20240531116309

Årsredovisning

Nammo Sweden AB

556249-6835

Styrelsen och verkställande direktören för Nammo Sweden AB får härmed lämna sin redogörelse för bolagets utveckling under räkenskapsåret 2023-01-01 - 2023-12-31.
Om inte särskilt anges visas alla belopp i tusental kronor (SEK).

Innehållsförteckning

	Sida
Förvaltningsberättelse	2
Resultaträkning	6
Balansräkning	7
Kassaflödesanalys	9
Noter	10
Underskrifter	26

Fastställelseintyg

Undertecknad styrelseledamot i Nammo Sweden AB intygar att resultaträkningen i årsredovisningen har fastställts på årsstämma 2024-05-16
Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.
Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överrens med originalen.

Håkan Führ, Verkställande direktör.

20240531163310

Årsredovisning

Nammo Sweden AB

556249-6835

Styrelsen och verkställande direktören för Nammo Sweden AB får härmed lämna sin redogörelse för bolagets utveckling under räkenskapsåret 2023-01-01 - 2023-12-31.
Om inte särskilt anges visas alla belopp i tusental kronor (SEK).

Innehållsförteckning

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Nammo Sweden AB

Org. nr: 556249-6835

Styrelsen och verkställande direktören för Nammo Sweden AB får härmed avge årsredovisning för 2023.

20240531163111

Bolagets ägare:	Nammo AS
Styrelsens säte:	Karlsborg
Företagets redovisningsvaluta:	Svenska kronor (SEK)

Allt belopp redovisas, om inget att anges i tusentals kronor. (tsek)

Information om verksamheten

Nammo Sweden AB är ett helägt dotterbolag till Nammo AS, orgnr 979 984 731, med säte i Raufoss, Norge.

Nammo Sweden AB bedriver utveckling, tillverkning och försäljning samt miljövänlig återvinning och avveckling av ammunition med närliggande produkter. Nammo Sweden AB har sitt säte i Karlsborg i Sverige.

Nammo Sweden AB har två helägda dotterbolag; Hansson PyroTech AB samt Nammo Palencia S.L.U. Hansson PyroTech AB är baserat i Lindesberg och utvecklar, tillverkar och säljer sjösäkerhetsprodukter. Nammo Palencia S.L.U. har sin verksamhet i Spanien. Denna omfattar tillverkning av ammunition för militära kunder.

Den operativa verksamheten inom Nammo Sweden AB i Sverige bedrivs vid anläggningarna i Karlsborg, Vingåker, Karlskoga och Lindesberg. Samtliga verksamheter har tillstånd från ISP (Inspektionen för Strategiska Produkter) för tillverkning av krigsmateriel, samt även från MSB (Myndigheten för Samhällsskydd och Beredskap)och är klassade som Sevesoanläggningar.
Alla verksamheter är certifierade enligt standarden ISO 14001, ISO 9001 och AQAP 2110.

Verksamheten i Karlsborg omfattar utveckling och tillverkning av finkalibrig ammunition samt ammunitionskomponenter till militära kunder.

Verksamheten i Vingåker omfattar destruktion av ammunition på uppdrag av militära kunder samt återvinning av restexplosiver och metaller som säljs vidare på den öppna civila marknaden. I Vingåker tillverkas även pyrotekniska produkter för både militära och civila kunder, som överförts från verksamheten i Lindesberg.

Verksamheten i Karlskoga omfattar gjutning av sprängämne i verkansdelar och tillverkning av ammunition för militära kunder.

Verksamheten i Lindesberg omfattar viss tillverkning av ammunition och pyrotekniska komponenter för militära kunder. På Nammo Sweden AB's område i Lindesberg är även dotterbolaget Hansson PyroTech AB beläget.

Verksamheten inom Hansson PyroTech AB omfattar utveckling, tillverkning och försäljning av sjösäkerhetsprodukter för civilt bruk

Väsentliga händelser under räkenskapsåret

Under året har företaget fortsatt påverkas av kriget i Ukraina. En tydlig tillväxt har skett och orderingången har ökat betydligt under året. Flera större ordrar gällande grovkaliber ammunition har erhållits under hösten med leveranser fler år framåt i tiden.

NSAB har haft en fortsatt ökande omsättning under 2023 och verksamheten präglas av tillväxt inom flertal

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områden. Den ökningen av bemanning som skedde inför starten av 2023 har i princip behållits under året. Vissa perioder under året har det skett nedgångar för vissa produktområden men totalt sett så har bemanningen legat på en stabil nivå. Den ökade verksamheten har också inneburit att behovet av investeringar ökat. Såväl beslutade som implementerade investeringar har ökat under året.

Verksamheten i Karlsborg har haft en fortsatt ökande omsättning med betydande beställningar från både inhemska och internationella kunder. Utmaningarna med inköp av produktingående komponenter har minskat under året och den eftersläpning som förelåg i början av året är i det närmaste återhämtats.
Under Maj inträffade en olycka i produktionen där en av våra medarbetare ådrog sig allvarliga skador. Detta ledde till ett produktionsstopp för patronladdningen under ca en månad och sedan gradvis uppstart. Den eftersläpning som olyckan ledde till lyckades återhämtas under hösten och påverkan på 2023 års produktionsutfall blev begränsad. Komponenttillgången har stabiliserats under året och mängden produktionsstopp beroende på komponentbrist har minskat betydligt.

Verksamheten i Vingåker har under året präglats av stabilitet med god beläggning både från nyproduktion och destruktionsverksamhet. Bemanningen har varit relativt stabil under året. Även i Vingåker har komponentsituationen förbättrats och produktionen var mindre påverkad av komponentbrist under 2023. Sysselsättningsgraden i fabriken har därmed varit god.

I Karlskoga har omsättningen fortsatt att öka och rekryteringar har skett under året. Dock har en större arbetsintensiv order avslutats under året vilket gjort att den totala bemanningen inte ökat i någon betydande omfattning. I Karlskoga har verksamheten varit mer påverkad av materialbrister och det har lett till förhållandevis låg sysselsättningsgrad. Under andra halvåret har intensivt arbete pågått för att förbereda utökad skiftgång i början av 2024.

I Lindesberg har produktionen av militära komponenter haft en varierande bemanning. I början av året var beläggningen hög för att sedan drastiskt minska efter färdigställande av en större order. Under resterande del av året har bemanningen varit stabil på en lägre nivå av ca 10 medarbetare. Organisatoriskt fortsätter Lindesberg att vara formellt underställd Karlskoga då verksamheten i princip innebär sammansättning av delkomponenter till de produkter som färdigställs i Karlskoga. Det innebär att Platschefen i Karlskoga även ansvarar för verksamheten i Lindesberg.

Förväntad framtida utveckling samt väsentliga risker och osäkerhetsfaktorer

Framtidsutsikterna på både exportsidan och hemmamarknaden har tydligt ändrats sedan krigsutbrottet i Ukraina. Trenden med ökande försvarsanslag och ökade beställningar inom västvärlden har accentuerats som en reaktion på den ökande osäkerheten i det säkerhetspolitiska läget. Bakomliggande orsaker är både stöd i form av ammunition till Ukraina men även återuppbyggnad av krigslager i ett flertal länder. Uppgången påverkar även materialförsörjningen med ökade ledtider på komponenter och materiel, speciellt försvarsmateriel specifika komponenter. Under 2023 har betydande ordrar särskilt på grovkaliber ammunition erhållits och företagets orderstock är nu på rekordnivå. Det finns för närvarande inget som tyder på avtagande intresse från företagets kunder och tillväxten förväntas fortgå många år framöver.

Ovanstående trend bedöms gälla för kunder som anläggningen i Karlsborg normalt levererar till, vilket bedöms medföra en ökad efterfrågan. Ökningen på finkaliber ammunition bedöms dock inte lika betydande som för grovkaliber ammunition. Med förväntad stark orderingång från den Nordiska marknaden ser utvecklingen positiv ut för de närmaste åren. Produktutvecklingen inom finkaliberområdet är fortsatt inriktad på specialprodukter.

Inom verksamheten för destruktion och återvinning av ammunition i Vingåker fortsätter arbetet med att effektivisera verksamheten och volymerna väntas öka till viss del. Inte minst den tydliga hållbarhetsinriktningen med återvinning förväntas fortsätta generera arbete. Den relativt nytillkomna tillverkningen av produkter

20240531163313

Nammo Sweden AB
Org. nr: 556249-6835

från Lindesberg väntas under 2024 minska något i omfattning beroende på fördröjning i orderingång. Totalt sett väntas en verksamhet på samma nivå som under de senaste åren för verksamheten i Vingåker.

Verksamheten i Karlskoga bedöms under 2024 fortsätta att öka. Företaget planerar att övergå från 3-skift till 5-skift i stora delar av verksamheten. Bemanningen väntas öka med ca 30%. Beslutade investeringsprogram kommer att slutföras under året och ytterligare beslut om investeringar väntas under året. Företaget har i slutet av året ansökt om investeringsmedel inom ramen för EU's ASAP-program. Detta har gjorts tillsammans med FMV som delfinansiär. Beslut om tilldelning väntas under första halvåret.

Hållbarhetsrapportering

Företagets upprättar enligt 7 kap 31a $ ÅRL inte någon lagstadgad hållbarhetsrapport.
Detta rapporteras av koncernens moderbolag Nammo AS med säte i Raufoss, Norge (org. nr. 979 974 731).
Rapporten finns att hämta på www.nammo.com

FLERÅRSÖVERSIKT

(TKR)	2023	2022	2021	2020	2019
Nettoomsättning	1 490 460	1 144 998	1 026 359	691 240	572 542
Rörelsemarginal %	21	16	13	7	1
Balansomslutning	1 698 286	1 114 887	885 568	734 846	678 790
Avkastning på eget kapital %	18	28	35	14	2
Soliditet %	46	41	46	43	39
Resultat efter finansiella poster	94 981	130 140	138 103	45 190	3 489

FÖRÄNDRINGAR I EGET KAPITAL

(TKR)	Aktiekapital	Bundna fonder	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	10 000	71 109	164 411	102 287	**347 807**
Disposition enligt beslut av årets årsstämma:			102 287	-102 287	
Förändring fond för utvecklingsutgift		-432	432		
Årets resultat				47 039	47 039
Belopp vid årets utgång	**10 000**	**70 677**	**267 130**	**47 039**	**394 846**

20240531163314

Nammo Sweden AB
Org. nr: 556249-6835

Förslag till resultatdisposition

Belopp i resultatdispositionen är angivna i hela kronor

Balanserat resultat	267 130 567
Årets resultat	47 039 204
Summa	**314 169 771**

disponeras så att

I ny räkning överföres	314 169 771
Summa	**314 169 771**

Företagets resultat och ställning i övrigt framgår av efterföljande resultat- och balansräkning samt kassaflödesanalys med noter.

Nammo Sweden AB
Org. nr: 556249-6835

20240531163315

Resultaträkning (Tkr)	Not	2023-01-01 -2023-12-31	2022-01-01 -2022-12-31
Nettoomsättning	3	1 490 460	1 144 998
Kostnader såld vara		-1 233 171	-908 530
Bruttoresultat		**257 289**	**236 468**
Försäljningskostnader		-27 775	-20 143
Administrationskostnader		-137 377	-149 389
Forskning- och utvecklingskostnader		-15 733	-9 973
Övriga rörelseintäkter	4	19 546	13 523
Övriga rörelsekostnader			-
Rörelseresultat	5, 6, 7, 8	**95 950**	**70 486**
Finansiella poster			
Resultat från andelar i koncernföretag	9	-	52 993
Ränteintäkter och liknande resultatposter	10, 11	980	6 810
Räntekostnader och liknande resultatposter		-1 949	-149
Summa finansiella poster		**-969**	**59 654**
Resultat efter finansiella poster		**94 981**	**130 140**
Bokslutsdispositioner	12		
Bokslutsdispositioner		-35 045	-15 587
Summa bokslutsdispositioner		**-35 045**	**-15 587**
Resultat före skatt		**59 936**	**114 553**
Skatt			
Skatt på årets resultat	13	-12 897	-12 266
Årets resultat		**47 039**	**102 287**

Nammo Sweden AB
Org. nr: 556249-6835

20240531163316

Balansräkning

(Tkr)	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	14	11 895	16 553
Summa immateriella anläggningstillgångar		*11 895*	*16 553*
Materiella anläggningstillgångar			
Byggnader och mark	15	53 690	54 194
Maskiner och andra tekniska anläggningar	16	130 706	107 817
Inventarier, verktyg och installationer	17	9 253	6 257
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	18	31 321	30 315
Summa materiella anläggningstillgångar		*224 970*	*198 583*
Finansiella anläggningstillgångar			
Andelar hos koncernföretag	19	52 206	52 206
Fordringar hos koncernföretag		7 498	9 837
Andra långfristiga värdepappersinnehav	20	5	5
Uppskjuten skattefordran	21	23 284	20 708
Andra långfristiga fordringar	22	3 593	3 354
Summa finansiella anläggningstillgångar		*86 586*	*86 110*
Summa anläggningstillgångar		**323 451**	**301 246**
Omsättningstillgångar			
Varulager m.m.			
Råvaror och förnödenheter		183 074	213 981
Varor under tillverkning		17 600	12 306
Färdiga varor och handelsvaror		158 082	102 681
Summa varulager m.m.		*358 756*	*328 968*
Kortfristiga fordringar			
Kundfordringar		417 854	400 870
Fordringar hos koncernföretag		523 710	61 403
Aktuella skattefordringar		6 597	
Övriga fordringar		7 903	11 596
Förskott till leverantörer		43 339	
Förutbetalda kostnader och upplupna intäkter	23	16 676	10 804
Summa kortfristiga fordringar		*1 016 079*	*484 673*
Summa omsättningstillgångar		**1 374 835**	**813 641**
Summa tillgångar		**1 698 286**	**1 114 887**

Nammo Sweden AB
Org. nr: 556249-6835

20240531163117

Balansräkning

(Tkr)	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER	24		
Eget kapital			
Bundet eget kapital			
Aktiekapital	25	10 000	10 000
Bunden överkursfond		69 542	69 542
Reservfond		726	726
Fond för utvecklingsutgifter		409	841
Summa bundet eget kapital		*80 677*	*81 109*
Fritt eget kapital			
Balanserat resultat		267 130	164 411
Årets resultat		47 039	102 287
Summa fritt eget kapital		*314 169*	*266 698*
Summa eget kapital		**394 846**	**347 807**
Obeskattade reserver	26	**179 394**	**144 349**
Avsättningar	27		
Avsättningar för pensioner och liknande förpliktelserenligt tryggandelagen		174 709	163 450
Övriga avsättningar		58 600	52 400
Summa avsättningar		**233 309**	**215 850**
Kortfristiga skulder			
Förskott från kunder		590 029	44 621
Leverantörsskulder		16 577	75 549
Skulder till koncernföretag	28	130 896	160 268
Aktuella skatteskulder		0	4 438
Övriga skulder		99 901	70 531
Upplupna kostnader och förutbetalda intäkter	29	53 334	51 474
Summa kortfristiga skulder		**890 737**	**406 881**
Summa eget kapital och skulder		**1 698 286**	**1 114 887**

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Nammo Sweden AB
Org. nr: 556249-6835

Kassaflödesanalys **(Tkr)**	**Not**	**2023-01-01 -2023-12-31**	**2022-01-01 -2022-12-31**
Den löpande verksamheten			
Resultat efter finansiella poster		94 981	130 140
Justeringar för poster som inte ingår i kassaflödet	33	42 451	39 613
Betald inkomstskatt		-26 508	-35 595
Kassaflöde från den löpande verksamhet före förändringar av rörelsekapital		*110 924*	*134 158*
Förändring av rörelsekapital			
Förändring av fordringar		-524 809	-43 185
Förändring av varulager		-29 788	-163 160
Förändring av skulder		488 294	165 802
Kassaflöde från den löpande verksamheten		**44 621**	**93 615**
Investeringsverksamheten			
Förvärv av materiella anläggningstillgångar		-46 721	-53 993
Avyttring av immateriella anläggningstillgångar		-	6 061
Amorteringar av fordringar		2 339	4 411
Placeringar i övriga finansiella anläggningstillgångar		-239	-94
Kassaflöde från investeringsverksamheten		**-44 621**	**-43 615**
Finansieringsverksamheten			
Utbetald utdelning		-	-50 000
Kassaflöde från finansieringsverksamheten		**0**	**-50 000**
Förändring av likvida medel		**0**	**0**
Likvida medel vid årets början		**0**	**0**
Likvida medel vid årets slut	34	**0**	**0**

Nammo Sweden AB
Org. nr: 556249-6835

20240531163319

Noter
(tkr)

Not 1
Redovisnings- och värderingsprinciper

Allmänna redovisningsprinciper
Årsredovisningen har upprättats enligt Årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).
Redovisningsprinciperna är oförändrade jämfört med föregående år.
Tillgångar, avsättningar och skulder har värderats till anskaffningsvärdet om inget annat anges nedan.

Intäktsredovisning
Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter har tagits upp till verkligt värde av vad som erhållits eller kommer erhållas, med avdrag från rabatter.

Försäljning av varor
Vid försäljningar varor redovisas intäkten vid leverans utifrån lämpliga leveransvillkor.

Ränta, royalty och utdelning
Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktioner och när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt den så kallade effektivräntemetoden.

Royalty periodiseras i enlighet med den aktuella överenskommelsens ekonomiska innebörd.

Utdelning redovisas när behörigt organ har fattat beslut om att utdelning ska lämnas.

Immateriella anläggningstillgångar
Övriga immateriella anläggningstillgångar som förvärvats är redovisade till anskaffningsvärdeminskat med ackumulerade avskrivningar

Avskrivningar
Avskrivningarna sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.

Förvärvade immateriella tillgångar
Följande avskrivningsprocent har tillämpats

Typ	Procent
Balanserade utgifter för utvecklingsarbeten	20,0
Dataprogram	14,0

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Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar enligt plan och eventuella nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt till förvärvet.

Utgifter för nedmontering, bortforsling eller återställande av plats räknas inte in i anskaffningsvärdet. Istället redovisas en avsättning successivt över tillgångens nyttjandeperiod.

Tillkommande utgifter
Tillkommande utgifter som uppfyller tillgångskriteriet räknas in i tillgångens redovisade värde. Utgifter för löpande underhåll och reparationer redovisas som kostnader när de uppkommer.

För vissa av de materiella anläggningstillgångarna, maskiner, anläggningar och byggnader, har skillnaden i förbrukningen av betydande komponenter bedömts vara väsentlig. Dessa tillgångar har därför delats upp i komponenter vilka skrivs av separat.

Avskrivningar
Avskrivningar sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas i resultaträkningen. Hänsynhar tagits till beräknat restvärde, fastställt vid anskaffningstillfället i då rådande prisnivå.

Följande avskrivningsprocent har tillämpats

Typ	**Procent**
Byggnader	2 - 10
Maskiner och inventarier	5 - 20
Datautrustning	20 - 33,3

Komponentindelning
Byggnaderna består av ett antal komponenter med olika nyttjandeperioder. Huvudindelningen är byggnader och mark. Ingen avskrivning sker på komponenten mark vars nyttjandeperiod bedöms som obegränsad. Byggnaderna består av flera komponenter vars nyttjandeperiod varierar.

Följande huvudgrupper av komponenterna har identifierats och ligger till grund för avskrivningen på byggnader.

Typ	**Procent**
Stomme	2 - 2,5
Yttre ytskikt; fasader, yttertak mm	3,3 - 5
Inre ytskikt, maskinell utrustning mm	6,7 - 10
Installationer; el, VVS, ventilation mm	3,3 - 10
Fönster, dörrar	3,3 - 5

Nedskrivning materiella anläggningstillgångar
Vid varje balansdag bedöms om det finns någon indikation på att en tillgångs värde är lägre än dess redovisade värde. Om en sådan indikation finns beräknas tillgångens återvinningsvärde. Om det inte går beräkna en enskild tillgångs återvinningsvärde beräknas återvinningsvärdet för hela den kassagenererade enhet som tillgången tillhör.

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Återvinningsvärdet är det högsta värdet med avdrag för försäljningskostnader och nyttjandevärde. Vid beräkningar nyttjandevärdet beräknas nuvärdet av de framtida kassaflöden som tillgången väntas ge upphov till i den löpande verksamheten samt när det avyttras eller utrangeras. Den diskonteringsränta som används är före skatt och återspeglar marknadsmässiga bedömningar av pengars tidsvärde och de risker som avser tillgången. En tidigare nedskrivning återförs endast om de skäl som låg till grund för beräkningen av återvinningsvärdet vid den senaste nedskrivningen har förändrats.

Finansiella tillgångar och skulder
Finansiella tillgångar och skulder redovisas i enlighet med kapitel 11 (Finansiella instrument värderade utifrån anskaffningsvärdet) i BFNAR 2012:1.

Redovisning i och borttagande från balansräkningen
En finansiell tillgång eller en finansiell skuld tas upp i balansräkningen när företaget blir part i instrumentets avtalsmässiga villkor. En finansiell tillgång tas bort från balansräkningen när den avtalsenliga rätten till kassaflödet från tillgången har upphört eller reglerats. Detsamma gäller när de risker och fördelar som är förknippade med innehavet i allt väsentligt överförts till annan part och företaget inte längre har kontroll över den finansiella tillgången. En finansiell skuld tas bort från balansräkningen när den avtalade förpliktelsen fullgjorts eller upphört.

Värdering av finansiella tillgångar
Finansiella tillgångar värderas vid första redovisningstillfället till anskaffningsvärde, inklusive eventuella transaktionsutgifter som är direkt hänförliga till förvärvet av tillgången.

Finansiella omsättningstillgångar värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen.

Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta.

Finansiella anläggningstillgångar värderas efter första redovisningstillfället till anskaffningsvärde med avdrag för eventuella nedskrivningar och med tillägg för eventuella uppskrivningar.

Räntebärande finansiella tillgångar värderas till upplupet anskaffningsvärde med tillämpning av effektivräntemetoden.

Andelar i dotterföretag, intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Vid värdering av lägsta värdets princip respektive vid bedömning av nedskrivningsbehov anses företagets finansiella instrument som innehavs för riskspridning ingå i en värdepappersportfölj och värderas därför som en post.

Derivatinstrument som utgör finansiella tillgångar och för vilka säkringsredovisning inte tillämpats (se nedan) värderas efter första redovisningstillfället till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen

Värdering av finansiella skulder
Finansiella skulder värderas till upplupet anskaffningsvärde. Utgifter som är direkt hänförliga till upptagande av lån korrigerar lånets anskaffningsvärde och periodiseras enligt effektivräntemetoden.

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Derivatinstrument med negativt värde och för vilka säkringsredovisning inte tillämpas redovisas som finansiella och värderas till det belopp som för företaget är mest förmånligt om förpliktelsen regleras eller överlåtits på balansdagen.

Säkringsredovisning
Säkringsredovisning tillämpas endast då det finns en ekonomisk relation mellan säkringsinstrument och den säkrade posten som överensstämmer med företagets mål för riskhantering. Dessutom krävs att säkringsförhållandet förväntas vara mycket effektivt under den period för vilken säkringen har identifierats samt att säkringsförhållandet och företagets mål för riskhantering och riskhanteringsstrategi avseende säkringen är dokumenterade senast när säkringen ingås.

Säkring av fordringar och skulder i utländsk valuta
Vid säkring av fordringar och skulder i utländsk valuta med valutaterminer värderas den underliggande fordran eller skulden till terminskurs. Om terminspremien det vill säga skillnaden mellan avistakursen den dagen terminen ingicks och terminskursen, är väsentlig, värderas dock underliggande fordran eller skuld till avistakursen den dagen terminen ingicks.

Andelar i dotterföretag
Andelar i dotterföretag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar.
I anskaffningsvärdet ingår köpeskillingen som erlagts för aktierna samt förvärvskostnader. Eventuella kapitaltillskott läggs till anskaffningsvärdet när de uppkommer.

Låneskulder och leverantörsskulder
Låneskulder och leverantörsskulder redovisas initialt till anskaffningsvärde efter avdrag för transaktionskostnader. Skiljer sig det redovisade beloppet från det belopp som ska återbetalas vid förfallotidpunkten periodiseras mellanskillnaden som räntekostnad över lånets löptid med hjälp av instrumentets effektivränta. Härigenom överensstämmer vid förfallotidpunkten det redovisade beloppet och det belopp som ska återbetalas.

Utländsk valuta
Poster i utländsk valuta
Monetära poster utländsk valuta räknas om till balansdagens kurs. Icke monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.

Leasingavtal
Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella. Leasingavgifterna enligt operationella leasingavtal, inklusive förhöjd förstagångshyra men exklusive för tjänster så som försäkring och underhåll, redovisas som en kostnad linjärt över leasingperioden.

Varulager
Varulagret har värderats till det lägsta av dess anskaffningsvärde och dess nettoförsäljningsvärde på balansdagen. Därvid har inkuransrisk betraktats. Anskaffningsvärdet beräknas efter vägda genomsnittspriser. I anskaffningsvärdet ingår förutom utgifter för inköp även utgifter som att bringa varorna till deras aktuella plats och skick. I egentillverkade halv- och helfabrikat består anskaffningsvärdet av direkta tillverkningskostnader och de indirekta kostnader som utgör mer än en oväsentlig del av den sammanlagda utgiften för tillverkningen. Vid värdering har hänsyn tagits till normalt kapacitetsutnyttjande.

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Inkomstskatt
Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsår inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser. Aktuell skatt beräknas utifrån den skattesats som gäller för balansdagen.

Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock särredovisas inte uppskjuten skatt hänförlig till obeskattade reserver eftersom obeskattade reserver redovisas som en egen post i balansräkningen. Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag. Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och inte har nuvärdesberäknats.

Avsättningar
En avsättning redovisas i balansräkningen när företaget har en legal eller informell förpliktelse till följd av en inträffas händelse och det är sannolikt att ett utträde av resurser krävs för att reglera förpliktelsen och en tillförlitlig uppskattning av beloppen kan göras.

Vid första redovisningstillfället värderas avsättningar till den bästa uppskattningen av det belopp som kommer att krävas för att reglera förpliktelsen på balansdagen. Avsättningarna omvärderas på varje balansdag.

Eventualförpliktelser
En eventualförpliktelser redovisas inom linjen när det finns:
En möjlig förpliktelse som härrör till följd av inträffade händelser och vars förekomst endast kommer att bekräftas av en eller flera osäkra framtidshändelser, som inte helt ligger inom företagets kontroll, inträffar eller uteblir eller om
En befintlig förpliktelse till följd av inträffade händelser, men som inte redovisas som skuld eller avsättning eftersom det inte är sannolikt att ett utflöde av resurser kommer att krävas för att reglera förpliktelsen eller förpliktelsens storlek inte kan beräknas med tillräcklig tillförlitlighet.

Ersättning till anställda
Ersättning till anställda avser alla former av ersättningar som företaget lämnar till de anställda. Kortfristiga ersättningar utgörs av bland annat löner, betald semester, betald frånvaro, bonus och ersättning efter avslutad anställning (pension). Kortfristiga ersättningar redovisas som kostnad och en skuld då det finns en legal eller informell förpliktelse att betala ut en ersättning till följd av en tidigare händelse och en tillförlitliguppskattning av beloppet kan göras.

Ersättning till anställda efter avslutad anställning
Klassificering
Planer för ersättning efter avslutas anställning klassificeras som antingen avgiftsbestämda eller Förmånsbestämda.

Vid avgiftsbestämda planer betalas fastställda avgifter till ett annat företag, normalt ett försäkringsföretag, och har inte längre någon förpliktelse till den anställde när avgiften är betalts. Storleken på den anställdes ersättningar efter avslutad anställning är beroende av de avgifter som har betalats ut och den kapitalavkastning som avgifterna ger.

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Org. nr: 556249-6835

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Vid förmånsbestämda planer har företaget en förpliktelse att lämna de överenskomna ersättningarna till nuvarande och tidigare anställda. Företaget bär i all väsentligt dels risken att ersättningen kommer att bli högre än förväntat (aktuariell risk), dels att risken att avkastningen på tillgångarna avviker från förväntningarna (investeringsrisk). Investeringsrisk föreligger även om tillgångarna är överförda till annat företag.

Avgiftsbestämda planer
Avgifterna för avgiftsbestämda planer redovisar som kostnad. Obetalda avgifter redovisas som skuld.

Förmånsbestämda planer
Företaget har valt att tillämpa de förseningsregler som finns i BFNAR 2012:1

Planer för vilka pensionspremier som betalas redovisas som avgiftsbestämda vilken innebär att avgifterna kostnadsförs i resultaträkningen.

I de fall förmånsbestämda pensionsplaner finansieras i egen regi redovisas pensionsskulden till det belopp som erhållits från PRI (Pension egen regi).

Offentliga bidrag
Ett offentligt bidrag som inte är förknippat med krav på framtida prestationer redovisas som intäkt när villkoren för att få bidraget uppfylls. Ett offentligt bidrag som är förenat med krav på framtida prestation redovisas som intäkt när prestationen utförs. Om bidrager har tagits emot innan villkoren för att redovisa det som intäkt har uppfyllts redovisas bidraget som en skuld.
Redovisning av bidrag relaterade till anläggningstillgångar Offentliga bidrag relaterade till tillgångar redovisas i balansräkningen genom att bidraget reducerar tillgångens redovisade värde.

Koncernbidrag
Koncernbidrag som erhållits/lämnats till dotterföretag redovisas som en bokslutsdisposition i resultaträkningen. Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

Nyckeltalsdefinitioner
Nettoomsättning
Rörelsens huvudintäkter, fakturerade kostnader, sidointäkter samt intäktkorrigeringar.

Rörelsemarginal (%)
Rörelseresultat i procent av omsättning

Balansomslutning
Företagets samlade tillgångar

Avkastning på eget kapital (%)
Resultat efter finansiella poster i procent av justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt)

Soliditet (%)
Justerat eget kapital (eget kapital och obeskattade reserver med avdrag för uppskjuten skatt) i procent av balansomslutningen

Resultat efter avskrivningar
Resultat efter avskrivningar men före finansiella intäkter och kostnader

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Org. nr: 556249-6835

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Not 2
Uppskattningar och bedömningar

Nammo Sweden gör uppskattningar och bedömningar om framtiden. De uppskattningar för redovisningsändamål som blir följden av dessa kommer, definitionsmässigt, sällan att motsvara det verkliga resultatet. De uppskattningar och antaganden som innebär en betydande risk för väsentliga justeringar i redovisade värden för tillgångar och skulder under nästkommande behandlas i huvuddrag nedan.

Inkurans i varulager
En prövning av individuell inkurans genomförs vid varje bokslut med avseende på ekonomisk och teknisk inkurans där ledningen gör en bedömning av vad som ska skrivas ner. Inkuransreserven per 2023-12-31 uppgår till 31 790 (12 370) Tkr.

Bedömning osäkra fordringar
Bolagets ledning utför varje år en bedömning huruvida förfallna fordringar skall reserveras eller ej. Utestående kundfordringar som ej blivit betalda och som enligt ledningens bedömning ej skall reserveras uppgår till 0 (211) Tkr.

Avsättning garanti
Bolagets ledning uppskattar varje år utifrån historiska utfall och bedömningar utifrån utförda leveranser vilken garantireserv som ska avsättas i bokslutet. Bolagets garantireserv uppgår till 58 600 (52 400) Tkr.

Not 3
Nettoomsättning per rörelsegren och geografisk marknad

	2023-12-31	2022-12-31
Nettoomsättning per rörelsegren		
Militär marknad	1 490 460	1 144 998
Summa	**1 490 460**	**1 144 998**
Nettoomsättning per geografisk marknad		
EU	81 409	100 854
Övriga världen	82 909	88 804
Norden	1 326 142	955 340
Summa	**1 490 460**	**1 144 998**

Not 4
Övriga rörelseintäkter

	2023-12-31	2022-12-31
Övriga fakturerade intäkter	19 272	13 000
Statliga bidrag	274	473
Vinst vid försäljning av inventarier	0	50
Summa	**19 546**	**13 523**

20240531116326

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Org. nr: 556249-6835

Not 5
Personal

	2023-12-31	**2022-12-31**
Löner & andra ersättningar, sociala kostnader och pensionskostnader		
Löner och ersättningar	175 542	152 648
Sociala kostnader	54 340	47 157
Pensionskostnad 1)	27 574	23 640
Summa	**257 456**	**223 445**
Löner och andra ersättningar fördelade mellan styrelseledamöter m.fl.		
Löner och andra ersättningar styrelse och VD	5 091	5 018
Löner och andra ersättningar övriga anställda	170 451	147 630
Summa	**175 542**	**152 648**
Medelantal anställda		
Män	330	229
Kvinnor	198	111
Medeltal anställda	**528**	**340**
Könsfördelning i företagets styrelse		
Andel kvinnor i styrelsen	0	0
Andel män i styrelsen	100	100
Könsfördelning bland ledande befattningar		
Män	71%	65%
Kvinnor	29%	35%

1) Av företagets pensionskostnader avser 1 486 Tkr (FÅ 2 481 Tkr) företagets styrelse och VD.
Inga utestående förpliktelser finns

Avtal om avgångsvederlag
VD erhåller ordinarie lön under sin uppsägningstid, vilken uppgår till 6 månader vid egen uppsägning och 12 månader vid uppsägning från företagets sida, enligt avtal.

20240531116327

Nammo Sweden AB
Org. nr: 556249-6835

Not 6
Leasingavtal

	2023-12-31	2022-12-31
Framtida leasingavgifter, för icke uppsägningsbara leasingavtal		
Inom ett år	8 363	7 149
Senare än ett år men innan fem år	9 020	5 987
Summa	**17 383**	**13 136**

Not 7
Arvode till revisorer

	2023-12-31	2022-12-31
EY		
Revisionsuppdrag	498	475
Övriga tjänster	114	105
Summa	**612**	**580**

Not 8
Avskrivningar av anläggningstillgångar

	2023-12-31	2022-12-31
Immateriella tillgångar	-4 226	-5 729
Byggnader och mark	-3 359	-3 294
Maskiner och andra tekniska anläggningar	-13 021	-12 773
Inventarier, verktyg och installationer	-2 470	-2 049
Summa	**-23 076**	**-23 845**

Not 9
Resultat från andelar i koncernföretag

	2023-12-31	2022-12-31
Utdelning från dotterföretag	-	52 993

Not 10
Övriga ränteintäkter och liknande resultatposter

	2023-12-31	2022-12-31
Valutakursvinster	980	6 810
Summa	**980**	**6 810**

20240531163328

Nammo Sweden AB
Org. nr: 556249-6835

Not 11
Räntekostnader och liknande resultatposter

	2023-12-31	2022-12-31
Övriga räntekostnader	-1 949	-149
Summa	**-1 949**	**-149**

Not 12
Bokslutsdispositioner

	2023-12-31	2022-12-31
Periodiseringsfond		
Avsättning till periodiseringsfond	-24 000	-26 000
Återföring av periodiseringsfond	955	12 293
Summa förändring av periodiseringsfond	*-23 045*	*-13 707*
Överavskrivningar		
Förändring av överavskrivningar	-12 000	-1 880
Summa förändring av överavskrivningar	*-12 000*	*-1 880*
Summa	**-35 045**	**-15 587**

Not 13
Aktuell och uppskjuten skatt

	2023-12-31	2022-12-31
Skattekostnaden består i huvudsak av följande delar:		
Redovisad skatt i resultaträkningen		
Aktuell skatt	-15 473	-15 296
Förändring av uppskjuten skatt för temp. Skillnader	2 576	3 030
Totalt redovisad skatt	**-12 897**	**-12 266**
Avstämning av effektivskattesats		
Resultat före skatt	59 936	114 553
Skatt enligt skattesats 20,6%	-12 347	-23 598
Skatteeffekt av ej avdragsgilla kostnader	-653	-1 025
Ej skattepliktiga intäkter	38	11 378
Justering av föregående års inkomstkatt	64	979
Redovisad effektiv skatt	**-12 897**	**-12 266**
Effektiv skattesats (%)	21,5%	10,7%

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Nammo Sweden AB
Org. nr: 556249-6835

Not 14
Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2023-12-31	**2022-12-31**
Ingående anskaffningsvärden	49 574	55 635
Inköp	-	-
Försäljningar och utrangeringar	-	-6 061
Utgående anskaffningsvärden	**49 574**	**49 574**
Ingående avskrivningar	-33 021	-27 292
Försäljningar och utrangeringar	-	-
Årets avskrivningar	-4 658	-5 729
Utgående avskrivningar	**-37 679**	**-33 021**
Redovisat värde	**11 895**	**16 553**

Not 15
Byggnader och mark

	2023-12-31	**2022-12-31**
Ingående anskaffningsvärden	190 837	182 754
Inköp	2 855	8 082
Försäljningar/utrangeringar	-	-
Omklassificeringar mm.	-	-
Utgående anskaffningsvärden	**193 692**	**190 836**
Ingående avskrivningar	-136 643	-133 333
Återförda avskrivningar på resp. utrangeringar	-	-
Årets avskrivningar	-3 359	-3 310
Utgående avskrivningar	**-140 002**	**-136 643**
Redovisat värde	**53 690**	**54 193**

Not 16
Maskiner och andra tekniska anläggningar

	2023-12-31	**2022-12-31**
Ingående anskaffningsvärden	320 473	292 633
Inköp	35 788	27 840
Försäljningar/utrangeringar	-	-
Utgående anskaffningsvärden	**356 261**	**320 473**
Ingående avskrivningar	-212 656	-200 128
Årets avskrivningar	-12 899	-12 528
Utgående avskrivningar	**-225 555**	**-212 656**
Redovisat värde	**130 706**	**107 817**

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Nammo Sweden AB
Org. nr: 556249-6835

Not 17
Inventarier, verktyg och installationer

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	93 087	88 932
Förändring av anskaffningsvärden		
Inköp	5 588	4 205
Försäljningar/utrangeringar	-258	-50
Omklassificeringar mm.	0	0
Utgående anskaffningsvärden	**98 417**	**93 087**
Ingående avskrivningar	-86 830	-84 776
Förändringar av avskrivningar		
Återförda avskrivningar på resp. utrangeringar	258	570
Årets avskrivningar	-2 592	-2 624
Utgående avskrivningar	**-89 164**	**-86 830**
Redovisat värde	**9 253**	**6 257**

Not 18
Pågående nyanläggningar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	30 315	16 450
Anskaffningsvärden under året	1 006	40 230
Omklassificeringar under året	0	-26 365
Summa	**31 321**	**30 315**

Not 19
Aktier i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	52 206	52 206
Utgående anskaffningsvärden	**52 206**	**52 206**
Försäljningar/utrangeringar	-	-
Utgående anskaffningsvärden	**104 412**	**104 412**

Namn	**Kapital-andel**	**Rösträtts-andel**	**Antal Andelar**	**Bokfört Värde**
Hansson Pyrotech AB	100%	100%	40 000	12 981
Nammo Palencia S.L.U.	100%	100%	100 000	39 225
				52 206

Namn	**Org.nr**	**Säte**	**Eget Kapital**	**Årets resultat**
Hansson Pyrotech AB	556055-5814	Lindesberg	26 421	6 610
Nammo Palencia S.L.U.		Palencia, Spain	467 020	89 922

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Not 20
Andra långfristiga värdepappersinnehav

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	5	5
Försäljning av värdepapper	-	-
Summa	**5**	**5**

Not 21
Uppskjuten skatt

	Redovisat värde	Skattemässigt värde	Temporär skillnad	Uppskjuten skattefordran
2023-12-31				
Byggnader	49 992	59 587	9 595	1 977
Pensionsavsättningar	0	3 346	3 346	689
Garantireserv	0	58 600	58 600	12 072
Inkurans i varulager	0	41 490	41 490	8 547
Befarad kundförlust	0	0	0	0
Summa	**49 992**	**163 023**	**113 031**	**23 284**
2022-12-31				
Byggnader	50 496	60 793	10 297	2 121
Pensionsavsättningar	0	3 049	3 049	628
Garantireserv	0	52 400	52 400	10 794
Inkurans i varulager	0	34 568	34 568	7 121
Befarad kundförlust	0	211	211	43
Summa	**50 496**	**151 021**	**100 525**	**20 707**

Not 22
Andra långfristiga fordringar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	3 354	3 260
Avgående fordringar	0	-1 570
Tillkommande fordringar	239	1 664
Utgående redovisat värde	**3 593**	**3 354**

Not 23
Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Upplupna intäkter	-	-
Övriga poster	16 676	10 804
Summa	**16 676**	**10 804**

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Nammo Sweden AB
Org. nr: 556249-6835

Not 24
Resultatdisposition

Belopp angivet i hela kronor	**2023-12-31**	**2022-12-31**
Balanserat resultat	267 130 567	164 411 000
Årets resultat	47 039 204	102 287 267
Summa	**314 169 771**	**266 698 267**
Disponeras så att		
Till aktieägare utdelas	-	-
I ny räkning överföres	314 169 771	266 698 267

Not 25
Antal aktier

Nammo Sweden AB, 100.000 st. aktier, kvotvärde 100 SEK

Not 26
Obeskattade reserver

	2023-12-31	**2022-12-31**
Periodiseringsfonder		
Beskattningsår 2017	-	955
Beskattningsår 2018	-	-
Beskattningsår 2019	8 000	8 000
Beskattningsår 2021	45 000	45 000
Beskattningsår 2022	26 000	26 000
Beskattningsår 2023	24 000	
Summa	**103 000**	**79 955**
Ackumulerade överavskrivningar		
Överavskrivningar på maskiner och inventarier	76 394	64 394
Summa	**76 394**	**64 394**

Nammo Sweden AB
Org. nr: 556249-6835

20240531116333

Not 27
Avsättningar

	2023-12-31	**2022-12-31**
Pensioner och liknande förpliktelser		
Belopp vid årets ingång	163 450	145 896
Årets avsättningar	11 259	17 554
Under året ianspråktagna belopp	0	0
	174 709	**163 450**
Härav enligt tryggandelagen	**174 709**	**163 450**
Övriga avsättningar		
Belopp vid årets ingång	52 400	54 013
Årets avsättningar	6 200	-1 613
	58 600	**52 400**
Summa avsättningar	**233 309**	**215 850**

Not 28
Skulder till koncernföretag

Ett koncernkontosystem tillämpas med Nammo AS som kontoinnehavare gentemot banken.
Avtalad checkkredit ingår i Nammo AS-koncernens gemensamma checkkredit.

Not 29
Upplupna kostnader och förutbetalda intäkter

	2023-12-31	**2022-12-31**
Löneskulder	17 672	15 858
Sociala avgifter	3 478	3 773
Övriga poster	32 184	31 844
Förutbetald intäkt	-	-
Summa	**53 334**	**51 475**

20240531116334

Nammo Sweden AB
Org. nr: 556249-6835

Not 30
Ställda säkerheter och eventualförpliktelser

	2023-12-31	2022-12-31
PRI Pensionsgaranti	3 482	3 208

Not 31
Koncernuppgifter

Nammo Sweden AB upprättar ingen koncernredovisning enligt ÅRL 7 kap 2§
Företaget är helägt dotterföretag till Nammo AS, org. nr NO 979 984 731 med säte i Raufoss, Norge
Nammo AS ingår i en koncern där Nammo AS upprättar koncernredovisning för koncernen.
Det utländska moderföretagets koncernredovisning finns att tillgå hos Nammo AS, Raufoss Norge

Av företagets totala inköp och försäljning mätt i kronor avser 64% (34%) av inköpen och 1% (4%) av försäljningen andra företag i den företagsgrupp som företaget tillhör

Not 32
Väsentliga händelser efter bokslutet

Efter beslut från PRI ideell förening kommer en indexuppdatering göras i januari 2024. Den kommer för Nammo Sweden AB leda till en ökning av företagets PRI skuld under 2024 med ca 11 282 TKR
Inklusive särskild löneskatt på pensionskostnader blir kostnadsökningen under 2024 ca 14 019 TKR.

Not 33
Övriga upplysningar till kassaflödesanalysen

	2023-12-31	2022-12-31
Avskrivningar	23 508	23 672
Förändring avsättningar	17 459	15 941
Realisationsförluster	1 484	-
Summa	**42 451**	**39 613**

Not 34
Likvida medel

	2023-12-31	2022-12-31
Kassamedel	0	0
Banktillgodohavanden	0	0
Redovisat värde	**0**	**0**

Bolgets likvida medel ingår i ett koncernkonto och redovisas således som Fordran på koncernföretag N/A

Nammo Sweden AB
Org. nr: 556249-6835

UNDERSKRIFTER

Karlsborg 2024-

20240531116335

Morten Brandtzæg
Styrelseledamot, ordförande
2024-04-08

Håkan Führ
Verkställande direktör
2024-04-02

Reijo Bragberg
Styrelseledamot
2024-04-08

Vegard Sande
Styrelseledamot
2024-04-08

Siv Pettersson
Arbetstagarrepresentant
2024-04-08

Linda Jensen
Arbetstagarrepresentant
2024-04-08

Vår revisionsberättelse har avgivits 2024-05-16
Ernst & Young AB

Jonas Bergström
Auktoriserad revisor

20240531116336

Building a better working world

Revisionsberättelse

Till bolagsstämman i Nammo Sweden AB, org.nr 556249-6835

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Nammo Sweden AB för räkenskapsåret 2023-01-01 -- 2023-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Nammo Sweden ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Nammo Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som den bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. Den upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

20240531116337

Building a better working world

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av Nammo Sweden AB för räkenskapsåret 2023-01-01 -- 2023-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Nammo Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Örebro den 16 maj 2024

Ernst & Young AB

Jonas Bergström
Auktoriserad revisor

2023 | Annual and Sustainability Report

Namm

Securing the Future

Highlights 2023

Sales	Profit	Order Reserve	ROCE	Gender Equality	Employee well-being	Business Integrity
23% ↑	20% ↑	71% ↑	18% ↑	27.6% ↑	4.3% ↓	94% ↑
Sales rose 23 percent to NOK 9.19 billion	Profit for the year rose 20 percent to NOK 609 million	Order reserve rose to to NOK 25.4 billion	Return on capital rose to 18 percent	The percentage of female employees increased to 27.6 percent	Sick leave declined to 4.3 percent	Completed all e-learnings

Key business milestones in 2023

- Record high order reserve of NOK 25.4 billion in 2023
- Nammo receives largest ever artillery order from Norway of NOK 4.25 billion
- Nammo applies for EU ASAP programs involving multiple countries to boost artillery production
- Significant Investment made in new machinery and infrastructure at multiple sites to deliver on capacity growth
- Established presence in Denmark to bolster Nordic defense industrial collaboration
- Nammo and Boeing set a record for longest indirect fire of a ramjet-powered artillery projectile at Yuma Proving Ground
- Nammo marks 25th anniversary with 800 employees from across the group
- Nammo Palencia and Nammo Lapua celebrated 100 year anniversaries
- Sustainability summit held with 40 participants in Germany

As a leading international aerospace and defense Group, Nammo is committed to securing a sustainable future.

We stand by our core values of dedication, precision and care.

Nammo

SECURING THE FUTURE

Photo: Lund Bjerkreim

Table of contents

1

About Nammo

Key figures 6

Vision and values 10

Business units 12

Message from the CEO 14

2

Sustainability report

Sustainability 18

Environment 32

Social 49

Governance 56

3

Board of Directors' Report

Board of Directors' Report 85

4

Nammo Group

Income statement 96

Balance sheet 97

Cash flow 99

Accounting policies Nammo Group 101

Notes to the financial statements 104

5

Nammo AS

Income statement 116

Balance sheet 117

Cash flow 119

Accounting policies Nammo AS 121

Notes to the accounts 123

6

Report and index

Auditor's report 131

Annual Statement on The Norwegian Transparency Act 133

Report by Nammo AS pursuant to the Norwegian Equality and Discrimination Act. 26 135

TCFD - Task Force on Climate Related Financial Disclosures 138

GRI Index 140

Nammo

NAMMO ANNUAL REPORT 2023

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Cover image: Fotogralene BeckBack

Back cover image: Jonas Christie

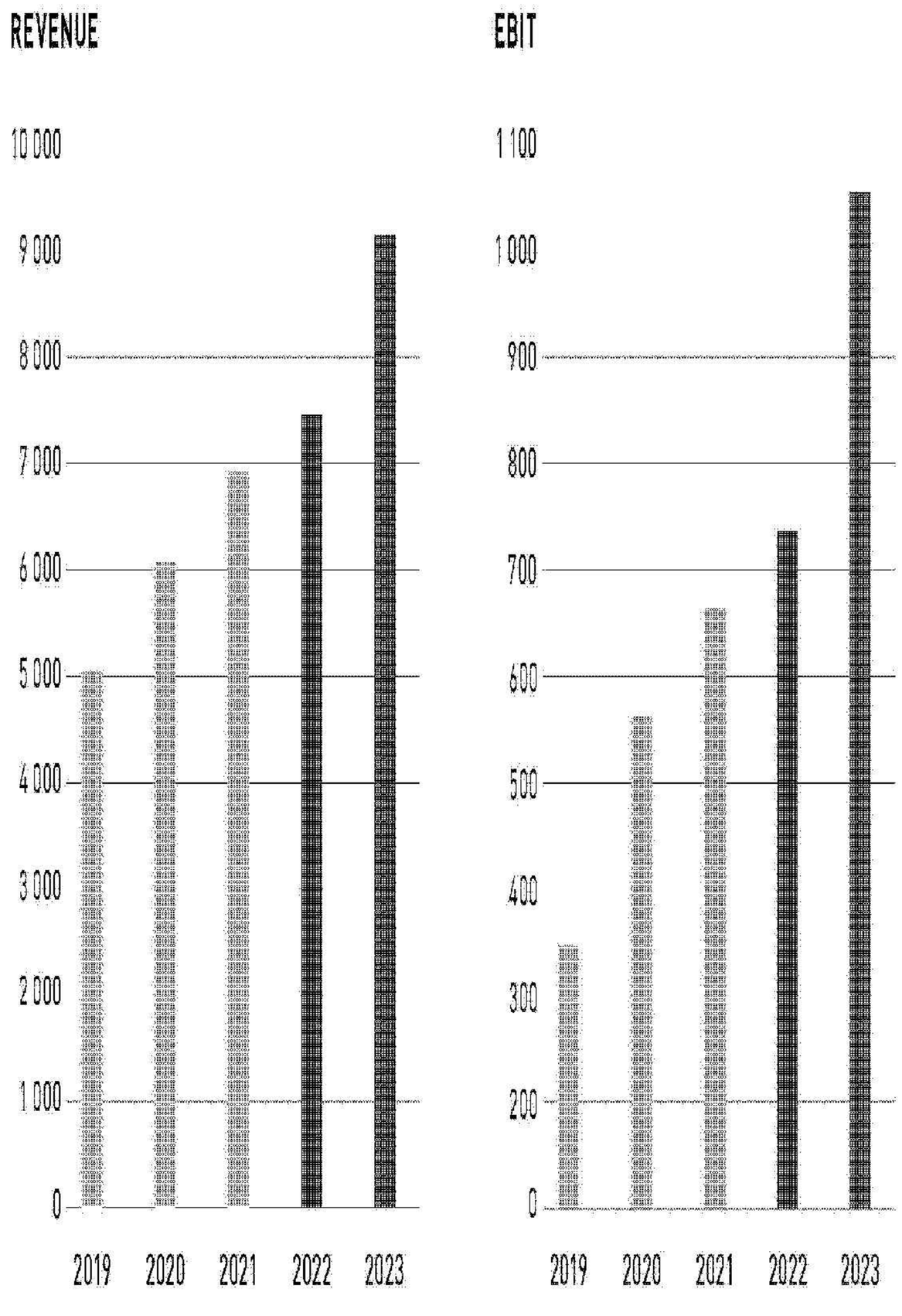
Namm

1 | About Namm

Key figures Vision and values Business units Message from the CEO

Revenue and EBIT

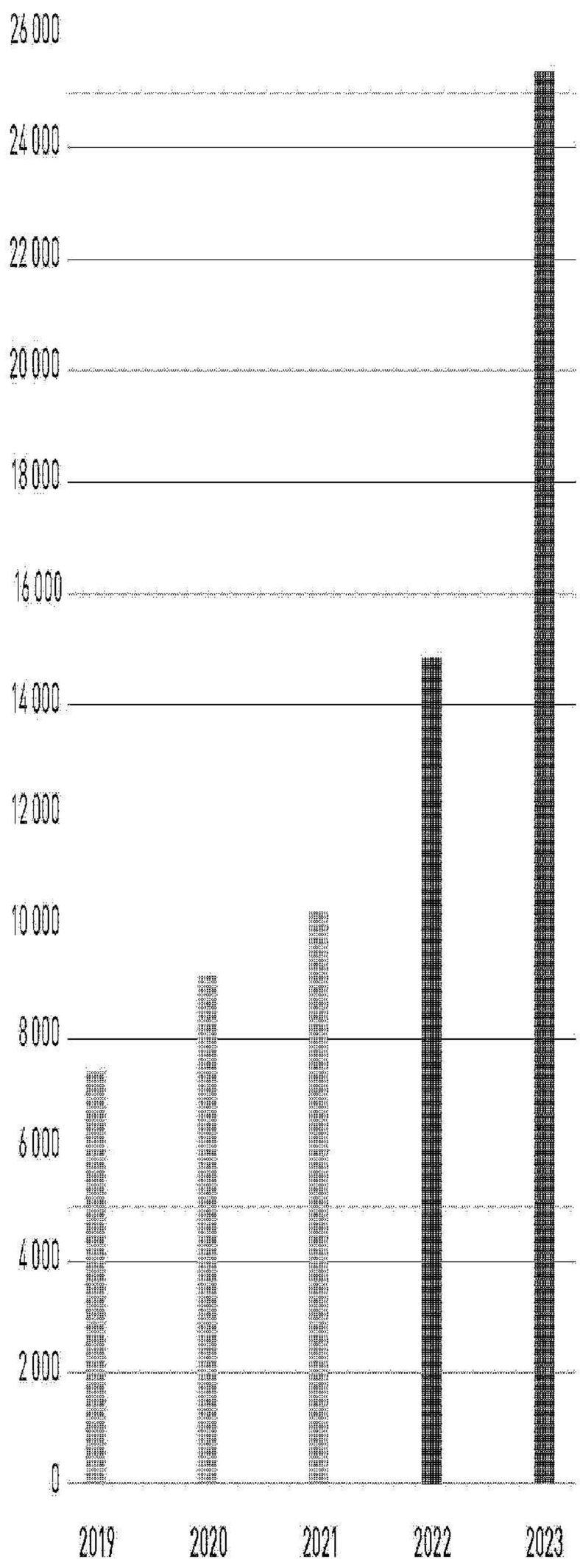
(NOK million)	2019	2020	2021	2022	2023
Order reserve	7 443	9 170	10 307	14 829	25 390
Revenue	5 073	6 036	6 978	7 452	9 191
Earnings Before Interest and Tax (EBIT)	352	564	675	736	1 054
Total Assets	6 229	7 106	7 024	8 233	12 416
Total Equity	2 776	3 011	3 187	3 564	4 014
Average Man-years	2 377	2 523	2 648	2 679	2 925
Pre-tax Return on Sales (ROS)	6.0 %	9.1 %	9.2 %	9.2 %	9.6 %



Order reserve

(NOK million)	2019	2020	2021	2022	2023
Order reserve	7 443	9 170	10 307	14 829	**25 390**
Revenue	5 073	6 036	6 978	7 452	**9 191**
Earnings Before Interest and Tax (EBIT)	352	564	675	736	**1 054**
Total Assets	6 229	7 106	7 024	8 233	**12 416**
Total Equity	2 776	3 011	3 187	3 564	**4 014**
Average Man-years	2 377	2 523	2 648	2 679	**2 925**
Pre-tax Return on Sales (ROS)	6.0 %	9.1 %	9.2 %	9.2 %	**9.6 %**

ORDER RESERVE



Global footprint

USA
- Washington, D.C
- Mesa, AZ
- Bay St. Louis, MS
- Salt Lake City, UT
- Scranton, PA
- Moscow, PA
- Sedalia, MO
- Perry, FL
- Marengo, OH

IRELAND
- Dublin

UK
- Westcott
- Cheltenham

SPAIN
- Palencia

SWITZERLAND
- Hérémence

NORWAY
- Raufoss
- Åurskog
- Løkken Verk

DENMARK
- Ballerup

GERMANY
- Schönebeck
- Schwerte

POLAND
- Warsaw

SWEDEN
- Lindesberg
- Karlsborg
- Vingåker
- Karlskoga

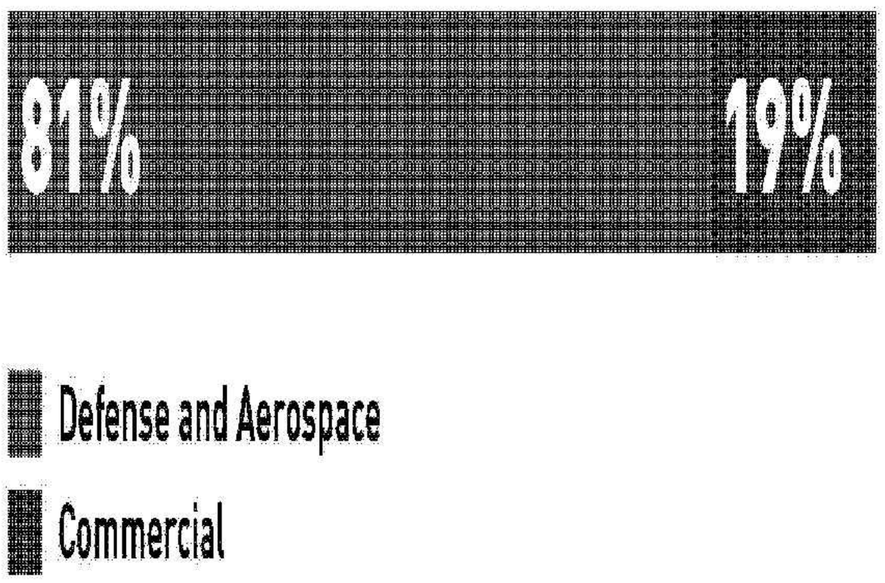
FINLAND
- Lapua
- Vihtavuori
- Sastamala
- Tampere
- Vantaa

NORWAY	11	27	3 100
HQ – Raufoss	Countries	Production sites	Total employees

Nammo sales

Nammo's main customers are national authorities, defense forces and other aerospace and defense manufacturers. Commercial market products are sold through distributors, retailers and national sport shooting and biathlon associations.

Segment sales



Geographical sales distribution

Sales to NATO, Europe, and allied countries vs. other

About Nammo

Nammo is an international aerospace and defense company headquartered in Norway. With 3 100 employees across 27 production sites and a presence in 11 countries, Nammo is today one of the world's leading providers of specialty ammunition and rocket motors for both military and civilian customers.

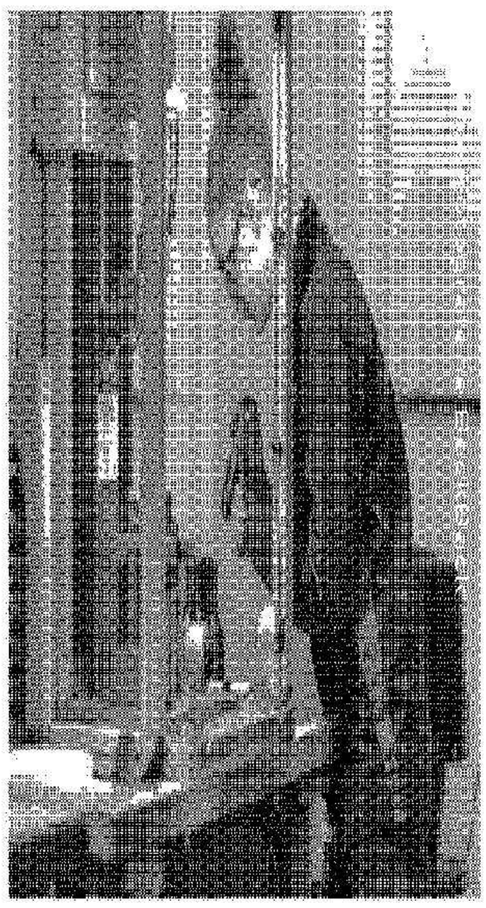
The Group was founded in 1998 through a government led business combination of the Nordic ammunition and propulsion businesses in Norway, Sweden and Finland, all of whom brought with them proud legacies of innovation, quality and service to their customers. In the years since, these initial locations have been joined by similar businesses from across Europe and North America, making Nammo what it is today – a unique combination of small, yet highly capable, specialist operations that are equally at home on both sides of the Atlantic. Nammo is owned by the Norwegian Government, through the Ministry of Trade, Industry and Fisheries, and the Finnish company Patria Oyj. Both hold 50 percent of the shares, with the position of Board Chairman alternating between the two owners on an annual basis. Nammo aims to deliver a truly reliable advantage to customers that accept only the best from themselves and their equipment. Customers are primarily located in Europe and North America, markets which consistently represent more than 90 percent of the Group's revenue.

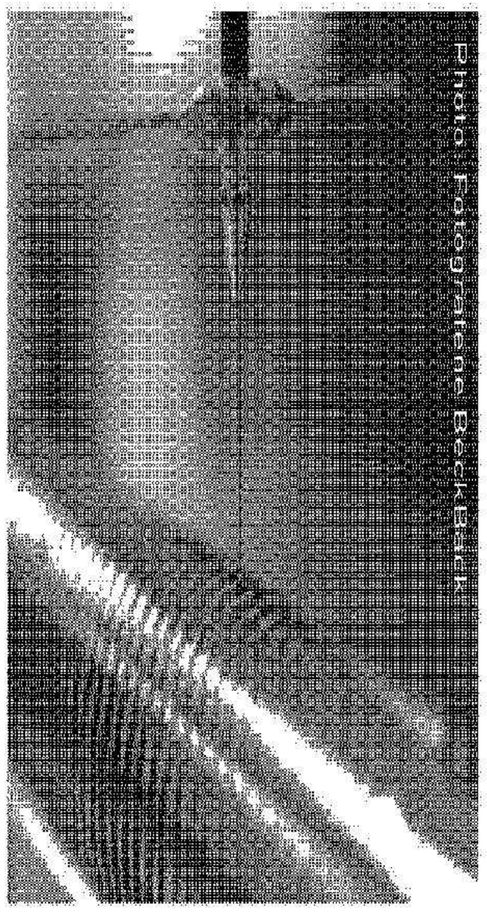
Aerospace and Defense represents 81 percent of Nammo's business, with production facilities in Europe and the United States, all marketed under the Nammo brand. Commercial products, primarily commercial ammunition, gunpowder and components, represents 19 percent, with the majority of production in Europe, marketed under brands including Lapua, SK, Vihtavuori, Berger and Hansson Pyrotech.

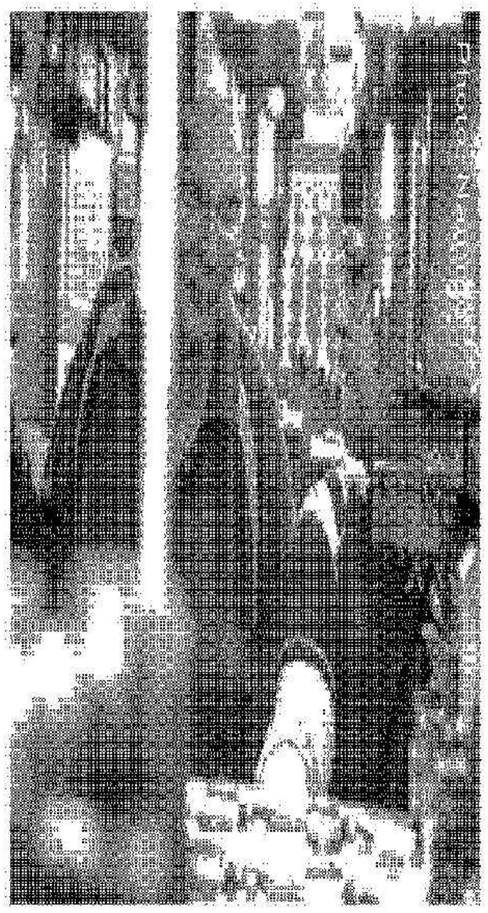
Photo: Forsvarets Fellesoperative Fotosenter

Our values

These values are the fundamental principles guiding the way the company does business and interacts with its stakeholders.







DEDICATION

We are enthusiastic and creative, always searching for the best solutions.

PRECISION

We are reliable and accurate in our technology, processes and business.

CARE

We are inclusive and open-minded, always encouraging team spirit and cooperation.

Our vision: Securing the future

We will develop and secure a long-term sustainable business for our customers and employees.

Our future development depends on a secure and safe working environment. We must emphasize the importance of every single employee.

We will protect our national and allied forces with high-quality defense products.

We will secure the future development of sustainable products, processes and services.

We will secure further growth based on strong financial performance.

Business units

Nammo's day-to-day operations are conducted through four business units, each led by an Executive Vice President (EVP).

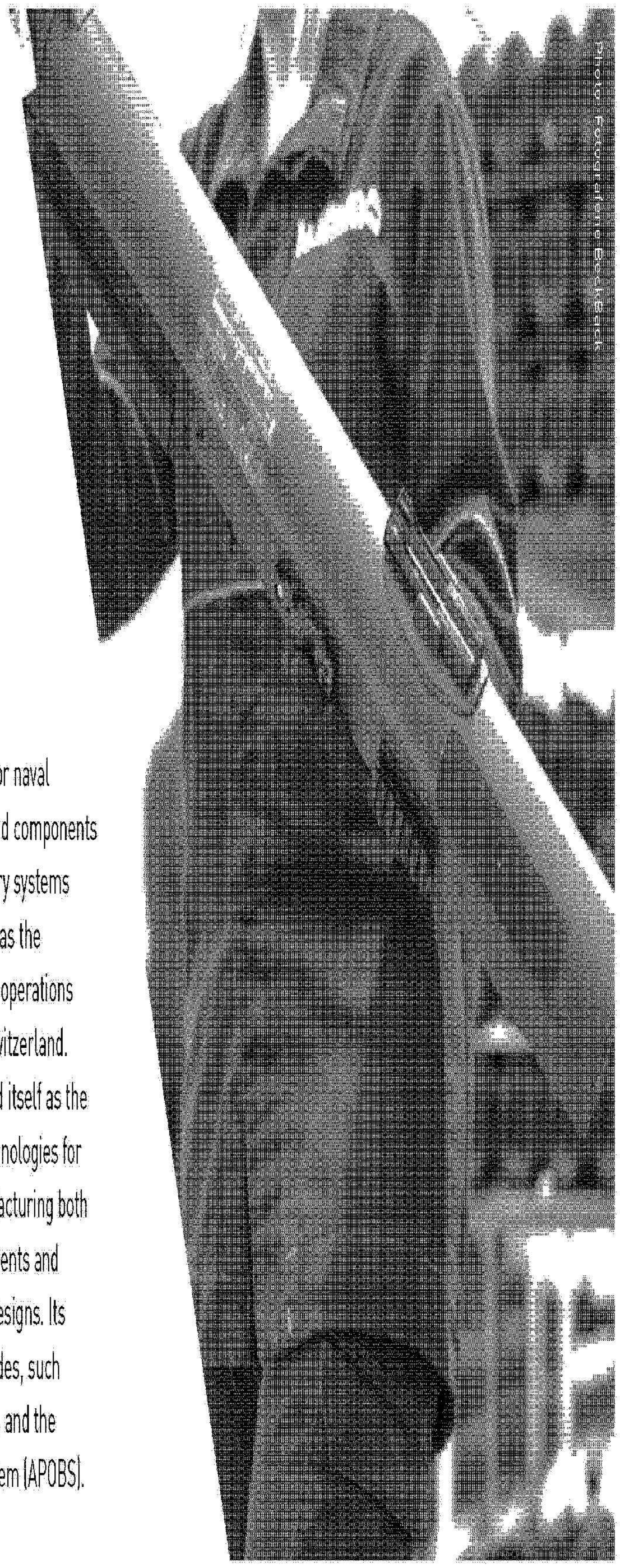


Photo: Fotograf Fredrik Arbo

Aerospace Propulsion (AP)

EVP: Stein Erik Nodeland

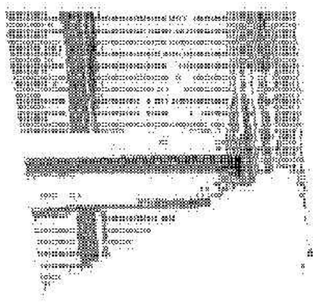
AP specializes in developing and delivering compact, yet supremely reliable and powerful propulsion systems and energetics for both military and commercial applications. With development and manufacturing operations in Norway, the United Kingdom, Ireland and the USA, it has supported international tactical missile programs since the early 1960s, with Nammo today being the sole provider of rocket motors for several key programs. Nammo's core of aerospace engineers are at the cutting edge of development for new propulsion solutions for both air and space applications, including air-breathing and hybrid designs. Other key products include energetic components for aircraft escape systems and in-space propulsion for satellites and other spacecraft, such as the UK-designed and built LEROS series of engines.

Large Caliber Systems (LCS)

EVP: Vegard Sande

LCS delivers large caliber ammunition for naval gun systems, projectiles, ammunition and components for main battle tanks, mortar and artillery systems as well as shoulder-fired weapons such as the M72-series. It has major manufacturing operations in Norway, Sweden, Finland, USA and Switzerland.

In recent years, Nammo has positioned itself as the leading provider of range-extension technologies for artillery systems, developing and manufacturing both complete long-range shells and components and technologies for integration into other designs. Its product range also includes hand grenades, such as the Scalable Offensive Hand Grenade, and the Anti-Personnel Obstacle Breaching System (APOBS).



Small and Medium Caliber Ammunition (SMCA)

EVP: Reijo Bragberg

SMCA is the business unit delivering the widest range of defense products to a large number of customers. With major manufacturing operations in Norway, Sweden, Finland and Spain, as well as smaller operations in several other countries, it covers Nammo's military ammunition products from 4.6 mm up to and including 40 mm. Its specialties include market-leading armor penetrators based on tungsten carbide, lead-free small arms ammunition, programmable 40 mm airburst ammunition, and Nammo's signature Multipurpose ammunition, which has delivered decisive firepower to both infantry vehicles and aircraft for more than 50 years. SMCA also provides environmentally friendly demilitarization services at facilities in Norway and Sweden.

Commercial Ammunition (CA)

EVP: Raimo Helasmäki

CA delivers premium commercial ammunition products and gunpowder under the brands Lapua, SK, Vihtavuori and Berger. With major manufacturing operations in Finland, Germany and the USA, its products are widely regarded as the world's best in biathlon and are trusted and preferred by competition shooters everywhere. The business unit also delivers specialty high performance small caliber ammunition to defense customers. CA is also responsible for Nammo's production of ammunition base components such as cups and disks, through Nammo's German subsidiary ND PressTec.

Dear Nammo stakeholders

As we reflect on the year gone by, I would like to share with you some perspectives on our performance during the year and the work we have done to strengthen Nammo and our ability to deliver as we meet future demand in an increasingly complex geopolitical landscape.

MESSAGE FROM PRESIDENT & CEO
MORTEN BRANDTZÆG

In 2023, Nammo experienced a significant rise in revenues and profitability and saw a considerable buildup in order stock, confirming a steepening growth path for the company ahead. Revenues increased due to higher sales across all segments, with commercial ammunition as well as small, medium and large caliber military ammunition including shoulder-fired systems as the key drivers. These are solid achievements for which Nammo employees deserve credit.

However, we also experienced hardship during the year, suffering a fatality and a serious injury at two of our sites. These lamentable accidents serve as stark reminders of the potential consequences involved in working with energetic materials, and we will continue to work across the group to reduce risks and prevent accidents.

In the context of enduring geopolitical tension, there will be greater pressure on Nammo to deliver. The war of attrition in Ukraine has also become a war of industrial capacity, as the country relies heavily on Western support.

Demand for our products has never been higher and will likely last for several years. We now face the task of producing and delivering greater volumes at a faster pace than ever before due to demand from Ukraine, and as NATO allies seek to replenish depleted stocks.

This will challenge us in multiple areas, requiring us to strengthen organizational and operational resilience and capacity, internal processes, and invest more in our people to meet rapid growth in an evolving environment.

Our commitment to expanding capacity and ramping up production of artillery ammunition and rocket motors extends to strategic investments in production equipment, machinery, materials and related infrastructure in multiple countries. These are major undertakings, and this year alone we invested nearly three times more than in an average year to increase output, stretching our own financial resources to the maximum.

Funding remains a challenge for the industry for achieving rapid capacity expansion. The scale of current artillery demand and the investment levels needed to produce such volumes require novel approaches to risk sharing. In recognition of this, initiatives like the EU's Act in Support of Ammunition Production, aimed at expanding production with national support, were launched during the year. These were important steps in the right direction.

Anticipating that by 2030 Nammo may be more than twice its current size, I believe it's important that we stick to our core values of Dedication, Precision, and Care. Success for Nammo requires precision in delivering quality products on time for our customers. We will remain dedicated to production excellence and capacity expansion at the same time, as well as retaining and attracting colleagues who we care about and who can thrive.

Scaling to new levels will challenge us in operations, recruitment, how we work together and exchange competence across the group. We recognize this may be

"This year we invested nearly three times more than in an average year to increase output"

hard and have therefore begun work to strengthen and prepare the organization to manage rapid growth. Striking a good balance between growth, investment, and delivering on our commitments is paramount.

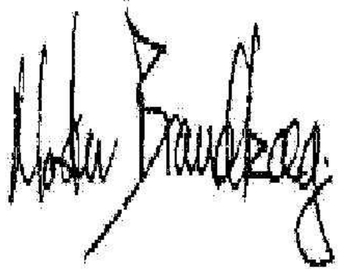
Profitable growth is important for us to sustain research and development investment levels needed to maintain technology leadership. At Nammo we have strong technologies coming forward like the long-range Ramjet artillery round and the shoulder fired M72 mounted on different platforms, but we must keep investing more in R&D than the competition.

There appears to be demand in the nations we serve for a more sustainable business model for our products. History has shown us that it is likely they will never be used, so building an improved life cycle management around each product from design to demilitarization can provide real gains.

Nammo is committed to supporting the ten principles of the UN Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption, and these principles and core sustainability considerations continue to play an important part in our strategy and day-to-day operations.

As we look to 2024, the year is likely to be demanding, with greater pressure on Nammo to deliver more. We will be challenged and tested going forward. But I have every confidence in Nammo's future because we have a successful history and will grow in our core competence areas.

To end, I am proud to be part of a company that seeks to Secure the Future and am truly grateful for the dedication, precision and care shown by all Nammo colleagues, for all our stakeholders.



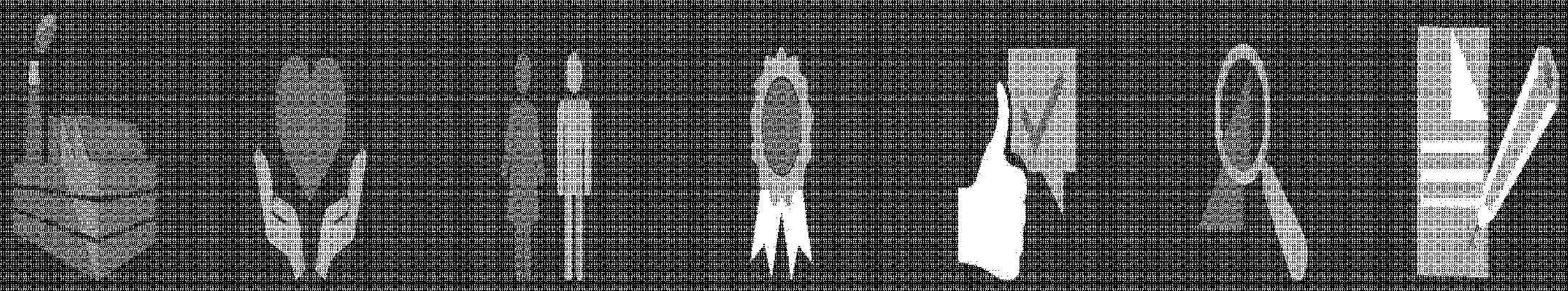
MORTEN BRANDTZÆG
PRESIDENT & CEO

Namm

2 | Sustainability report

Sustainability Environment Social Governance

Sustainability highlights 2023



CO2 Intensity	Health and safety	Gender equality	Business integrity	SpeakUp	Screening	Collective bargaining
16% ↓	14% ↑	27.6% ↑	94% ↑	24 ↑	1530 ↑	76% ↑
Reduction of intensity per MNOK revenue	Increase in health & safety reporting	Female share in the Group	Completion of monthly compliance e-learning	Number of reported concerns	Number of suppliers screened and monitored	Employees covered by collective bargaining agreements

Our approach to sustainability

Nammo is committed to reducing its carbon footprint and maintaining high ethical standards while providing decent working conditions, competence development opportunities and business competitivness. Sustainability is integrated into Nammo's operations and is a managed, strategic pursuit reflected in our policy and processes.

APPROACH TO SUSTAINABILITY

Strategic vision

Nammo is committed to identifying, addressing, and transparently reporting its environmental, social and governance impacts. Our corporate responsibility is to minimize any negative impact from our activities while providing high-quality products, technology, and services to our national authorities and their allies in support of their essential work in maintaining peace and democracy.

Embedding our strategic vision

At Nammo, we take our responsibility as a global company seriously and are committed to responsible business practices. We have developed policies that reflect our commitments, which are based on authoritative intergovernmental instruments. These are the 10 Principles of the United Nations Global Compact and the Fundamental Principles and Rights at Work from the International Labour Organization Declaration. Our commitment to responsible business conduct includes conducting due diligence, applying the precautionary principle, and respecting human rights, all of which align with the OECD guidelines for multinational enterprises.

Respecting human rights applies to all of our activities and business relationships, with particular attention given to at-risk or vulnerable groups such as workers in our supply chain. Policies have been approved at the most senior level of our organization and apply to all of our activities and business relationships.

To ensure that our policy commitments are effectively communicated, we provide training on their implementation and integration into our operational procedures. Responsibility for implementing these commitments is allocated across different levels of our organization, and we work to ensure that they are implemented through our business relationships. We believe that embedding our policy commitments in this way is crucial to ensuring that we operate as a responsible and sustainable company.

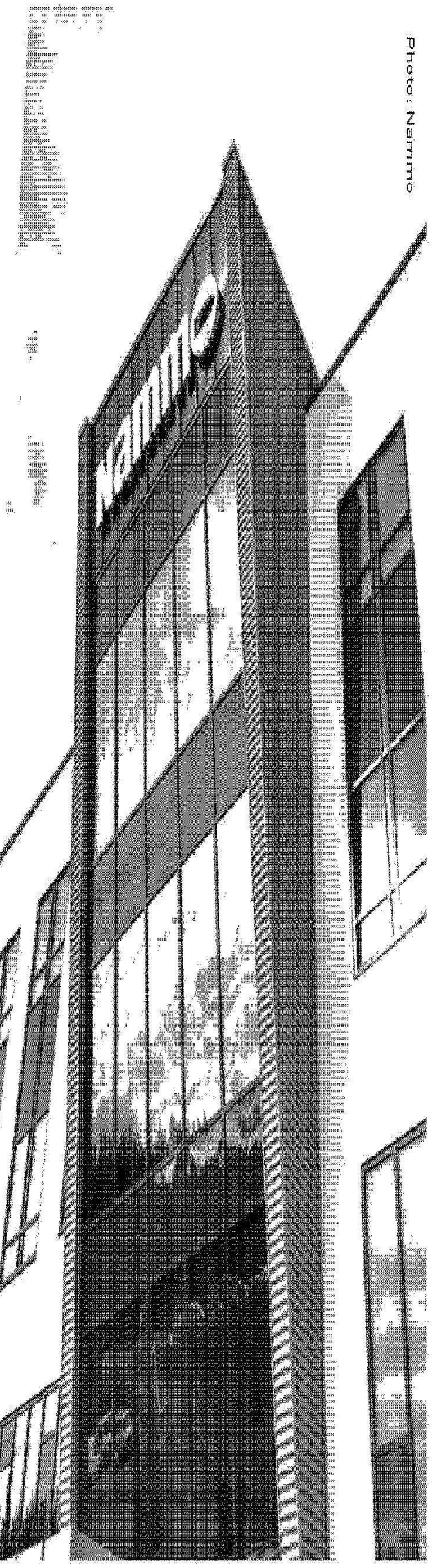


Photo: Nammo

APPROACH TO SUSTAINABILITY

Material topic review

Nammos prioritization of the most important Environmental, Social and Governance (ESG) topics for reporting was a result of an in-depth and comprehensive materiality assessment. We undertake an annual review of our material impacts and topics for reporting, including independent external review. In 2023, our review process followed the 2021 GRI 3 Materiality Standard, which considered the significance and likelihood of our impacts in determining material topics for reporting. Ongoing assessments are conducted where significant changes occur in the organization, strategy, or in the business environment. There were no changes to the overall material topics in 2023 and the plan is to conduct a new double materiality assessment In accordance with the Corporate Sustainability Reporting Directive (CSRD) in 2024.

ESG policies

We have established formal and documented ESG policies at the Group level. These policies govern the management approach and decision making regarding ESG matters.

- Code of conduct
- Human rights policy
- Anti-bribery and corruption policy
- Procurement policy
- Trade compliance policy
- Fair competition policy
- Health, Environment, Safety & Security (HESS) policy
- People policy
- Guideline on "How to raise concerns"
- Supplier conduct principles
- Modern Slavery Act statement
- Norwegian Transparency Act statement
- Executive remuneration policy
- Guideline for gifts, hospitality, business courtesis and sponsorship (not public)

All of these policies are approved by the Board and reviewed annually. Copies are available on www.nammo.com.

About this sustainability report

Nammo is committed to transparency and accurately communicating our sustainability performance to stakeholders. Our sustainability report is based on recognized reporting standards, including the Global Reporting Initiative (GRI) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This ensures that our reporting is consistent, reliable, and comparable to other organizations. We believe that using these standards ensures that our stakeholders have access to accurate and relevant information about our sustainability efforts.

A GRI Index is available in the Appendix to this report and at www.nammo.com. Nammo also incorporates the principles of the United Nations Global Compact and the OECD Guidelines for multinational enterprises in its management and operations. This report represents Nammo's Communication on Progress to the UN Global Compact (active reporting level). Nammo's sustainability reporting includes all of the entities in its financial reporting. Any mergers, acquisitions or name and structural changes are reported to meet the legal requirements of the Norwegian Accounting Act.

Nammo publishes its sustainability report annually alongside its financial reports; this report covers fiscal year 2023.

Questions about reported information or sustainability at Nammo can be addressed to the corporate headquarters in Norway, or by mail at: sustainability@nammo.com.

APPROACH TO SUSTAINABILITY

Sustainability framework

Nammo has classified its material topics into five pillars under ESG (Environmental, Social, and Governance). Our sustainability framework is developed through feedback from stakeholders, internal surveys, and independent expert analysis. This helps us prioritize areas where we have a significant impact and those that are vital to creating long-term value, guided by our environmental, social, and ethical standards.
Each pillar is aligned with relevant UN Sustainable Development Goals (SDGs):

ENVIRONMENT

Environmental stewardship

We continuously strive to reduce our carbon footprint, from product development to the end of the production process, through industrial innovation, responsible consumption, and a strong focus on climate action.

Product stewardship

We manage product safety and life cycle management to ensure that our products meet safety requirements and are responsibly managed from production to end-of-life.

SOCIAL

Employee safety and well-being

We prioritize employee safety and well-being. We provide competence development opportunities and aim to improve diversity.

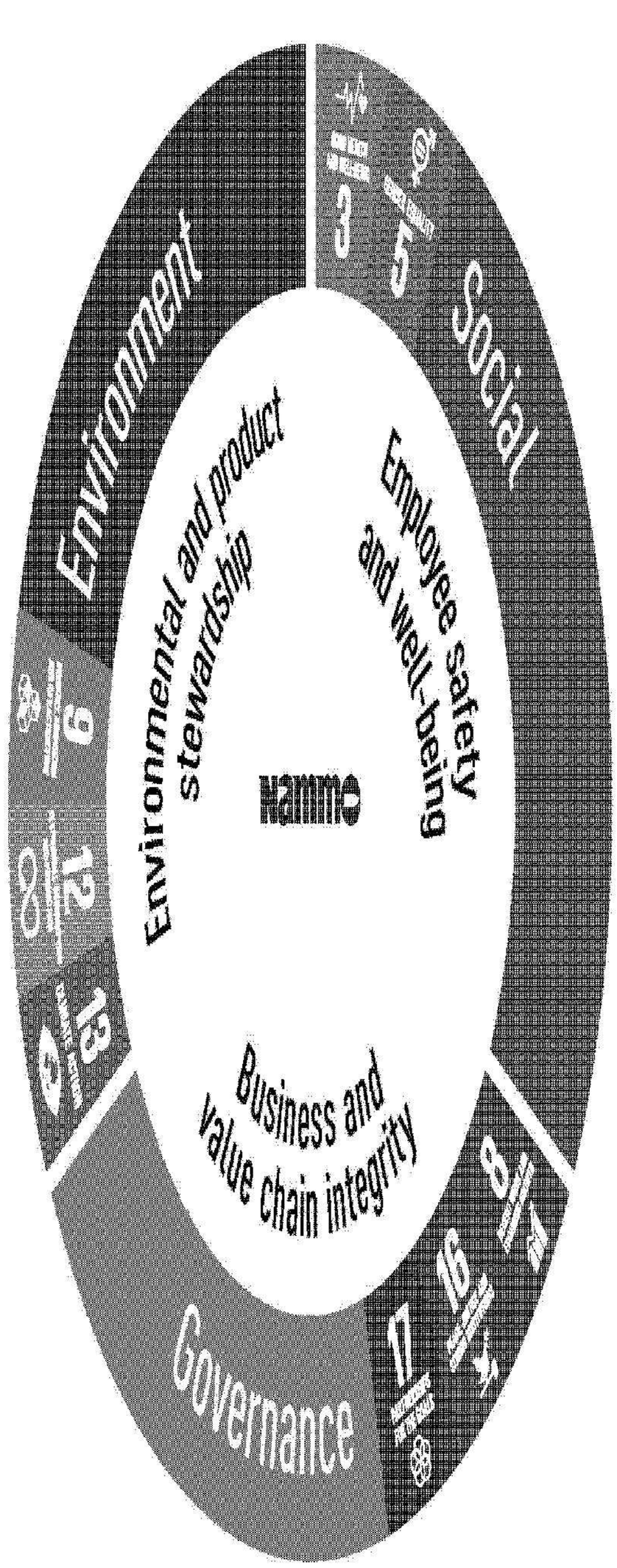
GOVERNANCE

Value chain integrity

We ensure decent working conditions internally and take responsibility for ensuring decent work and economic growth in our supply chain.

Business integrity

We uphold high ethical standards by continuously training employees on best ethical practices and conducting due diligence on customers and partners.



Nammo Sustainability Framework

APPROACH TO SUSTAINABILITY

Revised Sustainability goals

UN SDG	Goals	Short term goal (3 years)	Long term goals (2030)
	Build knowledge and develop competence	Map local competence, define future need for competence and knowledge, plan for closing the gap on relevant training and education	The right competence at all Nammo sites
	Improve gender balance and diversity	Achieve a minimum of 28 % female employees. Facilitate for employment of people with disabilities	Increased diversity and >30% female employees
	Audit of suppliers on human rights and decent work conditions	Yearly assessment of all new suppliers and audit of selected existing suppliers	Complete physical and digital audits for all critical suppliers
	Implement Human and Organizational Performance principles (HOP)	Develop an awareness of HOP principles through annual training/workshops	Develop and improve operational safety through organizational learning
	All capital expenditure projects shall include a Sustainability profile	Establish and integrate a comprehensive sustainability assessment framework into the capital expenditure project evaluation process	Sustainability is an integral and evolving part of the capital expenditure process

CONTINUES NEXT PAGE

APPROACH TO SUSTAINABILITY

Revised Sustainability goals (continues)

UN SDG	Goals	Short term goal (3 years)	Long term goals (2030)
	Reduce total amount of waste and increase recycling rate	Map total waste and methods to reduce the amount of waste sent to landfills or incineration	>75 % sent to recycling, reuse or recovery. Identified actions to reduce waste in production
	Reduce total amount of hazardous waste	Identify amount of hazardous waste and methods of disposal, set annual reduction target	Minimize amount of hazardous waste sent to landfill
	Increase percentage of demilitarization	Promote environmental demilitarization to the customer in at least 80 % of business opportunities	Promote environmental demilitarization to the customer in every business opportunity
	Implement Life Cycle Assessment as part of product life cycle management	Identify core product categories and perform Life Cycle Assessment (LCA)	Achieve an overview of environmental footprint on core products
	Reduce emission from energy consumption	Reduce emission from energy consumption annually with 1.5 % compared to 2019	>1.5 % reduction per year in emission (Intensity based, per revenue in local currency)
	Minimize water usage	Identify opportunities and set site targets to reduce and reuse water consumption	Secure system for reuse of water in operations to mitigate the effect of drought and to reduce local water stress and meet site target
	Mitigate climate risks	Identify local risks and establish risk mitigation plans within 2025	Secure resilient operations according to risk mitigation plan
	Reduce environmental impact from commuting	Identify actions to reduce emission from commuting	Reduce climate footprint for commuting by 30 % per person comparedto 2019 levels

CONTINUES NEXT PAGE

APPROACH TO SUSTAINABILITY

Revised Sustainability goals (continues)

UN SDG	Goals	Short term goal (3 years)	Long term goals (2030)
	Reduce environmental impact from business travels	Reduce amount of business travels and replace with digital meetings when possible.	Reduce climate footprint for business travel by 30 % per person compared to 2019 levels
13 CLIMATE ACTION	Avoid negative impact on biodiversity and eco-systems	Identify environmental risks and implement risk mitigation actions to avoid negative impacts	Minimal negative impact on biodiversity and eco-systems
	Reduce emission from transport of goods	Map and identify upstream and downstream emissions from transport	Implement actions to reduce emission from transport of goods
	Reduce direct emission from Fuel consumption	7 % annual reduction compared to 2019	>55 % reduction in emission from fuel consumption, compared to 2019 levels
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Aligned with customers' cyber security requirements	Ensure that Nammo complies with all customers' cybersecurity requirements.	Build and maintain a digital security culture in the Nammo Group by raising awarness and competence levels of all employees
	Conduct business with integrity according to high ethical standards	>95 % completion of mandatory training modules	>98% completion of mandatory training modules
17 PARTNERSHIPS FOR THE GOALS	Increase Sustainability focus at all sites	Internal: Engage and communicate the Nammo sustainability goals at the local site External: Cooperate with and/or involve local, national or international stakeholders on defined sustainability projects	Increased focus and competence on sustainability

APPROACH TO SUSTAINABILITY

Stakeholder engagement 2023

Nammo engages in an open and transparent dialogue with key stakeholders in all the countries where we operate. We continuously assess our potential impacts and consider the views of different stakeholders when prioritizing our ESG focus areas. Key stakeholders are divided into four main categories: Nammo's organization, local communities, markets, and regulators.

Nammo's CEO Morten Brandtzæg and Estonia's Defense Minister Hanno Pevkur in discussions at the DSEI defense exhibition in London in 2023.

Management approach

Nammo's stakeholder engagement strategy involves identifying and prioritizing key stakeholders based on their potential impact on our business and our potential impact on them. We use a variety of methods to engage with stakeholders, including surveys, meetings, workshops, and online platforms. Regular review and analysis of feedback from stakeholders informs decision-making and improves our sustainability performance.

Performance

We have received positive feedback from stakeholders on our engagement efforts, with a high level of satisfaction reported across all stakeholder groups. Stakeholder feedback is used to guide key decisions, including the development of new sustainability initiatives and improvements to our health and safety programs.

Looking ahead

In the coming year, Nammo will enhance stakeholder engagement efforts by setting specific targets for engagement, increasing engagement with underrepresented stakeholder groups, and developing new methods for engaging with stakeholders in conjunction with a CSRD-aligned double materiality assessment planned for 2024. We will also work to improve our stakeholder feedback processes and increase transparency around how feedback is used to support our decision-making process. Our ultimate goal is to build trust and maintain a constructive dialogue with all our stakeholders to drive long-term, sustainable growth.

The table on the next page provides an overview of our stakeholder engagement.

APPROACH TO SUSTAINABILITY

INTERNAL ORGANIZATION

Why we engage	How we engage		Key issues raised in 2023	
Employees We depend on our employees, their knowledge, dedication and diversity to successfully deliver our strategy.	• Employee surveys, branding and e-learning surveys • All hands meetings • Appraisal dialogue	• Company wide communications • Intranet, social events • Training and education • Code of Conduct	• Employment relations and satisfaction • Health Environment Safety & Security (HESS) • State of the business • Training, sustainability, ethics, vocational	• Company award ceremony (Team, HESS and Sustainability) • Leadership programs
Unions and union representatives We seek to maintain a good relationship with the unions and create understanding and common ground for annual negotiations. Together we can foster healthy work environment with opportunities for competence development.	• Local and European work council meetings • Working group meetings • Annual negotiations		• Work environment council meetings • HESS Safety council meetings • Employment relations	• Annual salary negotiations • Strategy and business forecast

LOCAL COMMUNITIES

Civil society/media/local community We want to build trust and support in the communities in which we operate.	• Meetings • Media interviews • Social media posts • Opinion pieces	• School visits • Meetings with local municipalities	• Business environment and practices • Local community topics; infrastructure and crisis handling • Industrial Park Open Day/Industrial Conference Day and Award	• Environmental monitoring and safety • Local sponsorship, local and national fundraising • Increase in media attention related to war and conflicts • Capacity expansion and sufficient access to power
Non-Governmental Organizations (NGO's) and political youth parties We recognize the importance of NGOs as watchdogs that remind us to stay vigilant and critical on crucial issues.	• Meetings and open discussions • Conference participation	• Contribution to reports and surveys	• Export control • Human rights due diligence	• Environment and emissions • Sustainable development goals
Research and academic institutions We share knowledge and learn from others to pursue common goals for industry transition towards future ESG requirements.	• Conferences, meetings • Cooperation and partnership for funding projects	• ESG surveys and interviews • Employment fairs	• Innovation and collaboration • Sustainability projects • Defense industry ambition on ESG	• Educational cooperation • Recruitment

APPROACH TO SUSTAINABILITY

MARKETS

Why we engage	How we engage		Key issues raised in 2023	
Customers/Distributors/Retailers We engage with our customers, distributors, and retailers to ensure that we consistently deliver quality products and services that meet their requirements.	• Meetings • Factory visits • Customer audits • Customer Relationship Management System (CRM)	• Trade shows and product demonstrations • Factory acceptance tests, lot acceptance test	• Offers, quality, prices and lead times • Product quality, performance and availability • Technology development • Licenses and export control	• Health Environment Safety and Security (HESS) • Services • ESG
Suppliers We engage with our suppliers to ensure that our business partners deliver on their promises while living up to Nammo's ESG expectations and internationally recognized best practices.	• Meetings • Factory visits • Quality audits • Supplier score cards	• Supplier conduct principles • Due diligence	• Sanction risks • Due diligence questions • Offers, quality and prices	• Customer flow-down requirements • Product quality and development
National trade associations We engage with industry associations, NATO, and the national defense and aerospace associations in the countries where we are located (FSI, SOFF, AFDA, ASD, NDIA, NADIC, TEDAE, KCEM, EASSP etc).	• Participate or lead association's working groups • Conferences and forums	• Exchange knowledge and experiences • Cooperation in Business Fairs	• Defense and aerospace business discussions • Contribute in political hearings • Share knowledge of how to improve our sustainability work	• Share knowledge of available tools for ESG reporting • Cooperate to understand future ESG requirements • Share safety practices

INVESTORS

Owners/Shareholders/Board We engage with our owners, shareholders, and board members to provide them with accurate, comprehensive, and timely information that support Group governance.	• Monthly report • Quarterly meetings • Board meetings • Annual general meeting		• Business status • HESS • Sustainable development goals • Capital expenditure projects	• Risk, Audit and Compliance Committee topics • HR and Compensation Committee topics

REGULATORS

Regulators/Finance and Insurance/Politicians We engage with regulators, financial and insurance actors, as well as policymakers to share our knowledge and help shape regulatory actions in pursuit of our common goals and understanding.	• Formal meetings • Audits • White paper input • Presentations and Q&As • Political committees	• Engagement in industry associations by leaders across the company's different locations	• Governance and compliance • Security and Safety • Sustainable business • Additional financing	• Political hearings on export control, input to new law text • ESG with regards to market risks

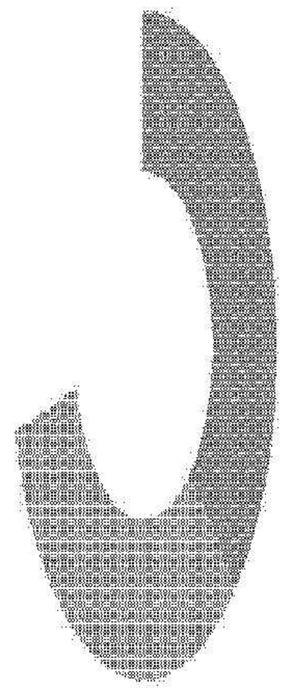
Supporting our employees and the local communities

Nammo's social responsibility is reflected in our contribution to the economic development and social well-being of the local communities in which we work and where we live. The way we successfully integrate these into action in our community involvement is by working with local stakeholders like sports teams, school groups and local charitable organizations. We support local activities that benefit children and youth in particular.

For consistency and fairness in our selection of sponsorship and charitable donations we have established, at each of the local entities, a local sponsor-committee to ensure that we meet our criteria.

Due to Nammos commercial business activities we also use our commercial products in sponsoring several local and national competition shooting teams and active young upcoming talents.

SPONSORSHIP AND DONATIONS 2023



National sponsorships (38 %)

Commercial product sponsorship (33 %)

Local communities* (23 %)

Defense and veteran associations (6 %)

* Sport, education, culture & charity

Sustainability: A strategic imperative in the defense industry

The defense industry is increasingly focusing on sustainability, understanding its critical role in maintaining national and international security. The European defense industry, including Nammo, is leading the change, integrating environmental considerations into its core operations, while still maintaining the highest standards of security and defense capabilities.

Key sustainability initiatives in defense

GHG Emissions Reduction: The European defense industry is dedicated to reducing GHG emissions from operations, aligning with the Paris Agreement's 1.5-degree pathway. Major defense companies have collectively achieved over 10 percent reduction in operational carbon emissions since 2020. At Nammo, we're contributing to this trend with sizeable energy efficiency initiatives that have helped us maintain stable electricity consumption despite a significant increase in production. By 2023, Nammo's overall measured carbon intensity has been reduced by 44 percent since 2019 (from 8.86 ton CO2 per MNOK revenue to 4.96).

Supply chain collaboration: Across the industry, there is a focus on minimizing GHG emissions through collaborative efforts across intricate supply chain inter-dependencies. This involves developing best practice standards and addressing carbon emissions, initiatives that Nammo participates in through various national and international forums. Increased attention on decent working conditions and ethical standards throughout its supply chain will continue to have high priority in the coming year.

Life cycle management: The industry is addressing emissions associated with the full lifecycle of military products (scope 3 downstream), including production, use, and disposal. Nammo has started work to implement life cycle assessment in its R&D departments and as part of the product development processes. Life cycle assessments have already been completed on several core products.

Technological innovation: There is a sector-wide push for technological innovation to decarbonize military platforms. Nammo exemplifies this through its investment in sustainable technologies and innovations, including eco-friendly ammunition and propulsion systems and investing in additive manufacturing.

Circular economy principles: The defense industry is implementing strategies to reduce waste and emissions. Nammo embraces these principles through responsible consumption and enabling environmental disposal, remanufacturing, reuse, and recycling where possible.

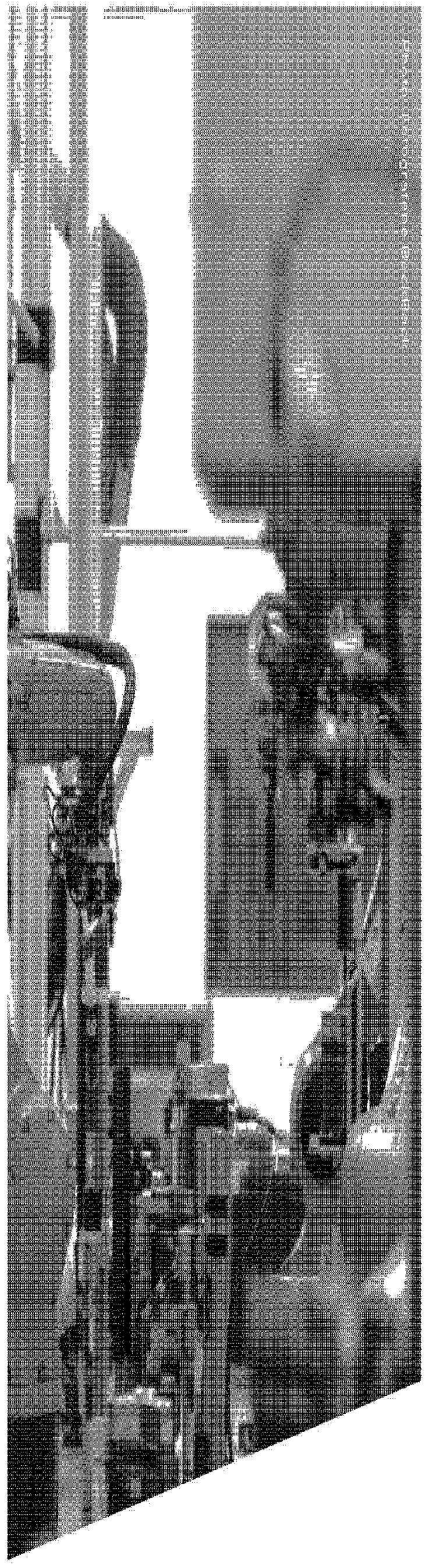
Transparency and reporting: The industry strives for improved transparency and disclosure of climate impacts and progress against key milestones. Nammo's sustainability report, adhering to the GRI and TCFD standards, exemplifies our commitment to transparent communication.

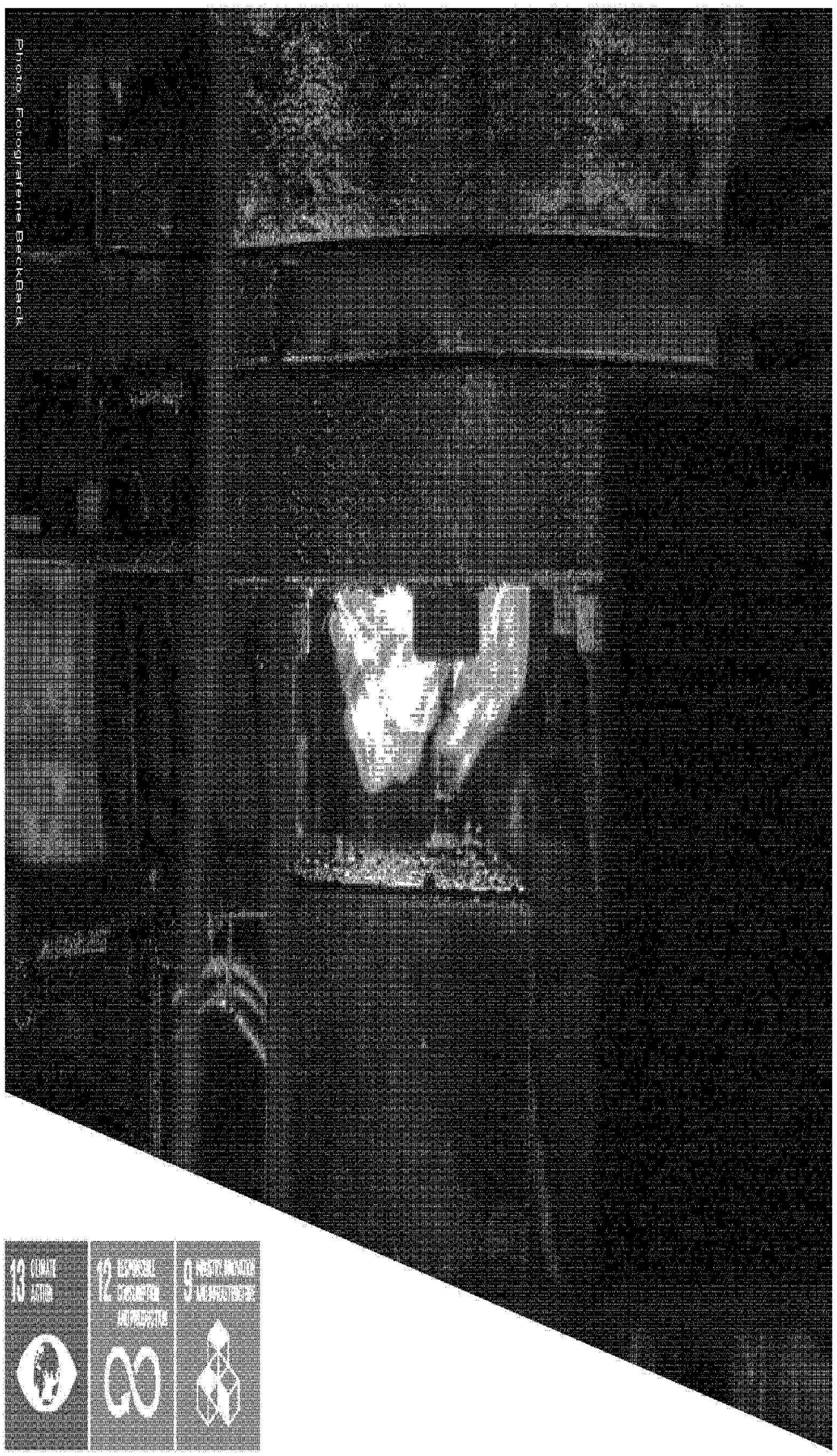
The future direction

The European defense industry's approach to sustainability is not just about compliance; it is a strategic decision that ensures long-term operational efficiency, risk management, and alignment with global trends.

Nammo, as a prominent player in defense, strives to be at the forefront of these efforts. Our commitment to environmental stewardship, combined with our focus on innovation and excellence in defense and aerospace solutions, positions us among the leaders in sustainable defense practices.

Integration of sustainability within the defense sector is a testament to our industry's adaptability, demonstrating a commitment to a more socially, financially and environmentally responsible future. As Nammo moves forward, our dedication to these principles will continue to be a guiding force in our operations and strategic decisions.

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Environment

Environmental stewardship

Climate risk

Green House Gas emissions

Nammo Group's GHG emissions

Energy consumption

Water management

Waste and hazardous material

Product stewardship

Life cycle management

Product safety

13 CLIMATE ACTION

ENVIRONMENTAL STEWARDSHIP

Climate risk

OUR COMMITMENT

We are committed to reducing our environmental footprint, by measuring and mitigating impact, as well as implementing the most efficient technologies and processes.

Management approach

During 2023 we have communicated critical findings to the leadership teams at sites evaluated during the comprehensive climate risk assessment that was finalized at the end of 2022. The climate risk assessment completed for over half of our global sites illustrates our steadfast commitment to the ESG principles that are central to our operations.

Our decision makers at the assessed sites now possess the insights necessary to navigate environmental challenges and bolster their risk mitigation strategies effectively.

Performance

Building upon our initial assessments, we've broadened our next scope to include our supply chain, recognizing the critical role of our partners in our operational ecosystem. A detailed physical climate risk assessment is underway for selected critical sub-suppliers and additional operational sites. This initiative is designed to fortify our collective resilience, allowing us to maintain operational continuity even in the face of climate-related adversities. This phase of our environmental stewardship journey is set to conclude by the end of the first quarter of 2024.

ENVIRONMENTAL STEWARDSHIP

Looking ahead

Our future ambition extends beyond minimizing our ecological impact. We are striving to establish new benchmarks for sustainability and resilience in our sector. Our comprehensive climate risk assessment is a testament to our leadership and our will to protect our operations, our people, and the communities we support from the escalating impacts of climate change. This forward-looking approach aligns with the global sustainability agenda and reaffirms our vision for a sustainable and resilient future.

Through these strategic initiatives, we are not only reinforcing our own operations but also contributing positively to the broader dialogue on climate resilience. Our expanded approach to climate risk assessment exemplifies our leadership ethos and our unwavering dedication to ensuring a sustainable future for all stakeholders.

CLIMATE RISK ASSESSMENT

A vigilant approach to risk management

Nammo's proactive stance on climate-related financial risks is exemplified by our comprehensive review guided by the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. This rigorous assessment spanned 13 pivotal sites across Europe and the United States, pinpointing extreme weather events as notable risk factors.

Our climate risk assessment delved into the tangible impacts of climate change, such as extreme precipitation, heat stress, and high-velocity winds, which pose a threat to our operations. Particular attention was paid to the susceptibility of four sites to river and coastal flooding, acknowledging the significant repercussions these events could have on infrastructure and the communities we operate in.

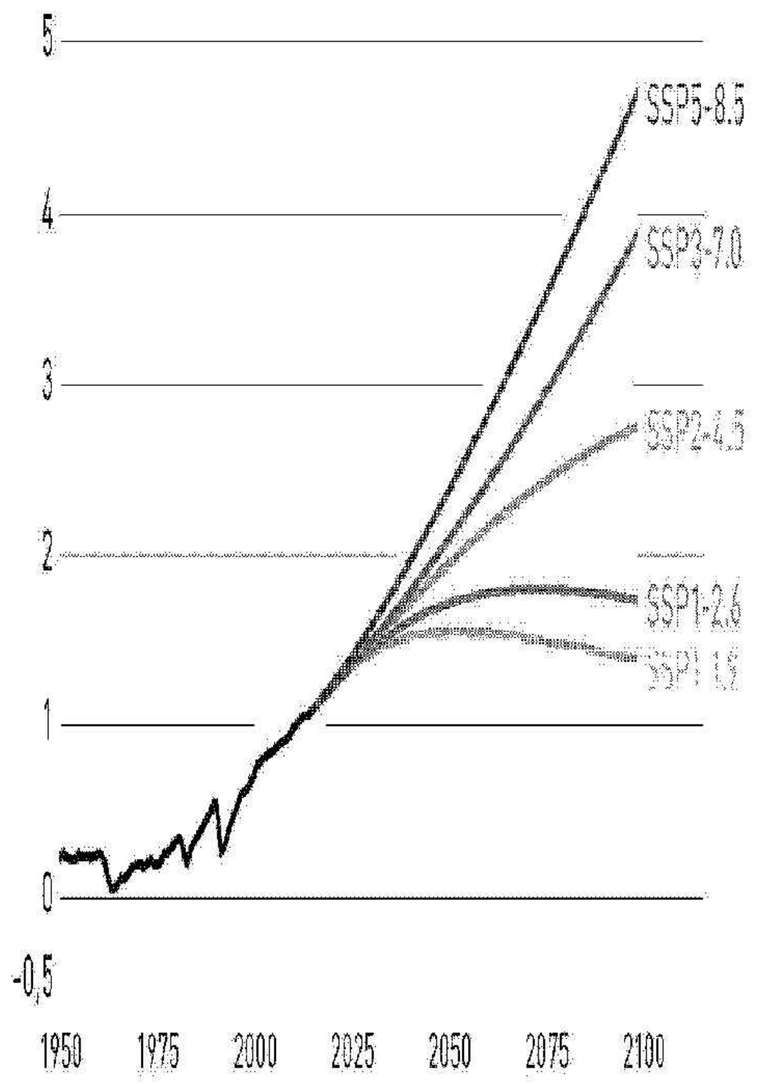
Understanding the financial ramifications, competitive implications, and vulnerability increases due to physical climate risks, Nammo has engaged in a detailed evaluation process. We have employed cutting-edge methods, including climate data analysis, machine learning, statistical modeling, and expert consultations, to scrutinize the potential hazards.

This evaluation is not static; it projects into the future, assessing risks for present conditions and forecasting for 2030 and 2050 under two divergent climate change scenarios. The scenarios, aligned with the Intergovernmental Panel on Climate Change (IPCC), range from a Paris Agreement-aligned model of below 2°C warming (SSP1-2.6) to a 'business as usual' scenario (SSP3-7.0) (See figure).

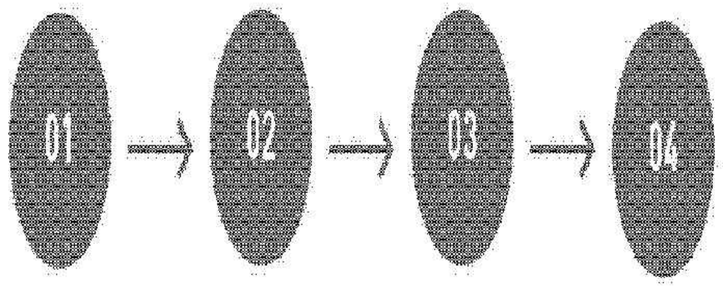
In line with the EU Taxonomy's guidance, our assessment unfolds across four stages: beginning with hazard screening and climate risk assessment, and progressing towards materiality assessment and actions for adoption The initial two phases – covered under this assessment – have laid the groundwork for the targeted interventions and resilience strategies that will follow, as we collaborate closely with the implicated sites.

A synthesized table of results, categorized by specific hazards, consolidates our findings and will serve as a cornerstone for the subsequent stages of Nammo's climate resilience journey, see table next page.

ACTUAL AND PROJECTED CO2 CONCENTRATION BY SSP ACROSS THE 21ST CENTURY



Source: Wikimedia.org



CLIMATE RISK ASSESSMENT

Hazard	Conditions	Description of results	Conclusion
Extreme wind	Present	• Most Nammo sites covered in this assessment are exposed to extreme wind conditions. Only two Nammo sites are classified as Low exposure, while five sites are classified as High or Very high.	Major exposure
	Future	• Climate projections of wind are very uncertain. After analysis of changes in extreme wind events, we assess that the best estimate for future wind exposure is the same as for the present conditions in all scenarios and time periods.	No change
Extreme precipitation	Present	• Most Nammo sites covered in this assessment are exposed to extreme precipitation. Only two Nammo sites are classified as Low explosure, while four sites are classified as High or Very high.	Major exposure
	Future	• Climate change leads to increased water in the atmosphere, and one major consequence of this is the increase in the magnitude of extreme precipitation events. All Nammo sites should expect extreme precipitation events at all return periods to become significantly worse (up to 50 percent more intense in 2050 under high warming) and plan accordingly.	Significantly increasing exposure
River flooding	Present	• Only six of 13 assessed Nammo sites are exposed to river flooding. Of these, only two are assessed to be exposed more often than every 100 years.	Site-specific varying exposure
	Future	• All exposed sites show similar or decreasing flooding frequencies under assessed climate change scenarios.	No change
Coastal flooding	Present	• Only a single site is exposed to coastal flooding. This site is exposed only every 250 years on average under current conditions.	Minor exposure
	Future	• No further sites are exposed. This exposed site is flooded at least every 100 years (on average) under all future conditions.	Significantly increasing exposure
Wildfire	Present	• Eight of 13 sites are classified as Very low or Low exposure. Of the remaining, all but one are classified as Medium exposure. The last site is classified as Very high exposure.	Medium exposure
	Future	• In general wildfire, conditions are expected to increase at most sites.	Some increase
Heat stress/ wave	Present	• Sites in the Nordic countries and Germany have Very low to Low explosure. Other sites have Medium to Very high explosure.	Site-specific varying exposure
	Future	• Sites in the Nordic countries and Germany see a limited increase in heat stress, but the uncertainly is large. Increased frequency of dangerous heatwaves is expected in Germany. Other sites will experience significant increases in both chronic heat stress and acute heat waves.	Significantly increasing exposure
Water stress/ drought	Present	• Most sites currently experience Low exposure to water stress and drought. The remaining sites have High to Extremely high explosure. The exposure is extremely site-specific.	Site-specific varying exposure
	Future	• Most sites will experience little change.	Some increase

CLIMATE CHANGE IN FOCUS

Nammo Perry's resilience in the face of Hurricane Idalia

In 2022, Nammo conducted its first-ever climate risk assessment, identifying potential hazards linked to climate change. This proactive approach was put to the test in 2023 when Hurricane Idalia, a record Category 4 storm, struck Nammo Perry on August 30. Nammo Perry, located just 2.5 miles from Florida's gulf coast, had been identified as vulnerable to climate-related events.

Event details

Hurricane Idalia brought with it not only strong winds but also extreme precipitation, aligning with the forecasts of our site-specific climate risk assessment. Over 60 buildings at Nammo Perry suffered varying degrees of damage, from structural to superficial, primarily due to the high winds, and water damage where roofs were compromised. Notably, newer constructions at the facility withstood the hurricane with minimal damage, underscoring the criticality of modern, more robust building standards in high-risk areas.

CLIMATE CHANGE IN FOCUS

Response and recovery

The response to Hurricane Idalia was immediate and effective. Nammo Perry's management and staff, despite personal losses and hardships from the storm, swiftly assessed the damage and initiated recovery efforts in accordance with their hurricane preparation and crisis response plans. For eight days, without electricity, the team worked tirelessly to secure and clean the facility, ensuring the safety of both personnel and equipment.

Emergency repairs commenced quickly, with temporary roofing installed on damaged buildings within 72 hours to prevent further damage. Heavy equipment was rented to remove valuable inventory safely, and all efforts were made to comply with relevant regulations. Remarkably, major production programs resumed within three weeks of the storm, a testament to the resilience and dedication of the Nammo Perry team.

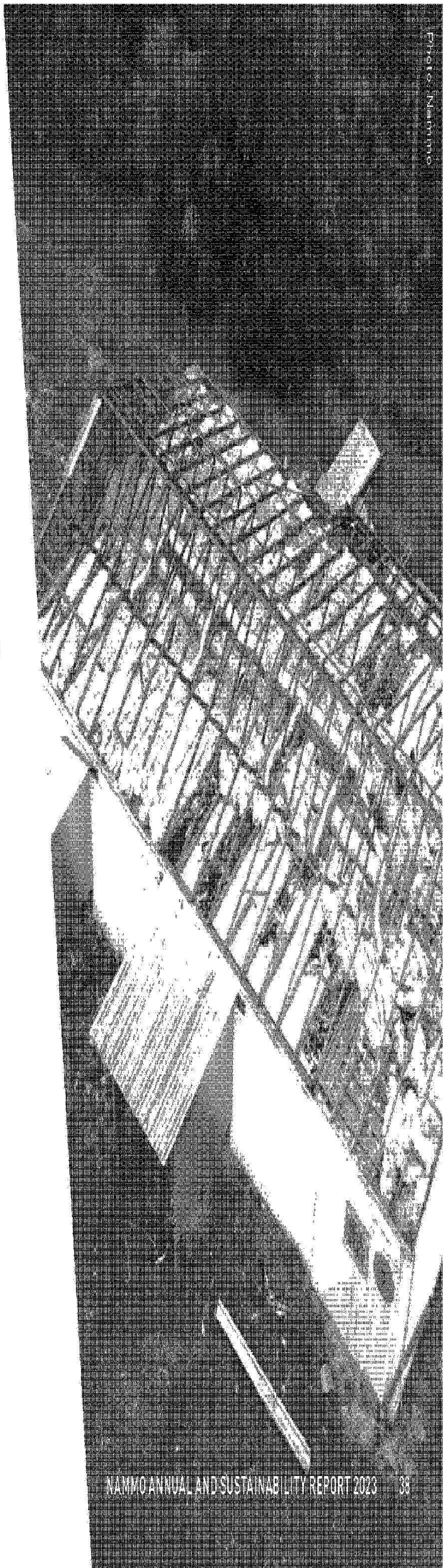
Lessons learned

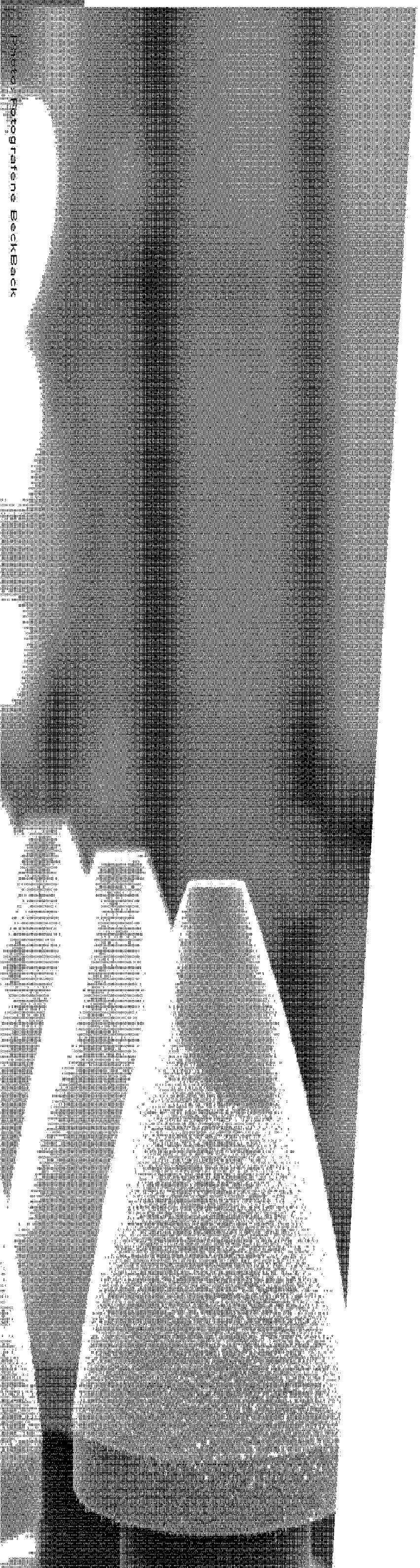
The experience with Hurricane Idalia has provided invaluable insights into the importance of sustainable infrastructure and emergency preparedness. The differential damage between older and newer buildings has informed Nammo's approach to future development, including in planned expansions at Nammo Perry, emphasizing the need for robust construction and sustainable design to withstand such natural calamities.

In the aftermath, Nammo has also reevaluated its insurance coverage for sites along the US Gulf coast, adapting its risk management framework to the evolving climate landscape. The hurricane demonstrated the critical role of a dedicated and well-prepared workforce, whose tireless efforts were crucial in the swift recovery of business operations.

Looking ahead

Hurricane Idalia highlights the growing threat profile of extreme weather in a changing climate. However, it also demonstrated our ability to quickly respond to and recover from such events. Nammo Perry's experience underscores the importance of ongoing climate risk assessments, robust infrastructure, and the resilience of our people. As we move forward, these insights will be integral to Nammo's continued commitment to sustainability and environmental stewardship, ensuring our preparedness for future climate-related challenges.





ENVIRONMENTAL STEWARDSHIP

Green House Gas emissions

Management approach

At Nammo, we are steadfast in enhancing the precision of our greenhouse gas (GHG) monitoring. A rigorous review of our systems led to the identification and correction of a discrepancy in the 2022 Scope 1 emissions data. This was attributed to an inaccurate emissions factor applied to our peat burning operations at Nammo Vihtavuori. With recalibrated data, we reaffirm our commitment to reliable reporting.

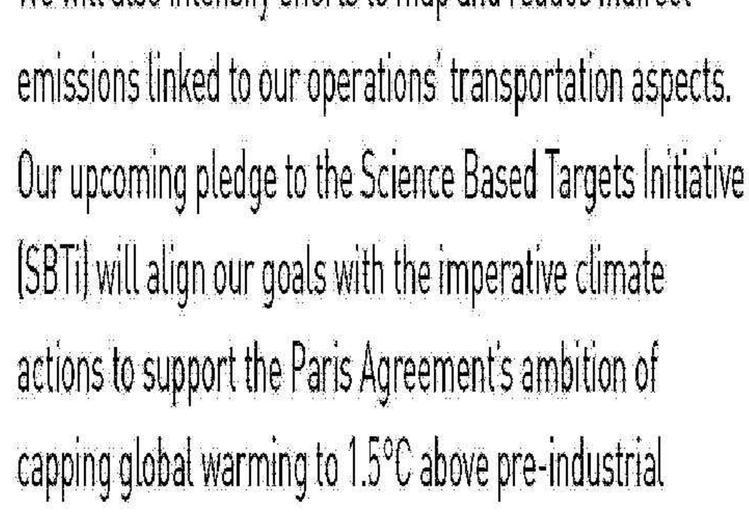
Performance

Our journey to comprehensively track and manage Scope 3 emissions is ambitious and ongoing. Currently, we effectively monitor activities within five of the fifteen Scope 3 categories, reflecting our proactive stance on extending our sustainability measures across the supply chain.

Looking ahead

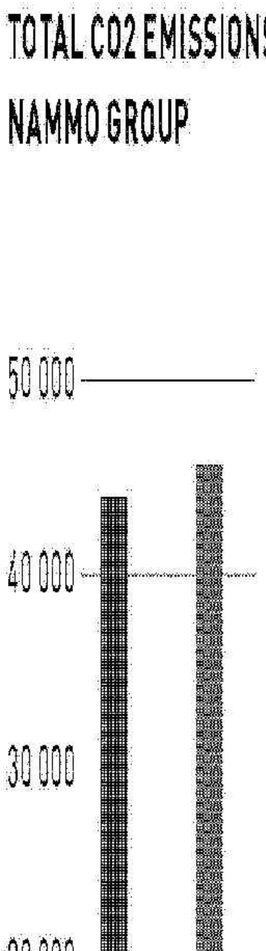
Nammo is poised to escalate our sustainability commitments in 2024 with an array of revised objectives, prominently featuring strategies to minimize our carbon footprint. This includes optimizing fuel efficiency, transitioning to greener energy sources, and scrutinizing emissions from both commuting and business travel. We will also intensify efforts to map and reduce indirect emissions linked to our operations' transportation aspects. Our upcoming pledge to the Science Based Targets Initiative (SBTi) will align our goals with the imperative climate actions to support the Paris Agreement's ambition of capping global warming to 1.5°C above pre-industrial levels.

CO2 EMISSION PER MILLION NOK IN REVENUE

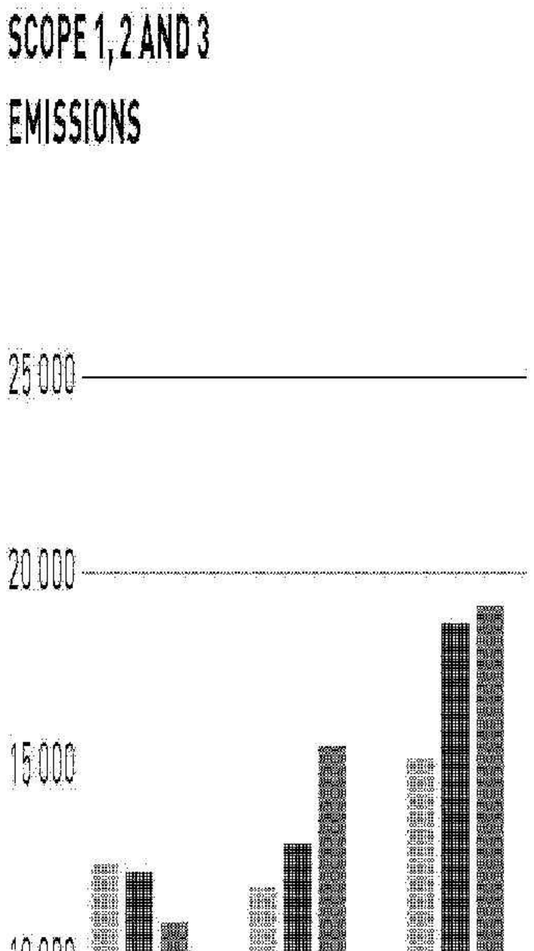


Nammo Group's GHG emissions

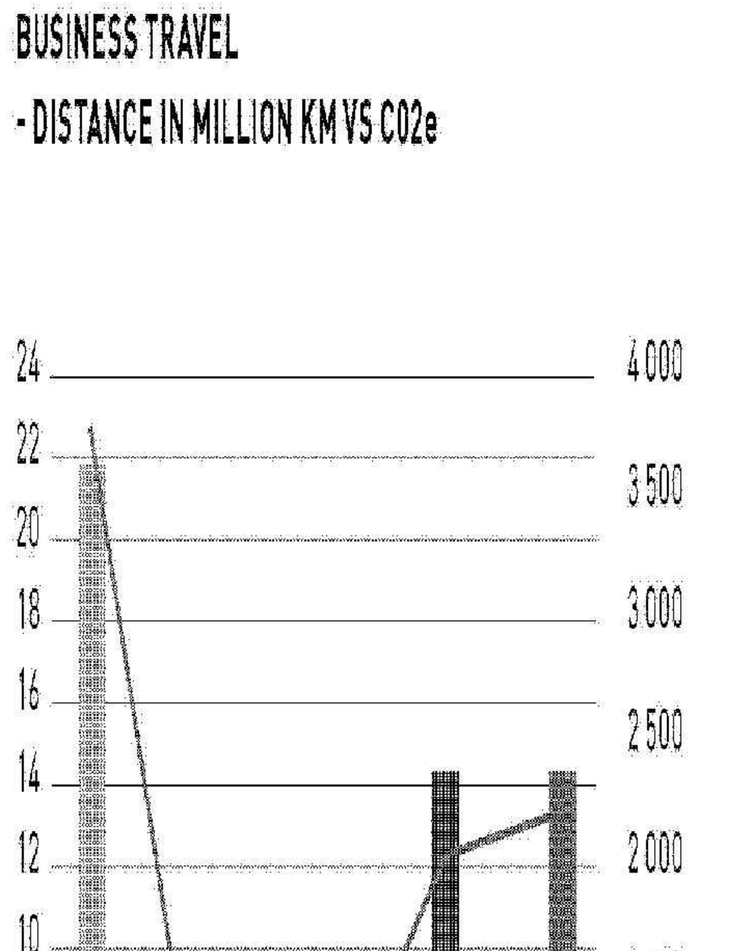
In 2023, the Nammo Group observed a nuanced landscape in its greenhouse gas (GHG) emissions profile. Total GHG emissions registered at 45.593 metric tons of CO2, reflecting a slight increase from the 44,052 metric tons in 2022. Despite this increase, the Group achieved a notable reduction in CO2 intensity (per million NOK of revenue), down by 16 percent from the previous year and 44 percent since 2019.



TOTAL CO2 EMISSIONS NAMMO GROUP



SCOPE 1, 2 AND 3 EMISSIONS



BUSINESS TRAVEL - DISTANCE IN MILLION KM VS CO2e

Scope 1

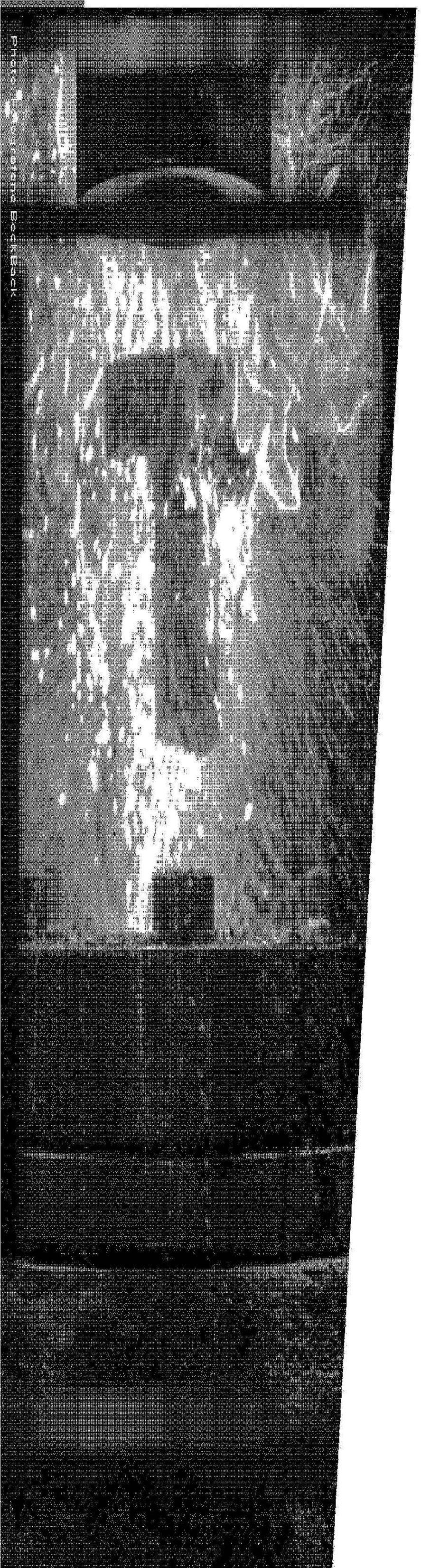
Direct emissions have seen a notable decline, with Scope 1 emissions from fuel combustion in heating, production, and vehicles decreasing by 1,323 tons from 12,359 to 11,035 tons of CO2e. This reduction is consistent across most Nammo sites, contributing to a more carbon-efficient year.

Scope 2

Conversely, Scope 2 emissions (location-based) have increased to 15,485 tons of CO2e, up by 2,460 tons, primarily due to increased activity at our largest facilities. Market-based calculations placed Scope 2 emissions at 42,917 tons CO2e for the year.

Scope 3

We're enhancing our tracking of Scope 3 emissions, which encompass indirect activities such as business travel, waste generation, and employee commuting. While comprehensive data is forthcoming, we've registered a nominal rise of 400 tons from last year, totaling 19,071 tons of CO2e for 2023. Our commitment to a full Scope 3 assessment underscores our dedication to transparency and informed action on our carbon footprint.



ENVIRONMENTAL STEWARDSHIP

Energy consumption

Management approach

At Nammo, our pledge to minimize energy consumption and enhance efficiency is unwavering. By employing our climate accounting tools, we monitor electricity usage across all sites, provided by monthly reports. This data-driven approach enables us to identify and scrutinize any significant fluctuations, thereby pinpointing opportunities for improved energy management.

Performance

In 2023, the collaborative efforts of our HESS and sustainability teams have ensured monthly evaluations of energy data and engaged with sites to discern the reasons behind substantial consumption variances. Our proactive strategy to curtail energy use encompasses a dual focus: addressing the rising demands of our customers through the expansion of facilities and increased production rate and embedding energy conservation measures within our capital investment plans and strategic projects reviews.

Looking ahead

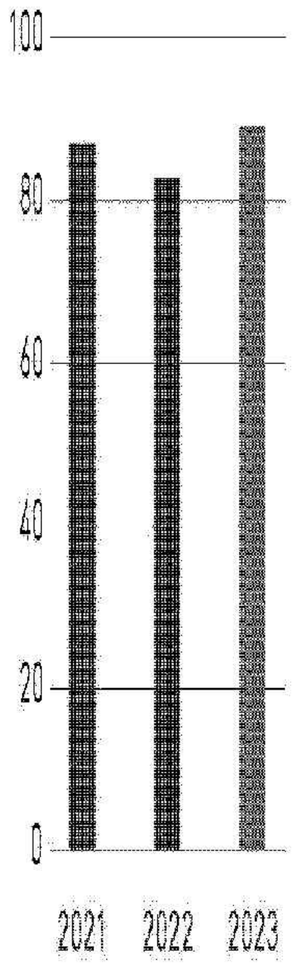
2024 is poised to see continued vigilance in energy tracking, leveraging our Sustainability Champions meetings as a platform to disseminate best practices across the Nammo Group. This commitment to shared knowledge is complemented by our sustained search for energy-efficient innovations within all capital investment ventures.

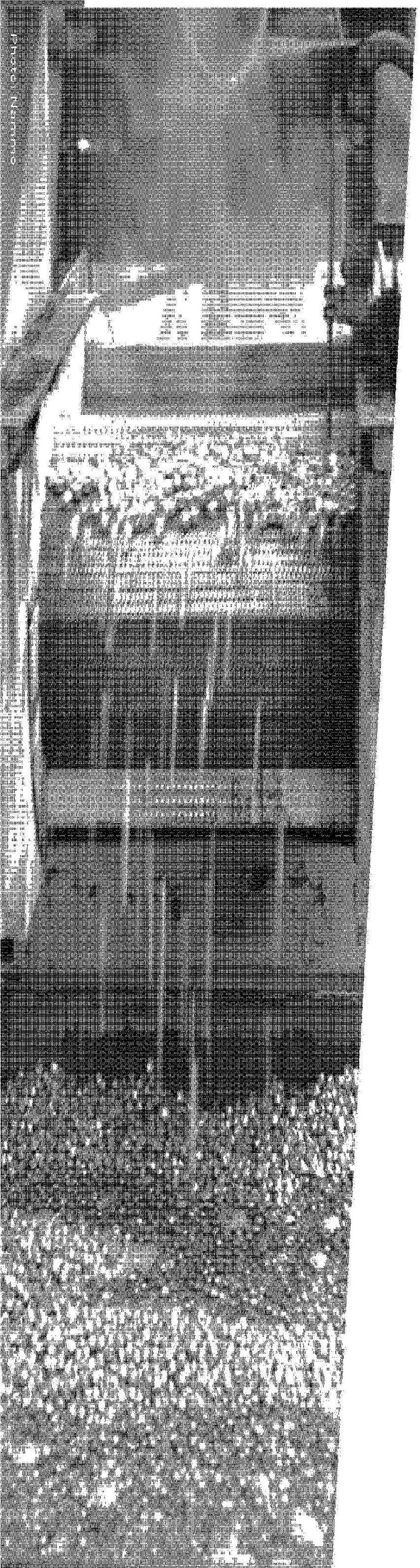
Electricity (kWh)

7.2%

Electricity (kWh)
7.2 percent increase
compared to 2022

TOTAL ELECTRICITY (MILLION KWH)





ENVIRONMENTAL STEWARDSHIP

Water management

Management approach

Water stewardship is integral to our operations. Nammo utilize a monthly reporting system across our sites, feeding our climate accounting software. This digital oversight allows us to visualize the water footprint of each site, fostering a comprehensive understanding of consumption patterns. Through this lens, we identify variances in usage, discern their causative factors, and craft targeted strategies for conservation.

Performance

In 2023, tracking of water utilization led to innovative solutions across our facilities. Notably, Nammo Vihtavuori's initiatives yielded a remarkable 10 percent reduction in water use at the nitrocellulose production plant, spotlighting the effectiveness of the targeted approach to resource management.

Looking ahead

The year 2024 marks a continued evolution of the water conservation initiatives. Nammo is poised to integrate water efficiency into its capital investment projects, alongside the ongoing energy sustainability efforts. A proposed project at Nammo Mesa is set to explore the potential of recycling process wastewater – a move that may conserve up to 550.000 liters annually. This forward-thinking project exemplifies our dedication to resource sustainability and our proactive approach to environmental stewardship.

ENVIRONMENTAL STEWARDSHIP

Waste and hazardous materials

Management approach

Nammo's waste management strategy is aligned with stringent environmental standards, ensuring compliance with local, national, and European regulations, including the REACH directive. The commitment to environmental stewardship is demonstrated by the fact that 70 percent of our workforce operates within ISO14001 certified facilities. This certification underscores the Groups systematic approach to environmental improvement. To reinforce the stringent waste management protocols, comprehensive training is conducted across all sites, with the collection of annual waste stream information to prepare for the sustainability reporting.

Performance

In 2023, the ongoing remediation efforts at our Mesa, Arizona facility continued with steady progress by the installation of four new monitoring wells to further delineate the ammonium perchlorate contamination that predates Nammo Group ownership of the site. A dedicated project environmental engineer was appointed to enhance communication with regulatory bodies and expedite the remediation strategy. Apart from this, the year was marked by an increase in waste output at Nammo Perry, attributed to the cleanup operations post-Hurricane Idalia, with no other significant waste management challenges reported.

The proactive stance on sustainability prompted three Life Cycle Analyses (LCA) on key products, focusing on reducing waste and hazardous material usage. The studies encompassed alternative materials for practice ammunition (plastic versus brass), propellant regraining for Advanced Medium Range Air-to-Air Missiles (AMRAAM), and streamlining the 155mm shell body manufacturing process.

Looking ahead

In the ongoing sustainability journey, regulatory compliance remains a cornerstone of our operational ethos. The integration of LCAs into both existing product lines and R&D projects is a testament to the proactive approach. A new initiative at Nammo Aurskog aims to repurpose plastic waste from training ammunition production, projecting an annual reduction of 6 metric tons in plastic waste, marking yet another step towards the Nammos environmental objectives.

PRODUCT STEWARDSHIP

Life cycle management

OUR COMMITMENT

We will ensure effective and efficient use of resources and materials.

We will responsibly manage waste and disposal, and make sure that we do not include "at risk" materials in new development projects.

Management approach

Nammo is integrating Life Cycle Analysis (LCA) into product development, embarking on an extensive review of existing products and processes. LCA's will serve as a compass, guiding material selection and supplier partnerships toward reduced environmental impact and paving the way for a circular product lifecycle, a journey already underway at Nammo Vingåker.

Performance

In 2023, the Group completed three LCAs for existing products, elaborated upon in the waste and hazardous materials section. Moreover, Nammo Vingåker and Nammo Karlskoga have collaborated with a customer on a significant lifecycle extension program for artillery ammunition, detailed further in an accompanying case study. No Environmental Product Declarations (EPDs) were issued in 2023 while we evaluate the sensitivity of customer owned data required.

Looking ahead

With the largest engineering department at the Raufoss Site spearheading LCA methodology integration, the Group is committed to scaling this initiative across all business units. The aim is to weave life cycle thinking into the very fabric of the design philosophy, ensuring that environmental considerations are in lockstep with innovation.

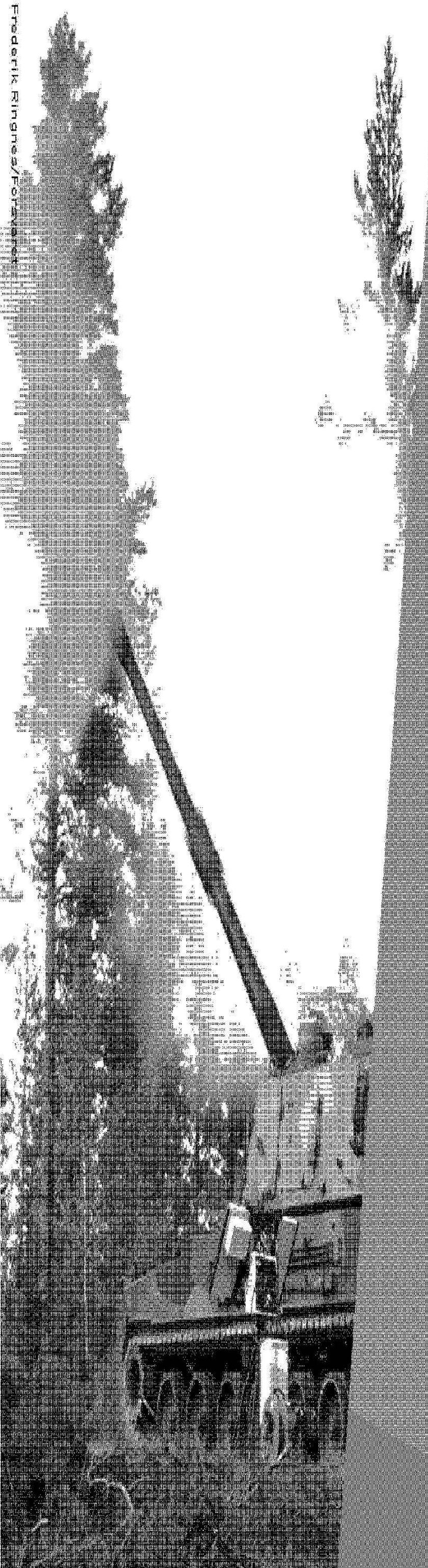


Photo: Frederik Ringnes/Forsvaret

LIFE CYCLE MANAGEMENT IN FOCUS

Nammo's lifecycle extension of 155mm artillery ammunition

Nammo's collaboration with a key customer demonstrates a commitment to sustainability in defense technology. In 2023, Nammo embarked on a service life extension program for 155mm artillery rounds.

LIFECYCLE MANAGEMENT IN FOCUS

Revitalizing legacy munitions:

A collaborative endeavor

When a key customer commenced procurement of new artillery systems, a joint initiative with Nammo was established to assess and refurbish existing munitions. Originating from production at Nammo Raufoss in the 1970s and 1980s, the existing rounds exhibited signs of compromised bonding between explosives and the shell body - a safety hazard with potential for in-flight detonation. Nammo's expertise in demilitarization and reconditioning ammunition presented an opportunity.

Strategic demilitarization and reclamation process

With facilities strategically located in Sweden, Nammo's Vingåker site demilitarizes the shells, extracting high explosives for commercial repurposing. This process not only averts potential hazards, but also contributes to industries such as mining and construction, exemplifying a circular economy in action.

Innovative refilling:

Reducing carbon footprint

At Nammo's Karlskoga site, a purpose-built filling station awaits to rejuvenate these shells in early 2024. The initiative underscores a significant environmental upside - each shell body's reuse curtails roughly 35 kg of steel waste and mitigates approximately 11 kg of CO2 emissions per shell. Cumulatively, this equates to an impressive CO2 emission reduction per shell compared to the environmental impact of new production.

A model of sustainable defense practices

This project serves as a paradigm of lifecycle management in the defense sector, marrying operational efficacy with ecological consideration. Nammo's role here transcends mere manufacturing; it's about redefining the lifecycle of defense materials, ensuring safety, reliability, and a greener future for defense operations.

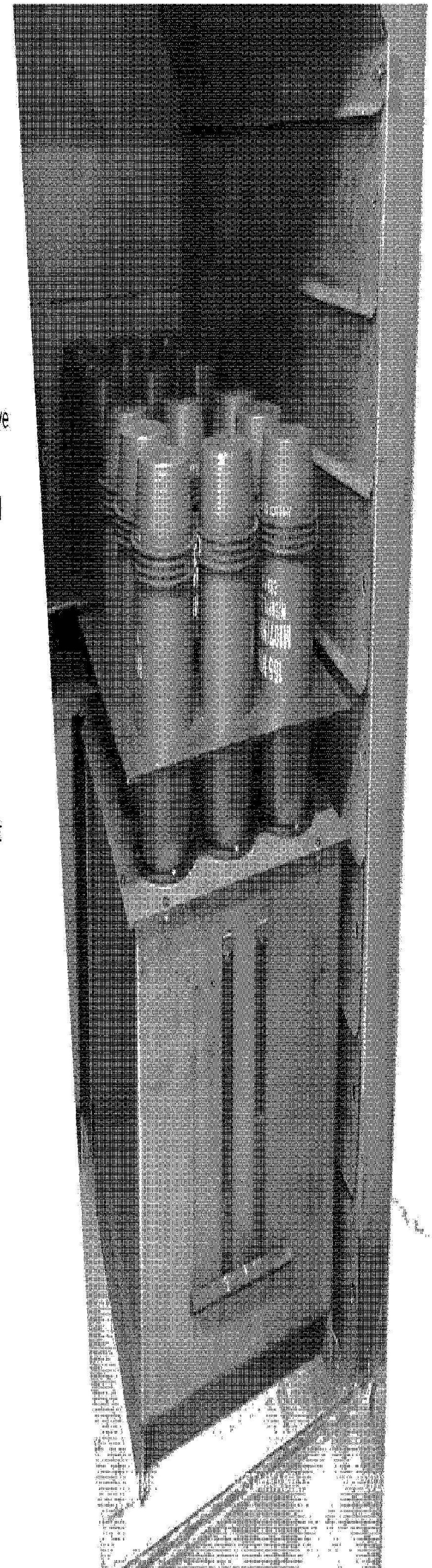
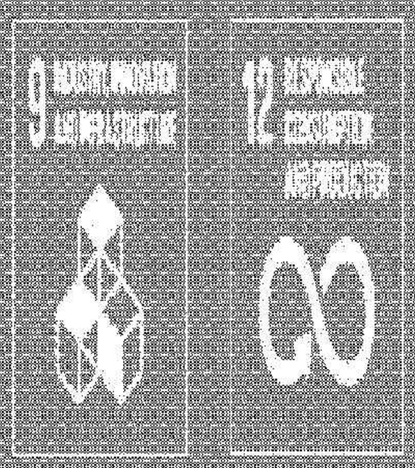


Photo: Nammo



PRODUCT STEWARDSHIP

Product safety

OUR COMMITMENT

We will ensure that the safety levels in systems and products meet all relevant laws, regulations, international standards and best practices.

Management approach

At the core of Nammo's ethos is the delivery of products designed with an ingrained safety philosophy. Design and production processes are underpinned by stringent methodologies, including advanced Failure Mode Effects Analysis (FMEA) that scrutinizes both products and the processes that forge them. This approach, coupled with rigorous Lot Acceptance Testing (LAT), ensures our products not only meet, but often surpass technical safety and quality benchmarks.

Performance

This year, Nammo's commitment to product safety is reflected in an impeccable record; the Group encountered zero safety-related concerns, as reported via the comprehensive CRM system and other channels.

The proactive stance on safety is exemplified by the CAD/PAD systems at Nammo Mesa, which meet rigorous safety specifications essential to aircrew survival during aerial emergencies. Collaborative customer engagement, especially during LAT and post-deployment, underscores our dedication to responsiveness amidst escalating global tensions.

Looking ahead

Nammo's forward trajectory is firmly rooted in the integration of safety within the design philosophy.
By attuning to customer feedback and fostering a culture of excellence, the Group cement commitment to developing superior-quality products that not only fulfill but exceed customer expectations, thereby reinforcing a collective success.

Photo: Staff Sgt. Benrile J. Davis III

Aeronautical innovation and life preservation

In the realm of military aviation, the stakes are life itself. The evolution of Nammo Defense Systems (NDS) Mesa's Cartridge Actuated Device/Propellant Actuated Device (CAD/PAD) technology narrates a history not just of engineering process, but of unwavering dedication to the safety of those who defend our skies.

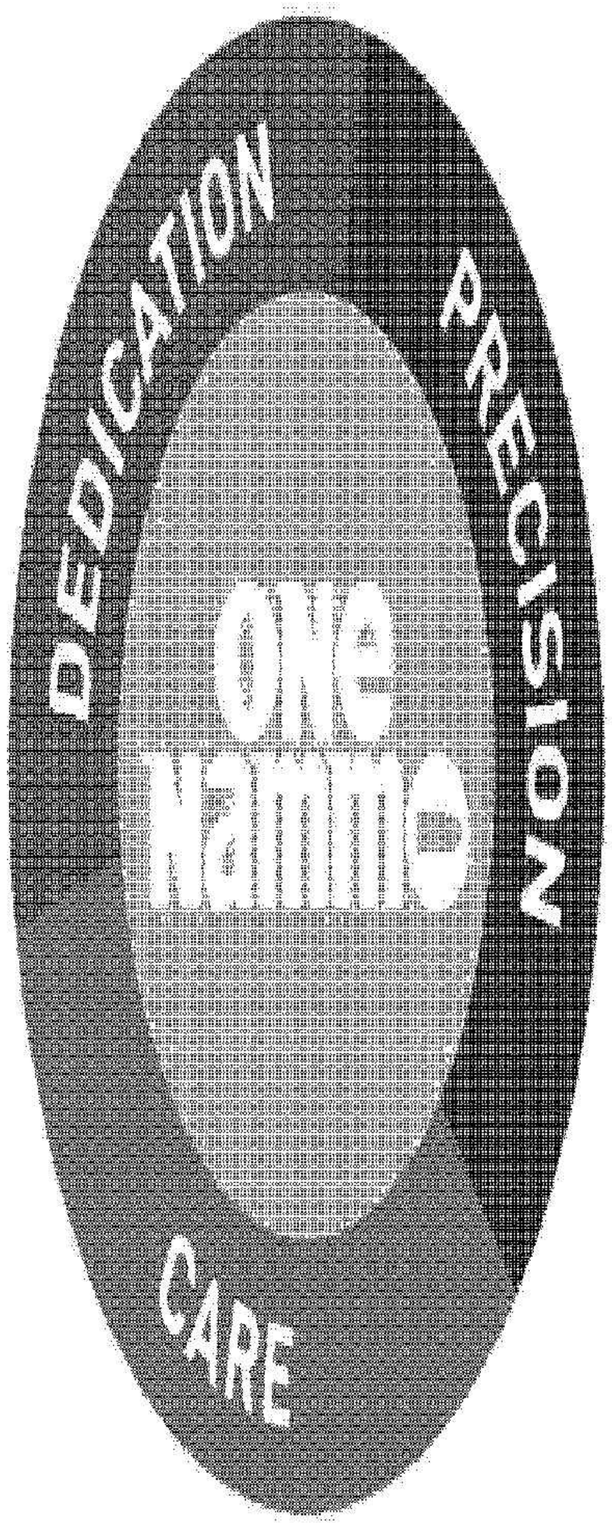
Since its inception during the dawn of supersonic flight, NDS Mesa has been a forerunner in the ejection seat technology sector. The challenges of high-speed aviation during the mid-20th century required a departure from conventional bailout methods, leading to the creation of the first rocket catapult system. This groundbreaking development emerged from a convergence of vision and solid rocket propellant technology, delivering a controlled trajectory and speed that decisively increased pilot survival rates during ejection.

The success of these early innovations was demonstrable by 1958 when a pilot, entrusting their life to the NDS system, ejected safely from a disabled F-102. This event marked not just a milestone for NDS Mesa but a transformative moment in aerial combat safety protocols.

From this foundation, NDS Mesa has broadened its CAD/PAD portfolio to encompass a suite of technologies integral to modern aircrew escape systems. These advancements include mechanisms for aircraft canopy removal, pilot retraction, and parachute deployment, serving as a testament to Nammo's commitment to innovation that tangibly saves lives.

The impact of NDS Mesa's CAD/PAD systems is profound and enduring. With thousands of pilots' lives saved over six decades, the technology's reliability is incontrovertible – each safe ejection, a story of survival. Recent history underscores this legacy, with NDS technologies instrumental in the successful December 2023 and January 2024 ejections of an F-16 pilot and three crew members of a B-1 bomber (USAF).

Looking ahead, Nammo remains dedicated to advancing our life-saving technologies. The Group stand at the vanguard of aerospace safety, continually refining the CAD/PAD systems to meet the challenges of tomorrow's flight envelopes. It is not just innovation that drives us; it is our duty to the lives of those who rely on our systems, and our unwavering commitment to those who serve.



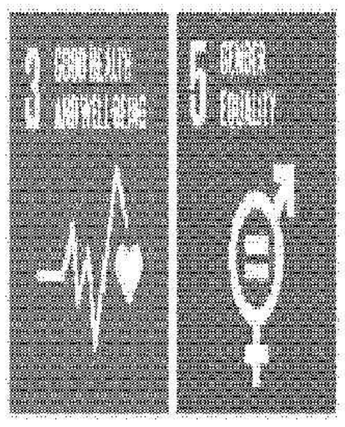
Social

Employee safety and well-being

Occupational health and safety

Diversity and gender equality

Competence development



EMPLOYEE SAFETY AND WELL-BEING

Occupational health and safety

OUR COMMITMENT

We shall ensure that our employees are working in a safe and healthy environment with the opportunity to develop their skills and build competence.

Management approach

Safety at Nammo goes beyond accident avoidance. Our goal is to embed a culture of safety deeply into our ethos – a culture that cultivates psychological safety and empowers employees at all levels to raise concerns without fear of retaliation. Nammo begin to actively engage in operational learning; in which the aim is to learn from day-to-day operations to identify and address potential systemic weaknesses before they announce themselves in the form of accidents and injuries.

In 2023, the commitment was advanced by engaging leaders from top management, business units, and site leadership in extensive training on psychological safety and Human and Organizational Performance (HOP). This initiative aligns with the "Greener and More Active State Ownership" white paper issued by the Norwegian Royal Ministry of Trade, Industry and Fisheries, highlighting the crucial role of psychological safety in fostering a constructive and innovative work environment.

Leaders at Nammo are learning to identify the gap between "work as imagined" and "work as done." They recognize the complexities and pressures the employees face. By actively listening to those on the production lines, the Group gain invaluable insights that drive improvements and help build an organization resilient enough to navigate the complexities of a volatile, uncertain, complex, and ambiguous world.

Employee health

The well-being of the employees, particularly those handling hazardous materials, is paramount. Nammo adhere strictly to employee screening safety protocols

EMPLOYEE SAFETY AND WELL-BEING

outlined in our Material Safety Data Sheets and comply with national regulations across all nine countries of operation. The psychosocial aspects of the working environment have also garnered increased focus, especially under the intensified production pressure due to global events.

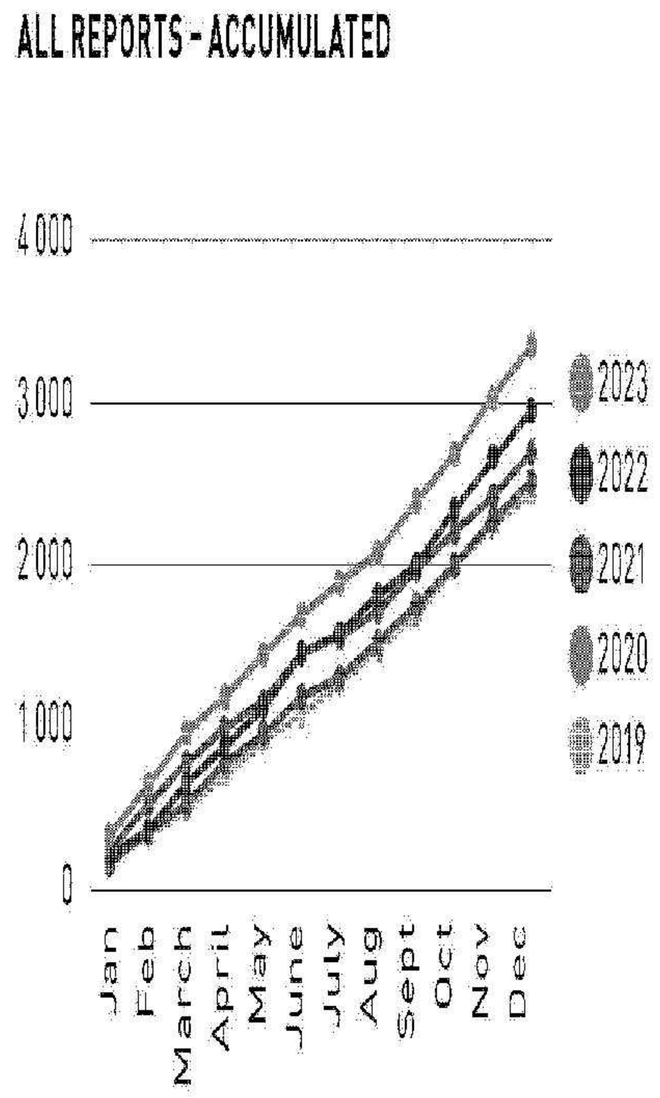
Performance

The past year was marked by two serious events: a fatality at our Mesa facility and a severe injury at our Karlsborg site. These incidents have led to thorough investigations and a series of corrective actions, some of which are ongoing. Despite an increase in the Lost Time Injury (LTI) Value to 5.9 in 2023, we are encouraged by the unprecedented level of safety reporting - over 3500 reports - which reflects a heightened degree of organizational vigilance and psychological safety. 2023 closed with sick absence rates returning to pre-pandemic levels at 4.3 percent.

Looking ahead

The journey towards integrating psychological safety and HOP principles into Nammo's operations continues. In 2024, this initiative will expand to the site level with interactive workshops at a number of sites to engage with the operational level leadership. The planned introduction of Learning Teams methodology at our Lean Six Sigma-HESS Forum aims to catalyze operational learning across the group. This will enhance the ability to adapt processes for improved safety and efficiency.

Through these dedicated efforts, the Group reaffirm the commitment to not just maintaining but elevating the standards of occupational health and safety at Nammo, ensuring a resilient and secure future for all employees.



Reporting of accidents, near-misses and hazardous conditions has increased 14 % from 2022 to 2023. Over 75 % of Nammo Group reports came from operational staff, indicating their engagement in the integration of safety into Nammo's daily operations.

Health & Wellness

In this years report we would like to highlight the work for health and wellness provided to our employees in Salt Lake City. Their commitment to employee Health & Wellness included local Instagram chef influencer Charlotte Hancey of @charlotteshares and ABC Channel 4 Good Things Utah Chef Contributor inspiring employees with flavorful health recipes. Wellness activities included biometric screenings and a $50 wellness incentive gift card to support preventive health conditions. The Health & Wellness Week activities included also services from Office Meet Yoga with among other events like morning yoga, afternoon breath work, and before-end-of-day meditation help so employees could start and end their day with mindfulness.

5 GENDER EQUALITY

EMPLOYEE SAFETY AND WELL-BEING

Diversity and gender equality

OUR COMMITMENT

We are committed to building and maintaining a One Nammo culture.

We shall demonstrate a measureable improvement in gender balance year-to-year.

Nammo steadfastly cultivates a 'One Nammo' culture, embodying unity while cherishing diversity. Our action-oriented approach commits us to year-on-year measurable improvements in gender balance, advancing beyond mere compliance to truly embodying the ethos of diversity and equal opportunity as laid out in the Norwegian Equality and Discrimination Act (§ 26).

Management approach

Nammo offers equal employment opportunities to all employees and applicants, and no person shall be discriminated for any reason. Our commitment to maintaining a working environment free from sexual harassment is enshrined in our Code of Conduct and People Policy.

It is Nammo's policy to recruit based on merit, regardless of gender, pregnancy, trade union membership, sexual orientation, race, disability, age, or religion. Existing employees will have an opportunity to apply for vacancy or promotion opportunities. Each legal entity is responsible for developing recruitment and selection procedures or techniques that support this policy and for training recruiters. Nammo recognizes that its people are the key to future success. Through performance management processes, we aim to ensure that all employees know what is expected of them and possess the necessary skills, knowledge, values, and experience to achieve the highest level of performance of which they are capable.

Nammo's employment policies are based on the principles of equality and diversity, with a belief that the elimination of unfair discrimination in the workplace contributes to productivity and performance as it allows people's talents to be most effectively utilized. The managing director of each legal entity is accountable for ensuring that these principles are followed and for establishing appropriate action plans

EMPLOYEE SAFETY AND WELL-BEING

for their business. Nammo is committed to dignity at work and fair treatment of all colleagues. The managing director of each subsidiary company is accountable for ensuring that procedures are in place for resolving any grievance or harassment issue, which colleagues may have in connection with their employment.

Nammo aims to be an "Employer of choice" for all sectors of the working community. As a responsible employer, we have policies in place to support a reasonable work-life balance. In addition, at a legal entity level, there are numerous policies, systems, and guidelines to support well-being and a healthy work-life balance, including many family-friendly arrangements.

Performance

In 2023, an analysis was carried out of the actual situation in Nammo AS with regard to gender equality and what is done to fulfill the activity obligation pursuant to the Norwegian Equality and Discrimination Act. 26. The analysis can be found in the Annex of this Annual and Sustainability Report 2023.

At the end of 2023, women accounted for 27.6 percent of all Nammo employees. From January 2020 to December 2023, the proportion of female employees increased by 2.7 percentage points.

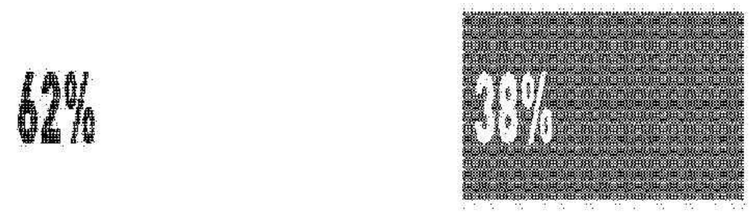
Looking ahead

Our dedication to diversity extends to a commitment to attracting women across all backgrounds and educational levels and advancing them into leadership roles. With a 2030 vision of a 30 percent female workforce, we have instituted KPI's across group entities to benchmark and fuel our progress. Reporting will be transparent and iterative, supported by global and local initiatives focusing on employer branding, robust recruitment, and comprehensive talent management. Further, our community contribution strategy reinforces our commitment to societal development, particularly in supporting youth-oriented programs. To sharpen our focus on equality and combat discrimination, we will also implement a global employee engagement survey and integrate diversity and inclusion into our Global Leadership Development program.

Group Management

Nammo Group

Nammo Board



EMPLOYEE SAFETY AND WELL-BEING

Competence development

Management approach

At Nammo, the strenght in the group lies in the employees' expertise. To this end, "excellent competencies" has been earmarked as a pivotal factor in the success of the Group. The performance management framework is meticulously designed to identify and cultivate the required proficiencies. This is facilitated through a comprehensive suite of initiatives: the Nammo Academy enriches knowledge, targeted on-the-job training hones skills, while the talent and succession planning ensure future readiness. Supporting this ecosystem are specialized forums for HR, Health, Environment, Safety & Security (HESS), finance, legal & compliance and procurement, fostering a collaborative approach to continuous learning.

Performance

The year 2023 marked a significant enhancement in the commitment to nurturing talent across the group. We advanced our Human Capital Management system, particularly the Learning Management platform, to better serve our workforce's educational needs. In tandem, the Nammo Academy and leadership development programs - both at a global and local scale - were fortified. A pivotal step was the introduction of the Director Learning & Development role, dedicated entirely to refining the organizational learning culture.

Looking ahead

As the Group ventures into 2024, the ambition is to further refine the Human Capital Management system, particularly focusing on the Learning Management and Onboarding modules. The goal is to seamlessly integrate and streamline training across global operations, governed by a unified policy framework. Customized training pathways for pivotal roles will be designed for scalability and precision. Moreover, the Group is setting sights on devising strategies for cross-functional, regional, and site-specific knowledge transfer. An enhanced Succession and Talent Management strategy is also on the horizon, ensuring Nammo's enduring resilience and leadership in the defense sector.

Photo: Fotograferne Bærke & Bak

NAMMO TRAINING CENTER

Bridging theory and practice in vocational education

In the face of a rapidly evolving operating environment, vocational education stands as a vital bridge between theoretical knowledge and practical skills. The Nammo Training Center embodies this synergy, challenging the outdated notion that vocational training is a fallback option for those less academically inclined. It is, in fact, a dynamic fusion of rigorous theory and hands-on experience, preparing students for the demands of contemporary industries.

150

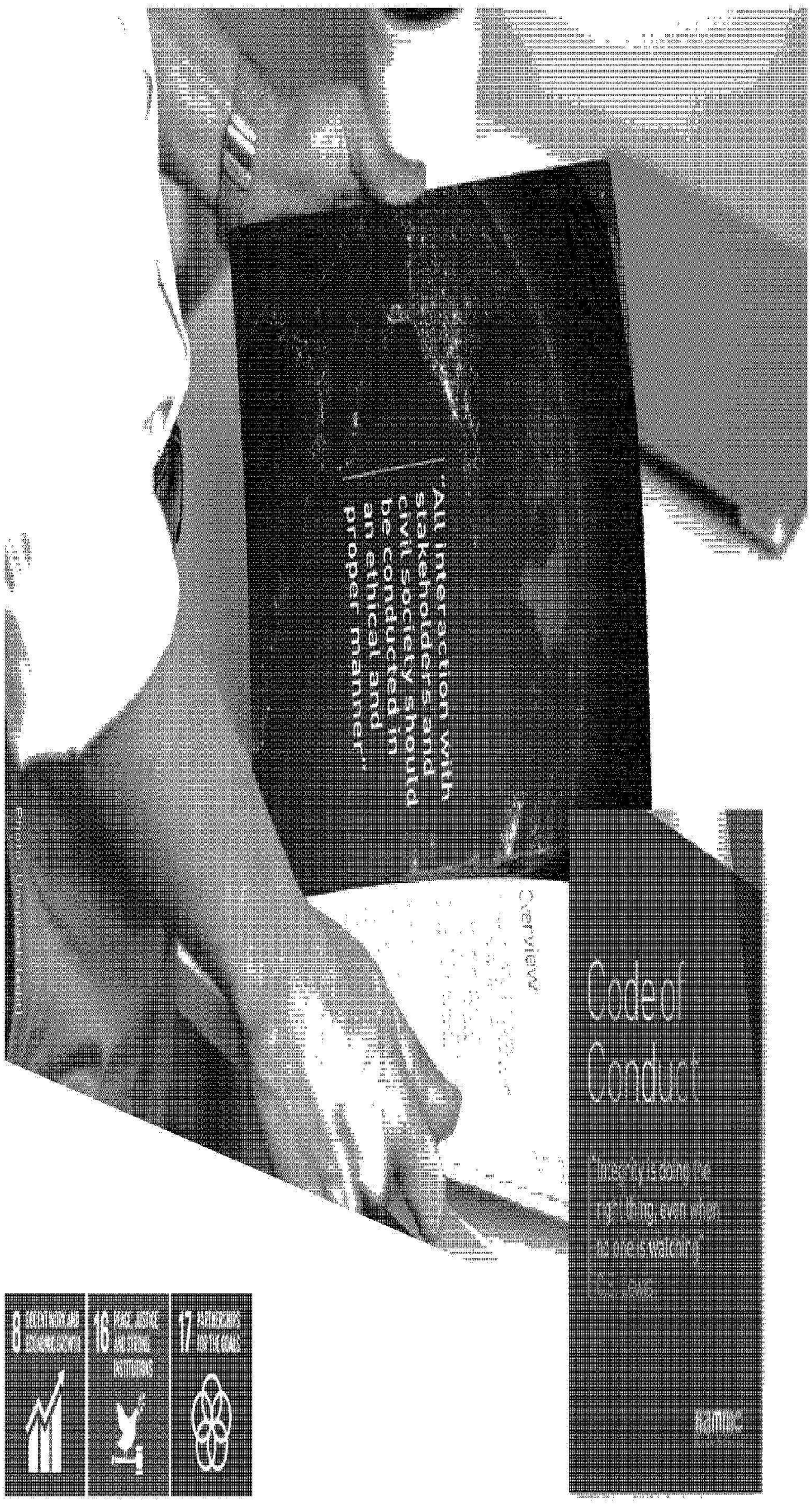
Education of 150 CNC Technicians since 2010

Recognizing the gap between outdated school equipment and the dynamic demands of an industry where technology is always advancing, Nammo has innovatively brought education to the production floor. Here, students are immersed in an environment where high-tech machinery and industry standards evolve in tandem, ensuring their skills are as current as the market demands.

The Vocational Specialization program offers students an in-depth exploration of various trades, laying a robust foundation for informed career decisions. This approach, paired with early apprenticeship agreements, facilitates a seamless transition from education to employment, exemplified by the near 150 CNC technicians Nammo has nurtured since 2010.

Moreover, students from the Nammo Training Center aren't just entering the workforce; they're excelling in it, as demonstrated by their participation and accolades in WorldSkills competitions. This not only showcases their capabilities but also underscores the Center's commitment to excellence.

Apprenticeships are the cornerstone of our recruitment strategy, proving to be the most effective way to cultivate and harness talent. By investing in the potential of our apprentices, the Group is not just shaping the future of the company; we're shaping the future of the industry.



Governance

Value chain integrity

Business integrity

Internal control, risk and compliance

Corporate Governance

8 DECENT WORK AND ECONOMIC GROWTH

OUR COMMITMENT

We shall hold suppliers and business partners to the highest standards on responsible business conduct.

We shall be a collaborative partner in reducing sustainability risk and promoting understanding of and respect for ESG issues.

VALUE CHAIN INTEGRITY

Business partner due diligence

Management approach

Nammo holds its suppliers and business partners to the highest standards, aiming to facilitate responsible business conduct and reducing sustainability risk while promoting understanding of and respect for ESG issues. The risk-based due diligence process includes screening and background checks, with a varying level of due diligence depending on the relevant country or countries involved, the role of the business partner, size and nature of the transaction, end-user, currency situation, sanction risks, fraud, and corruption risk, and previous experience with the business partner.

Nammo's "know your customer/know your supplier" policy is stringent. The Group engages in exhaustive due diligence before integrating business partners into the operations, holding them to an ethical benchmark and entering into agreements that minimize risk. Should a partner present significant risk, they face scrutiny by a compliance approval board, which makes the critical decision on partnership viability. When high-risk yet indispensable suppliers emerge the Group pragmatically devises risk mitigation strategies in collaboration between the Nammo entity and the supplier.

The onboarding of local country representatives adheres to a comprehensive "Manage Representative" framework, seamlessly integrated into the Nammo Management System. The onboarding and offboarding processes are managed by Legal and Regulatory Affairs, with International Sales and Marketing serving as the primary contact throughout the partnership. Regular ethical and business reports from representatives inform the renewal decisions, as well as the authority to conduct audits. For distributors in commercial sales, an intensified focus is applied due to the less regulated nature of the business compared to military sales, necessitating stringent risk assessments and close monitoring.

VALUE CHAIN INTEGRITY

Performance

In 2023, Nammo bolstered its screening processes and background controls, intensifying efforts to preclude sanctioned entities from entering the business network. Local representative agreements were reassessed for risk through audits before pending renewal, resulting in the renewal of fourteen out of the twenty-two agreements which expired in 2023. A new internal audit program, comprising of desktop reviews and third-party physical audits, was initiated. This year, three representatives underwent desktop audits, and two were earmarked for third-party physical audits.

There has been a surge in engagement from external stakeholders – including financial institutions, insurers, and NGOs – who are keenly interested in Nammo's adherence to responsible business conduct across the supply chain. These engagements focus particularly on human rights and decent working conditions.

The ongoing war in Ukraine has precipitated an influx of purchase inquiries, compelling the establishment of an internal board tasked with meticulously assessing each request. This initiative continued throughout 2023.

Furthermore, the situation in Gaza has prompted additional information requests regarding our due diligence and third-party risk assessments. Internal communications have been fortified, emphasizing the importance of being vigilant against the risks associated with sanctioned and embargoed entities. The company has also followed closely any risk of sudden adjustments or changes in export control regulations by national authorities.

The commercial sales distributor agreements have been reviewed and reinforced, with continuous monitoring in place.

In the past year, Nammo Academy rolled out training modules focused on conducting comprehensive due diligence and understanding human rights obligations.

Looking ahead

In 2024, Nammo will continue with its risk-based due diligence framework, enhanced screenings and controls to prevent sanction-related risks. The Group aims to certify that its suppliers and business partners not only comply with the business and ethical standards but also actively contribute to minimizing sustainability risks and championing ESG values throughout its value chain. The Nammo Academy learning platform will continue to offer and refine its due diligence and human rights training modules as part of commitment to responsible business practice and continuous learning.

VALUE CHAIN INTEGRITY

Supply chain governance

Nammo operates a global and complex supply chain, involving a diverse array of partners, including raw material providers, component manufacturers, sub-contractors, and service providers across maintenance, transport, and consultancy sectors. The procurement strategy centers on competitive sourcing, favoring suppliers who demonstrate technological innovation and competitive pricing. Nammo's network spans across Europe, North America, Central and South America, Asia, and South Africa, consisting of over 7,000 suppliers. Among these, approximately 700 are identified as strategic due to their pre-qualification by end-customers or their delivery of high-quality, technologically advanced goods at competitive prices.

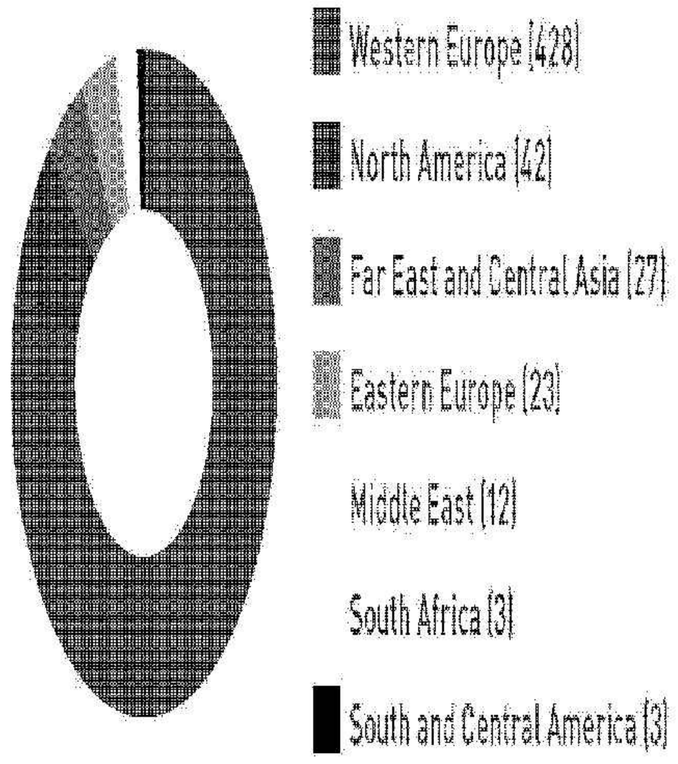
Management approach

Nammo's commitment to sustainability extends to the highest standards for suppliers and business partners. The Group strives to inspire responsible business conduct, aiming to mitigate sustainability risks while enhancing the comprehension and adherence to ESG principles. All suppliers are required to adhere to the Supplier Conduct Principles, which demand compliance with legislation against modern slavery and human trafficking, environmental impact reduction, continuous environmental performance improvement, and the prevention and mitigation of environmental and health risks. The due diligence process of the suppliers is mandated by the Nammo Management System's procurement and third-party risk management protocols, ensuring that each legal entity and business unit within Nammo is accountable for the integrity of its supply chain.

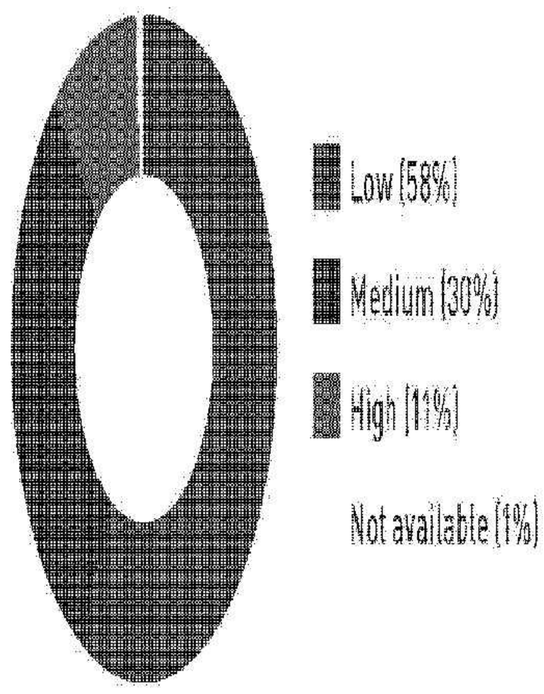
Performance

In 2023, Nammo undertook a comprehensive evaluation of its supply chain, screening 538 new suppliers and conducting continuous monitoring of 1,527 third parties,

SCREENED SUPPLIERS IN 2023 - REGIONAL DISTRIBUTION



RISK EXPOSURE OF THIRD PARTIES



VALUE CHAIN INTEGRITY

including all strategic suppliers, against a range of publicly available information. These assessments spanned various risk categories such as political climate, country-specific concerns, legal considerations, sanctions, watchlists, politically exposed persons, and ownership structures. The risk assessment indicated that 88 percent of third parties fell into low and medium risk categories, with 11 percent categorized as high risk.

Despite not facing any negative social impacts within its supply chain, the Group identified 44 suppliers at risk due to cost and quality concerns, leading to the termination of four suppliers for failing to fulfill contractual obligations. In the efforts to maintain high standards, nearly 140 supplier audits were conducted, combining both on-site and remote evaluations.

The use of the RepRisk tool revealed that 20 percent of the screened third parties held an ESG risk rating, distributed across various risk levels. However, acknowledging the limitations of RepRisk in providing satisfactory risk ratings, the plan is to transition to a more comprehensive assessment tool in 2024. The selection process for this tool has been thorough, evaluating several market options throughout the past year.

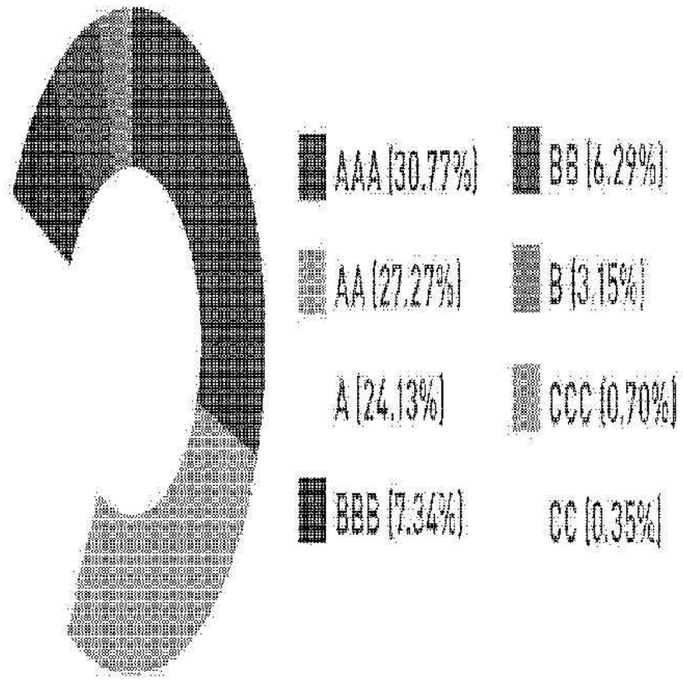
Looking ahead

The increasing demands of ESG reporting requirements, compounded by the unstable geopolitical climate, present challenges that call for enhanced capacity and more efficient systems within both procurement and contracting sectors. The future strategy includes:

- Implementing a robust supplier assessment tool that integrates ESG data collection to bolster supply chain screening.
- Intensifying the focus on audits, particularly concerning human rights and working conditions, in conjunction with quality control measures.
- Continuing to offer annual human rights training through the Nammo Academy learning platform.

Nammo is unwavering in its intention to ensure that the supply chain is not only sustainable but also respectful of human rights and stringent on anti-corruption practices. The commitment to ongoing ESG performance monitoring of the suppliers is fundamental to Nammo's collaborative efforts in risk management and sustainability advancement.

REPUTATIONAL ESG RISK SCORE FOR SELECTED SUPPLIER SAMPLE



* RepRisk is a business intelligence provider specialized in dynamic ESG risk analytics and metrics. The RepRisk scores measure and quantify a company's risk exposure related to ESG issues. The RepRisk Index captures and quantifies reputational risk exposure and the rating provides a metric derived from the RRI taking into account country and sector specific factors to facilitate benchmarking companies between each other. The RepRisk score goes from AAA (Very low risk) to D (Very high risk).

Nammo's approach to human rights

Nammo is steadfast in its commitment to safeguarding human rights across all facets of its operations. This commitment is evidenced by a comprehensive mapping initiative undertaken to pinpoint the most pressing human rights challenges the company faces. The results of this initiative have revealed several areas of potential risk:

- Transactions in high-risk territories
- Supply chain oversight
- Diversity
- Logistics
- Corruption

Subsequent sections will delineate Nammo's proactive strategies to mitigate these identified risks, underscoring our determined dedication to human rights.

Transactions in high-risk territories

Assessment of risk

In 2023, a significant portion of Nammo's sales – exceeding 96 percent – were realized in European and North American markets. These territories are acknowledged as lower-risk regions concerning human rights and fair labor practices. The customers in these areas, predominantly national defense agencies and key members in the Western European defense sector, are subject to stringent regulatory oversight.

Strategies for risk mitigation

Nammo has persisted in fortifying its due diligence measures for commercial sector clients and distributors, recognizing the inherently higher risk due to the broader geographical reach and less stringent regulation. Rigorous adherence to the Nammo Sales Process and thorough vetting of third parties, as outlined in the Nammo Management System, is crucial. The Group has implemented terms and conditions that govern the partnerships, ensuring ongoing compliance and risk management throughout the contract lifecycle.

Supply chain oversight

Assessment of risk

The supplier selection protocol is multifaceted, incorporating considerations of quality, cost, location, availability, client specifications, adherence to established standards, and alignment with internal procurement guidelines. Supplier due diligence is a cornerstone of the onboarding process, entailing comprehensive screenings and self-assessment questionnaires that integrate internal risk evaluations. These protocols, steeped in the principles of the OECD guidelines for responsible business conduct, have been a longstanding element of Nammos operations.

Given that the majority of the suppliers operate within Europe and North America, with limited engagement in

VALUE CHAIN INTEGRITY

Southeast Asia and South Africa, the majority of supply chain risk is classified as medium to low concerning human rights and fair labor.

Strategies for risk mitigation

Adherence to the Group Procurement Policy is mandated across all Nammo entities, encompassing local procurement and third-party risk management procedures as delineated in the Nammo Management System. Supplier screening is a critical component of the risk mitigation strategy. In 2023 alone, Nammo conducted extensive screenings of over five hundred key suppliers, subjecting them to continuous monitoring for compliance breaches. The escalation of sanctions in recent times has posed significant challenges, prompting the Group to vigilantly adapt procedures to align with evolving legal and regulatory frameworks.

Diversity

Assessment of risk

While Nammo has recognized and addressed the challenge of diversity within its ranks, the extent of the disparity marks it as an ongoing concern. It's noteworthy that within the Nammo Group, the collection of ethnic diversity data is constrained by European legislation. Moreover, security protocols for certain roles necessitate hiring nationals from the host country of Nammo's facilities.

Strategies for risk mitigation

Nammo is actively pursuing gender balance by setting and striving to meet KPI targets for each group entity by the year 2030. Looking forward, methodologies is being explored to gauge equality more comprehensively across the Nammo Group, which will enable further enhancements in the organizational diversity.

Logistics

Assessment of risk

The demanding nature of the transport sector, particularly for drivers facing long hours, minimal rest, and substandard facilities, is well-documented. In Norway, our close collaboration with a local transportation provider assures the satisfactory working conditions afforded to their drivers.

Strategies for risk mitigation

Approximately 30 percent of the product shipments are managed by suppliers or customers, presenting additional oversight challenges. Although direct control over these aspects is not feasible, Nammo can exert indirect influence through the enforcement of its Supplier Conduct Principles. The strategy includes consolidating transportation partnerships, strengthening contractual terms, and instituting robust protocols to proactively identify and mitigate adverse impacts, thereby minimizing the Group's risk of complicity in human rights abuses.

Corruption

Assessment of risk

Nammo's history reflects a robust resistance to large-scale corruption; nonetheless, the risk persists. The infrequency of large contract negotiations in the past may lead to a lapse in anti-corruption vigilance. Additionally, the prospect of smaller-scale corruption cannot be discounted. In the context of increased contract volume due to geopolitical war and conflicts, such as the Ukraine war, the situation requires an increase of the awareness to corruption risks accordingly.

Strategies for risk mitigation

Nammo has enacted a set of stringent sales and procurement procedures that must be adhered to by all legal entities. These include comprehensive instructions and due diligence protocols, with high-value contracts requiring approval by an internal review board. Financial transactions are managed through a well-established

VALUE CHAIN INTEGRITY

authorization matrix and are subject to rigorous internal controls.

The Group's grievance mechanism allows employees to report any Code of Conduct violations both confidentially and anonymously and in their native language. Similarly, our business partners can relay concerns via ethics@nammo.com. This protocol is communicated through various channels, including our website, Supplier Conduct Principles, and contractual terms and conditions.

Looking ahead

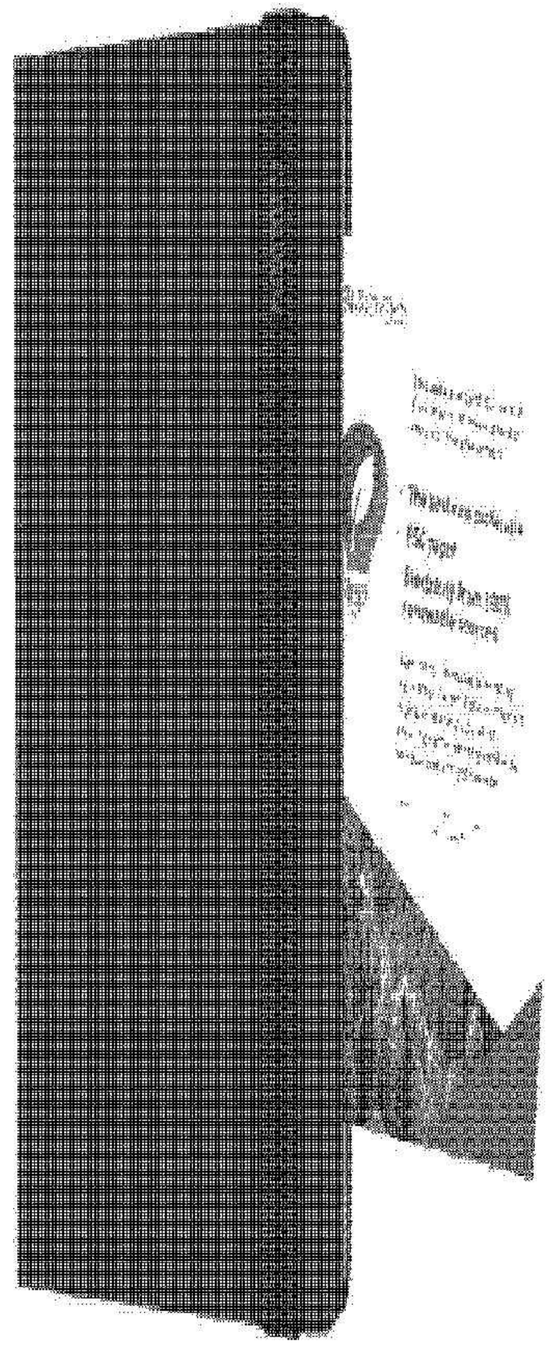
In recognition of the relatively low risk of human rights violations within its legal entities, thanks to their geographic locations and the rigorous national regulations, Nammo remains vigilant. The company's proactive engagement with the European Works Council (EWC) program serves as an additional safeguard. EWCs, as consultative bodies that represent employees across European multinationals, convene biannually with Nammo's management to deliberate on issues pertinent to maintaining equitable working conditions.

Despite this, Nammo acknowledges the imperative to fortify its due diligence processes to uncover and remedy potential human rights challenges within the supply chain. In response to this need, the supplier audit efforts have been amplified and will maintain a heightened focus moving forward.

To further ensure that the workforce is thoroughly educated on human rights matters and adept at spotting potential concerns, a human rights training module was rolled out in 2023. This educational initiative is set to be an annual requirement to sustain employee awareness and engagement.

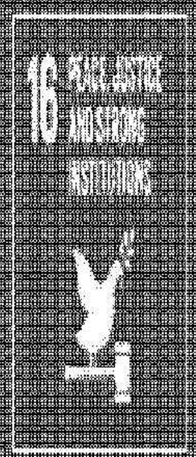
Norwegian Transparency Act

In line with our transparency commitments, July 2023 marked the publication of Nammo's first report pursuant to the Norwegian Transparency Act. While Nammo AS, the ultimate parent company does not engage in direct sales or service provision, is not obligated under the Act, its subsidiary Nammo Raufoss AS is. Consequently, Nammo AS pledges to continue disclosing comprehensive information on the duties mandated by the Act, inclusive of those applicable to Nammo Raufoss AS. In addition, a dedicated statement will be featured in the annual report of Nammo Raufoss AS. For detailed insights, the Annual Statement by Nammo AS regarding the Norwegian Transparency Act can be found in the Annex of this Annual and Sustainability report.



Newly launched webstore

In 2023 Nammo relaunched its internal webstore for promotional materials. Carefully selected products from sustainable supply chains with the lowest possible impact on the environment while ensuring decent working conditions.



OUR COMMITMENT

Nammo is committed to conducting business with efficiency, integrity and the highest ethical standards.

Nammo is committed to ensuring that our IT infrastructure utilizes the latest technological standards to protect our operations against external risks.

BUSINESS INTEGRITY

Anti-bribery and corruption

Management approach

Nammo acknowledges and embraces its legal responsibilities in the active prevention of corruption, recognizing that adherence to local laws may not always suffice in the complex landscape of international trade.

All entities are subject to stringent anti-corruption laws, including but not limited to national penal codes, the UK Bribery Act 2010, and the US Foreign Corrupt Practices Act (FCPA). In alignment with global standards, the group also commit to the United Nations Global Compact's ten principles and the OECD guidelines for multinational enterprises.

Nammos ethical roadmap, the Code of Conduct, outlines the principles guiding the actions and decisions of the employees and third-party representatives. The Code of Conduct represents the aforementioned regulations and is integral to our corporate mindset.

Performance

The stewardship of the Code of Conduct falls under the purview of the Sustainability and Compliance Department, ensuring it remains current and comprehensive. The most recent iteration was distributed globally in 2021 and is available in all seven languages spoken across Nammo. Compliance is not optional; every employee confirms receipt as part of their induction, with board members and high-risk business partners not covered by the Supplier Code of Conduct also providing their acknowledgement. An annual training module underpins this commitment, requiring global participation. Nammo revises its policies annually and they are publicly available.

2023 saw the introduction of a refined Gifts & Hospitality Guideline, completed with a dedicated registry. The group approach to anti-corruption is proactive, embedding risk mitigation into routines and processes. This is reinforced

BUSINESS INTEGRITY

through regular meetings, reviews, and training sessions that span contracts, procurement, and sales divisions.

A comprehensive fraud risk assessment was executed in Finland in 2023, delineating six principal risk categories. These categories will be instrumental in the ongoing compliance program reviews. Moreover, employees in sensitive roles, along with any third-party representatives, undergo mandatory training in anti-bribery and corruption measures at regular intervals.

The corporate training suite in 2023 included a diverse array of initiatives: monthly e-learning modules accessible to all connected employees, specialized workshops addressing business ethics and red flag indicators for staff in high-risk roles, and the Legal & Compliance forum. This annual forum facilitates cross-departmental dialogue, promoting the exchange of best practices and regulatory updates. Additionally, targeted presentations equip new management personnel with crucial insights into the ethical, compliance, and sustainability frameworks.

Nammo's adherence to these stringent standards is reflected in the record: in 2023, no legal repercussions for corruption, anti-competitive practices, illicit trade, or ethical violations were registered.

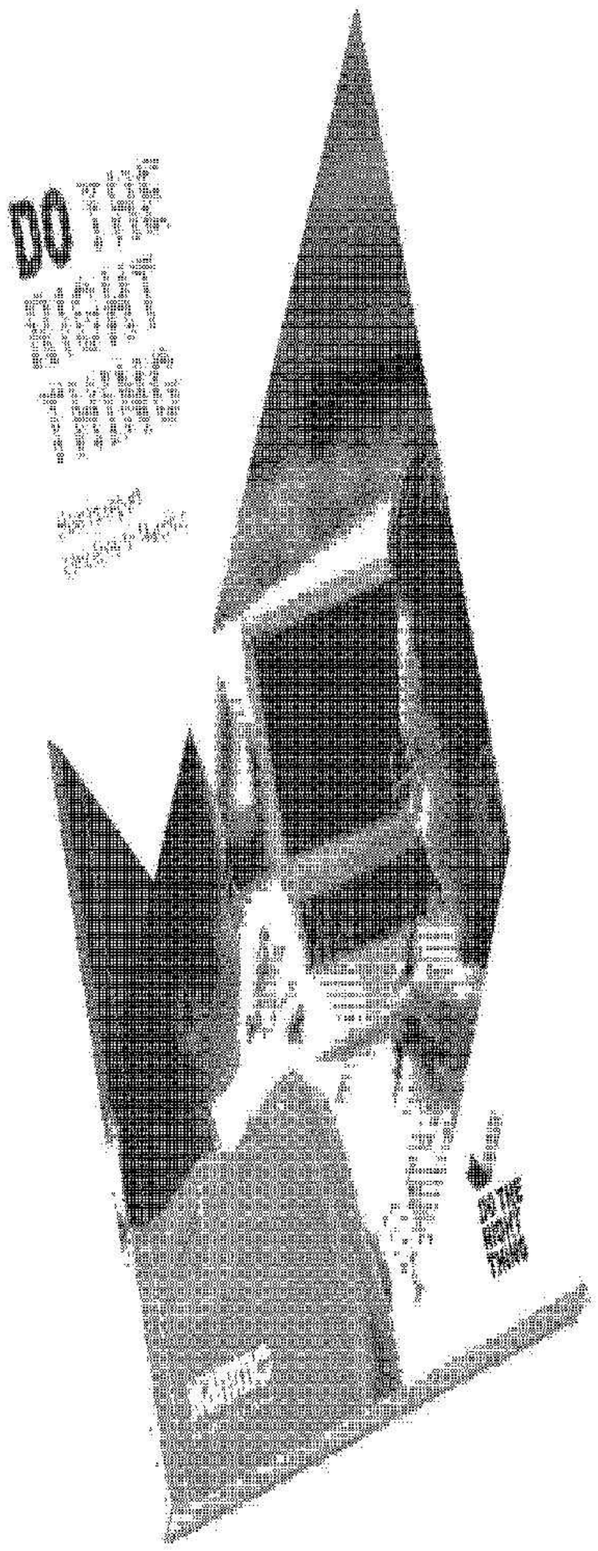
Looking ahead

The year 2024 will see a sustained emphasis on training modules as fundamental components of the risk mitigation strategy. Nammo will embark on a comprehensive review of its compliance and export control program, commencing with a select number of sites. This evaluation will reinforce internal controls and enhance the management of anti-bribery, corruption, and export control risks throughout the Group. The fraud risk assessment model piloted in Finland will continue to evolve and will be a key focus of the efforts in the coming year, contributing valuable insights as risk assessment processes are refined.

COMPLIANCE TRAINING

Type of training	2023	2022	2021	2020	Unit of measure	Method	Frequency
Employees completion of monthly e-learning	**94**	93	89	88	%	E-learning	Monthly, 70 % of total employees
Ethics dilemma training	**3**	14	1	4	No. of sites	Workshop	Every second year
Tailormade fraud and anti-corruption	**4**	2	1	2	No. of sites	Workshop	Based on risk assessment
Contract, procurement and compliance forum	**91**	95	160	0	Headcounts	Workshop/Digital	Twice a year (digital and physical)
Export control	**135**	130	209	87	Headcounts	Seminar	Minimum once a year for key personnel
Export control	**74.5**	-	-	-	%	Digital	Annually from 2023
Human rights	**76.5**	-	-	-	%	Digital	Annually from 2023
Due dilligence	**66.7**	-	-	-	%	Digital/Seminar	Annually from 2023

Grievance mechanisms



Managing our impacts

Nammo is committed to maintaining open and transparent communication across all levels of its organization, with its stakeholders, and within the communities served. A variety of platforms for dialog have been established, and specific channels for reporting grievances. These mechanisms are crucial for identifying and addressing any adverse impacts that the operations might inadvertently cause or contribute to.

Encouraging dialog between colleagues

Nammo firmly believe that open dialog is the cornerstone of nurturing and sustaining positive relationships between the management and employees. To foster an environment where employees feel empowered to express concerns without fear of retaliation, we actively promote candid discussions with immediate supervisors. Leaders and managers are entrusted with the significant responsibility of reinforcing the culture of openness and are expected to resolve issues proactively to prevent them from escalating into formal grievances. Enhancing the trust between managers and their teams remains a top priority for Nammo, and we are dedicated to continuing these efforts in 2024 and beyond.

Raising concerns

In instances where concerns cannot be amicably resolved with a direct supervisor, employees are encouraged to escalate the matter to a higher management level, Human Resources, or the Compliance department. All issues must be dealt with in a fair and just manner, enforcing a strict non-retaliation policy that applies across all levels and reporting channels.

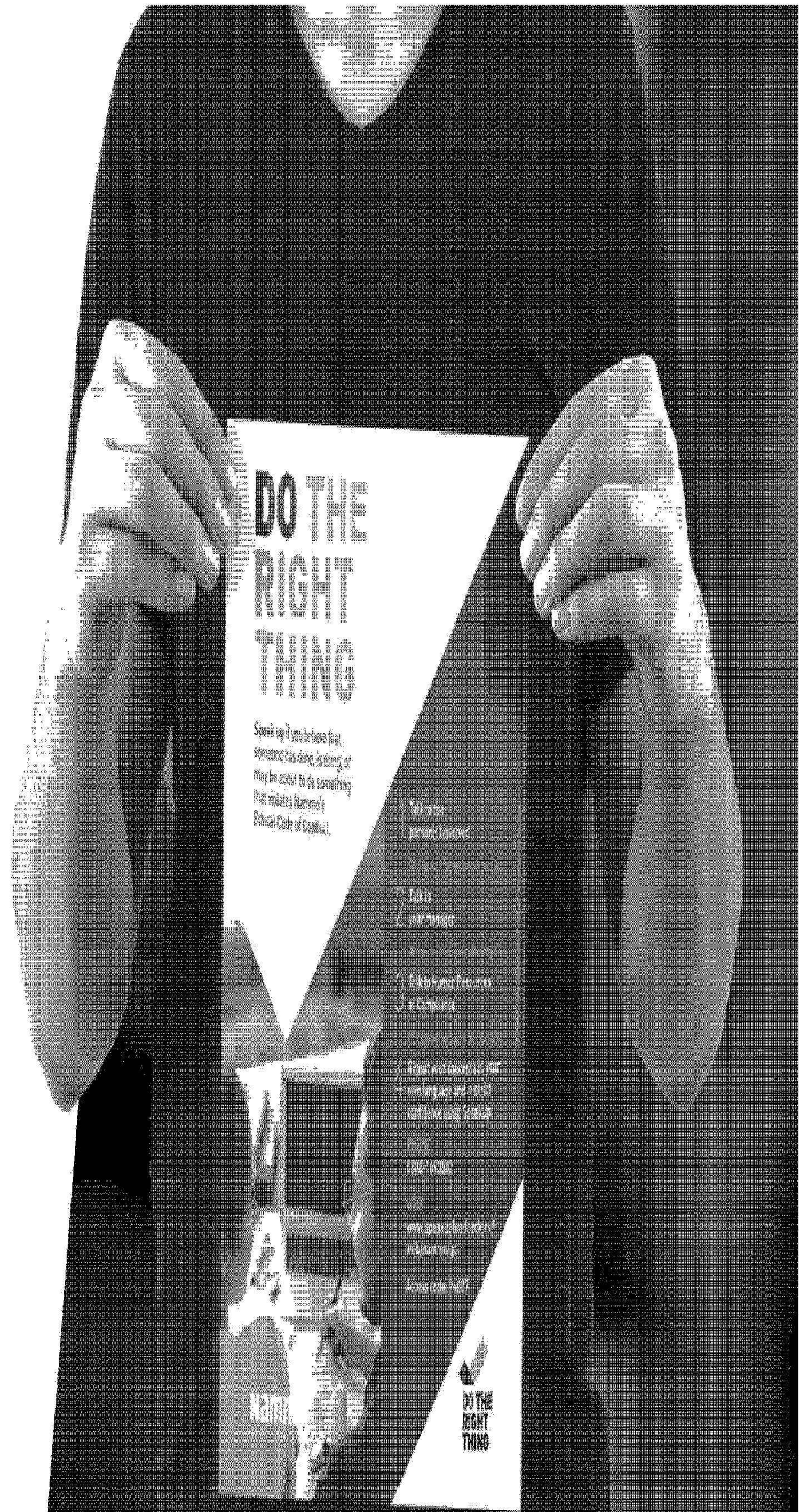
BUSINESS INTEGRITY

Confidential reporting channels

Nammo provides a confidential reporting system, SpeakUp, managed by an independent third party, ensuring anonymity and protection for our employees. This system is accessible around the clock, allowing reports to be made in the employees' preferred language. In the United States, our EthicsPoint channel offers equivalent features and complies with the requirements of Nammo's Special Security Agreement (SSA) entities.

Business partners are encouraged to communicate any concerns regarding Nammo's operations via ethics@nammo.com. This contact information is readily available on our official website at www.nammo.com, included in our terms and conditions, and outlined in the Supplier Conduct Principles.

In the coming year, we will be conducting a comprehensive update of the SpeakUp reporting channel and all associated documentation in the seven languages used across Nammo. Upon completion of these updates, an extensive internal campaign will be launched to ensure that all employees are well-informed about the system. Furthermore, the updated reporting channel will be extended to third parties, who will be able to access it via our website.



BUSINESS INTEGRITY

DO THE RIGHT THING

Reported concerns

Total cases 2023

24 ↑

24 cases in 2023 versus 12 in 2022

In the year 2023, Nammo observed a substantial increase in reported concerns with a total of 24 cases, a doubling from the 12 instances reported in the previous year, but still below average compared to number of employees. Each report, whether submitted through SpeakUp or EthicsPoint, is directed to the Chief Compliance Officer (CCO) or the US Ethics and Compliance Director. These officials, in concert with the Ethics and Integrity Council (Europe) or the Ethics Incident Investigation Group (US), undertake a thorough risk assessment for each case.

Of the 24 concerns, a prevalent theme was related to human resources and organizational matters, continuing the trend from previous years. A significant rise was seen in reports made through the SpeakUp/EthicsPoint system, escalating from 5 in 2022 to 15 in 2023. The majority of these cases were managed internally by the human resources departments within the local line organization, adhering to established company protocols. Notably, none of the internally reported concerns warranted investigations that required external intervention. Two of the reported concerns required external legal support. One reported concern has led to a dispute resolution. Meanwhile, one externally reported case has been satisfactorily resolved. The geographic spread of these concerns spanned the United States, Norway, Sweden, Germany, Switzerland and Spain.

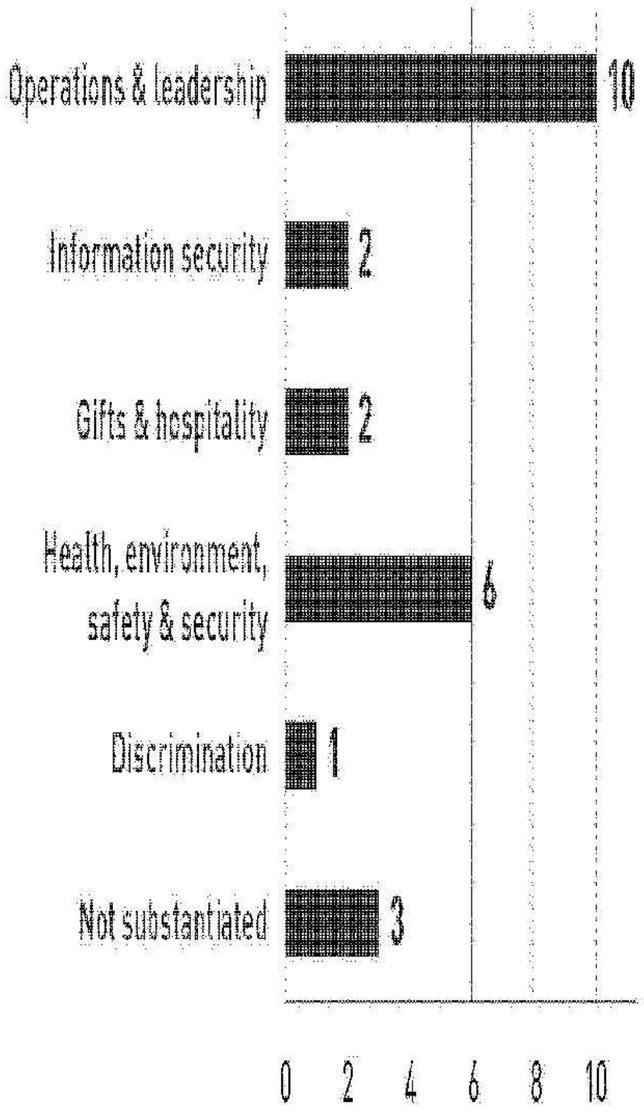
Environmental performance grievances

In our commitment to environmental stewardship, grievances pertaining to our environmental performance are compiled and reviewed monthly by our central Corporate HESS function, ensuring timely and responsive measures are in place.

Mitigating negative impacts

Nammo is resolutely committed to minimizing activities that can cause negative impacts. Environmental considerations are integrated across all operations and utilize findings

CATEGORIES OF CONCERNS



BUSINESS INTEGRITY

from the Due Diligence process to anticipate and mitigate potential environmental harms. The rigorous procedures for examining hazardous situations, near misses, and environmental liabilities underscore a proactive stance on environmental responsibility.

Accessible and effective grievance channels

The increase in reported concerns in 2023 correlates with the anticipated expansion of our operations and workforce. Recognizing that rapid growth can lead to challenges, we originally intended to survey the accessibility and efficacy of our grievance mechanisms in 2023. However, this has been deferred to align with the upcoming improvement program for our reporting systems in 2024. This endeavor seeks to enhance awareness and trust in our grievance process among all employees.

Responsibility to report

At Nammo, we hold a collective expectation that any suspected misconduct or breach of the Code of Conduct, policies, or legal standards is reported. While employees are initially encouraged to approach their line managers, the SpeakUp/EthicsPoint channel, accessible 24/7 in multiple languages, and direct contact with a Compliance Officer are also available avenues. We assure confidentiality and a structured, impartial approach to all investigations as part of our Internal Investigation Response Plan. Our commitment to a non-retaliatory environment is unwavering, ensuring a safe space for reporting concerns.

Performance and development discussions

In alignment with our dedication to employee development, Nammo conducts regular performance appraisals. These sessions serve as platforms for transparent discussions between staff and their direct supervisors, covering performance, development trajectories, and other relevant concerns. Through such dialog, employees benefit from direct feedback and collaborative goal-setting, fostering their continuous professional advancement.

All hands meetings

Nammo's CEO routinely convenes all-hands meetings, which can be either in-person or digital, to maintain a direct communication channel with all employees. These forums are open to all staff, providing an opportunity to voice questions or concerns, anonymously if preferred. This inclusive practice ensures that leadership is attuned to employee sentiments, thereby reinforcing a culture of open communication.

Workplace network

Understanding the value of employee engagement, Nammo employs Workplace by Meta, except for certain employees under the Special Security Agreement in the US. This digital platform enables our workforce to engage in discussions, join communities, and share insights, thereby cultivating a vibrant and interconnected global company culture.

The Nammo HUB

The Nammo HUB, our corporate intranet, serves as a hub for approximately 70 percent of our workforce. It is a vital resource for accessing company updates, policies, and procedures, ensuring that all employees have access to consistent and current company information.

www.nammo.com

Nammo's corporate website includes dedicated contact forms, such as info@nammo.com, for general inquiries, sustainability@nammo.com for any sustainability inquiries and ethics@nammo.com for ethical concerns, facilitating transparent and open communication with business partners and the public.

Internal control, risk and compliance

Nammo has established governance and internal control guidelines to mitigate risks and promote efficient and sustainable use of resources. Nammo's internal control, compliance, and risk management system is grounded in its leadership culture, vision, and values, as well as its Code of Conduct, risk management, reporting, and control mechanisms.

At the corporate staff level, relevant corporate functions prepare and maintain governance documents in the form of policies, directives, and guiding principles for specific areas. This approach ensures that Nammo operates with consistency and transparency across all departments, promoting accountability and responsible decision-making throughout the Group.

INTERNAL CONTROL, RISK AND COMPLIANCE

The Nammo Management System

Management approach

Nammo's Group governance and management document outlines the Nammo Management System (NMS), which sets the standard for governance and internal control for the entire organization. The NMS shall support all Nammo legal entities to comply with relevant certification standards. Compliance with NMS ensures that Nammo adopts commercial best practices to its operational context in line with the demands and expectations of our stakeholders.

NMS is based on relevant international certification standards (ISO 9001:2015, AS9100D) and is supported by statutory requirements, Nammo Board of Directors directives, and other guidelines for the Group to sustain its competitive strengths in key markets. Internal control mechanisms, including guiding principles, processes, and tasks, are performed by Nammo employees at all levels, ensuring quality reporting to both internal and external stakeholders in accordance with legal and regulatory frameworks.

Performance

The revised NMS was implemented in 2021-2022. A key activity in 2023 has been to ensure that the processes in the Customer Relationship Management (CRM) system is compliant with NMS for the entities in scope of the new CRM system.

Other activities during the year includes continuous improvements of NMS processes based on input from the various Group entities as well as insight gained from internal reviews and internal audits. This work ensures compliance with Nammo's governing documents and relevant laws and regulations.

During 2023 site-reviews were performed at selected sites to verify compliance with NMS.

Looking ahead

NMS undergoes continuous development which focus particularly on the technical and digital user friendliness of the system as well as to ensure compliance with relevant requirements.

INTERNAL CONTROL, RISK AND COMPLIANCE

Risk management

Management approach

Risk management is crucial to Nammo's success, and the company strives to identify, assess, and control risks that may impede Group objectives or harm our values, employees, brands, or reputation. A sound risk management process and culture improve strategic decision-making, reduce financial uncertainty, and protect our brands and reputation, while empowering us to recognize the opportunities in uncertainty.

During the annual strategy process, risks and opportunities related to Nammo's business operations are identified, and operational risks and opportunities are addressed by the responsible corporate function, business unit, or legal entity as appropriate. Corporate functions are responsible for creating and maintaining requirements through policies and directives, and ensuring their effectiveness. Regulatory changes requiring amendments to Nammo Group policies and directives are communicated by responsible corporate functions to the Board of Directors, the Risk, Audit, and Compliance Committee (RACC), and the Group Management Team.

Performance

Nammo continued its work with risk management during 2023 and as part of this also performed a comprehensive risk assessment with focus on a detailed analysis of key risks for the Group. Key risks were elaborated with a risk description, cause, consequence, risk mitigation measures as well as statement of the residual risk. The results of the risk assessment were communicated to key stakeholders, such as the management and Board.

Independently, the internal auditors conducted their risk assessment as basis for the selection of the internal audit projects as approved by the Board. Key internal audit projects conducted during the year, included a Corporate Governance audit and an audit of the Nammo Management System. Internal audit findings, improvement recommendations including management comments are reported to the RACC and Board on a regular basis.

Looking ahead

The status of management's selected improvement actions will be presented to the RACC quarterly throughout 2024. The main areas for improvement include establishing an internal compliance review program, strengthening the risk management process for the Group, further improving NMS and follow-up and improve prioritized areas identified through the internal audit projects The internal audit function will continue its work during 2024. Based on a risk assessment, subjects part of the internal audit project portfolio include, but are not limited to, the following:

- Nammo Management System, selected processes
- Cyber security
- Capital expenditure approval and prioritization processes
- Treasury operation

INTERNAL CONTROL, RISK AND COMPLIANCE

Compliance

Management approach

Compliance is an integral part of Nammo's management system directives, processes, procedures, and support tools. The Group has a robust compliance program covering areas such as ethics and anti-corruption, export control, and responsible business conduct. The Sustainability & Compliance department manages the compliance program in cooperation with the Legal & Regulatory Affairs. The established group of compliance champions with representatives from each Nammo legal entity meet regularly and assist in implementing and monitoring local compliance processes. The Sustainability & Compliance department regularly reports status of its work to various stakeholders, such as the Board of Directors, RACC and the Group Management Team. The corporate finance department handles financial compliance, determining accounting and reporting principles and monitoring of business activities to ensure reliable, relevant, and adequate financial information and control. The finance function is also handling risk reporting for the Group.

Performance

The compliance program undergoes evaluation and assessment by a third party every 3rd year, and the results are reported to the Group Management Team, the RACC and the Board of Directors. The compliance program was last evaluated in 2022, and recommendations for improvements, along with management responses, were presented to the RACC at the end of 2022 and closely followed up during 2023.

In the pursuit of excellence, an internal compliance program reivew plan is under development. The culmination of the year saw a decisive evaluation and the subsequent selection of a vendor for a novel supplier assessment tool.

During the year the new Nammo Academy learning platform has been used for publishing of several new compliance training modules.

A pivotal addition to our compliance infrastructure is the formulation and release of a new guideline focused on gifts and hospitality, which is complemented by a digital gift register, enhancing transparency and accountability.

Looking ahead

Looking to the future, Nammo's dedication to continuous improvement remains steadfast. Several initiatives will be undertaken to further fortify the compliance program:

- Conducting comprehensive site reviews of Group compliance programs.
- Implementing the newly selected supplier assessment tool, accompanied by a thorough training program for its deployment across all our locations.
- Amplifying the 'tone from the top' by reinforcing the importance of adherence to policies and guidelines.
- Leveraging the Nammo Academy to elevate the quality and effectiveness of the compliance training.

The Group will maintain the highest level of diligence in the compliance program, with the RACC receiving quarterly updates, ensuring that internal practices meet the expectations.

INTERNAL CONTROL, RISK AND COMPLIANCE

Export control

Management approach

Export control regulations prohibit the export and transfer of dual-use and defense-related products, technologies and services without the approval of the relevant governmental authority. These regulations protect international security, uphold foreign policy interests and govern how Nammo conducts business.

Sanctions implemented in 2022 and expanded in 2023 address challenges in the geopolitical landscape, including the growing technological capabilities that threaten security and defense policy stability. These trade controls continue to target the proliferation of weapons of mass destruction and their means of delivery. Each country where Nammo operates has its own national export control regime, and some countries cooperate to standardize trade and exports. These trade controls promote compliance as companies navigate the requirements for trade and export control. The baseline requirement for an export authorization is approval by the requisite national authorities to export defense or dual-use products, technology, or services.

In 2023, export controls to ensure compliance with re-exports remained at the frontline to prohibit unauthorized re-exports. Throughout Nammo, experts conduct due diligence on the value chain before seeking export authorizations. Nammo's export strategy is rooted in the basic principles of Know your Customer, Know your Supplier, and Know your Third Parties, including End-Users in each business transaction.

Performance

The preceding year was marked by rigorous internal audits aimed at evaluating the efficacy of Nammo's export control framework. Recognizing existing expertise and pinpointing areas of improvement, these audits facilitated the adoption of best practices within its export controls. A critical outcome was the recommendation to standardize tools, applications, and procedures, thereby reducing redundancy and enhancing accuracy in export control and licensing operations. For sustainable compliance, Nammo has integrated the new export control tools into

INTERNAL CONTROL, RISK AND COMPLIANCE

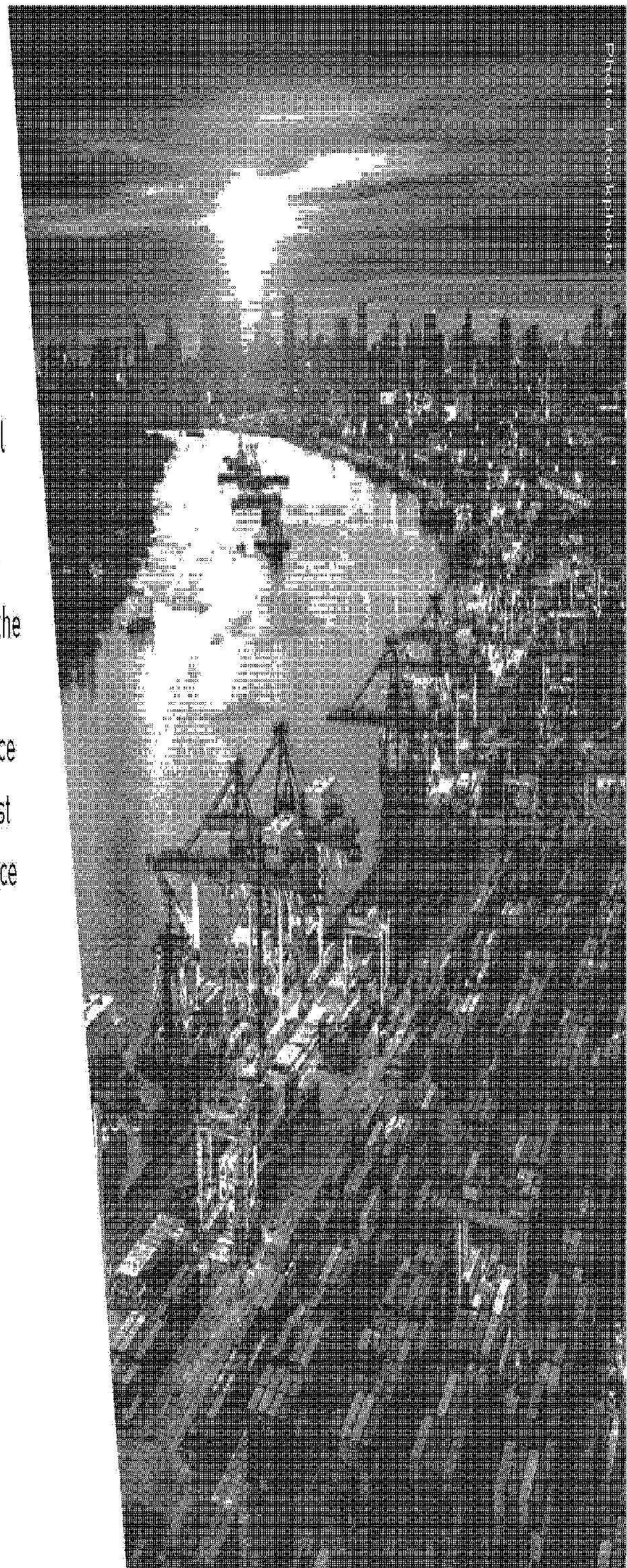
the NMS. Specifically, these tools have included export guides, brochures, templates and standardized documents for flow-down in the value chain to strengthen the integrity of compliance throughout the supply chain.

Training remains a cornerstone of our export compliance strategy, with each legal entity within Nammo ensuring that their teams are well-versed in national export and trade control regulations. A comprehensive internal training program, utilizing both digital and in-person modules, was rolled out, including specialized instruction in the complexities of the US ITAR and EAR. Furthermore, in 2023, Nammo launched a trio of digital learning modules on export controls at the Nammo Academy learning platform. In addition, Nammo export control specialists also provided export control training to a selected number of business partners.

Our unwavering dedication to export and trade compliance is intrinsically linked to Nammo's overarching commitment to regulatory adherence and the minimization of export-related risks. This year, Nammo reported a solitary incident of regulatory deviation in export and trade compliance, which, upon disclosure to the relevant authorities, did not incur penalties but rather spurred enhancements to our compliance routines.

Looking ahead

As geopolitical shifts continue to influence governmental policies and reshape trade controls, Nammo stands prepared to respond with vigilance and adaptability. Our ongoing efforts to weave compliance requirements into the fabric of the global Nammo Management Systems have laid a robust foundation for an effective export compliance program. As we look to 2024, our focus remains steadfast on mitigating risks and fortifying transactional compliance ensuring that Nammo remains at the vanguard of responsible international trade and export.



INTERNAL CONTROL, RISK AND COMPLIANCE

Cybersecurity

Management approach

Nammo has increased its focus on cybersecurity and digital preparedness in response to the war in Ukraine. The defense and aerospace industry plays a strategic role in geopolitics, and as a result, faces an increased threat of cyberattacks. Like most companies in the sector, Nammo is subject to a growing number of attempted cyberattacks related to sabotage, fraud, extortion and additional attempts to retrieve proprietary information.

Proprietary information is one of Nammo's most valuable assets and embodies the knowledge, experience, and intellectual property developed over the years. These assets are the foundation for Nammo as a knowledge-based company, and they are of equal importance to its customers and partners. To protect its proprietary information, Nammo has a holistic approach to threat management that includes personnel, physical, information and IT security controls.

Performance

Nammo adheres to the relevant security and privacy regulations in all countries where it operate. The Group measures and certifies its internal security systems using recognized standards including ISO 27001 and UK Cyber Essentials. In 2023, Nammo made continuous improvements to its cybersecurity systems, which reduced both the probability and consequences of severe security incidents.

As innovation narrows the gap between digital and physical systems, it is essential to prevent virtual attacks from affecting real-world assets like its personnel, equipment, or the surrounding environment. To achieve this, the Group has provided its staff with rigorous training to raise security awareness and help prevent fraud, theft, sabotage, and extortion. In 2023, Nammo did not identify any data breaches.

Looking ahead

The threat landscape for cybersecurity is constantly evolving, and Nammo recognizes the need to remain vigilant and proactive in its efforts to mitigate risks. In 2024, Nammo will continue its work to reduce its vulnerabilities and improve the security measures, including improved tools for logging and automatic detection of events.

To strengthen its cybersecurity posture, Nammo will continue to invest in employee training and awareness programs, emphasizing the importance of cybersecurity and educating its workforce on how to recognize and respond to potential threats. Nammo will continue to regularly review and update its cybersecurity policies and procedures to ensure they are in line with industry best practices and regulatory requirements such as the implementation of necessary controls to meet the US Cybersecurity Maturity Model Certification.

Nammo will continue to work closely with its suppliers and partners to ensure they meet relevant cybersecurity standards and requirements. Nammo will also maintain its current certifications and compliance with recognized cybersecurity standards, such as ISO 27001 and UK Cyber Essentials.

As cyber threats become more sophisticated, Nammo recognizes the need to remain agile and adaptable. Nammo will continue to monitor the threat landscape and proactively adjust its cybersecurity strategy and approach as needed to ensure the security and integrity of its systems, data and intellectual property.

Photo: Jan Tore Egenes

External awards

IndustryAward 2023

Nammo Raufoss received the Industry Honorary Award for efforts performed to deliver quality products to all European nations in their support to the war in Ukraine.

Female Employee Award

Every year a company in the region nominate selected employees to the male or female employee Award. In 2023 a female employee of Nammo Raufoss won the prestigious Female Employee Award.

Premier Award for performance in 2022

Raytheon Technologies has recognized Nammo Raufoss with a Premier Award for performance in 2022 and overall excellence in Collaboration & Customer Service. The Premier Award is an annual recognition platform under the RTX Performance+ Program to recognize suppliers with superior performance and that have provided exceptional value to RTX in one of the four key categories: Cost Competitiveness, Technology & Innovation, Business Management, and Collaboration & Customer Service. The Award was submitted in May 2023.

Internal awards

The Nammo Group Awards honors annual achievements from the local entities and departments in the Group. Nammo have three awards within the categories of Team Award, HESS (Health, Environment Safety & Security) Award and Sustainability Award. The Award ceremony is organized during the Nammo Forum, the annual group strategy and kick off event.

These three awards reflects the high focus on sustainability both on the environmental, social and governance side. Excellent teamwork cross entities and business units, great HESS improvement work and innovative progress in one or several of the five sustainability priority areas of the Group.

The intention with the Awards is to motivate and inspire the employees to continue the good work and share knowledge and experience across the Group.

The winner of the Annual Nammo Sustainability Award was Nammo Lapua, Finland.

Corporate governance

Nammo AS is a limited liability company established under Norwegian law, with a governance structure based on the Norwegian Companies Act. Nammo's Board directs and guides the company in accordance with global and national statutory requirements applicable in the countries where Nammo operates.

CORPORATE GOVERNANCE

Nammo is committed to corporate governance that creates both short- and long-term value for Nammo Group's operations. To achieve this, we actively monitor, measure and seek to improve our governance processes. Areas of corporate governance include leadership culture, vision and values, code of conduct, risk management, reporting, and control mechanisms.

Nammo believes that responsible interaction between owners, the Board of Directors, and the Group Management Team is essential for good corporate governance. We strive to promote effective cooperation, well-defined allocation of roles and responsibilities between the shareholders, the Board and management at every level within the Group, respect for the Group's other stakeholders, and open, reliable communication with the world around us. Nammo is subject to reporting requirements for corporate governance in accordance with the Norwegian Accounting Act. As a 50 percent state-owned company, it is also expected that Nammo adhere to the main principles of "The Norwegian Code of Practice for Corporate Governance." The Board of Directors evaluates and discusses corporate governance periodically and actively pursues good management principles for corporate governance.

Nammo Management System

The foundation for corporate governance in Nammo is the Nammo Management System (NMS). NMS describes how Nammo is organized and governed in order to meet its strategic ambitions while ensuring efficiency, effectiveness, continuous improvement and organizational learning in all its key processes. NMS outlines how to manage and carry out activities, and address requirements through policies, directives and processes that support the performance of tasks required to achieve strategic goals. NMS aims to minimize operational risk while supporting long-term profitability. NMS directives and process descriptions with support tools are applicable to all parts of the Nammo organization. NMS is instrumental in ensuring that all Nammo legal entities fulfill the total set of requirements from the relevant certification standards.

Governing documents

Governance documents are important elements of the NMS to ensure everyone has a clear understanding of roles and responsibilities and key principles for leadership, organization and culture. At the Corporate level, governance documents are prepared and maintained by the relevant corporate functions as policies, directives and guiding principles for the respective areas. These constitute the specification of the mandatory requirements for the legal entities' management systems to ensure that the requirements are implemented. Governing documents are made available to all our employees via the Nammo intranet.

Board of Directors appointments

The Nammo AS Board of Directors (BoD) is composed of six to eight members, in accordance with the shareholders' agreement. Three directors are nominated by each owner, the Norwegian Ministry of Trade, Industry and Fisheries and the Finnish company Patria Oyj, while two directors represent the employees. The positions of Chairman and Vice Chairman alternate annually between the two owners and are elected by the Annual General Meeting. The two employee representatives are elected by the employees in each country, following local procedures. The employees may also nominate one additional observer.

The BoD convenes a minimum eight times a year, seven Board meetings and one strategy meeting. The BoD appoints the Group CEO, who is responsible for the daily management of Nammo AS and supervises the Group CEO's performance and ensures that management is carried out in compliance with legal and ethical standards.

CORPORATE GOVERNANCE

The President and CEO

The President and CEO constitute a formal corporate body in accordance with the Norwegian Limited Liability Companies Act (Aksjeloven). The CEO is responsible for the day-to-day management of the Nammo Group and is governed by the responsibilities outlined in the shareholders' agreement. The CEO directs operations through the internally established corporate policies, directives, management meetings and business reviews.

The Group Management Team

The Nammo Group Management Team, as of January 2024, consists of the President & CEO, the SVP Finance & CFO, and Senior Vice Presidents (SVP's) for Business Development, Legal and Regulatory Affairs, Sustainability & Compliance, Corporate Communication, and the President of Nammo Inc. Additionally, the four Executive Vice Presidents (EVP's) of the business units Commercial Ammunition (CA), Large Caliber Systems (LCS), Small and Medium Caliber Ammunition (SMCA), and Aerospace Propulsion (AP) are also members of the management team.

The Group Management Team (MT) is responsible for ensuring that Group-level functions are in place to safeguard central control and leadership within Nammo. The MT meets approximately eight times a year, called by the CEO, or more often as needed. The focus of these meetings is to monitor the status of operations and key performance indicators, address the market situation, health, environment, safety and security indicators, compliance, human resource issues, and sustainability.

Business reviews

The CEO conducts individual business review meetings with the business units five times a year, in conjunction with relevant corporate functions. These meetings are means to scrutinize the business units' performance relative to business targets, financial as well various operational objectives. Other specific key subjects covered in these reviews are the status and progress within people, organization, compliance, risk management, operational issues, strategic issues, and sustainability.

Board of Directors

In accordance with the Norwegian Limited Liability Companies Act (Aksjeloven), Nammo's Board of Directors (BoD) is responsible for overseeing the company's overall governance and ensuring that appropriate management and control systems are in place. This includes approving the annual budget, Group-wide directives and policies, Group strategy, and investments or divestments above a certain financial threshold, as well as material organizational changes. In addition, the BoD appoints the CEO and supervises daily management activities.

To support its work, the BoD has established two committees: the Risk, Audit and Compliance Committee (RACC) and the Human Resources and Compensation Committee (HRCC). The RACC assists and makes recommendations to the BoD in reviewing financial reporting, internal controls, compliance and risk management systems, sustainability, external/internal auditing matters, and business ethics compliance matters. The HRCC supports the BoD in reviewing matters concerning human resources and compensation in the Nammo Group, such as succession planning, talent development and the remuneration policy for executive management.

Annual general meeting of shareholders

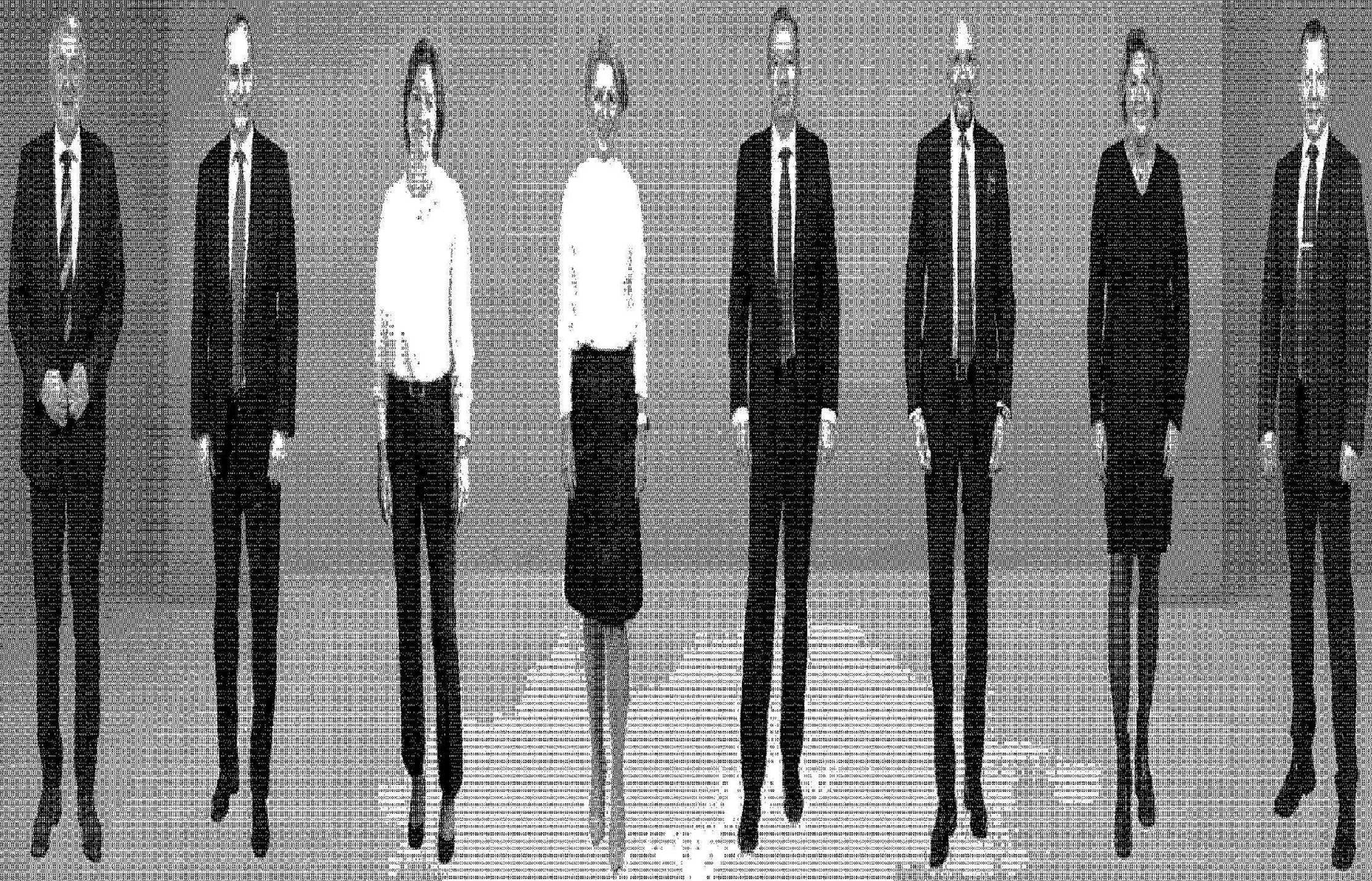
The ultimate authority in Nammo AS lies with its shareholders, represented by the Ministry of Trade, Industry and Fisheries of the Norwegian State and Patria Oyj. The Annual General Meeting, held in the second quarter of each year, is where the shareholders exercise their authority. The shareholders' agreement outlines the number of BoD representatives for each owner, as well as guidelines for the election of the Chairman of the Board.

CORPORATE GOVERNANCE

During the meeting, the BoD Report and financial statements, prepared in accordance with Norwegian requirements, are approved together with the executive remuneration policy and annual executive remuneration report. The proposed dividend by the BoD is also subject to approval. The Annual General Meeting appoints the BoD and the external auditors, and determines the auditor's remuneration. Additionally, all other matters listed in the notice convening the meeting are addressed during the Annual General Meeting.

3 | Board of Directors' Report

Board of Directors



Dag Schjerven
CHAIRMAN

Esa Rautalinko
VICE CHAIRMAN
President & CEO, Patria Oyj

Cathrine Bjaarstad
BOARD MEMBER
Executive Vice Precident (EVP), Specialists at Skanska Norway

Sirpa-Helena Sormunen
BOARD MEMBER

Jan Skogseth
BOARD MEMBER

Ville Jaakonsalo
BOARD MEMBER
CFO, Patria Oyj

Marianne Stensrud
BOARD MEMBER
Employee representative
Nammo Raufoss AS

Petri Kontola
BOARD MEMBER
Employee representative
Nammo Lapua Oy

Board of Directors' Report 2023

In the face of challenging business and geopolitical conditions, Nammo Group maintained its positive momentum to deliver higher revenues, net profit and order backlog in 2023. The Group's performance reflected its resilience and ability to deliver.

The outlook for the Group, with 3100 employees, a presence in 11 countries and headquarters at Raufoss, Norway, remains positive with a solid product and technology development pipeline with an all-time high order backlog. However, Nammo remains aware of current and possible challenges affecting operations and supply chains ahead as demand for defense products continues to rise sharply. The Group will implement measures to increase its production capacity and will continue with risk mitigation efforts, continuous improvements and investments in future technologies. While growing the business, personnel safety will remain a top priority.

Group revenues were NOK 9.19 billion in 2023, up from NOK 7.45 billion the previous year due to increased sales across all segments, with commercial ammunition as well as small, medium and large caliber military ammunition including shoulder-fired systems, as the key drivers. Key markets remain Europe and North America. Net income after tax amounted to NOK 609 million (NOK 508 million). The Board of Directors will propose an ordinary dividend of NOK 304.6 million (NOK 253.9 million) at the Annual General Meeting. At year end 2023 the Group's order reserve meanwhile stood at NOK 25.4 billion (14.8), its highest ever. This reflects both Nammo's strong market position and the significant demand for ammunition and shoulder-fired systems.

GENERAL COMMENTS

Demand for Nammo's products, particularly in artillery ammunition, shoulder-fired systems and rocket motors, is at an all-time high due to demand from Ukraine and as NATO allies seek to increase stock levels. The current situation is expected to persist and Nammo faces the task of producing and delivering greater product volumes at a faster pace than before, while providing a safe working environment.

Nammo's commitment to ramping up its production capacity involves investment in additional production equipment, machinery and related infrastructure in multiple countries, and the Group invested up to three times more than in an average pre-Ukraine war year to increase capacity. Still, the sheer scale of demand and associated investments continues to require risk sharing between industry and governments. The European Union's Act in Support of Ammunition Production (ASAP) was launched during the year as an important step in the right direction, as well as strong government investment support from Norway, Sweden, Finland and the US. On the organizational level, Nammo will need to bolster its organizational and operational resilience and capacity and strengthen its internal processes and workforce. Work to support this has already commenced.

The Group's on-time delivery to military customers decreased to 87 (92) percent mainly due to challenges in production ramp-up and accidents at two sites causing delays. Sick-leave for the Group was reduced from 4.9 percent in 2022, to 4.3 percent in 2023. Regrettably,

Nammo suffered two serious accidents at two of its sites, one causing a fatality and the other leading to a serious injury to an employee. Although separate and unrelated, the accidents serve as stark reminders of potential dangers faced in working with energetic materials and underline the importance of the work across the Group to reduce risks and prevent accidents, and further strengthen the safety culture. The Group's number of Lost Time Injuries (LTIs) per million working hours increased to 5.9 (4.6).

Nammo maintained a consistent focus on ESG performance in support of global initiatives during the year and the Group developed and benefited from its continued close relationships with customers and other key stakeholders.

Nammo, together with Boeing, set a record for the longest indirect fire test of a ramjet powered artillery projectile in Yuma, Arizona. The tests support the US Army's top modernization priority of long-range precision fires, showing both strategic and business potential for the Group on both sides of the Atlantic. The Group booked its highest ever order intake for artillery ammunition and components during the year and also noted strong order intake for its shoulder-fired systems (M72) to several nations, also including with the weapon being readied for mounting on new platforms.

STRATEGY FOR PROFITABLE GROWTH

Nammo maintained its position as a leading independent provider of specialty ammunition and rocket motors for both military and civilian customers. The Group's strategy remains to seek sustainable, profitable growth in the US, in Europe and the Nordic markets. Nammo's priority going forward is to build upon profitability, efficiency improvements and maintain R&D spending to strengthen its position as a high-end provider to government customers. Nammo will continue to maintain cost control and focus on operational and process improvements to manage future growth.

Geopolitical instability and active conflicts are driving increased demand and have resulted in a significant increase in order intake for some product categories. Strong demand will likely persist for some time and contribute to a significant growth of Nammo's business. This growth represents an opportunity, but will also lead to a transformative change for Nammo. Therefore, Nammo has established a program to handle the dual challenge of ramping up capacity and production to deliver on short term customer commitments, while setting the Group up for future growth. The program will identify, design and facilitate implementation of enhancements across the Group and will ensure long-term resilience for execution and delivery.

In the backdrop of the war in Ukraine and increased geopolitical tension, Nammo increased its order backlog by 71.2 percent during the year. However, the war did not have a significant impact on the Group's overall sales and profitability for the year.

OPERATIONS

"Uncertainty is the only certainty there is, and knowing how to live with insecurity is the only security" said US mathematician John Allen Paulos, and this seems to reflect the times we live in. After two years of managing Covid-19 related supply chain and operations issues followed by rising geopolitical tensions, the Group's operations have been under stress over time. Together with increased order intake and a significant increase in investment need, focus on the supply chain has been further intensified. The Western world has a greater focus on building stock and supporting Ukraine, which has significantly increased demand. This has had a knock-on effect on availability, prices and lead-times which is likely to last for some time. The Group will continue its efforts to secure long-term production slots from the supplier base. Nammo has adapted well to a challenging situation and has taken measures to scale up production by securing long-lead time production equipment, materials and components.

Nammo experienced significant growth in 2023 despite challenges related to availability of materials and components. With a professional and resilient organization, the Group was able to procure and produce according to its customer commitments. Nammo onboarded a significant number of new employees and delivered a record high production volume in 2023. Strained supply chains and continued growth in volume and staff are expected to continue in 2024.

Order intake continued to grow in 2023 and the Group's order backlog rose to nearly three time annual revenue, driven by demand for artillery, base bleed, M72 and tactical rocket motors. Nammo has continued developing new products and technology, which will be important for growth and business development.

Geopolitical tension has led to even closer cooperation among Norway, Sweden and Finland and between the EU countries. Nammo has initiated a number of strategic investments in facilities and infrastructure both to secure its supply chain and sufficient capacities in support of future deliveries. Nammo needs to continue its efforts to increase capacity, though in close cooperation and with co-funding from the relevant governments to reduce the Group's financial risk.

Nammo Management System (NMS) has been in use for a couple of years and is by definition how Nammo works. This has improved the internal control environment and helps to ensure that operations are efficient and compliant. NMS is an important tool for the Group in continuing to deliver world-leading products with world-leading processes and competencies.

FINANCIAL STATEMENTS

Pursuant to Section 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared under the assumption of a going concern as of the date of the financial statements. The Board confirms that the going concern assumption is valid. The Nammo Group's annual accounts have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles (N GAAP). The accounting policies used by the Group have also been applied by Nammo AS and its subsidiaries. For further information, please refer to the financial statements and note disclosures.

The Board confirms that the Directors' report give a true and fair view of the Group's development, operations and results for the year.

Operating profit and profitability

For 2023, the Group delivered an all-time high revenue of NOK 9.19 billion (7.45) and profit before tax of NOK 880 million (688). The profitability improvements of 2023 are the result of structured continuous improvement efforts, as well as increased sales and profits across all business segments. Higher net income before tax was mainly driven by strong performances of commercial small caliber ammunition, military small and medium caliber ammunition, shoulder-fired systems and the tactical rocket motor business in the US and Europe.

Combined, these enabled Nammo to generate an 18.4 percent return on Capital Employed (17.4 percent) and a substantial increase in company value due to increased profitability, order backlog and a positive future outlook.

Cash flow and liquidity

Nammo's net cash flow from operational activities in 2023 was NOK 1 386 million (313). The main drivers for the increase from 2022 to 2023 are related to profits for the year, significant increase in prepayments from customers, partly offset by the increase in inventory and accounts receivables. Cash outflow from investment activities was NOK 757 million (613). This is mainly driven by purchase of fixed assets in Nammo companies in Norway, Finland, USA and Sweden to support increased capacity, growth in new product areas, as well as general maintenance investments. Net positive cash flow from financing activities in 2023 amounted to NOK 767 million compared to a cash outflow of NOK 252 million last year. The main cash flow in financing activities for 2023 is cash received from new interest bearing debt, offset by a dividend payment to shareholders of NOK 253.9 million. The change from 2022 is mainly explained by the cash received from new interest bearing debt of NOK 1 139 million. The Group's net cash position was NOK 1 659 million at 31 December 2023 (263). In addition Nammo had unused credit facilities of NOK 1 137 million (1 400) at the end of 2023.

Based on the cash flow performance in 2023, cash available at year-end, as well as the available unused credit facilities, Nammo's financial flexibility is good. Continued focus on working capital efficiency and careful prioritization of investment requirements remain key priorities going forward.

Balance sheet

Total assets of the Nammo Group amounted to NOK 12 416 million at the end of 2023 (8 233). Net working capital, excluding cash, was NOK 1 717 million (2 005), while equity was NOK 4 014 million (3 564). Total liabilities were NOK 8 402 million (4 668) and the equity ratio ended at 32.3 percent (43.3 percent). Return on equity was 16.1 percent (15 percent). Total interest-bearing debt to financial institutions amounted to NOK 2 332 million at 31 December 2023 (1 223).

Risk factors

The war in Ukraine continues to underline the inherent risks in Nammo's operations. The past three years have demonstrated how the impact of world events may vary significantly between countries and regions and have shown the need for continued flexible risk mitigation strategies.

Market risk

The operational and financial development of the Group is highly reliant on the overall development of military and commercial ammunition markets. The fact that Nammo operates through four business units, each within a number of different segments, and a wide range of products and locations is an advantage, as it diversifies the risk over a broad platform of business activities. Nammo has manufacturing activities in nine different countries, each with its own export regulations with which Nammo is required to comply. Where export licenses are necessary to address a market, Nammo carries the risk that authorities might revoke these at any time, for reasons beyond Nammo's control.

Operational risk

The Group's value creation consists mainly of products and systems of high technological complexity. Safety is a key priority for Nammo, and the Group has established routines and procedures designed to minimize overall operational risk, particularly those related to the handling of explosives and other hazardous materials. The established routines and procedures are subject to continuous monitoring to ensure adequacy and effectiveness. (For further information regarding safety, refer to the section "Health, Environment, Safety and Security" below.)

In recent years, with COVID-19 and the war in Ukraine, Nammo has experienced increased risk of supply chain disruptions. Procedures are implemented to secure deliveries of critical raw materials and key components from suppliers.

Financial risk

Nammo has established policies for financial risk management at both corporate and business unit levels. The following have been identified as the key financial risk areas for the Group:

Currency risk: Nammo's customer base is global, and currency fluctuations have a major impact on the Group's financial statements. In light of this, monitoring currency risk through internal risk matching and hedging in the market, using financial instruments to secure the calculated earnings on contracts and thereby reducing exposure to fluctuations.

Commodity price risk: Price volatility related to copper, steel and other raw materials can directly affect cost of goods sold and hence it can have an effect on the Group's reported operating results. Nammo manages this risk by entering into commodity hedges for significant purchase transactions of metals. This is typically performed through back-to-back agreements with the applicable vendors.

Liquidity risk: Management of liquidity risk means maintaining sufficient cash and cash equivalents and having funds available through adequate committed credit facilities. Nammo maintains a high degree of financial flexibility through both of these.

Credit risk: Nammo's customers are mainly national defense ministries, armed forces and major companies in the defense and space industry in NATO and EU countries. The inherent credit risk is considered low. Credit risk is continuously monitored, and the risk associated with outstanding trade receivables is currently considered low.

Interest rate risk: Interest rate risk for the Nammo Group is monitored and assessed regularly. The main risk is related to long-term financing of the Group and is handled at corporate level. The Group has issued two bonds with fixed interest rates for the seven-year duration from 2021 and 2023 respectively. As of December 31, 2023 the Group has utilized NOK 763 MNOK of the total revolving credit facilities of NOK 1 500 million with a floating interest rate for the duration of the utilizations. The interest rate risk is currently considered limited.

Reputational risk

Nammo's reputation is one of the Group's most valuable assets. To protect the Group's reputation it is important to build a strong company culture.

Nammo has zero tolerance for corruption and runs training programs aimed at continuously strengthening the understanding of ethics and business integrity within the Group.

In order to maintain a strong reputation and the trust of the societies Nammo serves, the Group's products must always be developed and produced according to international laws and conventions.

Nammo's license to operate is dependent on each of the Group entity's compliance with strict national export regulations. Failure to do so represents a significant risk to the Group's reputation, and thereby its business. Nammo maintains its management systems to support the various quality and military standards, as well as regulatory and customer requirements. The integrated procedures and routines are essential risk mitigating factors, along with export control training and due diligence of the supply chain.

The development in the geopolitical situation, with several war and conflict scenarios, have led to increased focus on due diligence activities with regards to sanctions and human rights. All entities have been urged to have a high level of awareness with regards to its due diligence activities. Furthermore, the contact with all relevant national authorities have been strengthened in order to closely monitor any change in national policies and regulations.

In 2023 there were no direct actions caused by Nammo or any company practices known of that could be defined as major reputational risk. Nammo did not detect any unacceptable actions by its employees, leaders or anyone who directly represents its business or has a relationship with its business. Nor did the company receive any report on employees or business leaders involved in unethical behavior towards customers or suppliers.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Nammo's corporate social responsibility is to ensure security of supply to its national and allied forces in support of their work to preserve peace and democracy.

The Group is committed to support global initiatives such as the UN Global Compact and abide by the OECD Guidelines for Multinational Enterprises, which means that Nammo is to operate in a manner that:

- protects the environment
- has zero tolerance of corruption
- supports human rights and decent working conditions

Nammo requires compliance with human and labor rights in all operational sites and requires its overall business to maintain operational quality that prevents any negative effect on the local communities surrounding the facilities.

Nammo reports on sustainability in accordance with legal requirements (the Norwegian Accounting Act) and other industry recognized standards for material topics, such as the Global Reporting Initiative (GRI) standard. In 2023 the Group published its tenth UN Global Compact report. Codification of ESG requirements has taken place across several jurisdictions where Nammo has operations. The Norwegian Transparency Act, with the purpose of promoting companies respect for fundamental human rights and decent working conditions related to production of goods and provision of services, had its full year of effect during 2023. Nammo's full response displaying compliance with the Act is found in the Annual Sustainability Report and available at www.nammo.com.

Priorities

During 2023, Nammo followed up the work on key performance indicators within the five identified areas material for

its sustainability work; Business and Value Chain Integrity, Employee safety and well-being, Environmental and Product Stewardship. Nammo's approach to sustainability is defined in the Group strategy and integrated in the processes of the Nammo Management System.

The main priority has been to revise the Sustainability Goals to be aligned with the GHG protocol. Life cycle assessments (LCA) were performed on three core products and the future goal is to ensure that an LCA is part of all new product developments. A physical climate risk assessment was finalized for 13 selected sites and will be subject to a gap evaluation to decide any relevant risk mitigating actions. The new Capital Expenditure directive and the project planning tool integrated sustainability as part of the decision process.

Quarterly meetings with sustainability champions were established to secure data collection, good understanding and knowledge in the organization. The major focus for 2024 will be to prepare the organization to move from the GRI standard to the European Sustainability Reporting Standard.

Ethics and anti-corruption

In order to maintain the Group's awareness of business integrity, the Code of Conduct is a major part of the onboarding procedure of all new employees and a part of the annual training distributed by the e-learning program.

The total number of reported concerns from both the line organization and from the grievance mechanism was 25 (12). 15 of the total reported concerns were made through the grievance mechanism. There was an increase in registered concerns in the line organization in 2023 compared to 2022. No fraud or corruption incidents were reported in 2023.

Nammo has a zero-tolerance policy for corruption and bribery. Regular training sessions for both Nammo's employees and third parties acting on behalf of the Group is considered the best risk mitigation strategy. Training in ethics and anti-corruption is divided into three different programs: web-based e-learning, dilemma workshops for employees in high-risk positions, and tailor-made red flag training on fraud awareness and detection. A compliance program review was developed during the year and will be ready for site reviews in 2024.

People

Nammo's People Policy aims to ensure equal opportunities and rights for all employees, as well as preventing discrimination on any grounds. This applies in particular to recruitment, career and competence development, equal pay for equal work, equal pay for work of equal value and working conditions, though always balanced by the need to observe strict accordance with rules and regulations of national security authorities in the respective countries. Nammo's People Guiding Principles describe its commitment and expectations to all Nammo employees, including Leadership, Workplace Behavior, Fair Employment Practices & Equal Opportunities and Reward.

Nammo's employees are key to the Group's continued success. Through performance management processes Nammo aims to ensure that all employees know what is expected of them, and support them in acquiring the necessary skills, knowledge, values and experience to succeed. In addition, Nammo continues to develop and strengthen its leadership program "Nammo Academy".

As a responsible employer, Nammo has policies in place to support a reasonable work-life balance, safety and overall a good working environment, including several family-friendly arrangements. The Group has reason to believe that the company offers a positive working environment as the employee turnover rate in most parts of the Group remains low.

Women accounted for 27.6 percent of all employees at the end of the year, and the Group continues its efforts to encourage female employment. The positive development in the female ratio over the latest years supports efforts to increase the number of women in leadership positions at all levels and increase the diversity of the workforce. The goal is for women to comprise 30 percent of Nammo's workforce by 2030. The female ratio in the executive leadership was 18.2 percent.

During 2023 Nammo Group had an average of 2 925 full-time equivalent employees.

With regards to gender equality and fulfilment of the requirements pursuant to the Norwegian Equality and Discrimination Act. § 26, further details can be found in the Sustainability Report.

Board and Management insurance

Nammo has a directors' liability insurance that is applicable to the Group's Board members and Management. The insurance covers legal financial claims against the Board or Management arising from actions by the Board or Management. The insurance is valid for the parent company and all Nammo subsidiaries in which Nammo owns more than 50 percent. The insurance is placed with a reputable insurance company with a good rating and the insurance coverage is in line with the market for such insurances.

Health, Environment, Safety and Security (HESS)

HESS remains vital for all sites within the Nammo Group, especially in light of the fatal accident that occurred at Nammo Mesa in March 2023, as well as the serious injury that occurred at Nammo Karlsborg in May 2023. Integrating occupational health and safety as a key part of our daily operations is key to Nammo's ability to keep its workforce safe while delivering high quality products on schedule to our customers.

Production pressure continues to build due to the demand created by the war in Ukraine. It is critical that the Group continues to focus on safety while onboarding a significant number of employees to meet our obligations to our customers. During 2023, several workshops stressing the importance of psychological safety and the principles of Human and Organizational Performance (HOP) were conducted with leaders throughout the organization as part of our efforts to learn from normal operations to identify systemic weaknesses rather than waiting for an accident to identify them.

Site assessments

13 physical site assessments were conducted during 2023, in accordance with plan developed by the Nammo Group HESS director and the risk engineers from our insurers. The total number of physical site visits completed was reduced from the planned number due to a significant amount of time the HESS Director spent supporting Nammo Mesa following the fatal accident there. Risk Engineers from Nammo Group's insurers visited seven additional sites as part of an effort to improve our effectiveness and reduce redundant efforts.

Activities and results

During 2023, the Nammo Group experienced a fatal accident at Nammo Mesa and a serious injury at Nammo Karlsborg. While reviewing the factors surrounding these two accidents, several weaknesses in the safety management system (SMS) were revealed that will be addressed during 2024 and beyond. During 2024, an updated risk assessment model coupled with updated HESS Directives within the Nammo Management System (NMS) will be implemented in order to expand the Group's focus to organizational/system level issues that can lead to accidents. HESS resources at both the corporate and site level are being evaluated to identify areas Nammo needs to strengthen as the Group continues to grow.

The LTI value (#LTIs/1,000,000 working hours) for 2023 ended at 5.9. Nammo Group continued to share information regarding not only LTIs, but near-misses and critical hazard reports via Nammo Group Safety Flashes. Sick absence decreased from 4.9 percent in 2022 to 4.3 percent in 2023.

Environment

The Group's business has a direct impact on the environment through development, testing and production associated with energy usage, water usage, waste stream management, and transportation. The majority of Nammo employees work at sites certified in accordance with the ISO 14001 standard for Environmental Management Systems.

Efforts to remediate historical pollution at the Mesa site in cooperation with the US Environmental Protection Agency (EPA) and Arizona Department of Environmental Quality (ADEQ) are continuing. The site is planning to drill additional sampling wells to guide future remediation efforts resulting from operations conducted at the Mesa site prior to Nammo's acquisition of Talley Defense Systems Inc. in 2007 (today Nammo Defense Systems Inc.).

Ammonium perchlorate remains the primary contaminant of concern and operation of a fluidized bed reactor at the former water bore-out site continued remediation operations

at that location. Studies regarding the effectiveness of in situ remediation via perchlorate reducing microorganisms for the former thermal treatment unit location are continuing.

Security

Maintaining physical security continues to grow in importance due to the war in Ukraine and Nammo's position as key supplier to NATO and other allied nations. Close coordination and cooperation with national and local authorities in every country in which Nammo produces military products continues to be critical in successfully safeguarding its operations and people. Regular communication with local authorities ensures that Nammo Group sites are in compliance with regulatory requirements while staying on top of the constantly evolving threat landscape. There have been no reports of major security violations during 2023, but the Group has seen increased drone activity around several of its facilities that is being addressed in cooperation with local/national security authorities.

Nammo has improved its cybersecurity posture and digital preparedness during 2023. The Group had fewer known vulnerabilities in software and hardware than in previous years. This achievement is attributed to the further enhancement of tools for automatic security updates. The continuous pursuit of technical advancements remains imperative to fortify defenses against adversaries attempting to infiltrate Nammo's digital infrastructures and systems.

While Nammo currently upholds a commendable level of user cybersecurity awareness, there is a recognized need for more advanced and comprehensive employee training to effectively manage challenges introduced by artificial intelligence and other emerging technologies. It is imperative to acknowledge that Nammo's cybersecurity defenses are most effective when supported by robust security measures spanning organization, personnel and physical security domains. The threat landscape remains unpredictable and complex.

Nammo complies with cybersecurity requirements like ISO 27001 and UK Cyber Essentials where customers require formal certifications. Nammo did not identify any data breaches in 2023.

DISTRIBUTION OF DIVIDEND

At the Annual General Meeting the Board of Directors will propose a dividend payment of NOK 304.6 million for 2023. Assuming the proposed dividend, the Nammo AS profit for the year of NOK 340.2 million will be distributed as follows; NOK 304.6 million to dividend and NOK 35.6 million to other equity. The proposed dividend represents 50 percent of Nammo Group net profit for the year.

OUTLOOK FOR THE NAMMO GROUP

The Group remains impacted by global geopolitical developments which have affected government spending priorities across Nammo's core product areas. The effects of these are likely to impact the coming years across supply chains and distribution in the defense industry.

Nammo has strengthened its role in domestic security of supply for several of its core markets, but the Group remains an international company with its long-term prospects closely linked to international partnerships between industry and governments. NATO and allied countries remain key markets for the Group and these are expected to account for a significant portion of Nammo's growth in the years ahead. Thus, Nammo will continue to pursue programs, investments, partnerships and opportunities on both sides of the Atlantic.

In line with previous years, 96 (96) percent of Nammo's 2023 revenues were from these regions, with the United States representing 30 (35) percent of the year's sales.

Nammo's strategy emphasizes growth in its core markets and continuous internal improvement and investments to maintain technology leadership. The Group's ability to remain a reliable partner is key to maintain the position as a market leader long term. Nammo's prospects remain solid, and the Group's investment in production capacity, people, processes and technology will ensure its ability to secure the future for its stakeholders. The Board of Directors expresses its appreciation to all Nammo's employees and customers for their commitment, dedication and performance during the year.

Raufoss, 20 March 2024

Dag Schjerven	Esa Rautalinko	Jan Skogseth	Cathrine Bjaarstad	Ville Jaakonsalo
CHAIRMAN	VICE CHAIRMAN	BOARD MEMBER	BOARD MEMBER	BOARD MEMBER

Sirpa-Helena Sormunen	Marianne Stensrud	Petri Kontola	Morten Brandtzæg
BOARD MEMBER	BOARD MEMBER	BOARD MEMBER	PRESIDENT & CEO

Nammo

4 | Nammo Group

Income statement

(NOK 1 000)	Notes	2023	2022
Revenue	1, 2	**9 190 501**	7 451 599
Operating expenses			
Changes in stock of work in progress and finished goods		655 302	58 939
Changes in self-manufactured fixed assets		1 599	535
Cost of goods sold		(4 149 064)	(2 936 134)
Payroll expenses	3, 4	(2 606 709)	(2 177 658)
Depreciation of tangible and intangible non-current assets	5, 6	(322 783)	(284 929)
Write down of non-current assets	5, 6	(499)	(15 983)
Other operating expenses		(1 715 745)	(1 360 286)
Total operating expenses		**(8 136 901)**	(6 715 516)
Operating result		**1 053 600**	736 083
Financial income and expenses			
Income from associates and joint ventures – equity method	7	2 979	130
Interest income		144 648	37 907
Other financial income	8	5 577	43 650
Interest expenses		(239 575)	(60 658)
Other financial expenses	8	(86 984)	(69 156)
Net financial income (expense)		**(173 355)**	(48 127)
Profit before tax		**880 245**	687 956
Income taxes	9	**(271 203)**	(180 332)
Profit (loss) for the year		**609 042**	507 624

Balance sheet

(NOK 1 000)	Notes	As of 31.12.23	As of 31.12.22
ASSETS			
Non-current assets			
Intangible assets			
Deferred tax asset	9	52 918	58 700
Licenses, trademarks and other intangible assets	5	247 104	213 089
Research and development	5	183 562	193 662
Goodwill	5	61 949	99 216
Total intangible assets		**545 533**	564 667
Tangible assets			
Buildings	6	572 115	478 292
Land	6	53 745	53 407
Machines and equipment	6	1 026 809	855 951
Fixtures and fittings, tools, office machinery, etc.	6	149 094	124 202
Plant under construction	6	896 882	654 602
Total tangible assets		**2 698 645**	2 166 454
Financial fixed assets			
Shares in joint controlled companies	7	–	8 040
Other shares and participations	7	17 516	17 653
Pension assets	4	172 030	145 117
Other receivables	10	14 006	10 992
Total financial fixed assets		**203 552**	181 802
Total non-current assets		**3 447 730**	2 912 923
Current assets			
Inventory			
Raw materials		2 129 099	1 558 666
Work in progress		1 803 144	1 333 974
Finished goods		537 692	351 559
Total inventory		**4 469 935**	3 244 199
Receivables			
Accounts receivable	11	1 431 844	1 189 189
Other receivables	10	942 580	368 777
Advance payments to suppliers		464 844	254 358
Total receivables		**2 839 268**	1 812 324
Cash and cash equivalents	12	**1 658 855**	263 257
Total current assets		**8 968 058**	5 319 780
Total assets		**12 415 788**	8 232 703

Balance sheet

(NOK 1 000)	Notes	As of 31.12.23	As of 31.12.22
EQUITY AND LIABILITIES			
Equity			
Share capital	13	100 000	100 000
Other paid in capital	13	258 670	258 670
Other equity	13	3 655 046	3 205 769
Total equity		**4 013 716**	3 564 439
Liabilities			
Non-current liabilities			
Pension liabilities	4	196 785	186 979
Deferred tax liabilities	9	111 014	80 375
Other provisions		21 514	6 466
Total non-current liabilities		**329 313**	273 820
Other non-current liabilities			
Liabilities to financial institutions	14	2 332 167	1 222 609
Other non-current liabilities		148 675	120 201
Total other non-current liabilities		**2 480 842**	1 342 810
Current liabilities			
Warranty provisions	15	158 018	129 686
Accounts payables		592 048	543 452
Current tax payables	9	69 963	70 410
Public duties		311 562	205 791
Dividend payable		304 600	253 900
Prepayments from customers		3 548 269	1 351 865
Other short-term liabilities		607 457	496 530
Total current liabilities		**5 591 917**	3 051 634
Total liabilities		**8 402 072**	4 668 264
Total equity and liabilities		**12 415 788**	8 232 703

Raufoss, 20 March 2024

Dag Schjerven CHAIRMAN	Esa Rautalinko VICE CHAIRMAN	Jan Skogseth BOARD MEMBER	Cathrine Bjaarstad BOARD MEMBER	Ville Jaakonsalo BOARD MEMBER

Sirpa-Helena Sormunen BOARD MEMBER	Marianne Stensrud BOARD MEMBER	Petri Kontola BOARD MEMBER	Morten Brandtzæg PRESIDENT & CEO

Cash flow

(NOK 1 000)	2023	2022
Cash flow from operational activities		
Result before tax	880 247	687 956
Tax payments	(217 286)	(166 903)
Gain and loss on sale of fixed assets	(856)	(312)
Ordinary depreciations	322 783	284 929
Write-down fixed assets	(499)	16 118
Net interest cost	94 927	22 751
Changes in inventory	(1 176 782)	(557 622)
Changes regarding accounts receivables	(193 785)	(319 630)
Changes regarding accounts payables	22 415	141 424
Difference pension costs and paid pension premiums	(29 241)	(30 025)
Changes in other dispositions	1 684 352	234 519
Net cash flow from operational activities (a)	**1 386 275**	313 205
Cash flow from investment activities		
Sale of fixed assets	11 028	9 874
Purchase of fixed assets	(779 418)	(623 032)
Proceeds from discontinued operations	11 019	–
Net cash flow from investment activities (b)	**(757 371)**	(613 158)
Cash flow from financing activities		
Payments received regarding new long-term loans	1 138 799	21 963
Installments on long-term loans	(23 478)	(21 245)
Net interest payments	(94 927)	(22 751)
Payments received from dividend	200	120
Paid dividend	(253 900)	(229 600)
Net cash flow from financing activities (c)	**766 694**	(251 513)
Net changes in cash and bank accounts (a+b+c)	1 395 598	(551 466)
Cash and bank accounts as of 01.01.	263 257	814 723
Cash and bank accounts as of 31.12.	**1 658 855**	263 257

Total unused cash credits as of 31 December 2023 is NOK 1 137 million. See note 14.

NAMMO GROUP

Consolidated financial statements 2023

Content Notes

Accounting policies Nammo Group 101

Notes to the financial statements

NOTE 1 Revenue 104

NOTE 2 Financial market risk 105

NOTE 3 Employee and management remuneration and auditor's fees 106

NOTE 4 Pension liability and pension cost 107

NOTE 5 Intangible assets 108

NOTE 6 Fixed assets 109

NOTE 7 Shares in other companies 109

NOTE 8 Financial items 110

NOTE 9 Income taxes 110

NOTE 10 Other receivables non-current and current 112

NOTE 11 Receivables and losses on bad debts 112

NOTE 12 Cash reserve 113

NOTE 13 Equity and shareholders 113

NOTE 14 Interest bearing loans and guarantees 114

NOTE 15 Warranty provision 114

Accounting policies Nammo Group

General

The Nammo Group consists of Nammo AS and its subsidiaries. Nammo AS is public limited liability company (Aksjeselskap). Nammo AS headquarters are located in Raufoss, Norway.

The consolidated financial statements consist of the Group and its interests in associated companies and joint ventures.

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and the Norwegian General Accepted Accounting Principles.

Basis of consolidation

The consolidated financial statements include Nammo AS and subsidiaries where Nammo AS, directly or indirectly have a controlling interest. Controlling interest is usually achieved when Nammo has more than 50 percent of voting rights. In some situations, de facto control of an entity may be achieved through contractual agreements. Subsidiaries that are acquired or sold during the year are included or excluded from consolidation when the Group achieves control or ceases to have control. All inter-company transactions and balances between Group companies are eliminated.

Minority interests of consolidated subsidiaries are identified separately from equity attributable to equity holders of Nammo AS. Minority interests consist of the amount of those interests at the acquisition date (see below) and the minority's share of changes in equity since the acquisition date.

Foreign currencies

The individual financial statements of a subsidiary are prepared in the company's functional currency, normally the currency of the country where the company is located. Nammo AS uses NOK as its functional currency, which is also used as the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, the financial statements of foreign subsidiaries are translated to NOK using the exchange rates at year-end for balance sheet items and yearly average exchange rates for income statement items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in shareholder's equity.

In individual subsidiaries, transactions in currencies other than the entity's functional currency are recorded at the exchange rate at the date of the transaction. Gains and losses arising on transactions, assets and liabilities other than the translation gains/losses, are recognized in the income statement, except for gains and losses on transactions designated and effective as hedge accounting.

To hedge the Group's currency exposure the Group enters into currency-based derivative financial instruments. The Group's accounting policies for such hedge contracts are explained in these accounting policies.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under NRS 17, are recognized at their fair values at the acquisition date. If acquiring less than 100 percent of a company, the interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognized at the date of acquisition. Goodwill is initially recognized at cost and then amortized according to the assessed economic lifetime.

Negative goodwill arising as part of a business combination is amortized periodically over 5 years.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for products provided in the normal course of business, net of discounts and sales related taxes. Revenue from the sale of products is recognized when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably

Dividends received

Dividends from investments are recognized in the income statement when the Group has a right to receive the dividends.

Interest income

Interest income is recognized in the income statement as it is accrued.

Government grants

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will receive them and comply with conditions attached to them.

Government grants that compensate the Group for expenses are recognized in the income statement as the expenses are incurred. Government grants that compensate the Group for the cost of an asset are recognized as a reduction to the total investment and thus also to the future depreciations of the asset.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill that is not deductible for tax purposes.

Current and deferred taxes are recognized as expense or income in the income statement, except when they relate to items recognized directly in equity, in which case the tax is also recognized directly in equity.

In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of Nammo's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Intangible assets

Separately acquired intangible assets are recognized at cost at the time of acquisition. Intangible assets acquired as a result of contracts or legal rights or rights that can be separated from the acquired entity, are recognized at fair value.

Cost relating to significant development projects for new technologies, products, tooling etc., which is estimated to give future positive cash flow, is recognized as research and development costs in the balance sheet. All other research and development costs are expensed when incurred.

Intangible assets are amortized on a straight-line basis over their expected useful life. Capitalized R&D is amortized over future deliveries of the applicable product/technology, classified as cost of goods sold in the profit and loss.

Property, plant and equipment

Property, plant and equipment are measured at historic cost less accumulated depreciation and any impairment loss.

Expenses in connection with ordinary maintenance and repairs are recognized in the income statement as they incur. Expenses incurred in connection with major replacements and renewals are capitalized and depreciated on a systematic basis.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful life.

Gain or loss due to sale or retirement of property, plant and equipment is calculated as the difference between sales proceeds and carrying value and is recognized in the income statement.

Interest is capitalized as part of the historical cost of major assets constructed.

Associated companies

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence normally exists when the Group controls between 20 percent and 50 percent of the voting rights. The share of net income, assets and liabilities of associated companies are incorporated into the consolidated financial statements using the equity method of accounting.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and one or more parties undertake an economic activity that is subject to joint control, which is when the strategic and financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. Accounting for participation in joint ventures is based on the equity method as described under the accounting principles for associated companies.

Inventory

Inventories comprise of finished goods, work in progress and raw materials. Finished goods refer to own produced products and goods purchased for resale. Work in progress are partly processed, unfinished products. Raw materials include materials purchased from external parties such as metals, chemicals, ammunition powder, explosives, acquired components etc.

Inventories are recorded at the lower of cost, using the first-in, first-out method (FIFO) and net realizable value. Net realizable value is estimated sales price reduced by costs of completion and other sales costs.

The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. This include direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

Impairment of non-current assets

The Group assesses the carrying amount of tangible assets and identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying amounts may not be recoverable. Factors considered material by the Group trigger an impairment test.

These include:

- Significant underperformance relative to historical or projected future results, or
- Significant changes in the manner of the Group's use of the assets or the strategy for the overall business, or
- Significant negative industry or economic trends

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. When it is determined that the carrying amount of tangible assets and identifiable intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, an impairment charge is measured based on discounted projected cash flows. An impairment loss is recognized to the extent that the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Previously recognized impairment losses are reversed if the assumptions for impairment are no longer present.

Dividend liability

A dividend liability is recognized based the Board of Directors proposal to be approved by the annual General Meeting.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans are calculated separately for each plan, based on the legislation in the respective countries where group companies have defined benefit plans. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets and unvested past service cost is deducted. The discount rate is based on the risk free rate (interest rate on long term government bonds) and the recommendation from The Norwegian Accounting Standards Board (Norsk Regnskapsstiftelse), plus a risk premium. Qualified actuaries perform the calculations.

The actuarial gains or losses are recognized using a corridor. The corridor is defined as 10 percent of the highest of the defined benefit obligation (DBO) and total plan assets. The net actuarial gain or loss exceeding the corridor is amortized in the income statement over the estimated remaining period of service from the members in the plan.

Defined contribution plans

Contributions to defined contribution pension plans are recognized as an expense in the income statement when employees have rendered services entitling them to the contributions.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received from it.

Warranties

Provisions for warranties are recognized when the products or services are sold. This is done to meet future claims on already sold products and services. The provision is based on an assessment of the business Nammo operates in, historical information on actual warranty payments incurred, and the probability that claims will be made.

Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are recognized at the lower of the transaction amount (historic cost) and the fair value at the time of reporting.

Trade payables and other short-term liabilities

Trade payables are recognized at the higher of the transaction amount (historic cost) and the fair value at the time of reporting.

Impairment of financial assets

Financial assets, other than those recognized at fair value through the income statement, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at historic cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at historic costs including transaction costs.

Financial instruments

The Group uses financial instruments to hedge exposure against foreign exchange risk in operating, financing and investment activities. The financial instruments are entered into based on a 'back-to-back' process, meaning that we usually make a hedge based on a specific underlying sale or purchase contract.

Hedge accounting

The Group designates certain financial instruments as either hedges of foreign currency risk of future cash flows (cash flow hedges), or hedges of net investments in foreign operations.

Cash flow hedges

The effect of the financial instruments used as hedging instrument in a cash flow hedge are recognized in the profit and loss in the same period as the underlying hedged transaction is recognized.

Hedge of net investment

Changes in book value of financial instruments used as hedges of net investment in foreign operations are recognized directly in equity.

Leasing

Property, plant and equipment which is leased on conditions which substantially transfer all the economic risks and rewards to Nammo (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments or fair value if this is lower. The corresponding finance lease liabilities are included in other non-current liabilities. Property, plant and equipment is depreciated over the estimated useful lives of the assets.

The related liabilities are reduced by the amount of lease payments less the effective interest expense. Other leases are accounted for as operating leases, with lease payments recognized as an expense over the lease terms.

Notes to the financial statements

NOTE 1: Revenue

The Nammo Group consists of subsidiaries in Norway, Sweden, Finland, Germany, Switzerland, Spain, USA, England, Ireland, Poland, India, Australia and Canada.

Revenue from Nammo subsidiaries per country

(NOK 1 000)	2023	2022
England	198 131	150 159
Finland	1 002 812	790 164
Germany	1 326 237	1 001 572
Ireland	20 130	17 639
Norway	2 630 602	2 141 652
Spain	508 267	373 877
Sweden	1 494 399	1 106 954
USA	2 009 925	1 869 582
Total	**9 190 501**	7 451 599

Revenue per geographical location of customers

(NOK 1 000)	2023	2022
Norway, Sweden and Finland	2 519 950	2 229 260
Other Europe	3 323 872	2 167 263
North America	2 928 727	2 749 469
Asia	245 560	117 198
Other countries	172 393	188 409
Total	**9 190 501**	7 451 599

NOTE 2: Financial market risk

The Nammo Group has both sales and purchases in foreign currencies. To reduce the financial risk of currency changes, secured exchange rate instruments (forwards contracts) is used to hedge contracts in foreign currency with both the customers and suppliers.

Transactions are recorded at the hedged rates of exchange.

Cash flow hedges as of December 2023

(Amounts in currency 1 000)

Transaction type	Buy/Sell(-)	CAD	CHF	EUR	GBP	SEK	DKK	USD
FX Forward	Buy	–	21 799	141 874	13 063	283 672	4 132	85 319
	Sell (–)	(5 720)	–	(251 991)	(22 117)	(501 091)	–	(206 165)
FX SWAP	Buy	–	–	14 229	–	–	–	151 926
	Sell (–)	–	–	(71 760)	(9 224)	(668)	–	(316 689)

Maturity FX Forward's and FX SWAP's – percentage allocation based on nominal value in NOK

Transaction type	Buy/Sell(-)	Year 2024	Year 2025	Year 2026	Year 2027
FX Forward	**Buy**	52.7 %	38.1 %	6.3 %	2.9 %
	Sell (–)	35.6 %	40.9 %	20.6 %	2.7 %
FX SWAP	**Buy**	100 %	–	–	–
	Sell (–)	88.4 %	11.2 %	0.4 %	–

According to the Norwegian accounting legislation the hedging instrument is recognized in the profit and loss in the same period as the underlying transaction.

In some cases the underlying transaction does not happen at the maturity date of the hedging instrument. In these cases FX SWAPs are placed with a maturity date matching the new estimated time of the underlying transaction. The profit and loss effect of both the FX Forward and FX SWAP is matched with the underlying transaction.

NOTE 3: Employee/management remuneration and auditor's fees

(NOK 1 000)	2023	2022
Salaries	1 995 095	1 681 445
Employment taxes	234 959	199 061
Pension costs	194 679	160 501
Other personnel costs	181 976	136 651
Total	**2 606 709**	2 177 658
Average number of man-years	**2 925**	2 679

Remuneration CEO, Board of Directors and corporate management

(NOK)	Function	Salary	Additional pension element	Earned bonus for 2023	Other comp	Pension cost	Total	Fixed	Variable
Morten Brandtzæg	President and CEO	4 907 928	2 530 980	2 973 233	430 505	229 402	11 072 048	73 %	27 %
Kjell Kringsjå	President Nammo Inc.	3 938 705	241 836	764 820	65 017	222 742	5 233 121	85 %	15 %
Christian Rykke	SVP Finance/CFO (to April)	1 314 107	81 176	–	52 607	112 656	1 560 546	100 %	0 %
Lars Furuseth	SVP Finance/CFO (from May)	1 470 887	92 158	706 594	112 519	131 976	2 514 134	72 %	28 %
Stein Erik Nodeland	EVP AP	2 090 616	116 776	717 800	249 279	215 029	3 389 500	79 %	21 %
Vegard Sande	EVP LCS	2 606 823	208 010	1 020 726	384 380	173 687	4 393 626	77 %	23 %
Reijo Bragberg	EVP SMCA	2 261 382	–	719 814	19 114	897 212	3 897 521	82 %	18 %
Raimo Helasmäki	EVP CA	3 698 619	–	1 220 103	183 838	702 531	5 805 092	79 %	21 %
Thomas Ramse Andersen	SVP Business Development	1 797 103	47 018	423 908	231 747	258 870	2 758 646	85 %	15 %
Anne Haugen-Flermoe	SVP Legal & Regulatory Affairs	1 937 794	93 082	484 012	187 126	248 217	2 950 230	84 %	16 %
Sissel Solum	SVP Sustainability & Compliance	1 844 477	66 308	492 856	181 096	231 161	2 815 899	82 %	18 %
Fredrik Tangeraas	SVP Communications	1 976 676	77 228	471 330	136 361	275 746	2 937 341	84 %	16 %

Board of Directors		**Remuneration**
Dag Schjerven	Chairman	501 433
Esa Rautalinko	Vice Chairman	470 233
Cathrine Bjaarstad	Board Member	277 366
Sirpa-Helena Sormunen	Board Member	284 566
Ville Jaakonsalo	Board Member	298 966
Marianne Stensrud	Board Member	277 366
Petri Kontola	Board Member	284 566
Jan Steffen Skogseth	Board Member	284 566

All Norwegian corporate management members are included in a collective defined benefit pension plan in Norway.
For further information see the separate executive remuneration report.

Auditor's fee

All numbers are presented exclusive VAT.

(NOK 1 000)	2023	2022
Group auditors fees	8 531	6 897
Fees for other assurance work	348	106
Tax advisory services	134	175
Other services	198	274
Total	**9 211**	7 452

NOTE 4: Pension liability – pension cost

The companies with pension arrangements, which provide the employees with the right to defined future pension payments, are included in the calculations of the pension liability (defined benefit plans). The pension liability at 31 December 2023 was NOK 196.8 million and is derived from the companies in Sweden, Germany and Finland. Pension assets in Norway were 172.0 million at 31 December 2023. The defined benefit plan in Norway has 379 (409) active members, whereas in Sweden there are 99 (100) active members. In addition, contribution pension plans exist in the other countries where we operate.

The total periodic pension costs for both defined benefit plans and defined contribution plans are included in personnel costs in the profit and loss statement. The different pension plans are structured and based upon the laws and regulation in the respective countries. The assumptions used for the actuary calculations are as follows:

Assumptions	**Norway**	**Sweden**
Discount rate	3.70 %	3.80 %
Yield from pension funds	5.40 %	–
Annual salary increase	3.75 %	2.10 %
Annual increase in G	3.50 %	–
Annual expected adjustment of pensions under payment	2.40 %	–
Annual increase Income Base amount	–	2.10 %
Inflation	–	1.60 %

Pension costs

(NOK 1 000)	2023	2022
Service costs	20 450	45 420
Amortization of net actuarial losses (gains)	16 830	4 946
Interest costs (income)	(764)	(94)
Pension cost related to defined contribution plans	158 163	110 229
Settlement pension plans	–	–
Net periodic pension costs	**194 679**	160 501

Pension liabilities/assets

(NOK 1 000)	2023	2022
Defined benefit obligation incl. social security tax	789 148	767 478
– Fair value of plan assets	(533 637)	(501 324)
Net pension obligation	**255 511**	266 154
Items not recorded in the profit and loss:		
Unrecognized net actuarial loss (gain)	(230 756)	(224 292)
Net pension liability	**24 755**	41 862
Classified as pension asset in the balance sheet	**172 030**	145 117
Classified as pension liabilities in the balance sheet	**196 785**	186 979

NOTE 5: Intangible assets

(NOK 1 000)	Patents, trademark and other intangible assets	Goodwill	Research and Development	Total assets
Acquisition cost as of 01.01.23	892 612	486 171	328 623	1 707 406
Additions during the year	53 828	–	13 749	67 577
Disposals during the year	(33 002)	–	(17 496)	(50 498)
Exchange difference acq. cost	33 997	16 049	–	50 046
Acquisition cost 31.12.23	947 435	502 220	324 876	1 774 531
Accumulated amortizations 31.12.23	(683 486)	(440 271)	(76 310)	(1 200 066)
Accumulated write-down 31.12.23	(16 845)	–	(65 004)	(81 849)
Book value as of 31.12.23	**247 104**	**61 949**	**183 562**	**492 615**
Amortization this year	**29 589**	**42 136**	**6 353**	**78 078**
Write-down this year	–	–	–	–
Economic lifetime (years)	1–10	5–10	1–10	
Depreciation plan	Linear	Linear	Linear	

Goodwill amortized over more than five years is goodwill originating from companies with products strongly rooted with the customers and a strong market position, which is expected to last materially longer than five years.

Amortizations and write-downs related to research and development is classified as cost of goods sold in the P&L.

NOTE 6: Tangible fixed assets

(NOK 1 000)	Buildings	Land	Machinery and equipment	Fixtures, fittings, tools, office machinery, etc	Plants under construction	Total assets
Acquisition cost as of 01.01.23	1 165 054	81 336	2 902 279	559 922	711 423	5 420 013
Additions during the year	132 887	92	290 767	47 864	216 475	688 085
Disposals during the year	(4 567)	–	(10 969)	(9 101)	–	(24 637)
Exchange difference acq. cost	42 195	3 142	107 286	30 250	28 287	211 160
Acquisition cost 31.12.23	1 335 569	84 570	3 289 363	628 935	956 186	6 294 621
Accumulated depreciations 31.12.23	(705 714)	(30 825)	(2 213 723)	(468 835)	(19 133)	(3 438 230)
Accumulated write-down 31.12.23	(57 740)	–	(48 831)	(11 004)	(40 171)	(157 746)
Book value as of 31.12.23	**572 115**	**53 745**	**1 026 809**	**149 094**	**896 882**	**2 698 645**
Depreciations this year	**56 546**	**1 900**	**162 860**	**29 752**	–	**251 058**
Write-down this year	–	–	**(499)**	–	–	**(499)**
Annual leasing cost of assets not recognized in balance sheet	104 853	7 760	38 812	9 317	–	160 742
Economic life time (years)	10–50	–	5–20	3–10	–	–
Depreciation plan	Linear	linear	linear	Linear	–	–

Included in machinery and equipment there are two financial lease contracts in Finland capitalized with NOK 59.3 million. The lease expires in 2029 and 2032 respectively. Yearly lease cost is NOK 12.1 million.

NOTE 7: Shares in other companies

Shares and participations

(NOK 1 000)	Booked value NOK	Ownership
Komm-In AS, Norway	4 500	8 %
Sintef Raufoss Manufacturing AS, Raufoss, Norway	1 302	14 %
Raufoss Industripark Holding AS, Raufoss, Norway	10 880	2 %
Nordic Additive Manufacturing AS	750	12 %
Others	84	–
Total	**17 516**	

Joint controlled companies are recognized according to the equity method in the consolidated financial statements. In 2023, SN Technologies SA was terminated, and the remaining funds were transferred, constituting a net income of NOK 2.98 million from SN Technologies SA.

For information about the Nammo AS subsidiaries, reference is made to Nammo AS' financial statement note 8.

NOTE 8: Financial items

(NOK 1 000)	2023	2022
Gain on exchange	4 808	42 103
Other financial income	770	1 547
Total other financial income	**5 577**	43 650
Loss on exchange	(76 805)	(60 015)
Other financial expenses	(10 179)	(9 141)
Total other financial expenses	**(86 984)**	(69 156)

NOTE 9: Income taxes

Deferred tax liability/deferred tax asset (–)

The deferred tax liabilities/tax asset has been calculated on the basis of the temporary differences existing at the end of the accounting year between accounting values and taxation values. The specification below shows the temporary differences and the calculation of the deferred tax liabilities/tax advantages as at the end of the accounting year.

Temporary differences

(NOK 1 000)	2023	2022	Change
Intangible assets	35 069	38 645	3 576
Fixed assets	639	12 532	11 893
Accounts receivables	(3 214)	(54 530)	(51 316)
Inventory	(705 264)	(436 256)	269 008
Pension liabilities	151 939	109 298	(42 641)
Warranty liabilities	(164 618)	(123 130)	41 488
Other non-current temporary differences	963 232	643 381	(319 851)
Other current temporary differences	(276 731)	(187 787)	88 944
Temporary differences	**1 052**	2 153	1 101
Carried forward losses for tax purposes	(733 956)	(704 224)	
Total temporary differences	**(732 904)**	(702 071)	
Gross deferred tax/deferred tax assets (–)	(208 035)	(196 041)	
Deferred tax assets not recognized in the balance sheet	266 131	217 716	
Net deferred tax liability/deferred tax asset (–)	**58 096**	21 675	
Classified as deferred tax asset	**52 918**	58 700	
Deferred tax liability in the balance sheet	**111 014**	80 375	

Payable income taxes

(NOK 1 000)	2023
Net income before tax	880 245
Changes in temporary differences	1 101
Exchange differences temporary differences	(56 402)
Permanent differences	28 611
Use of carried forward losses	(95 522)
Taxable income	**758 035**
Payable income tax	**219 652**

Tax expense in profit and loss

(NOK 1 000)	2023
Payable tax on this year's result	219 652
Adjustments prior years	(99)
Payable tax in this year's tax cost	**219 553**
Change in deferred tax/deferred tax asset	36 122
Other items	(15 528)
Tax expense in the P&L	**271 203**

Payable tax in the balance sheet

(NOK 1 000)	2023
Payable taxes	217 414
Prepaid taxes	(147 562)
Other items	111
Payable tax in balance sheet	**69 963**

NOTE 10: Other receivables non-current and current

These items include accrued revenue, receivables from employees, VAT receivables and other receivables.

Non-current

(NOK 1 000)	2023	2022
Other receivables	14 006	10 992
Other non-current receivables	**14 006**	10 992

Current

(NOK 1 000)	2023	2022
VAT receivables	76 819	–
Accrued revenue	740 981	295 960
Other receivables and prepaid expenses	134 780	72 817
Other current receivables	**952 580**	368 777

NOTE 11: Accounts receivables and losses on bad debts

(NOK 1 000)	2023	2022
Accounts receivables	1 468 928	1 260 535
Provision for bad debt	(37 084)	(71 346)
Book value of accounts receivables	**1 431 844**	1 189 189

No receivables fall due later than five years from 31 December 2023.

NOTE 12: Cash reserve

(NOK 1 000)	2023	2022
Total available cash and cash credits 31 December	**2 795 925**	1 663 257

Nammo AS has established an international cash pool together with the following group companies:

Finland Nammo Lapua Oy and Nammo Vihtavuori Oy.

Germany Nammo Schönebeck GmbH, Nammo Germany Defence GmbH and Nammo Germany GmbH.

Norway Nammo AS, Nammo Raufoss AS and Nammo NAD AS.

Sweden Nammo Sweden AB and Hansson Pyrotech AB.

USA Nammo Inc., Nammo Defense Systems Inc., Nammo Composite Solutions LLC., Nammo Tactical Ammunition LLC., Nammo Pocal Inc., Nammo Technologies Inc., Capstone Precision Group LLC., Nammo Energetics Indian Head Inc. and Nammo Perry Inc.

Spain Nammo Palencia S.L.

Ireland Nammo Ireland Ltd.

Switzerland Nammo MTH SA.

UK Nammo (U.K.) Ltd.

All parties participating in the cash pool are mutually liable.

NOTE 13: Equity and shareholders

(NOK 1 000)	Share capital	Other paid in capital	Other equity	Minority interest	Total
Equity as of 31.12.22	**100 000**	**258 670**	**3 205 769**	–	**3 564 439**
Profit for the year	–	–	609 044	–	609 044
Proposed dividend to shareholders [1]	–	–	(304 600)	–	(304 600)
Other items	–	–	452	–	452
Exchange differences	–	–	144 381	–	144 381
Equity as of 31.12.23	**100 000**	**258 670**	**3 655 046**	–	**4 013 716**

[1] Board of director's proposal to the general meeting of shareholders.

Nammo AS shareholders are disclosed in Nammo AS' financial statement, note 11.

NOTE 14: Interest bearing loans, available cash credits and guarantees

(NOK 1 000)	2023	2022
Total interest bearing loans/bonds	**2 332 167**	1 222 609

Nammo AS long-term loans and bond as of December 31, 2023 consist of:

(NOK 1 000)	Final maturity date	Facility total	Utilized	Available
Term loan facility, NOK 600 millions	December 22, 2026	600 000	600 000	–
Bond Issuance, NOK 600 millions	October 13, 2028	600 000	600 000	–
Bond Issuance, NOK 300 millions	July 3, 2030	300 000	300 000	–
Revolving credit facility, NOK 500 millions	July 6, 2024*	500 000	–	500 000
Revolving credit facility, NOK 1 000 millions	December 22, 2026	1 000 000	762 930	237 070

* Option for a one-year extension, plus one additional year.

Available unused cash credits at 31 December 2023:

(NOK 1 000)	Cash credits
Revolving credit facility	237 070
Revolving credit facility	500 000
Additional cash credits available	400 000
Total unused cash credits at year-end	**1 137 070**

The financial covenants related to the long-term loans from credit institution are:

- Net Debt to EBITDA maximum 3.0, and
- Total Equity to Total assets, minimum at 30 %

At December 31, 2023 there are no default related to the financial covenants.

Guarantees not recognized in the balance sheet as of 31 December 2023 is NOK 1 393 million.

NOTE 15: Warranty provision

(NOK 1 000)	2023	2022
Warranty provision 01.01.23	129 686	130 430
Exchange differences	6 436	689
Change in provision during the year	21 896	(1 433)
Warranty provision 31.12.23	**158 018**	129 686

Nammo

5 | Nammo AS

Income statement

(NOK 1 000)	Notes	2023	2022
Revenue	1	**169 932**	138 633
Operating expenses			
Payroll expenses	2, 3	(100 145)	(87 107)
Depreciation	4	(4 362)	(1 849)
Other operating expenses	5, 6	(105 932)	(99 188)
Total operating expenses		**(210 439)**	(188 144)
Operating profit		**(40 507)**	(49 511)
Financial income and expenses			
Received group contribution		250 000	200 000
Interest income	5	178 378	67 069
Other financial income	5	217 406	177 801
Interest expenses	5	(110 423)	(25 738)
Other financial expenses	5, 6	(104 974)	(93 106)
Net financial income (expense)		**430 387**	326 026
Profit before tax		**389 880**	276 515
Income taxes	7	**(49 727)**	(53 190)
Profit (loss) for the year		**340 153**	223 325
The Board's proposal for allocation of the profit			
Dividend		304 600	253 900
Other equity		35 553	(30 575)
Total		**340 153**	223 325

Balance sheet

(NOK 1 000)	Notes	As of 31.12.23	As of 31.12.22
ASSETS			
Non-current assets			
Intangible assets			
Licenses and other intangible assets	4	23 620	2 306
Total intangible assets		**23 620**	2 306
Tangible assets			
Buildings	4	6 400	6 908
Machines and equipment	4	–	8
Fixtures and fittings, office machines etc.	4	25	649
Fixed assets under construction	4	–	1 860
Total tangible assets		**6 425**	9 425
Financial fixed assets			
Investments in subsidiaries	8	609 365	609 365
Investments in other shares and participations		10 942	11 080
Loans to group companies		1 114 530	1 095 103
Pension assets	3	11 670	8 626
Other receivables		1 857	2 126
Total financial fixed assets		**1 748 364**	1 726 300
Total non-current assets		**1 778 409**	1 738 031
Current assets			
Receivables			
Accounts receivables		798	976
Receivables from group companies	9	209 401	170 562
Receivable group contributions		250 000	200 000
Prepayments to vendors		9 274	10 104
Other receivables		9 067	7 811
Total receivables		**478 540**	389 453
Cash and cash equivalents	9, 10	**2 319 455**	204 753
Total current assets		**2 797 995**	594 206
Total assets		**4 576 404**	2 332 237

Balance sheet

(NOK 1 000)	Notes	As of 31.12.23	As of 31.12.22
EQUITY AND LIABILITIES			
Equity			
Share capital	11, 12	100 000	100 000
Premium fund	12	258 670	258 670
Total paid in capital		**358 670**	358 670
Other equity	12	350 441	314 883
Total earned equity		**350 441**	314 883
Total equity		**709 111**	673 553
Liabilities			
Non-current liabilities			
Deferred tax	7	70 046	54 389
Total non-current liabilities		**70 046**	54 389
Other non-current liabilities			
Liabilities to financial institutions	13	2 326 120	1 220 317
Total other non-current liabilities		**2 326 120**	1 220 317
Current liabilities			
Accounts payable		10 402	10 168
Payables to group companies		1 073 552	58 046
Income tax payable	7	34 070	34 329
Public duties payable		8 645	6 854
Dividend payable to shareholders	12	304 600	253 900
Other current liabilities		39 857	20 681
Total current liabilities		**1 471 126**	383 978
Total liabilities		**3 867 292**	1 658 684
Total equity and liabilities		**4 576 404**	2 332 237

Raufoss, 20 March 2024

Dag Schjerven CHAIRMAN	Esa Rautalinko VICE CHAIRMAN	Jan Skogseth BOARD MEMBER	Cathrine Bjaarstad BOARD MEMBER	Ville Jaakonsalo BOARD MEMBER

Sirpa-Helena Sormunen BOARD MEMBER	Marianne Stensrud BOARD MEMBER	Petri Kontola BOARD MEMBER	Morten Brandtzæg PRESIDENT & CEO

Cash flow

(NOK 1 000)	2023	2022
Cash flow from operational activities		
Result before tax	389 880	276 515
Tax payments	(34 330)	(2 174)
Ordinary depreciation	4 362	1 849
Changes in accounts receivable	(38 661)	(37 234)
Changes in accounts payable	10 599	(14 760)
Pension cost less paid pension premium	(3 044)	(2 320)
Changes in loans to group companies	(19 427)	(47 713)
Changes in other dispositions	589 401	(637 551)
Net cash flow from operational activities (a)	**898 780**	(463 388)
Cash flow from investment activities		
Investments in fixed assets	(22 676)	(8 241)
Net cash flow from investment activities (b)	**(22 676)**	(8 241)
Cash flow from financing activities		
Payments from new long-term loans	1 111 665	–
Received dividend	180 833	54 990
Received group contribution	200 000	150 000
Paid dividend	(253 900)	(229 600)
Net cash flow from financing activities (c)	**1 238 598**	(24 610)
Net changes in cash and bank accounts (a+b+c)	2 114 702	(496 239)
Cash and bank accounts as of 01.01.	204 753	700 992
Cash and bank accounts as of 31.12.	**2 319 455**	204 753

Unused credit facilities is NOK 1 137 million. See note 13.

NAMMO AS

Financial Statements 2023

Content Notes

Accounting policies Nammo AS 121

Notes to the financial statements

NOTE 1 Related party transactions and revenue 123

NOTE 2 Salaries and social cost 123

NOTE 3 Pension liability and pension costs 124

NOTE 4 Fixed and intangible assets 125

NOTE 5 Financial items 125

NOTE 6 Impairment investment in subsidiary 126

NOTE 7 Income taxes 126

NOTE 8 Shares in subsidiaries 127

NOTE 9 Cash reserve 127

NOTE 10 Cash pool 128

NOTE 11 Share capital 128

NOTE 12 Equity 128

NOTE 13 Interest bearing loans and guarantees 129

Accounting policies Nammo AS

General

Nammo AS is a public limited company (Aksjeselskap). The Nammo AS headquarters are located in Raufoss, Norway.

The financial statements for Nammo AS have been prepared in accordance with the Norwegian Accounting Act and the Norwegian General Accepted Accounting Principles.

Nammo AS provides financing to most of the subsidiary companies in the Nammo Group.

Foreign currencies

Realized and unrealized gains and losses on transactions, assets and liabilities denominated in a currency other than the functional currency (NOK) of Nammo AS and that do not qualify for hedge accounting, are included in net income.

Revenue recognition

Revenues are mainly sale of group services to other group companies. Revenue from services is recognized as the services are rendered.

Dividends received

Dividends from investments are recognized in the income statement when Nammo AS has a right to receive the dividends.

Interest income

Interest income is recognized in the income statement as it is accrued.

Government grants

Government grants are recognized in the consolidated financial statement when Nammo AS has reasonable assurance that it will receive them and comply with conditions attached to them.

Government grants that compensate Nammo AS for expenses are recognized in the income statement as the expenses are incurred. Government grants that compensate Nammo AS for the cost of an asset are recognized as a reduction to the total investment, and thus also to the future depreciations of the asset.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements, and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, to the extent of probability that taxable profits will be available against which those deductible temporary differences can be utilized.

Current and deferred taxes are recognized as expense or income in the income statement, except when they relate to items recognized directly in equity, in which case the tax is also recognized directly in equity.

Intangible assets

Intangible assets include capitalized software licenses and software development costs measured at historic cost, less accumulated amortization. Intangible assets are amortized on a straight-line basis over their expected useful life.

Property, plant and equipment

Property, plant and equipment are measured at historic cost, less accumulated depreciation and any impairment loss.

Expenses in connection with ordinary maintenance and repairs are recognized in the income statement as they are incurred.

Expenses incurred in connection with major replacements and renewals are capitalized and depreciated on a systematic basis.

Property, plant and equipment are depreciated on a straight-line basis over their expected useful life.

Gain or loss due to sale or retirement of property, plant and equipment is calculated as the difference between sales proceeds and carrying value, and is recognized in the income statement.

Subsidiaries

Shares in subsidiaries are recognized according to the historic cost method.

Impairment of non-current assets

Nammo AS assesses the carrying amount of tangible assets and identifiable intangible assets annually, or more frequently if events or changes in circumstances indicate that such carrying amounts may not be recoverable. Factors considered to be material which trigger an impairment test include:

- Significant underperformance relative to historical or projected future results, or
- Significant changes in the manner of the company's use of the assets or the strategy for the overall business, or
- Significant negative industry or economic trends

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and value in use. When it is determined that the carrying amount of tangible assets and identifiable intangible assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, an impairment charge is measured based on discounted projected cash flows. An impairment loss is recognized to the extent that the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Previously recognized impairment losses are reversed if the assumptions for impairment are no longer present.

Dividend liability

A dividend liability is recognized based on the board of directors proposal to be approved by the annual general meeting.

Defined benefit plans

The net obligation in respect to defined benefit plans are calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets, and then unvested past service cost is deducted. The discount rate is based on the risk free rate (interest rate on long-term government bonds) and the recommendation from The Norwegian Accounting Standards Board (Norsk Regnskapsstiftelse), plus a risk premium. Qualified actuaries perform the calculations.

The actuarial gains or losses are recognized using a corridor. The corridor is defined as 10 percent of the highest of the Defined Benefit Obligation (DBO) and total plan assets. The net actuarial gain or loss exceeding the corridor is amortized in the income statement over the estimated remaining period of service from the members in the plan.

Cash and cash equivalents

Cash and cash equivalents include cash and bank deposits.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are recognized at the lower of the transaction amount (historic cost) and the fair value at the time of reporting.

Trade payables and other short-termliabilities

Trade payables are recognized at the higher of the transaction amount (historic cost) and the fair value at the time of reporting.

Impairment of financial assets

Financial assets, other than those recognized at fair value through the income statement, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at historic cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at historic cost including transaction costs.

Financial instruments

Nammo AS uses financial instruments to hedge exposure against foreign exchange risk in operating, financing and investment activities. These are mainly forward currency contracts to hedge risk of currency fluctuations (cash flow hedges). The effect of the financial instruments used as hedging instruments in a cash flow hedge, are recognized in the income statement in the same period as the hedged transaction is recognized (hedge accounting).

Notes to the accounts Nammo AS

NOTE 1: Related party transactions and revenue

Sales and purchase transactions with group companies are conducted in compliance with normal commercial terms and the arm's length principle. Agreements with related parties are concluded in writing.

Revenue

(NOK 1 000)	2023	2022
Management service fee group companies	160 585	131 102
Other	9 347	7 531
Total	**169 932**	138 633

NOTE 2: Salaries and social cost

(NOK 1 000)	2023	2022
Salaries	68 439	67 729
Employment taxes	12 730	9 662
Pension costs	8 575	7 397
Other social costs	10 401	2 319
Total	**100 145**	87 107
Average number of man-years	**30**	27

For details about the remuneration to the CEO and the Board of Directors, refer to note 3 in the Group financial statements.

Auditor's fee

(NOK 1 000) All numbers are presented exclusive VAT	2023	2022
Auditor's fee	1 236	871
Other services	6	91
Total	**1 242**	962

NOTE 3: Pension liability and pension costs

The pension liabilities are calculated based on the Norwegian accounting standard. Nammo AS has established a collective pension plan according to Norwegian tax law and the law for pensions for all employees (Lov om foretakspensjon). The plan includes 31 (29) active members. Nammo AS is a member of the LO/NHO AFP-plan. The old plan is closed and the corresponding pension liability deriving from the plan is derecognized in the balance sheet. The pension liability in the new AFP-plan is not possible to estimate reliably at year-end; therefore, this pension liability is not recognized in the balance sheet.

The net periodic pension cost is based on this year's actuarial calculations of earning of pension rights, and is included in payroll expenses in the profit and loss.

The actuarial calculation was performed in December 2023 with the following assumptions:

Discount rate	3.70 %
Yield from pension funds	5.40 %
Annual salary increase	3.75 %
Annual expected adjustment of pensions under payment	2.40 %
Annual increase in G	3.50 %

Pension cost

(NOK 1 000)	2023	2022
Service costs	9 444	7 184
Amortization of net actuarial losses (gains)	937	826
Interest costs	14	26
Pension cost related to defined contribution plans	9	50
Expected return on plan assets	(1 829)	(688)
Net pension costs	**8 575**	7 397

Pension liabilities

(NOK 1 000)	2023	2022
Defined benefit obligation incl. payroll tax	69 323	61 468
– Fair value of plan assets	(57 528)	(49 220)
Gross pension liability	**11 795**	12 248
Items not recognized in the profit and loss:		
Unrecognized net actuarial loss (gain)	(23 465)	(20 874)
Net amount recognized in the balance sheet	**(11 670)**	(8 626)

NOTE 4: Fixed and intangible assets

(NOK 1 000)	Licenses and other intangible assets	Buildings	Machines and equipment	Fixtures, fittings and office equipment	Assets under construction	Total assets
Acquisition cost as of 01.01.23	3 145	8 210	694	11 051	1 860	24 961
Additions during the year	24 537	–	–	–	(1860)	22 676
Acquisition cost as of 31.12.23	27 682	8 210	694	11 051	–	47 637
Accumulated depreciations 31.12.23	(4 062)	(1 810)	(694)	(11 026)	–	(17 592)
Book value as of 31.12.23	**23 620**	**6 400**	–	**25**	–	**30 045**
Ordinary depreciations for the year	**(3 223)**	**(508)**	**(7)**	**(624)**	–	**(4 362)**
Annual leasing cost on assets not in the balance sheet	–	(2 636)	–	(47)	–	(2 683)
Economic lifetime (years)	5 years	5 years	3–5 years	3–10 years		
Depreciation plan	Linear	Linear	Linear	Linear		

NOTE 5: Financial items

(NOK 1 000)	2023	2022
Interest income from group companies	86 152	45 255
Other interest income	92 226	21 814
Total interest income	**178 378**	67 069
Gain on exchange	36 573	122 811
Dividend from subsidiaries	180 633	54 870
Other financial income	200	120
Total other financial income	**217 406**	177 801
Other interest cost	(110 423)	(25 738)
Total interest cost	**(110 423)**	(25 738)
Loss on exchange	(82 175)	(67 751)
Write-down receivable Nammo Defence Germany GmbH, see note 6	(15 473)	(19 806)
Other financial expenses	(7 326)	(5 549)
Total other financial expenses	**(104 974)**	(93 106)

NOTE 6: Impairment investment in subsidiary

At 31 December, 2023 Nammo AS had a cash credit receivable towards our subsidiary Nammo Defence Germany GmbH at a total of NOK 151.1 million. At year-end we performed an impairment test and concluded that this asset is impaired, hence the amount is written down in full at year-end (of which NOK 135.6 million was written off as of December 31, 2022). The write-down is related to a cash credit receivable, and therefore the write-down is classified as other financial expenses in the profit and loss.

NOTE 7: Income taxes

7.1. This year's tax cost

The difference between the net income before tax and the basis for the tax calculation is specified below.

(NOK 1 000)	2023	2022
Profit before tax	389 880	276 515
Permanent differences	16 980	20 238
Changes in temporary differences	(71 169)	(85 726)
Non-taxable income	(180 827)	(54 986)
Taxable income	**154 862**	156 041

Specification of the tax cost in the profit and loss:

(NOK 1 000)	2023	2022
Tax payable	34 070	34 329
Changes in deferred tax	15 657	18 861
This year's tax cost	**49 727**	53 190

Explanation to why the tax cost is not 22% of profit before tax:

(NOK 1 000)	2023
Profit before tax	**389 880**
22 % of profit before tax	85 774
22 % of permanent differences	(36 046)
Calculated tax cost	**49 727**
Effective tax rate	**12.8 %**

7.2. Deferred taxes

The deferred tax liabilities/tax assets have been calculated based on the temporary differences existing at the end of the accounting year between accounting values and taxation values. The specification below shows the temporary differences and the calculation of the deferred tax liabilities/tax assets at the end of the accounting year.

(NOK 1 000)	**2023**	**2022**
Tangible fixed assets	(486)	(198)
Accounts receivables	–	–
Other receivables	307 210	238 796
Pension liability/asset	11 670	8 626
Net temporary differences as basis for deferred tax /tax asset (–) calculation	**318 394**	247 224
Deferred tax/deferred tax asset (–)	**70 047**	54 389

NOTE 8: Shares in subsidiaries

Name of the company (NOK 1 000)	**Company's share capital**	**Number of shares owned**	**Nominal value**	**Booked value**	**Ownership**
Nammo Raufoss AS, Raufoss	NOK 150 000 000	150 000	150 000	175 000	100 %
Nammo Sweden AB, Karlsborg	SEK 10 000 000	100 000	10 000	59 961	100 %
Nammo Lapua Oy, Lapua	EUR 4 793 000	285 000	–	105 006	100 %
Nammo Defence Germany GmbH, Storkow	EUR 26 000	1	26	–	100 %
Nammo Incorporated, Virginia	USD 38 380 000	–	–	239 981	100 %
Nammo NAD AS, Løkken Verk	NOK 4 782 000	23 910	2 391	8 136	100 %
Nammo Polska SP. Z. O. O, Warsaw	PLN 50 000	1 000	50	108	100 %
Nammo India Ltd, New Delhi	INR 100 000	10 000	100	13	100 %
Nammo UK Holding Ltd., Westcott	–	–	–	–	100 %
Nammo Ireland Ltd., Dublin	EUR 476 250	375 000	476 250	21 160	100 %
Nammo Technologies Inc., Virginia	–	–	–	–	100 %
Total				**609 365**	

NOTE 9: Cash reserve

Cash is increased with the deposit that the group companies has in the international cash pool of NOK 896.9 million. NOK 1 048.0 million of this is classified as payables to group companies. Refer to note 6 and 10.

The company has no restricted bank deposits.

NOTE 10: Cash pool

Nammo AS has established an international cash pool together with the following group companies:

Finland	Nammo Lapua Oy and Nammo Vihtavuori Oy
Germany	Nammo Schönebeck GmbH, Nammo Defence Germany GmbH and Nammo Germany GmbH.
Norway	Nammo AS, Nammo Raufoss AS and Nammo NAD AS
Sweden	Nammo Sweden AB and Hansson Pyrotech AB.
USA	Nammo Inc., Nammo Defense Systems Inc., Nammo Composite Solutions LLC., Nammo Tactical Ammunition LLC., Nammo Pocal Inc., Nammo Technologies Inc., Capstone Precision Group LLC., Nammo Energetics Indian Head Inc. and Nammo Perry Inc.
Spain	Nammo Palencia S.L.
Switzerland	Nammo MTH SA
Ireland	Nammo Ireland Ltd.
UK	Nammo (U.K.) Ltd.

Nammo AS subsidiaries' balance on the cash pool is included in payables to group companies.
This amounts to NOK 1 048,0 million. See note 9.

NOTE 11: Share capital

As of 31 December 2023, Nammo AS's share capital is NOK 100 million, split on 1 000 000 shares of NOK 100 each.

Nammo AS shareholders as of 31 December 2023

(NOK 1 000)	Number of shareholders	Number of shares	Ownership/ vote
The Norwegian State, represented by the Ministry of Trade, Industry and Fisheries		500 000	50 %
Patria Oyj, Finland		500 000	50 %
Total	**2**	**1 000 000**	**100 %**

NOTE 12: Equity

(NOK 1 000)	Share capital	Other paid in capital	Other equity	Total
Equity as of 31.12.22	**100 000**	**258 670**	**314 883**	**673 533**
Net income	–	–	340 153	340 153
Dividend*	–	–	(304 600)	(304 600)
Other items	–	–	5	5
Equity as of 31.12.23	**100 000**	**258 670**	**350 441**	**790 111**

*) Board of directors proposal for the annual general meeting.

NOTE 13: Interest bearing loans and guarantees

(NOK 1 000)	2023	2022
Total interest bearing loans/bonds	**2 336 120**	1 220 317

Nammo AS long term loans and bonds as of 31 December, 2022 consist of:

(NOK 1 000)	Final maturity date	Facility total	Utilized	Available
Term loan facility, NOK 600 millions	December 22, 2026	600 000	600 000	–
Bond Issuance, NOK 600 millions	October 13, 2028	600 000	600 000	–
Bond Issuance, NOK 300 millions	July 3, 2030	300 000	300 000	–
Revolving credit facility, NOK 500 millions	July 6, 2024*	500 000	–	500 000
Revolving credit facility, NOK 1 000 millions	December 22, 2026	1 000 000	762 930	237 070

*) Option for a one-year extension, plus one additional year.

Available unused cash credits at 31 December 2023:

(NOK 1 000)	Cash credits
Revolving credit facility	237 070
Revolving credit facility	500 000
Additional cash credits available	400 000
Total unused cash credits at year-end	**1 137 070**

The financial covenants related to the long-term loans from credit institution are:

- Net Debt to EBITDA maximum 3.0, and
- Total Equity to Total assets, minimum at 30 %

At December 31, 2023 there are no default related to the financial covenants.

Guarantees not recognized in the balance sheet as of 31 December 2023 is NOK 1 389 million.

Nammo

6 | Report and Index

Independent Auditor's Report

Building a better working world

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Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Nammo AS

Opinion

We have audited the financial statements of Nammo AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2023, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the president & CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, 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 other information, and, in doing so, consider whether the board of directors' report contains the information required by legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report is consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about 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 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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.
- 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 and the Group'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 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 and the Group'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 and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors 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.

Oslo, March 20, 2024
ERNST & YOUNG AS

Anders Gøbel
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

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Annual statement on the Norwegian Transparency Act

Nammo AS is a limited liability company established under Norwegian law with a governance structure based on the Norwegian Companies Act. Nammo is subject to reporting requirements for corporate governance in accordance with the Norwegian Accounting Act. As a 50 percent state-owned company, we are also expected to adhere to the main principles of "The Norwegian Code of Practice for Corporate Governance," which our Board of Directors evaluates and discusses periodically to ensure good management principles for corporate governance.

The Nammo Group is present in 11 countries, with production facilities in nine of them. As of the end of 2023, Nammo had 3122 employees, with 1000 located in Norway.

Our commitment to responsible business conduct includes conducting due diligence, applying the precautionary principle, and respecting human rights, all of which align with the OECD guidelines for multinational enterprises. We apply our commitment to respecting human rights to all our activities and business relationships, with particular attention given to at-risk or vulnerable groups such as workers in our supply chain. Our policy commitments have been approved at the most senior level of our organization and apply to all our activities and business relationships.

On 1 July 2022, the Norwegian Transparency Act came into effect. Although Nammo AS, as the parent company not selling products or services, is not covered by the Act, Nammo Raufoss AS is covered. Therefore, Nammo AS will report on the overall duties related to the Act, including those for Nammo Raufoss AS. Additionally, a separate statement will be published in the Nammo Raufoss AS annual report.

The Norwegian Consumer Authority (Forbrukertilsynet) monitors compliance with the provisions of the Act. The Consumer Authority is an independent administrative body under the Ministry of Children and Family Affairs.

Products

Nammo develop, produce, and sell commercial and military ammunition, rocket motors for missiles and space industries, and commercial sea safety products.

Market

Nammo's military market is primarily located in Europe and North America, with national armed forces material commands and the western defense and aerospace industry as our customer base. Sales of military products are highly regulated and strictly controlled by national export control authorities. Commercial market products are sold through distributors, retailers, and national sport shooting and biathlon associations. Our customers are primarily located in Europe and North America, markets that represented more than 96 percent of the Group's revenue in 2023.

Organization

Nammo's Human Resources department is responsible for following up on human rights and decent working conditions for our employees in accordance with the national working environment act and Nammo's People Policy and People Guiding Principles. We strongly support freedom of association and collective bargaining as per the ILO standard, and approximately 76 percent of Nammo's workforce is covered by collective bargaining agreements. The figure is impacted by the number of employees in the US where such collective bargaining agreements are not as common as they are in Europe. All employees are covered by such agreements where they exist, regardless of whether or not an employee is a union member (with the exception of the executive management team). We consider there to be a low risk of violation when it comes to Nammo's own operations. However, we consider there to be a higher risk in our supply chain. Our Health Environment Safety & Security (HESS) department regularly reviews operations' adherence to the HESS policy on safety and security and employees' occupational well-being. As a multinational enterprise, Nammo places a high value on ensuring the well-being of its employees and adhering to ethical standards in its supply chain. To achieve this, Nammo has established an Employee Works Council (EWC) that meets twice a year with union representatives. The EWC serves as an additional control function to corporate management, providing insight into employees' well-being in local entities. (Note: EWCs are standing bodies that facilitate the information and consultation of employees in European companies and groups of companies, as required by the 1994 European Works Council Directive, updated by Directive 2009/38/EC as amended).

Nammo's procurement departments in each legal entity are responsible for the onboarding and due diligence of suppliers. The procurement process is defined in the Nammo Management System, and the due diligence of the supply chain is performed based on a risk-based approach, where different elements are evaluated, such as product categories, quality and environmental standards, country, human rights risk, and decent work conditions. Direct suppliers such as suppliers of critical components, conflict minerals, textile and construction services represent high risks. To mitigate these risks, suppliers respond to a self-assessment questionnaire and commit to complying with Nammo's Supplier Conduct Principles and our Code of

Conduct, if they do not have equivalent policies. All direct and strategic suppliers undergo a screening process that covers risks such as sanctions, watch lists, adverse media, finance, country. When there is a high-risk alert, defined corporate functions within Legal and Compliance is responsible for the final approval or declining the onboarding of the supplier. In 2023, Nammo had 1527 third parties under monitoring, whereas 11 percent were categorized as high-risk suppliers.

During 2023 several training modules were released to the entire Group addressing topics relevant to increasing all employees knowledge on the topic of human rights as well as providing detailed guidance on how to conduct due diligence on third parties.

In order to further digitalize our internal processes related to onboarding and monitoring of suppliers to meet existing and coming requirements within the area of ESG compliance, a supplier assessment tool will be acquired and implemented throughout the entire Nammo Group.

Grievance mechanisms for detecting negative impacts

Nammo has an established and digitalized SpeakUp channel for our employees which allows them to report concerns anonymously and in their native language. To ensure that all employees are aware of the SpeakUp channel, we provide annual training and information on the group communication network and e-learning module. For suppliers or other business partners who wish to report concerns, we have an email address provided in the Supplier Conduct Principles, Terms and Conditions, and on the Nammo website. Additionally, we work collaboratively with other industry peers to share information regarding concerns related to certain categories of third parties.

How we mitigated the negative impacts

Nammo is committed to mitigating any negative impacts on human rights and decent work conditions that may arise from its operations, whether internally or externally. In 2023, we did not discover any such negative impacts. However, we did identify other negative impacts, including suppliers holding sanctioned beneficial owners, and suppliers that posed a high risk and were not onboarded or existing agreements were terminated. In cases where a supplier represents a higher risk, Nammo conducts thorough due diligence. All stakeholders in the relevant value chain participate in the evaluation process. The risk classification of suppliers can be found in the Nammo Raufoss disclosure to the Norwegian Transparency Act, which is available at www.nammo.com.

Duty to provide information

The aim of the Transparency Act is that we are open and transparent about how we are working with these issues. Companies have the duty to respond to requests for information. Both the request and answer must be in writing. Nammo has established routines of how to handle such information requests. We did not receive any request from the public during 2023. The annual statement can be found on www.nammo.com.

Risk mitigation measures

We are concerned about the increasing number of reporting requirements related to ESG in the supply chain, which, coupled with the unstable geopolitical situation in Europe, puts a lot of pressure on our procurement and contracting organization. The increasing requirements for control demands more capacity and efficient systems. As we move forward, we plan to:

- Enhance our background control and screenings of our business partners
- Implement a digitalized supplier assessment tool that handles ESG reporting requirements
- Further strengthen our supplier audits for all ESG aspects
- Continue annual human rights training for all connected employees

Nammo is committed to ensuring that our supply chain operates sustainably, respects human rights, and adheres to sanctions and anti-corruption standards.

We will continuously monitor the ESG performance of our suppliers and we look forward to collaborating with them on risk management and sustainability.

Report by Nammo AS pursuant to the Norwegian Equality and Discrimination Act. 26

This equality statement is prepared for the company Nammo AS (the Nammo Group ultimate parent entity), reporting as an employer in Norway.

Part 1: The factual status of gender equality

In 2023, an analysis was carried out of the situation in Nammo AS with regard to gender equality and what is done to fulfill the activity obligation pursuant to the Norwegian Equality and Discrimination Act, section 26.

1.1 Gender distribution

At the end of 2023, women accounted for 27.6 percent of all employees in Nammo Group. From January 2020 to December 2023, the proportion of female employees increased by 2.7 percentage points.

Of all employees organized in Nammo AS, 32 percent are women, which is the same level as previous year. The Nammo Group Management Team consist of 11 members, of which 2 are women.

1.2 Temporary employees, parental leave and actual part-time

The gender distribution has been mapped in terms of temporary employment, parental leave, and actual part-time work. This is described in more detail in the following sections.

Gender equality – Temporary and part-time employees and parental leave

Diversity		Temporary employees		Norwegian statutory parental leave (average weeks)		Part-time employees	
Women	Men	Women	Men	Women	Men	Women	Men
8	25	0	1	32	15	0	0

Temporary employees

The main principle in Nammo AS is to employ permanent employees. One employee was engaged on a temporary contract in Q1-Q2 in 2023.

Parental leave

In 2023, 3 employees took statutory parental leaves (ref. Working Environment Act section 12–5). Men accounted for 66 percent of those claiming parental leave in 2023 and took an average of 15 weeks. Women accounted for 33 percent and took an average of 32 weeks in 2023. This may represent only part of the full leave period, as the average is calculated based on the number of weeks of parental leave taken within the calendar year of 2023. As the regulation provides flexibility and choice regarding the division of the parental leave period between the parents, Nammo AS is focused on ensuring that men have equal opportunity, and acceptance, for taking parental leave.

Part-time work

Nammo AS has no part-time positions. The company has the opportunity to offer employees to work part-time, considered on a case-by-case basis. This is seen as a benefit. Nammo AS employees normally work on a full-time basis.

1.3 Salary

For the calculation of salary differences between men and women, we included fixed salary and various supplements, bonuses and benefits for the financial year 2023. We also assessed equal work and work of equal value in the design of the job levels, based on existing job categories in the company and an assessment of which positions are included in the various levels. Salary analysis for 2023, below the CEO-level showed an average female salary of 103 percent (level 2 and 3 in combination) compared to average salary for male employees. This analysis excludes the CEO as no other employee has comparable responsibilities.

Gender equality – Salary

Gender ratio, different job levels					Salary (NOK 1 000)															
					Total benefits				Base salary				Incentives				Taxable benefits			
Description	Women	Men	Women %	Total	Women average	Men average	Women vs. men %	Average all	Women average	Men average	Women vs. men %	Average all	Women average	Men average	Women vs. men %	Average all	Women average	Men average	Women vs. men %	Average all
Total	**8**	**25**	**24%**	**33**	**1 445**	**1 868**	**77.4%**	**1 656**	**1 279**	**1 600**	**80%**	**1 440**	**145**	**226**	**64%**	**185**	**20**	**41**	**49.7%**	**30**
Level 1	–	1	–	1	–	10 788	–	10 788	–	7 229	–	7 229	–	2 919	–	2 919	–	639	–	639
Level 2	2	4	**33%**	6	2 657	2 320	**114.5%**	2 488	1 944	1 628	**119.4%**	1 786	502	472	**106.3%**	487	210	218	**96.2%**	214
Level 3	6	20	**23%**	26	1 201	1 307	**91.8%**	1 254	1 057	1 134	**93.3%**	1 096	57	80	**71.6%**	68	86	93	**92.0%**	89

Part 2: How we work to ensure equality and non-discrimination in practice

Principles, procedures, and standards to promote diversity and inclusion and to prevent discrimination

Nammo is committed to creating a working environment that values diversity, is free from unlawful discrimination and harassment, and is based on the principle of equal opportunity and affirmative action. Our equality and anti-discrimination principles, procedures, and standards comply with the robust requirements of the Norwegian Equality and Discrimination Act § 26 and further our goal to build and maintain a culture that creates an effective operational structure with a positive work environment characterized by empowerment, involvement, and teamwork. Our Code of Conduct and People Policy supports our values of Dedication, Precision, and Care, which together guide our daily interactions with our internal and external stakeholders.

This is how we work to identify risks of discrimination and barriers to diversity and inclusion

Nammo offers equal employment opportunities to all employees and applicants, and no person shall be discriminated against because of race, color, marital status, parental status, ancestry, source of income, religion, gender, age, national origin, disabilities, sexual orientation, or veteran status. Our commitment to maintaining a working environment free from sexual harassment is enshrined in our Code of Conduct and People Policy.

It is Nammo's policy to recruit based on merit, regardless of gender, pregnancy, trade union membership, sexual orientation, race, disability, age, or religion. Existing employees will have an opportunity to apply for vacancy or promotion opportunities. Each legal entity in Nammo Group is responsible for developing recruitment and selection procedures or techniques that support this policy and for training recruiters. Nammo recognizes that its people are the key to future success. Through performance management processes, Nammo aim to ensure that all employees know what is expected of them and possess the necessary skills, knowledge, values, and experience to achieve the highest level of performance of which they are capable.

The basis for recruitment, hiring, placement, development, training, compensation and advancement are qualifications, performance, skills and experience.

Nammo's employment policies are based on the principles of equality and diversity, with a belief that the elimination of unfair discrimination in the workplace contributes to productivity and performance as it allows people's talents to be most effectively utilized. The managing director of each legal entity in Nammo Group is accountable for ensuring that these principles are followed and for establishing appropriate action plans for their business. Nammo is committed to the dignity at work and fair treatment of all colleagues. The managing director of each subsidiary company is accountable for ensuring that procedures are in place for resolving any grievance or harassment issue, which colleagues may have in connection with their employment.

In Nammo AS the employment policies has been adapted through mandatory participation from HR through the recruitment process, participation and quality control of criteria for remuneration, and adaptation of the workplace to suit the needs.

Nammo AS strives to be a diverse and inclusive workplace. In our recruitment processes, as far as possible the final rounds should have candidates of both genders. We also strive to ensure female leaders are present in interviews. When external recruitment partners are used, we ensure that they have the same focus on gender balance and diversity.

Nammo aims to be an "Employer of Choice" for all sectors of the working community. As a responsible employer, we have policies in place to support a reasonable work-life balance. In addition, at a legal entity level, there are numerous processes, systems, and guidelines to support well-being and a healthy work-life balance, including many family-friendly arrangements.

Nammo is dedicated to being a positive contributor to the development of the local communities where our facilities are located. To achieve this, Nammo is engaged in local sponsorships in areas such as sports, science, and culture, with a special focus on children and youth.

All Nammo employees are to sign-off on the Codes of Conduct. Violations of the Code of Conduct and other guidelines shall be reported.

We have mechanisms in place through which employees may raise matters of concern and workplace related grievances, including anonymously if needed (SpeakUp and Ethicspoint).

Planned measures for the coming years

Nammo is committed to continuing its efforts to encourage women from diverse backgrounds and educational levels to join our workforce. We will also continue to prioritize increasing the number of women in leadership positions, as well as enhancing overall diversity within our organization. Nammo's strategic goal is to achieve a 30 percent female workforce by 2030, and we have established key performance indicators (KPIs) for all Group legal entities to help us track our progress. Nammo will regularly report on progress and support its efforts with both global and local initiatives related to employer branding, recruitment, talent management and succession planning.

To closely monitor Nammo's progress in ensuring equality and preventing discrimination, it is planned to perform a global employee engagement survey. Nammo will also prioritize diversity and inclusion in its Global Leadership Development program.

Nammo TCFD Reporting 2023

Nammo recently reviewed the company's climate-related financial risks following the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). The review covered a physical climate risk assessment of 13 selected Nammo locations in Europe and the USA. Climate-related physical, transition, and market risks may impact our business and the review highlighted the need for a comprehensive management approach to climate risks, which includes establishing defined metrics and targets.

A short summary of the review is presented below:

	Governance	
1	**Describe the Board's oversight of climate-related risks and opportunities**	The Board regularly reviews climate-related risks and opportunities as part of its overall responsibility for risk governance. The Risk, Audit and Compliance Committee is responsible for this oversight.
2	**Describe management's role in assessing and managing climate-related risks and opportunities**	Management regularly reviews climate-related risks and opportunities as part of its responsibility for enterprise risk management. In 2022–23 we undertook a comprehensive physical climate risk assessment across our manufacturing sites, this is described in the Climate risk section of this report. Climate risks are assessed and prioritized. These risks will continue to be reviewed and updated on an ongoing basis.
	Strategy	
3	**Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term**	See separate table below.
4	**Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning**	See separate table below.
5	**Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree C or lower scenario**	Strategy is constantly evolving in response to a wide range of issues and ability to adapt to predicted future scenarios. Specific strategic issues related to future climate scenarios will be disclosed in future reporting.
	Risk management	
6	**Describe the organization's processes for identifying and assessing climate-related risks**	Evaluation of climate-related risks is an integrated part of sustainability risks and opportunities in all capital expenditures projects and daily operations.
7	**Describe the organization's processes for managing climate-related risks**	A range of approaches are used for managing climate-related risks, including monitoring, mitigation and adaptation. Climate-related risks are being implemented into general business interruption risk reporting.
8	**Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management**	The risk management approach to climate-related risks has been updated and incorporated into the Board's and Management's systems and processes.
	Metrics and targets	
9	**Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk process**	GHG emissions are measured in carbon dioxide equivalents. Other metrics are being developed for risk measurement such as reduction of water use, waste and several others.
10	**Disclose Scope 1, Scope 2, and, if appropriate, Scope 3, greenhouse gas (GHG) emissions, and the related risks**	See climate and emission reporting in the Environmental section of the sustainability report.
11	**Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets**	GHG emission reduction targets have been set. See all revised goals i in the Sustainability part of this report.

Nammo TCFD Reporting 2023 (continues)

PHYSICAL RISKS

- Extreme weather and knock-on effects
- Business interruption, required infrastructure adaptations, new or different investments

REGULATORY RISKS

- Carbon costs and increasing regulation, including different regulations in different regions
- Impacts of speed of regulatory shift on business planning, strategy, and cost structures to comply with new and additional regulation

MARKET RISKS

- Changing customer requirements and contract risks
- Impacts on business planning, strategy, and cost structures to meet new and evolving market requirements

TECHNOLOGY RISKS

- Sunset of emission intensive materials replaced with new material with lower quality and durability.
- Capital expenditures impacts and linking to customer commitments, with new operating models required

REPUTATION RISKS

- Difficult to differentiate in new ESG provider market
- Follow-on effects of recruiting and retaining employees

OPPORTUNITIES

- Becoming the recognized low/no carbon supplier of choice
- Low carbon access to green debt and lowering of cost of capital
- Adaptation leading to increased operational performance
- Attraction and retention of people committed to high ESG performance
- Access to government funding/grants for new green technology
- Leading shift to circular economy in the defense industry with regraining/refilling rocket motors and artillery ammunition

GRI INDEX

This report has been prepared in accordance with the GRI Standards (2021). The consolidation approach used for calculating emissions is financial control. The content provided in the report is to the best of our knowledge the most correct information available.

Statement of use: Nammo Group has reported in accordance with the GRI Standards for the period of January 1 to December 31, 2023.
GRI 1 used: GRI 1 Foundation 2021
Applicable GRI Sector Standard(s): None

Disclosure		Location	Omission
GRI 2: GENERAL DISCLOSURES 2021			
2-1	Organizational Details	Annual and Sustainability Report (ASR) pages 8–10 and www.nammo.com/about-us	
2-2	Entities include in the organization's sustainability reporting	ASR page 104	
2-3	Reporting period, frequency, and contact point	ASR page 21	
2-4	Restatements of information	None	
2-5	External assurance	This report has not been externally assured	
2-6	Activities, value chain, and other business relationships	ASR pages 8–13, 59 & 60, and www.nammo.com/about-us	
2-7	Employees	ASR pages 52 & 53	

		Employees		Temporary		Total
Country	**Site location**	**Female**	**Male**	**Female**	**Male**	**F/M**
Germany	Nammo Defence Germany GmbH	1	4	0	0	5
	Nammo Schönebeck GmbH	15	56	3	20	94
	ND PressTec GmbH	12	70	2	19	103
	Germany	**28**	**130**	**5**	**39**	**202**
Spain	Nammo Palencia S.L.	37	136	0	0	173
	Spain	**37**	**136**	**0**	**0**	**173**
Switzerland	Nammo MTH SA	10	11	0	1	22
	Switzerland	**10**	**11**	**0**	**1**	**22**
Finland	Nammo Lapua Oy	94	214	0	0	308
	Nammo Vihtavuori Oy	30	95	0	0	125
	NorDis OY	1	6	0	0	7
	Finland	**125**	**315**	**0**	**0**	**440**
Norway	Nammo AS	9	21	0	0	30
	Nammo NAD AS	4	15	0	1	20
	Nammo Raufoss AS	220	732	11	29	992
	Norway	**233**	**768**	**11**	**30**	**1.042**
Sweden	Hansson Pyrotech	18	20	0	1	39
	Nammo Sweden AB	138	235	0	0	373
	Sweden	**156**	**255**	**0**	**1**	**412**
USA	Capstone Precision Group LLC	34	85	9	4	132
	MAC LLC	13	18	1	1	33
	Nammo Composite Solutions LLC	19	58	0	0	77
	Nammo Defense System Inc	78	222	0	0	300
	Nammo Inc	2	4	0	0	6
	Nammo Perry Inc	59	71	0	0	130
	Nammo Pocal Inc.	27	25	0	0	52
	USA	**232**	**483**	**10**	**5**	**730**

Continues on next page

Disclosure		Location						Omission
2-7	Employees (continuations)			Employees		Temporary		Total
		Country	**Site location**	**Female**	**Male**	**Female**	**Male**	**F/M**
		Ireland	Nammo Ireland Ltd	2	21	0	0	23
			Ireland	**2**	**21**	**0**	**0**	**23**
		UK	Nammo UK Ltd	13	64	1	0	78
			UK	**13**	**64**	**1**	**0**	**78**
		Total		**836**	**2.183**	**27**	**76**	**3.122**
2-8	Workers who are not employees	None						
2-9	Governance and structure composition	ASR pages 79–84 and www.nammo.com/about-us/board-of-directors						
2-10	Nominating and selecting the highest governance body	ASR pages 79–84 and www.nammo.com/about-us/board-of-directors						
2-11	Chair of the highest governance body	ASR pages 79–84 and www.nammo.com/about-us/board-of-directors						
2-12	Role of the highest governance body in overseeing the management of impacts	ASR pages 90–93						
2-13	Delegation of responsibility for managing impacts	ASR pages 80 & 81						
2-14	Role of the highest governance body in sustainability reporting	ASR page 90						
2-15	Conflicts of interest	ASR pages 56–69 Anti-Bribery & Corruption Policy Nammo Group Code of Conduct						
2-16	Communicating critical concerns	ASR pages 66–69						
2-17	Collective knowledge of highest governance body	www.nammo.com/about-us/board-of-directors						
2-18	Evaluating the highest governance body's performance	ASR pages 81 & 82						
2-19	Remuneration policies	ASR pages 81 & 82 Nammo Executive Remuneration Report 2023 (www.nammo.com)						
2-20	Process for determining remuneration	ASR pages 81 & 82 Nammo Executive Remuneration Report 2023 (www.nammo.com)						
2-21	Annual total compensation ratio	Nammo Executive Remuneration Report 2023 (www.nammo.com)						
2-22	Statement on sustainable development strategy	ASR pages 19–25 and pages 30 & 31						
2-23	Policy commitments	ASR page 21						
2-24	Embedding policy commitments	ASR pages 32–76						
2-25	Processes to remediate negative impacts	ASR pages 32–76						
2-26	Mechanisms for seeking advice and raising concerns	ASR pages 66–69						
2-27	Compliance with laws and regulations	ASR pages 70–75						
2-28	Membership associations	ASR page 28						
2-29	Approach to stakeholder engagement	ASR pages 26–28						
2-30	Collective bargaining agreements	ASR page 133						

Disclosure		Location	Omission
GRI 3: MATERIAL TOPICS 2021			
3-1	Process to determine material topics	ASR Page 21	
3-2	List of material topics	ASR page 22	
	ENVIRONMENT: Environmental Stewardship		
	Climate risk resilience		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 33–38	
GRI 201	**Economic Performance 2016**		
201-2	Financial implications and other risks and opportunities due to climate change	ASR pages 138 & 139	
	GHG emissions		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR page 39	
GRI 305	**Emissions 2016**		
305-1	Direct (Scope 1) GHG emissions	ASR page 40	

a. Gross direct (Scope 1) GHG emissions

Total Scope 1 GHG emissions (tCO2e)	11035.49

b. Gases included in the calculation of Scope 1 emissions

Gases	All

c. Biogenic CO2 emissions

Biogenic Scope 1 CO2 emissions (tCO2)	7242

d-ii. Emissions in the base year	**Base year: 2021**
Total Scope 1 GHG emissions (tCO2e)	12569.04

Consolidated approach for emissions: financial approach
Emission factors: DEFRA
Conversion Factors 2021 GWPs: based on the IPCC Fourth Assessment Report (AR4) over a 100-year period

305-2	Energy indirect (Scope 2) GHG emissions	ASR page 40	

a. Gross location-based energy indirect (Scope 2) GHG emissions

Total location-based Scope 2 GHG emissions (tCO2e)	15485.83

b. Gross market-based energy indirect (Scope 2) GHG emissions

Total market-based Scope 2 GHG emissions (tCO2e)	42917.37

c. Base year: 2021
d-ii. Emissions in the base year – location-based

Location-based Scope 2 GHG emissions (tCO2e)	12013.46

d-ii. Emissions in the base year – market-based

Market-based Scope 2 GHG emissions (tCO2e)	28061.7

Grid mix emissions factors from GHG Protocol Calculation Tool 2021, AIB Residual Mix and AIB Production Mix. For district heating emissions factors national factors have been applied, or where not available, European average has been applied for European countries.

Consolidated approach for emissions: financial approach
GWPs: based on the IPCC Fourth Assessment Report (AR4) over a 100-year period

Disclosure		Location	Omission
305-3	Other indirect (Scope 3) GHG emissions	ASR page 40	

Sources of Scope 3 emissions	Emissions (tCO2e)
01 Purchased goods and services	189.66
03 Fuel- and energy-related activities	7142.56
05 Waste generated in operations	531.03
06 Business travel	3268.93
07 Employee commuting	7939.56
Total	**19071.74**

Consolidated approach for emissions: financial approach
GWPs: based on the IPCC Fourth Assessment Report (AR4) over a 100-year period

305-4	GHG emissions intensity	ASR page 39	
305-5	Reduction of GHG emissions	ASR page 40	

Energy use

GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR page 41	
GRI 302	**Energy 2016**		
302-1	Energy consumption within the organization	ASR page 41	

Fuel types (non-renewable)	Amount (GJ)
Diesel (average biofuel blend)	7559.69
Fuel oil	28259.03
Gasoline/petrol	984.26
LPG (Propane)	235.36
Natural gas	16472.44
Fuel types (renewable)	
Biodiesel HVO	225.1
Biofuel	3408.33
Wood pellets	71589.16
Energy consumption	
District heating	79723.37
Electricity with Guarantee of origin	320.4
Electricity without Guarantee of origin	320710.19
Total Energy Consumption within the Organisation (GJ)	**529487.33**

Requirement Omitted:
302-1 d)

Reason:
Not applicable

Standards, methodologies, assumptions, and/or calculation tools used
- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

Source of the conversion factors used
- UK Department for Business, Energy & Industrial Strategy (DEFRA).

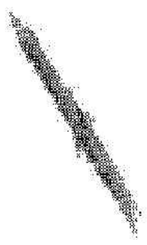
Disclosure		Location	Omission
	Water management		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR page 41	
GRI 303	**Water and Effluents 2018**		
303-1	Interactions with water as a shared resource	SR page 42	
303-2	Management of water discharge-related impacts	ASR page 42 The Nammo Group does not have internally developed water quality standards or guidelines; we adhere to national and local requirements at each of our sites. No sector-specific standards are currently considered. The profile of the receiving waterbody is considered when and where required by national or local regulation.	
303-5	Water consumption	Total water consumption: 1 073 454 m^3	**Requirement Omitted:** 305-5 b)-d) **Reason:** Not applicable
	Waste and hazardous materials		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR page 43	
GRI 306	**Waste 2020**		
306-1	Waste generation and significant waste-related impacts	ASR page 43	
306-2	Management of significant waste-related impacts	ASR page 43 Scrap metal from manufacturing processes is the largest source of waste generation. Wherever possible, scrap is returned upstream to the original manufacturer to recycle it into new raw materials.	
306-3	Waste generated		
306-5	Waste directed to disposal	**Non-hazardous waste** Incineration 510 Landfill 144 Recycling* 31574 Composting 9 **Hazardous waste** Incineration 489 Landfill 823 * Recycling volumes increased significantly in 2023 due to Hurricane Perry and the resulting clean up.	

Disclosure		Location	Omission
	ENVIRONMENT: Product stewardship		
	Life cycle management		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 44–46	
	Product safety		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 47–48	
GRI 416	**Customer Health and Safety 2016**		
416-1	Assessment of the health and safety impacts of products and service categories	There were no reported incidents of non-compliance concerning the health and safety impacts of our products and services. Health and safety requirements are specified in product contracts.	
	SOCIAL: Employee safety and well-being		
	Occupational health and safety		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 49–51	
GRI 403	**Occupational Health and Safety 2018**		
403-1	Occupational health and safety management system	The HESS management is based upon the principles of ISO 45001 and ISO 31000. All operating locations meet national and local occupational health and safety requirements per the HESS Policy. All permanent and temporary employees in the Nammo Group are covered by this system.	
403-2	Hazard identification, risk assessment, and incident investigation	The HESS management system identifies and evaluates hazards, determining risks and mitigating actions. Monthly reports are collected, and hazard analyses are reviewed when changes occur or every five years at a minimum. Quality and competence are ensured through annual assessments and continuous training. Workers report hazards through various methods, including automated systems or paper-based tracking. Anonymous reporting is available via SpeakUp in Europe and Ethics Point in the US. Reprisals against whistleblowers are prohibited by our Ethical Code of Conduct. Each site follows national regulations for reporting hazards, self-removal from hazardous situations, and access to non-occupational medical services. Lost Time Injuries (LTI) are reported to the Group HESS director with information contributing factors and improvement actions taken. High-potential near misses and accidents are shared company-wide via "Safety Flashes" to promote organizational learning.	
403-3	Occupational health services	ASR pages 50–51	
403-4	Worker participation, consultation, and communication on occupational health and safety	ASR pages 50–51 New employees receive occupational health and safety training during onboarding. Sites also have annual training plans covering work-related hazards, delivered through web-based and face-to-face methods in native languages. Attendance is recorded, feedback is sought, and site training plans are reviewed during the annual Group HESS site assessment.	
403-5	Worker training on occupational health and safety	ASR pages 50–51	

Disclosure		Location	Omission
403-6	Promotion of worker health	Non-occupational medical and healthcare services are provided for full-time Nammo employees, with scope varying based on national laws in the nine countries they operate. Non-Nammo employees receive services per their employer. Employee Assistance Programs (EAPs), including wellness programs, smoking cessation, mental health screening, and physical exercise, also differ by country. Nammo employees are informed of available EAPs during onboarding and through annual communication.	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Nammo's employees are exposed to health and safety risks related to handling energetic materials, mechanical manufacturing, heat treatment, chemical surface treatment, and assembly operations. Health, Environment, Safety, and Security (HESS) matters always have the highest priority, even if there is a conflict with other business objectives in accordance with the HESS Policy within the Nammo Management System (NMS).	
403-8	Workers covered by an occupational health and safety management system	All workers, including permanent and temporary, are in Nammo Group's HESS Reporting System. 103 out of 3275 non-employee workers (3.1 %) are covered by the management system, which undergoes annual internal audits at each production site. In 2023, Nammo had 3275 employees. National authorities regularly audit all sites, like OSHA in the US and Arbeidstilsynet in Norway.	
403-9	Work-related injuries	ASR page 51 One fatality at Nammo Mesa on 10 March 2023; investigation is complete, and fines have been assessed and paid to the Arizona Department of Occupational Safety and Health (ADOSH). Nammo Mesa has taken all required action to address the actions required following the ADOSH investigation. The full amount of the penalty has been paid. Violations cited by ADOSH were classified as "serious" and not "willful", indicating that ADOSH determined that Nammo Mesa did not knowingly fail to comply with a legal requirement or act with plain indifference to employee safety. Number of high-consequence work-related injuries: One serious injury occurred at Nammo Karlsborg on 10 May 2023. Investigation is complete and the Swedish Arbeidsmiljöverket (AMV) is still deliberating regarding possible punitive actions. Risk analyses are conducted and reviewed in accordance with national/local regulations. Safety walks and corporate level HESS assessments are being updated to focus on systemic and contextual factors that contribute to accidents, near-misses and hazardous conditions. Main type of work-related injury: Ergonomic related injuries that resulted in minor finger, hand or back injuries. Total number of hours worked: 5 431 705 The Nammo Group calculates injury rates based on lost work days per 1 000 000 hours worked. Lost Time Injury (LTI) Value for 2023 was 5.9 LTIs per 1 000 000 working hours.	
403-10	Work-related ill health	a. Zero fatalities as a result of work-related ill health. 2 cases of recordable work-related ill health. Ergonomic/overuse injuries with painful joints are the most common types of work-related ill health. b. Zero fatalities, recordable cases, or types of work-related ill-health for workers who are not employees. c. Our organization conducts regular risk analyses to identify work-related hazards that pose a risk of ill health. During the reporting period, ergonomic risks such as lifting and turning while under load were determined to be contributing factors to the cases of ill health. To address these hazards, we have implemented various measures, following the hierarchy of controls. Affected sites are conducting ergonomic surveys to eliminate unnecessary lifting and turning wherever possible. Time and motion studies are also being used to further minimize these risks. d. No workers have been excluded. e. N/A	

Disclosure		Location	Omission
	Diversity and gender equality		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 52–53	
	Nammo own disclosure		
	Female employees at year end (share of total)	ASR page 52	
	Women in group management (percentage of total)	ASR page 52	
	Women on the board of directors (share of total)	ASR page 52	
	Competence development		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 54–55	
	GOVERNANCE: Value chain integrity		
	Business partner due diligence		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 57–58	
	Nammo own disclosure		
	Number of local representative agreements terminated after being subjected to updated due diligence and risk evaluations	ASR page 58	
	Supply chain governance, human rights, and anti-corruption standards		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 59–60	
GRI 308	**Supplier Environmental Assessment 2016**		
308-1	New suppliers that were screened using environmental criteria	Strategic new suppliers are screened using reputational risk criteria, incorporating environmental performance reputation.	
GRI 414	**Supplier Social Assessment 2016**		
414-1	New suppliers that were screened using social criteria	Strategic new suppliers are screened using reputational risk criteria, incorporating social performance reputation.	
414-2	Negative social impacts in the supply chain and actions taken	ASR page 60	
	Nammo own disclosure		
	Discussion of processes and due diligence procedures for assessing and managing risks related to business ethics resulting from business partners	ASR pages 59–60	
	Description of salient human rights issues and approach to managing associated risks	ASR pages 61–63	

Disclosure		Location	Omission
	GOVERNANCE: Business Integrity		
	Anti-bribery and corruption		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 64–65	
GRI 205	**Anti-corruption 2016**		
205-2	Communication and training about anti-corruption policies and procedures	ASR pages 64–65	
205-3	Confirmed incidents of corruption and actions taken	ASR pages 68–69	
GRI 206	**Anti-competitive behavior 2016**		
206-1	Legal action for anti-competitive behavior, anti-trust, and monopoly practices	There were no reported legal actions for anti-competitive behavior, anti-trust, and monopoly practices in 2023.	
SASB	**RT-AE-510a.1**		
	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	SR page 51	
	Internal control, risk, and compliance		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 70–75	
	Nammo own disclosure		
	Description of approach to identifying and addressing data security risks	ASR page 76	
	Nammo own disclosure		
	Description of approach to identifying and addressing export control risks	ASR pages 74–75	
	Corporate governance		
GRI 3	**Material Topics 2021**		
3-3	Management of material topics	ASR pages 79–82	
	Nammo own disclosure		
	Number of group-wide procedures (e.g., code of conduct, procurement policy)	ASR page 21	
	Nammo own disclosure		
	Number of group-wide trainings (e.g., share of employees receiving training on code of conduct)	ASR page 65	



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