



KONGSBERG

QUARTERLY REPORT

2nd QUARTER / 1st HALF

2022

KONGSBERG



GEIR HÅØY
President & CEO

«In a world of constant changes, KONGSBERG's growth and long-term value creation will most likely be characterized by three main trends: decarbonisation, digitalisation and an increasing need for security. The company is well equipped to handle and take advantage of these trends, both due to our extensive domain knowledge, our modern technology platform and our business model. Our technology contributes to solving important climate and environmental challenges in the ocean space, and our modern defence portfolio is very well adapted to several nations' needs related to safeguarding their security and sovereignty. Our digital solutions give customers the opportunity to optimize the handling of both the fleet and other installations.

KONGSBERG has strong order intake and growth in both operating revenues and EBITDA in the second quarter compared to the corresponding quarter last year. Book-to-bill in the quarter at a solid 1.45 means that the order backlog increases to NOK 54 billion. Kongsberg Maritime had a record high order intake in the quarter. Kongsberg Defense & Aerospace increases operating revenues 10 percent and delivers over 20% EBITDA margin. Kongsberg Digital increases both operating revenues and recurring operating revenues. The business area signed a significant contract for the delivery of Vessel Insight to approximately 500 vessels in the quarter.

KONGSBERG's deliveries largely consist of systems and products composed of a significant number of components. Even with continued delays related to weapon control systems, we experience a good overview of the component situation in near future. Inflation is a challenge in all our markets, and KONGSBERG is also affected by this in different ways. The situation requires an extra degree of vigilance, and we make continuous measures to neutralize any negative consequences. Part of our order backlog has clauses in the contracts regarding inflation adjustment. The part of the order backlog that does not have such clauses consists mainly of contracts with a shorter delivery horizon and contracts where the cost is tied up with subcontractors.

Today's world is more unpredictable in the short term compared to the recent years. At the same time, we have a solid foundation with a record high order backlog. We have never had stronger market positions, both in established and newer markets. This makes me confident that KONGSBERG will both seize new opportunities and at the same time handle the external challenges. "

Highlights

KONGSBERG

12 per cent growth in operating revenues, solid order intake with book / bill of 1.45 and EBITDA margin of 13.4 per cent in the second quarter. Changed accrual of share program for employees has a negative effect on EBITDA of MNOK 59 in the quarter compared with Q2 2021.

<i>MNOK</i>	<i>Q2</i>	<i>H1</i>
Operating revenues:	7,567	14,613
EBITDA:	1,012	1,841
EBITDA margin:	13.4 %	12,6 %

KONGSBERG MARITIME

14 percent growth in operating revenues and book / bill of 1.43 in the second quarter. Several orders were signed for the delivery of the autonomous submarine Hugin, including the new Hugin Endurance. There was also good order intake from both the newbuilding and aftermarket markets. High order backlog and aftermarket activity will ensure growth in 2022.

<i>MNOK</i>	<i>Q2</i>	<i>H1</i>
Operating revenues:	4,654	8,996
EBITDA:	507	932
EBITDA margin:	10,9 %	10,4 %

KONGSBERG DEFENCE & AEROSPACE

10 percent growth in operating revenues, 21.1 percent EBITDA margin and book / bill of 1.52. The growth comes mainly from increased activity in air defense and missile. A solid order backlog of close to NOK 36 billion will ensure growth in 2022.

<i>MNOK</i>	<i>Q2</i>	<i>H1</i>
Operating revenues:	2,692	5,164
EBITDA:	567	1,027
EBITDA margin:	21.1 %	19.9 %

KONGSBERG DIGITAL

High market activity and continued upscaling of the business. Signed significant agreement for delivery of "Vessel Insight" to a fleet of nearly 500 vessels. A total of 15 dynamic digital twins in operation with about 3200 users.

<i>MNOK</i>	<i>Q2</i>	<i>H1</i>
Operating revenues:	220	441
EBITDA:	-50	-98
Percentage of recurring revenues:	51%	49%

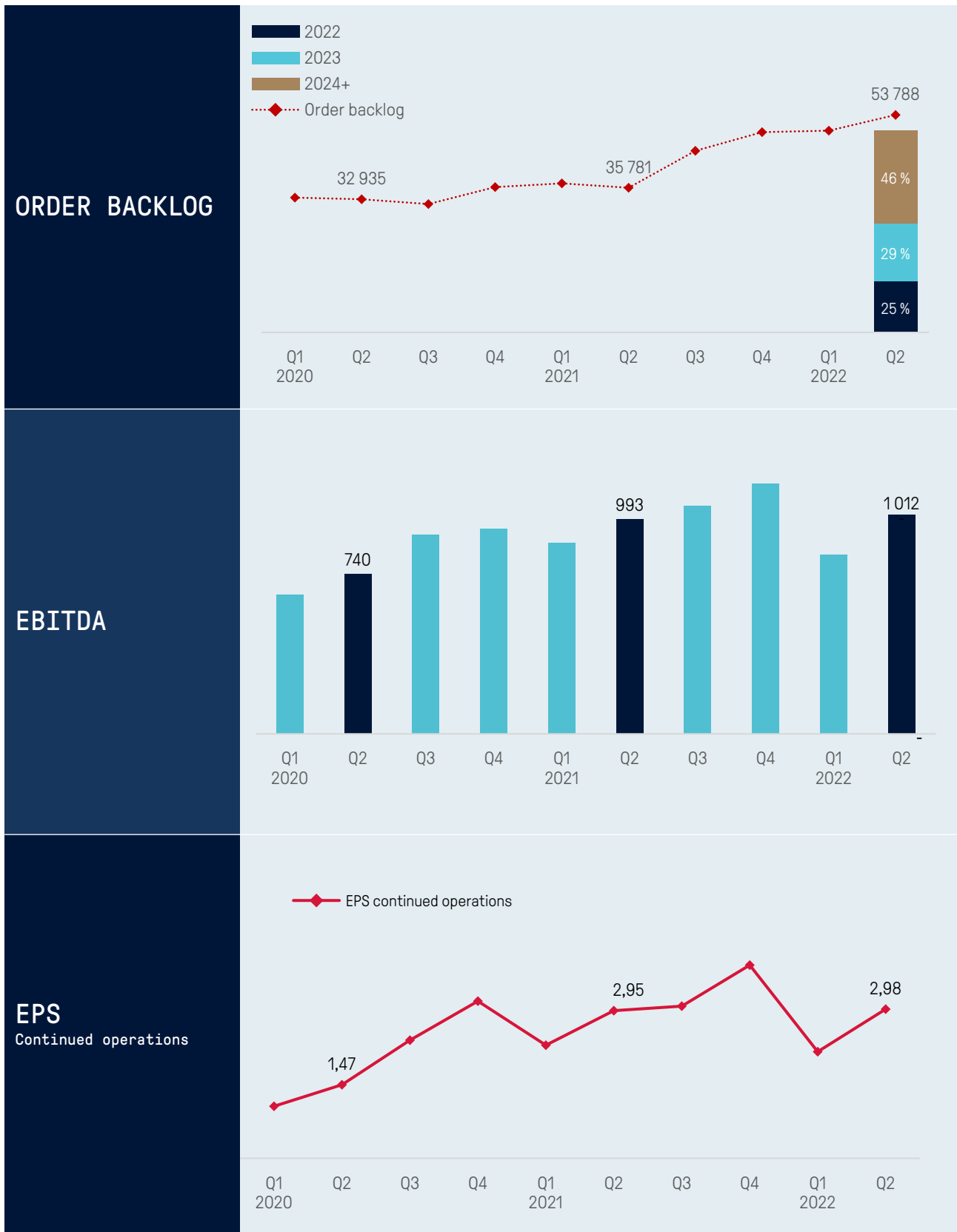
Key figures

MNOK	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.1-31.12
	2022	2021	2022	2021	2021	2021
Operating revenue	7 567	6 762	14 613	13 127	27 449	27 449
EBITDA	1 012	993	1 841	1 876	4 086	4 086
EBITDA (%)	13,4	14,7	12,6	14,3	14,9	14,9
EBIT	683	697	1 205	1 271	2 863	2 863
EBIT (%)	9,0	10,3	8,2	9,7	10,4	10,4
Share of net income from associated companies	47	58	69	69	244	244
Earnings before tax	676	706	1 188	1 235	2 922	2 922
Earnings after tax	536	542	935	953	2 290	2 290
EPS (NOK)	2,98	2,95	5,12	5,18	12,06	12,06
Order Intake	10 945	5 544	18 449	13 187	40 979	40 979

MNOK	30.6	31.3	31.12
	2022	2022	2021
Equity ratio (%)	31,3	35,0	34,6
Net interest-bearing debt ¹⁾	(1 086)	(4 907)	(5 668)
Working Capital ²⁾	883	(1 005)	(2 003)
ROACE (%) ³⁾	31,2	32,6	32,7
Order backlog	53 788	49 903	49 535
Net interest-bearing debt incl. leasing liabilities/EBITDA ⁴⁾	0,2	(0,8)	(0,9)
No. of employees	11 364	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.





Performance, market and orders

MNOK	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
Operating revenue	7 567	6 762	14 613	13 127	27 449
EBITDA	1 012	993	1 841	1 876	4 086
EBITDA (%)	13,4	14,7	12,6	14,3	14,9
EBIT	683	697	1 205	1 271	2 863
EBIT (%)	9,0	10,3	8,2	9,7	10,4
Order Intake	10 945	5 544	18 449	13 187	40 979
Order backlog	53 788	35 781	53 788	35 781	49 535

Operating revenues in the second quarter were MNOK 7,567 compared to MNOK 6,762 in the same quarter last year, an increase of 12 percent. All business areas had growth in operating revenues compared with the corresponding quarter last year. So far this year, operating revenues were MNOK 14,613 (MNOK 13,127).

The group also experienced delays in the second quarter due to a shortage of components related to deliveries of weapons stations (RWS) from KDA. The group has a good overview of the component situation, but it is unpredictable and could also lead to delays in future quarters.

EBITDA in the second quarter was MNOK 1,012, corresponding to an EBITDA margin of 13.4 per cent compared to MNOK 993 (14.7 per cent) in the same quarter last year. EBITDA in the first half of 2022 was MNOK 1,841 compared to MNOK 1,876 in the first half of 2021.

Every year, the group arranges a share program for all employees. In previous years, the cost of this program has been evenly accrued throughout the year. As of the current year, 2022, the entire cost will be booked in the second quarter. This causes an additional cost of approximately MNOK 59 in the second quarter of 2022 compared with the second quarter of 2021. The total cost for the program in 2022 is comparable with 2021.

Order intake in the second quarter was MNOK 10 945, compared to MNOK 5 544 in the same quarter last year. This is a book / bill in the quarter of 1.45. KM had a book / bill of 1.43, KDA had a book / bill of 1.52 and KDI had a book / bill of 1.17 in the quarter. Variations in order intake are normal, and order intake can vary significantly between quarters. The group's order intake in the first half of 2022 was MNOK 18,446 (MNOK 13,187), corresponding to a book / bill of 1.26.

The order backlog at the end of the second quarter of 2022 was MNOK 53,788, an increase of MNOK 3,885 in the quarter and MNOK 4,253 from the start of the year.

Cash flow

KONGSBERG had a net reduction in cash and cash equivalents of MNOK 3,822 in the second quarter. The cash flow in the quarter was mainly affected by increased working capital and the payment of dividends of MNOK 2,736. The increase in working capital was mainly activity-driven and came from increased accounts receivable and increased project inventory. The defense market is characterized by relatively few, but large contracts with associated payment milestones. This results in fluctuations in working capital between quarters.

Net cash flow from operating activities was MNOK -923. The change in current assets and other operating items of MNOK -1 936 was partially reduced by EBITDA of MNOK 1,012. The group's cash flow from investment activities was MNOK -102. This is a combination of investments in real estate, plant and equipment, capitalized investment in own development and acquisition of InterConsult Bulgaria as well as dividends from KSAT and Patria of MNOK 192. Cash flow from financing activities was MNOK -2 937 which is mainly related to the payment of dividends of MNOK 2,736 in addition to repayment of leasing obligations including interest and repurchase of own shares related to the ongoing share buy-back program.

In the first half of 2022, KONGSBERG had a net reduction in cash and cash equivalents of MNOK 4,582. The largest negative cash flows are related to the payment of dividends, an increase in working capital and the repayment of accounts payable, which were abnormally high at the beginning of the year.

Balance sheet

MNOK	30.6.	31.3	31.12
	2022	2022	2021
Equity	11 836	13 810	13 618
Equity ratio (%)	31,3	35,0	34,6
Total assets	37 785	39 437	39 310
Working capital ¹⁾	883	(1 005)	(2 003)
Gross interest-bearing debt	2 450	2 450	2 450
Cash and cash equivalents	3 536	7 357	8 118
Net interest bearing debt ¹⁾	(1 086)	(4 907)	(5 668)
Net interest bearing debt incl. leasing liabilities/EBITDA ¹⁾	0,2	(0,8)	(0,9)

1) See definition note 15

At the end of the quarter, the group had interest-bearing debt of total MNOK 2,450, all of which was classified as long-term obligations. The debt consisted of four bonds of a total of MNOK 2,450 and has been unchanged since the end of 2021, see note 8 for further information. The group had MNOK 3,536 in cash at the end of the second quarter compared to MNOK

7,357 at the end of the first quarter and MNOK 8,118 at the end of 2021. The reduction in cash and cash equivalents is mainly related to the payment of MNOK 2,716 in dividends to shareholders and an increase in working capital as described in the section «Cash flow».

Net interest-bearing debt at the end of the second quarter was MNOK -1,086 compared to MNOK -1086 at the end of the first quarter and MNOK -5,668 at the end of 2021. The change in the quarter is due to the reduction in cash and cash equivalents as described above. The group also has a syndicated and committed loan facility of MNOK 2,500, and an overdraft facility of MNOK 500. These were both unused at the end of the second quarter. The syndicated and committed loan facility was refinanced in the first quarter of 2022.

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

Foreign currency

KONGSBERG's financial policy is to hedge all significant contractual cash flows in foreign currency upon award, and these are mainly hedged using Foreign Exchange Forward Contracts (fair value hedges). The net fair value of Foreign Exchange Forward Contracts was MNOK -609 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 -203 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 507 in the quarter and MNOK 1 020 for the first six months of the year, of which MNOK 71 and MNOK 142 was capitalised. Activated development during the quarter was mainly related to projects in KDI, but product development in KDA was also activated this quarter. See the table in Note 9.

In the balance per Q2, the largest activated projects were related to the development of the digital platform Kognifai, 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 11 292 employees at the end of the second quarter of 2022. This corresponded to an increase of 79 employees during the quarter. All business areas in KONGSBERG are growing and capacity will be increased to meet this growth.



Number of employees by business area

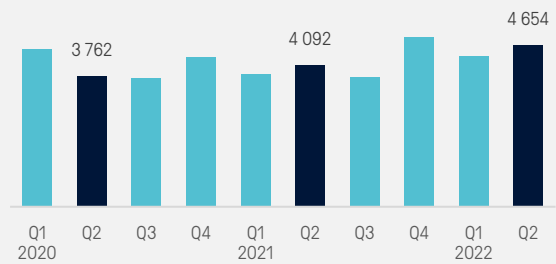
KONGSBERG MARITIME

Key figures

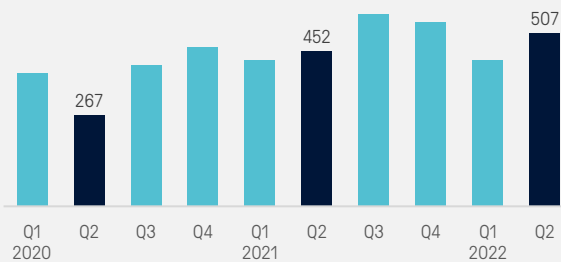
MNOK	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
Operating revenues	4 654	4 092	8 996	7 898	16 507
EBITDA	507	452	932	879	1 977
EBITDA (%)	10,9	11,1	10,4	11,1	12,0
Order Intake	6 646	4 220	12 587	8 294	17 936

MNOK	30.6. 2022	31.3 2022	31.12 2021
Order backlog	16 935	14 516	13 023
No. of employees	6 900	6 942	6 857

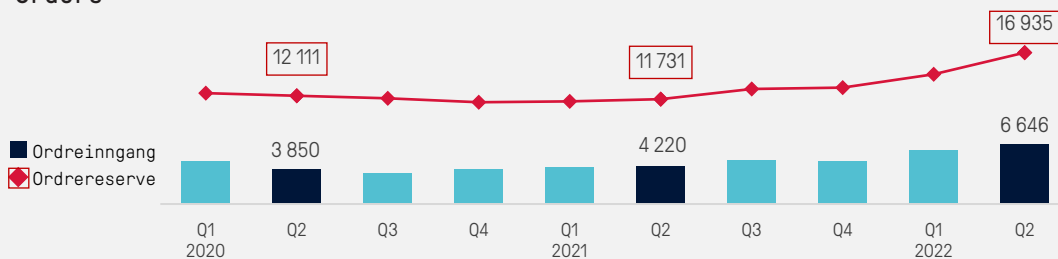
Operating revenue



EBITDA

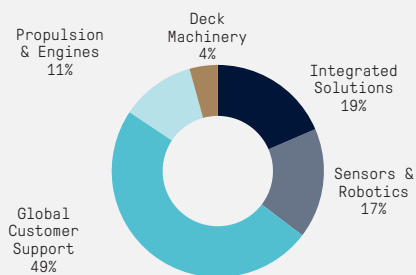


Orders



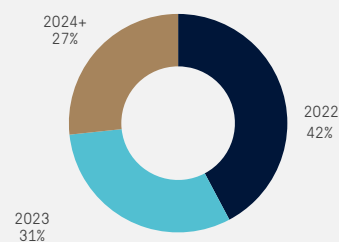
Operating revenue

YTD by division



Order backlog

Breakdown by delivery date



Results

Operating revenues were MNOK 4,654 in the second quarter compared to MNOK 4,092 in the same quarter last year, corresponding to an increase of 14 percent. The increased activity came from both the aftermarket and the newbuilding market, especially the Sensors & Robotics and Integrated Solutions divisions. The aftermarket accounted for about half of operating revenues in the quarter.

Accumulated for the first half of the year, operating revenues were MNOK 8,996, which was 14 per cent higher than in the first half of 2021.

EBITDA was MNOK 507 in the second quarter, corresponding to an EBITDA margin of 10.9 per cent compared to MNOK 452 (11.1 per cent) in the same quarter last year. The increase in EBITDA in KM is mainly driven by increased volume in the aftermarket and improved profitability in Sensors & Robotics. In the second quarter, KM's profit was with affected with MNOK 38 in costs related to share programs for employees (MNOK 10 in the second quarter of 2021).

EBITDA in the first half of the year was MNOK 932, corresponding to an EBITDA margin of 10.4 per cent compared to MNOK 879 in the first half of 2021. Operations and project execution in the business area are good, and efficiency improvements are making a positive contribution.

Market and orders

The order intake in the second quarter was MNOK 6,646, corresponding to a book / bill of 1.43, compared to MNOK 4,220, in the 2nd quarter 2021. Accumulated in the first half of the year, KM had an order intake of MNOK 12,587, corresponding to a book / bill of 1.40 compared to MNOK 8,294 in the first half of 2021.

Despite high rates and good earnings in many vessel segments, fewer vessels were contracted at the shipyards in the first half of 2022 compared with last year. Increased material costs, high lead times, uncertainty about the fuel prices for the future, increased geopolitical tensions and inflation have resulted in lower contracting of traditional merchant navy vessels and the typical volume markets. However, contracting in more specialized segments such as LNG and offshore wind has been good. In addition, the construction and upgrading of vessels to alternative energy sources has been increasing. Overall, this market trends means that KM expects a reduction in contracts from the

typical volume markets. At the same time, KM's strong position in control systems for alternative energy sources and special vessels makes KM's potential market look strong in the future.

In the second quarter, KM also won several significant orders for deliveries to the offshore wind market. This market will be important in the future transition to greener energy sources. The offshore wind is a market where the surrounding operations require a high degree of performance, security and precision. With its product portfolio, KM is established as an important contributor and enabler. The largest offshore-wind contract signed in the quarter was a contract of MEUR 28. The delivery consists of a significant technology package for a new foundation installation vessel to be built for the Danish service provider Cadeler.

The Sensors & Robotics division's order intake is to a lesser extent driven by the contracting of new vessels. The division had a record-high NOK 1.4 billion order intake, driven by orders from naval and the research market. Among other things, there was a strong order intake related to the autonomous submarine Hugin, where a significant contract was signed for the delivery of the new variant Hugin Endurance.

The positive development KM has seen in the aftermarket over the past year also continued in the second quarter and orders were signed for more than NOK 2.8 billion, an increase of MNOK 600 compared with the second quarter of 2021.

KM went out of the first half of 2022 with an order backlog of MNOK 16,935, which was an increase of MNOK 2 419 in the quarter and MNOK 3 913 since the beginning of the year.

Other factors

The world is experiencing both inflation and component shortages. With regards to the component situation, the business area is experiencing increased lead times and less access to certain components. The situation is closely monitored, and continuous measures are taken both to find alternative suppliers, as well as redesign of components, to ensure the progress of the projects. KM experiences relatively good control over the situation in the current year and into 2023. The high inflation in the world affects the entire value chain, from raw material to finished product. This also affects the cost of the total project / vessel for the end customer, which over time affects the demand for new vessels. KM works with the entire value chain and continuously introduces both local and global measures to ensure profitability.

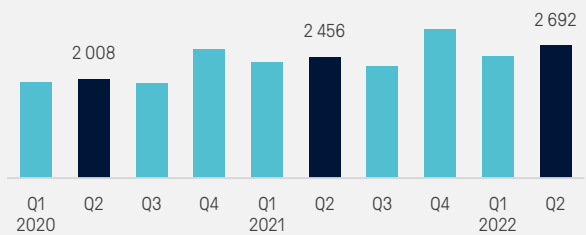
KONGSBERG DEFENCE & AEROSPACE

Key figures

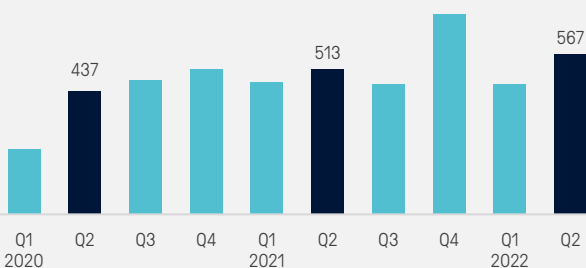
	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
MNOK					
Operating revenues	2 692	2 456	5 164	4 806	10 078
EBITDA	567	513	1 027	982	2 150
EBITDA (%)	21,1	20,9	19,9	20,4	21,3
Share of netincome associated companies	61	59	85	73	263
Order Intake	4 080	1 120	5 411	4 466	22 221

	30.6.	31.3	31.12
MNOK	2022	2022	2021
Order backlog	35 950	34 504	35 632
No. of employees	3 521	3 450	3 428

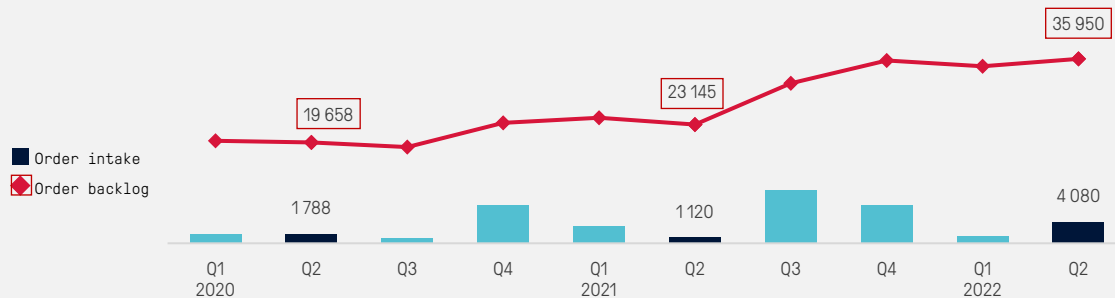
Operating revenue



EBITDA

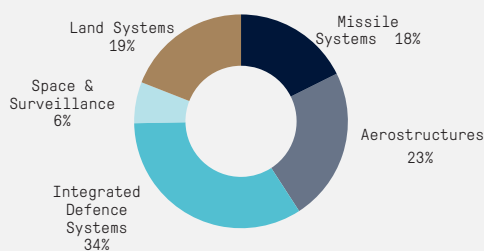


Orders



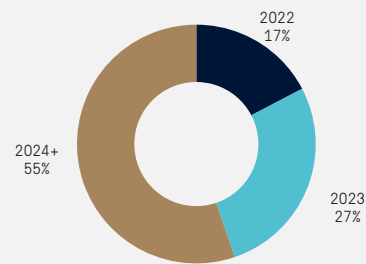
Operating revenue

YTD by division



Order backlog

Breakdown by delivery date



Results

Operating revenues were MNOK 2,692 in the second quarter, compared to MNOK 2,456 in the same quarter last year, an increase of 10 percent. The growth was mainly driven by increased sales in air defense and missile.

Operating revenues in the first half of 2022 were MNOK 5,164, up 7 percent from MNOK 4,806 in the first half of 2021.

EBITDA was MNOK 567 in the second quarter, corresponding to an EBITDA margin of 21.1 per cent compared to MNOK 513 (20.9 per cent) in the same quarter last year. The solid margin was a result of good project implementation, good project mix and high efficiency throughout the organization. EBITDA in the quarter was negatively affected by MNOK 26 related to a change in the accrual of costs for share programs for employees.

EBITDA in the first half of the year was MNOK 1,027, corresponding to an EBITDA margin of 19.9 per cent against MNOK 982 in the first half of 2021.

Profit share from associated companies amounted to MNOK 61 (MNOK 59) in the quarter. See also note 6.

Market and Orders

Order intake was MNOK 4,080 in the second quarter, corresponding to a book / bill of 1.52. The order intake in the first half of 2022 was MNOK 5,411 compared to MNOK 4,466 in the first half of 2021. At the end of the second quarter of 2022, KDA has an order backlog of MNOK 35,950. takes place over several years. Significant fluctuations in order intake between quarters and years are therefore considered normal.

Important contracts in the quarter:

- Contract worth NOK 1.4 billion with Northrop Grumman for delivery of hull panels and hatches in composite for the F-35 program. KONGSBERG has now delivered parts to over 1,000 F-35 aircraft.
- Contract worth MNOK 639 for delivery of Naval Strike Missile to US Navy's Over-the-Horizon (OTH) program.
- Australian authorities announced in April that they had approved a plan to acquire the Naval Strike Missile (NSM) as a replacement for the Harpoon missile on their Hobart class destroyers and Anzac class frigates. The first contract, worth MNOK 489 related to start-up activities in connection with the project, was signed at the end of the quarter.
- Upgrade of the combat system on the Navy's Shield-class corvettes. Contract value MNOK 268.

Other Factors

As a result of the pandemic, the lack of certain critical components has affected many companies. KDA is dependent on several hundred subcontractors, both in Norway and abroad, being able to deliver. In both the first and second quarters of 2022, the lack of a few critical components for the weapon management system Remote Weapon Station has led

to delayed deliveries to end customers. It is important to emphasize that this is delays that causes deliveries to be postponed and not cancelled as a result of the situation. The systems will be completed as far as possible, but the situation has led to increased project inventory and delayed operating revenues. The situation is expected to persist for some time to come with subsequent fluctuations in delivery volumes. The component situation is closely monitored in KDA and extra resources were invested early in the pandemic to ensure both flow of goods, shipments and any alternative subcontractors in order to avoid production delays as much as possible. We work with the supply chain to find alternative solutions.

Increased inflation affects the entire value chain, from commodities to finished products. 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.

On 5 July, Kongsberg Defense & Aerospace entered into an agreement to purchase 77% of the Lithuanian small satellite company NanoAvionics, see note 13 for more information.

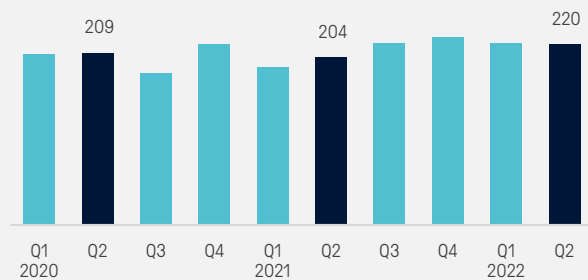
KONGSBERG DIGITAL

Key figures

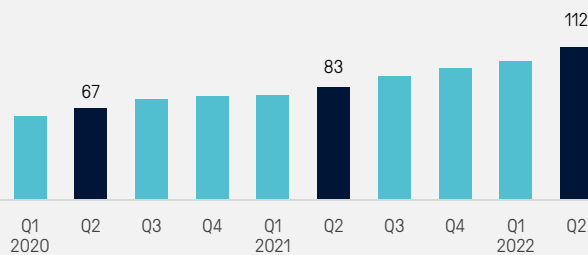
	1.4 - 30.6		1.1 - 30.6		1.1-31.12
MNOK	2022	2021	2022	2021	2021
Operating revenues	220	204	441	396	845
of this Recurring revenues*	112	83	214	160	347
EBITDA	(50)	10	(98)	1	(45)
EBITDA (%)	(22,9)	4,9	(22,3)	0,2	(5,4)
Order Intake	257	199	466	391	789

	30.6.	31.3	31.12
MNOK	2022	2022	2021
Order backlog	986	928	932
No. of employees	819	771	718

Operating revenue

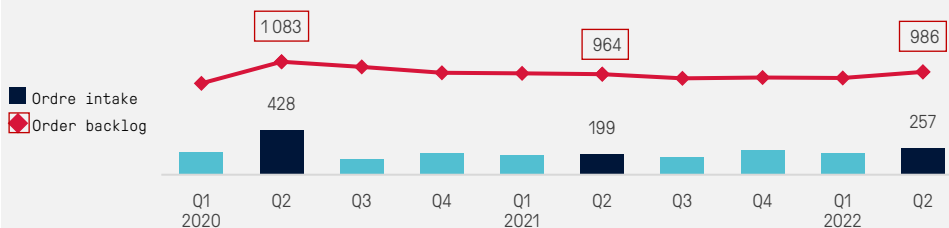


Recurring revenues*



*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 220 in the second quarter, compared to MNOK 204 in the second quarter of 2021.

Recurring operating revenues increased to MNOK 112 in the quarter (51% of operating revenues), up from MNOK 102 (46% of operating revenues) in the first quarter.

Demand for Kongsberg Digital (KDI)'s digital solution for "ship to cloud" infrastructure, Vessel Insight, developed strongly during the quarter. Several contracts were signed with ship owners and operators for delivery to both individual ships and entire fleets. The largest contract was with the Mediterranean Shipping Company (MSC). This agreement is a five-year agreement that includes the delivery of Vessel Insight and the Vessel Performance application to almost 500 vessels.

By the end of the second quarter, KDI had signed about 1,900 vessels on the Vessel Insight platform. More than 60 shipowners have signed contracts for Vessel Insight for all or part of their fleet. In total, these shipowners control more than 3,000 vessels. This represents a significant potential for KDI in the future.

The rollout of and demand for the digital twin Kognitwin® continues the positive trend. Both the number of delivered twins and the number of users increased in the second quarter. During the quarter, another five new twins were put into operation. At the end of the second quarter, KDI had a total of 15 digital twins in operation, with about 3,200 users. In addition, KDI has several ongoing "proof of concept" (POC) deliveries.

The market for traditional maritime simulators is still demanding, but there was an increase in both order intake and sales in the second quarter of 2022 compared with the second quarter of 2021. In the second quarter, operating revenues from the area accounted for about 31 per cent of KDI's operating revenues. Among others, a major agreement was signed with the Innovation Lab of Maritime Academy of Asia and the Pacific. (MAAP) for delivery of both traditional maritime simulators, as well as the cloud-based training solution K-Sim Connect.

KONGSBERG has high growth ambitions for KDI and significant investments are being made in scaling and rolling

out new solutions and applications. This has affected KDI's operating profit, and it is expected that this development will continue in the future as KONGSBERG invests significantly to ensure growth and deliveries in KDI.

KDI in the future

Since KONGSBERG established KDI in 2016, the business area has established itself as a leading supplier of digitization solutions to the energy sector and maritime industry. Digitization 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 digitization of the vessels market is an important driver for Vessel Insight. One prerequisite for digitization is to connect vessels to the cloud and make contextualized 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 several 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 realize the potential KONGSBERG sees in the sector, including a stock exchange listing in the long term.



OUTLOOK

In recent years, KONGSBERG has had a positive development and shown good adaptability to significant and rapid changes. Through the pandemic, the company has implemented a number of restructuring and several changes that have both strengthened the market positions and made the company even better equipped to manage challenges. Despite shortage of components, logistics challenges and high inflation, we have good control over our own operations.

KONGSBERG's order backlog increased by NOK 3.9 billion in the second quarter of 2022 and is now NOK 53.8 billion. Of the total order backlog, NOK 13.7 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 second quarter of 2021. Order intake from the aftermarket is to a lesser extent included in the order backlog. The solid order backlog means that the company is on track to achieve the ambition of more than NOK 30 billion in turnover in 2022. The order backlog in associated companies and framework agreements are not part of the reported order backlog.

Contracting of new vessels and order intake from the aftermarket in KM has developed positively in recent quarters. The order backlog at the end of the second quarter is NOK 16.9 billion, of which NOK 7.2 billion is for delivery this year. This provides a basis for growth in 2022. KM's markets have been challenging through the pandemic, and there are still challenges in terms of access, logistics and delivery time for some components. Measures to ensure deliveries and results are initiated continuously. KM has implemented significant steps to adjust the cost level in recent years. The business area is therefore well equipped to meet increased inflation. Together with general efficiency measures, this ensures that the business area is on track for both growth and increased EBITDA in 2022 compared with 2021.

KDA has grown continuously over the past four years and has since the end of 2017 increased its order backlog from NOK 10 billion to NOK 36 billion. Of this, NOK 6.2 billion is for delivery for the remaining year 2022. The growth rate from the previous year is within reach for 2022. The challenging situation regarding availability and logistics for certain components, especially related to weapons stations, means that we can experience time shifts in revenue recognition. The mix of projects which are delivered is an important driver for the profitability of the business area. This contributes to the business area's profitability also in the coming quarters well above the long-term margin target of 17%.

Kongsberg Digital has increased both the number of installed Kognitwin and Vessel Insight systems over the past year and there is high market activity and increased demand for the business area's solutions. It is expected that the share of recurring income will be around 50 per cent for 2022. As a result of significant investments 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 an annual turnover of NOK 2.8 billion in 2025.

KONGSBERG expects continued growth in operating revenues and the company is on track to meet its ambitions for 2022.

Kongsberg, 12. July 2022

The Board of Kongsberg Gruppen ASA

NUMBERS & NOTES



Key figures by quarter

KONGSBERG	2022			2021					2020				
	2022	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	14 613	7 567	7 046	27 449	8 107	6 216	6 762	6 364	25 612	7 148	5 802	5 983	6 678
EBITDA	1 841	1 012	829	4 086	1 156	1 054	993	883	3 250	948	919	740	643
EBITDA (%)	12,6	13,4	11,8	14,9	14,3	17,0	14,7	13,9	12,7	13,3	15,8	12,4	9,6
EBIT	1 205	683	522	2 863	844	748	697	575	1 905	579	595	429	302
EBIT (%)	8,2	9,0	7,4	10,4	10,4	12,0	10,3	9,0	7,4	8,1	10,3	7,2	4,5
Share of net income associated companies	69	47	23	244	96	79	58	11	186	118	35	33	-
Order intake	18 449	10 945	7 503	40 979	12 477	15 315	5 544	7 643	28 818	11 381	4 558	6 067	6 812
Order backlog	53 788	53 788	49 903	49 535	49 535	44 918	35 781	36 867	35 947	35 947	31 748	32 935	33 342

KONGSBERG MARITIME	2022			2021					2020				
	2022	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	8 996	4 654	4 342	16 507	4 875	3 734	4 092	3 807	16 319	4 319	3 695	3 762	4 543
EBITDA	932	507	425	1 977	537	560	452	427	1 532	464	411	267	390
EBITDA (%)	10,4	10,9	9,8	12,0	11,0	15,0	11,1	11,2	9,4	10,7	11,1	7,1	8,6
EBIT	607	334	273	1 323	372	403	295	254	718	236	227	85	169
EBIT (%)	6,7	7,2	6,3	8,0	7,6	10,8	7,2	6,7	4,4	5,5	6,2	2,3	3,7
Share of net income associated companies	(4)	(4)	-	(3)	(3)	-	-	-	-	-	-	(1)	1
Order intake	12 587	6 646	5 941	17 936	4 778	4 864	4 220	4 074	15 925	3 822	3 439	3 850	4 813
Order backlog	16 935	16 935	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				
	2022	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	5 164	2 692	2 472	10 078	3 011	2 261	2 456	2 350	8 503	2 619	1 933	2 008	1 942
EBITDA	1 027	567	460	2 150	707	461	513	469	1 656	514	473	437	231
EBITDA (%)	19,9	21,1	18,6	21,3	23,5	20,4	20,9	20,0	19,5	19,6	24,5	21,8	11,9
EBIT	740	424	316	1 620	560	330	386	344	1 157	389	338	314	116
EBIT (%)	14,3	15,7	12,8	16,1	18,6	14,6	15,7	14,7	13,6	14,8	17,5	15,6	6,0
Share of net income associated companies	85	61	24	263	108	82	59	14	206	120	38	37	10
Order intake	5 411	4 080	1 331	22 221	7 452	10 303	1 120	3 346	11 891	7 348	987	1 788	1 769
Order backlog	35 950	35 950	34 504	35 632	35 632	31 189	23 145	24 470	23 477	23 477	18 757	19 658	19 977

KONGSBERG DIGITAL	2022			2021					2020				
	2022	Q2	Q1	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1
<i>MNOK</i>													
Operating revenues	441	220	221	845	229	221	204	192	821	220	185	209	207
EBITDA	(98)	(50)	(48)	(45)	(69)	22	10	(9)	34	(23)	26	33	(2)
EBITDA (%)	(22,3)	(22,9)	(21,7)	(5,4)	(30,0)	10,1	4,9	(4,8)	4,1	(10,4)	14,1	15,6	(1,0)
EBIT	(152)	(79)	(73)	(122)	(90)	3	(8)	(28)	(22)	(44)	14	21	(14)
EBIT (%)	(34,4)	(36,0)	(32,8)	(14,5)	(39,3)	1,5	(4,0)	(14,4)	(2,7)	(19,8)	7,7	10,1	(6,6)
Order intake	466	257	209	789	234	165	199	192	997	203	151	428	216
Order backlog	986	986	928	932	932	924	964	972	977	977	1 034	1 083	876

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

Condensed income statement

MNOK	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2022	2021	2022	2021	2021
Operating revenues	5	7 567	6 762	14 613	13 127	27 449
Operating expenses	9	(6 555)	(5 769)	(12 772)	(11 250)	(23 363)
EBITDA	5, 15	1 012	993	1 841	1 876	4 086
Depreciation		(118)	(114)	(233)	(230)	(476)
Depreciation, leasing assets	7	(114)	(99)	(222)	(197)	(396)
Impairment of property, plant and equipment		(15)	-	(15)	(3)	(9)
Amortisation		(83)	(83)	(166)	(175)	(341)
Impairment of intangible assets		-	-	-	-	(2)
EBIT	5, 15	683	697	1 205	1 271	2 863
Share of net income from joint arrangements and associated companies	6	47	58	69	69	244
Interest on leasing liabilities	7	(30)	(34)	(61)	(68)	(132)
Net financial items	8	(23)	(15)	(25)	(37)	(53)
Earnings before tax (EBT)		676	706	1 188	1 235	2 922
Income tax expense	12	(141)	(164)	(253)	(282)	(632)
Earnings after tax (EAT)		536	542	935	953	2 290
Attributable to:						
Equity holders of the parent		531	522	911	927	2 159
Non-controlling interests		5	19	24	26	131
Earnings per share (EPS) / EPS diluted in NOK						
-Earnings per share		2,98	2,95	5,12	5,18	12,06
-Earnings per share, diluted		2,98	2,95	5,12	5,18	12,06

Condensed statement of comprehensive income

MNOK	Note	1.4 - 30.6		1.1 - 30.6		1.1-31.12
		2022	2021	2022	2021	2021
Earnings after tax		536	542	935	953	2 290
Specification of other comprehensive income for the period:						
<i>Items to be reclassified to profit or loss in subsequent periods:</i>						
Change in fair value, financial instruments						
-Cash flow hedges	8	(158)	(10)	(153)	49	120
Tax effect cash flow hedges		35	2	34	(11)	(26)
Translation differences currency		319	(45)	205	(188)	(194)
Total items to be reclassified to profit or loss in subsequent periods		196	(53)	86	(150)	(100)
<i>Items not to be reclassified to profit or loss:</i>						
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		731	489	1 021	804	2 077

Condensed statement of financial position

<i>MNOK</i>	<i>Note</i>	30.6. 2022	31.3 2022	31.12 2021
Property, plant and equipment		4 012	3 913	3 901
Leasing assets	7	1 837	1 689	1 715
Intangible assets	9	5 112	5 027	5 039
Shares in joint arrangements and associated companies	6	3 568	3 606	3 609
Other non-current assets		471	435	421
Total non-current assets		14 999	14 669	14 686
Inventories		4 663	4 463	4 306
Trade receivables		5 697	4 857	4 518
Customer contracts, asset	8	7 514	6 590	6 518
Derivatives	8	628	872	545
Other short-term receivables		747	628	620
Cash and cash equivalents		3 536	7 357	8 118
Total current assets		22 786	24 767	24 624
Total assets		37 785	39 437	39 310
Issued capital	4	5 932	5 932	5 932
Retained earnings		5 186	7 360	7 084
Other reserves		544	350	453
Non-controlling interests		174	168	149
Total equity		11 836	13 810	13 618
Long-term interest-bearing loans	8	2 450	2 450	2 450
Long-term leasing liabilities	7	1 609	1 458	1 500
Other non-current liabilities and provisions	3	2 752	2 648	2 577
Total non-current liabilities and provisions		6 811	6 556	6 528
Customer contracts, liabilities	8	10 885	11 752	11 787
Derivatives	8	1 503	495	378
Short-term leasing liabilities	7	409	402	380
Other current liabilities and provisions	3	6 342	6 422	6 620
Total current liabilities and provisions		19 138	19 070	19 164
Total equity, liabilities and provisions		37 785	39 437	39 310
Equity ratio (%)		31,3	35,0	34,6
Net interest-bearing debt		(1 086)	(4 907)	(5 668)

Condensed statement of changes in equity

<i>MNOK</i>	<i>Note</i>	30.6. 2022	31.3 2022	31.12 2021
Equity opening balance		13 618	13 618	13 301
Total comprehensive income		1 021	289	2 077
Dividends paid		(2 716)	-	(1 425)
Share buy-back related to share buy-back programme		(74)	(59)	(72)
Transactions with treasury shares related to employee share programme		(14)	(39)	(62)
Capital reduction		-	-	(196)
Dividends, non-controlling interests		-	-	(5)
Purchase/sale, in non-controlling interests		-	-	(1)
Equity closing balance		11 836	13 810	13 618

Kongsberg Gruppen ASA's Annual General meeting on 11 May 2022 resolved to reduce the company's share capital by NOK 1 900 467,50, through cancellation and redemption of 1 520 374 shares. The capital reduction was executed on 1 July 2022.

Condensed cash flow statement

MNOK	Note	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
		2022	2021	2022	2021	2021
Earnings after tax		536	542	935	953	2 290
Depreciation/impairment of property, plant and equipment		133	115	248	233	485
Depreciation, leasing assets		114	99	222	197	396
Amortisation/impairment of intangible assets		83	83	166	175	342
Share of net income from joint ventures and associated companies		(47)	(58)	(69)	(69)	(244)
Net finance items		53	49	87	106	185
Income taxes		141	164	253	282	632
Change in net current assets and other operations-related items		(1 936)	(645)	(3 019)	(689)	884
Net cash flow from operating activities		(923)	348	(1 178)	1 187	4 970
Dividend from joint arrangements and associated companies	6	192	147	192	147	147
Purchase/disposal of property, plant and equipment		(135)	(130)	(282)	(239)	(554)
Investment in subsidiaries and associated companies	13	(70)	(8)	(70)	(8)	(85)
Investment in financial assets		(18)	-	(18)	-	(39)
Proceeds from sale of business		6	-	6	-	47
Capitalised internal developed/ purchase of intangible assets	9	(71)	(60)	(142)	(91)	(215)
Settlement of cross-currency swaps		(6)	(112)	9	(112)	(116)
Net cash flow from investing activities		(102)	(163)	(306)	(302)	(814)
Net change interest-bearing loans		-	(512)	-	(516)	(1 021)
Payment of principal portion of lease liabilities	7	(106)	(89)	(208)	(176)	(357)
Interest paid		(21)	(17)	(38)	(40)	(76)
Interest paid on leasing liabilities	7	(30)	(34)	(61)	(68)	(132)
Interest received	7	13	9	19	24	45
Net payment related to employee share programme		(66)	(25)	(100)	(91)	(91)
Share buy-back related to share buy-back programme	4	(12)	(96)	(62)	(164)	(317)
Dividends paid to equity holders of the parent		(2 736)	(1 440)	(2 736)	(1 440)	(1 440)
- of which dividends from treasury shares		21	15	20	15	15
Net cash flow from financing activities		(2 937)	(2 188)	(3 167)	(2 455)	(3 374)
Effect of changes in exchange rates on cash and cash equivalents		142	15	69	(60)	(84)
Net change in cash and cash equivalents		(3 822)	(1 987)	(4 582)	(1 630)	697
Cash and cash equivalents at the beginning of the period		7 357	7 778	8 118	7 420	7 420
Cash and cash equivalents at the end of the period		3 536	5 790	3 536	5 790	8 118

1 General information and principles

General information

The consolidated financial statement for Q2 (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. This implies that the Group shall apply the criteria in IAS 37 or IFRIC 21, instead of the Conceptual framework, to determine whether a present obligation exists at the acquisition date. The amendment to IAS 16 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 2. quarter 2022

KONGSBERG had two ongoing share buy-back programs in the second quarter 2022.

- 1) KONGSBERG has repurchased 45 344 shares equivalent to a value of NOK 15 million in the second quarter related to the share buy-back program announced on 13 May 2022. The share buy-back related to this program started 20 June 2022.
- 2) KONGSBERG has repurchased 764 494 shares equivalent to a value of NOK 277 million in the second quarter related to the

employee share program announced on 5 January 2022 and 11 March 2022.

In total, KONGSBERG has at the end of Q2 844 071 treasury shares. 760 125 of the treasury shares are related to the share buy-back program for cancellation of shares where cancellation is approved by the General Meeting on 1 July 2022. 45 344 of the shares is related to the share buy-back program for cancellation where cancellation shall be approved by the Annual General Meeting in 2023.

5 Segment information

	OPERATING REVENUES					EBITDA					EBIT				
	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12
<i>MNOK</i>	2022	2021	2022	2021	2021	2022	2021	2022	2021	2021	2022	2021	2022	2021	2021
KM	4 654	4 092	8 996	7 898	16 507	507	452	932	879	1 977	334	295	607	549	1 323
KDA	2 692	2 456	5 164	4 806	10 078	567	513	1 027	982	2 150	424	386	740	731	1 620
Other ¹⁾	221	215	453	423	864	(61)	28	(118)	15	(41)	(75)	15	(142)	(8)	(80)
Group	7 567	6 762	14 613	13 127	27 449	1 012	993	1 841	1 876	4 086	683	697	1 205	1 271	2 863

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

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

Operating revenues YTD by division:

<i>MNOK</i>	2022	2021
<i>Divisions</i>		
Global Customer Support	4 726	3 690
Integrated Solutions	1 787	1 857
Sensor & Robotics	1 622	1 386
Propulsion & Engines	1 093	1 227
Deck Machinery	415	495
Other/elimination	(647)	(757)
Kongsberg Maritime	8 996	7 898
Land Systems	1 071	1 437
Integrated Defence Systems	1 904	1 504
Aerostructures	1 305	1 195
Missile Systems	992	735
Space & Surveillance	351	362
Other/elimination	(459)	(427)
Kongsberg Defence & Aerospace	5 164	4 806
Other/elimination	453	423
Total revenues	14 613	13 127

The table shows the anticipated date on which remaining performance obligations as of 30 June 2022 are recognised as income:

<i>MNOK</i>	2022				2021			
	<i>Date of revenue recognition</i>				<i>Date of revenue recognition</i>			
	<i>Order backlog 30.6.22</i>	2022	2023	<i>2024 and later</i>	<i>Order backlog 30.6.21</i>	2021	2022	<i>2023 and later</i>
Kongsberg Maritime	16 935	7 151	5 266	4 518	11 731	5 705	4 127	1 899
Kongsberg Defence & Aerospace	35 950	6 233	9 875	19 843	23 145	5 022	7 706	10 418
Other/elimination	903	305	262	336	905	301	394	210
Total	53 788	13 689	15 403	24 696	35 781	11 028	12 226	12 527

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 30 June

<i>MNOK</i>	Owner ship	Carrying amount 1.1	Additions/ disposals	Dividends received	Share of net income ¹⁾	Other items and comprehensive income	Carrying amount 30.6.	Share of net income 1.4 - 30.6
Patria Oyj	49,9 %	2 849	-	(127)	18	61	2 801	30
Kongsberg Satellite Services AS	50,0 %	628	1	(65)	70	-	634	34
Other shares		132	20	-	(18)	-	134	(17)
Total		3 609	21	(192)	69	61	3 568	47

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

Share of net result from Patria:

<i>Millions</i>	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
KONGSBERG's share (49,9%) ¹⁾	33	39	23	27	166
Amortisation of excess values after tax	(3)	(4)	(5)	(7)	(16)
Share of net income recognised in KDA for the period	30	35	18	20	150

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

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

<i>MNOK</i>	Share of net income					Dividend				
	1.4 - 30.6		1.1 - 30.6		1.1-31.12	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021	2022	2021	2022	2021	2021
KM	(4)	-	(4)	-	(3)	-	-	-	-	-
KDA	61	59	85	73	263	192	147	192	147	147
Other	(10)	(1)	(11)	(4)	(17)	-	-	-	-	-
Group	47	58	69	69	244	192	147	192	147	147

7 Leasing

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

IFRS 16 effects on condensed statement of financial position:

Opening balance 1 January 2022	1 715		
Addition	91		
Depreciation Q1	(109)		
Translation differences	(9)		
Opening balance 1 April 2022	1 689		
Addition	300		
Disposal	(64)		
Depreciation Q2	(114)		
Translation differences	25		
Closing balance 30 June 2022	1 837		
		30.6.2022	31.3.2022
			31.12.2021
Leasing assets	1 837	1 689	1 715
Long-term leasing liabilities	1 609	1 458	1 500
Short-term leasing liabilities	409	402	380

IFRS 16 effects on condensed income statement in the period:

	1.4 - 30.6		1.1 - 30.6		1.1 - 31.12
	2022	2021	2022	2021	2021
Returned rental cost earlier included in EBITDA	130	122	264	243	489
Profit/Loss on disposed leases	6	-	6	1	-
Increased EBITDA in the period	136	122	270	244	489
Depreciation on leases	(114)	(99)	(222)	(197)	(396)
Increased EBIT in the period	23	24	48	47	93
Interest cost on leasing liabilities for the period	(30)	(34)	(61)	(68)	(132)
Reduced EBT in the period	(7)	(10)	(14)	(21)	(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	30.6.2022 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	2,47%	500	500
Bond issue KOG14 - floating interest rate	26.02.2026	2,09%	500	500
Total long-term loans			2 450	2 450
Total interest-bearing loans				
			2 450	2 450
Syndicated credit facility (unutilised borrowing limit)	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.

Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, decreased by MNOK 153 before tax during the period 1 January – 30 June 2022. The fair value of unrealized forward exchange

contracts decreased by MNOK 166 during the period. The total change in net fair value of fair value hedges represented a decrease of MNOK 796 from the end of last year. The end-of-quarter spot prices were USD/NOK 9.84, EUR/NOK 10.38 and GBP/NOK 12.06.

Forward exchange contracts classified as cash flow hedges:

MNOK	Due in 2022		Due in 2023 or later		Total			
	Value in NOK on agreed rates	Fair value at 30.6.22	Value in NOK on agreed rates	Fair value at 30.6.22	Value in NOK on agreed rates	Change in fair value from 31.12.21	Fair value at 30.6.22	
USD	(336)	30	1 618	(243)	1 282	(176)	(214)	
EUR	383	(9)	(300)	12	82	-	3	
Other	(17)	1	(194)	6	(211)	9	7	
Sum	30	22	1 124	(225)	1 154	(166)	(203)	
Roll-over of currency futures		3		8		86	11	
Total	30	24	1 124	(217)	1 154	(80)	(193)	
Forward exchange contracts cash flow hedges, assets								127
Forward exchange contracts cash flow hedges, liabilities								331
Net forward exchange contracts cash flow hedges								(203)

Fair value is referring to the net present value of the variance between the forward rate at 30 June 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 -153, while the table above show a change in fair value of MNOK -80 since year end 2021. The difference between these two amounts of MNOK -72 was ascribable to a change in fair value of cross-currency swaps of MNOK -66 and a change in fair value of currency options with net MNOK -7.

Forward exchange contracts classified as fair value hedges:

MNOK	Due in 2022		Due in 2023 or later		Total			
	Value in NOK on agreed rates	Fair value at 30.6.22	Value in NOK on agreed rates	Fair value at 30.6.22	Value in NOK on agreed rates	Change in fair value from 31.12.21	Fair value at 30.6.22	
USD	4 261	(248)	3 892	(348)	8 152	(577)	(596)	
EUR	2 487	12	3 303	18	5 791	(156)	30	
GBP	273	(1)	769	(10)	1 042	(8)	(11)	
Other	221	(23)	254	(9)	474	(55)	(32)	
Total	7 242	(260)	8 217	(349)	15 459	(796)	(609)	
Forward exchange contracts fair value hedges, assets								500
Forward exchange contracts fair value hedges, liabilities								1 108
Net forward exchange contracts fair value hedges								(609)

The net value of fair value hedges is recognized as derivatives in the statement of financial position, offset against customer contracts, assets by MNOK -69 (increase) and customer contracts, liabilities by MNOK -540 (decrease).

Specification of derivatives:

	30.6.2022	31.3.2022	31.12.2021
MNOK	2022	2022	2021
Forward exchange contracts, cash flow hedges (a)	127	29	28
Forward exchange contracts, fair value hedges (b)	500	834	500
Cross-currency swaps	-	4	17
Currency options	-	5	-
Total derivatives, current assets	628	872	545
Forward exchange contracts, cash flow hedges (c)	331	66	65
Forward exchange contracts, fair value hedges (d)	1 108	427	312
Cross-currency swaps	57	-	-
Currency options	7	2	-
Total derivatives, current liabilities	1 503	495	378
Net forward exchange contracts, cash flow hedges (a) - (c)	(203)	(37)	(37)
Net forward exchange contracts, fair value hedges (b) - (d)	(609)	408	188
Total net forward exchange contracts	(812)	370	151

9 Product development

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

	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
MNOK					
Product maintenance	102	105	222	213	451
Development cost	334	271	656	532	1 056
Total	436	376	878	745	1 507

Capitalised development recognised during the period:

	1.4 - 30.6		1.1 - 30.6		1.1-31.12
	2022	2021	2022	2021	2021
MNOK					
Capitalised development	71	58	142	90	214

In the consolidated statement of financial position as of Q2 the largest capitalised projects were related to the development of the digital platform Kognifai, Joint Strike Missile (JSM) and other missile technology, medium-calibre weapon station (MCT and RWS), communication solutions and remote towers for airports.

10 Related parties

The Board is not aware of any changes or transactions in Q2 associated with related parties that in any

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

11 Important risk and uncertainty factors

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

In the assessment of the financial position in the second quarter, KONGSBERG has made a thorough assessment of the impact the ongoing invasion of Ukraine has on relevant accounting items. Per Q1 Kongsberg Maritime did a review of their customer relations and a provision of NOK 69 million was recognised that quarter related to the sanctions

against Russia. The outcome of the updated review in the second quarter is that the provision remains unchanged. The world is experiencing increased prices for raw materials and shortage of certain components. The challenging component situation gives increased delivering time and to some extent delayed deliveries to the end customer. KONGSBERG works continuous with initiatives in form of redesign and alternative suppliers.

12 Tax

The income tax expense per Q2 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 and withholding taxes.

13 Acquisitions

Interconsult Bulgaria Ltd

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

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

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

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

Preliminary purchase price allocation Interconsult Bulgaria Ltd:

<i>MNOK</i>	<i>Carrying amount prior to acquisition</i>	<i>Adjustments fair value</i>	<i>Recognised values at acquisition</i>
Technology	1	-	1
Total intangible assets exclusive goodwill	1	-	1
Current assets exclusive cash and cash equivalents	20	-	20
Cash and cash equivalents	6	-	6
Total assets exclusive goodwill	27	-	27
Other current liabilities and provisions	(11)	-	(11)
Total liabilities and provisions	(11)	-	(11)
Net identifiable assets and liabilities	16	-	16
Goodwill upon acquisitions	-	91	91
Expected remuneration	-	-	107
Cash and cash equivalents acquired	-	-	(6)
Expected net cash outflow	-	-	101
Defferred expected payment of remuneration	-	-	(51)
Net outgoing cash flow for the acquisition	-	-	50

14 Events after balance date

KONGSBERG has entered into an agreement to acquire NanoAvionics.

On 5 July Kongsberg Defence & Aerospace entered into an agreement to acquire Lithuanian smallsat mission integrator and bus manufacturer NanoAvionics. The company is headquartered in Vilnius, Lithuania, and has above 150 employees. The company had revenues of approximately EUR 15 million in 2021 and had an EBITDA at EUR 2,5 million. The company has customers in more than 40 countries.

NanoAvionics is a leading smallsat mission integrator and bus manufacturer and has contributed to 120 missions and commercial satellite projects, with customers ranging from national space agencies to universities.

The planned acquisition will strengthen KONGSBERG's space ambitions, and the product portfolio now expands to include world leading smallsat products

and technology. NanoAvionics and KONGSBERG have complementary product and technology positions in the space value chain.

The transaction will be accomplished following the conclusion of customary closing conditions including any required regulatory reviews. The parties have agreed upon an enterprise value of EUR 65 million (100 per cent basis).

Executed capital reduction 1 July

Kongsberg Gruppen ASA's Annual General Meeting resolved on 11 May 2022 to reduce the company's share capital by NOK 1,900,467.50, through cancellation and redemption of 1,520,374 shares. The capital reduction is executed 1 July 2022 and KONGSBERG's share capital is NOK 221,641,340 divided into 177,313,072 shares of NOK 1.25 each.

15 Definitions

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

Kongsberg considers *EBITDA* and *EBIT*

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

Restructuring costs

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

Integration costs

are those associated with integrating Commercial Marine into Kongsberg Maritime.

Net interest-bearing debt

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

Return on Average Capital Employed (ROACE)

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

Net interest-bearing debt incl. leasing liabilities/EBITDA

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

Working capital

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

Working capital is calculated as follow:

	30.6	31.3	31.12
<i>MNOK</i>	2022	2022	2021
Current assets	22 786	24 767	24 624
Current liabilities and provisions	(19 138)	(19 070)	(19 164)
<i>Adjusted for:</i>			
Cash and cash equivalents	(3 536)	(7 357)	(8 118)
Short-term interest-bearing loans	0	(0)	(0)
Short-term leasing liabilities	409	402	380
Net tax payable	106	149	180
Financial instruments classified as cash flow hedges	256	104	96
Working capital	883	(1 005)	(2 003)

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.

