

FIRST HALF YEAR AND  
SECOND QUARTER  
REPORT 2022

Q2



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

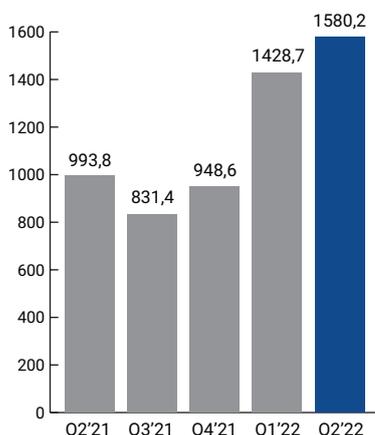
Norway  
Sweden  
Denmark  
Lithuania  
Germany  
Poland  
Czech Republic  
China  
USA

First half year and second quarter report 2022

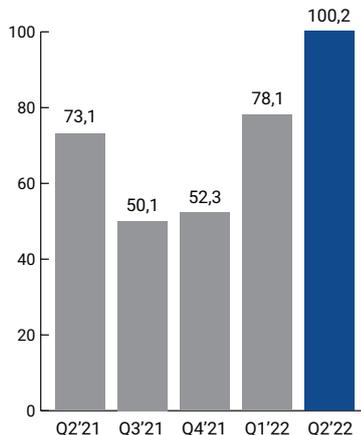
## Record revenue, order backlog and profits

- **Very strong demand**
- **Record revenue and order backlog**
- **EBIT margin improved from preceding quarters**
- **Improvements in supply chain**

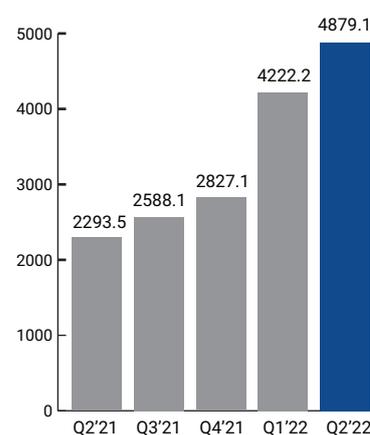
**REVENUE Group**  
NOK million



**EBIT Group**  
NOK million



**ORDER BACKLOG Group**  
NOK million



### Very strong demand

Kitron's revenue for the second quarter was NOK 1 580 million, an increase of 59% compared to last year. The revenue growth largely reflects the acquisition of Danish EMS provider BB Electronics AS, which was consolidated effective 1 January. Demand is very strong, but revenue growth was limited by ongoing component shortages. Nevertheless, there was revenue growth within every market sector except Defence/Aerospace. Growth was particularly strong within the Connectivity market sector, which partly reflects BB Electronics' position within this sector.

### Record order backlog

The order backlog ended at NOK 4 879 million, an increase of 113 per cent compared to last year. This is a record and is impacted by the acquisition of BB Electronics, but also includes a solid increase in the order backlog of other business units. This reflects a strong total demand situation but also includes revenue delays due to the component shortages. The order backlog increased within all market sectors.

### EBIT margin 6.3 per cent

Second quarter EBITDA\* was NOK 142.7 million (NOK 97.5 million), an increase of 46 per cent compared to last year.

Operating profit (EBIT)\* for the second quarter ended at NOK 100.2 million (NOK 73.1 million), an increase of 37 per cent. Profitability expressed as EBIT margin\* was 6.3 per cent (7.4 per cent).

The EBIT margin is improved from the preceding quarters but still affected by revenue delays and inefficiencies caused by the component situation. Increased energy costs and currency also have a negative effect.

Profit after tax was NOK 66.3 million (NOK 48.6 million), corresponding to NOK 0.34 earnings per share (NOK 0.27).

Kitron's revenue for the first half year was NOK 3 009 million (NOK 1 931 million), an increase of 56 per cent compared to last year. First half year EBITDA\* was NOK 259.0 million (NOK 187.7 million), an increase of 38 per cent from last year. Operating profit (EBIT)\* for the first half year ended at NOK 178.3 million (NOK 138.5 million), an increase of 29 per cent. Profitability expressed as EBIT margin\* was 5.9 per cent (7.2 per cent). Profit after tax was NOK 110.7 million (NOK 93.3 million), an increase of 19 per cent and corresponding to NOK 0.56 earnings per share (NOK 0.52)

### Ratios affected by constraints in supply chain

Operating cash flow was NOK 21.7 million (NOK 109.3 million) for the second quarter.

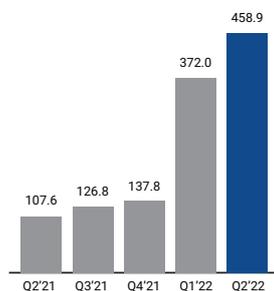
Net working capital was NOK 1 790 million, an increase of 73 per cent compared to the same quarter last year. Cash conversion cycle R3\* was up from 96 days to 104 days, and net working capital R3\* as a percentage of revenue was 26.9 per cent compared to 25.8 per cent last year. Return on operating capital (ROOC) R3\* was 15.4 per cent compared to 19.1 per cent in the same quarter last year.

The acquisition of the Danish EMS company BB Electronics A/S increased net working capital by NOK 403 million. In general, the acquisition does not affect ratios significantly.

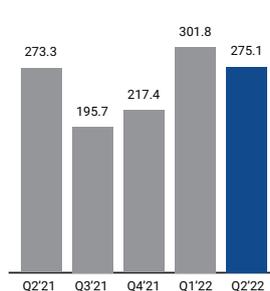
## Key figures

NOK million	Q2 2022	Q2 2021	Change	30.06.2022	30.06.2021	Change	Full year 2021
Revenue	1 580.2	993.8	586.4	3 008.9	1 931.4	1 077.5	3 711.4
EBIT	100.2	73.1	27.1	178.3	138.5	39.8	240.8
Order backlog	4 879.1	2 293.5	2 585.7	4 879.1	2 293.5	2 585.7	2 827.1
Operating cash flow	21.7	109.3	(87.5)	(85.2)	187.6	(272.7)	126.3
Net working capital	1 790.2	1 033.7	756.5	1 790.2	1 033.7	756.5	1 227.7

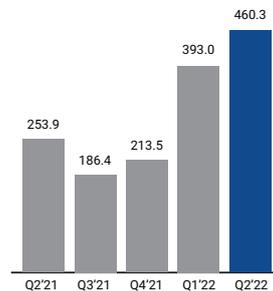
## REVENUE Connectivity NOK million



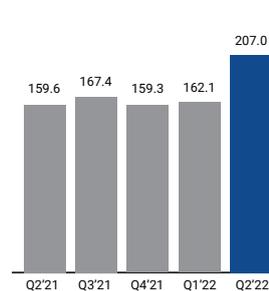
## REVENUE Electrification NOK million



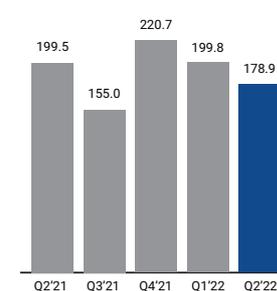
## REVENUE Industry NOK million



## REVENUE Medical Devices NOK million



## REVENUE Defence / Aerospace NOK million



Capital efficiency ratios are heavily affected by the supply situation, with material decommitments and new delivery dates. We see signs of stabilisation, and some improvements. Our focus continues to be on improving the supply situation, as well as managing resources, cash and deliverables.

### Acquisition of Danish EMS provider

In the first quarter, Kitron completed the acquisition of the Danish EMS company BB Electronics A/S, which has production facilities in Denmark, China and the Czech Republic. The deal is earnings accretive and adds significant shareholder value. BB Electronics is a full-service EMS (Electronics Manufacturing Services) provider based in Horsens, Denmark. The group had revenues of about DKK 1 000 million in 2021 and on average 750 employees and has over the past years grown significantly,

both organically and through M&A. The customer base is concentrated within connectivity and industry. Kitron consolidated the acquired business effective 1 January, see note 6 to the financial statements.

### Order intake

Order intake in the quarter was NOK 2 237 million, which is 82.3 per cent higher than for the second quarter 2021. The order backlog ended at NOK 4 879.1 million, which is 113 per cent higher than the same period last year.

Four-quarter moving average order intake was up from NOK 1 302.3 million at the beginning of the second quarter to NOK 1 554.8 million at the end of the quarter. Kitron's order backlog includes four months customer forecast plus all firm orders for later delivery.

## Markets

### Connectivity

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

### Electrification

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

### Industry

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

### Medical devices

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

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

### Defence/Aerospace

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

## Revenue market sectors

NOK million	Q2 2022	Q2 2021	Change	01.01 - 30.06.2022	01.01 - 30.06.2021	Change	Full year 2021
Connectivity	458.9	107.6	351.3	830.9	194.3	636.5	458.9
Electrification	275.1	273.3	1.9	576.9	570.1	6.8	983.2
Industry	460.3	253.9	206.4	853.3	472.8	380.6	872.7
Medical devices	207.0	159.6	47.4	369.1	306.8	62.3	633.5
Defence & Aerospace	178.9	199.5	(20.6)	378.7	387.4	(8.7)	763.1
<b>Total group</b>	<b>1 580.2</b>	<b>993.8</b>	<b>586.4</b>	<b>3 008.9</b>	<b>1 931.4</b>	<b>1 077.5</b>	<b>3 711.4</b>

## Order backlog market sectors

NOK million	30.06.2022	30.06.2021	Change	31.12.2021
Connectivity	917.0	241.2	675.8	303.5
Electrification	1 586.5	678.0	908.5	1 024.4
Industry	1 176.3	360.0	816.3	473.8
Medical devices	360.5	279.8	80.7	264.1
Defence & Aerospace	838.9	734.4	104.4	761.2
<b>Total group</b>	<b>4 879.1</b>	<b>2 293.5</b>	<b>2 585.7</b>	<b>2 827.1</b>

## Operations

### Organisation

The Kitron workforce corresponded to 2 812 full-time employees (FTE) on 30 June 2022. This is an increase of 1004 FTE since the second quarter of 2021. Of the increase 950 FTEs are related to BB Electronics. The number of FTE in lower-cost regions now accounts for 74 per cent of the total.

The company's total payroll expenses in the second quarter were NOK 77.1 million higher than in the corresponding period in 2021. The relative payroll costs ended at 16.8 per cent, down from 19.0 per cent of revenue in the second quarter last year.

## Revenue business entities

NOK million	Q2 2022	Q2 2021	Change	01.01 - 30.06.2022	01.01 - 30.06.2021	Change	Full year 2021
Nordics	617.6	486.1	131.5	1 189.6	909.9	279.7	1 819.0
CEE	483.3	343.1	140.2	921.7	709.7	212.0	1 297.8
Rest of the world	532.9	186.5	346.4	989.6	354.4	635.2	696.0
Group and eliminations	(53.6)	(21.9)	(31.7)	(92.0)	(42.6)	(49.4)	(101.4)
<b>Total group</b>	<b>1 580.2</b>	<b>993.8</b>	<b>586.4</b>	<b>3 008.9</b>	<b>1 931.4</b>	<b>1 077.5</b>	<b>3 711.4</b>

## EBIT business entities

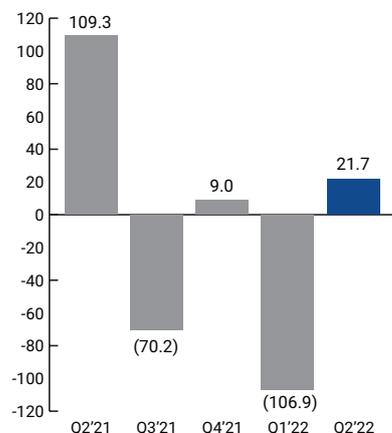
NOK million	Q2 2022	Q2 2021	Change	01.01 - 30.06.2022	01.01 - 30.06.2021	Change	Full year 2021
Nordics	39.4	35.9	3.5	77.5	65.8	11.7	134.7
CEE	36.3	27.3	9.0	65.3	63.7	1.6	96.7
Rest of the world	35.3	10.4	24.9	59.7	14.2	45.5	37.7
Group and eliminations	(10.8)	(0.5)	(10.3)	(24.2)	(5.2)	(19.0)	(28.3)
<b>Total group</b>	<b>100.2</b>	<b>73.1</b>	<b>27.2</b>	<b>178.3</b>	<b>138.5</b>	<b>39.9</b>	<b>240.8</b>

## Full time employees

NOK million	30.06.2022	30.06.2021	Change	31.12.2021
Nordics	743	552	191	556
CEE	1 127	937	190	839
Rest of world	942	319	623	354
<b>Total group</b>	<b>2 812</b>	<b>1 808</b>	<b>1 004</b>	<b>1 749</b>

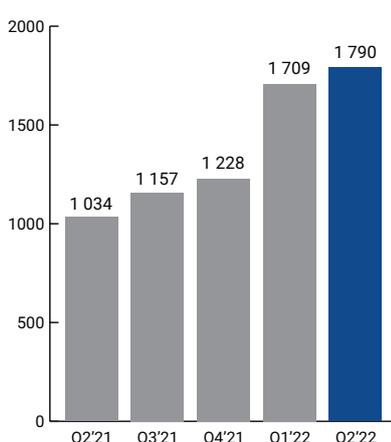
## OPERATING CASH FLOW Group

NOK million



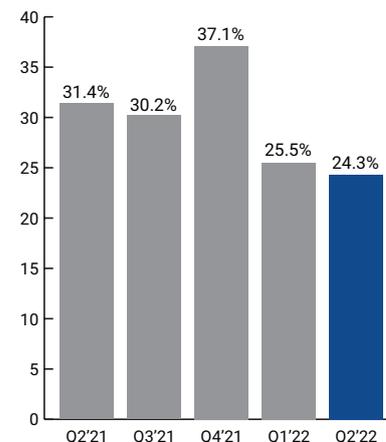
## NET WORKING CAPITAL Group

NOK million



## EQUITY RATIO Group

NOK million



## Finance

### Net financial items

During the quarter, net financial items amounted to a net cost of NOK 17.8 million. The corresponding figure for the second quarter last year was a net cost of NOK 9.9 million. Net disagio for the second quarter amounted to NOK 2.5 million (2021: disagio NOK 2.2 million).

### Balance sheet

Kitron's gross balance sheet as of 30 June 2022 amounted to NOK 5 554.8 million, compared to NOK 2 702.0 million at the same time in 2021. Equity was NOK 1 348.7 million (NOK 847.1 million), corresponding to an equity ratio of 24.3 per cent (31.4 per cent).

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

Inventory was NOK 1 674.9 million as of 30 June 2022 (NOK 614.8 million). Inventory turns\* was 2.6 in the second quarter 2022, which is a decrease compared to the second quarter last year (2.7).

Accounts receivables amounted to NOK 1 363.0 million at the end of the second quarter of 2022. The corresponding amount at the same time in 2021 was NOK 838.6 million.

Contract assets were NOK 572.7 million as of 30 June 2022, compared to NOK 422.6 million at the same time in 2021.

Right-of-use assets amounted to NOK 249.1 million at the end of the second quarter compared to NOK 234.7 million at the same time last year. Right-of-use assets consist of buildings, land and vehicles amounting to NOK 138.2 million (2021: NOK 111.1 million) and machinery and equipment amounting to NOK 110.9 million (2021: NOK 123.6 million). Depreciation and interest costs related to leased buildings, land and vehicles were NOK 8.0 million and NOK 1.2 million respectively for the second quarter (2021: NOK 5.0 million and NOK 2.3 million respectively).

The group's reported net interest-bearing debt\* amounted to NOK 1 768.0 million as of 30 June 2022 (NOK 678.1 million). Net gearing of the company was 1.31 (0.80). Net interest-bearing debt/ EBITDA is 3.6 for 12 months rolling compared to 1.7 for the same period last year. The net gearing and net interest-bearing debt/ EBITDA exclusive IFRS 16 effects are 1.21 and 3.55 respectively.

## Outlook

For 2022, Kitron has previously indicated a revenue outlook of between NOK 5 200 and 5 800 million and operating profit (EBIT) between NOK 330 million and 430 million.

Entering the second half of 2022, Kitron sees strong demand from customers and continued ease of supply chain constraints. Profitability is improving compared to our first quarter, when rapid cost increases challenged the company. Kitron therefore raises its revenue outlook to between NOK 5 700 and 6 100 million. Operating profit is expected to be between NOK 330 million and NOK 400 million.

Oslo, 12 July 2022, Board of directors, Kitron ASA

## Condensed profit and loss statement

NOK 1 000	Q2 2022	Q2 2021	01.01 - 30.06.2022	01.01 - 30.06.2021	Full Year 2021
Revenue	1 580 222	993 833	3 008 878	1 931 356	3 711 373
Cost of materials	1 083 809	662 808	2 077 178	1 275 864	2 449 714
Payroll expenses	266 033	188 935	515 848	377 649	719 144
Other operational expenses	78 443	45 617	150 238	91 508	197 050
Other gains / (losses)	(9 214)	1 012	(6 645)	1 338	(3 604)
<b>Operating profit before depreciation and impairments (EBITDA)</b>	<b>142 723</b>	<b>97 485</b>	<b>258 969</b>	<b>187 674</b>	<b>341 861</b>
Depreciation	42 510	24 362	80 691	49 196	101 048
<b>Operating profit (EBIT)</b>	<b>100 212</b>	<b>73 123</b>	<b>178 278</b>	<b>138 478</b>	<b>240 813</b>
Net financial items	(17 755)	(9 940)	(41 409)	(23 028)	(36 648)
<b>Profit (loss) before tax</b>	<b>82 457</b>	<b>63 184</b>	<b>136 869</b>	<b>115 449</b>	<b>204 165</b>
Tax	16 133	14 542	26 140	22 122	51 323
<b>Profit (loss) for the period</b>	<b>66 324</b>	<b>48 642</b>	<b>110 729</b>	<b>93 327</b>	<b>152 843</b>
Earnings per share-basic	0.34	0.27	0.56	0.52	0.78
Earnings per share-diluted	0.33	0.27	0.55	0.51	0.77

## Condensed balance sheet

NOK 1 000	30.06.2022	30.06.2021	31.12.2021
<b>ASSETS</b>			
Goodwill	279 081	36 933	36 933
Other intangible assets	569 647	47 133	44 917
Property, plant and equipment	347 126	223 084	195 550
Right-of-use assets	249 140	234 689	256 892
Deferred tax assets	95 882	73 092	73 989
Other receivables	10 839	10 933	10 316
<b>Total non-current assets</b>	<b>1 551 714</b>	<b>625 863</b>	<b>618 598</b>
Inventory	1 674 880	614 822	880 297
Accounts receivable	1 363 027	838 609	864 598
Contract assets	572 696	422 559	400 586
Other receivables	177 604	88 273	117 302
Cash and cash equivalents	214 919	111 906	428 035
<b>Total current assets</b>	<b>4 003 125</b>	<b>2 076 169</b>	<b>2 690 818</b>
<b>Total assets</b>	<b>5 554 840</b>	<b>2 702 032</b>	<b>3 309 417</b>
<b>LIABILITIES AND EQUITY</b>			
Equity	1 348 669	847 119	1 228 046
<b>Total equity</b>	<b>1 348 669</b>	<b>847 119</b>	<b>1 228 046</b>
Deferred tax liabilities	123 051	4 611	4 223
Loans	1 192 909	228 274	206 230
Pension commitments	5 599	5 666	5 557
Other liabilities	12 584	4 259	4 227
<b>Total non-current liabilities</b>	<b>1 334 143</b>	<b>242 810</b>	<b>220 237</b>
Accounts payable	1 820 426	842 321	917 779
Other payables	230 395	189 266	131 057
Tax payable	31 215	18 747	19 050
Loans	789 993	561 769	793 247
<b>Total current liabilities</b>	<b>2 872 028</b>	<b>1 612 103</b>	<b>1 861 133</b>
<b>Total liabilities and equity</b>	<b>5 554 840</b>	<b>2 702 032</b>	<b>3 309 417</b>

## Condensed cash flow statement

NOK 1 000	Q2 2022	Q2 2021	01.01 - 30.06.2022	01.01 - 30.06.2021	Full year 2021
Profit before tax	82 457	63 184	136 869	115 449	204 165
Depreciations	42 510	24 362	80 691	49 196	101 048
Change in inventory, accounts receivable, contract assets and accounts payable	(80 921)	1 791	(242 459)	30 094	(163 940)
Change in net other current assets and other operating related items	(76 755)	(22 362)	(45 860)	(41 377)	(102 622)
Change in factoring debt	54 427	42 276	(14 392)	34 198	87 661
<b>Net cash flow from operating activities</b>	<b>21 718</b>	<b>109 251</b>	<b>(85 151)</b>	<b>187 561</b>	<b>126 314</b>
<b>Net cash flow from investing activities</b>	<b>(33 182)</b>	<b>(5 709)</b>	<b>(918 259)</b>	<b>(10 668)</b>	<b>(45 974)</b>
<b>Net cash flow from financing activities</b>	<b>2 799</b>	<b>(81 647)</b>	<b>719 577</b>	<b>(113 944)</b>	<b>225 381</b>
Change in cash and bank credit	(8 665)	21 895	(283 832)	62 950	305 721
Cash and bank credit opening balance	(52 003)	(41 731)	222 414	(81 039)	(81 039)
Currency conversion of cash and bank credit	(11 630)	592	(10 880)	(1 155)	(2 269)
<b>Cash and bank credit closing balance</b>	<b>(72 298)</b>	<b>(19 244)</b>	<b>(72 298)</b>	<b>(19 244)</b>	<b>222 414</b>

## Condensed statement of comprehensive income

NOK 1 000	Q2 2022	Q2 2021	01.01 - 30.06.2022	01.01 - 30.06.2021	Full year 2021
Profit (loss) for the period	66 324	48 642	110 729	93 327	152 843
Actuarial gain / losses pensions	-	-	-	-	(299)
Gain/losses forward contract	-	-	-	-	(7 474)
Exchange differences on translation of foreign operations	2 552	1 029	11 623	343	3 316
Currency translation differences and other changes	75 243	10 636	43 017	(9 193)	(12 261)
<b>Total comprehensive income for the period</b>	<b>144 119</b>	<b>60 307</b>	<b>165 369</b>	<b>84 477</b>	<b>136 125</b>
<b>Allocated to shareholders</b>	<b>144 119</b>	<b>60 307</b>	<b>165 369</b>	<b>84 477</b>	<b>136 125</b>

## Changes in equity

NOK 1 000	30.06.2022	30.06.2021	31.12.2021
Equity opening balance before change in accounting principle	1 228 046	885 654	885 654
Change in accounting principle			
<b>Equity opening balance</b>	<b>1 228 046</b>	<b>885 654</b>	<b>885 654</b>
Profit (loss) for the period	110 729	93 327	152 843
Paid dividends	(49 254)	(125 374)	(125 373)
Issue of ordinary shares	-	-	338 356
Employee share schemes	4 508	2 361	5 243
Other adjustments	-	-	(11 985)
Other comprehensive income for the period	54 640	(8 849)	(16 718)
<b>Equity closing balance</b>	<b>1 348 669</b>	<b>847 119</b>	<b>1 228 046</b>

## Notes to the financial statements

### Note 1 – General information and principles

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

### Note 2 - Estimates

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

### Note 3 – Financial risk management

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

## Notes to the financial statements, continued

### Note 4 – Other gains and losses

Other gains and losses consist of net currency gains and losses

### Note 5 – Coronavirus pandemic

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

### Note 6 – Business combinations

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

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

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

### Revenue and profit contribution

The acquired business contributed revenues of NOK 567.6 million, EBITDA of NOK 55.3 million, EBIT of NOK 45.0 million and net profit of NOK 34.2 million to the group for the second quarter 2022. The corresponding figures for the period from 1 January 2022 to 30 June 2022 were revenues of NOK 1 025.0 million, EBITDA of NOK 87.3 million, EBIT of NOK 69.7 million and net profit of NOK 53.3 million. In addition, other intangible assets (customer contracts) included in the preliminary fair value assessment are amortized with NOK 6.7 million for the second quarter and NOK 12.9 million for the first half year.

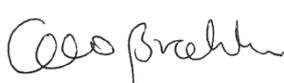
## Responsibility statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 - Interim Financial Reporting, and gives a true and fair view of the group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties transactions.

Oslo, 12 July 2022



**Tuomo Lähdesmäki**  
Chairman



**Gro Brækken**  
Deputy Chairman



**Michael Lundgaard Thomsen**  
Board Member



**Espen Gundersen**  
Board Member



**Petra Grandinson**  
Board Member



**Maalfrid Brath**  
Board Member



**Bjørn Gottschlich**  
Employee Elected Board  
Member



**Tanja Rørheim**  
Employee Elected Board  
Member



**Jarle Larsen**  
Employee Elected Board  
Member



**Lars Peter Nilsson**  
CEO of Kitron ASA



## Appendix

### Definition of Alternative Performance Measures

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

Our definitions and explanations of these terms follow below.

#### Order backlog

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

#### Foreign exchange effects

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

#### EBITDA

Operating profit (EBIT) + Depreciation and Impairments

#### EBIT

Operating profit

#### EBIT margin (%)

Operating profit (EBIT) / Revenue

#### Net working capital

Inventory + Contract assets + Accounts Receivables – Accounts Payable

#### Operating capital

Other intangible assets + Tangible fixed assets + Net working capital

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

Annualised Operating profit (EBIT) / Operating Capital

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

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

#### Direct Cost

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

#### Days of Inventory Outstanding

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

#### Days of Inventory Outstanding R3

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

#### Days of Receivables Outstanding

360/ (Annualised Revenue/Trade Receivables)

#### Days of Receivables Outstanding R3

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

#### Days of Payables outstanding

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

#### Days of Payables Outstanding (R3)

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

#### Cash conversion cycle (CCC)

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

#### Cash conversion cycle (CCC) R3

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

#### Net Interest-bearing debt

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

#### Interest-bearing debt

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

#### Inventory turns

Annualised direct costs / (Inventory + Contract assets)

#### Variable contribution

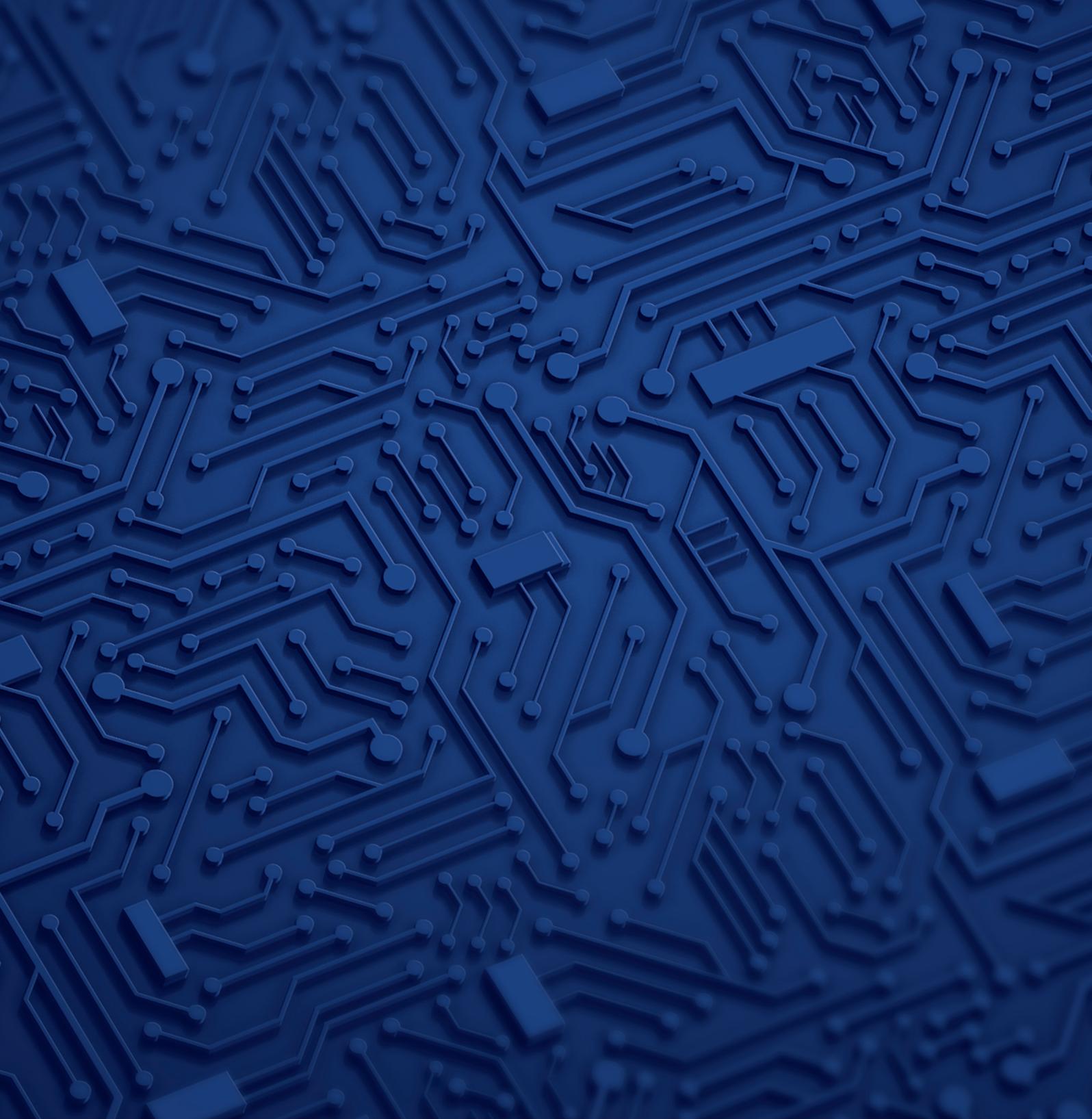
Revenue - Direct cost

#### Net gearing

Net interest bearing debt / Equity

#### Equity Ratio

The ratio of Equity to Total Assets



Kitron is a leading Scandinavian electronics manufacturing services company for the Connectivity, Electrification, Industry, Medical Devices, and Defence/Aerospace sectors. The group is located in Norway, Sweden, Denmark, Lithuania, Germany, Poland, the Czech Republic, China, and the United States. Included the acquisition of BB Electronics in January 2022, Kitron has about 2 800 employees. Kitron manufactures both electronics that are embedded in the customers' own product, as well as box-built electronic products. Kitron also provides high-level assembly (HLA) of complex electromechanical products for its customers.

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

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