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KONGSBERG

Quarterly report

3rd quarter

2023



Geir Håøy,
President & CEO

KONGSBERG

"We live in a turbulent world with rapid changes, where there is a demand for a higher degree of security, increased stability and a shift towards a green industry restructuring. I am proud of the work we do in collaboration with customers, research communities and governments to make a difference in solving these important global challenges. The need and demand for our technological solutions is increasing. Therefore, we are well-positioned for further growth and value creation.

We continued our growth and delivered close to NOK 10 billion in operating revenues and an operating profit of NOK 1.3 billion in the quarter. So far in 2023, revenue growth is 28 per cent compared to last year. In Kongsberg Defence & Aerospace, growth is mainly driven by deliveries and projects we have worked on for a long period of time. Increased activity in Kongsberg Maritime's aftermarket is driven by a significant need to upgrade the fleet to make shipping more environmentally friendly, as well as reactivation of vessels. Kongsberg Discovery and Kongsberg Digital also report revenue growth in the range of 30-40 per cent. KONGSBERG's order backlog is more than NOK 69 billion. At the same time, we see significant opportunities ahead, which will enable the order backlog to grow further.

KONGSBERG has an extensive product portfolio related to security, surveillance, and reduction of climate footprint through alternative energy sources and more efficient energy utilisation. Every year, we invest large amounts in both new solutions and further development of the existing portfolio. Despite a relatively modest direct climate footprint, we have concrete ambitions related to reducing our own footprint. If the world is to achieve its climate ambitions, everyone must contribute. At the same time it is important that these investments become financially sustainable. Investing in product development is therefore one of the most important things we can do for a sustainable future.

We have a solid foundation with a record-high order backlog and strong market positions that contribute to ambitions for further growth and good profitability also in the years to come."

Highlights



KONGSBERG

29 per cent growth in operating revenues, NOK 1.6 billion. EBITDA and NOK 1.3 billion. EBIT. Solid growth in all business areas. The order backlog of NOK 69.2 billion and high activity throughout the Group provide a solid basis for continued growth going forward.

MNOK	Q3	YTD
Operating revenues	9 978	28 681
EBITDA	1 626	4 364
EBITDA (%)	16,3	15,2
EBIT	1 270	3 327
EBIT (%)	12,7	11,6



Kongsberg Maritime

21 per cent growth in operating revenues compared to the corresponding quarter last year and EBIT margin of 12.3 per cent. Solid operational performance and good project execution. High activity in the aftermarket related to vessel reactivation and spare parts sales. Positioned for continued growth through technology necessary for greener shipping.

MNOK	Q3	YTD
Operating revenues	4 990	14 592
EBITDA	762	1 930
EBITDA (%)	15,3	13,2
EBIT	615	1 515
EBIT (%)	12,3	10,4



Kongsberg Defence & Aerospace

41 per cent growth in operating revenues compared to the corresponding quarter last year and 15.1 per cent EBIT margin. Increased operating revenues related to missile and weapon station deliveries. Order backlog of NOK 45.7 billion at the end of the quarter. Signed NOK 16 billion contract with the Polish Ministry of Defence, will be included in the order backlog when the contract becomes effective. High market activity and well positioned for significant order intake ahead.

MNOK	Q3	YTD
Operating revenues	3 940	10 932
EBITDA	765	2 142
EBITDA (%)	19,4	19,6
EBIT	594	1 650
EBIT (%)	15,1	15,1



Kongsberg Discovery

35 per cent growth in operating revenues compared to the corresponding quarter last year and 16.1 per cent EBIT margin. High activity related to deliveries to fishing and research vessels in the quarter. Strong positioning towards important drivers and market trends around sustainability, safety and monitoring provides good opportunities ahead.

MNOK	Q3	YTD
Operating revenues	924	2 768
EBITDA	160	472
EBITDA (%)	17,3	17,0
EBIT	149	407
EBIT (%)	16,1	14,7



Kongsberg Digital

37 per cent growth in total and 58 per cent growth in recurring operating revenues compared to the corresponding quarter last year. High market activity and continued scaling up of the business. Good increase in the number of Kognitwin installations in the quarter.

MNOK	Q3	YTD
Operating revenues	360	994
Of this recurring revenues	193	529
EBITDA	(36)	(187)
EBITDA (%)	(10,1)	(18,9)
EBIT	(84)	(326)
EBIT (%)	(23,5)	(32,8)

Key figures

MNOK	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
Operating revenues	9 978	7 745	28 681	22 358	31 803
EBITDA	1 626	1 360	4 364	3 201	4 602
EBITDA (%)	16,3	17,6	15,2	14,3	14,5
EBIT	1 270	1 035	3 327	2 240	3 309
EBIT (%)	12,7	13,4	11,6	10,0	10,4
Share of net income from associated companies	148	144	181	213	387
Earnings before tax	1 312	1 114	3 284	2 302	3 497
Earnings after tax	1 043	893	2 590	1 828	2 809
EPS (NOK)	5,93	4,97	14,53	10,10	15,64
Order Intake	11 339	7 535	33 940	25 984	45 150

MNOK	30.9	30.6	31.12
	2023	2023	2022
Equity ratio (%)	33,2	31,0	31,8
Net interest-bearing debt ¹⁾	2 090	703	(1 479)
Working Capital ²⁾	4 346	2 510	565
ROACE (%) ³⁾	32,3	33,9	33,9
Order backlog	69 233	68 130	63 256
Net interest-bearing debt incl. leasing liabilities/EBITDA ⁴⁾	0,7	0,5	0,1
No. of employees	13 196	12 836	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	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
Operating	9 978	7 745	28 681	22 358	31 803
EBITDA	1 626	1 360	4 364	3 201	4 602
EBITDA (%)	16,3	17,6	15,2	14,3	14,5
EBIT	1 270	1 035	3 327	2 240	3 309
EBIT (%)	12,7	13,4	11,6	10,0	10,4
Order Intake	11 339	7 535	33 940	25 984	45 150
Order backlog	69 233	54 127	69 233	54 127	63 256

Operating revenues in the 3rd quarter was MNOK 9 978, compared to MNOK 7 745 in the same quarter last year, an increase of 29 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 related to deliveries to fisheries and research vessels. Accumulated operating revenues as of 3rd quarter 2023 was MNOK 28 681, up 28 per cent from MNOK 22 358 in the same period last year.

EBIT in the 3rd quarter was MNOK 1 270, corresponding to an EBIT margin of 12.7 per cent, compared to MNOK 1 035 (13.4 per cent) in the same quarter last year. The project mix resulted in a lower margin in the quarter compared to the corresponding quarter last year. This was partly offset by improved cost-efficiency in combination with increased volume. Total EBIT for the first three quarters of the year was MNOK 3 327, up from MNOK 2 240 in the same period in 2022.

Order intake in the 3rd quarter was MNOK 11 339, compared to MNOK 7 535 in the same quarter last year. This gave a book/bill in the quarter of 1.14. Order intake may vary considerably between quarters. Accumulated as of the 3rd quarter, order intake was MNOK 33 940, compared to MNOK 25 984 in the corresponding period last year.

The order backlog at the end of 3rd quarter 2023 was MNOK 69 233, an increase of MNOK 1 103 in the quarter and MNOK 5 977 so far in 2023.

Cash flow

The Group had MNOK 2 112 in cash and cash equivalents at the end of 3rd quarter compared to MNOK 2 757 at the end of the 2nd quarter, a reduction of MNOK 664 in the quarter. Cash flow in the quarter was mainly impacted by positive EBITDA, minus increased working capital and investments in property, plant, and equipment, as well as changes in short-term interest-bearing debt.

Net cash flow from operating activities was MNOK -387. The change in current assets, other operating items and paid taxes totalling MNOK -2 014 was partly reduced by a positive EBITDA of MNOK 1 626.

The change in working capital was mainly driven by good project execution without associated payment milestones in Kongsberg Defence & Aerospace, as well as increased inventories and accounts receivable in Kongsberg Discovery as a result of strong growth.

The Group's cash flow from investment activities was MNOK -679. This was mainly driven by investments in property, plant and equipment, as well as capitalised self-financed product development. Investments in facilities were mainly related to a new missile factory and other production facilities.

Cash flow from financing activities was MNOK 517, mainly related to changes in short-term interest-bearing debt.

So far this year, KONGSBERG has had a net reduction in cash and cash equivalents of MNOK 1 820. The largest negative cash flows were related to increased working capital due to growth, dividend

payments and investment in property and production facilities. The largest single investment is in a new missile factory, where MNOK 566 has been invested so far in 2023.

Balance sheet

	30.9	30.6	31.12
MNOK	2023	2023	2022
Equity	15 422	14 441	13 744
Equity ratio (%)	33,2	31,0	31,8
Total assets	46 504	46 645	43 225
Working capital ¹⁾	4 346	2 510	565
Gross interest-bearing debt	4 202	3 460	2 453
Cash and cash equivalents	2 112	2 757	3 932
Net interest bearing debt ¹⁾	2 090	703	(1 479)
Net interest bearing debt incl. leasing liabilities/EBITDA ¹⁾	0,7	0,5	0,1

¹⁾ See definition note 14

At the end of the quarter the Group had interest-bearing debt of total MNOK 4 202. The debt consisted of five bond issue of total MNOK 3,450. The bonds KOG11 of MNOK 450 and KOG13 of MNOK 500 are classified as short-term liabilities, see Note 8 for further information.

Net interest-bearing debt at the end of the 3rd quarter was MNOK 2 090, compared to MNOK 703 at the end of the 1st 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.

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 573 in the quarter and MNOK 1,744 for the first nine months of the year, of which MNOK 96 and MNOK 276 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 Q3, 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 13 196 employees at the end of 3rd quarter, which is an increase of 360 in the quarter. All KONGSBERG's business areas are growing, and capacity will continue to increase in the future to meet this growth.



Number of employees



**Kongsberg
Maritime**

6 583



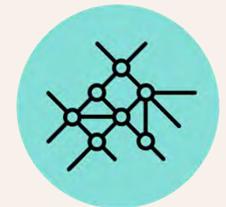
**Kongsberg Defence
& Aerospace**

4 270



**Kongsberg
Discovery**

1 056

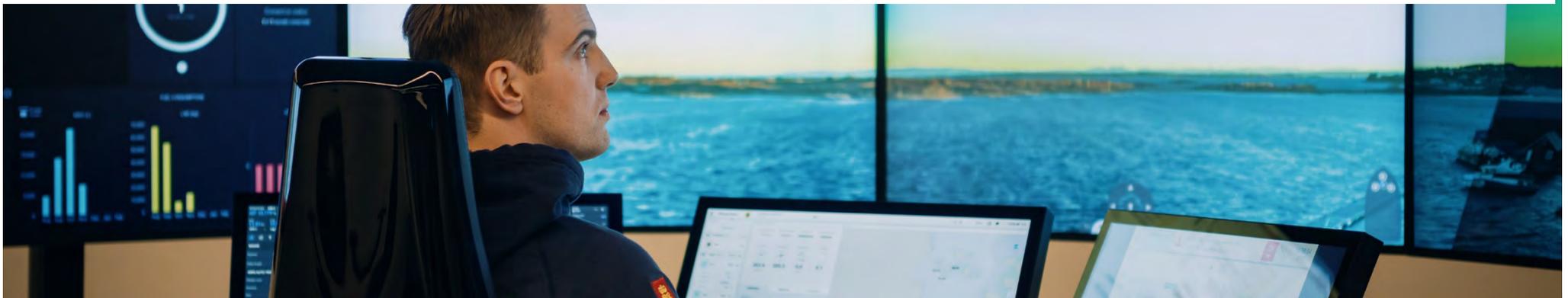


**Kongsberg
Digital**

1 216

Number of employees by business area

Kongsberg Maritime



Key figures

	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
MNOK					
Operating revenues	4 990	4 136	14 592	11 878	16 486
EBITDA	762	622	1 930	1 294	1 825
EBITDA (%)	15,3	15,1	13,2	10,9	11,1
EBIT	615	486	1 515	881	1 255
EBIT (%)	12,3	11,8	10,4	7,4	7,6
Order Intake	5 534	4 931	17 610	15 663	21 335

	30.9	30.6	31.12
	2023	2023	2022
MNOK			
Order backlog	19 942	19 553	16 423
No. of employees	6 583	6 424	6 197

Operating revenues



EBIT



Operating revenues

YTD per division

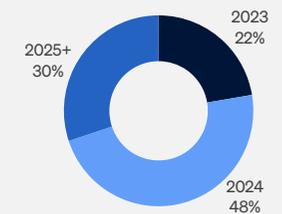


Orders



Order backlog

Breakdown by delivery date





Organisational changes

With effect from June 1st, 2023, Kongsberg Maritime's divisional structure has changed. The Global Customer Support division continue as before. 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.

Results

Operating revenues was MNOK 4 990 in the 3rd quarter, an increase of 21 per cent compared to the same quarter last year. The increase came from both the newbuilds and the aftermarket. The growth in deliveries to newbuilds is driven by a wide range of projects, including propulsion systems and deck machinery. In addition, there is increased activity towards dry cargo related to orders signed back in 2021 when order intake from this market was significant. Deliveries to LNG transport vessels also increased in the quarter. In the aftermarket, there is a high level of activity related to both upgrades and reactivation, especially of offshore vessels. In addition, the sales of spare parts have been good in the quarter. Accumulated as of 3rd quarter 2023, operating revenues were MNOK 14 592, corresponding to a growth of 23 per cent compared to the same period in 2022.

EBIT was MNOK 615 in the 3rd quarter, corresponding to an EBIT margin of 12.3 per cent, compared to MNOK 486 (11.8 per cent) in the same quarter last year. The EBIT increase comes from a combination of increased volume and improved cost efficiency. Accumulated as of 3rd quarter 2023, EBIT was MNOK 1 515 compared to NOK 881 million in the same period in 2022.

Kongsberg Maritime has significant exposure to foreign currencies. Over the past two years, the Norwegian krone has depreciated considerably 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

The order intake in the quarter was MNOK 5 534, corresponding to a book/bill of 1.11. Order intake in 3rd quarter of 2022 was MNOK 4 931. Accumulated order intake as of 3rd quarter 2023 was MNOK 17, 610 equivalent to a book/bill of 1,21.

43 per cent of the order intake in the quarter came from sales to new buildings. The order intake in the quarter was mainly driven by orders for deliveries to merchant marine and LNG transport vessels, which together account for about half of the order intake related to newbuildings.

The good order intake from the aftermarket continued in the 3rd quarter. New requirements from the EU and IMO (International Maritime Organization), together with a general desire and commitment from the industry for more environmentally friendly solutions, have been, and will continue to be, an important driver of activity in the aftermarket.

Kongsberg Maritime had an order backlog of MNOK 19,942 at the end of the 3rd quarter of 2023.

Other factors

The component situation is perceived to have improved, and lead times for critical components have continued to decline in the 3rd quarter of 2023. The business area experience that it 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	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
Operating revenues	3 940	2 802	10 932	7 966	11 860
EBITDA	765	603	2 142	1 630	2 516
EBITDA (%)	19,4	21,5	19,6	20,5	21,2
EBIT	594	452	1 650	1 193	1 919
EBIT (%)	15,1	16,1	15,1	15,0	16,2
Share of netincome associated companies	147	74	215	159	330
Order Intake	4 646	1 619	12 932	7 030	19 560

MNOK	30.9	30.6	31.12
	2023	2023	2022
Order backlog	45 667	44 938	43 540
No. of employees	4 270	4 135	3 879

Operating revenues



EBIT



Operating revenues

YTD per division

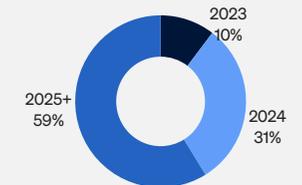


Orders



Order backlog

Breakdown by delivery date





Results

Operating revenues was MNOK 3 940 in the 3rd quarter, up 41 per cent from the same quarter last year. About half of the growth compared to Q3 2022 was related to missile deliveries.

Deliveries of weapon stations have increased throughout the year, and in Q3 the US CROWS program was the single project that contributed most to the operating revenues. Accumulated operating revenues so far in 2023 were MNOK 10 932, up 37 per cent from the same period in 2022.

EBIT was MNOK 594 in the 3rd quarter, corresponding to an EBIT margin of 15.1 per cent, compared with MNOK 452 (16.1 per cent) in the same quarter last year. The project mix has changed over the past year and resulted in reduced margins. This was partly offset in a positive direction by increased volumes. Accumulated as of 3rd quarter EBIT was MNOK 1 650 compared to MNOK 1 193 in the same period in 2022.

The share of net income from associated companies amounted to MNOK 147 (MNOK 74) in the quarter. See also note 6.

Market and Orders

The order intake was MNOK 4 646 in the 3rd quarter, corresponding to a book/bill of 1.18. Accumulated order intake as of 3rd quarter 2023 was MNOK 12 932, equivalent to a book/bill of 1.18. At the end of the quarter the business area had an order backlog of MNOK 45 667, an increase of five per cent since year-end.

In September, the business area signed an agreement with Poland for the delivery of the Naval Strike Missile (NSM) coastal defence system worth NOK 16 billion. This is the largest single contract in KONGSBERG's history. The coastal defense system uses the NASAMS command and control system with the NSM. The contract will be included in the order backlog when it becomes effective in connection with signing the export financing.

Several other significant contracts were also signed during the quarter:

- NOK 1.2 billion contract with Lockheed Martin for delivery of parts for the F-35 fighter jet.
- Order of 409 CROWS weapon stations from the US CROWS program, worth NOK 1 billion.
- Contract worth approximately MNOK 750 with the British initiative International Fund for Ukraine for the supply of anti-drone systems to Ukraine.
- Contract worth MNOK 487 with the Norwegian Defence Materiel Agency for further deliveries of the NSM to Norway.

Marketing, tender writing and negotiations related to several missile programs are currently ongoing, both for existing and new customers. Spain and the UK have announced intentions to acquire NSM over the past year. There are also significant opportunities in the United States. These are just a few of several ongoing processes. If the proposal in the US defense budget for future procurement of the NSM leads to a contract, such a contract could be secured by autumn 2024 and exceed NOK 10 billion alone. In addition, there is great demand for the NASAMS air defence system.

Other Factors

Shortages of some critical components were a challenge for many companies in 2022 and into 2023. Kongsberg Defence & Aerospace is dependent on several hundred subcontractors, both in Norway and abroad. The business area experienced delays in some product areas, but the situation has improved.

Higher inflation affects the entire value chain from raw material to finished product. For Kongsberg Defence & Aerospace, almost half of the order backlog is 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

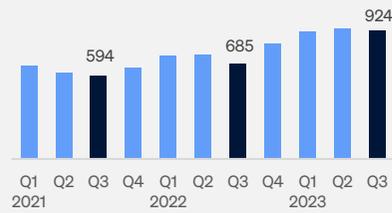


Key Figures

	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
MNOK					
Operating revenues	924	685	2 768	2 170	2 998
EBITDA	160	173	472	434	565
EBITDA (%)	17,3	25,3	17,0	20,0	18,8
EBIT	149	151	407	362	464
EBIT (%)	16,1	22,0	14,7	16,7	15,5
Order Intake	1103	885	2 979	3 025	3 575

	30.9	30.6	31.12
MNOK	2023	2023	2022
Order backlog	2 732	2 641	2 452
No. of employees	1 056	1 009	917

Operating revenues

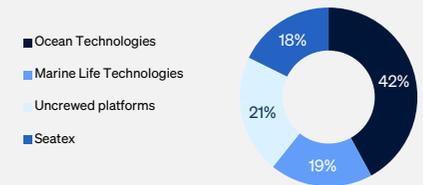


EBIT



Operating revenues

YTD per division

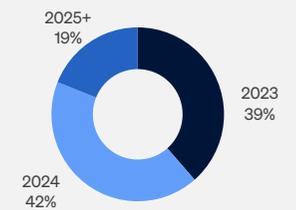


Order



Order backlog

Breakdown by delivery date





KONGSBERG established Kongsberg Discovery as a new business area with effect from 1 January 2023. 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 was MNOK 924 in the 3rd quarter, an increase of 35 per cent compared to the same quarter last year. The main drivers for the increased turnover were increased activity in fisheries, as well as positioning solutions and system deliveries to research vessels. Accumulated operating revenues at the end of the 3rd quarter was MNOK 2 768, corresponding to an increase of 28 per cent in the first three quarters of 2022.

EBIT was MNOK 149 in the 3rd quarter, corresponding to an EBIT margin of 16.1 per cent, compared with MNOK 151 (22.0 per cent) in the same quarter last year. Accumulated for the first three quarters of the year, EBIT was MNOK 407, an increase from MNOK 362 in the corresponding period in 2022. The reduced EBIT margin in the quarter and accumulated in 2023 is mainly due to increased costs related to product development as well as a slightly changed project mix.

Market and Orders

The order intake in the 3rd quarter was MNOK 1,103, corresponding to a book/bill of 1.19. Order intake was MNOK 885 in the 3rd quarter 2022. Accumulated order intake as of 3rd quarter of 2023, MNOK 2 979 was equivalent to a book/bill of 1.08.

During the quarter, several significant contracts were signed for deliveries to research vessels. Such deliveries will typically include a wide range of deliveries, including sonars and echo sounders for increased knowledge and mapping of the seabed and water column, as well as systems for positioning and communication solutions. The contracts were signed with customers in North America, Asia and Europe. In addition, a contract worth MNOK 95 was signed during the quarter for a Hugin Superior autonomous underwater vehicle (AUV).

Kongsberg Discovery is exposed to major market drivers such as ocean-based energy production, commercial fishing, seabed mapping, security and monitoring of critical infrastructure. There is increasing demand for solutions from commercial players, public administration and defence customers. Sustainable management of resources below sea level is also an important driver for several of the business area's divisions and segments. These may be solutions for mapping the seabed, monitoring of installations on the seabed, management of biomass and monitoring of water quality and other environmental parameters in sea areas. In addition, there is an increasing demand for solutions to increase efficiency and safety in marine operations.

Kongsberg Discovery had an order backlog of MNOK 2 732 at the end of the 3rd quarter of 2023.

Other Factors

Kongsberg Discovery largely supplies products and components consisting of a significant number of parts. Due to shortages of some components, the business area implemented measures throughout 2022 and into 2023 and has seen an improvement in lead times and access in recent quarters. This is important for the business area's deliveries. The nature of the products provides relatively long lead times in the supply and production chain necessitating long-term forecasting of inventory. This, combined with the demand-driven expectation of short delivery times, results in higher working capital relative to the rest of the Group.

Kongsberg Digital



Key Figures

	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
MNOK					
Operating revenues	360	262	994	703	989
of this Recurring revenues*	193	122	529	336	469
EBITDA	(36)	(52)	(187)	(150)	(259)
EBITDA (%)	(10,1)	(19,6)	(18,9)	(21,3)	(26,2)
EBIT	(84)	(83)	(326)	(234)	(380)
EBIT (%)	(23,5)	(31,5)	(32,8)	(33,3)	(38,4)
Order Intake	321	286	1285	752	1275

	30.9	30.6	31.12
MNOK	2023	2023	2022
Order backlog	1509	1570	1150
No. of employees	1216	1197	1088

Operating revenues



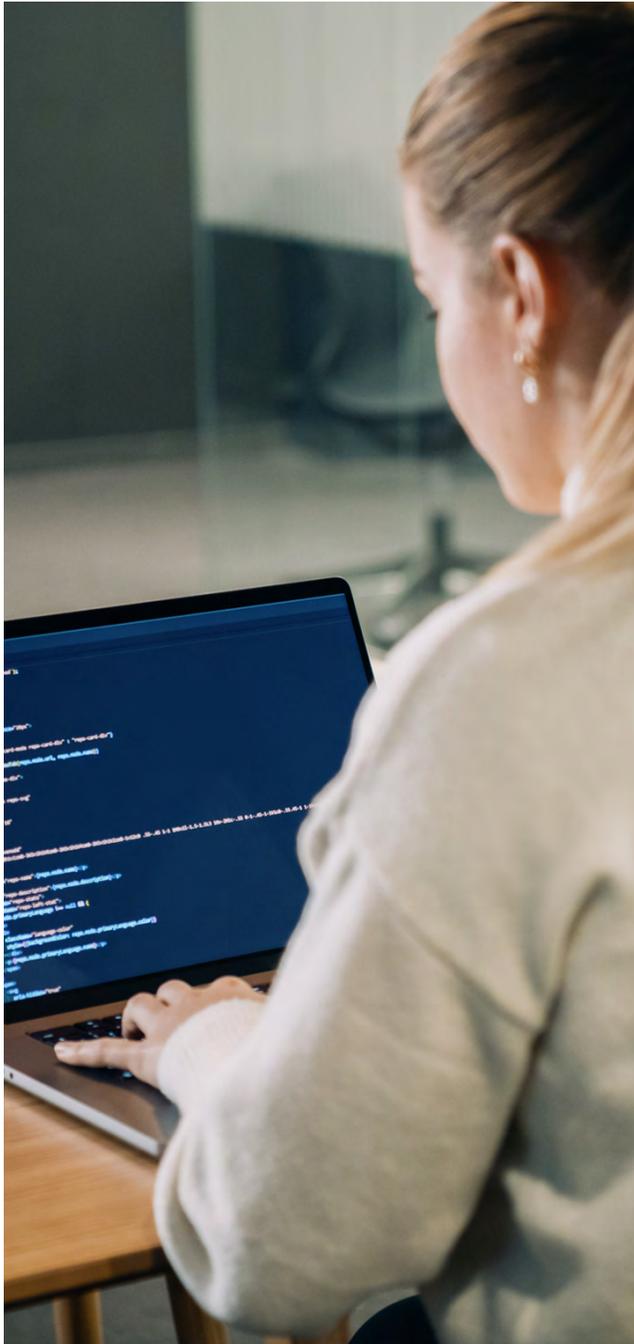
Recurring revenues



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

Orders





Results

Operating revenues was MNOK 360 in the 3rd quarter, up 37 per cent from the same period in 2022. Recurring operating revenues increased to MNOK 193 in the quarter, up from MNOK 190 in Q2 2023 and MNOK 122 in Q3 2022. Accumulated operating revenues as of 3rd quarter 2023 was MNOK 994, compared with MNOK 703 in the same period in 2022. All product areas in Kongsberg Digital have increased operating revenues so far this year compared with last year.

EBIT in the quarter was MNOK – 84 (MNOK -83). The negative operating result was due to continued high sales and marketing activity in addition to expensed development costs, particularly within the focus areas Kognitwin and Vessel Insight. Cumulative EBIT as of 3rd quarter 2023 was MNOK -326 corresponding to MNOK -234 in the same period of 2022.

In January 2023, Kongsberg Digital signed a multi-year agreement with Chevron for the digitization of their installations, and together with the agreement signed with Shell in December 2022, this has resulted in a good increase in the number of digital twins in operation so far in 2023 simultaneously as it supports good increase in volume going forward. Kongsberg Digital now has more than 30 digital twins in operation, which together have close to 21,000 user licenses attached to them.

Kongsberg Digital has contracts with more than 80 shipowners for delivery and installation of the digital solution for ship-to-cloud infrastructure, Vessel Insight. The pace of delivery began to pick up in the fall of 2022 and this trend has continued through 2023. The largest customer on Vessel Insight is the container shipping company Mediterranean Shipping Company (MSC). MSC signed a contract for the solution for its first 500 vessels in 2nd quarter 2022. Since then, they have extended the order twice, most recently in 3rd quarter 2023 where Vessel Insight was ordered for a further 122 vessels.

KONGSBERG has high growth ambitions for Kongsberg Digital, and significant investments are being made in scaling and rolling out new solutions and applications.

Kongsberg Digital in the future

In 2nd quarter 2023, a USD 90 million private placement was carried out to Shell Ventures and Idékapital, which after the issue valued Kongsberg Digital at USD 540 million. The share issue is a result of the previously communicated strategy where KONGSBERG has assessed various strategic alternatives in order to fully realise the potential of the business area. The issue amount and the new

investors will support and accelerate the future growth and development of Kongsberg Digital.

Since Kongsberg Digital was established in 2016, the business area has established itself as a leading supplier of digital solutions to the energy sector and maritime industry. Digitalisation is an important contributor to increased efficiency and reduction in greenhouse gas emissions in these industries.

Software as a Service (SaaS) solutions Kognitwin Energy and Vessel Insight are the key drivers of growth. In the last two years, positioning in the market has been in focus. Kongsberg Digital has therefore increased capacity related to development, sales and delivery, a development that will also continue through 2023. There is perceived good demand and market acceptance for both of these solutions. Over the past 12 months, Kongsberg Digital has signed significant agreements with customers such as Shell and Chevron (Kognitwin), and Mediterranean Shipping Company (Vessel Insight).



Outlook

In recent years, KONGSBERG has had a positive development and demonstrated good adaptability. Despite the pandemic, component shortages, demanding logistics and rising inflation, the Group has delivered growth and significantly improved results.

At the end of 3rd quarter 2023, KONGSBERG had an order backlog of NOK 69.2 billion, of which NOK 10.5 billion will be delivered in the last quarter of 2023. This provides a good basis for continued growth. Order intake from the aftermarket is to a lesser extent included in the order backlog. The order backlog in associated companies, as well as framework agreements, is in addition to the reported order backlog.

Kongsberg Maritime is exposed to newbuilds and aftermarkets in a wide range of segments, from traditional merchant fleets to more advanced vessels performing complex marine operations. A continued good influx of orders is expected from the markets that have traditionally represented higher value for the business area. Many shipyards have almost full order books for the next few years, which means that Kongsberg Maritime's order backlog extends over time. The increasing need for upgrades to reduce emissions from vessel operation means that high activity in the aftermarket is also expected in the 3rd quarter 2023.

Kongsberg Defence & Aerospace has grown continuously in recent years and has an order backlog of MNOK 45.7 billion at the end of 3rd quarter. In addition, there is the aforementioned contract signed with Poland. The business area is well positioned for several significant orders in the short and medium term, which gives expectations of a further increased order backlog over the next few years. Profitability varies between different product groups and different geographies. The project mix on which it is delivered is therefore an important driver for profitability in the business area. The business area's long-term target for EBITDA margin is 17 per cent in 2025, but this will vary between quarters. A continued high growth rate is expected ahead, particularly driven by missile deliveries. To ensure capacity to deliver existing orders and meet the significant demand, investments are being made in a new missile production facility that will be operational in summer 2024.

Kongsberg Discovery has a broad world-leading technology portfolio combined with deep domain knowledge and software that are important within fisheries, marine research, marine operations, ocean-based energy production and monitoring of critical infrastructure. There is great demand for technology in all these segments, which provides the basis for continued growth.

Kongsberg Digital is continuing the roll-out of Kognitwin and Vessel Insight systems, and there is high market activity and increased demand for the business area's solutions. As a result, significant investments in increased capacity, development and roll-out of digital solutions will continue to be made in 2023, negative EBIT and cash are expected.

Today's worldview is troubled and unpredictable. At the same time, we see great needs related to increased energy efficiency, more environmentally friendly energy sources, security and monitoring. KONGSBERG has products and systems that can help solve these challenges. This, in addition to a strong order backlog and a solid financial position, provides a good foundation for continued growth.

Kongsberg, 26. October 2023

The Board of Directors of Kongsberg Gruppen ASA



Numbers & Notes

Key figures by quarter

KONGSBERG MNOK	2023				2022					2021				
	2023	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	28 681	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	4 364	1 626	1 381	1 357	4 602	1 401	1 360	1 012	829	4 086	1 156	1 054	993	883
EBITDA (%)	15,2	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	3 327	1 270	1 038	1 019	3 309	1 068	1 035	683	522	2 863	844	748	697	575
EBIT (%)	11,6	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	181	148	21	12	387	174	144	47	23	244	96	79	58	11
Order intake	33 940	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	69 233	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* MNOK	2023				2022					2021				
	2023	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	14 592	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	1 930	762	529	640	1 825	531	622	360	312	1 541	429	455	350	307
EBITDA (%)	13,2	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	1 515	615	392	508	1 255	374	486	211	185	979	286	321	216	156
EBIT (%)	10,3	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	17 610	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	19 942	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 MNOK	2023				2022					2021				
	2023	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	10 932	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	2 142	765	675	701	2 516	885	603	567	460	2 150	707	461	513	469
EBITDA (%)	19,6	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	1 650	594	514	541	1 919	727	452	424	316	1 620	560	330	386	344
EBIT (%)	15,1	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	215	147	56	12	330	172	74	61	24	263	108	82	59	14
Order intake	12 932	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	45 667	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	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
MNOK														
Operating revenues	2 768	924	934	911	2 998	827	685	747	739	2 537	656	594	620	667
EBITDA	472	160	168	144	565	131	173	147	113	436	108	105	102	120
EBITDA (%)	17,0	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	407	149	141	117	464	102	151	123	88	344	86	82	79	98
EBIT (%)	14,7	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	2 979	1 103	835	1 041	3 575	550	885	1 215	926	2 782	808	698	636	641
Order backlog	2 732	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	Q3	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
MNOK														
Operating revenues	994	360	341	293	989	285	262	220	221	845	229	221	204	192
-of this recurring revenues	529	193	190	145	469	132	122	112	102	347	96	91	83	76
EBITDA	(187)	(36)	(68)	(83)	(259)	(109)	(52)	(50)	(48)	(45)	(69)	22	10	(9)
EBITDA (%)	(18,9)	(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	(326)	(84)	(114)	(127)	(380)	(146)	(83)	(79)	(73)	(122)	(90)	3	(8)	(28)
EBIT (%)	(32,8)	(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	1 285	321	411	553	1 275	523	286	257	209	789	234	165	199	192
Order backlog	1 509	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	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2023	2022	2023	2022	2022
Operating revenues	5	9 978	7 745	28 681	22 358	31 803
Operating expenses	9	(8 352)	(6 386)	(24 317)	(19 158)	(27 201)
EBITDA	5	1 626	1 360	4 364	3 201	4 602
Depreciation		(119)	(119)	(353)	(352)	(469)
Depreciation, leasing assets	7	(130)	(115)	(365)	(337)	(449)
Impairment of property, plant and equipment		-	-	-	(15)	(18)
Amortisation		(108)	(91)	(319)	(257)	(352)
Impairment of intangible assets		-	-	-	-	(4)
EBIT	5	1 270	1 035	3 327	2 240	3 309
Share of net income from joint arrangements and associated companies	6	148	144	181	213	387
Interest on leasing liabilities	7	(36)	(33)	(103)	(95)	(128)
Net financial items	8	(70)	(32)	(120)	(58)	(72)
Earnings before tax (EBT)		1 312	1 114	3 284	2 302	3 497
Income tax expense	12	(269)	(220)	(694)	(474)	(687)
Earnings after tax (EAT)		1 043	893	2 590	1 828	2 809
Attributable to:						
Equity holders of the parent		1 043	882	2 559	1 793	2 774
Non-controlling interests		-	11	31	35	36
Earnings per share (EPS) / EPS diluted in NOK						
-Earnings per share		5,93	4,97	14,53	10,10	15,64
-Earnings per share, diluted		5,93	4,97	14,53	10,10	15,64

Condensed statement of comprehensive income

MNOK	Note	1.1 - 31.3		1.1 - 31.3		1.1-31.12
		2023	2022	2023	2022	2022
Earnings after tax		1 043	893	2 590	1 828	2 809
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	200	(191)	(6)	(343)	(64)
Tax effect cash flow hedges		(44)	42	1	76	14
Translation differences currency		(213)	124	542	329	287
Total items to be reclassified to profit or loss in subsequent periods		(57)	(25)	537	61	236
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>						
Actuarial gains/losses pensions		-	-	-	-	364
Tax effect on actuarial gain/loss on pension		-	-	-	-	(78)
Total items not to be reclassified to profit or loss		-	-	-	-	285
Comprehensive income		986	869	3 128	1 889	3 331

Condensed statement of financial position

		30.9	30.6	31.12
MNOK	Note	2023	2023	2022
Assets				
Property, plant and equipment		5 218	4 793	4 107
Leasing assets	7	1 776	1 899	1 743
Intangible assets	9	5 992	5 999	5 781
Shares in joint arrangements and associated companies	6	4 125	4 054	3 868
Other non-current assets		878	769	819
Total non-current assets		17 989	17 514	16 320
Inventories		6 225	5 958	5 493
Trade receivables		7 947	7 297	6 957
Customer contracts, asset	8	10 290	10 594	8 031
Derivatives	8	1 282	1 686	1 596
Other short-term receivables		659	838	896
Cash and cash equivalents		2 112	2 757	3 932
Total current assets		28 515	29 130	26 905
Total assets		46 504	46 645	43 225

		30.9	30.6	31.12
MNOK	Note	2023	2023	2022
Equity, liabilities and provisions				
Issued capital	4	5 928	5 928	5 930
Retained earnings		7 745	6 707	6 911
Other reserves		1 223	1 278	693
Non-controlling interests		525	527	209
Total equity		15 422	14 441	13 744
Long-term interest-bearing loans	8	2 500	3 010	2 003
Long-term leasing liabilities	7	1 559	1 665	1 526
Other non-current liabilities and provisions	3	1 760	1 677	1 855
Total non-current liabilities and provisions		5 820	6 352	5 384
Customer contracts, liabilities	8	13 182	12 881	14 159
Derivatives	8	2 433	3 636	1 559
Short-term interest-bearing loans	8	1 702	450	450
Short-term leasing liabilities	7	439	454	419
Other current liabilities and provisions	3	7 507	8 430	7 511
Total current liabilities and provisions		25 262	25 852	24 097
Total equity, liabilities and provisions		46 504	46 645	43 225
Equity ratio (%)		33,2	31,0	31,8
Net interest-bearing debt		2 090	703	(1 479)

Condensed statement of changes in equity

		30.9	30.6	31.12
MNOK	Note	2023	2023	2022
Equity opening balance		13 744	13 744	13 618
Total comprehensive income		3 128	2 141	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	(3)	2	(5)
Capital reduction	4	(2)	(2)	(2)
Purchase/sale, in non-controlling interests	13	936	936	(1)
Equity closing balance		15 422	14 441	13 744

Condensed cash flow statement

MNOK	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2023	2022	2023	2022	2022
Earnings after tax		1 043	893	2 590	1 828	2 809
Depreciation/impairment of property, plant and equipment		119	118	353	366	487
Depreciation, leasing assets		130	115	365	337	449
Amortisation/impairment of intangible assets		108	91	319	257	356
Share of net income from joint ventures and associated companies		(148)	(144)	(181)	(213)	(387)
Net finance items		106	65	223	152	200
Income taxes		269	220	694	474	687
Change in net current assets and other operatings-related items		(2 014)	(1 516)	(4 336)	(4 535)	(3 495)
Net cash flow from operating activities		(387)	(156)	(107)	(1 334)	1 106
Dividend from joint arrangements and associated companies	6	-	9	170	201	201
Purchase/disposal of property, plant and equipment		(604)	(214)	(1 420)	(495)	(622)
Investment in subsidiaries and associated companies		-	(526)	(153)	(597)	(601)
Investment in financial assets		-	(26)	-	(44)	(44)
Interest received		26	38	80	57	124
Repayment of debt in acquired business		-	-	-	-	(7)
Sale of business and investment i subsidiaries	13	-	-	1 115	6	6
Capitalised internal developed and other intangible assets		(101)	(60)	(298)	(202)	(400)
Settlement of cross-currency swaps		-	7	(72)	16	1
Net cash flow from investing activities		(679)	(772)	(578)	(1 058)	(1 343)

MNOK	Note	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
		2023	2022	2023	2022	2022
Net change interest-bearing loans		742	-	1 739	-	-
Payment of principal portion of lease liabilities	7	(119)	(101)	(343)	(310)	(408)
Interest paid		(71)	(50)	(151)	(89)	(168)
Interest paid on leasing liabilities	7	(36)	(33)	(103)	(95)	(128)
Net payment related to employee share programme		-	-	(80)	(100)	(100)
Share buy-back related to share buy-back programme	4	-	(298)	(267)	(360)	(483)
Dividends paid to equity holders of the parent		-	-	(2 128)	(2 736)	(2 736)
- of which dividends from treasury shares		-	-	13	21	21
Net cash flow from financing activities		517	(482)	(1 319)	(3 669)	(4 002)
Effect of changes in exchange rates on cash and cash equivalents		(95)	100	184	169	54
Net change in cash and cash equivalents		(644)	(1 311)	(1 820)	(5 892)	(4 186)
Cash and cash equivalents at the beginning of the period		2 757	3 536	3 932	8 118	8 118
Cash and cash equivalents at the end of the period		2 112	2 225	2 112	2 225	3 932

1

General information and principles

General information

The consolidated financial statement for Q3 (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.

The interim financial statement has not been audited.

2

New standards as from 1.1.2023

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.

3

Estimates

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.

4

Capital reduction

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.

	Operating revenues					EBITDA					EBIT				
	1.7 - 30.9		1.1 - 30.9		1.1-31.12	1.7 - 30.9		1.1 - 30.9		1.1-31.12	1.7 - 30.9		1.1 - 30.9		1.1-31.12
MNOK	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022
Kongsberg Maritime	4 990	4 136	14 592	11 878	16 486	762	622	1 930	1 294	1 825	615	486	1 515	881	1 255
Kongsberg Defence & Aerospace	3 940	2 802	10 932	7 966	11 860	765	603	2 142	1 630	2 516	594	452	1 650	1 193	1 919
Kongsberg Discovery	924	685	2 768	2 170	2 998	160	173	472	434	565	149	151	407	362	464
Other ¹⁾	124	123	389	344	459	(60)	(39)	(180)	(157)	(304)	(88)	(54)	(245)	(196)	(330)
Group	9 978	7 745	28 681	22 358	31 803	1 626	1 360	4 364	3 201	4 602	1 270	1 035	3 327	2 240	3 309

¹⁾ 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	8 577	7 167
Integration & Energy	1 155	824
Propulsion & Handling	2 953	2 254
Automation & Control	2 852	2 275
Other/elimination	(945)	(642)
Kongsberg Maritime	14 592	11 878

MNOK	2023	2022
<i>Divisions</i>		
Land Systems	2 009	1 514
Integrated Defence Systems	4 008	3 145
Aerostructures & MRO	1 894	1 879
Missile Systems	2 781	1 537
Space & Surveillance	595	496
Other/elimination	(356)	(605)
Kongsberg Defence & Aerospace	10 932	7 966

MNOK	2023	2022
<i>Divisions</i>		
Ocean Technologies	1 180	1 063
Marine Life Technologies	526	389
Uncrewed Platforms	603	368
Seatex	498	406
Annet/eliminerer	(39)	(56)
Kongsberg Discovery	2 768	2 170
Other/elimination	389	344
Total revenues	28 681	22 358

The table shows the anticipated date on which remaining performance obligations as of 30 September 2023 are recognised as income:

MNOK	2023				2022			
	Date of revenue recognition				Date of revenue recognition			
	Order backlog 30.9.23	2023	2024	2025 and later	Order backlog 30.9.22	2022	2023	2024 and later
Kongsberg Maritime	19 942	4 453	9 484	6 005	15 565	3 698	6 738	5 129
Kongsberg Defence & Aerospace	45 667	4 724	14 095	26 848	35 027	3 782	11 474	19 771
Kongsberg Discovery	2 732	1 049	1 157	527	2 811	789	1 544	478
Other/elimination	891	259	521	111	723	134	216	373
Total	69 233	10 486	25 257	33 491	54 127	8 404	19 972	25 751

Specification of movement in the balance sheet line "Shares in joint arrangements and associated companies" 1 January to 30 September

MNOK	Ownership	Carrying amount 1.1	Additions/disposals	Dividends received	Share of net income ¹⁾	Other items and comprehensive income	Carrying amount 30.9	Share of net income 1.7 - 30.9
Patria Oyj	49,9%	3 036	-	(150)	79	248	3 213	90
Kongsberg Satellite Services AS	50,0%	719	-	(20)	129	-	828	56
Other shares		113	(2)	-	(28)	-	83	2
Total		3 868	(2)	(170)	181	248	4 125	148

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

Share of net result from Patria:

MNOK	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022
KONGSBERG's share (49,9%) ¹⁾	93	31	85	54	177
Amortisation of excess values after tax	(3)	(3)	(7)	(9)	(13)
Share of net income recognised in KDA for the period	90	28	79	46	164

¹⁾ 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				
	1.7 - 30.9		1.1 - 30.9		1.1-31.12	1.7 - 30.9		1.1 - 30.9		1.1-31.12
	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022
Kongsberg Maritime	-	-	(1)	-	-	-	-	-	-	-
Kongsberg Defence & Aerospace	147	74	215	159	330	-	9	170	201	201
Kongsberg Discovery	-	-	(35)	(4)	(1)	-	-	-	-	-
Other	1	70	1	59	58	-	-	-	-	-
Group	148	144	181	213	387	-	9	170	201	201

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)
Translation differences	38
Opening balance 1 April 2023	1815
Addition	193
Disposal	(4)
Depreciation Q2	(121)
Translation differences	17
Opening balance 1 July 2023	1899
Addition	28
Disposal	-
Depreciation Q3	(130)
Translation differences	(21)
Closing balance 30 September 2023	1776

Leasing assets and leasing liabilities recognised in the financial position:

	30.9.2023	30.6.2023	31.12.2022
Leasing assets	1776	1899	1743
Long-term leasing liabilities	1559	1665	1526
Short-term leasing liabilities	439	454	419

IFRS 16 effects on condensed income statement in the period:

	1.7 - 30.9		1.1 - 30.9		1.1 - 31.12
	2023	2022	2023	2022	2022
Returned rental cost earlier included in EBITDA	163	134	454	398	536
Profit/Loss on disposed leases	(0)	0	1	6	6
Increased EBITDA in the period	163	134	455	404	541
Depreciation on leases	(130)	(115)	(365)	(337)	(449)
Increased EBIT in the period	33	19	90	67	93
Interest cost on leasing liabilities for the period	(36)	(33)	(103)	(95)	(128)
Reduced EBT in the period	(3)	(14)	(13)	(28)	(35)

Loans and credit facilities

The group has five bond loans amounting to a total of MNOK 3,450. The loans are classified as long-term loans except KOG11 and KOG13 which are due 5th of December 2023 and 6th of June 2024. The maturity dates of the long-term bond loans range from the 26th of February 2026 to the 31st 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. The syndicated credit facility was unutilized at the end of the quarter, while MNOK 752 of the overdraft facility was utilized.

Interest-bearing loans:

			30.9.2023	31.12.2022
<i>MNOK</i>	<i>Due date</i>	<i>Nominal interest rate</i>	<i>Value¹</i>	<i>Value¹</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	5,58%	500	500
Bond issue KOG15 - fixed interest rate	31.5.30	4,85%	1 000	-
Other long-term loans			-	3
Total long-term loans			2 500	2 003
<i>Short-term loans:</i>				
Bond issue KOG11 - fixed interest rate	5.12.23	2,90%	450	450
Bond issue KOG13 - floating interest rate ²	6.6.24	5,91%	500	-
Overdraft facility			752	-
Total short-term loans			1 702	450
Total interest-bearing loans			4 202	2 453
Syndicated credit facility (unutilised credit limit)	22.3.28		2 500	2 500
Overdraft facility (max credit limit) ³			1 500	1 000

¹ Value is equal to nominal amount.

² The bond issue KOG13 was reclassified to short-term loans during the quarter.

³ The credit limit on the overdraft facility was increased with MNOK 500 to MNOK 1500 during the quarter, where MNOK 752 is utilized per the end of the quarter.

Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, decreased by MNOK 6 before tax during the period 1 January – September 2023. The fair value of unrealized forward exchange contracts decreased by MNOK 192 during the period. The total change in net fair value of fair value hedges represented a decrease of MNOK 892 from the end of last year. The end-of-quarter spot rates were USD/NOK 10.68, EUR/NOK 11.29 and GBP/NOK 13.03.

Forward exchange contracts classified as cash flow hedges:

MNOK	Due in 2023		Due in 2024 or later		Total		
	Value in NOK on agreed rates	Fair value at 30.9.23	Value in NOK on agreed rates	Fair value at 30.9.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 30.9.23
USD	3	34	521	(381)	524	(257)	(346)
EUR	501	36	(75)	11	426	47	46
Other	(9)	4	(30)	12	(38)	19	17
Sum	496	74	416	(358)	912	(192)	(283)
Roll-over of currency futures		52		296		362	348
Total	496	126	416	(62)	912	170	64
Forward exchange contracts cash flow hedges, assets							441
Forward exchange contracts cash flow hedges, liabilities							725
Net forward exchange contracts cash flow hedges							(283)

Fair value is referring to the net present value of the variance between the forward rate as of 30 September 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 -6, while the table above show a change in fair value of MNOK 170 since year end 2022. The difference between these two amounts of MNOK -176 was ascribable to a change in fair value of cross-currency swaps.

Forward exchange contracts classified as fair value hedges:

MNOK	Due in 2023		Due in 2024 or later		Total		
	Value in NOK on agreed rates	Fair value at 30.9.23	Value in NOK on agreed rates	Fair value at 30.9.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 30.9.23
USD	2 767	(133)	9 952	(285)	12 719	(488)	(418)
EUR	1 509	(55)	5 237	(105)	6 745	(269)	(160)
GBP	154	(3)	859	(4)	1 013	(43)	(7)
Other	193	(53)	175	(69)	368	(92)	(122)
Total	4 624	(245)	16 222	(464)	20 846	(892)	(708)
Forward exchange contracts fair value hedges, assets							840
Forward exchange contracts fair value hedges, liabilities							1 549
Net forward exchange contracts fair value hedges							(708)

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 228 (decreas) and customer contracts, liabilities by MNOK -950 (decrease).

Specification of derivatives:

	30.9	30.6	31.12
MNOK	2023	2023	2022
Forward exchange contracts, cash flow hedges (a)	441	570	682
Forward exchange contracts, fair value hedges (b)	840	1 115	914
Total derivatives, current assets	1 282	1 686	1 596
Forward exchange contracts, cash flow hedges (c)	725	867	774
Forward exchange contracts, fair value hedges (d)	1 549	2 557	730
Cross-currency swaps	159	212	54
Total derivatives, current liabilities	2 433	3 636	1 559
Net forward exchange contracts, cash flow hedges (a) - (c)	(283)	(297)	(92)
Net forward exchange contracts, fair value hedges (b) - (d)	(708)	(1 442)	184
Total net forward exchange contracts	(992)	(1 739)	92

9

Product development

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

	1.7 - 30.9		1.1 - 30.9		1.1-31.12
MNOK	2023	2022	2023	2022	2022
Product maintenance	134	109	410	332	472
Development cost	342	234	1 058	890	1 204
Total	477	344	1 467	1 222	1 675

Capitalised development recognised during the period:

	1.7 - 30.9		1.1 - 30.9		1.1-31.12
MNOK	2023	2022	2023	2022	2022
Capitalised development	96	60	276	202	305

In the consolidated statement of financial position at the end of the third 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 3rd 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 3rd quarter was calculated to be 21.1 per cent of earnings before tax. The income tax expense was mainly affected by income from associates recognized after tax and permanent differences.

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:

	30.9	30.6	31.12
MNOK	2023	2023	2022
Current assets	28 515	29 130	26 905
Current liabilities and provisions	(25 262)	(25 852)	(24 097)
<i>Adjusted for:</i>			
Cash and cash equivalents	(2 112)	(2 757)	(3 932)
Short-term interest-bearing loans	1 702	450	450
Short-term leasing liabilities	439	454	419
Net tax payable	970	789	660
Financial instruments classified as cash flow hedges	95	295	160
Working capital	4 346	2 510	565

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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KONGSBERG

Protecting people and planet

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