



Third quarter report 2024

Connectivity

Electrification

Industry

Medical Devices

Defence/Aerospace

Norway
Sweden
Denmark
USA

Germany
Lithuania
Poland
Czech Republic

China
Malaysia
India

Message from our CEO

Adapting to Global Market Shifts

- Navigating Dynamic Markets
- Proactive Demand Management

Reflecting on the third quarter of 2024, we are navigating markets that are both challenging and dynamic. The Nordic and U.S. markets continue to show strength with close to double-digit growth, but demand in the Central and Eastern Europe (CEE) region is weaker than expected. Despite some growth areas, the ongoing economic slowdown in Europe has softened regional demand, particularly impacting our local customers in residential heating solutions, industrial and commercial vehicles, battery management, and e-mobility systems—all of which have experienced deceleration.

However, not all customers share this trend. Our global industrial and electrification customers are demonstrating robust performance driven energy infrastructure expansion and modernization and the design and development of advanced chips.

Encouragingly, we observe a notable rebound in specific segments within China. Growth in vacuum and compressor technologies, professional equipment, and professional/industrial climate solutions (HVAC) is being propelled by localization efforts and a focus on China-for-China production. These trends suggest a potential positive shift in these markets, offering new avenues for growth.

The strategic regionalization of production is also unlocking fresh opportunities across Central and Eastern Europe and Asia beyond China. As companies diversify their manufacturing bases to maintain cost competitiveness and mitigate risks, we're seeing enhanced prospects in these regions. This shift aligns seamlessly with our strategic growth plans, allowing us to tap into emerging markets and expand our global footprint.

Moreover, the Defence/Aerospace market sector continues to exhibit robust and sustained demand. These industries not only represent significant growth areas but also provide a stabilizing force amid economic fluctuations elsewhere. Our continued focus and investment in this sector position us to capitalize on its upward trajectory. During the quarter, we have added capabilities and customers to our CEE operations.

Looking ahead to 2025, expanding our customer base remains a cornerstone of our growth strategy. Building upon the substantial contributions from new clients in 2024, we're intensifying our efforts to attract and secure new partnerships. In the current market, maintaining a competitive local cost structure is paramount. By optimizing our operations and streamlining processes, we can offer compelling pricing and superior services, reinforcing our reputation as the partner of choice.

Drawing lessons from this year's experiences, we're proactively managing customer projections and forecasts. This agility enables us to swiftly adapt our strategies to current market conditions, mitigating potential risks associated with volatility. Balanced capacity utilization across our group is essential for enhancing margins and

- Expanding Customer Growth
- Optimizing Global Capacity Utilization

driving profitability. This quarter, we've executed targeted, small-scale capacity adjustments in specific operations to boost efficiency. Ongoing program transfers between sites are further optimizing our resources, ensuring we leverage our global capabilities effectively.

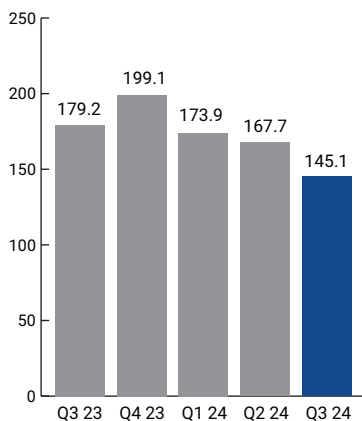
Despite the headwinds presented by the current economic climate, we remain steadfastly optimistic about our long-term growth prospects. Our commitment to operational excellence, cost competitiveness, and innovation positions us strongly to deliver sustainable performance in the quarters ahead.

For the full year 2024, we anticipate revenues between EUR 635 million and EUR 660 million, with EBIT ranging from EUR 44 million to EUR 50 million, inclusive of EUR 4.8 million in restructuring costs incurred during the first quarter.

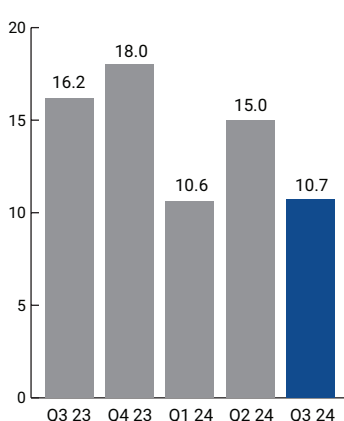


Peter Nilsson

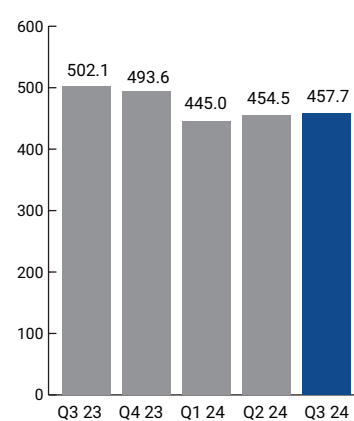
REVENUE Group
EUR million



EBIT Group
EUR million



ORDER BACKLOG Group
EUR million



Mixed revenue development

Kitron's revenue for the third quarter was EUR 145.1 million, compared to 179.2 million last year. There was strong growth within the Defence/Aerospace market sector, mainly benefitting the Nordic sites. Meanwhile, several major customers within the market sectors Electrification and Industry have continued to reduce and postpone demand for the third and fourth quarters of 2024 as destocking continues and end markets have not developed as expected. This affects the sites in Central and Eastern Europe (CEE).

Several product transfers have been planned to facilitate further growth for the Nordic sites, where demand is strong, and stabilize the load for the CEE sites. These will continue into the first half of 2025.

Kitron's revenue for the first three quarters was EUR 486.6 million (EUR 576.1 million), a decrease of 16 per cent compared to last year.

Actions taken to maintain margins

Third quarter EBITDA* was EUR 15.3 million (EUR 20.7 million), a decrease of 26 per cent compared to last year. Operating profit (EBIT)* for the third quarter ended at EUR 10.7 million (EUR 16.2 million). Profitability expressed as EBIT margin* was 7.4 per cent (9.0 per cent). Profit after tax was EUR 6.1 million (EUR 9.7 million), corresponding to EUR 0.03 earnings per share (EUR 0.05).

The cost initiatives announced in the first-quarter report have been completed. The headcount has been adjusted. The current number of full-time employees is 2 474, a 19 per cent reduction from a year ago.

EBITDA* for the first three quarters was EUR 50.1 million (EUR 65.5 million), a decrease of 24 per cent from last year. Operating profit (EBIT)* for the first three quarters ended at EUR 36.3 million (EUR 52.7 million). Profitability expressed as EBIT margin* was 7.5 per cent (9.1 per cent), including the restructuring charges of 4.8 million EUR in the first quarter. Profit after tax was EUR 23.1 million (EUR 38.7 million), corresponding to EUR 0.12 earnings per share (EUR 0.20).

Order backlog stabilized

The order backlog ended at EUR 457.7 million, a decrease of 9 per cent compared to last year but an increase of 1 per cent from the preceding quarter. Improved supply chain lead times over the past couple of years led to a shorter order and forecast window. The situation has now stabilized, and the order backlog has shown modest gains over the past two quarters.

Capital efficiency temporarily affected by lower revenue

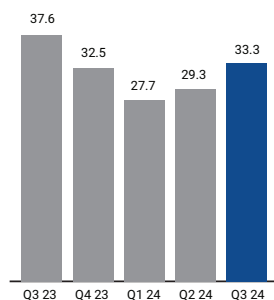
Operating cash flow was EUR 2.2 million (EUR 2.5 million) for the third quarter. Net working capital was EUR 183.1 million, a decrease of 8.4 per cent compared to the same quarter last year. Cash conversion cycle R3* was up from 103 days to 123 days, and net working capital R3* as a percentage of revenue was 31.0 per cent compared to 26.7 per cent last year. Return on operating capital (ROOC) R3* was 16.8 per cent compared to 23.2 per cent in the same quarter last year. Our focus continues to be on improving the supply situation, as well as managing resources, cash and deliverables.

Key figures

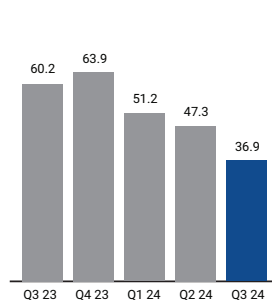
EUR million	Q3 2024	Q3 2023	Change	30.09.2024	30.09.2023	Change	Full year 2023
Revenue	145.1	179.2	(34.1)	486.6	576.1	(89.6)	775.2
EBIT	10.7	16.2	(5.5)	36.3	52.7	(16.4)	70.7
Order backlog	457.7	502.1	(44.5)	457.7	502.1	(44.5)	493.6
Operating cash flow	2.2	2.5	(0.3)	29.4	25.6	3.8	59.0
Net working capital	183.1	199.9	(16.9)	183.1	199.9	(16.9)	193.8

* For definition – See Appendix «Definition of Alternative Performance Measures»

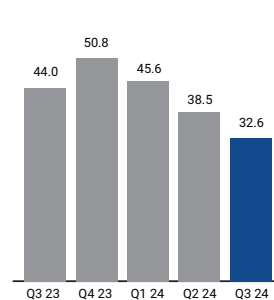
REVENUE Connectivity EUR million



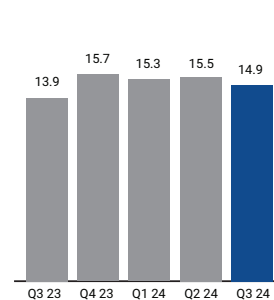
REVENUE Electrification EUR million



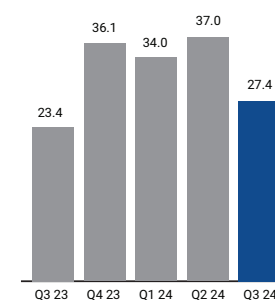
REVENUE Industry EUR million



REVENUE Medical Devices EUR million



REVENUE Defence/Aerospace EUR million



Order intake

Order intake in the quarter was EUR 105.3 million, which is 28 per cent lower than for the third quarter 2023. The order backlog ended at EUR 457.7 million, which is 9 per cent lower than at the same time last year.

Four-quarter moving average order intake was down from EUR 159.8 million at the beginning of the third quarter to EUR 149.6 million at the end of the quarter. Kitron's order backlog includes four months committed 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

EUR million	Q3 2024	Q3 2023	Change	01.01-30.09.2024	01.01-30.09.2023	Change	Full year 2023
Connectivity	33.3	37.6	(4.3)	90.3	107.9	(17.5)	140.4
Electrification	36.9	60.2	(23.3)	135.4	181.3	(45.9)	245.1
Industry	32.6	44.0	(11.4)	116.8	160.3	(43.6)	211.1
Medical devices	14.9	13.9	1.0	45.7	51.0	(5.3)	66.7
Defence/Aerospace	27.4	23.4	4.0	98.3	75.7	22.6	111.8
Total group	145.1	179.2	(34.1)	486.6	576.1	(89.6)	775.2

Order backlog market sectors

EUR million	30.09.2024	30.09.2023	Change	31.12.2023
Connectivity	53.6	51.8	1.9	48.0
Electrification	157.0	178.3	(21.3)	174.4
Industry	63.4	110.5	(47.1)	93.2
Medical devices	20.3	27.7	(7.4)	22.2
Defence/Aerospace	163.4	133.8	29.5	155.8
Total group	457.7	502.1	(44.5)	493.6

Operations

Organisation

The Kitron workforce corresponded to 2 474 full-time employees (FTE) on 30 September 2024. This is a decrease of 595 FTE since the third quarter of 2023. The company's total payroll expenses in the third

quarter were EUR 2.9 million lower than in the corresponding period in 2023. The relative payroll costs ended at 17.3 per cent, up from 15.6 per cent of revenue in the third quarter last year.

Revenue Business Sectors

EUR million	Q3 2024	Q3 2023	Change	01.01- 30.09.2024	01.01- 30.09.2023	Change	Full year 2023
Nordics & North America	79.6	72.8	6.8	265.7	233.6	32.1	325.0
CEE	42.3	71.8	(29.5)	154.9	227.2	(72.3)	304.8
Asia	24.7	37.2	(12.5)	72.0	125.3	(53.3)	157.4
Group and eliminations	(1.5)	(2.7)	1.2	(6.1)	(10.1)	4.0	(12.0)
Total group	145.1	179.2	(34.1)	486.6	576.1	(89.5)	775.2

EBIT Business Sectors

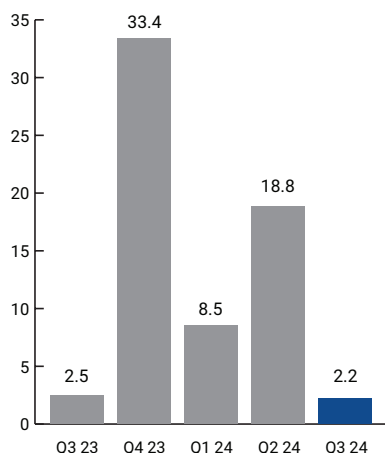
EUR million	Q3 2024	Q3 2023	Change	01.01- 30.09.2024	01.01- 30.09.2023	Change	Full year 2023
Nordics & North America	5.4	5.7	(0.3)	22.2	20.0	2.2	27.3
CEE	3.6	7.0	(3.4)	13.4	23.2	(9.8)	29.2
Asia	2.7	5.7	(3.0)	7.6	16.0	(8.4)	19.8
Group and eliminations	(1.0)	(2.3)	1.3	(7.0)	(6.6)	(0.4)	(5.6)
EBIT	10.7	16.2	(5.5)	36.3	52.7	(16.4)	70.7

FTE Business Sectors

	30.09.2024	30.09.2023	Change	31.12.2023
Nordics & North America	1 048	904	144	994
CEE	944	1 402	(458)	1 376
Asia	482	763	(281)	631
FTE	2 474	3 069	(595)	3 001

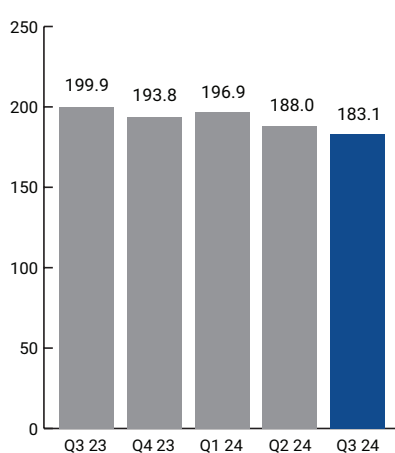
OPERATING CASH FLOW Group

EUR million



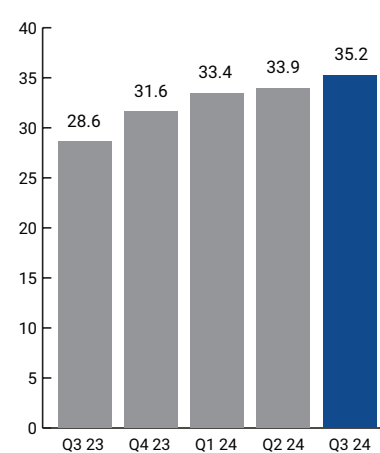
NET WORKING CAPITAL Group

EUR million



EQUITY RATIO Group

EUR million



Finance

Net financial items

During the quarter, net financial items amounted to a net cost of EUR 2.3 million. The corresponding figure for the third quarter last year was a net cost of EUR 3.9 million. Net disagio for the third quarter amounted to EUR 0.2 million (2023: disagio EUR 1.4 million).

Balance sheet

Kitron's gross balance sheet as of 30 September 2024 amounted to EUR 547.7 million, compared to EUR 584.7 million at the same time in 2023.

Equity was EUR 192.9 million (EUR 167.5 million), corresponding to an equity ratio of 35.2 per cent (28.6 per cent). Return on equity was 12.9 per cent (23.8 per cent). Equity is influenced by foreign exchange effects from consolidation of foreign subsidiaries.

Inventory was EUR 145.9 million as of 30 September 2024 (EUR 184.4 million). Inventory turns* was 2.4 in the third quarter 2024 (2023: 2.9). Deposits from customers are collected to partially offset the increased inventory.

Accounts receivables amounted to EUR 115.9 million at the end of the third quarter of 2024. The corresponding amount at the same time in

2023 was EUR 146.1 million. Contract assets were EUR 73.2 million as of 30 September 2024, compared to EUR 68.0 million at the same time in 2023.

Right-of-use assets amounted to EUR 22.0 million at the end of the third quarter compared to EUR 21.9 million at the same time last year. Right-of-use assets consist of buildings, land and vehicles amounting to EUR 11.5 million (2023: EUR 10.3 million) and machinery and equipment amounting to EUR 10.5 million (2023: EUR 11.6 million). Depreciation and interest costs related to leased buildings, land and vehicles were EUR 1.0 million and EUR 0.3 million respectively for the third quarter (2023: EUR 0.5 million and EUR 0.3 million respectively).

The group's reported net interest-bearing debt* amounted to EUR 118.4 million as of 30 September 2024 (2023: EUR 141.6 million). Net gearing of the company was 0.6 (0.9). Net interest-bearing debt/ EBITDA is 1.6 for 12 months rolling compared to 1.7 for the same period last year. The net gearing and net interest-bearing debt / EBITDA exclusive IFRS 16 effects are 0.5 and 1.5 respectively.

Outlook

In September, the full-year 2024 outlook was updated with revenues of between EUR 635 and 660 million with EBIT between EUR 44 and 50 million, including EUR 4.8 million in restructuring costs in the first quarter.

Oslo, 23 October 2024, Board of directors, Kitron ASA

Condensed profit and loss statement

EUR million	Q3 2024	Q3 2023	01.01- 30.09.2024	01.01- 30.09.2023	Full year 2023
Revenue	145.1	179.2	486.6	576.1	775.2
Cost of materials	96.7	122.7	322.4	393.6	528.3
Payroll expenses	25.1	28.0	87.5	90.8	122.4
Other operational expenses	8.4	8.3	26.9	27.3	37.2
Other gains / (losses)	0.4	0.5	0.4	1.2	1.1
Operating profit before depreciation and impairments (EBITDA)	15.3	20.7	50.1	65.5	88.3
Depreciation	4.6	4.5	13.8	12.8	17.6
Operating profit (EBIT)	10.7	16.2	36.3	52.7	70.7
Net financial items	(2.3)	(3.9)	(6.7)	(4.8)	(6.0)
Profit (loss) before tax	8.4	12.3	29.6	47.9	64.7
Tax	2.3	2.6	6.5	9.1	13.7
Profit (loss) for the period	6.1	9.7	23.1	38.7	51.1
Earnings per share-basic	0.03	0.05	0.12	0.20	0.26
Earnings per share-diluted	0.03	0.05	0.12	0.19	0.26

Condensed balance sheet

EUR million	30.09.2024	30.09.2023	31.12.2023
ASSETS			
Goodwill	44.6	44.8	44.8
Other intangible assets	26.5	27.4	27.2
Property, plant and equipment	49.1	38.4	47.8
Right-of-use assets	22.0	21.9	26.9
Deferred tax assets	5.7	8.3	6.2
Other receivables	0.9	0.9	0.9
Total non-current assets	148.8	141.8	153.9
Inventory	145.9	184.4	166.4
Accounts receivable	115.9	146.1	131.3
Contract assets	73.2	68.0	77.9
Other receivables	15.2	12.7	12.2
Cash and cash equivalents	48.7	31.7	39.0
Total current assets	398.9	442.9	426.9
Total assets	547.7	584.7	580.8
LIABILITIES AND EQUITY			
Equity	192.9	167.5	183.5
Total equity	192.9	167.5	183.5
Deferred tax liabilities	5.2	5.7	5.4
Interest bearing debt	107.2	115.7	113.3
Pension commitments	0.4	0.5	0.5
Other liabilities	1.0	1.2	1.1
Total non-current liabilities	113.9	123.0	120.3
Accounts payable	151.9	198.5	181.9
Other payables	24.9	29.8	33.8
Tax payable	4.2	8.2	6.3
Interest bearing debt	59.9	57.6	55.1
Total current liabilities	240.9	294.2	277.1
Total liabilities and equity	547.7	584.7	580.8

Condensed cash flow statement

EUR million	Q3 2024	Q3 2023	01.01- 30.09.2024	01.01- 30.09.2023	Full year 2023
Profit before tax	8.4	12.3	29.6	47.9	64.7
Depreciations	4.6	4.5	13.8	12.8	17.6
Change in inventory, accounts receivable, contract assets and accounts payable	3.9	(11.1)	9.7	(16.8)	(10.2)
Change in net other current assets and other operating related items	(14.7)	(3.1)	(23.6)	(18.2)	(13.2)
Net cash flow from operating activities *)	2.2	2.5	29.4	25.6	59.0
Net cash flow from investing activities	0.2	(1.6)	(4.5)	(8.6)	(16.3)
Net cash flow from financing activities *)	5.0	10.2	(16.3)	(10.8)	(29.5)
Change in cash and cash equivalents	7.4	11.1	8.7	6.2	13.3
Cash and cash equivalents opening balance	40.8	20.8	39.0	25.9	25.9
Currency conversion of cash and cash equivalents	0.5	(0.2)	1.1	(0.4)	(0.2)
Cash and cash equivalents closing balance	48.7	31.7	48.7	31.7	39.0

*) Change in factoring debt is reclassified from net cash flow from operating activities to net cash flow from financing activities

Condensed statement of comprehensive income

EUR million	Q3 2024	Q3 2023	01.01- 30.09.2024	01.01- 30.09.2023	Full year 2023
Profit (loss) for the period	6.1	9.7	23.1	38.7	51.1
Actuarial gain / losses pensions	-	-	-	-	(0.0)
Gain / losses forward contract	-	-	-	-	(0.1)
Exchange differences on translation	(0.2)	1.0	(1.9)	(4.9)	(1.9)
Total comprehensive income for the period	6.0	10.7	21.1	33.8	49.0
Allocated to shareholders	6.0	10.7	21.1	33.8	49.0

Changes in equity

EUR million	30.09.2024	30.09.2023	31.12.2023
Equity opening balance	183.5	143.3	143.3
Profit (loss) for the period	23.1	38.7	51.1
Paid dividends	(12.8)	(8.8)	(8.4)
Issue of ordinary shares	0.0	0.0	0.0
Employee share schemes	1.0	(0.9)	(0.5)
Other comprehensive income for the period	(1.9)	(4.9)	(2.0)
Equity closing balance	192.9	167.5	183.5

Notes to the financial statements

Note 1 – General information and principles

The condensed consolidated financial statements for the third quarter of 2024 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 2023. 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 2023, which were prepared in accordance with the Norwegian Accounting Act and IFRS, as adopted by the EU. The consolidated financial statements for 2023 are available upon request from the company and at 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 2023.

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.

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 %

$(\text{Last 3 months Operating profit (EBIT)} \times 4) / (\text{Last 3 months Operating Capital} / 3)$

Direct Cost

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

Days of Inventory Outstanding

$360 / (\text{Annualised Direct Costs} / (\text{Inventory} + \text{Contract assets}))$

Days of Inventory Outstanding R3

$360 / ((\text{Last 3 months Direct Costs} \times 4) / (\text{Last 3 months Inventory and Contract assets} / 3))$

Days of Receivables Outstanding

$360 / (\text{Annualised Revenue} / \text{Trade Receivables})$

Days of Receivables Outstanding R3

$360 / ((\text{Last 3 months Revenue} \times 4) / (\text{Last 3 months Trade Receivables} / 3))$

Days of Payables outstanding

$360 / ((\text{Annualised Cost of Material} + \text{Annualised other operational expenses}) / \text{Trade Payables})$

Days of Payables Outstanding (R3)

$360 / (((\text{Last 3 months (Cost of Material} + \text{other operational expenses)} \times 4) / (\text{Last 3 months Trade Payables} / 3))$

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

Return on Equity

$(\text{Last 3 months Profit (loss) for the period} \times 4) / (\text{Last 3 months Equity} / 3)$



Kitron is a leading Scandinavian Electronics Manufacturing Services company. The company has manufacturing facilities in Norway, Sweden, Denmark, Lithuania, Poland, the Czech Republic, India, China, Malaysia and the US and 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 industrialisation, 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, and resilience testing, and source any other part of the customer's product. Customers typically serve international markets and provide equipment or systems for professional or industrial use.