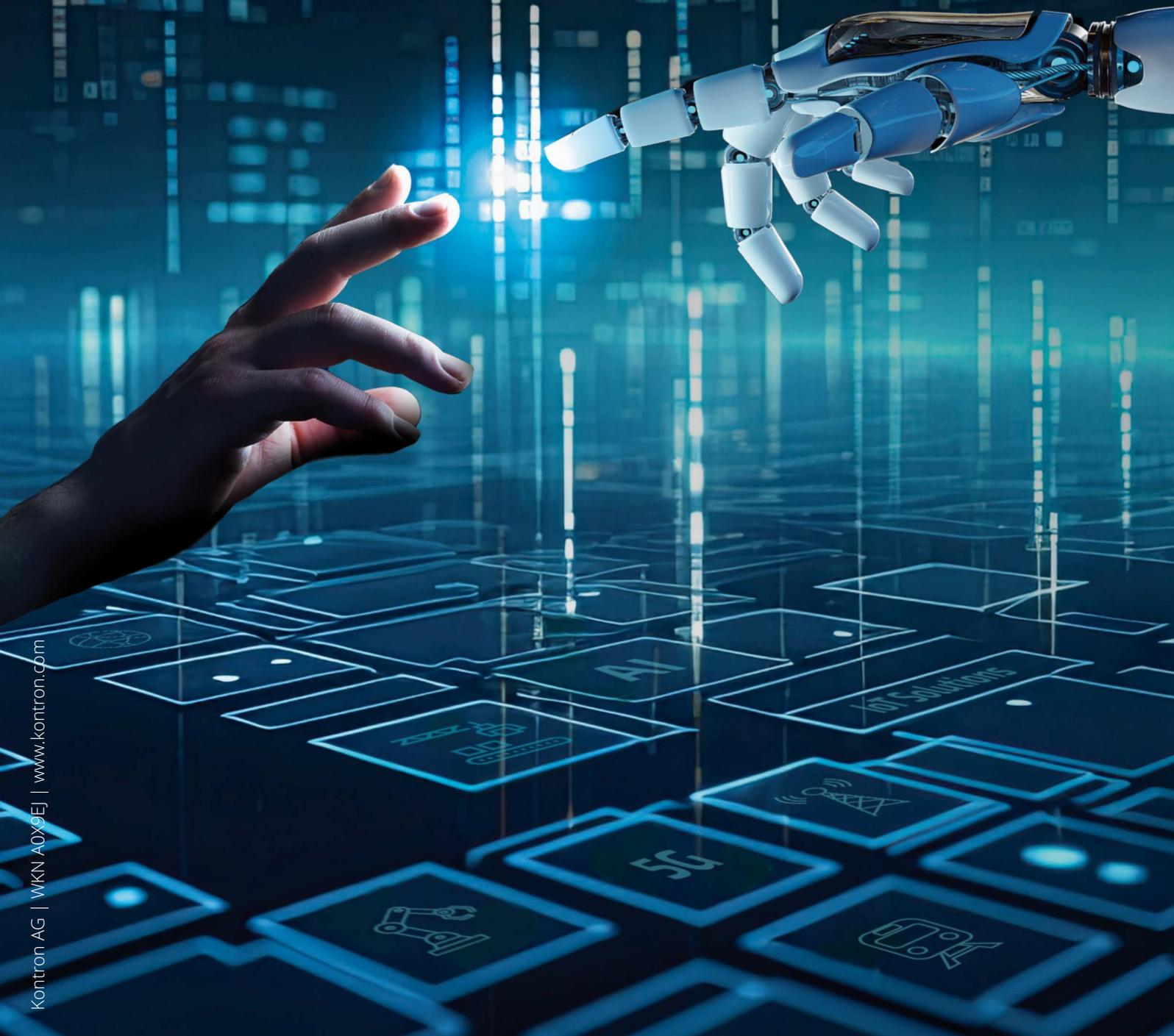


# kontron

The Power of IoT

## Half-year Report 2024



# 01

## KONTRON GROUP OVERVIEW

### Key Figures

IN EUR MIO.	6M 2024	6M 2023 <sup>1)</sup>
Revenues	779.9	539.3
EBITDA	82.0	60.9
EBITDA (adjusted) <sup>2)</sup>	85.8	60.9
Result after non-controlling interests	37.7	34.0
Earnings per share (in EUR cent) <sup>3)</sup>	61 Cent	56 Cent
Operating cash flow	-16.8	7.3
Operating cash flow (adjusted) <sup>4)</sup>	40.9	7.3

1) See annual report 2023/section A, Changes in accounting policies

2) Adjustments for M&A and one-off costs

3) Earnings per share undiluted

4) Adjustments for reduced factoring volume and accrual effects versus FY 2023

IN EUR MIO.	30.06.2024	31.12.2023
Cash and cash equivalents	227.7	332.2
Net Cash (+) / Net debt (-) <sup>5)</sup>	-209.8	121.2
Equity	607.6	604.0
Equity ratio	33.7%	44.1%
Backlog	1,965.8	1,686.2
Project-pipeline	6,006.9	4,099.9
Employees <sup>6)</sup>	7,688	4,838

5) Cash and cash equivalents less non-current and current financial liabilities

6) Number of employees on a full-time equivalent basis excluding employees on leave, interns, trainees and temporary workers



## The Internet of Things dominates our lives

At the end of 2021, we announced that Kontron would focus on the Internet of Things (IoT) with data analysis for industrial applications (IIoT). Our goal is to capitalize on this rapidly growing market by becoming the market leader, with above-average growth and higher margins. The transformation has been thorough and complex and is expected to be fully completed by the end of 2024. As part of selling off our IT service activities, we rebranded from “S&T” to “Kontron - The Power of IoT”. Although the IT service sector still accounted for a third of our total revenue in 2022, the IoT business grew organically through expansions and M&A, becoming our most important business segment. Our success has proved us right: Kontron’s net result in 2021 was EUR 48 million (EUR 31 million of which was from continuing IoT activities). By 2023, we were already able to report a figure of EUR 76 million, with around EUR 100 million expected in 2024. This represents continuous profit growth of over 25% per year for Kontron and annual growth of over 40% for the continuing IoT sector.

Kontron continued to develop well on the leading edge of the IoT market during Q2, despite a general downturn in the economy. EBITDA climbed around 50% to EUR 46.5 million compared to Q2 2023. The net result rose by around 15% to EUR 21.6 million, despite significant one-off costs and purchase price allocation amortization from the Katek acquisition. The record gross margin of 42.5% is also very encouraging, demonstrating that our customers are always willing to pay more for our leading IoT technology and that we generate the added value they are looking for. Moreover, the improvement in margin is a clear signal that the share of technology in IoT products is steadily increasing.

Our stated goal was to complete the transformation to an IoT specialist in 2024. We made significant strides toward this goal during Q2. The focus is now on restructuring the remaining IT service business and integrating Katek, which is fully reflected in Kontron’s reporting figures for Q2 for the first time. Due to product streamlining and the weakening of the photovoltaic market, Katek’s revenue fell to EUR 133.7 million during Q2. However, the gross margin increased to 36.8% (up from 31% in 2023), and savings of EUR 3.1 million were achieved to offset the weakness of the photovoltaic market. Katek achieved an EBITDA of EUR 10.6 million in Q2 2024 which is above the previous year’s figure. By the end of 2024, Group-wide cost reductions as a consequence of falling revenues are to be expected, with around 500 employees affected and 105 jobs cut in Q2. Dismissals for operational reasons are to be avoided. The program will result in savings of EUR 20 million in 2025, by which time all major Katek products will have been upgraded with IoT functionality. This will result in gross margins of over 40% and EBITDA margins above 10%.

The development of the still-young IoT market is progressing rapidly. Devices and machines are gaining their own intelligence, and we are connecting them so that they can communicate with each other. Today, there are around 75 billion intelligent devices, 30 billion of which are already connected, with their growth continuing to accelerate exponentially. Artificial intelligence is emerging as a strong growth driver, as approximately 75% of all data analysed by AI is generated decentrally in IoT devices. Kontron currently has the most comprehensive IoT technology portfolio, developed by over 3,000 engineers. With our new operating system (KOS) and our susietec® software, we are setting new standards for connecting machines. In some markets, such as high-speed trains, aerospace and environmental technology, Kontron is the leader in IoT solutions.

Our growth will continue during the second half of 2024. The market downturn in photovoltaics can be compensated by increased demand in the defence and railway sectors. In June 2024, we once again saw a strong increase in order backlog of EUR 1,966 million (up from EUR 1,686 million in Dec 2023). We anticipate an adjusted net profit of around EUR 100 million and an EBITDA of EUR 190 million. Following the integration of Katek, we look forward to significant further earnings growth in 2025.

Hannes Niederhauser, CEO



## INTERIM MANAGEMENT REPORT

### Strong organic growth and consolidation of Katek SE

In the first half of 2024, revenue increased by 44.6% to EUR 779.9 million compared to the same period of the previous year (H1 2023: EUR 539.3 million\*). Katek SE with its subsidiaries have been included in the consolidated financial statements of Kontron AG as fully consolidated companies since March 1, 2024. Its contribution to Group sales amounts to EUR 187.8 million. Operationally, the high-margin Software + Solutions segment continued to grow. The gross margin improved from 41.2% in the same period of the previous year to 42.0% in the full first half of 2024. EBITDA increased significantly by 34.5% to EUR 82.0 million (H1 2023: EUR 60.9 million), driven by the Software + Solutions and Europe segments.

Following a strong first quarter, revenue grew by a further 52.9% to EUR 423.8 million in the second quarter of 2024 (Q2 2023: EUR 277.3 million). The gross margin rose to 42.5% (Q2 2023: 41.5%). EBITDA for the isolated second quarter of 2024 increased significantly by 48.6% to EUR 46.5 million (Q2 2023: EUR 31.3 million), which was primarily attributable to the Software + Solutions and Europe segments.

Personnel expenses increased by 51.0% to EUR 211.1 million in the first half of 2024 as a result of integrating Katek (H1 2023: EUR 139.7 million). The number of employees (not including apprentices and staff on parental leave or training courses) measured in fulltime equivalents rose from 4,547 employees as of June 30, 2023 to 7,688 as of June 30, 2024. At the end of 2023, the number of employees was 4,838.

Depreciation and amortization rose from EUR 18.1 million in the same period of the previous year to EUR 33.6 million in the first half of 2024 as a result of the integration of Katek SE. The financial result was minus EUR 7.6 million (H1 2023: minus EUR 2.8 million). Income tax expenses amounted to EUR 3.8 million in the reporting period (H1 2023: EUR 6.0 million).

The result from the period attributable to owners of interests in Kontron (based on non-controlling interests) in the first half of 2024 amounted to EUR 37.9 million compared to EUR 35.6 million in the corresponding period in 2023, representing an increase of 6.5%. Earnings per share (undiluted, including discontinued operations) increased to 61 cents in the past six-month period (H1 2023: 56 cents).

### Results driven by “Europe” and “Software + Solutions” segments

The group of companies will be reported and managed in the three segments “Europe”, “Global” and “Software + Solutions.”

About the three segments of the Kontron Group:

- › **„Europe“:** This segment covers all activities of the Kontron Group relating to development of secure solutions for networked machines by means of a combined portfolio consisting of hardware, middleware and services in Europe. The focus of the business segment is on the products developed by the Kontron Group (proprietary technologies) and solutions for the main markets of smart factories, medical technology and communication solutions. The headquarters are also shown in this segment.

In the second quarter of 2024, revenue in the “Europe” segment increased by 49.8% to EUR 252.3 million (Q2 2023: EUR 168.4 million). At 38.7%, the gross margin was up on the previous year (Q2 2023: 38.2%). As a result, EBITDA before headquarters costs rose significantly by 63.1% to EUR 28.0 million (Q2 2023: EUR 17.2 million).

In the first half of 2024, revenue in the “Europe” segment rose by 40.6% to EUR 459.2 million (H1 2023: EUR 326.6 million). The gross margin improved slightly from 37.2% to 37.6%. EBITDA before headquarters costs increased significantly by 24.9% to EUR 41.2 million (H1 2023: EUR 33.0 million).

- › **„Global“:** The “Global” segment represents the Kontron Group’s business in North America and Asia.

In the second quarter of 2024, revenue in this segment went up by 16.6% to EUR 58.7 million (Q2 2023: EUR 50.4 million). The gross margin also improved from 29.8% in the second quarter of 2023 to 36.2% in the second quarter of 2024. EBITDA before headquarters costs in this segment amounted to EUR 3.9 million (Q2 2023: EUR 4.9 million).

In the first half of 2024, revenue in the “Global” segment rose by 17.2% to EUR 117.2 million (H1 2023: EUR 100.0 million). The gross margin climbed from 30.5% in the previous year to 34.1% in the first half of 2024. EBITDA before headquarters costs amounted to EUR 8.4 million (H1 2023: EUR 8.9 million).

- › **„Software + Solutions“:** In this segment, the Kontron Group presents its software development solutions for industrial automation, technologies and solutions for high-speed trains, as well as the high-margin GreenTec and Aerospace sectors.

The “Software + Solutions” segment recorded a very strong increase in revenue of 92.8% to EUR 112.8 million in the second quarter of 2024 (Q2 2023: EUR 58.5 million). The highest gross margin of all segments in Q2 2024 is 54.5% (Q2 2023: 60.9%). EBITDA before headquarters costs rose significantly by 58.2% and amounted to EUR 14.6 million (Q2 2023: EUR 9.2 million). In addition to the good order situation, the consolidation of Katek SE was responsible for earnings growth.

For the first half of 2024, this segment recorded a very strong revenue growth of 80.6% to EUR 203.5 million (H1 2023: EUR 112.7 million). The gross margin in the reporting period was 56.4% (H1 2023: 62.4%). EBITDA before headquarters costs for this segment amounted to EUR 32.3 million in the first half year (H1 2023: EUR 19.1 million), representing significant growth of 69.5% due to the good order situation and the consolidation of Katek SE and its subsidiaries.

IN EUR MIO.	EUROPE <sup>1)</sup>		GLOBAL		SOFTWARE + SOLUTIONS		KONTRON GROUP	
	6M 2024	6M 2023 <sup>2)</sup>	6M 2024	6M 2023	6M 2024	6M 2023	6M 2024	6M 2023 <sup>2)</sup>
Total revenues	569.8	386.0	155.9	127.0	236.7	126.2	962.4	639.3
Internal revenues	-110.6	-59.4	-38.7	-27.0	-33.2	-13.6	-182.5	-100.0
Revenues	459.2	326.6	117.2	100.0	203.5	112.7	779.9	539.3
Gross profit	172.8	121.6	39.9	30.5	114.8	70.3	327.4	222.3
EBITDA	41.2	33.0	8.4	8.9	32.3	19.1	82.0	60.9
Depreciation and amortisation	-18.1	-10.7	-4.0	-3.0	-11.4	-4.3	-33.6	-18.1
EBIT	23.1	22.2	4.4	5.8	20.9	14.7	48.4	42.8

1) Segment "Europe" including Headquarter-charges not allocated

2) See annual report 2023/section A, Changes in accounting policies

IN EUR MIO.	EUROPE <sup>1)</sup>		GLOBAL		SOFTWARE + SOLUTIONS		KONTRON GROUP	
	Q2 2024	Q2 2023 <sup>2)</sup>	Q2 2024	Q2 2023	Q2 2024	Q2 2023	Q2 2024	Q2 2023 <sup>2)</sup>
Total revenues	324.6	199.1	81.4	63.1	131.1	65.5	537.2	327.7
Internal revenues	-72.3	-30.7	-22.7	-12.7	-18.4	-7.0	-113.4	-50.4
Revenues	252.3	168.4	58.7	50.4	112.8	58.5	423.8	277.3
Gross profit	97.6	64.3	21.3	15.0	61.4	35.7	180.2	115.0
EBITDA	28.0	17.2	3.9	4.9	14.6	9.2	46.5	31.3
Depreciation and amortisation	-10.6	-5.4	-2.2	-1.5	-7.3	-2.2	-20.2	-9.1
EBIT	17.4	11.8	1.6	3.4	7.3	7.0	26.4	22.2

1) Segment "Europe" including Headquarter-charges not allocated

2) See annual report 2023/section A, Changes in accounting policies

## Financial position and cash flow affected by Katek takeover

The Group's financial position and liquidity situation have been significantly affected by the acquisition of the majority stake and the subsequent initial consolidation of Katek SE and its subsidiaries during the first half of 2024. As of June 30, 2024, the balance sheet total stood at EUR 1,803.1 million (December 31, 2023: EUR 1,370.7 million | March 31, 2024: EUR 1,884.4 million). Cash and cash equivalents amounted to a total of EUR 227.7 million as of June 30, 2024, EUR 332.2 million as of December 31, 2023 and EUR 356.2 million as of March 31, 2024. The reduction compared to December 31, 2023 and March 31, 2024 is primarily due to the dividend payment of EUR 0.50 per dividend-bearing share, the increase in shareholding at Katek, and the repayments of liabilities. In addition, a total of 82,018 treasury shares were purchased for EUR 1.7 million in the first half of 2024 as part of the "Share Buyback Program II 2023". Equity amounted to EUR 607.6 million as of June 30, 2024 (December 31, 2023: EUR 604.0 million | March 31, 2024: EUR 670.2 million). Equity ratio as of June 30, 2024, was 33.7% (December 31, 2023: 44.1% | March 31, 2024: 35.6%). As of June 30, 2024, the Kontron Group reports a net debt of EUR 209.8 million (December 31, 2023: net cash EUR 121.2 million | March 31, 2024: net debt EUR 81.4 million).

In the first half of the year, the company generated a negative operating cash flow of EUR -16.8 million. In the isolated second quarter, operating cash flow was EUR -6.1 million, or EUR 17.0 million after adjustment for repaid factoring receivables. Cashflow from investing activities turned from EUR 60.2 million in the previous year to EUR -95.5 million in the reporting period due to the Katek acquisition. Cashflow from financing activities increased from EUR -179.0 million in the first half of 2023 to EUR 8.2 million in the first half of 2024.

## Opportunities and risks

The Kontron Group is an internationally active technology company and is therefore exposed to a wide range of financial, industry-specific, business risks and ESG risks. At the same time, the industry and the company offer a multitude of opportunities. As part of intra-group opportunity and risk management, Management aims to realize opportunities in a timely manner that increases the value of the company, while actively reduce risks through countermeasures - particularly those that could jeopardize the continued existence of the company.

Opportunities are to be created by the upcoming technology transformation in mobile communications. The transition from 4G to 5G technology with the availability of special industrial frequencies, now enables private networks for "smart factories" based on the 5G mobile wireless standard. This advancement provides high bandwidths, real-time applications and increased security even with a larger number of subscribers. By creating dedicated business areas for Mobile Private Networks (MPN) and Mobile Solutions, Kontron is seizing the opportunities that arise in these business areas for end-to-end solutions with 5G devices and network solutions from a single source. This also includes the mission-critical mobile communication sector in the rail industry, which will be upgraded to the 5G-based FRMCS standard in the medium term, an area for which Kontron is excellently positioned due to its new end-to-end 5G technology offering.

There are also opportunities in the areas of digitalization, smart everything and artificial intelligence. Digital transformation continues in all aspects of life and the consistent expansion of the Kontron susietec® toolset supports this trend by driving digital transformation across Kontron's markets. From consulting and system integration, software development, hybrid cloud, hardware/software bundles and installation to operation and maintenance, Kontron serves as an agile partner. Artificial intelligence is also experiencing robust growth across various sectors. Kontron is capitalizing on these opportunities by expanding its hardware portfolio with high-performance platforms and co-processors designed to handle neural networks computations. Together with partners, suitable software applications are integrated and implemented on a project basis for customers. The planned expansion of software activities will ensure further growth in this area.

However, the global political environment is highly volatile. Tensions in Asia - such as the China-Taiwan situation (where Ennoconn, Kontron's largest shareholder is located) - the ongoing war in Ukraine, conflicts in the Middle East, and upcoming elections in the USA contribute to an unpredictable global landscape. Government decisions, which once offered a secure investment environment, are now increasingly uncertain and difficult to predict.

There is also risk associated with changes in the value of interest-bearing financial instruments used to finance the Group. Nearly half of Kontron AG loans and overdraft facilities have fixed interest rates, while the financing of the Kontron subsidiaries is largely subject to variable interest rates. This creates a risk that the EURIBOR or other reference interest rate for the local currency will rise, thereby increasing the interest burden on the Kontron Group. To mitigate this risk, Kontron AG is increasing internal financing of Kontron Group members, as it can typically secure more favorable terms than local subsidiaries.

A strategic focus at Kontron is to increase synergies between the Group's hardware and software portfolio and to service and supplement existing IoT solutions with the remaining IT services. With regard to the Kontron Group's IoT Solutions segments, this entails further integration of the product portfolio as well as the joint, cross-group development of new hardware and software solutions. Failure to implement this strategy could have a direct impact on the Group's risks profile. Despite the above, Kontron's strategy may prove entirely or partially unproductive. For example, demand for the Kontron Group's proprietary technology services may not materialize or could fall short of expectations, necessary resources may be unavailable, or business segment expansion might not proceed as expected.

Cyber attacks in the areas of IT (Information Technology) and OT (Operational Technology) represent one of the highest risks. A range of measures have been implemented to reduce the likelihood and/or impact of such potential cybersecurity attacks. These measures included regular group training to raise employee awareness of cybersecurity, extending the use of multi-factor authentication within the Kontron Group, and increasing the utilization of advanced AI supported cybersecurity protection mechanisms in the cloud.

The reduction in subsidies in the solar sector poses another risk, potentially leading to the loss of solvent customers and changing purchasing behaviour. As a result, the order and earnings situation may deteriorate, to the detriment of the Kontron Group's assets, financial position and earnings. In addition, high competitive pressure and changes in the propensity to consume and invest also represent significant risks. It is therefore important to recognize trends early through continuous market observations and to quickly and reliably align products to meet the needs of customers.

The management of the Kontron Group anticipates that economic development will continue to be volatile over the medium term against the backdrop of the numerous current uncertainty factors.

## Outlook

For the current financial year 2024, we continue to forecast an EBITDA of EUR 190 million and an adjusted consolidated net income of around EUR 100 million. Kontron anticipates it is well positioned with its comprehensive IoT technology portfolio to serve future topics like artificial intelligence and the security – NIS2 standard in the nascent IoT market and to continue to grow in the coming years.

## 04

## CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT IN TEUR	6M 2024	6M 2023*	Q2 2024	Q2 2023*
Revenues	779,944	539,312	423,833	277,272
Capitalised development costs	18,431	9,864	10,577	5,235
Other income	6,543	7,749	5,952	1,027
Expenses for materials and other services purchased	-452,529	-316,981	-243,609	-162,270
Personnel expenses	-211,057	-139,740	-117,976	-69,353
Depreciation and amortisation	-33,606	-18,114	-20,170	-9,079
Other operating expenses	-59,374	-39,272	-32,252	-20,601
<b>Result from operations</b>	<b>48,352</b>	<b>42,818</b>	<b>26,355</b>	<b>22,231</b>
Finance income	5,489	4,471	3,609	1,357
Finance expenses	-13,056	-7,250	-7,970	-3,757
<b>Financial result</b>	<b>-7,567</b>	<b>-2,779</b>	<b>-4,361</b>	<b>-2,400</b>
<b>Earnings before taxes</b>	<b>40,785</b>	<b>40,039</b>	<b>21,994</b>	<b>19,831</b>
Income taxes	-3,837	-5,958	-1,720	-2,336
Profit/loss from continuing operations	36,948	34,081	20,274	17,495
Profit/loss from discontinued operations	229	1,593	115	1,587
<b>Net income</b>	<b>37,177</b>	<b>35,674</b>	<b>20,389</b>	<b>19,082</b>
Results from the period attributable to owners of non-controlling interests	-716	84	-1,207	77
<b>Results from the period attributable to owners of interests in parent company</b>	<b>37,893</b>	<b>35,590</b>	<b>21,596</b>	<b>19,005</b>
Earnings per share from continuing operations (undiluted)	0.61	0.54	0.35	0.28
Earnings per share from continuing operations (diluted)	0.59	0.52	0.34	0.27
Earnings per share attributable to owners of interests in parent company (undiluted)	0.61	0.56	0.35	0.30
Earnings per share attributable to owners of interests in parent company (diluted)	0.59	0.54	0.34	0.29
Average number of shares in circulation (in thousands undiluted)	61,705	63,375	61,732	63,221
Average number of shares in circulation (in thousands diluted)	63,810	65,875	63,837	65,721

\*) Reclassification, see Annual Report 2023/section A, Change in accounting policies

## STATEMENT OF OTHER COMPREHENSIVE INCOME

STATEMENT OF OTHER COMPREHENSIVE INCOME IN TEUR	6M 2024	6M 2023	Q2 2024	Q2 2023
<b>Net income</b>	<b>37,177</b>	<b>35,674</b>	<b>20,389</b>	<b>19,082</b>
Items that will not be reclassified to profit or loss				
Remeasurement according to IAS 19				
Gains (+) / losses (-) from remeasurement	1	47	-18	9
	1	47	-18	9
Items that may be subsequently reclassified to profit or loss				
Unrealised gains/losses from currency translation	4,081	-3,575	2,585	-1,903
	4,081	-3,575	2,585	-1,903
<b>Other comprehensive income</b>	<b>4,082</b>	<b>-3,528</b>	<b>2,567</b>	<b>-1,894</b>
<b>Comprehensive income</b>	<b>41,259</b>	<b>32,146</b>	<b>22,956</b>	<b>17,188</b>
<b>of which attributable to</b>				
the owners of non-controlling interests	-698	181	-1,198	121
the owners of interests in parent company	41,957	31,965	24,154	17,067

## 04

## CONSOLIDATED BALANCE SHEET

ASSETS IN TEUR	30.06.2024	31.12.2023
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	224,105	110,427
Intangible assets	165,755	102,434
Goodwill	270,434	216,599
Financial assets non-current	17,820	11,353
Contract assets non-current	2,477	855
Other non-current assets	7,916	7,709
Deferred tax assets	59,575	43,128
	<b>748,082</b>	<b>492,505</b>
<b>CURRENT ASSETS</b>		
Inventories	449,955	229,070
Trade receivables	240,418	213,556
Contract assets current	57,119	38,112
Financial assets current	24,263	20,778
Other receivables and assets current	55,513	44,401
Cash and cash equivalents	227,701	332,235
	<b>1,054,969</b>	<b>878,152</b>
<b>Total assets</b>	<b>1,803,051</b>	<b>1,370,657</b>
<b>EQUITY AND LIABILITIES IN TEUR</b>		
<b>30.06.2024</b>		
<b>31.12.2023</b>		
<b>EQUITY</b>		
Subscribed capital	63,861	63,861
Capital reserves	102,309	127,148
Accumulated results	469,898	462,838
Other reserves	-4,850	-8,913
Treasury shares	-41,886	-42,973
Equity attributable to owners of interests in parent company	589,332	601,961
Non-controlling interests	18,222	2,010
	<b>607,554</b>	<b>603,971</b>
<b>NON-CURRENT LIABILITIES</b>		
Financing liabilities non-current	352,702	60,138
Other financial liabilities non-current	84,285	36,300
Contract liabilities	7,901	6,778
Deferred tax liabilities	28,600	5,339
Provisions non-current	33,413	27,543
	<b>506,901</b>	<b>136,098</b>
<b>CURRENT LIABILITIES</b>		
Financing liabilities current	84,800	150,873
Trade payables	287,911	273,056
Contract liabilities	90,905	69,638
Other financial liabilities current	91,367	28,951
Provisions current	41,722	33,275
Other liabilities current	91,891	74,795
	<b>688,596</b>	<b>630,588</b>
<b>Total equity and liabilities</b>	<b>1,803,051</b>	<b>1,370,657</b>

# CONSOLIDATED CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT IN TEUR

	6M 2024	6M 2023	Q2 2024	Q2 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES FROM CONTINUING AND DISCONTINUED OPERATIONS</b>				
Earnings before tax from continuing and discontinued operations	41,014	41,705	22,109	21,454
Depreciation and amortisation	33,606	18,114	20,170	9,079
Interest expenses	13,056	7,347	7,970	3,806
Interest and other income from the disposal of financial assets	-5,718	-5,169	-3,724	-2,050
Increase/decrease of provisions	-5,373	-2,766	-2,686	-1,580
Gains/losses from the disposal of non-current non-financial assets	920	41	839	81
Changes in inventories	-9,935	-35,971	-11,965	-12,797
Changes in trade receivable and contract assets	16,931	17,594	-5,151	8,634
Changes in other receivables and assets	2,398	634	-5,157	-4,448
Changes in trade payable and contract liabilities	-88,860	-22,688	-25,485	-14,269
Changes in other liabilities	-13,179	-3,105	743	-938
Other non-cash income and expenses	1,237	-2,012	-2,962	422
Gain on disposal of discontinued operations	0	-1,274	0	-1,274
<b>Cash and cash equivalents from operations</b>	<b>-13,903</b>	<b>12,450</b>	<b>-5,299</b>	<b>6,120</b>
Income taxes paid	-2,852	-5,148	-753	-4,042
<b>Net cash flows from operating activities</b>	<b>-16,755</b>	<b>7,302</b>	<b>-6,052</b>	<b>2,078</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments to acquire property, plant and equipment and intangible assets	-30,624	-16,780	-19,182	-9,620
Payments received for the disposal of property, plant and equipment and intangible assets	474	22	322	-157
Disposal/purchase of financial instruments	-3,386	-511	-1,253	-178
Payments to acquire subsidiaries less cash assumed and plus current account liabilities assumed	-67,138	0	-2,556	0
Proceeds /Payments from disposal/sale of subsidiaries less cash disposed and plus current account liabilities disposed	0	2,161	0	0
Proceeds (net) from disposal of discontinued operations	-394	71,020	-2	-3,393
Interest income	5,164	4,264	3,408	2,018
<b>Net cash flows from investing activities</b>	<b>-95,904</b>	<b>60,176</b>	<b>-19,263</b>	<b>-11,330</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in financing liabilities and financial liabilities	336,050	680	130,013	122
Decrease in financing liabilities and financial liabilities	-226,479	-103,999	-139,350	-36,161
Interests paid	-11,285	-6,669	-8,246	-4,346
Acquisition of non-controlling interests	-57,523	0	-57,477	0
Dividends to owners of interests in parent company	-30,833	-63,398	-30,833	-63,398
Payments for acquisition of treasury shares	-1,780	-9,247	-49	-3,882
Capital increase (less transaction costs)	0	3,601	0	3,601
<b>Net cash flows from financial activities</b>	<b>8,150</b>	<b>-179,032</b>	<b>-105,942</b>	<b>-104,064</b>
Changes in exchange rates	-25	-1,626	2,794	-1,341
<b>Changes in cash and cash equivalents</b>	<b>-104,534</b>	<b>-113,180</b>	<b>-128,463</b>	<b>-114,657</b>
Cash and cash equivalents as of the beginning of the period	332,235	439,154	356,164	440,631
<b>Cash and cash equivalents as of the end of the period</b>	<b>227,701</b>	<b>325,974</b>	<b>227,701</b>	<b>325,974</b>
thereof restricted cash	3,994	3,795	3,994	3,795

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## EQUITY ATTRIBUTABLE TO OWNERS OF INTERESTS IN PARENT COMPANY

Development of equity IN TEUR	Subscribed capital	Capital reserves
<b>as of January 1, 2023</b>	<b>63,631</b>	<b>122,582</b>
<b>COMPREHENSIVE INCOME</b>		
Consolidated income	0	0
Other comprehensive income	0	0
	<b>0</b>	<b>0</b>
<b>OTHER CHANGES</b>		
	<b>230</b>	<b>5,431</b>
<b>TRANSACTIONS WITH OWNERS OF INTERESTS</b>		
Dividends	0	0
Repurchase of treasury shares	0	0
	<b>0</b>	<b>0</b>
<b>as of June 30, 2023</b>	<b>63,861</b>	<b>128,013</b>
<b>as of January 1, 2024</b>	<b>63,861</b>	<b>127,148</b>
<b>COMPREHENSIVE INCOME</b>		
Consolidated income	0	0
Other comprehensive income	0	0
	<b>0</b>	<b>0</b>
<b>OTHER CHANGES</b>		
Acquisition of subsidiaries	0	0
Stock options	0	696
	<b>0</b>	<b>696</b>
<b>TRANSACTIONS WITH OWNERS OF INTERESTS</b>		
Change in non-controlling interests	0	-25,535
Dividends	0	0
Repurchase of treasury shares	0	0
	<b>0</b>	<b>-25,535</b>
<b>as of June 30, 2024</b>	<b>63,861</b>	<b>102,309</b>

EQUITY ATTRIBUTABLE TO OWNERS OF INTERESTS IN PARENT COMPANY				NON-CONTROLLING INTERESTS	EQUITY
Accumulated results	Other reserves	Treasury shares	Total		
449,616	-1,994	0	633,835	1,831	635,666
35,590	0	0	35,590	84	35,674
0	-3,625	0	-3,625	97	-3,528
35,590	-3,625	0	31,965	181	32,146
-1,090	0	0	4,571	-1,921	2,650
-63,398	0	0	-63,398	0	-63,398
0	0	-9,247	-9,247	0	-9,247
-63,398	0	-9,247	-72,645	0	-72,645
420,718	-5,619	-9,247	597,726	91	597,817
462,838	-8,913	-42,973	601,961	2,010	603,971
37,893	0	0	37,893	-716	37,177
0	4,063	0	4,063	19	4,082
37,893	4,063	0	41,956	-697	41,259
0	0	0	0	51,657	51,657
0	0	0	696	0	696
0	0	0	696	51,657	52,353
0	0	2,819	-22,716	-34,748	-57,464
-30,833	0	0	-30,833	0	-30,833
0	0	-1,732	-1,732	0	-1,732
-30,833	0	1,087	-55,281	-34,748	-90,029
469,898	-4,850	-41,886	589,332	18,222	607,554

## NOTES

### Principles of accounting

The interim consolidated financial statements of Kontron AG as of June 30, 2024 have been compiled according to the financial reporting standards of the International Accounting Standards Board (IASB), of the International Financial Reporting Standards (IFRS) and to the interpretations of the IFRS Interpretation Committee (IFRS IC), as they are to be applied in the European Union. The principles of financial reporting and measurement employed in the financial statements for the year ending on December 31, 2023 were applied to the compilation of the present statements without there having been any changes in such.

The interim consolidated financial statements as of June 30, 2024 have been subject to neither an audit nor an auditor's review.

Unless otherwise noted, all amounts are denominated in thousands of euros (TEUR).

### Group of consolidated companies

Comprised in the consolidated financial statements are Kontron AG and all subsidiaries upon which Kontron AG directly or indirectly exerts control. The number of companies fully consolidated in the Group developed as follows during the first six months of financial year 2024:

GROUP COMPANIES (NUMBER)	2024
Number of fully-consolidated companies as of January 1	46
Companies founded	1
Group companies merged	-1
Companies acquired	20
<b>Number of fully-consolidated companies as of June 30</b>	<b>66</b>

Kontron Beteiligungs GmbH, Ismaning, Germany, a 100% subsidiary of Kontron AG, Linz, Austria, founded Kontron Acquisition GmbH, Ismaning, Germany, in January 2024 to acquire the Katek Group. From this point on, the company is included in the consolidated financial statements of Kontron AG and is assigned to the "Europe" segment.

The company Bsquare Corporation, Renton, USA was merged in the first half of financial year 2024. The absorbing company was Kontron America Inc., San Diego, USA.

### Acquisition of Katek Group headquartered in Germany

On January 18, 2024, Kontron AG signed a share purchase agreement through its wholly owned German subsidiary Kontron Acquisition GmbH, Ismaning, Germany, with Primepulse SE for the acquisition of 8,587,138 shares (equivalent to approximately 59.44%) of Katek SE, Munich, Germany, listed on the Prime Standard of the Frankfurt Stock Exchange. The purchase price was EUR 15.00 per share. The Katek Group focuses on offering technology solutions in the areas of solar energy and e-mobility as well as aerospace and ODM.

Following completion of the acquisition of the shares and the acquisition of control over Katek SE on February 29, 2024, Kontron Acquisition GmbH has published a mandatory offer to the shareholders of Katek SE in accordance with the provisions of the Shares Acquisition and Takeover Act. Kontron Acquisition GmbH has also sought to delist Katek SE from the regulated market of the Frankfurt Stock Exchange.

The mandatory and delisting purchase offer to Katek SE shareholders published on April 15, 2024, with a four-week acceptance period until May 13, 2024, 24:00 (CEST), was accepted in full for 3,899,610 Katek shares, including 3,694,942 shares for cash consideration of EUR 15.00 per share and for 204,668 shares in exchange for Kontron shares. This represents approximately 27.00% of all Katek shares. Following the completion of the delisting acquisition offer, Kontron Acquisition GmbH consequently holds a total of 87.36% of all shares in Katek SE. Katek SE was delisted as of May 17, 2024, 24:00 (CEST), with the withdrawal of the admission of Katek shares (ISIN: DE000A2TSQH7) to trading in the regulated market of the Frankfurt Stock Exchange and in part of the regulated market with further subsequent admission obligations (Prime Standard).

As part of the transaction, in addition to Katek SE, Germany, 100% of the shares in the following companies were acquired, which, like Katek SE, will be included as fully consolidated companies in the consolidated financial statements of Kontron AG from March 01, 2024:

- › Katek Memmingen GmbH (subsequently renamed in Kontron Solar GmbH), Memmingen, Germany
- › Katek Electronic Bulgaria EOOD, Saedinenie, Bulgaria
- › beflex electronic GmbH, Frickenhausen, Germany
- › Katek Malaysia SDN. BHD., Kuala Lumpur, Malaysia
- › Katek Singapore PTE. LTD., Singapore
- › Katek Electronics Malaysia SDN. BHD., Kuala Kabu Baru, Malaysia
- › Telealarm Europe GmbH, Leipzig, Germany
- › TeleAlarm SA, La Chaux-de-Fonds, Switzerland
- › Katek Leipzig GmbH, Leipzig, Germany
- › Katek Düsseldorf GmbH, Düsseldorf, Germany
- › Katek LT UAB, Panevezys, Lithuania
- › Katek GmbH, Grassau, Germany
- › Katek Czech Republic s.r.o., Horní Suchá, Czech Republic
- › Katek Hungary Kft., Győr, Hungary
- › Katek Mauerstetten GmbH, Mauerstetten, Germany
- › eSystems MTG GmbH, Wendlingen am Neckar, Germany
- › Katek Canada Inc., Cornwall, Canada
- › Katek Vorrats-GmbH 1, Munich, Germany
- › Nextek Inc., Madison, USA

The assets and liabilities acquired were recognized at the following preliminary fair values upon the company's initial consolidation in the Group's consolidated financial statements, with potential future adjustments particularly with regard to the estimated deferred taxes:

NET ASSETS ACQUIRED	IN TEUR
Cash and cash equivalents	25,301
Property, plant and equipment and intangible assets	174,129
Other non-current assets	4,574
Deferred tax assets	4,664
Inventories	210,950
Trade receivables and contract assets (nominal value TEUR 66.580)	62,844
Other current receivables and assets	16,142
Financing liabilities non-current	-77,349
Other non-current liabilities	-60,892
Deferred tax liabilities	-12,393
Non-current and current provisions	-19,447
Financing liabilities current	-25,918
Trade payables and contract liabilities	-124,528
Other current liabilities	-50,717
<b>Net assets at fair value</b>	<b>127,360</b>
GOODWILL	IN TEUR
Consideration transferred	128,807
Non-controlling interests measured as proportionate net assets	51,657
Net assets at fair value	-127,360
<b>Goodwill</b>	<b>53,104</b>

The goodwill resulting from the preliminary purchase price allocation is allocated to the three reporting segments of Kontron AG, in accordance with the acquired companies.

The analysis of the cash flows due to the acquisition of the companies takes the following form:

NET CASH FLOW	IN TEUR
Purchase price paid in cash	-90,000
Cash assumed through takeover of subsidiary	25,301
<b>Cash flow from investing activities</b>	<b>-64,699</b>
Transaction costs from the acquisition of the company	-920
<b>Cash flow from operating activities</b>	<b>-920</b>

## Companies acquired in 2023 – final purchase price allocations

As of December 31, 2023, the purchase price allocations in connection with the acquisition of the “Cellular Automotive Module Unit” division from Telit Cinterion Deutschland GmbH, Munich Germany, and the acquisitions of Kontron Transportation Schweiz AG (formerly Comlab AG), Ittigen, Switzerland, Comlab Deutschland GmbH, Hilden, Germany,, Comlab Beijing Radio Fequenz Technology Co. Ltd., Beijing, China, W-IE-NE-R Power Electronics GmbH, Burscheid, Germany, W-IE-NE-R Power Electronics Corp., Springfield, USA, und Hartmann Electronic GmbH, Stuttgart, Germany, recorded at preliminary fair values.

The final calculation of the acquired assets and liabilities at fair value and the resulting goodwill was completed within twelve months of the acquisition date and was concluded in the second quarter of 2024.

## Equity

As of June 30, 2024 the share capital of Kontron AG amounted to TEUR 63,861 (December 31, 2023: TEUR 63,861). It is divided into 63,860,568 (December 31, 2023: 63,860,568) no-par value bearer shares. As of June 30, 2024, Kontron AG held 2,040,610 treasury shares, which corresponds to around 3.20% of the company's share capital.

## Dividends paid

The dividend of EUR 0.50 per share proposed for the financial year 2023 was approved at the 25th Annual General Meeting on May 6, 2024. The dividends were paid on May 16, 2024.

## Stock options

As of June 30, 2024, Kontron AG has two stock options programs. Eligible to participate in these are members of the Executive Board of Kontron AG and employees of Kontron AG and its subsidiaries.

The 2023 annual report contains a detailed description of the stock option programs.

During the first six months of financial year 2024, 13,000 options were exercised. The outstanding rights for the Stock Option Program 2018/2019 (Tranche 2018) therefore amount to a total of 262,000 (December 31, 2023: 267,000), for the Stock Option Program 2018/2019 (Tranche 2019) a total of 330,000 (December 31, 2023: 338,000), for the Stock Option Program 2024/2025 (Tranche 2024) a total of 750,000 and for the Share Option Program 2024/2025 (Tranche 2025) a total of 750,000.

The expenses for stock options are reported in personnel expense and came to TEUR 695 (PY: TEUR 970).

## Segment reporting

The group of companies is reported and managed in the three segments "Europe", consisting of the cash-generating units "Industrial", "Telecom" and "Services"; "Global", consisting of the cash-generating units "North America" and "Asia"; and "Software + Solutions", consisting of the cash-generating units "Transport", "Software", and the new cash-generating unit "GreenTec", which was incorporated into this segment as a result of the acquisition of Katek.

6M 2024 IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Total revenues	569,803	155,892	236,709	962,404
Internal revenues	-110,569	-38,687	-33,203	-182,460
<b>Revenues</b>	<b>459,233</b>	<b>117,205</b>	<b>203,506</b>	<b>779,944</b>
Gross profit	172,752	39,909	114,755	327,415
<b>EBITDA</b>	<b>41,183</b>	<b>8,442</b>	<b>32,334</b>	<b>81,958</b>
Depreciation and amortisation	-18,132	-4,028	-11,446	-33,606
<b>EBIT</b>	<b>23,051</b>	<b>4,414</b>	<b>20,886</b>	<b>48,352</b>
6M 2023 IN TEUR	EUROPE*	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL*
Total revenues	386,011	127,030	126,229	639,270
Internal revenues	-59,381	-27,012	-13,565	-99,958
<b>Revenues</b>	<b>326,630</b>	<b>100,017</b>	<b>112,665</b>	<b>539,312</b>
Gross profit	121,555	30,487	70,290	222,331
<b>EBITDA</b>	<b>32,976</b>	<b>8,874</b>	<b>19,081</b>	<b>60,932</b>
Depreciation and amortisation	-10,726	-3,041	-4,347	-18,114
<b>EBIT</b>	<b>22,250</b>	<b>5,834</b>	<b>14,735</b>	<b>42,818</b>

\*) See annual report 2023/section A, Changes in accounting policies

Q2 2024 IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Total revenues	324,644	81,396	131,143	537,183
Internal revenues	-72,329	-22,659	-18,362	-113,350
<b>Revenues</b>	<b>252,315</b>	<b>58,737</b>	<b>112,781</b>	<b>423,833</b>
Gross profit	97,555	21,251	61,418	180,224
<b>EBITDA</b>	<b>28,036</b>	<b>3,868</b>	<b>14,621</b>	<b>46,525</b>
Depreciation and amortisation	-10,610	-2,224	-7,336	-20,170
<b>EBIT</b>	<b>17,426</b>	<b>1,644</b>	<b>7,286</b>	<b>26,355</b>

Q2 2023 IN TEUR	EUROPE*	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL*
Total revenues	199,054	63,083	65,538	327,675
Internal revenues	-30,667	-12,700	-7,036	-50,403
<b>Revenues</b>	<b>168,387</b>	<b>50,383</b>	<b>58,502</b>	<b>277,272</b>
Gross profit	64,312	15,037	35,653	115,002
<b>EBITDA</b>	<b>17,191</b>	<b>4,877</b>	<b>9,242</b>	<b>31,310</b>
Depreciation and amortisation	-5,356	-1,506	-2,216	-9,078
<b>EBIT</b>	<b>11,835</b>	<b>3,371</b>	<b>7,026</b>	<b>22,232</b>

\*) See annual report 2023/section A, Changes in accounting policies

EBITDA is reported before accounting headquarters costs by Kontron AG. Furthermore, the "Europe" segment comprises all costs ensuing from Kontron AG (expenses for headquarters) that cannot be apportioned among the other segments due to functionalities. The effects upon net income that are not directly associated with the operative businesses of the segments are therefore also reported in the "Europe" segment.

### Other information

On June 14, 2024, the Executive Board of Kontron AG decided to implement a further buyback program for treasury shares (share buyback program I 2024) based on the resolution authorized at the extraordinary general meeting on November 8, 2023, in accordance with Section 65 (1) Z 8 of the Austrian Stock Corporation Act.

The intended volume amounts to up to 434,000 shares; the buyback under the share buyback program I 2024 began on Monday, July 1, 2024 and will run until Tuesday, December 31, 2024 at the latest. Buybacks will be made in accordance with the Safe Harbor Rule (Article 5 of the Market Abuse Regulation). The maximum price is EUR 23.00. In addition, the purchase price must not be more than 10% below or above the average stock price during the previous five trading days before the shares are purchased in XETRA trading. The target total amount to be spent by Kontron AG for the share buyback program I 2024 is EUR 10 million.

The 25th Annual General Meeting of Kontron AG was held on May 6, 2024. At this AGM, the following resolutions were passed:

- › Resolution to distribute a dividend of EUR 0.50 per share with dividend entitlement and to carry forward the remaining retained earnings onto new account;
- › Resolution on the election of the auditor and Group auditor KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for the financial year 2024;
- › Resolution on the election of the auditor for sustainability reporting KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft for financial year 2024;
- › Resolution to cancel the authorization to issue financial instruments in accordance with clause 174 of the Austrian Stock Corporation Act and the conditional capital 2023;
- › Resolution to authorize an increase of the company's capital in accordance with clause 169 of the Austrian Stock Corporation Act (authorized capital) by up to EUR 4,386,056 in exchange for cash or other consideration including authorization of the Executive Board to exclude subscription rights, and the authorization to make the corresponding amendment to the articles of association ("Authorized Capital 2024");
- › Resolution on the amendment of clause 3 of the articles of association "Publications/Announcement";

### Disclosure of relationships with affiliated companies and persons

In the course of normal business operations, relationships of supply and service provision exist with affiliated companies and persons, which primarily include Ennoconn Corporation, Taiwan, and Hon Hai Precision Industry Co. Ltd., Taiwan, and its group companies.

### Events after the balance sheet date

- › The Supervisory Board of Kontron AG has appointed Mr. Philipp Schulz and Dr. Johannes Fues to the Executive Board of Kontron AG with effect from July 15, 2024. Philipp Schulz, who has worked for Kontron since October 2022 and has headed the North America division since January 1, 2024, will be responsible for the Aerospace/Defense and North America division. Before joining Kontron, Philipp Schulz worked at voestalpine in various management positions for over 15 years. Dr. Johannes Fues will take over the GreenTec division. In his role as CFO of Katek SE, Dr. Fues has been responsible for financial matters as well as the areas concerning environmental, social and responsible corporate governance (ESG) since 2018 and will complement the Executive Board team with his expertise from Katek. In addition, the contract with Michael Riegert, member of the Executive Board, COO and responsible for the Industrial division, has been extended early by three years.
- › Share buyback program 2024 I: see detailed explanation under "Other information". By August 5, 2024, 324,252 treasury shares had been purchased at the total purchase price excluding additional costs of TEUR 6,404.
- › On July 31, 2024, as part of the strategy to integrate Katek Group into the Kontron Group, Katek SE sold all shares of Telealarm Europe GmbH, Leipzig, Germany to Primepulse 3 Vorrats-GmbH for a purchase price of EUR 39 million.

## Declaration of all legal representatives

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Linz, August 7, 2024



Dipl.-Ing. Hannes Niederhauser



Dr. Clemens Billek



Dipl.-Ing. Michael Riegert



Philipp Schulz



Dr. Johannes Fues

Please visit <https://ir.kontron.com> for access to our annual and quarterly reports, and to our press releases, each of which is placed online on the day of its publication. Any changes to schedules and dates are also announced on our website in good time. This half-year report was published on August 7, 2024, in German and in English. The English version is provided for convenience only. The German version is binding. No liability is assumed for any typographical or printing errors. This document has been carefully prepared and all information have been checked carefully. Nevertheless, the possibility of layout and printing errors cannot be excluded. The use of automated calculation systems may result in rounding differences.

This half-year report contains statements that refer to future developments. These are based on assumptions and assessments made by the Executive Board. Although we are of the opinion that the assumptions and estimates are realistic and correct, they are subject to certain risks and uncertainties that may cause actual future results to diverge materially from the assumptions and estimates. Factors that may result in a discrepancy include changes in the overall economic, business, financial and competitive situation, exchange and interest rate fluctuations as well as changes to the business strategy. We accept no warranty for the developments and events actually taking place in the future according to the assumptions and assessments articulated in this half-year report. The assumptions and estimates made in this report are not updated.

# FINANCIAL CALENDAR

## 2024

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07.08.2024	Half-year report 2024 (Earnings-Call Q2 2024)
03.09.2024	Germany Commerzbank and ODDO BHF's Annual Corporate Conference
07.10.2024	The Finest CEElection Equity Investor Conference 2024
06.11.2024	Q3-quarterly statement (Earnings-Call Q3 2024)
27.11.2024	Equity forum (27.11. - 29.11.2024)

Further details available under  
<https://kontron.com/en/investors/financial-calendar>

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