



First 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

In the face of a challenging market, Kitron is preserving its profitability. The demand forecast for 2024 has been revised downwards, with an expected decline of about 12% from the previous year, attributed to ongoing customer destocking resulting in reductions in demand and customer forecast cancellations.

Nonetheless, we're seeing strong demand in key areas such as Defence, Aerospace, Security, Efficient long-distance electricity transmission, AI-driven chip design tools, and communication infrastructure. These products are built in Norway, Sweden, and the U.S. leading to an overall growth in these sites by more than 20% in 2024.

After remarkable growth in 2023, our Central and Eastern Europe (CEE) operations are now facing a downturn, with a 30% decrease in the Connectivity, Electrification, and Industry sectors. This is mainly due to significant inventory build-up among our customers and negative market sentiment affecting demand in Europe and China.

In Asia, particularly in China, demand has sharply fallen, especially in the Connectivity and Industry sectors. Negative market sentiment, geopolitical tensions, and security concerns have led to a 50% reduction in demand year-over-year. Our new facility in Malaysia, however, is meeting customer expectations and is set for transfers from our other operations and new customer engagements.

Reflecting on the growth from 2022 to 2023, with significant investments in people, plants and equipment and the current softer outlook for 2024, we've taken substantial steps towards creating a unified "One Kitron" through adopting common business platforms, streamlining organizational structures, and aligning capacity with demand to enhance future efficiency and competitiveness.

These actions will lead to a workforce reduction of more than 20% from last year's peak, reducing our annual costs by €12 million. The first quarter saw nearly €5 million in restructuring charges. We anticipate the full impact of these changes to materialize from the mid-second quarter onwards.

Looking ahead, we are steadfast about maintaining our operating margins in line with our strategic target of 9%.

For the full year, we anticipate revenues to be between €660M and €710M, with an operating profit (EBIT) of €53M to €60M, including €5M in restructuring costs incurred in the first quarter.



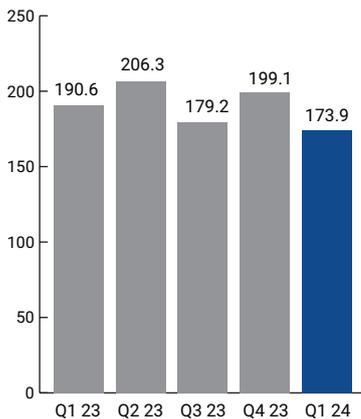
Peter Nilsson

First quarter report 2024

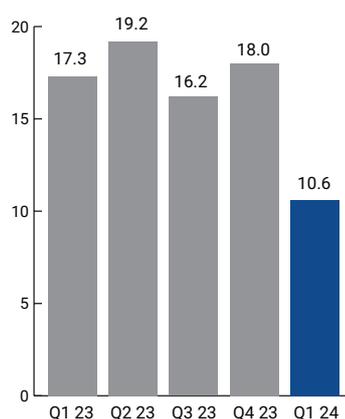
Strong underlying profitability in a challenging market

- **Strong underlying profitability**
- **Challenging market outlook**
- **Growth in key market sectors**
- **Restructuring program launched**

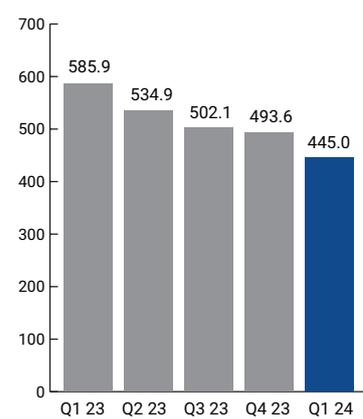
REVENUE Group
EUR million



EBIT Group
EUR million



ORDER BACKLOG Group
EUR million



Growth in key market sectors

Kitron's revenue for the first quarter was EUR 173.9 million, a decrease of 9 per cent compared to last year. There was strong growth within the Defence/Aerospace market sector, but the other market sectors declined.

Challenging market outlook

The order backlog ended at EUR 445 million, a decrease of 24 per cent compared to last year and a decrease of 10 per cent from the preceding quarter, reflecting ongoing destocking among customers.

Strong underlying profitability affected by restructuring charges

First quarter EBITDA* was EUR 15.2 million (EUR 21.4 million), a decrease of 29 per cent compared to last year. Operating profit (EBIT)* for the first quarter ended at EUR 10.6 million (EUR 17.3 million), a decrease of 39 per cent. This is impacted by restructuring charges of EUR 4.8 million. Profitability expressed as EBIT margin* was 6.1 per cent (9.1 per cent), including the restructuring charges. Profit after tax was EUR 6.5 million (EUR 13.3 million), corresponding to EUR 0.03 earnings per share (EUR 0.07).

Restructuring program launched

While we see strong demand in certain market segments, the overall demand forecast for 2024 has been revised downwards. Consequently, Kitron has implemented cost initiatives to maintain our operating margin in line with our strategic target of 9 per cent. The cost initiatives will reduce the annual cost base by about EUR 12 million, with full impact from the mid second quarter onwards. The workforce build-up during the strong demand in 2022 and 2023 has been reversed, partly through a reduction in the use of temporary staff.

Stable working capital

Operating cash flow was EUR 8.5 million (EUR 10.5 million) for the first quarter. Net working capital was EUR 196.9 million, an increase of 7.1 per cent compared to the same quarter last year. Cash conversion cycle R3* was up from 90 days to 113 days, and net working capital R3* as a percentage of revenue was 28.0 per cent compared to 23.7 per cent last year. Return on operating capital (ROOC) R3* was 15.4 per cent compared to 26.0 per cent in the same quarter last year. Capital efficiency ratios have stabilized. Our focus continues to be on improving the supply situation, as well as managing resources, cash and deliverables.

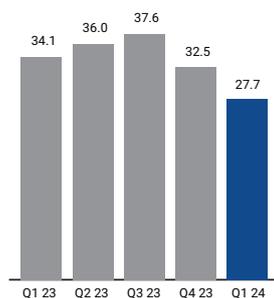
Key figures

EUR million	Q1 2024	Q1 2023	Change	Full year 2023
Revenue	173.9	190.6	(16.7)	775.2
EBIT	10.6	17.3	(6.7)	70.7
Order backlog	445.0	585.9	(140.9)	493.6
Operating cash flow	8.5	10.5	(2.0)	59.0
Net working capital	196.9	183.7	13.2	193.8

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

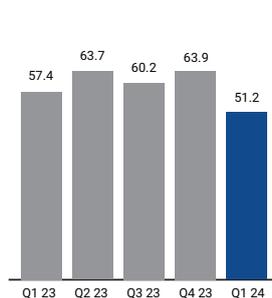
REVENUE Connectivity

EUR million



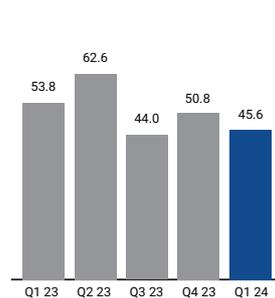
REVENUE Electrification

EUR million



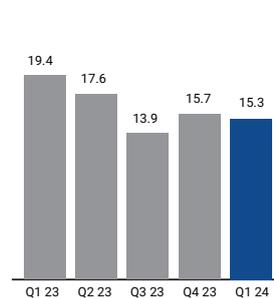
REVENUE Industry

EUR million



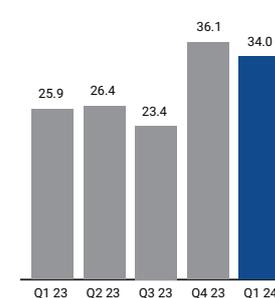
REVENUE Medical Devices

EUR million



REVENUE Defence/Aerospace

EUR million



Order intake

Order intake in the quarter was EUR 125.2 million, which is 36 per cent lower than for the first quarter 2023. The order backlog ended at EUR 445.0 million, which is 24 per cent lower than the same period last year.

Four-quarter moving average order intake was down from EUR 172.1 million at the beginning of the fourth quarter to EUR 154.4 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	Q1 2024	Q1 2023	Change	Full year 2023
Connectivity	27.7	34.1	(6.4)	140.4
Electrification	51.2	57.4	(6.2)	245.1
Industry	45.6	53.8	(8.2)	211.1
Medical devices	15.3	19.4	(4.1)	66.7
Defence/Aerospace	34.0	25.9	8.1	111.8
Total group	173.9	190.6	(16.7)	775.2

Order backlog market sectors

EUR million	31.03.2024	31.03.2023	Change	31.12.2023
Connectivity	68.4	81.0	(12.6)	48.0
Electrification	149.6	210.4	(60.7)	174.4
Industry	75.0	134.0	(59.0)	93.2
Medical devices	20.1	31.0	(10.9)	22.2
Defence/Aerospace	131.8	129.5	2.2	155.8
Total group	445.0	585.9	(140.9)	493.6

Operations

Organisation

The Kitron workforce corresponded to 2 771 full-time employees (FTE) on 31 March 2024. This is a decrease of 418 FTE since the first quarter of 2023. The company's total payroll expenses in the first quarter were

EUR 3.1 million higher than in the corresponding period in 2023. The relative payroll costs ended at 19.7 per cent, up from 16.3 per cent of revenue in the first quarter last year.

Revenue Business Sectors

EUR million	Q1 2024	Q1 2023	Change	31.12.2023
Nordics & North America	92.0	79.6	12.5	325.0
CEE	61.9	70.5	(8.6)	304.8
Asia	22.6	44.4	(21.8)	157.4
Group and eliminations	(2.7)	(3.9)	1.2	(12.0)
Revenue	173.9	190.6	(16.7)	775.2

EBIT Business Sectors

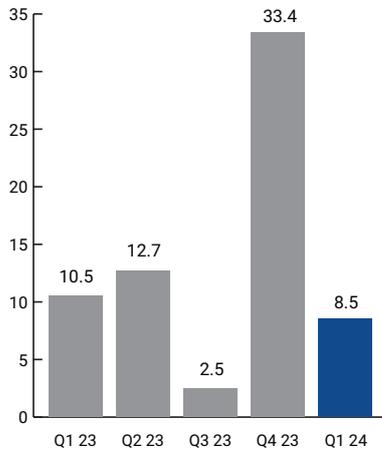
EUR million	Q1 2024	Q1 2023	Change	31.12.2023
Nordics & North America	8.1	7.3	0.8	27.3
CEE	5.3	7.2	(1.9)	29.2
Asia	1.9	4.6	(2.7)	19.8
Group and eliminations*	(4.7)	(1.7)	(2.9)	(5.6)
EBIT	10.6	17.3	(6.8)	70.7

FTE Business Sectors

	31.03.2024	31.03.2023	Change	Full year 2023
Nordics & North America	1 009	905	104	994
CEE	1 209	1 382	(173)	1 376
Asia	553	902	(349)	631
FTE	2 771	3 189	(418)	3 001

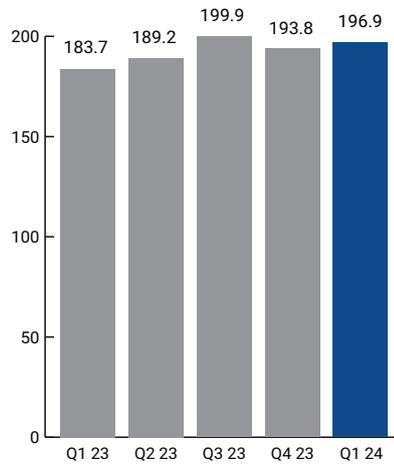
OPERATING CASH FLOW Group

EUR million



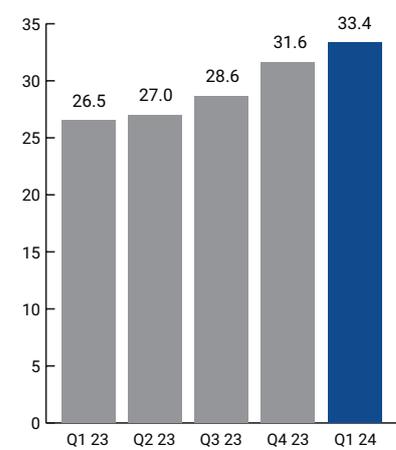
NET WORKING CAPITAL Group

EUR million



EQUITY RATIO Group

EUR million



Finance

Net financial items

During the quarter, net financial items amounted to a net cost of EUR 1.9 million. The corresponding figure for the first quarter last year was a net cost of EUR 1.0 million. Net agio for the first quarter amounted to EUR 0.7 million (agio EUR 0.7 million).

Balance sheet

Kitron's gross balance sheet as of 31 March 2024 amounted to EUR 569.0 million, compared to EUR 582.0 million at the same time in 2023.

Equity was EUR 189.9 million (EUR 154.3 million), corresponding to an equity ratio of 33.4 per cent (26.5 per cent). Return on equity was 13.8 per cent (35.4 per cent). Equity is influenced by foreign exchange effects from consolidation of foreign subsidiaries.

Inventory was EUR 155.5 million as of 31 March 2024 (EUR 188.7 million). Inventory turns* was 3.4 in the first quarter 2024, which is equal to the first quarter last year (3.4). Deposits from customers are collected to partially offset the increased inventory.

Accounts receivables amounted to EUR 123.8 million at the end of the first quarter of 2024. The corresponding amount at the same time in 2023 was EUR 152.0 million. Contract assets were EUR 75.8 million as of 31 March 2024, compared to EUR 59.4 million at the same time in 2023.

Right-of-use assets amounted to EUR 25.5 million at the end of the first quarter compared to EUR 22.6 million at the same time last year. Right-of-use assets consist of buildings, land and vehicles amounting to EUR 11.9 million (2023: EUR 11.7 million) and machinery and equipment amounting to EUR 13.6 million (2023: EUR 10.9 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 first quarter (2023: EUR 0.8 million and EUR 0.2 million respectively).

The group's reported net interest-bearing debt* amounted to EUR 123.1 million as of 31 March 2024 (2023: EUR 140.8 million). Net gearing of the company was 0.7 (0.9). Net interest-bearing debt/ EBITDA is 1.5 for 12 months rolling compared to 2.0 for the same period last year. The net gearing and net interest-bearing debt / EBITDA exclusive IFRS 16 effects are 0.6 and 1.4 respectively.

Outlook

For 2024, Kitron has previously indicated a revenue outlook of between EUR 700 and 800 million and an operating profit (EBIT) between EUR 60 and 74 million. Due to the challenging market outlook, we now expect revenue to be between EUR 660 and 710 million. Cost initiatives are implemented to maintain operating margins, and we expect an operating profit (EBIT) between EUR 53 and 60 million, including EUR 4.8 million in restructuring costs in the first quarter.

Oslo, 27 April 2024, Board of directors, Kitron ASA

Condensed profit and loss statement

EUR million	Q1 2024	Q1 2023	Full year 2023
Revenue	173.9	190.6	775.2
Cost of materials	113.9	129.6	528.3
Payroll expenses	34.3	31.2	122.4
Other operational expenses	10.4	9.2	37.2
Other gains / (losses)	(0.0)	0.8	1.1
Operating profit before depreciation and impairments (EBITDA)	15.2	21.4	88.3
Depreciation	4.7	4.1	17.6
Operating profit (EBIT)	10.6	17.3	70.7
Net financial items	(1.9)	(1.0)	(6.0)
Profit (loss) before tax	8.6	16.3	64.7
Tax	2.1	3.0	13.7
Profit (loss) for the period	6.5	13.3	51.1
Earnings per share-basic	0.03	0.07	0.26
Earnings per share-diluted	0.03	0.07	0.26

Condensed balance sheet

EUR million	31.03.2024	31.03.2023	31.12.2023
ASSETS			
Goodwill	44.7	44.8	44.8
Other intangible assets	27.3	25.8	27.2
Property, plant and equipment	49.7	35.1	47.8
Right-of-use assets	25.5	22.6	26.9
Deferred tax assets	6.5	8.6	6.2
Other receivables	0.9	1.0	0.9
Total non-current assets	154.7	137.8	153.9
Inventory	155.5	188.7	166.4
Accounts receivable	123.8	152.0	131.3
Contract assets	75.8	59.4	77.9
Other receivables	11.6	17.9	12.2
Cash and cash equivalents	47.6	26.0	39.0
Total current assets	414.3	444.1	426.9
Total assets	569.0	582.0	580.8
LIABILITIES AND EQUITY			
Equity	189.9	154.3	183.5
Total equity	189.9	154.3	183.5
Deferred tax liabilities	5.5	5.4	5.4
Interest bearing debt	108.8	110.9	113.3
Pension commitments	0.4	0.5	0.5
Other liabilities	1.1	1.2	1.1
Total non-current liabilities	115.9	117.9	120.3
Accounts payable	158.3	216.6	181.9
Other payables	37.9	30.5	33.8
Tax payable	5.2	6.9	6.3
Interest bearing debt	61.9	55.9	55.1
Total current liabilities	263.2	309.8	277.1
Total liabilities and equity	569.0	582.0	580.8

Condensed cash flow statement

EUR million	Q1 2024	Q1 2023	Full year 2023
Profit before tax	8.6	16.3	64.7
Depreciations	4.7	4.1	17.6
Change in inventory, accounts receivable, contract assets and accounts payable	(3.1)	0.1	(10.2)
Change in net other current assets and other operating related items	(1.7)	(10.0)	(13.2)
Net cash flow from operating activities *)	8.5	10.5	59.0
Net cash flow from investing activities	(2.6)	(3.4)	(16.3)
Net cash flow from financing activities *)	2.1	(6.2)	(29.5)
Change in cash and cash equivalents	8.0	0.9	13.3
Cash and cash equivalents opening balance	39.0	25.9	25.9
Currency conversion of cash and cash equivalents	0.6	(0.8)	(0.2)
Cash and cash equivalents closing balance	47.6	26.0	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	Q1 2024	Q1 2023	Full year 2023
Profit (loss) for the period	6.5	13.3	51.1
Actuarial gain / losses pensions	-	-	(0.0)
Gain / losses forward contract	-	-	(0.1)
Exchange differences on translation	(0.1)	(2.6)	(1.9)
Total comprehensive income for the period	6.4	10.7	49.0
Allocated to shareholders	6.4	10.7	49.0

Changes in equity

EUR million	31.03.2024	31.03.2023	31.12.2023
Equity opening balance	183.5	143.3	143.3
Profit (loss) for the period	6.5	13.3	51.1
Paid dividends	-	-	(8.4)
Issue of ordinary shares	-	-	0.0
Employee share schemes	0.0	0.2	(0.5)
Other comprehensive income for the period	(0.1)	(2.6)	(2.0)
Equity closing balance	189.9	154.3	183.5

Notes to the financial statements

Note 1 – General information and principles

The condensed consolidated financial statements for the first 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 %

(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. The company has manufacturing facilities in Norway, Sweden, Denmark, Lithuania, Poland, the Czech Republic, India, China, Malaysia and the US and has about 3 000 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.