

FOURTH QUARTER
REPORT 2022

Q4

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
India
China
USA

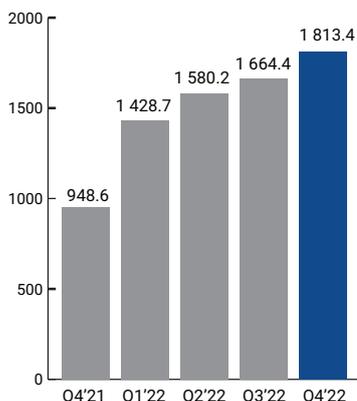
Fourth quarter report 2022

Record revenue, profits and order backlog

- Record revenue and order backlog
- Q4 EBIT margin 9.1 per cent
- Strong turnaround second half of year
- Proposed dividend NOK 0,50 per share

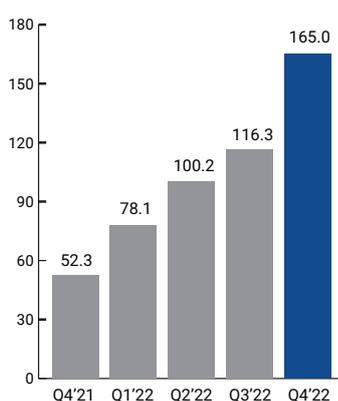
REVENUE Group

NOK million



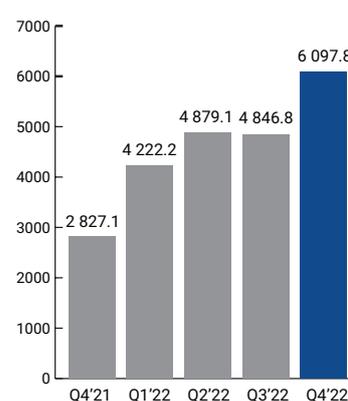
EBIT Group

NOK million



ORDER BACKLOG Group

NOK million



Record revenues

Kitron's revenue for the fourth quarter was NOK 1 813 million, an increase of 91 per cent compared to last year and a record. The revenue growth reflects underlying growth for all business units including the acquisition of Danish EMS provider BB Electronics AS. Compared to last year, there was revenue growth within every market sector. Growth was particularly strong within the Connectivity, Electrification and Industry market sectors.

Record order backlog

The order backlog ended at NOK 6 098 million, an increase of 116 per cent compared to last year and a record, reflecting very strong demand. Compared to last year, the order backlog grew within every market sector. Growth was particularly strong within the Connectivity and Industry market sectors.

Q4 EBIT margin 9.1 per cent

Fourth quarter EBITDA* was NOK 203.2 million (NOK 78.4 million), an increase of 159 per cent compared to last year.

Operating profit (EBIT)* for the fourth quarter ended at NOK 165 million (NOK 52.3 million), an increase of 216 per cent and a record. Profitability expressed as EBIT margin* was 9.1 per cent (5.5 per cent).

The EBIT margin is improved from the preceding quarters due to further easing of supply constraints, which has increased operating efficiency.

Profit after tax was NOK 101.2 million (NOK 40.0 million), corresponding to NOK 0.52 earnings per share (NOK 0.22).

Strong turnaround second half of year

Full-year revenue of NOK 6 487 million gave an overall increase in revenue of 75 per cent for the year. The revenue growth reflects underlying growth for all business units including the acquisition of Danish EMS provider BB Electronics AS and easing of supply constraints during the year. Operating profit (EBIT)* for the year ended at NOK 459.6 million (NOK 240.8 million), resulting in an EBIT* margin of 7.1 per cent (6.5 per cent). Profit after tax was NOK 287.1 million (NOK 152.8 million), corresponding to NOK 1.46 earnings per share (NOK 0.85).

The board proposes an ordinary dividend of NOK 0,50 per share (NOK 0.25).

Capital efficiency ratios improving

Operating cash flow was NOK 63.1 million (NOK 9.0 million) for the fourth quarter.

Net working capital was NOK 1 930 million, an increase of 57 per cent compared to the same quarter last year. Cash conversion cycle R3* was down from 126 days to 100 days, and net working capital R3* as a percentage of revenue was 26.1 per cent compared to 31.7 per cent last year. Return on operating capital (ROOC) R3* was 27.0 per cent compared to 12.3 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 355 million. However, the acquisition does not affect ratios significantly..

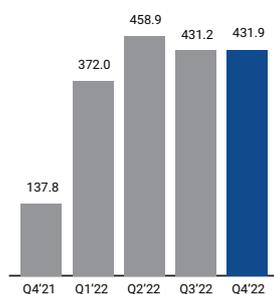
Capital efficiency ratios are now improving. Our focus continues to be on improving the supply situation, as well as managing resources, cash and deliverables.

Key figures

NOK million	Q4 2022	Q4 2021	Change	Full year 2022	Full year 2021	Change
Revenue	1 813.4	948.6	864.8	6 486.7	3 711.4	2 775.4
EBIT	165.0	52.3	112.8	459.6	240.8	218.8
Order backlog	6 097.8	2 827.1	3 270.7	6 097.8	2 827.1	3 270.7
Operating cash flow	63.1	9.0	54.2	117.0	126.3	(9.3)
Net working capital	1 929.7	1 227.7	702.0	1 929.7	1 227.7	702.0

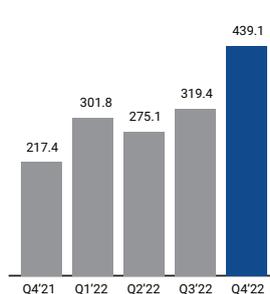
REVENUE Connectivity

NOK million



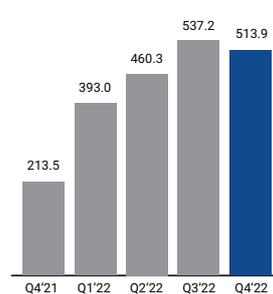
REVENUE Electrification

NOK million



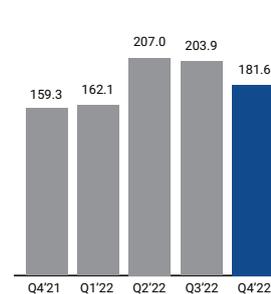
REVENUE Industry

NOK million



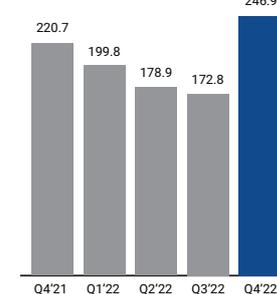
REVENUE Medical Devices

NOK million



REVENUE Defence/Aerospace

NOK million



Acquisition of Danish EMS provider

In the first quarter of 2022, 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 2022, see note 5 to the financial statements.

Order intake

Order intake in the quarter was NOK 3 065 million, which is 153.7 per cent higher than for the fourth quarter 2021. The order backlog ended at NOK 6 097.8 million, which is 116 per cent higher than the same period last year.

Four-quarter moving average order intake was up from NOK 1 686.3 million at the beginning of the fourth quarter to NOK 2 150.5 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	Q4 2022	Q4 2021	Change	Full year 2022	Full year 2021	Change
Connectivity	431.9	137.8	294.2	1 694.0	458.9	1 235.0
Electrification	439.1	217.4	221.7	1 335.5	983.2	352.3
Industry	513.9	213.5	300.4	1 904.4	872.7	1 031.8
Medical devices	181.6	159.3	22.4	754.5	633.5	121.1
Defence & Aerospace	246.9	220.7	26.2	798.3	763.1	35.2
Total group	1 813.4	948.6	864.8	6 486.7	3 711.4	2 775.4

Order backlog market sectors

NOK million	31.12.2022	31.12.2021	Change
Connectivity	1 404.2	303.5	1 100.7
Electrification	1 705.8	1 024.4	681.3
Industry	1 497.1	473.8	1 023.3
Medical devices	349.9	264.1	85.8
Defence & Aerospace	1 140.8	761.2	379.6
Total group	6 097.8	2 827.1	3 270.7

Operations

Organisation

The Kitron workforce corresponded to 2 848 full-time employees (FTE) on 31 December 2022. This is an increase of 1 099 FTE since the fourth quarter of 2021. Of the increase 934 FTEs are related to BB Electronics.

The company's total payroll expenses in the fourth quarter were NOK 140.5 million higher than in the corresponding period in 2021. The relative payroll costs ended at 17.8 per cent, down from 19.2 per cent of revenue in the fourth quarter last year.

Revenue business entities

NOK million	Q4 2022	Q4 2021	Change	Full year 2022	Full year 2021	Change
Nordics	724.6	518.9	205.7	2 506.1	1 819.0	687.1
CEE	622.9	317.1	305.8	2 077.8	1 297.8	780.0
Rest of the world	510.9	141.4	369.5	2 082.9	696.3	1 386.6
Group and eliminations	(45.0)	(28.8)	(16.2)	(180.1)	(101.7)	(78.4)
Total group	1 813.4	948.6	864.8	6 486.7	3 711.4	2 775.3

EBIT business entities

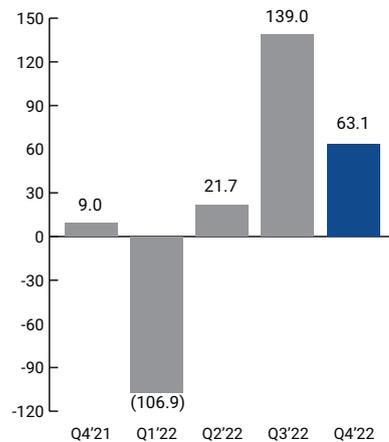
NOK million	Q4 2022	Q4 2021	Change	Full year 2022	Full year 2021	Change
Nordics	66.3	43.8	22.5	188.8	134.7	54.1
CEE	65.0	19.6	45.4	165.7	96.7	69.0
Rest of the world	54.3	12.1	42.2	165.4	37.7	127.7
Group and eliminations	(20.6)	(23.2)	2.6	(60.3)	(28.3)	(32.0)
Total group	165.0	52.3	112.7	459.6	240.8	218.8

Full time employees

NOK million	31.12.2022	31.12.2021	Change
Nordics	761	555	206
CEE	1 239	838	401
Rest of world	848	356	492
Total group	2 848	1 749	1 099

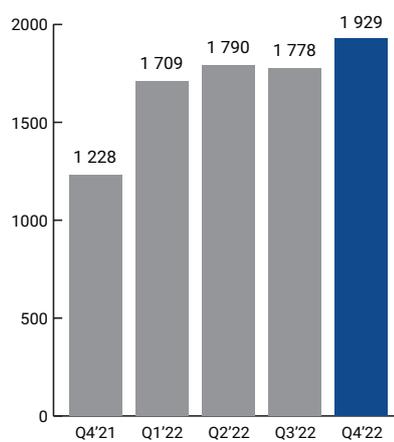
OPERATING CASH FLOW Group

NOK million



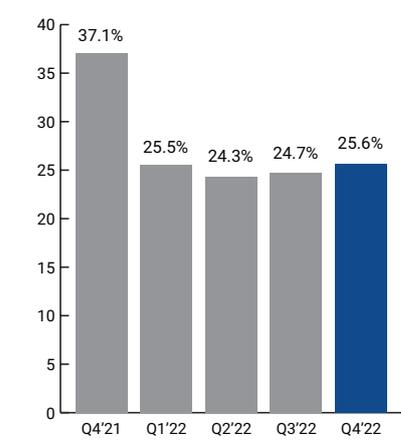
NET WORKING CAPITAL Group

NOK million



EQUITY RATIO Group

NOK million



Finance

Net financial items

During the quarter, net financial items amounted to a net cost of NOK 13.5 million. The corresponding figure for the fourth quarter last year was a net cost of NOK 4.5 million. Net agio for the fourth quarter amounted to NOK 9.0 million (2021: agio NOK 0.2 million).

Balance sheet

Kitron's gross balance sheet as of 31 December 2022 amounted to NOK 5 874.7 million, compared to NOK 3 309.4 million at the same time in 2021.

Equity was NOK 1 506.5 million (NOK 1 228.0 million), corresponding to an equity ratio of 25.6 per cent (37.1 per cent). Return on equity was 27,6% (12,7%) Equity is influenced by foreign exchange effects from consolidation of foreign subsidiaries.

Inventory was NOK 1 815.5 million as of 31 December 2022 (NOK 880.3 million). Inventory turns* was 2.5 in the fourth quarter 2022, which is an increase compared to the fourth quarter last year (1.9). Deposits from customers are collected to partially offset the increased inventory.

Accounts receivables amounted to NOK 1 508.2 million at the end of the fourth quarter of 2022. The corresponding amount at the same time in 2021 was NOK 864.6 million.

Outlook

Demand continues to be strong, and EBIT margin and capital efficiency are improving. For 2023, Kitron expects revenues between NOK 6 700 and 7 300 million. Operating profit (EBIT) is expected to be between NOK 450 and 550 million. Revenue and EBIT are now expected to be in the higher end of the ranges.

Oslo, 14 February 2023, Board of directors, Kitron ASA

Contract assets were NOK 624.6 million as of 31 December 2022, compared to NOK 400.6 million at the same time in 2021.

Right-of-use assets amounted to NOK 254.6 million at the end of the fourth quarter compared to NOK 239.5 million at the same time last year.

Right-of-use assets consist of buildings, land and vehicles amounting to NOK 132.3 million (2021: NOK 115.0 million) and machinery and equipment amounting to NOK 122.4 million (2021: NOK 124.5 million). Depreciation and interest costs related to leased buildings, land and vehicles were NOK 9.4 million and NOK 1.7 million respectively for the fourth quarter (2021: NOK 4.8 million and NOK 0.4 million respectively).

The group's reported net interest-bearing debt* amounted to NOK 1 626.6 million as of 31 December 2022 (NOK 571.4 million). Net gearing of the company was 1.08 (0.47). Net interest-bearing debt/ EBITDA is 2.6 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 0.99 and 2.56 respectively.

Condensed profit and loss statement

NOK 1 000	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Revenue	1 813 421	948 586	6 486 734	3 711 373
Cost of materials	1 218 510	620 443	4 445 306	2 449 714
Payroll expenses	322 924	182 429	1 092 517	719 144
Other operational expenses	97 044	66 483	330 949	197 050
Other gains / (losses)	28 238	(788)	3 038	(3 604)
Operating profit before depreciation and impairments (EBITDA)	203 181	78 443	621 000	341 861
Depreciation	38 160	26 186	161 411	101 048
Operating profit (EBIT)	165 021	52 257	459 589	240 813
Net financial items	(13 518)	(4 452)	(67 355)	(36 648)
Profit (loss) before tax	151 503	47 804	392 234	204 165
Tax	50 310	7 837	105 087	51 323
Profit (loss) for the period	101 193	39 967	287 147	152 843
Earnings per share-basic	0.52	0.22	1.46	0.85
Earnings per share-diluted	0.50	0.22	1.43	0.84

Condensed balance sheet

NOK 1 000	31.12.2022	31.12.2021
ASSETS		
Goodwill	472 857	36 933
Other intangible assets	318 491	44 917
Property, plant and equipment	359 910	212 940
Right-of-use assets	254 611	239 503
Deferred tax assets	91 658	73 989
Other receivables	10 410	10 316
Total non-current assets	1 507 939	618 598
Inventory	1 815 489	880 297
Accounts receivable	1 508 212	864 598
Contract assets	624 561	400 586
Other receivables	145 770	117 302
Cash and cash equivalents	272 698	428 035
Total current assets	4 366 731	2 690 818
Total assets	5 874 670	3 309 417
LIABILITIES AND EQUITY		
Equity	1 506 491	1 228 046
Total equity	1 506 491	1 228 046
Deferred tax liabilities	66 366	4 223
Loans	1 255 230	206 230
Pension commitments	5 302	5 557
Other liabilities	12 134	4 227
Total non-current liabilities	1 339 032	220 237
Accounts payable	2 018 591	917 779
Other payables	301 054	131 057
Tax payable	65 399	19 050
Loans	644 103	793 247
Total current liabilities	3 029 147	1 861 133
Total liabilities and equity	5 874 670	3 309 417

Condensed cash flow statement

NOK 1 000	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Profit before tax	151 503	47 804	392 234	204 165
Depreciations	38 160	26 186	161 411	101 048
Change in inventory, accounts receivable, contract assets and accounts payable	(118 514)	(70 248)	(348 302)	(163 940)
Change in net other current assets and other operating related items	(122)	(26 172)	(65 914)	(102 622)
Change in factoring debt	(7 899)	31 395	(22 478)	87 661
Net cash flow from operating activities	63 128	8 966	116 951	126 314
Net cash flow from investing activities	(63 599)	(24 476)	(996 739)	(45 974)
Net cash flow from financing activities	(79 505)	341 627	736 027	197 390
Change in cash and cash equivalents	(79 976)	326 117	(143 760)	277 730
Cash and cash equivalents opening balance	346 168	102 860	428 035	152 573
Currency conversion of cash and cash equivalents	6 506	(943)	(11 576)	(2 269)
Cash and cash equivalents closing balance	272 698	428 035	272 698	428 035

Condensed statement of comprehensive income

NOK 1 000	Q4 2022	Q4 2021	Full year 2022	Full year 2021
Profit (loss) for the period	101 193	39 967	287 147	152 843
Actuarial gain / losses pensions	(162)	(299)	(162)	(299)
Gain/losses forward contract	-	(5 831)	5 829	(5 831)
Exchange differences on translation of foreign operations	(60 551)	(10 655)	34 443	(10 588)
Total comprehensive income for the period	40 480	23 182	327 257	136 125
Allocated to shareholders	40 480	23 182	327 287	136 125

Changes in equity

NOK 1 000	31.12.2022	31.12.2021
Equity opening balance	1 228 046	885 654
Profit (loss) for the period	287 147	152 843
Paid dividends	(49 254)	(125 373)
Issue of ordinary shares	68	338 356
Employee share schemes	405	5 243
Other adjustments	-	(11 958)
Other comprehensive income for the period	40 079	(16 718)
Equity closing balance	1 506 491	1 228 046

Notes to the financial statements

Note 1 – General information and principles

The condensed consolidated financial statements for the fourth 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.

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 – 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	265 072
Property, plant and equipment	115 395
Right-of-use assets	31 353
Financial assets	2 661
Deferred tax assets	8 521
Inventory	459 959
Accounts receivable	222 323
Contract assets	77 867
Other receivables	62 644
Cash and cash equivalents	31 572
Deferred tax	(59 678)
Loans	(103 227)
Other liabilities	(13 388)
Accounts payable	(433 177)
Other payables	(175 806)
Tax payable	(7 721)
Loans	(30 245)
Net identifiable assets acquired	478 135
Add: goodwill	417 240
Net assets acquired	895 375

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

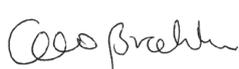
Revenue and profit contribution

The acquired business contributed revenues of NOK 567.0 million, EBITDA of NOK 69.6 million, EBIT of NOK 58.6 million and net profit of NOK 26.9 million to the group for the fourth quarter 2022. The corresponding figures for the period from 1 January 2022 to 31 December 2022 were revenues of NOK 2 188.4 million, EBITDA of NOK 226.8 million, EBIT of NOK 188.6 million and net profit of NOK 133.5 million. In addition, other intangible assets (customer contracts) included in the preliminary fair value assessment are amortized with NOK -1.1 million for the fourth quarter and NOK 18.3 million for the period from 1 January 2022 to 31 December 2022.

Oslo, 14 Februar 2023



Tuomo Lähdesmäki
Chairman



Gro Brækken
Deputy Chairman



Michael Lundgaard Thomsen
Board Member



Espen Gundersen
Board Member



Petra Grandinson
Board Member



Maalfrid Brath
Board Member



Bjørn Gottschlich
Employee Elected Board
Member



Tanja Rørheim
Employee Elected Board
Member



Jarle Larsen
Employee Elected Board
Member



Lars Peter Nilsson
CEO of Kitron ASA

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

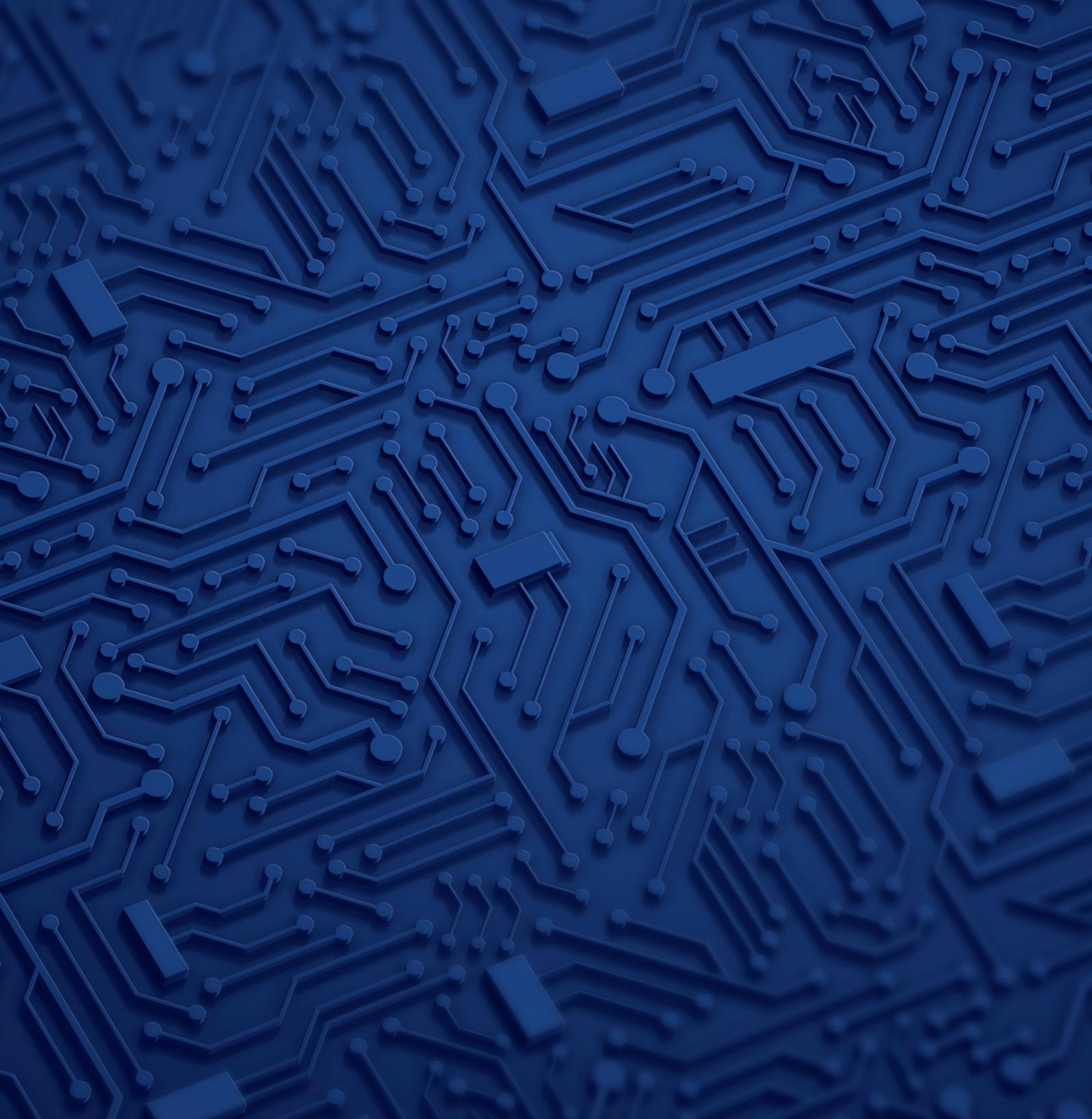
Net interest bearing debt / Equity

Equity Ratio

The ratio of Equity to Total Assets

Return on equity

(Last 3 months Profit (loss) for the period * 4)/(Last 3 months Equity/3)



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 2 850 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.