

kontron

The Power of IoT



Investor Presentation

November 2024



Who we are

Leader of Smart Industrial IoT Solutions

7,200	1.8bn	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

Connecting grids of up to 1m edge devices and servers for various industries with integrated (SW+HW) solutions

Driven by broad and diversified customer base, blue-chip customers

>4,500 customers in total

Leading provider of disruptive IoT technologies

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

Q3 Results & Company Highlights

Results Highlights

- › **Strong improvement in EBITDA**
from EUR 34.9m to EUR 59.4m
- › **Solid revenue growth by 44.9% and 6.2% organically**
- › **Solid increase of profitability to EUR 24.4m despite one-off effects**
- › **Very strong order intake in Q3**
Book-to-bill ratio of 1.21 in Q3 |
Backlog of ~EUR 2.1bn



Q3-24

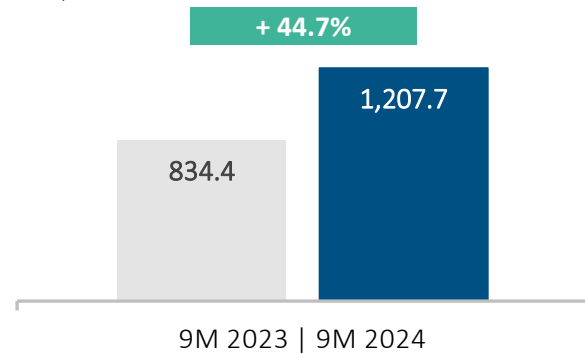
Company Highlights

- › **Strong improvement in GM to 44.7% / leap in technologies**
New products in 24 on market:
K-OS, K-Grid, NIS2 compatible
- › **Integration of Katek**
Efficiency enhancement & cost reduction almost completed
- › **Share Buyback Program | 2024 completed**

KPIs 9M 2024

Revenues

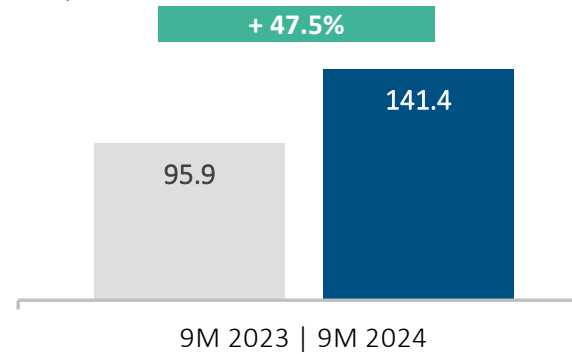
(in EUR m)



Adjustment of H1 23 revenues due to changed assessment of principal/agent status

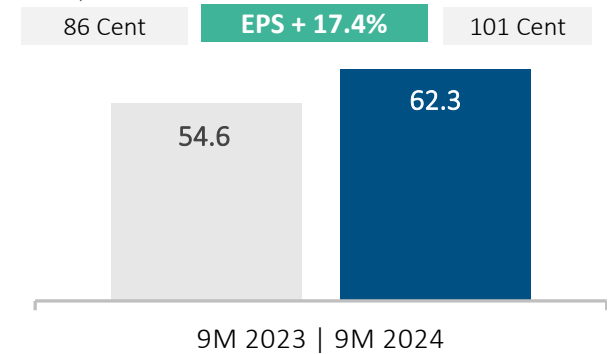
EBITDA

(in EUR m)



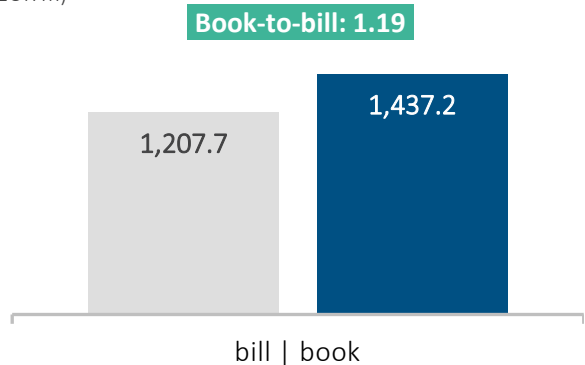
Net Result after NCI

(in EUR m)



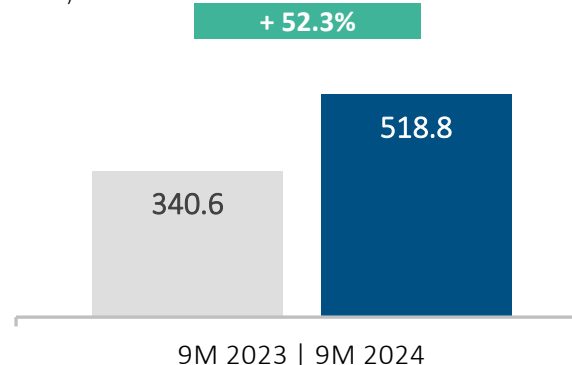
Order Entry vs. Revenues

(in EUR m)



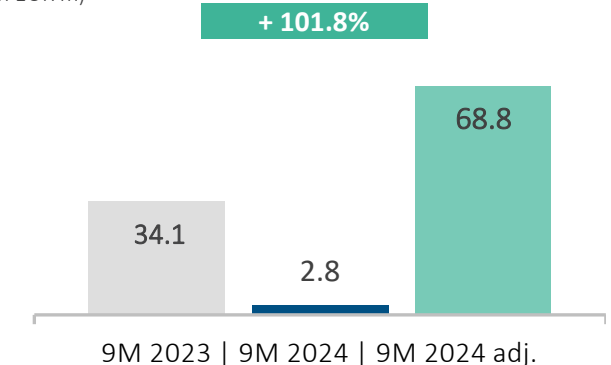
Gross Profit

(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 EUR m	30.09.2024	31.12.2023
NON-CURRENT ASSETS	708,3	492,5
Tangible assets	217,6	110,4
Intangible assets	148,4	102,4
Goodwill	262,7	216,6
Other assets	79,6	63,0
CURRENT ASSETS	1.031,7	878,2
Inventories	435,1	229,1
Trade receivables	255,7	213,6
Contract assets from customers	60,4	38,1
Cash and cash equivalents	212,1	332,2
Other receivables and prepayments	68,4	65,2
Total assets	1.740,0	1.370,7

in EUR m	30.09.2024	31.12.2023
EQUITY	616,2	604,0
Accumulated results	494,3	462,8
as of treasury shares	-50,1	-43,0
NON-CURRENT LIABILITIES	466,9	136,1
Long-term loans and borrowings	323,4	60,1
Other liabilities and provisions	143,4	76,0
CURRENT LIABILITIES	656,9	630,6
Trade payables	272,7	273,1
Contract liabilities from customers	93,2	69,6
Short-term loans and borrowings	106,4	150,9
Other liabilities and provisions	184,6	137,0
Total liabilities & equity	1.740,0	1.370,7

Equity ratio	35,4%	44,1%
Total net cash/(net debt)*	-217,8	121,2
Working capital**	418,1	169,6

 Healthy balance sheet – no further cash outflows and significant cash improvement expected in Q4

* 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)

Massive design win volume increases to EUR 6.22bn

Backlog rose to EUR 2.06bn driven by great order intake

Kontron announces new order for satellite communication

24.07.2024

Q3

E-mobility picks up speed: Another major order for intelligent wallboxes goes into production

03.07.2024

Q3

Kontron AG: Major order for smart wallboxes

21.05.2024

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

05.12.2023

Kontron AG: Strong growth in the avionics market - Kontron announces two design wins amounting to a total volume of EUR 100m

10.10.2023

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

13.03.2024

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

07.02.2024

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

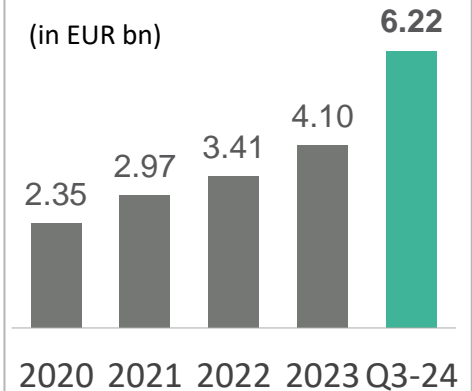
23.10.2023

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

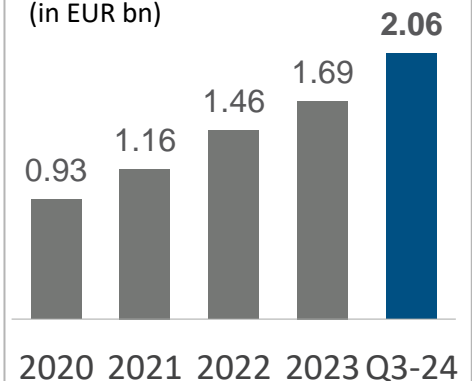
Design Wins

(in EUR bn)

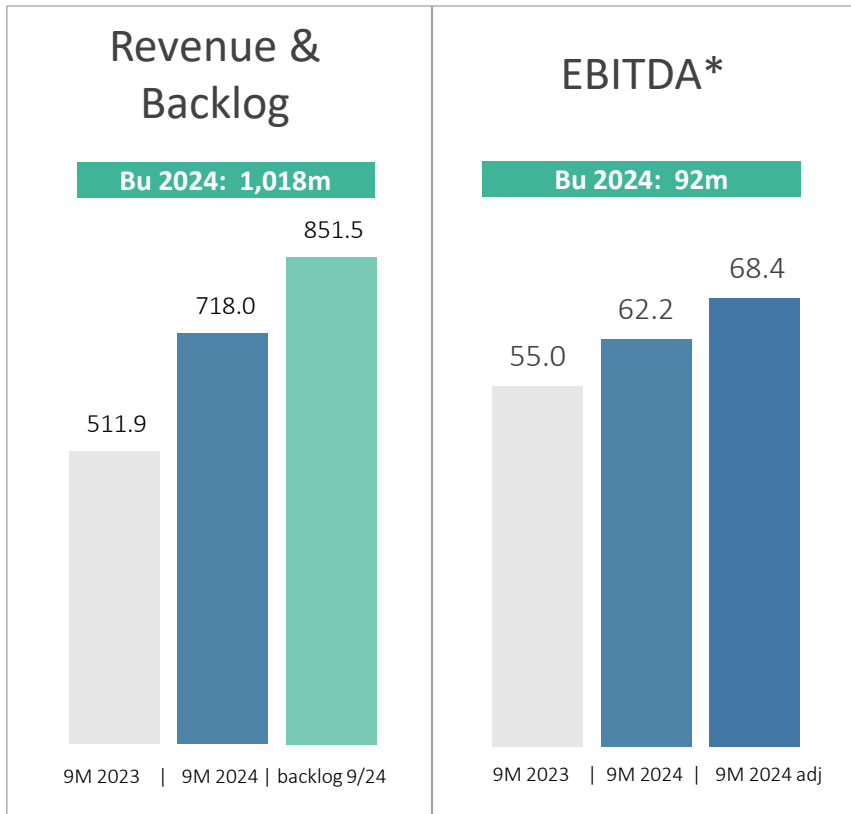


Backlog

(in EUR bn)



Europe: Strong growth in industrial IoT technology



Segment trend

- › Common IoT products
- › Represents 44% of group EBITDA (9M 2024)
- › Growth driven by smart factories and reshoring to Europe
- › Long term healthy customer relations over decades

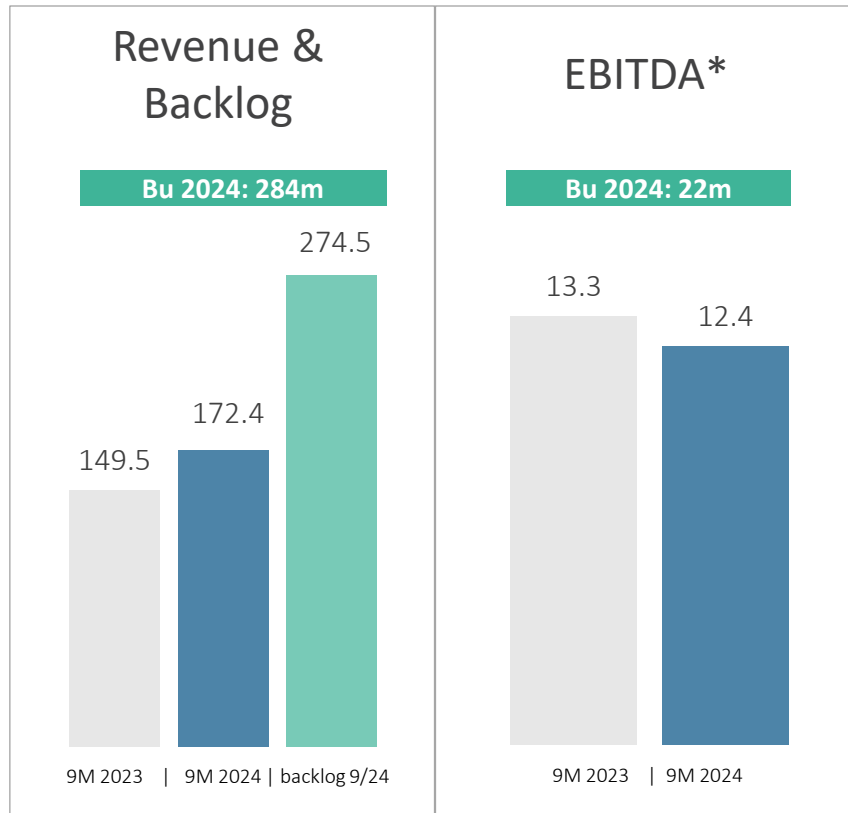
Q3 topics

- › Burdened by EUR 2.4m restructuring Katek
- › Qualcomm cooperation on 5G and ARM edge devices (huge potential)
- › IT service transformation HU + RO completed
- › New ODM capabilities offer huge outsourcing projects
- › Katek MST merged into KEU to raise synergies

 Cash cow for Kontron Group

Global: Back to normal profitability

Sales channel to sell European technology



Segment trend

- › Equal 14% of Kontron's revenues (9% of EBITDA), incl. defense 20%
- › Expand to 25% (33%) in the next 4 years
- › Sales/Support channel for the complete Kontron technology portfolio
- › Competence center for aerospace and defense in USA

Q3 in North America

- › Benefit from strength in defense + aerospace
- › 10 times 20m customer program proceeding
- › New: official system integration partner of Microsoft

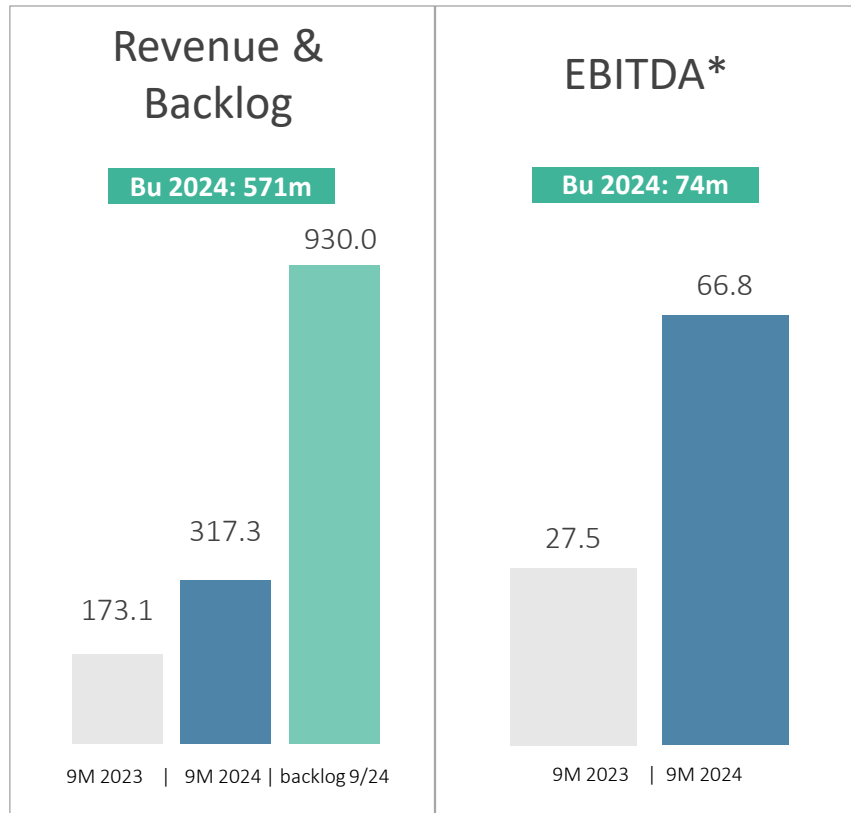
Q3 in Asia

- › China EBITDA burdened by "buy Chinese" strategy
- › High potential in avionics and high-speed trains (Air China, CR)
- › Expansion to Southeast Asia via Foxconn (Nera group in Singapore)

➤ **America performs great in defense (segment Software + Solutions)**

Software + Solutions: Fast growing

Biggest EBITDA contributor 2024, just started in 2020



Segment trend

- › Offer unique IoT technology for special vertical markets (low competition)
- › 47% of group EBITDA and > 50% of recurring revenues and SLAs (up to 15 years)
- › Significant Software share -> GM 60%, Technology leader

K-OS and IOT Software (susietec®)

- › KontronOS and KontronGrid to become the de facto standard 30m licenses in 2028
- › Spread in avionics, WBX, ARM based volume IoT equipment

Transportation (high-speed trains)

- › > 20% of EBITDA, book-bill > 200%, only supplier for FRMCS, market leader in Europe

Defense and aerospace

- › 25% of EBITDA, huge design wins in the pipeline

New segment GreenTec

- › Q3: strong growth and EUR 4m profits in chargers SOP for major carmakers
- › Shrinking solar biz due to market environment, costs adjusted accordingly

➤ **Most profitable and strongest growth segment, generated 47% of Group EBITDA in 9M 2024**

Update on Katek integration

Business Integration

Achievements KPIs

- ✓ EUR 200m of low margin EMS biz terminated
- ✓ Gross margin up to 40.1% in 2024 vs 32.5% in 2023
- ✓ 11.8% of EBITDA in Q3

Achievements products

- ✓ Won major WBX charger contracts in 2024 > EUR 300m
- ✓ Unique IoT charger: reduce electricity cost 50%, double battery life
- ✓ Transfer VPX defense technology to NexTek/USA (ITAR registered)

Achievements Electronic manufacturing

- ✓ Locations MST, Leipzig and DÜS focused on “internal products”
- ✓ Improvement of margin, EUR 200m of low margin biz stopped
- ✓ First engineering contracts started with EMS customers

Next steps 2025

- ✓ Implement HEMS software, K-OS and K-Grid to solar products
- ✓ Bidirectional charging, smart connected battery, virtual storage

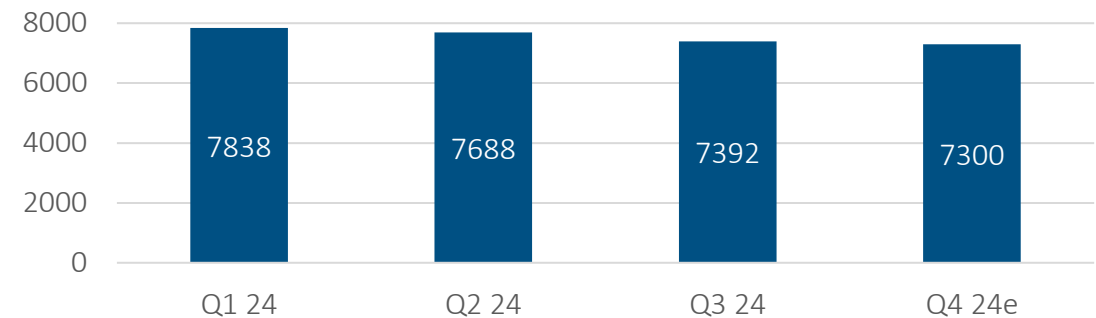
Integration completed in 2024

Efficiency Improvements

Achievements

- ✓ 446 FTEs reduced ytd 2024
- ✓ EUR 6.2m termination and M&A costs absorbed Q1-Q3
- ✓ Financing structure replaced (EUR 2m savings)
- ✓ Admin changes: delisting, insurances combined, mgmt. combined

FTE development Kontron



Remaining measures

- › Further 90 FTE reductions in Q4 (~EUR 1.4m restructuring costs)
- › 10k sqm office space reductions

Measures will result in EUR 20m savings in 2025

Unique segment IoT solutions for special applications

The Power of IoT

	High-speed trains	Defense & aerospace	Charger for eCars	Solar + energy mgmt
Market	EU: increase 11k -> 30k km of high speed lines by 2030 Driven by climate targets	Global increase in defense budgets	EU permits only eCars 2035, Recently less subsidies in Germany	After hype in 2023 market is in a crisis 2024 -> will recover H2/2025
Position of Kontron	> 50% market share in EU, support by UIC regulation	Leading ITAR Technology supplier for defense companies,	Preferred technology for car makers to bundle with eCars	White label solar inverter supplier, Top 5 in Germany
Competitors	Nokia, Huawei	Mercury, Curtiss-Wright	Not yet	Chinese players, Fronius, Kostal
Technology USP	Only supplier compliant to new 2026 standard FRMCS	VPX parallell multiprocessor, encrypted Switch fabric 6.25 Gb/s data connectivity NIST - IEC 62443 registered	Unique smart IoT connected wallboxes matched to the car -> Decrease cost, longer battery life	Smart IoT connected solar inverters in preparation
KPIs (2024e)	EUR 150m biz @ > 20% EBITDA	EUR 140m biz @ > 25% EBITDA	EUR 100m biz @ ~15% EBITDA, >60% growth p.a., EUR 350m orders in 2024	EUR 80m biz @ 5% of loss
Next steps	Only supplier for FRMCS edge devices	Xfer to USA	2026 EU market leader in residential market, bidirectional	Release HEMS, make Foxconn batteries smart

Our special IoT solutions face low competition based on unique technology. In 2024, the segment „Software + Solutions“ accounts for ~50% of total EBITDA

Mega technology drivers

Kontron has >3,000 experienced engineers = #1 brainpower in IoT

Mega technologies for IoT end devices

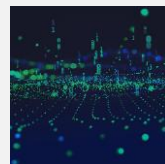
K-OS Software for IoT devices



- › Current IoT networks do not comply to NIS2 requirements
- › Kontron OS offers security, remote control, remote maintenance to protect edge devices and the grid
- › Install 30 million licenses, main OS for machines
- › Expand by K-Grid and K-security

Artificial Intelligence

- › 75% of needed AI data are generated by IoT devices
- › AI will not work without connected IoT devices
- › AI needs higher IOT bandwidth eg FRMCS



Partnerships for IoT grids + end devices

Qualcomm



- › Joint development for 5G/6G/FRMCS radio modems
- › Design of IoT edge devices based on connected ARM chips
- › Use of AI functionality in embedded devices
- › IoT Software support toolset

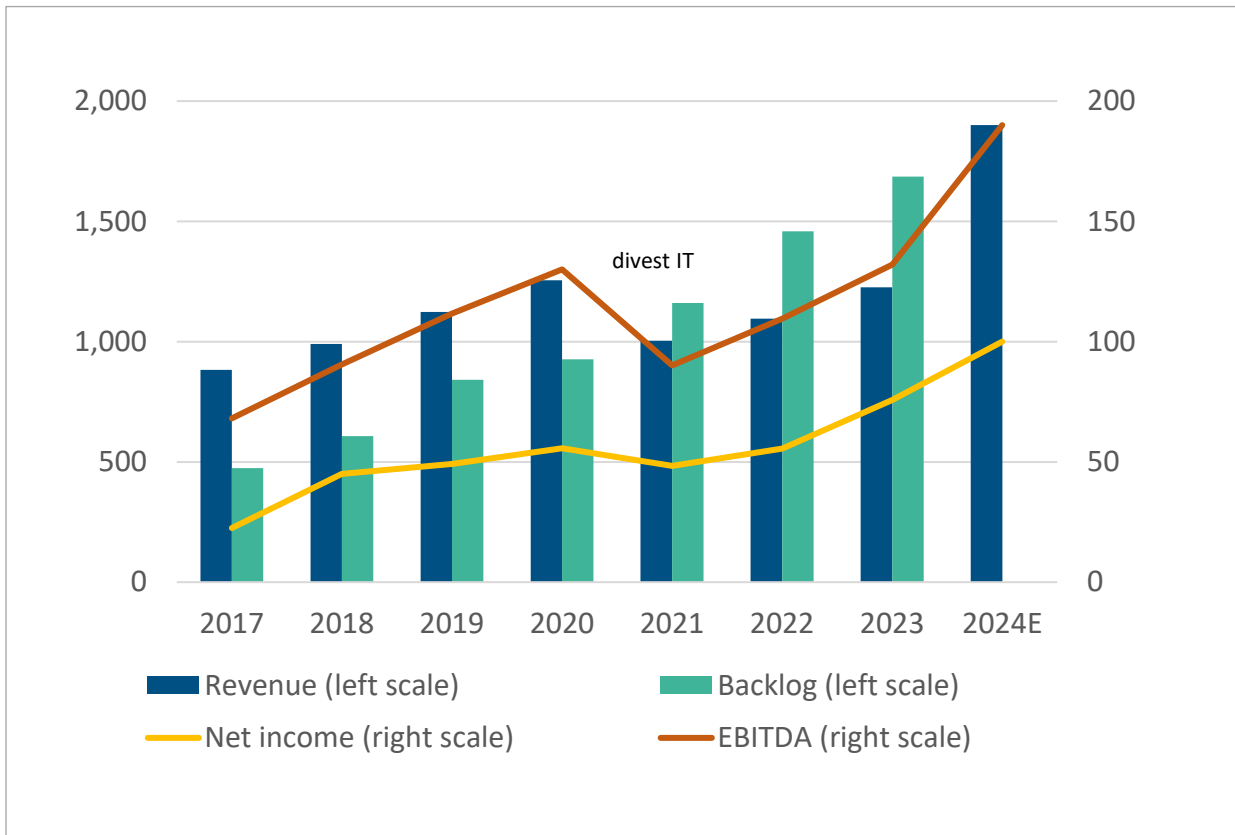
Foxconn



- › Design Smart connected batteries
- › Cooperation in smart connected chargers
- › Implement K-OS in Foxconn products and factories
- › Marketing cooperation for CN, SEA and EU

History and 2024 forecast

Continuous strong growth – another leap in 2024 expected



(in EUR million)	Guidance 2024	Y-o-y growth
Revenue	1,800	~50%
EBITDA	190	50%
Net Income*	100	33%

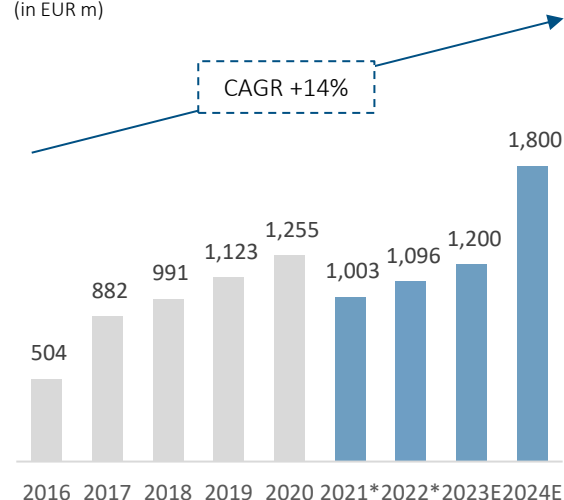
Kontron Key Figures

Strong growth in profitability , while P/E ratio historically down

in EUR mn	2016	2017	2018	2019	2020	2021*	2022*	2023	2024E
Revenues	503.7	882	990.9	1,122.9	1,254.8	1,002.9	1,096.1	1,200	~ 1,800
Net Income after NCI	20.4	29.4	48.5	49.1	55.6	29.7	55.5	>72	100 adj.
Share price (weighted average in EUR)	8.3	14.3	21.0	20.0	20.2	19.6	15.3	19.5	n.a.
P/E ratio	26.4	41.8	22.6	28.4	22.4	19.6	4.2	19.1	13.6**

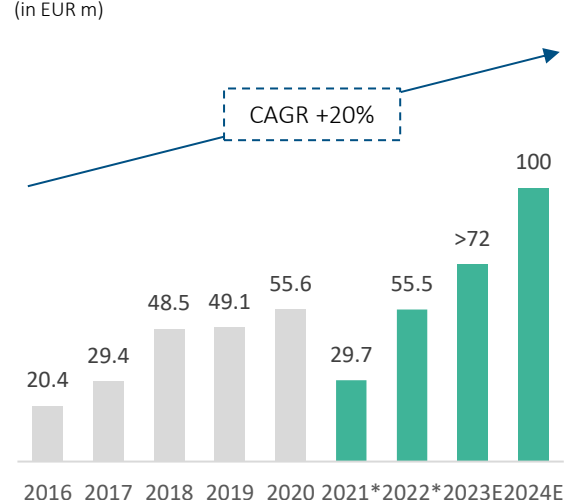
Revenues

(in EUR m)

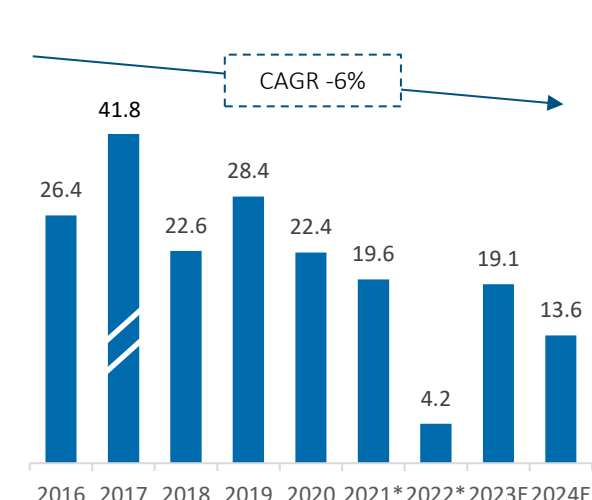


Net income after NCI

(in EUR m)



P/E ratio

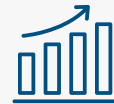


* Continuing operations - adjusted for sale of IT service business

** Based on closing price 31.12.2023: EUR 21.5

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

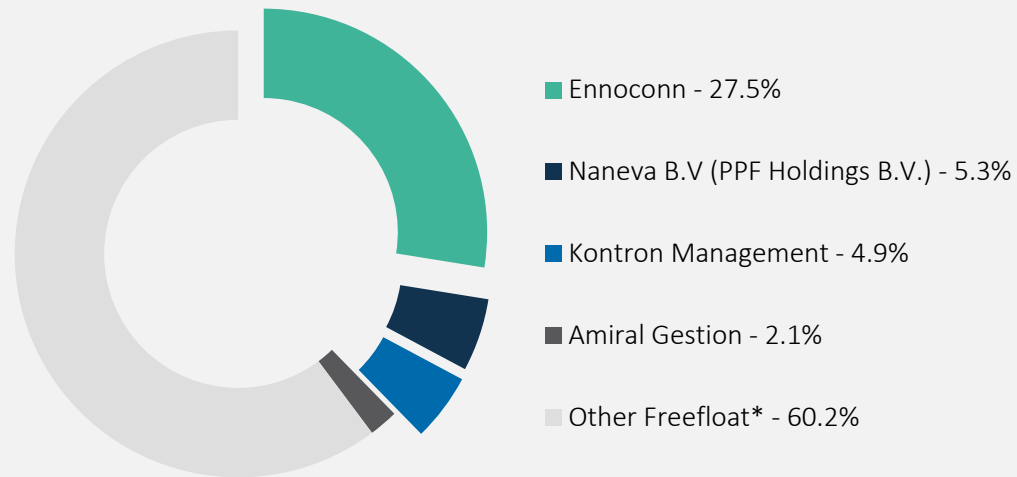
The Power of IoT

Q&A

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 35.00
Pareto Securities	Buy: EUR 31.00
Warburg	Buy: EUR 28.00

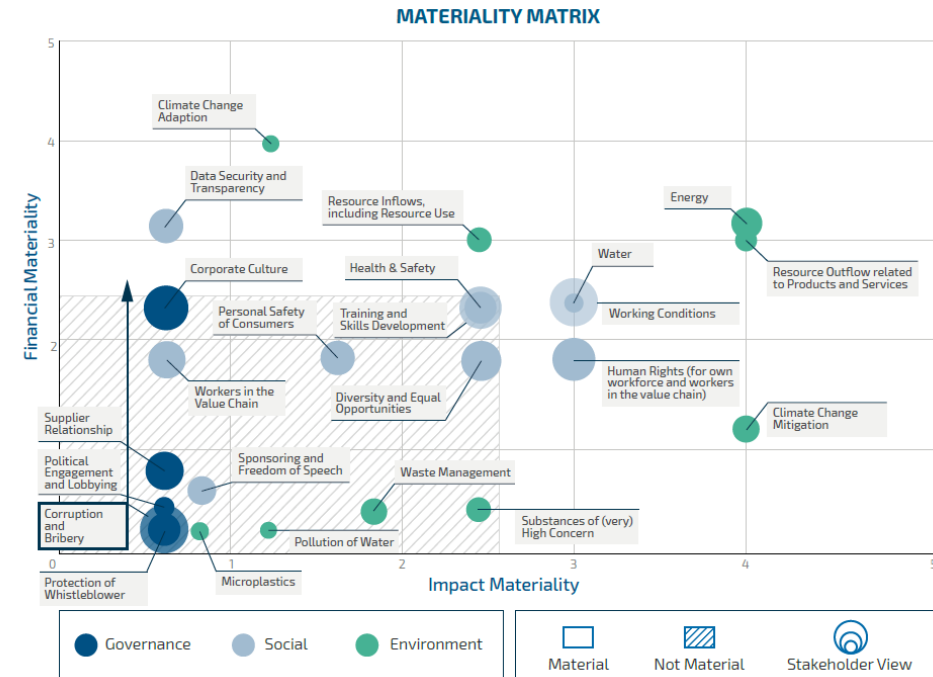
Average Target Share Price **EUR 30.10**

1 additional analyst will take on coverage of Kontron

Update on ESG: Achievements

Recognition of Kontron's ESG efforts

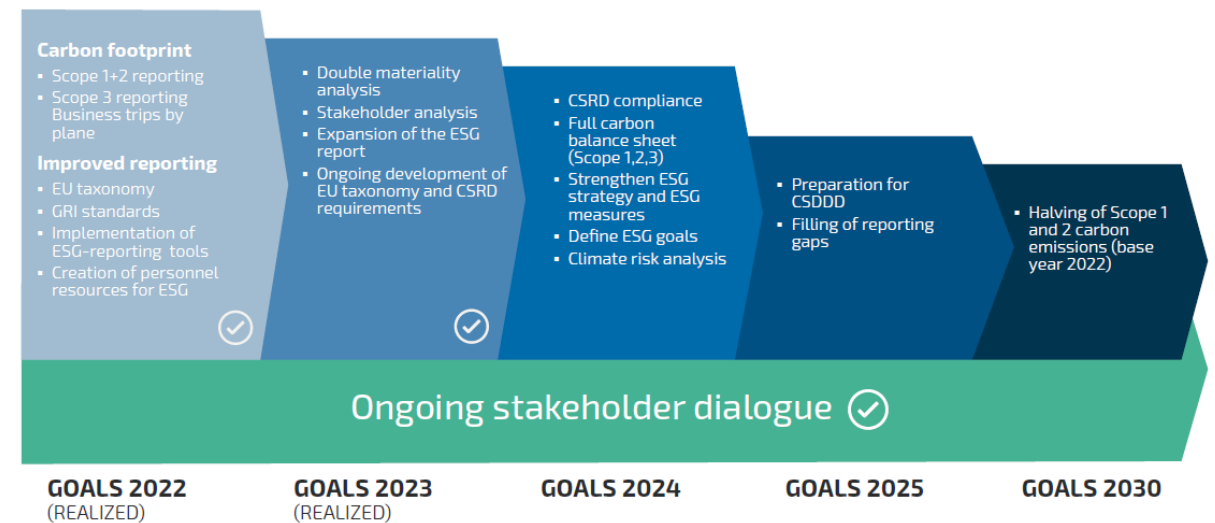
- › MSCI: A (previously BBB)
- › EcoVadis: 50 - rated above industry average
- › Sustainalytics: 17.9 (low risk)
- › Moody's: 38 – improvement by 4 points since 2022
- › ISS ESG: C previously C-



- › 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
- › Kontron’s Green Products – communicating our products better (product carbon footprint)
- › Kontron’s Green Products – Connecting sustainable Energy and ESG for higher performance
- › GreenTec – Upgrading GreenTec with IoT
- › CSDDD preparation
- › Compliance targets – update of policies (Supplier Code of Conduct, Code of Conduct, etc), increase in number of participants and participation rate of compliance trainings, integration of acquired companies



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	Asia
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

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