

# Kitron A/S

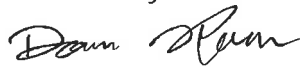
Ane Staunings Vej 21C, 8700 Horsens, Denmark

CVR no. 21 66 25 34

## Annual report 2023

Approved at the Company's annual general meeting on 26 June 2024

Chair of the meeting:



.....  
Xiangyu Deng

## Contents

<b>Statement by the Board of Directors and the Executive Board</b>	<b>2</b>
<b>Independent auditor's report</b>	<b>3</b>
<b>Management's review</b>	<b>5</b>
<b>Financial statements 1 January - 31 December</b>	<b>11</b>
Income statement	11
Balance sheet	12
Statement of changes in equity	14
Notes to the financial statements	15

### Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Kitron A/S for the financial year 1 January - 31 December 2023.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Horsens, 26 June 2024  
Executive Board:



Jimi Kristoffer Sandgreen

Board of Directors:



Mona Cathrin Nylander  
Chair



Kristoffer Karl Arne Askild  
Deputy Chair




Stian Haugen  
Stian Haugen



Henning Dals  
Henning Dals



Steen Mønstgaard Jensen  
Steen Mønstgaard Jensen



Madsrik J. Poulsen  
Madsrik J. Poulsen

## Independent auditor's report

### To the shareholders of Kitron A/S

#### Opinion

We have audited the financial statements of Kitron A/S for the financial year 1 January - 31 December 2023, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company 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 as to 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 and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, 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 internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

## Independent auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance 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.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

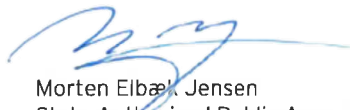
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Trekantsområdet, 26 June 2024  
PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab  
CVR no. 33 77 12 31

  
Henrik Forthoft Lind  
State Authorised Public Accountant  
mne34169

  
Morten Elbæk Jensen  
State Authorised Public Accountant  
mne27737

## Management's review

### Company details

Name	Kitron A/S
Address, Postal code, City	Ane Staunings Vej 21C, 8700 Horsens, Denmark
CVR no.	21 66 25 34
Established	21 December 1998
Registered office	Horsens
Financial year	1 January - 31 December
Website	<a href="http://www.kitron.com">www.kitron.com</a>
Telephone	+45 76 25 10 00
Board of Directors	Mona Cathrin Nylander, Chair Kristoffer Karl Arne Asklov, Deputy Chair Stian Haugen Henning Dahlen Steen Moeskjær Jensen Maibrit Lindgaard Paulsen
Executive Board	Jimi Klitholm Sandgreen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32, 7100 Vejle

## Management's review

### Financial highlights

DKK'000	2023	2022	2021	2020	2019
<b>Key figures</b>					
Revenue	695,462	1,175,712	734,558	477,054	522,428
Gross profit	71,789	114,500	61,286	45,207	59,997
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	44,018	79,345	36,787	24,898	33,890
Operating profit/loss	33,590	70,136	27,580	15,747	25,920
Profit before interest and tax (EBIT)	37,538	73,903	31,301	19,549	29,590
Net financials	3,848	-1,831	-2,773	-149	-1,973
Profit before tax	41,386	72,071	28,527	19,400	27,617
Profit for the year	31,892	55,857	21,950	14,635	20,481
<b>Balance sheet</b>					
Fixed assets	119,443	157,072	111,810	109,009	106,632
Non-fixed assets	252,029	381,420	299,358	211,538	222,894
Total assets	371,472	538,492	411,168	320,547	329,526
Investments in property, plant and equipment	8,564	11,789	6,965	2,525	1,415
Share capital	7,634	7,634	7,634	7,634	7,634
Equity	197,663	184,366	128,060	105,964	91,291
Non-current liabilities other than provisions	5,809	5,693	45,699	59,130	73,034
Current liabilities other than provisions	168,000	348,433	237,409	155,453	165,201
<b>Financial ratios</b>					
Gross margin	10.3%	9.7%	8.3%	9.5%	11.5%
EBITDA-margin	6.3%	6.7%	5.0%	5.2%	6.5%
Equity ratio	53.2%	34.2%	31.1%	33.1%	27.7%
Return on equity	16.7%	35.8%	18.8%	14.8%	25.2%

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/-Other operating income and other operating expenses}}{\text{Revenue}} \times 100$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
EBITDA-margin	$\frac{\text{Earnings before interest, taxes and amortisations (EBITDA)} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

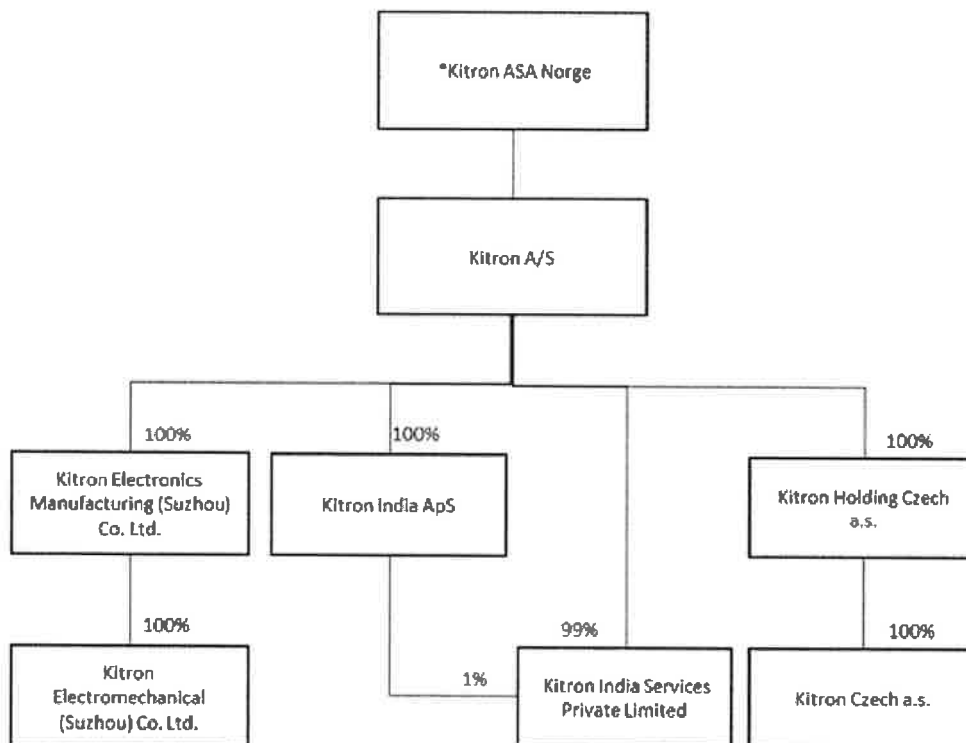
## Management's review

### Business review

### Report

Kitron A/S is a provider of full range Electronics Manufacturing Services (EMS) which comprise development, production and sales of electronics and EMS solutions. The company, Kitron A/S is headquartered in Horsens, Denmark, where production also takes place. Furthermore, the Group has six subsidiaries - two in China, Kitron Electronics Manufacturing (Suzhou) Co. Ltd. and Kitron Electromechanical (Suzhou) Co. Ltd., two in Czech, Kitron Holding Czech a.s. and Kitron Czech a.s., one in Denmark, Kitron India ApS, and another in India. There are production sites in Denmark, China, India and Czech.

### Group Chart



\*Acquired all shares in Kitron A/S at 10 January 2022.



## Management's review

### Financial review

#### Financial development

The total sales for 2023 was DKK 695 million, which is a decrease of 40.9% compared to 2022 (DKK 1,176 million). The decrease can be caused by a large decrease in orders from the customers. The 2023 turnover at the beginning of year was expected to 20-22% growth. During 2023, the customers initiated significant adjustments of orders and forecast primarily due to overstock in the supply chain and challenges of tied up working capitals. The de-stock activities across several market sectors were seen as extended impact on the supply chain since Covid-19 outbreak and disruption of global semi-conductor supply chain. The decline of orders is expected to continue in year 2024 and the level after adjustments would be close to that before the supply chain crisis for the customers.

Profit after tax was DKK 32 million (2022:DKK 56 million). At the end of the financial year the balance sheet total was DKK 371 million compared with DKK 538 million the previous year. Equity as of 31 December 2023 amounted to DKK 198 million (2022: DKK184 million).

The outlook of 2023 result was expected at the level of DKK 50-60 million. However, the profit of year 2023 resulted 43% lower than 2022 or expected result because of the declined sales from external customer demands. In the balance sheet 2023, total assets reduced 167 million including 107million lower account receivables due to lower sales and decrease of investment in subsidiary for 40 million. By end of the financial year, 144 million intercompany liability was cleared indicating improvement of cash flow from operating activities.

#### Investments

The investments in 2023 have been normal operational investments.

#### Dividends

In 2023 DKK 18 million dividends has been paid in December 2023. The proposed dividend for 2023 amount to DKK 20 millions.

#### Recognition and measurement uncertainties

No recognition and measurement uncertainties have been identified in the annual report.

#### Financial risks and use of financial instruments

Kitron A/S centrally manages the Group's financial risks and coordinates the Group's liquidity management, including funding and placement of surplus liquidity. Kitron A/S operates with a low risk profile, meaning that currency, interest rate and credit risks only occur based on commercial factors.

The majority of customers as well as inventory are guaranteed via external credit insurance, however some large groups are not insured via external credit insurance due to their risk profile.

Where deemed appropriate to reduce financial risk, financial instruments in the form of forward contracts and interest rate swaps are included.

#### Business risks

The primary business risk faced by Kitron A/S is the continued ability to deliver good service and produce quality at competitive prices.

Management regularly evaluates whether Kitron A/S has an ample capital structure, and the Board regularly evaluates whether the capital basis is in keeping with the company's interests and those of its stakeholders. The overall goal is to ensure a capital structure that will support long-term financial growth.

#### Knowledge resources

In 2023, the company maintained its focus on the competitive situation. The staff of the full-time employees is 172. To continually be able to deliver and develop competitive products and solutions, it is paramount that the Group is able to retain and develop employees so that they have the best possible skill set for performing in their job. Consequently, our HR department works with a strategic perspective focusing on goal-oriented work with attraction, development, and job satisfaction amongst the staff.

## Management's review

### Statutory CSR report

#### Responsibility

The Group's CSR efforts are described in a separate Corporate Social Responsibility report for 2023 prepared by Kitron A/S. The report complies with the Danish Financial Statements Act section §99a.

The CSR report is available at:

<https://kitron.com/storage/files/Annual%20reports/Kitron%20Denmark%20Sustainability%20Report%202023.pdf>

#### Whistle blowers

Employees at Kitron A/S can contact an external company anonymously if there should be events that they wish to report. There were no such contacts made under this arrangement in 2023.

#### Report on the gender composition of Management

Kitron A/S has goals for recruitment of women for management positions. Kitron A/S wants to make the goal of more women in management quantifiable - both in terms of the process leading to the goal and in relation to the concrete results.

Targets have been set for the ratio of female senior managers to comply with the Danish Financial Statements Act section §99b:

- The current proportion of females at the senior management level (the Board) is currently 33% i.e. an equal distribution in the board of directors according to the Danish Business Authority.
- The proportion of female senior managers in daily management (Executive Board) is currently 50%.
- The proportion of female managers among all levels in daily management is currently 29%.
- The action to equal opportunity is to obtain at least one of each gender to be amongst the final three candidates in the recruitment process.

Top management position In Year 2023

- Board of Directors

Top Management Position	2023
Total number of members	6
Underrepresented gender in pct.	33%

## Management's review

Other managerial position in Year 2023

- First management level includes the Executive board and persons on the same organizational management level.
- Second management level includes persons with staff responsibilities, who refer directly to the first management level

Other Managerial Position	2023
Total number of members	10
Underrepresented gender in pct.	30%
Target figure in pct.	40%
Year of fulfilment of target figure	2024

In Year 2023, we have implemented equal gender opportunity in the recruitment process of other management position, i.e. at least one of each gender is amongst the three candidates of other management position.

For our HR recruitment process, there is a guideline to functional managers and HR specialist that we recommend at least one candidate of each gender to be presented at each round of interviews for such other management positions. This recommendation covers external and internal recruitment as well as promotion to managerial roles. The executive of the company has the responsibility to ensure the company policy of equal gender opportunity fully implemented during the recruitment and internal promotion processes.

Our action plan in 2024 to reach our gender equality target is to recruit and promote women leaders within Other Managerial Position. In the long term, we will also work with young generation plan to attract more women talents for future managerial positions.

### Outlook

In 2024, based on received orders and forecast from customers. The revenue is expected in the level of DKK 436 million and the profit before tax in the level of 24 million.

### Data ethics

The Company's policy on data ethics is integrated into the IT policy and GDPR set-up. The focus and handling of data ethics is handled through the following:

- The IT Policy, which contains requirements for employees regarding the handling of IT systems and data in the Company.
- The Group's GDPR set-up, which supports the legislation's requirements for GDPR, including data collection and processing, data subjects' rights, and that there are requirements for subcontractors' use of data processing agreements.
- The Group continuously educates employees in data ethics by continuously updating and informing employees about the above.

The Board of Directors is responsible for continuously, and at least once a year, assessing whether the policy on data ethics needs to be updated. The Executive Board is responsible for ensuring that the policy is implemented in the day-to-day operations of the Company.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2023	2022
3	<b>Revenue</b>	695,462	1,175,712
19	Production costs	-623,673	-1,061,212
	<b>Gross profit</b>	71,789	114,500
19	Distribution costs	-13,673	-13,317
19,5	Administrative expenses	-24,526	-31,048
	<b>Operating profit</b>	33,590	70,135
4	Other operating income	3,948	3,767
	<b>Profit before net financials</b>	37,538	73,902
6	Financial income	6,360	3,776
7	Financial expenses	-2,512	-5,607
	<b>Profit before tax</b>	41,386	72,071
8	Tax for the year	-9,494	-16,214
	<b>Profit for the year</b>	31,892	55,857

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
10	<b>Intangible assets</b>		
	Software	513	1,426
		<u>513</u>	<u>1,426</u>
11	<b>Property, plant and equipment</b>		
	Plant and machinery	17,599	16,218
	Other fixtures and fittings	176	166
	Leasehold improvements	1,982	897
	Property, plant and equipment under construction	546	25
		<u>20,303</u>	<u>17,306</u>
12	<b>Investments</b>		
	Investments in group enterprises	96,457	96,457
	Receivables from group enterprises	0	39,850
	Other receivables	2,170	2,033
		<u>98,627</u>	<u>138,340</u>
	<b>Total fixed assets</b>	<u>119,443</u>	<u>157,072</u>
	<b>Non-fixed assets</b>		
13	<b>Inventories</b>		
	Raw materials and consumables	126,088	126,532
	Work in progress	17,469	21,102
	Finished goods and goods for resale	10,327	9,293
		<u>153,884</u>	<u>156,927</u>
	<b>Receivables</b>		
	Trade receivables	49,419	156,225
	Receivables from group enterprises	6,889	7,054
16	Deferred tax assets	2,236	2,676
	Other receivables	2,221	2,331
14	Prepayments	2,476	2,085
		<u>63,241</u>	<u>170,371</u>
	<b>Cash</b>	<u>34,904</u>	<u>54,122</u>
	<b>Total non-fixed assets</b>	<u>252,029</u>	<u>381,420</u>
	<b>TOTAL ASSETS</b>	<u>371,472</u>	<u>538,492</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
15	Share capital	7,634	7,634
	Reserve re. exchange adjustment and hedging instruments	0	595
	Retained earnings	170,029	158,137
	Dividend proposed	20,000	18,000
	<b>Total equity</b>	<b>197,663</b>	<b>184,366</b>
	<b>Liabilities other than provisions</b>		
17	<b>Non-current liabilities other than provisions</b>		
	Other payables	5,809	5,693
		<b>5,809</b>	<b>5,693</b>
	<b>Current liabilities other than provisions</b>		
	Prepayments received from customers	65,433	75,022
	Trade payables and other accounts payable	64,433	85,553
	Payables to group enterprises	3,539	147,551
	Corporation tax payable	8,537	14,837
	Other payables	26,058	25,470
		<b>168,000</b>	<b>348,433</b>
	<b>Total liabilities other than provisions</b>	<b>173,809</b>	<b>354,126</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>371,472</b>	<b>538,492</b>

- 1 Accounting policies
- 2 Events after the balance sheet date
- 9 Appropriation of profit
- 20 Contractual obligations and contingencies, etc.
- 21 Related parties

## Financial statements 1 January - 31 December

### Statement of changes in equity

Note	DKK'000	Share capital	Reserve re. exchange adjustment and hedging instruments	Retained earnings	Dividend proposed	Total
		7,634	146	120,280	0	128,060
9	Equity at 1 January 2022	0	0	37,857	18,000	55,857
	Transfer, see "Appropriation of profit"	0	449	0	0	449
	Value adjustments of hedging instruments after tax					
	<b>Equity at 1 January 2023</b>	<b>7,634</b>	<b>595</b>	<b>158,137</b>	<b>18,000</b>	<b>184,366</b>
9	Transfer, see "Appropriation of profit"	0	0	11,892	20,000	31,892
	Value adjustments of hedging instruments after tax	0	-595	0	0	-595
	Dividend distributed	0	0	0	-18,000	-18,000
	<b>Equity at 31 December 2023</b>	<b>7,634</b>	<b>0</b>	<b>170,029</b>	<b>20,000</b>	<b>197,663</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Kitron A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The Group financial statements are prepared by the parent company Kitron ASA.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

Foreign currency transactions throughout the year have been converted to the rate in force on the transaction date. Gains and losses arising between rates on transaction and payment days are recognised in the income statement under financial items.

Receivables, liabilities and other monetary items in foreign currencies are converted to the rate on the reporting date.

The exchange rate difference between the reporting date and transaction date is included in the income statement under financial items.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Changes in fair value of derived financial instruments classified as and which satisfy the conditions for securing the fair value of an included asset or an included liability are recognised in the income statement together with any changes in the fair value of the secured asset or the secured liability. Changes in fair value of derivative financial instruments classified as and which satisfy the conditions for securing expected future transactions regarding purchases and sales in foreign currencies are included under other receivables or other liabilities and in equity. If the expected future transaction leads to recognition of assets or liabilities, amounts deferred under equity are transferred from equity and recognised in the cost of the asset or liability. Amounts deferred under equity are transferred to the income statement for the period in which the secured item affects the income statement.

### Income statement

#### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Net sales from the sale of goods and manufactured products is recognised in the income statement, provided delivery and risk transferral to the buyer has taken place before the end of the year. Net sales are recognised exclusive of value added tax, other taxes and sales-related discounts.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

##### Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Software	5 years
Plant and machinery	5-8 years
Other fixtures and fittings	3-8 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities, dividends, financial expenses relating to realised and unrealised capital gains and losses relating to exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

The tax for the year consists of the current corporate tax and changes in deferred tax for the year due to changes in the tax rate and is recognised in the income statement as the part directly associated with the profit or loss for the year, while tax directly relating can be attributed to items recognised directly in equity.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Software is calculated at cost less accumulated amortisation. Software is amortised over the estimated useful life, but not more than 5 years.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Investments in group entities

Investments in subsidiaries are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary during the period of ownership are treated as a reduction in the cost of acquisition. Further dividends are recognised in the profit and loss accounts.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

##### Inventories

Inventories are calculated at cost based on the FIFO principle. Where cost is higher than the fair value less costs to sell, the value is written down.

Cost for goods, raw materials and consumables are recognised at the purchase price plus delivery costs.

Cost for finished goods and goods-in-process include cost for raw materials, consumables, direct salaries and indirect production costs. Indirect production costs include indirect materials and salaries, maintenance of and depreciation on machines and equipment used in production, and factory administration and management costs.

The fair value less costs to sell for inventories is calculated as the sales price excluding costs of completion and costs related to achieving sales, and is established with due consideration of merchantability, obsolescence and development in expected sales price.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost and reduced by write-downs for bad debt risk of expected losses according to an individual assessment.

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

##### Equity

###### *Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Income tax and deferred tax

Current tax payables and current tax receivables are recognised in the balance sheet as estimated tax on the taxable income for the year, adjusted for tax from the previous year's taxable income and tax paid on account.

Deferred tax is calculated using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the proceeds received less transaction costs paid. In subsequent periods, financial liabilities are recognised at amortised cost corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds received and the nominal value is recognised in the income statement throughout the loan period.

Other liabilities, including payables to suppliers, group entities and other payables are calculated at amortised cost essentially net realisable value.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

##### Segment information

Sales are specified in geographic markets. Information about geographic markets is based on revenue and risk as well as internal financial management.

#### 2 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

DKK'000	<u>2023</u>	<u>2022</u>
<b>3 Segment information</b>		
<b>Breakdown of revenue by geographical segment:</b>		
Denmark	488,893	752,102
Other countries	<u>206,569</u>	<u>423,610</u>
	<u>695,462</u>	<u>1,175,712</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022
<b>4 Other operating income</b>		
Income in the form of joint costs invoiced to subsidiary	3,948	3,767
	<u>3,948</u>	<u>3,767</u>
<b>5 Fee to the auditors appointed in general meeting</b>		
Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act. The fee is specified in the consolidated financial statements for Kitron ASA.		
<b>6 Financial income</b>		
Interest receivable, group entities	2,244	1,665
Exchange rate gain	2,596	1,672
Other financial income	1,520	439
	<u>6,360</u>	<u>3,776</u>
<b>7 Financial expenses</b>		
Interest expenses, group entities	1,418	4,167
Other financial expenses	1,094	1,440
	<u>2,512</u>	<u>5,607</u>
<b>8 Tax for the year</b>		
Estimated tax charge for the year	9,054	15,158
Deferred tax adjustments in the year	440	1,056
	<u>9,494</u>	<u>16,214</u>
<b>9 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Proposed dividend recognised under equity	20,000	18,000
Retained earnings	11,892	37,857
	<u>31,892</u>	<u>55,857</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 10 Intangible assets

DKK'000	Software
Cost at 1 January 2023	13,475
Disposals	-1,927
Cost at 31 December 2023	11,548
Impairment losses and amortisation at 1 January 2023	12,049
Amortisation for the year	913
Amortisation and impairment losses of disposals for the year	-1,927
Impairment losses and amortisation at 31 December 2023	11,035
<b>Carrying amount at 31 December 2023</b>	<b>513</b>
Amortised over	5 years

#### 11 Property, plant and equipment

DKK'000	Plant and machinery	Other fixtures and fittings	Leasehold improvements	Property, plant and equipment under construction	Total
Cost at 1 January 2023	71,979	8,260	7,363	25	87,627
Additions	6,467	94	1,482	521	8,564
Disposals	-9,114	-3,000	-1,351	0	-13,465
Cost at 31 December 2023	69,332	5,354	7,494	546	82,726
Impairment losses and depreciation at 1 January 2023	55,761	8,094	6,466	0	70,321
Depreciation	5,086	84	397	0	5,567
Depreciation and impairment of disposals	-9,114	-3,000	-1,351	0	-13,465
Impairment losses and depreciation at 31 December 2023	51,733	5,178	5,512	0	62,423
<b>Carrying amount at 31 December 2023</b>	<b>17,599</b>	<b>176</b>	<b>1,982</b>	<b>546</b>	<b>20,303</b>
Depreciated over	5-8 years	3-8 years	5 years		

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 12 Investments

DKK'000	Investments in group enterprises	Receivables from group enterprises	Other receivables	Total
Cost at 1 January 2023	96,457	39,850	2,033	138,340
Additions	0	0	137	137
Disposals	0	-39,850	0	-39,850
Cost at 31 December 2023	96,457	0	2,170	98,627
<b>Carrying amount at 31 December 2023</b>	<b>96,457</b>	<b>0</b>	<b>2,170</b>	<b>98,627</b>

#### Group entities

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Kitron Electronics Manufacturing (Suzhou) Co.	Ltd.	China	100.00%	178,888	39,832
Kitron Electromechanical (Suzhou) Co.	Ltd	China	100.00%	2,895	340
Kitron Holding Czech	a.s.	Czech Republic	100.00%	19,813	-702
Kitron Czech	a.s.	Czech Republic	100.00%	103,334	30,844
Kitron India	ApS	Denmark	100.00%	7	-32
Kitron India Services Private	Ltd	India	100.00%	-1,175	-726

#### 13 Inventories

A significant proportion of inventories relate to customer-specific components procured in relation to agreements for which customers are liable.

#### 14 Prepayments

Prepayments consist of rent, insurance premiums, subscriptions and interest.

#### 15 Share capital

As of 31 December 2023, equity consisted of 76,340 shares of DKK 100 each. The share capital has remained unchanged for the past 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022		
<b>16 Deferred tax</b>				
Deferred tax at 1 January	-2,676	-3,858		
Adjustment of deffered tax for the year	599	1,056		
Change in value adjustment FX contract - direct on Equity	-159	126		
<b>Deferred tax at 31 December</b>	-2,236	-2,676		
Deferred tax relates to:				
Receivables	-2,236	-2,676		
	-2,236	-2,676		
<b>17 Non-current liabilities other than provisions</b>				
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	5,809	0	5,809	4,619
	5,809	0	5,809	4,619

Payments due within 1 year are recognised under current liabilities. The outstanding non-current liabilities 5 years after the reporting date is DKK 4,619 thousand.

### 18 Derivative financial instruments

#### Fair values

There is no financial instruments recognised in the Company's balance sheet at 31 December 2023.

As Of 31 December 2022, the market value of forward contracts is included as receivables and directly in equity.

At 31 December 2022 the group companies are net exposed to payments Of USD 7, 715 thousand and payments Of JPY 24,500 thousand.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 19 Staff costs

Wages/salaries	83,198	80,017
Pensions	6,594	5,077
Other social security costs	1,447	1,276
	<u>91,239</u>	<u>86,370</u>

Staff costs are recognised as follows in the financial statements:

Production costs	70,204	60,789
Distribution costs	10,381	9,816
Administrative expenses	10,654	15,765
	<u>91,239</u>	<u>86,370</u>

Average number of full-time employees	<u>172</u>	<u>149</u>
---------------------------------------	------------	------------

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

#### 20 Contingent liabilities and collateral

##### Other contingent liabilities

Kitron A/S' insurance coverage of receivables from sales of goods and services has been provided as security to the Company's banks.

A company charge security for DKK 80,000 thousand and shares in Wendell Holding a.s and Wendell Electronics a.s. has been provided as security for payables to credit institutions.

The Company has agreed with the bank, that it is not allowed to pledge assets without prior approval.

Kitron A/S forms a tax group as administration company with the other danish companies in the group. The Company is jointly liable with the danish companies in the group for Danish corporate tax within the tax group.

##### Other financial obligations

The Company has entered operating lease liabilities with payments in the non-cancellation period totaling DKK 445 thousand (2022: DKK 370 thousand). The leasing contracts have non-cancellation periods of up to 38 months.

The rental contracts are not subject to cancellation until 30 June 2025, after which it can be terminated with 12 months' notice. The annual rent is DKK 3,277 (2022: DKK 3,123 thousand).

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 21 Related parties

##### Related party transactions

Kitron A/S was engaged in the below related party transactions:

DKK'000	2023	2022
Purchase of finished goods	249,025	693,334
Sales of finished goods and components	9,505	24,419
Sales of IT services	4,108	3,961
Interest income from loans	2,244	1,665
Interest expences from loans	1,418	4,167
Intercompany loans (Receivable)	6,889	7,054
Intercompany receiveables (non-current)	0	39,850
Loan from parent	0	59,358
Intercompany payable	3,539	88,193

##### Ownership

Name	Domicile
Kitron ASA	Plan 2 Olav Brunborgs vei 4 1396 BILLINGSTAD Norge

The financial report for Kitron ASA 2023, is to be downloaded at [www.Kitron.com/investors#annual-reports](http://www.Kitron.com/investors#annual-reports).