



Limited negative effects for Kongsberg Automotive related to imposed and potential new tariffs

Kongsberg, February 5, 2025: Kongsberg Automotive (KA) sees limited negative effects from imposed tariffs on imports from China. KA will seek full compensation for increased customs tariffs from its customers to recover any additional costs imposed by these tariffs, similar to what others in the industry will do. The impact of new tariffs will be limited also with less than full customer compensation.

President of the United States (US) Donald Trump signed executive orders on Feb 1, 2025, to implement 25% tariffs on Mexican and Canadian goods, while imposing a 10% duty on Chinese goods. On February 3, 2025, President Trump agreed to hold off imposing tariffs on Mexico and Canada for 30 days, while the plan to levy tariffs on China came into effect on February 4, 2025.

“It is important to note that it is not a challenge that KA is facing alone, it is a global vehicle and automotive industry challenge. KA has the ambition to fully recover any additional cost related to the imposed tariffs—passing the cost on to our customers ultimately means that the vehicles will be more expensive. We see a risk that higher vehicle prices will lower the overall market demand, which then would impact negatively on KA’s orderbooks,” says KA’s interim President & CEO and CFO Christian Johansson.

KA has two manufacturing plants in Mexico: In Ramos Arizpe for the Flow Control Systems product range and in Nuevo Laredo, for the Drive Control Systems and Driveline product range. KA’s customers are primarily commercial vehicle and passenger car manufacturers, or Tier 1 suppliers to the automotive industry. Products are shipped to customer production sites in the US and in Mexico. KA has three manufacturing sites in the US, selling primarily to US-based customers. In Canada, KA has a smaller manufacturing plant supplying to primarily a local Canadian customer.

Based on the information available to date, all material and components sourced by KA from China to KA’s US plants are subject to increased tariffs. In addition, materials delivered to KA plants in the US by US suppliers having sub-supplies from China are on that portion subject to increased customs tariffs. The customs tariffs increase is estimated to be approximately MEUR 2 for the full year 2025, based on present purchasing volumes.

Potential tariffs for exports from Mexico to the US will have to be assessed when the regulations for how this will be implemented will be fully known and if these tariffs will be imposed. Based on present information, the company’s assessment is that the negative effect would be fairly limited since the material and components under temporary import to Mexico from the US are exempted.

KA is continuously preparing to be able to act quickly if increased tariffs on Mexican and Canadian goods take effect after the 30-day postponement.

KA believes in the importance of local presence in North America and continues to have ambitions to increase sourcing locally in the region. As a company, KA is continuously considering its supplier base footprint based on total landed cost. Tariffs are one important existing parameter in the sourcing process today. With the new tariffs in place and preliminary future changes, the supplier sourcing strategy will be adapted where necessary going forward.

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About Kongsberg Automotive ASA

Kongsberg Automotive provides cutting-edge technology to the global vehicle industry. We drive the global transition to sustainable mobility by putting engineering, sustainability, and innovation into practice. Our product portfolio includes driver and motion control systems, fluid assemblies, and industrial driver interface products. Find more information at: <http://www.kongsbergautomotive.com>