

THIRD QUARTER  
REPORT 2022

Q3

The logo consists of a stylized 'K' shape. The left vertical bar is orange, and the right vertical bar is white. The top horizontal bar is white. The background of the entire cover is a dark blue circuit board pattern.

# Kitron

**Connectivity**  
**Electrification**  
**Industry**  
**Medical Devices**  
**Defence/Aerospace**

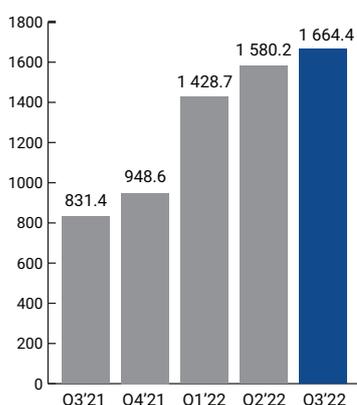
Norway  
Sweden  
Denmark  
Lithuania  
Germany  
Poland  
Czech Republic  
China  
USA

Third quarter report 2022

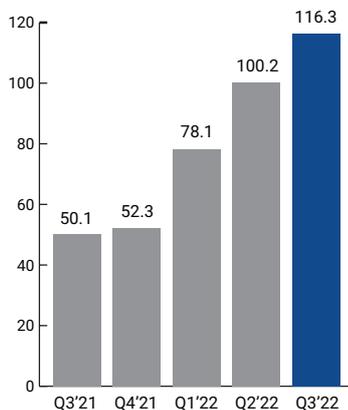
## Doubled revenue in very strong market

- **Record revenue**
- **Strong order backlog**
- **Q3 EBIT margin 7 per cent**
- **Capital efficiency ratios improving**

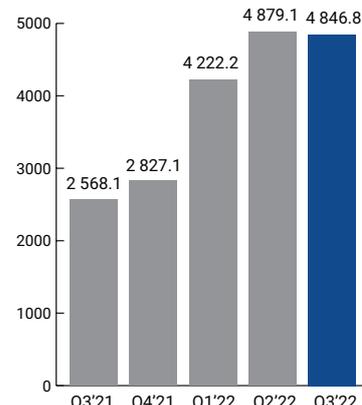
**REVENUE Group**  
NOK million



**EBIT Group**  
NOK million



**ORDER BACKLOG Group**  
NOK million



### Record revenue

Kitron's revenue for the third quarter was NOK 1 664 million, an increase of 100 per cent compared to last year and a record. The revenue growth reflects both the acquisition of Danish EMS provider BB Electronics AS and underlying growth for other business units. There was revenue growth within every market sector. Growth was particularly strong within the Connectivity and Industry market sectors.

### Strong order backlog

The order backlog ended at NOK 4 847 million, an increase of 89 per cent compared to last year, reflecting very strong demand. The order backlog is somewhat lower than at the end of the second quarter, as a gradually easing supply situation makes it easier to convert demand into revenues. Compared to last year, the order backlog increased within all market sectors except Medical devices.

### Q3 EBIT margin 7 per cent

Third quarter EBITDA\* was NOK 158.9 million (NOK 75.7 million), an increase of 109 per cent compared to last year.

Operating profit (EBIT)\* for the third quarter ended at NOK 116.3 million (NOK 50.1 million), an increase of 132 per cent. Profitability expressed as EBIT margin\* was 7.0 per cent (6.0 per cent).

The EBIT margin is improved from the preceding quarters but is still affected by revenue delays and inefficiencies caused by the component situation, although these adverse effects are gradually easing, in most marked sectors. Increased energy costs and currency also have a negative effect.

Profit after tax was NOK 75.2 million (NOK 19.5 million), corresponding to NOK 0.38 earnings per share (NOK 0.11).

First three quarters EBITDA\* was NOK 417.8 million (NOK 263.4 million), an increase of 59 per cent from last year. Operating profit (EBIT)\* for the first three quarters ended at NOK 294.6 million (NOK 188.6 million), an increase of 56 per cent. Profitability expressed as EBIT margin\* was 6.3 per cent for the first three quarters (6.8 per cent). Profit after tax was NOK 186.0 million (NOK 112.9 million), an increase of 65 per cent and corresponding to NOK 0.94 earnings per share (NOK 0.63)

### Capital efficiency ratios improving

Operating cash flow was NOK 139.0 million (negative NOK 70.2 million) for the third quarter.

Net working capital was NOK 1 778 million, an increase of 54 per cent compared to the same quarter last year. Cash conversion cycle R3\* was down from 124 days to 102 days, and net working capital R3\* as a percentage of revenue was 25.8 per cent compared to 31.8 per cent last year. Return on operating capital (ROOC) R3\* was 19.8 per cent compared to 12.8 per cent in the same quarter last year.

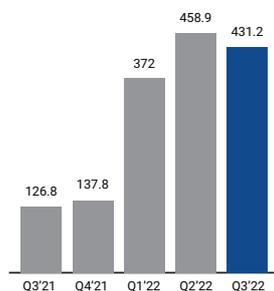
The acquisition of the Danish EMS company BB Electronics A/S increased net working capital by NOK 348 million. In general, the acquisition does not affect ratios significantly.

Capital efficiency ratios are now improving. Our focus continues to be on improving the supply situation, as well as managing resources, cash and deliverables.

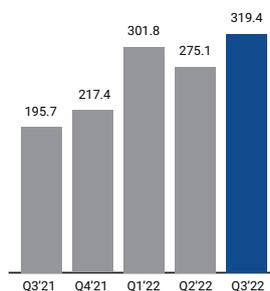
## Key figures

NOK million	Q3 2022	Q3 2021	Change	30/09/2022	30/09/2021	Change	Full year 2021
Revenue	1 664.4	831.4	833.0	4 673.3	2 762.8	1 910.5	3 711.4
EBIT	116.3	50.1	66.2	294.6	188.6	106.0	240.8
Order backlog	4 846.8	2 568.1	2 278.7	4 846.8	2 568.1	2 278.7	2 827.1
Operating cash flow	139.0	(70.2)	209.2	53.8	117.3	(63.5)	126.3
Net working capital	1 777.5	1 157.5	620.1	1 777.5	1 157.5	620.1	1 227.7

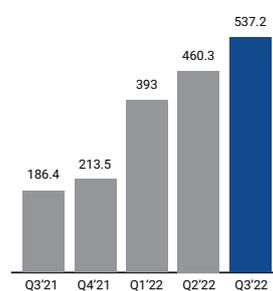
## REVENUE Connectivity NOK million



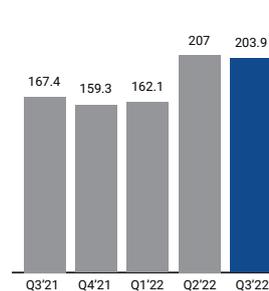
## REVENUE Electrification NOK million



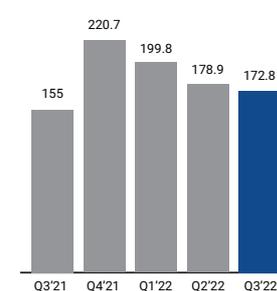
## REVENUE Industry NOK million



## REVENUE Medical Devices NOK million



## REVENUE Defence/Aerospace NOK million



### Acquisition of Danish EMS provider

In the first quarter, Kitron completed the acquisition of the Danish EMS company BB Electronics A/S, which has production facilities in Denmark, China and the Czech Republic. The deal is earnings accretive and adds significant shareholder value. BB Electronics is a full-service EMS (Electronics Manufacturing Services) provider based in Horsens, Denmark. The group had revenues of about DKK 1 000 million in 2021 and on average 750 employees and has over the past years grown significantly, both organically and through M&A. The customer base is concentrated within connectivity and industry. Kitron consolidated the acquired business effective 1 January, see note 6 to the financial statements.

### Order intake

Order intake in the quarter was NOK 1 632 million, which is 47.6 per cent higher than for the third quarter 2021. The order backlog ended at NOK 4 846.8 million, which is 89 per cent higher than the same period last year.

Four-quarter moving average order intake was up from NOK 1 554.8 million at the beginning of the third quarter to NOK 1 686.3 million at the end of the quarter. Kitron's order backlog includes four months customer forecast plus all firm orders for later delivery.

## Markets

### Connectivity

Kitron's Connectivity sector is focused on connected devices. Many of these devices are sensors, continuously feeding data into increasingly advanced software, utilizing artificial intelligence to make predictions and improve efficiency and safety. Examples are multiplying, in everything from industrial control systems to medical devices monitoring vital functions and modern cars, containing many sensors communicating with the Internet. Another part of the connectivity market sector is communication, which supplies the backbone for sensors and IOT. Typical products here are wireless communication, optical transmission and networking products.

### Electrification

Kitron's Electrification sector is focused on the megatrend that sees the world increasingly moving to renewable energy and electrification. Examples are battery management, power grid transmission, power and electric drive management, charging and fuel cell technology. Kitron is involved with electrification from the power grid to end-user products, from control systems for offshore wind power to battery management systems and charging stations.

### Industry

Within the Industry sector, Kitron operates and delivers a complete range of services within industrial applications like automation, environmental, material warehousing and security. The Industry sector consists of three main product areas: control systems, electronic control units and automation.

### Medical devices

The medical device sector consists of the product areas diagnostics, life support, surgical, hospital and home care.

Kitron is especially strong in ultrasound and cardiology systems, respiratory medical devices and Lab/IVD (In-Vitro Diagnostics).

### Defence/Aerospace

Aerospace is mainly navigation and communication equipment for civil and military avionics. Defence is primarily communication, encryption, and surveillance systems. The Defence/Aerospace sector is in general characterized by project deliveries.

## Revenue market sectors

NOK million	Q3 2022	Q3 2021	Change	01.01.- 30.09.2022	01.01.- 30.09.2021	Change	Full year 2021
Connectivity	431.2	126.8	304.3	1 262.0	321.2	940.9	458.9
Electrification	319.4	195.7	123.7	896.4	765.8	130.6	983.2
Industry	537.2	186.4	350.8	1 390.6	659.2	731.4	872.7
Medical devices	203.9	167.4	36.4	572.9	474.2	98.7	633.5
Defence & Aerospace	172.8	155.0	17.7	551.4	542.4	9.0	763.1
<b>Total group</b>	<b>1 664.4</b>	<b>831.4</b>	<b>833.0</b>	<b>4 673.3</b>	<b>2 762.8</b>	<b>1 910.5</b>	<b>3 711.4</b>

## Order backlog market sectors

NOK million	30.09.2022	30.09.2021	Change	31.12.2021
Connectivity	739.7	230.2	509.5	303.5
Electrification	1 277.3	774.6	502.7	1 024.4
Industry	1 465.9	373.0	1 092.8	473.8
Medical devices	240.9	298.5	(57.6)	264.1
Defence & Aerospace	1 123.0	891.7	231.3	761.2
<b>Total group</b>	<b>4 846.8</b>	<b>2 568.1</b>	<b>2 278.7</b>	<b>2 827.1</b>

## Operations

### Organisation

The Kitron workforce corresponded to 2 786 full-time employees (FTE) on 30 September 2022. This is an increase of 1 022 FTE since the third quarter of 2021. Of the increase 974 FTEs are related to BB Electronics. The number of FTE in lower-cost regions now accounts for 74 per cent of the total.

The company's total payroll expenses in the third quarter were NOK 94.7 million higher than in the corresponding period in 2021. The relative payroll costs ended at 15.2 per cent, down from 19.1 per cent of revenue in the third quarter last year.

## Revenue business entities

NOK million	Q3 2022	Q3 2021	Change	01.01.- 30.09.2022	01.01.- 30.09.2021	Change	Full year 2021
Nordics	591.9	390.2	201.7	1 781.5	1 300.1	481.4	1 819.0
CEE	533.2	271.1	262.1	1 454.9	980.8	474.1	1 297.8
Rest of the world	582.4	195.1	387.3	1 572.0	549.5	1 022.5	696.0
Group and eliminations	(43.2)	(25.1)	(18.1)	(135.2)	(67.7)	(67.5)	(101.4)
<b>Total group</b>	<b>1 664.4</b>	<b>831.4</b>	<b>833.0</b>	<b>4 673.3</b>	<b>2 762.8</b>	<b>1 910.5</b>	<b>3 711.4</b>

## EBIT business entities

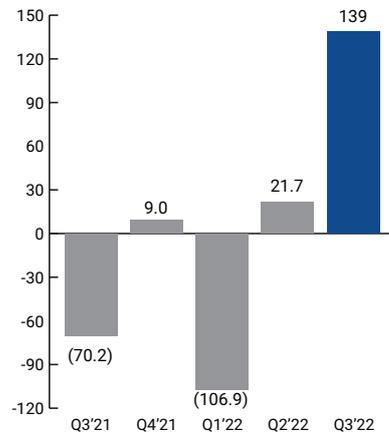
NOK million	Q3 2022	Q3 2021	Change	01.01.- 30.09.2022	01.01.- 30.09.2021	Change	Full year 2021
Nordics	45.0	25.1	19.9	122.5	90.9	42.8	134.7
CEE	35.4	13.5	21.9	100.7	77.2	34.3	96.7
Rest of the world	51.4	11.7	39.7	111.1	25.9	74.0	37.7
Group and eliminations	(15.4)	(0.2)	(15.2)	(39.6)	(5.4)	(34.2)	(28.3)
<b>Total group</b>	<b>116.3</b>	<b>50.1</b>	<b>66.2</b>	<b>294.6</b>	<b>188.6</b>	<b>106.0</b>	<b>240.8</b>

## Full time employees

NOK million	30.09.2022	30.09.2021	Change	31.12.2021
Nordics	717	552	165	555
CEE	1 132	895	238	838
Rest of world	937	317	620	356
<b>Total group</b>	<b>2 786</b>	<b>1 764</b>	<b>1 022</b>	<b>1 749</b>

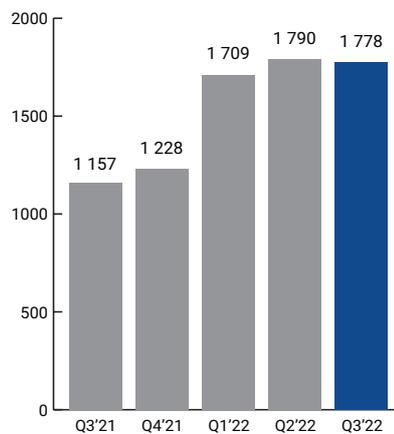
## OPERATING CASH FLOW Group

NOK million



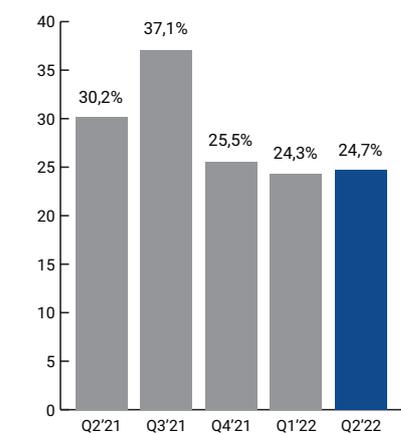
## NET WORKING CAPITAL Group

NOK million



## EQUITY RATIO Group

Per cent



## Finance

### Net financial items

During the quarter, net financial items amounted to a net cost of NOK 12.4 million. The corresponding figure for the third quarter last year was a net cost of NOK 9.2 million. Net agio for the third quarter amounted to NOK 4.1 million (2021: disagio NOK 4.4 million).

### Balance sheet

Kitron's gross balance sheet as of 30 September 2022 amounted to NOK 5 934.4 million, compared to NOK 2 904.0 million at the same time in 2021. Equity was NOK 1 463.7 million (NOK 876.8 million), corresponding to an equity ratio of 24.7 per cent (30.2 per cent).

Equity is influenced by foreign exchange effects from consolidation of foreign subsidiaries.

Inventory was NOK 1 826.0 million as of 30 September 2022 (NOK 824.2 million). Inventory turns\* was 2.5 in the third quarter 2022, which is an increase compared to the third quarter last year (1.9). Deposits from customers are collected to partially offset the increased inventory.

Accounts receivables amounted to NOK 1 388.0 million at the end of the third quarter of 2022. The corresponding amount at the same time in 2021 was NOK 840.5 million.

Contract assets were NOK 632.1 million as of 30 September 2022, compared to NOK 421.4 million at the same time in 2021.

Right-of-use assets amounted to NOK 241.5 million at the end of the third quarter compared to NOK 233.0 million at the same time last year. Right-of-use assets consist of buildings, land and vehicles amounting to NOK 133.8 million (2021: NOK 106.1 million) and machinery and equipment amounting to NOK 107.8 million (2021: NOK 126.9 million). Depreciation and interest costs related to leased buildings, land and vehicles were NOK 7.0 million and NOK 2.0 million respectively for the third quarter (2021: NOK 4.8 million and NOK 1.2 million respectively).

The group's reported net interest-bearing debt\* amounted to NOK 1 652.6 million as of 30 September 2022 (NOK 791.3 million). Net gearing of the company was 1.13 (0.90). Net interest-bearing debt/ EBITDA is 3.1 for 12 months rolling compared to 2.2 for the same period last year. The net gearing and net interest-bearing debt/ EBITDA exclusive IFRS 16 effects are 1.04 and 2.99 respectively.

## Outlook

For 2022, Kitron has previously indicated a revenue outlook of between NOK 5 700 and 6 100 million and an operating profit (EBIT) between NOK 330 million and 400 million. At this point, Kitron sees strong demand from customers and continued ease of supply chain constraints. Profitability is improving compared to the start of the year, when rapid cost increases challenged the company. Kitron therefore raises its revenue outlook to between NOK 6 200 and 6 400 million. Operating profit is expected to be between NOK 390 million and NOK 430 million.

Oslo, 25 October 2022, Board of directors, Kitron ASA

## Condensed profit and loss statement

NOK 1 000	Q3 2022	Q3 2021	01.01.- 30.09.2022	01.01.- 30.09.2021	Full Year 2021
Revenue	1 664 435	831 431	4 673 313	2 762 787	3 711 373
Cost of materials	1 149 618	553 407	3 226 796	1 829 270	2 449 714
Payroll expenses	253 744	159 065	769 592	536 715	719 144
Other operational expenses	83 667	39 060	233 905	130 568	197 050
Other gains / (losses)	(18 555)	(4 154)	(25 200)	(2 816)	(3 604)
<b>Operating profit before depreciation and impairments (EBITDA)</b>	<b>158 850</b>	<b>75 745</b>	<b>417 819</b>	<b>263 419</b>	<b>341 861</b>
Depreciation	42 560	25 666	123 251	74 862	101 048
<b>Operating profit (EBIT)</b>	<b>116 290</b>	<b>50 079</b>	<b>294 568</b>	<b>188 557</b>	<b>240 813</b>
Net financial items	(12 428)	(9 167)	(53 837)	(32 195)	(36 648)
<b>Profit (loss) before tax</b>	<b>103 862</b>	<b>40 912</b>	<b>240 731</b>	<b>156 361</b>	<b>204 165</b>
Tax	28 637	21 364	54 777	43 486	51 323
<b>Profit (loss) for the period</b>	<b>75 225</b>	<b>19 548</b>	<b>185 954</b>	<b>112 875</b>	<b>152 843</b>
Earnings per share-basic	0.38	0.11	0.94	0.63	0.78
Earnings per share-diluted	0.38	0.11	0.93	0.62	0.77

## Condensed balance sheet

NOK 1 000	30.09.2022	30.09.2021	31.12.2021
<b>ASSETS</b>			
Goodwill	284 308	36 933	36 933
Other intangible assets	572 450	45 994	44 917
Property, plant and equipment	345 879	218 470	195 550
Right-of-use assets	241 524	233 035	256 892
Deferred tax assets	93 443	62 683	73 989
Other receivables	10 586	10 475	10 316
<b>Total non-current assets</b>	<b>1 548 190</b>	<b>607 590</b>	<b>618 598</b>
Inventory	1 826 020	824 161	880 297
Accounts receivable	1 388 025	840 452	864 598
Contract assets	632 117	421 403	400 586
Other receivables	193 848	107 530	117 302
Cash and cash equivalents	346 168	102 859	428 035
<b>Total current assets</b>	<b>4 386 178</b>	<b>2 296 405</b>	<b>2 690 818</b>
<b>Total assets</b>	<b>5 934 368</b>	<b>2 903 995</b>	<b>3 309 417</b>
<b>LIABILITIES AND EQUITY</b>			
Equity	1 463 718	876 798	1 228 046
<b>Total equity</b>	<b>1 463 718</b>	<b>876 798</b>	<b>1 228 046</b>
Deferred tax liabilities	124 443	4 526	4 223
Loans	1 267 021	213 826	206 230
Pension commitments	5 607	5 666	5 557
Other liabilities	12 932	4 355	4 227
<b>Total non-current liabilities</b>	<b>1 410 002</b>	<b>228 374</b>	<b>220 237</b>
Accounts payable	2 068 655	928 561	917 779
Other payables	229 186	168 729	131 057
Tax payable	31 101	21 179	19 050
Loans	731 706	680 353	793 247
<b>Total current liabilities</b>	<b>3 060 648</b>	<b>1 798 823</b>	<b>1 861 133</b>
<b>Total liabilities and equity</b>	<b>5 934 368</b>	<b>2 903 995</b>	<b>3 309 417</b>

## Condensed cash flow statement

NOK 1 000	Q3 2022	Q3 2021	01.01.- 30.09.2022	01.01.- 30.09.2021	Full year 2021
Profit before tax	103 862	40 912	240 731	156 361	204 165
Depreciations	42 560	25 666	123 251	74 862	101 048
Change in inventory, accounts receivable, contract assets and accounts payable	12 670	(123 786)	(229 788)	(93 691)	(163 940)
Change in net other current assets and other operating related items	(19 931)	(35 073)	(65 792)	(76 450)	(102 622)
Change in factoring debt	(187)	22 067	(14 579)	56 266	87 661
<b>Net cash flow from operating activities</b>	<b>138 974</b>	<b>(70 213)</b>	<b>53 823</b>	<b>117 348</b>	<b>126 314</b>
<b>Net cash flow from investing activities</b>	<b>(14 882)</b>	<b>(10 831)</b>	<b>(933 140)</b>	<b>(21 498)</b>	<b>(45 974)</b>
<b>Net cash flow from financing activities</b>	<b>73 527</b>	<b>21 522</b>	<b>793 104</b>	<b>(92 422)</b>	<b>225 381</b>
Change in cash and bank credit	197 619	(59 522)	(86 213)	3 428	305 721
Cash and bank credit opening balance	(72 298)	(19 244)	222 414	(81 039)	(81 039)
Currency conversion of cash and bank credit	(7 202)	(171)	(18 082)	(1 326)	(2 269)
<b>Cash and bank credit closing balance</b>	<b>118 119</b>	<b>(78 937)</b>	<b>118 119</b>	<b>(78 937)</b>	<b>222 414</b>

## Condensed statement of comprehensive income

NOK 1 000	Q3 2022	Q3 2021	01.01.- 30.09.2022	01.01.- 30.09.2021	Full year 2021
Profit (loss) for the period	75 225	19 548	185 954	112 875	152 843
Actuarial gain / losses pensions	-	-	-	-	(299)
Gain/losses forward contract	-	-	-	-	(7 474)
Exchange differences on translation of foreign operations	(3 855)	2 516	7 768	2 859	3 316
Currency translation differences and other changes	50 038	6 401	93 055	(2 792)	(12 261)
<b>Total comprehensive income for the period</b>	<b>121 408</b>	<b>28 465</b>	<b>286 777</b>	<b>112 942</b>	<b>136 125</b>
<b>Allocated to shareholders</b>	<b>121 408</b>	<b>28 465</b>	<b>286 777</b>	<b>112 942</b>	<b>136 125</b>

## Changes in equity

NOK 1 000	30.09.2022	30.09.2021	31.12.2021
<b>Equity opening balance</b>	<b>1 228 046</b>	<b>885 654</b>	<b>885 654</b>
Profit (loss) for the period	185 954	112 875	152 843
Paid dividends	(49 254)	(125 374)	(125 373)
Issue of ordinary shares	68	-	338 775
Employee share schemes	(1 919)	3 576	5 243
Other adjustments	-	-	(12 377)
Other comprehensive income for the period	100 823	67	(16 718)
<b>Equity closing balance</b>	<b>1 463 718</b>	<b>876 798</b>	<b>1 228 046</b>

## Notes to the financial statements, continued

### Note 1 – General information and principles

The condensed consolidated financial statements for the third quarter of 2022 have been prepared in accordance with International Financial Accounting Standards (IFRS) and IAS 34 for interim financial reporting. Kitron has applied the same accounting policies as in the consolidated financial statements for 2021. The interim financial statements do not include all the information required for a full financial report and should therefore be read in conjunction with the consolidated financial statements for 2021, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU. The consolidated financial statements for 2021 are available upon request from the company and at [www.kitron.com](http://www.kitron.com).

### Note 2 - Estimates

The preparation of the interim financial statements requires the use of evaluations, estimates and assumptions that affect the application of the accounting principles and amounts recognised as assets and liabilities, income and expenses. The actual results may deviate from these estimates. The important assessments underlying the application of Kitron's accounting policy and the main sources of uncertainty are the same for the interim financial statements as for the consolidated statements for 2021.

### Note 3 – Financial risk management

Kitron's business exposes the company to financial risks. The purpose of the company's procedures for risk management is to minimise possibly negative effects caused by the company's financial arrangements.

### Note 4 – Other gains and losses

Other gains and losses consist of net currency gains and losses.

### Note 5 – Coronavirus pandemic

Market demand for Kitron in the third quarter was strong. The supply chain is still affected by the general material supply situation, which continues to be a challenge to lead times and deliveries, but the situation is now improving. Kitron continuously makes capacity adjustments based on demand fluctuations and has prepared for significantly larger fluctuations, if they should occur.

### Note 6 – Business combinations

In the first quarter, Kitron completed the acquisition of the Danish EMS company BB Electronics A/S, which has production facilities in Denmark, China and the Czech Republic. BB Electronics is a full-service EMS (Electronics Manufacturing Services) provider based in Horsens, Denmark. The group had revenues of about DKK 1,000 million in 2021 and on average 750 employees and has over the past years grown significantly, both organically and through M&A. The customer base is concentrated within industry, telecom and medical. The acquisition was completed early in January 2022. The purchase price paid, after certain post signing adjustments, was DKK 663.5 million (NOK 895.4 million), subject to post-closing adjustments, if any. The preliminary fair value assessment of the assets and liabilities recognized as a result of the acquisition is as follows:

NOK 1 000	01.01.2022
Other intangible assets	24 009
Other intangible assets, customer contracts	500 627
Property, plant and equipment	115 395
Right-of-use assets	31 766
Financial assets	2 661
Deferred tax assets	8 521
Inventory	459 959
Accounts receivable	222 323
Contract assets	75 985
Other receivables	62 644
Cash and cash equivalents	31 572
Deferred tax	(111 214)
Loans	(103 531)
Other liabilities	(13 388)
Accounts payable	(433 177)
Other payables	(175 807)
Tax payable	(7 721)
Loans	(30 355)
Net identifiable assets acquired	660 270
Add: goodwill	235 105
<b>Net assets acquired</b>	<b>895 375</b>

The goodwill is attributable to workforce and synergies. It will not be deductible for tax purposes.

### Revenue and profit contribution

The acquired business contributed revenues of NOK 596.5 million, EBITDA of NOK 69.9 million, EBIT of NOK 60.3 million and net profit of NOK 39.3 million to the group for the third quarter 2022. The corresponding figures for the period from 1 January 2022 to 30 September 2022 were revenues of NOK 1 621.5 million, EBITDA of NOK 157.2 million, EBIT of NOK 130.0 million and net profit of NOK 92.5 million. In addition, other intangible assets (customer contracts) included in the preliminary fair value assessment are amortized with NOK 6.4 million for the third quarter and NOK 19.3 million for the period from 1 January 2022 to 30 September 2022.

## Appendix

### Definition of Alternative Performance Measures

Kitron uses terms in the consolidated financial statements that are not anchored in the IFRS accounting standards. As being an Electronics Manufacturing Services company, Kitron uses Alternative Performance Measures which are relevant for understanding and evaluation of performance within manufacturing.

Our definitions and explanations of these terms follow below.

#### Order backlog

All firm orders and 4 months of committed customers forecast at revenue value as at balance sheet date.

#### Foreign exchange effects

Group consolidation restated with exchange rates as comparable period the previous year. Change in volume or balance calculated with the same exchange rates for the both periods are defined as underlying growth. Change based on the change in exchange rates are defined as foreign exchange effects. The sum of underlying growth and foreign exchange effects represent the total change between the periods.

#### EBITDA

Operating profit (EBIT) + Depreciation and Impairments

#### EBIT

Operating profit

#### EBIT margin (%)

Operating profit (EBIT) / Revenue

#### Net working capital

Inventory + Contract assets + Accounts Receivables – Accounts Payable

#### Operating capital

Other intangible assets + Tangible fixed assets + Net working capital

#### Return on operating capital (ROOC) %

Annualised Operating profit (EBIT) / Operating Capital

#### Return on operating capital (ROOC) R3 %

(Last 3 months Operating profit (EBIT))\*4/ (Last 3 months Operating Capital /3)

#### Direct Cost

Cost of material + Direct wages (subset of personnel expenses only to include personnel directly involved in production)

#### Days of Inventory Outstanding

360/ (Annualised Direct Costs/(Inventory + Contract assets))

#### Days of Inventory Outstanding R3

360/ ((Last 3 months Direct Costs \*4) / (Last 3 months Inventory and Contract assets/3))

#### Days of Receivables Outstanding

360/ (Annualised Revenue/Trade Receivables)

#### Days of Receivables Outstanding R3

360/ ((Last 3 months Revenue\*4)/(Last 3 months Trade Receivables/3))

#### Days of Payables outstanding

360/ ((Annualised Cost of Material + Annualised other operational expenses) / Trade Payables)

#### Days of Payables Outstanding (R3)

360/ (((Last 3 months (Cost of Material + other operational expenses)\*4) / (Last 3 months Trade Payables)/3))

#### Cash conversion cycle (CCC)

Days of inventory outstanding + Days of receivables outstanding – Days of payables outstanding

#### Cash conversion cycle (CCC) R3

Days of inventory outstanding (R3) + Days of receivables outstanding (R3) – Days of payables outstanding (R3)

#### Net Interest-bearing debt

- Cash and cash equivalents + Loans (Non-current liabilities) + Loans (Current liabilities)

#### Interest-bearing debt

Loans (non-current liabilities) + Loans (current liabilities)

#### Inventory turns

Annualised direct costs / (Inventory + Contract assets)

#### Variable contribution

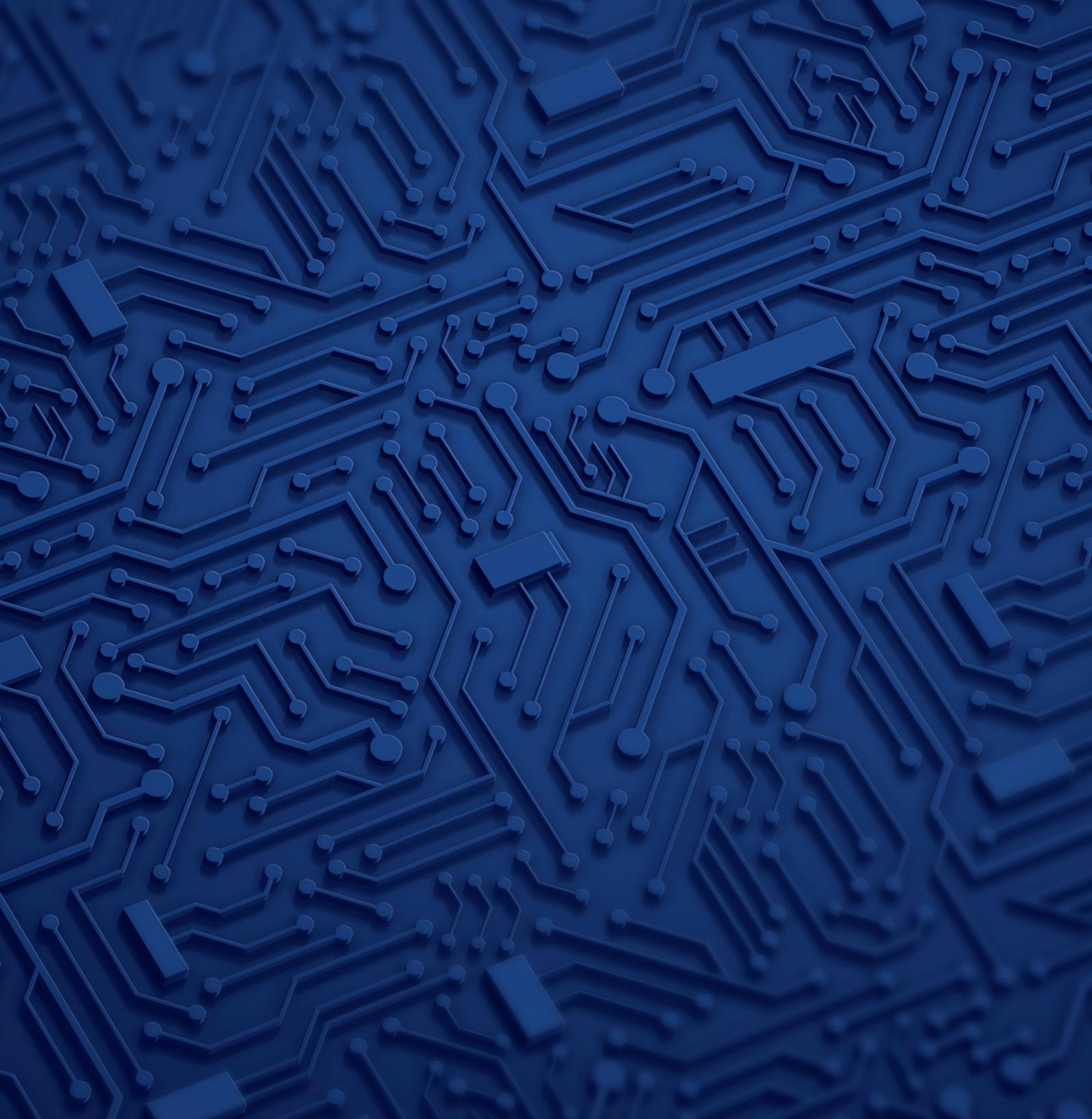
Revenue - Direct cost

#### Net gearing

Net interest bearing debt / Equity

#### Equity Ratio

The ratio of Equity to Total Assets



Kitron is a leading Scandinavian electronics manufacturing services company for the Connectivity, Electrification, Industry, Medical Devices, and Defence/Aerospace sectors. The group is located in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, China, and the United States. Included the acquisition of BB Electronics in January 2022, Kitron has about 2 500 employees. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box-built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers.

Kitron offers all parts of the value chain: from design via industrialization, manufacturing, and logistics, to repairs. The electronics content may be based on conventional printed circuit boards or ceramic substrates.

Kitron also provides various related services such as cable harness manufacturing and components analysis, resilience testing, or sourcing any other part of the customer's product. Customers typically serve international markets and provide equipment or systems for professional or industrial use.