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KONGSBERG

# Quarterly report

## 2nd quarter / 1st half

### 2023

# KONGSBERG


"There are four crises in the world today: the climate crisis, the energy crisis, the food crisis and the security crisis. All these crises are serious, acute, partly connected and they must be solved in parallel. This supports KONGSBERG's investments going forward. As a technology provider, we are committed to using our expertise together with our customers and partners to create long-term value and achieve sustainable results.

We delivered another strong quarter with revenues of NOK 9.6 billion and EBIT of NOK 1.0 billion. The order backlog is over NOK 68 billion and we see significant opportunities ahead that will enable this to grow further.

All business areas delivered significant growth in the quarter compared to the second quarter last year. Such a growth rate requires both good management and planning, and considerable work has been done throughout the Group to scale the business in line with the increasing activity. This development will continue to scale and further develop our work processes.

KONGSBERG will be a significant contributor to a safer and more sustainable world. Our focus and contribution are both through our own operations and our technology deliveries, which are important tools for our customers and partners to achieve their climate ambitions.

We have a solid foundation with a record high order backlog and strong market positions. This makes me confident that KONGSBERG will continue the positive development of making a difference within sustainability and safety: "Pro**tech**ting people and planet".



Geir Håøy,  
President & CEO

# Highlights



## KONGSBERG

27 per cent growth in operating revenues, EBITDA of NOK 1.4 billion and EBIT of NOK 1.0 billion. In the quarter, EBIT is positively affected by NOK 135 million related to sale of property. Order backlog of NOK 68.1 billion and high activity throughout the group provides a solid basis for continued growth going forward.

MNOK	Q2	H1
Operating revenues	9 614	18 703
EBITDA	1 381	2 738
EBITDA (%)	14,4	14,6
EBIT	1 038	2 057
EBIT (%)	10,8	11,0



### Kongsberg Maritime

24 per cent growth in operating revenue compared with the corresponding quarter last year and an EBIT margin of 7.9 per cent. Solid operations and good project execution. Strong order intake, especially from LNG segment. Still high activity in the aftermarket. Positioned for continued growth through technology necessary for greener shipping.

MNOK	Q2	H1
Operating revenues	4 978	9 602
EBITDA	529	1 169
EBITDA (%)	10,6	12,2
EBIT	392	900
EBIT (%)	7,9	9,4



### Kongsberg Defence & Aerospace

29 per cent growth in operating revenues compared with the corresponding quarter last year and 14.8 per cent EBIT margin. Increased operating revenues related to missile and air defence deliveries. Significant demand for a large part of the product portfolio. Order backlog of NOK 44,9 billion at the end of the quarter. High market activity and well positioned for significant order intake.

MNOK	Q2	H1
Operating revenues	3 468	6 992
EBITDA	675	1 377
EBITDA (%)	19,5	19,7
EBIT	514	1 056
EBIT (%)	14,8	15,1



### Kongsberg Discovery

25 per cent growth in operating revenues compared with the corresponding quarter last year and 15.1 per cent EBIT margin. Production and deliveries of Hugin vessels were the main driver for growth. Strong positioning and market trends around sustainability, safety and monitoring provide good opportunities in the future.

MNOK	Q2	H1
Operating revenues	934	1 844
EBITDA	168	312
EBITDA (%)	18,0	16,9
EBIT	141	258
EBIT (%)	15,1	14,0



### Kongsberg Digital

55 per cent growth in operating revenues and 70 per cent growth in recurring revenues compared with the corresponding quarter last year. High market activity and continued upscaling of the business. Significant increase in the number of Kognitwin users in the quarter. Raised MUSD 90 investment by Shell Ventures and Idékapital.

MNOK	Q2	H1
Operating revenues	341	634
Of this recurring revenues	190	336
EBITDA	(68)	(151)
EBITDA (%)	(19,9)	(23,8)
EBIT	(114)	(241)
EBIT (%)	(33,5)	(38,0)

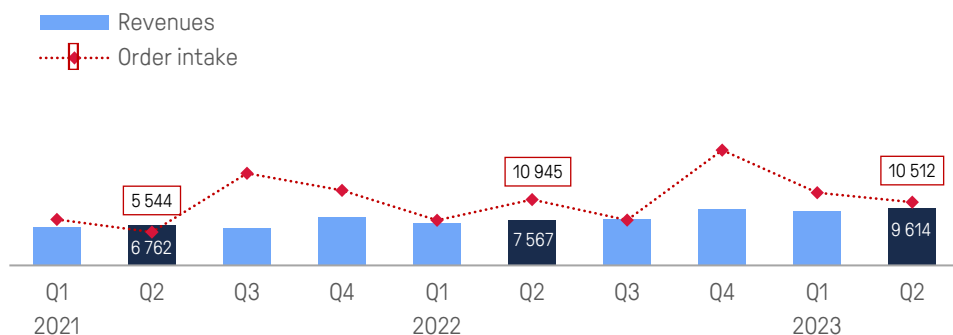
## Key figures

MNOK	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2023	2022	2023	2022	2022
Operating revenues	9 614	7 567	18 703	14 613	31 803
EBITDA	1 381	1 012	2 738	1 841	4 602
EBITDA (%)	14,4	13,4	14,6	12,6	14,5
EBIT	1 038	683	2 057	1 205	3 309
EBIT (%)	10,8	9,0	11,0	8,2	10,4
Share of net income from associated companies	21	47	33	69	387
Earnings before tax	984	676	1 973	1 188	3 497
Earnings after tax	777	536	1 547	935	2 809
EPS (NOK)	4,38	2,98	8,60	5,12	15,64
Order Intake	10 512	10 945	22 602	18 449	45 150

MNOK	30.6	31.3	31.12
	2023	2023	2022
Equity ratio (%)	31,0	33,0	31,8
Net interest-bearing debt <sup>1)</sup>	703	(1 189)	(1 479)
Working Capital <sup>2)</sup>	2 510	1 570	565
ROACE (%) <sup>3)</sup>	33,9	34,8	33,9
Order backlog	68 130	66 927	63 256
Net interest-bearing debt incl. leasing liabilities/EBITDA <sup>4)</sup>	0,5	0,2	0,1
No. of employees	12 836	12 548	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

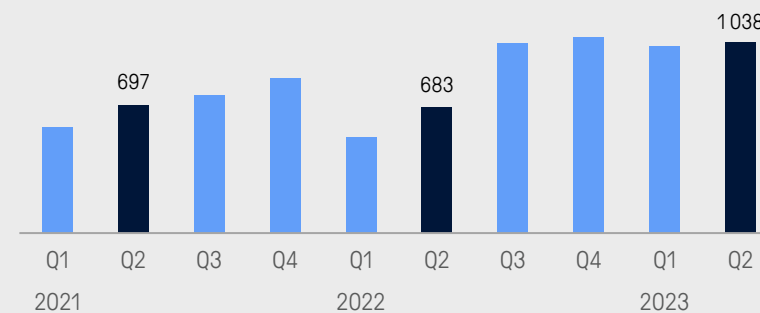
## Operating revenues and order intake



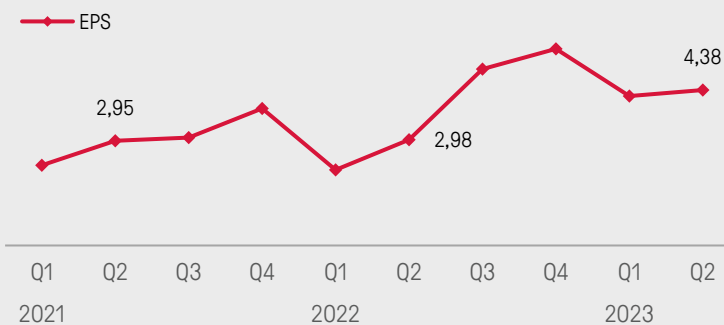
## Order backlog



## EBIT



## EPS



# KONGSBERG



## Performance and orderintake

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Order Intake	10 512	10 945	22 602	18 449	45 150
Order backlog	68 130	53 788	68 130	53 788	63 256

**Operating revenues in the 2nd quarter was MNOK 9,614** compared with MNOK 7,567 in the same quarter last year, an increase of 27 per cent. There was good growth in all business areas. Kongsberg Defense & Aerospace is growing, particularly driven by missile and air defense. Kongsberg Maritime has increased activity in both newbuilding- and aftermarket. The growth in Kongsberg Discovery is driven by increased activity related to deliveries of the autonomous underwater vehicle Hugin. Kongsberg Digital's growth comes through increased recurring revenues. Accumulated operating revenues the 1st half

year 2023 was MNOK 18,703, up 28 per cent from MNOK 14,613 1<sup>st</sup> half year last year.

**EBIT in the 2<sup>nd</sup> quarter was MNOK 1,038 corresponding to an EBIT margin of 10.8 per cent**, compared to MNOK 683 (9.0 per cent) in the same quarter last year. EBIT in the quarter is positively affected by MNOK 135 related to sale of property. In addition, EBIT is, as last year, negatively affected by MNOK 80 due to a discount related to the annual employees share program. Total EBIT in the first half of the year was NOK 2,057 million, up from NOK 1,205 million in the first half of 2022.

**Order intake in the 2nd quarter was MNOK 10,512**, compared to MNOK 10,945 in the same quarter last year. This gave a book/bill in the quarter of 1.09. Order intake can vary considerably between quarters. First half of 2023 had an order intake of MNOK 22,602, compared to MNOK 18,448 in the corresponding period last year.

**The order backlog at the end of Q2 2023 was MNOK 68,130**, an increase of MNOK 1,203 in the quarter and MNOK 14,342 over the past year.

## Cash flow

The Group had MNOK 2,757 in cash and cash equivalents at the end of 2<sup>nd</sup> quarter compared to MNOK 3,639 at the end of the first quarter, a reduction of MNOK 882 in the quarter. Cash flow in the quarter was mainly driven by a positive EBITDA, the issuance of a new bond and the share issue in Kongsberg Digital, less the payments of dividends, increased working capital and investments in property, plant and equipment, and the share buy-back program of own shares for cancellation.

Net cash flow from operating activities was MNOK 336, driven by a positive EBITDA of MNOK 1,381, which was partially reduced by increased working capital and taxes paid. Working capital increased mainly due to increasement in trade receivables and inventories partly due to growth.

The Group's cash flow from investment activities was MNOK 338. These were mainly driven by share issue in Kongsberg Digital and dividends from associated companies, partly offset by investments in property, plant and equipment as well as capitalised self-financed product development. Investments in property, plant and equipment's are mainly related to the new missile factory and other production facilities and equipment.

Cash flow from financing activities was MNOK -1,634, which is mainly related to the payment of dividends of MNOK 2,128 and MNOK 250 related to the share buy-back program for cancellation. In opposite direction a new bond of MNOK 1,000 has been issued.

## Balance sheet

	30.6	31.3	31.12
MNOK	2023	2023	2022
Equity	14 441	14 651	13 744
Equity ratio (%)	31,0	33,0	31,8
Total assets	46 645	44 368	43 225
Working capital <sup>1)</sup>	2 510	1 570	565
Gross interest-bearing debt	3 460	2 450	2 453
Cash and cash equivalents	2 757	3 639	3 932
Net interest bearing debt <sup>1)</sup>	703	(1 189)	(1 479)
Net interest bearing debt incl. leasing liabilities/EBITDA <sup>1)</sup>	0,5	0,2	0,1

1) See definition note 15

At the end of the quarter the Group had interest-bearing debt of total MNOK 3,460. The debt consisted of five bond of total MNOK 3,450. The company issued a new bond in the quarter, KOG 15, of MNOK 1,000 with a maturity of seven years. The bond KOG11 of MNOK 450 matures in December 2023, and is classified as short-term debt, see note 8 for further information.

Net interest-bearing debt at the end of the 2<sup>nd</sup> quarter were MNOK 703, compared to MNOK - 1,189 at the end of the 1<sup>st</sup> quarter of 2023.

KONGSBERG has a syndicated and committed loan facility of MNOK 2,500, and an overdraft facility of MNOK 1,000. These were both unused at the end of the 2<sup>nd</sup> quarter.

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 577 in the quarter and MNOK 1,171 for the first six months of the year, of which MNOK 83 and MNOK 180 was capitalised. Capitalised development in the quarter was mainly related to projects in Kongsberg Digital and Kongsberg Defence & Aerospace. See table in note 9.

In the balance sheet as of Q2, 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 12,836 employees at the end of Q2, which is an increase of 288 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

6 424



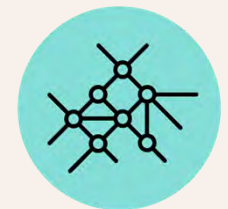
Kongsberg Defence  
& Aerospace

4 135



Kongsberg  
Discovery

1 009

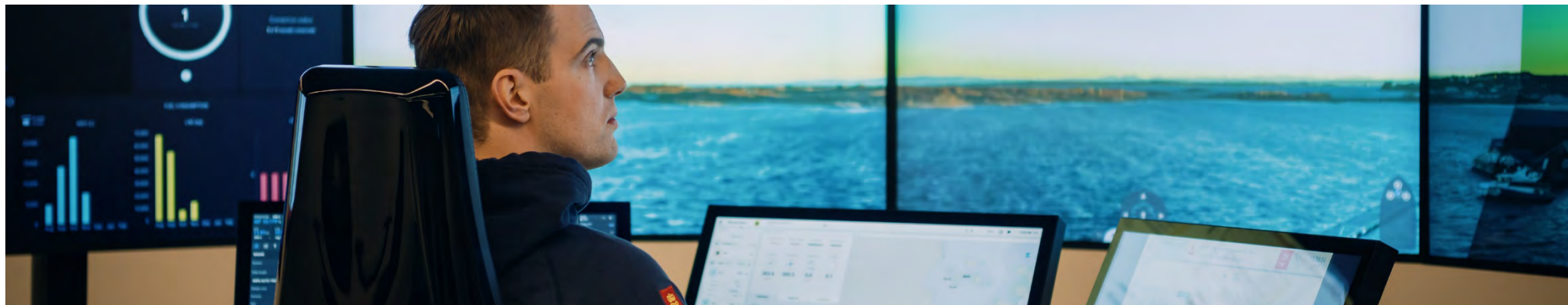


Kongsberg  
Digital

1 197

Number of employees by business area

# Kongsberg Maritime

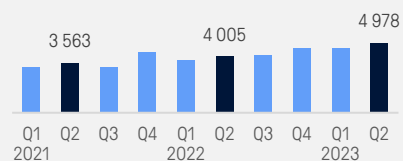


## Key figures

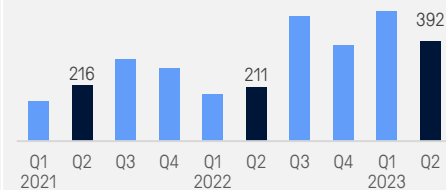
	1.4 - 30.6		1.1 - 30.6		1.1-31.12
<i>MNOK</i>	2023	2022	2023	2022	2022
Operating revenues	4 978	4 005	9 602	7 742	16 486
EBITDA	529	360	1 169	672	1 825
EBITDA (%)	10,6	9,0	12,2	8,7	11,1
EBIT	392	211	900	395	1 255
EBIT (%)	7,9	5,3	9,4	5,1	7,6
Order Intake	5 077	5 583	12 076	10 732	21 335

	30.6	31.3	31.12
<i>MNOK</i>	2023	2023	2022
Order backlog	19 553	19 135	16 423
No. of employees	6 424	6 342	6 197

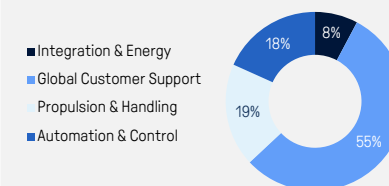
## Operating revenues



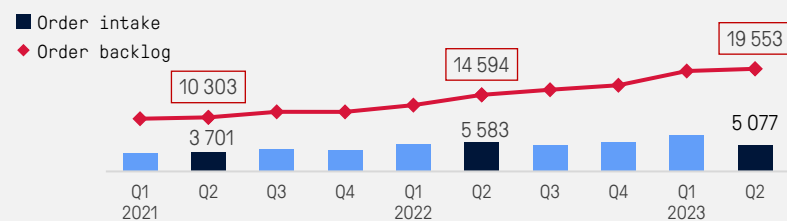
## EBIT



## Operating revenues YTD per division

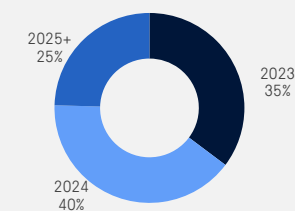


## Orders



## 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 Global Customer Support division continue as before. The new divisions are:

- **Integration & Energy**, formerly a part of Integrated Solutions. 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. 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 4,978 in the 2<sup>nd</sup> quarter**, an increase of 24 per cent compared to the same quarter last year. Both the volume of deliveries to newbuilds and aftersales increased in the quarter. Accumulated for the first half year operating revenues was MNOK 9,602, a growth of 24 per cent compared to the first half year 2022.

**EBIT was MNOK 392 in the 2<sup>nd</sup> quarter, corresponding to an EBIT margin of 7,9 per cent**, compared to MNOK 211 (5.3 per cent) in the same quarter last year. The EBIT increase is due to a combination of increased volume and improved efficiency. In the 1<sup>st</sup> half year of 2023, EBIT was MNOK 900 compared with MNOK 395 in 1<sup>st</sup> half year 2022.

Kongsberg Maritime has significant exposure to foreign currency, in both revenue and cost. Over the past two years, the Norwegian krone has weakened significantly towards the US dollar and Euro. 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 5,077, corresponding to a book/bill of 1.02.** Order intake in 2<sup>nd</sup> quarter of 2022 was MNOK 5,583. Accumulated order intake in 1<sup>st</sup> half year 2023 was MNOK 12,076 equivalent to a book/bill of 1,26.

About 45 per cent of the order intake in the quarter came from sales to new buildings. The order intake is mainly driven by orders from the LNG transport and Seaborn & Pax (including containers and tugs). Orders for new vessels from shipyards have declined this year compared with the previous year. The lead time from when orders are received by the shipyard until Kongsberg Maritime signs its contracts means that the order intake consists of a combination of orders contracted at the shipyard in both 2022 and 2023. This is also one of the explanations for the decline in orders for Kongsberg Maritime from the 1<sup>st</sup> to the 2<sup>nd</sup> quarter of 2023.

The positive trend in the aftermarket has continued in the second 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 the activity in the aftermarket.

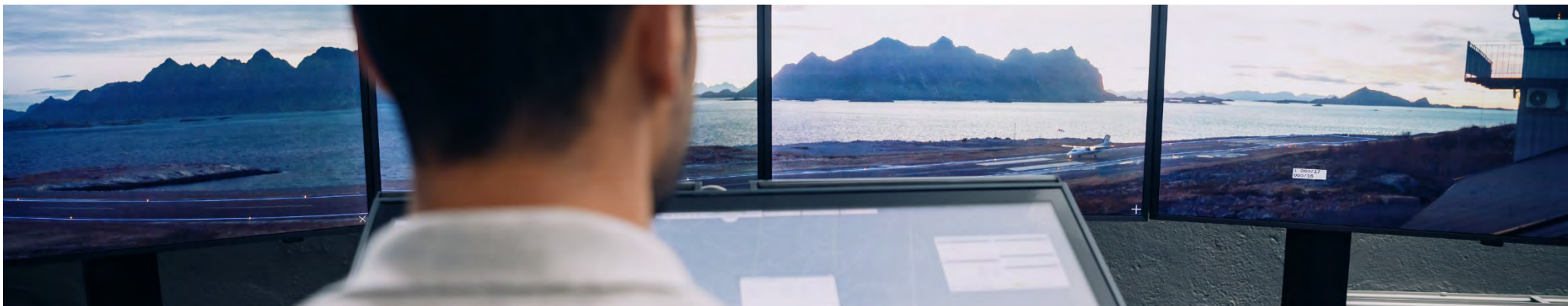
At the end of the 2<sup>nd</sup> quarter of 2023, Kongsberg Maritime had an order backlog of MNOK 19,553.

## Other factors

The past year has been characterised by both component shortages and higher inflation. The component situation is perceived to have improved, and lead times for some critical components have decreased throughout 2023. The business area has relatively 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

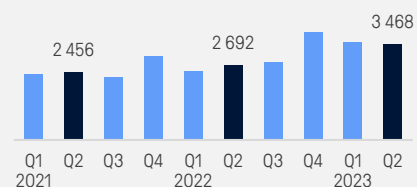


## Key figures

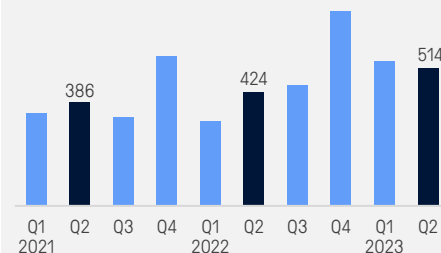
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Operating revenues	3 468	2 692	6 992	5 164	11 860
EBITDA	675	567	1 377	1 027	2 516
EBITDA (%)	19,5	21,1	19,7	19,9	21,2
EBIT	514	424	1 056	740	1 919
EBIT (%)	14,8	15,7	15,1	14,3	16,2
Share of netincome associated companies	56	61	68	85	330
Order Intake	4 438	4 080	8 286	5 411	19 560

	30.6	31.3	31.12
<i>MNOK</i>	2023	2023	2022
Order backlog	44 938	43 964	43 540
No. of employees	4 135	4 037	3 879

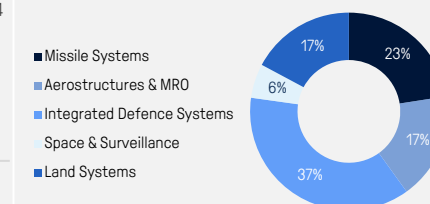
## Operating revenues



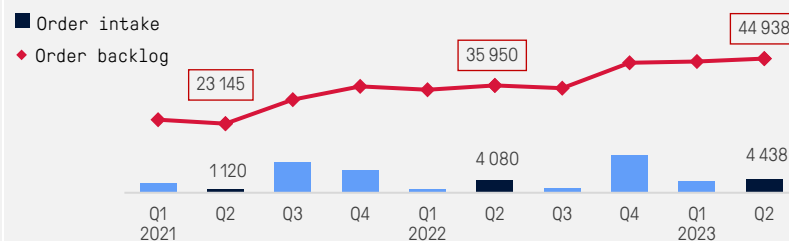
## EBIT



## Operating revenues YTD per division

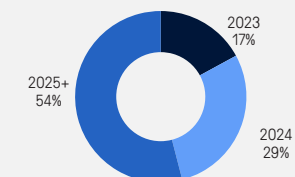


## Orders



## Order backlog

Breakdown by delivery date





## Results

**Operating revenues was MNOK 3,468 in the 2<sup>nd</sup> quarter**, up 29 per cent from the same quarter last year. The growth was mainly driven by high activity in several missile and NASAMS air defense projects. Accumulated operating revenues so far in 2023 was MNOK 6,992, up 35 per cent from the first half of 2022.

**EBIT was MNOK 541 in the 2<sup>nd</sup> quarter, corresponding to an EBIT margin of 14.8 per cent** compared to MNOK 424 (15.7 per cent) in the same quarter last year. The solid margin was a result of increased volume and beneficial project mix. Accumulated for the first half of the year, EBIT was NOK 1,056 million compared to NOK 740 million for the corresponding period in 2022.

**The share of net income from associated companies amounted MNOK 56 (MNOK 61) in the quarter.** See note 6.

## Market and Orders

**The order intake was MNOK 4,438 in the 2<sup>nd</sup> quarter, corresponding to a book/bill of 1.28.** Accumulated order intake in the first half of 2023 was NOK 8,286, corresponding to a book/bill of 1.19. At the end of the 1st half year, the business area had an order backlog of MNOK 44,938, an increase of three per cent since year-end.

Most of the order intake in the quarter came from the missile division and the Integrated Defence Systems. The largest contract was a contract with Raytheon for the supply of Naval Strike Missiles (NSM) worth MNOK 1,345 to the US Navy's "Over the Horizon Weapon Systems" program. KONGSBERG has in total signed orders for MNOK 3,110 for this program since NSM was selected by the US authorities in 2018. Several contracts have been signed between KONGSBERG and Norwegian Defense Material Agency during the quarter:

- Contract worth MNOK 700 for the extension of the agreement of the maintenance and preparation of a total of 32 Norwegian F-16 combat aircraft for sale to Romania. Signed through Kongsberg Aviation Maintenance Services
- Contract for upgrading the radars on the air defense system NASAMS. The contract had a value of MNOK 365
- Contract worth MNOK 320 to develop tactical radio equipment for the Norwegian Armed Forces

When KONGSBERG's 3rd quarter results in 2022 were presented, it was communicated that missile orders for more than NOK 15 billion are expected over the next 12-18 months. At the time being orders worth more than NOK 12 billion have been signed.

Marketing, tender writing and negotiations related to several missile programs are currently ongoing, both towards existing and new customers. In the past year, Spain and Great Britain have announced their intention to acquire NSM. There are also significant opportunities in the USA, where the president's defence budget proposal for 2024 was presented in the 1st quarter of 2023. There are plans for significant acquiring of both Naval Strike Missiles and Joint Strike Missiles. These are just some of several ongoing processes. In addition, there is a great demand for NASAMS.

Several of the programs could potentially be of significant size. If the proposal in the US defense budget for future procurement of the NSM leads to a contract, such a contract could come by autumn 2024 and exceed NOK 10 billion alone.

## Other Factors

Lack of certain critical components affects many companies. The business area depends on several hundred subcontractors, both in Norway and abroad. In the past year, shortages of a few critical components for the RWS weapons station have led to delayed deliveries to end customers. The systems have been completed as far as possible, but the situation has led to increased working capital in form of increased inventory and delayed customer payments. The business area is still behind schedule compared to the original plan, but the volumes of deliveries have gradually picked up in recent quarters.

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

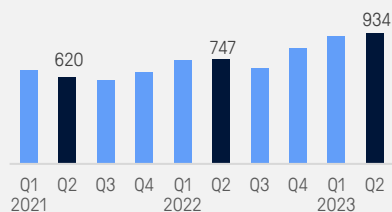


## Key Figures

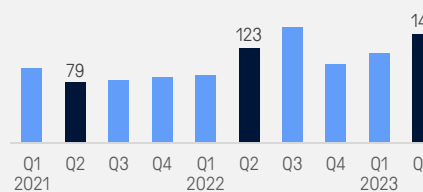
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EBITDA	168	147	312	260	565
EBITDA (%)	18,0	19,7	16,9	17,5	18,8
EBIT	141	123	258	212	464
EBIT (%)	15,1	16,5	14,0	14,2	15,5
Order Intake	835	1 215	1 876	2 140	3 575

	30.6	31.3	31.12
<i>MNOK</i>	2023	2023	2022
Order backlog	2 641	2 708	2 452
No. of employees	1 009	969	917

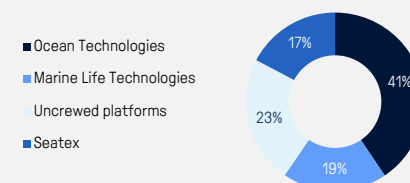
## Operating revenues



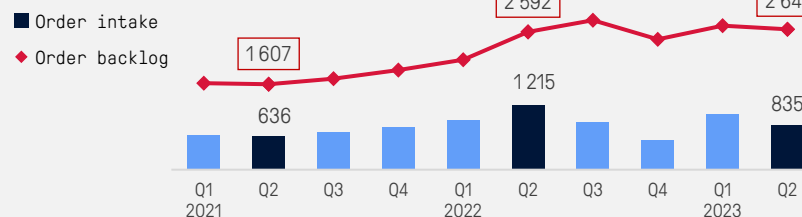
## EBIT



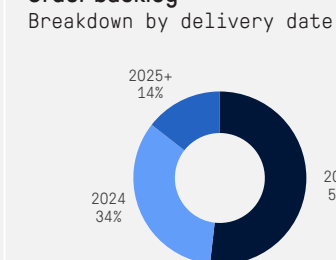
## Operating revenues YTD per division



## Order



## Order backlog Breakdown by delivery date





## New business area from 1.1.23

With effect from January 2023, KONGSBERG has established KONGSBERG Discovery as a new business area. Previously this 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 934 in the 2<sup>nd</sup> quarter**, an increase of 25% compared to the same quarter last year. The main drivers for the increased turnover were generally increased activity, especially in autonomous underwater vehicles (AUVs). Accumulated for the first half of the year, Kongsberg Discovery increased operating revenues by 24 percent to MNOK 1,844 compared to the first half of 2022.

**EBIT was MNOK 141 in the 2<sup>nd</sup> quarter, corresponding to an EBIT margin of 15.1 per cent**, compared to MNOK 123 (16.5 per cent) in the corresponding quarter last year. Accumulated EBIT for the first half of 2023 was NOK 258 million, an increase from MNOK 212 in the first half of 2022. The EBIT increase is mainly due to increased volume. Kongsberg Discovery has significant exposure to foreign currencies and hedges all major contracts. Kongsberg Discovery also has a large proportion of smaller sales where sales are made at spot exchange rates.

## Market and Orders

**The order intake in the 2<sup>nd</sup> quarter was MNOK 835, corresponding to a book/bill of 0.89.** The order intake was MNOK 1,215 in the 1<sup>st</sup> quarter 2022. Accumulated order intake in the first half of the year was MNOK 1,876, corresponding to a book/bill of 1.02.

Order intake in the second quarter of last year was extraordinarily high as a result of several significant orders for the autonomous underwater vehicle Hugin. In the second quarter of 2023, no contracts of this magnitude were signed. The order intake in the quarter consisted of some larger deliveries to research vessels in Europe, South America and Asia combined with a large number of smaller contracts within the entire business area. The remaining order intake consists of many smaller contracts throughout the business area.

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 both commercial players, public administration, and defense customers. Sustainable management of resources below the sea surface is also an important driver for several of the business area's divisions and segments. These can be solutions for seabed mapping, 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 a growing demand for solutions to increase the efficiency and safety of marine operations.

Kongsberg Discovery had an order backlog of MNOK 2,641 at the end of the 1<sup>st</sup> half year of 2023.

## Other Factors

Kongsberg Discovery largely supplies products and components, which in turn consist of a significant number of parts. Over the past year, there has been a general component shortage in the world, which has affected deliveries and driven prices upwards. The business area has implemented various measures to deal with the situation. Access to and lead time for components is critical for the business area's deliveries. The nature of the products provides relatively long lead times in the supply and production chain, which in turn necessitates long-term forecasting of inventory. This, combined with the demand-driven expectation of short delivery times, therefore results in somewhat higher working capital relative to the rest of the Group.

# Kongsberg Digital

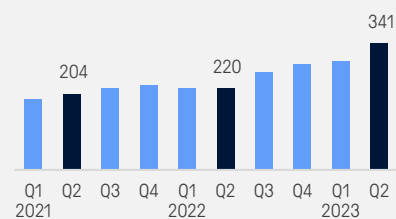


## Key Figures

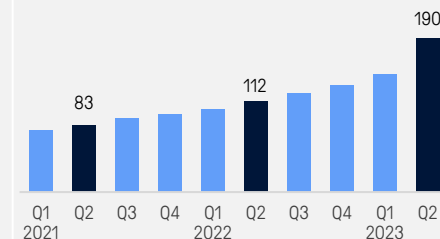
	1.4 - 30.6		1.1 - 30.6		1.1-31.12
<b>MNOK</b>	2023	2022	2023	2022	2022
Operating revenues	341	220	634	441	989
of this Recurring revenues*	190	112	336	214	469
EBITDA	(68)	(50)	(151)	(98)	(259)
EBITDA (%)	(19,9)	(22,9)	(23,8)	(22,3)	(26,2)
EBIT	(114)	(79)	(241)	(152)	(380)
EBIT (%)	(33,5)	(36,0)	(38,0)	(34,4)	(38,4)
Order Intake	411	257	964	466	1275

	30.6	31.3	31.12
<b>MNOK</b>	2023	2023	2022
Order backlog	1570	1489	1150
No. of employees	1197	1134	1088

## Operating revenues

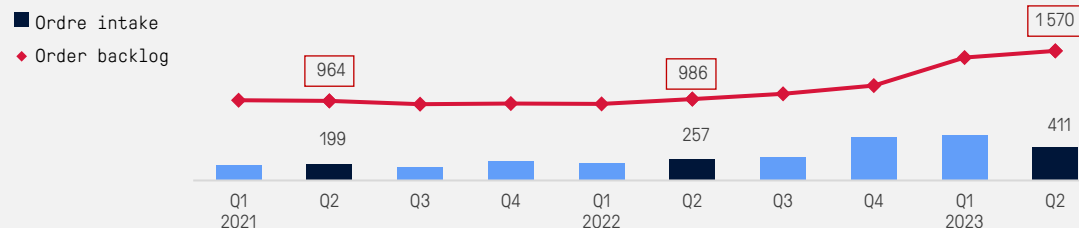


## Recurring revenues



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

## Orders





## Results

**Operating revenue was NOK 341 million in the 2<sup>nd</sup> quarter**, up 55 per cent from the 2<sup>nd</sup> quarter of 2022. Recurring operating revenues increased to MNOK 190 in the quarter, up from MNOK 145 in Q1 2023 and MNOK 112 in Q2 2022. Operating revenues for the first half year was MNOK 634 corresponding to MNOK 441 in the first half year of 2022.

**EBIT in the quarter was MNOK – 114 (MNOK -79)** The negative development in EBIT was due to high sales and marketing activity and upscaling of the organisation to secure future growth. Accumulated EBIT for the first half year 2023 was MNOK -241 corresponding to MNOK -152 in first half year 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, these ensure a good increase in volume going forward. The number of users connected on Kognitwin increased by almost 4,000 in the 2<sup>nd</sup> quarter, and there are now over 19,000 active Kognitwin users.

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 in first half year 2023.

In May, Kongsberg Digital announced that they had increased their stake in FutureOn and after the investment, they would become the largest owner in the company. FutureOn develops and delivers, among others, digital twin technology to the energy sector, and is a leader in planning, engineering, and life-cycle optimization. The investment will strengthen Kongsberg Digital's position as a leading industrial Software as a Service company with end-to-end solutions for planning new installations, operation and maintenance, and decommissioning.

In June, Kongsberg Digital raised USD 90 million in investment by Shell Ventures and Idékapital, which values Kongsberg Digital at USD 540 million post-money. The investment is a result of the previously communicated strategy where Kongsberg Gruppen has considered various strategic alternatives to fully realize the potential in the business area. The investment and the new

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

KONGBERG 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

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

Software as a Service (SaaS) solutions Kognitwin Energy and Vessel Insight are the key drivers for growth in Kongsberg Digital. 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 a demand and market acceptance for both these solutions, and Kongsberg Digital has over the last 12 months signed significant agreements with major and significant players such as Shell and Chevron (Kognitwin), and Mediterranean Shipping Company (Vessel Insight).



## Outlook

In recent years, KONGSBERG has developed positively and has demonstrated good adaptability in the event of significant and rapid changes. Despite component shortages, demanding logistics and rising inflation, KONGSBERG has delivered both growth and significantly improved results.

At the end of first half year 2023, KONGSBERG had an order backlog of NOK 68,1 billion, of which NOK 16,3 billion will be delivered second half 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. In addition, the order backlog for associated companies as well as framework agreements, will be reported

Kongsberg Maritime is exposed to newbuilds and aftersales in a wide range of segments, from traditional merchant fleet to advanced marine operations. Lower contracting of new vessels is expected in 2023 compared to previous years, while a continued good order intake is expected in the markets that have traditionally represented higher value for the business area. Many shipyards have near full order books for the next few years, which means that Kongsberg Maritime's order backlog extends over time. Due to the increasing need for upgrades to reduce emissions from vessel operations, continued high activity in the aftermarket is expected in second half of 2023. Overall, growth is also expected in Kongsberg Maritime in 2023.

Kongsberg Defence & Aerospace has grown continuously in recent years and has an order backlog of MNOK 44,9 billion at the end of Q2. The business area is also well positioned for several significant orders in the short and medium term, which gives expectations of a further increase in the order reserve over the next few years. Profitability varies between different product groups and different geographies. The composition of projects delivered is therefore an important driver of profitability in the business area. The business area's long-term EBITDA margin target is 17 percent in 2025, but this will vary between quarters. A high rate of growth is expected going forward, 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 which will be commissioned in the summer of 2024.

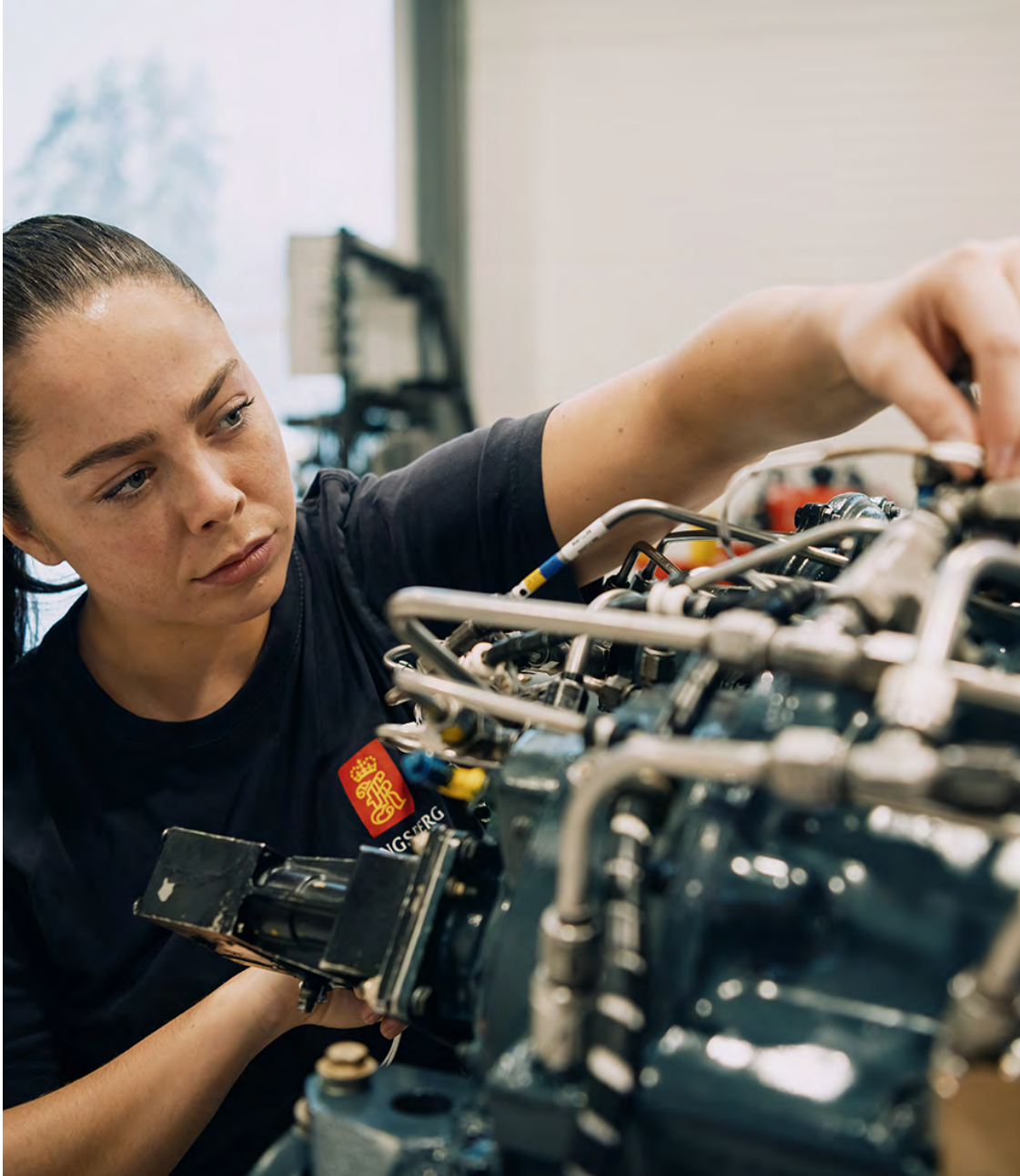
Kongsberg Discovery has a broad world-leading technology portfolio combined with deep domain knowledge and software that are important within fisheries, marine research, marine operations, ocean-based energy production and monitoring of critical infrastructure. There is a high demand for technology in all these segments, providing a basis for growth in 2023.

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 flow from the business area are expected for the full year. KONGSBERG's ambition is for Kongsberg Digital to deliver positive EBITDA in 2024.

We continue to experience an unsettling and unpredictable geopolitical situation. At the same time, we see large needs related to increased energy efficiency, more environmentally friendly energy sources, security and monitoring. KONGSBERG has products and solutions related to all these challenges and sees great demand for the Group's solutions. This, in addition to a strong order backlog and a solid financial position, provides a good foundation for continued growth.

Kongsberg, 11. July 2023

The Board of Directors of Kongsberg Gruppen ASA



# Numbers & Notes



# Key figures by quarter

KONGSBERG MNOK	2023			2022					2021				
	2023	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	18 703	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	2 738	1 381	1 357	4 602	1 401	1 360	1 012	829	4 086	1 156	1 054	993	883
EBITDA (%)	14,6	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	2 057	1 038	1 019	3 309	1 068	1 035	683	522	2 863	844	748	697	575
EBIT (%)	11,0	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	33	21	12	387	174	144	47	23	244	96	79	58	11
Order intake	22 602	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	68 130	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	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	9 602	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	1 169	529	640	1 825	531	622	360	312	1 541	429	455	350	307
EBITDA (%)	12,1	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	900	392	508	1 255	374	486	211	185	979	286	321	216	156
EBIT (%)	9,3	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	12 076	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	19 553	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	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	6 992	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	1 377	675	701	2 516	885	603	567	460	2 150	707	461	513	469
EBITDA (%)	19,7	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	1 056	514	541	1 919	727	452	424	316	1 620	560	330	386	344
EBIT (%)	15,1	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	68	56	12	330	172	74	61	24	263	108	82	59	14
Order intake	8 286	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	44 938	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	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	1 844	934	911	2 998	827	685	747	739	2 537	656	594	620	667
EBITDA	312	168	144	565	131	173	147	113	436	108	105	102	120
EBITDA (%)	17	18	16	19	16	25	20	15	17	17	18	16	18
EBIT	258	141	117	464	102	151	123	88	344	86	82	79	98
EBIT (%)	14	15	13	15	12	22	16	12	14	13	14	13	15
Order intake	1 876	835	1 041	3 575	550	885	1 215	926	2 782	808	698	636	641
Order backlog	2 641	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	Q2	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	634	341	293	989	285	262	220	221	845	229	221	204	192
*-of this recurring revenues	336	190	145	469	132	122	112	102	347	96	91	83	76
EBITDA	(151)	(68)	(83)	(259)	(109)	(52)	(50)	(48)	(45)	(69)	22	10	(9)
EBITDA (%)	(24)	(20)	(28)	(26)	(38)	(20)	(23)	(22)	(5)	(30)	10	5	(5)
EBIT	(241)	(114)	(127)	(380)	(146)	(83)	(79)	(73)	(122)	(90)	3	(8)	(28)
EBIT (%)	(38)	(33)	(43)	(38)	(51)	(32)	(36)	(33)	(14)	(39)	1	(4)	(14)
Order intake	964	411	553	1 275	523	286	257	209	789	234	165	199	192
Order backlog	1 570	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	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Operating revenues	5	9 614	7 567	18 703	14 613	31 803
Operating expenses	9	(8 232)	(6 555)	(15 965)	(12 772)	(27 201)
<b>EBITDA</b>	<b>5, 15</b>	<b>1 381</b>	<b>1 012</b>	<b>2 738</b>	<b>1 841</b>	<b>4 602</b>
Depreciation		(116)	(118)	(235)	(233)	(469)
Depreciation, leasing assets	7	(121)	(114)	(235)	(222)	(449)
Impairment of property, plant and equipment		-	(15)	-	(15)	(18)
Amortisation		(106)	(83)	(211)	(166)	(352)
Impairment of intangible assets		-	-	-	-	(4)
<b>EBIT</b>	<b>5, 15</b>	<b>1 038</b>	<b>683</b>	<b>2 057</b>	<b>1 205</b>	<b>3 309</b>
Share of net income from joint arrangements and associated companies	6	21	47	33	69	387
Interest on leasing liabilities	7	(34)	(30)	(67)	(61)	(128)
Net financial items	8	(40)	(23)	(51)	(25)	(72)
<b>Earnings before tax (EBT)</b>		<b>984</b>	<b>676</b>	<b>1 973</b>	<b>1 188</b>	<b>3 497</b>
Income tax expense	12	(208)	(141)	(425)	(253)	(687)
<b>Earnings after tax (EAT)</b>		<b>777</b>	<b>536</b>	<b>1 547</b>	<b>935</b>	<b>2 809</b>
<b>Attributable to:</b>						
Equity holders of the parent		773	531	1 516	911	2 774
Non-controlling interests		4	5	32	24	36
<b>Earnings per share (EPS) / EPS diluted in NOK</b>						
-Earnings per share		4,38	2,98	8,60	5,12	15,64
-Earnings per share, diluted		4,38	2,98	8,60	5,12	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		777	536	1 547	935	2 809
<b>Specification of other comprehensive income for the</b>						
<i>Items to be reclassified to profit or loss in subsequent</i>						
Change in fair value, financial instruments						
-Cash flow hedges and cross-currency swaps	8	121	(158)	(206)	(153)	(64)
Tax effect cash flow hedges		(27)	35	45	34	14
Translation differences currency		324	319	755	205	287
<b>Total items to be reclassified to profit or loss in subsequent periods</b>		<b>418</b>	<b>196</b>	<b>594</b>	<b>86</b>	<b>236</b>
<i>Items not to be reclassified to profit or loss in subsequent</i>						
Actuarial gains/losses pensions		-	-	-	-	364
Tax effect on actuarial gain/loss on pension		-	-	-	-	(78)
<b>Total items not to be reclassified to profit or loss</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>285</b>
<b>Comprehensive income</b>		<b>1 195</b>	<b>731</b>	<b>2 141</b>	<b>1 021</b>	<b>3 331</b>

# Condensed statement of financial position

<i>MNOK</i>	<i>Note</i>	30.6 2023	31.3 2023	31.12 2022
<b>Assets</b>				
Property, plant and equipment		4 793	4 417	4 107
Leasing assets	7	1 899	1 815	1 743
Intangible assets	9	5 999	5 785	5 781
Shares in joint arrangements and associated companies	6	4 054	4 006	3 868
Other non-current assets		769	820	819
<b>Total non-current assets</b>		<b>17 514</b>	<b>16 843</b>	<b>16 320</b>
Inventories		5 958	5 803	5 493
Trade receivables		7 297	6 921	6 957
Customer contracts, asset	8	10 594	9 247	8 031
Derivatives	8	1 686	1 247	1 596
Other short-term receivables		838	669	896
Cash and cash equivalents		2 757	3 639	3 932
<b>Total current assets</b>		<b>29 130</b>	<b>27 525</b>	<b>26 905</b>
<b>Total assets</b>		<b>46 645</b>	<b>44 368</b>	<b>43 225</b>

<i>MNOK</i>	<i>Note</i>	30.6 2023	31.3 2023	31.12 2022
<b>Equity, liabilities and provisions</b>				
Issued capital	4	5 928	5 930	5 930
Retained earnings		6 707	7 623	6 911
Other reserves		1 278	856	693
Non-controlling interests		527	241	209
<b>Total equity</b>		<b>14 441</b>	<b>14 651</b>	<b>13 744</b>
Long-term interest-bearing loans	8	3 010	2 000	2 003
Long-term leasing liabilities	7	1 665	1 588	1 526
Other non-current liabilities and provisions	3	1 677	1 745	1 855
<b>Total non-current liabilities and provisions</b>		<b>6 352</b>	<b>5 333</b>	<b>5 384</b>
Customer contracts, liabilities	8	12 881	12 712	14 159
Derivatives	8	3 636	2 771	1 559
Short-term interest-bearing loans	8	450	450	450
Short-term leasing liabilities	7	454	438	419
Other current liabilities and provisions	3	8 430	8 013	7 511
<b>Total current liabilities and provisions</b>		<b>25 852</b>	<b>24 385</b>	<b>24 097</b>
<b>Total equity, liabilities and provisions</b>		<b>46 645</b>	<b>44 368</b>	<b>43 225</b>
Equity ratio (%)		31,0	33,0	31,8
Net interest-bearing debt		703	(1 189)	(1 479)

## Condensed statement of changes in equity

		30.6 2023	31.3 2023	31.12 2022
<b>MNOK</b>	<b>Note</b>			
Equity opening balance		13 744	13 744	13 618
Total comprehensive income		2 141	938	3 331
Dividends paid		(2 115)	-	(2 716)
Share buy-back related to share buy-back programme	4	(265)	(17)	(481)
Transactions with treasury shares related to employee share programme	4	2	(14)	(5)
Capital reduction	4	(2)	-	(2)
Purchase/sale, in non-controlling interests	14	936	-	(1)
<b>Equity closing balance</b>		<b>14 441</b>	<b>14 651</b>	<b>13 744</b>

# Condensed cash flow statement

MNOK	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
<b>Earnings after tax</b>		<b>777</b>	<b>536</b>	<b>1 547</b>	<b>935</b>	<b>2 809</b>
Depreciation/impairment of property, plant and equipment		117	133	235	248	487
Depreciation, leasing assets		121	114	235	222	449
Amortisation/impairment of intangible assets		106	83	211	166	356
Share of net income from joint ventures and associated companies		(21)	(47)	(33)	(69)	(387)
Net finance items		74	53	117	87	200
Income taxes		208	141	425	253	687
Change in net current assets and other operations-related items		(1 046)	(1 936)	(2 280)	(3 019)	(3 495)
<b>Net cash flow from operating activities</b>		<b>336</b>	<b>(923)</b>	<b>458</b>	<b>(1 178)</b>	<b>1 106</b>
Dividend from joint arrangements and associated companies	6	170	192	170	192	201
Purchase/disposal of property, plant and equipment		(495)	(135)	(816)	(282)	(622)
Investment in subsidiaries and associated companies	13	(153)	(70)	(153)	(70)	(601)
Investment in financial assets		-	(18)	-	(18)	(44)
Interest received		18	13	55	19	124
Repayment of debt in acquired business		-	-	-	6	(7)
Sale of business and investment i subsidiaries	14	936	6	936	-	6
Capitalised internal developed and other intangible assets		(96)	(71)	(197)	(142)	(400)
Settlement of cross-currency swaps		(43)	(6)	(72)	9	1
<b>Net cash flow from investing activities</b>		<b>338</b>	<b>(89)</b>	<b>(77)</b>	<b>(287)</b>	<b>(1 343)</b>

MNOK	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2023	2022	2023	2022	2022
Net change interest-bearing loans		1 000	-	997	-	-
Payment of principal portion of lease liabilities	7	(116)	(106)	(225)	(208)	(408)
Interest paid		(39)	(21)	(80)	(38)	(168)
Interest paid on leasing liabilities	7	(34)	(30)	(67)	(61)	(128)
Net payment related to employee share programme		(80)	(66)	(80)	(100)	(100)
Share buy-back related to share buy-back programme	4	(250)	(12)	(267)	(62)	(483)
Dividends paid to equity holders of the parent		(2 128)	(2 736)	(2 128)	(2 736)	(2 736)
- of which dividends from treasury shares		13	21	13	20	21
<b>Net cash flow from financing activities</b>		<b>(1 634)</b>	<b>(2 950)</b>	<b>(1 836)</b>	<b>(3 186)</b>	<b>(4 002)</b>
Effect of changes in exchange rates on cash and cash equivalents		79	142	279	69	54
<b>Net change in cash and cash equivalents</b>		<b>(882)</b>	<b>(3 822)</b>	<b>(1 175)</b>	<b>(4 582)</b>	<b>(4 186)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>3 639</b>	<b>7 357</b>	<b>3 932</b>	<b>8 118</b>	<b>8 118</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>2 757</b>	<b>3 536</b>	<b>2 757</b>	<b>3 536</b>	<b>3 932</b>

## 1 General information and principles

### *General information*

The consolidated financial statement for Q2 (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.*

## 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 Repurchase of shares 2. quarter 2023 and capital reduction

KONGSBERG had the following ongoing share buy-back programs at second quarter 2023:

- KONGSBERG has repurchased 663 850 shares equivalent to a value of NOK 306 million in the second quarter related to the employee share program announced on 17 January 2023.

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.

After the cancellation, KONGSBERG holds at the end of second quarter 17 598 treasury shares.

MNOK	OPERATING REVENUES					EBITDA					EBIT				
	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022
Kongsberg Maritime	4 978	4 005	9 602	7 742	16 486	529	360	1 169	672	1 825	392	211	900	395	1 255
Kongsberg Defence & Aerospace	3 468	2 692	6 992	5 164	11 860	675	567	1 377	1 027	2 516	514	424	1 056	740	1 919
Kongsberg Discovery	934	747	1 844	1 486	2 998	168	147	312	260	565	141	123	258	212	464
Other <sup>1)</sup>	233	123	265	221	459	9	(61)	(119)	(118)	(304)	(10)	(75)	(156)	(142)	(330)
<b>Group</b>	<b>9 614</b>	<b>7 567</b>	<b>18 703</b>	<b>14 613</b>	<b>31 803</b>	<b>1 381</b>	<b>1 012</b>	<b>2 738</b>	<b>1 841</b>	<b>4 602</b>	<b>1 038</b>	<b>683</b>	<b>2 057</b>	<b>1 205</b>	<b>3 309</b>

1) Other activities consist of Kongsberg Digital, property, corporate functions and eliminations. For information about Kongsberg Digital see separate section. Included in the figures is a profit related to sale of property of NOK 135 million.

#### Operating revenues YTD by division:

MNOK	2023	2022
<i>Divisions</i>		
Global Customer Support	5 621	4 694
Integration & Energy	790	474
Propulsion & Handling	1 901	1 494
Automation & Control	1 859	1 505
Other/elimination	(569)	(425)
<b>Kongsberg Maritime</b>	<b>9 602</b>	<b>7 742</b>

MNOK	2023	2022
<i>Divisions</i>		
Land Systems	1 237	1 071
Integrated Defence Systems	2 673	1 904
Aerostructures & MRO	1 261	1 305
Missile Systems	1 623	992
Space & Surveillance	403	351
Other/elimination	(205)	(459)
<b>Kongsberg Defence &amp; Aerospace</b>	<b>6 992</b>	<b>5 164</b>

MNOK	2023	2022
<i>Divisions</i>		
Ocean Technologies	761	749
Marine Life Technologies	355	276
Uncrewed Platforms	435	224
Seatex	324	275
Annet/eliminerer	(31)	(38)
<b>Kongsberg Discovery</b>	<b>1 844</b>	<b>1 486</b>
<b>Other/elimination</b>	<b>265</b>	<b>221</b>
<b>Total revenues</b>	<b>18 703</b>	<b>14 613</b>

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

MNOK	2023				2022			
	Date of revenue recognition				Date of revenue recognition			
	Order backlog 30.6.23	2023	2024	2025 and later	Order backlog 30.6.22	2022	2023	2024 and later
Kongsberg Maritime	19 553	6 892	7 862	4 800	14 594	6 114	4 378	4 102
Kongsberg Defence & Aerospace	44 938	7 668	12 989	24 281	35 950	6 233	9 875	19 843
Kongsberg Discovery	2 641	1 368	890	382	2 592	1 113	1 061	417
Other/elimination	999	363	505	131	653	228	89	334
<b>Total</b>	<b>68 130</b>	<b>16 291</b>	<b>22 247</b>	<b>29 593</b>	<b>53 788</b>	<b>13 689</b>	<b>15 403</b>	<b>24 696</b>



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

<i>MNOK</i>	Ownership	Carrying amount 1.1	Additions/ disposals	Dividends received	Share of net income <sup>1)</sup>	Other items and comprehensive income	Carrying amount 30.6	Share of net income 1.4 - 30.6
Patria Oyj	49,9%	3 036	-	(150)	(12)	297	3 172	13
Kongsberg Satellite Services AS	50,0%	719	-	(20)	74	-	773	34
Other shares		113	25	-	(29)	-	109	(27)
<b>Total</b>		<b>3 868</b>	<b>25</b>	<b>(170)</b>	<b>33</b>	<b>297</b>	<b>4 054</b>	<b>21</b>

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

Share of net result from Patria:

<i>MNOK</i>	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2023	2022	2023	2022	2022
KONGSBERG's share (49,9%) <sup>1)</sup>	16	33	(8)	23	177
Amortisation of excess values after tax	(3)	(3)	(4)	(5)	(13)
<b>Share of net income recognised in KDA for the period</b>	<b>13</b>	<b>30</b>	<b>(12)</b>	<b>18</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:

<i>MNOK</i>	Share of net income					Dividend				
	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2023	2022	2023	2022	2022	2023	2022	2023	2022	2022
Kongsberg Maritime	-	-	-	-	-	-	-	-	-	-
Kongsberg Defence & Aerospace	56	61	68	85	330	170	192	170	192	201
Kongsberg Discovery	(35)	(4)	(35)	(4)	(1)	-	-	-	-	-
Other	-	(10)	-	(11)	58	-	-	-	-	-
<b>Group</b>	<b>21</b>	<b>47</b>	<b>33</b>	<b>69</b>	<b>387</b>	<b>170</b>	<b>192</b>	<b>170</b>	<b>192</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	1 743
Addition	151
Disposal	(3)
Depreciation Q1	(114)
Translation differences	38
<b>Opening balance 1 April 2023</b>	<b>1 815</b>
Addition	193
Disposal	(4)
Depreciation Q2	(121)
Translation differences	17
<b>Closing balance 30 June 2023</b>	<b>1 899</b>

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

	30.6.2023	31.3.2023	31.12.2022
Leasing assets	1 899	1 815	1 743
Long-term leasing liabilities	1 665	1 588	1 526
Short-term leasing liabilities	454	438	419

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

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2023	2022	2023	2022	2022
Returned rental cost earlier included in EBITDA	151	130	292	264	536
Profit/Loss on disposed leases	-	6	1	6	6
<b>Increased EBITDA in the period</b>	<b>151</b>	<b>136</b>	<b>292</b>	<b>270</b>	<b>541</b>
Depreciation on leases	(121)	(114)	(235)	(222)	(449)
<b>Increased EBIT in the period</b>	<b>30</b>	<b>23</b>	<b>57</b>	<b>48</b>	<b>93</b>
Interest cost on leasing liabilities for the period	(34)	(30)	(67)	(61)	(128)
<b>Reduced EBT in the period</b>	<b>(4)</b>	<b>(7)</b>	<b>(10)</b>	<b>(14)</b>	<b>(35)</b>

*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 which is due 5th of December 2023. The maturity dates of the long-term bond loans range from the 6th of June 2024 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 1,000. Neither were utilized at the end of the quarter.

*Interest-bearing loans:*

			30.6.2023	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>
<b>Long-term loans:</b>				
Bond issue KOG09 - fixed interest rate	2.6.26	3,20%	1 000	1 000
Bond issue KOG13 - floating interest rate	6.6.24	5,17%	500	500
Bond issue KOG14 - floating interest rate	26.2.26	4,70%	500	500
Bond issue KOG15 - fixed interest rate <sup>2</sup>	31.5.30	4,85%	1 000	-
Other long-term loans			10	3
<b>Total long-term loans</b>			<b>3 010</b>	<b>2 003</b>
<b>Short-term loans:</b>				
Bond issue KOG11 - fixed interest rate	5.12.23	2,90%	450	450
<b>Total short-term loans</b>			<b>450</b>	<b>450</b>
Total interest-bearing loans			<b>3 460</b>	<b>2 453</b>
Syndicated credit facility (unutilised borrowing limit)	22.3.28		2 500	2 500
Overdraft facility (unutilised)			1 000	1 000

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

<sup>2)</sup> KONGSBERG issued bonds for MNOK 1,000 during the quarter with a 7-year tenor and a fixed interest rate of 4.85% p.a. In addition KONGSBERG has entered into an interest rate swap agreement with a floating rate coupon of 3M NIBOR + 1.36% p.a. The bonds will be sought listed on Oslo Stock Exchange.

### Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, decreased by MNOK 206 before tax during the period 1 January – June 2023. The fair value of unrealized forward exchange contracts decreased by MNOK 205 during the period. The total change in net fair value of fair value hedges represented a decrease of MNOK 1,625 from the end of last year. The end-of-quarter spot rates were USD/NOK 10.81, EUR/NOK 11.77 and GBP/NOK 13.74.

### 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 30.6.23	Value in NOK on agreed rates	Fair value at 30.6.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 30.6.23
USD	(564)	57	2 240	(403)	1 676	(257)	(346)
EUR	501	15	(68)	14	433	29	29
Other	(25)	5	(116)	15	(141)	22	20
<b>Sum</b>	<b>(88)</b>	<b>78</b>	<b>2 056</b>	<b>(375)</b>	<b>1 967</b>	<b>(205)</b>	<b>(297)</b>
Roll-over of currency futures		51		162		228	214
<b>Total</b>	<b>(88)</b>	<b>129</b>	<b>2 056</b>	<b>(212)</b>	<b>1 967</b>	<b>23</b>	<b>(83)</b>

Forward exchange contracts cash flow hedges, assets

570

Forward exchange contracts cash flow hedges, liabilities

867

**Net forward exchange contracts cash flow hedges**

**(297)**

Fair value is referring to the net present value of the variance between the forward rate at 30 June 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 -206, while the table above show a change in fair value of MNOK 23 since year end 2022. The difference between these two amounts of MNOK -229 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 30.6.23	Value in NOK on agreed rates	Fair value at 30.6.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 30.6.23
USD	5 455	(348)	6 178	(370)	11 633	(787)	(717)
EUR	4 378	(270)	2 513	(255)	6 891	(633)	(525)
GBP	349	(26)	387	(29)	735	(92)	(56)
Other	299	(64)	(14)	(80)	285	(113)	(144)
<b>Total</b>	<b>10 481</b>	<b>(708)</b>	<b>9 063</b>	<b>(734)</b>	<b>19 544</b>	<b>(1 625)</b>	<b>(1 442)</b>

Forward exchange contracts fair value hedges, assets

1 115

Forward exchange contracts fair value hedges, liabilities

2 557

**Net forward exchange contracts fair value hedges**

**(1 442)**

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 -157 (increase) and customer contracts, liabilities by MNOK -1,273 (decrease).

Specification of derivatives:

	30.6	31.3	31.12
MNOK	2023	2023	2022
Forward exchange contracts, cash flow hedges (a)	570	242	682
Forward exchange contracts, fair value hedges (b)	1 115	1 006	914
<b>Total derivatives, current assets</b>	<b>1 686</b>	<b>1 247</b>	<b>1 596</b>
Forward exchange contracts, cash flow hedges (c)	867	469	774
Forward exchange contracts, fair value hedges (d)	2 557	2 170	730
Cross-currency swaps	212	133	54
<b>Total derivatives, current liabilities</b>	<b>3 636</b>	<b>2 771</b>	<b>1 559</b>
Net forward exchange contracts, cash flow hedges (a) - (c)	(297)	(228)	(92)
Net forward exchange contracts, fair value hedges (b) - (d)	(1 442)	(1 164)	184
<b>Total net forward exchange contracts</b>	<b>(1 739)</b>	<b>(1 392)</b>	<b>92</b>

9

Product development

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

	1.4 - 30.6		1.1 - 30.6		1.1-31.12
MNOK	2023	2022	2023	2022	2022
Product maintenance	130	102	275	222	472
Development cost	364	334	716	656	1 204
<b>Total</b>	<b>494</b>	<b>436</b>	<b>991</b>	<b>878</b>	<b>1 675</b>

Capitalised development recognised during the period:

	1.4 - 30.6		1.1 - 30.6		1.1-31.12
MNOK	2023	2022	2023	2022	2022
Capitalised development	83	71	180	142	305

In the consolidated statement of financial position at the end of the second 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 2nd 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 2nd quarter was calculated to be 21.6 per cent of earnings before tax. The income tax expense was mainly affected by income from associates recognized after tax and permanent differences.

## 13 Acquisitions

### *FutureOn*

On 2 May, Kongsberg Digital AS signed an agreement about further acquisition of shares in the Norwegian Software-as-a-Service company, FutureOn. The ownership interest in the company has thus increased from 10 % to 82.91 % during the second quarter and the company is reported as a subsidiary as of May.

FutureOn provides cloud-based digital transformation tools and is a frontrunner in subsea life-of-field and the project planning phase of an energy asset.

The acquisition will strengthen Kongsberg Digital's position as a leading industrial Software-as-a-Service company across heavy-asset industries ensuring end-to-end value proposition from planning to decommissioning.

The parties have agreed upon an enterprise value of NOK 231 million on a cash and debt-free basis. The purchase price of the shares acquired in the second quarter is NOK 166 million and the total book value of the shares is NOK 192 million. Added values of NOK 194 million are allocated to goodwill.

## 14 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:

	30.6	31.3	31.12
<i>MNOK</i>	2023	2023	2022
Current assets	29 130	27 525	26 905
Current liabilities and provisions	(25 852)	(24 385)	(24 097)
<i>Adjusted for:</i>			
Cash and cash equivalents	(2 757)	(3 639)	(3 932)
Short-term interest-bearing loans	450	450	450
Short-term leasing liabilities	454	438	419
Net tax payable	789	721	660
Financial instruments classified as cash flow hedges	295	458	160
<b>Working capital</b>	<b>2 510</b>	<b>1 570</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.

# Statement from the Board of Directors and CEO

We hereby confirm that, to the best of our conviction, the H1 accounts for 1 January to 30 June 2023 have been prepared in compliance with IAS 34 – Interim Reporting, and that the information disclosed in the H1 accounts gives an accurate picture of the Group's assets, liabilities, financial position and performance as a whole, and gives an accurate picture of the information mentioned in § 5-6, fourth subsection, of Norway's Securities Trading Act.

Kongsberg, 11. July 2023

**Eivind Reiten**  
Chairman

**Per A. Sørli**  
Deputy Chair

**Merete Hverven**  
Director

**Morten Henriksen**  
Director

**Kristin Færøvik**  
Director

**Rune Fanøy**  
Director

**Oda Linn A. Ellingsen**  
Director

**Kjersti Rød**  
Director

**Geir Håøy**  
President and CEO



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KONGSBERG

# Protecting people and planet

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