

kontron

The Power of IoT



Investor Presentation

July 2024



Who we are

Leader of Smart Industrial IoT Solutions

| | | |
|------------|----------------|---------------------|
| 7,800 | 1.9bn | 190m |
| Employees* | Revenue (EUR)* | R&D Spending (EUR)* |

| | | |
|--------------|-------------------|-----------------|
| 190m | 100m | >10% |
| EBITDA(EUR)* | Net Result (EUR)* | Organic growth* |

Member of SDAX®
Member of TecDAX®

HQ in Austria; listed in Germany

*Management estimates for 2024 and organic growth mid-term guidance.

Focused on large and growing B2B-IoT market

Number of connected IoT devices grows globally by 30%

Fully integrated technology platform

Integrated (SW+HW) solutions

Driven by customers success, blue-chip customers

>4,500 customers in total

Leading provider of disruptive IoT technologies

Real time 5G/6G connectivity, susietec® toolset, KontronOS, Kontron Grid

At the heart of many disruptive industries



High-speed trains



Autonomous Driving



In-flight communication systems



Smart Factory



Smart Solar & GreenTec

The IoT Market

Key Metrics

64 billion

connected IoT devices by 2025 worldwide (from 29 billion in 2022)

\$ 254 billion

Industrial IoT revenues in FY23; expected 13% CAGR (2024-2028)

31% growth

machines connected to the Internet by 2025

21% adoption

of 5G across mobile internet connections by 2025



Focus Industries

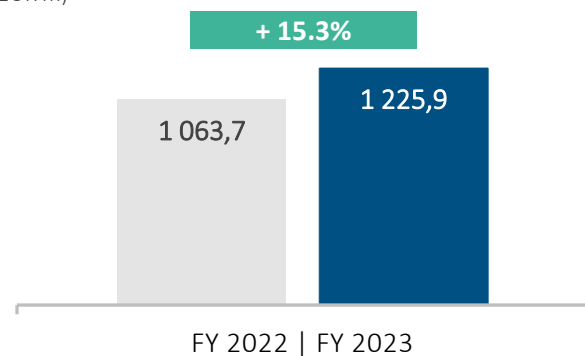


High entry barriers: single source customization – real time software – expensive customer products with low volume

KPIs FY 2023

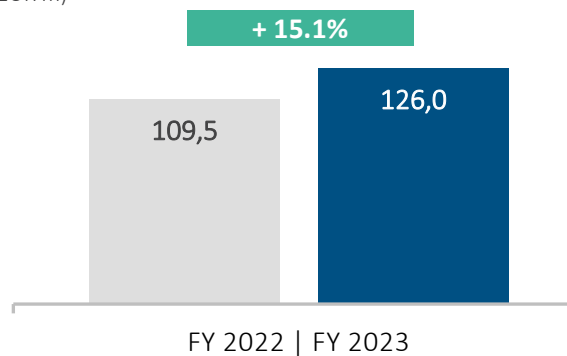
Revenue

(in EUR m)



EBITDA

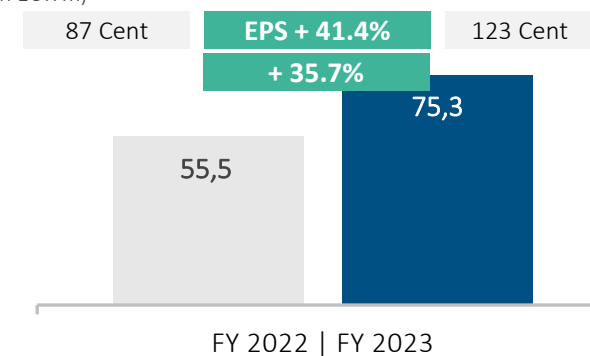
(in EUR m)



* 2022 adj for DCO/sold IT, reported EBITDA EUR 70.0 Mio.

Operating Net Income after NCI*

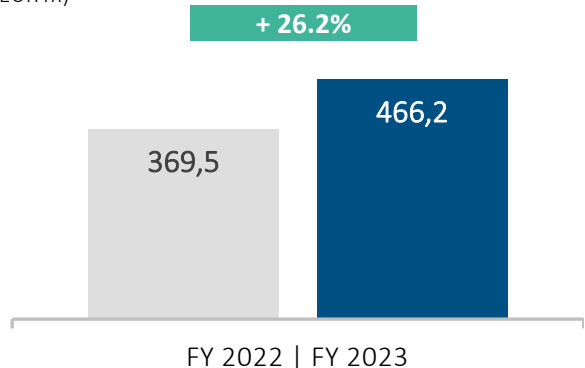
(in EUR m)



* 2022 adj for DCO/sold IT, reported Net Income EUR -12.3 Mio.

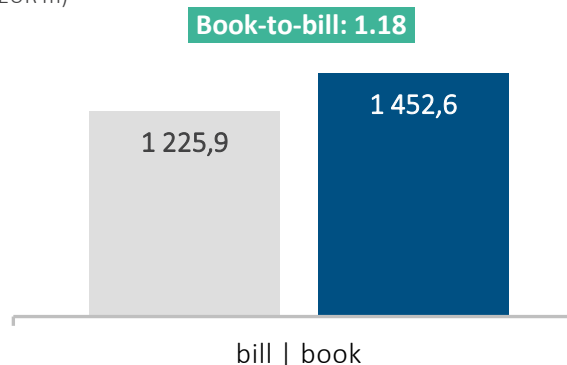
Gross Margin

(in EUR m)



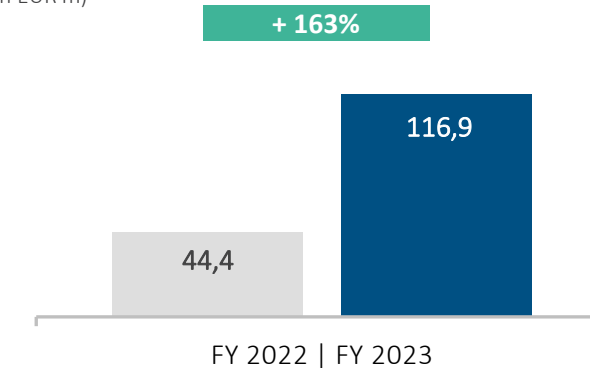
Order Entry vs. Revenues

(in EUR m)



Operating Cash Flow

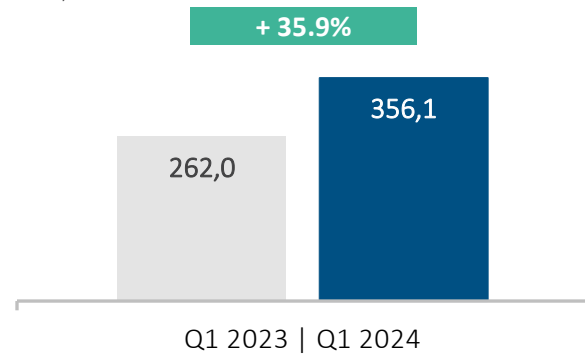
(in EUR m)



KPIs Q1 2024

Revenue

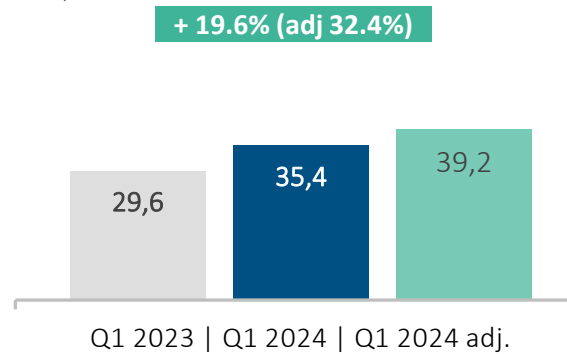
(in EUR m)



Adjustment of Q1 23 revenues due to changed assessment of principal/agent status

EBITDA

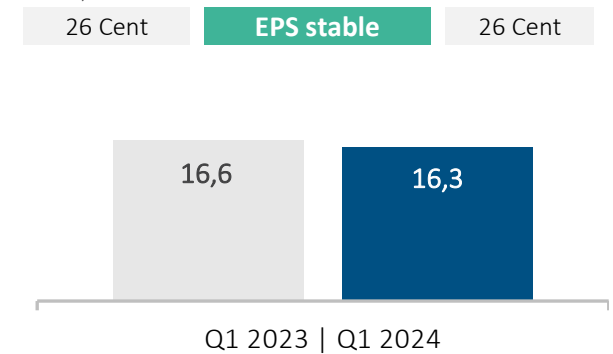
(in EUR m)



* Q1 2024 burdened by EUR 3.8m M&A and one time effects

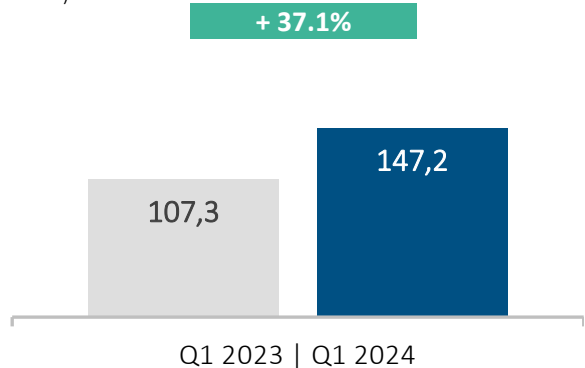
Net Result after NCI*

(in EUR m)



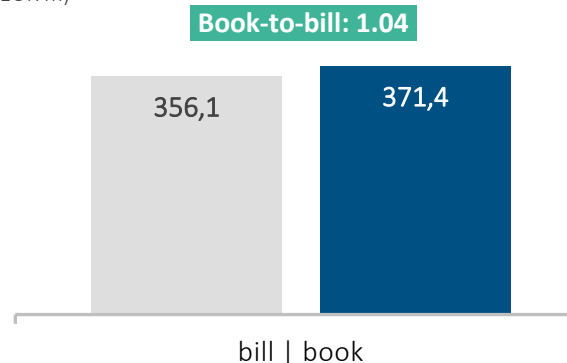
Gross Margin

(in EUR m)



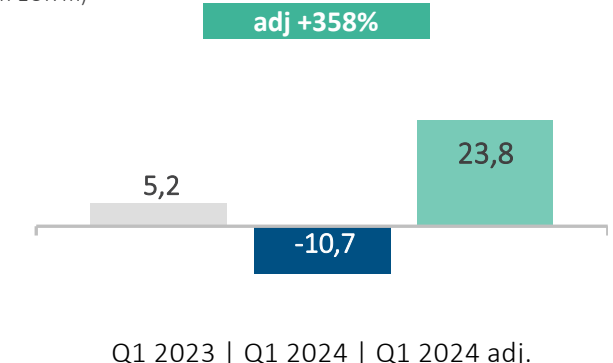
Order Entry vs. Revenues

(in EUR m)



Operating Cash Flow

(in EUR m)



* adjusted for the reduced factoring and a deferral effect for 2023


Kontron Group Balance Sheet

Equity and liquidity very strong

| in m EUR | 3/31/2024 | 12/31/2023 |
|-------------------------------------|----------------|----------------|
| NON-CURRENT ASSETS | 716.2 | 492.5 |
| Tangible assets | 224.5 | 110.4 |
| Intangible assets | 146.0 | 102.4 |
| Goodwill | 273.7 | 216.6 |
| Other assets | 72.0 | 63.0 |
| CURRENT ASSETS | 1,168.1 | 878.2 |
| Inventories | 443.8 | 229.1 |
| Trade receivables | 239.0 | 213.6 |
| Contract assets from customers | 53.3 | 38.1 |
| Cash and cash equivalents | 356.2 | 332.2 |
| Other receivables and prepayments | 75.8 | 65.2 |
| Assets classified as held for sales | 0.0 | 0.0 |
| Total assets | 1,884.4 | 1,370.7 |

| in m EUR | 3/31/2024 | 12/31/2023 |
|---|----------------|----------------|
| EQUITY | 670.2 | 604.0 |
| Accumulated results | 479.1 | 462.8 |
| as of treasury shares | -44.7 | -43.0 |
| NON-CURRENT LIABILITIES | 388.4 | 136.1 |
| Long-term loans and borrowings | 233.5 | 60.1 |
| Other liabilities and provisions | 154.9 | 76.0 |
| CURRENT LIABILITIES | 825.8 | 630.6 |
| Trade payables | 325.0 | 273.1 |
| Contract liabilities from customers | 77.5 | 69.6 |
| Short-term loans and borrowings | 204.0 | 150.9 |
| Other liabilities and provisions | 219.2 | 137.0 |
| Liabilities classified as held for sale | 0.0 | 0.0 |
| Total liabilities & equity | 1,884.4 | 1,370.7 |

| | | |
|-----------------------------------|--------------|--------------|
| Equity ratio | 35.6% | 44.1% |
| Total net cash/(net debt)* | -81.4 | 121.2 |
| Working capital** | 357.8 | 169.6 |

 Still EUR 356m cash after paying Katek price

* Definition Net Cash: Cash and cash equivalents less non-current and current financing liabilities (excl. liabilities from leasing according to IFRS 16)

** Definition Working Capital: Inventories plus trade receivables less trade payables (excl. IFRS 15 contract assets and liabilities)

Additional disclosures

Q1 2024

| Katek share in Q1 results In EUR m | Kontron Q1/24 | Katek share Q1/24 (March) |
|---------------------------------------|------------------|------------------------------|
| Reported revenues | 356.1 | 54.1 |
| Gross margin (in %) | 41.3% | 35.8% |
| EBITDA (adjusted) | 39.2 | 5.3 |
| Net result | 16.3 | 0.6 |
| Inventory | 443.8 | 211.0 |
| Cash | 356.2 | 28.6 |
| Financing debt | -437.6 | -105.2 |
| Order backlog | 1,842 | 140 |
| Design wins | 5,347 | 1,346 |

 2024 we expect EUR 13m net profit from Katek

| Organic growth Q1 - 2024 | Q1-2024 | Q1-2023 |
|--------------------------|---------|---------|
| Reported revenues | 356,1 | 262,0 |
| Acquisitions in Q1-2024 | -88,1 | |
| Divestments of Q1-2023 | | -18,7 |
| Organic growth = 10,2% | 268,0 | 243,3 |

| in EUR m | Result | EBITDA - extraordinary Effects |
|-------------------|--------|--------------------------------|
| EBITDA (reported) | 35.4 | |
| Adjustment | 3.8 | M&A and one-time effects |
| EBITDA (adjusted) | 39.2 | |

| in EUR m | Result | Cash flow - extraordinary Effects |
|-------------------------|--------|---|
| Op Cashflow(reported) | -10.7 | |
| Adjustment | 18.9 | Year-end turn effect 2023 (see EC 2023) |
| Reduction Factoring | 15.6 | |
| Op. Cashflow (adjusted) | 23.8 | |

Strong cash generation

Liquidity further expanded

Status liquidity

- › EUR 356m cash and cash equivalents
- › EUR 19m ST receivables from Vinci (in Q2)
- › EUR 130m available lines
- › EUR 90m additional lines amidst Katek integration

➤ Liquidity amounts to EUR 600m but only to be used cautiously in strengthening of business

Shareholder participation

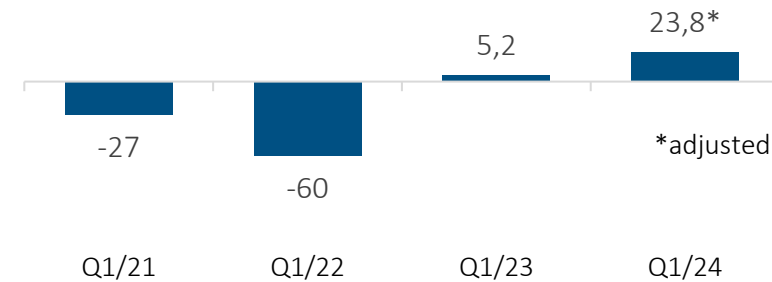
- › Rule: Spend 50% of net earnings in Dividend or SBB
- › EUR 31m: Proposed dividend

➤ 2024 est. proposed dividend of 50 EUR Cent/share in May (+43% vs 2022)

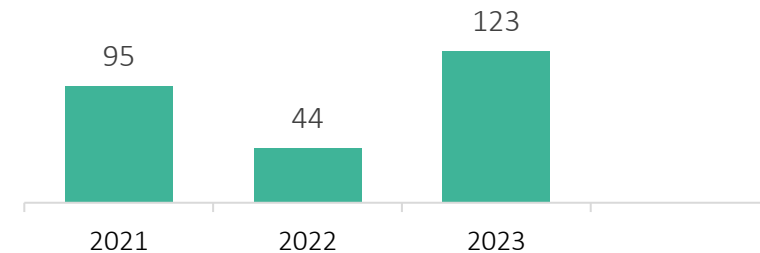
2023: special dividend of EUR 1/share due to the sale of the IT service business; 2022: EUR 0.35, 2021: EUR 0.30

Cash generation per quarter Q1 (operating Cash Flow)

(In EUR m)



Cash generation per year (operating Cash Flow)



Kontron: Major KPIs

Strong operational development

| in EUR m | Q1 2024 | 2025 | 2028 | Comment |
|---------------------|---------|----------------|-------------------|---|
| Revenues | 356.1 | 2,400 | Organic CAGAR 10% | Growth of industry |
| Gross Margin (in %) | 41.3% | 41.0% | 45% | Strong gross margin result of the strategic realignment towards IoT |
| EBITDA | 35.4 | 12% | 15% | Q1 2004 includes 3.8m M&A costs and one-off effects |
| Net profit | 16.2 | 140 million | 10% Net Profit | Q1 2024 Includes M&A costs and one-off effects |
| Equity ratio | 35.6% | +40% | Stable | Back to 40% in 2025 |
| Working Capital | 357.8 | 169.6 (YE23) | 10% Revenues | Increase in inventories from Katek |
| Operating CF (adj.) | 23.8 | 75% Conversion | Stable | Adjusted for factoring and year-end turn effect 2023 |
| Net cash(+)/debt(-) | -81.4 | 0 | Net Cash | Target: back to net cash in 2025 |

Design win volume increases to EUR 5.4 billion

Backlog rose to EUR 1.8 billion

Major order for smart wallboxes

21.05.2024 | Austria

Kontron AG, a global leader in IoT technology, has been greenlit to supply smart charging stations for electric

Kontron signs a contract over EUR 30m for optical network solutions

05.12.2023 | Austria

Kontron, a pioneering force in IoT technology, announces the signing of a contract exceeding EUR 30m for fiber optic solutions. The new client is a significant player in the telecommunications sector in Germany. Kontron's Slovenian subsidiary for broadband solutions will support the Telco operator with cutting-edge server systems and software for the operation and optimization of the optical broadband rollout in Germany.

market: Kontron announces design wins amounting to volume of EUR 100m

10.10.2023 | Austria

Kontron announces the securing of two design combined volume of approximately EUR 100m. The Kontron providing IFEC systems to be installed ated by multiple airlines, including one that utilizes technology.

Kontron wins a EUR 34 Mio contract for a GSM-R system in the Czech Republic

13.03.2024 | Austria

Kontron Transportation, a company of Kontron group won the public procurement for the construction of a GSM-R (Global System for Mobile Communication-Railways) system in the Czech Republic.

Kontron: Another design win of over EUR 50 million from a heavy machinery manufacturer – Design win volume increases to EUR 3.7 billion

23.11.2023 | Austria

Development contract for autonomous driving and operation of a heavy machinery manufacturer. Kontron signs a contract win - Kontron signs contracts with romanian Fibre-to-the-home for households in Austria

13.09.2023 | Austria

Kontron and Thales GTS România S.R.L. signed new lower double-digit million range on implementation system in Romania.

A milestone in the further development of railwa been set. With this project the rail communication The safety of the commercial traffic will increas The contract in the mid double-digit millio "Lugoj – Timisiora East" and "Cluj Napoca–Oradea–Episcopia Bihor".

Kontron group contributes to the access home networks by implementing the active Speed Connect Austria's fibre-to-the-home

29.06.2023 | Austria

Contract in the mid double-digit million range Speed Connect Austria signed

Kontron group contributes to the access home networks by implementing the active Speed Connect Austria's fibre-to-the-home

Contract wins: Kontron signs 3 major railway contracts worth exceeding EUR 100m

7.02.2024 | Austria

Vienna, February 07, 2024 – Kontron announces contract wins in Poland, Austria, and Slovenia worth exceeding EUR 100m. With these milestone contracts, Kontron Transportation underlines its

Kontron announces two design wins in the field of energy management amounting to a total of EUR 25 million

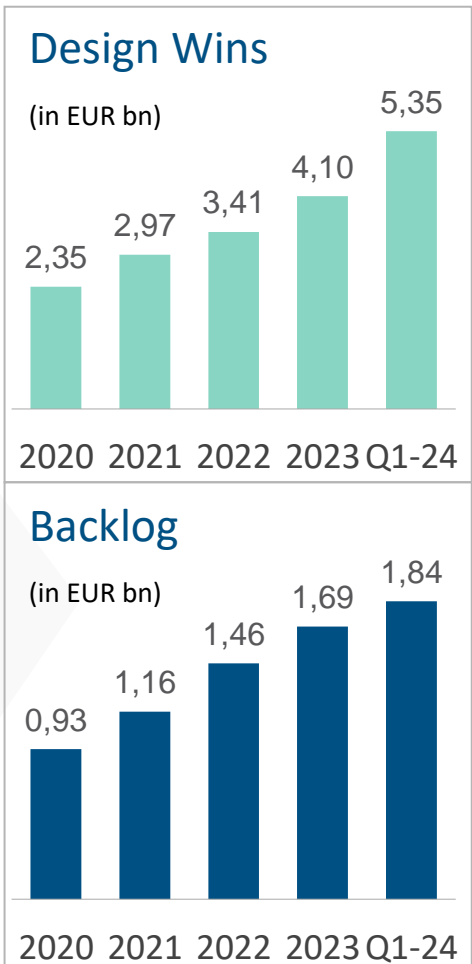
23.10.2023 | Austria

Kontron is pleased to announce two design wins with combined lifetime revenues of approximately EUR 25 million, Kontron will support its customers with solutions in the field of energy

Kontron AG: New year begins with major new orders and new brand identity

10.01.2023 | Austria

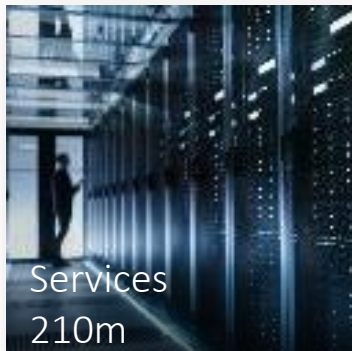
Lin, 10.01.2023: Technology group Kontron (www.kontron.com, ISIN AT0000A0E9W5, WKN AOX9EJ, KTN) has seen a successful end to the business year. In addition to signing major new strategic contracts, Kontron completed the sale of the majority of its IT services business to VINCI Energies S.A., which is a global information and communications technology group through its Axians brand. With this sale,



Kontron 2024 structure

10 divisions in 3 segments

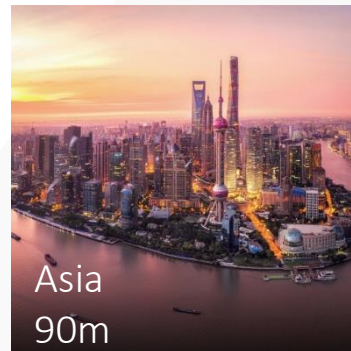
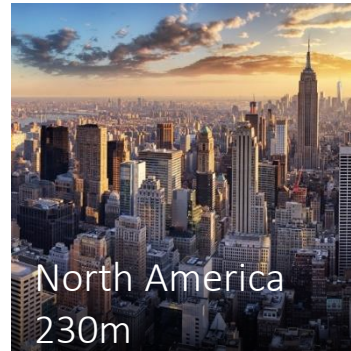
Europe



Rev FC 24* EBITDA** 10%
GM 35%

€ 1,350m

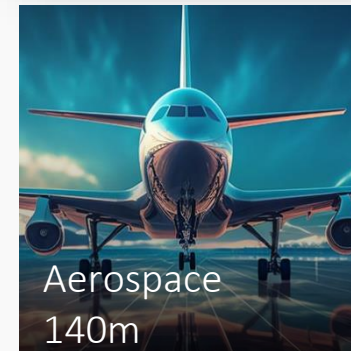
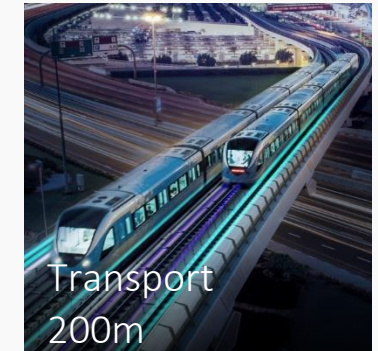
Global



Rev FC24* EBITDA** 8%
GM 30%

€ 320m

Software + Solutions



Rev FC24* EBITDA** 15%
GM 50%

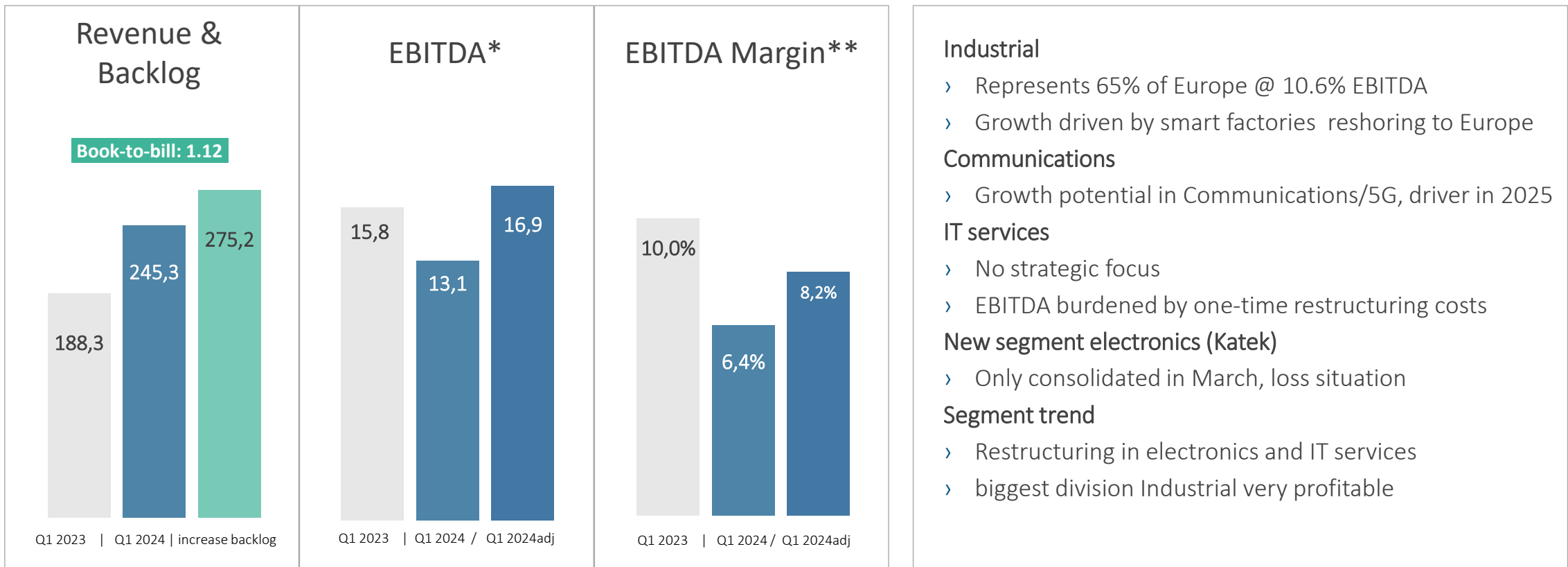
€ 750m

* incl. EUR 1,900m external and EUR 520m IC revenues

** Margin on external revenues

before HQ fee in % of external revenue

Europe: Strong growth in industrial IoT technology

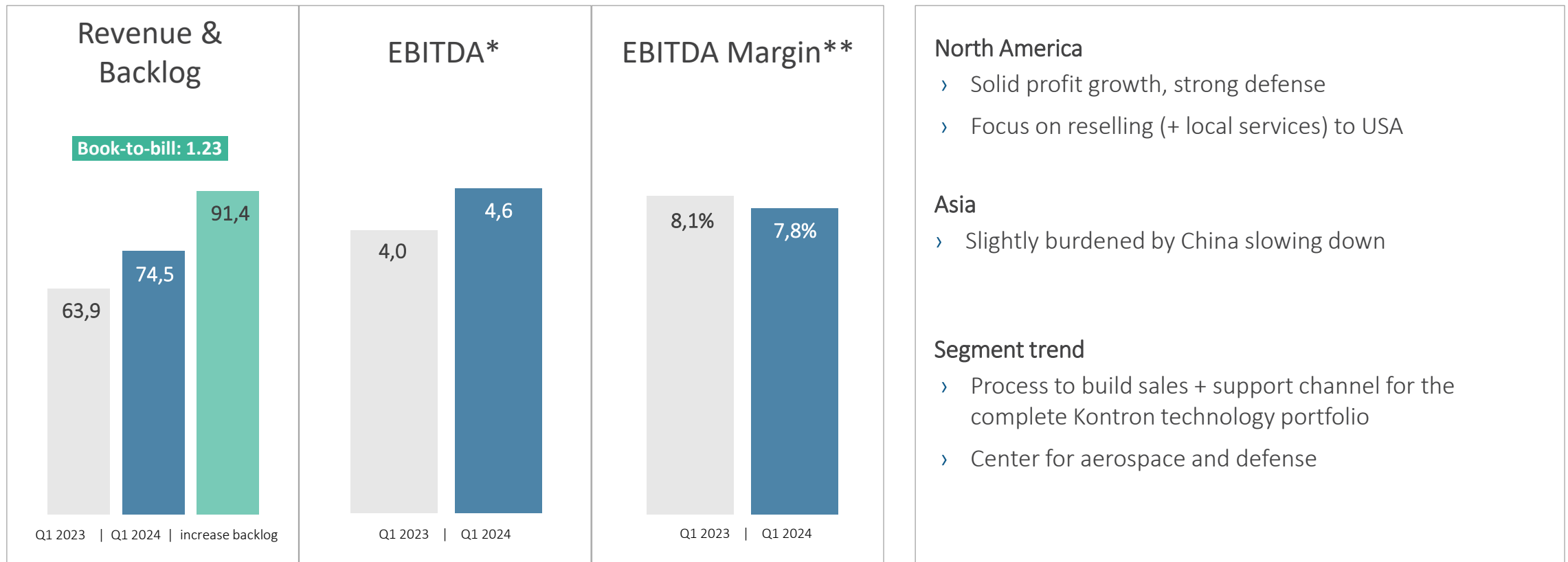


Cash cow for Kontron Group

* EBITDA before Intercompany HQ fees (part of Europe Segment)
 ** EBITDA before HQ fee in % of external revenue

Global: Back to normal profitability

Sales channel to sell European technology & customizing

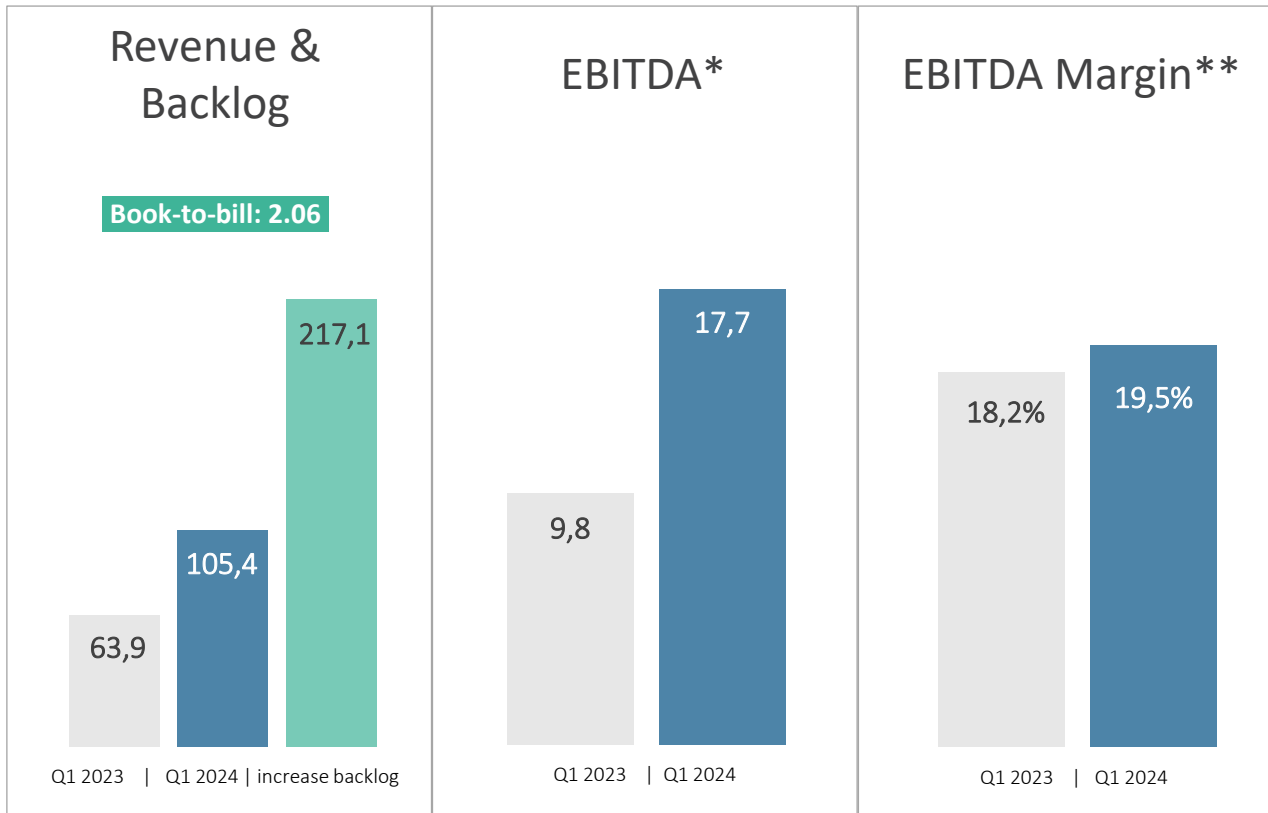


➤ America performs well in solutions segment in defense

* EBITDA before Intercompany HQ fees (part of Europe Segment)
** EBITDA before HQ fee in % of external revenue

Software + Solutions: Fast growing

Strongest growing segment with strongest margin



Software (susietec®)

- › Launch KontronOS and KontronGrid
- › Become Windows standard for machines

Transportation (high-speed trains)

- › political support, Q1 150m wins: CZ, SLO, AT, IRL
- › Market leader for GSM-R, EUR 130m design wins

Defense and aerospace

- › Strong growth in defense communications and high performance VPX systems

New segment GreenTec

- › Only consolidated in March
- › Extreme growth potential due to strong political support

Segment trend

- › Highest amount of recurring revenues and SLAs

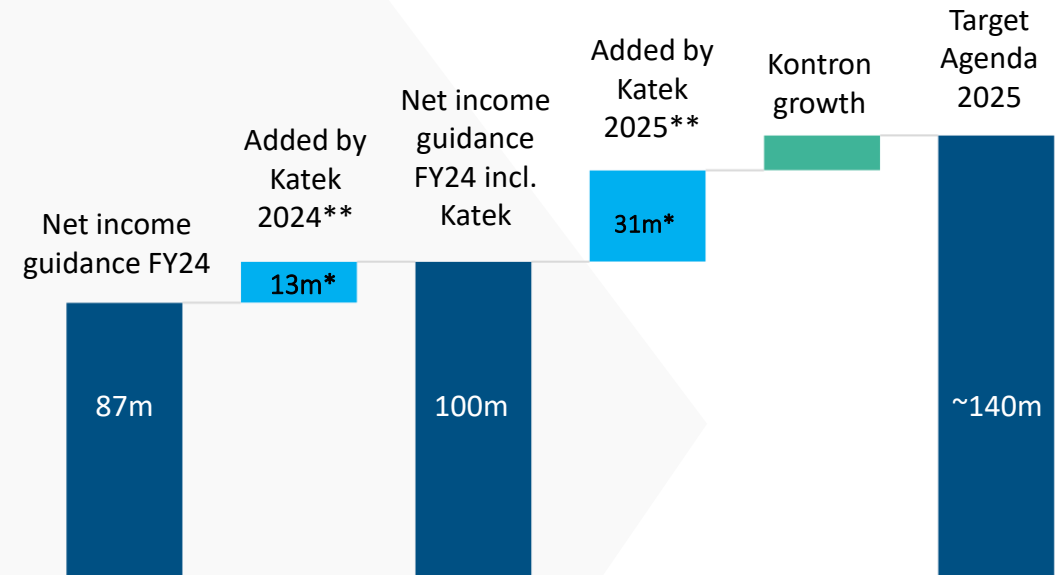
➤ most profitable and strongest growth segment, generated 50% of Group EBITDA in Q1 2024

Katek integration

Margin step forward

| | | |
|----------|------------------------------------|---|
| Jan 18 | Signing: 60% in Katek for EUR 129m | ✓ |
| March | Closing & consolidation | ✓ |
| March | EUR 125m acquisition loan | ✓ |
| April 15 | EUR 15/share tender offer launched | ✓ |
| mid May | Tender offer completed & delisting | ✓ |
| Q2 2024 | Integration completed | |
| 2025/26 | Potentially Squeeze out | |

Road to Net Income improvement Kontron



* Minorities remaining ** Based on Kontron technology

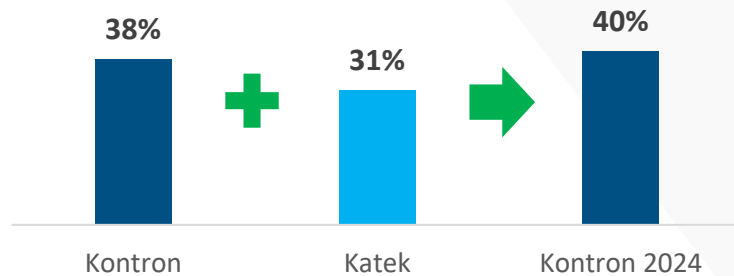
➔ Katek is a game changer for increasing profit and revenues

Why is Katek a good acquisition ?

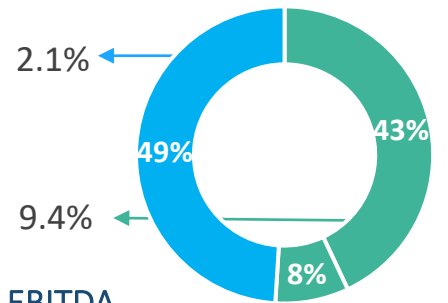
Transforming Green Technologies with IoT software



Product Synergies (Gross Margin)

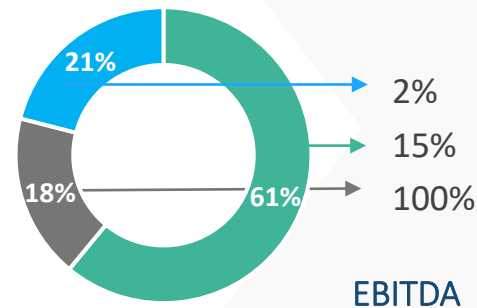


Katek 2023 Revenues



- GreenTec
- Aerospace
- Manufacturing service

Katek 2024 Revenues



- Software + Solutions
- Internal manufacturing
- Manufacturing services

Huge product synergies (we expect +5% GM = EUR 32m)

- › Katek’s solar and EV charger products are highly profitable
- › Adding intelligence and IoT connectivity will increase customer benefits and EBITDA margin significantly
- › Kontron will utilize 40% of Kateks manufacturing capacity and increase further – “made in Europe” politically supported

Cost synergies (EUR 12m)

- › Benefitting from favorable financing terms of Kontron
- › Only one stock exchange listing
- › Administrative cost savings

➤ GreenTec Division will achieve 15% EBITDA in 2024 for Kontron’s Software + Solutions segment

Strong brainpower for disruptive applications

3,000 engineers = highest engineering power in the industry

Software for all IoT end devices

- High margins and long-term service contracts

IoT software (“Windows for machines”)

- ✓ KontronOS (highest security standard, remote maintenance/control)
- ✓ Kontron Grid connects up to 1mn devices to smart grids
- ✓ Many new products for killer applications
- ✓ Division S+S started 4 years ago, currently achieves >50% GM (at very fast growth)
- **Target: install on all Kontron and other IoT devices**

Artificial Intelligence

- ✓ HAILO chips for customized scalable applications
- ✓ Video surveillance, defect detection, robotics
- **Target: get IoT applications smarter and simpler to operate**



Smart solutions for vertical markets

- High margins and long-term service contracts

Mission-critical control systems for high-speed trains

- ✓ European Train Control System Level 3
- ✓ New standard FRMCS will accelerate migration and requires 5G



GreenTec with IoT software

- ✓ Solar systems connected to the IoT grid (smart home)
- ✓ Smart e-mobility chargers connected to the grid



Aerospace and defense

- ✓ Mission critical
- ✓ VPX - highest performance for defense
- ✓ SGOS installed in 4,000 planes



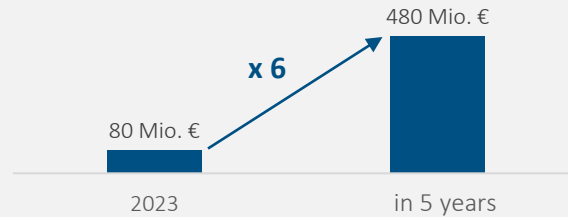
Revenues potential for disruptive applications

Extremely strong growth in upcoming years

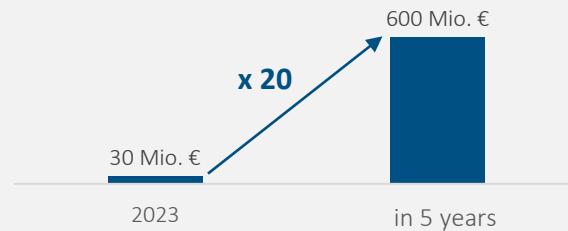
Software for all IoT end devices

- High margins and long-term service contracts

Basic IoT software



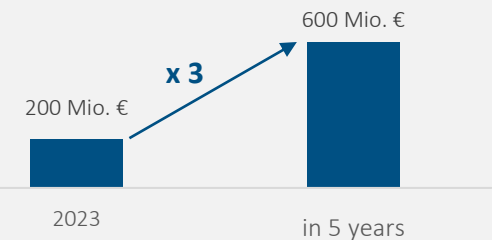
Artificial Intelligence



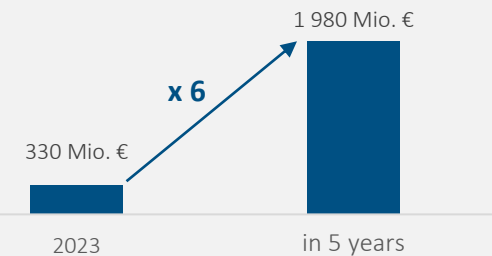
Smart solutions for vertical markets

- High margins and long-term service contracts

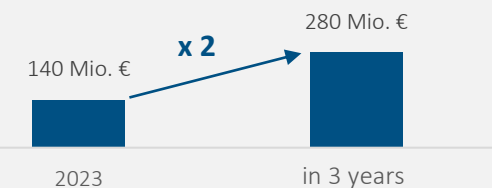
Mission-critical control systems for high-speed trains



GreenTec with IoT software

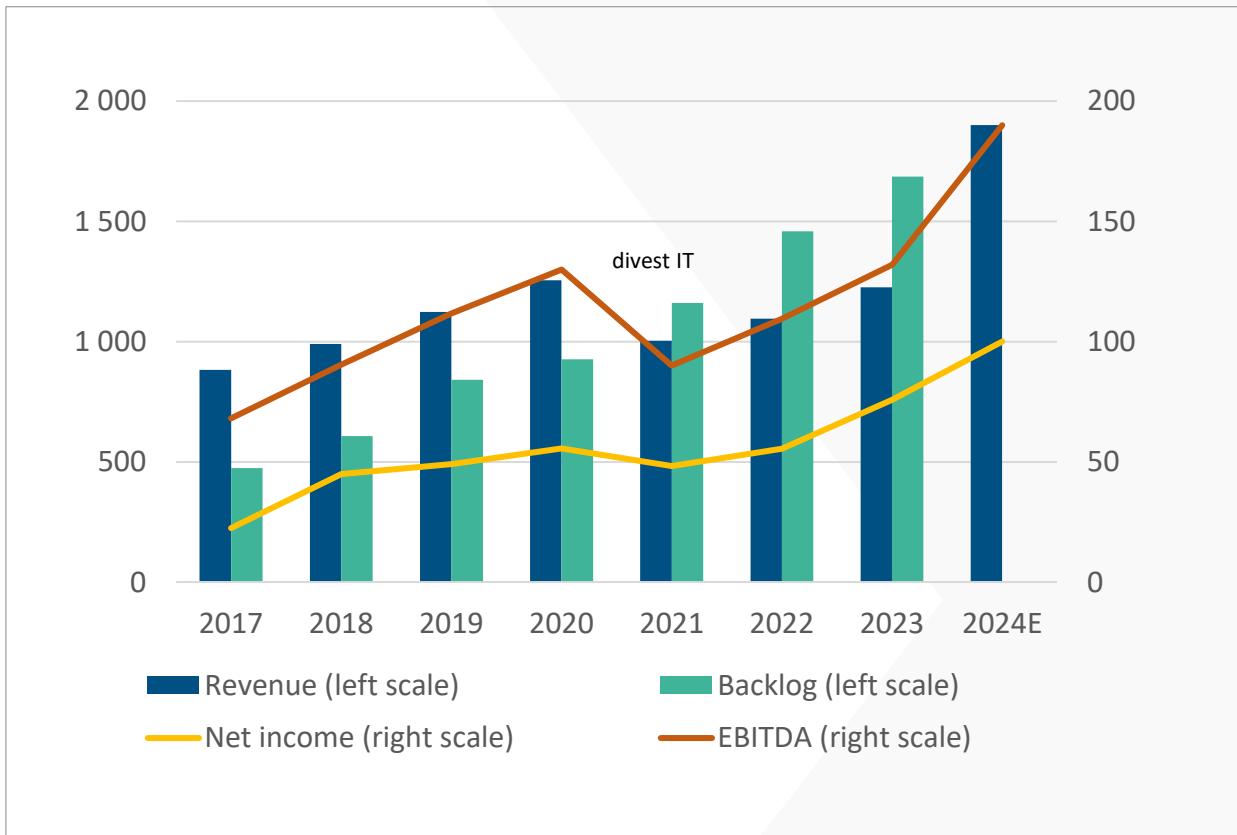


Aerospace and defense



History and 2024 forecast

Continuous strong growth of revenues and net income



| (in EUR million) | Guidance 2024 | Y-o-y growth |
|------------------|---------------|--------------|
| Revenue | 1,900 | 55% |
| EBITDA | 190 | 51% |
| Net Income | 100 | 33% |

Why invest in Kontron?

Profitable long-term growth



- › Present in several high growth markets – disruptive technologies
- › Margin improvement of GreenTec products by IoT software
- › Utilise European technology and security worldwide
- › Highly diversified, global and long-term customer base in a niche market with high entry barriers

Engineering excellence



- › Unmatched R&D power of 3,000 engineers and annual spending of EUR 190m
- › Cost-efficient in-house engineering resources in CEE (average salary: 51k p.a.) as an attractive Western employer

Strong financial position



- › Cash conversion rate target of 75%
- › Solid tax shield in Austria
- › Low debt profile in high-interest environment
- › <0.75x Net debt/EBITDA expected, will improve in view of planned inventory reduction

Attractive shareholder return



- › Strong cash-generating business
- › 50% of net income distributed to shareholders
- › Dividend in 2024 of EUR 0.50 per share
- › Upside potential: PE ratio of 13.7 (2024E)*

kontron

The Power of IoT

Q&A

Disclaimer

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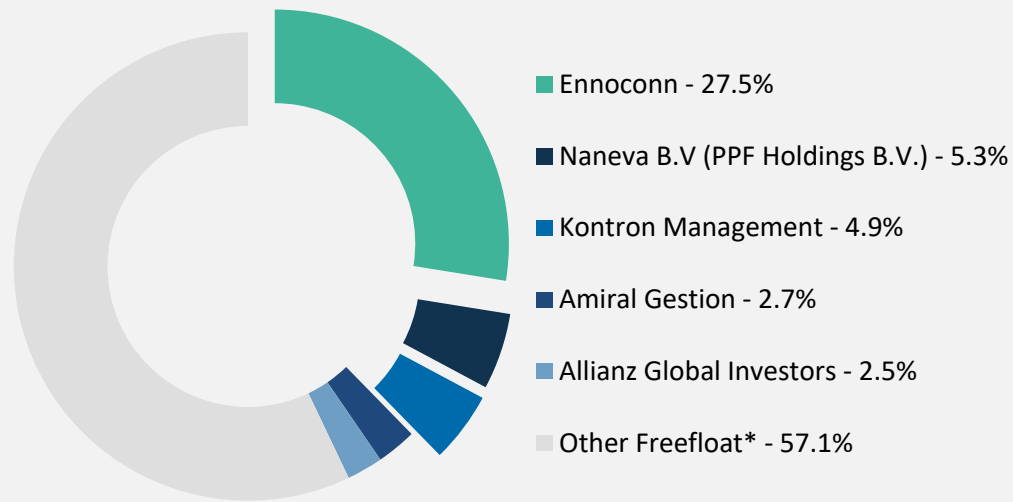
kontron
The Power of IoT

APPENDIX

The Kontron Share

SDAX® & TecDAX® member

Shareholder Structure



Target: Increase strategic shareholder base

Coverage**

| | |
|-----------------------------|----------------|
| Erste Group | Buy: EUR 26.50 |
| Hauck & Aufhäuser | Buy: EUR 36.50 |
| Jefferies | Buy: EUR 29.00 |
| Kepler Cheuvreux | Buy: EUR 25.00 |
| mwb research (prev. Alster) | Buy: EUR 34.00 |
| Pareto Securities | Buy: EUR 29.00 |
| Stifel | Buy: EUR 27.00 |
| Warburg Research | Buy: EUR 26.00 |

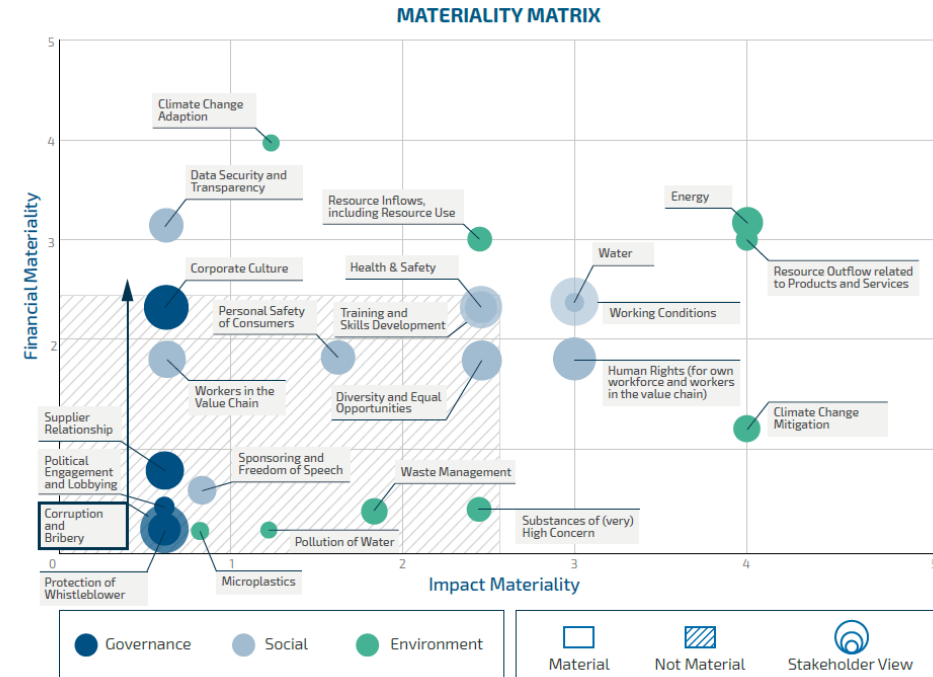
Average Target Share Price **EUR 29.30**

1 additional analyst will take on coverage of Kontron

Update on ESG: Achievements

Recognition of Kontron's ESG efforts

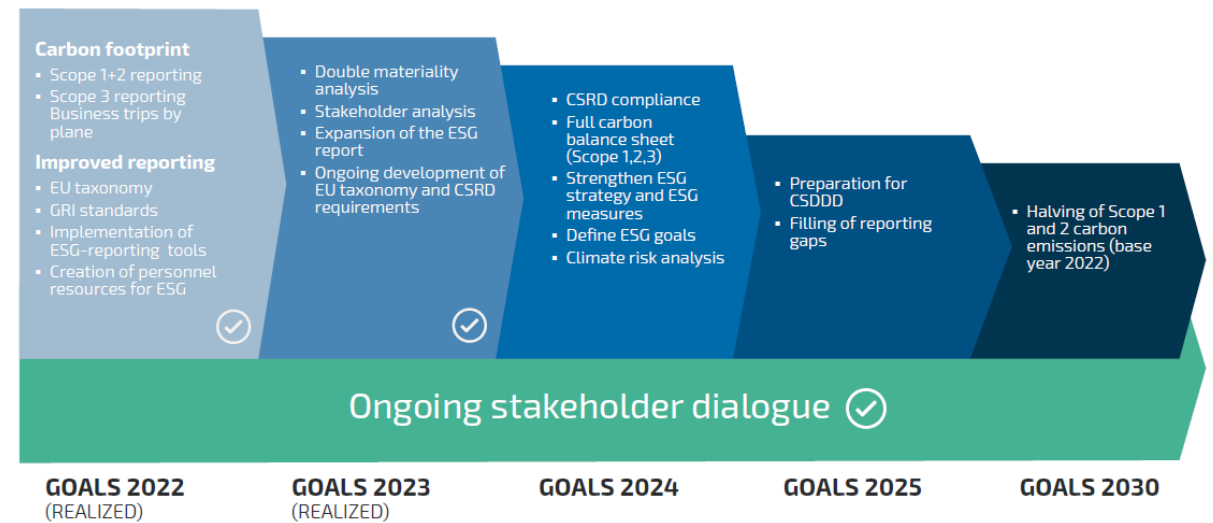
- › MSCI: BBB (stable since 2021)
- › EcoVadis: 50 - rated above industry average
- › Sustainalytics: 20.2 (low risk starts at 20)
- › Moody's: 38 – improvement by 4 points since 2022
- › ISS ESG: stable



- › Double Materiality Analysis (CSRD requirement) was completed – 10 material topics identified
- › Education
 - Kontron Sustainable Leadership Academy 2024 (focus on female employees)
 - Data Security Training Focus
- › Employee Survey – conducted among approx. 4,700 employees

Update on ESG: Outlook & Targets

- › Corporate Carbon Footprint (Full disclosure on Scope I, II, III)
- › Climate Risk Analysis
- › EU Taxonomy alignment
- › CSRD compliance – Sustainability Statement 2024 (ESRS) based on Double Materiality Analysis
- › Connecting sustainable Energy and ESG for higher performance
- › GreenTec – Upgrading GreenTec with IoT
- › CSDDD preparation



Competitive landscape

FY 2023 results

Leap forward in 2024

| Selected competitors in Industrial IoT | Revenue (in USD m) | Region |
|--|--------------------|---------------|
| Curtiss Wright* | 2,845 | North America |
| Kontron | 2,100 | Europe |
| Advantech | 2,000 | Europe |
| Beckhoff** | 1,600 | Europe |
| ABB B&R | 1,100 | Europe |
| Mercury* | 1,000 | North America |
| Adlink | 370 | Asia |
| Seco | 230 | Europe |
| Eurotech | 100 | Europe |
| % as of total market (USD 254bn) | 4% | |

* Also not Industrial IoT revenues

** FY22 revenues

Our distinctive competitive advantages

- › Unmatched R&D scale: EUR 190m annual investments
- › Cost efficient solutions: EUR 51k p.a. average salary
- › Differentiated technology platform for high-value low-volume use cases
- › Tech Alliance with Foxconn, Ennoconn, Sharp, ARM