CREDIT INVESTOR PRESENTATION

JUNE 2024

KONGSBERG AUTOMOTIVE

AUTOMOTIVE GLOSSARY

THROUGHOUT THIS PRESENTATION THE FOLLOWING ABBREVIATIONS ARE USED:

ASIL	Automotive Safety Integrity Level
BEV	Battery electric vehicles
CIP	Continuous Improvement Projects
COU	Couplings
CV	Commercial vehicles
DCS	Drive Control Systems
EPS	Electric power steering
EV	Electric vehicle
FCEV	Fuel cell electric vehicles
FCS	Flow Control Systems
FTS	Fluid Transfer Systems
HDV	Heavy-duty vehicle
HEV	Hybrid electric vehicle
ICE	Internal combustion engine
LDV	Light-duty vehicle
NBW	New business win
OEM	Original equipment manufacturer
OFH	Off-Highway
P&C	Powertrain & Chassis
PHEV	Plug-in hybrid electric vehicles
PV	Passenger vehicles
SMT	Surface-mount technology
SOP	Start of Production

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SUMMARY OF KEY RISK FACTORS

RISKS RELATED TO MARKET CONDITIONS AND THE INDUSTRY IN WHICH THE GROUP OPERATES

- The Group operates in a cyclical industry and the demand for the Group's products is largely dependent on the industrial output of the automotive industry and the Group's other end markets
- The Group is exposed to substantial risks associated with the performance of the global economy, political uncertainty and the performance of the economy in the jurisdictions in which the Group operates.
- The Group is exposed to risks associated with market trends and developments and rapid changes in technology, technical standards and consumer preferences.
- The Group encounters competition in substantially all of its segments.
- The Group is affected by the operations and activities of automobile manufacturers.

RISKS RELATED TO THE BUSINESS OF THE GROUP

- The Group is part of a complex supply and delivery chain, and disruption could cause one or more of the Group's suppliers or customers to halt production. The Group may use components and products manufactured by third parties.
- The Group is exposed to fluctuations in prices of raw materials, energy and components and the Group's results are sensitive to raw material availability, quality and cost.
- The Group's future success is substantially dependent on its ability to attract and retain highly qualified technical, and managerial personnel.
- The Group generates a significant amount of revenues from a limited number of large customers.
- The Group is exposed to risk relating to its product development, production and project management.
- Start-up costs and inefficiencies related to new products or programs can adversely affect the Group's operating results and such costs may not be fully recoverable if new programs are cancelled.
- The Group may not be able to realize estimated contract revenues.
- The Group's operations subject the Group to the risk of regulatory compliance and health and safety liabilities.
- The Group's operations rely on complex IT systems and networks and may be exposed to cyber attacks.

RISKS RELATED TO LAWS, REGULATIONS, LITIGATION AND ENVIRONMENTAL MATTERS

- There is a risk that the Group infringes intellectual property rights of third parties.
- The Group could be unsuccessful in adequately protecting its intellectual property and technical expertise.
- The Group faces risk relating to warranty, product liability and recalls. The Group is dependent on certain quality and product certifications.
- The Group could be held liable for soil, surface water or groundwater contamination or for risks related to hazardous wastes, substances and/or materials, including clean up obligations and third-party claims (e.g., for bodily injury or property damage).
- The Group's operations are subject to stringent applicable environmental laws and regulations, which are subject to change.
- The Group is exposed to risks in relation to compliance with business conduct rules such as anti-corruption laws and regulations, economic sanction programs and trade regulations.

RISKS RELATED TO FINANCIAL AND TAX MATTERS

- An impairment of the Group's goodwill could result in a reduction of net income and equity.
- The value of the Group's deferred tax assets could become impaired, or the Group could be unable to utilize tax losses.
- The international scope of the Group's operations and the Group's corporate and financing structure may expose the Group to potentially adverse tax consequences.
- The Group is exposed to risks associated with changes in currency exchange rates.

RISKS RELATED TO THE GROUP'S INDEBTEDNESS

- Risk related to borrowings of the Group.
- The Group is exposed to risks in connection with its pension obligations, which may lead to unexpected funding obligations.
- The Issuer may choose to withdraw its current credit ratings.

RISKS RELATED TO THE BONDS

- Risks of being unable to repay the Bonds.
- The Issuer may have insufficient funds to make required repurchases of Bonds.
- The Bonds are structurally subordinated to liabilities of the Issuer's subsidiaries.
- A trading market may not develop, and market price may be volatile.
- Limitations on guarantees and security interests.
- The security granted may not be sufficient to cover amounts owed to Bondholders.
- Restrictions imposed under the Bond Terms and other credit agreements may lead to inability to finance operations, capital needs and to pursue business opportunities.
- Bondholders may be overruled by majority votes taken in Bondholders' meetings.
- No action against the Issuer and Bondholders' representation.
- Restrictions on transferability of the Bonds.

CREDIT INVESTMENT HIGHLIGHTS

LEADING GLOBAL SUPPLIER OF CUTTING-EDGE COMPONENTS AND SYSTEMS TO THE AUTOMOTIVE INDUSTRY SINCE THE 1950S

- Leading global supplier of mission-critical components and systems with cutting-edge technology to the automotive and certain other industries
- Began producing drive shafts for Volvo in 1957, has been listed on Oslo Stock Exchange for over two decades: 1995-1999 and 2005-today
- Operations in 17 countries, with 22 manufacturing facilities and 6 technical centres supplying clients worldwide

A DIVERSE PRODUCT RANGE SPECIALISING IN COMMERCIAL VEHICLES, HOLDING LEADERSHIP POSITIONS IN NICHE MARKETS

- Produces a large number of products across two business areas, Drive Control Systems (DCS) and Flow Control Systems (FCS)
- Supplies all vehicle types, from passenger to off-highway vehicles, with a specialised focus on commercial vehicles such as trucks and buses
- Market-leading positions in several niche markets, including air couplings, electric actuators, vehicle dynamics, pedals, and electronic controls
- Well-positioned to benefit from EV growth, as FCS content per vehicle is significantly higher than in ICE vehicles

SALES DIVERSIFIED ACROSS LONGSTANDING, LOYAL BLUE-CHIP OEM CLIENTS, END MARKETS, AND GEOGRAPHIES

- Decade-long relationships with a reliable client base of major original equipment manufacturers (OEMs) such as Volvo, Stellantis, VW and Traton
- Well-diversified client base, not overly reliant on any single client, with no single client accounting for more than 12% of operating revenue
- Covers a broad range of vehicles, generating 51% of operating revenue from commercial vehicles, 32% from passenger cars, and 17% from other
- Diversified across regions, generating 45% of operating revenue in Europe, 32% in North America, 5% in South America, 13% in Asia, and 5% RoW

ATTRACTIVE MARKET FUNDAMENTALS AND INDUSTRY DYNAMICS

- Continued strong demand for vehicles and parts is expected, driven by key megatrends in electrification, automation, safety, and CO_2 reduction
- Expected robust growth in global commercial vehicle production, increasing from 3.5 million units in 2023 to 4.1 million units by 2028
- Solid growth in electric vehicles, although internal combustion engine (ICE) trucks are projected to maintain a clear majority share even in 2035
- Significant expansion in global passenger vehicle production forecasted, from 90 million units in 2023 to 95 million units by 2028

CLOSE TO 20 YEARS OF PROVEN RESILIENCE AND PROFITABILITY EVEN THROUGH PERIODS OF CHALLENGING MARKET CONDITIONS

- Robust operating revenue growth of 16% from 2021 to LTM Q1 2024, driven by strong growth in DCS and commercial vehicles
- On track for a record year with new business wins of EUR 450m in Q1 2024 and over EUR 500m in Q2 2024, compared to EUR 989m for FY 2023
- Proven profitability with an Adj. EBITDA margin of 7-10% over the cycle; currently EUR 63m LTM Q1 2024
- Low CAPEX (3% of operating revenue), minimal NWC investments, and lease cash outflows (2% of operating revenue)

HIGHLY EXPERIENCED MANAGEMENT TEAM WITH A CONSERVATIVE FINANCIAL POLICY

- The management team brings extensive experience and a proven track record within the industry, effectively managing global businesses
- Members of the management team have an average of over 20 years of experience in the automotive industry
- Conservative financial policy, focusing investments in the most attractive segments and supporting further deleveraging through the performance improvement program, aiming for a net leverage (NIBD/EBITDA) ratio of below 2.00x throughout the cycle

Source: Company information, LMC Global Commercial Vehicle Forecast (March 2024), IHS Light Vehicle Production Base (March 2024)

KONGSBERG AUTOMOTIVE

MARKET DYNAMICS

FINANCIAL OVERVIEW

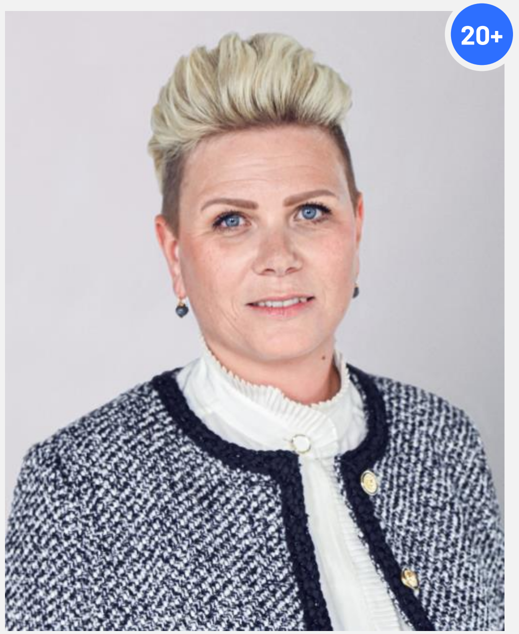
SUPPORTING MATERIALS

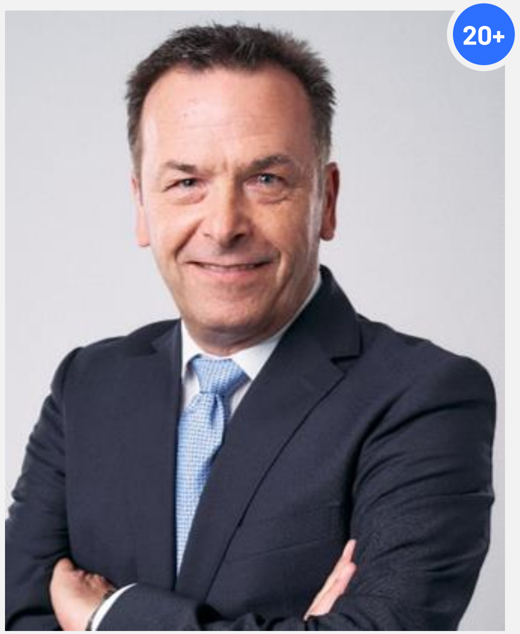
ESG CHECKLIST

RISK FACTORS

TODAY'S PRESENTERS AND EXECUTIVE MANAGEMENT
A TEAM OF SEASONED EXPERTS IN AUTOMOTIVE, INNOVATION AND LEADERSHIP

TODAY'S PRESENTERS





LINDA NYQUIST-EVENRUD
President & CEO // *Raufoss (Norway)*

FRANK HEFFTER
Former CFO// *Zurich (Switzerland)*

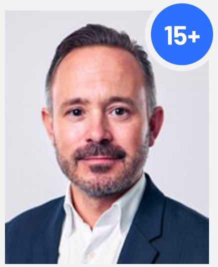
\# *years of experience in the automotive industry*

EXECUTIVE MANAGEMENT TEAM

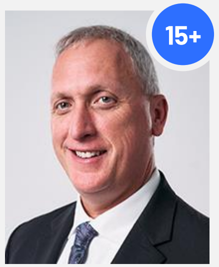
CHRISTIAN JOHANSSON
CFO
Gothenburg, Sweden

CHRISTIAN AMSEL
CTO
Zurich, Switzerland

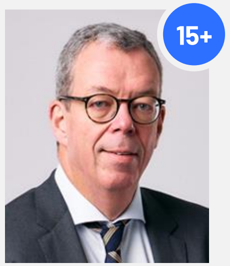
DAVID REDFEARN
CSO
Gothenburg, Sweden



OSCAR JAEGER
CHRO
Gothenburg, Sweden



ROBERT PIGG
EVP DCS
Willis, USA



JON MUNTHE
General Counsel
Lysaker, Norway

DZEKI MACINOWSKI
EVP Purchasing
Gothenburg, Sweden

HENRIK RUUD
EVP IS&T
Kongsberg, Norway

EDUARDO PAMIES
EVP FCS
Epila, Spain

Source: Company information

KONGSBERG AUTOMOTIVE ASA
AT A GLANCE

HEADQUARTERED IN KONGSBERG

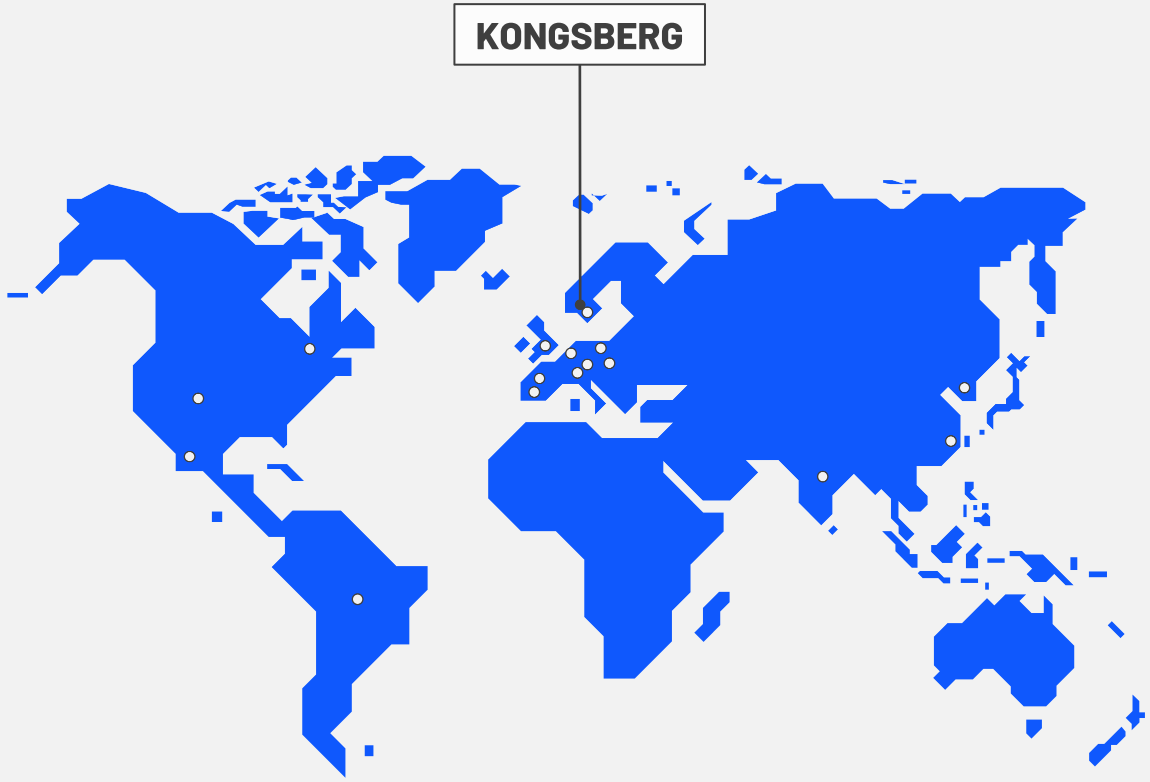
GLOBAL AUTOMOTIVE SUPPLIER

LISTED ON THE OSLO STOCK EXCHANGE

B1 / B- ISSUER CREDIT RATINGS FROM MOODY'S / S&P

STRONG FOCUS ON COMMERCIAL VEHICLES

BLUE-CHIP AUTOMOTIVE CLIENTS



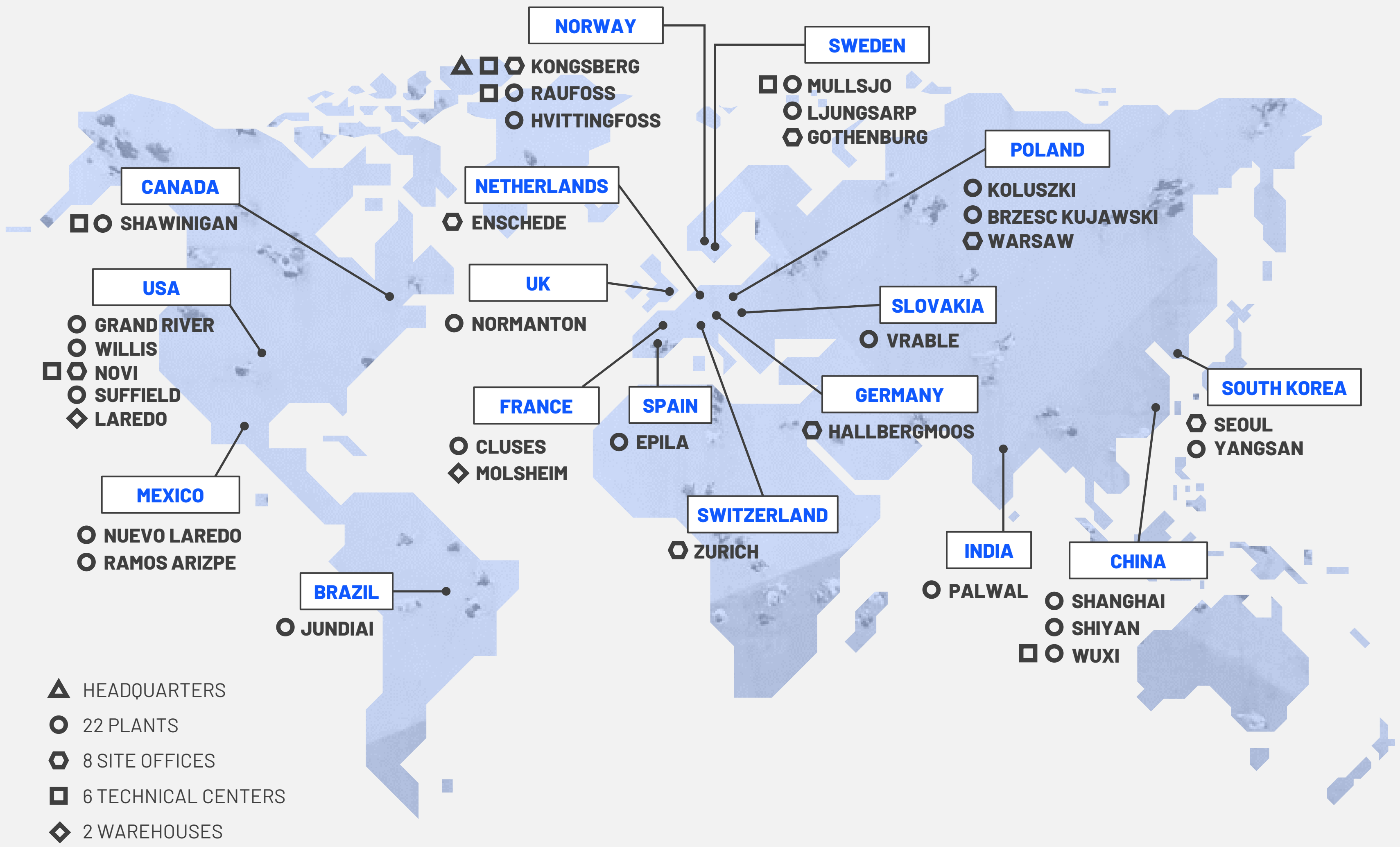
€868 M
LTM Q1'24 OPERATING REVENUE

€ 63 M
LTM Q1'24 Adj. EBITDA

2 BUSINESS AREAS:
DRIVE CONTROL SYSTEMS
FLOW CONTROL SYSTEMS

Source: Company information

WORLDWIDE PRESENCE
A GLOBAL MANUFACTURER AND SUPPLIER OF AUTOMOTIVE PARTS



Source: Company information

17
COUNTRIES
32 LOCATIONS
~5300
EMPLOYEES

NORTH & SOUTH AMERICA
WORKFORCE: 1,879

KA has six manufacturing sites and two tech centers in the region. Mexico has the largest manufacturing workforce, split across two manufacturing plants, while Canada is home to the largest tech centre.

EUROPE
WORKFORCE: 2,739

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

ASIA
WORKFORCE: 668

KA operates five manufacturing sites and two sales offices in Asia, spread across China, India and Korea. The largest manufacturing site and tech centre is in Wuxi, China.

KA HAS A RICH HISTORY AND HAS BEEN A LISTED COMPANY FOR +20 YEARS
FROM A SMALL DIVISION IN THE 1950S TO A GLOBAL LEADER IN THE AUTOMOTIVE INDUSTRY

1957: Kongsberg Våpenfabrikk (KV) begun manufacturing brakes for Volvo Trucks

1958: Begun manufacturing of drive shafts for Volvo

1975: Factory in Rollag (NO) started production

1976: Factory in Hvittingfoss (NO) started production

1987: Employees bought KA from KV

1995: KA listed on Oslo Stock Exchange (OSE)

1996: Acquired Swedish group Scandmec, which also has production in England and USA

1997: Acquired Swedish company Euro Autotec

1998: Established production in Brazil

1999: KA taken private by Industri Kapital (IK), and started production in Reynosa, Mexico

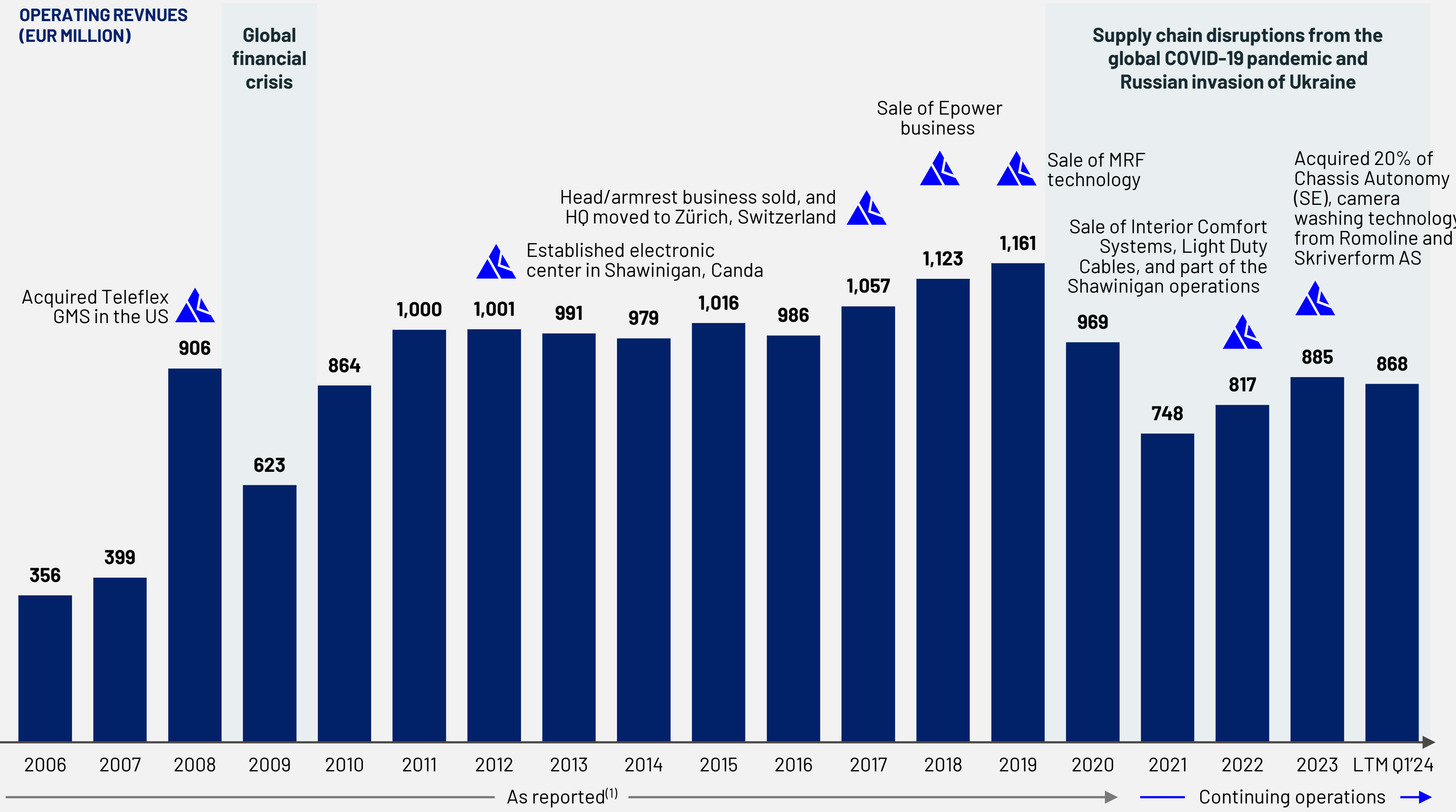
2000: Established production in Poland and technology centre for gearshifts in Michigan, USA

2001: FSN Capital bought KA from IK, and KA acquired Jung Ang in Korea

2003: Acquired Ctex Seat Comfort in the UK

2004: Acquired Raufoss United (NO), started production in China

2005: Acquired Milan Seating Systems in the US and relisted on the Oslo Stock Exchange (OSE)



Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)
(1) As per the latest available annual report for the relevant financial year, or corrected in the subsequent year's annual report, excluding FY 2020. The 2020 report was restated in 2021 for the sale of the interior segment and cable-related part of the specialty products segment, completed in 2022, but is shown as originally reported in 2020, including the later discontinued operations

KA'S KEY CORE PRODUCT GROUPS
CONSISTING OF MISSION-CRITICAL PRODUCTS SUPPORTING MEGA TRENDS AND REGULATIONS

DRIVE CONTROL SYSTEMS 64%[1]

MEGA TRENDS:
REGULATIONS:

POWERTRAIN AND CHASSIS SOLUTIONS

ELECTRIC ACTUATORS

GEAR CONTROL UNITS

SHIFT-BY-WIRE SHIFTERS

VEHICLE DYNAMICS

MEGA TRENDS:
REGULATIONS:

OFF-HIGHWAY SOLUTIONS

ELECTRIC ACTUATORS

STEERING COLUMNS

PEDALS AND THROTTLE CONTROLS

FLOW CONTROL SYSTEMS 36%

MEGA TRENDS:
REGULATIONS:

AIR MANAGEMENT

AIR SUSPENSION

AIR BRAKE SYSTEMS

COUPLINGS, TUBES AND SENSORS

MEGA TRENDS:
REGULATIONS:

FLUID AND THERMAL MANAGEMENT

CLEAN POWERTRAIN FLUID ASSEMBLIES

CHASSIS COOLANT

BATTERY COOLANT

FUEL CELL COOLANT

COUPLINGS, TUBES, HOSES, SENSORS AND VALVES

MEGA TRENDS:
REGULATIONS:

INDUSTRIAL FLUID APPLICATIONS

HIGH PERFORMANCE HOSES

HOSES, FITTINGS, ASSEMBLIES

% OF LTM Q1 2024 OPERATING REVENUES

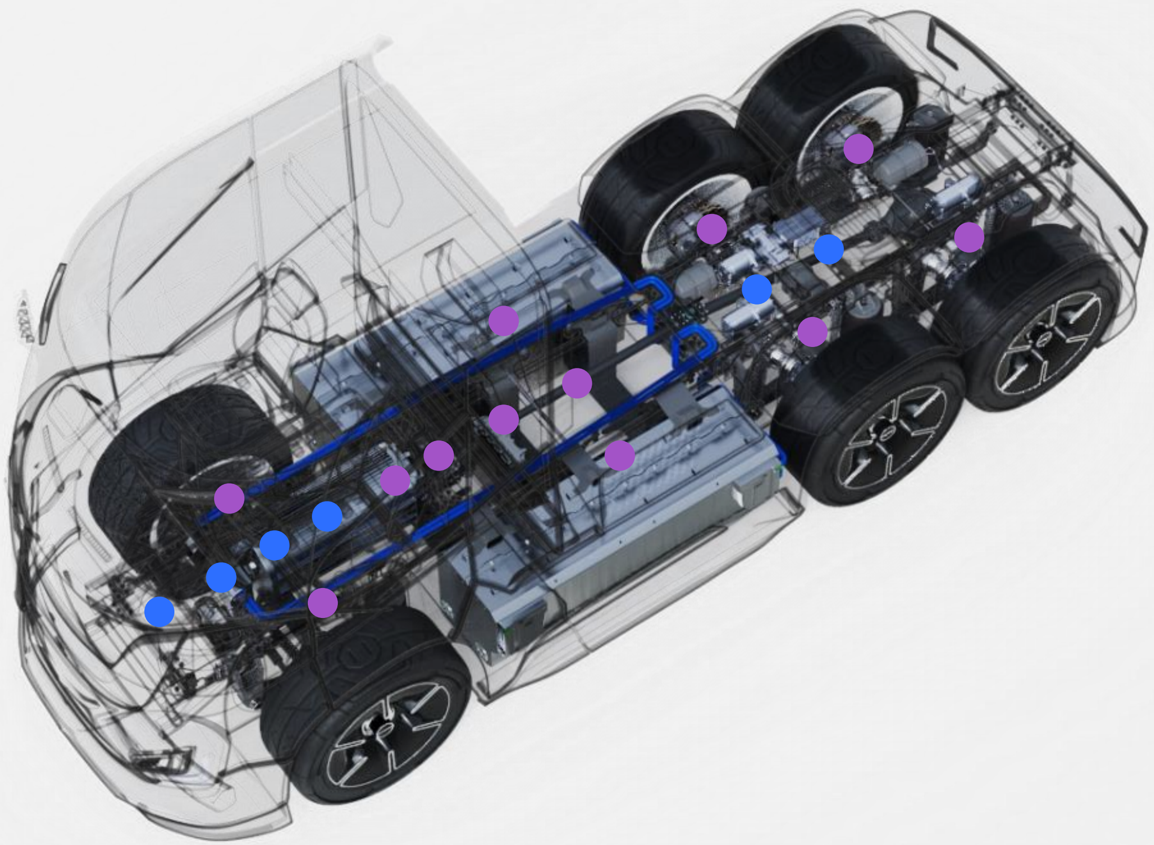
NO CONTRIBUTION | MEDIUM LEVEL CONTRIBUTION | HIGH LEVEL CONTRIBUTION | N/A

Source: Company information
1) Including Driveline (non-core business unit)

PRODUCT RANGE
COMMERCIAL VEHICLES

POWERTRAIN AND CHASSIS SOLUTIONS

- ELECTRIC ACTUATORS
- GEAR CONTROL UNITS
- SHIFT-BY-WIRE SHIFTERS
- VEHICLE DYNAMICS



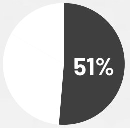
FLUID AND THERMAL MANAGEMENT

- CLEAN POWERTRAIN FLUID ASSEMBLIES
- CHASSIS COOLANT
- BATTERY COOLANT
- FUEL CELL COOLANT

AIR MANAGEMENT

- AIR SUSPENSION
- AIR BRAKE SYSTEMS

SHARE OF OPERATING REVENUE[1]



EV APPLICATIONS

Source: Company information
1) FY 2023

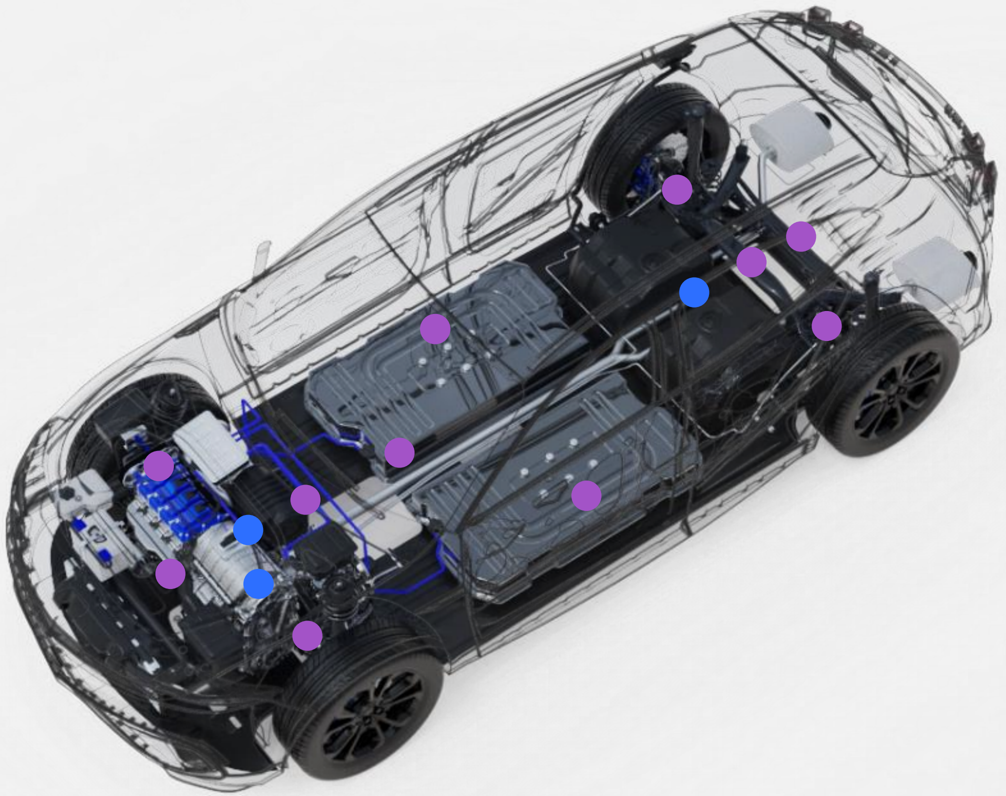
PRODUCT RANGE
PASSENGER CARS

POWERTRAIN AND CHASSIS SOLUTIONS

- ELECTRIC ACTUATORS

AIR MANAGEMENT

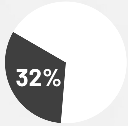
- AIR SUSPENSION



FLUID AND THERMAL MANAGEMENT

- CLEAN POWERTRAIN FLUID ASSEMBLIES
- CHASSIS COOLANT LINES
- BATTERY COOLANT LINES
- FUEL CELL COOLANT LINES

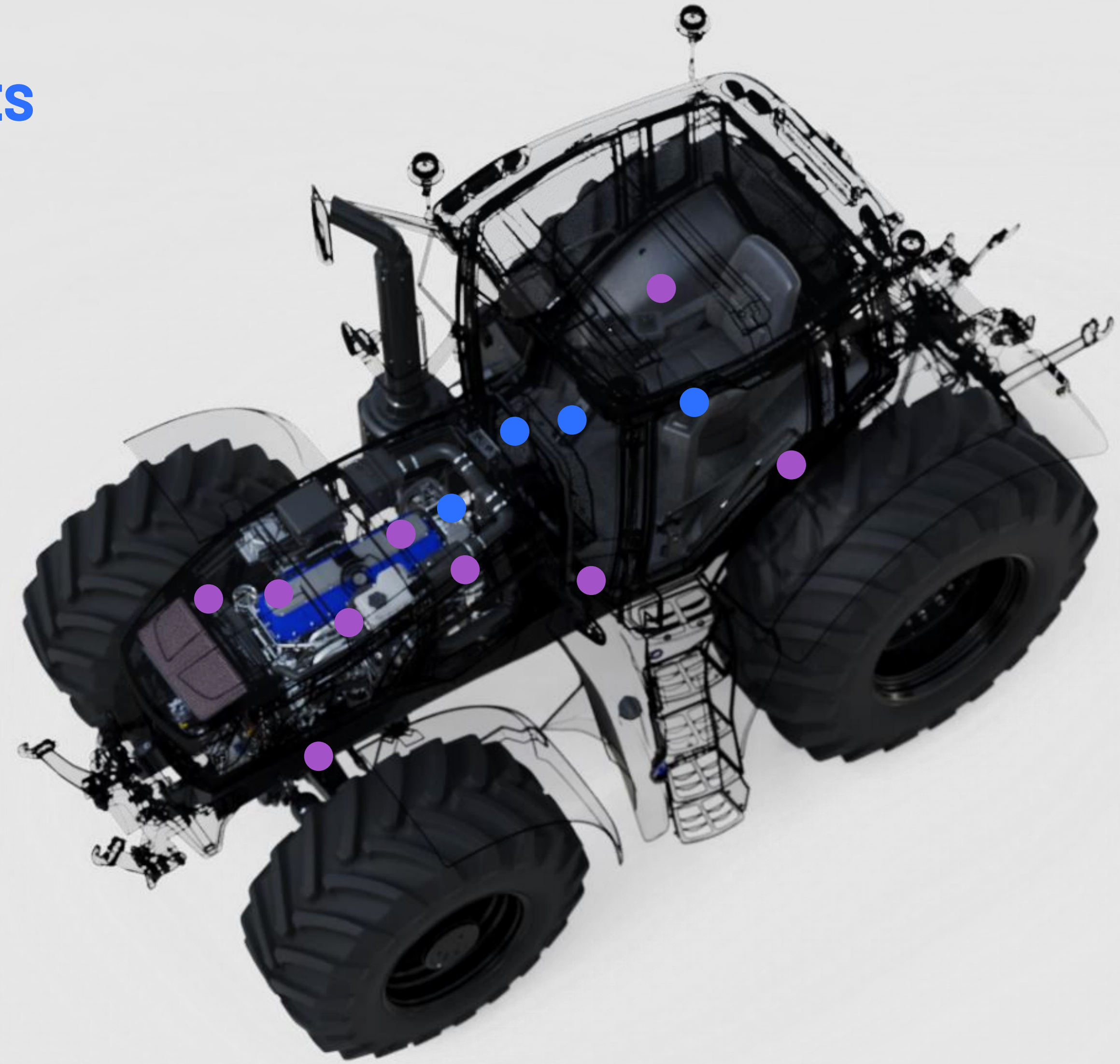
SHARE OF OPERATING REVENUE[1]



EV APPLICATIONS

Source: Company information
1) FY 2023

PRODUCT RANGE
OFF-HIGHWAY VEHICLES



OFF-HIGHWAY SOLUTIONS

- ELECTRIC ACTUATORS
- STEERING COLUMNS
- PEDALS AND THROTTLE CONTROLS

FLUID AND THERMAL MANAGEMENT

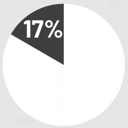
- CLEAN POWERTRAIN FLUID ASSEMBLIES
- COOLANT LINES

AIR MANAGEMENT

- AIR BRAKE SYSTEMS

OTHER APPLICATION EXAMPLES

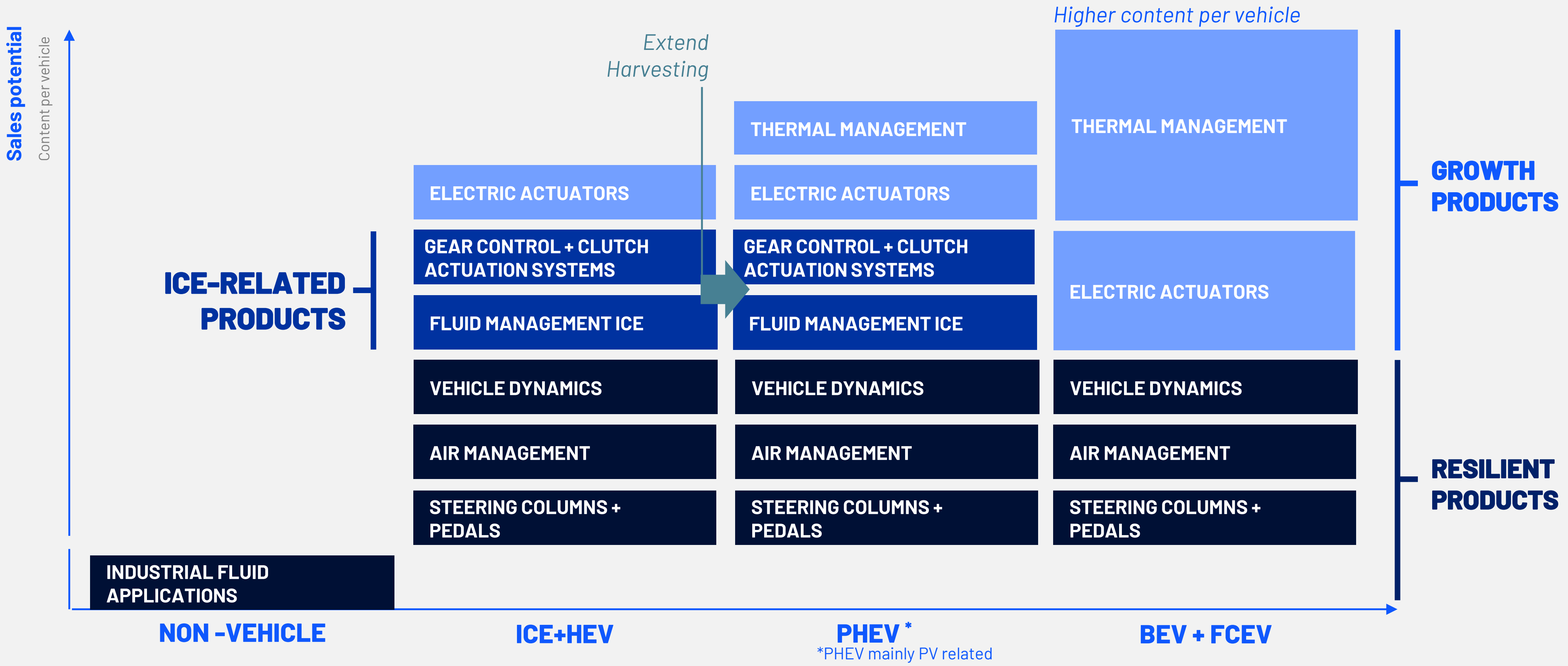
SHARE OF OPERATING REVENUE[1]



EV APPLICATIONS

Source: Company information
1) FY 2023, Off-Highway vehicles operating revenue including others

A CORE PORTFOLIO CONSISTING OF RESILIENT AND GROWTH PRODUCTS
KA HAS A HEALTHY MIX OF RESILIENT, HARVESTING AND NEW PRODUCTS



Source: Company information

NEXT-GEN GREEN PRODUCT SOLUTIONS FOR EV & INDUSTRIAL MARKETS
KA CONTINUES TO INNOVATE ACROSS ITS BUSINESS AREAS

DRIVE CONTROL SYSTEMS

POWERTRAIN AND CHASSIS SOLUTIONS

GEAR CONTROL UNIT
ICE, HEV, PHEV

- Q2 2024 New business win over MEUR 523 in estimated lifetime revenue
- New business award in Asia with SOP 2026
- Further roll out plans defined

ELECTRIC ACTUATORS
ICE, PHEV, BEV, FCEV

- First SOP in Asia Q2 2024, further will follow 2024/25
- Two series nominations in EMEA signed
- Development contracts with various customers signed

OFF-HIGHWAY

ELECTRIC ACTUATORS, POWER STEERING, STEER-BY-WIRE
Off-Highway Applications

- Development contract with lead customer signed for electronic actuator
- Further business fields within close customer exchange

STEERING COLUMN MODULES, PEDALS & THROTTLE CONTROLS
Off-Highway Applications

- Several biddings running further broadening leading market position in steering column modules as well as pedals & throttle applications
- Concept developments for further customers ongoing

FLOW CONTROL SYSTEMS

FLUID AND THERMAL MANAGEMENT

THERMAL MANAGEMENT SYSTEMS

- Highly modular and smart valves with integrated proven Kongsberg Automotive actuator technology
- First development orders within fuel cell applications

FLUID MANAGEMENT

- Light weight & high-performance materials
- Replacing steel and rubber
- First serial orders for Euro7 powertrains

AIR MANAGEMENT / INDUSTRIAL FLUID APPLICATIONS

AIR MANAGEMENT

- ABC 2.0 and high-performance couplings
- Light weight materials and designs
- Generation after next- generation already in concept development

INDUSTRIAL APPLICATIONS

- Entering new areas in Industrial
- Ultiflex with unmatched durability and superior cleanability
- From €40m to €100m in sales by 2028

EV applications

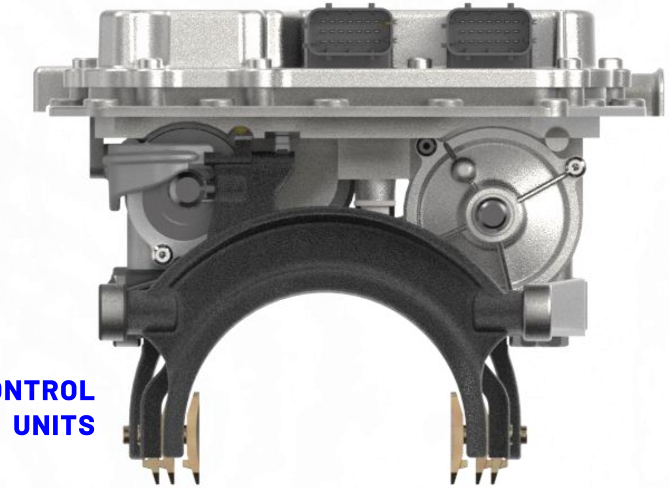
Source: Company information
(1) Polytetrafluoroethylene

PRODUCT SELECTION
COMMERCIAL VEHICLES

CLUTCH ACTUATION SYSTEM
ELECTRIC, HYDRAULIC, PNEUMATIC

PEDALS

SHIFTERS
SHIFT BY WIRE SHIFTER (STALK, LEVER, ROTARY)

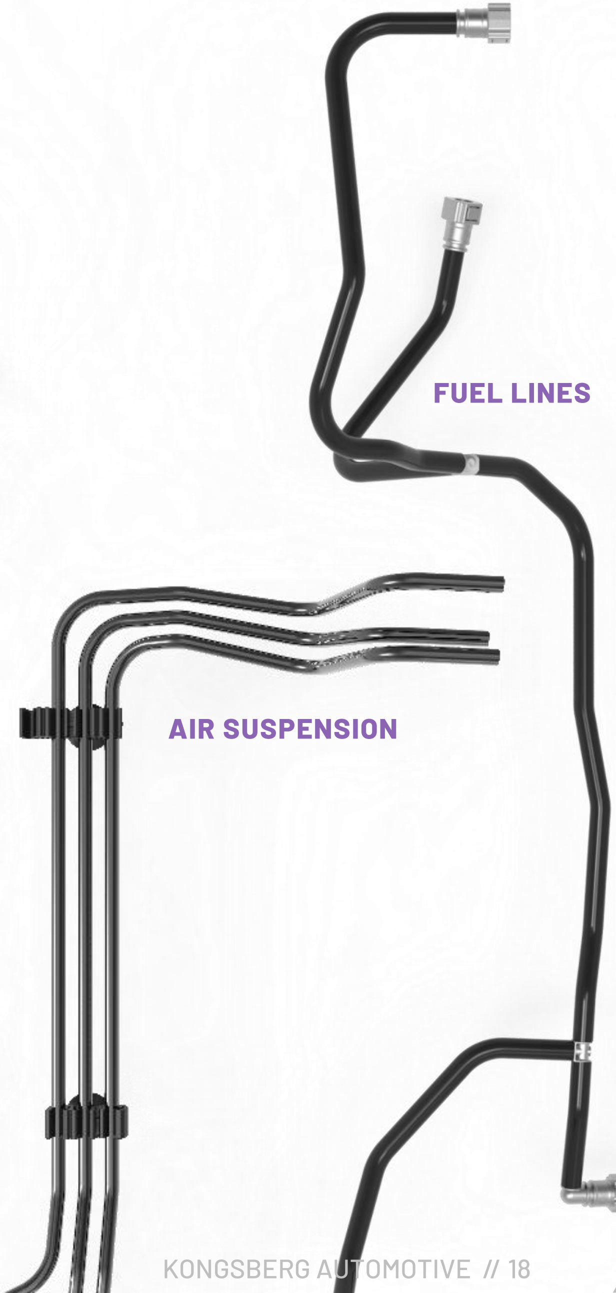


GEAR CONTROL UNITS

ELECTRIC ACTUATORS

VEHICLE DYNAMICS

AIR COUPLINGS
RAUFOSS® ABC SYSTEM HIGH PERFORMANCE COUPLINGS



FUEL LINES

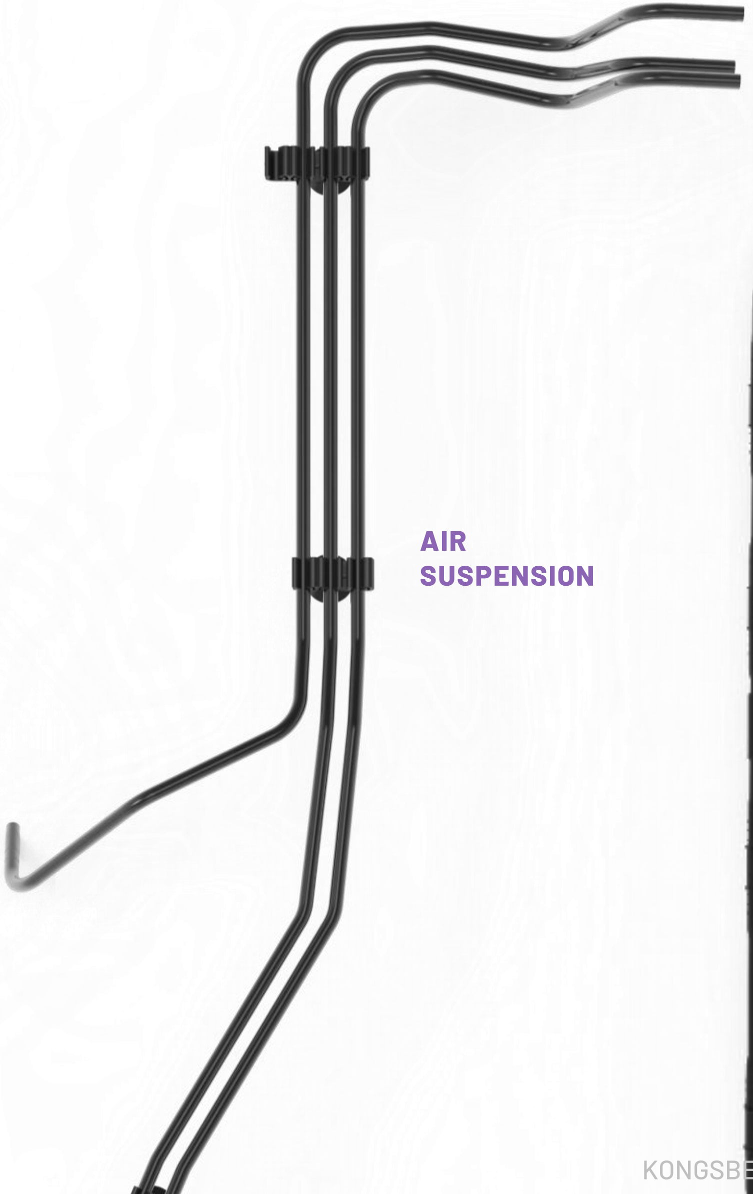
AIR SUSPENSION

THERMAL MANAGEMENT SYSTEM

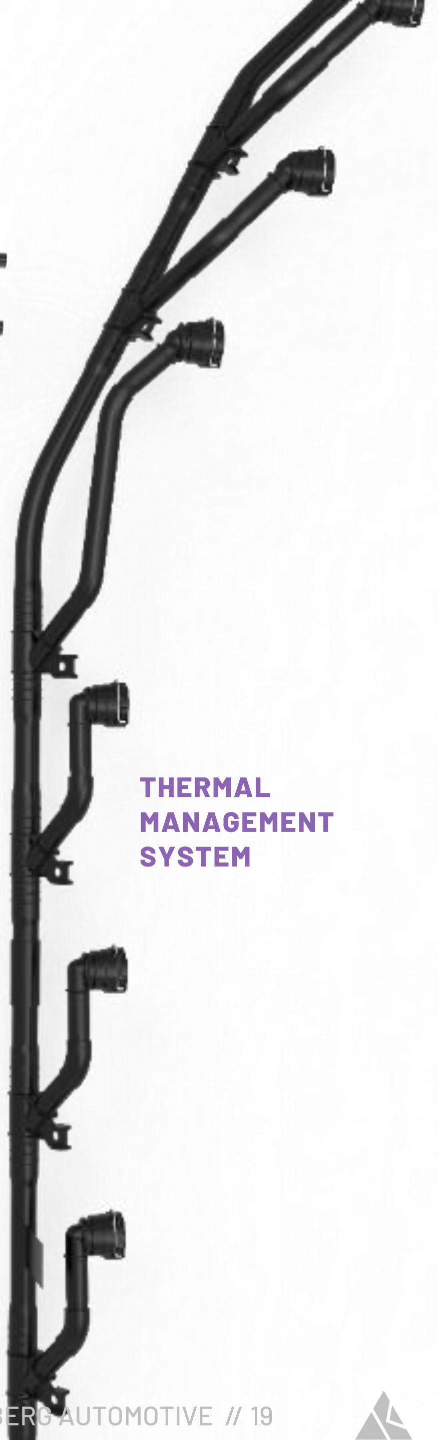
PRODUCT SELECTION
PASSENGER CARS

HEAD RESTRAINT MECHANISM

FUEL LINES



AIR SUSPENSION



THERMAL MANAGEMENT SYSTEM

ELECTRIC ACTUATORS

AIR COUPLINGS
RAUFOSS® HPC SYSTEM
HIGH PERFORMANCE COUPLINGS

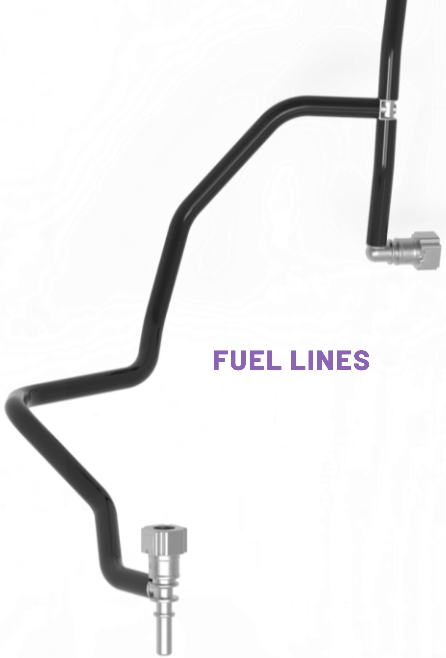
Kongsberg Automotive

PRODUCT SELECTION
OFF- HIGHWAY

PEDALS
THROTTLE, RETARDER, CLUTCH, CONTROL

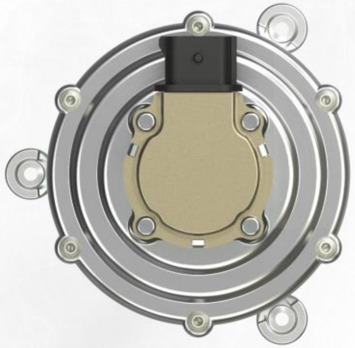
STEERING COLUMNS

ELECTRONIC HAND CONTROLS



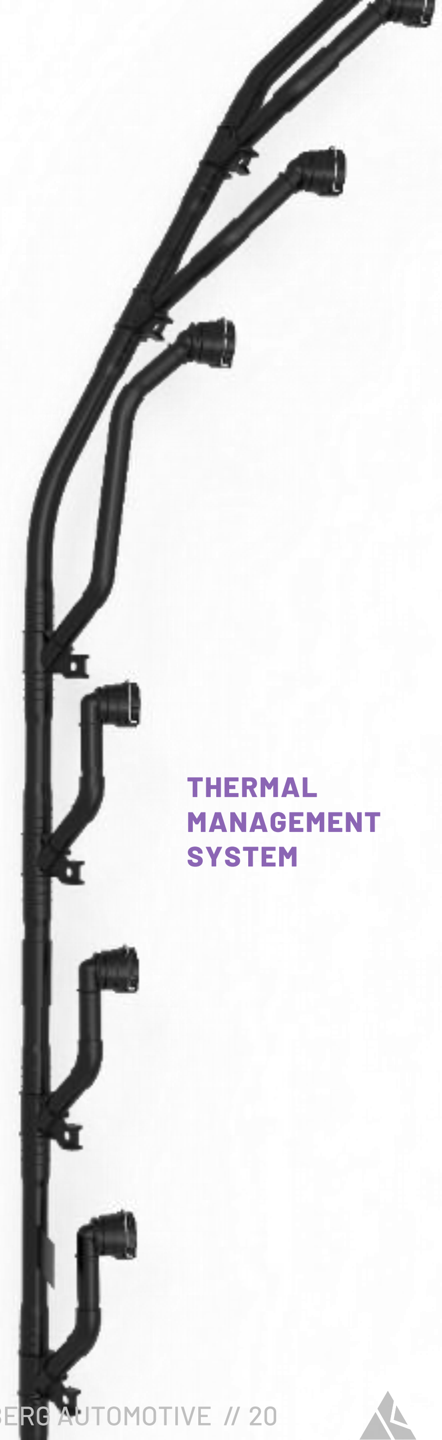
FUEL LINES

AIR COUPLINGS
RAUFOSS® ABC SYSTEM
HIGH PERFORMANCE COUPLINGS



ELECTRIC ACTUATORS

AIR SUSPENSION



THERMAL MANAGEMENT SYSTEM

KA'S KEY CUSTOMERS

DRIVE CONTROL SYSTEMS

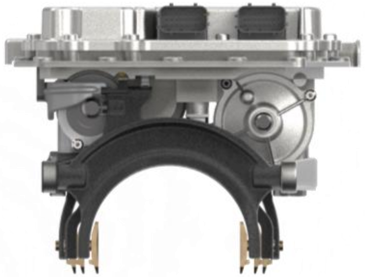
The Drive Control Systems business area is a global leader in designing and manufacturing products for both the automotive and commercial vehicle markets, as well as for off-highway industry.

Selected customer references

POWERTRAIN AND CHASSIS SOLUTIONS

ELECTRIC ACTUATORS

GEAR CONTROL UNITS



SHIFT-BY-WIRE SHIFTERS

VEHICLE DYNAMICS

OFF-HIGHWAY SOLUTIONS

STEERING COLUMNS

PEDALS AND THROTTLE CONTROLS

FLOW CONTROL SYSTEMS

The Flow Control System business area designs and manufactures products for both the automotive and commercial vehicle markets, as well as industrial applications.

Selected customer references

AIR MANAGEMENT

AIR SUSPENSION

AIR BRAKE SYSTEMS

FLUID AND THERMAL MANAGEMENT

CLEAN POWERTRAIN FLUID ASSEMBLIES

COOLANT LINES

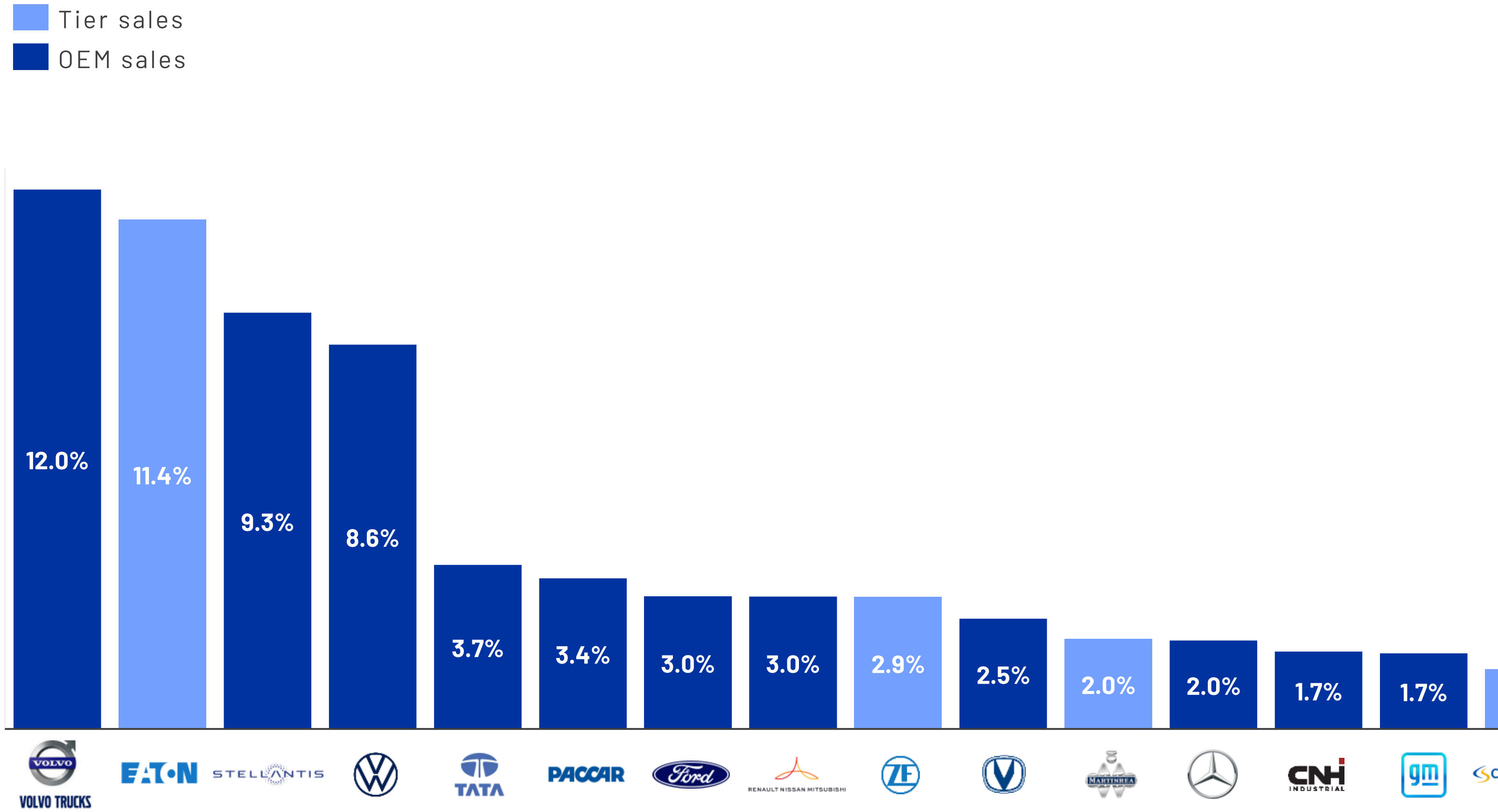
INDUSTRIAL FLUID APPLICATIONS

HIGH PERFORMANCE HOSES

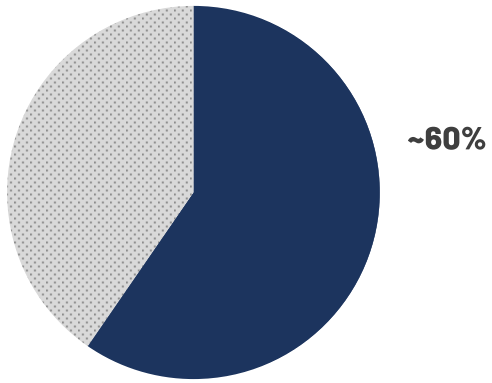
Kongsberg Automotive

TOP 20 CUSTOMERS
RELIABLE CLIENT BASE OF MAJOR ORIGINAL EQUIPMENT MANUFACTURERS

TOP 20 CUSTOMERS, SHARE OF KA'S EXTERNAL PRODUCT REVENUE(1)



CONTRIBUTION OF TOP 10 DIRECT CUSTOMERS



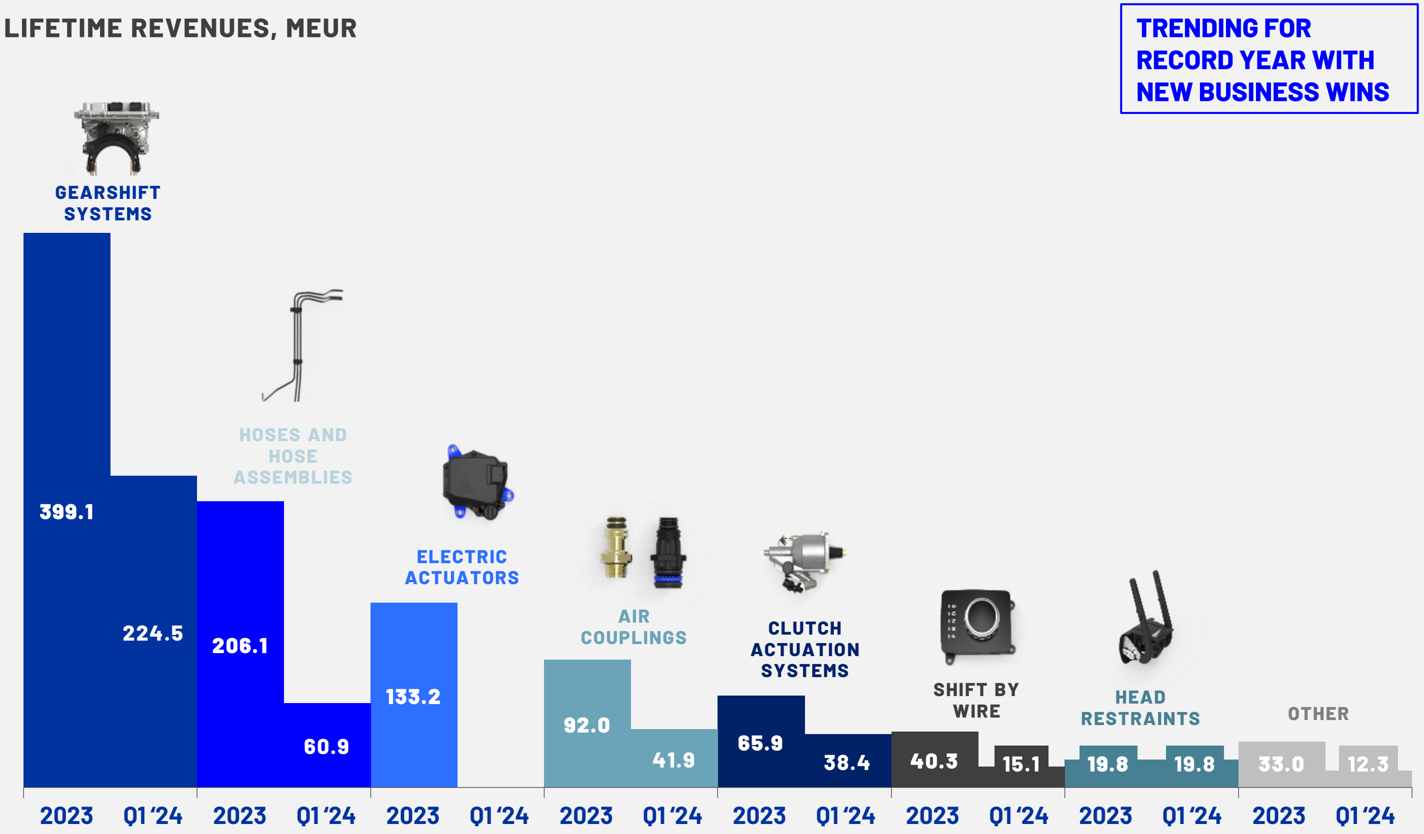
EXTERNAL PRODUCT REVENUE(1): € 859M

Source: Company information
(1) External product revenue excludes revenue from tooling, engineering and other non-product related sales

SIZEABLE AND SECURE ORDERBOOKSMOMENTUM IN CONTRACT WINS
TRENDING FOR RECORD YEAR BASED ON NEW BUSINESS WINS IN Q1 2024

NEW BUSINESS WINS (LIFETIME REVENUES) – FY 2023 vs Q1 2024

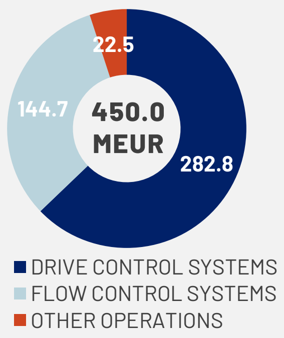
TRENDING FOR RECORD YEAR WITH NEW BUSINESS WINS

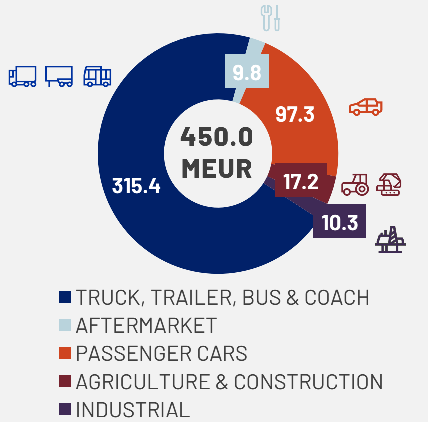


PER BUSINESS SEGMENT

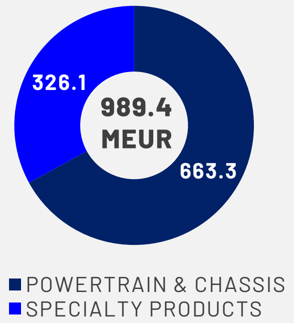
PER AREA

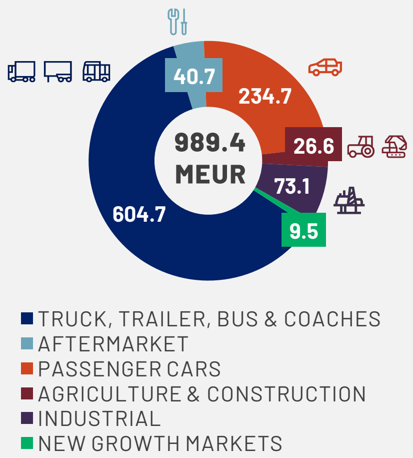
Q1 2024





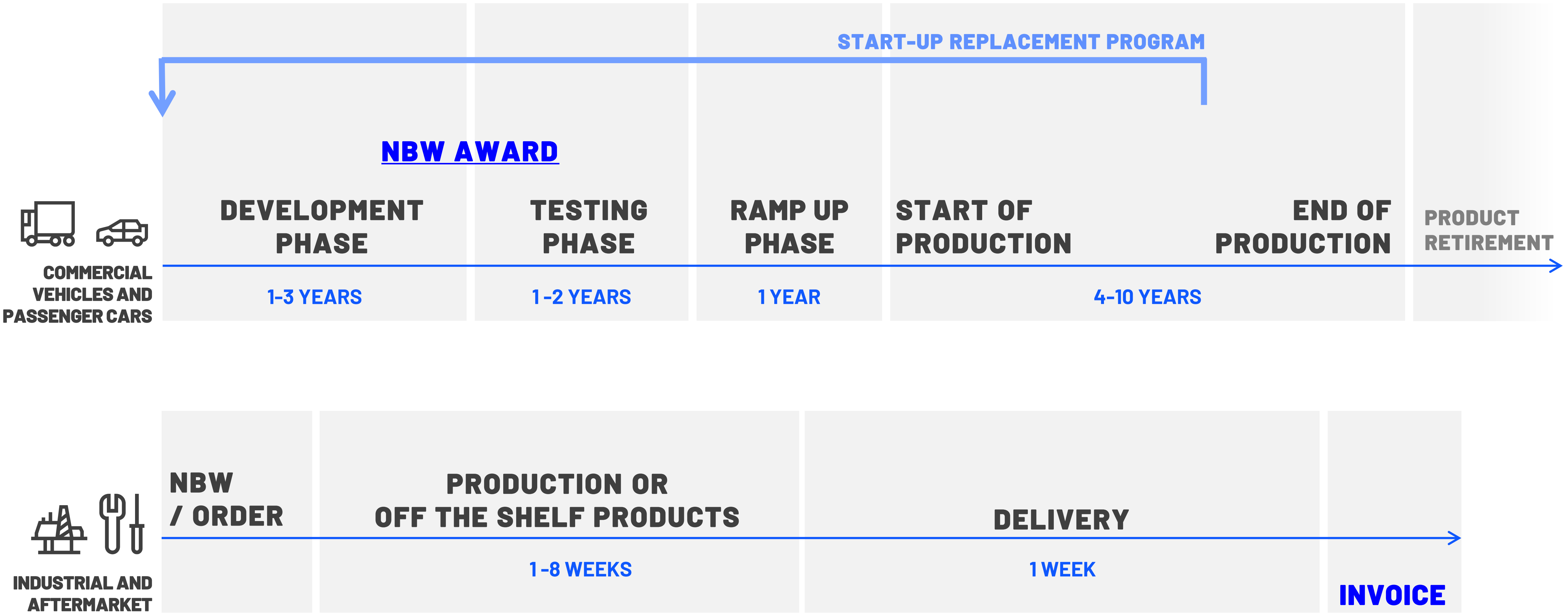
FY 2023





Source: Company information
Note: Product images are illustrative

BUSINESS WINS SUPPORTED BY SIGNIFICANT BARRIERS TO ENTRY
LONG LEAD-TIMES DUE TO SAFETY REGULATIONS AND CERTIFICATION REQUIREMENTS



Source: Company information

SUSTAINABILITY
CLEAR SUSTAINABILITY TARGETS AND GUIDING PRINCIPLES

LONG TERM TARGETS

2030	2039	Forever
100% renewable energy	Carbon neutral products	Zero Accidents

MID TERM TARGETS 2025

10% energy use reduction(1)	10% landfill waste reduction(1)	10% water use reduction(1)	50% renewable energy

2023 PERFORMANCE HIGHLIGHTS

45% RENEWABLE ENERGY USED ACROSS KA'S PRODUCTION PLANTS
COMAPRED TO 40% IN 2022

10 LANDFILL-FREE MANUFACTURING LOCATIONS

20% REDUCTION IN SCOPE 1 AND 2 CO_2e EMISSIONS(2)

GUIDING PRINCIPLES

LEADERSHIP & TALENT
Aim to develop our employees in an inclusive culture that respects diversity and exemplifies our values.

ENVIRONMENTAL PERFORMANCE
Commit to minimizing the use of natural resources and hazardous materials in the development and manufacture of our products.

HUMAN RIGHTS & LABOR PRACTICES
Advance initiatives which respect human rights and fair labor practices within our organization in the supply chain.

INTEGRITY & ETHICS
Require all employees to comply with applicable laws and observe the highest standards of business and personal ethics.

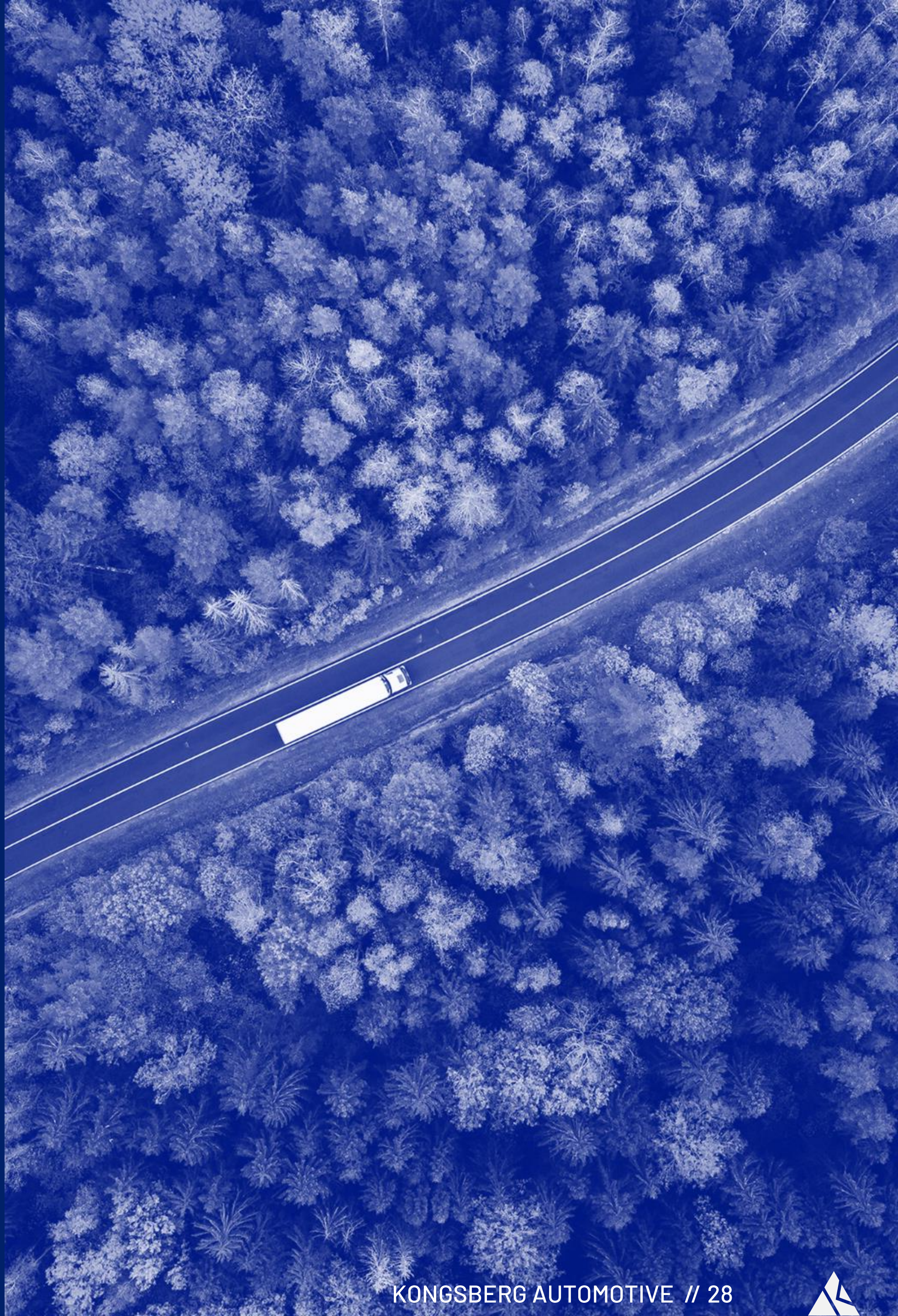
SUPPLY-CHAIN MANAGEMENT
Implement practices that consider and support responsible and sustainable sourcing.

COMMUNITY ENGAGEMENT
We contribute our time and financial support to the communities where we work and live.

Source: Company information
Note: For further information see KA's 2023 annual report
(1) Base year 2019, (2) Compared to previous year

SUMMARY

- HIGHLY EXPERIENCED MANAGEMENT TEAM AVERAGING OVER 20 YEARS OF EXPERIENCE IN THE AUTOMOTIVE INDUSTRY
- FOCUSED AND RESILIENT PRODUCT PORTFOLIO
- FIT TO CAPITALIZE ON THE GROWTH WITHIN COMMERCIAL VEHICLES
- STRATEGICALLY PLACED IN THE MARKET TO LEVERAGE THE GROWTH OF ELECTRIC VEHICLES
- LOYAL AND LONG-TERM RELATIONSHIPS WITH TIER1 AND OEM CUSTOMERS
- SIZEABLE AND SECURE ORDERBOOKS



KONGSBERG AUTOMOTIVE

MARKET DYNAMICS

FINANCIAL OVERVIEW

SUPPORTING MATERIALS

ESG CHECKLIST

RISK FACTORS

MEGATRENDS IN THE AUTOMOTIVE INDUSTRY
KA UNIQUELY POSITIONED TO BENEFIT FROM AUTOMOTIVE MEGATRENDS

ELECTRIFICATION

The global vehicle fleet is being transformed from ICE to electricity-powered

+30%
Global EV fleet CAGR (2022-2030E)

Illustrative observation

AUTONOMIZATION

Vehicles are becoming more advanced and increasingly autonomous with new software, sensors and AI technologies

12%
Expected share of new sales with autonomous vehicle functions in 2030

Illustrative observation

SAFETY

Safety continues to be a key concern amongst end-customers and regulators

+11%
Automotive active safety system market CAGR (2022-2032)

Illustrative observation

SUSTAINABILITY

Legislation is forcing the whole supply chain to to find new ways to reduce ICE vehicles' CO_2 emission

(38%)
EU car fleet CO_2 reduction target from 2030 on vs. 2021 (per car manufacturer)

Illustrative observation

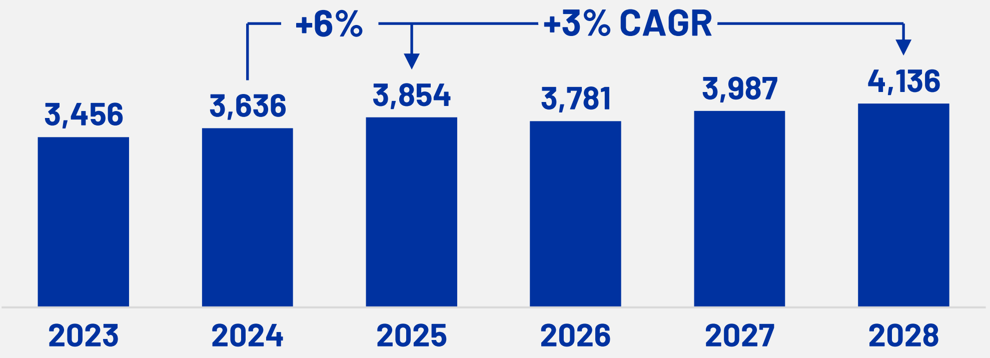
Source: IEA, Statista, McKinsey, FMI, European Commission

Market dynamics

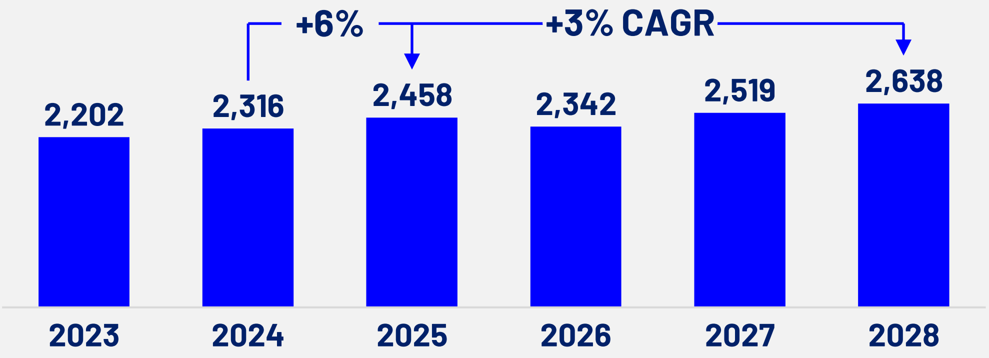
GROWTH PROJECTIONS IN THE COMMERCIAL VEHICLE MARKET
REDUCED DEPENDENCY ON CHINA IN COMING YEARS

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units

INCLUDING CHINA

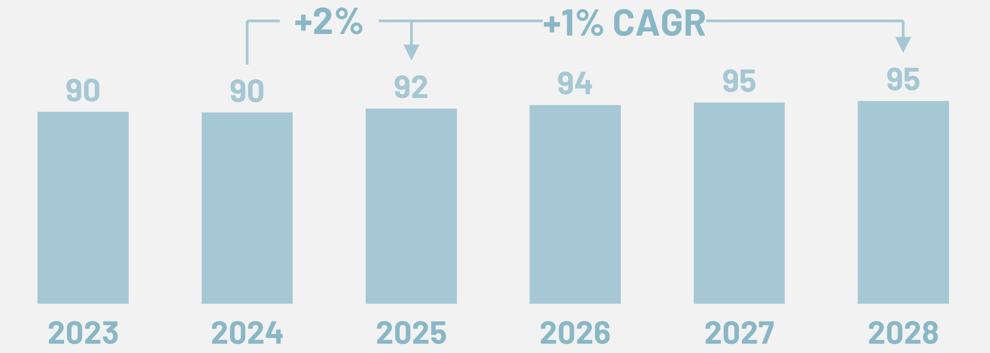


EXCLUDING CHINA

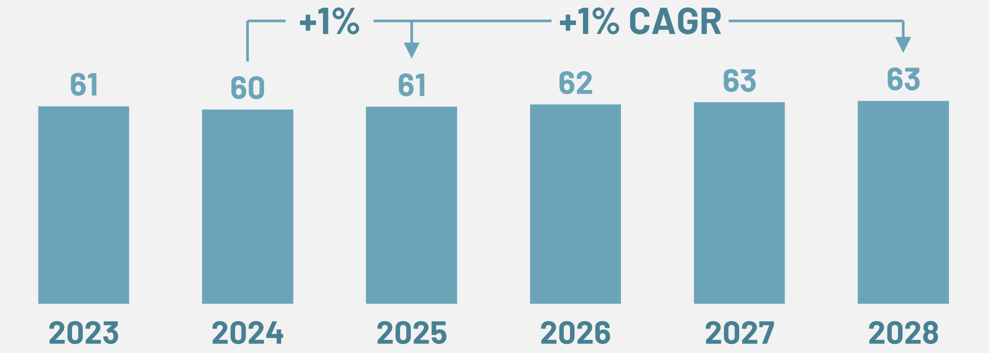


GLOBAL PASSENGER CAR PRODUCTION, million units

INCLUDING CHINA



EXCLUDING CHINA

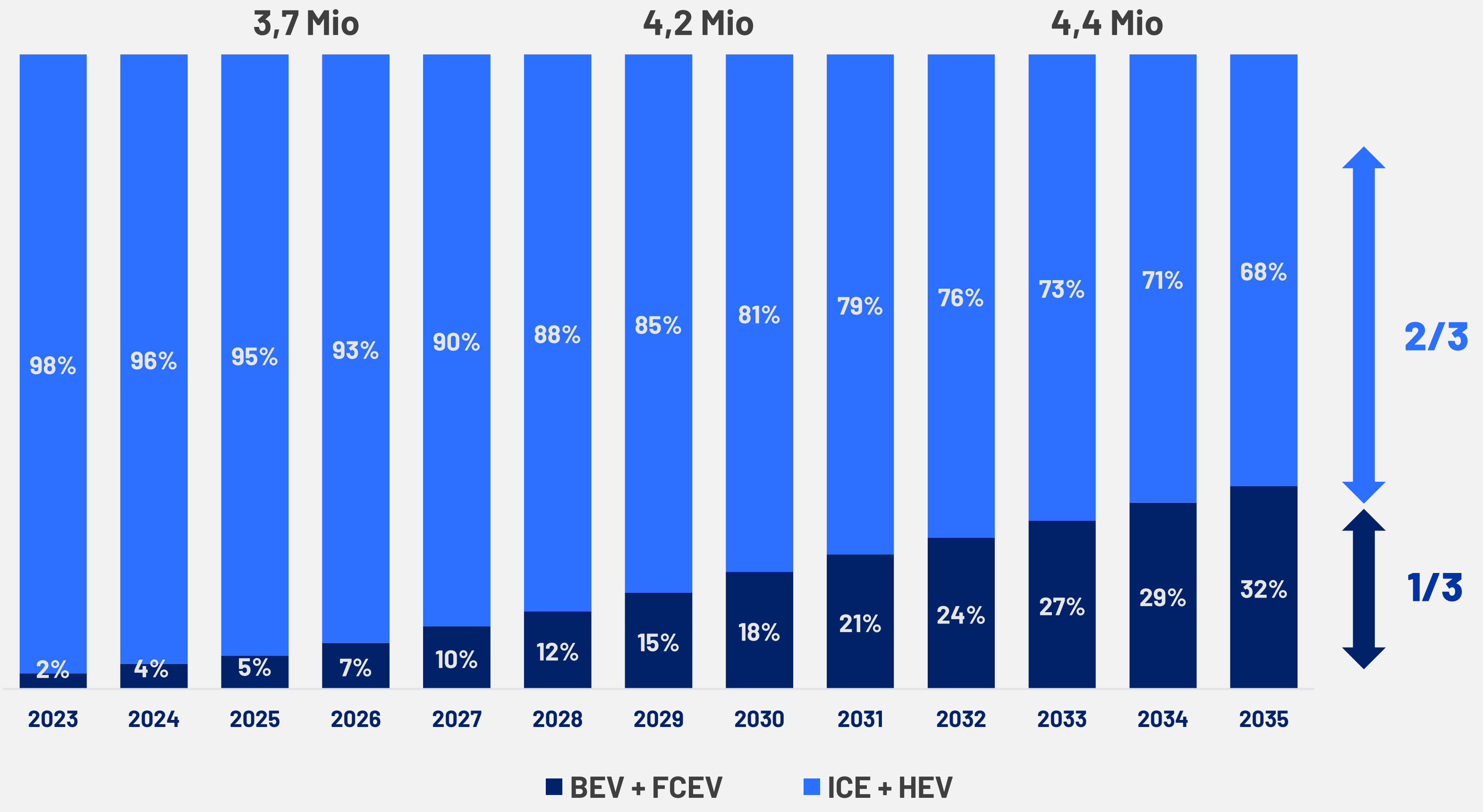


Source: LMC Global Commercial Vehicle Forecast (March 2024); IHS Light Vehicle Production Base (March 2024)

PROJECTIONS OF ELECTRIFICATION OF GLOBAL COMMERCIAL VEHICLES
SOLID EV GROWTH, BUT ICE TRUCKS ARE EXPECTED TO RETAIN A CLEAR MAJORITY SHARE

GLOBAL COMMERCIAL VEHICLES

TOTAL PRODUCTION IN MILLIONS AND FITMENT OF ELECTRIFICATION TYPE IN %



> Current prognosis shows approximately 1/3 of the global trucks in 2035 being BEV or FCEV driven.

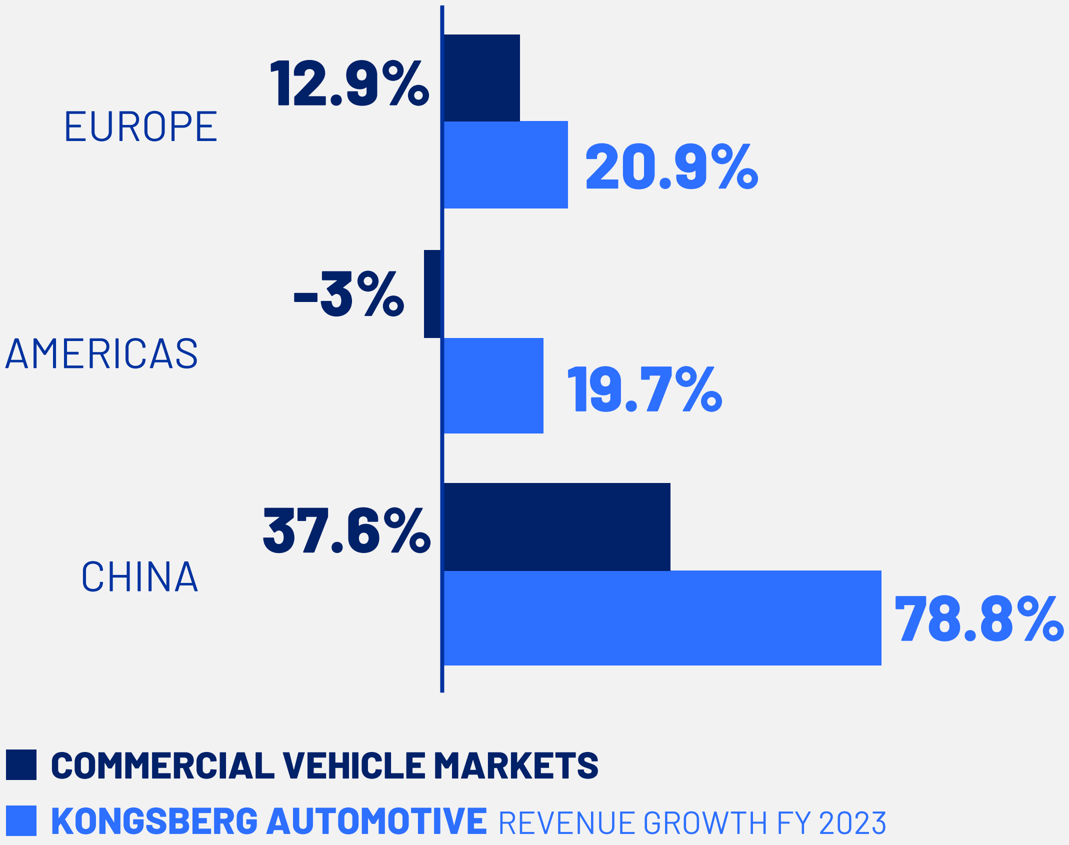
> High pressure on improvements in conventional ICE systems (e.g. Euro 7). KA continues harvesting and is growing market share in ICE Cooling Systems.

> BEV and FCEV trucks have a higher potential FCS content per vehicles compared to regular ICE trucks. Therefore, increased electrification will potentially raise the demand for FCS products over time

Source: LMC Database - 2023Q2

KA GROWTH VERSUS THE OVERALL COMMERCIAL VEHICLE MARKET
REVENUE GROWTH ABOVE MARKET FOR THE THIRD YEAR IN A ROW

GROWTH IN KEY COMMERCIAL VEHICLE MARKETS VS KONGSBERG AUTOMOTIVE REVENUE GROWTH FY 2023(1)

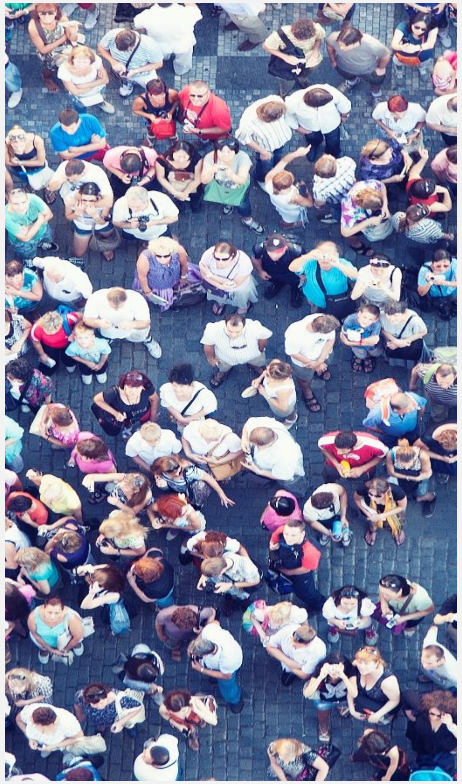


- KA's revenue growth for 2023 in the commercial vehicles area was above market for the third year in a row. This was mainly driven by the significant outperformance in revenues in the European truck market.
- The outperformance was driven by a widely recognized brand, diverse product offerings, and a robust customer-base. KA's key blue-chip customers have successfully grown their market share and production in local markets, resulting in increased sales for KA.

Source: LMC Global Commercial Vehicle Forecast (March 2024)
(1) Revenue growth calculated based on constant currencies (excluding translation effects)

DEVELOPMENT OF THE GLOBAL MARKET SITUATION
SUPPLY MARKETS GRADUALLY IMPROVING

CURRENT TRIGGERS FOR DISRUPTION	MACROECONOMIC FACTORS AFFECTING GLOBAL MARKET ENVIRONMENT
SEMICONDUCTOR SHORTAGE	Availability is further improving. Shortage limited to individual components only
LABOR COSTS	Increased in best cost countries from low base
SUPPLY CHAIN	Freight services and costs are normalizing, with additional costs in container cargos due to constraints at Suez and Panama Canal
ENERGY/MATERIAL COST	Energy prices are flattening. Raw material cost differ with volatile steel price and increased copper and aluminium prices
CUSTOMER DEMAND	Limited ability of KA to influence short-term demand, high dependency on large customer programs



Source: Company information

KONGSBERG AUTOMOTIVE

MARKET DYNAMICS

FINANCIAL OVERVIEW

SUPPORTING MATERIALS

ESG CHECKLIST

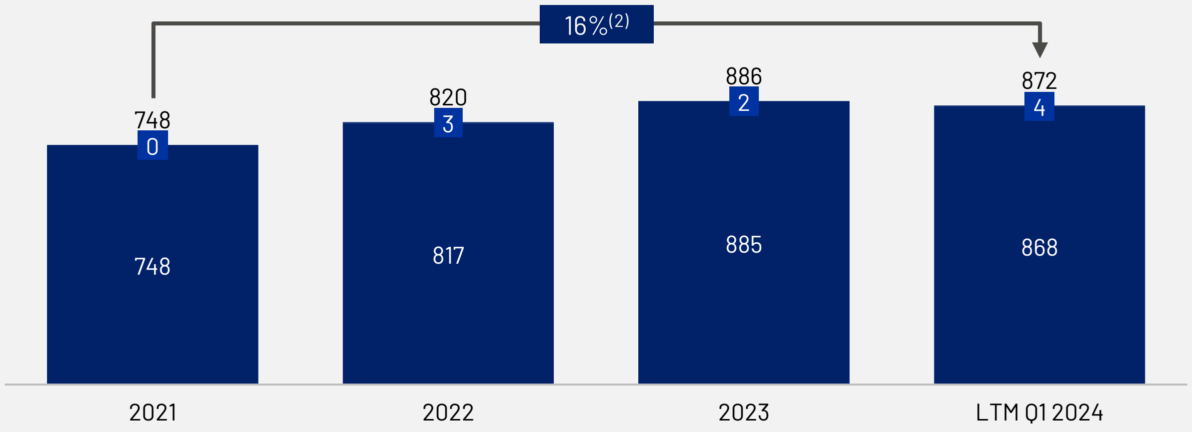
RISK FACTORS

REVENUE GENERATION
ROBUST REVENUE BASE DIVERSIFIED ACROSS BUSINESS AREAS, SEGMENTS AND REGIONS

OPERATING REVENUE AND OTHER INCOME

EUR MILLION

Operating revenue Other income



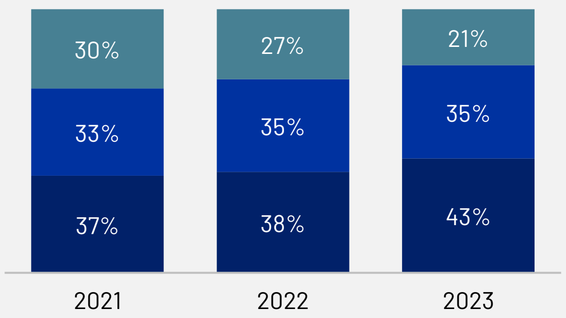
- Significant revenue growth achieved despite the divestment of the Interior Segment and Powersports business in 2022
- While the Driveline (gear shift systems) segment is expected to decline, the DCS and FCS segments are projected to grow, with DCS showing particularly strong performance
- KA's position in the commercial vehicles market is strong and growing, especially in Europe and North America, aligning well with the Groups strategic objectives
- The decline in China is attributable to the reduction in the Driveline business
- Other income includes gains from the external sale of non-current assets and corporate service income related to transition services provided to buyers following the sale of certain business segments

KEY OPERATING REVENUE BREAKDOWNS

% OF OPERATING REVENUE

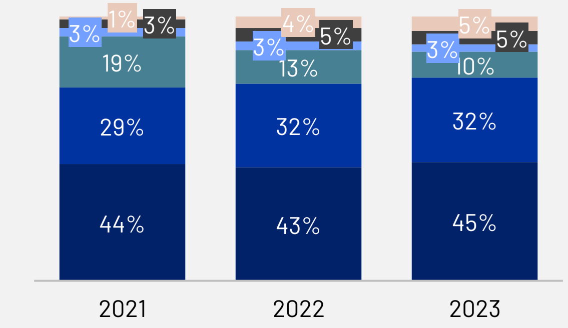
BY BUSINESS SEGMENT

DCS (excl. Driveline) FCS Driveline



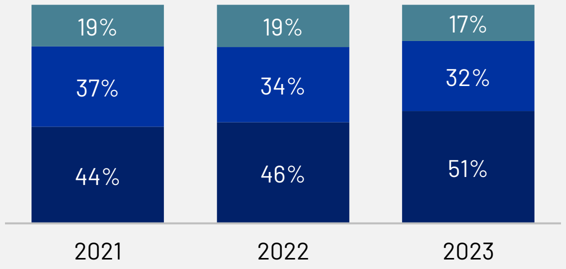
BY REGION

Europe North America China
APAC[1] South America RoW



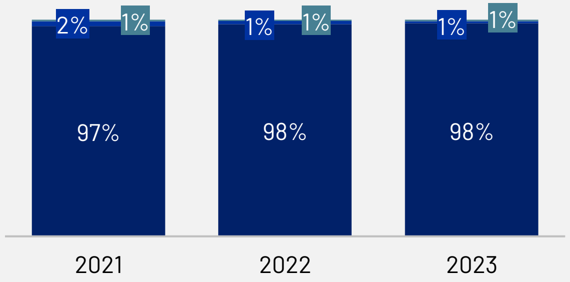
BY CUSTOMER CATEGORY

Commercial vehicles Passenger vehicles
Other



BY TYPE

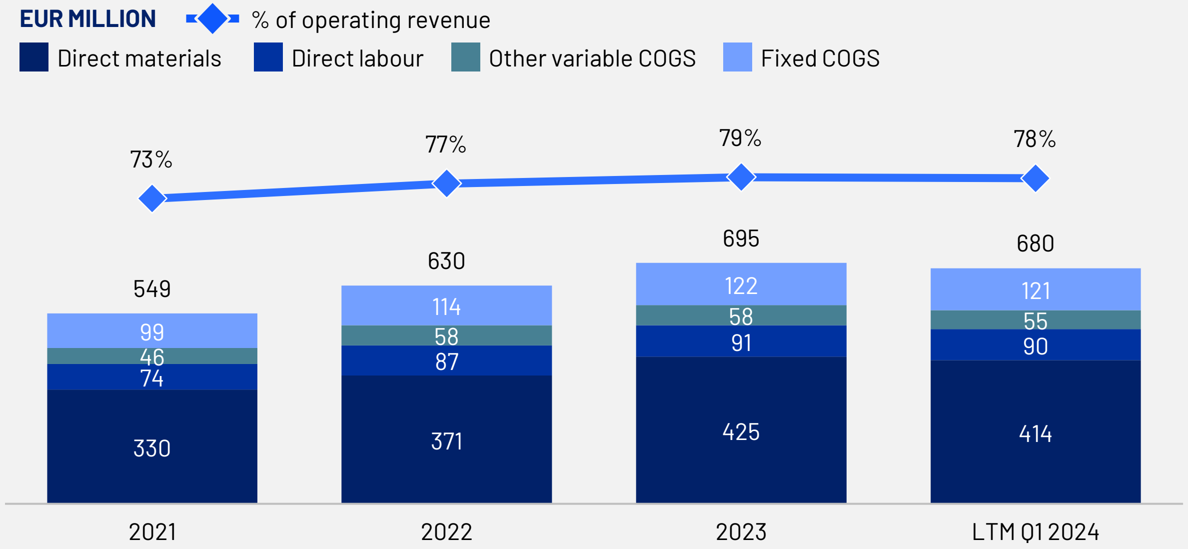
Product sales Tooling Engineering



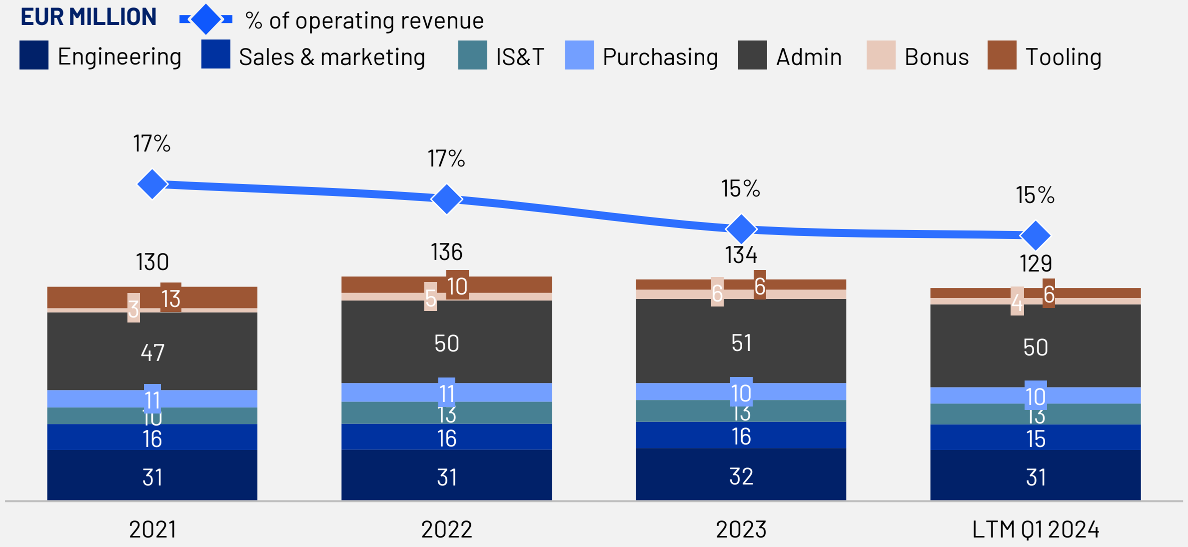
Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)
(1) Excluding China, (2) Operating revenue growth (2021 vs. LTM Q1 2024)

COST BASE
CONSISTENT COGS EFFICIENCY AND ENHANCING OPEX EFFICIENCY ALIGNED WITH THE STRATEGY

COST OF GOODS SOLD (COGS)



OPERATING EXPENSES (OPEX)



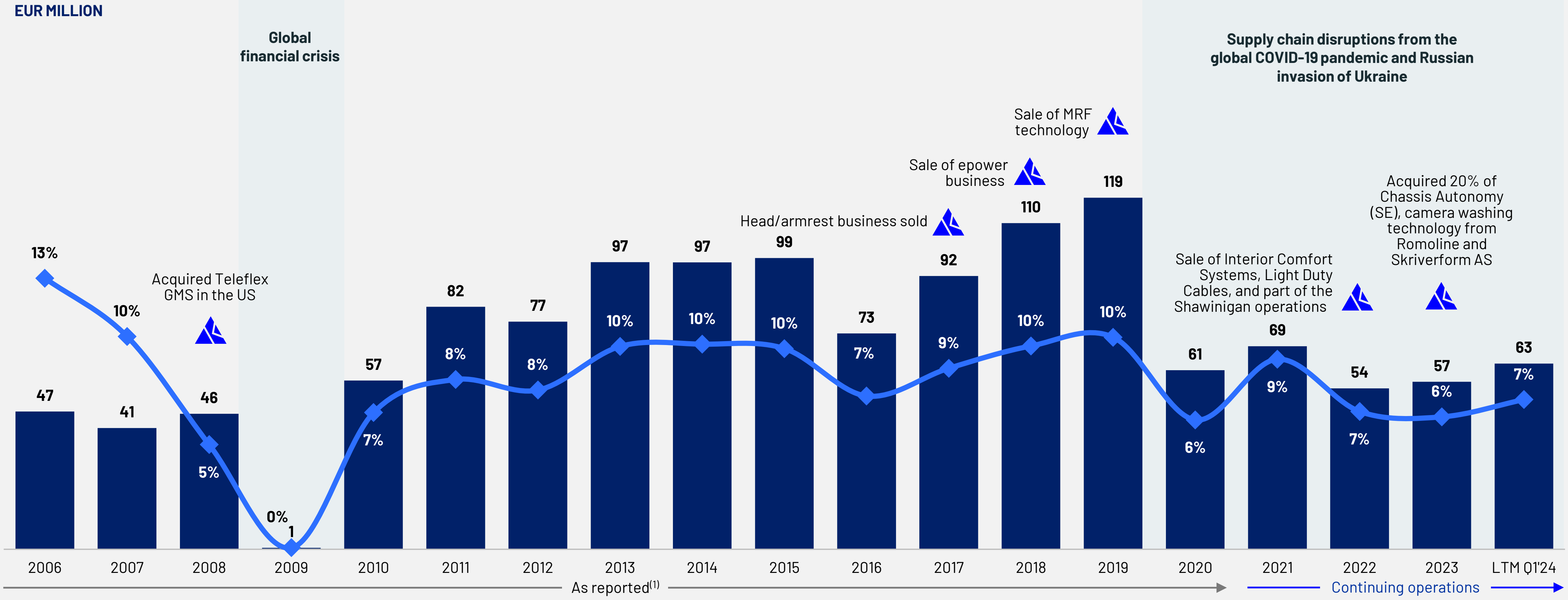
- Stable gross margins % despite increased higher material cost and other supplies; this is secured by price increases and recharges to customers following successful negotiations
- A further increase of gross margin % beyond Q1 2024 expected going forward following implementation of relevant operational excellence measures
- Other variable COGS consists of primarily freight related costs and variable production equipment

- The stable OPEX base and improving efficiency since 2021 highlights the group's strong operational cost discipline, as it remains focused on:
  - Overhead cost optimisation
  - Support function optimisation
  - Organisational effectiveness
  - Footprint optimisation
- Further OPEX efficiency gains will be noticeable, when the impact of the cost optimization measures announced in Q4 2023 will fully materialise

Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)

PROVEN PROFITABILITY RESILIENCE OVER CLOSE TO 20 YEARS...
...EVEN THROUGH PERIODS OF CHALLENGING MARKETS

DEVELOPMENT IN ADJUSTED EBITDA FROM 2006 TO LTM Q1 2024

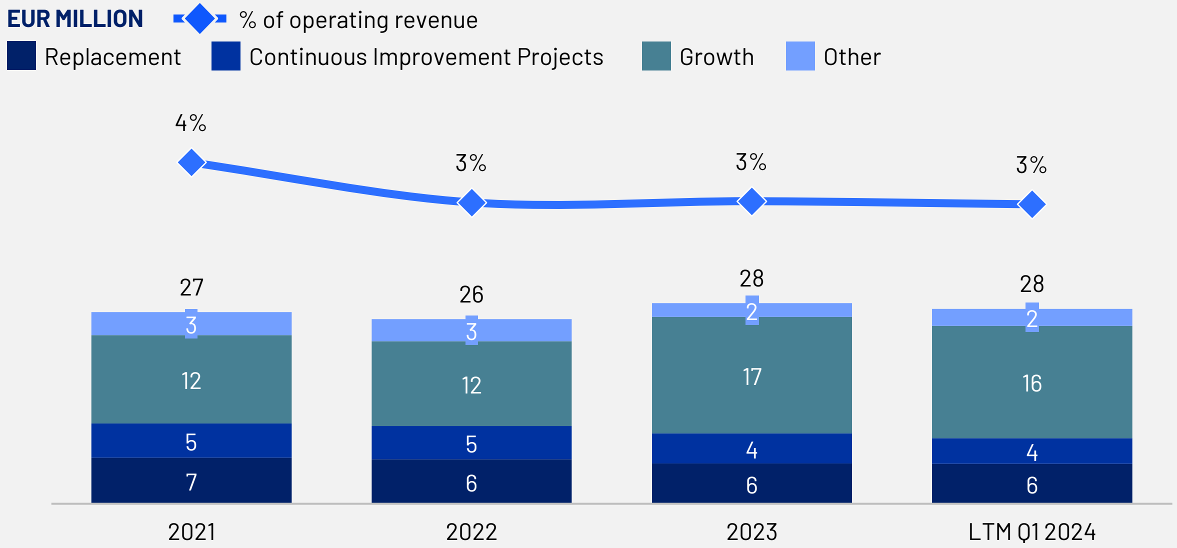


Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)

(1) As per the latest available annual report for the relevant financial year, or corrected in the subsequent year's annual report, excluding FY 2020. The 2020 report was restated in 2021 for the sale of the interior segment and cable-related part of the specialty products segment, completed in 2022, but is shown as originally reported in 2020, including the later discontinued operations

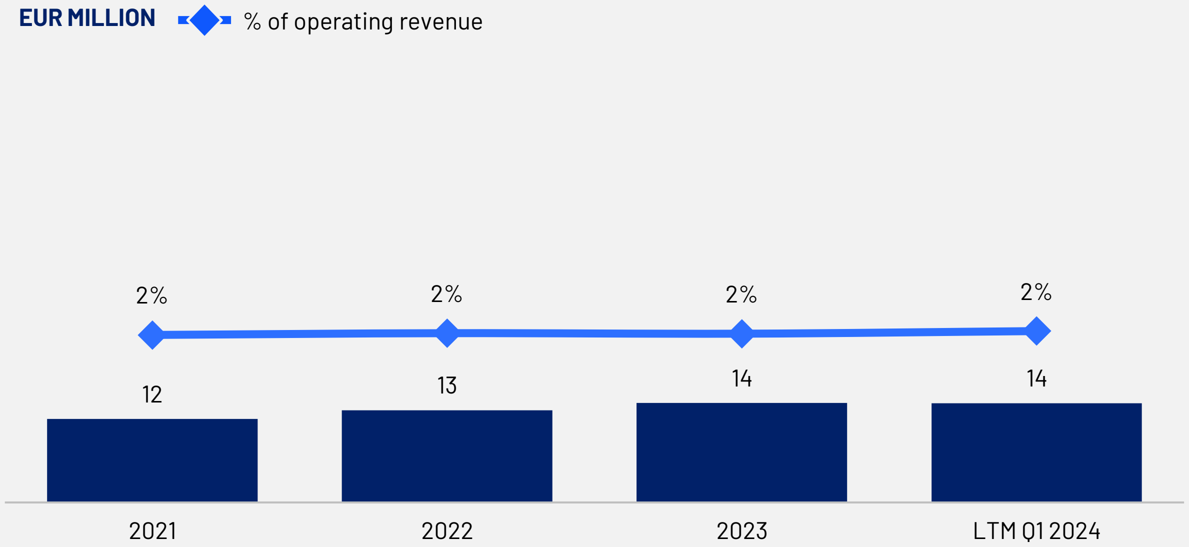
KEY CASH FLOW ITEMS
CONSISTENT CAPEX EFFICIENCY AND STABLE CASH OUTFLOW FROM LEASES

CAPITAL EXPENDITURES (CAPEX)



- Growth CAPEX was significantly reduced in 2021-22 in response to the COVID-19 pandemic, demonstrating KA's ability to adjust its growth investments based on market conditions
- Since 2023, the Group has increased its growth investments, focusing on key projects such as business expansion, plant modernization, product development, insourcing, and capacity increases
- Stable replacement CAPEX remains around EUR ~6-7 million, while other CAPEX is ~EUR ~2-3 million
- Overall, the business requires limited CAPEX, amounting to less than 3-4% of operating revenue.

CASH OUTFLOW FROM LEASES

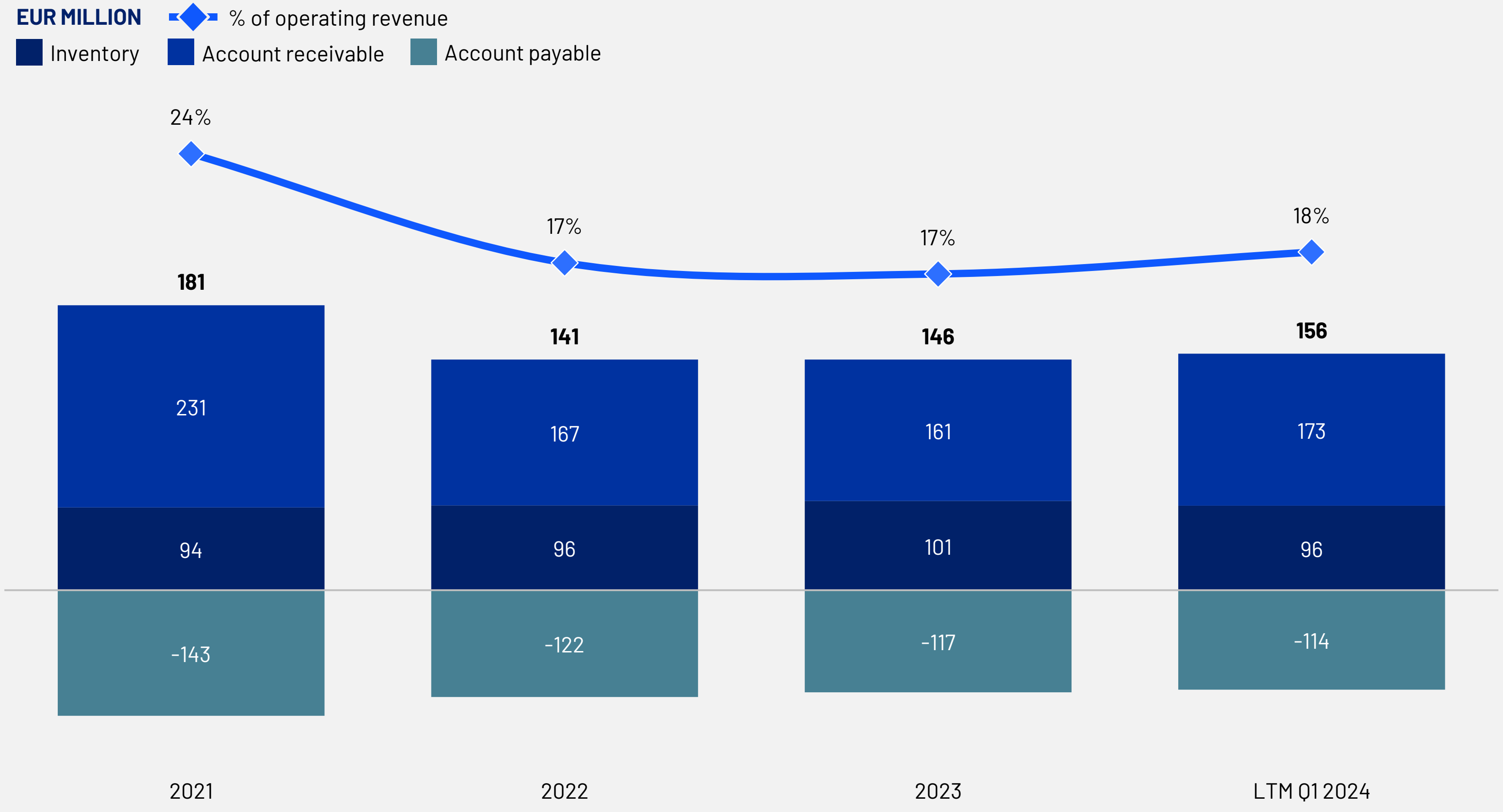


- The Group leases a variety of assets, including manufacturing facilities, offices, warehouses, equipment, and vehicles, with most lease payments being allocated to real estate
- New leases commenced in 2022

Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)

NET WORKING CAPTIAL
SLIGHTLY ELEVATED INVENTORY LEVELS FULLY FINANCED BY ACCOUNTS PAYABLES

NET WORKING CAPITAL (NWC)(1)



COMMENTS

Inventory

- Since 2022, inventories have remained at relatively high levels due to supply chain disruptions and volatility in orders, characterised by a high volume of short-notice cancellations
- This increase has been driven by geopolitical factors and macroeconomic uncertainty related to component shortage. In response, KA launched a structural logistic improvement program in 2023

Accounts receivable and payable

- Continuing efforts to improve payment terms, leveraging factoring, and refining overdue account management
- Payables are overseen by the corporate treasury and are dictated by the inventory needs essential for supporting growth

WORKING CAPITAL FINANCING ARRANGEMENTS

Multi-Currency Super Senior Revolving Credit Facility (SSRCF)(2)

- Lender: Danske Bank
- Facility amount: EUR 15 million (currently undrawn)

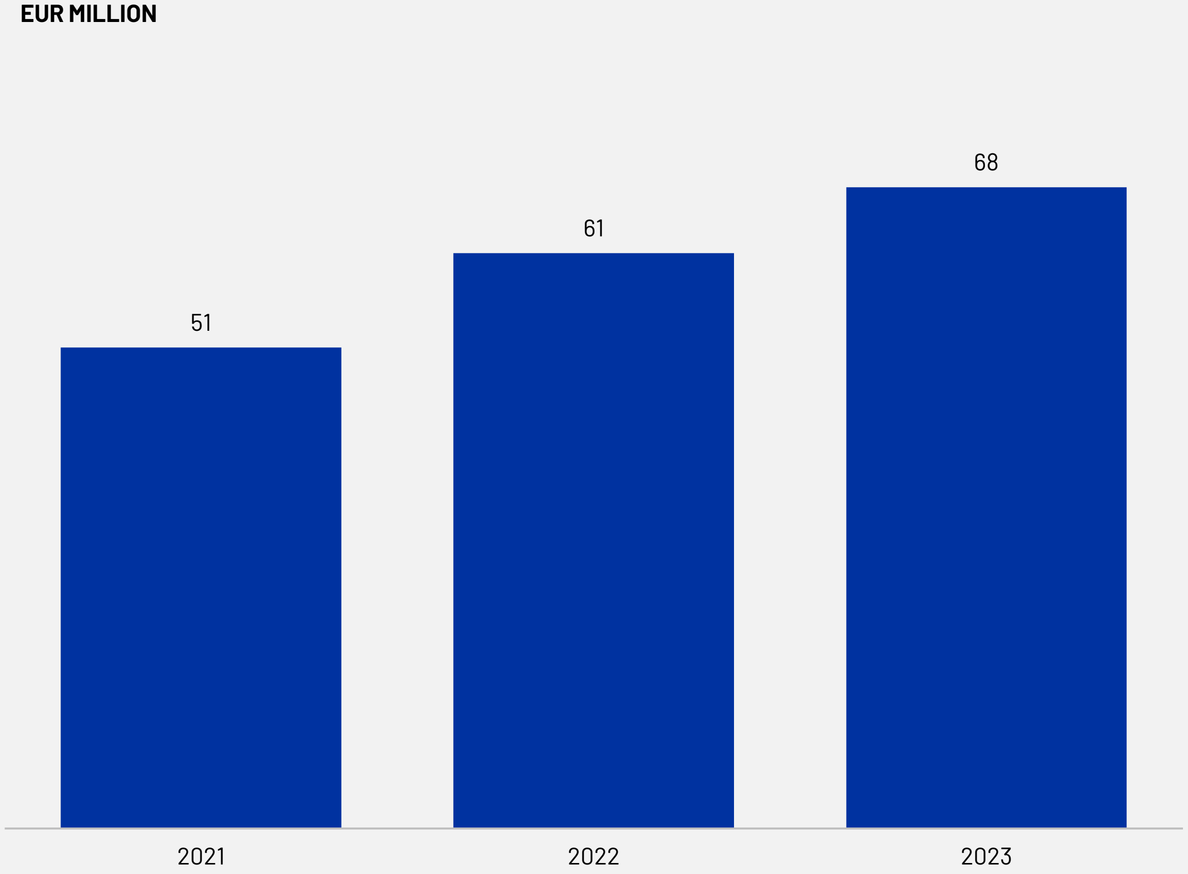
Accounts Receivables Securitisation Agreement

- On balance sheet factoring through a KA-owned SPV for certain receivables issued by other KA entities
- Lender: NordLB
- Facility amount: EUR 25 million (currently undrawn)

Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)
(1) Includes inventory related to Powersports business divested to BRP in Q4 2022, (2) New committed SSRCF by Danske Bank subject to the successful placement of the new bonds

IMPROVING PROFITABILITY AND CASH GENERATION
KA IS SUCCESSFULLY EXECUTING ON ITS IMPROVEMENT PROGRAM

IMPROVEMENT PROGRAM CONTRIBUTIONS



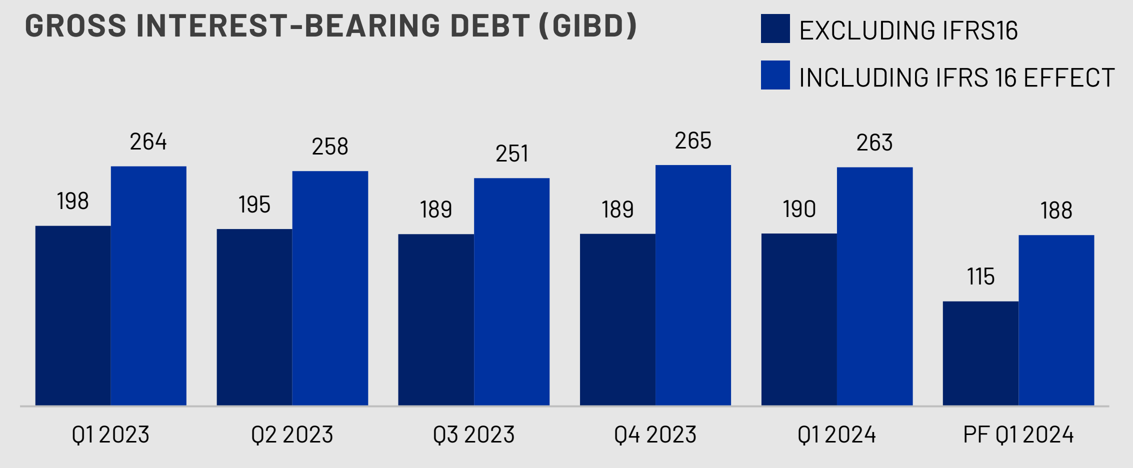
Source: Company information

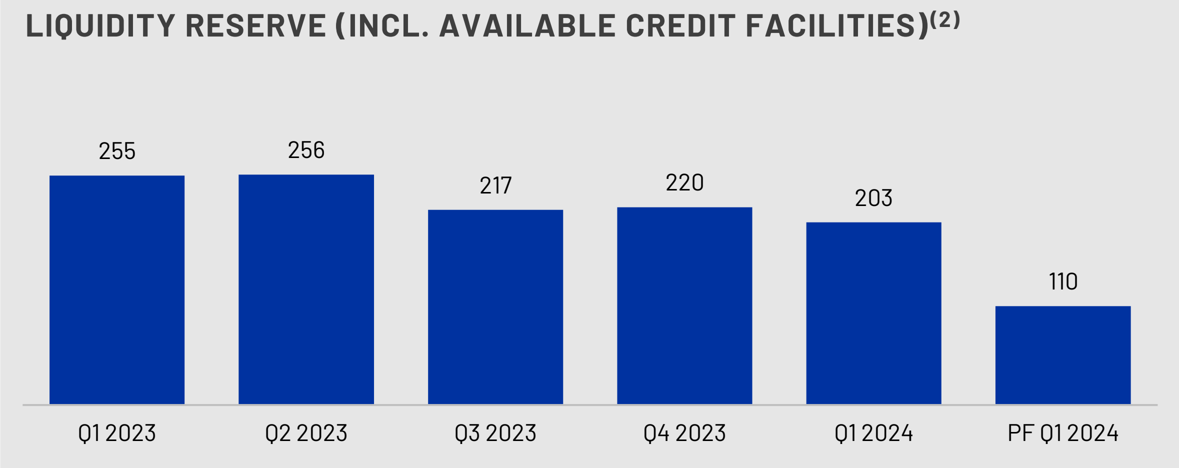
KEY INITIATIVES IN 2024

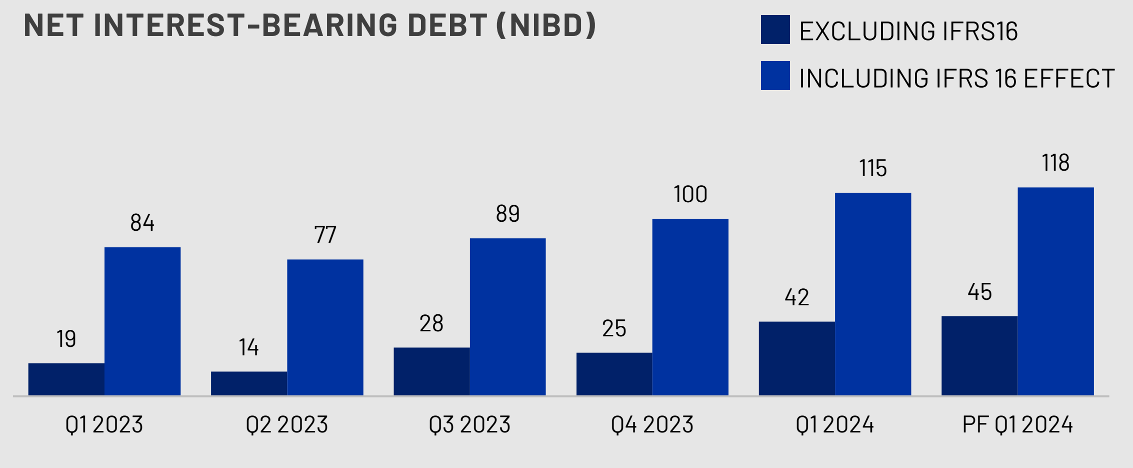
TARGET 2024E	IMPROVING THE BOTTOM-LINE
> EUR 17m	**Overhead Cost / Support Function Optimisation / Benchmark / Organisational Effectiveness / Right sizing** > Around 110 positions reduced, 40 replaced in best cost locations > Closure of our office in Dortmund (GER) and Tokyo (JAP)

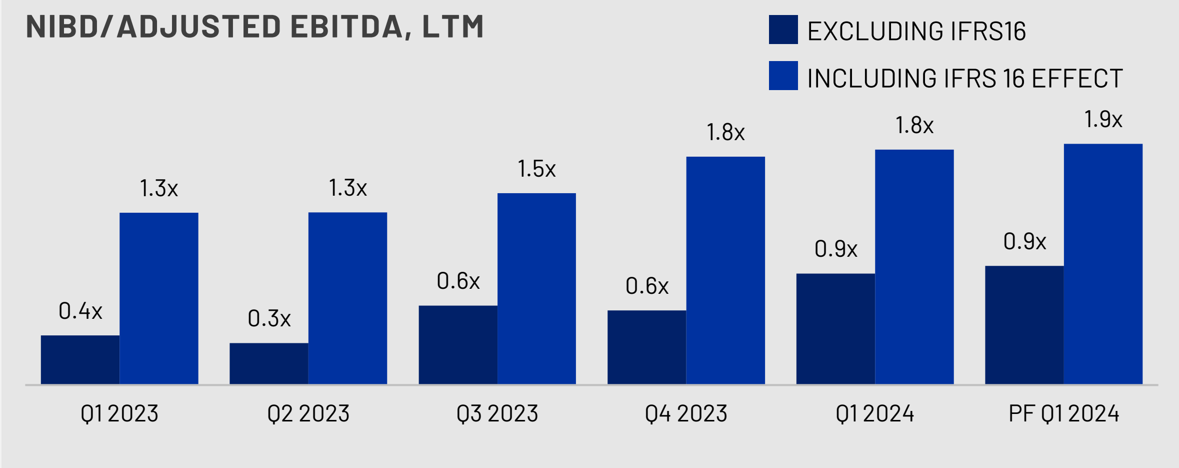
TARGET 2024E	OFFSETTING NEGATIVE EFFECTS
> EUR 10m	**Direct and Indirect Material Cost Optimisation Resourcing / VA / VE / Commercial / Bundling** > Near-Shoring > Supplier Days and workshops > Insurance Brokerage centralisation
> EUR 10m	**Operational Excellence / Footprint Optimisation / Shopfloor improvements / Make or Buy / Relocation** > Semi-automated and fully automated assembly lines > Insourcing of brazing > Move of labour-intensive production to best cost countries

CREDIT METRICS[1]
KA WILL SIGNIFICANTLY REDUCE GIBD IN THE TRANSACTION WITH NIBD REMAINING VERY LOW









Source: Company information
(1) PF Q1 2024 assumes a new senior secured bond of EUR 115 million, (2) PF Q1 2024 only includes the new committed SSSRCF of EUR 15 million

FINANCIAL POLICY
CONSERVATIVE FINANCIAL POLICY

FINANCING STRATEGY

CONSERVATIVE, EFFICIENT AND EFFECTIVE

- sufficient accessible liquidity at all times
- limit financial risks and secure financial independence
  - aim to maintain a Net Interest-Bearing Debt / EBITDA LTM ratio of below 2.0x[(1)]
  - always maintain a minimum equity ratio of 25%
- leverage a diverse set of financing instruments
  - access to the equity and debt capital markets
  - combine revolving and fixed lines
  - utilize accounts receivable securitization facilities, factoring and other available instruments

CAPITAL ALLOCATION

1) Support Organic growth (CAPEX & R&D)
2) Provide flexibility to engage in equity investments, JV´s, acquisitions

DIVIDEND POLICY

Return to shareholders by way of increasing the share price, share buy back programs or dividends - determined from time to time – with a target of returning up to 50% of net profits, provided that financing strategy conditions are met.

Source: Company information
(1) Including IFRS 16 effects

LONG TERM AMBITIONS - 2028

REVENUES	EBIT MARGIN
ABOVE EUR 1.0 BN	**AT OR ABOVE 8.5%**
By organic growth, representing a double-digit % CAGR for the core business[1], being higher than the expected industry growth	*Reach and maintain EBIT-margin, aiming for sustainable profitability*

Source: Company information
(1) Core business excludes Driveline (except e-actuators), with FY 2023 revenue of EUR 723 million

KONGSBERG AUTOMOTIVE

MARKET DYNAMICS

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SUPPORTING MATERIALS

ESG CHECKLIST

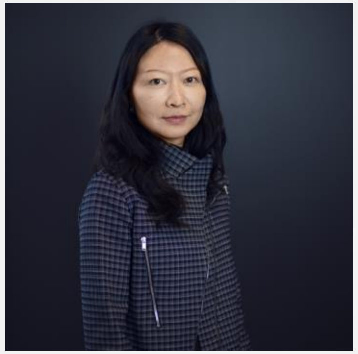
RISK FACTORS

Supporting materials

BOARD OF DIRECTORS

Peter Thostrup
Chair // *Copenhagen (Denmark)*

Christina Hallin
Director // *Gothenburg (Sweden)*



Junyang (Jenny) Shao
Director // *Frankfurt (Germany)*

Erik Volden
Director // *Oslo (Norway)*

Brian Kristoffersen
Director // *Copenhagen (Denmark)*

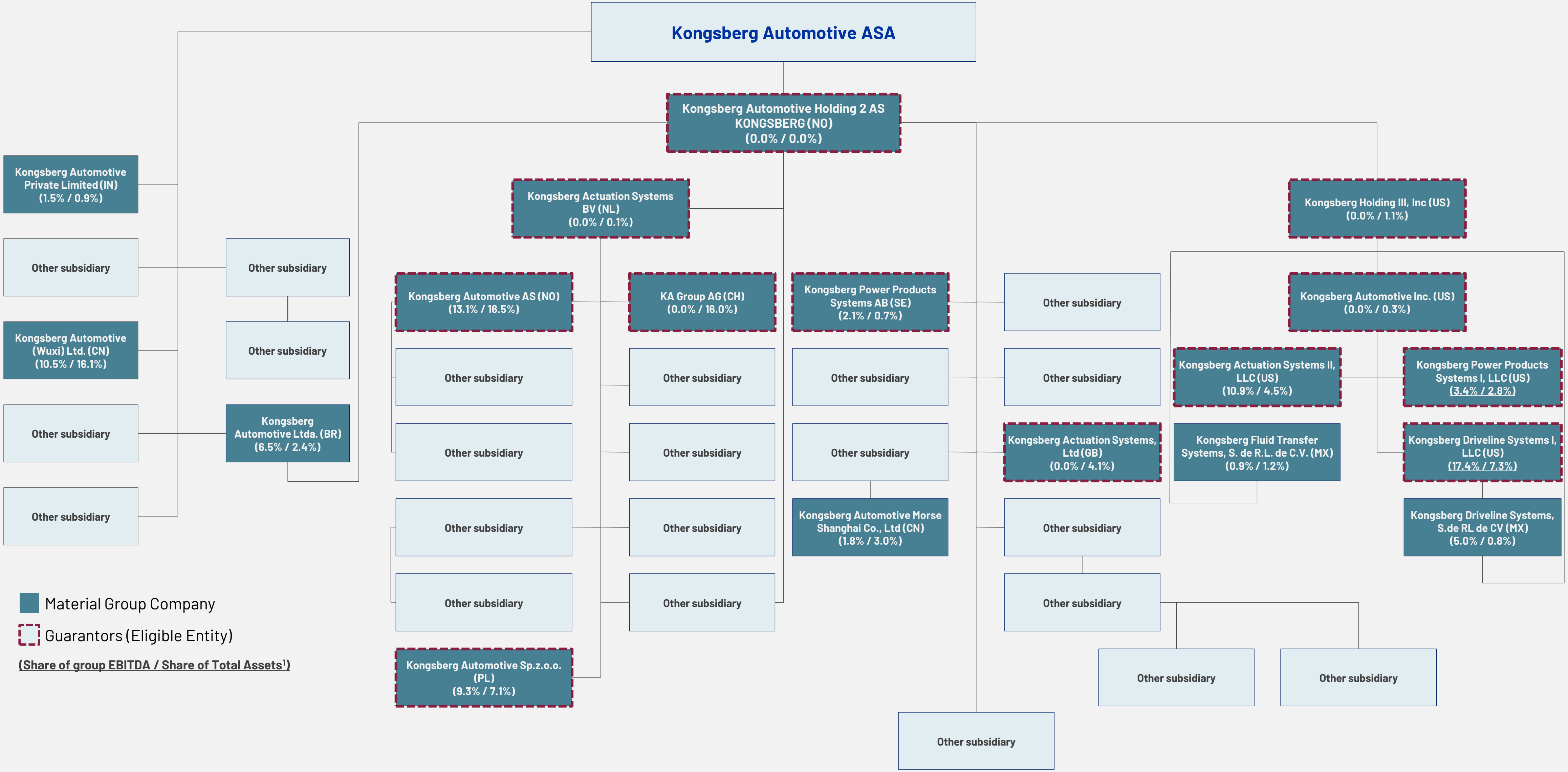
Siw Reidun Wærås
Employee rep. // *Raufoss (Norway)*

Knut Magne Alfsvåg
Employee rep. // *Kongsberg (Norway)*

Bjørn Ivan Ødegård
Employee rep. // *Raufoss (Norway)*

Supporting materials

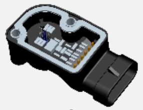
LEGAL STRUCTURE



(1) Total Assets excluding goodwill and intra-Group transfers. For further definitions of EBITDA and Total Assets see the section "Nomination of Material Group Companies" in the term sheet

LONG-TERM PIONEER IN ELECTRONIC TECHNOLOGICAL EXPERTISE
SUPPLIES A ONE-STOP SOLUTION FOR LEADING ELECTRONICS DEVELOPMENT & MANUFACTURING

2006 – **SOP of first pedal sensor** – KA is market leader for pedals in OFH today



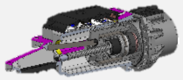
2007 – **Launch of EPS system** Over 1.2 m units in the field

2010 – **First in-house SMT line**

2017 – **First passenger car ASIL B actuator**

2017 – **ASIL B shift by wire**

2018 – **First to market ASIL C clutch actuator**



2019 – **Divestment of BRP Business incl. SMT lines but kept SMT know-how**

2022 – **SOP of first product with Cyber Security**

Strategic portfolio extension for EV CV drivetrain actuators *first dev. contracts with key OEMs and tier-1s signed*

2023 – **Ramp-up in-house SMT capabilities again**

SMT Expertise – since mid-2022 using build to print partner

2006 | 2007 | 2010 | 2017 | 2018 | 2019 | 2022 | 2023

Status of SMT know-how / capabilities

- In-house electronic circuit design ✓
- FMEDA (Failure Modes Effects & Diagnostic Analysis) ✓
- Validation of electronic components ✓
- Test equipment for electronic components & production ✓
- SMT production line ✓ Build to print

12 Years in-house combined with build to print supplier base

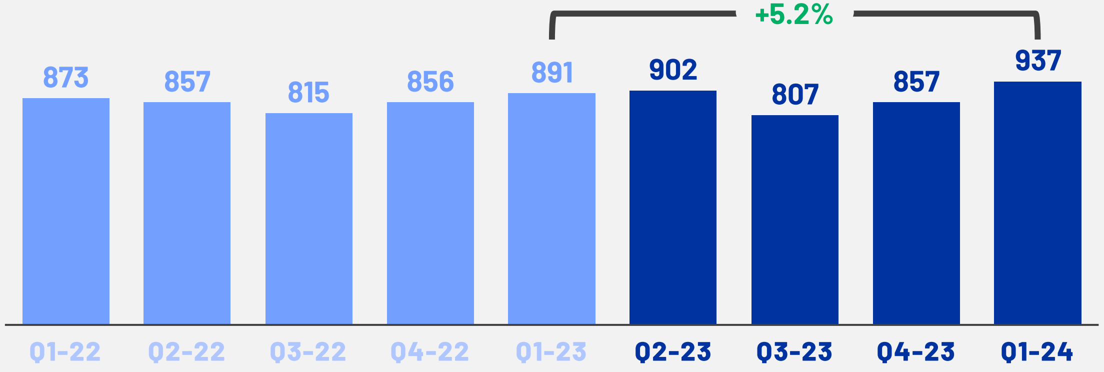
Since BRP divestment only build to print but will ramp up internal SMT line in 2023

Source: Company information

MARKET TRENDS
COMMERCIAL VEHICLE MARKET WITH GROWTH VS. A WEAKER PASSENGER CAR MARKET

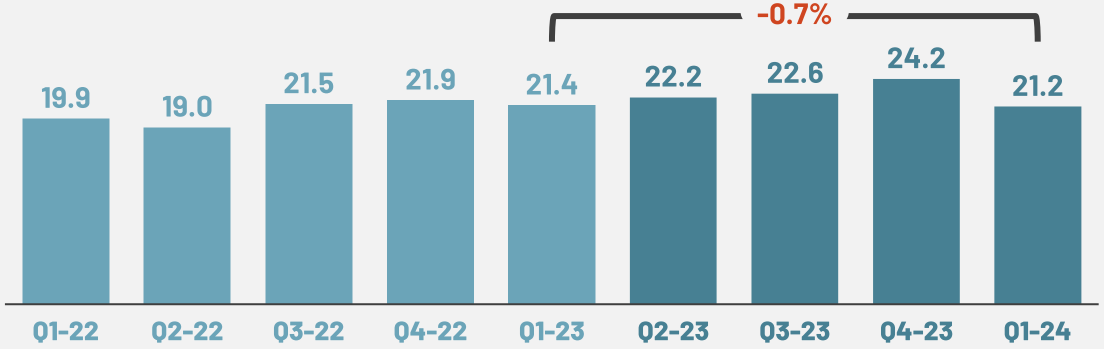
MARKET DEVELOPMENT

GLOBAL COMMERCIAL VEHICLES PRODUCTION, thousand units



REGION	Δ Q1-24 vs. Q1-23	Δ 2024E vs. 2023
China	+4.8%	+5.2%
APAC w/o China	+14.8%	+5.6%
Europe	+6.6%	+4.9%
North America	-8.4%	+4.8%
South America	+4.9%	+4.9%
Rest of World	+4.7%	+4.7%
Total	**+5.2%**	**+5.2%**
Total (excl. China)	**+5.5%**	**+5.2%**

GLOBAL PASSENGER CAR PRODUCTION, million units

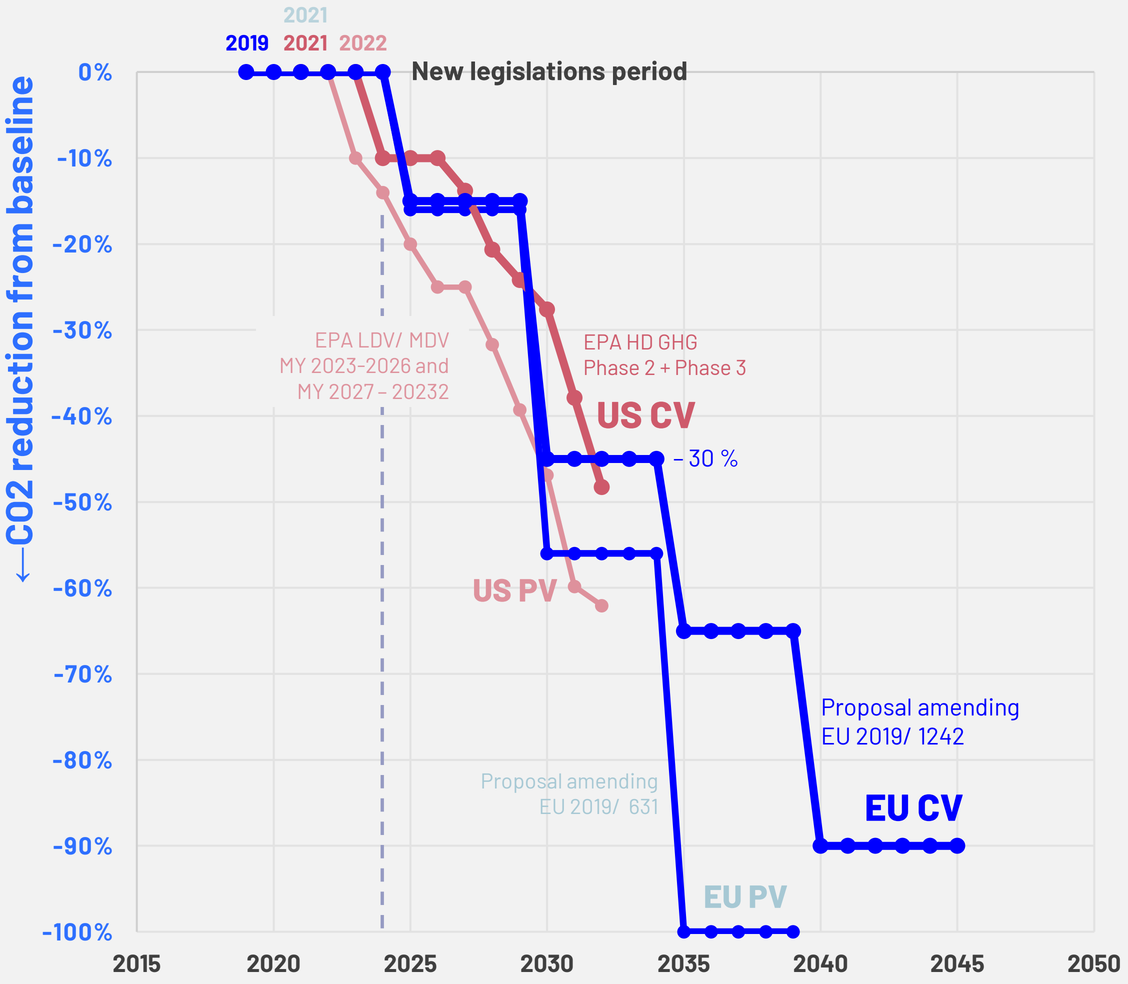


REGION	Δ Q1-24 vs. Q1-23	Δ 2024E vs. 2023
China	+7.8%	+2.3%
APAC w/o China	-7.1%	-2.6%
Europe	-4.5%	-2.6%
North America	+0.3%	+0.6%
South America	-6.3%	-0.3%
Rest of World	+7.3%	-0.9%
Total	**-0.7%**	**-0.4%**
Total (excl. China)	**-3.9%**	**-1.6%**

Source: LMC Global Commercial Vehicle Forecast (March 2024); IHS Light Vehicle Production Base (March 2024)

Supporting materials

REGULATIONS INFLUENCING MARKET DEVELOPMENT



Source: European Commission, EPA

Updated regulations for passenger vehicle (PV) and commercial vehicle (CV) markets drive further enhancements in conventional ICE engines and increase pressure on OEMs to accelerate introduction of CO_2 neutral vehicles.

Consumer behavior and development of needed infrastructure to support certain technologies (electrification, hydrogen) is challenging, forcing to deploy a diverse range of technologies.

- **CV won't achieve 100% reduction within the next 20 years**
- **As BEV penetration is too slow, many OEMs are forced to go for additional technologies short-term to close the gap**
- **Alternatives are synthetic-, bio-fuels and fuel cell vehicles**

QUALITY OF EARNINGS

MEUR	Q1 2024 (LTM)	2023	2022	2021
Reported EBITDA (excl. discontinued operations)	**18.4**	**13.2**	**98.0**	**79.6**
Proforma adjustment to exclude Powersport Business divested to BRP	0.0	0.0	(16.0)	(14.1)
EBITDA (excl. discontinued operations and business divested to BRP)	**18.4**	**13.2**	**82.0**	**65.5**
Impairment losses(1)	(27.0)	(27.0)	(1.3)	0.0
Adjusting and restructuring items	(17.3)	(16.4)	(12.5)	(3.2)
Gain on sales of businesses	0.0	0.0	41.4	0.0
Adjusted EBITDA (excl. discontinued operations and business divested to BRP)	**62.8**	**56.6**	**54.4**	**68.7**

Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)
Accounting policy: IFRS
(1) Non-cash item. It relates to the final impairment of the assets booked in Q2 and Q4 2023 for the Driveline (excluding e-actuators) business unit due to its declining sales and earnings outlook. Since Q1 2024, this business unit is no longer considered a core business.

PRO FORMA PROFIT & LOSS (EXCL. DISCONTINUED OPERATIONS AND BUSINESS DIVESTED TO BRP)

MEUR	Q1 2024 (LTM)	2023	2022	2021
Excl. discontinued operations and business divested to BRP				
Operating revenues	**868.3**	**884.9**	**817.5**	**748.1**
Other income	**4.0**	**1.5**	**2.9**	**0.1**
Operating expenses (excl. D&A, impairment losses and restructuring items)				
Cost of goods sold (COGS)	(680.2)	(695.4)	(629.8)	(549.4)
Other operating expenses (OPEX)	(129.2)	(134.4)	(136.2)	(130.1)
Total operating expenses (excl. D&A, impairment losses and restructuring items)	**(809.5)**	**(829.8)**	**(766.0)**	**(679.4)**
Adjusted EBITDA (excl. discontinued operations and business divested to BRP)	**62.8**	**56.6**	**54.4**	**68.7**

Source: Company information (2021 and 2022 represent continuing business (as reported) but additionally restated by excluding the Powersport business divested to BRP)
Accounting policy: IFRS (Audited: 2023, management accounts: 2021, 2022 and Q1 2024 LTM)

REPORTED CONSOLIDATED FULL-YEAR INCOME STATEMENT

MEUR	2023	2022	2021
Operating revenues	**884.9**	**905.6**	**831.4**
Other income	**1.5**	**44.2**	**0.1**
Operating expenses			
Raw material expenses	(429.9)	(433.6)	(404.2)
Change in inventories	5.0	1.8	27.6
Salaries and social expenses	(264.9)	(253.3)	(232.9)
Other operating expenses	(156.4)	(165.4)	(142.5)
Depreciation	(31.9)	(33.0)	(29.4)
Amortization	(1.0)	(1.9)	(2.7)
Impairment losses	(27.0)	(1.3)	0.0
Total operating expenses	**(906.1)**	**(886.7)**	**(784.0)**
Operating profit / (loss)	**(19.7)**	**63.1**	**47.5**
Financial items			
Financial income	4.8	5.0	12.1
Financial expenses	(30.8)	(21.8)	(21.6)
Net financial items	**(26.0)**	**(16.8)**	**(9.5)**
Profit (Loss) before taxes	**(45.7)**	**46.3**	**38.0**
Income taxes	(13.4)	(25.5)	(9.5)
Net profit (loss) from continuing operation	**(59.1)**	**20.8**	**28.5**
Discontinued operation			
Profit / (Loss) from discontinued operation, net of tax	0.0	5.9	(23.0)
Net profit (loss)	**(59.1)**	**26.7**	**5.5**

Source: Company information
Accounting policy: IFRS (Audited)

REPORTED CONSOLIDATED FULL-YEAR BALANCE SHEET

MEUR	2023	2022	2021
ASSETS			
Non-current assets			
Deferred tax assets	11.4	14.3	31.3
Intangible assets, including Goodwill	78.3	78.7	90.0
Property, plant and equipment	115.8	133.6	140.7
Right-of-use assets	55.0	60.7	66.6
Investments accounted for using the equity method	2.1	0.0	0.0
Other non-current assets	2.0	1.4	3.5
Total non-current assets	**264.6**	**288.7**	**332.1**
Current assets			
Inventories	101.5	96.5	94.1
Trade and other receivables	177.3	184.4	250.0
Cash and cash equivalents	164.7	212.9	51.3
Other current assets	13.4	15.4	19.1
Assets held for sale	0.0	0.0	238.2
Total current assets	**456.9**	**509.2**	**652.7**
Total assets	**721.5**	**797.9**	**984.8**

MEUR	2023	2022	2021
EQUITY AND LIABILITIES			
Equity			
Share capital	84.6	100.3	105.6
Treasury shares	(3.2)	(23.9)	(1.3)
Share premium	180.6	208.2	219.1
Other reserves	91.8	72.2	45.0
Retained earnings	(140.1)	(80.6)	(107.1)
Attributable to equity holders	**213.7**	**276.2**	**261.3**
Non-controlling interests	4.4	4.3	4.2
Total equity	**218.1**	**280.5**	**265.5**
Non-current liabilities			
Deferred tax liabilities	21.0	24.2	27.0
Retirement benefit obligations	12.0	12.5	19.0
Interest-bearing liabilities	189.3	197.9	272.1
Non-current lease liabilities	65.4	60.4	66.6
Other non-current interest-free liabilities	3.7	8.0	1.0
Total non-current liabilities	**291.4**	**303.0**	**385.7**
Current liabilities			
Other current interest-bearing liabilities	0.0	0.0	20.6
Current lease liabilities	10.2	9.3	8.4
Current income tax liabilities	4.2	7.8	4.2
Trade payables	116.6	121.9	143.5
Other current payables	81.0	75.4	86.1
Liabilities directly associated with the assets held for sale	0.0	0.0	70.8
Total current liabilities	**212.0**	**214.4**	**333.6**
Total liabilities	**503.4**	**517.4**	**719.3**
Total equity and liabilities	**721.5**	**797.9**	**984.8**

Source: Company information
Accounting policy: IFRS (Audited)

REPORTED CONSOLIDATED FULL-YEAR CASH FLOW STATEMENT

MEUR	2023	2022	2021
Operating activities			
Profit / (Loss) before taxes	(45.7)	64.6	12.6
Depreciation	31.9	33.2	43.8
Amortization	1.0	1.9	2.9
Impairment losses	27.0	1.3	0.0
Interest income	(1.9)	(1.7)	(0.2)
Interest expense and other financial items	16.9	21.7	24.1
Taxes paid	(14.7)	(9.4)	(8.3)
(Gain) / loss on sale of non-current assets	(0.8)	(72.3)	0.6
Changes in trade receivables	5.0	61.7	(8.0)
Changes in inventory	(5.0)	20.5	(41.7)
Changes in trade payables	(5.3)	(21.3)	13.7
Currency differences	5.7	0.4	(11.4)
Difference between pension funding contributions paid/pensions paid and the net pension cost	(1.2)	(1.4)	(0.3)
Changes in other items	8.6	3.3	8.2
Cash flow from operating activities	**21.5**	**102.4**	**36.1**
Investing activities			
Capital expenditures, including intangible assets	(28.5)	(28.9)	(43.7)
Proceeds from sale of intangible and tangible assets	0.8	189.5	0.3
Interest received	1.2	1.6	0.2
Proceeds from sale of subsidiaries	0.0	40.4	0.0
Investments in associates and other	(2.6)	0.0	0.0
Cash flow from/(used by) investing activities	**(29.1)**	**202.6**	**(43.2)**
Financing activities			
Proceeds from increases in equity	0.0	0.0	0.0
Payments for purchase of treasury shares	(3.9)	(23.5)	0.0
Net draw down / (repayment) of debt	(9.4)	(98.5)	18.1
Interest paid and other financial items	(16.6)	(22.1)	(23.4)
Repayment of lease liabilities	(9.8)	(9.9)	(15.0)
Cash flow from/(used by) financing activities	**(39.7)**	**(154.0)**	**(20.3)**
Currency effects on cash	(0.9)	3.6	18.3
Net change in cash	(48.2)	154.6	(9.1)
Net cash as at January 1	212.9	58.3	67.4
Net cash as at December 31	**164.7**	**212.9**	**58.3**

Source: Company information
Accounting policy: IFRS (Audited)

REPORTED CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS

(MEUR)	Q1 2024	Q1 2023
Revenues	**212.1**	**228.8**
Other income	2.8	0.3
OPEX	(197.6)	(217.1)
Impairment losses	0.0	0.0
EBITDA	**17.3**	**12.0**
in % revenues	*8.2%*	*5.2%*
Depreciation and amortization	(7.2)	(8.4)
Operating profit (loss) / EBIT	**10.1**	**3.6**
in % revenues	*4.8%*	*1.6%*
Net financial items	(5.5)	(14.4)
Profit / (loss) before taxes	**4.6**	**(10.8)**
Income taxes	(5.0)	(6.1)
Net profit / (loss)	**(0.4)**	**(16.9)**

(MEUR)	31.03.24	31.03.23
Intangible assets	80.2	77.5
Property, plant and equipment	116.1	131.1
Right-of-use assets	51.9	56.5
Deferred tax assets	11.7	10.5
Other non-current assets	3.9	1.5
Non-current assets	**263.8**	**277.1**
Inventories	96.3	105.0
Accounts receivable	173.2	183.1
Other short-term receivables	36.0	35.3
Cash and cash equivalents	147.7	179.7
Current assets	**453.2**	**503.1**
Total assets	**717.0**	**780.2**
Share capital	81.3	92.6
Treasury shares	(5.2)	(24.5)
Share premium	173.5	192.1
Other equity	(32.6)	0.1
Non-controlling interests	4.5	4.4
Total equity	**221.5**	**264.7**
Long-term interest-bearing liabilities	252.1	254.4
Deferred tax liabilities	23.1	22.8
Other long-term liabilities	14.0	20.0
Non-current liabilities	**289.2**	**297.2**
Bank overdraft	0.3	0.1
Current lease liabilities	10.2	9.2
Current income tax liabilities	4.3	0.8
Trade payables	113.7	130.7
Other current payables	77.8	77.5
Current liabilities	**206.3**	**218.3**
Total liabilities	**495.5**	**515.5**
Total equity and liabilities	**717.0**	**780.2**

(MEUR)	Q1 2024	Q1 2023
Operating activities		
Profit / (loss) before taxes	4.6	(10.8)
Depreciation	7.0	8.1
Amortization	0.2	0.3
Impairment losses	(1.1)	0.0
Interest income	(1.0)	(0.7)
Interest and other financial expenses	4.0	4.0
Taxes paid	(1.7)	(8.8)
(Gain) / loss on sale of non-current assets	(0.1)	0.0
Changes in receivables	(11.7)	(16.6)
Changes in inventory	5.2	(8.5)
Changes in payables	(2.9)	8.7
Currency (gain) / loss	3.8	10.7
Difference between pension funding contributions paid/pensions paid and the net pension cost	0.0	0.0
Changes in other items	(8.2)	4.0
Cash flow - Operating activities	**(1.9)**	**(9.6)**
Investing activities		
Investments	(6.0)	(6.8)
Sale of tangible and intangible assets	0.1	0.0
Interest received	1.1	0.7
Investments / Loans in associates/other	(0.5)	0.0
Cash flow - Investing activities	**(5.3)**	**(6.1)**
Financing activities		
Purchase of treasury shares	(2.4)	(2.5)
Net draw down of debt / (Repayment) of debt	0.3	0.1
Interest paid and other financial items	(6.5)	(6.8)
Repayment of lease liabilities and other	(2.3)	(2.3)
Cash flow - Financing activities	**(10.9)**	**(11.5)**
Currency and translation effects on cash flow	1.1	(6.0)
Change in cash	(17.0)	(33.2)
Cash as of beginning of period	164.7	212.9
Cash as of end of period	**147.7**	**179.7**

Source: Company information
Accounting policy: IFRS (Audited)

KONGSBERG AUTOMOTIVE

MARKET DYNAMICS

FINANCIAL OVERVIEW

SUPPORTING MATERIALS

ESG CHECKLIST

RISK FACTORS

ESG CHECKLIST (1/9)
GENERAL

Please list the industry's three biggest sustainability (ESG)-related challenges and briefly describe the process for identifying these Challenges	> Product quality and safety > GHG emissions & energy > Material/resource use & circular economy Kongsberg Automotive (KA) conducted a new materiality analysis in 2023. 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 topics that 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"). III. The final analysis ending with a matrix of mate rial topics. Find more information on KA's double materiality approach here.
Have you conducted any preliminary assessments of your company in relation to the EU Taxonomy? If so, what was the outcome?	> 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.). > 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." > In 2023, 1% of sales, 6% of Capex and 0,8% of OpEx is reported from the Taxonomy-eligible income-generating activity 3.18 Manufacture of automotive and mobility vehicle components.

ESG CHECKLIST (2/9)
ENVIRONMENT

Please list the firm's three primary risks related to climate change and if any, the firm's climate-related opportunities	> Risks: > 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. > Opportunities: > 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 Kongsberg Automotive at a Glance Board of Directors' Report Financial Statements 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.
Does the firm anticipate any climate-related investments, and if so to what extent?	In line with our goal of consuming exclusively 100% renewable energy by 2030, we make investments in several locations to reduce energy consumption and to increase the usage of renewable electricity.
Have you set a target to become carbon neutral? If so, how have you defined carbon neutrality?	> 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. > With KA's ambition, 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.

ESG CHECKLIST (3/9)
ENVIRONMENT

Circular Economy: how are purchases and waste managed? If the firm rely on any scarce resources, please describe what efforts are made to mitigate the risk of those resources becoming scarcer in the future, e.g. recycling, reusing substitutes or improved resource efficiency?	> 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. > In 2023, KA initiated projects to calculate, understand, and decrease the carbon footprint of products and materials. On of the priority areas is 'product innovation to increase recycling rate, substitute materials, reduce energy use in production, and allow for correct disposal of end-of-life products. > Kongsberg Automotive do not rely on any scarce resources for our operations.
Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon-neutral society? Is there any risk of the firm's offer being negatively affected? If yes, how has the firm positioned itself to handle that risk?	Transition risks are related to decarbonization including new technological advances and requirements imposed by regulators or public opinion. Transition risks are considered in the company's risk assessment as part of the annual budget process and in impairment testing at year end. Please refer to the question "Please list the firm's three primary risks related to climate change and if any, the firm's climate-related opportunities" for further explanation.
Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs	> SDG 13 – climate action > SDG 9 – Industry, innovation and infrastructure > KA does not link sales to the SDGs

ESG CHECKLIST (4/9)
SOCIAL

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?	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 moths with zero accidents, setting a new group record for days with out 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.
If applicable, please state your targets for gender and cultural equality and indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team	> 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 company will continue to promote diversity and equality in future recruitment and promotion processes. > Gender diversity > All employees' men/women (%, 2023): 63/37 > Board of Directors men/women (%, 2023): 89/11
Does the company conduct any other community engagement activities aside from those directly connected to the business?	All KA employees in plants and offices around the world are encouraged to contribute their valuable time and support to local community causes and needs in whatever way they can. Our community engagement varies, depending on the region and country as well as local issues and needs, which are often best known by each location. Activities range from Christmas charities, tree planting, championing local community sports, supporting student programs, food drives, blood donation and aware ness campaigns for breast cancer, and men's health.
Please list the firm's (1-2) primary means of making a positive social impact or minimising negative social impact. Please list the corresponding most relevant UN Sustainable Development Goals. What proportion of sales can be directly linked to selected UN SDGs?	> SDG 5 Gender equality > SDG 8 Decent work and economic growth > KA does not link sales to the SDGs

ESG CHECKLIST (5/9)
SOCIAL

How often does the firm conduct audits of its suppliers, and how often do you discover incidents not compliant with your code of conduct?	> 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. > 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. > 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

ESG CHECKLIST (6/9)
GOVERNANCE

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?	Employees 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. 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.
Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen	The ultimate parent entity of the Kongsberg Automotive Group – Kongsberg Automotive ASA is a Norwegian tax resident. The company is incorporated under the Norwegian company law and has a registered seat in Norway, therefore it is resident for tax purposes in Norway.
How many independent members sits on the Board of Directors?	> 5/8 members of the Board of Directors are considered independent. > The Board consists, at present, of the following directors elected by the General Meeting: Peter Thostrup (Chair), Erik Volden, Brian Kristoffersen, Junyang Shao, and Christina Hallin. 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 independent of the main shareholders.
Please state if and to what extent, the company has transactions with related parties	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.

ESG CHECKLIST (7/9)
GOVERNANCE

Which KPIs dictate the renumeration to management (are sustainability and diversity goals included)?	Performance-related remuneration, such as bonuses and share option programs, are based on the company's financial results and are subject to absolute limits.
Describe the company's process for monitoring and reporting ESG issues and performance to senior management/the Board. In your response, please confirm what KPIs are monitored (if any) and how frequently reporting is undertaken	ESG issues are part of KA's Policy Deployment program and are reported to the senior management and board on a monthly basis. The main KPIs are number of first aid cases (Safety), energy intensity, waste index and sustainability project implementation progress.
Have you signed a Union agreement?	KA operates in many different countries and regions. Therefore, it is not possible to give one answer which fits for the total group.

ESG CHECKLIST (8/9)
PRINCIPAL ADVERSE IMPACTS

Revenue (EUR)	Revenue FY23: 884.9m EUR
Greenhouse gas emissions; Scope 1, Scope 2, Scope 3:	> Scope 1 FY23 - 2,539 tCO_2e > Scope 2 FY23 - 16,263 tCO_2e (location-based) > Scope 3 FY23 - 296,751 tCO_2e (includes Scope 3.2, 3.3., 3.5, 3.6)
Share of non-renewable energy consumption	The share of non-renewable energy consumption in 2023 was app. 55%
Share of non-renewable energy production	n/a. KA does not produce energy
Energy consumption in GWh	Energy use 2023: 92.3 GWh
Tonnes of hazardous waste and radioactive waste generated	n/a
Unadjusted gender pay gap	n/a
Board gender diversity	37.5%

ESG CHECKLIST (9/9)
PRINCIPAL ADVERSE IMPACTS

Fossil fuel operations	No
Sites/operations located in or near to biodiversity-sensitive areas where activities negatively affect those areas	No
Science Based Target	No
Reports to CDP	Yes
UN Global Compact Signatory	No
Involved in the manufacture or selling of controversial weapons	No
Whistle blower policy	Yes
Supplier code of conduct	Yes

RISK FACTORS (1/8)

An investment in the Bonds involves inherent risks. Before making a decision to invest in the Bonds, potential investors should carefully consider the risk factors and all other information contained in this Presentation, including the financial statements and related notes. An investment in the Bonds is suitable only for investors who understand the risks associated with this type of investment and who can afford a loss of all or part of their investment. The risks and uncertainties described in this section are the material known risks and uncertainties faced by the Group as of the date hereof that the Issuer believes are the material risks associated with this type of investment.

Readers should not consider any descriptions of these factors to be a complete set of all potential risks and uncertainties that could affect the Group. A prospective investor should carefully consider all the risks related to the Issuer and the Group and should consult his or her own expert advisors as to the suitability of an investment in securities of the Issuer.

The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most relevant category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Group, taking into account their potential negative effect for the Group, and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties described are not a genuine and potential threat, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialise, either individually, cumulatively or together with other circumstances, they could have a material adverse effect on the Group and/or its business, results of operations, cash flow and financial condition and/or prospects, which may cause a decline in the value and trading price of the Bonds and/or the Issuer being unable to fulfil its payment obligations under the terms of the Bonds (the "Bond Terms"), resulting in the loss of all or part of an investment in the Bonds.

RISKS RELATED TO MARKET CONDITIONS AND THE INDUSTRY IN WHICH THE GROUP OPERATES

The Group operates in a cyclical industry and the demand for the Group's products is largely dependent on the industrial output of the automotive industry and the Group's other end markets

Substantially all of the Group's business is directly related to vehicle sales and production by the Group's customers, which consists primarily of large OEMs and other automotive suppliers, and the demand for the Group's products is largely dependent on the industrial output of the automotive industry. The Group's operations and performance is directly related to the levels of global vehicle production, particularly the light duty and commercial vehicle market.

The automotive industry is highly sensitive to factors such as consumer demand, consumer confidence, disposable income levels, and availability of credit, fuel prices and general economic conditions. Given the variety of economic parameters influencing global automotive demand, the volume of automotive production is characterized by a certain level of fluctuation, making it difficult for the Group to accurately predict future demand levels for the Group's products. Because the Group's business is characterized by high fixed costs, the Group is exposed to risks of underutilization of its facilities or having insufficient capacity to meet customer demand if the markets in which the Group is active either decline or grow faster than anticipated.

Consequently, the Group is heavily dependent on the end-market industry dynamics for its products, and the Group's income and operating results can be adversely affected by the cyclical demand patterns of these markets. The periodic downturns in the Group's customers' industries can significantly reduce demand for certain of the Group's products, which could have a material adverse effect on the Group's financial condition, results of operations and cash flows.

The Group is exposed to substantial risks associated with the performance of the global economy, political uncertainty and the performance of the economy in the jurisdictions in which the Group operates

The Group’s business is dependent on the performance of the global economy, which has shown significant volatility in recent years. This has affected the global automotive markets, which has also been characterized by volatility and uncertainty with supply chain delays and rise in material, energy and logistic costs.

The global economy is to a great extent impacted by global geopolitical situations. The war in Ukraine has created considerable uncertainty, particularly with regard to the potential impact of political actions, primarily where the duration, intensity and allocation of energy supplies as well as their impact on the supply chain are concerned. The Group’s operations were not directly impacted by the conflict as none of the Group’s plants are located in Ukraine or Russia and most of the Group'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 costs. 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, and 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 behaviour, and put a damper on demand for the products offered to the customers.

There are various other factors that can impact the global economy and the demand for the Group’s products, including protectionist policies and trade conflicts. A recent trend towards protectionism is seen in more and more countries, including the imposition of trade restrictions and tariffs, such as the restrictive measures on trade flows between the United States and China seen since 2018. Potential additional tariffs on goods from China to the United States, the upcoming 2026 United States-Mexico-Canada Agreement (USMCA) review, Mexican tariff increases, the expansions of antidumping and countervailing duties in the United States and the global focus on imports of steel and aluminium (including the EU's Carbon Border Mechanism (CBAM)) are all factors that could have an adverse impact on the Group's business by, e.g. increasing the Group's costs, disrupt supply chains and limit the Group's access to key markets. Changes in trade agreements or the imposition of new tariffs could make the Group's products more expensive or less competitive in certain markets. Furthermore, retaliatory trade measures could lead to a decrease in global trade volumes, which could negatively impact the demand for the Group's products. The Group's financial condition, results of operations, and cash flows could accordingly be materially and adversely affected by unfavourable changes in trade policies, restrictions, or tariffs.

The Group is exposed to risks associated with market trends and developments and rapid changes in technology, technical standards and consumer preferences

The Group’s future success depends on its ability to recognize market trends and technological changes, and to bring new and improved products to the market in a timely manner. The markets in which the Group operates are characterized by rapidly changing technology, evolving technical standards, changes in customer preferences and frequent introduction of new products. The automotive market is also characterized by progressive development towards higher performance and simultaneously more fuel efficient, less polluting and quieter engines, growing demands by customers and stricter regulations with respect to engine efficiency and emissions, as well as a transition to electric vehicles and other zero-emission vehicles and more electronic and digitalized products. Therefore, car manufacturers are increasingly forced to implement environmentally friendly technologies aimed at lower fuel consumption and a reduction of carbon dioxide emissions. The automotive industry is also experiencing a trend towards automatization which is expected to impact customer demands.

RISK FACTORS (2/8)

The Group's competitiveness in the future will depend on the Group's ability to, at least in part, keep pace with rapid technological developments, develop and manufacture innovative products for OEMs to stay relevant in a timely and cost-effective manner and accurately assess the demand for, and perceived market acceptance of, new products that the Group develop. Market trends, changes in technology and new consumer preferences may also have an adverse impact on demand for products traditionally manufactured by the Group. There can be no assurance that (i) the Group will be successful in developing new products or systems, or bringing them to market in a timely manner, or at all, (ii) products or technologies developed by others will not make the Group's current offerings or products obsolete or non-competitive, (iii) the Group's customers will not substitute the Group's products with competing products or alternate technology, (iv) the market will accept the Group's innovations, (v) the Group's competitors will not be able to produce the Group's non-patented products more inexpensively from other sources, (vi) the Group's competitors will not be able to patent certain innovations, which requires the Group to procure a license for new technology (if available at all), or (vii) the Group will be able to adjust its cost structure in the event of contraction of demand.

If the Group fails to develop and implement appropriate strategies as a response to new trends, technologies and requirements being introduced in the automotive market, the Group's growth opportunities could be lost, or the Group could lose existing customers and market share. The Group's business may also suffer if the Group's new technologies and products are not accepted in the market or fail to be commercially viable as development expenses may be lost. Any of these risks could have a material and adverse effect on the Group's revenue and profit margins, and in turn the Group's financial condition and results.

The Group encounters competition in substantially all of its segments

The Group operates in highly competitive markets for automotive components. The competition the Group experience strong competition across product lines from other companies ranging in size from large, diversified manufacturers to small, highly specialized manufacturers. The automotive components industry has continued to become increasingly concentrated and globalized in recent years, and the Group's major competitors have significant financial resources and technological capabilities. A number of these competitors compete with the Group primarily on price, and in some instances may enjoy lower production costs for certain products. For some of its business, the Group is operating in high-cost countries, where, next to the cost of raw materials, logistics and material, the labour costs are a main driver for increasing production cost, which could adversely affect the Group's competitiveness and ultimately the Group's operations and financial results. The Group cannot assure that additional competitors will not enter its markets, nor that the Group will be able to compete successfully against existing or new competitors.

The Group is affected by the operations and activities of automobile manufacturers

Approximately 83 % of the Group's sales towards third parties for the financial year 2023 were to customers in the automotive industry (passenger cars and truck trailer bus). The automotive market is dominated by several large manufacturers who can exert significant price pressure on their suppliers. Many of the industries to which the Group sells its products have also become increasingly concentrated in recent years (such as Traton and Volvo), involving that the Group's core customers have and may further develop into fewer and larger entities. This has and may further involve that the Group will rely on fewer and larger customers for a material share of its revenues and profits and accordingly may be more exposed to one or more customers switching supplier. Further, such customers may increase their purchase power towards the Group with negative implications for the Group's financial performance. In addition, as a supplier of automotive electronics products, the Group's sales of these products and profitability could be negatively affected by changes in the operations, products, business models, part-sourcing requirements, financial condition and market share of automobile manufacturers.

The shift from fossil fuel-driven vehicles to electric vehicles, automatization and new technologies being developed has also opened the automotive market to several new producers such as Tesla, XPENG and BYD. Further, several Chinese OEMs have taken substantial market shares after introducing electric vehicles. The market shift may impact the Group in the future as the Group may be dependent on winning contracts with the new producers or the producers that have seen rapid growth. Further, such new producers have to a larger degree produced more of the vehicle components themselves and may further increase inhouse production in the future, which in turn may lead to a declined demand for the Group's products.

<u>RISKS RELATED TO THE BUSINESS OF THE GROUP</u>

The Group is part of a complex supply and delivery chain, and disruption could cause one or more of the Group's suppliers or customers to halt production. The Group may use components and products manufactured by third parties

Both the Group and the Group's suppliers and customers rely on complex supply and delivery chains with short lead times and frequent deliveries, which make the logistics supply chain in the Group's industry very vulnerable to disruptions. Disruptions in the supply chain, including closures of supplier facilities or critical manufacturing lines, may be impacted by various circumstances outside the Group's control, including labour strikes or disputes, mechanical breakdowns, electrical outages, fire, explosions, pandemics, political instability as well as logistical complications resulting from weather or other climate-related events or disasters (including those related to climate change), mechanical failures and delayed customs processing. The Group has also noticed an increase in insolvency cases from its supply base, predominantly from European suppliers.

The Group may rely on third-party suppliers for the components and raw materials used in its products and may rely on third-party manufacturers to manufacture certain of the Group's assemblies and finished products. Such third parties include but are not limited to i) traditional raw material suppliers for metals, composite materials and surface materials (leather/plastic), ii) component manufacturers for electronic components, stamped metal, metal castings, décor parts, moulded parts, rubber products and housings, iii) service providers, and iv) so-called EMS providers (for example suppliers of electronics assemblies). In case these third parties are not able to make deliveries to the Group according to schedule, lack sufficient quality control or if there are significant changes in their financial or business, this may adversely affect the Group's production and cause difficulties with the Group's ability to fulfil its orders. In addition, many of the Group's OEM customers have approval rights with respect to the suppliers (and processes) used by the Group, limiting ability to source input products from other suppliers upon short notice if the relevant OEM customer has not already approved such other suppliers.

The Group's product fragmentation also requires a large variety of electronic components, which entails that the Group cannot benefit from tiered pricing as it does not reach volume levels that give a competitive advantage compared to other buyers. This has an impact on pricing levels, but also entails that the Group may not be prioritized in case it comes to allocation of electronic components, which could halt or disrupt the Group's production. Further, because of the Group's fragmented product portfolio and multitude of input parts, which are oftentimes customized for the Group, the Group is also dependent on small suppliers as many large suppliers do not sell below certain volumes. Smaller suppliers may have a less comfortable financial standing, creating risk for timely supply to the Group.

Moreover, the Group relies on suppliers in local markets that have not yet proven their ability to meet the Group's requirements. The Group has an increased focus on sourcing in-country, due to geopolitical tensions, sustainability and ESG challenges as well as the risk of supply disruptions. The lack of even a small single subcomponent necessary to manufacture one of the Group's products, for whatever reason, could force the Group to cease production or prolong the Group's production period, since the input materials are oftentimes customized for the Group and a replacement supplier is not quick to find. Similarly, a potential quality issue could force the Group to halt deliveries while validating products.

Any supply chain disruption entailing that the Group is not able to deliver products to its customers in a timely manner could cause the shutdown of an assembly line of one of the Group's customers, which could expose the Group to material claims for compensation. Furthermore, supply chain constraints and shortages, combined with the nature of the geopolitical environment the Group operates in, exposes the Group to supplier threats of price increases and also to fluctuating demands from OEMs, which may ultimately adversely affect the profit margins on the Group's products.

RISK FACTORS (3/8)

The Group is exposed to fluctuations in prices of raw materials, energy and components and the Group's results are sensitive to raw material availability, quality and cost

The Group is a large buyer of resin, copper, aluminium, steel, chemicals, brass and zinc. Many of these raw materials are produced in a limited number of regions around the world or are only available from a limited number of suppliers. In addition, the price of many of these raw materials has fluctuated dramatically in recent years (volatile pricing structures), and these price fluctuations are difficult to pass on to customers. These materials may be subject to fluctuating prices in the future.

The Group does not actively hedge against the risk of rising prices of raw materials or other materials purchased through derivative financial instruments. Over the last years, the Group has only been partially able to offset increases in raw materials through higher selling prices and in most cases, the Group cannot increase prices under existing programs and contracts. To the extent the Group is not able to pass on to customers or mitigate for cost increases relating to raw materials through productivity improvements or price increases to customers, margins may decline. Many of the Group's contracts with customers covers periods of several years and accordingly price levels on materials beyond what the Group has anticipated may have long term consequences. The Group also faces risk of claims for customers relating to delayed delivery or faulty products caused by limited availability of raw materials and/or the quality of raw materials used. The Group is also subject to stringent compliance requirements for chemicals imported and used, and because of this, also face risk of penalties from authorities in case of any breach of regulations on handling of certain chemicals. Should any of these risks materialize, the Group's financial condition, results of operations and cash flows may be materially and adversely affected.

The Group is also to some extent exposed to the cost of energy, in particular on its production sites in East Europe and Scandinavia. While the Group recently has experienced that energy prices are flattening, should energy prices increase again, this would have an impact on the Group's production costs, which in turn could affect the Group's margins and results of operations.

The Group's future success is substantially dependent on its ability to attract and retain highly qualified technical, and managerial personnel

The Group's success depends upon continued ability to hire and retain key employees at its operations around the world. The Group depends on highly skilled technical personnel to design, manufacture and support its wide range of electronic components. Additionally, the Group relies upon experienced managerial and support personnel to manage the business effectively and to successfully promote the Group's wide range of products. Any difficulties in obtaining or retaining the necessary management and human resource skills to achieve the Group's objectives may have adverse effects on its financial condition, results of operations and cash flows. The markets in which the Group operates is subject to rapid technological change. The Group's long-term operating results depend substantially upon the Group's ability to continually develop, introduce and market new and innovative products, to modify existing products, to respond to technological change and to customize certain products to meet customer requirements. The primary dependencies for highly qualified personnel are in the areas of engineering (electronics hard- and soft-ware engineers, mechatronics engineers and automotive systems integration specialists), manufacturing engineering (the design, construction and maintenance of manufacturing equipment), design for manufacturing engineers interfacing between the product and production engineers and general management personnel with automotive experience. There are numerous risks inherent in this process, including the risks that the Group will be unable to anticipate the direction of technological change or that the Group will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands.

The Group generates a significant amount of revenues from a limited number of large customers

Although the Group supplies products to several leading OEMs and Tier 1 suppliers, it depends on certain large value customers for a significant proportion of its revenues. In 2023, the Group's top ten customer groups represented 60 % of revenues in aggregate. The loss of all or a substantial portion of sales to any of the Group's large volume customers could have a material adverse impact on the Group's business, financial condition and results of operations.

Loss of or lower sales to large customers may occur for a number of reasons, including, inter alia, materialization of the risks described herein relating to the Group not being able to provide necessary product certifications or to develop new products meeting the customers' rapidly changing preferences. Shutdowns as experienced in connection with the corona pandemic in 2020 or other shutdowns or cyclical downturns that disproportionately affect the automotive industry may also entail reduced demand for the Group's customers' products.

The Group is exposed to risk relating to its product development, production and project management

The Group's product development and improvement activities are associated with a range of risks, including delays in time-to-market, deviations from product specifications and quality requirements, deviations from development budgets, and potential infringements of third-party intellectual property rights. The Group is also subject to risk in manufacturing processes, such as, inter alia, bottlenecks and delays as a result of insufficient production resources. The launch of new products also requires comprehensive and long-term planning of customer project management, which are subject to risks such as poor communication, selecting wrong manufacturing equipment, missing project timelines and cost budgets, which has materialized in the past on some of the Group's projects. Moreover, the production of the Group's products is highly technical, and the quality standard is high. To ensure that the production meets the high standard, the Group takes substantial quality control measures. Such quality control may lead to increased production time and require additional resources that may lead to the Group not being able to produce its products at the price it had estimated when bidding for the relevant contract. Any compromise on the quality of parts supplied to customers can lead to recalls, damage the Group's reputation and lead to financial losses. If these risks materialize, the Group's financial condition, results of operations and cash flows would be materially and adversely affected.

Start-up costs and inefficiencies related to new products or programs can adversely affect the Group's operating results and such costs may not be fully recoverable if new programs are cancelled

New programs that customers award to the Group under production contracts often entail material start-up costs with respect to the design, development and testing of the products to match the customer's specifications, as well as establishing additional production lines or new facilities where required. For example, the Group is expecting to incur substantial product development and start-up costs relating to, electronic actuators, gear control units, battery coolants and air suspensions going forward.

If the Group is unable to recoup start-up costs, manage labour and equipment resources effectively in connection with the establishment of new programs or contracts and new customer relationships, or to correctly estimate required resources, the Group's gross margins and results of operations could be adversely affected. These factors are particularly evident in the early stages of the life cycle of new products and new programs and in the opening of new facilities. These factors also affect the Group's ability to efficiently use labour and equipment.

In addition, if any of these new programs or new customer relationships were terminated, the Group's operating results could be adversely affected, particularly in the short term. The Group may not be able to adequately recover these start-up costs or replace anticipated revenues from any such new products or programs. The realization of such risks relating to new products or programs could have a material and adverse effect on the Group's business, financial condition and results of operations.

RISK FACTORS (4/8)

The Group may not be able to realize estimated contract revenues

The Group regularly communicates new contracts with estimated contract revenues.

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 and commercial vehicles range from 4 to 10 years. Purchase orders are achieved on a competitive bidding basis for either a specific period or indefinite time. Typically, the terms and conditions of the agreements with customers do not include a commitment regarding minimum volumes of purchase. Thus, there can be no assurance that the Group will continue to supply customers in the future with a volume of the Group's products that the Group has supplied to them in the past or at all. In addition, these customer contracts are normally non-exclusive and typically provide that the customer have the contractual right to unilaterally terminate the contract with no notice or limited notice.

Due to the nature of the Group's customer contracts, the realization of future contract revenues estimated by the Group is inherently subject to a number of important risks and uncertainties, including the number of vehicles that customers will actually produce and the timing of that production. The behaviour of the Group's customers in this respect is closely linked to general market developments and trends out of the Group's control, including those described herein such as shortages of materials, price fluctuations, equipment and work force, political risk, customer default, labour conflicts, accidents, environmental pollution, the prices of raw materials, unforeseen problems, changes in circumstances that may lead to cancellations and other factors beyond the Group's control.

If such contracts are terminated by the customers, the Group's ability to obtain compensation from the customers for such termination is generally limited to the direct out-of-pocket costs that is incurred for materials and work-in-progress and in certain instances undepreciated capital expenditures and tooling. Further, there is no guarantee that the Group's customers will renew their purchase orders with the Group. If the Group do not realize all of the sales in accordance with estimated contract revenues, the Group's profitability and cash flows would be adversely affected.

The Group's operations subject the Group to the risk of regulatory compliance and health and safety liabilities

The Group is subject to a wide range of governmental regulations and standards in the countries where the Group operates. These regulations pertain to health, safety and employment ("HSE"), environmental impact, import/export regulations and more. Changes in these regulations, or the introduction of new ones, could necessitate significant alterations to the Group's production processes, product designs, or business practices.

The nature of the Group's operations is inherently subject to various statutory and regulatory compliance and litigation risks under HSE laws. The Group's production sites involve technical, light and heavy machinery and is subject to various HSE standards in the form of legislation, regulations, and specific requirements, to which the Group has to comply. The Group handles hazardous materials and chemicals in some of its production processes, and some production (such as welding) could be considered dangerous activity.

Compliance with these regulations can result in increased costs, including capital expenditures for equipment upgrades, operational costs for additional testing and quality control, and potential fines or penalties for non-compliance.

In addition, failure to comply with these regulations could result in production delays, recalls, or bans on selling the Group's products, which could harm the Group's reputation and have a material adverse effect on its business, financial condition, and results of operations. The Group is also indirectly exposed to regulatory changes applicable for its customers' such as fuel economy, emission standards and similar.

The Group continuously monitors changes in these regulations and standards. However, there can be no assurance that the Group will be able to comply with any new regulations or standards, or that compliance with new or existing regulations will not have a material adverse effect on its business.

Although the Group has an ongoing focus on safety activities and eliminating unsafe conditions at the manufacturing plants, there can be no assurance that there will be no accidents or incidents suffered by the Group's employees, contractors or other third parties on the Group's sites. If any accidents or incidents occur, the Group could be subject to prosecution and litigation, which could result in fines, penalties and other sanctions and could cause damage to the Group's reputation. The realization of any of these risks could have a material adverse effect on the Group's business, results of operations, financial condition, reputation, product demand and liquidity.

The Group's operations rely on complex IT systems and networks and may be exposed to cyber attacks

The Group uses various digital technologies for communication and process management, and rely heavily on centralized, standardized IT systems and networks to support business processes.

A significant or large-scale interruption of one or more of the Group's IT systems caused by general malfunction, human errors, cyber-attacks or other reasons, could adversely affect the Group's ability to keep operations running efficiently or at all and affect product availability. The Group uses an SAP system for enterprise resource planning, business operations and customer relations and although several risk mitigating arrangements are in place, any disruption to the availability of this system is associated with significant risk, mainly related to the processing of deliveries of products to the Group's customers. In addition, it is possible that a malfunction of data security measures or a cyber-attack could enable unauthorized persons access to sensitive business or personal data, including information to the Group's intellectual property or business strategy or the Group's customers. Such failure could cause economic loss for which the Group could be liable and may expose the Group to governmental investigations, disciplinary actions and fines. A failure of the Group's IT systems could also cause damage to the Group's reputation which could harm business. Accordingly, the realization of any risks related to the Group's IT system and network disruptions could have a material and adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATED TO LAWS, REGULATIONS, LITIGATION AND ENVIRONMENTAL MATTERS

There is a risk that the Group infringes intellectual property rights of third parties

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

RISK FACTORS (5/8)

The Group could be unsuccessful in adequately protecting its intellectual property and technical expertise

The Group's business and business strategy are highly dependent on the Group's technology. The Group regularly applies for and have been granted patented rights relating to its innovations. However, the process of seeking patent protection may be lengthy and expensive and current pending or future application may not be of sufficient scope or strength to provide meaningful protection for the Group's technology. Other parts of the Group's intellectual property comprise know-how and industrial secrets that are not patentable and only can be protected by confidentiality procedures and contractual provisions. Despite the Group's efforts to protects its intellectual property and industrial secrets, the Group has in the past experienced infringement of their intellectual property, including copies and replicas of their proprietary products and innovations, and there is a risk that the Group's intellectual property rights may be infringed in the future. Policing unauthorized use of the Group's technology is difficult and there can be no assurance that the steps taken by the Group will prevent misuse of its technology. This can lead to so-called "copycats" copying the Group's products without authorization from the Group. This may lead to loss of market share and existing supply contracts that could cause a material adverse effect on the Group's financial condition, results of operations and cash flows.

The Group faces risk relating to warranty, product liability and recalls. The Group is dependent on certain quality and product certifications

The consequences on non-conformity of the Group's products are especially high since a majority of automotive components are considered safety critical. Consequently, the automotive industry has very high standards relating to safety in all phases of a product's lifetime from the design phase to component sourcing (automotive grade) to manufacturing. Product warranty is also stringent.

The Group has insurance policies in place for product liability and recalls. However, such insurance is associated with significant deductible amounts that may not exceed the overall liability of each instance. Also, the insurance premium for such insurance depends on the Group's product liability and recall history so that a high amount of cases may lead to strongly increased costs.

In the event of non-conformity of the Group's products, the Group could face extensive warranty costs, product liability claims, and recalls related to the Group's products. Typical warranty costs include the cost to replace the Group's product and may further include other costs arising from the defective product, such as the labour costs to remove and replace the defective product. Product liability claims are typically raised by end customers or third parties alleging that one of the Group's products has caused bodily injury, loss of life or material damage. Product liability claims may be expensive to defend and may result in substantial damage awards against the Group and harm its reputation.

The costs the Group incurs in connection with recalls include the same types of costs as in warranty cases, though they may be incurred on a larger vehicle population. In addition, product recalls can harm the Group's reputation and cause the Group to lose customers, particularly if those recalls cause consumers to question the safety or reliability of the Group's products. Any costs incurred or lost sales caused by future product recalls could materially and adversely affect the Group's business, financial condition and/or cash flow.

In some countries, certain certifications for products with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by the Group's customers and markets, including CE product conformity marking and certifications against the IATF 16949 standard. As such, the Group is dependent on being able to obtain and maintain the relevant certifications so that the Group's customers are able to sell products which include components that are manufactured by the Group in such countries. In addition, some customers also require the Group to maintain certain standards and conduct inspections at regular intervals to ensure the Group maintain these standards. Any failure to meet or maintain the requirements needed to secure or renew such certifications could result in a material adverse effect on the Group's business, financial conditions and results of operations.

The Group could be held liable for soil, surface water or groundwater contamination or for risks related to hazardous wastes, substances and/or materials, including clean up obligations and third-party claims (e.g., for bodily injury or property damage)

Some of the sites at which the Group operates have been used for industrial purposes for up to thirty years, leading to risks of contamination and resulting site restoration obligations. In addition, under federal and state environmental laws and regulations (including state property transfer laws), the Group could be held responsible for the remediation of offsite areas impacted by the Group's sites and operations, natural resource damages, and/or third-party claims (e.g., for bodily injury or property damage). Regulatory authorities could assert claims against the Group, as the current or former owner or tenant (operator) of the affected sites or as the party that caused or contributed to the contamination, for the investigation or remediation or containment of such soil or groundwater contamination or other environmental media (e.g., surface waters), including related to use of non-owned treatment, storage and disposal sites or order the Group to dispose of or treat contaminated soil excavated or water encountered in the course of construction.

The Group could also be liable to the owners or occupants of sites leased by the Group, sites sold by the Group, or other impacted properties. Costs typically incurred in connection with such claims are generally difficult to predict. Also, if any contamination were to become a subject of public discussion, there is a risk that the Group's reputation or relations with customers could be harmed. Several of the chemicals the Group uses are or may be classified as substances of very high concern and are or could become subject to restrictions on use or become prohibited. If chemicals the Group uses become subject to further restrictions on use or prohibited, the Group must replace these substances, which may have a financial impact on the Group's business operations.

The Group's operations are subject to stringent applicable environmental laws and regulations, which are subject to change

The nature of the Group's business is subject to significant government regulation, including, but not limited to, increasingly stringent environmental laws and regulations in most jurisdictions in which the Group operates. Such laws and regulations also require permits, licenses and/or authorizations to be obtained and reports and forms to be completed and delivered, inter alia, to the competent authorities in connection with the operations of the Group's business.

This regulatory framework imposes the Group with significant day-to-day compliance burdens, costs and risks. In particular, violation of such laws and regulations (including, but not limited to, failure to timely renew the Group's licenses or comply with the conditions imposed by environmental authorities for the licenses to be valid and effective) may give rise to significant liability, including, but not limited to, fines and penalties, monetary and reputational damages, third party liabilities, limitations on business operations and site closures, and there can be no assurance that the Group have been and will be in material compliance with all applicable laws and regulations governing the protection of the environment.

Greenhouse gas emissions have also increasingly become the subject of substantial international, national, regional, state and local attention. Greenhouse gas emission laws and regulations have been promulgated in certain of the jurisdictions in which the Group operate, and additional greenhouse gas requirements are in various stages of development. The EU's Carbon Border Adjustment Mechanism (CBAM), the new EU Euro 7 emission standards, ban of combustion engines in passenger cars in the EU from 2035 and rising CO2 emission taxes of fossil fuels in many countries are all examples of legislation sets out requirements and restrictions for production in the automotive industry. Accordingly, these and other new regulations on greenhouse gas emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect the Group's business, results of operations, financial condition, reputation, product demand and liquidity.

RISK FACTORS (6/8)

The Group is exposed to risks in relation to compliance with business conduct rules such as anti-corruption laws and regulations, economic sanction programs and trade regulations

The Group does business on a global basis and is required to comply with the laws and regulations of various jurisdictions. In particular, the Group's business is subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and regulations and economic sanction programs, including, without limitation, those administered by the United Nations, the European Union and the Office of Foreign Asset Control in the United States (collectively, "Sanctions"). Economic sanctions programs may restrict the Group's business dealings with certain sanctioned countries, such as Russia, Cuba, North Korea, Syria, Belarus and Iran. As a consequence of its international operations, the Group is exposed to a risk of violating anti-corruption laws and Sanctions regulations applicable in those countries where the Group, its partners or agents operates. Some of the countries in which the Group operates lack as a developed legal system as other locations and are perceived to have high levels of corruption.

Moreover, the Group's operations are impacted by import and export bans and trade compliance laws, such as sanctions adopted following the Russia-Ukraine war.

Although the Group has policies and procedures in place designed to promote compliance, there can be no assurance that such policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of the Group's employees, consultants, agents or partners, or that relevant authorities do not challenge the compliance measures taken by the Group. Violations of applicable laws and regulations may be punishable by civil liabilities, including fines, denial of export privileges and administrative sanctions and revocations or restrictions, and could also damage the Group's reputation or cause claim for damages.

RISKS RELATED TO FINANCIAL AND TAX MATTERS

An impairment of the Group's goodwill could result in a reduction of net income and equity

Goodwill represents the excess of the cost of an acquisition of a business over the fair value of the net assets acquired and is initially recorded in the Group's statement of financial position at cost established at the date of the acquisition of the business. IFRS requires that goodwill be periodically evaluated for impairment based on the fair value of the cash-generating unit. Declines in the Group's profitability or the value of comparable companies may impact the fair value of the Group's cash generating units, which could result in write-off of goodwill and a reduction in the Group's profit attributable to equity holders. As of 31 March 2024, the Group had EUR 71.9 million of goodwill recorded in its statement of financial position, representing 27.2 % of the Group's total non-current assets that could be subject to impairment. In addition, if the Group acquires any further businesses in the future, the Group may recognize additional goodwill that may be significant.

The value of the Group's deferred tax assets could become impaired or the Group could be unable to utilize tax losses

As of 31 December 2023, the Group had EUR 11.4 million in deferred tax assets. These deferred tax assets include net operating losses carry forwards that can be utilized to offset taxable income in future periods and reduce income tax payable in those future periods.

The Group periodically assess the probability of the realization of deferred tax assets, using significant estimates and judgments with respect to, among other things, market developments, and the success of the Group's customers and timing of future profits. If the Group determines that in the future there is not sufficient positive evidence to support the valuation of its deferred tax assets, the Group may be required to write-off all or a part of these assets. The Group may also be materially and adversely affected by any changes in the applicable tax laws, leading to future limitations on the Group's capacity to carry forward losses.

The international scope of the Group's operations and the Group's corporate and financing structure may expose the Group to potentially adverse tax consequences

The Group operates on 32 sites in 17 countries. There are significant intercompany cross-border transactions for product and component deliveries, equipment transfers, services, development work, intellectual property and trademark licensing. In addition, the Group has large intercompany loan balances between many of its many legal entities.

The Group is subject to taxation, tax laws and regulations of multiple jurisdictions. The Group is also subject to intercompany pricing laws and OECD principles, applicable for, inter alia, the Group's inter-company purchasing and licensing arrangements. Any adverse change in these laws or regulations or in the position of the relevant authority, could adversely affect the Group's business, the results of operations and financial condition. Moreover, if any applicable tax authorities were to successfully challenge the tax treatment of any of the Group's intercompany transactions including intercompany loans, it could result in outcomes that would be very unfavourable to the Group. Such outcomes include disallowance of tax deductions, limitation of the Group's ability to tax-deduct interest expenses, increased withholding taxes, and application of significant penalties including accrued interest penalties. Furthermore, the Group's internal capitalization of its own legal structure is capitalized through a combination of equity and intercompany loans. In some jurisdictions this could lead to so-called thin-capitalization limitations on the tax deductibility of certain expenses. The Group also engage in internal transfers of Company owned equipment and particularly for older equipment this poses a risk as to the valuation for balance sheet, depreciation and customs purposes. Negative aspects from any of the above issues could have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to risks associated with changes in currency exchange rates

The Group operates internationally in numerous countries and is exposed to foreign exchange risk arising from various currency exposures. Changes in the relative values of currencies occur from time to time and, in some instances, may have a significant effect on the Group's financial condition, results of operations and cash flows. The Group's primary exposure is to the euro/U.S. dollar exchange rate and to a lower degree to the exchange rate of the euro to the Norwegian kroner and the Chinese renminbi. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, while at the same time liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could enhance or minimize fluctuations in the prices of materials, since the Group purchases parts of its raw materials with foreign currencies.

RISK FACTORS (7/8)

RISKS RELATED TO THE GROUP'S INDEBTEDNESS

Borrowings of the Group

In addition to the indebtedness incurred under the Bonds, the Group may incur indebtedness, inter alia, under a super senior revolving credit facility and a receivables sales and servicing agreement, in an aggregate principal amount not exceeding the higher of (a) EUR 45,000,000 and (b) 1.00x EBITDA (calculated at the time of commitment). Interest on the Group's borrowings from time to time is subject to fluctuations in interest rates. Higher interest rates could affect Group's operations, earnings, and financial position, which could have a negative effect on the Group's liquidity.

The Group is exposed to risks in connection with its pension obligations, which may lead to unexpected funding obligations

The Group provides defined benefit plans in Norway, Germany, France and Switzerland. As of 31 December 2023, the Group's defined benefit pension obligations (defined as the Group's projected benefit obligations less the fair value of pension assets) amounted to EUR 11.3 million. The fair value of the Group's pension assets is subject to market fluctuations that are beyond the Group's control. Unfavourable market conditions could result in a substantial increase of the Group's defined benefit obligations, which could have a material adverse effect on the Group's financial condition and liquidity.

The Issuer may choose to withdraw its current credit ratings

The Issuer currently holds public credit ratings from Standard & Poor's (S&P) and Moody's Investors Service, which reflect the Group's creditworthiness and ability to meet financial commitments. The Issuer has no obligation to maintain its credit ratings or to update investors on its intentions regarding credit ratings, and the Issuer may choose to withdraw its ratings based on various factors, including change to the Issuer's financial condition, changes in the credit rating agencies' methodologies or changes in the regulatory environment.

In case the Group chooses to withdraw one or both of its current credit ratings during the lifetime of the Bonds, the market perception of the Group's creditworthiness may be impacted, which could lead to increased borrowing costs, reduced liquidity, and a narrower investor base for the Bonds. This could negatively affect the market value of the Bonds and the Issuer's ability to raise additional capital in the future.

RISKS RELATED TO THE BONDS

Risks of being unable to repay the Bonds

During the lifetime of the Bonds, the Issuer will be required to make payments on the Bonds, and as the Issuer is a holding company, it is dependent on distributions from its subsidiaries to make such payments. The ability to generate cash flow from operations and to make scheduled interest payments on indebtedness, including the Bonds, will depend on future financial performance of the Group. If the Group is unable to service its indebtedness, it will be forced to adopt an alternative strategy that may include actions such as reducing or delaying capital expenditure, selling assets, restructuring or refinancing indebtedness or seeking equity capital. The Group's ability to successfully refinance such debt is dependent on the financial condition of the Group and conditions of the financial markets in general at such time. The Group cannot assure investors that any of these alternative strategies could be implemented on satisfactory terms, if at all, or that they would yield sufficient funds to make required payments on the Bonds and other indebtedness. In addition, any failure to make scheduled payments of interest and principal on outstanding indebtedness is likely to result in a reduction of credit rating, which could harm the ability to incur additional indebtedness on acceptable terms.

The Issuer may have insufficient funds to make required repurchases of Bonds

The Bond Terms provide for certain redemption and repurchase mechanics in respect of the Bonds which entail redemption or repurchase with a premium, either voluntary or mandatorily. The latter will be the case, inter alia, upon the occurrence of a Change of Control Event, whereby each individual holder of Bonds (a "Bondholder") shall have a right (put option) to require that the Issuer re-purchase the Bonds at a price of 101% of the nominal amount of the Bonds (plus accrued interest). However, it is possible that the Issuer will have insufficient funds at the time of the put option event to make the required repurchase of the Bonds, which could adversely affect the Issuer, e.g., by causing insolvency or an event of default under the Bond Terms, and consequently adversely affect all Bondholders and not only those that choose to exercise the option.

The Bonds are structurally subordinated to liabilities of the Issuer's subsidiaries

Generally, claims of creditors of the Issuer's subsidiaries including trade creditors, secured creditors, and creditors holding indebtedness and guarantees issued by such subsidiary, will have priority with respect to the assets and earnings of the subsidiary over the claims of creditors of the Issuer and will be entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder, in each case to the extent the Issuer's obligations are not guaranteed by the relevant entity. Accordingly, absent a guarantee from the relevant subsidiary, the Bonds will be structurally subordinated to all such creditors' claims against such subsidiaries and in an enforcement scenario, such creditors will generally be entitled to payment in full from the sale or other disposal of the assets of such subsidiaries before the Issuer, as a direct or indirect shareholder, will be entitled to receive any distributions.

A trading market may not develop, and market price may be volatile

The Bonds will be new securities for which there is currently no trading market. Even ththe listing of the Bonds, there can be no assurance that such listing will be obtained, nor has the Issuer entered into any market-making scheme to ensure liquidity in the Bonds. There can be no assurance as to (i) the liquidity of any market that may develop; (ii) Bondholders' (as defined in the Bond Terms) ability to sell the Bonds or (iii) the price at which Bondholders would be able to sell the Bonds. If such a market were to exist, the Bonds could trade at prices that may be lower than the nominal amount or purchase price of the Bonds. If an active market does not develop or is not maintained, the price and liquidity of the Bonds may be adversely affected.

RISK FACTORS (8/8)

Limitations on guarantees and security interests

The guarantors are incorporated in different jurisdictions, where, inter alia, legal restrictions may apply to the gough the Issuer is obliged to procure ranting of security and/or guarantees provided in connection with an acquisition of shares in companies within a group and there might also be requirements to receive corporate benefit as consideration for granting financial assistance. Furthermore, there may be certain legal limitations on the maximum secured amount of a security interest or guarantee. As an example, any guarantee provided by entities incorporated in Switzerland will be limited to such entities freely distributable reserves at the time of enforcement. The Bond Terms will contain agreed security principles pursuant to which the members of the Group will not be required to grant security and/or guarantees to the extent that would conflict with applicable law. The agreed security principles also provide that certain security and/or guarantees may be limited, cannot be perfected or are otherwise subject to limitations. It is possible that such limitations will reduce the value of the security package and negatively affect the Bondholders.

Security and/or guarantees will not be granted by Material Group Companies (as defined in the Term Sheet) which are not eligible entities, i.e. entities incorporated in the Republic of India, the People's Republic of China, Brazil or Mexico. Such members of the Group hold, and may in the future hold, a substantial part of the Group's assets. Accordingly, as certain of these companies are Material Group Companies, security will not be granted by and over members of the Group representing 80 per cent. of EBITDA and Total Assets (as defined in the Term Sheet) which will reduce the value of the security package compared to if such group members were to grant security. The eligibility is not affected by the amount of EBITDA or Total Assets of such group members, meaning that such companies may, depending on future operations of the Group, have a majority of the EBITDA or Total Assets of the Group and still not be required to grant security.

Due to the Group's legal structure and that certain Material Group Companies are direct subsidiaries of the Issuer, and as the Issuer is a listed company, share pledge will not be granted over the shares of the Issuer, there will not be a single point of enforcement for the Bondholders. In an enforcement scenario, the lack of a single point of enforcement may complicate an enforcement as several separate share pledges have to be enforced.

The security granted may not be sufficient to cover amounts owed to Bondholders

The Bonds will be secured by guarantees from certain members of the Group as well as by security interests over shares in certain group companies and certain intra-group loans. However, there can be no certainty that the entities issuing the guarantees are creditworthy or that the value of the security interests in the Group's assets is, or will be, sufficient to cover amounts owed by to the Bondholders.

The Bonds will be secured on a pari passu basis with the other secured parties under the security package, subject to the super senior status of (i) certain facilities with an aggregate principal amount outstanding not exceeding the higher of (A) EUR 45,000,000 (or the equivalent amount in any other currency) and (B) 1.00x EBITDA (calculated at the time of commitment) and (ii) hedging arrangements provided by hedging providers to the Group. The super senior creditors will, inter alia, receive the proceeds from any enforcement of the security and the guarantees and certain distressed disposals prior to the Bondholders in accordance with the waterfall provisions of any applicable intercreditor agreement. Any intercreditor agreement will also contain certain provisions regulating instruction rights, including instructions as to enforcement. Upon certain conditions being met, such instruction right may be held entirely by a defined majority of super senior creditors which may have conflicting interests with the Bondholders in a default and enforcement scenario, including an incentive to take enforcement steps which may be detrimental to the value of the Bonds and recovery for the Bondholders. Consequently, and although the Bonds are secured obligations of the Issuer, there can be no assurance that the value of the security will be sufficient to cover all the outstanding amounts under the Bond Terms together with accrued interest and expenses in case of a default and/or if the Issuer enters liquidation.

Furthermore, enforcing the guarantees and security interests may be an expensive and time-consuming process involving complex legal proceedings, and there can be no certainty that it will be successful. Even if the Bondholders are successful in bringing an action in a jurisdiction, local laws may prevent or restrict the Bondholders from enforcing a judgment against a member of the Group, the Group's assets, or the assets of its officers.

Restrictions imposed under the Bond Terms and other credit agreements may lead to inability to finance operations, capital needs and to pursue business opportunities

The Bond Terms contains certain covenants that restrict the Issuer's ability to, among other things, merge, de-merge and dispose of assets and grant financial support. Even though these limitations are subject to certain carve-outs and limitations, some of the covenants could limit the Issuer's ability to finance future operations and capital needs and its ability to pursue activities that may be in the Group's interest. Further, Group companies are subject to affirmative, negative and other covenants contained in other agreements for financial indebtedness. A breach of any of such covenants, ratios, tests or restrictions could result in an event of default. The operating and financial restrictions in the Group's agreement could have a material adverse effect on the Group and its ability to carry on its business and operations and, in turn, the Issuer's ability to pay all or part of the interest or principal on the Bonds.

Bondholders may be overruled by majority votes taken in Bondholders' meetings

The Bond Terms will include certain provisions regarding Bondholders' meetings and written procedures. Such meetings and procedures may be used to reach decisions on matters relating to the Bondholders' interests. The Bond Terms will allow for stated majorities to bind all Bondholders, including Bondholders who have not taken part in the meeting or procedure and those who have voted against the majority. Consequently, there is a risk that the actions of the majority in such matters will impact a Bondholder's rights in a manner that is undesirable to it.

No action against the Issuer and Bondholders' representation

In accordance with the Bond Terms, the bond trustee will represent all Bondholders in all matters relating to the Bonds and the Bondholders are prevented from taking action on their own against the Issuer. Consequently, individual Bondholders do not have the right to take enforcement action against the Issuer if it defaults and they will instead need to wait until a requisite majority of Bondholders agrees to take such action. The bond trustee will in some cases have the right to make decisions and take actions that bind all Bondholders. It is possible that such decisions and actions will negatively affect one or more Bondholders.

Restrictions on transferability of the Bonds

As the Group is relying upon exemptions from registration under the U.S. Securities Act, applicable U.S. state securities laws, UK and EU securities laws in the placement of the Bonds, the Bonds may only be transferred in a transaction registered under, or exempt from, the registration or prospectus requirements of such legislation in the future. This limits the Bondholders' ability to offer or sell the Bonds in certain jurisdictions. It is each potential investor's obligation to ensure that the offers and sales of Bonds comply with all applicable securities laws. Due to these restrictions, there is a risk that a Bondholder will not be able sell its Bonds as desired.

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