



**THE BOARD OF DIRECTORS' REPORT
ON SALARY AND OTHER REMUNERATION FOR
LEADING PERSONNEL FOR 2021**

NORBIT

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THE BOARD OF DIRECTORS' REPORT ON SALARY AND OTHER REMUNERATION FOR LEADING PERSONNEL FOR 2021S

1. INTRODUCTION

1.1 Background

This remuneration report (the "Report") is prepared by the board of directors of NORBIT ASA (the "Company" or together with its subsidiaries the "Group") in accordance with the Norwegian Public Limited Liability Companies Act (the "Companies Act") Section 6-16 b with regulations. The Report contains information regarding remuneration to previous, present and future leading personnel of the Company ("Directors") for the financial year of 2021 in line with the applicable requirements.

The report is based on the board of directors' guidelines for salary and other remuneration to the senior executives in NORBIT ASA approved by the general meeting on 4 May 2021 (the "Guidelines").

1.2 Overview of the year

In 2021, NORBIT ASA reported good progress towards its ambition level with all-time high revenues, despite challenges relating to the pandemic and shortage in supply of raw material components:

- Revenues came in at NOK 787.8 million, representing an increase of 27 per cent from 2020.
- Profitability improved driven by the higher revenue base and operational leverage. The EBITDA margin was 18 per cent in 2021, up from 15 per cent in 2020.
- Net profit increased to NOK 47.9 million compared to NOK 27.3 million in 2020.
- Shareholders were rewarded with a total return of 75.6 per cent, including NOK 0.30 per share dividend paid

Segments Oceans and PIR were the main contributors to the revenue growth in 2021, delivering 42 per cent and 30 per cent growth, respectively. Growth within Oceans was mainly driven

by higher sonar sales, where revenues increased across all geographies compared to 2020. Within PIR, revenues increased as a result of higher sales of contract manufacturing and R&D services. Due to the increase in revenues, both segments capitalised on operational leverage and as a result improved the margins. Segment Connectivity experienced a weak first half of 2021, where the pandemic and the exposure to the European automotive industry resulted in lower volumes sold. In the second half of the year, revenue increased, but the margin remained unsatisfactory.

In August, NORBIT completed the acquisition of iData Kft, a technology company specialised in vehicle tracking and fleet management related services with a subscription-based business model. The acquisition is part of broadening the platform for growth in segment Connectivity. 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.

In 2021, NORBIT provided an update on its ambitions and long-term financial targets. The group's ambition is to deliver organic revenues in excess of NOK 1.5 billion and an EBITDA margin above 25 per cent in 2024. In addition, NORBIT is continuing to pursue value-accretive acquisitions to accelerate growth further.

2. REMUNERATION TO THE BOARD OF DIRECTORS

2.1 Board composition

In 2021, the board consisted of Finn Haugan (chair), Bente Avnung Landsnes (deputy chair), Trond Tuvstein, Marit Collin and Tom Solberg. The board of directors was elected at the Company's general meeting on 4 May 2021, and there were no changes to the board of directors in 2021.

2.2 Remuneration composition and framework

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

In 2021, the remuneration to the board members was not performance-related nor included share option elements. The board did not participate in incentive programs available to employees in the Group or any other share-based incentive schemes during 2021.

Table 1:
Actual board fees paid to the board of directors in 2021 and 2020

<i>Amounts in NOK thousand</i>		Board	Audit committee	Remuneration committee	Total remuneration
Finn Haugan	2021	500	-	15	515
Chairman	2020	500	-	20	520
Bente Avnung Landsnes	2021	300	25	-	325
Deputy chair	2020	300	25	-	325
Tom Solberg	2021	150	-	15	165
Director	2020	150	-	20	170
Trond Tuvstein	2021	150	50	-	200
Director	2020	150	50	-	200
Marit Collin	2021	150	-	15	165
Director	2020	150	-	20	170

1) Remuneration as expensed

2.3 Shareholding

The following number of shares is owned by the board members (and their related parties) as of 31 December 2021.

Table 2:
Shareholding by the board of directors

	Shares subject to lock-up	Shares not subject to lock-up	Total shares at year-end	Percentage of total shares
Board of Directors				
Finn Haugan	-	81 078	81 078	0.14%
Bente Avnung Landsnes	-	60 473	60 473	0.10%
Tom Solberg (through Mariteam AS)	-	65 789	65 789	0.11%
Trond Tuvstein (through TTU Invest AS)	-	32 894	32 894	0.06%
Marit Collin (through Collin AS)	-	41 447	41 447	0.07%
Total shares held by the board of directors	-	281 681	281 681	0.48%

3. REMUNERATION TO THE DIRECTORS

3.1 Director composition

The Company considers the CEO, CFO and other members of the corporate management team to be covered by the term Director under the Companies Act. As of the date of this Report, the following persons are considered Directors:

- Per Jørgen Weisethaunet, Group CEO
- Per Kristian Reppe, Group CFO
- Arild Søråunet, Group CTO
- Stein Martin Beyer, Group COO and business unit director PIR
- Peter Koldgaard Eriksen, business unit director Oceans
- Peter Tschulik, business unit director Connectivity

3.2 Remuneration composition and framework

The remuneration principles and compensation elements are described in the Guidelines. They consist of a (i) fixed base salary, (ii) non-financial benefits (“fringe benefits”), (iii) pension benefits, (iv) participation in share purchase programs open to all employees, (v) variable cash salary, and (vi) a long-term incentive program (referred to as a synthetic option program in the Guidelines)

Directors do not receive remuneration for directorships in group companies.

Table 3 below contains an overview of the total remuneration which the Directors have received (fixed remuneration paid and variable remuneration accrued) from the Company and other companies within the Group in 2021 and 2020.

Table 3:
Remuneration of directors for the reported financial year from the group

Amounts in NOK million		Fixed remuneration			Variable remuneration		Extra-ordinary items	Pension expense	Total remuneration	Proportion of fixed remuneration
		Base salary ¹⁾	Fees	Fringe benefits	One-year variable ²⁾	Multi-year variable ³⁾				
Per Jørgen Weisethaunet (Group CEO)	2021	3.0	-	0.0	0.5	-	-	0.1	3.6	86%
	2020	2.7	-	0.0	-	-	-	0.1	2.8	100%
Per Kristian Reppe (Group CFO) ³⁾	2021	2.0	-	0.1	0.5	-	-	0.1	2.7	79%
	2020	0.9	-	0.1	-	-	-	0.0	1.0	100%
Stian Lønvik (Group CFO) ⁴⁾	2021	-	-	-	-	-	-	0.0	-	-
	2020	1.1	-	0.0	-	-	-	0.1	1.2	100%
Arild Søråunet (Group CTO)	2021	1.7	-	0.0	0.3	-	-	0.1	2.1	86%
	2020	1.3	-	0.0	-	-	-	0.1	1.4	100%
Peter Koldgaard Eriksen (Business unit director Oceans) ⁵⁾	2021	3.1	-	0.1	1.1	-	-	0.1	4.4	74%
	2020	2.8	-	0.1	1.5	-	-	0.1	4.4	67%
Peter Tschulik (Business unit director Connectivity) ⁶⁾	2021	1.8	-	-	0.3	-	-	0.0	2.1	86%
	2020	1.8	-	-	-	-	-	0.0	1.8	100%
Stein Martin Beyer (Business unit director PIR and group COO)	2021	2.0	-	0.0	0.4	-	-	0.1	2.5	86%
	2020	1.9	-	0.0	-	-	-	0.1	2.1	100%

1) Salaries as expensed, excluding social security taxes

2) See comment below

3) 2020 remuneration from 20.7 to 31.12

4) 2020 remuneration from 1.1 to 31.7

5) Remuneration in USD, translated to NOK using the average exchange rate for the year

6) Remuneration in EUR, translated to NOK using the average exchange rate for the year

The one-year variable remuneration is based on compensation accrued from performance related variable pay and is paid the year following the accruing year. See section 4 for further information. In addition to the performance-based bonus, CFO Per Kristian Reppe and business unit director Oceans, Peter Koldgaard Eriksen, were paid discretionary bonuses of NOK 0.2 million and NOK 0.6 million. See section 4.3 for further information.

3.3 Share-based remuneration

There was no share-based remuneration to the Directors in 2021 or 2020.

At the general meeting held 4 May 2021, the board of directors was granted an authorisation to increase NORBIT ASA's share capital by up to 2.0 per cent of the share capital to be used to issue shares to the Group's employees in connection with incentive programs. The authorisation is valid until the annual general meeting in 2021 to be held 4 May 2022. In July 2021, the board of directors approved and implemented an incentive share purchase programs for all eligible employees in NORBIT for the fiscal year 2021, which also included the Directors. Three out of six Directors participated in the incentive programs on the same terms as other employees.

4. COMPLIANCE WITH THE GUIDELINES

4.1 Criteria framework

In August, NORBIT updated its ambitions and long-term financial targets. The ambition is to deliver organic revenues of NOK 1.5 billion and an EBITDA margin above 25 percent in 2024. The revenue ambition implies an annual compounded growth rate of 25 per cent from 2020. In connection with the announced targets, the board of directors determined specific performance criteria for the variable cash salary and the long-term incentive program, reflecting the following financial ambitions:

1. The Group delivering annual organic revenue growth between 15 and 25 per cent. This criterion is weighted 25 per cent.
 - Growth above 25 per cent implies full payout under the criteria, while growth below 15 per cent implies no payout. Linear adjustment is made between 15 and 25 per cent growth.
 - Acquisitions, mergers or divestments are adjusted for on yearly basis
2. The Group delivering annual organic reported EBITDA¹ margin between 20 and 25 per cent. This criterion is weighted 25 per cent.
 - A margin above 25 per cent implies full payout under the criteria, while a margin below 20 per cent would imply no payout. Linear adjustment is made between 20 and 25 per cent.
 - Direct transaction expenses for completed acquisitions, mergers or divestments are to be adjusted for on yearly basis.
3. The Company delivering a total shareholder return (share price return plus dividend paid) of more than 25 per cent in a calendar year. This criterion is weighted 25 per cent.
4. For variable cash salary: Determined at the board of directors' discretion based on individual performance.

For the long-term incentive program: Determined at the discretion of the board of directors based on the board's overall assessment of the Group's and management's performance.

This criterion is weighted 25 per cent.

The four criteria are equal for all Directors, except for the discretionary award under the variable cash salary program. Under criterion 4, the targets for discretionary award for the CEO are set by the board of directors. The targets for the other executive personnel are set by the CEO.

No compensation is payable under any criteria if NORBIT ASA's total shareholder return is less than 15 per cent in the calendar year.

4.2 Information on how the remuneration complies with the Guidelines

Variable cash salary

In relation to the variable cash salary, the actual performance for the year, as well as the resulting score is presented in the table below.

¹ 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.

The variable cash salary is capped at 40 per cent of the annual fixed base salary. Hence, if the score is 100 per cent on all four

criteria, the compensation is equal to 40 per cent of the annual fixed salary in the accruing year.

Table 4:
Performance of Directors in the reported financial year – variable cash salary

	Description of the performance criteria	Relative weighting of performance criteria	Information on performance targets		
			a) Minimum target/threshold b) Corresponding award	a) Maximum target/threshold b) Corresponding award	a) Measured performance and b) Actual award outcome
All Directors	Organic revenue growth	25 %	a) 15% growth b) 0 bonus	a) 25% growth b) 10% bonus	a) 21.9% growth b) 6.9% bonus
	Organic reported EBITDA margin	25 %	a) 20% EBITDA margin b) 0 bonus	a) 25% EBITDA margin b) 10% bonus	a) 19.0% EBITDA margin b) 0% bonus
	Total shareholder return	25 %	a) 25% total shareholder return b) 10% bonus	a) n.a b) n.a.	a) 75.6% total shareholder return b) 10% bonus
	Discretionary award	25 %	The targets for discretionary award for the CEO are set by the board of directors. The targets for the other executive personnel are set by the CEO.		a) n.a b) 0% bonus

The Directors received the following variable cash salary bonus for the financial year 2021, to be paid in 2022:

Table 5:
Remuneration to the Directors in the reported financial year – variable cash salary

Amounts in NOK million		Organic revenue growth	EBITDA margin	Total shareholder return	Discretionary award	Total remuneration ¹⁾
Per Jørgen Weisethaunet Group CEO	2021	0.2	0.0	0.3	0.0	0.5
Per Kristian Reppe Group CFO	2021	0.1	0.0	0.2	0.0	0.3
Arild Søråunet Group CTO	2021	0.1	0.0	0.2	0.0	0.3
Peter Koldgaard Eriksen Business unit director Oceans ²⁾	2021	0.2	0.0	0.3	0.0	0.5
Peter Tschulik Business unit director Connectivity ³⁾	2021	0.1	0.0	0.2	0.0	0.3
Stein Martin Beyer Business unit director PIR and group COO	2021	0.1	0.0	0.2	0.0	0.4
Total		1.0	0.0	1.4	0.0	2.3

1) Remuneration excluding social security taxes

2) Remuneration in USD, translated to NOK

3) Remuneration in EUR, translated to NOK

Long-term incentive program

In relation to the long-term incentive program, the actual performance for the year, as well as the resulting score is presented in the table below.

Remuneration under the program is capped at 100 per cent of the annual fixed base salary. Hence, if the score is 100 per cent on all four criteria, the compensation is equal to 100 per cent of the annual fixed salary in the accruing year.

Table 6:
Performance of Directors in the reported financial year – long-term incentive program

	Description of the performance criteria	Relative weighting of performance criteria	Information on performance targets		
			a) Minimum target/threshold b) Corresponding award	a) Maximum target/threshold b) Corresponding award	a) Measured performance and b) Actual award outcome
All Directors	Organic revenue growth	25 %	a) 15% growth b) 0 bonus	a) 25% growth b) 25% bonus	a) 21.9% growth b) 17.3% bonus
	Organic reported EBITDA margin	25 %	a) 20% EBITDA margin b) 0 bonus	a) 25% EBITDA margin b) 25% bonus	a) 19.0% EBITDA margin b) 0% bonus
	Total shareholder return	25 %	a) 25% total shareholder return b) 25% bonus	a) n.a. b) n.a.	a) 75.6% total shareholder return b) 25% bonus
	Discretionary award	25 %	The targets for discretionary award determined by the board of directors based on an overall assessment of the group and executive management performance.		a) n.a. b) 0% bonus

The board of directors has proposed to the general meeting a payout under the long-term incentive scheme, see section 4.3 below for further information.

Other remuneration

Other remuneration as specified in section 3.2 was in compliance with the Guidelines.

4.3 Derogations from the Guidelines

Variable cash salary

Under the Guidelines, the Directors are entitled to receive a cash bonus under the variable cash salary remuneration based on a set of predetermined and measurable performance criteria that reflect the key drivers for pursuing the Company's business strategy, long-term interests, and sustainable business practices. The criteria as set out in section 4.2 determined the remuneration for the financial year 2021.

In addition to the variable cash salary paid under the criteria scheme in section 4.2, two of the members of the executive team received discretionary bonuses outside of the program for their strong performance in 2021. Peter Koldgaard Eriksen, business unit director Oceans, received a cash bonus of NOK 0.6 million,

while CFO Per Kristian Reppe received a cash bonus of NOK 0.2 million. Despite the bonuses derogated from the Guidelines, it is the board of directors' opinion that the bonuses serve the long-term interest of the Company. The total bonuses paid for all executive team members were below the ceiling determined by the general meeting. All bonuses under the variable cash salary program were accrued for in the 2021 financial statement.

Long-term incentive program

According to the Guidelines approved by the general meeting, the board of directors aimed to get in place a long-term incentive program, structured as a share-based synthetic option program. After careful consideration and a thorough review of various equity-settled incentive programs available, it is the board of directors' opinion that such long-term equity-settled incentive program should be structured as award of restricted share units ("RSUs"), which grants each Director a right to receive shares in NORBIT ASA free of charge. The number of RSUs awarded is based on the Group's achievements following the criteria as set out in section 4.2. When calculating the number of RSUs each Director is entitled to receive, the Company will use the average of the last five trading days volume-weighted average share price in the accruing year.

Each RSU granted is restricted and follows a vesting schedule. The RSUs may be exercised based on a vesting plan, where 1/3 of the RSUs vest at the general meeting following the accruing year, 1/3 is released the year after the date of the general meeting and the remaining 1/3 vest two years after the general meeting. After the vesting period lapses, the RSUs will be converted into ordinary shares in NORBIT ASA.

It is the board of directors' opinion that remuneration under the long-term incentive program should be paid to the Directors for

the performance in 2021, as only the structure of the program is amended and not the remuneration intended to be awarded, nor the ceiling. However, considering that the structure is in fact amended, the board of directors has decided to propose its recommendation to the general meeting to be held 4 May 2022, whereby an approval of this Report by the general meeting will resolve the following remuneration and grant of RSUs for the financial year 2021. The bonus is not accrued for in the 2021 financial statements.

Table 7:
Remuneration of Directors under the long-term incentive program and RSUs awarded

<i>Amounts in NOK million</i>		Remuneration ¹⁾	RSUs awarded
Per Jørgen Weisethaunet Group CEO	2021	1.3	40 069
Per Kristian Reppe Group CFO	2021	0.9	27 158
Arild Søraunet Group CTO	2021	0.7	23 009
Peter Koldgaard Eriksen Business unit director Oceans	2021	1.3	42 338
Peter Tschulik Business unit director Connectivity	2021	0.7	23 139
Stein Martin Beyer Business unit director PIR and group COO	2021	0.9	27 682
Total		5.8	183 395

1) Remuneration excluding social security taxes

4.4 Use of the right to reclaim variable remuneration

According to the Guidelines, the Company can demand the variable cash salary refunded to the same extent that they can demand the fixed cash salary refunded, following the employment contract. For the equity-settled program, the Company can demand part of the monetary benefit refunded under certain circumstances and criteria as determined by the board of directors.

In 2021, there was no event leading the board of directors to reclaim or clawback the variable remuneration paid and awarded.

The board of directors has proposed amended principles for the Company's right to reclaim and clawback for its two proposed incentive programs in the Guidelines for 2022, subject to approval by the general meeting.

5. COMPARATIVE INFORMATION ON THE CHANGE OF REMUNERATION AND GROUP PERFORMANCE

Table 8 below contains information on the annual change of remuneration for each Director, the average remuneration on a full-time equivalent basis of employees of the Norwegian companies in the Group other than the Directors, as well as the performance of the Group over the last five financial years

Table 8:
Comparative information on the change of remuneration and group performance

Annual change		2021	2020	2019	2018	2017
Director's remuneration ¹⁾						
Per Jørgen Weisethaunet	Group CEO	27.6%	(66.9%)	276.0%	4.9%	12.7%
Per Kristian Reppe ²⁾	Group CFO	20.5%	-	-	-	-
Stian Lønvik ²⁾	Group CFO	-	(55.5%)	212.9%	12.2%	6.6%
Arild Søraunet	Group CTO	52.7%	(68.4%)	246.6%	7.3%	32.9%
Peter Koldgaard Eriksen ³⁾	Business unit director Oceans	(1.1%)	(6.7%)	112.7%	16.5%	9.4%
Peter Tschulik ⁴⁾	Business unit director Connectivity	14.5%	16.5%	16.3%	3.3%	3.6%
Stein Martin Beyer	Business unit director PIR and group COO	20.7%	(40.6%)	98.9%	12.2%	19.9%
Company performance						
Revenue growth	Annual percentage change	27.3%	(7.4%)	52.4%	25.2%	12.8%
EBITDA margin	Per cent of revenues	18.1%	15.1%	22.4%	17.1%	11.6%
Total shareholder return	Per cent in calendary year ⁵⁾	75.6%	(7.0%)	5.3%	-	-
Average remuneration on a full-time equivalent basis of employees						
Employees of the Norwegian companies ⁶⁾		6.2%	(5.2%)	(2.8%)	12.2%	10.4%

1) Total remuneration excluding social security taxes

2) Annulised in 2020

3) Remuneration converted from USD to NOK using average exchange rate for the year

4) Remuneration converted from EUR to NOK using average exchange rate for the year

5) 2019 total shareholder return from initial public offering

6) Remuneration excluding social security taxes

Trondheim, Norway, 8 April 2022
The board of directors of NORBIT ASA



Finn Haugan
Chair of the board



Bente Avnung Landsnes
Deputy chair of the board



Tom Solberg
Director



Trond Tuvstein
Director



Marit Collin
Director



To the General Meeting of Norbit ASA

Independent auditor's assurance report on report on salary and other remuneration to directors

Opinion

We have performed an assurance engagement to obtain reasonable assurance that Norbit ASA report on salary and other remuneration to directors (the remuneration report) for the financial year ended 31 December 2021 has been prepared in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

In our opinion, the remuneration report has been prepared, in all material respects, in accordance with section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation.

Board of directors' responsibilities

The board of directors is responsible for the preparation of the remuneration report and that it contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and for such internal control as the board of directors determines is necessary for the preparation of a remuneration report that is free from material misstatements, whether due to fraud or error.

Our independence and quality control

We are independent of the company as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibilities

Our responsibility is to express an opinion on whether the remuneration report contains the information required in section 6-16 b of the Norwegian Public Limited Liability Companies Act and the accompanying regulation and that the information in the remuneration report is free from material misstatements. We conducted our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information".

We obtained an understanding of the remuneration policy approved by the general meeting. Our procedures included obtaining an understanding of the internal control relevant to the preparation of the remuneration report in order to design procedures that are appropriate in the circumstances, but

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not for the purpose of expressing an opinion on the effectiveness of the company's internal control. Further we performed procedures to ensure completeness and accuracy of the information provided in the remuneration report, including whether it contains the information required by the law and accompanying regulation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Trondheim, 8 April 2022
PricewaterhouseCoopers AS

Kjetil Smørdal
State Authorised Public Accountant

(2)

Lederlønn uttalelse

Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Smørdal, Kjetil	BANKID_MOBILE	2022-04-08 16:25



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