



KONGSBERG

QUARTERLY
REPORT
4th QUARTER
PRELIMINARY
ANNUAL
ACCOUNTS
2021

KONGSBERG



GEIR HÅØY
President & CEO

“We’ve delivered a solid 2021 and enter 2022 with optimism. Good order intake in KONGSBERG’s two largest business areas results in an order backlog of almost NOK 50 billion. This provides predictability and a solid platform for further growth. Our customers have shown great confidence in us by trusting us with significant assignments, and those who have signed contracts with KONGSBERG can feel confident that they will be taken care of and that we always do our utmost to deliver.

In the last quarter of the year, we delivered over 13 per cent growth in operating revenues compared with Q4 2020. This is mainly driven by a general increase in activity in Kongsberg Maritime and increased activity from missile and air defence projects at Kongsberg Defence & Aerospace. Kongsberg Digital has also seen an increase in operating revenues in the quarter. The roll-out of digital solutions continues and we now have eight dynamic digital twins in operation.

Sustainable solutions and resource utilisation have always been prominent on KONGSBERG’s agenda, and the world’s climate challenges are greater than ever before. We have great ambitions to reduce the climate footprint, both our own and through our value chain. In 2021, we signed up for the “Science-Based Targets Initiative”. In 2022, we will continue to develop and deliver products and systems that help our customers and partners fulfil their climate ambitions and we foresee significant business opportunities associated with this.

Overall, the group has a solid foundation with sustainable technology- and market positions in both established and new markets. We enter 2022 with a considerable innovative capacity and we are continually aiming for new opportunities. At the same time we have a record high order backlog that makes me confident that KONGSBERG will continue to develop in a positive direction.”

Highlights

KONGSBERG

Solid order intake, increased revenues and EBITDA of more than NOK 4 billion in total for the year. Book-to-bill of 1.54 and an EBITDA margin of 14.3 per cent in Q4 gives momentum going into 2022, and the group now has an order backlog of close to NOK 50 billion. The Board will propose to the Annual General Meeting a dividend of NOK 15.3 per share, totalling NOK 2,700 million, to be paid out. In addition, a share buy-back for up to MNOK 500 for cancellation will be proposed.

	Q4	2021
Revenues:	MNOK 8,107	MNOK 27,449
EBITDA:	MNOK 1,156	MNOK 4,086
EBITDA margin:	14.3 per cent	14.9 per cent

KONGSBERG MARITIME

Increased profitability in all divisions and positive developments in the after-market in 2021. Book-to-bill of 1.09 for the year driven by particularly good order intake from the offshore wind and tugs market. Increased order backlog and a positive operating revenue trend provide a platform for growth in 2022.

	Q4	2021
Revenues:	MNOK 4,875	MNOK 16,507
EBITDA:	MNOK 537	MNOK 1,977
EBITDA margin:	11.0 per cent	12.0 per cent

KONGSBERG DEFENCE & AEROSPACE

19 per cent growth in operating revenues and 21.3 per cent EBITDA margin due to a favourable project mix and continued strong project execution in 2021. A record high order backlog of close to NOK 36 billion will also ensure growth in 2022.

	Q4	2021
Revenues:	MNOK 3,011	MNOK 10,078
EBITDA:	MNOK 707	MNOK 2,150
EBITDA margin:	23.5 per cent	21.3 per cent

KONGSBERG DIGITAL

New customers and an increased number of users of the dynamic digital twin solution, Kognitwin, and a several fleet roll-out contracts for Vessel Insight in 2021. High level of market activity and continued upscaling of the business. Positive developments within maritime simulation from both traditional and cloud-based simulators.

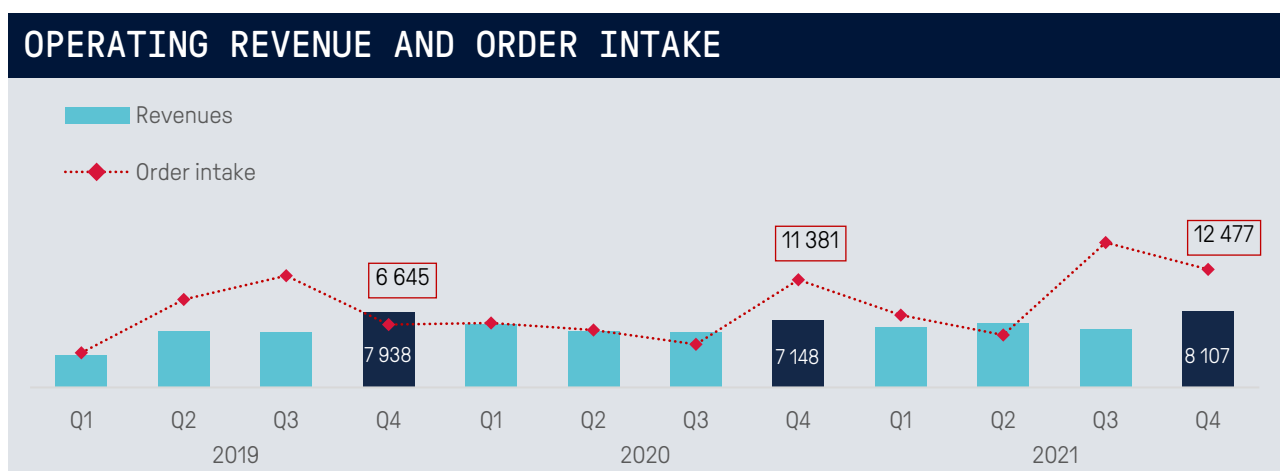
	Q4	2021
Revenues:	MNOK 221	MNOK 845
EBITDA:	MNOK -69	MNOK -45
Share of "recurring revenues":	42 per cent	41 per cent

Key figures

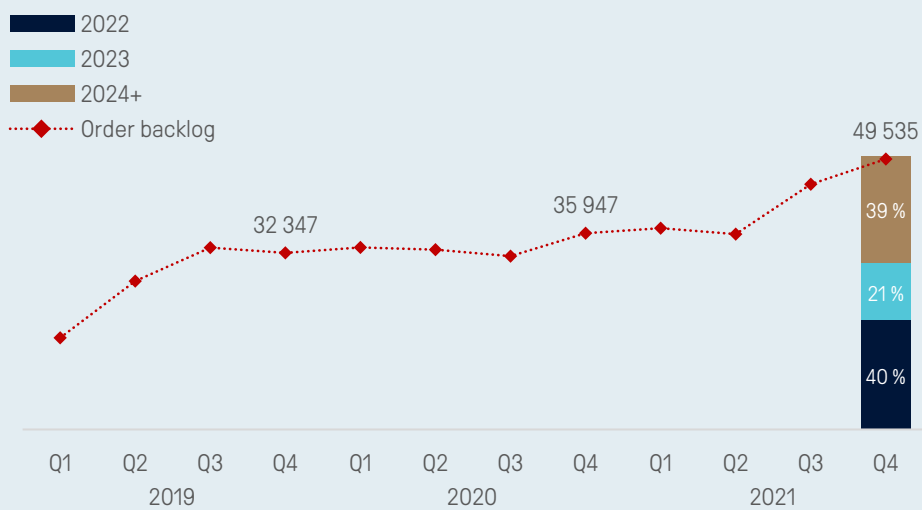
MNOK	1.10 - 31.12		1.1 - 31.12		1.1-31.12
	2021	2020	2021	2020	2020
Operating revenue	8 107	7 148	27 449	25 612	25 612
EBITDA	1 156	948	4 086	3 250	3 250
EBITDA (%)	14,3	13,3	14,9	12,7	12,7
EBIT	844	579	2 863	1 905	1 905
EBIT (%)	10,4	8,1	10,4	7,4	7,4
Share of net income from associated companies	96	118	244	186	186
Earnings before tax from continuing operations	901	652	2 922	1 855	1 855
Earnings after tax from continuing operations	718	565	2 290	1 481	1 481
Earnings after tax including discontinued operations	718	565	2 290	2 932	2 932
EPS continued operations (NOK)	3,86	3,14	12,06	8,01	8,01
EPS included discontinued operations (NOK)	3,86	3,14	12,06	16,08	16,08
Order Intake	12 477	11 381	40 979	28 818	28 818

MNOK	31.12	30.9	31.12
	2021	2021	2020
Equity ratio (%)	34,6	33,7	33,9
Net interest-bearing debt ¹⁾	(5 668)	(3 593)	(3 949)
Working Capital ²⁾	(2 003)	(244)	(458)
ROACE (%) ³⁾	32,7	28,7	20,8
Order backlog	49 535	44 918	35 947
Net interest-bearing debt/EBITDA before IFRS 16 ⁴⁾	(1,6)	(1,3)	(1,4)
No. of employees	11 122	11 045	10 689

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



ORDER BACKLOG



EBITDA



EPS Continued operations



Performance, market and orders

Operating revenues in Q4 were MNOK 8,107 against MNOK 7,148 in the same quarter the previous year, representing an increase of 13 per cent. All business areas achieved increased operating revenues compared to Q4 last year, but the major increase was within Kongsberg Maritime (KM) and Kongsberg Defence & Aerospace (KDA).

Total operating revenues in 2021 were MNOK 27,449 (MNOK 25,612). Growth was achieved in all business areas in 2021. The majority of this growth came from KDA, which increased its operating revenues by 18.5 per cent.

EBITDA was MNOK 1,156 in Q4, an EBITDA margin of 14.3 per cent, compared to MNOK 948 (13.3 per cent) in the same quarter the previous year. Accumulated EBITDA at the end of the year was MNOK 4,086, an increase of MNOK 836 compared to 2020.

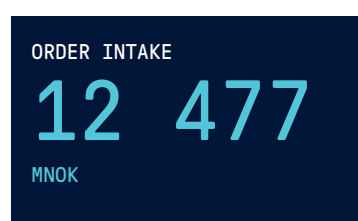
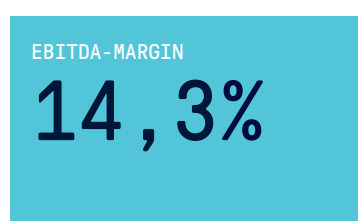
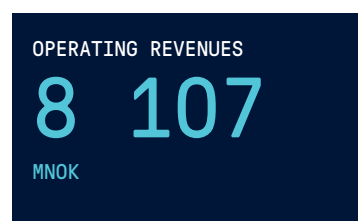
During Q4, order intake was MNOK 12,477, compared to MNOK 11,381 in the same quarter last year. This gives a book-to-bill ratio for the quarter of 1.54. KM had a book-to-bill ratio of 0.98, KDA had a book-to-bill ratio of 2.47 and KDI had a book-to-bill ratio of 1.02 during the quarter. Variations in order intake are normal, and order intake can vary considerably between quarters. This should be viewed in the context of the signing date of large contracts. The order intake in the last quarter included contracts for the Naval Strike Missile for the Norwegian Navy and for the Joint Strike Missile for the Norwegian F35 fleet, totalling NOK 5,4 billion. The Group's accumulated order intake in 2021 was MNOK 40,979 (MNOK 28,818), equivalent to a book-to-bill ratio of 1.49.

The order backlog at the end of 2021 was MNOK 49,535, an increase of MNOK 4,617 compared to Q3.

Cash flow

KONGSBERG recorded a net increase in cash and cash equivalents of MNOK 1,572 in Q4 2021. Net cash flow from operating activities amounted to MNOK 2,689. Out of this, EBITDA amounted to MNOK 1,156, while the change in net current assets and other operating items amounted to MNOK 1,533. The increase was mainly due to large payments from customers in KDA and an incredible high level of accounts payables in KM at the end of the year. Group cash flow from investment activities amounted to MNOK -360. This consisted of investments in property, plant and equipment, as well as capitalised research and development. Cash flow from financing activities was MNOK -734, of which MNOK 500 was related to the bond KOG12, which was paid upon maturity, and MNOK 100 was the repurchase of treasury shares related to the ongoing repurchase programme.

During 2021, net cash and cash equivalents increased by MNOK 697. The largest positive cash flow elements were cash flow from operations, reduced working capital and the issuance of a new bond, KOG14, of MNOK 500. The largest negative cash flows were related to the payment of dividends, and the repayment of two bonds, KOG08 and KOG12.



Balance sheet

At the end of the quarter, the Groups interest-bearing debt amounted MNOK 2,450, all of which was classified as long-term loan. The debt consisted of four bonds with the total amount of MNOK 2,450, as referred to in note 8. The group had MNOK 8,118 in cash and cash equivalents at the end of Q4, against MNOK 6,545 at the end of Q3 and MNOK 7,420 at the end of 2020.

At the end of 2021, net interest-bearing debt was MNOK -5,668, compared to MNOK -3,593 at the end of Q3 and MNOK -3,949 at the end of 2020. The change in the quarter was mainly due to strong cash flow from operations. In addition, the group had a syndicated and committed credit facility of MNOK 2,300 and an overdraft credit facility of MNOK 500. These were unutilized at the end of 2021.

Kongsberg Gruppen ASA has a long-term issuer rating of A- with “stable prospects” awarded by the Nordic Credit Rating agency. The credit rating (“stand alone credit assessment”) is BBB+.

NET INTEREST-BEARING DEBT

-5 668

MNOK

EQUITY RATIO

34,6%

	31.12	30.9	31.12
<i>MNOK</i>	2021	2021	2020
Equity	13 618	13 052	13 301
Equity ratio (%)	34,6	33,7	33,9
Total assets	39 310	38 718	39 230
Working capital ¹⁾	(2 003)	(244)	(458)
Gross interest-bearing debt	2 450	2 953	3 471
Cash and cash equivalents	8 118	6 545	7 420
Net interest bearing debt ¹⁾	(5 668)	(3 593)	(3 949)
Net interest bearing debt/EBITDA before IFRS 16 ¹⁾	(1,6)	(1,3)	(1,4)

1) See definition note 13

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 188 at the end of 2021. In certain cases where the likelihood of winning a major contract is more than highly probable, hedging the contract cash flows prior to award are considered (cash flow hedges). The company's portfolio of cash flow hedges had a net fair value of MNOK -37 at the end of the quarter, which has been booked to equity through comprehensive income. The fair value (market value) represents unrealised profits/losses related to agreed rates. In addition, other financial instruments are used to a certain extent, such as interest rate and currency swaps and currency options, where fair value is also booked to equity through comprehensive income. Refer to Note 8 for a representation and further information.

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

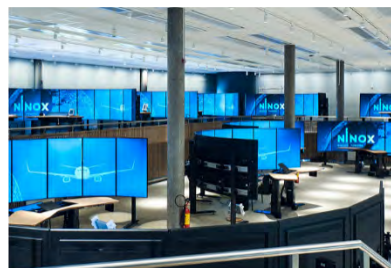
KONGSBERG's finance policy implies that accounting revenue recognition will be based on exchange rates hedged at historical levels. This prevents short-term effects on profits in the event of a rise or fall in the value of the company's functional currency.

Product development

KONGSBERG is continually investing in product development, both through in-house-funded and customer-funded programmes. Total in-house-funded product development and maintenance amounted to MNOK 501 in the quarter and MNOK 1,721 accumulated over the year, of which MNOK 64 and MNOK 214 are capitalised. Capitalised development during the quarter was mainly related to KDI projects, but product development at KDA was also capitalised this quarter. Refer to table in Note 9.

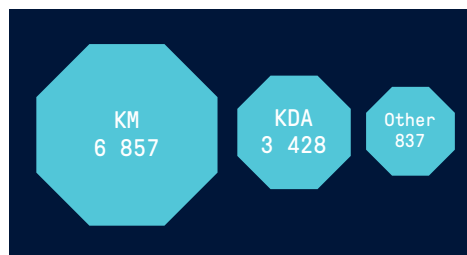
As of Q4, the largest capitalised projects in the balance sheet were related to the development of the Kognifai digital platform, Joint Strike Missile and other missile technology, weapons stations, communications solutions and remote towers for airports.

Customer-funded development comes in addition, either as part of delivery projects or as specific development assignments. The total costs of product development and maintenance account for about 10 per cent of operating revenues.



Employees

The company had 11,122 employees at the end of 2021. This is an increase of 77 employees during the quarter and 433 employees during the year. The increase in the quarter was evenly distributed between the business areas. The increase in 2021 was mainly within KDA and KDI, which are both increasing capacity. At KDA, total capacity increased to meet significant growth in the business area. KDI increased its capacity in development, sales and delivery to meet increased demand.



Number of employees by business area



KONGSBERG MARITIME

Results

Operating revenues amounted to MNOK 4,875 in Q4, compared to MNOK 4,319 the same quarter last year equivalent to an increase of 13 per cent. There was increased activity in both new markets and the after-market. KM's order backlog has increased in each quarter during the last year, and our solid order intake is becoming visible in operating revenues from the new-building markets. The after-market has in general relatively short lead time between order and delivery. As a result, the after-market faced a rapid reduction in demand caused by the pandemic in 2020. However, this sector of the maritime market started to improve in terms of deliveries as early as Q4 2020. The Sensors & Robotics area, where activity is less reliant on new vessels, experienced an increase in operating revenues of 9% compared to Q4 2020. Operating revenues as of 2021 amounted to MNOK 16,507 (MNOK 16,319). Overall, for 2021 it was an increase in after-market revenues, while revenues from the new build market are down compared with last year.

EBITDA was MNOK 537 in Q4, an EBITDA margin of 11.0 per cent, compared to MNOK 464 (10.7 per cent) in the same quarter the previous year. Total EBITDA in 2021 was MNOK 1,977, an increase of MNOK 445 compared to the previous year. This improvement was mainly a result of the successful integration programme implemented in 2019 and 2020 related to the acquisition of Commercial Marine (CM), continuous efficiency improvements, good project implementation and a healthy project mix.

Market and orders

Order intake in Q4 was MNOK 4,778, equivalent to a book-to-bill ratio of 0.98, compared to MNOK 3,822 in Q4 2020. The after-market was still an important driver, with nearly 50 per cent of the business area's total order intake. There were no significant individual orders from the new build market driving order intake in Q4. However, there was good growth for both deck equipment and propulsion systems for new builds. The Sensors & Robotics area also had an increase in order intake compared to Q4 the previous year. Total order intake in 2021 was NOK 17,936 million, an increase of NOK 2 billion from the previous year and equivalent to a book-to-bill ratio of 1.09.

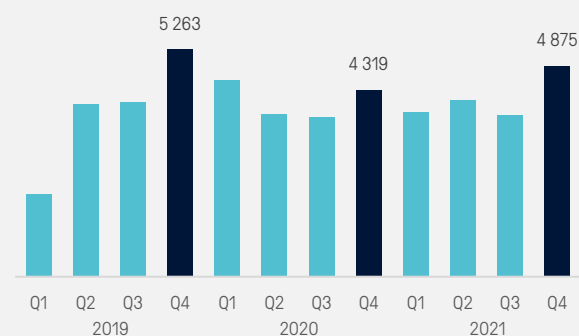
Three vessel segments stood out in terms of order intake in the new build market in 2021: offshore wind, naval and tugs. All of these segments had order intake above NOK 1 billion during the year and are segments where KM is established as a leading systems supplier. The two largest orders signed at KM in 2021 came from the offshore wind segment.

KEY FIGURES

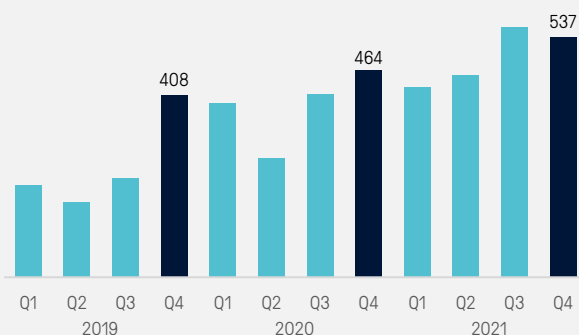
	1.10 - 31.12		1.1 - 31.12	
MNOK	2021	2020	2021	2020
Operating revenues	4 875	4 319	16 507	16 319
EBITDA	537	464	1 977	1 532
EBITDA (%)	11,0	10,7	12,0	9,4
Order Intake	4 778	3 822	17 936	15 925

	31.12	30.9	31.12
MNOK	2021	2021	2020
Order backlog	13 023	12 870	11 386
No. of employees	6 857	6 837	6 815

Operating revenue



EBITDA



These were significant equipment deliveries for three wind turbine installation vessels, two of which are to be built for the Danish company Cadeler and one for the American company Dominion Energy.

KM has relatively low emissions from its own operations. At the same time KM is supplying industries that historically have been responsible for some major emissions. These industries are now facing a major transition. One of KM's most important objectives is to streamline and safeguard customer operations. In addition to our ambition of reducing the impact of our own climate footprint, it is also important that we work with our customers to develop new and more climate friendly products and solutions. In this area, the technology within our business can really make a difference. In Q4, KM launched a system using hydrogen as an energy carrier for propulsion of vessels. The plan is to install the system on a hydrogen-driven passenger ferry which will operate between Kirkwall and Shapinsay in Orkney.

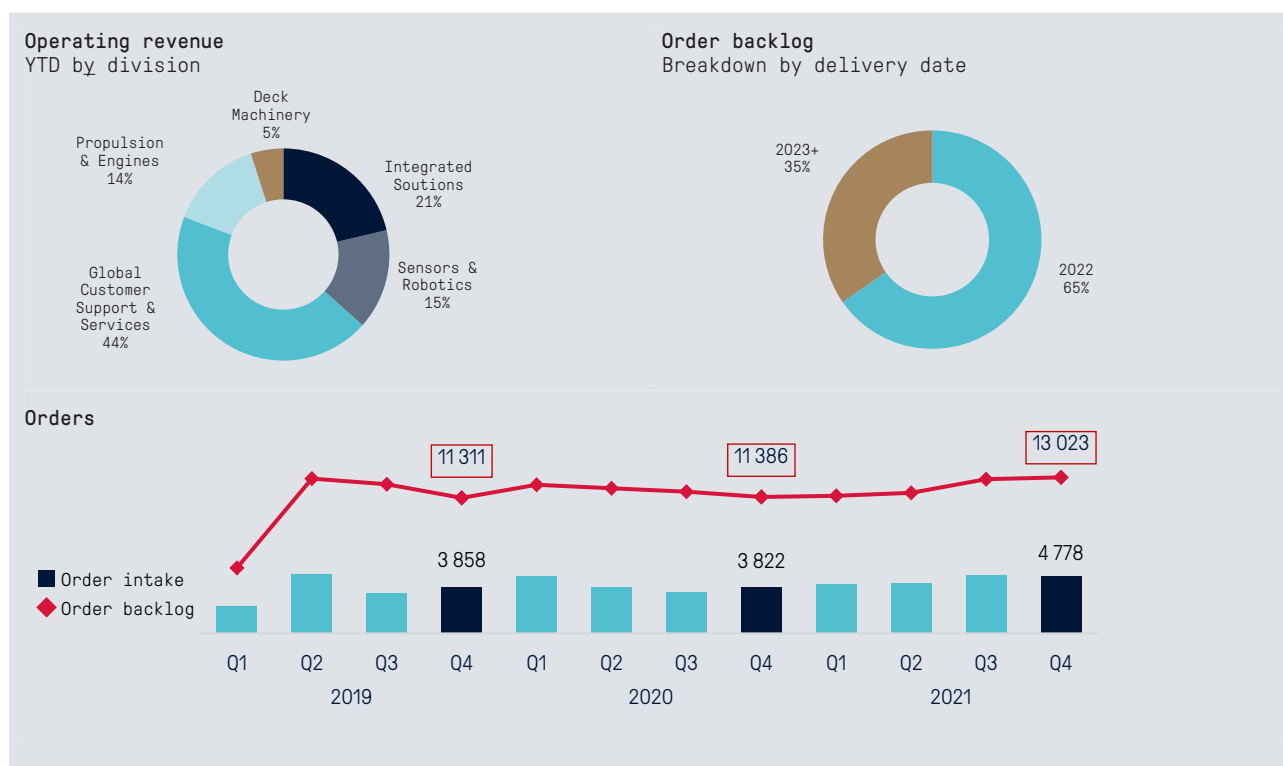
An important driver of growth at KM is sales synergies between KM and the acquired business CM. A large part of the rationale behind the acquisition of CM in 2019 was the complementary product and market portfolio between the two companies. A total of NOK 1.1 billion in cross-sales was achieved in 2021. A total of MNOK 700 in cross-sales were achieved in total in 2020. Cross-sales only include additional sales as a result of the integration of CM and KM. Around MNOK 500 of the additional sales were related to offshore wind projects. The remaining was divided between vessel categories, such as tankers, research vessels, LNG, ferries and other traditional merchant vessels.

KM increased its order backlog by 14 per cent during 2021, to MNOK 13,023.

Other factors

At the outbreak of the ongoing pandemic in the winter/spring of 2020, a number of measures were quickly implemented to limit infection, maintain as normal as possible a level of operations and to ensure that cost levels were adapted to the level of activity. The results achieved by KM during the pandemic would not have been possible without the measures that were implemented. The degree of measures and restrictions has varied throughout the pandemic, but digital solutions for customer support are still in use, with significant infection-control measures in place as well, including the use of working from home. KM has employees in 34 countries and operations almost all over the world, which means that the measures vary considerably according to the current restrictions in individual regions. During the pandemic, our worldwide presence has been important to both delivering projects and performing service assignments, as travel and other restrictions have proved to be a significant challenge.

Worldwide, we are seeing both an increase in the price of raw materials, and a shortage of components. The majority of KM's product portfolio consists to a small extent of direct raw material. At the same time, for example, the price of steel is affecting the cost of propeller production. The price of raw materials also affects total project costs for end customers. This may affect demand for new vessels. In terms of the situation with components, the business area is experiencing increased lead times and has difficulty in sourcing certain components. This can lead to delays to deliveries and increased costs, but the situation is being closely monitored and continuous action is being taken to ensure that projects continue to progress.



KONGSBERG DEFENCE & AEROSPACE

Results

Operating revenues amounted to MNOK 3,011 in Q4, compared to MNOK 2,619 during the same quarter last year, an increase of 15 per cent. There has been a high level of activity in a number of projects – weapons stations for the US CROWS programme, several NASAMS air-protection programmes and deliveries for the F-35 fighter aircraft. Operating revenues for 2021 totalled MNOK 10,078, an increase of 19 per cent from 2020. All KDA divisions experienced more than 10 per cent growth compared to 2020.

EBITDA was MNOK 707 in Q4, an EBITDA margin of 23.5 per cent, compared to MNOK 514 (19.6 per cent) the same quarter last year. The solid margin was a result of good project implementation, a favourable project mix and strong project execution throughout the organisation. KDA's EBITDA in Q4 2021 was impacted by MNOK 78 in positive effects related to a reduction in pension obligations. Accumulated EBITDA in 2021 was MNOK 2,150 (MNOK 1,656), corresponding to an EBITDA margin of 21.3 per cent (19.5 per cent)

The share of profits from associated companies amounted to MNOK 108 (MNOK 120) in the quarter. See also Note 6.

Market and orders

Order intake in Q4 amounted to MNOK 7,452, compared to MNOK 7,348 in the same quarter last year. Total order intake in 2021 was MNOK 22,221 (MNOK 11,891). The defence market is characterised by relatively few, but large, contracts. Deliveries are normally performed over a number of years. Significant fluctuations in order intake between quarters and years are, therefore, considered normal.

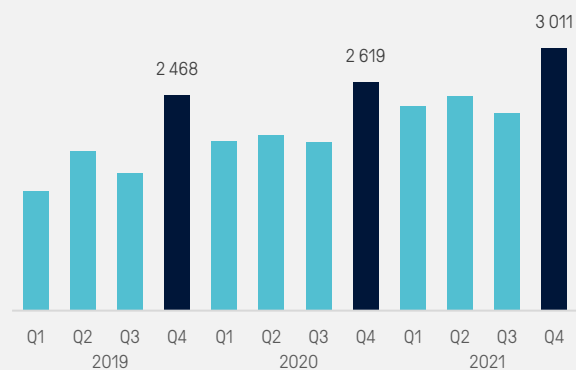
The largest contract in Q4 was a NOK 3,950 million contract for the delivery of the Joint Strike Missile for Norway's new F-35 fighter aircraft. The business area also signed two contracts totalling MNOK 1,426 with the Norwegian Defence Materiel Agency. The contracts are for the delivery of a number of Naval Strike Missiles (NSM) and associated equipment for the Navy's frigates and corvettes as well as for overall maintenance of the existing NSM stock. In 4th quarter KDA signed a framework agreement worth up to MUSD 94 with the US Marine Corps (USMC). The agreement is for delivery of Remote Weapon System (RWS) with 30mm cannon as part of a new Marine Air Defense Integrated System (MADIS). An agreement worth just over MNOK 400 for a digitisation solution for new artillery in Australia, was also signed during the quarter.

KEY FIGURES

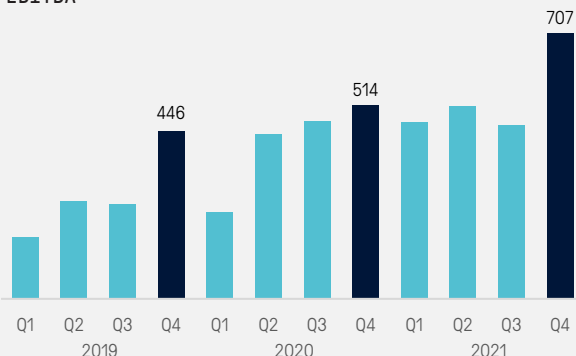
	1.10 - 31.12		1.1 - 31.12	
	2021	2020	2021	2020
MNOK				
Operating revenues	3 011	2 619	10 078	8 503
EBITDA	707	514	2 150	1 656
EBITDA (%)	23,5	19,6	21,3	19,5
Share of netincome associated companies	108	120	263	206
Order Intake	7 452	7 348	22 221	11 891

	31.12	30.9	31.12
	2021	2021	2020
MNOK			
Order backlog	35 632	31 189	23 477
No. of employees	3 428	3 403	3 189

Operating revenues



EBITDA



Other important contracts signed in 2021:

- Upgrade of NASAMS in Norway, MNOK 266
- Contract with Lockheed Martin worth MNOK 1,750 for the production of parts for the F-35 programme Lot 15-17
- MUSD 500 extension of the CROWS framework agreement with the US Army
- Joint acquisition of NSM for Norway and Germany worth MNOK 4,404
- Contract for the ORCCA combat system for new Norwegian and German submarines, worth MNOK 3,800

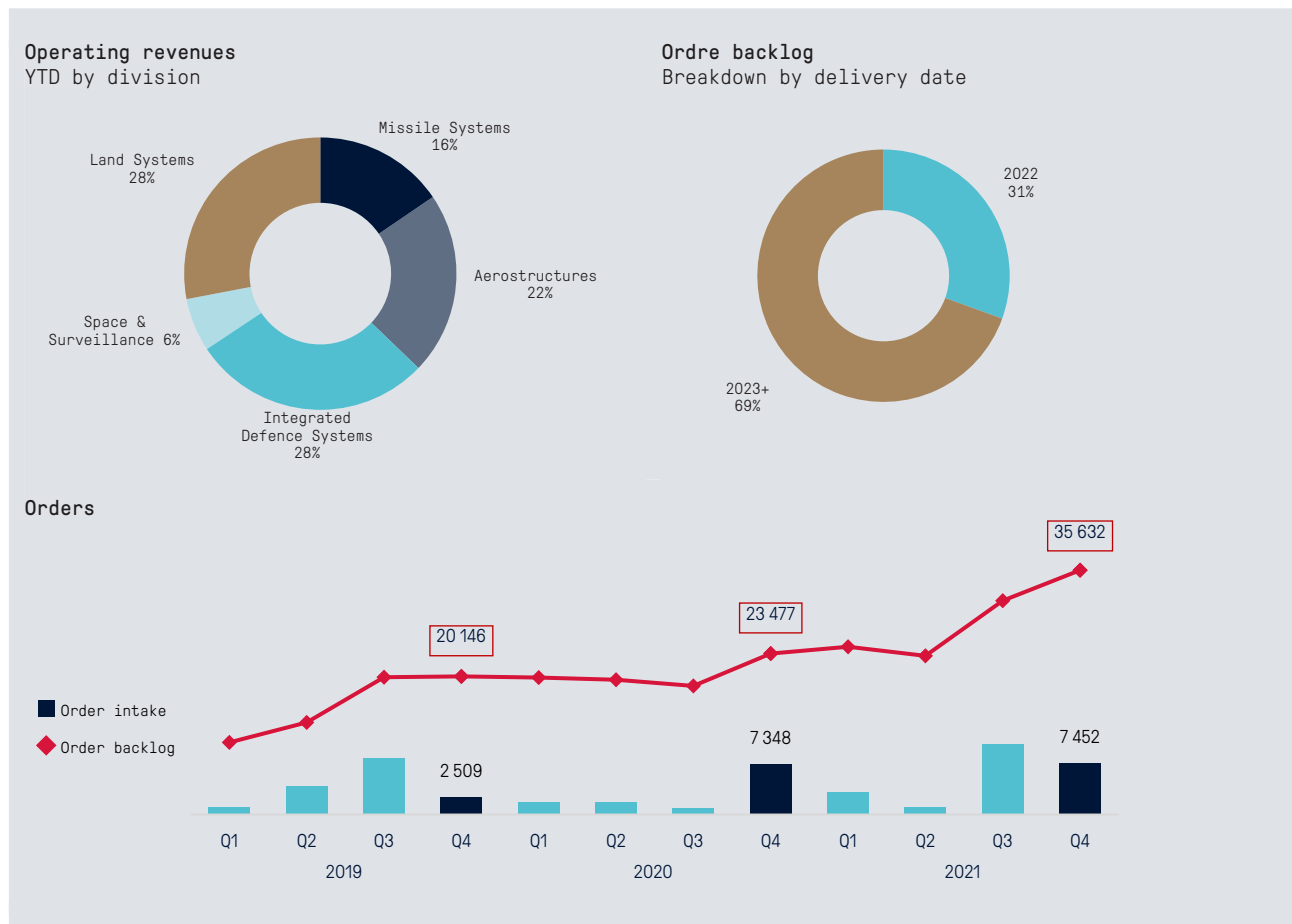
KDA sells systems that will be operational for decades. When a system is to stay operational and modern over a long period of time, it requires continuous product development, upgrading and maintenance along the way. Maintenance, repair and overhaul (MRO) is an important area for KDA, both with regards to keeping systems modern and operational, as well as when it comes to extending the life of the systems. During the past year, KDA has entered into a number of significant MRO-contracts, including maintenance of NSM in Norway and Poland. Kongsberg Aviation Maintenance Service (KAMS) also signed a contract with Leonardo for the maintenance of Norwegian AW101 helicopters worth MNOK 260 in Q4.

At the end of 2021, KDA had an order backlog of MNOK 35,632.

Other factors

The defence business has not experienced major financial consequences as a result of COVID-19. Progress within projects has only to a minor extent been affected by the situation despite certain challenges relating to the movement of staff across borders. Furthermore, certain contract negotiations have proved more time-consuming due to travel restrictions.

In 2021, a lack of certain components have affected many companies. KDA is dependent on several hundred subcontractors, both in Norway and elsewhere. The component situation is being closely monitored and additional resources were introduced at an early stage of the pandemic to ensure the flow of goods, shipments and, where necessary, alternative subcontractors, to avoid delays in production. To date, the business area has not experienced significant delays due to a lack of components, but has seen an increase in prices and lead times for certain parts. The situation and developments are being closely monitored and measures have been, and are being, implemented on an ongoing basis.



KONGSBERG DIGITAL

Results

Operating revenues totalled MNOK 229 in Q4, compared to MNOK 220 in the corresponding quarter in 2020. Recurring revenues (RR) increased from MNOK 91 in Q3 to MNOK 96 in Q4, corresponding to 42 per cent of the operating revenues. Accumulated operating revenues for KDI in 2021 amounted to MNOK 845 (MNOK 821) with an RR share of 41 per cent.

Demand for KONGSBERG's digital twin solution, Kognitwin, and the "ship to cloud" solution, Vessel Insight, maintains a positive trend. In Q4, KDI signed an agreement with The Metals Company for the delivery of a digital twin for one of their underwater operations. In addition, KDI signed a contract for the delivery of two digital twins to one of the world's largest oil and energy companies. At the end of Q4, KDI had eight digital twins in operation with about 1,700 users, representing an increase of 1,300 users during 2021. KDI also has several ongoing proof of concept (POC) agreements, where customers test and evaluate Kognitwin on individual installations.

As part of its commitment to digital twins, KDI signed a strategic cooperation agreement with FutureOn in November. FutureOn is a Norwegian software company that has developed a cloud based visualisation platform for the energy industry. The platform enables faster and more accurate decisions, especially within the design, planning and concept phase. FutureOn's technology will complement KDI's deliveries of digital twins, especially in the design and concept phase. As part of the partnership agreement, KDI has invested MUS\$ 4.5 in FutureOn.

The roll-out of Vessel Insight continues, and a number of new agreements were entered into with both vessel owners and application partners during the quarter. These included an agreement with REM Offshore and Rocktree for delivery of Vessel Insight. In addition, a new version of "Kognifai Marketplace" was launched to help ensure that Vessel Insight users have easier and better access to the various applications. By the end of Q4, KDI had signed Vessel Insight agreements for approximately 1,100 vessels, of which almost 900 were actively paying vessels. More than 60 shipowners now use Vessel Insight for all or part of their fleet. In total, these shipowners control more than 2,750 vessels, representing a considerable sales potential.

The demand for traditional maritime simulators has been negatively affected by the COVID-19 pandemic. Maritime Simulation accounted for about 35 per cent of KDI's operating revenues in 2021 and saw an overall year-on-year decrease in operating revenues compared with 2020. However, order intake for the area was 19% up on last year and developments, especially in the second half of the year, were positive. The area also saw increasing use of the application-based K-SIM Connect solution, which allows users to access the applications from their own PCs and tablets.

KEY FIGURES

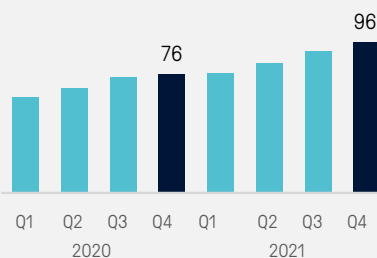
MNOK	1.10 - 31.12		1.1 - 31.12	
	2021	2020	2021	2020
Operating revenues	229	220	845	821
of this Recurring revenues*	96	76	347	278
EBITDA	(69)	(23)	(45)	34
EBITDA (%)	(30,0)	(10,4)	(5,4)	4,1
Order Intake	234	203	789	997

MNOK	31.12	30.9	31.12
	2021	2021	2020
Order backlog	932	924	977
No. of employees	718	686	565

Operating revenues



Recurring Revenues*



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

KONGSBERG has great ambitions in terms of the growth of KDI and significant investments are being made in the scaling and roll-out of new solutions and applications. In Q4 KDI strengthened its organisation with both software developers and commercial resources. This affected KDI's operating profits and it is expected that this also will continue for a time going forward.

KDI in the future

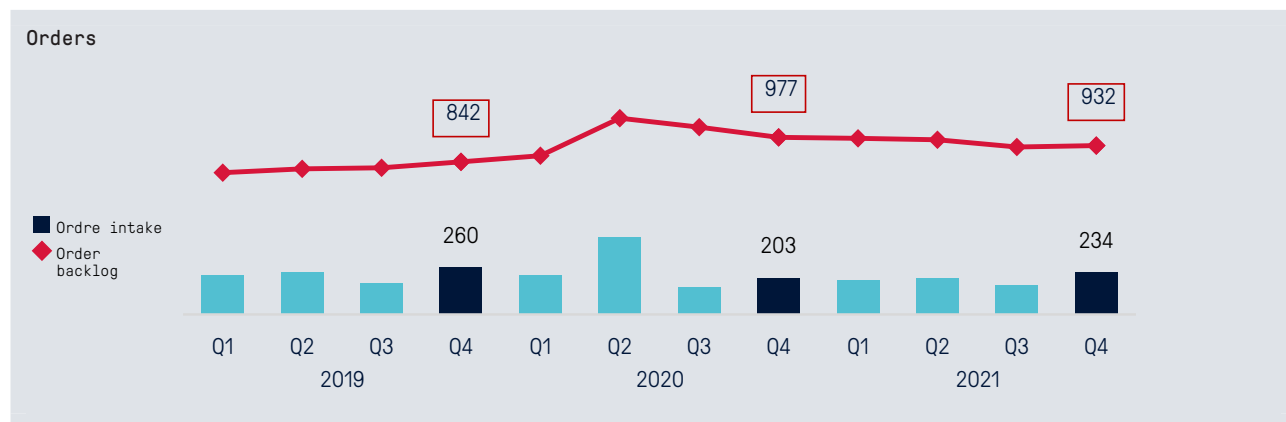
Since KONGSBERG established KDI in 2016, the business area has established itself as a leading supplier of digitisation solutions to the energy sector and maritime industry. Digitisation is an important contributor to increased efficiency and reduction of climate emissions.

The Software as a Service (SaaS) solutions Kognitwin® Energy and Vessel Insight are the most important growth drivers for KDI. In 2020 and 2021, there has been a focus on market positioning and KDI has thus increased capacity related to development, sales and delivery.

Kognitwin® Energy has been supplied to several world-leading energy companies and is operating on upstream, mid-stream and downstream facilities. Work on the delivery of multiple digital twins is being done in parallel. In the future, both the number of twins installed and their number of users will increase significantly.

Increased demands for efficiency and an increased environmental focus in the maritime vessel market are an important driver for digitisation, which in turn is an important driver for Vessel Insight. One prerequisite for digitisation is to connect vessels to the cloud and make contextualised data available. Vessel Insight makes this possible 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 is now seeing a significant improvement in the situation and several new customers were signed in the final quarter. The ambition is to significantly increase the number of Vessel Insight users in the years ahead.

The phase that KDI now finds itself in means that it is natural to assess both future partner models and other models in order to fully realise the value creation potential KONGSBERG sees for KDI. This might also include a listing on the stock exchange. For this purpose, KONGSBERG has engaged Carnegie and DNB Markets to coordinate a potential listing of KDI during 2022.





KONGSBERG has the recent years delivered positive development and proven that we are able to adapt to rapid and significant changes. The unpredictability of the Covid pandemic has forced us to think differently and resulted in a number of adaptations and changes. There is still uncertainty linked with the pandemic. We still need to plan for indirect effects such as travel restrictions, restrictions with regards to physical presence and challenges within logistics and components. This will continue to affect our working methods and will require awareness and coordination going forward.

The company's order backlog increased by NOK 13.6 billion during 2021. NOK 19.9 billion of the total order backlog will be delivered during 2022. This means that order coverage is NOK 2 billion higher than it was at the beginning of 2021. Order intake from the after-market is only included in the order backlog to a limited extent. The order backlog from our associated companies, in addition to framework agreements, are in addition to the order backlog reported. The base for further growth in 2022 are solid.

Kongsberg Maritime's markets have been challenging throughout the ongoing pandemic. Some challenges still remain, especially with regards to the access and delivery time of certain components. At the same time, contracting of new vessels increased in 2021. The order backlog when entering 2022 is NOK 13 billion, of which NOK 8.5 billion is for delivery this year. This provides a basis for growth in 2022. KM has taken considerable measures to adapt cost levels in recent years. This, coupled with overall efficiency measures, means that the business area is on track to meet its current target in terms of margin.

Kongsberg Defence & Aerospace has largely maintained operations at an almost normal level so far during the pandemic. 2021 was a record year in terms of order intake and the business area entered the new year with an order backlog of NOK 36 billion, of which NOK 11 billion is for delivery in 2022. The growth rate of the previous year is therefore expected to continue. The project mix is an important factor in the profitability of the business area. The projects that will contribute most to operating revenues in 2022 will largely be the same as in 2021 and profitability is therefore still expected at a solid level.

Kongsberg Digital increased the number of Kognitwin and Vessel Insight installations in operation in 2021 and there is a high level of market activity and increased demand for the business area's solutions. It is expected that the proportion of recurring revenues will increase to about 50 per cent in 2022. However, as a result of continued investment in increased capacity, development and roll-out of digital solutions, EBITDA and cash flow from the business area are expected to be negative. KONGSBERG has great ambitions for KDI and the area's business plan is targeting operating revenues of NOK 2,8 billion by 2025.

Overall, KONGSBERG is expecting revenues to increase and is on track to meet its targets for 2022.

Kongsberg, 10 February 2022

The Board of Kongsberg Gruppen ASA

NUMBERS & NOTES



Key figures by quarter

KONGSBERG MNOK	2021					2020					2019				
	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1	2019	Q4	Q3	Q2	Q1
Operating revenues	27 449	8 107	6 216	6 762	6 364	25 612	7 148	5 802	5 983	6 678	23 245	7 938	5 833	6 012	3 462
EBITDA	4 086	1 156	1 054	993	883	3 250	948	919	740	643	2 113	825	496	414	378
EBITDA (%)	14,9	14,3	17,0	14,7	13,9	12,7	13,3	15,8	12,4	9,6	9,1	10,4	8,5	6,9	10,9
EBIT	2 863	844	748	697	575	1 905	579	595	429	302	1 029	532	193	98	206
EBIT (%)	10,4	10,4	12,0	10,3	9,0	7,4	8,1	10,3	7,2	4,5	4,4	6,7	3,3	1,6	6,0
Share of net income associated companies	244	96	79	58	11	186	118	35	33	-	21	(2)	(9)	29	3
Order intake	40 979	12 477	15 315	5 544	7 643	28 818	11 381	4 558	6 067	6 812	31 413	6 645	11 810	9 297	3 661
Order backlog	49 535	49 535	44 918	35 781	36 867	35 947	35 947	31 748	32 935	33 342	32 347	32 347	33 306	27 177	16 786

KONGSBERG MARITIME MNOK	2021					2020					2019				
	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1	2019	Q4	Q3	Q2	Q1
Operating revenues	16 507	4 875	3 734	4 092	3 807	16 319	4 319	3 695	3 762	4 543	15 198	5 263	4 041	3 989	1 905
EBITDA	1 977	537	560	452	427	1 532	464	411	267	390	1 005	408	223	168	206
EBITDA (%)	12,0	11,0	15,0	11,1	11,2	9,4	10,7	11,1	7,1	8,6	6,6	7,8	5,5	4,2	10,8
EBIT	1 323	372	403	295	254	718	236	227	86	169	356	234	33	(46)	136
EBIT (%)	8,0	7,6	10,8	7,2	6,7	4,4	5,5	6,2	2,3	3,7	2,3	4,5	0,8	(1,2)	7,1
Share of net income associated companies	(3)	(3)	-	-	-	-	-	-	(1)	1	-	-	-	-	-
Order intake	17 936	4 778	4 864	4 220	4 074	15 925	3 822	3 439	3 850	4 813	14 427	3 858	3 345	4 917	2 306
Order backlog	13 023	13 023	12 870	11 731	11 483	11 386	11 386	11 826	12 111	12 404	11 311	11 311	12 446	12 920	5 465

KONGSBERG DEFENCE AEROSPACE MNOK	2021					2020					2019				
	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1	2019	Q4	Q3	Q2	Q1
Operating revenues	10 078	3 011	2 261	2 456	2 350	8 503	2 619	1 933	2 008	1 942	7 245	2 468	1 578	1 829	1 369
EBITDA	2 150	707	461	513	469	1 656	514	473	437	231	1 123	446	252	260	165
EBITDA (%)	21,3	23,5	20,4	20,9	20,0	19,5	19,6	24,5	21,8	11,9	15,5	18,1	16,0	14,2	12,1
EBIT	1 620	560	330	386	344	1 157	389	338	314	116	725	336	150	164	75
EBIT (%)	16,1	18,6	14,6	15,7	14,7	13,6	14,8	17,5	15,6	6,0	10,0	13,6	9,5	9,0	5,5
Share of net income associated companies	263	108	82	59	14	206	120	38	37	10	34	2	(5)	31	6
Order intake	22 221	7 452	10 303	1 120	3 346	11 891	7 348	987	1 788	1 769	16 060	2 509	8 254	4 160	1 137
Order backlog	35 632	35 632	31 189	23 145	24 470	23 477	23 477	18 757	19 658	19 977	20 146	20 146	20 027	13 433	10 519

KONGSBERG DIGITAL MNOK	2021					2020					2019				
	2021	Q4	Q3	Q2	Q1	2020	Q4	Q3	Q2	Q1	2019	Q4	Q3	Q2	Q1
Operating revenues	845	229	221	204	192	821	220	185	209	207	799	214	176	209	200
EBITDA	(45)	(69)	22	10	(9)	34	(23)	26	33	(2)	15	-	7	(2)	9
EBITDA (%)	(5,4)	(30,0)	10,1	4,9	(4,8)	4,1	(10,4)	14,1	15,6	(1,0)	1,8	(0,1)	4,0	(0,8)	4,7
EBIT	(122)	(90)	3	(8)	(28)	(22)	(44)	14	21	(14)	(28)	(10)	(5)	(12)	(1)
EBIT (%)	(14,5)	(39,3)	1,5	(4,0)	(14,4)	(2,7)	(19,8)	7,7	10,1	(6,6)	(3,5)	(4,8)	(2,8)	(5,8)	(0,5)
Order intake	789	234	165	199	192	997	203	151	428	216	884	260	174	233	218
Order backlog	932	932	924	964	972	977	977	1 034	1 083	876	842	842	809	804	783

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

Condensed income statement

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2021	2020	2021	2020
Operating revenues	5	8 107	7 148	27 449	25 612
Operating expenses	9	(6 951)	(6 200)	(23 363)	(22 362)
EBITDA	5, 13	1 156	948	4 086	3 250
Depreciation		(121)	(123)	(476)	(481)
Depreciation, leasing assets	7	(100)	(104)	(396)	(411)
Impairment of property, plant and equipment		(6)	(48)	(9)	(52)
Amortisation		(83)	(88)	(341)	(339)
Impairment of intangible assets		(2)	(5)	(2)	(60)
EBIT	5, 13	844	579	2 863	1 905
Share of net income from joint arrangements and associated companies	6	96	118	244	186
Interest on leasing liabilities	7	(31)	(35)	(132)	(142)
Net financial items	8	(8)	(11)	(53)	(93)
Earnings before tax from continuing operations (EBT)		901	652	2 922	1 855
Income tax expense	12	(183)	(87)	(632)	(374)
Earnings after tax from continuing operations		718	565	2 290	1 481
Earnings after tax from discontinued operations		-	-	-	1 451
Earnings after tax (EAT)		718	565	2 290	2 932
Attributable to:					
Equity holders of the parent		689	565	2 158	2 891
Non-controlling interests		29	-	132	41
Earnings per share (EPS) / EPS diluted in NOK					
-Earnings per share from continuing operations		3,86	3,14	12,06	8,01
-Earnings per share from continuing operations, diluted		3,86	3,14	12,06	8,01
-Earnings per share		3,86	3,14	12,06	16,08
-Earnings per share, diluted		3,86	3,14	12,06	16,08

Condensed statement of comprehensive income

MNOK	Note	1.10 - 31.12		1.1 - 31.12	
		2021	2020	2021	2020
Earnings after tax		718	565	2 290	2 932
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	27	84	120	(118)
Tax effect cash flow hedges		(6)	(18)	(26)	26
Translation differences currency		(49)	(361)	(202)	76
Total items to be reclassified to profit or loss in subsequent periods		(28)	(295)	(109)	(16)
<i>Items not to be reclassified to profit or loss:</i>					
Actuarial gains/losses pensions		(145)	(167)	(145)	(167)
Tax effect on actuarial gain/loss on pension		32	37	32	37
Total items not to be reclassified to profit or loss		(113)	(131)	(113)	(131)
Comprehensive income		578	139	2 069	2 785

Condensed statement of financial position

		31.12	30.9	31.12
<i>MNOK</i>	<i>Note</i>	<i>2021</i>	<i>2021</i>	<i>2020</i>
Property, plant and equipment		3 901	3 793	3 665
Leasing assets	7	1 715	1 735	1 965
Intangible assets	9	5 039	5 093	5 196
Shares in joint arrangements and associated companies	6	3 609	3 427	3 465
Other non-current assets		421	437	516
Total non-current assets		14 686	14 484	14 808
Inventories		4 306	4 157	4 132
Trade receivables		4 518	6 192	5 542
Customer contracts, asset	8	6 518	6 295	5 783
Derivatives	8	545	493	964
Other short-term receivables		620	551	580
Cash and cash equivalents		8 118	6 545	7 420
Total current assets		24 624	24 234	24 422
Total assets		39 310	38 718	39 230
Issued capital	4	5 932	5 932	5 933
Retained earnings		7 084	6 489	6 754
Other reserves		453	480	559
Non-controlling interests		149	150	55
Total equity		13 618	13 052	13 301
Long-term interest-bearing loans	8	2 450	2 453	1 971
Long-term leasing liabilities	7	1 500	1 531	1 753
Other non-current liabilities and provisions	3	2 577	2 688	2 509
Total non-current liabilities and provisions		6 528	6 672	6 233
Customer contracts, liabilities	8	11 787	11 846	11 217
Derivatives	8	378	412	546
Short-term interest-bearing loans	8	-	500	1 500
Short-term leasing liabilities	7	380	361	339
Other current liabilities and provisions	3	6 620	5 876	6 094
Total current liabilities and provisions		19 164	18 994	19 696
Total equity, liabilities and provisions		39 310	38 718	39 230
Equity ratio (%)		34,6	33,7	33,9
Net interest-bearing debt		(5 668)	(3 593)	(3 949)

Condensed statement of changes in equity

		31.12 2021	30.9 2021	31.12 2020
MNOK	Note			
Equity opening balance		13 301	13 301	12 810
Other comprehensive income		2 069	1 491	2 785
Dividends paid		(1 425)	(1 425)	(450)
Additional dividend paid		-	-	(1 800)
Share buy-back related to share buy-back programme		(72)	(50)	(29)
Transactions with treasury shares related to employee share programme		(62)	(62)	(15)
Capital reduction		(196)	(196)	-
Dividends, non-controlling interests		(5)	(5)	-
Purchase/sale, in non-controlling interests		-	(1)	-
Equity closing balance		13 618	13 052	13 301

Condensed cash flow statement

<i>MNOK</i>	<i>Note</i>	1.10 - 31.12		1.1 - 31.12	
		2021	2020	2021	2020
EBITDA		1 156	948	4 086	3 250
EBITDA from discontinued operations		-	-	-	40
Change in net current assets and other operations-related items		1 533	712	884	(539)
Net cash flow from operating activities		2 689	1 660	4 970	2 751
Dividend from joint arrangements and associated companies		-	-	147	130
Purchase/disposal of property, plant and equipment		(226)	(144)	(554)	(506)
Investment in subsidiaries and associated companies		(78)	-	(85)	(59)
Investment in financial assets		(39)			
Proceeds from sale of business		47	(126)	47	3 051
Capitalised internal developed/ purchase of intangible assets (R&D)	9	(65)	(37)	(215)	(224)
Net cash flow from investing activities		(360)	(307)	(698)	2 392
Net change interest-bearing loans		(503)	-	(1 021)	(617)
Payment of principal portion of lease liabilities	7	(91)	(85)	(357)	(342)
Interest paid		(18)	(21)	(76)	(102)
Interest paid on leasing liabilities	7	(31)	(35)	(132)	(142)
Interest income	7	12	12	45	57
Net payment related to employee share programme		-	-	(91)	(51)
Share buy-back related to share buy-back programme		(100)	(29)	(317)	(29)
Dividends paid to equity holders of the parent		-	-	(1 440)	(450)
- of which dividends from treasury shares		-	-	15	2
Additional dividend		-	(1 800)	-	(1 800)
Settlement of cross-currency swaps	8	(2)	-	(116)	-
Net cash flow from financing activities		(734)	(1 958)	(3 490)	(3 474)
Effect of changes in exchange rates on cash and cash equivalents		(23)	(73)	(84)	97
Net change in cash and cash equivalents		1 572	(678)	697	1 766
Cash and cash equivalents at the beginning of the period		6 545	8 098	7 420	5 654
Cash and cash equivalents at the end of the period		8 118	7 420	8 118	7 420

Note 1 | General information and principles

General information

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

Principles

Interim financial statements are compiled in accordance with IAS 34 (interim reporting), stock exchange regulations and the additional requirements of the Securities Trading Act. Interim financial statements do not include the same amount of information as the full financial statements and should be read in the context of the consolidated financial statements for 2020. The consolidated financial statements for 2020 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 2020 are available on www.kongsberg.com.

The interim financial statement has not been audited.

Note 2 | New standards as from 1.1.2021

The accounting principles used in the quarterly report are the same principles as those applied to the consolidated financial statements for 2020, with the exception of changes to IFRS 9, IFRS 7 and IFRS 16 regarding amendments to new interest-rate benchmarks, which was implemented 1 January 2021. The implementation of the changes has not had any significant effect on the consolidated financial statements.

Note 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 2020 consolidated financial statements was compiled.

Note 4 | Capital reduction in Q2 2021 and share buy-back in Q4 2021

KONGSBERG's Annual General Meeting resolved on 6 May 2021 to reduce the company's share capital by NOK 1, 445, 773.75 from NOK 224,987,581.25, through cancellation and redemption of 1, 156, 619 shares. Following the capital reduction, the share capital of KONGSBERG is NOK 223, 541, 807.50 divided into 178, 833, 446 shares of NOK 1,25 each.

As earlier communicated in the stock exchange notification on 19 May 2021 Kongsberg Gruppen ASA ("KONGSBERG") has put in place a non-discretionary agreement with Danske Bank for the repurchase of KONGSBERG shares for up to NOK 200 million in the market. The share repurchases started 16th of August 2021. KONGSBERG has in Q4 repurchased 373 150 shares equivalent to a value of MNOK 100. At the end of the Q4 KONGSBERG owned 613 987 shares.

Note 5 | Segment information

	OPERATING REVENUES				EBITDA				EBIT			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
KM	4 875	4 319	16 507	16 319	537	464	1 977	1 532	372	236	1 323	718
KDA	3 011	2 619	10 078	8 503	707	514	2 150	1 656	560	389	1 620	1 157
Other ¹⁾	221	209	864	790	(89)	(31)	(41)	62	(88)	(45)	(80)	30
Group	8 107	7 148	27 449	25 612	1 156	948	4 086	3 250	844	579	2 863	1 905

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>	2021	2020
Divisions		
Global customer support & Services	7 886	7 407
Integrated Solutions	3 807	4 095
Sensor & Robotics	2 736	2 689
Propulsion & Engines	2 553	2 529
Deck Machinery	887	803
Other/elimination	(1 360)	(1 203)
Kongsberg Maritime	16 507	16 319
Land Systems	3 053	2 625
Integrated Defence Systems	3 105	2 416
Aerostructures	2 367	2 101
Missile Systems	1 688	1 331
Space & Surveillance	692	586
Other/elimination	(827)	(556)
Kongsberg Defence & Aerospace	10 078	8 503

The table shows the anticipated date on which remaining performance obligations as of 31 December 2021 are recognised as income:

<i>MNOK</i>	2021			2020		
	Date of revenue recognition			Date of revenue recognition		
	Order backlog 31.12.21	2022	2023 and later	Order backlog 31.12.20	2021	2022 and later
Kongsberg Maritime	13 023	8 506	4 517	11 386	8 328	3 058
Kongsberg Defence & Aerospace	35 632	10 877	24 755	23 477	9 023	14 454
Other/elimination	879	488	391	1 084	621	464
Total	49 535	19 872	29 664	35 947	17 972	17 975

Note 6 | Shares in joint arrangements and associated companies

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

<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 31.12	Share of net income 1.10 - 31.12
Patria Oyj	49,9 %	2 841	-	(84)	150	(60)	2 846	93
Kongsberg Satellite Services AS	50,0 %	557	-	(63)	133	-	628	28
Other shares		68	107	(1)	(40)	-	134	(25)
Total		3 465	107	(147)	244	(60)	3 609	96

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

Share of net result from Patria:

<i>Millions</i>	1.10 - 31.12		1.1 - 31.12	
	2021	2020	2021	2020
KONGSBERG's share (49,9%) ¹⁾	98	112	166	132
Amortisation of excess values after tax	(5)	(9)	(16)	(25)
Share of net income recognised in KDA for the period	93	103	150	108

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

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

<i>MNOK</i>	Share of net income				Dividend			
	1.10 - 31.12		1.1 - 31.12		1.10 - 31.12		1.1 - 31.12	
	2021	2020	2021	2020	2021	2020	2021	2020
KM	(3)	-	(3)	-	-	-	-	-
KDA	108	120	263	206	-	-	147	130
Other	(10)	(2)	(17)	(20)	-	-	-	-
Group	96	118	244	186	-	-	147	130

Note 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 2021	1 965
Addition	47
Depreciation Q1	(98)
Translation differences	(16)
Opening balance 1 April 2021	1 899
Addition	5
Disposal	(4)
Depreciation Q2	(99)
Translation differences	4
Opening balance 1 July 2021	1 805
Addition	27
Depreciation Q3	(99)
Translation differences	3
Inngående balanse 1 October 2021	1 735
Addition	83
Depreciation Q4	(100)
Translation differences	(3)
Closing balance 31 December 2021	1 715

	31.12.2021	30.9.2021	31.12.2020
Leasing assets	1 715	1 735	1 965
Long-term leasing liabilities	1 500	1 531	1 753
Short-term leasing liabilities	380	361	339

IFRS 16 effects on condensed income statement in the period:

	1.10 - 31.12		1.1 - 31.12	
	2021	2020	2021	2020
Returned rental cost earlier included in EBITDA	123	120	489	484
Profit/Loss on disposed leases	(1)	-	-	-
Increased EBITDA in the period	123	120	489	484
Depreciation on leases	(100)	(104)	(396)	(411)
Increased EBIT in the period	23	17	93	73
Interest cost on leasing liabilities for the period	(31)	(35)	(132)	(142)
Reduced EBT in the period	(9)	(18)	(39)	(69)

Note 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 2,300 and an overdraft credit facility of MNOK 500. Neither were utilised.

Interest-bearing loans:

			31.12.2021	31.12.2020
MNOK	Due date	Nominal interest rate	Value ¹	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	2,02%	500	500
Bond issue KOG14 - floating interest rate	26.02.2026	1,66%	500	-
Other long-term loans ²			-	21
Total long-term loans			2 450	1 971
Short-term loans:				
Bond issue KOG08 - floating interest rate ³			-	1 000
Bond issue KOG12 - floating interest rate ⁴			-	500
Other short-term loans			-	-
Total short-term loans			-	1 500
Total interest-bearing loans			2 450	3 471
Syndicated credit facility (unutilised borrowing limit)	15.03.2023		2 300	2 300
Overdraft facility (unutilised)			500	500

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

² Other long-term loans consisted of minor loans in some of the Group's subsidiaries.

³ The bond issue KOG08 was repaid at due date 02.06.2021.

⁴ The bond issue KOG12 was repaid at due date 06.12.2021.

Forward exchange contracts

Fair value of balances classified as cash flow hedges, as shown in the condensed statement of comprehensive income, increased by MNOK 120 before tax during the period 1 January – 31 December 2021. The change in fair value of forward exchange contracts accounted for an increase of MNOK 41. The total change in net fair value of fair value hedges represented a decrease of MNOK 441 from the end of last year. The end-of-quarter spot prices were USD/NOK 8.81, EUR/NOK 10.01 and GBP/NOK 11.91.

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 31.12.21	Value in NOK on agreed rates	Fair value at 31.12.21	Value in NOK on agreed rates	Change in fair value from 31.12.20	Fair value at 31.12.21
USD	(404)	(23)	384	(15)	(20)	31	(38)
EUR	194	7	(101)	(4)	93	11	3
Other	(17)	-	(42)	(2)	(59)	(1)	(2)
Sum	(227)	(16)	241	(21)	15	41	(37)
Roll-over of currency futures		(30)		(45)		45	(75)
Total	(227)	(47)	241	(66)	15	86	(112)

Forward exchange contracts cash flow hedges, assets	28
Forward exchange contracts cash flow hedges, liabilities	65
Net forward exchange contracts cash flow hedges	(37)

Fair value is referring to the net present value of the variance between the revaluated forward rate at 31 December 2021 and the forward rate at the time of entering the forward exchange contract.

The change in the fair value of cash flow hedges recognized in the statement of comprehensive income is MNOK 120, while the table above show a change in fair value of MNOK 86 since year end 2020. The difference between these two amounts of MNOK 34 was ascribable to a change in fair value of cross-currency swaps of MNOK 45 and revers of fair value of terminated currency options with net MNOK -11.

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 31.12.21	Value in NOK on agreed rates	Fair value at 31.12.21	Value in NOK on agreed rates	Change in fair value from 31.12.20	Fair value at 31.12.21
USD	5 313	8	1 279	(26)	6 592	(424)	(19)
EUR	3 207	78	2 364	108	5 571	91	186
GBP	100	4	962	(6)	1 062	(18)	(2)
Other	490	9	253	15	742	(90)	24
Total	9 109	99	4 858	89	13 968	(441)	188

Forward exchange contracts fair value hedges, assets	500
Forward exchange contracts fair value hedges, liabilities	312
Net forward exchange contracts fair value hedges	188

The net value of fair value hedges is recognized as derivatives in the statement of financial position, offset against customer contracts, assets by MNOK 236 (decrease) and customer contracts, liabilities by MNOK -48 (decrease).

Specification of derivatives:

	31.12	30.9	31.12
<i>MNOK</i>	2021	2021	2020
Forward exchange contracts, cash flow hedges	28	22	23
Forward exchange contracts, fair value hedges	500	468	924
Cross-currency swaps	17	3	-
Currency options	-	-	17
Total derivatives, current assets	545	493	964
Forward exchange contracts, cash flow hedges	65	91	101
Forward exchange contracts, fair value hedges	312	320	295
Cross-currency swaps	-	-	144
Currency options	-	-	6
Total derivatives, current liabilities	377	412	546

Note 9 | Product development

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

	1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2021	2020	2021	2020
Product maintenance	136	122	451	414
Development cost	301	302	1 056	939
Total	437	424	1 507	1 353

Capitalised development recognised during the period:

	1.10 - 31.12		1.1 - 31.12	
<i>MNOK</i>	2021	2020	2021	2020
Capitalised development	64	37	214	223

In the consolidated statement of financial position as of Q4 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.

Note 10 | Related parties

The Board is not aware of any changes or transactions in Q4 associated with related parties that in any significant way have an impact on the Group's financial position and profit for the period.

Note 11 | Important risk and uncertainty factors

The Group's risk management is described in the 2020 annual report. No new risk and uncertainty factors emerged during this quarter.

Note 12 | Tax

The income tax expense per Q4 was calculated to be 21.6 per cent of earnings before tax. The income tax expense was affected by previously unrecognised tax losses and income from associates recognised after tax, partially offset by tax adjustments in respect of prior years and permanent differences.

Note 13 | Definitions

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 2020 financial statements. The same applies to EBIT.

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

Integration costs are those associated with integrating Commercial Marine into Kongsberg Maritime.

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

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

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

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

Working capital is calculated as follow:

	31.12 2021	30.9 2021	31.12 2020
<i>MNOK</i>			
Current assets	24 624	24 234	24 422
Current liabilities and provisions	(19 164)	(18 994)	(19 696)
<i>Adjusted for:</i>			
Cash and cash equivalents	(8 118)	(6 545)	(7 420)
Short-term interest-bearing loans	(0)	500	1 500
Short-term leasing liabilities	380	361	339
Net tax payable	180	77	66
Financial instruments classified as cash flow hedges	96	124	332
Working capital	(2 003)	(244)	(458)

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.

