

Kongsberg Automotive Shareholders' presentation

June 10th, 2020

Important notice and disclaimer



This document has been produced solely for use at the announced information meeting on 10 June 2020 held in connection with a private placement (the "**Private Placement**") and subsequent offering (the "**Subsequent Offering**") in Kongsberg Automotive ASA (the "**Company**", together with its subsidiaries the "**Group**") proposed to be approved by the shareholders at an extraordinary general meeting in the Company to be held on 15 June 2020 (the "**EGM**"). The purpose of the information meeting is to provide information about the Company and in particular the impact of the corona pandemics as well as the EGM and to facilitate for minority shareholders to ask questions in this regard. Due to the corona pandemic and meeting restrictions shareholders have been asked to not attend the EGM and accordingly the presentation replaces what under normal circumstances would have been communicated in the EGM. Neither this document nor any of its contents may be reproduced, redistributed or passed on, directly or indirectly, to any other person without the prior written approval of the Company

This presentation does not constitute an offer to subscribe for or purchase any securities. As of the date of this Presentation, the Private Placement is completed, subject to approval by the EGM. Information about the Subsequent Offering will be included in a prospectus prepared by the Company to be approved by the Supervisory Financial Authority of Norway (the "Prospectus"), to be published upon commencement of the subscription period in the Subsequent Offering if and when carried out. Any subscriptions in the Subsequent Offering must be done based on the Prospectus and is subject to restrictions in certain jurisdictions.

The distribution of this document may be restricted by law in certain jurisdictions and persons into whose possession this document comes should inform themselves about, and observe, any such restriction. Any failure to comply with such restrictions may constitute a violation of the laws of any such jurisdiction. None of the Company or Sparebank1 Markets (the "**Manager**") shall have any responsibility for any such violations.

No representation or warranty (express or implied) is made as to the accuracy or completeness of any information contained herein, and it should not be relied upon as such. Neither the Company nor the Manager or any of their parent or subsidiary undertakings or any such person's officers or employees shall have any liability whatsoever arising directly or indirectly from the use of this document. This document and the conclusion contained herein are based on economic, market and other conditions, as in effect on, and the information available to the Company as of, their date. This document does not purport to contain a complete description of the Group or the market(s) in which the Group operates, nor do they provide an audited valuation of the Group. The information contained in this document is not, and does not purport to be, appraisals of the shares, assets or the business of the Group. Moreover, this document is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by an authorised representative of the Company in relation to this document. By attending or receiving this presentation you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and the Group and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the Group's business.

Nothing in this document shall be taken as giving of investment advice and this document is not intended to provide, and must not be taken as, the exclusive basis of any investment decision and should not be considered as a recommendation by the Company or the Manager (or any of its affiliates) to enter into any transaction. This document only comprises a general summary of certain matters in connection with the Group and does not purport to contain all of the information that is required with regards to any transaction in the Company's shares or other securities. The merit and suitability of an investment in the Company should be independently evaluated and any person considering an investment in the Company is advised to obtain independent legal, tax, accounting, financial, credit and other related advice prior to making an investment.

This presentation is confidential and is being communicated in the United Kingdom to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (such persons being referred to as "investment professionals"). This presentation is only directed at qualified investors and investment professionals and other persons should not rely on or act upon this presentation or any of its contents. Any investment or investment activity to which this communication relates is only available to and will only be engaged in with investment professionals.

This presentation and the information contained herein do not constitute an offer of securities for sale in the United States and are not for publication or distribution to U.S. persons (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**")). The securities proposed to be offered in the Company have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act.

This document is updated as of the date hereof unless otherwise expressly stated. Neither the delivery of this presentation nor any further discussions of the Company or the Manager with any of the recipients shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since such date. Neither the Company nor the Manager (or any of its affiliates) will accept any responsibility, duty of care, liability or obligations for providing any access to additional information, for updating, modifying, correcting or otherwise revising this document or its content, or for notifying any person of any such inaccuracy.

The Manager and/or its employees may hold shares, options or other securities of the Company and may, as principal or agent, buy or sell such securities. The Manager may have other financial interests in transactions involving these securities. This document is subject to Norwegian law, and any dispute arising in respect of this document is subject to exclusive jurisdiction of Norwegian courts.

Forward-Looking Statements

This presentation contains certain “forward-looking statements”. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in the 2019 Kongsberg Automotive Annual Report and the Kongsberg Automotive Quarterly Reports.

Non-IFRS Measures

Where we have used non-IFRS financial measures, reconciliations to the most comparable IFRS measure are provided, along with a disclosure on the usefulness of the non-IFRS measure, in the annual report.

Risk factors

This presentation does not constitute an offer to subscribe the Company's shares (the "Shares"). Shareholders should on a continuous basis be aware that the Shares involves inherent risk. Shareholders in the Company should carefully consider the risk factors set out below in addition to the information included in this presentation and otherwise publicly reported and announced by the Company. The risks and uncertainties described below are the principal known risks and uncertainties faced by the Company as of the date hereof that the Company believes are the material risks relevant to an investment in the Company. An investment in the Company is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment. The risk factors included below are not exhaustive with respect to all risks relating to the Company and its subsidiaries (the "Group") and the Shares, but are limited to risk factors that are considered specific to the Group and the Shares. If any of the following risks were to materialise, individually or together with other circumstances, they could have a material and adverse effect on the Company, the Group and/or their business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and/or trading price of the Shares, resulting in the loss of all or part of an investment in the same. Additional specific risk factors of which the Company is currently unaware, or which it currently deems not to be material risks, may also have corresponding negative effects. Before making any investment decision, any potential investor must also take into account that a number of general risk factors that are not included below still applies to the Group and the Shares. The risk factors will be expanded and further detailed in the Prospectus and any investment in the Subsequent Offering must be done on the basis of the Prospectus and the risk factors set out therein.

Risks related to market conditions

The corona pandemic caused a shutdown in the automotive industry and a corresponding liquidity need for the Group: The Group has been and will continue to be significantly affected by the outbreak of the global corona pandemic caused by the COVID-19 virus. It is difficult to predict how the Group will be affected by the corona pandemic going forward, but the Group has already experienced a reduction in revenues and results, and expects a significant need for additional liquidity in 2020 and 2021. The Group is also dependent on securing sources of funding in addition to the private placement of new Shares announced on 20 May 2020 (conditioned on approval from an extraordinary general on 15 June 2020) (the "**Private Placement**") to fully cover its expected liquidity need. The Group is currently in negotiations regarding additional alternatives for funding, but there is no guarantee that these alternatives will be made available to the Group or, if made available, on favourable terms, and, thus, there is a risk that the Group will face a significant liquidity shortage going forward. If such risk were to materialize, the Group may not be able to fulfil its obligations towards suppliers, distributors and customers, and the Group may default on its current outstanding debt.

It is not possible to accurately predict the Group's liquidity need going forward and the Group's expectations may materially differ from the actual results of the Group: Because of the prevailing uncertainties relating to the corona pandemic, it very difficult to predict if and when the Group's operations will return to a more normal level from a historical point of view. The Group's actual income and results for the periods in which it is currently expecting a liquidity shortage may be significantly lower than its most modest expectations and there are no guarantees that the Group's activities and financial results will return or be close to its historical levels. If such risks were to materialise, the Group may have a significantly higher liquidity need than anticipated and may have a need for funding additional to the funding alternatives it is currently aiming to conclude.

The corona pandemic or other pandemics may have a significant impact on the global economy, which in turn may impact the Group's business activities for an uncertain period of time: Even if the Group is able to raise sufficient funding for its liquidity shortage in the short term, there are also great uncertainties associated with the long term impact of the current corona pandemic on the global economy, or other future pandemics, in general and more specifically on the automotive industry and the Group's activities. The current shutdowns in the Group's operations, or at the Group's suppliers, distributors and/or customers, may be longer than anticipated, and commencement of activities to a "normal" level after start-up may be slower than expected. Even though recent development in April 2020 has indicated that original equipment manufacturers (OEMs) are slowly restarting their operations, there are no guarantees that such OEMs or other

key players in the automotive industry will have available equity, third party funding options or government support systems enabling them to carry out operations close to historical high levels, or, in the worst case scenario, even survive, which may affect the Group's operating activities and income significantly as the Group is heavily dependent on the output from the automotive industry and is part of a complex supply and delivery chain and (see below).

Moreover, the Company believes that the general expectation is that global economy will have a recession following the corona pandemic related shutdowns. The Group's income and results of operations have been, and will continue to be, strongly influenced by the general state and performance of the global economy. The risk for a possible recession creates an equally significant risk that the Group's activity level, revenues and/or results will be significantly lower than prior to the outbreak of the corona pandemic for a significant period in time, which impacts, inter alia, the valuation of the Group and the Shares.

The Group operates in a cyclical industry and the demand for the Group's products is largely dependent on the industrial output of the automotive industry: Substantially all of the Group's business is directly related to vehicle sales and production by the Group's customers, which consists primarily of large OEMs and other automotive suppliers and the demand for the Group's products is largely dependent on the industrial output of the automotive industry. The Group's operations and performance is directly related to the levels of global vehicle production, in particular the light duty vehicle market. The automotive industry is sensitive to factors such as consumer demand, consumer confidence, disposable income levels, and availability of credit, fuel prices and general economic conditions. Given the variety of economic parameters influencing global automotive demand, the volume of automotive production is characterised by a certain level of fluctuation, making it difficult for the Group to accurately predict demand levels for the Group's products. Because the Group's business is characterised by high fixed costs, the Group is exposed to risks of underutilisation of its facilities or having insufficient capacity to meet customer demand if the markets in which the Group is active either decline or grow faster than anticipated.

The Group is exposed to risk relating to current market trends and developments in the automotive industry, including increasing trends towards electric mobility: The automotive market is characterized by progressive development towards fuel-efficiency, less polluting and quieter engines, growing demands by customers and stricter regulations with respect to engine efficiency and emissions, as well as towards medium range cars and hybrid and electric vehicles.

Risk factors (cont.)

The Group may be particularly negatively affected by the increasing trends towards electric mobility. The Group's Powertrain & Chassis segment produces gear shifters, shift cables and gear clutches control systems, which are only needed if a vehicle has a powertrain. Currently, electric cars does not have a powertrain and, thus, an increase in the market share for electric cars may reduce demand for the Group's products within the Powertrain & Chassis segment. If the Group is not successful in developing new strategies and products as a response to such trend, there is a risk for a significant decline in the Group's revenues and earnings.

Risks relating to the United Kingdom's exit from the EU (Brexit): The Group supplies UK-based customers from plants based in the EU and the Group's Normanton plant sources its products from EU-based third-party suppliers. Inversely, the Group's Normanton plant supplies products to EU-based customers. In addition, the Group's EU-based plants source products from UK-based third-party suppliers. The total costs for logistics and import and export associated with these transaction and the timelines of the supply chain may be adversely affected by Brexit.

Risks related to the business of the Group and the industry in which the Group operates

The Group is part of a complex supply and delivery chain and disruption could cause one or more of the Group's suppliers or customers to halt production: The Group's suppliers, customers and the Group rely on complex supply and delivery chains with short lead times and frequent deliveries, which make the logistics supply chain in the Group's industry very vulnerable to disruptions. Disruptions may result from many reasons, including shutdowns caused by future pandemics with similar restrictions imposed such as the corona pandemic, but also labour strikes, mechanical breakdowns, electrical outages, fire, explosions, as well as logistical complications resulting from weather or other natural disasters, mechanical failures and delayed customs processing. Moreover, as the Group expand its global manufacturing footprint, it will need to rely on suppliers in local markets that have not yet proven their ability to meet the Group's requirements. The lack of even a small single subcomponent necessary to manufacture one of the Group's products, for whatever reason, could force the Group to cease production or prolong the Group's production period. Any supply chain disruption entailing that the Group is not able to deliver products to its customers in a timely manner could cause the complete shutdown of an assembly line of one of the Group's customers, which exposes the Group to material claims for compensation.

The Group operates worldwide and is exposed to fluctuations in prices of raw materials and components: The primary raw materials used in many of the Group's products are steel, brass (zinc and copper), aluminium and polymer resin. The prices of such raw materials have fluctuated significantly in recent years. Such volatility in the prices of these products could increase the costs of manufacturing the Group's products and providing services. In addition, supply shortages or delays in delivery of raw materials or components can also result in increased costs. If costs of raw materials should rise significantly, and if the Group is not able to undertake cost saving measures in the Group's operations or increase the selling prices of products, the Group may not be able to absorb such cost increases.

The Group is exposed to risks associated with changes in currency exchange rates: The Group operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. The Group's primary exposure is to the euro/U.S. dollar exchange rate and to a lower degree to the exchange rate of the euro to the Norwegian kroner, the Swedish krona, the Polish zloty, the Hungarian forint, the Canadian dollar, the Mexican peso and the Chinese renminbi. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, while at the same time liabilities denominated in currencies with a

rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could enhance or minimize fluctuations in the prices of materials, since the Group purchases parts of its raw materials with foreign currencies.

The Group generates a significant amount of revenues from a limited number of large customers: In 2019, the Group's top ten customers represented 59 % of revenue in aggregate. The loss of sales to any of the Group's large volume customers could have a material adverse impact on the Group's business, financial condition and results of operations, which may occur for a number of reason, including, inter alia, materialisation of the risks described herein relating to the Group not being able to provide necessary product certifications or to develop new products meeting the customers' rapidly changing preferences.

The Group is exposed to risks in connection with its pension obligations, which may lead to unexpected funding obligations: The Group provides defined benefit plans in Norway, Germany, France and Switzerland. As of 31 December 2019, the Group's defined benefit pension obligations (defined as the Group's projected benefit obligations less the fair value of pension assets) amounted to EUR 19.8 million. The fair value of the Group's pension assets are subject to market fluctuations that are beyond the Group's control. Unfavourable market conditions could result in a substantial increase of the Group's defined benefit obligations, which may affect, inter alia, the Group's financial results.

The Group may not be able to respond quickly enough to changes in technology, technical standards and consumer preferences: The markets for the products that the Group offers are characterized by rapidly changing technology, evolving technical standards, changes in customer preferences and frequent introduction of new products. Changes in competitive technologies may render certain of the Group's products obsolete or less attractive, and the Group may not able to develop and produce new products or enhanced versions of existing products to meet customers' demands in a timely manner. The Group depends on being able to anticipate changes in technology and regulatory standards and if there is a shift away from technologies in which the Group is currently investing, the Group's costs may not be fully recovered and any decrease in the Group's engineering and development expenditure may adversely affect the Group's ability to remain technological competitive. Moreover, if competitors of the Group are able to patent certain new innovations, the Group may have to procure licenses for new technology, which may significantly increase the Group's operating expenses or require the Group to restrict business activities in one or more respects.

The Group is required to obtain and maintain quality and product certifications for certain markets and customers: In some countries in which the Group operates, certain certifications for products with regard to specifications and quality standards are required or preferred in order for these products to be accepted by customers and markets. As such, the Group's is dependent on obtaining and maintaining the relevant certifications so that the Group's customers are able to sell products that includes components that are manufactured by the Group in such countries. Many customers also require that the Group maintains certain standards, e.g. ISO certifications etc, and conducts inspections at regular intervals to ensure that the Group maintain these standards. If the Group fails to meet or maintain requirements needed to secure or renew such certifications could have a material adverse effect on the Group's business activities, financial conditions and results.

Risk factors (cont.)

The Group is exposed to risk relating to its product development, production and project management: The Group's product development and improvement activities are associated with a range of risks, including delays in time-to-market, deviations from product specifications and quality requirements, deviations from development budgets, and potential infringements of third-party intellectual property rights. The Group is also subject to risk in manufacturing processes, such as, inter alia, bottlenecks and delays as a result of insufficient production resources. The launch of new products also requires comprehensive and long-term planning of customer project management, which are subject to risks such as poor communication, selecting wrong manufacturing equipment, missing project timelines and cost budgets, which has materialised in the past on some of the Group's projects.

The Group is exposed to cyber-crime: The Group uses various digital technologies for communication and process management. Like other multinational companies, the Group 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 the Group's portfolio may be compromised, for example through attacks into the Group's networks, social engineering, data manipulation in critical applications, and loss of critical resources, resulting in financial damages.

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.

Risks related to laws, regulations and litigation

The Group could be unsuccessful in adequately protecting its intellectual property and technical expertise: The Company's business and business strategy are highly dependent on the Group's technology. The Group regularly apply for and have been granted patented rights relating to its innovations. However, the process of seeking patent protection may be lengthy and expensive and current pending or future application may not be of sufficient scope or strength to provide meaningful protection for the Group's technology. Other parts of the Group's intellectual property comprise know-how and industrial secrets that are not patentable and only can be protected by confidentiality procedures and contractual provisions. Despite the Group's efforts to protect its intellectual property and industrial secrets, the Group has in the past experienced infringement of their intellectual property, including copies and replicas of their proprietary products and innovations, and there is a risk that the Group's intellectual property rights may be infringed in the future. Policing unauthorized use of the Group's technology is difficult and there can be no assurance that the steps taken by the Group will prevent misuse of its technology.

There is a risk that the Group infringes intellectual property rights of third parties: The Group's competitors, suppliers and customers submits a large number of inventions for intellectual property protection. Even after extensive background researches, it is not always possible for the Group to determine with certainty whether there are effective and enforceable third party intellectual property rights to certain processes, methods or applications. As a consequence, third parties could assert infringement claims (including illegitimate ones) against the Group and the Group could be required to cease manufacturing, using or marketing technologies or products in certain countries or be forced to make changes to manufacturing processes or products. Moreover, the Group could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties. Even in the case of illegitimate claims, the Group may have to use considerable resources to defend itself against such claim.

The Group may face risks relating to climate change that could have an adverse impact on the Group's business: Future greenhouse gas emission laws may affect the Group in various aspects, including; modification of existing or new permits; implementation of additional pollution control technology; price reductions requirements from customer to account for their increased costs; reduction in automobile sales and reduced demand for the Group's products, which in turn could affect the Group's business, results of operations, financial condition, reputation, product demand and liquidity.

Risk relating to tax matters and financial reporting

The value of the Group's deferred tax assets could become impaired or the Group could be unable to utilize tax losses: As of 31 December 2019, the Group had EUR 19.9 million in deferred tax assets. These deferred tax assets include net operating losses carry forwards that can be utilized to offset taxable income in future periods and reduce income tax payable in those future periods. The Group periodically assess the probability of the realization of deferred tax assets, using significant estimates and judgments with respect to, among other things, market developments, and the success of the Group's customers and timing of future profits. If the Group determines that in the future there is not sufficient positive evidence to support the valuation of its deferred tax assets, the Group may be required to write-off all or a part of these assets. The Group may also be materially and adversely affected by any changes in the applicable tax laws, leading to future limitations on the Group's capacity to carry forward losses.

An impairment of the Group's substantial goodwill could result in a reduction of net income and equity: Goodwill represents the excess of the cost of an acquisition of a business over the fair value of the net assets acquired and is initially recorded in the Group's statement of financial position at cost established at the date of the acquisition of the business. IFRS requires that goodwill be periodically evaluated for impairment based on the fair value of the cash-generating unit. Declines in the Group's profitability or the value of comparable companies may impact the fair value of the Group's cash generating units, which could result in write-off of goodwill and a reduction in the Group's profit attributable to equity holders. As of 31 March 2020, the Group had EUR 148.1 million of goodwill recorded in its statement of financial position, representing 17 % of the Group's total assets that could be subject to impairment. In addition, if the Group acquires any further businesses in the future, the Group may recognize additional goodwill that may be significant. Any future impairment charge on the Group's goodwill could have a material adverse effect on the Group's results of operations and financial position.

The international scope of the Group's operations and the Group's corporate and financing structure may expose the Group to potentially adverse tax consequences: As a result of its international activities, the Group is subject to taxation in, and the tax laws and regulations of multiple jurisdictions. The Group is also subject to intercompany pricing laws, applicable for, inter alia, the Group's inter-company purchase and licensing arrangements. Any adverse change in these laws or regulations or in the position by the relevant authority, could adversely affect the Group's business, results of operations and financial condition. Moreover, if any applicable tax authorities were to successfully challenge the tax treatment of any of the Group's intercompany loans or transactions, it could result in disallowance of deductions, a limitation on the Group's ability to deduct interest expenses, imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, application of significant penalties and accrued interest or other consequences that could have a material and adverse effect on the Group's business, financial condition and results of operations.

Risk factors (cont.)

Changes in accounting standards may materially impact the reporting of the Group's financial condition and results of operations: The Group's consolidated financial statements are prepared in accordance with IFRS. Accounting principles as per IFRS and related accounting pronouncements, implementation guidelines and interpretations for many aspects of the Group's business are complex and involve subjective judgments. Changes in these rules or their interpretation may significantly change or add significant volatility to the Group's reported financial condition or results of operations.

Risk factors relating to the Group's indebtedness

The Group is subject to restrictive debt covenants that may limit ability to finance future operations and capital needs and to pursue business opportunities and activities: The Group is subject to the affirmative and negative covenants under its current debt obligations, which restricts, among other things, the Group's ability to make certain loans or investments; incur or guarantee additional indebtedness; create or incur certain liens; make certain payments, including dividends or other distributions, with respect to the shares of such entity; agree to limitations on the ability of the Company's subsidiaries to pay dividends or make other distributions; sell, lease or transfer certain assets, including stock of restricted subsidiaries; engage in certain transactions with affiliates; consolidate or merge with other entities; and impair the security interests. Although all of these restrictions are subject to exceptions and qualifications, the covenants to which the Group is subject could limit the Group's ability to finance future operations and capital needs and ability to pursue business opportunities and activities.

The Group may not be able to generate sufficient cash to service its indebtedness and may be forced to take other actions to meet the Group's obligations under the indebtedness, which may not be successful: The Group has significant debt service obligations, and the Group's ability to make principal or interest payments when due on its indebtedness, and to fund ongoing operations, will depend on future performance and the Group's ability to generate cash, which, to a certain extent, is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors as may be described herein, many of which are beyond the Group's control. If the Group does not have sufficient cash flows from operations and other capital resources to pay the Group's debt obligations, or to fund the Group's other liquidity needs, or the Group is otherwise restricted from doing so due to corporate, tax or contractual limitations, the Group may be required to refinance its indebtedness. If the Group is unable to refinance, it may be forced to reduce or delay the Group's business obligations, activities or capital expenditures, sell assets, raise additional debt or equity financing in amounts that could be substantial, or restructure or refinance all or a portion of the Group's debt on or before maturity. The terms of the Group's indebtedness will also restrict the Group's ability to, inter alia, transfer or sell assets and the use of proceeds from any such disposal. The Group cannot guarantee that it would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all, or that those actions would secure sufficient funds to meet the Group's obligations under its indebtedness.

Drawings under the Group's revolving credit facility agreement will bear interest at floating rates that could rise significantly, increasing the Group's costs and reducing cash flow: The Group's drawings under its current revolving credit facility agreement will, and future indebtedness that the Group may incur could, bear interest at floating rates of interest per annum equal to EURIBOR. These interest rates could rise significantly in the future. Although the Group may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms.

To the extent that interest rates or any drawings were to increase significantly, the Group's interest expense would correspondingly increase, reducing the Group's cash flow.

Risks relating to Shares

Shareholders not participating in future issuance of Shares will be diluted: The Company may seek to issue additional Shares or convertible securities in the Company in case of future need of additional equity, to fund future acquisitions and in connection with the Group's employee incentive program. If shareholders in the Company are not able to or is excluded from participating in such future issuance of Shares or securities, such shareholders may suffer a substantial dilution of its shareholding.

The corona pandemic creates stock market volatility, which may affect the market price for the Shares: The corona pandemic has had a significant impact in the financial markets in Norway and in other countries, including causing high volatility in the stock markets. If the corona pandemic continues for a prolonged period, both the Norwegian and the global economy may experience a significant slowdown in its growth rate or even a decline, which in turn may affect the performance of the Company's Shares on Oslo Børs. A subscription of offer Shares in the proposed subsequent offering in the Company will be binding and irrevocable. There are no guarantees that the corona pandemic or other circumstances, within or out of the Company's control, will not continue to affect the trading prices of the Company's Shares, including in the period between any subscription in the subsequent offering and delivery of such new Shares.

Risk factors relating to restrictions applicable to U.S. shareholders or other jurisdictions: The Shares have not been registered under the U.S. Securities Act or any state securities laws in the United States or any other jurisdiction outside of Norway and are not expected to be registered in the future. As such, the Shares may not be offered or sold except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable securities laws. Moreover, offer and sale of Shares are subject to specific legal or regulatory restrictions in certain jurisdictions and any failure to comply with these restrictions may constitute violation of the securities laws of any such jurisdiction. In addition, there can be no assurances that shareholders residing or domiciled in the United States or jurisdictions other than Norway will be able to participate in future capital increases or rights offerings.

Today's Presenter

Henning Jensen, President and Chief Executive Officer



Professional experience

Kongsberg Automotive Oslo, Norway & Zürich, Switzerland June 2016 - Present
President and Chief Executive Officer

Kistefos AS Oslo, Norway 2011 - 2015
Chief Executive Officer

RHI AG Vienna, Austria 2010 – 2011
Chief Executive Officer, Chief Financial Officer and Chairman

Tyco Electronics / TE Connectivity Frankfurt, Germany and US 2001 – 2009
*SVP, Divisional Head (Automotive),
Chief Financial Officer (Electronic Components) and
other executive positions*

General Motors / Delphi Automotive Systems Germany and US 1995 – 2001
Various management and executive positions

Education

Hochschule St. Gallen (Switzerland)
Doctoral Studies

University of San Francisco (USA)
BA & MBA

Kongsberg Automotive

Key highlights

- Kongsberg Automotive – a truly global mid-sized automotive supplier with a diversified customer base
- Diversified revenue base with ~75% from OE-automotive (LD&HD) and ~25% from non-automotive markets including aftermarket
- Strong market positions in our segments with leadership positions in attractive niche markets
- Strong and improving financial performance driven by the improvement program initiated in 2016
- Since 2016, following a turn-around, Kongsberg Automotive developed into a healthy business and achieved
 - above-market revenue growth through strong new business wins
 - doubling of adj. EBIT margins through operational improvements
 - improvements of virtually all KPIs
- In FY 2019, Kongsberg Automotive
 - achieved above-market revenue growth, maintained an adjusted EBIT margin greater than 6% and increased Net Income.
 - The main drivers were a very challenging macro environment that was more than offset by the reduction in restructuring costs.
 - had significant negative cash flow due to high investments and increases in working capital mainly driven by growth / new business wins.
- With the consequences of the Corona virus on the automotive industry, as is the case with most automotive suppliers, Kongsberg Automotive is facing a shortage of liquidity.

Kongsberg Automotive at a glance

Overview

- Listed on Oslo Stock Exchange, parent company in Norway.
- 3 segments: Interior, Powertrain & Chassis, Specialty Products
 - Interior: interior comfort systems and light duty cables
 - Powertrain & Chassis: gearshift systems and vehicle dynamics applications
 - Specialty Products: air couplings, FTS and off-highway applications
- We estimate that approximately one out of five LD or HD vehicles contain our products globally
- Diverse customer and end-market exposure with strong market positions

Selected KPIs

Revenue
(2016A/2017A / 2018A / 2019A)

€986m / €1,057m / €1,123m / €1,161m

Adjusted EBIT
(2016A/2017A / 2018A / 2019A)

€28 m / €50 m / €75 m / €71 m

Revenue growth / Adj. EBIT growth
(2016-2017A, 2017A-2018A & 2018A-2019A)

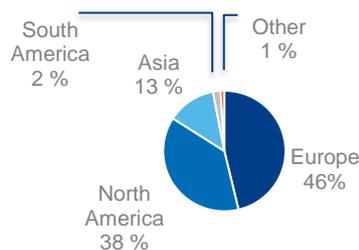
7% / 78%, 6% / 49% & 3% / -5%

Booked business / Revenue
(avg. 2017A, 2018A, 2019A)

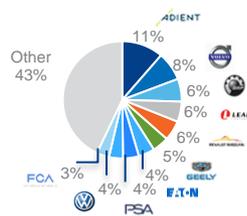
1.4x

2019A revenue breakdown

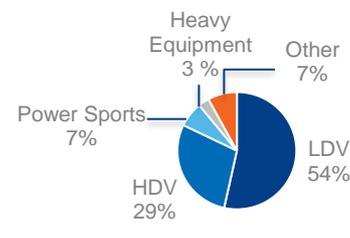
By geography



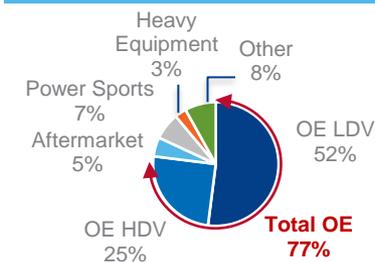
By customer



By end-market



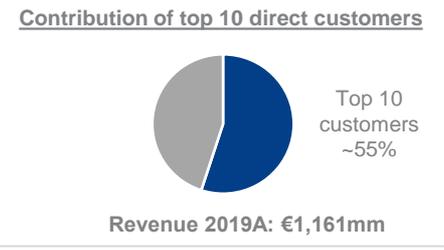
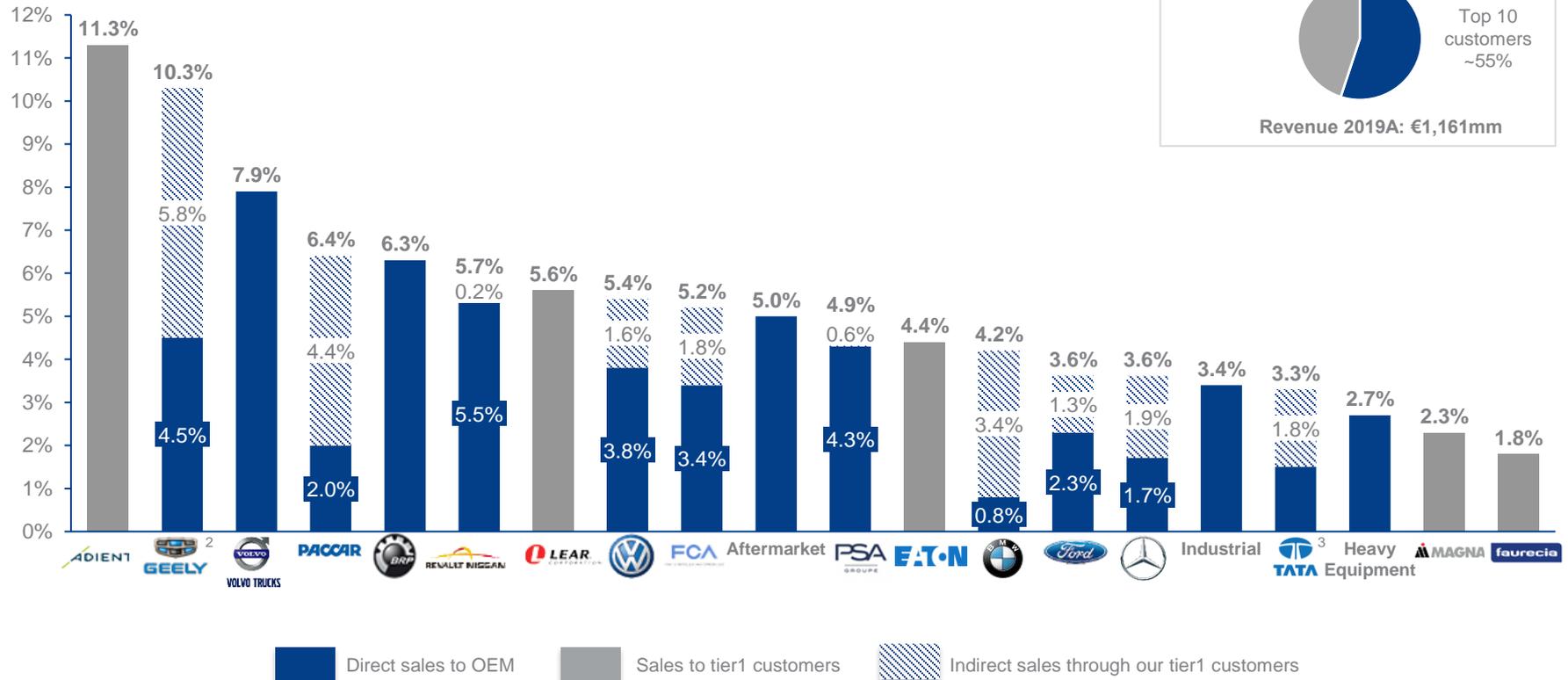
By channel



Total revenue 2019A: €1,161 m

Kongsberg Automotive benefits from a well diversified customer base¹

Share of KA's Total Revenue



Our broad customer base prevents any dominant single customer dependency

¹ This graphical overview represents approximately 78% of our total end customer revenues.

² The Volvo passenger car brand is included in the Geely Group.

³ The Land Rover passenger car is included in the Tata Motors Group.

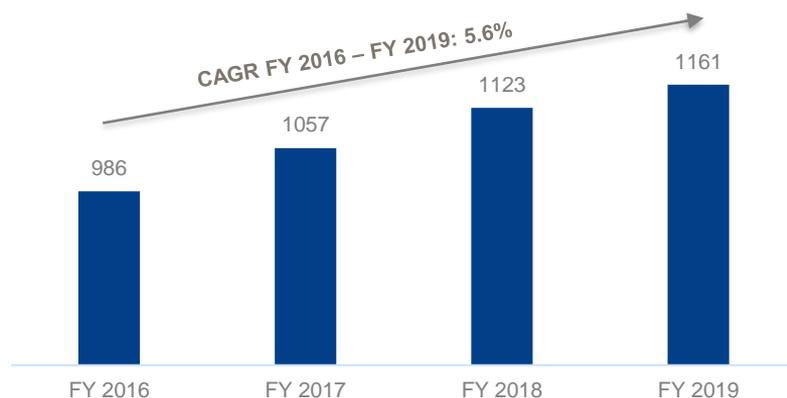
Kongsberg Automotive at a glance

	Interior		Powertrain & Chassis Products		Specialty Products		
	Light Duty Cables	Interior Comfort Systems	Transmission Control	Vehicle Dynamics	Air Couplings	FTS	Off Highway
Revenue % 2019A	5%	21%	36%	4%	9%	11%	14%
Market position	Fragmented market with no dominant player	#1 / #2 in integrated comfort systems	Strong position in actuation systems		#1 / #2 (Europe)	#1 in PTFE hoses	Top 3 in pedals and electronic controls
% LDV/HDV/ Non-Auto/ Aftermarket	98% / 2% / 0% / 0%		55% / 34% / 1% / 10%		15% / 34% / 48% / 3%		
Key customers							
Key competitors							
Kongsberg Automotive Value Proposition	<ul style="list-style-type: none"> ➤ Broadest capabilities in the market ➤ Strong underlying addressable market growth driven by trend towards premiumisation, comfort and convenience ➤ Trickle down from premium segment into volume segments ➤ Strong customer relationships ➤ Sophisticated cable design and high quality ➤ One-stop shop for systems 		<ul style="list-style-type: none"> ➤ Strong product development capabilities in a market moving from mechanical to electronically controlled automated actuation ➤ Well positioned on truck and LV actuators ➤ High design flexibility through standardized modules, adaptable to OEM preferences ➤ Significant business booked in US and China ➤ Complete shifter systems ➤ Long design and manufacturing expertise 		<ul style="list-style-type: none"> ➤ Deep vertical integration and full capability in-house, hereunder strong electronic engineering capabilities ➤ Strong growth driven by innovative products and capturing market share: couplings (HDV, aftermarket), FTS (LDV, HDV, industrial), off-highway (power sports, construction, agriculture) ➤ Growth potential in North America and Asia ➤ OEM advancement through better TCO ➤ Bringing automotive scale and efficiency to industrial customers ➤ Market leader in niche markets 		

Historical financials overview

The growth in top-line and profitability is a result of the changes initiated in 2016

Revenue performance (€m)

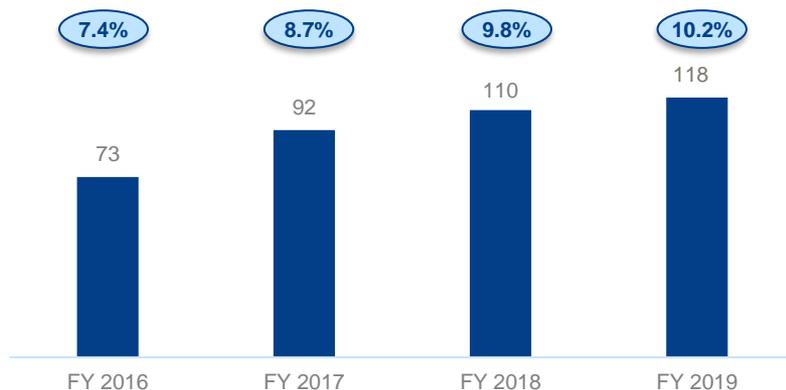


Key financials (€m)

P&L

€m	FY 2016*	FY 2017*	FY 2018*	FY 2019
Revenue	986	1,057	1,123	1,161
% growth	(3.0%)	7.2%	6.2%	3.4%
Adj. EBITDA	73	92	110	118
% margin	7.4%	8.7%	9.8%	10.2%
Adj. EBIT	28	50	75	71
% margin	2.9%	4.7%	6.7%	6.1%
Capex	(51)	(53)	(68)	(65)
% of revenue	(5.2%)	(5.0%)	(6.1%)	(5.6%)
Adj. EBITDA - Capex	22	40	42	53

Adj. EBITDA performance (€m)



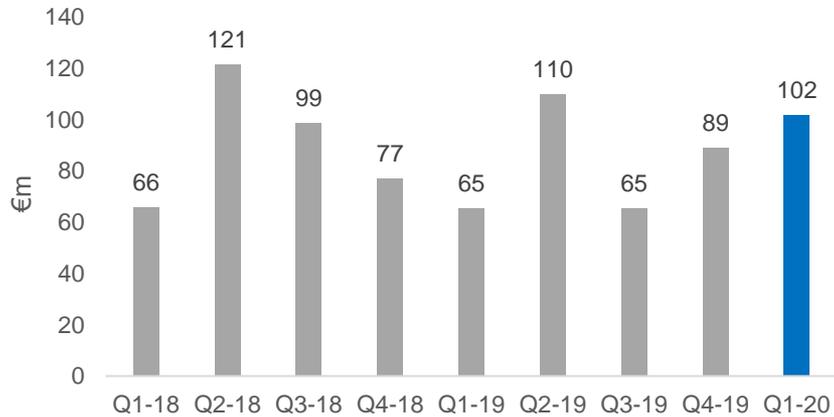
% EBITDA margin (%)

Revenues including HRAR

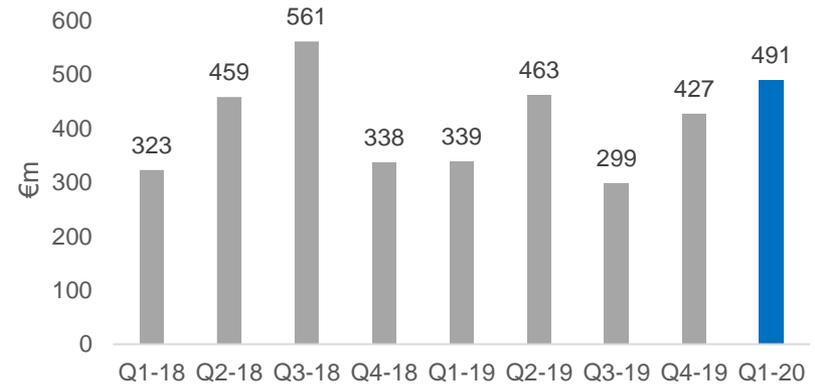
*Excluding IFRS 16 effects

New Business Wins – KA Group

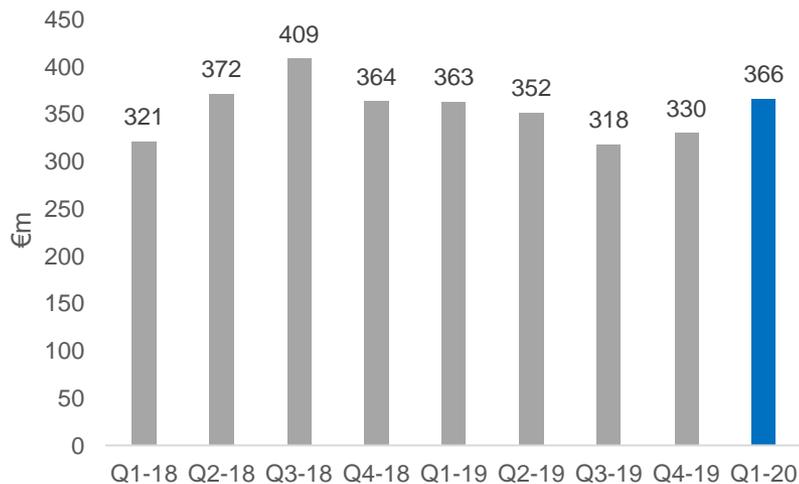
New business wins per quarter (Annualized revenues)



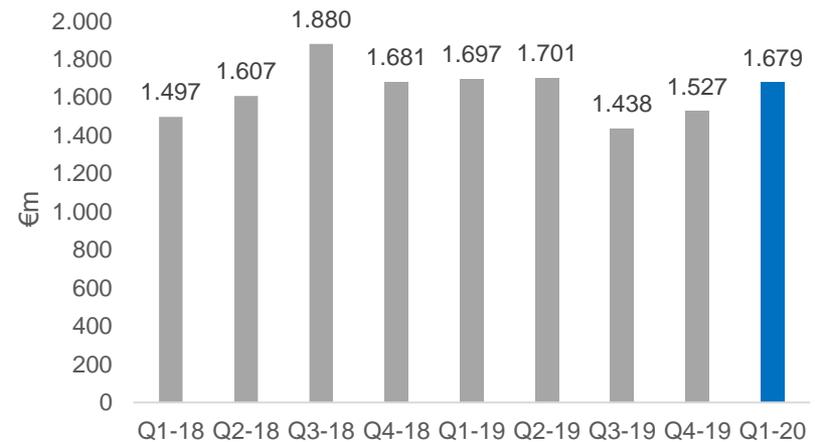
New business wins per quarter (Lifetime revenues)



New business wins LTM (Annualized revenues)

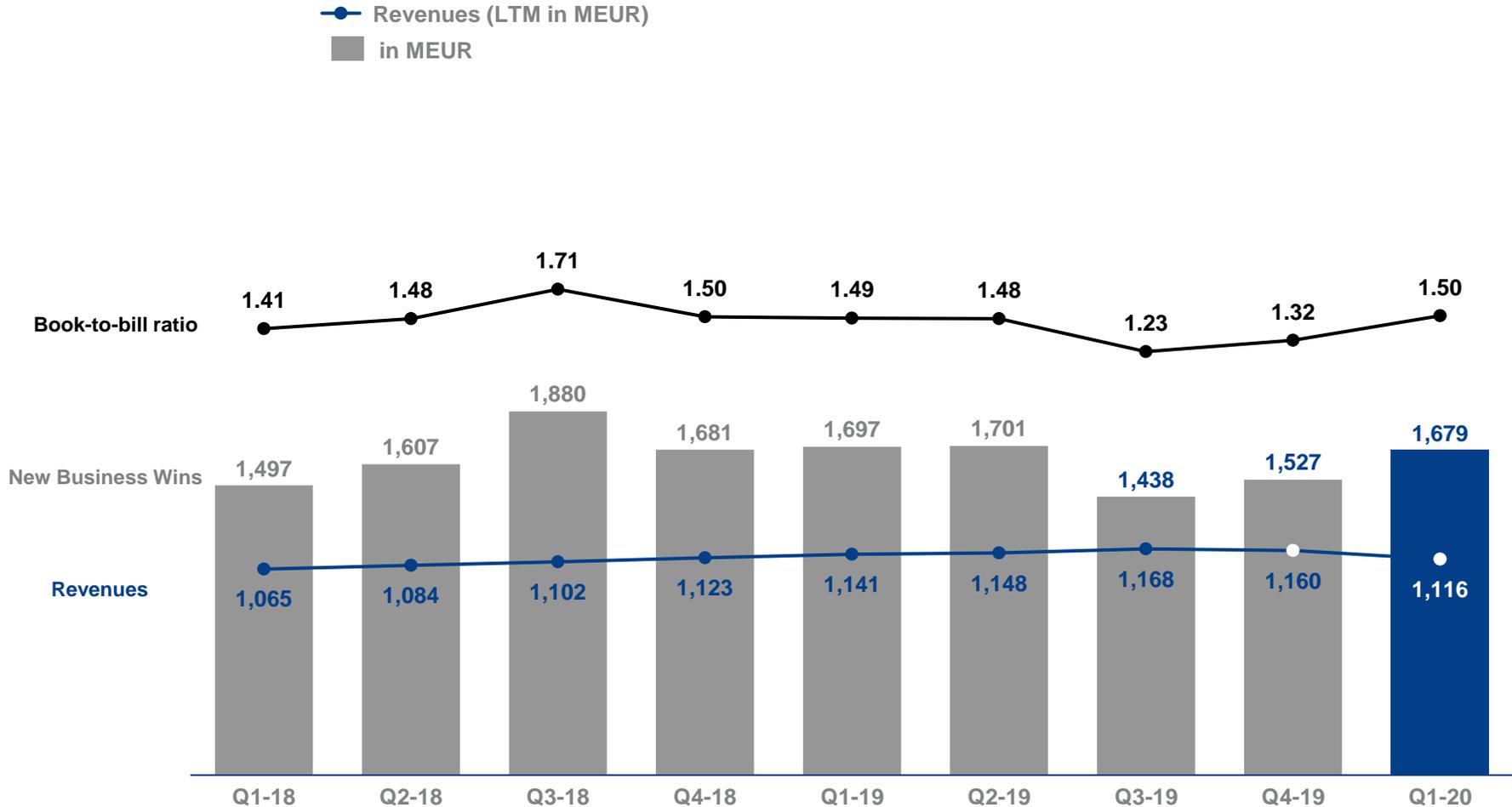


New business wins LTM (Lifetime revenues)



Book-to-bill performance

High number of new business wins over the last 2 years ensure long term growth relative to the market



*Lifetime revenue assumptions are based on IHS and LMC production estimates at the time of the booking.

Corona Virus and its impact on the automotive industry

- The corona virus (Corona) has impacted the automotive industry significantly.
 - The Corona outbreak started in China slightly before the Chinese new year vacation.
 - This led to shutdowns in China extending beyond the normal new year shut down periods.
 - Due to very strict and effective measures, China has returned to somewhat normal automotive operations in early April.
 - As we all have since learned, the economic impact outside of China has been much stronger as the Corona virus has spread rapidly throughout the world.
 - As the first countries European countries started “shutting down”, essentially the entire global automotive industry shut down. The shutdowns are both health and supply chain related.
 - The supply chains in the automotive industry are very global, complex, and intertwined.
 - Under normal circumstances, these automotive supply chains are very “well oiled machines”. However, when shock is inserted into the system, it stops functioning.
 - For all practical purposes, the automotive industry has shut down outside of China and portions of Japan and South Korea.
 - This has led to sudden and very sharp declines in revenues for all automotive suppliers.
 - There is great uncertainty as to how long the current situation will last and also at what level the economy will “restart” following the reopening of operations.
 - There is a general expectation, that we will have a recession following the Corona related shutdowns. There is great uncertainty as to whether the recovery from the Corona effects will follow the patterns of other downcycles.
 - The automotive industry is in general considered by most large industrial nations as “too big to fail” and will receive significant support from governments. Such efforts, though, will mostly focus on the OEMs, not on the suppliers.



The impact on the Corona virus on Kongsberg Automotive

KONGSBERG
AUTOMOTIVE

- In Q1, 2020, Kongsberg Automotive (KA) saw revenues decline of more than 15% YoY to €262 million. This was driven by a combination of declines in China following the Chinese new year shutdown extension and the almost complete shutdown of Western OEMs in the last 10 days of March.
 - KA's Q1 2020 adjusted EBIT declined by almost 75% to slightly less than €8 million.
 - In the seasonally weak first quarter, we had a negative cash flow of around €8 million. The cash flow performance was strengthened primarily by strong working capital measures..
 - Paradoxically enough, we had strong new business wins (NBW) in Q1 2020 of around €100 million in annualized business, above the levels of previous years' Q1 NBWs (as seen on slides 14 and 15). It should, however, be noted that we saw almost no NBWs in March.
 - As has been the case over the last years, these strong NBWs should enable Kongsberg Automotive to outperform the automotive sector in top line growth.
- For the remainder of 2020, and for that matter also for 2021, there is great uncertainty. There are three key questions:
 - How long will the current shutdowns last?
 - When, at what pace and to what level will the restart take place?
 - Following 2020, at what level will the business levels be in 2021?
- In order to plan for the future, KA has developed various scenarios for 2020 and 2021 which are based mainly on management estimates. These scenarios do not reflect any guidance or forecasts and the actual results for 2020 and 2021 could differ from the scenario outputs. These are described on the next slide.
 - Each scenario models the expected P&L performance, working capital levels, capex, and cash flow.
 - Many scenarios have been worked out. For simplicity purposes, this presentation covers three scenarios; high case, medium case, and low case where the “high case” represents the most favorable outcome and the low case represents the least favorable outcome among the scenarios. The difference between the various scenarios is the underlying market assumptions which ultimately drive the revenues of the company and which the company does not control.
- All the scenarios lead to a significant need for additional liquidity.

Three Scenarios – Revenue impact for Kongsberg Automotive

- As mentioned, we have modeled three scenarios/cases:

Revenues	High case	Medium Case	Low case
2019 (for reference)	€1,161 million	€1,161 million	€1,161 million
2020	€ 914.6 million This assumes shutdowns as we currently experience through April with a quick ramp up in the first two weeks of May.	€892.8 million This assumes shutdowns as we currently experience through April with a slow ramp up in May and the first week of June.	€832.5 million This assumes shutdowns as we currently experience through May with a slow ramp up in June and the first week of July.
2021	€1,091 million This assumes 2021 revenue levels of around 6% less than in 2019.	€1,068 million This assumes 2021 revenue levels of around 8% less than in 2019.	€1,043 million This assumes 2021 revenue levels of around 10% less than in 2019.

- We believe that the “High case” is probably overly optimistic, as the challenges surrounding a quick restart in 2020 are large and the recovery speed for 2021 under this scenario would be aggressive.
- We believe that the “Low case” is probably overly pessimistic, particularly for 2020 as such a long shutdown period will almost be unbearable for an industry that is broadly seen as “too big to fail”.
- Consequently, we believe that the most likely outcome is somewhere between the “High” and “Low” cases. This is what the “Medium case” represents.
- Note that for the revenue assumptions for 2021 one should bear in mind that due to KA’s strong business wins, we have typically outperformed the market in top line growth by around 4-7% points. Taking this into account, the assumptions for the 2021 revenues reflect underlying market declines of 14-17%, 12-15% and 10-13% for the Low, Medium and High scenarios, respectively. This would represent a drop larger than in previous downcycles/recessions.



Revenue assumptions used for the “Medium” and “Low” scenarios: **KONGBERG** AUTOMOTIVE

- The below table illustrates the China & South Korea revenue developments during Q1:

China & South Korea (Euro 000)	Jan	Feb	Mar	Q1
2019 ACT	9,255	6,215	9,327	24,796
2020 ACT	9,321	4,903	9,355	23,579
% decline YoY	1%	-21%	0%	-5%

- As can be derived from the table, the decline in China and South Korea in February was smaller than could be expected and the recovery was faster than what one might have expected.
- The below table gives an overview of the assumed % declines in 2020 vs. 2019 under the “medium” and “low” scenarios grouped by end markets we have assumed have unique behaviors:

Assumptions used for the Medium case

2020 vs 2019 revenue levels by month, quarter and FY

(Euro 000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	FY
China	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-5%	-10%	-10%	-10%	-9%
Off Highway*	-60%	-50%	-30%	-10%	-10%	-10%	-5%	-5%	-5%	-7%	-48%	-10%	-5%	-18%
Industrial & Aftermarket*	-2%	-2%	-2%	0%	0%	0%	0%	0%	0%	-2%	-2%	0%	0%	-1%
OEM AUT*	-77%	-71%	-39%	-30%	-23%	-17%	-8%	-6%	-1%	-18%	-63%	-23%	-5%	-28%
KA Total	-65%	-60%	-33%	-23%	-19%	-15%	-7%	-6%	-3%	-17%	-53%	-19%	-6%	-23%

* excludes China and South Korea revenues

OEM Automotive accounts for approximately 77% of our business

Assumptions used for the Low case

2020 vs 2019 revenue levels by month, quarter and FY

(Euro 000)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Q1	Q2	Q3	Q4	FY
China	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-10%	-5%	-10%	-10%	-10%	-9%
Off Highway*	-60%	-60%	-50%	-30%	-10%	-10%	-10%	-10%	-10%	-7%	-57%	-16%	-10%	-23%
Industrial & Aftermarket*	-2%	-2%	-2%	-2%	0%	0%	0%	0%	0%	-2%	-2%	-1%	0%	-1%
OEM AUT*	-82%	-82%	-75%	-45%	-19%	-17%	-12%	-10%	-10%	-18%	-80%	-26%	-11%	-34%
KA Total	-68%	-69%	-61%	-36%	-16%	-15%	-11%	-9%	-9%	-17%	-66%	-22%	-10%	-28%

* excludes China and South Korea revenues

OEM Automotive accounts for approximately 77% of our business

- The recovery speed for the markets outside of China and South Korea are assumed to be significantly slower than for China and South Korea.
- We have assumed that the Chinese market will decline somewhat from what we assume was a catch-up effect in March

Three Scenarios – KPI impact for Kongsberg Automotive

- The below table provides the expected liquidity needs from the various scenario models:

(Euro 000)	2020 High	2021 High	2020 Medium	2021 Medium	2020 Low	2021 Low
Revenues	914,616	1,091,390	892,856	1,068,169	832,508	1,043,000
EBITDA	15,774	90,098	14,790	81,721	-19,530	72,642
EBITDA%	1.7%	8.3%	1.7%	7.7%	-2.3%	7.0%
Adj. EBIT	-36,613	34,476	-30,527	26,099	-71,917	17,020
Adj EBIT %	-4.0%	3.2%	-3.4%	2.4%	-8.6%	1.6%
Net Income	-76,845	9,629	-72,912	-421	-112,149	-9,501
EBITDA	15,774	90,098	14,790	81,721	-19,530	72,642
Δ Net Working Capital	1,000	22,000	-26,000	17,000	9,000	21,000
Capex	-63,000	-58,000	-57,000	-58,000	-55,000	-53,000
Taxes & Interest	-25,000	-25,000	-25,000	-27,000	-25,000	-25,000
Other non CF EBITDA items incl IFRS 16	-28,000	-20,000	4,591	-20,000	-28,000	-20,000
Cash Flow (all in)	-99,226	9,098	-88,619	-6,279	-118,530	-4,358
<u>Highest cumulative liquidity need in period</u>	<u>-91,000</u>	<u>-105,000</u>	<u>-73,000</u>	<u>-97,000</u>	<u>-99,000</u>	<u>-123,000</u>

- The liquidity need is calculated on the basis of not utilizing the RCF more than 40%, thus not triggering covenant testing.
 - The RCF increase of €20 million in April 2020 and the RCF reduction of €20 million (due in October 2021) have been considered in the model above.
- The liquidity need is smaller than the cumulative cash flow due to liquidity reserves at the beginning of 2020.
 - The highest cumulative liquidity need in the period is generally higher than the end of year need due to large intra-year liquidity variation driven mostly by working capital swings due to intra-year volume swings.
- The above includes furlough and short time work actions in place for the duration of shutdowns.
- The above financials have considered the approved and mostly received government grants of €2.3 million both from a cash and P&L standpoint.
- The cash burn rate for an extra month of shutdowns is between €25 million and €30 million with significant delays in the CF timing.
- The cash breakeven point for the KA operations in a steady state is at an annual revenue level of around €1,080 million at low growth and around €1,150 million in the previous growth mode.
- In order to fully fund the Corona related downturn and the following expected recession, according to the model parameters, we need to secure additional liquidity of around €110-130 million. This leaves some safety margin. See the next page.
- Please note that the actual figures for 2020 and 2021 may be outside of the ranges of the high-medium-low cases above.
- Even in the low scenario, Kongsberg Automotive would return to positive EBITDA figures in 2021.**

Sources of funding

Potentially very likely sources of Funds in € 000:

Capital raise – private placement	fully subscribed	64,000	expenses deducted,
Capital raise – subsequent offering	Gross amount: 0-28,000	14,000	middle of range selected
Government loan Program (CH + smaller amounts from others)		4,000	In addition to already approved grants/loans
Factoring Scandinavia		10,000	under negotiation – term sheet stage
Factoring NA & EMEA		60,000	following NA - term sheet stage
<u>Total "likely" Funding sources</u>		<u>152,000</u>	

- Sources of funding does not include any proceeds from potential divestitures
- Under the assumption that up to €130 million in liquidity is needed by the end of 2021, the net debt of the company would be between €200 million and €240 million depending on scenario/case.
- We believe KA should get back to and surpass the historical adjusted EBITDA levels (2019: €118 million) following the Corona recovery in the medium to long term.
- We have additional sources of funding that have not been included in this overview due to the greater uncertainty in timing and size.

Conclusion

- Since 2016, following a turn-around, Kongsberg Automotive (KA) developed into a healthy business and achieved above-market revenue growth through strong new business wins, more than doubling of adj. EBIT margins and tripling of absolute adj. EBIT amounts through operational improvements.
- Through improved focus and increased competitiveness, we have built a strong book of business evidenced by our strong new business wins and better than the sector revenue growth. Our current book to bill ratio has been around 1.2-1.5X over the past years.
 - Strong growth in Sales and adj. EBIT 2017-2019 – better than sector.
- Virtually all the significant global automotive OEMs are KA's end customers. These are critical operations in the economy and considered "too big to fail". If needed, they will receive the required financial support from governments to not fail.
- Although the Corona situation is currently overwhelming to most parts of society, it will not last forever. We believe KA is well positioned following the "Corona recovery".
 - However, the Corona disruption has led to a shortage of liquidity for KA which we plan to fund through a capital raise of NOK 700 – 1,000 million. Combined with other sources of liquidity, this should fully fund KA through the Corona crisis according to the scenario parameters.
- Corona will not last forever – we will get back to normal. And normal is pretty attractive to KA! We believe KA should get back to and surpass the historical adjusted EBITDA levels following the Corona recovery in the medium to long term.

Capital Raise – Private Placement & Repair Issue

- Due to the strong decline in business driven by the effects of the Corona virus, Kongsberg Automotive is in need of significant additional liquidity.
- Prior to launching the capital raise (private placement and subsequent offering/repair issue), Kongsberg Automotive investigated multiple potential sources of liquidity.
 - Due mainly to high pricing of additional debt, the liquidity plan does not include additional loans. Given the uncertainty, it was not considered attractive to undertake significant commitments to short-term loans (up to three years) with high interest obligations and the need for refinancing upon expiration.
 - The current liquidity plan is a combination of the capital increase, attractively priced factoring and low-priced government grants and loans.
- During the book building of the private placement it became clear that we could not attract sufficient capital unless the price was set at NOK 0.10 – more than 80% of the book was subscribed at NOK 0.10.
 - Naturally, the existing shareholders will face ownership dilution as a result of the capital increase. As the subsequent offering will take place in the form of a rights issue, this provides for the opportunity for the shareholders as of the ex-date to participate in the subsequent offering. From a value standpoint, depending on the share price following the capital raise the value of the subscription rights may fully, partly or not at all compensate for the value loss from the capital increase.
- Kongsberg Automotive has invited to an Extraordinary General Meeting on June 15 in order to seek approval for a capital raise of NOK 1 billion.
 - The capital raise consists of NOK 700 million in a pre-committed private placement which has been fully subscribed to subject to EGM approval.
 - The remainder will be in the form of a subsequent offering.
 - The subscription price will be NOK 0.10 per share.
 - The maximum number of shares issued in the total NOK 1 billion capital raise will be 10 billion.
- The funds from the capital increase combined with other sources of liquidity will, under the scenario assumptions mentioned earlier, provide Kongsberg Automotive with sufficient liquidity under all the three modeled high/medium/low scenarios until at least the end of 2021.
- In the event the EGM does not approve the capital raise and associated proposals, we will face a situation where we are not funded in the short term and we will need to seek other alternatives that have not been identified.
 - This could lead to the company not having sufficient liquidity with all the consequences this could lead to.

Capital Raise – Private Placement & Repair Issue

- The subsequent offering, repair issue, will be in the form of a rights offering. Each share held prior to the “ex-date” will entitle the holder to a certain number of subsequent offering shares at NOK 0.10. The subsequent offering will be offered to existing shareholders as of the time of the closing of the stock exchange on the ex-date (May 20) as per the VPS share register on May 25.
- Naturally, the shareholders as of the ex-date will face ownership dilution as a result of the capital increase. However, from a value standpoint, depending on the share price following the capital raise the value of the subscription rights may fully, partly or not at all compensate for the value loss from the capital increase.
 - As a theoretical example: If the share at the time of the completion of the subsequent offering is NOK 0.50 and each share owned prior to the ex-date gives the right to subscribe to 7 shares at NOK 0.10, the value associated with one pre ex-date share is 7 rights x (NOK 0.50-0.10) = NOK 2.80. In addition, using this example, the investor will have the value of the share, NOK 0.50. The same formula/methodology can be applied to other share prices.*
- Our advisor, Sparebanken1 Markets (SB1M), will distribute information and subscription documentation to all eligible subsequent offering participants once the subsequent offering is launched.
 - Sparebank1 will post some general information on their home page: www.sb1markets.no
- The subsequent offering will be launched following:
 1. approval of the capital increase by the EGM and
 2. approval of the prospectus by the Financial Supervisory Authority of Norway (Finanstilsynet).
 - a) We expect the prospectus to be approved by the end of August 2020. Note that the prospectus could be approved earlier in which case the subsequent offering would take place earlier.
- The subscription rights are attractive financial instruments.
 - The subscription rights act as an option where the subscription right holders own an option to purchase shares at NOK 0.10 at the time of the subsequent offering.
 - The subscription rights will have theoretical value as long as the share price in the market exceeds the subscription price (NOK 0.10).
 - The subscription rights are not transferable and, thus, may not be sold. Any subscription rights not used by the end of the subscription period in the Subsequent Offering will lapse and be deemed void without any compensation to the holder.
 - As subscription of Shares in the Subsequent Offering requires action within the end of the subscription period, a deadline yet to be determined, shareholders are urged to monitor stock exchange releases from the Company going forward. The Prospectus may be available as early as start July, which would involve an end of the subscription period in mid July.
- Note that investors that are eligible to participate in the subsequent offering may oversubscribe and will be allocated shares based on availability for such oversubscription.

* There is however no guarantee that the Shares may be sold at such prices following the Subsequent Offering, as the trading price will be affected by several factors including the number of shares available and supply and demand in the market at any given time.

EGM – registration of advance votes and proxies

- Shareholders are encouraged to vote for their shares prior to the EGM on 15 June 2020
- Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the EGM in person
- Shareholders may vote in advance or deliver a proxy with or without voting instructions.
- The deadline for registering for physical participation in the meeting expired on 10 June 2020 at 12:00 hours
- Advance voting or proxy – deadline is 12 June 2020 at 14:00 hours
- Shareholders with access to VPS Investor Services are urged to use the advance voting function by accessing VPS Investor services
- Shareholders may also use the EGM link at the Company's IR pages <https://www.kongsbergautomotive.com/investor-relations/>.
- Shareholders who do not have access to VPS Investor Services are urged to provide a proxy with voting instructions per item to the CEO Mr. Henning E. Jensen as set out in Appendix 2 of the EGM-notice (available at the above website). Proxies without voting instructions may also be delivered.
- Proxies sent by post or e-mail must be received at the latest by the same deadline at the following address: Nordea Bank Norge ASA, Issuer Services, Postbox 1166 Sentrum, 0107 Oslo or issuerservices.no@nordea.com.