



KONGSBERG

To the shareholders in Kongsberg Gruppen ASA

## **NOTIFICATION OF THE ANNUAL GENERAL MEETING 2020**

The Board of Directors notifies shareholders of the Annual General Meeting of Kongsberg Gruppen ASA.

**Time: Thursday, 14 May 2020 at 10:00 a.m.**

**Place: Conference Centre, Kongsberg Technology Park, Kirkegårdsveien 45, Kongsberg, Norway**

**Due to the Corona pandemic we strongly recommend that you participate the AGM by giving a bounded authorization to the Chairman of the Board of Directors - see further information about this at last page of this notice and in the attached registration and authorization slip.**

In accordance with § 5-12, of the Norwegian Companies Act, first subsection, and § 8 of KONGSBERG's Articles of Association, the Annual General Meeting will be brought to order and chaired by the Chair of the Board.

The following items are on the agenda:

### **1. Approval of the notification and agenda**

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

*"Notification and agenda approved."*

### **2. Election of a co-signer for the minutes**

According to KONGSBERG's articles of association the Chair of the Board of Directors will lead the Annual General Meeting. The Chair will in the Meeting propose one of the delegates to co-sign the minutes.

### **3. Briefing by the CEO**

### **4. Treatment of the report on Corporate Governance**

The Board's statement for Corporate Governance is available on the company's internet page [www.kongsberg.com](http://www.kongsberg.com).

### **5. Approval of the Financial Statements and Directors' Report for the parent company and the Group for fiscal year 2019**

The Board's proposal to the financial statements, the Director's Report for the parent company and the Group for fiscal year 2019, as well as the auditor's report, is available on the company's internet page [www.kongsberg.com](http://www.kongsberg.com).

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

*"The financial statements for the parent company and the Group for fiscal year 2019 are acknowledged. The Directors' Report is also approved. The Auditor's Report is taken into consideration."*

### **6. Payment of dividends**

The parent company, Kongsberg Gruppen ASA, posted a net profit of negative MNOK 4 for 2019. The Group posted a net profit of MNOK 717 in 2019. Earnings per share is NOK 3.89. Financial strength is considered satisfactory.

The Board recommends to the General Meeting that the ordinary dividend for the fiscal year 2019 be set to NOK 2.50 per share.

The dividends will be applicable to the company's shareholders per end of 14 May 2020 (as listed in the VPS Registry per 18 May 2020). The company's shares will be traded on Oslo Børs exclusive dividends as from 15 May 2020.

The dividend will expectably be paid out on 26 May 2020.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

*"The Board's proposal of a dividend of NOK 2.50 per share for 2019 is approved. The dividends will be applicable to the company's shareholders per the end of 14 May 2020 (as listed in the VPS Registry per 18 May 2020). The company's shares will be traded on Oslo Stock Exchange excl. dividends as from 15 May 2020. The dividend will expectably be paid out on 26 May 2020.*

*The payment of the dividend of NOK 2.50 per share is taxable to be deemed to be a repayment of previously paid capital, cf. tax law § 10-11, second paragraph."*

## **7. Authorization to pay dividends based on approved financial statements for 2019**

Based on the extraordinary situation with the ongoing Corona pandemic, the Board considers it as desirable to be able to assess dividends if the situation in Kongsberg Gruppen dictates this. In this case, this will be dividends in addition to the dividend proposed by the Board of Directors that the General Meeting adopts directly at this general meeting, amounting up to MNOK 1,800, which corresponds up to NOK 10 per share. On this basis, the Board proposes that the General Meeting authorizes a power of attorney to the Board of Directors in order to continue to adopt the dividend payment(s) based on a proxy given by the General Meeting, cf. Section 8-2, second paragraph, of the Public Limited Companies Act. Such dividend payments will be formally based on the company's approved financial statements for 2019. Kongsberg Gruppen will announce any dividends in accordance with applicable regulations.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

*"The Board of Directors is authorized to adopt one or several dividend payments based on the company's financial statements for 2019, cf. Section 8-2, second paragraph, of the Public Limited Companies Act, and up to MNOK 1,800. The Board of Directors shall, before each decision on approval of a dividend payment, assess whether the company will have prudent equity and liquidity after the payout. The authorization is valid until the next Annual General Meeting, but no longer than 30 June 2021.*

*Payment of dividend under this Authorization is taxable to be deemed to be a repayment of previously paid capital, cf. tax law § 10-11, second paragraph."*

## **8. Remuneration to members of the Board, Board Committees and Nominating Committee**

The Nominating Committee has proposed that the collective compensation to the Directors, applicable from 14 May 2020 until next Annual General Meeting, be stipulated at NOK 2 473 000.

The Chair of the Board will receive NOK 544 000, the Deputy Chair NOK 291 000 and the other Directors NOK 273 000. Deputy Directors will receive NOK 12 300 per meeting.

The members of the Audit Committee will receive NOK 75 000 per year (Chair NOK 100 000 per year).

The members of the Compensation Committee will receive NOK 47 000 per year (Chair NOK 70 000 per year).

The members of the Nominating Committee will receive NOK 5 600 (Chair NOK 8 000) per meeting. The Nominating Committee has held four meetings in the previous period.

The proposal of the Nominating Committee is available in its entirety on the company's internet page [www.kongsberg.com](http://www.kongsberg.com).

The Board proposes that the Annual General Meeting adopts the following resolution in accordance with the Nominating Committee's recommendation:

*"The Board's members receive the following remuneration from 14 May 2020 to the next Annual General Meeting:*

### *The Board of Directors:*

*Chair of the Board: NOK 544 000 per year (no change)  
Deputy Chair: NOK 291 000 per year (no change)  
Directors: NOK 273 000 per year (no change)  
Deputy Directors: NOK 12 300 per meeting (no change)*

### *The Audit Committee:*

*Chair: NOK 100 000 per year (changed from 12 700 per meeting, maximum NOK 127 000 per year)  
Member: NOK 75 000 per year (changed from 10 400 per meeting, maximum NOK 104 000 per year)*

The Compensation Committee:

Chair: NOK 70 000 per year  
(changed from 11 700 per meeting, maximum NOK 58 500 per year)  
Member: NOK 47 000 per year  
(changed from 9 400 per meeting, maximum NOK 47 000 per year)

The Nominating Committee:

Chair: NOK 8 000 per meeting (no change)  
Member: NOK 5 600 per meeting (no change)"

## 9. Remuneration to the Auditor

In 2019, NOK 1 100 000 was paid to the company's auditing firm Ernst & Young AS for audit-related services for the parent company Kongsberg Gruppen ASA. The Group paid a total of NOK 16 635 000 for audit-related services and NOK 4 294 000 for other services.

The Board proposes the remuneration to the company's auditor for 2019 of NOK 1 100 000 for the ordinary audit of the parent company to be approved.

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

*"For 2019, the payment of remuneration of NOK 1 100 000 paid to the Group's auditor for ordinary auditing services for the parent company is approved."*

## 10. Approval of the declaration on salaries and other remuneration for senior management

The Company refers to the declaration included in the annual report for 2019, and as a separate attachment to this notice.

Guidelines for allocation of shares, subscription rights, options and any other forms of remuneration stemming from shares or the development of the official share price in the company or in other group companies are binding for the Board of Directors when approved by the General Meeting. Such guidelines are described in the Board of Directors' declaration on salaries and other remuneration for senior management, see in particular "Remuneration connected to shares or share price development". Other guidelines in the declaration are not mandatory for the Board of Directors. If the Board of Directors in an agreement deviates from these guidelines, the reasons for this shall be stated in the minutes of the Board of Directors' meeting.

An advisory vote shall be held for the guidelines that are not mandatory for the Board of Directors. The General Meeting shall approve binding guidelines.

The Board of Directors proposes that the Annual General Meeting makes the following resolution with respect to not mandatory guidelines of the declaration:

*"The General Meeting endorses the guidelines not mandatory in the Board of Director's declaration on salaries and other remuneration for senior management."*

The Board of Directors proposes that the Annual General Meeting makes the following resolution with respect to binding guidelines of the declaration:

*"The General Meeting approves guidelines in the Board of Director's declaration on salaries and other remuneration for senior management that relates to remuneration connected to shares or share price trends in the company or in other companies of the group."*

## 11. Election of members of the Nominating Committee

All members of the Nominating Committee are up for election. The Nominating Committee of Kongsberg Gruppen ASA has made a reasoned proposal for the election of members to the Nominating Committee. The recommendation is available in its entirety on the company's internet page [www.kongsberg.com](http://www.kongsberg.com).

In accordance with the Nominating Committee's recommendation, the Board proposes that the Annual General Meeting makes the following resolution:

*"The following nominees are to be elected as members of the Nominating Committee of Kongsberg Gruppen ASA:*

*Vigdis Almestad (Chair), Morten Strømgren, Karl C. W. Mathisen and Erik Must."*

## **12. Authorization for the acquisition of treasury shares - incentive program etc.**

At the Annual General Meeting held on 14 May 2019, the Board was given authorization to buy treasury shares up to a limit of NOK 9 749 279 (4,3% of the company's share capital). The authorization applies for Annual General Meeting in 2020. The Board of Directors of Kongsberg Gruppen ASA believes it would be prudent for the company that the Board retains its authorization to acquire treasury shares for use in conjunction with the share program for the Group's employees, to the part of the Management's fixed-wage for which shares must be purchased for, and as a full or partial payment upon acquisition of business - or disposed of.

The Board of Directors therefore proposes that the Annual General Meeting adopts the following resolution:

- "(a) Pursuant to § 9-4 of the Norwegian Companies Act, the Board is authorized to acquire treasury shares for a total maximum nominal value of NOK 9 749 279.*
- (b) The authorization may be used several times.*
- (c) The Board's acquisition of shares pursuant to this authorization can only take place between a minimum price of NOK 25 per share and a maximum price of NOK 300 per share.*
- (d) Shares acquired under the authorization can be used in relation to the share program for the Group's employees, to the part of the Management's fixed-wage, as full or partial payment upon acquisition of business, or disposed of.*
- (e) The authorization shall apply until the next Annual General Meeting, but no later than 30 June 2021.*
- (f) The acquisition of shares pursuant to the authorization shall take place in the market. The disposal of the shares acquired will take place on the Oslo Stock Exchange, unless the shares are used in conjunction with employee share programs, as part of the Management's fixed-wage, or as full or partial payment upon acquisition of Business."*

## **13. Authorization for the acquisition of treasury shares – for cancellation**

Buyback and deletion of own shares can be a good instrument for optimizing the capital structure of the company. The Board of Directors of Kongsberg Gruppen ASA proposes that the General Meeting authorizes the Board of Directors to acquire own shares for a total consideration of up to NOK 500 million. Re-purchased shares under this authorization will later be proposed deleted and redeemed.

Kongsberg Gruppen ASA has entered into an agreement with the company's largest owner, the Norwegian State, where it is assumed that re-bought shares will be erased along with a share of the Government's shares, by the reduction of the share capital, so that the government's percentage stake in the company remains unchanged. The Government shall vote at the general meeting on the allocation of authorization for buybacks, and if buybacks occur, vote for a decision on the reduction of the share capital. In the event of redemption of the State's shares, the State shall receive a compensation equal to the volume-weighted average of the price paid by the company for shares purchased in the market plus an interest compensation calculated from the time of the individual buyback payment takes place, with a deduction for any dividend paid for the State's shares to be deleted (with some individual adjustment mechanisms laid down).

The Board of Directors proposes that the Annual General Meeting adopts the following resolution:

- "(a) Pursuant to § 9-4 of the Norwegian Companies Act, the Board is authorized to acquire treasury shares. The authorization includes up to 8 000 000 shares with a total amount up to NOK 10 000 000, however, that the total consideration for the shares cannot exceed NOK 500 000 000.*
- (b) The authorization may be re-used.*
- (c) Acquisition of shares can be exercised only between a minimum price of NOK 25 per share and a maximum price of NOK 300 per share.*
- (d) Treasury shares can only be acquired with the aim of deleting the shares.*
- (e) The Board of Directors is free to decide how to acquire own shares.*
- (f) The authorization shall apply until the next Annual General Meeting, but no later than 30 June 2021."*

\* \* \*

The financial statements, the Director's Report and Auditors' Report, the Board's statement on corporate governance, the Board's statement on salaries and other compensation to senior executives pursuant to § 6-16a of the Public Limited Companies Act, as well as the recommendation from the Nominating Committee is available on the Company's internet page [www.kongsberg.com](http://www.kongsberg.com). One can also contact the company by telephone +47 468 27 499 and ask to receive the Annual Report and other documents concerning matters to be dealt with at the General Meeting by post.

On the date of notification, Kongsberg Gruppen ASA had 179 990 065 shares issued. Each share gives right to one vote at the General Meeting. On the date of this notification, the company owned 1 024 698 own shares, which cannot be voted. All shareholders are entitled to attend the General Meeting and to be heard, either personally or by proxy. Shareholders are entitled to be accompanied by an adviser and may grant the right to speak to one adviser. Shareholders have on certain conditions, also the right to make alternative proposals to the decision in the Items the General Meeting shall process. Shareholders may require that Board members and the Managing Director at the General Meeting gives available information about conditions that may influence the assessment of Items that are referred to the shareholders for decision. The same applies to information about the company's financial position and other issues that the General Meeting shall process, unless the information required cannot be given without disproportionately damaging to the company.

Information relating to the Annual General Meeting, including this notification with attachments and the Company's Articles of Association, are available on the Company's web page [www.kongsberg.com](http://www.kongsberg.com).

If you want to attend the Annual General Meeting, please submit this attendee slip to; Kongsberg Gruppen ASA c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or to e-mail [genf@dnb.no](mailto:genf@dnb.no) by **15 noon on Tuesday 12 May 2020 the latest**. Register of attendance can also be made on Kongsberg Gruppen ASA's web page [www.kongsberg.com](http://www.kongsberg.com) (or through Investor Services).

**Based on the current rules on assemblies in connection with the Corona pandemic, we wish that shareholders do not show up physically at the general meeting. Shareholders who still meet may risk being rejected from participating physically, citing applicable assembly rules. Instead, we ask that shareholders take advantage of the opportunity to attend the general meeting by giving **bound authorization**, ref. below. We will webcast/send the General Meeting online so that you as a shareholder can follow. If there were to be changes to the rules of public health authorities concerning assemblies before the General Meeting takes place on 14 May, the company sends a stock exchange notice of these in which case it will result in a change in the possibility of physical attendance. **Access to the webcast will be announced via stock exchange announcement and will be made available on our website [www.kongsberg.com](http://www.kongsberg.com).****

Shareholders who will participate the Annual General Meeting by in advance submit the enclosed proxy slip, please send your **bound proxy to Kongsberg Gruppen ASA c/o DNB Bank ASA, Securities Service, P.O. Box 1600 Sentrum, NO-0021 OSLO, or on e-mail [genf@dnb.no](mailto:genf@dnb.no)**. The Proxy must be received by DNB Bank ASA, Securities Service, within **Tuesday 12 May 2020 at 15.00**. Proxy may be given to the Chair of the Board Eivind K. Reiten. **The company's representatives will only accept authorizations that are bounded to the specifications on how the proxy shall vote for each Item, and which are received within the said time limit.** Proxy may **only** be granted as described before (not via the Investor Services or the company's web page). *An proxy issued electronic (and thus without voice instructions) will be rejected/deleted.*

It is of Kongsberg Gruppen ASA's point of view that neither the real shareholder or the Manager has the right to vote for shares that are registered on a Manage account in VPS, cf. Public Limited Companies Act § 4-10. Shareholders who hold their shares in a fund manager account in the VPS and who would like to cast votes for such shares, must as to the company's assessment transfer the shares to a **VPS account in their own name before Tuesday 12 May 2020 at 15:00 noon** to be assured of being able to cast votes for such shares. If the shareholders prove that necessary steps to such transfer are taken, and the shareholder has real shareholder-interest in Kongsberg Gruppen ASA, the shareholder may, after the company's opinion, vote for the shares, even if the shares are not yet registered on a separate VPS account.

Kongsberg, 23 April 2020  
For the Board of Directors of Kongsberg Gruppen ASA



Eivind K. Reiten  
Chair of the Board