



KONGSBERG

QUARTERLY REPORT 4th QUARTER PRELIMINARY ANNUAL ACCOUNTS 2022

KONGSBERG



GEIR HÅØY
President & CEO

"2022 was a year in which new records were set, but also marked as a year that will be recorded in history due to the brutal Russian war in Ukraine. The new security situation in Europe has emphasized the significance of nations' defence capabilities and highlighted security needs that must be met. In parallel, we are experiencing a situation with high and unpredictable energy prices and generally high inflation. At the same time, the world is in a transition towards more environmentally friendly energy sources and there is a significant need for emission reductions. KONGSBERG will contribute actively to solving these challenges.

We continued the strong trend from previous quarters and delivered 9.4 billion in revenue and 1.4 billion in EBITDA in the 4th quarter. With an order intake of more than 19 billion in the quarter, we continue to increase the order reserve. We have almost doubled the order reserve in the last two years and by the end of 2022 we had secured orders for NOK 63 billion for future deliveries. We believe that security has become higher on the world agenda, which has led to increased demand for surveillance and defence equipment. An important driver for demand within our maritime markets is the ambitions for reduced emissions, and we are experiencing great success for our solutions for renewable energy sources, such as offshore wind.

If the world is to achieve the ambition of "net zero" by 2050, changes must happen faster. KONGSBERG has defined our "Science Based Targets" in 2022 as part of our climate ambitions. Even though KONGSBERG's direct carbon footprint is low, several of our customers have carbon-intensive operations. This is where our technology becomes important and contributes to reduced emissions.

The worldview today is more unpredictable than we have experienced in a long time. At the same time, our technologies contribute to solving several of the challenges the world is facing. We are experiencing strong demand, have record-high order backlog and we experience great trust from our customers. This makes me confident that KONGSBERG will seize new opportunities, continue to grow and at the same time deliver strong results in 2023 as well."

Highlights

KONGSBERG

16 per cent growth in operating revenues and EBITDA margin of 14.8 per cent in Q4. The solid margin was a result of efficient project execution and beneficial project mix. Large customer payments towards the end of the year resulted in a positive development in working capital in the 4th quarter. Order intake of NOK 19.2 billion in the quarter. For the 2022 financial year the Board of Directors will propose a total dividend of NOK 2,1 billion corresponding to NOK 12,00 per share, of which NOK 8,40 per share is an addition the Group's ordinary dividend policy.

<i>MNOK</i>	<i>Q4</i>	<i>YTD 2022</i>
Operating revenues:	9 444	31 803
EBITDA:	1 401	4 602
EBITDA-margin:	14,8 %	14,5 %

KONGSBERG MARITIME

9 per cent growth in operating revenues and book/bill of 1.16 in the 4th quarter. Solid underlying operations and great project execution. Strong and diversified order intake both in Q4 and overall, in 2022. Ending 2022 with an order backlog of NOK 18.6 billion, an increase of NOK 5.6 billion during the year.

<i>MNOK</i>	<i>Q4</i>	<i>YTD 2022</i>
Operating revenues:	5 293	18 978
EBITDA:	622	2 390
EBITDA-margin:	12,5 %	12,6 %

KONGSBERG DEFENCE & AEROSPACE

29 per cent growth in operating revenues and 22.7 per cent EBITDA margin. Considerable growth for both air defence and missile compared to Q4 2021. NOK 12.5 billion order intake in the 4th quarter which gives an order backlog of NOK 43.5 billion at the end of 2022, up NOK 8 billion since the end of 2021. High market activity and well positioned for significant order intake going forward.

<i>MNOK</i>	<i>Q4</i>	<i>YTD 2022</i>
Operating Revenues:	3 894	11 860
EBITDA:	885	2 516
EBITDA-margin:	22,7 %	21,2 %

KONGSBERG DIGITAL

High market activity and continuing scaling up the business. Book/bill of 1.84 in the quarter driven by good order intake for the dynamic digital twin solution Kognitwin. The number of Kognitwin users increased to more than 8,000 and a good increase in vessels that has installed Vessel Insight in the quarter.

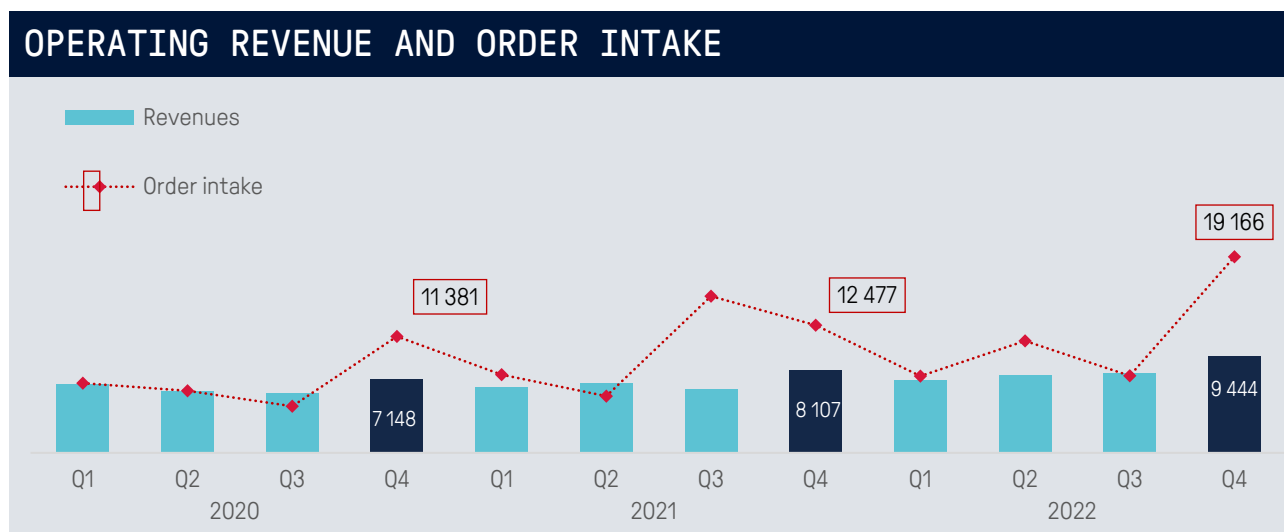
<i>MNOK</i>	<i>Q4</i>	<i>YTD 2022</i>
Operating Revenues:	285	989
EBITDA:	(109)	(259)
Percentage of recurring revenues:	46 %	47 %

Key figures

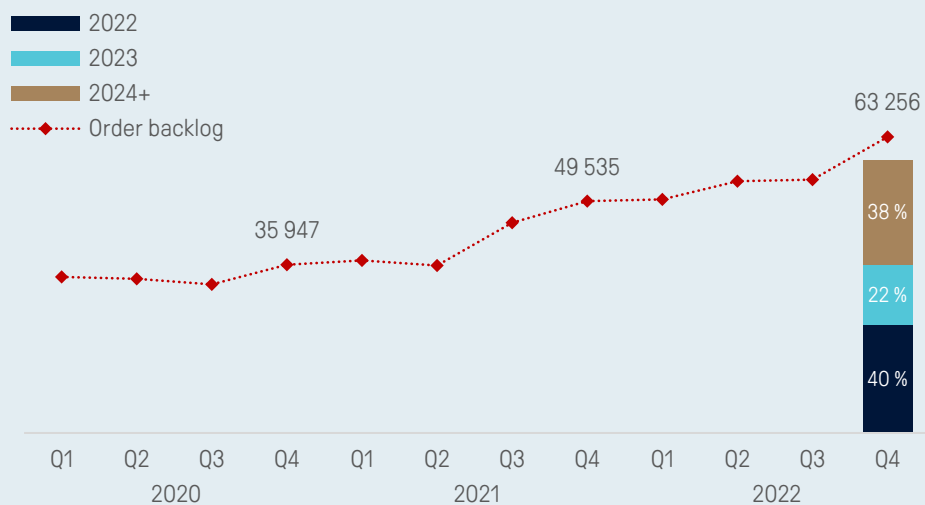
MNOK	1.10 - 31.12		1.1 - 31.12	
	2022	2021	2022	2021
Operating revenue	9 444	8 107	31 803	27 449
EBITDA	1 401	1 156	4 602	4 086
EBITDA (%)	14,8	14,3	14,5	14,9
EBIT	1 068	844	3 309	2 863
EBIT (%)	11,3	10,4	10,4	10,4
Share of net income from associated companies	174	96	387	244
Earnings before tax	1 195	901	3 497	2 922
Earnings after tax	981	718	2 809	2 290
EPS (NOK)	5,54	3,86	15,64	12,06
Order Intake	19 166	12 477	45 150	40 979

MNOK	31.12	30.9	31.12
	2022	2022	2021
Equity ratio (%)	31,8	31,1	34,6
Net interest-bearing debt ¹⁾	(1 479)	225	(5 668)
Working Capital ²⁾	565	1 945	(2 003)
ROACE (%) ³⁾	33,9	32,8	32,7
Order backlog	63 256	54 127	49 535
Net interest-bearing debt incl. leasing liabilities/EBITDA ⁴⁾	0,1	0,5	(0,9)
No. of employees	12 187	11 766	11 122

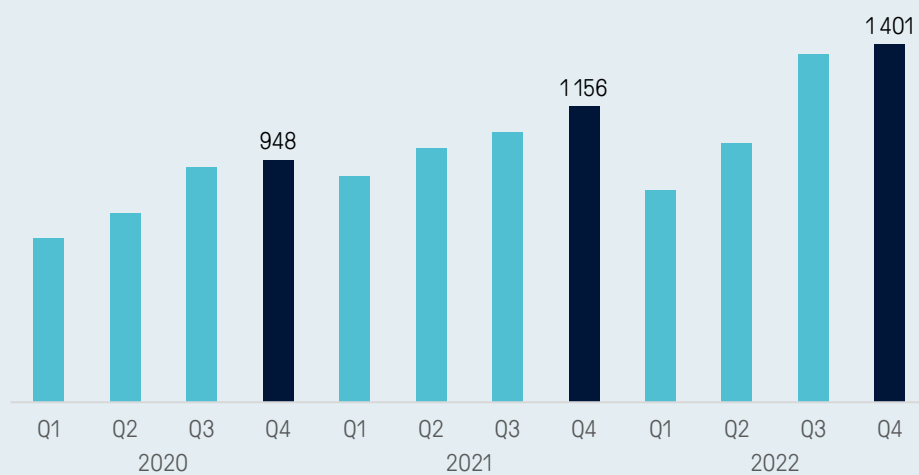
- 1) Net interest-bearing debt is the net amount of the accounting lines "Cash and cash equivalents" and "Short- and long-term interest-bearing liabilities, excluding leasing commitments".
- 2) Current assets (except cash and cash equivalents) minus non-interest-bearing liabilities (except taxes payable). Financial instruments classified as cashflow hedges are not included in working capital.
- 3) 12-month rolling EBIT including share of net income from joint arrangements and associated companies, excluding IFRS 16 divided by the 12-month mean of recognised equity and net interest-bearing debt.
- 4) 12-month rolling EBITA.



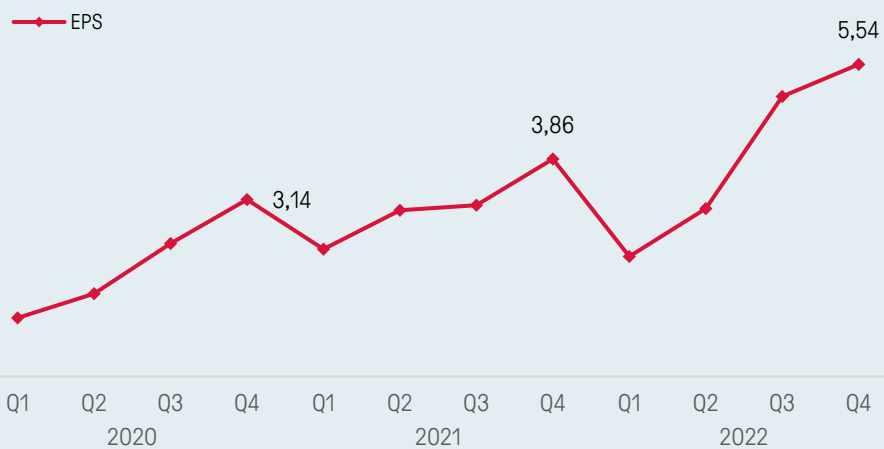
ORDER BACKLOG



EBITDA



EPS



Performance, market and orders

	1.10 - 31.12		1.1 - 31.12	
MNOK	2022	2021	2022	2021
Operating revenue	9 444	8 107	31 803	27 449
EBITDA	1 401	1 156	4 602	4 086
EBITDA (%)	14,8	14,3	14,5	14,9
EBIT	1 068	844	3 309	2 863
EBIT (%)	11,3	10,4	10,4	10,4
Order Intake	19 166	12 477	45 150	40 979
Order backlog	63 256	49 535	63 256	49 535

Operating revenues in the 4th quarter were NOK 9 444 million, compared to NOK 8 107 million in the same quarter last year, an increase of 16 per cent. All business areas experienced growth in operating revenues compared to the corresponding quarter last year. The total operating revenues for 2022 amounted to NOK 31 803 million (NOK 27 449 million).

There was solid growth in all business areas in the 4th quarter despite continued delays due to shortages of components related to deliveries of weapon stations (RWS). The growth of KDA was mainly driven by increased activity in air defence and missile. In KM, growth was driven by the aftermarket activities as well as the Sensors & Robotics division, which from the 1st quarter of 2023 was established as a separate business area in KONGSBERG.

EBITDA in the 4th quarter was NOK 1,401 million, corresponding to an EBITDA margin of 14.8 per cent compared to NOK 1,156 million (14.3 per cent) in the same quarter last year. EBITDA in 2022 was MNOK 4,602 compared to MNOK 4,086 in 2021.

Order intake in the 4th quarter was NOK 19 166 million, compared to NOK 12 477 million in the same quarter last year. This gave a book/bill in the quarter of 2.03. KM had book/bill of 1.16, KDA had book/bill of 3.22 and KDI had book/bill of 1.84 in the quarter. Order intake can vary significantly between quarters. The Group's total order intake in 2022 was NOK 45,150 million (NOK 40,979 million) corresponding to a book/bill of 1.42.

The order backlog at the end of 2022 was MNOK 63,256, an increase of MNOK 9,129 in the quarter and MNOK 13,721 through 2022. The increase in the quarter is driven by significant order intake of missiles through several contracts.

Cash flow

KONGSBERG had a net increase in cash and cash equivalents of MNOK 1,707 in the fourth quarter. The Cash flow in the

quarter was mainly driven by a positive EBITDA and a reduction in working capital.

Net cash flow from operating activities was MNOK 2,447, driven by a positive EBITDA of MNOK 1,401 and a reduction in net current assets and other operating items of MNOK 1,046. Working capital was reduced as a result of lower contract balances, partly offset by increased trade receivables as a result of growth, as well as increase in inventories to meet future growth.

KONGSBERG's cash flow from investment activities was MNOK -284. These were mainly investments in real estate, facilities, equipment and capitalised internal development. Cash flow from financing activities was MNOK -340, mainly related to instalments and interest on leasing obligations, repurchase of treasury shares related to the ongoing repurchase programme and interest on loans.

During 2022, KONGSBERG experienced a net reduction in cash and cash equivalents of NOK 4 186 million. This was mainly driven by the payment of dividends, increased working capital, the acquisition of subsidiaries and the repurchase of treasury shares.

Balance sheet

	31.12	30.9	31.12
MNOK	2022	2022	2021
Equity	13 744	12 404	13 618
Equity ratio (%)	31,8	31,1	34,6
Total assets	43 225	39 846	39 310
Working capital ¹⁾	565	1 945	(2 003)
Gross interest-bearing debt	2 453	2 450	2 450
Cash and cash equivalents	3 932	2 225	8 118
Net interest bearing debt ¹⁾	(1 479)	225	(5 668)
Net interest bearing debt incl. leasing liabilities/EBITDA ¹⁾	0,1	0,5	(0,9)

1) See definition note 15

At the end of the quarter, the KONGSBERG had interest-bearing debt of total NOK 2 453 million. The debt consisted of three bonds of total amount of NOK 2 000 million. The bond KOG11 of MNOK 450 matures in December 2023, and has been reclassified as short-term loan, see Note 8 for further information. KONGSBERG had NOK 3 932 million cash and cash equivalents at the end of the 4th quarter, compared to NOK 2 225 million at the end of the 3rd quarter and NOK 8 118 million at the end of 2021. The increase in cash and cash equivalents in the quarter is mainly related to customer payments related to the defence contracts.

Net interest-bearing debt at the end of the 4th quarter was MNOK -1,479, compared to MNOK 225 at the end of the 3rd quarter and MNOK -5,668 at the end of 2021. The change in the quarter is due to the increase cash and cash equivalents as described above.

KONGSBERG also has a syndicated and committed loan facility of MNOK 2,500, and an overdraft facility of MNOK 1,000. These were both unused at the end of the 4th quarter. The syndicated and committed loan facility was refinanced in Q1 2022.

Kongsberg Gruppen ASA has a long-term issuer rating of A- with "stable prospects" awarded by the credit rating agency Nordic Credit Rating. The credit rating ("standalone credit assessment") is BBB +. The rating was last updated on April 5, 2022 and is available at www.nordiccreditrating.com.

Foreign currency

KONGSBERG's financial policy is to hedge all significant contractual cash flows in foreign currency upon award, and these are mainly hedged using Foreign Exchange Forward Contracts (fair value hedges). The net fair value of Foreign Exchange Forward Contracts was MNOK 184 at the end of the quarter. In certain cases where the likelihood of winning a major contract is more than highly probable, hedging the contract cash flows prior to award are considered (cash flow hedges). The company's portfolio of cash flow hedges had a net fair value of MNOK -92 at the end of the quarter, which has been booked to equity through comprehensive income. The fair value (market value) represents unrealised profits/losses related to agreed rates. In addition, other financial instruments are used to a certain extent, such as interest rate and currency swaps and currency options, where fair value is also booked to equity through comprehensive income. Refer to Note 8 for a representation and further information.

If the timing of the cash conversion of the hedge object changes, changing the maturity date of the hedges, through e.g. swap contracts, may cause a liquidity impact. The size of this effect will be determined by the position of the Norwegian krone relative to the initial agreed exchange rate.

KONGSBERG's finance policy implies that accounting revenue recognition will be based on exchange rates hedged at historical levels. This prevents short-term effects on profits in the event of a rise or fall in the value of the company's functional currency.

Product development

KONGSBERG continuously invest in product development, through self-financed and customer-financed programmes. Total self-financed product development and maintenance amounted MNOK 557 in the quarter and MNOK 1 980 for the year, of which MNOK 103 and MNOK 305 was capitalised. Capitalised development during the quarter was mainly related to projects in KDI and KDA. See the table in Note 9.

In the balance per Q4, the largest activated projects were related to the development of the digital platform Kognifai and associated applications, Joint Strike Missile and other missile technology, weapons stations (MCT and RWS),

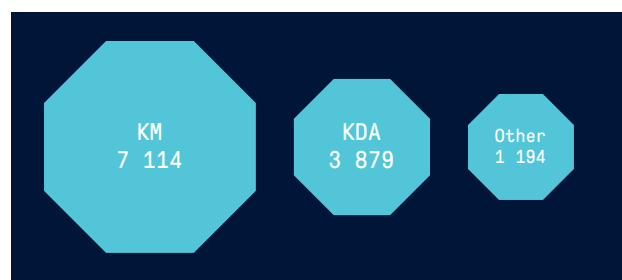
communications solutions and remote-control towers for airports.

In addition, there is customer-financed development, either as part of delivery projects or as specific development assignments. The total scope of product development and maintenance amounts to about 10 per cent of operating revenues over time.

Employees

The company had 12 187 employees at the end of the 4th quarter 2022. The number of employees in the Group increased with approximately 1,000 in 2022, of which about 200 came in with the acquisition of Lithuanian small satellite company Nano Avionics.

All business areas in KONGSBERG are growing and capacity will continue to increase in the future to meet this growth.



Number of employees by business area

Other activities

Other operations consist of Kongsberg Digital (KDI), Kongsberg Renewables Technologies (KRT), property operations and group functions.

Kongsberg Gruppen continuously searches for new opportunities that will contribute to the sustainable utilization of resources from the sea. With this as a background, it was decided in the 4th quarter to establish Sensors & Robotics as a new business area. The area has until now been a division under Kongsberg Maritime. Kongsberg Maritime and Sensors & Robotics will operate as two separate business areas from 1 January 2023. KONGSBERG will publish revised historical financial figures for the two business areas when the businesses are separated, and before the first external reporting of Sensors & Robotics - during 2023.

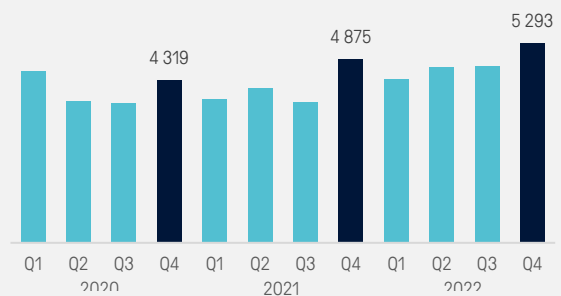
KONGSBERG MARITIME

Key figures

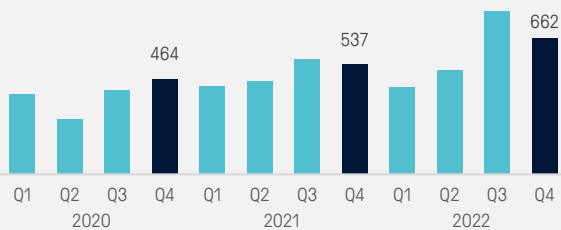
	1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2022	2021	2022	2021
Operating revenues	5 293	4 875	18 978	16 507
EBITDA	662	537	2 390	1 977
EBITDA (%)	12,5	11,0	12,6	12,0
Order Intake	6 134	4 778	24 353	17 936

	31.12	30.9	31.12
<i>MNOK</i>	2022	2022	2021
Order backlog	18 641	18 129	13 023
No. of employees	7 114	7 013	6 857

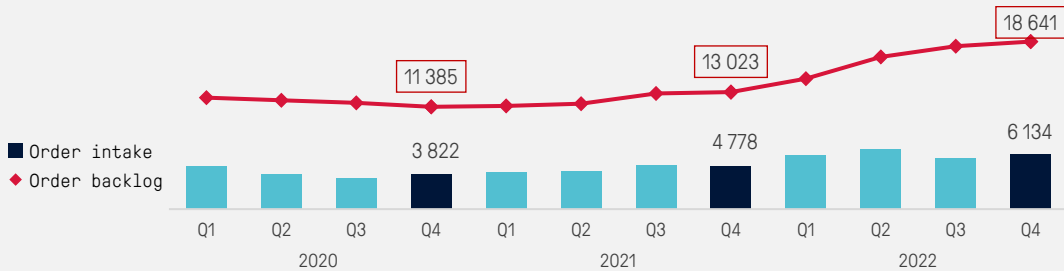
Operating revenue



EBITDA

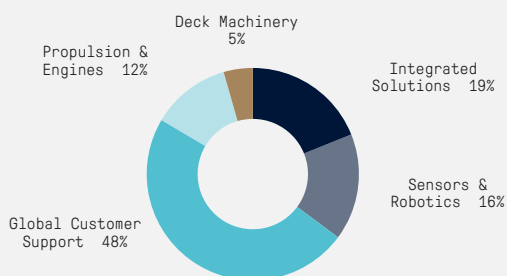


Orders



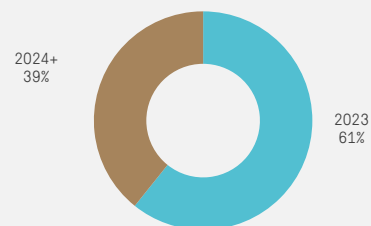
Operating revenue

YTD by division



Order backlog

Breakdown by delivery date



Results

Operating revenue was MNOK 5,293 in the 4th quarter compared to MNOK 4,875 in the same quarter last year, corresponding to an increase of 9 per cent. There was increased activity in all divisions and more than half of the operating revenues in the quarter came from the aftermarket. **Accumulated at the end of 2022, operating revenue was MNOK 18,978**, which was 15 per cent higher than in 2021.

EBITDA was NOK 662 million in the 4th quarter, corresponding to an EBITDA margin of 12.5 per cent compared to NOK 537 million (11.0 per cent) in the same quarter last year. The increase in EBITDA was mainly driven by increased volume and good profitability in the aftermarket and in the Sensors & Robotics division.

Total EBITDA in 2022 was MNOK 2,390, corresponding to an EBITDA margin of 12.6 per cent compared to MNOK 1,977 (12.0%) in 2021. The improved profitability was due to several factors, but was mainly due to good operations, increased volume, and efficient project execution.

KM has a significant order intake and cost base in foreign currency. The Norwegian krone depreciated against the US dollar in 2022 compared to 2021. Larger projects are currency hedged, while some smaller projects are exposed to spot exchange rates. Due to the above, KM has some positive operating income and profit effects both in Q4 and in 2022.

Market and orders

Order intake in the 4th quarter was NOK 6,134 million, corresponding to a book/bill of 1.16, compared to NOK 4,778 million in the 4th quarter of 2021. In total for 2022, KM had an order intake of MNOK 24,353, corresponding to a book/bill of 1.28 compared to MNOK 17,936 in 2021. Also, in the last quarter of the year, the orders in KM have come from a wide range of vessel classes and segments. Order intake from the newbuilding market was above NOK 3 billion in the quarter, where orders for offshore wind vessels exceeded NOK 650 million. This includes significant technology deliveries to a new installation vessel ordered by Cadeler and to two service vessels to be built for Pelagic Wind Services. Total order intake from the newbuilding market in 2022 ended at about NOK 13.5 billion, NOK 4.5 billion higher than in 2021. Order intake throughout the year was highly diversified, and order intake came from a wide range of vessel segments

The positive development KM has experienced in the aftermarket in 2022 continued also in the last quarter of the year and orders were signed for about MNOK 3,000, a growth of 25 per cent compared to the 4th quarter of 2021. In total in 2022, order intake from the aftermarket was about NOK 11 billion, a growth of almost NOK 3 billion compared to the previous year. New requirements from the EU and IMO (International Maritime Organization), together with a general desire and commitment from the industry for more environmentally friendly solutions, have been an important driver for KM's aftermarket activity. Among other things, there have been a significant number of contracts for the conversion of traditional diesel-electric propulsion systems to hybrid variants, typically with batteries as the alternative energy source.

KM had an order backlog of MNOK 18,641 at the end of 2022, which was an increase of NOK 5.6 billion through 2022.

Other factors

With effect from 1 January 2023, KONGSBERG has established Sensors & Robotics as a new business area. The area was previously a division in Kongsberg Maritime. Restated historical economic figures for Kongsberg Maritime and Sensors & Robotics will be published when the companies are separated, and before the first external reporting of Sensors & Robotics – during 2023. The new business area aims to grow through intensified development of advanced subsea sensor technology and solutions in hydroacoustics, sonar technology, robotics, and positioning systems. Through the establishment of Sensors & Robotics as a separate business area, Kongsberg Maritime's investments are strengthened and sharpened towards its traditional core areas, and the focus going forward is to secure and further develop the business area's position as a leading maritime system integrator. Sensors & Robotics will be led by Martin Wien Fjell. Wien Fjell has held various management positions in KONGSBERG over the past ten years and has since 2017 led Global Customer Support in KM.

Worldwide, 2022 has been characterized by both increased inflation and component shortages. In terms of the component situation, the business area experienced longer lead times and reduced access to some components in 2022. Despite this, the business area has through measures established good control over the situation and it has not significantly affected the progress of the project portfolio. High inflation has affected the entire value chain, from raw material to finished product. This has also affected the total cost for the end customer, which may have an impact on demand for new vessels. KM works with the entire value chain and introduces continuous, both local and global measures, to ensure progress and profitability.

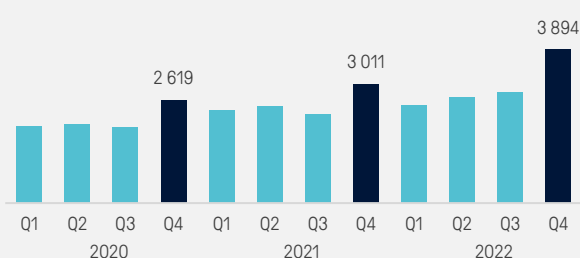
KONGSBERG DEFENCE & AEROSPACE

Key figures

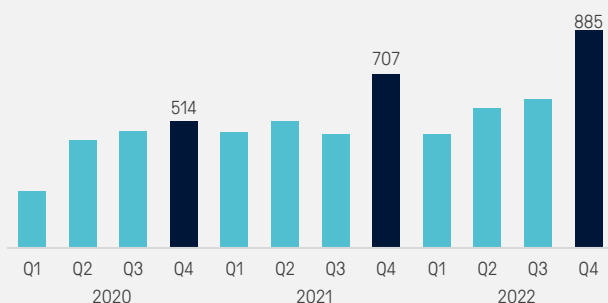
	1.10 - 31.12		1.1 - 31.12	
MNOK	2022	2021	2022	2021
Operating revenues	3 894	3 011	11 860	10 078
EBITDA	885	707	2 516	2 150
EBITDA (%)	22,7	23,5	21,2	21,3
Share of netincome associated companies	172	108	330	263
Order Intake	12 530	7 452	19 560	22 221

	31.12	30.9	31.12
MNOK	2022	2022	2021
Order backlog	43 540	35 027	35 632
No. of employees	3 879	3 612	3 428

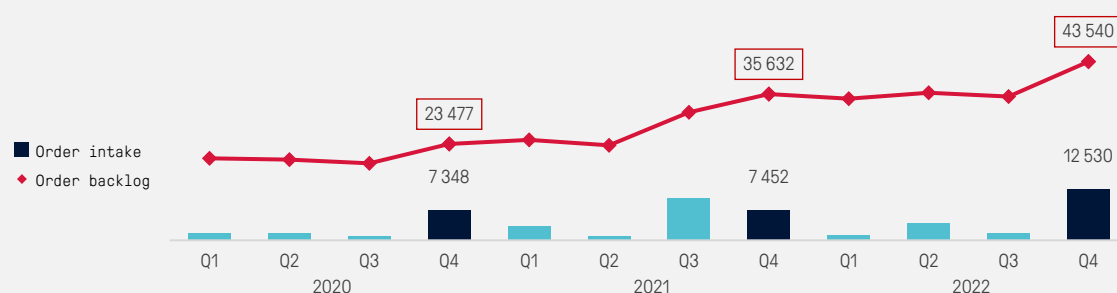
Operating revenue



EBITDA

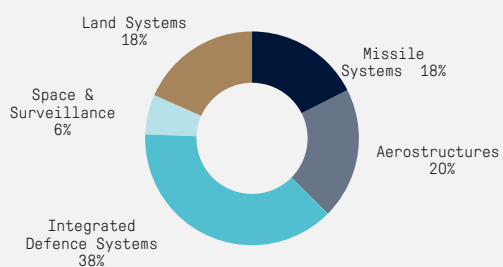


Orders



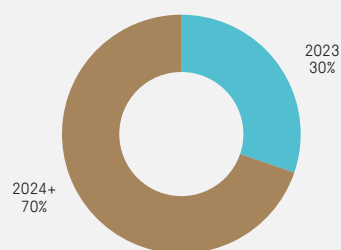
Operating revenue

YTD by division



Order backlog

Breakdown by delivery date



Results

Operating revenue was MNOK 3,894 in the 4th quarter, compared to MNOK 3,011 in the same quarter last year, an increase of 29 per cent. The growth was mainly driven by high activity on several air defense projects, but the missile division also showed a growth of over 30 percent compared to the 4th quarter 2021. The operating income in the 4th quarter is positively impacted by about MNOK 300 as a result of extraordinarily high progress in the large projects.

The operating revenues in 2022 was MNOK 11,860, up 18 percent from MNOK 10, 078 in 2021.

EBITDA was MNOK 885 in the 4th quarter, corresponding to an EBITDA margin of 22.7 per cent compared to MNOK 707 (23.5 per cent) in the same quarter last year. The solid margin was a result of advantageous project mix, several major delivery milestones and high efficiency, especially in the large air defense projects.

EBITDA for 2022 was MNOK 2,516, corresponding to an EBITDA margin of 21.2 per cent compared to MNOK 2,150 (21.3%) in 2021.

Share of net income from associated companies amounted to MNOK 172 (MNOK 108) in the quarter and MNOK 330 (MNOK 263) in 2022. See also note 6.

Market and Orders

Order intake was MNOK 12,530 in the 4th quarter, corresponding to a book/bill of 3,22. Total order intake in 2022 was MNOK 19,560 compared to MNOK 22,221 in 2021. At the end 2022, KDA has an order backlog of MNOK 43,540.

The business area signed several significant orders in the last quarter of the year, mainly for delivery of the Naval Strike Missile (NSM). At the company's 3rd quarterly presentation in 2022, it was announced that KONGSBERG expects significant order intake for missiles over the next year and a half. In the 4th quarter, five important agreements were signed for NSM:

- Contract for NSM to Australia for more than NOK 5 billion.
- NSM coastal artillery system to Romania, a contract worth MNOK 1,350.
- Contract for NSM to the Netherlands, contract value not published.
- Contract for further deliveries of NSM to Norway, worth NOK 604 million.
- The UK announced that it will acquire NSMs for its Type 23 frigates and Type 45 destroyers.

In addition, a contract was signed with Lockheed Martin for subcontracts to Norway's new long-range air surveillance radars, worth MNOK 900, and a framework agreement worth about USD 1.5 billion for the supply of CROWS weapons control systems to the US Army. In 2007, KONGSBERG was for the first time selected as a supplier to the American Common Remotely Operated Weapon Stations II (CROWS II) program. The first framework agreement was originally intended to cover 6,500 systems and last for 5 years but was already expanded to 10,349 systems in 2009. Since then, KONGSBERG has signed three new framework agreements with the US Army, the last of which, worth about NOK 1.5 billion, was signed in Q4 2022. Over the years, a total of 21,500 weapon control systems have been delivered to customers in 28 countries, of which over 14,000 systems have been for the CROWS program.

Other Factors

Shortages of some critical components affect many companies, and KDA relies on several hundred subcontractors, both in Norway and abroad. In 2022, lack of a few critical components for the RWS weapon station has led to delayed deliveries to end customers. The systems have been completed as far as possible, but the situation has led to increased working capital such as increased project inventory and delayed customer payments. In addition, it negatively affected turnover. The business area is still delayed compared to the original delivery plan, but volumes have gradually started to pick up again through the 4th quarter.

Increased inflation affects the entire value chain, from raw material to finished product. For KDA, almost half of the order backlog is hedged against inflation through escalation clauses in the contracts. For the part of the order backlog that is not secured, long-term agreements with the supply chain are used to create predictability for cost throughout the delivery process.

The business area is growing rapidly. Sufficient capacity is a critical success factor for continued growth. In 2022, the number of employees in KDA increased by 451, corresponding to 13 percent. This includes approximately 200 people from the Lithuanian small satellite company NanoAvionics, which was acquired in Q3. Over the next 5-year period, about 2,000 people needs to be hired to ensure sufficient capacity. As a result of safety rules, most employments will take place in Norway. To expand its geographic presence and ensure proximity to customers, the business area has also expanded beyond Norway, including Australia where KDA is currently a supplier to several significant programs.

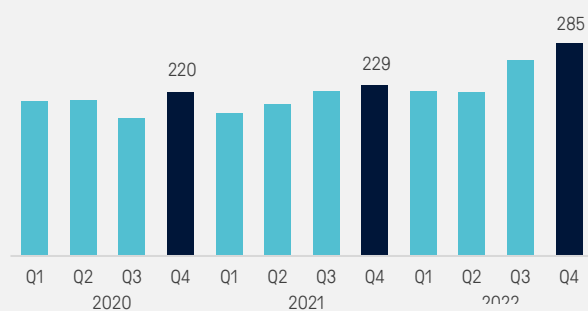
KONGSBERG DIGITAL

Key figures

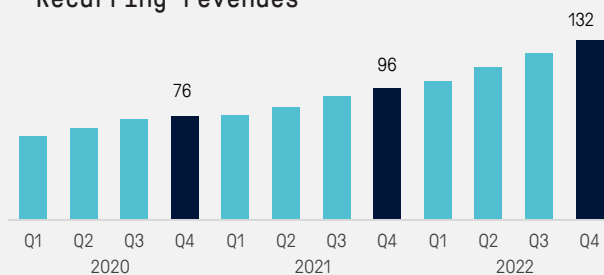
	1.10 - 31.12		1.1 - 31.12	
	2022	2021	2022	2021
MNOK				
Operating revenues	285	229	989	845
of this Recurring revenues*	132	96	468	347
EBITDA	(109)	(69)	(259)	(45)
EBITDA (%)	(38,1)	(30,0)	(26,2)	(5,4)
Order Intake	523	234	1275	789

	31.12	30.9	31.12
MNOK	2022	2022	2021
Order backlog	1150	1050	932
No. of employees	1088	1013	718

Operating revenue

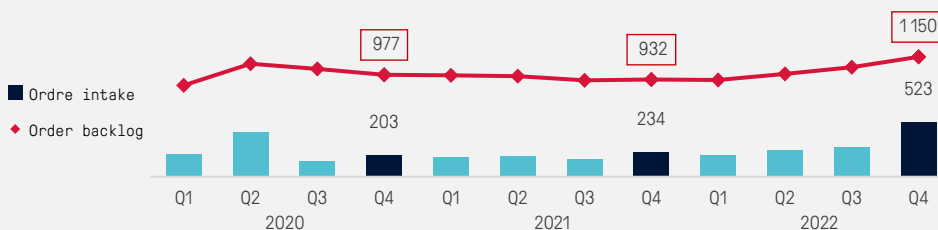


Recurring revenues*



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

Orders



Results

Operating revenue was MNOK 285 in the 4th quarter, compared to MNOK 229 in the 4th quarter of 2021. Recurring revenue increased to MNOK 132 in the quarter, up from MNOK 122 in the 3rd quarter and MNOK 96 in 4th quarter 2021.

EBITDA in the quarter was MNOK – 109 (MNOK -69) and total EBITDA in 2022 was MNOK -259 (MNOK – 45). The negative development in EBITDA was due to significant investments and scale-up of the organization to ensure future growth. In addition, significant costs have been incurred during the quarter related to hardware and delivery of Vessel Insight installations.

The positive trend in the rollout, and the demand for the Kognitwin digital twin continued in 2022. At the end of the year, 18 dynamic digital twins were in operation, an increase of 10 throughout the year. The number of users increased by almost 4,000 during the quarter, and there are now more than 8,000 active users of Kognitwin. In Q4, KDI signed an important contract under an existing framework agreement for digital twins that ensures a good increase in volume going forward. In addition, there are also several ongoing proof of concept (POC) deliveries that show that Kognitwin is suitable for use in various industries.

In 2022, KDI signed several major contracts for the delivery and installation of the digital solution for "ship to cloud" infrastructure, Vessel Insight. The delivery rate related to previously signed contracts picked up significantly during the quarter.

By the end of the 4th quarter, KDI had signed more than 2,000 vessels on the Vessel Insight platform. More than 80 shipowners have signed Vessel Insight contracts for all or part of their fleet. In total, these shipowners control more than 3,000 vessels. This represents a significant potential for KDI going forward.

KONGSBERG has high growth ambitions for KDI, and significant investments are being made in scaling and rolling out new solutions and applications. This has affected KDI's operating profit in 2022.

KDI in the future

Since KDI was established in 2016, the business area has been established as a leading supplier of digitization solutions for the energy sector and maritime industry. Digitization is an important contributor to increased efficiency and a reduction in climate emissions.

The Software as a Service (SaaS) solutions Kognitwin Energy and Vessel Insight are the most important drivers of growth in KDI. In the past two years, positioning in the market has been in focus. KDI has therefore increased capacity related to development, sales and delivery, a development that will also continue in 2023.

Kognitwin Energy is delivered to several world-leading energy companies and is in operation in both upstream, midstream and downstream facilities. Work is underway in parallel with the delivery of several digital twins. Going forward, both the number of installed twins and users of the twins will continue to increase significantly.

Digitization of the vessel market is an important driver for Vessel Insight. A prerequisite for being able to digitize is to connect the vessel to the cloud and make contextualized data available. Vessel Insight enables this quickly and efficiently and provides significant benefits, both from a cost, efficiency, environmental and operational perspective. Many vessel markets have had challenges as a result of the covid pandemic. Lower willingness to invest has led to delays in relation to original market and rollout plans for Vessel Insight. KDI finds that the situation has improved noticeably, and contracts have been signed with several new customers in recent quarters. The ambition is for the number of customers and connected vessels to increase significantly in the coming years.

KDI is at a stage where it is beneficial to consider different strategic alternatives to fully realize the potential KONGSBERG sees in the area, including considering a stock exchange listing in the long term.



OUTLOOK

KONGSBERG has, in recent years, shown a positive development and an excellent adaptability to significant and rapid changes. Despite component shortages, challenging logistics and increasing inflation, the company has delivered growth and improved results significantly.

At the end of 2022, KONGSBERG had an order backlog of NOK 63.3 billion, of which NOK 25.1 billion will be delivered during 2023. This is approximately NOK 5 billion higher order coverage compared to one year ago and sets a good foundation for continued growth. Order intake from the aftermarket is to a lesser extent included in the order backlog. In addition to the reported order backlog, the order backlog for associated companies as well as framework agreements, will be reported.

As of Q1 2023, Sensors & Robotics (S&R) and Kongsberg Maritime (KM) will operate as two business areas. KM is exposed to newbuilding market and aftermarket in traditional merchant fleet and offshore operations. Contracting of new vessels is expected to be lower in 2023 compared to the previous year, while considerable order intake is expected in the markets that have traditionally represented higher value for KM. Many shipyards have almost full order books for the next few years, which means that KM's order backlog extends beyond time. The increasing demand for upgrades to reduce emissions from vessel operation means that continued high activity in the aftermarket is expected in 2023. Overall, KM growth is also expected in 2023. S&R is exposed to offshore operations, fisheries, research, monitoring and marine operations. There is a high demand for technology in all these segments, which provides the foundation for growth in 2023.

Kongsberg Defence & Aerospace (KDA) has grown continuously in recent years, increasing its order backlog from NOK 35.6 billion to NOK 43.5 billion in 2022. Of the order intake of NOK 19.6 billion in 2022, NOK 11 billion relates to orders for missiles, where high growth is expected in the future, and where investments are currently being made, to expand the production capacity. The complex worldview, as well as the situation around availability and logistics of some components, are factors that can affect both demand and delivery times, again making it more challenging than before to predict both growth rate and profitability levels. Profitability varies between different product groups and different geographies. The project mix is an important driver for profitability in the business area. The business area's long-term margin target is 17 percent in 2025, but this will vary between quarters. Market activity in KDA is at a historically high level and the basis for growth in the short and medium term is very good.

Kongsberg Digital (KDI) has increased both the number of installed Kognitwin and Vessel Insight systems in 2022, with high market activity and increased demand for the business area's solutions. As a result of continued significant investments in increased capacity, development and roll-out of digital solutions in 2023, negative EBITDA and cash flow from the business area are expected for the full year. KONGSBERG's ambition is for KDI to deliver positive EBITDA in 2024.

Kongsberg, 09. February 2023

The Board of Kongsberg Gruppen ASA

NUMBERS & NOTES



Key figures by quarter

KONGSBERG	2022					2021					2020				
MNOK	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	31 803	9 444	7 745	7 567	7 046	27 449	8 107	6 216	6 762	6 364	25 612	7 148	5 802	5 983	6 678
EBITDA	4 602	1 401	1 360	1 012	829	4 086	1 156	1 054	993	883	3 250	948	919	740	643
EBITDA (%)	14,5	14,8	17,6	13,4	11,8	14,9	14,3	17,0	14,7	13,9	12,7	13,3	15,8	12,4	9,6
EBIT	3 309	1 068	1 035	683	522	2 863	844	748	697	575	1 905	579	595	429	302
EBIT (%)	10,4	11,3	13,4	9,0	7,4	10,4	10,4	12,0	10,3	9,0	7,4	8,1	10,3	7,2	4,5
Share of net income associated companies	387	174	144	47	23	244	96	79	58	11	186	118	35	33	-
Order intake	45 150	19 166	7 535	10 945	7 503	40 979	12 477	15 315	5 544	7 643	28 818	11 381	4 558	6 067	6 812
Order backlog	63 256	63 256	54 127	53 788	49 903	49 535	49 535	44 918	35 781	36 867	35 947	35 947	31 748	32 935	33 342

KONGSBERG MARITIME	2022					2021					2020				
MNOK	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	18 978	5 293	4 690	4 654	4 342	16 507	4 875	3 734	4 092	3 807	16 319	4 319	3 695	3 762	4 543
EBITDA	2 390	662	796	507	425	1 977	537	560	452	427	1 532	464	411	267	390
EBITDA (%)	12,6	12,5	17,0	10,9	9,8	12,0	11,0	15,0	11,1	11,2	9,4	10,7	11,1	7,1	8,6
EBIT	1 720	476	637	334	273	1 323	372	403	295	254	718	236	227	85	169
EBIT (%)	9,1	9,0	13,6	7,2	6,3	8,0	7,6	10,8	7,2	6,7	4,4	5,5	6,2	2,3	3,7
Share of net income associated companies	(1)	3	-	(4)	-	(3)	(3)	-	-	-	-	-	-	(1)	1
Order intake	24 353	6 134	5 632	6 646	5 941	17 936	4 778	4 864	4 220	4 074	15 925	3 822	3 439	3 850	4 813
Order backlog	18 641	18 641	18 129	16 935	14 516	13 023	13 023	12 870	11 731	11 483	11 385	11 385	11 826	12 111	12 404

KONGSBERG DEFENCE AEROSPACE		2022					2021					2020				
MNOK	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1	
Operating revenues	11 860	3 894	2 802	2 692	2 472	10 078	3 011	2 261	2 456	2 350	8 503	2 619	1 933	2 008	1 942	
EBITDA	2 516	885	603	567	460	2 150	707	461	513	469	1 656	514	473	437	231	
EBITDA (%)	21,2	22,7	21,5	21,1	18,6	21,3	23,5	20,4	20,9	20,0	19,5	19,6	24,5	21,8	11,9	
EBIT	1 919	727	452	424	316	1 620	560	330	386	344	1 157	389	338	314	116	
EBIT (%)	16,2	18,7	16,1	15,7	12,8	16,1	18,6	14,6	15,7	14,7	13,6	14,8	17,5	15,6	6,0	
Share of net income associated companies	330	172	74	61	24	263	108	82	59	14	206	120	38	37	10	
Order intake	19 560	12 530	1 619	4 080	1 331	22 221	7 452	10 303	1 120	3 346	11 891	7 348	987	1 788	1 769	
Order backlog	43 540	43 540	35 027	35 950	34 504	35 632	35 632	31 189	23 145	24 470	23 477	23 477	18 757	19 658	19 977	

KONGSBERG DIGITAL	2022					2021					2020				
MNOK	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	989	285	262	220	221	845	229	221	204	192	821	220	185	209	207
EBITDA	(259)	(109)	(52)	(50)	(48)	(45)	(69)	22	10	(9)	34	(23)	26	33	(2)
EBITDA (%)	(26,2)	(38,1)	(19,6)	(22,9)	(21,7)	(5,4)	(30,0)	10,1	4,9	(4,8)	4,1	(10,4)	14,1	15,6	(1,0)
EBIT	(380)	(146)	(83)	(79)	(73)	(122)	(90)	3	(8)	(28)	(22)	(44)	14	21	(14)
EBIT (%)	(38,4)	(51,1)	(31,5)	(36,0)	(32,8)	(14,5)	(39,3)	1,5	(4,0)	(14,4)	(2,7)	(19,8)	7,7	10,1	(6,6)
Order intake	1 275	523	286	257	209	789	234	165	199	192	997	203	151	428	216
Order backlog	1 150	1 150	1 050	986	928	932	932	924	964	972	977	977	1 034	1 083	876

Due to eliminations and that Property and Corporate functions are not included, the sum of Business Areas does not add up to Group.

Condensed income statement

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2022	2021	2022	2021
Operating revenues	5	9 444	8 107	31 803	27 449
Operating expenses	9	(8 044)	(6 951)	(27 201)	(23 363)
EBITDA	5, 15	1 401	1 156	4 602	4 086
Depreciation		(118)	(121)	(469)	(476)
Depreciation, leasing assets	7	(112)	(100)	(449)	(396)
Impairment of property, plant and equipment		(3)	(6)	(18)	(9)
Amortisation		(95)	(83)	(352)	(341)
Impairment of intangible assets		(4)	(2)	(4)	(2)
EBIT	5, 15	1 068	844	3 309	2 863
Share of net income from joint arrangements and associated companies	6	174	96	387	244
Interest on leasing liabilities	7	(33)	(31)	(128)	(132)
Net financial items	8	(14)	(8)	(72)	(53)
Earnings before tax (EBT)		1 195	901	3 497	2 922
Income tax expense	12	(214)	(183)	(687)	(632)
Earnings after tax (EAT)		981	718	2 809	2 290
Attributable to:					
Equity holders of the parent		979	689	2 773	2 158
Non-controlling interests		2	29	37	132
Earnings per share (EPS) / EPS diluted in NOK					
-Earnings per share		5,54	3,86	15,64	12,06
-Earnings per share, diluted		5,54	3,86	15,64	12,06

Condensed statement of comprehensive income

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2022	2021	2022	2021
Earnings after tax		981	718	2 809	2 290
Specification of other comprehensive income for the period:					
<i>Items to be reclassified to profit or loss in subsequent periods:</i>					
Change in fair value, financial instruments					
-Cash flow hedges and cross-currency swaps	8	278	26	(65)	120
Tax effect cash flow hedges		(61)	(5)	14	(26)
Translation differences currency		(45)	(40)	284	(194)
Total items to be reclassified to profit or loss in subsequent periods		172	(20)	233	(100)
<i>Items not to be reclassified to profit or loss:</i>					
Actuarial gains/losses pensions		364	(145)	364	(145)
Tax effect on actuarial gain/loss on pension		(78)	32	(78)	32
Total items not to be reclassified to profit or loss		285	(113)	285	(113)
Comprehensive income		1 438	585	3 328	2 077

Condensed statement of financial position

		31.12 2022	30.9 2022	31.12 2021
<i>MNOK</i>	<i>Note</i>			
Property, plant and equipment		4 107	4 178	3 901
Leasing assets	7	1 743	1 766	1 715
Intangible assets	9	5 781	5 594	5 039
Shares in joint arrangements and associated companies	6	3 868	3 568	3 609
Other non-current assets		819	912	421
Total non-current assets		16 320	16 018	14 686
Inventories		5 493	4 922	4 306
Trade receivables		6 957	6 180	4 518
Customer contracts, asset	8	8 031	8 488	6 518
Derivatives	8	1 596	1 263	545
Other short-term receivables		896	750	620
Cash and cash equivalents		3 932	2 225	8 118
Total current assets		26 905	23 828	24 624
Total assets		43 225	39 846	39 310
Issued capital	4	5 930	5 930	5 932
Retained earnings		6 911	5 760	7 084
Other reserves		693	518	453
Non-controlling interests		209	196	149
Total equity		13 744	12 404	13 618
Long-term interest-bearing loans	8	2 003	2 450	2 450
Long-term leasing liabilities	7	1 526	1 558	1 500
Other non-current liabilities and provisions	3	1 855	2 408	2 577
Total non-current liabilities and provisions		5 384	6 417	6 528
Customer contracts, liabilities	8	14 159	11 080	11 787
Derivatives	8	1 559	3 164	378
Short-term interest-bearing loans	8	450	-	-
Short-term leasing liabilities	7	419	405	380
Other current liabilities and provisions	3	7 511	6 375	6 620
Total current liabilities and provisions		24 097	21 025	19 164
Total equity, liabilities and provisions		43 225	39 846	39 310
Equity ratio (%)		31,8	31,1	34,6
Net interest-bearing debt		(1 479)	225	(5 668)

Condensed statement of changes in equity

		31.12	30.9	31.12
<i>MNOK</i>	<i>Note</i>	<i>2022</i>	<i>2022</i>	<i>2021</i>
Equity opening balance		13 618	13 618	13 301
Total comprehensive income		3 328	1 889	2 077
Dividends paid		(2 716)	(2 716)	(1 425)
Share buy-back related to share buy-back programme	4	(481)	(372)	(268)
Transactions with treasury shares related to employee share programme		(5)	(14)	(62)
Dividends, non-controlling interests		-	-	(5)
Purchase/sale, in non-controlling interests		(1)	(1)	(1)
Equity closing balance		13 744	12 404	13 618

Condensed cash flow statement

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2022	2021	2022	2021
Earnings after tax		981	718	2 809	2 290
Depreciation/impairment of property, plant and equipment		121	127	487	485
Depreciation, leasing assets		112	100	449	396
Amortisation/impairment of intangible assets		99	85	356	342
Share of net income from joint ventures and associated companies		(174)	(96)	(387)	(244)
Net finance items		47	39	200	185
Income taxes		214	183	687	632
Change in net current assets and other operatings-related items		1 046	1 533	(3 495)	884
Net cash flow from operating activities		2 447	2 689	1 106	4 970
Dividend from joint arrangements and associated companies	6	-	-	201	147
Purchase/disposal of property, plant and equipment		(212)	(226)	(622)	(554)
Investment in subsidiaries and associated companies	13	(4)	(78)	(601)	(85)
Investment in financial assets		-	(39)	(44)	(39)
Interest received		68	12	124	45
Repayment of debt in acquired business		(7)	-	(7)	-
Proceeds from sale of business		-	47	6	47
Capitalised internal developed and other intangible assets		(113)	(65)	(400)	(215)
Settlement of cross-currency swaps		(15)	(2)	1	(116)
Net cash flow from investing activities		(284)	(350)	(1 343)	(769)
Net change interest-bearing loans		-	(503)	-	(1 021)
Payment of principal portion of lease liabilities	7	(104)	(91)	(408)	(357)
Interest paid		(80)	(18)	(168)	(76)
Interest paid on leasing liabilities	7	(33)	(31)	(128)	(132)
Net payment related to employee share programme		-	-	(100)	(91)
Share buy-back related to share buy-back programme	4	(123)	(100)	(483)	(317)
Dividends paid to equity holders of the parent		-	-	(2 736)	(1 440)
- of which dividends from treasury shares		-	-	21	15
Net cash flow from financing activities		(340)	(744)	(4 002)	(3 419)
Effect of changes in exchange rates on cash and cash equivalents		(116)	(23)	54	(84)
Net change in cash and cash equivalents		1 707	1 572	(4 186)	697
Cash and cash equivalents at the beginning of the period		2 225	6 545	8 118	7 420
Cash and cash equivalents at the end of the period		3 932	8 118	3 932	8 118

1 General information and principles

General information

The consolidated financial statement for Q4 (interim financial statement) covers Kongsberg Gruppen ASA, its subsidiaries and shares in joint arrangements and associated companies that are included according to the equity method.

Principles

Interim financial statements are compiled in accordance with IAS 34 (interim reporting), stock exchange regulations and the additional requirements of the Securities Trading Act. Interim financial statements do not include the same amount

of information as the full financial statements and should be read in the context of the consolidated financial statements for 2021. The consolidated financial statements for 2021 were prepared in compliance with the Norwegian Accounting Act and international standards for financial reporting (IFRS) established by the EU.

The consolidated financial statements for 2021 are available on www.kongsberg.com.

The interim financial statement has not been audited.

2 New standards as from 1.1.2022

The accounting principles used in the quarterly report are the same principles as those applied to the consolidated financial statements for 2021, with the exception of changes to IFRS 3, IFRS 9, IAS 16 and IAS 37 which was implemented 1 January 2022. The amendments to IFRS 3 are intended to replace a reference to a previous version of the IASB's Conceptual Framework with a reference to the current version issued. This implies that the Group shall apply the criteria in IAS 37 or IFRIC 21, instead of the Conceptual framework, to determine whether a present obligation exists at the acquisition date. The amendment to IAS 16 applies when property, plant and equipment generate income at the same time as it

is under construction, this income cannot be deducted from the acquisition cost of the property, plant or equipment. The amendments to IAS 37 specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments to IFRS 9 clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

The implementation of the changes has not had any significant effect on the consolidated financial statements.

3 Estimates

Preparing the interim financial statement involves assessments, estimates and assumptions that affect the use of accounting principles and posted amounts for assets and obligations, revenues and expenses. Actual results may deviate from these estimates. The

key considerations in connection with the application of the Group's accounting principles and the major sources of uncertainty remain the same as when the 2021 consolidated financial statements were compiled.

Capital reduction 2. quarter and repurchase of shares 4. quarter 2022

Kongsberg Gruppen ASA's Annual General meeting on 11 May 2022 resolved to reduce the company's share by NOK 1 900 467,50, through cancellation and redemption of 1 520 374 shares. The capital reduction was executed on 1 July 2022. After the capital reduction KONGSBERG's share capital is NOK 221 641 340 divided into 177 313 072 shares, each at nominal value NOK 1,25.

KONGSBERG had the following ongoing share buy-back program at fourth quarter 2022:

- KONGSBERG has repurchased 282 495 shares equivalent to a value of NOK 107,0 million in the fourth quarter related to the share buy-back program announced on 13 May 2022. The share buy-back related to this program was initiated 20 June 2022.

In total, KONGSBERG holds at the end of fourth quarter 693 610 treasury shares. 653 331 of the treasury shares are related to the share buy-back program for cancellation where cancellation shall be approved by the Annual General Meeting in 2023.

5 Segment information

	OPERATING REVENUES				EBITDA				EBIT			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
MNOK	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
KM	5 293	4 875	18 978	16 507	662	537	2 390	1 977	476	372	1 720	1 323
KDA	3 894	3 011	11 860	10 078	885	707	2 516	2 150	727	560	1 919	1 620
Other ¹⁾	258	221	965	864	(147)	(89)	(304)	(41)	(134)	(88)	(330)	(80)
Group	9 444	8 107	31 803	27 449	1 401	1 156	4 602	4 086	1 068	844	3 309	2 863

1) Other activities consist of Kongsberg Digital (KDI), property, corporate functions and eliminations. For information about KDI see separate section.

EBITDA in the fourth quarter is affected by change in accruals of the employee share program compared to last year. In 2021 the expense of this program was accrued evenly throughout the year, while in 2022 the entire expense was recognised in the second quarter. The change affect EBITDA between the quarters, but it does not affect the total expense the year.

Operating revenues YTD by division:

MNOK	2022	2021
<i>Divisions</i>		
Global Customer Support	9 861	7 886
Integrated Solutions	3 856	3 807
Sensor & Robotics	3 314	2 736
Propulsion & Engines	2 463	2 468
Deck Machinery	904	887
Other/elimination	(1 421)	(1 276)
Kongsberg Maritime	18 978	16 507
Land Systems	2 325	3 053
Integrated Defence Systems	4 830	3 111
Aerostructures	2 520	2 367
Missile Systems	2 221	1 682
Space & Surveillance	764	692
Other/elimination	(800)	(827)
Kongsberg Defence & Aerospace	11 860	10 078
Other/elimination	965	864
Total revenues	31 803	27 449

The table shows the anticipated date on which remaining performance obligations as of 31 December 2022 are recognised as income:

	2022			2021		
	Date of revenue recognition			Date of revenue recognition		
	Order backlog 31.12.22	2023	2024 and later	Order backlog 31.12.21	2022	2023 and later
MNOK						
Kongsberg Maritime	18 641	11 325	7 316	13 023	8 506	4 517
Kongsberg Defence & Aerospace	43 540	13 159	30 381	35 632	10 877	24 755
Other/elimination	1 075	606	469	880	488	391
Total	63 256	25 091	38 165	49 536	19 872	29 664

6

Shares in joint arrangements and associated companies

Specification of movement in the balance sheet line "Shares in joint arrangements and associated companies"
1 January to 31 December

MNOK	Owner ship	Carrying amount 1.1	Additions/ disposals	Dividends received	Share of net income ¹⁾	Other items and comprehensive income	Carrying amount 31.12	Share of net income 1.10 - 31.12
Patria Oyj	49,9 %	2 849	-	(127)	164	151	3 036	118
Kongsberg Satellite Services AS	50,0 %	628	2	(65)	154	-	719	39
Other shares		132	(80)	(9)	70	-	113	17
Total		3 609	(78)	(201)	387	151	3 868	174

¹⁾ The share of net income is included after tax and amortisation of excess value. The share of net income from the associated companies includes a gain of MNOK 70 as a result of the ownership share in eSmart Systems AS being diluted. The shares in this company are from the third quarter reclassified to shares at fair value through profit and loss in the consolidated statement of financial position.

Share of net result from Patria:

Millions	1.10 - 31.12		1.1 - 31.12	
	2022	2021	2022	2021
KONGSBERG's share (49,9%) ¹⁾	122	98	177	166
Amortisation of excess values after tax	(4)	(5)	(13)	(16)
Share of net income recognised in KDA for the period	118	93	164	150

¹⁾ Share of Patria's net income after tax adjusted for non-controlling interests and net income from KAMS. Share of net income from Patria is recognised as follows during the quarters: Q1: Jan-Feb, Q2: Mar-May, Q3: Jun-Aug and Q4: Sep-Dec.

Share of net income and dividend from associated companies per business area:

MNOK	Share of net income				Dividend			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
	2022	2021	2022	2021	2022	2021	2022	2021
Kongsberg Maritime	3	(3)	(1)	(3)	-	-	-	-
Kongsberg Defence & Aerospace	172	108	330	263	-	-	201	147
Other	(1)	(10)	58	(17)	-	-	-	-
Group	174	96	387	244	-	-	201	147

7 Leasing

KONGSBERG has leases that are primarily related to land and buildings, as well as leases for machinery, vehicles and equipment.

IFRS 16 effects on condensed statement of financial position:

Opening balance 1 January 2022	1 715
Addition	91
Depreciation Q1	(109)
Translation differences	(9)
Opening balance 1 April 2022	1 689
Addition	300
Disposal	(64)
Depreciation Q2	(114)
Translation differences	25
Opening balance 1 July 2022	1 837
Addition	29
Disposal	(1)
Depreciation Q3	(115)
Translation differences	17
Inngående balanse 1 October 2022	1 766
Addition	107
Depreciation Q4	(112)
Translation differences	(18)
Closing balance 31 December 2022	1 743

	31.12.2022	30.9.2022	31.12.2021
Leasing assets	1 743	1 766	1 715
Long-term leasing liabilities	1 526	1 558	1 500
Short-term leasing liabilities	419	405	380

IFRS 16 effects on condensed income statement in the period:

	1.10 - 31.12		1.1 - 31.12	
	2022	2021	2022	2021
Returned rental cost earlier included in EBITDA	137	123	536	489
Profit/Loss on disposed leases	-	(1)	6	-
Increased EBITDA in the period	137	123	541	489
Depreciation on leases	(112)	(100)	(449)	(396)
Increased EBIT in the period	26	23	93	93
Interest cost on leasing liabilities for the period	(33)	(31)	(128)	(132)
Reduced EBT in the period	(7)	(9)	(35)	(39)

8 Financial instruments

Loans and credit facilities

The group has four bond loans amounting to a total of MNOK 2,450. The loans are classified as long-term loans except KOG11, which is due within a year and are reclassified to short-term loans. The maturity

dates of the long-term bond loans range from the 6th of June 2024 to the 2nd of June 2026. In addition, the group has a syndicated credit facility of MNOK 2,500 and an overdraft credit facility of MNOK 1000. Neither were utilized at the end of the quarter.

Interest-bearing loans:

			31.12.2022	31.12.2021
<i>MNOK</i>	<i>Due date</i>	<i>Nominal interest rate</i>	<i>Value¹</i>	<i>Value¹</i>
Long-term loans:				
Bond issue KOG09 - fixed interest rate	02.06.2026	3,20%	1 000	1 000
Bond issue KOG13 - floating interest rate	06.06.2024	3,86%	500	500
Bond issue KOG14 - floating interest rate	26.02.2026	3,43%	500	500
Bond issue KOG11 - fixed interest rate ²⁾				450
Other long-term loans			3	-
Total long-term loans			2 003	2 450
Short-term loans:				
Bond issue KOG11 - fixed interest rate ²⁾	05.12.2023	2,90%	450	-
Total short-term loans			450	-
Total interest-bearing loans			2 453	2 450
Syndicated credit facility (unutilised borrowing limit)	22.03.2027		2 500	2 300
Overdraft facility (unutilised)			1 000	500

¹⁾ Value is equal to nominal amount. For long-term bond loans, the carrying amount is equal to the nominal amount.

²⁾ The bond issue KOG11 was reclassified to short-term loans at 5.12.2022.

Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, decreased by MNOK 65 before tax during the period 1 January – 31 December 2022. The fair value of unrealized forward exchange

contracts decreased by MNOK 54 during the period. The total change in net fair value of fair value hedges represented a decrease of MNOK 4 from the end of last year. The end-of-quarter spot rates were USD/NOK 9.8, EUR/NOK 10.48 and GBP/NOK 11.85.

Forward exchange contracts classified as cash flow hedges:

	Due in 2023		Due in 2024 or later		Total		
<i>MNOK</i>	<i>Value in NOK on agreed rates</i>	<i>Fair value at 31.12.22</i>	<i>Value in NOK on agreed rates</i>	<i>Fair value at 31.12.22</i>	<i>Value in NOK on agreed rates</i>	<i>Change in fair value from 31.12.21</i>	<i>Fair value at 31.12.22</i>
USD	(1 137)	(176)	3 990	87	2 853	(51)	(89)
EUR	391	0	(111)	(0)	280	(3)	(0)
Other	(42)	1	(116)	(3)	(159)	(0)	(2)
Sum	(788)	(175)	3 762	83	2 974	(54)	(92)
Roll-over of currency futures		(9)		(6)		61	(14)
Total	(788)	(183)	3 762	78	2 974	6	(106)
Forward exchange contracts cash flow hedges, assets							682
Forward exchange contracts cash flow hedges, liabilities							774
Net forward exchange contracts cash flow hedges							(92)

Fair value is referring to the net present value of the variance between the forward rate at 31 December 2022 and the forward rate at the time of entering the forward exchange contract.

The change in the fair value of cash flow hedges recognised in the statement of comprehensive income is MNOK -65, while the table above show a change in fair value of MNOK 6 since year end 2021. The difference between these two amounts of MNOK -70 was ascribable to a change in fair value of cross-currency swaps of MNOK 70.

Forward exchange contracts classified as fair value hedges:

	Due in 2023		Due in 2024 or later		Total		
<i>MNOK</i>	<i>Value in NOK on agreed rates</i>	<i>Fair value at 31.12.22</i>	<i>Value in NOK on agreed rates</i>	<i>Fair value at 31.12.22</i>	<i>Value in NOK on agreed rates</i>	<i>Change in fair value from 31.12.21</i>	<i>Fair value at 31.12.22</i>
USD	7 137	(10)	3 318	80	10 455	88	69
EUR	5 700	80	1 767	29	7 466	(77)	109
GBP	360	7	417	30	777	39	36
Other	308	(17)	179	(14)	488	(54)	(31)
Total	13 505	59	5 681	125	19 185	(4)	184
Forward exchange contracts fair value hedges, assets							914
Forward exchange contracts fair value hedges, liabilities							730
Net forward exchange contracts fair value hedges							184

The net value of fair value hedges is recognized as derivatives in the statement of financial position, offset against customer contracts, assets by MNOK 348 (decrease) and customer contracts, liabilities by MNOK -178 (decrease).

Specification of derivatives:

	31.12	30.9	31.12
MNOK	2022	2022	2021
Forward exchange contracts, cash flow hedges (a)	682	309	28
Forward exchange contracts, fair value hedges (b)	914	871	500
Cross-currency swaps	-	82	17
Currency options	-	-	-
Total derivatives, current assets	1 596	1 262	545
Forward exchange contracts, cash flow hedges (c)	774	724	65
Forward exchange contracts, fair value hedges (d)	730	2 251	312
Cross-currency swaps	54	-	-
Currency options	-	190	-
Total derivatives, current liabilities	1 559	3 165	378
Net forward exchange contracts, cash flow hedges (a) - (c)	(92)	(414)	(37)
Net forward exchange contracts, fair value hedges (b) - (d)	184	(1 380)	188
Total net forward exchange contracts	92	(1 794)	151

9 Product development

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

	1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2022	2021	2022	2021
Product maintenance	140	136	472	451
Development cost	313	301	1 204	1 056
Total	454	437	1 675	1 507

Capitalised development recognised during the period:

	1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2022	2021	2022	2021
Capitalised development	103	64	305	214

In the consolidated statement of financial position at the end of the third quarter the largest capitalised projects were related to the development of the digital platform Kognifai and associated applications, Joint Strike Missile (JSM) and other missile technology, medium-calibre weapon station (MCT and RWS), communication solutions and remote towers for airports.

10 Related parties

The Board is not aware of any changes or transactions in the 4rd quarter associated with related parties that

in any significant way have an impact on the Group's financial position and profit for the period.

11 Important risk and uncertainty factors

The Group's risk management is described in the 2021 annual report.

In the assessment of the financial position in the fourth quarter, KONGSBERG has made a thorough assessment of the impact the ongoing Russian invasion of Ukraine has on relevant accounting items. The outcome of the updated review in the fourth quarter is a remaining provision of NOK 21 millions. The world is experiencing increased raw material

prices and shortage of certain components. The challenging component situation gives increased delivering time and to some delayed deliveries to the end customer. KONGSBERG works continuously with initiatives in form of redesign and alternative suppliers. The increased inflation is sought to be handled through a combination of escalation clauses in customer contracts, agreements with the supply chain, as well as other local and global measures to ensure the profitability.

12 Tax

The income tax expense per 4rd quarter was calculated to be 19.8 per cent of earnings before tax.

The income tax expense was mainly affected by income from associates recognised after tax.

13 Acquisitions

Visavi Technology AS

On 10 November, Kongsberg Digital AS signed an agreement to purchase 100 per cent of the shares in the Norwegian company Visavi Technology AS. The acquisition was completed the same day.

The company is a private-owned Norwegian software company with 21 employees. Visavi's headquarter is located in Lysaker, Norway with the technology center in Sarpsborg, Norway. Visavi has developed software focusing on integration and visualisation of data supporting daily planning and execution of work in the heavy asset industries. The software is complimentary to Kongsberg Digital's digital twin.

The parties have agreed upon an enterprise value of NOK 25 million less working capital and debt. The purchase price is NOK 8.6 million and the added values in the acquisition of NOK 5.7 million are allocated to goodwill.

NanoAvionics

On 2 July, Kongsberg Defence & Aerospace AS signed an agreement to purchase 77 per cent of the shares in the Lithuanian smallsat company NanoAvionics. The rest of the shares are owned by leading employees in

the company. The acquisition was completed the 6th of September.

NanoAvionics is a leading company in development and production of small satellites and has more than 150 employees. The customers range from national space agencies to universities and commercial companies. The acquisition strengthens KONGSBERG's space ambitions and expands its portfolio to also include world leading small satellite products and technology.

If the acquisition had been completed on 1 January, the overall effect on KONGSBERG's operating revenues and EBIT (exclusive IFRS 16 effects) would have been approximately MNOK 140 and MNOK 10 higher respectively.

The parties have agreed upon an enterprise value of EUR 65 million (100 per cent basis) on cash and debt-free basis. Added values in the acquisition are allocated to goodwill, technology, and customer relations.

The purchase price allocation is now completed, and the table below shows the change in the purchase price allocation presented in the third quarter.

Final purchase price allocation NanoAvionics:

MNOK	Preliminary PPA Q322	Adjustments fair value	Final PPA Q422
Customer relations	25	-	25
Technology	35	(2)	33
Total intangible assets exclusive goodwill	60	(2)	58
Property , plant and equipment	10	4	14
Current assets exclusive cash and cash equivalents	88	(2)	86
Cash and cash equivalents	26	-	26
Total assets exclusive goodwill	184	1	185
Deferred tax liability	(9)	-	(9)
Non-current provisions	(7)	-	(7)
Other current liabilities and provisions	(72)	(1)	(73)
Total liabilities and provisions	(88)	(1)	(88)
Net identifiable assets and liabilities	95	1	96
Goodwill upon acquisitions	445	(3)	442
Expected remuneration	-	-	539
Cash and cash equivalents acquired	-	-	(33)
Expected net cash outflow			505

Interconsult Bulgaria Ltd

On 30 June, Kongsberg Digital AS signed an agreement to purchase Interconsult Bulgaria Ltd, and the acquisition was completed on the same day.

The company is a private-owned Bulgarian software development company with 145 employees. Acquiring ICB will secure access to highly skilled software developers and a provide a secure centre for recruitment going forward. Securing these resources is at this stage crucial to deliver on customer expectations and take a leading position both within Kognitwin, Maritime Simulation, Vessel Insight and SiteCom

The parties agreed on an enterprise value on a cash- and debt-free basis, and with normalised working capital that is compensated for. Excess value in the acquisition is allocated to goodwill.

Upon acquisition Kongsberg Digital AS pays a consideration representing 65 % of enterprise value, with delayed settlement of the remaining consideration. The agreement also comprises of an earnout with payments over the next two years if certain conditions are fulfilled.

The purchase price allocation is now completed, and the table below shows the change in the purchase price allocation presented in the second quarter.

Final purchase price allocation Interconsult Bulgaria Ltd:

<i>MNOK</i>	<i>Preliminary PPA Q222</i>	<i>Adjustments fair value</i>	<i>Final PPA Q422</i>
Technology	1	-	1
Total intangible assets exclusive goodwill	1	-	1
Property , plant and equipment	-	2	2
Current assets exclusive cash and cash equivalents	20	(1)	19
Cash and cash equivalents	6	-	6
Total assets exclusive goodwill	27	-	27
Other current liabilities and provisions	(11)	(6)	(17)
Total liabilities and provisions	(11)	(6)	(17)
Net identifiable assets and liabilities	16	(6)	11
Goodwill upon acquisitions	91	6	97
Expected remuneration	107	-	107
Cash and cash equivalents acquired	(6)	-	(6)
Expected net cash outflow			101
Defferred expected payment of remuneration			(51)
Net outgoing cash flow for the acquisition	50	-	50

15 Definitions

KONGSBERG uses terms in the consolidated financial statements that are not anchored in the IFRS accounting standards. Our definitions and explanations of these terms follow below.

Kongsberg considers *EBITDA* and *EBIT*

to be normal accounting terms, but they are not included in the IFRS accounting standards. EBITDA is the abbreviation of “Earnings Before Interest, Taxes, Depreciation and Amortisation”. KONGSBERG uses EBITDA in the income statement as a summation line for other accounting lines. These accounting lines are defined in our accounting principles, which are part of the 2021 financial statements. The same applies to EBIT.

Restructuring costs

consist of salaries and social security tax upon termination of employment (such as severance and gratuity) in connection with workforce reductions. In addition to this are rent and other related costs and any one-off payments in the event of the premature termination of tenancy agreements for premises that are not in use.

Integration costs

are those associated with integrating Commercial Marine into Kongsberg Maritime.

Net interest-bearing debt

is the net amount of the accounting lines “Cash and cash equivalents” and “Short- and long-term interest-bearing liabilities, excluding leasing commitments”.

Return on Average Capital Employed (ROACE)

is defined as the 12-month rolling EBIT including share of net income from joint arrangements and associated companies, excluding IFRS 16 divided by the 12-month mean of recognised equity and net interest-bearing debt.

Net interest-bearing debt incl. leasing liabilities/EBITDA

is defined as net interest-bearing debt incl. leasing liabilities divided by 12-month rolling EBITDA.

Working capital

is defined as current assets (except cash and cash equivalents) minus non-interest-bearing liabilities (except taxes payable). Financial instruments classified as cash flow hedges are not included in working capital.

Working capital is calculated as follow:

	31.12	30.9	31.12
<i>MNOK</i>	<i>2022</i>	<i>2022</i>	<i>2021</i>
Current assets	26 905	23 828	24 624
Current liabilities and provisions	(24 097)	(21 025)	(19 164)
<i>Adjusted for:</i>			
Cash and cash equivalents	(3 932)	(2 225)	(8 118)
Short-term interest-bearing loans	450	0	(0)
Short-term leasing liabilities	419	405	380
Net tax payable	660	507	180
Financial instruments classified as cash flow hedges	160	455	96
Working capital	565	1 945	(2 003)

Book-to-bill ratio

is order intake divided by operating revenues.

Recurring revenues

consist of revenues from Software as a Service, Software Leases and Software Maintenance & User Support.

Organic growth

is change in operating revenues exclusive acquired companies.

