

kongsberg.com



KONGSBERG

Quarterly report

1st quarter

2023



Geir Håøy,
President & CEO

KONGSBERG

"KONGSBERG started 2023 with good momentum and strong results, in spite of an unpredictable geopolitical situation where the brutal Russian war in Ukraine and persistent inflation are affecting individuals and nations. At the same time, there is a transition process towards improved energy utilisation and greener energy sources in the world, a transition process of which KONGSBERG is an important part.

We delivered NOK 9.1 billion in revenue and generated EBIT of more than NOK 1 billion. With an order intake of NOK 12.1 billion, we continue to build the order backlog. The order backlog is close to NOK 67 billion, which provides a good foundation for further growth.

Sensors & Robotics, formerly a division of Kongsberg Maritime, was established 1st of January 2023 as a new business area, Kongsberg Discovery. Kongsberg Maritime and Kongsberg Discovery both experience significant market growth, which demands organisational agility and efficient decision processes. The establishment of Kongsberg Discovery as a separate business area, combined with a sharpened focus in Kongsberg Maritime, takes this into account and will strengthen KONGSBERG.

If the world is to achieve the ambition of "net zero" by 2050, change must happen faster. KONGSBERG's ambition is to be an important contributor to this restructuring. The contribution will come from our operations, especially by delivering products and systems that help our customers achieve their ambitions. I am convinced that technology is the most important contributor to this transition. KONGSBERG has both an existing product portfolio and ongoing development programmes that will make a difference.

The macro situation is more unpredictable today than we have experienced in a long time. Through our technologies and expertise, KONGSBERG want to contribute to solutions to several of the challenges the world is facing. We are experiencing strong demand for our products and services and a high degree of trust from our customers. In addition, we have a record-high order backlog. This makes me confident that KONGSBERG will seize new opportunities, continue to grow and deliver strong results also in 2023."

Highlights



KONGSBERG

29 per cent growth in operating revenues, NOK 1.4 billion EBITDA and more than NOK 1 billion EBIT. Book/bill above 1 in all business areas and activity throughout the Group provide a solid basis for continued growth going forward. The order backlog continued to grow and was NOK 66.9 billion at the end of the quarter. 32 per cent of this is for delivery in Q2-4 2023.

MNOK	Q1
Operating Revenues	9 090
EBITDA	1 357
EBITDA (%)	14,9
EBIT	1 019
EBIT (%)	11,2



Kongsberg Maritime

24 per cent growth in operating revenue and book/bill of 1.51 per cent in the quarter. Solid underlying operations and good project execution. Strong and diversified order intake in both the newbuilding and aftermarket. NOK 19.1 billion in order backlog, an increase of NOK 2.7 billion during the quarter. Positioned for continued growth through technology necessary for greener shipping.

MNOK	Q1
Operating revenues	4 624
EBITDA	640
EBITDA (%)	13,8
EBIT	508
EBIT (%)	11,0



Kongsberg Defence & Aerospace

43 per cent growth in operating revenues and 15.4 per cent EBIT margin. Increased operating revenues related to missile and air defence deliveries. The demand for the Naval Strike and Joint Strike Missile continues to increase. Order backlog of NOK 44 billion at the end of the quarter. High market activity and well positioned for significant order intake.

MNOK	Q1
Operating revenues	3 523
EBITDA	701
EBITDA (%)	19,9
EBIT	541
EBIT (%)	15,4



Kongsberg Discovery

23 per cent growth in operating revenues and 12.8 per cent EBIT margin. Production and deliveries of Hugin vessels were the main driver for growth. Book/bill of 1.14 in the quarter and strong positioning and market trends around sustainability, safety and monitoring provide good opportunities going forward.

MNOK	Q1
Operating revenues	911
EBITDA	144
EBITDA (%)	15,8
EBIT	117
EBIT (%)	12,8



Kongsberg Digital

High market activity and continued scaling up of the business. Book/bill of 1.89 in the quarter driven by good order intake for the dynamic digital twin solution Kognitwin. Significant increase in the number of Kognitwin users in the quarter. High degree of acceptance and increasing demand for digital solutions provide significant growth opportunities.

MNOK	Q1
Operating revenues	293
Of this recurring revenues	145
EBITDA	(83)
EBITDA (%)	(28,4)
EBIT	(127)
EBIT (%)	(43,3)

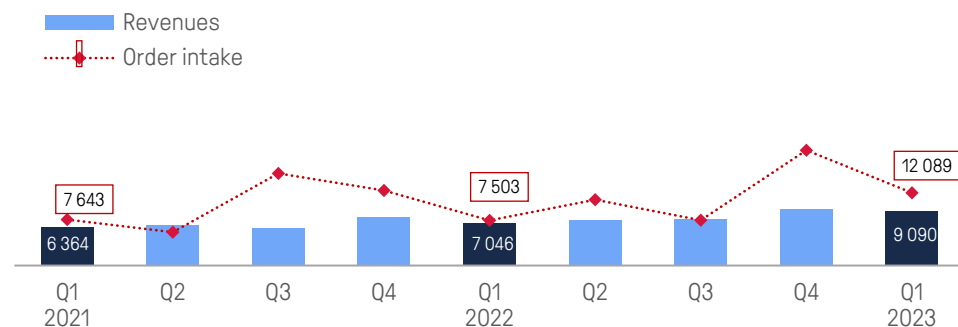
Key figures

MNOK	1.1 - 31.3		1.1-31.12
	2023	2022	2022
Operating revenues	9 090	7 046	31 803
EBITDA	1 357	829	4 602
EBITDA (%)	14,9	11,8	14,5
EBIT	1 019	522	3 309
EBIT (%)	11,2	7,4	10,4
Share of net income from associated companies	12	23	387
Earnings before tax	988	511	3 497
Earnings after tax	771	399	2 809
EPS (NOK)	4,21	2,13	15,64
Order Intake	12 089	7 503	45 150

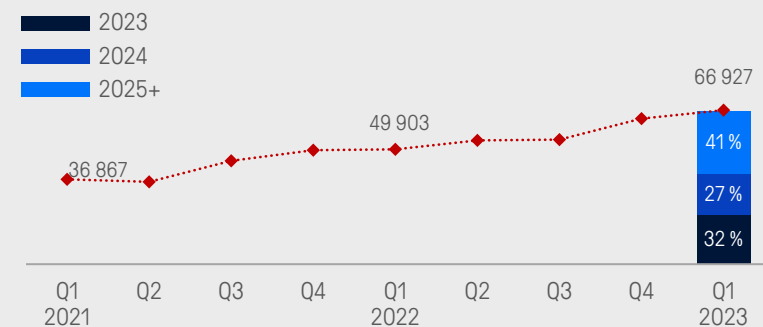
MNOK	31.3	31.12
	2023	2022
Equity ratio (%)	33,0	31,8
Net interest-bearing debt ¹⁾	(1 189)	(1 479)
Working Capital ²⁾	1 570	565
ROACE (%) ³⁾	34,8	33,9
Order backlog	66 927	63 256
Net interest-bearing debt incl. leasing liabilities/EBITDA ⁴⁾	0,2	0,1
No. of employees	12 548	12 187

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 recognised at fair value are not included in working capital.
 3) 12-month rolling EBIT excluding IFRS 16 divided by the 12-month mean of recognised equity and net interest-bearing debt.
 4) 12-month rolling EBITDA

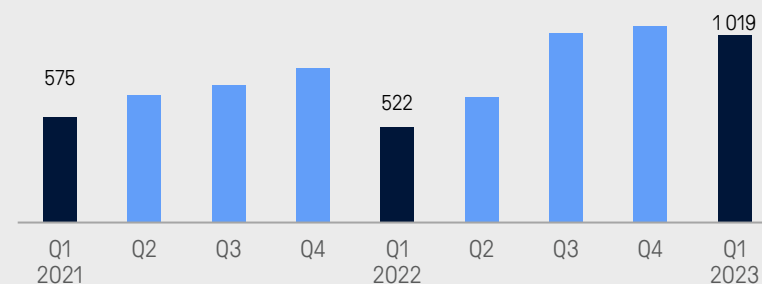
Operating revenues and order intake



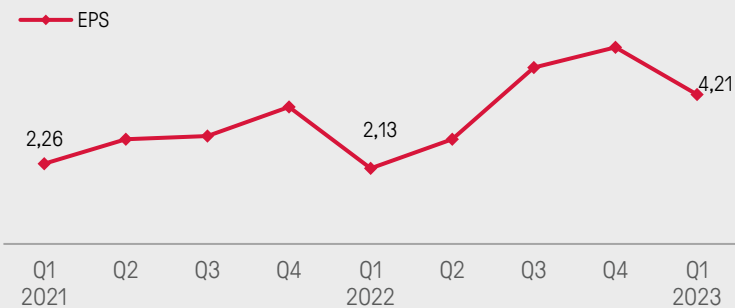
Order backlog



EBIT



EPS



KONGSBERG



Performance and orderintake

MNOK	1.1 - 31.3		1.1-31.12
	2022	2022	2022
Operating revenues	9 090	7 046	31 803
EBITDA	1 357	829	4 602
EBITDA (%)	14,9	11,8	14,5
EBIT	1 019	522	3 309
EBIT (%)	11,2	7,4	10,4
Order Intake	12 089	7 503	45 150
Order backlog	66 927	49 903	63 256

Operating revenues in the 1st quarter was MNOK 9,090, compared with MNOK 7,046 in the same quarter last year, an increase of 29 per cent. About half of the growth was driven by Kongsberg Defence & Aerospace, which had increased activity related to both missiles and air defence. The three other business areas also delivered solid growth with more than 20 per cent in operating revenues compared to the corresponding quarter last year.

EBIT in the 1st quarter was MNOK 1,019 corresponding to an EBIT margin of 11.2 per cent, compared to MNOK 522 (7.4 per cent) in the same quarter last year. In the 1st quarter of 2022, EBIT was negatively affected by two individual elements that made the underlying EBIT MNOK 182 higher than reported.

Order intake in the 1st quarter was MNOK 12,089, compared to MNOK 7,503 in the same quarter last year. This gave a book/bill in the quarter of 1.33. All business areas had a book/bill above 1 in the quarter. Order intake can vary considerably between quarters.

The order backlog at the end of Q1 2023 was MNOK 66,927, an increase of MNOK 3,671 in the quarter and MNOK 17,023 over the past year. The order backlog increased in all business areas during the quarter.

Cash flow

The Group had MNOK 3,639 in cash and cash equivalents at the end of 1st quarter compared to MNOK 3,932 at the end of 2022, a reduction of MNOK 293 in quarter one. Cash flow in the quarter was mainly driven by EBITDA less increased working capital and investments in real estate and facilities, mainly related to the new missile plant.

Net cash flow from operating activities was MNOK 123, driven by a positive EBITDA of MNOK 1,357, which was partly reduced by changes in current assets and other operating related items of MNOK -1,234. Working capital increased as a result of increased number of projects.

The Group's cash flow from investment activities was MNOK -414. These were mainly investments in real estate and construction, as well as activated investment in own development.

Cash flow from financing activities was MNOK -202, mainly related to instalments and interest on leasing obligations, and interest on loans.

Balance sheet

	31.3	31.12
MNOK	2023	2022
Equity	14 651	13 744
Equity ratio (%)	33,0	31,8
Total assets	44 368	43 225
Working capital ¹⁾	1 570	565
Gross interest-bearing debt	2 450	2 453
Cash and cash equivalents	3 639	3 932
Net interest bearing debt ¹⁾	(1 189)	(1 479)
Net interest bearing debt incl. leasing liabilities/EBITDA ¹⁾	0,2	0,1

¹⁾ See definition note 13

At the end of the quarter the Group had interest-bearing debt of total MNOK 2,450. The debt consisted of three bond issues totaling MNOK 2,000. The bond KOG11 of MNOK 450 matures in December 2023 and is classified as short-term loan, see Note 8 for further information.

Net interest-bearing debt at the end of the 1st quarter were MNOK -1,189, compared to MNOK -1,479 at the end of the 4th quarter of 2022.

KONGSBERG 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 1st quarter.

Kongsberg Gruppen ASA has a long-term issuer rating of A- with a «stable prospect» awarded by the credit rating agency Nordic Credit Rating. The standalone credit assessment is BBB+. The rating was last updated on 18 April 2023 and can be found on www.nordiccreditrating.com.

Product development

KONGSBERG continuously invests in product development, through self-financed and customer-financed programs. Self-financed product development and maintenance was a total of MNOK 594 in the quarter, of which MNOK 97 was capitalised. Capitalised development in the quarter was mainly related to projects in Kongsberg Digital and Kongsberg Defence & Aerospace. See table in note 9.

In the balance sheet as of Q1, the largest activated projects were related to the development of the Kognifai digital platform and associated applications, Joint Strike Missile and other missile technology, weapons stations (MCT and RWS), communication solutions and remote airport control towers.

In addition, there is customer-financed development, either as part of a project or as a specified development assignment. The total scope of product development and maintenance accounts for about ten per cent of operating revenues over time.



Employees

The company had 12,548 employees at the end of Q1, which is an increase of 361 in the quarter. All KONGSBERG's business areas are growing, and capacity will continue to increase in the future to meet this growth.

Other activities

On 14 April, Mette Toft Bjørgen was appointed Chief Financial Officer and member of KONGSBERG's Group Executive Committee. Toft Bjørgen has been CFO in Kongsberg Defence & Aerospace since 2021, and she has previously worked as CFO in Ekornes and held various positions within finance and analysis in Equinor and Carnegie. Toft Bjørgen succeeds Gyrid Skalleberg Ingerø, who resigned in March. Skalleberg Ingerø has been CFO of KONGSBERG since 2017 and will continue to play a role in the development of KONGSBERG Digital.

Number of employees



Kongsberg
Maritime

6 342



Kongsberg Defence
& Aerospace

4 037



Kongsberg
Discovery

969

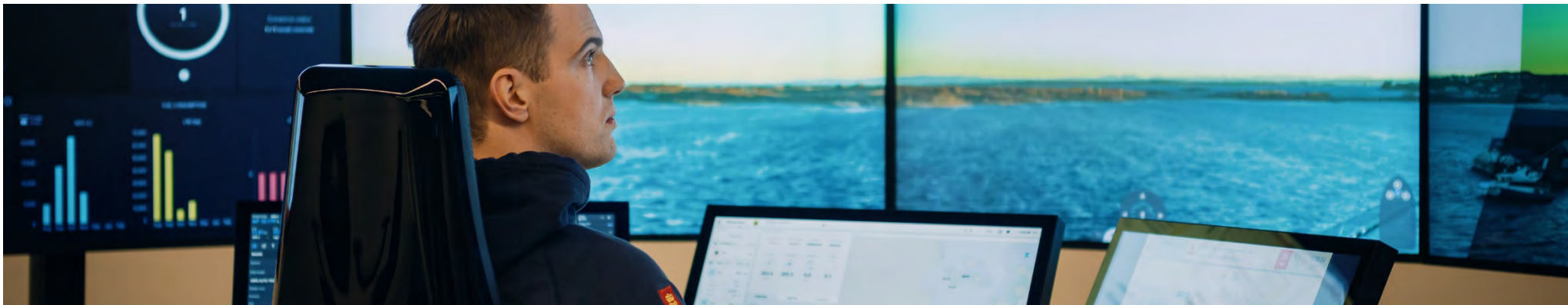


Kongsberg
Digital

1 134

Number of employees by business area

Kongsberg Maritime

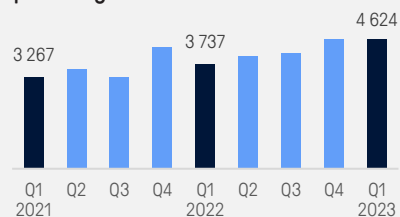


Key figures

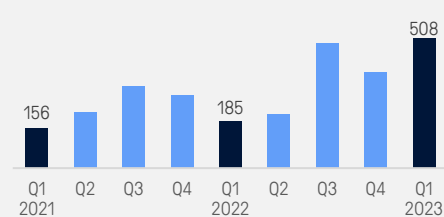
	1.1 - 31.3		1.1-31.12
<i>MNOK</i>	2023	2022	2022
Operating revenues	4 624	3 737	16 486
EBITDA	640	312	1 825
EBITDA (%)	13,8	8,3	11,1
EBIT	508,2	185	1 255
EBIT (%)	11,0	4,9	7,6
Order Intake	6 999	5 149	21 335

	31.3	31.12
<i>MNOK</i>	2023	2022
Order backlog	19 135	16 423
No. of employees	6 342	6 197

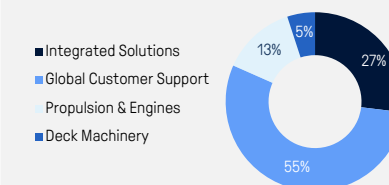
Operating revenues



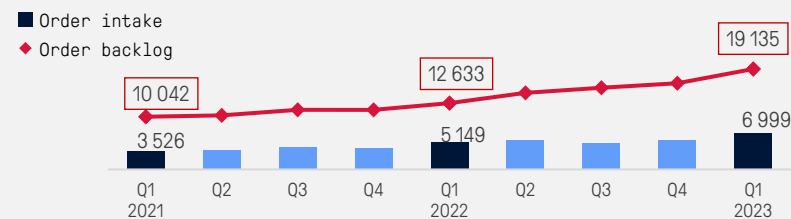
EBIT



Operating revenues YTD per division

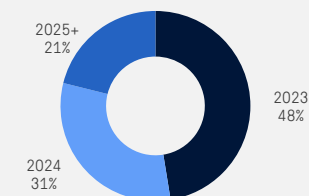


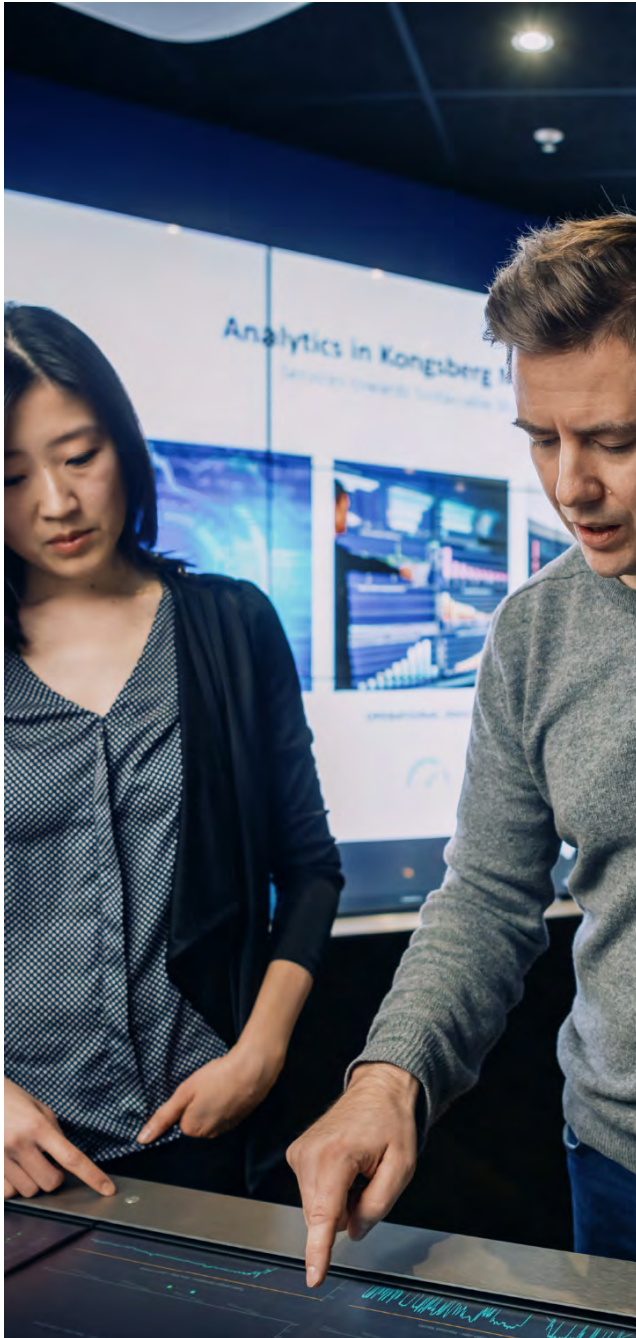
Orders



Order backlog Breakdown by delivery date

Breakdown by delivery date





With effect from January 1st, 2023, KONGSBERG has established Kongsberg Discovery as a new business area. The area was formerly a division, Sensors & Robotics under Kongsberg Maritime. Reported and comparable figures have been restated.

Results

Operating revenues was MNOK 4,624 in the 1st quarter, an increase of 24% compared to the same quarter last year. Both the volume of deliveries to new buildings and aftersales increased in the quarter.

EBIT was MNOK 508 in the 1st quarter, corresponding to an EBIT margin of 11,0 per cent, compared to MNOK 185 (4.9 per cent) in the same quarter last year. The EBIT increase is due to a combination of increased volume and improved efficiency. In the 1st quarter of 2022, EBIT was negatively affected by two individual elements that made the underlying EBIT MNOK 182 higher than reported.

Kongsberg Maritime has significant exposure to foreign currencies. The Norwegian krone depreciated against the US dollar through 2022. The Group's foreign exchange policy, which states that all major projects must be currency hedged, minimises profit effects as a result of currency fluctuations.

Market and orders

The order intake in the quarter was MNOK 6,999, corresponding to a book/bill of 1.51. Order intake in 1st quarter of 2022 was MNOK 5,149.

About 55 per cent of the order intake in the quarter came from sales to new buildings. The order intake is diversified and consists of deliveries to a wide range of vessel classes.

LNG transport vessels have for a long time been an important market for Kongsberg Maritime. In 2022, over 180 LNG transport ships were ordered from shipyards, mainly in South Korea and China. The lead time before Kongsberg Maritime signs its contracts means that equipment is still being contracted on vessels ordered in 2022, which is an important driver for the high order intake of more than MNOK 600 related to this vessel class.

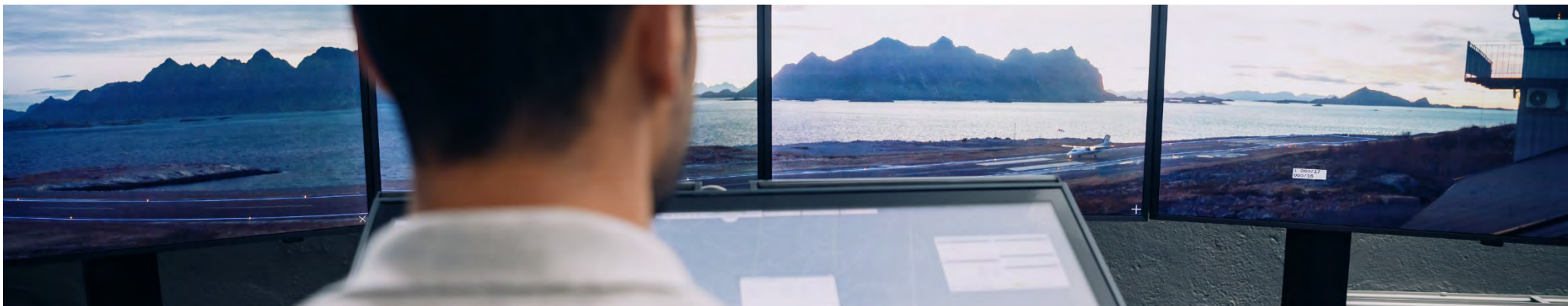
The positive trend in the aftermarket has continued into 2023 and orders were signed for just over MNOK 3,000. New requirements from the EU and IMO (International Maritime Organization), together with a general desire and commitment from the industry for more environmentally friendly solutions, have been, and will continue to be, an important driver of competitiveness in the aftermarket.

At the end of the 1st quarter of 2023, KM had an order backlog of MNOK 19,135, an increase of NOK 2.7 billion through the quarter.

Other factors

Globally, the past year has been characterised by both component shortages and higher inflation. The component situation is perceived to have improved somewhat, and lead times for some critical components have decreased throughout the quarter. The business area has implemented various measures and feels that it has relatively good control of the situation. High inflation has affected the entire value chain, from raw material to finished product. This has also driven the total cost for the end customer, which may have an impact on the demand for new vessels. KM works with the entire value chain and continuously introduces both local and global measures to ensure progress and profitability.

Kongsberg Defence & Aerospace

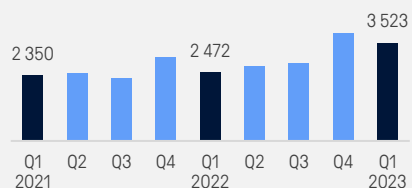


Key figures

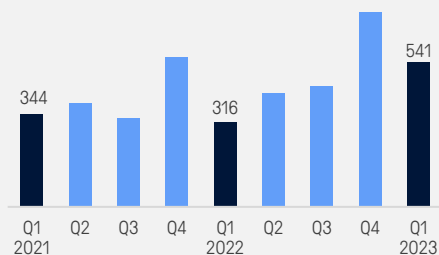
	1.1 - 31.3		1.1-31.12
<i>MNOK</i>	2023	2022	2022
Operating revenues	3 523	2 472	11 860
EBITDA	701	460	2 516
EBITDA (%)	19,9	18,6	21,2
EBIT	541	316	1 919
EBIT (%)	15,4	12,8	16,2
Share of netincome associated companies	12	24	330
Order Intake	3 849	1 331	19 560

	31.3	31.12
<i>MNOK</i>	2023	2022
Order backlog	43 964	43 540
No. of employees	4 037	3 879

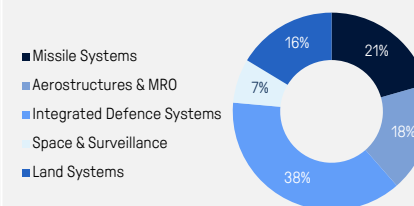
Operating revenues



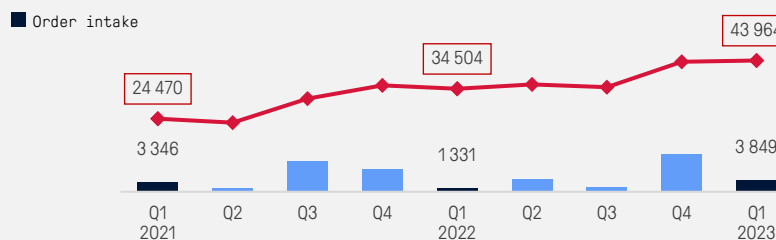
EBIT



Operating revenues YTD per division

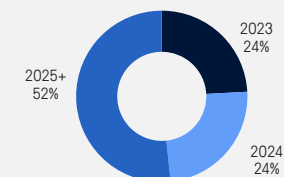


Orders



Order backlog

Breakdown by delivery date





Results

Operating revenues was MNOK 3,523 in the 1st quarter, up 43 per cent from the same quarter last year. The growth was mainly driven by high activity on several projects for missiles and NASAMS air defense.

EBIT was MNOK 541 in the 1st quarter, corresponding to an EBIT margin of 15.4 per cent compared to MNOK 316 (12.8 per cent) in the same quarter last year. The solid margin was a result of increased volume and beneficial project mix.

The share of net income from associated companies amounted to MNOK 12 (MNOK 24) in the quarter. See also note 6.

Market and Orders

The order intake was MNOK 3,849 in the 1st quarter, corresponding to a book/bill of 1.09. At the end of the 1st quarter, the business area had an order backlog of MNOK 43,964, an increase of one per cent since year-end.

Most of the order intake in the quarter came from the missile division. The largest contract was a contract with the value of MNOK 2,018 to an undisclosed customer. Details of the customer and missile system will be released later. A defence materiel contract was also signed for the installation and integration of the Naval Strike Missile (NSM) on the UK's Type 23 frigates and Type 45 destroyers. The contract is linked to the UK's November 2022 announcement that the Royal Navy will acquire the NSM.

When KONGSBERG's 3rd quarter results in 2022 were presented, it was communicated that missile orders for more than NOK 15 billion are expected over the next 12-18 months. At the time being, 6 months later, orders worth more than NOK 10 billion have been signed.

Marketing, tender writing and negotiations related to several missile programs are currently ongoing, both towards existing and new customers.

- Spain announced in the summer of 2022 that it planned to acquire the Naval Strike Missile
- The United Kingdom announced in the fall of 2022 that it planned to acquire the Naval Strike Missile. The contract for fixed equipment was signed at the end of 1. quarter 2023. Missiles are not part of this first contract.
- In the United States, the president's defense budget proposal for 2024 was presented in Q1 2023. There are plans for significant acquisitions of both the Naval Strike Missile and the Joint Strike Missile.
- In addition, negotiations are taking place with several nations that have chosen not to be public about their processes.

Several of the programs could potentially be of significant size. If the proposal in the US defense budget for future procurement of the NSM leads to a contract, such a contract could come by autumn 2024 and exceed NOK 10 billion alone.

Other Factors

Expectations on certain critical components affect many companies and KDA relies on several hundred subcontractors, both in Norway and abroad. Over the past year, shortages of a few critical components for the RWS weapon station have 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 in the form of increased project inventory and associated delayed customer payments. The business area is still delayed compared to the original delivery schedule, but volumes have gradually picked up through autumn 2022 and winter 2023.

Higher 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 a predictable cost picture throughout the delivery process.

Kongsberg Discovery

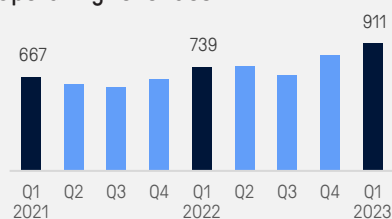


Key Figures

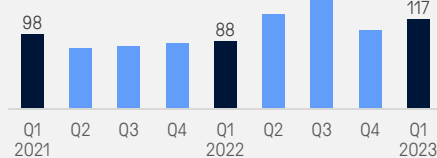
	1.1 - 31.3		1.1-31.12
<i>MNOK</i>	2023	2022	2022
Operating revenues	911	739	2 998
EBITDA	144	113	565
EBITDA (%)	15,8	15,4	18,8
EBIT	117	88	464
EBIT (%)	12,8	12,0	15,5
Order Intake	1 041	926	3 575

	31.3	31.12
<i>MNOK</i>	2023	2022
Order backlog	2 708	2 452
No. of employees	969	917

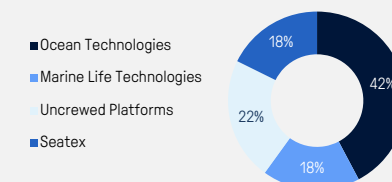
Operating revenues



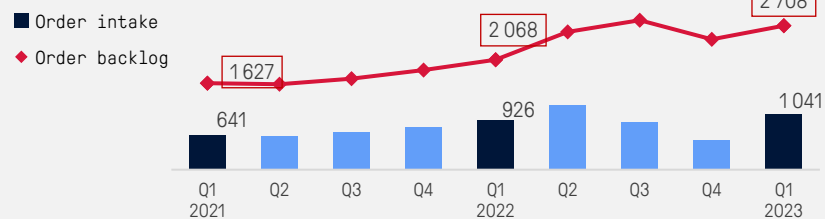
EBIT



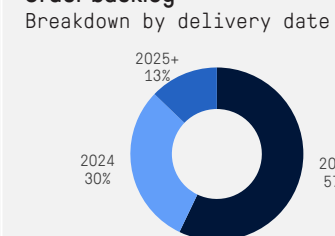
Operating revenues YTD per division



Order



Order backlog Breakdown by delivery date





With effect from January 2023, KONGSBERG has established KONGSBERG Discovery as a new business area. Previously this was a separate division (Sensors & Robotics) under Kongsberg Maritime. Kongsberg Discovery has a broad world-leading technology portfolio combined with deep application knowledge and software that are important within fisheries, marine research, marine operations, ocean-based energy production and monitoring of critical infrastructure. Kongsberg Discovery has more than a thousand employees located in Horten, Trondheim and Oslo in Norway, in addition to offices in Spain, the UK, USA, Canada, Singapore and Malaysia.

Results

Operating revenues was MNOK 911 in the 1st quarter, an increase of 23% compared to the same quarter last year. The main drivers for the increased turnover were generally increased activity, especially in autonomous underwater vehicles (AUVs).

EBIT was MNOK 117 in the 1st quarter, corresponding to an EBIT margin of 12.8 per cent, compared to MNOK 88 (12.0 per cent) in the same quarter last year. The EBIT increase is mainly due to increased volume. Kongsberg Discovery has significant exposure to foreign currencies and hedges all major delivery projects. Kongsberg Discovery also has a large proportion of smaller sales where sales are made at spot exchange rates.

Market and Orders

The order intake in the 1st quarter was MNOK 1,041, corresponding to a book/bill of 1.14. The order intake was MNOK 926 in the 1st quarter 2022.

Approximately MNOK 200 of the order intake relates to two individual contracts, the first for a Hugin Superior to a European defence customer, and the second for a sonar delivery to a research vessel to be built at a German shipyard. The remaining order intake consists of many smaller contracts throughout the business area.

Kongsberg Discovery is exposed to major market drivers such as ocean-based energy production, security and monitoring of critical infrastructure. There is increasing demand for solutions from both commercial players, public administration and defence customers. Sustainable management of resources below sea level is an important driver for several of the business area's divisions and segments. These may be solutions for mapping the seabed, monitoring of installations on the seabed, management of biomass and monitoring of water quality and other environmental parameters in sea areas. In addition, there is an increasing demand for solutions to increase efficiency and safety in marine operations

Kongsberg Discovery had an order backlog of MNOK 2,708 at the end of the 1st quarter of 2023.

Other Factors

Kongsberg Discovery largely supplies products and components, which in turn consist of a significant number of parts. Over the past year, the world has been plagued by general component shortages, which has affected deliveries and driven prices upwards.

The component situation appears to have improved somewhat. The business area has implemented various measures to deal with the situation. Access to and lead time for components is critical for the business area's deliveries. The nature of the products provides relatively long lead times in the supply and production chain, which in turn necessitates long-term forecasting of inventory. This, combined with the demand-driven expectation of short delivery times, therefore results in somewhat higher working capital relative to the rest of the Group.

Kongsberg Digital

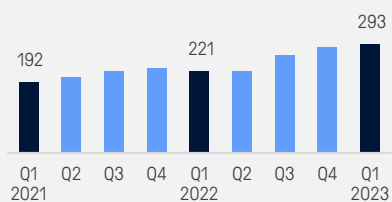


Key Figures

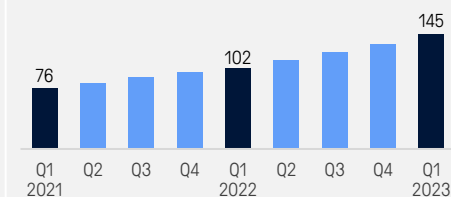
	1.1 - 31.3		1.1-31.12
MNOK	2023	2022	2022
Operating revenues	293	221	989
of this Recurring revenues*	145	102	469
EBITDA	(83)	(48)	(259)
EBITDA (%)	(28,4)	(21,7)	(26,2)
EBIT	(127)	(73)	(380)
EBIT (%)	(43,3)	(32,8)	(38,4)
Order Intake	553	209	1 275

	31.3	31.12
MNOK	2023	2022
Order backlog	1 489	1 150
No. of employees	1 134	1 088

Operating revenues



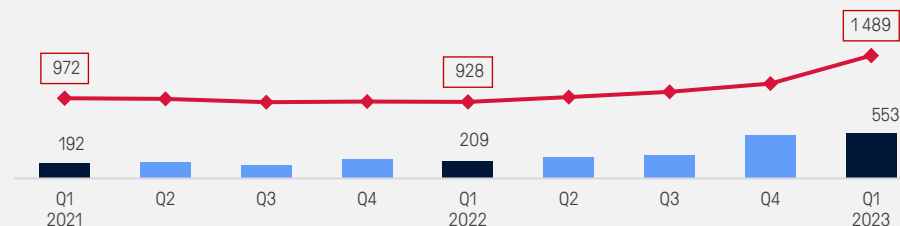
Recurring revenues



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

Orders

■ Ordre intake
◆ Order backlog





Results

Operating revenue was NOK 293 million in the 1st quarter, up 33 per cent from the 1st quarter of 2022. Recurring operating revenues increased to MNOK 145 in the quarter, up from MNOK 132 in Q4 2022 and MNOK 102 in Q1 2022.

EBIT in the quarter was MNOK – 127 (MNOK -73) The negative development in EBIT was due to high sales and marketing activity and scaling up of the organisation to secure future growth.

At the end of the quarter, 20 dynamic digital twins were in operation, two more from year-end. In January, Kongsberg Digital signed a multi-year agreement with Chevron for the digitalization of Chevron installations. The first digital twins associated with this agreement are already in operation. Together with the agreement with Shell signed in December 2022, the agreement with Chevron ensures a good increase in volume going forward. The number of users connected to Kognitwin increased by almost 7,000 through the quarter, and there are now over 15,000 active users of Kognitwin.

Kongsberg Digital has contracts with more than 80 shipowners for delivery and installation of the digital solution for ship-to-cloud infrastructure, Vessel Insight. The pace of delivery began to pick up in the fall of 2022 and this trend has continued in 1. quarter 2023.

KONGSBERG has high growth ambitions for KDI, and significant investments are being made in scaling and rolling out new solutions and applications.

Kongsberg Digital in the future

Since Kongsberg Digital was established in 2016, the business area has been established as a leading supplier of digitalization solutions to the energy sector and maritime industry. Digitalisation is an important contributor to increased efficiency and reduction in greenhouse gas emissions.

Software as a Service (SaaS) solutions Kognitwin Energy and Vessel Insight are the key drivers for growth in Kongsberg Digital. In the last two years, positioning in the market has been in focus. Kongsberg Digital has therefore increased capacity related to development, sales and delivery, a development that will also

continue through 2023. There is good demand and market acceptance for both these solutions, and Kongsberg Digital has over the last 12 months signed significant agreements with major and significant players such as Shell and Chevron (Kognitwin), and Mediterranean Shipping Company (Vessel Insight).

KDI is at a phase where it makes it natural to consider various strategic alternatives to fully realise the potential KONGSBERG sees in the business area. A stock exchange listing is also being considered in the long term.

KONGSBERG



Outlook

In recent years, KONGSBERG has developed positively and has demonstrated good adaptability in the event of significant and rapid changes. Despite component shortages, demanding logistics and rising inflation, KONGSBERG has delivered both growth and improved results significantly.

At the end of Q1 2023, KONGSBERG had an order backlog of NOK 66.9 billion, of which NOK 21.7 billion will be delivered during 2023. This provides a good basis for continued growth. Order intake from the aftermarket is to a lesser extent included in the order backlog. In addition, the order backlog for associated companies as well as framework agreements, will be reported

Kongsberg Maritime is exposed to newbuilds and aftersales in a wide range of segments, from traditional merchant fleet to advanced marine operations. Lower contracting of new vessels is expected in 2023 compared to previous years, while a continued good order intake is expected in the markets that have traditionally represented higher value for the business area. Many shipyards have near full order books for the next few years, which means that Kongsberg Maritime's order backlog extends over time. Due to the increasing need for upgrades to reduce emissions from vessel operations, continued high activity in the aftermarket is expected in 2023. Overall, growth is also expected in Kongsberg Maritime in 2023.

Kongsberg Defence & Aerospace has grown continuously in recent years and has an order backlog of MNOK 44 billion at the end of Q1. Profitability varies between different product groups and different geographies. The composition of projects on which it is delivered is therefore an important driver for profitability in the business area. The business area's long-term EBITDA margin target is 17 percent in 2025, but it will vary between quarters. A continued high growth rate is expected ahead, particularly driven by missile deliveries. To ensure capacity to deliver on existing orders and meet the significant demand, investments are being made in a new missile production facility that will open in summer 2024.

Kongsberg Discovery has a broad world-leading technology portfolio combined with deep domain knowledge and software that are important within fisheries, marine research, marine operations, ocean-based energy production and monitoring of critical infrastructure. There is a high demand for technology in all these segments, providing a basis for growth in 2023.

Kongsberg Digital is continuing the roll-out of Kognitwin and Vessel Insight systems, and there is high market activity and increased demand for the business area's solutions. As a result, significant investments in increased capacity, development and roll-out of digital solutions will continue to be made in 2023. Negative EBIT and cash flow from the business area are expected for the full year. KONGSBERG's ambition is for Kongsberg Digital to deliver positive EBITDA in 2024.

We continue to experience an unsettling and unpredictable geopolitical situation with the ongoing Russian war, high energy prices and high inflation. At the same time, we see large needs related to increased energy efficiency, more environmentally friendly energy sources, security and monitoring. KONGSBERG has products and solutions related to all these challenges and sees great demand for the Group's solutions. This, in addition to a strong order backlog and a solid financial position, provides a good foundation for continued growth.

Kongsberg, 26. April 2023

The Board of Directors of Kongsberg Gruppen ASA



Numbers & Notes

Key figures by quarter

KONGSBERG <i>MNOK</i>	2023		2022					2021				
	2023	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	9 090	9 090	31 803	9 444	7 745	7 567	7 046	27 449	8 107	6 216	6 762	6 364
EBITDA	1 357	1 357	4 602	1 401	1 360	1 012	829	4 086	1 156	1 054	993	883
EBITDA (%)	14,9	14,9	14,5	14,8	17,6	13,4	11,8	14,9	14,3	17,0	14,7	13,9
EBIT	1 019	1 019	3 309	1 068	1 035	683	522	2 863	844	748	697	575
EBIT (%)	11,2	11,2	10,4	11,3	13,4	9,0	7,4	10,4	10,4	12,0	10,3	9,0
Share of net income associated companies	12	12	387	174	144	47	23	244	96	79	58	11
Order intake	12 089	12 089	45 150	19 166	7 535	10 945	7 503	40 979	12 477	15 315	5 544	7 643
Order backlog	66 927	66 927	63 256	63 256	54 127	53 788	49 903	49 535	49 535	44 918	35 781	36 867

KONGSBERG MARITIME* <i>MNOK</i>	2023		2022					2021				
	2023	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	4 624	4 624	16 486	4 608	4 136	4 005	3 737	14 443	4 343	3 270	3 563	3 267
EBITDA	640	640	1 825	531	622	360	312	1 541	429	455	350	307
EBITDA (%)	13,8	13,8	11,1	11,5	15,1	9,0	8,3	10,7	9,9	13,9	9,8	9,4
EBIT	508	508	1 255	374	486	211	185	979	286	321	216	156
EBIT (%)	10,9	10,9	7,6	8,1	11,8	5,3	4,9	6,8	6,6	9,8	6,1	4,8
Order intake	6 999	6 999	21 335	5 672	4 931	5 583	5 149	15 638	4 113	4 298	3 701	3 526
Order backlog	19 135	19 135	16 423	16 423	15 565	14 594	12 633	11 349	11 349	11 360	10 303	10 042

* Comparable figures are adjusted for the excretion of KONGSBERG Discovery.

KONGSBERG DEFENCE AEROSPACE <i>MNOK</i>	2023		2022					2021				
	2023	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
Operating revenues	3 523	3 523	11 860	3 894	2 802	2 692	2 472	10 078	3 011	2 261	2 456	2 350
EBITDA	701	701	2 516	885	603	567	460	2 150	707	461	513	469
EBITDA (%)	19,9	19,9	21,2	22,7	21,5	21,1	18,6	21,3	23,5	20,4	20,9	20,0
EBIT	541	541	1 919	727	452	424	316	1 620	560	330	386	344
EBIT (%)	15,3	15,3	16,2	18,7	16,1	15,7	12,8	16,1	18,6	14,6	15,7	14,7
Share of net income associated companies	12	12	330	172	74	61	24	263	108	82	59	14
Order intake	3 849	3 849	19 560	12 530	1 619	4 080	1 331	22 221	7 452	10 303	1 120	3 346
Order backlog	43 964	43 964	43 540	43 540	35 027	35 950	34 504	35 632	35 632	31 189	23 145	24 470

Key figures by quarter continued

KONGSBERG DISCOVERY	2023		2022					2021				
	2023	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
<i>MNOK</i>												
Operating revenues	911	911	2 998	827	685	747	739	2 537	656	594	620	667
EBITDA	144	144	565	131	173	147	113	436	108	105	102	120
EBITDA (%)	16	16	19	16	25	20	15	17	17	18	16	18
EBIT	117	117	464	102	151	123	88	344	86	82	79	98
EBIT (%)	13	13	15	12	22	16	12	14	13	14	13	15
Order intake	1 041	1 041	3 575	550	885	1 215	926	2 782	808	698	636	641
Order backlog	2 708	2 708	2 452	2 452	2 811	2 592	2 068	1 874	1 874	1 712	1 607	1 627

KONGSBERG DIGITAL	2023		2022					2021				
	2023	Q1	2022	Q4	Q3	Q2	Q1	2021	Q4	Q3	Q2	Q1
<i>MNOK</i>												
Operating revenues	293	293	989	285	262	220	221	845	229	221	204	192
-of this recurring revenues	145	145	469	132	122	112	102	347	96	91	83	76
EBITDA	(83)	(83)	(259)	(109)	(52)	(50)	(48)	(45)	(69)	22	10	(9)
EBITDA (%)	(28)	(28)	(26)	(38)	(20)	(23)	(22)	(5)	(30)	10	5	(5)
EBIT	(127)	(127)	(380)	(146)	(83)	(79)	(73)	(122)	(90)	3	(8)	(28)
EBIT (%)	(43)	(43)	(38)	(51)	(32)	(36)	(33)	(14)	(39)	1	(4)	(14)
Order intake	553	553	1 275	523	286	257	209	789	234	165	199	192
Order backlog	1 489	1 489	1 150	1 150	1 050	986	928	932	932	924	964	972

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		1.1 - 31.12
		2023	2022	2022
Operating revenues	5	9 090	7 046	31 803
Operating expenses	9	(7 733)	(6 217)	(27 201)
EBITDA	5, 13	1 357	829	4 602
Depreciation		(118)	(115)	(469)
Depreciation, leasing assets	7	(114)	(109)	(449)
Impairment of property, plant and equipment		-	-	(18)
Amortisation		(105)	(83)	(352)
Impairment of intangible assets		-	-	(4)
EBIT	5, 13	1 019	522	3 309
Share of net income from joint arrangements and associated companies	6	12	23	387
Interest on leasing liabilities	7	(32)	(32)	(128)
Net financial items	8	(11)	(2)	(72)
Earnings before tax (EBT)		988	511	3 497
Income tax expense	12	(218)	(112)	(687)
Earnings after tax (EAT)		771	399	2 809
Attributable to:				
Equity holders of the parent		743	380	2 774
Non-controlling interests		27	19	36
Earnings per share (EPS) / EPS diluted in NOK				
-Earnings per share		4,21	2,13	15,64
-Earnings per share, diluted		4,21	2,13	15,64

Condensed statement of comprehensive income

MNOK	Note	1.1 - 31.3		1.1-31.12
		2023	2022	2022
Earnings after tax		771	399	2 809
Specification of other comprehensive income for the period:				
<i>Items to be reclassified to profit or loss in subsequent</i>				
Change in fair value, financial instruments				
-Cash flow hedges and cross-currency swaps	8	(327)	5	(64)
Tax effect cash flow hedges		72	(1)	14
Translation differences currency		422	(114)	287
Total items to be reclassified to profit or loss in subsequent periods		167	(110)	236
<i>Items not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains/losses pensions		-	-	364
Tax effect on actuarial gain/loss on pension		-	-	(78)
Total items not to be reclassified to profit or loss		-	-	285
Comprehensive income		938	289	3 331

Condensed statement of financial position

<i>MNOK</i>	<i>Note</i>	31.3 2023	31.12 2022
Assets			
Property, plant and equipment		4 417	4 107
Leasing assets	7	1 815	1 743
Intangible assets	9	5 785	5 781
Shares in joint arrangements and associated companies	6	4 006	3 868
Other non-current assets		820	819
Total non-current assets		16 843	16 320
Inventories		5 803	5 493
Trade receivables		6 921	6 957
Customer contracts, asset	8	9 247	8 031
Derivatives	8	1 247	1 596
Other short-term receivables		669	896
Cash and cash equivalents		3 639	3 932
Total current assets		27 525	26 905
Total assets		44 368	43 225

<i>MNOK</i>	<i>Note</i>	31.3 2023	31.12 2022
Equity, liabilities and provisions			
Issued capital	4	5 999	6 132
Retained earnings		7 972	6 999
Other reserves		438	403
Non-controlling interests		241	209
Total equity		14 651	13 744
Long-term interest-bearing loans	8	2 000	2 003
Long-term leasing liabilities	7	1 588	1 526
Other non-current liabilities and provisions	3	1 745	1 855
Total non-current liabilities and provisions		5 333	5 384
Customer contracts, liabilities	8	12 712	14 159
Derivatives	8	2 771	1 559
Short-term interest-bearing loans	8	450	450
Short-term leasing liabilities	7	438	419
Other current liabilities and provisions	3	8 013	7 511
Total current liabilities and provisions		24 385	24 097
Total equity, liabilities and provisions		44 368	43 225
Equity ratio (%)		33,0	31,8
Net interest-bearing debt		(1 189)	(1 479)

Condensed statement of changes in equity

<i>MNOK</i>	<i>Note</i>	31.3 2023	31.12 2022
Equity opening balance		13 744	13 618
Total comprehensive income		938	3 331
Dividends paid		-	(2 716)
Share buy-back related to share buy-back programme	4	(17)	(481)
Transactions with treasury shares related to employee share programme		(14)	(5)
Capital reduction		-	(2)
Purchase/sale, in non-controlling interests		-	(1)
Equity closing balance		14 651	13 744

Condensed cash flow statement

MNOK	Note	1.1 - 31.3		1.1 - 31.12
		2023	2022	2022
Earnings after tax		771	399	2 809
Depreciation/impairment of property, plant and equipment		118	115	487
Depreciation, leasing assets		114	109	449
Amortisation/impairment of intangible assets		105	83	356
Share of net income from joint ventures and associated companies		(12)	(23)	(387)
Net finance items		43	34	200
Income taxes		218	112	687
Change in net current assets and other operations-related items		(1 234)	(1 084)	(3 495)
Net cash flow from operating activities		123	(255)	1 106
Dividend from joint arrangements and associated companies	6	-	-	201
Purchase/disposal of property, plant and equipment		(321)	(146)	(622)
Investment in subsidiaries and associated companies		-	-	(601)
Investment in financial assets		-	-	(44)
Interest received		37	6	124
Repayment of debt in acquired business		-	-	(7)
Proceeds from sale of business		-	-	6
Capitalised internal developed and other intangible assets		(101)	(71)	(400)
Settlement of cross-currency swaps		(29)	14	1
Net cash flow from investing activities		(414)	(198)	(1 343)

MNOK	Note	1.1 - 31.3		1.1 - 31.12
		2023	2022	2022
Net change interest-bearing loans		(3)	-	-
Payment of principal portion of lease liabilities	7	(108)	(102)	(408)
Interest paid		(42)	(17)	(168)
Interest paid on leasing liabilities	7	(32)	(32)	(128)
Net payment related to employee share programme		-	(26)	(100)
Share buy-back related to share buy-back programme	4	(17)	(59)	(483)
Dividends paid to equity holders of the parent		-	-	(2 736)
- of which dividends from treasury shares		-	-	21
Net cash flow from financing activities		(202)	(236)	(4 002)
Effect of changes in exchange rates on cash and cash equivalents		201	(73)	54
Net change in cash and cash equivalents		(293)	(760)	(4 186)
Cash and cash equivalents at the beginning of the period		3 932	8 118	8 118
Cash and cash equivalents at the end of the period		3 639	7 357	3 932

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 2022. The consolidated financial statements for 2022 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 2022 are available on www.kongsberg.com.

The interim financial statement has not been audited.

2 New standards as from 1.1.2023

The accounting principles used in the quarterly report are the same principles as those applied to the consolidated financial statements for 2022, with the exception of changes to IFRS 17 "Insurance Contracts", IAS 1 "Presentation of Financial Statements", IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IAS 12 "Income Taxes" which was implemented 1 January 2023.

The amendments to IFRS 17 are not relevant for KONGSBERG and will not be further described. The amendments to IAS 1 concern changes in information on accounting principles and add new guidance on how entities should apply the concept of materiality in making decisions about accounting policy disclosures. The requirement to disclose «significant» accounting policies is replaced with a requirement to disclose «material» accounting policies in order to provide users with more useful information

about the accounting principles. The amendments to IAS 8 introduce a new definition of accounting estimates and shall clarify the difference from accounting policies. Furthermore, the amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments to IAS 12 concern deferred tax related to assets and liabilities arising from a single transaction. The amendments limit the initial recognition exception of deferred tax, so that it no longer apply to transactions that give rise to equal taxable and deductible temporary differences.

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 2022 consolidated financial statements was compiled.

4 Repurchase of shares 1. quarter 2023

KONGSBERG had the following ongoing share buy-back programs at first quarter 2023:

- KONGSBERG has repurchased 42 224 shares equivalent to a value of NOK 17,1 million in the first quarter related to the share buy-back program for cancellation announced on 13 May 2022. The share buy-back related to this program started 20 June 2022.
- KONGSBERG has repurchased 32 000 shares equivalent to a value of NOK 13,6 million in the first quarter related to the employee share program announced on 17 January 2023.

In total, KONGSBERG holds at the end of first quarter 767 834 treasury shares.

The Annual General Meeting 11 May 2022 granted the Board of Directors the authorization to acquire shares for cancellation. The authorization has been supported by the company's largest shareholder, the Norwegian state, and is formalised through a separate agreement where the Norwegian state participate in the share buy-back program on a proportionate basis through redemption of shares so that the Norwegian state's ownership interest remains unchanged. Under the authorisation, the company has acquired 695 555 shares in the market and on the basis of the agreement entered into with the Norwegian State will redeem further 695 668 shares for a total consideration of NOK 250 025 152. The total number of shares proposed to be cancelled and redeemed to the 2023 Annual General Meeting is 1 391 223.

	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			
<i>MNOK</i>	2023	2022	2023	2022	2023	2022			
Kongsberg Maritime	4 624	3 737	16 486	640	312	1 825	508	185	1 255
Kongsberg Defence & Aerospace	3 523	2 472	11 860	701	460	2 516	541	316	1 919
Kongsberg Discovery	911	739	2 998	144	113	565	117	88	464
Other ¹⁾	32	98	459	(129)	(57)	(304)	(147)	(67)	(330)
Group	9 090	7 046	31 803	1 357	829	4 602	1 019	522	3 309

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:

<i>MNOK</i>	2023	2022
<i>Divisions</i>		
Global Customer Support	2 714	2 359
Integrated Solutions	1 336	908
Propulsion & Engines	663	469
Deck Machinery	249	210
Other/elimination	(340)	(209)
Kongsberg Maritime	4 624	3 737

<i>MNOK</i>	2023	2022
<i>Divisions</i>		
Land Systems	601	488
Integrated Defence Systems	1 393	874
Aerostructures & MRO	660	672
Missile Systems	757	471
Space & Surveillance	267	174
Other/elimination	(154)	(208)
Kongsberg Defence & Aerospace	3 523	2 472

<i>MNOK</i>	2023	2022
<i>Divisions</i>		
Ocean Technologies	391	392
Marine Life Technologies	164	123
Uncrewed Platforms	207	113
Seatex	164	139
Annet/eliminerings	(14)	(28)
Kongsberg Discovery	911	739
Other/elimination	32	98
Total revenues	9 090	7 046

The table shows the anticipated date on which remaining performance obligations as of 31 March 2023 are recognised as income:

<i>MNOK</i>	2023				2022			
	Order backlog 31.3.23	Date of revenue recognition			Order backlog 31.3.22	Date of revenue recognition		
	2023	2024	2025 and later	2022	2023	2024 and later		
Kongsberg Maritime	19 135	9 079	6 017	4 040	12 633	7 149	3 218	2 266
Kongsberg Defence & Aerospace	43 964	10 615	10 644	22 705	34 504	8 663	7 988	17 854
Kongsberg Discovery	2 708	1 547	814	348	2 068	1 174	711	182
Other/elimination	1 119	477	453	189	698	276	171	251
Total	66 927	21 719	17 928	27 282	49 903	17 262	12 088	20 553

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

<i>MNOK</i>	Ownership	Carrying amount 1.1	Additions/ disposals	Dividends received	Share of net income ¹⁾	Other items and comprehensive income	Carrying amount 31.3
Patria Oyj	49,9%	3 036	-	-	(25)	126	3 137
Kongsberg Satellite Services AS	50,0%	719	-	-	39	-	758
Other shares		113	-	-	(2)	-	111
Total		3 868	-	-	12	126	4 006

¹⁾ The share of net income is included after tax and amortisation of excess value.

Share of net result from Patria:

<i>Millions</i>	1.1 - 31.3		1.1-31.12
	2023	2022	2022
KONGSBERG's share (49,9%) ¹⁾	(24)	(9)	177
Amortisation of excess values after tax	(2)	(2)	(13)
Share of net income recognised in KDA for the period	(25)	(12)	164

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-Des.

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

<i>MNOK</i>	Share of net income			Dividend		
	1.1 - 31.3		1.1-31.12	1.1 - 31.3		1.1-31.12
	2023	2022	2022	2023	2022	2022
Kongsberg Maritime	-	-	-	-	-	-
Kongsberg Defence & Aerospace	12	24	330	-	-	201
Kongsberg Discovery	-	-	1	-	-	-
Other	-	(1)	58	-	-	-
Group	12	23	387	-	-	201

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 2023	1 743
Addition	151
Disposal	(3)
Depreciation Q1	(114)
Translation differences	38
Closing balance 31 March 2023	1 815

Leasing assets and leasing liabilities recognised in the financial position:

	31.3.2023	31.12.2022
Leasing assets	1 815	1 743
Long-term leasing liabilities	1 588	1 526
Short-term leasing liabilities	438	419

IFRS 16 effects on condensed income statement in the period:

	1.1 - 31.3		1.1 - 31.12
	2023	2022	2022
Returned rental cost earlier included in EBITDA	141	133	536
Profit/Loss on disposed leases	0	0	6
Increased EBITDA in the period	141	133	541
Depreciation on leases	(114)	(109)	(449)
Increased EBIT in the period	27	25	93
Interest cost on leasing liabilities for the period	(32)	(32)	(128)
Reduced EBT in the period	(6)	(7)	(35)

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 5th of December 2023. 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:

			31.3.2023	31.12.2022
<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	2.6.26	3,20%	1 000	1 000
Bond issue KOG13 - floating interest rate	6.6.24	4,46%	500	500
Bond issue KOG14 - floating interest rate	26.2.26	4,17%	500	500
Other long-term loans			-	3
Total long-term loans			2 000	2 003
Short-term loans:				
Bond issue KOG11 - fixed interest rate	5.12.23	2,90%	450	450
Total short-term loans			450	450
Total interest-bearing loans			2 450	2 453
Syndicated credit facility (unutilised borrowing limit) ²⁾	22.3.28		2 500	2 500
Overdraft facility (unutilised)			1 000	1 000

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

²⁾ The credit facility was extended with one year during the quarter.

Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, decreased by MNOK 327 before tax during the period 1 January – March 2023. The fair value of unrealized forward exchange contracts decreased by MNOK 136 during the period. The total change in net fair value of fair value hedges represented a decrease of MNOK 1 348 from the end of last year. The end-of-quarter spot rates were USD/NOK 10.46, EUR/NOK 11.34 and GBP/NOK 12.90.

Forward exchange contracts classified as cash flow hedges:

MNOK	Due in 2023		Due in 2024 or later		Total		
	Value in NOK on agreed rates	Fair value at 31.3.23	Value in NOK on agreed rates	Fair value at 31.3.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 31.3.23
USD	(780)	(32)	3 873	(209)	3 093	(152)	(241)
EUR	433	(8)	(102)	9	331	1	1
Other	(41)	5	(116)	8	(158)	14	12
Sum	(389)	(35)	3 655	(192)	3 266	(136)	(228)
Roll-over of currency futures		(31)		(67)		(84)	(98)
Total	(389)	(67)	3 655	(259)	3 266	(220)	(326)

Forward exchange contracts cash flow hedges, assets

242

Forward exchange contracts cash flow hedges, liabilities

469

Net forward exchange contracts cash flow hedges

(228)

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 recognised in the statement of comprehensive income is MNOK -327, while the table above show a change in fair value of MNOK -220 since year end 2022. The difference between these two amounts of MNOK -106 was ascribable to a change in fair value of cross-currency swaps of MNOK -106.

Forward exchange contracts classified as fair value hedges:

MNOK	Due in 2023		Due in 2024 or later		Total		
	Value in NOK on agreed rates	Fair value at 31.3.23	Value in NOK on agreed rates	Fair value at 31.3.23	Value in NOK on agreed rates	Change in fair value from 31.12.22	Fair value at 31.3.23
USD	5 804	(463)	4 045	(213)	9 850	(745)	(676)
EUR	5 778	(232)	2 312	(124)	8 090	(465)	(356)
GBP	428	(34)	332	(6)	760	(76)	(40)
Other	293	(51)	(4)	(41)	288	(62)	(92)
Total	12 304	(781)	6 685	(384)	18 988	(1 348)	(1 164)

Forward exchange contracts fair value hedges, assets

1 006

Forward exchange contracts fair value hedges, liabilities

2 170

Net forward exchange contracts fair value hedges

(1 164)

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 (increase) and customer contracts, liabilities by MNOK -819 (decrease).

Specification of derivatives:

	31.3	31.12
<i>MNOK</i>	2023	2022
Forward exchange contracts, cash flow hedges (a)	242	682
Forward exchange contracts, fair value hedges (b)	1 006	914
Total derivatives, current assets	1 247	1 596
Forward exchange contracts, cash flow hedges (c)	469	774
Forward exchange contracts, fair value hedges (d)	2 170	730
Cross-currency swaps	133	54
Total derivatives, current liabilities	2 771	1 559
Net forward exchange contracts, cash flow hedges (a) - (c)	(228)	(92)
Net forward exchange contracts, fair value hedges (b) - (d)	(1 164)	184
Total net forward exchange contracts	(1 392)	92



Product development

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

	1.1 - 31.3		1.1-31.12
<i>MNOK</i>	2023	2022	2022
Product maintenance	145	120	472
Development cost	352	322	1 204
Total	497	442	1 675

In the consolidated statement of financial position at the end of the first 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.

Capitalised development recognised during the period:

	1.1 - 31.3		1.1-31.12
<i>MNOK</i>	2023	2022	2022
Capitalised development	97	71	305

10 Related parties

The Board is not aware of any changes or transactions in the 1st 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

KONGSBERG's risk management is described in the 2022 annual report. No new risk and uncertainty factors emerged during this quarter.

12 Tax

The income tax expense per 1st quarter was calculated to be 22.0 per cent of earnings before tax.

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 2022 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.

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 defineres som omløpsmidler (unntatt betalingsmidler) fratrukket ikke-rentebærende kortsiktig gjeld (unntatt betalbar skatt). Finansielle instrumenter bokført til virkelig verdi inngår ikke i arbeidskapitalen.

Working capital is calculated as follow:

	31.3	31.12
<i>MNOK</i>	2023	2022
Current assets	27 525	26 905
Current liabilities and provisions	(24 385)	(24 097)
<i>Adjusted for:</i>		
Cash and cash equivalents	(3 639)	(3 932)
Short-term interest-bearing loans	450	450
Short-term leasing liabilities	438	419
Net tax payable	721	660
Financial instruments classified as cash flow hedges	458	160
Working capital	1 570	565

Book/bill 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.

kongsberg.com



KONGSBERG

Protecting people and planet

Disclaimer: In the event of any discrepancy between the Norwegian and English versions of KONGSBERG's quarterly reports, the Norwegian version is the authoritative one.