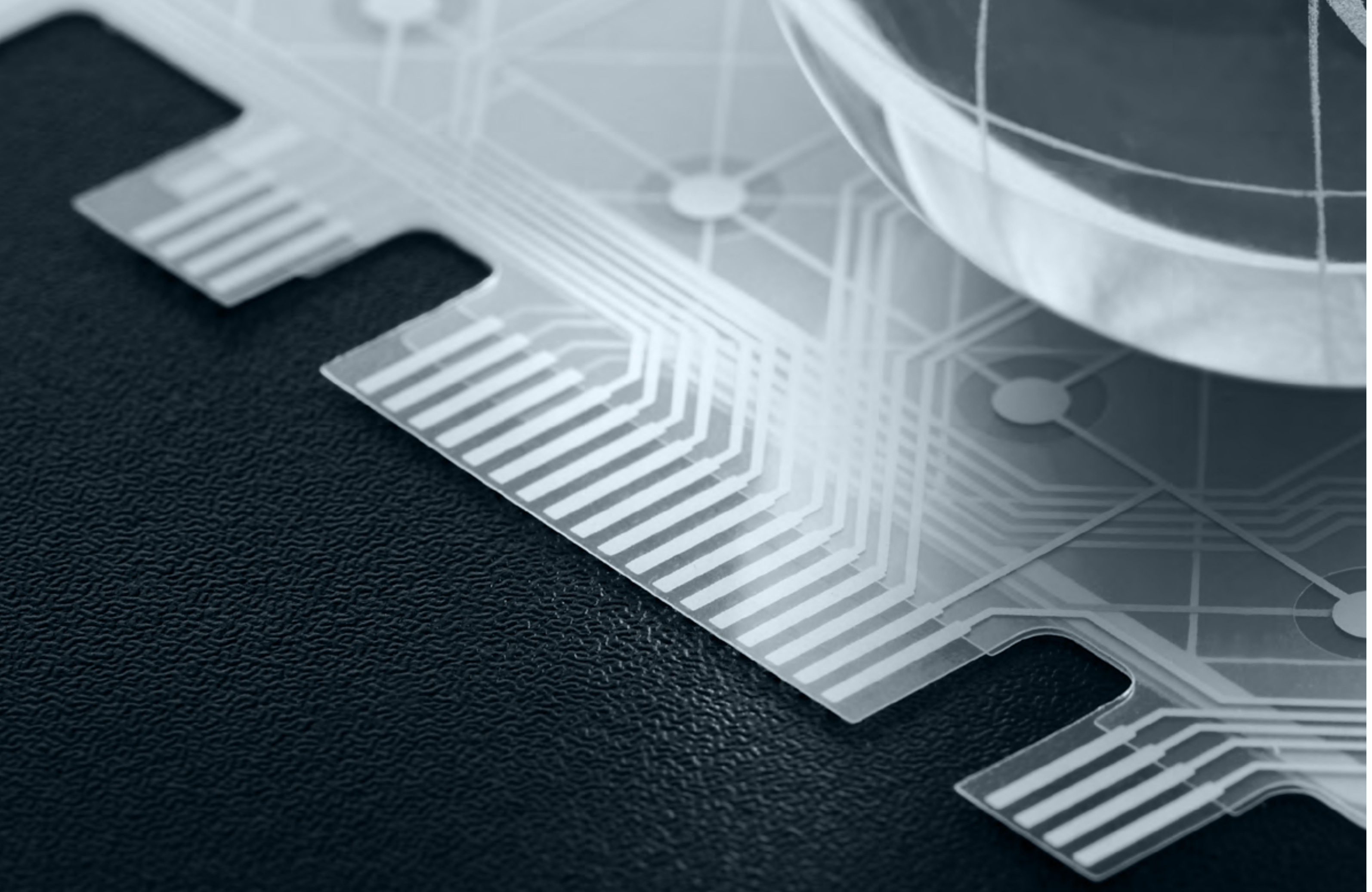
Finn Haugan *Chair of the board*	Bente Avnung Landsnes *Deputy chair of the board*	Christina Hallin *Director*
Trond Tuvstein *Director*	Magnus Reitan *Director*	Per Jørgen Weisethaunet *Chief executive officer*

COMMITTED TO MAKING UN GLOBAL COMPACT'S 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. NORBIT will submit a Communication on Progress Report by June 2023, describing undertaken activities and outcomes in 2022. This report can be found on the UN Global Compact's website:

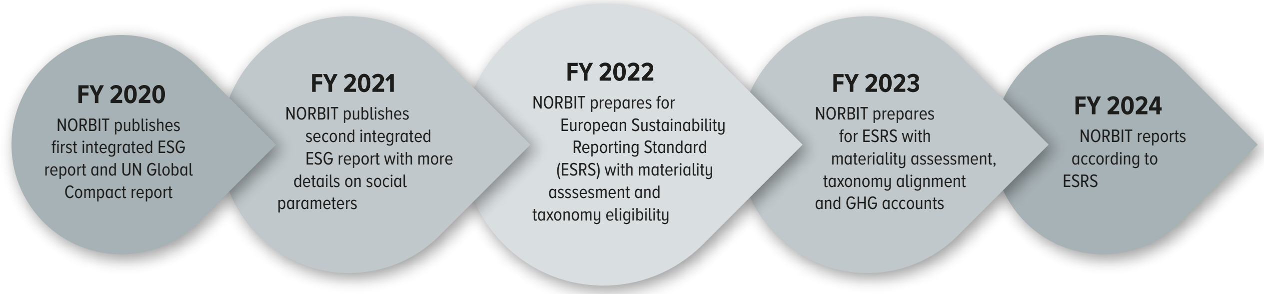
www.unglobalcompact.org



SUSTAINABILITY REPORT

This report is prepared in accordance with the Norwegian Accounting Act §3-3c, the Transparency Act and the Equality and Anti-Discrimination Act. As a preparation for the upcoming Corporate Sustainability Reporting Directive (CSRD) from the EU commission, we include elements from the draft principles of the new Environmental Sustainability Reporting Standard (ESRS). In 2022, we conducted a materiality assessment on sustainability related impacts, risks and opportunities. For 2025 we will include the full ESRS approach.

PLANNED REPORTING TIMELINE FOR NORBIT:



FINDING THE MOST MATERIAL SUSTAINABILITY TOPICS FOR NORBIT

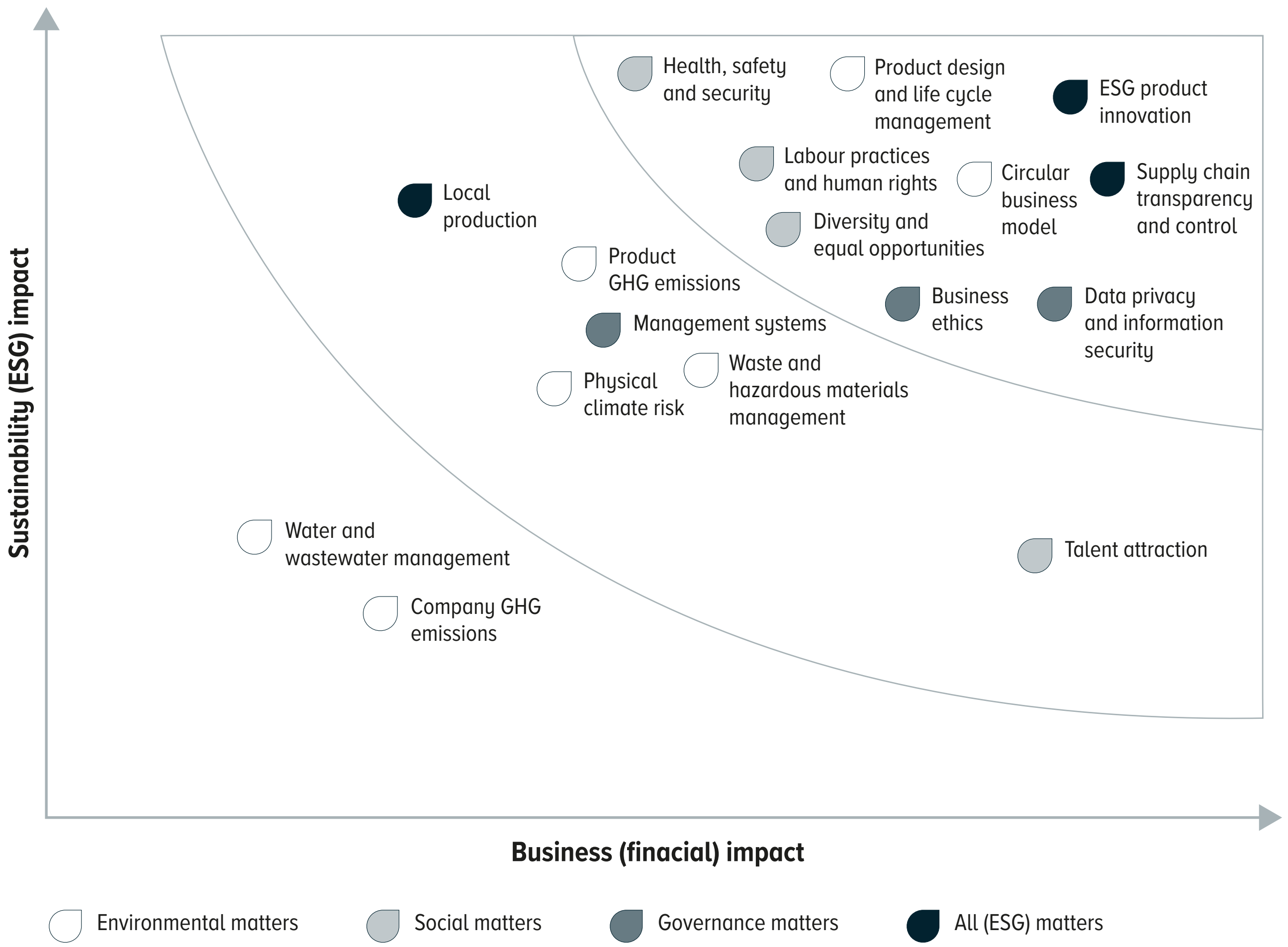
NORBIT conducted a materiality assessment in 2022. The process followed the methodology described in the draft ESRS and was carried out in two steps. Firstly, relevant sustainability matters for NORBIT were identified using three lenses:

1. **Value chain perspective:** Identification of sustainability matters throughout each step of the company's value chain.
2. **Sustainability context perspective:** Identification of sustainability matters based on the EU Taxonomy Regulation and research on relevant material topics for the industries NORBIT operates in.
3. **Stakeholder perspective:** Identification of sustainability matters based on interviews with key internal and external stakeholders. External stakeholders include customers, investors, and lenders.

Secondly, the identified sustainability matters were prioritised based on the double materiality principle; both evaluating actual or potential impact by NORBIT on people or the environment, and the financial impact on NORBIT. The result of the materiality assessment is shown below.

RESULT FROM THE 2022 MATERIALITY ASSESSMENT

Topics considered high material in upper right part



Our focus areas

The material topics identified are summaried into four overall sustainability topics for NORBIT to focus on. The areas are connected to NORBIT's overall values and vision:

1. Explore more sustainability opportunities
2. We will deliver products and solutions adapted to the new reality of sustainability
3. Refinement of talents in an attractive place to work
4. Safe under pressure with ethical business conduct

Focus area 1 is related to both environmental, social and governance factors, area 2 to environmental factors, area 3 to social factors, and area 4 to governance factors. NORBIT's ambition is to contribute to sustainable development both in terms of acting responsibly in the group's own value chain (internal focus), as well as developing products and solutions that contribute to solving sustainability challenges for customers and the society at large (external focus). Area 1 represents the external view, whereas area 2-4 mainly represent the internal view.

EXPLORE MORE SUSTAINABILITY OPPORTUNITIES

Objective:	To reach our long-term objective, we will in 2023 strive to:
We want to thrust the green transition. We will continuously explore how we can play a part in solving sustainability challenges for customers, partners, and the society at large through our products and solutions.	■ Identify new sectors and areas where we can make a positive impact on the environment and society through innovation and product development. ■ Build domain knowledge and capabilities in such sectors through selected innovation projects.

NORBIT provides tailored technology that thrusts the green transition in several sectors, such as in the blue economy, the digitalisation, and electrification space. Through our R&D capabilities and in-house manufacturing, we develop innovative systems and solutions for a better tomorrow.

Our vision is to be recognised as world-class, enabling people to explore more. Our core values "We deliver!", "Safe under pressure" and "Refinement of talents" ensure customer focus and enable employees to perform at their best. This is vital in solving the major challenges ahead of us.

Since 2010, we have grown our revenues by 31 per cent per year on average, while at the same time making a difference to our customers and society at large through sustainable innovation. NORBIT has identified four sustainable development goals (SDGs) that we contribute to through our products and solutions today, and will continue to work towards in the future.

8 DECENT WORK AND ECONOMIC GROWTH

CREATING SAFE AND DECENT WORK CONDITIONS

NORBIT develops and offers technology to detect and prevent 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.

SAFE WORK CONDITIONS FOR TRUCK DRIVERS BY USE OF INTELLIGENT DIGITAL TACHOGRAPHS

According to the European Commission, over 3 500 people died in crashes involving heavy goods vehicles in Europe in 2019. Estimates suggest that for up to 80 per cent of all crashes, the truck drivers are the party at fault, explained by both driver fatigue and behavior, as well as technical malfunction. NORBIT's intelligent digital tachograph transmits data wireless from the moving truck to control officers. The data set contains vehicle and calibration data and information about security breaches and malfunctions. Using this data, the control officer can selectively stop conspicuous vehicles and thus ensure greater safety, both for the driver and other traffic participants. The tachograph is mandatory for all newly registered trucks in EU above 3.5 tons.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

STIMULATING INNOVATION IN A RANGE OF DIFFERENT INDUSTRIES

NORBIT is offering R&D services and contract manufacturing services realising ground-breaking innovations, systems, and solutions for industrial customers in markets such as medical, low carbon automotive, defense, energy, marine and subsea.

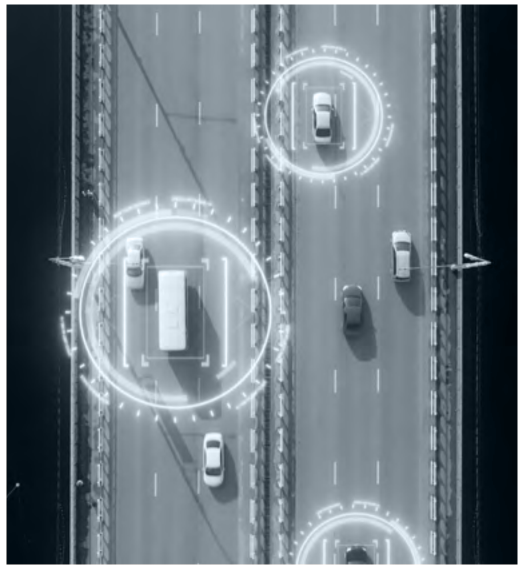
MONITORING CRITICALLY ILL NEWBORNS WITH ULTRASOUND PROBE

15 per cent of all infants require intensive care in their first month of life, and fluctuations in brain blood-flow is increasing the risk of brain damage for these babies. Currently, no direct continuous measurement of brain blood-flow is available despite a clear clinical unmet need. The Trondheim based medical technology company CIMON Medical has developed NeoDoppler, technology for direct, non-invasive, continuous monitoring of blood-flow in the brain of premature or critically ill babies. NORBIT has quoted the design and manufactures the ultrasound probe for CIMON.

13 CLIMATE ACTION

REDUCING CO_2 EMISSIONS FROM THE TRANSPORT SECTOR

NORBIT's devices used for fleet management and electronic tolling contribute to reduced CO_2 emissions from the transport sector, for instance by reducing vehicle miles travelled, stop-and-go traffic and suboptimal truck loads.



OPTIMAL FLEET MANAGEMENT BY USE OF ITRACK

The transport sector accounted for 37 per cent of CO_2 emissions from end use sectors in 2021, according to the International Energy Agency. NORBIT offers the fleet management system iTrack, making it possible to track and monitor a fleet of vehicles or assets live with the help of sensors and software. By using real-time tracking data, fleet managers can optimise the use of the fleet, reducing vehicle miles travelled, stop-and-go traffic and suboptimal truck loads, which in turn contributes to reducing the CO_2 emissions from the transport sector.

14 LIFE BELOW WATER

SUSTAINABLY 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.

USING SONARS TO LOCATE MARINE LIFE

Beavers shelter in burrows, which they create by digging tunnels and building lodges from wood debris, twigs and soil. These tunnel networks lead to more fragile riverbanks, which cause problems for people working and living alongside the river. To locate these burrows, a customer of NORBIT, Storm Geomatics Ltd, is using one of NORBIT's sonars to scan the riverbed. This collaboration is allowing humans and beavers to coexist in a safer way.

WE WILL DELIVER PRODUCTS AND SOLUTIONS ADAPTED TO THE NEW REALITY OF SUSTAINABILITY

Objective:	To reach our long-term objective, we will in 2023 strive to:
We will deliver products and solutions with sustainability in mind – both during the design, development, production, transportation, and recycling process.	■ Map today's activities according to the EU Taxonomy's requirements and identify actions to increase alignment. ■ Revise and update environmental KPIs for the production facilities in accordance with EU Taxonomy requirements. ■ Establish greenhouse gas accounts according to the GHG Protocol. ■ Design and operationalise circular business model for selected products.

Climate change and environmental degradation are two of the biggest challenges of our time. To overcome these challenges, the European Union has established the European Green Deal with the aim of transforming the EU into a modern, resource-efficient, and competitive economy, ensuring no net emissions of greenhouse gases by 2050. A core building brick in this effort is the EU Taxonomy, which is a classification system providing appropriate definitions for which economic activities can be considered environmentally sustainable. This forms the basis of what NORBIT needs to focus on in the design, development, and production of our products in the years to come. Important elements are designing products for circularity and with low greenhouse gas impact, as well as ensuring that the production processes are as environmentally friendly as possible.

PREPARING FOR THE EU TAXONOMY BY REPORTING ELIGIBILITY

NORBIT has not yet reached the threshold for mandatory disclosure under the EU Taxonomy, but as the company is growing, we prepare for disclosure. We will therefore voluntarily disclose estimates on eligibility for 2022, that is the share of revenues, CAPEX and OPEX that is covered by the taxonomy activity definitions. Throughout 2023 and 2024 we will verify these estimates.

In 2022, NORBIT conducted an analysis of its products, sites and activities and reviewed them according to the activities defined in the Climate Delegated Act. Since the taxonomy is under development, described assumptions and applied principles in this years' eligibility disclosure can change in future disclosures.

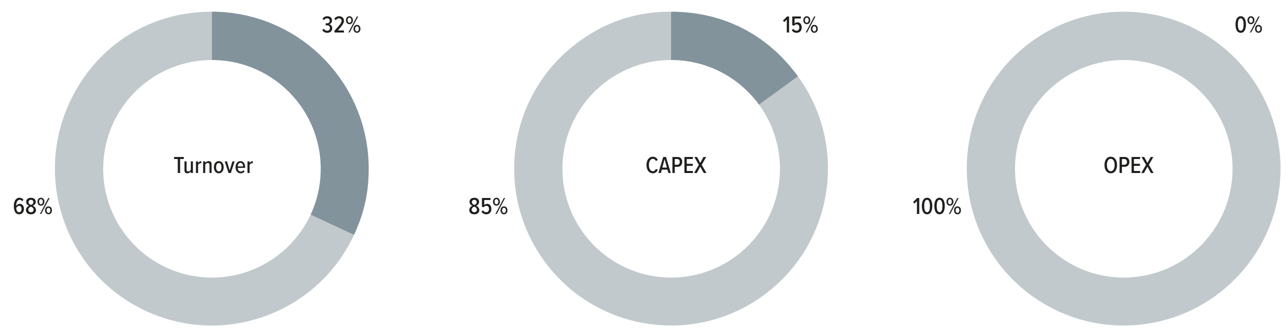
We have identified activity "3.6 Manufacture of other low carbon technologies" as a potentially relevant activity for all our segments. It is defined as manufacturing of technologies aimed at substantial greenhouse gas (GHG) emission reduction. Within Connectivity, both electronic tolling products and fleet management solutions are either reducing traffic or making it more efficient, thereby reducing GHG emissions. The EU commission points to traffic management and tolling as possibly eligible in a Draft Commission Notice of December 2022, and we have therefore included this activity in the eligibility score.

Activity 3.6 could also be relevant for activities and products in Oceans and PIR. As the EU commission has not yet commented on the relevance of marine technology under activity 3.6, we have decided to exclude Oceans' products from this years' eligibility score. As EU develops the activity descriptions further and adds more sectors and activities through new Delegated Acts, activity under Oceans is expected to be eligible. For PIR we have included the projects where the customers' products and solutions have a main goal of reducing GHG emissions.

Below we disclose KPIs for turnover and CAPEX under the taxonomy. The OPEX KPI is left out as we have no relevant OPEX components, neither for the denominator nor the numerator

ESTIMATION OF ELIGIBILITY KPIS FOR TURNOVER, CAPEX AND OPEX UNDER THE TAXONOMY

■ Eligible ■ Non-eligible



of the KPI. This is because EU has a narrow definition of what should be included in the OPEX KPI, and because we capitalise relevant cost components such as R&D wages and lease/rent. These components are included in the CAPEX KPI.

The next step of NORBIT's taxonomy journey is to map the eligible activities according to the criteria for alignment, and to identify actions to improve alignment.

CERTIFICATIONS AND ENVIRONMENTAL KPIS AT PRODUCTION SITES

NORBIT has three production facilities located in Røros, Selbu and Trondheim. The facilities in Røros and Trondheim are certified according to the environmental management system ISO 140001, whereas the facility in Selbu is certified according to Eco-Lighthouse (Miljøfyrtårn). The sites have defined different environmental KPIs, such as electricity and water consumption.

The taxonomy defines criteria related to environmental factors such as water, pollution prevention and biodiversity for each eligible activity. In 2023, we will map these criteria and revise the KPIs of the sites so that we increase alignment.

REFINEMENT OF TALENTS IN AN ATTRACTIVE PLACE TO WORK

Objective:	To reach our long-term objective, we will in 2023 strive to:
Our people are our greatest asset. We will continuously work towards creating an attractive and safe workplace and refining our talents.	■ Establish a «Diversity and equality» committee with a mandate of setting appropriate goals for the diversity and equality work of the company, refining and updating policy documents, conducting risk assessments and implementing needed actions. ■ Establish a more refined reporting regime for HSS issues. ■ Define and implement an updated employee life-cycle process, improving processes such as onboarding and off-boarding. ■ Define and implement a leadership program to build great leaders to support, engage and develop the people of NORBIT. ■ Continue to engage the people of NORBIT through new chapters of our "Life in NORBIT" video story.

NORBIT creates value by combining domain knowledge, production capabilities and world-class technology. The knowledge and capabilities of the people of NORBIT are the company's greatest asset. At year-end 2022, NORBIT had 418 full-time equivalents across 14 jurisdictions. At NORBIT, we are committed to fostering a diverse and inclusive work environment where the rights, health, and safety of our employees are paramount. We strive to create an attractive workplace where individuals are valued, respected, and empowered to reach their full potential.

LABOUR RIGHTS

NORBIT complies with established standards and employment legislation. NORBIT's 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.

DIVERSITY AND EQUALITY

NORBIT is committed to promoting a working environment characterised by diversity, equality, and mutual 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.

NORBIT also 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 are 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 2022, NORBIT had offices in 14 countries worldwide, and employees of 22 different nationalities, meaning that NORBIT's employees have a broad and diversified background, both culturally as well as by education and work experience. NORBIT is also committed to promoting gender diversity. Within the group, the gender balance varies across companies and functions. Of the total 418 FTE's in the group, 153 are women, giving a female percentage of the workforce of 37 per cent. This is an increase of 9 percentage points from last year, meaning that of the increase of 107 FTEs during 2022, 62 per cent were women.

The board of directors consists of five members, of which two are women. The management team consist of five men and one woman. In 2022, the group had 41 part-time employees, of which 71 per cent were women and 29 per cent were men, and 55 temporary employees of which 31 per cent were women and 69 per cent were men. There were no involuntary part-time engagements in the group in 2022. During 2022, 15 Norwegian employees, divided into 11 men and 4 women, had parental leave. The average parental leave in the Norwegian companies was 15 weeks for men and 19 weeks for women. NORBIT follows applicable laws and regulations governing parental leave.

In 2022, several management teams in the group were complemented with female directors and managers. We believe that bringing more women into leadership roles will lead to increased diversity of thought, improved decision-making, and a more inclusive corporate culture. This is a positive development we wish to sustain in the coming years.

NORBIT conducted a salary gap survey for its Norwegian companies as part of the Activity Duty for employers under the Equality and Anti-Discrimination Act for the annual report 2021. The duty is biannually reporting. As such, a new salary survey will be completed in 2023.

Strengthening the gender diversity and equality of NORBIT requires continuous effort. In 2023, NORBIT will establish a «Diversity and equality» committee with representatives from different parts of the company. The role of the committee is setting appropriate goals for the diversity and equality work, refining and updating policy documents, conducting risk assessments and implementing needed actions. This is an effort to ensure that NORBIT has working conditions that is truly diverse, inclusive, and free from discrimination and harassment.

HEALTH, SAFETY AND SECURITY (HSS)

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

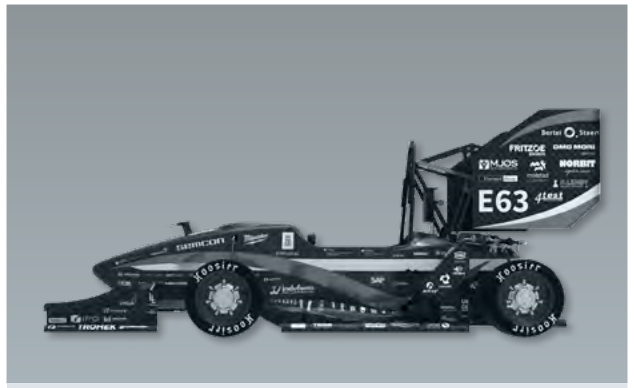
NORBIT has defined specific KPIs for HSS related injuries and sick leave. NORBIT strives for zero injuries, and in 2022 no significant injuries or accidents were recorded. The goal for sick leave varies from <2.5 per cent to <4.0 per cent for the different business units. The group had 3.6 per cent sick leave in 2022, compared to 3.3 per cent in 2021 and 3.5 per cent in 2020. Sick leave within the Norwegian workforce is lower than the country average of approximately 6.5 per cent (at Q3 2022), according to Statistics Norway.

In 2023, NORBIT will establish a more refined reporting regime (including KPIs) for HSS issues, making it easier to measure progress and implement relevant improvement measures.

EMPLOYEE RELATIONSHIP AND DEVELOPMENT

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

SELECTED STUDENT SPONSORSHIPS:



REVOLVE NTNU

An independent student organisation at the Norwegian University of Science and Technology, with a multidisciplinary team of 60 students from 20 different majors. In one year, the students work to create a world-class racecar from scratch. The car will compete in Formula Student, the world's largest competition for engineering students.

ORBIT NTNU

A volunteer student organisation educating tomorrow's space engineers, Orbit NTNU is a leading environment in Scandinavia for designing and building small satellites for launch into space. Its first mission, SelfieSat, was launched in May 2022. FRAMSat-1, Norway's first operational student satellite, is expected to launch in 2023 from Andøya Space Center.

PROPULSE NTNU

A rocketry team that aims to give students hands-on experience with engineering projects, with the goal of learning as much as possible about rockets, engineering and teamwork. The final product is a purpose-built sounding rocket, designed to execute a specific scientific mission defined by the members.

ASCEND NTNU

An aerial robotics team building the competitive drones of the future, Ascend NTNU develops innovative solutions to some of today's most challenging problems within cybernetics and autonomy. It competes in prestigious international competitions and has won several prizes.

A great employee relationship starts with a positive onboarding experience. NORBIT is a growing company and welcomes a significant number of new employees during a year. To ensure a good start for all employees, we have during 2022 refined our onboarding program. The program will be developed further and implemented in all three business units during 2023.

Leadership is another important component of employee satisfaction and development. In 2022, NORBIT defined and implemented a new leadership program rolled out as a pilot in one of the business units. The purpose of the program is to build great leaders to support, engage and develop the people of NORBIT. The program will be developed further and implemented in additional business units during 2023.

Lastly, sharing information is an important means for engaging the people of NORBIT. We ended 2022 with finding new channels for information and news for all our employees in 14 countries. In November, we made the first chapter of the video series "Life in NORBIT" that was shared with all employees worldwide. More chapters are planned throughout 2023.

SUPPORTING THE ENGINEERS OF THE FUTURE

One of NORBIT's core values is "Refinement of talents". NORBIT's recruiting strategy includes offering internships to students. As part of the internship programs, the students learn and experience how technology can innovate and be applied in various contexts. During 2022, the company had over 20 internships in the three business units.

NORBIT also contributes with both monetary support and non-financial initiatives to various student organisations 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.

SAFE UNDER PRESSURE WITH ETHICAL BUSINESS CONDUCT

Objective:	To reach our long-term objective, we will in 2023 strive to:
We will ensure good governance and legal compliance in all countries and markets. We aim for transparency, traceability and integrity across our value chain.	■ Harmonise and implement supplier assessment methodology and self assessment questionnaires across NORBIT. ■ Conduct risk assessments in operations and supply chain on a yearly basis. ■ Continue with regular Culture Workshops both on group and business unit level to ensure that the company's values and ethical principles is understood by our employees. ■ Develop and conduct trainings in Code of Conduct, providing guidelines and concrete examples of behavior and social norms.

NORBIT's activity is part of a global value chain consisting of five main steps: Raw materials production; transportation; production, assembly and re-packaging; transportation to customers; and product-end-of-life handling. Ethical business conduct in NORBIT means maintaining a high ethical standard throughout the entire value chain, and relates to both suppliers, employees and customers.

HUMAN RIGHTS AND THE TRANSPARENCY ACT

The Norwegian Transparency Act entered into force 1st of July 2022. The Act shall promote companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and ensure the public access to information regarding how companies address this topic. NORBIT's duties under the Act is to carry out a yearly due diligence assessment of the supply chain in accordance with the OECD Guidelines for Multinational Enterprises, as well as disclose this information.

NORBIT conducted a due diligence assessment during autumn 2022. Information about company names, geographical location and spend for the company's suppliers were collected and compiled. The results show that 5 per cent of the suppliers (~115) constituted 80 per cent of the total supplier spend in 2022. 50 per cent (~60) of these are based in Norway. Of the remaining 50 per cent, 50 per cent (~30) are based in high-risk countries in terms of potential human rights and labour conditions breaches. The risk associated with and needed actions towards these suppliers were evaluated and discussed on an individual basis, to be further matured during 2023.

During 2022, NORBIT refined its supplier assessment methodology and governing documents according to the Transparency Act. In 2023, we will continue the work on harmonising and implementing this across NORBIT. We will also audit suppliers with heightened risk of human rights and labour condition breaches. A more detailed disclosure of the methodology, the results, and how we work with human rights and labour conditions in our supply chain can be found on our website www.norbit.com.

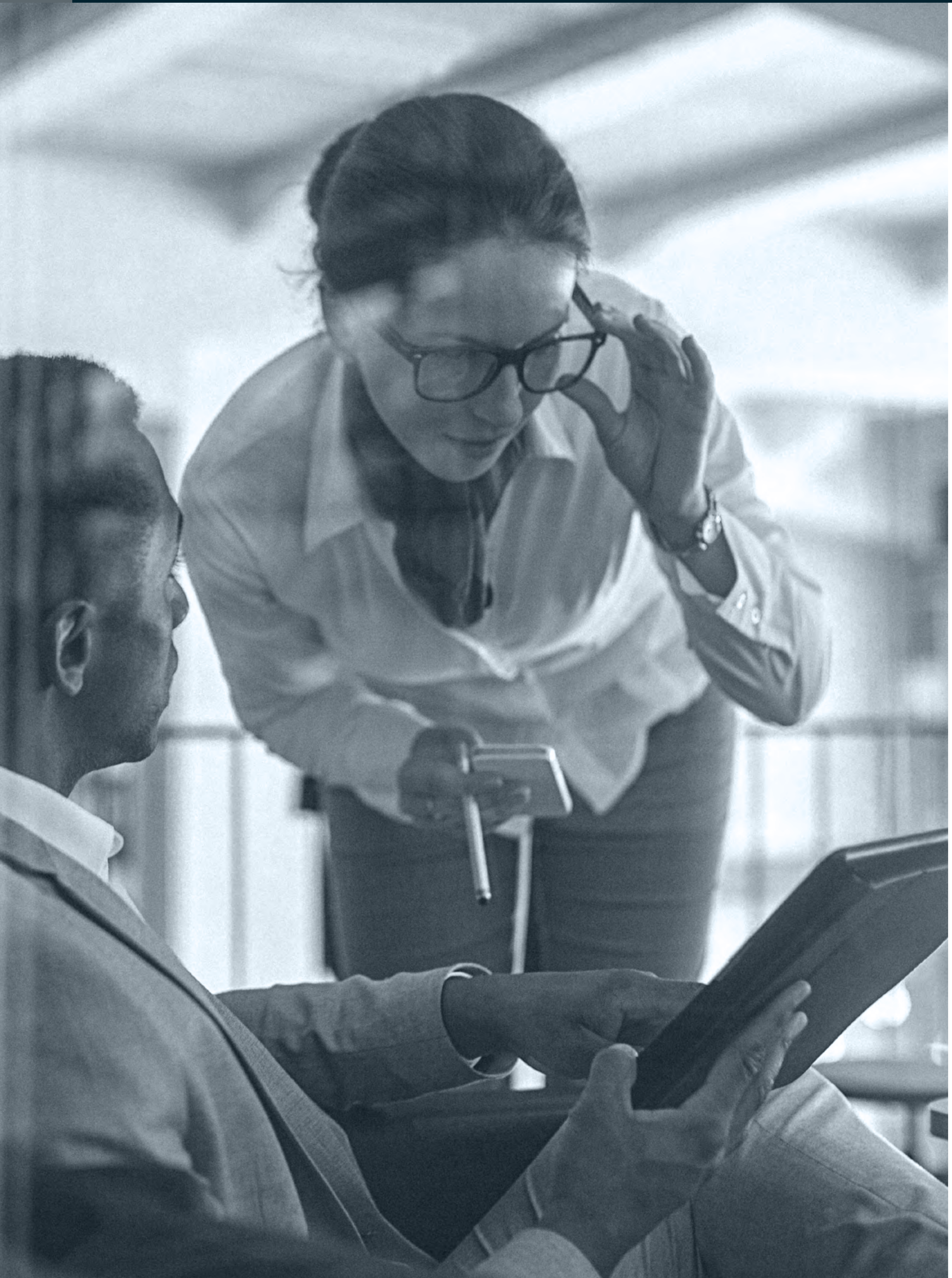
EMPLOYEE ETHICAL GUIDELINES

NORBIT's license to operate rests on the confidence from its key stakeholders. All employees are therefore committed to comply with the company's Code of Conduct to ensure maintenance of high ethical standards in NORBIT's business concept. The ethical guidelines apply to all employees and include, among others, guidelines on personal conduct, conflicts of interests, anti-corruption and fair competition. The most important principles are summarised below:

1. **Personal conduct:** All employees and representatives of the company 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 company's interests may occur.
3. **Confidential information:** Employees or representatives of the company possessing confidential information related to the company shall conduct themselves and safeguard such information with great care and loyalty and comply with any and all signed confidentiality statements.
4. **Anti-corruption:** 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. All NORBIT employees are encouraged to report any incident of such behavior.
5. **Competition:** The company supports fair and open competition. Employees and representatives shall never take part in any activities that may constitute a breach of competition legislation.
6. **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.

Whistleblowing is an important channel for receiving information about negative issues so that they can be properly corrected and followed up. NORBIT encourages its employees to report suspected or actual occurrences of inappropriate, unethical, or illegal events or breaches of the Code of Conduct. NORBIT has therefore drawn specific guidelines for whistleblowing, including whom to report to, how to report and how the company is required to act on the report. There were no such incidents reported in 2022.

In 2023, NORBIT will make several efforts to ensure that the Code of Conduct is read, understood, and followed by all employees. Examples include making a more easy-to-read and practical guide to all employees, conduct trainings, as well as ensuring that reading and accepting the Code of Conduct is a part of all locations' onboarding process. To ensure that NORBIT's values and ethical principles are understood by the employees, we have also conducted several culture workshops in 2022 – both on company and business unit level. We will continue with regular culture workshops throughout 2023.



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 company providing tailored technology to selected applications. 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. NORBIT's ambition is to contribute to sustainable development both by acting responsibly in the group's own operations (internal focus) and by developing and selling products that contribute to solving sustainability challenges for customers and the society at large (external focus). Further details about this work can be found in the sustainability section of this report.

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. To realise the ambitions set, NORBIT will reinforce the elements that have served the company well in the past, pursue selected strategic initiatives and further capitalise on its global sales and distribution platform. 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 regularly assesses the capital requirements related to the group's strategy and risk profile.

Equity

At 31 December 2022, the group's equity was NOK 599.3 million, which corresponds to an equity ratio of 49 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 clear and predictable 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 a dividend proposal, 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 2022, the board proposes a dividend of NOK 0.70 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 in 2022, the board was granted the following authorisations:

- To increase the company's share capital by up to an aggregate nominal value of 20 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

All board authorisation are valid up until the next annual general meeting which will be held on 4 May 2023.

In 2022, and based on the above authorisations, board resolved to increase the company's share capital by NOK 6 112.90 in connection with exercise of restricted stock units through the issuance of 61 129 new shares, each with a par value of NOK 0.10. This represented 0.1 per cent of the total share capital prior to the transaction.

The board also resolved to increase the company's share capital by NOK 38 070.80, in connection with incentive share purchase programs for employees, through the issuance of 380 708 new shares, each with a par value of NOK 0.10. This represented 0.7 per cent of the total share capital prior to the transaction.

Following these share capital increases, the company's share capital at 31 December 2022 is NOK 5 890 113.90, divided into 58 901 139 shares, each with a par value of NOK 0.10.

In connection with the exercise of restricted stock units and simultaneous share issue to the executive management team, the company repurchased 16 832 shares, less than 0.1 per cent of the total share capital prior to the transaction

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 0010856511.

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 2023 will take place on 4 May 2023.

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. 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 submit their vote in advance of the meeting or vote by proxy. The procedures for advance voting and for providing proxy voting instructions will be 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 2022, the general meeting elected the following chair and members to the nomination committee:

- 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 2022, NORBIT's board comprised five members in addition to a deputy director, all elected by the general meeting based on the nomination committee's proposal. Two directors and the deputy director are up for election at the general meeting in May 2023. 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 its proposal to the general meeting, the nomination committee shall consider that the board 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 2022, four of the five 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 deputy 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 prepares 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 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 a valuation should 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 issues 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 2022 financial statement.

The board evaluates its own performance and expertise once a year. The board held a total of 13 meetings in 2022 and the attendance rate was 100 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 2022, 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 eight meetings in 2022. The attendance rate was 100 per cent.

Remuneration committee

NORBIT has a remuneration committee appointed by the board. At 31 December 2022, the remuneration committee comprised the following:

- Finn Haugan, chair
- Bente Avnung Landsnes
- Magnus Reitan

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 four meetings in 2022. 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 remuneration determined by the general meeting to the directors for the work performed in each term is presented to the general meeting in the Remuneration Report for 2022. 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 2022, deputy director Tom Solberg performed legal services in the ordinary course of business for the group through his employer Prétor 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 has been presented to the general meeting in the form of a separate document, and 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 and awarded 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 annual audit, as well as 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 2022.

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 2022.

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 and audit committee 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.

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 2022

NORBIT GROUP

NORBIT ASA

CONSOLIDATED STATEMENT OF INCOME

Amounts in NOK million	*Note*	**2022**	2021
Revenue	*4, 6*	**1 167.5**	787.8
Other gains and losses	*21*	**-**	1.2
Raw materials and change in inventories	*14*	**549.5**	363.3
Employee benefit expenses	*7, 26*	**250.2**	187.7
Depreciation and amortisation expenses	*12, 13*	**86.5**	69.0
Other operating expenses	*8*	**132.4**	95.5
Operating profit		**148.8**	73.5
Share of profit of associates	*22*	**(0.2)**	(0.3)
Financial income	*9*	**0.7**	0.3
Financial expenses	*9*	**28.5**	9.8
Net financial items		**(28.0)**	(9.8)
Profit before tax		**120.8**	63.7
Income tax expense	*10*	**(14.1)**	(15.9)
Profit for the period		**106.7**	47.9
Attributable to:			
Owners of the Company		**106.7**	47.9
Non-controlling interests		**-**	-
Total		**106.7**	47.9
Average no. of shares outstanding - basic	*11*	**58 662 698**	57 467 325
Average no. of shares outstanding - diluted	*11*	**58 725 000**	57 467 325
Earnings per share			
Basic (NOK per share)	*11*	**1.82**	0.83
Diluted (NOK per share)	*11*	**1.82**	0.83

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Amounts in NOK million	*Note*	**2022**	2021
Profit for the period		**106.7**	47.9
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**1.5**	(3.2)
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		**-**	0.0
Other comprehensive income for the period, net of tax		**1.5**	(3.2)
Total comprehensive income for the period		**108.2**	44.7
Total comprehensive income for the period is attributable to:			
Owners of the Company		**108.2**	44.7
Non-controlling interests		**(0.0)**	(0.0)
Total		**108.2**	44.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK million	*Note*	**31.12.2022**	31.12.2021
ASSETS			
Property, plant and equipment	*12*	**187.7**	164.9
Intangible assets	*13*	**258.8**	242.3
Goodwill	*13*	**84.4**	82.1
Deferred tax asset	*10*	**15.6**	13.3
Equity-accounted investees	*22*	**0.7**	0.9
Shares in other companies	*15*	**0.6**	0.2
Other non-current assets		**0.0**	0.0
Total non-current assets		**547.8**	503.8
Inventories	*14*	**426.3**	263.2
Trade receivables	*16*	**168.0**	154.9
Other receivables and prepayments		**37.0**	33.3
Cash and cash equivalents	*17*	**41.7**	21.7
Total current assets		**673.0**	473.2
Total assets		**1 220.8**	976.9
LIABILITIES			
Interest-bearing borrowings	*18, 20*	**154.6**	162.6
Lease liabilities	*12*	**24.0**	6.5
Deferred tax liabilities	*10*	**3.6**	4.0
Other non-current liabilities		**5.4**	3.2
Total non-current liabilities		**187.6**	176.3
Trade payables	*5*	**132.6**	100.2
Current tax liabilities	*10*	**13.4**	8.8
Interest-bearing borrowings	*18, 20*	**182.8**	125.6
Lease liabilities	*12*	**11.8**	8.5
Other current liabilities	*19*	**93.3**	59.7
Total current liabilities		**433.8**	302.7
Total liabilities		**621.5**	479.1
EQUITY			
Share capital	*23*	**5.9**	5.8
Share premium	*23*	**319.9**	308.8
Retained earnings	*23*	**273.5**	183.3
Equity attributable to equity holders of the parent company		**599.3**	497.9
Non-controlling interests		**0.0**	0.0
Total equity		**599.3**	497.9
Total equity and liabilities		**1 220.8**	976.9

Trondheim, Norway, 29 March 2023
The board of directors and CEO, NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Christina Hallin
Director

Trond Tuvstein
Director

Magnus Reitan
Director

Per Jørgen Weisethaunet
Chief executive officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK million	*Note*	Attributable to owners: Share capital	Share premium	Retained earnings	Total	Non-controlling interests	**Total equity**
Balance at 31 December 2021		5.8	308.8	183.3	497.9	0.0	**497.9**
Profit for the period		0.0	0.0	106.7	106.7	0.0	**106.7**
Other comprehensive income		0.0	0.0	1.5	1.5	0.0	**1.5**
Total comprehensive income for the period		0.0	0.0	108.2	108.2	0.0	**108.2**
Transaction with owners in their capacity as owners:							
Treasury shares		0.0	0.0	(0.5)	(0.5)	0.0	**(0.5)**
Share issue		0.0	11.2	0.0	11.2	0.0	**11.2**
Dividends paid	*20*	0.0	0.0	(17.5)	(17.5)	0.0	**(17.5)**
Total transactions with owners		0.0	11.2	(18.0)	(6.8)	0.0	**(6.8)**
Balance at 31 December 2022		5.9	319.9	273.5	599.3	0.0	**599.3**

Amounts in NOK million	*Note*	Attributable to owners: 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		0.0	0.0	47.9	47.9	0.0	**47.9**
Other comprehensive income		0.0	0.0	(3.2)	(3.2)	0.0	**(3.2)**
Other changes in equity		0.0	0.0	0.4	0.4	(0.4)	**0.0**
Total comprehensive income for the period		0.0	0.0	45.1	45.1	(0.4)	**44.7**
Transaction with owners in their capacity as owners:							
Share issue		0.2	33.3	0.0	33.5	0.0	**33.5**
Dividends paid	*20*	0.0	0.0	(17.0)	(17.0)	0.0	**(17.0)**
Total transactions with owners		0.2	33.3	(17.0)	16.5	0.0	**16.5**
Balance at 31 December 2021		5.8	308.8	183.3	497.9	0.0	**497.9**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in NOK million	*Note*	**2022**	2021
Profit for the period		**106.7**	47.9
Adjustments for:			
Income tax expense recognised in profit or loss	*10*	**14.1**	15.9
Income taxes paid	*10*	**(10.9)**	(0.4)
Share of profit of associates	*22*	**0.2**	0.3
Gain on disposal of interest in former associate		**0.0**	(1.2)
Depreciation and amortisation	*12, 13*	**86.5**	69.0
Movements in working capital:			
(Increase)/decrease in trade receivables		**(11.0)**	(24.9)
(Increase)/decrease in inventories		**(161.3)**	(91.2)
Increase/(decrease) in trade payables		**32.0**	31.0
Increase/(decrease) in accruals		**29.3**	1.4
Net cash generated by operating activities		**85.7**	47.7
Cash flows from investing activities			
Payments for property, plant and equipment	*12*	**(31.5)**	(29.0)
Reclassified from inventory to property, plant and equip.	*12*	**3.2**	(10.5)
Payments for intangible assets	*13*	**(60.5)**	(51.2)
Net cash inflow on acquisition of subsidiaries	*21*	**(3.1)**	(126.9)
Net cash (used in)/generated by investing activities		**(91.9)**	(217.6)
Cash flows from financing activities			
Payment for share buy-back costs		**(0.5)**	0.0
Proceeds from issue of equity instruments of the company		**9.6**	7.2
Proceeds from borrowings	*18*	**30.0**	166.3
Repayment of borrowings	*18*	**(39.4)**	(7.4)
Repayment of lease liabilities	*12*	**(10.0)**	(8.2)
Net change in overdraft facility	*18*	**54.0**	35.7
Dividends paid	*20*	**(17.5)**	(17.0)
Net cash (used in)/generated by financing activities		**26.2**	176.6
Net increase in cash and cash equivalents		**20.0**	6.7
Cash and cash equivalents at the beginning of the period		**21.7**	15.0
Cash and cash equivalents at the end of the period		**41.7**	21.7

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 01 Company information

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

The consolidated financial statements of NORBIT ASA for the year ended December 31, 2022 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 2022 were approved and authorised for issue by the board of directors on 29 March 2023. The consolidated financial statements will be submitted to NORBIT's annual general meeting, to be held 4 May 2023, 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
In accordance with applicable accounting principles, the group considers whether there are indications of impairment on the carrying amounts for the intangible assets. 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
In accordance with applicable accounting principles, the group performs impairment testing of goodwill annually, or more frequently if any indications of impairment on the goodwill exist. The estimated recoverable value for the cash-generating units is determined based on the higher of its fair value less cost of disposal or value in use. Value in use is estimated based on a present value of the future cash flows expected to be derived from the cash-generating units. 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. Reference is made to note 13 for further information.

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.

Provision for obsolete inventory
The group makes provision for obsolescence of inventory. These provisions are based on an assessment of the age distribution of inventory items and whether the goods are part of an active or expired product range. A provision for obsolescence is made when the net realisable value of the good is lower than the cost of the good. These provisions are estimate-based and require in-depth knowledge about goods and markets.

Climate risk
NORBIT evaluates the overall climate risk to be low. Hence, climate-related matters are not expected to substantially affect assets, provisions or future cash-flows.

The Task Force on Climate Related Financial Disclosure's (TCFD) defines three main types of climate related risks; physical risk, risk associated with transition to a low carbon community, and lastly liability risk. NORBIT's main physical risk factors are identified to be rising sea levels, changes in hydro power availability, and power outages and transport challenges due to extreme weather events. As NORBIT's main physical assets are located in Norway, and the Norwegian government has risk mitigation measures and emergency response plans in the event of such acute or chronic incidents, the consequences, and hence, physical risk is currently considered low. The transition risk is evaluated more as an opportunity rather than a risk, as NORBIT delivers solutions relevant for the green transition, for instance related to electrification and digitalisation. Lastly, the liability risk is considered low as the industries NORBIT operates in are not heavily exposed to climate related legal regulations.

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 at 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

In contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the transaction prices are adjusted 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 for as reduction of 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 at the balance sheet date, and any adjustment to the tax payable in respect of previous years. Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

Deferred tax assets and liabilities are offset if:

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

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

CURRENT/NON-CURRENT CLASSIFICATION
An asset is classified as current when it is expected to be realised or is intended for sale or consumption in the group's normal operating cycle, it is held primarily for the purpose of being traded, or it is expected/due to be realised or settled within twelve months after balance sheet date. Other assets are classified as non-current.

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

PROPERTY, PLANT AND EQUIPMENT
An item of property, plant and equipment is recognised as an asset if it is 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 note 13 and 21 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 or the weighted average cost formula. 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 30-60 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 primarily 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 manufacturing equipment 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. 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 2022**	Impact on pre-tax profit 2021
Interest rates - increase by 100 basis points *	**(3.4)**	(2.9)
Interest rates - decrease by 100 basis points *	**3.4**	2.9

**) 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	**31.12.2022**	31.12.2021
Receivables	**170.5**	146.4
Payables	**(101.2)**	(67.5)
Bank deposits	**34.5**	11.7
Overdraft facility*	**35.9**	54.2
Sellers credit	**(32.6)**	(60.2)
Net position	**107.1**	84.6

* *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 2022, the USD, EUR and GBP balance on the overdraft facility was NOK 35.9 million (i.e. net cash).*

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

	31.12.2022		31.12.2021	
	Currency	NOK	Currency	NOK
USD	(0.1)	(1.2)	(1.5)	(13.6)
EUR	8.0	84.6	8.0	79.4
GBP	0.8	10.0	0.6	7.2
HUF	522.8	13.7	602.1	16.3
PLN	0.8	1.8	0.6	1.4
SEK	(2.0)	(1.9)	(2.7)	(2.7)
DKK	0.5	0.7	0.3	0.4
JPY	(21.5)	(1.6)	(52.3)	(4.2)
Other		1.0		0.5
Net position		**107.1**		**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 2022.

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 at 31 December 2022 or at 31 December 2021. There is currently an ongoing process to optimise foreign exchange hedging through the use of derivatives.

Classification of derivatives
Derivatives, if any, 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
Cash 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 2022, NORBIT had NOK 439.4 million in undrawn credit facilities, 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 2022

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 2022					
Trade payables	132.6	0.0	0.0	132.6	132.6
Interest-bearing borrowings	197.0	162.6	1.3	360.8	337.4
Lease liabilities	11.8	24.0	0.0	35.8	35.8
Other payables	63.0	0.0	0.0	63.0	63.0
Total	404.4	186.6	1.3	592.3	568.9

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	0.0	0.0	100.2	100.2
Interest-bearing borrowings	132.1	164.1	6.0	302.3	288.2
Lease liabilities	8.5	6.5	0.0	15.0	15.0
Other payables	40.0	0.0	0.0	40.0	40.0
Total	280.7	170.7	6.0	457.4	443.4

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 fusions being directly integrated into the client's business software or as stand-alone services.

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

	2022				
Amounts in NOK million	Oceans	Connectivity	PIR	Group/ eliminations	**Total**
Revenues	443.0	308.0	456.5	(40.1)	**1 167.5**
Other gains and losses	0.0	0.0	0.0	0.0	**0.0**
Raw materials and change in inventories	149.8	109.7	307.4	(17.4)	**549.5**
Operating expenses	145.6	121.0	101.3	14.7	**382.6**
EBITDA	147.6	77.4	47.8	(37.5)	**235.3**
EBITDA margin	33%	25%	10%		**20%**
Depreciation	17.6	7.8	13.6	2.7	**41.7**
Amortisation and impairment	15.5	29.1	0.1	0.0	**44.8**
EBIT	114.4	40.5	34.0	(40.1)	**148.8**
Total financial items (not allocated)					**(28.0)**
Profit before tax					**120.8**
Taxes (not allocated)					**(14.1)**
Profit after tax					**106.7**
Timing of revenues					
- At point in time	389.9	268.2	418.6	(40.1)	**1 036.6**
- Over time	53.1	39.9	37.9	0.0	**130.9**
Total	443.0	308.0	456.5	(40.1)	**1 167.5**

	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	0.0	0.0	0.0	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	(27.9)	**690.3**
- Over time	52.7	15.3	29.4	0.0	**97.5**
Total	378.5	146.3	291.0	(27.9)	**787.8**

NOTE 07 Salaries, pension and social security costs

Payroll expenses

Amounts in NOK million	**2022**	2021
Salaries	**222.7**	171.8
Pension costs	**11.9**	8.4
Payroll tax	**31.7**	24.1
Capitalised payroll expenses as development asset	**(22.4)**	(22.1)
Other payroll expenses	**6.3**	5.5
Total employee benefit expenses	**250.2**	187.7
Average number of FTEs	**418**	311

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	**2022**	2021
External services	**73.9**	57.5
Travel expenses	**10.6**	3.1
Freight	**8.0**	5.3
Office supplies	**4.8**	2.7
Marketing	**5.0**	1.7
Guarantee, service and support	**1.8**	3.9
Other operating expenses	**28.4**	21.2
Total operating expenses	**132.4**	95.5

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 2022 and 2021.

Amounts in NOK million	**2022**	2021
Audit fee	**1.4**	0.9
Tax advisory fee	**-**	-
Other audit related services	**0.1**	0.7
Auditor's remuneration in other operating expenses	**1.5**	1.6

NOTE 09 Financial income and financial expenses

Amounts in NOK million	**2022**	2021
Financial income		
Financial exchange gain (net)	**-**	-
Interest income	**0.2**	0.1
Other financial income	**0.5**	0.2
Financial income	**0.7**	0.3
Financial expenses		
Interest expenses	**16.2**	8.2
Financial exchange loss (net)	**10.5**	0.3
Other financial expense	**1.8**	1.2
Financial expenses	**28.5**	9.8
Share of profit of associates	**(0.2)**	(0.3)
Net financial items	**(28.0)**	(9.8)

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	**2022**	2021
Current tax		
Current tax on profits Norwegian companies	**12.0**	8.4
Current tax on profits foreign companies	**3.5**	1.2
Adjustments for current tax of prior periods	**-**	0.2
Total current tax expense	**15.5**	9.8
Deferred income tax		
Change in deferred tax	**(1.4)**	6.0
Total deferred tax expense/(benefit)	**(1.4)**	6.0
Total income tax expense	**14.1**	15.9

Reconciliation between nominal and effective tax rates

Amounts in NOK million	**2022**	2021
Income tax expense at corporate income tax rate in Norway 22%	**26.6**	14.0
Effect of tax rates outside Norway different from 22%	**2.0**	0.0
Change in previously not recognised deferred tax assets	**(13.2)**	0.2
Other items	**(1.2)**	1.7
Subtotal	**14.1**	15.9
Effective tax rate	**12%**	25%

Amounts recognised directly in equity

Amounts in NOK million	**2022**	2021
Deferred tax	**-**	-
Total	**0**	0

Deferred tax assets

Amounts in NOK million	**2022**	2021
The balance comprises temporary differencs attributable to:		
Intangible and fixed assets	**(14.2)**	(12.3)
Inventories	**(1.9)**	(1.2)
Other assets and liabilities	**(2.9)**	(1.9)
Total	**(19.0)**	(15.4)
Total deferred tax assets	**(19.0)**	(15.4)
Unrecognised deferred tax assets	**3.4**	2.2
Net deferred tax assets	**(15.6)**	(13.3)

Deferred tax

Amounts in NOK million	**2022**	2021
The balance comprises temporary differencs attributable to:		
Intangible and fixed assets	**3.6**	4.0
Total	**3.6**	4.0

Change in deferred tax assets

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
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)**
At 1 January 2022	(0.0)	(12.3)	(1.2)	0.3	**(13.3)**
- to profit or loss	0.0	(1.7)	(0.7)	0.3	**(2.1)**
Acquisition of subsidiary		(0.2)			**(0.2)**
At 31 December 2022	0.0	(14.2)	(1.9)	0.6	**(15.6)**

Change in deferred tax

Amounts in NOK million	Tax losses	Intangible and fixed assets	Inventories	Other	**Total**
Movements					
At 1 January 2021	0.0	4.0	0.0	0.0	**4.0**
(Charged)/credited -to profit or loss		(0.4)			**(0.4)**
At 31 December 2022	0.0	3.6	0.0	0.0	**3.6**

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

NOTE 11 Earnings per share

Amounts in NOK	**2022**	2021
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	**1.82**	0.83
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	**1.82**	0.83

Reconciliations of earnings used in calculating earnings per share

Amounts in NOK million	**2022**	2021
Basic earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company:		
Used in calculation basic earnings per share	**106.7**	47.9
Used in calculating diluted earnings per share	**106.7**	47.9

Weighted average number of shares used as the denominator

Number	**2022**	2021
Weighted average number outstanding	**58 662 698**	57 467 325
Weighted average number diluted	**58 725 000**	57 467 325

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
When calculating the diluted earnings per share, the number of shares that could be issued for no consideration due to share options or other arrangement that has been in effect during the period is added to the average number of ordinary shares outstanding used for basic earnings per share.

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 2021	89.9	205.1	52.8	**347.8**
Accumulated depreciation	20.9	147.3	29.7	**197.9**
Net book amount at 1 January 2021	69.0	57.8	23.2	**150.0**
Additions from acquisition of companies	0.3	9.0	0.0	**9.3**
Additions	4.4	35.1	0.0	**39.5**
Depreciation charge	5.1	19.7	8.4	**33.2**
Translation differences	0.0	(0.6)	0.0	**(0.6)**
Net book amount at 31 December 2021	68.6	81.5	14.8	**164.9**
Cost at 1 January 2022	94.6	249.2	52.8	**396.6**
Accumulated depreciation	26.0	167.0	38.1	**231.1**
Translation differences	0.0	(0.6)	0.0	**(0.6)**
Net book amount at 1 January 2022	68.6	81.5	14.8	**164.9**
Additions from acquisition of companies	0.0	5.7	0.0	**5.7**
Additions	2.8	25.5	30.4	**58.7**
Disposals	0.0	0.0	0.0	**0.0**
Depreciation charge	5.9	26.2	9.7	**41.7**
Translation differences	0.0	0.0	0.0	**0.0**
Net book amount at 31 December 2022	65.5	86.6	35.5	**187.7**
Useful life	25 years	3-7 years	2-7 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 2022, the group had a portfolio of 6 leases (2020: 4) which mainly consist of lease of office premises and manufacturing equipment. At 31 December 2022, the leases had a weighted average remaining lease term of 63 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.

Leases are discounted using the interest rate implicit in the lease agreements or, if that rate cannot be readily determined, the estimated marginal borrowing cost has been used, equivalent to 1M NIBOR 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 2022 and 2021 is summarised below:

Amounts in NOK million	
Lease liabilities at 1 January 2021	23.2
New lease agreements	0.0
Interest expense	0.4
Lease payments	(8.6)
Balance at 31 December 2021	15.0
Lease liabilities at 1 January 2022	15.0
New lease agreements	30.4
Interest expense	0.5
Lease payments	(10.0)
Balance at 31 December 2022	35.8
Current lease liabilities	11.8
Non-current lease liabilities	24.0
Total	35.8

Impairment loss and compensation
There were no impairment losses in 2022 and 2021.

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 2021	332.4	0.0	**332.4**	0.0
Accumulated amortisation	148.6	0.0	**148.6**	0.0
Accumulated impairment	12.3	0.0	**12.3**	0.0
Net book amount at 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
Amortisation charge	33.9	1.9	**35.8**	0.0
Translation differences	(0.7)	0.0	**(0.7)**	0.0
Net book amount at 31 December 2021	198.2	44.2	**242.3**	82.1
Cost at 1 January 2022	393.7	46.1	**439.7**	82.1
Accumulated amortisation	182.5	1.9	**184.4**	0.0
Accumulated impairment	12.3	0.0	**12.3**	0.0
Translation differences	(0.7)	0.0	**(0.7)**	0.0
Net book amount at 1 January 2022	198.2	44.2	**242.3**	82.1
Additions from acquisition of companies	1.0	0.0	**1.0**	2.3
Additions	60.5	0.0	**60.5**	0.0
Amortisation charge	40.1	4.6	**44.8**	0.0
Translation differences	(0.3)	0.0	**(0.3)**	0.0
Net book amount at 31 December 2022	219.2	39.6	**258.8**	84.4
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 46.1 million related to fair value adjustments of trademark and customer relationships.

In 2022, 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 services delivered by iData Kft.

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, including its 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 9.5 per cent 10.7 per cent (2021: 8.6 per cent to 9.9 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. The increase in the discount rates from last year is primarily explained by higher interest rates.

No indication of impairment was identified in 2022 or in 2021. 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 2022.

Goodwill
In 2021, NORBIT made a recognition of NOK 82.1 million in goodwill in connection with the acquisitions of Kilmore Marine Ltd and iData Kft. A further NOK 2.3 million in goodwill was recognised as part of the acquisition of Aursund Maskinering AS in 2022. Acquired companies are integrated into each reporting segment, where Kilmore Marine Ltd and Aursund Maskinering AS are included in segment Oceans and iData Kft in segment Connectivity. Impairment testing was carried out for iData Kft and Kilmore Marine Ltd as the companies represent the only cash-generating units containing material goodwill.

The recoverable amounts are determined based on the higher of the cash-generating units fair value less costs of disposal and value in use. In accordance with IFRS 13, quoted prices in active markets for similar assets have been applied to measure fair value less cost of disposal. Adjustments to the valuation multiples for a group of comparable assets are made to reflect a difference in the cost of capital between comparable assets and the cash-generating units, as well as control premiums to reflect transaction prices in the quoted market.

For value in use, discounted cash flow models are applied, in which management has projected cash flows in the period from 2023 to 2027 based on budget and forecasts. The key assumptions used in the calculations are discussed below.
E

BITDA and investments
EBITDA corresponds to operating profit before depreciation and amortisation expenses, as reported in the consolidated statement of profit and loss. Assumptions with regards to EBITDA projections are made in terms of revenue growth for the products and services sold, as well as the operating costs. Investments are determined based on the expected revenue growth rate applied in the forecast period as part of the business plan. In judging these assumptions, historical data is considered, as well as the expectations about the market development and future conditions.

Terminal value
Terminal value beyond the forecast period is determined applying the average of a terminal value in perpetuity at a growth rate of 2.5 per cent and the lower of an exit multiple in line with the acquisition multiple and trading multiples for similar assets.

Discount rate
The discount rate applied is the weighted average cost of capital for the specific cash-generating units and the industry and country the assets primarily operate in. When estimating the discount rate, a risk-free rate equal to the 10-year local government bond yield is applied, as well as risk premium. The discount rate is further adjusted for country risk, liquidity risk as well as capital structure target. The pre-tax discount rate applied in 2022 for the impairment testing was 14.9 per cent.

Conclusion and sensitivity
For the assets containing goodwill, the recoverable amount estimated far exceeded the carrying value and thus there were no indication of impairment at the balance sheet date. A sensitivity analysis was not performed due to the significant difference between the recoverable amount and the carrying value.

NOTE 14 Inventories

Amounts in NOK million	**2022**	2021
Current assets		
Raw materials and stores	**338.0**	199.0
Work in progress	**12.7**	11.3
Finished goods - at cost	**75.6**	53.0
Book value	**426.3**	263.2
Inventory held at cost	**432.0**	267.4
Obsolescence raw materials	**(5.1)**	(3.7)
Obsolescence finished goods	**(0.6)**	(0.5)
Book value	**426.3**	263.2

Amounts in NOK million	**2022**	2021
Spesification of raw materials and consumables used		
Purchase of goods	**704.5**	455.8
Freight, customs etc.	**8.1**	6.1
Change of inventories	**(163.1)**	(98.6)
Total	**549.5**	363.3

NOTE 15 Financial assets and financial liabilities

Financial assets

Amounts in NOK million	**2022**	2021
Financial assets at fair value		
Aptomar do Brazil	**-**	0.1
Tangen Næringsbygg AS	**0.1**	0.1
ProVenture Seed III AS	**0.5**	-
Total shares in other companies (through OCI)	**0.6**	0.2
Financial assets at amortised cost		
Trade receivables	**168.0**	154.9
Cash and cash equivalents	**41.7**	21.7
Total	**209.7**	176.6

Financial liabilities

Amounts in NOK million	**2022**	2021
Liabilities at amortised cost		
Trade payables	**132.6**	100.2
Interest-bearing borrowings	**337.4**	288.2
Lease liabilities	**35.8**	15.0
Other payables	**63.0**	40.0
Total	**568.9**	443.4

NOTE 16 Trade receivables

Amounts in NOK million	**2022**	2021
Current assets		
Trade receivables	**178.9**	163.1
Loss allowance	**(10.9)**	(8.1)
Total	**168.0**	154.9

Amounts in NOK million	**2022**	2021
Not due	**109.9**	118.1
1-30 days past due date	**37.4**	16.4
31-60 days past due date	**7.7**	8.7
60+ days past due date	**23.8**	19.9
Total	**178.9**	163.1

During 2022, NORBIT made NOK 2.9 million in provisions relating to expected loss on accounts receivables.
Total provisions stood at NOK 10.9 million at year-end 2022, representing 6.1 per cent of the par value of accounts receivables.

NOTE 17 Cash and cash equivalents

Restricted cash and cash equivalents were NOK 8.2 million at year-end 2022 (NOK 8.4 million in 2021) for the group.
Restricted bank deposits are tax deductions made on behalf of employees.

Amounts in NOK million	**2022**	2021
Bank deposits payable on demand	**33.5**	13.2
Bank deposits restricted to tax payments	**8.2**	8.4
Total	**41.7**	21.7

NOTE 18 Interest-bearing borrowings

	2022		
Amounts in NOK million	Current	Non-current	**Total**
Revolving credit facility	-	90.0	**90.0**
Overdraft facility	140.6	-	**140.6**
Term loan	3.7	46.7	**50.4**
Seller's credit	32.6	-	**32.6**
Other borrowings	5.9	17.9	**23.8**
Total interest-bearing borrowings	182.8	154.6	**337.4**

	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**

The group had four main loan facilities per the balance sheet date, comprising of a long-term revolving credit facility (RCF), a multi-currency short-term overdraft facility and two term loans. The credit limits are NOK 200 million and NOK 350 million on the RCF and overdraft facility, respectively. In addition, a NOK 120 million term loan was not drawn on at the end of the year.

NORBIT had drawn NOK 140.6 million on the overdraft facility at 31 December 2022, while NOK 90.0 million was drawn on the RCF. NOK 50.4 million was outstanding on one of the term loans.

The RCF and one term loan are priced at 3M NIBOR + 1.8 per cent margin p.a., the overdraft facility is priced at a 1M reference rate (NOK, USD and EUR) + 1.4 per cent margin p.a, while the NOK 120 million term loan is priced at 3M NIBOR + 2.15 per cent margin p.a.

The maturity date for the RCF is February 2025, July 2024 for the first term loan and June 2026 for the NOK 120 million term loan. The two term loans amortise over 15 and 7 years, respectively. The overdraft facility is refinanced each year on a rolling basis.

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

Assets pledged as security

Amounts in NOK million	**2022**	2021
Secured interest-bearing borrowings		
Long term debt	**154.6**	132.5
Short term debt	**150.1**	95.5
Total secured borrowings	**304.7**	228.0

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

Amounts in NOK million	**2022**	2021
Current		
Receivables	**120.1**	117.0
Inventories	**413.2**	254.2
Total current assets pledged as security	**533.3**	371.2
Non-current		
Property, plant and equipment	**128.4**	130.7
Total non-current assets pledged as security	**128.4**	130.7
Total assets pledged as security	**661.7**	501.9

NOTE 19 Other current liabilities

Amounts in NOK million	**2022**	2021
Payroll tax and other statutory liabilities	**18.2**	8.8
Holiday pay accrual	**19.5**	17.4
Prepayments from customers	**7.7**	5.4
Warranty provisions	**4.5**	4.5
Other payables and accruals	**43.6**	23.7
Total	**93.3**	59.7

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	**2022**	2021
Equity ratios at 31 December		
Total equity	**599.3**	497.9
Total assets	**1 220.8**	976.9
Equity ratio	**49%**	51%

Amounts in NOK million	**2022**	2021
NIBD ratios at 31 December		
Interest bearing borrowings	**337.4**	288.2
Lease liabilities	**35.8**	15.0
Cash and cash equivalents	**41.7**	21.7
NIBD	**331.5**	281.5
EBITDA*	**235.3**	152.8
NIBD to EBITDA ratio	**1.41**	1.84

* *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 at year-end 2022 and 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 0.70 per share is paid as dividend for the financial year 2022, or NOK 41.2 million, representing 38.4 per cent of net profit after tax.

In 2022, NORBIT paid NOK 0.30 per share in dividends to the shareholders (NOK 17.5 million) for the financial year 2021, representing 36.1 per cent of net profit after tax.

NOTE 21 Business combinations

Kilmore Marine Ltd
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's 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

iData

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 below. 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 2021, 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

Amounts in NOK million	
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

Nicarnica Aviation AS

In March 2022, NORBIT ASA acquired 100 per cent ownership in Nicarnica Aviation AS, a Norwegian technology company that has developed remote sensing solutions for detecting hazardous emissions. The technology broadens and complements the existing environmental monitoring solutions developed by segment Oceans. The total consideration for the shares was NOK 0.9 million, paid in cash to the sellers. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition.

Purchase price allocation:

Amounts in NOK million	
Nicarnica Aviation AS	
Cash consideration	0.9
Total	0.9

Amounts in NOK million	
Recognised amount of identifiable assets and acquired liabilities assumed*	
Intangible assets	1.0
Deferred tax asset	2.0
Cash and cash equivalents	0.0
Interest-bearing borrowings	(1.6)
Trade payables	(0.4)
Other current liabilities	(0.1)
Total identifiable net assets	0.9
Cash and cash equivalents in acquired business	0.0
Total cash outflow from acquisition of business	0.9

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

Aursund Maskinering AS

In November 2022, NORBIT ASA acquired 100 per cent ownership in Aursund Maskinering AS. The company has been a key supplier for segment Oceans for several years. The total consideration for the shares was NOK 9.3 million and was paid through a combination of cash and an interest-free sellers credit. Half of the sellers' credit is due November 2023, while the remainder is due November 2024. The purchase price and fair value of assets and liabilities acquired are presented in the table below. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 2.3 million. In 2021, Aursund Maskinering reported revenues of NOK 8.1 million and an EBITDA of NOK 1.6 million (Norwegian GAAP). Aursund Maskinering is reported under segment Oceans.

Purchase price allocation:

Amounts in NOK million	
Aursund Maskinering AS	
Cash consideration	3.7
Sellers credit	5.6
Total	9.3

Amounts in NOK million	
Reconised amount of identifiable assets and acquired liabilities assumed*	
Property, plant and equipment	5.7
Inventory	1.7
Trade receivables	2.1
Other receivables	0.1
Cash and cash equivalents	1.5
Deferred tax liability	(0.3)
Interest-bearing borrowings	(1.1)
Trade payables	(0.1)
Other short-term debt	(2.6)
Total identifiable net assets	7.0
Goodwill	2.3
Cash and cash equivalents in acquired business	1.5
Total cash outflow from acquisition of business	7.8

** 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 at 31 December 2022. 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		**2022**	2021	**2022**	2021
Associated company	**Head office**				
Kvikna Consulting Ehf.	Reykavik	**33%**	33%	**0.7**	0.9
Norbit Germany GmbH	Hamburg	**50%**	50%	**-**	-
Total				**0.7**	0.9

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 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 2022 or 2021.

Share of profits from associates

Amounts in NOK million	**2022**	2021
Kvikna Consulting Ehf.	**(0.2)**	0.1
Norbit Germany GmbH	**-**	(0.4)
Share of profit from associates	**(0.2)**	(0.3)

NOTE 23 Share capital and shareholder information

Share capital and share premium
The share capital in NORBIT ASA at 31 December 2022 consists of one share class with a total of 58 901 139 shares with a face value of NOK 0.10 with a total share capital of NOK 5 890 113.90.

Number of shares	**2022**	2021
Ordinary shares		
Fully paid	**58 901 139**	58 459 302
Total number of shares	**58 901 139**	58 459 302

Movements in ordinary shares

Amounts in NOK million	Number of shares	Par value	Share premium	**Total**
Details				
Opening balance at 1 January 2021	56 786 918	5.7	275.4	**281.1**
Ordinary issue	1 672 384	0.2	33.3	**33.5**
Balance at 31 December 2021	58 459 302	5.8	308.8	**314.6**
Ordinary issue	441 837	0.0	11.2	**11.2**
Balance at 31 December 2022	58 901 139	5.9	319.9	**325.8**

In 2022 and based on the authorisations granted at the Annual General Meeting in May 2022, board of directors resolved to increase the company's share capital by NOK 6 112.90 in connection with exercise of restricted stock units through the issuance of 61 129 new shares, each with a par value of NOK 0.10. This represented 0.1 per cent of the total share capital prior to the transaction.

The board also resolved to increase the company's share capital by NOK 38 070.80, in connection with incentive share purchase programs for employees, through the issuance of 380 708 new shares, each with a par value of NOK 0.10. This represented 0.7 per cent of the total share capital prior to the transaction.

Following these share capital increases, the company's share capital at 31 December 2022 is NOK 5 890 113.90, divided into 58 901 139 shares, each with a par value of NOK 0.10.

Treasury shares
At the Annual General Meeting in 2022, the board of directors was granted the authorisation to acquired treasury shares by up to 10 per cent of the share capital on behalf of the company. In connection with the exercise of restricted stock units and simultaneous share issue to the executive management team, NORBIT ASA repurchased 16 832 shares at a price of NOK 27.00 per share. At 31 December 2022, the company held 16 832 treasury shares.

Number of shares	**2022**	2021
Treasury shares		
Opening balance at 1 January	**-**	-
Own shares purchased	**16 832**	-
Balance at 31 December 2022	**16 832**	-

RETAINED EARNINGS

Movements in retained earnings were as follows:

Amounts in NOK million	**2022**	2021
Balance at 1 January	**183.3**	155.2
Net profit for the period	**106.7**	47.9
Other comprehensive income	**1.5**	(3.2)
Treasury shares	**(0.5)**	-
Other changes in equity	**-**	0.4
Dividends	**(17.5)**	(17.0)
Balance at 31 December	**273.5**	**183.3**

The shareholders in NORBIT ASA were as follows at 31 December 2022:

Shareholder	Shares	Pecentage
VHF Invest AS	7 686 495	13.0%
Petors AS (100% owned by CEO Per Jørgen Weisethaunet)	7 000 000	11.9%
Reitan Kapital AS	5 829 083	9.9%
Draupnir Invest AS	5 102 949	8.7%
J.P. Morgan SE	3 280 771	5.6%
Esmar AS	3 162 286	5.4%
Eidco AS	3 062 286	5.2%
The Bank of New York Mellon SA/NV	2 825 817	4.8%
J.P. Morgan SE	1 480 247	2.5%
Citibank	1 056 409	1.8%
Danske Invest Norge Vekst	971 400	1.6%
Danske Bank A/S (of which 786 539 shares controlled by BUD Peter K. Eriksen)	795 208	1.4%
Clearstream Banking S.A.	725 365	1.2%
Usegi AS (100% owned by CTO Arild Søraunet)	721 989	1.2%
J.P. Morgan SE	720 392	1.2%
Sonstad AS	679 000	1.2%
Carnegie Investment Bank AB	627 216	1.1%
The Bank of New York Mellon SA/NV	607 930	1.0%
Danske Bank A/S	525 000	0.9%
Saxo Bank A/S	508 309	0.9%
Total 20 largest	**47 368 152**	**80.4%**
Other	11 532 987	19.6%
Total outstanding shares	**58 901 139**	**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 2022, the group purchased legal services of NOK 2.7 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 2022 or 2021.

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

Amounts in NOK million	**2022**	2021
Trade receivables	**0.9**	-
Trade payables	**0.6**	0.8
Revenues	**4.5**	-
Operating expenses	**4.6**	4.6

NOTE 25 Share-based arrangements

Share incentive programs to employees
At the general meeting held 4 May 2022, 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 2022 to be held 4 May 2023.

In July 2022, the board of directors approved and implemented an incentive share purchase programs for all eligible employees in NORBIT for the fiscal year 2022, 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 24 months. The offer price (before discount) for the new shares was NOK 24.89, corresponding to the five-day average volume weighted price of the NORBIT ASA share prior to 20 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 25.15, corresponding to the five-day average volume weighted price of NORBIT ASA's share prior to 27 June. NORBIT did not provide financing for the second program.

In connection with the programs, the board of directors resolved to issue new 380 708 new shares, of which 83 829 under program 1 and 296 879 under program 2. This represented 0.7 per cent of the total share capital prior to the transaction.

Share-based remuneration to corporate management
In accordance with the authorisation granted at the company's Annual General Meeting, the board of directors has implemented a share-based incentive program for corporate management consisting of the award and issuance of restricted stock units ('RSU'). One RSU granted gives a contingent entitlement to one NORBIT ASA share free of charge. The number of RSUs awarded are based on a set of predetermined and measurable performance criteria in the accruing year and the group's achievements of certain quantitative and qualitative goals. Each RSU granted is restricted and follows a vesting schedule. The RSUs granted will vest over a period of three years following the accrual year, where 1/3 of the RSUs will vest immediately after the first general meeting following the accruing year, 1/3 is released the year after, and the final 1/3 released 12 months after that. The fair value of the RSU entitlements is established when they are awarded and charged to profit and loss over the vesting period.

At December 31, 2022, there were 106 840 restricted stock units ('RSUs') outstanding. Half will vest in the second quarter of 2023, while the remaining half will vest in second quarter 2024. In 2022, NOK 4.1 million was charged to the profit and loss through a combination of paid and accrued compensation.

Movements of of the number of RSUs outstanding

Number of RSUs	**2022**	2021
1 January	**-**	-
Granted during the yer	**183 395**	-
Released during the year	**(61 129)**	-
Cancelled	**(15 426)**	-
Adjustments	**-**	-
Total	**106 840**	-

Outstanding RSUs in the executive management team

Number of RSUs	Outstanding per 01.01	Granted	Released	Cancelled	Adjustments	Outstanding per 31.12
Per Jørgen Weisethaunet (Group CEO)	-	40 069	(13 356)	-	-	26 713
Per Kristian Reppe (Group CFO)	-	27 158	(9 052)	-	-	18 106
Peter K. Eriksen (BUD Oceans)	-	42 338	(14 112)	-	-	28 226
Stein M. Beyer (BUD PIR and Group COO)	-	27 682	(9 227)	-	-	18 455
Peter Tschulik (BUD Connectivity)*	-	23 139	(7 713)	(15 426)	-	0
Arild Søraunet (Group CTO)	-	23 009	(7 669)	-	-	15 340
Total	-	183 395	(61 129)	(15 426)	-	106 840

** Business Unit Director Connectivity until November 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.

Board of directors compensation 2022

Amounts in NOK thousand	**2022**	2021
Finn Haugan	**540**	515
Bente Avnung Landsnes	**375**	325
Tom Solberg	**190**	165
Trond Tuvstein	**250**	200
Marit Collin	**190**	165

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, a ceiling has been set for variable pay and performance bonus remuneration.

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 other than financing available through one of the incentive programs open for all eligible employees in the group.

Compensation to the executive management team for 2022 and 2021 is set out below and is reported as expensed in the financial year.

For further information, refer to NORBIT's Remuneration Report to be published to the general meeting 4 May 2023, 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 2022.

		Fixed salary paid			Variable pay		
Amounts in NOK million		Salary [1]	Pension benefits	Other benefits	Performance-based bonus [2]	Other bonus [3]	**Total**
Per Jørgen Weisethaunet (Group CEO and	2022	3.1	0.1	0.0	1.3	-	**4.5**
business unit director Connectivity)	2021	3.0	0.1	0.0	0.5	-	**3.6**
Per Kristian Reppe	2022	2.3	0.1	0.0	0.9		**3.3**
(Group CFO)	2021	2.0	0.1	0.0	0.3	0.2	**2.6**
Arild Søraunet	2022	1.8	0.1	0.0	0.8	-	**2.7**
(Group CTO)	2021	1.7	0.1	0.0	0.3	-	**2.1**
Peter Koldgaard Eriksen	2022	3.4	0.1	0.1	1.4	-	**5.1**
(Business unit director Oceans) [4]	2021	3.7	0.1	0.1	0.5	0.6	**5.0**
Peter Tschulik	2022	1.8	0.0	-	0.2	-	**2.0**
(Business unit director Connectivity) [5]	2021	1.8	0.0	-	0.3	-	**2.1**
Stein Martin Beyer	2022	2.0	0.1	0.1	0.9	-	**3.1**
(Business unit director PIR and group COO)	2021	2.0	0.1	0.0	0.4	-	**2.5**

1) Salaries as expensed, excluding social security taxes.
2) Variable performance-based cash and equity bonus during the year under the incentive program, excluding social security expenses and as expensed.
3) Other cash bonus in the year outside the incentive program, excluding social security expenses.
4) Remuneration in USD, translated to NOK.
5) 2022 renumeration from 1.1-30.11. Remuneration in EUR, translated to NOK – Peter Tschulik is entitled to one year severance payment.

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) at 31 December 2022. 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 are subject to a lock-up of 24-months.

Name	Shares subject to lock-up	Shares not subject to lock-up	Total shares at year-end	Percentage
Board of directors				
Finn Haugan	-	93 998	93 998	0.16%
Bente Avnung Landsnes	-	69 473	69 473	0.12%
Trond Tuvstein (through TTU Invest AS)	-	32 894	32 894	0.06%
Magnus Reitan (through Reitan Kapital AS)	-	5 829 083	5 829 083	9.90%
Christina Hallin	-	-	-	0.00%
Tom Solberg (through Mariteam AS)	-	65 789	65 789	0.11%
Total shares held by board of directors	-	6 091 237	6 091 237	10.34%
Executive management				
Per Jørgen Weisethaunet (through Petors AS)	-	7 007 893	7 007 893	11.90%
Per Kristian Reppe	1 004	52 951	53 955	0.09%
Peter K. Eriksen (through Danske Bank A/S)	-	786 539	786 539	1.34%
Stein M. Beyer	1 004	307 712	308 716	0.52%
Arild Søraunet (ownership through Usegi AS)	-	725 823	725 823	1.23%
Julie Dahl Benum	-	-	-	0.00%
Total shares held by executive management	2 008	8 880 918	8 882 926	15.08%

NOTE 27 Contingencies and claims

The group was not involved in any material contingencies or legal claims at 31 December 2022 or 31 December 2021.

NOTE 28 Government grants

The group received government grants of a total of NOK 14.1 million in 2022 (NOK 6.8 million in 2021).

NOTE 29 Events after the balance sheet date

- Segment Connectivity received a NOK 150 million order for On-Board Units with delivery in the first half of 2023. Discussions are ongoing with respect to additional volume deliveries in the second half of 2023.
- NORBIT announced the closing of the acquisition of the IoT start-up CPS AS. The transaction valued CPS at an enterprise value of NOK 13.0 million, implying an equity value of NOK 12.6 million. The acquisition was financed by the issuance of consideration shares at a price equal to NOK 30.25107 per share with a total value of NOK 9.0 million, and NOK 3.6 million was paid in cash.

FINANCIAL STATEMENTS NORBIT ASA

STATEMENT OF INCOME – NORBIT ASA

Amounts in NOK million	*Note*	**2022**	2021
Revenue	*3*	**31.0**	25.3
Employee benefit expenses	*4*	**38.7**	26.6
Depreciation and amortisation expenses	*5*	**1.1**	0.9
Other operating expenses	*6*	**30.7**	31.7
Operating profit		**(39.5)**	(33.8)
EBITDA			
Financial income	*7*	**168.4**	108.5
Financial expenses	*7*	**7.8**	24.9
Net financial items		**160.6**	83.7
Profit before tax		**121.2**	49.8
Income tax expense	*8*	**28.4**	17.0
Profit for the period		**92.8**	32.8
Allocated to:			
Dividends	*9*	**41.2**	17.5
Transferred to/from other equity	*9*	**51.6**	15.3
Total allocation		**92.8**	32.8

STATEMENT OF FINANCIAL POSITION – NORBIT ASA

Amounts in NOK million	*Note*	**31.12.2022**	31.12.2021
ASSETS			
Office equipment	*5*	**2.3**	2.5
Intangible assets	*5*	**0.8**	0.7
Deferred tax asset	*8*	**0.1**	0.1
Investments in associated companies	*10*	**0.0**	0.0
Investments in subsidiaries	*10*	**272.8**	264.0
Loan to group companies	*10*	**158.8**	91.2
Investment in shares		**0.5**	0.0
Total non-current assets		**435.4**	358.5
Trade receivables		**2.3**	1.0
Receivables on group companies	*10*	**428.0**	286.8
Other receivables		**2.4**	2.1
Cash and cash equivalents	*11*	**1.1**	1.0
Total current assets		**433.8**	290.8
Total assets		**869.2**	649.3
LIABILITIES			
Trade payables		**2.2**	1.5
Interest-bearing borrowings	*12*	**140.6**	86.5
Tax payable	*8*	**12.0**	8.4
Other current liabilities		**92.6**	26.1
Total current liabilities		**247.5**	122.5
Other borrowings		**2.6**	0.0
Interest-bearing borrowings	*12*	**90.0**	60.0
Total non-current liabilities		**92.6**	60.0
Total liabilities		**340.1**	182.5
EQUITY			
Share capital	*9*	**5.9**	5.8
Share premium	*9*	**319.9**	308.8
Other equity	*9*	**203.3**	152.2
Total equity		**529.1**	466.8
Total equity and liabilities		**869.2**	649.3

Trondheim, Norway, 29 March 2023
The board of directors and CEO
NORBIT ASA

Finn Haugan
Chair of the board

Bente Avnung Landsnes
Deputy chair of the board

Christina Hallin
Director

Trond Tuvstein
Director

Magnus Reitan
Director

Per Jørgen Weisethaunet
Chief executive officer

STATEMENT OF CASH FLOWS – NORBIT ASA

Amounts in NOK million	*Note*	**2022**	2021
Cash flow from operations			
Profit before income taxes		**121.2**	49.8
Taxes paid in the period		**(8.4)**	0.0
Depreciation and amortisation expenses	*5*	**1.1**	0.9
Impairment of financial assets		**0.0**	20.5
Changes in other operating assets and liabilities		**46.2**	6.0
Net cash generated by operating activities		**160.2**	77.2
Cash flow from investments			
Payments for office equipment and intangible assets	*5*	**(1.1)**	(1.7)
Purchase of shares and investments in other group companies		**(25.6)**	(23.3)
Payment of group receivables (long/short term)		**(67.7)**	(112.9)
Net cash (used in)/generated by investing activities		**(94.4)**	(137.9)
Cash flow from financing			
Proceeds from issue of equity instruments of the company	*9*	**9.1**	33.5
Net change in overdraft facility	*12*	**54.0**	35.7
Proceeds from borrowings	*12*	**30.0**	34.2
Payment to group companies	*10*	**(141.2)**	(22.0)
Dividends paid	*9*	**(17.5)**	(17.0)
Repayment of borrowings	*12*	**0.0**	(3.4)
Net cash (used in)/generated by financing activities		**(65.6)**	60.9
Net change in cash and cash equivalents		**0.1**	0.2
Net increase in cash and cash equivalents		**0.1**	0.2
Cash and cash equivalents at the beginning of the period		**1.0**	0.8
Cash and cash equivalents at the end of the period	*11*	**1.1**	1.0

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 policies

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 recognised if all the following conditions are satisfied:

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

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

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

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

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

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

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

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

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

PENSIONS
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). tax). Deferred tax is recognised at nominal amount.

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

NOTE 03 Revenues

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

NOTE 04 Payroll expenses, number of employees and benefits

Amounts in NOK million	**2022**	2021
Salaries/wages	**31.9**	22.2
Payroll tax	**4.6**	3.2
Pension expenses	**1.2**	0.9
Other remuneration	**1.0**	0.3
Total employee benefit expenses	**38.7**	26.6
The number of FTEs in the financial year has been	**22**	18

Remuneration to executives

	2022		2021	
Amounts in NOK million	**CEO**	**Board**	CEO	Board
Salaries	**3.1**	**-**	3.0	-
Share-based payments and bonuses	**1.3**	**-**	0.5	-
Board fees	**-**	**1.5**	-	1.4
Pension expenses	**0.1**	**-**	0.1	-
Other remuneration	**0.0**	**-**	0.0	-
Total	**4.5**	**1.5**	3.6	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 Tangible and intangible assets

Amounts in NOK million	Patents	Office equipment	Buildings	**Total**
Purchase cost per 1 January	0.7	4.9	0.4	**6.0**
Additions	0.2	0.9	0.0	**1.1**
Disposals	0.0	0.0	0.0	**0.0**
Purchase cost per 31 December	0.8	5.8	0.4	**7.1**
Accumulated depreciation per 31 December	0.0	3.7	0.2	**3.9**
Net book value per 31 December	0.8	2.1	0.2	**3.1**
Depreciation in the year		1.0	0.1	**1.1**
Estimated useful life	Indefinite	3-5 years	3-5 years	
Depreciation plan	N/A	Linear	Linear	

NOTE 06 Other operating expenses

Amounts in NOK million	**2022**	2021
Office premises	**9.9**	8.0
External services	**16.7**	19.4
Audit fees	**0.5**	1.1
Marketing	**0.6**	0.6
Other operating expenses	**2.9**	2.6
Total other operating expenses	**30.7**	31.7

Expensed audit fee

Amounts in NOK million	**2022**	2021
Audit fee	**0.5**	0.4
Tax advisory fee	**0.0**	0.0
Non-audit services	**0.0**	0.7
Total audit fees	**0.5**	1.1

NOTE 07 Financial income and financial expenses

Amounts in NOK million	**2022**	2021
Financial income - investment in subsidiaries	**158.6**	100.9
Interest income from group companies	**6.2**	1.2
Other interest income	**3.6**	2.1
Other financial income	**0.0**	4.4
Total financial income	**168.4**	108.5
Impairment of shares in subsidiaries	**0.0**	(20.0)
Other interest expenses	**(4.4)**	(1.4)
Other financial expenses	**(3.4)**	(3.5)
Total financial expenses	**(7.8)**	(24.9)
Total net financial items	**160.6**	83.7

NOTE 08 Taxes

Calculation of deferred tax/deferred tax benefit

Amounts in NOK million	**2022**	2021
Temporary differences		
Tangible	**(0.5)**	(0.4)
Net temporary differences	**(0.5)**	(0.4)
Basis for deferred tax	**(0.5)**	(0.4)
Basis for income tax expense, changes in deferred tax and tax payable		
Profit/(loss) before taxes	**121.2**	49.8
Permanent differences	**7.9**	27.6
Basis for the tax expense for the year	**129.0**	77.5
Change in temporary differences	**0.1**	0.1
Basis for payable taxes in the income statement	**129.2**	77.6
+/- Group contributions received/given	**(74.4)**	(39.5)
Taxable income (basis for payable taxes in the balance sheet)	**54.8**	38.1
Components of the income tax expense		
Payable tax on this year's profit/(loss)	**28.4**	17.1
Change in deferred tax	**(0.0)**	(0.1)
Tax expense	**28.4**	17.0
Payable tax in the tax charge	**28.4**	17.1
Tax effect of group contribution	**(16.4)**	(8.7)
Payable tax in the balance sheet	**12.0**	8.4
Reconciliation of the tax expense		
Tax expense based on current year tax rate	**26.7**	11.0
Tax effect of permanent differences	**1.7**	6.1
Tax expense	**28.4**	17.0

NOTE 09 Equity

Change in equity for the year

Amounts in NOK million	Share capital	Share premium	Other equity	**Total**
Equity at 1 January	5.8	308.8	152.2	**466.8**
Ordinary share issue	0.0	11.2	0.0	**11.2**
Treasury shares	0.0	0.0	(0.5)	**(0.5)**
Profit for the year	0.0	0.0	92.8	**92.8**
Dividends	0.0	0.0	(41.2)	**(41.2)**
Equity at 31 December	5.9	319.9	203.3	**529.1**

The parent company's share capital consists of 58 901 139 shares with a par value of NOK 0.10. The board of directors has proposed that NOK 0.70 per share is paid as dividend for the financial year 2022 (NOK 41.2 million).

As per the same date, NORBIT ASA held 16,832 own shares. At December 31, 2022, there were 106 840 restricted stock units ('RSUs') outstanding. Half will vest in the second quarter of 2023, while the remaining half will vest in second quarter 2024. The RSUs are included in the calculation of diluted earnings per share.

In 2022 and based on the authorisations granted at the Annual General Meeting in May 2022, board of directors resolved to increase the company's share capital by NOK 6 112.90 in connection with exercise of restricted stock units through the issuance of 61 129 new shares, each with a par value of NOK 0.10. This represented 0.1 per cent of the total share capital prior to the transaction.

The board also resolved to increase the company's share capital by NOK 38 070.80, in connection with incentive share purchase programs for employees, through the issuance of 380 708 new shares, each with a par value of NOK 0.10. This represented 0.7 per cent of the total share capital prior to the transaction.

NOTE 10 Investments in subsidiaries and associated companies

Value in NOK thousand	Business office	Ownership/ voting right	Equity (100%)	Profit/(loss) (100%)	**Book value**
Subsidiary					
NORBIT Subsea AS	Trondheim	100.00%	58.6	84.2	**84.9**
NORBIT ITS AS	Trondheim	100.00%	61.2	5.3	**81.3**
NORBIT EMS AS	Selbu/Røros	100.00%	87.6	28.0	**66.9**
NORBIT ODM AS	Trondheim	100.00%	13.1	5.2	**7.7**
NORBIT Aptomar AS	Trondheim	100.00%	46.0	(4.6)	**8.7**
Fenrits AS	Trondheim	100.00%	0.9	0.0	**1.4**
NORBIT NV AS	Trondheim	100.00%	0.3	0.0	**0.6**
NORBIT Kabelpartner AS	Trondheim	100.00%	5.3	6.9	**3.5**
NORBIT Nicarnica AS	Trondheim	100.00%	15.3	16.4	**0.9**
Aursund Maskinering AS	Trondheim	100.00%	7.1	0.0	**9.3**
NORBIT GmbH	Vienna	100.00%	0.1	0.2	**0.5**
NORBIT s.r.l	Lanciano	100.00%	0.1	0.0	**0.1**
NORBIT Hungary Kft.	Budapest	100.00%	(2.8)	(3.1)	**0.1**
NORBIT Sweden AB	Gothenburg	100.00%	0.0	0.0	**0.1**
NORBIT Singapore Ltd.	Singapore	100.00%	0.6	0.2	**0.1**
NORBIT Poland Sp. z.o.o.	Gdansk/Sopot	100.00%	2.0	0.5	**0.0**
NORBIT US Ltd.	Santa Barbara	100.00%	8.4	5.4	**0.0**
NORBIT China Co., Ltd	Shanghai	100.00%	0.3	0.1	**0.2**
NORBIT Ltd (Kilmore Marine Ltd)	Aberdeen	100.00%	3.8	0.7	**6.4**
NORBIT Holding Kft	Budapest	100.00%	(18.8)	(9.3)	**0.1**
NORBIT Czezh Republic s.r.o	Brno	100.00%	0.0	0.0	**0.0**
NORBIT Denmark ApS	Copenhagen	100.00%	0.2	0.2	**0.1**
Book value at 31 December					**272.8**
Associated companies					
Kvikna Consulting Ehf.	Reykjavik	33.33%	0.8	(0.1)	**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	**2022**	2021	**2022**	2021
Group companies	**2.3**	1.0	**428.0**	286.8
Sum	**2.3**	1.0	**428.0**	286.8

	Trade payables		Other short-term liabilities	
Amounts in NOK million	**2022**	2021	**2022**	2021
Group companies	**0.0**	0.0	**0.0**	0.0
Sum	**0.0**	0.0	**0.0**	0.0

	Non current receivables		Non current liabilities	
Amounts in NOK million	**2022**	2021	**2022**	2021
Group companies	**158.8**	91.2	**0.0**	0.0
Sum	**158.8**	91.2	**0.0**	0.0

NOTE 11 Restricted bank deposits

Restriced bank deposits

Amounts in NOK million	**2022**	2021
Bank deposits restricted to tax payments	**1.1**	1.0

NOTE 12 Receivables and liabilities

Receivables with maturity later than one year

Amounts in NOK million	**2022**	2021
Loans to companies in the same group	**158.8**	91.2
Sum		
Interest-bearing borrowings		
Overdraft facility	**140.6**	86.5
Revolving credit facility	**90.0**	60.0
Sum	**230.6**	146.5
Debt secured by mortgage		
Long-term debt	**90.0**	60.0
Short-term debt	**140.6**	86.5
Total	**230.6**	146.5
Book value of pledged assets		
Fixed assets	**2.1**	2.2
Receivables	**430.3**	287.8
Sum	**432.4**	290.0

The parent company has three loan facilities, comprising of a long-term revolving credit facility (RCF), a short-term overdraft facility and a term loan. The facilities have credit limits of NOK 200 million, NOK 350 million and NOK 120 million, respectively. NOK 140.6 million was drawn on the overdraft facility at 31 December 2022, while NOK 90.0 million was drawn on the RCF. The term loan was not drawn on at 31 December 2022.

The RCF is priced at 3M NIBOR + 1.8 per cent margin p.a., the overdraft facility is priced at 1M reference rate (NOK, USD and EUR) + 1.4 per cent margin p.a., while the term loan is priced at 3M NIBOR + 2.15 per cent margin p.a. The maturity date for the RCF is February 2025 and June 2026 for the NOK 120 million term loan. The term loan amortise over 7 years. The overdraft facility is refinanced each year on a rolling basis.

NOTE 13 Forward contracts

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

NOTE 14 Transactions with related parties

Related-party transactions:

Amounts in NOK million	**2022**	2021
Sales of goods and services		
Revenue from licenses, management fees and services to group companies	**31.0**	25.3

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 2022 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 2022 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, 29 March 2023
The board of directors and CEO
NORBIT ASA

Finn Haugan *Chair of the board*	Bente Avnung Landsnes *Deputy chair of the board*	Christina Hallin *Director*
Trond Tuvstein *Director*	Magnus Reitan *Director*	Per Jørgen Weisethaunet *Chief executive officer*

AUDITOR'S REPORT

To the General Meeting of NORBIT ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company NORBIT ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of NORBIT ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2022, the statement of income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements 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 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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 relevant laws and regulations in Norway 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 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.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 MVA, www.pwc.no
Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

We have been the auditor of the Company for 14 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.

Valuation of intangible assets has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year. Additionally, *Valuation of Inventory* is considered to be a new key audit matter this year due to the significance of the inventory balance to the financial statement, and the application of management judgment as it relates to determination of fair value.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of intangible assets	
Intangible assets mainly consist of self-developed software and hardware used in own products. The value represents approximately 21% of the Group's total assets, with a book value of mNOK 258,8 at 31 December 2022. No impairments have been recognized in 2022 as management's analysis concluded that there were no impairment indicators present. The value of intangible assets depends on future income. We focused on valuation of intangible assets due to the significance of the amount and because management's valuation depends on discretionary assumptions, such as 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 documented evaluation of whether impairment indicators related to the intangible assets were present. Management's evaluation was performed per group of intangible assets. Furthermore, the main assumptions made by management to identify possible impairment indicators were documented. Our assessment suggested that management's model was based on a 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 assess the accuracy of the budgets, we compared historical year-end results with previous years' budgets. To evaluate assumptions about future income and costs, we analyzed whether the budgets were based on historical income and considered whether the growth assumptions were reasonable. We found that the assumptions were aligned with historical results and in line with budgets, and that there was a reasonable alignment between the historical year-end results and respective budgets. The discount rate used was assessed against empirical data and expectations about the future return, relevant risk premium and gearing ratio. We concluded that the used discount rate was reasonable.

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

Valuation of inventory	
The Group's inventory represents approximately 35% of total asset value, with a book value of mNOK 426,3 at 31 December 2022. Inventory consists of raw materials, work in progress and finished goods, and is valued at the lower of cost and net realizable value. We focused on valuation of inventory due to the significance of the amount and because determination of fair value requires application of management judgement. For a description of the inventory's composition and provision for obsolescence, refer to note 14.	We observed the Group's routines for physical inventory count including performing sample-based test counts and testing of the company's internal control related to rolling inventory counts. These activities enabled us to determine quantity and existence of the inventory. To test management's valuation of raw materials, we checked a sample book values against invoices. To test valuation of work in progress and finished goods, we considered the method used to compute the value. Furthermore, we tested the input data in the calculations against incoming invoices and hourly rates used. We noted no material errors. We also reviewed and evaluated management's method for identification and calculation of obsolescence. The method is partially based on experience and partially on models where inventory turnover is a key component. We challenged management by discussing the total size of the booked obsolescence with them. Through our presence at the inventory count, we checked whether damaged goods were identified, assessed and valued. Furthermore, we tested the provision for obsolescence against a specification of identified obsolete goods including overviews of goods with a low turnover. We also performed an analysis of the level of obsolescence provision compared to previous years. Our work did not detect significant deviations. We read the relevant notes and found the information and explanations provided consistent and sufficient.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. 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 nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. 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 statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

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 and 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's 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 Requirement on European Single Electronic Format (ESEF)

Opinion
As part of the audit of the financial statements of NORBIT ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "254900C08RCMXVZYFY97-2022-12-31-en.zip", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

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, 29 March 2023
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	2023-03-29 20:01

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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.

AVERAGE PRE-TAX RETURN ON CAPITAL EMPLOYED

Average pre-tax return on capital employed is defined as EBIT divided by average capital employed in the financial year. Capital employed is defined as the sum of total equity, plus interest-bearing borrowings and lease liabilities less cash and cash equivalents, as reported in the consolidated financial position.

NORBIT
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NORBIT ASA
Stiklestadveien 1
NO-7041 Trondheim
Norway

T: +47 73 98 25 50

www.norbit.com