



KONSGBERG
AUTOMOTIVE

Second Quarter Report 2020



CONTENT

CEO Letter	3
Highlights second quarter 2020	4
Group financials	5
Segment reporting	8
Interior	8
Powertrain and Chassis.....	9
Specialty Products	10
Condensed consolidated financial statements	11
Notes to the consolidated financial statements	15
Alternative performance measures (APM)	21
Responsibility statement.....	24
Other company information	25

CEO LETTER

The second quarter of 2020 was dominated by the Corona Virus pandemic and the effects this had on Kongsberg Automotive (“KA”) and the automotive industry.

Following the Corona related lock downs in various parts of China in Q1 2020, the rest of the world was hit hard by mostly government-imposed lock downs during Q2 2020. At one point during Q2 2020, most of the Kongsberg Automotive production facilities were closed, most of them because of lack of customer demand, not because of forced shutdowns. Only our Chinese production facilities were operating at near normal levels.

During the last weeks of Q1 2020, Kongsberg Automotive took quick action in order to counter what we saw as the likely outcome of the Corona Virus pandemic. This included: reductions in employment (discontinuing agency workers, furloughs, short-time work, “permitteringer”) of more than $\frac{2}{3}$ of our work force, stringent working capital measures including “crisis management” of material inflows from suppliers, and the internal development of market scenarios and financial models to estimate KA’s liquidity needs. This was followed by action plans for the improvement of KA’s liquidity consisting mainly of: 1) a capital increase: with MNOK 1,000 through a private placement and subsequent offering, 2) increasing the RCF from MEUR 50 to MEUR 70 and the utilization rate of our revolving credit facility (RCF) from 40% to 80% without subjecting KA to covenant testing leading to an increase in the liquidity of MEUR 36 and initiating a factoring program that would create a better balance between Accounts Payables and Receivables for up to MEUR 60. Items 1 and 2 were successfully completed during the second quarter of 2020, the factoring program is still under negotiations and we consider it as likely to take place. Note that the subsequent offering portion of the capital increase is a subsequent event having been completed towards the end of July.

Following these liquidity improvement measures, Kongsberg Automotive believes it is fully funded through 2021 under our current market assumptions. A second wave of the Corona Virus pandemic could of course impact this position. However, we believe we have significant buffers to cover for additional negative Corona Virus pandemic effects.

Compared to our competition, Kongsberg Automotive has acted faster and with larger measures than most of our competitors. This should improve our competitive positioning going forward. We have already seen some small effects of this as we have been able to pick up some smaller programs from competitors that have entered into financial difficulties following the outbreak of the Corona Virus pandemic.

From a market standpoint, the second quarter of 2020 will certainly go into the history as a very turbulent quarter. For April and May, we experienced year over year (“YOY”) revenue declines outside of China of more than 75% and 67%, respectively. These effects were somewhat offset by revenue growth in China of almost 30% YOY for the same time period. For the month of June, the industry restarted sharply, and we experienced YOY revenue declines of 18% outside of China. All in all, KA’s global revenues for Q2 2020 declined by 48% YOY. The non-automotive businesses fared somewhat better than the automotive businesses, mostly because these customers were less affected by lock downs.

To illustrate the sharp differences between the Chinese market and that of the rest of the world; in Q2 2019, China revenues accounted for around 10% of KA’s revenues. In Q2 of 2020, the Chinese share of KA’s revenues amounted to almost 24%. This was of course mainly driven by the remarkable recovery of the Chinese markets versus the strong decline in the rest of our end markets. KA’s market share gains in China also contributed to this sharp change in geographical revenue distribution for KA in Q2 2020.

Since the end of Q2 2020, the market has continued its recovery, although the recovery is fragile. Especially in North America, where the recovery has been the strongest, most of the June and July production has served primarily to fill up dealer lots. Time will give us the answers to what the end market performance will be in both North America and Europe regarding vehicle sales to end customers. On the other hand, our order book continues to strengthen both from passenger car and heavy-duty OEMs. In total, this has led us to increase our expectations slightly for the remainder of FY 2020.

SECOND QUARTER 2020 AT GLANCE

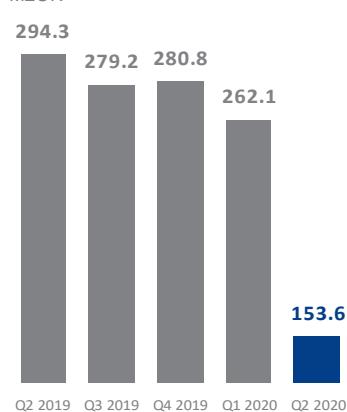
- > Revenues were negatively impacted by the effects of the Corona virus pandemic and amounted to **MEUR 153.6** in the second quarter, MEUR 140.8 (-47.8%) below the second quarter last year, including negative currency translation effects of MEUR 3.9.
- > Adjusted EBIT amounted to **MEUR (33.5)** in the second quarter, which was MEUR 53.9 below Q2 2019.
- > Lifetime revenues business wins in the second quarter amounted to **MEUR 160.0** (MEUR 43.0 in annualized revenue).
- > The outbreak of Corona virus pandemic triggered impairment testing and resulted in the impairment charges of **MEUR 82.7**.
- > The adjusted gearing ratio (NIBD/adj. EBITDA) deteriorated to 6.1 from 3.0 compared to Q2 2019.
- > A private placement capital increase was completed in June 2020 with a net equity effect of **MEUR 63.0**.
- > The company entered into a RCF amendment agreement that increased firstly the available RCF from MEUR 50.0 to MEUR 70.0 and secondly the utilization rate from 40% to 80% at quarter ends without triggering a covenant test.

KEY FIGURES

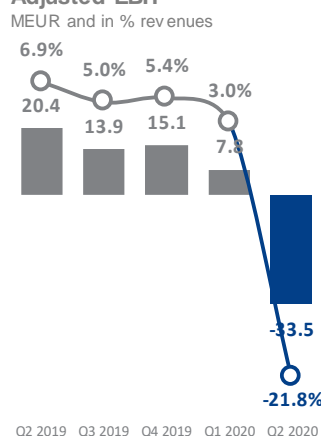
(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	153.6	294.3	415.6	600.8	1,160.9
EBITDA	(104.7)	29.8	(85.3)	61.9	110.4
<i>in % revenues</i>	-68.2%	10.1%	-20.5%	10.3%	9.5%
Impairment losses	(82.7)	0.0	(82.7)	0.0	0.0
Adjusted EBIT¹	(33.5)	20.4	(25.7)	41.9	70.9
<i>in % revenues</i>	-21.8%	6.9%	-6.2%	7.0%	6.1%
Operating profit / EBIT	(116.5)	19.2	(109.1)	39.5	62.4
<i>in % revenues</i>	-75.9%	6.5%	-26.3%	6.6%	5.4%
Net Profit / (Loss)	(116.7)	4.9	(128.8)	18.7	28.8
NIBD / Adjusted EBITDA (LTM)	6.1	3.0	6.1	3.0	3.1
<i>excluding IFRS 16</i>	6.5	2.3	6.5	2.3	2.5
Equity ratio	27.2%	29.3%	27.2%	29.3%	30.6%
<i>excluding IFRS 16</i>	31.3%	32.9%	31.3%	32.9%	34.5%

¹ Adjusted for restructuring costs and impairment losses (only in Q2 2020) (see section APM)

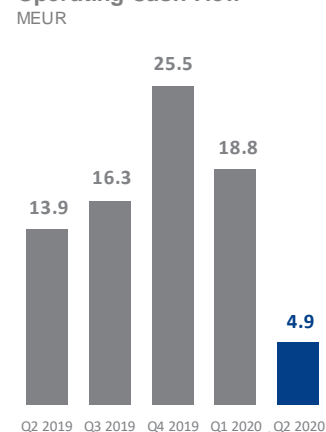
Revenues



Adjusted EBIT



Operating Cash Flow



GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – PROFIT AND LOSS

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	153.6	294.3	415.6	600.8	1,160.9
OPEX	(175.5)	(264.5)	(418.2)	(538.9)	(1,050.4)
Impairment losses	(82.7)	0.0	(82.7)	0.0	0.0
EBITDA	(104.7)	29.8	(85.3)	61.9	110.4
<i>in % revenues</i>	<i>-68.2%</i>	<i>10.1%</i>	<i>-20.5%</i>	<i>10.3%</i>	<i>9.5%</i>
Depreciation and amortization	(11.9)	(10.6)	(23.8)	(22.4)	(48.0)
Operating profit / EBIT	(116.5)	19.2	(109.1)	39.5	62.4
<i>in % revenues</i>	<i>-75.9%</i>	<i>6.5%</i>	<i>-26.3%</i>	<i>6.6%</i>	<i>5.4%</i>
Adjusted EBIT¹	(33.5)	20.4	(25.7)	41.9	70.9
<i>in % revenues</i>	<i>-21.8%</i>	<i>6.9%</i>	<i>-6.2%</i>	<i>7.0%</i>	<i>6.1%</i>
Net financial items	(6.6)	(5.8)	(24.1)	(7.0)	(18.9)
Profit / (loss) before taxes	(123.1)	13.5	(133.2)	32.5	43.5
Income taxes	6.4	(8.5)	4.4	(13.8)	(14.8)
Net profit / (loss)	(116.7)	4.9	(128.8)	18.7	28.8

¹ See section APM for the reconciliation

REVENUES

Revenues for the Group amounted to MEUR 153.6 in the second quarter of 2020, MEUR 140.8 (-47.8%) below Q2 2019, including negative currency translation effects of MEUR 3.9. The decline in revenue in the current quarter was similar for all the operating segments: Interior, Powertrain & Chassis and Specialty Products.

In the Interior segment, which serves the passenger car end markets, revenues decreased by MEUR 36.9 (-48.9%) compared to the second quarter of 2019, including negative currency translation effects of MEUR 1.1. In nominal values, Interior Comfort System products suffered from the bigger decline in revenues than Light Duty Cables.

In the Powertrain & Chassis segment, which serves the passenger car and commercial vehicle end markets, revenues decreased by MEUR 57.3 (-49.5%) year over year, including negative currency translation effects of MEUR 1.5. The revenues in the passenger cars market declined by MEUR 35.0 in total, of which MEUR 24.7 was related to the revenues decline in Europe.

In the Specialty Products segment, which serves the passenger car, commercial vehicle end markets and general industrial customers, revenues decreased by MEUR 46.6 (-45.2%) compared to the same quarter in 2019, including negative currency translation effects of MEUR 1.3.

ADJUSTED EBIT / EBIT

Adjusted EBIT for the Group was negative MEUR (33.5) in the second quarter 2020, a decrease of MEUR 53.9 compared to last

year. This was mainly driven by the sustained lower revenue levels due to the shutdowns caused by the outbreak of COVID-19.

Including restructuring cost of MEUR 0.3 and the impairment losses of MEUR 82.7, operating loss in Q2 2020 amounted to MEUR 116.5, compared to the operating profit of MEUR 19.2 in Q2 2019.

NET FINANCIAL ITEMS

Net financial items came to an expense of MEUR 6.6 in the second quarter of 2020, compared to an expense of MEUR 5.8 in the same period in 2019 (see Note 6).

The interest expenses remained at the same level as in Q2 2019 (MEUR 5.2 in Q2 2020 vs. MEUR 5.1 in Q2 2019). Other financial items were MEUR (1,5) compared to MEUR (0,2) in Q2 2019, partially offset by the positive development of unrealized FX effects (gain of MEUR 0.1 in Q2 2020 vs. loss of MEUR 0.5 in Q2 2019).

PROFIT BEFORE TAX / NET PROFIT

Loss before tax amounted to MEUR 123.1 in the second quarter of 2020, a decrease of MEUR 136.6 compared to the profit in the same quarter of 2019. Net loss amounted to MEUR 116.7 as per Q2 2020, being a decline of MEUR 121.6 compared to the net profit of MEUR 4.9 in Q2 2019. Tax income in Q2 2020 was impacted by the permanent differences in relation to the impairment of Goodwill at MEUR 12.9 and the valuation allowances on deferred tax assets at MEUR 10.5.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – CASH FLOW

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Cash flow - Operating activities	4.9	13.9	23.7	9.6	51.4
Cash flow - Investing activities	(8.2)	(16.3)	(21.2)	(29.9)	(63.3)
Cash flow - Financing activities	36.8	6.3	35.1	(4.9)	(22.9)
Currency effects on cash	(4.5)	(1.0)	(6.5)	1.5	0.7
Change in cash	28.9	3.0	31.1	(23.6)	(34.0)
Cash as of beginning of period	27.4	32.6	25.2	59.2	59.2
Cash as of end of period	56.3	35.6	56.3	35.6	25.2
<i>Of this, restricted cash</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.8</i>

CASH FLOW FROM OPERATING ACTIVITIES

Cash from operating activities decreased by MEUR 9.1 in comparison with the second quarter last year. The change in net working capital amounted to MEUR 4.6 compared to a change of MEUR (4.3) in Q2 2019.

CASH FLOW USED BY INVESTING ACTIVITIES

Cash used by investing activities amounted to MEUR 8.2 in the second quarter of 2020. This reflects the reduced investments activity due to the Corona virus pandemic.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was MEUR 36.8 in the second quarter, compared to MEUR 6.3 generated in the same quarter last year. The main change compared to Q2 2019 is the net proceeds received from the Private Placement capital increase at MEUR 63.0 which was partially offset by the repayment of the revolving facility of MEUR 20.0.

Total payments for interest on lease liabilities were MEUR 1.3. The repayment of lease liabilities amounted to MEUR 3.1 in Q2 2020.

CHANGE IN CASH

Cash increased by MEUR 28.9 during the second quarter, resulting in a cash position of MEUR 56.3 at the end of the quarter, compared to the balance at the end of last year of MEUR 25.2.

Without the net proceeds from capital increase in June 2020 of MEUR 63.0 and excluding the repayment of the RCF at MEUR 20.0, the change in cash would have amounted to MEUR (14.0) (including the currency effects on cash).

LIQUIDITY RESERVE

The liquidity reserve was MEUR 125.9 (excluding the restricted cash of MEUR 0.4) at the end of the second quarter, compared to MEUR 64.4 at year-end 2019. The unutilized RCF as at June 30, 2020 amounted to MEUR 70.0.

GROUP FINANCIALS

SELECTED FINANCIAL INFORMATION – FINANCIAL POSITION

(MEUR)	30.06.20	30.06.19	31.12.19
Non-current assets	437.1	502.0	531.5
Cash and cash equivalents	56.3	35.6	25.2
Other current assets	274.0	395.7	370.2
Total assets	767.4	933.3	927.0
Equity	208.5	273.7	282.9
Interest-bearing liabilities	372.7	382.3	386.5
Other liabilities	186.3	277.2	257.5
Total equity and liabilities	767.4	933.3	927.0
NIBD	316.3	346.7	361.3
Equity ratio	27.2%	29.3%	30.5%

ASSETS

Total assets were MEUR 767.4 at the end of the second quarter, a decrease of MEUR 159.5 from year-end 2019. The decrease of the value of total assets as of June 30, 2020 is mainly driven by the impairment losses of MEUR 82.7 in Q2 2020 triggered by the outbreak of the Corona virus pandemic. In addition to that, the accounts receivable was reduced by MEUR 75.6 compared to Q2 2019 and the inventory by MEUR 29.5 (including the inventory write-down in Q2 2020 by MEUR 9.5).

EQUITY

Equity as of June 30, 2020 decreased by MEUR 74.5 (-26.3%) to MEUR 208.5 in comparison with December 31, 2019.

The following movements contributed to the change of the equity as of June 30, 2020:

- > Net loss for the year of MEUR 128.8, mainly driven by the impairment losses of MEUR 82.7 booked in Q2 2020. The other comprehensive income contributed another negative MEUR 9.1 to that decrease,
- > Successful completion of the Private Placement capital increase of in aggregate NOK 700.000.000 (MEUR 63.0 net of transaction fees).

The equity ratio decreased by 3.4 percentage points to 27.2%.

INTEREST BEARING LIABILITIES

Interest-bearing liabilities amounted to MEUR 372.7 comprising the issued bond of MEUR 275.0, netted by the capitalized fees of MEUR 5.4 and IFRS 16 lease interest-bearing liabilities of MEUR 101.8.

As at June 30, 2020, long-term interest-bearing debt amounted to MEUR 359.6 after netting of MEUR 5.4 capitalized arrangements fees.

NET INTEREST BEARING DEBT

At the end of the second quarter 2020, net interest-bearing debt amounted to MEUR 316.3, a decrease of MEUR 45.0 compared to year-end 2019, mainly driven by the increase of cash balances as of June 30, 2020.

INTERIOR

SEGMENT REPORTING

Interior is a global leader in the development, design and manufacture of seat comfort systems and mechanical and electro-mechanical light-duty motion controls to Tier 1 and OEM customers. The product range includes seat adjuster cables and other cabling systems, lumbar support and side bolsters, seat heating, ventilation and massage systems and head restraints.

Interior addresses the passenger car market, with particularly strong positions on premium car platforms in Europe and North

America. The product penetration for products such as seat heating, seat ventilation and massage systems are especially high in medium to higher end cars, while headrests and light duty cables are found in all ranges of cars. Customers include all major European and North American car and seat manufacturers and most premium OEMs such as Adient, Magna, Faurecia, Lear, Jaguar, Land Rover, Audi, Volvo Cars, Daimler, BMW and Tesla.

KEY FIGURES

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	38.6	75.4	110.9	152.7	304.0
Adjusted EBITDA	(8.1)	5.5	(5.1)	11.1	23.8
<i>in % revenues</i>	<i>-21.0%</i>	<i>7.3%</i>	<i>-4.6%</i>	<i>7.3%</i>	<i>7.8%</i>
Adjusted EBIT	(12.0)	2.5	(12.8)	4.6	10.3
<i>in % revenues</i>	<i>-31.0%</i>	<i>3.3%</i>	<i>-11.5%</i>	<i>3.0%</i>	<i>3.4%</i>
Restructuring	0.0	0.0	(0.0)	(0.0)	(0.5)
Impairment losses	(52.2)	0.0	(52.2)	0.0	0.0
Operating profit / EBIT	(64.2)	2.5	(65.0)	4.6	9.8
<i>in % revenues</i>	<i>-166.3%</i>	<i>3.3%</i>	<i>-58.6%</i>	<i>3.0%</i>	<i>3.2%</i>
Investments	(3.1)	(5.8)	(11.1)	(11.6)	(25.3)
Capital employed ¹	180.7	216.6	180.7	216.6	222.8

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

FINANCIAL UPDATE

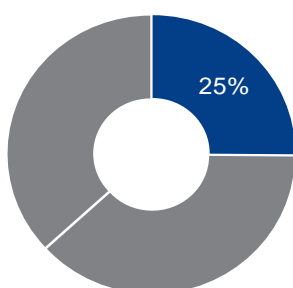
Revenues in interior decreased by MEUR 36.9 (-48.9%) compared to the second quarter 2019, including negative currency translation effects of MEUR 1.1. Interior Comfort System suffered from the bigger decline in revenues than Light Duty Cables. With a significant share of the business in Europe and the United States, customer shutdowns in these regions and implemented lockdown measures contributed the most to the unfavorable revenue development.

Adjusted EBIT was MEUR (12.0) in the second quarter, a decrease of MEUR 14.4 compared to the positive adjusted EBIT in Q2 last year. Adj. EBIT is in line with the reduced sales level. Moreover, adj. EBIT in Q2 2020 was negatively impacted by expense of customer development projects of MEUR 1.4 and inventory write-down of MEUR 2.2.

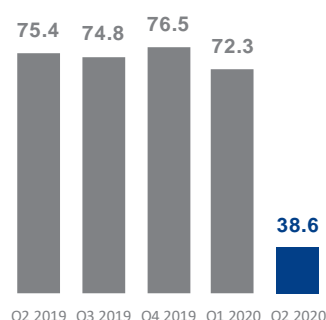
COMMERCIAL AND OPERATIONAL UPDATE

The general customer activity to award new businesses was very low in Q2. Hence, contracts of the value of MEUR 3.0 in expected lifetime revenues were awarded. These relate to the supply of actuation cables to a major premium French car maker and a major Chinese car maker.

Group revenue share
Q2 2020

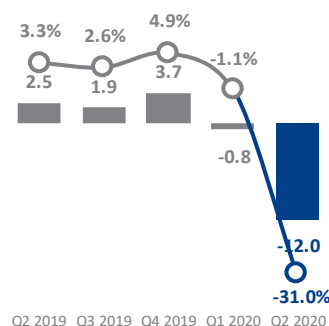


Revenues
MEUR



Adjusted EBIT

MEUR and in % revenues



POWERTRAIN AND CHASSIS

SEGMENT REPORTING

Powertrain & Chassis is a global Tier 1 supplier of driver control and driveline products into the passenger and commercial vehicle automotive markets. The portfolio includes custom-engineered cable controls and complete shift systems, clutch actuation systems, vehicle dynamics, shift cables and shift towers for transmissions.

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

KEY FIGURES

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	58.5	115.8	152.9	234.7	461.1
Adjusted EBITDA	(7.1)	9.7	(3.6)	17.6	38.1
<i>in % revenues</i>	-12.1%	8.4%	-2.4%	7.5%	8.3%
Adjusted EBIT	(11.8)	5.7	(13.1)	8.5	19.0
<i>in % revenues</i>	-20.2%	4.9%	-8.6%	3.6%	4.1%
Restructuring	(0.0)	(0.1)	(0.1)	(0.1)	(0.2)
Impairment losses	(30.4)	0.0	(30.4)	0.0	0.0
Operating profit / EBIT	(42.2)	5.5	(43.7)	8.5	18.7
<i>in % revenues</i>	-72.3%	4.8%	-28.6%	3.6%	4.1%
Investments	(3.2)	(7.3)	(7.3)	(14.1)	(22.8)
Capital employed ¹	187.9	234.5	187.9	234.5	221.1

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

FINANCIAL UPDATE

Revenues in Powertrain & Chassis decreased by MEUR 57.3 (-49.5%) to MEUR 58.5 in the second quarter 2020 compared to the same quarter in 2019, including negative currency translation effects of MEUR 1.5. The revenues in the heavy-duty market declined by MEUR 20.9 in total, of which MEUR 12.6 was related to the revenues decline in Europe. P&C experienced the largest revenue decline in Europe and North America due to plant shutdowns at our major customers.

Adjusted EBIT was MEUR (11.8) in the second quarter 2020, a decrease of MEUR 17.4 compared to the positive adjusted EBIT in Q2 last year.

Adjusted EBIT is in line with the reduced sales level. Variable and fixed costs have been strictly controlled in order to reflect the reduced sales level in Q2 2020.

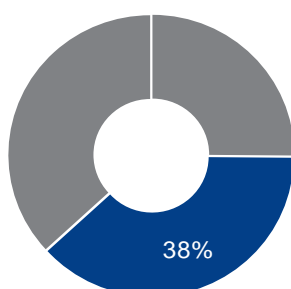
Moreover, adj. EBIT in Q2 2020 was negatively impacted by the inventory write-down of MEUR 2.8.

COMMERCIAL AND OPERATIONAL UPDATE

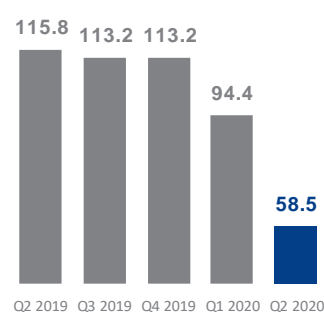
Business wins amounted to MEUR 30.0 lifetime revenue (MEUR 14.0 in annualized revenue) in the second quarter 2020.

New Business Wins included a shift by wire project to a Chinese customer with expected annualized revenues of MEUR 4.5 or MEUR 17.7 in expected lifetime revenues.

Group revenue share
Q2 2020

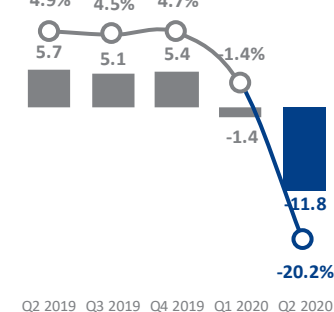


Revenues
MEUR



Adjusted EBIT

MEUR and in % revenues



SPECIALTY PRODUCTS

SEGMENT REPORTING

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

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

KEY FIGURES

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	56.5	103.1	151.9	213.4	395.7
Adjusted EBITDA	(0.5)	19.0	17.3	41.1	70.5
<i>in % revenues</i>	<i>-0.9%</i>	<i>18.4%</i>	<i>11.4%</i>	<i>19.3%</i>	<i>17.8%</i>
Adjusted EBIT	(3.2)	16.1	11.9	35.6	58.8
<i>in % revenues</i>	<i>-5.7%</i>	<i>15.6%</i>	<i>7.8%</i>	<i>16.7%</i>	<i>14.9%</i>
Restructuring	(0.4)	0.1	(0.3)	0.3	(2.1)
Impairment losses	0.0	0.0	0.0	0.0	0.0
Operating profit / EBIT	(3.6)	16.2	11.5	35.8	56.8
<i>in % revenues</i>	<i>-6.3%</i>	<i>15.7%</i>	<i>7.6%</i>	<i>16.8%</i>	<i>14.3%</i>
Investments	(1.2)	(3.3)	(4.6)	(5.1)	(16.7)
Capital employed ¹	233.6	216.1	233.6	216.1	228.8

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

FINANCIAL UPDATE

Revenues in Specialty Products decreased by MEUR 46.6 (-45.2%) compared to the second quarter of 2019, including negative currency translation effects of MEUR 1.3. The revenue declines in this segment were driven by the automotive business operations, as well as non-automotive business. However, the latter were more impacted by governmental lock downs rather than a decline market demand.

Adjusted EBIT was MEUR (3.2) in the second quarter, a decrease of MEUR 19.3 compared to last year. The YoY decline in Adj. EBIT was in line with the expected fall through caused by the revenue decline.

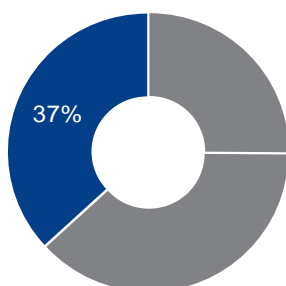
Moreover, adj. EBIT in Q2 2020 was negatively impacted by the inventory write-down of MEUR 5.2.

COMMERCIAL AND OPERATIONAL UPDATE

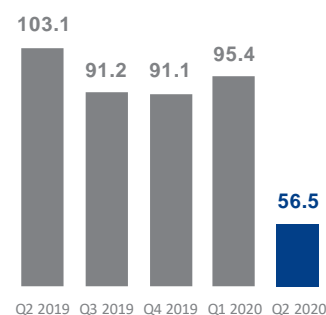
During the second quarter 2020, total business wins amounted to MEUR 128.0 in lifetime revenue (MEUR 29.0 in annualized revenue).

The new business wins included Couplings projects to a premium European OEM. These programs account for approximately MEUR 12.5 in annualized revenues, or MEUR 86.0 in expected lifetime revenues as the average program length is approximately seven years.

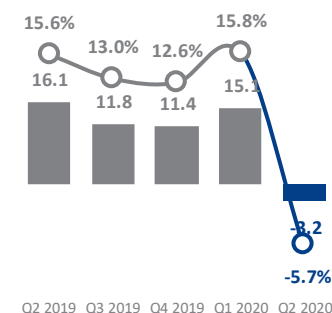
Group revenue share
Q2 2020



Revenues
MEUR



Adjusted EBIT
MEUR and in % revenues



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenues	153.6	294.3	415.6	600.8	1,160.9
OPEX	(175.5)	(264.5)	(418.2)	(538.9)	(1,050.4)
Impairment losses	(82.7)	0.0	(82.7)	0.0	0.0
EBITDA	(104.7)	29.8	(85.3)	61.9	110.4
<i>in % revenues</i>	<i>-68.2%</i>	<i>10.1%</i>	<i>-20.5%</i>	<i>10.3%</i>	<i>9.5%</i>
Depreciation and amortization	(11.9)	(10.6)	(23.8)	(22.4)	(48.0)
Operating profit / EBIT	(116.5)	19.2	(109.1)	39.5	62.4
<i>in % revenues</i>	<i>-75.9%</i>	<i>6.5%</i>	<i>-26.3%</i>	<i>6.6%</i>	<i>5.4%</i>
Adjusted EBIT¹	(33.5)	20.4	(25.7)	41.9	70.9
<i>in % revenues</i>	<i>-21.8%</i>	<i>6.9%</i>	<i>-6.2%</i>	<i>7.0%</i>	<i>6.1%</i>
Net financial items	(6.6)	(5.8)	(24.1)	(7.0)	(18.9)
Profit / (loss) before taxes	(123.1)	13.5	(133.2)	32.5	43.5
Income taxes	6.4	(8.5)	4.4	(13.8)	(14.8)
Net profit / (loss)	(116.7)	4.9	(128.8)	18.7	28.8
<i>Other comprehensive income (items that may be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on foreign operations	(38.4)	(1.7)	31.3	(11.5)	(0.8)
Tax on translation differences	14.6	0.5	5.4	1.1	(0.6)
<i>Other comprehensive income (items that will not be reclassified to profit or loss in subsequent periods):</i>					
Translation differences on non-foreign operations	24.6	(1.6)	(45.8)	11.5	3.7
Remeasurement of net pension benefit obligation	0.0	0.0	0.0	0.0	(3.3)
Tax on net pension benefit obligation remeasurement	0.0	0.0	0.0	0.0	0.2
Other comprehensive income	0.8	(2.9)	(9.1)	1.1	(0.8)
Total comprehensive income	(115.9)	2.1	(138.0)	19.8	28.0
Net profit attributable to:					
Equity holders (parent company)	(116.8)	4.9	(128.9)	18.7	28.6
Non-controlling interests	0.1	0.0	0.1	0.0	0.2
Total	(116.7)	4.9	(128.8)	18.7	28.9
Total comprehensive income attributable to:					
Equity holders (parent company)	(116.0)	2.1	(138.0)	19.7	27.8
Non-controlling interests	0.0	(0.1)	0.1	0.1	0.2
Total	(115.9)	2.1	(138.0)	19.8	28.0
Earnings per share (EUR):					
Basic earnings per share	(0.08)	0.01	(0.13)	0.04	0.06
Diluted earnings per share	(0.08)	0.01	(0.13)	0.04	0.06

¹ Adjusted for restructuring costs and impairment losses, see section APM for the reconciliation

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

(MEUR)	30.06.20	30.06.19	31.12.19
Intangible assets	100.2	162.3	160.3
Property, plant and equipment	210.7	212.7	232.1
Right-of-use assets	93.4	101.3	103.8
Deferred tax assets	21.2	15.8	19.9
Other non-current assets	11.6	9.9	15.3
Non-current assets	437.1	502.0	531.5
Inventories	87.4	117.0	102.9
Accounts receivable	149.9	227.7	216.8
Other short-term receivables	36.7	51.1	50.6
Cash and cash equivalents	56.3	35.6	25.2
Current assets	330.4	431.3	395.4
Total assets	767.4	933.3	927.0
Share capital ¹	68.3	23.2	22.8
Share premium reserve	201.6	211.2	207.6
Other equity	(65.3)	35.7	48.8
Non-controlling interests	3.9	3.7	3.8
Total equity	208.5	273.7	282.9
Long-term interest-bearing liabilities	359.6	362.1	362.7
Deferred tax liabilities	23.0	18.9	21.8
Other long-term liabilities	20.4	22.0	21.6
Non-current liabilities	403.0	403.0	406.1
Short-term interest-bearing liabilities	13.0	20.2	23.8
Accounts payable	55.9	141.9	130.5
Other short-term liabilities	87.0	94.5	83.5
Current liabilities	155.9	256.6	237.9
Total liabilities	558.9	659.6	644.0
Total equity and liabilities	767.4	933.3	927.0

¹ As a prerequisite to the Private Placement capital increase of MEUR 63.0 (net of transaction fees), the par value of the shares was decreased from NOK 0.50 to NOK 0.10

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CHANGE IN EQUITY

<i>(MEUR)</i>	30.06.20	30.06.19	31.12.19
Equity as of start of period	282.9	253.5	253.5
Net profit / (loss) for the period	(128.8)	18.7	28.8
Translation differences	(14.6)	(0.0)	2.9
Tax on translation differences	5.4	1.1	(0.6)
Remeasurement of the net pension benefit obligation	0.0	0.0	(3.3)
Tax on remeasurement of the net pension benefit obligation	0.0	0.0	0.2
Total comprehensive income	(138.0)	19.8	28.0
Stock based compensation	0.5	0.4	1.4
Increase in equity	63.0	(0.0)	0.0
Equity as of end of period	208.5	273.7	282.9

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF CASH FLOW

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
<i>Operating activities</i>					
Profit / (loss) before taxes	(123.1)	13.5	(133.2)	32.5	43.5
Depreciation	11.0	9.5	22.0	20.3	42.9
Amortization	0.9	1.1	1.8	2.2	5.1
Impairment losses	82.7	0.0	82.7	0.0	0.0
Interest income	(0.0)	(0.1)	(0.1)	(0.4)	(0.6)
Interest and other financial expenses ¹	6.7	1.8	12.1	4.0	22.5
Taxes paid	(1.6)	(4.9)	(3.6)	(5.4)	(14.4)
(Gain) / loss on sale of non-current assets	0.2	(0.5)	(0.1)	(0.5)	(0.3)
Changes in receivables	64.5	(2.1)	66.9	(17.0)	(6.0)
Changes in inventory	19.3	7.9	15.4	3.5	17.6
Changes in payables	(79.2)	(10.2)	(74.7)	(17.8)	(29.1)
Currency (gain) / loss	(0.1)	0.5	12.1	(3.3)	(3.0)
Changes in other items	23.7	(2.5)	22.4	(8.5)	(26.9)
Cash flow - Operating activities	4.9	13.9	23.7	9.6	51.4
<i>Investing activities</i>					
Investments	(8.1)	(16.6)	(23.1)	(30.8)	(65.0)
Sale of fixed assets	(0.1)	0.2	1.8	0.6	1.2
Interest received	0.0	0.1	0.1	0.4	0.6
Proceeds from sale of subsidiaries	0.0	0.0	0.0	0.0	0.0
Net payments for other long-term investments	0.0	(0.1)	(0.0)	0.0	(0.0)
Cash flow - Investing activities	(8.2)	(16.3)	(21.2)	(29.9)	(63.3)
<i>Financing activities</i>					
Proceeds from increases in equity	63.0	0.0	63.0	0.0	(0.0)
Net draw down of debt	(20.0)	10.0	(10.0)	10.3	10.3
Interest paid and other financial items	(3.1)	(1.8)	(11.6)	(10.0)	(21.3)
Repayment of lease liabilities and other	(3.1)	(1.9)	(6.2)	(5.2)	(11.9)
Cash flow - Financing activities	36.8	6.3	35.1	(4.9)	(22.9)
Currency effects on cash	(4.5)	(1.0)	(6.5)	1.5	0.7
Change in cash	28.9	3.0	31.1	(23.6)	(34.0)
Cash as of beginning of period	27.4	32.6	25.2	59.2	59.2
Cash as of end of period	56.3	35.6	56.3	35.6	25.2
<i>Of this, restricted cash</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.4</i>	<i>0.8</i>

¹ Includes Other financial items and the repayment of lease liabilities – See Note 6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 – DISCLOSURES

GENERAL INFORMATION

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

BASIS OF PREPARATION

This condensed consolidated interim financial information, for the six months ended June 30, 2020, has been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year-ended December 31, 2019, which have been prepared in accordance with IFRS.

ACCOUNTING POLICIES

The accounting policies are consistent with those of the annual financial statements for the year-ended December 31, 2019, as described in those annual financial statements. Taxes on income in the interim periods are accrued using the estimated effective tax rate.

RISK AND UNCERTAINTIES

Kongsberg Automotive continuously monitors its risk factors. Our activities are exposed to different types of risk.

The single most important risk that Kongsberg Automotive is exposed to is the development of demand in the end markets for light duty and commercial vehicles worldwide. Some of the most important additional risk factors are foreign-exchange rates, raw material prices, credit risks, and an increasing tariffs risk. As we operate in many countries, we are vulnerable to currency risk. The most significant currency exposure for Kongsberg Automotive is associated with EUR, NOK and USD exchange rate. The greatest raw material exposures are for copper, zinc, aluminum and steel. As most of our revenues are earned from automotive OEMs and automotive Tier 1 and Tier 2 customers,

the financial health of these automotive companies is critical to our credit risk.

All concerned risk factors that Kongsberg Automotive must face in its normal business operations are additionally impacted by the COVID-19 since the World Health Organization declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, Kongsberg Automotive has experienced significant disruption to its operations in the following respects:

- The closures of many plants worldwide in Q2 2020 (except for the ones located in China) due to the local governments mandating the “non-essential” businesses cease normal operations,
- Disruptions in the supply of inventory from major suppliers,
- Decreased demand for certain products as a consequence of the lockdown measures,
- Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for Kongsberg Automotive’s products.

In response to the unprecedented situation, KA has completed successfully Private Placement capital increase of in aggregate NOK 700,000,000 (MEUR 63.0 net of transaction fees) and renegotiated the Company’s RCF terms (i.a. increase of the credit facility by MEUR 20.0 and increase of the utilization rate from 40% to 80%). It allows to assume that the Company’s ability to continue as a going concern and to sustain the assets’ values has been maintained.

SEASONALITY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2020)

Q2 2020 (MEUR)	Interior	Powertrain & Chassis	Speciality Products	Other ¹	Total Group
Revenues²	38.6	58.5	56.5	(0.0)	153.6
Adjusted EBITDA	(8.1)	(7.1)	(0.5)	(6.0)	(21.7)
Depreciation ³	(3.8)	(4.1)	(2.6)	(0.4)	(10.9)
Amortization ³	(0.1)	(0.7)	(0.1)	(0.2)	(1.0)
Adjusted EBIT	(12.0)	(11.8)	(3.2)	(6.6)	(33.5)
Impairment losses, thereof:	(52.2)	(30.4)	0.0	0.0	(82.7)
- allocated to Goodw ill	(52.2)	(6.5)	0.0	0.0	(58.7)
- allocated to assets other than Goodw ill	0.0	(23.9)	0.0	0.0	(23.9)
<i>Timing of revenue recognition</i>					
Ownership transferred at a point in time	38.6	58.5	56.5	(0.0)	153.6
<i>Assets and liabilities</i>					
Goodw ill	4.0	16.3	68.4	0.0	88.7
Other intangible assets	0.4	9.7	0.9	0.4	11.5
Property, plant and equipment	92.5	60.9	56.4	1.0	210.7
Right-of-use assets	29.5	26.2	25.2	12.5	93.4
Inventories	23.2	31.5	34.0	(1.3)	87.4
Trade receivables	40.0	63.0	54.3	(7.4)	149.9
Other assets	13.9	9.6	3.7	1.5	28.7
Segment assets	203.5	217.1	243.0	6.8	670.4
Unallocated assets				97.1	97.1
Total assets	203.5	217.1	243.0	103.8	767.4
Trade payables	19.4	23.9	7.2	5.4	55.9
Non-current lease interest-bearing liabilities	26.2	27.0	24.7	10.9	88.7
Current lease interest-bearing liabilities	3.5	5.3	2.2	2.1	13.0
Segment liabilities	49.0	56.2	34.1	18.3	157.6
Unallocated liabilities				401.3	401.3
Total liabilities	49.0	56.2	34.1	419.6	558.9
Total equity				208.5	208.5
Total equity and liabilities	49.0	56.2	34.1	628.1	767.4
Capital expenditure	(3.1)	(3.2)	(1.2)	(0.0)	(8.1)

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

² For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The adjusted EBIT is thus excluding IC profit.

³ Excluding restructuring costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 – SEGMENT REPORTING (SECOND QUARTER 2019)

Q2 2019 (MEUR)	Interior	Powertrain & Chassis	Speciality Products	Other ¹	Total Group
Revenues²	75.4	115.8	103.1	0.0	294.3
Adjusted EBITDA	5.5	9.7	19.0	(3.2)	31.0
Depreciation ³	(2.9)	(3.5)	(2.6)	(0.5)	(9.5)
Amortization ³	(0.2)	(0.6)	(0.2)	(0.1)	(1.1)
Adjusted EBIT	2.5	5.7	16.1	(3.9)	20.4
<i>Timing of revenue recognition</i>					
Ownership transferred at a point in time	75.4	115.8	103.1	0.0	294.3
<i>Assets and liabilities</i>					
Goodwill	57.4	22.9	67.9	0.0	148.2
Other intangible assets	0.5	11.7	1.1	0.8	14.1
Property, plant and equipment	82.2	75.4	53.8	1.4	212.7
Right-of-use assets	20.3	38.6	29.1	13.3	101.3
Inventories	22.5	43.1	52.6	(1.3)	117.0
Trade receivables	63.9	93.0	70.5	0.3	227.7
Segment assets	246.8	284.8	274.9	14.6	821.0
Unallocated assets				112.3	112.3
Total assets	246.8	284.8	274.9	126.9	933.3
Trade payables	33.4	57.1	49.2	2.3	141.9
Non-current lease interest-bearing liabilities	17.6	34.7	27.7	11.9	91.9
Current lease interest-bearing liabilities	2.8	4.2	1.7	1.5	10.2
Segment liabilities	53.8	96.0	78.7	15.6	244.1
Unallocated liabilities				415.5	415.5
Total liabilities	53.8	96.0	78.7	431.2	659.6
Total equity				273.7	273.7
Total equity and liabilities	53.8	96.0	78.7	704.9	933.3
Capital expenditure	(5.8)	(5.8)	(3.2)	(0.2)	(15.1)

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

² For segment reporting purposes the revenues are only external revenues, the related expenses are adjusted accordingly. The adjusted EBIT is thus excluding IC profit.

³ Excluding restructuring costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.1 SALES TO CUSTOMERS BY GEOGRAPHICAL LOCATION

<i>(MEUR)</i>	YTD June	%	YTD June	%
Europe	185.9	44.7%	298.0	49.6%
Northern America	148.8	35.8%	219.5	36.5%
Southern America	6.7	1.6%	11.9	2.0%
Asia	72.4	17.4%	66.6	11.1%
Other	1.8	0.4%	4.8	0.8%
Total operating revenues	415.6		600.8	

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

<i>(MEUR)</i>	30.06.20	%	30.06.19	%
Europe	238.4	59.0%	289.1	60.7%
Northern America	122.0	30.2%	146.0	30.6%
Southern America	2.5	0.6%	3.9	0.8%
Asia	41.4	10.2%	37.4	7.8%
Total Intangible assets, PPE and RoU	404.3		476.3	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 –IMPAIRMENT LOSSES

Because of COVID-19, the Group's Management performed the impairment testing in Q2 2020 for cash generating units (CGUs) that exhibit indicators of impairment as at the period end and to determine the amount of goodwill impairment attributable to the cash generating units.

The Group used the cash-generating unit's value-in-use to determine the recoverable amount. The projected cash flows were updated to reflect the decreased demand for products and services. Cash flows beyond the three-year period have been extrapolated using a 2.0% growth rate. All other assumptions remained consistent with those disclosed in the annual financial statements for the year ended 31 December 2019.

The discount rate has been adjusted to reflect the current market assessment of the risks specific to the Group's business activity and was estimated based on the weighted average cost of capital for the Group. Further changes to the discount rate may be necessary in the future to reflect changing risks for the industry and changes to the weighted average cost of capital.

(MEUR)	Interior	Powertrain & Chassis	Specialty Products	Other	Total Group
Allocation of impairment losses					
- Goodwill					
Book value prior to impairment	56.1	22.8	68.4	0.0	147.4
Impairment	(52.3)	(6.6)	(0.0)	0.0	(58.9)
Book value after impairment	3.9	16.2	68.4	(0.0)	88.5
- Other intangible assets					
Book value prior to impairment	1.3	11.3	0.9	0.4	13.9
Impairment	0.0	(1.6)	0.0	0.0	(1.6)
Book value after impairment	1.3	9.8	0.9	0.4	12.4
- Property, plant and equipment					
Book value prior to impairment	92.5	77.6	56.4	1.0	227.5
Impairment	0.0	(16.8)	0.0	0.0	(16.8)
Book value after impairment	92.5	60.9	56.4	1.0	210.7
- Right-of-use assets					
Book value prior to impairment	29.5	31.7	25.2	12.5	98.9
Impairment	0.0	(5.5)	0.0	0.0	(5.5)
Book value after impairment	29.5	26.2	25.2	12.5	93.4
Total impairment losses	(52.3)	(30.5)	(0.0)	0.0	(82.7)

As the amount of the impairment needed for one of the CGUs of the Powertrain & Chassis segments exceeded the value of Goodwill as of June 30, 2020, the remaining part of the calculated impairment losses was allocated on pro rata basis to the non-current assets located in Europe.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 – INTEREST-BEARING LOANS AND BORROWINGS

5.1 INTEREST-BEARING LIABILITIES AS PRESENTED IN STATEMENT OF FINANCIAL POSITION

(MEUR)	30.06.20	30.06.19	31.12.19
Long-term interest-bearing loan and borrowing	276.3	276.5	276.4
IFRS 16 long-term lease liabilities	88.7	91.9	92.2
Capitalized arrangement fees ¹	(5.4)	(6.3)	(5.8)
Current interest-bearing liabilities	13.0	20.2	23.8
Total interest-bearing liabilities	372.7	382.3	386.5

¹ As at June 30, 2020 and December 31, 2019, the fees relate to the bond emission and are amortized over the 7-years period of the bond

Interest-bearing liabilities by currency

(MEUR)	30.06.20	30.06.19	31.12.19
EUR	286.2	300.5	297.1
USD	7.3	6.4	8.1
Other currencies	84.6	81.7	87.2
Capitalized arrangement fees	(5.4)	(6.3)	(5.8)
Total interest-bearing loan and borrowing	372.7	382.3	386.5

5.2 LIQUIDITY RESERVE

The liquidity reserve of KA Group consists of cash equivalents in addition to undrawn credit facilities

(MEUR)	30.06.20	30.06.19	31.12.19
Cash reserve	56.3	35.6	25.2
Restricted cash	(0.4)	(0.4)	(0.8)
Undrawn facility	70.0	40.0	40.0
Liquidity reserve	125.9	75.2	64.4

NOTE 6 – NET FINANCIAL ITEMS

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Interest income	0.0	0.1	0.1	0.4	0.6
Interest expenses	(5.2)	(5.2)	(10.2)	(10.3)	(21.1)
Foreign currency gains (losses) ¹	0.1	(0.5)	(12.1)	3.3	2.9
Change in valuation currency contracts	0.0	0.0	0.0	0.0	0.0
Other financial items	(1.5)	(0.2)	(1.9)	(0.4)	(1.3)
Net financial items	(6.6)	(5.8)	(24.1)	(7.0)	(18.9)

¹ Is made up of an unrealized currency gain of MEUR 0.5 and of a realized currency gain of MEUR 0.7 (Q2 2019: unrealized loss MEUR 0.8 and realized gain MEUR 0.3)

NOTE 7 – SUBSEQUENT EVENTS

The subsequent offering portion (also known as the “repair capital raise”) was completed on July 24th, 2020. The subsequent offering was significantly oversubscribed with gross proceeds of MNOK 300.0.

ALTERNATIVE PERFORMANCE MEASURES (APM)

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

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

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

OPERATING PROFIT - EBIT/ADJUSTED EBIT

EBIT, earnings before interest and tax, is defined as the earnings excluding the effects of how the operations were financed, taxed and excluding foreign exchange gains & losses. Adjusted EBIT is defined as EBIT excluding impairment losses and restructuring items, which are defined as any incurred costs or sales reduction of an unusual or non-recurring nature in connection with the considered restructuring of the activities of the Group.

<i>(MEUR)</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Operating profit / EBIT ¹	(116.5)	19.2	(109.1)	39.5	62.4
Restructuring items ²	0.3	1.2	0.7	2.4	8.5
Impairment losses ³	82.7	0.0	82.7	0.0	0.0
Adjusted EBIT¹⁺²⁺³	(33.5)	20.4	(25.7)	41.9	70.9

EBITDA/ADJUSTED EBITDA

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

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

<i>(MEUR)</i>	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Operating profit / EBIT	(116.5)	19.2	(109.1)	39.5	62.4
Depreciation	11.0	9.5	22.0	20.2	42.9
Amortization	0.9	1.1	1.8	2.2	5.1
EBITDA¹	(104.7)	29.8	(85.3)	61.9	110.4
Restructuring items ^{(*)2}	0.3	1.2	0.7	2.4	7.4
Impairment losses ³	82.7	0.0	82.7	0.0	0.0
Adjusted EBITDA¹⁺²⁺³	(21.7)	31.0	(1.9)	64.3	117.9

(*) Excluding depreciation and amortization

ALTERNATIVE PERFORMANCE MEASURES (APM)

RESTRUCTURING ITEMS PER SEGMENT

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Interior	0.0	(0.0)	0.0	0.0	0.5
Powertrain & Chassis	0.0	0.1	0.1	0.1	0.2
Specialty Products	0.3	(0.1)	0.3	(0.3)	2.1
Other	(0.0)	1.1	0.3	2.6	5.6
Group total	0.3	1.2	0.7	2.4	8.5

IMPAIRMENT LOSSES PER SEGMENT

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Interior	52.2	0.0	52.2	0.0	0.0
Powertrain & Chassis	30.5	0.0	30.5	0.0	0.0
Specialty Products	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0
Group total	82.7	0.0	82.7	0.0	0.0

FREE CASH FLOW

Free cash flow is measured based on cash flow from operations, investments and financing excluding debt drawn and paid.

Free Cash Flow is used to measure the Group's ability to generate cash. It allows the Group to view how much cash it generates from its operations after subtracting the cash flow from investing and financing activities excluding debt repayments. The Group considers that this measurement illustrates the amount of cash the Group has at its disposal to pursue additional investments or to repay debt.

(MEUR)	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Cash flow - Operating activities	4.9	13.9	23.7	9.6	51.4
Cash flow - Investing activities	(8.2)	(16.3)	(21.2)	(29.9)	(63.3)
Cash flow - Financing activities	36.8	6.3	35.1	(4.9)	(22.9)
Net (draw down) / repayment of debt ¹	23.1	(10.0)	16.2	(10.3)	1.6
Free Cash Flow	56.6	(6.1)	53.8	(35.5)	(33.2)

¹ includes the repayments of lease liabilities

NIBD

Net Interest-Bearing Debt (NIBD) consists of interest-bearing liabilities less cash and cash equivalents.

The Group risk of default and financial strength is measured by the net interest-bearing debt. It shows the Group's financial position and leverage. As cash and cash equivalents can be used to repay debt, this measurement shows the net overall financial position of the Group.

(MEUR)	30.06.20	30.06.19	31.12.19
Long-term interest-bearing liabilities	359.6	362.1	362.7
Other short-term interest-bearing liabilities	13.0	20.2	23.8
Cash and cash equivalents	(56.3)	(35.6)	(25.2)
Net Interest Bearing Debt	316.3	346.7	361.3

ALTERNATIVE PERFORMANCE MEASURES (APM)

CAPITAL EMPLOYED

Capital Employed is equal to operating assets less operating liabilities. Operating assets and liabilities are items, which are involved in the process of producing and selling goods and services. Long-term financial assets and obligations are excluded, as those are involved in raising cash for operations and disbursing excess cash from operations.

Capital Employed is measured in order to assess how much capital is needed for the operations/business to function and evaluate if the capital employed can be utilized more efficiently and/or if operations should be discontinued.

(MEUR)	30.06.20	30.06.19	31.12.19
Total assets	850.1	933.3	927.0
Deferred tax liabilities	(23.0)	(18.9)	(21.8)
Other long-term liabilities	(20.4)	(22.0)	(21.6)
Current liabilities	(155.9)	(256.6)	(237.9)
Capital employed	650.8	635.8	645.6

Capital Employed as at June 30, 2020, does not include the assets' impairment of MEUR 82.7.

ADJUSTED ROCE (LAST TWELVE MONTHS)

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

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

(MEUR)		Q2 2020		Q2 2019	FY 2019
Capital employed beginning ¹	01.07.2019	635.8	01.07.2018	509.6	629.2
Capital employed at end ²	30.06.2020	650.8	30.06.2019	635.8	645.6
Adjusted EBIT last twelve months ³		3.2		75.7	70.9
Adjusted ROCE^{3 / (1+2) * 200%}		0.5%		13.2%	11.1%

Capital Employed as at June 30, 2020, does not include the assets' impairment of MEUR 82.7.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of consolidated financial statements for the period January 1, 2020 to June 30, 2020 has been prepared in accordance with IAS34 – Interim Financial Reporting, and gives a true and fair view of Kongsberg Automotive ASA and its Group companies' assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year 2020 and their impact on the condensed set of consolidated financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Kongsberg, August 06, 2020

Firas Abi-Nassif
Chairman
(Sign.)

Peter Schmitt
Board member
(Sign.)

Leif Harvard Stromhaug
Employee representative
(Sign.)

Emese Weissenbacher
Board member
(Sign.)

Bjørn Ivan Ødegård
Employee representative
(Sign.)

Ellen M. Hanetho
Board member
(Sign.)

Gerard Cordonnier
Board member
(Sign.)

Tonje Sivesindtjet
Employee representative
(Sign.)

Henning E. Jensen
President and CEO
(Sign.)

OTHER COMPANY INFORMATION

THE BOARD OF DIRECTORS

Firas Abi-Nassif	Chairman
Emese Weissenbacher	Shareholder elected
Peter Schmitt	Shareholder elected
Ellen M. Hanetho	Shareholder elected
Gerard Cordonnier	Shareholder elected
Leif Harvard Stromhaug	Employee elected
Bjørn Ivan Ødegård	Employee elected
Tonje Sivesindtjet	Employee elected

EXECUTIVE COMMITTEE

Henning E. Jensen	President & CEO
Norbert Loers	Executive Vice President & CFO
Ralf Voss	Executive Vice President, Interior Systems
Bob Riedford	Executive Vice President, Powertrain & Chassis
Henning E. Jensen	Executive Vice President, Specialty Products (acting)
Dzeki Mackinovski	Executive Vice President, Purchasing
Virginia Grando	Executive Vice President, Quality
Marcus von Pock	Executive Vice President, Human Resources & Communications
Jon Munthe	General Counsel
Doug Tushar	Senior Vice President, IS&T

CORPORATE COMMUNICATION

Marcus von Pock	Communications	+41 43 508 94 93
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FINANCIAL CALENDAR

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

3 rd quarter 2020	November 11, 2020
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Kongsberg Automotive ASA
 Dyrmyrgata 48
 3601 Kongsberg, Norway
 Phone +47 32 77 05 00

Operational Headquarters
 KA Group AG
 Europaallee 39
 8004 Zürich, Switzerland
 Phone +41 43 508 65 60

www.kongsbergautomotive.com



KONGSBERG
AUTOMOTIVE

Enhancing the driving experience

Kongsberg Automotive ASA, Dyrmyrgata 48, 3601 Kongsberg, Norway, Phone +47 32 77 05 00

www.kongsbergautomotive.com