

SECOND QUARTER REPORT

2023



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SECOND QUARTER 2023 AT A GLANCE

- > Revenues amounted to **MEUR 224.5** in Q2 2023, a slight decrease of MEUR 1.1 (-0.5%) compared to last year's second quarter, including negative currency translation effects of MEUR 10.8. This decrease was primarily driven by the divestment of Powersports business to BRP and the significant decline in the Chinese passenger car market, partially offset by the significant growth in the commercial vehicle markets in Europe and Americas. Excluding those revenues divested to BRP of MEUR 24.7 from Q2 2022, the growth at constant currency rates amounted to 17.5%.
- > Adjusted EBIT amounted to **MEUR 0.3** in Q2 2023, which was MEUR 3.7 lower than in Q2 2022, of which MEUR 5.4 was due to adverse one-time effects. The growing business in the commercial vehicles market in Europe and Americas could not offset the impact of the declining sales in the Chinese passenger car market. The fall through of the Specialty Products was mainly impacted by a less favorable product mix. The impairment on non-current assets of the Driveline business located in Europe and China at MEUR 10.6 led to the negative EBIT of MEUR 12.5.
- > Lifetime revenue business wins in the second quarter 2023 amounted to **MEUR 171.5** (MEUR 76.6 in annualized revenue) compared to MEUR 167.9 (MEUR 54.4 in annualized revenue) in Q2 2022.

KEY FIGURES

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	224.5	225.6	453.3	444.4	905.6
Other income	1.0	0.0	1.3	0.0	44.2
EBITDA	(4.1)	10.6	7.9	26.9	98.0
<i>in % revenues</i>	-1.8%	4.7%	1.7%	6.1%	10.8%
Operating profit (loss) / EBIT	(12.5)	2.0	(8.9)	10.0	63.1
<i>in % revenues</i>	-5.6%	0.9%	-2.0%	2.3%	7.0%
Adjustments ¹ :					
Impairment losses	10.6	0.0	10.6	0.0	1.3
Gain on sale of part of the Off-Highway business	0.0	0.0	0.0	0.0	(41.1)
Other restructuring items	2.2	2.0	2.7	1.6	12.3
Adjusted EBIT	0.3	4.0	4.4	11.6	35.6
<i>in % revenues</i>	0.1%	1.8%	1.0%	2.6%	3.9%
Net profit / (loss) from continuing operation	(21.7)	(2.8)	(38.6)	(0.9)	20.8
Net profit from discontinued operation	0.0	3.3	0.0	17.8	5.9
Net profit / (loss)	(21.7)	0.5	(38.6)	16.9	26.7
NIBD / Adjusted EBITDA (LTM) ²	1.2	2.0	1.2	2.0	0.8
<i>excluding IFRS 16</i>	0.3	1.1	0.3	1.1	(0.3)
Equity ratio ³	31.7%	35.6%	31.7%	35.6%	35.2%
<i>excluding IFRS 16</i>	34.5%	39.0%	34.5%	39.0%	38.5%

¹ see APM section for details of adjusting items

² includes all items classified as discontinued business and assets and liabilities held for sale as of June 30, 2022

³ includes assets and liabilities held for sale as of June 30, 2022

- > The adjusted gearing ratio (NIBD/adj. EBITDA) on LTM basis improved to 1.2 compared to 2.0 in Q2 2022. This is mainly due to the proceeds received from the divestiture to BRP completed in Q4 2022.
- > The equity ratio decreased from 35.6% as of June 30, 2022, to 31.7% as of the end of the second quarter of 2023, mainly due to the accumulated net loss of MEUR 38.6 in Q2 2023 YTD.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – PROFIT AND LOSS

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	224.5	225.6	453.3	444.4	905.6
Other income	1.0	0.0	1.3	0.0	44.2
OPEX	(219.0)	(215.0)	(436.1)	(417.5)	(850.5)
Impairment losses	(10.6)	0.0	(10.6)	0.0	(1.3)
EBITDA	(4.1)	10.6	7.9	26.9	98.0
<i>in % revenues</i>	<i>-1.8%</i>	<i>4.7%</i>	<i>1.7%</i>	<i>6.1%</i>	<i>10.8%</i>
Depreciation and amortization	(8.4)	(8.6)	(16.8)	(16.9)	(34.9)
Operating profit (loss) / EBIT	(12.5)	2.0	(8.9)	10.0	63.1
<i>in % revenues</i>	<i>-5.6%</i>	<i>0.9%</i>	<i>-2.0%</i>	<i>2.3%</i>	<i>7.0%</i>
Adjusted EBIT¹	0.3	4.0	4.4	11.6	35.6
<i>in % revenues</i>	<i>0.1%</i>	<i>1.8%</i>	<i>1.0%</i>	<i>2.6%</i>	<i>3.9%</i>
Net financial items	(6.7)	(5.6)	(21.1)	(9.2)	(16.8)
Profit / (loss) before taxes	(19.2)	(3.6)	(30.0)	0.8	46.3
Income taxes	(2.5)	0.8	(8.6)	(1.7)	(25.5)
Net profit / (loss) from continuing operation	(21.7)	(2.8)	(38.6)	(0.9)	20.8

¹ See APM section for the reconciliation

REVENUES

Group revenues amounted to MEUR 224.5 in the second quarter of 2023, lower by MEUR 1.1 (-0.5%) than in Q2 2022, including negative currency translation effects of MEUR 10.8. This was mainly driven by the significant decline in the passenger car market in China, partially offset by the growth in the commercial vehicles market in Europe and Americas. Excluding the revenues divested to BRP of MEUR 24.7 from Q2 2022, the growth at constant currency rates amounted to 17.5%.

Revenues in the commercial vehicles market amounted to MEUR 105.6, respectively MEUR 113.1 at constant currencies, an increase of MEUR 22.7 (+25.1%) compared to Q2 2022. Revenues in Europe amounted to MEUR 66.5, an increase of MEUR 10.9 (+19.6%) compared to Q2 2022 at constant currencies, while the market in this region grew by 15.4%. In Americas the revenues were MEUR 32.4, exceeding the revenues of Q2 2022 by MEUR 6.7 (+26.3%) at constant currencies. Kongsberg Automotive significantly outperformed the market in this region, in which production output declined by 2.8%. Revenues in Asia (incl. China) increased by MEUR 5.1 (+55.5%) compared to Q2 2022 at constant currencies, whereas the market in this region grew by 29.4% compared to Q2 2022.

Revenues generated in the passenger car market amounted to MEUR 49.3, respectively MEUR 51.1 at constant currencies, a decrease of MEUR 2.5 (-4.7%) compared to Q2 2022. Revenues in China amounted to MEUR 11.2, a decrease of MEUR 9.2 (-45.1%) compared to Q2 2022 at constant currencies, whereas the market grew by 18.0%. In Europe revenues increased by MEUR 3.7 (+24.6%) to MEUR 18.6 at constant currencies. Revenues in the Americas amounted to MEUR 20.8 and increased by MEUR 3.1 (+17.8%) while the market in this region grew by 12.8%.

The revenues generated in other markets amounted to MEUR 69.6 in Q2 2023 compared to MEUR 81.5 in Q2 2022. This is also attributable to the divestment of Powersports business which contributed revenues of MEUR 24.7 in Q2 2022.

ADJUSTED EBIT / EBIT

Adjusted EBIT was MEUR 0.3 in Q2 2023, which was MEUR 3.7 lower than in Q2 2022. The growing business in the commercial vehicles market in Europe and Americas could only partially offset the impact of the declining sales in the Chinese passenger car market. The lower fall through of Specialty Products was mainly caused by a less favorable product mix. Furthermore, one-time net effects of MEUR 5.4 have negatively impacted the adjusted EBIT, mostly related to the warranty and additional write-down of inventories in North America. Adj. EBIT related to the business divested to BRP amounted to MEUR 1.1 in Q2 2022.

EBIT was negative at MEUR 12.5. This was mainly caused by the impairment (non-cash expense) on non-current assets of Driveline business located in Europe and China at MEUR 10.6 in total which is associated with the forward-looking decline of topline in the European passenger car market as well as a loss of a Shift by Wire business with one of our customers in China.

NET FINANCIAL ITEMS

Net financial items amounted to negative MEUR 6.7 in the second quarter of 2023, compared to negative MEUR 5.6 in the same period in 2022. This was driven by the foreign exchange losses amounting to MEUR 3.5 compared to losses of MEUR 1.5 in Q2 2022. Interest expenses of MEUR 3.8 remained stable compared to Q2 2022. These negative effects were partially offset by the change in fair value of investment in money market fund of MEUR 0.8 and interest income of MEUR 0.5 which increased by MEUR 0.2 compared to Q2 2022.

PROFIT (LOSS) BEFORE TAXES / NET PROFIT (LOSS)

Loss before taxes amounted to MEUR 19.2 in the second quarter of 2023, compared to loss before taxes of MEUR 3.6 in the same quarter of 2022. Net loss amounted to MEUR 21.7 in Q2 2023, compared to a net loss of MEUR 2.8 in Q2 2022. The tax expense of MEUR 2.5 consists of current taxes of MEUR 1.2 and prior year taxes of MEUR 1.5 with the remainder being withholding taxes of MEUR 0.2 and deferred tax income of MEUR 0.4. The tax rate was predominantly impacted by the fact that losses incurred were considered not to be usable in the foreseeable future.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION - CASH FLOW

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Operating activities (Continuing operations)	12.7	8.1	3.1	7.1	64.5
Operating activities (Discontinued operation)	0.0	(0.4)	0.0	34.2	37.9
Cash flow - Operating activities	12.7	7.7	3.1	41.3	102.4
Investing activities (Continuing operations)	(4.6)	(5.0)	(10.8)	(9.1)	38.6
Investing activities (Discontinued operation)	0.0	34.9	0.0	162.8	164.0
Cash flow - Investing activities	(4.6)	29.9	(10.8)	153.7	202.6
Financing activities (Continuing operations)	(7.6)	(8.8)	(19.1)	(117.1)	(152.2)
Financing activities (Discontinued operation)	0.0	0.0	0.0	(1.8)	(1.8)
Cash flow - Financing activities	(7.6)	(8.8)	(19.1)	(118.9)	(154.0)
Currency and translation effects on cash flow	0.6	4.6	(5.3)	9.7	3.6
Change in cash	1.1	33.4	(32.1)	85.8	154.6
Cash as of beginning of period	179.7	110.7	212.9	58.3	58.3
Cash as of end of period	180.8	144.1	180.8	144.1	212.9

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities amounted to MEUR 12.7 in Q2 2023, compared to cash flow of MEUR 8.1 in Q2 2022 (continuing operations). This included a positive change in net working capital of MEUR 2.5 in Q2 2023, compared to the negative change of MEUR 10.8 in Q2 2022 from continuing operation. However, it was partially offset by tax payments in Q2 2023 of MEUR 2.7, which were higher by MEUR 1.4 than in Q2 2022.

CASH FLOW FROM (USED BY) INVESTING ACTIVITIES

Cash flow used by investing activities amounted to MEUR 4.6 compared to MEUR 5.0 (continuing operations) in Q2 2022. Cash flows used for investments in tangible and intangible assets at the amount of MEUR 5.1 in Q2 2023 were slightly lower than in Q2 2022, which was MEUR 5.2.

CASH FLOW USED BY FINANCING ACTIVITIES

Cash flow used by financing activities was MEUR 7.6 in the second quarter of 2023, compared to MEUR 8.8 (continuing operations) in the same quarter last year. The difference was mainly driven by the payment of MEUR 3.5 related to the buy-back of own bond

notes in Q2 2023. In Q2 2022, Kongsberg Automotive repurchased treasury shares in the amount of MEUR 4.2.

The repayment of lease liabilities amounted to MEUR 2.3 in Q2 2023, which was slightly higher than in Q2 2022. Total payment for interests on lease liabilities was MEUR 1.1 in Q2 2022.

CHANGE IN CASH

The change in cash in Q2 2023 amounted to positive MEUR 1.1 compared to the balance as of March 31, 2023. The cash position was MEUR 180.8 at the end of the second quarter of 2023.

LIQUIDITY RESERVE

The liquidity reserve was MEUR 255.3 (excluding the restricted cash of MEUR 0.5) at the end of the second quarter 2023, compared to MEUR 287.4 as of December 31, 2022. The unutilized RCF amounted to MEUR 50.0 as of June 30, 2023. The unutilized Securitization facility was MEUR 25.0.

On July 6, 2023, the Revolving Credit Facility was successfully extended by 18 months and is now maturing in January 2025. In the course of the RCF extension, the existing facility was reduced from MEUR 50.0 to MEUR 30.0.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – FINANCIAL POSITION

(MEUR)	30.06.23	30.06.22	31.12.22
Non-current assets	263.7	321.8	288.7
Cash and cash equivalents	180.8	144.1	212.9
Other current assets	323.7	326.2	296.3
Assets held for sale	0.0	41.3	0.0
Total assets	768.2	833.4	797.9
Equity	243.3	297.0	280.5
Interest-bearing liabilities	258.2	269.6	267.6
Other liabilities	266.7	263.4	249.8
Liabilities directly associated with the assets held for sale	0.0	3.4	0.0
Total equity and liabilities	768.2	833.4	797.9
NIBD ¹	77.4	125.5	54.7
Equity ratio ²	31.7%	35.6%	35.2%

¹ excludes assets and liabilities held for sale as of June 30, 2022

² includes assets and liabilities held for sale as of June 30, 2022

ASSETS

Total assets were MEUR 768.2 at the end of the second quarter of 2023, a decrease of MEUR 29.7 from year-end 2022, of which MEUR 10.6 was attributable to the impairment on non-current assets. Current Assets amounted to MEUR 504.5 compared to MEUR 509.2 as of year-end 2022. The decrease in cash balance by MEUR 32.1 compared to December 31, 2022 was partially due to the increase in net working capital from MEUR 141.1 as of the year-end of 2022 to MEUR 155.0 as of June 30, 2023.

EQUITY

Equity as of June 30, 2023, decreased by MEUR 37.2 (-12.5%) to MEUR 243.3 in comparison with December 31, 2022.

This was mainly caused by the net loss of MEUR 38.6 in the first six months of 2023. The positive other comprehensive income of MEUR 3.4 in this period resulted from a positive change in translation differences on foreign operations of MEUR 50.3 exceeding the negative change on translation differences on non-foreign operations of MEUR 46.9, of which MEUR 28.8 are attributable to share capital, share premium and treasury shares. The share-based compensation of MEUR 0.3 contributed to the change in equity as of June 30, 2023. In addition to that, in Q1 2023 Kongsberg Automotive repurchased its own shares, which led to the change in equity of MEUR 2.3.

INTEREST BEARING LIABILITIES

Total interest-bearing liabilities amounted to MEUR 258.2, consisting mainly of the partially redeemed bond of MEUR 196.4 (MEUR 194.7 after netting with the unamortized capitalized arrangement fees of MEUR 1.7) and lease interest-bearing liabilities of MEUR 63.5. In Q2 2023, own bond notes at the amount of MEUR 3.5 have been repurchased which resulted in a corresponding decrease in the outstanding balance of the bond notes.

As of June 30, 2023, long-term interest-bearing debt amounted to MEUR 248.9.

NET INTEREST BEARING DEBT

At the end of the second quarter of 2023, net interest-bearing debt amounted to MEUR 77.4, an increase of MEUR 22.7 compared to year-end 2022, mainly driven by the decrease of the cash balance during the first six months of 2023.

POWERTRAIN & CHASSIS

SEGMENT REPORTING

Powertrain & Chassis is a global Tier 1 supplier of driver control and driveline products into 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.

Powertrain & Chassis serves the passenger car and the commercial vehicle markets, with particularly strong positions in Europe and the Americas. With a global footprint, Powertrain & Chassis can support customers worldwide. Key customers include Ford, General Motors, Stellantis, Volvo, Scania, DAF, John Deere, Renault-Nissan and Geely.

KEY FIGURES

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	123.4	114.2	248.2	225.0	466.0
Adjusted EBITDA	1.9	6.1	8.5	14.9	35.6
<i>in % revenues</i>	1.5%	5.3%	3.4%	6.6%	7.6%
Adjusted EBIT	(2.9)	1.5	(1.0)	6.0	16.9
<i>in % revenues</i>	-2.4%	1.4%	-0.4%	2.8%	3.6%
Adjusting and restructuring items	(0.9)	(0.7)	(1.2)	(0.1)	(2.9)
Impairment losses	(10.6)	0.0	(10.6)	0.0	(1.3)
Operating profit / EBIT	(14.4)	0.9	(12.8)	5.8	12.7
<i>in % revenues</i>	-11.7%	0.8%	-5.2%	2.6%	2.7%
Investments	(2.7)	(3.1)	(5.4)	(4.6)	(12.2)
Capital employed ¹	153.6	189.0	153.6	189.0	182.2

¹ Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Powertrain & Chassis increased by MEUR 9.2 (+8.1%) to MEUR 123.4 in the second quarter 2023 compared to the same quarter in 2022, despite negative currency translation effects of MEUR 6.7. On a constant currency basis, revenues in Q2 2023 increased by MEUR 15.9 compared to Q2 2022, which was mainly driven by increases in the European and American commercial vehicle markets of MEUR 9.2 and MEUR 7.0, respectively. This was partially offset by the significant decrease of revenues in the passenger car market in China, which declined by MEUR 9.2.

Adjusted EBIT was negative and amounted to MEUR 2.9 in the second quarter 2023, a decrease of MEUR 4.4 compared to Q2 last year. The impact from the declining sales in the Chinese passenger car market could not be offset by the growing business in the commercial vehicles market in Europe and Americas.

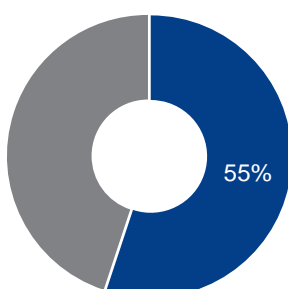
Furthermore, one-time net effects of MEUR 5.4 have negatively impacted the adjusted EBIT, mostly related to the warranty and additional write-down of inventories in North America.

COMMERCIAL AND OPERATIONAL UPDATE

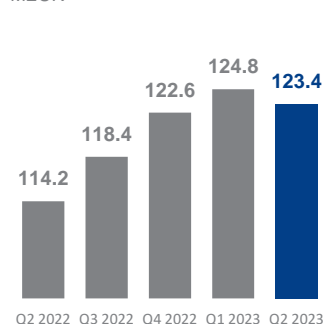
Business wins amounted to MEUR 89.1 of lifetime revenues (MEUR 52.1 in annualized revenues) in the second quarter of 2023.

Within the quarter, P&C was awarded two significant contracts: (1) to extend the supply Gear Shift Systems to a major American OEM supplier (MEUR 35.9 expected annual revenue and lifetime revenue) and (2) to supply Electronic Actuators to a European car manufacturer (MEUR 4.2 expected annual revenue, MEUR 25.2 expected lifetime revenue).

Group revenue share
Q2 2023

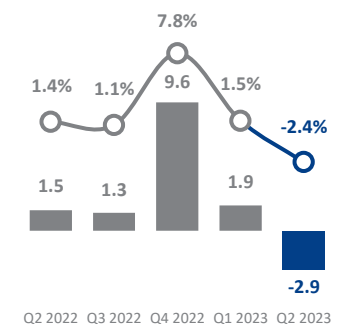


Revenues
MEUR



Adjusted EBIT

MEUR and in % revenues



SPECIALTY PRODUCTS

SEGMENT REPORTING

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

Key customers include Volvo Trucks/Group, Scania, Navistar, Paccar/DAF, Ford, Jaguar Land Rover, Club Car, John Deere, CAT, Husqvarna, CNH, and several Tier 1 customers in addition to an industrial customer base.

KEY FIGURES

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	101.1	113.3	205.1	219.3	439.6
Adjusted EBITDA	11.9	14.3	23.3	26.8	60.6
<i>in % revenues</i>	<i>11.8%</i>	<i>12.6%</i>	<i>11.4%</i>	<i>12.2%</i>	<i>13.8%</i>
Adjusted EBIT	8.6	10.6	16.7	19.7	46.3
<i>in % revenues</i>	<i>8.5%</i>	<i>9.4%</i>	<i>8.1%</i>	<i>9.0%</i>	<i>10.5%</i>
Adjusting and restructuring items	(0.1)	(0.2)	(0.2)	(0.2)	(2.5)
Gain on sale of part of the Off-Highway business	0.0	0.0	0.0	0.0	41.1
Operating profit / EBIT	8.5	10.4	16.5	19.5	84.9
<i>in % revenues</i>	<i>8.4%</i>	<i>9.2%</i>	<i>8.0%</i>	<i>8.9%</i>	<i>19.3%</i>
Investments	(2.4)	(2.1)	(6.5)	(4.8)	(14.1)
Capital employed ¹	198.3	242.5	198.3	242.5	193.7

¹ Includes PP&E, intangible assets, inventories, trade receivables and trade payables

FINANCIAL UPDATE

Revenues in Specialty Products decreased by MEUR 12.2 (-10.8%) to MEUR 101.1 compared to the second quarter of 2022, including negative currency translation effects of MEUR 4.1. Excluding the sales from business divested to BRP (MEUR 24.7 in Q2 2022) the segment grew by MEUR 16.6 on a constant currency basis. This was mainly driven by the growth of the Flow Control Systems' revenues in Europe and the United States at MEUR 6.1 and MEUR 2.8, respectively, as well as the growth of Off-Highway revenues in Americas at MEUR 5.8 (after excluding sales from business divested to BRP).

Adjusted EBIT was MEUR 8.6 in the second quarter of 2023, a decrease of MEUR 2.0 (-18.9%) compared to the same quarter of last year. Excluding the result from business divested to BRP (MEUR 1.1 in Q2 2022), adjusted EBIT of the segment declined by

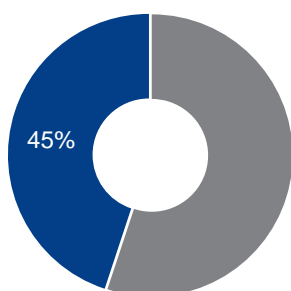
MEUR 0.9 compared to Q2 2022. This decline was mainly attributable to the unfavorable product mix.

COMMERCIAL AND OPERATIONAL UPDATE

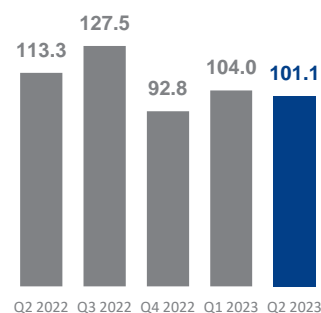
During the second quarter 2023, total business wins amounted to MEUR 82.4 of lifetime revenues (MEUR 24.5 in annualized revenues).

Within the quarter, Specialty Products was awarded two significant contracts: (1) to supply hoses to a European car manufacturer (MEUR 1.9 in expected annual revenue and MEUR 21.4 in expected lifetime revenue) as well as (2) to supply fuel distribution tubes to an Indian automotive manufacturer (MEUR 1.2 in expected annual revenue and MEUR 9.6 in expected lifetime revenue).

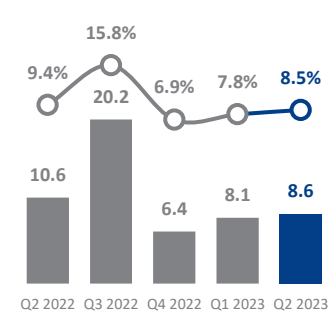
Group revenue share
Q2 2023



Revenues
MEUR



Adjusted EBIT
MEUR and in % revenues



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	224.5	225.6	453.3	444.4	905.6
Other income	1.0	0.0	1.3	0.0	44.2
OPEX	(219.0)	(215.0)	(436.1)	(417.5)	(850.5)
Impairment losses	(10.6)	0.0	(10.6)	0.0	(1.3)
EBITDA	(4.1)	10.6	7.9	26.9	98.0
<i>in % revenues</i>	<i>-1.8%</i>	<i>4.7%</i>	<i>1.7%</i>	<i>6.1%</i>	<i>10.8%</i>
Depreciation and amortization	(8.4)	(8.6)	(16.8)	(16.9)	(34.9)
Operating profit (loss) / EBIT	(12.5)	2.0	(8.9)	10.0	63.1
<i>in % revenues</i>	<i>-5.6%</i>	<i>0.9%</i>	<i>-2.0%</i>	<i>2.3%</i>	<i>7.0%</i>
Net financial items	(6.7)	(5.6)	(21.1)	(9.2)	(16.8)
Profit / (loss) before taxes	(19.2)	(3.6)	(30.0)	0.8	46.3
Income taxes	(2.5)	0.8	(8.6)	(1.7)	(25.5)
Net profit / (loss) from continuing operation	(21.7)	(2.8)	(38.6)	(0.9)	20.8
Discontinued operation					
Net profit from discontinued operation	0.0	3.3	0.0	17.8	5.9
Net profit / (loss)	(21.7)	0.5	(38.6)	16.9	26.7
<i>Other comprehensive income (items that may be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on foreign operations	11.7	44.0	50.3	34.8	29.8
<i>Other comprehensive income (items that will not be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on non-foreign operations	(11.4)	(30.2)	(46.9)	(16.8)	(24.3)
Remeasurement of net pension benefit obligation	0.0	0.0	0.0	0.0	6.2
Tax on net pension benefit obligation remeasurement	0.0	0.0	0.0	0.0	(1.5)
Other comprehensive income	0.3	13.8	3.4	18.0	10.2
Total comprehensive income	(21.4)	14.3	(35.2)	34.9	36.9
Net profit attributable to:					
Equity holders (parent company)	(21.9)	0.5	(38.9)	16.8	26.5
Non-controlling interests	0.2	0.0	0.3	0.1	0.2
Total	(21.7)	0.5	(38.6)	16.9	26.7
Total comprehensive income attributable to:					
Equity holders (parent company)	(21.3)	(0.1)	(35.2)	19.6	36.8
Non-controlling interests	(0.1)	0.4	0.0	0.6	0.1
Total	(21.4)	0.3	(35.2)	20.1	36.9
Earnings per share (EUR):					
Basic earnings per share	(0.02)	0.00	(0.04)	0.02	0.03
Diluted earnings per share	(0.02)	0.00	(0.04)	0.02	0.03
Earnings per share (EUR) - Continuing operation:					
Basic earnings per share	(0.02)	0.00	(0.04)	0.00	0.02
Diluted earnings per share	(0.02)	0.00	(0.04)	0.00	0.02

¹ Adjusted for restructuring costs, see APM section for the reconciliation

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

<i>(MEUR)</i>	30.06.23	30.06.22	31.12.22
Intangible assets	77.7	80.2	78.7
Property, plant and equipment	121.9	133.2	133.6
Right-of-use assets	50.8	64.0	60.7
Deferred tax assets	11.8	41.3	14.3
Other non-current assets	1.5	3.1	1.4
Non-current assets	263.7	321.8	288.7
Inventories	102.9	102.1	96.5
Accounts receivable	188.7	188.2	166.5
Other short-term receivables	32.1	35.9	33.3
Cash and cash equivalents	180.8	144.1	212.9
Assets held for sale	0.0	41.3	0.0
Current assets	504.5	511.6	509.2
Total assets	768.2	833.4	797.9
Share capital	90.1	102.0	100.4
Treasury shares	(23.7)	(5.5)	(23.9)
Share premium	187.1	211.6	208.2
Other equity	(14.6)	(15.7)	(8.4)
Non-controlling interests	4.4	4.5	4.3
Total equity	243.3	297.0	280.5
Long-term interest-bearing liabilities	248.9	260.5	258.3
Deferred tax liabilities	23.0	26.3	24.2
Other long-term liabilities	18.7	20.0	20.5
Non-current liabilities	290.6	306.8	303.0
Bank overdraft	0.0	0.0	0.0
Current lease liabilities	9.3	9.1	9.3
Current income tax liabilities	0.5	6.2	7.8
Trade payables	136.6	119.9	121.9
Other current payables	87.9	91.0	75.4
Liabilities directly associated with the assets held for sale	0.0	3.4	0.0
Current liabilities	234.3	229.6	214.4
Total liabilities	524.9	536.4	517.4
Total equity and liabilities	768.2	833.4	797.9

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGE IN EQUITY

<i>(MEUR)</i>	30.06.23	30.06.22	31.12.22
Equity as of start of period	280.5	265.5	265.5
Net profit / (loss) for the period	(38.6)	16.9	26.7
Translation differences	3.4	18.0	5.5
Remeasurement of the net pension benefit obligation	0.0	0.0	6.2
Tax on remeasurement of the net pension benefit obligation	0.0	0.0	(1.5)
Total comprehensive income	(35.2)	34.9	36.9
Stock-based compensation	0.3	0.8	1.6
Purchase of treasury shares	(2.3)	(4.2)	(23.5)
Equity as of end of period	243.3	297.0	280.5

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
<i>Operating activities</i>					
Profit / (loss) before taxes	(19.2)	(1.8)	(30.0)	22.4	64.6
Depreciation	8.2	8.0	16.3	16.6	33.2
Amortization	0.2	0.6	0.5	1.3	1.9
Impairment losses	10.6	0.0	10.6	0.0	1.3
Interest income	(0.5)	(0.2)	(1.2)	(0.4)	(1.7)
Interest and other financial expenses ¹	3.6	4.3	7.6	12.8	21.7
Taxes paid	(2.7)	(1.8)	(11.5)	(5.1)	(9.4)
(Gain) / loss on sale of non-current assets	(0.7)	(1.4)	(0.7)	(28.0)	(72.3)
Changes in receivables	(5.6)	28.5	(22.2)	40.0	61.7
Changes in inventory	2.1	(14.2)	(6.4)	(4.2)	20.5
Changes in payables	6.0	(24.0)	14.7	(23.4)	(21.3)
Currency (gain) / loss	(0.1)	3.4	10.6	(0.9)	0.4
Difference between pension funding contributions paid/pensions paid and the net pension cost	0.1	(0.1)	0.1	(0.1)	(1.4)
Changes in other items ²	10.7	6.4	14.7	10.3	3.2
Cash flow - Operating activities	12.7	7.7	3.1	41.3	102.4
<i>Investing activities</i>					
Investments	(5.1)	(5.2)	(11.9)	(11.9)	(28.9)
Sale of tangible and intangible assets	0.0	0.0	0.0	126.0	189.5
Interest received	0.5	0.2	1.2	0.4	1.6
Net proceeds from sale of subsidiaries	0.0	34.9	0.0	39.2	40.4
Cash flow - Investing activities	(4.6)	29.9	(10.8)	153.7	202.6
<i>Financing activities</i>					
Purchase of treasury shares	0.0	(4.2)	(2.5)	(4.2)	(23.5)
Net draw down of debt / (Repayment) of debt	(3.7)	(0.9)	(3.6)	(98.5)	(98.5)
Interest paid and other financial items	(1.6)	(1.5)	(8.4)	(10.9)	(22.1)
Repayment of lease liabilities and other	(2.3)	(2.2)	(4.6)	(5.2)	(9.9)
Cash flow - Financing activities	(7.6)	(8.8)	(19.1)	(118.9)	(154.0)
Currency and translation effects on cash flow	0.6	4.6	(5.3)	9.7	3.6
Change in cash	1.1	33.4	(32.1)	85.8	154.6
Cash as of beginning of period	179.7	110.7	212.9	58.3	58.3
Cash as of end of period	180.8	144.1	180.8	144.1	212.9
<i>Of this, restricted cash</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>	<i>0.5</i>

¹ Includes Other financial items and the repayment of lease liabilities – See Note 5

² Includes changes in accruals, provisions, contract assets and contract liabilities, other current receivables like receivables from public duties, customer developments and prepaid expense, and other non-current assets

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DISCLOSURES

GENERAL INFORMATION

Kongsberg Automotive ASA and its subsidiaries develop, manufacture and sell products to the automotive and commercial vehicle industry globally. Kongsberg Automotive ASA is a limited liability company, which is listed on the Oslo Stock Exchange. The consolidated interim financial statements are not audited.

BASIS OF PREPARATION

This condensed consolidated interim financial information, for the six months ended June 30, 2023, has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended on December 31, 2022, which have been prepared in accordance with IFRS.

ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year ended on December 31, 2022, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

RISK AND UNCERTAINTIES

Risks and opportunities for the financial year are subject to a high level of uncertainty and are continuously monitored, evaluated and, if applicable, taken into account in planning during the year.

Due to the geopolitical risks, especially due to the Russia-Ukraine war, global macroeconomic risks have significantly increased and have led to further increases in costs for raw material, energy and transportation and considerably higher inflation rates worldwide than in comparable periods. Rising inflation rates could reduce purchasing power, adversely affect end customer behavior, and put a damper on demand on the products offered to customers.

The single most important risk that Kongsberg Automotive is exposed to is the development of demand in the end markets for light duty and commercial vehicles worldwide. As Kongsberg Automotive operates in many countries, Kongsberg Automotive is vulnerable to currency risk. The most significant external currency exposure is associated with the USD exchange rate. As most of the revenues are earned from automotive OEMs and automotive Tier 1 and Tier 2 customers, the financial health of these automotive companies is critical to the credit risk.

On the supply side Kongsberg Automotive is exposed to risks related to the availability and cost of copper, brass, resin, zinc, aluminum, steel, and electronic components.

During the last few months energy prices in Europe have shown a reduction after peaking in Q4 2022, raw materials are coming down, however labor costs and overall inflation remain high. Furthermore, the Company's business operations kept being impacted by the volatility in the supply of semiconductors directly and indirectly impacting production at many OEMs. It requires effective management as this had an adverse impact on business, financial condition, results of operations or cash flows. This has created the need to adapt to new challenges by the creation of new programs that allow to mitigate the negative operational and financial consequences of such disruptions.

Kongsberg Automotive faces both climate change related risks and opportunities arising from climate change itself and from actions taken in climate change mitigating. These are embedded in the Company's risk management and business strategy. 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. As of June 30, 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.

SEASONALITY

The Group's quarterly results are to some extent influenced by seasonality. The seasonality is mainly driven by the vacation period in the third quarter and December each year having lower sales. Also, year-over-year seasonality differences may occur as a result of varying number of working days in each quarter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2023)

Q2 2023 (MEUR)	Powertrain & Chassis	Speciality Products	Other ¹	Total Group
Revenues²	123.4	101.1	0.0	224.5
Adjusted EBITDA	1.9	11.9	(5.1)	8.7
Depreciation ³	(4.6)	(3.2)	(0.3)	(8.1)
Amortization ³	(0.2)	(0.1)	0.0	(0.3)
Adjusted EBIT	(2.9)	8.6	(5.4)	0.3
<i>Timing of revenue recognition</i>				
Ownership transferred at a point in time	123.4	101.1	0.0	224.5
<i>Assets and liabilities</i>				
Goodwill	16.3	55.3	0.0	71.6
Other intangible assets	4.4	1.6	0.1	6.1
Property, plant and equipment	56.2	64.7	1.0	121.9
Right-of-use assets	23.3	23.9	3.6	50.8
Inventories	45.6	57.3	0.0	102.9
Trade receivables	115.3	72.7	0.7	188.7
Other assets	2.3	5.3	0.0	7.6
Segment assets	263.4	280.8	5.4	549.6
Unallocated assets			218.6	218.6
Total assets	263.4	280.8	224.0	768.2
Trade payables	79.4	50.6	6.6	136.6
Non-current lease interest-bearing liabilities	26.9	24.6	2.7	54.2
Current lease interest-bearing liabilities	5.9	2.2	1.2	9.3
Segment liabilities	112.2	77.4	10.5	200.1
Unallocated liabilities			324.8	324.8
Total liabilities	112.2	77.4	335.3	524.9
Total equity			243.3	243.3
Total equity and liabilities	112.2	77.4	578.6	768.2
Capital expenditure	(2.7)	(2.4)	0.0	(5.1)

¹ The column Other includes corporate costs, transactions and balance sheet items related to tax, pension and financing. Trade receivables include the In-House Bank balances.

² For segment reporting purposes revenues are only external revenues; related expenses are adjusted accordingly. Adjusted EBIT excludes IC profit.

³ Excluding restructuring costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2022)

Q2 2022 (MEUR)	Interior ⁴	Powertrain & Chassis	Speciality Products	Other ¹	Total Group
Revenues²	(1.3)	114.2	113.3	0.1	226.4
Revenues from discontinued operation	0.8	0.0	0.0	0.0	0.8
Revenues from continuing operation	(2.1)	114.2	113.3	0.1	225.6
Adjusted EBITDA	0.6	6.1	14.3	(7.1)	13.8
Depreciation ³	0.0	(4.1)	(3.5)	(0.4)	(8.0)
Amortization ³	0.0	(0.4)	(0.2)	0.0	(0.6)
Adjusted EBIT	0.6	1.5	10.6	(7.5)	5.2
Adjusted EBIT from discontinued operation	0.3	0.0	0.8	0.0	1.1
Adjusted EBIT from continuing operation	0.3	1.5	9.8	(7.5)	4.1
<i>Timing of revenue recognition</i>					
Ownership transferred at a point in time	(2.1)	114.2	113.3	0.1	225.6
<i>Assets and liabilities</i>					
Goodwill	0.0	17.1	57.2	0.0	74.3
Other intangible assets	0.0	4.9	0.8	0.1	5.8
Property, plant and equipment	0.0	68.3	63.2	1.7	133.2
Right-of-use assets	0.0	28.2	23.1	12.7	64.0
Inventories	0.0	47.2	54.9	0.0	102.1
Trade receivables	6.4	99.6	80.9	1.3	188.2
Other assets	0.0	2.8	4.9	0.0	7.7
Segment assets	6.4	268.1	285.0	15.8	575.3
Assets held for sale	0.0	0.0	41.3	0.0	41.3
Unallocated assets				216.8	216.8
Total assets	6.4	268.1	326.3	232.6	833.4
Trade payables	2.9	60.5	54.6	1.9	119.9
Non-current lease interest-bearing liabilities	0.0	29.2	22.6	11.5	63.3
Current lease interest-bearing liabilities	0.0	4.4	2.5	2.2	9.1
Segment liabilities	2.9	94.1	79.7	15.6	192.3
Liabilities directly associated with assets held for sale	0.0	0.0	3.4	0.0	3.4
Unallocated liabilities				340.7	340.7
Total liabilities	2.9	94.1	83.1	356.3	536.4
Total equity				297.0	297.0
Total equity and liabilities	2.9	94.1	83.1	653.3	833.4
Capital expenditure	0.0	(3.1)	(2.1)	(0.0)	(5.2)

¹ The column Other includes corporate costs, transactions and balance sheet items related to tax, pension, and financing.

² For segment reporting purposes revenues are only external revenues; related expenses are adjusted accordingly. Adjusted EBIT excludes IC profit.

³ Excluding restructuring costs.

⁴ Balances not classified as Discontinued operation relate to the Head- and Armrest business in Sweden that was not part of the divestitures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 – REVENUES AND NON-CURRENT ASSETS BY GEOGRAPHICAL LOCATION

3.1 REVENUES BY GEOGRAPHICAL LOCATION OF CUSTOMERS

(MEUR)	YTD 2023	%	YTD 2022	%
Europe	215.4	47.5%	181.9	41.0%
Northern America	151.8	33.5%	163.5	36.8%
Southern America	22.6	5.0%	20.8	4.7%
Asia	60.7	13.4%	75.9	17.1%
Other	2.8	0.5%	2.1	0.5%
Total revenues from continuing operations	453.3		444.2	
Revenues from discontinued operation	0.0		69.4	
Total operating revenues	453.3		513.6	

3.2 INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT (PP&E) AND RIGHT-OF USE ASSETS BY GEOGRAPHICAL LOCATION

(MEUR)	30.06.23	%	30.06.22	%
Europe	137.9	55.1%	161.2	58.1%
Northern America	86.3	34.5%	78.7	28.4%
Southern America	3.0	1.2%	3.3	1.2%
Asia	23.2	9.3%	34.1	12.2%
Total intangible assets, PPE and RoU - Continuing operations	250.4		277.3	
Total Intangible assets, PP&E and RoU - Classified as Assets held for sale	0.0		20.8	
Total Intangible assets, PP&E and RoU	250.4		298.1	

DESCRIPTION OF IMPAIRMENT LOSSES RECORDED IN Q2 2023

Based on the updated information on the future performance of the Group in the passenger car market, the Management decided to perform an impairment test, which led to an assessment to record impairment losses of MEUR 10.6 in Q2 2023. As the book value of Goodwill allocated to the Group's passenger car market has been fully impaired in Q2 2020, this amount was entirely allocated to the non-current assets other than Goodwill accordingly.

The projected cash flows were updated to reflect the following triggering events: (1) the forward-looking declining demand for products in the European passenger car market and (2) a definite loss of a Shift by Wire business with one of KA's significant customers in China. It led to the full impairment of non-current assets located in Europe and the impairment of the non-current assets used to fulfil the contract with this Chinese customer. Management's assessments regarding the business activities with other customers in China and the future performance in Americas remained unchanged and favorable, thus no further impairment on non-current assets in these regions was assessed.

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. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 – INTEREST-BEARING LOANS AND BORROWINGS

4.1 INTEREST-BEARING LIABILITIES AS PRESENTED IN CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(MEUR)	30.06.23	30.06.22	31.12.22
Long-term interest-bearing loan and borrowing	196.4	199.7	200.0
IFRS 16 long-term lease liabilities	54.2	63.3	60.4
Capitalized arrangement fees	(1.7)	(2.5)	(2.1)
Current IFRS 16 long-term lease liabilities	9.3	9.1	9.3
Total interest-bearing liabilities	258.2	269.6	267.6

On May 12, 2023, Kongsberg Automotive ASA repurchased own bond notes at MEUR 3.5 which led to the decrease of the outstanding balance of bond notes.

Interest-bearing liabilities by currency

(MEUR)	30.06.23	30.06.22	31.12.22
EUR	228.7	231.9	235.5
USD	8.5	10.9	8.7
Other currencies	22.7	29.3	25.5
Capitalized arrangement fees	(1.7)	(2.5)	(2.1)
Total interest-bearing loan and borrowing	258.2	269.6	267.6

4.2 LIQUIDITY RESERVE

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

(MEUR)	30.06.23	30.06.22	31.12.22
Cash reserve	180.8	144.1	212.9
Restricted cash	(0.5)	(0.5)	(0.5)
Undrawn RCF facility ¹	50.0	50.0	50.0
Undrawn Securitization facility	25.0	25.0	25.0
Liquidity reserve	255.3	218.6	287.4

¹ On July 06, 2023, the Revolving Credit Facility has been extended by 18 months and decreased from MEUR 50.0 to MEUR 30.0.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – NET FINANCIAL ITEMS

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Interest income	0.5	0.3	0.9	0.4	1.5
Interest expenses	(3.8)	(3.8)	(7.6)	(8.4)	(16.6)
Foreign currency gains (losses) ¹	(3.5)	(1.5)	(14.7)	2.9	2.4
Change in fair value of investments	0.8	0.0	1.3	0.0	0.6
Account receivables securitization - Expenses	(0.3)	(0.3)	(0.5)	(0.6)	(1.0)
Other financial items	(0.4)	(0.3)	(0.5)	(3.5)	(3.7)
Net financial items	(6.7)	(5.6)	(21.1)	(9.2)	(16.8)

¹ Is made up of realized currency loss of MEUR 3.6 and unrealized currency gains of MEUR 0.1 in Q2 2023 (Q2 2022: realized gain of MEUR 1.9 and unrealized losses of MEUR 3.4)

NOTE 6 – SUBSEQUENT EVENTS

On July 6, 2023, the Revolving Credit Facility has successfully been extended by 18 months and is now maturing in January 2025. Following the RCF extension, it has been decided to reduce the existing facility from MEUR 50.0 to MEUR 30.0.

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 until 2027.

Effective from July 25, 2023, the Board of Directors of Kongsberg Automotive ASA has appointed Linda Nyquist-Evenrud as interim President & Chief Executive Officer (CEO).

As per the resolution of the Annual General Meeting from June 06, 2023, Kongsberg Automotive has cancelled its own shares of 103,437,513 shares which led to the reduction of the Company's total outstanding shares to 951,423,131 units. Therefore, as per August 01, 2023, the reduced share capital is registered at the Register of Business Enterprises.

On July 05, 2023, and August 04, 2023, Kongsberg Automotive ASA repurchased own bond notes at MEUR 2.2 and MEUR 2.1, respectively.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of consolidated financial statements for the period January 1, 2023, to June 30, 2023, has been prepared in accordance with IAS34 – Interim Financial Reporting, and gives a true and fair view of Kongsberg Automotive ASA and its Group companies' assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year 2023 and their impact on the condensed set of consolidated financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Kongsberg, August 07, 2023

Firas Abi-Nassif
Chairman
(Sign.)

Arild Christoffersen
Board member
(Sign.)

Siw Reidun Wærås
Employee representative
(Sign.)

Emese Weissenbacher
Board member
(Sign.)

Bjørn Ivan Ødegård
Employee representative
(Sign.)

Ellen M. Hanetho
Board member
(Sign.)

Mark Wilhelms
Board member
(Sign.)

Knut Magne Alfsvåg
Employee representative
(Sign.)

Linda Nyquist-Evenrud
Interim President and CEO
(Sign.)

ALTERNATIVE PERFORMANCE MEASURES (APM)

This section describes the non-GAAP financial measures that are used in this report and in the quarterly presentation.

The following measures are neither defined nor specified in the applicable financial reporting framework of the IFRS GAAP. They may be considered as non-GAAP financial measures that may include or exclude amounts that are calculated and presented according to the IFRS GAAP.

- > Operating profit (loss)- EBIT/Adjusted EBIT
 - > EBITDA/Adjusted EBITDA
 - > Restructuring per segment
 - > Free cash flow
- > NIBD
 - > Capital employed
 - > ROCE (last twelve months)

OPERATING PROFIT (LOSS) - EBIT/ADJUSTED EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. Adjusted EBIT is defined as EBIT excluding unusual or non-recurring items as well as restructuring items. Restructuring items include consultancy fees in relation to the Company's performance improvement program and portfolio transformation.

EBIT is used as a measure of operational profitability. Consequently, the Group also reports the adjusted EBIT, which is the EBIT excluding restructuring items and impairment losses.

<i>(MEUR)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Operating profit / EBIT	(12.5)	2.0	(8.9)	10.0	63.1
Impairment losses	10.6	0.0	10.6	0.0	1.3
Gain on sale of part of the Off-Highway business	0.0	0.0	0.0	0.0	(41.1)
Other adjusting and restructuring items	2.2	2.0	2.7	1.6	12.3
Adjusted EBIT	0.3	4.0	4.4	11.6	35.6

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.

<i>(MEUR)</i>	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Operating profit / EBIT	(12.5)	2.0	(8.9)	10.0	63.1
Depreciation	8.1	8.0	16.3	15.7	33.0
Amortization	0.3	0.6	0.5	1.2	1.9
EBITDA	(4.1)	10.6	7.9	26.9	98.0
Impairment losses	10.6	0.0	10.6	0.0	1.3
Gain on sale of part of the Off-Highway business	0.0	0.0	0.0	0.0	(41.1)
Other adjusting and restructuring items	2.2	2.0	2.7	1.6	12.3
Adjusted EBITDA	8.7	12.6	21.2	28.5	70.5

(¹) Excluding depreciation and amortization

ALTERNATIVE PERFORMANCE MEASURES (APM)

ADJUSTING AND RESTRUCTURING ITEMS PER SEGMENT

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Interior	0.0	0.0	0.0	(0.3)	(0.3)
Powertrain & Chassis	11.5	0.7	11.8	0.1	4.1
Specialty Products	0.1	0.2	0.2	0.2	(38.6)
Other	1.2	1.1	1.3	1.6	7.2
Adjusting and restructuring items Total	12.8	2.0	13.3	1.6	12.3

FREE CASH FLOW

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

The Group considers that this measurement illustrates the amount of additional cash generated by the Group that it has at its disposal to pursue additional investments or to repay debt.

The table below includes only the cash flows from the continuing operation.

(MEUR)	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Cash flow - Operating activities	12.7	8.1	3.1	7.1	64.5
Cash flow - Investing activities	(4.6)	(5.0)	(10.8)	(9.1)	38.6
Cash flow - Financing activities	(7.6)	(8.8)	(19.1)	(117.1)	(152.2)
Currency and translation effects on cash flow	0.6	4.6	(5.3)	9.7	3.6
<i>Add back / less:</i>					
Purchase of treasury shares	0.0	4.2	2.5	4.2	23.5
Repurchase of own bond notes	3.5	0.0	3.5	0.0	0.0
Net draw-down/repayment of debt	0.2	0.9	0.1	98.5	98.5
Free Cash Flow	4.8	4.0	(26.0)	(6.7)	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, NIBD shows the net overall financial position of the Group.

(MEUR)	30.06.23	30.06.22	31.12.22
Long-term interest-bearing liabilities	248.9	260.5	258.3
Other short-term interest-bearing liabilities	9.3	9.1	9.3
Cash and cash equivalents	(180.8)	(144.1)	(212.9)
Net Interest Bearing Debt	77.4	125.5	54.7

ALTERNATIVE PERFORMANCE MEASURES (APM)

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)	30.06.23	30.06.22	31.12.22
Total assets	768.2	833.4	797.9
Deferred tax liabilities	(23.0)	(26.3)	(24.2)
Other long-term liabilities	(18.7)	(20.0)	(20.5)
Current liabilities incl. other short-term interest bearing liabilities	(234.3)	(226.2)	(214.4)
Assets held for sale	0.0	(41.3)	0.0
Liabilities directly associated with the assets held for sale	0.0	3.4	0.0
Capital Employed	492.2	523.0	538.8

ADJUSTED ROCE (LAST TWELVE MONTHS)

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

Adjusted Return on Capital Employed is used to measure the return on the capital employed without taking into consideration the way the operations and assets are financed during the period under review. The Group considers this ratio as appropriate to measure the return of the period.

(MEUR)		Q2 2023		Q2 2022	FY 2022
Capital employed beginning ¹	01.07.2022	523.0	01.07.2021	624.6	507.6
Capital employed at end ²	30.06.2023	492.2	30.06.2022	523.0	538.8
Adjusted EBIT from continuing operations (LTM) ³		28.3		28.1	35.6
Adjusted ROCE^{(3 / (1+2)) * 200%}		5.6%		4.9%	6.8%

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS

Firas Abi-Nassif	Chairman
Emese Weissenbacher	Shareholder elected
Ellen M. Hanetho	Shareholder elected
Rolf Breidenbach	Shareholder elected (until 06.06.2023)
Arild Christoffersen	Shareholder elected (from 06.06.2023)
Mark Wilhelms	Shareholder elected
Siw Reidun Wærås	Employee elected
Bjørn Ivan Ødegård	Employee elected
Knut Magne Alfsvåg	Employee elected

EXECUTIVE COMMITTEE

Linda Nyquist-Evenrud	Interim President & CEO (effective from 25.07.2023)
Joerg Buchheim	President & CEO (until 24.07.2023)
Dr. Christian Amsel	Executive Vice President & CTO; interim President, Powertrain & Chassis
Frank Heffter	Executive Vice President & CFO
David Redfearn	Executive Vice President & CSO
Joerg Buchheim	Executive Vice President, Specialty Products (acting until 24.07.2023)
Linda Nyquist-Evenrud	Executive Vice President, Specialty Products (acting from 25.07.2023) and Flow Control Systems
Robert Pigg	Senior Vice President, Off-Highway
Dzeki Mackinowski	Executive Vice President, Purchasing
Jon Munthe	General Counsel
Henrik Ruud	Director IS&T

CORPORATE COMMUNICATION

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FINANCIAL CALENDAR

The quarterly reports and financial statements will be published on the following days:

3rd quarter 2023

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