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KONGSBERG

# Quarterly report

## 4th quarter / preliminary annual accounts

### 2023



**Geir Håøy,**  
**President & CEO**

## KONGSBERG

“KONGSBERG achieved a milestone by surpassing NOK 40 billion in revenue in 2023. This accomplishment is a testament to our unwavering commitment to innovation and the tireless efforts of our dedicated team over the years. I extend my heartfelt gratitude to my colleagues at KONGSBERG, our customers, suppliers, and all our partners. The impressive growth we’ve experienced recently owes its success to each one of you.

The current security landscape in Europe underscores the critical importance of national defense capabilities. Simultaneously, it sheds light on new security challenges that demand effective solutions. Furthermore, the world is undergoing a transition toward more environmentally friendly energy sources, emphasizing the need to reduce emissions. KONGSBERG is strategically positioned to align with these global trends. Our products and solutions play a pivotal role in addressing many of the world’s pressing challenges. Leveraging our technological expertise, we are committed to making a meaningful contribution. Our robust position has translated into significant order income throughout the year. As of the end of 2023, our order backlog stands at NOK 88.6 billion, bolstered by several significant framework agreements.

The results and the order intake in Q4 maintain the positive trend from recent years. Across all KONGSBERG’s business areas, activity levels have surged to record highs, culminating in substantial contracts secured during this quarter. KONGSBERG’s cutting-edge technology remains robust. While new vessel orders in Kongsberg Maritime experience a dip in the quarter, the order intake from the aftermarket remains at an elevated level. Kongsberg Defence & Aerospace achieved an all-time high order intake of nearly NOK 25 billion for the quarter. Simultaneously, Kongsberg Discovery continues its successful journey, to both national and commercial customers. Additionally, Kongsberg Digital exhibits steady growth, expanding both the number of installations and user base for the digital solutions.

In our ever-evolving world, a multitude of challenges that needs solutions—both immediate and far-reaching. Our record-high order backlog stands as a testament to our unwavering strength and strategic positioning. With significant investments directed toward novel solutions and enhanced capacity, we lay a solid foundation for continued growth in 2024”.

# Highlights



## KONGSBERG

26 per cent growth in operating revenues, NOK 1.7 billion EBITDA and NOK 1.3 billion EBIT. Solid growth in all business areas. The order backlog of NOK 88.6 billion and robust activity across the Group establish a strong basis for ongoing growth in the future. The board proposes a total dividend for the 2023 financial year of NOK 2,46 billion, equivalent to NOK14/share, of which NOK 7/share is in addition to the ordinary dividend policy.

MNOK	Q4	YTD
Operating revenues	11 936	40 617
EBITDA	1 672	6 037
EBITDA (%)	14,0	14,9
EBIT	1 273	4 600
EBIT (%)	10,7	11,3



### Kongsberg Maritime

21 per cent growth in operating revenues compared to the corresponding quarter last year and EBIT margin of 9.6 per cent. Strong operational performance and effective project execution. Solid and diversified order intake in 2023, and 2024 starts with an order backlog of NOK 19.1 billion. Strategically positioned to drive the growth through cutting-edge technology essential for greener shipping.

MNOK	Q4	YTD
Operating revenues	5 589	20 180
EBITDA	671	2 601
EBITDA (%)	12,0	12,9
EBIT	538	2 053
EBIT (%)	9,6	10,2



### Kongsberg Defence & Aerospace

29 per cent growth in operating revenues compared to the corresponding quarter last year and 14.9 per cent EBIT margin. Record order intake in the quarter and 2024 started with an order backlog of NOK 65.4 billion. Robust market activity and well positioned for substantial order intake going forward.

MNOK	Q4	YTD
Operating revenues	5 017	15 949
EBITDA	914	3 056
EBITDA (%)	18,2	19,2
EBIT	748	2 398
EBIT (%)	14,9	15,0



### Kongsberg Discovery

38 per cent growth in operating revenues compared to the corresponding quarter last year and 13.1 per cent EBIT margin. High activity related to the production of autonomous underwater vehicles in the quarter. Strong positioning towards important drivers and market trends around sustainability, safety and monitoring provides promising opportunities ahead.

MNOK	Q4	YTD
Operating revenues	1 145	3 913
EBITDA	174	646
EBITDA (%)	15,2	16,5
EBIT	150	556
EBIT (%)	13,1	14,2



### Kongsberg Digital

54 per cent growth in total and 56 per cent growth in recurring operating revenues compared to the corresponding quarter last year. Elevated market activity and ongoing business expansion. Positive increase in the number of Kognitwin installations in the quarter. Strong demand, combined with previously established framework agreements, lays a solid foundation for ongoing growth.

MNOK	Q4	YTD
Operating revenues	439	1 433
Of this recurring revenues	206	735
EBITDA	(64)	(252)
EBITDA (%)	(14,7)	(17,6)
EBIT	(153)	(479)
EBIT (%)	(34,8)	(33,4)

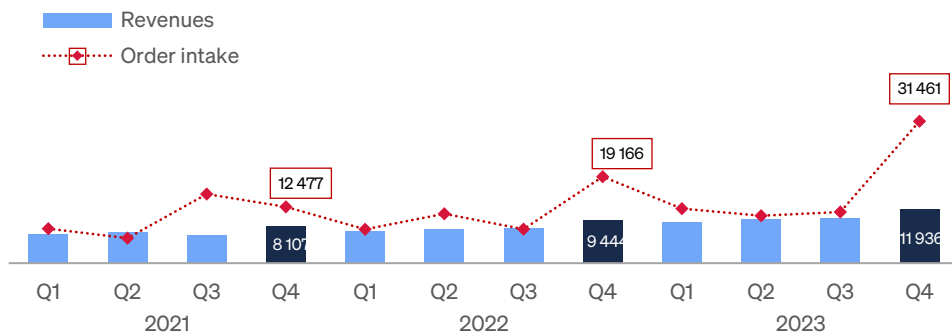
# Key figures

MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	11 936	9 444	40 617	31 803
EBITDA	1 672	1 401	6 037	4 602
EBITDA (%)	14,0	14,8	14,9	14,5
EBIT	1 273	1 068	4 600	3 309
EBIT (%)	10,7	11,3	11,3	10,4
Share of net income from associated companies	177	174	358	387
Earnings before tax	1 390	1 195	4 675	3 497
Earnings after tax	1 125	981	3 715	2 809
EPS (NOK)	6,55	5,54	21,08	15,64
Order Intake	31 461	19 166	65 401	45 150

MNOK	31.12	30.9	31.12
	2023	2023	2022
Equity ratio (%)	30,9	33,2	31,8
Net interest-bearing debt <sup>1)</sup>	(2 975)	2 090	(1 479)
Working Capital <sup>2)</sup>	(445)	4 346	565
ROACE (%) <sup>3)</sup>	33,3	32,3	33,9
Order backlog	88 550	69 233	63 256
Net interest-bearing debt incl. leasing liabilities/EBITDA <sup>4)</sup>	(0,2)	0,7	0,1
No. of employees	13 341	13 196	12 187

- 1) Net interest-bearing debt is the net amount of the accounting lines "Cash and cash equivalents" and "Short- and long-term interest-bearing liabilities, excluding leasing commitments"
- 2) Current assets (except cash and cash equivalents) minus non-interest-bearing liabilities (except taxes payable). Financial instruments recognised at fair value are not included in working capital.
- 3) 12-month rolling EBIT excluding IFRS 16 divided by the 12-month mean of recognised equity and net interest-bearing debt.
- 4) 12-month rolling EBITDA

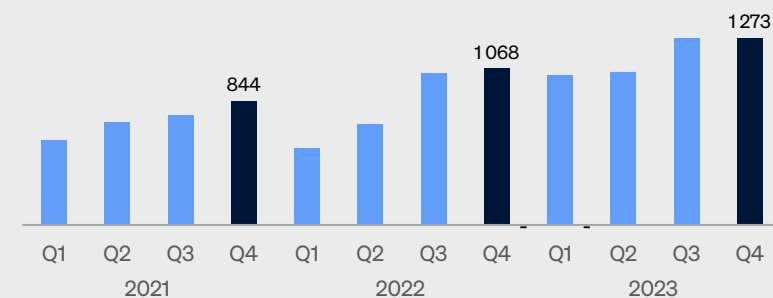
## Operating revenues and order intake



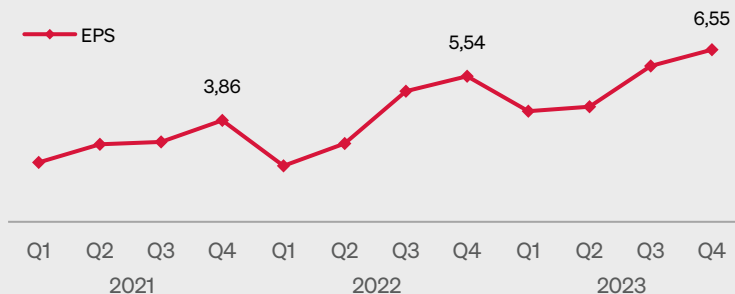
## Order backlog



## EBIT



## EPS



# KONGSBERG



## Performance and order intake

MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating	11 936	9 444	40 617	31 803
EBITDA	1 672	1 401	6 037	4 602
EBITDA (%)	14,0	14,8	14,9	14,5
EBIT	1 273	1 068	4 600	3 309
EBIT (%)	10,7	11,3	11,3	10,4
Order Intake	31 461	19 166	65 401	45 150
Order backlog	88 550	63 256	88 550	63 256

**Operating revenues in the 4th quarter was MNOK 11 936**, compared to MNOK 9 444 in the same quarter last year, an increase of 26 per cent. There was solid growth in all business areas. Kongsberg Defence & Aerospace continued to grow, particularly driven by missile and weapon stations. Kongsberg Maritime had increased activity in both the newbuilding and aftermarket. The growth in Kongsberg Discovery was mainly driven by deliveries of unmanned underwater vehicles, and in Kongsberg Digital increased operating revenues and recurring operating revenues as a result of the roll-out of systems and an increase in the number of users on the solutions. Total operating revenues for 2023 was MNOK 40 617, up 28 per cent from MNOK 31 803 in 2022.

**EBIT in the 4th quarter was MNOK 1,273, corresponding to an EBIT margin of 10.7 per cent**, compared to MNOK 1,068 (11.3 per cent) in the same quarter last year. The combination of projects deliveries led to a reduced margin in the current quarter compared to the same period last year. This was partly offset by improved cost-efficiency combined with increased volume. EBIT in the quarter was impacted by MNOK 107 related to an extraordinary appreciation to employees. Total EBIT in 2023 was MNOK 4 600, up from MNOK 3 309 in 2022.

**Order intake in Q4 was MNOK 31 461**, compared to MNOK 19 166 in the same quarter last year. This gave a book/bill in the quarter of 2.64. Order intake can fluctuate significantly from one quarter to another. During Q4, order intake was driven by Kongsberg Defence & Aerospace, securing multiple substantial orders. Kongsberg Discovery and Kongsberg Digital had book/bill well above 1 in the quarter. Book/bill in Kongsberg Maritime was below 1 in the quarter, mainly driven by reduced order intake from the newbuilding, while order intake from the aftermarket remained strong. Total order intake in 2023 was MNOK 65 401, compared to MNOK 45 150 in 2022.

**The order backlog at the end of 2023 was MNOK 88 550**, an increase of MNOK 19 317 in the quarter and MNOK 25 294 in total in 2023.

## Cash flow

The Group had MNOK 5,975 in cash and cash equivalents at the end of the 4th quarter, compared to MNOK 2,112 at the end of the 3rd quarter, an increase of MNOK 3,863 in the quarter. Cash flow in the quarter was mainly impacted by a positive development in working capital and a positive EBITDA, minus investments, and changes in short-term interest-bearing debt.

Net cash flow from operating activities was MNOK 5,926, driven by a reduction in net current assets and other operating items of MNOK 4,254 and a positive EBITDA of MNOK 1,672. Working capital was reduced as a result of lower net contract balances mainly driven by large customer payments. This was partly offset by increased accounts receivables and inventories as a result of growth.

The Group's cash flow from investment activities was MNOK -575. KONGSBERG is investing significantly in increased capacity and product development.

Cash flow from financing activities was MNOK -1 432, mainly related to repayment of the bond KOG11 of MNOK 450 and repayment of the overdraft facility.

In 2023, KONGSBERG had a net increase in cash and cash equivalents of MNOK 2,043. The main drivers were positive EBITDA and change in working capital, partly offset by dividend payments and investments. Investment in 2023 was at a high level compared to previous years and this was mainly related to capacity expansion to meet the growth ahead. The largest single investment is a new missile factory, which will be completed in the summer of 2024, where MNOK 673 was invested in 2023.

## Balance sheet

	31.12	30.9	31.12
MNOK	2023	2023	2022
Equity	16 465	15 422	13 744
Equity ratio (%)	30,9	33,2	31,8
Total assets	53 222	46 504	43 225
Working capital <sup>1)</sup>	(445)	4 346	565
Gross interest-bearing debt	3 000	4 202	2 453
Cash and cash equivalents	5 975	2 112	3 932
Net interest bearing debt <sup>1)</sup>	(2 975)	2 090	(1 479)
Net interest bearing debt incl. leasing liabilities/EBITDA <sup>1)</sup>	(0,2)	0,7	0,1

<sup>1)</sup> See definition note 14

At the end of the year, the Group's interest-bearing debt was total MNOK 3,000. The debt consisted of four bond issues, see Note 8 for further information. The bond issue KOG11 of MNOK 450 was repaid in the 4th quarter 2023.

Net interest-bearing debt at the end of the 4th quarter were MNOK -2 975, compared to MNOK 2 090 at the end of the 3rd quarter and MNOK -1 479 at the end of 2022.

The Group has a syndicated and committed loan facility of MNOK 2,500, and an overdraft facility of MNOK 1,500.

KONGSBERG has a long-term issuer rating of A- with a «stable prospect» awarded by the credit rating agency Nordic Credit Rating. The standalone credit assessment is BBB+. The rating was last updated on 18 April 2023 and can be found on [www.nordiccreditrating.com](http://www.nordiccreditrating.com).

## Product development

KONGSBERG continuously invests in product development, through self-financed and customer-financed programs. Self-financed product development and maintenance was a total of MNOK 679 in the quarter and MNOK 2,422 for the year, of which respectively MNOK 64 and MNOK 340 was capitalised. Capitalised development in the quarter was mainly related to projects in Kongsberg Digital and Kongsberg Defence & Aerospace. See table in note 9 to the financial statement.

In the balance sheet as of Q4, the largest capitalised projects were related to the development of the Kognifai digital platform and associated applications, Joint Strike Missile and other missile technology, weapons stations (MCT and RWS), communication solutions and remote airport control towers.

In addition, there is customer-financed development, either as part of a project or as a specified development assignment. The total scope of product development and maintenance accounts for about ten per cent of operating revenues over time.

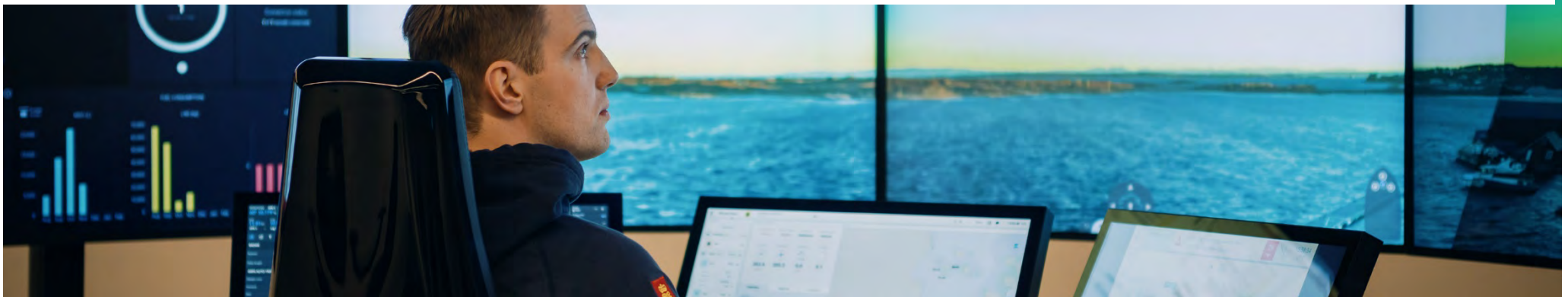


## Employees

The company had **13,341 employees** at the end of 2023, representing an increase of 145 during the quarter and 1154 during 2023. All business areas in KONGSBERG are growing and capacity will continue to increase in the future to meet this growth.



# Kongsberg Maritime

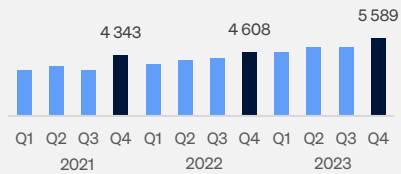


## Key figures

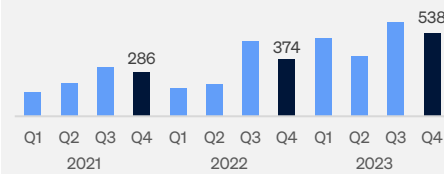
MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	5 589	4 608	20 180	16 486
EBITDA	671	531	2 601	1 825
EBITDA (%)	12,0	11,5	12,9	11,1
EBIT	538	374	2 053	1 255
EBIT (%)	9,6	8,1	10,2	7,6
Order Intake	4 798	5 672	22 408	21 335

MNOK	31.12	30.9	31.12
	2023	2023	2022
Order backlog	19 097	19 942	16 423
No. of employees	6 643	6 583	6 197

## Operating revenues

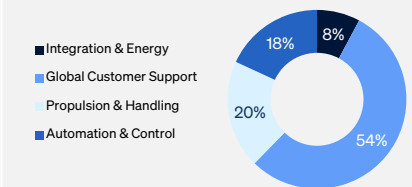


## EBIT

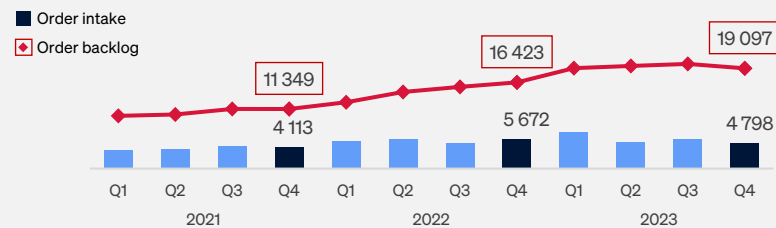


## Operating revenues

YTD per division

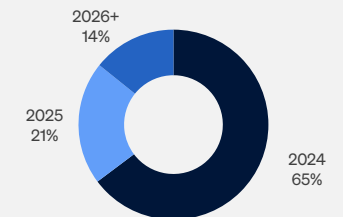


## Orders



## Order backlog

Breakdown by delivery date





## Organisational changes

With effect from June 1<sup>st</sup>, 2023, Kongsberg Maritime's divisional structure has changed. The new divisions are:

- **Integration & Energy**, formerly a part of Integrated Solutions. The division handles integrated contracts based on products and systems from the other divisions in Kongsberg Maritime (and partners). In addition, the division is responsible for ship design, systems for autonomous vessels and the product portfolio within electronics, which all becomes important platforms for integration going forward.
- **Automation & Control**, formerly part of Integrated Solutions. The division has product deliveries in the areas of automation, instrumentation, and bridge systems.
- **Propulsion & Handling**, merger of the two former divisions Deck Machinery and Motion Control and Propulsion & Engines. The new division handles, among other things, propulsion systems, water jets and deck machinery.
- **The Global Customer Support** division will continue as before.

## Results

**Operating revenues was MNOK 5,589 in the 4th quarter**, an increase of 21 per cent compared to the same quarter last year. The increase came from both the newbuilds and the aftermarket. It has been delivered across a wide range of projects, including those related to propulsion systems and deck machinery. Deliveries towards LNG transport vessels have been a significant part of the operating income throughout the year, while there has also been high delivery activity towards dry cargo. In the aftermarket, there has been a high level of activity related to both upgrades and reactivation, especially of offshore vessels. In addition, there have been strong spare parts sales both in the quarter and overall, in 2023. Accumulated in 2023, operating revenues were MNOK 20,180, a growth of 22 per cent compared with 2022.

**EBIT was MNOK 538 in the 4th quarter, corresponding to an EBIT margin of 9.6 per cent**, compared to MNOK 374 (8.1 per cent) in the same quarter last year. The EBIT improvement came from a combination of increased volume and cost efficiency. Accumulated for 2023, EBIT was MNOK 2,053 compared to MNOK 1,255 in 2022.

Kongsberg Maritime has significant exposure to foreign currencies. Over the past two years, the Norwegian krone has depreciated against major trading currencies. In all major contracts, both revenue and cost are currency hedged which minimizes profit effects of currency fluctuations.

## Market and orders

**Order intake in the quarter was MNOK 4,798, corresponding to a book/bill of 0.86.** Order intake in Q4 2022 was MNOK 5,672. Accumulated order intake in 2023 was **MNOK 22,408**, corresponding to a book/bill of 1.11.

Order intake from the aftermarket increased in the 4th quarter and was 9 per cent higher than the corresponding quarter in 2022. The order intake from newbuildings was lower than last year, due to fewer large integration contracts compared with both the previous quarters and the same quarter last year.

For the full year, order intake from the aftermarket ended at almost NOK 12 billion. A major push towards the industry related to requirements from the EU and IMO (International Maritime Organization), together with generally strong demand from the industry for more environmentally friendly solutions, has been, and will continue to be, an important driver of activity in the aftermarket. The order intake from the newbuilding market exceeded NOK 10 billion in 2023. Transport vessels for liquefied natural gas (LNG carrier) and tugs (tugs) have been important drivers for order intake throughout the year. The business area has also experienced increased order intake from traditional offshore, while order intake related to offshore wind was lower in 2023 compared to last year.

Kongsberg Maritime had an order backlog of MNOK 19,097 at the end of 2023.

## Other factors

The component situation appears to have improved through 2023, and lead times for critical components have continuously declined. The business area has good control of the situation. High inflation has affected the entire value chain, from raw material to finished product. Kongsberg Maritime works with the entire value chain and continuously introduces both local and global measures to ensure progress and profitability.



# Kongsberg Defence & Aerospace

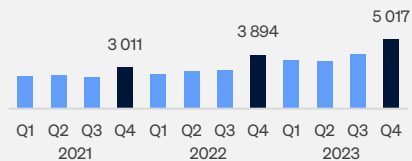


## Key figures

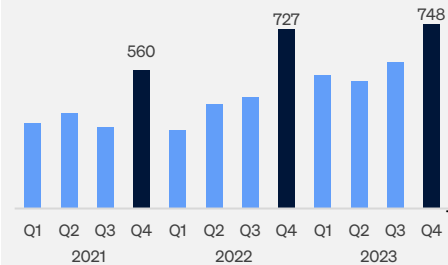
MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	5 017	3 894	15 949	11 860
EBITDA	914	885	3 056	2 516
EBITDA (%)	18,2	22,7	19,2	21,2
EBIT	748	727	2 398	1 919
EBIT (%)	14,9	18,7	15,0	16,2
Share of netincome associated companies	191	172	406	330
Order Intake	24 839	12 530	37 771	19 560

MNOK	31.12	30.9	31.12
	2023	2023	2022
Order backlog	65 377	45 667	43 540
No. of employees	4 365	4 270	3 879

## Operating revenues

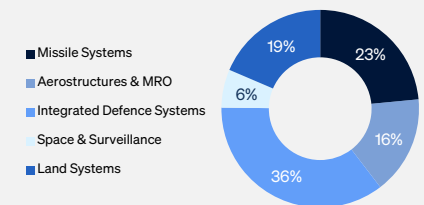


## EBIT

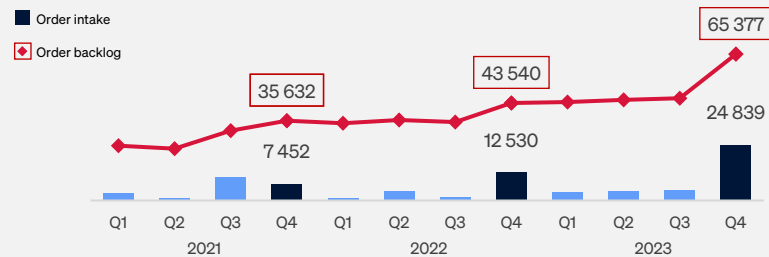


## Operating revenues

YTD per division

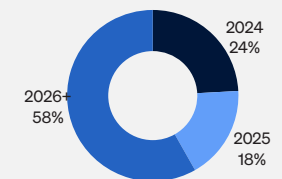


## Orders



## Order backlog

Breakdown by delivery date





## Results

**Operating revenues was MNOK 5,017 in the 4th quarter**, up 29 per cent from the same quarter last year. All five divisions in KDA achieved record high revenues in the quarter. Notably, the missile division stood out, experiencing an operating revenue by more than 70 per cent compared to Q4 2022. The Land Systems division increased deliveries of weapon stations and delivered above NOK 1 billion in operating revenues for the first time since Q4 2020. Accumulated operating revenues for 2023 amounted to MNOK 15,949, a growth of 34 per cent from 2022.

**EBIT ended at MNOK 748 in the 4th quarter, corresponding to an EBIT margin of 14.9 per cent compared to MNOK 727 (18.7 per cent)** in the same quarter last year. Accumulated EBIT was MNOK 2,398 in 2023 compared to MNOK 1,919 in 2022. EBIT increased both in the quarter and in 2023, but the project composition has changed over the past year and resulted in a reduced EBIT margin. Changes in project mix were partly offset by increased volumes.

**The share of net income from associated companies** amounted to MNOK 191 (MNOK 172) in the quarter. See also note 6.

## Market and Orders

**The order intake was MNOK 24 839 in the 4th quarter, corresponding to a book/bill of 4.95.** Total order intake in 2023 was MNOK 37,771, corresponding to a book/bill of 2.38. At the end of the quarter the business area had an order backlog of MNOK 65,377, an increase of 50 per cent from the end of 2022.

The export financing related to the agreement with Poland for delivery of the Naval Strike Missile (NSM) coastal defence system was signed in Q4 and the contract, worth NOK 16 billion, was included in the order backlog. This is the largest single contract in KONGSBERG's history. The coastal defense system uses the NASAMS command and control system with the NSM and was first acquired by Poland in 2008.

Several other significant contracts were also signed during the quarter:

- Kongsberg Naval Systems, a company jointly owned by Kongsberg Maritime and Kongsberg Defence & Aerospace, signed a strategic framework agreement with the Norwegian Defence Materiel Agency for operational support, maintenance, and lifetime extension services on Norway's frigates. The agreement has a total value of up to NOK 17 billion for services delivered throughout their lifetime – assumed up to 2040.
- Contract with the Government of Lithuania for the supply of several NASAMS air defence systems. The contract value is approximately NOK 2.3 billion. Lithuania acquired its current NASAMS air defence system in 2017.
- Contract with the Spanish Navy of approximately NOK 3.6 billion for delivery of the NSM. The missiles will be placed on the F-110 frigates under construction and the F-100 frigates as part of their mid-life upgrade.

The business area achieved record high order intake in 2023. More than NOK 17 billion of the order intake was linked to the missile division, and contracts were signed with both new and existing customers. The Integrated Defence Systems division signed contracts worth more than NOK 12 billion, mainly related to the NSM coastal defence system to Poland and NASAMS to Lithuania. The business area's last three divisions, Aerostructures, Land Systems and Space & Surveillance also had good order intake and delivered all book/bill over 1.2.

Marketing, tender work and negotiations associated with multiple missile programs are currently ongoing, both for existing and new customers. The US represents a significant potential and if the proposal in the US defence budget for future procurements of the NSM and JSM leads to contracts, these could come during 2024. In addition, there is great demand from several nations for, among other things, the NASAMS air defence system.

## Other Factors

Kongsberg Defence & Aerospace has almost half of its order backlog secured against inflation through escalation clauses in the contracts. For the part of the order backlog that is not secured, long-term agreements with the supply chain are used to create a predictable cost picture throughout the delivery process.

# Kongsberg Discovery

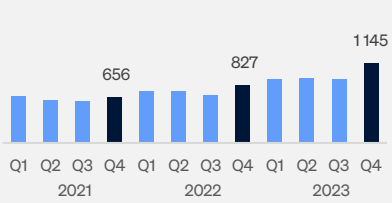


### Key Figures

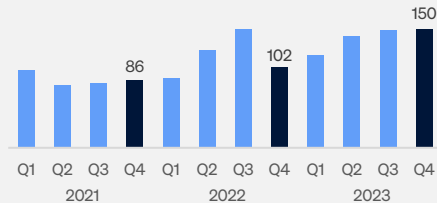
MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	1145	827	3 913	2 998
EBITDA	174	131	646	565
EBITDA (%)	15,2	15,8	16,5	18,8
EBIT	150	102	556	464
EBIT (%)	13,1	12,3	14,2	15,5
Order Intake	1326	550	4 305	3 575

MNOK	31.12	30.9	31.12
	2023	2023	2022
Order backlog	2 948	2 732	2 452
No. of employees	1 074	1 056	917

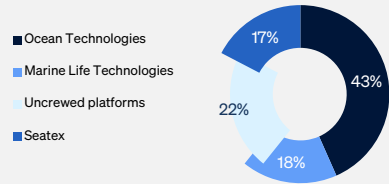
### Operating revenues



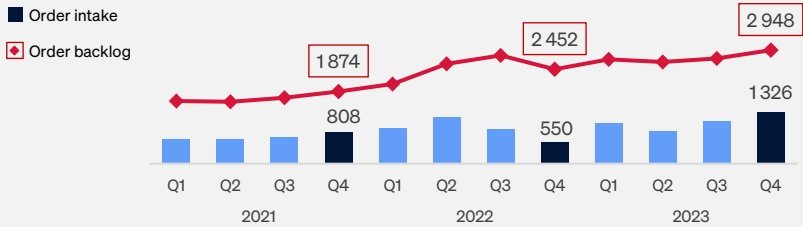
### EBIT



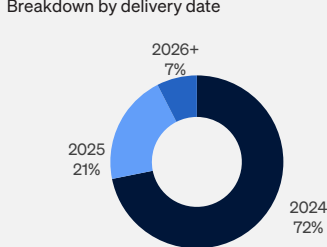
### Operating revenues YTD per division



### Order



### Order backlog





## New business area

2023 was Kongsberg Discovery's first year as a standalone business area. Previously, the area was a separate division (Sensors & Robotics) under Kongsberg Maritime. Kongsberg Discovery has a broad world-leading technology portfolio combined with deep application knowledge and software that are important within fisheries, marine research, marine operations, ocean-based energy production and monitoring of critical infrastructure.

## Results

**Operating revenues in the quarter was MNOK 1,145**, an increase of 38 per cent compared to the same quarter last year. The surge in revenues can be attributed to robust activity in the production of unmanned subsea platforms as well as advanced mapping and positioning systems catering commercial and public customers. Accumulated operating revenues for 2023 was to MNOK 3,913, corresponding to an increase of 31 per cent compared with 2022.

**EBIT was MNOK 150 in the 4th quarter, corresponding to an EBIT margin of 13.1 per cent**, compared to MNOK 102 (12.3 per cent) in the same quarter last year. Accumulated in 2023, EBIT was MNOK 556, an increase from MNOK 464 in 2022. The decline in EBIT margin for 2023 primarily stems from the intensified emphasis on product development. Overall, in 2023, costs related to research and development that affect the income statement above MNOK 200 are higher than in 2022.

## Market and Orders

**Order intake in Q4 was MNOK 1,326, corresponding to a book/bill of 1.16.** The order intake was MNOK 550 in the 4th quarter 2022. Total order intake in 2023 was MNOK 4,306, corresponding to a book/bill of 1.10. Throughout the year, the business area has experienced high demand for advanced sensors from both commercial and public customers, resulting in record high order intake in 2023. The environment, climate and safety are important market drivers that influence customer demand and appear to persist.

During the quarter, contracts were signed for several underwater vehicles, including two HUGIN Superiors. The first model in the Hugin family was launched in 1991 in cooperation with the Norwegian Defence Research Establishment and Statoil. To date, over 100 systems have been sold. The latest models are the HUGIN Endurance and HUGIN Edge.

HUGIN Superior was launched in 2018 and is equipped with the most advanced sensor package delivered by Kongsberg Discovery, which contributes to significantly higher efficiency in mapping the seabed. The typical customers for Superior are organisations that require high -resolution data and a wealth of details.

Kongsberg Discovery secured several significant contracts for delivering advanced solutions to research vessels during the quarter. These comprehensive contracts encompass a diverse array of deliveries, including cutting-edge sonars and echo sounders for enhanced understanding and mapping of the seabed and water column. Additionally, the contracts involve the integration of sophisticated positioning systems and communication solutions.

Kongsberg Discovery operates within a dynamic market influenced by significant drivers, including ocean-based energy production, commercial fishing, seabed mapping, and security and monitoring of critical infrastructure. The demand for solutions from commercial players, public administration, and defence customers is on the rise. Additionally, the sustainable management of resources below sea level serves as a crucial motivator for several divisions and segments within this business area.

Kongsberg Discovery had an order backlog of MNOK 2,948 at the end of 2023.

# Kongsberg Digital

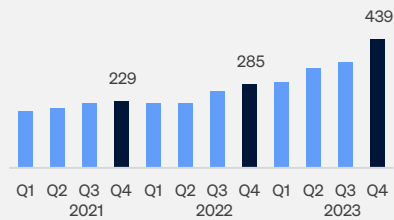


## Key Figures

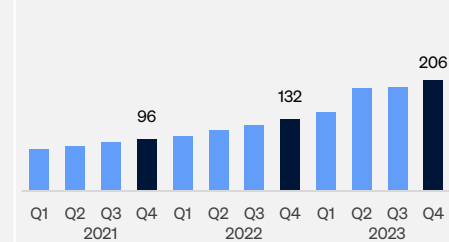
MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Operating revenues	439	285	1 433	989
of this Recurring revenues*	206	132	735	469
EBITDA	(64)	(109)	(252)	(259)
EBITDA (%)	(14,7)	(38,1)	(17,6)	(26,2)
EBIT	(153)	(146)	(479)	(380)
EBIT (%)	(34,8)	(51,1)	(33,4)	(38,4)
Order Intake	1 001	523	2 285	1 275

MNOK	31.12	30.9	31.12
	2023	2023	2022
Order backlog	2 034	1 509	1 150
No. of employees	1 188	1 216	1 088

## Operating revenues

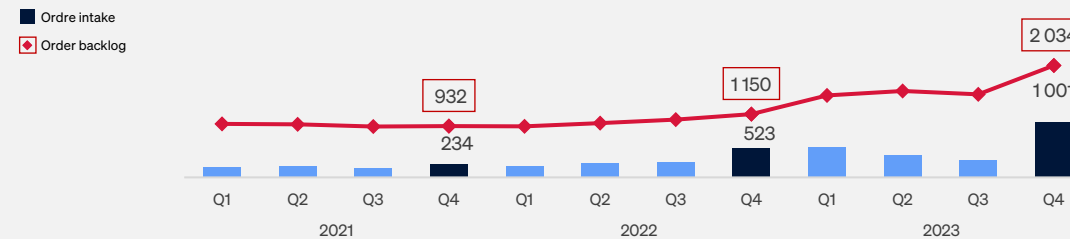


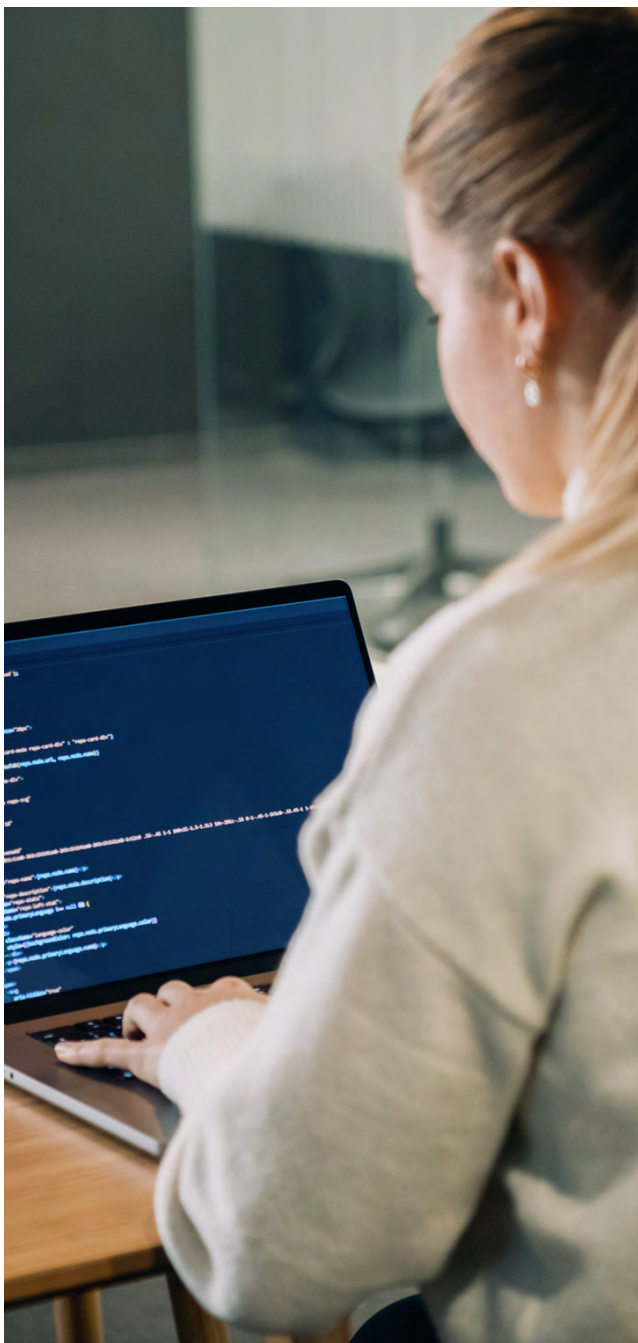
## Recurring revenues



\*Recurring revenues (RR) consist of revenues from Software as a Service, Software Leases and Software Maintenance & User Support

## Orders





## Results

**Operating revenues was MNOK 439 in the 4th quarter**, up 54 per cent from the same period in 2022. Recurring operating revenues increased to MNOK 206 in the quarter, up from MNOK 193 in Q3 2023 and MNOK 132 in Q4 2022. Accumulated operating revenues for 2023 was to MNOK 1 433, compared to MNOK 989 in 2022. Recurring operating revenues increased by 57 per cent. All product areas in Kongsberg Digital experienced growth in both total and recurring revenues in 2023 compared to last year.

**EBIT in the quarter was MNOK -153 (MNOK -146).** Accumulated for 2023, EBIT was MNOK -479, compared to MNOK -380 in 2022. The unfavourable operation outcome stemmed from significant investments in product development, sales and marketing activities, along with the implementation of systems and the establishment of support functions within the organisation. The investments are particularly linked to the focus areas Kognitwin, Vessel Insight and the acquired company FutureOn

In January 2023, Kongsberg Digital signed a multi-year agreement with Chevron for the digitization of their installations. This agreement was extended from two years to five years in October 2023. In conjunction with the agreement signed with Shell in December 2022, there has been a substantial surge in deployment of digital twins in throughout 2023. Moreover, these agreements lay the the groundwork for a promising escalation in both anticipated number of twins and the active user base moving forward. At year-end 2023, Kongsberg Digital had more than 40 digital twins in operation with a total of more than 22,500 associated user licenses.

In 2023, Kongsberg Digital increased its stake in FutureOn and is now the majority owner of the company with 83.4 per cent of the shares. FutureOn specializes in developing and providing cutting-edge digital twin technology to the energy sector, and is a leader in planning, engineering and life cycle optimization. Bu acquiring a majority share in FutureOn, Kongsberg Digital solidifies its position as a leading industrial Software as a Service provider. Their comprehensive solutions cover everything from planning new installations to operational maintenance and decommissioning.

Kongsberg Digital's digital solution for "ship to cloud" infrastructure, Vessel Insight, has been sold to approximately 2,600 vessels, represented by more than 80 shipowners. The largest customer on Vessel Insight is container shipping company Mediterranean Shipping Company (MSC), which signed a contract for the solution for its first 500 vessels in 2022. Since then, they have extended the order

several times and Kongsberg Digital now has a contract for delivery to almost 700 MSC vessels.

In 2023, the Maritime Simulation (MSIM) product domain, along with the simulators and software tailored for the energy sector, experienced robust progress and revenue expansion. Notably, multiple substantial contracts were successfully executed. Furthermore, a series of enhancement initiatives were introduced within MSIM, yielding positive outcomes for overall operations.

KONGSBERG nurtures ambitious growth plans for Kongsberg Digital, channelling substantial investments into expanding and launching novel solutions and applications.

## Kongsberg Digital in the future

In Q2 2023, a MUSD 90 private placement was carried out to Shell Ventures and Idékapital, which after the issue valued Kongsberg Digital at MUSD 540. The share issuance stems from the previously communicated strategic approach, wherein KONGSBERG meticulously evaluated diverse strategic options. The overarching goal was to fully unlock the business area's potential. The funds raised through this issuance, along with the infusion of new investors, will bolster and expedite the future growth and advancement of Kongsberg Digital.

Since its inception in 2016, Kongsberg Digital has solidified its position as a preeminent provider of digital solutions for the energy sector and the maritime industry. The drive toward digitalization plays a pivotal role in enhancing efficiency and curbing greenhouse gas emissions within these vital sectors.

Software as a Service (SaaS) solutions, stand as the primary catalysts driving growth. The demand for these solutions remains robust. Over the past years, market positioning has been a central focus, prompting KDI to bolster its capabilities in development, sales, and delivery.



# Outlook

In recent years, KONGSBERG has exhibited positive development, showcasing remarkable adaptability, achieving significant growth, and enhancing overall results.

As of the end of 2023, the Group boasts an order backlog amounting to NOK 88.6 billion, with NOK 30.8 billion slated for delivery in 2024. This robust backlog serves as a solid foundation for ongoing expansion. The order intake from the aftermarket is partially included in the order backlog. Additionally, the order backlog from associated companies and framework agreements further contributes to the overall reported order backlog.

Kongsberg Maritime operates across a diverse spectrum of segments, spanning from newbuilds to aftermarkets. Their reach encompasses everything from conventional merchant fleets to sophisticated vessels engaged in intricate marine operations. Notably, numerous shipyards boast nearly full order books for the upcoming years, which translates to an extended order backlog for Kongsberg Maritime, ensuring sustained robust activity. Given the aging vessel fleet and the heightened emission requirements, upgrades are imperative. Consequently, strong aftermarket activity is also anticipated in 2024.

Kongsberg Defence & Aerospace has experienced consistent growth in recent years, culminating in an impressive order backlog of NOK 65.4 billion by the end of 2023. The business area is strategically positioned to secure several substantial orders in the short and medium term, which bodes well for an anticipated expansion of the order backlog in the coming years. It's worth noting that profitability varies across different product groups and geographical regions.

The project composition within our delivery portfolio significantly impacts the profitability of our business area. While our long-term goal for the EBITDA margin stands at 17 per cent by 2025, it's important to recognize that this figure may fluctuate from quarter to quarter. We anticipate continued growth, primarily fueled by our missile deliveries. To ensure we have the capacity to fulfill existing orders and meet the substantial demand, we are actively investing in a production facility for missiles, which is slated to become operational in summer 2024.

Kongsberg Discovery boasts an extensive, world-leading technology portfolio complemented by profound domain expertise and critical software applications. Our solutions play a pivotal role in fisheries, marine research, marine operations, ocean-based energy production, and the monitoring of critical infrastructure. The demand for cutting-edge technology in these diverse segments serves as the bedrock for our sustained growth.

Kongsberg Digital significantly increased both operating revenues and recurring operating revenues in 2023. The market is focused on the area's digital solutions, particularly in terms of streamlining operations and addressing climate concerns. The robust demand, coupled with existing framework agreements, lays the groundwork for sustained growth. There will be significant investment in increased capacity, development, and deployment of digital solutions in 2024. However, Kongsberg Gruppen aims for Kongsberg Digital to deliver positive EBITDA in the second half of 2024.

Today's global landscape is marked by turbulence and unpredictability. Simultaneously, we recognize pressing demands for enhanced energy efficiency, sustainable energy sources, and robust security and monitoring solutions. KONGSBERG stands ready with a suite of products and systems designed to address these critical challenges. Coupled with our substantial order backlog and financial stability, we are well-positioned to embark on a journey of growth in 2024.

Kongsberg, February 8, 2024

The Board of Directors of Kongsberg Gruppen ASA



# Numbers & Notes



# Key figures by quarter

KONGSBERG	2023					2022					2021				
	2023	Q4	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
MNOK															
Operating revenues	40 617	11 936	9 978	9 614	9 090	31 803	9 444	7 745	7 567	7 046	27 449	8 107	6 216	6 762	6 364
EBITDA	6 037	1 672	1 626	1 381	1 357	4 602	1 401	1 360	1 012	829	4 086	1 156	1 054	993	883
EBITDA (%)	14,9	14,0	16,3	14,4	14,9	14,5	14,8	17,6	13,4	11,8	14,9	14,3	17,0	14,7	13,9
EBIT	4 600	1 273	1 270	1 038	1 019	3 309	1 068	1 035	683	522	2 863	844	748	697	575
EBIT (%)	11,3	10,7	12,7	10,8	11,2	10,4	11,3	13,4	9,0	7,4	10,4	10,4	12,0	10,3	9,0
Share of net income associated companies	358	177	148	21	12	387	174	144	47	23	244	96	79	58	11
Order intake	65 401	31 461	11 339	10 512	12 089	45 150	19 166	7 535	10 945	7 503	40 979	12 477	15 315	5 544	7 643
Order backlog	88 550	88 550	69 233	68 130	66 927	63 256	63 256	54 127	53 788	49 903	49 535	49 535	44 918	35 781	36 867

KONGSBERG MARITIME*	2023					2022					2021				
	2023	Q4	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
MNOK															
Operating revenues	20 180	5 589	4 990	4 978	4 624	16 486	4 608	4 136	4 005	3 737	14 443	4 343	3 270	3 563	3 267
EBITDA	2 601	671	762	529	640	1 825	531	622	360	312	1 541	429	455	350	307
EBITDA (%)	12,8	11,8	15,2	10,6	13,8	11,1	11,5	15,1	9,0	8,3	10,7	9,9	13,9	9,8	9,4
EBIT	2 053	538	615	392	508	1 255	374	486	211	185	979	286	321	216	156
EBIT (%)	10,1	9,5	12,3	7,8	10,9	7,6	8,1	11,8	5,3	4,9	6,8	6,6	9,8	6,1	4,8
Order intake	22 408	4 798	5 534	5 077	6 999	21 335	5 672	4 931	5 583	5 149	15 638	4 113	4 298	3 701	3 526
Order backlog	19 097	19 097	19 942	19 553	19 135	16 423	16 423	15 565	14 594	12 633	11 349	11 349	11 360	10 303	10 042

\* Comparable figures are adjusted for the excretion of KONGSBERG Discovery.

KONGSBERG DEFENCE AEROSPACE	2023					2022					2021				
	2023	Q4	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
MNOK															
Operating revenues	15 949	5 017	3 940	3 468	3 523	11 860	3 894	2 802	2 692	2 472	10 078	3 011	2 261	2 456	2 350
EBITDA	3 056	914	765	675	701	2 516	885	603	567	460	2 150	707	461	513	469
EBITDA (%)	19,1	18,2	19,4	19,5	19,9	21,2	22,7	21,5	21,1	18,6	21,3	23,5	20,4	20,9	20,0
EBIT	2 398	748	594	514	541	1 919	727	452	424	316	1 620	560	330	386	344
EBIT (%)	15,0	14,9	15,0	14,8	15,3	16,2	18,7	16,1	15,7	12,8	16,1	18,6	14,6	15,7	14,7
Share of net income associated companies	406	191	147	56	12	330	172	74	61	24	263	108	82	59	14
Order intake	37 771	24 839	4 646	4 438	3 849	19 560	12 530	1 619	4 080	1 331	22 221	7 452	10 303	1 120	3 346
Order backlog	65 377	65 377	45 667	44 938	43 964	43 540	43 540	35 027	35 950	34 504	35 632	35 632	31 189	23 145	24 470

# Key figures by quarter continued

KONGSBERG DISCOVERY	2023					2022					2021				
	2023	Q4	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	3 913	1 145	924	934	911	2 998	827	685	747	739	2 537	656	594	620	667
EBITDA	646	174	160	168	144	565	131	173	147	113	436	108	105	102	120
EBITDA (%)	16,5	15	17,3	18,0	15,8	18,8	15,8	25,3	19,7	15,4	17,2	16,5	17,6	16,5	18,0
EBIT	556	150	149	141	117	464	102	151	123	88	344	86	82	79	98
EBIT (%)	14,2	13	16,1	15,1	12,8	15,5	12,3	22,0	16,5	12,0	13,6	13,1	13,8	12,7	14,7
Order intake	4 305	1 326	1 103	835	1 041	3 575	550	885	1 215	926	2 782	808	698	636	641
Order backlog	2 948	2 948	2 732	2 641	2 708	2 452	2 452	2 811	2 592	2 068	1 874	1 874	1 712	1 607	1 627

KONGSBERG DIGITAL	2023					2022					2021				
	2023	Q4	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	1 433	439	360	341	293	989	285	262	220	221	845	229	221	204	192
-of this recurring revenues	735	206	193	190	145	469	132	122	112	102	347	96	91	83	76
EBITDA	(252)	(64)	(36)	(68)	(83)	(259)	(109)	(52)	(50)	(48)	(45)	(69)	22	10	(9)
EBITDA (%)	(17,6)	(15)	(10,1)	(19,9)	(28,4)	(26,2)	(38,1)	(19,6)	(22,9)	(21,7)	(5,4)	(30,0)	10,1	4,9	(4,8)
EBIT	(479)	(153)	(84)	(114)	(127)	(380)	(146)	(83)	(79)	(73)	(122)	(90)	3	(8)	(28)
EBIT (%)	(33,4)	(35)	(23,5)	(33,5)	(43,3)	(38,4)	(51,1)	(31,5)	(36,0)	(32,8)	(14,5)	(39,3)	1,5	(4,0)	(14,4)
Order intake	2 285	1 001	321	411	553	1 275	523	286	257	209	789	234	165	199	192
Order backlog	2 034	2 034	1 509	1 570	1 489	1 150	1 150	1 050	986	928	932	932	924	964	972

Due to eliminations and that Property and Corporate functions are not included, the sum of Business Areas does not add up to Group.

## Condensed income statement

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Operating revenues	5	11 936	9 444	40 617	31 803
Operating expenses	9	(10 264)	(8 044)	(34 581)	(27 201)
<b>EBITDA</b>	5	<b>1 672</b>	<b>1 401</b>	<b>6 037</b>	<b>4 602</b>
Depreciation		(126)	(118)	(479)	(469)
Depreciation, leasing assets	7	(128)	(112)	(493)	(449)
Impairment of property, plant and equipment		(4)	(3)	(4)	(18)
Amortisation		(103)	(95)	(422)	(352)
Impairment of intangible assets		(39)	(4)	(39)	(4)
<b>EBIT</b>	5	<b>1 273</b>	<b>1 068</b>	<b>4 600</b>	<b>3 309</b>
Share of net income from joint arrangements and associated companies	6	177	174	358	387
Interest on leasing liabilities	7	(33)	(33)	(136)	(128)
Net financial items	8	(27)	(14)	(147)	(72)
<b>Earnings before tax (EBT)</b>		<b>1 390</b>	<b>1 195</b>	<b>4 675</b>	<b>3 497</b>
Income tax expense	12	(265)	(214)	(959)	(687)
<b>Earnings after tax (EAT)</b>		<b>1 125</b>	<b>981</b>	<b>3 715</b>	<b>2 809</b>
<b>Attributable to:</b>					
Equity holders of the parent		1 153	979	3 712	2 773
Non-controlling interests		(27)	2	4	37
<b>Earnings per share (EPS) / EPS diluted in NOK</b>					
-Earnings per share		6,55	5,54	21,08	15,64
-Earnings per share, diluted		6,55	5,54	21,08	15,64

## Condensed statement of comprehensive income

MNOK	Note	1.1 - 31.3		1.1 - 31.3	
		2023	2022	2023	2022
<b>Earnings after tax</b>		<b>1 125</b>	<b>981</b>	<b>3 715</b>	<b>2 809</b>
Specification of other comprehensive income for the period:					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value, financial instruments					
-Cash flow hedges and cross-currency swaps	8	99	278	93	(64)
Tax effect cash flow hedges		(22)	(61)	(20)	14
Translation differences currency		(116)	(42)	426	287
<b>Total items to be reclassified to profit or loss in subsequent periods</b>		<b>(39)</b>	<b>175</b>	<b>499</b>	<b>236</b>
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains/losses pensions		(53)	364	(53)	364
Tax effect on actuarial gain/loss on pension		11	(78)	11	(78)
<b>Total items not to be reclassified to profit or loss</b>		<b>(42)</b>	<b>285</b>	<b>(42)</b>	<b>285</b>
<b>Comprehensive income</b>		<b>1 045</b>	<b>1 441</b>	<b>4 173</b>	<b>3 331</b>

# Condensed statement of financial position

		31.12	30.9	31.12
MNOK	Note	2023	2023	2022
<b>Assets</b>				
Property, plant and equipment		5 588	5 218	4 107
Leasing assets	7	1 668	1 776	1 743
Intangible assets	9	5 952	5 992	5 781
Shares in joint arrangements and associated companies	6	4 259	4 125	3 868
Other non-current assets		871	878	819
<b>Total non-current assets</b>		<b>18 338</b>	<b>17 989</b>	<b>16 320</b>
Inventories		6 848	6 225	5 493
Trade receivables		8 722	7 947	6 957
Customer contracts, asset	8	10 500	10 290	8 031
Derivatives	8	1 887	1 282	1 596
Other short-term receivables		951	659	896
Cash and cash equivalents		5 975	2 112	3 932
<b>Total current assets</b>		<b>34 884</b>	<b>28 515</b>	<b>26 905</b>
<b>Total assets</b>		<b>53 222</b>	<b>46 504</b>	<b>43 225</b>

		31.12	30.9	31.12
MNOK	Note	2023	2023	2022
<b>Equity, liabilities and provisions</b>				
Issued capital	4	5 928	5 928	5 930
Retained earnings		8 855	7 745	6 911
Other reserves		1 185	1 223	693
Non-controlling interests		497	525	209
<b>Total equity</b>		<b>16 465</b>	<b>15 422</b>	<b>13 744</b>
Long-term interest-bearing loans	8	2 500	2 500	2 003
Long-term leasing liabilities	7	1 457	1 559	1 526
Other non-current liabilities and provisions	3	2 111	1 760	1 855
<b>Total non-current liabilities and provisions</b>		<b>6 068</b>	<b>5 820</b>	<b>5 384</b>
Customer contracts, liabilities	8	19 825	13 182	14 159
Derivatives	8	1 929	2 433	1 559
Short-term interest-bearing loans	8	500	1 702	450
Short-term leasing liabilities	7	433	439	419
Other current liabilities and provisions	3	8 001	7 507	7 511
<b>Total current liabilities and provisions</b>		<b>30 689</b>	<b>25 262</b>	<b>24 097</b>
<b>Total equity, liabilities and provisions</b>		<b>53 222</b>	<b>46 504</b>	<b>43 225</b>
Equity ratio (%)		30,9	33,2	31,8
Net interest-bearing debt		(2 975)	2 090	(1 479)

## Condensed statement of changes in equity

		31.12	30.9	31.12
MNOK	Note	2023	2023	2022
Equity opening balance		13 744	13 744	13 618
Total comprehensive income		4 173	3 128	3 331
Dividends paid		(2 115)	(2 115)	(2 716)
Share buy-back related to share buy-back programme	4	(265)	(265)	(481)
Transactions with treasury shares related to employee share programme	4	4	(3)	(5)
Capital reduction	4	(2)	(2)	(2)
Purchase/sale, in non-controlling interests	13	927	936	(1)
<b>Equity closing balance</b>		<b>16 465</b>	<b>15 422</b>	<b>13 744</b>

# Condensed cash flow statement

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
<b>Earnings after tax</b>		<b>1 125</b>	<b>981</b>	<b>3 715</b>	<b>2 809</b>
Depreciation/impairment of property, plant and equipment		130	121	483	487
Depreciation, leasing assets		128	112	493	449
Amortisation/impairment of intangible assets		142	99	461	356
Share of net income from joint ventures and associated companies		(177)	(174)	(358)	(387)
Net finance items		60	47	283	200
Income taxes		265	214	959	687
Gain on sale of business		-	-	(135)	-
Change in net current assets and other operations-related items		4 254	1 046	(74)	(3 495)
<b>Net cash flow from operating activities</b>		<b>5 926</b>	<b>2 447</b>	<b>5 827</b>	<b>1 106</b>
Dividend from joint arrangements and associated companies	6	-	-	170	201
Purchase/disposal of property, plant and equipment		(512)	(212)	(1 931)	(622)
Investment in subsidiaries and associated companies		(10)	(4)	(163)	(601)
Investment in financial assets		-	-	-	(44)
Interest received		40	68	120	124
Repayment of debt in acquired business		-	(7)	-	(7)
Sale of business and investment i subsidiaries	13	-	-	1 115	6
Capitalised internal developed and other intangible assets		(105)	(113)	(403)	(400)
Settlement of cross-currency swaps		12	(15)	(59)	1
<b>Net cash flow from investing activities</b>		<b>(575)</b>	<b>(284)</b>	<b>(1 153)</b>	<b>(1 343)</b>

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2023	2022	2023	2022
Net change interest-bearing loans		(1 202)	-	537	-
Payment of principal portion of lease liabilities	7	(126)	(104)	(477)	(408)
Interest paid		(71)	(80)	(222)	(168)
Interest paid on leasing liabilities	7	(33)	(33)	(136)	(128)
Net payment related to employee share programme		-	-	(80)	(100)
Share buy-back related to share buy-back programme	4	-	(123)	(267)	(483)
Dividends paid to equity holders of the parent		-	-	(2 128)	(2 736)
- of which dividends from treasury shares		-	-	13	21
<b>Net cash flow from financing activities</b>		<b>(1 432)</b>	<b>(340)</b>	<b>(2 759)</b>	<b>(4 002)</b>
Effect of changes in exchange rates on cash and cash equivalents		(56)	(116)	128	54
<b>Net change in cash and cash equivalents</b>		<b>3 863</b>	<b>1 707</b>	<b>2 043</b>	<b>(4 186)</b>
Cash and cash equivalents at the beginning of the period		2 112	2 225	3 932	8 118
<b>Cash and cash equivalents at the end of the period</b>		<b>5 975</b>	<b>3 932</b>	<b>5 975</b>	<b>3 932</b>

*General information*

The consolidated financial statement for Q4 (interim financial statement) covers Kongsberg Gruppen ASA, its subsidiaries and shares in joint arrangements and associated companies that are included according to the equity method.

*Principles*

Interim financial statements are compiled in accordance with IAS 34 (interim reporting), stock exchange regulations and the additional requirements of the Securities Trading Act. Interim financial statements do not include the same amount of information as the full financial statements and should be read in the context of the consolidated financial statements for 2022. The consolidated financial statements for 2022 were prepared in compliance with the Norwegian Accounting Act and international standards for financial reporting (IFRS) established by the EU.

The consolidated financial statements for 2022 are available on [www.kongsberg.com](http://www.kongsberg.com).

*The interim financial statement has not been audited.*

The accounting principles used in the quarterly report are the same principles as those applied to the consolidated financial statements for 2022, with the exception of changes to IFRS 17 "Insurance Contracts", IAS 1 "Presentation of Financial Statements", IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IAS 12 "Income Taxes" which was implemented 1 January 2023.

The amendments to IFRS 17 are not relevant for KONGSBERG and will not be further described. The amendments to IAS 1 concern changes in information on accounting principles and add new guidance on how entities should apply the concept of materiality in making decisions about accounting policy disclosures. The requirement to disclose «significant» accounting policies is replaced with a requirement to disclose «material» accounting policies in order to provide users with more useful information about the accounting principles. The amendments to IAS 8 introduce a new definition of accounting estimates and shall clarify the difference from accounting policies. Furthermore, the amendments clarify the distinction

between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments to IAS 12 concern deferred tax related to assets and liabilities arising from a single transaction. The amendments limit the initial recognition exception of deferred tax, so that it no longer apply to transactions that give rise to equal taxable and deductible temporary differences.

The implementation of the changes has not had any significant effect on the consolidated financial statements.

Preparing the interim financial statement involves assessments, estimates and assumptions that affect the use of accounting principles and posted amounts for assets and obligations, revenues and expenses. Actual results may deviate from these estimates. The key considerations in connection with the application of the Group's accounting principles and the major sources of uncertainty remain the same as when the 2022 consolidated financial statements was compiled.

The Annual General Meeting 11 May 2022 granted the Board of Directors the authorization to acquire shares for cancellation. The authorization has been supported by the company's largest shareholder, the Norwegian state, and is formalised through a separate agreement where the Norwegian state participate in the share buy-back program on a proportionate basis through redemption of shares so that the Norwegian state's ownership interest remains unchanged. Under the authorisation, the company has acquired 695 555 shares in the market. Based on the agreement entered with the Norwegian State, an additional 695 668 shares have been redeemed for a total consideration of NOK 250 025 152 in connection with the capital reduction executed after the approval on KONGSBERG's Annual General Meeting on 11 May 2023. The company's share capital is reduced by NOK 1 739 028,75 through cancellation and redemption of 1 391 223 shares. After the capital reduction, KONGSBERG's share capital is NOK 219 902 311,25 divided into 175 921 849 shares, each at nominal value of NOK 1,25.

MNOK	Operating revenues				EBITDA				EBIT			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Kongsberg Maritime	5 589	4 608	20 180	16 486	671	531	2 601	1 825	538	374	2 053	1 255
Kongsberg Defence & Aerospace	5 017	3 894	15 949	11 860	914	885	3 056	2 516	748	727	2 398	1 919
Kongsberg Discovery	1 145	827	3 913	2 998	174	131	646	565	150	102	556	464
Other <sup>1)</sup>	185	115	575	459	(87)	(147)	(267)	(304)	(162)	(134)	(407)	(330)
<b>Group</b>	<b>11 936</b>	<b>9 444</b>	<b>40 617</b>	<b>31 803</b>	<b>1 672</b>	<b>1 401</b>	<b>6 037</b>	<b>4 602</b>	<b>1 273</b>	<b>1 068</b>	<b>4 600</b>	<b>3 309</b>

<sup>1)</sup> Other activities consist of Kongsberg Digital, property, corporate functions and eliminations. For information about Kongsberg Digital see separate section. As from the second quarter a profit related to sale of property of NOK 135 million is included in the figures.

Operating revenues YTD by division:

MNOK	2023	2022
<i>Divisions</i>		
Global Customer Support	11 664	9 799
Integration & Energy	1 672	1 108
Propulsion & Handling	4 188	3 342
Automation & Control	3 878	3 154
Other/elimination	(1 222)	(916)
<b>Kongsberg Maritime</b>	<b>20 180</b>	<b>16 486</b>

MNOK	2023	2022
<i>Divisions</i>		
Land Systems	3 123	2 325
Integrated Defence Systems	5 984	4 830
Aerostructures & MRO	2 709	2 520
Missile Systems	3 950	2 221
Space & Surveillance	1 052	763
Other/elimination	(870)	(799)
<b>Kongsberg Defence &amp; Aerospace</b>	<b>15 949</b>	<b>11 860</b>

MNOK	2023	2022
<i>Divisions</i>		
Ocean Technologies	1 703	1 463
Marine Life Technologies	683	556
Uncrewed Platforms	859	495
Seatex	682	546
Annet/eliminerer	(13)	(62)
<b>Kongsberg Discovery</b>	<b>3 913</b>	<b>2 998</b>
Other/elimination	575	459
<b>Total revenues</b>	<b>40 617</b>	<b>31 803</b>

The table shows the anticipated date on which remaining performance obligations as of 31 December 2023 are recognised as income:

MNOK	2023			2022		
	Date of revenue recognition			Date of revenue recognition		
	Order backlog 31.12.23	2024	2025 and later	Order backlog 31.12.22	2023	2024 and later
Kongsberg Maritime	19 097	12 373	6 724	16 423	9 724	6 699
Kongsberg Defence & Aerospace	65 377	15 774	49 603	43 540	13 159	30 381
Kongsberg Discovery	2 948	2 116	832	2 452	1 808	643
Other/elimination	1 127	556	572	841	399	442
<b>Total</b>	<b>88 550</b>	<b>30 818</b>	<b>57 732</b>	<b>63 256</b>	<b>25 091</b>	<b>38 165</b>



Specification of movement in the balance sheet line "Shares in joint arrangements and associated companies" 1 January to 31 December

MNOK	Ownership	Carrying amount 1.1	Additions/disposals	Dividends received	Share of net income <sup>1)</sup>	Other items and comprehensive income	Carrying amount 31.12	Share of net income 1.10 - 31.12
Patria Oyj	49,9%	3 036	-	(150)	233	211	3 331	155
Kongsberg Satellite Services AS	50,0%	719	-	(20)	156	-	855	27
Other shares		113	(9)	-	(32)	-	72	(4)
<b>Total</b>		<b>3 868</b>	<b>(9)</b>	<b>(170)</b>	<b>358</b>	<b>211</b>	<b>4 259</b>	<b>177</b>

<sup>1)</sup> The share of net income is included after tax and amortisation of excess value.

Share of net result from Patria:

MNOK	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
KONGSBERG's share (49,9%) <sup>1)</sup>	158	122	244	177
Amortisation of excess values after tax	(3)	(4)	(10)	(13)
<b>Share of net income recognised in KDA for the period</b>	<b>155</b>	<b>118</b>	<b>233</b>	<b>164</b>

<sup>1)</sup> Share of Patria's net income after tax adjusted for non-controlling interests and net income from KAMS. Share of net income from Patria is recognised as follows during the quarters: Q1: Jan-Feb, Q2: Mar-May, Q3: Jun-Aug and Q4: Sep-Des.

Share of net income and dividend from associated companies per business area:

MNOK	Share of net income				Dividend			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022	2023	2022	2023	2022
Kongsberg Maritime	(13)	-	(14)	-	-	-	-	-
Kongsberg Defence & Aerospace	191	172	406	330	-	-	170	201
Kongsberg Discovery	-	3	(35)	(1)	-	-	-	-
Other	-	(1)	1	58	-	-	-	-
<b>Group</b>	<b>177</b>	<b>174</b>	<b>358</b>	<b>387</b>	<b>-</b>	<b>-</b>	<b>170</b>	<b>201</b>

KONGSBERG has leases that are primarily related to land and buildings, as well as leases for machinery, vehicles and equipment.

*IFRS 16 effects on condensed statement of financial position:*

Opening balance 1 January 2023	1743
Addition	151
Disposal	(3)
Depreciation Q1	(114)
<b>Translation differences</b>	<b>38</b>
Opening balance 1 April 2023	1815
Addition	193
Disposal	(4)
Depreciation Q2	(121)
<b>Translation differences</b>	<b>17</b>
Opening balance 1 July 2023	1899
Addition	28
Disposal	-
Depreciation Q3	(130)
<b>Translation differences</b>	<b>(21)</b>
Inngående balanse 1 October 2023	1776
Addition	32
Depreciation Q4	(128)
<b>Translation differences</b>	<b>(6)</b>
<b>Closing balance 31 December 2023</b>	<b>1668</b>

*Leasing assets and leasing liabilities recognised in the financial position:*

	31.12.2023	30.9.2023	31.12.2022
Leasing assets	1668	1776	1743
Long-term leasing liabilities	1457	1559	1526
Short-term leasing liabilities	433	439	419

*IFRS 16 effects on condensed income statement in the period:*

	1.10 - 31.12		1.1 - 31.12	
	2023	2022	2023	2022
Returned rental cost earlier included in EBITDA	159	137	613	536
Profit/Loss on disposed leases	0	0	1	6
<b>Increased EBITDA in the period</b>	<b>159</b>	<b>137</b>	<b>614</b>	<b>541</b>
Depreciation on leases	(128)	(112)	(493)	(449)
<b>Increased EBIT in the period</b>	<b>32</b>	<b>26</b>	<b>121</b>	<b>93</b>
Interest cost on leasing liabilities for the period	(33)	(33)	(136)	(128)
<b>Reduced EBT in the period</b>	<b>(1)</b>	<b>(7)</b>	<b>(15)</b>	<b>(35)</b>

*Loans and credit facilities*

The group has four bond loans amounting to a total of MNOK 3 000. The loans are classified as long-term loans except KOG13 which is due 6<sup>th</sup> of June 2024. The maturity dates of the long-term bond loans range from the 26<sup>th</sup> of February 2026 to the 31<sup>st</sup> of May 2030. In addition, the group has a syndicated credit facility of MNOK 2,500 and an overdraft credit facility of MNOK 1,500. Neither were utilized at the end of the quarter.

*Interest-bearing loans:*

			31.12.2023	31.12.2022
<i>MNOK</i>	<i>Due date</i>	<i>Nominal interest rate</i>	<i>Value<sup>1</sup></i>	<i>Value<sup>1</sup></i>
<i>Long-term loans:</i>				
Bond issue KOG09 - fixed interest rate	2.6.26	3,20%	1 000	1 000
Bond issue KOG13 - floating interest rate			-	500
Bond issue KOG14 - floating interest rate	26.2.26	5,61%	500	500
Bond issue KOG15 - fixed interest rate	31.5.30	4,85%	1 000	-
Other long-term loans			-	3
<b>Total long-term loans</b>			<b>2 500</b>	<b>2 003</b>
<i>Short-term loans:</i>				
Bond issue KOG11 - fixed interest rate <sup>2</sup>			-	450
Bond issue KOG13 - floating interest rate	6.6.24	5,85%	500	-
Overdraft facility			-	-
<b>Total short-term loans</b>			<b>500</b>	<b>450</b>
<b>Total interest-bearing loans</b>			<b>3 000</b>	<b>2 453</b>
Syndicated credit facility (unutilised credit limit)	22.3.28		2 500	2 500
Overdraft facility (max credit limit)			1 500	1 000

<sup>1</sup> Value is equal to nominal amount.

<sup>2</sup> The bond issue KOG11 was repaid during the quarter.

#### Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, increased by MNOK 92 before tax during the period 1st January – 31st December 2023. The fair value of unrealized forward exchange contracts decreased by MNOK 194 during the period. The total change in net fair value of fair value hedges represented an increase of MNOK 132 from the end of last year. The end-of-quarter spot rates were USD/NOK 10.14, EUR/NOK 11.19 and GBP/NOK 12.90.

#### Forward exchange contracts classified as cash flow hedges:

MNOK	Due in 2024		Due in 2025 or later		Total			
	Value in NOK on agreed rates	Fair value at 31.12.23	Value in NOK on agreed rates	Fair value at 31.12.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 31.12.23	
USD	(1 495)	(238)	2 248	(90)	752	(239)	(328)	
EUR	470	30	(59)	-	411	30	30	
Other	4	12	(23)	-	(18)	15	12	
Sum	(1 021)	(196)	2 165	(90)	1 145	(194)	(286)	
Roll-over of currency futures		122		227		363	349	
<b>Total</b>	<b>(1 021)</b>	<b>(73)</b>	<b>2 165</b>	<b>137</b>	<b>1 145</b>	<b>170</b>	<b>64</b>	
Forward exchange contracts cash flow hedges, assets								238
Forward exchange contracts cash flow hedges, liabilities								524
<b>Net forward exchange contracts cash flow hedges</b>								<b>(286)</b>

Fair value is referring to the net present value of the variance between the forward rate as of 31 December 2023 and the forward rate at the time of entering the forward exchange contract. The change in the fair value of cash flow hedges recognised in the statement of comprehensive income is MNOK 92, while the table above shows a change in fair value of MNOK 170. The difference between these two amounts of MNOK -77 was ascribable to a change in fair value of cross-currency swaps.

#### Forward exchange contracts classified as fair value hedges:

MNOK	Due in 2024		Due in 2025 or later		Total			
	Value in NOK on agreed rates	Fair value at 31.12.23	Value in NOK on agreed rates	Fair value at 31.12.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 31.12.23	
USD	8 444	180	282	32	11 264	142	212	
EUR	6 428	97	5 648	9	12 076	(2)	107	
GBP	697	24	239	(20)	936	(33)	4	
Other	362	6	290	(12)	652	24	(6)	
<b>Total</b>	<b>15 931</b>	<b>307</b>	<b>8 997</b>	<b>9</b>	<b>24 928</b>	<b>132</b>	<b>316</b>	
Forward exchange contracts fair value hedges, assets								1617
Forward exchange contracts fair value hedges, liabilities								1301
<b>Net forward exchange contracts fair value hedges</b>								<b>316</b>

The net value of fair value hedges which are mainly recognized as derivatives in the statement of financial position, offset against customer contracts, assets by MNOK 761 (decrease) and customer contracts, liabilities by MNOK -476 (decrease).

Specification of derivatives:

	31.12	30.9	31.12
MNOK	2023	2023	2022
Forward exchange contracts, cash flow hedges (a)	238	441	682
Forward exchange contracts, fair value hedges (b)	1 617	840	914
Cross-currency swaps	32	-	-
<b>Total derivatives, current assets</b>	<b>1 887</b>	<b>1 282</b>	<b>1 596</b>
Forward exchange contracts, cash flow hedges (c)	524	725	774
Forward exchange contracts, fair value hedges (d)	1 301	1 549	730
Cross-currency swaps	105	159	54
<b>Total derivatives, current liabilities</b>	<b>1 929</b>	<b>2 433</b>	<b>1 559</b>
Net forward exchange contracts, cash flow hedges (a) - (c)	(286)	(283)	(92)
Net forward exchange contracts, fair value hedges (b) - (d)	316	(708)	184
<b>Total net forward exchange contracts</b>	<b>30</b>	<b>(992)</b>	<b>92</b>

9

Product development

Product maintenance cost and development recognised in the income statement during the period:

	1.10 - 31.12		1.1 - 31.12	
MNOK	2023	2022	2023	2022
Product maintenance	160	140	569	472
Development cost	455	313	1 513	1 204
<b>Total</b>	<b>615</b>	<b>454</b>	<b>2 082</b>	<b>1 675</b>

Capitalised development recognised during the period:

	1.10 - 31.12		1.1 - 31.12	
MNOK	2023	2022	2023	2022
Capitalised development	64	103	340	305

In the consolidated statement of financial position at the end of the fourth quarter the largest capitalised projects were related to the development of the digital platform Kognifai and associated applications, Joint Strike Missile (JSM) and other missile technology, medium-calibre weapon station (MCT and RWS), communication solutions and remote towers for airports.

## 10 Related parties

The Board is not aware of any changes or transactions in the 4th quarter associated with related parties that in any significant way have an impact on the Group's financial position and profit for the period.

## 11 Important risk and uncertainty factors

KONGSBERG's risk management is described in the 2022 annual report. No new risk and uncertainty factors emerged during this quarter.

## 12 Tax

The income tax expense per 4th quarter was calculated to be 20.5 per cent of earnings before tax. The income tax expense was mainly affected by income from associates recognized after tax.

## 13 Investment in Kongsberg Digital

On 5 June, Kongsberg Digital Holding ASA raised USD 90 million in investment. This was a private placement to Shell Ventures and Idékapital. The funding and the new investors will support and accelerate the future growth and development of Kongsberg Digital. After the investment, Kongsberg Digital is valued at USD 540 million post-money. KONGSBERG owns 83.3 % of the shares in Kongsberg Digital after the investment. The equity effect of the transaction is NOK 936 million.

# Alternative performance measures and definitions

KONGSBERG uses terms in the consolidated financial statements that are not anchored in the IFRS accounting standards. Our definitions and explanations of these terms follow below.

KONGSBERG considers **EBITDA and EBIT** to be normal accounting terms, but they are not included in the IFRS accounting standards. EBITDA is the abbreviation of “Earnings Before Interest, Taxes, Depreciation and Amortisation”. KONGSBERG uses EBITDA in the income statement as a summation line for other accounting lines. These accounting lines are defined in our accounting principles, which are part of the 2022 financial statements. The same applies to EBIT.

**Restructuring costs** consist of salaries and social security tax upon termination of employment (such as severance and gratuity) in connection with workforce reductions. In addition to this are rent and other related costs and any one-off payments in the event of the premature termination of tenancy agreements for premises that are not in use.

**Net interest-bearing debt** is the net amount of the accounting lines “Cash and cash equivalents” and “Short- and long-term interest-bearing liabilities, excluding leasing commitments”.

**Return on Average Capital Employed (ROACE)** is defined as the 12-month rolling EBIT including share of net income from joint arrangements and associated companies, excluding IFRS 16 divided by the 12-month mean of recognised equity and net interest-bearing debt.

**Net interest-bearing debt incl. leasing liabilities/EBITDA** is defined as net interest-bearing debt incl. leasing liabilities divided by 12-month rolling EBITDA.

**Working capital** is defined as current assets (except cash and cash equivalents) minus non-interest-bearing liabilities (except taxes payable). Financial instruments classified as cash flow hedges are not included in working capital.

Working capital is calculated as follow:

	31.12	30.9	31.12
<b>MNOK</b>	<b>2023</b>	<b>2023</b>	<b>2022</b>
Current assets	34 884	28 515	26 905
Current liabilities and provisions	(30 689)	(25 262)	(24 097)
<i>Adjusted for:</i>			
Cash and cash equivalents	(5 975)	(2 112)	(3 932)
Short-term interest-bearing loans	500	1 702	450
Short-term leasing liabilities	433	439	419
Net tax payable	393	970	660
Financial instruments classified as cash flow hedges	8	95	160
<b>Working capital</b>	<b>(445)</b>	<b>4 346</b>	<b>565</b>

**Book/bill** is order intake divided by operating revenues.

**Recurring revenues** consist of revenues from Software as a Service, Software Leases and Software Maintenance & User Support.

**Organic growth** is change in operating revenues exclusive acquired companies.

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