



## 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](http://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 to 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](http://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](http://www.newsweb.no) (ticker: NORBT) and on the company's website [www.norbit.com](http://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](mailto: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](http://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, Prêtør 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 Avnug 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 Avnug 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 advice 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](http://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*