

**Report by the Executive Board of Kontron AG on the exclusion of purchase rights (subscription rights) of existing shareholders pursuant to Section 65 Paragraph 1b in conjunction with Section 153 Paragraph 4 in conjunction with Section 170 Paragraph 2 in conjunction with Section 171 Paragraph 1 Austrian Stock Corporation Act ("AktG") in the event of a sale of treasury shares**

**1. Use of treasury shares in other ways and authorization to exclude purchase rights (subscription rights)**

The Annual General Meeting of Kontron AG, FN 190272 ("**Company**"), on 11 June 2025 resolved under agenda item 11 to authorize the Executive Board, for a period of five years from the date of the resolution, in accordance with Section 65 Paragraph 1b AktG, with the approval of the Supervisory Board and without a new resolution by the Annual General Meeting, to sell or use the Company's treasury shares ("**treasury shares**") also in a way other than via the stock exchange or by means of a public offer, in particular an off-market sale (with the partial or complete exclusion of the shareholders' buy-back rights), for example in the form of an accelerated private placement, or as a non-cash transaction currency for the acquisition of companies, shares in companies, interests in companies or other assets, also excluding the shareholders' pro rata purchase rights (exclusion of subscription rights) and to determine the conditions of sale ("**Authorization**"). The Authorization may be exercised once or several times, in full or in part or in several instalments and in pursuit of one or several purposes by the Company, by an affiliated company (Section 189a Number 8 Austrian Commercial Code) or by third parties on the account of the Company. The Authorization shall also apply to treasury shares held by the Company at the time of the resolution.

A report by the Executive Board on agenda item 11 of the Annual General Meeting on 11 June 2025 pursuant to Section 170 Paragraph 2 in conjunction with Section 153 Paragraph 4 in conjunction with Section 65 Paragraph 1b AktG is available on the Company's website at [https://cms.kontron.com/kontron/ir/agm/bericht\\_top-11\\_bezugsrechtsausschluss\\_de\\_20250425.pdf](https://cms.kontron.com/kontron/ir/agm/bericht_top-11_bezugsrechtsausschluss_de_20250425.pdf).

The indirect subsidiary of the Company, Kontron Acquisition GmbH, holds 12,230,733 shares in KATEK SE with its business address at Gutenbergstrasse 2, 85737 Ismaning, Germany, registered with the District Court of Munich under HRB 245284 ("**KATEK SE**"), which corresponds to a shareholding of 84,67% in the share capital of KATEK SE. The Company intends to acquire further 1,761,060 shares in KATEK SE, corresponding to a shareholding of approximately 12.19% in the share capital of KATEK SE, from Decagon Asset Management LLP in exchange for 1,320,795 of the Company's treasury shares ("**Transaction**"). The Company's treasury shares to be granted in the course of the Transaction correspond to approximately 2.07% of the Company's share capital. Accordingly, the Company's treasury shares shall be used as a non-cash transaction currency for the acquisition of an interest in a company by means of an off-market exchange transaction thereby excluding the shareholders' pro rata purchase rights.

The Company currently holds 2,430,610 treasury shares, which corresponds to approximately 3.81% of the Company's share capital.

The Company's Executive Board therefore intends, subject to the approval of the Supervisory Board, to make use of the Authorization and use 1,320,795 of the Company's treasury shares, corresponding to approximately 2.07% of the Company's share capital, to fulfill the delivery obligations in connection

with the Transaction. Further, the Company intends to subsequently transfer the KATEK SE shares to be acquired to Kontron Acquisition GmbH and to bundle the Kontron Group's shareholding in KATEK SE in Kontron Acquisition GmbH.

Upon completion of the Transaction, Kontron Acquisition GmbH (and thus indirectly the Company) will hold an interest of approximately 96,86% of the share capital of KATEK SE.

## **2. Interest of the Company**

The acquisition of additional shares in KATEK SE will enable the Company to implement measures for a stronger corporate integration of KATEK SE including the implementation of an exclusion of the remaining minority shareholders of KATEK SE (*Squeeze-out*). After achieving indirect sole shareholder status in KATEK SE as a result of a possible squeeze-out, the Company will be in a position to further integrate KATEK SE into the Kontron Group. The measure is therefore also part of the Company's growth strategy and facilitates the expansion of its range of intelligent solutions for renewable energies and other industries. As a result of the Transaction, the Green Energy Solutions and Aerospace & Defense divisions can be expanded even further and synergy effects can be utilized more effectively.

When acquiring shares or interests in companies, the consideration regularly consists not only of cash, but also partly or entirely of shares in the acquiring company or an affiliated company. The use of treasury shares of a listed company is therefore common and recognized in the international M&A environment.

By using the Company's treasury shares for the indirect acquisition of further shares in KATEK SE in the course of the Transaction, the Company can cover its liquidity needs for the Transaction.

Another advantage of using treasury shares in the course of the Transaction is that it avoids the dilution effect typically associated with newly created shares (e.g., from authorized capital). Although the shareholding ratio of the shareholders also changes when treasury shares are used, this merely restores the ratio prior to the repurchase of treasury shares by the Company and which had temporarily changed in favor of the shareholders due to the restrictions on the rights attached to treasury shares for the Company (Section 65 Paragraph 5 AktG).

Compared to a public offer of treasury shares or a sale via the stock exchange, the use of treasury shares as a non-cash transaction currency does not expose the Company to any immediate risk of negative price changes (especially in volatile markets). Furthermore, a public offer of treasury shares would entail considerable time and cost, in particular due to the requirement to prepare a prospectus and the associated prospectus liability risks.

The use of the Company's treasury shares in the course of the Transaction is therefore in the Company's interest.

## **3. Suitability, necessity and proportionality**

The exclusion of subscription rights for the use of treasury shares as a non-cash transaction currency is suitable, necessary and proportionate to achieve the stated objectives in the interests of the Company.

The use of the Company's treasury shares reduces the liquidity needs for the Transaction.

The Company and KATEK SE have different shareholders. The use of treasury shares as consideration for the granting of shares in KATEK SE therefore requires the exclusion of the (reverse) subscription rights of the Company's shareholders. The exclusion of subscription rights for the use of treasury shares as alternative consideration for the granting of shares in KATEK SE is necessary to achieve the stated objectives in the interests of the Company.

Finally, the exclusion of subscription rights is also proportionate. The financing advantages pursued by using treasury shares cannot be achieved to the same extent if the treasury shares are used while preserving the subscription rights of shareholders or if they are sold on the stock exchange or through a public offering. The Company would be exposed to the risk of price changes if it were to generate the liquidity required to acquire the interest in the company by selling shares. Furthermore, such a sale would involve additional transaction costs. The use of treasury shares as a non-cash transaction currency provides transaction security and the decision to grant treasury shares of the Company as consideration for the Transaction is made taking into account the stock market price of the Company's shares and those of KATEK SE. Furthermore, only 1,320,795 treasury shares are to be granted as part of the Transaction. This corresponds to approximately 2.07% of the Company's share capital, meaning that the interests of the Company's shareholders will not be significantly affected by the Transaction.

The exchange ratio for the proposed Transaction was set appropriately based on negotiations, taking into account the historical stock market prices of the Company and KATEK SE (please refer to Point 4) and also corresponds to the exchange ratio of the mandatory and delisting takeover offer by Kontron Acquisition GmbH to the (then) shareholders of KATEK SE on 15 April 2024. Therefore, the use of treasury shares as a non-cash transaction currency does not entail a dilution risk for the Company's shareholders comparable to a capital increase. For the reasons stated above in particular, the purposes and measures pursued in the interests of the Company by excluding subscription rights – which are in any case also indirectly in the interests of all shareholders – outweigh any disadvantages, so that the exclusion of shareholders' subscription rights is not disproportionate, but necessary and appropriate.

In addition, the use of the Company's treasury shares in the course of the Transaction and the associated exclusion of shareholders' subscription rights is subject to the approval and thus the control of the Company's supervisory board.

#### **4. Reason for the sale price**

As part of the Transaction, Decagon Asset Management LLP will receive three shares in the Company in exchange for every four shares in KATEK SE.

The exchange ratio of KATEK SE shares for treasury shares was determined in customary negotiations with Decagon Asset Management LLP taking into account the historical share price levels of the Company and KATEK SE on the stock exchange. In addition, the exchange ratio corresponds to the exchange ratio of the mandatory and delisting takeover offer by Kontron Acquisition GmbH to the (then) shareholders of KATEK SE on 15 April 2024.

Due to the price being determined as a result of negotiations between unrelated parties, taking into account historical stock market prices, the Company's shareholders will not suffer any disproportionate disadvantage as a result of dilution.

The protection of shareholder interests is also ensured by the fact that the Company already (indirectly) holds a majority shareholding in KATEK.

The treasury shares to be transferred have the same rights (in particular profit entitlement) as the existing shares. The rights attached to the shares are therefore taken into account in the valuation of the share on the capital market (in particular the stock market price).

## **5. Summary**

After considering the above reasons, the exclusion of subscription rights associated with the use of 1,320,795 treasury shares of the Company as non-cash transaction currency in the course of the Transaction is suitable, necessary, proportionate and objectively justified and required in the overriding interests of the Company and its subsidiaries.

The exclusion of subscription rights and the sale of treasury shares require the approval of the Company's Supervisory Board. Pursuant to Sections 65 Paragraph 1b in conjunction with 171 Paragraph 1 AktG, a Supervisory Board Resolution on this matter will be passed no earlier than two weeks after publication of this Report and the actual transfer of treasury shares will take place in accordance with the statutory requirements.

Linz, September 2025

**The Executive Board of Kontron AG**