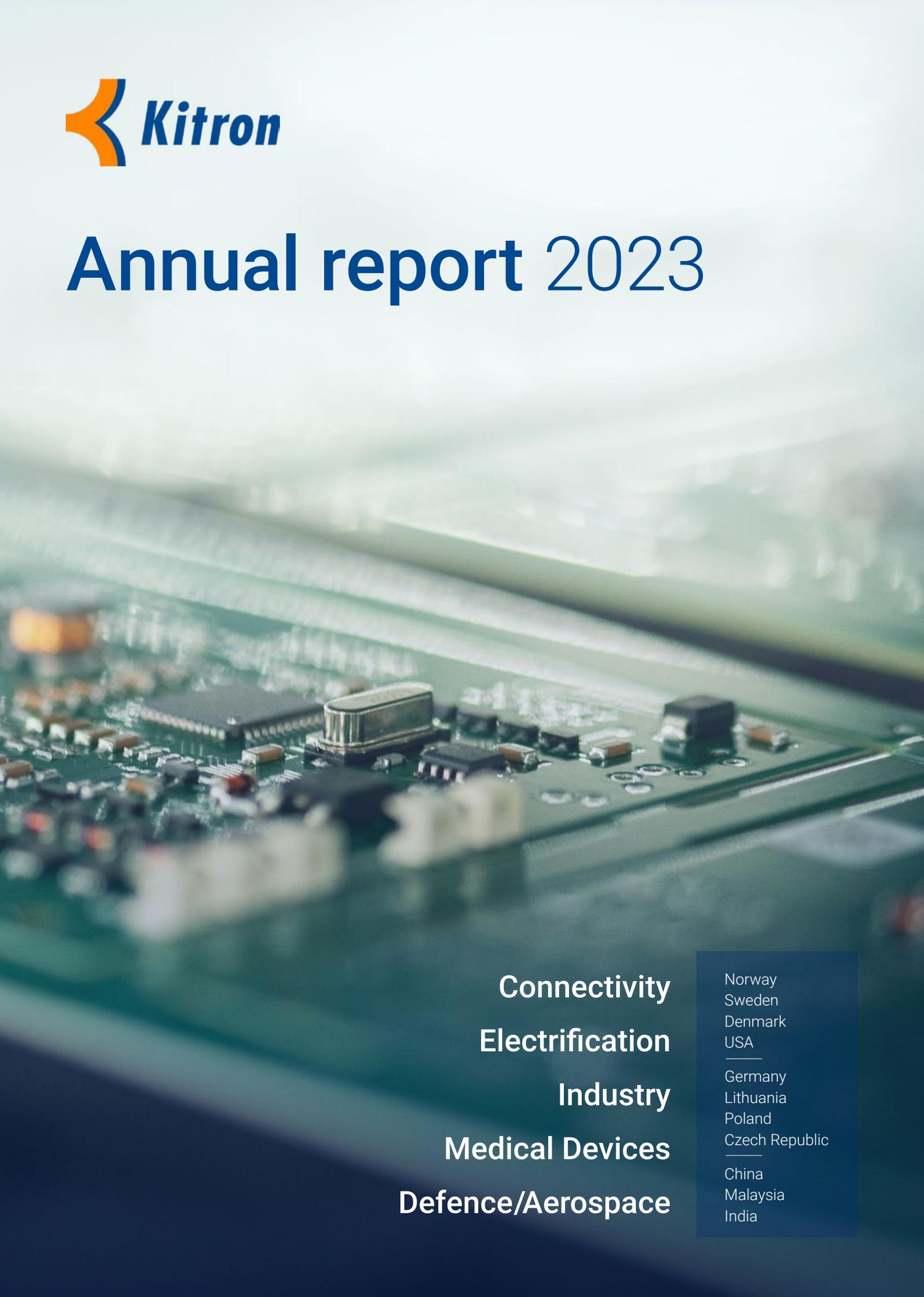




Annual report 2023



Connectivity

Electrification

Industry

Medical Devices

Defence/Aerospace

Norway
Sweden
Denmark
USA

Germany
Lithuania
Poland
Czech Republic

China
Malaysia
India



Kitron

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Kitron in brief

Kitron is an international Electronics Manufacturing Services (EMS) company. The company is located in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, India, China, Malaysia and the US and has about 3000 employees. Kitron provides electronic manufacturing services. This includes automated assembly of printed circuit boards as well as higher-level systems integration. It also increasingly provides various related services within development, industrialization, supply chain management, logistics and aftermarket services.

**Kitron is most competitive within complex manufacturing processes that require niche expertise.
Kitron focuses its sales and marketing activities within five key sectors:**



Connectivity



Electrification



Industry



**Medical
devices**



**Defence/
Aerospace**

The group balances sales among its market sectors, enabling Kitron a diversified position to handle shifts in demand.

The company has strong, long-term relationships with large multinational customers.

Flexible full-service EMS supplier

Kitron's services range from development and design, through industrialization, sourcing, and logistics, to manufacturing, redesigning and upgrading products to extend their lifespan. Kitron endeavours to achieve seamless integration with customers and suppliers.

The company is working to further enhance its competitiveness by expanding its range of services in those parts of the value chain that demand high levels of expertise. The group is constantly striving to optimize the sourcing function, manufacturing process and logistics to reduce its cost base.

Quality assurance

The group measures quality in all processes. Continuous quality improvement is achieved through training and the implementation of programs such as Six Sigma and LEAN Manufacturing. Kitron is striving to achieve superior quality and thereby create a competitive advantage relative to other EMS companies.

Global services

Kitron delivers many valuable global services to customers. Global sourcing is responsible for performing sourcing activities for the whole group, Component Engineering, Product data services, Automation, and Test services, Return, Repair and Overhaul and Field services are some examples.

Vision and values

Kitron's vision is to provide solutions that deliver success for its customers. Kitron shall contribute to developing customers' businesses into leading companies within their respective markets.

The company's values are commitment, innovation, and engagement. We are committed to customers, suppliers, shareholders, colleagues, sustainability, and the environment, we foster creativity, striving for even better processes, services, and solutions, benefiting both our customers and employees, and individuals and teams are provided equal opportunities for growth, development, and realization of their potentials.

Strategy

Our strategy is to have a strong local presence in all regions. Kitron has operations in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, India, China, Malaysia, and the United States. In each of these regions we tailor our offering to best suit the local needs.

We focus on Northern European, US and Asian markets, targeting professional customers. Kitron's current strategy contains three key elements: accelerated organic growth, continuous operational improvements, and growth through targeted acquisitions.

Accelerate organic growth

Kitron will continue to increase market shares in its Nordic home markets by leveraging its key competences and competitive edge. Focus on gaining market share in Northern Europe is a priority. Asia and the US are large markets where Kitron sees attractive opportunities.

The company is also increasing service sales, contributing both to increased revenues and margin expansion.

In addition to targeting new customers, Kitron sees substantial opportunities in deepening its relationships with existing customers, many of which are large, complex multinationals with a few different divisions with potential for Kitron.

Continuous operational improvement

Kitron focuses on leveraging growth to reduce the relative cost base. Utilizing common global functions and efficiency programs are also crucial to lowering operating expenses versus sales and staying competitive. Innovative use of advanced manufacturing technology will increasingly determine the competitiveness of Kitron.



3000+
Employees



300+
Engineers



11
Countries



60+
Years of history



35+
SMT lines



100 000+
Sq. m. of manufacturing area

Growth through targeted acquisitions

In December 2021, Kitron agreed to acquire the Danish EMS company BB Electronics A/S. This added production facilities in Denmark, China and the Czech Republic, and gave Kitron a strong position in the Danish market. During 2023, the BB Electronics organization and sites were integrated and rebranded under the "One Kitron" umbrella.

The company intends to pursue further M&A activities to grow and will explore M&A value creation to grow the customer base, realize synergies and expand margins.

Kitron's history

Kitron has its origin in companies which were established in the 1960s in Arendal, Norway. The Kitron name was established in the 1980s, and Kitron's business idea changed to providing services relating to the manufacturing and assembly of electronics and industrial products. Kitron was listed on the Oslo Stock Exchange in 1997.

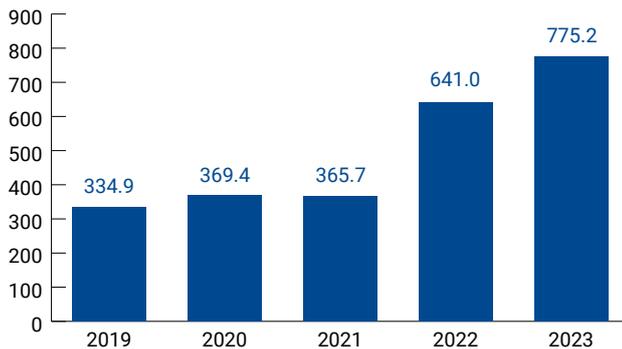
To strengthen its market position and competence, Kitron has carried out several mergers and acquisitions in Norway, Sweden, Lithuania, Denmark and the US.

Based on this history, Kitron is a leading Scandinavian Electronics Manufacturing Services (EMS) company, delivering improved flexibility, cost efficiency, and innovation power through the value chain.

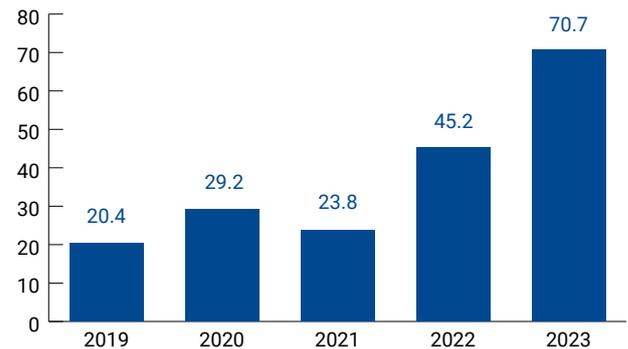
Board of Directors' report

Record revenue and profits

Revenue in EUR million



Operating profit in EUR million



Kitron's revenue for the year was EUR 775.2 million (EUR 641.0 million), which represented a 21 per cent increase compared with 2022. The increased revenue reflects underlying growth. EBIT for the group was EUR 70.7 million (EUR 45.2 million). Net profit for the year amounted to EUR 51.1 million (EUR 28.3 million), corresponding to EUR 0.26 per share (EUR 0.14). According to Kitron's dividend policy, 20 to 60% of net profit should be paid back to the shareholders as dividends. Taking the company's current financial position and investment plans into consideration, the Board of Directors will propose to the Annual General Meeting a dividend of NOK 0.75 per share for the financial year 2023, up from NOK 0.50 last year.

In the Annual Report 2022, Kitron indicated an expected revenue range of between NOK 6 700 and 7 300 million and an operating profit (EBIT) between NOK 450 and 550 million. From 1 January 2023, Kitron changed its presentation currency from NOK to EUR. When accounting for this change, both figures ended significantly higher than the indicated ranges, reflecting strong demand and easing of supply constraints.

The business

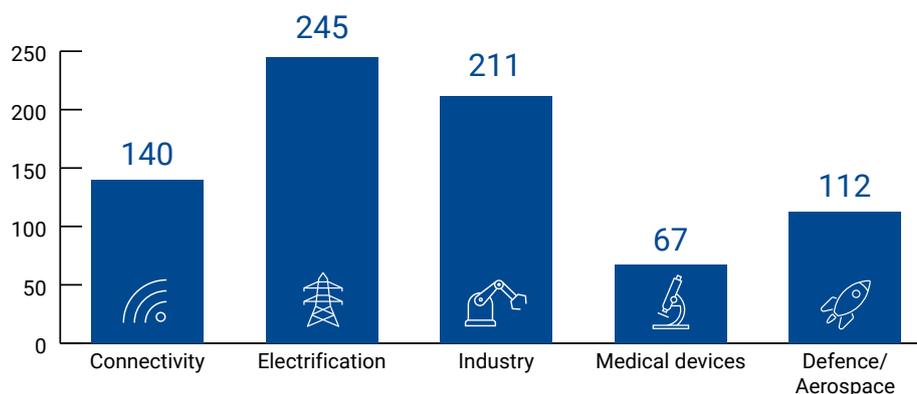
Kitron's business model is to provide manufacturing and assembly services for products containing electronics. The business model covers the whole value chain from development, industrialization, purchasing, logistics and maintenance/repair to redesign. For customers, having Kitron as their professional manufacturing partner means increased flexibility, reduced costs and improved quality. The industry requires a focus on manufacturing efficiency and cost reduction.

Hence, many OEMs choose to focus on their own core competences and partner with specialized EMS (Electronics Manufacturing Services) providers such as Kitron. When selecting an EMS partner, geographical proximity and access to competitive manufacturing play a crucial role in the customer's choice of supplier. With its global presence, Kitron is well-placed in this market.

The company has operations in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, India, China, Malaysia and the United States. All employees have been certified in accordance with international quality standards for the applicable manufacturing.



Revenue per market sector 2023, EUR million



Markets

Kitron's services are most competitive within complex manufacturing processes that require niche expertise. Kitron focuses its sales and marketing activities within five key sectors: Connectivity, Electrification, Industry, Medical devices and Defence/Aerospace.

The order backlog ended at EUR 493.6 million, a decrease of 15 per cent compared to last year, reflecting normalization as the gradually improving electronic component situation reduces lead times. The exception to this trend is Defence/Aerospace, where the order backlog has grown substantially over the past year.

Kitron recognizes firm orders and four-month customer forecasts in the order backlog, while frame agreements and similar are not included (beyond the four-month forecast).

Connectivity

Revenue in the Connectivity sector increased by 1 per cent and ended at EUR 140.4 million in 2023. The sector accounted for 18 per cent of the group's total revenues.

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

Revenue in the Electrification sector increased by 56 per cent and ended at EUR 245.1 million in 2023. The sector accounted for 32 per cent of the group's total revenues.

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

Revenue in the Industry sector increased by 12 per cent and ended at EUR 211.1 million in 2023. The sector accounted for 27 per cent of the group's total revenues.

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

Revenue in the Medical sector decreased by 11 per cent and ended at EUR 66.7 million in 2023. The sector accounted for 9 per cent of the group's total revenues.

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

Revenue in the Defence/Aerospace sector increased by 35 per cent and ended at EUR 111.8 million in 2023. The sector accounted for 14 per cent of the group's total revenues.

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.

Important events in 2023

Supply chain constraints eased

The component supply situation, which was difficult in 2021, gradually eased during 2022, and this trend continued in 2023. This increased Kitron's ability to turn demand into revenues and improving operational efficiency. It also led to a decrease in order backlog, as customers reduced inventories and lead times.

New facility in Malaysia

During 2023, Kitron set up a new production facility in Johor, Malaysia to diversify the company's Asian offering outside China.

Financial statements

The Board of Directors believes that the annual financial statements provide a true and fair view of the net assets, financial position and result of [Kitron ASA](#) and the Kitron Group for the year. The group's consolidated financial statements are presented in compliance with IFRS® Accounting Standards as adopted by the EU.

Profit and loss

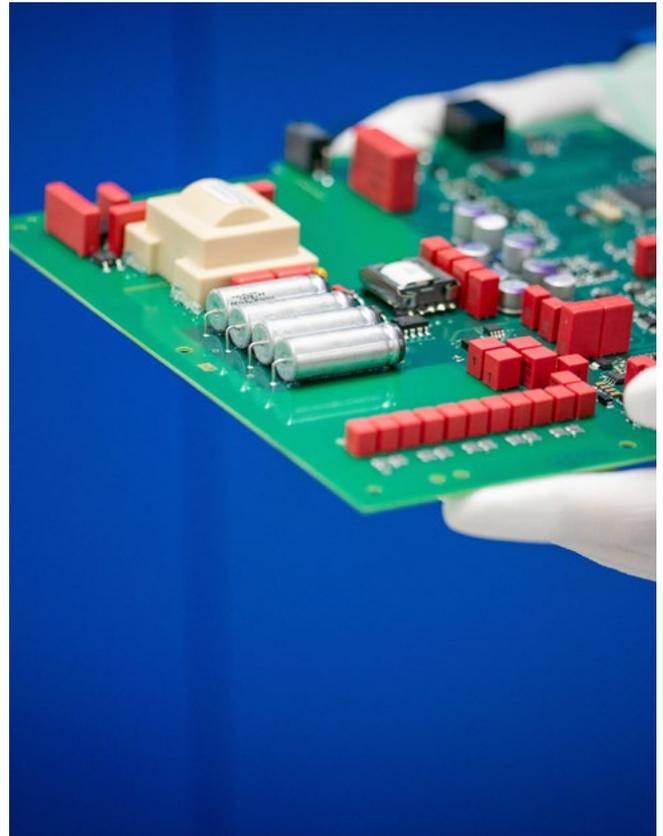
Operating revenue for 2023 amounted to EUR 775.2 million (EUR 641.0 million), which represented a 21 per cent increase compared with 2022. The increased revenue reflects underlying growth.

The number of full-time equivalents (FTE) increased from 2 848 at the end of 2022 to 3 002 at the end of 2023. The group's payroll expenses increased and amounted to EUR 122.4 million in 2023 compared with EUR 108.0 million in 2022. The payroll expenses as a percentage of revenue decreased to 15.8 per cent (16.8 per cent in 2022). The decrease is partly explained by improved efficiency due to the easing of supply chain constraints.

Kitron performs development, industrialization and manufacturing services for its customers and may perform research services related to such projects. Kitron's development activities on the company's own account are limited and are primarily aimed at planning and implementing productivity improvements, building competency and enhancing quality. Such costs are expensed when incurred.

Net financial costs amounted to EUR 6.0 million. The corresponding figure for 2022 was a net cost of EUR 6.6 million. Kitron's pre-tax profit for 2023 amounted to EUR 64.7 million (EUR 38.6 million). All tax losses carried forward in the businesses in Norway are capitalised by December. For the US operation deferred tax assets of EUR 2.7 million related to tax losses carried forward are not capitalized by the end of December.

The group's net profit for the year amounted to EUR 51.1 million (EUR 28.3 million). This corresponds to earnings per



share of EUR 0.26 (EUR 0.14). Diluted earnings per share were also EUR 0.26 (EUR 0.14).

The Board of Directors will, on this basis, propose to the Annual General Meeting an ordinary dividend of NOK 0.75 per share for the financial year 2023. Last year, the ordinary dividend was NOK 0.50.

Cash flow

In 2023, Kitron's cash flow from operating activities was EUR 59.0 million (EUR 18.1 million). The change is mainly related to increased profit and changes in current assets. Net cash flow from investing activities in 2023 ended at negative EUR 16.3 million (negative EUR 96.4 million). The change is mainly related to the acquisition of BB Electronics in 2022. Net cash flow from financing activities was negative EUR 29.5 million (positive EUR 60.2 million). The change is mainly related to financing of the acquisition of BB Electronics in 2022 and repayment of debt and increased payment of dividends in 2023.

Kitron enters into financial leasing agreements when applicable. The leasing obligation is recognised as debt.

In general, Kitron expects to generate sufficient cash to finance the operation in the foreseeable future.

Balance sheet and liquidity

Total assets on 31 December 2023 amounted to EUR 580.8 million (EUR 559.0 million).

Equity amounted to EUR 183.5 million (EUR 143.3 million), and the equity ratio was 31.6 per cent (25.6 per cent).

Inventories ended at EUR 166.4 million at the end of the year (EUR 172.7 million). Contract assets ended at EUR 77.9 million (EUR 59.4 million). Controlling inventory is a major focus area for the company's ongoing improvement program. For some years, inventory levels were unusually high due to supply constraints, which eased during 2022 and 2023.

Accounts receivable ended at EUR 131.3 million (EUR 143.5 million). Overdue receivables are low, and credit losses were negligible during 2023.

Accounts payable ended at EUR 181.9 million (EUR 192.1 million).

On 31 December 2023, the group's interest-bearing debt was EUR 168.4 million (EUR 180.7). The debt consists mainly of long-term bank debt, short-term bank debt, factoring and leasing.

Cash and cash equivalents amounted to EUR 39.0 million at the balance sheet date (EUR 25.9 million). EUR 0.03 million was restricted deposits (EUR 0.06 million).



Risk factors and risk management

Kitron is exposed to financial risks and has consequently implemented procedures for risk management that are designed to reduce possible negative effects.

The group is exposed to fluctuations in currency exchange rates. However, revenues and costs in foreign currencies are in general largely balanced and exchange rate risk over time is consequently limited.

The group is normally allowed to adjust sales prices with customers when currencies fluctuate outside agreed upon ranges. Other hedge agreements are usually not in use.

The credit risk for the majority of the company's customers is insured in accordance with the terms of the company's factoring agreement. The company is therefore only exposed to credit risk on customers where the credit risk is uninsured. Kitron has only incurred immaterial bad debt costs.

Kitron's debt is a combination of long-term debt and short-term debt related to factored accounts receivable. The latter means that fluctuations in revenue impact the company's liquidity. The group has overdraft facilities that cover expected liquidity fluctuations during the year. The Board considers the group's liquidity to be sufficient.

The group's interest-bearing debt attracts interest cost at the market-based rate. Kitron has no financial instruments related to interest rates. The group does not hold any significant interest-bearing assets.

Kitron has established Directors' and Officers' insurance for personal liability of its Board members, CEO and other management members.

Kitron consider the financial climate risk as being very limited based firstly on our low climate impact and secondly the climate related external negative impact is evaluated as low. On the contrary, the Electrification shift drives substantial growth.

Social responsibility

Kitron has implemented Ethical guidelines that reflect Kitron core values and Kitron corporate social responsibility. Kitron has implemented an ethical committee whose task is to review and suggest updates of ethical guidelines, decide and/or advise in ethical dilemmas, conduct risk analysis and implement relevant actions and make periodical reviews.

Kitron's Sustainability report for 2023 is presented in the Annual report. The report is prepared in accordance with The Oslo Stock Exchange Guidelines for Sustainability Reporting and Euronext Guidelines to issuers for ESG reporting. The report has been reviewed and approved by the Board.

The report on due diligence according to the Norwegian Transparency Act is available on www.kitron.com.

Health, safety, security and environment (HSSE)

At the end of 2023, the group employed a total of 3 002 full-time equivalents. For further employee numbers, see the sustainability report.

There were no serious work-related accidents in 2023.

Sick leave was 6.2 per cent (4.4 per cent in 2022). The Board considers the working environment to be good, and Kitron participates in the Great Place to Work survey in order to develop an even better working environment.

Kitron does not pollute the external environment to any material extent. Several of the group's manufacturing units are certified in accordance with the NS ISO 14000 series of environmental management standards.

Personnel and organisation

Kitron considers the competence of employees to be the ultimate competitive advantage. Securing required and relevant competence now and for the future is a fundamental priority, and a Kitron competence roadmap has been outlined. Individual career and competence development is part of the current performance management process. The digital learning platform, Kitron Academy, was launched in 2018, and further developed and supplemented with learning and development activities in the following years. The platform offers the possibility to report on training activities per individual and at group level. In 2023, 94 997 hours were registered as spent on training, compared to 69 877 in 2022.

Equal opportunities

Kitron's basic view is that people with different backgrounds, irrespective of ethnicity, gender, religion, sexual orientation or age, should have the same opportunities for work and career development at Kitron. The company's manufacturing factories have traditionally employed a higher proportion of women. Women represented 54% per cent of the Kitron workforce in 2023. Out of 163 managers (managers having direct reports) 38 per cent are female and 62 per cent are male.

Kitron takes its social responsibility seriously. In addition to ensuring that work is carried out safely, this involves respecting the freedom of association and not accepting any form of forced labour, child labour or work-related discrimination.

The average pay for men and women varies due to differences in job categories and years of service, not because of gender. Women's pay level compared to men's per location can be found in the sustainability report. No gender-based differences exist with regard to working hour regulations or the design of workplaces.

Indirect functions include management employees, staff and other support functions. The employees in the subsidiary management teams are predominantly male. The corporate management team has 6 male members and 1 female member.

The composition of the Board complies with the requirements of the Norwegian Public Limited Companies Act regarding gender balance.

The report on compensation based on the requirements of the Norwegian Equality and Anti-Discrimination Act is available in the Sustainability Report.

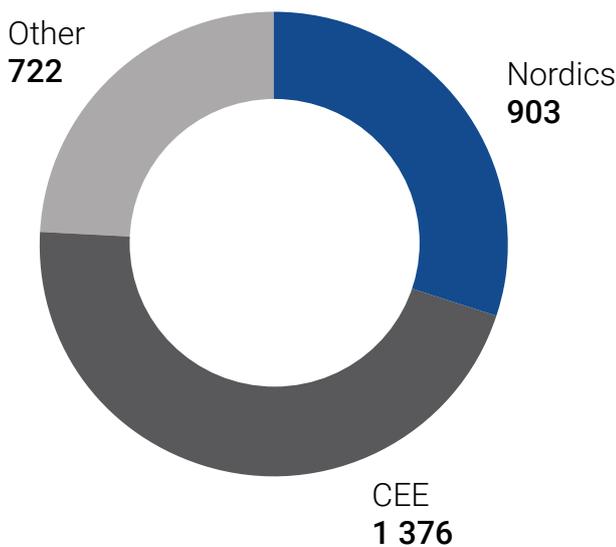


Figure 1: Full time employees 2023, Geographical description

Corporate governance

The Kitron Board has adopted policies for corporate governance to safeguard the interests of the company's owners, employees and other stakeholders. These principles and associated rules and practices are intended to create increased predictability and transparency, and thus reduce uncertainties connected with the business. The report on due diligence according to the Norwegian Transparency Act will be available on the Kitron website before June 30 2024. Kitron endeavours to have in place procedures that comply with the Norwegian code for corporate governance. The Board's review of corporate governance is presented in the annual report.

Salaries and other remuneration to senior executives

The Board of Directors has a separate Remuneration Committee, which deals with all significant matters related to wages and other remuneration to senior executives before the formal discussion and decision by the Board of Directors. In line with the Norwegian Companies Act, the Board of Directors has also prepared a report on remuneration to senior executives that is available on the company's website.

Net profit (loss) of the parent company

The Parent Company Kitron ASA recorded a profit of NOK 130.8 million for 2023 (NOK 62.4 million). The Board of Directors proposes the following allocations for Kitron ASA:

- Dividend NOK 148.7 million
- Transferred from other equity NOK 17.9 million
- Total allocations NOK 130.8 million

There have been no events to date in 2024 that significantly affect the result for 2023 or valuation of the company's assets and liabilities at the balance sheet date. The Board confirms that the conditions for the going concern assumption have been satisfied and that the financial statements for 2023 have been prepared on the basis of this assumption.

Outlook

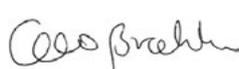
For 2024, Kitron expects revenues between EUR 700 and 800 million. Operating profit (EBIT) is expected to be between EUR 60 and 74 million.

The Board emphasizes that every assessment of future conditions necessarily involves an element of uncertainty.

Oslo, 20 March 2024



Tuomo Lähdesmäki
Chairman



Gro Brækken
Deputy Chairman



Michael Lundgaard Thomsen
Board Member



Espen Gundersen
Board Member



Petra Grandinson
Board Member



Maalfrid Brath
Board Member



Tone Aas
Employee Elected Board
Member



Henriette Stene
Employee Elected Board
Member



Jarle Larsen
Employee Elected Board
Member



Peter Nilsson
CEO of Kitron ASA

Consolidated annual accounts

Consolidated income statement

EUR million	Note	2023	2022
Revenue			
Revenues	5,6	775.2	641.0
Operating costs			
Cost of materials	16	528.3	439.4
Payroll expenses	8,19,23,27,29	122.4	108.0
Depreciation and impairments	12,13,14	17.6	16.0
Other operating expenses	29	37.2	32.7
Total operating costs		705.6	596.0
Other gains/(losses)	7	1.1	0.2
Operating profit/(loss)		70.7	45.2
Financial income and expenses			
Finance income	9	8.4	1.7
Finance expenses	9	(14.4)	(8.4)
Net financial items		(6.0)	(6.6)
Profit/(loss) before tax		64.7	38.6
Tax	10	13.7	10.3
Net profit/(loss)		51.1	28.3
Allocation			
Shareholders		51.1	28.3
Earnings per share for that part of the net profit/(loss) allocated to the company's shareholders (EUR per share)			
Basic earnings per share	11	0.26	0.14
Diluted earnings per share	11	0.26	0.14

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Consolidated statement of comprehensive income

EUR million	Note	2023	2022
Net profit/(loss)		51.1	28.3
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Actuarial gain / losses pensions		0.0	0.0
		0.0	0.0
Items that may be subsequently reclassified to profit and loss			
Gain / losses forward contract		(0.1)	0.6
Gains of hedging		2.8	0.1
Exchange differences on translation		(4.7)	3.3
		(2.0)	3.9
Total other comprehensive income		(2.0)	3.9
Total comprehensive income		49.0	32.2
Items in the statement above are disclosed net of tax. See note 10.			
Allocation			
Shareholders		49.0	32.2

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Consolidated balance sheet

EUR million	Note	31.12.2023	31.12.2022
Assets			
Non-current assets			
Goodwill	13	44.8	45.0
Intangible assets	14	27.2	30.3
Property, plant and equipment	12	47.8	34.2
Right-of-use assets	12	26.9	24.2
Deferred tax assets	22	6.2	8.7
Other receivables	15	0.9	1.0
Total non-current assets		153.9	143.5
Current assets			
Inventory	16	166.4	172.7
Accounts receivable	15	131.3	143.5
Contract assets	15	77.9	59.4
Other current receivables	15	12.2	13.9
Cash and cash equivalents	17	39.0	25.9
Total current assets		426.9	415.5
Total assets		580.8	559.0

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Consolidated balance sheet (continued)

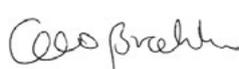
EUR million	Note	31.12.2023	31.12.2022
Equity and liabilities			
Equity			
Equity attributable to owner of the parent			
Share capital	18	1.9	1.9
Share premium reserve	18	75.4	75.4
Equity unrecognised in the profit and loss		0.2	2.3
Retained earnings		106.0	63.7
Total equity		183.5	143.3
Liabilities			
Non-current liabilities			
Deferred tax liabilities	22	5.4	6.3
Interest bearing debt	21, 26	113.3	119.4
Pension commitments	23	0.5	0.5
Other liabilities		1.1	1.2
Total non-current liabilities		120.3	127.4
Current liabilities			
Accounts payable	20	181.9	192.1
Other payables	20, 27	33.8	28.6
Tax payable		6.3	6.2
Interest bearing debt	21, 26	55.1	61.3
Total current liabilities		277.1	288.2
Total liabilities		397.3	415.6
Total liabilities and equity		580.8	559.0

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Oslo, 20 March 2024



Tuomo Lähdesmäki
Chairman



Gro Brækken
Deputy Chairman



Michael Lundgaard Thomsen
Board Member



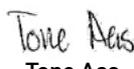
Espen Gundersen
Board Member



Petra Grandinson
Board Member



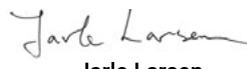
Maalfrid Brath
Board Member



Tone Aas
Employee Elected Board Member



Henriette Stene
Employee Elected Board Member



Jarle Larsen
Employee Elected Board Member



Peter Nilsson
CEO of Kitron ASA

Consolidated statement of changes in equity

EUR million	Equity attributable to owner of the parent						Total
	Share capital	Share premium reserve	Actuarial gains and losses	Exchange gains/losses unrecognised in the profit and loss	Other equity unrecognised in the profit and loss	Retained earnings	
Equity at 1 January 2022	1.9	75.4	(1.0)	(0.1)	(0.5)	41.1	116.8
Net profit						28.3	28.3
Paid dividends						(4.7)	(4.7)
Issue of ordinary shares	0.0						0.0
Employee share schemes							-
Termination of options against cash consideration						(0.7)	(0.7)
Effect from option cost						0.8	0.8
Other adjustments							-
Other comprehensive income			0.0	3.9	0.0		3.9
Equity at 31 December 2022	1.9	75.4	(1.0)	3.8	(0.5)	63.7	143.3
Equity at 1 January 2023	1.9	75.4	(1.0)	3.8	(0.5)	63.7	143.3
Net profit						51.1	51.1
Paid dividends						(8.4)	(8.4)
Issue of ordinary shares	0.0						0.0
Termination of options against cash consideration						(1.2)	(1.2)
Effect from option cost						0.7	0.7
Other comprehensive income			0.0	(2.0)	0.0		(2.0)
Equity at 31 December 2023	1.9	75.4	(1.0)	1.8	(0.9)	106.0	183.5

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Consolidated statement of cash flow

EUR million	Note	2023	2022
Cash flows from operating activities			
Cash flow from operations *)	25	77.1	29.9
Interest received		5.1	1.2
Interest paid		(12.4)	(6.9)
Income taxes paid		(10.8)	(6.1)
Net cash (outflow) from operating activities		59.0	18.1
Cash flows from investing activities			
Aquisition of subsidiaries		-	(86.8)
Paid for tangible fixed assets	12	(15.8)	(9.3)
Proceeds from sale of tangible fixed assets		0.2	-
Paid for intangible assets	14	(0.6)	(0.3)
Net cash (outflow) from investing activities		(16.3)	(96.4)
Cash flows from financing activities			
Proceeds from issuing ordinary shares		0.0	0.0
Proceeds from new loans	25	8.7	120.5
Bank overdraft	25	(0.9)	(6.9)
Repayment of loans	25	(10.4)	(39.0)
Repayment lease debt		(8.6)	(5.7)
Dividends paid		(8.4)	(4.9)
Factoring *)	25	(9.9)	(3.9)
FX on financing activities		0.1	-
Net cash (outflow) from financing activities		(29.5)	60.2
Change in cash and cash equivalents		13.3	(18.1)
Cash and cash equivalents at 1 January	17	25.9	42.8
Exchange gains (losses) on cash and cash equivalents		(0.2)	1.2
Cash and cash equivalents at 31 December		39.0	25.9

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

The notes on pages 18 to 60 are an integral part of the consolidated financial statement.

Notes to the consolidated financial statements

Note 1 - General Information

Kitron ASA and its subsidiaries (the group) comprise one of Scandinavia's leading enterprises in the development, industrialisation and manufacturing of electronics for the Connectivity, Electrification, Industry, Medical devices and Defence/ Aerospace sectors. The group has operations in Norway, Sweden, Denmark, Lithuania, Germany, Poland, Czech Republic, India, China, Malaysia and the US. Kitron ASA has its head office at Billingstad outside Oslo in Norway and is listed on the Oslo Stock Exchange. The consolidated accounts were considered and approved by the company's Board of directors on 20 March 2024.

Note 2 - Basis of preparation, consolidation and segment reporting

The most significant accounting principles applied in the preparation of the consolidated financial statements are detailed below or in relevant notes. These principles have been applied uniformly in all the periods unless otherwise stated.

Basis for preparation

The consolidated financial statements of Kitron ASA have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. The consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities (including derivative instruments) measured at fair value. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4. The consolidated financial statements are prepared based on a going concern assumption.

Changes in accounting policy and disclosures

New standards and interpretations adopted by the company and other changes in accounting policies

The Group has applied certain amendments to the standards and interpretations that are effective for annual periods beginning 1 January 2023. These amendments and interpretations applied did not have any impacts in the amounts recognised in the current or previous periods and are not expected to affect future periods.

The amendments to IAS 1 required companies to provide information about material accounting policy information, as compared to the requirement to disclose "significant" accounting policies before this amendment was effective. To assist companies in assessing materiality, the IFRS Practice Statement 2 Making Materiality Judgements provides guidance and examples on how to make materiality judgements for accounting policy information disclosures. The application of this amendment to IAS 1 resulted in the review and reorganisation of accounting policy information provided in the previous annual financial statements of the Group.

Kitron is from 1 January 2023 presenting its consolidated financial statements in EUR. The change in presentation currency has been treated as a change in accounting policy in accordance with IAS 8. The presentation of financial statements with notes has been changed from NOK thousand to EUR million. See note 30 for more information.

New standards and interpretations not yet adopted

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis for consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Segment reporting

The Corporate management (Chief Operating Decision Maker) has evaluated that the group operates in only one segment; Electronics Manufacturing Services (EMS). There is therefore no separate segment reporting in Kitron. Kitron's long-term strategy has communicated targets for revenue growth, EBIT and ROOC. These long-term targets are broken down into annual budgets.

Translation of foreign currencies

Functional and presentation currencies

The accounts of the individual units are compiled in the principal currency used in the economic area in which the unit operates (the functional currency). The consolidated accounts are presented in EUR. The functional- and the presentation currency for the parent company is NOK.

Transaction and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other gains/(losses).

Group companies

The income statements and balance sheets for group units (none of which are affected by hyperinflation) in functional currencies which differ from the presentation currency are translated as follows:

- The balance sheet is translated at the closing exchange rate on the balance sheet date
- The income statement is translated at the average exchange rate
- Translation differences are recognised in OCI and specified separately
- Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate

Note 3 - Financial risk

The company is exposed through its business to a number of financial risks. The corporate routines for risk management focus on the unpredictability of the financial markets, and endeavour to minimise potential negative effects arising from the company's financial dispositions.

Market risk

Currency risk: the group is exposed to changes in foreign exchange rates because a significant share of the group's goods and services are sold in such currencies. At the same time raw material are bought in foreign currency and the operating costs in foreign group entities are in local currency. To reduce the currency risk the company's standard contracts include currency clauses which allow the company to adjust the price when the actual exchange rate differs significantly from the agreed base rate. The Group has not established other significant currency hedge arrangements over and above its standard contracts with customers. The most significant foreign currencies are NOK, SEK, EUR and USD. The group has significant investments in foreign operations whose net assets are exposed to foreign currency translation risk in DKK, SEK, EUR, USD, PLN and RMB.

At 31 December, if the EUR currency had weakened/strengthened by 1 per cent against the USD with all variables held constant, post-tax profit for the year would have been EUR 0.1 million (2022: EUR 0.1 million) higher/ lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank deposits, trade receivables and debt.

At 31 December, if the EUR currency had weakened/strengthened by 1 per cent against the NOK with all variables held constant, post-tax profit for the year would have been EUR 0.4 million (2022: EUR 0.2 million) higher/ lower, mainly as a result of foreign exchange gains/losses on translation of NOK denominated bank deposits, trade receivables and debt.

At 31 December if the EUR currency had weakened/straightened by 1 percent against the SEK with all variables held constant, post-tax for the year would have been EUR 0.1 million (2022: EUR 0.0 million) higher/lower, mainly as a result of foreign exchange gains/losses on translation of SEK denominated bank deposit, trade receivables and dept.

Price risk: the company is exposed to price risk both because raw materials follow international market prices for electronic and mechanical components and because the company's goods and services are subject to price pressures. Routines have been established for procurement by the company's own sourcing organisation, which negotiates group contracts. The sourcing function allows Kitron to achieve improved material prices.

Credit risk

Credit risk arises from cash and cash equivalents, deposits with bank, accounts receivables and contract assets. The major part of accounts receivable are credit insured in all geographical areas. Kitron accordingly bears credit risk only for accounts receivable which are not insured. The company has routines to ensure that uninsured sales on credit are made only to creditworthy customers.

The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants on any of its borrowing facilities.

Kitron's financing is primarily short-term and based on factoring finance for accounts receivable. This means that fluctuations in turnover affect the company's liquidity. In addition, drawing facilities have been established in banks which counteract the liquidity fluctuations related to turnover.

The table below shows the group's financial loans including interest into relevant maturity groupings based on the remaining period at the balance sheet date to contractual maturity date.

Periods to maturity of financial liabilities incl. interest (undiscounted numbers):

EUR million	Less than one year	Between one and two years	Between two and five years	More than five years
At 31 December 2023				
Bank overdraft	11.0	-	-	-
Leasing	10.1	10.1	8.0	-
Factoring debt	23.4	-	-	-
Other financial loans	11.0	11.0	13.8	75.4
Trade and other payables	173.3	-	-	-
Total	228.9	21.1	21.8	75.4
At 31 December 2022				
Bank overdraft	14.2	-	-	-
Leasing	6.3	9.8	8.5	0.4
Factoring debt	33.0	-	-	-
Other financial loans	10.0	9.1	27.4	69.9
Trade and other payables	168.4	-	-	-
Total	231.9	18.9	35.9	70.3

Interest rate risk

The group's interest rate risk arises mainly from short-term borrowings (factoring debt and bank overdraft) and long-term bank debt. The group's borrowings are mainly with variable rates which expose the group to cash flow interest rate risk.

Interest on the group's interest-bearing debt is charged at the relevant market rate prevailing at any given time (mainly one-month interbank offered rate – Nibor, Stibor, or Libor as the case may be – plus the agreed interest margin). There will not occur any gain/loss on the balance sheet amounts in case interest rates are increased or lowered. At 31 December 2023, if interest rate on NOK borrowings had been 1 percentage points higher/lower during the year with all other variables held constant, post-tax profit for the year would have been EUR 0.8 million (2022: EUR 0.7 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings. At 31 December 2023, if interest rate on borrowings in other currency had been 1 percentage points higher/lower during the year with all other variables held constant, post-tax profit for the year would have been EUR 0.9 million (2022: EUR 0.7 million) lower/higher. External financing for the group's operational companies takes place in the functional currency. No interest rate instruments have been established in the group. The group does not have significant interest-bearing assets, so that its income and cash flow from operational activities are not significantly exposed to changes in the market interest rate.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The gearing ratios at 31 December 2023 and 2022 were as follows:

EUR million	2023	2022
Total borrowings (note 21)	168.4	180.7
Cash and cash equivalents (note 17)	(39.0)	(25.9)
Net debt	129.4	154.8
Total equity	183.5	143.3
Total capital	312.9	298.1
Gearing ratio	41 %	52 %

Note 4 - Significant accounting judgements, estimates and assumptions

Estimates and discretionary assessments are based on historical experience and other factors, including expectations of future events that are considered likely under present conditions. The group prepares estimates and makes assumptions about the future.

Accounting estimates derived from these will by definition seldom accord fully with the outcome. Estimates and assumptions which represent a substantial risk for significant changes in the carrying amount of assets and liabilities during the coming fiscal year are discussed below.

Deferred tax assets

The group performs annual tests for impairment of deferred tax assets. Part of the basis for recognising deferred tax assets are based on applying the loss carried forward against future taxable income in the group. This requires the use of estimates for calculating future taxable income. See note 22 for details.

Impairment testing of goodwill

The group performs annual tests to assess the fall in value of goodwill. The recoverable amount from cash generating units is determined based on present-value calculations of expected annual cash flows. These calculations require the use of estimates for cash flows and the choice of discount rate before tax for discounting the cash flows. Additional information is disclosed in note 13.

Note 5 - Geographical breakdown of revenues and assets

The revenues come from sales of goods and services in the fields of development, industrialization and production to customers involved in Connectivity, Defence/Aerospace, Electrification, Industry and Medical devices.

Revenues by line of business

The table shows the EMS turnover by industry:

EUR million	2023	2022
Connectivity	140.4	138.7
Electrification	245.1	157.0
Industry	211.1	188.0
Medical devices	66.7	74.8
Defence/Aerospace	111.8	82.5
Total sales	775.2	641.0

Geographical breakdown revenues

The geographical distribution is based on countries where the different customers are located.

EUR million	2023	2022
Norway	100.7	76.9
Sweden	278.4	195.9
Rest of Europe	303.7	280.0
USA	73.9	69.0
Other	18.5	19.2
Total sales	775.2	641.0

The largest customer counts for 8.1 % (6.8 %) of sales, the next two counts for 5.1 % (5.5 % and 4.6%) and the others are below 4.8 % (4.1 %) each.

Geographical breakdown of assets

EUR million	Norway		Sweden		Denmark	
	2023	2022	2023	2022	2023	2022
Assets	9.1	10.7	6.0	5.0	28.1	30.4

EUR million	Lithuania		Poland		Germany	
	2023	2022	2023	2022	2023	2022
Assets	10.1	9.0	22.1	12.4	0.0	0.0

EUR million	Czech Republic		China		USA	
	2023	2022	2023	2022	2023	2022
Assets	11.2	7.0	7.2	8.9	4.6	5.4

EUR million	India		Malaysia	
	2023	2022	2023	2022
Assets	0.1	0.0	3.3	-

Included in assets under geographical segment is property, plant and equipment, intangible and right of use assets excluding deferred tax asset and goodwill.

Note 6 - Revenues

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

Sales of goods

The group manufactures and sells electronics that are embedded in the customer's own products as well as box-build electronic products in the EMS market. The products are manufactured based on the customer's specifications and quality standards, and the group does not own the intellectual property of the products. Sales are recognized based on estimated percentage of completion for the relevant contracts going forward as control is transferred to the customer over time. This is determined based on the actual cost relative to the total expected cost. The purchase price agreed between the parties is fixed and specified for each good or service provided. The customer is obligated to pay a minimum fee based on the order status if the order is cancelled.

Some contracts include multiple deliverables, such as test development, engineering change orders and production. These are accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. Where these are not directly observable, they are estimated based on expected cost-plus margin. In fixed-price contracts, the customer pays the fixed unit amount based on a payment schedule. If the goods/ services rendered by the group exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

Sales of services

Sales of services embrace development assignments and services related to industrialisation. Service deliveries are partly project based and partly hourly based. Sales of project-based services are recognised in the period in which the services are rendered, based on the degree of completion of the relevant project. The degree of completion is determined by measuring the services provided as a proportion of the total services to be rendered. Hourly-based services are recognised in the period when the service is rendered.

Revenues consist of

EUR million	2023	2022
Revenues from contracts with customers	775.2	641.0
Total revenues	775.2	641.0

Timing of revenue recognition

EUR million	2023	2022
Revenues from contracts with customers, over time *)	775.2	641.0

*) Sale of services share in 2023 estimated to 2-4 % (2022: 2-4 %)

Note 7 - Other gains / (losses)

EUR million	2023	2022
Currency gains	11.1	11.0
Currency losses	(10.0)	(10.7)
Other gains/(losses)	1.1	0.2

Other gains/(losses) consist of currency effects related to operations.

Note 8 - Employee benefits

EUR million	2023	2022
Payroll	97.5	85.9
Payroll tax	15.6	11.7
Net pension costs defined benefit plans (note 23)	0.0	0.0
Pension costs defined contribution plans	5.4	5.1
Share-based payment consideration	0.7	0.8
Other remuneration	3.4	4.5
Total	122.4	108.0
Average number of man-years (including hired-ins)	3 112	2 809
Average number of employees	2 671	2 459

Note 9 - Financial income and expenses

Interest on bank deposits is recognised in the period when it is earned.

EUR million	2023	2022
Interest income	4.9	1.2
Other financial income	0.2	0.2
Foreign currency gains related to borrowings, cash and cash equivalents	3.3	0.3
Finance income	8.4	1.7
Interest expenses	(13.3)	(6.9)
Other financial expenses	(1.1)	(1.5)
Finance expenses	(14.4)	(8.4)
Net financial items	(6.0)	(6.6)

Note 10 - Income tax expense

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

EUR million	2023	2022
Tax payable	12.5	11.0
Deferred tax (Note 22)	1.2	(0.7)
Income tax expense	13.7	10.3

The tax on the group's profit before tax differs from the theoretical amount that would arise using the domestic tax rate applicable to profits of the consolidated entities as follows:

EUR million	2023	2022
Ordinary profit before tax	64.7	38.6
Tax calculated at the domestic rate (22%)	14.2	8.5
Expenses not deductible for tax purposes	0.1	0.7
Effect of tax exemption	(1.2)	(0.5)
Tax loss for which no deferred income tax asset was recognised	0.6	2.3
Other adjustments	0.3	0.1
Effect on different tax rates in countries in which the group operates	(0.3)	(0.7)
Tax cost	13.7	10.3

The income tax expense is calculated using the domestic tax rate.

The tax rate is 22.0 % in Norway, 20.6 % in Sweden, 22 % in Denmark, 15.0 % in Lithuania, 25.0 % in China, 19.0 % in Czech Republic, 16.5 % in Hong Kong, 30.9 % in USA, 19.0 % in Poland and 15.0 % in Germany.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

EUR million	2023			2022		
	Before tax	Tax (charge) credit	After tax	Before tax	Tax (charge) credit	After tax
Actuarial gain / (losses) pensions	(0.0)	0.0	(0.0)	(0.0)	0.0	(0.0)
Exchange differences on translation of foreign operations	(5.1)	0.1	(5.0)	3.3	-	3.3
Gains of hedging	3.2	(0.4)	2.8	0.1	-	0.1
Gain/(loss) forward contracts	(0.1)	0.0	(0.1)	0.7	(0.2)	0.6
Other comprehensive income	(1.8)	(0.5)	(2.0)	4.1	(0.2)	3.9
Current tax		-			-	
Deferred tax		0.5			0.2	

Note 11 - Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by weighted average number of ordinary shares in issue during the year. The company has no own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The company has one category, which is share options, of dilutive potential ordinary shares. A calculation is done to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to share options. The number of shares calculated is compared with the number of shares that would have been issued assuming the exercise of the share options (note 19).

EUR million	2023	2022
Profit attributable to equity holders of the company	51.1	28.3
Profit used to determine basic and diluted earnings per share	51.1	28.3
Weighted average number of ordinary shares in issue (thousands)	197 992	197 244
Adjusted for share options (thousands)	2 008	2 158
Weighted average number of ordinary shares for diluted earnings per share (thousands)	200 000	200 136
Basic earnings per share (EUR)	0.26	0.14
Diluted earnings per share (EUR)	0.26	0.14

Note 12 - Property, plant and equipment

Tangible fixed assets primarily embrace buildings and land, machinery, equipment, and fixtures and fittings. Tangible fixed assets are stated at historical cost less accumulated depreciation and impairments. They are recognised in the balance sheet and depreciated on a straight-line basis to their residual value over their expected useful life, which is:

- Buildings: 20-33 years
- Machinery and operating equipment: 3-10 years

Land is not depreciated. Right-of-use assets consist of buildings, machinery and equipment accounted for in accordance with IFRS 16. See more info under "The group's leasing activities and how they are accounted for in note 26 "Leases".

EUR million	Machinery and equipment	Buildings and land	Right-of-use assets	Total
At 1 January 2022				
Acquisition cost	110.3	21.2	32.0	163.4
Accumulated depreciation/impairment	(98.2)	(12.0)	(8.0)	(118.1)
Accounting carrying amount	12.1	9.2	24.0	45.3
Fiscal 2022				
Opening balance	12.1	9.2	24.0	45.3
BB Electronic acquisition	5.3	5.7	3.0	14.0
Currency translation adjustment	1.3	1.2	0.8	3.3
Additions	8.8	0.2	2.5	11.4
Depreciation	(6.9)	(1.5)	(4.8)	(13.3)
Impact from NOK to EUR conversion	(0.6)	(0.5)	(1.2)	(2.2)
Closing balance	20.0	14.3	24.2	58.5
At 31 December 2022				
Acquisition cost	125.0	27.8	37.1	189.9
Accumulated depreciation/impairment	(105.0)	(13.5)	(12.8)	(131.4)
Accounting carrying amount	20.0	14.3	24.2	58.5

EUR million	Machinery and equipment	Buildings and land	Right-of-use assets	Total
Fiscal 2023				
Opening balance	20.0	14.3	24.2	58.5
Currency translation adjustment	(0.9)	(0.4)	(0.2)	(1.5)
Additions	19.0	3.9	9.9	32.8
Reclassification	0.9		(0.9)	-
Disposals	(0.4)	(0.0)	0.0	(0.4)
Depreciation	(7.0)	(1.5)	(6.2)	(14.7)
Closing balance	31.6	16.2	26.9	74.7
At 31 December 2023				
Acquisition cost	143.7	31.2	46.0	220.8
Accumulated depreciation/impairment	(112.0)	(15.0)	(19.1)	(146.1)
Accounting carrying amount	31.6	16.2	26.9	74.7

Machinery and equipment, buildings and land were provided at 31 December as security for EUR 6.6 million and EUR 5.7 million (2022: EUR 12.1 million and EUR 4.0 million), see note 21.

Note 13 - Goodwill

Goodwill is the difference between the sum of the consideration paid, non-controlling interests recognised and previously held interests at fair value for the acquisition of a business and the fair value of the acquiree's net identifiable assets at the acquisition date. Goodwill is tested annually for impairment and recognised in the balance sheet at its acquisition cost less impairment charges. Impairment losses on goodwill are not reversed. The goodwill is allocated to relevant cash generating units at the time of the acquisition. The allocation is made to those cash-generating units or groups of such units which are expected to benefit from the acquisition. The group allocates goodwill to cash generating units in each country in which it operates.

EUR million	Goodwill
At 1 January 2022	
Acquisition cost	4.1
Accumulated impairment charge	(0.4)
Accounting carrying amount	3.7
Fiscal 2022	
Opening balance	3.7
Conversion differences	1.7
Additions	39.6
Closing balance	45.0
At 31 December 2022	
Acquisition cost	45.4
Accumulated impairment charge	(0.4)
Accounting carrying amount	45.0
Fiscal 2023	
Opening balance	45.0
Conversion differences	(0.2)
Closing balance	44.8
At 31 December 2023	
Acquisition cost	45.2
Accumulated impairment charge	(0.4)
Accounting carrying amount	44.8

The company's cash-generating units are identified by country

EUR million	2023	2022
Norway	0.1	0.1
Sweden	0.3	0.3
Denmark	41.3	41.5
Lithuania	1.9	1.9
Germany	0.2	0.2
USA	1.0	1.0
Total	44.8	45.0

The recoverable amount for a cash-generating unit is based on a calculation of value in use.

The following table sets out the key assumptions for those cash-generating units that have significant goodwill allocated to them:

	2023	2022
	Denmark	Denmark
Growth rate in the forecast period	2.0 %	2.0 %
Long-term growth rate	2.0 %	2.0 %
Budgeted EBIT-margin	6.0 %	8.0 %
Growth in other expenses in the forecast period	2.0 %	2.0 %
Discount rate	23.6 %	22.4 %

Assumption	Approach used to determining values
Growth rate in the forecast period	Average annual growth rate over the five-year forecast period is 2% and is based on expected inflation on a long term basis.
Long-term growth rate	The growth rate does not exceed the long-term growth rates of the market in which the business operates and is determined to be 2% per year.
Budgeted gross margin	Based on past performance and management's expectations for the future.
Growth in other expenses in the forecast period	Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures.
Discount rate	Discount rate is based on the WACC model and converted to pre-tax numbers. The discount rate is in accordance with the discount rate that followed from the purchase price in the transaction and divided into the asset categories based on a judgement of riskiness of each asset.

Impairment charge

The present value of goodwill is estimated well above the carrying amount. There is a substantial buffer before goodwill is in a impairment scenario.

Impact of possible changes in key assumptions

The directors and management have considered and assessed reasonably possible changes for the key assumptions and have not identified any instances that could cause the carrying amount of the Danish cash-generating unit to exceed its recoverable amount.

For the other cash-generating units the cash flow assumption is based on financial budgets approved by the company's board. These calculations are based on growth assumptions which correspond with industry expectations of growth in the EMS market in the coming years and no significant changes in margins. The calculated values are also sustainable against write offs due to a fair change in assumptions. The calculations are based on cash flows for the next three years and a residual value for future earnings.

Note 14 - Intangible assets

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Computer software is depreciated on a straight-line basis to their residual value over their expected useful life, which is 7 years.

EUR million	System software	Other intangible assets	Customer contracts 1)	Total
At 1 January 2022				
Acquisition cost	11.2	0.7	-	11.9
Accumulated depreciation	(7.2)	(0.2)	-	(7.4)
Accounting carrying amount	4.0	0.5	-	4.5
Fiscal 2022				
Opening balance	4.0	0.5		4.5
Acquisition BB Electronics 1)	-	2.3	25.2	27.5
Currency translation adjustment	(0.2)	(0.2)	1.1	0.7
Additions	0.2	0.0	-	0.3
Depreciation	(0.6)	(0.3)	(1.7)	(2.7)
Closing balance	3.4	2.3	24.6	30.3
At 31 December 2022				
Acquisition cost	11.2	2.8	26.4	40.4
Accumulated depreciation	(7.8)	(0.5)	(1.7)	(10.1)
Accounting carrying amount	3.4	2.3	24.6	30.3
Fiscal 2023				
Opening balance	3.4	2.3	24.6	30.3
Currency translation adjustment	(0.8)	(0.0)	(0.0)	(0.8)
Additions	0.5	0.0	0.0	0.6
Disposals	(0.1)	-	-	(0.1)
Depreciation	(0.7)	(0.3)	(1.8)	(2.8)
Closing balance	2.4	2.0	22.9	27.2
At 31 December 2023				
Acquisition cost	10.9	2.9	26.4	40.2
Accumulated depreciation	(8.6)	(0.9)	(3.5)	(12.9)
Accounting carrying amount	2.4	2.0	22.9	27.2

1) In 2022, Kitron acquired the BB Electronics group. As a part of the valuation of the group the customers were valued more than bookvalue. The valuation of customer contracts are based on a "multi-period excess earnings"-method. This approach calculates a cash flow of excess values generated by existing customers, taking into account the cost of using other assets in the company. The value is assumed to be equal to the sum of the discounted cash flows over the remaining lifetime, which is set to 15 years

Additions to System software in 2023 refers to various software updates, managed by central IT department in Kitron ASA. It will be depreciated over 5-7 years.

Note 15 - Accounts receivable and other receivables

Accounts receivables are recognized initially at fair value and subsequently measured at fair value less loss allowance. Accounts receivable are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30- 120 days and therefore are all classified as current.

For part of the accounts receivable the group has recourse factoring, and the credit risk remains with the group.

To measure the expected credit losses, accounts receivable and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the accounts receivable for the same types of contracts. The group has therefore concluded that the expected loss rates for accounts receivable are a reasonable approximation of the loss rates for the contract assets.

Accounts receivable and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on accounts receivable and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

EUR million	2023	2022
Accounts receivable	131.7	143.5
Provision for bad debts	(0.4)	0.0
Accounts receivable - net	131.3	143.5

EUR million	2023	2022
Earned non-invoiced income	0.2	0.2
Prepaid costs	1.6	3.1
Other	10.5	10.5
Other current receivables	12.2	13.9

Fair value of accounts receivable and other receivables:

EUR million	2023	2022
Accounts receivable - net	131.3	143.5
Accounts receivable - net	131.3	143.5

For other current receivables, the carrying amount is virtually identical with the fair value.

As of 31 December 2023 accounts receivables of EUR 15.6 million (2022: EUR 17.9 million) were past due. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

EUR million	2023	2022
Not past due	115.8	125.6
Past due 1-30 days	13.7	14.0
Past due 31-60 days	0.9	2.4
Past due 61-90 days	0.4	0.6
Past due > 90 days	0.5	1.0
Total	131.3	143.5

As of 31 December 2023 EUR 0.4 million of trade receivables were impaired and provided for (2022: EUR 0.0 million).

The carrying amount of the group's trade and other receivables are denominated in the following currencies:

EUR million	2023	2022
CNY	5.5	8.7
EUR	55.1	50.9
NOK	15.0	32.7
SEK	15.6	11.5
USD	44.3	30.6
GBP	0.0	0.1
CZK	0.2	1.0
DKK	7.7	22.3
INR	0.0	0.1
PLN	0.1	0.0
MYR	0.0	0.0
Total	143.6	157.9

Movements on the group provision for impairment of trade receivables are as follows:

EUR million	2023	2022
Provision at 1 January	0.0	0.0
Provision for trade receivables	(0.4)	0.0
Receivables written off during the year as uncollectable	0.0	0.0
Provision at 31 December	(0.4)	0.0

The creation and release of provision for impaired receivables have been included in other operating expenses in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the carrying value of the receivables mentioned above. The group does not hold any collateral as security. However, the group has credit insurance that reduces the credit risk on account receivables. See note 3.

EUR 0.4 million impairment charge was recognised in the profit and loss account for the year (2022: EUR 0.0 million). Impairment charge is assessed based on historical losses and expected credit losses. See note 3, credit risk.

No special concentration of accounts receivable exists which poses an abnormal credit risk. Accounts receivable and other receivables at 31 December 2023 provided security for EUR 44.5 million (2022: EUR 52.2 million), see note 21.

Contract assets

The group has recognised assets related to contract with customers. No increase in loss allowance in 2023 (2022 EUR 0.0 thousands).

EUR million	2023	2022
Contract assets	77.9	59.4
Loss allowance	-	-
Contract assets - net	77.9	59.4

Note 16 - Inventories

Inventory comprises purchased raw materials and semi-finished products. It is stated at the lower of average acquisition cost and net realisable value. Cost is determined using the weighted average method. Finished goods and work in progress are included in contract assets, ref. note 15.

EUR million	2023	2022
Raw materials and purchased semi-manufactures	166.4	172.7
Total inventory	166.4	172.7

For obsolete goods in year 2023 there was recognised a change of EUR 4.1 million. In 2022 EUR 0,2 million. Impairment charge recorded in the balance sheet as per 31 December 2023 was EUR 7.9 million (2022 EUR 3.7 million). As the majority of the inventory is tailored materials and held for particular customer's products, there are agreements in place that compensate for obsolescence for tailored materials. These agreements have been taken into consideration when measuring the obsolescence reserve for the inventory.

Note 17 - Cash and cash equivalents

Cash and cash equivalents include cash and deposits in bank accounts.

EUR million	2023	2022
Cash and cash equivalents	39.0	25.9

Cash, cash equivalents and bank overdraft comprise:

EUR million	2023	2022
Cash and cash equivalents	39.0	25.9
Overdraft drawn down (Note 21)	(12.8)	(13.7)
Total	26.1	12.2

EUR million	2023	2022
Bank overdraft facilities 31 December	34.1	38.2
Net drawn on overdraft facilities 31 December	(12.8)	(13.7)

Locked-in bank deposits 31 December

Security for lease contracts	-	0.1
Security for specific employee purposes	0.0	-
Total	0.0	0.1

Kitron ASA has established a group account agreement with the company's main bank. This encompass Kitron ASA and Norwegian, Swedish, Danish, German, Polish and US subsidiaries.

Note 18 - Share capital and premium reserve

The share capital comprises the number of shares multiplied by their nominal value and are classified as equity. Expenses which can be attributed directly to the issue of new shares or options (less tax) are recognised in equity as a reduction in the proceeds received.

Share capital and share premium reserve

EUR million	Number of shares (thousands)	Share capital	Premium reserve	Total
At 1 January 2022	197 014	1.9	75.4	77.3
Issue of new shares	677	0.0	-	0.0
At 31 December 2022	197 691	1.9	75.4	77.3
At 1 January 2023	197 691	1.9	75.4	77.3
Issue of new shares	526	0.0	-	0.0
At 31 December 2023	198 217	1.9	75.4	77.3

Shares and shareholder information

The company's share capital at 31 December 2023 comprised 198 217 134 shares with a nominal value of NOK 0.10 each. Each share carries one vote. There were 10 558 shareholders at 31 December 2023 (31 December 2022: 9 026 shareholders).

The 20 largest shareholders in Kitron ASA at 31 December 2023:

Shareholder	Number	Percentage
FOLKETRYGDFONDET	15 858 694	8.00 %
VERDIPAPIRFOND ODIN NORGE	14 583 457	7.36 %
VEVLEN GÅRD AS	10 500 000	5.30 %
MP PENSJON PK	9 681 628	4.88 %
AAT INVEST AS	8 200 000	4.14 %
J.P. Morgan SE	5 456 043	2.75 %
Avanza Bank AB 1)	5 098 381	2.57 %
VJ INVEST AS	4 904 522	2.47 %
VERDIPAPIRFONDET HOLBERG NORGE	4 150 000	2.09 %
The Bank of New York Mellon SA/NV	4 000 000	2.02 %
State Street Bank and Trust Comp	3 425 946	1.73 %
VARNER EQUITIES AS	3 039 436	1.53 %
VERDIPAPIRFONDET DNB SMB	2 804 943	1.42 %
VPF FONDSFINANS NORDEN	2 700 000	1.36 %
Danske Invest Norge Vekst	2 329 743	1.18 %
VERDIPAPIRFONDET EQUINOR AKSJER NO	2 099 448	1.06 %
CACEIS Bank	1 748 369	0.88 %
J.P. Morgan SE	1 715 029	0.87 %
The Bank of New York Mellon SA/NV	1 700 000	0.86 %
BNP Paribas	1 667 798	0.84 %
Total 20 largest shareholders	105 663 437	53.31 %
Total other shareholders	92 553 697	46.69 %
Total outstanding shares	198 217 134	100.00 %

1) Beneficial owner: CEO Peter Nilsson 2 633 157 shares (1,33 per cent)

Authorization to the Board to issue shares

Authorization to strengthen equity and incentive schemes

The ordinary general meeting of 28 April 2023 authorized the Board of directors of Kitron ASA to increase the share capital in accordance with the Norwegian Public Limited Liability Companies Act section 10-14 on the following conditions:

- The share capital may, in one or more rounds, in total be increased with up to NOK 1,976,910.53.
- The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization together with the use of other authorizations to issue shares, in the period for the authorization in item 3, exceeds NOK 3,953,821.06.
- The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024.
- The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2.
- The authorization encompasses resolutions on merger according to the Norwegian Public Limited Liability Companies Act section 13-5.
- The authorization is limited to encompass capital requirements or issuance of consideration shares in relation to strengthening of Kitron ASA's equity, joint ventures or joint business operations, remuneration to members of the Board of Directors of Kitron ASA, incentive schemes, and acquisition of property and business within Kitron ASA's purpose.
- The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization.
- This authorization replaces any previously granted authorizations for the Board of Directors to increase the share capital.

Strategic authorization

The ordinary general meeting of 28 April 2023 authorized the Board of directors of Kitron ASA to increase the share capital in accordance with the Norwegian Public Limited Liability Companies Act section 10-14 on the following conditions:

- The share capital may, in one or more rounds, in total be increased with up to NOK 3,953,821.06.
- The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization together with the use of other authorizations to issue shares, in the period for the authorization in item 3, exceeds NOK 3,953,821.06.
- The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024.
- The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2.
- The authorization encompasses resolutions on merger according to the Norwegian Public Limited Liability Companies Act section 13-5.
- The authorization is limited to include strengthening of Kitron ASA's equity and issuing of consideration shares in connection with acquisition of other companies or enterprises within Kitron ASA's purpose.
- The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization.

Authorization to the Board to buy own shares

The ordinary general meeting on 28 April 2023 authorized the Board of directors of Kitron ASA to acquire Kitron ASA's own shares, for the purpose of ownership or charge, in accordance with the Norwegian Public Limited Liability Companies Act sections 9-4 and 9-5 on the following conditions.

- The Board of Directors may acquire shares in Kitron ASA, on one or several occasions, provided that the total combined nominal value of the acquired shares after the acquisition must not exceed ten per cent of the share capital, i.e. up to a total nominal value of NOK 1,976,910.53. The authorization also includes contract liens in the shares of Kitron ASA.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- Under this authorization the Board of Directors may pay minimum NOK 1 per share and maximum the prevailing market price per share on the day the offer is made, provided, however, that the maximum amount does not exceed NOK 100 per share.
- Any and all previous authorizations given to the Board of Directors to acquire own shares shall be, and hereby are, withdrawn with effect from the date this authorization is registered with the Norwegian Register of Business Enterprises.
- Shares acquired according to the authorization shall either be cancelled, used as remuneration to the members of the Board of Directors of Kitron ASA, used in incentive schemes or be used as consideration in connection with acquisition of other companies or businesses, joint ventures or joint business operations, and acquisition of property and business within Kitron ASA's purpose.
- This authorization shall be valid until the 2024 annual general meeting, but not longer than 30 June 2024.

Note 19 - Share based payment

The group operates an equity settled share-based compensation plan under which the entity receives services from employees as consideration from equity instruments (options) for the group. The compensation plan comprises senior management only. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value). The social security contribution payable in connection with the grant of the share options is considered as an integral part of the grant itself, and the charge will be settled as a cash-settled transaction. Further details around the arrangement are described below.

The Company has implemented a share option program for its Senior Executives comprising of up to 5,000,000 shares. The share option program was implemented in 2018 and is divided into four three-year subprograms, each with an allocation of 1,250,000 options, where the first program started in 2019, and is followed by one program every year until 2022.

The share option program entails that Senior Executives, on certain terms, may be granted a right to subscribe for shares in Kitron at NOK 0.10 per share after a vesting period of three years. The number of options that are vested for each subprogram are linked to the development of the market capitalization at Oslo Stock Exchange, adjusted for dividends and share buy-backs. For each program to vest fully, the market capitalization adjusted for dividends and share buy-backs must increase 50 per cent. The program starts to vest at an increase of 20 per cent and will vest linearly between 20 per cent to 50 per cent. The Company can require that a number of shares for which the employee is entitled to subscribe is being converted to a cash consideration which the company uses to pay taxes.

Each subprogram is capped at 200 per cent increase of the market capitalization, adjusted for dividends and share buy-backs.

Any shares delivered as a result of exercising options are subject to a three-year lock-up period. During the first year of the lock-up period, no sales are allowed. The following two years, 1/8 of the option shares are released each quarter of the calendar year. Further, the program has a claw back clause that provides the Company with a right to purchase option shares if the option holder's employment with the Company is terminated and the criteria of the program are not met during the lock-up program.

The Company utilizes a Monte Carlo simulation to determine the impact of stock option grants in accordance with IFRS 2, Share-based payment, on the Company's net income. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

During the period ended 31 December 2023, the Company has had share-based payment arrangements for employees, as described below.

Fair value of Share Options granted is calculated using the Monte Carlo option pricing model. The weighted average inputs to Monte Carlo model and Fair values per 31 December 2023 are listed below (calculated at grant):

Granted	2021	2022
Exercise price (NOK)	0.10	0.10
Share price at grant date (NOK)	20.15	19.70
Expected life from grant date	2,94 years	2,68 years
Volatility	35 %	41.2%
Interest rate	1.12%	3.61%
Fair value per option (NOK)	6.30	8.89

Expected volatility is based on historical volatility of the Company. The Company is listed on the Oslo Stock Exchange. Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank. The total expensed amount in 2023 arising from the option plans are EUR 696 thousand, not including social security (2022: EUR 798 thousand). The total carrying amount per 31 December 2023 is EUR 528 thousand, not including social security (2022: EUR 1 219 thousand). Accrued social security at 31 December 2023 is EUR 777 thousand (2022: EUR 627 thousand).

Quantity and weighted average prices

Activity	Number of instruments	Weighted Average Strike Price (NOK)
Outstanding OB (01.01.2022)	3 420 000	0.10
Granted	1 175 000	0.10
Exercised	(1 170 000)	-
Forfeited	(25 000)	0.10
Expired	-	-
Outstanding CB (31.12.2022)	3 400 000	0.10
Vested CB	-	-
Options not granted CB (31.12.2022)	350 000	0.10
Outstanding OB (01.01.2023)	3 400 000	0.10
Granted	50 000	0.10
Exercised	(1 250 000)	0.10
Forfeited	-	0.10
Expired	-	-
Outstanding CB (31.12.2023)	2 200 000	0.10
Vested CB	-	-
Options not granted CB (31.12.2023)	300 000	0.10

Strike price	Outstanding instruments		Vested instruments		Weighted Average Strike Price
	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	
0.10 NOK	2 200 000	1.18	0.10 NOK	0	-

Board	Number of shares		Number of options	
	2023	2022	2023	2022
Tuomo Lähdesmäki, chairman	297 105	291 668	-	-
Gro Brækken, board member	52 810	51 280	-	-
Espen Gundersen, board member	57 810	56 280	-	-
Maalfrid Brath, board member	32 690	29 499	-	-
Petra Grandinson, board member	22 943	20 494	-	-
Michael Lundgaard Thomsen, board member	8 689	6 240	-	-
Jarle Larsen, employee elected board member	21 154	19 624	-	-
Tone Aas, employee elected board member	1 530	-	-	-
Henriette Stene, employee elected board member	1 530	-	-	-

Corporate management team	Number of shares		Number of options	
	2023	2022	2023	2022
Peter Nilsson, CEO	2 633 157	2 471 102	495 000	905 000
Cathrin Nylander, CFO	1 081 992	1 035 249	175 000	295 000
Kristoffer Asklöv, COO	144 080	101 561	200 000	300 000
Stian Haugen, CTO	100 851	51 561	175 000	295 000
Mindaugas Sestokas, Vice President and Managing Director	480 619	418 978	175 000	295 000
Hans Petter Thomassen, Vice President and Managing Director	517 657	470 062	175 000	295 000
Stefan Hansson Mutas, Managing Director	340 544	295 281	175 000	295 000
Zygimantas Dirse, Managing Director	596 763	535 122	175 000	295 000
Carsten Christensen, CEO Kitron A/S (joined 10.01.2022)	7 167	51 561	290 000	300 000

Note 20 - Accounts payable and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30-120 days of recognition. Accounts payable and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

EUR million	2023	2022
Accounts payable	139.4	139.8
Deposits received *)	42.4	52.3
Accounts payable	181.9	192.1

*)Deposits from customers

EUR million	2023	2022
Public duties	3.2	5.1
Payable to related parties (note 27)	1.3	1.5
Employee related accruals	11.2	10.4
Social security cost	3.2	1.7
Other accruals *)	15.0	9.9
Other payables	33.8	28.6

*) Mainly ordinary periodical accruals, prepayment from customers and cost incurred but invoices not yet received.

The carrying amount of the group's trade and other payables are denominated in the following currencies:

EUR million	2023	2022
Trade and other payables		
USD	81.5	97.5
EUR	57.7	54.6
NOK	25.7	22.5
SEK	17.5	11.4
CNY	13.5	24.1
DKK	12.0	1.4
CZK	7.0	1.6
PLN	0.8	7.6
Others	0.0	(0.1)
Total trade and other payables	215.7	220.7

Note 21 - Borrowings

Interest bearing debt is initially recognised at fair value, net of transaction costs incurred. Interest bearing debt is subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the loans using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest bearing debt is removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Interest bearing debt are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EUR million	2023	2022
Long-term interest bearing debt		
Leasing	17.0	15.5
Other 1)	96.2	103.9
Total	113.3	119.4
Current interest bearing debt		
Debt to credit institutions 2) (Note 17)	12.8	13.7
Factoring debt 3)	22.1	32.0
Leasing	9.5	6.0
Other 1)	10.7	9.5
Total	55.1	61.3
Total interest bearing debt	168.3	180.7

1) Other long-term and current interest bearing debt consist mainly of bank loans from the group's principle banks. Interest is payable at a rate of IBOR and a margin, dependent on Kitron's NIBD/EBITDA ratio.

2) Kitron has established a group account agreement with the group's main bank. This embraces the Norwegian, Swedish, German, Polish, Danish and US companies. The group account agreement is regarded to be a unit of account, and is presented net. The group's short term bank financing is a revolving facility. There was a draft at the group account agreement at 31 December 2023 of EUR 10,4 million (2022: EUR 9.5 million). Draft split on currency pr 31.12. was (all following numbers are presented in EUR): EUR -13.8 million (-17.5), NOK -20.2 million (-13.1), USD 22,8 million (23.3) and other EUR 0.9 million (2.2 million). Interest is payable at a rate of IBOR and a margin.

3) Kitron has per 31 December 2023 factoring arrangements for the Norwegian and Swedish entities. The factoring facility is a rolling facility and is subject to yearly renewal. Interest is payable at a rate of IBOR and a margin.

The loan facilities with the company's main bank, described in 1) and 2), include covenants relating to factors as the company's gearing ratio, earnings and loan-to-value ratio. The company complies with these covenants at 31 December 2023.

Unrestricted bank deposits and unused credit lines amounted to EUR 61.8 million for the group at 31 December 2023 (EUR 37.2 million at 31 December 2022).

Periods to maturity of long-term interest bearing debt:

EUR million	2023	2022
Between one and two years	20.2	18.1
Between two and five years	20.1	34.3
Over 5 years	73.0	67.0
Total	113.3	119.4

Carrying amount and fair value of long-term interest bearing debt:

EUR million	Carrying amount		Fair value	
	2023	2022	2023	2022
Leasing	17.0	15.5	16.4	14.4
Other	96.2	103.9	76.7	88.5
Total	113.3	119.4	93.1	102.9

Fair value is based on discounted cash flow with a discount rate of 6.0 per cent (2022: 5.0 per cent). The carrying amount of current loans is virtually identical with fair value. The fair value calculations are based on level 3 valuation method. Inputs in assets and liabilities are not based on observable market data.

Carrying amount of the group's interest bearing debt in various currencies:

EUR million	2023	2022
NOK	75.7	87.5
SEK	10.6	7.6
EUR	65.7	66.1
USD	13.0	14.0
CNY	2.7	4.1
DKK	0.7	1.4
CZK	-	0.0
MYR	0.7	-
INR	0.0	-
Total	168.3	180.7

Interest bearing debt include EUR 156.9 million (2022: EUR 167.9 million) in secured commitments (bank loans and other secured loans).

Mortgages

EUR million	2023	2022
Debt secured by mortgages	156.9	167.9

Carrying amount of the group's assets provided as security:

EUR million	2023	2022
Buildings and land	5.7	4.0
Machinery and equipment	15.9	12.1
Receivables	44.5	52.2
Inventory and contract assets	133.2	113.9
Total	199.3	182.3

For the Swedish entity there are company mortgages of EUR 4.2 million at 31 December 2023 (2022: EUR 4.2 million).

Debt secured by mortgages includes leasing liabilities for machinery and equipment. The carrying amount of these fixed assets is included in the carrying amount of assets provided as security. Of the mortgage debt in the consolidated accounts, the commitment related to leasing recognised in the balance sheet amounted to EUR 15.1 million at 31 December 2023 (2022: EUR 8.7 million).

Conditions in the form of vendor's fixed charge are moreover related to deliveries from Kitron's suppliers of goods.

The group's receivables recognised in the balance sheet are provided as security (factoring mortgage) for obligations to DNB Finans.

The group's guarantee provider had provided guarantees at 31 December for leasing obligations and tax due but not paid. These totalled EUR 0.3 million (2022: EUR 0.3 million) and EUR 2.0 million (2022: EUR 1.7 million) respectively for the group.

Per 31 December 2023 Kitron ASA has granted the following parent company guarantees:

- EUR 25.9 million related to lease obligations for the polish subsidiary Kitron sp. z o.o (2022: EUR 16.2 million)
- EUR 10.0 million related to factoring agreement for the polish subsidiary Kitron sp. z o.o (2022: EUR 0.0 million)
- NOK 350 million related to bank financing for Kitron AS and Kitron AB (2022: NOK 350 million).

Note 22 - Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates and laws which have been substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, and that the temporary differences can be deducted from this profit. Deferred tax is calculated on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the group and it is probable that they will not be reversed in the foreseeable future.

Deferred tax is recognised net when the group has a legal right to net deferred tax assets against deferred tax in the balance sheet and if the deferred tax is payable to the same tax authority.

Deferred tax asset:

EUR million	2023	2022
Deferred tax asset to be recovered after more than 12 months	6.2	8.7
Deferred tax liability:		
Deferred tax liability to be recovered after more than 12 months	5.4	6.3
Deferred tax asset (net)	0.8	2.4

Change in carrying amount of deferred tax asset:

EUR million	2023	2022
Opening balance	2.4	7.0
Currency translation differences	(0.1)	0.3
Profit and loss account	(1.2)	0.7
Business combinations	-	(5.6)
Other comprehensive income	(0.5)	(0.2)
Equity for the period	0.3	0.2
Closing balance	0.8	2.4

Changes in deferred tax assets and deferred tax (with netting in same tax regime).

Deferred tax liabilities:

EUR million	Fixed assets	Contract assets	Deferred capital gain	Customer contracts	Total
At 1 January 2022	0.7	1.0	0.0	-	1.7
Profit/(loss) for the period	(0.4)	0.2	0.0	(0.4)	(0.6)
Other comprehensive income	-	-	-	-	-
Business combinations	0.3	0.4	-	5.8	6.5
Currency translation differences	0.1	0.0	-	0.2	0.3
At 31 December 2022	0.7	1.6	0.0	5.6	7.9
At 1 January 2023	0.7	1.6	0.0	5.6	7.9
Profit/(loss) for the period	0.2	1.5	0.4	(0.2)	1.9
Other comprehensive income	-	-	-	-	-
Currency translation differences	0.0	(0.2)	0.0	(0.3)	(0.5)
At 31 December 2023	0.9	2.9	0.5	5.0	9.3

Deferred tax asset:

EUR million	Provision and current assets	Loss carried forward	Pension	Total
At 1 January 2022	0.4	8.2	0.1	8.7
Profit/(loss) for the period	0.1	0.0	0.0	0.0
Business combinations	0.8	-	-	0.8
Other comprehensive income	-	(0.2)	0.0	(0.2)
Equity for the period	-	0.2	-	0.2
Currency translation differences	0.2	0.4	-	0.6
At 31 December 2022	1.5	8.7	0.1	10.2
At 1 January 2023	1.5	8.7	0.1	10.2
Profit/(loss) for the period	1.2	(0.5)	0.0	0.6
Business combinations	-	-	-	-
Other comprehensive income	-	(0.5)	0.0	(0.5)
Equity for the period	-	0.3	-	0.3
Currency translation differences	0.1	(0.7)	0.0	(0.6)
At 31 December 2023	2.7	7.3	0.1	10.1

Deferred tax assets related to tax loss carried forward is recognised in the balance sheet to the extent that it is probable that the group can apply this against future taxable profit. Tax losses carried forward are related to the operations in Norway and USA. Deferred tax assets related to losses carried forward amounted to EUR 2.2 million in Norway (2022: EUR 3.6 million) and EUR 5.1 million in USA (2022: EUR 5.3 million).

The group did not recognise deferred tax assets of EUR 2.7 million (2022: EUR 2.2 million) related to tax losses carried forward for the operation in the USA. The business improvements made and the expected development on future sales and profitability warrant deferred tax assets in the balance sheet of Kitron Technologies Inc. Utilization time for State tax losses carried forward is 20 years and infinite for Federal tax losses carried forward.

There are no restrictions on the right to carry the tax loss forward in other countries.

Note 23 - Retirement benefit obligations

Group companies have various pension schemes. These schemes are generally funded through payments to insurance companies or pension funds based on periodic actuarial calculations. The group has both defined contribution and defined benefit plans. From 2016 the group has defined benefit plan for former CEO only.

A defined benefit plan is one that is not a defined contribution plan, and typically defines an amount of pension benefit an employee will receive on retirement. That benefit is normally dependent on one or more factors such as age, years of service and pay. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. An independent actuary calculates the pension commitment annually. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds. Estimated payroll tax on the net pension commitment calculated by an actuary is added to the carrying amount of the obligation. Changes in pension plan benefits are recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income.

The pension plans in Norway comply with the Norwegian mandatory service pension act.

The pension obligation below is relating to life-long pension benefits to a former CEO. The pension plan is unfunded. The AFP-scheme is a defined benefit multi-enterprise scheme, but is recognised in the accounts as a defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The company's liabilities are therefore not recognised as debt in the balance sheet.

EUR million	2023	2022
Unfunded		
Carrying amount of the obligation		
Pension commitments	0.5	0.5
Costs recognised in the profit and loss account (incl in note 8)		
Pension costs (gain) defined benefit plans	0.0	0.0
Cost recognised in other comprehensive income		
Actuarial losses (gains) pensions	0.0	0.0
Defined pension benefit plans		
Carrying amount of the obligation is determined as follows		
Present value of pension obligation	(0.5)	(0.5)
Fair value of plan asset	-	-
Net commitments in unfunded defined benefit plans	(0.5)	(0.5)
Hereof payroll tax on the pension obligations	(0.1)	(0.1)
Net pension obligation in the balance sheet	(0.5)	(0.5)

EUR million	Unfunded	
	2023	2022
Net pension costs comprise		
Interest cost	0.0	0.0
Total, included in payroll costs	0.0	0.0
Change in carrying amount of pension commitments		
Opening balance	(0.5)	(0.5)
Cost recognised in the profit and loss account for the year	0.0	0.0
Cost recognised in other comprehensive income	0.0	0.0
Benefits paid	0.1	0.1
Closing balance	(0.5)	(0.5)
The following assumptions have been applied in calculating pension commitments:		
Discount rate	3.7%	3.2%
Annual pension adjustment	3.5%	3.5%
Social security tax rate	14.1%	14.1%
Assumptions on mortality rates are based on published statistics in Norway	K2013	K2013
Number of employees in defined benefit plans	1	1

Note 24 - Dividends per share

Possible dividend payments to the company's shareholders are recognised as a liability in the group's financial statements in the period when the dividend is approved by the general meeting. For 2022 a dividend of NOK 0.50 per share was paid. The Kitron Board of Directors will propose a dividend of NOK 0.75 per share for the financial year 2023 to the Annual General Meeting in April 2024.

The dividend will be payable to shareholders registered in Kitron's shareholder register with the Norwegian Central Securities Depository (Euronext Securities Oslo – formerly named Euronext VPS) as of expiry of 25 April 2024 (being shareholders as of the date of the Annual General Meeting's resolution).

The total proposed dividend is NOK 148.7 million.

Note 25 - Cash flow from operations

EUR million	2023	2022
Profit/(loss) before tax	64.7	38.6
Depreciation and impairment	17.6	16.0
Change in inventory	6.3	(38.8)
Change in contract assets	(18.5)	(11.6)
Change in accounts receivable and other short term receivables	13.8	(34.8)
Change in accounts payable and other short term payables	(5.0)	57.1
Change in pension funds/obligations	(0.0)	(0.3)
Effect from option costs	0.7	0.8
Effect from vesting of options	(1.5)	(0.7)
Change in other items	0.5	1.0
Interest cost - net	8.4	5.7
Foreign exchange losses / (gains) on operating activities	(10.0)	(3.0)
Cash flow from operations	77.1	29.9

Interest bearing debt presented as financing activities in the cash flow statement:

EUR million	2023	2022
Leasing - long-term	17.0	15.5
Leasing - short-term	9.5	6.0
Total lease liabilities	26.5	21.6
Long-term bank loans	96.2	103.9
Short-term bank loans	10.7	9.5
Factoring debt	22.1	32.0
Debt to credit institutions	12.8	13.7
Total borrowings	141.8	159.1

EUR million	Leases	Borrowings	Factoring	Total
Interest bearing debt as at 31 December 2021	19.8	44.3	35.9	100.0
Acquisition of subsidiaries	3.0	(1.1)		1.9
Cash flows	(5.4)	81.2	(4.1)	71.7
Lease liabilities recognised	4.6	-		4.6
Foreign exchange adjustments	1.2	4.1	0.2	5.5
Other non-cash movements	(1.6)	(1.4)		(3.0)
Interest bearing debt as at 31 December 2022	21.6	127.1	32.0	180.7

EUR million	Leases	Borrowings	Factoring	Total
Interest bearing debt as at 31 December 2022	21.6	127.1	32.0	180.7
Cash flows	(8.6)	(4.4)	(8.2)	(21.1)
Lease liabilities recognised	15.5	-		15.5
Foreign exchange adjustments	(2.0)	(3.0)	(1.7)	(6.7)
Interest bearing debt as at 31 December 2023	26.5	119.7	22.1	168.3

Note 26 - Leases

The group's leasing activities and how they are accounted for

The group leases various properties, equipment and cars. Rental contracts are typically made for fixed periods of 1 to 12 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Kitron does not have lease agreements with variable lease payments of any significance.

Extension and termination options are included in a number of property leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

EUR million	2023	2022
Right-of-use assets		
Buildings and land	11.7	12.1
Machinery and equipment	15.2	12.1
Total	26.9	24.2
Lease liabilities*		
Current	9.5	6.0
Non-Current	17.0	15.5
Total	26.5	21.6

*included in the line items "Interest bearing debt" in the balance sheet.

Additions to the right-of-use assets in 2023 were EUR 9.9 million (2022: EUR 2.5 million) (Note 12).

Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

EUR million	2023	2022
Depreciation charge of right-of-use assets		
Buildings and land	3.2	2.9
Machinery and equipment	3.0	2.4
Total	6.2	5.4
Interest expense	0.9	0.9
Expenses relating to short-term leases	0.1	0.1
Expenses relating to leases of low-value	0.1	0.1
Expenses relating to variable lease payments not included in lease liabilities	-	-
Income from subleasing right of use assets	-	-
Gains or losses arising from sale and leaseback transactions	-	-

The total cash outflow for leases in 2023 was EUR 8.6 million (2022: EUR 5.7 million).

Note 27 - Related parties

EUR 1000	2023	2022
Remuneration of senior executives		
Pay and other benefits (1)	7 813	6 173
Balance items at 31 December resulting from purchase/sale of goods and services		
Payable to related parties:		
Senior executives (1)	2 216	1 610
Total	2 216	1 610

(1) Senior executives comprise the corporate management team at Kitron ASA.

Remuneration of senior executives, directors and auditor

EUR 1000	2023	2022
Directors' fee:		
- chairman	56	60
- board members	217	239
Auditors fee		
- statutory audit	619	426
- other attestation services	4	8
- tax related services	12	110
- other services	10	47

The company has not given any loans or security for directors or senior executives at 31 December 2023.

For more information about remuneration of senior executives, see separate Remuneration Report available at www.kitron.com.

Note 28 - Interest in subsidiaries

Set out below are the group's principal subsidiaries at 31 December 2023. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares, which are held directly by the group and the proportion of ownership interests held equals to the voting rights held by group. The country of incorporation or registration is also their place of principal place of business.

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron AS	Arendal, Norway	100%	100%	EMS manufacturing
Kitron AB	Jönköping, Sweden	100%	100%	EMS manufacturing
Kitron Hong Kong Ltd	Hong Kong	100%	100%	Trading, sourcing
Kitron GmbH	Nürtingen, Germany	100%	100%	Sales
Kitron Holding USA Inc	Delaware, USA	100%	100%	Shareholding
UAB Kitron Real Estate	Kaunas, Lithuania	100%	100%	Property
UAB Kitron	Kaunas, Lithuania	100%	100%	EMS manufacturing
Kitron sp. z o.o	Grudziadz, Poland	100%	100%	EMS Manufacturing
Kitron A/S	Horsens, Denmark	100%	100%	EMS manufacturing
Kitron Holding A/S Denmark	Horsens, Denmark	100%	100%	Shareholding
Kitron Electronics Manufacturing Sdn. Bhd.	Senai, Malaysia	100%	100%	EMS manufacturing

The Kitron Hong Kong Ltd subsidiary owns shares in the following subsidiaries:

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron Electronics Manufacturing (Ningbo) CO., Ltd.	Ningbo China	100%	100%	EMS manufacturing
Kitron Electromechanical (Ningbo) CO. Ltd	Ningbo China	100%	100%	Purchasing

The Kitron Holding USA Inc subsidiary owns shares in the following subsidiaries:

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron Technologies Inc	Delaware, USA	100%	100%	EMS manufacturing
Kitron Systems Inc	Delaware, USA	100%	100%	Dormant

The Kitron A/S subsidiary in Denmark owns shares in the following companies:

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron Electronics Manufacturing (Suzhou) Co. Ltd	Suzhou, China	100%	100%	EMS manufacturing
Kitron Holding Czech a.s	Lanskroun, Czech	100%	100%	Shareholding
Kitron India ApS	Horsens, Denmark	100%	100%	Shareholding
TCBB India Private Limited	Chennai, India	100%	100%	EMS manufacturing under establishment

Kitron Electronics Manufacturing (Suzhou) Co. Ltd owns shares in the following companies:

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron Electromechanical (Suzhou) Co. Ltd.	Suzhou, China	100%	100%	Trading

Kitron Holding Czech a.s owns shares in the following companies:

Company name	Country of incorporation	Shareholding	Voting share	Principal activities
Kitron Czech a.s.	Lanskroun, Czech	100%	100%	EMS manufacturing

Note 29 - Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are reducing cost price of the related assets.

The group has received grants in 2023 of EUR 0.3 million (2022: 0.4). EUR 0.05 million was (2022: 0.2) for employee training, EUR 0.1 million for wage refund and EUR 0.15 million (2022: 0.3) was for business reward and different subsidies.

The amount has reduced payroll expenses and other operating expenses correspondingly.

Note 30 - Change in presentation currency

Kitron is from 1 January 2023 presenting its consolidated financial statements in EUR. The change in presentation currency from NOK to EUR is due to Kitron's activities now being primarily outside of Norway and transactions, revenue and costs increasingly being denominated in EUR.

The change in presentation currency has been treated as a change in accounting policy in accordance with IAS 8.

Balance sheet items including opening balance at 1 January 2022 are converted by using currency rate at balance sheet date. For profit and loss statements currency conversion is based on weighted average currency rates for the reporting period. Currency rates used in conversion is as follows:

	31.12.2022	01.01.2022	01.01.2022-31.12.2022
EUR/NOK	10.51	9.99	10.11

Weighted average currency rate (EUR/NOK) for the period 01.01.2023 - 31.12.2023 is 11.44. Currency rate (EUR/NOK) at 31.12.2023 is 11.24.

Converted financial statements from implementation are disclosed below and are also available at www.kitron.com.

Consolidated profit and loss statement	EUR million	NOK million
	Full year 2022	Full year 2022
Revenue		
Revenues	641.0	6 486.7
Operating costs		
Cost of materials	439.4	4 445.3
Payroll expenses	108.0	1 092.5
Depreciation and impairments	16.0	161.4
Other operational expenses	32.7	330.9
Total operating cost	596.0	6 030.2
Other gains / (losses)	0.2	3.0
Operating profit/(loss)	45.2	459.6
Financial income and expenses		
Finance income	1.7	17.4
Finance expenses	(8.4)	(84.8)
Net financial items	(6.6)	(67.4)
Profit (loss) before tax	38.6	392.2
Tax	10.3	105.1
Profit (loss) for the period	28.3	287.1

Consolidated balance sheet	EUR million		NOK million	
	31.12.2022	01.01.2022	31.12.2022	01.01.2022
ASSETS				
Goodwill	45.0	3.7	472.9	36.9
Other intangible assets	30.3	4.5	318.5	44.9
Property, plant and equipment	34.2	21.3	359.9	212.9
Right-of-use assets	24.2	24.0	254.6	239.5
Deferred tax assets	8.7	7.4	91.7	74.0
Other receivables	1.0	1.0	10.4	10.3
Total non-current assets	143.5	61.9	1 507.9	618.6
Inventory	172.7	88.1	1 815.5	880.3
Accounts receivable	143.5	86.5	1 508.2	864.6
Contract assets	59.4	40.1	624.6	400.6
Other receivables	13.9	11.7	145.8	117.3
Cash and cash equivalents	25.9	42.8	272.7	428.0
Total current assets	415.5	269.4	4 366.7	2 690.8
Total assets	559.0	331.3	5 874.7	3 309.4
LIABILITIES AND EQUITY				
Equity	143.3	122.9	1 506.5	1 228.0
Total equity	143.3	122.9	1 506.5	1 228.0
Deferred tax liabilities	6.3	0.4	66.4	4.2
Interest bearing debt	119.4	20.6	1 255.2	206.2
Pension commitments	0.5	0.6	5.3	5.6
Other liabilities	1.2	0.4	12.1	4.2
Total non-current liabilities	127.4	22.0	1 339.0	220.2
Accounts payable	192.1	91.9	2 018.6	917.8
Other payables	28.6	13.1	301.1	131.1
Tax payable	6.2	1.9	65.4	19.1
Interest bearing debt	61.3	79.4	644.1	793.2
Total current liabilities	288.2	186.3	3 029.1	1 861.1
Total liabilities and equity	559.0	331.3	5 874.7	3 309.4

Condensed cash flow statement	EUR million	NOK million
	Full year 2022	Full year 2022
Profit before tax	38.6	392.2
Depreciations	16.0	161.4
Change in inventory, accounts receivable, contract assets and accounts payable	(32.1)	(399.9)
Change in net other current assets and other operating related items	(4.4)	29.0
Net cash flow from operating activities *)	18.1	182.8
Net cash flow from investing activities	(96.4)	(960.5)
Net cash flow from financing activities *)	60.2	620.2
Change in cash and cash equivalents	(18.1)	(157.4)
Cash and cash equivalents opening balance	42.8	428.0
Currency conversion of cash and cash equivalents	1.2	2.1
Cash and cash equivalents closing balance	25.9	272.7

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

Consolidated statement of comprehensive income	EUR million	NOK million
	Full year 2022	Full year 2022
Profit (loss) for the period	28.3	287.1
Actuarial gain / losses pensions	(0.0)	(0.2)
Gain / losses forward contract	0.6	5.8
Exchange differences on translation	3.4	34.4
Total comprehensive income for the period	32.2	327.3
Allocated to shareholders	32.2	327.3

Note 31 - Hedging

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses). Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Kitron ASA acquired BB Electronics (from 2023: Kitron A/S) with effect from 1 January 2022. Purchase price was 663.5 million DKK. Purchase Price Allocation analysis per acquisition date shows excess value of DKK 448.9 million in intangible assets and goodwill net after tax. Part of the acquisition was financed by a EUR 52.1 million term loan in bank (converted from NOK at 30 March 2022).

Hedging- and economic relationship

A hedging- and an economic relationship consist between the total DKK investment in Kitron A/S and the EUR loan. The total net assets of Kitron A/S and the net excess values in intangible assets and goodwill constitute the hedged objects and the EUR loan constitutes the hedging instrument.

The nature of the risk being hedged

The hedged items and the hedging instrument will be translated using the "indirect method", that is translation to NOK and further to EUR at balance sheet date. Currency translation effects will be created due to changes in NOK/DKK and NOK/EUR currency rates.

Hedge effectiveness

As DKK is pegged to EUR the two currencies will move in the same direction. The total DKK investment (hedged objects) and the EUR liability (hedging instrument) will make a hedge. The currency effect in Kitron ASA parent company account from the translation of the EUR loan will be neutralized by the effect from the translation of the DKK assets.

See quantitative information in the tables below:

Hedging instrument	Currency	2023	2022	Balance sheet item
<i>Carrying amount (31 December)</i>				
- Bank loan (5-year term loan)	EUR million	33.9	44.3	Interest bearing debt (Current/Non-current)
	DKK equivalent	252.2	330.2	
Change in carrying amount of bank loan	NOK million	26.0	44.8	
Hedging objects	Currency	2023	2022	Balance sheet item
<i>Carrying amount (31 December)</i>				
- Net equity Kitron A/S	DKK million	343.0	316.8	Equity
- Goodwill	DKK million	309.1	309.1	Goodwill
- Customer contracts	DKK million	170.2	183.4	Intangible assets
- Deferred tax	DKK million	(37.4)	(40.4)	Deferred tax liabilities
Total		784.9	769.0	
Change in value of hedged objects	NOK million	57.7	45.6	
Net effect presented in Other Comprehensive Income	EUR million	2.8	0.1	
Hedge ratio (31 December)		3.3	2.3	

Note 32 - Subsequent events

There have been no events to date in 2024 that significantly affect the result for 2023 or valuation of the company's assets and liabilities at the balance sheet date.



Kitron

Annual accounts Kitron ASA

Income statement, Kitron ASA

NOK 1000	Note	2023	2022
Revenues			
Sales revenues	1,2	188 709	134 308
Total revenues		188 709	134 308
Operating costs			
Payroll expenses	2,3,4,5,6	108 611	88 545
Depreciation and impairments	7,8	7 531	6 173
Other operating expenses	6	106 578	80 907
Total operating costs		222 720	175 625
Operating profit / (loss)		(34 011)	(41 317)
Financial income and expenses			
Intra group interest income	2	14 610	7 943
Other interest income		33 216	13 113
Other financial income	2,9	214 103	138 644
Interest expenses		92 833	42 791
Other financial expenses	9	13 321	32 581
Net financial items		155 775	84 328
Profit before tax		121 764	43 011
Tax	10	(9 077)	(19 430)
Net profit / (loss)		130 840	62 441

Balance sheet at 31 December, Kitron ASA

NOK 1000	Note	31.12.2023	31.12.2022
Assets			
Fixed Assets			
Intangible fixed assets			
Deferred tax	10	27 880	40 571
Other intangible assets	8	33 988	34 953
Total intangible fixed assets		61 868	75 524
Tangible fixed assets			
Machinery, equipment etc.	7.11	1 578	2 014
Financial fixed assets			
Investment in subsidiaries	11.12	1 349 649	1 316 742
Intra-group loans	2,11,13	236 130	234 480
Total financial fixed assets		1 585 779	1 551 222
Total fixed assets		1 649 225	1 628 760
Current Assets			
Receivables			
Accounts receivables	2.11	191 646	135 230
Other receivables	2.11	336 943	308 861
Total receivables		528 589	444 091
Bank deposits, cash in hand etc.	14	6 135	43 055
Total current assets		534 724	487 146
Total assets		2 183 949	2 115 906

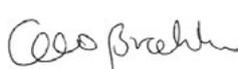
Balance sheet at 31 December, Kitron ASA (continued)

NOK 1000	Note	31.12.2023	31.12.2022
Liabilities and equity			
Equity			
Paid-in equity			
Share capital (198 217 134 shares at NOK 0,10)	15,16	19 822	19 769
Share premium reserve	15	579 357	579 392
Total paid-in equity		599 179	599 161
Other Equity	5,16	163 482	186 764
Total equity		762 661	785 925
Liabilities			
Long-term liabilities			
Pension commitments	4	5 059	5 243
Loans	11, 17	1 063 622	1 065 614
Total long-term liabilities		1 068 681	1 070 857
Current liabilities			
Loans	11,14,17	117 166	100 000
Accounts payable	2	23 732	25 566
Dividend		148 663	98 846
Other current liabilities	2	63 046	34 712
Total current liabilities		352 607	259 124
Total liabilities		1 421 288	1 329 981
Total liabilities and equity		2 183 949	2 115 906

Oslo, 20 March 2024



Tuomo Lähdesmäki
Chairman



Gro Brækken
Deputy Chairman



Michael Lundgaard Thomsen
Board Member



Espen Gundersen
Board Member



Petra Grandinson
Board Member



Maalfrid Brath
Board Member



Tone Aas
Employee Elected Board
Member



Henriette Stene
Employee Elected Board
Member



Jarle Larsen
Employee Elected Board
Member



Peter Nilsson
CEO of Kitron ASA

Cash flow statement, Kitron ASA

NOK 1000	2023	2022
Cash flows from operational activities		
Profit before tax	121 764	43 011
Ordinary depreciation	7 531	6 173
Change in accounts receivables	(56 416)	(65 497)
Change in accounts payables	(1 834)	12 171
Change in pension funds/ obligations	(486)	(476)
Option costs without cash effect	7 968	8 064
Cash effect from termination of options	(16 827)	(9 817)
Change in other accrual items	(157 777)	(110 560)
Net cash flow from operational activities	(96 077)	(116 931)
Cash flows from investment activities		
Investment in subsidiaries	(32 907)	(895 488)
Acquisition of fixed assets	(6 130)	(3 345)
Proceeds from long-term loans issued to subsidiaries	83 859	110 830
Issue of loans to subsidiaries	(75 930)	(179 239)
Dividends from subsidiaries	207 657	38 340
Net cash flow from investment activities	176 549	(928 902)
Cash flows from financing activities		
Net change in overdraft facilities	-	(101 433)
Payment from new borrowings	100 000	1 200 000
Repayment of borrowings	(118 599)	(309 283)
Issue of ordinary shares	53	68
Payment of dividend	(98 846)	(49 254)
Net cash flow from financing activities	(117 392)	740 098
Net change in cash and cash equivalents	(36 920)	(305 735)
Cash and cash equivalents at 1 January	43 055	348 790
Cash and cash equivalents at 31 December	6 135	43 055

Notes to the annual accounts

Kitron ASA

Accounting principles

The annual financial statements have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles (NGAAP). All amounts are in NOK 1 000 unless otherwise stated.

Revenue recognition

Income from the sale of goods and services is recognised at the time of delivery.

Classification and recognition of assets and liabilities

Assets intended for long-term ownership or use, are classified as fixed. Other assets are classified as current. Accounts receivable which fall due within one year are always classified as current assets. Analogue criteria are applied in classifying liabilities. Current assets are recognised at the lower of cost price and fair value. Current liabilities are recognised in the balance sheet at the nominal value on the establishment date. Fixed assets are recognised at their acquisition cost. Tangible fixed assets which decline in value are depreciated on a straight-line basis over their expected useful lifetime. Fixed assets are written down to their fair value where this is lower than the cost price and the decline in value is not considered to be temporary. Long-term debt in Norwegian kroner, with the exception of other provisions, is recognised at the nominal value on the establishment date. Provisions are discounted if the interest element is significant.

Intangible fixed assets

Intangible fixed assets, excluding deferred tax benefit, consist of activated computer software costs. Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use it;
- there is an ability to use the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software
- product is available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Computer software is depreciated on a straight-line basis to their residual value over their expected useful life, which is 7 years.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet and depreciated on a straight-line basis over their expected useful lifetime if they have an expected lifetime of more than three years and a cost price which exceeds NOK 15 000. Maintenance costs for tangible fixed assets are recognised as an operating expense as they arise, while upgrades or improvements are added to the cost price of the asset and depreciated accordingly. The distinction between maintenance and upgrading/improvement is calculated in relation to the condition of the asset when it was acquired. Leased fixed assets are recognised in the balance sheet as tangible fixed assets if the lease is regarded as financial.

Subsidiaries

Subsidiaries are recognised in the company accounts using the cost method. The investment is written down to its fair value when the fair value is lower than the cost price and this fall in value is not expected to be temporary.

Accounts receivables

Accounts receivable from customers and other receivables are recorded at their nominal value after deducting a provision for bad debts. The latter is based on an individual assessment of each receivable. An unspecified provision is made for minor receivables to cover estimated bad debts.

Foreign currencies

Balance sheet items in foreign currencies are translated at exchange rate at 31 December. Transactions in foreign currency are translated at exchange rate at transaction date.

Pensions

The company has both defined contribution- and defined benefit plan. From 2016 the company has defined benefit plan for former CEO only. A defined contribution plan is one under which the company pays fixed contributions to a separate legal entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is one that is not a defined contribution plan, and typically defines an amount of pension benefit an employee will receive on retirement. That benefit is normally dependent on one or more factors such as age, years of service and pay. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. An independent actuary calculates the pension commitment annually. The present value of the defined benefit obligations is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds. Estimated payroll tax on the net pension commitment calculated by an actuary is added to the carrying amount of the obligation. Changes in pension plan benefits are recognised immediately in the income statement. Actuarial gains and losses are recognised in other comprehensive income. For defined contribution plans, the company pays contribution to publicly or privately administered pension insurance plans on an obligatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as a payroll expense when they fall due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The pension plan complies with the Norwegian mandatory service pension act.

Tax

Tax cost in the profit and loss account comprises the sum of tax payable for the period and changes to deferred tax or deferred tax assets. Deferred tax is calculated at a rate of 22 per cent on the basis of temporary differences between accounting and tax values, plus possible tax loss for carrying forward at the end of the fiscal year. Tax increasing and reducing temporary differences which reverse or could reverse in the same period are eliminated and are recorded net in the balance sheet. Recognition of deferred tax assets on net tax-reducing differences which have not been eliminated, and tax loss for carrying forward, is based on expected future earnings. Deferred tax and tax assets which can be recognised in the balance sheet are stated net. Tax on group contribution paid which is recognised as an increase in the cost price of shares in other companies, and tax on group contribution received which is recognised directly against equity, is recognised directly against tax in the balance sheet (against tax payable if the group contribution has an effect on tax payable and against deferred tax if the group contribution has an effect on deferred tax).

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents include cash in hand, bank deposits and other short-term liquid placements which immediately and with insignificant currency risk can be converted to known amounts of cash and with a maturity which is less than three months from the acquisition date.

Note 1 - Sales revenues

The business of Kitron ASA is administration of its subsidiaries, and revenues consist primarily of fees and group contributions.

Sales revenues by geographical area

NOK 1000	2023	2022
Norway	50 283	36 280
Sweden	30 873	24 068
Lithuania	59 782	48 244
Other	47 771	25 716
Total	188 709	134 308

Note 2 - Related parties

NOK 1000	2023	2022
Sales revenues		
From subsidiaries ¹	188 709	134 308
Purchase of goods and services		
From subsidiaries ¹	71 280	48 171
Remuneration of senior executives		
Pay and other short-term benefits ²	47 159	29 834
Financial income		
Interest income from subsidiaries ¹	14 610	7 943
Dividend from subsidiaries	214 103	138 644
Total	228 713	233 233

Balance items at 31 December resulting from transactions with related parties

Receivables and loans		
Subsidiaries ¹	734 318	646 224
Total	734 318	646 224
Payables		
Subsidiaries ¹	29 372	19 697
Total	29 372	19 697

1) Revenues from subsidiaries consist primarily of fees and group contributions. Purchase and sales of goods and services from subsidiaries consist primarily of services from corporate personnel employed in subsidiaries Interest income from subsidiaries consist of interest on long-term loans.

2) Senior executives comprise member of corporate management team employed in Kitron ASA. See table in note 6 for a more extensive description of remuneration of senior executives.

Note 3 - Payroll expenses

Payroll expenses

NOK 1000	2023	2022
Pay	88 158	72 591
Payroll taxes	4 345	3 921
Pension costs	1 217	1 535
Other remuneration	14 691	10 498
Total	108 611	88 545
Average number of FTEs	75	69

Note 4 - Pensions and similar obligations

The pension obligation below includes life-long benefits to a former CEO. The pension plan is unfunded.

The AFP-scheme is a defined benefit multi-enterprise scheme, but is recognised in the accounts as a defined contribution scheme until reliable and sufficient information is available for the group to recognise its proportional share of pension cost, pension liability and pension funds in the scheme. The company's liabilities are therefore not recognised as debt in the balance sheet.

Defined pension benefit plans

NOK 1000	2023	2022
Carrying amount of the obligation is determined as follows:		
Present value of accrued pension commitments in unfunded benefit plans	5 059	5 243
+/- unrecognised actuarial gains and losses	-	-
Net commitments in unfunded defined benefit plans	5 059	5 243
Hereof payroll tax on the pension obligation	625	648
Pension costs comprise:		
Interest costs	158	79
Net pension cost for unfunded plans	158	79
Net pension cost for contribution based pension plans	1 059	1 456
Net pension costs included in note 3	1 217	1 535
Cost recognised in equity		
Actuarial losses pensions	388	209
The following assumptions have been applied in calculating pension commitments		
Discount rate	3.7 %	3.2 %
Annual pension adjustment	3.5 %	3.5 %
Social security tax rate	14.1 %	14.1 %

Note 5 - Share-based payments

The group operates an equity settled share-based compensation plan under which the entity receives services from employees as consideration from equity instruments (options) for the group. The compensation plan comprises senior management only. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value). The social security contribution payable in connection with the grant of the share options is considered as an integral part of the grant itself, and the charge will be settled as a cash-settled transaction. Further details around the arrangement are described below.

The Company has implemented a share option program for its Senior Executives comprising of up to 5,000,000 shares. The share option program was implemented in 2018 and is divided into four three-year subprograms, each with an allocation of 1,250,000 options, where the first program started in 2019, and is followed by one program every year until 2022.

The share option program entails that Senior Executives, on certain terms, may be granted a right to subscribe for shares in Kitron at NOK 0.10 per share after a vesting period of three years. The number of options that are vested for each subprogram are linked to the development of the market capitalization at Oslo Stock Exchange, adjusted for dividends and share buy-backs. For each program to vest fully, the market capitalization adjusted for dividends and share buy-backs must increase 50 per cent. The program starts to vest at an increase of 20 per cent and will vest linearly between 20 per cent to 50 per cent. The Company can require that a number of shares for which the employee is entitled to subscribe is being converted to a cash consideration which the company uses to pay taxes.

Each subprogram is capped at 200 per cent increase of the market capitalization, adjusted for dividends and share buy-backs.

Any shares delivered as a result of exercising options are subject to a three-year lock-up period. During the first year of the lock-up period, no sales are allowed. The following two years, 1/8 of the option shares are released each quarter of the calendar year. Further, the program has a claw back clause that provides the Company with a right to purchase option shares if the option holder's employment with the Company is terminated and the criteria of the program are not met during the lock-up program.

The Company utilizes a Monte Carlo simulation to determine the impact of stock option grants in accordance with IFRS 2, Share-based payment, on the Company's net income. The model utilizes certain information, such as the interest rate on a risk-free security maturing generally at the same time as the option being valued, and requires certain assumptions, such as the expected amount of time an option will be outstanding until it is exercised or it expires and the volatility associated with the price of the underlying shares of common stock, to calculate the fair value of stock options granted. The model also estimate the likelihood of performance fulfillment and takes this into account in the valuation.

During the period ended 31 December 2023, the Company has had share-based payment arrangements for employees, as described below.

Fair value of Share Options granted is calculated using the Monte Carlo option pricing model. The weighted average inputs to Monte Carlo model and Fair values per 31 December 2023 are listed below (calculated at grant):

Granted	2021	2022
Exercise price	0.10	0.10
Share price at grant date	20.15	19.70
Expected life from grant date	2,94 years	2,68 years
Volatility	35 %	41.2%
Interest rate	1.12%	3.61%
Fair value per option	6.30	8.89

Expected volatility is based on historical volatility of the Company. The Company is listed on the Oslo Stock Exchange. Interest rates used are quoted Norwegian government bonds and bills retrieved from Norges Bank. The total expensed amount in 2023 arising from the option plans are NOK 7 968 thousand, not including social security (2022: NOK 8 063 thousand). The total carrying amount per 31 December 2023 is NOK 5 937 thousand, not including social security (2022: NOK 12 809 thousand). Accrued social security at 31 December 2023 is NOK 8 738 thousand (2022: NOK 6 586 thousand).

Quantity and weighted average prices

Activity	Number of instruments	Weighted Average Strike Price
Outstanding OB (01.01.2022)	3 420 000	0.10
Granted	1 175 000	0.10
Exercised	(1 170 000)	-
Forfeited	(25 000)	0.10
Expired	-	-
Outstanding CB (31.12.2022)	3 400 000	0.10
Vested CB	-	-
Options not granted CB (31.12.2022)	350 000	0.10
Outstanding OB (01.01.2023)	3 400 000	0.10
Granted	50 000	0.10
Exercised	(1 250 000)	0.10
Forfeited	-	0.10
Expired	-	-
Outstanding CB (31.12.2023)	2 200 000	0.10
Vested CB	-	-
Options not granted CB (31.12.2023)	300 000	0.10

Strike price	Outstanding instruments		Vested instruments		
	Number of instruments	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested instruments 31.12.2023	Weighted Average Strike Price
0.10	2 200 000	1.18	0.10	0	-

Board	Number of shares		Number of options	
	2023	2022	2023	2022
Tuomo Lähdesmäki, chairman	297 105	291 668	-	-
Gro Brækken, board member	52 810	51 280	-	-
Espen Gundersen, board member	57 810	56 280	-	-
Maalfrid Brath, board member	32 690	29 499	-	-
Petra Grandinson, board member	22 943	20 494	-	-
Michael Lundgaard Thomsen, board member	8 689	6 240	-	-
Jarle Larsen, employee elected board member	21 154	19 624	-	-
Tone Aas, employee elected board member	1 530	-	-	-
Henriette Stene, employee elected board member	1 530	-	-	-

Corporate management team	Number of shares		Number of options	
	2023	2022	2023	2022
Peter Nilsson, CEO	2 633 157	2 471 102	495 000	905 000
Cathrin Nylander, CFO	1 081 992	1 035 249	175 000	295 000
Kristoffer Asklöv, COO	144 080	101 561	200 000	300 000
Stian Haugen, CTO	100 851	51 561	175 000	295 000
Mindaugas Sestokas, Vice President and Managing Director	480 619	418 978	175 000	295 000
Hans Petter Thomassen, Vice President and Managing Director	517 657	470 062	175 000	295 000
Stefan Hansson Mutas, Managing Director	340 544	295 281	175 000	295 000
Zygmantas Dirse, Managing Director	596 763	535 122	175 000	295 000
Carsten Christensen, CEO Kitron A/S (joined 10.01.2022)	7 167	51 561	290 000	300 000

Note 6 - Remuneration of senior executives, directors and auditors

NOK 1000	2023	2022
Remuneration of senior executives		
Pay and other benefits ¹	89 230	62 344
Balance items at 31 December resulting from purchase/sale of goods and services		
Payable to related parties:		
Senior executives ¹	25 303	16 257
Total	25 303	16 257

1) Senior executives comprise the corporate management team at Kitron ASA. See table below for a more extensive description of remuneration of senior executives. The amount at 31 December comprises accrued bonuses to corporate management team.

Remuneration of senior executives, directors and auditor

NOK 1000	2023	2022
Directors' fee:	3 123	3 016
- chairman	644	604
- board members	2 479	2 412
Auditors fee*)	3 009	1 985
- statutory audit	2 774	1 373
- other attestation services	45	85
- tax related services	81	83
- other services	109	445

*) all figures without VAT

Remuneration of senior executives:

Name	Year	Fixed remuneration		Variable remun.			Total remuneration	Proportion of fixed/variable
		Base salary	Other benefits ¹	Short-term incentive earned ²	Long-term incentive ³	Pension expense ⁴		
Peter Nilsson CEO	2023	3 595	146	4 084	12 191	1 566	21 582	25%/75%
	2022	3 125	295	2 629	6 413	1 503	13 965	35%/65%
Cathrin Nylander CFO	2023	2 308	303	2 743	3 573	328	9 255	32%/68%
	2022	2 220	282	1 868	2 746	295	7 411	38%/62%
Stian Haugen CTO	2023	1 464	238	1 739	3 555	116	7 112	26%/74%
	2022	1 398	216	1 190		96	2 900	59%/41%
Kristoffer Asklov COO	2023	2 534	116	2 981	2 988	592	9 211	35%/65%
	2022	2 308	113	1 938	845	354	5 558	50%/50%
Zygmantas Dirse Managing Director, Kitron Electronics Manufacturing (Ningbo) CO Ltd., China	2023	1 700	738	2 292	3 465	94	8 288	31%/69%
	2022	1 632	523	1 434	2 985	90	6 664	34%/66%
Stefan H Mutas Managing Director, Kitron AB, Sweden	2023	1 816	85	2 179	3 584	808	8 472	32%/68%
	2022	1 616	81	1 416	2 757	785	6 655	37%/63%
Mindaugas Sestokas Managing Director, UAB Kitron, Lithuania & VP Central Eastern Europe	2023	2 477	75	2 904	3 465		8 920	29%/71%
	2022	2 092	62	1 757	2 985		6 896	31%/69%
Hans Petter Thomassen Managing Director, Kitron AS, Norway & VP North America	2023	1 964	209	2 333	3 567	250	8 323	29%/71%
	2022	1 898	203	1 597	2 737	227	6 662	35%/65%
Carsten Christensen CEO Kitron A/S Denmark (joined 10.01.2022)	2023	3 374	372	4 048	274		8 067	46%/54%
	2022	2 904	301	2 428			5 633	57%/43%

1) Other benefits include the value of any benefits or prerequisites, such as non-business or non-assignment related travel, medical, car, education and training, residence or housing, credit cards and other benefits in kind or prerequisites.

2) Short-term incentive earned includes the total monetary value of annual bonuses from the short-term incentive program for the financial year.

3) Long-term incentive program includes programs that have vested during the year and shows total benefit of shares and cash consideration.

4) Pension expense includes contributions that effectively took place during the reported financial period to finance a fund or other pension scheme for future pension payout for the senior executive.

Name of Board member	Position	Type of remuneration	2023	2022
Tuomo Juhani Lähdesmäki	Chair	Total regular board remuneration	616	582
		Amount of board remuneration paid in cash	367	342
		Amount of board remuneration used for share acquisition	249	240
		Remuneration for chair of the remuneration committee	28	23
Gro Merete Brækken	Deputy chairperson	Total regular board remuneration	278	268
		Amount of board remuneration paid in cash	208	201
		Amount of board remuneration used for share acquisition	70	67
		Remuneration for member of the audit/remuneration committee	47	47
Espen Gundersen	Board member	Total regular board remuneration	278	268
		Amount of board remuneration paid in cash	208	201
		Amount of board remuneration used for share acquisition	70	67
		Remuneration for chair of the audit committee	93	90
Maalfriid Brath	Board member	Total regular board remuneration	278	268
		Amount of board remuneration paid in cash	208	201
		Amount of board remuneration used for share acquisition	70	67
		Remuneration for member of the remuneration committee	28	23
Michael Thomsen	Board member	Total regular board remuneration	278	203
		Amount of board remuneration paid in cash	166	95
		Amount of board remuneration used for share acquisition	112	108
		Remuneration for member of the remuneration committee	49	9
Petra Grandinson	Board member	Total regular board remuneration	278	268
		Amount of board remuneration paid in cash	166	160
		Amount of board remuneration used for share acquisition	112	108
		Remuneration for member of the remuneration committee	28	23
Bjørn Martin Gottschlich (Until 28.04.2023)	Board member	Total regular board remuneration	68	268
		Amount of board remuneration paid in cash	68	201
		Amount of board remuneration used for share acquisition		67
		Total regular board remuneration	68	268
Tanja Rørheim (Until 28.04.2023)	Board member	Amount of board remuneration paid in cash	68	201
		Amount of board remuneration used for share acquisition		67
		Remuneration for member of the audit committee	11	54
		Total regular board remuneration	278	268
Jarle Larsen	Board member	Amount of board remuneration paid in cash	208	201
		Amount of board remuneration used for share acquisition	70	67
		Total regular board remuneration	210	
Henriette Stene (From 28.04.2023)	Board member	Amount of board remuneration paid in cash	140	
		Amount of board remuneration used for share acquisition	70	
		Total regular board remuneration	210	
Tone Aas (From 28.04.2023)	Board member	Amount of board remuneration paid in cash	140	
		Amount of board remuneration used for share acquisition	70	
		Total regular board remuneration	210	

No payroll tax is included in the tables above. Pension contribution includes paid contribution to the company's pension scheme. For employee representatives only board remuneration is declared.

The company has not given any loans or security for directors or senior executives at 31 December 2023. For more information about remuneration of senior executives, see separate Remuneration Report available at www.kitron.com.

Note 7 - Tangible fixed assets and depreciation

NOK 1000	Machinery and equipment
Acquisition cost at 1 January	20 554
Additions during the year	-
Disposal during the year	-
Acquisition cost at 31 December	20 554
Accumulated depreciation 1 January	18 540
Depreciation during the year	436
Disposal during the year	-
Accumulated depreciation at 31 December	18 976
Book value 31 December	1 578
Useful lifetime	3 - 5 years
Depreciation plan	Linear

Annual lease of fixed assets unrecognised in the balance sheet

NOK 1000	Length of lease	Annual rent
Premises	>2024	1 070
Company cars	>2023	596

Note 8 - Other intangible assets

NOK 1000	System software
Acquisition cost at 1 January	100 436
Additions during the year	6 131
Acquisition cost at 31 December	106 567
Accumulated depreciation at 1 January	65 483
Depreciation during the year	7 096
Accumulated depreciations at 31 December	72 579
Book value 31 December	33 988
Depreciation plan	Linear
Useful lifetime	5-7 years

Note 9 - Items consolidated in the accounts

Other financial income

NOK 1000	2023	2022
Dividend	214 103	138 644
Currency gain		
Total other financial income	214 103	138 644
Other financial expenses		
Currency loss	10 496	26 729
Other financial expenses	2 825	5 855
Total other financial expenses	13 321	32 581

Note 10 - Taxes

NOK 1000	2023	2022
Tax cost for the year breaks down into:		
Tax payable	0	0
Change in deferred tax	(12 874)	(20 000)
Deferred tax charged to equity	3 797	570
Total tax cost	(9 077)	(19 430)
Calculation of tax base for the year:		
Profit before tax	(44 936)	43 011
Permanent differences *)	(13 476)	(133 919)
Change in temporary differences	1 966	(8 377)
Group contribution received	116 205	49 702
Change in tax loss carried forward	(59 759)	49 583
Tax base for the year	(0)	0
Overview of temporary differences		
Fixed assets	(156)	(65)
Pensions	(5 059)	(5 243)
Other temporary differences	(9 738)	(7 586)
Gain and loss account	50	62
Total	(14 903)	(12 832)
Loss carried forward	(111 824)	(171 582)
Total	(126 727)	(184 415)
Deferred tax asset (22%)	27 880	40 571
Explanation of why tax cost for the year does not equal 22% of pre-tax result		
22% of loss before tax	(9 886)	9 462
Permanent differences 22%	(2 965)	(29 462)
Tax effect of actuarial gains and losses charged to equity	85	46
Tax effect of gains and losses on derivatives booked against equity	0	(1 644)
Tax effect of transaction costs booked against equity	10	8
Tax effect of share options booked against equity	3 702	2 160
Prior Year adjustments	(23)	0
Calculated tax cost	(9 077)	(19 430)
Effective tax rate **)	20.2 %	(45.2 %)

*) Includes non-tax-deductible costs such as entertainment, group contribution and dividend

***) Tax cost in relation to pre-tax result

Note 11 - Mortgages

NOK 1000	2023	2022
Debt secured by mortgages:	1 180 788	1 165 614
Overview of existing security:		
Pledge in machinery and plants	50 000	50 000
Pledge in receivables	700 000	700 000
Pledge in inventories	700 000	700 000
Carrying amount of assets provided as security:		
Machinery and equipment	1 578	2 014
Receivables	764 719	678 571

The carrying amount of assets provided as security for the debt include assets in Kitron ASA only. In addition, the bank has security in assets in other Norwegian and Swedish Kitron companies.

The group's guarantee provider had provided guarantees at 31 December for leasing obligations and tax due but not paid. These totalled NOK 0.5 million (2022: NOK 0.5 million) and NOK 5.0 million (2022: NOK 5.0 million) respectively.

Per 31 December 2023 Kitron ASA has granted the following parent company guarantees:

- 25.9 million EUR related to lease obligations for the Polish subsidiary Kitron sp. z.o.o (2022: 16.2 million EUR)
- 10.0 million EUR related to factoring agreement for the Polish subsidiary Kitron s.p z o.o (2022: 0.0 million)
- 350 million NOK related to bank financing for Kitron AS and Kitron AB (2022: 350 million NOK)

Note 12 - Investment in subsidiaries

NOK 1000	Country of incorporation	Share-holding	Voting share	Book value
Kitron AS	Arendal, Norway	100%	100%	243 737
Kitron AB	Jönköping, Sweden	100%	100%	13 463
Kitron Hong Kong Ltd	Hong Kong	100%	100%	1
Kitron GmbH	Metzingen, Germany	100%	100%	30 194
Kitron Holding USA Inc	Delaware, USA	100%	100%	69 433
UAB Kitron Real Estate	Kaunas, Lithuania	100%	100%	12 422
UAB Kitron	Kaunas, Lithuania	100%	100%	29 201
Kitron sp. z o.o	Grudziadz, Poland	100%	100%	49 538
Kitron A/S	Horsens, Denmark	100%	100%	895 488
Kitron Holding A/S Denmark	Horsens Denmark	100%	100%	613
Kitron Electronics Manufacturing Sd. Bhd.	Senai, Malaysia	100%	100%	5 560
Total investment in subsidiaries				1 349 649

The Kitron Hong Kong Ltd subsidiary owns shares in the following subsidiaries:

NOK 1000	Country of incorporation	Share-holding	Voting share
Kitron Electronics Manufacturing (Ningbo) Co., Ltd.	Ningbo China	100%	100%
Kitron Electromechanical (Ningbo) CO. Ltd	Ningbo, China	100%	100%

The Kitron Holding USA Inc subsidiary owns shares in the following subsidiaries:

NOK 1000	Country of incorporation	Share-holding	Voting share
Kitron Technologies Inc	Delaware, USA	100%	100%
Kitron Systems Inc	Delaware, USA	100%	100%

The Kitron A/S subsidiary owns shares in the following companies:

NOK 1000	Country of incorporation	Share-holding	Voting share
Kitron Electronics Manufacturing (Suzhou) Co. Ltd	Suzhou, China	100%	100%
Kitron Holding Czech a.s	Lanskroun, Czech	100%	100%
Kitron India ApS	Horsens, Denmark	100%	100%
TCBB India Private Limited	Chennai, India	100%	100%

Kitron Electronics Manufacturing (Suzhou) Co. Ltd owns shares in the following companies:

NOK 1000	Country of incorporation	Share-holding	Voting share
Kitron Electromechanical (Suzhou) Co. Ltd.	Suzhou, China	100%	100%

Kitron Holding Czech a.s owns shares in the following companies:

NOK 1000	Country of incorporation	Share-holding	Voting share
Kitron Czech a.s.	Lanskroun, Czech	100%	100%

Note 13 - Intra group loans

NOK 236.1 million of the NOK 236.1 million in intra-group loans at 31 December 2023 falls due later than one year after the end of the fiscal year.

NOK 1000	2023	2022
Kitron Technologies Inc	141 872	137 547
Kitron Technologies Inc	20 961	19 599
Kitron Technologies Inc	57 279	-
UAB Kitron Real Estate	16 017	-
Kitron A/S	-	77 334.
Total	236 130	234 480

Note 14 - Liquid assets

Kitron ASA has established a group account agreement with the company's principal bank. This embraces Kitron ASA and its Norwegian, Swedish, German, US, Polish and Danish subsidiaries. Unused credit lines amounted to NOK 183.6 million at the end of 2023 (2022: NOK 199.9 million).

Note 15 - Equity

NOK 1000	Share capital	Share premium fund	Other equity	Total equity
At 31 December 2022	19 769	579 392	186 764	785 925
Net profit	-	-	130 840	130 840
Termination of options against cash consideration	-	-	(13 125)	(13 125)
Effect from option costs	-	-	7 968	7 968
Actuarial gains and losses pensions	-	-	(302)	(302)
Issue of ordinary shares	53	-	-	53
Share issue costs charged to equity	-	(35)	-	(35)
Accrued dividend	-	-	(148 663)	(148 663)
At 31 December 2023	19 822	579 357	163 482	762 661

Note 16 - Shares and shareholders information

The company's share capital at 31 December 2023 comprised 198 217 134 shares with a nominal value of NOK 0.10 each. Each share carries one vote. There were 10 558 shareholders at 31 December 2023 (31 December 2022: 9 026 shareholders).

Shareholder	Number	Percentage
FOLKETRYGDFONDET	15 858 694	8.00 %
VERDIPAPIRFOND ODIN NORGE	14 583 457	7.36 %
VEVLEN GÅRD AS	10 500 000	5.30 %
MP PENSJON PK	9 681 628	4.88 %
AAT INVEST AS	8 200 000	4.14 %
J.P. Morgan SE	5 456 043	2.75 %
Avanza Bank AB ¹⁾	5 098 381	2.57 %
VJ INVEST AS	4 904 522	2.47 %
VERDIPAPIRFONDET HOLBERG NORGE	4 150 000	2.09 %
The Bank of New York Mellon SA/NV	4 000 000	2.02 %
State Street Bank and Trust Comp	3 425 946	1.73 %
VARNER EQUITIES AS	3 039 436	1.53 %
VERDIPAPIRFONDET DNB SMB	2 804 943	1.42 %
VPF FONDSFINANS NORDEN	2 700 000	1.36 %
Danske Invest Norge Vekst	2 329 743	1.18 %
VERDIPAPIRFONDET EQUINOR AKSJER NO	2 099 448	1.06 %
CACEIS Bank	1 748 369	0.88 %
J.P. Morgan SE	1 715 029	0.87 %
The Bank of New York Mellon SA/NV	1 700 000	0.86 %
BNP Paribas	1 667 798	0.84 %
Total 20 largest shareholders	105 663 437	53.31 %
Total other shareholders	92 553 697	46.69 %
Total outstanding shares	198 217 134	100.00 %

1) Beneficial owner: CEO Peter Nilsson 2 633 157 shares (1,33 per cent)

Authorization to the Board to issue shares

Authorization to strengthen equity and incentive schemes

The ordinary general meeting of 28 April 2023 authorized the Board of directors of Kitron ASA to increase the share capital in accordance with the Norwegian Public Limited Liability Companies Act section 10-14 on the following conditions:

- The share capital may, in one or more rounds, in total be increased with up to NOK 1,976,910.53.
- The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization together with the use of other authorizations to issue shares, in the period for the authorization in item 3, exceeds NOK 3,953,821.06.
- The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024.
- The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2.
- The authorization encompasses resolutions on merger according to the Norwegian Public Limited Liability Companies Act section 13-5.

- The authorization is limited to encompass capital requirements or issuance of consideration shares in relation to strengthening of Kitron ASA's equity, joint ventures or joint business operations, remuneration to members of the Board of Directors of Kitron ASA, incentive schemes, and acquisition of property and business within Kitron ASA's purpose.
- The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization.
- This authorization replaces any previously granted authorizations for the Board of Directors to increase the share capital.

Strategic authorization

The ordinary general meeting of 28 April 2023 authorized the Board of directors of Kitron ASA to increase the share capital in accordance with the Norwegian Public Limited Liability Companies Act section 10-14 on the following conditions:

- The share capital may, in one or more rounds, in total be increased with up to NOK 3,953,821.06.
- The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization together with the use of other authorizations to issue shares, in the period for the authorization in item 3, exceeds NOK 3,953,821.06.
- The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024.
- The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2.
- The authorization encompasses resolutions on merger according to the Norwegian Public Limited Liability Companies Act section 13-5.
- The authorization is limited to include strengthening of Kitron ASA's equity and issuing of consideration shares in connection with acquisition of other companies or enterprises within Kitron ASA's purpose.
- The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization.

Authorization to the Board to buy own shares

The ordinary general meeting on 28 April 2023 authorized the Board of directors of Kitron ASA to acquire Kitron ASA's own shares, for the purpose of ownership or charge, in accordance with the Norwegian Public Limited Liability Companies Act sections 9-4 and 9-5 on the following conditions:

- The Board of Directors may acquire shares in Kitron ASA, on one or several occasions, provided that the total combined nominal value of the acquired shares after the acquisition must not exceed ten per cent of the share capital, i.e. up to a total nominal value of NOK 1,976,910.53. The authorization also includes contract liens in the shares of Kitron ASA.
- The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company.
- Under this authorization the Board of Directors may pay minimum NOK 1 per share and maximum the prevailing market price per share on the day the offer is made, provided, however, that the maximum amount does not exceed NOK 100 per share.
- Any and all previous authorizations given to the Board of Directors to acquire own shares shall be, and hereby are, withdrawn with effect from the date this authorization is registered with the Norwegian Register of Business Enterprises.
- Shares acquired according to the authorization shall either be cancelled, used as remuneration to the members of the Board of Directors of Kitron ASA, used in incentive schemes or be used as consideration in connection with acquisition of other companies or businesses, joint ventures or joint business operations, and acquisition of property and business within Kitron ASA's purpose.
- This authorization shall be valid until the 2024 annual general meeting, but not longer than 30 June 2024.

Note 17 - Information on long-term liabilities to financial institutions

The company has long-term bank loans of NOK 1 180.8 million at 31 December 2023 (NOK 1 165.6 million at 31 December 2022).

Of this is NOK 117.2 million short-term part and is due within one year. The group's long-term and short-term bank financing includes covenants relating to factors such as the company's balance sheet values and earnings. The company complies with these covenants at 31 December 2023.

Note 18 - Financial risk

Interest rate risk

Interest on the group's interest-bearing debt is charged at the relevant market rate prevailing at any given time (base rate plus interest margin). No interest rate instruments have been established in the company. The company does not have significant interest-bearing assets except from inter-company loans, so that its income and cash flow from operational activities are not significantly exposed to changes in the market interest rate.

Currency risk

Exchange rate developments represent a risk for the company both directly and indirectly. At 31 December 2023 the company had no forward contracts.

Price risk

The business of Kitron ASA is administration of its subsidiaries, and revenues consist primarily of group contributions. The company is not exposed to significant commodity price risk.



To the General Meeting of Kitron ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kitron ASA, which comprise:

- the financial statements of the parent company Kitron ASA (the Company), which comprise the balance sheet at 31 December 2023, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Kitron ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 19 years from the election by the general meeting of the shareholders on 29 April 2005 for the accounting year 2005.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Operating Costs and Percentage of Completion Method has the same characteristics and risks as in the prior year, and therefore continues to be an area of focus this year.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap



Key Audit Matters	How our audit addressed the Key Audit Matter
<p>Operating Costs and Percentage of Completion Method</p> <p>A significant portion of revenues is recognised over the contract period based on estimated percentage of completion for contracts, based on the requirements in IFRS 15.</p> <p>We focused on operating costs and the percentage of completion method because calculating the cost incurred for partly satisfied performance obligations and estimating the percentage of completion require application of management judgement. Specifically, application of judgement is necessary to estimate total costs and production time. Further, calculation of costs incurred and estimating total costs require that management determines direct and indirect production costs and considers large amounts of data, which adds a degree of complexity to the process.</p> <p>Note 6 to the consolidated financial statements explains how management accounts for revenue from contracts with customers.</p>	<p>We reviewed management's policy for calculation of cost incurred for partly satisfied performance obligations and how percentage of completion is estimated. We found the policy to be in line with the requirements of the IFRS Accounting Standards.</p> <p>We evaluated the design and tested operating effectiveness of controls directed at the accuracy of the cost price calculations. We also tested the accuracy of data used in the model that calculated costs incurred by tracing the details back to original sources. Our procedures included tests of input data and recalculation of both direct and indirect costs.</p> <p>We also tested the estimates of total costs for reasonableness by comparing the costing model to actual cost as they occur. Through discussions with management, we were satisfied that no significant variances were identified that triggered a need for additional adjustments of the costing model.</p> <p>No significant exception was noted from our work. We evaluated the appropriateness of the related note disclosures and found them to be appropriate.</p>

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.



- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Kitron ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name Kitron Annual Report 2023 ESEF.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

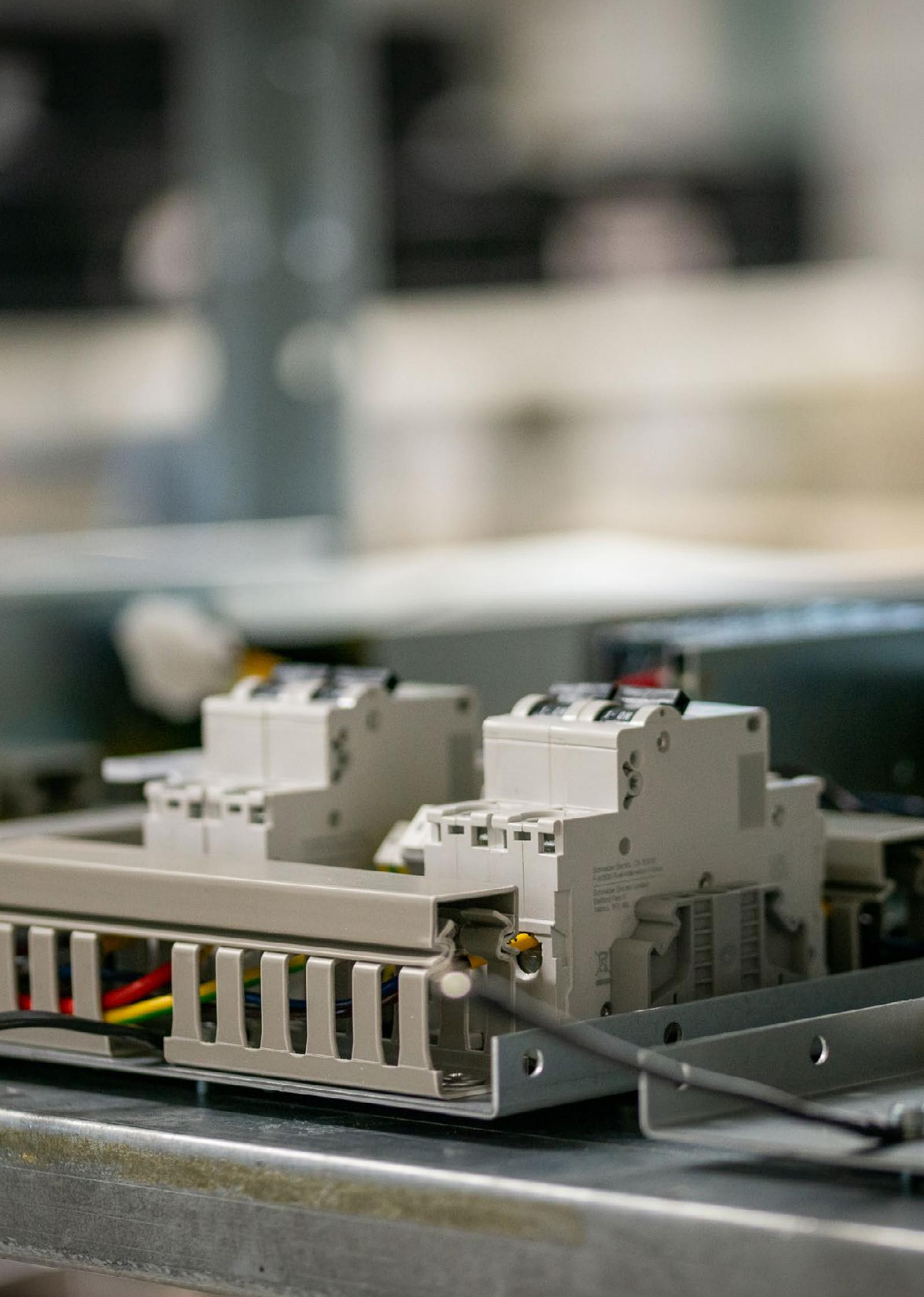
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 20 March 2024

PricewaterhouseCoopers AS



Herman Skibrek
State Authorised Public Accountant



Responsibility statement

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2023 have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU as well as additional information requirements in accordance with the Norwegian Accounting Act and that
- the financial statements for the parent company for 2023 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway

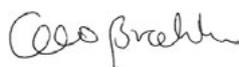
and that:

- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets liabilities financial position and result for the period viewed in their entirety and that
- the Board of Directors' report gives a true and fair view of the development performance and financial position of the Company and Group and includes a description of the principle risks and uncertainties.

Oslo, 20 March 2024



Tuomo Lähdesmäki
Chairman



Gro Brækken
Deputy Chairman



Michael Lundgaard Thomsen
Board Member



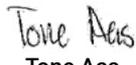
Espen Gundersen
Board Member



Petra Grandinson
Board Member



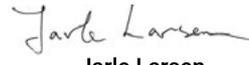
Maalfrid Brath
Board Member



Tone Aas
Employee Elected Board
Member



Henriette Stene
Employee Elected Board
Member



Jarle Larsen
Employee Elected Board
Member



Peter Nilsson
CEO of Kitron ASA

Definition of APMs

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 %

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

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

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

Days of Receivables Outstanding

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

Days of Receivables Outstanding R3

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

Days of Payables outstanding

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

Days of Payables Outstanding (R3)

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

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 (Noncurrent liabilities) + Loans (Current liabilities)

Interest-bearing debt

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

Inventory turns

$\text{Annualised direct costs} / (\text{Inventory} + \text{Contract assets})$

Variable contribution

Revenue - Direct cost

Net gearing

Net interest bearing debt / Equity

Equity Ratio

The ratio of Equity to Total Assets

Return on Equity

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

Corporate governance

Kitron's corporate governance principles clarify the division of roles between shareholders, the Board of Directors and the corporate management. The principles are also intended to help safeguard the interests of shareholders, employees and other stakeholders, such as customers and suppliers, as well as society at large. The primary intention is to increase predictability and transparency, and thereby reduce uncertainties associated with the business.

It is Kitron's intent to practice good corporate governance in accordance with laws and regulations and the recommendations of Oslo Børs under the 'comply or explain' concept. This review has been prepared by the Board of Kitron based on Norwegian Code of Practice for Corporate Governance dated 14 October 2021 ("the Code"). The code is available at www.nues.no.

According to Kitron's own evaluation, Kitron deviates from the code on the following points:

§6 General meetings

- All members of the Board of Directors, the Nomination Committee and the auditor are present. The Chairman of the Board and the auditor are always present to respond to any questions. From the Group perspective, this is considered sufficient.
- Independent chairman for the general meeting. The Chairman of the Board normally chairs the General Meeting. The Board will make arrangements for an independent chair if the setting so requires.

1. Report on Corporate Governance

The report follows the structure of the Code of Practice. The Corporate Governance report is subject to annual evaluation and discussion by the Board. The following report was issued at the Board meeting on 20 March 2024.

2. Business

Kitron's business purpose clause is stated in the company's articles of association: Kitron's business purpose is manufacturing, and development activities related to electronics. The business includes the purchase and sale of shares and companies in the same or related business sectors. The business may also include related consultancy activities and other activities associated with the operation. The company's objectives, strategies and risk profiles should be evaluated at least annually to create value for shareholders.

The company's main goals, strategies and risk profiles are presented in the annual report, sustainability report and on the company's website. It is the Board's opinion that

these objectives, strategies and risk profiles are within the scope of the business purpose clause. The objectives for the business are set with a view to creating value for shareholders in a sustainable manner. The Board of directors has considered financial, social and environmental factors when defining the company's strategies, primary objectives and risk profile.

Long term objectives, strategies and the risk profile are evaluated once a year in connection with the work on strategy, or as necessary in connection with major events or structural changes.

Kitron's vision is to provide solutions that deliver success for its customers. Kitron's core values to support the vision are commitment, innovation and engagement.

The group's current Ethical Code (Ethical Guidelines, Supplier Guidelines and Anti-Bribery policy) was approved by the Board in 2018. It is based largely on international initiatives and guidelines related to social responsibility, including the ILO conventions.

The Ethical Code includes topics such as human rights, environment, relations with our customers and suppliers, corruption and confidentiality.

The Code applies to all Kitron board members, elected officers, permanent and temporary employees, hired staff, consultants and agents acting in or on behalf of Kitron.

The Code also applies to all contractors, sub-contractors, suppliers and sub-suppliers. It includes all companies in the Kitron Group.

3. Equity and dividends

The parent company's share capital on 31 December 2023 amounted to NOK 19 821 713.40.

Total equity for the group on 31 December 2023 was EUR 183.5 million, corresponding to an equity ratio of 31.6 per cent. Considering the nature and scope of Kitron's business, the board considers that the company has adequate equity and capital structure.

Existing mandates granted to the board, to issue shares and to purchase its own shares, are presented in the shareholder information section of the annual report. The mandates are restricted to defined purposes and limited in time to no later than the date of the next Annual General Meeting but not longer than 30 June that year.

Kitron's dividend policy states: "Kitron's dividend policy is to pay out an annual dividend of 20 to 60 per cent of the company's consolidated net profit before non-recurring items. When deciding on the annual dividend the company will take into account the company's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.

4. Equal treatment of shareholders and transactions with close associates

There is only one class of shares, and all shares have equal voting rights. The nominal amount per share is NOK 0.10. The articles of association place no restriction on voting rights. Kitron has issued an insider manual with guidelines and control procedures. According to the company's ethical guidelines, board members and the executive management must notify the board if they have any direct or indirect material interest in any transaction contemplated or entered by the company.

5. Shares and negotiability

There are no provisions in the Company's Articles of Association that limit the right to own, trade or vote for shares in the Company.

6. General meetings

Shareholders exercise the ultimate authority in Kitron through the Annual General Meeting. All shareholders are entitled to attend a general meeting as long as they are recorded in the company's share register no later than the fifth business day before the date of the general meeting. Representatives of the board and the auditor are present.

The notice of the meeting, the agenda and detailed and comprehensive supporting information, including the nomination committee's justified recommendations, are made available on Kitron's website at least 21 days before a general meeting takes place. At the same time, the notice and agenda are distributed to all shareholders. For administrative purposes, the shareholders must give notice of their attendance at the meeting minimum two working days before the meeting.

The general meeting deals with such matters as required by Norwegian law. Shareholders who cannot attend the meeting in person can vote by proxy and voting instructions can be given on each item on the agenda. In addition, shareholders may vote in advance, either in writing or by electronic means, up to 2 days prior to the general meeting.

The general meetings are opened by the chair of the board. Normally, the board proposes that the chair of the board shall also chair the general meetings. The board will propose an independent chair for the general meeting if any of the

matters to be considered calls for such arrangement. The notices and minutes of the general meetings are published in Oslo Børs' information system (www.newsweb.oslobors.no, ticker: KIT) and on Kitron's website.

7. Nomination committee

Kitron's nomination committee is stated in the articles of association. The committee shall have two or three members, including the head of the committee. The general meeting elects the head and the members of the nomination committee and determines its remuneration. The general meeting has resolved a mandate and stipulated guidelines for the duties of the nomination committee that is compliant with the Code. The members of the nomination committee are elected for a period of up to two years.

The nomination committee shall propose and present to the general meeting: Candidates for election to the board, remuneration of the board, the nomination committee, and new members of the nomination committee.

Composition

The committee shall have two to three members, including the head of the committee. At the composition of the nomination committee, the interests of the shareholders will be considered, as well as the members' independence of the board and of the executive management.

The nomination committee members

After the Annual General Meeting 28 April 2023, the nomination committee had the following members:

- Ole Petter Kjerkreit, chairperson elected until the Annual General Meeting in 2024
- Christian Jebsen, elected until the Annual General Meeting in 2024
- Atle Hauge, elected until the Annual General Meeting in 2024
- The committee's members Ole Petter Kjerkreit and Atle Hauge are independent of the Kitron's management and the Board. Christian Jebsen was until the Annual General Meeting 2022 a shareholder-elected member of the Kitron ASA board.

Submitting proposals to the nomination committee

The deadline for submitting proposals to the nomination committee is four weeks prior to General Meeting Notice.

8. Board of directors: composition and independence

According to the articles of association, the board shall consist of 3 to 6 shareholder-elected members as resolved by the general meeting. The board currently consists of six shareholder-elected members and three members elected by and among the employees.

Board members are elected for a period of up to two years. The chairman of the board is elected by the general meeting. There is no corporate assembly in Kitron.

The board's composition shall ensure that it can effectively and proactively perform its supervisory and strategic functions. Furthermore, the board is composed to enable it to always act independently of special interests. The representation of shareholders was proposed by the nomination committee and unanimously resolved by the general meeting.

After the General Meeting 28 April 2023, the board of directors consists of nine members and currently has the following composition:

- Tuomo Lähdesmäki (Chairman), re-elected until the Annual General Meeting in 2024
- Gro Brækken (Vice chairman), re-elected until the Annual General Meeting in 2024
- Espen Gundersen, re-elected until the Annual General Meeting in 2024
- Maalfrid Brath, re-elected until the Annual General Meeting in 2024
- Petra Grandinson, elected until the Annual General Meeting in 2024
- Michael Lundgaard Thomsen, elected until the Annual General Meeting in 2024
- Jarle Larsen, elected by and among employees
- Tone Aas, elected by and among employees
- Henriette Stene, elected by and among employees

All shareholder-elected directors are considered independent of the management. The same applies in relation to important business relations and owners.

Board members who own shares in Kitron by 31 December 2023:

- Tuomo Lähdesmäki - 297 105 shares
- Gro Brækken - 52 810 shares
- Espen Gundersen - 57 810 shares
- Maalfrid Brath - 32 690 shares
- Petra Grandinson - 22 943 shares
- Michael L. Thomsen - 8 689 shares
- Jarle Larsen - 21 154 shares
- Tone Aas - 1 530 shares
- Henriette Stene - 1 530 shares in Kitron.

See presentation of board members for details.

As expressed in the Ethical Code of Conduct, Kitron recognizes a balanced workforce as a strength, and this extends to the board and its committees. At the General Meeting on 28 April 2023, 3 male and 3 female board members were nominated and elected by shareholders. Of the employee-elected board members, 1 is male, and 2 are female. Both genders are represented on the audit committee and the HR & remuneration committee. The board includes members representing various age groups as well as educational and employment backgrounds. Four nationalities are represented on the board.

9. The work of the board of directors

The board has an overall responsibility for safeguarding the interests of all shareholders and other stakeholders. Furthermore, it is the board's duty and responsibility to exercise overall control of the company, and to supervise the management and the company's operations. The division of roles between board and management is specified in Kitron's rules of procedure for the board. The board has approved an annual meeting plan for its work, which includes meetings with a special focus on strategy and budgeting. The board conducts a self-evaluation once a year.

The rules of procedures for the board of directors also include a statement on how the board of directors and the senior management shall handle agreements with related parties, including whether an independent valuation shall be obtained. The board of directors shall include a report on such agreements in the annual report.

Kitron's board shall also serve as a constructive and qualified discussion partner for the executive management. One of the board's key duties is to establish appropriate strategies for the group. It is important in this context that the board, in cooperation with the management, ensures that the strategies are implemented, that the results are measured and evaluated and that the strategies are developed in the most appropriate way. Kitron has defined performance parameters for the strategies and can thus measure its performance.

The board receives financial reports monthly from the administration. The underlying data for these reports are prepared at each reporting unit. The information is checked, consolidated, and processed by the group's corporate financial staff to produce the consolidated reports that are submitted to the board. The reports also include relevant operational matters. The group does not have a separate internal audit function. Account controls are exercised through segregation of duties, guidelines and approval procedures. The corporate financial staff is responsible for establishing guidelines and principles. The corporate financial staff handles the group's financial transactions.

Each profit centre is responsible for the commercial benefit of manufacturing contracts. Responsibility for the commercial content of significant procurement contracts rests with the corporate sourcing organisation.

The board conducts annual evaluations of the executive managers and their performance. These evaluations also cover an assessment of cooperation between the board and the management. The results of these evaluations represent an important element in the remuneration and incentive programs, which are described in the notes to the financial statements.

The board had 11 meetings during 2023 with 99 per cent participation.

The board's audit committee

The board's audit committee is appointed by Kitron ASA's board of directors and is a sub-committee of the board. The audit committee mandate was revised and updated in 2020 in accordance with new regulations. The audit committee will on behalf of the board supervise the financial reporting process to ensure the integrity of the financial statements. The audit committee will also go through: the company's internal supervisory/control routines and risk management system, the external audit process including a recommendation in the choice of an external auditor, the company's routines regarding compliance with laws and regulations affecting the financial reporting and the company's code of conduct.

The role of the audit committee is to prepare matters for consideration by the Board, to support the Board in its supervisory responsibilities and to ensure that the requirements made of the company in connection with its listing on the stock exchange are complied with.

The committee consists of two shareholder-elected board members and one employee-elected board member. The independent auditor usually attends the meetings. During 2023 there were 5 audit committee meetings.

Members of the Audit Committee:

- Espen Gundersen, voted chair of the audit committee and re-elected until the Annual General Meeting in 2024
- Gro Brækken, elected until the Annual General Meeting in 2024
- Michael Lundgaard Thomsen, elected until the Annual General Meeting in 2024

The board's HR & remuneration committee

The HR & Remuneration Committee is appointed by Kitron ASA's board of directors and is a sub-committee of the Board. The committee consists of three members elected among the members of the board.

The HR & Remuneration committee will on behalf of the board supervise remuneration and incentive schemes, mainly related to the CEO and the Corporate Management Team (CMT). The committee will oversee the company's management succession plan as well as the company's talent management. During 2023 there were 6 remuneration committee meetings.

Members of the Remuneration Committee:

- Tuomo Lähdesmäki, voted chair of the remuneration committee and re-elected until the Annual General Meeting in 2024
- Maalfrid Brath, re-elected until the Annual General Meeting in 2024
- Petra Grandinson, elected until the Annual General Meeting in 2024

10. Risk management and internal control

Kitron's business model is to provide manufacturing and assembly of electronics and industrial products containing electronics, including development, industrialisation, purchasing, logistics, maintenance/ repair and redesign. The board sees no unusual risks beyond normal business risks that any light industry operation is exposed to.

EMS is a highly competitive industry, presenting the company with an inherent business risk related to Kitron's ability, firstly, to attract and retain customers who are and who will be predictable and successful in their respective markets and, secondly, to make a fair profit margin on its business. The group's customer portfolio consists of reputable companies operating in various segments. Several of the group's customers are world leaders in their respective fields. It is Kitron's perception that the customer portfolio is robust and well balanced. Kitron's value proposition to its customers includes flexibility, competence, quality, closeness and full value chain capability. The board is confident that Kitron can maintain a viable, leading and adaptive business. Kitron is organised in distinct manufacturing sites, each fully accountable for its own revenues, profitability and level of capital employed. The structure facilitates closeness between management and the operation, which in turn provides good overview and adequate internal business control.

The group has established a decentralised management model featuring delegated responsibility for profits. As a result, the control function parallels the group's management model, and it is the individual unit's responsibility to make sure that it has the capacity and expertise it requires to carry out responsible internal control. Governing management documents have been adopted, describing the group's requirements for responsible internal control.

Management prepares monthly financial reports that are sent to the Board of Directors. When the group's quarterly financial reports are to be presented, the Audit Committee reviews the reports prior to the board meeting. The auditor participates in the Audit Committee meetings, and meets with the entire Board in connection with the presentation of the annual financial statements.

The Board annually reviews the strategic plan. In addition, as part of the preparation to the strategic discussion, the Board also annually review the group risks. The group's financial position and risks are described in the Board of Directors' Report.

The health, safety, and environmental risks are limited and well managed, and Kitron's ISO quality systems are certified by certification agencies, inspected and approved by several of the group's customers.

Kitron's customers are professional product-owning companies, which purchase the manufacturing and related services from Kitron. Kitron is not the product owner and the group's product liability risk are thus negligible.

The Board regularly reviews and amends the Group's key Governance documents. The group's current Ethical Code of Conduct was approved by the Board on 8 October 2018. Combined with Kitron's Supplier Code of Conduct and Anti-Corruption policy, this forms the ethical guidelines for the group's business.

Kitron has established routines for notification and follow-up on any alleged misconduct.

The Group has an Ethical Committee whose task it is, on behalf of the management, to review Governance documents, decide and/or advise in Ethical dilemmas and conduct risk analysis and implement relevant actions.

11. Remuneration of the board of directors

The Annual General Meeting approves the remuneration paid to the Board of Directors each year. The Proposal for the remuneration is made by the Chair of the Nominating committee.

The remuneration of the board members reflects responsibility, expertise, time spent and the character of Kitron's business. The remuneration is not linked to the company's performance or share price. The remuneration to the chairman is determined separately from the other members. Additional remuneration is made to the members of the board who are appointed to board committees, on a per meeting basis.

Board members are not encouraged to perform special assignments for the company in addition to their directorship. Such assignments, if any, are reported to the full board and disclosed in the annual report.

Information about each director's remuneration, including shares and subscription rights, is provided in the notes to the annual financial statements.

The members of the Board are encouraged to own shares in Kitron.

12. Remuneration of senior executives

The Norwegian Public Limited Liability Companies Act established guidelines for the remuneration of the CEO and other senior executives of the company. The remuneration guidelines have been approved by the general meeting. The remuneration guidelines shall be clear and understandable, and shall contribute to Kitron's business strategy, long-term interests and financial sustainability. The arrangements for salary and other remuneration shall be simple and shall ensure convergence of the financial interests of the senior executives and shareholders.

The remunerations consist of fixed annual compensation that includes annual base salary and other possible benefits (such as pension plan).

The total possible compensation also includes a short-term incentive scheme (STI) and a long-term incentive scheme (LTI).

Performance-related remuneration of the executive personnel in the form of share options, bonus programs or the like should be linked to value creation for shareholders or the company's earnings performance over time. Such arrangements, including share option arrangements, should incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration should be subject to an absolute limit.

Fixed compensation

The actual level of annual base salaries (ABS) is based on market conditions and salary levels related to the actual position in the country in question. Kitron uses the Hay tool or similar for determining market levels on an annual basis. The executive positions are evaluated using the Hay positioning grading tool or similar.

Pension plans, based on defined contribution plans, are in place following the practice and regulations in each country. Other benefits are according to company policy and regulations in country of residence.

The Board may grant specific purpose bonuses to members of the senior executive management.

Short term incentive scheme

The STI system has specific targets and defined maximum pay-outs and is set on annual basis. The possible maximum pay-out is 85 per cent of annual basic salary. The STI system is based on performance of Revenue growth, EBIT, Return on Operating capital (ROOC) and ESG (sustainable energy at the sites).

Long-term incentive scheme

The LTI system was established in 2013 as an option-based program with a three-year validity (2013-2016), and in 2015 the Board continued the share option program for executive management for another three-year period (2016-2019).

In 2018 the Board introduced a new share option program for executive management comprising up to 5 000 000 shares. The program is divided into four three-year subprograms, each with an allocation of 1 250 000 options, where the first program started in 2019, followed by one program every year until 2023.

The total program corresponds to approximately 3 per cent of the market capitalization

Separate agreements describing the LTI systems and related conditions are in place for each senior executive. Maximum possible share options are defined per individual among the senior executives. Any possible pay-out will depend on the Kitron Group share price at the start of the program in comparison with the share price at the time of the expiry.

A more detailed description is provided in note 19 in the Consolidated Financial statements.

Kitron reports all forms of remuneration received by the chief executive and each of the other members of the executive management.

Details on remuneration to senior executives and board members for 2023 are provided in the Remuneration Report available at www.kitron.com

13. Information and communication

Kitron wants to maintain good communication with its shareholders and other stakeholders. The information practice is based on openness and will help to ensure that Kitron's shareholders and other stakeholders are able to make a realistic assessment of the company and its prospects. Guidelines have been established to ensure a

flow of relevant and reliable financial and other information. The group endeavours to ensure that all shareholders have access to the same information. Kitron complies with Oslo Børs' Code of Practice for IR, dated 1 March 2021.

All information distributed to the shareholders is published on Kitron's website (www.kitron.com) at the same time as it is sent to the shareholders. Furthermore, all announcements to the market are posted on Kitron's website following publication in Oslo Børs' company disclosure system www.newsweb.oslobors.no, ticker: KIT. Public, webcast presentations are held quarterly in connection with the interim reporting. Kitron presents a financial calendar every year with dates for important events. Kitron's guidelines for reporting of financial and other information as well as guidelines for the company's contact with shareholders, other than through the general meeting, are presented in the shareholder information section in the annual report.

Kitron operates in accordance with a set of financial targets, established by the board of directors. These targets govern the Group's operations within the financial year. The targets which Kitron give annual guiding on are:

- Revenue
- EBIT

The aim is to communicate the targets for the financial year in connection with either the fourth quarter, the annual report, or later as soon as they are approved by the board of directors.

Kitron emphasises that the target by their very nature necessarily involves assumptions and uncertainty.

14. Takeovers

There are no defence mechanisms against take-over bids in the Company's Articles of Association, nor have other measures been implemented to specifically hinder acquisitions of shares in the Company.

The Kitron Board has established guiding principles in respect of take-over bids.

In a bid situation, the Board and management have an independent responsibility to help ensure that shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The Board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view of the offer.

The Board should not hinder or obstruct the possibility of having take-over bids for the Company's activities or shares.

The Board should actively seek other offers upon the receipt of a take-over bid if considered to be in the best common interest of the Company and its shareholders.

Agreements entered between the Company and the bidder, or significant terms and conditions thereof, that are material to the market's evaluation of the bid shall be publicly disclosed no later than at the same time as the announcement that the bid will be made is published.

In the event of a take-over bid for the Company's shares, the Board should not exercise mandates or pass any resolutions with the intention or effect of a disposal of the Company's activities, or material parts thereof, or otherwise obstructing the take-over bid unless this is approved by the general meeting following announcement of the bid.

The Board and management shall refrain from implementing any measures intended to protect their personal interests at the expense of the interests of shareholders following an intention to make a take-over bid or announcement of a bid.

If an offer is made for the Company's shares, the Board shall issue a statement making a recommendation as to whether shareholders should or should not accept the offer. The Board's statement on the offer should make it clear whether the views expressed are unanimous, and if this is not the case it should explain the basis on which specific members of the board have excluded themselves from the Board's statement. The statement shall include information as set out in section 6-16 of the Securities Act.

The Board should arrange for a valuation of the Company from an independent expert. The valuation should include an explanation and shall be made public no later than at the time of the public disclosure of the Board's statement.

15. Auditor

The Group's auditor is elected by the General Meeting.

The auditor participates in the meetings of the Audit Committee, to whom they present the main features of the plan for the audit. The auditor also conducts a review of the company's internal control procedures, including identified weaknesses and improvement proposals, which are presented to the Audit Committee.

The auditor always participates in the meeting of the Board that deals with the annual financial statements.

In this meeting the auditor discusses any changes to the accounting principles, comments on any material estimated figures and reports any material matters where there has been a disagreement between the auditors and the executive management.

The Board and the auditor will meet at least once a year without the CEO or any other members of the executive management present.

The auditor issues a written confirmation to the Board on compliance with the Statutory Audit Independence and Objectivity Requirements.

The Board of Kitron has established guidelines in respect of the use of the auditor by the company's executive management for services other than mandatory audit.

The auditor annually provides the board with a summary of all services that have been undertaken for Kitron for the accounting year. The fees paid for audit work and fees paid for other specific assignments are specified in the notes to the financial statements.

PwC has been the company's auditor since 2005.

Shareholder information

Kitron ASA (Kitron) has one class of shares. Each share carries one vote at the company's general meeting. The shares are freely transferable pursuant to the company's articles of association.

Kitron's registered share capital on 31 December 2023 was NOK 19 821 713.40 divided between 198 217 134 shares with a nominal value of NOK 0.10 each.

In 2018, the Board introduced a new share option program for executive management comprising up to 5 000 000 shares. The program is divided into four three-year subprograms, each with an allocation of 1 250 000 options, where the first program started in 2019, followed by one program every year until 2023. The total program corresponds to approximately 3 per cent of the market capitalization.

The share option program entails that executive management, on certain terms, may be granted a right to subscribe for shares in Kitron at NOK 0.10 per share after a vesting period of three years. The number of options that are vested for each subprogram is linked to the development of the market capitalization at the Oslo Stock Exchange, adjusted for dividends and share buy-backs. For each program to vest fully, the market capitalization adjusted for dividends and share buy-backs must increase by 50 per cent. The program starts to vest at an increase of 20 per cent and

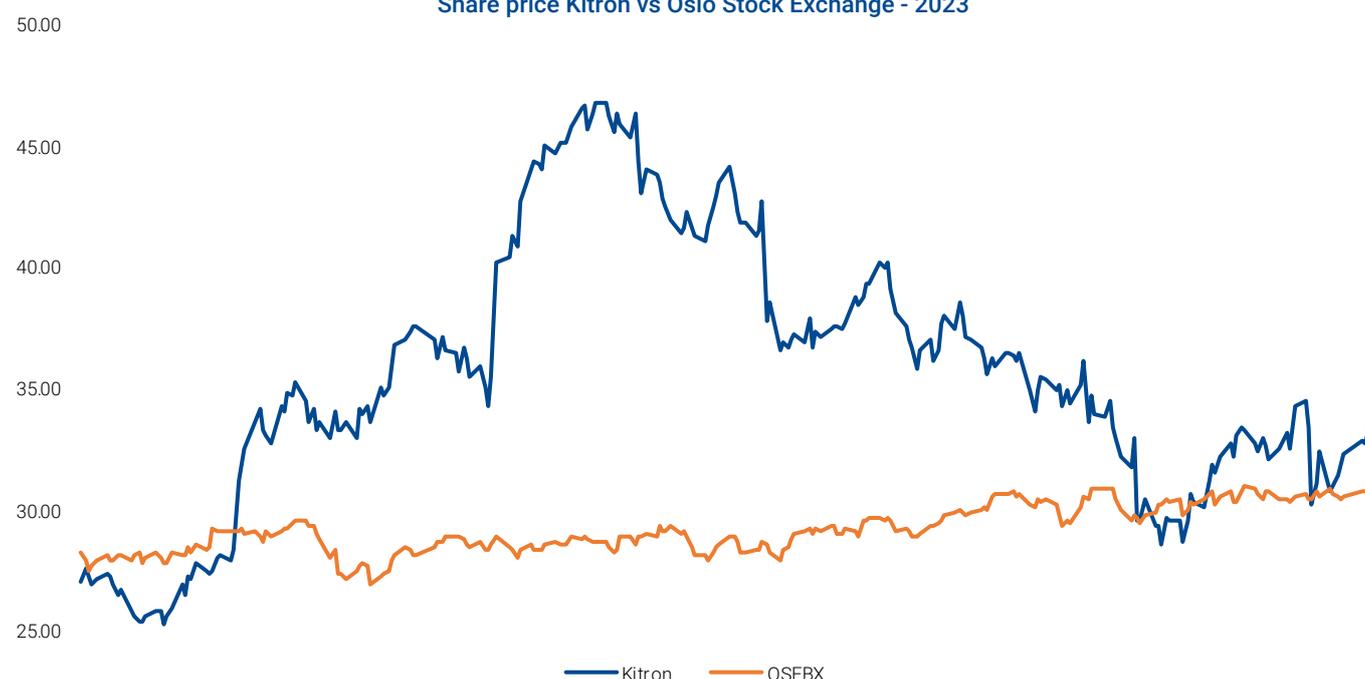
will vest linearly between 20 per cent and 50 per cent.

Each subprogram is capped at a 200 per cent increase of the market capitalization, adjusted for dividends and share buy-backs. The program has a clawback clause. Each of the subprograms has a lock-up period of one year and a down-sale period of two years.

In 2022, subprogram A vested, and 676 664 new shares were issued to the option holders at a strike price of NOK 0.10 per share. In addition, Kitron converted 493 336 exercised options under the share incentive program against cash consideration.

In 2023, subprogram B vested. In total, 1 250 000 options were exercised. However, the incentive program is capped at a 200 per cent increase of the market capitalization for the shares that are issued, adjusted for dividends and possible share buy-backs. As a result, the number of shares that may be subscribed has been reduced by 354 085 shares. 526 081 new shares were issued to the option holders at a strike price of NOK 0.10 per share pursuant to the board authorisation resolved in Kitron's general meeting held on 28 April 2023. In addition, Kitron converted 369 834 exercised options under the share incentive program against cash consideration. The cash consideration was utilised to cover the tax cost for the option holders who will be subject to advance tax deduction by Kitron after exercise of the options.

Share price Kitron vs Oslo Stock Exchange - 2023



Per 31 December 2023, 2 500 000 options have been allocated to the executive management.

Stock market listing

The company's shares are listed on the Oslo Stock Exchange (ticker code: KIT) in the OB "Match" liquidity segment, and Kitron is since 1 December 2016 part of the Benchmark Index (OSEBX).

During 2023, the share price moved from NOK 28.05 to NOK 33.50, an increase of 19.4 per cent. In addition, in 2023, the company paid an ordinary dividend of NOK 0.50 per share. The Oslo Børs Main Index decreased by 10 per cent during the same period.

The share price has varied between NOK 25.35 and NOK 46.80. At the end of 2023, the company's market capitalisation was NOK 6 640.3 million. A total of 130.8 million shares were traded during the year, corresponding to a turnover rate of 66.1 per cent.

Shareholder structure

At the end of 2023, Kitron had 10 558 shareholders, compared with 9 026 shareholders at the end of 2022. At the end of the year, the foreign shareholding amounted to 23.1 per cent compared with 27.4 per cent at the end of 2022.

At the balance sheet date, Folketrygdfondet was the largest shareholder, holding 8.0 per cent of the Kitron shares, followed by Verdipapirfond Odin Norge with 7.36 per cent and Vevlen Gård AS with 5.30 per cent. Liquidity of the share was 100 per cent. The 20 largest shareholders held a total of 53.31 per cent of the company's shares at the end of the year.

Mandates

Authorization to the board to issue shares

The ordinary general meeting of 28 April 2023 authorized the board of directors of Kitron ASA to increase the share capital in accordance with the Norwegian Public Limited Liability Companies Act section 10-14 on the following conditions:

Authorization to strengthen equity and incentive schemes

The share capital may, in one or more rounds, in total be increased by up to NOK 1,976,910.53. The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization, together with the use of other authorizations to issue shares, in the period for the authorization, exceeds NOK 3,953,821.06. The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024. The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside.

The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company. The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2. The authorization encompasses resolutions on mergers according to the Norwegian Public Limited Liability Companies Act section 13-5. The authorization is limited to encompass capital requirements or issuance of consideration shares in relation to strengthening of Kitron ASA's equity, joint ventures or joint business operations, remuneration to members of the Board of Directors of Kitron ASA, incentive schemes, and acquisition of property and business within Kitron ASA's purpose. The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization. This authorization replaces any previously granted authorizations for the Board of Directors to increase the share capital. The authorization was used by the board in 2023 to increase the share capital by NOK 52 608,10 to NOK 19 821 713,40.

Strategic authorization

The share capital may, in one or more rounds, in total be increased by up to NOK 3,953,821.06. The Board of Directors may not use the authorization if the total increase of the share capital approved by the Board of Directors in accordance with this authorization, together with the use of other authorizations to issue shares, in the period for the authorization, exceeds NOK 3,953,821.06. The authorization shall be valid until the Annual General Meeting in 2024, but no later than 30 June 2024. The shareholders' pre-emptive rights according to the Norwegian Public Limited Liability Companies Act section 10-4 may be set aside. The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company. The authorization encompasses share capital increase by contribution in any kind and the right to incur Kitron ASA with special obligations according to the Norwegian Public Limited Liability Companies Act section 10-2. The authorization encompasses resolutions on mergers according to the Norwegian Public Limited Liability Companies Act section 13-5. The authorization is limited to include strengthening of Kitron ASA's equity and issuing of consideration shares in connection with acquisition of other companies or enterprises within Kitron ASA's purpose. The Board of Directors is authorized to decide other terms and conditions of the subscription and is authorized to amend the articles of association as implied by the use of this authorization. This authorisation was not used by the board in 2023.

Authorization to the board to buy own shares

The ordinary general meeting on 28 April 2023 authorized the board of directors of Kitron ASA to acquire Kitron ASA's own shares, for the purpose of ownership or charge, in accordance with the Norwegian Public Limited Liability Companies Act sections 9-4 and 9-5 on the following conditions:

The Board of Directors may acquire shares in Kitron ASA, on one or several occasions, provided that the total combined nominal value of the acquired shares after the acquisition must not exceed ten per cent of the share capital, i.e. up to a total nominal value of NOK 1,976,910.53. The authorization also includes contract liens in the shares of Kitron ASA. The authorization is not intended for use to facilitate or obstruct the success of a take-over bid where Kitron is the target company. Under this authorization the Board of Directors may pay a minimum NOK 1 per share and a maximum of the prevailing market price per share on the day the offer is made, provided, however, that the maximum amount does not exceed NOK 100 per share. Any and all previous authorizations given to the Board of Directors to acquire own shares shall be, and hereby are, withdrawn with effect from the date this authorization is registered with the Norwegian Register of Business Enterprises. Shares acquired according to the authorization shall either be cancelled, used as remuneration to the members of the Board of Directors of Kitron ASA, used in incentive schemes or be used as consideration in connection with acquisition of other companies or businesses, joint ventures or joint business operations, and acquisition of property and business within Kitron ASA's purpose. This authorization shall be valid until the 2024 annual general meeting, but not longer than 30 June 2024. The authority was used in 2023 to buy back 19 515 own shares. The shares acquired were used as part of the remuneration to the board members for the period from and including May 2023, and to and including April 2024, as resolved by the annual general meeting on 28 April 2023.

Dividend policy

Kitron's dividend policy is to pay out an annual dividend of 20 per cent to 60 per cent of the company's consolidated net profit before non-recurring items. When deciding on the annual dividend the company will take into account company's financial position, investment plans as well as the needed financial flexibility to provide for sustainable growth.

Information and investor relations

Kitron wishes to maintain open communications with its shareholders and other stakeholders. Shareholders and stakeholders are kept informed by announcements to the Oslo Børs and press releases. Kitron's website www.kitron.com provides information on Kitron's business and financial situation. Interim financial statements are presented at meetings open to the general public and are available as webcasts at www.kitron.com.

Kitron reports all manufacturing orders exceeding NOK 20 million. The group also reports smaller orders if these are of strategic importance or significant in any other way.

The corporate management is responsible for communication activities and investor relations, and also facilitates direct contact with the chairman of the board and other board members.



Kitron is a 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.



Sustainability report 2023

Connectivity

Electrification

Industry

Medical Devices

Defence/Aerospace

Norway
Sweden
Denmark
USA

Germany
Lithuania
Poland
Czech Republic

China
Malaysia
India



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Message from our CEO



Peter Nilsson
CEO of Kitron ASA

As a leading electronics manufacturing services company with operations in 11 countries, Kitron is mindful of our direct and indirect economic, social and environmental impact on our surroundings and stakeholders.

This report outlines Kitron's sustainability work, which is based on the Kitron Ethical Code of Conduct, Kitron Suppliers Code of Conduct and Kitron Anti-Corruption Policy. The report is prepared in accordance with the Oslo Stock Exchange Guidelines for Sustainability Reporting and Euronext Guidelines to issuers for ESG reporting. We are a UN Global Compact Signatory and support the UN Sustainable Development Goals.

In this report, which is also our annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

We are committed to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly these Sustainable Development Goals:

- 5 Gender Equality and women's empowerment
- 9 Build resilient infrastructure, promote sustainable industrialization and foster innovation
- 12 Responsible consumption and production
- 13 Climate change

We also strive to engage on sustainability topics beyond our direct value chain. Kitron supports the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The company has set long-term goals and ambitions for its sustainability work, with clearly defined milestones for the short, medium and long-term work on environmental, social and governance topics.

Improving data quality and implementing digitalized reporting on KPIs for our internal work is also of continued importance. Kitron has established an internal scorecard for all our locations, reporting quarterly on KPI progress.

The acquisition of BB Electronics in January 2022 impacted the progress on some sustainability KPIs. During 2023, BB Electronics was more fully integrated into the Kitron organization and will be aligned with Kitron's sustainability ambitions. These measures are increasingly taking effect.

Kitron has been monitoring the latest developments in the EU Taxonomy and has analysed the group's activities in light of the Taxonomy criteria. Kitron is also preparing for the EU's Corporate Sustainability Reporting Directive (CSRD), which will apply to Kitron and influence the company's sustainability reporting in the coming years.

At Kitron, we believe that running a sustainable business is key to long-term success, and we hope this report illustrates our efforts and commitments in this area.



Peter Nilsson
CEO of Kitron ASA

About this report

For information about this report and its content, please contact Kitron ASA CFO Cathrin Nylander.

This report is prepared for Kitron ASA in accordance with The Oslo Stock Exchange Guidelines for Sustainability Reporting and Euronext Guidelines to issuers for ESG reporting from 2023.

The Sustainability report has been reviewed and approved by the Board. The claims and data in this report have not been audited by a third-party.

About Kitron ASA

Kitron is a leading Scandinavian Electronics Manufacturing Services (EMS) company with operations in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, India, China, Malaysia, and the USA. Kitron manufactures and delivers anything from fully assembled electronic circuit boards to complete end products for customers globally.

Related technical services like prototyping, industrialization, material analysing, and test development are also key competencies offered by Kitron. In addition, Kitron is currently developing expertise in Automotive Electronics with a special focus on Autonomous Technologies.

Kitron is an ASA company listed on the Oslo Stock Exchange (ticker: KIT).

Economic impact and tax information

Kitron creates value in countries in which we operate, directly through the payment of direct and indirect taxes, the payment of dividends to owners and wages to employees, and indirectly by buying goods and services from suppliers.

Kitron impacts a large number of stakeholders, many of them directly or indirectly involved in Kitron's value creation. Below is an overview of the values Kitron creates and the main stakeholders.

Payroll and social security expenses

In 2023, labour costs amounted to EUR 122.4 million (108.0 million) Payroll and social security expenses accounted for 15.8 (16.8) per cent of sales revenue.

Procurement of goods and services

Kitron purchased goods and services valued at roughly EUR 565.5. million (472.1. million) in 2023.

Tax

The Group's tax expenses for 2023 were EUR 13.7 million (EUR 10.3.) million.

NOK million	2021	2022	2023
Norway	1.0	-0.5	2.4
Sweden	1.1	1.3	1.7
Denmark	0.0	2.1	1.2
Lithuania	1.3	1.6	2.6
Poland	0.0	-0.2	0.3
Czech	0.0	0.6	1.1
China	1.7	4.0	4.3
US	-1.5	0.8	0.1
Other	1.4	0.5	0.0
Tax expense	5.1	10.3	13.7

Table 1: Tax expense by country

Sectors served

Kitron's core areas of expertise years are divided into in the sectors Connectivity, Electrification, Industry, Medical devices, Defence/Aerospace.

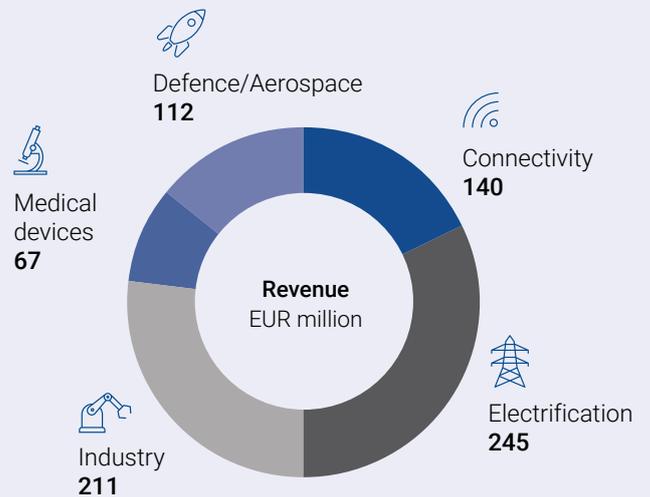


Figure 2: Revenue in EUR million, per market sector 2023

Our sustainability ambition

We believe responsible and sustainable business is the future and provides added value for our customers. The foundation of our work for sustainability and corporate responsibility is enshrined in our Ethical Code of Conduct. It obliges us to not only look after the well-being of our employees, stakeholders, suppliers, and business partners but also reduce the impact of our business on the environment and the societies around us. Our focus areas are based on stakeholder dialogue and materiality assessment, to ensure we put our effort where it makes a difference for our stakeholders and our business impact. Therefore, we are proud to be a UN Global Compact Signatory and support the UN Sustainable Development Goals.

This report covers topics related to corporate responsibility and sustainability that are of importance to Kitron and Kitron stakeholders. Our approach to sustainability reporting is based on the materiality assessment undertaken in 2017 according to the Oslo Stock Exchange Guidelines on Sustainability Reporting. It is the cornerstone of our sustainability efforts, allowing us to create an impactful climate action. Kitron shall comply with applicable laws and regulations, respect human rights and act in a socially responsible manner. Our business activities and internal operations are conducted with a high level of integrity and

with a clear ambition to be a socially responsible company acting ethically and lawfully in all aspects of our value chain.

Quality standards

Thanks to our long history of satisfying a world of demanding customers, we take pride in delivering the quality best suited for the customer's needs. Our quality management includes effective systems, documented improvement programs and risk management tools. Since the early 60's Kitron has lived by a simple philosophy: If our customers succeed, we succeed.

That is why our sites are certified according to the following internationally agreed quality management standards:

- ISO 9001
- ISO 13485
- ISO 14001
- ISO 45001
- ISO/TS 22163
- IATF 16949 (automotive standard)
- EN9100:2018 (Technically equivalent to AS9100D and JISQ 9100:2016)
- 21 CFR 820 Quality System Regulation
- AQAP 2110 Edition D Version 1

Kitron's supply chain



Figure 3: Kitron's supply chain

UN Sustainable Development Goals

Sustainability is anchored in the core of our business. That is why Kitron supports the UN Sustainable Development Goals - an urgent call for action by all countries, businesses and communities to unite and end poverty and inequality. The UN has defined 17 Sustainable Development Goals the world should resolve by 2030. Several of these goals can only be achieved by acting on responsible supply chain practices and ethical business initiatives.

The UN Sustainable Development Goals are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests. The UN Sustainable Development Goals have become a global framework for sustainability efforts, and an important part of the sustainability context for Kitron.

For us, it shows how our complex global value chain is affected by and affects these global challenges. We have identified which of the 17 goals are most relevant to Kitron, where we can make a difference towards achieving the goal and how they are linked to our material topics. By supporting the UN SDGs, we hope we can contribute to improving the societies we all live in.

Our main contributions are focused on the following goals.

- 5 Gender Equality and women’s empowerment
- 9 Build resilient infrastructure, promote sustainable industrialization and foster innovation
- 12 Responsible consumption and production
- 13 Climate change



EU’s Taxonomy for sustainable activities

The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It could play an important role help the EU scale up sustainable investment and implement the European green deal. The EU taxonomy would provide companies, investors and policymakers with appropriate definitions for which economic activities can be considered environmentally sustainable.

A sustainable activity is defined as one that substantially contributes to at least one of a defined set of six environmental objectives, does not significantly harm any of the other objectives, while at the same time complies with social safeguards.

Kitron has been monitoring the process and analysed the group’s activities in light of the Taxonomy criteria.

As Kitron manufactures products for customers within several industries, there will be a mix of some revenue being aligned with the Taxonomy criteria and some not being aligned.

Therefore, the % eligible and % aligned might vary based on the mix of products sold. The assessment for 2023 indicates that 30.0 per cent of revenues in 2023 were aligned. This percentage is up from 2022, when it was 20.9 per cent.

See appendix to the Sustainability report for the Taxonomy schedules.

Corporate Governance

Kitron shall comply with applicable laws and regulations, respect human rights and act in a socially responsible manner. Kitron’s business activities and internal operations are conducted with a high level of integrity and with a clear ambition to be a responsible company acting ethically and lawfully in all aspects of our value chain. Kitron’s corporate governance structure shall ensure a systematic approach to sustainability and corporate responsibility. Kitron presents a separate Corporate Governance report in the Annual report. Below is a short summary.

Management approach

Kitron’s general system of governance is linked to the Norwegian Code of Practice for Corporate Governance (NUES).

Annual General Meeting (AGM)

The Annual General Meeting (AGM) is the Kitron Group’s supreme governing body and where the shareholders can influence how sustainability is practiced.

The Board of Directors

The Group Board of Directors bears the ultimate responsibility for Kitron’s Sustainability and the report on Sustainability is discussed and approved by the Board.

Corporate Executive Management

Corporate Executive Management bears the responsibility for the Group’s strategy, development and day- to-day work. This means Corporate Executive Management is responsible for compliance with legislation and regulations and our Ethical Code of Conduct, as well as for the implementation of appropriate and effective initiatives to ensure that we reach our goals.

The Sites

The business areas are responsible for follow up and compliance with policy, strategy, targets and governance documents related to sustainability. The day-to-day work with corporate responsibility and environmental management is usually handled by the sites with support from the Corporate Executive Management.

Ethics Committee

Kitron Ethics Committee’s mandate is to review and suggest updates of guidelines, decide and/ or advise in ethical dilemmas, conduct risk analysis and implement relevant actions and make periodical reviews. The Ethics Committee consists of members of the Corporate Executive Management and Corporate Staff.

Kitron’s Stakeholders

Owners

Kitron’s owners are primary stakeholders and directly affect the company’s priorities and strategic direction.

Employees

Kitron employees are directly affected by Kitron’s internal policies and activities.

Suppliers

Kitron’s suppliers are economically affected by the company, and their responsibility is indirectly affected by Kitron’s focus on responsible practices and the expectations placed on them by Kitron.

Customers

Kitron’s customers directly affect the company economically, and customer expectations influence Kitron’s sustainability priorities.

Civil Society

Civil society, like governments and regulatory authorities affect Kitron and its operating conditions directly and indirectly. Local communities are indirectly socially, environmentally and economically affected by Kitron’s activities such as job creation, contribution to local value creation and environmental impacts.

See appendix 1 for complete list of stakeholders and arenas for dialogue.



Figure 4: Kitron’s stakeholders

Stakeholder Dialogue

To ensure a strategic approach to sustainability reporting and to adhere to the intent of the Euronext Guidelines to issuers for ESG reporting, Kitron has undertaken systematic stakeholder dialogue in 2017 and keeps an ongoing dialogue with key stakeholder groups.

Kitron’s ongoing conversation with its most relevant stakeholders strengthens its relationship with the society in which it operates. The stakeholder dialogue also benefits the company by allowing Kitron to detect, investigate and manage potential risks arising in its immediate surroundings.

In 2017 Kitron invited key stakeholders to give their views on the key sustainability issues and how they perceive Kitron and its relevant sustainability topics. This was done by interviews, electronic surveys, and direct contact with employees, customers and suppliers. The findings from the stakeholder dialogue were gathered and structured for discussion in Kitron’s Sustainability task force and used as groundwork for the materiality assessment.

The stakeholder dialogue is both a means and an end, as ongoing systematic stakeholder dialogue is a key objective in the Euronext Guidelines to issuers for ESG reporting and GRI Standards.

The findings from the stakeholder dialogue will be continuously incorporated into the sustainability strategy and will guide Kitron’s priorities in the materiality assessment.

The materiality assessment

Sustainability begins in the everyday work we do, adding value to the impact we have on our surroundings. This impact comes with great responsibility and requires that Kitron is in ongoing dialogue with our stakeholders and constantly strives to deliver quality products while adhering to the highest possible ethical standard.

As a result, The materiality assessment was established in 2017 by the internal task force on sustainability based on the stakeholder dialogue and information gathering about where we have the most impact on the environment and the societies in which we operate. The main goal of the materiality assessment is to establish key reporting topics for Kitron, reflecting the key risks and opportunities created by Kitron’s business activities. Further, these topics are included in the Kitron Sustainability report, describing how the most important topics are included in general risk management and strategy process and the measures Kitron is taking to reduce risks associated with material issues and how these are integrated into operational management and corporate governance.

The materiality assessment concluded the following 4 core areas and 6 materials topics for Kitron to report on:

- Business ethics
- Ethics and anti-corruption
- Labour and human rights
- Workers’ rights, diversity and non-discrimination
- HSE, safety and security
- Environment and climate
- Responsible value chain
- Supply chain and quality
- Human rights and conflict minerals

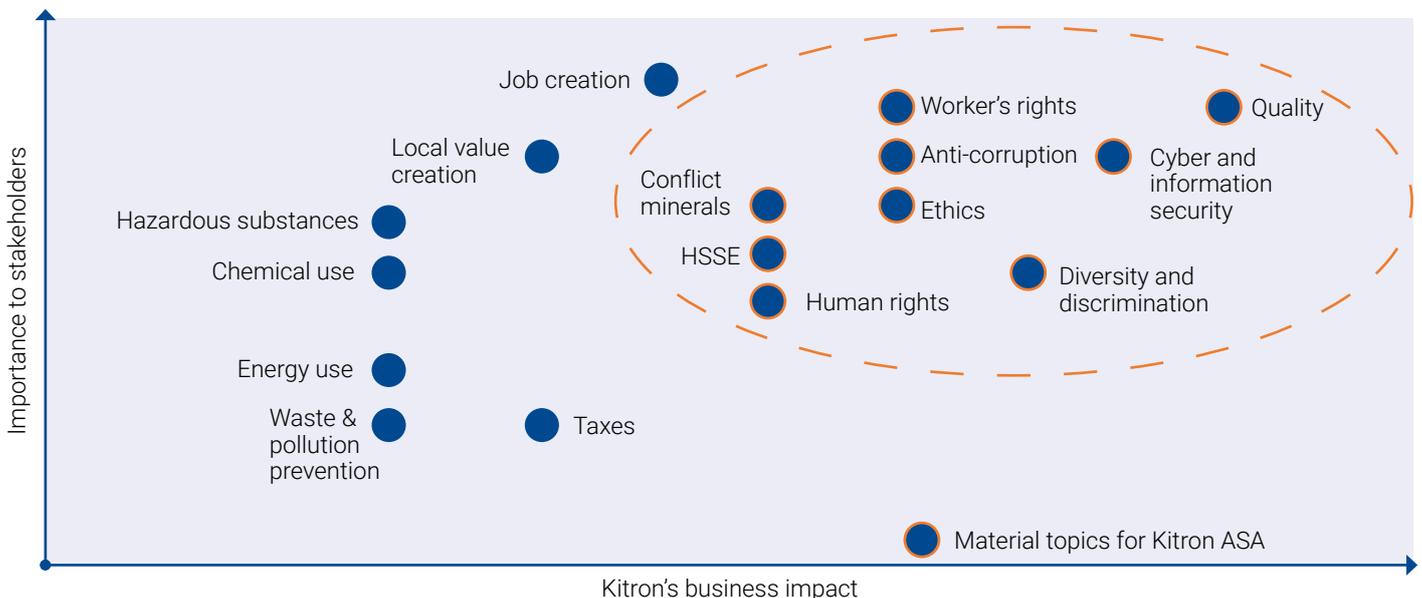


Figure 5: Materiality assesment, Kitron’s business impact

Reporting on material topics

Our priorities and progress



Business ethics

- Strengthen sustainability governance
- Strengthen corruption and bribery prevention
- Continue increasing security level/Cybersecurity Maturity Model Certification



Labour and human rights

- Work actively to increase diversity at all levels - gender balance is a strength
- Standardization of health & safety process in all sites
- Continue the deployment of Eletev program



Environment and climate

- Action plan for WBCSD Pledge (WASH)
- Increase EcoVadis score by 20% - going from SILVER to GOLD
- Proven responsibility - ISO 14000 environmental certifications.
- Moving forward from 82% to 100% of green energy
- Contribution towards the UN Sustainable Development goals and UN Global Compact initiative



Responsible value chain

- Supplier risk management
- Scope 1&2 CO2 reporting from suppliers
- Sustainable supplier management

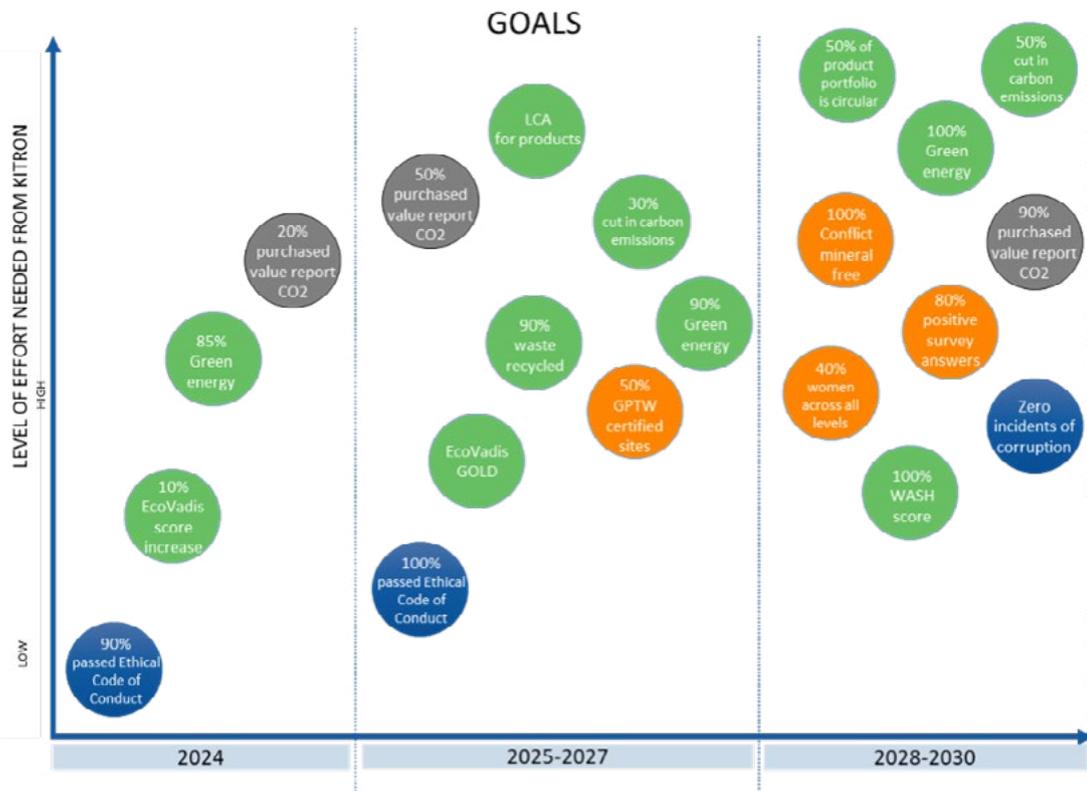


Figure 6: Sustainability Road Map – 2030

Business ethics



We continuously strive to be an ethical and responsible company. Our Ethical Code of Conduct presents Kitron's obligation and commitment to ethical business practices and describes the standards and requirements which Kitron employees must adhere to in their work.

The Ethical Code of Conduct provides a framework to ensure that Kitron complies with relevant local and international legislation, acts in accordance with internal policies and the company's values and supports the UN's initiatives on human rights, children rights and labour conventions.

The Ethical Code of Conduct is complemented by the Kitron Anti-Corruption Policy, which details and explains Kitron's requirements for proper business conduct in relation to anti-corruption. Kitron has also developed a separate Supplier Code of Conduct that applies to Kitron's suppliers.

Kitron has also developed a separate Supplier Code of Conduct that applies to Kitron's suppliers.

The challenge + relevant SDG



Ambition

Long-term targets (2030)

Zero incidents of corruption

Key KPIs monitored

- Corporate governance
- Corruption and bribery prevention
- Information security

Results 2023

- Annual Ethics and corruption awareness training was assigned to 1400.
- 88,2% of employees who were assigned the training have completed and passed.

Targets 2024

- 100% of employees shall be assigned during 2-year period.
- 90% shall complete and pass.

Business ethics and corruption prevention

Kitron opposes any form for corruption and strives to prevent corruption in and as a result of Kitron's business activities. Kitron Ethical Code of Conduct clearly expresses Kitron's obligation and commitment to ethical business practices authorities.

Ethical Code of Conduct

Ethical Code of Conduct is essential for a sustainable business, and we treat ethics as an integral part of our activities. The Kitron Ethical Code of Conduct presents Kitron's obligation and commitment to ethical business practices and describes the standards and requirements that Kitron employees must adhere to in their work. The current version of the was revised and approved by the Board of Directors and published on December 21st, 2018. The Code applies to all Kitron board members, elected officers, permanent and temporary employees, hired staff, consultants and agents acting in or on behalf of Kitron.

The Code also applies to all contractors, sub-contractors, suppliers and sub-suppliers. It includes all companies in the Kitron Group.

Our work on anti-corruption

Kitron is directly affected by corruption risk in our operations and indirectly affected by corruption risk through business relationships and our supply chain. Kitron has operations in industries and countries that are particularly susceptible to the risk of corruption. Kitron also does business in countries known for having problems associated with human rights, child labour and environmental pollution.

We are aware that this presents challenges regarding our sustainability, and that it can subject us to substantial financial risk. To deal with our sustainability and minimize our financial risk, we work systematically on Ethics and Anti-corruption. Kitron Ethical Code of Conduct describes several areas of importance for preventing corruption. Kitron's Anti-Corruption Policy clearly describes Kitron's work on anti-corruption, including risk analysis, monitoring, responsibilities, follow-up and training.

Kitron is aware that suppliers, customers and other relevant business partners, such as acquisition targets or agents might expose Kitron to corruption risks. To reduce the risks, Kitron has introduced routines for a risk-based evaluation before entering such relationships. The Kitron Suppliers Code of Conduct also defines Kitron's expectations regarding the suppliers' anti-corruption activities. Kitron also has in-house rules for gifts and representation as well as sponsorships. All of this must be recognized as a basic requirement for doing business with Kitron.

Kitron is aware that suppliers, customers and other relevant business partners, such as acquisition targets or agents might expose Kitron to corruption risks. To reduce the risks, Kitron has introduced routines for a risk-based evaluation before entering such relationships. The Kitron Suppliers Code of Conduct also defines Kitron's expectations regarding the suppliers' anti-corruption activities. Kitron also has in-house rules for gifts and representation as well as sponsorships. All of this must be recognized as a basic requirement for doing business with Kitron.

Share of suppliers per risk category	2021	2022	2023
Very low risk	34.00 %	29.40 %	30.50 %
Low risk	24.42 %	28.50 %	26.30 %
Moderate risk	41.56 %	42.10 %	43.10 %
Increased risk	0.02 %	0.04 %	0.07 %

Table 7: Supplier risk assessment results per risk category

Risk assessment

Kitron operates in countries and in lines of business that are susceptible to corruption, and Kitron is also indirectly subject to corruption risk and bribery risks through business relationships. To reduce risk, Kitron does not use agents or market representatives, as it constitutes a high risk for corruption.

Every year, Kitron conducts a Corruption and Risk of Bribery assessment on its existing suppliers. Active inventory suppliers and non-inventory suppliers are screened for corruption and bribery risk. Moreover, all new suppliers are screened for corruption and bribery risk as part of the onboarding process.

Ethics training

We aim to ensure that our employees develop along with the development of our business. All Kitron personnel are required to attend periodic training in the Kitron Ethical Code of Conduct to ensure that Kitron's ethical values are understood and implemented at all levels. In Kitron, the Ethical Code of Conduct is available as an online training in 6 different languages.

Ethics Committee

Kitron has set up an Ethics Committee whose objective is to ensure that Kitron maintains a high-level focus on issues related to ethics and anti-corruption and a common understanding and practice regarding how to best address and follow-up on these issues.

Firstly, the Committee oversees the policy document itself and reviews or updates of the Kitron Ethical Code of Conduct. Secondly, the committee is an advisory board related to ethical dilemmas or questions from managers and employees in the group on difficult borderline issues. It is also in the main scope of the committee to perform regular ethical audits mainly related to anti-corruption.

The Ethics Committee meets as needed but at least three times a year. The Head of the Ethics Committee reports to CEO who in turn reports to the board of Kitron ASA. The Chairman of the Ethics Committee has a direct reporting line to the Audit Committee of the Board.

Reporting irregularities

Kitron’s goal is that illegal, unethical, or other misconduct and breach of EU law as described in Directive (EU) 2019/1937, known as the “Whistleblower Directive”, should not occur. If they do, they must be handled properly in accordance with the directive, supplemented by local law.

Examples of concerns related to Kitron’s business practices that may be reported include allegations such as:

- Violations of Kitron’s Ethical Code of Conduct
- Violation of corruption laws
- Insider trading
- Conflict of interest
- Sexual harassment or other forms of harassment or discrimination
- Threats against life and health, e.g., safety deficiencies at the workplace, violence and exposure or interaction with dangerous materials etc.

Kitron staff have the right and duty to report any criminal acts, harassment, discrimination or circumstances where life or health might be in danger. As a main rule, a report shall be made to the immediate superior. Environmental/workplace safety related matters can be reported to HSE Manager or the Company Health Service, Financial matters can be reported to the Finance Manager.

Kitron also has its own contact persons for internal reports which for all Kitron sites are the Managing Director, the HR Manager and the (main) employee representative (if applicable) for the site (jointly referred to as the “Local Reporting Contacts”).

Number of cases	2021	2022	2023
Reported	0	1	2
Sanctioned	0	0	0

Table 8: Number of reported potential corruption cases and number of sanctioned cases

If the worker does not obtain any appropriate response or reaction or does not feel comfortable reporting the matter to the immediate superior or persons as set above, the worker can choose management, the worker may report to the Chairman of the Audit Committee for Kitron ASA.

Kitron has a safe system, for reporting in a manner that ensures the confidentiality of the reporting person and any other party mentioned in the report. Reports can be made anonymous, or workers can safely use their own identity.

Employees who report in good faith shall be protected against any adverse treatment (retaliation).

At the end of 2023 the Ethics Committee received two whistleblowing cases, currently under review. Kitron is not and has not been in any legal proceedings related to business ethics in 2023.

Information and cyber security

Information security

Kitron employees have a duty of confidentiality in respect to all business matters and situations that could give unauthorized people access to confidential information. All information not made public is to be considered confidential.

Kitron has set up an organizational structure to handle the tasks required by the GDPR. The structure is described in the Personal Data Protection Policy for Kitron and consist of a Personal Data Protection Committee, a Corporate Data Protection Representative in addition to local Data Protection Representatives in all European countries.

Cyber security

Kitron has clear requirements for cyber security commitments. The company is NIST 800-171 and CyberSecurity Maturity Model Certification (CMMC) compliant.

The standards require several cyber security controls, procedures and processes as well as physical protection. Procedures includes intrusion tests, cyber security attack simulation exercises, IT risk analysis to name a few. The company has an IT charter and IT risks are presented annually to the management.

Labour and human rights



At Kitron, we want the working environment to be characterized by openness, communication and respect for the individual.

The challenge + relevant SDG



Ambition

The working environment in Kitron is characterized by openness, communication, and respect for the individual. Diversity, and a balanced work force in terms of gender, is recognized as strength and an advantage.

Long-term targets (2030)

- Zero accidents
- 50% women managers
- > Net Promoter score >80%.

Key KPIs monitored

- Gender equality
- Worker's rights, diversity and non- discrimination
- HSE, safety and security

Results 2023

- 54% of employees are women, 53% last year.
- 38% of management level employees are women, 38% last year.
- Increased number of lost time injuries
- Employee turnover has varying outcome
- Increased availability of trainings in Kitron academy

Targets 2024

- Net Promoter score >70%
- 40% women managers

Workers' rights, diversity and non-discrimination

Diversity and a balanced work force in terms of gender, is recognized as a strength and an advantage. Fair employment practices following local norms, laws and collective bargaining agreements is the basic standard in all Kitron entities.

Health and safety in the working environment are very important to Kitron and is to be ensured to provide for each employee. Kitron opposes discrimination in any form, e.g., due to race, nationality, gender, sexual orientation or religion. Kitron also opposes any form of trafficking and purchase of sexual services. No form of discrimination, harassment or bullying is tolerated. We are here to offer a working environment where it is possible to combine work, career, family life and spare time.

2023	% Women	% female managers
Norway	44 %	67 %
Sweden	60 %	18 %
Denmark	39 %	30 %
Lithuania	65 %	43 %
Poland	55 %	29 %
Czech	58 %	29 %
China	56 %	35 %
US	33 %	9 %
Total	54 %	38 %

Table 9: Share of women and female managers

	2022		2023	
	Average pay direct women % of men	Average pay indirect women % of men	Average pay direct women % of men	Average pay indirect women % of men
Norway	86 %	85 %	89 %	92 %
Sweden	99 %	71 %	100 %	76 %
Denmark	97 %	85 %	106 %	77 %
Lithuania	79 %	82 %	80 %	83 %
Poland	105 %	81 %	102 %	68 %
Czech	82 %	58 %	82 %	63 %
China	99 %	71 %	91 %	74 %
US	89 %	73 %	78 %	67 %
Average pay total		72.8 %		71.9 %

Table 10: Women's percentage of men's pay

The indirect workforce includes roles with significant differences in responsibility and pay. The pay only depends on roles and responsibilities, not gender. We aim for an improved gender distribution across the positions and countries.

The Ethics Committee has received two concerns regarding working environment. Investigations are currently being conducted.

In 2023, Kitron decided to implement the Employee survey tool from Eleteive. The first survey using Eleteive will be done in 2024. Employee surveys are an important part of developing the Kitron culture and working environment. Annually, results are analysed, and action plans developed and implemented and the the foundation for the continuous improvement of our working environment.

Based on the Norwegian Activity Duty for employers (Aktivitets- og redegjørelsesplikten, ARP), the company is reporting the following employee data:

Location	No. of employees 2022	Payroll (NOK million) 2022	No. of employees 2023	Payroll (NOK million) 2023
Norway	367	30.4	460	33.4
Women	43 %		42 %	
Men	57 %		58 %	

Table 11: Permanent employees by gender, and payroll

Organisation	2022			2023		
	Men	Women	Total	Men	Women	Total
Number of permanent employees	207	151	358	228	174	402
Temporarily hired	6	1	7	36	13	49
Part time employees	1	15	16	0	10	10
Newly hired						
Total number of newly hired employees in 2020	21	16	37	72	55	127
Employee turnover						
Number of employees who have left the company	6	1	7	22	8	30
Parental leave						
Number of employees on parental leave	9	2	11	6	2	8

Table 12: Part-time employees, turnover, and parental leave

	2022		2023	
	Men	Women	Men	Women
Organisation total	209	158	268	192
Board of Directors	5	4	4	5
Executive level management	3	1	2	1
Non-executive level management	18	2	12	3

Table 13: Breakdown of employees and board members by gender

	2022			2023		
	Under 30	30-49	50+	Under 30	30-49	50+
Organisation total	50	127	190	91	151	218
Board of Directors	0	1	8	0	1	8
Executive level management	0	1	3	0	1	2
Non-executive level management	0	7	13	0	4	11

Table 14: Breakdown of employees and board members by age

2023	Total	Women	Average pay women	Average pay total	Difference	Difference %
Production employees	288.0	150.0	39.8	39.2	1	1.48 %
Technicians, training officers	27.0	4.0	53.9	52.0	2	3.50 %
Purchasers, planners, IT employees, controllers, accounting and payroll and personnel	33.0	19.0	57.1	59.9	-3	-4.64 %
Engineers and quality managers	48.0	6.0	60.2	56.9	3	5.88 %
Senior engineers and project leaders	30.0	2.0	69.4	68.8	1	0.78 %
Key Account Managers, department heads, production managers and operational managers	14.0	4.0	79.1	81.4	-2	-2.88 %
Local Management Team	8.0	0.0	0.0	103.8		
Corporate Management Team	3.0	1.0	408.7	270.5	138	51.09 %
Members of Kitron ASA board	9.0	4.8	26.5	30.4	-4	-12.91 %

Table 15: Average pay per category



Career development and training

Kitron values the competences of employees, and sharing knowledge and information is an area of priority, as is on-the-job development. Individual career and competence development are parts of the current performance management process.

Kitron has implemented a digital learning management system, LMS, to further strengthen individual development and competence. and work has since continued to supplement Kitron Academy with learning and development activities.

In 2023, the platform was extended with Content Anytime, which is a platform that offers a wide range of learning courses and online training resources. With this Kitron can create and deliver engaging and effective learning experiences to employees.

In 2023, the number of training hours was 94 997 compared to 68 977 hours in 2022.

HSE, safety and security

Health and safety in the working environment are very important to Kitron - we believe that prevention is the key to a truly safe workplace. Kitron follows local and international norms and relevant legislation to provide such an environment.

Injuries and absence due to illness

Absence due to illness (as a percentage of total hours worked) was 6.2 per cent for the group in 2023. This is an increase from

previous years. A good working environment and the possibility to develop are important factors to keep the absence due to illness at a low level. Going forward, Kitron will continue the work to provide such an environment for our employees.

Injuries and work-related accidents are registered at site level. While the ambition of the company is to have zero accidents, it is of critical importance to have a full overview of any incident or accidents at any of the Kitron sites to be able to work on prevention and ensure a healthy and safe workplace. Reporting incidents and accidents will be further streamlined across the sites and handled through a digital tool. By improving reporting routines, it is expected that the number of incidents reported might increase temporarily.

The Kitron work environment poses risks to the employees, foremost in the manual mounting and in the processes where chemical liquids, nitrogen or lead are involved, as well as the long-term risks associated with repetitive tasks. The most important mitigation and prevention of accidents and injuries is the workplace design, education of employees and routines for safely handling chemicals.

All chemicals procured and applied at Kitron sites are registered and handled according to relevant regulations. To prevent negative effects of repetitive tasks, all sites has implemented job rotation for certain tasks. In 2023, there was no serious work-related accidents at Kitron sites. Kitron will continue to monitor the working environment regarding employee health and safety.

Absence and work-related injuries	2021	2022	2023
Absence due to illness %	3.7	4.4	6.2
Number of fatal occupational injuries	0	0	0
Number of occupational injuries causing permanent incapacity for work	0	0	0
Lost time injuries	14	9	15

Table 16: Absence and work-related injuries sanctioned cases

Turnover by site	2021	2022	2023
Norway	4.9 %	4.3 %	7.5 %
Denmark		19.9 %	12.0 %
Sweden	20.2 %	14.1 %	15.8 %
Lithuania	22.5 %	15.8 %	9.9 %
Poland	29.2 %	19.0 %	20.7 %
Czech		26.3 %	34.9 %
China	29.1 %	27.4 %	28.4 %
USA	46.3 %	20.1 %	22.2 %

Table 17: Employee turnover by site

Environment and climate



Focusing on a world without waste. We are committed to actively work on pursuing sustainability and protecting the environment.

The challenge + relevant SDG



Ambition

The working environment in Kitron is characterized by openness, communication, and respect for the individual. Diversity, and a balanced work force in terms of gender, is recognized as strength and an advantage.

Long-term targets (2030)

- 50% cut in carbon emissions / net zero by 2050
- 50% of the product portfolio is circular/ designed for recycling
- 100% Green energy
- Zero waste in operations
- EcoVadis Gold medal

Key KPIs monitored

- Carbon emissions reduction
- Effective energy consumption
- Water Security
- Circular economy

Results 2023

- Reduced CO2 emissions by 28,9%
- Started reporting to CDP
- Green energy scope increased by 22.8%-points from 66% to 82,8%
- Water consumption for the whole group increased by 20.7% with revenue growth 20,9%

Targets 2024

- EcoVadis Silver medal
- Reach 85% green energy from total use.
- Increase Scope 3 reporting

Environmental management

The main risks posed to the natural environment from Kitron’s operations are direct emissions from the use of chemical liquids, nitrogen, or lead in Kitron’s production and indirect emissions from energy use in operations, transportation and business travels.

As a manufacturing supplier, the Kitron internal value chain does not pollute the external environment to any material extent. The impact mainly comes from purchasing materials, goods and services. Kitron Suppliers Code of Conduct describes the requirements Kitron imposes on the suppliers to minimize the adverse effects to community, environment and natural resources while safeguarding the health and safety of the public. Supplier shall obtain all required environmental permits.

To further strengthen sustainability management Kitron started to use Eco Vadis as a widely used Business Sustainability Rating provider. In 2023 Kitron received a “Silver” sustainability rating medal that puts us in the TOP 25 per cent of the companies rated by Eco Vadis.

Climate emissions and climate risk

We will work systematically to reduce energy consumption and GHG emissions, with a special focus on material consumption, energy consumption, effective communication and transportation. We have set targets for the reduction of CO2 emissions for our in-house operations in accordance with the obligations in the Paris Agreement.

Climate Risk and Opportunities

In 2023 Kitron has continued to work towards climate-related financial disclosures in accordance with the TCFD recommendations. The aim is to enhance our understanding and transparency about the exposure and the strategies to stay ahead of any negative impact caused by climate change and adaptation measures.

TCFD Roadmap

In order to enhance our understanding and transparency Kitron has developed the below roadmap.

Several of the Kitron Group’s manufacturing units are certified in accordance with the NS ISO 14000 series of environmental management standards created to help reduce industrial waste and environmental damage.

	2023	Planned 2024	Planned 2025
Governance and strategy	Responsibility assigned to executive level. Initiated discussions on executive level Created quarterly climate emission oversight and tracking	Board level involvement Increase emissions scope to include Scope 3 emissions for improved oversight and risk mapping	Ongoing board and management oversight Submitting full TCFD reporting
Risk management	Risk assessment for physical climate risk per site completed and measures implemented	Ongoing climate risk monitoring as part of company risk management	
Metrics and targets	GHG reporting: Baseline measurement scope 1,2 Emission reduction targets set	GHG reporting scope 1,2 and partial 3 Risk management for identified medium to high risk	GHG reporting scope 1,2 and 3 Risk mitigating activities implemented for identified medium to high risk

Table 18: Kitron TCFD roadmap

Kitron's CO₂-emissions have been calculated in accordance with the "Greenhouse Gas Protocol" published by the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI).

The statistical data on greenhouse gas emissions includes the following sources of CO₂ emissions:

- Scope 1 direct emissions: emissions from fuel combustion on-site, transportation using company owned vehicles and on-site generation of electricity, heat or steam.
- Scope 2 indirect emissions from electricity purchased: emissions from the consumption of electricity purchased. CO₂ emission factors used for electricity are market based and calculated using IEA emission factors.

For tables 19 Energy use, 20 Electricity per location, 22 Carbon Efficiency and 24 Waste, historical data is updated.

Energy use	2021	2022	2023
Gas (heating)	481.1	304.9	348
Petrol (company cars)	49 812	99 695	91 886
Electricity	15 500	23 577	25 029
Electricity from renewable sources	11 699	15 195	20 727
Share of electricity from renewable sources	75.5 %	64.4 %	82.8 %

Table 19: Energy use

Mwh	2021	2022	2023
Norway	3 981	4 111	4 441
Sweden	1 258	1 645	1 694
Denmark	0	2 550	2 367
Lithuania*	4 380	4 185	4 445
Poland	2 152	2 432	3 342
Czech		1 273	1 445
China	2 481	6 221	6 038
US	1 247	1 160	1 257
Group total	15 499	23 577	25 029

Table 20: Electricity use per location in Mwh

CO ₂ emissions tCO ₂ e	2021	2022	2023
Scope 1	663	835	926
Scope 2 market based	2 091	3 840	2 259
Scope 3 market based		419	441
Group total (1+2)	2 754	5 094	3 626

Table 21: Group CO₂ emissions tCO₂e

As a part of the TCFD process, Kitron expands emissions metrics, using the Carbon Efficiency Index, calculated CO₂ t divided by sales revenue in a year.

Carbon Efficiency Index allows one to see results from improvements implemented related to reduction of CO₂ emissions compared with changes in the scope of operations.

Carbon efficiency	2021	2022	2023
Revenue MNOK	365.6	640.9	775.2
Carbon efficiency (tCO ₂ /Revenue MNOK)	7.5	7.9	4.7

Table 22: Carbon efficiency

Water consumption cubic metres	2021	2022	2023
Norway	3 812	3 411	4 196
Sweden	1 808	2 118	2 571
Denmark	0	2 260	1 954
Lithuania	7 515	5 889	8 161
Poland	3 955	4 688	5 295
Czech		1 589	2 077
China	2 503	12 888	15 453
US	518	405	431
Total	20 111	33 248	40 138
Revenue MEUR	365.6	640.9	775.2
Water Consumption m ³ / Revenue MEUR	55.0	51.9	51.8

Table 23: Water consumption cubic meters

Kitron has signed the WBCSD Pledge (WASH) for Access to Safe Water, Sanitation and Hygiene. We recognize that by signing this Pledge Kitron commits to implementing access to safe water, sanitation and hygiene at an appropriate level of standard for all employees in all premises under our direct control and supporting partners across our value chains and communities that surround our workplaces, within three years.

Tons of waste	2021	2022	2023
Total waste	1389	1565	1718
Recycled waste	549	690	880
Hazardous waste	63	87	80
Amount recycled waste	40 %	44 %	51 %

Table 24: Tons of waste

Responsible value chain



Kitron's success is based on close cooperation with our trusted supply partners. Kitron's customers are found within demanding markets sectors, and in order to deliver on their expectations, we depend on high-quality suppliers. Across all areas of sustainability, we have a focus on transparency to identify risks and opportunities within our entire value chain.

The challenge + relevant SDG



Ambition

All suppliers should adhere to Kitron's supplier code of conduct, and support the UN Declaration on Universal Human Rights.

Long-term targets (2030)

- 90 % purchased value report CO₂
- 100 % of suppliers in line with Kitron Supplier Code
- All critical suppliers committed to become climate neutral (scope 1 and 2)

Key KPIs monitored

- Ethics and anti-corruption
- Human rights and conflict minerals
- Environment in the supply chain
- Supplier performance and risk assessment

Results 2023

- No reports on corruption
- Remained conflict minerals free.
- Started work on purchased value report Co2
- 80.3 % of active suppliers have signed Code of Conduct.

Targets 2024

- 20 % purchased value report CO₂ (Scope 1 and Scope 2)

Supply chain and quality management

In Kitron we use the highest standards in selection of supply partners. Our main promise to any customer is that we want to be their long term, sustainable partner.

While the products and services we deliver are required to meet the highest quality requirements, we are fully committed to sustainable development; and we expect the same from our supply partners. Kitron’s goal is to minimize negative environmental and social impacts from its supply chain. We expect our suppliers to adhere to all applicable laws and regulations, to the highest ethical standards defined in the Kitron Code of Conduct, as well as to the separate Suppliers Code of Conduct, which applies to all suppliers. Delivering high quality products is key to Kitron’s competitive advantage and of high importance to our customers, employees and owners. Kitron affects quality directly through our purchasing, supplier selection, and quality management processes, as well as indirectly through our business relationships.

Kitron’s supply chain

Kitron production inputs can be divided into three parts: electronic components, mechanical drawing parts and PCB (Printed Circuit Boards), and the inputs are with few exceptions sourced and produced outside of Norway.

Kitron’s role in the supply chain

Electronic components: For this category, Kitron primarily deals with distributors rather than with manufacturers.

However, during 2021 we started cooperating directly with manufacturers too in order to better serve our customers and ensure availability of production parts. On an annual basis Kitron purchases components from close to 1200 manufacturers through approximately 1000 supply partners. Kitron has established a Preferred Partner Program. In 2023 56 per cent of all electronic components (in value) were procured from Preferred Partners.

Mechanical drawing parts: This sub commodity includes a wide variety of parts, from metal casting to machine parts, injection molded plastic, sheet metal and aluminium die casting. Due to the bulk and weight of this type of parts,

Kitron tends to purchase these components close to the point of use and we continue to build mechanical parts supply chain around our factories in different regions.

In 2023, 24 per cent of all Mechanical drawing parts (in value) were procured from Preferred Partners.

Printed Circuit Boards (PCBs): Kitron buys most of the PCBs from China (up to 70 per cent of the world’s PCBs are produced in China), either directly from manufacturers or through distributors, as with electronic components.

In 2023, 56 per cent of the PCBs were procured from Preferred Partners. In the case of PCBs, these Preferred Partners include both distributors and manufacturers.

Supplier selection and onboarding

Kitron’s sourcing experts are located in Norway, Sweden, Lithuania, Poland, China and United States, enabling us to manage our global network of suppliers and ensure an optimal flow of components and materials to our manufacturing centres. Sourcing in Kitron is a shared responsibility between the global sourcing team and local sourcing managers.

New sales, new requests for information (RFI) and conflict mineral reporting are handled by the global sourcing team while local teams handle RFIs for existing suppliers, manage supplier dialogue and supplier coordination with local suppliers.

To ensure that the same supplier data is collected regardless of category and country, Kitron has developed and implemented a web based RFI (Request for information). This data is then automatically uploaded into Kitron’s Supplier Evaluation Model (SEM) and expanded and have this suppliers assessment including additional suppliers.

To minimize supply chain risk, Kitron seeks to ensure that Kitron’s spend with any specific supplier does not exceed 20 per cent of the total revenue of any single supplier and seeks to diversify its sourcing strategy. Moreover, Kitron diligently works at supplier consolidation, making sure that we work only with the best possible supply partners. In 2023 Kitron had 2 696 active suppliers, down from 2 739 the year before. The number of active suppliers is affected by the number of new customers and the general supply situation. Active supplier means Kitron have placed a purchase order in the last 12 months.

Unique active suppliers

Unique active suppliers (12 month) – 2696.

Share of active suppliers who have signed Code of Conduct – 80.3.

Unique active suppliers	2021	2022	2023
Unique active suppliers (12 months)	2 032	2 739	2 696
Share of active suppliers who has signed Code of Conduct	90.30 %	71.00 %	80.30 %

Table 25: Unique active suppliers

Human rights and conflict minerals

All units of Kitron comply with UN’s Universal Declaration on Human Rights, The UN’s Convention on Rights of the Child and International Labour Organization Conventions (ILO) conventions. Kitron’s approach to human rights protection is guided by the Kitron Code of Conduct and the Supplier Code of Conduct. Since 2018, Kitron has been a UN Global Compact Signatory and supports the ten UN Global compact principles. The ten UN Global compact principles are embedded in Kitron’s Code of Conduct.

Kitron and Kitron suppliers shall comply with the human rights in the ILO conventions, and specifically comply with the labour rights and child labour avoidance conventions. Kitron shall not engage in or support any kind of child labour. If a young worker is employed, this needs to be controlled and arranged according to legal requirements in terms of safety, work hours and guidance and is not allowed to interfere with applicable compulsory schooling. Kitron opposes all forms of forced and compulsory labour.

Conflict minerals

Kitron’s suppliers shall have policies to reasonably assure that the tantalum, tin, tungsten and gold in the products they manufacture do not directly or indirectly finance or benefit armed groups that are perpetrators of serious human rights in the Democratic republic of Congo or an adjoining country. Suppliers shall exercise due diligence on the source and chain of custody of these minerals. All Kitron suppliers are required to fill in the CFSI (now RMI) Conflict Minerals Reporting Template (CMRT).

Conflict minerals *	2021	2022	2023
Conflict free 3TG+ NO 3TG by value	80.47 %	81.66 %	81.22 %
Conflict free 3TG+NO 3TG by number of parts	48 606	53 204	51 456

*This statistics does not include BB Electronics

Table 26: Conflict minerals by value and number of parts

Appendix

Turnover, OpEx and CapEx

Economic Activities (1)	Code (2)	Absolute turnover (3)	Proportion of Turnover (4)	Substantial Contribution Criteria							DNSH criteria (Does Not Significantly Harm)					Minimum Safeguards (17)	Taxonomy aligned proportion of total turnover, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES				30 %															
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of automotive and mobility components		63 118.00	8 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	8 %	E	
Manufacture of batteries		19 374.00	2 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	2 %	E	
Manufacture of energy efficiency equipment for buildings		25 114.00	3 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	3 %	E	
Manufacture of rail rolling stock constituents		5 640.00	1 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	1 %	E	
Manufacture of electrical and electronic equipment		85 108.00	11 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	11 %	E	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation		32 101.00	4 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	4 %	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		231 455.00	30 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	30 %	30 %	0 %
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			0 %																
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0 %																
Total (A.1+A.2)		231 455.00	30 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		543 745.00	70 %																
Total (A+B)		775 200.00	100 %																

Economic Activities (1)	Code (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Substantial Contribution Criteria							DNSH criteria (Does Not Significantly Harm)					Minimum Safeguards (17)	Taxonomy aligned proportion of total OpEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES				30 %															
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of automotive and mobility components (OpEx A)		55 937.00	8 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	8 %	E	
Manufacture of batteries (OpEx A)		17 170.00	2 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	2 %	E	
Manufacture of energy efficiency equipment for buildings (OpEx A)		22 257.00	3 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	3 %	E	
Manufacture of rail rolling stock constituents (OpEx A)		4 998.00	1 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	1 %	E	
Manufacture of electrical and electronic equipment		76 310.00	11 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	11 %	E	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation (OpEx A)		28 449.00	4 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	4 %	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		205 121.00	30 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	30 %	30 %	0 %
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
			0 %																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0 %																
Total (A.1+A.2)		205 121.00	30 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		481 879.00	70 %																
Total (A+B)		687 000.00	100 %																

Economic Activities (1)	Code (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Substantial Contribution Criteria							DNSH criteria (Does Not Significantly Harm)					Minimum Safeguards (17)	Taxonomy aligned proportion of total CapEx, year N (18)**	Category (enabling activity) (20)	Category (transitional activity) (21)
				Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity and ecosystems (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)				
Text		Millions, local CCY	%	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES				30 %															
A.1. CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of automotive and mobility components (CapEx A)		1 286.00	8 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	8 %	E	
Manufacture of batteries (CapEx A)		395.00	3 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	3 %	E	
Manufacture of energy efficiency equipment for buildings (CapEx A)		512.00	3 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	3 %	E	
Manufacture of rail rolling stock constituents (CapEx A)		115.00	1 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	1 %	E	
Manufacture of electrical and electronic equipment		1 755.00	11 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	11 %	E	
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation (CapEx A)		654.00	4 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	4 %	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		4 717.00	30 %	100 %	0 %	0 %	0 %	0 %	0 %	0 %	Y	Y	Y	Y	Y	Y	30 %	30 %	0 %
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned)																			
			0 %																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.00	0 %																
Total (A.1+A.2)		4 717.00	30 %																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		11 083.00	70 %																
Total (A+B)		15 800.00	100 %																



Kitron is a 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.

Board and Management

Board



Tuomo Lähdesmäki
Chairman of the board

Elected for the period 2023-2024

Tuomo Lähdesmäki was born in 1957 and is a Finnish citizen. He holds a Master of Science in Engineering from Helsinki University of Technology, a Master of Business Administration from INSEAD and has completed the Stanford Executive Program. He is a founding partner of Boardman Oy, "The leading network developing active ownership and board work competencies" in Finland, and he has previously, inter alia, been President and CEO of Elcoteq Network Plc and Leiras Oy, General Manager at Swatch Group and Vice President at Nokia Mobile Phones. Mr Lähdesmäki is, inter alia, Vice Chairman of the board of Meconet Oy and a Member of the Board of Turku University Foundation sr. He also serves as Expert Member of the Market Court of Finland and Chairman of the Advisory Board of Finnish Digital Agency (DVV).

Mr Lähdesmäki was elected to the Kitron Board as Chairman in 2014 and heads the HR & Remuneration committee. On December 31st, 2023, Mr Lähdesmäki owned 297 105 shares in Kitron.



Gro Brækken
Deputy chairman of the board

Elected for the period 2023-2024

Gro Brækken was born in 1952 and is a Norwegian citizen. She holds an MSc in Chemical Engineering from the Norwegian University of Science and Technology in Trondheim. Ms Brækken has long and broad experience in the top management of international companies and organizations with CEO, line, and staff-management experience within oil and gas, refinery, shipbuilding, banking and the Confederation of Norwegian Enterprise. She was until 2016 CEO of the Industry Organisation Offshore Norway, and served as Secretary General for the Norwegian Institute of Directors until July 2023. She is at present a student at the University of Oslo and holds various board positions. This background has given her in-depth industrial and political competence and a broad network within politics, business, and society. Gro Brækken also has solid board experience as a member and chair of the boards of directors of national and international companies and organizations within energy, industry, project management, health and NGOs.

Ms Brækken was elected to the Kitron Board in 2015 and has since October 2015 and is a member of the audit committee. On December 31st, 2023, Ms Brækken owned 52 810 shares in Kitron.



Maalfrid Brath
Board member

Elected for the period 2023-2024

Maalfrid Brath was born in 1965 and is a Norwegian citizen. She holds an MSc degree from BI Norwegian Business School in economics and business administration and an MSc degree from NHH Norwegian School of Economics in professional accountancy. Ms Brath has since 2009 been Managing Director of Manpower Group Norway, and since 2019 she has also been Regional Managing Director of Nordic & Baltics. From 1995 to 2009, she held various executive management positions at Storebrand ASA, including EVP Business Development, EVP Retail, COO of Storebrand Livsforsikring and CEO of Storebrand Fondsforsikring. Prior to 1995, she was a Manager at Arthur Andersen. She sits on a number of boards, including The Confederation of Norwegian Enterprise.

Ms Brath was elected to the Kitron Board in 2018 and is a member of the remuneration committee. On December 31st, 2023, Ms Brath owned 32 690 shares in Kitron.



Petra Grandinson
Board member

Elected for the period 2023-2024

Petra Grandinson was born in 1968 and is a Swedish citizen. She holds a Master of Science in Vehicle engineering and System technologies from the Swedish Royal Institute of Technology (KTH) in Stockholm. Ms Grandinson is currently a Vice President Supply Chain at Epiroc Rockdrills AB and has a combination of operations and commercial experience, having worked with advanced electrical hand tools, larger capital equipment and technology infrastructure products and solutions. This includes first-hand knowledge as a customer of Electronic Manufacturing Services. She also brings international experience, having lived in China for five years and the UK for four years. She has had significant exposure to R&D organisations.

Ms Grandinson was elected to the Kitron Board in 2020 and is a member of the remuneration committee. On December 31st, 2023, Ms Grandinson owned 22 943 shares in Kitron.



Espen Gundersen
Board member

Elected for the period 2023-2024

Espen Gundersen was born in 1964 and is a Norwegian citizen. He holds an MBA from the Norwegian School of Management, Oslo. He is also a Certified Public Accountant from the Norwegian School of Economics and Business Administration in Bergen. Mr Gundersen has held several positions within the Tomra Group from 1999 to 2022, including CFO from 2003 and Deputy CEO from 2009. Before joining Tomra ASA, he served as VP of Business Development of Selmer ASA for five years. He started his career with Arthur Andersen in 1989. He is currently a full-time non-executive board member, with board positions in Scatec ASA, Hexagon Purus ASA (Chairman) and Kid ASA.

Mr Gundersen was elected to the Kitron Board in 2017 and heads the audit committee. On December 31st, 2023, Mr Gundersen owned 57 810 shares in Kitron.



Michael Lundgaard Thomsen
Board member

Elected for the period 2023-2024

Michael Lundgaard Thomsen was born in 1964 and is a Danish citizen. He holds a Master of Science in Manufacturing Management and Systems from Aalborg University in Denmark and an Executive MBA from Aarhus University, Denmark. Mr Lundgaard Thomsen is currently Director at Aalborg Portland A/S and brings more than 25 years of executive, international experience within various industries, including building materials, process instrumentation, electronics, mobile hydraulics and IT. For the past 17 years, he has held executive management positions as CEO and COO at three different companies. Prior to joining Aalborg Portland A/S, he spent seven years as CEO of Siemens Flow Instruments A/S, a role he was promoted into after being Global Operations Manager. He has also acted as a Factory Manager/COO at Linak A/S. He spent ten years in various roles at Danfoss A/S, including two years in the US, where he held the overall responsibility for supply chain management. In addition to his operational responsibilities, he holds several board member and chair positions. In 2019, he was appointed chairman of the climate partnership for energy-intensive companies by the Danish Government.

Mr Lundgaard Thomsen was elected to the Kitron Board in 2022 and is a member of the audit committee. On December 31st, 2023, Mr Lundgaard Thomsen owned 8 689 shares in Kitron.



Jarle Larsen
Board member

Elected by and among the employees

Jarle Larsen was born in 1973 and is a Norwegian citizen. He has a background as an Electronics Engineer and joined Kitron AS in 2007. Mr Larsen works as a Senior Lean Engineer. In 2010, he was elected as leader for Nito at Kitron AS (The Norwegian Society of Engineers and Technologists). He still holds this position.

Mr Larsen was elected to the Kitron Board in 2019. On December 31st, 2023, Mr Larsen owned 21 154 shares in Kitron.



Tone Aas
Board member

Elected by and among the employees

Tone Aas was born in 1969 and is a Norwegian citizen. She has all her work background within Kitron AS. She joined Kitron AS in 1993 and has held several different positions within administration, logistics and manufacturing. Mrs Aas works as a Production Department Manager in addition to being the site responsible for IFS projects.

Ms Aas was elected to the Kitron Board in 2023. On December 31st, 2023, Ms Aas owned 1 530 shares in Kitron.



Henriette Stene
Board member

Elected by and among the employees

Henriette Stene was born in 1977 and is a Norwegian citizen. She joined Kitron AS in 1998. Mrs Stene works as a machine operator in the machine center.

Ms Stene was elected to the Kitron Board in 2023. On December 31st, 2023, Ms Stene owned 1 530 shares in Kitron.

Management



Peter Nilsson
President & CEO

Born in 1964. CEO of Kitron since November 2014. Several senior and executive leadership positions for Swedish and US companies. Mr Nilsson holds a BSc in Industrial Engineering and Management and is a Swedish citizen.



Cathrin Nylander
CFO

Born in 1967. Joined Kitron in 2013. Extensive experience as CFO in various industries such as manufacturing, IT, food industry, and financial services. Ms Nylander holds a bachelor's degree in social science from Lund University in Sweden and is a Swedish citizen.



Kristoffer Asklöv
COO & Sales Director

Born in 1977. Joined Kitron in 2021. Mr Asklöv has more than 20 years of electronics production experience, an Executive MBA in Leadership & Management from Mgruppen and an M.Sc. in Product Development / Industrial design from the University of Linköping. Kristoffer Asklöv is a Swedish citizen.



Stian Haugen
CTO

Born in 1976 and is a Norwegian citizen. Mr. Haugen joined Kitron in 2013, managing the technology department of Kitron AS, Arendal. He has extensive experience from international R&D and customer support and holds a B.sc in computer science from Agder University, Norway.



Hans Petter Thomassen
VP Nordics & North America

Born in 1965. He joined Kitron in 2012. Mr Thomassen has extensive experience within manufacturing and logistics and has held several senior-level positions, included CEO. He also has experience from commercial aviation. Hans Petter Thomassen is a Norwegian citizen.



Mindaugas Sestokas
VP Central Eastern Europe

Born in 1971. He has been with Kitron since 2008 and is a Lithuanian citizen. Diverse experience in industries like appliance manufacturing, food and beverage, coupled with senior-level positions, including CEO. Mr Sestokas holds a Master of Business Administration.



Zygimantas Dirse
VP Asia

Born in 1980. With Kitron since 2003. Mr Dirse has broad experience from different international positions in the company and holds a Master of Science in Informatics Technology. Zygimantas Dirse is a Lithuanian citizen.

Articles of Association

Latest updated 1 June 2023

§ 1

The company's name is Kitron ASA. The company is a public limited company.

§ 2

The company's registered office shall be located in the municipality of Asker. The company may also conduct the general meeting in the municipality of Oslo.

§ 3

Kitron's business is manufacturing and development activities related to electronics. The business includes purchase and sale of shares and companies in the same or related business sectors. The business may also include related consultancy activities and other activities associated with the operation.

§ 4

The share capital of the company is NOK 19,821,713.40 divided into 198 217 134 shares with face value NOK 0.10 each. The company's shares shall be registered at the Norwegian Central Securities Depository.

§ 5

The company's board of directors shall have from 3 to 6 shareholder elected members for a period of up to two years as resolved by the general meeting. The chairman of the board is elected by the general meeting. Two board members acting jointly are authorised to sign on behalf of the company. The board may grant power of attorney.

§ 6

The ordinary general meeting is held each year before the end of the month of June. The ordinary general meeting shall:

1. Consider and approve the annual report, the profit and loss statement and the balance sheet for the preceding year.
2. Consider and approve the application of profit or coverage of deficit according to the adopted balance sheet, as well as payment of dividend.
3. Consider and resolve other matters that pertain to the general meeting according to Norwegian law.

§ 7

Kitron shall have a nomination committee. The nomination committee shall have two or three members, including its chairman. Members of the nomination committee shall be elected for a term of office of up to two years.

The annual general meeting of Kitron shall elect the chairman and the members of the nomination committee. The mandate of the nomination committee shall be determined by the annual general meeting. The annual general meeting shall also determine the committee's remuneration.

The nomination committee shall submit proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the board of directors
- Propose candidates for election to the nomination committee
- Propose the fees to be paid to the members of the board of directors
- Propose the fees to be paid to the members of the nomination committee

§ 8

Any issue that has not been resolved in these Articles of Association shall be considered in accordance with the regulations in the existing laws applicable to limited companies.

§ 9

Documents concerning matters to be considered at the general meeting are not required to be sent to the shareholders if the documents are made available for the shareholders at the company's websites. This also applies for documents that pursuant to law shall be included in or attached to the notice of the general meeting. A shareholder may nonetheless require that documents concerning matters to be considered at the general meeting are sent to him/her.

§ 10

Shareholders who want to participate at the general meeting shall notify the company thereof within two days prior to the general meeting.

§ 11

Shareholders may vote in advance, either in writing or by electronic means, up to 2 days prior to the general meeting. The board of directors determines further in the notice to the general meeting how such voting shall be carried out.

(Office translation)

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Kitron is a 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.