

20

23

ANNUAL REPORT



KONGBERG
AUTOMOTIVE

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**2023
IN BRIEF**

KEY FIGURES

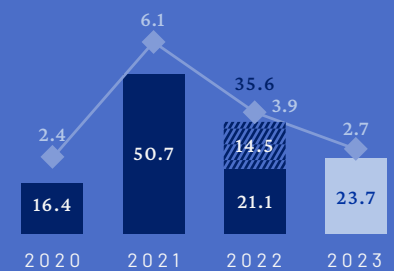
REVENUES MEUR



BUSINESS WINS MEUR annual sales



ADJUSTED EBIT* AND MARGIN



■ Adjusted EBIT (MEUR) ▨ BRP
 ◆ Adjusted EBIT margin (%) - continuing operations

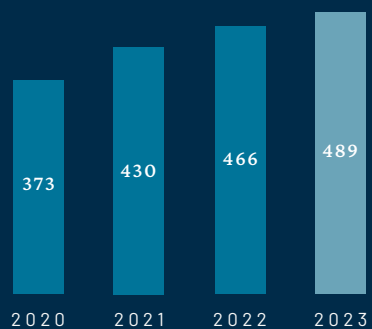
* Refer to the Alternative Performance Measures section

24 M€
2.7%

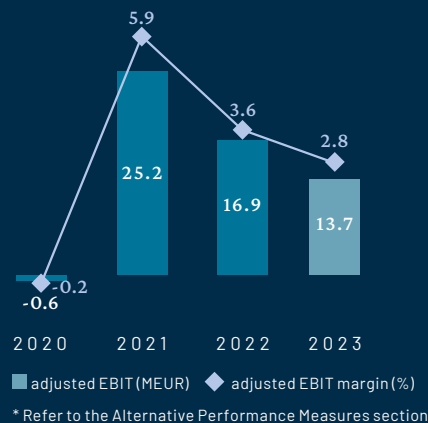
KEY FIGURES BUSINESS SEGMENTS

POWERTRAIN & CHASSIS

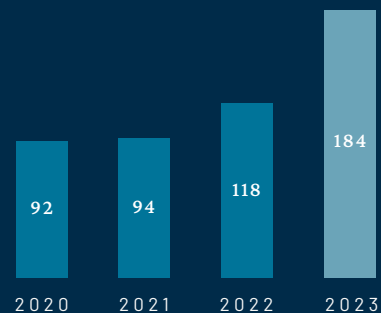
REVENUES MEUR



ADJUSTED EBIT* AND MARGIN

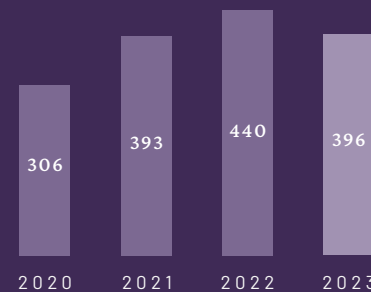


BUSINESS WINS MEUR annual sales

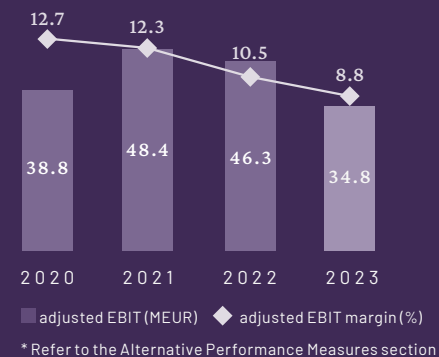


SPECIALTY PRODUCTS

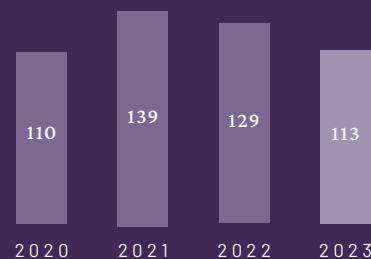
REVENUES MEUR



ADJUSTED EBIT* AND MARGIN



BUSINESS WINS MEUR annual sales



DEAR KONGSBERG AUTOMOTIVE SHAREHOLDERS

It was my honor to have been appointed as the interim President & CEO of Kongsberg Automotive (KA) in July 2023, and to have officially taken the role as the President & CEO from January 2024. I have been a proud member of the automotive industry for the last two decades, 16 years of which I have spent with KA. Before my appointment, I successfully led the Flow Control Systems business unit as the Executive Vice President.

Looking back at 2023, we are coming off another year in which we faced a challenging market environment. Despite all the headwinds, KA continued to deliver on its revised guidance.

Our revenue growth in the commercial vehicles area was above market for the third year in a row. This was mainly driven by the significant outperformance in revenues in the European truck market. KA's revenues included sustainable price increases as well as active reimbursements of the increased cost due to volatile prices of raw material, logistics costs, energy as well as labor cost inflation.

Within the Direct and Indirect Purchasing workstream, efforts to reduce direct material costs and renegotiate raw material agreements with KA's suppliers proved to be successful. The operational improvements throughout the company have positioned us well to mitigate the impact of the disruptions in the supply chain, raw material and energy costs, inflation, and declining volumes within our Driveline business.

KA also launched a cost optimization program in the second half of 2023, which will contribute to the lowering of our overhead costs in 2024. Considering the changing industry landscape and the actions that we took, we are

satisfied that the revenue of EUR 885 million and the adjusted EBIT* of EUR 23.7 million matches the guidance provided in Q2 2023 presentation. However, the ultimate after-tax result of EUR -59.1 million was not according to expectations.

STRATEGIC REVIEW

In 2023, the previous Board of Directors initiated a strategic review of the company to maximize future shareholder value and unlock KA's full potential, beyond KA's current performance. We have since concluded this review and identified five areas of focus:

- > **Retaining and developing current activities** to create highest value for KA and its shareholders
- > **Focusing on growth areas** where KA is well-positioned
- > **Regaining profitability and positive free cash flow** in the next year
- > Exploring options to **mitigate earnings pressure** from declining business unit
- > **Allowing for bolt-on acquisitions** in the coming year to strengthen business

*See APM section for definition of adjusted EBIT



**DESPITE ALL THE HEADWINDS,
KONGSBERG AUTOMOTIVE
CONTINUED TO DELIVER ON ITS
REVISED GUIDANCE.**

**OUR REVENUE GROWTH IN THE
COMMERCIAL VEHICLES AREA
WAS ABOVE MARKET FOR THE
THIRD YEAR IN ROW.**

SEGMENT PERFORMANCE

In both our business segments, Powertrain & Chassis (P&C)* and Specialty Products (SPP)*, innovation was front and center. Excluding revenues from operations divested to BRP and the growth at constant currency rates, SPP leveraged its strong product portfolio to secure revenue growth by 16.7%, while successfully developing new applications for electric and autonomous vehicles and products to be used in various industries outside of the automotive sector. SPP's Flow Control Systems (FCS) business grew significantly in all regions, particularly in the United States, while the Off-Highway (OFH) business unit focused its attention on the agricultural and construction segments.

While P&C segment's revenue was impacted due to declining revenues in the Chinese passenger car market, the commercial vehicle market grew, particularly in China and the Americas. This positive development was partly offset by the declines in passenger car markets in Asia and Europe. P&C is strongly positioned to take advantage of the predicted growth in electric vehicles and autonomous driving, thanks to KA's strategic acquisitions as well as a future-oriented product portfolio.

OPERATIONAL EXCELLENCE AND PERFORMANCE IMPROVEMENT

In 2023, under the Operational Excellence and Performance Improvement focus of the Shift Gear program, KA realized more than 700 measures delivering EUR 68 million in positive operational improvement initiatives to

counter the negative market effects, securing profitability, and sustainably upgrading processes. The new tools and processes introduced under this program increased transparency, leading to greater efficiency. Similarly, efforts to reduce direct material costs and renegotiating raw material agreements with suppliers contributed significantly to the overall savings. KA also held continuous improvement process (CIP) workshops in Hvittingfoss, Norway and Koluszki, Poland, which resulted in additional CIP initiatives and paved the way for future operational improvements.

NEW BUSINESS WINS

Over the course of 2023, our Sales team won EUR 989.4 million in lifetime revenues and EUR 296.9 million in annualized revenues. We took a concrete step forward, as annualized business wins increased by 20% year-on-year, which also led to a positive book-to-bill ratio of 1.1. The main contributors were FCS and On-Highway, accounting for 70% of the achieved bookings, contributing to our favorable book-to-bill ratio. As per our stated strategic aims, over 80% of our business wins came from non-passenger car segments, primarily truck and bus and industrial. This confirms our valued customers' trust and confidence in KA's products and employees, underlining the competitiveness of our products.

ACQUISITIONS

In line with the Shift Gear program, KA aims to strengthen its position by leveraging in-house innovation capabilities as well as exploring relevant acquisition options. We have tapped opportunities within intellectual property that will allow us to capture a share of these growing markets, particularly in electric vehicles and autonomous driving.

In 2023, KA entered into a non-binding agreement with [Chassis Autonomy SBA AB](#) to acquire a 20% equity stake in the company. KA also entered into a definitive agreement

with [Romoline](#) to purchase patents related to camera and sensor washing technology. Additionally, in November 2023, KA signed an agreement to purchase 100 percent of the share capital of [Skriverform AS](#). Skriverform designs and manufactures tools for injection molding (IM).

**SPP LEVERAGED ITS STRONG
PRODUCT PORTFOLIO TO SECURE
GROWTH BY 16.7% (...)**

**WE ARE STRONGLY POSITIONED
TO TAKE ADVANTAGE OF
THE PREDICTED GROWTH IN
ELECTRIC VEHICLES AND
AUTONOMOUS DRIVING**





SUSTAINABILITY

In 2023, Norway adopted a new act on sustainable finance that implements the EU Taxonomy Regulation. KA is subject to this new reporting standard. We are more than just keeping step with legal requirements—we continue to make great strides on our path to becoming an entirely carbon-neutral company by 2039. In line with our goal of consuming exclusively 100% renewable energy by 2030, we made investments in several locations to reduce energy consumption and to increase the usage of renewable electricity. Overall, our facilities reduced their energy usage by 6% compared to 2022. The focus on sustainability is a part of the Shift Gear program that KA launched in 2021.

Our Sustainability Report will offer more in-depth information on our efforts and will be published in Q2 of 2024.

OUTLOOK

In 2023, we took significant measures on the operational side to create greater profitability and improve cash flow going forward. While our aim has always been to deliver greater profitability to our shareholders, 2023 was a particularly challenging year—not just for KA, but for the entire automotive industry.

In December, we merged the Powertrain & Chassis (P&C) business segment and the Off-Highway (OFH) business unit to form the Drive Control Systems (DCS) business area. On a group level, this means that we will streamline our operational areas under two business areas, which are Flow Control Systems (FCS) and Drive Control Systems (DCS), effective January 2024.

After a strategic review, launched in Q1 2023, our Board and management concluded that the Driveline business (excluding e-actuators) was not to be considered core business for KA going forward. We believe the new company structure will better highlight the positive development we are experiencing. By focusing on KA without Driveline, we as a group guide growth in the top line up to 2-3% for 2024, which should result in growth above market rates.

In the past we have focused on adjusted EBIT and not EBIT. As we see that one-time projects are part of KA's regular business, we will rather focus on EBIT than adjusted EBIT going forward. However, we believe that the market gets a better and more precise picture of KA's profitability by focusing on EBIT rather than adjusted EBIT, so we will therefore focus on this in our communication with the market going forward.

Meanwhile, we will continue to deliver on our ESG targets by lowering our CO_{2e} footprint and developing a general sustainability approach for the future. We are to become an entirely carbon-neutral company by 2039.

More in-depth analysis will be provided in our Sustainability Report, which will be released in Q2 2024.

We will also continue to optimize costs, rightsize the company, and evaluate our global footprint. We expect these measures to yield EUR 15-20 million in annualized savings in 2024.

Looking into what we strive to achieve for 2024, we expect revenue growth above market rates, adjusted for Driveline. We also expect that all operational measures we have taken in 2023 and 2024 will improve the profitability and cash flow of KA considerably in 2024.

Our performance over the past year makes me confident that we are growing in the right direction. Our efforts to become a leader in our core areas are fueled by our strong product portfolio and backed up by excellent in-house innovation capabilities.

I would like to extend my gratitude to everyone contributing to KA, our employees and suppliers, our customers and partners, our shareholders, and our dedicated Board of Directors.

I am looking forward to shaping our journey together with all of you.

Sincerely,

Linda Nyquist-Evenrud

President & CEO

**In Q4 2023, KA announced the merger of its Powertrain & Chassis (P&C) business segment and the Off-Highway business unit (a part of the Specialty Product business segment) to form the Drive Control Systems (DCS) business area. Since reporting for DCS came into effect in January 2024, this report still refers to P&C and Specialty Products as KA's business segments. For the complete organizational structure, refer to [KA's Organization page](#).*

2023 HIGHLIGHTS



REVENUES

885 €M



**HIGHEST
YEAR-END
NBW SINCE
2018**

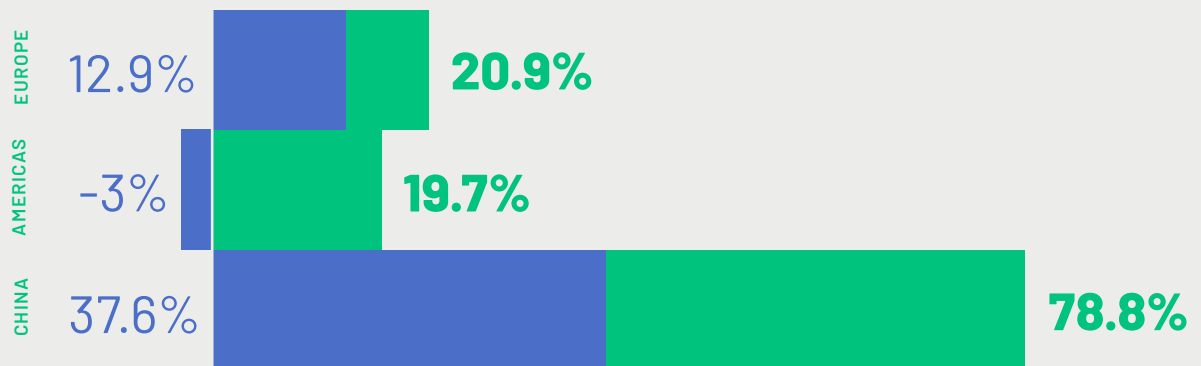
BUSINESS WINS lifetime sales

989 €M



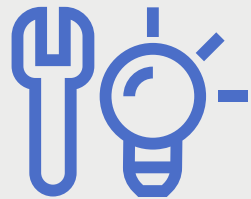
**REVENUE GROWTH IN THE
COMMERCIAL VEHICLES MARKET
WAS ABOVE MARKET FOR THE
THIRD YEAR IN A ROW**

COMMERCIAL VEHICLES MARKET vs KA REVENUE GROWTH full year 2023



2023 HIGHLIGHTS

343



HIGHLY SKILLED ENGINEERS GLOBALLY
COMPARED TO 318 IN 2022

45%

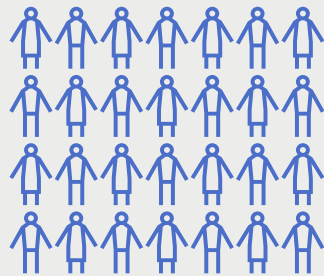


RENEWABLE ENERGY USED ACROSS KA'S PRODUCTION PLANTS
COMPARED TO 40% IN 2022

20%



REDUCTION IN SCOPE 1 AND 2 CO₂e EMISSIONS*



67

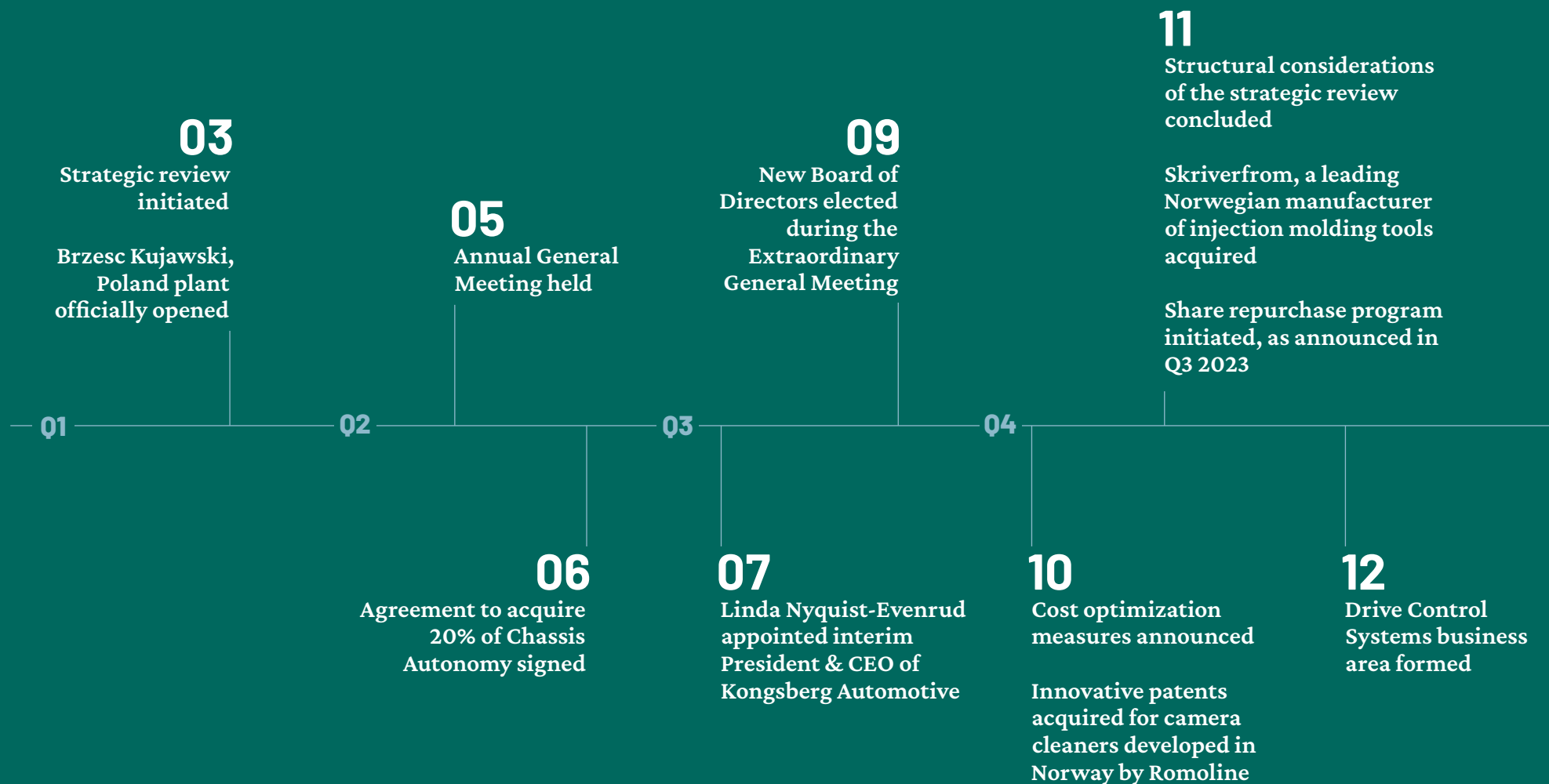
DIFFERENT NATIONALITIES

10



LANDFILL-FREE MANUFACTURING LOCATIONS

2023 KEY EVENTS



POWERTRAIN & CHASSIS 2023 HIGHLIGHTS



5%
VS 2022

REVENUES

489 €M



BUSINESS WINS lifetime sales

663 €M



**PORTFOLIO
OF INNOVATIVE
PRODUCTS FOR
FUTURE ELECTRIC
POWERTRAINS**



**ZERO RED QUALITY CUSTOMER
SCORECARDS**



**WIDE RANGE OF IN-HOUSE RESOURCES
ALLOWING KA TO CREATE CUSTOM,
PATENTED SOLUTIONS**



**ENTERED
THE ELECTRIC
DRIVETRAIN
BUSINESS WITH DOG
CLUTCH ACTUATOR
(DCA) TECHNOLOGY**

POWERTRAIN & CHASSIS 2023 IN BRIEF

The Powertrain & Chassis (P&C) segment of Kongsberg Automotive (KA) is a global leader in the design, testing, and manufacture of powertrain and chassis solutions. KA engineers and manufactures products for world-leading makers of passenger cars, commercial vehicles, and e-mobility vehicles of all types.

CHARGING UP ELECTRIC APPLICATIONS

The P&C business segment continued to focus on products and systems for electrified vehicles in 2023. The segment has built up a portfolio of highly innovative products that fulfil the requirements and functions needed for nearly all kinds of future electric powertrain solutions. As this market continues to grow, especially the market for electric actuators, KA aspires for a leading position, leveraging solid relationships with both Tier 1 and OEM customers. Due to regional differences, new drivetrain solutions will be introduced at a varying pace, offering strong possibilities to leverage the existing product portfolio. Consequentially, the segment is still able to win a significant amount of new business for manual and automated manual transmission (AMT) products for commercial vehicles.

In line with KA's Shift Gear program, continuous improvements within P&C's operational processes delivered additional cost savings across its global plants, in addition to the carry-over from 2022. The program's cross-functional focus provided the necessary platform to quickly identify and implement cost reduction ideas from across the organization. Despite the above-mentioned achievements, P&C's financial performance declined in 2023, mainly due to the declining revenues in the Chinese passenger car market as well as increases in labor

cost in Mexico, lingering disruptions in raw material supply chains, irregular customer production schedules, and difficult freight markets. The segment signed new business contracts with a lifetime value of EUR 663.3 million in 2023.

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

In 2023, KA P&C reached new heights in its commitment to quality. The impressively low 250 claims per EUR 1 billion in sales, zero red quality customer scorecards, and a cost of poor-quality value of 0.43% of external sales highlight the effectiveness of P&C's stringent measures.

The segment is leveraging its solid position to target further growth mainly in the commercial vehicle area, but also in selected passenger car product areas like park lock and decoupling actuators. P&C is on track to continue its success in the world of electrified propulsion.

Beyond its traditional transmission-related portfolio, P&C is expanding into the areas of thermal management, electric steer-by-wire, and camera cleaning technology. Its customers are set to implement P&C solutions in these exciting new EV product areas in the coming years.

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

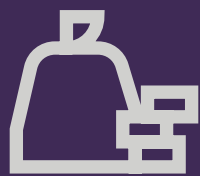
PRODUCT PIPELINE

In 2023, KA's On-Highway business unit continued its growth in automated clutch actuation and gear shift systems. After positive development in the Americas, demand for AMT transmission technology has started to grow significantly in the Chinese market, and KA is profiting from this growth. With the new actuator portfolio in development, P&C is also well-prepared for the growth within electric vehicles.

In addition to in-house innovations, 2023 saw the acquisition of new technology for autonomous driving to speed up time-to-market and introduce further disruptive technologies to KA's product portfolio: steer-by-wire and camera cleaning technology as well as corresponding intellectual property. Autonomous functions up to level 3 (as defined by the SAE) are already in the market and growing. However, to reach level 4 and 5 (fully self-driving vehicles), new steering actuators require more safety functions. Particularly in bad weather conditions, clean cameras and sensors are crucial.

KA is well positioned to enter this growing market and utilize its expertise and technology for new applications and functions like steering.

SPECIALTY PRODUCTS 2023 HIGHLIGHTS



12.7%
VS 2022
excluding BRP



REVENUES

396 €M

BUSINESS WINS lifetime sales

326 €M



**R&D AIMED AT NEW
PRODUCTS FOR AIR
AND THERMAL
MANAGEMENT
APPLICATIONS**



**FOCUS ON HIGH-END SEGMENTS
OF FOOD AND PHARMA**



**PTFE HOSE RANGE MAINTAINED
ITS MARKET-LEADING POSITION**

**CONTRACT TO
BECOME THE
DEVELOPMENT
PARTNER FOR TMS
COOLANT LINES**



SPECIALTY PRODUCTS 2023 IN BRIEF

Following the merger in 2022, the Specialty Products business segment contains the Flow Control Systems (FCS) business unit and the Off-Highway (OFH) business unit. The FCS business unit continues to accelerate the transformation of operations, leveraging technology, production capabilities, and expertise to deliver more comprehensive and effective solutions to Kongsberg Automotive (KA)'s customers. The niche products in this business segment are driven by an entrepreneurial focus on innovation and growth.

FLOW CONTROL SYSTEMS

FCS integrates the extensive solutions of KA for connecting technologies in air management applications as well as fluid handling solutions in the automotive arena. Its focus lies on delivering high-quality engineered products to a wide range of customers, predominantly in the commercial vehicle segment.

FCS Couplings is a technology leader supplying state-of-the-art products to the global commercial vehicle market. It specializes in applications for air management and is currently expanding its product portfolio into coolant applications for battery electric vehicles (BEV) thermal management systems. These coolant applications reduce the cost of function for customers with more sustainable products while improving vehicle performance.

The Raufoss ABC™ product range allows for vehicle energy savings and optimized system air flow, reducing vehicle stopping distances. This improves safety, which contributes to lower lifetime costs and has a positive environmental impact while meeting partners' sustainability requirements.

In 2023, FCS Couplings continued to expand its capacities to secure revenue growth in all regions, notably

developing new opportunities with US commercial vehicle OEMs. Leveraging growth in the electrified vehicles market, Couplings started production of couplings for passenger car air management systems. FCS Couplings has made investments in automation and digitalization to increase production capabilities globally and provide a superior service level to its customers.

FCS Fluid Transfer Systems (FTS) is a global leader in innovative and cost-competitive technical hoses and hose assemblies with a very strong presence in the commercial vehicle business. FCS FTS is well-positioned to take advantage of the industry's shift towards electrification and fuel cell technology. Process and product innovations for coolant lines in BEV and plug-in hybrid vehicles (PHEV) have been a focus area during 2023, resulting in both serial and development contracts with leading OEMs.

FCS FTS carried on its growth with the supply of PTFE hoses and hose assemblies in various industrial markets. During 2023, FTS continued to expand the product portfolio with food, pharmaceutical, and semiconductor applications, while its industrial smooth-bore PTFE hose range maintained its market-leading position.

During 2023, FCS FTS enlarged its engineering resources both by investing in testing and simulation tools as well as expanding its global research and innovation team.

The product portfolio covers traditional applications such as high-temperature fuel lines and hydraulic brake hoses as well as products mainly targeting electrified vehicles such as coolant lines and turbo lines for both ICE (internal combustion engines) and PHEV. The segment signed new business contracts with a lifetime value of EUR 326 million in 2023.

OFF-HIGHWAY

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

In 2023, Off-Highway completed the carve-out for the divestment of the Powersports business and focused its attention on the agricultural and construction segment. Customers in these segments benefit from new products in OFH's portfolio, as the business unit now offers additional pedals and hand controls addressing customer needs.

SHIFT GEAR

Kongsberg Automotive (KA) launched its Shift Gear program in 2021, with the aim of unlocking the company's full potential in terms of operations, strategy, and sustainability. The program is therefore clustered into three packages called Shift Gear I-III, described in detail below.



GEAR I: OPERATIONAL EXCELLENCE AND PERFORMANCE

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

Throughout 2023, KA realized more than 700 measures as part of the Shift Gear I program, delivering EUR 68 million in positive operational improvement measures to counter the negative market effects, securing profitability, and sustainably upgrading processes. These successes can be attributed to the efforts in the Commercial Excellence, Direct and Indirect Purchasing, and Operations workstreams.

The Commercial Excellence workstream saw challenging negotiations with twofold productive outcomes: KA managed sustainable price increases as well as active reimbursements of the increased cost due to volatile prices of raw material and energy and labor cost inflation. Furthermore, KA enhanced its efforts to establish tools

and processes, which increased transparency. This led to greater efficiency by simplifying processes and, consequently, to faster response times for KA's customers.

Within the Direct and Indirect Purchasing workstream, efforts to reduce direct material costs and renegotiate raw material agreements with KA's suppliers proved to be successful and contributed significantly to the overall savings.

The Operations workstream contributed with Continuous Improvement Process (CIP) initiatives across all production sites. KA's production sites, such as Hvitvingfoss, Norway and Koluszki, Poland, successfully held idea generation workshops, driven by the Operational Excellence team. These workshops resulted in additional CIP initiatives and paved the way for future operational improvements.

The efforts within the Cost Improvement workstream delivered the expected results with a focus on selling, general, and administrative expenses.

GEAR II: STRATEGIC PORTFOLIO OPTIMIZATION



KA's Mergers & Acquisitions and strategic partnerships revolve around carefully selecting collaboration partners and purposeful transactions in each business segment. These actions serve to boost KA's earnings and stay ahead of the competition. The recent acquisition of 20% of the shares of Chassis Autonomy, and acquisition of Skriverform and Romoline's camera cleaner patents underlines KA's commitment to embracing new technology – it is not just

about expanding the product range, but also about leveraging cutting-edge technology to reinforce KA's position. In addition, the recent acquisition of Skriverform, a Norwegian tooling supplier, is aligned with Gear II of the Shift Gear program. These two strategic moves allow KA to enter specialized markets, foster growth, and help create better products and services.



GEAR III: SUSTAINABILITY

KA is on track to becoming a sustainable company, readying it for future market trends and legislative requirements. Recently, KA completed its first double materiality analysis, laying the foundation for its future sustainability focus areas. KA is also committed to using 100% renewable energy by 2030 and making its entire product range carbon neutral by 2039. To reach the supply chain emissions targets, KA will work jointly with its entire supply chain towards carbon neutrality and circularity. CO₂ emission data will become an important part of KA's supplier selection decisions.

The details of the sustainability program are published in KA's Sustainability Report.

ACQUISITIONS AND COLLABORATIONS

ACQUISITION OF SHARES IN CHASSIS AUTONOMY SBA AB

On July 11, 2023, Kongsberg Automotive AS entered into an agreement with Swedish company Chassis Autonomy SBA AB to acquire 20% of Chassis Autonomy's shares via a directed rights issue. The agreement further includes call options to acquire up to 100% of the total outstanding shares by 2027.

ACQUISITION OF PATENTS FROM ROMOLINE AS

On October 31, 2023, Kongsberg Automotive AS and KA Group AG entered into an agreement with Romoline AS pursuant to which Kongsberg Automotive acquired certain patents from the company based in Norway. The patents are related to camera and sensor washing technology intended for vehicles.

ACQUISITION OF SKRIVERFORM AS

As per the agreement on November 8, 2023, Kongsberg Automotive AS acquired 100% of the shares in Skriverform AS, a company located in Norway. Skriverform designs, manufactures, and provides maintenance services for tools for injection molding and has been a supplier and service provider to Kongsberg Automotive AS' operation in Raufoss for several years. The transaction was completed on November 29, 2023.

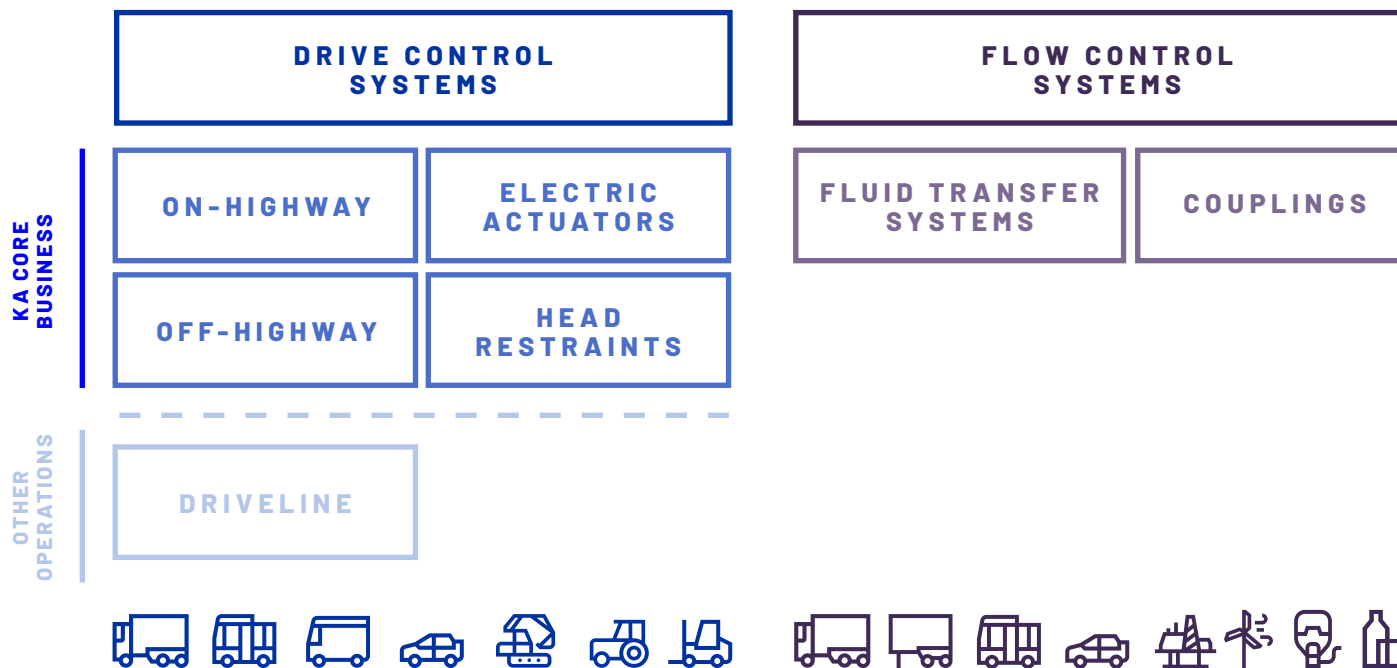




KONGSBERG AUTOMOTIVE AT A GLANCE

COMPANY STRUCTURE

To align the organizational structure with the opportunities and challenges present in the global market, Kongsberg Automotive (KA) announced the merger of the Powertrain & Chassis business segment and the Off-Highway business unit to form the Drive Control Systems (DCS) business area in Q4 2023. This reporting structure will come into effect from January 2024. Additionally, Driveline (excluding e-actuators), will no longer be considered KA's core business. Going forward, Driveline will be reported under 'other operations'.



EXECUTIVE MANAGEMENT



Linda Nyquist-Evenrud
President & Chief Executive Officer



Frank Heffter
Chief Financial Officer



Christian Amsel
Chief Technology Officer



David Redfearn
Chief Sales Officer



Oscar Jaeger
Chief Human Resources Officer
& Executive Vice President,
People & Culture



Robert Pigg
Executive Vice President
Drive Control Systems



Jon Munthe
General Counsel



Dzeki Mackinovski
Executive Vice President
Purchasing



Henrik Ruud
Executive Vice President
Information Systems & Technology



Eduardo Pamies
Executive Vice President
Flow Control Systems

VISION AND MISSION

VISION:

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

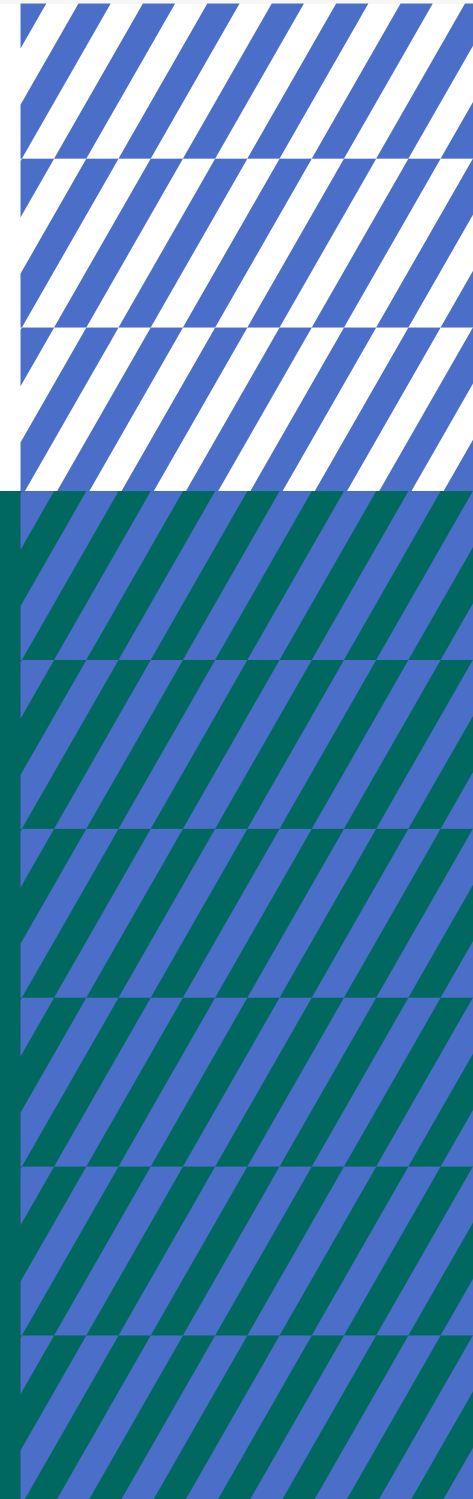
MISSION:

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

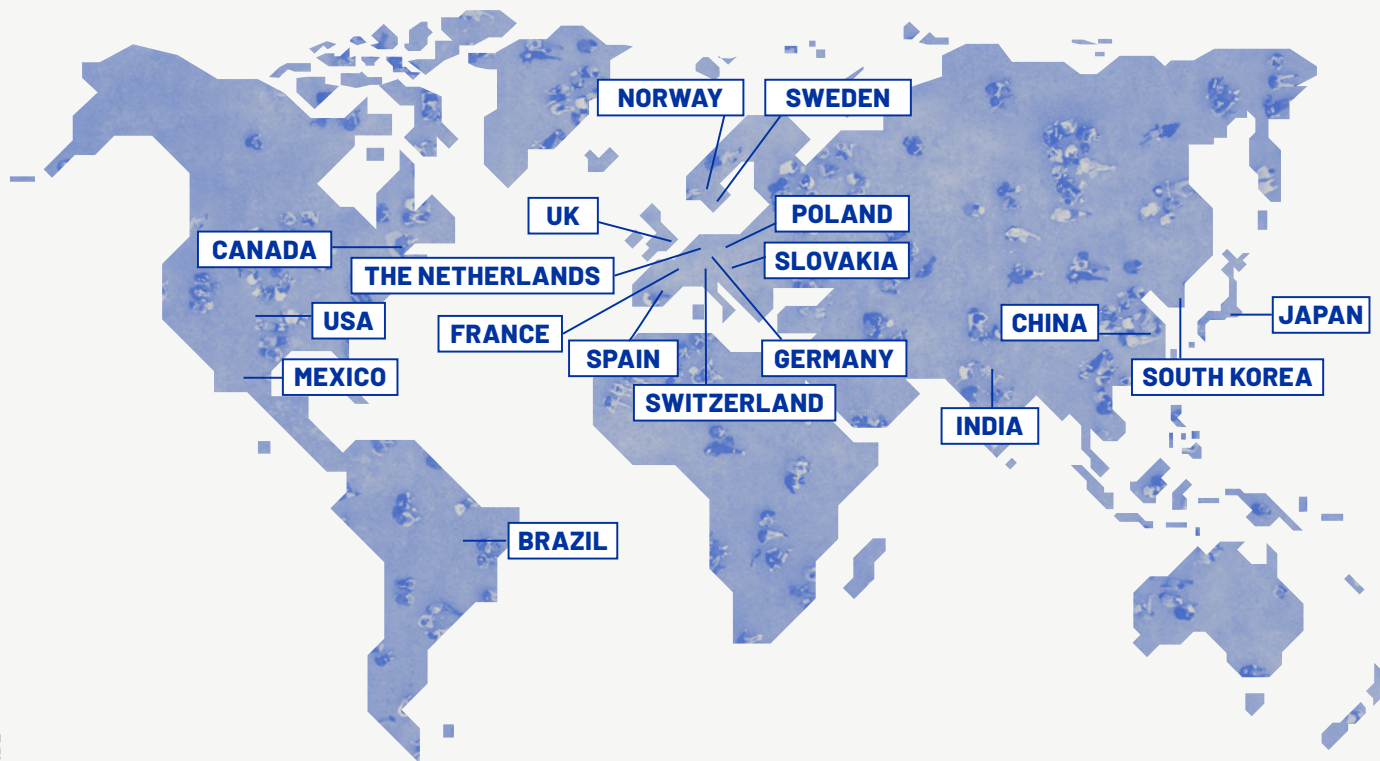
WE SEEK TO CONSTANTLY IMPROVE OUR PRODUCTS, LEVERAGE OUR EXPERIENCE IN CUTTING-EDGE ENGINEERING AND WIDEN OUR SCOPE TO FIND NEW SOLUTIONS AND TECHNOLOGIES THAT MAKE MOBILITY SAFER AND CLEANER.

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

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



WORLDWIDE



WORKFORCE
5,286
18
COUNTRIES
WORLDWIDE
34 LOCATIONS

Kongsberg Automotive (KA) is present in 34 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: 8.2% of its total workforce were agency workers in 2023, allowing it to build up or scale down in response to market movements.

NORTH & SOUTH AMERICA **WORKFORCE: 1,879**

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 plants, while Canada is home to the largest tech center in the region.

EUROPE **WORKFORCE: 2,739**

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

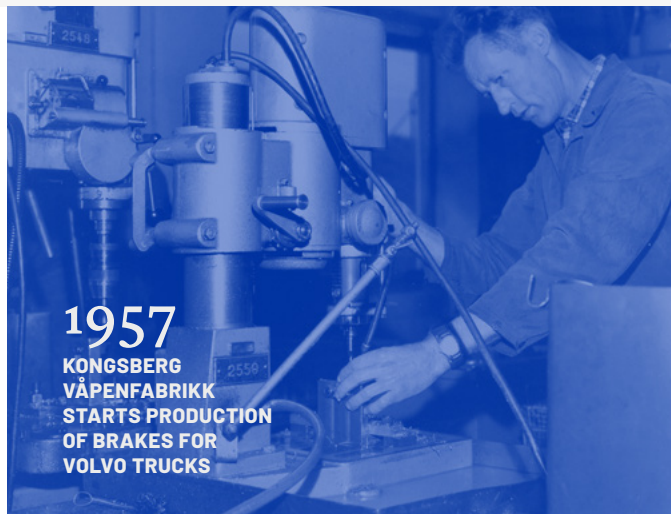
ASIA **WORKFORCE: 668**

KA's pivotal market: KA operates five manufacturing sites and two sales offices in Asia, spread across China, India, Korea, and Japan. The largest manufacturing site and tech center in this region is in Wuxi, China.

A PLACE IN HISTORY

The story of Kongsberg Automotive is of ordinary people creating an extraordinary company.

KA's 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



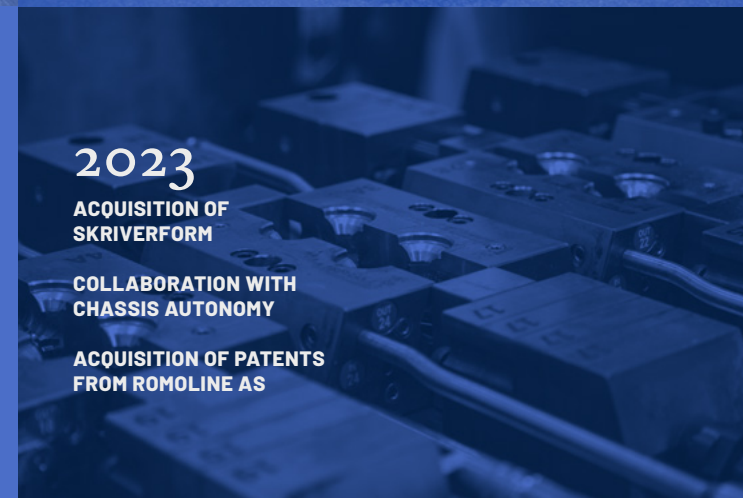
1995
LISTED ON
OSLO STOCK
EXCHANGE



2004
ACQUISITION
OF COUPLINGS
PRODUCER
RAUFUSS UNITED



2008
ACQUISITION OF
TELEFLEX GMS



2023
ACQUISITION OF
SKRIVERFORM

COLLABORATION WITH
CHASSIS AUTONOMY

ACQUISITION OF PATENTS
FROM ROMLINE AS

CUSTOMERS

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





BOARD OF DIRECTORS' REPORT

BOARD OF DIRECTORS' REPORT

The past years posed numerous challenges to manufacturing companies in general, and to the automotive industry in particular. The year 2023 was no different. While COVID restrictions have largely been lifted and components supply issues have improved substantially, raw material prices, logistics and labor cost proved to be a challenge. In addition to these factors, the declining passenger car market in China put pressure on Kongsberg Automotive (KA).

Although KA had significant growth in many core segments and met its latest earnings guidance with an adjusted EBIT of EUR 23.7 million, the ultimate after-tax result of EUR -59.1 million was not satisfactory.

In early 2023, the previous Board of Directors (BoD) initiated a strategic review of the company to unlock the full potential of KA. It resulted in several structural considerations as well as cost optimization measures. The review was concluded in late 2023, with the newly appointed BoD deciding to retain and further optimize current business units. The review also led to the conclusion that Driveline (excluding e-actuators) is not considered core business of KA.

The outlook for Driveline shows declining revenues, which has led to a final impairment of the assets associated with the business unit. Whilst KA will continue to serve its existing customers in the Driveline unit, the business unit will be carved out as a separate segment and reported on separately. This will ensure displaying the underlying positive development of the core business of KA. These structural considerations and cost reduction programs have led to substantial write-downs and restructuring costs.

Focal areas in the years to come will be to capitalize on a much leaner platform and increase profitability, regaining positive cash flow from operations and expanding KA's market position. Additionally, KA will

strengthen the company's product portfolio and grow in areas where it is well-positioned, allowing for bolt-on acquisitions in the coming year to strengthen business. Building further on the EUR 15 million savings achieved in 2023, KA will continue with its operational improvement measures.

In line with KA's operational improvements plans, in December 2023, KA announced that it would merge the Powertrain & Chassis (P&C) business segment and the Off-Highway

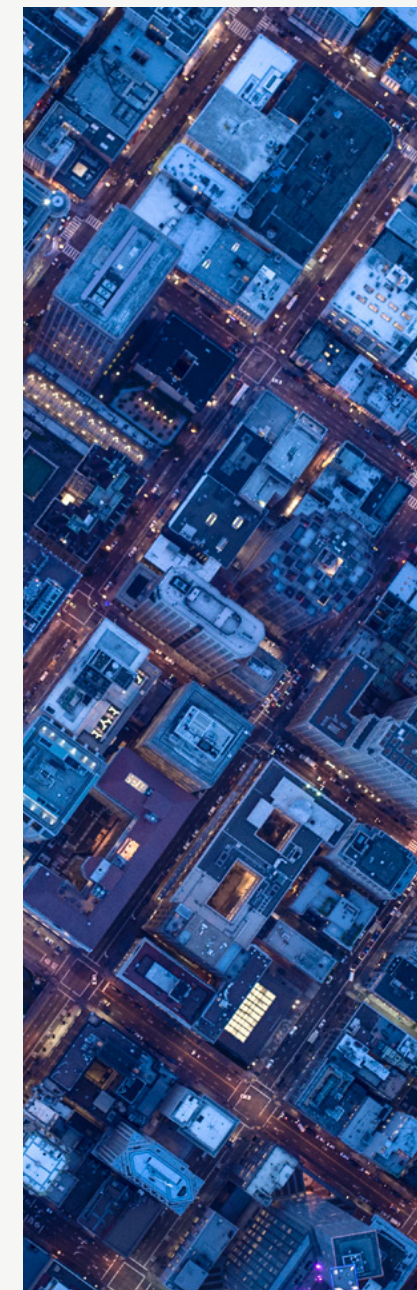
business unit to form the Drive Control Systems (DCS) business area, a change which came into effect on January 1, 2024. The new organizational structure will drive growth, help KA focus on its core business, and better reflect the development of the company.

With KA's ongoing focus on innovation, the company is well positioned to take advantage of anticipated developments in growing markets. It was especially significant for KA to gain new business wins in 2023 with a lifetime value of EUR 989.4 million. This, in combination with the structural initiatives taken, presents grounds for a positive outlook and provides a solid foundation for a stronger performance in the future.

To head this transition, the BoD chose Linda Nyquist-Evenrud, who was appointed the interim President & CEO of KA in July 2023. The BoD confirmed her role permanently on January 31, 2024. Nyquist-Evenrud is a veteran of the automotive industry and has been with KA for more than 16 years in various leadership roles.

The Board would like to thank all KA employees, management, partners, and shareholders who contribute to the growth path.

WITH KA'S ONGOING FOCUS ON INNOVATION, THE COMPANY IS WELL POSITIONED TO TAKE ADVANTAGE OF ANTICIPATED DEVELOPMENTS IN GROWING MARKETS.





MARKETS

COMMERCIAL VEHICLE PRODUCTION

Global production increased by 12.7% in 2023 to 3.4 million vehicles, driven by solid growth in all major regions except South America. Many regions experienced a growth phase after production numbers in the previous years were still impacted by the COVID pandemic and the war in Ukraine. Despite elevated vehicle pricing and raised interest rates, the commercial vehicle industry continued to benefit from the post-COVID inventory restocking, contributing to an excess of pre-pandemic production levels.

The production output of commercial vehicles remained stable throughout the year 2023, coming in at approximately 0.8-0.9 million units per quarter.

Mainland China, the main contributor to 2023's global production increase, grew by 37.6% to 1.1 million vehicles; however, still producing significantly below 2019-2021 annual levels. The growth in the Chinese market has been supported by the government's economic incentive policies and a surge in the export business.

In 2023, European production increased by 12.8%, estimated at 0.7 million units. The first half of 2023 brought a year-on-year increase of 18.2% compared to only 7.8% in H2. 2023 production volume helped to further close the supply-demand gap, which therefore turned Europe into a demand-influenced market and put some pressure on OEMs to restart price promotions.

In North America, commercial vehicle production increased by 8.4% to 0.6 million vehicles in 2023. Production in the United States, the main market in the region, grew by 9.1% to 0.4 million units. After recording a solid recovery in 2022 output, 2023 US growth was partially impaired by UAW strikes at the end of the year, which significantly hindered North America from keeping the same pace as the year before.

South American production decreased by 36.7% to 0.1 million units in 2023, which was mainly driven by the declining production trend in Brazil.

The correction in Q4 orders mostly in Europe and North America suggests that the 2024 global truck production outlook might come at a lower growth rate.

LIGHT VEHICLE PRODUCTION

The global production of light vehicles totaled 90.1 million units in 2023, which corresponds to an increase of 9.4% compared to 2022. In Q1, production reached approximately 21.4 million units, rising to 22.2 million units in Q2 and continuing the trend in Q3 and Q4, reaching 22.6 and 23.9 million units, respectively.

European light vehicles production increased by 12.5% to 17.8 million units in 2024, with a very strong first half of the year that continued in Q3 supported by eased supply constraints and long order books. North America had a similar trend to the European market with a stronger slowdown in Q4 due to the UAW strike and the high-interest-rate environment, eventually growing by 9.5% to 15.6 million units. Production in China increased by 9.4% to 28.9 million units in 2023. For Mainland China, Q4 2023 was a record quarter, surpassing the historical high of Q4 2017 and reaching over 8.6 million units (~20% YoY) thanks to the thriving export business, with over 3.5 million passenger vehicles exported last year.

Sources: *IHS Light Vehicle Production Base (January 2024) for light vehicle production; LMC Global Commercial Vehicle Forecast (January 2024) for truck production.*

FINANCIAL PERFORMANCE

GROUP

Group revenues amounted to EUR 884.9 million in 2023, a decrease of EUR 20.7 million (-2.3%) compared to the previous year, including negative currency translation effects of EUR 38.0 million. Excluding revenues from operations divested to BRP of EUR 88.1 million in 2022, year-on-year growth at constant currency rates amounted to EUR 105.2 million (+12.9%).

On a constant currency basis, revenues in Europe grew by EUR 64.8 million (+16.9%), partially offset by the decline in Asia of EUR 8.9 million (-7.0%). Excluding revenues from the Powersports business divested to BRP in 2022, revenues in the Americas grew by EUR 49.3 million (+16.0%).

Revenues generated in the commercial vehicle market amounted to EUR 459.3 million, or EUR 482.6 million at constant currencies, an increase of EUR 91.5 million (+23.4%). The outperforming sales in all key regions contributed to this growth, especially in the European market, where revenues increased by EUR 46.2 million (+20.9%) compared to 2022. In the Americas, the increase in revenues amounted to EUR 25.7 million (+19.7%) and in Asia to EUR 19.7 million (+50.1%).

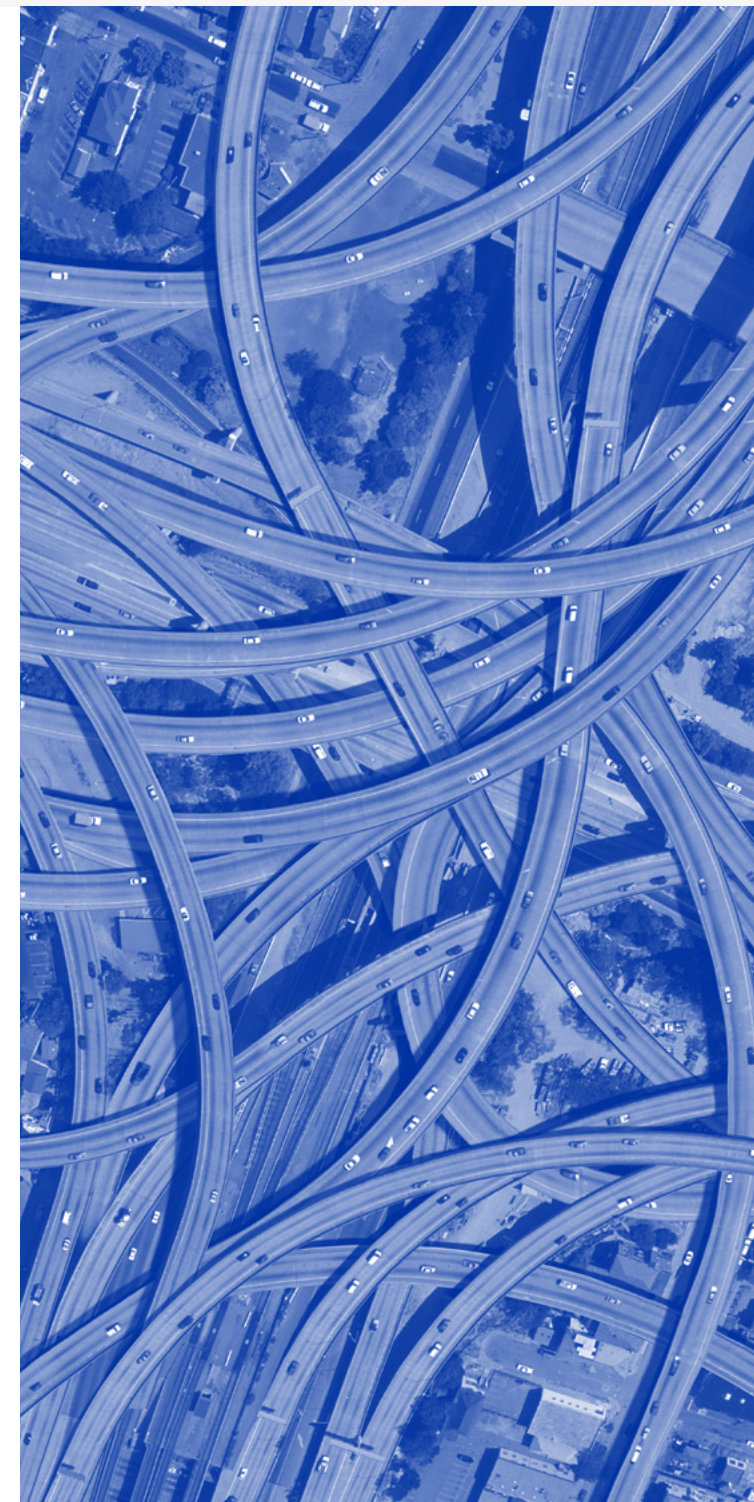
Revenues in the passenger car market amounted to EUR 280.6 million, or EUR 289.2 million at constant currencies, a decrease of EUR 2.1 million (-0.7%). The decline in China (EUR 28.1 million; -35.1%) was only partially offset by the increases in Europe (EUR 16.8 million; +17.2%) and North America (EUR 8.8 million; +7.8%).

Other revenues amounted to EUR 144.8 million, or EUR 150.9 million at constant currencies. Excluding reve-

nues from operations divested to BRP in 2022, other revenues in 2022 would have amounted to EUR 135.1 million, corresponding to a year-on-year increase of EUR 15.8 million (+11.7%) at constant currencies.

SEGMENTS

Powertrain & Chassis (P&C) revenues amounted to EUR 488.8 million, compared to EUR 466.0 million in 2022, an increase of EUR 22.8 million (+4.9%) despite negative currency translation effects of EUR 23.7 million in 2023. The revenue growth is mainly attributed to the truck business in Europe, the Americas, and Asia. In these regions, revenues increased on a constant-currency basis by EUR 30.5 million (+26.7%), EUR 18.8 million (+19.1%) and EUR 17.3 million (+63.0%), respectively, compared to last year. This positive development was primarily offset by declines in passenger car markets in Asia and Europe, where revenues dropped by EUR 28.2 million (-35.2%) and EUR 2.3 million (-3.7%), respectively. In addition, the operating profit (EBIT) was impacted by an impairment of EUR 27.0 million on assets related to the passenger car market in all key regions due to the declining projected performance in this market and the decision on the wind-down of this business. Furthermore, additional warranty expenses of EUR 5.9 million as well as costs for severance and restructuring provision of EUR 3.6 million in relation to the cost optimization program initiated in 2023 were incurred. Thus, EBIT from P&C amounted to EUR -21.5 million compared to EUR 12.7 million in 2022.



Revenues of the Specialty Products business segment amounted to EUR 396.1 million in 2023 compared to EUR 439.6 million in 2022, a decrease of EUR 43.6 million (-9.9%), including negative currency translation effects of EUR 14.3 million. Excluding revenues from operations divested to BRP of EUR 88.1 million in 2022, the growth at constant currency rates amounted to EUR 58.9 million (+16.7%). This was primarily driven by growth in the commercial vehicle market and the industrial end markets in Europe, which saw revenue growth of EUR 32.0 million (on a constant-currency basis). EBIT amounted to EUR 33.8 million in 2023, compared to EUR 84.9 million in 2022, which included the net gain from the above-mentioned divestment transaction of EUR 41.1 million.

NET FINANCIAL ITEMS

Net financial items amounted to negative EUR 26.0 million, compared to negative EUR 16.8 million in 2022. This is mainly due to unrealized foreign currency losses

amounting to EUR 13.3 million, compared to foreign currency gains of EUR 2.4 million last year. Interest expenses, mainly related to the bond, were slightly lower and amounted to EUR 10.8 million in 2023. In addition, a net interest expense of EUR 4.3 million was incurred in relation to lease liabilities. These negative effects were positively offset by the gain of EUR 2.8 million realized on money market funds in 2023.

NET PROFIT/LOSS

Loss before taxes for the year 2023 amounted to EUR 45.7 million compared to profit before taxes of EUR 46.3 million in 2022. The total tax expense of EUR 13.4 million was impacted by losses not recognized as deferred tax assets and a write-down of deferred tax assets of EUR 18.1 million in total. This resulted in loss after tax amounting to EUR 59.1 million in 2023 compared to profit after tax of EUR 20.8 million in 2022. Including negative translation differences of EUR 0.5 million and negative remeasurement of net PBO after tax of EUR 0.4 million, the total

comprehensive income for the year 2023 amounted to negative EUR 60.0 million.

CAPITAL

The group's interest-bearing liabilities amounted to EUR 264.9 million as of December 31, 2023, compared to EUR 267.6 million as of December 31, 2022. As of December 31, 2023, the shareholders' equity totaled EUR 218.1 million, a decrease of EUR 62.4 million compared to EUR 280.5 million at the end of 2022. The net loss of EUR 59.1 million and other comprehensive income of negative EUR 0.9 million contributed to a EUR 60.0 million decrease in shareholders' equity. The share-based compensation led to an increase of EUR 1.5 million. In 2023, the treasury shares purchased back until January 27, 2023, were cancelled. In November 2023, the company resolved to initiate a new share purchase program and repurchased the treasury shares of EUR 1.6 million until December 31, 2023.

The equity ratio was 30.2% at the end of the year 2023, compared to 35.2% in 2022.





CASH FLOW

Despite the negative operating result of EUR 19.7 million, which was mainly driven by the impairment losses of EUR 27.0 million, the group generated a positive cash flow from operating activities in the amount of EUR 21.5 million, compared to EUR 102.4 million in 2022. The cash flow from operating activities in 2022 included EUR 37.9 million NWC sold related to discontinued business as well as EUR 20.5 million for net working capital sold in connection to the sale of the Powersports business to BRP. The group invested EUR 28.5 million in property, plant, equipment, and intangible assets, a decrease of EUR 0.4 million compared to EUR 28.9 million in 2022. In 2023, the company invested EUR 2.6 million to purchase 20% of shares in Chassis Autonomy AB and another non-material entity. In 2022, the group reported positive cash flows from divesting activities of tangible and intangible assets in the amount of EUR 189.5 million and proceeds from sale of shares of EUR 40.4 million, which was of a one-time nature. The cash flow used by financing activities amounted to negative EUR 39.7 million. In 2023, the amount used for the share buy-back was EUR 3.9 million, whereas in 2022 shares at the amount of EUR 23.5 million were bought back. In addition, the revolving credit facility of EUR 20.0 million was repaid and bond notes in the amount of EUR 75.0 million were redeemed. Moreover, cash flow used by financing activities included the repayment of lease liabilities in the amount of EUR 9.8 million as well as interest payments and other financial items in the amount of EUR 16.6 million, of which EUR 4.3 million is related to interest on lease liabilities.

LIQUIDITY

The group's cash and cash equivalents amounted to EUR 164.7 million at the end of the year, compared to EUR 212.9 million at the end of 2022. The unutilized RCF as of December 31, 2023, amounted to EUR 30.0 million. More-

over, the company had an unutilized securitization facility of EUR 25.0 million as of the end of the year.

BUSINESS WINS FOR CONTINUING OPERATIONS

New business wins for the year amounted to EUR 989.4 million in lifetime revenues and EUR 296.9 million in annualized revenues, compared to EUR 760.2 million and EUR 246.9 million in 2022, respectively. This corresponds to an increase of 30.2% and 20.3% in lifetime revenues and annualized revenues, respectively, compared to the previous year.

KONGSBERG AUTOMOTIVE ASA - THE PARENT COMPANY

In 2023, the parent company generated total operating (inter-company) revenues of EUR 6.0 million, compared to EUR 6.8 million in 2022. This reduction is partially caused by the lower trademark fee. With operating costs being at a comparable level, the operating profit amounted to EUR 2.3 million, compared to EUR 2.8 million in 2022. The parent company had negative net financial items of EUR 157.1 million in 2023, compared to positive net financial items of EUR 41.0 million in 2022. The main drivers for this change were the impairment of Intercompany shares of EUR 172.0 million as well as currency gains of EUR 2.3 million in 2023, compared to currency gains of EUR 26.2 million in 2022. The net loss for the year 2023 amounted to EUR 158.4 million, compared to the net profit of EUR 34.1 million in 2022. Including negative translation differences of EUR 34.2 million, the total comprehensive income for the year 2023 amounted to negative EUR 192.6 million. Kongsberg Automotive ASA's equity totaled EUR 259.4 million (EUR 454.3 million in 2022).

In accordance with the Dividends Policy, the Board of Directors will propose to the 2024 Annual General Meeting that no dividend be paid for 2023. The Board of Directors proposes that the parent company's net loss of EUR 158.4 million be carried forward.

OPERATIONS

The aftermath of the COVID pandemic impacted the supply chain well into 2023. However, Kongsberg Automotive (KA)'s mitigation plans succeeded in restoring most supply channels, allowing operations to pick up speed. At the same time, the operational improvements within the Shift Gear program brought savings to operations in all plants. Together with the strong and stable orders with key customers, Gear I of the Shift Gear program (Operational Excellence and Performance) will support continued growth at higher margins. KA continues to identify and leverage synergies for operations to become leaner, lower its fixed costs and support learning opportunities.

POWERTRAIN & CHASSIS

The Powertrain & Chassis (P&C) segment, catering to both passenger car and commercial vehicles, achieved significant milestones, highlighting a steadfast commitment to excellence.

Notably, operational excellence in Mexico saw marked improvements through impactful value analysis and value engineering (VAVE) initiatives for automated manual transmission (AMT) systems, leading to heightened production efficiency. Despite challenges, P&C's AMT systems in Mexico achieved record-breaking sales, a testament to the segment's resilient supply chain management and unwavering dedication to customer satisfaction.

Further strengthening its position, P&C successfully met the robust demand for the new electric clutch actuator in Europe, establishing itself as a key player in the realm of electrified propulsion. Process and infrastructure enhancements at the Hvittingfoss plant, particularly in the anti-roll bar (ARB) line, adhere to industry best practices.

By proactively managing the electronic component shortages, P&C minimized operational impact, show-

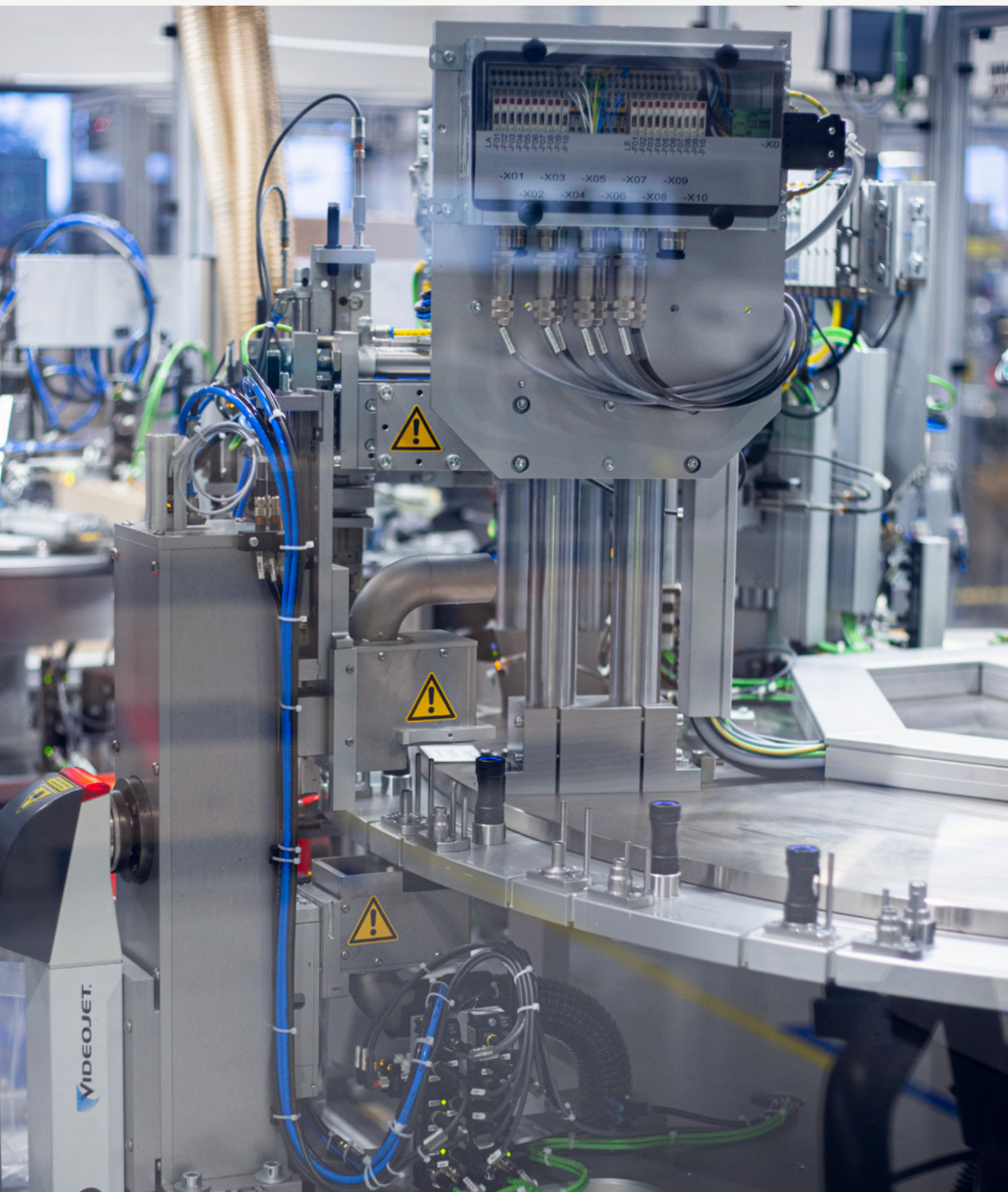
ing the business segment's adaptability in dynamic environments.

Looking ahead to 2024, the business segment anticipates exciting product launches. This, coupled with strategic investment reduction, reflects a commitment to prudent financial management. Noteworthy financial highlights encompass increased sales revenue alongside reduced net capital expenditure, underlining P&C's financial prudence and effective resource utilization.

Collectively, these achievements underscore P&C's resilience and adaptability, reinforcing its unwavering commitment to excellence and positioning the segment for sustained growth.

P&C SUCCESSFULLY MET THE ROBUST DEMAND FOR THE NEW ELECTRIC CLUTCH ACTUATOR IN EUROPE, ESTABLISHING ITSELF AS A KEY PLAYER IN THE REALM OF ELECTRIFIED PROPULSION





SPECIALTY PRODUCTS

FLOW CONTROL SYSTEMS

The Specialty Products (SPP) business segment completed the organizational merger of the former Fluid Transfer Systems (FTS) and Couplings (COU) business units into one single business unit named Flow Control Systems (FCS). Regional operational roles were created to focus on operational excellence, performance improvements through CIP activities, and sharing best business practices.

On the supply chain side, FCS continued to experience price hikes in the business unit's main commodities, chemicals and steel, throughout the year. The fourth quarter of 2023, however, showed some signs of a downward trend. Delivery performance from FCS' key suppliers was stable and did not impact operations. During 2023, FCS continued its strategy of moving business to best-cost countries both in the EU and in North America. Specifically, operations were expanded in KA's Brzesc Kujawski plant in Poland and in the Ramos Arizpe plant in Mexico. To facilitate this, a new extended building was leased at Ramos Arizpe to accommodate the business unit's growth plans.

Demand from customers remained strong, with a reduction in the fourth quarter of 2023. Variability in the demands continued to be a challenge that required great levels of operational agility and flexibility. In line with Gear I of the Shift Gear program, operations focused on identifying and executing a solid pipeline of opportunities for Continuous Improvement Processes (CIP), enabling improvements in competitiveness. The business segment made efforts to optimize both variable and fixed costs as well as adapting its capacity and flexibility to customers' needs.

OFF-HIGHWAY

The Off-Highway (OFH) business unit completed the Powersports divestment carve-out during the second quarter of 2023 and focused on improving the remaining operations in Shawinigan in 2023.

Demand from the agriculture and construction markets was high throughout the year, placing a challenge on operations in both the United States and Sweden. The OFH team accepted the challenge and finished the year with a backlog. Even with the increased volumes, the operations team delivered on their CIPs and cost improvements, putting the OFH business unit in a good position for 2024.

ENGINEERING AND DEVELOPMENT

The group's net overall spending on engineering and development totaled 4% of sales in 2023. Kongsberg Automotive (KA)'s resourceful engineering workforce consisted of 343 engineers globally.

POWERTRAIN & CHASSIS

In 2023, Powertrain & Chassis (P&C) finalized the migration of the current product portfolio towards e-mobility products and systems for battery electric vehicles (BEV), hybrid electric vehicles (HEV), and fuel cell electric vehicles (FCEV). P&C has set up a modular technology platform of electric actuators for gear shifting and clutch actuation systems in future commercial vehicles.

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

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

via intelligent energy transfer and is highly scalable for various vehicle architectures.

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

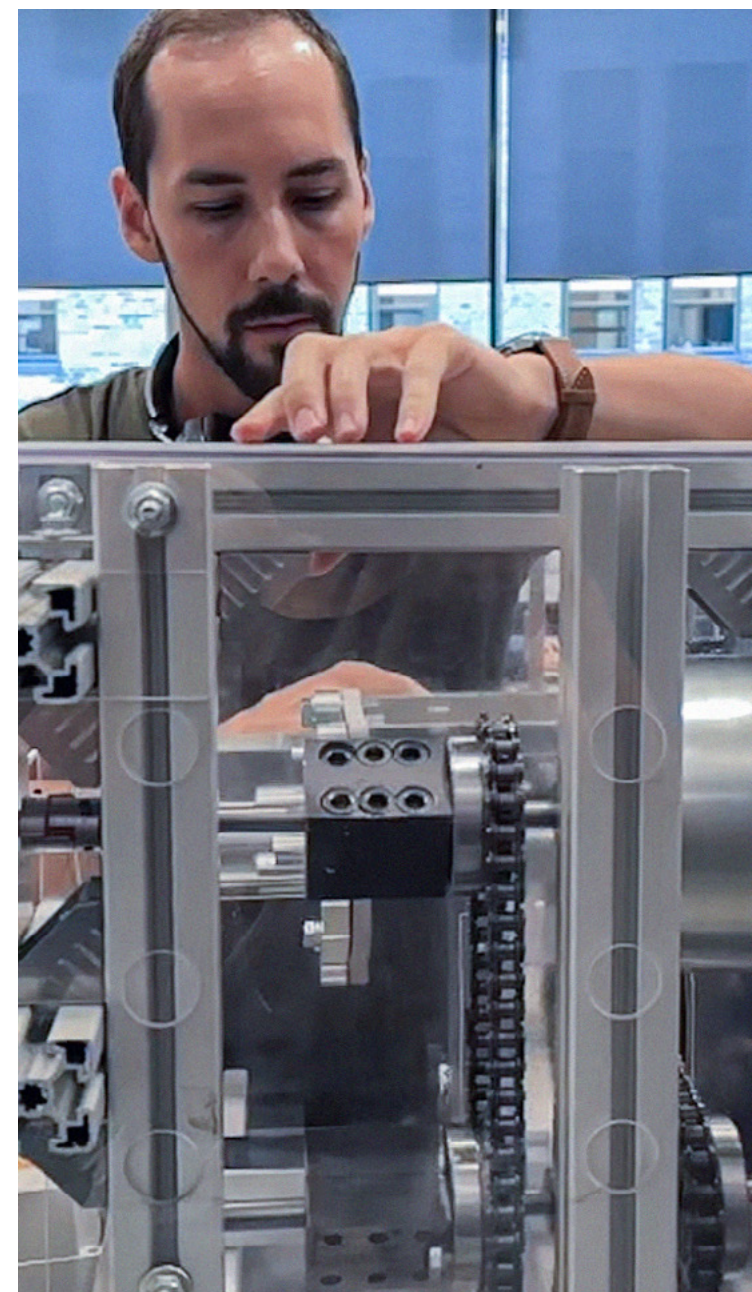
SPECIALTY PRODUCTS

FLOW CONTROL SYSTEMS

The merger of the former Fluid Transfer Systems (FTS) and Couplings (COU) business units to create the new Flow Control Systems (FCS) business unit resulted in a consolidated R&D organization with a unified product strategy. FCS aims to become a systems supplier and provide innovative, efficient, and cost competitive solutions to its customers. Its R&D activity continued to focus on product developments and innovation to support the continued trends towards electrification and stronger sustainability requirements from KA's customers.

Key activities during 2023 were aimed at:

- > Continuing the development of systems to manage fluids within the thermal management solutions (TMS) application: innovating in lighter and





2023 SAW A SIGNIFICANT INVESTMENT TO IMPROVE R&D SKILLS AND RESOURCES, WHILE ALSO ENHANCING TESTING HARDWARE AND SIMULATION SOFTWARE TO CONTINUE TO BE A DEVELOPMENT PARTNER.

- more sustainable materials as well as high-performance connections technologies. In 2023, KA secured a development contract for coolant lines for the first generation of FCEV (fuel cell electric vehicles) trucks with an important global OEM
- > Completing the range of new couplings for air management in passenger car air suspension applications, an area of significant anticipated growth
- > Improving cost of function of FCS products by re-engineering them through VAVE (value analysis and value engineering) activities
- > Delivering state-of-the-art pre-serial products and securing a timely launch execution of new businesses and products for KA's customers

2023 also saw a significant investment to improve R&D skills and resources, while also enhancing testing hardware and simulation software to continue to be a development partner in the FCS segment. The merger of the former FTS and Couplings business units revealed synergies in R&D and PPM (product portfolio management) functions. FCS will continue to leverage these synergies in 2024.

OFF-HIGHWAY

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

The steering column product group continues to build on KA's strong OEM customer relationships. Leveraging KA's modular designs, the Off-Highway business unit was able to propose and deliver more pre-production units for more applications than in previous years. These units will allow KA to continue to grow and maintain its leading position in steering columns.

In the pedal and hand controls area, new designs are being tested that offer lighter weight, lower cost, and increased corrosion resistance. They are backward-compatible for ease of customer adoption in many vehicles.

CORPORATE GOVERNANCE

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

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

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

KA complies with the latest version of the Norwegian Code of Practice for Corporate Governance of October 14, 2021. The group's compliance with the requirements of each of the 15 main principles of the Norwegian Code of Practice for Corporate Governance and the provisions of section 3–3b of the Norwegian Accounting Act is further detailed in the Corporate Governance section of the annual report. Kongsberg Automotive ASA has obtained directors and officers insurance covering the CEO and the Board of Directors. This information is also available on the company's website. KA has its operational headquarter in Zurich, Switzerland. The ultimate Parent company Kongsberg Automotive ASA is listed on the Oslo Stock exchange and the address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway.

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.

SUBSEQUENT EVENTS

No significant subsequent events have been identified.

OPERATIONAL RISK

KA supplies products that are safety critical. Suppliers

in the automotive industry face the possibility of substantial financial liability for warranty claims relating to potential product or delivery failures. This liability represents a potential risk. Working methods and validation procedures implemented by the company are designed to minimize this risk. KA is normally contracted as a supplier with a long-term commitment. This commitment is usually based on a vehicle platform for which volumes are estimated and not guaranteed. Even if present commitments are cost-reimbursable, they can be adversely affected by many factors and short-term variances, including shortages of materials, components, equipment, and labor, inflation, political risk, customer default, industrial disputes, accidents, environmental pollution, the prices of raw materials, the implementation of new tariffs, and other unforeseen problems, changes in circumstances that may lead to cancellations, and other risk factors beyond the control of the group.

RISK MANAGEMENT

Responsibility for the group's financial risk management is mostly centralized, and the risk exposure is continuously monitored. The group has identified a specific risk catalog in line with ISO 31000 and has classified all risks according to their potential impact. The group constantly evaluates its financial, infrastructure, marketplace, and reputational risks, and has developed procedures and strategies to mitigate all risks classified as "high". For more information regarding risk management, see note 24.

RISKS

FINANCIAL RISKS

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

RAW MATERIAL PRICE AND AVAILABILITY RISK

The group is exposed to market fluctuations in the price and availability of mainly the following raw materials: steel, copper, zinc, aluminum, and polymer resins. Sudden fluctuations in market conditions could therefore impact the group's financial position, revenues, profits, and cash flow. Raw material sourcing costs are also subject to customs and duties. In 2023, prices of the abovementioned raw materials as well as electronic components remained at high levels, which, together with rising transportation costs, created an insecure situation, especially for overseas deliveries. KA 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.

INTEREST RISK

Kongsberg Automotive's main source of financing is a fixed rate bond, which matures in 2025. The super senior RCF, entered into in 2018, was successfully renewed until January 2025. As the RCF and the bonds mature in 2025, the company will start the refinancing process by mandating renowned banks to support its refinancing activity in 2024. The refinancing of the outstanding obligations will likely change the interest margin to be paid by the company as central bank rates and credit risk profiles are different to 2018, when the company refinanced previously.

CREDIT RISK

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

LIQUIDITY AND CAPITAL RISK

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

RATING RISK

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

PENSION LIABILITY RISKS

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

REGULATORY AND TAX RISKS

The group is subject to a wide variety of laws, tax regulations, and government and supranational policies, which may change in significant ways. There can be no assurance that laws, tax regulations, and policies or their practical application by authorities will not be altered in ways that will require the group to modify its business models and objectives or affect returns on investment. For regulatory and tax risks, the group consults professional advisors and implements the recommended actions. For further risk analysis, see note 23 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 risks and opportunities, please refer to the Sustainability section in this report.

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. In 2023, the ongoing war in Ukraine and the armed conflicts in the Middle East and the Red Sea led to further economic uncertainties in the world markets. KA continues to very carefully monitor geopolitical situations and developments and is in close contact with industry partners to mitigate potential risks.

HEALTH AND SAFETY RISKS

KA facilities have aligned their safety management systems to ISO45001 standards. KA has developed key performance Indicators to track and drive continuous improvement in safety and introduced safety engagement measures, policies, and contingency plans to protect all KA employees as well as visitors to KA facilities.

STRATEGIC RISKS

As a supplier of advanced technology to 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 for 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 as well as test laboratories and dedicated controls.

RISKS ASSOCIATED WITH PURCHASING AND SUPPLY CHAINS

Risks in the procurement process include the risk of supplier insolvencies, late deliveries, quality defects, and new non-tariff trade barriers. More and more stakeholders are increasingly calling on the automotive industry to ensure greater sustainability throughout the entire supply chain. To mitigate these risks and ensure sustainability, KA selects its suppliers carefully to meet financial solvency, commercial, and technical capability requirements, and measures supplier performance KPIs constantly. Manufacturing and supply arrangements may be lost or disrupted because of issues such as labor disputes, the inability to procure sufficient raw or input materials, natural disasters, disease outbreaks, or other external factors over which the company has no control. This creates the need to implement new programs to mitigate the negative operational and financial consequences of such disruptions. The current difficulties and disruptions in global supply chains will continue into 2024, which will continue to create new challenges and impact the company's operations.

PRODUCTION-RELATED RISKS

Bottlenecks and delays can occur in manufacturing processes due to insufficient production resources. These can relate to materials, utilities, manpower, or equipment used in the production process, but are increasingly driven by highly fluctuating customer demand due to supply chain instability. 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, by maintaining its production equipment in good order using operational excellence methods, and by continuously reviewing its production footprint and supply chain set up to reduce lead time.

PROJECT MANAGEMENT-RELATED RISKS

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

LEGAL PROCEEDINGS

In the ordinary course of business, Kongsberg Automotive is involved in lawsuits, arbitrations and other formal or informal dispute resolution procedures, including the matters described in the Contingent Liabilities section. Reserves have been established for these and other legal matters as appropriate in line with IFRS® guidelines. However, estimating the legal reserves required for possible losses involves significant judgment and may not reflect the full range of uncertainties and unpredictable outcomes inherent in litigation. Consequently, actual losses arising from particular matters may exceed current estimates and adversely affect the results of operations. Kongsberg Automotive may also be involved in investigations and regulatory proceedings, which could result in adverse judgments, settlements, fines and other outcomes. The areas of increased focus of investigations and proceedings are compliance with broader business conduct rules, including those in respect of market abuse, bribery, money laundering, trade sanctions and data protection as well as privacy. Kongsberg Automotive could be subject to risks arising from alleged, or actual, violations

of any of the foregoing, and could also be subject to risks arising from potential employee misconduct, including non-compliance with internal policies and procedures as well as malfeasance.

CYBERCRIME RISK

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

SUSTAINABILITY

Sustainability has been a central element of Kongsberg Automotive's (KA) business strategy since the company's inception. For KA, sustainability is the balance between the economic, ecological, and social elements of its business activities as part of responsible corporate governance. KA sees a strong focus in its industry on eliminating the carbon emissions of production and products and the need to move towards a circular economy where products can be recovered and reused or recycled.

KA is reflecting those developments and made good progress in 2023. Calculations of Scope 3 emissions have started at a corporate and product level and the company has conducted a double materiality analysis, procured more renewable electricity, and started to report according to EU Taxonomy, just to mention a few developments. For 2024, KA intends to update and readjust its sustainability strategy.

SUSTAINABLE DEVELOPMENT GOALS (SDGs)

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

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



SDG 5: GENDER EQUALITY

5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic, and public life



SDG 8: DECENT WORK AND ECONOMIC GROWTH

- 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labor-intensive sectors
- 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- 8.8** Protect labor rights and promote a safe and secure working environment for all workers, including migrant workers, in particular women migrants, and those in precarious employment



SDG 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technology and industrial processes, with all countries taking action in accordance with their respective capabilities



SDG 13: CLIMATE ACTION

13.3 Improve education, awareness-raising, and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning

MATERIALITY ANALYSIS

Kongsberg Automotive (KA) conducted a new materiality analysis in 2023. This update already reflected the double materiality approach and was intended to identify the most important sustainability topics.

The analysis determined which topics have the greatest impact on the environment, people, and the economy (inside-out perspective, “impact materiality”) and which have the greatest impact on the company’s business performance (outside-in perspective, “financial materiality”). The methodology for identifying these material topics is based on legal requirements and recognized standards such as the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative (GRI). This ensures that the process has been carried out correctly and complies with current requirements. The analysis has been carried out based on quantitative and qualitative information. The results provide the basis for the (further) development of the sustainability strategy and the reporting content.

KA’s double materiality analysis was conducted from September-December 2023, following three different steps:

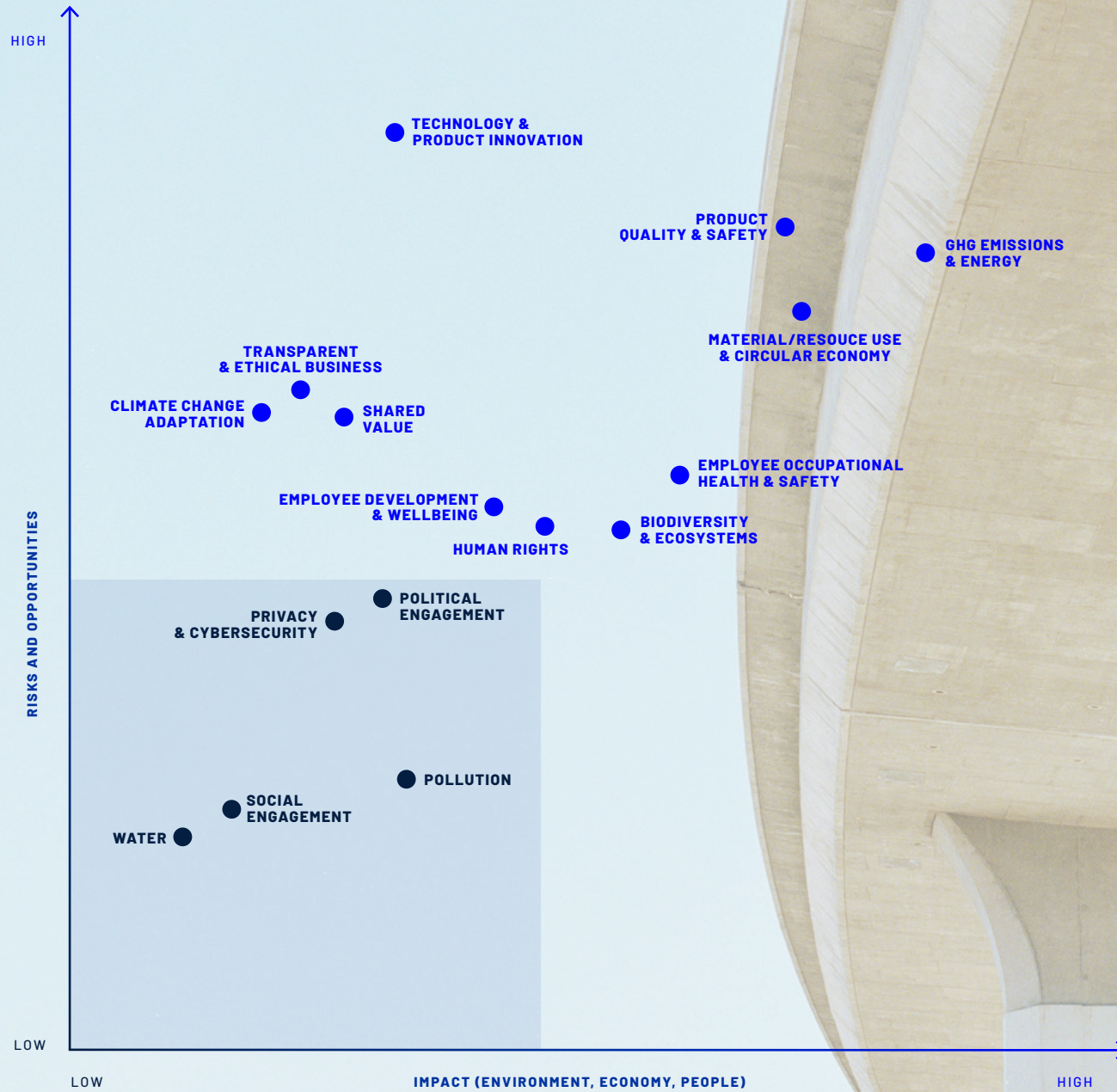
- I. The general selection of relevant sustainability topics for further analysis.
- II. The prioritization of the selected topics by reflecting the two perspectives mentioned above.
- III. The final analysis ending with a matrix of material topics.

For step II, several workshops and interviews with KA employees from different departments and functions have been conducted. The discussions focused on impact, risks, and opportunities in relation to the selected sustainability topics. In addition, external reviews, industry surveys, and assessments have been conducted to reflect the different stakeholder perspectives. Based on these internal and external analyses, KA has been able to create a final ranking of the different sustainability topics and positioned them in a matrix – shown in the graphic below. This final outcome has been reviewed and approved by KA’s management.

KA identified 11 topics as material, meaning that KA has either a high impact on those topics or that those topics represent a high risk or opportunity for the company. In many cases, both aspects are also fulfilled. These material topics represent a balanced mix of environmental, social and governance topics.

The results of this double materiality analysis will help KA to focus its sustainability reporting on the material topics, especially regarding the requirements of the European Sustainability Reporting Standards (ESRS) which will become applicable to KA for the reporting year 2024.. The whole materiality process will provide guidance for the further development of KA’s sustainability strategy.

KA IDENTIFIED 11 TOPICS AS MATERIAL, MEANING THAT KA HAS EITHER A HIGH IMPACT ON THOSE TOPICS OR THAT THOSE TOPICS REPRESENT A HIGH RISK OR OPPORTUNITY FOR THE COMPANY. IN MANY CASES, BOTH ASPECTS ARE ALSO FULFILLED. THESE MATERIAL TOPICS REPRESENT A BALANCED MIX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE TOPICS.



ENVIRONMENT

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

KA has identified two long-term strategic goals (carbon-neutral products by 2039 and purchase of 100% renewable energy by 2030) that support the transition to more sustainable products and decarbonizing the company's business activities. In 2023, KA initiated projects to calculate, understand, and decrease the carbon footprint of products and materials. To reach its commitment to carbon-neutral products, cross-functional cooperation (technology, sales, quality, and purchasing) has been initiated throughout the entire value chain (stakeholder engagement) in the following areas:

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

In 2023, KA continued the work on centralizing energy supply contracts to prepare to better mitigate the volatility in energy markets in the coming years, and to reach the strategic goal of achieving 100% renewable energy by 2030.

Additionally, KA has been evaluating options to increase the amount of purchased renewable energy for different regions and countries, including the potential for power purchase agreements, on-site renewable energy generation, and the availability of green tariffs.

CLIMATE CHANGE

With KA's ambition to purchase 100% renewable energy by 2030 and to manufacture CO₂-neutral products by 2039, the company has already aligned itself with the requirements of the 1.5-degree target of the Paris Agreement. As part of the revision of KA's sustainability strategy, which will be completed during 2024, the company is currently in the process of further formalizing and implementing the climate targets so that they will also meet the requirements of science-based targets in the future.

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

The group's plants, with the support of corporate functions, are responsible for the day-to-day management of

risks and opportunities related to climate change at their sites, and organization-wide initiatives are set by corporate teams. A Delegation of Authority process is in place, through which significant climate change risks and decisions on mitigation actions are raised to the governance bodies for discussion.

CLIMATE CHANGE RISKS AND OPPORTUNITIES

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

CHANGING MARKET

KA's customers focus on lowering emissions generated during production of their products. They require lighter and more efficient products from their supply chain. For products designed a number of years ago, there is a risk that the market may become restricted for them. In addition, the shift towards battery electric vehicles (BEV) also has implications for the components needed.

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

DISRUPTION TO SUPPLY CHAINS BY EXTREME WEATHER

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

INCREASED COSTS OF ENERGY AND SUPPLIES

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

COST OF CARBON

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

IMPACT OF GREATER CHANGES IN TEMPERATURES AND WEATHER ON MANUFACTURING FACILITIES

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

CLIMATE CHANGE OPPORTUNITIES

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

KA's automotive customers have a focus on reducing the emissions generated by their products. This leads them

to require lighter and more efficient components for their products from their supply chain that help achieve higher fuel efficiency, reduce end-product weight, and use less energy. The industry shift to BEVs also creates opportunities for KA's product portfolio.

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. 42% of purchased electricity is generated from renewable sources. Seven of KA's manufacturing facilities – four in Scandinavia as well as KA's facilities in UK, France, and Canada – purchase 100% renewable electricity. KA's Wuxi, China plant has installed solar panels that provide a significant share of the plant's energy consumption. The Ljungsarp plant in Sweden is even operating with zero Scope 1 and 2 CO₂ emissions as all processes are electrified, industrial waste heat is exploited, and all electricity used comes from renewable sources.

EMISSIONS

Each year, KA reports on climate change and actions to reduce carbon emissions created by its manufacturing activities. In 2023, KA started to report location-based and market-based Scope 2 CO₂ emissions. In 2023, the group's CO₂ emissions were approximately 20,128 metric tonnes of CO₂ (location based), a 20% reduction from

the 25,070 metric tons of CO₂ emitted in 2022. Following the market-based approach the decrease was slightly higher. These significant reductions have to some extent been achieved through energy efficiency improvements and a higher share of renewable electricity (for the market-based view). Additionally, there are two divestments which affected facilities in Canada and Poland and led to reduced energy consumption and emissions. KA also updated its CO₂ calculation emission factors in 2023. This update had a significant effect on electricity-related emissions. KA intends to switch to a yearly emission factor update in the future.

CO₂e emissions (tonnes), location-based

	2022	2023	% CHANGE
Scope 1 (direct)	3,495	2,539	-27%
Scope 2 (indirect/location-based)	21,575	17,589	-18%
Total	25,070	20,128	-20%

CO₂e emissions (tonnes), market-based

	2022	2023	% CHANGE
Scope 1 (direct)	3,495	2,539	-27%
Scope 2 (indirect/location-based)	20,446	16,263	-20%
Total	23,940	18,803	-21%

Calculation is based on the operational control approach and includes all existing KA production facilities in 2023. Pure office locations are excluded from the calculation.

In 2023, KA started also to calculate upstream Scope 3 CO₂ emissions with a spend-based calculation model, enabling KA to analyze hot spots and to develop effective measurements to decrease carbon emissions in KA's supply chain. The calculation showed that the biggest part of KA's CO₂ emissions is by far related to purchased goods,

followed by logistics. Both will be focus areas for KA to reduce Scope 3 upstream CO₂ emissions. KA will provide a more detailed analysis of its Scope 3 emissions in the next Sustainability Report.

Scope 3 emissions in tonnes CO₂e

	2023
Purchased goods & services	261,761
Upstream transportation	11,933
Others*	23,057
Total	296,751

*includes Scope 3.2, 3.3., 3.5, 3.6

In line with KA's carbon emission targets, the Purchasing department started to implement tools in supplier selection and evaluation. The upgrade of the cost analyst software with a carbon footprint module allows KA's Sourcing Board to consider carbon footprint information at the purchased goods level in decision-making. The first pilot calculations for selected KA products were made in 2023.

ENERGY

In 2023, KA continued to take concerted actions on improving energy efficiency at its manufacturing locations. This was mainly driven by two factors: the company's goal of achieving carbon-neutral products by 2039 (energy usage is an important part of KA's carbon emissions), and the need to reduce utility costs due to the volatility in the energy markets.

All plants were set a target for 2023 to decrease energy consumption by 2% relative to total product sales ("energy intensity"). Each plant took action to reduce energy usage. Some of the key activities included replacing existing lighting with LED bulbs, air leak reduction programs, replacing old equipment with newer and more energy-efficient equipment, and reusing waste heat.

KA's energy intensity in 2023 was 96.8 kilowatt hours used in production for every EUR 1,000 of total product sales, a 5% decrease from the 101.5 kilowatt hours per EUR 1,000 of total product sales in 2022. While energy intensity was the primary key performance indicator, manufacturing units reported that absolute energy use decreased by 6% to approximately 92 million kilowatt hours from approximately 98 million kilowatt hours in 2022.

	2022	2023	% CHANGE
Energy use (kWh)	97,797,917	92,310,078	-6%
Energy intensity R12M	101.5	96.8	-5%

WASTE

Good waste management practices are important to KA and the communities where it operates. In 2023, KA's aim was a reduction of 2% of the yearly amount of waste sent to landfills or requiring special treatment as compared to annual sales; this is the "Disposed Waste Index." All units sought opportunities to reuse and recycle. Notably, 10 manufacturing locations were landfill-free in 2023. Even though KA's total waste quantity remained stable, KA faced an increase in disposed waste, leading to an increase of KA's Waste Index by 10% from 2022. This is to some extent related to improved waste reporting, which improved the data quality in 2023, but led to higher numbers.

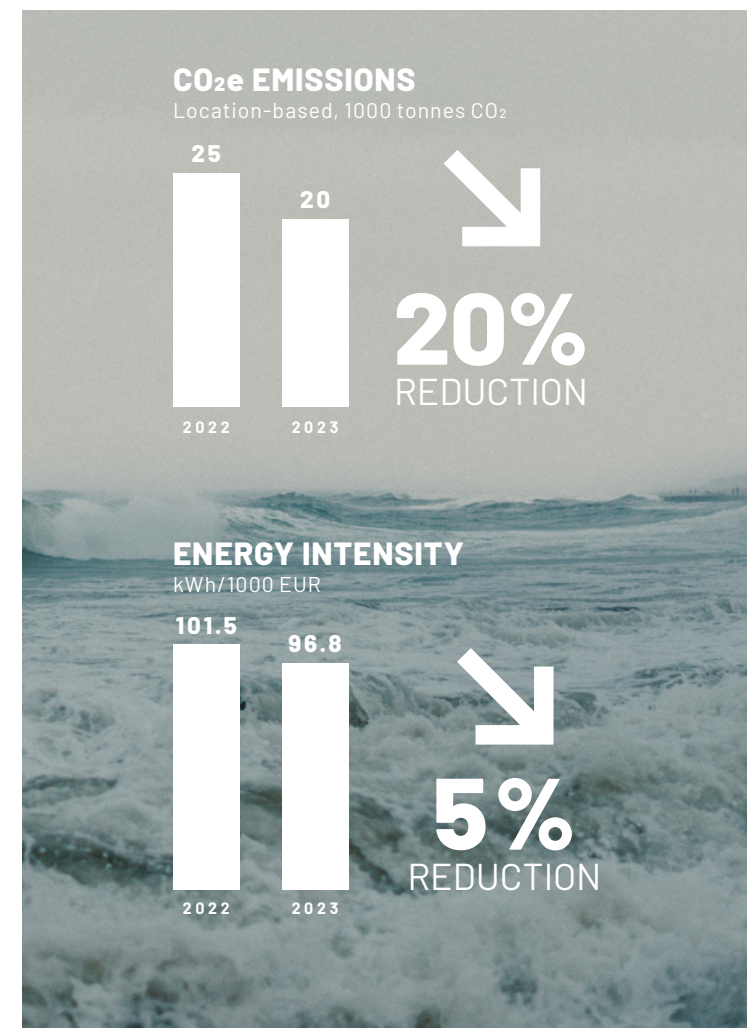
	2022	2023	% CHANGE
Total disposed waste (kg)	778,161	844,138	8%
Disposed waste index R12M	0.8	0.9	10%

WATER

KA's business model is not water intensive. But KA understands its responsibility to use natural resources efficiently and there is a dependency on access to clean water for its operations. KA therefore measures water usage at each plant and sets an annual target for each to reduce its

water index usage by 2% from the previous year. Manufacturing facilities worked to reduce water leakage use and realize conservation opportunities. However, with the investment in new manufacturing activities requiring water usage and some identified leakages, KA saw a 5% increase in total water usage from 2022.

	2022	2023	% CHANGE
Water usage (m ³)	111,000	116,648	5%
Water usage index R12M	0.1	0.1	6%



EU TAXONOMY

The Regulation (EU) 2020/852 of the European Parliament and European Council, known as the EU Taxonomy Regulation, introduces a comprehensive classification system for economically and environmentally sustainable activities. This system aims to streamline the recognition of sustainable practices, encouraging a shift in financial investments toward businesses and technologies that promote environmental responsibility and support the goals outlined in the European Green Deal and the EU's climate targets.

According to the Taxonomy Regulation, an economic activity is deemed environmentally sustainable if it significantly contributes to at least one of the EU's six climate and environmental objectives. Simultaneously, it must not cause significant harm to any of these objectives and must adhere to minimum social safeguards. These six objectives are:

1. Climate-change mitigation
2. Climate-change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

In the EU, the reporting obligations, as outlined in the Delegated Acts by the European Commission, have been introduced in stages. The Taxonomy Regulation was adopted into Norwegian law through the Sustainable Finance Act, which entered into force in January 2023. As a Norwegian listed corporation, Kongsberg Automotive (KA) is therefore obliged to report on the climate objectives (1.-2.) for the first time in 2023. In 2024, the new criteria published in June 2023 will extend the reporting scope to include the environmental objectives (3.-6.) as well as additional activities on the climate objectives (1.-2.).

In the report, the economic activities of Kongsberg Automotive (KA) must be assessed in terms of their eligibility and alignment with the abovementioned climate objectives. To qualify as Taxonomy-eligible, an economic activity must align with an activity described

in the Taxonomy Delegated Acts and be considered likely to substantially contribute to at least one of the six environmental objectives.

To qualify as Taxonomy-aligned, an economic activity must substantially contribute to one or more of the environmental objectives by meeting the corresponding technical screening criteria outlined in the applicable Delegated Act. Further, the economic activity must not significantly harm any other objectives and the activity must be carried out in compliance with the minimum social safeguards in place.

Firstly, Kongsberg Automotive's economic activities are to be analyzed to determine Taxonomy eligibility, i.e. whether they fall within the scope of the EU Taxonomy. Subsequently, it is to be assessed whether the activities identified as Taxonomy-eligible are Taxonomy-aligned.

For both eligibility and alignment, Articles 3 and 9 of Taxonomy Regulation (EU) 2020/852 (Taxonomy) require Kongsberg Automotive to disclose sales, capital expenditure (CAPEX), and operating expenditure (OPEX) related to environmentally sustainable economic activities.

ASSESSMENT OF THE TAXONOMY-ELIGIBILITY OF KONGSBERG AUTOMOTIVE'S ACTIVITIES

The focus of the current assessment of eligible activities was set on the income-generating economic operations and is based on best judgment and availability of data through the existing reporting channels.

Workshops were held with representatives of the finance and engineering departments of the different business units to analyze the group's economic activities regarding their relevance to the EU Taxonomy-eligibility. As a first step, the activities were allocated to the applicable NACE codes (Nomenclature of Economic Activities), which were then mapped to the potential activities listed in the Delegated Acts in a second step. The group's core activities across all business units primarily pointed to the activities "3.18 Manufacture of automotive and mobility vehicle components" and "3.6 Manufacture of other low carbon technologies." The corresponding economic activities' alignment with the activity descriptions was then further analyzed in detail.

3.18 MANUFACTURE OF AUTOMOTIVE AND MOBILITY VEHICLE COMPONENTS

This activity was newly introduced as part of the amendment to the Climate Delegate act in June 2023 and therefore only requires the reporting of eligibility for the fiscal year 2023.

The activity description refers to the manufacture, repair, maintenance, retrofitting, repurposing, and upgrade of mobility components for zero-emission personal mobility devices and of automotive and mobility systems, components, separate technical units, parts, and spare parts.

As a technology development and manufacturing company for vehicle components, most of Kongsberg Automotive's income generating activities were analyzed for eligibility with 3.18. Together with experts from the engineering and sales department, the product families were discussed for each business unit. Thereby, products that can be built into electric vehicles and projects that develop electronic vehicle components were identified as being eligible for 3.18. (products that can be installed in hybrid vehicles and/or vehicles with internal combustion engines are not included).

3.6 MANUFACTURE OF OTHER LOW CARBON TECHNOLOGIES

This activity comprises the manufacture of technologies that are aimed at and demonstrate substantial GHG emission savings compared to the best-performing alternative technology/product/solution available on the market.

While activities were identified that show best-in-market performance based on internal benchmarking, it is difficult to demonstrate lifetime GHG emission savings that are substantial. Therefore, the corresponding activities have been finally classified as non-eligible for the fiscal year 2023. KA will continue to analyze these activities in more detail in 2024 through a lifetime GHG saving analysis.

ASSESSMENT OF THE TAXONOMY-ALIGNMENT OF KA'S ACTIVITIES

As activity 3.18 is one of the recently introduced new activities for the climate objectives, alignment does not have to be reported this year. Next year, KA will examine the technical screening criteria for alignment of activity 3.18 and disclose the percentage of alignment. If more activities are identified as eligible, the company will report their alignment for the fiscal year 2024 as well.

NOTE ON EXPOSURE TO NUCLEAR AND FOSSIL GAS-RELATED ACTIVITIES

ROW	NUCLEAR ENERGY-RELATED ACTIVITIES	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
ROW	FOSSIL GAS-RELATED ACTIVITIES	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

KEY PERFORMANCE INDICATORS (KPIs)

The consolidated financial statements of Kongsberg Automotive have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as endorsed by the EU. These reported numbers are used as a basis for the calculation of sales, capital expenditure (CAPEX) and operational expenditure (OPEX) in accordance with the EU Taxonomy. Double counting is avoided by clearly allocating each item of Taxonomy-eligible and Taxonomy-aligned sales, capital expenditure, and operating expenditure to a single Taxonomy-eligible economic activity.

SALES

The Taxonomy-eligible share of sales (numerator) is defined as the net sales derived from products or services and derived from the Taxonomy-eligible income-generating activities (3.18). The denominator for the sales KPI consists of the consolidated operating revenues (2023: EUR 884.9 million) in accordance with IFRS 15 and IAS 1 82(a) and can be reconciled to the consolidated statement of comprehensive income of 2023. Further information can be found in Note 7 of the consolidated financial statements 2023.

CAPITAL EXPENDITURE (CAPEX)

The Taxonomy-eligible share of CAPEX (numerator) consists of investment in production machinery and buildings related to current and future income-generating Taxonomy-eligible activities (3.18).

The denominator for the CAPEX KPI consists of all additions to tangible, intangible as well as right-of-use assets in accordance with IAS 16, IAS 38 and IFRS 16 before any depreciation, amortization, or remeasurement (2023: EUR 44.9 million). It can be reconciled with the additions reported in Note 12 to 14 of the consolidated financial statements 2023.

OPERATING EXPENDITURE (OPEX)

The operating expenditure KPI is defined as Taxonomy-eligible operating expenditure (numerator) divided by KA's total operating expenditure (denominator).

The denominator for the operating expenditure (OPEX) KPI consists of the expenses for non-capitalized research and development costs, short-term and low-value leases, building renovation measures as well as costs for maintenance and repair of property, plant, and equipment (2023: EUR 75.2 million). To derive the Taxonomy-eligible share of OPEX, the above costs were allocated based on the corresponding current and future Taxonomy-eligible income-generating activities (3.18). For the research and development costs specifically, the individual projects were allocated based on their current and future Taxonomy-eligible sales.

	SALES		CAPEX		OPEX	
	ABSOLUTE (MEUR)	PROPORTION (%)	ABSOLUTE (MEUR)	PROPORTION (%)	ABSOLUTE (MEUR)	PROPORTION (%)
A. Taxonomy-eligible activities						
A.1 Eligible Taxonomy-aligned activities						
None	0	0	0	0	0	0
A.2 Eligible not Taxonomy-aligned activities						
3.18 Manufacture of automotive and mobility vehicle components	8.6	1.0	2.7	6.0	0.6	0.8
Total (A.1 + A.2)	8.6	1.0	2.7	6.0	0.6	0.8
B. Taxonomy non-eligible activities	876.3	99.0	42.2	94.0	74.6	99.2
Total (A+B)	884.9	100.0	44.9	100.0	75.2	100.0

SOCIAL

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 company's largest workforce is in Mexico and Norway, followed by Poland and the United States. All of this gives KA a multinational mindset. By the end of 2023, the company had a workforce of 5,286 full-time equivalents (FTEs).

EMPLOYEES

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

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

In 2023, KA continued on its HR digitalization journey by further enhancing the SAP SuccessFactors platform, which facilitates the administration and management of the company's global workforce with a cloud-based HR information system covering all core HR functions. It allows for consistent and digital HR processes with uni-

fied data in the areas of recruitment, onboarding, compensation, learning, and performance management.

DIVERSITY AND EQUAL OPPORTUNITIES

KA promotes equal opportunity and fair treatment. The company believes that business performance and productivity are enhanced by a diverse workforce, as greater diversity will lead to higher-performing teams and improved decision-making. KA has established a diversity policy which is part of its Code of Conduct, available on the company's website. In 2023, 67 nationalities were represented in the KA global workforce, while executive management featured six different nationalities. Women make up 37% of the total workforce and 11% of the executive management (Global Leadership Team). The Board of Directors consists of eight members: three women, of whom two are shareholder-elected directors, and five men, of whom three

are shareholder-elected directors. The company will continue to promote diversity and equality in future recruitment and promotion processes. Everyone working at or on behalf of KA shall treat people with respect. KA has zero

tolerance for discrimination, whether this is based on a person's race, color, religion, sex, age, ethnicity, national origin, citizenship status, disability, sexual orientation, or any other relevant status.

KNOWLEDGE BUILDING

In 2024, Kongsberg Automotive (KA) will continue to attribute its success to the invaluable contributions of

its dedicated workforce. Serving as the lifeblood of the company, employees embody the core essence of KA. Their profound expertise, imaginative ideas, and adept execution fuel the innovations that captivate and motivate customers. KA remains steadfast in its commitment to optimizing the potential of its global workforce, irrespective of geographical location or organizational hierarchy.

SERVING AS THE LIFELOOD OF THE COMPANY, EMPLOYEES EMBODY THE CORE ESSENCE OF KA. THEIR PROFOUND EXPERTISE, IMAGINATIVE IDEAS, AND ADEPT EXECUTION FUEL THE INNOVATIONS THAT CAPTIVATE AND MOTIVATE CUSTOMERS.



Whether engineers, managers, skilled production personnel, or specialized technicians – each individual within the KA family plays a pivotal role in the company’s success. Recognizing the paramount importance of staff development, KA emphasizes the significance of nurturing talent for both personal fulfillment and meeting evolving customer needs. The organization places equal emphasis on continuous growth, the cultivation of individual strengths, respectful collaboration, performance acknowledgment, and flexible working conditions. This holistic approach contributes to KA’s reputation as an employer of choice across its 34 operational locations.

Strong strategic realignment of talent development is particularly important in the wake of the various divestures and reorganizations to ensure that the whole team is pulling in the same direction. After placing talent development on a new strategic foundation in 2022, the newly developed training strategy came into effect in 2023, as training commenced on a newly launched, state-of-the-art learning platform.

Since the go-live of the training platform in December 2023, KA’s workforce invested an impressive 340 hours on the platform, reflecting a dedicated commitment to personal and professional development. A notable 22% of KA employees actively engaged with the new tool. Employees showed a keen interest in AI business transformation and project management. The main goal of enhancing competitiveness and upskilling has been well-aligned with employee learning preferences. The implementation of a training hub – the Learning Lab – has created an interactive and collaborative space for knowledge-sharing. To build a growth culture within the company, KA has developed learning guidelines for employees, supporting the employees in navigating their development journey effectively. As the company moves forward, commitment to a robust development strategy remains steadfast. These achievements highlight not only KA’s dedication to individual growth, but also collective pursuit of excellence.

PRUDENCE AND FORESIGHT

Taking the best possible care of its employees is KA’s top priority. The past years provided great insights into future work organization, as the COVID pandemic required many employees to work from home. The subsequent lifting of lockdowns gave rise to new concepts of hybrid and mobile work. KA successfully adopted these concepts, enabling them to attract and retain talent and remain a contemporary employer of choice.

HEALTH AND SAFETY

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

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. 86% of KA's facilities were successfully externally certified to this safety standard by the end of 2023 and the certification of all plants is scheduled to be completed by the end of 2025.

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

Objectives and plans for continuous improvement of HSE performance were set and communicated in early 2023. Key performance indicators were reviewed regularly, and actions taken immediately as the need arose. As a result, the group reports an improved HSE performance.

Employee absences due to illness are tracked by the organization. Manufacturing unplanned absence in 2023 was approximately 4.1% on average, down from the 4.6% posted in 2022.



SAFEGUARDING EMPLOYEES' HEALTH

Safety activities continued to focus on eliminating unsafe conditions at the manufacturing plants. Despite the ongoing challenges (including rapidly changing business situations and employee turnover), the safety performance improved.

Execution of the Shift Gear program allowed KA to focus on the critical areas of its business. This focus delivered a significant improvement in the company's safety performance in 2023.

In 2023, KA reported 9 injuries, a 35% improvement compared to last year's reported 14 injuries. Also, 17 manufacturing locations reported zero accidents by the end of 2023, compared to 12 in 2022, a 25% improvement. This corresponds to an incident rate of 0.94 per million hours worked. The results achieved indicate a strong performance level for the year, building on previous reductions and resulting in a 63% reduction over the last five years.



In 2023, KA again went five calendar months with zero accidents, setting a new group record for days without accidents. These results are testament to the ongoing focus that KA has placed on providing the necessary resources, employee engagement, training, awareness, and improved work processes.

BUSINESS ETHICS

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

EXPECTATIONS FOR EMPLOYEE CONDUCT

The group's Code of Conduct sets the organization's expectations for acting responsibly and its guidelines help ensure that all employees act in a way that is expected from a top-tier automotive supplier. The Code of Conduct is available in 13 languages and is communicated to all employees. Employees also receive training and guidance on the requirements in the Code of Conduct, which is designed with a focus on relevant ethical dilemmas to ensure employees understand the Code and their responsibilities, and is delivered through classroom training, workshops, and an e-learning program.

KA encourages reporting of suspected misconduct, and this goes for both employees and people external to the company. The company has established a whistleblowing service for reporting suspected breaches of the Code of Conduct or any other unethical or illegal behavior. The whistleblowing service can be found in the Code of Conduct page in the Sustainability section of the web-

site. All concerns are treated with the utmost confidentiality, without fear of retaliation.

In 2023, no confirmed incidents of corruption were reported or identified. Further, no legal cases regarding corruption were brought against the company or its employees.

HUMAN RIGHTS AND SUPPLY CHAIN

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

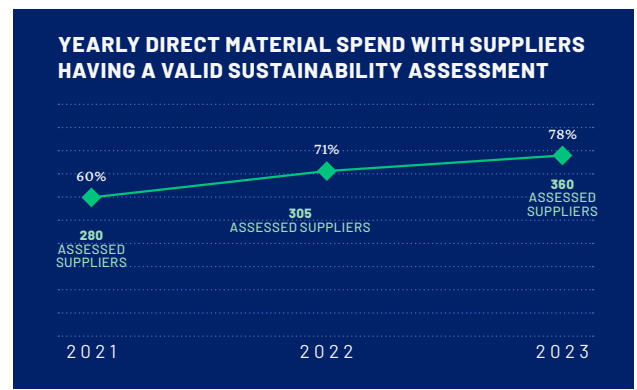
KA works to identify relevant human and labor rights issues based on the applicable international and local regulations and guidelines, its corporate sustainability strategy, industry and customer requirements, and benchmark analyses. KA focuses on the following human and labor rights when determining 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, benefits, etc.)
- > Safeguarding of human and labor rights in sourcing practices

Suppliers are required to adhere to the same high standards as KA does itself. The relevant principles and requirements are set out and communicated to the supply chains in KA's Supplier Declaration document (with a reference to the

more detailed Supplier Sustainability Manual), which all suppliers are required to commit to during their onboarding and/or contracting process. Both supplier documents will be updated by KA in 2024. KA has also published a position statement on conflict minerals.

KA assesses the ESG risk of the country of origin of all suppliers and requires direct materials suppliers to report on their approach to ESG requirements, sustainability, and management practices, including human and labor rights. In 2023, KA started the preparation to expand the applicability of this standard to suppliers of indirect materials. 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. The questionnaire (SAQ on SupplierAssurance.com) has been developed and promoted by CSR Europe and Drive Sustainability and is widely used in the automotive industry. It enables KA to identify gaps in suppliers' existing governance and management approaches to human and labor rights, health and safety, environment and energy management, business ethics, and responsible sourcing.



By the end of 2023, more than 360 suppliers, covering 78% of KA's yearly direct purchasing spend, were suppliers with an externally validated sustainability risk assessment. All suppliers are provided with feedback and recommendations on how to improve their governance and management systems following the assessment of their questionnaires. KA is committed to giving precedence to suppliers with low sustainability risks, including human rights. Suppliers that are classified by the Purchasing department as having high/medium risks are supported in their development.

All suppliers that use conflict minerals, such as tin, tungsten, tantalum, and gold, which are identified as minerals contributing to possible human and labor rights violations in the Democratic Republic of Congo (DRC), must provide information on the origins of these minerals and prove that they comply with KA's 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. In 2023, emerging minerals such as cobalt and mica were included in the yearly data collection and due diligence process. KA's publicly available Conflict Minerals Position Statement for Suppliers gives a clear commitment and guidance on the yearly data collection process and escalation needs. KA is also a member of the Responsible Mineral Initiative, supporting human and labor rights in the supply chain related to these minerals.

To ensure effective monitoring of KA's compliance, including human and labor rights, KA encourages reporting any concerns or breaches that may occur. The company has also established internal routines for reporting suspected human rights breaches. In 2023, no breaches were reported or identified. The corresponding report will be published on the company's website by the end of June 2024 at the latest. Beyond this, KA uses a global





media screening tool for its suppliers, their industries, and their geographical locations. This tool raises an alert if any potential human or labor rights issues have been publicized. Whenever an alert is raised, the responsible buyer is informed immediately and is required to take appropriate actions to investigate the matter.

Within KA's Central Purchasing department, sustainability training, including human and labor rights as well as decent working conditions, is provided to colleagues and suppliers where the scope for improvement has been identified. This department is also responsible for performing regular reviews of existing due diligence processes and identifying any areas for improvement. Please also refer to KA's transparency report in accordance with the Norwegian Transparency Act published on the Company website in the Corporate Governance section.

LOCAL COMMUNITIES

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

OUTLOOK

Kongsberg Automotive (KA)'s priorities are centered around improving profitability and cash flow. KA's new leadership is focusing on expanding the company's market position, strengthening its geographic footprint, and controlling costs while maintaining its focus on innovation.

For 2024, KA is expecting another year of demanding macroeconomic conditions. Potential slowing demand in the Americas and overall below-average growth rates will continue to put pressure on our cost structure. While the company is expecting to see overall improvement in component and commodity costs, it is preparing for ongoing labor and general cost inflation, despite the likely reduction in interest rates.

KA has seen a slight improvement in the 2024 commercial vehicle (CV) market forecast. Current CV production should reach 3.4 million vehicles, an increase of 1.7% compared to the previous six months, which has given a healthy start to the year. The improvement is driven by higher numbers in Asia and North America. Meanwhile, the outlook for Europe has been reduced. Compared with 2023, China will continue its recovery with a double-digit year-on-year growth rate, while we expect a decline in North America and to a lesser extent in Europe. Despite slower growth in the two regions KA is most exposed to, the company is aiming to grow its core product revenues compared to 2023.

For the passenger vehicles segment, KA is expecting a slight overall decline in the market in 2024 with less than 90 million cars to be produced. Marginal growth in the Americas will be offset by a decline in other regions,

mainly in Europe. Given KA's regional exposure, no tailwind is expected from the market.

Given the above circumstances, consistently executing cost reduction initiatives and continuous improvement on the shop floor will be key in the next 12 months. Flawless execution of the incoming orders within short delivery times will increase customer loyalty and satisfaction. A high degree of quality is another key element. Further pruning of our product portfolio on the one hand, and successful launches of new programs and projects on the other, will further contribute to the increased earnings. Optimization of KA's supply chain and material costs will help the company reduce its inventory and deliver a positive cash flow. Occurring cost increases will have to be passed on to customers as soon as possible.

In Q1 2023, the former Board of Directors and CEO initiated a strategic review of the company. The review revolved around structural considerations (acquisitions, partnerships and collaborations, divestments, capital measures) as well as cost optimization measures.

Going forward, KA will emphasize retaining and developing the current activities. The company will focus on growth in areas where it is well-positioned and explore bolt-on acquisition options over the coming year to further strengthen its position.

The cost optimization measures that have resulted from the strategic review as well as Gear I of the Shift Gear program are expected to yield EUR 15-20 million in annualized savings.

In 2024, KA introduced Hoshin Kanri (policy deployment process), which focuses on strategic planning that aims to set high-level objectives which then cascade them down to every function in the organization. This process aims to get every employee pulling in the same direction at the same time.

KA continues to leverage its innovation capabilities globally. Portfolio expansions and strategic acquisitions put the company in a good position to act on the anticipated growth in the markets such as autonomous driving.

Sustainability continues to be a focal point going forward. Energy efficiency in KA's operations and lower CO₂e footprints of KA's purchased materials are of high importance for KA. KA will further develop its general sustainability approach and will create a stronger sustainability profile.

Going forward, KA will move all its production facilities to 100% renewable energy, with the Cluses (France) plant being the next with a target date as early as May 2024.

BOARD OF DIRECTORS

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



Peter Thostrup
Chair



Emese Weissenbacher
Director



Junyang (Jenny) Shao
Director



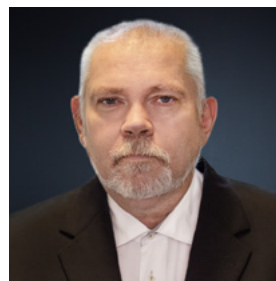
Brian Kristoffersen
Director



Erik Volden
Director



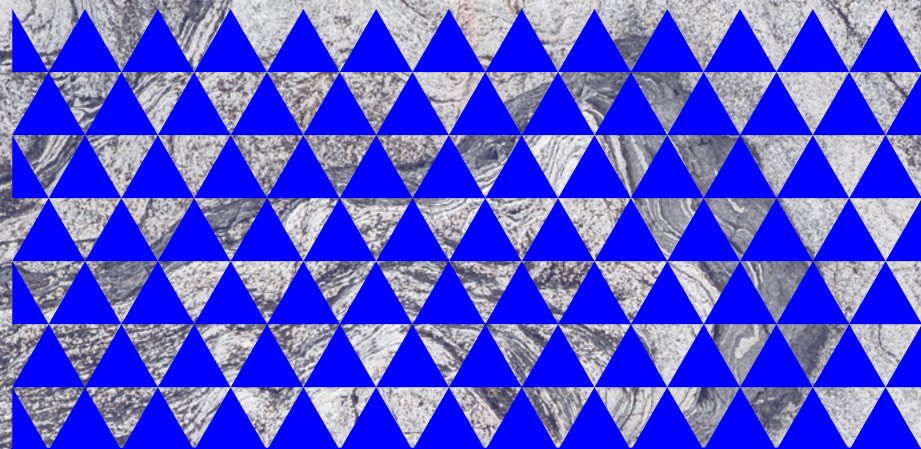
Siw Reidun Wærås
Elected by the employees



Knut Magne Alfsvåg
Elected by the employees



Bjørn Ivan Ødegård
Elected by the employees



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

MEUR	NOTE	2023	2022
Operating revenues	7	884.9	905.6
Other income	9	1.5	44.2
<i>Operating expenses</i>			
Raw material expenses		(429.9)	(433.6)
Change in inventories		5.0	1.8
Salaries and social expenses	8	(264.9)	(253.3)
Other operating expenses	9	(156.4)	(165.4)
Depreciation	14, 15	(31.9)	(33.0)
Amortization	13	(1.0)	(1.9)
Impairment losses	13, 14, 15, 16	(27.0)	(1.3)
Total operating expenses		(906.1)	(886.7)
Operating profit / (loss)		(19.7)	63.1
<i>Financial items</i>			
Financial income	10	4.8	5.0
Financial expenses	10	(30.8)	(21.8)
Net financial items		(26.0)	(16.8)
Profit (loss) before taxes		(45.7)	46.3
Income taxes	11	(13.4)	(25.5)
Net profit (loss) from continuing operations		(59.1)	20.8
Profit / (loss) from discontinued operation, net of tax	12	0.0	5.9
Net profit / (loss)		(59.1)	26.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

MEUR	NOTE	2023	2022
<i>Other comprehensive income</i>			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Translation differences on foreign operations		31.8	29.8
<i>Items that will not be reclassified to profit or loss in subsequent periods:</i>			
Translation differences on non-foreign operations		(32.3)	(24.3)
Remeasurement of net PBO	21	(0.5)	6.2
Tax on net PBO remeasurement	11	0.1	(1.5)
Other comprehensive income		(0.9)	10.2
Total comprehensive income for the year		(60.0)	36.9
<i>Net profit attributable to</i>			
Equity holders (parent company)		(59.5)	26.5
Non-controlling interests		0.4	0.2
Total		(59.1)	26.7
<i>Total comprehensive income attributable to</i>			
Equity holders (parent company)		(60.1)	36.8
Non-controlling interests		0.1	0.1
Total		(60.0)	36.9
<i>Earnings per share:</i>			
Basic earnings per share, Euros	20	(0.06)	0.03
Diluted earnings per share, Euros	20	(0.06)	0.03
<i>Earnings per share – continuing operations:</i>			
Basic earnings per share, Euros	20	(0.06)	0.02
Diluted earnings per share, Euros	20	(0.06)	0.02

CONSOLIDATED STATEMENT OF CASH FLOWS

MEUR	NOTE	2023	2022
<i>Operating activities</i>			
Profit / (loss) before taxes		(45.7)	64.6
Depreciation	14, 15	31.9	33.2
Amortization	13	1.0	1.9
Impairment losses	13, 14, 15, 16	27.0	1.3
Interest income	10	(1.9)	(1.7)
Interest expenses and other financial items	10	16.9	21.7
Taxes paid		(14.7)	(9.4)
(Gain) / loss on sale of non-current assets		(0.8)	(72.3)
Changes in trade receivables	18	5.0	61.7
Changes in inventory	17	(5.0)	20.5
Changes in trade payables	25	(5.3)	(21.3)
Currency differences	10	5.7	0.4
Difference between pension funding contributions paid/ pensions paid and the net pension cost	21	(1.2)	(1.4)
Changes in other items*		8.6	3.3
Cash flow from operating activities		21.5	102.4
<i>Investing activities</i>			
Capital expenditures, including intangible assets	13, 14	(28.5)	(28.9)
Proceeds from sale of intangible and tangible assets		0.8	189.5
Interest received	10	1.2	1.6
Proceeds from sale of subsidiaries		0.0	40.4
Investments in associates and other	18	(2.6)	0.0
Cash flow from/used by investing activities		(29.1)	202.6

MEUR	NOTE	2023	2022
<i>Financing activities</i>			
Payments for purchase of treasury shares	19	(3.9)	(23.5)
Net draw down / (repayment) of debt	22	(9.4)	(98.5)
Interest paid and other financial items		(16.6)	(22.1)
Repayment of lease liabilities	22	(9.8)	(9.9)
Cash flow used by financing activities		(39.7)	(154.0)
Currency effects on cash		(0.9)	3.6
Net change in cash		(48.2)	154.6
Net cash as at January 1		212.9	58.3
Net cash as at December 31		164.7	212.9
<i>Of this, restricted cash</i>		0.5	0.5

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

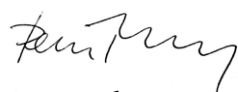
MEUR	NOTE	2023	2022
<i>Non-current assets</i>			
Deferred tax assets	11	11.4	14.3
Intangible assets, including goodwill	13, 16	78.3	78.7
Property, plant and equipment	14, 16	115.8	133.6
Right-of-use assets	15, 16	55.0	60.7
Investments accounted for using the equity method	18	2.1	0.0
Other non-current assets	18	2.0	1.4
Total non-current assets		264.6	288.7
<i>Current assets</i>			
Inventories	17	101.5	96.5
Trade and other receivables	18	177.3	184.4
Cash and cash equivalents	22	164.7	212.9
Other current assets	18	13.4	15.4
Total current assets		456.9	509.2
Total assets		721.5	797.9

EQUITY AND LIABILITIES

MEUR	NOTE	2023	2022
<i>Equity</i>			
Share capital	19	84.6	100.3
Treasury shares	19	(3.2)	(23.9)
Share premium		180.6	208.2
Other reserves		91.8	72.2
Retained earnings		(140.1)	(80.6)
Attributable to equity holders		213.7	276.2
Non-controlling interests		4.4	4.3
Total equity		218.1	280.5
<i>Non-current liabilities</i>			
Deferred tax liabilities	11	21.0	24.2
Retirement benefit obligations	21	12.0	12.5
Interest-bearing liabilities	22	189.3	197.9
Non-current lease liabilities	15, 22	65.4	60.4
Other non-current interest-free liabilities	23	3.7	8.0
Total non-current liabilities		291.4	303.0
<i>Current liabilities</i>			
Current lease liabilities	15, 22	10.2	9.3
Current income tax liabilities	11	4.2	7.8
Trade payables	25	116.6	121.9
Other current payables	25	81.0	75.4
Total current liabilities		212.0	214.4
Total liabilities		503.4	517.4
Total equity and liabilities		721.5	797.9

Kongsberg, March 11, 2024

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



Peter Thostrup
Chairman (sign.)



Emese Weissenbacher
Board member (sign.)



Junyang (Jenny) Shao
Board member (sign.)



Brian Kristoffersen
Board member (sign.)



Erik Volden
Board member (sign.)



Siw Reidun Wærås
Employee-elected (sign.)



Knut Magne Alfsvåg
Employee-elected (sign.)



Bjørn Ivan Ødegård
Employee-elected (sign.)



Linda Nyquist-Evenrud
President and CEO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTEREST	TOTAL EQUITY
Equity as at 01.01.2022	105.6	(1.3)	219.1	45.0	(107.1)	261.3	4.2	265.5
Purchase of treasury shares		(23.5)				(23.5)		(23.5)
Share-based compensation				1.6		1.6		1.6
<i>Total comprehensive income for the year:</i>								
Profit for the year					26.5	26.5	0.2	26.7
<i>Other comprehensive income:</i>								
Translation differences on foreign operations				29.9		29.9	(0.1)	29.8
Translation differences on non-foreign operations	(5.3)	0.9	(10.9)	(9.0)		(24.3)		(24.3)
Remeasurement of net defined pension liability				6.2		6.2		6.2
Tax on remeasurement of net pension liability				(1.5)		(1.5)		(1.5)
Other comprehensive income	(5.3)	0.9	(10.9)	25.6	0.0	10.3	(0.1)	10.2
Total comprehensive income for the year	(5.3)	0.9	(10.9)	25.6	26.5	36.8	0.1	36.9
Equity as at 31.12.2022	100.3	(23.9)	208.2	72.2	(80.6)	276.2	4.3	280.5
Purchase of treasury shares		(3.9)				(3.9)		(3.9)
Cancelation of treasury shares	(9.0)	23.0	(14.0)			0.0		0.0
Share-based compensation				1.5		1.5		1.5
<i>Total comprehensive income for the year:</i>								
Loss for the year					(59.5)	(59.5)	0.4	(59.1)
<i>Other comprehensive income:</i>								
Translation differences on foreign operations				32.1		32.1	(0.3)	31.8
Translation differences on non-foreign operations	(6.7)	1.6	(13.6)	(13.6)		(32.3)		(32.3)
Remeasurement of net defined pension liability				(0.5)		(0.5)		(0.5)
Tax on remeasurement of net pension liability				0.1		0.1		0.1
Other comprehensive income	(6.7)	1.6	(13.6)	18.1	0.0	(0.6)	(0.3)	(0.9)
Total comprehensive income for the year	(6.7)	1.6	(13.6)	18.1	(59.5)	(60.1)	0.1	(60.0)
Equity as at 31.12.2023	84.6	(3.2)	180.6	91.8	(140.1)	213.7	4.4	218.1

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 REPORTING ENTITY

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

The address of its registered office is Dyrmyrgata 48, NO-3601 Kongsberg, Norway. The Company is listed on the Oslo Stock Exchange. The group's consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2024.

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 MATERIAL 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.

In addition, the group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. The amendments required the disclosure of "material," rather than "significant," accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they might have impacted the accounting policy information disclosed in Note 3 in certain instances.

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 December 31 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 affect 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

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

non-controlling interests 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, 2023, there is a non-controlling interest recognized only in one subsidiary. The group has chosen to measure it at the proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Goodwill

Goodwill arising from 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.

Investments in associates

An associate is an entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control or joint control over those policies.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment.

Under the equity method, an investment in an associate is recognized initially in the consolidated statement of financial position at cost and adjusted thereafter to recognize the group's share of the profit or loss and other comprehensive income of the associate or joint venture.

The statement of profit or loss reflects the group's share of the results of operations of the associate. The aggregate of the group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Functional and presentation currency

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

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

On the disposal of a foreign operation, all 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, while 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 relationships is estimated to be 10 years.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

The group has applied the practical expedients provided by IFRS 16 to exclude low-value assets and short-term leases (term of up to 12 months). The lease payments associated with these leases are charged to the income statement on a straight-line basis and are reported under cash flow from operating activities in the statement of cash flows. In addition, the expedient to include non-lease components, such as service costs, in the lease calculation has been applied.

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 payments 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 assessed that the fixed coupon of the bond issued in July 2018, reflected the incremental borrowing rate on a group level and was appropriate for the implementation of the standard. The rate was reassessed and updated in 2022 referencing the risk-free rate adjusted for the group's credit risk premium and asset risk. The new rate was applied to lease adjustments and newly signed leases.

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 payments 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

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 is 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 the 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 operations are eliminated against the 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. Costs of inventories are determined at standard cost with capitalizable variances being capitalized at balance sheet date. Costs of raw materials comprise purchase price, inbound freight, and import duties. Costs of finished and semi-finished goods include variable production costs and fixed costs allocated on normal capacity.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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 18 for further details.

Derecognition

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

Financial liabilities

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

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

The group derecognizes financial liabilities when, and only when, the group's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

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 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.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits – retirement benefit cost and termination benefits

Payments 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 termination benefits is recognized at the earlier of when the entity can no longer withdraw the offer or the termination benefit or when the entity recognized any related restructuring costs.

Pension plans in the group

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

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

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

The defined contribution plans in Norway have legislative limitations when it comes to maximum salary as a 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 expenses 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 estimated future cash outflow expected to be made by the group in respect of services provided by employees up to the reporting date.

Share-based payments

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

In 2018 a new Long-Term Incentive Plan (LTIP) for management and key employees was implemented. The LTI plan for 2021 consists of two equity instruments, (i) Stock Options (SO) and (ii) Restricted Stock Units (RSU). Both instruments are based on a service condition to vest. The SO may be exercised at the earliest three years after the grant date. In addition, the SO is based on a performance condition, defined as the company's total shareholder return (TSR) versus a defined peer

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

group. Regarding the RSU part, all RSU granted in 2021 vest at the end of 3 years from grant date. There is no obligation for the employer to settle the RSU in cash.

The LTI plan for 2023 consists of two equity instruments, Performance Stock Units (PSU) and Restricted Stock Units (RSU). Both instruments are based on a service condition to vest. The PSU may be exercised at the earliest three years after the grant date. In addition, the PSU is based on 3 performance conditions: total shareholder return (TSR) versus a defined peer group, one financial target, and one ESG target. All RSU and PSU vest at the end of 3 years from grant date. There is no obligation for the employer to settle the RSU and/or PSU 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 a) the group has a present obligation (legal or constructive) because of a past event, b) it is probable that the group will be required to settle the obligation and c) the amount of the obligation can be reliably estimated.

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

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

Onerous contracts

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

Restructuring provisions

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

Warranties

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

Government grants

Government grants are not recognised until there is reasonable assurance that the group will comply with the conditions attached to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Equity instruments

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

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

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

The group is in the business of providing products to the global vehicle industry. In doing so the group provides services covering engineering and tooling, as well as the manufacturing and delivery of automotive parts. Engineering services is development of customized designs in collaboration with the customer. Tooling is the provision of tools 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, which are fulfilled upon transfer of control. As is normal in the automotive industry, the customer does not guarantee that it will 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 only 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 finally 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 a 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 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.

NOTE 3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Warranty obligations

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. As soon as a claim is raised and agreed to by KA, the provision to date is recognized for all sold parts and warranty costs are continued to be recorded on the ongoing sales until the underlying issue is solved. The estimate of warranty-related costs is reviewed and revised quarterly.

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 recorded on the appropriate income statement account.

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

Critical judgments in applying accounting policies

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

Lease extension and termination options

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

Incremental borrowing rate used to discount the lease payments

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

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

NOTE 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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, the company is responsible for the cash collection and management of any impaired receivables. Therefore, the Company is considered to have control over the SPE as it is exposed to variable returns and has the ability to affect those returns through its power over the investee.

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

Key sources of estimation uncertainty

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

Impairment

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

The cash-generating units in the group are the business units (Powertrain and Chassis segment: Driveline, On-Highway and Headrest; Specialty Products segment: Fluid Control System (consisting of Fluid Transfer System and 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. Various 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, 2023 was MEUR 70.7 (2022: MEUR 72.6). No impairment losses were recognized in 2022. In 2023 impairment losses on other assets than the goodwill of MEUR 27.0 were recognized. Details of the impairment test are set out in note 16.

Climate change

Kongsberg Automotive faces both climate change-related risks and opportunities arising from climate change itself and from actions taken in climate change mitigation. These are embedded in the Company's risk management and business strategy.

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

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

As at the year-end 2023, climate risk changes have not resulted in adjustments to the useful lives of long-term assets. Further, climate-related risk considerations have not resulted in adjustments of the carrying amounts of assets or liabilities.

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, 2023. The group has not chosen to adopt any standards, interpretations or amendments early 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:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17
- Amendments to IAS 8 – Definition of Accounting Estimates
- Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policies

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 1 – Classification of liabilities as current or non-current (effective from January 1, 2024)
- Amendments to IAS 1 – Non-Current Liabilities with Covenants (effective from January 1, 2024)
- Amendment to IFRS 16 – Lease liability in a Sale and Leaseback (effective from January 1, 2024)
- Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements (effective from January 1, 2024)
- Amendments to IAS 21 – Lack of Exchangeability (effective from January 1, 2025)
- 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	OWNER-SHIP	CONSOLIDATION METHOD	OWNED BY COMPANY	ENTITY NAME	COUNTRY OF INCORPORATION	OWNER-SHIP	CONSOLIDATION METHOD	OWNED BY COMPANY
Kongsberg Automotive Ltda	Brazil	100%	Full	X	Kongsberg Automotive AS	Norway	100%	Full	
Kongsberg Inc	Canada	100%	Full		Kongsberg Automotive Holding 2 AS	Norway	100%	Full	X
Kongsberg Automotive (Wuxi) Ltd	China	100%	Full	X	Kongsberg Automotive Sp. z.o.o	Poland	100%	Full	
Shanghai Kongsberg Automotive Dong Feng Morse Co Ltd*	China	75%	Full		Kongsberg Automotive s.r.o	Slovakia	100%	Full	
Kongsberg Automotive SARL	France	100%	Full	X	Kongsberg Actuation Systems SL	Spain	100%	Full	
Kongsberg Driveline Systems SAS	France	100%	Full		Kongsberg Automotive AB	Sweden	100%	Full	
Kongsberg Raufoss Distribution SAS	France	100%	Full		Kongsberg Power Products Systems AB	Sweden	100%	Full	
SCI Immobilière La Clusienne	France	100%	Full		KA group AG	Switzerland	100%	Full	
Kongsberg 1 GmbH	Germany	100%	Full		Kongsberg Driveline Systems I LLC.	US	100%	Full	
Kongsberg Actuation Systems GmbH	Germany	100%	Full		Kongsberg Actuation Systems II LLC.	US	100%	Full	
Kongsberg Automotive GmbH	Germany	100%	Full		Kongsberg Holding III Inc.	US	100%	Full	
Kongsberg Driveline Systems GmbH	Germany	100%	Full		Kongsberg Automotive Inc.	US	100%	Full	
Kongsberg Actuation Systems Ltd	Great Britain	100%	Full		Kongsberg Power Products Systems I LLC.	US	100%	Full	
Kongsberg Automotive Ltd	Great Britain	100%	Full		Kongsberg Automotive Finance BV**	Netherlands	100%	Full	
CTEX Seat Comfort (Holding) Ltd	Great Britain	100%	Full	X	Chassis Autonomy AB	Sweden	20%	Equity	
Kongsberg Power Products Systems Ltd	Great Britain	100%	Full		Skriverform AS	Norway	100%	At cost	
Kongsberg Automotive Hong Kong Ltd	Hong Kong	100%	Full		Entities divested / liquidated in 2022 & 2023:				
Kongsberg Automotive (India) Private Ltd	India	100%	Full	X	Kongsberg Automotive (Shanghai) Co Ltd	China	100%		Liquidated in 2023
Kongsberg Automotive Driveline System India Ltd	India	100%	Full	X	Shanghai Lone Star Cable Co Ltd	China	100%		Divested in 2022
Kongsberg Automotive Technology Center India Private Ltd	India	100%	Full		Kongsberg Interior Systems Kft	Hungary	100%		Divested in 2022
Kongsberg Automotive Japan KK	Japan	100%	Full	X	Kongsberg Automotive S. de RL de CV	Mexico	100%		Divested in 2022
Kongsberg Automotive Ltd	Korea	100%	Full	X	Kongsberg Interior Systems S. de RL de CV	Mexico	100%		Divested in 2022
Kongsberg Driveline Systems S. de RL de CV	Mexico	100%	Full		Kongsberg Interior Systems II LLC.	US	100%		Divested in 2022
Kongsberg Fluid Transfer Systems, S. de R.L. de CV	Mexico	100%	Full						
Kongsberg Actuation Systems BV	Netherlands	100%	Full						

* 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, 2023, the group has two reportable segments, which are the strategic business segments: Powertrain & Chassis and Specialty Products. Following the sale of the Interior Products segment in 2022, this segment did not exist in the financial year ended on December 31, 2023 (please refer to note 12).

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:

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, coupling systems for compressed-air circuits in heavy-duty vehicles, agriculture, outdoor power equipment and power electronics products.

NOTE 7 SEGMENT INFORMATION (CONTINUED)

2023				
MEUR	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
Product sales	481.1	389.0	0.0	870.1
Tooling	3.3	4.6	0.0	7.9
Engineering	4.4	2.5	0.0	6.9
Operating revenues	488.8	396.1	0.0	884.9
EBITDA	(3.6)	47.4	(30.6)	13.2
Depreciation	(17.2)	(13.3)	(1.4)	(31.9)
Amortization	(0.7)	(0.3)	0.0	(1.0)
Operating profit / (loss) (EBIT)	(21.5)	33.8	(32.0)	(19.7)
Impairment losses, thereof:	(27.0)	0.0	0.0	(27.0)
- allocated to assets other than Goodwill	(27.0)	0.0	0.0	(27.0)
<i>Timing of revenue recognition</i>				
Performance obligations satisfied at a point in time	488.8	396.1	0.0	884.9

2023				
MEUR	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
<i>Assets and liabilities</i>				
Goodwill	16.2	54.5	0.0	70.7
Other intangible assets	4.8	2.7	0.1	7.6
Property, plant and equipment	46.2	68.7	0.9	115.8
Right-of-use assets	16.7	33.2	5.1	55.0
Inventories	43.7	57.8	0.0	101.5
Trade receivables	95.8	65.5	0.2	161.5
Other assets	0.5	4.1	0.0	4.6
Segment assets	223.9	286.5	6.3	516.7
Unallocated assets			204.8	204.8
Total assets	223.9	286.5	211.1	721.5
Trade payables	62.8	49.8	4.0	116.6
Accrued expenses	34.8	14.3	6.4	55.5
Provisions	8.9	0.5	7.8	17.2
Non-current lease liabilities	26.2	34.9	4.3	65.4
Current lease liabilities	5.8	2.7	1.7	10.2
Segment liabilities	138.5	102.2	24.2	264.9
Unallocated liabilities			238.5	238.5
Total liabilities	138.5	102.2	262.7	503.4
Total equity			218.1	218.1
Total equity and liabilities	138.5	102.2	480.8	721.5
Capital expenditure	(12.2)	(16.1)	(0.2)	(28.5)

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

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

NOTE 7 SEGMENT INFORMATION (CONTINUED)

2022					
MEUR	INTERIOR PRODUCTS	POWER-TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
Product sales	62.0	457.2	437.5	0.0	956.7
Tooling	1.1	6.0	5.6	0.0	12.7
Engineering	0.7	2.8	2.1	0.0	5.6
Operating revenues	63.8	466.0	445.2	0.0	975.0
Revenues from discontinued operation	63.8	0.0	5.6	0.0	69.4
Revenues from continuing operations	0.0	466.0	439.6	0.0	905.6
EBITDA	16.3	31.4	100.1	(33.1)	114.7
Depreciation	(0.2)	(17.4)	(13.8)	(1.8)	(33.2)
Amortization	0.0	(1.3)	(0.6)	0.0	(1.9)
Operating profit / (loss) - EBIT	16.1	12.7	85.7	(34.9)	79.6
Operating (loss) / profit (EBIT) from discontinued operation	15.7	0.0	0.8	0.0	16.5
Operating (loss) / profit (EBIT) from continuing operations	0.4	12.7	84.9	(34.9)	63.1
<i>Timing of revenue recognition</i>					
Performance obligations satisfied at a point in time	0.0	466.0	439.6	0.0	905.6

2022					
MEUR	INTERIOR PRODUCTS	POWER-TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS*	TOTAL GROUP
<i>Assets and liabilities</i>					
Goodwill	0.0	16.7	55.9	0.0	72.6
Other intangible assets	0.0	4.5	1.5	0.1	6.1
Property, plant and equipment	0.0	66.5	65.6	1.5	133.6
Right-of-use assets	0.0	30.1	26.5	4.1	60.7
Inventories	0.0	39.8	56.7	0.0	96.5
Trade receivables	1.2	104.0	60.6	0.7	166.5
Other assets	0.0	0.6	4.9	0.0	5.5
Segment assets	1.2	262.2	271.7	6.4	541.5
Unallocated assets				256.4	256.4
Total assets	1.2	262.2	271.7	262.8	797.9
Trade payables	2.3	60.8	49.4	9.5	122.0
Accrued expenses	4.1	33.5	12.2	4.7	54.5
Provisions	5.3	4.5	0.4	0.3	10.5
Non-current lease liabilities	0.0	30.3	26.9	3.2	60.4
Current lease liabilities	0.0	5.8	2.3	1.2	9.3
Segment liabilities	11.7	134.9	91.2	18.9	256.7
Unallocated liabilities				260.7	260.7
Total liabilities	11.7	134.9	91.2	279.6	517.4
Total equity				280.5	280.5
Total equity and liabilities	11.7	134.9	91.2	560.1	797.9
Capital expenditure	(2.5)	(12.3)	(14.0)	(0.1)	(28.9)

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

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

NOTE 7 SEGMENT INFORMATION (CONTINUED)**Operating segments – reconciliation to total assets**

MEUR	2023	2022
Segment assets of reportable segments	510.4	535.1
Assets of segment Other	6.3	6.4
<i>Unallocated assets include:</i>		
Deferred tax assets	11.4	14.3
Investments accounted for using the equity method	2.1	0.0
Other non-current assets	1.6	0.8
Cash and cash equivalents	164.7	212.9
Other current receivables	25.0	28.4
Total assets of the group	721.5	797.9

Operating segments – reconciliation to total liabilities

MEUR	2023	2022
Trade payables of reportable segments	112.6	112.5
Non-current lease liabilities of reportable segments	61.1	57.2
Accrued expenses of reportable segments	49.1	49.8
Provisions of reportable segments	9.4	0.2
Current lease liabilities of reportable segments	8.5	8.1
Liabilities of segment Other	24.2	18.9
<i>Unallocated liabilities include:</i>		
Deferred tax liabilities	21.0	24.2
Retirement benefit obligations	12.0	12.5
Interest-bearing loans and borrowings	189.3	197.9
Other non-current interest-free liabilities	3.7	8.0
Current income tax liabilities	4.2	7.8
Other short term liabilities	8.3	10.3
Total liabilities of the group	503.4	517.4

NOTE 7 SEGMENT INFORMATION (CONTINUED)**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.

Sales to external customers by geographical location

MEUR	2023	%	2022	%
Europe	406.3	46%	364.4	40%
North America	297.5	34%	309.7	34%
South America	45.4	5%	80.3	9%
Asia	129.5	15%	146.9	16%
Other	6.2	0%	4.3	1%
Revenues from continuing operations	884.9		905.6	
Revenues from discontinued operation	0.0		69.4	
Total operating revenues	884.9		975.0	

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

MEUR	2023	%	2022	%
Europe	147.4	59%	152.5	56%
North America	80.4	32%	88.9	33%
South America	2.1	1%	2.9	1%
Asia	19.2	8%	28.7	10%
Total Intangible assets, PP&E and RoU	249.1		273.0	

Major customers

Included are revenues from continuing operations of MEUR 97.5 in 2023 (2022: MEUR 74.7) which arose from sales to the group's largest customer. NO single customers contributed 10% or more each to the group's revenues in 2023.

NOTE 8 SALARIES AND SOCIAL EXPENSES**Specification of salaries and social expenses as recognized in the statement of comprehensive income**

MEUR	2023	2022
Wages and salaries	179.0	178.2
Social security tax	39.6	28.5
Severance payments	8.0	0.0
Pension cost, defined benefit plans	(0.2)	1.2
Pension cost, defined contribution plans	7.6	9.0
Other employee-related expenses*	31.0	36.8
Government support - wages and salaries	(0.1)	(0.4)
Total salaries and social expenses	264.9	253.3

*Other employee-related expenses include bonus costs.

As of December 31, 2023, the group had 5,286 employees, while as of December 31, 2022, the number of employees was 5,270.

NOTE 9 OTHER INCOME AND OTHER OPERATING EXPENSES**Specification of other income as recognized in the statement of comprehensive income**

MEUR	2023	2022
Gain on external sale of non-current assets	0.8	0.0
Gain on sale of major operations	0.0	44.1
Corporate service income	0.7	3.1
Total other income	1.5	44.2

Gain on sale of major operations - divestment of Powersport business

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

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

Corporate service income

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

NOTE 9 OTHER INCOME AND OTHER OPERATING EXPENSES (CONTINUED)**Specification of other operating expenses as recognized in the statement of comprehensive income**

MEUR	2023	2022
<i>Operating expenses</i>		
Freight, packaging and customs duties charges	42.4	46.3
Facility costs	14.0	13.4
Consumables	21.2	24.8
Repairs and maintenance	14.0	14.2
Service costs / external services	9.0	7.5
Other costs	14.8	13.0
Government support - rent and other costs	0.0	(0.3)
<i>Administrative expenses</i>		
Utilities	3.0	1.8
Service costs / external services	21.3	28.4
Consumables	5.6	4.9
Travel costs	2.4	1.9
Other costs	8.7	9.5
Total other operating expenses	156.4	165.4

NOTE 10 FINANCIAL ITEMS**Specification of financial items as recognized in the statement of comprehensive income**

MEUR	2023	2022
Change in fair value of cash equivalents	2.8	0.6
Foreign currency gains *	0.0	2.4
Interest income	1.9	1.1
IFRS 16 interest income	0.1	0.4
Other financial income	0.0	0.5
Total financial income	4.8	5.0
Interest expense	(10.8)	(12.0)
IFRS 16 interest expense	(4.3)	(4.6)
Foreign currency losses *	(13.3)	0.0
Account receivables securitization – expense	(0.9)	(1.0)
Other financial expenses	(1.5)	(4.2)
Total financial expenses	(30.8)	(21.8)
Total financial items	(26.0)	(16.8)

* Includes realized currency loss of MEUR 7.6 and unrealized currency loss of MEUR 5.7 (2022: realized currency gain of MEUR 2.8 and unrealized currency loss of MEUR 0.4)

NOTE 11 TAXES**Tax recognized in statement of income**

The major components of income tax expense:

MEUR	2023	2022
Current tax on profits for the year*	(8.7)	(19.3)
Adjustments in respect of prior years / current tax	(3.5)	7.0
Total current tax	(12.2)	(12.3)
Current year change in deferred tax	(2.3)	(14.3)
Impact of changes in tax rates	0.2	(0.3)
Adjustments in respect of prior years / deferred tax	0.9	1.4
Total change in deferred tax	(1.2)	(13.2)
Total income tax (expense) / credit	(13.4)	(25.5)

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

Tax recognized in other comprehensive income

MEUR	2023	2022
Tax on pension remeasurement	0.1	(1.5)
Tax in other comprehensive income	0.1	(1.5)

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2023	2022
Profit / (loss) before taxes	45.7	46.3
Expected tax calculated at Norwegian tax rate	10.0	(10.0)
Other permanent differences / currency	0.9	3.6
Effect of withholding tax	(1.4)	(3.4)
Foreign tax rate differential	(2.1)	(1.8)
Impact of changes in tax rates and legislation	0.2	(0.3)
Losses not recognized as deferred tax assets	(6.9)	(11.9)
Write down of deferred tax assets	(11.2)	(5.5)
Adjustments in respect of prior years and other adjustments	(2.9)	3.8
Income tax (expense) / credit	(13.4)	(25.5)
Average effective tax rate	-29%	55%

NOTE 11 TAXES (CONTINUED)**Tax recognized in the statement of financial position***Current income tax*

MEUR	2023	2022
Current income tax receivables*	1.9	2.7
Current income tax liabilities	(4.2)	(7.8)
Total	(2.3)	(5.1)

*Included under "Trade and other receivables".

Deferred tax

MEUR	2023	2022
Deferred tax assets	11.4	14.8
Deferred tax liabilities	(21.0)	(24.7)
Total	(9.6)	(9.9)

Due to Norwegian group contribution, there is a reclassification between current tax and deferred tax of MEUR 3.6.

NOTE 11 TAXES (CONTINUED)**Specification of deferred tax assets / (liabilities) recognized in the statement of financial position**

2023							2022						
MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	FX DIFF AND RECLASSIFICATION DUE TO GROUP CONTRIBUTION	CLOSING BALANCE	MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	FX DIFF AND RECLASSIFICATION DUE TO GROUP CONTRIBUTION	CLOSING BALANCE
Property, plant and equipment	1.3	(3.3)	0.0	0.0	0.0	(2.0)	Property, plant and equipment	(2.3)	2.6	0.1	0.0	0.9	1.3
Intangible assets	(11.6)	(2.0)	0.0	0.0	8.2	(5.4)	Intangible assets	(6.2)	(5.3)	0.1	0.0	(0.2)	(11.6)
Leases	1.4	0.1	0.0	0.0	0.0	1.5	Leases	1.9	(0.5)	0.0	0.0	0.0	1.4
Retirement benefits obligations	1.4	(0.1)	0.0	0.1	0.0	1.4	Retirement benefits obligations	3.5	0.6	0.0	(1.5)	(1.2)	1.4
Losses carried forward	9.9	(4.9)	0.0	0.0	(0.2)	4.8	Losses carried forward	8.0	7.8	(0.3)	0.0	(5.6)	9.9
Trade receivables	2.5	0.8	0.0	0.0	(0.1)	3.2	Trade receivables	4.5	(1.9)	0.0	0.0	(0.1)	2.5
Accrued expenses	4.2	3.0	0.0	0.0	(0.1)	7.1	Accrued expenses	3.6	0.3	0.0	0.0	0.3	4.2
Accrued interest	1.2	(1.2)	0.0	0.0	0.0	0.0	Accrued interest	1.6	(0.5)	(0.1)	0.0	0.2	1.2
Unrealized exchange differences on long-term receivables / payables	(27.2)	(0.5)	0.0	0.0	1.7	(26.0)	Unrealized exchange differences on long-term receivables / payables	(22.7)	(5.8)	0.0	0.0	1.3	(27.2)
Other temporary differences	7.0	6.7	0.2	0.0	(8.1)	5.8	Other temporary differences	12.4	(5.1)	(0.1)	0.0	(0.2)	7.0
Net deferred tax assets / (liabilities)	(9.9)	(1.4)	0.2	0.1	1.4	(9.6)	Net deferred tax assets / (liabilities)	4.3	(7.8)	(0.3)	(1.5)	(4.6)	(9.9)

NOTE 11 TAXES (CONTINUED)**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 41.8 will not be deductible within the foreseeable future, resulting from a change of tax positions not recognized of MEUR 6.9 in the current year.

OECD Pillar Two model rules

The parent company Kongsberg Automotive ASA is incorporated in Norway, which has enacted the Pillar Two income taxes legislation in January 2024. The legislation is only effective from January 1, 2024, so there is no current tax impact for the fiscal year 2023. Under the new legislation, the parent company will be required to pay top-up tax in Norway on profits of its subsidiaries that are taxed at an effective tax rate of less than 15 per cent. The group is in the process of assessing its exposure to the Pillar Two legislation for the upcoming years. Based on the assessment to date, the group does not expect the impact of the Pillar Two legislation to be material to its consolidated financial statements.

The temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 is applied. Accordingly, the group neither recognizes nor discloses information about deferred tax assets or liabilities related to Pillar Two income taxes.

Tax positions not recognized

MEUR	2023	2022
Tax positions not recognized	41.8	34.9
Total	41.8	34.9

Remaining lifetime of tax losses (gross tax value)

MEUR	2023	2022
Less than five years	19.6	5.6
5 - 10 years	7.9	16.3
10 - 15 years	0.0	0.0
Without time limit	19.0	24.0
Total	46.5	45.9

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

Description

Divesture of ICS and LDC businesses

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

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

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

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

Results of discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022
Operating revenues	48.1	21.3	69.4
Other income	29.2	(0.7)	28.5
<i>Operating expenses</i>			
Raw material expenses	(2.0)	0.7	(1.3)
Change in inventories	(25.1)	(10.8)	(35.9)
Salaries and social expenses	(13.5)	(6.7)	(20.2)
Other operating expenses	(15.0)	(8.8)	(23.8)
Depreciation	(0.2)	0.0	(0.2)
Amortization	0.0	0.0	0.0
Total operating expenses	(55.8)	(25.6)	(81.4)
Operating profit / (loss)	21.5	(5.0)	16.5
<i>Financial items</i>			
Financial income			2.2
Financial expenses			(0.4)
Net financial items			1.8
Profit before taxes			18.3
Income taxes			(12.4)
Net profit from discontinued operation			5.9
Translation differences on foreign operations (discontinued operation)			
Basic earnings per share, Euros			0.01
Diluted earnings per share, Euros			0.01

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

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

Cash flows from discontinued operation

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022
Net cash flow from (used by) operating activities	45.8	(7.9)	37.9
Net cash flow from investing activities	128.2	35.8	164.0
Net cash flow used by financing activities	(1.3)	(0.5)	(1.8)
Net cash flows for the year	172.7	27.4	200.1

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

Details of the sale of the Interior segment

MEUR	INTERIOR COMFORT SYSTEM	LIGHT DUTY CABLE*	2022
Consideration received	170.2	37.1	207.3
Enterprise value of the sold companies	(5.6)	(37.8)	(43.4)
Goodwill	(3.3)	0.0	(3.3)
Fixed assets	(95.6)	0.0	(95.6)
Inventory	(28.8)	0.0	(28.8)
Other net working capital	(7.8)	0.0	(7.8)
Carrying amount of net assets sold	(141.0)	(37.8)	(178.8)
Gain / (loss) on sale before income tax and realisation of historical translation differences	29.2	(0.7)	28.5
Income tax expense on gain	(7.3)	(0.9)	(8.2)
Realisation of historical translation differences	1.4	1.2	2.6
Gain / (loss) on sale after income tax and realisation of historical translation differences	23.3	(0.4)	22.9

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

NOTE 13 INTANGIBLE ASSETS

MEUR	GOODWILL	CUSTOMER RELATIONSHIPS	PATENTS AND DEVELOPMENT	SOFTWARE AND OTHER	TOTAL
Acquisition costs	112.0	73.7	52.2	12.6	250.5
Accumulated amortization & impairment	(27.9)	(73.6)	(47.3)	(11.6)	(160.4)
Net book value at 31.12.2021	84.1	0.1	4.9	1.0	90.1
Cost at 01.01.2022	112.0	73.7	52.2	12.6	250.5
Additions	0.0	0.0	1.7	0.4	2.1
Derecognition of fully amortized assets	(1.4)	(55.8)	(4.5)	(3.1)	(64.8)
Disposals accumulated cost (ordinary business)	0.0	0.0	0.0	0.0	0.0
Disposals related to the sale of part of the OFH business	(14.7)	0.0	0.0	(0.3)	(15.0)
Translation differences	2.0	2.3	(1.0)	(0.4)	2.9
Acquisition costs at 31.12.2022	97.9	20.2	48.4	9.2	175.7
Accumulated amortization & impairment at 01.01.2022	(27.9)	(73.6)	(47.3)	(11.6)	(160.4)
Amortization	0.0	(0.1)	(1.5)	(0.3)	(1.9)
Derecognition of fully amortized assets	1.4	55.8	4.5	3.1	64.8
Disposals accumulated amortization (ordinary business)	0.0	0.0	0.0	0.0	0.0
Disposals related to the sale of part of the OFH business	1.4	0.0	0.0	0.3	1.7
Translation differences	(0.2)	(2.3)	0.9	0.4	(1.2)
Accumulated amortization & impairment at 31.12.2022	(25.3)	(20.2)	(43.4)	(8.1)	(97.0)
Acquisition costs	97.9	20.2	48.4	9.2	175.7
Accumulated amortization & impairment	(25.3)	(20.2)	(43.4)	(8.1)	(97.0)
Net book value at 31.12.2022	72.6	0.0	5.0	1.1	78.7

MEUR	GOODWILL	CUSTOMER RELATIONSHIPS	PATENTS AND DEVELOPMENT	SOFTWARE AND OTHER	TOTAL
Cost at 01.01.2023	97.9	20.2	48.4	9.2	175.7
Additions	0.0	0.0	3.2	0.0	3.2
Disposals accumulated cost	0.0	0.0	(6.6)	0.0	(6.6)
Translation differences	(2.0)	(0.5)	(0.9)	(0.4)	(3.8)
Acquisition costs at 31.12.2023	95.9	19.7	44.1	8.8	168.5
Accumulated amortization & impairment at 01.01.2023	(25.3)	(20.2)	(43.4)	(8.1)	(97.0)
Amortization	0.0	0.0	(0.6)	(0.4)	(1.0)
Impairment loss	0.0	0.0	(0.6)	0.0	(0.6)
Disposals accumulated amortization	0.0	0.0	6.6	0.0	6.6
Translation differences	0.1	0.5	0.7	0.5	1.8
Accumulated amortization & impairment at 31.12.2023	(25.2)	(19.7)	(37.3)	(8.0)	(90.2)
Acquisition costs	95.9	19.7	44.1	8.8	168.5
Accumulated amortization & impairment	(25.2)	(19.7)	(37.3)	(8.0)	(90.2)
Net book value at 31.12.2023	70.7	0.0	6.8	0.8	78.3

NOTE 13 INTANGIBLE ASSETS (CONTINUED)**Internally developed intangible assets**

MEUR	2023	2022
Internally developed intangible assets at 01.01.	7.8	7.8
Additions during the year	3.0	1.7
Disposals during the year	(2.4)	0.0
Amortization	(0.7)	(1.6)
Translation differences	(0.3)	(0.1)
Internally developed intangible assets at 31.12.	7.4	7.8
Non-capitalised development costs net of customer contribution	(27.4)	(35.0)
Amortization of internally developed intangible assets	(0.7)	(1.6)
Total recognized development cost in the reporting period*	(28.1)	(36.6)
Cash investment in development	(30.4)	(36.7)

* Net amount, gross amount MEUR 35.0 in 2023 (2022: MEUR 42.2).

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

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

MEUR	LAND	BUILDINGS	EQUIP- MENT	TOTAL
Acquisition costs	3.1	28.0	468.0	499.1
Accumulated depreciation & impairment	(1.2)	(22.3)	(334.8)	(358.3)
Net book value at 31.12.2021	1.9	5.7	133.2	140.8
Cost at 01.01.2022	3.1	28.0	468.0	499.1
Additions	0.0	0.9	23.5	24.4
Derecognition of fully depreciated assets	0.0	(0.4)	(13.8)	(14.2)
Disposals accumulated cost (ordinary business)	0.0	0.0	(3.5)	(3.5)
Net 2022 effects from the sale of the Interior segment	0.0	0.0	(6.3)	(6.3)
Disposals related to the sale of part of the OFH business	0.0	(1.1)	(17.4)	(18.5)
Translation differences	(0.1)	(0.2)	(4.4)	(4.7)
Acquisition costs at 31.12.2022	3.0	27.2	446.1	476.3
Accumulated depreciation & impairment at 01.01.2022	(1.2)	(22.3)	(334.8)	(358.3)
Depreciation	0.0	(0.7)	(22.4)	(23.1)
Impairment loss	0.0	0.0	(1.3)	(1.3)
Derecognition of fully depreciated assets	0.0	0.4	13.8	14.2
Disposals accumulated depreciation (ordinary business)	0.0	0.0	4.4	4.4
Net 2022 effects from the sale of the Interior segment	0.0	0.0	5.7	5.7
Disposals related to the sale of part of the OFH business	0.0	1.1	10.6	11.7
Translation differences	0.0	0.3	3.7	4.0
Accumulated depreciation & impairment at 31.12.2022	(1.2)	(21.2)	(320.3)	(342.7)
Acquisition costs	3.0	27.2	446.1	476.3
Accumulated depreciation & impairment	(1.2)	(21.2)	(320.3)	(342.7)
Net book value at 31.12.2022	1.8	6.0	125.8	133.6

MEUR	LAND	BUILDINGS	EQUIP- MENT	TOTAL
Cost at 01.01.2023	3.0	27.2	446.1	476.3
Additions	0.0	0.6	24.7	25.3
Disposals accumulated cost	0.0	0.0	(8.3)	(8.3)
Translation differences	0.0	(0.6)	(11.2)	(11.8)
Acquisition costs at 31.12.2023	3.0	27.2	451.3	481.5
Accumulated depreciation & impairment at 01.01.2023	(1.2)	(21.2)	(320.3)	(342.7)
Depreciation	0.0	(0.8)	(21.3)	(22.1)
Impairment loss	(0.4)	(0.2)	(16.8)	(17.4)
Disposals accumulated depreciation	0.0	0.0	7.7	7.7
Translation differences	0.0	0.5	8.3	8.8
Accumulated depreciation & impairment at 31.12.2023	(1.6)	(21.7)	(342.4)	(365.7)
Acquisition costs	3.0	27.2	451.3	481.5
Accumulated depreciation & impairment	(1.6)	(21.7)	(342.4)	(365.7)
Net book value at 31.12.2023	1.4	5.5	108.9	115.8

Impairment testing

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

NOTE 15 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	EQUIP- MENT	TOTAL
Acquisition costs	91.8	5.6	97.4
Accumulated depreciation & impairment	(27.6)	(3.2)	(30.8)
Net book value at 31.12.2021	64.2	2.4	66.6
Cost 01.01.2022	91.8	5.6	97.4
Additions	8.2	1.8	10.0
Lease terminations	(6.8)	(1.2)	(8.0)
Translation differences	(0.7)	0.0	(0.7)
Acquisition costs at 31.12.2022	92.5	6.2	98.7
Accumulated depreciation & impairment 01.01.2022	(27.6)	(3.2)	(30.8)
Depreciation	(9.2)	(0.9)	(10.1)
Lease terminations	1.4	1.4	2.8
Translation differences	0.1	0.0	0.1
Accumulated depreciation & impairment 31.12.2022	(35.3)	(2.7)	(38.0)
Acquisition costs	92.5	6.2	98.7
Accumulated depreciation & impairment	(35.3)	(2.7)	(38.0)
Net book value at 31.12.2022	57.2	3.5	60.7

MEUR	BUILDINGS	EQUIP- MENT	TOTAL
Cost at 01.01.2023	92.5	6.2	98.7
Additions	15.2	1.2	16.4
Lease terminations	(4.3)	(1.4)	(5.7)
Translation differences	(0.1)	0.0	(0.1)
Acquisition costs at 31.12.2023	103.3	6.0	109.3
Accumulated depreciation & impairment at 01.01.2023	(35.3)	(2.7)	(38.0)
Depreciation	(9.0)	(0.8)	(9.8)
Impairment loss	(8.4)	(0.6)	(9.0)
Lease terminations	1.5	1.2	2.7
Translation differences	(0.2)	0.0	(0.2)
Accumulated depreciation & impairment at 31.12.2023	(51.4)	(2.9)	(54.3)
Acquisition costs	103.3	6.0	109.3
Accumulated depreciation & impairment	(51.4)	(2.9)	(54.3)
Net book value at 31.12.2023	51.9	3.1	55.0

NOTE 15 RIGHT-OF-USE ASSETS (CONTINUED)**Lease liabilities**

MEUR	2023	2022
Non-current lease liabilities	65.4	60.4
Current lease liabilities	10.2	9.3
Total lease liabilities	75.6	69.7

Maturity analysis – contractual undiscounted cash flows

MEUR	2023	2022
Within one year	14.5	13.6
One to five years	41.9	38.9
More than five years	45.6	46.2
Total undiscounted lease commitments	102.0	98.7

In 2023, the group had total cash outflows of approximately MEUR 14.1 for all leases, including non-material leases which are not part of the group's IFRS 16 reporting.

Amounts related to leases recognized in the statement of comprehensive income

MEUR	2023	2022
Interest expense on lease liabilities (included in financial items)	(4.3)	(4.6)
Interest income on subleases	0.1	0.4
Depreciation of right-of-use assets	(9.8)	(10.1)
Expenses relating to low value and short-term leases	(0.4)	(0.4)
Total expenses relating to leases	(14.4)	(14.7)

NOTE 16 IMPAIRMENT LOSSES

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

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

Cash flow projections and assumptions (applicable for all business units except for Driveline)

The model was based on a three-year projection of discounted cash flows plus a terminal value (calculated using Gordon's growth model with the perpetual growth of 1% (applicable for all business units except for Driveline)). 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 as well as finally approved by the top management in the course of the budget and strategic planning process covering the period until 2026. The business plans were based on the group's three-year long-range plan (LRP), adjusted for relevant recent changes in internal short-term forecasts and market data. Adjustments were made to exclude significant cash flows related to restructuring not yet committed, future investments, or enhancements. Assumptions on labor inflation as well as on raw material price development were provided centrally. The input data on developments of the relevant markets were taken from well-known external sources, such as LMC Automotive, IHS and customers, in addition to all relevant internal information such as change in orders, customer portfolio, fitment rate for products, geographical development, market shares, etc.

Discount rate assumptions (applicable for all business units except for Driveline)

The required rate of return was calculated by using the WACC method. The input data of the WACC was chosen by an individual assessment of each parameter. Information from representative sources and peer groups was used to determine the best estimate. The WACC was calculated to be 10.0% pre-tax. The WACC used was the same 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.

NOTE 16 IMPAIRMENT LOSSES (CONTINUED)

The following parameters were applied:

- Risk-free interest rate: 3.37%. Based on 10-year governmental Eurobond rate and US treasury 10-year yield, weighted 50/50.
- Beta: 1.88. Based on an estimated unlevered beta for the automotive industry levered to the group's structure.
- Market risk premium: 5.34% (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 31.12.2023

The value in use is dependent 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 vehicle 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. Hence, no reasonable change in any of the key assumptions would cause the recoverable amount to be lower than the carrying value.

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:

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.

Driveline:

On December 19, 2023, the Board of Directors of Kongsberg Automotive resolved to initiate the wind-down process for the Driveline business unit due to anticipated declines in revenues and market share in the forthcoming years. Consequently, special assumptions were employed to assess the unit's value in use, omitting the calculation of terminal value due to its limited operational duration within the wind-down process. The value in use was determined by discounting the projected free cash flows over the next three years to their present value. The evaluation revealed that the carrying value of the business unit as of December 31, 2023, cannot be recovered at all by future cash flows leading to a full impairment recognition of MEUR 27.0 for all assets utilized in the operation of the Driveline business, with the exception of assets associated with the E-Actuators segment in China, which remains unaffected by the wind-down process and is anticipated to reinvigorate operations.

Carrying value of the goodwill per business unit

MEUR	POWERTRAIN AND CHASSIS		SPECIALTY PRODUCTS			TOTAL
	ON-HIGHWAY	DRIVELINE	COUPLINGS	FLUID TRANSFER SYSTEMS	OFF-HIGHWAY	
Goodwill						
Gross book value as at 01.01.2023	16.7	6.7	0.2	55.8	0.0	79.4
Accumulated impairment as of 01.01.2023	0.0	(6.7)	0.0	0.0	0.0	(6.7)
Disposals related to the sale of part of the OFH business	0.0	0.0	0.0	0.0	0.0	0.0
Translation adjustments	(0.4)	0.0	0.0	(1.6)	0.0	(2.0)
Net book value as at 31.12.2023	16.3	0.0	0.2	54.2	0.0	70.7

NOTE 17 INVENTORIES**Specification of inventories**

MEUR	2023	2022
Raw materials	59.8	60.4
Work in progress	20.0	19.2
Finished goods	21.7	16.9
Total inventories	101.5	96.5

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

Provision for slow-moving and obsolete inventory

MEUR	2023	2022
Book value at 01.01.	(12.4)	(12.9)
Write-down	(4.6)	(4.0)
Products sold (previously written down)	0.1	0.0
Reversal of prior write-downs	2.6	4.5
Foreign currency effects	0.1	0.0
Book value at 31.12.	(14.2)	(12.4)

NOTE 18 TRADE AND OTHER RECEIVABLES**Specification of trade and other receivables**

MEUR	2023	2022
Trade receivables	161.5	166.5
Public duties	7.3	11.6
Other short-term receivables	8.5	6.3
Total trade and other receivables	177.3	184.4

Trade receivables maturity

MEUR	2023	2022
Not overdue	141.4	150.1
Overdue 1-20 days	8.8	10.3
Overdue 21-40 days	5.1	4.4
Overdue 41-80 days	1.7	2.5
Overdue 81-100 days	1.2	0.4
Overdue > 100 days	3.9	(0.5)
Gross trade receivables	162.1	167.2
Total provision for bad debt	(0.6)	(0.7)
Net trade receivables	161.5	166.5

The provision for bad debt has decreased by MEUR 0.1 compared to 31.12.2022. Trade receivables are subject to constant monitoring. The impairment of receivables is reflected through provision for bad debt. Monthly assessments of loss risk, including forward-looking information, are performed and corresponding provisions are made at the entity level. The provision for bad debt reflects the total expected loss risk on the group's trade receivables. The oldest trade receivables, overdue > 100 days, represent the highest risk level. Most of the impaired trade receivables are included in that category. Expected losses on trade receivables were MEUR 0.6 in 2023 (2022: MEUR 0.7). The risk for losses on receivables other than trade receivables is assessed to be insignificant. For risk management see note 24.

NOTE 18 TRADE AND OTHER RECEIVABLES (CONTINUED)**Receivables by currency**

MEUR	2023	2022
EUR	74.0	58.5
USD	47.1	50.7
CNY	21.3	38.2
NOK	8.7	10.1
Other	26.2	26.9
Total receivables	177.3	184.4

Other current assets

MEUR	2023	2022
Tooling for sale	4.1	4.5
Customer development for sale	0.0	0.2
Prepayments	9.1	10.2
Capitalized financing costs / current	0.1	0.4
Contract costs / current	0.1	0.1
Total other current assets	13.4	15.4

Other non-current assets

MEUR	2023	2022
Investments accounted for using the equity method	2.1	0.0
Investments accounted for at cost	0.6	0.2
Contract costs / non-current	0.4	0.5
Net pension assets	0.2	0.0
Other non-current assets	0.8	0.7
Total other non-current assets	4.1	1.4

Investment accounted for using the equity method

On July 11, 2023, Kongsberg Automotive signed an agreement to acquire 20% of the shares in Chassis Autonomy SBA AB via a directed rights issue. The agreement includes call options to acquire up to 100% of the total outstanding shares at fair market value in certain periods until 2027. Chassis Autonomy specializes in the design and development of steer-by-wire and brake-by-wire systems (that compromise the mechanical hardware, control electronics, and software) for use in highly automated (L3) and fully autonomous (L4 and L5) vehicles, agriculture, and construction applications.

Share of profit/(loss) of equity-accounted investees

It has been decided not to present the share of profit from equity accounted investees and any summarized financial information for the year ended on December 31, 2023, in the financial statements. This decision is based on the immateriality of their figures, which holds little relevance to external readers. Additionally, the cost and impracticability of compiling this data further support this decision.

NOTE 19 SHARE CAPITAL

Shares

The share capital of the Company is NOK 951,423,131 comprising 951,423,131 ordinary shares with a par value of NOK 1.00. The Company holds 10,535,914 shares as treasury shares. For more information see the Statement of Changes in Equity. The Company is listed on the Oslo Stock Exchange with the ticker code "KOA".

	2023	2022
Number of shares in issue at 01.01.	1,054,860,644	1,054,860,644
Cancellation of own shares	(103,437,513)	–
Number of shares in issue at 31.12.	951,423,131	1,054,860,644
Of these, treasury shares	10,535,914	95,161,099

Treasury shares

The Company holds 10,535,914 treasury shares (2022: 95,161,099) as of December 31, 2023.

On June 6, 2023, Kongsberg Automotive ASA's Board of Directors resolved to cancel its 103,437,513 treasury shares purchased back until January 27, 2023.

On November 15, 2023, the Board of Directors of Kongsberg Automotive ASA resolved to initiate a new share purchase program. The company is expected to purchase back up to 2.5% of its outstanding shares in the open market limited to a maximum total consideration of up to MEUR 4.2 starting on November 15, 2023.

Kongsberg Automotive ASA has purchased 10,535,914 shares from November 15, 2023 until December 31, 2023 as part of new share purchase program.

The twenty largest shareholders in the Company as at 31.12.2023 were as follows:

SHAREHOLDERS AND NOMINEES	NO. OF SHARES	%	COUNTRY	TYPE OF ACCOUNT
Morgan Stanley & Co. Int. Plc.	227,660,441	23.9%	United Kingdom	Nominee (multiple investors)
Saxo Bank A/S	35,558,132	3.7%	Denmark	Nominee (multiple investors)
Nordnet Bank AB	33,378,342	3.5%	Sweden	Nominee (multiple investors)
Citibank, N.A.	20,643,289	2.2%	Ireland	Nominee (multiple investors)
Arild Vigen Christoffersen	14,076,017	1.5%	Norway	Ordinary
Nordnet Livsforsikring AS	13,677,035	1.4%	Norway	Ordinary
Danske Bank A/S	12,476,663	1.3%	Denmark	Nominee (multiple investors)
Kongsberg Automotive ASA (own shares)	10,535,914	1.1%	Norway	Ordinary
Verdipapirfondet KLP Aksjenorge	7,401,392	0.8%	Norway	Ordinary
Morgan Stanley & Co. Int. Plc.	7,386,333	0.8%	Cayman Islands	Nominee (multiple investors)
J.P. Morgan SE	7,303,771	0.8%	Finland	Nominee (multiple investors)
Commuter 2 AS	7,300,000	0.8%	Norway	Ordinary
Kransekakebakeren AS	6,884,868	0.7%	Norway	Ordinary
John Stien Invest AS	5,002,113	0.5%	Norway	Ordinary
Daniel Avestruz	4,400,000	0.5%	Norway	Ordinary
Avanza Bank AB	4,212,457	0.4%	Sweden	Nominee (multiple investors)
Clearstream Banking S.A.	4,150,519	0.4%	Luxembourg	Nominee (multiple investors)
Lars Rimestad	4,100,000	0.4%	Norway	Ordinary
Verdipapirfondet Nordea Avkastning	4,042,639	0.4%	Norway	Ordinary
Verdipapirfondet DnB Norge Indeks	4,009,142	0.4%	Norway	Ordinary
Total 20 largest shareholders	434,199,067	45.6%		
Other shareholders	517,224,064	54.4%		
Number of shares in issue at 31.12.2023	951,423,131	100.0%		
Number of shareholders	23,685			
Foreign ownership	44.4%			

NOTE 19 SHARE CAPITAL (CONTINUED)**Share options**

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

Movements in share options (NOK)

NOK	2023		2022	
	AVERAGE EXERCISE PRICE	OPTIONS	AVERAGE EXERCISE PRICE	OPTIONS
Options at 01.01.	4.1	5,771,412	6.8	8,728,998
Granted	–	–	–	–
Forfeited	3.0	(750,831)	5.4	(2,671,041)
Expired	20.5	(343,512)	59.0	(43,214)
Adjusted (quantity)	–	–	–	(243,331)
Options at 31.12.	3.0	4,677,069	4.1	5,771,412

Outstanding options at the end of the year (NOK)

EXPIRY DATE	2023		2022	
	EXERCISE PRICE (NOK)	OPTIONS	EXERCISE PRICE (NOK)	OPTIONS
10.04.2023 (grant 2016)	62.0	–	62.0	101,785
10.06.2031 (grant 2021)	3.0	4,677,069	3.0	5,669,627
Options at 31.12.		4,677,069		5,771,412

Movements in restricted stock units (RSU)

NOK	2023	2022
RSU at 01.01.	14,567,343	7,990,418
Granted	13,844,990	11,804,646
Forfeited	(358,318)	(2,363,015)
Released	(1,508,473)	(2,864,706)
RSU at 31.12.	26,545,542	14,567,343

Outstanding restricted stock units at the end of the year

GRANT (VESTING DATE)	2023	2022
Grant 2021 (10.06.2024)	3,292,149	–
Grant 2022 (02.06.2025)	9,523,243	3,926,605
Grant 2023 (05.06.2026)	13,730,150	10,640,738
RSU at 31.12.	26,545,542	14,567,343

NOTE 20 EARNINGS AND DIVIDEND PER SHARE**Earnings per share for the group**

	2023	2022
Net profit attributable to equity shareholders (MEUR)	(59.5)	26.5
Weighted average number of shares in issue (in millions)	1,000.6	1,031.0
<i>Weighted average total number of ordinary shares (in millions)</i>	<i>1,061.9</i>	<i>1,061.9</i>
<i>Weighted average number of treasury shares held (in millions)</i>	<i>(61.3)</i>	<i>(30.9)</i>
Basic earnings per share, EUR	(0.06)	0.03
Weighted average number of shares in issue (diluted) (in millions)	1,028.9	1,050.4
<i>Weighted average number of outstanding options & RSU/PSU (in millions)</i>	<i>28.3</i>	<i>19.4</i>
Diluted earnings per share, EUR	(0.06)	0.03

Earnings per share for the continuing operations

	2023	2022
Net profit attributable to equity shareholders (MEUR) from continuing operations	(59.5)	20.6
Weighted average number of shares in issue (in millions)	1,000.6	1,031.0
<i>Weighted average total number of ordinary shares (in millions)</i>	<i>1,061.9</i>	<i>1,061.9</i>
<i>Weighted average number of treasury shares held (in millions)</i>	<i>(61.3)</i>	<i>(30.9)</i>
Basic earnings per share, EUR	(0.06)	0.02
Weighted average number of shares in issue (diluted) (in millions)	1,028.9	1,050.4
<i>Weighted average number of outstanding options & RSU/PSU (in millions)</i>	<i>28.3</i>	<i>19.4</i>
Diluted earnings per share, EUR	(0.06)	0.02

Dividend per share

EUR	2023	2022
Dividend per share paid	0.0	0.0
Dividend per share proposed	0.0	0.0

No dividend is proposed for 2023.

NOTE 21 RETIREMENT BENEFIT OBLIGATIONS

Retirement benefit obligations recognized in statement of financial position

MEUR	2023	2022
Defined benefit pension obligation	11.3	12.0
Top hat, retirement provisions and other employee obligations	0.7	0.5
Retirement benefit obligations	12.0	12.5

Defined benefit scheme – assumptions

	2023	2022
Discount rate	3.6%	3.4%
Rate of return on plan assets	0.2%	0.4%
Salary increases	1.1%	1.2%
Increase in basic government pension amount	1.0%	1.0%
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	2023	2022
Service cost	0.6	1.1
Interest on benefit obligations	0.4	0.2
Effect of curtailment	(1.2)	(0.1)
Net periodic pension cost	(0.2)	1.2
Remeasurement of net defined benefit liability	0.5	(6.2)
Actual return on plan assets	-0.1%	1.6%

Defined benefit scheme – net pension liability

MEUR	2023	2022
<i>Pension liabilities and assets:</i>		
Projected benefit obligation (PBO)	16.1	17.7
Fair value of pension assets	(4.8)	(5.7)
Unrecognized effects	0.0	0.0
Net pension liability before social security taxes	11.3	12.0
Social security taxes liabilities	0.0	0.0
Net pension liability	11.3	12.0

Specification of carrying value of net pension liability

MEUR	2023	2022
Retirement benefit obligation	16.1	17.7
Retirement benefit asset	(4.8)	(5.7)
Net pension liability	11.3	12.0

Defined benefit scheme change in net pension liability

MEUR	2023	2022
Net pension liability 01.01.	12.0	18.4
Pension cost for the year	(0.2)	1.2
Remeasurement of net defined benefit liability	0.5	(6.2)
Paid pensions	(0.6)	(0.6)
Pension plan contributions	(0.6)	(0.8)
Translation differences	0.2	0.0
Net pension liability 31.12.	11.3	12.0

NOTE 21 RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)**Defined benefit scheme – sensitivity analysis***

MEUR	DBO AS AT 31.12.2023	DBO AS AT 31.12.2022
Actual valuation	11.3	12.0
Discount rate + 0.5%	10.7	11.4
Discount rate - 0.5%	11.9	12.7
Expected rate of salary increase + 0.5%	11.3	12.1
Expected rate of salary increase - 0.5%	11.2	12.0
Expected rate of pension increase + 0.5%	11.7	12.5
Expected rate of pension increase - 0.5%	10.8	11.6

* The sensitivity analysis 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 2024 is expected to be in line with the 2023 payment.

NOTE 22 INTEREST-BEARING LIABILITIES**Interest-bearing liabilities as presented in the statement of financial position**

MEUR	2023	2022
Non-current interest-bearing loans and borrowings	190.6	200.0
Capitalized arrangement fees	(1.3)	(2.1)
Interest-bearing lease liabilities	75.6	69.7
Total interest-bearing liabilities	264.9	267.6

On July 23, 2018, the Company completed an offering of MEUR 275.0 in an aggregate principal amount of 5.000% Senior Notes due 2025 (the "Notes") pursuant to indentures among the Company, the guarantors party thereto, and The Law Debenture Trust Corporation plc, as trustee. On March 21, 2022, Kongsberg Automotive redeemed EUR 75.0 million of the notes at 102.5% of par.

In Q2 2023 and Q3 2023, own bond notes at the amount of MEUR 3.6 and MEUR 5.8, respectively, were repurchased, resulting in a corresponding decrease in the outstanding balance of the bond notes.

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

The group was in compliance with all applicable debt covenants at and for the year ended December 31, 2023.

The indentures for our outstanding Senior Notes contain customary terms and conditions, including 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 an interest rate of 1.75% with a three-year tenure, effective on October 19, 2020. Effective from June 25, 2022, the maximum commitment was reduced from MEUR 60.0 to MEUR 25.0 of Senior Notes and depends on the size of the Accounts Receivable pool meeting investment grade criteria.

NOTE 22 INTEREST-BEARING LIABILITIES (CONTINUED)

Other current interest-bearing liabilities consist of the Revolving Credit Facility (RCF) agreement entered into in July 2018. On July 06, 2023, the Revolving Credit Facility has been extended by 18 months and decreased from MEUR 50.0 to MEUR 30.0. 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	2023	2022
EUR	228.3	235.5
USD	11.7	8.7
Other currencies	26.2	25.5
Capitalized arrangement fees	(1.3)	(2.1)
Total interest-bearing liabilities	264.9	267.6

Changes in liabilities arising from financing activities

MEUR	2023	2022
Opening balance at 01.01.	267.6	367.7
<i>Changes arising from cash flows:</i>		
Repayment of bond	0.0	(75.0)
Repurchase of own bond notes	(9.4)	0.0
Repayment of lease liabilities	(9.8)	(16.7)
Repayment of debt	(0.1)	(21.6)
<i>Non-cash changes:</i>		
Additions - lease liabilities	16.1	12.3
Amortization of capitalized arrangement fees	0.8	0.8
Reduction of capitalized arrangement fees due to the bond repayment	0.0	1.0
<i>Other:</i>		
Translation effect	(0.3)	(0.9)
Closing balance at 31.12.	264.9	267.6

Liquidity reserve

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

MEUR	2023	2022
Cash and cash equivalents	164.7	212.9
Restricted cash	(0.5)	(0.5)
Undrawn revolving credit facility	30.0	50.0
Undrawn securitization facility	25.0	25.0
Liquidity reserve	219.2	287.4

NOTE 23 OTHER NON-CURRENT INTEREST-FREE LIABILITIES

Specification of other non-current interest-free liabilities

MEUR	2023	2022
Provision for employee litigations	0.5	1.4
Provision for customs claims	0.0	4.3
Provision for onerous contracts	2.0	1.9
Other non-current interest-free liabilities	1.2	0.4
Total other non-current interest-free liabilities	3.7	8.0

Provision for onerous contracts

As a result of applying amendments to IAS37 and due to declining macroeconomic data as well as increasing energy and commodity prices, the group has recognized provisions for onerous programs to supply products within the Driveline business to several customers. It has been determined that the estimated unavoidable costs required to fulfil the contract have increased, which exceeded the future economic benefits. The onerous contracts are expected to be fulfilled by the end of 2024 and beginning of 2025.

Provision for customs claims

The prior disclosure for customs claims was successfully settled during the financial year 2023 resulting in the payment of MEUR 1.9 and the release of provision of MEUR 2.4.

NOTE 24 RISK MANAGEMENT

Finance risk management policies

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

Foreign exchange risk

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

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

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

Sensitivity

As of December 31, 2023, if the currency USD had weakened/strengthened by 5% against the EUR with all other variables being constant, revenues would vary by (1.6%) and 1.8% or MEUR (14.4) and MEUR 16.0 as well as operating loss would increase by MEUR 0.6 (-3.3%) and decrease by MEUR 0.7 (3.6%).

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

NOTE 24 RISK MANAGEMENT (CONTINUED)

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 suppliers, 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.

Risks related to the Russia-Ukraine war

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

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

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

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

NOTE 24 RISK MANAGEMENT (CONTINUED)

Climate change risk

Kongsberg Automotive has put in place adequate procedures that enable Management and the Board of Directors to regularly review material climate change issues that may have a significant impact on the Company's operations from 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 sources of renewable energy, such as solar panels, to become more sustainable. Moreover, Kongsberg Automotive actively monitors its supply chains in relation to the potential disruptions caused by extreme weather events. In case of an occurrence of such unfavorable events, the Company works on mitigation actions together with its suppliers. In the group's assessment, there are no material physical climate risks that the group is expected to face in the foreseeable future. In 2023, the Company's financial reporting was not significantly impacted by climate change risk.

Interest rate risk

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

Credit risk

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

The automotive industry consists of a limited number of vehicle manufacturers; hence the five biggest customers will be around 34.2% of total revenues in 2023. The group has a diversified customer base with one individual customers representing 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 is transferred to the group treasury. For unused liquidity reserve, see note 22.

Capital risk management

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

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

NOTE 25 TRADE AND OTHER PAYABLES

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

	2023	2022
Trade payables	116.6	122.0
Accrued expenses	55.5	54.5
Provisions	17.2	10.5
Interest payable	4.6	4.6
Other short-term liabilities	3.7	5.7
Total trade and other payables	197.6	197.3

Provisions

	PROVISION FOR WARRANTIES	RESTRUC-TURING AND OTHER PROVISIONS	TOTAL 2023	WARRANTY RESERVE	RESTRUC-TURING AND OTHER PROVISIONS	TOTAL 2022
Opening balance	8.4	2.1	10.5	6.9	1.9	8.8
P&L charge	5.9	8.6	14.5	11.7	0.5	12.2
Payments	(4.8)	(2.0)	(6.8)	(9.8)	(0.2)	(10.0)
Release	(0.2)	(0.6)	(0.8)	(0.5)	0.0	(0.5)
Translation effect	(0.1)	(0.1)	(0.2)	0.1	(0.1)	0.0
Closing balance	9.2	8.0	17.2	8.4	2.1	10.5

Provision for restructuring relates mainly to the costs related to the workforce reduction as part of the cost optimization measures announced on October 23, 2023.

Maturity structure

MEUR	PROVISIONS	ACCRUED EXPENSES	INTEREST PAYABLES	OTHER SHORT-TERM LIABILITIES	TRADE PAYABLES	TOTAL 2023
Repayable 0-3 months after year-end	14.9	35.2	4.6	3.6	100.9	159.2
Repayable 3-6 months after year-end	0.8	14.3	0.0	0.1	8.5	23.7
Repayable 6-9 months after year-end	0.2	3.3	0.0	0.0	4.6	8.1
Repayable 9-12 months after year-end	1.3	2.7	0.0	0.0	2.6	6.6
Total	17.2	55.5	4.6	3.7	116.6	197.6

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

NOTE 26 FINANCIAL INSTRUMENTS

Classification, measurement and fair value of financial instruments

2023	LOANS, RECEIVABLES AND CASH AT AMORTIZED COST	LOANS, RECEIVABLES AND CASH AT FAIR VALUE	FINANCIAL LIABILITIES AT AMORTIZED COST	TOTAL 2023
MEUR				
Trade and other receivables	177.3			177.3
Cash and cash equivalents	124.2	40.5		164.7
Interest-bearing loans and borrowings			(189.3)	(189.3)
Interest-bearing lease liabilities			(75.6)	(75.6)
Trade payables and accrued expenses			(172.1)	(172.1)
Total	301.5	40.5	(437.0)	(95.0)
Fair value	301.5	40.5	(435.3)	(93.3)
Unrecognized gain / (loss)*			1.7	1.7

* Based on level 1 input. The bond was traded at 98.5% of its par value as at 31.12.2023 (90.1% as at 31.12.2022)

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

** Based on level 1 input

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

Remuneration and fees recognized in the statement of comprehensive income

KEUR	2023*	2022***
Total remuneration of the Board of Directors	302.4	297.0
Gross base salary to the CEO	686.1	741.1
CEO's short-term incentive	343.1	817.4
CEO's long-term incentive**	272.2	391.6
Pension costs to the CEO	56.3	107.5
Other remuneration to the CEO***	71.4	54.5
Management salaries other than to the CEO	2,264.8	2,842.7
Bonus, LTI costs and other remuneration of management other than the CEO***	1,285.3	1,222.7
Pension costs of management other than the CEO	246.0	327.1
Termination benefits to former CEO***	2,281.5	0.0
Total - Board of Directors and Senior Management	7,809.1	6,801.6
Remuneration to nomination committee	47.9	20.1

* 2023 remuneration is based on former CEO during the period January 01-July 24, 2023, and current CEO from July 25, 2023. 2022 CEO remuneration is based on former CEO.

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

*** Including social security costs

Specification of fees paid to the auditors

KEUR	2023	2022
Statutory audit services to the parent company (Deloitte)	213.7	180.6
Statutory audit services to subsidiaries (Deloitte)	664.8	559.1
Statutory audit services to subsidiaries (other)	95.6	52.1
Non-audit services (Deloitte)	29.5	22.3
Tax services (Deloitte)	486.2	438.2
Total	1,489.8	1,252.3

NOTE 28 COMMITMENTS AND GUARANTEES

Commitments

The group's operating lease commitments are now disclosed in note 15. In relation to low-value and short-term leases that are not presented as lease liabilities, the group is committed to an expected expense of MEUR 0.3 in 2024.

Guarantees

The issued notes are guaranteed on a senior basis by:

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

General information

In 2023 total parent guarantees in the amount of around MEUR 60.5 and MUSD 10.0 were issued for entities in Slovakia, Poland, and Mexico.

NOTE 29 CONTINGENT LIABILITIES

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

Endeavor group, LLC v Kongsberg Power Products Systems I, LLC (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 30 SUBSEQUENT EVENTS

No significant subsequent events have been identified.

NOTE 31 RELATED-PARTY TRANSACTIONS

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

Key Management and BoD compensation

See note 27 – it includes remuneration for the Senior Management and Board of Director.

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STATEMENT OF COMPREHENSIVE INCOME

MEUR	NOTE	2023	2022
Operating revenues	21	6.0	6.8
<i>Operating expenses</i>			
Salaries and social expenses	5	(0.5)	(0.3)
Other operating expenses	6	(3.2)	(3.7)
Total operating expenses		(3.7)	(4.0)
Operating profit		2.3	2.8
<i>Financial items</i>			
Financial income	7	28.2	57.7
Financial expenses	4, 7	(185.3)	(16.7)
Net financial items		(157.1)	41.0
Profit / (loss) before taxes		(154.8)	43.8
Income taxes	8	(3.6)	(9.7)
Net profit / (loss)		(158.4)	34.1
<i>Other comprehensive income</i>			
Translation differences		(34.2)	(24.3)
Other comprehensive income		(34.2)	(24.3)
Total comprehensive income for the year		(192.6)	9.8

STATEMENT OF CASH FLOWS

MEUR	NOTE	2023	2022
<i>Operating activities</i>			
Profit/(loss) before taxes		(154.8)	43.8
Impairment of IC shares	4	172.0	0.0
Interest income	7	(24.1)	(18.5)
Dividend income	7	(1.7)	(3.7)
Interest expenses and other financial expenses	7	11.4	16.6
Taxes paid		(0.2)	(0.4)
Changes in trade and other receivables	12	(8.5)	(16.9)
Changes in trade and other payables	16	(2.1)	7.3
Currency differences	7	(1.9)	(21.5)
Changes in other items		1.9	0.0
Cash flow from / used by operating activities		(8.0)	6.7
<i>Investing activities</i>			
Repayment of group loans		0.0	11.7
Repayment of investments in subsidiaries	4	0.0	69.3
Interest received	7	24.1	18.5
Dividends received	7	1.7	8.5
Cash flow from investing activities		25.8	108.0
<i>Financing activities</i>			
Payments for purchase of treasury shares	13	(3.9)	(23.5)
Repayment of debt	4	0.0	(75.0)
Interest paid	7	(11.2)	(14.4)
Cash flow used by financing activities		(15.1)	(112.9)
Currency effects on cash		(1.5)	(1.6)
Net change in cash		1.2	0.2
Net cash at January 1		0.2	0.0
Net cash at December 31		1.4	0.2
<i>Of this, restricted cash</i>		<i>0.0</i>	<i>0.0</i>

STATEMENT OF FINANCIAL POSITION**ASSETS**

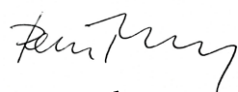
MEUR	NOTE	2023	2022
<i>Non-current assets</i>			
Right-of-use assets	11	0.1	0.1
Investments in subsidiaries	4	113.7	295.2
Loans to subsidiaries	21	354.9	362.4
Other non-current assets		0.1	0.1
Total non-current assets		468.8	657.8
<i>Current assets</i>			
Trade and other receivables	12, 21	54.9	49.4
Cash and cash equivalents		1.4	0.2
Total current assets		56.3	49.6
Total assets		525.1	707.4

EQUITY AND LIABILITIES

MEUR	NOTE	2023	2022
<i>Equity</i>			
Share capital	13	84.6	100.3
Treasury shares	13	(3.2)	(23.9)
Share premium		180.6	208.2
Other reserves		(50.1)	(36.2)
Retained earnings		47.5	205.9
Total equity		259.4	454.3
<i>Non-current liabilities</i>			
Deferred tax liabilities	8	22.7	24.5
Retirement benefit obligations		0.3	0.3
Interest-bearing liabilities	14	197.8	197.0
Total non-current liabilities		220.8	221.8
<i>Current liabilities</i>			
Current income tax liabilities	8	0.1	0.0
Trade and other payables	16, 21	44.8	31.3
Total current liabilities		44.9	31.3
Total liabilities		265.7	253.1
Total equity and liabilities		525.1	707.4

Kongsberg, March 11, 2024

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



Peter Thostrup
Chairman (sign.)



Emese Weissenbacher
Board member (sign.)



Junyang (Jenny) Shao
Board member (sign.)



Brian Kristoffersen
Board member (sign.)



Erik Volden
Board member (sign.)



Siw Reidun Wærås
Employee-elected (sign.)



Knut Magne Alfsvåg
Employee-elected (sign.)



Bjørn Ivan Ødegård
Employee-elected (sign.)



Linda Nyquist-Evenrud
President and CEO

STATEMENT OF CHANGES IN EQUITY

MEUR	SHARE CAPITAL	TREASURY SHARES	SHARE PREMIUM	OTHER RESERVES	RETAINED EARNINGS	TOTAL EQUITY
Equity as at 01.01.2022	105.6	(1.3)	219.1	(28.8)	171.8	466.4
Purchase of treasury shares		(23.5)				(23.5)
Share-based compensation				1.6		1.6
<i>Total comprehensive income for the year:</i>						
Profit for the year					34.1	34.1
<i>Other comprehensive income:</i>						
Translation differences	(5.3)	0.9	(10.9)	(9.0)		(24.3)
Total comprehensive income for the year	(5.3)	0.9	(10.9)	(9.0)	34.1	9.8
Equity as of 31.12.2022/01.01.2023	100.3	(23.9)	208.2	(36.2)	205.9	454.3
Purchase of treasury shares		(3.9)				(3.9)
Cancelation of treasury shares	(9.0)	23.0	(14.0)			0.0
Share-based compensation				1.5		1.5
<i>Total comprehensive income for the year:</i>						
Loss for the year					(158.4)	(158.4)
<i>Other comprehensive income:</i>						
Translation differences	(6.7)	1.6	(13.6)	(15.4)		(34.1)
Total comprehensive income for the year	(6.7)	1.6	(13.6)	(15.4)	(158.4)	(192.5)
Equity as at 31.12.2023	84.6	(3.2)	180.6	(50.1)	47.5	259.4

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 11, 2024.

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 February 7, 2022.

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.

Dividends and group contributions received are recognized as income in the same year as allocated by the subsidiary. If the dividend exceeds the share of retained profits after the purchase, the excess part represents repayment of invested capital and the disbursements received are deducted from the value of the investment in the balance sheet. Kongsberg Automotive ASA has decided to utilize the option in the regulations of simplified application of International Financial Reporting Standards which make it possible to account for dividends and group contributions in accordance with Norwegian General Accepted Accounting Principles (NGAAP).

NOTE 4 INVESTMENTS IN SUBSIDIARIES

ENTITY NAME	COUNTRY OF INCORPORATION	OWNER-SHIP 2023	2023	2022
Kongsberg Automotive Holding 2 AS	Norway	100%	0.0	169.8
KA group AG	Switzerland	0%	102.3	113.3
Kongsberg Automotive (Wuxi) Ltd	China	100%	6.4	6.9
Kongsberg Automotive Ltda	Brazil	100%	2.1	2.3
Kongsberg Automotive Ltd	Korea	100%	1.6	1.7
Kongsberg Automotive (India) Private Ltd	India	100%	0.8	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			113.7	295.2

Investments

In 2023, there were no investments made in subsidiaries. The change in the carrying value of investments is fully attributable to the impairments and 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, intercompany receivables. The impairment assessment is made at "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.

NOTE 4 INVESTMENTS IN SUBSIDIARIES (CONTINUED)**Discount rate assumptions**

The required rate of return was calculated using the WACC method. The used WACC was calculated to be 10.7% post-tax.

Impairment test results and conclusion

Based on the results from the impairment test performed, the Company concluded that the inter-company shares held in Kongsberg Automotive Holding 2 AS and KA group AG need to be impaired by EUR 172.0 million, which was recorded under financial expenses in 2023.

NOTE 5 SALARIES AND SOCIAL EXPENSES

MEUR	2023	2022
Wages and salaries	0.4	0.3
Pension cost (defined contribution plans)	0.1	0.0
Total salaries and social expenses	0.5	0.3

The Company had no employees as of 31.12.2023 and there were no employees as of 31.12.2022 either. Wage and salaries comprise directors' fees.

NOTE 6 OTHER OPERATING EXPENSES

MEUR	2023	2022
<i>Administrative expenses</i>		
Service costs	2.9	3.3
Other costs	0.3	0.4
Total other operating expenses	3.2	3.7

NOTE 7 FINANCIAL ITEMS

MEUR	2023	2022
Dividend and other financial income	1.7	3.6
Foreign currency gains*	2.3	26.2
Account receivables securitization - income	1.0	1.4
Interest income	23.2	17.1
Reversal of write-down of Intercompany loans	0.0	9.4
Total financial income	28.2	57.7
Interest expense	(10.1)	(16.4)
Foreign currency losses*	0.0	0.0
Account receivables securitization - expense	(0.2)	(0.3)
Impairment of Intercompany shares	(172.0)	0.0
Write-down of Intercompany loans	(3.0)	0.0
Total financial expenses	(185.3)	(16.7)
Total financial items	(157.1)	41.0

* Includes unrealized currency gain of MEUR 1.9 (2022: unrealized gain of MEUR 21.5)

NOTE 8 TAXES

Tax recognized in statement of income

The major components of income tax expense:

MEUR	2023	2022
Current tax on profits for the year*	(3.7)	(2.1)
Adjustments in respect of prior years – current tax	(0.1)	(0.4)
Total current tax expense	(3.8)	(2.5)
Current year change in deferred tax	0.3	(7.2)
Adjustments in respect of prior years – deferred tax	(0.1)	0.0
Total change in deferred tax	0.2	(7.2)
Total income tax expense	(3.6)	(9.7)

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

Tax recognized in other comprehensive income

No tax was recognized in other comprehensive income in 2023 and 2022.

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

MEUR	2023	2022
Profit/(loss) before taxes	(154.8)	43.8
Expected tax calculated at Norwegian tax rate	34.0	(9.6)
Dividends (permanent differences)	0.4	0.8
Other permanent differences	(38.0)	(0.8)
Effect of withholding tax	0.0	(0.1)
Income tax (expense)/credit	(3.6)	(9.7)
Average effective tax rate	-2%	22%

Tax recognized in the statement of financial position

Current tax

MEUR	2023	2022
Current income tax receivables	0.0	0.0
Current income tax liabilities	0.0	0.0
Total	0.0	0.0

As a result of a group Contribution, the current income tax liabilities of MEUR 3.6 were transferred to Kongsberg Automotive Holding 2 AS.

Deferred tax

MEUR	2023	2022
Deferred tax liability	(22.7)	(24.5)
Total	(22.7)	(24.5)

Deferred tax positions are netted within the tax entity.

NOTE 8 TAXES (CONTINUED)**Specification of deferred tax assets / (liabilities) recognized in the statement of financial position**

MEUR	OPENING BALANCE	CHARGED TO INCOME	CHANGES IN RATE	OCI	EXCHANGE DIFFER- ENCES	CLOSING BALANCE
Property, plant and equipment	0.1	(0.1)	0.0	0.0	0.0	0.0
Retirement benefits obligations	0.1	0.0	0.0	0.0	0.0	0.1
Account receivables	2.3	0.8	0.0	0.0	(0.1)	3.0
Unrealized FX on long-term receivables/payables	(27.2)	(0.5)	0.0	0.0	1.7	(26.0)
Other temporary differences	0.2	0.0	0.0	0.0	0.0	0.2
Net deferred tax asset/(liability)	(24.5)	0.2	0.0	0.0	1.6	(22.7)

Tax positions not recognized

The Company had no unrecognized positions in 2023 and 2022.

Remaining lifetime of tax losses (net tax value)

The Company had no tax loss carry forwards in 2023 and 2022.

NOTE 9 INTANGIBLE ASSETS

All intangible assets were fully amortized as of December 31, 2023.

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

All PP&E assets were fully depreciated as of December 31, 2023.

NOTE 11 RIGHT-OF-USE ASSETS

MEUR	BUILDINGS	EQUIPMENT
Cost at 01.01.2021	0.2	0.2
Additions	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Acquisition costs at 31.12.2022	0.2	0.2
Accumulated depreciation at 01.01.2022	(0.1)	(0.1)
Depreciation	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Accumulated depreciation at 31.12.2022	(0.1)	(0.1)
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Book value at 31.12.2022	0.1	0.1
Cost at 01.01.2023	0.2	0.2
Additions	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Acquisition costs at 31.12.2023	0.2	0.2
Accumulated depreciation at 01.01.2023	(0.1)	(0.1)
Depreciation	0.0	0.0
Lease terminations	0.0	0.0
Translation differences	0.0	0.0
Accumulated depreciation at 31.12.2023	(0.1)	(0.1)
Cost	0.2	0.2
Accumulated depreciation	(0.1)	(0.1)
Book value at 31.12.2023	0.1	0.1

Lease liabilities

MEUR	2023	2022
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	2023	2022
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. Due to the transactions carried out under Kongsberg Automotive's share buy-back program initiated in November 2023, the Company holds the cash as of December 31, 2023 which is needed to perform the repurchase transactions in the next 10 days. In addition to that, 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	2023	2022
Short-term group loans and receivables	7.9	7.7
In-house bank	46.7	40.8
Other short-term receivables	0.1	0.6
Receivables	54.7	49.1
Prepayments	0.2	0.3
Total trade and other receivables	54.9	49.4

Receivables by currency

MEUR	2023	2022
NOK	49.0	42.3
EUR	5.9	6.9
USD	0.0	0.1
Other	0.0	0.1
Total trade and other receivables	54.9	49.4

NOTE 13 SHARE CAPITAL

Refer to note 19 in the group's statements.

NOTE 14 INTEREST-BEARING LIABILITIES

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

MEUR	2023	2022
Non-current interest-bearing loan*	199.0	199.0
Capitalized arrangement fees**	(1.3)	(2.1)
Interest-bearing lease liabilities	0.1	0.1
Total interest-bearing liabilities	197.8	197.0

* 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	2023	2022
EUR	199.0	199.0
NOK	0.1	0.1
Capitalized arrangement fee	(1.3)	(2.1)
Total interest-bearing liabilities	197.8	197.0

Changes in liabilities arising from financing activities

MEUR	2023	2022
Opening balance as of 01.01.	197.0	270.1
Loan repayment	0.0	(75.0)
Foreign exchange movement	12.7	11.2
Translation effect	(12.7)	(11.2)
Other	0.8	1.9
Closing balance as of 31.12.	197.8	197.0

NOTE 15 RISK MANAGEMENT

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

Currency exposure

Management monitors the currency exposure at 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 limited interest risk.

NOTE 16 TRADE AND OTHER PAYABLES

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

MEUR	2023	2022
Trade payables	1.0	1.5
Short-term group liabilities	43.1	29.0
Accrued expenses	0.6	0.5
Other short-term liabilities	0.1	0.3
Total trade and other payables	44.8	31.3

Provisions

The Company had no provisions as of December 31, 2023, and December 31, 2022.

Maturity structure

MEUR	ACCRUED EXPENSES	OTHER SHORT-TERM LIABILITIES	TRADE PAYABLES	TOTAL 2023
Repayable 0-3 months after year-end	0.1	0.1	1.0	1.2
Repayable 3-6 months after year-end	0.3	0.0	0.0	0.3
Repayable 6-9 months after year-end	0.0	0.0	0.0	0.0
Repayable 9-12 months after year-end	0.2	0.0	0.0	0.2
Total	0.6	0.1	1.0	1.7

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

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

NOTE 18 COMMITMENTS AND GUARANTEES

Guarantees

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

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

In 2023 total parent guarantees in the amount of around MEUR 60.5 and MUSD 10.0 were issued for entities in Slovakia, Poland, and Mexico.

In relation to the Offering of Senior Secured Notes, the Company is the parent guarantor.

NOTE 19 CONTINGENT LIABILITIES

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

NOTE 20 SUBSEQUENT EVENTS

No significant subsequent events have been identified. Refer to note 30 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	2023	2022
Group benefits fees from subsidiaries	2.1	2.4
Service fee from KA AG	3.9	4.4
Operating revenues	6.0	6.8

Specification of revenues – revenues by geographical location

MEUR	2023	2022
Switzerland	6.0	6.8
Operating revenues	6.0	6.8

Outstanding loans and receivables with other group companies

Loans to other group companies

MEUR	2023	2022
Kongsberg Automotive Holding 2 AS	351.8	359.8
Kongsberg Automotive Finance BV	2.9	2.5
Other group companies	0.2	0.1
Total outstanding loans with other group companies	354.9	362.4

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

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

Short-term group receivables

MEUR	2023	2022
Kongsberg Actuation Systems S.L.U.	0.1	0.1
Kongsberg Automotive (Wuxi) Ltd.	2.5	2.4
KA group AG	2.8	3.1
Other group companies	2.5	2.1
Total outstanding receivables to other group companies	7.9	7.7

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

Outstanding liabilities with other group companies

MEUR	2023	2022
Trade and other payable group companies*	43.1	29.0
Total	43.1	29.0

* includes the group contribution to Kongsberg Automotive Holding 2 AS of MEUR 17.8 (2022: MEUR 9.2).

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 in 2022 exclude the figures disclosed as discontinued operation.

The following measures are not defined or specified in the applicable financial reporting framework of the IFRS GAAP. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS GAAP.

- Operating profit / (loss) – EBIT / adjusted EBIT
- EBITDA / adjusted EBITDA
- Operating revenues at constant currencies
- New Business Wins
- Free cash flow
- NIBD
- Capital employed
- Adjusted ROCE

OPERATING PROFIT / (LOSS) - EBIT/ADJUSTED EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects of how the operations were financed and taxed and excluding foreign exchange gains and losses. Adjusted EBIT is defined as EBIT excluding unusual or non-recurring items as well as restructuring items. Restructuring items include severance cost related to the overhead cost optimization program and rightsizing of a plant with Driveline business.

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.

2023				
MEUR	POWER-TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	(21.5)	33.8	(32.0)	(19.7)
Restructuring costs	3.6	0.4	1.6	5.6
Additional salaries and social expenses	1.1	0.1	0.9	2.1
Other additional operating expenses	3.5	0.5	4.7	8.7
Impairment losses	27.0	0.0	0.0	27.0
Adjusted EBIT	13.7	34.8	(24.8)	23.7
<i>Adjusted EBIT margin</i>	<i>2.8%</i>	<i>8.8%</i>		<i>2.7%</i>

2022					
MEUR	INTERIOR PRODUCTS	POWER-TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	0.4	12.7	84.9	(34.9)	63.1
Restructuring costs	0.0	0.2	0.0	0.0	0.2
Additional salaries and social expenses	0.0	(0.6)	0.5	0.6	0.5
Gain on sale of part of the Off-Highway business	0.0	0.0	(41.1)	0.0	(41.1)
Other additional operating expenses	0.0	3.3	2.0	6.3	11.6
Impairment losses	0.0	1.3	0.0	0.0	1.3
Adjusted EBIT	0.4	16.9	46.3	(28.0)	35.6
<i>Adjusted EBIT margin</i>		<i>3.6%</i>	<i>10.5%</i>		<i>3.9%</i>

EBITDA / ADJUSTED EBITDA

EBITDA is defined as EBIT (previously defined) before depreciation and amortization. Adjusted EBITDA is therefore EBITDA excluding restructuring items and impairment losses.

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

2023				
MEUR	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	(21.5)	33.8	(32.0)	(19.7)
Depreciation	17.2	13.3	1.4	31.9
Amortization	0.7	0.3	0.0	1.0
EBITDA	(3.6)	47.4	(30.6)	13.2
Restructuring items	8.2	1.0	7.2	16.4
Impairment losses	27.0	0.0	0.0	27.0
Adjusted EBITDA	31.6	48.4	(23.4)	56.6
<i>Adjusted EBITDA margin</i>	6.5%	12.2%		6.4%

2022					
MEUR	INTERIOR PRODUCTS	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating profit / (loss)	0.4	12.7	84.9	(34.9)	63.1
Depreciation	0.0	17.4	13.8	1.8	33.0
Amortization	0.0	1.3	0.6	0.0	1.9
EBITDA	0.4	31.4	99.3	(33.1)	98.0
Restructuring items	0.0	2.9	2.5	6.9	12.3
Gain on sale of part of the Off-Highway business	0.0	0.0	(41.1)	0.0	(41.1)
Impairment losses	0.0	1.3	0.0	0.0	1.3
Adjusted EBITDA	0.4	35.6	60.7	(26.2)	70.5
<i>Adjusted EBITDA margin</i>		7.6%	13.8%		7.8%

OPERATING REVENUES AT CONSTANT CURRENCIES

In order to measure the actual revenue development and to have it comparable year-over-year, currency translation effects are excluded. For that reason, the actual operating revenues are remeasured at prior year's currency rates (constant currencies).

2023				
MEUR	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating revenues (incl. currency translation effects)	488.8	396.1	0.0	884.9
Currency translation effects	(23.7)	(14.3)	0.0	(38.0)
Operating revenues (excl. currency translation effects)	512.5	410.4	0.0	922.9

2022					
MEUR	INTERIOR PRODUCTS	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	OTHERS	GROUP
Operating revenues (incl. currency translation effects)	0.0	466.0	439.6	0.0	905.6
Currency translation effects	0.0	25.6	24.1	0.0	49.7
Operating revenues (excl. currency translation effects)	0.0	440.4	415.5	0.0	855.9

NEW BUSINESS WINS

New Business Wins are reported when KA is awarded: (1) new contracts, (2) extension of the existing contract, (3) price or volume adjustments to existing programs/business awards. Annualized New Business Wins are calculated as the annual average of total awarded future revenues, disregarding the sales in years of start of production and end of production.

2023				
MEUR	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	GROUP	
Annualized New Business Wins	183.6	113.4	296.9	
Lifetime New Business Wins	663.3	326.1	989.4	

2022					
MEUR	INTERIOR PRODUCTS	POWER- TRAIN & CHASSIS	SPECIALTY PRODUCTS	GROUP	
Annualized New Business Wins	0.0	118.2	128.7	246.9	
Lifetime New Business Wins	0.0	422.3	337.8	760.2	

FREE CASH FLOW

Free cash flow is measured based on the sum of cash flow from operating activities, investing activities, financial activities, and currency effects on cash (together described as Change in cash), excluding net draw-down/repayment of debt and proceeds received from capital increase/purchase of treasury shares.

The group assesses that this measurement illustrates the amount of cash the group has at its disposal to pursue additional investments or to repay debt.

The table below includes only the cash flows from the continuing operations in 2022.

MEUR	2023	2022
Cash flow from operating activities	21.5	64.5
Cash flow from / (used by) by investing activities	(29.1)	38.6
Cash flow from financing activities	(39.7)	(152.2)
Currency effects on cash	(0.9)	3.6
<i>Add back / less:</i>		
Purchase of treasury shares	3.9	23.5
Repurchase of own bond notes	9.4	0.0
Net draw-down / repayment of debt	0.0	98.5
Free cash flow	(34.9)	76.5

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	2023	2022
Interest-bearing loans and borrowings	189.3	197.9
Long-term interest-bearing lease liabilities	65.4	60.4
Other short-term liabilities, interest-bearing	10.2	9.3
Cash and cash equivalents	(164.7)	(212.9)
Net interest-bearing debt	100.2	54.7

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	2023	2022
Total assets	721.5	797.9
Deferred tax liabilities	(21.0)	(24.2)
Other long-term liabilities	(15.7)	(20.5)
Current liabilities incl. other short-term interest bearing liabilities	(212.0)	(214.4)
Capital employed	472.8	538.8

ADJUSTED ROCE

Return on capital employed (ROCE) is based on EBIT for the last twelve months divided by the average of capital employed at the beginning and end of the period.

Return on capital employed measures the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The group considers this ratio as appropriate to measure the return of the period.

MEUR		2023		2022
Capital employed beginning ⁽¹⁾	01.01.2023	538.8	01.01.2022	507.6
Capital employed at end ⁽²⁾	31.12.2023	472.8	31.12.2022	538.8
Adjusted EBIT last twelve months ⁽³⁾		23.7		35.6
Adjusted ROCE ^{(3) / ((1)+(2))*2}		4.7%		6.8%

CONSOLIDATED KEY FINANCIAL DATA

		2023	2022	2021	2020 (RESTATED)	2019*
Operations and profit***						
1	Operating revenues (MEUR)	884.9	905.6	831.4	687.3	1,160.9
2	Depreciation / amortization (MEUR)	32.9	34.9	32.1	33.4	48.0
3	Operating profit / (loss) (MEUR)	(19.7)	63.1	47.5	(18.0)	62.4
4	Profit / (loss) before taxes (MEUR)	(45.7)	46.3	38.0	(63.6)	43.5
5	Net profit / (loss) (MEUR)	(59.1)	20.8	28.5	(58.5)	28.8
6	Cash flow from operating activities (MEUR)	21.5	64.5	56.7	57.7	51.4
7	Investment in property, plant and equipment (MEUR)	28.5	26.4	25.6	31.8	63.5
8	Development expenses, gross (MEUR)	35.0	42.2	55.9	54.9	53.7
9	Development expenses, net (MEUR)	28.1	36.6	47.5	46.4	43.0
Profitability***						
10	EBITDA margin %	1.5	10.8	9.6	2.2	9.5
11	Operating margin %	(2.2)	7.0	5.7	(2.6)	5.4
12	Net profit margin %	(6.7)	2.3	3.4	(8.5)	2.5
13	Return on total assets %	(2.6)	8.2	5.8	(2.0)	7.1
14	Return on capital employed (ROCE) %	4.7	6.8	8.5	2.4	11.1
15	Return on equity %	(23.8)	7.6	11.2	(22.1)	10.7

* Due to the divestment of the Interior segment in 2021, figures in these years are not fully comparable with the figures in 2022, 2021 and 2020 which had been restated in the accordance with the requirements of IFRS 5.

** Assets and liabilities of the disposal group are excluded in 2021

*** Items of the Statement of Comprehensive income and Statement of Cash Flow classified as Discontinued operation are excluded in 2022, 2021 and 2020

		2023	2022	2021	2020 (RESTATED)	2019*
Capital as at 31.12.						
16	Total assets (MEUR)	721.5	797.9	984.8	898.0	927.0
17	Capital employed** (MEUR)	472.8	538.8	507.6	691.2	645.6
18	Total equity (MEUR)	218.1	280.5	265.6	245.5	282.9
19	Equity ratio %	30.2	35.2	27.0	27.3	30.5
20	Liquidity reserve** (MEUR)	219.2	287.4	140.9	197.0	64.4
21	Long-term interest-bearing debt** (MEUR)	254.7	258.3	338.7	363.0	362.7
22	Interest coverage ratio	(0.6)	2.7	2.4	(0.4)	2.8
23	Current ratio (Banker's ratio)	2.2	2.4	1.6	1.7	1.7
Personnel						
24	Number of employees as at 31.12.	5,286	5,270	5,624	11,234	10,908

Definitions

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

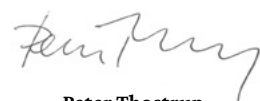
DECLARATION TO THE ANNUAL REPORT 2023

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, 2023, 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 11, 2024

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



Peter Thostrup

Chair



Emese Weissenbacher

Director



Junyang (Jenny) Shao

Director



Brian Kristoffersen

Director



Erik Volden

Director



Siw Reidun Wærås

Elected by the employees



Knut Magne Alfsvåg

Elected by the employees



Bjørn Ivan Ødegård

Elected by the employees



Linda Nyquist Evenrud

President & CEO



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

1 IMPLEMENTATION OF THE PRINCIPLES FOR CORPORATE GOVERNANCE

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

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

2 DEFINITION OF KA'S BUSINESS

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

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

practice. The company may co-operate with, establish, and participate in other companies. .

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

The share capital of KA currently amounts to NOK 951,423,131.00 with a nominal share value of NOK 1.00.

The General Meeting of June 6, 2023, granted a mandate to purchase up to 95,142,313 treasury shares. Further

to this mandate, from November 15, 2023, the company initiated a buyback program of shares limited to 2.5% of the share capital and a total consideration of EUR 4.2 million. All transactions under the buyback program are carried out through the stock exchange at market prices. The re-purchase of shares is executed according to Regulations EU 596/2014 and EU 2016/1052.

The above mandate is time-limited and expires at the earlier of the next ordinary General Meeting or June 30, 2024.

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 2023 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 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 two business days prior to the General Meeting.

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

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

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

The General Meetings are usually opened by the Chairman of the Board of Directors. A person that is independent of the Board of Directors, the management, and

the major shareholders is proposed to be elected to chair the General Meeting. The shareholders are encouraged to propose candidates.

The General Meeting follows a procedure that allows the shareholders to vote on each individual matter, including on each individual candidate nominated for election. The company's website will further provide information regarding the right of the shareholders to propose matters to be considered by the General Meeting. The General Meeting is usually held as a virtual meeting to allow more shareholders to attend. 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 2023/2024 are Lasse Johan Olsen (Chair), Tore Vik, and Dag Erik Rasmussen.

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: Peter Thostrup (Chair), Erik Volden, Brian Kristoffersen, Junyang Shao, and Emese Weissenbacher. The following directors have been elected by 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. All Board directors elected by the General Meeting are independent of the main shareholders.

Participation in Board meetings and Board committees in 2023 was as follows:

	BOARD MEETINGS	COMPENSATION COMMITTEE	AUDIT COMMITTEE
FIRAS ABI-NASSIF ⁴	13	4	
ELLEN M. HANETHO ⁴	11		3
EMESE WEISSENBACHER	9		5
ROLF BREIDENBACH ²	7	3	
MARK WILHELMS ³	13	4	3
SIW REIDUN WÆRÅS	18		
BJØRN IVAN ØDEGAARD	18	6	
KNUT MAGNE ALFSVÅG	18		
ARILD CHRISTOFFERSEN ¹⁴	6		
PETER THOSTRUP ³	5	2	2
BRIAN KRISTOFFERSEN ³	5	2	
ERIK VOLDEN ³	5		
JUNYANG SHAO ³	5		2

1) Elected at the Annual General Meeting on June 6, 2023

2) Replaced according to election at the Annual General Meeting on June 6, 2023

3) Elected at the Extraordinary General Meeting on September 27, 2023

4) Replaced according to election at the Extraordinary General Meeting on September 27, 2023

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

9 WORK OF THE BOARD OF DIRECTORS

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

The Board of Directors has issued Rules of Procedure for the Board as well as instructions for the Chief Executive Officer of the company with the aim of establishing a clear internal allocation of responsibilities and duties.

The Rules of Procedure include regulations pertaining to agreements with closely related parties. The Rules of Procedure are available on the company's website. The Board schedules at least six Board meetings per year. Additional Board meetings are held when deemed necessary.

The Board hires the CEO, defines the work instructions, and decides on the CEO's remuneration. The Board of Directors has appointed a Compensation Committee and an Audit Committee. The members of said committees are independent of executive management. The authority of the committees is to make recommendations to the Board.

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

10 RISK MANAGEMENT, INTERNAL CONTROL, AND FINANCIAL REPORTING

10.1 RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

ing 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.

11 REMUNERATION TO THE BOARD OF DIRECTORS

The remuneration paid to each Board director is specified in the Remuneration Report, which is made available on KA's website. The remuneration is proposed by the Nomination Committee and approved by the General Meeting. The directors hold no function

in the company other than the directorships of the Board and memberships of committees to the Board. The Board directors are not entitled to performance-related compensation and are not granted or entitled to any share options.

12 REMUNERATION TO THE EXECUTIVE MANAGEMENT

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

13 INFORMATION AND COMMUNICATION

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

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

14 TAKEOVERS

The Board of Directors has established guiding principles for how it will act in the event

of a takeover bid. These are compliant with Article 14 of the Code of Practice. The main elements of these principles are included in the Rules of Procedures for the Board of Directors and are available on the company's website.

There are no defense mechanisms in the Articles of Association for the company or any underlying documents, nor are there any measures implemented to limit opportunities to acquire shares in the company.

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

The Board of Directors shall not seek to hinder or obstruct takeover bids for the company's activities or shares unless there are particular reasons for this.

15 AUDITOR

The auditor presents the main elements of the plan for the auditing of the company to the Audit Committee on an annual basis. The auditor participates in all Audit Committee meetings and the Board meeting where the annual financial statements are approved. The auditor further meets with the Board without the management of the company present at least once a year. The auditor reviews the internal controls of the company and presents the results of its review to the Audit Committee together with any weaknesses identified and proposals for improvements. The company has established guidelines for the auditor's and associated persons' non-auditing work. The compensation to the auditor is disclosed in a note to the annual accounts hereto and is also reported and approved by the Annual General Meeting.

March 11, 2024



AUDITORS' REPORT



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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 2023, 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.
- The consolidated financial statements of Kongsberg Automotive ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and

- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of Kongsberg Automotive ASA for 14 years from the election by the general meeting of the shareholders on 4 June 2010 for the accounting year 2010.

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 2023. 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.

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Registrert i Foretaksregisteret
Medlemmer av Den norske Revisorforening
Organisasjonsnummer: 980 211 282



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Independent auditor's report
Kongsberg Automotive ASA

- Impairment of goodwill and other intangible assets, right of use assets and property, plant and equipment (non-current assets)

Description of the Key Audit Matter	How the matter was addressed in the audit
<p>Refer to note 16 to the Group financial statements for description of management's impairment testing process and key assumptions.</p> <p>As disclosed in note 13, 14 and 15 the carrying value of goodwill and other intangible assets, right of use assets and property, plant and equipment amounted to EUR 249.1 million at 31 December 2023.</p> <p>Management's annual impairment testing is based on the Group's strategic three-year plan, adjusted for relevant recent changes in internal short-term forecasts and market data. Changes in these assumptions could have a significant impact on the value of goodwill and non-current assets.</p> <p>Transparent disclosures and clarity about sensitivities to key assumptions used in the valuations are critical to inform readers how management has made their assessments, given the uncertainty associated with the valuation of the recoverable amounts.</p>	<p>We challenged management's assumptions used in its impairment model for assessing the recoverability of the carrying value of goodwill and non-current assets.</p> <p>We focused on the appropriateness of CGU identification, methodology applied to estimate recoverable values, discount rates and forecasted cash flows. Specifically:</p> <ul style="list-style-type: none"> • We obtained a detailed understanding of management's process for performing the CGU impairment assessment. As part of this we assessed the design and implementation of the key controls. • We tested the methodology applied to estimate recoverable values as compared to the requirements of IAS 36, Impairment of assets; • We tested the mathematical accuracy of management's impairment models; • We obtained an understanding of and assessed the basis for the

<p>Due to the inherent uncertainty involved in the forecasting and discounting of future cash flows, which are the basis of the assessment of recoverability of the cash generating units (CGU) and the level of management judgement involved, this has been identified as a key audit matter.</p>	<p>key assumptions for the Group's three-year strategic plan;</p> <ul style="list-style-type: none"> • We evaluated and challenged management's cash flow forecasting included in the three-year plan and the growth rate beyond with reference to the recent and historical performance of the CGU's and external market forecasts and by performing sensitivity analysis; • We assessed the discount rate applied by benchmarking against independent data. <p>We used Deloitte valuation specialists in our audit of the carrying value of goodwill and non-current assets.</p> <p>We considered the appropriateness of the related disclosures provided in note 16.</p>
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Other Information

The Board of Directors and the Managing Director (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



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Independent auditor's report
Kongsberg Automotive ASA

Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Directors' 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 of the Company that give a true and fair view in accordance with simplified application of International Accounting Standards according to the Norwegian Accounting Act section 3-9, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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



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Independent auditor's report
Kongsberg Automotive ASA

represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Kongsberg Automotive ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZJDCG21-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF

Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 11 March 2024
Deloitte AS

Lars Atle Lauvsnes

State Authorised Public Accountant
(This document is signed electronically)



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