Kongsberg Maritime Denmark A/S

Langerak 16 B, 9220 Aalborg Øst

CVR no. 38 68 41 16

Annual report 2023

Approved at the Company's annual general meeting on 10 April 2024

Chairman:

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Peter Studsbjerg

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Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kongsberg Maritime Denmark A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of its operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, and the results of the Company's operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 10 April 2024
Executive Board:

Peter Studsbjerg
CEO

Board of Directors:

Torgeir Aasen-Helvig chairman	Andrea Donelli	Børge Skeide

Independent auditor's report

To the shareholders of Kongsberg Maritime Denmark A/S

Opinion

We have audited the financial statements of Kongsberg Maritime Denmark A/S for the financial year 1 January – 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 10 April 2024
EY Godkendt Revisionspartnerselskab
CVR-nr. 30 70 02 28

Søren V. Nejmann State Authorised Public Accountant mne32775	Martin Bøgsted State Authorised Public Accountant mne40035

Management's review

Company details

Kongsberg Maritime Denmark A/S
Langerak 16 B
DK-9220 Aalborg Øst

Telephone:	+45 99 30 36 00
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CVR No.:	38 68 41 16
Established:	26 July 1960
Registered office:	Aalborg
Financial year:	1 January – 31 December

Board of Directors

Torgeir Aasen-Helvig (Chairman)
Andrea Donelli
Børge Skeide

Executive Board

Peter Studsbjerg

Auditor

EY Godkendt Revisionspartnerselskab
Østre Havnegade 65
DK-9000 Aalborg

Annual general meeting

The annual general meeting is held at the Company's address on the 10 April 2024

Management's review

Financial highlights

DKKm	2023	2022	2021	2020	2019
Key figures					
Gross profit	49.9	47.6	40.4	36.9	44.1
Operating profit	5.8	8.1	7.0	2.2	4.3
Profit/loss from net financials	0,0	-0.3	-0.2	-0.4	-0.5
Profit for the year	**4.4**	**6.3**	**5.5**	**2.0**	**2.9**
Total assets	**33.9**	**46.3**	**35.4**	**36.7**	**51.1**
Investments in property, plant and equipment	-5.2	-4.4	-3.2	-0.1	-2.0
Equity	**26,7**	**22.2**	**23.5**	**17.9**	**32.9**
Financial ratios					
Return on invested capital	21.9%	37.1%	42.1%	23.1%	53.0%
Equity ratio	78.5%	48.0%	70.8%	48.8%	64,5%
Return on equity	18.2%	27.5%	26.8%	7.7%	5.7%
Average number of full-time employees	**41**	**39**	**36**	**40**	**40**

Financial ratios are calculated in accordance with the terms and definitions under Accounting policies in note 1, page 16.

Operating review

Principal activities

The Company acts as agent in Denmark for the sale of products of the Kongsberg Group. In addition, the Company is engaged in trading, service and repair.

Development in activities and financial matters

Profit for the year after tax came in at DKK 4,448 thousand against a profit of DKK 6,288 thousand for 2022.

Profit for the year is considered satisfactory.

Events after the balance sheet date

No events have occurred after the balance sheet date which could materially affect the financial position of the Company.

Financial statements 1 January – 31 December

Income statement

Note	DKK'000	2023	2022
	Gross profit	49,877	47,576
2	Staff Costs	-41,781	-37,487
	Depreciation, amortisation and impairment losses	-2,334	-1,714
	Operating profit	5,762	8,375
	Financial income	27	0
	Financial expenses	-23	-312
	Profit before tax	5,766	8,063
	Tax for the year	-1,318	-1,775
	Profit for the year	4,448	6,288
	Proposed distribution of profit/loss		
	Transferred to equity reserves	4,448	6,288

Financial statements 1 January – 31 December

Balance sheet

Note	DKK'000	2023	2022
	ASSETS		
	Fixed assets		
	Property, plant and equipment		
	Leasehold improvements	78	0
	Plant and machinery	807	413
	Fixtures and fittings, tools and equipment	4,330	4,070
	Total non-current assets	5,215	4,483
	Current assets		
	Inventories		
	Raw materials and consumables	0	188
		0	188
	Receivables		
	Trade receivables	5,187	13,910
3	Contract work in progress	2,177	578
4	Receivables from group entities	19,792	25,548
	Other receivables	890	882
	Corporation tax receivables	270	0
	Deferred tax assets	454	698
		28,770	41,616
	Total current assets	28,770	41,804
	TOTAL ASSETS	33.985	46,287

Financial statements 1 January – 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	550	550
	Retained earnings	26,136	21,688
	Total equity	26,686	22,238
	Short-term liabilities		
	Trade payables	1,867	1,298
4	Payables to group entities	1,753	17,782
	Corporation tax payables	0	131
	Other payables	3,679	4,838
	Total short-term liabilities	7,299	24,049
	Total liabilities	7,299	24,049
	TOTAL EQUITY AND LIABILITIES	33,985	46,287

1 Accounting policies
5 Contractual obligations and contingencies, etc.
6 Information on ownership and group relationship

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2023	550	21,688	22,238
Distributed dividend	0	0	0
Transferred; see distribution of profit/loss	0	4,448	4,448
Equity at 31 December 2023	550	26,136	26,686

Financial statements 1 January – 31 December

Notes

1 **Accounting policies**

The annual report of Kongsberg Maritime Denmark A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities with the option of a statement of change in equity and key figures from reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received.

Income from the sale of services is recognised as revenue by reference to the stage of completion, which means that revenue corresponds to the selling price of work performed during the year (the percentage of completion method).

When income and expenses cannot be estimated reliably, revenue is recognised solely at the costs incurred in so far as they are likely to be recovered.

Revenue is measured at the fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, other operating income, raw materials and consumables, etc. and other external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Raw materials and consumables, etc.

Raw materials and consumables include the costs of raw materials and consumables incurred to generate revenue for the year.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprise items secondary to the principal activities of the Company.

Other external expenses

Other external expenses comprise expenses relating to distribution, sale, advertising, administration, premises, bad debts, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The Company is covered by the Danish rules on compulsory joint taxation of the Kongsberg Gruppen ASA's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Company is the administration company in respect of the joint taxation arrangement and accordingly settles all corporation taxes to the tax authorities.

On payment of joint taxation contributions, the Danish corporation tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year comprises current income tax, joint taxation contribution and changes in deferred tax for the year due to changes in the tax rate. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

Balance sheet

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of future lease payments. In calculating the present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for as the Company's other assets.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are considered operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed under contingencies, etc.

Property, plant and equipment

Leasehold improvements, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Individual components of property, plant and equipment that have different useful lives are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are as follows:

Leasehold improvements	5-10 years
Plant and machinery	3-8 years
Fixtures and fittings, tools and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

Impairment of non-current assets

The carrying amount of property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation and depreciation.

Impairment tests are conducted on individual assets or groups of assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

Inventories

Inventories are measured at cost in accordance with the weighted average. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Inventories are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

Contract work in progress

Contract work in progress are measured at the selling price of the work performed, which for services is the expected selling price of the work performed and for sale of goods according to the costs of material incurred.

When the selling price of contract work in progress cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Individual construction contracts are recognised in the balance sheet under either receivables or payables. Net assets are determined as the sum of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of construction contracts where progress billings exceed the selling price.

Cash and cash equivalents

Cash and cash equivalents comprise cash. Deposits and loans in the group's cash pool setup are included in either receivables from group entities or payables to group entities.

Equity

Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on taxable income in previous years and tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet as corporation tax receivable or corporation tax payable.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to non-deductible goodwill and on office premises and other items where temporary differences – apart from acquisitions – arise at the acquisition date without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

The Company has chosen IAS 39 as interpretation for recognition of liabilities.

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual lease commitment in respect of finance leases.

Other liabilities are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise payments received regarding income in subsequent years.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on invested capital	$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$
Invested capital	Intangible assets and property, plant and equipment used in operations plus net working capital
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2023	2022
Wages and salaries	37,364	33,583
Pensions	4,102	3,650
Other social security costs	315	254
	41,781	37,487
Average number of full-time employees	41	39

3 Contract work in progress

Selling price of work performed	2,177	578
Contract work in progress (assets)	2,177	578

4 Receivables from group entities / Payables to group entities

The Company has receivables from group entities at a total of DKK 19,792 thousand as of 31 December 2023 of which DKK 11,272 thousand consist of cash as part of a group cash pool facility (2022: DKK 18,309 thousand).

The Company has payables to group entities at a total of DKK 1,753 thousand as of 31 December 2023 of which DKK 0 thousand consist of cash as part of a group cash pool facility (2022: DKK 9,567 thousand).

The Kongsberg Gruppen ASA Group has entered into a cash pool agreement with Danske Bank, where Kongsberg Maritime AS is the account holder and Kongsberg Maritime Denmark A/S is the sub-account holder together with the Group's other associated companies. The terms and conditions of the cash pool arrangement grant the bank the right to offset withdrawals and deposits against each other, whereby it is only the net balance of the total cash pool accounts that constitutes Kongsberg Maritime AS's outstanding with the bank.

5 Contractual obligations and contingencies, etc.

Contingent obligations

The Company has entered leases for buildings, vehicles and office equipment at a total of DKK 19,359 thousand of which DKK 3,460 thousand is to be paid the first year.

Joint taxation

The Company is jointly taxed with the Company's Danish sister company. As administration company, the Company has unlimited joint and several liability, together with the sister company, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. The jointly taxed entities' total known net liability in respect of corporation taxes and withholding taxes payable amounted to DKK 0 thousand at 31 December 2023. Any subsequent adjustments to the joint taxation income and withholding taxes, etc. may entail that the Company's liability will increase.

Financial statements 1 January – 31 December

Notes

6 Information on group relationship

Kongsberg Maritime Denmark A/S is included in the consolidated accounts for:

Kongsberg Gruppen ASA
Kirkegårdsveien 45
NO-3616 Kongsberg
Norway