

The background of the image is a high-angle aerial photograph of a coastal road. The road starts from the bottom right, curves upwards and to the left, then continues straight towards the horizon. It is surrounded by lush green fields and a body of water with a visible greenish-blue gradient. The sky above is a deep, solid blue.

ANNUAL REPORT

2022





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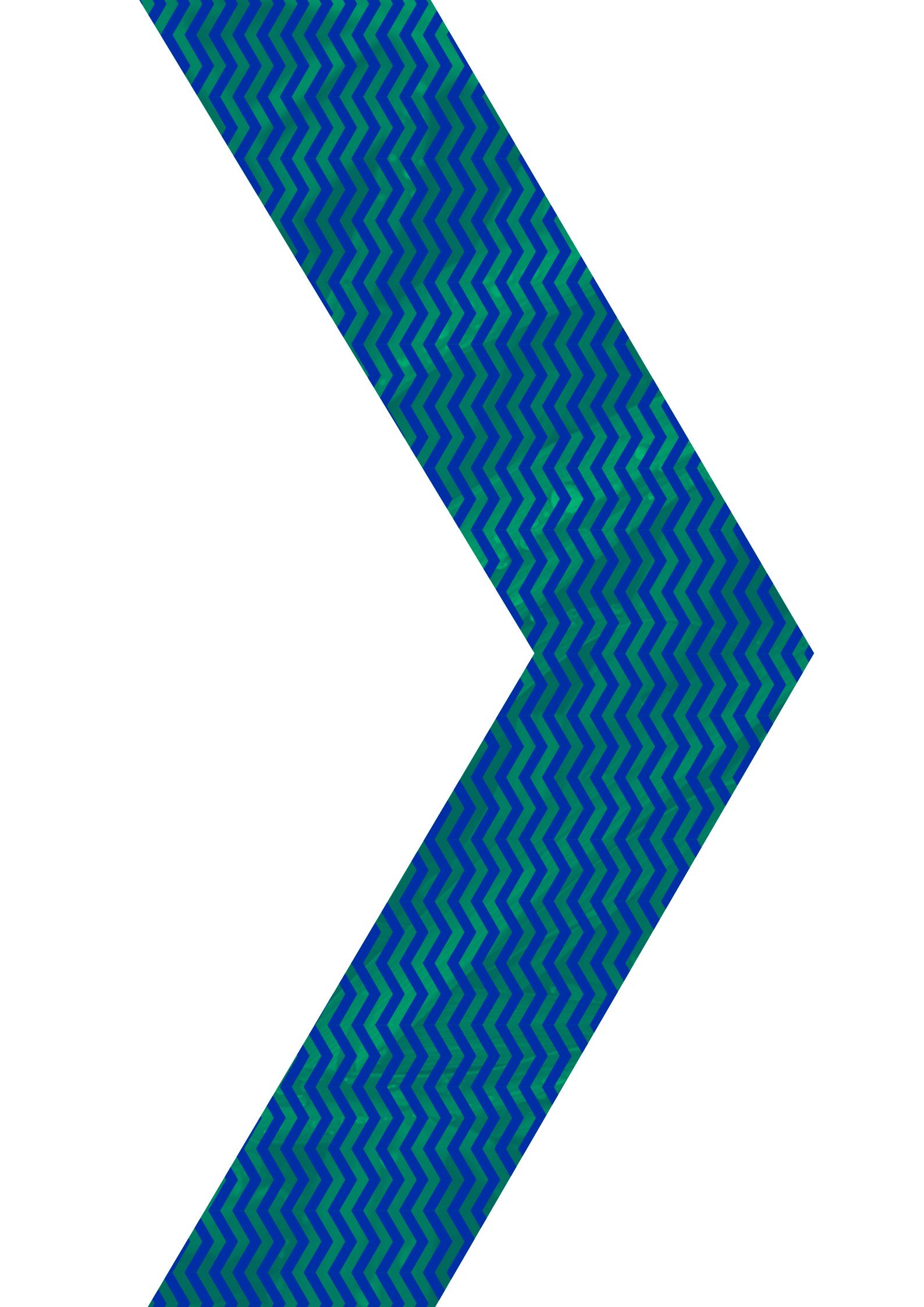
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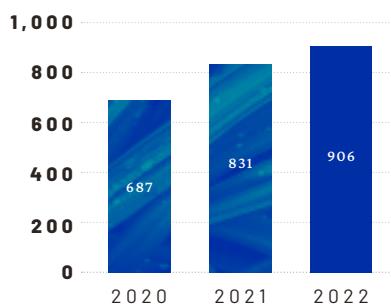
A close-up photograph of several green grass blades. The blades are densely packed and curve slightly. Numerous small, clear water droplets are scattered across the surface of the grass, reflecting light. The background is dark and out of focus, making the green grass stand out.

KEY FIGURES

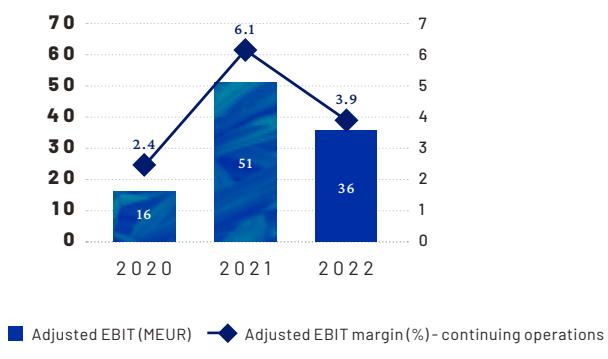


KEY FIGURES GROUP

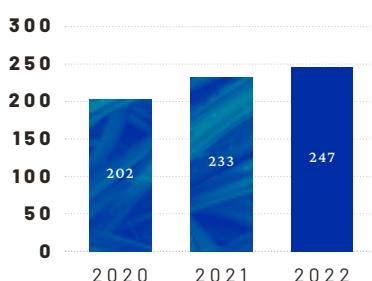
REVENUES MEUR



ADJUSTED EBIT* AND MARGIN



BUSINESS WINS MEUR annual sales



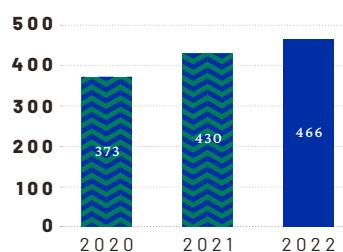


KEY FIGURES

BUSINESS SEGMENTS

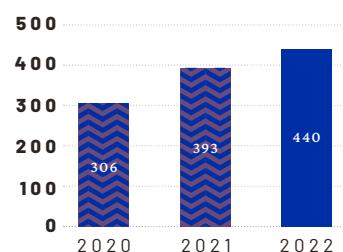
POWERTRAIN & CHASSIS

REVENUES MEUR

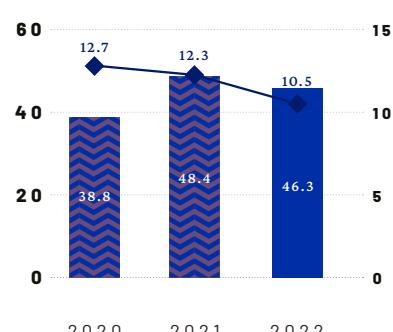
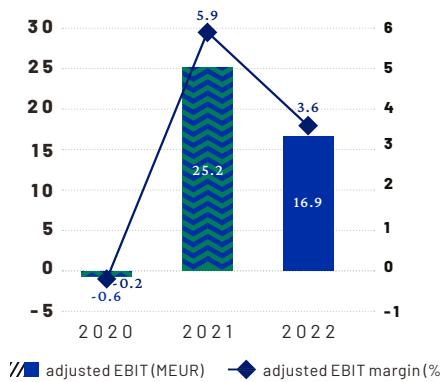


SPECIALTY PRODUCTS

REVENUES MEUR



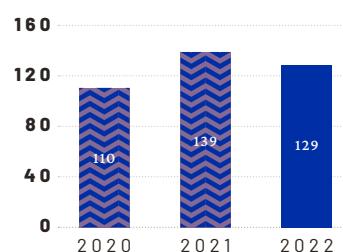
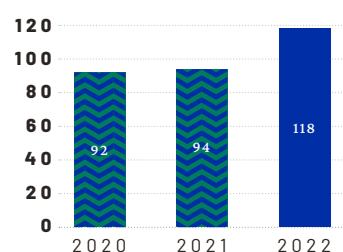
ADJUSTED EBIT* AND MARGIN



■ adjusted EBIT(MEUR) ◆ adjusted EBIT margin(%)

* Refer to the Alternative Performance Measures section

BUSINESS WINS MEUR annual sales (undiscounted)



DEAR KONGSBERG AUTOMOTIVE SHAREHOLDERS

Despite the extremely adverse market environment, Kongsberg Automotive (KA) managed to deliver on its final guidance, while staying on course in its transformation program.

2022 was another year full of surprises on multiple fronts. On the one hand, the year was still marked by the long-term economic effects of COVID, intensified due to the lockdowns in China in early 2022 and the policy turnaround towards reopening by the end of the year. On the other hand, KA felt the impact of the war in Ukraine, which drove inflation and costs for raw materials further up.

As a result of these challenges, customer demand declined and many automotive companies continued to operate at, or near, recessionary levels. All of this has led to revised forecasting in the industry—leading forecasting companies had predicted the global passenger vehicle market to reach 83 million vehicles in 2022. The actual result was 1.8% lower globally and dropped by 18% in the recessionary EU. However, overly unexpected and far-reaching was the significant impact on the attractive commercial vehicle market. China's market dropped temporarily by a stunning 47% in an area where we are well-positioned.

With a large footprint in the industry, KA has certainly been impacted as well. Nevertheless, considering all these challenges KA faced during 2022, we are satisfied with achieving the final guidance provided in Q3 with revenues of EUR 905.6 million and adjusted EBIT of EUR 35.6 million.

Three major reasons made a decisive contribution to this positive outcome: Firstly, our growth engine continues to deliver, as KA was able to outperform the market once again, which provides an important tailwind. While global vehicle production increased by approximately 5%, our currency- and portfolio-adjusted sales increased by 3.0 % net and 8.9% gross. This further emphasizes the loyalty of our well-respected customer base and the strength of KA's strategic course regarding our future product portfolio.

Secondly, Gear I of the Shift Gear program, our continuous improvement program, performed well again in its second year. Despite the additional cost burdens and the fact that we sold our Canadian Powersports operations, an overall profitable business, KA's highly motivated employees managed to deliver a solid adjusted EBIT margin of 3.9% for the year.

Thirdly, the net proceeds out of our strategic divestments allowed us to further reduce debts and interest payments. We were able to significantly deleverage the company and strengthen our liquidity position as the strategic divestments paid off. KA is happy to share that our equity ratio rose to 35.2%, while our gearing ratio is down to a healthy 0.8 with liquidity of EUR 212.9 million. This, in addition to an undrawn RCF and securities totaling EUR 75.0 million, provides us with a greater flexibility for further operational and strategic action for growth.



SHIFT GEAR HAS BECOME MORE AND MORE INGRAINED IN THE COMPANY'S DNA, GENERATING FURTHER IMPROVEMENT IDEAS.

GEAR I OF THE SHIFT GEAR PROGRAM: OPERATIONAL EXCELLENCE AND PERFORMANCE

2022 began with the first signs of improvement, such as slightly relaxed logistics, decreasing material prices, and better access to material. However, the latter part of the year remained volatile. High raw material prices and energy costs persisted. On top of that, we faced the worst cost inflation seen in decades, which initially impacted our profitability.

However, our biggest challenge is related to the ongoing situation in China, with the unpredictable, volatile, and large drop in the production schedules for commercial vehicles, which substantially challenged our operational efficiency.

Thanks to Gear I of the Shift Gear program, KA was able to partly offset those impacts, albeit not completely. Shift Gear has become more and more ingrained in the company's DNA, generating further improvement ideas. All five workstreams in Gear I, from Commercial to Operational to Overhead Excellence, contributed. We were successful in our timely initiated negotiations with customers regarding adjustments that compensated for the inflation-driven high raw material cost. However, they could not compensate entirely for the additional operational costs incurred by overtime and freight to provide the flexibility required by our customers during the crisis.

Segment performance

Our two business segments, Powertrain & Chassis (P&C) and Specialty Products (SPP), are growing, despite facing diverse market dynamics. P&C grew by 2.4% (currency adjusted) and by 8.4%, including positive currency translation effects. SPP grew by a remarkable 5.8% on a constant currency basis and 11.8% when including currency effects. This is despite the sale of the Powersports business to BRP. Both business segments were able to regain momentum in the passenger vehicle area in the United States (US) and truck market in the US and the EU, while revenues in China dropped significantly due to the market downturn.



Additionally, P&C has been significantly impacted by the increase in raw material costs and energy prices. SPP's Couplings and Fluid Transfer System (FTS)* business units suffered due to the increased cost of resin and brass as well as the volatility in the supply chain. With our Shift Gear program, we mitigated those fluctuations. This positively impacted SPP, where we saw a steady turnaround in Q1 2022, while P&C started to turn in Q4 2022.

New business wins

Our Sales & Business Development teams won an aggregate EUR 760.2 million in lifetime revenue sales, which was satisfactory considering the divested Powersports business. We are particularly proud of the business wins in the P&C segment, as we developed future-oriented stalk shifters for EV applications and entered the Korean market with shift-by-wire applications for EV trucks. SPP achieved outstanding new business wins in Asia, specifically in industrial and EV applications. We could thereby further strengthen our future footprint in the Asia-Pacific region in both EV and CV applications. This makes an important contribution towards KA's ambition to become a double-digit EBIT company in the long run.

GEAR II OF THE SHIFT GEAR PROGRAM:

STRATEGIC PORTFOLIO OPTIMIZATION

As reported in our previous earnings calls, we could successfully close all our strategic divestments in 2022, which provided us with a comfortable liquidity base. With the sale of the Interior Comfort Systems and Light-Duty Cables business units, we have continued on our path to reduce our exposure in the commodity-driven passenger vehicle segment to increase our focus on on-highway, industries, and off-highway areas.

As a part of Gear II of the Shift Gear program, we are continuously adding to our innovation pipeline. Our new High Performance Couplings (HPC) products are ready to promote, and our brand new Firtree Technology as well as electrical actuators for EV application make us confident that we will further unlock revenue in profitable target

areas in Asia and the US, as well as other niches. Additionally, the system approach on the Thermal Management System (TMS) is also developing positively.

GEAR III OF THE SHIFT GEAR PROGRAM: SUSTAINABILITY

KA's sustainability program remains ambitious but stays the course. We have on-boarded additional experts to help us on our path towards a carbon neutral product company by 2039 and purchase of 100% renewable energy by 2030. Moreover, we could reduce our energy consumption and intensity by 2.7%, despite an increase in production and revenue growth. Our Sustainability Report will be published in Q2 2023 and will contain more details.

OUTLOOK FOR 2023

We are aware of the global challenges the industry is facing, which will likely carry over into 2023. The effect on operations is underlined by significant revenue drops in China in January and February of this year. We are cognizant of entering into 2023 in a challenging spot; without a strong EBIT and cash contribution from the KA's divested Powersports business, we must build our EBIT from a lower level this year.

Therefore, we will continue on our successful path into the third consecutive year of the Shift Gear program to become second to none in everything we do, following our transformation roadmap. We will strive to build a stronger competitive position going forward, both in operations and strategy.

In 2023, our focus will be on four major programs: Improvements to operational variance, countermeasures to the long-term economic effects of COVID, efficiency increases in KA's overhead functions by optimized processes and costs, and the launch of new innovations with a strong focus on profitable growth while generating additional shareholder value.

To support this roadmap, we have continued with structural improvement decisions, which went live in January 2023. Specifically, we have centralized our Sales &



WE WILL CONTINUE ON OUR SUCCESSFUL PATH INTO THE THIRD CONSECUTIVE YEAR OF THE SHIFT GEAR PROGRAM TO BECOME SECOND TO NONE IN EVERYTHING WE DO.

Business Development department and have merged two business units – Couplings and FTS – to create the new Flow Control Systems business unit.

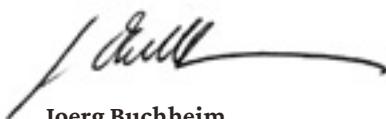
This year, KA and the Board of Directors has decided to launch a strategic review of the company in order to unlock the full value potential. I really believe that such a process will be in the best interest of our company, employees and shareholders.

In closing, I would like to thank all our stakeholders for their passion, dedication, and resilience in this challenging period. In particular, I would like to extend my gratitude to our employees and suppliers for their relentless efforts, our Board of Directors for their judicious advice, our customers for their ongoing commitment, as well each individual shareholder for their patience and loyalty.

2022 has not been an exciting year for automotive stocks. The STOXX Europe 600 Automobiles & Parts went down year-on-year by 19.4%, while the Nasdaq OMX Global Automotive Index dropped by 33.66% in the same period. KA was naturally affected, but with a somewhat limited drop of 15.8%. We found the levels unattractive, and therefore initiated our share buy-back program of up to 10% of total outstanding shares.

I am looking forward to the road ahead and to creating shareholder value in the years to come.

Sincerely,



Joerg Buchheim
President & CEO

** In Q4, 2022, KA merged the Couplings and Fluid Transfer Systems business units, creating the new Flow Control Systems (FCS) business unit. Since reporting for Flow Control Systems comes into effect in January 2023, this report treats Couplings and Fluid Transfer Systems (FTS) as two separate business units.*



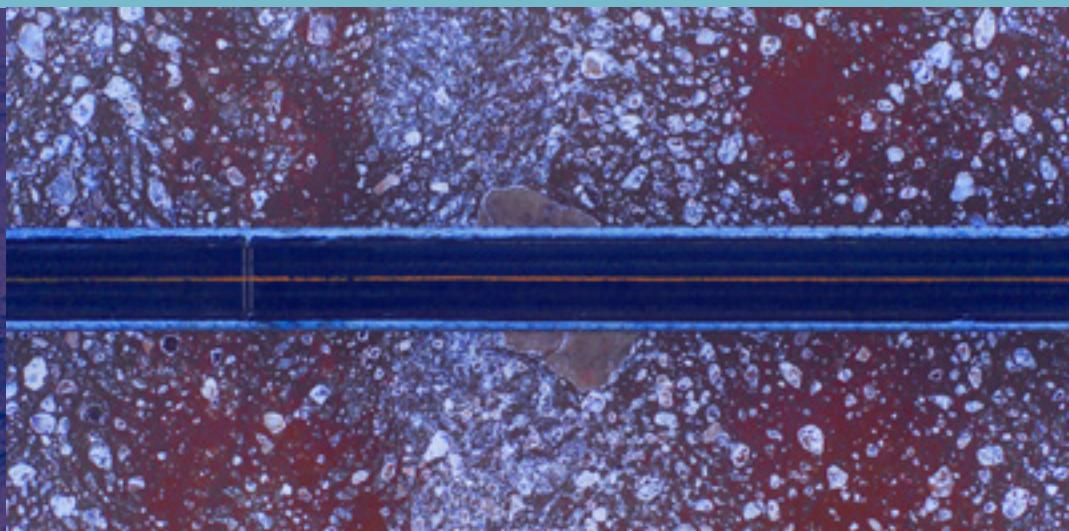


KONGSBERG AUTOMOTIVE AT A GLANCE

VISION AND MISSION

VISION:

**WE DRIVE
THE GLOBAL
TRANSITION TO
SUSTAINABLE
MOBILITY**



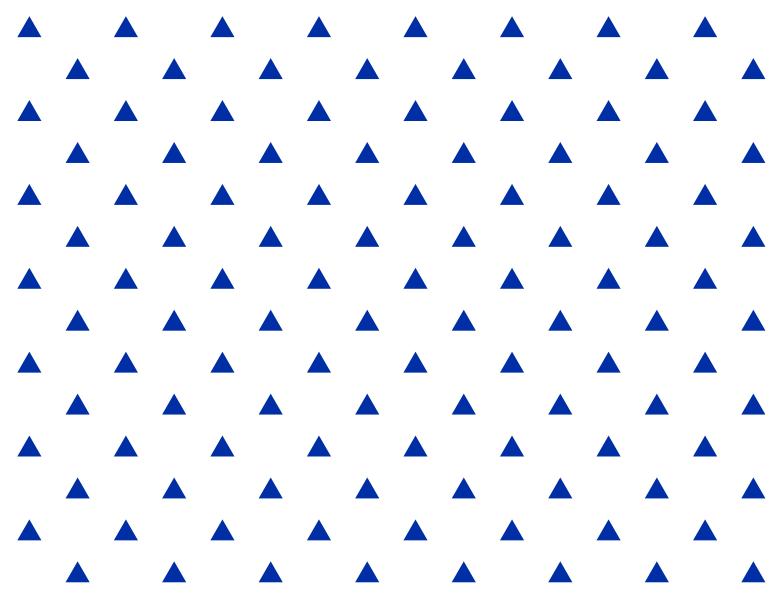
MISSION:

**ON OUR PATH TO BECOMING A TRUE
GLOBAL LEADER, WE PUT ENGINEERING,
SUSTAINABILITY, AND INNOVATION
INTO PRACTICE.**

WE SEEK TO CONSTANTLY IMPROVE OUR PRODUCTS, LEVERAGE OUR EXPERIENCE IN CUTTING-EDGE ENGINEERING AND WIDEN OUR SCOPE TO FIND NEW SOLUTIONS AND TECHNOLOGIES THAT MAKE MOBILITY SAFER AND CLEANER.

OUR AMBITION IS TO BE SECOND TO NONE IN ALL WE DO. THIS IS HOW WE UNLOCK GROWTH POTENTIAL AND CREATE SUBSTANTIAL VALUE FOR OUR CUSTOMERS, OUR EMPLOYEES, AND SHAREHOLDERS.

WE TAKE RESPONSIBILITY AS A STRONG GLOBAL TEAM. WE ARE COMMITTED TO MAKING A DIFFERENCE BY DEVELOPING OUR SKILLSET AND DELIVERING EXCELLENT PRODUCTS.



KA'S ORGANIZATIONS

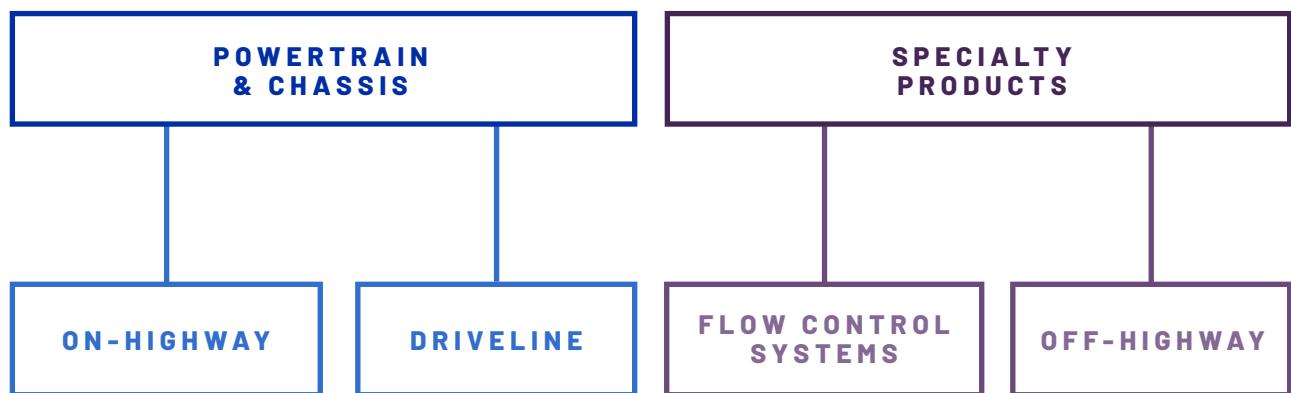
To align the organizational structure with the opportunities and challenges of our markets, Kongsberg Automotive (KA) has organized its businesses into two segments — Powertrain & Chassis (P&C) and Specialty Products.

The P&C business segment is comprised of the Driveline and On-Highway business units, while the business units under the Specialty Products business segment had been Couplings, Fluid Transfer Systems (FTS), and Off-Highway until Q3 2022.

In Q4 2022, KA merged two of its existing business units (Couplings and FTS) to create the new Flow Control

Systems (FCS) business unit, to come into effect for reporting from January 2023.

With this merger, KA becomes a systems supplier. The know-how of Couplings and FTS are combined, creating synergies in cost and growth, and boosting innovation capabilities. This provides additional opportunity to unlock new markets, customers, niches, and regions.



A PLACE IN HISTORY

THE STORY OF KONGSBERG AUTOMOTIVE IS OF ORDINARY PEOPLE CREATING AN EXTRAORDINARY COMPANY.

Its origins trace back to the historic Norwegian defense contractor Kongsberg Våpenfabrikk. The first commercial auto parts to be produced and delivered were brakes and drive shafts for Volvo in the late 1950s. Since then, Kongsberg Automotive has developed from a Scandinavian auto parts supplier to a global leader in one of the most competitive and complex industries in the world.

1957

KONGSBERG
VÅPENFABRIKK
STARTS PRODUCTION
OF BRAKES FOR
VOLVO TRUCKS





1995

LISTED ON
**OSLO STOCK
EXCHANGE**



2004

ACQUISITION OF
COUPLINGS PRODUCER
RAUFOSS UNITED



2008

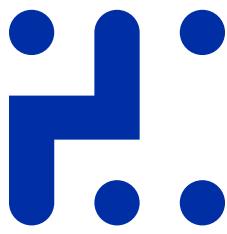
ACQUISITION OF
TELEFLEX GMS
(SYSTEMS FOR GEAR
SHIFT, SEAT COMFORT,
AND FLUID SYSTEMS)



2021

LAUNCH OF
**SHIFT GEAR
TRANSFORMATION
PROGRAM**





SHIFT GEAR

Kongsberg Automotive (KA) launched its Shift Gear program in 2021, with the aim of unlocking the company's full potential in terms of operations, strategy, and sustainability. The program is therefore clustered into three packages called Shift Gear I-III, described in more detail below. All measures clearly aim at sharpening KA's future competitive edge as well as maximizing value for the company's employees, customers, and shareholders.

In 2021, for example, Gear I of the Shift Gear program, achieved operational improvements of more than EUR 70 million. This was a result of the measures taken to counter the negative market effects, while securing profitability and the sustainable upgrade of processes. 2022 presented a wide range of market challenges, including the supply chain crisis, the semiconductor shortage, raw material, and energy price increases as well as global inflation.

KA has been able to accelerate the Gear I of the Shift Gear program, saving more than EUR 100 million in the process. KA was able to overcome the 2022 market obstacles and continues to provide customers with the same high-quality products and level of services.

As mentioned above, the Shift Gear program focuses on three major areas: Gear I: Operational Excellence and Performance, Gear II: Strategic Portfolio Optimization, and Gear III: Sustainability. The core of the program is its measurement and performance tracking system. In strict meeting cadences, clear targets are defined. This creates accountability to ensure the implementation of all initiatives, allowing KA to unlock the maximum potential for the year.

The dedicated cross-functional and cross-departmental teams are focused on improving profitability by increasing efficiency at all KA plants, optimizing cost structures, and pursuing an active price management strategy.

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GEAR I: OPERATIONAL EXCELLENCE AND PERFORMANCE

Gear I of the program focuses on dedicated cost management within the areas of operations, administration, engineering, and investment. It is subdivided into five core workstreams: Commercial Excellence, Direct and Indirect Purchasing, Operations, Cost Improvement, and Cash Management.

In 2022, KA focused on operational excellence and customer and supplier negotiation strategies. It also executed the semiconductor spot-buy policy, which was rolled out in 2021. In total, KA's global production sites implemented more than 370 operational Continuous Improvement Process (CIP) initiatives.

Looking ahead to 2023, KA is enhancing its effort into establishing new tools and processes that will continue to increase transparency. This will lead to greater efficiency by simplifying processes and, consequently, to faster response times for our customers.

As the dynamic market environment and the challenges continue into 2023, KA prioritizes Gear I to ensure the bottom-line budget stays on target.



GEAR II: STRATEGIC PORTFOLIO OPTIMIZATION

In Gear II, KA defined a clear strategic roadmap for each business and focused on profitable products. KA is therefore identifying niche markets promising competitive advantages for KA. Additionally, strategic M&A activities enable long-term sustainable and profitable growth. In 2022, KA continued this transformation journey as it divested its Interior Comfort Systems (ICS), Light-Duty Cables (LDC) business units, and a part of its Shawinigan operations in Canada. The sales of the business units to Lear Corporation and Suprajit Engineering Limited, and KA Shawinigan to BRP, respectively, have been successfully completed.



GEAR III: SUSTAINABILITY

KA is on track to follow the path towards becoming a sustainable organization to prepare for future market trends. KA is committed to using 100 percent carbon-free energy by 2030 and making its entire product range carbon neutral by 2039. To reach KA's supply chain emissions targets, KA will work jointly with its entire supply chain towards carbon neutrality. CO₂ emission data are an important part of the supplier selection decisions.

The details are published in KA's Sustainability Report.

BUSINESS HIGHLIGHTS

POWERTRAIN & CHASSIS

- Business wins in Powertrain & Chassis (P&C) secured in 2022 amounted to EUR 118.2 million in annualized revenues, corresponding to EUR 422.3 million in lifetime revenues. Most programs will launch during the 2023-2024 timeframe.
- Growth in North America demonstrated the strongest year of Heavy Duty (HD) Commercial Vehicle AMT transmission shifter business to date. A new business win has been secured for stalk shifter technology for an EV commercial vehicle platform to foster P&C's future continuous growth in this market.
- In South America, the newly localized AT shifters for two Japanese vehicle platforms have been launched. Moreover, the business for Euro 6 transmission shifters has been successfully secured.
- In 2022, P&C entered the EV truck market with the Shift-by-wire (SBW) actuator for the first time.
- Going forward, building on the Shift Gear program initiated in 2021, P&C further improved the competitiveness of products and processes to globally support the key customers.

SPECIALTY PRODUCTS

- Business wins in Specialty Products (SPP) secured in 2022 amounted to EUR 128.7 million in annualized revenues, corresponding to EUR 337.8 million in lifetime revenues. Most programs will launch during the 2023-2024 timeframe.
- Fluid Transfer Systems (FTS) continued to secure incremental new businesses in Europe, North America, and China with strong bookings in the commercial vehicle and industrial markets. New businesses with two fully electric platforms were secured in the passenger car market. FTS is well positioned to continue this growth in 2023 with a focus on niche application areas. Demand remained strong throughout the year



with capacity expansion happening to support the growth in industrial and commercial vehicles markets. The new Ultiflex® hose product will be launched in Q2 2023 to support the future expansion in the pharma and food markets.

- Couplings was awarded several new business contracts with strategic customers across all regions; this underlines the excellent relationships with customers and that the market values the advantages offered by Raufoss ABC™, with its superior technology and the fact it meets partners' requirements in terms of green technology and sustainability. The awarded businesses were primarily within the heavy-duty truck segment. Some wins also made it possible to break ground in the passenger car segment, representing a new market for Couplings. A significant part of the growth is linked to electrified vehicles, both within commercial vehicles and passenger car markets. Couplings continued to localize its production globally in 2022 to optimize logistics, meet local content requirements and customized demand.
- On August 8, 2022, Kongsberg Automotive (KA) and BRP Megatech Industries Inc. (BRP) entered into a sale and purchase agreement to sell part of the Shawinigan plant of the Off-Highway business for a total enterprise value of MCAD 136.0 (MEUR 104.0). On October 3, 2022, this transaction was successfully completed. For further details please refer to page 27.

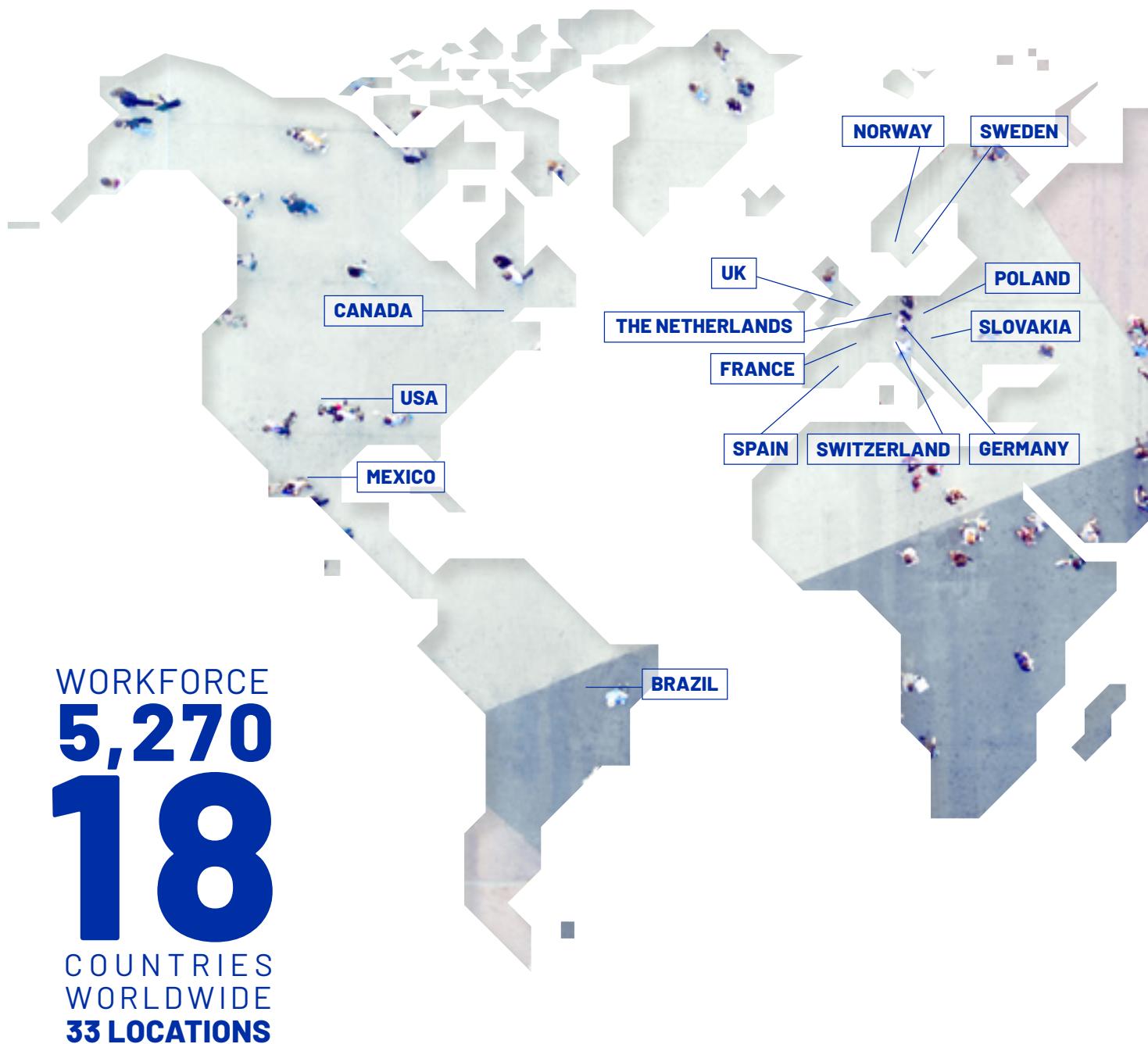


FULL-YEAR PERFORMANCE

- Revenue growth in the commercial vehicles market was significantly above market average for the second year in row. This was mainly due to the outperformance in revenues in the European truck market.
- Successful negotiations with customer in relation to lump sum payments and future price rises for increased costs compensation.
- Continuing successful implementation of performance improvements, offsetting the negative effects of the disruptions in supply chain, inflation, and declining volumes.
- Successful completion of the sale of the Interior segment in its entirety in the first half of 2022, as well as successful completion of the sale of the Off-Highway business located in Shawinigan (Canada) in October 2022.



WORLDWIDE





Kongsberg Automotive (KA) is present in 33 locations around the globe, covering the world's key automotive markets. KA's footprint is based largely on its customers: Wherever they are located, KA aims to be there, serving and supporting them in the best possible way. KA is committed to adapting to market conditions: 9.7% of its total workforce were agency workers in 2022, allowing it to build up or scale down in response to market movements.

NORTH & SOUTH AMERICA

WORKFORCE: 1,769

KA is well-represented in this region, with six manufacturing sites and two tech centers. Mexico has the largest manufacturing workforce in the region, split across two manufacturing sites, while Canada is home to the largest tech center in the region.

EUROPE

WORKFORCE: 2,768

Europe represents KA's largest region. Sweden and Norway are hosts to Kongsberg Automotive's two major tech centers in Europe, while the two largest manufacturing sites in the region are located in Slovakia and Spain.

ASIA

WORKFORCE: 733

Our pivotal market: Kongsberg Automotive operates four manufacturing sites and two sales offices in Asia, spread across China, India, Korea, and Japan. The largest manufacturing site and tech center in this region is in Wuxi, China.

CUSTOMERS

Kongsberg Automotive is proud to serve leading OEMs and Tier 1 suppliers in automotive, commercial vehicle, and off-highway markets globally.



DIVESTMENT OF PARTS OF THE OFF-HIGHWAY BUSINESS UNIT

Kongsberg Automotive ASA and its Canadian subsidiary Kongsberg Inc. (KA) entered into an agreement with BRP on August 9, 2022 for the sale of parts of KA's Shawinigan operations in Canada, for a total enterprise value of CAD 136 million (EUR 104 million).

The divested business comprised of the development, manufacture, and sale of a wide range of products for powersports applications, such as sensors, actuators, electronic power steering, wire harnesses, and dashboard assemblies. The divested business includes 300 employees.

KA's Tech Center in Shawinigan, which is a center of competence in electronics and software, is not part of the transaction, but will be retained by KA.

The transaction was completed on October 3, 2022.





- > **GEAR SHIFTERS FOR AUTOMATIC AND MANUAL TRANSMISSIONS**
- > **SHIFT CABLES AND SHIFT TOWERS FOR MANUAL TRANSMISSIONS**
- > **HEAD RESTRAINTS WITH FOLDABLE MECHANISM**
- > **GEAR AND CLUTCH CONTROL FOR MANUAL AND AUTOMATED TRANSMISSIONS**
- > **ACTUATORS FOR ELECTRIC VEHICLES, DECOUPLING AND SHIFTING**
- > **MULTI VALVE FOR THERMAL MANAGEMENT SYSTEMS**
- > **VEHICLE DYNAMICS PRODUCTS FOR CABIN AND AXLE SUSPENSION**





POWERTRAIN & CHASSIS

The Powertrain & Chassis (P&C) segment of Kongsberg Automotive (KA) is a global leader in the design, testing, and manufacture of powertrain and chassis solutions that drive the transition to sustainable mobility. KA engineers and manufactures products for world-leading makers of passenger cars, commercial vehicles, and e-mobility vehicles of all types. KA's global engineering presence and manufacturing footprint ensures local support for our customers in all regions.

CHARGING UP ELECTRIC APPLICATIONS:

SHIFTING GEAR TO E-MOBILITY

Following the continuous operational improvements made over the previous years, the P&C business segment shifted its focus to products and systems for electrified vehicles. For conventional internal combustion engine vehicles, P&C still provides newly developed products and improvements of existing products. Simultaneously, KA is developing next-generation solutions—2022 saw a breakthrough with several active new customer opportunities for our new generation of products, such as actuators for electric vehicles.

In line with KA's Shift Gear program, continuous improvements within P&C's operational processes yielded approximate EUR 10 million of cost savings across its global plants. The program's cross-functional focus provided the necessary platform to surface and quickly claim cost reduction ideas from across the organization. Despite the above-mentioned achievements, P&C's financial performance in 2022 was deteriorating mainly due to the declining revenues in the Chinese passenger car market as well as lingering disruptions in raw material supply chains, irregular customer production schedules, and difficult freight markets. The segment signed new business contracts with a lifetime value of EUR 422.3 million in 2022.

P&C was also able to implement significant improvements to its net working capital (cash) management processes with regards to CAPEX investments and accounts receivable collection, despite sales and cost challenges.

The quality improvements made maintained high levels of customer satisfaction and reduced the costs of resolving quality-related issues. Customer complaints were already at exceptionally low, industry-leading levels, but this year's performance saw them fall further.

The segment can now leverage its solid position – driven by its improved quality, key customer relations, and improved operating capabilities globally – to target further growth in the automotive passenger car and commercial truck markets. Following significant new business wins in key electronic shifting and actuator products in all global markets, P&C is on track to continue its success in the world of electrified propulsion.

P&C has launched new products that extend beyond its traditional transmission-related portfolio in the areas of thermal management and electric steering. Its customers are set to implement P&C solutions in these exciting new EV product areas in the coming model years.

KA's wide range of in-house resources allows it to create custom solutions for OEM and Tier 1 customers in many vehicle applications, including new market entries for EV propulsion. Customers have come to recognize KA as a trusted source for mechatronic solutions.

PRODUCT PIPELINE

In 2022, KA's On-Highway business unit continued its growth in automated clutch actuation and gear shift systems. After positive developments in the Americas, the Chinese market is expected to continue to see an increase in demand for AMT transmission technology, which KA intends to meet. With the new actuator portfolio in development, P&C is also well-prepared for the growth within electric vehicles.

In the Driveline business unit, KA continues to develop shift-by-wire products in Europe and Asia. Electric and hybrid cars can utilize products for park lock, decoupling of AWD, and shifters.



SPECIALTY PRODUCTS



Kongsberg Automotive (KA)'s Specialty Products segment is split into three business units: Couplings, Fluid Transfer Systems (FTS) and Off-Highway (OFH). In Q4, 2022, KA merged the Couplings and FTS business units, creating the new Flow Control Systems (FCS) business unit*, effective for reporting by 2023.

This new business unit will continue to accelerate the transformation of the operations leveraging technology, production capabilities, and expertise to deliver more comprehensive and effective solutions to KA's customers. The OFH business unit has not been affected by the reorganization; the Specialty Products segment will consist of the two separate business units OFH and FCS going forward.

The niche products in this business segment are driven by an entrepreneurial focus on innovation and growth.

**Since reporting for Flow Control Systems comes into effect in January 2023, this report treats Couplings and Fluid Transfer Systems (FTS) as two separate business units.*

- > **COMPRESSED AIR COUPLINGS**
- > **FLUID TRANSFER SYSTEMS**
- > **INCLUDING SPECIALIZED HOSES, TUBES, AND ASSEMBLIES**
- > **OFF-ROAD PRODUCTS FOR VARIOUS INDUSTRIES, INCLUDING STEERING COLUMNS, DISPLAYS, PEDALS, AND HAND CONTROLS**
- > **OTHER NEW INNOVATIVE PRODUCTS UNDER DEVELOPMENT**



COUPLINGS

KA's Compressed Air Couplings business unit is a technology leader focused on supplying state-of-the-art products to the global commercial vehicle market.

The focus on safety, durability, performance, and sustainability ensures that KA can deliver high-quality engineered products to a wide range of customers in the commercial vehicle segment. The Raufoss ABC™ product range provides customers with valuable, flexible solutions that can be tailored to their specific requirements. KA's couplings ensure an airtight system for vehicle energy savings and optimized system air flow to improve braking response times and thus consistently reduce vehicle stopping distances. This, in turn, raises safety standards, which helps to reduce vehicle lifetime costs for owners and has a positive environmental impact.

Spread over 12 countries and eight plants, Couplings has made investments in automation and digitalization to increase production capabilities globally.

In 2022, Couplings continued to secure new business contracts, which helped increase its market share, within the heavy-duty (HD) truck segment and breaking ground in the passenger car segment, a new market for Couplings. A significant part of Couplings' growth is linked to electrified vehicles.

The global vehicle market values that the Raufoss ABC™ system offers superior technology and meets partners' green technology and sustainability requirements.

Development activities in Couplings focused on innovation and expansion of its product portfolio for new applications, business segments, and markets. The business unit saw a record number of product launches, an increase of more than 15% of new projects. This confirms customer interest in both existing and new products under development.

FLUID TRANSFER SYSTEMS

KA's Fluid Transfer Systems (FTS) business unit is an innovative supplier of technical hoses and hose assem-

blies with a focus on high performance, safety, durability, and sustainability.

FTS booked a record number of new business awards in 2022. With its mix of traditional applications, including high-temperature fuel lines and hydraulic brake hoses, coolant lines for BEV vehicles, and turbo lines for PHEV, the FTS business is well-positioned to take advantage of the industry's move from combustion engines to electrification and fuel cell technology in the coming years. New products and manufacturing processes for coolant lines on BEV and PHEV are in development, which will enhance the product portfolio and future-proof the business unit's growth strategy and already led to new business awards in 2022.

FTS supplies PTFE hoses and hose assemblies in various industrial markets. In 2022, FTS continued to develop new products, i.e. extending the product portfolio for existing and new markets for food, pharmaceutical, and semiconductor applications, while its industrial smooth-bore PTFE hose range maintained its market-leading position.

In 2022, FTS launched a high number of new products and broke its sales record, confirming FTS's strategy and proving that the business unit's ideal mix of people, products, and production skills are the right choice for our customers.

OFF-HIGHWAY

KA's Off-Highway (OFH) business unit supplies engineered solutions in steering columns and mechatronic driver controls.

In 2022, Off-Highway continued to expand its product portfolio with additional features to its steering column product line and additional drive interface products such as composite pedals. These products address the demand in the agriculture and construction market segments.

2022 was a challenging year with the continuation of supply chain shortages and the divestment of the Powersport business. However, by leveraging OFH's existing product portfolio and with the development of new products, KA and OFH can approach 2023 positioned strongly for growth.





BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

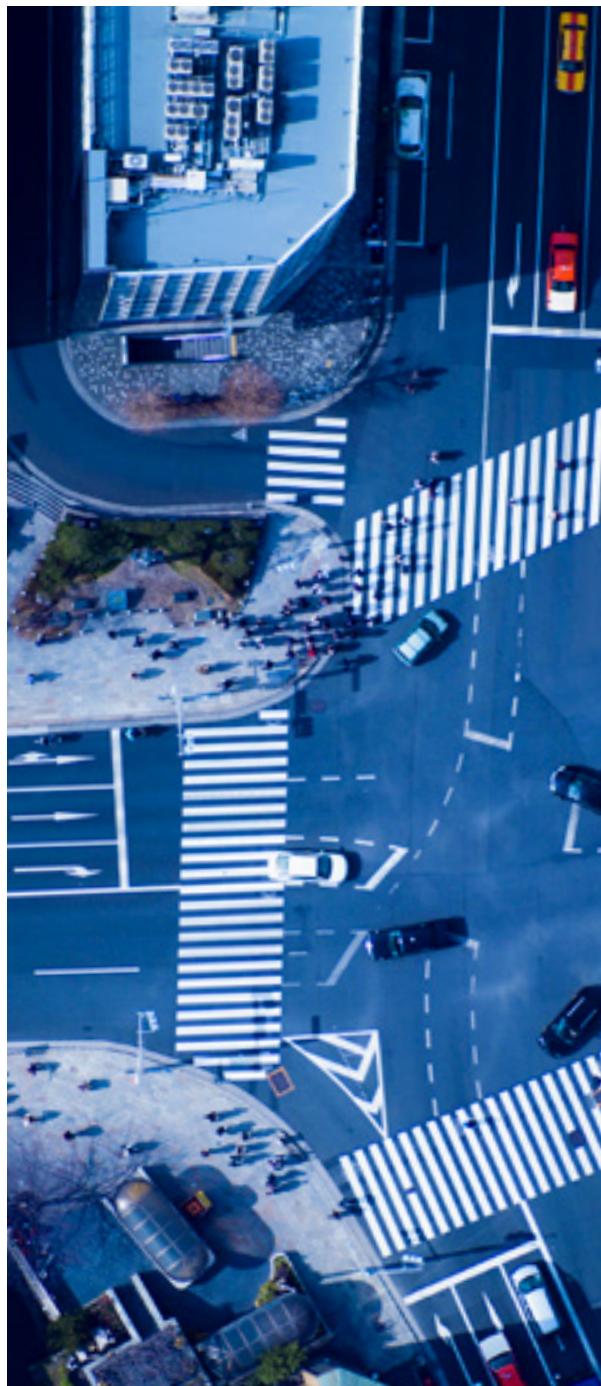
THE SHIFT GEAR PROGRAM HAS ONCE AGAIN PROVEN TO BE THE RIGHT STRATEGY TO TRANSFORM THE COMPANY TOWARDS RESILIENT PERFORMANCE AND SUSTAINABILITY.

2022 marked another year of substantial challenges for the automotive industry. Difficulties related to components supply, lean production, and ordinary deliveries to customers, and the continued increase in raw material prices, shortages of certain semiconductors as well as persistent inflation on freight, energy, and labor, took a toll on profitability. In addition to these factors, Kongsberg Automotive (KA) has also been impacted by the decreasing sales performance of commercial vehicles in China. Despite these unfavorable circumstances, as a resilient automotive supplier, KA was able to achieve good results. Revenues grew 8.9% year-over-year and adjusted EBIT margin finished at 3.9%, considering that the sale of the Powersports business extracted 1.3 percentage points from adjusted EBIT margin and that the efforts to reduce the stranded costs left over from the Interior segment had begun.

Since taking over the leadership of KA in 2021, President & CEO Joerg Buchheim has been given the Board of Directors' complete confidence in taking the company to the next level. The Shift Gear program has once again proven to be the right strategy to transform the company towards resilient performance and sustainability. In particular, the divestments have provided the company with substantial liquidity, which proves to be extremely valuable in these turbulent times.

On top of further developing the Operation Improvement Program, the management team has continued its efforts to renew the development path of KA. Among other measures, the management team has also successfully completed the divestments to drive the company's operation towards profitable niche markets. Moreover, KA merged its Fluid Transfer Systems and Couplings business units to form the new Flow Control Systems business unit in Q4 2022, which came into effect in January 2023; this has created technical and commercial synergies to transform KA into a complete systems provider. Finally, the company pushed forward the centralization of its Sales and Business Development department, which the Board believes will significantly advance KA's competence and increase service quality for its customer base.

With deep gratitude to all KA employees, management, and partners, the Board is determined to chart the best path forward for KA.



MARKETS



LIGHT VEHICLE PRODUCTION

The global production of light vehicles totaled 82.0 million units in 2022, which corresponds to an increase of 6.2% compared to 2021. Many regions experienced a growth phase after production numbers in the previous years were impacted by the COVID pandemic. However, the Russia-Ukraine war has significantly delayed the expected recovery in production and demand in the coming years. Due to the war in Ukraine, raw material prices were elevated, which added to the pre-existing supply constraints pulling down sales, especially in relation to caution over semiconductor supply improvement and the zero-COVID policy in China.

In Q1, production reached approximately 20 million units, falling to 19 million units in Q2 and rising again to 21.5 million units in Q3 and Q4.

Production in China increased by 6.1% to 26.3 million units in 2022. The growth in the Chinese market has been supported by the government's economic incentive policies, such as the interest rate reduction and the vehicle-purchasing tax reduction. These factors have supported the further stabilization of the domestic economy and rebuilt confidence for consumption.

In 2022, production in Europe remained nearly flat at 15.7 million vehicles. Volumes in the region have been significantly impacted by the collapse of the Russian market in addition to the lingering supply shortages. Interruptions of the supply base in Ukraine and the lockdowns in China were disruptive factors in the supply chain, especially in relation to electronic components.

In North America, light vehicle production increased by 9.8% to 14.3 million vehicles in 2022. Production in the United States, the main driver in the market, grew by 9.5% to 9.8 million units. While recovering from the crimped production output in 2021, the US market has been steadily improving the production and plant uptime, especially in relation to the full-size pickups. It has been a key to maintaining production for vehicles across several key segments.

South American production increased by 8.5% to 2.8 million units in 2022. The year started dreadfully with a drop of 13.1% in Q1, offset by growth in Q2 and the second half of the year, essentially compensating for losses registered during the first quarter, which confirmed the positive trend. Brazil, with 80% of regional volumes, grew by 8.8% year-on-year.

COMMERCIAL VEHICLE PRODUCTION

Global production decreased by 15.5% in 2022 to 2.9 million vehicles. The significant part of the decline came during the first half of the year and was due to a steep correction in China, which significantly impacted global figures. Although the production rate picked up during the second half of the year, year-on-year comparisons remained negative throughout. A short supply of semiconductors



continued to be the crucial factor in global commercial vehicle production.

In China, manufacturers have shifted their production towards light- and medium-duty vehicles, strongly impacting KA. In markets outside China, truck demand remained generally stable in 2022 despite headwinds resulting from inflation, skyrocketing energy prices, and squeezed real incomes. North America, Europe, and India are expecting to see growth in full-year sales. The European market remained robust, with year-on-year growth of 4.6% still constrained by supply-side difficulties. The market in North America (like the European market) appears to be more fragile and globally reliant on supply chains, mainly due to the high levels of technology content in the range of vehicle offerings.

Sources:

IHS Light Vehicle Production Base (January 2023) for light vehicle production.

LMC Global Commercial Vehicle Forecast (Q4 2022) for truck production.



FINANCIAL PERFORMANCE

GROUP

Group revenues from continuing operations amounted to EUR 905.6 million in 2022, exceeding the revenues of 2021 by EUR 74.2 million (+8.9%), including positive currency translation effects of EUR 49.3 million. The growth in Europe and in the Americas was partially offset by declines in China, mainly caused by the sharply shrinking truck market. On a constant currencies basis, revenues in Europe and in the Americas increased by EUR 43.5 million (+12.7%) and EUR 19.2 million (+5.8%), respectively. The revenues in Asia declined by EUR 37.8 million (-24.1%).

Revenues generated in the commercial vehicle market amounted to EUR 362.6 million or EUR 348.3 million at constant currencies, respectively, an increase of EUR 28.0 million (+8.8%). This is due to outperforming sales in Europe and a revenue growth in the Americas, which is in line with market development.

Revenues in the passenger car market amounted to EUR 226.0 million or EUR 212.1 million at constant currencies, respectively, a decrease of EUR 21.1 million (-9.0%). The decline in Europe (-5.0%) and in China (-28.0%) could not be offset by the positive development in Americas (+18.0%).

Other revenues amounted to EUR 317.0 million or EUR 295.8 million at constant currencies, respectively.

SEGMENTS

Powertrain & Chassis revenues amounted to EUR 466.0 million, compared to EUR 429.9 million in 2021, an increase of EUR 36.1 million (+8.4%) including positive currency translation effects of EUR 25.5 in 2022. The revenue growth can mainly be attributed to the commercial vehicle business in Europe (+25.5%) and passenger car business in Americas (+18.0%), where revenues increased by EUR 23.5 million and EUR 10.2 million (on a constant currencies basis) respectively. This is mostly offset by declines in both businesses in Asia (negative EUR 31.5 million). In addition, the operating profit (EBIT) was impacted by an impairment of EUR 1.3 million and an onerous contract provision of EUR 1.9 million in connection with projects in the passenger car business in Europe as well as provisions for cus-

toms claims in the amount of EUR 2.9 million in the course of a self-declaration process. Thus, EBIT amounted to EUR 12.7 million compared to EUR 24.9 million in 2021.

Specialty Products revenues amounted to EUR 439.6 million in 2022 versus EUR 393.2 million in 2021, an increase of EUR 46.5 million (+11.8%), including positive currency translation effects of EUR 23.8 million. Sales levels in the commercial vehicle market and the industrial end markets contributed mainly to the overall positive revenue development in this segment, with Europe and Americas reporting the highest revenues growth by EUR 24.6 million and EUR 9.1 million, respectively (on a constant currencies basis). However, this increase was partially offset by declining Couplings business revenues in China. The sale of a significant part of the Off-Highway (OFH) business to its main customer in early October 2022, resulted in OFH revenues being EUR 8.6 million lower in 2022 compared to the previous year. The net gain from this sale transaction contributed EUR 41.1 to the EBIT of Specialty Products, which amounted to EUR 84.9 million.

NET FINANCIAL ITEMS

Net financial items amounted to negative EUR 16.8 million, compared to negative EUR 9.5 million in 2021. This is mainly due to foreign currency gains amounting to EUR 2.4 million, compared to EUR 12.0 million last year. Interest expenses, mainly related to bonds, were reduced from EUR 15.0 million to EUR 12.0 million, primarily resulting from the redemption of bonds of EUR 75.0 million in March 2022. In addition, a net interest expense of EUR 4.2 million was incurred in relation to lease liabilities.

NET PROFIT

Profit before taxes from continuing operations for the year 2022 amounted to EUR 46.3 million compared to EUR 38.0 million in 2021. The total tax expense of EUR 25.5 million was impacted by losses not recognized as deferred tax assets and a write-down of deferred tax assets of EUR 17.4 million. This resulted in profit after tax amounting to EUR 20.8 million in 2022 compared to EUR 28.5 million in 2021.



CAPITAL

The group's interest-bearing liabilities amounted to EUR 267.6 million as of December 31, 2022, compared to EUR 367.7 million as of December 31, 2021. The reduction is mainly related to the repayment of the revolving credit facility of EUR 20.0 million and the redemption of bonds at EUR 75.0 million following the divestment of the Interior business segment. As of December 31, 2022, the shareholders' equity totaled EUR 280.5 million, an increase of EUR 15.0 million compared to EUR 265.5 million at the end of 2021. The net profit of EUR 26.7 million from continuing and discontinued operation and other comprehensive income of EUR 10.2 million contributed a EUR 36.9 million increase to the shareholders' equity. The share buy-back in 2022 amounted to EUR 23.5 million.

The equity ratio was 35.2% at the end of the year compared to 27.0% in 2021.

CASH FLOW

In 2022, the group generated a positive cash flow from operating activities in the amount of EUR 102.4 million,

compared to EUR 36.1 million in 2021. This included EUR 37.9 million attributable to discontinued business as well as EUR 20.5 million for net working capital sold in connection with the sale of part of the OFH business to the main customer. The group had invested EUR 28.9 million in property, plant, equipment, and intangible assets, a decrease of EUR 14.8 million compared to EUR 43.7 million in 2021. However, the group had positive cash flows from divesting activities of tangible and intangible assets in the amount of EUR 189.5 million. EUR 40.4 million is attributable to proceeds from sale of shares. The cash flow used by financing activities amounted to EUR 154.0 million. This is mainly driven by the repayment of the revolving credit facility of EUR 20.0 million, the redemption of bond notes in the amount of EUR 75.0 million, and the share buy-back of EUR 23.5 million. In addition, it included the repayment of lease liabilities of EUR 9.9 million as well as interest payments and other financial items in the amount of EUR 22.1 million, of which EUR 4.2 million is related to leases.



LIQUIDITY

The group's cash and cash equivalents amounted to EUR 212.9 million at the end of the year, compared to EUR 51.3 million in at year-end of 2021. The unutilized RCF as of December 31, 2022, amounted to EUR 50.0 million. Moreover, the company had an unutilized securitization facility of EUR 25.0 million as of the end of the year.

BUSINESS WINS FOR CONTINUING OPERATIONS

New business wins for the year amounted to EUR 760.2 million in lifetime revenues versus EUR 841.6 million in 2021, which included awards from BRP in the amount of EUR 276.3 million. Without BRP awards, the increase in new business awards would amount to 34.5 %.

KONGSBERG AUTOMOTIVE ASA – THE PARENT COMPANY

In 2022, the parent company generated total operating (inter-company) revenues of EUR 6.8 million compared to EUR 7.5 million in 2021. This reduction is partially caused by the lower trademark fee. With operating costs being at

a comparable level, the operating profit amounted to EUR 2.8 million, compared to EUR 3.1 million in 2021. The parent company had positive net financial items of EUR 41.0 million in 2022, compared to positive net financial items of EUR 17.5 million in 2021. The main driver for this change is the unrealized and realized currency gains of EUR 26.2 million in 2022 versus currency gains of EUR 11.9 million in 2021. The net profit for the year 2022 amounted to EUR 34.1 million, compared to EUR 16.3 million in 2021. Including translation differences of negative EUR 24.3 million, the total comprehensive income for the year 2022 amounted to EUR 9.8 million. Kongsberg Automotive ASA's equity totaled EUR 454.3 million (EUR 466.4 million in 2021).

In accordance with the Dividends Policy, the Board of Directors will propose to the 2023 Annual General Meeting that no dividend be paid for 2022. The Board of Directors proposes the parent company's net profit of EUR 34.1 million be transferred to retained earnings.

OPERATIONS

The COVID pandemic as well as high inflation and raw material prices continue to affect supply chains and impact operations. Kongsberg Automotive (KA)'s Shift Gear program continues to mitigate this risk under Gear I (Operational Excellence and Performance) which focuses on improving profitability. In the past two years, KA has divested three businesses which significantly deleveraged the company. With a leverage ratio below one, KA is now well positioned for future growth in areas of business with higher margins.

POWERTRAIN & CHASSIS

The Powertrain & Chassis (P&C) segment serves the passenger car and commercial vehicles businesses. During the year, P&C was able to successfully navigate numerous pandemic-driven material shortages and customer plant shutdowns thanks to its highly focused materials management teams and the flexible manufacturing capacities in its factories.

P&C successfully continued to reduce operating costs in its manufacturing facilities following KA's Cost Improvement plans within Gear I of the Shift Gear program.

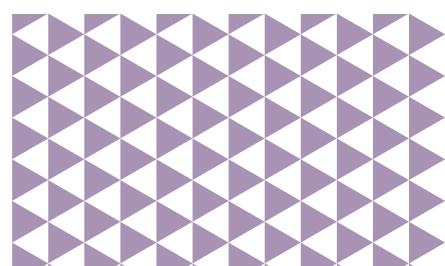
Customers' fluctuating scheduling demands and short notice demand reductions required fast responses in cost control. Thanks to swift measures, P&C was able to reduce direct and indirect labor costs and minimized excess inventories. Quality results in the business segment improved for the fifth consecutive year.

P&C's Slovakian operations saw several successful launches of automatization projects in the manufacturing areas. A fully centralized distribution system for resins was installed and several material distribution improvements (Supermarkets & KANBAN systems) were implemented, building on the highly successful layout of the site in 2022. P&C heavily invested in its Norwegian operations in 2022, including updates to production equipment to support the clutch actuation and transmission shift fork production. In Sweden, P&C successfully refurbished two of its headrest assembly lines, readying the plant for the large volume increases expected in 2023.

P&C celebrated a number of successful program launches in all its global operations, including production of new variants of the HD truck gear control unit in Mexico, while several plants achieved new milestones in terms of thousands of accident-free days of operations. KA's Jundiai, Brazil facility launched newly localized AT shifters for two Japanese vehicle platforms and secured continued On-Highway business for Euro 6 transmission shifters.



**WITH A LEVERAGE RATIO
BELOW ONE, KA IS NOW
WELL POSITIONED FOR
FUTURE GROWTH IN
AREAS OF BUSINESS WITH
HIGHER MARGINS.**





The business segment was able to support KA's divestment initiatives without any losses or disruption to production. On-time customer delivery rates remained high throughout 2022, despite considerable issues in the supply chain and logistics providers.

SPECIALTY PRODUCTS*

2022 brought significant challenges in the supply chain for all Specialty Products business units, many related to the impact of the COVID pandemic in different regions of the world. Disruptions to logistics and suppliers' production were common at the beginning of the year. Supply chain issues during the year were joined by ongoing price pressures in raw materials and services, in particular transportation.

This also impacted KA's customers, particularly in the Commercial Vehicles market during the first half of 2022, resulting in lower-than-anticipated volumes. The second half of the year offered stronger volumes, which were realized effectively by the operations.

The Shift Gear initiatives launched in 2021 created the foundation for operations to effectively overcome chal-

lenges and deliver to KA's customers. Internal and external improvement projects contributed to KA's strong position for growth in the automotive and industrial segments, both with existing and new customers. The Specialty Products segment has identified several continuous improvement opportunities that will be a solid pipeline of identified continuous improvement opportunities that the segment will execute on.

Several initiatives were launched successfully throughout 2022 to increase capacity, reduce lead times as well as increase reactivity and flexibility towards customers and suppliers. Worthwhile mentioning is the localization of production in Brazil, capacity expansion in Poland, Spain, Mexico, China, Norway, France, and the US.

* In Q4, 2022, KA merged the Couplings and Fluid Transfer Systems business units, creating the new Flow Control Systems (FCS) business unit. Since reporting for Flow Control Systems comes into effect in January 2023, this report treats Couplings and Fluid Transfer Systems (FTS) as two separate business units.

ENGINEERING AND DEVELOPMENT

The group's net overall spending on engineering and development totaled 4.0% of sales in 2022. Kongsberg Automotive (KA)'s resourceful engineering workforce consisted of 318 engineers globally.

POWERTRAIN & CHASSIS

In 2022, Powertrain & Chassis (P&C) followed the strategic plan presented on the Capital Market Day (CMD) at the end of 2021. The main target continues to be the further migration of the product portfolio towards e-mobility products and systems for Battery Electric Vehicles (BEV), Hybrid Electric Vehicles (HEV), and Fuel Cell Electric Vehicles (FCEV). P&C will increasingly focus on commercial vehicles and Off-Highway applications instead of passenger cars. A newly introduced global key account organization supports this migration heavily.

P&C's current product portfolio for Internal Combustion Engines (ICE) and HEV provides KA with significant rollout and growth potential over the next decade, especially in emerging markets such as China, Brazil, and India. The team is providing market-ready solutions for shift-by-wire systems meeting the ASIL-B functional safety standard, consisting of shifter and electric actuator products as well as automated manual transmissions (AMT).

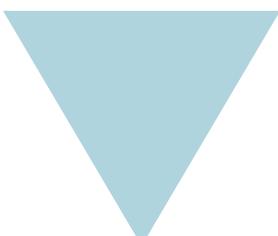
For e-mobility applications, P&C has developed a portfolio of mechatronic actuators up to ASIL-C safety level. It supports sustainable mobility with unique features for gear shifting, axle/e-motor decoupling, differential lock actuation and park lock function in these vehicles, either on an e-axle or central drive solution. Together with its Flow Control Systems (FCS)* team, KA is working on intelligent thermal management systems solutions for BEV, HEV, and FCEV vehicles. The multi-valve increases overall efficiency of electric drive trains via intelligent energy transfer and is highly scalable for various vehicle architectures.

P&C is prepared and committed to meet all the applicable functional safety requirements (ISO 26262/ASIL) and cyber security standards (ISO 21434) while also ensuring Automotive SPICE Level 3 compliance in all its key technical centers to match customer requirements.

COUPLINGS AND FLUID TRANSFER SYSTEMS

In 2022, Couplings'* engineering and development activities focused on innovation projects, expanding the product portfolio with new applications, business fields, and markets.

This year, the business unit again saw a record number of product launches, which helped the Couplings business unit satisfy all its customers' needs. The number of new projects increased by more than 15%, showing the great customer interest in the current and new products under development.



**KA'S GLOBAL
ENGINEERING
WORKFORCE
CONSISTED OF
318 RESOURCEFUL
ENGINEERS.**



OFF-HIGHWAY

Research and development capacities were expanded in the EU to support business growth and the new product launches in the 2022-2023 period and beyond.

The engineering and development activities in the Fluid Transfer Systems* (FTS) business unit focused on turning a high level of new business wins into new product launches and expanding the product portfolio for new applications and markets. This is achieved by creating alternative product and material solutions to lessen the impact of the continued global raw material shortness and by creating sustainable designs and processes with a reduced carbon footprint.

An important share of the engineering and development capacity has been allocated to co-design new coolant lines for the thermal management systems on battery (PHEV, BEV) and fuel cell (FCEV) vehicles, together with the Original Equipment Manufacturer (OEM).

Increased sales in FTS's unique Fluoro-Comp® lightweight, high-temperature routable hose product showed it is the right solution around turbo and emission control lines for downsized engines in hybrid solutions.

More new products in FTS's industrial portfolio have been developed for buildings, pharmaceutical, and semiconductor applications, establishing a good foundation for further growth.

The new business unit Flow Control Systems was created based by merging the Couplings and Fluid Transfer (FTS) business units, increasing the focus on system design and development to increase technical support for its market and ensure a systematic approach.

Off-Highway continued to execute the roadmap established in 2021, making progress in all product lines.

The steering column product group continues to build on KA's strong OEM customer relationships. Leveraging KA's modular designs, the Off-Highway business unit was able to propose and deliver more pre-production units for more applications than previous years. The electrification concept first shown in 2020 is being actively quoted and prototyped to one of KA's customers for an upcoming vehicle launch. These projects secure replacement business, as vehicles are updated and provide steady business growth.

In the pedal and hand controls area, new designs are being tested that offer lighter weight, lower cost, and significant carbon footprint reduction and enable easier recycling compared to traditional designs. They are backward compatible for ease of customer adoption in many vehicles. An updated severe service sensor was launched in 2022 with greatly increased chemical and corrosion resistance. In addition to the first application, other OEMs have requested proposals for conversion to the more robust design.

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CORPORATE GOVERNANCE

The Board of Directors of Kongsberg Automotive ASA (KA) has established a set of general principles and guidelines for corporate governance. These principles cover the Board of Directors' responsibility for determining the group's risk profile, approving the organization of the business, allocating responsibility and authority, as well as providing requirements with respect to reporting lines and information, risk management, and internal control. The tasks and responsibilities of the Board of Directors and the CEO are laid out in separate directives covering the Board of Directors and the CEO, respectively.

The Board of Directors has issued directives to ensure the adoption of and compliance with the group's principles and guidelines for corporate governance. The group's guidelines for corporate responsibility summarize how work in this area is to be integrated into the group's corporate governance processes for investments, product development, procurement, and the wellbeing of employees. The Board determines the group's objectives in the field of corporate responsibility.

The guidelines and KA's policy for investor relations aim to ensure that investors, lenders, and other stakeholders are provided with reliable, timely, and identical information. As an extension of the general principles and guidelines, a Code of Conduct has been adopted that applies to all group employees and elected officers. Uniform regulations for risk management, internal control, financial reporting, handling of insider information, and primary insiders' own trading activities have also been adopted.

KA complies with the latest version of the Norwegian Code of Practice for Corporate Governance of October 14, 2021. The group's compliance with the requirements of each of the 15 main principles of the Norwegian Code of Practice for Corporate Governance and the provisions of section 3-3b of the Norwegian Accounting Act is further detailed in the Corporate Governance section of the annual report. Kongsberg Automotive ASA has obtained directors and officers insurance covering the CEO and the Board of Directors. This information is also available on the company's website.

GOING CONCERN

In accordance with section 3-3a of the Norwegian Accounting Act, the Board hereby confirms that the consolidated financial statements and the financial statements of the parent company have been prepared on a going concern basis, and that there are reasonable grounds to assume that the company is a going concern.

OPERATIONAL RISK

KA supplies products that are safety critical. Suppliers in the automotive industry face the possibility of substantial financial liability for warranty claims relating to potential product or delivery failures. This liability represents a potential risk. Working methods and validation procedures implemented by the company are designed to minimize this risk.

KA is normally contracted as a supplier with a long-term commitment. This commitment is usually based on a vehicle platform for which volumes are estimated and not guaranteed. Even if present commitments are cost-reimbursable, they can be adversely affected by many factors and short-term variances, including shortages of materials, components, equipment, and labor, political risk, customer default, industrial disputes, accidents, environmental pollution, the prices of raw materials, the implementation of new tariffs, and other unforeseen problems, changes in circumstances that may lead to cancellations, and other risk factors beyond the control of the group.

RISK MANAGEMENT

Responsibility for the group's financial risk management is mostly centralized, and the risk exposure is continuously monitored. The group has identified a specific risk catalog in line with ISO 31000 and has classified all risks according to their potential impact.

The group constantly evaluates its financial, infrastructure, marketplace, and reputational risks, and has developed procedures and strategies to mitigate all risks classified as "high". For more information regarding risk management, see note 24.

FINANCIAL RISK

KONGSBERG AUTOMOTIVE APPLIED A VARIETY OF COUNTERMEASURES, RANGING FROM COMMERCIAL NEGOTIATIONS WITH SUPPLIERS TO THE IMPLEMENTATION OF RAW MATERIAL PRICE VARIATION CLAUSES IN CONTRACTS.

Due to its capital structure and the nature of its operations, the group is exposed to the following financial risks: Market risk (including foreign exchange rate risk, raw material price risk, and interest rate risk), credit risk, and liquidity and capital management risk.

FOREIGN EXCHANGE RATE RISK

The group operates in many different geographical markets and the resulting net assets, earnings, and cash flows are influenced by multiple currencies. Kongsberg Automotive is exposed to foreign exchange rate risk in transaction and translation exposures. Transaction exposures include commercial transactions and financing transactions both internally and externally. Translation exposures relate to net investments in foreign entities which are then converted to EUR in the consolidated financial statements. This concerns European operations in non-Euro-area countries, which have costs in local currencies and revenues primarily in EUR, as well as Mexican operations, which have revenues primarily in USD. The group seeks to align its revenue and cost base to reduce the currency exposure on a net cash flow basis.

RAW MATERIAL PRICE AND AVAILABILITY RISK

The group is exposed to market fluctuations in the price and availability of mainly the following raw materials: Steel, copper, zinc, aluminum, and polymer resins. Sudden fluctuations in market conditions could therefore impact the group's financial position, revenues, profits, and cash flow. Raw material sourcing costs are also exposed to customs and duties.

In 2022, prices of the above-mentioned raw materials as well as electronic components reached new all-time high levels, which, together with rising transportation costs, created an insecure situation, especially for overseas deliveries. Kongsberg Automotive applied a variety of countermeasures, ranging from commercial negotiations with suppliers to the implementation of raw material price variation clauses in contracts, the launch of benchmarking RFQs, resourcing/near-shoring activities to source at lower costs, and negotiations with customers to achieve a fair share of cost burden and risk. In addition, increasing energy costs driven by the war in the Ukraine aggravated the situation, especially with respect to the metal categories (aluminum castings, steel, brass).

INTEREST RISK

Kongsberg Automotive's main source of financing is a fixed rate bond, which matures in 2025. The super senior RCF, entered into in 2018, requires a notice of extension in 2023. The extension of the RCF will likely change the interest



margin to be paid by the company as central bank rates and credit risk profiles are different to the year of inception. The process to extend the RCF will be started following the publication of the financial results for FY22 in March 2023.

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The group is exposed to credit risks with financial institutions and other parties because of cash-in-bank and customer trade receivables arising from operating activities. Credit risks are considerable in the automotive industry. The group closely monitors outstanding amounts and quickly implements actions if receivables become overdue. Kongsberg Automotive has put in place solid practices, and losses in this area have been minimal in the past.

LIQUIDITY AND CAPITAL RISK

The group's capital consists of shareholders' equity, long-term borrowings, and third-party financing. Total capital is defined as the total equity plus net debt and is managed to safeguard the business as a going concern, to maximize returns for its owners, and to maintain an optimal capital structure to minimize the weighted average cost of capital. All activities around cash funding, borrowings, and financial instruments are centralized within the Kongsberg Automotive Treasury department. The development of net interest-bearing debt and liquidity reserves is closely monitored.

RATING RISK

The group is subject to non-public solvency ratings by external business partners and institutions, and to public ratings by the rating agencies Moody's and Standard and Poor's.

PENSION LIABILITY RISKS

The evaluation of the group's pension liabilities is subject to changes in actuarial assumptions, such as discount rates and local pension evaluation guidelines.

REGULATORY AND TAX RISKS

The group is subject to a wide variety of laws, tax regulations, and government and supranational policies, which may change in significant ways. There can be no assurance that laws, tax regulations, and policies or their practical application by authorities will not be altered in ways that will require the group to modify its business models and objectives or affect returns on investment. For regulatory and tax risks, the group consults professional advisors and implements the recommended actions. For a further risk analysis, see note 25 to the financial statements.

OTHER RISKS

CLIMATE-RELATED RISKS

Climate-related risks are mainly linked to the potential disruption of supply chains by extreme weather, increased costs of energy and supplies, and increased carbon costs imposed by local and global institutions. For more information in this regard and insights into climate change opportunities, please refer to the Sustainability section.

POLITICAL RISKS

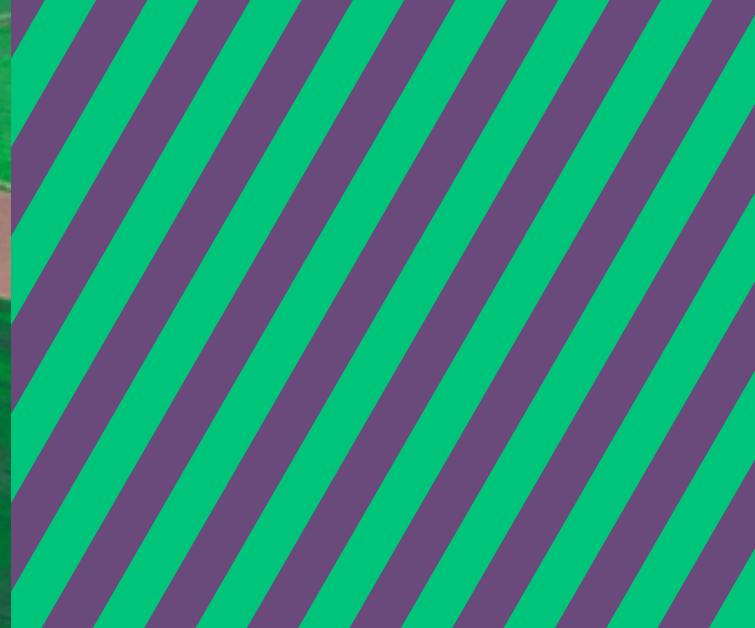
Political instability in countries relevant to KA's supply chain, production facilities, and product destinations may cause or intensify operational, product supply availability, and free trade risks.

HEALTH AND SAFETY RISKS

In the times of a global pandemic, KA's employees, employees of KA's suppliers, and customers could all potentially be exposed to highly infectious diseases. To protect its own employees and to comply with all specific regulations, KA has developed and implemented appropriate measures, policies, and contingency plans.

STRATEGIC RISKS

As a supplier of advanced technology into the automotive and industrial markets, KA is exposed to competitive efforts of both established and new market players to gain market share at KA's expense. KA actively mitigates this risk



by implementing new product development initiatives and fostering customer relationships to remain a supplier of choice to its customers. KA is also exposed to potential strategic M&A activities by its suppliers, customers, or competitors that may negatively impact KA's market position. KA constantly observes and monitors its business environment for possible M&A events in the market environment and has developed response strategies for different scenarios.

RISKS RELATED TO PRODUCT DEVELOPMENT

Product development and product improvement activities are associated with a range of risks. These risks include delays in time-to-market, deviations from product specification and quality requirements, deviations from development budgets, and potential infringements of third-party intellectual property rights. KA manages these risks with dedicated teams of highly qualified engineers, technicians, IP counsels, and other product development staff, in addition to well-equipped modern development facilities and test laboratories and dedicated controls.

RISKS ASSOCIATED WITH PURCHASING AND SUPPLY CHAINS

Risks in the procurement process include the risk of supplier insolvencies, late deliveries, quality defects, and new non-tariff trade barriers. More and more stakeholders are increasingly calling on the automotive industry to ensure greater sustainability throughout the entire supply chain. To mitigate these risks and ensure sustainability, KA selects its suppliers carefully to meet financial solvency, commercial, and technical capability requirements, and measures supplier performance KPIs constantly.

Manufacturing and supply arrangements may be lost or disrupted because of issues such as labor disputes, the inability to procure sufficient raw or input materials, natural disasters, disease outbreaks, or other external factors over which the company has no control. This creates the need to implement new programs to mitigate the negative operational and financial consequences of such disruptions.

The current difficulties and disruptions in global supply chains will continue into 2023, which will continue to create new challenges and impact the company's operations.

PRODUCTION-RELATED RISKS

Bottlenecks and delays can occur in manufacturing processes as a result of insufficient production resources. These can relate to materials, utilities, manpower, or equipment used in the production process. KA manages these risks by means of a comprehensive and risk-avoiding production material resources replenishment (MRP) planning process, by hiring and training sufficient and skilled production staff, and by maintaining its production equipment in good order.

PROJECT MANAGEMENT-RELATED RISKS

The launch of new products requires comprehensive and long-term planning and customer project management. Project management represents an important coordination role at the intersection of different business functions: Sales, product development, purchasing, production equipment suppliers, plant operations, quality, and finances. There are risks related to poor communication, selecting incorrect manufacturing equipment, missing project timelines, and cost budgets. Historically, some of these risks did occur in certain projects. To lessen these risks going forward, KA relies on effective project management and intensive management supervision.

LEGAL PROCEEDINGS

In the ordinary course of business, Kongsberg Automotive is involved in lawsuits, arbitrations and other formal or informal dispute resolution procedures, including the matters described in the Contingent Liabilities section. Reserves have been established for these and other legal matters as appropriate in line with IFRS guidelines. However, estimating the legal reserves required for possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation. Consequently, actual losses arising

from particular matters may exceed current estimates and adversely affect the results of operations.

Kongsberg Automotive may also be involved in investigations and regulatory proceedings, which could result in adverse judgments, settlements, fines and other outcomes. The areas of increased focus of investigations and proceedings are compliance with broader business conduct rules, including those in respect of market abuse, bribery, money laundering, trade sanctions and data protection and privacy. Kongsberg Automotive could be subject to risks arising from alleged, or actual, violations of any of the foregoing, and could also be subject to risks arising from potential employee misconduct, including non-compliance with internal policies and procedures and malfeasance.

CYBERCRIME RISK

The group uses various digital technologies for communication and process management. Like other multinational companies, KA is facing active cyber threats which pose risks to the security of its processes, systems, and networks

as well as the confidentiality, availability, and integrity of data. There is a risk that confidential information may be stolen or that the integrity of its portfolio may be compromised, for example through attacks on KA's networks, social engineering, data manipulation in critical applications, or a loss of critical resources, resulting in financial damages. The cyber security measures KA implemented cover the whole group's information systems and technologies (IS&T), ranging from managerial systems and applications to KA's operational environment such as Manufacturing and Research & Development (R&D). In addition, KA mitigates these risks by employing several measures including employee training, comprehensive monitoring of its networks and systems, external services to examine and benchmark its cyber security standards, and maintenance of backup and protective systems such as firewalls and virus scanners.



SUSTAINABILITY

This decade is critical for tackling the global issues that threaten the standards of living and the health of the planet for future generations. The effects of climate change are being felt more acutely than ever around the planet, but it is not only the environment where action needs to be taken. Social issues are challenging the standards of living of societies around the world; the ongoing effects of the pandemic, widening gaps in equality, geopolitical instabilities, war and conflicts, to mention a few.

Sustainability is a key focus area in the automotive industry. Original Equipment Manufacturers (OEMs) have started to put specific and challenging requirements for sustainability performance in Requests for Quotations (RFQs). These requirements have generally been focused on long-term plans to eliminate the carbon emissions of products and the need to move towards a circular economy where products can be recovered and reused or recycled.

Sustainability has been a central element of Kongsberg Automotive's (KA) business strategy since the company's inception. Gear III of the Shift Gear project is focused on developing KA's sustainability strategy and designing roadmaps to achieve short- and long-term sustainability goals.

In a materiality assessment (which was updated in 2021), KA identified several material sustainability topics that the company is reporting on in the annual sustainability report.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN Sustainable Development Goals (SDGs) are a framework that identifies the key areas where action should be taken to build a more sustainable world.

KONGSBERG AUTOMOTIVE RECOGNIZES THAT ALTHOUGH COMPANIES HAVE AN INFLUENCE OVER MOST SDGS, THE FOLLOWING FIVE GOALS ARE THE MOST RELEVANT TO OUR COMPANY'S ACTIVITIES:



SDG 8: DECENT WORK AND ECONOMIC GROWTH

SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

SDG 11: SUSTAINABLE CITIES AND COMMUNITIES

SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 13: CLIMATE ACTION

KA'S ACTIVITIES ALSO HAVE AN IMPACT ON:



SDG 1: NO POVERTY

SDG 3: GOOD HEALTH & WELL-BEING

SDG 4: QUALITY EDUCATION

SDG 5: GENDER EQUALITY

SDG 10: REDUCED INEQUALITIES



PLANET

KA's vision is to make a meaningful contribution to society's efforts to tackle climate change and support KA's customers' strategic sustainability goals by making solutions that support the transition to more sustainable transport and products. KA works to reduce the carbon emissions created by its business operations and its products, helping customers meet their ambitions of making lower emission end products.

KA has identified two long-term strategic goals (carbon neutral products by 2039 and purchase of 100% renewable energy by 2030) that support the transition to more sustainable products and decarbonizing the company's business activities. In 2022, KA initiated a structured market research and stakeholder engagement on tools, software, technologies, approaches related to calculating, understanding, and decreasing the carbon footprint of products and materials.

To reach our commitment towards carbon-neutral products, cross-functional cooperation (technology, sales, quality and purchasing) has been initiated throughout the whole value chain (stakeholder engagement) in the following areas:

- > Energy use in all KA sites
- > Materials and components used in KA products
- > Product innovation to increase recycling rate, substitute materials, energy use in production, and end of life-cycle disposal
- > CO₂ emissions related to transportation, packaging, and logistics

In 2022, KA continued the work on centralizing energy supply contracts to prepare to better mitigate the volatility in energy markets in the coming years, and to reach the strategic goal of achieving 100% renewable energy by 2030. Additionally, KA has been evaluating options to increase the amount of purchased renewable energy for different regions and countries, including the potential for Power Purchase Agreements, on-site renewable energy generation, and the availability of green tariffs.

CLIMATE CHANGE

With KA's ambition to purchase 100% renewable energy by 2030 and to manufacture CO₂-neutral products by 2039, the

company has already aligned itself with the requirements of the 1.5-degree target of the Paris Agreement. As part of the revision of KA's sustainability strategy, the company is currently in the process of further formalizing and implementing the climate targets so that they will also meet the requirements of science-based targets in the future.

The Board of Directors (BoD) and Global Leadership Team (GLT) are responsible for the organization's strategic direction regarding climate change. They regularly review material climate change issues that are raised through either KA's business segments (operational issues) or its corporate climate change experts (strategic issues).

The group's plants, with the support of corporate functions, are responsible for the day-to-day management of risks and opportunities related to climate change at their sites, and organization-wide initiatives are set by corporate teams. A Delegation of Authority process is in place, through which significant climate change risks and decisions on mitigation actions are raised to the governance bodies for discussion.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

KA's key climate change-related risks and opportunities can be summarized as follows:

CHANGING MARKET

KA's customers focus on lowering emissions generated during production by their products. They require lighter and more efficient products from their supply chain. For products designed a number of years ago, there is a risk that the market may become restricted for them.

KA is in close dialog with its customers regarding their ambitions and requirements regarding the green shift and the company does not see any operational or financial risk related to this in the foreseeable future.



THE MOVE TO CIRCULAR ECONOMIES AND A FOCUS ON REDUCING, REUSING, AND RECYCLING MATERIALS TO ELIMINATE WASTE TO LANDFILL PRESENTS AN OPPORTUNITY TO DESIGN PRODUCTS THAT REQUIRE FEWER RAW MATERIAL INPUTS.

DISRUPTION TO SUPPLY CHAINS BY EXTREME WEATHER

As extreme weather events become more severe and/or more frequent globally, there is a risk that supply chains are disrupted, which impacts production. KA monitors its supply chain for the probability of disruption by extreme weather events. Where a high risk of disruption is identified, KA works on mitigation actions with its suppliers.

INCREASED COSTS OF ENERGY AND SUPPLIES

Volatility in energy and commodity prices may lead to higher prices and reduced profitability.

To address this, KA's budget is thoroughly prepared according to the demand the company sees based on close cooperation with customers. KA's path towards a greener profile is therefore, to a large extent, reflected in the analyses and budgets in both the short- and long-term plans.

COST OF CARBON

There is a risk that governments, in response to the need to act decisively to meet their Paris Agreement commitments, introduce a cost to carbon through legislation in order to incentivize businesses to aggressively reduce carbon emissions.

IMPACT OF GREATER CHANGES IN TEMPERATURES AND WEATHER ON MANUFACTURING FACILITIES

There is a risk that higher or lower seasonal temperatures than usual, more frequent hurricanes, higher levels of snowfall, etc. could impact manufacturing facilities leading to CAPEX expenditure to ensure safe and efficient work environments.

CLIMATE CHANGE OPPORTUNITIES

DEVELOPMENT OF NEW PRODUCTS OR SERVICES IN RESPONSE TO CHANGES IN CUSTOMER REQUIREMENTS

KA's automotive customers have a focus on reducing the emissions generated by their products. This leads them to require lighter and more efficient components for their products from their supply chain that help achieve higher fuel efficiency, reduce end-product weight, and use less energy.

RESOURCE EFFICIENCY

Reducing energy usage and waste in manufacturing facilities leads to more efficient processes and equipment being

installed, resulting in reduced OPEX spend.

RECYCLING

The move to circular economies and a focus on reducing, reusing, and recycling materials to eliminate waste to landfill presents an opportunity to design products that require fewer raw material inputs.

USE OF LOWER-EMISSION SOURCES OF ENERGY

Increasing the amount of renewable energy used presents an opportunity to KA. 50% of purchased electricity is generated from renewable sources. Six of KA's manufacturing facilities – four in Scandinavia as well as our facilities in Brazil and Canada – purchase 100% renewable electricity. Two facilities have installed solar panels that provide some of the energy they use.

EMISSIONS

Each year KA reports on climate change and actions to reduce carbon emissions created by its manufacturing activities. In 2022, the group's CO₂ emissions were approximately 24,349 metric tonnes of CO₂, a 46% reduction from the 45,256 metric tonnes of CO₂ emitted in 2021. This decrease is driven by the reduction in manufacturing locations due to divestments in the year.

Adjusting the calculations to exclude the divested locations, the group's 2022 emissions were approximately 22,365 metric tonnes of CO₂. This is a 31% reduction from the adjusted emissions in 2021 of 32,244 metric tonnes of CO₂.

KA has started climate accounting on Scope 1, 2, and 3, and will publish data and targets related to this as part of the annual Sustainability Report in Q2 2023.

ENERGY

In 2022, KA continued to take concerted actions on improving energy efficiency at its manufacturing locations. This was mainly driven by two factors: The company's goal to achieve carbon-neutral products by 2039 (energy usage is the overwhelming source of KA's carbon emissions), and the need to reduce utility costs due to the volatility in the energy markets.

All plants were set a target for 2022 to decrease energy consumption by 2% relative to total product sales (“energy intensity”). Each plant took action to reduce energy usage. Some of the key activities were replacing existing lighting with LED bulbs, air leak reduction programs, replacing old equipment for newer and more energy efficient equipment, and reusing waste heat, amongst others.

In 2022, KA continued to expand its knowledge about improving energy efficiency as it put the lessons learned from its Virtual Energy Treasure Hunts at its Suffield facility into practice. The Energy Treasure Hunt framework was established by the U.S. Environmental Protection Agency and U.S. Department of Energy as part of the Energy Star program and provides a structured framework for assessing energy usage in a facility as well as identifying opportunities to improve efficiency.

KA’s energy intensity in 2022 was 100.0 kilowatt hours used in production for every EUR 1,000 of total product sales, a 1.3%* increase from the 98.7 kilowatt hours per EUR 1,000 of total product sales in 2021, despite the approximate 19% decrease in sales.

While energy intensity was the primary key performance indicator, manufacturing units reported that the absolute energy use decreased by 17.5%* to approximately 101 million kilowatt hours from approximately 122 million kilowatt hours in 2021.

*In 2022 KA’s manufacturing units reported an increase of 1.3% in energy intensity and a reduction of 17.5% in absolute energy use. Due to the impact of divestment activities in the year, an adjustment to exclude wholly divested manufacturing locations was made as per the below table.

A continued focus on energy reduction activities saw further improvements from 2021 with a 2.7% reduction in energy intensity and 2.8% reduction in total energy usage.

	2021	2022	% CHANGE
NON-ADJUSTED			
Energy intensity (kWh per 1000€ sales)	98.7	100.0	1.3%
Total energy use (million kWh)	122.0	100.6	-17.5%
ADJUSTED			
Energy intensity (kWh per 1000€ sales)	104.1	101.3	-2.7%
Total energy use (million kWh)	99.2	96.4	-2.8%

ABSOLUTE CO₂ EMISSIONS

1000 tonnes CO₂
(adjusted to exclude the divested locations)

32.2 22.4

2021 2022

31%
REDUCTION

ENERGY INTENSITY

kWh/1000 EUR
(adjusted to exclude the divested locations)

104.1 101.3

2021 2022

2.7%
REDUCTION

WASTE INDEX

kg/1000 EUR
(adjusted to exclude the divested locations)

0.92 0.79

2021 2022

14%
REDUCTION

**11 MANUFACTURING LOCATIONS
WERE LANDFILL-FREE IN 2022.
ALL UNITS SOUGHT OPPORTUNITIES
TO REUSE AND RECYCLE.**

WASTE

Good waste management practices are important to KA and the communities where it operates. In 2022, KA's aim was a reduction of 1% of the yearly amount of waste sent to landfills or requiring special treatment as compared to annual sales; this is the "Waste Index". All units sought opportunities to reuse and recycle.

Notably, 11 manufacturing locations were landfill-free in 2022. This is an increase of one from 2021 (adjusting for wholly divested locations). Additionally, KA's Waste Index improved by 25.2% from 2021. As noted earlier, adjusted calculations are presented due to divestment impact. With continued recycling efforts, a 14.1% reduction in waste was delivered:

	2021	2022	% CHANGE
NON-ADJUSTED			
Waste Index (kg per 1000€ sales)	1.15	0.86	-25.2%
ADJUSTED			
Waste Index (kg per 1000€ sales)	0.92	0.79	-14.1%

WATER

Even though its business is not water intensive, KA understands its responsibility to use natural resources efficiently. KA therefore measures water usage at each plant and sets an annual target for each to reduce its usage by 1% from the previous year.

Manufacturing facilities worked to reduce water leakage use and realize conservation opportunities. However, with the investment in new manufacturing activities requiring water usage and the continued increase in maintaining high levels of hygiene necessary to keep facilities safe and healthy, KA saw a 36% increase in total water usage from 2021. As noted earlier, adjusted calculations are presented due to divestment impact.

	2021	2022	% CHANGE
NON-ADJUSTED			
Total water usage (thousand m ³)	144.8	197.5	36.4%
ADJUSTED			
Total water usage (thousand m ³)	113.6	192.5	69.5%

KA reported no fires resulting in significant property damage or causing interruption to daily business for the year. Additionally, no unauthorized releases to the environment requiring disclosure to legal authorities occurred.



SOCIAL



KA is represented in 18 countries all around the world with a wide range of specialties; its locations vary from manufacturing sites through to tech centers and warehouse sites. The company's largest workforce is in Mexico and Slovakia, followed by Norway and China. All of this gives KA a multinational mindset. By the end of 2022, the company had a workforce of 5,270 full-time equivalents (FTEs).

EMPLOYEES

KA continues to identify, develop, and retain its highly talented employees to plan for the future of the company. To do so, KA relies on its professional, digitalized succession planning process, with the aim of securing KA's future organizational needs. This provides KA with a solid framework for developing talent based on the principles of equality and diversity, all of which helps drive the success of the company.

Strategic issues are at the heart of the company's success. Its employees work tirelessly to ensure KA can deliver substantial value for its customers through its first-rate products and services. Employees are expected to have a strong commitment not only to the company's success, but also to its core values of Integrity, Accountability, Creativity, and Teamwork. KA aims to add value for its customers and shareholders, while firmly upholding its ethical guidelines (Code of Conduct).

In 2022, Kongsberg Automotive continued on its HR digitalization journey by further enhancing the SAP SuccessFactors platform which facilitates the administration and management of the company's global workforce with a cloud-based HR information system covering all core HR functions. It allows for consistent and digital HR processes with unified data in the areas of recruitment, onboarding, compensation, learning, and performance management.

DIVERSITY AND EQUAL OPPORTUNITIES

At KA, we promote equal opportunity and fair treatment. We believe that business performance and productivity are enhanced by a diverse workforce, as greater diversity will lead to higher performing teams and improved decision making. The company has established a diversity policy which is part of our Code of Conduct, available on KA's website.

In 2022, 62 nationalities were represented in the KA global workforce, while executive management featured six different nationalities. Women make up 38.7% of the total workforce and 11% of the executive management (Global Leadership Team). The Board of Directors consists of eight members: Three

**KA'S SUCCESS IS BASED ON ITS
EMPLOYEES. THEY ARE THE DNA OF
THE COMPANY. THEIR KNOW-HOW,
THEIR CREATIVE IDEAS, AND THEIR
ABILITY TO IMPLEMENT THEM PRODUCE
THE INNOVATIONS THAT ULTIMATELY
CONVINCE AND INSPIRE CUSTOMERS.**

women, of which two are shareholder-elected directors, and five men, of which three are shareholder-elected directors. The company will continue to promote diversity and equality in future recruitment and promotion processes. Everyone working in or on behalf of KA shall treat people with respect. We have zero tolerance for discrimination, whether this is based on a person's race, color, religion, sex, age, ethnicity, national origin, citizenship status, disability, sexual orientation or any other relevant status.

KNOWLEDGE BUILDING

Kongsberg Automotive (KA)'s success is based on its employees. They are the DNA of the company. Their know-how, their creative ideas, and their ability to implement them produce the innovations that ultimately convince and inspire customers. KA is committed to unlocking the potential of its employees in the best possible way, regardless of where in the world they are located and at what level they work within the organization.

Whether engineers, managers, qualified production staff, or specialized technicians - every single KA employee is important for the success of the company. Development of our staff is crucial for self-realization and to fulfill customer demands in the future. For KA, continuous development and the promotion of individual strengths are just as important as appreciative interaction, rewarding performance, and flexible working conditions. All this contributes to KA being an employer of choice in the 33 locations where it operates.

KA takes this hunger for continuous learning to heart. In 2022, talent development was placed on a new strategic foundation. In line with Shift Gear, the aim is to unleash the greatest possible potential of KA's employees. A new initiative was launched, a global training strategy was developed and in 2023, the resulting training will commence. This strong strategic realignment of talent development is particularly important in the wake of the various divestures and reorganizations to ensure that the whole team is pulling in the same direction.

KA ExpertForum

In times of technological progress and changing market environment, knowledge management and innovation are the ultimate source of competitive advantage. Learning and development have proven to be strategic factors for KA's success. They were also the focus of the ExpertForum initiative, which concluded in spring 2022. At KA's ExpertForum, employees were able to discuss the latest trends and relevant topics that shaped and moved KA in particular, or across various industries. The format was received with enthusiasm. "We need more of these," was the unanimous conclusion of the enthusiastic participants.

PRUDENCE AND FORESIGHT

Taking the best possible care of its employees is KA's top priority. In recent years, this has included taking prudent and appropriate measures to protect against COVID-19. In 2022, step-by-step relaxations at most locations led, fortunately, to a return to normality and the all-important togetherness among colleagues. Through consistent and determined crisis management, KA has managed to lead the company through this crisis.

In 2022, KA gained new insights into work organization; many employees were working from home during the pandemic and returned to the office after shutdowns were lifted. This provided the spark to establish new concepts of hybrid and mobile work, enabling KA to attract and retain talent and remain a contemporary employer of choice.

HEALTH AND SAFETY

Kongsberg Automotive (KA) prioritizes the health, safety, and wellbeing of its employees and seeks to minimize environmental impact. KA's well-established Health & Safety Policy and Environmental Policy articulate the key actions necessary to achieve the highest industry standards in HSE performance and KA's business objectives. 'We will be second to none in all we do'. These commitments are communicated throughout the organization.



**STOP
WORK
WHEN
IT IS
UNSAFE**

- > TAKE RESPONSIBILITY AND CORRECT UNSAFE ACTS
- > REPORT UNSAFE CONDITIONS AND FAULTY EQUIPMENT
- > REPORT ALL INCIDENTS, ACCIDENTS, AND NEAR MISSES
- > ABIDE BY THE PROCEDURES AND USE CORRECT PPE
- > FOLLOW SAFETY SIGNS, BARRIERS, AND INSTRUCTIONS



The authorities in the countries where the group operates set Health, Safety, and Environmental (HSE) standards in the form of legislation, regulations, and specific requirements. KA's businesses comply with these, as well as with internal HSE requirements. The group sets expectations for all units and requires improved performance and regular assessment of progress.

All manufacturing facilities have aligned their safety management systems to the new ISO 45001 standard. 90% of KA's facilities were successfully externally certified to this safety standard by the end of 2022 and the certification of all plants is scheduled to be completed by the end of 2023.

Additionally, all KA manufacturing locations are certified to the ISO 14001 Environmental Management Systems standard; this standard ensures that units consider the environmental impact of their work and set appropriate targets for improved performance. As a supplier, KA also meets the HSE expectations of its customers.

Objectives and plans for continuous improvement of HSE performance were set and communicated in early 2022. Key performance indicators were reviewed regularly, and adjustments were made immediately as the need arose. As a result, the group reports a stable HSE performance.

Employee absences due to illness are tracked by the organization. Manufacturing unplanned absence in 2022 was approximately 4.6% on average, down from the 4.9% posted in 2021.

Adjusted for the businesses discontinued in 2022, unplanned absence remains at 4.6% on average, as the effects of the COVID pandemic are still being felt.

Safeguarding employees' health

Due to the ongoing COVID pandemic, health-related measures continued in place at KA's facilities to mitigate the spread of the virus.

The pandemic was monitored and controlled by the group's Corporate Disaster Team, supported by local Disaster Teams in each facility. Ongoing hygiene measures were monitored to ensure stringent action was taken in all KA's facilities. As a result, there has been minimal transmission

of COVID at KA's facilities, with most infections occurring outside the workplace. Employees and their families have been supported by local human resources teams. KA actively encourages vaccinations against COVID-19/influenza viruses. In mid-2022, restrictions were lifted in many regions; however, KA's operations in Asia continued to be affected.

Safety record

Safety activities continued to focus on eliminating unsafe conditions at the manufacturing plants. Despite the ongoing challenges (including rapidly changing situations, such as changes in COVID-19 restrictions, business divestments, and employee turnover), the safety performance remained stable overall.

Execution of the Shift Gear program allows KA now to focus on its core business facilities. The company expects to further enhance its safety performance in 2023.

In 2022, KA reported 14 injuries, a slight increase compared to last year's reported 12 injuries. Also, 12 manufacturing locations reported zero accidents by the end of 2022, compared to 18* in 2021 (*13 when adjusted for wholly discontinued business). The results achieved indicate a stable performance level for the year, building on previous reductions, resulting in a 54% reduction over the last five years.

In 2022, KA also went five calendar months with zero accidents. These results are testament to the ongoing focus that KA has placed on providing the necessary resources, employee engagement, training, awareness, and improved work processes.

54% ACCIDENT
REDUCTION
IN 5 YEARS

BUSINESS ETHICS

KA and its employees should always maintain a high ethical standard. The group shall apply fair labor practices while respecting the national and local laws of the communities where it operates, in addition to internationally recognized business ethics standards, such as the OECD guidelines for multinational enterprises and the UN Declaration on Human Rights. KA does not tolerate or engage in forced or exploitative labor and has zero tolerance for corruption or bribery.

EXPECTATIONS FOR EMPLOYEE CONDUCT

The group's Code of Conduct sets the organization's expectations for acting responsibly and its guidelines help ensure that all employees act in a way that is expected from a top-tier automotive supplier. The Code of Conduct is available in thirteen languages and is communicated to all employees. Employees also receive training and guidance on the requirements in the Code of Conduct, which is designed with a focus on relevant ethical dilemmas to ensure employees understand the Code and their responsibilities, and is delivered through classroom training, workshops, and an e-learning program.

KA encourages reporting of suspected misconduct, and this goes for both employees and people external to the company. The company has established a whistleblowing service for reporting suspected breaches of the Code of Conduct or any other unethical or illegal behavior. The whistleblowing service can be found in the 'Code of Conduct' page in the Corporate Responsibility (Sustainability & ESG) section of the website. All concerns are treated with the utmost confidentiality, without fear of retaliation.

In 2022, no confirmed incidents of corruption have been reported or identified. Further, no legal cases regarding corruption have been brought against the company or its employees.

HUMAN RIGHTS AND SUPPLY CHAIN

Human rights and decent working conditions throughout the supply chain are of the utmost importance to Kongsberg Automotive (KA). The sustainability team in KA's Purchasing department regularly evaluates the company's approach, conducts due diligence, and works towards expanding the company's approach.

KA works to identify relevant human and labor rights issues based on the applicable international and local regulations and guidelines, its corporate responsibility strategy, industry and customer requirements, and benchmark analyses. KA focuses on the following human and labor rights when determining the requirements it places on suppliers and carrying out supplier risk assessments:

- > Protection of freedom of association and collective bargaining
- > Avoidance of child labor
- > Avoidance of forced labor (including modern slavery)
- > Avoidance of harassment and discrimination
- > Guarantee of occupational health and safety
- > Guarantee of decent working conditions (working hours, wages, and benefits etc.)
- > Safeguarding of human and labor rights in sourcing practices

Suppliers are required to adhere to the same high standards as KA does itself. The relevant principles and requirements are set out and communicated to the supply chains in KA's Supplier Declaration document, which all suppliers are required to commit to. As part of the contracting process, direct materials suppliers are also required to commit to the more detailed requirements as set out in KA's Supplier Sustainability manual. KA has also published a position statement on conflict minerals.

KA requires direct materials suppliers to report on their governance and management approach with regard to human and labor rights. In 2022, KA put together an internal team and processes to expand the applicability of this standard to suppliers of indirect materials. KA expects its suppliers to have in place an effective policy and manage-

KA JOINED THE RESPONSIBLE MINERAL INITIATIVE, SUPPORTING HUMAN AND LABOR RIGHTS IN THE SUPPLY CHAIN RELATED TO CONFLICT MINERALS.

ment system for fundamental human rights and decent working conditions, to offer training for their workforce on the relevant issues, and to communicate the necessary requirements to their own suppliers. This information is collected from suppliers through a standardized, evidence-based self-assessment questionnaire. The questionnaire has been developed and promoted by CSR Europe and Drive Sustainability (SupplierAssurance.com) and is widely used in the automotive industry. It enables KA to identify gaps in suppliers' existing governance and management approaches to human and labor rights, health and safety, environment and energy management, and responsible sourcing.

By the end of 2022, more than 305 suppliers, covering 71% of KA's yearly direct purchasing spend excluding suppliers and spend covered by divestments during the year, completed one of these questionnaires. The information and evidence provided were assessed and validated by an independent third party. All suppliers are provided with feedback and recommendations on how to improve their governance and management systems following the assessment of their questionnaires. KA is committed to giving precedence to suppliers with low sustainability risks, including human rights. Suppliers that are classified by the Purchasing department as having high/medium risks are supported in their development.

All suppliers that use conflict minerals, such as tin, tungsten, tantalum, and gold, which are identified as minerals contributing to possible human and labor rights violations in the Democratic Republic of Congo (DRC), must provide information on the origins of these minerals and prove that they comply with our related policy. Where risks are identified that these minerals could potentially originate in the DRC, KA immediately escalates the issue and requires the supplier to implement responsible sourcing practices. Following the 2021 update of KA's Conflict Minerals due diligence process, cobalt and mica were added to the list of conflict minerals. KA's publicly available Conflict Minerals Position Statement for Suppliers gives a clear

commitment and guidance on the yearly data collection process and escalation needs. KA also joined the Responsible Mineral Initiative, supporting human and labor rights in the supply chain related to these minerals.

To ensure effective monitoring of KA's compliance, including human and labor rights, KA encourages reporting any concerns or breaches that may occur. As a part of its work with the Norwegian Transparency Act, in 2022, KA started assessing relevant suppliers relating to their impacts on human rights and decent working conditions. The company has also established internal routines for reporting suspected human rights breaches. In 2022, no breaches were reported or identified. The corresponding report will be published on the company's website by the end of June 2023. Beyond this, KA uses a global media screening tool for its suppliers, their industries, and their geographical locations. This tool raises an alert if any potential human or labor rights issues have been publicized. Whenever an alert is raised, the responsible buyer is informed immediately and is required to take appropriate actions to investigate the matter.

Within KA's Central Purchasing department, sustainability training, including human and labor rights as well as decent working conditions, is provided to colleagues and suppliers where the scope for improvement has been identified. This department is also responsible for performing regular reviews of existing due diligence processes and identifying any areas for improvement.

In line with KA's carbon emission targets, the Purchasing department started to implement two tools in supplier selection and evaluation on CO₂ emissions. The upgrade with a carbon footprint module of the cost analyst software enables incorporating carbon information on purchased goods level in our Sourcing Board decision-making from 2023. In parallel, the preparations were also done to be able to calculate the Scope 3 upstream emissions to analyze the hot spots and develop effective measurements to decrease carbon emissions in KA's supply chain.



↑ KA SPONSORS REVOLVE NTNU FORMULA STUDENT TEAM

↖ KA NUEVO LAREDO PLANT CELEBRATES DIVERSITY AND INCLUSION



LOCAL COMMUNITIES

Being a global company means that KA is a part of many local communities. KA encourages its employees to be involved in their communities and to support issues such as education, health, social responsibility, and advocacy for children. Examples of this type of support of local communities can be found in our latest Corporate Sustainability report.

OUTLOOK

KA is focusing on growing profitably and executing on its transformation roadmap. As KA's performance improvement program Shift Gear goes into its third year, the focus lies on efficiency increases, footprint optimization, and operational synergies.

2023 has started with China relaxing its COVID-related restrictions, opening back up in December. This led to health-related absences of workforce in January and extended factory closures at KA's Wuxi and Shanghai plants before and after the Lunar New Year. This is going to challenge KA's targeted revenue performance in Q1, despite the expected normalization from March 2023 onwards.

Looking into the 2023 vehicle forecast, we expect growth in passenger vehicle production of 3.6% (85 million vehicles). Meanwhile, the truck market is supposed to grow up to 4.9% (2.9 million vehicles), anticipating a strong recovery of the commercial vehicle demand in China, which would be positive for KA. As per KA's weighted market exposure, the resulting market growth is expected to be at a level of 6-7%, while KA is targeting growth levels slightly above average (7%), with solid improvements in relative EBIT performance.

It will be decisive how quickly the market recovers from the ongoing 2022 challenges of material shortage and costs, inflation, as well as energy prices – and whether 2023 will be the last year of such challenges. In 2023, KA aims to address a significant question regarding the timeframe and ability of the industry to recover from current supply chain disruptions and restore reliable production and demand planning. This would facilitate the adoption of lean production processes and optimal capacity utilization.

This contributes to improving production variances and mitigating the long-term impacts of COVID out of plants and books to return to outperform. The related tasks have been added to the Shift Gear roadmap for 2023, constituting a focal point for KA's operational teams.

Another important target will be the continuous efficiency increase in administration and functional units.

After completing the divestments in 2022, KA has become significantly smaller, with 5,300 employees in 33 locations. Processes and the organizational setup will need to be optimized accordingly to address the ongoing challenges. Effective January 1, 2023, KA has therefore launched the first activities in this regard by centralizing its Sales & Business Development department, strengthening them with application engineering know-how. Also, the Couplings and Fluid Transfer Systems business units were merged to form the new Flow Control Systems business unit under one management.

Besides this, KA aims to further build on its strong 'partner of choice' relationship with its customers and foster its successful growth story with book-to-bill target ratios significantly above 1.

KA continues to add to its innovation pipeline, leveraging our strengthened engineering competence centers across the globe, particularly in on-highway, industries, and off-highway areas. China, Korea, and India will continue to be a focal point for KA, as these regions offer perspectives for high growth. The recently onboarded local management teams will follow a local-for-local approach to capture significant market share and profits.

In 2023, KA, together with the Board of Directors, has decided to initiate a strategic review of the company. The aim is to unlock the full potential of the business.

Going forward, KA will continue to leverage its robust market position as well its Shift Gear program to further improve its competitive position in 2023. Customer focus, quality, efficiency, innovation, and cost control will continue to guide KA's journey creating value for its customers, employees, suppliers, and the highly appreciated and loyal shareholder community.

BOARD OF DIRECTORS

**KONGSBERG AUTOMOTIVE'S BOARD HAS EIGHT DIRECTORS.
FIVE ARE ELECTED BY SHAREHOLDERS AND THREE BY EMPLOYEES.**



Firas Abi-Nassif
Chairman



Rolf Breidenbach
Director



Emese Weissenbacher
Director



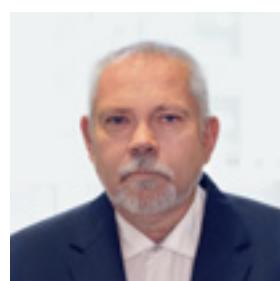
Ellen M. Hanetho
Director



Mark Wilhelms
Director



Siw Reidun Wærås
Elected by the employees



Knut Magne Alfsvåg
Elected by the employees



Bjørn Ivan Ødegård
Elected by the employees

M. W.

Siw Reidun Wærås

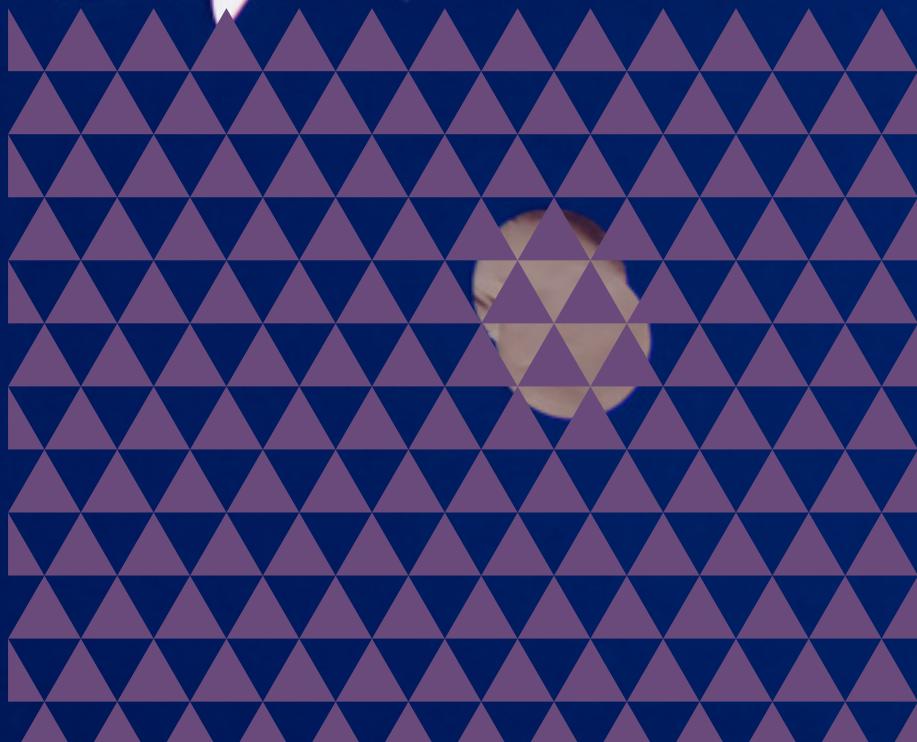
Knut M. Alfsvåg

Bjørn Ivan Ødegård

Kongsberg, March 13, 2023
The President & CEO and the Board of Directors of Kongsberg Automotive ASA



FINANCIAL STATEMENTS OF THE GROUP



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	NOTE	2022	2021
CONTINUING OPERATION			
Operating revenues	7	905.6	831.4
Other income	9	44.2	0.1
<i>Operating expenses</i>			
Raw material expenses		(433.6)	(404.2)
Change in inventories		1.8	27.6
Salaries and social expenses	8	(253.3)	(232.9)
Other operating expenses	9	(165.4)	(142.5)
Depreciation	14, 15	(33.0)	(29.4)
Amortization	13	(1.9)	(2.7)
Impairment losses	14	(1.3)	0.0
Total operating expenses		(886.7)	(784.0)
Operating profit		63.1	47.5
<i>Financial items</i>			
Financial income	10	5.0	12.1
Financial expenses	10	(21.8)	(21.6)
Net financial items		(16.8)	(9.5)
Profit before taxes		46.3	38.0
Income taxes	11	(25.5)	(9.5)
Net profit from continuing operation		20.8	28.5
DISCONTINUED OPERATION			
Profit / (Loss) from discontinued operation, net of tax	12	5.9	(23.0)
Net profit		26.7	5.5
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Translation differences on foreign operations		29.8	(7.5)
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Translation differences on non-foreign operations		(24.3)	20.9
Remeasurement of net PBO	21	6.2	0.2
Tax on net PBO remeasurement	11	(1.5)	0.0
Other comprehensive income		10.2	13.6
Total comprehensive income for the year		36.9	19.1
<i>Net profit attributable to</i>			
Equity holders (parent company)		26.5	5.1
Non-controlling interests		0.2	0.4
Total		26.7	5.5
<i>Total comprehensive income attributable to</i>			
Equity holders (parent company)		36.8	18.3
Non-controlling interests		0.1	0.8
Total		36.9	19.1
<i>Earnings per share:</i>			
Basic earnings per share, Euros	20	0.03	0.00
Diluted earnings per share, Euros	20	0.03	0.00
<i>Earnings per share - Continuing operation:</i>			
Basic earnings per share, Euros	20	0.02	0.03
Diluted earnings per share, Euros	20	0.02	0.03

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	NOTE	2022	2021
<i>Operating activities</i>			
Profit before taxes		64.6	12.6
Depreciation	14, 15	33.2	43.8
Amortization	13	1.9	2.9
Impairment losses	14	1.3	0.0
Interest income	10	(1.7)	(0.2)
Interest and other financial items	10	21.7	24.1
Taxes paid		(9.4)	(8.3)
(Gain) / loss on sale of non-current assets		(72.3)	0.6
Changes in trade receivables	18	61.7	(8.0)
Changes in inventory	17	20.5	(41.7)
Changes in trade payables	25	(21.3)	13.7
Currency differences	10	0.4	(11.4)
Difference between pension funding contributions paid/pensions paid and the net pension cost	21	(1.4)	(0.3)
Changes in other items*		3.2	8.2
Cash flow from operating activities		102.4	36.1
<i>Investing activities</i>			
Capital expenditures, including intangible assets	13, 14	(28.9)	(43.7)
Proceeds from sale of intangible and tangible assets		189.5	0.3
Interest received	10	1.6	0.2
Proceeds from sale of subsidiaries		40.4	0.0
Cash flow from/used by investing activities		202.6	(43.2)
<i>Financing activities</i>			
Payments for purchase of treasury shares		(23.5)	0.0
Net draw down / (repayment) of debt	22	(98.5)	18.1
Interest paid and other financial items		(22.1)	(23.4)
Repayment of lease liabilities		(9.9)	(15.0)
Cash flow used by financing activities		(154.0)	(20.3)
Currency effects on cash		3.6	18.3
Net change in cash		154.6	(9.1)
Net cash as at January 1		58.3	67.4
Net cash as at December 31		212.9	58.3
Of this, restricted cash		0.5	0.5

* Comprises changes in other receivables and other assets, other short-term liabilities, and provisions.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	NOTE	2022	2021
ASSETS			
<i>Non-current assets</i>			
Deferred tax assets	11	14.3	31.3
Intangible assets including Goodwill	13, 16	78.7	90.0
Property, plant and equipment	14, 16	133.6	140.7
Right-of-use assets	15, 16	60.7	66.6
Other non-current assets	18	1.4	3.5
Total non-current assets		288.7	332.1
<i>Current assets</i>			
Inventories	17	96.5	94.1
Trade and other receivables	18	184.4	250.0
Cash and cash equivalents	22	212.9	51.3
Other current assets	18	15.4	19.1
Assets held for sale	12	0.0	238.2
Total current assets		509.2	652.7
Total assets		797.9	984.8
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	19	100.3	105.6
Treasury shares	19	(23.9)	(1.3)
Share premium		208.2	219.1
Other reserves		72.2	45.0
Retained earnings		(80.6)	(107.1)
Attributable to equity holders		276.2	261.3
Non-controlling interests		4.3	4.2
Total equity		280.5	265.5
<i>Non-current liabilities</i>			
Deferred tax liabilities	11	24.2	27.0
Retirement benefit obligations	21	12.5	19.0
Interest-bearing liabilities	22	197.9	272.1
Non-current lease liabilities	15, 22	60.4	66.6
Other non-current interest-free liabilities	23	8.0	1.0
Total non-current liabilities		303.0	385.7
<i>Current liabilities</i>			
Other current interest-bearing liabilities	22, 26	0.0	20.6
Current lease liabilities	15, 22	9.3	8.4
Current income tax liabilities	11	7.8	4.2
Trade and other payables	25	197.3	229.6
Liabilities directly associated with the assets held for sale	12	0.0	70.8
Total current liabilities		214.4	333.6
Total liabilities		517.4	719.3
Total equity and liabilities		797.9	984.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Equity as at 01.01.2021	100.8	(1.3)	209.1	44.9	(112.2)	241.4	4.1	245.5
Share-based compensation				1.7		1.7		1.7
Dividends allocated or paid						0.0	(0.7)	(0.7)
<i>Total comprehensive income for the year:</i>								
Profit for the year					5.1	5.1	0.4	5.5
<i>Other comprehensive income:</i>								
Translation differences on foreign operations				(7.9)		(7.9)	0.4	(7.5)
Translation differences on non-foreign operations	4.8		10.1	5.9		20.9		20.9
Remeasurement of net defined pension liability				0.2		0.2		0.2
Other comprehensive income	4.8	0.0	10.1	(1.7)	0.0	13.2	0.4	13.6
Total comprehensive income for the year	4.8	0.0	10.1	(1.7)	5.1	18.3	0.8	19.1
Equity as at 31.12.2021	105.6	(1.3)	219.1	45.0	(107.1)	261.3	4.2	265.5
Purchase of treasury shares		(23.5)				(23.5)		(23.5)
Share-based compensation				1.6		1.6		1.6
<i>Total comprehensive income for the year:</i>								
Profit for the year					26.5	26.5	0.2	26.7
<i>Other comprehensive income:</i>								
Translation differences on foreign operations				29.9		29.9	(0.1)	29.8
Translation differences on non-foreign operations	(5.3)	0.9	(10.9)	(9.0)		(24.3)		(24.3)
Remeasurement of net defined pension liability				6.2		6.2		6.2
Tax on remeasurement of net pension liability				(1.5)		(1.5)		(1.5)
Other comprehensive income	(5.3)	0.9	(10.9)	25.6	0.0	10.3	(0.1)	10.2
Total comprehensive income for the year	(5.3)	0.9	(10.9)	25.6	26.5	36.8	0.1	36.9
Equity as at 31.12.2022	100.3	(23.9)	208.2	72.2	(80.6)	276.2	4.3	280.5

Specification of constituent elements of equity:

- Share capital: Par value for shares in issue
- Treasury shares: Par value for own shares and premium over par value for own shares
- Share premium: Premium over par value for shares in issue
- Other reserves: Translation differences, premium treasury shares, warrants, share options, and OCI.
- Retained earnings: Accumulated retained profits and losses.
- Non-controlling interests: NCI share in Group's equity

Kongsberg, March 13, 2023

The President & CEO and the Board of Directors of Kongsberg Automotive ASA

Firas Abi-Nassif
Chairman (sign.)

Emese Weissenbacher
Board member (sign.)

Ellen M. Hanetho
Board member (sign.)

Mark Wilhelms
Board member (sign.)

Rolf Breidenbach
Board member (sign.)

Knut Magne Alfsvåg
Employee elected (sign.)

Bjørn Ivan Ødegård
Employee elected (sign.)

Siw Reidun Wærås
Employee elected (sign.)

Joerg Buchheim
President and CEO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 REPORTING ENTITY

Kongsberg Automotive ASA ('the Company' or 'the Parent Company') and its subsidiaries (together the 'Group') develop, manufacture, and sell products to the automotive industry worldwide. The Company is a limited liability company incorporated and domiciled in Norway.

The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The Company is listed on the Oslo Stock Exchange. The Group's consolidated financial statements were authorized for issue by the Board of Directors on March 13, 2023.

NOTE 2 STATEMENT OF COMPLIANCE

The Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the EU.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability the group considers the characteristics of the asset or liability if market participants would do so. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value-in-use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date,
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Kongsberg Automotive ASA and its subsidiaries as of Decem-

ber 31 each year. The financial statements of subsidiaries are prepared for the same reporting periods as the Company, using consistent accounting principles.

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- has the ability to use its power to affects its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the parent company obtains control directly or indirectly and continue to be consolidated until the date when such control ceases. All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full.

Changes in the parent company's direct or indirect ownership interests in subsidiaries that do not result in losing control of the subsidiaries are accounted for as equity transactions. The carrying amounts of the controlling interests and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company.

If the parent company loses its direct or indirect control of a subsidiary, the group should recognize a gain or loss on the loss of control in the income statement, which is calculated as the difference between (i) the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All components of the other comprehensive income (OCI) that are attributable to the subsidiary are to be reclassified on the loss of control from the equity to the income statement or directly to retained earnings.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in the income statement as incurred.

At the acquisition date, the identifiable assets acquired, and liabilities assumed are recognized at fair value, except as noted below:

- Deferred tax assets or liabilities arising from assets acquired and liabilities assumed shall be recognized or measured in accordance with IAS 12,
- Liabilities related to the acquiree's employee benefit arrangements shall be recognized and measured in accordance with IAS 19,
- Right-of-use assets and lease liabilities shall be recognized and measured in accordance with IFRS 16,
- A liability or an equity instrument related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the acquirer shall be measured in accordance with IFRS 2, and
- Assets classified as held for sale and discounted operations are measured in accordance with IFRS 5.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed. Non-controlling interests that are present ownership interests and entitle their holder to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value or a non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

As of December 31, 2022, there is a non-controlling interest recognized only in one subsidiary. The Group has chosen to measure at the proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising on business acquisitions is carried at cost established at the acquisition date, less accumulated impairment losses (if any).

For purposes of impairment testing, goodwill is monitored by the Management at the level of each of the Group's cash-generating units (CGUs) which are part of the respective operating segments identified in note 7.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the unit and then the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in the income statement and is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the income statement on disposal.

Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency are recognized using exchange rates at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the year-end exchange rates. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For presentation purposes, the assets and liabilities of the group's foreign operations are translated into Euro using the exchange rates at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income, accumulated in equity, and attributed to non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to the income statement.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated using the exchange rate at the end of each reporting period. Exchange differences arising are recognized in comprehensive income.

Exchange differences on monetary items are recognized in the income statement (in financial items) in the period in which they arise except for monetary items receivable from or payable to a foreign operation for which the settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation). These are recognized initially in other comprehensive income and reclassified from equity to the income statement on the repayment day of the monetary items.

The group presents its consolidated financial statements in Euros. The presentation currency of the parent company is Euro, whilst its functional currency is Norwegian Krone. The reason for the use of Euros is to enable all amounts in the published financial statements of both the group and the company to be presented in the same currency. All financial information presented in Euro has been rounded to the nearest thousands, except when otherwise indicated.

Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Group's Executive Committee (led by the CEO).

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets other than goodwill

Internally generated intangible assets – research and development expenditure

Research expenditures are expensed as incurred. An internally generated intangible asset arising from the development of specific projects is recognized only when all the following criteria can be demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or for sale,
- the entity's intention to exercise the right to use or to sell the asset,
- the entity's ability to use or sell the intangible asset,
- the entity's asset will generate probable future economic benefits,
- the availability of adequate resources to complete the development and to use or sell the asset,
- the entity's ability to reliably measure the expenditure incurred during its development.

The amount initially recognized for the internally generated asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognized, development expenditure is recognized in the income statement in the period in which it is incurred.

After initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses. The amortization period is five years.

Software

Costs associated with maintaining computer software are expensed as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the abovementioned criteria are demonstrated to be fulfilled.

Development expenses that do not meet these criteria are expensed as incurred and are not recognized as an asset in a subsequent accounting period.

Software costs are amortized over their estimated useful lives, which shall not exceed three years.

Other intangible assets – acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date, which is regarded as their cost.

After initial recognition, intangible assets are reported at cost less accumulated amortization and accumulated impairment losses.

The useful life of patents is considered to be up to 21 years, the useful life of customer relationship is estimated to be 10 years.

Property, plant & equipment (PP&E)

PP&E are stated at historical cost less accumulated depreciation and impairment losses. The assets are depreciated over their useful economic lives using the straight-line method.

Historical costs include expenditures that are directly attributable to the acquisition of the asset and to make the non-current asset available for use. Subsequent costs, such as repair and maintenance costs, are expensed when incurred unless increased future economic benefits arise as a result of repair and maintenance work. Such costs are recognized in the statement of financial position as additions to non-current assets. Straight-line depreciation is calculated at the following rates:

• Land	N/A
• Buildings	3–4%
• Production machinery and tooling	10–25%
• Computer equipment	33%

Right-of-use assets and lease liabilities

The Group leases various manufacturing facilities, offices, warehouses, equipment, and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years but may have extension or termination options.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the group under residual value guarantees,
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments should be discounted using:

- the interest rate implicit in the lease; or
- if the interest rate implicit in the lease cannot be readily determined, the lessee's incremental borrowing rate.

The interest rate implicit in the lease is likely to be like the lessee's incremental borrowing rate in many cases. This is because both rates, as they are defined in IFRS 16, take into account the credit standing of the lessee, the length of the lease, the nature and quality of the collateral provided and the economic environment in which the transaction occurs.

Management has assessed that the fixed coupon of the bond issued in July 2018, properly reflects the incremental borrowing rate on a Group level.

The group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. For the classification in the statement of cash flow the interest payments on the lease liabilities follow the same principles as other interests.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group assesses its right-of-use assets for impairment after any significant changes in operations as well as on an annual basis. This assessment of individual right-of-use assets for impairment is performed in addition to the Group's overall impairment testing.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

The Group uses tooling equipment which are owned by specific customers to produce parts for the customer. Under the new standard, these contracts do not constitute a lease as the Group has no authority to direct the use of the equipment.

Taxes on leases

In most of the jurisdictions in which the Group operates, tax deductions are received for lease payments as they are paid, thus the tax base of the right-of-use asset as well as the lease liability is zero at the inception of the lease. Subsequently, as the straight-line depreciation of the assets exceeds the rate at which the debts reduce, a net liability arises resulting in a deductible temporary difference on which a deferred tax asset is recognized if recoverable.

Impairment of PP&E, intangible assets (other than goodwill) and right-of-use assets

The Group tests on each reporting date whether these assets have suffered any impairment as well as if any indication arises, due to changes in circumstances, that the carrying amount is not fully recoverable. The recoverable amount of the asset is determined in order to assess the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in income statement.

When an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years.

Assets held for sale and disposal groups held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use and they are available for immediate sale in their present condition.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated. The restatement of prior year's balances in the statement of financial position is not required by IFRS 5.

Discontinued operation

A discontinued operation is a component of the Group's business, that has either been disposed of or is classified as held for sale and

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Intercompany transactions between continuing and discontinued operation are eliminated against discontinued operation.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on a first-in, first-out (FIFO) basis. Cost of raw materials comprise purchase price, inbound freight, and import duties. Cost of finished and semi-finished goods include variable production costs and fixed costs allocated on normal capacity. Interest costs are not included. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Value adjustments are made for obsolete materials and excess stock.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the income statement.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

Subsequent measurement

All recognized financial assets are subsequently measured at either amortized cost or fair value based on the business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group holds loans and receivables (including trade receivables and other receivables, bank balances and cash) within the business model that aims to collect the contractual cash flows. Consequently, these assets are subsequently measured at amortized cost using the effective interest method, less any potential impairments.

Amortized cost and effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. For trade receivables the Group applies the simplified approach which requires expected lifetime losses to be recognized from initial recognition of the receivables. See note 18 for further details.

Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flow from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Financial liabilities

The Group recognizes and measures its financial liabilities (including borrowings and trade and other payables) at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a debt instrument and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Taxes payable and deferred taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current tax payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries in which the company's subsidiaries operate.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, using tax rates that have been enacted or substantively enacted

by the balance sheet date and are expected to apply when the deferred tax asset is realized, or the deferred tax liability settled.

Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilized. Deferred tax positions are netted within the same tax entity.

Employee benefits – retirement benefit cost and termination benefits

Payment to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the income statement. Past service cost is recognized in the income statement when the amendment of a plan occurred. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailment and settlements),
- net interest expense or income on benefit obligations and/or plan assets,
- remeasurement, and
- administration costs.

The Group presents the first two components of defined benefit cost in the income statement in the line item salaries and social expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer or the termination benefit and when the entity recognized any related restructuring costs.

Pension plans in the Group

The Company and its Norwegian subsidiary Kongsberg Automotive AS have defined benefit and defined contribution pension plans. The plans were changed from defined benefit to defined contribution in 2004. The defined benefit plan was continued for employees who had already retired.

Defined benefit pension plans also exist in two subsidiaries in Germany (closed pension plans for both German subsidiaries), one subsidiary in France, and one subsidiary in Switzerland. The other subsidiaries have either no pension plan or defined contribution pension plans for employees.

The former early-retirement arrangement in Norway was replaced in 2011. Financing of the early-retirement arrangement is now done by an annual fee, which represents the final cost for the companies included. The arrangement is defined as a multi-employer plan and is accounted for as a defined contribution pension plan. Norwegian employees are included in this scheme.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The defined contribution plans in Norway have legislative limitations when it comes to maximum salary as calculation basis for tax deductibility. Norwegian employees with salaries that exceed this limit will be granted an addition to the pension that includes the salary above the maximum limit. This obligation will only materialize if the person is employed in the Company at the time of retirement. This plan is accounted for as a defined benefit pension plan.

In the case of defined contribution plans, the contributions are recognized as expense in the period in which they occurred.

Short-term and other long-term employee benefits

A liability is recognized for benefits employees are entitled to in respect of wages and salaries, annual leave, and sick leave for the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the service.

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be settled before twelve months after the end of the reporting period in exchange for the related service rendered during the financial reporting period.

Liabilities recognized in respect of other long-term employee benefits are measured at the present value of the estimate future cash outflow expected to be made by the Group in respect of services provided by employees up to the reporting date.

Share-based payments

Equity-settled share-based payments to employees and others providing services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 19.

In 2018 a new Long-Term Incentive Plan (LTIP) for management and key employees was implemented. The LTI plan for 2021 consists of two equity instruments, (i) Stock Options (SO) and (ii) Restricted Stock Units (RSU). Both instruments are based on a service condition to vest. The SO may be exercised at the earliest three years after the grant date. In addition, the SO is based on a performance condition, defined as the company's total shareholder return (TSR) versus a defined peer group. Regarding the RSU part, all RSU granted in 2021 vest at the end of 3 years from grant date. There is no obligation for the employer to settle the RSU in cash.

The LTI plan for 2022 consists of two equity instruments: Performance Stock Units (PSU) and Restricted Stock Units (RSU). Both instruments are based on a service condition to vest. The PSU may be exercised at the earliest three years after the grant date. In addition, the PSU is based on 3 performance conditions: Total shareholder return (TSR) versus a defined peer group, one financial target, and one ESG target with no further performance condition to be met. Regarding the RSU part, all RSUs vest at the end of 3 years from grant date. There is no obligation for the employer to settle the RSU in cash.

Whereas that performance condition has been reflected in the fair value of the SO, the service condition for the RSU must not be considered when determining the fair value of the RSU. Instead, the number of shares expected to vest will be re-estimated on a regular basis. The fair value of the SO as of grant date was determined based on a Monte-Carlo-Simulation. The fair value of the RSU was the share price at the grant date. As both instruments are based on a service condition to vest, the expense is recorded on a pro rata basis.

In 2020 the Long-Term Incentive Plan was suspended. In 2021 the Long-Term Incentive Plan was granted again as per the approved resolution of the Annual General Meeting 2021.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) because of a past event. Moreover, it is probable that the Group will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under the contract.

Restructuring provisions

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for expected cost of warranty obligations under local sale of goods legislation are recognized at the date of the sale of the relevant products, at management's best estimate of the expenditure required to settle the Group's obligation.

Government support

During the year, Kongsberg applied for and received support from governments in several countries as a direct result of the COVID-19 pandemic. These government support programs were set up to cover labor and other fixed costs of production and were therefore reported directly as a reduction of these expenses. The grants received are further detailed in notes 8 and 9.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Company's own equity instruments.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The Group is in the business of providing products to the global vehicle industry. In doing so the Group provides services covering engineering and tooling, as well as the manufacturing and delivery of automotive parts. Engineering services is development of customized designs in collaboration with the customer. Tooling is the production of equipment such as cutting tools and molds needed in manufacturing of parts. Tooling can be highly customized or developed to produce standardized products to a wider range of customers. Product parts are the continuous supply of automotive parts such as seat heaters, cables, driver control systems, and fluid transfer systems.

Engineering, tooling, and product sales may be contracted in separate agreements (concluded at different points in time) or may be contracted in one agreement. In either case any binding obligation for the customer with respect to parts is created only upon issuance of purchase orders. The Group has determined that engineering, tooling, and the delivery of product parts are separate and distinct for the customer and therefore constitute separate performance obligations under IFRS 15, when the control is transferred. As is normal in the automotive industry, the customer does not guarantee to purchase a minimum quantity of parts. The prices agreed in the contracts for the single performance obligations are considered to be the stand-alone selling prices and are therefore used for recognizing revenue.

Engineering

Before manufacturing and sale of automotive parts start, the Group normally undertakes application engineering to tailor the design of a part to customer needs. Where the control resulting from the engineering is transferred to the customer, the Group recognizes any consideration received from the customer as revenue. The Group has determined that the performance obligation from the engineering is satisfied at a point in time and upon transfer of control over the results of the engineering. Transfer of control normally takes place when engineering is complete, and the tooling phase is initiated. Consideration received from the customer may be agreed as installments following the progress of the engineering, as a lump sum payment upon completion of the engineering phase or may be explicitly included in the piece price over a certain specific sales volume. Consideration received in advance is deferred and recognized as contract liability. Any consideration to be received through the allocation to the piece price is recognized as revenue and accrued as receivable upon transfer of control to the customer if the consideration for the engineering is a guaranteed amount.

Tooling

After the engineering phase, and before manufacturing and sale of automotive parts start, the Group manufactures, or has manufactured, the tooling for use in the subsequent production of automotive parts. Where the control of tooling is transferred to the customer, the Group recognizes any consideration received from the customer as revenue. The Group has determined that the tooling performance obligation is satisfied at a point in time and upon final approved transfer of control over the tooling to the customer. Transfer of control normally takes place in connection with start of production of the automotive parts. Consideration from the customer may be agreed as installments following the manufacturing progress of the tooling, as a lump sum payment upon final approval of the tooling by the customer or may explicitly be included in the piece price. Revenue is recognized at a point in time upon transfer of control

and final approval of the tooling by the customer. Consideration received in advance of transfer is deferred and recognized as contract liability. Any consideration to be received through piece price is recognized as revenue and accrued as receivable upon approval of the tooling by the customer if the consideration for the tooling is a guaranteed amount.

Product sales

The sale of manufactured automotive products is satisfied upon transfer of control of the automotive products to the customer, which in general is upon delivery to the customer. Each delivery is considered as a performance obligation that is satisfied at a point in time.

Variable consideration

Revenue will be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

A few contracts with customers entitle the customer to price reductions after exceeding defined volume thresholds per year. Such variable considerations are estimated based on continuously updated volume projections.

As it is common industry practice, most of the contracts have variable elements in the form of year-on-year price reductions or staggered rebates. The Group has determined that the price reductions reflect the competition in the industry and therefore are not to be considered as a loyalty bonus. Revenue recognition is therefore based on the sales price for each delivery to the customer.

Warranty obligations

The Group generally provides for warranties for general repairs and does not provide extended warranties in its contracts with customers. As such, most existing warranties will be assurance-type warranties under IFRS 15, which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistent with its current practice.

Incremental contract costs

Incremental costs are costs that would not have been incurred had that individual contract not been obtained, e.g., nomination fees. These costs are recognized as an asset if they are expected to be recovered from the customer through the awarded contract.

An asset recognized as part of the capitalization of contract costs is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. In case of nomination fees, the recognized amortization for the period shall be presented as a reduction of the external sales and booked on the appropriate income statement account.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In application of its accounting policies the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities which are not readily available from other sources. The estimates and judgments are based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments that the Group has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

Lease extension and termination options

The Group has a number of leases with options to terminate early or extend the term of the lease. When determining the lease liability of the Group, the following principles were applied to options. No leases will be terminated early as the leases are necessary for regular operations of the Group unless there are clear indications otherwise. All extension options on buildings and equipment used in production, sales and engineering have been included in the lease liability as these are core operations which require significant investment to move and are therefore reasonably certain to be kept in use for as long as possible under current conditions, unless there are clear indications otherwise. Leases used in administrative and supporting functions were determined to be more flexible and were therefore individually assessed by management to determine if they met the reasonably certain criteria.

Incremental borrowing rate used to discount the lease payments

More than 90% of the value of right-of-use assets relate to buildings. As any lease building by any subsidiary (lessee) requires a guarantee from the Group, the credit standing of any lessee does not exceed the Group's credit standing.

In addition, considering the average of the remaining lease term of all leases, the fixed coupon of the bond issued in 2018 was assessed to properly reflect the incremental borrowing rate at the group level at the date of initial application of the IFRS 16 standard.

A sensitivity analysis was performed on the lease portfolio to, and it was found that an increase in the IBR of 0.5% would result in a decrease in the Group's lease liability of approximately MEUR 2.9 with a decrease of 0.5% having an approximately MEUR 3.0 increase in the lease liability.

Consolidation of SPE

On 25 September 2020, the Company entered into an accounts receivable securitization program (the "Program") where trade receivables generated by the Company's subsidiaries in the United States, Canada, Slovakia and Poland were sold to Kongsberg Automotive Finance B.V., a special purpose entity domiciled and incorporated in the Netherlands (the "SPE"). As sales of the Company's products to customers occurred, trade receivables were sold to the SPE at an agreed upon purchase price. Part of the consideration was received upfront in cash and part was deferred in the form of senior subordinated and junior subordinated loans notes issued by the SPE to the Parent Company and Kongsberg Automotive AS.

In determining whether to consolidate the SPE, the Company has evaluated whether it has control over the SPE, in particular, whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Receivables are sold to the SPE under a true sale opinion with legal interest transferred from the selling subsidiaries to the SPE. While the sale of receivables to the SPE is without credit recourse, the Company continues to be exposed to the variable returns from its involvement in the SPE as it is exposed to credit risk as a subordinated lender to the SPE and it earns a variable amount of remuneration as master servicer of the receivables, as well as any excess return from additional service fee, including the loss or gain due to the effect of foreign exchange rates.

As master servicer, Company is responsible for the cash collection and management of any impaired receivables. Finacity, in addition to being intermediate subordinated lender, is the backup servicer and has the unilateral right to remove the Company as master servicer and manage impaired receivables. Considering the risk exposure for each lender, it is not considered that Finacity has a risk exposure such as to be considered substantive. Therefore, the Company is considered to have control over the SPE as it is exposed to variable returns and has the ability to affect those returns through its power over the investee.

As a result of consolidating the SPE, the trade receivables purchased by the SPE are included in the Company's consolidated statement of financial position, along with loans (see Note 22) and cash held by the SPE.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment

Determining whether goodwill and other assets are impaired requires an estimation of the value-in-use of the cash-generating units to which these assets have been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The cash-generating units in the Group are the business units (Powertrain and Chassis segment: Driveline and On Highway; Specialty Products segment: Fluid Transfer System, Couplings, and Off-Highway). The forecasts of future cash flows are based on the Group's best estimates of future revenues and expenses for the cash-generating units to which these assets have been allocated. A number of assumptions and estimates can have significant effects on these calculations and include parameters such as macroeconomic assumptions, market growth, business volumes, margins, and cost effectiveness. Changes to any of these parameters, following changes in the market conditions, competition, strategy or other factors, affect the forecasted cash flows and may result in impairment.

The carrying amount of goodwill as at December 31, 2022 was MEUR 72.7 (2021: MEUR 84.2). No impairment losses were recognized in 2022 and 2021. Details of the impairment test are set out in note 16.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

Climate change

Kongsberg Automotive faces both climate change related risks and opportunities arising from climate change itself and from actions taken in climate change mitigating. These are embedded in the Company's risk management and business strategy. Two long-term strategic goals were identified: The commitment to purchase 100% renewable energy by 2030 and the commitment to shift entirely to carbon-neutral products by 2039. In 2022, KA took further action to facilitate achieving these goals and has continued to assess the impact of climate risk on the Company's operations and finances.

The financial implications of risks of climate change can be classified into two types of risks: physical risks and transition risks. Physical risks are related to the increase and severity of extreme weather and long-term climate changes. Transition risks are related to the decarbonization including new technological advances and requirements imposed by regulators or public opinion. Both are considered in the Company's risk assessment as part of the annual budget process and in impairment testing at year end. There is still significant uncertainty about the future financial impact of climate risks and opportunities. During the budget process, several scenarios are considered, and the best estimate is included in the assumptions for the final budget.

In addition to the annual assessment, climate change governance is embedded in the group's structure with operational and strategic climate change issues raised being reviewed regularly by the designated bodies.

As at year end 2022, climate risk changes have not resulted in adjustments to the useful lives of long-term assets. Further, climate related risks considerations have not resulted in adjustments of the carrying amounts of assets or liabilities.

Recoverability of internally generated intangible assets

– research and development expenditure

Significant investments are made towards product improvements and innovation to secure the Group's position in the market. Estimates and judgments used when deciding how the costs should be accounted (charged to the income statement or capitalized as an asset) will have a significant effect on the statement of comprehensive income and statement of financial position. Internally generated intangible assets are subject to impairment reviews as described in note 3.

The carrying amount of internally generated intangible assets for patents and development expenditure at December 31, 2022 was MEUR 7.8 (2021: MEUR 7.8). Refer to notes 3 and 13 for further information.

Deferred tax asset

Deferred income tax assets are recognized at MEUR 9.9 (2021: MEUR 8.0) for tax losses carried forward only to the extent that realization of the related benefit is probable. Several subsidiaries have losses carried forward on which they have recognized deferred tax assets. The probability of their realization is determined by applying a professional judgment to forecast cash flows. These cash flows are based on assumptions and estimates and, accordingly, changes to the forecasts may result in changes to deferred tax assets and tax positions. Refer to note 11 for further information.

Discount rate used to determine the carrying amount of the Group's defined benefit obligation

The Projected Benefit Pension Obligation (PBO) for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. A number of actuarial and financial parameters are used as bases for these calculations. The most important financial parameter is the discount rate. Other parameters such as assumptions as to salary increases and inflation are determined based on the expected long-term development.

NOTE 5 NEW STANDARDS AND INTERPRETATIONS

New and amended standards and interpretations

The Group applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after January 1, 2022. The Group has not chosen to adopt early any standards, interpretations or amendments that have been issued but are not yet effective.

New and amended IFRS standards that are effective for the current year

The adoption of the following standards and interpretations has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- Amendments to IAS 37 - Onerous Contracts – Cost of Fulfilling a Contract,
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use,
- Amendments to IFRS 3 – Reference to the Conceptual Framework,
- Annual Improvements to IFRS Standards 2018-2020.

New and amended standards and interpretations not yet adopted

At the date of the authorization of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (effective from January 1, 2023),
- Amendments to IAS 1 – Classification of liabilities as current or non-current (effective from January 1, 2023),
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (effective from January 1, 2023),
- Amendment to IAS 8 – Definition of Accounting Estimate (effective from January 1, 2023),
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (effective from January 1, 2023),
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (optional).

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTE 6 SUBSIDIARIES

ENTITY NAME	COUNTRY OF INCORPORATION	OWNERSHIP	OWNED BY COMPANY
Kongsberg Automotive Ltda	Brazil	100%	x
Kongsberg Inc	Canada	100%	
Kongsberg Automotive (Shanghai) Co Ltd	China	100%	
Kongsberg Automotive (Wuxi) Ltd	China	100%	x
Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd*	China	75%	
Kongsberg Automotive SARL	France	100%	x
Kongsberg Driveline Systems SAS	France	100%	
Kongsberg Raufoss Distribution SAS	France	100%	
SCI Immobilière La Clusienne	France	100%	
Kongsberg 1 GmbH	Germany	100%	
Kongsberg Actuation Systems GmbH	Germany	100%	
Kongsberg Automotive GmbH	Germany	100%	
Kongsberg Driveline Systems GmbH	Germany	100%	
Kongsberg Actuation Systems Ltd	Great Britain	100%	
Kongsberg Automotive Ltd	Great Britain	100%	
CTEX Seat Comfort (Holding) Ltd	Great Britain	100%	x
Kongsberg Power Products Systems Ltd	Great Britain	100%	
Kongsberg Automotive Hong Kong Ltd	Hong Kong	100%	
Kongsberg Automotive (India) Private Ltd	India	100%	x
Kongsberg Automotive Driveline System India Ltd	India	100%	x
Kongsberg Automotive Technology Center India Private Ltd	India	100%	
Kongsberg Automotive Japan KK	Japan	100%	x
Kongsberg Automotive Ltd	Korea	100%	x
Kongsberg Driveline Systems S. de RL de CV	Mexico	100%	
Kongsberg Fluid Transfer Systems, S. de R.L. de CV	Mexico	100%	
Kongsberg Actuation Systems BV	Netherlands	100%	
Kongsberg Automotive AS	Norway	100%	
Kongsberg Automotive Holding 2 AS	Norway	100%	x
Kongsberg Automotive Sp. z.o.o	Poland	100%	
Kongsberg Automotive s.r.o	Slovakia	100%	
Kongsberg Actuation Systems SL	Spain	100%	
Kongsberg Automotive AB	Sweden	100%	
Kongsberg Power Products Systems AB	Sweden	100%	
KA Group AG	Switzerland	100%	
Kongsberg Driveline Systems I LLC.	US	100%	
Kongsberg Actuation Systems II LLC.	US	100%	
Kongsberg Holding III Inc.	US	100%	
Kongsberg Automotive Inc.	US	100%	
Kongsberg Power Products Systems I LLC.	US	100%	
Kongsberg Automotive Finance BV**	Netherlands	100%	
Entities divested in 2022:			
Shanghai Lone Star Cable Co Ltd	China	100%	Divested in 2022***
Kongsberg Interior Systems Kft	Hungary	100%	Divested in 2022***
Kongsberg Automotive S. de RL de CV	Mexico	100%	Divested in 2022***
Kongsberg Interior Systems S. de RL de CV	Mexico	100%	Divested in 2022***
Kongsberg Interior Systems II LLC.	US	100%	Divested in 2022***

*Non-controlling interest refers to the 25% not owned of Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd

**Special Purpose Entity (the "SPE") – consolidation is based on the assessment of control according to IFRS 10 (for further information see note 4)

***For more information, please see note 12.

NOTE 7 SEGMENT INFORMATION

Operating segments

As of December 31, 2022, the Group had three reportable segments, which are the strategic business segments: Interior, Powertrain & Chassis and Specialty Products.

Following the signing of the sale and purchase agreements in October 2021, the Interior segment was classified as held for sale and as a discontinued operation (see note 12). The cable-related part of the Specialty Products segment is also included in the disposal group held for sale and the discontinued operation. On February 28, 2022, and April 6, 2022, Kongsberg Automotive successfully completed the sale of the Interior Comfort Systems (ICS) and the Light Duty Cable (LDC), respectively. With the completion of the latter, Kongsberg Automotive has divested the Interior segment in its entirety which resulted in the full derecognition of the assets and liabilities previously classified as held for sale.

The strategic business areas (segments) offer different products and services and are managed separately because they require different technology and marketing strategies. The Group's risks and rates of return are affected predominantly by differences in the products manufactured. The segments have different risk profiles in the short-term perspective, but over a long-term perspective the profiles are considered to be the same. The Group's Executive Committee (led by the CEO) reviews the internal management reports from all strategic business areas on a monthly basis.

Information regarding the results of each reportable segment is included below. Performance is measured by EBITDA and EBIT as included in the internal management reports issued on a monthly basis. Segment EBIT is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments (also relative to other entities that operate within these industries).

Sales transactions and cost allocations between the business units are based on the arm's length principle. The results for each segment and the capital allocation elements comprise both items that are directly related to and recorded within the segment, as well as items that are allocated based on reasonable allocation keys.

The following summary describes the operations of each of the Group's reportable segments (not classified as discontinued operation as of December 31, 2022):

Powertrain & Chassis

Powertrain & Chassis is a global Tier 1 supplier of driver control and driveline products to the passenger and commercial vehicle automotive markets. The portfolio includes custom-engineered cable controls and complete shift systems, clutch actuation systems, vehicle dynamics, shift cables, and shift towers for transmissions.

Specialty products

The Specialty Products segment designs and manufactures fluid handling systems for both the automotive and commercial vehicle markets, couplings systems for compressed-air circuits in heavy-duty vehicles, operator control systems for power sports construction, agriculture, outdoor power equipment and power electronics products.

NOTE 7 SEGMENT INFORMATION (CONTINUED)

2022

MEUR	INTERIOR PRODUCTS	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
Product sales	60.4	456.7	437.1	0.0	954.2
Tooling	1.1	6.0	5.6	0.0	12.7
Engineering	0.7	2.8	2.1	0.0	5.6
Other income	1.6	0.5	0.4	0.0	2.5
Operating revenues	63.8	466.0	445.2	0.0	975.0
Revenues from discontinued operation	63.8	0.0	5.6	0.0	69.4
Revenues from continuing operation	0.0	466.0	439.6	0.0	905.6
EBITDA	16.3	31.4	100.1	(33.1)	114.7
Depreciation	(0.2)	(17.4)	(13.8)	(1.8)	(33.2)
Amortization	0.0	(1.3)	(0.6)	0.0	(1.9)
Operating (loss) / profit (EBIT)	16.1	12.7	85.7	(34.9)	79.6
Operating (loss) / profit (EBIT) from discontinued operation	15.7	0.0	0.8	0.0	16.5
Operating (loss) / profit (EBIT) from continuing operation	0.4	12.7	84.9	(34.9)	63.1
Impairment losses, thereof:	0.0	(1.3)	0.0	0.0	(1.3)
– allocated to assets other than goodwill	0.0	(1.3)	0.0	0.0	(1.3)
<i>Timing of revenue recognition</i>					
Performance obligations satisfied at a point in time	0.0	466.0	439.6	0.0	905.6
<i>Assets and liabilities</i>					
Goodwill	0.0	16.7	55.9	0.0	72.6
Other intangible assets	0.0	4.5	1.5	0.1	6.1
Property, plant and equipment	0.0	66.5	65.6	1.5	133.6
Right-of-use assets	0.0	30.1	26.5	4.1	60.7
Inventories	0.0	39.8	56.7	0.0	96.5
Trade receivables	1.2	104.0	60.6	0.7	166.5
Other assets	0.0	0.6	4.9	0.0	5.5
Segment assets	1.2	262.2	271.7	6.4	541.5
Unallocated assets				256.4	256.4
Total assets	1.2	262.2	271.7	262.8	797.9
Trade payables	2.3	60.8	49.4	9.5	122.0
Non-current lease liabilities	0.0	30.3	26.9	3.2	60.4
Current lease liabilities	0.0	5.8	2.3	1.2	9.3
Segment liabilities	2.3	96.9	78.6	13.9	191.7
Unallocated liabilities				325.7	325.7
Total liabilities	2.3	95.9	78.6	339.6	517.4
Total equity				280.5	280.5
Total equity and liabilities	2.3	96.9	78.6	620.1	797.9
Capital expenditure	(2.5)	(12.3)	(14.0)	(0.1)	(28.9)

* The column “Others” mainly includes corporate expenses and balance sheet items related to tax, pension, and financing.
See next section for specification of unallocated assets and liabilities.

For segment reporting purposes, the revenues are only external revenues; the related expenses are adjusted accordingly. The EBIT thus excludes IC profit.

NOTE 7 SEGMENT INFORMATION (CONTINUED)

2021

MEUR	INTERIOR PRODUCTS	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
Product sales	314.7	414.0	408.1	0.0	1,136.7
Tooling	4.1	11.2	4.5	0.0	19.8
Engineering	3.2	4.0	1.2	0.0	8.4
Other income	1.0	0.7	0.2	0.0	1.9
Operating revenues	323.0	429.9	413.9	0.0	1,166.8
Revenues from discontinued operation	314.7	0.0	20.8	0.0	335.4
Revenues from continuing operation	8.4	429.9	393.2	0.0	831.4
EBITDA	(11.4)	42.4	66.1	(25.7)	71.5
Depreciation	(14.4)	(15.4)	(12.4)	(1.6)	(43.8)
Amortization	(0.2)	(2.2)	(0.3)	(0.2)	(2.9)
Operating (loss) / profit (EBIT)	(26.0)	24.8	53.4	(27.5)	24.7
Operating (loss) / profit (EBIT) from discontinued operation	(27.4)	0.0	5.0	(0.4)	(22.8)
Operating (loss) / profit (EBIT) from continuing operation	1.4	24.8	48.4	(27.1)	47.5
<i>Timing of revenue recognition</i>					
Performance obligations satisfied at a point in time	8.4	429.9	393.2	0.0	831.4
<i>Assets and liabilities</i>					
Goodwill	0.0	16.9	67.3	0.0	84.2
Other intangible assets	0.0	5.0	0.8	0.1	5.9
Property, plant and equipment	0.7	68.1	70.8	1.1	140.7
Right-of-use assets	0.0	30.0	24.7	11.9	66.6
Inventories	0.8	38.4	55.0	0.0	94.1
Trade receivables	63.1	96.5	71.4	0.0	230.9
Other assets	0.1	2.1	6.6	0.0	8.8
Segment assets	64.6	256.9	296.4	13.1	631.1
Unallocated assets				115.5	115.5
Assets held for sale	223.4	0.0	6.6	8.2	238.2
Total assets	288.0	256.9	303.0	136.9	984.8
Trade payables	42.2	52.3	42.9	6.0	143.5
Non-current lease liabilities	0.0	31.5	24.1	11.1	66.7
Current lease liabilities	0.0	4.4	2.4	1.6	8.4
Segment liabilities	42.2	88.1	69.4	18.7	218.5
Unallocated liabilities				429.9	429.9
Liabilities directly associated with the assets held for sale	70.7	0.0	0.0	0.1	70.8
Total liabilities	112.9	88.1	69.4	448.8	719.3
Total equity				265.6	265.6
Total equity and liabilities	112.9	88.1	69.4	714.4	984.8
Capital expenditure	(16.6)	(10.3)	(16.5)	(0.3)	(43.7)

*The column "Others" mainly includes corporate expenses and balance sheet items related to tax, pension, and financing. See next section for specification of unallocated assets and liabilities.

For segment reporting purposes, the revenues are only external revenues; the related expenses are adjusted accordingly. The EBIT thus excludes IC profit.

NOTE 7 SEGMENT INFORMATION (CONTINUED)

Operating segments – reconciliation to total assets

MEUR	2022	2021
Segment assets of reportable segments	535.1	618.0
Assets of segment Other	6.4	13.1
Assets held for sale	0.0	238.2
<i>Unallocated assets include:</i>		
Deferred tax assets	14.3	31.3
Other non-current assets	0.8	1.6
Cash and cash equivalents	212.9	51.3
Other current receivables	28.4	31.3
Total assets of the group	797.9	984.8

Operating segments – reconciliation to total liabilities

MEUR	2022	2021
Trade payables of reportable segments	112.5	137.5
Non-current lease liabilities of reportable segments	57.2	55.6
Current lease liabilities of reportable segments	8.1	6.8
Liabilities of segment Other	13.9	18.7
Liabilities directly associated with the assets held for sale	0.0	70.8
<i>Unallocated liabilities include:</i>		
Deferred tax liabilities	24.2	27.0
Retirement benefit obligations	12.5	19.0
Interest-bearing loans and borrowings	197.9	272.1
Other non-current interest-free liabilities	8.0	1.0
Bank overdrafts	0.0	0.6
Other current interest-bearing liabilities	0.0	20.0
Current income tax liabilities	7.8	4.2
Other short term liabilities	75.3	86.0
Total liabilities of the group	517.4	719.3

Operating segments – geographical areas

The following segmentation of the Group's geographical sales to external customers is based on the geographical locations of the customers. The segmentation of non-current assets is based on the geographical locations of its subsidiaries. Non-current assets comprise intangible assets (including goodwill), right-of-use assets, and property, plant, and equipment.

NOTE 7 SEGMENT INFORMATION (CONTINUED)

Sales to external customers by geographical location

MEUR	2022	%	2021	%
Europe	364.4	40%	331.9	40%
North America	309.7	34%	298.0	36%
South America	80.3	9%	26.4	3%
Asia	146.9	16%	170.8	20%
Other	4.3	1%	4.3	1%
Revenues from continuing operation	905.6		831.4	
Revenues from discontinued operation	69.4		335.4	
Total operating revenues	975.0		1,166.8	

Intangible assets, PP&E, and RoU by geographical location

MEUR	2022	%	2021	%
Europe	152.5	56%	167.1	56%
North America	88.9	33%	93.4	31%
South America	2.9	1%	3.0	1%
Asia	28.7	10%	33.8	11%
Total Intangible assets, PP&E and RoU – Continuing operation	273.0		297.3	
Total Intangible assets, PP&E and RoU – Classified as assets held for sale	0.0		150.3	
Total Intangible assets, PP&E and RoU	273.0		447.6	

Major customers

Included are revenues from continuing operations of MEUR 74.7 (2021: MEUR 83.2) in 2022 which arose from sales to the Group's largest customer. No other single customer contributed 10% or more to the Group's revenues from continuing operations either in 2022 or in 2021.

NOTE 8 SALARIES AND SOCIAL EXPENSES

Specification of salaries and social expenses as recognized in the statement of comprehensive income

MEUR	2022	2021
Wages and salaries	178.2	165.6
Social security tax	28.5	27.8
Pension cost, defined benefit plans	1.2	0.8
Pension cost, defined contribution plans	9.0	11.8
Other employee-related expenses*	36.8	29.3
Government support – wages and salaries	(0.4)	(2.4)
Total salaries and social expenses	253.3	232.9

*Other employee-related expenses include bonus costs.

As of December 31, 2022, the Group had 5,270 employees, while as of December 31, 2021, the number of employees was 5,624 (excluding employees from discontinued operation in 2021).

NOTE 9 OTHER INCOME AND OTHER OPERATING EXPENSES

Specification of other income as recognized in the statement of comprehensive income

MEUR	2022	2021
Gain on external sale of non-current assets	0.0	0.1
Gain on sale of major operations	41.1	0.0
Corporate service income	3.1	0.0
Total other income	44.2	0.1

Gain on sale of major operations –

Divesture of part of Off-Highway business

On August 8, 2022, Kongsberg Automotive (KA) and BRP entered into a sale and purchase agreement to sell part of the Shawinigan plant of KA's Off-Highway business for a total enterprise value of MCAD 136.0 (MEUR 104.0). However, this transaction does not fulfill the requirements to be presented as discontinued operation. On October 3, 2022, Kongsberg Automotive (KA) has successfully completed the sale of a part of the Shawinigan plant of KA's Off-Highway business to BRP for a total enterprise value of MCAD 136.0 (MEUR 104.0).

Based on the final purchase price proceeds, the gain before tax on this sale transaction amounted to MEUR 41.1.

Corporate service income

After the completion of the sale transactions of the Interior segment (see note 12) and the sale of part of the Shawinigan plant of Off-Highway business (see above), Kongsberg Automotive and the Buyer Parties have entered into the Transition Services Agreements in which the Buyer Parties expressed the need to obtain the use of certain services from Kongsberg Automotive for a transition period after the completion of the sale transactions to effectuate an orderly transition of the operations and permit the Buyer Parties the opportunity to obtain alternative sources to provide such services after the transition period. Main services to be provided by Kongsberg Automotive were: (1) ERP support and hosting, (2) IT infrastructure and security support, (3) Finance services, (4) HR Payroll services and other services. For the provision of those services the Buyer Parties were obliged to pay all fees in full on the terms provided under the Transition Services Agreements.

Specification of other operating expenses as recognized in the statement of comprehensive income

MEUR	2022	2021
<i>Operating expenses</i>		
Freight, packaging and customs duties charges	46.3	42.3
Facility costs	13.4	9.4
Consumables	24.8	25.1
Repairs and maintenance	14.2	11.9
Service costs / External services	7.5	8.4
Other costs	13.0	11.1
Government support – rent and other costs	(0.3)	0.0
<i>Administrative expenses</i>		
Utilities	1.8	1.3
Service costs / External services	28.4	26.7
Consumables	4.9	5.3
Travel costs	1.9	1.0
Other costs	9.5	0.1
Total other operating expenses	165.4	142.5

NOTE 10 FINANCIAL ITEMS

Specification of financial items as recognized in the statement of comprehensive income

MEUR	2022	2021
Change in fair value of investments	0.6	0.0
Foreign currency gains*	2.4	12.0
Interest income	1.1	0.1
IFRS 16 interest income	0.4	0.0
Other financial income	0.5	0.0
Total financial income	5.0	12.1
Interest expense	(12.0)	(15.0)
IFRS 16 interest expense	(4.6)	(3.9)
Foreign currency losses*	0.0	0.0
Account receivables securitization – expense	(1.0)	(1.2)
Other financial expenses	(4.2)	(1.5)
Total financial expenses	(21.8)	(21.6)
Total financial items	(16.8)	(9.5)

*Includes realized currency gain of MEUR 2.8 and unrealized currency loss of MEUR 0.4 (2021: realized currency gain of MEUR 0.5 and unrealized currency gain of MEUR 11.5)

NOTE 11 TAXES

Tax recognized in statement of comprehensive income

The major components of income tax expense:

MEUR	2022	2021
Current tax on profits for the year*	(19.3)	(11.5)
Adjustments in respect of prior years – current tax	7.0	2.3
Total current tax	(12.3)	(9.2)
Current year change in deferred tax	(14.3)	(3.5)
Impact of changes in tax rates	(0.3)	(1.2)
Adjustments in respect of prior years – deferred tax	1.4	4.4
Total change in deferred tax	(13.2)	(0.3)
Total income tax (expense) / credit	(25.5)	(9.5)

*Includes withholding tax. Further details can be found in table below.

Tax recognized in other comprehensive income

MEUR	2022	2021
Tax on pension remeasurement	(1.5)	0.0
Tax in other comprehensive income	(1.5)	0.0

NOTE 11 TAXES (CONTINUED)

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2022	2021
Profit / (loss) before taxes	46.3	38.0
Expected tax calculated at Norwegian tax rate	(10.0)	(8.2)
Other permanent differences / currency	3.6	(0.7)
Effect of withholding tax	(3.4)	(2.5)
Foreign tax rate differential	(1.8)	0.2
Impact of changes in tax rates and legislation	(0.3)	(1.2)
Losses not recognized as deferred tax assets	(11.9)	(3.7)
Write down of deferred tax assets	(5.5)	0.0
Adjustments in respect of prior years and other adjustments	3.8	6.6
Income tax (expense) / credit	(25.5)	(9.5)
Average effective tax rate	55%	25%

Tax recognized in the statement of financial position

Current income tax

MEUR	2022	2021
Current income tax receivables*	2.7	2.4
Current income tax liabilities	(7.8)	(4.2)
Total	(5.1)	(1.8)

*Included under "Trade and other receivables".

Deferred tax

MEUR	2022	2021
Deferred tax assets	14.8	31.3
Deferred tax liabilities	(24.7)	(27.0)
Total	(9.9)	4.3

Due to Norwegian group contribution, there is a reclassification between current tax and deferred tax of 5.8 MEUR.

Specification of deferred tax assets / (liabilities) recognized in the statement of financial position

2022 MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	FX DIFF AND RECLAS- SIFICATION DUE TO GROUP CONTRIBUTION	CLOSING BALANCE
Property, plant and equipment	(2.3)	2.6	0.1	0.0	0.9	1.3
Intangible assets	(6.2)	(5.3)	0.1	0.0	(0.2)	(11.6)
Leases	1.9	(0.5)	0.0	0.0	0.0	1.4
Retirement benefits obligations	3.5	0.6	0.0	(1.5)	(1.2)	1.4
Losses carried forward	8.0	7.8	(0.3)	0.0	(5.6)	9.9
Trade receivables	4.5	(1.9)	0.0	0.0	(0.1)	2.5
Accrued expenses	3.6	0.3	0.0	0.0	0.3	4.2
Accrued interest	1.6	(0.5)	(0.1)	0.0	0.2	1.2
Unrealized exchange differences on long-term receivables / payables	(22.7)	(5.8)	0.0	0.0	1.3	(27.2)
Other temporary differences	12.4	(5.1)	(0.1)	0.0	(0.2)	7.0
Net deferred tax assets / (liabilities)	4.3	(7.8)	(0.3)	(1.5)	(4.6)	(9.9)

NOTE 11 TAXES (CONTINUED)

MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	FX DIFF AND RECLASSIFICATION DUE TO GROUP CONTRIBUTION	CLOSING BALANCE
Property, plant and equipment	1.2	(3.3)	(0.1)	0.0	(0.1)	(2.3)
Intangible assets	(2.8)	(3.2)	0.0	0.0	(0.3)	(6.2)
Leases	1.8	0.1	0.0	0.0	0.0	1.9
Retirement benefits obligations	3.5	0.0	0.0	0.0	0.0	3.5
Losses carried forward	6.7	3.4	0.0	0.0	(2.1)	8.0
Trade receivables	3.8	0.6	(0.1)	0.0	0.2	4.5
Accrued expenses	2.5	1.3	(0.5)	0.0	0.3	3.6
Accrued interest	1.4	0.0	0.0	0.0	0.1	1.6
Unrealized exchange differences on long-term receivables / payables	(19.0)	(2.7)	0.0	0.0	(1.0)	(22.7)
Other temporary differences	8.0	4.6	(0.5)	0.0	0.3	12.4
Net deferred tax assets / (liabilities)	7.1	0.8	(1.2)	0.0	(2.6)	4.3

Measurement of deferred taxes

Deferred tax assets and liabilities are measured at the tax rates enacted.

Limitation and assumptions for the utilization of losses carried forward and deferred tax assets

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognized for unused tax losses and unused tax credits to the extent that future taxable profit will be available against which

the unused tax losses and unused tax credits can be utilized. As part of the review, the Group conducts comprehensive analyses of future profits within the legal entity as well as considering possibilities for utilization within the Group. As at the year-end, the estimates indicated that tax losses at MEUR 34.9 will not be deductible within the foreseeable future, resulting from a change of tax positions not recognized of MEUR 16.6 in the current year.

Tax positions not recognized

MEUR	2022	2021
Tax positions not recognized	34.9	18.3
Total	34.9	18.3

Remaining lifetime of tax losses (gross tax value)

MEUR	2022	2021
Less than five years	5.6	2.5
5–10 years	16.3	4.7
10–15 years	0.0	0.0
Without time limit	24.0	18.4
Total	45.9	25.6

NOTE 12 DISCONTINUED OPERATION & ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Description

Divesture of ICS and LDC businesses

On October 28, 2021, two separate sale and purchase agreements were signed to sell the Interior Comfort System business and the Light Duty Cable business with the cable-related part of its Off-Highway business. As these businesses represent a separate major line of Kongsberg Automotive Group, they are presented as a discontinued operation.

On February 28, 2022, Kongsberg Automotive has successfully completed the sale of its Interior Comfort Systems (ICS) business unit to Lear Corporation for an enterprise value of MEUR 175.0. Proceeds from the true-up were received in October 2022.

On April 6, 2022, Kongsberg Automotive successfully completed the sale of its Light Duty Cable (LDC) business unit to Suprajit Engineering Limited for an enterprise value of MEUR 37.7. As of December 31, 2022, the LDC sale transaction to Suprajit was not yet fully concluded.

The 2022 net profit from discontinued operation of MEUR 5.9 (2021: loss of MEUR 23.0) contains the gain before tax and realization of historical translation differences on the ICS and LDC sale of MEUR 28.5. Tax expense in 2022 was impacted by the valuation allowance on losses not usable in discontinued business. The profit from the discontinued operation is attributable entirely to the owners of the Company.

Results of discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021
Operating revenues	48.1	21.3	69.4	259.8	75.6	335.4
Other income	29.2	(0.7)	28.5	0.0	0.0	0.0
<i>Operating expenses</i>						
Raw material expenses	(1.8)	0.7	(1.1)	(157.7)	(39.2)	(196.9)
Change in inventories	(25.1)	(10.8)	(35.9)	9.1	5.0	14.1
Salaries and social expenses	(13.5)	(6.7)	(20.2)	(72.0)	(20.9)	(92.9)
Other operating expenses	(15.0)	(8.8)	(23.8)	(46.0)	(21.9)	(67.9)
Depreciation	(0.2)	0.0	(0.2)	(12.4)	(2.1)	(14.5)
Amortization	0.0	0.0	0.0	(0.2)	0.0	(0.2)
Total operating expenses	(58.2)	(25.6)	(83.8)	(279.2)	(79.0)	(358.2)
Operating profit / (loss)	21.5	(5.0)	16.5	(19.4)	(3.4)	(22.8)
<i>Financial items</i>						
Financial income			2.2			0.0
Financial expenses			(0.4)			(2.6)
Net financial items			1.8			(2.6)
Profit / (loss) before taxes			18.3			(25.4)
Income taxes			(12.4)			2.4
Net profit / (loss) from discontinued operation			5.9			(23.0)
Translation differences on foreign discontinued operation						5.6
Basic earnings per share. Euros			0.01			(0.02)
Diluted earnings per share. Euros			0.01			(0.02)

Cash flows from (used by) discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021
Net cash flow from (used by) operating activities	45.8	(7.9)	37.9	(15.7)	(4.9)	(20.6)
Net cash flow from (used by) investing activities	128.2	35.8	164.0	(14.5)	(2.1)	(16.6)
Net cash flow used by financing activities	(1.3)	(0.5)	(1.8)	(7.2)	(1.9)	(9.1)
Net cash flows for the year	172.7	27.4	200.1	(37.4)	(8.9)	(46.3)

* includes the cable-related part of the Off-Highway business.

NOTE 12 DISCONTINUED OPERATION & ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

Details of the sale of the Interior segment

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022
Consideration received	170.2	37.1	207.3
Enterprise value of the sold companies	(5.6)	(37.8)	(43.4)
Goodwill	(3.3)	0.0	(3.3)
Fixed assets	(95.6)	0.0	(95.6)
Inventory	(28.8)	0.0	(28.8)
Other net working capital	(7.8)	0.0	(7.8)
Carrying amount of net assets sold	(141.0)	(38.8)	(179.8)
Gain / (loss) on sale before income tax and realisation of historical translation differences	29.2	(0.7)	28.5
Income tax expense on gain	(7.3)	(0.9)	(8.2)
Realisation of historical translation differences	1.4	1.2	2.6
Gain / (loss) on sale after income tax and realisation of historical translation differences	23.3	(0.4)	22.9

Assets and liabilities of disposal group held for sale

As of December 31, 2021, the disposal group comprised the following assets and liabilities:

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021
Assets			
<i>Non-current assets</i>			
Deferred tax assets	11.8	0.0	11.8
Intangible assets including goodwill	4.6	1.8	6.4
Property, plant and equipment	97.9	8.9	106.9
Right-of-use assets	32.9	4.1	37.0
Other non-current assets	6.3	0.5	6.8
Total non-current assets	153.5	15.3	168.9
<i>Current assets</i>			
Inventories	24.3	12.3	36.6
Trade and other receivables	1.1	15.2	16.3
Cash and cash equivalents	0.0	6.9	6.9
Other current assets	7.0	2.5	9.5
Total current assets	32.4	36.9	69.3
Total Assets held for sale	185.9	52.3	238.2
Liabilities			
<i>Non-current liabilities</i>			
Non-current lease liabilities	29.2	1.9	31.1
Total non-current liabilities	29.2	1.9	31.1
<i>Current liabilities</i>			
Current lease liabilities	4.2	1.7	5.9
Current income tax liabilities	0.8	0.0	0.8
Trade and other payables	20.1	12.9	33.0
Total current liabilities	25.1	14.6	39.7
Total Liabilities directly associated with the assets held for sale	54.3	16.5	70.8

*includes the cable-related part of the Off-Highway business.

NOTE 13 INTANGIBLE ASSETS

MEUR	GOODWILL	CUSTOMER RELATIONSHIPS	PATENTS AND DEVELOPMENT	SOFTWARE AND OTHER	TOTAL
Cost	162.1	90.7	55.2	14.8	322.8
Accumulated amortization / impairment	(76.7)	(90.6)	(48.8)	(13.5)	(229.6)
Net Book value at 31.12.2020	85.4	0.1	6.4	1.3	93.2
Cost at 01.01.2021	162.1	90.7	55.2	14.8	322.8
Additions	0.0	0.0	1.0	0.5	1.5
Disposals accumulated cost	0.0	0.0	0.0	(0.4)	(0.4)
Reclassification to assets held for sale	(56.1)	(21.6)	(6.0)	(3.1)	(86.8)
Translation differences	6.0	4.6	2.0	0.8	13.4
Acquisition costs at 31.12.2021	112.0	73.7	52.2	12.6	250.5
Accumulated amortization / impairment at 01.01.2021	(76.7)	(90.6)	(48.8)	(13.5)	(229.6)
Amortization	0.0	(0.1)	(2.2)	(0.6)	(2.9)
Disposals accumulated amortization	0.0	0.0	0.0	0.2	0.2
Reclassification to assets held for sale	51.1	21.6	5.3	2.5	80.5
Translation differences	(2.3)	(4.5)	(1.6)	(0.2)	(8.6)
Accumulated amortization / impairment at 31.12.2021	(27.9)	(73.6)	(47.3)	(11.6)	(160.5)
Cost	112.0	73.7	52.2	12.6	250.5
Accumulated amortization / impairment	(27.9)	(73.6)	(47.3)	(11.6)	(160.5)
Net Book value at 31.12.2021	84.1	0.1	4.9	1.0	90.0
Cost at 01.01.2022	112.0	73.7	52.2	12.6	250.5
Additions	0.0	0.0	1.7	0.4	2.1
Derecognition of fully amortized assets	(1.4)	(55.8)	(4.5)	(3.1)	(64.8)
Disposals accumulated cost (ordinary business)	0.0	0.0	0.0	0.0	0.0
Disposals related to the sale of part of the OFH business	(14.7)	0.0	0.0	(0.3)	(15.0)
Translation differences	2.0	2.3	(1.0)	(0.4)	2.9
Acquisition costs at 31.12.2022	97.9	20.2	48.4	9.2	175.7
Accumulated amortization / impairment at 01.01.2022	(27.9)	(73.6)	(47.3)	(11.6)	(160.4)
Amortization	0.0	(0.1)	(1.5)	(0.3)	(1.9)
Derecognition of fully amortized assets	1.4	55.8	4.5	3.1	64.8
Disposals accumulated amortization (ordinary business)	0.0	0.0	0.0	0.0	0.0
Disposals related to the sale of part of the OFH business	1.4	0.0	0.0	0.3	1.7
Translation differences	(0.2)	(2.3)	0.9	0.4	(1.2)
Accumulated amortization / impairment at 31.12.2022	(25.3)	(20.2)	(43.4)	(8.1)	(97.0)
Cost	97.9	20.2	48.4	9.2	175.7
Accumulated amortization / impairment	(25.3)	(20.2)	(43.4)	(8.1)	(97.0)
Net Book value at 31.12.2022	72.6	0.0	5.0	1.1	78.7

NOTE 13 INTANGIBLE ASSETS (CONTINUED)

Internally developed intangible assets

MEUR	2022	2021
Internally developed intangible assets at 01.01	7.8	9.2
Additions during the year	1.7	0.2
Amortization	(1.6)	(2.3)
Translation differences	(0.1)	0.7
Internally developed intangible assets at 31.12	7.8	7.8
Non-capitalised development costs net of customer contribution	(35.0)	(45.2)
Amortization of internally developed intangible assets	(1.6)	(2.3)
Total recognized development cost in the reporting period*	(36.6)	(47.5)
Cash investment in development	(36.7)	(45.5)

*Net amount, gross amount MEUR 42.2 in 2022 (2021: MEUR 55.9).

The internally developed intangible assets include capitalized costs related to the development of new products. These assets are included in "Patents and Development".

NOTE 14 PROPERTY, PLANT & EQUIPMENT (PP&E)

MEUR	LAND	BUILDINGS	EQUIPMENT	TOTAL
Cost	3.6	28.0	616.1	647.7
Accumulated depreciation / impairment	(1.2)	(22.0)	(395.7)	(418.9)
Net Book Value at 31.12.2020	2.4	6.0	220.4	228.8
Cost at 01.01.2021	3.6	28.0	616.1	647.7
Additions	0.0	0.2	42.0	42.2
Disposals accumulated cost	(0.2)	(0.1)	(10.0)	(10.4)
Reclassification to assets held for sale	(0.3)	(0.9)	(204.0)	(205.2)
Translation differences	0.0	0.9	23.9	24.8
Acquisition costs at 31.12.2021	3.1	28.0	468.0	499.1
Accumulated depreciation / impairment at 01.01.2021	(1.2)	(22.0)	(395.7)	(418.9)
Depreciation	0.0	(0.8)	(30.7)	(31.5)
Disposals accumulated depreciation	0.0	0.2	8.7	8.8
Reclassification to assets held for sale	0.0	0.9	97.5	98.4
Translation differences	0.0	(0.6)	(14.6)	(15.2)
Accumulated depreciation / impairment at 31.12.2021	(1.2)	(22.3)	(334.8)	(358.4)
Cost	3.1	28.0	468.0	499.1
Accumulated depreciation / impairment	(1.2)	(22.3)	(334.8)	(358.4)
Net Book Value at 31.12.2021	1.9	5.7	133.2	140.7
Cost at 01.01.2022	3.1	28.0	468.0	499.1
Additions	0.0	0.9	23.5	24.4
Derecognition of fully depreciated assets	0.0	(0.4)	(13.8)	(14.2)
Disposals accumulated cost (ordinary business)	0.0	0.0	(3.5)	(3.5)
Net 2022 effects from the sale of the Interior segment	0.0	0.0	(6.3)	(6.3)
Disposals related to the sale of part of the OFH business	0.0	(1.1)	(17.4)	(18.5)
Translation differences	(0.1)	(0.2)	(4.4)	(4.7)
Acquisition costs at 31.12.2022	3.0	27.2	446.1	476.3
Accumulated depreciation / impairment at 01.01.2022	(1.2)	(22.3)	(334.8)	(358.3)
Depreciation	0.0	(0.7)	(22.4)	(23.1)
Impairment loss	0.0	0.0	(1.3)	(1.3)
Derecognition of fully depreciated assets	0.0	0.4	13.8	14.2
Disposals accumulated depreciation (ordinary business)	0.0	0.0	4.4	4.4
Net 2022 effects from the sale of the Interior segment	0.0	0.0	5.7	5.7
Disposals related to the sale of part of the OFH business	0.0	1.1	10.6	11.7
Translation differences	0.0	0.3	3.7	4.0
Accumulated depreciation / impairment at 31.12.2022	(1.2)	(21.2)	(320.3)	(342.7)
Cost	3.0	27.2	446.1	476.3
Accumulated depreciation / impairment	(1.2)	(21.2)	(320.3)	(342.7)
Net Book Value at 31.12.2022	1.8	6.0	125.8	133.6

Impairment testing

See note 16 for information related to impairment testing of intangible assets, PP&E, and right-of-use assets.

NOTE 15 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	EQUIPMENT	TOTAL
Cost	121.5	4.0	125.5
Accumulated depreciation / impairment	(28.3)	(2.8)	(31.2)
Net Book Value at 31.12.2020	93.2	1.1	94.3
Cost at 01.01.2021	121.5	4.0	125.5
Additions	17.3	2.6	19.8
Lease terminations	(3.8)	(0.1)	(3.9)
Reclassification to assets held for sale	(47.8)	(1.0)	(48.8)
Translation differences	4.6	0.1	4.7
Acquisition costs at 31.12.2021	91.8	5.6	97.4
Accumulated depreciation / impairment at 01.01.2021	(28.3)	(2.8)	(31.2)
Depreciation	(11.6)	(0.7)	(12.3)
Lease terminations	2.0	0.0	2.0
Reclassification to assets held for sale	11.4	0.3	11.7
Translation differences	(1.1)	0.0	(1.1)
Accumulated depreciation / impairment at 31.12.2021	(27.6)	(3.2)	(30.8)
Cost	91.8	5.6	97.4
Accumulated depreciation / impairment	(27.6)	(3.2)	(30.8)
Net Book Value at 31.12.2021	64.2	2.4	66.6
Cost at 01.01.2022	91.8	5.6	97.4
Additions	8.2	1.8	10.0
Lease terminations	(6.8)	(1.2)	(8.0)
Translation differences	(0.7)	0.0	(0.7)
Acquisition costs at 31.12.2022	92.5	6.2	98.7
Accumulated depreciation / impairment at 01.01.2022	(27.6)	(3.2)	(30.8)
Depreciation	(9.2)	(0.9)	(10.1)
Lease terminations	1.4	1.4	2.8
Translation differences	0.1	0.0	0.1
Accumulated depreciation / impairment at 31.12.2022	(35.3)	(2.7)	(38.0)
Cost	92.5	6.2	98.7
Accumulated depreciation / impairment	(35.3)	(2.7)	(38.0)
Net Book Value at 31.12.2022	57.2	3.5	60.7

NOTE 15 RIGHT-OF-USE ASSETS (CONTINUED)

Lease liabilities

MEUR	2022	2021
Non-current lease liabilities	60.4	66.6
Current lease liabilities	9.3	8.4
Total lease liabilities	69.7	75.0

Maturity analysis – contractual undiscounted cash flows

MEUR	2022	2021
Within one year	13.6	12.0
One to five years	38.9	42.0
More than five years	46.2	44.4
Total undiscounted lease commitments	98.7	98.4

Undiscounted lease commitments in 2021 do not include RoU assets classified as assets held for sale as of December 31, 2021.

In 2022, the Group had total cash outflows of approximately MEUR 14.9 for all leases, including non-material leases which are not part of the Group's IFRS 16 reporting.

Amounts recognized in the statement of comprehensive income relating to leases

MEUR	2022	2021
Interest expense on lease liabilities (included in financial items)	(4.6)	(3.9)
Interest income on subleases	0.4	0.0
Depreciation of right-of-use assets	(10.1)	(8.4)
Expenses relating to low value and short-term leases	(0.4)	(0.4)
Total expenses relating to leases	(14.7)	(12.7)

NOTE 16 IMPAIRMENT LOSSES

The Group has performed impairment tests on the carrying values of all intangible assets (including goodwill), property, plant & equipment, and right-of-use assets (RoU) in accordance with the requirements of IAS 36. The Group used the cash-generating unit's value-in-use to determine the recoverable amount. Value in use (VIU) was derived as the net present value (NPV) of projected future cash flows for each of the cash-generating units (CGUs).

The business units Driveline, On-highway, Couplings, Fluid Transfer Systems and Off-highway were identified as the respective CGUs.

Cash flow projections and assumptions

The model was based on a three-year projection of discounted cash flows plus a terminal value (calculated using Gordon's growth model with the perpetual growth of 1%). The net discounted cash flows were calculated before tax.

The projected cash flows were derived from the business plans set up by the management of the business units and reviewed and finally approved by the top management in the course of the budget and strategic planning process covering the period until 2025. The business plans were based on the Group's strategic three-year plan (STP), adjusted for relevant recent changes in internal short-term forecasts and market data. Adjustments were made to exclude significant cash flows related to future restructuring, investments, or enhancements. Assumptions on labor inflation as well as on raw material price development were provided centrally. The input data on developments of the relevant markets were taken from well-known external sources, such as LMC Automotive, IHS and customers, in addition to all relevant internal information such as change in orders, customer portfolio, fitment rate for products, geographical development, market shares, etc.

NOTE 16 IMPAIRMENT LOSSES (CONTINUED)

Discount rate assumptions

The required rate of return was calculated using the WACC method. The input data of the WACC was chosen by an individual assessment of each parameter. Information from representative sources, peer groups were used to determine the best estimate. The WACC was calculated to be 12.0% pre-tax. The same WACC was used for all CGUs, the reason being that the long-term risk profiles of the CGUs are not considered to be significantly different. The key parameters were set to reflect the underlying long-term period of the assets and time horizon of the forecast period of the business cases. The following parameters were applied:

- Risk-free interest rate: 3.44%. Based on 10-year governmental Eurobond rate and US treasury 10-year yield, weighted 50/50.
- Beta: 1.37. Based on an estimated unlevered beta for the automotive industry levered to the Group's structure.
- Market risk premium: 7.25% (post tax). Based on market sources.
- Cost of debt: based on the market value of the Group's debt.

The discount rate has been adjusted to reflect the current market assessment of the risks specific to the Group's business activity and was estimated based on the weighted average cost of capital for the Group. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

Sensitivity analysis and allocation of impairment as of 31.12.2022

The value in use depends on the free cash flow and discount rate. The cash flow will fluctuate in relation to changes in price, currency, and volume. Business awards, success of the car model, product fitment rates, government regulations, and economic conditions, in turn influence the volume.

• On-Highway:

The value-in-use is significantly higher than the carrying value. The sensitivity analysis indicates a negative headroom only if discount rate increased by 4 percentage points and discounted cash flow was reduced by minimum 20%. Hence, no reasonable change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

• Driveline:

The impairment test showed that the Driveline as a CGU is highly sensitive to any changes in key assumptions, meaning any significant declines in free cash flow and other key assumptions would trigger a need for an impairment. However, reasonable increase of free cash flow and favorable changes in key assumptions combined with WACC closer to historic levels would lead to partial reversal of impairment of assets other than the goodwill booked in Q2 2020. Management is confident that DRL's carrying value is properly supported by the Group's strategic three-year plan (STP) and assumptions used.

• Couplings:

The value-in-use is significantly higher than the carrying value. No reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying value.

• Fluid Transfer Systems:

The value-in-use is considerably higher than the carrying value. The sensitivity analysis indicates a negative headroom only if discount rate increased by 4 percentage points and discounted cash flow was reduced by minimum 20%. Hence, no reasonable change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

• Off-Highway:

No reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying value

Carrying value of the goodwill per business unit

MEUR	POWERTRAIN AND CHASSIS		SPECIALTY PRODUCTS			TOTAL
	ON-HIGHWAY	DRIVELINE	COUPLINGS	FLUID TRANSFER SYSTEMS	OFF-HIGHWAY	
Goodwill						
Gross book value as at 01.01.2022	16.9	6.7	0.2	53.4	15.0	92.2
Accumulated impairment as of 01.01.2022	0.0	(6.7)	0.0	0.0	(1.3)	(8.0)
Disposals related to the sale of part of the OFH business	0.0	0.0	0.0	0.0	(13.3)	(13.3)
Translation adjustments	(0.1)	0.0	0.0	2.3	(0.4)	1.8
Net book value as at 31.12.2022	16.7	0.0	0.2	55.7	0.0	72.6

NOTE 17 INVENTORIES

Specification of inventories

MEUR	2022	2021
Raw materials	60.4	60.2
Work in progress	19.2	19.0
Finished goods	16.9	14.9
Total inventories	96.5	94.1

Values displayed above are net of provisions for slow-moving and obsolete inventory shown below.

Provision for slow-moving and obsolete inventory

MEUR	2022	2021
Book value at 01.01.	(12.9)	(15.6)
Reclassification to assets held for sale	0.0	2.7
Write-down	(4.0)	(2.6)
Products sold (previously written down)	0.0	0.7
Reversal of prior write-downs	4.5	2.3
Foreign currency effects	0.0	(0.4)
Book value at 31.12.	(12.4)	(12.9)

NOTE 18 TRADE AND OTHER RECEIVABLES

Specification of trade and other receivables

MEUR	2022	2021
Trade receivables	166.5	230.9
Public duties	11.6	9.5
Account receivables	0.0	2.5
Other short-term receivables	6.3	7.1
Total trade and other receivables	184.4	250.0

Trade receivables maturity

MEUR	2022	2021
Not overdue	150.1	210.4
Overdue 1-20 days	10.3	14.2
Overdue 21-40 days	4.4	4.2
Overdue 41-80 days	2.5	0.5
Overdue 81-100 days	0.4	0.1
Overdue > 100 days	(0.5)	2.4
Gross trade receivables	167.2	231.7
Total provision for bad debt	(0.7)	(0.9)
Net trade receivables	166.5	230.9

NOTE 18 TRADE AND OTHER RECEIVABLES (CONTINUED)

The provision for bad debt has decreased by MEUR 0.2 compared to 31.12.2021. Trade receivables are subject to constant monitoring. The impairment of receivables is reflected through provision for bad debt. Monthly assessments of loss risk, including forward-looking information, are performed and corresponding provisions are made at the entity level. The provision for bad debt reflects the total expected loss

risk on the Group's trade receivables. The oldest trade receivables, overdue > 100 days, represent the highest risk level. Most of the impaired trade receivables are included in that category. Expected losses on trade receivables were MEUR 0.7 in 2022 (2021: MEUR 0.0). The risk for losses on receivables other than trade receivables is assessed to be insignificant. For risk management see note 24.

Receivables by currency

MEUR	2022	2021
EUR	58.5	70.8
USD	50.7	56.2
CNY	38.2	72.9
NOK	10.1	7.9
Other	26.9	42.2
Total receivables	184.4	250.0

Other current assets

MEUR	2022	2021
Tooling for sale	4.5	6.5
Customer development for sale	0.2	0.1
Prepayments	10.2	11.6
Capitalized financing costs – current	0.4	0.7
Contract costs – current	0.1	0.2
Total other current assets	15.4	19.1

Other non-current assets

MEUR	2022	2021
Long-term receivables	0.0	1.1
Contract costs – non-current	0.5	0.8
Grants and others	0.9	1.1
Capitalized financing costs – non-current	0.0	0.5
Total other non-current assets	1.4	3.5

NOTE 19 SHARE CAPITAL

Shares

The share capital of the Company is NOK 1,054,860,644.30 comprising 1,054,860,644 ordinary shares with a par value of NOK 1.00. The Company holds 96,161,099 shares as treasury shares. For more information see the statement of changes in equity. The Company is listed on the Oslo Stock Exchange with the ticker code "KOA".

	2022	2021
Number of shares in issue at 01.01.	1,054,860,644	10,548,606,433
Reverse split of shares	(9,493,045,790)	
Number of shares in issue at 31.12.	1,054,860,644	1,054,860,644
Of these, treasury shares	95,161,099	1,826,902

Treasury shares

The Company held 95,161,099 treasury shares (2021: 1,826,902) as of December 31, 2022. On May 13, 2022, Kongsberg Automotive ASA entered into an agreement with Danske Bank for the repurchase of Kongsberg Automotive shares for up to 10% of its outstanding shares in the market. Beginning from May 19, 2022, until December 31, 2022, Kongsberg Automotive ASA had purchased 93,334,197 treasury shares.

The twenty largest shareholders in the Company as at 31.12.2022 were as follows:

SHAREHOLDERS AND NOMINEES	NO. OF SHARES	%	COUNTRY	TYPE OF ACCOUNT
Morgan Stanley & Co. Int. Plc.	224,962,511	21.3%	United Kingdom	Nominee
Kongsberg Automotive ASA (own shares)	95,161,099	9.0%	Norway	Ordinary
Nordnet Bank AB	36,293,617	3.4%	Sweden	Nominee
Morgan Stanley & Co. Int. Plc.	24,963,209	2.4%	Cayman Islands	Nominee
Saxo Bank A/S	16,927,895	1.6%	Denmark	Nominee
Citibank, N.A.	15,046,761	1.4%	Ireland	Nominee
Arild Vigen Christoffersen	14,260,131	1.4%	Norway	Ordinary
Nordnet Livsforsikring AS	12,439,609	1.2%	Norway	Ordinary
Danske Bank A/S	12,366,139	1.2%	Denmark	Nominee
Verdipapirfondet Nordea Norge Verd	9,799,342	0.9%	Norway	Ordinary
J.P. Morgan SE	7,899,900	0.7%	Finland	Nominee
Verdipapirfondet KLP Aksjenorge	7,747,234	0.7%	Norway	Ordinary
Commuter 2 AS	6,920,000	0.7%	Norway	Ordinary
Kransekakebakeren AS	6,884,868	0.7%	Norway	Ordinary
The Bank of New York Mellon SA/NV	6,760,805	0.6%	United Kingdom	Nominee
Verdipapirfondet Nordea Avkastning	6,242,639	0.6%	Norway	Ordinary
Avanza Bank AB	5,099,839	0.5%	Sweden	Nominee
UBS Switzerland AG	4,548,495	0.4%	Ireland	Nominee
A/S Skarv	4,000,000	0.4%	Norway	Ordinary
Nordea Bank Abp	3,982,771	0.4%	Denmark	Nominee
Total twenty largest shareholders	522,306,864	49.5%		
Other shareholders	532,553,780	50.5%		
Number of shares in issue at 31.12.2022	1,054,860,644	100.0%		
Number of shareholders	26,656			
Foreign ownership	40.2%			

NOTE 19 SHARE CAPITAL (CONTINUED)

Share options

Options at NOK 59.0 (grant 2015), NOK 62.0 (grant 2016) expire after 7 years. Options at NOK 79.0 (grant 2019), and NOK 3.0 (grant 2021) are Performance Stock Options and expire 10 years after the date of grant. The Company has no legal or constructive obligation to repurchase or settle the options in cash. Refer to note 3 for further information.

Movements in share options (NOK)

NOK	2022		2021	
	AVERAGE EXERCISE PRICE	OPTIONS	AVERAGE EXERCISE PRICE	OPTIONS
Options at 01.01.	6.8	8,728,998	8.1	7,002,313
Granted	—	—	3.0	8,518,775
Forfeited	5.4	(2,671,041)	11.1	(334,876)
Expired	59.0	(43,214)	74.4	(39,631)
Adjusted (Quantity)	—	(243,331)	106.4	(152,530)
Modification/Dividends	—	—	81.1	(6,265,053)
Options at 31.12.	4.1	5,771,412	6.8	8,728,998

Outstanding options at the end of the year (NOK)

EXPIRY DATE	2022		2021	
	EXERCISE PRICE (NOK)	OPTIONS	EXERCISE PRICE (NOK)	OPTIONS
10.04.2022 (Grant 2015)	59.0	—	59.0	45,733
10.04.2023 (Grant 2016)	62.0	101,785	62.0	113,785
15.05.2029 (Grant 2019)	79.0	—	79.0	314,516
10.06.2031 (Grant 2021)	3.0	5,669,627	3.0	8,254,964
Options at 31.12.		5,771,412		8,728,998

Movements in restricted stock units (RSU)

NOK	2022		2021	
RSU at 01.01.		7,990,418		43,845,671
Granted		11,804,646		6,054,705
Released		(2,363,015)		(519,676)
Forfeited		(2,864,706)		(1,889,402)
Adjusted		—		(39,500,880)
RSU at 31.12.		14,567,343		7,990,418

Outstanding restricted stock units at the end of the year

GRANT (VESTING DATE)	2022		2021	
Grant 2019 (16.05.2022)		—		2,123,216
Grant 2021 (10.06.2024)		3,926,605		5,867,202
Grant 2022 (02.06.2025)		10,640,738		—
RSU at 31.12.		14,567,343		7,990,418

NOTE 20 EARNINGS AND DIVIDEND PER SHARE

Earnings per share for the group

	2022	2021
Net profit attributable to equity shareholders (MEUR)	26.5	5.1
Weighted average number of shares in issue (in millions)	1,031.0	1,058.5
<i>Weighted average total number of ordinary shares (in millions)</i>	<i>1,061.9</i>	<i>1,061.2</i>
<i>Weighted average number of treasury shares held (in millions)</i>	<i>(30.9)</i>	<i>(2.7)</i>
Basic earnings per share, EUR	0.03	0.00
Weighted average number of shares in issue (diluted) (in millions)	1,050.4	1,068.5
<i>Weighted average number of outstanding options & RSU/PSU (in millions)</i>	<i>19.4</i>	<i>10.0</i>
Diluted earnings per share, EUR	0.03	0.00

Earnings per share for the continuing operations

	2022	2021
Net profit attributable to equity shareholders (MEUR) from continuing operations	20.6	28.1
Weighted average number of shares in issue (in millions)	1,031.0	1,058.5
<i>Weighted average total number of ordinary shares (in millions)</i>	<i>1,061.9</i>	<i>1,061.2</i>
<i>Weighted average number of treasury shares held (in millions)</i>	<i>(30.9)</i>	<i>(2.7)</i>
Basic earnings per share, EUR	0.02	0.03
Weighted average number of shares in issue (diluted) (in millions)	1,050.4	1,068.5
<i>Weighted average number of outstanding options & RSU/PSU (in millions)</i>	<i>19.4</i>	<i>10.0</i>
Diluted earnings per share, EUR	0.02	0.03

Dividend per share

EUR	2022	2021
Dividend per share paid	0.0	0.0
Dividend per share proposed	0.0	0.0

No dividend is proposed for 2022.

NOTE 21 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations recognized in statement of financial position

MEUR	2022	2021
Defined benefit pension obligation	12.0	18.4
Top hat, retirement provisions and other employee obligations	0.5	0.6
Retirement benefit obligations	12.5	19.0

Defined benefit scheme – assumptions

	2022	2021
Discount rate	3.4%	1.0%
Rate of return on plan assets	0.4%	0.1%
Salary increases	1.2%	1.1%
Increase in basic government pension amount	1.0%	0.9%
Pension increase	0.5%	0.5%

The assumptions for KA Group are presented as a weighted average of the assumptions reported from respective subsidiaries.

Defined benefit scheme – net periodic pension cost

MEUR	2022	2021
Service cost	1.1	0.8
Interest on benefit obligations	0.2	0.2
Effect of curtailment	(0.1)	(0.2)
Net periodic pension cost	1.2	0.8
Remeasurement of net defined benefit liability	(6.2)	0.2
Actual return on plan assets	1.6%	0.3%

Defined benefit scheme – net pension liability

MEUR	2022	2021
<i>Pension liabilities and assets:</i>		
Projected benefit obligation (PBO)	17.7	24.9
Fair value of pension assets	(5.7)	(6.6)
Unrecognized effects	0.0	0.0
Net pension liability before social security taxes	12.0	18.4
Social security taxes liabilities	0.0	0.0
Net pension liability	12.0	18.4

Specification of carrying value of net pension liability (MEUR)

MEUR	2022	2021
Retirement benefit obligation	17.7	24.9
Retirement benefit asset	(5.7)	(6.6)
Net pension liability	12.0	18.4

NOTE 21 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Defined benefit scheme change in net pension liability

MEUR	2022	2021
Net pension liability 01.01.	18.4	18.8
Pension cost for the year	1.2	0.8
Remeasurement of net defined benefit liability	(6.2)	0.2
Paid pensions	(0.6)	(0.6)
Pension plan contributions	(0.8)	(0.7)
Translation differences	0.0	0.3
Net pension liability 31.12.	12.0	18.4

Defined benefit scheme – sensitivities*

MEUR	DBO AS AT 31.12.2022	DBO AS AT 31.12.2021
Actual valuation	12.0	18.4
Discount rate + 0.5%	11.4	17.2
Discount rate - 0.5%	12.7	19.7
Expected rate of salary increase + 0.5%	12.1	18.5
Expected rate of salary increase - 0.5%	12.0	18.2
Expected rate of pension increase + 0.5%	12.5	19.2
Expected rate of pension increase - 0.5%	11.6	17.6

*The sensitivity does not include all schemes, however it covers the significant part of the pension liability.

Defined benefit scheme – average expected lifetime

Average expected lifetime at the balance sheet date for a person retiring on reaching age 65:

- Male employee 21 years
- Female employee 24 years

Average expected lifetime 20 years after the balance sheet date for a person retiring on reaching age 65:

- Male employee 23 years
- Female employee 26 years

Expected pension payment:

The pension payment for 2023 is expected to be in line with the 2022 payment.

NOTE 22 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as presented in the statement of financial position

MEUR	2022	2021
Non-current interest-bearing loans and borrowings	200.0	276.0
Capitalized arrangement fees	(2.1)	(3.9)
Interest-bearing lease liabilities	69.7	75.0
Other current interest-bearing liabilities	0.0	20.6
Total interest-bearing liabilities	267.6	367.7

On July 23, 2018, the Company completed an offering of MEUR 275.0 in aggregate principal amount of 5.000% Senior Notes due 2025 (the "Notes") pursuant to indentures among the Company, the guarantors party thereto, and The Law Debenture Trust Corporation plc, as trustee. On March 21, 2022, Kongsberg Automotive redeemed EUR 75.0 million of the notes at 102,5% of par.

Kongsberg Automotive or its affiliates may, at any time and from time to time, seek to retire or purchase outstanding debt through cash purchases, in open-market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will be upon such terms and at such prices as Kongsberg Automotive may determine, and will depend on prevailing market conditions, its liquidity requirements, contractual requirements, and other factors. The amounts involved may be material.

The Group was in compliance with all applicable debt covenants at and for the year ended December 31, 2022.

The indentures for our outstanding Senior Notes contain customary terms and conditions, including amongst other things, incur or guarantee additional indebtedness or issue certain preferred stock, pay dividends, redeem capital stock and make other distributions, make certain other restricted payments or restricted investments, prepay or redeem subordinated debt or equity, create or permit to exist certain liens, im-

pose restrictions on the ability of the Restricted Subsidiaries to pay dividends, transfer or sell certain assets, merge or consolidate with other entities, engage in certain transactions with affiliates and impair the security interests for the benefit of the Holders of the Notes.

On September 25, 2020, the Group entered into an Accounts Receivables Securitization Agreement with NORD/LB and Finacity Corporation (Finacity) to provide Kongsberg Automotive Group with a committed MEUR 60 facility at 1.75% interest-rate with a three-year tenure, effective on October 19, 2020. Effective from June 25, 2022, the maximum commitment has been reduced from MEUR 60.0 to MEUR 25.0 of Senior Notes and depends on the size of the Accounts Receivable pool meeting investment grade criteria.

Other current interest-bearing liabilities consist of the Revolving Credit Facility (RCF) agreement entered in July 2018. In the first half of 2021 the Relief Period ended which resulted in the decrease of the available RCF from MEUR 70.0 to MEUR 50.0. In addition, the Company must again comply with the covenants from the original RCF agreement signed in July 2018 including a "springing covenant" on total net leverage of 3.50:1, tested at the end of each quarter if cash utilizations exceed 40% of the total commitments under the RCF agreement.

Specification of total interest-bearing liabilities by currency

MEUR	2022	2021
EUR	235.5	325.9
USD	8.7	12.2
Other currencies	25.5	33.5
Capitalized arrangement fees	(2.1)	(3.9)
Total interest-bearing liabilities	267.6	367.7

NOTE 22 INTEREST-BEARING LIABILITIES (CONTINUED)

Changes in liabilities arising from financing activities

MEUR	2022	2021
Opening balance at 01.01.	367.7	376.8
Changes arising from cash flows:		
Repayment of bond	(75.0)	0.0
Draw down of debt	0.0	20.0
Bank overdraft	0.0	0.6
Repayment of lease liabilities	(16.7)	(15.0)
Repayment of debt	(21.6)	(2.5)
Non-cash changes:		
Additions – Lease liabilities	12.3	25.3
Amortization of capitalized arrangement fees	0.8	1.0
Reduction of capitalized arrangement fees due to the bond repayment	1.0	0.0
Reclassification to liabilities directly associated with the assets held for sale	0.0	(36.9)
Other:		
Translation effect	(0.9)	(1.6)
Closing balance at 31.12.	269.6	367.7

Liquidity reserve

The liquidity reserve of the Group consists of cash and cash equivalents in addition to undrawn credit facilities.

MEUR	2022	2021
Cash and cash equivalents	212.9	51.3
Restricted cash	(0.5)	(0.5)
Undrawn Revolving Credit Facility	50.0	30.0
Undrawn Securitization Facility	25.0	60.0
Liquidity reserve	287.4	140.9

NOTE 23 OTHER NON-CURRENT INTEREST-FREE LIABILITIES

Specification of other non-current interest-free liabilities

MEUR	2022	2021
Provision for employee litigations	1.4	0.9
Provision for customs claims	4.3	0.0
Provision for onerous contracts	1.9	0.0
Long-term termination benefits for the former CEO	0.0	0.0
Other non-current interest-free liabilities	0.4	0.1
Total other non-current interest-free liabilities	8.0	1.0

Provision for onerous contracts

As a result of applying amendments to IAS37 and due to declining macroeconomic data as well as increasing energy and commodity prices, the Group has recognized provision for onerous programs to supply products to several customers. It was identified that the estimated unavoidable costs required to fulfil the contract have increased which exceeded the future economic benefits. The onerous contracts are expected to be fulfilled by the end of 2023 and beginning of 2024.

Provision for customs claims

As a result of the self-declaration for customs in the United States, in 2022 Kongsberg Automotive recorded a provision for customs claims in relation to the value of the imported goods.

NOTE 24 RISK MANAGEMENT

Finance risk management policies

The Group's overall financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group exploits derivative financial instruments for potential hedging of certain risk exposures; however, the current usage of such instruments is limited.

Foreign exchange risk

The Group operates internationally in numerous countries and is exposed to foreign exchange risk arising from various currency exposures. The primary exposures are related to USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. As the Group reports its financial results in EUR, changes in the relative strength of EUR to the currencies in which the Group conducts business can adversely affect the Group's financial development. Historically, changes in currency rates have influenced the top line development, however it has not had a significant impact on operating profit since the costs usually offset the effects from the top line. Hence, the Group seeks to align its revenue and cost base to reduce the currency exposure on a net cash flow basis.

Management is monitoring the currency exposure on the Group level. The Group treasury uses the debt structure and profile to balance some of the net exposure of the cash flow from operations. The Group's treasury function regularly evaluates the use of hedging instruments but currently has no usage of such instruments.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is partially managed through borrowings denominated in the relevant foreign currencies.

Sensitivity

As of 31 December 2022, if the currency USD had weakened/strengthened by 5% against the EUR with all other variables held constant, revenues would vary by (1.5%) and 1.6% or MEUR (14.3) and MEUR 15.8. and operating profit would change by 3.1% and (3.5%) or MEUR 1.6 and MEUR (1.8).

Operational risks

Operation and investment risks and uncertainties

The Group is usually contracted as a supplier with a long-term commitment. The commitment is usually based on the model platforms, which for passenger cars are typically 3 to 5 years, while on commercial vehicles it is typically 5 to 7 years and in some cases even longer. Purchase orders are achieved on a competitive bidding basis for either a specific period or indefinite time. Even if present commitments are cost reimbursable, they can be adversely affected by many factors and short-term variances including shortages of materials, equipment and work force, political risk, customer default, labor conflicts, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other factors beyond the control of the Group. In addition, some of the Group's customer contracts may be reduced, suspended or terminated by the customer at any time upon the giving of notice. Customer contracts also permit the customer to vary the scope of work under the contract. As a result, the Group may be required to renegotiate the terms or scope of such contracts at any time, which may result in the imposition of terms less favorable than the previous terms.

Competition

The Group has significant competitors in each of its business areas and across the geographical markets in which the Group operates. The Group believes that competition in the business areas in which it operates will continue in the future. The Group continuously monitors its competitive environment as it is constantly exposed to potential strategic M&A activities by the supplier, customers or competitors that may negatively impact the Group's market position.

Volatility in prices of input factors

The Group's financial performance is dependent on prices of input factors, i.e. raw materials and different semi-finished components with a varying degree of processing, used in the production of the various automotive parts. Some of the major raw materials are:

- Steel including rod and sheet metal, cast iron and machined steel components,
- Polymer components of rubber, foam, plastic components and plastic raw materials,
- Copper,
- Zinc,
- Aluminum.

The prices can be subject to large fluctuations in response to relatively minor changes in supply and demand and a variety of additional factors beyond the control of the Group, including government regulation, capacity, and general economic conditions.

A substantial part of the Group's products based on steel and brass (copper and zinc) is sold to truck manufacturers. Business practice in the truck industry allows the Group to some extent to pass increases in steel, aluminum, and brass prices over to its customers. However, there is a time lag of three to six months before the Group can adjust the price of its products to reflect fluctuations in the mentioned raw material prices, and a sudden change in market conditions could therefore impact the Group's financial position, revenues, profits, and cash flow. When the market prices go down the adverse effect will occur. For products sold to passenger car applications, the Group does not have the same opportunity to pass along increases in raw materials prices.

Uninsured losses

The Group maintains a number of separate insurance policies to protect its core businesses against loss and/or liability to third parties. Risks insured include general liability, business interruption, workers' compensation and employee liability, professional indemnity, and material damage.

Supply chain related risks and uncertainties

The Company's ability to meet the customers' needs depends on the ability to maintain key manufacturing and supply arrangements. The loss or disruption of such manufacturing and supply arrangements may be caused by the issues such as labor disputes, inability to procure sufficient raw or input materials, natural disasters, disease outbreaks or other external factors over which the Company has no control.

In 2021, the Company's business operations were significantly impacted by the disruption of global supply chains and in particular the supply bottlenecks for electronic components in the aftermath of the COVID-19 pandemic. It requires an effective management as this have had an adverse impact on business, financial condition, results of operations and/or cash flows. This has created the need to adapt to new challenges by establishing new programs that allow to mitigate the negative operational and financial consequences of such disruptions.

In 2022, the availability of semiconductors and other important industrial precursors as well as the further course of the COVID-19 pandemic worldwide, including the consequences of the zero-covid strategy in China, led to a degree of uncertainty when assessing the risk and opportunity situation.

Risks related to the Russia-Ukraine war

The war in Ukraine has created considerable uncertainty, particularly with regard to the potential impact of the political actions, primarily where the duration, intensity, and allocation of energy supplies as well as their impact on the supply chain are concerned.

Due to the Russia-Ukraine war, the supply of energy, other raw materials, and parts for the production process has resulted in greater constraints, especially in Europe. Higher energy and commodity prices plus greater volatility added to the strain. Furthermore, rising inflation rates could reduce purchasing power, adversely affect end customer behavior, and put a damper on demand on the products offered to customers.

As consequence of this war, the following negative risks might arise in the nearest future: protectionist tendencies, turbulence in the financial markets, structural deficits in individual countries as well as high inflation and rising interest rates worldwide.

The Group's operations were not directly impacted by the conflict as none of the Group's plants is located in Ukraine and Russia and most of KA's customers do not have close economic ties with these countries. However, the Group's financials have been impacted by the indirect consequences of this war, such as increases in energy prices and rising freight costs.

Climate change risk

Kongsberg Automotive has put in place adequate procedures that enable Management and the Board of Directors to regularly review material climate change issues that may have a significant impact on the Company's operations from an operational and strategic point of view. The Company expects and is preparing for regulatory changes and policy measures targeted at reducing carbon emissions, especially as part of the commitments resulting from the Paris Agreement. The Company invests in sources of the renewable energy, such as solar panels, to become more sustainable. Moreover, Kongsberg Automotive actively monitors its supply chains in relation to the potential disruptions caused by extreme weather events. In case of an occurrence of such unfavorable events, the Company works on mitigation actions together with its suppliers. In the Group's assessment, there are no material physical climate risks that the Group is expected to face in the foreseeable future. In 2022, the Company's financial reporting was not significantly impacted by climate change risk.

Interest rate risk

Through its refinancing via senior secured notes with a fixed coupon, the Group is not exposed to interest rate risk for the duration of the notes.

Credit risk

Credit risk is managed on the Group and entity level. Credit risk arises mainly from trade with customers and outstanding receivables. The level of receivables overdue is monitored on a weekly basis. Historically the Group has had limited losses on receivables. Applying forward-looking information, we do not see any material increase in the credit risk. Refer to note 18.

The automotive industry consists of a limited number of vehicle manufacturers; hence the five biggest customers will be around 32% of total sales in 2022. The Group has a diversified customer base, where no

individual customer represents more than 10% of the Group's revenues. In addition, the customer base consists of solvent vehicle manufacturers and Tier 1 suppliers. In the Group's opinion there is no concentration risk, however due to the number of vehicle manufacturers and hence customers, concentration risk could be considered to exist.

Funding and liquidity risk

Cash flow forecasting is performed by each operating entity of the Group on a weekly basis for the following 15 weeks. The Group keeps track of its liquidity requirements and monitors to ensure there is sufficient cash to meet operational needs while always maintaining sufficient headroom on its undrawn committed borrowing facility. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. For unused liquidity reserve, see note 22.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and balance the risk profile.

The Group monitors capital based on the gearing ratio and the level of equity. These ratios are calculated as net debt divided by EBITDA and equity divided by the total balance. The Group has a treasury policy regulating the levels on these key ratios.

NOTE 25 TRADE AND OTHER PAYABLES

Specification of trade and other payables as presented in the statement of financial position

MEUR	2022	2021
Trade payables	122.0	143.5
Accrued expenses	54.5	63.3
Provisions	10.5	8.8
Interest payable	4.6	6.3
Other short-term liabilities	5.7	7.7
Total trade and other payables	197.3	229.6

Provisions

MEUR	WARRANTY RESERVE	RESTRUCTURING AND OTHER PROVISIONS	TOTAL 2022	WARRANTY RESERVE	RESTRUCTURING AND OTHER PROVISIONS	TOTAL 2021
Opening balance	6.9	1.9	8.8	9.8	5.1	14.9
P&L charge	11.7	0.5	12.2	5.4	0.0	5.4
Payments	(9.8)	(0.2)	(10.0)	(6.9)	(3.0)	(9.9)
Release	(0.5)	0.0	(0.5)	(1.7)	(0.3)	(2.0)
Reclassification to Liabilities directly associated with the assets held for sale	0.0	0.0	0.0	(0.2)	0.0	(0.2)
Translation effect	0.1	(0.1)	0.0	0.5	0.1	0.6
Closing balance	8.4	2.1	10.5	6.9	1.9	8.8

The only remaining provision for restructuring is related to the closure of the plant in Rollag (Norway) and amounts to MEUR 1.2.

Maturity structure

MEUR	PROVISIONS	ACCRUED EXPENSES	INTEREST PAYABLES	OTHER SHORT-TERM LIABILITIES	TRADE PAYABLES	TOTAL 2022
Repayable 0-3 months after year-end	5.8	31.6	4.6	4.5	116.8	163.3
Repayable 3-6 months after year-end	2.7	13.4	0.0	0.6	5.0	21.8
Repayable 6-9 months after year-end	0.3	5.0	0.0	0.0	0.1	5.4
Repayable 9-12 months after year-end	1.6	4.4	0.0	0.6	0.1	6.7
Total	10.5	54.5	4.6	5.7	122.0	197.3

NOTE 26 FINANCIAL INSTRUMENTS

Classification, measurement and fair value of financial instruments

2022	LOANS, RECEIVABLES AND CASH AT AMORTIZED COST	LOANS, RECEIVABLES AND CASH AT FAIR VALUE	FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL 2022
MEUR				
Trade and other receivables	184.4			184.4
Cash and cash equivalents	119.2	93.7		212.9
Interest-bearing loans and borrowings			(197.9)	(197.9)
Interest-bearing lease liabilities			(69.7)	(69.7)
Trade and other payables			(176.5)	(176.5)
Total	303.6	93.7	(444.1)	(46.8)
Fair value	303.6	93.7	(427.7)	(30.4)
Unrecognized gain/ (loss)*			16.4	16.4

*Based on level 1 input. The bond was traded at 90.1% of its par value as at 31.12.2022 (101.4% as at 31.12.2021)

2021	LOANS AND RECEIVABLES AT AMORTIZED COST	FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL 2021
MEUR			
Trade and other receivables	250.0		250.0
Cash and cash equivalents	51.3		51.3
Interest-bearing loans and borrowings		(272.1)	(272.1)
Interest-bearing lease liabilities		(75.0)	(75.0)
Other current interest-bearing liabilities		(20.6)	(20.6)
Trade and other payables		(206.8)	(206.8)
Assets held for sale	23.2		23.2
Liabilities directly associated with the assets held for sale		(69.3)	(69.3)
Total	324.6	(643.8)	(319.2)
Fair value	324.6	(651.5)	(327.0)
Unrecognized gain/ (loss)*		(7.8)	(7.8)

*Based on level 1 input

NOTE 27 REMUNERATION AND FEES FOR MANAGEMENT, BOARD OF DIRECTORS (BOD) AND AUDITOR

Remuneration and fees recognized in the statement of comprehensive income

KEUR	2022	2021
Total remuneration of the Board of Directors	297.0	365.0
Gross base salary to the CEO*	741.1	450.1
CEO's short-term incentive*	817.4	464.3
CEO's long-term incentive**	391.6	129.4
Pension costs to the CEO*	107.5	55.1
Other remuneration to the CEO*	54.5	97.2
Management salaries other than to the CEO	2,842.7	2,891.5
Bonus, LTI costs and other remuneration of management other than the CEO	1,222.7	1,573.5
Pension costs of management other than the CEO	327.1	310.2
Total – Board of Directors and Senior Management	6,801.5	6,336.4
Remuneration to nomination committee	20.1	14.7

*Prorated salary for the period from May to December 2021; including social costs

**Long-term incentives plans – share-based compensation. The amounts represent the expenses accounted for in 2022 according to IFRS 2.

Specification of fees paid to the auditors

KEUR	2022	2021
Statutory audit services to the parent company (Deloitte)	180.6	189.8
Statutory audit services to subsidiaries (Deloitte)	559.1	494.2
Statutory audit services to subsidiaries (Other)	52.1	69.4
Non-audit services (Deloitte)	22.3	24.1
Tax services (Deloitte)	438.2	477.0
Total	1,252.3	1,254.5

NOTE 28 COMMITMENTS AND GUARANTEES

Commitments

Due to the implementation of IFRS 16, the Group's operating lease commitments are now disclosed in note 15. In relation to low-value and short-term leases that are not presented as lease liabilities, the Group is committed to an expected expense of MEUR 0.3 in 2023.

General information

In 2022, total parent guarantees in the amount of around MEUR 62.5 and MUSD 10.0 were issued for entities in Slovakia, Poland, and Mexico.

Guarantees

The issued notes are guaranteed on a senior basis by:

- Parent Guarantor (Kongsberg Automotive ASA),
- Kongsberg Automotive Holding 2 AS, Kongsberg Automotive AS, Kongsberg Automotive AB, Kongsberg Power Products Systems AB, Kongsberg Driveline Systems SAS, Kongsberg Raufoss Distribution SAS, Kongsberg Actuation Systems Ltd, Kongsberg Automotive Slovakia s.r.o., Kongsberg Automotive Sp. z.o.o., Kongsberg Inc., Kongsberg Holding III, Inc., Kongsberg Actuation Systems II, LLC, Kongsberg Power Products Systems I, LLC, Kongsberg Automotive, Inc., Kongsberg Driveline Systems I, LLC, and KA Group AG.

NOTE 29 CONTINGENT LIABILITIES

The following is an overview of current material disputes involving either the Company Kongsberg Automotive ASA or its subsidiaries.

Endeavor Group, LLC v Kongsberg Power Products Systems I, LLC

Kongsberg Power Products Systems I, LLC is contesting a claim by a neighboring property owner for compensation for use of a detention pond on the neighboring property in Willis, Texas. Water runoff from the Kongsberg property was diverted to the neighboring property at a time

when both parcels were owned by a predecessor of Kongsberg. Kongsberg does not believe that the plaintiff is entitled to significant compensation. Kongsberg's main argument for acquittal is that the pond was clearly visible when the property was acquired by the plaintiff. The district court has ruled in our favor and fully acquitted Kongsberg. The plaintiff has however appealed the ruling. The decision of the court of appeals is not expected before 2024.

NOTE 30 SUBSEQUENT EVENTS

No significant subsequent events have been identified.

NOTE 31 RELATED-PARTY TRANSACTIONS

Kongsberg Automotive ASA is listed on the Oslo Stock Exchange and is the Group's ultimate parent. The Group has no material transactions with related parties.

Key management and BoD compensation

See note 27 - includes remuneration for the Senior Management and Board of Directors.





FINANCIAL STATEMENTS OF THE PARENT COMPANY

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STATEMENT OF COMPREHENSIVE INCOME

MEUR	NOTE	2022	2021
Operating revenues	21	6.8	7.5
<i>Operating expenses</i>			
Salaries and social expenses	5	(0.3)	(0.5)
Other operating expenses	6	(3.7)	(3.7)
Amortization	9	0.0	(0.2)
Total operating expenses		(4.0)	(4.4)
Operating profit		2.8	3.1
<i>Financial items</i>			
Financial income	7	57.7	33.7
Financial expenses	7	(16.7)	(16.2)
Net financial items		41.0	17.5
Profit before taxes		43.8	20.6
Income taxes	8	(9.7)	(4.3)
Net profit		34.1	16.3
<i>Other comprehensive income</i>			
Translation differences		(24.3)	20.9
Other comprehensive income		(24.3)	20.9
Total comprehensive income for the year		9.8	37.1

STATEMENT OF CASH FLOWS

MEUR	NOTE	2022	2021
<i>Operating activities</i>			
Profit/(loss) before taxes		43.8	20.6
Amortization	9	0.0	0.2
Interest income	7	(18.5)	(16.2)
Dividend income	7	(3.7)	0.0
Interest expenses and other financial expenses	7	16.6	16.1
Taxes paid		(0.4)	(0.1)
Changes in trade and other receivables	12	(16.9)	105.0
Changes in trade and other payables	16	7.3	(62.7)
Currency differences	7	(21.5)	(10.8)
Changes in other items*		0.0	(0.4)
Cash flow from operating activities		6.7	51.8
<i>Investing activities</i>			
Repayment of Group loans		11.7	15.2
Repayment of investments in subsidiaries	4	69.3	0.0
Investments in subsidiaries		0.0	(68.7)
Interest received	7	18.5	16.2
Dividends received	7	8.5	0.0
Cash flow from/used by investing activities		108.0	(37.3)
<i>Financing activities</i>			
Payments for purchase of treasury shares	13	(23.5)	0.0
Net draw down of debt	4	(75.0)	0.6
Interest paid	7	(14.4)	(14.9)
Cash flow used by financing activities		(112.9)	(14.3)
<i>Currency effects on cash</i>			
Net change in cash		0.2	0.0
Net cash at January 1		0.0	0.0
Net cash at December 31		0.2	0.0
Of this, restricted cash		0.0	0.0

*Comprises mainly changes in provisions

STATEMENT OF FINANCIAL POSITION

MEUR	NOTE	2022	2021
ASSETS			
<i>Non-current assets</i>			
Right-of-use assets	11	0.1	0.1
Investments in subsidiaries	4	295.2	373.4
Loans to subsidiaries	21	362.4	358.7
Other non-current assets		0.1	0.4
Total non-current assets		657.8	732.6
<i>Current assets</i>			
Trade and other receivables	12, 21	49.4	39.5
Cash and cash equivalents		0.2	0.0
Total current assets		49.6	39.5
Total assets		707.4	772.1
EQUITY AND LIABILITIES			
<i>Equity</i>			
Share capital	13	100.3	105.6
Treasury shares	13	(23.9)	(1.3)
Share premium		208.2	219.1
Other reserves		(36.2)	(28.8)
Retained earnings		205.9	171.8
Total equity		454.3	466.4
<i>Non-current liabilities</i>			
Deferred tax liabilities	8	24.5	18.5
Retirement benefit obligations		0.3	0.3
Interest-bearing liabilities	14	197.0	270.1
Total non-current liabilities		221.8	288.9
<i>Current liabilities</i>			
Other current interest-bearing liabilities		0.0	0.7
Trade and other payables	16, 21	31.3	16.1
Total current liabilities		31.3	16.8
Total liabilities		253.1	305.7
Total equity and liabilities		707.4	772.1

STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.2021	100.8	(1.3)	209.1	(36.6)	155.5	427.4
Share-based compensation				1.7		1.7
<i>Total comprehensive income for the year:</i>						
Profit for the year					16.3	16.3
<i>Other comprehensive income:</i>						
Translation differences	4.8		10.0	6.1		20.9
Total comprehensive income for the year	4.8	0.0	10.0	6.1	16.3	37.2
Equity as of 31.12.2021/01.01.2022	105.6	(1.3)	219.1	(28.8)	171.8	466.4
Purchase of treasury shares		(23.5)				(23.5)
Share-based compensation				1.6		1.6
<i>Total comprehensive income for the year:</i>						
Profit for the year					34.1	34.1
<i>Other comprehensive income:</i>						
Translation differences	(5.3)	0.9	(10.9)	(9.0)		(24.3)
Total comprehensive income for the year	(5.3)	0.9	(10.9)	(9.0)	34.1	9.8
Equity as of 31.12.2022	100.3	(23.9)	208.2	(36.2)	205.9	454.3

Kongsberg, March 13, 2023

The President & CEO and the Board of Directors of Kongsberg Automotive ASA

Firas Abi-Nassif
Chairman (sign.)

Emese Weissenbacher
Board member (sign.)

Ellen M. Hanetho
Board member (sign.)

Mark Wilhelms
Board member (sign.)

Rolf Breidenbach
Board member (sign.)

Knut Magne Alfsvåg
Employee elected (sign.)

Siw Reidun Wærås
Employee elected (sign.)

Bjørn Ivan Ødegård
Employee elected (sign.)

Joerg Buchheim
President and CEO

NOTES

NOTE 1 REPORTING ENTITY

Kongsberg Automotive ASA ('the Company') is a limited liability company incorporated and domiciled in Norway. The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The Company is listed on the Oslo Stock Exchange. The Company is the ultimate parent of the Group and serves the purpose of holding company in the Group.

The information provided in the consolidated financial statements covers the Company to a significant degree. For a description of the operating activities of the subsidiaries of Kongsberg Automotive ASA, please refer to the consolidated financial statement of the group. The Company financial statements were authorized for issue by the Board of Directors on March 13, 2023.

NOTE 2 STATEMENT OF COMPLIANCE

The Company's financial statements are prepared in accordance with simplified IFRS according to the Norwegian accounting Act § 3-9, and

regulations regarding simplified application of IFRS issued by the Ministry of Finance on January 21, 2008.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting principles are consistent with the accounting principles of the Group, as described in note 3 of the Group's Consolidated Financial Statement. Where the notes for the Company are

substantially different from the notes for the Group, it is shown accordingly. Otherwise, refer to the notes to the Group's Consolidated Financial Statements.

NOTE 4 INVESTMENTS IN SUBSIDIARIES

ENTITY NAME	COUNTRY OF INCORPORATION	OWNERSHIP 2022	2022	2021
Kongsberg Automotive Holding 2 AS	Norway	100%	169.8	241.5
KA Group AG	Switzerland	0%	113.3	119.2
Kongsberg Automotive (Wuxi) Ltd	China	100%	6.9	7.2
Kongsberg Automotive Ltda	Brazil	100%	2.3	2.4
Kongsberg Automotive Ltd	Korea	100%	1.7	1.7
Kongsberg Automotive (India) Private Ltd	India	100%	0.8	0.9
Kongsberg Automotive Driveline System India Ltd	India	100%	0.4	0.4
Kongsberg Automotive Japan KK	Japan	100%	0.1	0.1
Kongsberg Automotive SARL	France	100%	0.0	0.0
CTEX Seat Comfort (Holding) Ltd	Great Britain	100%	0.0	0.0
Total investments in subsidiaries			295.2	373.4

NOTE 4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Investments

In 2022 the Company granted a Group Contribution to Kongsberg Automotive Holding 2 AS in the amount of MEUR 7.2. Moreover, Kongsberg Automotive ASA received in 2022 MNOK 700.0 (MEUR 69.3) paid out of the share premium account of Kongsberg Automotive Holding 2 AS. There were no additional investments made in another subsidiaries. The change in the carrying value of investments other than the above-mentioned is fully attributable to the translation differences.

Impairment testing

The Company has performed impairment tests on all KA companies owned or financed directly by Kongsberg Automotive ASA. The following assets have been considered for impairment: Share investments; intercompany loans to group companies, IC receivables. The impairment assessment is made on "net investment" level (all direct loans, receivables and share investments are considered together). Shares are impaired before loans, and loans before receivables.

In a first step, the net investment was compared to the carrying value of the equity of the respective subsidiaries. The equity carrying value is considered as a conservative valuation of the company value.

In a second step, the net investment was compared to the enterprise value. The enterprise value has been derived from the net present value of all future cash flows including terminal value. The principal model has been taken into account as well as all assumptions used for the three-year strategic planning in the cash flow estimation of each tested subsidiary.

Discount rate assumptions

The required rate of return was calculated using the WACC method. The same WACC was used as calculated for Group impairment purposes. For details, please refer to Group note 16.

Impairment test results and conclusion

Based on the results from the impairment test performed, the Company concluded that there is no requirement for impairment indicated as at 31.12.2022.

NOTE 5 SALARIES AND SOCIAL EXPENSES

MEUR	2022	2021
Wages and salaries	0.3	0.4
Pension cost (defined contribution plans)	0.0	0.0
Total salaries and social expenses	0.3	0.4

The Company had no employees as of 31.12.2022 and there were no employees as of 31.12.2021 either. Wage and salaries comprise director's fees.

NOTE 6 OTHER OPERATING EXPENSES

MEUR	2022	2021
<i>Administrative expenses</i>		
Service costs	3.3	3.1
Other costs	0.4	0.6
Total other operating expenses	3.7	3.7

NOTE 7 FINANCIAL ITEMS

MEUR	2022	2021
Dividend and other financial income	3.6	5.6
Foreign currency gains*	26.2	11.9
Account receivables securitization - Income	1.4	2.0
Interest income	17.1	14.2
Reversal of write-down of IC loans	9.4	0.0
Total financial income	57.7	33.7
Interest expense	(16.4)	(15.9)
Foreign currency losses*	0.0	0.0
Account receivables securitization - Expense	(0.3)	(0.3)
Total financial expenses	(16.7)	(16.2)
Total financial items	41.0	17.5

* Includes unrealized currency gain of MEUR 21.5 (2021: unrealized gain of MEUR 10.8)

NOTE 8 TAXES

Tax recognized in statement of comprehensive income

The major components of income tax expense:

MEUR	2022	2021
Current tax on profits for the year*	(2.1)	(1.7)
Adjustments in respect of prior years - current tax	(0.4)	0.0
Total current tax expense	(2.5)	(1.7)
Current year change in deferred tax	(7.2)	(2.5)
Adjustments in respect of prior years - deferred tax	0.0	(0.1)
Total change in deferred tax	(7.2)	(2.6)
Total income tax expense	(9.7)	(4.3)

* Includes withholding tax of MEUR 0.1. Further details can be found in table below.

Tax recognized in other comprehensive income

No tax was recognized in other comprehensive income in 2022 and 2021.

NOTE 8 TAXES (CONTINUED)

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2022	2021
Profit/(loss) before taxes	43.8	20.6
Expected tax calculated at Norwegian tax rate	(9.6)	(4.5)
Dividends (permanent differences)	0.8	1.2
Other permanent differences	(0.8)	(0.3)
Effect of withholding tax	(0.1)	(0.7)
Income tax (expense)/credit	(9.7)	(4.3)
Average effective tax rate	22%	21%

Tax recognized in the statement of financial position

Current tax	2022	2021
MEUR		
Current income tax receivables	0.0	0.0
Current income tax liabilities	0.0	0.0
Total	0.0	0.0

As a result of a Group contribution, the current income tax liabilities of MEUR 2.0 were transferred to Kongsberg Automotive Holding 2 AS.

Deferred tax	2022	2021
MEUR		
Deferred tax liability	(24.5)	(18.5)
Total	(24.5)	(18.5)

Deferred tax positions are netted within the tax entity.

NOTE 8 TAXES (CONTINUED)

Specification of deferred tax assets/(liabilities) recognized in the statement of financial position

MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	EXCHANGE DIFFERENCES	CLOSING BALANCE
Property, plant and equipment	0.1	0.0	0.0	0.0	0.0	0.1
Retirement benefits obligations	0.1	0.0	0.0	0.0	0.0	0.1
Account receivables	4.1	(1.7)	0.0	0.0	(0.1)	2.3
Unrealized FX on long-term receivables/payables	(22.8)	(5.8)	0.0	0.0	1.4	(27.2)
Other temporary differences	(0.1)	0.3	0.0	0.0	0.0	0.2
Net deferred tax asset/(liability)	(18.6)	(7.2)	0.0	0.0	1.2	(24.5)

Tax positions not recognized

The Company had no unrecognized positions in 2022 and 2021.

Remaining lifetime of tax losses (net tax value)

The Company had no tax loss carry forwards in 2022 and 2021.

NOTE 9 INTANGIBLE ASSETS

MEUR	CUSTOMER RELATIONSHIPS	SOFTWARE AND OTHER	TOTAL
Cost at 01.01.2021	0.2	4.2	4.4
Additions	0.0	0.0	0.0
Disposals accumulated cost	0.0	0.0	0.0
Translation differences on cost	0.0	0.2	0.2
Acquisition costs at 31.12.2021	0.2	4.4	4.6
Accumulated amortization at 01.01.2021	(0.2)	(4.0)	(4.2)
Amortization/impairment loss	0.0	(0.2)	(0.2)
Disposals accumulated amortization	0.0	0.0	0.0
Translation differences on amortization	0.0	(0.2)	(0.2)
Accumulated amortization at 31.12.2021	(0.2)	(4.4)	(4.6)
Cost	0.2	4.4	4.6
Accumulated amortization	(0.2)	(4.4)	(4.6)
Book value at 31.12.2021	0.0	0.0	0.0
Cost at 01.01.2022	0.2	4.4	4.6
Additions	0.0	0.0	0.0
Disposals accumulated cost	0.0	0.0	0.0
Translation differences	(0.0)	(0.2)	(0.2)
Acquisition costs at 31.12.2022	0.2	4.2	4.4
Accumulated amortization at 01.01.2022	(0.2)	(4.4)	(4.6)
Amortization/impairment loss	0.0	0.0	0.0
Disposals accumulated amortization	0.0	0.0	0.0
Translation differences	0.0	0.2	0.2
Accumulated amortization at 31.12.2022	(0.2)	(4.2)	(4.4)
Cost	0.2	4.2	4.4
Accumulated amortization	(0.2)	(4.2)	(4.4)
Book value at 31.12.2022	0.0	0.0	0.0

NOTE 10 PROPERTY, PLANT AND EQUIPMENT (PP&E)

MEUR	EQUIPMENT
Cost at 01.01.2021	0.8
Additions	0.0
Disposals accumulated cost	0.0
Translation differences	0.0
Acquisition costs at 31.12.2021	0.8
Accumulated depreciation at 01.01.2021	(0.8)
Depreciation	0.0
Disposals accumulated depreciation	0.0
Translation differences	0.0
Accumulated depreciation at 31.12.2021	(0.8)
Cost	0.8
Accumulated depreciation	(0.8)
Book value at 31.12.2021	0.0
Cost at 01.01.2022	0.8
Additions	0.0
Disposals accumulated cost	0.0
Translation differences	0.0
Acquisition costs at 31.12.2022	0.8
Accumulated depreciation at 01.01.2022	(0.8)
Depreciation	0.0
Disposals accumulated depreciation	0.0
Translation differences	0.0
Accumulated depreciation at 31.12.2022	(0.8)
Cost	0.8
Accumulated depreciation	(0.8)
Book value at 31.12.2022	0.0

NOTE 11 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	TOTAL
Cost at 01.01.2021	0.2	0.2
Additions	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Acquisition costs at 31.12.2021	0.2	0.2
Accumulated depreciation at 01.01.2021	(0.1)	(0.1)
Depreciation	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Accumulated depreciation at 31.12.2021	(0.1)	(0.1)
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Book Value at 31.12.2021	0.1	0.1
Cost at 01.01.2022	0.2	0.2
Additions	0.1	0.1
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Acquisition costs at 31.12.2022	0.2	0.2
Accumulated depreciation at 01.01.2022	(0.1)	(0.1)
Depreciation	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Accumulated depreciation at 31.12.2022	(0.1)	(0.1)
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Book Value at 31.12.2022	0.1	0.1

Lease liabilities

MEUR	2022	2021
Non-current lease liabilities	0.1	0.1
Current lease liabilities	0.0	0.0
Total lease liabilities	0.1	0.1

Maturity analysis – contractual undiscounted cash flows

MEUR	2022	2021
Within one year	0.1	0.1
One to five years	0.1	0.1
More than five years	0.0	0.0
Total undiscounted lease liabilities	0.2	0.2

NOTE 12 TRADE AND OTHER RECEIVABLES

During 2019, the Group changed from a notional cash pool under Kongsberg Automotive ASA to a physical cash pool with KA Group AG as the master header for the Group and Kongsberg Automotive ASA as

a sub-header for some of the European entities. Therefore, the Company held no cash as of 31 December 2022 and its cash held by KA Group AG was included as In-house bank under trade and other receivables.

Specification of trade and other receivables

MEUR	2022	2021
Trade receivables	0.0	0.0
Short-term Group loans and receivables	7.7	14.7
In-house bank	40.8	24.2
Other short-term receivables	0.6	0.4
Receivables	49.1	39.3
Prepayments	0.3	0.2
Total trade and other receivables	49.4	39.5

Receivables by currency

MEUR	2022	2021
NOK	42.3	26.4
EUR	6.9	6.4
USD	0.1	1.5
CNY	0.0	5.0
Other	0.2	0.2
Total trade and other receivables	49.4	39.5

NOTE 13 SHARE CAPITAL

Refer to note 19 in the Group's statements.

NOTE 14 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as presented in the statement of financial position

MEUR	2022	2021
Non-current interest-bearing loan*	199.0	274.0
Capitalized arrangement fees**	(2.1)	(3.9)
Interest-bearing lease liabilities	0.1	0.0
Total interest-bearing liabilities	197.0	270.1

*Relates to the loan granted by KA Group AG

**Relates to the bond fees paid by Kongsberg Automotive ASA on behalf of Kongsberg Actuation Systems BV

Specification of total interest-bearing liabilities

MEUR	2022	2021
EUR	199.0	274.0
NOK	0.1	0.0
Capitalized arrangement fee	(2.1)	(3.9)
Total interest-bearing liabilities	197.0	270.1

Changes in non-current interest-bearing liabilities

MEUR	2022	2021
Opening balance as of 01.01.	270.1	269.2
Loan repayment	(75.0)	0.0
Foreign exchange movement	11.2	(13.0)
Translation effect	(11.2)	13.0
Other	1.9	0.9
Closing balance as of 31.12.	197.0	270.1

NOTE 15 RISK MANAGEMENT

The Company's risk management is an integral part of the Group's risk management. Refer to note 24 of the Group's statements for the further information.

Interest risk

The Company is exposed to limited interest risk.

Currency exposure

Management is monitoring the currency exposure on a Group level. The Group treasury uses the debt structure and profile to balance some of the net exposure of the cash flow from operations. The Group's treasury function regularly evaluates the use of hedging instruments but currently has low usage of such instruments.

NOTE 16 TRADE AND OTHER PAYABLES

Specification of trade and other payables as presented in the statement of financial position

MEUR	2022	2021
Trade payables	1.5	0.2
Short-term Group liabilities	29.0	15.2
Accrued expenses	0.5	0.7
Other short-term liabilities	0.3	0.0
Total trade and other payables	31.3	16.1

Provisions

The Company had no provision as of December 31, 2022, and December 31, 2021.

Maturity structure

MEUR	OTHER SHORT-TERM LIABILITIES	ACCURED EXPENSES	TRADE PAYABLES	TOTAL 2022
Repayable 0-3 months after year end	0.3	0.2	1.5	2.0
Repayable 3-6 months after year end	0.0	0.1	0.0	0.1
Repayable 6-9 months after year end	0.0	0.0	0.0	0.0
Repayable 9-12 months after year end	0.0	0.2	0.0	0.2
Total	0.3	0.5	1.5	2.3

NOTE 17 REMUNERATION AND FEES FOR MANAGEMENT, BOARD OF DIRECTORS AND AUDITORS

Refer to note 27 in the Group's consolidated financial statements.

NOTE 18 COMMITMENTS AND GUARANTEES

Guarantees

Some subsidiaries require a financial support guarantee from the Parent to satisfy the going concern assumption.

The Company has issued guarantees to suppliers of subsidiaries. The risk exposure is assessed to be immaterial.

In 2022, total Parent guarantees in the amount of around MEUR 62.5 and MUSD 10.0 were issued for entities in Slovakia, Poland, and Mexico.

In relation to the offering of senior secured notes, the Company is the parent guarantor.

NOTE 19 CONTINGENT LIABILITIES

Refer to note 29 in the Group's consolidated financial statements.

NOTE 20 SUBSEQUENT EVENTS

No significant subsequent events have been identified.

NOTE 21 RELATED-PARTY TRANSACTIONS

The Group's ultimate parent is Kongsberg Automotive ASA.
The Company has carried out the following transactions with related parties:

Specification of revenues – Type of services

MEUR	2022	2021
Group benefits fees from subsidiaries	2.4	2.8
Service fee from KA AG	4.4	4.7
Operating revenues	6.8	7.5

Specification of revenues – Revenues by geographical location

MEUR	2022	2021
Switzerland	6.8	7.5
Operating revenues	6.8	7.5

Outstanding loans and receivables with other Group companies

Loans to other Group companies

MEUR	2021	2020
Kongsberg Automotive Holding 2 AS	359.8	353.9
Kongsberg Automotive Finance BV	2.5	4.7
Other Group companies	0.1	0.1
Total outstanding loans with other Group companies	362.4	358.7

Most of the Company's loans to Group companies have due dates exceeding one year.

The interest rate on loans to Group companies consists of the reference rate in the respective currency plus a margin. Margin on new intercompany loans is determined according to Moody's rating methodology.

NOTE 21 RELATED-PARTY TRANSACTIONS (CONTINUED)

Short-term group receivables

MEUR	2022	2021
Kongsberg Actuation Systems S.L.U.	0.1	0.1
Kongsberg Automotive Hong Kong Ltd	0.0	1.5
Kongsberg Automotive (Wuxi) Ltd.	2.4	7.3
KA Group AG	3.1	3.4
Other Group companies	2.1	2.4
Total outstanding receivables to other Group companies	7.7	14.7

Current assets and liabilities have due dates within one year. The outstanding accounts are repayable on demand based on available liquidity in the respective subsidiary.

Outstanding liabilities with other Group companies

MEUR	2022	2021
Trade and other payable Group companies*	29.0	15.2
Total	29.0	15.2

*Includes the Group contribution to Kongsberg Automotive Holding 2 AS of MEUR 9.2 (2021: MEUR 3.7).





CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1 IMPLEMENTATION OF THE PRINCIPLES FOR CORPORATE GOVERNANCE

Kongsberg Automotive (KA)'s guidelines for Corporate Governance conform to the Norwegian Code of Practice for Corporate Governance of October 14, 2021, and the company's compliance with the 15 recommendations of the Code is explained in the following.

The Board of Directors has defined the company's core values which are reflected in the company's Code of Conduct. The Code of Conduct includes ethical guidelines and guidelines for corporate social responsibility, including a ban on bribery, corruption, and facilitation payments, the prohibition of unlawful discrimination, and the prohibition of forced and child labor. For details about policies for diversity and equal opportunities, please refer to the BoD Social section. Suppliers to the company are required to confirm their adherence to these principles by signing a particular certificate. The company has further clear policies on environmental issues and health and safety. The policies are available on the company's website.

2 DEFINITION OF KA'S BUSINESS

The objective of the group is defined in the Articles of Association for the company, article 2:

The company's objective is to engage in the engineering industry and other activities naturally related thereto, and the company shall emphasize development, marketing and manufacturing of products to the car industry. The company shall be managed in accordance with general business practice. The company may co-operate with, establish, and participate in other companies.

Article 2 provides a clear description of the actual business of the company at present. Further, the Annual Report contains a description of the company's objectives and principal strategies. The Board of Directors evaluates the company's objectives, strategies, and risk profile every year to ensure that the company creates value for its sharehold-

ers in a sustainable manner and that financial, social, and environmental matters are considered.

3 EQUITY AND DIVIDENDS

The company shall have an equity capital which over a period of time is at an appropriate level for its objective, strategy, and risk profile.

The company's Dividends Policy of November 26, 2015, states the following:

Kongsberg Automotive shall create good value for its shareholders, employees, and society. Returns to shareholders will be a combination of changes in share price and dividends. The Board of Directors' intention is that dividends will be approximately 30% of the company's net income, provided that the company has an efficient capital structure.

The share capital of KA currently amounts to NOK 1,054,860,644.00, with a nominal share value of NOK 1.00.

The General Meeting held on June 2, 2022, granted a mandate to the Board of Directors to increase the share capital by up to NOK 105,486,064 for the purposes of (i) raising equity for the company's operations or acquisitions of other enterprises, (ii) using the company's shares as remuneration in connection with acquisitions and mergers, or (iii) issuing shares in connection with the company's long-term incentive program for employees.

The General Meeting of June 2, 2022, further granted a mandate to purchase up to 105,486,064 treasury shares. The company has further to this mandate from May 16, 2022, initiated a buyback program of shares limited to 10% of the share capital and a total consideration of EUR 30 million. All transactions under the buyback program are carried out through the stock exchange at market prices. The re-purchase of shares is executed according to Regulations EU 596/2014 and EU 2016/1052.

The above two mandates are time-limited and expire at the earlier of the next ordinary General Meeting or June 30, 2023.

4 EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH RELATED PARTIES

KA has only one class of shares and all shareholders in KA enjoy equal rights. Transactions in own shares are carried out through the stock exchange or at prevailing stock exchange prices. Possible buybacks will be carried out at market prices.

There were no significant transactions in 2022 between the company's shareholders, Board directors or members of the executive management, or parties closely associated with such parties and the company.

5 SHARES AND NEGOTIABILITY

The shares in KA are freely negotiable and there are no restrictions on the negotiability of the shares.

6 GENERAL MEETINGS

The notice to convene the General Meeting is published on the company's website (www.kongsbergautomotive.com) no later than 21 days prior to the meeting. Furthermore, the notice is sent to all known shareholders on the same date. Supporting information, such as proposals for resolutions to be considered by the General Meeting and recommendations by the Nomination Committee, are enclosed with the notice and also made available on the website at the same time. The supporting material is sufficiently detailed and comprehensive to allow all shareholders to form a view on all matters to be considered at the General Meeting. Documents that according to law shall be distributed to the shareholders may, according to the Articles of Association, be made available on the company's website.

Shareholders who wish to attend the General Meeting shall, according to the Articles of Association, notify the company or its announced representative no later than five days prior to the General Meeting.

The notice calling the General Meeting provides information on procedures the shareholders must observe at the General Meeting, including the procedure for representation by proxy.

Shareholders who cannot attend the General Meeting may vote by proxy. Forms for the granting of proxies are enclosed with the summons to the General Meetings and are also available on the company's website. The form of proxy includes provisions that allow for instructions on the voting on each individual agenda item. The company will nominate a person who will be available to vote on behalf of the shareholders as their proxy.

The Chairman of the Board of Directors and the Chief Executive Officer will attend the General Meeting and to the extent possible, other members of the Board of Directors, members of the Nomination Committee, the Auditor, and the Chief Financial Officer will also attend.

The General Meetings are usually opened by the Chairman of the Board of Directors. A person that is independent of the Board of Directors, the management, and the major shareholders is proposed to be elected to chair the General Meeting. The shareholders are encouraged to propose candidates.

The General Meeting follows a procedure that allows the shareholders to vote on each individual matter, including on each individual candidate nominated for election.

The company's website will further provide information regarding the right of the shareholders to propose matters to be considered by the General Meeting.

The Articles of Association for the company do not prescribe any exception from chapter five of the Act on Public Limited Liability Companies.

7 NOMINATION COMMITTEE

It follows from the Articles of Association for the company § 5 that the company shall have a Nomination Committee consisting of three members elected by the General Meeting for three years at a time unless the General Meeting resolves otherwise.

The duties of the Nomination Committee are to propose candidates to the Board of Directors and to propose remuneration to the directors and members of the Board committees.

The members of the Nomination Committee for 2022/2023 are Tor Himberg-Larsen (chairman), Dag Erik Rasmussen, and Lasse Johan Olsen.

All members of the Nomination Committee are independent of the board directors and members of management and have no other functions in the company. The General Meeting has adopted an instruction for the Nomination Committee, which is available on the company's website. The Committee's nominations and recommendations are enclosed with the summons for the General Meeting and are available on the company's website. The Nomination Committee stays in regular contact with major shareholders, board directors, and management.

The Nomination Committee's recommendation to the General Meeting includes reasons for its recommendation and relevant background information on the nominated candidates and current directors, and furthermore an assessment of how the candidates meet the company's needs for expertise, capacity, and diversity.

Information about the Nomination Committee and the deadlines for submitting proposals to the Nomination Committee is available on the company's website, where the shareholders are encouraged to propose candidates for directorships.

The remuneration to the Nomination Committee is determined by the General Meeting.

8 BOARD OF DIRECTORS, COMPOSITION, AND INDEPENDENCE

The Board of Directors shall, according to the Articles of Association of the company, consist of between three and nine members, of whom up to five members shall be elected by the General Meeting. The Board of Directors elects its chairman according to §6-1,2,2 of the Public Limited Liability Companies Act. The Board consists, at present, of the following directors elected by the General Meeting: Firas Abi-Nassif (chair), Ellen M. Hanetho, Emese Weissenbacher, Mark Wilhelms, and Dr.Rolf Breidenbach. The following directors have been elected by and among the employees: Siw Reidun Wærås, Bjørn Ivan Ødegaard,

and Knut Magne Alfsvåg. All Board directors elected by the General Meeting are elected for periods of one year and are eligible for re-election. All board elections are based on a simple majority vote. The board directors are independent of executive management and material business contacts of the company. More than two of the board directors elected by the General Meeting are independent of the main shareholders.

Participation in Board meetings and Board committees in 2022 was as follows:

	BOARD MEETINGS	COMPENSATION COMMITTEE	AUDIT COMMITTEE
FIRAS ABI-NASSIF	12	3	
ELLEN M. HANETHO	11		5
EMESE WEISSENBACHER	11		5
ROLF BREIDENBACH¹	5	3	
MARK WILHELM¹S	5	3	3
PETER SCHMITT²	7	2	
GERARD CORDONNIER²	7	2	2
SIW REIDUN WÆRÅS	12		
BJØRN IVAN ØDEGAARD	12	5	
KNUT MAGNE ALFSVÅG	12		

1) Elected at the Annual General Meeting on June 2, 2022

2)Replaced according to election at the Annual General Meeting on June 2, 2022

Information about the shareholdings of the Board directors is included in the annual report and is also available on the company's website.

9 WORK OF THE BOARD OF DIRECTORS

The Board of Directors holds the ultimate responsibility for managing the group and for monitoring day-to-day management and the group's business activities. The Board of Directors is also responsible for establishing control systems for the group. The Board's responsibilities also include developing and adopting the company's strategies.

The Board of Directors has issued Rules of Procedure for the Board as well as instructions for the Chief Executive

Officer of the company with the aim of establishing a clear internal allocation of responsibilities and duties. The Rules of Procedure include regulations pertaining to agreements with closely related parties. The Rules of Procedure are available on the company's website. The Board schedules at least six Board meetings per year. Additional Board meetings are held when deemed necessary.

The Board hires the CEO, defines the work instructions, and decides on the CEO's remuneration.

The Board of Directors has appointed a Compensation Committee and an Audit Committee. The members of said committees are independent of executive management. The authority of the committees is to make recommendations to the Board.

The Board of Directors evaluates its performance and expertise regularly by means of self-assessment. This assessment is usually executed using questionnaires which are completed by each director, followed by a common review.

10 RISK MANAGEMENT, INTERNAL CONTROL, AND FINANCIAL REPORTING

10.1 RISK MANAGEMENT AND INTERNAL CONTROL

Risk assessment is a management responsibility. Its objective is to identify, evaluate, and manage risks that could reduce an individual unit's ability to achieve its goals.

The assessment and handling of risk are integrated into the group's value-based management system. The management system is intended to ensure that there is a correlation between objectives and actions at all levels of the group and the general principle of value creation for KA's stakeholders.

The group has a separate, independent Internal Audit unit, which follows an annual internal auditing program approved by the Audit Committee. The manager of Internal Audit reports to the Board Audit Committee and to the CFO. Audit reports are sent to group management fol-

lowing each internal audit. The group's Board of Directors, including the Audit Committee, is kept informed of the current status and approves the auditing program.

10.2 FINANCIAL REPORTING

The Kongsberg Automotive group publishes quarterly financial statements in addition to the annual report. Internal reports are produced monthly and quarterly, in which the performance of each business area and product segment is analyzed and evaluated against forecasts. KA's consolidated financial statements are prepared by the group accounting team, which reports to the group CFO.

Prior to discussions with the Board, the Audit Committee performs a preliminary review of the quarterly financial statements and annual report, with a particular emphasis on the subjective valuations and estimates that have been made. The external auditor attends all Audit Committee meetings.

A number of risk assessment and control measures have been established in connection with the publication of the financial statements. Internal meetings are held with the business areas and subsidiaries, as well as a meeting with the external auditor, to identify risk factors and measures associated with material accounting items or other circumstances. Similar meetings are also held on a quarterly basis with various professional environments within the group, with a particular focus on any market changes, specific circumstances relating to individual investments, transactions, and operating conditions, for example.

In the KA Finance Manual, the group addresses frequently occurring items affecting accounting, record-keeping, internal accounting controls, and financial reporting within the consolidated group. The document contains the most relevant accountancy- and reporting-related issues for all reporting units and sets a precedence for distinctive reporting throughout the group. The KA reporting process follows a standard schedule applicable to all reporting units.

11 REMUNERATION TO THE BOARD OF DIRECTORS

The remuneration paid to each Board director is specified in the Remuneration Report, which is made available on KA's website. The remuneration is proposed by the Nomination Committee and approved by the General Meeting. The directors hold no function in the company other than the directorships of the Board and memberships of committees to the Board. The Board directors are not entitled to performance-related compensation and are not granted or entitled to any share options.

12 REMUNERATION TO THE EXECUTIVE MANAGEMENT

The Board of Directors has established guidelines relating to remuneration to executive management which are presented to the Annual General Meeting for consideration. The guidelines are available to shareholders and are included in the appendices to the notice for the Annual General Meeting. The remuneration to executive management is reviewed annually by the Compensation Committee and the Board. Each year, the Board prepares a report on the compensation and benefits provided to senior personnel in accordance with the Act on Public Limited Liability Companies, section 6–16b. Information about the remuneration paid to the executive management of the company is included in the notes to the annual accounts. Performance-related remuneration, such as bonuses and share option programs, are based on the company's financial results and are subject to absolute limits.

13 INFORMATION AND COMMUNICATION

The Board of Directors has established guidelines for the company's reporting of financial and other information based on openness and compliance with the requirement for equal treatment of all participants in the securities markets. A financial calendar for the company is available on the company's website.

All information distributed to shareholders is made available simultaneously on the company's website.

14 TAKEOVERS

The Board of Directors has established guiding principles for how it will act in the event of a takeover bid. These are compliant with article 14 of the Code of Practice. The main elements of these principles are included in the Rules of Procedures for the Board of Directors and are available on the company's website.

There are no defense mechanisms in the Articles of Association for the company or any underlying documents, nor are there any measures implemented to limit opportunities to acquire shares in the company.

If an offer is made for the company's shares, the company's Board of Directors shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. The Board should consider whether to arrange a valuation by an independent expert.

The Board of Directors shall not seek to hinder or obstruct takeover bids for the company's activities or shares unless there are particular reasons for this.

15 AUDITOR

The auditor presents the main elements of the plan for the auditing of the company to the Audit Committee on an annual basis. The auditor participates in all Audit Committee meetings and the Board meeting where the annual financial statements are approved. The auditor further meets with the Board without the management of the company present at least once a year. The auditor reviews the internal controls of the company and presents the results of its review to the Audit Committee together with any weaknesses identified and proposals for improvements. The company has established guidelines for the auditor's and associated persons' non-auditing work. The compensation to the auditor is disclosed in a note to the annual accounts hereto and is also reported and approved by the Annual General Meeting.

March 13, 2023

DECLARATION TO THE ANNUAL REPORT 2022

Responsibility Statement

The President & Chief Executive Officer and the Board of Directors confirm, to the best of their knowledge, that the financial statements for the period January 1 to December 31, 2022, have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the company's and the group's assets, liabilities, financial position, and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties the group and the company face.

Kongsberg, March 13, 2023
The President & CEO and the Board of Directors of Kongsberg Automotive ASA

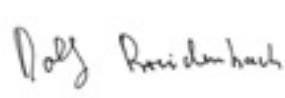
Firas Abi-Nassif

Chairman



Rolf Breidenbach

Director



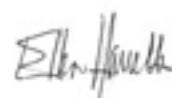
Emese Weissenbacher

Director



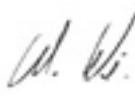
Ellen M. Hanetho

Director



Mark Wilhelms

Director



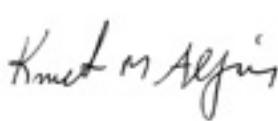
Siw Reidun Wærås

Elected by the employees



Knut Magne Alfsvåg

Elected by the employees



Bjørn Ivan Ødegård

Elected by the employees



Joerg Buchheim

President and CEO



AUDITOR'S REPORT

Deloitte.

To the General Meeting of Kongsberg Automotive ASA

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INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kongsberg Automotive ASA, which comprise:

- The financial statements of the parent company Kongsberg Automotive ASA (the Company), which comprise the statement of financial position as at 31 December 2022, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Kongsberg Automotive ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 13 years from the election by the general meeting of the shareholders on 4 June 2010 for the accounting year 2010.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Impairment of goodwill and other intangible assets, right of use assets and property, plant and equipment (non-current assets)

Impairment of goodwill and other intangible assets, right of use assets and property, plant and equipment (non-current assets)

Key audit matter	How the matter was addressed in the audit
<p>Refer to note 16 to the Group financial statements for description of management's impairment testing process and key assumptions.</p> <p>As disclosed in note 13, 14 and 15 the carrying value of goodwill and other intangible assets, right of use assets and property, plant and equipment amounted to EUR 273 million at 31 December 2022.</p> <p>Management's annual impairment testing is based on the Group's strategic three-year plan, adjusted for relevant recent changes in internal short-term forecasts and market data. Changes in these assumptions could have a significant impact on the value of goodwill and non-current assets.</p> <p>Transparent disclosures and clarity about sensitivities to key assumptions used in the valuations are critical to inform readers how management has made their assessments, given the uncertainty associated with the valuation of the recoverable amounts.</p> <p>Due to the inherent uncertainty involved in the forecasting and discounting of future cash flows, which are the basis of the assessment of recoverability of the cash generating units (CGU) and the level of management judgement involved, this has been identified as a key audit matter.</p>	<p>We challenged management's assumptions used in its impairment model for assessing the recoverability of the carrying value of goodwill and non-current assets. We focused on the appropriateness of CGU identification, methodology applied to estimate recoverable values, discount rates and forecasted cash flows. Specifically:</p> <ul style="list-style-type: none">• We obtained a detailed understanding of management's process for performing the CGU impairment assessment. As part of this we assessed the design and implementation of the key controls;• We tested the methodology applied to estimate recoverable values as compared to the requirements of IAS 36, Impairment of assets;• We tested the mathematical accuracy of management's impairment models;• We obtained an understanding of and assessed the basis for the key assumptions for the Group's three-year strategic plan;• We evaluated and challenged management's cash flow forecasting included in the three-year plan and the growth rate beyond with reference to the recent and historical performance of the CGU's and external market forecasts and by performing sensitivity analysis;• We assessed the discount rate applied by benchmarking against independent data. <p>We used Deloitte valuation specialists in our audit of the carrying value of goodwill and non-current assets.</p> <p>We considered the appropriateness of the related disclosures provided in note 16.</p>

Other Information

The Board of Directors and the President & CEO (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our

opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of ABC ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXJDCG21-2022-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the



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consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 13 March 2023
Deloitte AS

Lars Atle Lauvsnes
State Authorised Public Accountant

ALTERNATIVE PERFORMANCE MEASURES (APM)

This section describes the non-GAAP financial measures that are used in this report and in the quarterly presentation.

All figures exclude the figures disclosed as discontinued operation in 2022 and 2021 (see note 12) and as disposal group held for sale as of December 31, 2021 (see note 12).

The following measures are not defined or specified in the applicable financial reporting framework of the IFRS GAAP. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS

GAAP.

- • Operating profit / (loss) – EBIT / Adjusted EBIT
- • EBITDA / Adjusted EBITDA
- • Free Cash Flow
- • NIBD
- • Capital Employed
- • Adjusted ROCE

OPERATING PROFIT / (LOSS) – EBIT/ADJUSTED EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. Adjusted EBIT is defined as EBIT excluding unusual or non-recurring items as well as restructuring items. The main non-recurring item reported in 2022 is the gain from the sale transaction of part of the OFH business. Restructuring items

include consultancy fees in relation to the Company's performance improvement program and portfolio transformation.

EBIT is used as a measure of operational profitability. Consequently, the Group also reports the adjusted EBIT, which is the EBIT excluding restructuring items and impairment losses.

2022	MEUR	INTERIOR	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)		0.4	12.7	84.9	(34.9)	63.1
Restructuring costs		0.0	0.2	0.0	0.0	0.2
Additional salaries and social expenses		0.0	(0.6)	0.5	0.6	0.5
Gain on sale of part of the Off-Highway business		0.0	0.0	(41.1)	0.0	(41.1)
Other additional operating expenses		0.0	3.3	2.0	6.3	11.6
Impairment losses		0.0	1.3	0.0	0.0	1.3
Adjusted EBIT		0.4	16.9	46.3	(28.0)	35.6
<i>Adjusted EBIT margin</i>				3.6%	10.5%	3.9%

2021	MEUR	INTERIOR	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)		1.4	24.8	48.4	(27.1)	47.5
Restructuring costs		0.0	0.1	0.0	0.0	0.1
Additional salaries and social expenses		0.0	0.3	0.0	0.0	0.3
Other additional operating expenses		0.0	0.0	0.0	2.8	2.8
Adjusted EBIT		1.4	25.2	48.4	(24.3)	50.7
<i>Adjusted EBIT margin</i>			17.0%	5.9%	12.3%	6.1%

EBITDA / ADJUSTED EBITDA

EBITDA is defined as EBIT (previously defined) before depreciation and amortization. Adjusted EBITDA is therefore EBITDA excluding restructuring items and impairment losses.

EBITDA is used as an additional measure of the Group's operational profitability, excluding the impact from depreciation and amortization.

2022	MEUR	INTERIOR PRODUCTS	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)		0.4	12.7	84.9	(34.9)	63.1
Depreciation		0.0	17.4	13.8	1.8	33.0
Amortization		0.0	1.3	0.6	0.0	1.9
EBITDA		0.4	31.4	99.3	(33.1)	98.0
Restructuring items		0.0	2.9	2.5	6.9	12.3
Gain on sale of part of the Off-Highway business		0.0	0.0	(41.1)	0.0	(41.1)
Impairment losses		0.0	1.3	0.0	0.0	1.3
Adjusted EBITDA		0.4	35.6	60.7	(26.2)	70.5
<i>Adjusted EBITDA margin</i>			7.6%	13.8%		7.8%

2021	MEUR	INTERIOR PRODUCTS	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)		1.4	24.8	48.4	(27.1)	47.5
Depreciation		0.0	15.4	12.4	1.6	29.4
Amortization		0.0	2.2	0.3	0.2	2.7
EBITDA		1.4	42.4	61.0	(25.3)	79.6
Restructuring items		0.0	0.4	0.0	2.8	3.2
Adjusted EBITDA		1.4	42.8	61.1	(22.5)	82.8
<i>Adjusted EBITDA margin</i>			16.5%	10.0%	15.5%	10.0%

FREE CASH FLOW

Free Cash Flow is measured based on the sum of cash flow from operating activities, investing activities, financial activities, and currency effects on cash (together described as Change in cash), excluding net draw-down/repayment of debt and proceeds received from capital increase/purchase of treasury shares.

The Group assesses that this measurement illustrates the amount of cash the Group has at its disposal to pursue additional investments or to repay debt.

The table below includes only the cash flows from the continuing operation in 2022 and 2021.

MEUR	2022	2021
Cash flow from operating activities	64.5	56.7
Cash flow from / (used by) by investing activities	38.6	(26.7)
Cash flow from financing activities	(152.2)	(11.1)
Currency effects on cash	3.6	18.3
<i>Add back / less:</i>		
Purchase of treasury shares	23.5	0.0
Net draw-down/repayment of debt	98.5	(18.1)
Free Cash Flow	76.5	19.1

NIBD

Net Interest-Bearing Debt (NIBD) consists of interest-bearing liabilities less cash and cash equivalents.

The Group risk of default and financial strength is measured by the net interest-bearing debt. It shows the Group's financial position and leverage. As cash and cash equivalents can be used to repay debt, this measurement shows the net overall financial position of the Group.

MEUR	2022	2021
Interest-bearing loans and borrowings	197.9	272.1
Long-term interest-bearing lease liabilities	60.4	66.7
Other short-term liabilities, interest-bearing	9.3	28.4
Bank overdraft	0.0	0.6
Cash and cash equivalents	(212.9)	(51.3)
Net Interest-Bearing Debt	54.7	316.5

CAPITAL EMPLOYED

Capital Employed is equal to operating assets less operating liabilities. Operating assets and liabilities are items which are involved in the process of producing and selling goods and services. Long-term financial assets and obligations are excluded, as those are involved in raising cash for operations and disbursing excess cash from operations.

Capital Employed is measured to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently and/or if operations should be discontinued.

MEUR	2022	2021
Total assets	797.9	984.8
Deferred tax liabilities	(24.2)	(27.0)
Other long term liabilities	(20.5)	(20.0)
Current liabilities incl. other short-term interest bearing liabilities	(214.4)	(262.8)
Assets held for sale	0.0	(238.2)
Long-term interest-bearing liabilities	0.0	70.8
Capital Employed	538.8	507.6

ADJUSTED ROCE

Return on Capital Employed (ROCE) is based on EBIT for the last twelve months divided by the average of capital employed at the beginning and end of the period.

Return on Capital Employed measures the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The Group considers this ratio as appropriate to measure the return of the period.

MEUR	2022	2021
Capital Employed beginning ⁽¹⁾	01.01.2022	507.6
Capital Employed at end ⁽²⁾	31.12.2022	538.8
Adjusted EBIT last twelve months ⁽³⁾		35.6
Adjusted ROCE ⁽³⁾ / ((1)+(2))*2	6.8%	8.5%

CONSOLIDATED KEY FINANCIAL DATA

		2022	2021	2020 (RESTATED)	2019*	2018*
<i>Operations and profit***</i>						
1 Operating revenues	(MEUR)	905.6	831.4	687.3	1,160.9	1,123.1
2 Depreciation / amortization	(MEUR)	34.9	32.1	33.4	48.0	35.6
3 Operating profit / (loss)	(MEUR)	63.1	47.5	(18.0)	62.4	53.7
4 Profit / (loss) before taxes	(MEUR)	46.3	38.0	(63.6)	43.5	38.5
5 Net profit / (loss)	(MEUR)	20.8	28.5	(58.5)	28.8	23.8
6 Cash flow from operating activities	(MEUR)	64.5	56.7	57.7	51.4	43.2
7 Investment in property, plant and equipment	(MEUR)	(26.4)	25.6	31.8	63.5	63.9
8 Development expenses, gross	(MEUR)	42.2	55.9	54.9	53.7	63.2
9 Development expenses, net	(MEUR)	36.6	47.5	46.4	43.0	46.8
<i>Profitability***</i>						
10 EBITDA margin	%	10.8	9.6	2.2	9.5	8.0
11 Operating margin	%	7.0	5.7	(2.6)	5.4	4.8
12 Net profit margin	%	2.3	3.4	(8.5)	2.5	2.1
13 Return on total assets	%	8.2	5.8	(2.0)	7.1	7.0
14 Return on capital employed (ROCE)	%	6.8	8.5	2.4	11.1	11.1
15 Return on equity	%	7.6	11.2	(22.1)	10.7	10.7
<i>Capital as at 31.12.</i>						
16 Total assets	(MEUR)	797.9	984.8	898.0	927.0	820.2
17 Capital employed**	(MEUR)	538.8	507.6	691.2	645.6	522.9
18 Total equity	(MEUR)	280.5	265.6	245.5	282.9	253.5
19 Equity ratio	%	35.2	27.0	27.3	30.5	30.9
20 Liquidity reserve**	(MEUR)	287.4	140.9	197.0	64.4	109.1
21 Long-term interest-bearing debt**	(MEUR)	258.3	338.7	363.0	362.7	269.4
22 Interest coverage ratio		2.7	2.4	(0.4)	2.8	3.0
23 Current ratio (Banker's ratio)		2.4	1.6	1.7	1.7	1.7
<i>Personnel</i>						
24 Number of employees as at 31.12.		5,270	5,624	11,234	10,908	11,401

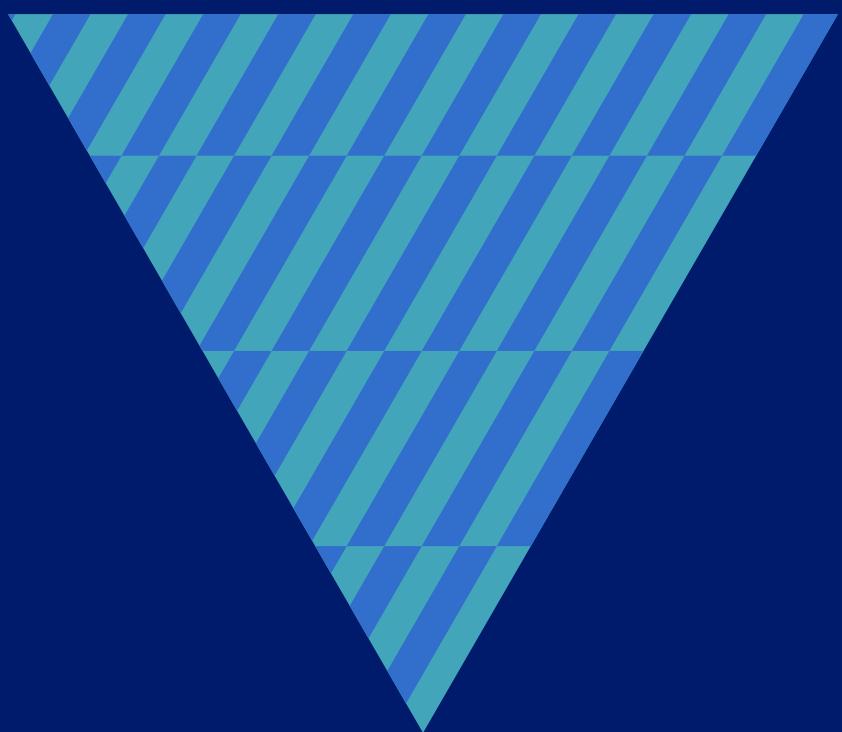
*Due to the divestment of the Interior segment in 2021, figures in these years are not fully comparable with the figures in 2022, 2021, and 2020, which had been restated in the accordance with the requirements of IFRS 5

**Assets and liabilities of the disposal group are excluded in 2021

***Items of the statement of comprehensive income and statement of cash flow classified as Discontinued operation are excluded in 2022, 2021, and 2020

Definitions

5 Profit after tax	14	Adjusted EBIT / Average capital employed
9 Gross expenses – Payments from customers	15	(Net profit / (loss)) / Average equity
10 (Operating profit / (loss)) + depreciation and amortization / Operating revenues	17	Operating assets – Operating liabilities
11 (Operating profit / (loss)) / Operating revenues	20	Cash + Unutilized credit facilities and loan approvals
12 (Net profit / (loss)) / Operating revenues	22	(Operating profit / (loss)) / Financial expenses
13 (Operating profit / (loss)) / Average total assets	23	Current assets / Current liabilities





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