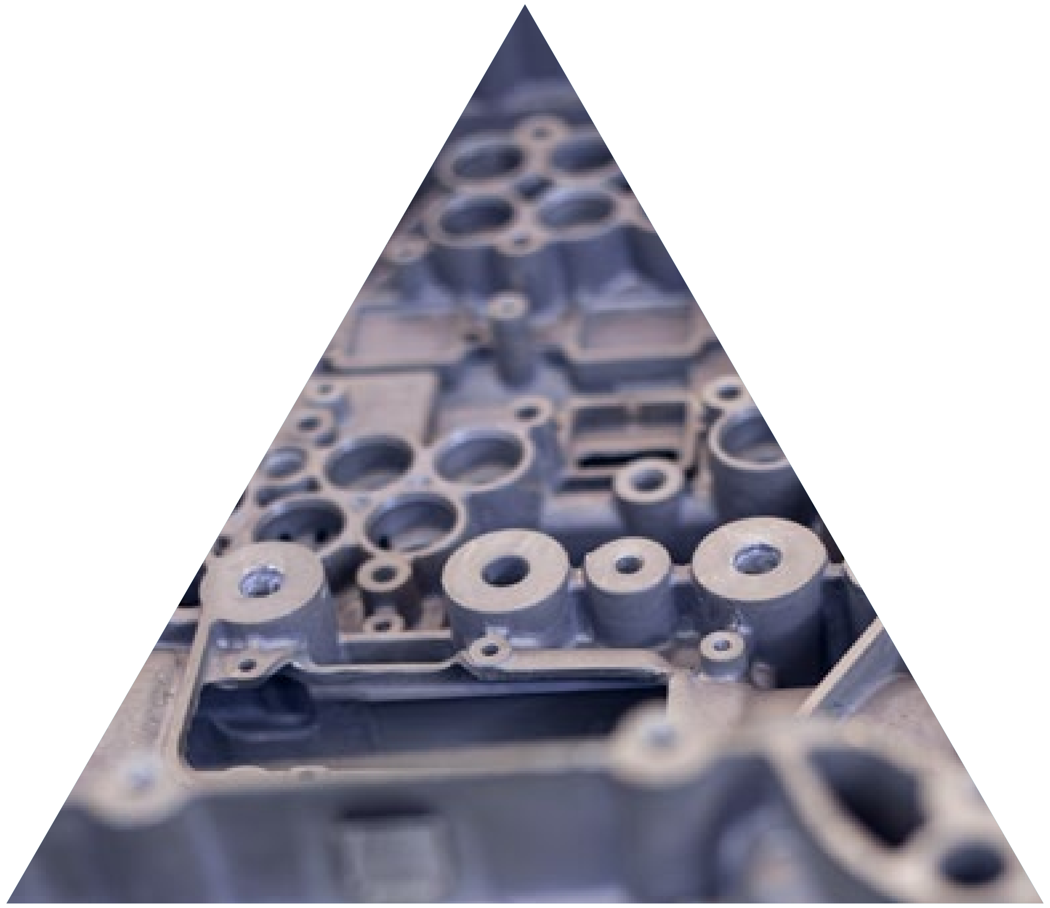
ANNUAL REPORT
2021

KONGSBERG
AUTOMOTIVE



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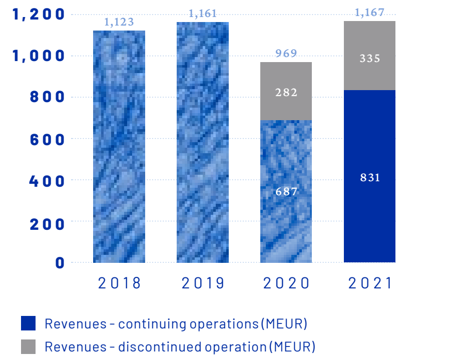
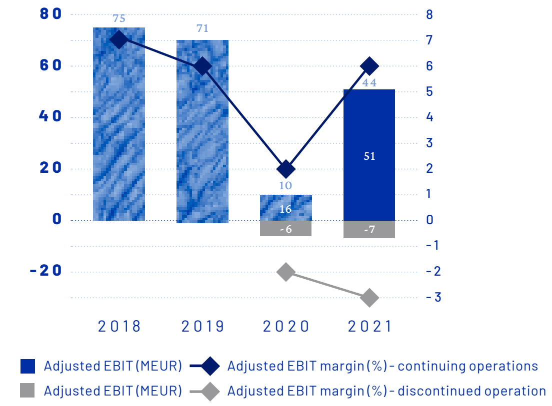
KEY FIGURES
GROUP

REVENUES

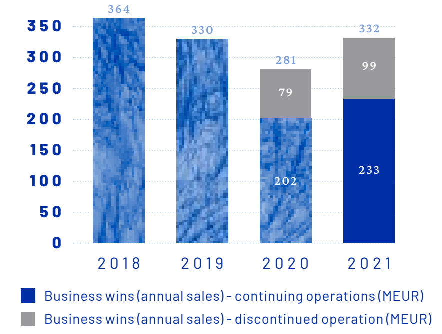


ADJUSTED EBIT* AND MARGIN



* Refer to the Alternative Performance Measures section

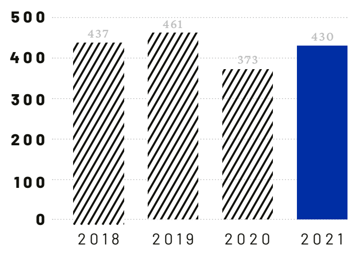
BUSINESS WINS

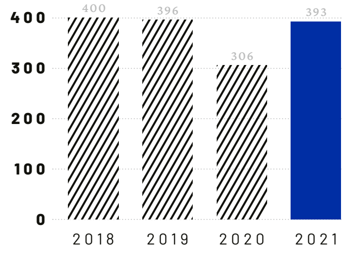


KEY FIGURES
BUSINESS SEGMENTS

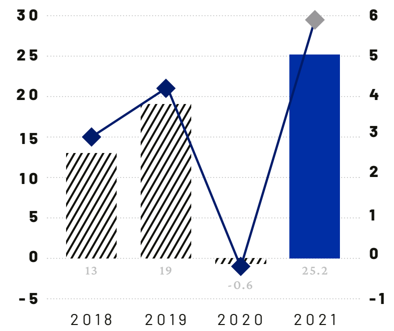
POWERTRAIN & CHASSIS | **SPECIALTY PRODUCTS**

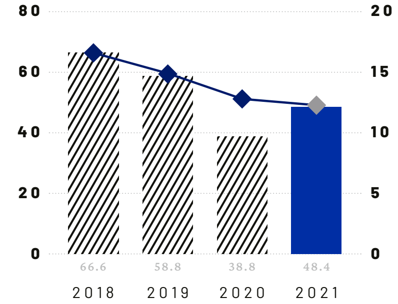
REVENUES MEUR





ADJUSTED EBIT* AND MARGIN

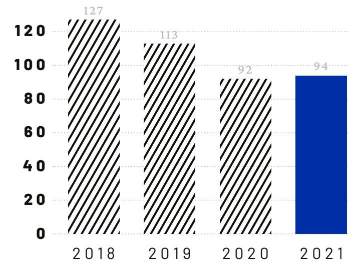


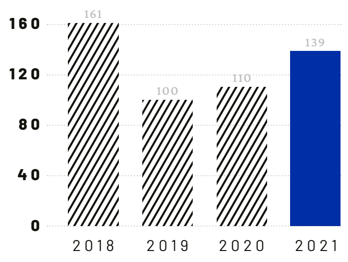


adjusted EBIT (MEUR) adjusted EBIT margin (%)

* Refer to the Alternative Performance Measures section

BUSINESS WINS MEUR annual sales





DEAR KONGSBERG AUTOMOTIVE SHAREHOLDERS

It was my pleasure to become Chief Executive Officer of Kongsberg Automotive (KA) in May 2021, taking over from the co-CEOs ad interim, Norbert Loers and Robert Pigg. I would like to express my sincere gratitude to both for leading the company jointly prior to my arrival.

My impression of KA before taking office was that of a well-branded, extremely reliable Tier 1 supplier deeply rooted in Norway. Associated traditionally with powertrain, chassis, and fluid applications and equipped with excellent engineering capabilities, KA had grown organically as well as through integrations and multiple acquisitions. My view of KA was that of a company seeking transformation and a competitive place within the industry. It promised to be an exciting challenge to take on.

After joining, I got the opportunity to familiarize myself with the potential of the company and its major capabilities, footprints, and international workforce. I can confidently say that my initial impression has not only been confirmed, but it has also allowed me to quickly gain a solid vision of the direction and ways in which KA can move forward.

Based on the corresponding evaluations, we launched our ambitious transformation program, Shift Gear, in May 2021 with the intention of immediately gaining traction and speed on our road towards a new Kongsberg Automotive.

SHIFT GEAR PROGRAM

Our Shift Gear program focuses on three key areas

Gear I: Operational Excellence and Performance
Gear II: Strategic Shift to Grow in Profitable Segments
Gear III: Sustainable Transformation

We could not wait to get started. However, the COVID-19 pandemic has negatively affected the market situation and the market did not really recover in 2021 as we had expected previously. On the contrary, the situation became even more challenging with the continued semiconductor supply crisis, signs of which were first seen by KA towards the end of 2020. This shortage came on top of the ongoing macroeconomic and health challenges brought about by the pandemic.

This unexpected supply chain crisis has led to major additional costs along the entire value chain, with regard to material prices, logistic costs, underutilized capacities, production inefficiencies, and revenue/profit losses. All of KA's business segments and business units were affected. However, the Interior business segment was hit the hardest.

GEAR I: OPERATIONAL EXCELLENCE AND PERFORMANCE

KA quickly initiated, set up, and successfully launched the Shift Gear program, starting with Gear I: The Operational Excellence and Performance initiative focuses on classic improvement areas such as material cost optimization, operational improvement, overhead cost reductions, and commercial excellence. KA was able to generate approximately EUR 40 million (gross) on improvement measures within the first eight months of the initiative. This significantly helped limit the impact of the crisis and supported the profit and loss (P&L) statement. The success of this initiative has, once again, proven the capabilities of the company. My appreciation goes to KA's outstanding workforce, who worked tirelessly throughout our journey.

A TURBULENT YEAR 2021 LAYS BEHIND US. OUR BIGGEST ASSET, OUR COMPANY, HAS DONE AN EXTRAORDINARY JOB ONCE AGAIN TO DELIVER ON OUR PROMISES.

GEAR II: STRATEGIC SHIFT TO GROW IN PROFITABLE SEGMENTS

Simultaneously, we kicked off Gear II: The Strategic Shift to Grow in Profitable Segments initiative, which shapes KA's future product portfolio. Gear II is focused on bringing about a sustainable, structural transformation, while looking to consolidate significantly and increase our focus on our products, offering the best opportunity to leverage our strengths, capabilities, and customer relationships for higher profitability and above-average growth. We identified the focus areas for our continuing business, which include, but are not limited to, On-Highway (commercial vehicles) and Off-Highway.

Therefore, in May 2021, we intensified our discussions with Lear Corporation for the sale of the Interior Comfort Systems (ICS) business unit, as well as continued negotiations regarding the sale of the Light-Duty Cables (LDC) business unit to Suprajit Engineering Limited. Both are leading companies in their area, which can offer further growth and upsides for ICS and LDC, becoming integral parts of their new respective owners' value chains.

On October 28, 2021, we were glad to announce that we had entered into sale agreements with Lear and Suprajit concerning our ICS and LDC business units. On February 28, 2022, KA successfully completed the sale of the ICS business unit to Lear Corporation for an enterprise value of EUR 175.0 million. The sale of the LDC business unit is expected to close in March/April 2022. These are significant milestones on KA's path towards a promising future.

GEAR III: SUSTAINABLE TRANSFORMATION

The fourth quarter of 2021 saw the successful kick-off of Gear III: Sustainable Transformation of the Shift Gear program. We are intent on

> Using renewable energy in all our facilities by 2030 and manufacturing carbon neutral products by 2039
> Strengthening corporate governance and increasing our focus on sustainability, and
> Increasing digitalization and automation of core processes

I am proud to say that all these activities have paid off so far. Supported by a once again strong year-over-year topline growth, revenue from continuing business in 2021 recovered to a level of EUR 831.4 million, which was not only up 21% compared to 2020, but almost back to the pre-pandemic level of 2019, falling short by just 2% while still exceeding planned revenues by 6%. Despite the crisis, KA achieved an adjusted EBIT of EUR 50.7 million, resulting in an adjusted EBIT margin of 6.1%, slightly above 5.9% as planned and reported in the latest company guidance.

Gears I and II of the Shift Gear program in particular enabled us to overcome a challenging situation in terms of financial performance, especially with the discontinued ICS and LDC businesses. The ICS business unit's bottom line suffered significant losses due to additional spending related to the extraordinary efforts to receive components from the spot buy markets.

SEGMENT PERFORMANCE

All continued business areas contributed strongly towards KA's growth. In 2021, our Specialty Products (SPP) business segment outperformed the planned revenue by 7%, also outperforming the previous year by 28% and even surpassing the pre-pandemic all-time high revenues of 2019 by 5%. However, SPP has also been impacted by supply chain disruptions, in particular in the US Off-Highway portion. This has ultimately reduced the adjusted EBIT margin by 0.5% compared to plan, closing on a good level of 12.3%. The slight dip in SPP has been compensated for by a strong Powertrain & Chassis (P&C) business. The Driveline business unit and in particular the On-Highway business unit have grown by 16% compared to last year and came out 3% above plan, even though it still stayed 7% below the all-time high of 2019. The solid revenue base allowed us to surpass the forecasted adjusted EBIT margin by 0.7 percentage points, reaching 5.9%.

NEW BUSINESS WINS

From a new business wins perspective, all business segments and business units had excellent new bookings, which led to a positive book-to-bill ratio. The new business wins based on expected annual revenue amounted to EUR 332 million, accounting for both discontinued and continuing business, which exceeded 2020 revenue levels by almost 18%, returning to pre-pandemic levels of 2019. The P&C and SPP business segments have been major contributors, accounting for more than 70% of the achieved bookings, amounting to a lifetime revenue of EUR 843 million, contributing to our favorable book-to-bill ratio. This confirms not only further long-term growth perspectives, but also shows our valued customer base's trust and confidence in KA's employees and management, underlining the competitiveness of their products.

There is, however, room for improvement. The net working capital management unfortunately negatively impacted the cash flow. While waiting for semiconductor shipments, the company piled up inventory to retain its ability to supply its products as soon as the missing semiconductor products arrived. This may result in a problem for our suppliers in 2022 and will be a major area of focus for KA in the near future.

OUTLOOK FOR 2022

The COVID-19 pandemic has not yet been fully overcome, and we are still amid the semiconductor crisis. We expect that these effects will continue through 2022. The industry market in 2022 is subject to strong additional effects, some of which arose in the fourth quarter of 2021: Significant raw material cost increases for steel, resin, and others, labor cost inflation, and energy cost increases. These additional costs will likely force us to moderately increase our prices. However, we intend to share the burden with our partners along the entire value chain.

I AM CONFIDENT THAT WITH OUR TRANSFORMATION AND IMPROVEMENT ROADMAP SUPPORTED BY OUR EXCELLENT WORKFORCE, CUSTOMER TRUST, AND SHAREHOLDER CONFIDENCE, KA IS WELL ON ITS WAY TOWARDS PROVIDING MOBILITY SOLUTIONS FOR THE FUTURE.

We will continue to dedicate the appropriate attention to these challenges. However, our highest priorities for 2022 lie in cost management, investments (CAPEX), and spending (OPEX). We are going to build on the successful momentum gained in 2021 to pursue our Shift Gear efforts in Operational Excellence and Performance, as we extend Gear I into the second year. This will generate further operational efficiencies, reduce administration and sunk costs by improved processes, and address and manage the cost increases throughout the value chain. We will also increase our focus on net working capital management by structural analysis in order to sustainably optimize planning processes and free up cash.

In 2022, we will continue to carefully monitor our surroundings for oncoming crises and observe market developments to adapt our countermeasures accordingly.

Gear II of our Shift Gear program will also carry on in 2022. In our efforts for a Strategic Shift to Grow in Profitable Segments, our primary focus in the first quarter will be on smoothly handing over the ICS and LDC business units to Lear and Suprajit. We are confident that we can successfully close these two divestments by March/April. Furthermore, we are continuing to execute our transformation roadmap as outlined on the Capital Markets Day in December, focusing our innovation efforts on new areas like battery and thermal management systems within Fluid Transfer Systems and Couplings or electrical actuators in On-Highway. This will increase the share of our EV-application-ready products beyond today's levels of 75%. Additionally, we are going to invest in our organization, particularly within the sales and business development area, to increase our access to regions and market segments that KA has not yet explored.

To reach the Sustainable Transformation goals of Gear III, KA will invest adequately into processes and in alternative energy power supply according to our 2030 roadmap.

In 2022, our Global Leadership Team (GLT) will continue to focus on maintaining EBIT and cash for the entire company, with the goal of strengthening the company's liquidity and equity structure.

A turbulent 2021 is now behind us. Our biggest asset, our company, has done an extraordinary job once again to deliver on our promises. Therefore, I am most grateful to each and every employee who has contributed tirelessly throughout the year.

2022 is not going to be any less demanding, as market challenges remain, political tensions are increasing, and we are continuing to pursue our plans towards electrification and zero emissions. I am confident that with our transformation and improvement roadmap supported by our excellent workforce, customer trust, and shareholder confidence, KA is well on its way towards providing mobility solutions for the future.

On behalf of the GLT, I would like to thank you all for your trust in KA and I would like to assure you that we will do our utmost to justify this confidence.

Sincerely,

Joerg Buchheim
President & CEO

KONGSBERG AUTOMOTIVE AT A GLANCE

TAGLINE, VISION, AND MISSION

In 2021, Kongsberg Automotive (KA) launched the company's new tagline, vision, and mission. It is a part of KA's ambition to be second to none in all we do. Our vision, mission, and tagline place us on our path towards becoming one of the top three providers of mobility solutions by focusing on cutting-edge engineering, sustainability, innovation, and safer and cleaner mobility.

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.

SHIFT GEAR

In 2021, Kongsberg Automotive launched its Shift Gear program, with the aim of unlocking the company's full potential, sharpening its future competitive edge, and generating maximum value for the company's employees, customers, and shareholders. This wide-ranging program focuses on three major areas: Gear I: Operational, Gear II: Strategic, and Gear III: Sustainable.

Gear I of the program, which was started in May 2021, focuses on dedicated cost management within the areas of operations, administration, engineering, and investment. It is clustered into five core workstreams: Commercial Excellence, Direct and Indirect Purchasing, Operations, Cost Improvement, and Cash Management.

An important feature of the program is its strong performance infrastructure, which includes a rigorous "drumbeat" with strict meeting cadence and reporting, a KA-wide cloud-based tracking tool, clear targets, and regular performance reviews. It also aims to mobilize all KA's organizational units, which will help the company tap into its full potential and make optimum use of its capabilities.

In addition, there is a focus on improving profitability by increasing efficiency across all KA's plants, optimizing cost structures, and pursuing an active price management strategy.

Lastly, the program was designed to bring about short-term improvements (e.g. through implementing spend control towers and rigorous claim management processes) as well as structural measures (e.g. through renegotiating supplier and customer contracts).

The Shift Gear program has had a significant impact in 2021 and will continue in 2022.

SHIFT GEAR

GEAR I: OPERATIONAL EXCELLENCE AND PERFORMANCE

> Focus on increased profitability across all plants through structured idea generation and implementation of continued improvement measures.

> Commercial improvements through strict claim management and purchasing savings.

GEAR II: STRATEGIC SHIFT TO GROW IN PROFITABLE SEGMENTS

> Clear strategic roadmap for each business and focus on profitable products.

> Identification of niche markets with competitive advantage for KA.

> Strategic M&A activities to enable sustainable and profitable growth.

GEAR III: SUSTAINABLE TRANSFORMATION

> Sustainable organization preparing for future market trends.

> Use 100% carbon-free energy by 2030 and produce carbon-neutral products by 2039.

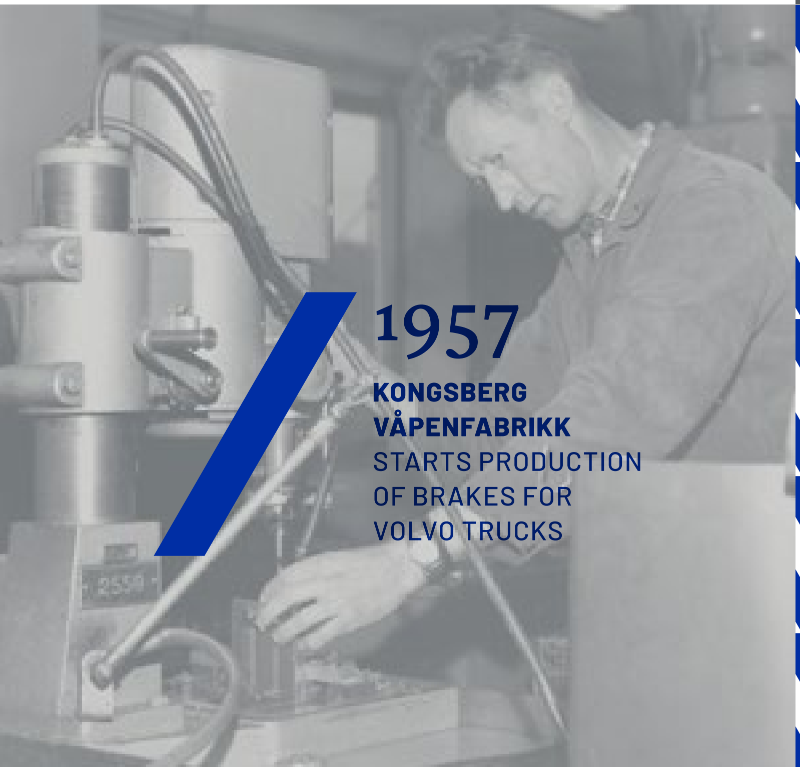
> Install carbon emission management system.

> Jointly work with our suppliers towards carbon neutrality.

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

1987

KONGSBERG AUTOMOTIVE
IS ESTABLISHED

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

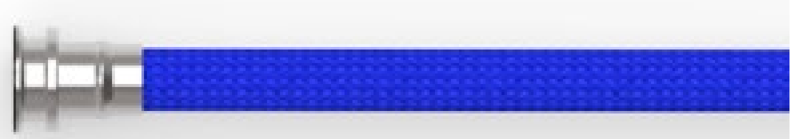
BUSINESS HIGHLIGHTS

POWERTRAIN & CHASSIS

- Business wins in Powertrain & Chassis (P&C) secured in 2021 amounted to EUR 93.7 million in annualized revenues, corresponding to EUR 302.1 million in lifetime revenues. Most programs will launch in the 2025-2026 timeframe.
- P&C continues to gain market share in China and the United States, where revenues increased by 35% and 24% year-over-year, respectively. The positive development in adjusted EBIT, which amounted to EUR 25.2 million, was mainly driven by improvement initiatives throughout all functions, the introduction of innovative processes, and a strict and efficient control process for variable and fixed costs in all sites of the P&C business.
- Going forward, P&C has a solid foundation to support growth in its respective markets thanks to the measures it took in 2021 aimed at restructuring, downsizing, significantly improving quality, nurturing key customer relationships, and generally improving operating capabilities globally.

SPECIALTY PRODUCTS

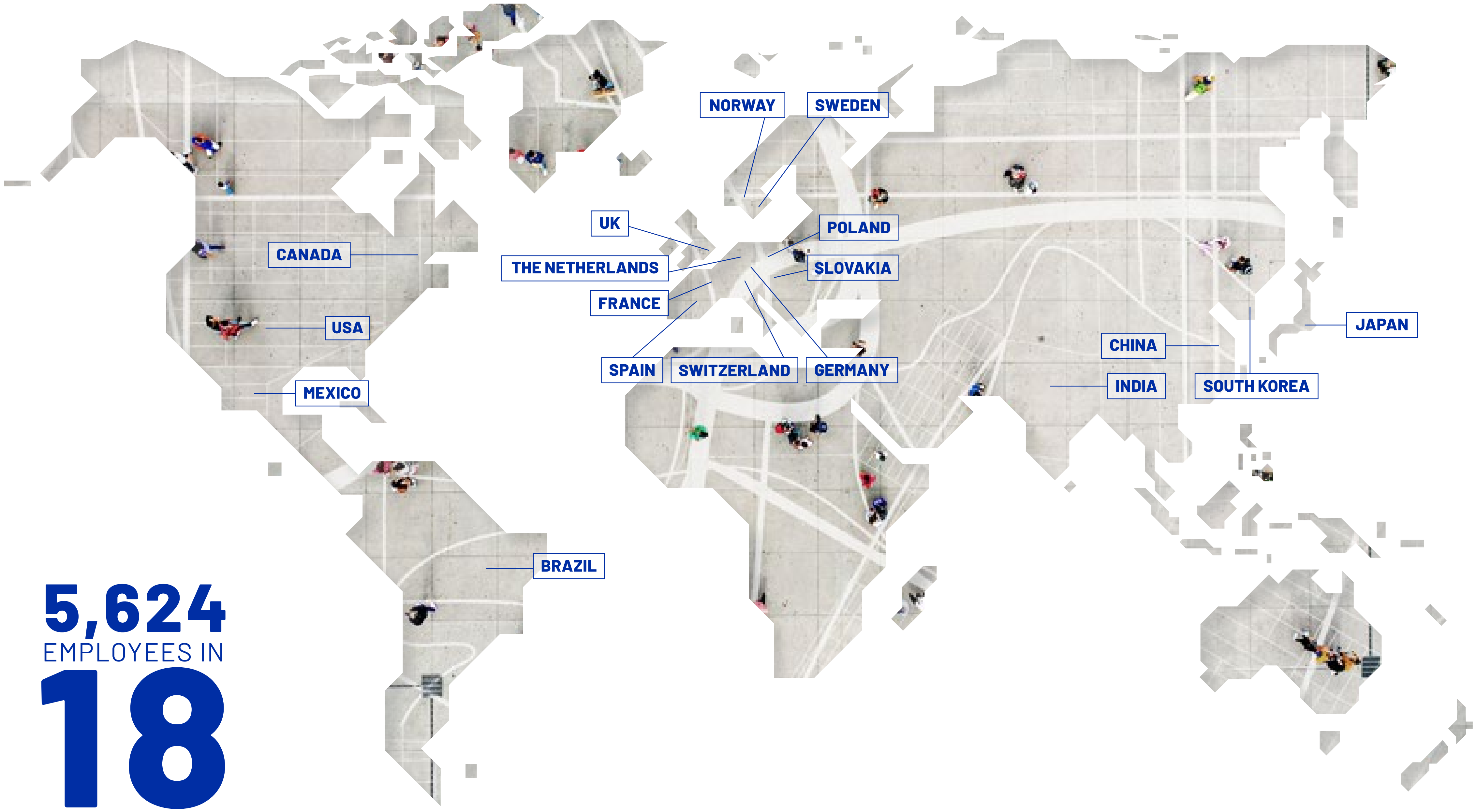
- Off-Highway won new business to supply displays and keypads to a major OEM in North America worth EUR 238.4 million in lifetime revenues and EUR 29.8 million in annualized revenues across a lifetime of 8 years.
- Fluid Transfer Systems (FTS) secured incremental new businesses in Europe, North America, and China with a balanced representation in both the passenger and commercial vehicle categories for our current range and new products for EV applications. In 2021, FTS won further business for an off-road SUV manufactured by a new automotive entrant. Demand for industrial hose products was exceptionally strong, with this trend set to continue into 2022. Plans to increase capacity in two existing plants are expected over the next 12-18 months.
- Couplings won several new contracts with key customers; this underlines the excellent relationships it has with its customers and that the market values the advantages offered by the Raufoss ABC™, with its superior technology and the fact it meets partners' requirements in terms of green technology and sustainability. In developing its global footprint, Couplings also began to operate in Brazil and South Korea during 2021, with the aim of improving its customer service levels there.



FULL-YEAR PERFORMANCE

- Revenue growth in the commercial vehicles market significantly above market average in a challenging environment
- Adjusted EBIT strongly impacted by the ongoing disruptions in the electronic components supply chain
- Implementation of new programs and strict cost controls let minimize the negative impact of these disruptions
- Stable level of new business maintained throughout 2021
- Revenues in the U.S. truck market increased by 74.3%, significantly outperforming the market with a year-over-year increase of 12.7%
- Continuous operational improvements in all business segments
- In Q4 2021, the Interior segment was committed to be divested; the sale of the ICS business unit closed successfully in February 2022.

WORLDWIDE



5,624
EMPLOYEES IN
18
COUNTRIES WORLDWIDE

Kongsberg Automotive (KA) is present in 35 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% of its total workforce were agency workers in 2021, allowing it to build up or scale down in response to market movements.

NORTH & SOUTH AMERICA
2,057 EMPLOYEES

work at Kongsberg Automotive in North and South America. 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 one of our largest tech centers.

EUROPE
2,703 EMPLOYEES

work in Kongsberg Automotive'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 Poland and Slovakia.

ASIA
864 EMPLOYEES

work together to harness this pivotal market. Kongsberg Automotive operates four manufacturing sites and a tech center in Asia, spread across China, India, and Korea. 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.

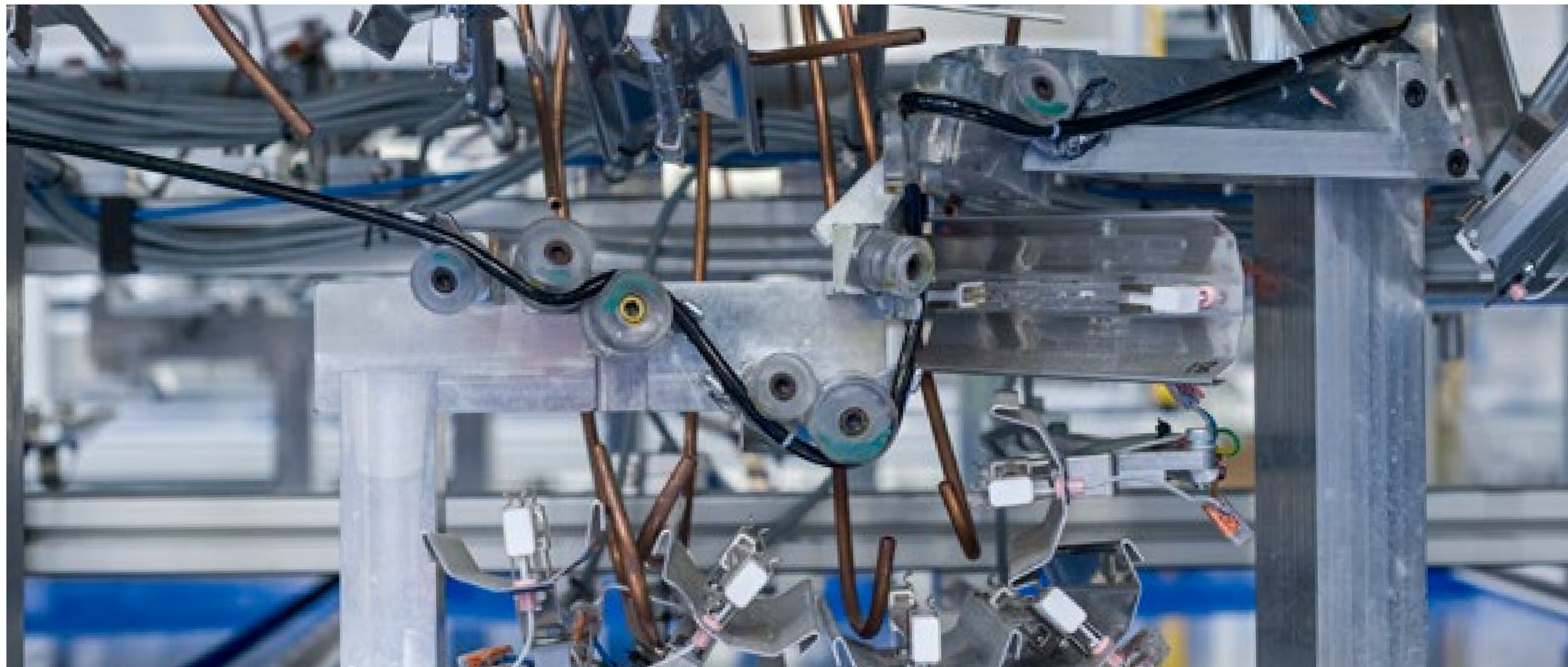
DIVESTMENT OF BUSINESS UNITS

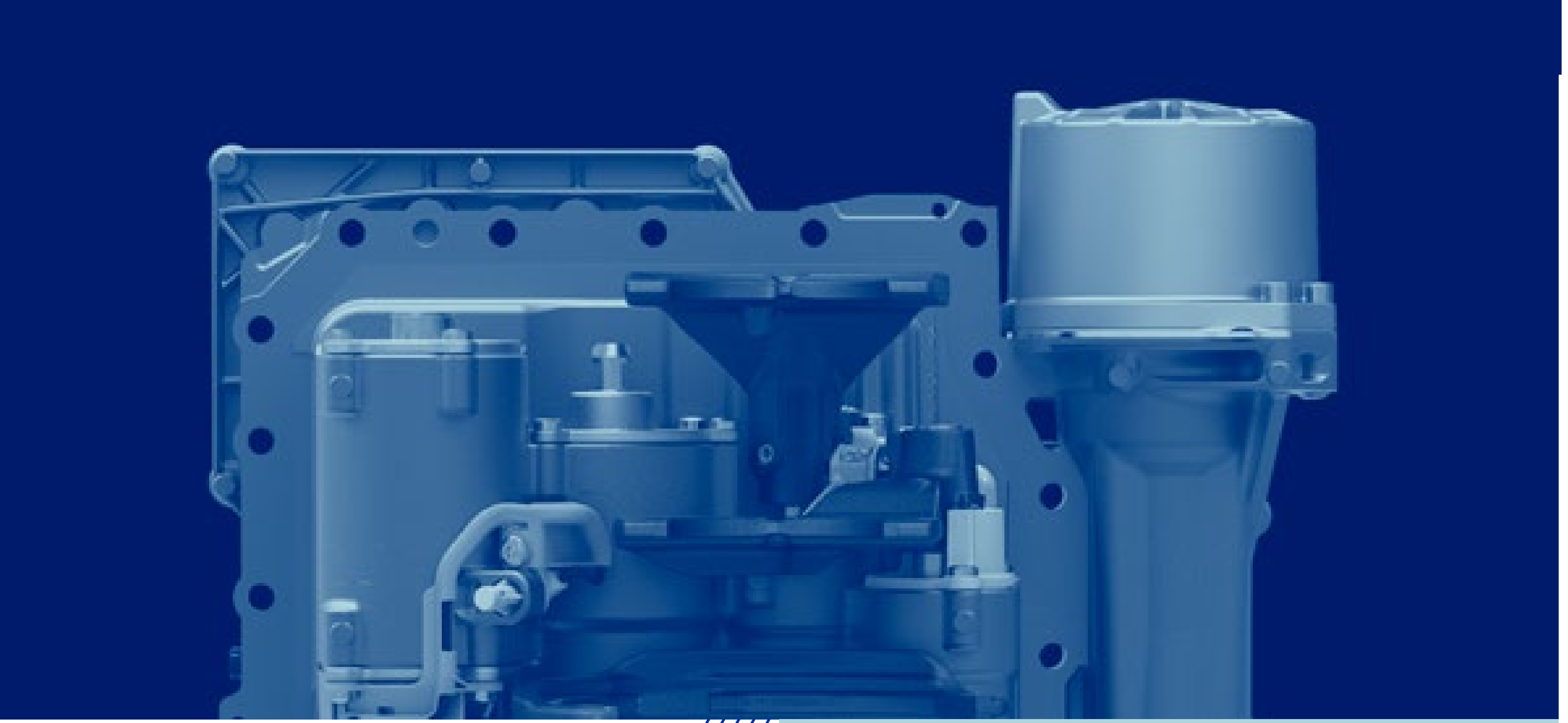
In October 2021, Kongsberg Automotive committed to divest its Interior Comfort Systems and Light-Duty Cables business units.

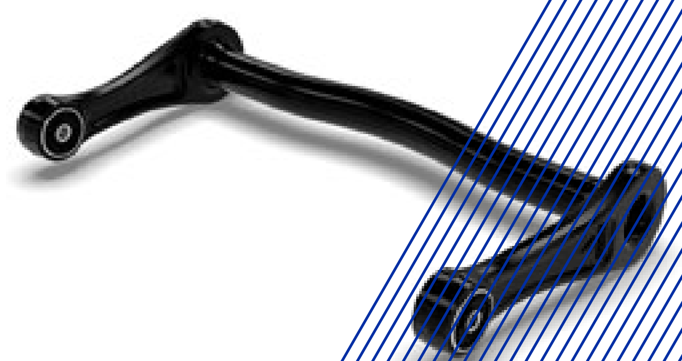
THE INTERIOR COMFORT SYSTEMS (ICS) BUSINESS UNIT
was committed to be sold by agreement on October 28, 2021, to Lear Corporation for an enterprise value of EUR 175.0 million. The transaction includes the engineering centers and manufacturing facilities in Novi, Michigan, USA; Reynosa, Mexico; Hallbergmoos, Germany; Burton, England; Noisy Le Grand, France; Pruszkow and Brzesc Kujawski, Poland; Pune, India; and Shuofang, China. The business unit has 3,800 employees and an annual turnover of EUR 260.0 million. The transaction was approved by the European Commission and closed on February 28, 2022.

THE LIGHT-DUTY CABLES (LDC) BUSINESS UNIT AND THE CABLE-RELATED PART OF THE OFF-HIGHWAY BUSINESS UNIT
was committed to be sold by agreement on October 28, 2021, to Suprajit Engineering Limited for an enterprise value of EUR 37.7 million. The transaction includes the manufacturing facilities in Siofok, Hungary; Matamoros, Mexico; and Shanghai, China. The business unit has 1,300 employees and an annual turnover of EUR 76.0 million. The transaction is subject to customary closing conditions and is expected to be completed in March/April 2022.

The business related to the manufacturing and sales of headrests and armrests in Mullsjo, Sweden, is not a part of the transaction.







POWERTRAIN & CHASSIS

The Powertrain & Chassis (P&C) segment of Kongsberg Automotive (KA) is a global leader in the design, manufacture, and testing of custom powertrain and chassis solutions that enhance the driving experience. KA engineers and manufactures products for world-leading makers of passenger cars, commercial vehicles, and e-mobility vehicles of all types. Its engineering presence now extends from primary design centers in Europe to the Americas and Asia.

> **GEAR SHIFTERS FOR AUTOMATIC AND MANUAL TRANSMISSIONS**
> **SHIFT CABLES AND TOWERS**
> **GEAR AND CLUTCH CONTROL SYSTEMS INCLUDING ACTUATORS**
> **VEHICLE DYNAMICS PRODUCTS FOR CABINS AND AXLES**

CHARGING UP ELECTRIC APPLICATIONS

Following the continuous operational improvements made over the previous three years, the P&C business segment shifted into an even higher gear in 2021. Shift-by-wire applications for OEM EV vehicles were launched during the year, while e-mobility actuators for gear shifting, axle decoupling, park locking, and other hybrid/EV applications were in various stages of development and launch. 2021 was truly an electrifying year for P&C.

In line with KA's transformational program Shift Gear, continuous improvements in the segment's operational processes yielded EUR 20 million of cost savings across its global plants. The cross functional focus of the Shift Gear program provided the necessary platform to surface and quickly claim cost reduction ideas from across the entire organization. P&C's financial performance in 2021 was beyond forecast, despite the segment experiencing disruptions to raw material supply chains, irregular customer production schedules, and difficult freight markets. Adjusted EBIT hit a new high and the segment signed lifetime new business contracts worth EUR 302 million. P&C was also able to implement significant improvements to its net working capital (cash) management processes with regards to inventory reduction and accounts receivable collection, while KA's Wuxi, China plant once again set new sales records.

The quality improvements made throughout the year not only maintained high levels of customer satisfaction, but also 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 even further.

The segment can now leverage its extremely solid position – driven by its financial strength, improving quality, solid key customer relationships, and generally improving operating capabilities across the globe – 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 challenging world of electrified propulsion.

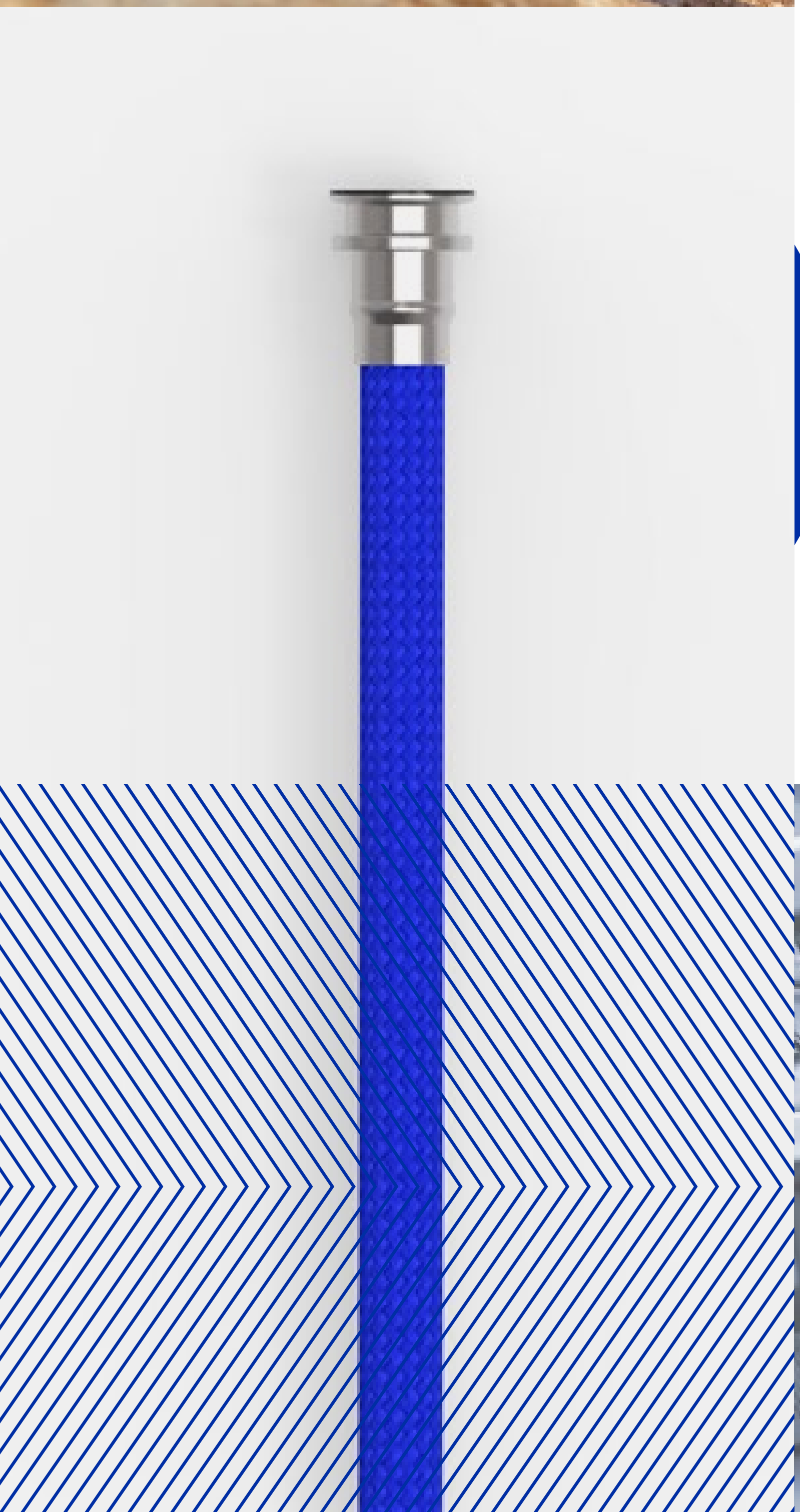
P&C has launched a number of new products that extend beyond its traditional transmission-related portfolio in the areas of thermal management and electric steering. Its customers are set to implement P&C solutions in these exciting new EV product areas in the coming model years.

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

KA's On-Highway business unit continued its strong growth throughout 2021. After positive developments in the Americas, the Chinese market saw a rapid increase in demand for AMT transmission technology.

KA continues to develop its shift-by-wire products in Europe and Asia. OEMs building the newest hybrid or electric vehicles require functional safety guidelines; KA's next generation of shift-by-wire products meets these tough new requirements.



- > 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

SPECIALTY PRODUCTS

Kongsberg Automotive (KA)'s Specialty Products segment consists of three business units: Couplings, Fluid Transfer Systems, and Off-Highway. These niche product business units are driven by an entrepreneurial focus on innovation and growth. In 2021, as a part of the KA-wide Shift Gear transformation program, the business segment focused on continuous improvement activities intended to have an immediate impact to respond to the pandemic-struck market environment.

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.

The Couplings business unit has a presence in 11 countries, including six manufacturing locations. In 2021, Couplings also began operating in Brazil and South Korea. To increase production capabilities in Europe, Asia, and the Americas, Couplings made further investments in the automation and digitalization of its production processes.

In 2021, Couplings continued to secure new business contracts across all regions, which helped increase its market share, primarily within the HD truck segment.

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

Development activities in the Couplings business unit were focused on innovation projects together with the expansion of its product portfolio for new applications, business segments, and markets.

FLUID TRANSFER SYSTEMS

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

FTS won many new business awards in 2021 in both the commercial vehicle and passenger car segments. 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. Several new products are in development, which will enhance the product portfolio and future-proof the business unit's growth strategy.

FTS supplies PTFE hoses and hose assemblies in various industrial markets. In 2021, KA's patented Ultiflex™ product line continued to gain market share in both food and pharmaceutical applications, while its industrial smooth-bore PTFE hose range maintained its market-leading position and further developments were made in the two-wheeler segment.

2021 was another challenging year, but confidence remains high that FTS can leverage its ideal mix of people, products, and production skills to ensure it benefits from the expected recovery in all its key markets.

OFF-HIGHWAY

KA's Off-Highway business unit supplies engineered solutions in steering systems as well as both mechanical and electro-mechanical driver controls to the following markets: Powersports, construction, agriculture, and outdoor power equipment.

In 2021, Off-Highway continued to expand its product portfolio with new electronic driver controls for powersports, new hand throttles for outdoor power equipment, and new pedals for powersport and construction applications. These new products address the demand from both existing and new KA customers and allowed the Off-Highway business unit to post impressive growth.

Despite 2021's supply chain challenges, which had strong individual impacts, Off-Highway continued to grow, developing new products and expanding its customer base in all market segments served. This means KA and Off-Highway can start 2022 from an extremely strong position.

BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

SUSTAINABILITY, MANUFACTURING EFFICIENCY, AND NEW AUTOMOTIVE TECHNOLOGIES ARE OF CENTRAL IMPORTANCE TO KA, PAVING THE WAY FOR KA TO BECOME THE PROVIDER OF 'MOBILITY SOLUTIONS FOR THE FUTURE'.

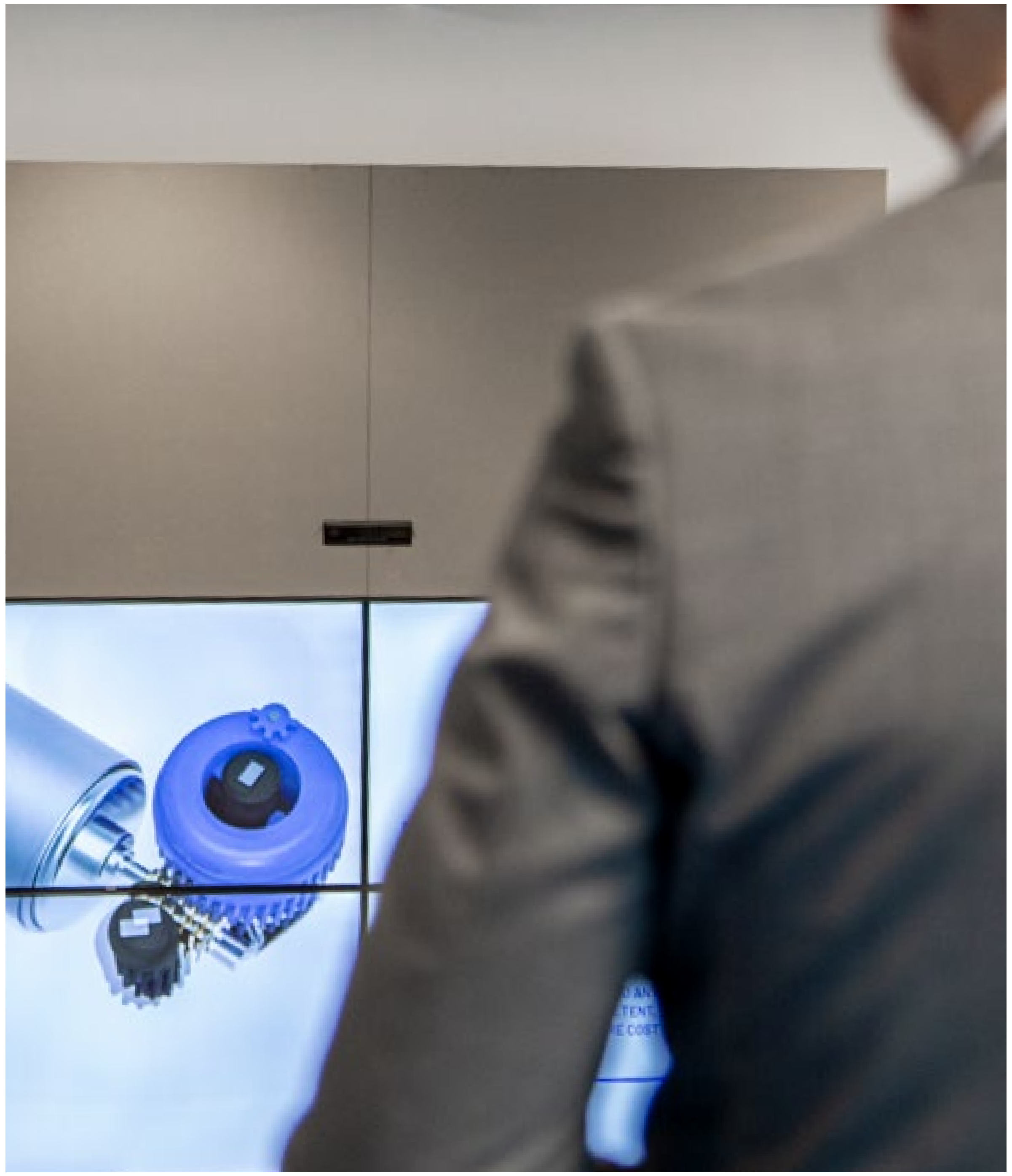
The persisting COVID-19 pandemic and its impact on global supply chains have turned the past year into one of the most challenging for the automotive industry.

Kongsberg Automotive did not only suffer from direct and indirect disruptions in components supply, production, and deliveries to customers, but also from sharp cost increases in raw materials, semiconductors, freight, energy, and labor. Despite these strong headwinds, Kongsberg Automotive (KA) demonstrated resilient performance throughout the year, as revenues in our continued operations grew 21% year-over-year and adjusted EBIT finished at 6.1%.

2021 also ushered in new leadership at KA, as CEO Joerg Buchheim took the helm from the co-CEOs ad interim, Norbert Loers and Robert Pigg, who capably led KA during the critical transitional period. The Kongsberg Automotive Board of Directors would like to thank both for their dedication. After Joerg Buchheim was onboarded, he moved swiftly on two parallel tracks: One area of focus together with the global leadership team was operational improvements and necessary actions to counter the macroeconomic headwinds. The other was centered around the definition of a transformative roadmap together with the Board. The roadmap focuses on KA's strengths: Fields where KA aims to be second to none.

As part of this roadmap, Joerg oversaw the divestments of the Interior Comforts Systems (ICS) and the Light-Duty Cables (LDC) business units. These divestments were major steps on KA's path into the future of the company. Over the course of the next three years, KA will be transforming into a supplier of commercial vehicles and specialty products. Sustainability, manufacturing efficiency, and new automotive technologies are of central importance to KA, paving the way for the company to become the provider of 'mobility solutions for the future'. The Board believes that this transformation will create substantial and sustainable shareholder value in the years to come.

KA tackled numerous challenges in 2021, from which it has emerged stronger than ever. In 2022 and beyond, the post-pandemic world will continue to be challenging. The Board looks forward to supporting management in handling these post-pandemic challenges, and in pursuing continued improvements in KA's portfolio, while laying the foundations for a sustainable, cash-generative growth. The Board would like to thank all Kongsberg Automotive employees, management, and partners for their determination and support on this exciting journey.



MARKETS

LIGHT VEHICLE PRODUCTION

The global production of light vehicles totaled 76.4 million units in 2021, which corresponds to an increase of 2.4% compared to 2020. While it was expected that volumes would recover back to 2019 levels, this was not the case on a global level, with global car production still 14.1% below pre-COVID levels of 2019. Only certain markets showed an improvement on the previous year's COVID-19-impacted production numbers, despite the increased demand for vehicles driven by the economic recovery and certain changes in transport preferences caused by the pandemic. In the first half of 2021, there was a visible recovery of car production, however a decline in the second half of 2021 could be noticed.

There were several factors behind the market's failure to fully recover, including widespread shortages of key semiconductors, raw materials and restrictions resulting from local and regional outbreaks of COVID-19. The impact of these varied across regions as well as between OEMs; some manufacturers had stockpiles of semiconductors or strong relationships with their suppliers, which allowed them to maintain higher production levels in the first half of the year. Manufacturers' responses to the crisis also varied across the industry, with some limiting the features they made available, sometimes with the aim of retrofitting these at a later stage, while others preferred to limit production instead. Based on the current outlook, the semiconductor shortage will also affect businesses in 2022 and is expected to remain a challenge in the near to mid-term. Furthermore, large price increases for raw materials, labor, energy, and freight put pressure on margins and required significant price adjustments for customers.

Production in China increased by 4.0% to 24.5 million vehicles in 2021. Despite an initial recovery from the slowdown of 2020, shortages of semiconductors in the Chinese market limited production in the second half of the year. The disappointing growth in sales and production in China was partially offset by a significant increase in the production and sales of electric vehicles, which rose by 169% to nearly 3 million units.
Production levels in Asia outside of China also recovered from COVID-19-related disruptions, only to then be impacted by semiconductor shortages. Output levels increased by 6.6% to 18.5 million units. Japanese and Korean production fell (by 3.3% to 10.8 million units), while South Asian production increased (by 26.3% to 7.7 million units).

In 2021, production in Europe declined by 5%, or approximately 0.8 million units, to 15.7 million vehicles, as OEMs chose to focus on high-end vehicles and limit the production of others because of semiconductor shortages. Except for Italy and Belgium, Western and Central European countries suffered the steepest decline, which was only partially offset by a minor increase in the last quarter of 2021.

In North America, light vehicle production reached 13.0 million vehicles in 2021, essentially unchanged compared to the previous year. Many manufacturers struggled to increase production due to shortages of semiconductors and instead focused their efforts on high-end vehicles. The recovering U.S. economy and lower unemployment rates spurred an increase in automotive demand, leading to lower inventory levels and even an increase in used car prices.

South American production levels developed positively, increasing by 16.1% in 2021, as output totaled 2.6 million vehicles. As was the case in other regions, these improvements were not uniform throughout the year, with certain plants stopping production in the latter part of the year as a result of semiconductor shortages.

Finally, production levels in the Middle East and Africa improved by 15.1% to 1.9 million vehicles during the year. In addition to the negative impact of COVID-19, political instability and the new industrial assembly regime negatively impacted the production environment in 2021, thus clouding the outlook for the region.

TRUCK PRODUCTION

Global truck production decreased by 2.4% in 2021 to 3.16 million vehicles. The start of the year saw a solid recovery from the significant decline in 2020, with quarterly production reaching a record 1.0 million vehicles in Q1 and 0.9 million in Q2. During the second half of 2021, however, manufacturers experienced many of the same problems as in the passenger vehicles sector, with production falling to the average 0.6 million in the second half of 2021.

While China had contributed strongly to growth in 2020, production in 2021 fell by 21.0% from 1.8 million units to 1.4 million. The decline was again caused by shortages and restrictions in the third and fourth quarters, as Q1 2021 saw some of the highest ever production levels at 0.6 million units, while Q3 and Q4 only produced levels of around 0.2 million units each.

FINANCIAL PERFORMANCE

GROUP

Group revenues from continuing operations increased from EUR 686.9 million to EUR 831.4 million, including positive currency translation effects of EUR 2.5 million. The growth in group revenues was negatively impacted by the ongoing shortages in the electronic components supply chain in the aftermath of the COVID-19 pandemic. On a constant currencies' basis, revenues generated in the truck market increased by 33.5%, mainly attributable to the high growth in Europe (+24.7%) and the U.S. (+74.3%). In Europe and the United States, KA was able to significantly outperform the market. Revenues in China grew slightly, while the truck market in China decreased significantly by 19.3% compared to the previous year.

The revenues in the passenger car market increased by 1.5% on a constant currencies' basis. While revenues declined in Europe by 23.6% and in North America by 11.7%, this was offset by strong growth in China (+41.6%), allowing KA to significantly outperform the Chinese market.

Disruptions in the electronic components supply chain in 2021 led to an adjusted EBIT of EUR 50.7 million. By implementing strict cost control measures, the group managed to minimize the negative impact of these disruptions and to increase adjusted EBIT by EUR 34.7 million compared to 2020.

SEGMENTS

Powertrain & Chassis revenues amounted to EUR 429.9 million, compared with EUR 372.5 million in 2020, which represented an increase of EUR 57.4 million (+15.4%) with net currency translation effects of nearly EUR 0.0 across all regions in 2021. The revenue growth can mainly be attributed to the growth in sales in China and the United States, where revenues increased by EUR 30.2 million and EUR 24.9 million, respectively (on a constant currencies' basis). This was partially offset by a slight decrease in Europe of EUR 6.7 million. Adjusted EBIT significantly increased by EUR 25.8 million to an operating profit of EUR 25.2 million. While the growth in sales levels had a positive impact compared to the previous year, the adjusted EBIT was negatively impacted by the material shortages affecting electronic components, resin, and steel throughout the automotive sector.

Specialty Products revenues (continuing business) amounted to EUR 393.2 million in 2021 versus EUR 306.3 million in 2020 (restated), an increase of EUR 86.9 million (+28.4%), including positive currency translation effects of EUR 2.5 million. Sales levels in the commercial vehicle market and the industrial / off-highway end markets contributed to the overall positive revenue performance in this segment, with Europe and North America reporting the highest revenue growth by EUR 40.1 million and EUR 18.8 million, respectively (on a constant currencies' basis). However, this increase was slightly offset by the decline in Couplings business revenues in China. Adjusted EBIT for the Specialty Products business segment was EUR 48.4 million compared to EUR 38.8 million in 2020, an increase of EUR 9.6 million (+24.7%). Strong productivity in the growing Chinese market and an increase of capacities in European plants were compromised by the disproportional increase in costs related to the impact of the electronic components supply chain crisis and higher raw material costs.

DISCONTINUED OPERATION

In Q4 2021, the group committed to selling its Interior segment together with the cable-related part of the Off-Highway business, which resulted in the reclassification of its operations as discontinued operation. Revenues from discontinued operation in 2021 amounted to EUR 335.4 million, compared to EUR 282.0 in 2020, which represented a growth of EUR 53.4 million (+18.9%). Operating loss from discontinued operation decreased by EUR 35.4 million to EUR 22.8 million in 2021. Net loss from discontinued operation decreased from EUR 59.5 million in 2020 to a loss of EUR 23.0 million in 2021. However, net loss and operating loss in 2020 include impairment losses of EUR 52.4 million.

NET FINANCIAL ITEMS

Net financial items amounted to negative EUR 9.5 million, compared to negative EUR 45.5 million in 2020. Interest expenses, mainly related to bonds, were at similar levels to 2020 and amounted to EUR 15.0 million. In addition, an interest expense of EUR 3.9 million was reported in relation to lease liabilities, which is slightly higher than in 2020. The biggest positive driver for the decrease of financial expenses was the unrealized and realized foreign currency gains of EUR 12.0 million, which were mainly due to the stronger NOK, compared to currency losses of EUR 23.3 million in 2020.

NET PROFIT

Total net profit from continuing operations for the year amounted to EUR 28.5 million compared to the net loss of EUR 58.5 million in 2020. The profit before taxes of EUR 38.0 million (versus a loss before taxes of EUR 63.5 million in 2020) led to a total tax expense of EUR 9.5 million (versus tax income of EUR 5.0 million in 2020), which corresponds to an effective tax rate of 25% (versus 8% in 2020).

CAPITAL

The group's interest-bearing debt amounted to EUR 367.7 million as of December 31, 2021, which included lease liabilities of EUR 75.0 million for continuing business. EUR 70.8 were liabilities directly associated with assets held for sale. As of December 31, 2021, the shareholders' equity totaled EUR 265.5 million, an increase of EUR 20.0 million (+8.2%) compared to EUR 245.5 million at the end of 2020. During the year, the net profit of EUR 5.5 million and other comprehensive income of EUR 13.6 million resulted in a total comprehensive income of EUR 19.1 million. The share-based compensation of EUR 1.7 million contributed to the change of the equity as of December 31, 2021.

The equity ratio was 27.0% at the end of the year compared to 27.3% in 2020.

CASH FLOW

In 2021, the group generated a positive cash flow from operating activities in the amount of EUR 36.1 million (2020: positive EUR 74.1 million), which was mainly driven by the strong positive operating cash flow of EUR 56.7 (2020: positive EUR 57.7 million) generated by the continuing business. However, it was offset by the negative operating cash flow of EUR 20.6 (2020: positive EUR 16.3 million) from discontinued business. In 2021 and 2020, Kongsberg Automotive had to finance the additional significant spending related to the efforts to receive electronic components from the spot buy markets, which in particular impacted business classified as discontinued (ICS and LDC).

The group made capital expenditures of EUR 43.7 million, a decrease of EUR 16.9 million compared to 2020, of which EUR 26.7 million (2020: EUR 30.7 million) was related to continuing operations.

The cash flow used by financing activities amounted to EUR 20.3 million, of which EUR 9.1 million was related to the discontinued operation's repayment of lease liabilities and IFRS 16 interest payments. Excluding discontinued operation, this cash flow included the repayment of lease liabilities of EUR 7.9 million as well as interest payments of EUR 17.6 million, of which EUR 3.9 million related to IFRS 16; this was partially offset by the EUR 20.0 million draw-down of the revolving credit facility (RCF).

LIQUIDITY

The group's total liquidity reserve amounted to EUR 140.9 million at the end of the year, compared to EUR 197.0 million in 2020. The unutilized RCF as of December 31, 2021 amounted to EUR 30.0 million. Moreover, the company had an unutilized securitization facility of EUR 60.0 million as of the end of the year.

Upon the successful completion of the transfer of the Interior Comfort Systems (ICS) business unit to Lear Corporation on February 28, 2022, KA received the initial purchase price proceeds of EUR 165.9 million, subject to further adjustments. With the completion of the sale of Light Duty Cable to Suprajit Engineering Limited, KA expects to receive proceeds that are at least equal to the enterprise value of EUR 37.7 million. As announced on March 11, 2022, part of the net proceeds received from the ICS sale will be used to redeem the EUR 75.0 million outstanding Senior Secured Notes due 2025.

SUBSEQUENT EVENTS

On February 28, 2022, Kongsberg Automotive successfully completed the sale of its Interior Comfort Systems (ICS) business unit to Lear Corporation for an enterprise value of EUR 175.0 million.

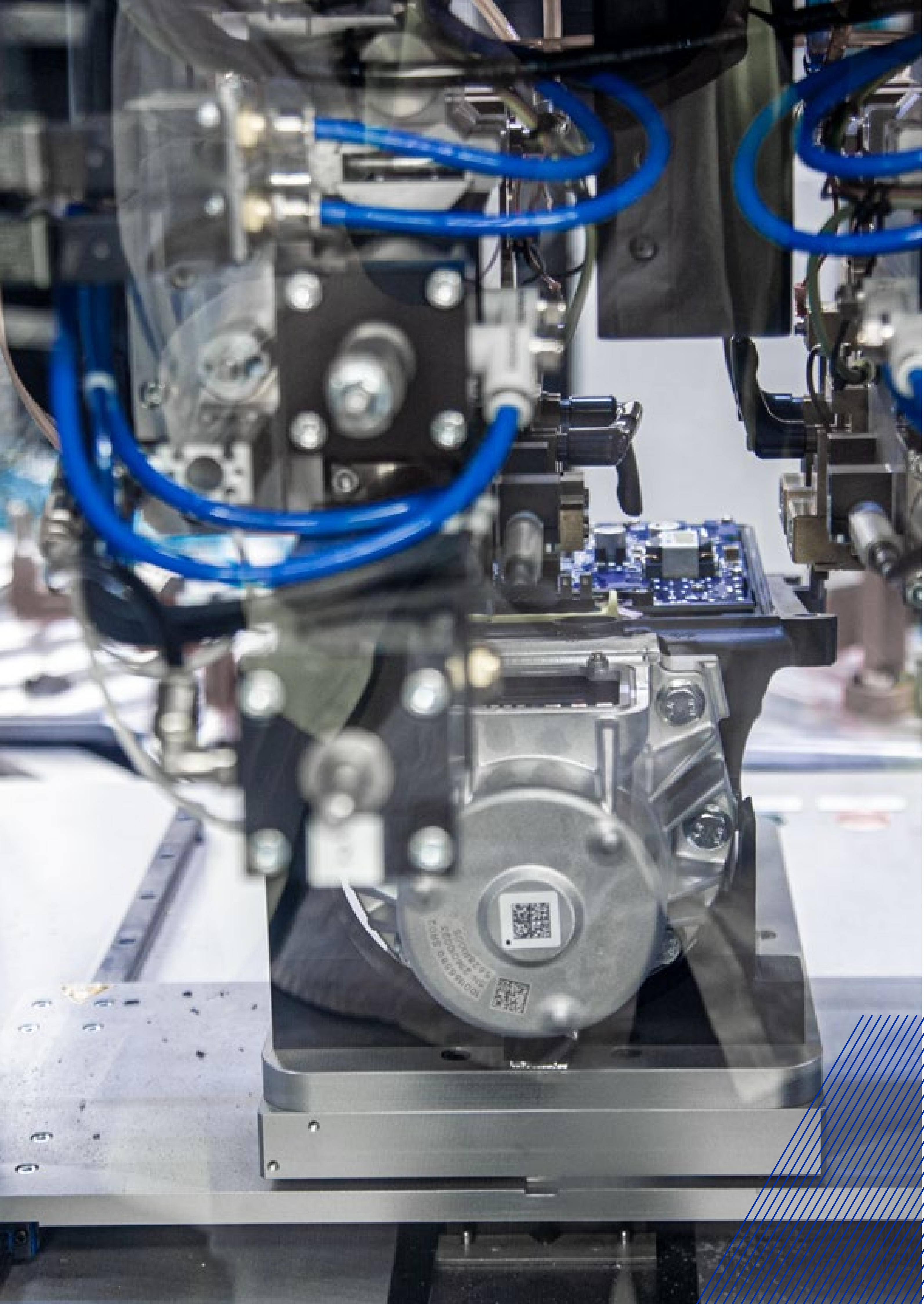
BUSINESS WINS FOR CONTINUING OPERATIONS

New business wins for the year amounted to EUR 233.0 million in annualized revenues versus EUR 202.4 million in 2020. This corresponds to a 15.1% increase compared to last year. New business wins in 2021 generated EUR 841.6 million in lifetime revenues compared to EUR 788.7 million in 2020.

KONGSBERG AUTOMOTIVE ASA – THE PARENT COMPANY

In 2021, the parent company generated total operating (inter-company) revenues of EUR 7.5 million compared to EUR 2.1 million in 2020. Due to the increase in trademark fees as well as the mark-up on service fees (in 2020 set to zero), the company recorded an operating profit of EUR 3.1 million (versus a loss of EUR 1.9 million in 2020). The parent company had net positive financial items of EUR 17.6 million in 2021, compared to net negative financial items of EUR 12.3 million in 2020. The main driver for this change is the dividend of EUR 5.6 million from subsidiaries as well as unrealized and realized currency gains of EUR 11.9 million in 2021 (versus currency losses of EUR 11.1 million in 2020). The net profit for the year 2021 amounted to EUR 16.3 million, compared to a net loss of EUR 10.7 million in 2020. As of December 31, 2021, Kongsberg Automotive ASA's equity totaled EUR 466.4 million (EUR 427.4 million in 2020).

In accordance with the Dividends Policy, the Board of Directors will propose to the 2022 Annual General Meeting that no dividend be paid for 2021. The Board of Directors proposes that the parent company's net profit of EUR 16.3 million be transferred to retained earnings.



OPERATIONS

The Shift Gear program was central to Kongsberg Automotive (KA)'s operations in 2021, with its focus on improving efficiency and streamlining processes. The program's Performance Improvement Gear: Gear I, allowed KA to offset many of the impacts of the continuing COVID-19 pandemic and the challenges faced throughout the automotive supply chain. Key aspects of the program included improved cost controls, continuous improvements to production processes, and increased efforts to second-source raw materials. These structural efforts provided a short-term effect and are expected to pay off over the long term.

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.

The segment's robust and timely approach to supply chain management and the changes implemented during the time of raw material shortages and non-compliant materials meant it was able to fully shield customers from the challenges faced.

The Shift Gear program resulted in significant lean production improvements in its Slovakian operations and further improvements in the CI culture, all of which enabled continued operational improvements across the segment. P&C was able to celebrate a number of successful program launches in all its global operations, including a new variant 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 Wuxi, China facility continued to grow profitably and achieved a new record for top-line sales during 2021.

The business unit was able to support KA's divestment initiatives without any losses or disruption to production. The on-time customer delivery rate remained high throughout 2021 and the year-on-year quality results improved for the fourth consecutive year.

SPECIALTY PRODUCTS

The Specialty Products segment consists of Off-Highway, Couplings, and Fluid Transfer Systems. These business units develop and deliver specialized niche products with a strong entrepreneurial focus on innovation and customer benefits. In 2021, despite supply chain shortages, the Specialty Products leadership team further expanded production capabilities and capacities to support growth throughout all the regions and to strengthen its competitiveness. As a result of the Shift Gear program, the segment was able to make significant gains through many initiatives—in operational excellence, the digitalization of its production processes, and cost improvement projects. KA's Shift Gear program will also continue in 2022.

GEAR I ALLOWED KA TO OFFSET MANY OF THE IMPACTS OF THE CONTINUING COVID-19 PANDEMIC AND THE CHALLENGES FACED THROUGHOUT THE AUTOMOTIVE SUPPLY CHAIN.

ENGINEERING AND DEVELOPMENT

The group's net overall spending on engineering and development totaled 4.7% of sales in 2021. Kongsberg Automotive (KA)'s global engineering workforce consisted of 364 resourceful engineers.

POWERTRAIN & CHASSIS

In 2021, Powertrain & Chassis (P&C) continued its migration from mechanical products to mechatronics assemblies with increased electronics and software content.

The move away from ICE-based transmissions and related systems to Battery Electric Vehicle (BEV)- and Hybrid Electric Vehicle (HEV)-related systems is taking the form of actuators for gear shifting, axle decoupling, and park lock functions in these vehicles. While still capturing opportunities for automated manual transmission systems in the commercial vehicle segment and shift-by-wire products in the passenger cars segment, the segment is busy launching new products to address the trend towards electrification.

The segment developed and validated several highly engineered mechatronic actuators with unique features and functions in 2021. P&C identified and was able to leverage several new opportunities with customers across all regions, which generated additional growth. The year 2021 also saw the delivery of the first gear actuation product samples to customers in the area of e-Axle applications for MD and HD truck usage. The segment also signed a contract to provide its first vehicle dynamics product in the North American market.

The engineering organizations in all the regions meet all the applicable functional safety requirements (ISO 26262) and cyber security standards, while P&C also ensures Automotive SPICE compliance in all its key technical centers to comply with customer requirements.

New product portfolios were launched in 2021 to expand the segment's e-mobility offerings into new product areas, such as thermal management and electric power steering.

OFF-HIGHWAY

Off-Highway advanced several innovative products towards future business growth in 2021. The business unit demonstrated two new classes of electric power steering units to customers followed by prototype orders for vehicle testing. A highly complex vehicle electronic control and several advanced driver input controls moved from development stages to the production tooling stage this year.

KA'S GLOBAL ENGINEERING WORKFORCE CONSISTED OF 364 RESOURCEFUL ENGINEERS.

COUPLINGS AND FLUID TRANSFER SYSTEMS

In 2021, Couplings' engineering and development activities focused on innovation projects, expanding the product portfolio for new applications, business segments, and markets.

This year, the business unit saw a record number of product launches, which helped KA Couplings satisfy all its customers' needs. The market showed great interest in the new products currently under development, which will open up more short- and mid-term growth opportunities. The segment's research & development capacities were expanded in Asia and the EU to support business growth and product launches for the 2021–2022 period and beyond.

Fluid Transfer Systems (FTS) continued to secure new business contracts with new Tier 1 and OEM customers across all segments, including in the areas of battery (PHEV, BEV) and fuel cell vehicles (FCEV).

FTS's unique Fluoro-Comp® lightweight, high-temperature hose product is used by customers around turbo and emission control lines for downsized combustion engines in hybrid vehicles.

In 2021, FTS expanded its manufacturing capabilities for lightweight, large-bore coolant lines for electric heavy trucks and it extended its product portfolio. The segment was also able to develop hydrogen and coolant transfer products to be used in FCEV-vehicles.

These new product developments, which also included pharmaceutical, safety, and semiconductor applications, helped the FTS industrial segment post record sales for the year.

CORPORATE GOVERNANCE

The Board of Directors of Kongsberg Automotive ASA 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 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.

Kongsberg Automotive 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

Kongsberg Automotive 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 25.

KA HAS INITIATED SEVERAL ACTIONS IN ORDER TO MAINTAIN SUPPLY CHAIN CONTINUITY BY HIRING OF ADDITIONAL CRISIS EXPERTS TO HANDLE THE WAVES OF SUPPLY CRISIS, IMPLEMENTATION OF SECOND SOURCES, PROCUREMENT ON THE SPOT MARKET, SPECIAL FREIGHT COSTS.

FINANCIAL RISK

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 Canadian and 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. A sudden fluctuation 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, and politically driven changes of those.

In 2021, prices of the above-mentioned raw materials as well as electronic components have reached their all-time high levels which, together with rising transportation costs, created an insecure situation, especially for overseas deliveries. Kongsberg Automotive therefore 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 aggravated the situation, especially with respect to the metal categories (aluminum castings, steel, brass).

Moreover, 2021 has been a year of scarcity in the market for e-components, resins, silicon, steel, and paper, which was negatively reinforced by the disruptions in global supply chains and "black swan" events (e.g. Suez Canal, snow storm in Texas, landslide in Germany). Kongsberg Automotive has initiated sev-

eral actions in order to maintain supply chain continuity by hiring additional crisis experts to tackle the supply chain crisis, implement second-sourcing arrangements, procure goods in the spot market (particularly e-components), and negotiate special freight costs.

INTEREST RISK
Interest risk is linked to long-term debt and is primarily driven by changes in EUR and USD interbank lending interest rates. The risks are related to how the company's borrowing costs will change in relation to changes in interest rates.

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 rapidly 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 Corporate Responsibility 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.

The war in Ukraine that started in February 2022 will have very serious economic consequences. Energy and commodity prices have significantly increased already in 2022, adding to inflationary pressures from supply chains disruptions and the rebound from the COVID-19 pandemic. It may also cause potential disruptions in supply chain and sales to customers, especially for those with close business links with Russia and Ukraine. Furthermore, monetary and fiscal policies in many countries will need to be adjusted, amid already elevated price pressures, which may negatively impact borrowing costs. There is a belief that central banks may have to go slower than earlier forecast with interest rate rises to battle inflation as economic growth also takes a hit.

While the situation remains highly fluid and the outlook is subject to extraordinary uncertainty, Kongsberg Automotive regularly monitors and assesses potential direct and indirect risks arising from this crisis. Currently we believe that KA's operations will not be directly impacted by the war as none of our plants are located in Ukraine or Russia, and most of KA's customers do not have close economic ties with these countries. However, Kongsberg Automotive will be impacted by the unpredictable indirect consequences of this, such as further uncertain rise in energy prices, and rising freight costs as the transportation business is also heavily hit by the increasing crude oil prices.

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 COVID-19, a highly infectious disease. 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 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).

The current difficulties and disruptions in global supply chains will continue into 2022, which will continue to create new challenges and negatively 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

Kongsberg Automotive is subject to several legal proceedings and legal compliance risks in the United States and other parts of the world, 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.

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.

COVID-19-RELATED RISKS

The impact of the COVID-19 pandemic on KA employees' health and safety was effectively managed in 2021. The pandemic and many of the above-mentioned risks will continue into 2022; this relates specifically to raw material price risks, general supply chain and logistics risks, health and safety risks, political risks, and certain financial risks.

EMPLOYEES

By the end of 2021, Kongsberg Automotive employed 5,624 people in full-time equivalents (FTEs).

Kongsberg Automotive (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 largest KA workforces are located in Mexico, Slovakia, and China. All of this gives KA a multinational mindset.

KA continually strives 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, which takes place on an annual basis 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. Women currently make up 43% of the total workforce and 17% of executive management (Global Leadership Team).

The company has a policy of ensuring equal access to development opportunities for all employees. This commitment is set out in the group's Diversity Policy and reflected in KA's recruitment and promotion processes. Diversity is also evident in the Board of Directors of Kongsberg Automotive ASA, which consists of eight members: Three women, of which two are shareholder-elected directors, and five men, of which three are shareholder-elected directors.

A report on compliance with the Norwegian Act on Equality and Anti-Discrimination is included in the annual report for Kongsberg Automotive AS (Norway) and is available on the company's website.

In addition to diversity, strategic issues are also 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 2021, Kongsberg Automotive participated in the annual SAP Quality Awards and was named the "Grand Winner 2021" in the Rapid Time to Value category: The award was presented in recognition of KA having migrated its entire HR system from the Workday to the SAP SuccessFactors platform in just six months and having optimized its core HR processes to provide employees with a modern and motivating work environment. This new solution 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, and performance management. Together with KA's reporting and state-of-the-art analytics, the system provides novel insights and details that support the development of the company and its employees.

KA pursues a path of constant improvement and aims to provide an outstanding service to its employees. Examples of this include the recent introduction of KA's global time-off solution for all its office staff worldwide and "ONB 2.0", a state-of-the-art module, which simplifies the onboarding process for new employees and creates a modern and inspiring experience right from their very first day at the company.

KA CONTINUALLY STRIVES TO IDENTIFY, DEVELOP, AND RETAIN ITS HIGHLY TALENTED EMPLOYEES TO PLAN FOR THE FUTURE OF THE COMPANY.

COMMITMENT TO EMPLOYEES

The success of Kongsberg Automotive (KA) relies on the company being able to unlock its employees' potential, no matter where they are in the world and which level they are at within the organization. Its business is driven forward by the committed and motivated teams of talented engineers, managers, skilled production workers, and specialized technicians. KA places great emphasis on continually developing its employee experience to attract and retain the most talented people. This all helps position KA as an employer of choice in the 35 locations where it operates.

A VALUED EMPLOYER

KA's formula for success is built around the complete engagement of its employees. Their learning and professional growth pathways within the company only represent a small part of KA's overall value proposition to its workforce. The total offering also includes a positive working atmosphere, a safe workplace, a focus on internal promotion, a professional performance management process, and a competitive salary within the automotive industry. This is what keeps employees at KA.

KA EXPERTFORUM

During 2021, KA launched its new *ExpertForum* initiative aimed at empowering its employees and driving its performance. Learning has proven to be a critical strategic enabler of KA's success. As industries get disrupted, knowledge management and innovation are the ultimate source of competitive advantage. By addressing the latest trends and highly relevant topics—whether these impact KA specifically or the industry in general—KA can engage its employees.

The concept of *ExpertForum* is simple: Industry professionals present a topic of their expertise offering an open discussion and Q&A round immediately afterwards to attendees. These expert sessions provide an opportunity to host discussions in interactive, engaging video panel webinars. Participants from all levels benefit from new insights and creative views, get a vision of future possibilities, and develop their professional network.

Over 150 employees attended the four *ExpertForum* sessions held in 2021. The forum discussed topics such as synergetic management, modular and self-organizing manufacturing, alternative vehicle concepts, as well as a training module on the Harvard negotiation principle. The new *ExpertForum* model provides KA with a platform to support its strategic cultural change and contribute to a unified vision across the company.

MAKING A DIFFERENCE

KA considers its employees to be critical stakeholders and allows them to make an impact in their communities. Their efforts to make a difference are highlighted on KAI, the company's intranet.

This year, besides taking all the necessary safety measures to prevent the spread of COVID-19, KA continued to support vaccination across all its sites. KA raised awareness about employees protecting both themselves and others through its online and offline visual immunization campaign "I got my Covid vaccine because I care", which was rolled out globally in 10 languages.

In addition to the vaccination campaign, wherever possible it worked together with local governments to support employees who decided to get a vaccine. One example of this was the Texas government's decision to open its borders with Mexico to allow Mexicans to receive the vaccine in the USA. Thanks to this initiative, KA was able to drive people from Nuevo Laredo, Mexico to Texas to receive their vaccinations.

KA cares about supporting local communities' futures: In 2021, our company partnered with *Solutions for the Planet,* a local organization in the UK offering a STEM enrichment program that gives students opportunities to meet local employers and be mentored by their staff. In 2021, we had several team members from the UK go through mentoring programs before offering support to students and gaining skills as mentors. Meanwhile in the USA, our team organized a local toy drive, which received many donations; these gifts went to children who may not have otherwise received a Christmas present.

HUMAN RIGHTS IN THE SUPPLY CHAIN

SUPPLIERS ARE REQUIRED TO ADHERE TO THE SAME HIGH HUMAN RIGHTS STANDARDS AS KONGSBERG AUTOMOTIVE DOES ITSELF.

Kongsberg Automotive (KA) does all it can to protect human rights and ensure decent working conditions for employees throughout its supply chains. The sustainability team in KA's Purchasing organization regularly reviews the company's approach to due diligence and how this approach can be expanded upon.

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 Kongsberg Automotive 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. Kongsberg Automotive has also published a Conflict Minerals Position Statement.

KA requires direct materials suppliers to report on their governance and management approach with regards to human and labor rights; from 2022, suppliers of indirect materials will also be required to do so. KA expects its suppliers to have in place an effective policy and management 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, which has been developed and promoted by CSR Europe and Drive Sustainability (SupplierAssurance.com) and is widely used in the automotive industry. The questionnaire enables KA to identify gaps in suppliers' existing governance and management

approaches with regards to human and labor rights, health and safety, environment and energy management, and responsible sourcing.

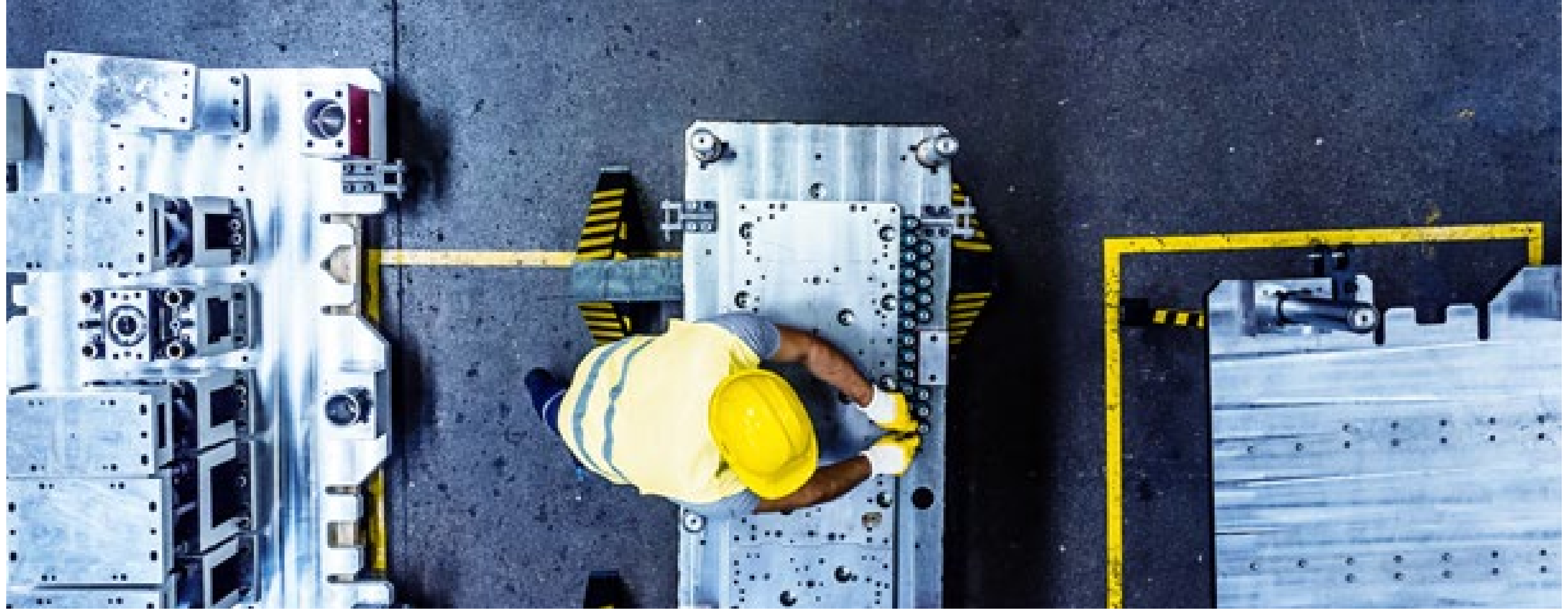
By the end of 2021, more than 280 suppliers – covering almost 60% of KA's yearly direct purchasing spend – had completed one of these questionnaires, with the information and evidence they provided having been assessed and validated by an independent third party. All suppliers are provided with feedback and recommendations for how to improve their governance and management systems following the assessment of their questionnaires.

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), have to 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. KA plans to include other minerals, such as cobalt and mica, in these material compliance assessments in the near future.

To ensure effective monitoring of our compliance, including human and labor rights, KA encourages internal and external stakeholders to report any concerns or breaches that they experience. Beyond this, KA uses a global media screening tool for its suppliers, their industries and geographical locations. This tool raises an alert if there are any potential human or labor rights issues that 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 – including human and labor rights as well as decent working conditions – training is provided to colleagues and suppliers where 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 improvements.

HEALTH, SAFETY, AND ENVIRONMENT



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. These commitments are communicated throughout the organization.

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. Several facilities were successfully externally certified to this safety standard in 2021 and the certification of all plants is scheduled to be completed by the end of 2022.

2021 also saw the successful external certification of all KA manufacturing locations 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 2021. Key performance indicators were reviewed regularly, and adjustments were made immediately as the need arose. As a result, the group continues to report a good HSE performance.

Employee absences due to illness are tracked by the organization. Manufacturing unplanned absence in 2021 was approximately 4.9% on average; while this marks an improvement from the 6.2% posted in 2020, the effects of the COVID-19 pandemic are still being felt.

SAFEGUARDING EMPLOYEES' HEALTH

As a result of the COVID-19 pandemic, health-related measures were put 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. Hygiene measures were introduced and monitored to ensure stringent action was taken in all KA's facilities. As a result, there has been minimal transmission of COVID-19 at KA's facilities, with most infections occurring outside the workplace. Employees and their families have been supported by local human resources teams. In 2021, approximately 679 employees tested positive for COVID-19, with most only experiencing minor symptoms and recovering fully. Sadly, six employees passed away due to COVID-19 – KA would like to extend its condolences to the victims' families.

SAFETY RECORD IMPROVES

Safety activities continued to focus on eliminating unsafe conditions at the manufacturing plants. Despite the ongoing pandemic challenges (including rapidly changing situations, such as employee turnover, new processes, and protocols), the safety performance improved overall.

In 2021, the group reported 12 injuries, an improvement of 25% over last year's reported 16 injuries; 18 manufacturing locations reported zero accidents in 2021, an improvement from 17 in 2020. With an additional two million hours worked, the group also recorded a 30% improvement on accidents per million person hours worked. This fell from 0.92 in 2020 to 0.62 in 2021. The results achieved indicate an improving performance level for the year and a reduction in the number of injuries by 74% over the last five years. In 2021, the group also went four calendar months with zero accidents. These results are testament to the focus that KA has placed on providing the necessary resources, employee engagement, training and awareness, improved work processes, and ergonomics analysis.

ENVIRONMENTAL REPORTING

Kongsberg Automotive measures and tracks the following environmental indicators:

> Energy
> Waste (landfill & hazardous)
> Water

> ENERGY

In 2021, KA started to take more concerted action to improve energy efficiency across its manufacturing locations. This was mainly driven by: the company's goal to achieve carbon-neutral products by 2039 (energy usage accounts for the overwhelming majority of KA's carbon emissions) and the need to reduce utility costs due to the volatility in the energy markets during the second half of the year (particularly through the last quarter).

All plants were set a target for 2021 of decreasing their energy consumption by 1% relative to total product sales ("energy intensity"). Each plant put measures in place to reduce their energy usage, which included swapping out existing lighting for LED bulbs, replacing old equipment with newer and more energy-efficient equipment, and reusing waste heat.

In 2021, to further raise awareness about how to improve energy efficiency, KA collaborated with General Motors to perform "virtual energy treasure hunts" at its Suffield and Matamoros facilities. 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.

In 2021, KA's energy intensity was 98.7 kilowatt hours used to produce every EUR 1,000 of total product sales, a 3.3% reduction from the 102 kilowatt hours in 2020. This improvement was due to better utilization of the company's manufacturing facilities from the impact of the COVID-19 pandemic in 2020 together with the approximate 13% increase in sales.

While energy intensity was the key performance indicator, manufacturing units reported that their absolute energy usage rose by 11.9% to approximately 122 million kilowatt hours from around 109 million kilowatt hours in 2020.

> WASTE

In 2021, the group's aim was to reduce the yearly amount of waste sent to landfills or requiring special treatment by 1% as compared to annual sales; this is known as the "Waste Index". All units sought opportunities to reuse and recycle resources, with thirteen manufacturing locations being landfill-free in 2021. KA's Waste Index improved by 13.6% in 2021 to 1.15kg/EUR 1,000 compared to 1.33kg in 2020. The group's absolute amount of waste remained constant in 2021 from 2020 at 1.4 million kilograms.

> WATER

Even though its business is not water intensive, KA understands its responsibility for using natural resources efficiently. KA therefore measures water usage at each plant and sets an annual target for each of them to reduce their usage by 1% from the previous year. Manufacturing facilities worked to reduce water use and realize conservation opportunities throughout the year; this resulted in a 32.8% increase in overall water usage. In 2021, a total of 144,822m³ of water was used, compared to 108,993m³ in 2020. This increase was due to increased production, the use of water in some new manufacturing activities, and the company's focus on maintaining the high levels of hygiene required for safe facilities and healthy workplaces.

The group reported no fires resulting in significant property damage or causing interruption to daily business for the year. Furthermore, there were no unauthorized releases to the environment requiring disclosure to legal authorities.

CORPORATE RESPONSIBILITY

A GLOBAL WORKFORCE, COMPRISING MANY DIFFERENT CULTURES, IS A KEY STRENGTH OF KONGSBERG AUTOMOTIVE.

In 2021, Kongsberg Automotive started making sustainability a central element of its business strategy. Gear III of the Shift Gear program is focused on developing the company's sustainability strategy and designing roadmaps to achieve its long-term goals, and it will continue into 2022.

At the end of 2020, KA made a commitment to shift entirely to carbon-neutral products by 2039 and to purchase 100% renewable energy by 2030. In 2021, key activities related to these goals included the following:

> First carbon footprint calculation carried out for a Kongsberg Automotive product (seat heater)
> Assessment of options in different regions and countries towards achieving 100% renewable energy, combined with projects to centralize the management of energy supply contracts and protect the business against the current volatility of energy market prices

In 2021, the automotive industry began to focus even more closely on the issue of sustainability. OEMs started to put in place specific and challenging requirements regarding sustainability performance in requests for quotations (RFQs). These requirements have generally been focused on long-term plans to eliminate carbon emissions of products (product lifecycle assessments or carbon footprints). In this regard, the industry has identified the need to move towards a circular economy, where all materials in products that have reached the end of their lives can be recovered and reused, or recycled.

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

This decade will be critical for tackling the global issues threatening people's standards of living and health for generations to come. The effects of climate change are being felt more acutely than ever around the planet, in the form of colder winters, hotter summers, as well as more frequent and severe extreme weather events, for example. However, it is not only with regards to the environment that action needs to be taken; there are numerous social issues impacting the standards of living of societies around the world, including the ongoing effects of the pandemic, widening gaps in equality, geopolitical instability, and conflicts. The SDGs are a UN framework that identifies the key areas where action should be taken to build a more sustainable world. Kongsberg Automotive recognizes that companies can have an influence on all the SDGs, but the following five SDGs are those that are most relevant to KA'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 a significant impact on:

> SDG 1: No Poverty
> SDG 3: Good Health & Well-being
> SDG 4: Quality Education
> SDG 5: Gender Equality
> SDG10: Reduced Inequalities

KONGSBERG AUTOMOTIVE'S EXPECTATIONS FOR EMPLOYEE CONDUCT

The group's Code of Conduct sets the organization's expectations for acting responsibly. Its guidelines help ensure that all employees act in compliance with the law and internationally recognized standards for ethics expected from a top-tier automotive supplier. The Code of Conduct is available in thirteen languages for a global workforce and communicated to all employees.

Kongsberg Automotive is committed to treating its global workforce fairly and providing equal opportunities for all. A global workforce, comprising many different cultures, is a key strength of Kongsberg Automotive, and therefore it is vitally important to the success of the company to ensure that its workplaces are respectful and inclusive, with equal opportunities and fair treatment given to all employees. Kongsberg Automotive does not tolerate harassment, discrimination, violence, or intimidation. The company's Diversity Policy sets the tone in promoting a culture of respect. The group applies fair labor practices, while respecting the national and local laws of the communities where it operates, and will not tolerate or be involved in forced or exploitative labor. Kongsberg Automotive does not tolerate corruption or bribery, and encourages any suspected incidents of misconduct to be reported.

KA provides its employees with training and guidance on the requirements set out in its Code of Conduct. The training is designed to focus on relevant ethical dilemmas to ensure employees understand the Code and their responsibilities in this respect, and it is delivered through classroom training, workshops, and an e-learning program.

Kongsberg Automotive provides a whistleblowing service, which can be found on the Code of Conduct page in the Corporate Sustainability section of the company's website. This service is available to both employees and people outside of the company for reporting suspected breaches of the Code of Conduct or any other unethical or illegal behavior. All concerns are treated with the utmost confidentiality, without fear of retaliation.

SUPPLY CHAIN SUSTAINABILITY

The company's suppliers are expected to adopt similar standards and assurances to those of KA. The group's commitment to ethical and socially responsible sourcing are outlined in the Supplier Declaration and Supplier Sustainability Manual. A supplier sustainability risk assessment process is in place to gain transparency over the existence of suppliers' non-financial governance and performance processes. KA uses a standardized methodology common in the automotive sector (the self-assessment questionnaire, which also requires documentational evidence and external validation). The results of this assessment are taken into account when selecting both new and existing suppliers for new business and projects. This process ensures that suppliers meet requirements consistent with a responsible organization. By the end of 2021, more than 280 suppliers had been evaluated, which corresponds to 60% of KA's yearly direct purchasing spend. Suppliers receive automatic feedback on their assessment as well as recommendations for improvement.

As KA's purchasing organization plays a key role in supplier selection and management, employees can access internal and external training on supplier sustainability topics as part of their standard career development path.

In 2021, KA's conflict minerals due diligence process was reviewed to improve the measures used to identify cases where conflict minerals could potentially enter KA's supply chains. The group has processes in place to query and track suppliers and to embrace principled sourcing practices. KA's publicly available Conflict Minerals Position Statement for Suppliers outlines a clear commitment and guidance on the yearly data collection process and escalation needs.

KONGSBERG AUTOMOTIVE & ITS LOCAL COMMUNITIES

As a global company, Kongsberg Automotive is a part of many local communities. KA encourages its employees to become involved in their communities and to support issues such as education, health, social responsibility, and advocacy for children. Examples of KA's local community support can be found in the latest Sustainability Report available on our website.

DECARBONIZATION

KA's vision is to make a meaningful contribution to society's efforts to tackle climate change and support its customers' strategic sustainability goals by making products that will support the transition to more sustainable transport and products. Kongsberg Automotive works tirelessly to reduce the carbon emissions created by its business operations and products, helping its customers achieve their ambitions of making end products with lower emissions. Kongsberg Automotive has two long-term strategic goals that support this transition to more sustainable products and decarbonizing the company's business activities:

> Carbon neutral products by 2039
> Purchase 100% renewable energy by 2030

In 2021, Kongsberg Automotive carried out its first carbon footprint calculation for a product (a seat heater). The calculation identified the various contributions to the product's carbon emissions accounted for by the supply chain, logistics, KA's manufacturing activities, and waste disposal. Approximately 85% of the emissions were calculated to have come from the supply chain, with around 10% created by KA's manufacturing activities. The calculations also allowed KA to identify the various contributions to overall emissions accounted for by individual components and the different types of materials used in the products. Having obtained the results of this calculation, the project team started engaging with suppliers to discuss opportunities for increasing the number of recycled materials used in the product as well as understanding how much renewable energy these suppliers use. Increasing the amount of recycled materials used in the product helps reduce the product's carbon emissions as less energy is then required to obtain the raw materials. Similarly, increasing the renewable energy used in the supply chain will further reduce the product's overall carbon footprint. This data collected from the calculation allowed the project team to prioritize actions within the supply chain that will lead to the biggest reduction in the product's carbon emissions.

In 2021, Kongsberg Automotive also worked on centralizing energy supply contracts for its manufacturing locations. This was principally driven by two factors: Firstly, the sharp energy price rises and high expected volatility in energy markets during 2022 (and potentially subsequent years, also) and secondly, KA's strategic goal of achieving 100% renewable energy by 2030. At the same time, Kongsberg Automotive has been evaluating the various options for how to increase the amount of renewable energy it purchases in different regions and countries, including the potential for power purchase agreements, on-site renewable generation, and the availability of green tariffs. This work will continue into 2022.

The percentage of renewable energy purchased in 2021 remained constant at 40% of the energy used in KA's manufacturing activities.

CARBON DISCLOSURE PROJECT CLIMATE CHANGE REPORT

CLIMATE CHANGE

In the year that saw the COP26 Summit in Glasgow focus global attention on climate change, Kongsberg Automotive again experienced the impact of extreme weather events on its operations. While these have not yet resulted in any disruptions to production, there were a number of notable events, such as the snowfall in Texas in early 2021, which presented unexpected challenges. The beginning of the year saw lower winter temperatures than normal in Southeast Asia and days of much higher summer temperatures in the northern hemisphere. The plants responded well to these challenges and were able to maintain production levels and ensure safe and healthy workplaces throughout.

Each year, KA publishes its Carbon Disclosure Project (CDP) Climate Change report, which provides information on climate change and the actions taken to reduce carbon emissions resulting from its manufacturing activities as well as water management. The latest report is available on KA's website and via the QR code (see left).

CLIMATE CHANGE GOVERNANCE

The Board of Directors 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. 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.

FIVE OF KA'S MANUFACTURING FACILITIES PURCHASE 100% RENEWABLE ELECTRICITY.

CLIMATE CHANGE RISKS & OPPORTUNITIES

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

> CHANGING MARKET

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

> 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 chains 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.

> 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 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. 34% of purchased electricity is generated from renewable sources. Five of KA's manufacturing facilities – four in Scandinavia and the Brazilian facility – purchase 100% renewable electricity. Two facilities have installed solar panels that provide some of the energy they use.

2021 CARBON EMISSIONS PERFORMANCE

In 2021, the group's CO_2 emissions were approximately 45,255 metric tons of CO_2, a 7.3% increase from the 42,180 metric tons of CO_2 emitted in 2020. This increase was primarily driven by a rebound in performance in 2021 from the pandemic-affected 2020.

OUTLOOK

KA IS COMMITTED TO MAKING SIGNIFICANT INVESTMENTS INTO INNOVATION FOR EXTRAORDINARY AND PROFITABLE GROWTH WITHIN NEW SEGMENTS, REGIONS, AND MARKETS.

At the time of the editing of this annual report, the global market and Kongsberg Automotive has just been confronted with a new situation: The geopolitical tension in Ukraine. Therefore, potential impacts haven't been explicitly referred to nor considered in any detail in this outlook section.

Absent this uncertainty, production is expected to recover in 2022, albeit slowly, as the supply chain disruptions due to semiconductor shortages are expected to last throughout 2022. The global production of light vehicles in 2021 reached 76.4 million units, a slight improvement of 2.4% compared to 2020. For 2022, a rebound in light vehicle production to 82.9 million units is expected, which is an increase of 8.5% compared to 2021. However, these developments will continue to be contingent on the availability of automotive-grade chips, at least until 2023. In Greater China, IHS Markit forecasts modest growth of 0.8% for 2022, to 24.7 million units. Europe is expected to produce 18.5 million units in 2022, up from an actual 15.7 million this year. North America gained momentum heading into 2022, with a growth of just over 2.2 million units year-over-year. More normalized supply conditions are forecasted to support vehicle output levels of 90.8 million units for 2023, a further 10% year-over-year increase, and comfortably above pre-pandemic output levels of 2019.

But until then, for 2022, the assessment of market growth depends on the balance of incremental capacity gains within the semiconductor sector. Increased need for chips in vehicles and robust non-automotive chip demand due to soaring sales of consumer and entertainment electronics during the COVID-19 pandemic all factor into this assessment.

Besides semiconductor supply issues, the automotive industry continues to be affected by high prices for raw materials (copper, steel, aluminum). The geopolitical uncertainties will lead to the cost for oil, gas, and electricity to even exceed the all-time high (2021 saw an oil price increase of approximately 50%). Furthermore, the world is faced with high inflation levels, from 7% in the US up to some countries approaching hyperinflation (e.g. Turkey).

Therefore, towards the end of 2021, Tier 2 and Tier 3 automotive sub-suppliers started to broadly pass these increased costs for raw materials and logistics on to Tier 1 automotive suppliers in the form of price hikes. These costs must be addressed in the first quarter of 2022, which will involve the entire value chain. An initiative to reclaim costs from OEM / vehicle manufacturers started in January 2022 and will shape future ordering processes for semiconductors and beyond.

Prior to the recent escalation of the war in Ukraine, we would have expected further revenue growth in 2022, with a similar or slightly lower adjusted EBIT than in 2021, depending on the availability and cost of supply. We will closely monitor the situation to manage the resulting cost increases in raw materials, energy, and transportation caused due to this geopolitical risk. KA will not publish detailed guidance until the situation is more predictable.

However, KA is strongly committed in making further investments into innovation for extraordinary and profitable growth within new segments, regions, and markets, after two rather conservative years, much influenced by COVID-19.

A focal point in 2022 will be the continuation and execution of KA's ambitious and exciting Shift Gear efforts:

> Successfully closing the Interior Comfort Systems and Light-Duty Cables divestments
> Driving performance improvement
> Strengthening cash and equity
> Growing profitably and above-market rates with an increasing focus on On-Highway and Off-Highway

These measures will pave the way for the new Kongsberg Automotive, as outlined at the recent Capital Markets Day.

BOARD OF DIRECTORS

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

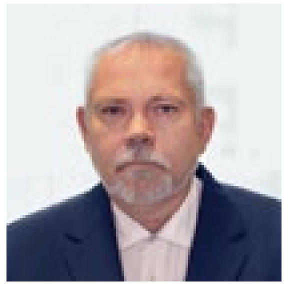
Firas Abi-Nassif
Chairman

Emese Weissenbacher
Board member

Ellen M. Hanetho
Board member

Gerard Cordonnier
Board member

Peter Schmitt
Board member



Knut Magne Alfsvåg
Employee elected

Siw Reidun Wærås
Employee elected

Bjørn Ivan Ødegård
Employee elected

Kongsberg, March 14, 2022
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 (RESTATED*)

MEUR	NOTE	2021	2020
Operating revenues	7	**831.4**	**686.9**
Other income		**0.1**	**0.4**
Operating expenses			
Raw material expenses		(404.2)	(295.4)
Change in inventories		27.6	(16.6)
Salaries and social expenses	8	(232.9)	(203.3)
Other operating expenses	9	(142.5)	(126.2)
Depreciation	15, 16	(29.4)	(27.5)
Amortization	14	(2.7)	(6.0)
Impairment losses	17	0.0	(30.3)
Total operating expenses		**(784.0)**	**(705.3)**
Operating profit / (loss)		**47.5**	**(18.0)**
Financial items			
Financial income	10	12.1	0.1
Financial expenses	10	(21.6)	(45.6)
Net financial items		**(9.5)**	**(45.5)**
Profit / (loss) before taxes		**38.0**	**(63.5)**
Income taxes	11	(9.5)	5.0
Net profit / (loss) from continuing operation		**28.5**	**(58.5)**
Discontinued operation			
Loss from discontinued operation, net of tax	12	(23.0)	(59.5)
Net profit / (loss)		**5.5**	**(118.0)**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation differences on foreign operations		(7.5)	(2.9)
Tax on translation differences		0.0	1.4
Items that will not be reclassified to profit or loss in subsequent periods:			
Translation differences on non-foreign operations		20.9	(9.4)
Remeasurement of net PBO	22	0.2	(0.1)
Tax on net PBO remeasurement		0.0	0.0
Other comprehensive income		**13.6**	**(11.0)**
Total comprehensive income for the year		**19.1**	**(129.0)**
Net profit / (loss) attributable to			
Equity holders (parent company)		5.1	(118.4)
Non-controlling interests		0.4	0.4
Total		**5.5**	**(118.0)**
Total comprehensive income attributable to			
Equity holders (parent company)		18.3	(129.3)
Non-controlling interests		0.8	0.3
Total		**19.1**	**(129.0)**
Earnings per share:			
Basic earnings per share, Euros	21	0.00	(0.21)
Diluted earnings per share, Euros	21	0.00	(0.21)
Earnings per share – Continuing operations:			
Basic earnings per share, Euros	21	0.03	(0.11)
Diluted earnings per share, Euros	21	0.03	(0.11)

* Restatement relates entirely to the requirement of IFRS 5 to present the discontinued operation separately from the continuing operations in the comparative periods.

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	NOTE	2021	2022
Operating activities			
Profit / (loss) before taxes		12.6	(123.2)
Depreciation	15, 16	43.8	43.7
Amortization	14	2.9	6.2
Impairment losses	17	0.0	82.7
Interest income	10	(0.2)	(0.2)
Interest and other financial items	10	24.1	24.2
Taxes paid		(8.3)	(11.9)
(Gain) / loss on sale of non-current assets		0.6	(0.3)
Changes in trade receivables	19	(8.0)	(21.1)
Changes in inventory	18	(41.7)	14.0
Changes in trade payables	26	13.7	7.3
Currency differences	10	(11.4)	23.0
Difference between pension funding contributions paid/pensions paid and the net pension cost	22	(0.3)	(1.0)
Changes in other items*		8.2	30.7
Cash flow from operating activities		**36.1**	**74.1**
Investing activities			
Capital expenditures, including intangible assets	14, 15	(43.7)	(60.6)
Proceeds from sale of fixed assets		0.3	1.8
Interest received	10	0.2	0.2
Cash flow used by investing activities		**(43.2)**	**(58.6)**
Financing activities			
Proceeds from increases in equity		0.0	89.7
Payments for purchase of treasury shares		0.0	(1.3)
Net draw down of debt	23	18.1	(9.3)
Interest paid and other financial items		(23.4)	(24.1)
Repayment of lease liabilities		(15.0)	(13.5)
Cash flow used by/from financing activities		**(20.3)**	**41.6**
Currency effects on cash		**18.3**	**(14.9)**
Net change in cash		(9.1)	42.2
Net cash as at January 1		67.4	25.2
Net cash as at December 31		**58.3**	**67.4**
Of this, restricted cash		0.5	0.4

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MEUR	NOTE	2021	2020
ASSETS			
Non-current assets			
Deferred tax assets	11	31.3	28.7
Intangible assets including Goodwill	14, 17	90.0	93.2
Property, plant and equipment	15, 17	140.7	228.8
Right-of-use assets	16, 17	66.6	94.3
Other non-current assets	19	3.5	11.1
Total non-current assets		**332.1**	**456.1**
Current assets			
Inventories	18	94.1	88.9
Trade and other receivables	19	250.0	261.1
Cash and cash equivalents	23	51.3	67.4
Other current assets	19	19.1	24.5
Assets held for sale	13	238.2	0.0
Total current assets		**652.7**	**441.9**
Total assets		**984.8**	**898.0**
EQUITY AND LIABILITIES			
Equity			
Share capital	20	105.6	100.8
Treasury shares	20	(1.3)	(1.3)
Share premium		219.1	209.1
Other reserves		45.0	44.9
Retained earnings		(107.1)	(112.2)
Attributable to equity holders		**261.3**	**241.4**
Non-controlling interests		4.2	4.1
Total equity		**265.5**	**245.5**
Non-current liabilities			
Deferred tax liabilities	11	27.0	14.9
Retirement benefit obligations	22	19.0	19.3
Interest-bearing liabilities	23	272.1	273.4
Non-current lease liabilities	16	66.6	89.6
Other non-current interest-free liabilities	24	1.0	2.0
Total non-current liabilities		**385.7**	**399.3**
Current liabilities			
Other current interest-bearing liabilities	27	20.6	0.0
Current lease liabilities	16	8.4	13.8
Current income tax liabilities	11	4.2	1.9
Trade and other payables	26	229.6	237.5
Liabilities directly associated with the assets held for sale	13	70.8	0.0
Total current liabilities		**333.6**	**253.2**
Total liabilities		**719.3**	**652.5**
Total equity and liabilities		**984.8**	**898.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity as at 01.01.2020	**22.8**	**0.0**	**207.6**	**42.5**	**6.2**	**279.1**	**3.8**	**282.9**
Equity increase	77.5		13.2			90.7		90.7
Purchase of treasury shares		(1.3)				(1.3)		(1.3)
Share Based Compensation				2.1		2.1		2.1
Total comprehensive income for the year:								
Loss for the year					(118.4)	(118.4)	0.4	(118.0)
Other comprehensive income:								
Translation differences on foreign operations	0.6		5.9	(9.3)		(2.7)	(0.1)	(2.9)
Tax on translation differences				1.4		1.4		1.4
Translation differences on non-foreign operations	(0.1)		(17.6)	8.3		(9.4)		(9.4)
Remeasurement of net defined pension liability				(0.1)		(0.1)		(0.1)
Tax on remeasurement of net pension liability				0.0		0.0		0.0
Other comprehensive income	**0.5**	**0.0**	**(11.7)**	**0.3**	**0.0**	**(10.8)**	**(0.1)**	**(11.0)**
Total comprehensive income for the year	**0.5**	**0.0**	**(11.7)**	**0.3**	**(118.4)**	**(129.2)**	**0.3**	**(129.0)**
Equity as at 31.12.2020	**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)
Total comprehensive income for the year:								
Profit for the year					5.1	5.1	0.4	5.5
Other comprehensive income:								
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
Tax on remeasurement of net pension liability				0.0		0.0		0.0
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**

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 14, 2022

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

Firas Abi-Nassif
Chairman

Emese Weissenbacher
Board member

Ellen M. Hanetho
Board member

Gerard Cordonnier
Board member

Peter Schmitt
Board member

Knut Magne Alfsvåg
Employee elected

Siw Reidun Wærås
Employee elected

Bjørn Ivan Ødegård
Employee elected

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 companyis a limited liability company incorporated and domiciled in Norway.

The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The companyis listed on the Oslo Stock Exchange. The group's consolidated financial statements were authorized for issue by the Board of Directors on March 14, 2022.

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 December 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.

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, 2021, 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 re-translated.

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 Kroner. 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).

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.

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.

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 19 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 accounting for as a defined contribution pension plan. Norwegian employees are included in this scheme.

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 20.

In 2018 a new Long-Term Incentive Plan (LTIP) for management and key employees was implemented. The award 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) measured relatively to a defined peer group. Regarding the RSU part, all RSU granted in 2021 and thereafter 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 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 from 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.

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.

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.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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 95% 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 3.4 with a decrease of 0.5% having an approximately MEUR 3.5 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 23) 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 (Interior segment: Light duty cables and Comfort systems; 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, 2021 was MEUR 84.1 (2020: MEUR 85.4). No impairment losses were recognized in 2021. Total impairment losses of MEUR 82.7 were recognized in 2020, out of which MEUR 58.7 was the impairment of the Goodwill. Details of the impairment test are set out in note 17.

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

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, 2021 was MEUR 7.8 (2020: MEUR 9.2). Refer to notes 3 and 14 for further information.

Deferred tax asset

Deferred income tax assets are recognized at 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, 2021. 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:

- Amendment to IFRS 16 concerning COVID-19-Related Rent Concessions beyond 30 June 2021,
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2,
- Amendments to IFRS 4 Insurance contracts – deferral of IFRS 9.

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:

- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract (Effective from 01 January 2022)
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use (Effective from 01 January 2022)
- Annual Improvements to IFRS Standard 2018-2020 (Effective from 01 January 2022)
- Amendments to IFRS 3 – Reference to the Conceptual Framework (Effective from 01 January 2022)
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 (Effective from 01 January 2023)
- Amendments to IAS 1 – Classification of liabilities as current or non-current (Effective from 01 January 2023)
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies (Effective from 01 January 2023)
- Amendment to IAS 8 – Definition of Accounting Estimate (Effective from 01 January 2023)
- Amendments to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction (Effective from 01 January 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 PARENT 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%	
Shanghai Lone Star Cable Co Ltd	China	100%	
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 Interior Systems Kft	Hungary	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 Automotive S. de RL de CV	Mexico	100%	
Kongsberg Driveline Systems S. de RL de CV	Mexico	100%	
Kongsberg Fluid Transfer Systems, S. de R.L. de CV	Mexico	100%	
Kongsberg Interior Systems S. de RL 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 Interior Systems II LLC.	US	100%	
Kongsberg Automotive Inc.	US	100%	
Kongsberg Power Products Systems I LLC.	US	100%	
Kongsberg Automotive Finance BV**	Netherlands	100%	

* 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)

NOTE 7 SEGMENT INFORMATION

OPERATING SEGMENTS

As of December 31, 2021, the group has 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 is classified as held for sale and as a discontinued operation (see notes 12 and 13). The cable-related part of the Specialty Products segment is also included in the discontinued operation. The comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operation.

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, 2021):

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)

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**
Timing of revenue recognition					
Performance obligations satisfied at a point in time	8.4	429.9	393.2	0.0	831.4
Assets and liabilities					
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.
Balances in the Interior segment not classified as Assets held for sale and Discontinued operation relate to the Head- and Armrest business in Sweden as well as account receivables and account payables that were not part of the divestiture transactions.

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)

2020

MEUR	INTERIOR PRODUCTS	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
Product sales	266.4	360.2	320.4	0.0	947.1
Tooling	3.0	6.1	2.3	0.0	11.4
Engineering	1.6	6.0	1.0	0.0	8.6
Other income	1.5	0.2	0.3	0.0	1.9
Operating revenues	**272.5**	**372.5**	**324.0**	**0.0**	**968.9**
Revenues from discontinued operation	264.4	0.0	17.6	0.0	282.0
Revenues from continuing operation	**8.1**	**372.5**	**306.3**	**0.0**	**686.9**
EBITDA	**(44.8)**	**(13.0)**	**54.5**	**(23.0)**	**(26.3)**
Depreciation	(16.4)	(14.6)	(11.0)	(1.7)	(43.7)
Amortization	(0.3)	(5.2)	(0.4)	(0.3)	(6.2)
Operating profit / (loss) – EBIT	**(61.4)**	**(32.7)**	**43.1**	**(25.0)**	**(76.2)**
Operating (loss) / profit (EBIT) from discontinued operation	(61.5)	0.0	3.7	(0.4)	(58.2)
Operating (loss) / profit (EBIT) from continuing operation	**0.1**	**(32.7)**	**39.4**	**(24.8)**	**(18.0)**
Impairment losses, thereof:	*0.0*	*(30.3)*	*0.0*	*0.0*	*(30.3)*
- allocated to Goodwill	0.0	(6.5)	0.0	0.0	(6.5)
- allocated to assets other than Goodwill	0.0	(23.8)	0.0	0.0	(23.8)
Timing of revenue recognition					
Performance obligations satisfied at a point in time	8.1	372.5	306.3	0.0	686.9
Assets and liabilities					
Goodwill	3.9	16.2	65.3	0.0	85.4
Other intangible assets	0.6	6.2	0.8	0.3	7.8
Property, plant and equipment	100.4	66.5	60.9	1.0	228.8
Right-of-use assets	32.7	26.7	24.2	10.8	94.3
Inventories	21.7	29.5	37.7	0.0	88.9
Trade receivables	36.0	101.3	47.6	53.0	237.9
Other assets	12.9	6.2	5.2	0.0	24.3
Segment assets	**208.1**	**252.5**	**241.8**	**65.1**	**767.5**
Unallocated assets				130.5	130.5
Total assets	**208.1**	**252.5**	**241.8**	**195.6**	**898.0**
Trade payables	39.7	55.9	28.5	13.6	137.8
Non-current lease liabilities	29.0	27.4	23.5	9.8	89.6
Current lease liabilities	4.7	5.4	2.1	1.7	13.8
Segment liabilities	**73.4**	**88.7**	**54.1**	**25.1**	**241.2**
Unallocated liabilities				411.3	411.3
Total liabilities	**73.4**	**88.7**	**54.1**	**436.3**	**652.5**
Total equity				**245.5**	**245.5**
Total equity and liabilities	**73.4**	**88.7**	**54.1**	**681.9**	**898.0**
Capital expenditure	(27.9)	(18.3)	(14.2)	(0.2)	(60.6)

* 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.
Balances in the Interior segment not classified as Discontinued operation relate to the Head- and Armrest business in Sweden that was not part of the divestiture transactions.

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	2021	2020
Segment assets of reportable segments	618.0	702.4
Assets of segment Other	13.1	65.1
Assets held for sale	238.2	0.0
Unallocated assets include:		
Deferred tax assets	31.3	28.7
Other non-current assets	1.6	2.3
Cash and cash equivalents	51.3	67.4
Other current receivables	31.3	32.2
Total assets of the group	**984.8**	**898.0**

Operating segments – reconciliation to total liabilities

MEUR	2021	2020
Trade payables of reportable segments	137.5	124.2
Non-current lease liabilities of reportable segments	55.6	79.8
Current lease liabilities of reportable segments	6.8	12.1
Liabilities of segment Other	18.8	25.1
Liabilities directly associated with the assets held for sale	70.8	0.0
Unallocated liabilities include:		
Deferred tax liabilities	27.0	14.9
Retirement benefit obligations	19.0	19.3
Interest-bearing loans and borrowings	272.1	273.4
Other non-current interest-free liabilities	1.0	2.0
Bank overdrafts	0.6	0.0
Other current interest-bearing liabilities	20.0	0.0
Current income tax liabilities	4.2	1.9
Other short term liabilities	86.0	99.7
Total liabilities of the group	**719.3**	**652.5**

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	2021	%	2020	%
Europe	331.9	40%	289.3	42%
North America	298.0	36%	250.5	37%
South America	26.4	3%	14.4	2%
Asia	170.8	20%	129.9	19%
Other	4.3	1%	2.8	0%
Revenues from continuing operation	**831.4**		**686.9**	
Revenues from discontinued operation	335.4		282.0	
Total operating revenues	**1,166.8**		**968.9**	

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

MEUR	2021	%	2020	%
Europe	167.1	56%	250.1	60%
North America	93.4	32%	115.1	27%
South America	3.0	1%	2.4	1%
Asia	33.8	11%	48.7	12%
Total Intangible assets, PP&E and RoU – Continuing operation	**297.3**		**416.3**	
Total Intangible assets, PP&E and RoU – Classified as Assets held for sale	150.3			
Total Intangible assets, PP&E and RoU	**447.6**			

Major customers

Included are revenues from continuing operations of MEUR 83.2 (2020: MEUR 59.5) in 2021 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 in 2021. In 2020, the group had no customer accounting for more than 10% of total revenues excluding the revenues re-classified as discontinued operation.

NOTE 8 SALARIES AND SOCIAL EXPENSES

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

MEUR	2021	2020 (RESTATED)
Wages and salaries	165.6	149.1
Social security tax	27.8	26.5
Pension cost, defined benefit plans	0.8	0.3
Pension cost, defined contribution plans	11.8	8.9
Other employee-related expenses*	29.3	27.0
Government support – wages and salaries	(2.4)	(8.5)
Total salaries and social expenses	**232.9**	**203.3**

* Other employee-related expenses include bonus costs.

As of December 31, 2021, the group had 11,234 employees, while as of December 31, 2020, the number of employees was 10,908. With employees from discontinued operation being excluded the total number of employees amounted to 5,624 as of December 31, 2021.

NOTE 9 OTHER OPERATING EXPENSES

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

MEUR	2021	2020 (RESTATED)
Operating expenses		
Freight, packaging and customs duties charges	42.3	32.5
Facility costs	9.4	8.1
Consumables	25.1	23.1
Repairs and maintenance	11.9	10.3
Service costs / External services	8.4	8.5
Other costs	11.1	11.6
Government support – rent and other costs	0.0	(0.3)
Administrative expenses		
Utilities	1.3	0.1
Service costs / External services	26.7	19.8
Consumables	5.3	4.6
Travel costs	1.0	1.3
Other costs	0.1	6.7
Total other operating expenses	**142.5**	**126.2**

NOTE 10 FINANCIAL ITEMS

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

MEUR	2021	2020 (RESTATED)
Foreign currency gains *	12.0	0.0
Interest income	0.1	0.1
Total financial income	**12.1**	**0.1**
Interest expense	(15.0)	(15.6)
IFRS 16 interest expense	(3.9)	(3.7)
Foreign currency losses *	0.0	(23.3)
Account receivables securitization – expense	(1.2)	(0.4)
Other financial expenses	(1.5)	(2.7)
Total financial expenses	**(21.6)**	**(45.6)**
Total financial items	**(9.5)**	**(45.5)**

* Includes unrealized currency gain of MEUR 11.5 and realized currency gain of MEUR 0.5 (2020: realized currency loss of MEUR 1.4 and unrealized currency loss of MEUR 21.9).

NOTE 11 TAXES

Tax recognized in statement of income
The major components of income tax expense:

MEUR	2021	2020 (RESTATED)
Current tax on profits for the year *	(11.5)	(10.0)
Adjustments in respect of prior years – current tax	2.3	3.6
Total current tax	**(9.2)**	**(6.4)**
Current year change in deferred tax	(3.5)	11.4
Impact of changes in tax rates	(1.2)	0.0
Adjustments in respect of prior years – deferred tax	4.4	0.0
Total change in deferred tax	**(0.3)**	**11.4**
Total income tax (expense) / credit	**(9.5)**	**5.0**

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

Tax recognized in other comprehensive income

MEUR	2021	2020
Tax on translation differences	0.0	1.4
Tax on pension remeasurement	0.0	0.0
Tax in other comprehensive income	**0.0**	**1.4**

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2021	2020 (RESTATED)
Profit / (loss) before taxes	**38.0**	**(63.3)**
Expected tax calculated at Norwegian tax rate	(8.2)	13.7
Goodwill impairment	0.0	(1.4)
Other permanent differences / currency	(0.7)	(0.6)
Effect of withholding tax	(2.5)	(0.6)
Foreign tax rate differential	0.2	(0.8)
Impact of changes in tax rates and legislation	(1.2)	0.0
Losses not recognized as deferred tax assets	(3.7)	(6.0)
Write down of deferred tax assets	0.0	(0.9)
Adjustments in respect of prior years and other adjustments	6.6	1.6
Income tax (expense) / credit	**(9.5)**	**5.0**
Average effective tax rate	**25%**	**8%**

NOTE 11 TAXES (CONTINUED)

Tax recognized in the Statement of Financial Position

Current tax liability

MEUR	2021	2020
Current income tax receivables *	2.4	0.4
Current income tax liabilities	(4.3)	(1.9)
Total	**(1.9)**	**(1.5)**

* Included under "Other current assets".
Balances as of December 31, 2021, do not include tax positions classified as held for sale in contrast to balances as of December 31, 2020.

Deferred tax

MEUR	2021	2020
Deferred tax assets	31.3	28.7
Deferred tax liabilities	(27.0)	(14.9)
Total	**4.3**	**13.8**

Due to Norwegian group contribution, there is a reclassification between current tax and deferred tax of 2.5 MEUR.
Balances as of December 31, 2021, do not include tax positions classified as held for sale in contrast to balances as of December 31, 2020.

Tax positions not recognized

MEUR	2021	2020 (RESTATED)
Tax positions not recognized	18.3	20.3
Total	**18.3**	**20.3**

Remaining lifetime of tax losses (net tax value)

MEUR	2021	2020 (RESTATED)
Less than five years	2.5	1.2
5–10 years	4.7	3.6
10–15 years	0.0	0.5
Without time limit	18.4	20.6
Total	**25.6**	**25.9**

NOTE 11 TAXES (CONTINUED)

Specification of deferred tax assets / (liabilities) recognized in the Statement of Financial Position

2021 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)	**7.2**	**0.9**	**(1.2)**	**0.0**	**(2.6)**	**4.3**

2020 MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	FX DIFF AND RECLASSIFICATION DUE TO GROUP CONTRIBUTION	CLOSING BALANCE
Property, plant and equipment	(2.2)	3.4	0.0	0.0	0.0	1.2
Intangible assets	(4.6)	1.6	0.0	0.0	0.2	(2.8)
Leases	0.6	1.2	0.0	0.0	0.0	1.8
Retirement benefits obligations	3.5	0.0	0.0	0.0	0.0	3.5
Losses carried forward	5.6	1.4	0.0	0.0	(0.3)	6.7
Trade receivables	2.2	1.8	0.0	0.0	(0.1)	3.8
Accrued expenses	1.6	1.0	0.0	0.0	(0.1)	2.5
Accrued interest	5.4	(3.8)	0.0	0.0	(0.2)	1.4
Unrealized exchange differences on long-term receivables / payables	(23.8)	3.3	0.0	0.0	1.5	(19.0)
Other temporary differences	5.6	1.2	0.0	1.4	(0.2)	8.0
Net deferred tax assets / (liabilities)	**(6.1)**	**11.1**	**0.0**	**1.4**	**0.8**	**7.2**

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 18.3 will not be deductible within the foreseeable future.

NOTE 12 DISCONTINUED OPERATION

Description

On October 28, 2021, two separate Sale and Purchase Agreements were signed to sell the Interior segment in its entirety, comprising the Interior Comfort System business and the Light Duty Cable business with the cable-related part of Off-Highway business. As these businesses together represent a separate major line of Kongsberg Automotive group, they are presented as discontinued operation.

Results of discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2020
Operating revenues	**259.8**	**75.6**	**335.4**	**213.6**	**68.4**	**282.0**
Operating expenses						
Raw material expenses	(157.7)	(39.2)	(196.9)	(108.3)	(34.0)	(142.3)
Change in inventories	9.1	5.0	14.1	0.6	2.0	2.6
Salaries and social expenses	(72.0)	(20.9)	(92.9)	(61.8)	(17.6)	(79.5)
Other operating expenses	(46.0)	(21.9)	(67.9)	(37.3)	(14.9)	(52.2)
Depreciation	(12.4)	(2.1)	(14.5)	(13.8)	(2.4)	(16.2)
Amortization	(0.2)	(0.0)	(0.2)	(0.2)	(0.0)	(0.3)
Impairment losses	0.0	0.0	0.0	(19.4)	(33.0)	(52.4)
Total operating expenses	**(279.2)**	**(79.0)**	**(358.2)**	**(240.3)**	**(99.9)**	**(340.3)**
Operating profit / (loss)	**(19.4)**	**(3.4)**	**(22.8)**	**(26.7)**	**(31.5)**	**(58.2)**
Financial items						
Financial income			0.0			0.1
Financial expenses			(2.6)			(1.6)
Net financial items			**(2.6)**			**(1.5)**
Profit / (loss) before taxes			**(25.4)**			**(59.7)**
Income taxes			2.4			0.2
Loss from discontinued operation			**(23.0)**			**(59.5)**
Translation differences on foreign discontinued operation			**5.6**			**(12.3)**
Basic earnings per share, Euros			**(0.02)**			**(0.11)**
Diluted earnings per share, Euros			**(0.02)**			**(0.11)**

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

The loss from the discontinued operation of MEUR 23.0 (2020: loss of MEUR 59.5) is attributable entirely to the owners of the company.

NOTE 12 DISCONTINUED OPERATION (CONTINUED)

Cash flows from (used by) discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2020
Net cash flow from (used by) operating activities	(15.7)	(4.9)	(20.6)	12.0	4.3	16.3
Net cash flow used by investing activities	(14.5)	(2.1)	(16.6)	(26.6)	(1.3)	(27.9)
Net cash flow used by financing activities	(7.2)	(1.9)	(9.1)	(5.9)	(1.5)	(7.3)
Net cash flows for the year	**(37.4)**	**(8.9)**	**(46.3)**	**(20.5)**	**1.6**	**(18.9)**

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

NOTE 13 ASSETS AND LIABILITIES OF DISCONTINUED OPERATION CLASSIFIED AS HELD FOR SALE

Description
The assets and liabilities of the Interior Comfort System business, the Light Duty Cable business and the cable-related part of Off-Highway business are available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such transactions and their sale is highly probable. Thus, the assets and liabilities are presented as a held for sale.

Impairment test
The assets and liabilities held for sale are measured at the lower of its carrying amount and fair value less costs to sell. As Interior Comfort Systems and Light Duty Cable businesses are expected to be fully disposed of within Q1 2022, the fair value of the assets and liabilities classified as held for sale was determined based on the proceeds to be received from the disposal as agreed in the Sale and Purchase Agreements signed on October 28, 2021. As the consideration to be received less costs to sell exceeds the carrying value, no impairment is needed.

Assets and liabilities held for sale
As of December 31, 2021, the discontinued operation comprised the following assets and liabilities:

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2021
Assets			
Non-current assets			
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**
Current assets			
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			
Non-current liabilities			
Non-current lease liabilities	29.2	1.9	31.1
Total non-current liabilities	**29.2**	**1.9**	**31.1**
Current liabilities			
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 14 INTANGIBLE ASSETS

MEUR	GOODWILL	CUSTOMER RELATIONSHIPS	PATENTS AND DEVELOPMENT	SOFTWARE AND OTHER	TOTAL
Cost	170.7	96.0	52.6	15.2	334.5
Accumulated amortization	(21.6)	(95.8)	(43.9)	(13.0)	(174.3)
Book value at 31.12.2019	**149.1**	**0.2**	**8.7**	**2.2**	**160.2**
Cost at 01.01.2020	170.7	96.0	52.6	15.2	334.6
Additions	0.0	0.0	4.0	0.3	4.3
Disposals accumulated cost	0.0	0.0	0.0	(0.1)	(0.1)
Translation differences on cost	(8.6)	(5.3)	(1.4)	(0.7)	(16.0)
Acquisition costs at 31.12.2020	**162.1**	**90.7**	**55.2**	**14.8**	**322.8**
Accumulated amortization at 01.01.2020	(21.6)	(95.8)	(43.9)	(13.0)	(174.3)
Amortization & Write-off of tangible assets	0.0	(0.1)	(4.9)	(1.2)	(6.2)
Impairment loss	(58.7)	0.0	(1.3)	(0.4)	(60.3)
Disposals accumulated amortization	0.0	0.0	0.0	0.1	0.1
Translation differences on amortization	3.6	5.3	1.2	1.1	11.2
Accumulated amortization at 31.12.2020	**(76.7)**	**(90.6)**	**(48.8)**	**(13.4)**	**(229.6)**
Cost	162.1	90.7	55.2	14.8	322.8
Accumulated amortization / impairment	(76.7)	(90.6)	(48.8)	(13.5)	(229.6)
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 at 01.01.2021	(76.7)	(90.6)	(48.8)	(13.4)	(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 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)
Book value at 31.12 2021	**84.1**	**0.1**	**4.9**	**1.0**	**90.0**

NOTE 14 INTANGIBLE ASSETS (CONTINUED)

Internally developed intangible assets

MEUR	2021	2020
Internally developed intangible assets at 01.01.2021	9.2	8.3
Additions during the year	0.2	3.4
Amortization / impairment	(2.3)	(2.3)
Translation differences	0.7	(0.2)
Internally developed intangible assets at 31.12.2021	**7.8**	**9.2**
Non-capitalised development costs net of customer contribution	(45.2)	(44.1)
Amortization of internally developed intangible assets	(2.3)	(2.3)
Total recognized development cost in the reporting period *	**(47.5)**	**(46.4)**
Cash investment in development	(45.5)	(47.6)

* Net amount, gross amount MEUR 55.9 in 2021 (2020: MEUR 54.9).

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

NOTE 15 PROPERTY, PLANT & EQUIPMENT (PP&E)

MEUR	LAND	BUILDINGS	EQUIPMENT	TOTAL
Cost	4.5	29.7	596.1	630.3
Accumulated depreciation	0.0	(21.9)	(376.3)	(398.2)
Book Value at 31.12 2019	**4.5**	**7.8**	**219.8**	**232.1**
Cost at 01.01.2020	4.5	29.7	596.1	630.3
Additions	0.0	0.3	59.4	59.7
Disposals accumulated cost	(0.9)	(1.1)	(7.9)	(9.9)
Translation differences	0.0	(0.9)	(31.5)	(32.4)
Acquisition costs at 31.12.2021	**3.6**	**28.0**	**616.1**	**647.7**
Accumulated depreciation at 01.01.2020	0.0	(21.9)	(376.3)	(398.2)
Depreciation	0.0	(1.1)	(29.1)	(30.2)
Impairment loss	(1.2)	(0.6)	(15.1)	(16.9)
Disposals accumulated depreciation	0.0	0.9	7.2	8.1
Translation differences	0.0	0.7	17.6	18.3
Accumulated depreciation at 31.12.2020	**(1.2)**	**(22.0)**	**(395.7)**	**(418.9)**
Cost	3.6	28.0	616.1	647.7
Accumulated depreciation	(1.2)	(22.0)	(395.7)	(418.9)
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 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 at 31.12.2021	**(1.2)**	**(22.3)**	**(334.8)**	**(358.4)**
Cost	3.1	28.0	468.0	499.1
Accumulated depreciation	(1.2)	(22.3)	(334.8)	(358.4)
Book Value at 31.12 2021	**1.9**	**5.7**	**133.1**	**140.7**

Impairment testing

See note 17 for information related to impairment testing of intangible assets, PP&E and right-of-use assets.

NOTE 16 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	EQUIPMENT	TOTAL
Cost	113.5	4.4	117.9
Accumulated depreciation	(13.2)	(0.9)	(14.1)
Book Value at 31.12 2019	**100.3**	**3.5**	**103.8**
Cost 01.01.2020	113.5	4.4	117.9
Additions	17.3	0.5	17.8
Lease terminations	(1.5)	(0.8)	(2.3)
Translation differences	(7.8)	(0.1)	(7.9)
Acquisition costs at 31.12.2020	**121.5**	**4.0**	**125.5**
Accumulated depreciation 01.01.2020	(13.2)	(0.9)	(14.1)
Depreciation	(12.8)	(0.7)	(13.5)
Impairment loss	(4.3)	(1.2)	(5.6)
Lease terminations	1.1	0.0	1.1
Translation differences	0.9	0.0	1.0
Accumulated depreciation 31.12.2020	**(28.3)**	**(2.8)**	**(31.2)**
Cost	121.5	4.0	125.5
Accumulated depreciation	(28.3)	(2.8)	(31.2)
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)	(3.8)
Reclassification to assets held for sale	(47.8)	(1.0)	(48.8)
Translation differences	4.6	0.1	4.7
Acquisition costs at 31.12.2020	**91.8**	**5.6**	**97.4**
Accumulated depreciation at 01.01.2021	(28.3)	(2.8)	(31.2)
Depreciation	(11.6)	(0.7)	(12.3)
Disposals accumulated depreciation	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 at 31.12.2021	**(27.6)**	**(3.2)**	**(30.8)**
Cost	91.8	5.6	97.4
Accumulated depreciation	(27.6)	(3.2)	(30.8)
Book Value at 31.12 2020	**64.2**	**2.3**	**66.6**

NOTE 16 RIGHT-OF-USE ASSETS (CONTINUED)

Lease liabilities

MEUR	2021	2020
Non-current lease liabilities	66.6	89.6
Current lease liabilities	8.4	13.8
Total lease liabilities	**75.0**	**103.4**

Maturity analysis – contractual undiscounted cash flows

MEUR	2021	2020
Within one year	12.0	17.9
One to five years	42.0	54.8
More than five years	44.4	59.3
Total undiscounted lease commitments	**98.4**	**132.0**

Undiscounted lease commitments in 2021 do not relate to RoU assets classified as Assets held for sale as of December 31, 2021.
In 2021, the group had total cash outflows of approximately MEUR 19.7 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	2021	2020 (RESTATED)
Interest expense on lease liabilities (included in financial items)	(3.9)	(3.7)
Depreciation of Right-of-use assets	(8.4)	(8.7)
Expenses relating to low value and short-term leases	(0.4)	(0.7)
Total expenses relating to leases	**(12.8)**	**(13.1)**

NOTE 17 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 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 Interior Comfort Systems, Light Duty Cables, 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 2%). 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 2023. 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, ranging from 2% to 7% depending on the region, as well as on raw material price development increasing by 3%, 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.

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 was used to determine the best estimate. The WACC was calculated to be 10.5% 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: 0.87%. Based on 10-year governmental Eurobond rate and US treasury 10-year yield, weighted 50/50.
- Beta: 1.91. Based on an estimated unlevered beta for the automotive industry levered to the group's structure.
- Market Risk Premium: 7.40% (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 31.12.2021

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. No reasonable change in any of the key assumptions would cause the 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

	POWERTRAIN AND CHASSIS		SPECIALTY PRODUCTS			
MEUR	ON-HIGHWAY	DRIVELINE	COUPLINGS	FLUID TRANSFER SYSTEMS	OFF-HIGHWAY	TOTAL
- Goodwill						
Gross book value as at 01.01.2021	16.2	6.4	0.2	50.1	15.1	88.0
Accumulated impairment as of 01.01.2021	0.0	(6.4)	0.0	0.0	(1.2)	(7.6)
Translation adjustments	0.7	(0.0)	0.0	3.3	(0.2)	3.8
Net book value as at 31.12.2021	**16.9**	**0.0**	**0.2**	**53.4**	**13.7**	**84.2**

NOTE 18 INVENTORIES

Specification of inventories

MEUR	2021	2020
Raw materials	60.1	55.3
Work in progress	19.0	14.3
Finished goods	14.9	19.3
Total lease liabilities	**94.1**	**88.9**

Values displayed above are net of provisions for slow-moving and obsolete inventory shown below.
Assets as of December 31, 2021 do not include assets classified as held for sale (see Note 13).

Provision for slow-moving and obsolete inventory

MEUR	2021	2020
Book value at 01.01.	(15.6)	(10.3)
Reclassification to Assets held for sale	2.7	0.0
Write-down	(2.6)	(7.2)
Products sold (previously written down)	0.7	0.0
Reversal of prior write-downs	2.3	1.3
Foreign currency effects	(0.4)	0.5
Book value at 31.12.	**(12.9)**	**(15.6)**

NOTE 19 TRADE AND OTHER RECEIVABLES

Specification of trade and other receivables

MEUR	2021	2020
Trade receivables	230.9	237.9
Public duties	9.5	11.8
Account receivables	2.5	1.3
Other short-term receivables	7.1	10.1
Total trade and other receivables	**250.0**	**261.1**

Assets as of December 31, 2021 do not include assets classified as held for sale (see Note 13).

Trade receivables maturity

MEUR	2021	2020
Not overdue	210.4	221.3
Overdue 1-20 days	14.2	11.0
Overdue 21-40 days	4.2	2.1
Overdue 41-80 days	0.5	1.1
Overdue 81-100 days	0.1	0.4
Overdue > 100 days	2.4	2.7
Gross trade receivables	**231.7**	**238.5**
Total provision for bad debt	(0.9)	(0.7)
Net trade receivables	**230.9**	**237.9**

The provision for bad debt has increased by MEUR 0.4 compared to 31.12.2020 (excluding the provision reclassified together with the account receivables as held for sale). 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. There are no losses expected on trade receivables in 2021 (2020: MEUR 0.2). The risk for losses on receivables other than trade receivables is assessed to be insignificant. For risk management see note 25.

Receivables by currency

MEUR	2021	2020
CNY	72.9	75.4
EUR	70.8	90.4
USD	56.2	62.9
NOK	7.9	10.5
Other	42.2	21.9
Total receivables	**250.0**	**261.1**

NOTE 19 TRADE AND OTHER RECEIVABLES (CONTINUED)

Other current assets

MEUR	2021	2020
Tooling for sale	6.5	11.8
Customer development for sale	0.1	2.3
Prepayments	11.6	9.3
Capitalized financing costs – current	0.7	0.7
Contract costs – current	0.2	0.5
Total other current assets	**19.1**	**24.5**

Assets as of December 31, 2021 do not include assets classified as held for sale (see Note 13).

Other non-current assets

MEUR	2021	2020
Long-term receivables	1.1	2.4
Contract costs – non-current	0.8	6.4
Grants and others	1.1	1.1
Capitalized financing costs – non-current	0.5	1.2
Total other non-current assets	**3.5**	**11.1**

Assets as of December 31, 2021 do not include assets classified as held for sale (see Note 13).

NOTE 20 SHARE CAPITAL

Shares

The share capital of the company is NOK 1,055,560,643.30 comprising 1,055,560,643 ordinary shares with a par value of NOK 1.00. The company holds 1,826,902 shares as treasury shares. In February 2021 the company consolidated its shares by a consolidation factor of 10:1, increasing par value per share from NOK 0.10 to NOK 1.00. For more information see the Statement of Changes in Equity. The company is listed on the Oslo Stock Exchange with the ticker code "KOA".

	2021	2020
Number of shares in issue at 01.01.	10,548,606,433	447,991,012
New shares issued		10,100,615,421
Reverse split of shares	(9,493,045,790)	
Total other current assets	**1,055,560,643**	**10,548,606,433**
Of these, treasury shares	1,826,902	37,206,972

NOTE 20 SHARE CAPITAL (CONTINUED)

Treasury shares
The company holds 1,826,902 treasury shares (2020: 37,206,972). 1,933,334 treasury shares were redeemed in 2021.

The twenty largest shareholders in the company as at 31.12.2021 were as follows:

SHAREHOLDERS AND NOMINEES	NO. OF SHARES	%	COUNTRY	TYPE OF ACCOUNT
Morgan Stanley & Co. Int. Plc.	224,477,513	21.3%	United Kingdom	Nominee
Nordnet Bank AB	48,092,662	4.6%	Sweden	Nominee
Teleios Global Opportunities Master	24,963,209	2.4%	Cayman Islands	Ordinary
Danske Bank A/S	18,991,312	1.8%	Denmark	Nominee
Saxo Bank A/S	17,968,920	1.7%	Denmark	Nominee
Verdipapirfondet Nordea Norge Verd	15,338,374	1.5%	Norway	Ordinary
Nordnet Livsforsikring AS	15,207,995	1.4%	Norway	Ordinary
Arild Vigen Christoffersen	12,564,142	1.2%	Norway	Ordinary
Verdipapirfondet KLP Aksjenorge	8,187,844	0.8%	Norway	Ordinary
Verdipapirfondet Nordea Kapital	7,171,377	0.7%	Norway	Ordinary
Commuter 2 AS	6,920,000	0.7%	Norway	Ordinary
Avanza Bank AB	6,595,718	0.6%	Sweden	Nominee
Verdipapirfondet Nordea Avkastning	6,242,639	0.6%	Norway	Ordinary
UBS Switzerland AG	6,218,659	0.6%	Switzerland	Nominee
Nordea Bank Abp	6,041,507	0.6%	Denmark	Nominee
Citibank, N.A.	4,236,079	0.4%	Ireland	Nominee
JPMorgan Chase Bank, N.A., London	4,044,188	0.4%	United Kingdom	Nominee
Kjetil Tvedt	4,000,000	0.4%	Norway	Ordinary
A/S Skarv	4,000,000	0.4%	Norway	Ordinary
The Bank of New York Mellon SA/NV	3,872,277	0.4%	Denmark	Nominee
Total twenty largest shareholders	**445,134,415**	**42.2%**		
Other shareholders	610,426,228	57.8%		
Number of shares in issue at 31.12.2021	**1,055,560,643**	**100.0%**		
Number of shareholders	31,049			
Foreign ownership	41.2%			

Share options
Options at NOK 58.00 (grant 2014), NOK 59.00 (grant 2015), and NOK 62.00 (grant 2016) expire after 7 years. Options at NOK 106.00 (grant 2018), NOK 79.00 (grant 2019), and NOK 3.00 (grant 2021) are Performance Stock Options and expire 10 years after the date of grant.

Due to the share consolidation activity (reverse split) in January 2021, in which 10 old shares give 1 new share, as per the approval by the Extraordinary General Meeting on January 29th, 2021, the number and the exercise price for the options granted before 2021 was adjusted by a factor of 10. The company has no legal or constructive obligation to repurchase or settle the options in cash. Refer to note 3 for further information.

NOTE 20 SHARE CAPITAL (CONTINUED)

Movements in share options (NOK)

NOK	2021 AVERAGE EXERCISE PRICE	2021 OPTIONS	2020 AVERAGE EXERCISE PRICE	2020 OPTIONS
Options at 01.01.	8.07	7,002,313	8.08	8,044,663
Granted	3.02	8,518,775	10.64	(28,164)
Forfeited	11.10	(334,876)	8.60	(928,852)
Expired	74.37	(39,631)	1.50	(85,334)
Adjusted (Quantity)	106.40	(152,530)	–	–
Modification/Dividends	81.13	(6,265,053)	–	–
Options at 31.12.	**6.81**	**8,728,998**	**8.07**	**7,002,313**

Outstanding options at the end of the year (NOK)

EXPIRY DATE	2021 EXERCISE PRICE (NOK)	2021 OPTIONS	2020 EXERCISE PRICE (NOK)	2020 OPTIONS
10.04.2021	58.00	–	5.80	226,200
10.04.2022	59.00	45,733	5.90	470,586
10.04.2023	62.00	113,785	6.20	1,152,853
05.06.2028	106.00	–	10.64	1,697,660
15.05.2029	79.00	314,516	7.87	3,455,014
10.06.2031	3.00	8,254,964	–	–
Options at 31.12.		**8,728,998**		**7,002,313**

Restricted Stock Units
As a consequence of the share consolidation activity (reverse split), the amount of restricted stock units granted was decreased by a factor of 10 as per the resolution of the Extraordinary General Meeting held on January 29, 2021.

Movements in restricted stock units (RSU)

NOK	2021	2020
RSU at 01.01.	43,845,671	3,270,018
Granted	6,054,705	(19,293)
Released	(519,676)	(22,305,196)
Forfeited	(1,889,402)	(5,286,438)
Adjusted	(39,500,880)	68,186,580
RSU at 31.12.	**7,990,418**	**43,845,671**

NOTE 20 SHARE CAPITAL (CONTINUED)

Outstanding restricted stock units at the end of the year

GRANT (VESTING DATE)	2021	2020
Grant 2018 (07.06.2021)	–	8,998,210
Grant 2019 (16.05.2022)	2,123,216	34,847,461
Grant 2021 (10.06.2024)	5,867,202	–
RSU at 31.12.	**7,990,418**	**43,845,671**

NOTE 21 EARNINGS AND DIVIDEND PER SHARE

Earnings per share for the continuing operations

	2021	2020 (RESTATED)
Net (loss) / profit attributable to equity shareholders (MEUR)	5.1	(118.4)
Weighted average number of shares in issue	**1,058.5**	**557.8**
Weighted average total number of ordinary shares	*1,061.2*	*558.9*
Weighted average number of treasury shares held	*(2.7)*	*(1.1)*
Basic earnings per share, EUR	**0.00**	**(0.21)**
Weighted average number of shares in issue (diluted)	**1,068.5**	**560.6**
Weighted average number of outstanding options	*10.0*	*2.8*
Diluted earnings per share, EUR	**0.00**	**(0.21)**

Earnings per share for the group

	2021	2020 (RESTATED)
Net (loss) / profit attributable to equity shareholders from continuing operations (MEUR)	28.1	(58.9)
Weighted average number of shares in issue	**1,058.5**	**557.8**
Weighted average total number of ordinary shares	*1,061.2*	*558.9*
Weighted average number of treasury shares held	*(2.7)*	*(1.1)*
Basic earnings per share, EUR	**0.03**	**(0.11)**
Weighted average number of shares in issue (diluted)	**1,068.5**	**560.6**
Weighted average number of outstanding options	*10.0*	*2.8*
Diluted earnings per share, EUR	**0.03**	**(0.11)**

Dividend per share

EUR	2021	2020
Dividend per share paid	0.0	0.0
Dividend per share proposed	0.0	0.0

No dividend was proposed for 2021.

NOTE 22 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations recognized in statement of financial position

MEUR	2021	2020
Defined benefit pension obligation	18.4	18.8
Top hat, retirement provisions and other employee obligations	0.6	0.5
Retirement benefit obligations	**19.0**	**19.3**

Defined benefit scheme – assumptions

	2021	2020
Discount rate	1.0%	0.8%
Rate of return on plan assets	0.1%	0.2%
Salary increases	1.1%	1.2%
Increase in basic government pension amount	0.9%	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	2021	2020
Service cost	0.8	0.9
Interest on benefit obligations	0.2	0.2
Expected return on pension assets	0.0	0.0
Employee contributions	0.0	0.0
Effect of curtailment	(0.2)	(0.8)
Administration cost	0.0	0.1
Social security taxes	0.0	0.0
Net periodic pension cost	**0.8**	**0.3**
Remeasurement of net defined benefit liability	0.0	0.1
Actual return on plan assets	0.3%	–9.5%

Defined benefit scheme – net pension liability

MEUR	2021	2020
Pension liabilities and assets:		
Projected benefit obligation (PBO)	24.9	23.8
Fair value of pension assets	(6.6)	(5.0)
Unrecognized effects	0.0	0.0
Net pension liability before social security taxes	**18.4**	**18.8**
Social security taxes liabilities	0.0	0.0
Net pension liability	**18.4**	**18.8**

NOTE 22 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Specification of carrying value of net pension liability (MEUR):

MEUR	2021	2020
Retirement benefit obligation	24.9	23.8
Retirement benefit asset	(6.6)	(5.0)
Net pension liability	**18.4**	**18.8**

Defined benefit scheme change in net pension liability

MEUR	2021	2020
Net pension liability 01.01.	18.8	19.8
Pension cost for the year	0.8	0.3
Remeasurement of net defined benefit liability	0.0	0.1
Paid pensions	(0.6)	(0.7)
Pension plan contributions	(0.7)	(0.7)
Translation differences	0.1	(0.2)
Net pension liability 31.12.	**18.3**	**18.8**

Defined benefit scheme – sensitivities *

MEUR	DBO AS AT 31.12.2021	DBO AS AT 31.12.2020
Actual valuation	18.4	18.8
Discount rate + 0.5%	17.2	18.1
Discount rate – 0.5%	19.7	19.8
Expected rate of salary increase + 0.5%	18.5	19.1
Expected rate of salary increase – 0.5%	18.2	18.8
Expected rate of pension increase + 0.5%	19.2	19.7
Expected rate of pension increase – 0.5%	17.6	18.1

* 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 2022 is expected to be in line with the 2021 payment.

NOTE 23 INTEREST-BEARING LIABILITIES

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

MEUR	2021	2020
Non-current interest-bearing loans and borrowings	276.0	278.4
Capitalized arrangement fees	(3.9)	(4.9)
Interest-bearing lease liabilities	75.0	103.4
Other current interest-bearing liabilities	20.6	0.0
Total interest-bearing liabilities	**367.7**	**376.8**

Liabilities as of December 31, 2021 do not include liabilities associated with assets held for sale (see Note 13).

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. The group was in compliance with all applicable debt covenants at and for the year ended December 31, 2021.

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, impose 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. The maximum commitment of MEUR 60.0 of Senior Notes is depending 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	2021	2020
EUR	325.9	317.3
USD	12.2	18.8
Other currencies	33.5	45.7
Capitalized arrangement fees	(3.9)	(4.9)
Total interest-bearing liabilities	**367.7**	**376.8**

Liabilities as of December 31, 2021 do not include liabilities associated with assets held for sale (see Note 13).

NOTE 23 INTEREST-BEARING LIABILITIES (CONTINUED)

Changes in liabilities arising from financing activities

MEUR	2021	2020
Opening balance at 01.01.	376.8	386.5
Changes arising from cash flows:		
Draw down of debt	20.0	2.2
Bank overdraft	0.6	0.0
Repayment of lease liabilities	(15.0)	(13.5)
Repayment of debt	(2.5)	(10.0)
Non-cash changes:		
Additions – Lease liabilities	25.3	17.7
Amortization of capitalized arrangement fees	1.0	0.9
Reclassification to Liabilities directly associated with the assets held for sale	(36.9)	0.0
Other:		
Translation effect	(1.6)	(7.0)
Closing balance at 31.12.	**367.7**	**376.8**

Liquidity reserve

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

MEUR	2021	2020
Cash and cash equivalents	51.3	67.4
Restricted cash	(0.5)	(0.4)
Undrawn Revolving Credit Facility	30.0	70.0
Undrawn Account receivables securitization Facility	60.0	60.0
Liquidity reserve	**140.9**	**197.0**

NOTE 24 OTHER NON-CURRENT INTEREST-FREE LIABILITIES

Specification of other non-current interest-free liabilities

MEUR	2021	2020
Provision for employee litigations	0.9	0.7
Long-term termination benefits for the former CEO	0.0	1.3
Other non-current interest-free liabilities	0.1	0.0
Total other non-current interest-free liabilities	**1.0**	**2.0**

NOTE 25 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 2021, if the currency USD had weakened/strengthened by 5% against the EUR with all other variables held constant, revenues would vary by -1.4% and 1.6% or MEUR (16.4) and MEUR 18.2. Operating profit would not have been significantly changed.

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 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.

NOTE 25 RISK MANAGEMENT (CONTINUED)

CLIMATE CHANGE RISK
Kongsberg Automotive has put in place adequate procedures that enable Management and Board of Directors to regularly review material climate change issues that may have a significant impact on the company's operations from the 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 the 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 climate risks that the group is expected to face in the foreseeable future. Consequently, the climate change risk is not deemed to have a significant impact on the company's financial reporting processes.

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 have had limited loss on receivables. Applying forward-looking information, we do not see any material increase in the credit risk. Refer to note 19.

The automotive industry consists of a limited number of vehicle manufacturers; hence the five biggest customers will be around 33.0% of total sales. The group has a diversified customer base, where only one 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 23.

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 26 TRADE AND OTHER PAYABLES

Specification of trade and other payables as presented in the Statement of Financial Position

MEUR	2021	2020
Trade payables	143.5	137.8
Accrued expenses	63.3	69.2
Provisions	8.8	14.9
Interest payable	6.3	0.0
Other short-term liabilities	7.7	15.6
Total trade and other payables	**229.6**	**237.5**

Liabilities as of December 31, 2021 do not include liabilities associated with assets held for sale (see Note 13).

NOTE 26 TRADE AND OTHER PAYABLES (CONTINUED)

Provisions

MEUR	WARRANTY RESERVE	RESTRUCTURING AND OTHER PROVISIONS	TOTAL 2021	WARRANTY RESERVE	RESTRUCTURING AND OTHER PROVISIONS	TOTAL 2020
Opening balance	9.8	5.1	14.9	3.2	4.6	7.9
P&L charge	5.4	0.0	5.4	9.7	3.4	13.2
Payments	(6.9)	(3.0)	(9.9)	(2.6)	(1.4)	(3.9)
Release	(1.7)	(0.3)	(2.0)	0.0	(1.3)	(1.4)
Reclassification to Liabilities directly associated with the assets held for sale	(0.2)	0.0	(0.2)	0.0	0.0	0.0
Translation effect	0.5	0.1	0.6	(0.6)	(0.2)	(0.8)
Closing balance	**6.8**	**1.9**	**8.8**	**9.8**	**5.1**	**14.9**

The only remaining provision for restructuring is related to the closure of the plant in Rollag (Norway) and amounts to MEUR 1.4.

Maturity structure

MEUR	PROVISIONS	ACCRUED EXPENSES	OTHER SHORT-TERM LIABILITIES	TRADE PAYABLES	TOTAL 2021
Repayable 0-3 months after year-end *	5.6	20.1	10.4	140.0	176.1
Repayable 3-6 months after year-end	2.0	19.4	3.3	3.4	28.1
Repayable 6-9 months after year-end	0.4	14.2	0.0	0.0	14.6
Repayable 9-12 months after year-end	0.8	9.6	0.3	0.1	10.8
Closing balance	**8.8**	**63.3**	**14.1**	**143.5**	**229.6**

* All liabilities classified as Liabilities associated with the assets held for sale are to be repaid within 3 months as the sale transaction are expected to be completed in Q1 2022

NOTE 27 FINANCIAL INSTRUMENTS

Classification, measurement and fair value of financial instruments

MEUR	LOANS AND RECEIVABLES AT AMORTIZED COST	FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL 2021
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		
Liabilities directly associated with the assets held for sale		(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. The bond was traded at 101.4% of its par value as at 31.12.2021 (93.4% as at 31.12.2020)

2020

MEUR	LOANS AND RECEIVABLES AT AMORTIZED COST	FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL 2020
Trade and other receivables	261.1		261.1
Cash and cash equivalents	67.4		67.4
Interest-bearing loans and borrowings		(273.4)	(273.4)
Interest-bearing lease liabilities		(103.4)	(103.4)
Other current interest-bearing liabilities			0.0
Trade and other payables		(213.3)	(213.3)
Total	**328.5**	**(590.1)**	**(261.7)**
Fair value	328.5	(574.8)	(246.3)
Unrecognized gain/ (loss) *		15.4	15.4

* based on level 1 input

NOTE 28 REMUNERATION AND FEES FOR MANAGEMENT, BOARD OF DIRECTORS (BOD) AND AUDITOR

Remuneration and fees recognized in the statement of comprehensive income

KEUR	2021	2020
Total remuneration of the Board of Directors	365.0	280.7
Gross base salary to the CEO *	450.1	509.9
CEO short-term incentive *	464.3	0.0
CEO's long-term incentive costs **	129.4	221.0
Pension costs to the CEO *	55.1	99.9
Other remuneration to the CEO *	97.2	122.4
Management salaries other than to the CEO	2,891.5	3,097.5
Bonus, LTI costs and other remuneration of management other than the CEO	1,573.5	1,340.6
Pension costs of management other than the CEO	310.2	283.5
Total – Board of Directors and Senior Management	**6,336.4**	**5,955.5**
Remuneration to nomination committee	14.7	10.5

*Prorated salary for the period from May to December 2021
**Long-term incentives plans – share based compensation. The amounts represent the expenses accounted for in 2021 according to IFRS 2.

Specification of fees paid to the auditors

KEUR	2021	2020
Statutory audit services to the parent company (Deloitte)	189.8	165.9
Statutory audit services to subsidiaries (Deloitte)	485.0	519.4
Statutory audit services to subsidiaries (Other)	69.4	50.8
Non-audit services (Deloitte)	24.1	11.3
Tax services (Deloitte)	498.9	459.5
Total	**1,267.2**	**1,207.0**

NOTE 29 COMMITMENTS AND GUARANTEES

COMMITMENTS
Due to the implementation of IFRS 16, the group's operating lease commitments are now disclosed in note 16. 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 0.7 in 2022.

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 Interior Systems Kft., 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, Kongsberg Interior Systems II, LLC, and KA Group AG.

GENERAL INFORMATION
In 2021 one parent guarantee in the amount of around MEUR 12.0 was issued for a legal entity in Poland.

NOTE 30 CONTINGENT LIABILITIES

The following is an overview of current material disputes involving either the company or its subsidiaries.

Endeavor group, LLC v Kongsberg Power Products System I, LLC (U.S.)

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 31 SUBSEQUENT EVENTS

Successful completion of the ICS sale to Lear Corporation
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 EUR 175.0 million.

Kongsberg Automotive received the initial purchase price proceeds of EUR 165.9 million, subject to further adjustments.

Based on the initial purchase price proceeds, the gain after tax on the ICS sale transaction amounts to approximately EUR 26.5 million. Costs to sale incurred in 2021 amounted to EUR 7.0 million.

Partial redemption of the Bond notes
On March 11, 2022, a Notice of Redemption for EUR 75.0 million of the outstanding Senior Secured Notes due 2025 was published. The Notes will be redeemed at 102.5% of the par value, plus accrued interests from January 15, 2022, until the Redemption Date. The Redemption Date is set on March 21, 2022.

Following the partial redemption of the bond notes, the outstanding amount of the Notes will be EUR 200.0 million.

War in Ukraine
The war in Ukraine starter in February 2022. Currently, group's management assesses that the group's operations are not directly impacted by the war as none of the group's plants are located in Ukraine or Russia. Most of KA's customers do not have close economic ties with these countries. However, the group's financials will be impacted by the unpredictable indirect consequences of this war, such as further uncertain increases in costs for raw materials, energy, and transportation.

NOTE 32 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 compensation
See note 28 – includes remuneration for Senior Management.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

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STATEMENT OF COMPREHENSIVE INCOME

MEUR	NOTE	2021	2020
Operating revenues	21	**7.5**	**2.1**
Operating expenses			
Salaries and social expenses	5	(0.5)	(0.2)
Other operating expenses	6	(3.7)	(3.5)
Depreciation and impairment	10, 11	(0.0)	(0.0)
Amortization and impairment	9	(0.2)	(0.3)
Total operating expenses		**(4.4)**	**(4.0)**
Operating profit / (loss)		**3.1**	**(1.9)**
Financial items			
Financial income	7	33.7	18.9
Financial expenses	7	(16.1)	(31.2)
Net financial items		**17.6**	**(12.3)**
Profit / (loss) before taxes		**20.6**	**(14.2)**
Income taxes	8	(4.3)	3.5
Net profit / (loss)		**16.3**	**(10.7)**
Other comprehensive income			
Translation differences		20.9	(19.5)
Other comprehensive income		**20.9**	**(19.5)**
Total comprehensive income for the year		**37.2**	**(30.2)**

STATEMENT OF CASH FLOWS

MEUR	NOTE	2021	2020
Operating activities			
Profit / (loss) before taxes		20.6	(14.2)
Depreciation	10, 11	0.0	0.0
Amortization	9	0.2	0.3
Reversal of impairment		0.0	(3.2)
Interest income	7	(16.2)	(18.7)
Interest expenses and other financial expenses	7	16.1	16.5
Taxes paid		(0.1)	(0.4)
Changes in trade and other receivables	12	105.0	(102.8)
Changes in trade and other payables	16	(62.7)	(17.1)
Currency differences	7	(10.8)	11.1
Dividends received	7	0.0	(0.2)
Changes in other items*		(0.4)	(1.8)
Cash flow used by / from operating activities		**51.8**	**(130.5)**
Investing activities			
Investments in group loans - SPV		0.0	(4.4)
Repayment of group loans		15.2	36.1
Investments in subsidiaries		(68.7)	0.1
Interest received	7	16.2	18.7
Dividends received	7	0.0	0.2
Cash flow from / used by investing activities		**(37.3)**	**50.8**
Financing activities			
Proceeds from increases in equity		0.0	89.7
Payments for purchase of treasury shares		0.0	(1.3)
Net draw down of debt		0.6	0.0
Interest paid	7	(14.9)	(16.5)
Cash flow used by / from financing activities		**(14.3)**	**71.9**
Currency effects on cash		**(0.2)**	**7.7**
Net change in cash		0.0	0.0
Net cash at January 1		0.0	0.0
Net cash as at December 31		**0.0**	**0.0**
Of this, restricted cash		0.0	0.0

* Comprises mainly changes in provisions.

STATEMENT OF FINANCIAL POSITION

MEUR	NOTE	2020	2019
ASSETS			
Non-current assets			
Intangible assets	9	0.0	0.2
Property, plant and equipment	10	0.0	0.0
Right-of-use assets	11	0.1	0.1
Investments in subsidiaries	4	373.4	289.7
Loans to subsidiaries and other non-current assets	21	358.7	355.8
Other non-current assets		0.4	0.7
Total non-current assets		**732.6**	**646.4**
Current assets			
Trade and other receivables	12, 21	39.5	144.5
Cash and cash equivalents		0.0	0.0
Total current assets		**39.5**	**144.5**
Total assets		**772.1**	**790.9**
EQUITY AND LIABILITIES			
Equity			
Share capital	13	105.6	100.7
Treasury shares	13	(1.3)	(1.3)
Share premium		219.1	209.1
Other reserves		(28.8)	(36.6)
Retained earnings		171.8	155.5
Total equity		**466.4**	**427.4**
Non-current liabilities			
Deferred tax liabilities	8	18.5	15.2
Retirement benefit obligations		0.3	0.3
Interest-bearing liabilities	14	270.1	269.2
Total non-current liabilities		**288.9**	**284.6**
Current liabilities			
Other current interest-bearing liabilities		0.7	0.0
Current income tax liabilities	8	0.0	0.0
Trade and other payables	16, 21	16.1	78.8
Total current liabilities		**16.8**	**78.8**
Total liabilities		**305.7**	**363.4**
Total equity and liabilities		**772.1**	**790.9**

STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.2020	**22.8**	**0.0**	**207.6**	**(30.4)**	**166.2**	**366.1**
Equity increase	77.5		13.2			90.7
Sale of treasury shares		(1.3)		0.0		(1.3)
Share-based compensation				2.1		2.1
Total comprehensive income for the year:						
Loss for the year					(10.7)	(10.7)
Other comprehensive income:						
Translation differences	0.5		(11.7)	(8.3)		(19.5)
Total comprehensive income for the year	**0.5**	**0.0**	**(11.7)**	**(8.3)**	**(10.7)**	**(30.2)**
Equity as of 31.12.2020 / 01.01.2021	**100.8**	**(1.3)**	**209.1**	**(36.6)**	**155.5**	**427.4**
Share-based compensation				1.7		1.7
Total comprehensive income for the year:						
Profit for the year					16.3	16.3
Other comprehensive income:						
Translation differences	4.8		10.0	5.9		20.9
Total comprehensive income for the year	**4.8**	**0.0**	**10.0**	**5.9**	**16.3**	**37.2**
Equity as of 31.12.2021	**105.6**	**(1.3)**	**219.1**	**(28.8)**	**171.8**	**466.4**

Kongsberg, March 14, 2022

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

Firas Abi-Nassif
Chairman

Emese Weissenbacher
Board member

Ellen M. Hanetho
Board member

Gerard Cordonnier
Board member

Peter Schmitt
Board member

Knut Magne Alfsvåg
Employee elected

Siw Reidun Wærås
Employee elected

Bjørn Ivan Ødegård
Employee elected

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 14, 2022.

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 2021	2021	2020
Kongsberg Automotive Holding 2 AS	Norway	100%	241.5	226.8
KA Group AG	Switzerland	0%	119.2	50.7
Kongsberg Automotive (Wuxi) Ltd	China	100%	7.2	6.9
Kongsberg Automotive Ltda	Brazil	100%	2.4	2.3
Kongsberg Automotive Ltd	Korea	100%	1.7	1.7
Kongsberg Automotive (India) Private Ltd	India	100%	0.9	0.8
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			**373.4**	**289.7**

NOTE 4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Investments
In June 2021 the company made a capital contribution of MEUR 65.0 to KA Group AG. There were no additional investments made in another subsidiaries. The change in the carrying value of investments other than the above-mentioned capital contribution 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 17.

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 31.12.2021.

NOTE 5 SALARIES AND SOCIAL EXPENSES

MEUR	2021	2020
Wages and salaries	0.5	0.3
Pension cost (defined contribution plans)	0.0	(0.1)
Total salaries and social expenses	**0.5**	**0.2**

The company had no employees as of 31.12.2021 and there were no employees as of 31.12.2020 either. Wage and salaries comprise director's fees.

NOTE 6 OTHER OPERATING EXPENSES

MEUR	2021	2020
Administrative expenses		
Service costs	3.1	3.5
Other costs	0.6	0.0
Total other operating expenses	**3.7**	**3.5**

NOTE 7 FINANCIAL ITEMS

MEUR	2021	2020
Dividend and other financial income	5.6	0.2
Foreign currency gains**	11.9	0.0
Account receivables securitization – Income	2.0	0.8
Interest income	14.2	17.9
Total financial income	**33.7**	**18.9**
Interest expense	(15.8)	(16.4)
Foreign currency losses**	0.0	(11.1)
Account receivables securitization – Expense	(0.3)	(0.1)
Other items	(0.0)	(3.6)
Total financial expenses	**(16.1)**	**(31.2)**
Total financial items	**17.6**	**(12.3)**

*Includes unrealized currency gain of MEUR 10.8 (2020: unrealized loss of MEUR 12.2)

NOTE 8 TAXES

Tax recognized in Statement of Income
The major components of income tax expense:

MEUR	2021	2020
Current tax on profits for the year*	(1.7)	(1.5)
Adjustments in respect of prior years – current tax	0.0	0.0
Total current tax expense	**(1.7)**	**(1.5)**
Current year change in deferred tax	(2.5)	5.2
Impact of changes in tax rates	0.0	0.0
Adjustments in respect of prior years – deferred tax	(0.1)	(0.2)
Total change in deferred tax	**(2.6)**	**4.9**
Total income tax expense	**(4.3)**	**3.5**

* Includes withholding tax of MEUR 0.7 2021. Further details can be found in table below.

Tax recognized in other comprehensive income
No tax was recognized in other comprehensive income in 2021 and 2020

NOTE 8 TAXES (CONTINUED)

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2021	2020
Profit / (loss) before taxes	**20.6**	**(14.2)**
Expected tax calculated at Norwegian tax rate	(4.5)	3.1
Dividends (permanent differences)	1.2	0.2
Other permanent differences	(0.3)	2.0
Effect of withholding tax	(0.7)	0.4
Adjustments in respect of prior years and other adjustments	0.0	(2.2)
Income tax (expense) / credit	**(4.3)**	**3.5**
Average effective tax rate	**21%**	**31%**

Tax recognized in the statement of financial position

Current tax liability

MEUR	2021	2020
Current income tax receivables	0.0	0.0
Current income tax liabilities	0.0	0.0
Total	**0.0**	**0.0**

MEUR 1.0 income tax credit in relation to the fees in connection with the capital raise was recorded directly to equity.

Deferred tax

MEUR	2021	2020
Deferred tax liability	(18.5)	(15.2)
Total	**(18.5)**	**(15.2)**

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
Losses	0.0	0.0	0.0	0.0	0.0	0.0
Account receivables	3.8	0.1	0.0	0.0	0.2	4.1
Unrealized fx on long-term receivables / payables	(19.2)	(2.6)	0.0	0.0	(1.0)	(22.8)
Other temporary differences	0.0	(0.1)	0.0	0.0	(0.0)	(0.1)
Net deferred tax asset / (liability)	**(15.2)**	**(2.6)**	**0.0**	**0.0**	**(0.8)**	**(18.5)**

Tax positions not recognized
The company had no unrecognized positions in 2021 and 2020.

Remaining lifetime of tax losses (net tax value)
The company had no tax loss carry forwards in 2021 and 2020.

NOTE 9 INTANGIBLE ASSETS

MEUR	CUSTOMER RELATIONSHIPS	SOFTWARE AND OTHER	TOTAL
Cost at 01.01.2020	0.2	4.5	4.7
Additions	0.0	0.0	0.0
Disposals accumulated cost	0.0	0.0	0.0
Translation differences on cost	0.0	(0.3)	(0.3)
Acquisition costs at 31.12.2020	**0.2**	**4.2**	**4.4**
Accumulated amortization at 01.01.2020	(0.2)	(3.9)	(4.1)
Amortization/impairment loss	0.0	(0.3)	(0.3)
Disposals accumulated amortization	0.0	0.0	0.0
Translation differences on amortization	0.0	0.2	0.2
Accumulated amortization at 31.12.2020	**(0.2)**	**(4.0)**	**(4.2)**
Cost	0.2	4.2	4.4
Accumulated amortization	(0.2)	(4.0)	(4.2)
Book value at 31.12 2020	**0.0**	**0.2**	**0.2**
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	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	(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**

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

MEUR	EQUIPMENT
Cost	0.8
Accumulated depreciation	(0.8)
Book value at 31.12 2019	**0.0**
Cost at 01.01.2020	0.8
Additions	0.0
Disposals accumulated cost	0.0
Translation differences	0.0
Acquisition costs at 31.12.2020	**0.8**
Accumulated depreciation at 01.01.2020	(0.8)
Depreciation/impairment loss	0.0
Disposals accumulated depreciation	0.0
Translation differences	0.0
Accumulated depreciation at 31.12.2020	**(0.8)**
Cost	0.8
Accumulated depreciation	(0.8)
Book value at 31.12.2020	**0.0**
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/impairment loss	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**

NOTE 11 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	TOTAL
Cost 01.01.2020	0.0	0.0
Additions	0.2	0.2
Lease terminations	0.0	0.0
Acquisition costs at 31.12.2020	**0.2**	**0.2**
Accumulated depreciation 01.01.2020	0.0	0.0
Depreciation	(0.1)	(0.1)
Lease terminations	0.0	0.0
Accumulated depreciation 31.12.2020	**(0.1)**	**(0.1)**
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Book Value at 31.12 2020	**0.1**	**0.1**
Cost at 01.01.2021	0.2	0.2
Additions	0.0	0.0
Lease terminations	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
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**

Lease liabilities

MEUR	2021	2020
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	2021	2020
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 at 31 December 2021 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	2021	2020
Trade receivables	0.0	0.0
Short-term group loans and receivables	14.7	21.1
In-house bank	24.2	122.7
Other short-term receivables	0.4	0.5
Receivables	**39.3**	**144.3**
Prepayments	0.2	0.2
Total trade and other receivables	**39.5**	**144.5**

Receivables by currency

MEUR	2021	2020
NOK	26.4	125.3
EUR	6.4	19.1
CNY	5.0	0.0
USD	1.5	0.0
Other	0.3	0.1
Total trade and other receivables	**39.5**	**144.5**

NOTE 13 SHARE CAPITAL

Refer to note 20 in the group's statements.

NOTE 14 INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as presented in the Statement of Financial Position

MEUR	2021	2020
Non-current interest-bearing loan*	274.0	274.0
Capitalized arrangement fees**	(3.9)	(4.9)
Interest-bearing lease liabilities	0.0	0.1
Total interest-bearing liabilities	**270.1**	**269.2**

* 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	2021	2020
EUR	274.0	274.0
NOK	0.0	0.1
Capitalized arrangement fee	(3.9)	(4.9)
Total interest-bearing liabilities	**270.1**	**269.2**

Changes in non-current interest-bearing liabilities

MEUR	2021	2020
Opening balance at 01.01.	269.2	268.3
Net cash flows	0.0	0.0
Foreign exchange movement	(13.0)	15.5
Translation effect	13.0	(15.5)
Other	0.9	0.9
Closing balance at 31.12.	**270.1**	**269.2**

NOTE 15 RISK MANAGEMENT

The company's risk management is an integral part of the group's risk management. Refer to note 25 of the group's statements for the further information.

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.

INTEREST RISK
The company is exposed to very limited interest risk.

NOTE 16 TRADE AND OTHER PAYABLES

Specification of trade and other payables as presented in the Statement of Financial Position

MEUR	2021	2020
Trade payables	0.2	1.0
Short-term group liabilities	15.2	77.4
Accrued expenses	0.7	0.4
Total trade and other payables	**16.1**	**78.8**

Provisions
The company had no provision as of December 31, 2021 and December 31, 2020.

Maturity structure

MEUR	ACCRUED EXPENSES	TRADE PAYABLES	TOTAL 2021
Repayable 0-3 months after year end	0.4	0.2	0.6
Repayable 3-6 months after year end	0.1	0.0	0.1
Repayable 6-9 months after year end	0.0	0.0	0.0
Repayable 9-12 months after year end	0.2	0.0	0.2
Total	**0.7**	**0.2**	**0.9**

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

Refer to note 28 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 towards suppliers of subsidiaries. The risk exposure is assessed to be immaterial.
The total value of guarantees given by the Parent to subsidiaries is at MEUR 44.1 and MUSD 10.0.
In relation to the offering of senior secured notes, the company is the parent guarantor.

NOTE 19 STATEMENT OF REMUNERATION OF MANAGEMENT

Refer to note 30 in the group's consolidated financial statements.

NOTE 20 SUBSEQUENT EVENTS

No significant subsequent events have been identified. Refer to note 31 in the group's consolidated financial statements for the group relevant subsequent events.

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	2021	2020
Group benefits fees from subsidiaries	2.8	0.0
Service fee from KA Group AG	4.7	2.1
Operating revenues	**7.5**	**2.1**

Since 2017, the group benefit fee has been replaced by a new service fee from KA Group AG covering KA ASA's services benefiting the group. From 2018 onwards, the group benefit fee comprises trademark fees from KA Group AG.

Specification of revenues – Revenues by geographical location

MEUR	2021	2020
Switzerland	7.5	2.1
Operating revenues	**7.5**	**2.1**

Outstanding loans to other group companies
Loans to other group companies

MEUR	2021	2020
Kongsberg Automotive Holding 2 AS	353.9	336.7
Kongsberg Automotive AB	0.0	11.5
Kongsberg Actuation Systems S.L.	0.0	0.0
Kongsberg Automotive Slovakia s.r.o.	0.0	0.0
Kongsberg Automotive Finance BV	4.7	4.4
Other group companies	0.0	3.2
Total outstanding loans with other group companies	**358.7**	**355.8**

Most of the company's loans to group companies have due dates exceeding one year. The interest rate on loans to group companies consist of the reference rate in the respective currency plus a margin. Margin on new intercompany loans is determined according to Moody's rating methodology.

Short-term group receivables

MEUR	2021	2020
Kongsberg Actuation Systems S.L.U.	0.1	10.1
Kongsberg Driveline Systems GmbH	0.0	5.7
Kongsberg Automotive Hong Kong Ltd	1.5	0.0
Kongsberg Automotive (Wuxi) Ltd.	7.3	2.1
KA Group AG	3.4	0.8
Other group companies	2.5	2.4
Total outstanding receivables to other group companies	**14.7**	**21.1**

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	2021	2020
Trade and other payable group companies*	15.2	77.4
Total	**15.2**	**77.4**

* includes the group contribution to Kongsberg Automotive Holding 2 AS of MEUR 3.7 (2020: MEUR 68.9).

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. All 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 shareholders 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.

At the Extraordinary General Meeting on January 29, 2021, a resolution was passed to consolidate the shares of KA at a ratio of 10:1. Following this resolution, the share capital of KA amounts to NOK 1,054,860,644.00, with a nominal share value of NOK 1.00.

The General Meeting held on June 10, 2021 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 10, 2021 further granted a mandate to purchase up to 105,486,064 treasury shares.

The above mandates are time-limited and expire at the earlier of the next ordinary General Meeting or June 30, 2022.

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 2021 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 elected to chair the General Meeting and 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 2020/2021 are Tor Himberg-Larsen (chairman), Synnøve Gjønnes, 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, Gerard Cordonnier, and Peter Schmitt. 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 2021 was as follows:

	BOARD MEETINGS	COMPENSATION COMMITTEE	AUDIT COMMITTEE
FIRAS ABI-NASSIF	14	5	
ELLEN M. HANETHO	14		6
EMESE WEISSENBACHER	12		6
GERARD CORDONNIER	14	5	6
PETER SCHMITT	15	5	
BJØRN IVAN ØDEGAARD	15	3	
LEIF HÅVARD STRØMHAUG	6		
TONJE SIVESINDTAJET	6	2	
KNUT MAGNE ALFSVÅG	9		
SIW REIDUN WÆRÅS	9		

Due to the COVID-19 pandemic, most Board meetings were held as audio/video conferences.

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.

Developments in the automotive industry represent a material risk factor for the group's performance. Analyses are performed to estimate the impact of different development scenarios within the industry on the group's future performance and financial strength. This provides important inputs to the Board's overall discussions of risk appetite and risk allocation.

The assessment of operational risk is linked to a unit's ability to achieve its goals and implement its plans. The process covers risks deriving from losses and falling profitability associated with economic cycles, altered framework conditions, and changed customer behavior, for example, and the risk of losses resulting from inadequate or failing internal processes, systems, human error, or external events.

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 following 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, recordkeeping, 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.

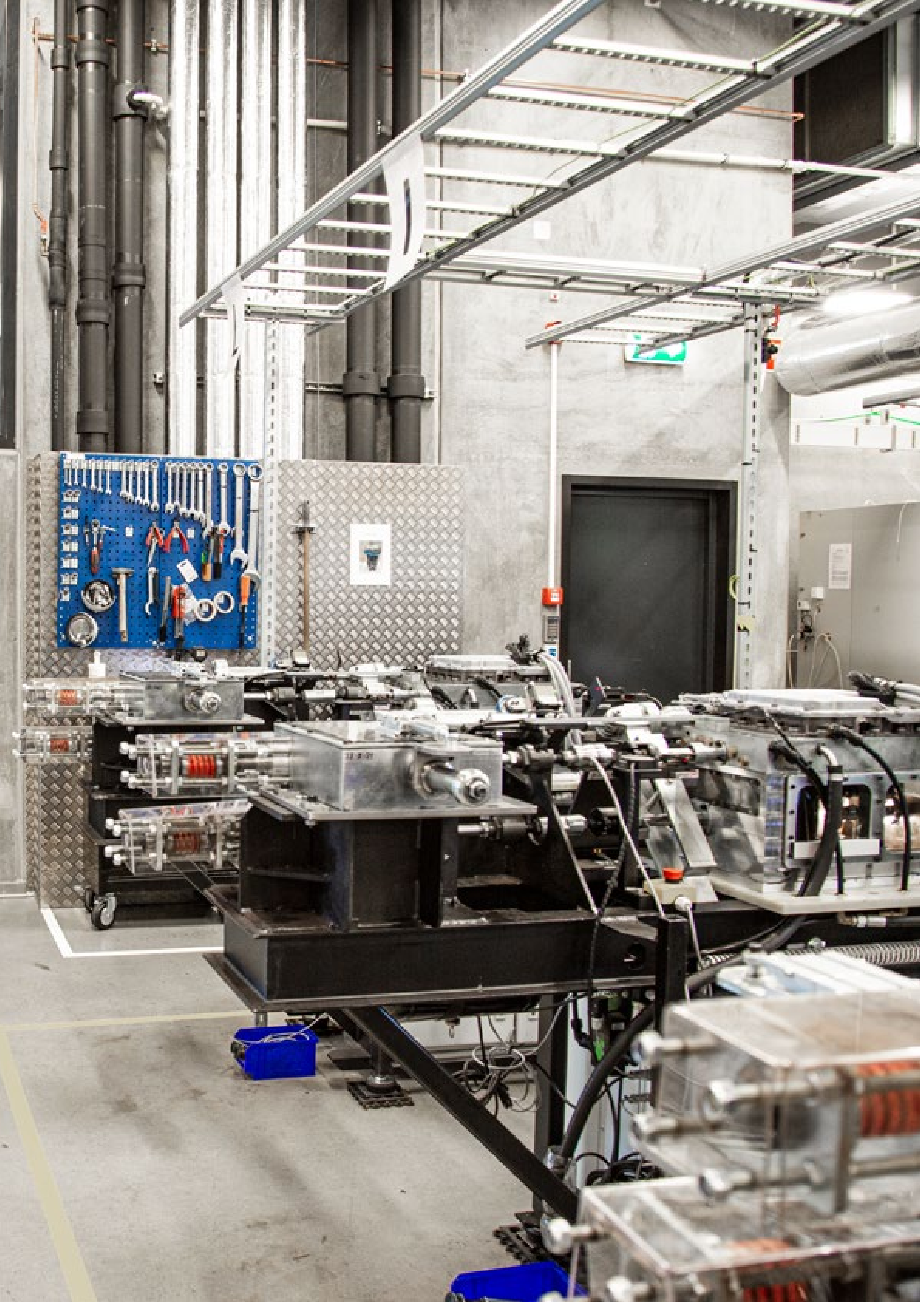
If an offer is made for the company's shares, the company's Board of Directors shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. The Board should consider whether to arrange a valuation by an independent expert.

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 General Meeting.

March 14, 2022



DECLARATION TO THE ANNUAL REPORT 2021

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, 2021, 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 14, 2022
The President & CEO and the Board of Directors of Kongsberg Automotive ASA

Firas Abi-Nassif Chairman	**Emese Weissenbacher** Board member	**Ellen M. Hanetho** Board member	**Gerard Cordonnier** Board member
Peter Schmitt Board member	**Knut Magne Alfsvåg** Employee elected	**Siw Reidun Wærås** Employee elected	**Bjørn Ivan Ødegård** Employee elected

Joerg Buchheim
President and CEO

AUDITOR'S REPORT

Deloitte.

Deloitte AS
Dronning Eufemias gate 14
Postboks 221 Sentrum
NO-0103 Oslo
Norway

Tel: +47 23 27 90 00
www.deloitte.no

To the General Meeting of Kongsberg Automotive ASA

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 2021, statement of comprehensive income, statement of changes in equity and cash flow statement 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 statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and 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 2021, 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 financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, 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 laws and regulations 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 12 years from the election by the general meeting of the shareholders on 4 June 2010 for the accounting year 2010.

Deloitte.

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
Refer to note 17 to the Group financial statements for description of management's impairment testing process and key assumptions. As disclosed in note 14, 15 and 16 the carrying value of goodwill and other intangible assets, right of use assets and property, plant and equipment amounted to EUR 297.3 million at 31 December 2021. 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. 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. 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.	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: • 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. We used Deloitte valuation specialists in our audit of the carrying value of goodwill and non-current assets. We considered the appropriateness of the related disclosures provided in note 17.

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 appears 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 legal 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 the simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, 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. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use 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 or 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 Regulation on European Single Electronic Format (ESEF)
Opinion
We have performed an assurance engagement to obtain reasonable assurance that the financial statements with file name "5967007LIEEXZXJDCG21-2021-12-31-en" have been prepared in accordance with Section 5-5 of the Norwegian Securities Trading Act (Verdipapirhandelloven) and the accompanying Regulation on European Single Electronic Format (ESEF).

In our opinion, the financial statements have been prepared, in all material respects, in accordance with the requirements of ESEF.

Management's Responsibilities
Management is responsible for preparing, tagging and publishing the financial statements in the single electronic reporting format required in ESEF. This responsibility comprises an adequate process and the internal control procedures which management determines is necessary for the preparation, tagging and publication of the financial statements.

Auditor's Responsibilities
Our responsibility is to express an opinion on whether the financial statements have been prepared in accordance with ESEF. We conducted our work in accordance 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 that the financial statements have been prepared in accordance with the European Single Electronic Format.

Deloitte.

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Independent Auditor's Report -
Kongsberg Automotive ASA

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its financial statements in the European Single Electronic Format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the financial statements tagged under the European Single Electronic Format 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, 14 March 2022
Deloitte AS

Espen Johansen
State Authorised Public Accountant (Sign.)

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 were adjusted and exclude the figures disclosed as discontinued operation in 2021 and 2020 (see Note 12) and as assets and liabilities held for sale as of December 31, 2021 (see Note 13).

The following measures are not defined nor 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 (CONTINUING OPERATION)

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. Restructuring items include consultancy fees in relation to the company's 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.

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	0.1	0.0	2.8	2.9
Adjusted EBIT	**1.4**	**25.2**	**48.4**	**(24.3)**	**50.7**
Adjusted EBIT margin	*17.0%*	*5.9%*	*12.3%*		*6.1%*

2020 (RESTATED)

MEUR	INTERIOR	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	**0.1**	**(32.7)**	**39.4**	**(24.8)**	**(18.0)**
Restructuring costs	0.0	0.0	0.0	0.1	0.2
Additional salaries and social expenses	0.0	1.7	0.5	2.7	4.8
Other additional operating expenses	0.0	0.1	(1.2)	(0.3)	(1.3)
Impairment losses	0.0	30.3	0.0	0.0	30.3
Adjusted EBIT	**0.1**	**(0.6)**	**38.8**	**(22.2)**	**16.0**
Adjusted EBIT margin	*1.1%*	*–0.2%*	*12.7%*		*2.3%*

EBITDA / ADJUSTED EBITDA (CONTINUING OPERATION)

Earnings before interest expenses and interest income, tax, depreciation, amortization and excluding foreign exchange gains and losses. Adjusted EBITDA is defined as EBITDA excluding restructuring items.

EBITDA is used as an additional measure of the group's operational profitability, excluding the impact from depreciation and amortization.

2021

MEUR	INTERIOR	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	**1.4**	**24.8**	**48.4**	**(27.1)**	**47.5**
Depreciation & Write-off of tangible assets	0.0	15.4	12.4	1.6	29.4
Amortization & Write-off of intangible assets	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**
Adjusted EBITDA margin	*16.5%*	*10.0%*	*15.5%*		*10.0%*

2020 (RESTATED)

MEUR	INTERIOR	POWERTRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	**0.1**	**(32.7)**	**39.4**	**(24.8)**	**(18.0)**
Depreciation	0.0	14.6	11.0	1.7	27.3
Amortization	0.0	5.2	0.4	0.3	6.0
EBITDA	**0.1**	**(13.0)**	**50.8**	**(22.8)**	**15.2**
Restructing items	0.0	1.8	(0.7)	2.6	3.7
Restructing items	0.0	30.3	0.0	0.0	30.3
Adjusted EBITDA	**0.1**	**19.2**	**50.2**	**(20.2)**	**49.3**
Adjusted EBITDA margin	*1.1%*	*5.2%*	*16.4%*		*7.2%*

FREE CASH FLOW (CONTINUING OPERATION)

Free Cash Flow is measured based on 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 considers 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 2021 and 2020.

MEUR	2021	2020 (RESTATED)
Cash flow from operating activities	56.7	57.7
Cash flow used by investing activities	(26.7)	(30.7)
Cash flow used by/from financing activities	(11.1)	48.9
Currency effects on cash	18.3	(14.9)
Add back / less:		
Proceeds from capital increase	0.0	(89.7)
Purchase of treasury shares	0.0	1.3
Net draw-down/repayment of debt	(18.1)	9.3
Free Cash Flow	**19.1**	**(18.1)**

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	2021	2020
Interest-bearing loans and borrowings	272.1	273.5
Long-term interest-bearing lease liabilities	66.7	89.6
Other short-term liabilities, interest-bearing	28.4	13.8
Bank overdraft	0.6	0.0
Cash and cash equivalents	(51.3)	(67.4)
Net Interesting-Bearing Debt	**316.4**	**309.5**

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	2021	2020
Total assets	980.1	980.7
Deferred tax liabilities	(27.0)	(14.9)
Other long term liabilities	(20.0)	(21.3)
Current liabilities incl. other short-term interest bearing liabilities	(262.8)	(253.2)
Assets held for sale	(238.2)	0.0
Long-term interest-bearing liabilities	70.8	0.0
Capital Employed	**507.6**	**691.2**

Liabilities disclosed in note 13 are excluded in the table.

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 is used to measure 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.

Return on Capital Employed

MEUR		2021		2020
Capital Employed beginning (1)	01.01.2021	691.2	01.01.2020	645.6
Capital Employed at end (2)	31.12 2021	507.6	31.12 2020	691.2
Adjusted EBIT last twelve months (3)		50.7		16.4
Adjusted ROCE (3) / ((1)+(2))*2		**8.5%**		**2.4%**

As restatement of the balance sheet for prior year is not required by IFRS 5, thus capital employed as of December 31, 2020 contains assets and liabilities of discontinued operation.

CONSOLIDATED KEY FINANCIAL DATA

			2021	2020 (RESTATED)	2019*	2018*	2017*
*Operations and profit****							
1	Operating revenues & Other income	(MEUR)	831.5	687.3	1,160.9	1,123.1	1,056.6
2	Depreciation/amortization	(MEUR)	32.1	33.4	48.0	35.6	45.4
3	Operating profit / (loss)	(MEUR)	47.5	(18.0)	62.4	53.7	23.8
4	Profit / (loss) before taxes	(MEUR)	38.0	(63.6)	43.5	38.5	6.4
5	Net profit / (loss)	(MEUR)	28.5	(58.5)	28.8	23.8	(8.0)
6	Cash flow from operating activities	(MEUR)	56.7	57.7	51.4	43.2	38.3
7	Investment in property, plant and equipment	(MEUR)	25.6	31.8	63.5	63.9	47.4
8	Development expenses, gross	(MEUR)	55.9	54.9	53.7	63.2	67.4
9	Development expenses, net	(MEUR)	47.5	46.4	43.0	46.8	55.0
*Profitability****							
10	EBITDA margin	%	9.6	2.2	9.5	8.0	6.5
11	Operating margin	%	5.7	(2.6)	5.4	4.8	2.3
12	Net profit margin	%	3.4	(8.5)	2.5	2.1	(0.8)
13	Return on total assets	%	5.8	(2.0)	7.1	7.0	3.4
14	Return on capital employed (ROCE)	%	8.5	2.4	11.1	11.1	5.3
15	Return on equity	%	11.2	(22.1)	10.7	10.7	(4.0)
Capital as at 31.12.							
16	Total assets	(MEUR)	984.8	898.0	927.0	820.2	721.9
17	Capital employed**	(MEUR)	507.6	691.2	645.6	522.9	448.5
18	Total equity	(MEUR)	265.6	245.5	282.9	253.5	190.7
19	Equity ratio	%	27.0	27.3	30.5	30.9	26.4
20	Liquidity reserve**	(MEUR)	140.9	197.0	64.4	109.1	105.4
21	Long-term interest-bearing debt**	(MEUR)	338.7	363.0	362.7	269.4	257.8
22	Interest coverage ratio		2.4	(0.4)	2.8	3.0	1.4
23	Current ratio (Banker's ratio)		1.6	1.7	1.7	1.7	1.5
Personnel							
24	Number of employees as at 31.12.****		5,624	11,234	10,908	11,401	10,482

* Due to the divestment of the Interior segment in 2021, figures in these years are not fully comparable with the figures in 2021 and 2020 which had been restated in the accordance with the requirements of IFRS 5.
** Assets and liabilities classified as held for sale are excluded in 2021
*** Items of the Statement of Comprehensive income and Statement of Cash Flow classified as Discontinued operation are excluded in 2021 and 2020
**** Employees from Discontinued operation are excluded as of December 31, 2021

Definitions

5	Profit after tax
9	Gross expenses – Payments from customers
10	(Operating profit / (loss)) + depreciation and amortization) / Operating revenues
11	(Operating profit / (loss)) / Operating revenues
12	(Net profit / (loss)) / Operating revenues
13	(Operating profit / (loss)) / Average total assets
14	Adjusted EBIT / Average capital employed
15	(Net profit / (loss)) / Average equity
17	Operating assets – Operating liabilities
20	Cash + Unutilized credit facilities and loan approvals
22	(Operating profit / (loss)) / Financial expenses
23	Current assets / Current liabilities

KONGSBERG
AUTOMOTIVE

KONGSBERG AUTOMOTIVE ASA
DYRMYRGATA 48
3611 KONGSBERG
NORWAY
T: +47 32 77 05 00

OPERATIONAL HEADQUARTERS
KA GROUP AG
EUROPAALLEE 39
8004 ZÜRICH
SWITZERLAND
T: +41 43 508 65 60

WWW.KONGSBERGAUTOMOTIVE.COM