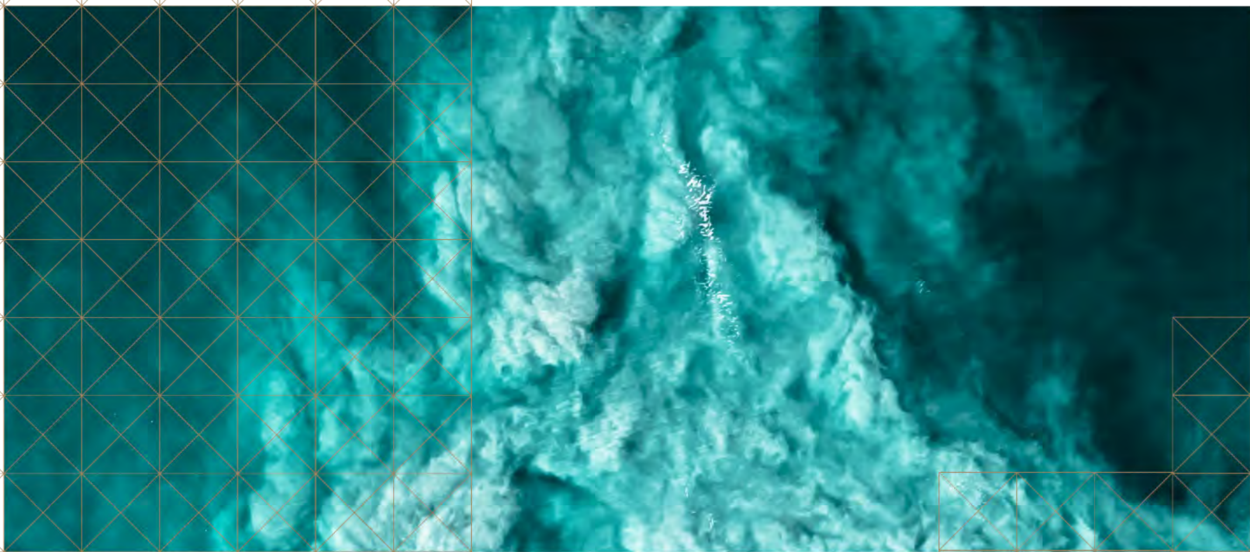
KONGSBERG

QUARTERLY REPORT

1st QUARTER 2022

kongsberg.com

KONGSBERG



GEIR HÅØY
President & CEO

"KONGSBERG has maintained the good pace from last year into 2022. The EBITDA margin in the first quarter is affected by two extraordinary circumstances. As a result of significant workloads and excellent performance during the pandemic, the Board decided that an appreciation should be paid to all employees in the first quarter. This resulted in a cost of MNOK 113. Due to the ongoing invasion of Ukraine, Kongsberg Maritime has made a loss provision of MNOK 69 during the quarter, related to customer relationships affected by the sanctions against Russia. Adjusted for these two extraordinary circumstances, KONGSBERG has delivered good growth in EBITDA compared to the first quarter last year.

Kongsberg Maritime had a record high order intake in the quarter. The increase came especially from the newbuilding market, at the same time as the aftermarket continues to develop positively. The Group maintained an order backlog of almost NOK 50 billion.

KONGSBERG's deliveries largely consist of systems and products composed of a significant number of components. Due to the logistical challenges and the lack of components the world is facing, we currently have delays in delivering weapon control systems. This had a negative effect on operating revenues in the quarter. The situation is being closely monitored and measures are implemented continuously. The unpredictability of the component situation will cause fluctuations in revenues in the coming quarters.

The development and delivery of products and systems that help our customers and partners achieve their climate ambitions continue. During the quarter, KONGSBERG has signed agreements for deliveries to offshore wind vessels and propulsion systems for a new zero-emissions ferry. We have also, through Kongsberg Digital, become part of the NorthWind project. Here we will contribute to the development of digital twin technology for offshore wind infrastructure.

Overall, the group has a solid foundation with sustainable technology and market position in both established and newer markets. We are currently experiencing a troubled worldview. This gives more unpredictability in the short term than we have seen in recent years. At the same time, we have a record high order backlog, efficient project execution and stronger positions than ever, all of which makes me confident that KONGSBERG will manage these external challenges capably."

Highlights

KONGSBERG

Increased operating revenues and solid order intake with a book-to-bill ratio of 1.06 and an EBITDA margin of 11.8 per cent in Q1 gives a good start to 2022. Delays due to lack of components have a negative effect on revenue recognition in KDA. EBITDA is affected by MNOK 113 related to extraordinary appreciation for employee and MNOK 69 related to loss provisions related to the sanctions. Adjusted for this, the Group had increased its EBITDA and margin compared with Q1 last year.

MNOK	*Q1*
Operating revenues:	7,046
EBITDA:	829
EBITDA margin:	11.8%

KONGSBERG MARITIME

Book-to-bill ratio of 1.37 in Q1. Good order intake from both newbuilding and aftermarket. EBITDA was negatively affected by two non-operation events: loss provisions related to sanctions and MNOK 70 for extraordinary appreciation to employees. Adjusted for these, the margin is up by 1.8 p.p from Q1 last year.

MNOK	*Q1*
Operating revenues:	4,342
EBITDA:	425
EBITDA margin:	9.8%

KONGSBERG DEFENCE & AEROSPACE

5 percent growth in operating revenues from Q1 2021 and 18.6 percent EBITDA margin. Lack of certain components has caused delays in deliveries of weapon stations that affect revenue recognition and EBITDA. MNOK 37 of costs related to an extraordinary appreciation to employees. A solid order backlog of close to NOK 35 billion will ensure growth also in 2022.

MNOK	*Q1*
Operating revenues:	2,472
EBITDA:	460
EBITDA margin:	18.6%

KONGSBERG DIGITAL

High market activity and continued upscaling of the business. Signed several agreements with shipowners and operators for the delivery of Vessel Insight. A total of ten dynamic digital twins in operation, with approximately 2,400 users. Contract for four new Kognitwin solutions signed at the beginning of Q2.

MNOK	*Q1*
Operating revenues:	221
EBITDA:	-48
Percentage of recurring revenues:	46%

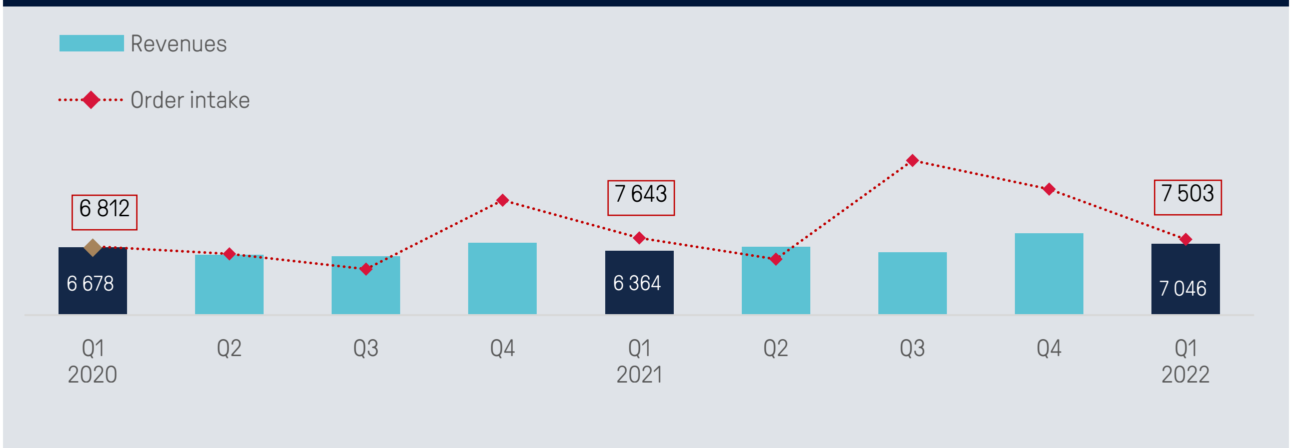
Key figures

	1.1 - 31.3		1.1-31.12
MNOK	2022	2021	2021
Operating revenue	**7 046**	6 364	27 449
EBITDA	**829**	883	4 086
EBITDA (%)	**11,8**	13,9	14,9
EBIT	**522**	575	2 863
EBIT (%)	**7,4**	9,0	10,4
Share of net income from associated companies	**23**	11	244
Earnings before tax	**511**	529	2 922
Earnings after tax	**399**	412	2 290
EPS (NOK)	**2,13**	2,26	12,06
Order Intake	**7 503**	7 643	40 979

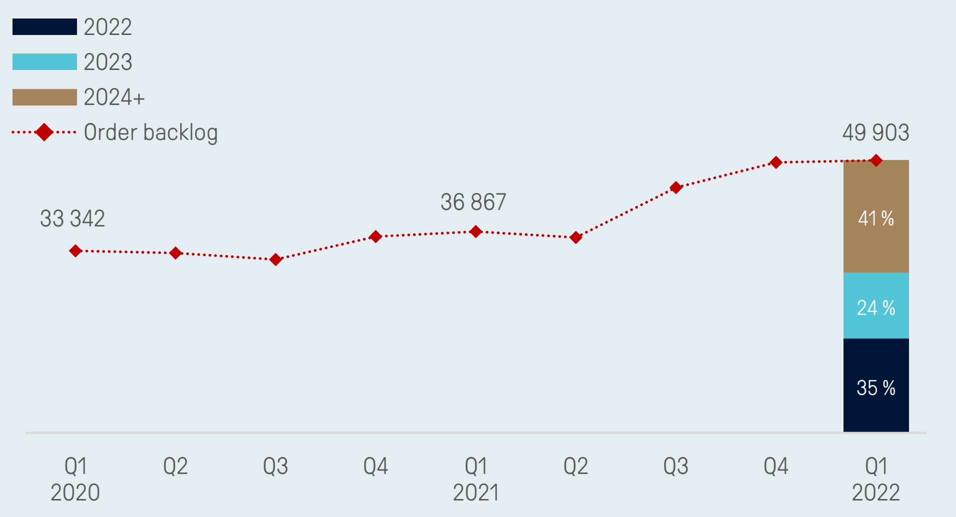
	31.3	31.12
MNOK	2022	2021
Equity ratio (%)	**35,0**	34,6
Net interest-bearing debt [1]	**(4 907)**	(5 668)
Working Capital [2]	**(1 005)**	(2 003)
ROACE (%) [3]	**32,6**	32,7
Order backlog	**49 903**	49 535
Net interest-bearing debt/EBITDA before IFRS 16 [4]	**(1,4)**	(1,6)
No. of employees	**11 285**	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 excluding IFRS 16

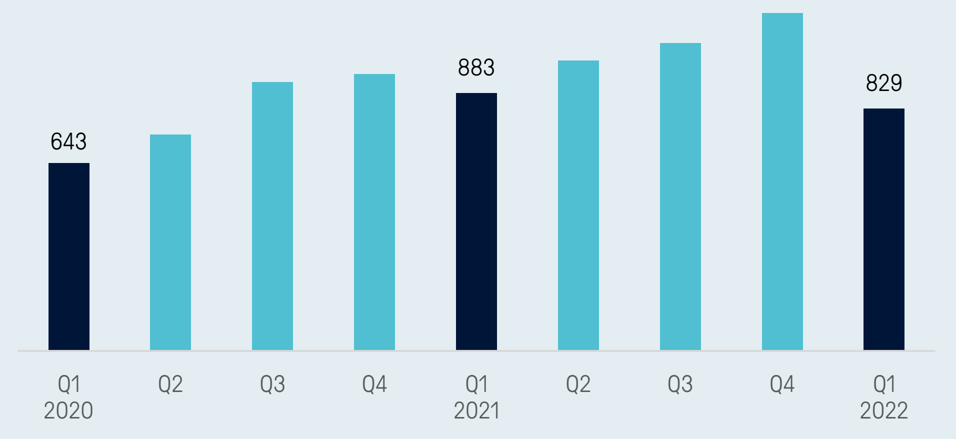
OPERATING REVENUE AND ORDER INTAKE



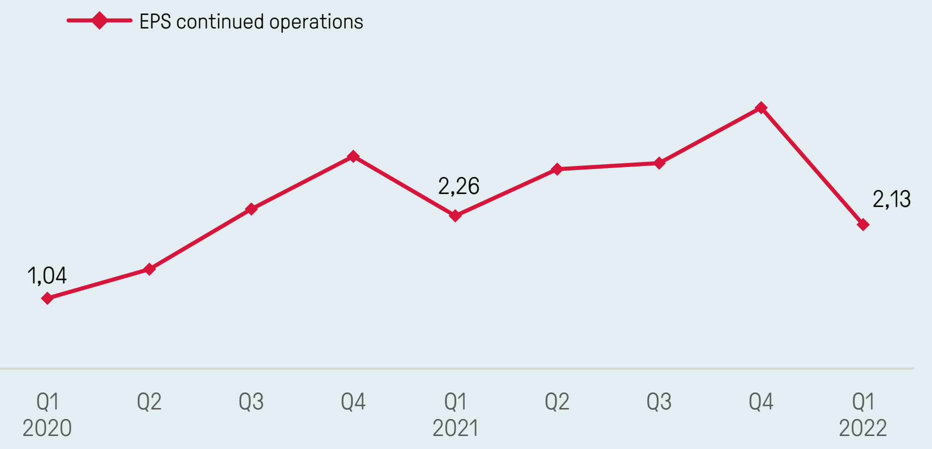
ORDER BACKLOG



EBITDA



EPS
Continued operations



Performance, market and orders

	1.1 - 31.3		1.1-31.12
MNOK	2022	2021	2021
Operating revenue	7 046	6 364	27 449
EBITDA	829	883	4 086
EBITDA (%)	11,8	13,9	14,9
EBIT	522	575	2 863
EBIT (%)	7,4	9,0	10,4
Order Intake	7 503	7 643	40 979
Order backlog	49 903	36 867	49 535

Operating revenues in the first quarter were MNOK 7,046 against MNOK 6,364 in the same quarter last year, an increase of 11 per cent. All business areas had growth in operating revenues compared to the same quarter last year.

The Group experienced some delays due to a lack of components during the quarter. This was mainly related to deliveries of weapon stations (RWS) from KDA. The situation around the component shortages is unpredictable and could also affect future quarters. In the event of a protracted conflict in Ukraine, the challenges regarding access to raw materials will intensify.

EBITDA in the first quarter was MNOK 829, corresponding to an EBITDA margin of 11.8 per cent compared to MNOK 883 (13.9 per cent) in the same quarter last year.

As a result of significant workloads and an extraordinary performance through the pandemic, the Board decided that in the first quarter an appreciation should be paid to all employees. This resulted in a cost of MNOK 113 in the first quarter.

In connection with the ongoing invasion of Ukraine, Kongsberg Maritime has made loss provision of MNOK 69 during the quarter, related to customer relationships affected by the sanctions against Russia. Adjusted for these two extraordinary conditions, KONGSBERG has delivered good EBITDA growth compared to the first quarter last year. In addition, delays in deliveries related to the component situation, as described above, result in delayed revenue recognition at KDA.

Order intake in the first quarter was MNOK 7,503, compared to MNOK 7,643 in the same quarter last year. This gave a book-to-bill ratio for the quarter of 1.06. KM had a book-to-bill ratio of 1.37, KDA had a book-to-bill ratio of 0.54 and KDI had a book-to-bill ratio of 0.95 during the quarter. Variations in order intake are normal, and order intake can vary considerably between quarters.

The order backlog at the end of Q1 2022 was MNOK 49,903, an increase of MNOK 368 from on the start of the year.

Cash flow

KONGSBERG had a net reduction in cash and cash equivalents of MNOK 760 in the first quarter. Cash flow in the quarter was mainly affected by increased working capital. The increase in working capital was mainly activity-driven and came from increased trade receivables and increased project inventory. In addition, accounts payables were abnormally high at the turn of the year and have been reduced during the quarter.

Net cash flow from operating activities was MNOK -255. The change in current assets and other operating items of MNOK -1,084 was partially reduced by an EBITDA of MNOK 829. The Group's cash flow from investment activities was MNOK -204. This consisted of investments in property, plant and equipment, including new buildings for KDA's space business, as well as capitalized investment in in-house development. Cash flow from financing activities was MNOK -230, which was mainly related to the repayment of and interest on leasing obligations, and the repurchase of treasury shares related to the ongoing buyback programme.

Balance sheet

	31.3.	31.12
MNOK	2022	2021
Equity	13 810	13 618
Equity ratio (%)	35,0	34,6
Total assets	39 437	39 310
Working capital [1]	(1 005)	(2 003)
Gross interest-bearing debt	2 450	2 450
Cash and cash equivalents	7 357	8 118
Net interest bearing debt [1]	(4 907)	(5 668)
Net interest bearing debt/EBITDA before IFRS 16 [1]	(1,4)	(1,6)

1) See definition note 14

At the end of the quarter, the Group had interest-bearing debt totalling MNOK 2,450, all of which was classified as long-term. The debt consisted of four bond loans totalling MNOK 2,450 and has remained unchanged since the end of 2021. See Note 8 for further information. At the end of Q1, the Group had MNOK 7,357 in cash and cash equivalents, compared to MNOK 8,118 at the end of 2021.

Net interest-bearing debt at the end of the first quarter was MNOK -4,907, compared to MNOK -5,668 at the end of 2021. The change in the quarter was due to the reduction in cash and cash equivalents. The Group also has a syndicated and committed credit facility of MNOK 2,500 and an overdraft credit facility of MNOK 500. These were both unused at the end of Q1. The syndicated and committed credit facility was re-financed during the quarter.

Kongsberg Gruppen ASA has a long-term issuer rating of A- with "stable outlook" awarded by the Nordic Credit Rating agency. The credit rating ("stand alone credit assessment") is BBB+. The rating was last updated on 5 April 2022 and can be found 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 408 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 -37 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

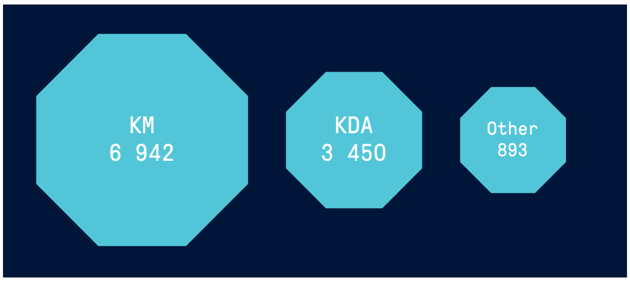
KONGSBERG continuously invest in product development, through self-financed and customer-financed programmes. Total self-financed product development and maintenance amounted MNOK 513 in the quarter, of which MNOK 71 was capitalised. Activated development during the quarter was mainly related to KDI projects, but product development in KDA was also activated this quarter. See the table in Note 9.

In the balance per Q1, the largest activated projects were related to the development of the Kognifai digital platform, Joint Strike Missile and other missile technology, weapons stations, 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 11,285 employees at the end of Q1 2022. This corresponded to an increase of 163 employees during the quarter. About half of the increase came at KM, while the rest was distributed between KDA and KDI. All KONGSBERG business areas are growing, and capacity increase is taking place to meet this growth.



Number of employees by business area

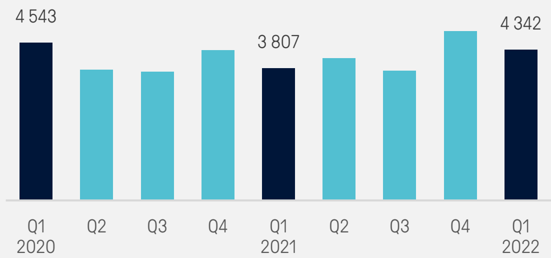
KONGSBERG MARITIME

Key figures

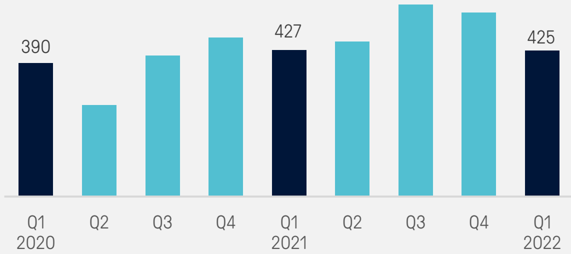
MNOK	1.1 - 31.3 2022	2021	1.1-31.12 2021
Operating revenues	4 342	3 807	16 507
EBITDA	425	427	1 977
EBITDA (%)	9,8	11,2	12,0
Order Intake	5 941	4 074	17 936

MNOK	31.3. 2022	31.12 2021
Order backlog	14 516	13 023
No. of employees	6 942	6 857

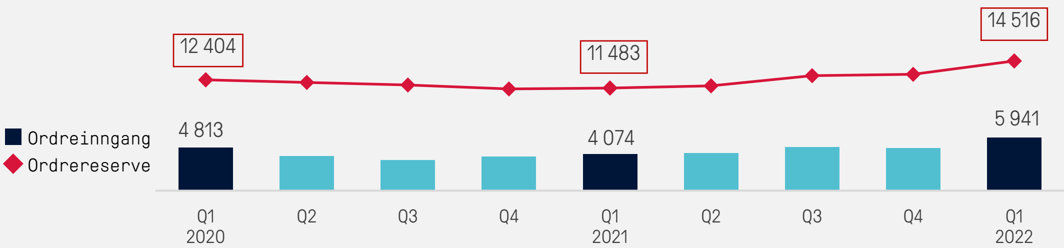
Operating revenue



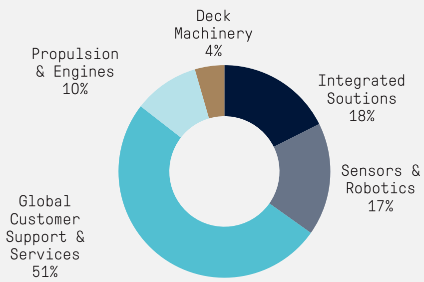
EBITDA



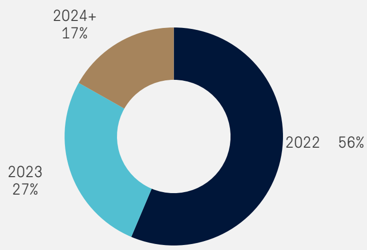
Orders



Operating revenue
YTD by division



Order backlog
Breakdown by delivery date



Results

Operating revenues were MNOK 4,342 in the first quarter, compared to MNOK 3,807 during the same quarter last year, corresponding to an increase of 14 per cent. The increase was driven by high activity in the aftermarket, where operating revenues were the highest in a quarter ever. The aftermarket was hit early by a reduction in demand as a result of the COVID-19 pandemic and operating revenues bottomed out during Q3 2020. Compared with this quarter, turnover in the aftermarket was isolated up 47 per cent in Q1 2022.

EBITDA was MNOK 425 in Q1, an EBITDA margin of 9.8 per cent, compared to MNOK 427 (11.2 per cent) in the same quarter the previous year. EBITDA at KM in the first quarter was negatively affected by MNOK 70 due to the payment of an extraordinary appreciation to all employees, as mentioned earlier in this report. In addition, as a result of the ongoing invasion of Ukraine, KM has made provision for losses of MNOK 69 during the quarter, related to customer relationships affected by the sanctions against Russia. Adjusted for these factors, KM's EBITDA margin was around 2 percentage points higher than in Q1 2021. Operations and project execution in the business area are good, while efficiency improvements, which have been and are still being implemented, are making positive contributions.

Market and orders

Order intake in Q1 was MNOK 5,941, equivalent to a book-to-bill ratio of 1.37, compared to MNOK 4,074 in Q1 2021.

Order intake from the newbuilding market was strong during the quarter, with contracts signed worth more than NOK 3 billion. The solid order intake from the tugs market has continued into 2022, while both the Naval and LNG markets made good contributions to the order intake. KM has also signed several major contracts for integrated deliveries to both offshore wind and FPSO vessels. The positive developments KM has seen in the aftermarket over the past year also continued in Q1 and orders were signed for more than NOK 2.5 billion, an increase of MNOK 700 compared with Q1 2021.

KM has relatively low emissions from its own operations. At the same time KM is supplying industries that historically have been responsible for some major emissions. These industries are now facing a major transition. On of KM's most important objective is to streamline and safeguard customers operations. In addition to our ambition of reducing the impact of our own climate footprint, it is also important that we work with our customers to develop new and more climate friendly products and solutions. The offshore wind market will be important in the transition to greener energy sources in the future. This is a market where surrounding operations require a high degree of performance, security and precision. With its product portfolio, KM has established itself as an important contributor and enabler. During Q1 and the start of Q2, KM signed several orders for significant deliveries to both offshore wind installation and service vessels.

The first quarter KM had an order backlog of MNOK 14,516, which was an increase of MNOK 1,493 since the turn of the year.

Other factors

The world is experiencing increased prices for raw material, logistics challenges and component shortages Despite the fact that the largest part of KM's product portfolio consists only to a small extent of direct raw materials, the business area has experienced increases in costs. This applies, among other things, to the propellers production where steel is an important factor in production. Commodity prices also affects cost of the total project/vessel for end customers. Over time this can affect the demand for new vessels. Regarding the component situation, the business area is experiencing increased lead times and has difficult access to certain components. This has increased KM's delivery times for some systems and products, and the situation may lead to further delays and/or increased costs. The situation is closely monitored, and continuous measures are taken both to find alternative suppliers, as well as in the form of redesign of components, to ensure progress within projects.

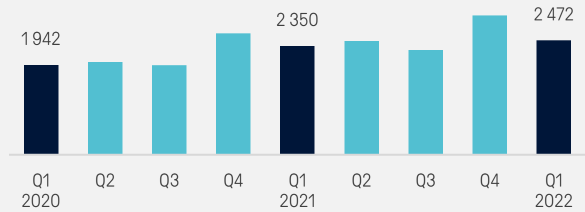
KONGSBERG DEFENCE & AEROSPACE

Key figures

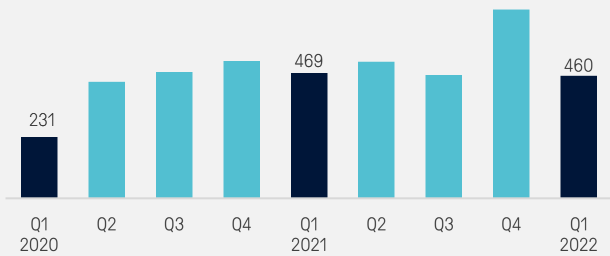
	1.1 - 31.3		1.1-31.12
MNOK	2022	2021	2021
Operating revenues	2 472	2 350	10 078
EBITDA	460	469	2 150
EBITDA (%)	18,6	20,0	21,3
Share of netincome associated companies	24	14	263
Order Intake	1 331	3 346	22 221

	31.3.	31.12
MNOK	2022	2021
Order backlog	34 504	35 632
No. of employees	3 450	3 428

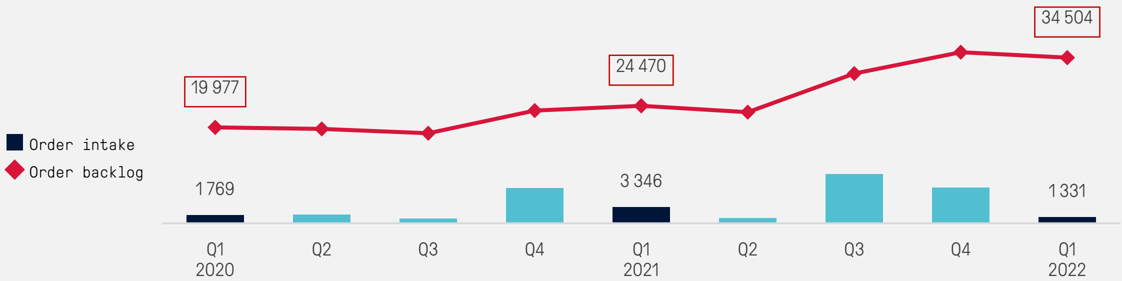
Operating revenue



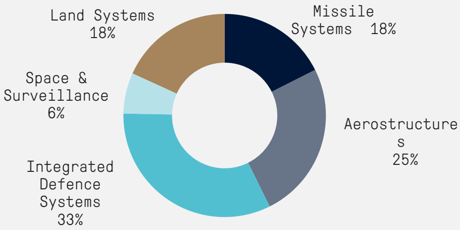
EBITDA



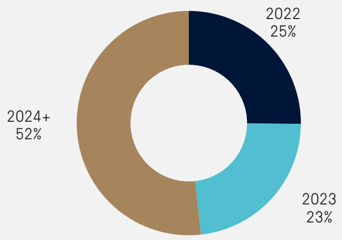
Orders



Operating revenue
YTD by division



Order backlog
Breakdown by delivery date



Results

Operating revenues were MNOK 2,472 in the first quarter, compared to MNOK 2,350 in the same quarter last year, an increase of 5 per cent. There was increased activity in most areas. However, the Land Systems division, which supplies the Remote Weapon Station (RWS) weapons management system, has delayed deliveries due to lack of components. It is important to emphasise that these are only delays and deliveries have shifted as a result of the situation. See “other factors” for a more detailed description of the situation.

EBITDA was MNOK 460 in Q1, an EBITDA margin of 18.6 per cent, compared to MNOK 469 (20.0 per cent) in the same quarter the previous year. EBITDA for the quarter was negatively affected by the lack of contributions related to the delays in RWS deliveries, and MNOK 37 related to appreciation for employee described earlier in the report. Despite this, KDA has delivered a solid margin. This was a result of good project implementation, a favourable project mix and great efficiency throughout the organisation.

Profit share from associated companies amounted to MNOK 24 (MNOK 14) in the quarter. See also Note 6.

Market and orders

Order intake was MNOK 1,331 in Q1, a book-to-bill ratio of 0.54. The defence market is characterised by relatively few, but large, contracts where deliveries normally take place over several years. . Significant fluctuations in order intake between quarters and years are, therefore, considered normal.

The largest orders in the quarter were call-offs on the CROWS framework agreement and a contract for further deliveries of weapon pylons for the F-35 programme via Marvin Engineering. KDA has been a supplier of critical components to this programme since 2008 and this contract ensures the delivery of pylons for F-35 lot 15–17.

At the beginning of second quarter, the Australian government announced that it had approved the plan to acquire the Naval Strike Missile (NSM) as a replacement for the Harpoon missile for their Hobart class destroyers and Anzac class frigates. Contract negotiations are in progress and the Australian authorities have indicated that they wish NSM to be operational on the vessels during 2024.

At the end of Q1 2022, KDA had an order backlog of MNOK 34,504.

Other factors

In the last year, the lack of certain critical components has affected many companies. KDA is dependent on the supply capacity of several hundred subcontractors, both in Norway and abroad. In the first quarter, the lack of a few critical components for the Remote Weapon Station weapons management system led to delayed deliveries to end customers. The systems will be completed as far as possible, but the situation has led to an increase in project inventory and delayed operating revenues. This situation is expected to persist for some time to come, and fluctuations in delivery volumes are expected as a result. The component situation at KDA is being closely monitored and additional resources were introduced at an early stage of the pandemic to ensure the flow of goods, shipments and, where necessary, alternative subcontractors, to avoid delays in production to the greatest extent possible. We are also working with the supply chain to find alternative solutions. If the conflict in Ukraine is protracted, this could exacerbate the commodity challenges the world is experiencing.

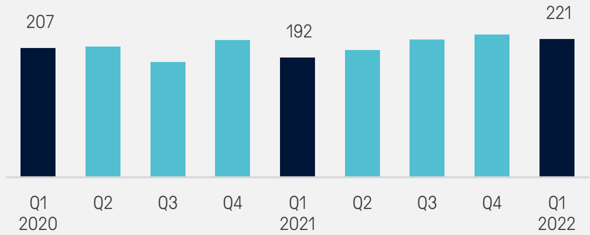
KONGSBERG DIGITAL

Key figures

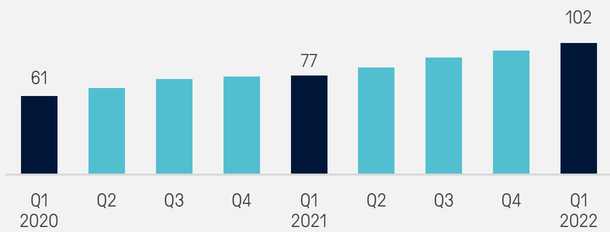
	1.1 - 31.3		1.1-31.12
MNOK	**2022**	**2021**	**2021**
Operating revenues	**221**	192	845
*of this Recurring revenues**	**102**	77	278
EBITDA	**(48)**	(9)	(45)
EBITDA (%)	**(21,7)**	(4,8)	(5,4)
Order Intake	**209**	192	789

	31.3.	31.12
MNOK	**2022**	**2021**
Order backlog	**928**	932
No. of employees	**771**	718

Operating revenue

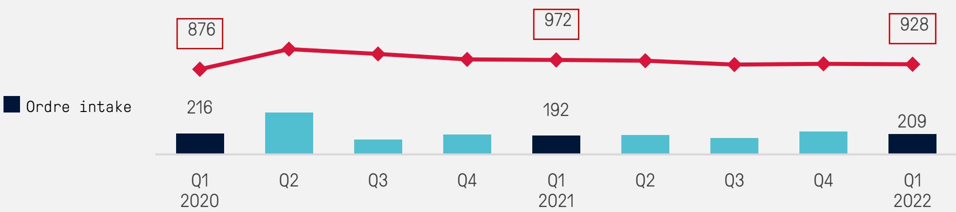


Recurring revenues*



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

Orders



Results

Operating revenues were MNOK 221 in first quarter compared to MNOK 192 in Q1 2021. Recurring revenues (RR) increased to MNOK 102 during the quarter (46%), up from MNOK 96 (42%) in Q4.

Demand for Kongsberg Digital's (KDI) "ship-to-cloud" infrastructure digital solution, Vessel Insight, continues the positive trend. In Q1, KDI signed several contracts with shipowners and operators for delivery to both single vessels and entire fleets. Of the contracts signed, two were for fleet roll-outs, one with the dry bulk operator XO shipping for 80 ships, and one with a mixed-fleet shipping company with over 100 ships.

By the end of Q1, KDI had signed agreements for the Vessel Insight platform for approximately 1,300 vessels. More than 60 shipowners have signed Vessel Insight contracts for all or part of their fleet, and these shipowners control a total of over 3,000 vessels. This represents significant sales potential for KDI in the future.

The roll-out and demand for the Kognitwin® digital twin continues the positive trend, and both the number of twins delivered, and the number of users increased in Q1. In addition, just after the end of the quarter, KDI signed a contract for the delivery of a further four digital twins to one of the world's largest oil and energy companies. These are in addition to the two twins KDI previously signed with the same customer. At the end of Q1, KDI had ten digital twins in operation, with around 2,400 users. In addition, KDI has several ongoing "proof of concept" (POC) agreements with companies, including Exxon Mobile, where the customer will test and evaluate Kognitwin on individual installations.

Demand for traditional maritime simulators has picked up somewhat after being negatively affected by the COVID-19 pandemic in both 2020 and 2021. In Q1, operating revenues from this area accounted for approximately 35 per cent of KDI's operating revenues. The market for traditional maritime simulators is still demanding, but there was an increase in both order intake and turnover in Q1 2022 compared to Q1 2021. In addition, we see increasing use of the app-based K-SIM Connect solution, which allows users to access applications from their own PCs and tablets.

KONGSBERG has high growth ambitions for KDI and significant investments are being made in the scaling and roll-out of new solutions and applications. In Q1 KDI continued to strengthen its organisation, with software developers and commercial resources. This affects KDI's ongoing operating profits, and it is expected that this development will continue in the future as KONGSBERG makes significant investments to ensure growth and deliveries at KDI.

KDI in the future

Since KONGSBERG established KDI in 2016, the business area has established itself as a leading supplier of digitisation solutions to the energy sector and maritime industry. Digitisation is an important contributor to increased efficiency and reduction of climate emissions.

The Software as a Service (SaaS) solutions Kognitwin® Energy and Vessel Insight are the most important growth drivers for KDI. In the last two years, there has been a focus on market positioning, and KDI has therefore increased capacity related to development, sales and delivery, a trend that is also expected to continue in 2022.
Kognitwin® Energy has been delivered to several world-leading energy companies and is operating in upstream, mid-stream and downstream facilities. We are working in parallel with delivery of several digital twins. Going forward, both the number of twins installed, and their users will increase significantly.

The digitisation of the vessels market is an important driver for Vessel Insight. One prerequisite for digitisation is to connect vessels to the cloud and make contextualised data available. Vessel Insight enables this quickly and efficiently and provides significant benefits, from cost, efficiency, environmental and operational perspectives. Many vessel markets have experienced challenges as a result of the COVID-19 pandemic. A decrease in willingness to invest has led to delays in relation to the original Vessel Insight market and roll-out plans. KDI has seen a significant improvement in the situation and a number of new customers were onboarded in the final quarter. The ambition is to significantly increase the number of customers and connected vessels in the years ahead.

The phase that KDI now finds itself in means that it is natural to assess both future partner models and other models in order to fully realise the potential KONGSBERG sees in the sector, including a stock exchange listing in the long term.

In recent years, KONGSBERG has had a positive development and shown good adaptability to significant and rapid changes. The unpredictability associated with the COVID-19 pandemic made KONGSBERG think differently and led to several adjustments and changes. There is still uncertainty associated with the pandemic, and in April 2022 there has been a significant lockdown in the Shanghai region of China where KONGSBERG has operations. The consequences of this are uncertain and depend on how long the lockdown lasts, but it can lead to delays in deliveries from subcontractors and deliveries to shipyards. This shows that there is still a need to plan for indirect effects of the pandemic and that it will continue to affect working methods and require vigilance and navigation going forward. Russia's invasion of Ukraine affects the flow of energy and goods worldwide. KONGSBERG is complying with current sanctions and has terminated several deliveries.

KONGSBERG's order backlog increased by NOK 0.4 billion in the first quarter of 2022 and is now NOK 49.9 billion. Of the total order backlog, NOK 17.3 billion will be delivered during 2022. This gives an order coverage that is NOK 2.7 billion higher than it was at the end of the first quarter of 2021. Order intake from the aftermarket is to a lesser extent included in the order backlog. The order backlog in associated companies, as well as framework agreements are in addition to the reported order backlog. The basis for further growth in 2022 is good.

Contracting of new vessels and order intake from the aftermarket at KM has had a positive trend in recent quarters. The order reserve at the end of the first quarter was NOK 14.5 billion, of which NOK 8.2 billion is for delivery this year. This provides a basis for growth in 2022. KM's markets have been challenging throughout the pandemic and there are still challenges in relation to access, logistics and the delivery time for some components. Measures to ensure deliveries and results are initiated continuously. KM has implemented significant steps to adjust the cost levels in recent years. This, together with general efficiency measures, means that the business area is on track to meet its current margin ambition of 13 per cent by the end of 2022.

KDA has grown continuously for the last four years, and since the end of 2017 increased its order backlog by 350 percent to NOK 34.5 billion. Of this, NOK 8.7 billion is for delivery for the rest of 2022. The growth rate from previous year is thus within reach also for 2022. However, the challenging situation regarding the availability and logistics of some components means that we may experience fluctuations in operating revenues. The project mix driving this is an important driver in the profitability of the business area. The projects that will contribute most to operating revenues in 2022 will largely be the same as in 2021 and profitability is therefore expected to remain at a good level.

Kongsberg Digital increased both the number of installed Kognitwin and Vessel Insight systems over the past year and there is high level of market activity and increased demand for the business area's solutions. The share of recurring revenues is expected to increase to about 50 per cent in 2022. As a result of continued investment in increased capacity, development and roll-out of digital solutions, negative EBITDA and cash flow from the business area are expected. KONGSBERG has high ambitions for KDI and the area's business plan aims for a turnover for the area of NOK 2.8 billion by 2025.

Overall, KONGSBERG expects continued growth in operating revenues and is on track to reach its targets for 2022.

Kongsberg, 9 May 2022

The Board of Kongsberg Gruppen ASA

NUMBERS & NOTES

Key figures by quarter

KONGSBERG	2022		2021					2020				
MNOK	2022	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	7 046	7 046	27 449	8 107	6 216	6 762	6 364	25 612	7 148	5 802	5 983	6 678
EBITDA	829	829	4 086	1 156	1 054	993	883	3 250	948	919	740	643
EBITDA (%)	11,8	11,8	14,9	14,3	17,0	14,7	13,9	12,7	13,3	15,8	12,4	9,6
EBIT	522	522	2 863	844	748	697	575	1 905	579	595	429	302
EBIT (%)	7,4	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	23	23	244	96	79	58	11	186	118	35	33	-
Order intake	7 503	7 503	40 979	12 477	15 315	5 544	7 643	28 818	11 381	4 558	6 067	6 812
Order backlog	49 903	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	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	4 342	4 342	16 507	4 875	3 734	4 092	3 807	16 319	4 319	3 695	3 762	4 543
EBITDA	425	425	1 977	537	560	452	427	1 532	464	411	267	390
EBITDA (%)	9,8	9,8	12,0	11,0	15,0	11,1	11,2	9,4	10,7	11,1	7,1	8,6
EBIT	273	273	1 323	372	403	296	254	718	236	227	85	169
EBIT (%)	6,3	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	-	-	(3)	(3)	-	-	-	-	-	-	(1)	1
Order intake	5 941	5 941	17 936	4 778	4 864	4 220	4 074	15 925	3 822	3 439	3 850	4 813
Order backlog	14 516	14 516	13 023	13 023	12 870	11 731	11 483	11 386	11 386	11 826	12 111	12 404

KONGSBERG DEFENCE AEROSPACE	2022		2021					2020				
MNOK	2022	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	2 472	2 472	10 078	3 011	2 261	2 456	2 350	8 503	2 619	1 933	2 008	1 942
EBITDA	460	460	2 150	707	461	513	469	1 656	514	473	437	231
EBITDA (%)	18,6	18,6	21,3	23,5	20,4	20,9	20,0	19,5	19,6	24,5	21,8	11,9
EBIT	316	316	1 620	560	330	386	344	1 157	389	338	314	116
EBIT (%)	12,8	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	24	24	263	108	82	59	14	206	120	38	37	10
Order intake	1 331	1 331	22 221	7 452	10 303	1 120	3 346	11 891	7 348	987	1 788	1 769
Order backlog	34 504	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	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
Operating revenues	221	221	845	229	221	204	192	821	220	185	209	207
EBITDA	(48)	(48)	(45)	(69)	22	10	(9)	34	(23)	26	33	(2)
EBITDA (%)	(21,7)	(21,7)	(5,4)	(30,0)	10,1	4,9	(4,8)	4,1	(10,4)	14,1	15,6	(1,0)
EBIT	(73)	(73)	(122)	(90)	3	(8)	(28)	(22)	(44)	14	21	(14)
EBIT (%)	(32,8)	(32,8)	(14,5)	(39,3)	1,5	(4,0)	(14,4)	(2,7)	(19,8)	7,7	10,1	(6,6)
Order intake	209	209	789	234	165	199	192	997	203	151	428	216
Order backlog	928	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	1.1 - 31.3 2022	1.1 - 31.3 2021	1.1-31.12 2021
Operating revenues	5	7 046	6 364	27 449
Operating expenses	9	(6 217)	(5 481)	(23 363)
EBITDA	**5, 14**	**829**	**883**	**4 086**
Depreciation		(115)	(116)	(476)
Depreciation, leasing assets	7	(109)	(98)	(396)
Impairment of property, plant and equipment		-	(3)	(9)
Amortisation		(83)	(92)	(341)
Impairment of intangible assets		-	-	(2)
EBIT	**5, 14**	**522**	**575**	**2 863**
Share of net income from joint arrangements and associated companies	6	23	11	244
Interest on leasing liabilities	7	(32)	(35)	(132)
Net financial items	8	(2)	(22)	(53)
Earnings before tax from continuing operations (EBT)		**511**	**529**	**2 922**
Income tax expense	12	(112)	(117)	(632)
Earnings after tax from continuing operations		**399**	**412**	**2 290**
Earnings after tax (EAT)		**399**	**412**	**2 290**
Attributable to:				
Equity holders of the parent		380	405	2 159
Non-controlling interests		19	7	132
Earnings per share (EPS) / EPS diluted in NOK				
-Earnings per share		2,13	2,26	12,06
-Earnings per share, diluted		2,13	2,26	12,06

Condensed statement of comprehensive income

		1.1 - 31.3		1.1-31.12
MNOK	*Note*	*2022*	*2021*	*2021*
Earnings after tax		399	412	2 290
Specification of other comprehensive income for the period:				
Items to be reclassified to profit or loss in subsequent periods:				
Change in fair value, financial instruments				
-Cash flow hedges	8	5	59	120
Tax effect cash flow hedges		(1)	(13)	(26)
Translation differences currency		(114)	(143)	(194)
Total items to be reclassified to profit or loss in subsequent periods		**(110)**	**(97)**	**(100)**
Items not to be reclassified to profit or loss:				
Actuarial gains/losses pensions		-	-	(145)
Tax effect on actuarial gain/loss on pension		-	-	32
Total items not to be reclassified to profit or loss		**-**	**-**	**(113)**
Comprehensive income		**289**	**315**	**2 077**

Condensed statement of financial position

MNOK	Note	31.3. 2022	31.12 2021
Property, plant and equipment		3 913	3 901
Leasing assets	7	1 689	1 715
Intangible assets	9	5 027	5 039
Shares in joint arrangements and associated companies	6	3 606	3 609
Other non-current assets		435	421
Total non-current assets		**14 669**	**14 686**
Inventories		4 463	4 306
Trade receivables		4 857	4 518
Customer contracts, asset	8	6 590	6 518
Derivatives	8	872	545
Other short-term receivables		628	620
Cash and cash equivalents		7 357	8 118
Total current assets		**24 767**	**24 624**
Total assets		**39 437**	**39 310**
Issued capital	4	5 919	5 932
Retained earnings		7 373	7 084
Other reserves		350	453
Non-controlling interests		168	149
Total equity		**13 810**	**13 618**
Long-term interest-bearing loans	8	2 450	2 450
Long-term leasing liabilities	7	1 458	1 500
Other non-current liabilities and provisions	3	2 648	2 577
Total non-current liabilities and provisions		**6 556**	**6 528**
Customer contracts, liabilities	8	11 752	11 787
Derivatives	8	495	378
Short-term leasing liabilities	7	402	380
Other current liabilities and provisions	3	6 422	6 620
Total current liabilities and provisions		**19 070**	**19 164**
Total equity, liabilities and provisions		**39 437**	**39 310**
Equity ratio (%)		35,0	34,6
Net interest-bearing debt		(4 907)	(5 668)

Condensed statement of changes in equity

MNOK	*Note*	31.3. *2022*	31.12 *2021*
Equity opening balance		13 618	13 301
Total comprehensive income		289	2 077
Dividends paid		-	(1 425)
Share buy-back related to share buy-back programme		(59)	(72)
Transactions with treasury shares related to employee share programme		(39)	(62)
Capital reduction		-	(196)
Dividends, non-controlling interests		-	(5)
Purchase/sale, in non-controlling interests		-	(1)
Equity closing balance		**13 810**	**13 618**

Condensed cash flow statement

		1.1 - 31.3		1.1-31.12
MNOK	*Note*	*2022*	*2021*	*2021*
Earnings after tax		**399**	**412**	**2 290**
Depreciation/impairment of property, plant and equipment		115	119	485
Depreciation, leasing assets		109	98	396
Amortisation/impairment of intangible assets		83	92	342
Share of net income from joint ventures and associated companies		(23)	(11)	(244)
Net finance items		34	57	185
Income taxes		112	117	632
Change in net current assets and other operatings-related items		(1 084)	(41)	884
Net cash flow from operating activities		**(255)**	**842**	**4 970**
Dividend from joint arrangements and associated companies		-	-	147
Purchase/disposal of property, plant and equipment		(146)	(108)	(554)
Investment in subsidiaries and associated companies		-	-	(85)
I'nvestment in financial assets		-	-	(39)
Proceeds from sale of business		-	-	47
Capitalised internal developed/ purchase of intangible assets (R&D)	9	(71)	(31)	(215)
Settlement of cross-currency swaps		14	-	(116)
Net cash flow from investing activities		**(204)**	**(139)**	**(814)**
Net change interest-bearing loans		-	(4)	(1 021)
Payment of principal portion of lease liabilities	7	(102)	(87)	(357)
Interest paid		(17)	(23)	(76)
Interest paid on leasing liabilities	7	(32)	(34)	(132)
Interest income	7	6	15	45
Net payment related to employee share programme		(26)	(59)	(91)
Share buy-back related to share buy-back programme		(59)	(80)	(317)
Dividends paid to equity holders of the parent		-	-	(1 440)
- of which dividends from treasury shares		-	-	15
Net cash flow from financing activities		**(230)**	**(271)**	**(3 374)**
Effect of changes in exchange rates on cash and cash equivalents		(73)	(75)	(84)
Net change in cash and cash equivalents		**(760)**	**357**	**697**
Cash and cash equivalents at the beginning of the period		**8 118**	**7 420**	**7 420**
Cash and cash equivalents at the end of the period		**7 357**	**7 778**	**8 118**

1 General information and principles

General information
The consolidated financial statement for Q1 (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 IFRS3, 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. The 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 prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management. 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 clarifies 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 was compiled.

4 Repurchase of shares 1. quarter 2022

KONGSBERG had three ongoing share buy-back programs in 1. Quarter 2022.

1) KONGSBERG has repurchased 168 097 shares equivalent to a value of NOK 45 million in the 1. quarter related to the share buy-back program announced on 19 May 2021. The share buy-back related to this program started 16 August 2021.
2) KONGSBERG has repurchased 31 969 shares equivalent to a value of NOK 9.1 million in the 1. quarter related to the long-term incentive plan for management announced on 5 January 2022.
3) KONGSBERG has repurchased 110 000 shares equivalent to a value of NOK 38.7 million in the 1. quarter related to the employee share program announced on 5 January 2022 and 11 March 2022.

In total, KONGSBERG has at the end of 1. quarter 924 053 treasury shares. 760 125 of the treasury shares are related to the share buy-back program for cancellation of the shares. The cancellation shall be approved by the Annual General Meeting 11 May 2022.

5 Segment information

	OPERATING REVENUES			EBITDA			EBIT		
	1.1 - 31.3		1.1-31.12	1.1 - 31.3		1.1-31.12	1.1 - 31.3		1.1-31.12
MNOK	*2022*	*2021*	*2021*	*2022*	*2021*	*2021*	*2022*	*2021*	*2021*
KM	4 342	3 807	16 507	425	427	1 977	273	254	1 323
KDA	2 472	2 350	10 078	460	469	2 150	316	344	1 620
Other[1]	232	208	864	(57)	(13)	(41)	(67)	(24)	(80)
Group	**7 046**	**6 364**	**27 449**	**829**	**883**	**4 086**	**522**	**575**	**2 863**

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

Operating revenues YTD by division:

MNOK	*2022*	*2021*
Divisions		
Global Customer Support	2 375	1 756
Integrated Solutions	825	1 029
Sensor & Robotics	806	723
Propulsion & Engines	469	550
Deck Machinery	210	195
Other/elimination	(343)	(446)
Kongsberg Maritime	**4 342**	**3 807**
Land Systems	488	680
Integrated Defence Systems	874	688
Aerostructures	672	622
Missile Systems	471	392
Space & Surveillance	174	189
Other/elimination	(208)	(222)
Kongsberg Defence & Aerospace	**2 472**	**2 350**
Other/elimination	**232**	**208**
Total revenues	**7 046**	**6 364**

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

	2022				*2021*			
	Date of revenue recognition				*Date of revenue recognition*			
MNOK	*Order backlog 31.3.22*	*2022*	*2023*	*2024 and later*	*Order backlog 31.3.21*	*2021*	*2022*	*2023 and later*
Kongsberg Martime	14 516	8 186	3 896	2 434	11 483	7 018	3 008	1 458
Kongsberg Defence & Aerospace	34 504	8 663	7 988	17 854	24 470	7 091	7 274	10 105
Other/elimination	883	413	204	265	914	382	328	204
Total	**49 903**	**17 262**	**12 088**	**20 553**	**36 867**	14 491	10 610	**11 767**

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 March

MNOK	Owner ship	Carrying amount 1.1	Additions/ disposals	Dividends received	Share of net income [1]	Other items and comprehensive income	Carrying amount 31.3.	Share of net income 1.1 - 31.3
Patria Oyj	49,9 %	2 849	-	-	(12)	(26)	2 811	(12)
Kongsberg Satellite Services AS	50,0 %	628	-	-	36	-	664	36
Other shares		132	-	-	(2)	-	130	(2)
Total		**3 609**	**-**	**-**	**23**	**(26)**	**3 606**	**23**

[1] The share of net result is included after tax and amortisation of excess value.

Share of net result from Patria:

	1.1 - 31.3		1.1-31.12
Millions	2022	2021	2021
KONGSBERG's share (49,9%) [1]	(9)	(12)	166
Amortisation of excess values after tax	(2)	(3)	(16)
Share of net income recognised in KDA for the period	**(12)**	**(14)**	**150**

[1] Share of Patria's net income after tax adjusted for non-controlling interests and net income from KAMS.

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

	Share of net income			Dividend		
	1.1 - 31.3		1.1-31.12	1.1 - 31.3		1.1-31.12
MNOK	*2022*	*2021*	*2021*	*2022*	*2021*	*2021*
KM	-	-	(3)	-	-	-
KDA	24	14	263	-	-	147
Other	(1)	(3)	(17)	-	-	-
Group	**23**	**11**	**244**	**-**	**-**	**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)
Closing balance 31 March 2022	**1 689**

	31.3.2022	31.12.2021
Leasing assets	1 689	1 715
Long-term leasing liabilities	1 458	1 500
Short-term leasing liabilities	402	380

IFRS 16 effects on condensed income statement in the period:

	1.1 - 31.3		1.1-31.12
	2022	2021	2021
Returned rental cost earlier included in EBITDA	133	121	489
Increased EBITDA in the period	**133**	**121**	**489**
Depreciation on leases	(109)	(98)	(396)
Increased EBIT in the period	**25**	**23**	**93**
Interest cost on leasing liabilities for the period	(32)	(35)	(132)
Reduced EBT in the period	**(7)**	**(11)**	**(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. The maturity dates of the long-term bond loans range from 5 December 2023 to 2 June 2026. In addition, the group has a syndicated credit facility of MNOK 2,500 and an overdraft credit facility of MNOK 500. Neither were utilised.

Interest-bearing loans:

MNOK	Due date	Nominal interest rate	31.3.2022 Value[1]	31.12.2021 Value[1]
Long-term loans:				
Bond issue KOG09 - fixed interest rate	02.06.2026	3,20%	1 000	1 000
Bond issue KOG11 - fixed interest rate	05.12.2023	2,90%	450	450
Bond issue KOG13 - floating interest rate	06.06.2024	2,42%	500	500
Bond issue KOG14 - floating interest rate	26.02.2026	1,97%	500	500
Other long-term loans			-	-
Total long-term loans			**2 450**	**2 450**
Total interest-bearing loans			2 450	2 450
Syndicated credit facility (unutilised borrowing limit)[2]	22.03.2027		2 500	2 300
Overdraft facility (unutilised)			500	500

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

[2] The revolving credit facility has been refinanced during the quarter. The new facility has a tenor of five years (2022- 2027) and may be extended by two additional years through two extension options. The previous revolving credit facility has been cancelled.

Forward exchange contracts
Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, increased by MNOK 5 before tax during the period 1 January – 31 March 2022. The fair value of unrealized forward exchange contracts was unchanged during the period. The total change in net fair value of fair value hedges represented a increase of MNOK 220 from the end of last year. The end-of-quarter spot prices were USD/NOK 8.79, EUR/NOK 9.72 and GBP/NOK 11.54.

Forward exchange contracts classified as cash flow hedges:

	Due in 2022		Due in 2023 or later		Total		
MNOK	Value in NOK on agreed rates	Fair value at 31.3.22	Value in NOK on agreed rates	Fair value at 31.3.22	Value in NOK on agreed rates	Change in fair value from 31.12.21	Fair value at 31.3.22
USD	(232)	(11)	1 123	(16)	892	11	(27)
EUR	158	(1)	(193)	(7)	(35)	(10)	(8)
Other	(28)	-	(108)	(3)	(136)	(1)	(3)
Sum	**(102)**	**(12)**	**822**	**(25)**	**720**	**-**	**(37)**
Roll-over of currency futures		(26)		(48)		1	(74)
Total	**(102)**	**(38)**	**822**	**(73)**	**720**	**1**	**(112)**

Forward exchange contracts cash flow hedges, assets	29
Forward exchange contracts cash flow hedges, liabilities	66
Net forward exchange contracts cash flow hedges	**(37)**

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

The change in the fair value of cash flow hedges recognized in the statement of comprehensive income is MNOK 5, while the table above show a change in fair value of MNOK 1 since year end 2021. The difference between these two amounts of MNOK 4 was ascribable to a change in fair value of cross-currency swaps of MNOK 1 and a change in fair value of currency options with net MNOK 3.

Forward exchange contracts classified as fair value hedges:

	Due in 2022		Due in 2023 or later		Total		
MNOK	*Value in NOK on agreed rates*	*Fair value at 31.3.22*	*Value in NOK on agreed rates*	*Fair value at 31.3.22*	*Value in NOK on agreed rates*	*Change in fair value from 31.12.21*	*Fair value at 31.3.22*
USD	4 795	52	1 996	8	6 791	78	59
EUR	2 839	115	2 364	187	5 204	117	302
GBP	194	9	830	22	1 025	34	31
Other	371	(14)	252	30	624	(8)	15
Total	**8 200**	**161**	**5 443**	**246**	**13 643**	**220**	**408**

Forward exchange contracts fair value hedges, assets	834
Forward exchange contracts fair value hedges, liabilities	427
Net forward exchange contracts fair value hedges	**408**

The net value of fair value hedges is recognized as derivates in the statement of financial position, offset against customer contracts, assets by MNOK 332 (decrease) and customer contracts, liabilities by MNOK 82 (increase).

Specification of derivatives:

MNOK	31.3 *2022*	31.12 *2021*
Forward exchange contracts, cash flow hedges	29	28
Forward exchange contracts, fair value hedges	834	500
Cross-currency swaps	4	17
Currency options	5	-
Total derivatives, current assets	**872**	**545**
Forward exchange contracts, cash flow hedges	66	65
Forward exchange contracts, fair value hedges	427	312
Currency options	2	-
Total derivatives, current liabilities	**495**	**378**
Net forward exchange contracts, cash flow hedges (a) - (c)	(37)	(37)
Net forward exchange contracts, fair value hedges (b) - (d)	408	188
Total net forward exchange contracts	**370**	**151**

9 Product development

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

	1.1 - 31.3		1.1-31.12
MNOK	*2022*	*2021*	*2021*
Product maintenance	120	108	451
Development cost	322	261	1 056
Total	**442**	**369**	**1 507**

Capitalised development recognised during the period:

	1.1 - 31.3		1.1-31.12
MNOK	*2022*	*2021*	*2021*
Capitalised development	71	33	214

In the consolidated statement of financial position as of Q1 the largest capitalised projects were related to the development of the digital platform Kognifai, Joint Strike Missile (JSM) and other missiletechnology, 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 Q1 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. No new risk and uncertainty factors emerged during this quarter.

12 Tax

The income tax expense per Q1 was calculated to be 22 per cent of earnings before tax. The income tax expense was mainly affected by income from associates recognised after tax.

13 Events after balance date

Acquisiton of Interconsult Bulgardia Ltd

On 26 April 2022 Kongsberg Digital signed an agreement to acquire the Interconsult Bulgaria Ltd(ICB). 65 per cent of the company will be acquired in first stage, while full acquisition will be completed during a period of two years. The company is headquartered in Sofia, Bulgaria, and has 150 employees who mainly serve Scandinavian customers. The company had revenues of approximately EUR 7 million in 2021.

IBC is a software developer and supplier of process modeling, software architecture design, quality assurance and 3D modeling and design. KONGSBERG has collaborated closely with ICB since 2004. ICB has delivered high value into a wide range of products for KDI, and they are an important and trusted partner. ICB offers highly innovative and skilled personnel complementary to KDI, with focus on IoT, visualization, AI and machine learning within the maritime and energy domain. ICB will serve as KDI's European development hub for software development to attract and develop key talent to deliver into existing projects and support KDI's vision to accelerate the green shift by digitalizing the worlds industries.

Finishing the agreement hinges on certain conditions and is expected to be completed within second quarter.

14 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/EBITDA before IFRS 16	is defined as net interest-bearing debt divided by 12-month rolling EBITA excluding IFRS 16.
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.

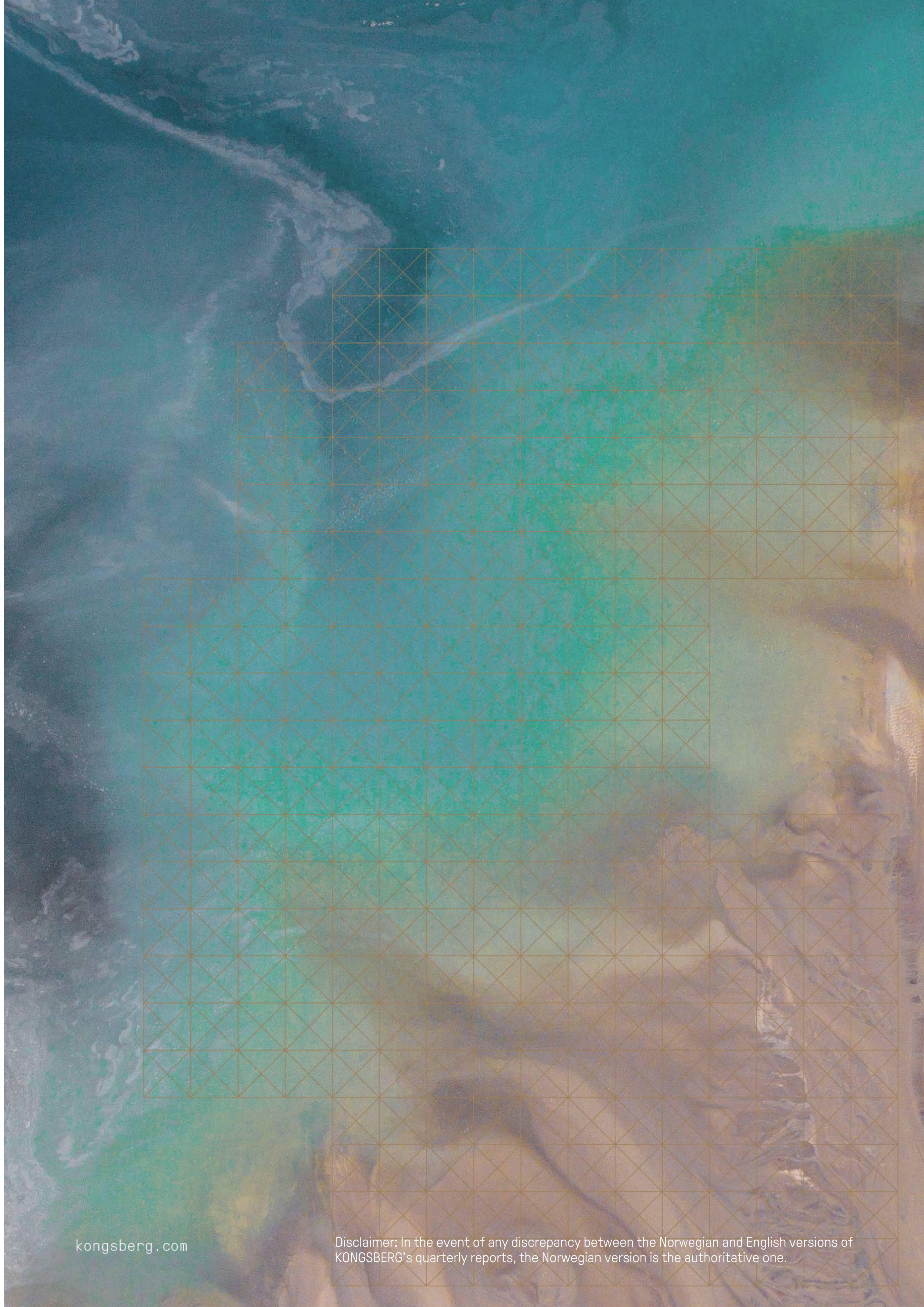
Working capital is calculated as follow:

MNOK	31.3 2022	31.12 2021
Current assets	24 767	24 624
Current liabilities and provisions	(19 070)	(19 164)
Adjusted for:		
Cash and cash equivalents	(7 357)	(8 118)
Short-term interest-bearing loans	(0)	(0)
Short-term leasing liabilities	402	380
Net tax payable	149	180
Financial instruments classified as cash flow hedges	104	332
Working capital	**(1 005)**	**(1 766)**

Book-to-bill ratio is order intake divided by operating revenues.

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

Organic growth is change in operating revenues exclusive acquired companies.



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