

To the shareholders in
Kongsberg Automotive ASA



Kongsberg, May 22, 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

The shareholders are hereby notified that an Extraordinary General Meeting of Kongsberg Automotive ASA (the "**Company**") will be held on

Monday, June 15, 2020 at 10:00 hrs Norwegian time

Venue: Felix Conference Centre, Bryggetorget 3, 0250 Oslo, Norway

The following items are on the agenda:

- 1. Opening of the Extraordinary General Meeting**
The Extraordinary General Meeting will be opened by Firass Abi-Nassif.
- 2. Registration of attending shareholders and shares represented by proxy**
- 3. Election of a chairperson of the meeting and a co-signer for the minutes**
The board of directors proposes that Simen Mejlænder is elected to chair the meeting.
- 4. Approval of the notice and agenda**
The board of directors proposes that the notice and agenda are approved.
- 5. Reduction of the share capital by reduction of par value**
Please refer to further information below as well as Appendix 1 for the board of directors' proposal for resolution to be passed by the general meeting.
- 6. Increase of the share capital by Private Placement**
Please refer to further information below as well as Appendix 1 for the board of directors' proposal for resolution to be passed by the general meeting.
- 7. Authorisation to the board of directors to increase the share capital – the Subsequent Offering**
Please refer to further information below as well as Appendix 1 for the board of directors' proposal for resolution to be passed by the general meeting.

Please note: Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the general meeting in person. Shareholders are urged to vote in advance or deliver a proxy with voting instructions. Please refer to further information under the heading "*Registration procedures and general information*".

Background information on financing initiatives including a private placement of shares, a subsequent offering of shares and a capital decrease

As announced by stock exchange release on 20 May 2020, the Company has conducted a successful private placement and thereby received commitments from new investors and existing shareholders to subscribe for 7,000,000,000 new shares in the Company, each of par value NOK 0.10 (the "**Private Placement Shares**"), at a subscription price of NOK 0.10 (the "**Subscription Price**") raising gross proceeds of NOK 700,000,000 (the "**Private Placement**"). In connection with the Private Placement, the board of directors of the Company (the "**Board**") proposes a subsequent offering of up to 3,000,000,000 new shares in the Company (the "**Subsequent**

Offering Shares") at the Subscription Price raising gross proceeds of up to NOK 300,000,000 (the "**Subsequent Offering**" and together with the Private Placement, the "**Equity Issues**").

The purpose of the Equity Issues is to mitigate the dramatic impact on income and cash flows that the corona pandemic has and is expected to further have on the Company. For further details, reference is made to stock exchange announcements by the Company in April and May 2020 relating to the need for a capital raise in the Company.

The Equity Issues are managed by SpareBank 1 Markets AS as Global Coordinator and Joint Bookrunner and Pareto Securities AS as Joint Bookrunner (the "**Managers**").

The Equity Issues follows other unsuccessful initiatives by the Company to raise capital following the COVID-19 outbreak. Reference is made to the notice to an extraordinary general meeting scheduled for 30 April 2020 which was later cancelled.

The Equity Issues are conditional on approval by the Company's general meeting.

The Board proposes that the general meeting passes a resolution to increase the share capital in connection with the Private Placement. The Private Placement is divided into two tranches, whereby 89,052,133 Private Placement Shares will be issued in tranche 1 (the "**Tranche 1 Private Placement Shares**") and 6,910,947,867 Private Placement Shares will be issued in tranche 2 (the "**Tranche 2 Private Placement Shares**"). The Tranche 1 Private Placement Shares will be listed and tradeable on the Oslo Stock Exchange upon issuance in the VPS, while the Tranche 2 Private Placement Shares will not be listed or tradable on the Oslo Stock Exchange until publication of a listing prospectus approved by the Financial Supervisory Authority of Norway, expected on or about ultimo August 2020. Pending publication of the prospectus, the Company will apply for temporary admission to trading of the Tranche 2 Private Placement Shares on Merkur Market under an ISIN separate from the Company's other shares, with the expected first day of trading on or about 18 June 2020.

The Company's largest shareholder, Teleios Capital Partners has been conditionally allocated 1,620,000,000 Private Placement Shares, corresponding to its pro rata share of the Private Placement based on its current shareholding of 23.18%. The other Private Placement Shares have been allocated to some of the Company's other existing large shareholders and new investors.

The Board proposes that the general meeting authorises the Board to increase the share capital by up to NOK 300,000,000 to allow the Board to carry out the Subsequent Offering of up to 3,000,000,000 new Subsequent Offering Shares, each of par value NOK 0.10, raising gross proceeds of up to NOK 300,000,000 at a subscription price per Subsequent Offering Share equal to the Subscription Price in the Private Placement. The Subsequent Offering will be divided into two tranches, where tranche A will consist of up to 2,304,600,000 Subsequent Offering Shares to raise gross proceeds of up to NOK 230,460,000 ("**Tranche A**") and tranche B will consist of up to 695,400,000 Subsequent Offering Shares to raise gross proceeds of up to NOK 69,540,000 ("**Tranche B**"). Tranche A of the Subsequent Offering will, subject to applicable securities laws, be directed towards shareholders in the Company as of close on 20 May 2020, as registered in the VPS on 25 May 2020 (the "**Record Date**") who (i) were not invited to participate in the Private Placement and (ii) are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus, filing, registration or similar action ("**Eligible Shareholders**"). Tranche B will be directed at the Company's shareholder Teleios Capital Partners and is limited to up to 23.18% of the total allocation in the Subsequent Offering in order to meet the conditions set in its order required to raise the required amount in the Private Placement. Any shares not subscribed for in Tranche B will be made available for oversubscription in Tranche A.

Eligible Shareholders in the Subsequent Offering Tranche A will receive non-tradeable subscription rights based on their shareholding as of the Record Date. The subscription rights will give Eligible Shareholders a preferential right to subscribe for and be allocated shares in the Subsequent Offering Tranche A. Oversubscription by Eligible Shareholders will be allowed. Subscription without subscription rights will not be allowed.

The Board also proposes a share capital decrease of NOK 179,196,404.80 by reduction of the par value per share from NOK 0.50 down to NOK 0.10 (the "**Capital Decrease**"), to facilitate the subscription of the Private Placement Shares and the Subsequent Offering Shares at the Subscription Price. The Capital Decrease will take effect simultaneously with the registration of the

share capital increase pertaining to the Private Placement in the Norwegian Register of Business Enterprises in accordance with the Norwegian Public Limited Liability Companies Act section 12-5 (2).

The Private Placement entails a deviation from existing shareholders preferential rights to subscribe for new shares in the Company. The Board has carefully considered the Private Placement in light of the equal treatment obligations under the Norwegian Securities Trading Act, Oslo Børs' Circular no. 2/2014 and related guidelines and is of the opinion that the Private Placement complies with the equal treatment obligations. The Board's considerations are in particular based on the Company's need to strengthen liquidity in order to mitigate the dramatic impact on income and cash flows that the corona pandemic has caused and will continue to cause, and that the Company has already cancelled a proposed process for a capital raise in April 2020 and is highly dependent on securing funding going forward. The Company has explored its options since and in connection with the previously cancelled attempt to raise capital and considers the Private Placement to be the best available option for the Company in the current situation with an urgent need to raise capital. The Subscription Price was determined following an accelerated bookbuilding process conducted by the Managers. The structure (including (but not limited to) the Subscription Price) of, and allocation in, the Private Placement were also impacted by conditions for allocation on individual orders which were necessary to accept in order to achieve the combined level of required funding, as well as by size and structure requirements for the Private Placement and the Subsequent Offering set in connection with such orders. The size of the Private Placement has also taken into consideration alternative funding arrangements that may be available to the Company. The Private Placement ensures that the Company is able to raise capital in an efficient manner with lower transaction costs and completion risk than alternative means. The Subsequent Offering will partly mitigate the dilutive effect of the Private Placement on existing shareholders' ownership in the Company which were not invited to participate in the Private Placement.

On the above background, and based on an assessment of the current market conditions, the Board has considered that the Private Placement is in the common interest of the Company and its shareholders.

The Private Placement must also be seen in the context of the Tranche A of the Subsequent Offering which is expected to provide shareholders not participating in the Private Placement with the ability to, subject to certain restrictions, subscribe for up to 2,304,600,000 new Subsequent Offering Shares at the same Subscription Price as in the Private Placement.

A further description of the Subsequent Offering and of terms and other circumstances that must be considered upon subscription of shares in the Subsequent Offering will be included in a separate prospectus which will be published no later than at the commencement of the subscription period for the Subsequent Offering and that will comprise the subscription material for the Subsequent Offering.

Also the Subsequent Offering involves setting aside the existing shareholders pre-emptive rights. The purpose of Tranche A of the Subsequent Offering is equal treatment of shareholders, and therefore it is reasonable in the context of all elements of the Equity Issues that Tranche A of the Subsequent Offering is directed towards shareholders who were not invited to participate in the Private Placement. The purpose of Tranche B of the Subsequent Offering is to meet the conditions set in order to raise the required amount in the Private Placement.

With regard to events after the latest balance sheet day, reference is made to the interim financial reports and stock exchange releases published by the Company through the Oslo Stock Exchange information system and in particular the stock exchange releases published in April and May 2020, including the Company's investor presentation published on 20 May 2020.

Registration procedures and general information

Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the general meeting in person.

Shareholders with access to VPS Investor Services are urged to use the advance voting function by accessing VPS Investor services or by following the link at the Company's IR pages <https://www.kongsbergautomotive.com/investor-relations/>. Shareholders who do

not have access to VPS Investor Services are urged to provide a proxy with voting instructions per item to the CEO Mr. Henning E. Jensen or any person appointed by him as set out in Appendix 2 to this notice. A voting proxy without instructions can also be granted to the CEO Mr. Henning E. Jensen or any person appointed by him through VPS Investor Services or by using Appendix 2 to this notice. The registration deadline in VPS Investor Services is 12 June, 2020 at 14:00 hrs (Norwegian time). Proxies sent by post or e-mail must be received at the latest by the same deadline at the following address: Nordea Bank Norge ASA, Issuer Services, Postbox 1166 Sentrum, 0107 Oslo or issuerservices.no@nordea.com.

Shareholders who wish to attend the Extraordinary General Meeting in person or with a representative are required to register attendance no later than 10 June, 2020 at 12:00 hrs (Norwegian time) through VPS Investor Services or by sending the attendance form enclosed as Appendix 3 to Nordea Bank Norge ASA, Issuer Services, Postbox 1166 Sentrum, 0107 Oslo, issuerservices.no@nordea.com. Shareholders or representatives not complying with this deadline, will be denied access to the meeting in accordance with section 7 of the articles of association and the Norwegian Public Limited Companies Act Section 5-3 due to the current corona pandemic restrictions in Oslo.

The Company reserves the right to have the Chairman of the Board, board members, the CEO or any other person required to be present at the extraordinary general meeting, or any representative of such persons, attending the meeting through videolink or phone in accordance with the *regulation regarding temporary exemption from the rules regarding physical meetings in limited liability companies and public limited liability companies caused by the Covid-19 outbreak* and the Norwegian Corona Act. The Company also reserves the right to right to conduct the meeting as an electronic meeting in accordance with the said regulation, in which case information about access procedures will be sent to all shareholders who have registered for attendance by the deadline set out above.

The Company's annual report, annual accounts and auditor's report for the last year and subsequent interim reports as well as the attachments to this notice are available at the Company's offices and on the web pages <https://www.kongsbergautomotive.com/investor-relations/>. Other documents that will be presented at the general meeting and proposals for resolutions are accessible at the same web site.

The company has issued 447,991,012 shares each carrying one vote. All shares have equal rights. At the date of this notification, the company owned 98,454 treasury shares for which voting rights may not be exercised.

The shareholders have the right to speak at the general meeting, the right to be accompanied by an advisor, to give such advisor the right to speak, and the right to present alternatives to the Board's proposals in respect of matters on the agenda at the general meeting.

Kongsberg, May 22, 2020

For the Board of Directors of Kongsberg Automotive ASA

Firass Abi-Nassif
Chairman of the Board

Appendices:

1. The board of directors' proposals for resolutions to be passed by the general meeting under items 5 - 7.
2. Proxy form with and without voting instruction
3. Attendance form
4. Statement from the Company's auditor concerning the Capital Decrease

Appendix 1: The board of directors' proposals for resolutions to be passed by the general meeting under items 5 - 7

5 Reduction of the share capital by reduction of par value

With reference to the reasons provided under "Background information on financing initiatives including a private placement of shares, a subsequent offering of shares and a capital decrease", the Board proposes that the general meeting passes the following resolution to reduce the Company's share capital by reducing the par value per share in connection with the Capital Decrease:

- (i) "The Company's share capital shall be reduced by NOK 179,196,404.80 through a reduction of the par value of the Company's shares from NOK 0.50 to NOK 0.10.
- (ii) The reduction amount shall be allocated to reserves to be used in accordance with the general meeting's resolution.
- (iii) Section 4 of the Company's articles of association shall be amended so as to reflect the share capital and the par value of the shares after the share capital reduction.
- (iv) This resolution is made subject to the general meeting resolving to approve the board of directors' proposal under items 6 (Increase of the share capital by Private Placement) and 7 (Authorisation to the board of directors to increase the share capital – the Subsequent Offering).
- (v) The share capital reduction shall take effect upon registration in the Norwegian Register of Business Enterprises without creditor notification deadline and accordingly requires registration of a simultaneous increase of the share capital with at least a corresponding amount, cf. the Norwegian Public Limited Liability Companies Act section 12-5 (2)."

6 Increase of the share capital by Private Placement

With reference to the reasons provided under "Background information on financing initiatives including a private placement of shares, a subsequent offering of shares and a capital decrease", the Board proposes that the general meeting passes the following resolution to increase the Company's share capital in connection with the Private Placement:

- (i) "The Company's share capital is increased by NOK 700,000,000, through the issuance of 7,000,000,000 new shares, each with a par value of NOK 0.10 (the "**Private Placement**").
- (ii) The subscription price shall be NOK 0.10 per share.
- (iii) Existing shareholders' preferential rights to subscribe the new shares in accordance with section 10-4 first paragraph in the Norwegian Public Limited Liability Companies Act are set aside in accordance with section 10-5 of the Norwegian Public Limited Liability Companies Act.
- (iv) The new shares shall be subscribed by the Company's manager in the Private Placement, SpareBank1 Markets AS, on behalf of, and pursuant to proxies from, the investors which have conditionally been allocated shares by the board of directors in the Private Placement as set out in Appendix 3 to the minutes from the general meeting. Subscription shall be made on a separate subscription form.
- (v) The deadline to subscribe the new shares shall be 15 June 2020.
- (vi) The total subscription amount shall be paid to a bank account designated for share issue purposes within 15 June 2020.
- (vii) The new shares entitle the holder to dividend and other shareholder rights as from the time of registration of the share capital increase with the Register of Business Enterprises.
- (viii) The Company's costs associated with the Private Placement is estimated up to approximately NOK 30-33 million excl. VAT.
- (ix) Section 4 of the Company's articles of association shall be amended so as to reflect the share capital and the number of shares after the share capital increase.
- (x) This resolution is made subject to the general meeting resolving to approve the board of directors' proposal under items 5 (Reduction of the share capital by reduction of par value) and 7 (Authorisation to the board of Directors to increase the share capital – the Subsequent Offering)."

7 Authorisation to the board of Directors to increase the share capital – the Subsequent Offering

With reference to the reasons provided under "*Background information on financing initiatives including a private placement of shares, a subsequent offering of shares and a capital decrease*", the Board proposes that the general meeting passes the following resolution to issue an authorisation to the Board to increase the Company's share capital in connection with the Subsequent Offering:

- (i) *"The board of directors is authorised under section 10-14 (1) of the Public Limited Companies Act to increase the Company's share capital by up to NOK 300,000,000 through the issuance of up to 3,000,000,000 new shares, each of par value NOK 0.10.*
- (ii) *The subscription price shall be NOK 0.10 per share.*
- (iii) *The preferential rights of the shareholders under the Norwegian Public Limited Companies Act section 10-4 may be set aside.*
- (iv) *The authorisation includes the right to increase the Company's share capital against cash contributions. The authorisation does not cover share capital increases against contribution in kind, cf. section 10-2 of the Norwegian Public Limited Liability Act. The authority does not cover resolutions on mergers in accordance with section 13-5 of the Norwegian Public Limited Companies Act.*
- (v) *The authorisation is valid until 31 December 2020.*
- (vi) *The authorisation shall co-exist with other existing authorisations.*
- (vii) *The board of directors is authorised to amend section 4 of the Company's articles of association as required by any capital increase resolved by the board of directors pursuant to this authorisation.*
- (viii) *This resolution is made subject to the general meeting resolving to approve the board of directors' proposal under items 5 (Reduction of the share capital by reduction of par value) and 6 (Increase of the share capital by Private Placement)."*

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PROXY – Kongsberg Automotive ASA – Extraordinary General Meeting

Please note: Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the general meeting in person and rather execute this proxy form. Shareholders with access to VPS Investor Services are urged to use the advance voting function in VPS Investor Services.

This proxy form must be returned to Nordea Bank Norge ASA, Issuer Services, either by post to Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N-0107 Oslo or by e-mail to issuerservices.No@nordea.com

The proxy form **must be sent in time to be received by Nordea no later than June 12, 2020 at 14:00 (Norwegian time)**. If the deadline is not complied with, participation in the general meeting for the relevant shares can be denied.

Shareholders with access to VPS Investor Services are noted that they, as an alternative to using this proxy form, can register advance votes or a proxy without voting instructions through VPS Investor Services or the Company's website <https://www.kongsbergautomotive.com/investor-relations/> within the same deadline.

The undersigned shareholder in Kongsberg Automotive ASA hereby authorises: **Shareholders complete name and address**

CEO Henning E. Jensen (or a person authorised by him)

Other person (name)

to attend and vote for my/our shares in Kongsberg Automotive ASAs Extraordinary General Meeting on June 15, 2020.

If none of the alternatives above has been ticked the CEO will be considered appointed as proxy. If the CEO has been appointed as proxy, the CEO can appoint any member of the board of directors or the management to represent and vote for the shares covered by the proxy.

In the event that proxy is given to the CEO, instructions regarding the exercise of voting rights according to proxy may, if desirable, be given by filling in of the form below

		In favor	Against	Abstain
Item 3	Election of a chairperson of the meeting and a co-signer for the minutes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Approval of the notice and agenda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Reduction of the share capital by reduction of par value	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Increase of the share capital by Private Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Authorisation to the board of directors to increase the share capital – the Subsequent Offering	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If voting instructions are given, the following applies:

If the box "In favor" has been ticked, the proxy is instructed to vote for the proposal in the notice, with any changes suggested by the board of directors or the chairman of the board.

If the box "*Against*" has been checked, this implies that the proxy is instructed to vote against the proposal in the notice, with any changes suggested by the board of directors or the chairman of the board.

If the box "*Abstain*" has been ticked, the proxy is instructed to abstain from voting the shares.

If none of the boxes have been ticked for an item on the agenda, this is interpreted as if the box "*In favour*" had been ticked for such agenda item.

In respect of a vote over matters that are not included on the agenda and which may validly come before the meeting the proxy holder is free to decide how the shares shall be voted. The same applies for votes over matters of formal nature, such as election of the chairperson of the meeting, voting order or voting procedure.

If a shareholder has inserted another person than the CEO as proxy, and wants to give such person instructions on voting, this is a matter between the shareholder and the proxy holder. In such a situation the company does not undertake any responsibility to verify that the proxy votes in accordance with the instructions.

**If the proxy is given on behalf of a company or other legal entity, relevant evidence of authority must be attached so as to evidence that the person signing the proxy form is properly authorised. The receiver of the proxy is free in his/her own discretion to use or reject the proxy in case relevant evidence of authority has not been received.*



Appendix 3

Shareholders' complete name and address

NOTICE OF EXTRAORDINARY GENERAL MEETING

Extraordinary General Meeting in Kongsberg Automotive ASA to be held on June 15, 2020 at 10:00 hrs (Norwegian time) in Felix Conference Centre, Bryggetorget 3, 0250 Oslo, Norway

Please note: Due to the corona pandemic and meeting restrictions, shareholders are urged not to attend the general meeting in person and rather execute the proxy form attached as Appendix 2 to the notice. Shareholders with access to VPS Investor Services are urged to use the advance voting function in VPS Investor Services.

ATTENDANCE SLIP – Kongsberg Automotive ASA – Extraordinary General Meeting

The Attendance slip **must be received by Nordea Bank Norge ASA, Issuer Services no later than 12:00 hrs (Norwegian time) on June 10, 2020.** Address: Nordea Bank Norge ASA, Issuer Services, P.O. Box 1166 Sentrum, N- 0107 Oslo or by e-mail to issuerservices.no@nordea.com. Shareholders not complying with this deadline, will be denied access to the meeting in accordance with section 7 of the articles of association and the Norwegian Public Limited Companies Act Section 5-3 due to the current corona pandemic restrictions in Oslo.

The undersigned will attend Kongsberg Automotive ASA
Extraordinary General Meeting on June 15, 2020

**Shareholders complete name
and address**

vote for my/our shares

vote for shares in accordance with proxy(ies) enclosed

Shareholder's phone number

Date

Shareholder's signature*

Registration of attendance may also be made through VPS Investor Services or the Company's website <https://www.kongsbergautomotive.com/investor-relations/> by the same deadline as set out above.

**If the shareholder is a legal entity, please enclose documentation evidencing the representation by the signatory.*

To the Board of Directors

CONFIRMATION OF COVERAGE FOR REMAINING NON-DISTRIBUTABLE EQUITY AFTER SHARE CAPITAL REDUCTION

We have performed procedures to examine whether there is full cover for the remaining share capital and other non-distributable equity after the reduction in share capital in Kongsberg Automotive ASA.

The Board of Directors' responsibility for the reduction

The Board of Directors is responsible for ensuring that the reduction does not compromise the requirement for full cover for the company's non-distributable equity according to the Public Limited Liability Companies Act Section 12-2.

Auditor's responsibility

Our responsibility is to express an opinion on this based on our procedures.

We have performed our procedures and issue our opinion on basis of the Norwegian auditing standard NSAE 3802 "The auditor's assurance reports and statements required by Norwegian Company legislation¹". The standard requires that we plan and perform procedures to obtain reasonable assurance about whether there is full cover for the remaining share capital and non-distributable equity after due consideration has been given to post balance sheet events and losses expected to occur. Our procedures include an examination of the calculations the Board of Directors is responsible for, and an assessment of whether due consideration has been given to post balance sheet events that may result in inadequate cover.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion there is cover for the remaining share capital and other non-distributable equity after the share capital reduction of NOK 179 196 404.80, from NOK 223 995 506 to NOK 44 799 101.20.

Oslo, 22 May 2020
Deloitte AS

Espen Johansen
State Authorised Public Accountant

Note: This translation from Norwegian has been prepared for information purposes only.

¹ Norwegian name of standard: SA 3802-1 Revisors uttalelser og redegjørelser etter aksjelovgivningen

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