kontron

The Power of IoT

Annual Report 2024

Kontron AG | WKN A0X9EJ | www.kontron.com

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KONTRON GROUP OVERVIEW

Key Figures 2024 | 2023

	2024	2023
Revenues	1,684.8	1,225.9
Revenues (adjusted)[1)]	1,716.0	1,256.7
EBITDA	191.8	126.0
Result after non-controlling interests[2)]	90.7	77.7
Result after non-controlling interests (adjusted)[3)]	96.6	77.7
Earnings per share undilluted (in EUR cent)	1 EUR 47 Cent	1 EUR 23 Cent
Operating cash flow	99.0	116.9
Operating cash flow (adjusted)[4)]	149.4	123.1

1) Revenue recognition at gross amounts (principal recognition)
2) Result from continuing and discontinued operations
3) Adjusted for PPA amortization Katek acquisition
4) Adjustments for reduced factoring volume and accrual effects versus FY 2023

IN EUR MIO.	31.12.2024	31.12.2023
Cash and cash equivalents	315.6	332.2
Net Cash (+) / Net debt (-)[5)]	-163.1	121.2
Equity	652.3	604.0
Equity ratio	35.8%	44.1%
Backlog	2,077.9	1,686.2
Project-pipeline	6,643.1	4,099.9
Employees[6)]	7,263	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

ESG INDICATORS	31.12.2024	31.12.2023
Share of female employees in %[7)]	38.0%	29.0%
Share of male employees in %[7)]	62.0%	71.0%
Total energy consumption in MWh[8)]	61,357	37,931
Share of renewable energy sources in %[9)]	40.12%	13.60%

7) In 2024, the count was based on the headcount including inactive employees, in 2023 on active FTEs
8) Includes electricity, heating, cooling and fuel consumption
9) An expanded data collection provides more information on renewable energy sources in 2024

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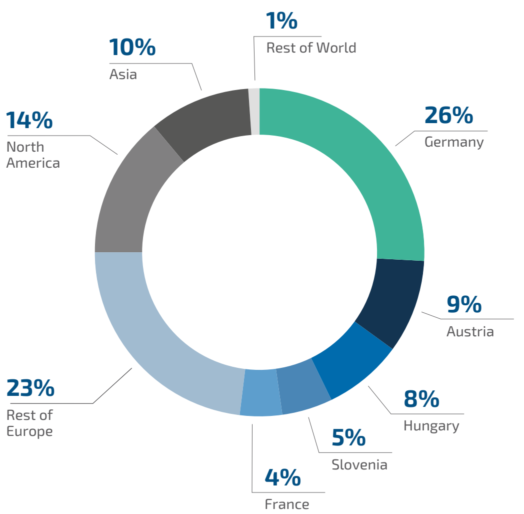
The Power of IoT

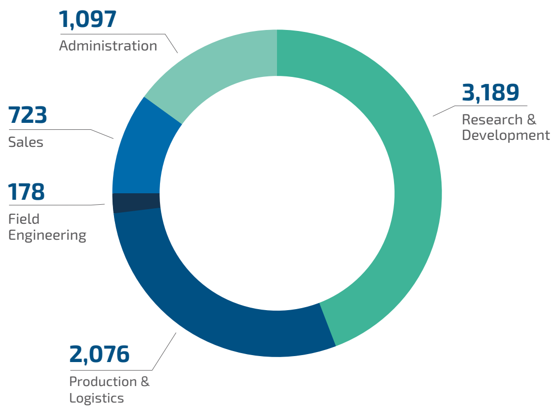
KONTRON GROUP OVERVIEW

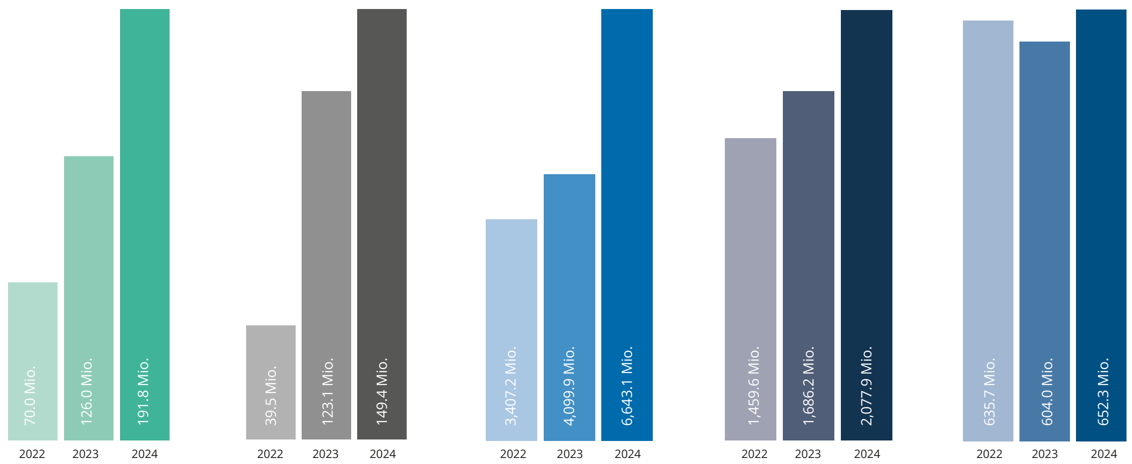
Key Figures 2024

Country distribution by revenues (in %)



Employees





EBITDA	OPERATING CASHFLOW*	PROJECT PIPELINE	BACKLOG	EQUITY
191.8	149.4	6,643	2,078	652.3

*adjusted

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FOREWORD

We Are Committed to Technology

As early as the 2022 financial year, we made the strategic decision to divest from what had previously been key parts of our IT services business and to focus almost entirely on the networking of intelligent machines and devices. This marked Kontron's technological pivot towards the Internet of Things (IoT). We have now completed our second full financial year under this strategic focus – and while our key figures already show a significant leap forward, we see considerable further potential for the future.

Over the past two financial years, our revenue has increased by 58% overall. In the 2024 financial year alone, we achieved a revenue increase of 37%, from EUR 1,226 million in 2023 to EUR 1,685 million in 2024. Our operating profit (EBITDA) rose even more sharply during this period, by 53%, from EUR 127 million (2023) to EUR 195 million (2024). This is also the result of our consistent and determined work to increase value creation (gross margin) at Kontron. Driven by our focus on new IoT technologies, gross profit rose by 49%, from EUR 466 million (2023) to EUR 694 million (2024). Today, we are a global market leader in specialised IoT technologies and stand out clearly from the competition. With 3,194 engineers and substantial investments in research and development totalling EUR 237 million (14.1% of revenue), Kontron is one of the most innovative publicly listed companies in Europe.

Digitalisation is advancing rapidly, with around 40 billion connected devices growing by 30% annually. Kontron focuses on networking critical applications – such as trains, aircraft, military equipment, and robots – rather than consumer products. In the automotive sector, we are also a leader in "Network Access Devices" (NADs). Our future-oriented products are bundled in our fastest-growing segment, "Software and Solutions", which offers strong profit margins.

One in every two high-speed trains in Europe uses Kontron's GSM-R technology, where we are the market leader. Connected trains increase capacity and reduce accidents. From 2026, FRMCS will replace GSM-R, and Kontron is already offering FRMCS NADs in collaboration with Qualcomm. This more powerful FRMCS standard will revolutionise rail travel. Kontron will benefit from this growing market and from Germany's EUR 500 billion special infrastructure fund, as we possess core expertise in the secure control and maintenance of critical infrastructure.

With VPX Vita46, Kontron has developed technologies for the networking and control of military equipment. VPX securely encrypts and transmits critical data at up to 40 Gbps within military networks. Many Western defence manufacturers are already using this IoT technology. Kontron is well positioned to benefit from rising defence budgets in the years ahead.

From 2026, the rollout of 5G NADs for vehicle connectivity will begin. These devices enable autonomous driving and the processing of telematics and regulatory data. They offer IoT connectivity, intelligence, and a high level of data security. As the only "non-Chinese" provider, Kontron is in high demand among Western manufacturers through its partnership with Qualcomm. By 2028, revenue potential for Kontron is expected to exceed EUR 1 billion.

Data security is a fundamental element of all IoT products, and Kontron is also a leader in this area: all our products meet the NIS2 standard, and from 2025, will also comply with the new Cyber Resilience Act (CRA). We have developed a dedicated operating system for smart IoT devices, focused on cybersecurity as well as control and remote maintenance: KontronOS. In addition, our KontronGrid software enables the networking of up to 1 million devices per grid. By 2028, we already expect 30 million devices to be connected via KontronOS.

Artificial intelligence will shape the future of IoT applications. At the Embedded World trade fair in 2025, we introduced our first AI product, AIShield. AIShield analyses networks, learns their normal state, and detects intrusions before damage occurs. AI will take machine network optimisation to a new level and will require increasing volumes of data – accelerating the expansion of professional IoT networks.

Kontron is also helping increase efficiency in the energy transition through enhanced connectivity. Our charging systems for electric vehicles allow manufacturers to remotely control charging processes via IoT – optimising both electricity costs and battery life.

Kontron has developed solutions to meet the challenges of the next ten years. Special funds for infrastructure and defence, the energy transition, and rising cyberattacks are all contributing to our strong order book. This trend, which began in 2024, is already reflected in our sharply rising order backlog – from EUR 1,686 million to EUR 2,077 million – equivalent to the entire planned revenue for 2025. These orders correspond to a book-to-bill ratio of 1.23. The volume of our design win pipeline also rose in 2024, from EUR 4,089 million to EUR 6,643 million.

For 2025, we expect revenue of at least EUR 1900 million and EBITDA of at least EUR 220 million. Based on our strong visibility and robust design win pipeline, we anticipate continued strong growth and disproportionately rising profits in the years to come.

Hannes Niederhauser, CEO

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MANAGEMENT TEAM OVERVIEW

EXECUTIVE BOARD

Hannes Niederhauser

CEO

Hannes Niederhauser is CEO of Kontron AG and has been CEO of KATEK SE, which was acquired by Kontron AG, since March 4, 2024. Following his studies in electrical engineering at the Graz University of Technology, the Austrian-born manager worked as a developer of microchips and in the embedded computer segment. Before joining Kontron (then: S&T), Hannes was the main shareholder and CEO of the then Kontron AG from 1999 to 2007, which developed into the world's largest provider in the field of embedded computing. Hannes is tirelessly driving Kontron's growth and positioning as a leading provider of IoT solutions.

Clemens Billek

CFO

Clemens Billek has been a member of the Management Board of Kontron AG since 2022. As CFO of the Kontron Group, he has many years of professional experience in the field of capital markets as well as legal, compliance, and risk management at listed companies and in the digitalisation sector as the founder of a telemedicine platform. After starting his career at the Austrian Takeover Commission as a stock exchange supervisory authority and as an investment banker at an international investment bank, Clemens most recently worked as head of the office for the Takeover Commission.

Michael Riegert

COO EVP Industrial

Michael Riegert was appointed to the Executive Board of Kontron AG in December 2021. Michael has worked in the embedded industry – as an engineer and manager – for more than 25 years. With one exception, he has spent his career at Kontron, where he has held a variety of management positions. Following his appointment to Penta/ADLINK management at the end of 2015, in 2017 he became Executive Vice President for the APAC and Americas regions within the Kontron Group (then: S&T) and in 2019 Managing Director of Kontron Transportation.

Philipp Schulz

Member of the Board, EVP Aerospace & Defense und Nord Amerika

Philipp Schulz has been with Kontron since October 2022 and has been a member of the Executive Board since July 2024. As a member of the board, he is responsible for the Aerospace/Defense division and the North America region. Following his studies in commercial science in Vienna, Philipp worked as a consultant and built his career at voestalpine AG, where he held various leadership positions for over 15 years. During his career, Philipp gained extensive international experience, particularly in managing large-scale operations and implementing growth strategies in highly competitive industries.

Johannes Fues

Member of the Board, EVP GreenTec

Johannes Fues was appointed to the Executive Board of Kontron AG in July 2024. Before joining Kontron, he worked for renowned consulting firms on reorganization and transformation projects. As part of the management team at PRIMEPULSE, he was responsible for Asset Management & Operations. As former CFO of KATEK SE, he oversaw all financial matters and the areas of Environment, Social, and Governance (ESG).

SUPERVISORY BOARD

Claudia Badstöber

Chairwoman of the SVB

Claudia Badstöber holds a degree in Business Administration and worked as admitted tax consultant and auditor for a renowned audit firm for many years. She later joined Group conwert, one of the leading real estate companies in Austria, and acted as CFO with a focus on group accounting, taxes, controlling, risk management and capital markets. From 2011 until 2019, Claudia Badstöber led the finance division at Liechtensteinische Landesbank (Österreich) AG (former Semper Constantia Privatbank Aktiengesellschaft) and served as member of the supervisory board of two companies during this period. In 2019, the financial expert joined the Austro Holding and grosso holding Groups, where she holds positions as managing director in several companies of the each Group.

Bernhard Chwatal

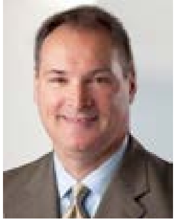
1st Vice Chairman of SVB

Bernhard Chwatal is a proven expert in handling (major) insolvencies and restructurings with a focus on Retail, Industry and Real Estate and has core competences in Finance, Corporate & Insolvency Law, Due Diligence, etc. combined with a high affinity for technology. In the course of his activities, Bernhard Chwatal has already founded and managed several companies in the fields of consulting, fiber optic network construction and biotechnology and is currently Managing Director and co-Owner of CableRunner International GmbH (installation of glass fiber optic networks worldwide). He also holds shares in a biotech company and is member of several Advisory Councils and Supervisory Boards. In the past, Bernhard Chwatal was significantly contributing in the turnaround of Libro AG, Ankerbrot AG and the Waagner-Biro Group.

Steve Chu

2nd Vice Chairman of SVB

Steve Chu holds a degree in electrical engineering. He worked for Foxconn from 2002 to 2011. Subsequent to that, he was appointed CEO of Ennoconn Corporation, which, under his leadership, was listed on the Taiwan Stock Exchange. In addition to his work for Ennoconn, Steve Chu is CEO of Goldtek Technology, and Member of the Board at Ennoconn International Investment Co., Ltd. Chu also serves on the boards of EnnoMech Precision Co., Ltd. and of CASwell, Inc.



Joe Fijak

Supervisory Board Member

Joe Fijak currently holds the position of Global Executive Vice President at Ennoconn Corporation. Joe has built excellent relationships within the high-tech industry with numerous Tier 1 global customers, suppliers and investment partners executive management teams. He brings more than 40 years in the electronics distribution, OEM and contract manufacturing industry to the table. Before joining Foxconn, Joe worked as Executive Vice President of American Industrial Systems, Inc. as well as for Fortune 500 high-tech global distributor Avnet Electronics and Sanmia Corporation. Originally from Chicago, Joe Fijak is an accomplished business leader, frequent keynote speaker at top industry conferences and has served on numerous technology company and industry boards.

Yolanda Wu

Supervisory Board Member

Yolanda Wu has over 30 years of experience in finance. Her expertise is in capital markets and derivatives markets with a focus on corporate governance, risk management, internal control, auditing and accounting standards. Yolanda Wu served as Chief Financial Officer of Ennoconn Corporation until end of August 2022 and she is the President of the Diamond Biofund Corporation. Previously, she served as a director of the Financial Supervision Commission (FSC) in Taiwan and London representative office and as an auditor.

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ABOUT KONTRON

Kontron – A multinational IoT solution provider

Kontron AG is a leading IoT technology company based in Linz, Austria. For more than 20 years, Kontron has been helping companies from a wide variety of industries to achieve their business goals using intelligent digital solutions. From automated industrial processes, to smarter, safer, and more advanced communication, connectivity, medical and energy solutions, the company offers its customers value-adding technologies. Following the acquisition of Katek SE at the beginning of 2024, Kontron has continued to expand its portfolio with the new GreenTec division, covering solar energy and eMobility. As well as strengthening Kontron's position as a leading provider in the IoT market, this acquisition has also brought the company new expertise in the areas of renewable energy and sustainability with the GreenTec division. What is more, the takeover expands Kontron's expertise in the aerospace sector and opens up significant growth opportunities in strategically important future markets.

Significant progress has also been made in focusing on future-focused technologies in the past financial year. Particularly noteworthy are the expansion of the software portfolio, the development of the company's own IoT bundles and the increase in new production capacities in Europe for 5G modules, for example. These measures strengthen technological independence and support the company's sustainability goals. The integration of Katek products with KontronOS provides additional security and performance improvements and enables the connection of renewable energy with IoT solutions.

In financial year 2024, Kontron had locations in 23 countries worldwide and employed 7,263 people at the end of the year.

Overview: The three business segments of the Kontron Group in financial year 2024

Kontron AG reported its business activities in 2024 in the three business segments "Europe", "Global" and "Software + Solutions". All three business segments focus on developing secure and intelligent solutions through a combined portfolio of hardware, software and services in the areas of Internet of Things (IoT) and Industry 4.0. Following the acquisition of Katek SE, the three segments were reorganized into ten divisions in 2024, each primarily focusing on specific vertical markets and regions.

- **"Europe":** In the "Europe" segment, the Kontron Group bundles its activities to develop secure solutions for networked machines by means of a combined portfolio of hardware, software and IoT services in Europe. This business segment focuses on Kontron Group proprietary technologies and solutions, divided into the Industrial Automation divisions, communication solutions that include 5G connectivity, medical technology and smart energy, as well as Kontron ODM and remaining services business. The headquarters of Kontron AG are also reported in this segment.
- **"Global":** The "Global" segment reports Kontron Group business activities in the two divisions North America and Asia. In addition to its own portfolio, products and solutions from the "Europe" segment are also marketed and implemented locally.
- **"Software & Solutions":** This segment comprises the group-wide software portfolio, primarily for the industrial automation sector, the Kontron operating system KontronOS, and the solutions business in the transport, avionics and defence sectors. In 2024, the Katek takeover added the GreenTec division, which focuses on innovative solutions in the areas of solar energy, electric mobility and renewable energy. This segment has the divisions with the highest margins and the highest growth rates in the Kontron Group.

With its business segments, Kontron offers a comprehensive portfolio of IoT products and solutions that focuses on innovative technologies and services for a wide range of industries. With its focus on the current requirements of the industrial Internet of Things (IIoT), Kontron is positioned as a leading provider of intelligent industrial IoT solutions.

Thanks to a broad technology portfolio, extensive engineering capacities and targeted acquisitions, Kontron is continuously advancing the development of IoT technologies and software solutions. The takeover of Katek saw Kontron reach a new dimension in 2024. With 7,263 employees and a revenue of around EUR 1.7 billion, Kontron has reached a new dimension in size and competitive strength. This position secures the company's future in the fast-growing segments and underlines Kontron's mission to continue its consistent growth.

Leading the IoT evolution for a sustainable future

Kontron remains true to its word by actively shaping the IoT evolution as one of the world's leading technology companies. Through continuous research, technological innovations and the integration of sustainability into all business processes, Kontron ensures that its employees lift company performance to a new level. Our values and the brand provide the foundation for a focused, successful and value-creating company.

Our vision is clear: We strive to become a global leader in the IoT industry and focus on the development of secure, sustainable and advanced technologies. Our goal is to create technological innovations that are effective as well as ethically and sustainably responsible.

The Kontron mission is to make a real difference by developing intelligent IoT solutions that positively impact business and society. We create value that goes beyond the corporate sector and contributes to a sustainable future.

Our claim "The Power of IoT" stands for the potential and responsibility that we use to promote innovative and sustainable solutions worldwide. It reflects a commitment to fully exploit the potential of IoT in order to support companies in a dynamic digital world.

Our vision

At Kontron, we strive to be the leading global IoT company and, as a pioneer, to develop the very highest level of secure and sustainable technologies.

Our mission

We are making the world a better place using smart technologies.

At Kontron, we work every day to create added value with our IoT solutions, while taking into account the impact our solutions have on the environment, in order to be successful in a dynamically growing digital landscape.

GreenTec (since 2024)

Pioneer for regenerative technologies

With its new future-oriented GreenTec division, Kontron offers high-quality solutions in the areas of solar energy and E-mobility. An important part is the control electronics for photovoltaic systems and the rapidly growing range of intelligent charging solutions for electric vehicles.

Aerospace

Ultra-robust solutions for the IFEC market

Kontron offers a wide range of IFEC systems hardware and software. Since 2023, Kontron has also been providing solutions that enable satellite-based connectivity via geostationary (GEO), medium (MEO) and low Earth orbits (LEO).

Automation

Solutions for industrial automation

Kontron supports customers in their digitisation transformation with the proprietary developed susietec® IoT toolset. As part of the toolset, our KontronOS operating system provides the highest security standards for IoT applications.

Defense

Mission-Critical Applications

Kontron provides robust embedded computing solutions for tactical operations. With expertise in 5G, AI, and cybersecurity, the company supports modern military applications. Its flexible, modular systems are designed for extreme operational conditions across various platforms.

Transport

Rail digitalisation

With our comprehensive mobility solutions using intelligent and reliable IoT services, we support the digitalisation of the transportation sector. Kontron is deeply involved in researching the future train communication technologies such as FRMCS.

Communications & connectivity

5G evolution

Kontron is a leading European IoT provider for the digital transformation of telecommunications. Our 5G and RAN technology expertise opens up new opportunities for our customers.

Automotive

Enabling autonomous driving

Based on over 20 years of experience in infotainment and telematics, Kontron offers application-specific connectivity solutions with its Network Access Devices (NADs) to enable extended connectivity for the automotive industry.

Cybersecurity

Security for IoT/Embedded Systems

The increasing requirements of the NIS2 Directive and the Cyber Resilience Act demand robust security solutions. Kontron offers targeted support for companies with KontronOS, AI-Shield, and comprehensive penetration testing, enabling them to operate their IoT infrastructures securely and in compliance with regulations.

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ABOUT KONTRON

Kontron portfolio of products and services

Kontron is a leading global provider of embedded computing technologies and IoT solutions that delivers powerful, secure and customized solutions for industrial and business-critical applications.

From IoT connectivity, edge computing, and device management, to security solutions and AI-based data analysis: Kontron develops solutions that help companies digitalize, automate and manage complex and combined IT and OT infrastructures. Close integration with Kontron hardware creates optimized, future-secure systems for maximum efficiency and flexibility.

The latest developments driving Kontron's technological progress go far beyond industrial automation and include key topics such as artificial intelligence (AI), 5G connectivity, systems for the safe control of high-speed trains, platforms for autonomous driving, and connectivity in aviation and the defence sector. Kontron also implements sustainable technologies, which are being promoted by the newly founded GreenTec division.

In 2024, Kontron expanded its portfolio by taking over a majority stake in Katek SE, which enabled it to enter high-growth areas such as photovoltaics and smart charging for electric mobility.

GreenTec: Kontron's commitment to sustainable technologies

Following the launch of the GreenTec division in 2024, Kontron is strengthening its focus on sustainable technologies. The division bundles innovative solutions for renewable energy, electric mobility and intelligent energy systems to actively contribute to the energy revolution. Kontron also offers IoT-enabled energy management systems that allow companies to monitor energy consumption in real time and significantly increase their efficiency. These technologies not only enable cost reductions but also promote sustainable use of resources.

The GreenTec division is also developing solutions for photovoltaic systems and their integration into smart grids, which accelerates the expansion of renewable energies. At the same time, Kontron uses sustainable materials and energy-efficient manufacturing processes to reduce environmental impact along the value chain. With GreenTec, Kontron is a pioneer in combining technological advancement and environmental responsibility and supports companies in achieving their sustainability goals.

Smart energy solutions for a better future

A central aspect of this transformation is the automation of intelligent energy solutions, which is becoming more and more important as a result of climate change and increasing regulatory requirements.

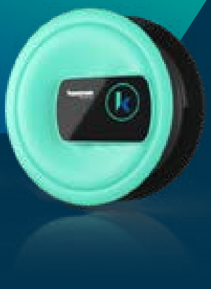
Climate change is and remains one of the biggest global challenges. The EU Green Deal sets the agenda for the whole of Europe. The Internet of Things (IoT) and artificial intelligence (AI) are at the forefront of energy innovation. Connected solutions can predict and remedy outages and problems in real time, which not only results in cost savings on repairs and improved energy efficiency, but also a significant reduction in carbon footprint.

As a renowned provider of intelligent energy solutions, Kontron AG is among the industry leaders in 23 countries. The company focuses on development and distribution of solutions and products from internal and external partners as well as proprietary hardware and software for intelligent power grids, energy suppliers and industrial customers. Kontron offers comprehensive solutions for managing and optimizing energy networks (distribution systems) and producers (power plants) and plays a leading role in converting traditional power grids into intelligently managed smart grids.

With products that are developed and manufactured in Europe, we focus on quality and reliability. Our solutions are aimed at dealerships and installation specialists across Europe who benefit from our flexible, future-proof technology. We stand for custom-built, sustainable solutions that actively drive the energy revolution forward.

The GreenTec division's most important products at a glance

Wallbox



The ghostONE wallbox is the technologically leading AC wallbox platform for B2B customers – developed and manufactured according to automotive standards. Leading OEMs in the automotive and energy sectors are already using it for their customers.

The platform offers a flexible approach to bringing your own wallbox to series production: from a comprehensive white-label solution with an existing design, to the purchase of pure electronics (software and hardware), all the way to a fully customised charging solution tailored to the customer's requirements and specifications – including validation and certification.

ghostONE particularly stands out thanks to its extensive connectivity and IoT capabilities, setting unique benchmarks in terms of feature set for AC charging, combined with the highest security standards for cyber security. A wide range of communication standards and full implementation of the ISO 15118 standard provide the foundation for integrating the wallbox into a home's energy system. In doing so, ghostONE optimises energy consumption, reduces electricity costs, stabilises the grid, and supports the energy transition.

In addition to private use of the eCharger, the version of ghostONE compliant with calibration law (Eichrecht) – together with the OCPP interface – enables use in public settings, including appropriate billing. This is complemented by a certified "Plug and Charge" function, which, through encryption, offers a secure and seamless charging experience for the end customer.

SolBrid

The hybrid inverter SolBrid is a flexible and powerful 10 kW hybrid inverter, available in two versions with either two or four MPP trackers.

The version with four trackers is unique in this power class.

This allows complex roof layouts to be implemented using just one inverter. High-voltage batteries from various manufacturers can be connected.

In combination with the hy-switch backup power box, the SolBrid can enable island operation, ensuring emergency power supply to the home during power outages.

In addition, Kontron offers the Solar Charger – an innovative solution for charging electric vehicles with solar power, promoting sustainable energy use in the field of e-mobility.

Investments in software solutions for the future of industry and IoT

Kontron has a clear focus on expanding its software portfolio and is investing more in innovative software solutions that drive forward digital transformation in industry and IoT. By integrating advanced software products into its IoT bundles, Kontron creates a powerful basis for developing smart and connected systems. These pioneering solutions offer companies the opportunity to efficiently digitalize their processes and sustainably optimize their IoT environments.

IoT bundles: The basis for flexible and scalable solutions

Kontron is continuously expanding its portfolio, combining innovative hardware and software to create custom-built solutions for companies in a wide range of industries. Kontron's IoT bundles offer full integration of hardware, software, and expertise to enable companies to implement IoT projects easily and effectively. These IoT bundles cover the entire life cycle of IoT applications — from securely managing connected devices to integrating powerful data platforms that ensure high efficiency and scalability.

Expanding IoT with software solutions

Kontron software solutions, in particular the susietec® toolset, with the KontronOS and KontronGrid products, among others, form the basis for future-focused digitalization in an industrial environment. These solutions address the complex requirements of modern IoT environments and provide companies with a robust basis for developing and operating smart, connected systems.

Kontron susietec® toolset: custom-built IoT solutions

Kontron susietec® toolset is a proprietary IoT toolset that helps companies develop customized solutions that combine software, hardware, and expert knowledge. It makes it possible to implement comprehensive digitalization projects both at existing plants (brownfield) and in new projects (greenfield). With the toolset, companies can quickly adapt their infrastructure to meet digital transformation requirements while benefiting from the seamless integration of hardware and software.

KontronOS and KontronGrid: The future of IoT solutions

KontronGrid and KontronOS, featuring proven Kontron hardware as a ManagedEdge IoT bundle, offer a powerful, integrated solution for future-safe IoT management. This ready-to-use hardware and software package gives companies a quick rollout option with low start-up costs. The IoT bundle enables the efficient management of thousands of devices worldwide, minimizes security risks and optimizes processes.

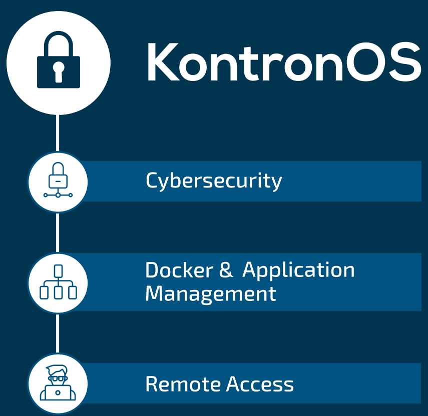
By combining KontronGrid, KontronOS and Kontron hardware, Kontron helps companies in industries such as mechanical engineering, medical technology, Greentec and transportation to shorten their time-to-market while fulfilling new security requirements. This IoT bundle is the ideal basis for digital transformation and provides a solid basis for further growth in the IoT market.

Our solutions for future-proof IoT management

KontronOS

KontronOS is a secure, hardened Linux®-based operating system specifically designed for IoT and cloud applications in industrial environments.

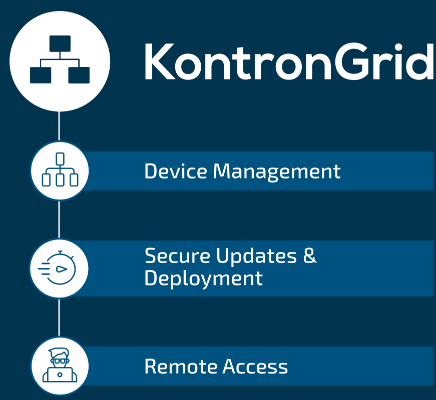
With a strong focus on cybersecurity and scalability, it ensures businesses can efficiently and securely manage their IoT ecosystems. KontronOS enables secure communication between connected devices, machines, and systems, protects against cyber threats, and supports seamless integration into existing IT infrastructures. It is designed to meet the highest security standards and helps ensure compliance with international regulations such as the EU Cybersecurity Act and Cyber Resilience Act.



KontronGrid

KontronGrid expands Kontron's IoT portfolio with a powerful data platform that helps businesses efficiently monitor, manage, and analyse their connected devices and systems.

With features such as automated fleet updates, remote access, and centralised management of containerised applications, KontronGrid provides the flexibility and scalability needed to successfully implement IoT projects on a global scale. Its ISO 27001 certification guarantees the highest security standards, giving businesses confidence in their operations.



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ABOUT KONTRON

Cybersecurity at Kontron: Security for connected IoT solutions

In the age of digital transformation, the networking of devices and machines in the Internet of Things (IoT) requires a particularly high level of security. As a result, cybersecurity requirements continue to rise, particularly with regard to the Security-by-Design concept of the Cyber Resilience Act (CRA) and the EU NIS2 directive, which takes effect starting in 2024.

Compliance with these directives requires continuous security assessments, the reporting of security incidents in accordance with the regulations, and the provision of updates for devices installed in the field. A secure hardened Linux®-based operating system that is deeply integrated into the hardware. With the software development kit (SDK) provided, customers can integrate their applications on it, enabling them to make their solution certifiable in accordance with the directives. As with Kontron, updates are generally provided over the entire life cycle of the embedded hardware.

With a clear focus on continuous security, Kontron helps its customers operate their IoT infrastructures at the highest level and be equipped to handle the constantly growing threats in cyberspace.

The smart factory: solutions for industrial automation

As the trend towards digitalizing business and production processes continues, the need for innovative and efficient automation solutions is growing. In this respect, the Kontron Group has been offering a comprehensive portfolio of hardware, software and service solutions for several years, which are specifically tailored to the requirements of Industry 4.0 scenarios. Our solutions help companies optimize their production processes and reduce time to market while reducing total operating costs. In many cases, they also enable the development of new business models that provide companies with sustainable competitive advantages.

Efficiency through automation and connectivity

The future of manufacturing is in the intelligent networking of machines, systems and processes. The Kontron Group not only offers the necessary hardware and software components, but also the expertise to help companies implement their vision of a smart factory. By integrating our solutions into production environments where intelligent machines and systems are essential for daily operations, we ensure that all devices can communicate securely with each other at any time, around the clock.

A central element of this networking is ensuring real-time connections. In a smart factory, it is essential that machines and systems communicate with each other in real time in order to be able to adapt production processes quickly and efficiently. Kontron solutions provide the necessary infrastructure to enable continuous and reliable data transmission, which achieves maximum efficiency and flexibility in production processes.

Time-sensitive networking (TSN): The basis for real-time communication

Precise and reliable communication between machines and systems is of central importance for a smart factory. This is where Time-Sensitive Networking (TSN) comes in, a key technology that enables reliable and time-critical communication in real time. TSN ensures delay-free data transmission even with a large number of networked devices and machines. This allows production sequences to be optimized and communication disruptions to be avoided.

Cybersecurity: Protecting the connected factory

As the networking of production systems increases, so does the risk of cyber attacks. In a world where machines, sensors, and systems communicate in real time, companies must ensure that their data and production processes are protected. For Kontron, the security of customer data and systems is paramount. Regardless of whether it is about data security, stable operation or flexible integration, Kontron develops case-specific, secure and future-safe digital strategies.

The trend towards nearshoring: automation as a growth driver

A current trend that is further increasing demand for automation solutions in Europe is so-called “nearshoring”. More and more companies are choosing to relocate their production facilities back to Europe in order to minimize the risks posed by global supply chain bottlenecks while also increasing their flexibility. As a result of this shift, budgets for automation solutions in Europe are increasing, especially for robotics and connected IoT production technologies.

Kontron AI-Shield

AI-Shield is an appliance (a combination of hardware and software) that functions as an active Intrusion Detection System (IDS) at its core. Positioned in front of other systems, it monitors network traffic, allowing it to conceal and secure older, vulnerable systems. Additionally, artificial intelligence (AI) enables it to analyse encrypted data traffic and detect potential threats. Threats are reported in real time to the Security Operations Centre, while the system simultaneously blocks attacks, giving IT teams valuable time to respond. AI-Shield's artificial intelligence also identifies unknown and emerging threats by assessing their behaviour.

AI-Shield is further enhanced by:

- Security Operations Centre: Reports potential incidents in compliance with regulatory standards.
- AI-IDS App for KontronOS: Enables secure operation of containerised solutions.
- KontronGrid integration: Allows AI-Shield fleets to be managed and supplied with new AI networks.

Penetration Tests (PenTest)

Security through thorough testing. These tests identify vulnerabilities in connected systems by simulating cyberattacks on the infrastructure.

Kontron conducts regular, comprehensive penetration tests, ideally carried out by external, independent experts. These objective evaluations provide customers with valuable insights, enabling them to promptly close security gaps and protect their systems in the long term.

For businesses operating connected IoT devices, Kontron offers targeted support to enhance security standards and meet compliance requirements, such as those set by the EU's NIS2 directive.

With a strong commitment to continuous security, Kontron helps its customers maintain the highest level of IoT infrastructure security and stay protected against ever-evolving cyber threats.

Kontron in the defence sector

As an embedded computer supplier, Kontron also offers products in the defence sector. These are primarily solutions in the area of control and defence technology. The main market covers North America, although the current proportion of defence business is less than 5% of total revenue. Kontron providesits customers with a comprehensive platform of base computer products at board and system level as well as customized software support. Extensive development and manufacturing capabilities make it possible to adapt standardized products to meet specific requirements, whether for individual application requirements, official military programs or innovative technologies. In modern tactical operations, situational awareness and rapid response are decisive for mission success. The compact and robust computer solution for a state-of-the-art tactical sensor system for electronic warfare (EW) from Kontron is also used for this purpose.

The sensor system is a compact, portable, NATO-compliant device that enhances passive radar capabilities. By intercepting, identifying and analysing high-frequency signals, the system enables target detection and tracking without sending out signals, which is how it maintains operational safety. The sensor system, which is designed for flexibility, can be used on various platforms such as vehicles, ships or fixed installations and can work both independently and in networked systems. The compact and powerful system is designed for use under extreme conditions and offers reliable and modular computing power for challenging environments.

With its expertise in 5G connectivity, time-sensitive networking, cybersecurity and artificial intelligence, Kontron continuously delivers innovative solutions. These innovations improve real-time situational awareness and enable faster decision making to meet the evolving needs of tactical operations in complex and dynamic environments.

04
ABOUT KONTRON

Digital in transportation: the path to secure and connected mobility

Kontron offers a wide range of solutions for various forms of transportation and reinforces its expertise in this market with a comprehensive portfolio. The company focuses on providing mobility solutions for public transport, high-speed trains, civil aviation and the automotive sector, particularly in the context of autonomous vehicles.

With the increasing demand for intelligent and reliable vertical IoT services, the Kontron portfolio of solutions for the transportation sector has recently expanded significantly. Kontron's solutions help to make traffic flows safer and more efficient.

Rail safety: tomorrow's rail communication solutions

Through its subsidiary Kontron Transportation GmbH, a leading global provider of dedicated end-to-end communication solutions for mission-critical networks, Kontron supports customers with solutions to their communication tasks. The main customer segment includes railways and public transport companies across Europe and beyond. The focus is on systems that generate, transport and process voice, data and video information reliably and securely in an efficient and sustainable way. These include GSM-R, FRMCS (Future Railway Mobile Communication System), MCx (Mission-Critical Communications) with IWF (Interworking Functions). Advanced radio solutions and radio access networks, transmission networks, private cloud platforms and cybersecurity concepts round off the portfolio. Specific mobility products such as validators and fare collection systems for public transport companies are also offered.

An important driver for the company's future is research into next-generation rail communication technologies such as FRMCS and 5G, in which Kontron plays a central role in various projects. At its R&D centres in Vienna and Paris, Kontron Transportation develops next-generation systems, applications and services as well as solutions for operations and business support systems. Kontron Transportation is a driving force in defining and specifying FRMCS standards and is a leader in relevant standardisation working groups and European research projects to develop optimum concepts and solutions that meet the requirements of today and tomorrow. The company also works closely with international bodies such as the Railway Association (UIC), the European Telecommunications Standards Institute (ETSI), the European Railway Agency (ERA) and has joined the European Railway Industry Federation (UNIFE). Kontron Transportation is also participating in 3GPP working groups, which represent an important milestone on the road to industrializing FRMCS as part of the planned European Technical Specification for Interoperability (TSI).

As part of the 5G Victory project, Kontron Transportation's mission-critical (MCx) communication system enjoyed an extremely successful year. End-to-end application scenarios for rail operations were validated using the advanced MCX service over a standalone 5G network. The results provided valuable insights into FRMCS services in 5G networks as well as the end-to-end performance of MCx-based services using 5G. This research will continue in 2024 with follow-up projects in which Kontron Transportation will play a leading role.

This research initiative is a significant step forward and ensures seamless communication between trains and railway stations. Kontron has successfully demonstrated the implementation of geo-based emergency calls, demonstrating the ability to establish prioritized connections when network resources are limited. Ultimately, a comprehensive test environment for railway applications has been created that provides valuable insights into the performance of FRMCS services on 5G networks and the end-to-end performance of MCX services. In addition, with the planned significant expansion of high-speed train lines across Europe, the EU Green Deal opens up significant business opportunities for Kontron. The European Commission has proposed to make freight transport more efficient and sustainable in order to achieve the goal of reducing transport-related emissions by 90% by 2050.

FRMCS shortly explained

The Future Railway Mobile Communication System (FRMCS) is an advanced global standard for railway communication systems, set to replace the existing GSM-R network (Global System for Mobile Communications – Railway). The current GSM-R network primarily focuses on voice communication and railway signalling requirements. However, the digital transformation of the railway industry enables the introduction of new services across various areas, including onboard and external video surveillance, automated operations, remote train control, and enhanced passenger information services.

Based on 5G and MCx technologies defined by 3GPP, FRMCS facilitates higher levels of automation, integrates voice functions, and offers greater flexibility in data rate and latency, particularly for signalling and control applications.

A critical focus must be placed on cybersecurity, ensuring availability, confidentiality, and integrity.

As a leader in innovation, Kontron Transportation invests in research and development to drive the advancement of next-generation communication solutions for mission-critical networks. At its R&D centres in Vienna and Paris, Kontron Transportation develops next-generation systems, applications, and services, including solutions for operational and business support systems. Kontron Transportation plays a key role in defining and specifying FRMCS standards and continues to lead relevant standardisation working groups and European research projects to identify the best concepts and develop solutions for today's and future requirements.

With its unparalleled expertise in railway communications, Kontron Transportation works closely with customers to create tailored migration plans, guiding them through FRMCS implementation by explaining and facilitating each step. The company's portfolio is consistently innovative, aligned with new standards, cutting-edge, future-proof, secure, and highly reliable.

Railway customers

In 2024, Kontron Transportation further expanded its position as a leading provider of communication solutions for critical networks in the rail sector. A major project is the contract worth EUR 34 million for the construction of a GSM-R system in the Czech Republic. This system expands the existing digital radio network of the state organization SŽ (Správa železnic) on the route between Hranice and the border with Slovakia. The turnkey project began in March 2024 and is expected to be completed within three years.

Kontron Transportation has also signed contracts in Ireland, Austria and Slovenia with a total volume of over EUR 100 million. These projects secure the ongoing development of the proven GSM-R standard and pave the way for transition to the Future Railway Mobile Communication System (FRMCS). In Ireland and Austria, the contracts ensure the continuation of development of the standardized GSM-R on the Iarnród Éireann Irish Rail and Austrian ÖBB networks until FRMCS is available and fully implemented.

For more than 20 years, Kontron Transportation has been developing, building, implementing and supporting end-to-end RDN (Railway Dedicated Network) solutions based on GSM-R. This secure and scalable infrastructure connects around 100,000 kilometres of rail lines in Europe, Africa and Asia. Some of the world's largest IP-enabled rail communication networks, including those of the ÖBB, Deutsche Bahn, Network Rail and SNCF Réseau/Synerail, as well as routes in China, Algeria, Saudi Arabia and Egypt, are operated by Kontron Transportation.

Kontron Transportation has played a significant role in the development of new standards in train radio technology and is helping rail operators switch from GSM-R to the next generation of radio infrastructure, FRMCS. As a manufacturer and system integrator, Kontron Transportation combines cutting-edge technologies with many years of expertise and offers customized solutions that are focused on investment protection and sustainable development.

04

ABOUT KONTRON

Smart connectivity

Smart connectivity for the future of cities

Cities around the world are increasingly using information and communication technology (ICT) to modernize and future-proof their infrastructure and develop into a smart city. The introduction of 5G networks, the Internet of Things (IoT) and artificial intelligence (AI) opens up new opportunities for networked and efficient urban development. These technologies help to reduce costs, protect the environment and significantly improve mobility by using real-time traffic data. Thanks to the low latency and high speed of public and private 5G mobile networks, they not only support innovative entertainment technologies, but also enable pioneering applications such as tele-surgery, autonomous driving and industrial automation.

Kontron: Your partner for smart ICT solutions

For years, Kontron has been a leader in the development of ICT solutions that drive the digitalization of a wide range of industries. Using our deep expertise and many years of experience, we offer intelligent, secure and reliable solutions that empower a more connected and advanced world. Our robust infrastructure improves fibre, LTE and 4G/5G connectivity and makes it easier to use cutting-edge private 5G campus networks in the areas of telecommunications, medicine, aerospace, defence, transportation, Industry 4.0 and more.

Transition using Open-RAN and 5G Mobile Private Networks

Advances in the telecommunications sector, in particular the introduction of 5G and the increasing spread of open RAN technologies, are leading to a fundamental transition in the industry. These innovations create new business models and offer countless opportunities for service providers. To deliver customized network solutions, we work closely with leading telecommunications and network equipment providers to provide an optimal combination of integrated hardware and software platforms.

Pioneering work on vRAN and Open Access Broadband

Kontron is a world leader in virtual radio access network (vRAN) technology and plays a central role in the development of sustainable, secure and connected societies. Our advanced solutions provide robust servers that can be integrated right at the edge of mobile networks. These servers operate with minimal power consumption and integrate AI processors to make network infrastructure smarter and more efficient – ideal for remote, rural, and private industrial networks.

Kontron combines Time Sensitive Networking (TSN) with 5G MPN to offer real-time Ethernet via 5G especially for industry and mission critical services.

Made in Europe – for more sovereignty and sustainability

To ensure seamless integration of machines and devices, Kontron offers additional components for efficient and secure connectivity with 5G M.2 modules and 5G gateways. In 2024, Kontron moved all manufacturing of advanced 5G modules to Europe. In doing so, we are setting new standards in terms of quality, shortened supply chains and technological sovereignty. We are also actively contributing to reducing CO_2 emissions and are the only provider worldwide that carries out both the development and manufacturing of 5G modules entirely in Europe.

Kontron Grid: The heart of IoT device management

KontronGrid centralizes the entire network and device management. Cloud-based IoT device management enables companies to efficiently monitor their private 5G infrastructure, configure devices, control updates, and implement security protocols – all in real time. This not only ensures optimal performance, but also maximum security and scalability for the future.

The future is taking off: The connected aircraft

Following the COVID-19 pandemic, the aviation industry has significantly increased in volume in recent years and reached new heights. A technological change is currently taking place: Geostationary satellites are increasingly being replaced by satellite constellations in low (LEO) and medium Earth orbit (MEO). This development will revolutionize satellite connectivity in aerospace and other markets in the coming years. Kontron already offers solutions that enable satellite-based connectivity across geostationary orbit (GEO), medium Earth orbits (MEO) and low Earth orbits (LEO), meaning the company is at the forefront of this trend.

With over 30 years of experience as a leading global provider of in-flight entertainment and passenger communication systems (IFEC), Kontron is one of the most sought-after players in the aviation industry. As a pioneer in the development of extremely reliable platforms for both commercial and military aviation, Kontron is ideally positioned to meet the diverse requirements of the IFEC market. Kontron offers integrated hardware systems for commercial aviation, including key system components for secure in-flight broadband services, such as Internet, email, VPN access, multimedia features, video on demand, gaming, and other entertainment options. These solutions enable a fully integrated, wirelessly connected cabin with broadband connections between aircraft and ground or satellite.

Portable series

The Kontron Portable series is powerful, easy to install, scalable and configurable. The Kontron P100, which uses Kontron OS for Aviation and the Kontron Device Management Suite, is a completely self-contained ecosystem.

The device is highly configurable to meet specific customer requirements. It features a UPS-like power supply system and comprehensive sensor equipment, including aviation-specific ADSB hardware. It can be equipped with up to 8TB of storage space and has a powerful WiFi transmitter that can stream videos or apps to 100 people at the same time. The P100 can be operated with internal rechargeable batteries for up to 7 hours, using the on-board electrical system or normal mains power.

With Kontron OS for Avionics, this secure Linux operating system and middleware layer provides a robust application platform for the integration, maintenance, operation and monitoring of any user-defined application. It supports VM and Docker container deployments and updates and allows access to airplane/vehicle functionality while separating from systems and abstracting from hardware. It is also equipped with a “self-healing system” that reverts to the last known configuration in the event of problems.

In conjunction with Kontron Device Management for Avionics, this secure solution provides flexible remote device management, software and content update features, remote support, system health monitoring, and telemetry data acquisition. The solution enables a remote connection for routine maintenance or troubleshooting, the controlled import of security updates and new software versions, and the acquisition of telemetry data in a central database to support automation and unlock new benefits and insights through machine learning/AI.

Made in Great Britain.

Aerospace customers

Kontron supports numerous airlines and integrators in the areas of connectivity and on-board entertainment with a wide range of hardware and software solutions. These solutions enable airlines and aircraft partners to offer their passengers extended services such as film and media streaming and Internet connectivity. Today, more than 5,000 commercial, government and business aircraft all over the world use Kontron technologies.

Kontron solutions enable companies to overcome traditional product life cycles and extend them to the maximum, right down to implementing customized project specifications.

“Bring Your Own Device” (BYOD) models open up new sources of revenue while achieving greater operational efficiency. The Kontron product portfolio in this market includes satellite communication controllers, media streaming servers, and wireless access points. All products are specifically designed, tested and certified for operation and maintenance in the highly regulated environments of commercial and business aircraft. In addition, Kontron offers software solutions for media delivery, which enable operators to offer flight-specific services with minimal development effort and low costs. This results in another Kontron advantage: Customers get the fastest way to implement and start up their project.

Due to the Kontron Group's focus on global domestic flights, business jets and increasingly the Asian market, as well Kontron’s position as the main supplier of modern satellite connectivity control systems, it has developed into a leading provider. The trend towards LEO (Low-Earth Orbit) satellite constellations opens up new perspectives for Kontron in providing services with extended bandwidth and improved global coverage. This also offers the opportunity to extend and deepen our aerospace expertise to cover other application areas, such as land and sea transport.

Electronics²

Following the launch of the Electronics² service brand, Kontron has been setting new standards in EMS (Electronic Manufacturing Service) since 2024. Since 2018, Kontron has pursued the philosophy of increasing its own added value through internal production plants in Germany, Austria, Slovenia and Hungary, for the benefit of its customers. The acquisition of KATEK SE at the beginning of 2024 brought about an increase in production capacities. The plant in Grassau, with locations in Hungary and the Czech Republic, forms the “KATEK Electronics” division and expands the service portfolio with highly automated production facilities for efficient medium and large series production. Moreover, the company beflex, which has five subsidiaries in Germany, adds further specialist expertise in the area of prototyping for complex assemblies. The global and local-for-local claim is rounded off by the Nextek production plant in North America, including partner companies in Asia.

The bundling of expertise and capacities under the Electronics² umbrella makes Kontron one of the leading players in the European electronics industry so it is ideally positioned to meet a wide variety of challenges. The global network of development and manufacturing services enables flexible, innovative solutions and guarantees secure supply chains throughout the product life cycle.

Autonomous vehicles: Safe and smart in road traffic

Development in the area of autonomous driving is decisively shaping the future of transportation. Our everyday lives are evolving as a result of driverless cars and trains, as well as construction and harvesting machines that are already in operation. The continuous development of autonomous means of transport offers the potential for high cost savings and will also contribute to an increase in road safety in the future.

Kontron offers a wide range of IoT solutions in the area of telematics and provides connectivity solutions for automotive OEMs.

Network Access Devices (NADs)

Kontron network access devices (NADs) for the automotive sector offer customized connectivity solutions that improve the driver and passenger experience. These NADs are developed based on more than 20 years of experience in infotainment and telematics.

Kontron Automotive NADs provide secure mobile connectivity for all global wireless networks and are designed to withstand extreme temperatures, severe vibrations, adverse weather, and high humidity. In addition, NADs support automotive functions such as “eCall”, an automatic emergency call system that ensures rapid assistance in the event of an accident.

Kontron has advanced 5G development based in Germany, which will be used by automotive customers in the future. Initial testing started in the third quarter of 2023 and a start of production for these NADs is planned for the second half of 2025 in coordination with customer projects.

Customers and their requirements in the energy sector

To efficiently make power available, reliability and cost-effective benefits, it is essential that computing solutions are able to withstand the stress of mechanical shock and vibration, temperature, airborne dust and other adverse conditions in the operating environment. It is also indispensable for energy companies to have access to components with guaranteed long-term availability, as well as safe and cost-effective energy solutions that feature increased reliability. Hardware and software products are combined to ensure the transformation to intelligently controlled distribution networks. Kontron solutions include data centre software systems for energy suppliers and devices compatible with the OSGP (Open Smart Grid Protocol) standard for smart metering as well as control and processing of network data with the Grid Management System (GMS). In the DACH region, Kontron already manages over 350,000 OSGP devices. Customers include energy suppliers such as Linz Netz GmbH, Industrielle Werke Basel (IWB), Swiss Billing (SWiBi) and Energie Klagenfurt.

The Kontron SHAPE solution for participation in the intelligent network

Kontron also offers a range of solutions that help transmission system and distribution system operators overcome complex challenges. Network planning requires transparency, numerous real-time calculations and ongoing analyses. In order to overcome the challenges of outage planning and increase reliability, European networks need to use their connections efficiently and take into account specific grid conditions such as capacity, excess generation, consumption demand, flexibility, etc.

By implementing the IEC Common Information Model (CIM), the SHAPE solution provides the basis for participation in the intelligent network. The joint structure enables seamless cooperation between internal IT/OT systems and compliance with the relevant regulations.

The SHAPE data integration platform provides an ecosystem for developing next-generation applications using machine learning and artificial intelligence. It is a platform for connecting a wide range of data sources, which enables companies to integrate their data into a cloud-based system.

04
ABOUT KONTRON

Our strategic course with IoT megatrends

With the acquisition of Katek at the beginning of 2024, Kontron reaches new dimensions in the market. Our company has 7,263 employees and expects revenues of more than EUR 1.9 billion for financial year 2025. As a result of the acquisition, the “Software + Solutions” segment will be expanded to include the “GreenTec” division, Katek Avionics will be seamlessly integrated into Kontron’s existing aerospace business in North America, and the current Electronics business will be further developed into an ODM (original development manufacturer) business.

Kontron's strategic course continues to prioritize IoT technology trends, including the megatrends of 5G connectivity, artificial intelligence and security software. Following the acquisition of Katek, the focus is also on sustainable solutions from the “GreenTec” division with solar energy and electromobility:

- **5G:** The adaptation of 5G remains a central focus at Kontron, as 5G connectivity will take developments in the Internet of Things to the next level. 5G offers faster speeds, lower latency, and higher capacity, and has huge potential to revolutionize numerous industries and enable new applications and services that were not possible with previous generations of mobile technology. In the “Transportation” sector, Kontron is playing a pivotal role in developing the new communication system for rail transport systems – the Future Railway Mobile Communication System (FRMCS) – which is based on 5G. In addition, 5G modems are connected to Ethernet in all modules, boxes and boards. In the field of communication and connectivity, Kontron's 5G mobile private networks (MPN) offer a new level of connectivity and security for a wide range of industries and companies. Kontron's 5G MPN enables industries and companies to automate their processes, reduce security risks, and protect employees in hazardous environments. Private networks can be easily combined with automated robots on production lines, real-time pipeline monitoring at energy providers, asset tracking in logistics, and even securing multicasts in emergency situations.
- **Artificial intelligence:** The topic of artificial intelligence (AI) is becoming increasingly important and is at the heart of many Kontron development projects. Kontron's activities in the field of artificial intelligence focus on image processing, in particular with regard to optimizing quality and manufacturing, as well as monitoring and safety in the production environment. Neural networks can perform human tasks such as error detection. With its solutions, Kontron is an important partner here, taking responsibility for executing commands and transmitting data from the sensors to the AI. The high computational effort needed to run complex AI models requires high-end hardware. Another important area of application is autonomous driving for vehicles, rail transport, factory logistics and construction or harvesting machines. With the acquisition of the Cellular Automotive Module Unit of Telit Cinterion in financial year 2023, Kontron significantly expanded its product portfolio and internal development capacities in the field of 5G and real-time technologies for the automotive industry, enabling it to meet the increasing demand for modern 5G solutions in the future.
- **Security software:** The demands made on security systems are constantly increasing, particularly for machines and infrastructure. “Security by design” is now also intended, as a concept established by law, to ensure that manipulation from outside is all but eliminated. With IEC 62443, an international cybersecurity standard applies to industrial automation and control systems. Kontron is currently working to complete certification early, in spring 2025. To do this, guarantees must be in place, both in the development process and in the production process of a computer system, ensuring that no malware can infiltrate hardware or software at any point. This is where Kontron's solution KontronOS comes in. With KontronOS, Kontron has its own hardened Linux-based operating system, which is designed for the reliable operation of customer applications in embedded devices. Increasing connectivity requires increased security. Kontron is a pioneer in this field. KontronOS is particularly suitable for operating critical infrastructure.
- **GreenTec:** The newly created “GreenTec” division is geared towards high-quality solutions and products for solar energy and electromobility. The strategic focus is on control electronics for photovoltaic systems and the rapidly growing range of intelligent charging solutions for electric vehicles. Katek's products are being upgraded with Kontron's software expertise and IoT connectivity. The upgrade based on the Kontron operating system (KontronOS) makes the products significantly more secure. They get firewall functionality, can be connected to complex grids and can also be maintained remotely. Upgrading Katek products with Kontron software is expected to increase gross margins by around five percent in the medium term.

WHY INVEST IN KONTRON

Profitable long-term growth

- Present in several high growth markets – disruptive technologies
- Utilize 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 > 200m
- Cost-efficient in-house engineering resources in CEE (average salary: EUR 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
- < 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 proposal to the AGM 2025 of EUR 0.60 per share
- Upside potential: historically low EBITDA multiple of currently only around 8x

Case study

Company
Slovenia's Kontron, d. o. o.

Customer
Cinkarna Celje

Solution
5G MPN (Mobile Private Network)

Industry
Chemical

Market
Slovenia

Kontron Deploys 5G Private Network in Slovenia's Industrial Campus

A large industrial complex faced challenges in material management and mobile connectivity. Outdated, manual processes for material tracking led to inefficiencies and a heightened risk of errors. The organization required an innovative solution to enhance operational safety, streamline inventory management, and support the integration of modern production technologies. To address these challenges, the organization partnered with Kontron to deploy advanced 5G-enabled technologies, tailored to their specific needs. Two key use cases were implemented:

- Material Tracking with Barcode Readers: Warehouses were equipped with comprehensive 5G coverage, enabling the use of 5G-connected barcode readers integrated into the logistics process. These devices, paired with a new Warehouse Management System (WMS), provided instant tracking of finished products, real-time inventory updates, and significant improvements in material flow efficiency. This innovation also minimized the risk of errors and downtime.
- Sensor Integration: For production lines, adding new sensors and meters traditionally required complex and time-consuming cabling. With the 5G infrastructure, every new sensor or meter is evaluated for direct 5G connectivity. For devices without integrated 5G capabilities, 5G gateways were employed to securely and efficiently connect them to the SCADA system. This approach streamlined sensor integration, enabling faster deployment and improved system scalability.

The results were improved security: the real-time video surveillance system significantly increased security by enabling immediate detection and resolution of incidents; an optimized Material Management: The new material tracking system delivered real-time, accurate inventory insights, significantly reducing operational inefficiencies and downtime; and Scalability for Future Innovations: The 5G infrastructure provided a flexible and future-proof platform for the integration of additional sensors, meters, and smart manufacturing innovations.

This transformation underscores the transformative potential of 5G-enabled solutions in industrial operations. By addressing critical challenges with innovative technology, the organization not only achieved a more secure and efficient environment but also laid a strong foundation for ongoing digital transformation. This case study highlights how 5G technology is driving a new era of industrial innovation, scalability, and operational excellence.

Case study

Company
Kontron susietec®

Solution
IoT starter package and IoT hub for a digital service portfolio around grinding machines with KontronGrid and KontronOS

Industry
Software / Mechanical engineering

Market
Europe

Machine manufacturer improves device maintenance worldwide with future-proof IoT solution

A leading manufacturer of precision machines for wood and metal processing was faced with the task of efficiently and centrally managing its globally distributed fleet of IoT devices. The aim was to ensure regular firmware and software updates, seamlessly integrate old devices into a new IoT infrastructure and enable secure remote access for technical support. In addition, downtimes had to be minimized and service quality increased in order to meet the high demands of the international customers.

To solve the challenges of global device management, the customer chose the KontronGrid IoT device management solution and the secure, hardened Linux® based operating system KontronOS for edge devices with the Kontron hardware AL i.MX8M Mini. The ManagedEdge IoT Bundle enables centralized monitoring and management of all edge devices installed in machines worldwide, so that firmware and application updates can be coordinated and reliably distributed to the devices via cloud. Remote access and over-the-air updates are carried out via secure VPN and SSH connections, eliminating the need for manual interaction on site.

The IoT Hub, an intuitive platform, is a central element of the digital service portfolio and provides direct access to machine data, status messages and updates. It also simplifies access to specific functions and applications through visual navigation. Another technological milestone was the integration of Docker Compose. The container solution enables various services and applications to be managed efficiently and updates to be provided centrally. This automates configurations and significantly speeds up the rollout process.

By implementing KontronGrid and KontronOS on the upgraded IoT infrastructure, the company has successfully integrated over 100 IoT devices and can now manage them centrally. It offers complete visibility of devices and their status, secure and easy remote access for troubleshooting and significant efficiency gains in the build and update process. It also lays the foundation for meeting the security requirements of NIS2 and the Cyber Resilience Act.

Case study

Company
Kontron Transportation GmbH

Customer
Société des grands projets

Solution
Private LTE PMR radio network (Long Term Evolution Private Mobile Radio)

Industry
Transportation

Market
France

Private radio system for line 18 of the Grand Paris Express network

In July 2024, Kontron Transportation and the Société des grands projets signed off on the reception of the private LTE PMR radio network dedicated to the underground station at Aéroport d'Orly (Orly Airport). This 4G LTE radio infrastructure was deployed to meet the needs of the Société des Grands projets as part of the implementation of the operational radio system for Line 18 of the Grand Paris Express.

This marks the first private operational radio infrastructure of its kind to be commissioned in France within a metro environment. The deployment of this network, under extremely tight deadlines due to the constraints associated with the organization of the 2024 Paris Olympic and Paralympic Games, presented a significant challenge. This was successfully addressed through close collaboration with the teams from the Société des grands projets and Egis.

Our teams continue their efforts to equip the remainder of Line 18 with the operational LTE PMR radio as well as an Ultra High-Throughput Li-Fi network intended for data offloading between trains and the ground.

This successful collaboration on this groundbreaking project demonstrates Kontron Transportation's unwavering commitment to delivering innovative and reliable communication solutions.

Case study

Company
Kontron Transportation GmbH

Customer
Iarnród Éireann

Solution
Long Term Support Program

Industry
Transportation

Market
Ireland

Continued availability and operability of the digital train communication system

Iarnród Éireann- Irish Rail and Kontron Transportation have entered into a relationship to guarantee the continued availability and operability of the digital train communication system.

It will ensure the continued deployment of the proven and standardized GSM-R (Global System for Mobile Communication – Railway) on the Iarnród Éireann- Irish Rail network and the support of the operational railway until the replacement mobile communication system is available and approved for use on the Iarnród Éireann- Irish Rail network and fully deployed.

The GSM-R solution provided by Kontron Transportation and its technology partners meets the current and future requirements of Iarnród Éireann. As a driving force in the definition of future communication standards, Kontron Transportation offers its customers the possibility of a smooth migration and coexistence between GSM-R and a next generation mobile communication system. Therefor Kontron Transportation has developed a programme that guarantees the availability of GSM-R maintenance and support for as long as customers need it.

Case study

Company
eSystem MTG GmbH

Customer
Car manufacturer

Solution
Wallbox ghostONE

Industry
Automotive

Market
Germany

Europe’s biggest order with the intelligent ghostONE wallbox

Kontron subsidiary eSystems MTG GmbH has won Europe's largest order for networked AC wallboxes with its intelligent ghostONE wallbox. The customer is a major German automotive manufacturer. The order was signed back in 2023 and is currently in the delivery phase. A total of 560,000 units were ordered to cover a delivery period of 5 years. The core requirements of the specifications for the smart wallbox were a fully implemented and certified ISO 15118—2 standard and a future software update complying with the ISO 15118—20 standard, extensive networking options and the ability to connect the charging unit to various back-ends. The ISO 15118—20 standard provides the basis for bidirectional charging. Another part of the specification included custom wallbox housing design to reflect the corporate design of the automotive manufacturer, as well as an extension of the smart eCharger software requirements.

The customer commissioned the ghostONE EXCLUSIVE specification — a customer-specific charging solution that meets individual requirements up to series production readiness (design, markets, electronics, software). eSystems offers its customers complete hardware and software development, validation and certification in accordance with the respective country requirements. Thanks to their many years of expertise with various automotive manufacturers, eSystems has experience in certifying charging infrastructure in over 130 countries, another advantage that the customer also appreciated. The wallbox is certified for the European market and will be supplied to EU countries. From prototype to series-ready delivery — the ghostONE EXCLUSIVE order covered the entire process chain.

The automotive manufacturer has impressed its customers with the intelligent wallbox, and also finished first in several reviews of the box. This is not only due to its attractive appearance, but above all to the wallbox's smart functions, which make it a real all-rounder for users. ghostONE optimizes the user's energy consumption, reduces electricity costs, secures power supplies and supports the energy revolution. This is made possible by full compliance with the latest communication standards, such as ISO 15118, EEBUS, Modbus TCP, REST and OCPP 2.0.1.

Case study

Company
Kontron Europe

Customer
Wemolo GmbH

Solution
Parking space monitoring

Industry
Software / Mechanical engineering

Market
Europe

Kontron Europe develops an AI-based camera solution for parking space management

During 2024, Kontron Europe developed a new AI-based camera platform together with Wemolo GmbH, a fast-growing company in the area of digitalized parking space management.

This solution is specifically designed for demanding outdoor conditions (certified outdoor capability up to IP65) and enables high-quality vehicle type and license plate recognition in real time to support automated parking management.

The newly developed scanner features a dedicated AI accelerator for high-performance image processing. In addition to significantly improved energy efficiency, the system also uses an in-house cellular modem from Kontron to provide secure and stable data transmission. What's more, special attention was paid to the latest security features in order to meet current cybersecurity and data protection requirements.

Thanks to their close cooperation, they created a cost-effective, industrial-grade design that can be flexibly adapted to future requirements. Production of several thousand devices per year will start in March 2025 at the Augsburg site.

05

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders, Colleagues, Ladies and Gentlemen,

As Chair of the Supervisory Board of Kontron AG, it falls to me to report on the past financial year 2024:

The year 2024 was marked by numerous challenges, but also brought many opportunities. Geopolitical tensions remained a dominant feature of the global environment. The war in Ukraine continued and the conflict in the Middle East put international relations under further strain. Uncertainty was heightened by increased volatility on financial markets and in international relations. In terms of the economy, 2024 was a year of slow recovery for many regions. However, some countries remained in recession throughout the year. Inflation rates fell again compared to the previous year, which enabled central banks to lower interest rates. This brought relief for companies and households, although economic growth remained subdued, particularly in Europe. Structural challenges, such as high energy costs and demographic shifts, make the recovery process even more difficult.

Despite the difficult market environment, Kontron was able to report growth in all segments, with the high-margin "Software + Solutions" segment achieving the highest growth. Overall, revenue for financial year 2024 increased to around EUR 1.7 billion, which corresponds to an increase of around 37%. The adjusted net result of EUR 96.6 million increased by 24% compared to the previous year. This shows another significant improvement over the previous year. In the first nine months of 2024, earnings per share (EPS) exceeded one euro in purely operational terms for the first time and amounted to adjusted EUR 1.51 for the year under review. The order backlog of around EUR 2,077.9 million has reached a new high and shows the continued strong demand for our products and services.

Following reorientation as a pure IoT provider and four strategic acquisitions in 2023, Kontron announced the acquisition of a majority stake in Katek SE at the beginning of 2024. This landmark acquisition, Kontron's largest to date, adds a pioneering German specialist in renewable energy technology (green/clean energy) including activities in the aerospace and defence sectors to the portfolio. Control electronics for photovoltaic systems and the rapidly growing range of intelligent charging solutions for electric vehicles are an important part of the product range. Complemented by Kontron's software expertise and IoT connectivity, the gross margins of Katek products will increase significantly in the medium term. With this acquisition, Kontron sharpened its profile as an innovative IoT provider in a future-oriented market worth billions. In 2024, the first large orders were won in the intelligent charging solutions sector and for the VPX defence technology in the high-margin defence sector.

In financial year 2024, we also expanded our portfolio to include the latest IoT technologies and formed new partnerships. As a result, Kontron has been able to further establish itself on the market as an IoT specialist. Our pioneering KontronOS operating system was continually developed in 2024 and also offers protection against external access to the corporate network and against uncontrolled updates. In addition, the first generation of intelligent and connected wall-mounted chargers was launched, and thanks to our VPX modules we have become a leading ITAR-certified technology provider in the defence industry. New partnerships were also entered into with Qualcomm and Foxconn in 2024. Together with Qualcomm, Kontron is developing 5G/6G/FRMCS radio modems, IoT edge devices based on networked ARM chips, AI functionalities in embedded devices and an IoT software support toolset. With the parent company of our largest shareholder, Foxconn, Kontron is cooperating on intelligently connected wall-mounted chargers and implementing KontronOS in Foxconn products and factories. The next steps for 2025 include the implementation of HEMS software (home energy management systems), the expansion of KontronOS and KontronGrid into solar products, and numerous new products in the field of intelligent charging solutions.

In addition, Kontron continued to work on simplifying its structures and increasing transparency in financial year 2024. The Kontron Group sees it as its duty to contribute to achieving climate goals not only through its efficiency-boosting customer solutions, but also as a group of companies. As its key environmental goal, Kontron aims to halve the Kontron Group's carbon emissions for Scope 1 and Scope 2 by 2030. Kontron was thus able to improve several ESG ratings in 2024. For example, our MSCI rating improved from BBB to A. In financial year 2024, the next round of the Sustainable Leadership Academy also took place and focused on female managers.

As the Kontron Group, we can therefore be proud of what we have achieved so far.

Furthermore, in my capacity as Chair of the Supervisory Board of Kontron AG, I would like to inform you that in the 2024 financial year, the Supervisory Board of Kontron AG performed all of its legally prescribed duties and control functions in close consultation with the Executive Board of the company and was involved in all strategic and material corporate decisions at an early stage and to an appropriate extent. The Executive Board provided the Supervisory Board with regular, timely and comprehensive information and prepared and presented the relevant information and key figures.

In financial year 2024, the Supervisory Board held four regular meetings, one extraordinary meeting and two audit committee meetings. A meeting of the Nomination and Remuneration Committee was also held.

Apart from the regular meetings, various discussions took place between the Chair of the Supervisory Board, the members of the Supervisory Board and the CEO and CFO of the company on issues of strategy, current business development, the risk situation, risk management and corporate governance of the company. Whenever the agreement or approval of the Supervisory Board was required for decisions or measures taken by the Executive Board, draft resolutions were submitted to the members of the Supervisory Board in advance for examination and then decided upon in meetings by way of vote or circulation.

In financial year 2024, no conflict of interest arose in the Supervisory Board; all resolutions were passed unanimously by all members of the Supervisory Board, unless abstention was necessary or advised. As part of the acquisition of Katek SE and the new segment responsibilities, Philipp Schulz and Dr Johannes Fues were appointed members of the Management Board as of 11 July 2024. Philipp Schulz is responsible for the Aerospace and Defence business unit and North America, while Dr Johannes Fues is responsible for the GreenTec business unit and the integration of the business unit into the Kontron Group. Dr Johannes Fues will leave the Management Board of Kontron AG at his own request at the end of March 2025. The composition of the Supervisory Board remained unchanged in financial year 2024. In accordance with the principles of the German Corporate Governance Code and in order to perform its duties efficiently, the Audit Committee, the Remuneration Committee and the Nomination Committee, each of which consist of three Supervisory Board members, are each composed of a majority of independent Supervisory Board members. Likewise, in accordance with the recommendations of the German Corporate Governance Code, the role of Chair of the Supervisory Board was separated from that of Chair of the Audit Committee. Full details on this can be found in the chapter “Corporate Governance Report”.

The consolidated financial statements were prepared in accordance with IFRS. As in the previous year, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was appointed as auditor for 2024 by the Annual General Meeting on May 6, 2024. The consolidated financial statements, the Group management report as well as the auditor's report were submitted to all members of the Supervisory Board and the Audit Committee. The financial statement documents have been discussed in detail by the Supervisory Board and the Audit Committee in the presence of the auditor following an auditor's report. The Supervisory Board approved the consolidated financial statements prepared by the Executive Board. The Supervisory Board is in agreement with the Group management report and in particular with the assessment of the further development of the company.

The Supervisory Board, together with the Executive Board, has submitted a Corporate Governance Report in accordance with its obligation to comply with the German Corporate Governance Code as per section 243c of the Austrian Commercial Code (UGB) and has made this available to the shareholders in the company's annual report in the chapter "Corporate Governance".

To conclude, I would like to thank you, our shareholders, for the trust you have placed in us. My thanks and appreciation also go to the Executive Board and all employees of the Kontron Group.

Vienna, March 2025

for the Supervisory Board

Claudia Badstöber

Chair of the Supervisory Board

06

CORPORATE GOVERNANCE REPORT

Kontron AG is a joint stock company listed on the officially regulated Prime Standard market of the Frankfurt Stock Exchange (FSE) under Austrian law. In accordance with the Austrian Stock Corporation Act, the Executive Board manages the company independently. It exercises this responsibility in the best interests of the company, taking into consideration the interests of the shareholders and employees. The Supervisory Board supervises the management and supports the Executive Board in significant decisions.

§ 243c and § 267b UGB (Austrian Commercial Code) stipulate that a joint stock company whose shares have been authorised for trading on a regulated market is required to compile a Corporate Governance Report. To fulfil this obligation the following Corporate Governance Report is provided:

Corporate Governance Code

As an Austrian company and a stock corporation listed in Germany, Kontron AG voluntarily complies with the German Corporate Governance Code (§ 243c Paragraph 1 N 1 and § 267b UGB). The German Corporate Governance Code is publicly available at https://www.dcgk.de/ in the version dated April 28, 2022.

Declaration of compliance with the German Corporate Governance Code

The Executive Board and Supervisory Board of Kontron AG make the following declaration in accordance with § 243c and § 267b UGB with regard to the recommendations of the "Government Commission on the German Corporate Governance Code":

Kontron AG complies with all recommendations of the German Corporate Governance Code ("DCGK") as amended on April 28, 2022 and published by the Federal Ministry of Justice in the official section of the Federal Gazette, complied with them and will continue to comply with them in the future, with a few exceptions, the reasons for which are explained in detail in the following report.

Principles of business management

For a number of years, Kontron AG has been pursuing a strategy designed to yield a sustained and long-term increase in corporate value. The Executive Board and the Supervisory Board have committed themselves to managing and controlling Kontron AG and its subsidiaries in a responsible way. The value-based principles of proper business management constitute an essential component of these policies. In their actions, the company and its governing bodies are conscious of the company's role in society and its social responsibility. Social and environmental factors influence the company's success and the company's activities have an impact on people and the environment. The Executive Board and Supervisory Board take this into account when managing and monitoring in the context of the company's interests. The Principles laid down in the German Corporate Governance Code have been part of Kontron AG's corporate and leadership culture for many years. They facilitate the increasing of value and the strengthening of investor confidence. The foundations of the German Corporate Governance Code are the rules contained in German law pertaining to shares, securities and capital markets, and in the OECD directives on Corporate Governance. The Code becomes effective through the company's voluntary commitment to it. This commitment entails the necessity of justifying any nonconformity with recommendations ("comply or explain").

Fundamentals of the corporate structure

Together with its affiliated companies, Kontron AG forms the Kontron Group. Kontron AG is a stock corporation under Austrian law. Its head offices are in Linz. It has three boards: Annual General Meeting, Supervisory Board and Executive Board. Their duties and powers arise from the Austrian Stock Corporation Act and the Articles of Association of Kontron AG. This includes, in particular, the following duties and powers:

- As owners of the company, the shareholders exercise their rights at the Annual General Meeting. In particular, these rights include decisions on the appropriation of retained earnings, the election of Supervisory Board members, the discharge of the Executive Board and Supervisory Board, the election of the auditors of the annual accounts and the auditors of the legally required sustainability report, any capital decisions arising, the definition of the remuneration policy and the annual review of the compensation report for the Executive Board and Supervisory Board. The Chair of the Supervisory Board, or her deputy if she is unable to attend, chairs the Annual General Meeting and is responsible for ensuring that the Meeting runs smoothly and for an appropriate length of time, while taking shareholders' interests into account. One share in Kontron AG entitles the holder to one vote. No special rights are granted to particular shareholders or classes of shares.
- The Supervisory Board appoints the members of the Executive Board and is entitled to ask them to stand down at any time if there is just cause for doing so. For particular significant business transactions, the Executive Board is required either by law, the Articles of Association of Kontron AG or the internal by-laws of the Executive Board or the Supervisory Board to seek the approval of the Supervisory Board. However, the Supervisory Board is not entitled to take any management measures. The close cooperation between the Executive Board and the Supervisory Board is called the dual management system.
- The Executive Board manages the company independently. The Supervisory Board exercises a supervisory and advisory function. The Executive Board reports to the Supervisory Board and supplies it with regular, prompt and complete information in accordance with the principles of conscientious and accurate reporting, pertinent legislation and the reporting directives laid down by the Supervisory Board. The Chair of the Supervisory Board is informed immediately of all events that are of material importance for assessing the situation and current developments as well as for managing the company.

Executive Board

The Executive Board manages the company independently and in the best interests of the company with the aim of sustainable value creation. This includes taking into account the interests and well-being of shareholders, employees, customers and suppliers as well as other groups associated with the company (stakeholders).

§ 7 Paragraph 1 of the Articles of Association stipulates that the Executive Board of Kontron AG consists of a minimum of one and a maximum of seven members. The exact number of members within these parameters is determined by the Supervisory Board. As of December 31, 2024 the Executive Board consisted of the following five members:

- Mr. Hannes Niederhauser, born November 25, 1962, CEO/Chair of the Executive Board: Overall Strategy, Research and Technology Development, Corporate Development, M&A, Corporate Communications, Internal IT, coordination of the individual Executive Board remits and representation of the Executive Board to the Supervisory Board;
- Dr. Clemens Billek, born May 19, 1980, CFO: Accounting & Tax, Controlling, Legal & Compliance, Treasury & Finance, IR & Corporate Marketing, Environmental Social Governance (ESG) and Internal Audit;
- Mr. Michael Riegert, born July 9, 1963, COO: Overall responsibility for operations, production, purchasing & logistics, sales for the Industrial Division (excluding CEE), which he also headed at operational level;
- Mag. Philipp Schulz, born June 9, 1973, COO: responsible for the North America and Defense and Aerospace divisions;
- Dr. Johannes Fues, born October 22, 1976, COO: responsible for the GreenTec division.

The mandate of Dr. Peter Sturz as a member of the Executive Board of Kontron AG expired with effect from December 31, 2023 due to the expiry of his contract as a member of the Executive Board and his reaching retirement age. Mr. Sturz remains employed by the company.

The Executive Board reaches decisions together with the management of Kontron AG, determines the strategic orientation of the Kontron Group, coordinates it with the Supervisory Board and carries it out. Together with the Supervisory Board, the Executive Board is responsible for long-term succession planning. Potential candidates for the Executive Board require not only appropriate professional qualifications for the duties they are to assume, but also the necessary leadership qualities and international experience. Appointment to the Executive Board of Kontron AG and renewal of a seat on it are for a maximum of three years. The Supervisory Board decides whether to renew a position on the Executive Board six months before it is due to expire. Contrary to Principle 9, Recommendation B.5 of the DCGK, a fixed upper age limit was not imposed, as this is not considered useful and appropriate and the required qualifications of a board member are considered more relevant in the composition of the Executive Board. Contracts for members of the Executive Board generally end no later than the date on which a member becomes eligible for retirement.

With regard to the composition of the Executive Board, the Supervisory Board has introduced a diversity scheme which also takes account of recommendations in the German Corporate Governance Code. Its objective is to increase diversity both on the Supervisory Board and the Executive Board, as well as in management positions. When a new member of the Executive Board is appointed, Kontron AG's Compliance officer informs the new member of the essential parameters relating to performance of the duties involved, the by-laws to be observed, the internal Group policies and directives, the legal framework and the German Corporate Governance Code. The composition of the Executive Board of Kontron AG as of December 31, 2024 does not yet comply with this diversity concept due to the lack of a female Executive Board member. The overriding consideration in the composition of the current Executive Board was the members' qualifications, and the Nomination Committee and the Supervisory Board gave these precedence in the interests of the company. For future new appointments, the Supervisory Board should take account of diversity on the Executive Board provided that this is appropriate.

The Executive Board is also responsible for ensuring that all legal regulations are adhered to and for implementing the in-house directives together with the central functions. The Executive Board is also responsible for appropriate risk management and risk control throughout the company. Kontron has an effective internal control system based on the internationally recognised COSO model. Adherence to this system and to all other legal and internal requirements is monitored by the Kontron Group internal Audit Committee. The essential outlines of the internal control system and the risk management system are described each year in the Kontron AG Management Report. The internal control system and the processes defined also cover risks and goals relating to sustainability. In addition, Kontron has established a whistleblower platform and a 24/7 hotline that can be used by third parties and employees to provide anonymous information about breaches of the law within the company.

The risks and opportunities for the company that are associated with social and environmental factors as well as the environmental and social effects of company activities are systematically identified and assessed by the Executive Board. In addition to long-term economic targets, environmental and social goals are also sufficiently considered and enshrined in the corporate strategy. Corporate planning includes appropriate financial and sustainability-related goals. In the social area, Kontron AG is targeting a Group-wide increase in the proportion of female employees to 50% and an increase in the proportion of women in management positions of 20% (compared to 2022) by 2030 as part of "Vision 2030". To attract, retain and train key employees for management positions, the annual training run by Kontron's Sustainable Leadership Academy is to be stepped up and training hours increased. The overarching environmental goal is to halve the Kontron Group's CO_2 emissions for Scope 1 and Scope 2 by 2030; beyond that, further environmental goals will be defined for individual sites.

Members of the Executive Board are obliged to uphold and represent the interests of the company. Decisions they make must not serve their personal interests where these conflict with the activities of the Kontron Group, and they are debarred in particular from pursuing any business opportunities to which their employer would be entitled. They are permitted to assume additional responsibilities or positions, for example on the management or supervisory boards of companies outside the Kontron Group or relevant holdings, solely with the permission of the Nomination Committee or the Supervisory Board. This is laid down in accordance with labour law in the Executive Board members' employment contracts in the form of a comprehensive non-competition clause.

With the approval of the Supervisory Board, the Executive Board has established by-laws and an organisational chart which governs allocation of the various responsibilities among the members of the Executive Board. The Executive Board's rules of procedure also set out the principle of joint responsibility of the Executive Board as well as cooperation with the Supervisory Board. The Executive Board members keep the Chair of the Executive Board and the other members regularly informed about important activities and the development of business in their respective departments. The Chair of the Executive Board coordinates developments in the individual areas of responsibility of the Board members with the company's overall targets and projects.

Meetings of the Executive Board are convened and chaired by the Chair of the Executive Board. If the Chair of the Executive Board is unavailable, he is represented by the deputy Chair. Whenever appropriate, associate members of the Executive Board or members of the Extended Management Team are also asked to attend the meetings. Resolutions of the Executive Board are passed either by the members in physical attendance at the Board meetings, in video conferences or in writing by circular letter.

In dealings with the Supervisory Board the Executive Board is represented by the Chair of the Executive Board or, in his absence, by his deputy. The latter maintains regular contacts with the Chair of the Supervisory Board and furnishes her with prompt reports on all relevant issues. The Supervisory Board has passed resolutions stipulating in the by-laws of the Executive Board that the Supervisory Board's approval is required for business transactions of fundamental importance. In reporting to the Supervisory Board, the Executive Board observes the principle of regular, timely and full information, especially with respect to the development of the business and deviations from the underlying plans, and to the risk situation, risk management and compliance.

In his capacity as a representative of the company, the Chair of the Executive Board provides his shareholders with frequent and detailed information – far beyond what is required by law. One of the most important principles of Kontron AG's capital market communication is to inform institutional investors, private shareholders, financial analysts, employees and all other interest groups simultaneously and comprehensively about the company's situation through regular, open and up-to-date communication. In doing so, Kontron AG strictly follows the applicable legislation and the requirement of equal treatment of all shareholders: All the information and presentations received by financial analysts and investors, for example, are also immediately made available to all these interest groups in German and/or English.

Regular discussions and meetings with analysts and investors at conferences, roadshows and individual meetings are a central part of Kontron AG's investor relations work. Telephone conferences (earnings calls) are held in conjunction with the publication of quarterly and annual results, enabling analysts, investors or other interested parties to ask questions directly about the current development of the company. Company presentations are always available to all interest groups on the company's website.

Kontron AG's corporate website https://www.kontron.com serves as a central platform for providing up-to-date information about the company and its progress. The Kontron AG investor relations website https://www.kontron.com/en/group/investors also provides access to financial reports (annual reports, interim reports and announcements), current presentations from analyst and investor conferences, as well as press releases and ad-hoc announcements from the company. The dates of the main recurring publications and events (Annual General Meetings, press and analysts' conferences) are published in the corporate financial calendar at the beginning of each year and regularly updated.

With respect to remuneration of the Executive Board, the Supervisory Board, in conjunction with the Remuneration Committee, drew up the remuneration policy for the Executive Board and submitted it to the company shareholders at the Annual General Meeting on June 8, 2021, to be voted on. The Supervisory Board subsequently implemented the content of this amended remuneration policy. In addition to the overall target compensation, it also includes corresponding short-, medium- and long-term incentives as well as other benefits, such as a company car. This new remuneration policy also increasingly incorporates non-financial, medium-term objectives in line with the company's ESG tier scheme. Details of the benefits granted and received are published annually in the remuneration tables contained in the annual accounts. No private pension plan was taken out for any member of the Executive Board and no special agreements exist relating to benefits due following termination of contracts. Assumption of additional positions within the company does not give rise to any additional compensation. In accordance with the legal requirements, the Remuneration Report for financial year 2024 will be submitted to the next Annual General Meeting for approval on June 11, 2025.

The Supervisory Board

The Supervisory Board has the task of supervising and advising the Executive Board in the management of Kontron AG. In accordance with § 9 Paragraph 1 of the Articles of Association of Kontron AG, the Supervisory Board consists of three to five shareholder representatives who are elected by the Annual General Meeting. No employee representatives currently have a seat on the Supervisory Board of Kontron AG. The members of the Supervisory Board are elected by the Annual General Meeting on the basis of resolutions proposed by the company boards or by motions tabled on the initiative of shareholders. When putting forward candidates for the Supervisory Board, care is taken to ensure that all members of the Supervisory Board collectively have the knowledge, skills, professional experience and expertise required to properly perform their duties on sustainability issues that are important to the company. The Supervisory Board has defined specific targets with regard to its composition, adopted a diversity scheme and drawn up a qualifications profile. In its role as a supervisory and advisory body, the Supervisory Board attaches particular importance to addressing sustainability issues and has encouraged the Executive Board to take these into account in corporate objectives. The Executive Board has defined appropriate ESG goals. Any connections to related companies or shareholders of Kontron AG are disclosed at the Annual General Meeting.

In addition, diversity and the defined targets are taken into account. As of December 31, 2024 the Supervisory Board of Kontron AG consists of the following members:

› Ms. Claudia Badstöber, born February 3, 1968, Chair of the Supervisory Board
› Mr. Bernhard Chwatal, born October 12, 1970, 1st Deputy Chair of the Supervisory Board
› Mr. Fu-Chuan Chu (Steve Chu), born June 18, 1962, 2nd Deputy Chair of the Supervisory Board
› Mr. Joseph John Fijak, born June 22, 1961, Member of the Supervisory Board
› Ms. You-Mei Wu (Yolanda Wu), born July 10, 1964, Member of the Supervisory Board

Ms. Claudia Badstöber and Mr. Bernhard Chwatal are proven financial experts who have served as auditors and tax consultants for international corporations or as CFOs for international corporations. Ms. Yolanda Wu is also an experienced financial expert who worked as CFO of Ennoconn Corporation and as a director at the Financial Market Supervisory Authority in Taiwan. The Supervisory Board currently consists of Ms. Badstöber (Chair of the Supervisory Board) and Mr. Chwatal (1st Deputy Chair of the Supervisory Board) who, by virtue of direct ownership of 1,992 shares (Ms. Badstöber) and 0 shares in Kontron AG (Mr. Chwatal) and indirect ownership of 430,211 shares in Kontron AG (Ms. Badstöber as Managing Director of Austro Holding GmbH and grosso holding gesellschaft mbH) are independent members of the Supervisory Board.

The 2nd Deputy Chair of the Supervisory Board, Mr. Steve Chu, and the other members of the Supervisory Board, Mr. Joseph John Fijak and Ms. Yolanda Wu, are proven industry and financial experts and have many years of management experience in large technology companies. The Supervisory Board members Mr. Steve Chu, Mr. Joseph John Fijak and Ms. Yolanda Wu each have a business relationship with Kontron AG shareholder Ennoconn Corporation, which at 27.5% holds more than 10% of the voting shares in Kontron AG. With a current share of 40% women on the Supervisory Board, the diversity target for the Supervisory Board in terms of the share of women in the Kontron Group was achieved in 2024. Neither the Chair of the Supervisory Board nor any other member of the Supervisory Board has ever served on the Executive Board of Kontron AG.

The competencies of the Supervisory Board of Kontron AG are summarised in the following quality matrix:

Competence Profile

BOARD MEMBER	MS. CLAUDIA BADSTÖBER	MR. BERNHARD CHWATAL	MR. FU-CHUAN CHU (STEVE CHU)	MR. JOSEPH JOHN FIJAK	MS. YOU-MEI WU (YOLANDA WU)
Position	Chair of the Supervisory Board	1. Deputy Chair	2. Deputy Chair	Member	Member
Independence	independent	independent	Connection with shareholder Ennoconn Corp.	Connection with shareholder Ennoconn Corp.	Connection with shareholder Ennoconn Corp.
Control and risk management	X	X			X
Accounting	X	X			X
Audit (including Sustainability Reporting)	X	X			X
Industry know-how		X	X	X	
Sustainability issues	X	X	X	X	
Compliance	X				X

X > Competencies and professional experience in the field

The Supervisory Board is consulted on all decisions with relevance to Kontron AG. The Supervisory Board appoints the members of the Executive Board and determines their remuneration. In the event that there is just cause for doing so under the terms of the Austrian Stock Corporation Act, the Supervisory Board can cancel the appointment of a member to the Executive Board. Members of the Executive Board of Kontron AG are obliged to uphold and represent the interests of the company. Decisions they make must not serve their personal interests and they are not permitted to pursue any business opportunities to which the company is entitled. The members of the Supervisory Board are obliged to inform the Executive Board of any conflicts of interest, especially those that may arise from their membership of boards of suppliers, e.g. Ennoconn Corporation. If such a case arises, the Supervisory Board member concerned does not take part in votes pertaining to relevant topics.

The members of the Supervisory Board of Kontron AG must ensure that they have sufficient time to properly perform their duties on the Supervisory Board. Consequently, no member shall accept a position on more than three supervisory boards of listed companies outside the Kontron Group or in supervisory bodies that make comparable demands on their time. When a new member of the Executive Board is appointed, the Compliance Officer informs the new member of the essential parameters relating to performance of the duties involved, especially the Kontron Code of Conduct and other relevant Group policies, the Corporate Governance Code and personal obligations to cooperate in the event of issues resulting in an obligation to report or requiring the approval of the Supervisory Board.

Modus operandi of the Supervisory Board: at the constituent meeting, the elected members of the Supervisory Board of Kontron AG elect the chairperson and deputy chair from among its members. At the same meeting, the members decide on the affiliated committees and choose the members of these. The following committees have been set up at Kontron AG to ensure efficient operations:

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Supervisory Board of Kontron AG holds at least four meetings per calendar year. In addition, at least two meetings of the Audit Committee are held. Further, the Supervisory Board meets without the Executive Board whenever circumstances require. The main topics dealt with at the meetings each year are summarised in the Supervisory Board's annual reports. The Chair of the Supervisory Board coordinates the work of the Board, convenes its meetings and presides over them. The same applies to the Chairman of the Audit Committee. The Chair of the Supervisory Board represents the interests of the Board externally and represents the Supervisory Board in its dealings with the Executive Board. This also includes contacts with investors providing the issues dealt with do not relate to operative management of the business, but to the annual audit, corporate governance or compliance, for example. The Supervisory Board constitutes a quorum if all the members were invited to a meeting at least one week in advance and if at least three of its members participate in the vote. Resolutions in the Supervisory Board are generally passed by a simple majority of the votes cast. If an equal number of votes for and against a proposal has been cast, the Chair of the Supervisory Board has the casting vote ("casting vote right").

The resolutions of the Supervisory Board and its committees are regularly passed in the corresponding meetings. These either take place in the company offices in Linz or Vienna with the members attending in person or as virtual meetings with a two-way visual and audio connection. Any member of the Supervisory Board unable to attend a meeting can vote by appointing a proxy who either casts the absent member's written vote during the meeting or has been given written authorisation by that member to vote on his or her behalf. This also applies to casting the second vote of the Chair of the Supervisory Board. In addition, resolutions adopted on certain topics are passed in writing by circular letter. The Supervisory Board's resolutions and meetings are recorded in minutes which are signed by the person who chaired the meeting. The Supervisory Board can invite experts such as accountants, lawyers or persons able to provide specific information to its meetings when particular topics are on the agenda.

The composition of the Supervisory Board and its committees complies with applicable legislation, the Articles of Association and rules of procedure as well as the principles of the German Corporate Governance Code, especially with regard to the professional qualifications of the members.

- Ms. Claudia Badstöber is Chair of the Supervisory Board, the Nomination Committee and the Remuneration Committee.
- In accordance with the requirements of the German Corporate Governance Code, the Audit Committee is not chaired by the Chair of the Supervisory Board, but by Mr. Bernhard Chwatal.
- The Audit Committee, Nomination Committee and Remuneration Committee each consist of three members, the majority of whom are independent members.

The Supervisory Board has adopted regulations for the rules of procedure for the work of the Supervisory Board and its committees. The committees only have a quorum if all their members participate. Resolutions of the committees are passed with a simple majority subject to legislation to the contrary.

The responsibilities of the Audit Committee include monitoring the accounting process, the audit of the consolidated annual accounts and individual financial statements by the independent auditor, ensuring the efficacy of the internal control system and the risk management system and putting forward a recommendation for the proposed annual auditor and the auditors of the legally required Sustainability Report for submission to the Annual General Meeting. The Audit Committee prepares the vote of the Supervisory Board on the annual accounts and the consolidated annual accounts. Additionally, the Audit Committee is responsible for supervising the auditing system and compliance as well as examining and supervising any actions that may be necessary relating to possible neglect of duty on the part of members of the Executive Board as preparation for adoption of a resolution by the Supervisory Board.

If necessary, the auditor informs the Chair of the Audit Committee outside formal meetings about particular circumstances that may have arisen, risks that have been identified or changes in legislation. In accordance with the regulations of the German Corporate Governance Code, the Chair of the Audit Committee is independent and not a former member of the Executive Board of the company. Mr. Chwatal has particular knowledge and experience of applying invoicing principles and internal control procedures.

The Audit Committee was in regular contact with the auditors in financial year 2024. Apart from the audit results, the chief topics discussed included assessment of audit risk, the audit strategy and audit planning.

AUDIT COMMITTEE MEMBERS	POSITION	INDEPENDENCE
Mr. Bernhard Chwatal	Chair	independent
Ms. Claudia Badstöber	Deputy Chair	independent
Ms. You-Mei Wu (Yolanda Wu)	Member	Connection with shareholder Ennoconn Corp.

The Nomination Committee prepares the decisions of the Supervisory Board relating to the appointment and, if need be, dismissal of members of the Executive Board and is responsible for the long-term succession planning in association with the Supervisory Board and the Executive Board. In addition, the Nomination Committee, in consultation with the Remuneration Committee, prepares the decisions of the Supervisory Board relating to the remuneration, regular review of the remuneration system and the Remuneration Report to the Annual General Meeting. The Remuneration Committee is responsible for remunerating members of the Executive Board, concluding, amending and cancelling employment contracts with members of the Executive Board and preparing and concluding other contracts with members of the Executive Board wherever necessary. In particular, this includes granting loans to members of the Executive Board, which are only granted in exceptional circumstances, concluding certain contracts with members of the Supervisory Board, taking account of related persons or companies, and approving additional positions taken on by members of the Executive Board, especially positions accepted on the boards of companies outside the Kontron Group.

NOMINATION COMMITTEE MEMBERS	POSITION	INDEPENDENCE
Ms. Claudia Badstöber	Chair	independent
Mr. Bernhard Chwatal	Deputy Chair	independent
Ms. You-Mei Wu (Yolanda Wu)	Member	Connection with shareholder Ennoconn Corp.

REMUNERATION COMMITTEE MEMBERS	POSITION	INDEPENDENCE
Ms. Claudia Badstöber	Chair	independent
Mr. Bernhard Chwatal	Deputy Chair	independent
Ms. You-Mei Wu (Yolanda Wu)	Member	Connection with shareholder Ennoconn Corp.

The Supervisory Board regularly reviews the effectiveness of its activities. To this end, discussions take place within the Supervisory Board and one-to-one discussions are held with the Chair of the Supervisory Board.

The Supervisory Board arrived at the following self-assessment as of December 31, 2024:

- The Supervisory Board and its committees perform their duties effectively.
- According to the assessment of the Supervisory Board, its composition as of December 31, 2024 meets the membership targets sets out above with the exception of the independence of the three members with business relationships with Ennoconn Corporation, contrary to Principle 12, Recommendation C.7. Ennoconn Corporation is to be regarded as the controlling shareholder. According to Principle 12 C.7, more than half of the shareholder representatives should be independent of the company and the Executive Board. This recommendation was not met here, as preference is given to the qualifications, expertise and experience of the non-independent members of the Supervisory Board. Potential significant conflicts of interest are met with the necessary diligence and effective measures, e.g. abstentions.
- Information regarding professions practised and seats held on other Supervisory Boards to be constituted in accordance with legislation is disclosed on the company website. This reveals that the Supervisory Board is composed of a diverse range of members, including financial experts and branch experts, and possesses the requisite experience of supervising international corporations. Apart from the three representatives of Ennoconn Corp., the 1st Deputy Chair of the Supervisory Board has many years' experience in the field of future-oriented communications and security thanks to his work as an entrepreneur in the telecommunications sector, and can therefore be regarded as an industry expert. Furthermore, the Chair of the Supervisory Board, with her experience in tax consultancy and auditing and her previous position as CFO of a private bank, is a proven financial expert, as is Ms. Yolanda Wu, who was CFO of Ennoconn Corporation and a director at the Financial Market Supervisory Authority in Taiwan. Mr. Chwatal also has financial expertise thanks to his work for auditing companies and as a restructuring manager.
- As of the reporting date, the Supervisory Board comprised two women (40%) and three men (60%). According to applicable legislation in Austria, Kontron AG is not subject to a mandatory quota for women. This 40% share of women on the Supervisory Board is higher than the average share of women in the Kontron AG workforce overall.
- It is the view of Kontron AG that a statutory particular age limit for members of the Supervisory Board as stipulated in Principle 11, Recommendation C.2. is neither helpful nor appropriate. For Kontron AG, the qualifications and experience of candidates are more important than the recommended age limit, so that this deviation from Principle 11, Recommendation C.2 appears appropriate and justifiable. As of December 31, 2024, the longest period of membership of the Supervisory Board is 11 years. Each member's length of membership is given below. As recommended by the German Corporate Governance Code, no member of the Supervisory Board has served on it for longer than 12 years or is a close relative of a member of the Executive Board.

Composition of the Supervisory Board until the end of the ordinary Annual General Meeting 2024

BOARD MEMBER	POSITION	INITIAL APPOINTMENT	END OF TERM	INDEPENDENCE
Ms. Claudia Badstöber	Chair of the Supervisory Board	June 16, 2020	AGM 2025	independent
Mr. Bernhard Chwatal	1. Deputy Chair	May 17, 2013	AGM 2025	independent
Mr. Fu-Chuan Chu (Steve Chu)	Member	June 27, 2017	AGM 2027	Connection with shareholder Ennoconn Corp.
Mr. Joseph John Fijak	Member	May 6, 2022	AGM 2027	Connection with shareholder Ennoconn Corp.
Ms. You-Mei Wu (Yolanda Wu)	Member	June 8, 2021	AGM 2026	Connection with shareholder Ennoconn Corp.

Composition of the Supervisory Board since the end of the ordinary Annual General Meeting 2024

BOARD MEMBER	POSITION	INITIAL APPOINTMENT	END OF TERM	INDEPENDENCE
Ms. Claudia Badstöber	Chair of the Supervisory Board	June 16, 2020	AGM 2025	independent
Mr. Bernhard Chwatal	1st Deputy Chair	May 17, 2013	AGM 2025	independent
Mr. Fu-Chuan Chu (Steve Chu)	2nd Deputy Chair	June 27, 2017	AGM 2027	Connection with shareholder Ennoconn Corp.
Mr. Joseph John Fijak	Member	May 6, 2022	AGM 2027	Connection with shareholder Ennoconn Corp.
Ms. You-Mei Wu (Yolanda Wu)	Member	June 8, 2021	AGM 2026	Connection with shareholder Ennoconn Corp.

Supervisory Board Meetings

BOARD MEMBER	POSITION	17/01 2024	27/03 2024	06/05 2024	22/09 2024	25/12 2024
Ms. Claudia Badstöber	Supervisory Board Chair	P	P	P	P	P
Mr. Bernhard Chwatal	1st Deputy Chair	P	P	P	P	P
Mr. Fu-Chuan Chu (Steve Chu)	2nd Deputy Chair	V	-	V	V	V
Mr. Joseph John Fijak	Member	V	V	V	V	V
Ms. You-Mei Wu (Yolanda Wu)	Member	V	V	V	V	V

P > Present in person | V > Video/telephone conference or proxy

Meetings of the Audit Committee

BOARD MEMBER	POSITION	27/03/2024	05/12/2024
Mr. Bernhard Chwatal	Chair	P	P
Ms. Claudia Badstöber	Deputy Chair	P	P
Ms. You-Mei Wu (Yolanda Wu)	Member	V	V

P > Present in person | V > Video/telephone conference or proxy

Meetings of the Nomination and Remuneration Committees

BOARD MEMBER	POSITION	11/07/2024
Ms. Claudia Badstöber	Chair	P
Mr. Bernhard Chwatal	Deputy Chair	P
Ms. You-Mei Wu (Yolanda Wu)	Member	V

P > Present in person | V > Video/telephone conference or proxy

Shares owned by members of corporate institutions

As of December 31, 2024, the Executive Board and Supervisory Board hold the following number of shares, stock options and warrants. The shares held (including shares held indirectly) represent around 5.57% of the company's share capital.

BOARD MEMBER	POSITION	NUMBER OF SHARES	NUMBER OF STOCK OPTIONS	NUMBER OF WARRANTS 2020
Ms. Claudia Badstöber*	Chair of the Supervisory Board	430,211	0	0
Mr. Bernhard Chwatal	1st Deputy Chair of the Supervisory Board	0	0	0
Mr. Fu-Chuan Chu (Steve Chu)	2nd Deputy Chair of the Supervisory Board	0	0	0
Mr. Joseph John Fijak	Supervisory Board member	0	0	0
Ms. You-Mei Wu (Yolanda Wu)	Supervisory Board member	0	0	0
Mr. Hannes Niederhauser**	CEO	3,117,533	572,000	678,294
Dr. Clemens Billek	CFO	0	200,000	0
Mr. Michael Riegert	COO	10,625	215,000	151,000
Mr. Philipp Schulz	COO	0	0	0
Dr. Johannes Fues	COO	0	0	0

*1,992 shares held directly; 416,219 shares held indirectly as managing director of Austro Holding GmbH and grosso holding Gesellschaft mbH

** 1,366,629 shares held directly; 1,750,904 held indirectly as 47.5% shareholder of grosso tec AG

Linz, March 26, 2025

The Executive Board of Kontron AG

Hannes Niederhauser | Dr. Clemens Billek | Michael Riegert | Philipp Schulz | Dr. Johannes Fues

07

THE KONTRON SHARE

Share price development 2024

The Kontron share got off to a good start in the 2024 stock market year and climbed to over EUR 22 with the announcement of the annual outlook on January 15, 2024. On January 19, 2024, the share reached its annual high of EUR 23.32. After this annual high, it moved sideways above the EUR 20 mark until the beginning of April. From the beginning of April to the end of July, the share traded in a range of EUR 18.5 to EUR 22. Driven by Europe-wide uncertainty surrounding electromobility and the slump in the solar sector, the share price fell from the end of July, reaching its annual low of EUR 15.15 on November 5, 2024. Good results in the 3rd quarter of 2024 and numerous incoming orders initiated an upturn with a high trading volume, leading to a price of EUR 19.96 on December 18, 2024.

The share closed financial year 2024 at a price of EUR 19.46, down by around 9.49% compared to year-end 2023. The TecDAX ® showed a slight increase of 2.39% in the same period, while the SDAX ® lost 1.78%. In financial year 2024, Kontron shares were listed on the German Stock Exchange's SDAX® and TecDAX®. 35.6 million shares were traded with a revenue of around EUR 675 million.

	31/12/2024	31/12/2023	CHANGE IN %
SDAX® (points)	13,711	13,960	-1.78%
TecDAX® (points)	3,417	3,337	2.39%
Kontron AG (EUR)	19.46	21.50	-9.49%

Share price development since 2022

The development of the share price showed a steady upward trend from 2022 to the beginning of 2024 — in connection with the realignment of the Kontron Group as a pure IoT provider.

The sale of the IT Service business and the focus on the IoT business explain the upward trend that started in early 2022. Influenced by strategic acquisitions in the IoT sector and a high level of incoming orders, the share price rose in 2023, ending the year with a significant increase of 40.6%. This positive trend continued with another landmark acquisition in January 2024, and on January 18, 2024 Kontron AG shares were trading at a three-year high of EUR 23.32. In the course of 2024, economic uncertainties in Europe and, above all, the slump in the electromobility and solar sectors caused the share to drop to EUR 15.15, its lowest level since the end of 2022. After falls of just under 30% during 2024, the share price recovered again in December 2024 thanks to good nine-monthly figures and a high level of incoming orders, meaning the Kontron share ended the year with a closing price of EUR 19.46.

In recent years the performance of the Kontron share has continued to lag behind operational developments: with its operations, the Kontron Group was able to increase revenue from continued operations from EUR 1,063.7 million in 2022 to EUR 1,684.8 million in 2024. In the same period, EBITDA also increased significantly from EUR 109.5 million to EUR 191,8 million from continued operations. Earnings per share rose from EUR 0.87 in 2022 (adjusted for profits from the “Focus” project) to EUR 1,47 in 2024.

DEVELOPMENT 2022-2024	2022[1)]	2023[1)]	2024[1)]
Revenues in EUR million	1,063.7[2)]	1,225.9	1,684.8
EBITDA in EUR million	109.5[3)]	126.0	191.8
EBITDA margin in %	10.3[3)]	10.3	11.5
EPS in EUR	3.65[4)]	1.23	1.47
XETRA closing price in EUR	15.29	21.50	19.46
PE Ratio	4.19	17.48	13.24

1) Continuing operations (excluding DCO).
2) Reclassification, see Annual Report 2023 Notes, section A, changes in accounting methods
3) Adjusted EBITDA and adjusted EBITDA margin adjusted for special effects from the sale of IT service companies and the restructuring of the Group.
4) EPS including proceeds from the "Focus" project.

Capital market communications

The Executive Board and the Investor Relations department were in regular contact with interested investors in the 2024 financial year at two roadshows, 14 conferences and video and telephone conferences. Overall, investor relations activities were further expanded compared to the previous year, with 413 investor meetings taking place (PY: 403 investor meetings). These meetings focused on the strategic acquisition of Katek SE, its integration and the associated growth opportunities. The roadshows in 2024 focused on Germany, Austria, France, Great Britain, Sweden, Finland and the USA. The majority of the events were held physically, in person.

Kontron AG took part in the following conferences in 2024:

- German Corporate Conference hosted by UniCredit and Kepler Cheuvreux in January 2024, Frankfurt
- Hamburger Investorentage in February 2024, Hamburg
- Goldman Sachs Conference in February 2024, London
- Institutional Investor Conference in April 2024, Zürs
- Stifel German Corporate Conference in May 2024, Frankfurt
- HAIB Stockpicker Summit in May 2024, Kitzbühel
- UBS Pan European Small and Mid-Cap Conference in May 2024, London
- Future in CEE – ERSTE Consumer & Technology Conference in June 2024, Warsaw
- Germany Commerzbank and ODDO BHF's Annual Corporate Conference in September 2024, Frankfurt
- Berenberg German Corporate Conference in September 2024, Munich
- Baader Investment Conference in September 2024, Munich
- The Finest CEElection Equity Investor Conference in October 2024, Vienna
- DZ BANK Equity Conference in November 2024, Frankfurt
- Deutsches Eigenkapitalforum in November 2024, Frankfurt

The Executive Board of Kontron AG also plans to participate in numerous conferences in the financial year 2025 and to continue to engage in intensive dialogue with investors.

07

THE KONTRON SHARE

At the end of financial year 2024, Kontron shares were covered by seven analysts who had published the following recommendations and price targets for Kontron as of December 31, 2024:

Erste Group	Buy	EUR 26.50
Hauck & Aufhäuser	Buy	EUR 37.00
Jefferies	Buy	EUR 29.00
Kepler Cheuvreux	Buy	EUR 25.00
mwb research	Buy	EUR 35.00
Pareto Securities	Buy	EUR 28.00
Warburg Research	Buy	EUR 28.40

Annual General Meeting

On May 6, 2024, the Supervisory Board and Executive Board of Kontron AG welcomed shareholders to the company's 25th Annual General Meeting.

The shareholders represented by proxies accounted for approximately 45% of the subscribed capital of Kontron AG (PY: approximately 51% of the subscribed capital). All resolutions proposed by the Executive Board were adopted by the majority of votes required. Aside from approval of the appropriation of profits and the discharge of the Executive Board and the Supervisory Board, these included cancellation of conditional capital in 2023, the resolution on new authorised capital (Authorised Capital 2024) and the resolution on the amendment of the Articles of Association in Section 3 "Publications/Announcement".

Dividend & share buybacks

The Executive Board of Kontron AG pursues the successful implementation of its continuous growth strategy as the primary goal of its business policy.

Based on the equity of EUR 632.5 million attributable to shareholders as of December 2024 (PY: EUR 602.0 million), the Executive Board and Supervisory Board of Kontron AG plan to propose a dividend of EUR 0.60 per share to the shareholders of Kontron AG for resolution at the Annual General Meeting on June 11, 2025.

In addition, Kontron bought back a total of 516,018 treasury shares in 2024 at a total price excluding ancillary costs of EUR 9,992,139.73 in the course of two share buyback programs. Accordingly, the number of treasury shares held as of December 31, 2024 was 2,474,610.

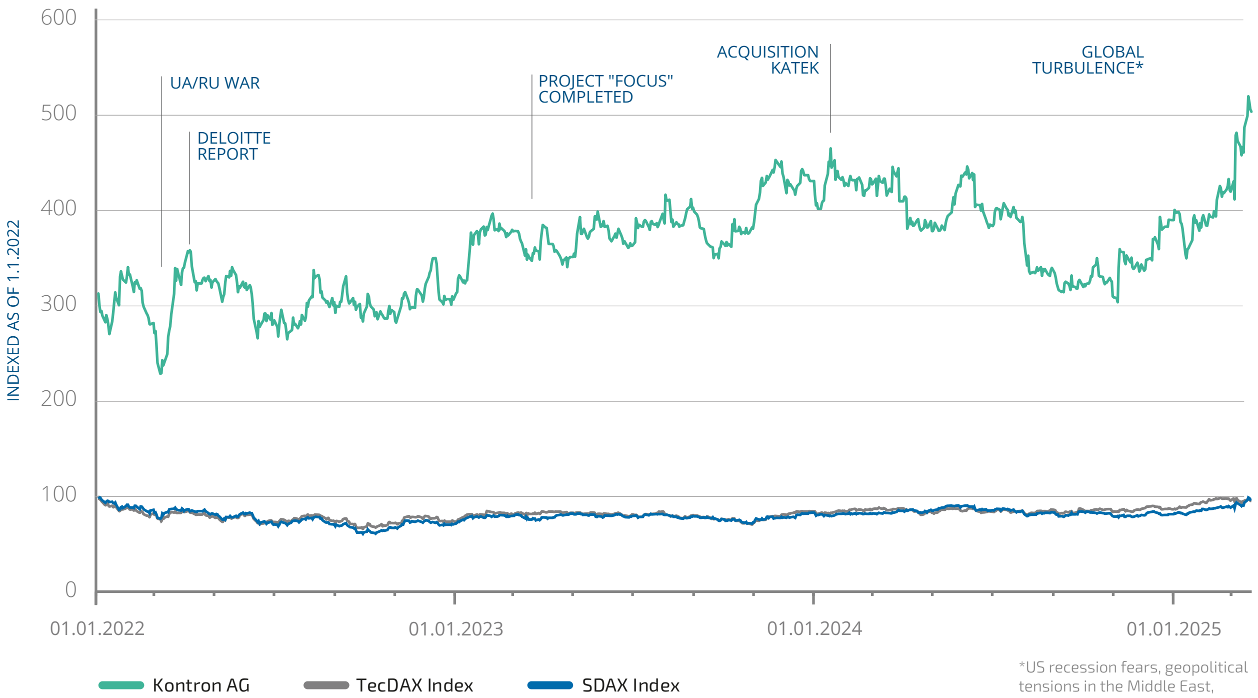
KEY SHARE INDICATORS 2024

Stock exchange	Frankfurt Stock Exchange
Stock exchange segment	Prime Standard
Index membership	TecDAX® & SDAX®
Securities identification number	A0X9EJ
Stock exchange symbol	KTN
ISIN	AT0000A0E9W5
Number of shares 31/12/2024	63,860,568
Number of treasury shares as of 31/12/2024	2,474,610
Price range 1/1 - 31/12/2024	EUR 15.15 – 23.32

KEY SHARE INDICATORS 2024

XETRA closing price 30/12/2024	EUR 19.46
Average XETRA trading volume per day	105 thousand shares
Market capitalisation 31/12/2024	EUR 1,242.7 million
Market capitalisation free float 31/12/2024	EUR 740.6 million
Free float 31/12/2024	59.6%
Designated sponsor	Pareto Securities AS Hauck Aufhäuser Lampe Privatbank AG
Analysts as of 31/12/2024	Erste Group – Daniel Lion Hauck & Aufhäuser – Tim Wunderlich Jefferies - Martin Comtesse Kepler Cheuvreux - Patrick Steiner mwb research – Thomas Wissler Pareto Securities – Knud Hinkel Warburg Research – Malte Schaumann

Share price development



*US recession fears, geopolitical tensions in the Middle East, "Black Monday"

08

MANAGEMENT REPORT

01 Business environment

Economic environment

In 2023 and 2024, the economy in the European Union, the most important market for the Kontron Group, slowed following solid growth in the two years following the pandemic. Energy prices, which had soared in 2022 and 2023, stabilised thanks to increasing diversification of energy sources and investments in renewable energy. Inflation gradually decreased and came close to the ECB's medium-term target of 2.0%. However, the economic situation gave growing cause for concern. Against this background, the ECB cut interest rates four times during 2024. In contrast, the economic performance of the USA was robust, thanks to a strong labour market and technological investments. China recorded moderate economic growth, tempered by geopolitical tensions and weak domestic demand.

According to the European Commission's winter forecast, economic growth in the euro area and throughout the European Union for 2024 is 0.8% and 1.7% respectively, following an increase in economic output of 0.4% and 1.5% in the previous year. In Kontron AG’s home market of Austria, the decline in economic growth slowed slightly to 0.6% compared to 0.8% in the previous year. In Germany, the Kontron Group's most important sales market, economic output remained stable (no growth) in the year under review, whereas a decrease of 0.3% had been recorded in 2023. While gross domestic product growth in Switzerland increased again, from 0.7% in the previous year to 1.3% in 2024, the USA’s economic output of 2.8% was just below the previous year's figure of 2.9%. China also saw a slight decline in GDP from 5.2% to 4.8%.

For the first time in several years, the US Federal Reserve cut its base interest rate in three steps from 5.25% to 5.5% in July 2023 to between 4.25% and 4.5% in December 2024. The European Central Bank (ECB) lowered base interest rates — the interest rate on main refinancing operations, interest rates on the marginal refinancing facility and the deposit facility – in four steps to 3.15%, 3.4% and 3.0%, respectively. Inflation rates in the USA and the euro area fell from 4.1% and 5.4% respectively in 2023 to 3.0% and 2.4% respectively in 2024. A further reduction of 1.9% and 2.0% is forecast for 2025.

Development of real GDP and inflation in Kontron Group markets (as %)[1)]

	REAL GDP			INFLATION		
	2023	2024e	2025e	2023	2024e	2025e
Austria	-0.8	-0.6	1.1	7.7	3.0	2.5
Germany	-0.3	0.0	0.8	6.0	2.4	2.0
Euro Area	0.4	0.8	1.2	5.4	2.4	2.0
Europe	1.5	1.7	1.7	9.9	7.9	5.3
Switzerland	0.7	1.3	1.3	2.1	1.3	1.0
USA	2.9	2.8	2.2	4.1	3.0	1.9
Russia	3.6	3.6	1.3	5.9	7.9	5.9
China	5.2	4.8	4.5	0.2	0.4	1.7

1) https://www.imf.org/en/Publications/WEO/Issues/2024/10/22/world-economic-outlook-october-2024 (Page 33-35)
https://economy-finance.ec.europa.eu/economic-forecast-and-surveys/economic-forecasts/autumn-2024-economic-forecast-gradual-rebound-adverse-environment_en

Internet of Things (IoT) Market Overview[1)]

For the Internet of Things (IoT) market, an average annual growth rate of over 13% is forecast in the period from 2025 to 2029, resulting in an expected market volume of over EUR 1.6 trillion (EUR 1,600 billion) in 2029, with the USA expected to generate the largest share of revenue. The growth of the IoT market is closely linked to the development of other important technologies such as 5G and cloud computing. The introduction of 5G communication standards is of particular importance, as they enable faster and more stable networking of intelligent devices. This results in a significant increase in the efficiency and effectiveness of IoT applications. In addition, global demand for IoT solutions, driven by the increasing networking and automation of business processes in various industries, is expected. Cybersecurity also remains a major challenge. Because more and more data is being collected, transferred between devices and stored in the cloud, ensuring data security and privacy is more important than ever.

02 Group principles

Business Model

Kontron AG, based in Linz, Austria, is the top parent company of the Kontron Group, an international provider of hardware and software products as well as solutions for the Internet of Things (IoT) and Industry 4.0.applications. The services provided include related implementation and operational services in the vertical markets of industrial automation, rail infrastructure, 5G connectivity, aerospace technology and defence as well as GreenTec. Most underlying technologies are developed in Europe and are sold and implemented through subsidiaries in Europe, North America and Asia. If need be, they are adapted to customer needs or local market conditions. Kontron plans to offer its own technologies as service models (IoTaaS) following implementation.

In the past financial year, the Kontron Group was mainly active in the core markets of the European Union, North America and Asia. As of the reporting date, Kontron AG was represented by 66 (2023: 46) active direct and indirect fully consolidated subsidiaries in the following 25 (2023: 23) countries: Belgium, Bulgaria, China, Germany, France, Great Britain, Canada, Kazakhstan, Lithuania, Malaysia, North Macedonia, Austria, Poland, Portugal, Romania, Russia, Switzerland, Singapore, Slovenia, Spain, Taiwan, Czech Republic, Hungary, Uzbekistan, and the United States of America. The increase in the number of fully consolidated companies is primarily due to the acquisition of the Katek SE Group at the beginning of 2024.

Within the Group, Kontron AG assumes a holding function for the Group companies in addition to its operating activities in Austria. While most of the operational business processes of the subsidiaries were defined and controlled locally in 2024, the following were carried out centrally: the control and monitoring of the Group processes in the sectors of internal IT, risk management, internal audit, licence management, group accounting and group controlling, as well as activities relating to insurance and financing. Due to the necessary customer interaction or the increasing share of services, the essential business processes are locally oriented. Because the Group operates in many countries, regional customer needs can be covered very well and promptly. Kontron is therefore positioned both as a multinational provider and as a local partner.

The main external factors influencing both the business and business development of the Kontron Group are the investment and spending behaviour of companies and public customers. These, in turn, are directly conditioned by financial budgets and their own economic development, as well as by non-financial factors such as new technologies or data security, for example. The resulting demand behaviour has a direct influence on the Kontron Group's business potential. Cost savings by companies or public customers can have an impact on the Kontron Group in two ways: on the one hand through reduced demand, as new investments or replacement investments are

1) https://de.statista.com/outlook/tmo/internet-der-dinge/weltweit

delayed, and on the other through increased demand due to investments made to increase efficiency and reduce costs through outsourcing or to make cost structures more variable. Topics such as investments to achieve climate goals, for example in public transport or through intelligent energy management systems, offer further potential for the Kontron Group.

In the past financial year 2024, the following factors had a particular impact on the Kontron Group's business:

- Russia's ongoing war of aggression in Ukraine,
- the escalation of the Middle East conflict,
- the global decline in the solar sector,
- investments in rail infrastructure and public transport solutions,
- investments in renewable energy solutions and electromobility,
- the further development of proprietary technologies, particularly in the software area, and the synergetic linking of the Kontron Group portfolios, as well as
- the expansion of the product portfolio through the acquisition of Katek SE.

Segmentation

Since the beginning of 2023, the Kontron Group has been managed using the following three segments:

Europe

In the Europe segment, the Kontron Group bundles its activities to develop secure solutions for networked machines by means of a combined portfolio of hardware, software and IoT services in Europe. This business segment focuses on Kontron Group proprietary technologies and solutions, divided into the Industrial Automation divisions, communication solutions that include 5G connectivity, medical technology and smart energy, as well as Kontron ODM and remaining services business. The headquarters of the Kontron Group are also reported in this segment. The products and systems are standardised products for the focus market segments, as well as custom-built hardware and software-based special systems, which are developed for the above-mentioned markets and adapted to customer requirements.

From a technological point of view, this includes, for example:

- network and communication solutions, both cable and radio-based, for real-time and secure networking, based on the new 5G mobile radio standard,
- the standard and customer-specific development of mini computers and IoT systems,especially for industrial applications and medical technology,
- the development of tools and software interfaces (APIs) for access to various hardware and software components.

Examples of applications include:

- Solutions for the control of production machines, including the necessary hardware components such as control computers, touch screens, driver developments and BIOS adaptations.
- Applications to support artificial intelligence in industry and medical technology.
- Embedded cloud computing including special security solutions with which customers can control their industrial applications and process and/or store their data securely in cloud environments (public or private cloud).
- Hardware-based solutions for the medical technology sector that support artificial intelligence applications and are used, for example, in ventilators, patient monitoring systems and medical technology imaging products such as ultrasound devices, computer tomographs and MRI devices.

Software + Solutions

This segment comprises the Group-wide software portfolio, primarily for the industrial automation sector, the Kontron operating system KontronOS, and the solutions business in the transport, avionics and defence sectors. In 2024, the Katek takeover added the GreenTec division, which focuses on innovative solutions in the areas of solar energy, electromobility and renewable energy. The segment has the areas with the highest margins and the highest growth rates in the Group. From a technological point of view, this includes, for example, the self-developed IoT software toolset susietec® as a software suite for connecting and controlling industrial/IoT applications. The "application-ready" IoT toolset enables customers to create high-quality, customised computing solutions for their diverse work environments and requirements. Kontron's own KontronOS operating system for controlling, maintaining and monitoring IoT modules also comes from this segment. Examples of applications include:

- End-to-end communication solutions for mission-critical networks in the rail sector, based on GSM-R and FRMCS for example, as well as mobility solutions for public transport that cover the entire service value chain by supporting passenger information systems, network video surveillance, data storage and processing and train management systems.
- ITAR-certified, encrypted and secure high-performance VPX parallel multiprocessor with 6.25 Gb/s data connectivity for use in armoured vehicles, 360° continuous optronic surveillance system for navies, ground radar processing unit for long-range air monitoring, mission management processing unit for UAV.
- Satellite-based in-flight entertainment and communications (IFEC) systems and satellite-based connectivity via geostationary (GEO), medium (MEO) and low Earth orbits (LEO).
- High-performance edge servers that enable demanding applications such as Radio Access Network (RAN), ultra-low latency, high bandwidths, data caching, and artificial intelligence (AI) close to the user, solving network congestion and power supply issues.
- The unique smart IoT-connected wall-mounted charger, with optimal cybersecurity protection, optimises energy consumption, reduces electricity costs, secures networks and supports the energy revolution.

Global

The Global segment reports Kontron Group business activities in the two divisions North America and Asia.

In addition to its own portfolio, products and solutions from the Europe segment and Software + Solutions are also developed and marketed. This segment also serves as a sales channel for software solutions and products from the other segments. In addition, the software solutions and products in this segment are also adapted to specific customer needs if required. The Asia segment benefits from its proximity to chip industry production in Taiwan. Conversely, the North America division, headquartered in San Diego, benefits from its proximity to parts of the US armed forces at their Pacific Fleet location. Kontron is an ITAR-certified provider of defence solutions.

Management system

Kontron management's objective remains unchanged, namely to increase the Group's added value by developing its own technologies, particularly in the software sector, and to continuously increase the Group's financial strength through profitable growth. To achieve this strategic goal and measure progress, an internal control system is used.

When managing the Group in 2024, the focus was on the following aspects in particular:

- Increase in operating profitability (EBITDA) and earnings per share (EPS) which accompany the growth;
- Optimization of working capital and improvement of both operating and free cash flow;
- Expanding market shares in the IoT sector;
- Increasing the share of proprietary software in the IoT solutions environment and expanding the IoTaaS portfolio;
- Initiation and monitoring of strategic or synergetic research and development projects;
- Integration of the largest acquisition to date, the Katek Group.

The relevant key figures on the basis of IFRS accounting are primarily revenue, gross margin and income before interest, taxes, depreciation and amortization (EBITDA), as well as net result and earnings per share (EPS). Liquidity management is based on the key figures net debt and operating cash flow. Apart from managing the equity ratio, for Kontron the debt-equity ratio is also relevant.

Starting back in the 2019 financial year, a stronger focus has been placed on working capital, because revenue from the IoT Solutions business – which is more working-capital-intensive than the former IT services business – and the supply chain problems have led to a further increase in working capital both as an absolute and relative value compared to the revenue of the Kontron Group as a whole. As a result of the takeover of Katek SE, inventory increased in the first half of 2024. This was already significantly reduced in the second half of the year. In the medium term, the aim is to reduce working capital still further.

The operating income of each company is also monitored by the designated members of the Executive Board as part of regional management. In addition to the development of revenue and order intake, key figures for this include, in particular, gross margin, personnel costs and EBITDA before headquarters costs. Since financial year 2021, the development of net working capital has also been applied as an additional key performance indicator for the remuneration of the Executive Board and local management in order to increase cash conversion (operative Cashflow/EBITDA).

Project controlling, which is used to monitor longer-term project business, ranges from the preparation and approval of bids to project completion. Among other things, a special “red flag system” is used. This defines criteria which, if exceeded, require immediate measures by the local management of the subsidiaries.

The cost items in the Kontron Group are subject to regular budget control. In the process, the individual profit and cost centres are checked monthly for compliance with the budgets and forecast costs. In order to achieve the planned profitability, the cost budget is adjusted as necessary during the year in line with the development of revenue.

As a developer and producer of proprietary technologies, the company's long-term success is based on strategically and technologically relevant acquisitions as well as research and development with the resulting innovations. That is why the product portfolio is continuously being developed. The necessary use of resources is optimized through a combination of in-house developments, collaborations, for example with Qualcomm and Foxconn in the past financial year, and technological-strategic acquisitions.

The management of liquidity and operating cash flow is significantly influenced by management of receivables. This is operated locally and is subject to internal control processes. While operational cash management is largely carried out locally, strategic cash management and larger financing transactions are managed centrally.

In addition, an ESG reporting tool is used to uniformly regulate the collection and monitoring of ESG-relevant key figures across the Group. This should result in a solid database for non-financial goals, making it possible to define target values for additional sustainability goals and allowing standardised measurement of progress towards the Kontron Group's ESG goals. This will facilitate reporting on these topics and comply with new requirements, in particular the new EU Directive on Sustainability Reporting (CSRD).

Further information on the risk management organization and internal processes is available in the “Forecast, Opportunities, Risk Report” and in the “Internal Control System, Group Accounting Process and Risk Management System” section of this report.

Research and development

As in previous years, the past financial year also saw the implementation of numerous development projects aimed at expanding the share of new hardware and software solutions. The following research areas and projects serve as examples:

› Development relating to KontonOS and KontronGrid focused on cybersecurity. To comply with the requirements of NIS2 and the Cyber Resiliance Act, additional functions such as configurable firewall zones, encrypted VPN tunnelling, advanced Secure Boot and certified images features were implemented. Intrusion detection, update automation and automated penetration testing have also been further optimized and are available for both Intel and ARM systems. To make it easier to get started here, we have created dedicated susietec IoT bundles. These bundles consist of Kontron hardware, KontronOS and KontronGrid. We therefore offer our customers an “application-ready IoT platform” here.

› Kontron has set itself the goal of playing a leading role in EU research and innovation projects as well as in standardization committees and thus promoting the definition and specification of the future standard for rail communication. In these projects, Kontron works closely with major European rail operators, associations, regulatory authorities and rail supply companies. The common goal is to develop the future FRMCS rail communication system and to prepare railways for a transition from the current GSM-R system to the new FRMCS system. One of the most important current projects is FP2-MORANE-2, which is funded by Europe's Rail and SNS Joint Undertaking (JU) of the European Commission. FP2-MORANE-2 aims to validate the FRMCSv2 specifications in laboratory and field environments. The project was launched at the end of 2024 and Kontron was able to qualify for participation on all five test tracks in Europe, thus receiving the largest share of the budget. FP2-MORANE-2 will include integration and testing activities for critical rail-specific usage scenarios, such as secure communication in rail border traffic, switching between FRMCS systems, use of network resources from public network operators, smooth migration and coexistence with the existing GSM-R networks, which will further stabilise the specification and thus enable the commercial rollout of FRMCS projects in the near future.

Research and development and engineering costs amounted to EUR 237.1 million in financial year 2024 (PY: EUR 196.4 million). Of this, development costs of EUR 39.9 million were capitalized in the past financial year (PY: EUR 24.7 million). This means that around 14.1% of revenue (PY: 16.0%) is invested in research, development and engineering services.

03 Economic Report

Strong results again with significant growth in revenue for the Kontron Group

Having concluded the Focus project as an integral part of the IoT strategy and sold those IT companies defined as no longer strategic, several small but very exciting IoT acquisitions followed in 2023. At the same time, realignment of the Kontron Group as a specialist IoT provider continued in the past financial year. The largest takeover in the company's history followed at the beginning of 2024: on January 18, 2024, Kontron AG announced the purchase of a majority stake in Katek SE, thereby further expanding its market leadership in the IoT sector. The integration of Katek SE was one of the major tasks in financial year 2024 and was completed in the fourth quarter. In addition to acquisition costs, Kontron Group income was also influenced by restructuring expenses and one-off effects. The Kontron Group focuses on increasing profitability by growing the share of proprietary technologies and, in particular, software for IoT applications in various sectors — especially in the areas of 5G, connectivity, critical infrastructure, smart factories and artificial intelligence. In addition, Kontron focused on further reducing complexity and streamlining structures within the Group as well as optimizing working capital and cash conversion rates, which were heavily influenced by the takeover of Katek SE in 2024 and were therefore below target values.

Key events for the Kontron Group in financial year 2024 include:

- The ongoing uncertainties due to the tense geopolitical situation in connection with the Russian war in Ukraine and the escalation of the Middle East conflict in October 2023, which are also having an impact on Kontron's economic environment. The falling inflation rates in 2024 led to a gradual reduction in base interest rates; however, economic growth in Europe only slightly recovered.
- At the beginning of financial year 2024, the largest acquisition to date in the IoT sector was made through a subsidiary of the Kontron Group in order to increase the growth of the Kontron Group and open up new business areas. The European manufacturing capacities added to the Group with the acquisition of Katek SE were assigned to the "Europe" segment. In 2024, the newly founded "GreenTec" division, which consists of the solar + energy management and wall-mounted charger business segments, was incorporated into the "Software + Solutions" segment. The integration of parts of Katek SE's subsidiaries into the "Aerospace & Defense" division almost doubled their revenue. One Katek SE subsidiary, Katek Canada, was assigned to the "Global" segment.
- Kontron received numerous large strategic orders in financial year 2024 and took important measures to strengthen its leading position as an IoT solution provider. The company is the only provider worldwide to produce 5G modules entirely in Europe, thus strengthening technological sovereignty and supply chain stability. Kontron also secured two orders worth EUR 320 million to deliver intelligent charging stations for electric vehicles and is taking digitalization of the energy sector forward. In the defence sector, Kontron received a EUR 165 million order for secure and high-performance communication systems. These and numerous other successes underline the company's innovative strength and growth in key areas of the digital future.

Earnings

Revenue development was very positive in all three segments of the Kontron Group. That the especially high-margin "Software + Solutions" segment achieved the highest revenue growth by far gives particular cause for optimism. Overall, revenue for financial year 2024 rose to EUR 1,684.8 million (from continued operations – CO), after EUR 1,225.9 million in the previous year, whereby the acquired Katek SE contributed EUR 460.4 million. The Kontron Group achieved revenue of EUR 1,716.0 million in 2024[1] (PY: EUR 1,256.7 million[1]) taking into account gross sales from brokerage income. This corresponds to sales growth of over 36%.

Kontron's focus on a greater software share is evident in financial year 2024. This development is reflected – in addition to the contributions of the Katek Group of EUR 164.2 million – in Kontron's gross profit, which increased from EUR 466.2 million in the previous year to EUR 693.8 million. This represents an increase of over 49%. The gross margin also improved significantly from 38.0% to 41.2% in the financial year 2024 due to the higher proportion of high-margin software business compared to the previous year, with Katek's gross margin standing at 35.7%.

Personnel expenses from continuing operations within the Kontron Group rose significantly in financial year 2024 compared to the previous year. This is primarily due to the new Group companies included in the scope of consolidation and the inclusion of subsidiaries acquired in 2023 (EUR 39 million) for their first full year. As a result of the above effects, personnel expenses in financial year 2024 amounted to EUR 441.4 million (CO), compared to EUR 291.8 million in the previous year. EUR 105.3 million of this increase was attributable to Katek SE, which was acquired in the past financial year.

1) Adjustment due to changed assessment of principal/agent status for brokerage services (see explanation in Annual Report 2023 in section B, note (1) in the notes to the consolidated financial statements)

Other operating income from continuing operations for the financial year 2024 amounted to EUR 20.2 million and was therefore above the previous year's level (EUR 15.4 million). Other operating expenses in financial year 2024 amounted to EUR 120.7 million (CO) compared to the previous year's figure of EUR 88.5 million, which is primarily due to consolidation effects. Overall, a significantly higher EBITDA of EUR 194.7 million was achieved (PY: EUR 126.0 million), whereby EUR 2.9 million is attributable to discontinued operations. This results in EBITDA from continuing operations of EUR 191.8 million. As a result, the EBITDA margin also rose significantly to 11.5% after a previous year's figure of 10.3%. The increase in the EBITDA margin is due to a greater contribution to earnings from the high-margin divisions at Kontron, which also have a stronger technology performance.

Depreciation of tangible assets and amortization of intangible assets in the past financial year was significantly higher than in financial year 2023. This is primarily due to the assets acquired from the Katek Group, such as the machinery and technical equipment in the production facilities, as well as the associated depreciation and amortization. In addition, initial consolidation also entailed payment of large sums for the right to use buildings. Depreciation of tangible assets and amortization of intangible assets amounted to EUR 77.6 million in financial year 2024, after a previous year's figure of EUR 39.5 million (from continuing operations). As a result of these developments, the Kontron Group was able to achieve an EBIT of EUR 114.2 million from continuing operations in financial year 2024 (PY: EUR 86.5 million), an increase of 32.0%.

Finance expenses for continuing operations in financial year 2024 amounted to EUR 29.3 million, which represents a significant increase compared to the previous year (PY: EUR 16.1 million). The main reason for these increased expenses is the acquisition of Katek SE, the financial liabilities of Katek SE that were assumed, and the acquisition loans taken out for the acquisition. Financial income also reflected a decline in interest income due to the fall in base interest rates in 2024. Accordingly, financial income amounted to EUR 6.4 million (PY: EUR 8.9 million). Against the background of these effects, the financial result totalled EUR -22.9 million (CO) after a previous year's figure of EUR -7.3 million.

Net income (before non-controlling interests) increased accordingly to EUR 91.6 million (PY: EUR 78.1 million); after non-controlling interests, net income was EUR 90.7 million (PY: EUR 77.7 million), of which EUR 3.1 million is attributable to discontinued operations. Therefore, net income from continuing operations amounts to EUR 87.5 million. As expected, the net income in financial year 2024 was reduced by EUR 5.9 million due to the additional amortization from the purchase price allocation of the Katek acquisition, resulting in an adjusted net income of EUR 96.6 million. Earnings per share (EPS) amounted to EUR 1.47 in financial year 2024 (adjusted EUR 1.51), after a previous year's figure of EUR 1.23.

The Kontron Group order backlog amounted to EUR 2,077.9 million as of December 31, 2024 (PY: EUR 1,686.2 million), which represents another increase and a new record level. EUR 599.5 million of this is attributable to the acquisition of the Katek Group. This order backlog includes contractually fixed orders and deliveries as well as deliveries expected from existing framework agreements.

Development of the business segments

Since 2023, the Kontron Group has differentiated between three business segments in reporting and managing the group of companies “Europe,” “Global,” and “Software+ Solutions”. These three segments were retained in 2024 and the acquired companies were integrated into them. Revenues are reported under the “agent” assumption in accordance with IFRS 15. The figures for the previous year have been adjusted following a reclassification. The business development in accordance with the segments for continuing operations is as follows:

IN EUR MIO.	EUROPE[1]		GLOBAL		SOFTWARE + SOLUTIONS		KONTRON GROUP	
	2024	2023[2]	2024	2023	2024	2023[2]	2024	2023
Total revenues	1,161.8	881.1	312.6	258.6	535.7	293.6	2,010.0	1,433.3
Internal revenues	-184.1	-118.5	-75.0	-50.9	-66.1	-38.0	-325.2	-207.4
Revenues	977.7	762.6	237.5	207.7	469.6	255.7	1,684.8	1,225.9
Gross profit	349.4	250.4	82.9	65.5	261.4	150.3	693.8	466.2
EBITDA	81.7	64.8	23.0	19.1	87.0	42.1	191.8	126.0
Depreciation and amortization	-41.9	-22.9	-8.1	-6.3	-27.7	-10.3	-77.6	-39.5
EBIT	39.8	41.9	14.9	12.8	59.4	31.8	114.2	86.5
Finance income							6.4	8.9
Finance expenses							-29.3	-16.1
Income taxes							-2.7	-3.5
Profit from continuing operations							**88.5**	**75.7**

1) Segment "Europe" including Headquarter-charges not allocated
2) Adjusted: Reclassification "Kontron Modular Computers S.A.S.", Toulon, France, from segment “Europe” to segment “Software + Solutions”

› The “Europe” segment is the largest segment of the Kontron Group in terms of revenue. Segment revenue increased significantly to EUR 977.7 million compared to the previous year's figure of EUR 762.6 million. The acquired Katek SE contributed EUR 226.3 million. This corresponds to sales growth of over 28%. Revenue in the “Europe” segment contributes 58% of the total revenue from continuing operations of the Kontron Group in financial year 2024. Gross profit rose to EUR 349.0 million compared to the previous year (PY: EUR 250.4 million), which in turn led to an increased gross margin of 35.7% (PY: 32.8%). This significantly improved gross margin also led to an increase in EBITDA for the segment in financial year 2024. Note that, on the one hand, the operating costs of the “Europe” segment already include all Kontron Group headquarters costs, and on the other hand, this segment also charges brands, licences and HQ charges to the other two segments “Global” and “Software + Solutions”. EBITDA before headquarters costs amounted to EUR 81.7 million, after the previous year's figure of EUR 64.8 million, which corresponds to an EBITDA margin for this segment of 8.4% for financial year 2024 (PY: 8.5%).

› The “Global” segment includes the Kontron Group's operations in North America and Asia and also improved in financial year 2024. Revenues in this segment amounted to EUR 237.5 million, with Katek SE contributing EUR 33.6 million, representing an increase of over 14% compared to the previous year (PY: EUR 207.7 million). Gross profit also improved from EUR 65.5 million in the previous year to EUR 82.9 million in the past financial year. This corresponds to a gross margin of 34.9%, which also significantly exceeded the previous year's figure of 31.6% as a result. These improved results are based on the increased share of higher-margin solutions as well as price adjustments. EBITDA before headquarters charges rose significantly in financial year 2024 and amounted to EUR 23.0 million (PY: EUR 19.1 million). The EBITDA margin before headquarters charges was 9.7%, after a previous year's figure of 9.2%.

› The “Software + Solutions” segment is the segment with the highest margins and the highest growth rates in the Kontron Group. With segment revenue of EUR 469.6 million, a very significant revenue growth of around 84% was achieved in financial year 2024 compared to the previous year (PY: EUR 255.7 million). The acquired Katek SE made a contribution of EUR 182.3 million in the past financial year. As a result of this positive revenue development, gross profit also increased to EUR 261.4 million in the past financial year, after a previous year's figure of EUR 150.3 million. The corresponding gross margin in financial year 2024 was 55.7% and was thus – owing to the integration through acquisitions of sectors that currently still have low margins – slightly below the gross margin in financial year 2023 (PY: 58.8%). This segment’s EBITDA before headquarters costs also increased significantly and amounted to EUR 87.0 million (PY:

EUR 42.1 million). This corresponds to an EBITDA margin of 18.5% in financial year 2024, compared to the EBITDA margin of 16.5% in the previous year. As a result, the EBITDA margin increased again in 2024.

In addition to the three segments shown in the table, the Kontron Group also generated results from discontinued operations (CO) in financial year 2024. While revenue and gross profit were not influenced by the discontinued operations, EBITDA totalled EUR 3.1 million.

Finances

SUMMARIZED CASH FLOW STATEMENT (IN EUR MILLION)	2024	2023
Cash flow from operating activities	99.0	116.9
Cash flow from investing activities	-127.1	25.7
Cash flow from financing activities	10.9	-246.4
Cash and cash equivalents	315.6	332.2
Financing liabilities	478.7	211.0
Net Cash (+) / Net debt (-)[1]	-163.1	121.2

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

Operating cash flow declined in financial year 2024 and amounted to EUR 99.0 million after a previous year's figure of EUR 116.9 million. It should be noted that operating cash flow in financial year 2023 was positively influenced by project prepayments in the amount of EUR 18.9 million, while the corresponding expenses for the implementation of this project were only incurred for the most part in the past financial year. In addition, factoring was reduced for the entire Kontron Group incl. Katek compared to the previous year. If these special items are excluded, operating cash flow in 2024 was higher than operating cash flow in 2023. The increase was also achieved as a result of working capital optimization following the takeover of Katek SE. Management also expects a further optimization of working capital in 2025.

Cash flow from investment activities amounted to EUR -127.1 million in financial year 2024, a significantly higher figure than in the previous year (PY: 25.7 million). In the previous year, cash flow from investing activities was mainly characterized by the acquisition of the Katek Group, the sale of Telealarm, the receipt of the final purchase price instalment from the Focus project and investments in intangible assets.

Cash flow from financing activities amounted to EUR 10.9 million in financial year 2024, after a previous year's figure of EUR -246.4 million. The main financing activities included the repayment of long-term financing and repayments of financial leasing liabilities totalling EUR 273.4 million, the distribution of the record dividend for the financial year 2023 of EUR 30.8 million, and payments for the purchase of treasury shares as part of two share buyback programs in the amount of EUR 10.0 million and the further acquisition of minority interests from the acquisition of Katek SE of EUR 57.8 million. In addition, cash flow from financing activities also accounts for interest payments of EUR 23.7 million.

In line with the goal of aligning financing with matching maturities and as a provision for further growth, Kontron AG issued different types of financing: As of April 17, 2024, two bonded loans worth EUR 75.0 million and EUR 49.0 million have been repaid as agreed. This repayment was refinanced by taking out two new bonded loans of EUR 7.5 million and EUR 115.0 million, each with a term of five years. Based on the assumption of further key interest rate reductions, 16% (EUR 27 million) of the bonded loan was taken out at a fixed rate, the remainder at a variable rate. In financial year 2022, a financing framework for general working capital financing in the amount of EUR 50 million was agreed. The term for this overall line has been agreed until August 8, 2027, although utilisation is possible in the form of cash advances with terms of between 3, 6 or 12 months. As at the balance sheet date December 31, 2024, a balance of EUR 0.00 (previous year: TEUR 0) was outstanding for this working capital loan. In addition, in financial year 2023, an increase in a further revolving working capital loan of EUR 15 million to EUR 60 million was agreed. As of December 31, 2024, there is a balance of EUR 59.4 million for this working capital loan (PY: EUR 15 million). In financial year 2024, term loan facilities totalling EUR 205 million were also taken out, which were used to finance the purchase of the Katek shares (EUR 125 million) as well as to refinance the financial liabilities of the Katek Group (EUR 80 million). While an OekB-supported loan of EUR 125 million with a fixed interest rate was taken out to finance the Katek share purchase, the other lines in the Kontron Group have a variable interest rate and are linked to the development of EURIBOR and corresponding reference interest rates. Kontron AG continued to monitor the development of the interest rate landscape in financial year 2024 in order to protect itself in good time against any increase. Due to the development of interest rates and swap rates, no further variable financing was fixed in the past financial year.

Due to the effects described above, cash and cash equivalents decreased from EUR 332.2 million as of December 31, 2023 to EUR 315.6 million as of the 2024 balance sheet date. The reduction in cash and cash equivalents is offset by a significant increase in financial liabilities, particularly to finance the acquisition of Katek SE. Although the resulting net debt was reduced during the year, this still results in net debt at the end of 2024 – excluding liabilities from rental and lease agreements in accordance with IFRS 16 – of EUR 163.1 following net cash of EUR 121.2 million in 2023. Cash and cash equivalents amounting to EUR 3.7 million (PY: EUR 4.3 million) were subject to restrictions on availability due to collateral provisions.

Assets and liquidity

BALANCE SHEET INDICATORS (IN EUR MIO.)	2024	2023
Non-current assets	744.8	492.5
Inventories	373.3	229.1
Trade receivables	249.6	213.6
Contract assets current	71.6	38.1
Other current receivables and assets	68.8	65.2
Cash and cash equivalents	315.6	332.2
Total assets	**1,823.7**	**1,370.7**
Equity	652.3	604.0
Financing liabilities non-current	305.8	60.1
Non-current and current provisions	72.6	60.8
Other liabilities non-current	114.1	48.4
Financing liabilities current	173.0	150.9
Trade payables	272.4	273.1
Contract liabilities current	91.2	69.6
Other liabilities current	142.5	103.7
Total equity and liabilities	**1,823.7**	**1,370.7**
Equity ratio[1)]	35.8%	44.1%
Net Cash (+) / Net debt (-)[2)]	-163.1	121.2

1) Share of consolidated equity (including stakes held by shareholders with non-controlling interests) in total equity (balance sheet total)
2) Cash and cash equivalents less non-current and current financial liabilities

The Kontron Group's balance sheet total rose significantly compared to the previous year, especially as a result of the Katek takeover. While equity increased in absolute terms, the equity ratio fell from 44.1% to 35.8%. The increase in long-term financing liabilities is primarily due to the takeover of Katek SE. Despite the repayment of some current credit lines, current financing liabilities increased overall. Equity and non-current financing covered around 53% of the balance sheet total as of December 31, 2024 (PY: 48%). Cash and cash equivalents decreased in financial year 2024 and accounted for around 17% of the balance sheet total (PY: 24%).

As of December 31, 2024, trade receivables stood at EUR 249.6 million, which represents a significant increase compared to the previous year's figure of EUR 213.6 million, attributable to the newly acquired companies in financial year 2024, and as a result of factoring being significantly reduced in financial year 2024 for the Kontron Group incl. Katek due to the prior increase in interest rates. Moreover, additional revenue from major IoT projects at individual subsidiaries of Kontron AG also led to a correspondingly higher level of trade receivables as of the 2024 balance sheet date.

Inventories increased from EUR 229.1 million at the end of the last financial year to EUR 373.3 million as of December 31, 2024. This increase is primarily due to the acquisition of Katek SE, which was able to significantly reduce the Katek Group's high inventory following initial consolidation in the first quarter. Working capital is to be further reduced in percentage terms during the course of 2025 by more efficient warehouse management, reducing stock backlog and subsequent shipment of finished products, optimized purchasing processes and renegotiations on the supplier and customer side.

Non-current assets increased to EUR 744.8 million as of the 2024 balance sheet date, compared to a previous year's figure of EUR 492.5 million. This increase is due, on the one hand, to tangible assets acquired as part of the company acquisition in financial year 2024 and, on the other hand, from the addition in intangible assets. This also resulted in an increase in goodwill as a result of the acquisitions made; moreover, development costs from individual R&D projects were capitalized in financial year 2024. In total, cash-effective investments in property, plant and equipment and intangible assets amounted in financial year 2024 to EUR 71.2 million (PY: EUR 46.3 million).

Non-current and current provisions amounted as of the 2024 balance sheet date to EUR 72.6 million (PY: EUR 60.8 million). This increase is primarily due to higher pension provisions following changes in the scope of consolidation and changes in financial assumptions in individual subsidiaries. In the current provisions, provisions for legal and litigation costs increased significantly due to legal procedures as part of the Katek acquisition. Other current liabilities increased to EUR 141.5 million compared to the corresponding figure for the previous year (PY: EUR 103.7 million). The increase in this position is primarily due to the takeover of Katek SE.

In the year under review, there was no capital increase from the approved conditional capital. As a result, the subscribed capital as of December 31, 2024 amounted to EUR 63,860,568.00 as in the previous year. In the 2024 reporting year, 125,000 stock options were exercised, which were serviced in cash. In financial year 2024, shares were bought back as part of the existing share buyback programs ("Share buyback program II 2023" and "Share buyback program I 2024"). Under the share buyback program II 2023, which ended in the past financial year on January 22, 2024, a total of 1,792,381 shares were bought back at a weighted average price of EUR 20.8251 per share. This corresponds to 2.807% of the company's share capital. The total price excluding additional costs of the repurchased shares was EUR 37,326,540.75. In total, Kontron AG bought back a total of 434,000 shares at a weighted average price of EUR 19.0338 per share under the share buyback program I 2024. This corresponds to 0.68% of the company's share capital. The total price excluding additional costs of the repurchased shares was EUR 8,260,693.85. The number of treasury shares held by the Kontron Group thus amounted to 2,474,610 shares as of December 31, 2024 (December 31, 2023: 2,112,093 shares). Accordingly, the number of Kontron shares issued as of December 31, 2024 amounts to 63,860,568 (December 31, 2023: 63,860,568 shares). As of December 31, 2024, the equity attributable to the shareholders of Kontron AG amounted to EUR 613.2 million compared to the previous year's figure of EUR 602.0 million, with a total dividend of EUR 30.8 million being paid out in 2024, which reduced equity accordingly.

The Executive Board and the Supervisory Board therefore plan to propose a dividend of EUR 0.60 per share to the shareholders of Kontron AG at the Annual General Meeting on June 11, 2025.

Non-financial indicators of performance

As required by the implementation of the requirements imposed by Austria's Act on Sustainability and Improvement of Diversity, Kontron AG has compiled a separate report on sustainability for the past financial year. As in previous years, it contains in-depth reporting on matters pertaining to the environment and to employees. Kontron AG joined the UN Global Compact in 2021 and has identified eleven sustainability goals (SDGs – Sustainable Development Goals) and is committed to transparency. As part of the CSRD requirements (Corporate Sustainability Reporting Directive) of the European Union, ESG reporting was expanded in financial year 2024. Kontron AG has also voluntarily audited the non-financial statement in accordance with the ESRS (European Sustainability Reporting Standards).

Protection of the environment

In view of increasing climate extremes, Kontron carried out a climate risk analysis for all locations in 2024 to assess physical risks and economic transition risks for the next 35 years. This identified risk locations for which preventive measures have already been implemented to prevent losses and secure business operations over the long term.

Kontron focuses specifically on energy efficiency and emissions reduction. The production sites and data centres are optimized using proprietary smart meter technologies, while the in-house generation of energy by photovoltaic systems is being continuously expanded. In addition, the vehicle fleet is gradually being converted to electric and hybrid vehicles and the use of public transport is being promoted. In addition, the vehicle charging infrastructure at all locations will be expanded and, ideally, will be powered by electricity generated in-house.

Another focus is on sustainable product development. Kontron designs energy-efficient and resource-saving products that are durable and consist partly of recycled materials. The company promotes environmentally friendly alternatives for specific metals, plastics and packaging. In addition, packaging materials are used efficiently and so that they can be recycled, while external environmental audits and ISO certifications regularly review the measures.

Sustainability also means transparency in the supply chain. Stringent environmental and social standards as well as measures to avoid conflict minerals ensure that ethical business practices are followed.

Employee welfare and protection

The following table shows the development in the number of personnel[1)] at the Kontron Group in each segment and division:

SEGMENT / DIVISION	2024	2023	Change in %
Segment "Europe"	3,968	3,155	25.8%
Segment "Global"	763	518	47.3%
Segment "Software + Solutions"	2,533	1,165	117.4%
Kontron Group	**7,263**	**4,838**	**50.1%**
as of Research & Development and Engineering	3,189	2,658	20.0%
as of Product-related Support Services	179	207	-13.5%
as of Production & Logistics	2,076	579	258.5%
as of Sales & Marketing	723	622	16.2%
as of Management & Administration	1,098	772	42.2%

1) Employees on a full-time equivalent basis, excluding employees in training or on parental leave or apprentices/trainees

The growth in employees compared to the previous year is primarily due to the acquisition of the Katek Group in financial year 2024.

Statutory and voluntary social security costs, including severance payments, amounted to EUR 90.7 million in financial year 2024 (PY: EUR 59.2 million). The focus of HR work on further education, increasing attractiveness as an employer as well as increasing the quota of women in management positions (Sustainable Leadership Academy) will continue in the future. Integration is also being driven forward through the introduction of uniform processes in human resources, standardization and migration to common supporting IT systems, as well as by strengthening the employees' sense of belonging to and loyalty to the company. Based on the results of the last Group-wide employee survey, priorities have been once again set in 2024 to further improve employee satisfaction and the attractiveness of the Kontron Group as an employer.

The safety and health of Kontron Group employees is also an important concern: The various aspects of occupational health – both to avoid physical impairment due to monotonous screen work, for example, and to reduce psychological stress due to increased work demands or the changed work environment as a result of working from home more frequently – are taken into account in the course of training provided by external experts (occupational health professionals) as well as by the ergonomic office equipment provided. As in previous years, various training courses and support opportunities were offered in 2024 on topics such as occupational psychology that also included dual-location work (working from home) and ergonomic work. Provided that their activities permit it, employees can work from home in coordination with the requirements of the respective team, and employees can use office space on site whenever they need it. Internal and external training courses are also held on an ongoing basis for employees in the production environment to raise awareness of safety issues and ensure occupational safety.

The Kontron Group's long-standing philosophy – “hire for attitude, train for skills” – has stood the test of time and remains unchanged. This is driven forward by internal programs for the personal and professional development of our colleagues. That is why the second round of the “Sustainable Leadership Academy” organized by Kontron AG was launched at the end of 2023. This one-year training program is aimed in financial year 2024 and in financial year 2025 especially towards female junior executives in a wide variety of fields who will be prepared for their next career steps within the Kontron Group by external trainers and Kontron managers. In addition, the Kontron Group also provides financial support for its employees to take advantage of external training programs and courses. To this end, in financial year 2024 the Kontron Group spent EUR 1.9 million (PY: EUR 1.2 million) on employee training measures. In addition, Kontron employees take part in regular training courses run by Kontron's industry partners in order to continue to expand the high level of certification with individual manufacturers.

The Executive Board of Kontron AG thanks all employees for their outstanding performance once again in financial year 2024.

Summary

The success of the Kontron Group's strategic realignment to focus on the IoT sector was clearly evident in financial year 2024. Despite subdued economic growth and recession in some Kontron Group markets, Kontron was able to increase revenue again in financial year 2024. In total, growth of around 37% was achieved. The operating profit (EBITDA) for financial year 2024 increased disproportionately in 2024 due to better margins. EBITDA of EUR 191.8 million from continuing operations corresponds to growth of over 52%. Net income in financial year 2023 amounted to EUR 77.7 million or EUR 1.23 per share. In financial year 2024, net income amounted to EUR 90.7 million, or EUR 96.6 million before additional PPA amortization from the Katek acquisition, resulting in net earnings per share of EUR 1.47, or EUR 1.51. At the next Annual General Meeting on June 11, 2025, Kontron AG's management will submit a proposal to shareholders to pass a resolution on a dividend payment of EUR 0.60 per share.

04 Forecast, Opportunities, Risk Report

Forecast

For 2025, most forecasts assume a slight economic recovery and low growth in the European Economic Area, while inflation rates are likely to continue to fall slightly compared to previous years. Following the peak in the ECB's key interest rate in financial year 2023, the fall in inflation in 2024 enabled a turnaround and a gradual reduction in interest rates. In addition, forecasts remain uncertain due to the ongoing war in Ukraine, the escalation of the Middle East conflict and potential changes brought about by the new administration in the USA. It can therefore be assumed that the financial year 2025 will continue to be characterized by political uncertainties, as numerous newly formed governments start work and find ways to create stability while handling pressing international and national challenges in times of low economic growth and high budget deficits.

Despite this scenario, the Kontron Group's long-term objectives – profitable growth and market leadership in the IoT segment – remain unchanged, as the increasing demand for digital solutions for communication between machines continuously opens up opportunities for the Kontron Group. Kontron will therefore continue to focus on increasing profitability, generating positive cash flows and optimizing working capital in financial year 2025. The gross margin and profit margin are expected to be further increased by continuing to develop the Kontron Group as an innovative technology company and IoT solution provider with an increasing share of in-house developments, especially in the software sector, as well as in the area of high-margin services, which increase added value.

As mentioned previously, the acquisitions carried out in financial year 2023 and at the beginning of 2024 have replaced lost revenue from the IT services sector. In 2025, the focus is on integrating the acquired companies and upgrading their products with the Kontron Group's existing IoT know-how. For financial year 2025, Kontron expects revenue of EUR 1.9 to 2.0 billion with an EBITDA of at least EUR 220 million.

Opportunities and risk report

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, the goal of management is to realize the available opportunities in a timely manner in order to increase value, and to actively reduce risks by implementing countermeasures, and, in doing so, avoid significant risks.

To achieve this goal, it is necessary to create awareness of the existing and potential risks and opportunities in the company among all employees and especially among decision-makers. By means of a group-wide risk management system, risks and their risk structure in particular, are to be recorded and updated. In 2021, Kontron introduced and continuously developed an internal control system based on the COSO reference model. Local risk/control self-assessments are used to identify risks so that they are pinpointed and counteracted at an early stage. They form the basis for headquarters to take appropriate steps in good time. In addition, the internal audit constantly reviews and monitors the implementation of the measures defined in internal audits and reports on progress to the Executive Board of Kontron AG on a regular basis.

The systems are continuously supplemented and reviewed to take account of regional and technological expansion of business activities at Kontron. Acquired subsidiaries must implement the Group's standardised policies when they are integrated into the Kontron Group. Implementation is monitored, among other things, by internal audits.

In addition to primarily administrative areas such as IT, personnel, finance and controlling, risk identification and risk management also cover the operative areas of sales, project management, production, purchasing, development, warehouse management and occupational health and safety, including facility management.

Regular or ad-hoc internal and external audits, risk assessments and certifications also provide insights into improvement opportunities and additional risk factors. The identified improvement potential is monitored using a standardized process and regular reports to the Executive Board and Supervisory Board of Kontron AG.

Risk management system

Risk and opportunity management constitutes an important component of Kontron's handling of its business. Kontron generally avoids risks that endanger its corporate existence. Nevertheless, Kontron's business activities do expose it to risks that directly result from corporate actions. In order to identify risks at an early stage, to assess them appropriately and to limit them through taking suitable measures, we set up a Group-wide risk management system some years ago. The risk management system fosters an awareness of risk and increases the trust that our stakeholders place in our company. It also improves the bases of our planning and decision-making.

Our internal risk management system complies with the guidelines for dealing with risks agreed with the Supervisory Board and Executive Board and is organizationally assigned to the Internal Audit department. The Group's risk manager regularly reports to the Executive Board and the Supervisory Board and monitors adherence to the risk management process and the reporting routines that have been established.

The Group-wide risk management process is presented and explained in a Group manual describing in detail the individual steps in the risk management process, from risk identification to risk reporting:

1. RISK IDENTIFICATION

- Determining risk areas
- identification of all risks, causes, consequences

2. RISK ANALYSIS

- Determine impact of risks and level of control according to probability of occurrence

3. RISK EVALUATION

- Compare with risk classes
- Determine the overall risk position
- Prioritization of risks

4. RISK CONTROL

- Definition of measures
- Implementation of approved measures

5. RISK REPORTING/ MONITORING

- Documentation, reporting
- Controlling of measures
- Monitoring efficiency of measures

The Group Risk Management Manual also determines the responsibilities and procedures comprised in the risk management system. It lays down clearly defined directives, such as the definition of the principles of risk management, which are binding for all parties.

The risk management manual has been sent to all Group companies for use and can be viewed by all companies at any time in Kontron AG's central filing system. Newly acquired companies are introduced to risk methodology by the Group risk manager, including training in the risk management process.

Every six months, all key operating areas and companies in the Kontron Group report on their risks and name a "risk owner" who is responsible for each of these risks. Based on this, a risk report is compiled covering the entire Kontron Group which is then distributed to the Executive Board.

In addition to regular standard reporting, the companies are required to report risks ad-hoc if they exceed predefined limits.

Risk management organization

The probability of occurrence and the possible financial impact are assessed according to predefined criteria. A rating system has been introduced which enables the comprehensive depiction of the relevance of the risks.

Each risk is assigned to a "risk owner", whose responsibility it is to monitor the risk and the measures taken to manage it. Risk assessment updates and risk tracking takes place in the regular reports to the Group's risk manager, who aggregates these reports and forwards them to the Executive Board. The Executive Board regularly updates the Supervisory Board on the key risks.

This system ensures the Group-wide transparency and the effective handling of the risks facing the company.

Opportunity management

Opportunity management means taking advantage of appropriate market developments through business activities and turning them into economic success for the Kontron Group. Kontron is continuing to move forward with a strategy of focusing on the IoT sector in order to take advantage of excellent opportunities for stable growth in revenue and earnings in this area. This also includes the goal of continuing to increase the software share in the various segments towards integrated hardware and software solutions and building up the new business areas that arise, such as IoT as a Service (IoTaaS).

This means specifically adapting the international structure of the Kontron Group to the market conditions in order to exploit development, sales and cost synergies and develop markets even more profitably.

Kontron regards the consistent development of new technologies – especially in the areas of mobility, secure connectivity, artificial intelligence and high-performance computer systems – as well as the optimization of existing proprietary technologies, as continuous opportunities to expand the Group's product and service portfolio and strengthen its own value chain. At the same time, risks are minimized by focusing on new safety requirements and their standard-compliant implementation in hardware and software.

The Kontron Group considers the following areas to be among the main opportunities:

Digitalization and Smart Everything

Digitalization continues in all areas of life. The consistent expansion of the Kontron susietec® toolset supports this by continuing to drive digital transformation in Kontron markets. From system integration, software development, hybrid cloud, hardware/software bundles and installation to operation and maintenance, Kontron is an agile partner. The further expansion of KontronOS ® will establish a uniform operating system for the secure operation of a wide variety of hardware components. The Kontron Group is thus in a good position to exploit and monetise the opportunities of the digital transformation.

Upcoming technology changes in mobile communications

With the technology switch to 5G and towards 6G, special industrial frequencies now enable private networks for "smart factories" based on the 5G mobile wireless standard. Among other things, this provides high bandwidths, real-time applications and increased security despite larger numbers of subscribers. By creating its own business areas for "Mobile Private Networks" (MPNs) 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. In addition to the use of 5G mobility modules in the automotive sector, this also includes the area of "mission-critical" mobile communication in the rail sector, which will be upgraded to the 5G-based FRMCS standard in the medium term, a field in for which Kontron is excellently positioned due to its new end-to-end 5G technology offering.

Artificial Intelligence

Artificial intelligence is showing strong growth rates in all areas. Kontron is taking advantage of these opportunities by expanding its hardware portfolio with new, high-performance platforms and co-processors to handle computational tasks in neural networks. Together with partner companies, suitable software applications are integrated and implemented for our customers on a project basis. The expansion of our own software activities made possible by the recent creation of our own AI software centre enables us to realize growth opportunities.

Software and services focus

For the entire Kontron Group, we see great potential in the implementation of the software middleware strategy as part of our Industry 4.0 and IoT focus. The existing hardware portfolio was expanded with the addition of supplementary middleware solutions including seamless integration into private and public clouds. This enables us to offer innovative products, solutions, platforms and new developments in the Internet of Things sector. The improved integration of hardware-based security solutions enables us to meet market requirements in terms of data protection and data security. In the future, the flexible IoTaaS (IoT as a Service) offering, particularly in the software sector, will also be expanded in order to generate additional recurring revenue and increase customer loyalty to the Kontron Group in the long term.

Scaling up our service and support activities

The expansion of our range of services also holds opportunities for the Kontron Group. Our primary goal is to further increase the added value of our products and solutions through services primarily for operating activities, as well as to develop new comprehensive services in products and solutions-based environments. This enables us not only to offer our customers complete solutions from a single source – from the necessary hardware and software to integration and operating services – but also to support them throughout the entire product life cycle. In addition, the Kontron Group's wider, international focus offers further potential for synergies and optimization.

Extension of existing and new partnerships

The Kontron Group sees targeted acquisitions, investments and partnerships as opportunities to complement and extend its core technological competencies. This also enables us to further develop our product portfolio and increase our market coverage. We therefore continuously monitor the markets and constantly explore opportunities to expand beyond organic growth through strategic acquisitions and partnerships and to supplement our technology portfolio in selected areas.

GreenTec

Many solutions from the Kontron Group already help to save energy and use resources more efficiently and therefore reduce carbon emissions. Kontron's solutions also aim to make these products more user-friendly. Kontron has identified a variety of new fields for the Group arising from the need to contain the climate crisis for the good of society. By implementing HEMS software (home energy management system), expanding KontronOS and KontronGrid to include solar products, and various new products for intelligent charging solutions, the Kontron Group sees numerous opportunities to offer solutions to the climate crisis.

Risk management

Strategic risks

A strategic focus at Kontron is to increase synergies between the Kontron Group's hardware and software portfolio and to supplement existing IoT solutions with the remaining IT Services. With regard to the Kontron Group's IoT Solutions segments, this means 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. Despite the above, Kontron's strategy can turn out to be entirely or partially unproductive. For example, it cannot be ruled out that demand for the services offered by the Kontron Group that feature proprietary technologies fails to materialize or is lower than anticipated, that the necessary resources are not available or that the expansion of these business segments does not proceed as expected.

In each of the above cases, investments made with a view to implementing the strategy may be lost in whole or in part, especially since the technology industry is subject to constant change. The market is characterized by rapidly changing technologies, frequent introductions of improved or new products and services, as well as constantly changing and new customer requirements and changes in the regulatory area, e.g. data protection. To maintain the success of the Kontron Group it is therefore indispensable to anticipate new trends and developments in good time – in the fields of Industry 4.0, 5G/6G applications or cloud computing, for example – as well as changes in data protection, and to constantly adapt and improve existing products and services and develop new products in order to adapt to changing technologies, regulations, competitor products and customer demands. This requires the use of appropriate technical, human and financial resources. Any delay or prevention of the introduction of improved or new products and services, or their lack of or delayed market acceptance, may adversely affect the competitive position.

Acquisition risks

The Kontron Group's organic growth is continuously accompanied by company acquisitions and therefore external growth. Company acquisitions involve a number of risks. That is why it is important to implement appropriate measures designed to minimize these risks. In particular, thorough due diligence in the acquisition process and years of industry experience help to minimize acquisition risks such as paying an excessive purchase price, overestimating the synergy effects, and legal risks that the acquisition may entail.

Following an acquisition, rapid group integration is required that takes cultural differences into account, as is transparent communication to reduce risks and avoid omissions that prevent taking full advantage of synergy effects. The implementation of Kontron AG standards and policies is vital here, also to minimize risks.

The takeover of new companies, in particular the Katek Group in 2024, requires ongoing performance of integration tasks to ensure suitable integration of these companies into Kontron and to effectively exploit competitive advantages arising from the acquisition.

Personnel risks

Our employees, their individual skills and their professional competence are a key driver for the success of the Kontron Group. Our goal of becoming one of the leading providers and employers in the technology sector creates the basis for attracting the best talents to the Kontron Group. This is highly relevant because in all the regions the Kontron Group operates in the availability of highly qualified employees is significantly below the number needed and it is therefore becoming increasingly difficult to fill all vacant positions at short notice. The Kontron Group starts competing for the best talent at an early stage and to this end cooperates with schools, universities of applied sciences and universities. Through internships, theses and other affirmative action, potential employees are shown the values and career opportunities within the Kontron Group. In addition, the acquisition of companies presents an opportunity to draw on a larger pool of personnel with the requisite skills. The loss of key personnel represents a significant risk for Kontron, and the lack of attractiveness as a future employer can also hamper the Kontron Group's plans for growth. There is also the risk of the workload becoming too much for individual employees or divisions if insufficient qualified personnel is available or can be recruited.

Risk from technologies

The Kontron Group develops its own Industrial IoT products for a large number of vertical markets. The products are based on computer technology (chips) from major manufacturers and electronic carrier boards for these chips, application-specific housings and interfaces, as well as communication and display technologies. Proprietary software products are divided into low-level firmware, operating systems (Kontron has developed its own operating system for IoT applications: KontronOS) and applications in the IoT environment, and use open source technologies. In general, these are based on industry standards to ensure compatibility with other market participants. There is always a risk that newly introduced products and product lines with a correspondingly large proportion of new technologies that are not fully developed will prove uncompetitive or find little acceptance on the market and therefore fail to achieve the desired revenue or contribution margins.

In the case of standard systems with a long-term roadmap and a high level of market acceptance, it is primarily delays in development that can mean that the product in question cannot be brought to market on time and thus partially miss the market window.

When it comes to new technologies and standards, there is a risk that the implementation periods specified by analysts are too short and that there are significant delays before meaningful sales can be achieved on the market. In rare cases, it can happen that a new standard is not introduced in the end.

In all cases, the acquisition or development costs incurred and the related planned revenues and earnings contributions could be lost in whole or in part. The development process itself is being continuously optimized. The potential for obtaining funding from the public sector is also constantly being reviewed and exploited whenever possible.

Another risk factor relating to technology is underestimating a new trend, embracing it too late and thus jeopardising market shares in the medium term. This is prevented by means of careful market and technology research and appropriate product management.

New cybersecurity standards must be constantly addressed and implemented in hardware and software products in order to eliminate any related risks for customers in the field and to avoid compliance risks.

Risks from sales markets

Among the chief risks resulting from an economic downturn or recession in countries in which Kontron operates are that pressure to cut costs may cause private or public sector customers to place fewer orders and that receivables from customers in these countries become irrecoverable. As a result, the order and earnings situation may deteriorate, to the detriment of the Kontron Group's assets, financial position and earnings. For Kontron, the high competitive pressure and changes in the propensity to consume and invest also represent significant risks. It is therefore important to recognize trends at an early stage through continuous market observations and to quickly and reliably align products to meet the needs of customers. Kontron is constantly trying to take advantage of emerging trends. Short response times, lean internal processes and entrepreneurial thinking on the part of our employees enable and promote this process. There is also increasing evidence that new collaborations are forming and that competition on the market is changing or increasing. Kontron is responding to this by establishing new partnerships and intensifying existing ones. The form of these collaborations or this competition may pose a risk to the revenue development of particular Group companies.

More and more customers are also asking for general (ISO 27001) or industry-specific (e.g. in the rail sector) IT security certifications, the absence of which can prove detrimental, even going as far as exclusion from the customer's contract awarding process.

Weak economic growth, particularly in the DACH region, can negatively impact order intake at some Group companies. There is therefore a risk of missing growth rate targets.

Risks from customers

Due to Kontron's business model, the company has a diversified customer structure, often with close customer relationships that have lasted for years or even decades. In the past, neither disproportionately high customer losses nor significant bad debts were recorded. The wide distribution of customers across a great number of different business segments reduces dependence on individual customers. In some markets (for example in the transportation sector) in which Kontron Group companies operate, the issue of long-term business relationships and their development is crucial, since a complex decision-making process involving planned infrastructure projects of public-sector customers sometimes takes several years. Sales activities must therefore be planned for the long term. On the other hand, there is always the risk that a project will not be won.

We believe that payment default of one or more customers is manageable under normal circumstances: Kontron has a highly diversified customer base with a four-digit number of customers. With regard to possible bad debt losses, Kontron also works with credit insurance and receivables factoring to reduce risk. Credit limits for customers are mainly granted individually on the basis of customer ratings or credit limits from recognized commercial credit insurers. Outstanding receivables are monitored by the management of the Group companies and are subject to a standardized valuation based on the requirements of IFRS 9.

Kontron will continue to operate strict receivables management in combination with credit insurance in the future to minimize the default risk of receivables.

Product-related risks

With regard to product quality, there is always a potential risk that a customer may suffer damage from defective products and subsequently assert warranty claims or demand additional compensation. We counter this risk through numerous measures, in particular through comprehensive technical quality assurance stretching from product development to production. In addition, all important suppliers are regularly audited via a professional quality management system. Furthermore, our worldwide service and repair centres ensure that faulty Kontron products can be quickly and effectively repaired and returned to our customers.

In addition, we cover our product risks with appropriate central and specific local insurance, in addition to special sector-specific insurance, for example in the aviation industry. It is equally important that the relationship between customised development orders and standard product orders is managed in the best possible way so that both are balanced. Strongly customer-driven business activities have caused an imbalance in distribution in the past and thus led to high complexity costs. The existing high number of variants of the individual products also makes handling in the operational area more difficult. We are countering this risk with more intensive coordination between the various parts of the company, from development right up to the production process. Continuous assessment of the product portfolio in the Group companies and the focus on innovative products helps to reduce product-related risks.

Risks from projects and operating contracts

Among other things, the Kontron Group also carries out IT projects in which IT solutions tailored to a customer's needs are planned and implemented. IT projects are regularly characterized by a high degree of complexity and incur a considerable expenditure of time and money. The same applies to so-called “design ins” in the Embedded Systems sector as well as to the implementation or deployment of GSM-R projects in the train radio sector, which usually take several years. The agreement of advance payments is not or only rarely possible for the majority of projects, especially for public sector clients. The services of the Kontron Group can therefore usually only be invoiced after the completion of pre-agreed project sections (milestones) or even after the completion of the entire project (go-live), so that the Kontron Group sometimes has to make considerable payments in advance when carrying out projects.

However, it cannot be ruled out that projects may be delayed, cancelled or for other reasons not lead to the hoped-for success, which may also result in milestones and the go-live date (i.e. the project acceptance date) not being achieved. This may lead to the partial or complete loss of investments already made or in services already rendered not being invoiced and any claims for damages against clients not being asserted or – for legal, economic or practical reasons – not being enforced. In addition, customer relationships can be broken off or permanently impaired in these cases. Group-wide methods and tools for project management and project controlling are used for risk management. In addition, the project controlling of the companies is regularly monitored centrally. Known project risks are adequately taken into account through the formation of appropriate risk provisions.

Risks from procurement and production

The Kontron Group sells hardware products such as Embedded Boards, Embedded Servers, IPCs, mini computers, IPCs, network and security components and smart meters. The procurement of goods and the punctual delivery of the products offered place high demands on the organization and logistics of the Group. The Group has outsourced parts of the logistics process. Consequently, it has no direct influence, or only limited influence, on these when it comes to preventing or remedying disruptions. Wars, forces of nature, epidemics, pandemics or strikes which hinder the production or transport of raw materials or finished goods may also lead to delays in the delivery of the goods.

After the consequences of the coronavirus pandemic had caused major challenges for supply and production chains, the situation has now eased significantly and delivery times are now largely what they were before the crisis.

In logistics, the costs of logistics services can also increase due to political and geopolitical measures such as fees and tariffs, which may reduce sales margins or lead to complete delivery restrictions or embargoes. Any disruption, interruption or significant increase in the cost of this logistics chain within and/or outside Kontron Group may adversely affect its business activities. The US import duties (including a 25% tariff on goods from Canada) which, although only imposed at the beginning of February 2025 were then suspended again ad hoc, have caused a degree of uncertainty regarding deliveries to the USA, especially from Canadian Kontron companies. Once it is clear what form the tariffs will ultimately take, a fundamental review of the existing supply chains for and within North America must be carried out and the supply chains restructured, if necessary.

The Covid-19 pandemic in particular has shown how difficult it is to ensure timely delivery to customers in light of all the existing dependencies in a complex environment. To reduce dependencies, it is important that the Group increases its own added value. With the acquisition of the Katek Group, Kontron has taken an important step in this direction. With over 20 production sites in eight different countries in Europe and America, Kontron has created its own production network, which makes us more independent of third parties for electronics production and increases our resilience. Kontron provides this resilience both for our own products and for our customers, whom we supply in ODM/EMS sector.

So-called rare earths are used in key technologies in the technology sector. The largest deposits of rare earths are in China. In the past, the market for rare earths has been kept artificially tight, leading to an increase in the corresponding commodity prices and the general price level of the products in which these commodities were used. In addition, technology leaders have outsourced their production to third parties and become massively dependent as a result. Price increases and capacity bottlenecks cannot therefore be ruled out in the future. Rising labour costs, higher transport costs and increased demand can also influence these price levels.

Material procurement is based on demand forecasts. If the quality of the forecast is poor, inventories that are too large or too small can result. Kontron counters this risk with a wide range of measures designed to improve sales and production planning processes. Even before the pandemic, the Kontron Group began to make its supply chains more crisis-proof by improving supply contracts, but also by focusing more on demand, planning and execution. Kontron will continue to expand and improve this in 2025. To minimize dependencies in this area and broaden the procurement base as much as possible, Kontron's partnerships with various chip manufacturers are also being intensified.

As markets cool, the potential loss of key suppliers poses a risk. Kontron is constantly striving to establish "second sources". However, this is not practicable in every area and could also lead to a loss of economies of scale. In addition, there is the risk that individual Group companies are sometimes dependent on particular suppliers. Should a supplier no longer be able or willing to meet its delivery obligations, this can influence Kontron's business success.

The rise in inflation caused by the energy crisis slowed significantly around the world during financial year 2024 and has now almost reached the target levels set by the respective central banks again. In general, however, Kontron is still affected by the comparatively high prices for energy and raw materials. This has an effect on some procurement costs and the overall cost structure, as Kontron employees, for example, demand compensation for inflation. Higher energy costs (e.g. for electricity) are also leading to higher production costs. In principle, there is always a latent risk of power outage for certain period of time due to electricity grid operators, but in retrospect this only happened rarely. In some cases, the risk can be reduced in mission-critical areas, such as in Kontron data centres, by connecting and supplying several power providers and using UPSs or backup generators.

Risks from financing and liquidity

In the past financial year, banks had sufficient credit lines available to provide financial leeway even in the short term, in the context of M&A activities, for example. The good equity cover we have contributes to financial stability. When selecting banks, Kontron AG takes a close look at their creditworthiness. Accordingly, financing and investments are only concluded with banks that can be expected to have low default risks. In order to diversify, the Kontron Group has business relationships with several banks; and although financing is chiefly concluded centrally, it is also concluded locally by the subsidiaries. Compared to the beginning of 2022, the changes in the interest rate landscape led to a significant increase in the price of outside capital with variable interest rates. The principal central financing is received in euros. As a result of the fall in inflation rates in the past financial year, the ECB has made the first cuts in base interest rates.

Risks from changes in interest rates

Interest rate risk represents the risk of changes in the value of interest-bearing financial instruments used to finance the Group due to fluctuations in market interest rates. Around 65% of the loans taken out and overdraft facilities used by the Kontron Group as of the balance sheet date 2024 have a variable interest rate (EUR 310.6 million), and EUR 168.1 million have a fixed interest rate. Regarding the bonded loans taken out in 2019 and 2024, EUR 27 million of the EUR 168.5 million is fixed, while interest rates for the remaining part are continuously monitored and quotations obtained for any conversion. The development of benchmark and swap rates of interest formed the basis for the decision to date to refrain from securing a fixed rate of interest. The financing of the Kontron subsidiaries, on the other hand, is largely subject to variable interest rates. There is a risk here that the EURIBOR or other reference interest rate for the local currency will increase, thereby increasing the interest burden on the Kontron Group. This is to be taken into account through increased internal financing of Kontron Group members by Kontron AG, which can usually refinance itself much more favourably than the local subsidiary. As of December 31, 2024, the Kontron Group had an interest rate hedge (interest rate swap) of EUR 1.9 million to hedge a variable interest rate on a loan in Bulgaria.

Risks from currencies

Due to Kontron's international orientation, a high proportion of transactions are conducted in currencies other than the reporting currency EUR. These include in particular the US dollar as well as, to a lesser extent, for example, the Hungarian forint and Czech koruna. The volatility of individual currencies can have a significant impact on the revenues and earnings of Kontron AG and its subsidiaries. The foreign currency risk is countered by financing transactions in matching currencies, procuring external services in the respective local currency and agreeing currency fluctuation clauses. In individual cases, derivative financial instruments are used for hedging. Speculative transactions, i.e. taking risks outside the scope of operating activities, are not permitted within the Kontron Group. Only existing balance sheet items or cash flows that are highly likely to occur are used for hedging. The group of persons who can conclude corresponding hedging transactions is very limited. Existing transactions are reported on an ongoing basis and continuously monitored in a group-wide IT system (TM5). For further information on the currency risk, please refer to the explanations on risk management in the notes to the consolidated financial statements.

Legal risks

Like any internationally active group of companies, Kontron AG and its subsidiaries are exposed to legal risks in different jurisdictions and to varying degrees. A fundamental distinction must be made between risks under company law, contract risks, patent risks and also tax and customs risks. Basically, the risk is minimized via standard processes and approval procedures as well as the use of standardised order and business terms and conditions. If necessary, external lawyers, auditors and tax advisers or other experts are involved in addition to the internal legal departments in order to assess risks, avoid legal risks or process matters.

We protect and monitor patents, trademarks and other intellectual property by involving external patent and trademark attorneys. To raise awareness of possible compliance issues and avoid possible violations, Kontron has a comprehensive system which is administered and monitored by the compliance management team at Kontron AG's headquarters and by local compliance officers. Kontron compliance standards are based on the usual market best-practice standards at both operational and procedural levels. Depending on the topics, the Kontron Compliance Program is implemented either globally or locally and is subject to an ongoing monitoring and optimization process. In addition to recurring standard measures such as compliance training, continuous expansion and updating of Group policies, risk assessments, monitoring, etc., new compliance initiatives are also carried out every year to address current compliance and governance topics.

Political risks

The global political environment is highly volatile. Tensions in Asia (China vs. Taiwan for example, where Kontron's largest shareholder, Ennoconn, is based), the ongoing war in Ukraine, the conflicts in the Middle East, and an emerging shift in transatlantic relations as well as within the North American continent following the US elections make the current global political environment unpredictable. Decisions made by governments can also often no longer be accepted as constant or predictable in terms of a secure investment environment.

As a consequence of weaker growth rates, large budget deficits and concomitant cuts in government spending, government investment could also be reduced, which would primarily affect Kontron companies that generate a significant proportion of their revenue from the public sector.

The invasion by Russian troops of Ukraine at the end of February 2022 and the ensuing armed conflict means that local projects can become completely impracticable. At the same time, the sanctions imposed on Russia by the international community, such as the exclusion of Russia from international payment transactions SWIFT or the ban on exports of high-tech products to Russia, mean massive restrictions on financial systems and the real economy in the CIS region. As a result, Kontron has continuously scaled down its exposure to the entire CIS region in recent years.

IT risks

Breaches of data protection laws can lead to severe penalties. This includes in particular the General Data Protection Regulation (GDPR) valid in the EU. To raise awareness of this among employees at Kontron and sensitise them to general IT security issues, a series of online training courses on IT security and data protection was held in financial year 2024.

Cyberattacks affecting IT (Information Technology) and OT (Operational Technology) represent one of the highest risks. In 2024, numerous activities were carried out to reduce the likelihood and/or impact of such potential cybersecurity attacks. These activities included regular group training to raise employee awareness of cybersecurity, the use of multi-factor authentication within the Kontron Group, the increasing standardization of services within the Kontron Group and greater use of advanced cybersecurity protection mechanisms in the cloud that are supported by artificial intelligence. We are seeing an increase in attacks using AI; policies were therefore adjusted accordingly and training was carried out in the past financial year. Kontron also expanded its captive Security Operations Center (SOC) to capture a larger volume of different data sources from different parts of the company, enabling better correlation and prediction of potential cybersecurity threats and reducing the impact of potential attacks.

Unmanaged mobile devices also present a high risk. Kontron has therefore implemented an MDM solution in some companies to improve cybersecurity and establish and monitor more restrictive policies for mobile devices. Important regulations for the coming financial year include NIS2 in the respective national legislation and the AI Act under which violations can also incur heavy penalties. Both topics are addressed by Group-wide policies. Regular monitoring is carried out to reduce the possibility of licensing risks, both in the IT and development sectors.

Climate risks

As part of a climate risk analysis, the potential effects of physical risks such as floods, torrential rain, snow, heat waves, earthquakes and other natural hazards were examined. It was found that a flood risk existed in at least two locations, but this risk was rated as low since preventive measures such as dam reinforcements, local inspections and assessments were already in place. Snow events that could result in power outages, roof collapses or road closures were also identified as a risk. However, the existence of stable building structures, regular assessments and a 4-stage plan to secure the power supply were judged to be sufficient safeguards. There is also a potential risk of earthquakes at two locations.

Due to the on-site conditions, water stress and heat stress were adjudged to be non-critical. However, a water shortage in the value chain could increase the risk of production outages. Rising energy prices and potential energy shortages were also identified as likely risks. Financial investments may also be necessary to replace the machines and technologies currently in use with low-emission alternatives, which could increase the risk of bad investments.

Climate risks are continuously reviewed as part of the risk management process and adjusted as necessary. At the same time, the Kontron Group is implementing measures with the aim of making its activities more climate-friendly and actively contributing to achieving climate goals.

05 Internal control system, group accounting process and risk management system

Business monitoring systems (internal control systems – ICS) are extremely important and gaining in relevance. Internal control is an integral part of enterprise-wide risk management within the Kontron Group. The internal control system is understood to be the principles, regulations and procedures introduced by the Executive Board of Kontron AG and the local managing directors of the Group companies, which are aimed at the organizational implementation of management decisions. The objectives to be safeguarded in this regard are the protection of assets against loss, misuse and damage, the achievement of organizational goals, the assurance of proper, economic, efficient and effective processes, the reliability of operational information, in particular the reliability of accounting, and compliance with laws and regulations. The ICS has a preventive and detective function and supports the flow of corporate processes.

Internal control is a process embedded in the work and operations of an organization, carried out by management and staff to identify risks, manage them and provide reasonable assurance that the organization is achieving its objectives by fulfilling its mission. In this context, an ICS refers to all essential business processes. One of the most important foundations for a functioning ICS is the definition of the structural and procedural organization in the company.

Kontron AG has been using an independent ICS manual for many years. In addition to the importance of an effective internal control system, the manual also sets out specific requirements for subsidiaries. In this context, the ICS also aims to ensure that the subsidiaries comply with Kontron Group processes and guidelines laid down by Kontron AG. The aim of these guidelines is to define and establish minimum standards for internal controls, to ensure their application and to derive measures that comply with ICS principles.

As with any general and entrepreneurial activity, there should be a balance between risk and control of the business, i.e. the cost/benefit aspect should be considered. The ICS comprises measures and controls based on the following principles, among others: transparency, confirmation by a second person, separation of functions and minimum scope of information. In general, the ICS manual of Kontron AG is based on the international COSO Model. The COSO model is a basic model for assessing the internal control system of companies, published by the Committee of Sponsoring Organization (COSO) of the US Treadway Commission and is regarded worldwide as a standard. The respective objectives and components (e.g. control environment, risk assessment, monitoring) of the COSO reference model are described in the ICS manual of Kontron AG.

The role of the internal audit, its tasks and activities, such as the procedure for audit planning, audit execution and the control process with regard to the improvement measures defined in the audits, are described in detail in the manual. In addition, the manual includes references regarding equally important ICS topic areas, such as business ethics and compliance.

The management of all subsidiaries of Kontron AG is obliged to comply with the requirements of the ICS manual. The monitoring of compliance with the requirements of the ICS manual as well as the assessment of the general control environment at the subsidiaries is carried out within the framework of regular or ad-hoc internal audits at the Group's companies. These are carried out by the central audit department of Kontron AG. In addition, the responsible Kontron Group functions, such as the Accounting, Controlling, Treasury or Internal IT departments, are required to continuously monitor compliance with the Group-wide guidelines for their areas of responsibility.

The main components of the internal reporting system are the standardised reports and scorecards, which are generally sent to the management on a monthly basis and to the company's supervisory board on a quarterly basis. In addition, the BI and analytics tool provides management with all key financial figures on a daily basis through direct access to the local financial systems of the main subsidiaries. Standardised core processes and job descriptions have defined procedures and internal controls. The guidelines for the subsidiaries are available in a central information system of Kontron AG.

The reporting, management and controlling of risks is structured hierarchically. The requirements of the accounting process are implemented in the finance departments at the respective companies. Risks of accounting errors are largely eliminated or minimized by the following processes:

› Uniform IFRS accounting guidelines, supported by standardised reporting forms or files, are mandatory for accounting and consolidation. The Group Accounting Manual covers the relevant accounting standards as well as significant accounting issues, which are mandatory for all Group companies. The accounting manual is adapted to new developments and continuously updated. Newly acquired subsidiaries are connected directly to the COGNOS IT system for reporting to the parent company, thus establishing a single-stage consolidation process.

- Local management is responsible for ensuring compliance with Group-wide requirements, while the central finance department at Kontron AG collates and evaluates all data before submitting standard reports to the Executive Board of Kontron AG and the management of the subsidiaries.
- The authorization concept for the central accounting programs is uniformly regulated and centrally monitored. The aggregated and consolidated data of the COGNOS system can only be accessed by Kontron AG's finance department employees.
- Furthermore, the completeness and correctness of accounting data are regularly checked by the central finance department on the basis of random samples and plausibility checks, both manually and with the help of IT. On the basis of detailed monthly and quarterly financial reports, deviations in the earnings and asset situation from planned and previous year's values are identified and analysed. Another focus is on working capital and cash management, which is taken into account using centralised monthly reporting and analysis of developments. The results are discussed directly with the people responsible at the subsidiaries and decisions are made during regular visits to the companies on site or conference calls by the Executive Board member responsible for the respective subsidiary.
- All Group reports are reviewed within the central finance department.
- For more complex issues and for the evaluation of actuarial issues or, for example, the option pricing for the stock option programs, external experts are engaged either by Kontron AG itself or at local level.
- The management of all companies is obliged to comment on significant risks. This is done through a regular risk assessment process coordinated by the Group-wide Head of Internal Audit. There, the bottom-up risk reporting is validated and monitored. As part of one of these regular processes of supplementary ad-hoc risk reporting, the subsidiaries are required to report new risks that may exceed a certain loss limit or significant deteriorations in existing risks. This also serves as a basis for scheduling and carrying out ad-hoc internal audits outside the standard audit calendar.

Further information on the risk management organization and process is available in the "Forecast, Opportunities, Risk Report".

06 Disclosures in accordance with § 243a UGB (Austrian Commercial Code)

1. As of the balance sheet date of December 31, 2024, share capital of Kontron AG amounts to EUR 63,860,568.00 and is divided into 63,860,568 no-par value bearer shares. The equity developed as follows:

IN EUR	2024	2023
Subscribed capital as at January 1	63,860,568.00	63,630,568.00
+ Increase in capital by authorized conditional capital	0.00	230,000.00
Subscribed capital as at December 31	**63,860,568.00**	**63,860,568.00**

   As of December 31, 2024, the company held 2,474,610 treasury shares.

2. The right to exercise votes at the annual general meeting is unlimited. There are no other limitations that might affect voting rights or the transferring of shares.

3. With 27.5% of the shares and voting rights held via two subsidiaries affiliated with Ennoconn Corporation, the Ennoconn Corporation, Taipei, Taiwan, is, as of December 31, 2024, the largest shareholder of Kontron AG known to Kontron AG.

4. No shares exist that grant special rights of control.

5. Employees who own shares in Kontron AG can exercise their voting rights at the Annual General Meeting directly and at their own discretion. There is no associated voting rights control or the possibility to exercise voting rights with stock options or warrants.

6. No stipulations exist that exceed the bounds of law and apply to the members of the Executive Board and Supervisory Board. According to Kontron AG's articles of association, the Annual General Meeting decides by a simple majority of the votes cast, and in cases where a majority of the share capital is required, by a simple majority of the share capital represented at the time of resolution, unless the law or Kontron AG's articles of association provide for a larger majority.

7. Authorized Capital 2020, Authorized Capital 2024, Acquisition and Use of Treasury Shares

   - Authorized capital 2020:

     The Annual General Meeting on June 16, 2020 authorized the Executive Board to increase the share capital by up to EUR 2,000,000 for the purpose of servicing conversion or subscription rights under warrants (Authorized capital 2020) and in accordance with Section 169 of the Austrian Stock Corporation Act.

     At the same general meeting, it was decided to issue 2,000,000 warrants (financial instruments pursuant to Section 174 of the Austrian Stock Corporation Act). 1,500,000 warrants were allotted to selected members of the Executive Board of Kontron AG (those eligible for allotted shares) by the Supervisory Board. 500,000 warrants were publicly offered to selected key employees of the Kontron Group for subscription against the offer price per equity warrant as of July 13, 2020, on the basis of a prospectus approved by the Austrian Financial Market Authority. After the end of the offer period and a so-called short placement of warrants not subscribed in the public offer, the Executive Board, with the approval of the Supervisory Board, decided on the final number of warrants to be issued and the allocation of the warrants offered on the basis of the subscription declarations received. A total of 2,000,000 warrants were issued, consisting of 1,500,000 warrants allocated to those eligible and the 500,000 warrants offered to selected key employees of the Kontron Group. 112 eligible subscribers who had delivered subscription certificates for a total of 420,665 offered warrants received the full allocation according to the classification of the respective Group company and the respective management level of the eligible subscriber in accordance with the parameters set out in the prospectus. The remaining number of 79,335 offered warrants were issued to those eligible on the basis of their subscription certificates received for the short placement, against payment of the offer price per equity warrant. As of July 30, 2020, the warrants were admitted to official trading on the Vienna Stock Exchange and subsequently delivered to the respective subscribers and allottees.

The first exercise of the conversion or subscription right under the warrant is possible at the earliest 36 months after the issue of the warrant and only if the price of the Kontron AG share exceeds EUR 32.86, adjusted, if necessary, on the basis of the terms and conditions of the issue. Therefore, no use was made of the Authorized Conditional Capital 2020 in financial year 2024.

› Authorized capital 2024:

At the Annual General Meeting of Kontron AG on May 6, 2024, the Executive Board was authorized, for a period of up to five years after the amendment to the articles of association had been entered in the commercial register, to increase the share capital, with the approval of the Supervisory Board in accordance with Section 169 of the Austrian Stock Corporation Act, by up to EUR 4,386,056 by issuing up to 4,386,056 no-par value bearer shares in one or more tranches in exchange for cash and/or contributions in kind and to specify the issue price, which must not be less than the pro rata amount of the share capital, as well as the issue conditions and other details pertaining to the capital increase. In this context, the Executive Board was also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part. The Supervisory Board was authorized to adopt the amendments to the articles of association resulting from the issue of shares from authorized capital (“Authorized Capital 2024”).

Therefore, no use was made of the Authorized Conditional Capital 2024 in financial year 2024.

› Acquisition and use of treasury shares:

At the Extraordinary General Meeting on November 8, 2023, the Executive Board of Kontron AG was authorized to sell or use the company's treasury shares for a period of five years following a resolution in accordance with Section 65 (1b) of the Austrian Stock Corporation Act, with the approval of the Supervisory Board and without a new resolution by the Annual General Meeting, also in ways other than on the stock exchange or through a public offer, to exclude the shareholders’ pro rata purchase rights and to set the conditions of sale. This authorization may be exercised once or several times, in whole or in part or in several instalments and in pursuit of one or more purposes by the company, by an affiliated company or by third parties on behalf of the company.

On September 27, 2023, the Executive Board of Kontron AG decided to carry out a share buyback program (“Share Buyback Program II 2023”) on the basis of an authorizing resolution adopted by the Extraordinary General Meeting of May 6, 2022. The Extraordinary General Meeting passed a new authorizing resolution on November 8, 2023, which was published on November 8, 2023 on an electronic information dissemination system. On the basis of this authorizing resolution, the Executive Board and Supervisory Board of Kontron AG decided to continue the existing share buyback program II 2023 unchanged. Under the share buyback program II 2023, which ended in the past financial year on January 22, 2024, a total of 1,792,381 shares were bought back at a weighted average price of EUR 20.8251 per share. This corresponds to 2.807% of the company's share capital. The total price excluding additional costs of the repurchased shares was EUR 37,326,540.75.

On June 14, 2024, the Executive Board of Kontron AG decided to carry out a further buyback program for treasury shares (share buyback program I 2024) based on an authorizing resolution adopted by the Extraordinary General Meeting on November 8, 2023, in accordance with Section 65 (1) 8 of the Austrian Stock Corporation Act. The share buyback program I 2024 was completed on August 13, 2024 and on August 14, 2024 the final report on the share buyback program I 2024 was published via an electronic information dissemination system. In total, Kontron AG bought back 434,000 shares at a weighted average price of EUR 19.0338 per share under the share buyback program I 2024. This corresponds to 0.68% of the company's share capital. The total price excluding additional costs of the repurchased shares was EUR 8,260,693.85.

In addition, at the Extraordinary General Meeting on November 8, 2023, the Executive Board of Kontron AG was authorized, with the approval of the Supervisory Board, to withdraw treasury shares without adoption of a new resolution at the Annual General Meeting. The Supervisory Board was authorized to adopt amendments to the articles of association in relation to this withdrawal.

No use was made of this authorization in the past financial year.

8. There are loan agreements whose conditions could change in the event of a "change of control" or which could lead to a termination of the loan agreement. Kontron AG's loan agreements with the financing banks provide for a termination option on the part of the banks in the event of a change of control at Kontron AG. A change of control is defined in the concluded agreements as obtaining

a controlling interest in Kontron AG, whereby an increase in the (direct or indirect) interest of Ennoconn Corporation (or its legal successors) in Kontron AG does not constitute a change of control.

9. Indemnification agreements as defined by Section 243a (1) 9 of the Austrian Commercial Code do not exist.

Linz, March 26, 2025

Hannes Niederhauser	Dr. Clemens Billek	Michael Riegert	Philipp Schulz	Dr. Johannes Fues

This management report contains statements that relate to the future development of Kontron AG as well as its economic development. These statements represent estimates that Kontron AG has made on the basis of all information available at the present time. If the underlying assumptions do not materialize or further risks occur, the actual results may differ from the results currently expected. Kontron AG can therefore not accept any liability for this information.

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CONSOLIDATED INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT IN TEUR	NOTES	2024	2023
Revenues	(B.01)	1,684,821	1,225,947
Capitalized development costs	(B.02)	39,905	24,708
Other income	(B.03)	20,180	15,423
Expenses for materials and other services purchased	(B.04)	-991,062	-759,723
Personnel expenses	(B.05)	-441,356	-291,818
Depreciation and amortization	(B.06)	-77,631	-39,546
Other operating expenses	(B.07)	-120,698	-88,515
Result from operations		**114,159**	**86,476**
Finance income	(B.08)	6,358	8,882
Finance expenses	(B.08)	-29,303	-16,139
Financial result		**-22,945**	**-7,257**
Earnings before taxes		**91,214**	**79,219**
Income taxes	(B.09)	-2,714	-3,541
Profit/loss from continuing operations		88,500	75,678
Profit/loss from discontinued operations	(B.10)	3,142	2,439
Net income		**91,642**	**78,117**
Results from the period attributable to owners of non-controlling interests		953	407
Results from the period attributable to owners of interests in parent company		**90,689**	**77,710**
Earnings per share from continuing operations (undiluted)	(B.11)	1.42	1.19
Earnings per share from continuing operations (diluted)	(B.11)	1.38	1.15
Earnings per share attributable to owners of interests in parent company (undiluted)	(B.11)	1.47	1.23
Earnings per share attributable to owners of interests in parent company (diluted)	(B.11)	1.42	1.19
Average number of shares in circulation (in thousands undiluted)		61,572	63,175
Average number of shares in circulation (in thousands diluted)		63,662	65,513

STATEMENT OF OTHER COMPREHENSIVE INCOME

STATEMENT OF OTHER COMPREHENSIVE INCOME IN TEUR	NOTES	2024	2023
Net income		**91,642**	**78,117**
Items that will not be reclassified to profit or loss			
Remeasurement according to IAS 19			
Gains (+) / losses (-) from remeasurement	(C.10)	-638	-1,438
Results from remeasurement of financial instruments at fair value through other comprehensive income	(A) (C.10)	-2,122	-10
Deferred taxes on items that will not be reclassified to profit or loss	(C.10)	133	447
		-2,627	-1,001
Items that may be subsequently reclassified to profit or loss			
Unrealized gains/losses from currency translation		5,448	-5,779
Net loss on debt instruments at fair value through other comprehensive income		0	-16
		5,448	-5,795
Other comprehensive income		**2,821**	**-6,796**
Comprehensive income		**94,463**	**71,321**
of which attributable to			
the owners of non-controlling interests		1,057	530
the owners of interests in parent company		93,406	70,791

CONSOLIDATED BALANCE SHEET

ASSETS IN TEUR	NOTES	31.12.2024	31.12.2023
NON-CURRENT ASSETS			
Property, plant and equipment	(C.01)	238,083	110,427
Intangible assets	(C.02)	157,306	102,434
Goodwill	(C.02)	262,574	216,599
Financial assets non-current	(C.03)	12,738	11,353
Contract assets non-current	(B.01)	1,483	855
Other non-current assets	(C.04)	8,268	7,709
Deferred tax assets	(B.09)	64,311	43,128
		744,763	**492,505**
CURRENT ASSETS			
Inventories	(C.05)	373,289	229,070
Trade receivables	(C.06)	249,649	213,556
Contract assets current	(B.01)	71,585	38,112
Financial assets current	(C.07)	17,681	20,778
Other receivables and assets current	(C.08)	51,088	44,401
Cash and cash equivalents	(C.09)	315,637	332,235
		1,078,929	**878,152**
Total assets		**1,823,692**	**1,370,657**

EQUITY AND LIABILITIES IN TEUR	NOTES	31.12.2024	31.12.2023
EQUITY			
Subscribed capital	(C.10)	63,861	63,861
Capital reserves	(C.10)	102,246	127,148
Accumulated results	(C.10)	522,694	462,838
Other reserves	(C.10)	-6,196	-8,913
Treasury shares	(C.10)	-50,146	-42,973
Equity attributable to owners of interests in parent company		632,459	601,961
Non-controlling interests	(C.10)	19,819	2,010
		652,278	**603,971**
NON-CURRENT LIABILITIES			
Financing liabilities non-current	(C.11)	305,760	60,138
Other financial liabilities non-current	(C.12)	97,368	36,300
Contract liabilities	(B.01)	5,657	6,778
Deferred tax liabilities	(B.09)	11,063	5,339
Provisions non-current	(C.14)	33,085	27,543
		452,933	**136,098**
CURRENT LIABILITIES			
Financing liabilities current	(C.11)	172,985	150,873
Trade payables	(C.15)	272,378	273,056
Contract liabilities	(B.01)	91,198	69,638
Other financial liabilities current	(C.16)	48,141	28,951
Provisions current	(C.14)	39,470	33,275
Other liabilities current	(C.17)	94,309	74,795
		718,481	**630,588**
Total equity and liabilities		**1,823,692**	**1,370,657**

CONSOLIDATED CASH FLOW STATEMENT

kontron
The Power of IoT

CONSOLIDATED STATEMENT OF CASH FLOWS IN TEUR	NOTES	2024	2023*
CASHFLOW FROM OPERATING ACTIVITIES FROM CONTINUING AND DISCONTINUED OPERATIONS			
Earnings before tax from continuing and discontinued operations		94,357	81,732
Depreciation and amortization		77,631	39,546
Interest expenses		29,303	16,235
Interest and other income from the disposal of financial assets		-6,587	-10,268
Increase/decrease of provisions		-19,567	-131
Gains/losses from the disposal of non-current non-financial assets		559	-549
Changes in inventories		69,872	-15,079
Changes in trade receivable and contract assets		-8,319	-17,347
Changes in other receivables and assets		12,327	11,300
Changes in trade payable and contract liabilities		-120,017	18,534
Changes in other liabilities		-11,452	4,141
Other non-cash income and expenses		-1,704	-1,210
Result from the disposal of investments		-5,541	0
Gain on disposal of discontinued operations	(A)	-2,913	-1,350
Cash and cash equivalents from operations		**107,949**	**125,554**
Income taxes paid		-8,970	-8,691
Cashflow from operating activities		**98,979**	**116,863**
CASHFLOW FROM INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment and intangible assets		-71,223	-46,286
Payments received for the disposal of property, plant and equipment and intangible assets		2,697	1,713
Disposal/purchase of financial instruments		-542	2,777
Payments to acquire subsidiaries less cash assumed and plus current account liabilities assumed	(A)	-106,470	-53,261
Proceeds /Payments from disposal/sale of subsidiaries less cash disposed and plus current account liabilities disposed	(A)	30,523	2,763
Proceeds (net) from disposal of discontinued operations	(B.10)	12,220	110,969
Interest income		5,704	7,053
Cash flow from investing activities		**-127,091**	**25,728**
CASHFLOW FROM FINANCING ACTIVITIES			
Increase in financing liabilities and financial liabilities	(D.01)	406,762	1,926
Decrease in financing liabilities and financial liabilities	(D.01)	-273,417	-131,577
Interests paid		-23,726	-13,451
Acquisition of non-controlling interests	(A)	-57,847	-130
Dividends to owners of interests in parent company		-30,833	-63,398
Payments for acquisition of treasury shares		-9,992	-45,502
Capital increase (less transaction costs)		0	5,765
Cash flow from financial activities		**10,947**	**-246,367**
Changes in exchange rates		567	-3,143
Changes in cash and cash equivalents		**-16,598**	**-106,919**
Cash and cash equivalents as of the beginning of the period	(D.01)	332,235	439,154
Cash and cash equivalents as of the end of the period	**(D.01)**	**315,637**	**332,235**

*) Adjusted, see explanation in Section D, Note 01

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

DEVELOPMENT OF EQUITY IN TEUR	NOTES	EQUITY ATTRIBUTABLE TO OWNERS OF INTERESTS IN PARENT COMPANY	
		SUBSCRIBED CAPITAL	CAPITAL RESERVES
as of January 1, 2023		**63,631**	**122,582**
COMPREHENSIVE INCOME			
Consolidated income		0	0
Other comprehensive income		0	0
		0	**0**
OTHER CHANGES			
Sale of subsidiaries		0	0
Stock options	(D.08)	0	2,415
		0	**2,415**
TRANSACTIONS WITH OWNERS OF INTERESTS			
Change in non-controlling interests	(C.10)	0	-1,232
Dividends	(C.10)	0	0
Repurchase of treasury shares		0	0
Capital increase	(C.10)	230	3,383
		230	**2,151**
as of December 31, 2023		**63,861**	**127,148**
as of January 1, 2024		**63,861**	**127,148**
COMPREHENSIVE INCOME			
Consolidated income		0	0
Other comprehensive income		0	0
		0	**0**
OTHER CHANGES			
Acquisition of subsidiaries		0	0
Stock options	(D.08)	0	1,136
		0	**1,136**
TRANSACTIONS WITH OWNERS OF INTERESTS			
Change in non-controlling interests	(C.10)	0	-26,038
Dividends	(C.10)	0	0
Repurchase of treasury shares	(C.10)	0	0
		0	**-26,038**
as of December 31, 2024		**63,861**	**102,246**

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**
77,710	0	0	77,710	407	78,117
0	-6,919	0	-6,919	123	-6,796
77,710	**-6,919**	**0**	**70,791**	**530**	**71,321**
0	0	0	0	-1,921	-1,921
-1,090	0	2,529	3,854	0	3,854
-1,090	**0**	**2,529**	**3,854**	**-1,921**	**1,933**
0	0	0	-1,232	1,570	338
-63,398	0	0	-63,398	0	-63,398
0	0	-45,502	-45,502	0	-45,502
0	0	0	3,613	0	3,613
-63,398	**0**	**-45,502**	**-106,519**	**1,570**	**-104,949**
462,838	**-8,913**	**-42,973**	**601,961**	**2,010**	**603,971**
462,838	**-8,913**	**-42,973**	**601,961**	**2,010**	**603,971**
90,689	0	0	90,689	953	91,642
0	2,717	0	2,717	104	2,821
90,689	**2,717**	**0**	**93,406**	**1,057**	**94,463**
0	0	0	0	51,154	51,154
0	0	0	1,136	0	1,136
0	**0**	**0**	**1,136**	**51,154**	**52,290**
0	0	2,819	-23,219	-34,402	-57,621
-30,833	0	0	-30,833	0	-30,833
0	0	-9,992	-9,992	0	-9,992
-30,833	**0**	**-7,173**	**-64,044**	**-34,402**	**-98,446**
522,694	**-6,196**	**-50,146**	**632,459**	**19,819**	**652,278**

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NOTES 2024

A.

General information

About Kontron AG

Kontron AG is a leading IoT technology company. For more than 20 years, Kontron (formerly S&T) has been helping companies from a wide variety of industries to achieve economic goals using intelligent solutions. From automated industrial processes, smarter and safer transport to advanced communication, connectivity, medical, solar and renewable energy solutions, Kontron offers its customers value-adding technologies. Kontron is listed on Deutsche Börse's SDAX® and TecDAX® and in the current financial year employs around 7,000 people and is represented in 25 countries worldwide.

Kontron AG is a public limited company under Austrian law and its headquarters are in 4020 Linz, Industriezeile 35, Austria. It is registered at the commercial register court in Linz under FN 190272 m. The company's shares are listed in the Prime Standard of the Frankfurt Stock Exchange (FWB) in Frankfurt am Main, Germany.

Principles of accounting

The consolidated financial statements of Kontron AG 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, and the additional statements according to Section 245a (1) of the Austrian Civil Code (UGB). Unless otherwise noted, all amounts are denominated in thousands of euros (TEUR).

The accounting and valuation of assets and liabilities is based on the assumption that the company will continue to operate.

When rounded amounts and percentages are added up, rounding-related calculation differences may occur due to the use of automated calculation aids.

Macroeconomic uncertainties and risks

As in the previous year, 2024 was characterized by low economic growth, although inflation rates fell again slightly as a result of the central banks' tighter interest rate policy. Due to the current geopolitical scenario, supply chains remain vulnerable, and Kontron is constantly monitoring the situation so it can take countermeasures in good time.

Kontron, as an internationally active company, supports measures against climate change and promotes sustainable growth. Group management is committed to achieving the climate targets set by politicians (e.g. "Paris Agreement" and "European Green Deal") and has voluntarily committed itself to the UN Global Compact. With this in mind, management continuously analyses potential sustainability risks, particularly in the areas of climate change and resource shortages. In both areas, Kontron still sees only minor risks for its business model and no need for impairment of recorded assets or changes in estimated service lives, and no need to adjust the recognition and valuation of provisions. As a result, no significant impact of such risks on the presentation of the Group's net assets, financial position and earnings is currently expected.

New and changed standards and interpretations

The following new or changed standards and interpretations were mandatory for the first time in financial year 2024:

NEW AND CHANGED STANDARDS AND INTERPRETATIONS – MANDATORY SINCE JANUARY 1, 2024

IAS 1	Amendments to IAS 1 Classification of liabilities as current or non-current / non-current with secondary conditions
IFRS 16	Amendments to IFRS 16 lease liabilities from sale and leaseback transactions (published: September 2022)
IAS 7 / IFRS 7	Amendments to IAS 7 and IFRS 7 supplier financing agreements

The first-time application of these new or revised standards had no significant impact on Kontron AG's consolidated financial statements. In particular, the amendments to IAS 7 and IFRS 7 had no significant effect on the consolidated financial statements due to the significant reduction in reverse factoring volume compared to the previous year (see Section C, Note 15).

The following standards and interpretations or changes to standards have been adopted by the IASB, but are not yet mandatory to apply to financial year 2024. An early application of these standards is not planned at this time. The application of these standards and interpretations is expected to have an impact on the consolidated financial statements, but these are still being evaluated.

STANDARDS ADOPTED BY THE IASB – NOT YET MANDATORY TO APPLY IN FINANCIAL YEAR 2024		PERIOD OF APPLICATION
IAS 21	Amendments to IAS 21 lack of exchangeability (published: August 2023)	January 1, 2025
IFRS 9 and IFRS 7	Amendments to IFRS 9 financial Instruments and IFRS 7 financial Instruments: disclosures: classes of financial instruments and level of disclosure (published: May 2024)	January 1, 2026
Various standards	Annual improvements to IFRS accounting standards — volume 11	January 1, 2026
IFRS 18	Presentation and disclosure in financial statements	January 1, 2027
IFRS 19	IFRS 19 subsidiaries that are not subject to public accountability: disclosure	January 1, 2027

Accounting principles - accounting methods

The accounting methods used by Kontron are described at the beginning of each chapter and are marked with the heading *Accounting methods>>*.

Currency conversion

The consolidated financial statements are prepared in euro, which is the functional currency of the parent company.

Foreign subsidiaries

Each fully consolidated subsidiary determines its functional currency, which is the currency of the primary economic environment. The functional currencies of the subsidiaries are usually the respective national currencies.

The balance sheet values of the subsidiaries are converted into the presentation currency (euro) at the exchange rate on the balance sheet date. Expenses and income are converted at annual average exchange rates. The resulting exchange differences are included in Group equity under “Adjustments items for currency translation”.

Foreign currency transactions

Foreign currency transactions are converted into the functional currency at the spot rate applicable at the time the transaction is first recognized. Monetary assets and liabilities denominated in a foreign currency are converted into the functional currency at each reporting date using the closing spot rate. Differences arising from the settlement or conversion of monetary items are recognized in profit or loss.

Significant exchange rates

The exchange rates of the most important currencies for the Kontron Group are as follows:

CURRENCY 1 EURO =	2024 AVERAGE Y-T-D RATE	2024 CLOSING RATE	2023 AVERAGE Y-T-D RATE	2023 CLOSING RATE
BGL	1.95583	1.95583	1.95583	1.95583
CAD	1.48211	1.49480	1.45947	1.46420
CHF	0.95263	0.94120	0.97180	0.92600
CNY	7.78747	7.58330	7.66002	7.85090
CZK	25.11980	25.18500	24.00428	24.72400
GBP	0.84662	0.82918	0.86979	0.86905
HUF	395.30387	411.35000	381.85267	382.80000
KZT	507.99107	545.56100	493.75156	503.48200
MKD	61.55965	61.47700	61.58741	61.49240
MYR	4.95027	4.64540	4.93196	5.07750
PLN	4.30580	4.27500	4.54197	4.33950
RON	4.97464	4.97430	4.94672	4.97560
RUB	100.10275	106.10280	92.18002	99.19190
TWD	34.73848	34.03600	33.69482	33.83700
USD	1.08238	1.03890	1.08127	1.10500
UZS	13,692.73825	13,424.60000	12,700.84418	13,619.60000

Discretionary decisions, estimates and assumptions

The preparation of the consolidated financial statements requires Management to make discretionary decisions, estimates and assumptions relating to the use of accounting methods and the reported amounts of assets, liabilities, income and expenses. All estimates and assumptions are assessed on an ongoing basis, and if required re-evaluated, and are based on historical experience and expectations with regard to future events. As a result of the uncertainty associated with these assumptions and estimates, actual results in future periods may result in adjustments to the assets and liabilities affected.

Current geopolitical developments are being constantly monitored in order to best counteract potential effects on the Group. According to Management's current assessment, these geopolitical developments have no direct significant impact on the Group's assets, financial position and earnings situation.

Main areas of application for discretionary decisions, assumptions and estimates

Primarily, the Group has made important future-focused discretionary decisions, assumptions and estimates in the areas of accounting for acquisitions, the subsequent accounting for goodwill and other intangible assets (see Section C, Note 02), the recognition of deferred taxes on tax loss carryforwards and deductible temporary differences (see Section B, Note 09), the valuation of inventories (see Section C, Note 05) as well as the valuation of provisions (see Section C, Note 14), the accounting for leases (see Section C, Note 12) and the recognition of revenues from contracts with customers (see Section B, Note 01).

Changes in estimates

Changes in estimates are recorded in the period in which they were made.

In financial year 2024, changes were made to estimates and assumptions, in particular in connection with the recognition of deferred taxes on loss carryforwards and deductible temporary differences as well as the recognition of a conditional consideration from a company acquisition. For more information, see Section B, Note 03 and Note 09.

Principles of consolidation

Kontron AG's consolidated financial statements include Kontron AG and all group companies (subsidiaries) controlled directly or indirectly by Kontron AG as fully consolidated companies. As part of determining the scope of consolidation, Kontron AG (investor) analyses whether it directly or indirectly controls the potential subsidiary (investee). Control exists when

› Kontron AG has power of disposition over the investee,

› Kontron AG is exposed to variable returns or its rights to these variable returns due to its relationship with the investee, and

› Kontron AG has the opportunity to use its power over the investee company to influence the level of variable returns.

The management of Kontron AG reviews the extent to which the requirements for consolidation continue to be met at each reporting date. Subsidiaries are fully consolidated from the time when Kontron AG has control over them and can exercise control at any time. According to the current assessment, there are no restrictions with regard to the Russian subsidiary that would result in loss of control.

Subsidiaries are deconsolidated as soon as control by the parent company ends; the assets and liabilities as well as proportionate equity components are derecognized accordingly.

Companies over which Kontron AG can have a significant influence (associated companies) are included in the consolidated financial statements using the equity method.

Shares in companies with a shareholding level below 20%, over which Kontron AG cannot exercise any significant influence, are recognized as financial assets and assigned to the category “at fair value without recycling gains or losses” in accordance with IFRS 9.

The uniform reporting date for all companies included in the consolidated financial statements is December 31.

The assets and liabilities of domestic and foreign companies included in the consolidated financial statements are recognized according to group-wide reporting and measurement methods.

All intragroup balances, business transactions, unrealized gains and losses from intragroup transactions and dividends are eliminated in full. In the consolidation processes, the income tax effects are taken into account and deferred taxes are recognized if necessary.

A subsidiary’s losses are also attributed to shares with non-controlling interest if this results in a negative balance.

A change in the amount of investment in a subsidiary is recognized as an equity transaction, unless there is a loss of control associated with it.

Business combinations are accounted for using the acquisition method. The cost of a company acquisition is calculated as the sum of the consideration transferred, measured at the fair value at the acquisition date, and the shares with non-controlling interest in the acquired company. In each business combination, Kontron AG includes the shares with non-controlling interest in the acquired company either at fair value or at the corresponding share of the acquired company's identifiable net assets measured at fair value. Costs incurred as a result of the business combination are recognized as an expense and reported as other operating expenses. The results of the companies acquired are included in the consolidated financial statements from the related acquisition date.

If the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and liabilities assumed in accordance with the terms of the contract, economic circumstances and prevailing conditions at the time of acquisition.

An agreed contingent consideration is recognized at fair value at the acquisition date. Subsequent changes in the fair value of a contingent consideration that represent an asset or a liability are recognized through profit or loss. A contingent consideration that is classified as equity is not revalued and its subsequent settlement is accounted for in equity.

Callable or fixed-term equity shares in subsidiaries with tender rights that are held by non-controlling shareholders represent financial liabilities for the Kontron Group. Such liabilities are initially recorded at fair value in accordance with IFRS 9. Regardless of whether the non-controlling shareholders are currently beneficial owners of the shares or not, the first consolidation takes place as an early acquisition, i.e. the shares covered by the tender right are attributed to the Kontron Group from the outset as if the right had already been exercised. As a result, the liability from the right to tender is measured at fair value in profit or loss on each reporting date.

At initial recognition, goodwill is measured at acquisition cost, which is measured as a surplus of the total consideration transferred and the amount of the proportion with non-controlling interest over the acquired identifiable assets and assumed liabilities of the Group. If the fair value of the acquired net assets exceeds the total consideration transferred, the Group reassesses whether it has correctly identified all acquired assets and all liabilities assumed and reviews the procedures used to determine the amounts that were to be reported at the acquisition date. If, after reassessment, this consideration is still below the fair value of the acquired subsidiary's net assets, the difference is recognized through profit or loss.

After initial recognition, goodwill is measured at acquisition costs less accumulated impairment losses. For the purpose of the impairment test, goodwill acquired in a business combination is assigned on the acquisition date to the cash-generating units of the Group that are expected to benefit from the business combination. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

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. On December 31, 2024, Kontron AG's scope of consolidation consisted of 66 fully consolidated companies (PY: 46). Of these, 6 companies (PY: 5) are based in Austria and 60 companies (PY: 41) are based abroad. As of December 31, 2024, and as in the previous year, the Group has no shareholding in any company that is accounted for using the equity method. Furthermore, one company (PY: 3) is not included in the consolidated financial statements due to its minor importance.

The number of fully consolidated companies has developed as follows:

GROUP COMPANIES (NUMBER)	2024	2023
Number of fully-consolidated companies as of January 1	46	48
Companies founded	6	1
Group companies merged	-4	-7
Companies acquired	21	8
Disposals	-3	-4
Number of fully-consolidated companies as of Dezember, 31	**66**	**46**

Change in the group of consolidated companies in 2024

Kontron Beteiligungs GmbH, Ismaning, Germany, a 100% subsidiary of Kontron AG, Linz, Austria, founded Kontron Acquisition GmbH, Ismaning, Germany, in January 2024 as a holding company 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.

In October 2024, divisions were spun off at Kontron Partner Kft. (formerly: Kontron Hungary Kft.), Budaörs, Hungary, and Kontron d.o.o., Kranj, Slovenia, each into a newly founded company:

- Kontron Hungary Kft., Budaörs, Hungary
- Kontron SI d.o.o., Ljubljana, Slovenia

The companies are included in the consolidated financial statements of Kontron AG as soon as they are founded and are both assigned to the “Europe” segment.

The following companies were also founded in the 2024 financial year:

- JUMPtec GmbH, Deggendorf, Germany
- Kontron America Modules LLC, Delaware, USA
- Kontron Asia Embedded Design SDN. BHD., Malaysia

The following companies were merged in the financial year 2024:

- Bsquare Corporation, Renton, USA: absorbing company Kontron America Inc., San Diego, USA
- Hartmann Electronic GmbH, Stuttgart, Germany: absorbing company Kontron Hartmann-Wiener GmbH (formerly W-IE-NE-R Power Electronics GmbH), Burscheid, Germany
- Katek Mauerstetten GmbH, Mauerstetten, Germany: absorbing company Kontron Europe GmbH, Ismaning, Germany
- Comlab Deutschland GmbH, Hilden, Germany: absorbing company Kontron Transportation Deutschland GmbH, Immenstaad am Bodensee, Germany

In financial year 2024, the Kontron Group acquired shares in the following companies as part of business combinations, which will be fully consolidated within the Group:

- Katek SE, München, Germany
- Katek Memmingen GmbH (subsequently renamed in Kontron Solar GmbH), Memmingen, Germany
- Katek Electronic Bulgaria EOOD (subsequently renamed Kontron Solar Bulgaria EOOD), Saedinenie, Bulgaria
- beflex electronic GmbH, Frickenhausen, Germany
- Katek Singapore PTE. LTD., Singapore
- Katek Electronics Malaysia SDN. BHD., Kuala Lumpur, Malaysia
- Katek Malaysia SDN. BHD., Kuala Lumpur, Malaysia
- Telealarm Europe GmbH, Leipzig, Germany
- TeleAlarm SA, La Chaux-de-Fonds, Switzerland
- Katek Leipzig GmbH (subsequently renamed Kontron 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., Györ, Hungary
- Katek Mauerstetten GmbH, Mauerstetten, Germany
- eSystems MTG GmbH, Wendlingen am Neckar, Germany
- Katek Canada Inc. (subsequently renamed Kontron Canada Systems Inc.), Cornwall, Canada
- Katek Vorrats-GmbH 1, Munich, Germany
- Nextek Inc., Madison, USA
- suntastic.solar Solutions GmbH (subsequently renamed suntastic.solar GmbH), Bisamberg, Austria

Acquisition of the Katek Group, 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 offers technology solutions primarily in the areas of aerospace, e-mobility, solar energy 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 and delisting offer to the shareholders of Katek SE in accordance with the provisions of the Shares Acquisition and Takeover Act.

The mandatory and delisting acquisition 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% 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).

In connection with the acquisition of the shares with non-controlling interest as a result of the mandatory takeover offer, Kontron has decided to treat this transaction as a separate transaction. The business combination in accordance with IFRS 3 (obtaining control) is therefore followed by the acquisition of shares with non-controlling interest. As there was no contractual obligation to acquire the non-controlling interests prior to the publication of the specific acquisition offer, the acquisition of the non-controlling interests is recognized as a separate transaction after control of the Katek Group has been obtained.

As part of the transaction, in addition to Katek SE, Germany, shares in the following wholly-owned subsidiaries were acquired, which 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 (subsequently renamed Kontron Solar Bulgaria EOOD), Saedinenie, Bulgaria
- beflex electronic GmbH, Frickenhausen, Germany
- Katek Singapore PTE. LTD., Singapore
- Katek Electronics Malaysia SDN. BHD., Kuala Lumpur, Malaysia
- Katek Malaysia SDN. BHD., Kuala Lumpur, Malaysia
- Telealarm Europe GmbH, Leipzig, Germany
- TeleAlarm SA, La Chaux-de-Fonds, Switzerland
- Katek Leipzig GmbH (subsequently renamed Kontron 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., Györ, Hungary
- Katek Mauerstetten GmbH, Mauerstetten, Germany
- eSystems MTG GmbH, Wendlingen am Neckar, Germany
- Katek Canada Inc. (subsequently renamed Kontron Canada Systems Inc.), Cornwall, Canada
- Katek Vorrats-GmbH 1, Munich, Germany
- Nextek Inc., Madison, USA

The acquired assets and liabilities have been accounted for in the consolidated financial statement during initial consolidation at the following attributed fair values:

NET ASSETS ACQUIRED	IN TEUR
Cash and cash equivalents	25,301
Property, plant and equipment and intangible assets	185,708
Other non-current assets	2,947
Deferred tax assets	6,496
Inventories	209,950
Trade receivables and contract assets (nominal value TEUR 66,580)	62,604
Other current receivables and assets	14,438
Financing liabilities non-current	-77,349
Other non-current liabilities	-51,172
Deferred tax liabilities	-7,616
Non-current and current provisions	-22,095
Financing liabilities current	-25,209
Trade payables	-105,445
Contract liabilities	-22,809
Other current liabilities	-69,616
Net assets at fair value	**126,133**

GOODWILL	IN TEUR
Consideration transferred	128,807
Non-controlling interests measured as proportionate net assets	51,154
Net assets at fair value	-126,133
Goodwill	**53,828**

In addition to the acquired employee know-how, which cannot be recognized separately following IFRS, goodwill includes in particular future synergy effects from the acquisition and merger. This applies both to Katek products and services, which can be upgraded with Kontron software know-how and IoT connectivity, and to the fact that Kontron can expand its “Software + Solutions” segment through Katek's cash-generating unit “GreenTec”. Cost synergies are also expected through the amalgamation of administrative tasks and the management of production workloads and logistics.

As part of the acquisition, an investment was acquired that was recognized as an equity instrument at fair value through other comprehensive income at the time of acquisition. During 2024 financial year, the shares were sold at a loss of TEUR 2,130 and recognized in other comprehensive income.

The goodwill resulting from the purchase price allocation is allocated to the three reporting segments of Kontron AG, in accordance with the acquired companies, and is not deductible for tax purposes.

Kontron has chosen to use the partial goodwill method for the acquisitions of the shares in the Katek Group. As a result, goodwill is only recognized for the acquired majority share (control over the acquired 59.44%). The subsequently acquired shares with non-controlling interest in the Katek Group were valued at their share value in net assets. As a result, no additional goodwill has been recognized and the difference between the purchase price and the carrying amount of the acquired non-controlling interests was recognized directly in equity (capital reserve).

The analysis of the cash flow in connection with the acquisition of control is as follows:

NET CASH FLOW	IN TEUR
Purchase price paid in cash	-128,807
Cash assumed through takeover of subsidiary	25,301
Cash flow from investing activities	**-103,506**
Transaction costs from the acquisition of the company	-920
Cash flow from operating activities	**-920**

The acquisition of shares with non-controlling interest is as follows:

	IN TEUR
Purchase price paid in cash	57,414
Consideration by share swap	3,026
Total consideration	**60,440**
Carrying amount of non-controlling interests transferred	34,402
Offsetting against capital reserve	**26,038**

The purchase price paid in cash for the purchase of shares with non-controlling interest represents an equity transaction and is reported as cash flow from financing activities.

Since full consolidation, the acquired companies have accounted for TEUR 460,444 in Group revenues and TEUR 3,279 net income for that period. Had first consolidation of the companies taken place as of January 1, 2024, Group revenues would have increased by TEUR 111,582 and net income gone down by TEUR 33,212.

Acquisition of 100% of the shares in suntastic.solar Solutions GmbH, Bisamberg, Austria, and acquisition of an operational business unit of Suntastic.Solar Handels GmbH, Bisamberg, Austria

On October 3, 2024, Kontron Austria GmbH, Engerwitzdorf, Austria, a wholly owned subsidiary of the Kontron Group, signed a notarial purchase agreement with the insolvent Suntastic.Solar Handels GmbH for the acquisition of an operational business unit, in particular the acquisition of inventory, and with the insolvent Suntastic.solar Holding GmbH for the acquisition of 100% of the shares in suntastic.solar Solutions GmbH (subsequently renamed suntastic.solar Solutions GmbH), Bisamberg, Austria.

These tactical purchases enable the Kontron Group to further expand its solar portfolio acquired with the Katek Group on the Austrian market. Kontron also expects synergies in the area of development.

The transactions were completed on October 30, 2024. The newly acquired company and business unit have been included in Kontron Group's consolidation as of November 1, 2024. The purchase price consists of a fixed purchase price paid in cash of TEUR 1,332.

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:

NET ASSETS ACQUIRED	IN TEUR
Cash and cash equivalents	807
Property, plant and equipment and intangible assets	1,489
Deferred tax assets	155
Inventories	6,152
Trade receivables and contract assets (nominal value TEUR 1,138)	1,138
Other current receivables and assets	1,750
Deferred tax liabilities	-244
Non-current and current provisions	-1,576
Trade payables	-10,943
Other current liabilities	-98
Net assets at fair value	**-1,370**

GOODWILL	IN TEUR
Consideration transferred	1,332
Net assets at fair value	1,370
Goodwill	**2,702**

As a result of the acquisition, Kontron has further expanded its expertise and sales in the cash-generating unit “GreenTec”. In cooperation with “Kontron Solar”, inverters, among other things, can be sold directly as part of B2B. These potential future earnings are reflected primarily in goodwill.

The goodwill resulting from the purchase price allocation was assigned to the “Software + Solutions” segment. As part of the transaction, goodwill of TEUR 574 was acquired, which is deductible for tax purposes.

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

NET CASH FLOW	IN TEUR
Purchase price paid in cash	-1,332
Cash assumed through takeover of subsidiary	807
Cash flow from investing activities	**-525**

Since full consolidation, the acquired company has accounted for TEUR 2,654 of Group revenues and negative TEUR 143 of net income. Had first consolidation of the company taken place as of January 1, 2024, Group revenues would have increased by TEUR 7,191 and net income gone down by TEUR 1.492.

Deconsolidations

The Kontron Group deconsolidated the following companies in the financial year 2024:

- Telealarm Europe GmbH, Leipzig, Germany
- TeleAlarm SA, La Chaux-de-Fonds, Switzerland
- Katek Vorrats-GmbH 1, Munich, Germany

Disposed assets and liabilities at the time of the deconsolidation and net inflows of cash and cash equivalents are as follows:

NET ASSETS DISPOSED OF	IN TEUR
Cash and cash equivalents	1,225
Property, plant and equipment and intangible assets	27,231
Other non-current assets	2,567
Deferred tax assets	167
Inventories	2,012
Trade receivables and contract assets	3,388
Other current receivables and assets	617
Other non-current liabilities	-29
Deferred tax liabilities	-4,687
Non-current and current provisions	-1,343
Trade payables	-2,835
Contract liabilities	-208
Other current liabilities	-1,750
Net assets disposed of at carrying amount	**26,355**
Income from sale of subsidiaries	-31,748
Accumulated amount included in OCI	-147
Result of deconsolidation (profit)	**-5,540**
Consideration received, satisfied in cash	31,748
Cash and cash equivalents disposed of	-1,225
Net cash inflow	**30,523**

Group companies

As of balance sheet date December 31, 2024 and December 31, 2023, the following companies belonged to the Kontron Group:

COMPANY	HEADQUARTERS	DIRECT PARTICIPATION	PARTICIPATION PREVIOUS YEAR	FUNCTIONAL CURRENCY
Kontron AG	Linz, AT	Parent company	Parent company	EUR
Kontron AIS GmbH	Dresden, DE	100%	100%	EUR
Kontron Technologies GmbH	Linz, AT	100%	100%	EUR
CBCX Technologies GmbH	Linz, AT	100%	100%	EUR
Kontron Services Romania SRL	Bukarest, RO	100%	100%	RON
Kontron Bulgaria EOOD	Sofia, BG	100%	100%	BGN
Kontron Partner Kft.	Budaörs, HU	100%	100%	HUF
Kontron Hungary Kft.	Budaörs, HU	100%	-	HUF
S&T MEDTECH SRL	Bukarest, RO	100%	100%	RON
Kontron Austria GmbH	Engerwitzdorf, AT	100%	100%	EUR
Kontron Electronics AG	Rotkreuz, CH	100%	100%	CHF
suntastic.solar GmbH	Bisamberg, AT	100%	-	EUR
Hartmann Electronic GmbH	Stuttgart, DE	-	100%	EUR
Kontron Hartmann-Wiener GmbH	Burscheid, DE	100%	100%	EUR
Kontron America Modules, LLC	Delaware, US	100%	-	USD
Kontron Asia Embedded Design SDN. BHD.	Penang, MY	100%	-	MYR
Kontron Beteiligungs GmbH	Ismaning, DE	100%	100%	EUR
Kontron Europe GmbH	Ismaning, DE	100%	100%	EUR
JUMPtec GmbH	Deggendorf, DE	100%	-	EUR
Kontron Modular Computers S.A.S.	Toulon, FR	100%	100%	EUR
Kontron UK Ltd.	Chichester, GB	100%	100%	GBP
Kontron Electronics GmbH	Frickenhausen, DE	100%	100%	EUR
Kontron Electronics Kft.	Tab, HU	100%	100%	HUF
Kontron America Inc.	San Diego, US	100%	100%	USD
Bsquare Corporation	Renton, US	-	100%	USD
Bsquare EMEA Ltd.	Trowbridge, GB	100%	100%	GBP
Kontron Canada Inc.	Boisbriand, CA	100%	100%	USD
Kontron Asia Pacific Design Sdn. Bhd.	Penang, MY	100%	100%	MYR

COMPANY	HEADQUARTERS	DIRECT PARTICIPATION	PARTICIPATION PREVIOUS YEAR	FUNCTIONAL CURRENCY
Kontron Technology Beijing Co. Ltd.	Beijing, CN	100%	100%	RMB
Kontron Hongkong Technology Co. Ltd.	HongKong, CN	100%	100%	RMB
Kontron Asia Inc.	Taipeh, TW	100%	100%	TWD
Kontron Asia Technology Inc.	Taipeh, TW	100%	100%	TWD
Quanmax Malaysia Sdn. Bhd	Penang, MY	100%	100%	MYR
Kontron Acquisition GmbH	Ismaning, DE	100%	-	EUR
KATEK SE	Ismaning, DE	87.4%	-	EUR
Kontron Solar GmbH	Memmingen, DE	100%	-	EUR
Kontron Solar Bulgaria EOOD	Saedinenie, BG	100%	-	BGN
beflex electronic GmbH	Frickenhausen, DE	100%	-	EUR
KATEK Malaysia SDN. BHD.	Kuala Lumpur, MY	100%	-	USD
KATEK Singapore Pte. Ltd.	Singapore, SG	100%	-	USD
KATEK Electronics Malaysia SDN. BHD.	Kuala Lumpur, MY	100%	-	USD
Kontron Leipzig GmbH	Leipzig, DE	100%	-	EUR
KATEK Düsseldorf GmbH	Düsseldorf, DE	100%	-	EUR
Katek LT UAB	Panevezys, LT	100%	-	EUR
Katek GmbH	Grassau, DE	100%	-	EUR
KATEK Czech Republic s.r.o.	Horní Suchá, CZ	100%	-	CZK
Katek Hungary Kft.	Györ, HU	100%	-	EUR
eSystems MTG GmbH	Wendlingen am Neckar, DE	100%	-	EUR
Kontron Canada Systems Inc.	Cornwall, CA	100%	-	USD
Nextek Inc.	Madison, US	100%	-	USD
Kontron Transportation GmbH	Vienna, AT	100%	100%	EUR
Kontron Transportation Sp. z o.o.	Warsaw, PL	100%	100%	PLN
Kontron Transportation España SL	Madrid, ES	100%	100%	EUR
Kontron Public Transport Arce S.A.U.	Bilbao, ES	100%	100%	EUR
Kontron Transportion Portugal, Unipessoal LDA	Lissabon, PT	100%	100%	EUR
Kontron Transportation s.r.o.	Prague, CZ	100%	100%	CZK
Kontron Transportation Hungary Kft.	Budapest, HU	-	100%	HUF

COMPANY	HEADQUARTERS	DIRECT PARTICIPATION	PARTICIPATION PREVIOUS YEAR	FUNCTIONAL CURRENCY
Kontron Transportation Deutschland GmbH	Immenstaad am Bodensee, DE	100%	100%	EUR
Kontron Transportation France S.A.S.	Paris, FR	100%	100%	EUR
Kontron Transportation UK Ltd.	Harrow, GB	100%	100%	GBP
Kontron Public Transportation NV	Diegem, BE	100%	100%	EUR
Kontron Transportation Schweiz AG	Ittigen, CH	100%	100%	CHF
Comlab Beijing Radio Frequency Technology Co. Ltd. [1]	Peking, CN	45.9%	45.9%	RMB
Comlab Deutschland GmbH	Hilden, DE	-	100%	EUR
Hemse.one doo [2]	Beograd, RS	-	100%	RSD
Kontron SI d.o.o.	Ljubljana, SI	100%	-	EUR
Kontron d.o.o.	Kranj, SI	100%	100%	EUR
Kontron DOOEL	Skopje, MK	100%	100%	MKD
IskraCom	Almaty, KZ	100%	100%	KZT
OOO Iskratel Tashkent	Tashkent, UZ	76.0%	76.0%	UZS
JSC Iskra Technologies [3]	Yekaterinburg, RU	48.4%	48.4%	RUB
Interactive Energy Lab OOO [2]	Moscow, RU	100%	100%	RUB

1) Control based on majority of voting rights
2) Company not consolidated due to minor importance
3) Control over 51.6% of the shares with non-controlling interest due to a call option exercisable at any time up to December 31, 2025. The option is to be seen as a substantive right of Kontron AG as of the reporting date.

Change in the group of consolidated companies in 2023

As of December 31, 2023, the purchase price allocations in connection with the acquisition of shares in the following companies were recorded with preliminary fair values:

› Comlab AG (subsequently renamed Kontron Transportation Schweiz AG), Ittigen, Switzerland

› Comlab Deutschland GmbH, Hilden, Germany

› Comlab Beijing Radio Frequency Technology Co. Ltd., Beijing, China

› Hartmann Electronic GmbH, Stuttgart, Germany

› W-IE-NE-R Power Electronics GmbH (subsequently renamed Kontron Hartmann-Wiener GmbH), Burscheid, Germany

› W-IE-NE-R Power Electronics Corp., Springfield, USA

› Bsquare Corporation, Renton, USA

› Bsquare EMEA Ltd., Wiltshire, United Kingdom

With the exception of Bsquare Corporation, Renton, USA, the final calculation during financial year 2024 of the acquired assets and liabilities at fair values and the resulting goodwill did not result in any change compared to the preliminary recognition as of December 31, 2023.

The final calculation of acquired assets and liabilities at fair values at Bsquare Corporation, Renton, USA, and its wholly owned subsidiary Bsquare EMEA Ltd., Wiltshire, United Kingdom, led to an increase in goodwill of TEUR 260 compared to the preliminary recognition as of December 31, 2023 to TEUR 7,002.

B.

Notes to the consolidated statement of profit or loss

01 Revenue from contracts with customers

Accounting methods>>

Revenue includes all income that results from typical business activities and is recognized in accordance with IFRS 15 from contracts with customers. The rules of IFRS 15 are implemented as part of the 5-step model.

Timing of the fulfilment of performance obligations

The group sells consulting, installation and repair services. These services are rendered on a time or material basis and are recognized as revenue according to the time spent or upon acceptance of the service by the customer.

Revenue is recognized over time in cases where:

- the customer receives the benefit from a service of the company and can use it while the service is being provided,
- the entity's performance creates or enhances an asset over which the customer acquires control during the creation or enhancement; or
- the entity's performance creates an asset that has no alternative use to the entity and the entity has a legal right to payment for the services already provided.

If services are provided under a fixed-price contract, whereby the contract duration is usually less than one year, revenue is recognized over time according to the stage of completion. In the case of temporary contracts, the degree of completion is determined on the basis of the hours worked to date in relation to the planned total hours. For material contracts, the degree of completion is determined on the basis of the costs incurred to date in relation to the planned total costs.

If circumstances arise that change the original estimates of revenues, costs or completion degree, these estimates shall be adjusted. These adjustments may result in an increase or decrease in the revenues recorded so far and are shown in income results of the period in which management has become aware of these circumstances.

If the result from a customer contract cannot be reliably determined, the contract revenue will only be realized in the amount of the costs incurred. If total contract costs are likely to exceed the total contract revenue, the expected loss is recognized immediately as an expense.

Revenue from the sale of goods and products is recognized when the customer has acquired control of the goods and products sold. This occurs when the goods and products are dispatched, taking into account the Incoterms agreed with the customer in each case. Price discounts and volume rebates represent variable remuneration that is estimated when the contract is concluded and adjusted accordingly in the revenue, so that no significant reversals are highly likely to occur in later periods once the uncertainty associated with the variable remuneration no longer exists.

Allocating the transaction price to performance obligations

Contracts that include the delivery or provision of several separable products or services must be separated into individual components, with a separate revenue contribution determined for each component. In the Kontron Group, this can relate in particular to the combination of hardware installations combined with service business or product deliveries with extended warranty or maintenance services. The agreed fee is divided between the individual components on the basis of the pro rata individual sale prices and the revenue for each component is realized separately.

Agency services

When more than one party is involved in providing goods or services to a customer, an entity must distinguish whether it is acting as a principal and consequently recognizes revenues on a gross basis, or as an agent with revenues recognized at the net amount. An entity acts as a principal when it has control over a promised product or service before transferring it to the customer. In the Kontron Group, this distinction is particularly relevant when selling hardware and software from third parties, since Kontron has no control over the products delivered to the customer in individual cases.

Contract balances from contracts with customers

In return for the transfer of promised goods and services, payments are made by the customer as remuneration. A contract asset represents the contingent right to consideration in exchange for complete fulfilment of the contractual services. When the right to receive the consideration becomes unconditional, a receivable is recognized accordingly. The contract liability relates to payments received in advance, i.e. before the contractual services have been performed. Contract liabilities are recognized as revenues as soon as the contractual services have been rendered.

Performance obligations

Sale of products featuring proprietary technologies (hardware and software)

The performance obligation for the sale of proprietary technology products is fulfilled at the time when the control of the asset is transferred to the customer. This is generally the case on delivery of the proprietary technology products, taking into account the respectively agreed Incoterms. The payment term is usually between 30 and 90 days after delivery. Price reductions or quantity discounts are only granted in exceptional cases. The same applies to return rights: in these cases, proprietary technology products are made available free of charge to customers as part of test positions or proof of concept.

The Group grants customary warranty rights for its own products that represent an assurance that the product in question meets the contractually agreed specifications (so-called assurance-type warranty). In a few cases, additional extended warranties or maintenance services are offered, which constitute a separate performance obligation in a combined contract. In these cases, the total consideration is allocated between performance obligations based on relative individual selling prices and revenues are recognized over the warranty or maintenance period.

Sale of products from third parties (hardware and software)

The performance obligation for trading in third-party products, for example HP, IBM, Cisco or Microsoft, where the sale of the hardware and software is the only performance obligation, is fulfilled at the time when control of the asset is transferred to the customer. This is generally the case when the products are delivered. The payment term is usually between 14 and 30 days after delivery. Subsequent price reductions, quantity discounts or return rights are only granted in exceptional cases. The legal warranty obligation in these cases lies with the manufacturer of the products. In this case, Kontron will only act as a vicarious agent for the handling of the manufacturer's warranty obligations against separate commissioning and payment by the manufacturer.

As a rule, various consulting services in the area of product selection or licence optimisation together with the actual transfer of the software licence form a uniform performance obligation, which is why Kontron acts as the principal. In individual cases, Kontron engages only in licensed trading. This does not give the Group any control over the delivered products or licenses before they are transferred to the customer. In this case, Kontron acts as an agent and recognizes revenue only to the extent of the net amounts to which there is a claim as consideration for the agency activity.

Provision of recurring IT operating services

The performance obligation for recurring operating services, such as maintenance and support contracts for IT infrastructure and applications, is fulfilled over the period of the underlying contracts. Invoices are usually issued monthly with a payment term of between 14 and 30 days. There are no discounts in this area.

Provision of project services

The performance obligation for project services is fulfilled over the duration of the projects. Revenue in this area is recognized over time in accordance with the progress of the services rendered. As a rule, payment is due upon achievement of contractually agreed key dates with a payment term of between 14 and 30 days. Some contracts also provide for advance payments by customers.

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Revenue streams

Revenues break down as follows:

IN TEUR	2024	2023
Sale of products featuring proprietary technologies (hardware and software)	1,012,080	601,150
Sale of products from third parties (hardware and software)	231,301	223,131
Operating services	418,712	383,265
One-time project services	22,728	18,401
Total revenues from contracts with customers	**1,684,821**	**1,225,947**
Of which Austria	143,267	130,955
Of which outside Austria	1,541,554	1,094,992

The allocation of sales revenues according to the domestic/foreign category is based on the respective registered office of the customer.

2024 IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Sale of products featuring proprietary technologies (hardware and software)	616,822	185,338	209,920	1,012,080
Sale of products from third parties (hardware and software)	129,994	39,136	62,171	231,301
Operating services	208,349	12,966	197,397	418,712
One-time project services	22,537	83	108	22,728
Total revenues from contracts with customers	**977,702**	**237,523**	**469,596**	**1,684,821**

2023 IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Sale of products featuring proprietary technologies (hardware and software)	413,536	166,173	21,441	601,150
Sale of products from third parties (hardware and software)	138,280	29,744	55,107	223,131
Operating services	221,465	11,765	150,035	383,265
One-time project services	14,698	0	3,703	18,401
Total revenues from contracts with customers	**787,979**	**207,682**	**230,286**	**1,225,947**

In the 2024 financial year, TEUR 812 (2023: TEUR 108) of the revenues result from activities as an agent, which are recognized at their net amount. As in the previous financial year, no sales with a right of return were made in the 2024 financial year.

IN TEUR	31.12.2024	31.12.2023
Contract assets	73,068	38,967
Contract liabilities	96,855	76,416

Contract assets are initially recognized as revenue from development and IT projects for which Kontron has (partially) fulfilled its contractual obligations before the customer has paid the consideration or this represents an unconditional payment claim. As soon as the unconditional payment claim occurs, the corresponding contract asset is reclassified into trade receivables.

The development of the contract assets is as follows:

IN TEUR	2024	2023
As of 1.1.	**38,967**	**55,288**
Additions	55,713	27,059
Partially invoiced	-21,414	-43,352
Currency translation	-198	-28
As of 31.12.	**73,068**	**38,967**

The contract liabilities mainly include customer down payments and advance payments received for project services for which the contractually guaranteed goods and services of Kontron have not (fully) been transferred or provided to the customer. Of the contract liabilities, TEUR 5,657 (PY: TEUR 6,778) are reported under non-current liabilities and TEUR 91,198 (PY: TEUR 69,638) are reported under current liabilities.

The development of contract liabilities is as follows:

IN TEUR	2024	2023
As of 1.1.	**76,416**	**84,025**
Additions	70,072	31,619
Recognized as revenues	-49,257	-37,862
Disposal from changes in consolidated companies	-208	0
Currency translation	-168	-1,366
As of 31.12.	**96,855**	**76,416**

The Group's performance obligations not fulfilled or only partially fulfilled as of December 31, 2024, will be offset by future revenues in financial year 2025 and the following financial years:

IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Financial year 2025	626,643	208,648	506,355	1,341,646
Financial year 2026	127,580	10,572	124,730	262,882
Financial years after 2026	182,603	33,873	256,871	473,347

IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	TOTAL
Financial year 2024	592,450	208,880	226,205	1,027,535
Financial year 2025	39,092	14,427	77,193	130,712
Financial years after 2025	259,629	29,386	238,966	527,981

02 Capitalized development costs

In the 2024 financial year, development costs in the amount of TEUR 39,905 (PY: TEUR 24,708) were capitalized. For more information, see Section C, Note 02.

03 Other operating income

Accounting methods>>

In other operating income, Kontron shows all income that is generated in the course of operating activities but is not related to the core business. Benefits received that are related to expenditure types are not shown in other operating income, but reduce the corresponding expenditure type.

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Other operating income consists of the following items:

IN TEUR	2024	2023
Income from the derecognition of liabilities	2,257	1,106
Income from the release of contingent consideration	5,381	0
Charging on of costs, indemnification for damages experienced	2,161	302
Income from deconsolidation	5,544	4,151
Income from contraventions of contracts by clients	48	64
Income from sale of fixed assets	844	680
Rental income	421	531
Income from recoveries of trade receivables prior written-off	161	15
Income from cost allocations to discontinued operations	0	7,445
Other income	3,363	1,129
Total other income	**20,180**	**15,423**

Income from the reversal of contingent consideration in financial year 2024 (PY: TEUR 0) results from the adjustment or derecognition of purchase price liabilities in connection with company and share acquisitions made.

Income from deconsolidation results from the sale of Telealarm Europe GmbH, Leipzig, Germany, and TeleAlarm SA, La Chaux-de-Fonds, Switzerland.

04 Expenses for material and other services purchased

Accounting methods>>

The cost of materials is the expense for the procurement and contract manufacturing of the products sold. The cost of materials have an effect on earnings when the services are used or at the time the materials are consumed. The valuation rates of the material costs or services used are determined on the basis of the carrying amount of inventories or the acquisition costs for purchased third-party services.

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The expenses for material and other services purchased consist of the following items:

IN TEUR	2024	2023
Expenses for materials	826,900	577,846
Services purchased	157,254	174,898
Incoming freight	6,908	6,979
Expenses for materials and other services purchased	**991,062**	**759,723**

05 Personnel expenses

Accounting methods>>

Personnel expenses include all benefits (benefits in cash and in kind) provided by the Kontron Group to its employees and become effective when the benefit is claimed or at the time it is caused. Taking into account the principle of accrual, personnel expenses are assigned to the development periods that justify the employee's claim.

When calculating the number of employees, part-time workers are converted into full-time equivalents (FTE). Both the number of employees as of the reporting date and the average number of employees are taken without taking into account apprentices, trainees and employees on maternity leave.

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Personnel expenses break down as follows:

IN TEUR	2024	2023
Wages and salaries	350,621	232,666
Expenses for severance payments, for payments into corporate employee benefit funds and similar obligations	1,431	1,288
Expenses for legal-mandated social levies and obligatory contributions	77,063	52,535
Other social security obligations	12,241	5,329
Personnel expenses	**441,356**	**291,818**

NUMBER OF EMPLOYEES	2024	2023
Employees Austria	701	647
Employees outside Austria	6,563	4,191
Employees as of end of the year	**7,263**	**4,838**

The average number of employees in the 2024 financial year was 7,069 (PY:4,629).

06 Depreciation and amortization

The expense for scheduled depreciation and amortization is composed as follows:

IN TEUR	2024	2023
Depreciation of property, plant and equipment	47,804	24,211
Amortization of intangible assets	29,827	15,335
Total depreciation and amortisation	**77,631**	**39,546**

The increase in depreciation and amortization on property, plant and equipment compared to the previous year can be attributed to the initial consolidation of the Katek Group, which is very strong in terms of equipment due to its portfolio, particularly in the area of technical equipment and machinery. In addition, initial consolidation also entailed payment of large sums for the right to use buildings.

The depreciation and amortization of intangible assets in financial year 2024 was primarily attributable to the capitalized order backlog of the Katek Group, which was valued at a term of one year, as well as capitalized development projects, which were amortized according to their utilization plan.

07 Other operating expenses

Other operating expenses break down as follows:

IN TEUR	2024	2023
Rental and leasing expenses	3,034	2,115
Maintenance and ancillary expenses	22,434	16,091
Insurance	4,137	2,420
Transport expenses	4,366	2,910
Travel expenses and expenses for company cars	11,699	9,928
Mail and telecommunication	2,301	1,706
Expenses for contracted personnel and consulting	24,992	14,901
Expenses for advertising	8,327	6,166
Legal, tax advisor and audit expenses	5,442	5,062
Expenses for training and education	1,898	1,249
Expenses for guarantees and indemnification	116	538
R&D expenses not eligible for capitalization	10,994	7,538
Licenses expenses	10,254	3,951
Commissions	2,005	2,110
Bank commissions and similar expenses	3,178	2,158
Taxes and charges not comprised in taxes on income and earnings	2,007	1,106
Other operating expenses	3,514	8,566
Total other operating expenses	**120,698**	**88,515**

The rental and leasing expense item includes expenses for leases with a term of up to 12 months in the amount of TEUR 2,794 (PY: TEUR 1,864). Expenses amounting to TEUR 239 (PY: TEUR 251) are attributable to low-value leasing agreements.

08 Financial result

The financial result is broken down as follows:

IN TEUR	2024	2023
Interest income from banks	5,774	7,663
Interest income from finance leases	584	442
Other interest and finance income	0	777
Finance income	**6,358**	**8,882**
Interest paid to banks	-19,566	-9,885
Interest expenses from finance leases	-4,414	-1,718
Interest expenses from compounded purchase price liabilities	-41	-19
Other interest and finance expenses	-5,281	-4,517
Finance expenses	**-29,303**	**-16,139**
Financial result	**-22,945**	**-7,257**

Net results from financial instruments:

IN TEUR	2024	2023
At fair value through profit or loss	-11	750
At fair value through other comprehensive income	-2,122	-26
Financial assets at amortized costs	3,622	-2,145
Liabilities at fair value	5,381	0
Total	**6,870**	**-1,421**

The calculation of the net result from financial instruments includes value adjustments and write-ups, income and expenses from currency translation, gains or losses on disposal and other changes in the fair value of financial instruments recognized in profit or loss. The result from financial instruments measured at fair value through profit or loss, amounting to TEUR -11 (PY: TEUR 750), is recognized in the financial result, while the result from financial instruments measured at fair value through other comprehensive income in the amount of TEUR -2,122 (PY: TEUR -26) is recognized in other comprehensive income. Financial assets measured at amortized cost amounted to TEUR 3,622 (PY: TEUR -2,145) of which TEUR 3,038 (PY: TEUR -2,588) is reported in other operating expenses and TEUR 584 (PY: TEUR 443) in the financial result. In financial year 2024, the net result of liabilities at fair value, which is recognized in other operating income, includes redemptions from contingent consideration for company acquisitions, in particular from the purchase price adjustment in connection with the acquisition of Katek Canada Inc. (subsequently renamed Kontron Canada Systems Inc.) in the amount of TEUR 4,688.

09 Income taxes

Accounting methods>>

Income taxes include actual and deferred taxes. These are recorded in the statement of profit or loss, except to the extent that they are linked to a business combination or items recognized in the period's other income.

The actual taxes relating to the tax liability or tax claim expected for the financial year. The actual taxes are calculated from taxable income or tax losses on the basis of applicable tax rates and adjustments to the tax liability with regard to previous years. Tax claims and liabilities are offset provided that they exist vis-à-vis a tax authority and the right to compensation exists.

Deferred taxes are calculated using the balance sheet liability method. They reflect the tax effects of temporary differences between the reported carrying amounts of assets and liabilities in accordance with IFRS on the one hand and the values based on the respective tax regulations on the other. Deferred taxes are measured using the tax rates (and tax rules) that apply on the balance sheet date or are essentially adopted by law and are expected to apply at the time the deferred tax asset or liabilities are realized. Deferred tax assets for unused tax loss carryforwards, unused tax credits and deductible temporary differences are recognized to the extent that it is probable that taxable income will be available for this purpose, so that they can be utilized. On each closing date, the deferred tax assets are reviewed to see whether the associated tax advantage can be realized. If necessary, deferred tax assets will be adjusted to the extent to which taxable income will be available in the future.

Deferred taxes are not recognized for:

- temporary differences when business or goodwill is recognized for the first time,
- temporary differences when assets or liabilities are recognized for the first time in a business transaction that is not a business combination and does not affect either the balance sheet result or taxable income, provided that the transaction results in both deductible and taxable temporary differences,
- temporary differences in connection with shares in subsidiaries, associated companies and joint ventures, provided that the Group is able to manage the change in the temporary differences over time and it is likely that they will not be resolved in the foreseeable future.

On January 1, 2024, the Global Minimum Taxation Act (MinBestG) came into effect in Austria. As a result, the OECD model regulations and the corresponding EU Directive to ensure a global minimum taxation for corporate groups ("Pillar II") have been converted into Austrian law. A number of other countries have already introduced minimum taxation in the same way that Austria has. Only in the USA, Taiwan, China and Uzbekistan, where Kontron AG is based with group companies, no implementation measures have been taken so far.

Within the Ennoconn Group, Kontron AG qualifies as a minority-owned parent entity and is a taxable business unit in Austria for the purposes of any national or primary supplementary tax. The effective tax rate and any additional tax amounts must be calculated on a country-by-country basis in accordance with the Minimum Taxation Act and applicable local regulations. The calculations are therefore carried out jointly for all business units of a group of companies located in a tax jurisdiction ("jurisdictional blending").

The effects and any tax burdens of Pillar II regulations on Kontron AG are constantly being evaluated. For the transition period, which covers all financial years beginning on or before December 31, 2026, the Transitional CbCR Safe Harbour Regulations have been introduced.

No significant effects on the Kontron Group's income taxes are currently expected as a result of these Temporary Safe Harbour Regulations. These estimates are based primarily on data from the Country-by-Country Reporting 2023 and a preliminary calculation of the Safe Harbour tests for financial year 2024. It should be noted that the preliminary Safe Harbour calculation for financial year 2024 was only carried out for the Kontron Group companies. An analysis of individual tax jurisdictions in which not only Kontron companies but also Ennoconn companies are domiciled for tax purposes was carried out only on the basis of Country-by-Country Reporting 2023. According to current estimates, Kontron assumes that there would be no significant change if the Ennoconn companies were included in the preliminary Safe Harbour calculations for 2024. For those tax jurisdictions for which the temporary Safe Harbour regulations do not apply, there are good reasons that a full Pillar II calculation (based on offsetting loss carried forward for which no deferred tax asset was posted or from tax credits from previous years) will result in no additional tax tax or at most only a very minor (national) additional tax.

This calculation is constantly updated and the results are analysed in order to be prepared for any effects on income taxes.

Effective taxes from the Pillar II rule are recognized as current tax in accordance with IAS 12, although no taxes of this kind needed to be recognized in financial year 2024. The mandatory exemption for accounting was applied for deferred taxes under Pillar II.

The income tax expense is broken down as follows:

IN TEUR	2024	2023
Current income taxes	-14,514	-14,831
thereof from prior periods	-2,044	-252
Deferred taxes	11,800	11,289
Income taxes reported in the consolidated income statement	**-2,714**	**-3,541**

The following table shows the reconciliation of expected income tax expense to actual tax expense. The expected tax expense is calculated when Kontron AG's current income tax rate of 23% (PY: 24%) is applied to the reported earnings before income taxes:

IN TEUR	2024	2023
Earnings before taxes	91,214	79,219
Expenses for income taxes at a tax rate of 23% (PY: 24%)	-20,979	-19,013
Divergent non-Austrian rates of taxation	-771	-1,824
Income taxes for prior period	940	2,289
Value adjustment in deferred taxes	17,874	9,441
Utilization of losses carried forward not previously capitalized	5,679	2,832
Non capitalized losses carried forward in current financial year	-7,671	-790
Earnings/expenses with no effects on taxes	2,378	4,085
Other divergences	-164	-561
Income tax expenses/earnings reported	**-2,714**	**-3,541**

Deferred tax assets and liabilities arising from temporary differences between tax and accounting valuations, as well as their recognition in the statement of profit or loss and in other comprehensive income, are allocated to the following items:

IN TEUR	DEFERRED TAX ASSETS 01.01.2024	DEFERRED TAX ASSETS 31.12.2024	CHANGE IN THE PERIOD	THEREOF: RECOGNISED IN PROFIT OR LOSS	THEREOF: RECOGNISED IN OCI
PPE and intangible assets	1,411	7,789	6,378	4,562	0
Trade receivables and inventories	5,778	12,246	6,468	4,335	0
Provisions and deferred liabilities	14,099	39,620	25,521	13,843	120
Tax losses carried forward	34,632	48,809	14,177	3,316	0
Tax credits	3,967	11,228	7,261	6,799	0
Balancing	-16,759	-55,381	-38,622	0	0
Amount recognized in balance sheet	**43,128**	**64,311**	**21,183**	**32,855**	**120**

IN TEUR	DEFERRED TAX LIABILITIES 01.01.2024	DEFERRED TAX LIABILITIES 31.12.2024	CHANGE IN THE PERIOD	THEREOF: RECOGNISED IN PROFIT OR LOSS	THEREOF: RECOGNISED IN OCI
PPE and intangible assets	-20,206	-60,261	-40,055	-16,435	0
Trade receivables and inventories	-554	-3,221	-2,667	-2,819	0
Provisions and deferred liabilities	-1,338	-2,962	-1,624	-1,801	13
Balancing	16,759	55,381	38,622	0	0
Amount recognized in balance sheet	**-5,339**	**-11,063**	**-5,724**	**-21,055**	**13**

IN TEUR	DEFERRED TAX ASSETS 01.01.2023	DEFERRED TAX ASSETS 31.12.2023	CHANGE IN THE PERIOD	THEREOF: RECOGNISED IN PROFIT OR LOSS	THEREOF: RECOGNISED IN OCI
PPE and intangible assets	1,442	1,411	-31	14	0
Trade receivables and inventories	6,925	5,778	-1,147	-769	0
Provisions and deferred liabilities	8,952	14,099	5,147	4,416	437
Tax losses carried forward	28,933	34,632	5,699	5,425	0
Tax credits	0	3,967	3,967	3,978	0
Balancing	-13,202	-16,759	-3,557	0	0
Amount recognized in balance sheet	**33,050**	**43,128**	**10,078**	**13,064**	**437**

IN TEUR	DEFERRED TAX LIABILITIES 01.01.2023	DEFERRED TAX LIABILITIES 31.12.2023	CHANGE IN THE PERIOD	THEREOF: RECOGNISED IN PROFIT OR LOSS	THEREOF: RECOGNISED IN OCI
PPE and intangible assets	-15,820	-20,206	-4,386	-2,887	0
Trade receivables and inventories	-1,740	-554	1,186	1,117	0
Provisions and deferred liabilities	-1,367	-1,338	29	-5	12
Balancing	13,202	16,759	3,557	0	0
Amount recognized in balance sheet	**-5,725**	**-5,339**	**386**	**-1,775**	**12**

Additions to deferred tax assets from company acquisitions amounted to TEUR 6,652 (PY: EUR 1,385), while deferred tax liabilities increased by TEUR 7,860 (PY: EUR 1,635) as a result of company acquisitions. Due to deconsolidations, deferred tax assets of TEUR 167 (PY: TEUR 820) were eliminated, while deferred tax liabilities decreased by TEUR 4,687 (PY: EUR 6).

As of the balance sheet date, there were the following loss carryforwards (gross amounts) for which no deferred taxes were recognized:

IN TEUR	2024	2023
Austria	1,512	7,058
USA	0	83,552
France	10,316	23,251
Germany	41,415	0
Belgium	79,012	79,171
Switzerland	33,868	26,562
Slovenia	21,607	21,764
Romania	15,047	1,092
Other tax jurisdictions	13,160	16,320
Tax losses carryforward not capitalized	**215,937**	**258,770**

As a result of the uncapitalized loss carryforwards (gross amounts), there is a temporary limitation of TEUR 75,896 (PY: TEUR 86,463).

In addition, Kontron has tax credits not capitalized of TEUR 15.227 (PY: TEUR 7,780).

In connection with shares in subsidiaries, no deferred tax liabilities were recognized on temporary differences of TEUR 71,200 (PY: TEUR 46,122).

In the reporting year, deferred taxes of TEUR 133 (PY: TEUR 449) were included in other income.

Deferred tax assets are recognized for unused tax loss carryforwards and deductible temporary differences to the extent that it is likely that taxable income will be available for this purpose, so that the loss carryforwards or deductible temporary differences can actually be used. Assessment of the timing and amount of future taxable income as well as the future tax planning strategy plays an essential role in determining the amount of capitalizable deferred tax assets. If an existing loss carryforward is not expected to be utilized within a reasonable period of five years on the basis of these projections, this loss carryforward will not be capitalized.

As of December 31, 2024, there is an overhang of deferred tax assets in the amount of TEUR 2,910 (PY: TEUR 2,660), although the respective tax subject realized a tax loss in financial years 2024 or 2023 (PY: financial years 2023 or 2022).

The approach of deferred tax assets for tax loss carryforwards and deductible temporary differences is based in material respects on tax earnings planning for Kontron AG and an American subsidiary based on significant future-focused assessment and assumptions. Key estimates and assumptions relate to future revenue and earnings development, which was planned with an average growth rate over 4 years of 16% (Kontron AG) and 59% (American subsidiary). Continuation and expansion of the income situation and a continued positive market assessment of the product portfolio offered on the American market led to a reassessment in financial year 2024 of the extent of the future viability of existing tax loss carryforwards, tax credits and deductible temporary differences. Because of the underlying tax planning and the realizability expected by management, deferred tax assets were applied to a considerable extent. Overall, there was an increase in capitalized loss carryforwards and tax credits in the Group by TEUR 17,874. Taking into account additions from the acquisition of the Katek Group, deferred tax assets for tax loss carryforwards and tax credits increased to TEUR 60,037 (PY: TEUR 38,599). Despite the adjustment of the estimate in terms of feasibility, the uncertainty of the valuation rates remains. Should the assumptions not materialize, in particular with regard to the planned business development of the American group company, this may have an impact on the carrying amounts of the deferred tax assets.

Following the business combination with Katek SE, the amount of deferred tax assets recognised at Katek prior to the acquisition was reduced by TEUR 13,776. This change was due to a modification of the valuation as part of the purchase price allocation and the loss of tax loss carryforwards as a result of the change in ownership.

As in the previous year, deferred tax assets on tax loss carryforwards were also recognized by Kontron AG and the Austrian tax group, whose group owner is Kontron AG.

In general, deferred tax assets are recognized on loss carryforwards only to the extent that they can be expected to be realized in the next five years in accordance with tax planning. If actual tax results deviate from estimates as part of tax planning or if these estimates need to be adjusted in subsequent periods, this could have adverse effects on the Kontron Group's net assets, financial and earnings situation.

10 Income after income taxes from discontinued operations

In financial year 2022, Kontron AG concluded with VINCI Energies S.A., as part of the "Focus" project, agreements with VINCI Energies S.A. for the sale of a significant segment of the Kontron Group's IT services business as part of the "Focus" project. As a result of this agreement, the companies concerned from the Kontron Group's IT services segment were reported as discontinued operations.

Income from discontinued operations in financial year 2024 in the amount of TEUR 3,142 includes income based on a current assessment of the expected volume of warranty claims from the sale of the IT services business in the amount of TEUR 2,913 and income from the accrual of interest from the purchase price claim in the amount of TEUR 229. In the 2024 financial year, no income taxes were incurred in relation to the discontinued operations. The cash inflows related to discontinued operations, less the cash outflows incurred, amounted to TEUR 12,220 (PY: TEUR 110,969).

The result of discontinued operations in financial year 2023 includes the earnings of the companies in Moldova up to the date of their sale on June 30, 2023, a purchase price adjustment, interest income from compounding the purchase price claim and other expenses and income attributable to the discontinued operations.

11 Earnings per share

Accounting methods>>

Basic earnings per share are calculated by dividing the net profit attributable to Kontron AG shareholders by the weighted average number of ordinary shares outstanding during the reporting period. Treasury shares held by the company shall be deducted when calculating the average number of shares outstanding.

To calculate the diluted earnings per share, the consolidated profit attributable to Kontron AG shareholders is divided by the weighted average number of ordinary shares issued in the reporting period, plus the weighted average number of ordinary shares resulting from the conversion of all potential ordinary shares with a dilution effect into ordinary shares.

Diluted earnings per share are calculated on the assumption that all option rights from the existing stock option programs are exercised. Warrants are not included, as this only has to be done once the exercise price of EUR 32.86 has been reached.

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Earnings per share are calculated as follows:

		2024	2023
Profit/loss from continuing operations	TEUR	88,500	75,678
Profit/loss from discontinued operations	TEUR	3,142	2,439
Results from the period attributable to owners of non-controlling interests	TEUR	953	407
Net income after subtraction of NCI (non-controlling interest)	TEUR	90,689	77,710
Average number of shares issued (undiluted)	Number in thousand	61,572	63,175
Average number of shares issued (diluted)	Number in thousand	63,662	65,513
Earnings per share from continuing operations (undiluted)	**EUR/piece**	**1.42**	**1.19**
Earnings per share from continuing operations (diluted)	**EUR/piece**	**1.38**	**1.15**

The following table shows the development of the average outstanding shares in both basic and diluted form:

AVERAGE NUMBER OF SHARES IN CIRCULATION UNDILUTED (NUMBER IN THOUSAND)	2024	2023
Shares issued as of January 1	63,861	63,631
Effect of treasury shares	-2,289	-600
Effect of capital increase	0	144
Average number of shares in circulation undiluted as of December 31	**61,572**	**63,175**

AVERAGE NUMBER OF SHARES IN CIRCULATION DILUTED (NUMBER IN THOUSAND)	2024	2023
Average number of shares in circulation undiluted as of December 31	61,572	63,175
Effect of the stock options issued	2,090	2,338
Average number of shares in circulation diluted as of December 31	**63,662**	**65,513**

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Notes to the consolidated balance sheet

01 Property, plant and equipment

Accounting methods>>

Property, plant and equipment are reported at acquisition or production costs less accumulated, scheduled depreciation and any accumulated impairment losses. Acquisition costs include the purchase price, including import duties and non-refundable taxes, as well as all those directly attributable costs that are incurred to bring the asset to the location and condition for it to be capable of operating.

The production costs of property, plant and equipment include directly attributable direct material and production costs as well as reasonable material and manufacturing overhead costs. Administration costs are not capitalized.

If an asset is sold or withdrawn, the acquisition costs and accumulated depreciation are written off and any profit or loss from the sale is posted in the income statement as other operating income or other operating expenses.

Scheduled depreciation of property, plant and equipment is recognized on a straight-line basis over the following expected useful lives:

USEFUL LIFE	YEARS
Buildings and leasehold improvements	4 – 40
Machinery and mechanical equipment	3 – 10
Operating and business equipment	3 – 10
Vehicle fleet	3 – 6
EDP equipment	3 – 5

The useful life and depreciation method are reviewed at the end of a financial year to ensure that they correspond to the expected economic useful life.

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Property, plant and equipment developed as follows:

IN TEUR	PROPERTY, PLANT AND LEASEHOLD IMPROVMENTS	OTHER FACILITIES, OPERATING AND BUSINESS EQUIPMENT	RIGHT OF USE	TOTAL
ACQUISITION COSTS				
As of January 1, 2024	**55,000**	**66,769**	**82,529**	**204,298**
Additions	2,286	27,221	26,700	56,207
Additions through changes in consolidated companies	13,236	69,306	51,003	133,545
Reclassifications	1,043	-395	-648	0
Disposals	-917	-8,951	-12,504	-22,372
Disposals from changes in consolidated companies	0	-462	-521	-983
Currency translation differences	-49	1,081	450	1,482
As of December 31, 2024	**70,599**	**154,569**	**147,009**	**372,177**
ACCUMULATED DEPRECIATION				
As of January 1, 2024	**11,712**	**37,080**	**45,079**	**93,871**
Depreciation of current year	3,417	23,086	21,301	47,804
Reclassifications	366	46	-412	0
Disposals	-37	-2,280	-6,068	-8,385
Disposals from changes in consolidated companies	0	-57	-125	-182
Currency translation differences	161	753	72	986
As of December 31, 2024	**15,619**	**58,628**	**59,847**	**134,094**
Carrying amount as of December 31, 2024	**54,980**	**95,941**	**87,162**	**238,083**

IN TEUR	PROPERTY, PLANT AND LEASEHOLD IMPROVMENTS	OTHER FACILITIES, OPERATING AND BUSINESS EQUIPMENT	RIGHT OF USE	TOTAL
ACQUISITION COSTS				
As of January 1, 2023	**52,334**	**53,388**	**69,393**	**175,115**
Additions	1,588	13,437	18,237	33,262
Additions through changes in consolidated companies	1,730	3,373	3,557	8,660
Reclassifications	-49	49	0	0
Disposals	-80	-1,791	-7,484	-9,355
Disposals from changes in consolidated companies	0	-636	-746	-1,382
Currency translation differences	-523	-1,051	-428	-2,002
As of December 31, 2023	**55,000**	**66,769**	**82,529**	**204,298**
ACCUMULATED DEPRECIATION				
As of January 1, 2023	**9,983**	**30,676**	**38,979**	**79,638**
Depreciation of current year	1,965	8,743	13,503	24,211
Reclassifications	-21	21	0	0
Disposals	-57	-1,158	-6,411	-7,626
Disposals from changes in consolidated companies	0	-526	-509	-1,035
Currency translation differences	-158	-676	-483	-1,317
As of December 31, 2023	**11,712**	**37,080**	**45,079**	**93,871**
Carrying amount as of December 31, 2023	**43,288**	**29,689**	**37,450**	**110,427**

The useful lives of property, plant and equipment are based on estimates. Should the current useful life estimate differ significantly from previous estimates, the useful lives will be adjusted accordingly.

Rights of use arising from leases

Accounting methods>>

Lease is an agreement in which the lessor transfers to the lessee, in return for payment or a series of payments, the right to use an asset for an agreed period of time. IFRS 16 specifies a comprehensive model for identifying lease agreements and their recognition in the financial statements of lessees and lessors. For lessees, a distinction is made between service and performance. Kontron recognizes the lease payments as an asset on the balance sheet; the service payments are entered directly under expenses. For lessors, a distinction is made between financing and operating leases.

Rights of use are entered in the balance sheet as the cost of the lease liability from the date that the asset becomes available for use, adjusted, where appropriate, for initial direct costs and lease payments made to the lessor on or before the date of provision. Leasing incentives granted by the lessor are deducted when recognizing the right of use. The lease payments are discounted at the incremental borrowing rate, provided that the interest rate implicit in the lease cannot be readily determined. The subsequent measurement is carried out at amortized cost.

The rights of use are amortized on a straight-line basis for the period of the contractual relationship. The specified contract period includes the binding term of the leasing contract. Termination and extension options are considered when their exercise has been assessed with sufficient certainty and all facts and circumstances are taken into account that constitute an economic incentive to exercise such an option.

Exemptions for reporting leases may be applied. Kontron has decided not to recognize lease contracts involving an intangible asset under the terms of IFRS 16. This also applies to leases for assets that are of low value (up to TEUR 5) or contracts that have a term of less than 12 months.

Kontron as lessee

At the beginning of the lease period, Kontron assesses whether the contract creates or contains a lease. This is the case when the contract gives the right to control the use of an identified asset for a certain period in exchange for payment of a fee. The term of the lease is the binding period for which a lessee has the right to use an underlying asset. This period may be extended if it is reasonably certain that Kontron will exercise a lease extension option.

At initial recognition, Kontron activates a right to use the underlying asset and recognizes a lease liability for the obligation to make lease payments in the future.

If an agreement contains both lease and non-lease items, the lease payments are allocated between the two items based on their relative individual selling prices and the non-lease payments are recognized as an expense.

The lease liability is recognized at the present value of the lease payments payable over the lease term. The lease payments included in the measurement of the lease liability comprise:

- fixed payments, including de-facto fixed payments;
- Variable lease payments linked to an index or (interest) rate, measured for the first time using the index or interest rate applicable on the provision date;
- Amounts payable due to a residual value guarantee; and
- the exercise price of a call option if the Group is reasonably certain to exercise it, lease payments for a renewal option if the Group is reasonably certain to exercise it, and penalties for early termination of the lease unless the Group is reasonably certain not to terminate early.

The payment series is discounted at the implicit interest rate of the lease or, if this cannot be readily determined, at the appropriate incremental borrowing rate of the lease. The debt interest rates were calculated on the basis of a reference interest rate plus a risk premium.

The acquisition cost of the right of use generally corresponds to the amount of the lease liability at the time of addition. These are to be additionally increased by initial direct costs. Incentive payments from the lessor that have already been paid in reduce the acquisition cost. As part of the subsequent measurement, the right of use is amortized on a straight-line basis over the term of the lease and adjusted for any impairment losses. If the leased asset becomes the property of the Group at the end of the lease or if a purchase option or a right of tender is sufficiently certain, the right of use is depreciated over the economic life of the underlying asset.

The lease term is the reasonably certain period of time over which an asset is leased. In addition to the non-terminable basic lease period, additional periods of extension are included as options if there is sufficient certainty at the start of use that they will be exercised, as are periods of notice if it is not sufficiently certain that they will be exercised. This assessment is reviewed when either events beyond the lessee's control or significant changes in circumstances occur that require a change in the lease term. The lease term is adjusted if a renewal option is exercised or a termination option is not exercised and these were not taken into account in the original estimate. The amendment of the lease term results in an altered future payment series and thus to a revaluation of the lease liability using the current interest rate. The resulting difference is recognized in the right of use without affecting profit or loss. Derecognition amounts that exceed the carrying amount of the right of use are recognized as an expense in profit or loss.

Kontron as lessor

Kontron AG's business activity as a lessor plays a minor role and has an insignificant effect on the overall income of the Group. For the balance sheet values, please refer to Section C, Notes 03 and 07.

The Group has entered into lease agreements primarily for real estate and vehicles. Leasing agreements for real estate usually have terms of between 4 and 10 years. For vehicles, the term is usually between 3 and 5 years.

The carrying amounts of the rights of use break down by asset class as follows:

IN TEUR	2024	2023
Properties	72,831	28,742
Operating and business equipment	3,901	329
Car fleet	10,430	8,380
Total carrying amount of right of use assets	**87,162**	**37,450**

The depreciation amount of the rights of use by asset class breaks down as follows:

IN TEUR	2024	2023
Properties	14,952	9,973
Operating and business equipment	2,422	182
Car fleet	3,927	3,348
Total depreciation of right of use assets	**21,301**	**13,503**

IFRS 16 requires estimates that affect the measurement of lease liabilities and rights of use. These include estimates when calculating the incremental borrowing rate, which is used to discount future payment obligations. Specifying the term of the lease is a key criterion for applying IFRS 16. If the terms are not contractually defined, they are subject to discretionary decisions and are reviewed periodically. Other discretionary decisions relate to extension options or early termination options.

02 Intangible assets and goodwill

Accounting methods>>

Intangible assets

Intangible assets acquired against payment and capitalizable costs for the production of in-house developments are accounted for with the acquisition or production costs, taking into account ancillary costs and cost reductions, and amortized on a straight-line basis over their economic useful life as planned.

Scheduled depreciation of intangible assets is recognized on a straight-line basis over the following useful lives:

USEFUL LIFE	YEARS
Software, licensing and trademark rights	2 – 10
Development costs and technology	3 – 10
Customer relations	3 – 5
Order backlog	1 – 3

Residual carrying amounts, useful lives and depreciation methods are reviewed at the end of each financial year and adjusted prospectively if necessary.

Research costs are recognized as expenses in the period in which they are incurred. Development costs are capitalized as an intangible asset only if the Group can demonstrate both the technical feasibility of completing the intangible asset, thereby allowing its internal use or sale, and its intention to complete the intangible asset and use or sell it. The Group must also demonstrate the generation of future economic benefits from the asset, the availability of resources to complete the asset and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Development costs are measured after initial recognition using the cost model, i.e. at acquisition cost or production cost less accumulated amortization and accumulated impairment losses. Amortization begins when the development phase is completed and from the time when the asset can be used. Amortization is recognized over the period over which future benefits are to be expected. An impairment test is carried out annually during the development phase.

Capitalized development costs include all direct costs and proportional overheads directly attributable to the development process.

As part of the purchase price allocation, intangible assets are capitalized for the acquisitions, provided that the requirements for recognition in the balance sheet in accordance with IFRS 3 in conjunction with IAS 38 are met.

Goodwill

Goodwill is measured as the residual value of the acquisition costs of a company acquisition and net worth measured at fair value, taking into account contingent liabilities. If there is a passive difference as a result of the comparison of acquisition costs and the fair value of the net worth of the acquired company, this difference is immediately recognized in the statement of profit or loss after a further review of the valuation rates.

Goodwill is not subject to scheduled depreciation, but is tested for impairment. The impairment test is carried out at least once a year or when internal or external indicators suggest a decrease in value. As in financial year 2023, the annual impairment test was also carried out in financial year 2024 as of September 30. The carrying amount of the respective cash-generating unit (CGU) to which goodwill is allocated is compared with its recoverable amount. The recoverable amount is the higher of the two amounts of an asset's net selling price and its value in use. The value in use is determined from the discounted cash flows (Discounted cash flow calculation or DCF method) based on the financial plans approved by the Supervisory Board. These cover a period of four years. Cash flows generated after a period of four years are extrapolated using a growth rate of 1.0% (PY: 1.0%), taking into account growth-related accumulation. The planning takes into account past experience as well as the management's current assessments of future market developments.

The projected cash flows of cash-generating units are discounted using the weighted average cost of capital (WACC) before tax. The discount rate applied using the DCF method corresponds to the interest rate that reflects current market estimates of the interest rate impact and the specific risks of the asset. If the recoverable amount is less than the carrying amount of the CGU, goodwill allocated to the CGU is initially impaired. Subsequent value recovery is not permitted.

If the composition of the original cash-generating units changes over time as a result of reorganizations or changes in the reporting structure, the goodwill is reassigned accordingly.

Government grants

Government grants related to fixed assets are deducted from acquisition costs. The grants are essentially grants for research and development.

Impairment of intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are regularly reviewed for indications of impairment.

If there are indications of impairment, an impairment test is carried out and, if necessary, an impairment loss is recognized to the recoverable amount. The recoverable amount is the higher of the two amounts of an asset's net selling price and its value in use. The value in use is the present value of the estimated future cash flows expected from the continued use of an asset and the disposal at the end of its useful life.

For assets other than goodwill, an assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If any such indication exists, the Group makes an estimate of the asset's recoverable amount. A previously recognized impairment loss is only reversed if there has been a change in the assumptions used in determining the recoverable amount since the last impairment loss was recognized. The value recovery is limited to the extent that the carrying amount of an asset does not exceed its recoverable amount or the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in previous years.

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The development of intangible assets is as follows:

IN TEUR	PURCHASED SOFTWARE AND LICENSES	CAPITALIZED DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
ACQUISITION COSTS					
As of January 1, 2024	**49,588**	**146,458**	**60,458**	**216,599**	**473,103**
Additions	7,095	40,491	0	0	47,586
Additions through changes in consolidated companies	2,959	14,160	36,558	56,790	110,467
Reclassifications	-83	83	0	0	0
Disposals	-4,376	-36,747	-3,579	0	-44,702
Disposals from changes in consolidated companies	-29	0	-16,095	-11,722	-27,846
Currency translation differences	1,172	3,696	65	907	5,840
As of December 31, 2024	**56,326**	**168,141**	**77,407**	**262,574**	**564,448**
ACCUMULATED AMORTIZATION					
As of January 1, 2024	**28,748**	**78,050**	**47,272**	**0**	**154,070**
Amortization of current year	6,415	12,838	10,574	0	29,827
Reclassifications	-120	120	0	0	0
Disposals	-4,108	-34,452	-3,579	0	-42,139
Disposals from changes in consolidated companies	0	0	-1,416	0	-1,416
Currency translation differences	1,189	3,148	-110	0	4,227
As of December 31, 2024	**32,124**	**59,704**	**52,741**	**0**	**144,569**
Carrying amount as of December 31, 2024	**24,202**	**108,437**	**24,666**	**262,574**	**419,879**

Other intangible assets include brands identified as part of company acquisitions with a carrying amount of TEUR 4,745 (PY: TEUR 1,471), customer relationships of TEUR 13,139 (PY: TEUR 6,080), order backlog of TEUR 1,513 (PY: TEUR 1,908) and technologies amounting to TEUR 5,269 (PY: TEUR 3,727). The increase in the carrying amounts of identified brands, customer relationships and technologies compared to the previous year is due to the initial consolidation of the Katek Group.

IN TEUR	PURCHASED SOFTWARE AND LICENSES	CAPITALIZED DEVELOPMENT COSTS	OTHER INTANGIBLE ASSETS	GOODWILL	TOTAL
ACQUISITION COSTS					
As of January 1, 2023	**39,106**	**122,297**	**55,920**	**189,412**	**406,735**
Additions	6,430	24,820	0	0	31,250
Additions through changes in consolidated companies	2,639	2,846	9,625	29,173	44,283
Disposals	-101	-617	-4,070	0	-4,788
Disposals from changes in consolidated companies	-156	0	0	-1,227	-1,383
Currency translation differences	1,670	-2,888	-1,017	-759	-2,994
As of December 31, 2023	**49,588**	**146,458**	**60,458**	**216,599**	**473,103**
ACCUMULATED AMORTIZATION					
As of January 1, 2023	**23,408**	**73,955**	**47,536**	**0**	**144,899**
Amortization of current year	3,650	6,873	4,812	0	15,335
Disposals	-60	-151	-4,070	0	-4,281
Disposals from changes in consolidated companies	-156	0	0	0	-156
Currency translation differences	1,906	-2,627	-1,006	0	-1,727
As of December 31, 2023	**28,748**	**78,050**	**47,272**	**0**	**154,070**
Carrying amount as of December 31, 2023	**20,840**	**68,408**	**13,186**	**216,599**	**319,033**

As of the balance sheet date, the Group had no intangible assets with indefinite useful lives, except for goodwill (PY: TEUR 0).

The goodwill is spread across the cash-generating units (CGU) as follows:

IN TEUR	2024	2023
Cash-generating unit "OT Services"	30,763	30,935
Cash-generating unit "Industrial"	65,108	53,559
Cash-generating unit "Telecom"	4,791	4,882
Cash-generating unit "North America"	30,297	29,035
Cash-generating unit "Asia"	6,207	6,194
Cash-generating unit "Software"	14,829	14,728
Cash-generating unit "Transport"	68,926	68,946
Cash-generating unit "Aerospace"	21,375	8,320
Cash-generating unit "GreenTec"	20,278	-
Goodwill as of December 31	**262,574**	**216,599**

The increase in goodwill in financial year 2024 results from company acquisitions (see Section A, Change in the group of consolidated companies in 2024) and affects in particular the cash-generating units “Industrial”, “Aerospace” and the new “GreenTec” unit created by the acquisition of Katek SE.

Reviewing the impairment of goodwill therefore requires estimates of future revenue and cost developments, profit margins, planned investments and resulting cash surpluses. Furthermore, management must make assumptions regarding the discount rates used and this is therefore a source of uncertainty.

Current strategic corporate planning for the years 2025 to 2028 served as the basis for the impairment test in accordance with IAS 36. It takes into account the economic framework, the economic environment and current assessments concerning the future development of the markets.

The resulting impairment test to estimate the value-in-use of the individual cash-generating units is developed as part of the discounted cash flow method, where the achievable amount depends significantly on the discount interest rate (WACC) used and on the expected and planned cash inflows in medium-term planning and in perpetual annuities.

The following table shows the pre-tax discount rates used in the impairment tests for the individual cash-generating units:

	2024	2023
Cash-generating unit "OT Services"	12.5%	13.8%
Cash-generating unit "Industrial"	11.8%	13.0%
Cash-generating unit "Telecom"	15.4%	18.8%
Cash-generating unit "North America"	13.0%	12.0%
Cash-generating unit "Asia"	8.7%	12.2%
Cash-generating unit "Software"	11.7%	11.0%
Cash-generating unit "Transport"	11.0%	12.3%
Cash-generating unit "Aerospace"	11.3%	10.8%
Cash-generating unit "GreenTec"	13.0%	-

To determine the discount rates, peer groups were determined in each case for the corresponding CGU.

The average revenue and EBIT growth underlying the 2025 – 2028 financial plans is:

AVERAGE PLANNED GROWTH 2025–2028	REVENUE	EBIT
Cash-generating unit "OT Services"	4.6%	28.1%
Cash-generating unit "Industrial"	13.0%	0.2%
Cash-generating unit "Telecom"	4.4%	18.8%
Cash-generating unit "North America"	9.6%	39.0%
Cash-generating unit "Asia"	8.6%	34.8%
Cash-generating unit "Software"	8.1%	22.1%
Cash-generating unit "Transport"	7.4%	16.5%
Cash-generating unit "Aerospace"	6.2%	14.8%
Cash-generating unit "GreenTec"	13.3%	61.6%

The average revenue and EBIT growth underlying the 2024-2027 financial plans is:

AVERAGE PLANNED GROWTH 2024–2027	REVENUE	EBIT
Cash-generating unit "OT Services"	4.0%	8.3%
Cash-generating unit "Industrial"	7.2%	12.2%
Cash-generating unit "Telecom"	7.4%	11.6%
Cash-generating unit "North America"	11.1%	9.9%
Cash-generating unit "Asia"	6.7%	11.4%
Cash-generating unit "Software"	8.8%	22.4%
Cash-generating unit "Transport"	7.1%	12.7%
Cash-generating unit "Aerospace"	6.9%	16.6%

In the 2024 financial year, as in the previous year, no impairment of goodwill was necessary.

Neither a 10% reduction in expected cash flows nor a 10% increase in the weighted average cost of capital before tax would result in an impairment of goodwill for a cash-generating unit.

03 Non-current financial assets

The non-current financial assets are composed as follows:

IN TEUR	2024	2023
Receivables from finance leases	7,360	6,977
Other investments	874	874
Securities	8	0
Receivables from loans granted	1,090	503
Deposits	2,727	2,343
Other non-current receivables	679	656
Total non-current financial assets as of December 31	**12,738**	**11,353**

LEASE RECEIVABLES (FROM THE COMPANY'S LESSOR OPERATIONS)	2024	2023
Lease receivables (gross)		
Remaining term up to 1 year	6,087	5,931
Remaining term between 1 and 5 years	8,001	7,507
	14,088	**13,438**
Unrealized future interest income from lease receivables	-757	-622
Net receivables from finance leases	**13,331**	**12,816**

COMPOSITION	2024	2023
Current receivables (up to 1 year)	5,971	5,839
Non-current receivables (between 1 and 5 years)	7,360	6,977
Net receivables from finance leases	**13,331**	**12,816**

The default risk from lease receivables from customers is managed on the basis of the Group's policies and procedures. Due to the comparable customer portfolio, the expected default rates of trade receivables are used as a basis. Impairment requirements are analyzed at each reporting date using the impairment matrix to determine expected credit losses. Impairment ratios are determined based on days past due with similar default patterns. The analysis did not reveal any material default risk as at the reporting date.

The average interest rate of the lease receivables (short-term and long-term) was 4.29% in the 2024 financial year (PY: 3.61%).

04 Other non-current assets

Other non-current assets are composed as follows:

IN TEUR	2024	2023
Prepayments to subcontractors for the provision of services constituting part of the supplying of services	5,077	4,682
Other non-financial assets	3,191	3,027
Total other non-current assets	**8,268**	**7,709**

05 Inventories

Accounting methods>>

Inventories are recognized at acquisition or production cost or at net realizable value. Manufacturing costs comprise direct costs, production and material overhead, including value adjustement. Fixed overheads are taken into account based on the normal utilization of the production facilities. Write-downs on inventories are made if the acquisition or production costs are higher than the expected net sales proceeds.

Management is responsible for making estimates and assumptions as part of the measurement of inventories. In particular, future demand estimates are made for inventories related to (longer-term) customer projects. Additionally, assumptions about inventories are based on historical transaction data.

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The reported inventories are composed as follows:

IN TEUR	2024	2023
Finished products and merchandise	115,349	103,779
Raw, auxillary and operating materials	227,635	122,689
Unfinished products	76,263	45,668
Impairments	-45,958	-43,066
Total inventories as of December 31	**373,289**	**229,070**

Of the reported inventories as of December 31, 2024, the Katek companies acquired in financial year 2024 accounted for TEUR 141,169. The impairment of inventories, which was recognized as an expense in the reporting period, amounts to TEUR 4,388 (PY: TEUR 1,350). The expense from the impairment of inventories is reported in the cost of materials.

A standardized evaluation of slow-moving inventory is implemented to take the obsolescence risk into account. In the case of finished products, a systematic review is also carried out with a view to loss-free valuation, which is essentially influenced by sales price expectations, currency developments, the time of sale and the costs still to be expected.

06 Trade receivables

The trade receivables item is composed as follows:

IN TEUR	2024	2023
Trade receivables	256,798	221,225
Value adjustment for expected credit-caused losses	-7,149	-7,669
Trade receivables as of December 31	**249,649**	**213,556**

Some companies in the Kontron Group practice the "hold to collect and sell" business model with regard to trade receivables, as the contractual cash flows are collected both through customer payments and through sales to various house banks under factoring agreements. As a result, these trade receivables fall into the category "fair value through other comprehensive income". The classification of trade receivables in this category does not have any material impact on the consolidated financial statements of Kontron (approximately 6% of gross receivables), as the majority of trade receivables are expected to be settled within one year and for this reason it is assumed that the fair value approximates the previous measurement standard of acquisition costs. The other trade receivables are classified as "acquisition costs", as the Group applies the "Hold" business model to these trade receivables. The receivables sold are derecognized in accordance with the derecognition rules of IFRS 9. As of the balance sheet date December 31, 2024, trade receivables sold as part of the factoring programs amounted to TEUR 87,557 (PY: TEUR 74,981). As of December 31, 2023, for an amount of TEUR 40,793, Kontron had a first loss risk of 3.5% or TEUR 1,428 which was recognized as an ongoing commitment. Following the adjustment of the factoring agreements in the financial year 2024, there were only minor agreements with ongoing commitment as of 31 December 2024. All other factoring agreements were derecognized due to the transfer of substantially all opportunities and risks or due to the transfer of control. What remains for them is a risk equal to the deductible. What remains for Kontron for all receivables sold is the late payer risk.

The Group recognizes an allowance for expected credit losses (ECL) on all receivables at fair value through other comprehensive income and at acquisition cost. For receivables measured at acquisition cost, the allowance is recognized in other operating expenses.

The development of the allowance for expected credit losses from trade receivables is as follows:

IN TEUR	2024	2023
Valuation allowance as of January 1	7,669	7,857
Valuation allowance for expected credit losses	-268	1,057
Write-off receivables	-320	-831
Disposals from changes in consolidated companies	0	-3
Currency translation differences	68	-411
Valuation allowance as of December 31	**7,149**	**7,669**

The Group uses a provision matrix (see Section D, Note 05) to measure expected credit losses on trade receivables and contract assets. The provision ratios are determined on the basis of the overdue period for various receivables portfolios.

The provision matrix is based on the Group's historical default rates adjusted for forward-looking information. The historical default rates are updated at each reporting date. The assessment of the relationship between historical default rates and expected credit defaults is a significant estimate. The Group's historical defaults and future estimate may not be representative of actual customer defaults in the future.

For trade receivables measured at fair value through other comprehensive income, the impairment is recognized in other comprehensive income in accordance with IFRS 9. The impairment loss recognized in other comprehensive income as of December 31, 2024, amounts to TEUR 46 (PY: TEUR 38).

The default risk on contract assets is managed based on the Group's policies and procedures. Due to the comparable customer portfolio, the expected default rates of trade receivables are used as a basis. Impairment requirements are analyzed at each reporting date using the impairment matrix to determine expected credit losses. The analysis did not reveal any material default risk as at the reporting date.

07 Current financial assets

The current financial assets break down as follows:

IN TEUR	2024	2023
Receivables from finance leases *)	5,971	5,839
Deposits	3,404	11,398
Current portion of loans granted	1,575	511
Receivables from annual bonuses	2,520	173
Creditors with debitor acounts	1,146	521
Deposits for guarantees	148	196
Purchase price entitlements	0	1,200
Other current financial assets	2,917	940
Total current financial assets	**17,681**	**20,778**
*) Receivables from finance leases – gross	6,087	5,931
Unrealized interest income	-116	-92
Present value of receivables from finance leases	**5,971**	**5,839**

08 Other current assets

Other current non-financial assets break down as follows:

IN TEUR	2024	2023
Advances	4,270	3,588
Prepayments to subcontractors for the perfoming of services in conjuction with services to be provided	21,149	22,271
Receivables due from support programs and research premiums	3,282	1,407
Receivables from prepayments of income tax and other taxes	6,314	6,115
Value added tax	9,684	5,416
Other receivables current	6,389	5,604
Total other current assets	**51,088**	**44,401**

09 Cash and cash equivalents

Accounting methods>>

The balance sheet item "Cash and cash equivalents" includes cash in hand, bank balances and short-term deposits with an original term of less than three months.

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Cash and cash equivalents amounting to TEUR 315,637 (PY: TEUR 332,235) are cash on hand and bank balances that are available within three months. These bear interest at the applicable interest rates for short-term deposits.

IN TEUR	2024	2023
Cash on hand	60	53
Credit balances at banks	315,577	332,182
Total cash and cash equivalents	**315,637**	**332,235**

As at the reporting date, there were restrictions on the disposal of the amounts included in this item due to financing with credit institutions or balance compensation of TEUR 3,737 (PY: TEUR 4,333) which is deposited as collateral.

Due to existing foreign exchange restrictions between European countries and Russia and the exclusion of Russian banks from SWIFT (Society for Worldwide Interbank Financial Telecommunication), there may be restrictions on the availability of liquid funds at the Russian-based subsidiary of Kontron AG. As of the balance sheet date of December 31, 2024, these cash and cash equivalents amount to TEUR 4,605.

10 Equity

Subscribed capital

As of December 31, 2024 the share capital of Kontron AG amounted to TEUR 63,861 (PY: TEUR 63,861). It is divided into 63,860,568 (PY: 63,860,568) no-par value bearer shares.

Issue of equity warrants/authorized capital 2020:

The Annual General Meeting on June 16, 2020 authorized the Executive Board to increase the share capital by up to EUR 2,000,000 for the purpose of servicing conversion or subscription rights under equity warrants ("Authorized Capital 2020") in accordance with Section 169 of the Austrian Stock Corporation Act.

At the same general meeting, it was decided to issue 2,000,000 equity warrants (instruments pursuant to Section 174 of the Austrian Stock Corporation Act). 1,500,000 equity warrants were allotted to selected members of the Executive Board of Kontron AG (those eligible for allotted shares) by the Supervisory Board. 500,000 equity warrants were publicly offered to selected key employees of the Kontron Group for subscription against the offer price per equity warrant as of July 13, 2020, on the basis of a prospectus approved by the Austrian Financial Market Authority. After the end of the offer period and a so-called short placement of equity warrants not subscribed in the public offer, the Executive Board, with the approval of the Supervisory Board, decided on the final number of equity warrants to be issued and the allocation of the equity warrants offered on the basis of the subscription declarations received. A total of 2,000,000 equity warrants were issued, consisting of 1,500,000 warrants allocated to those eligible and the 500,000 equity warrants offered to selected key employees of the Kontron Group. 112 eligible subscribers who had delivered subscription certificates for a total of 420,665 offered equity warrants received the full allocation according to the classification of the respective Group company and the respective management level of the eligible subscriber in accordance with the parameters set out in the prospectus. The remaining number of 79,335 offered warrants were issued to those eligible on the basis of their subscription certificates received for the short placement, against payment of the offer price per equity warrant. As of July 30, 2020, the equity warrants were admitted to official trading on the Vienna Stock Exchange and subsequently delivered to the respective subscribers and allottees.

The first exercise of the conversion or subscription right under the equity warrant is possible at the earliest 36 months after the issue of the equity warrant and only if the price of the Kontron AG share exceeds EUR 32.86, adjusted, if necessary, on the basis of the terms and conditions of the issue.

Authorized capital 2024:

At the Annual General Meeting of Kontron AG on May 6, 2024, the Executive Board was authorized, for a period of up to five years after the amendment to the articles of association had been entered in the commercial register, to increase the share capital, with the approval of the Supervisory Board in accordance with Section 169 of the Austrian Stock Corporation Act, by up to EUR 4,386,056 by issuing up to 4,386,056 no-par value bearer shares in one or more tranches in exchange for cash and/or contributions in kind and to specify the issue price, which must not be less than the pro rata amount of the share capital, as well as the issue conditions and other details pertaining to the capital increase. In this context, the Executive Board was also authorized, with the approval of the Supervisory Board, to exclude shareholders' subscription rights in whole or in part. The Supervisory Board was authorized to adopt the amendments to the articles of association resulting from the issue of shares from authorized capital ("Authorized Capital 2024").

Therefore, no use was made of the Authorized Conditional Capital 2024 in financial year 2024.

Conditional capital 2023

At the Extraordinary General Meeting of Kontron AG on November 8, 2023, the Executive Board was authorized in accordance with Section 174 (2) Austrian Stock Corporation Act (AktG) to issue, subject to the approval of the Supervisory Board, financial instruments as defined in Section 174 AktG, in particular convertible bonds, income bonds or profit participation rights which may also allow for subscription and/or conversion rights, a total of up to 6,386,056 company shares, also in several tranches, and to determine, with the approval of the Supervisory Board, all other conditions pertaining to these financial instruments, for a for a period of five years from the date of resolution. Shareholders' subscription rights were excluded (direct exclusion).

In order to service the subscription and/or conversion rights of creditors of these financing instruments, the Executive Board was authorized at the same Extraordinary General Meeting to conditionally increase the share capital of the company by up to EUR 3,616,000 in accordance with Section 159 (2) (1) of the Austrian Stock Corporation Act by issuing up to 3,616,000 bearer shares with the approval of the Supervisory Board ("Conditional Capital 2023"). The conditional capital increase will only be carried out to the extent that the creditors of the financial instruments exercise their right of subscription and/or conversion or are obliged to subscription or conversion. The par value and the exchange ratio must be determined in a recognized pricing process taking into account standard market calculation methods and the stock exchange price of existing shares and must not be less than the proportionate amount of the share capital.

Otherwise, the members of the Executive Board have no powers that do not arise directly from the law, in particular with regard to the possibility of issuing or buying back shares.

Treasury shares

The Annual General Meeting on May 6, 2022 authorized the Executive Board to purchase, in accordance with Section 65 paragraph 1 No. 8 and Sections 1a and 1b of the Austrian Stock Corporation Act, to purchase bearer shares of the company totaling no more than 10% of the company's share capital for a period of 30 months from the date of resolution, both on the stock exchange and over the counter, the equivalent value of which may not be more than 10% below or above the average stock market price of the last five trading days before the purchase of the shares. An over-the-counter purchase can also be made under exclusion of the shareholders' pro rata right of sale (reverse exclusion of subscription rights).

On September 27, 2023, the Executive Board of Kontron AG decided on the basis of this authorizing resolution to carry out a share buyback program ("Share Buyback Program II 2023"). The General Meeting passed a new authorizing resolution on November 8, 2023, which was published on November 8, 2023, on an electronic information dissemination system. On November 8, 2023, on the basis of this authorizing resolution, the Executive Board and Supervisory Board of Kontron AG decided to continue the existing share buyback program II 2023 unchanged. Under the share buyback program II 2023, which ended in the past financial year on January 22, 2024, a total of 1,792,381 shares were bought back at a weighted average price of EUR 20.8251 per share. This corresponds to 2.807% of the company's share capital. The total price excluding additional costs of the repurchased shares was TEUR 37,327.

On June 14, 2024, on the basis of this authorizing resolution of the Extraordinary General Meeting of November 8, 2023, which was published on November 8, 2023 via an electronic information dissemination system i accordance with Section 65 (1) (8) of the Austrian Stock Corporation Act, the Executive Board of Kontron AG decided to carry out a further buyback program for treasury shares ("Share buyback program I 2024"). The share buyback program I 2024 was completed on August 13, 2024, and on August 14, 2024 the final report on share buyback program I 2024 was published via an electronic information dissemination system. In total, Kontron AG bought back 434,000 shares at a weighted average price of EUR 19.0338 per share under the share buyback program I 2024. This corresponds to 0.68% of the company's share capital. The total price excluding additional costs of the repurchased shares was TEUR 8,261.

As of December 31, 2024, Kontron AG holds 2,474,610 treasury shares, which corresponds to 3.9% of the company's share capital. The Executive Board was authorized by the Annual General Meeting on May 6, 2022 to determine, with the approval of the Supervisory Board and without the need for a new resolution of the Annual General Meeting, a type of sale or use of treasury shares other than on the stock exchange or through a public offer, including one that excludes shareholders' repurchase rights (reverse exclusion of subscription rights), for a period of five years from the passing of the resolution, and to stipulate the conditions of sale. In addition, the Executive Board was authorized to reduce the share capital if necessary by redeeming these treasury shares with the approval of the Supervisory Board and without a further resolution of the Annual General Meeting.

These authorizations were revoked by the Extraordinary General Meeting on November 8, 2023 and new, identical authorizations were issued for a period of five years from the date of resolution.

Capital reserve

The capital reserve mainly includes the premiums paid from capital increases carried out, the offsetting of differences from the acquisition or sale of non-controlling interests, and the offsetting entry of the personnel expenses recognized from the valuation of the stock option programs.

Other equity components

Other equity components include changes in equity not recognized in profit or loss, such as revaluations in accordance with IAS 19, currency conversion differences and results from the subsequent measurement and revaluation of financial instruments.

The individual components of other comprehensive income break down into other equity components as follows:

IN TEUR	OTHER COMPONENTS OF EQUITY	DEBT INSTRUMENTS AT FAIR VALUE THROUGH OCI (IFRS 9)	ACTUARIAL GAINS/ LOSSES ACC. IAS 19	MARKET VALUATION RESERVES	ADJUSTEMENTS ITEMS FOR CURRENCY TRANSLATION
As of January 1, 2023	**-1,994**	**48**	**778**	**16**	**-2,836**
Other result					
Unrealized profit/loss from currency translation	**-5,902**	0	0	0	-5,902
Actuarial gains/losses acc. IAS 19	**-991**	0	-991	0	0
Impairment of debt instruments at fair value through OCI	**-16**	0	0	-16	0
Result from remeasurement of financial instruments measured at fair value through OCI	**-10**	-10	0	0	0
As of December 31, 2023	**-8,913**	**38**	**-213**	**0**	**-8,738**
Other result					
Unrealized profit/loss from currency translation	**5,344**	0	0	0	5,344
Actuarial gains/losses acc. IAS 19	**-505**	0	-505	0	0
Result from remeasurement of financial instruments measured at fair value through OCI	**-2,122**	-2,122	0	0	0
As of December 31, 2024	**-6,196**	**-2,084**	**-718**	**0**	**-3,394**

Dividends

At the suggestion of the Executive Board and Supervisory Board, the Annual General Meeting of Kontron AG resolved to pay out a dividend of EUR 0.50 per dividend-bearing share on May 6, 2024. The dividend was paid as of May 16, 2024.

Non-controlling interests

Accounting methods>>

Shares in Group companies that are attributable to shares with non-controlling interests are reported separately under equity in the consolidated balance sheet and in the Group statement of profit or loss. The acquisition method was used for all acquired companies. If companies are bought or sold during the year, they are included from the date of purchase or until the time of sale.

Callable or fixed-term equity shares in subsidiaries with tender rights that are held by non-controlling shareholders represent financial liabilities for the Kontron Group. Such liabilities are initially recorded at fair value in accordance with IFRS 9. Regardless of whether the non-controlling shareholders are currently beneficial owners of the shares or not, the first consolidation takes place as an early acquisition, i.e. the shares covered by the tender right are attributed to the Kontron Group from the outset as if the right had already been exercised. As a result, the liability from the right to tender is measured at fair value in profit or loss on each reporting date.

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The shares with non-controlling interests developed as follows:

IN TEUR	2024	2023
Non-controlling interests as of January 1	2,010	1,831
Additions to non-controlling interests	51,154	1,540
Results for the period attributable to non-controlling interests	953	407
Acquisition of non-controlling interests	-34,402	30
Other comprehensive income attributable to non-controlling interests	104	123
Disposal of non-controlling interests	0	-1,921
Non-controlling interests as of December 31	**19,819**	**2,010**

The addition of non-controlling interests amounting of TEUR 51,154 concerns the initial recognition of non-controlling interests following the acquisition of Katek SE (see Section A "Change in the group of consolidated companies in 2024").

The acquisition of non-controlling interests in the amount of TEUR -34,402 results from the acquisition of a further approximately 27% of the shares in Katek SE.

The following table summarizes the financial information before intercompany eliminations for Katek SE with significant non-controlling interests:

IN TEUR	KATEK SE
	31.12.2024
Non-current assets	200,175
Current assets	235,813
Non-current liabilities	64,805
Current liabilities	172,510
Net assets	**198,673**
Ownership share/voting rights – share of non-controlling interests	12.6%
Carrying amount of non-controlling interests	16,356
	3–12/2024
Proportionate profit/loss attributable to non-controlling interests	-397

11 Financing liabilities

The items non-current financing liabilities and current financing liabilities include loans, current account liabilities and bonded loans issued.

The financing liabilities reported in the balance sheet break down as follows:

	31.12.2024			31.12.2023		
	TOTAL	OF WHICH NON-CURRENT	OF WHICH CURRENT	TOTAL	OF WHICH NON-CURRENT	OF WHICH CURRENT
Bonded loans	168,500	168,500	0	167,500	43,500	124,000
Other loans	206,778	137,260	69,518	26,052	16,638	9,414
Overdrafts	103,467	0	103,467	17,459	0	17,459
Total financing liabilities	**478,745**	**305,760**	**172,985**	**211,011**	**60,138**	**150,873**

Bonded loans

Kontron AG issued a bonded loan of TEUR 160,000 in April 2019, a bonded loan of TEUR 7,500 in March 2021, and a further bonded loan of TEUR 125,000 in April 2024. The issue was made in different tranches with different maturities or interest rate agreements. Two tranches of TEUR 75,000 and TEUR 49,000 were repaid in April 2024 as agreed.

The open tranches are structured as follows:

DURATION	INTEREST RATE AGREEMENT FIXED / VARIABLE	TRANCHE IN TEUR
Until March 24, 2026	fixed interest / 1.100%	7,500
Until April 17, 2026	fixed interest / 1.439%	10,000
Until April 17, 2029	fixed interest / 4.171%	9,500
Until April 17, 2026	variable interest / 6mE + 120 bps	6,000
Until April 30, 2026	variable interest / 6mE + 120 bps	20,000
Until March 17, 2029	variable interest / 6mE + 145 bps	115,500
Total bonded loans		**168,500**

The existing bonded loan agreements and credit agreements contain contractual agreements in the amount of TEUR 168,500 (PY: TEUR 167,500) for compliance with financial covenants, which require compliance with a consolidated equity ratio of greater than or equal to 30%. Failure to comply with this financial covenant entitles the lender to terminate the respective financing agreement. In addition, a margin step-up was agreed: If the ratio of net debt (including lease liabilities in accordance with IFRS 16) to EBITDA of the previous financial year is greater than 3 on the reporting date, the lender is entitled to an interest rate that is 50 basis points higher than the base conditions. As at the reporting date of December 31, 2024, the Group equity ratio was 35.8% and thus above the contractually stipulated threshold. Furthermore, the net debt to EBITDA ratio as of December 31, 2024, does not lead to an increase in the lenders' margin.

Other loans

In financial year 2024: a loan agreement for TEUR 125,000 was concluded

- with ERSTE Group Bank AG for the purpose of refinancing the “Katek” share purchase. The loan is secured with bill of exchange guarantee from the Republic of Austria. As of the reporting date, a balance of TEUR 125,000 (PY: TEUR 0) is outstanding. The loan agreement has a maturity date of 28 February 2029 and bears a fixed interest rate.
- A settlement loan agreement of TEUR 30,000 has been concluded with Raiffeisenlandesbank Oberösterreich for the purpose of refinancing financial liabilities “Katek”. As of the reporting date, a balance of TEUR 22,500 (PY: TEUR 0) is outstanding. The loan matures on 31 March 2027 and has variable interest.
- A settlement loan agreement of TEUR 50,000 has been concluded with UniCredit Bank Austria AG for the purpose of refinancing financial liabilities “Katek”. As of the reporting date, a balance of TEUR 37,500 (PY: TEUR 0) is outstanding. The loan matures on 31 March 2027 and has variable interest.

The loans assumed in the course of the company acquisitions in the financial year 2023 amount to TEUR 0 (PY: 45) as of the reporting date of December 31, 2024.

In the 2021 financial year, a loan agreement for TEUR 37,500 was concluded with Raiffeisenlandesbank Oberösterreich, Raiffeisen Bank International AG and Raiffeisenlandesbank Steiermark AG for the purpose of refinancing the purchase of shares in "Iskratel". The loan is secured with bill of exchange guarantee from the Republic of Austria. The investment financing under the liability of the Austrian Control Bank provides for a minimum equity ratio of 30% and a net debt to EBITDA ratio of a maximum of 3.0. Both financial covenants were met as of December 31, 2024. As of the reporting date, a balance of TEUR 7,895 (PY: TEUR 15,789) is outstanding.

The loans assumed in the course of the company acquisitions in the 2020 financial year amount to TEUR 8,484 (PY: TEUR 9,959) as of the reporting date of December 31, 2024. These form a long-term financing line that matures on September 27, 2030 with a variable interest rate of 4.0% (PY: 4.1%) and linked to EURIBOR. The financing is secured with aliens on property.

Other current financing liabilities - bank overdrafts

As of December 31, 2024, the Group had short-term bank overdrafts totaling TEUR 103,467 (PY: TEUR 17,456). The interest rate for current account loans is between 1.1% and 24.5% (PY: 2.2% and 12.2%). Credit lines of TEUR 161,443 were freely available as of the reporting date.

To secure current account liabilities of subsidiaries, other assets deposited in cash were pledged in the amount of TEUR 1,084 (PY: TEUR 1,085). In addition, there are liens on property for utilized current account liabilities amounting to TEUR 6,586 (PY: TEUR 403).

In the case of the financing liabilities recognized on the reporting date, no payment disruptions occurred during the reporting period with regard to the redemption and interest payments, the sinking fund or the terms of redemption of the liabilities.

12 Other non-current financial liabilities

The other non-current financial liabilities reported in the balance sheet break down as follows:

IN TEUR	2024	2023
Lease liabilities	77,657	33,095
Hire purchase liabilities	15,324	0
Liabilities from consideration ensuing from corporate acquisitions	0	823
Liabilities from corporate acquisitions	100	100
Liabilities due to a research support society	3,118	2,282
Other	1,169	0
Total other non-current financial liabilities	**97,368**	**36,300**

The leasing liabilities developed as follows:

IN TEUR	2024	2023
As of January 1	**52,178**	**42,779**
Additions	26,700	18,237
Additions through changes in consolidated companies	52,480	3,557
Disposals	-6,838	-857
Increase in interest	4,414	1,720
Payments	-25,501	-13,258
As of December 31	**103,433**	**52,178**
Of which current	25,776	19,083
Of which non-current	77,657	33,095

Possible future cash outflows of TEUR 31,795 (PY: TEUR 4,067) were not included in the lease liabilities, as it is not sufficiently certain that the leasing contracts will be extended.

The total amount of lease payments in the financial year 2024 was TEUR 28,534 (PY: TEUR 15,373), of which TEUR 2,794 (PY: TEUR 1,864) related to short-term leases with a maximum term of twelve months; TEUR 239 (PY: TEUR 251) was spent on leases for assets of low value.

InIncome from the subleasing of rights of use amounted to TEUR 434 (PY: TEUR 739) in the current financial year.

In order to determine whether an arrangement contains a lease, it is necessary to assess whether the fulfilment of the contractual agreement is dependent on the use of a specific asset or assets and whether the agreement grants a right to use the asset. Kontron determines the term of a lease by taking into account the non-cancellable lease term and including extension and cancellation options, provided that it is reasonably certain to exercise these options in the future.

13 Contract liabilities

The contract liabilities of TEUR 96,855 (PY: TEUR 76,416) as of December 31, 2024 relate to payments from customer contracts that were received early, i.e. before the contractual services have been performed. Of this, TEUR 91,198 is attributable to short-term contract liabilities, the amount of which is expected to be realized in financial year 2025.

14 Provisions

Accounting methods>>

Provisions are formed if the Company has a current legal or constructive obligation to third parties due to a previous event, a resource outflow is probable and a reliable estimate of the amount of the obligation is possible. The provision is valued at the expected settlement amount.

Other provisions

Provisions for guarantees and warranties include statutory and contractual warranty obligations and are made on the basis of past experience and on the basis of individual assessments.

Provisions for pending losses are made when the expected costs of meeting the contractual obligations are higher than the expected revenues. This also includes project follow-up costs for customer projects that have already been accepted.

Provisions for legal and litigation costs mainly include provisions for potential litigation, settlements and penalties for critical projects.

Provisions for long-term personnel obligations

Provisions for long-term personnel obligations include pension commitments, severance payments and anniversary bonuses, which are based on actuarial methods in accordance with IAS 19 using the projected unit credit method.

The present value of the defined benefit obligation (DBO) is calculated on the basis of the length of service and the expected salary development. The revaluations based on experience adjustments and changes in actuarial assumptions are recognized directly in equity in other comprehensive income in the period in which they occur – with the exception of anniversary provisions. Past service cost is recognized immediately in profit or loss irrespective of the vesting date at the time of the commitment.

Defined benefit pension commitments exist towards employees in Germany, France and Bulgaria. In Germany, the statutory framework for occupational retirement provision is specified by the Occupational Pensions Act, in Bulgaria by the Bulgarian Labour Code. In France, there are statutory and collective provisions requiring the company to make one-off payments to its employees upon retirement. The payments are regulated by collective agreements and are based on the length of service and the final salary before retirement.

Provisions for severance payments mainly relate to obligations to employees under Austrian law whose employment relationship began before January 1, 2003. Severance payments under Austrian law are one-off settlements that have to be paid due to labour law regulations when employees are dismissed by the employer and regularly when they retire. The severance payment depends on the number of years of service and the amount of remuneration. The Polish and Slovenian subsidiaries have similar obligations.

Benefits for defined contribution plans based on statutory or voluntary obligations are recognized as an expense when incurred.

There is a regular review and adjustment of the estimates. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense arising from the provision is shown in the statement of profit or loss less the reimbursement.

Long-term provisions are recognized at the present value of expected future cash flows if the discounting effect is material.

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The provisions reported in the balance sheet break down as follows:

IN TEUR	2024	2023
Provisions for pension commitments	16,642	13,912
Provisions for severance payments	10,930	10,439
Provisions for Jubilee payments	2,589	1,658
Provisions for guarantees and warranty services	2,078	1,320
Other non-current provisons	846	215
Non-current provisions as of December 31	**33,085**	**27,543**
Provisions for guarantees and warranty services	11,491	10,801
Provisions for pending losses	8,576	8,941
Provisions for legal and trial costs	16,192	9,753
Other current provisons	3,210	3,780
Current provisions as of December 31	**39,470**	**33,275**
Total provisions as of December 31	**72,554**	**60,818**

As an internationally operating group, the Kontron Group is exposed to a variety of legal risks arising from product liability, competition law, patent law, tax law and other laws as well as contractual obligations. According to current assessment, sufficient provisions have been made in the consolidated financial statements for existing risks. However, no assurance can be given that ongoing proceedings and court decisions will not result in expenses exceeding the provisions made.

Provisions for pension commitments

Defined benefit pension commitments exist towards employees of the Kontron Group in Germany, France and Bulgaria.

Legal framework and description of commitments:

In Germany, the legal framework for occupational pension schemes is provided by the Occupational Pensions Act (BetrAVG), which sets out the minimum legal requirements for occupational pension schemes. In addition, regulations and rulings from labour law must be followed. The pension scheme is a pension paid out as a retirement pension, early retirement pension, disability pension for reduced earning capacity or survivor's pension.

As of the reporting date, 409 employees (PY: 130 employees) of Group companies in Germany have received pension promises as part of the company pension plans. Pension commitments are largely covered by plan assets, which consist primarily of independently managed pension fund assets, fair values of life insurance policies, and cash and cash equivalents. The average term of the pension commitments is between 7.7 and 21 years.

Due to legal and tariff regulations in France and Bulgaria, the Group companies based there are obliged to make one-off payments to their employees upon retirement. The payments are regulated by collective agreements and are based on the length of service and the final salary before retirement. Employees who retire from the company early, whether voluntarily or initiated by the employer, receive no payment. As of the balance sheet date, 254 employees in France (PY: 248 employees) and 353 employees in Bulgaria (PY: 0 employees) participate in the plans.

Significant risks from the defined benefit commitments, which could primarily result from interest rate developments and longevity, are not expected.

Composition and development of the provision:

The following table shows the development of the pension obligation and the plan assets for the defined benefit plans.

IN TEUR	2024	2023
Pension obligations (DBO) as of January 1	**14,872**	**8,138**
Changes in consolidated companies	3,359	5,507
Ongoing service costs	852	330
Interest expenses	639	398
Preliminary total recognized in the net income	**1,491**	**728**
Remeasurement: actuarial gains (-) / losses (+)		
due to demographic assumtions	-6	-12
due to financial assumptions	21	677
due to experience-caused corrections	-37	-5
Preliminary total contained in other comprehensive income	**-22**	**659**
Pension payments made	-793	-176
Other changes	0	16
Pension obligations (DBO) as of December 31	**18,907**	**14,872**
Market value of plan assets as of December 31	**-2,541**	**-960**
Net liabilities from pension obligations as of December 31	**16,366**	**13,912**

In the reporting period, the market value of plan assets rose by TEUR 1,580 to TEUR 2,541 (PY: TEUR 960), of which TEUR 1,606 was attributable to the Katek companies acquired in financial year 2024. Long-term financial assets include a capitalized surplus from the offsetting of pension obligations with associated plan assets in the amount of TEUR 276. Of the change in value during the year, TEUR 96 (PY: TEUR 38) was included in current income and TEUR -26 (PY: TEUR 24) in other comprehensive income. The pension benefits paid from the plan assets amounted to TEUR 116 (PY: TEUR 57).

On actuarial gains and losses in the period amounting to TEUR -4 (PY: TEUR 636), deferred taxes of TEUR 14 (PY: TEUR -315) were recognized in other comprehensive income.

The valuation of the obligation is based on the following actuarial assumptions:

ACTUARIAL ASSUMPTIONS 2024	GERMANY	FRANCE	BULGARIA
Discount factor	3.29%-3.46%	3.00%-3.30%	2.50%
Remuneration trends	0.00%-2,50%	2.00%-3.00%	3.00%
Pension Trends	2.00%	n.a.	n.a.

ACTUARIAL ASSUMPTIONS 2023	GERMANY	FRANCE
Discount factor	3.23%-4.50%	3.20%-3.50%
Remuneration trends	0.00%-2.50%	2.00%-4.00%
Pension Trends	2.00%-2.50%	n.a.

The projected unit credit method is used as the actuarial valuation method. The calculations are based on TH–TF 00–02 for France, National Statistics 2021–2023 for Bulgaria and the 2018 G mortality tables by K. Heubeck for Germany.

The effect changes in the underlying assumptions have on the amount of the pension obligation is shown in the following table:

	CHANGE OF ASSUMPTION	INCREASING OS ASSUMPTION	REDUCTION OF THE ASSUMPTION
31.12.2024			
Discount rate	0.50%	-983	1,091
Future increases of remuneration	0.50%	75	-72
Pension trend	1.00%	1,232	-988
31.12.2023			
Discount rate	0.50%	-748	834
Future increases of remuneration	0.50%	228	-246
Pension trend	1.00%	417	-349

The increase in life expectancy of one year leads to an increase in the total obligation of TEUR 378.

The following amounts are expected to be paid in the next 10 years in connection with pension benefits:

WITHIN THE NEXT 12 MONTH	BETWEEN 2 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	TOTAL
674	4,129	5,891	10,694

Provisions for severance payments

Obligations from severance payments for employees in Austria whose employment began before January 1, 2003, are covered by defined benefit plans. These are one-off severance payments that have to be paid to employees due to labour law regulations when employees are dismissed and regularly when they retire. The amount depends on the number of years of service and the amount of remuneration.

Obligations from severance payments for employees in foreign subsidiaries also represent one-off severance payments due to labour law regulations that must be paid upon termination of the employment relationship. The amount of the entitlement depends on the length of service and the amount of remuneration.

The valuation of the obligation is based on the following actuarial assumptions:

ACTUARIAL ASSUMPTIONS 2024	AUSTRIA	SLOVENIA
Discount factor	3.30%	3.10-3.30%
Biometric calculation basis	AVÖ 2018-P for salaried employees	Mortality Tables Slovenia 2007
Fluctuation	No fluctuation taken into account	age-dependent: 0.00%-25.00%
Salary increases	3.50%	2.60%

ACTUARIAL ASSUMPTIONS 2023	AUSTRIA	SLOVENIA
Discount factor	3.30%	3.10%
Biometric calculation basis	AVÖ 2018-P for salaried employees	Mortality Tables Slovenia 2007
Fluctuation	No fluctuation taken into account	age-dependent: 0.00%-17,00%
Salary increases	3.50%	4.30%

The development of the present value of the defined benefit obligations is as follows:

IN TEUR	2024	2023
Present value of the severance payments obligations as of January 1	**10,439**	**9,769**
Service costs	416	294
Interest expenses	329	354
Revaluations	634	804
Benefits paid	-888	-782
Present value of the severance payments obligations as of December 31	**10,930**	**10,439**

The service cost is recognized in the consolidated statement of profit or loss under personnel expenses; the interest expense is recognized under finance expenses.

The revaluations are made up as follows:

IN TEUR	2024	2023
Alterations in demographic assumtions	-64	161
Alterations in financial assumptions	-8	483
Adjustments based on experience	706	160
Profits (-) / losses (+) recognized from revaluations	**634**	**804**

The gains/losses from revaluations are recognized in other comprehensive income (OCI) in equity in the period in which they arise.

A sensitivity analysis of the actuarial assumptions considered material for the calculation of the expected defined benefit obligation shows the effects on the present value of the obligation as presented below:

	CHANGE OF ASSUMPTION	INCREASE OF THE ASSUMPTION	REDUCTION OF THE ASSUMPTION
31.12.2024			
Discount rate	0.25%	-263	275
Future increases of remuneration	0.25%	266	-255
31.12.2023			
Discount rate	0.25%	-186	236
Future increases of remuneration	0.25%	225	-217

The sensitivity analysis is based on the change of one assumption while keeping all other assumptions constant. In reality, however, it is rather unlikely that these influencing variables do not correlate.

For employees in Austria whose employment began on or after January 1, 2003, contributions amounting to 1.53% of remuneration are paid to an external employee pension fund. The payments for this defined contribution plan amounted to TEUR 583 in financial year 2024 (PY: TEUR 508) and were recognized in personnel expenses.

Other provisions

Other non-current provisions developed as follows in the reporting year:

IN TEUR	GUARANTEES AND WARRANTIES	OTHERS	TOTAL
As of January 1, 2023	**1,033**	**1,900**	**2,933**
Change in scope of consolidation	187	27	214
Addition	636	449	1,085
Reclassification	-62	0	-62
Usage	-12	-487	-499
Release	-389	-2	-391
Currency translation difference	-73	-15	-88
As of December 31, 2023	**1,320**	**1,872**	**3,192**
Change in scope of consolidation	975	1,903	2,878
Addition	675	751	1,426
Reclassification	25	-37	-12
Usage	-14	-906	-920
Release	-913	-155	-1,068
Currency translation difference	10	7	17
As of December 31, 2024	**2,078**	**3,435**	**5,513**

The other non-current provisions shown in the table above also include provisions for anniversary bonuses.

Other current provisions developed as follows in the reporting year:

IN TEUR	GUARANTEES AND WARRANTIES	LEGAL AND LITIGATION COSTS	PENDING LOSSES	OTHERS	TOTAL
As of January 1, 2023	**8,259**	**6,681**	**8,301**	**3,709**	**26,950**
Change in scope of consolidation	-367	3,170	1,364	1,562	5,729
Addition	7,559	57	1,655	1,029	10,300
Reclassification	62	0	0	0	62
Usage	-2,604	-85	-1,619	-659	-4,967
Release	-1,926	-99	-701	-1,537	-4,263
Currency translation difference	-182	29	-59	-324	-536
As of December 31, 2023	**10,801**	**9,753**	**8,941**	**3,780**	**33,275**
Change in scope of consolidation	5,133	4,564	2,743	3,011	15,451
Addition	3,279	10,598	2,009	1,083	16,969
Reclassification	12	0	0	0	12
Usage	-4,523	-6,136	-2,523	-3,577	-16,759
Release	-3,143	-2,589	-2,596	-1,194	-9,522
Currency translation difference	-68	2	2	108	44
As of December 31, 2024	**11,491**	**16,192**	**8,576**	**3,211**	**39,470**

The provisions for product warranties cover the expected warranty claims for sold products during the warranty period.

Provisions for legal and litigation costs mainly include provisions for potential litigation, settlements and penalties for critical projects.

The provision for impending losses includes the risks from the valuation of the regular projects. This also includes project follow-up costs for customer projects that have already been accepted.

15 Trade payables

Accounting methods>>

Some Kontron companies offer reverse factoring agreements through partner banks, within which selected suppliers can choose to receive earlier payment of their invoices by selling receivables from the Kontron company. In this agreement, the banks agree to pay invoice amounts owed by the Group companies to the participating suppliers ahead of schedule. In a separate agreement between the respective bank and the Kontron company, the settlement at the end of the payment term is carried out by the Kontron companies. The purpose of the agreements is to make payment processes more efficient and to enable participating suppliers to sell their receivables to a bank before the due date.

In the Kontron Group, the liabilities underlying the agreement between suppliers and bank are not written off, as no legal exemption is obtained and the liability has not been changed as a result of the entry. From the Group's point of view, the use of a reverse factoring solution does not significantly extend the payment period compared to the deadlines with non-participating suppliers. The amounts subject to reverse factoring are therefore shown under trade payables, as the nature and function of the financial liability corresponds to the remaining trade payables. All liabilities covered by the reverse factoring agreements are reported as current as of the balance sheet date.

Payments to banks - in connection with reverse factoring agreements - are reported in the consolidated cash flow statement in net cash flow from operating activities, as these continue to represent payments for the purchase of goods and services.

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Trade payables are non-interest bearing and all have a remaining term of up to one year. Of the trade payables of TEUR 272,352 (PY: TEUR 273,056) shown in the balance sheet as of December 31, 2024, TEUR 8,856 (PY: TEUR 30,575) relate to liabilities subject to reverse factoring agreements.

16 Other current financial liabilities

Other current financial liabilities break down as follows:

IN TEUR	2024	2023
Current leasing liabilities	25,776	19,083
Current hire purchase liabilities	8,350	0
Current component of conditional consideration	752	268
Debitors with credit balances and credits due to clients	587	952
Deferred liabilities – others	5,573	5,246
Other interest bearing loans	4,594	1,493
Others	2,509	1,909
Total other current financial liabilities	**48,141**	**28,951**

17 Other current liabilities

Other current liabilities break down as follows:

IN TEUR	2024	2023
Liabilities from value added tax and wage taxes	18,936	17,722
Liabilities due to employees	40,888	31,616
Liabilities from social charges	4,557	4,407
Current income tax liabilities	25,304	17,152
Prepayments received	1,173	412
Others	3,451	3,486
Total other current liabilities	**94,309**	**74,795**

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Other disclosures

01 Notes to the cash flow statement

Accounting methods>>

The consolidated cash flow statement shows cash flows separated into cash inflows and cash outflows and categorized as either operating activity or investment and financing activity.

The operating cash flow is calculated using the indirect method by adjusting earnings before taxes for non-cash transactions and transactions assigned to the investment and financing sector. The net cash flow from investing activities is calculated using the direct method, as is the net cash flow from financing activities.

Investment activities primarily include disbursements for the acquisition of non-current non-financial assets (tangible assets and intangible assets), payments for the acquisition of subsidiaries, payments from the sale of discontinued activities, and interest income.

In addition to cash flows from the increase or decrease in financing liabilities and financial liabilities and the repayment of lease liabilities, financing activities also include dividend payments, disbursements for the purchase of non-controlling interests and disbursements for the purchase of treasury shares. The repayment of lease liabilities is reported under the item "Decrease in financing liabilities and financial liabilities".

Changes in balance sheet items shown in the consolidated cash flow statement cannot be deduced directly from the consolidated balance sheet because, among other things, effects from currency translation, changes in the scope of consolidation (business combinations or deconsolidations) and classification as assets or liabilities held for sale do not affect payment.

In the previous financial year, cash and cash equivalents included liquid assets on the balance sheet less overdraft facilities, provided that these constituted an integral part of cash management, as well as restricted cash at banks. Moreover, restricted bank balances were excluded from the definition of cash and cash equivalents.

In financial year 2024, this will be revised so that cash and cash equivalents only include liquid funds according to the consolidated balance sheet as well as restricted bank balances, i.e. cash in hand and cash at banks, provided that they are available within three months of the date of deposit. Changes in overdraft facilities are now reported in cash flow from financing activities under the items “Increase in financing liabilities and financial liabilities” and “Decrease in financing liabilities and financial liabilities”. The reclassification was carried out due to the problem of determining whether and which part of overdrafts form an integral part of the company's cash management. In addition, this amendment facilitates comparison with other companies. The previous year's presentation of the consolidated cash flow statement was adjusted accordingly.

The effect of the change in cash and cash equivalents on cash flow from financing activities is as follows:

IN TEUR	2023 AFTER ADJUSTMENT	2023 BEFORE ADJUSTMENT
Decrease in financing liabilities and financial liabilities	-131,577	-75,425
Cash flow from financial activities	**-246,367**	**-190,215**

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Cash and cash equivalents according to the consolidated cash flow statement are as follows:

IN TEUR	2024	2023
Cash on hand	60	53
Credit balances at banks	315,577	332,182
Cash and cash equivalents according to consolidated balance sheet	**315,637**	**332,235**
thereof restricted cash	3,737	4,333

The cash flows in the consolidated cash flow statement attributable to the discontinued operation are shown in the following table:

IN TEUR	2024	2023
Cash flow from operating activities	0	273
Cash flow from investing activities	12,220	111,905
Cash flow from financing activities	0	-68

The cash flow from investing activities undertaken by the discontinued operation in 2024 and 2023 includes further, contractually agreed cash inflows for the IT service business sold in financial year 2022, less the associated cash outflows.

Refer to Section A for information on the effectiveness of business acquisitions.

The following table shows the Group's financing liabilities, including liabilities from leases, broken down into their cash and non-cash portions:

IN TEUR		CASH EFFECTIVE CHANGES	NON-CASH EFFECTIVE CHANGES		
	01.01.2024		New leases	Other changes	31.12.2024
Bonded loans	167,500	1,000	0	0	168,500
Other loans and overdrafts	43,251	170,415	0	96,578	310,245
Other financial liabilities	2,542	-12,569	0	37,397	27,369
Lease liabilities	52,178	-25,501	26,700	50,056	103,433
Total liabilities from financial activities	**265,471**	**133,345**	**26,700**	**184,031**	**609,547**

IN TEUR		CASH EFFECTIVE CHANGES	NON-CASH EFFECTIVE CHANGES		
	01.01.2023		New leases	Other changes	31.12.2023
Bonded loans	167,500	0	0	0	167,500
Other loans and overdrafts	152,490	-107,290	0	1,113	46,312
Other financial liabilities	519	748	0	0	1,267
Lease liabilities	42,779	-13,258	18,237	4,420	52,178
Total liabilities from financial activities	**363,288**	**-119,800**	**18,237**	**5,533**	**267,258**

Other financial liabilities mainly include liabilities from hire purchases of fixed assets. The lease liabilities are reported under the balance sheet items other current and non-current financial liabilities.

The other changes in financial year 2024 include non-cash changes from business combinations amounting to TEUR 184,290 (PY: TEUR 4,480), a reduction in lease liabilities due to the early termination of leases amounting to TEUR 6,142 (PY: TEUR 1,004), the accrual of interest on lease liabilities of TEUR 4,414 (PY: TEUR 1,720) as well as currency effects, especially concerning the lease liabilities. In addition, the non-cash changes include the divestiture of lease liabilities totaling TEUR 404 (PY: TEUR 267) as a result of deconsolidations.

02 Segment reporting

In line with the portfolio priorities, the group of companies has been reported and managed in the “Europe”, “Global” and “Software + Solutions” segments since the beginning of financial year 2023. This was continued in the past financial year 2024.

- “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 business segment focuses on the Kontron Group's proprietary technologies and solutions, in particular for the industrial automation, solutions for 5G connectivity and communication, medical technology and smart energy markets. In addition, the remaining IT services business in Austria, Hungary and Romania is reported for servicing and supporting the IoT business in this segment.

- "Global": The "Global" segment presents the Kontron Group's business activities in North America and Asia. In addition to its own portfolio, products and solutions from the "Europe" segment are also marketed.
- "Software + Solutions": This segment comprises the Group-wide software portfolio, primarily for the industrial automation sector, the Kontron operating system KontronOS, and the solutions business in the transport, avionics and defence sectors. In 2024, the takeover of Katek added the cash-generating unit GreenTec, which focuses on innovative solutions in the fields of solar energy, electromobility and renewable energy. This segment has the areas with the highest margins and the highest growth rates in the Group.

EBITDA and gross profit (revenues less expenses for material and other services purchased) of the operating segments are monitored separately by the Executive Board on the basis of IFRS in order to make decisions on resource allocation and to determine the profitability of the segments. The development of the segments is assessed on the basis of EBITDA and gross profit and evaluated in accordance with the Group EBITDA and gross profit in the consolidated financial statements.

The transfer prices between the business segments are based on acquisition or production costs on the basis of normal capacity utilization plus a uniform Group mark-up.

The business development within the segments is as follows:

2024 IN TEUR	EUROPE	GLOBAL	SOFTWARE + SOLUTIONS	CONSOLIDATION/ RECONCILIATION	TOTAL
Total revenues	1,161,831	312,567	535,650		2,010,048
Internal revenues	-184,129	-75,044	-66,054	-325,227	
Revenues	**977,702**	**237,523**	**469,596**		**1,684,821**
Gross profit	349,425	82,941	261,393		693,759
EBITDA	**81,720**	**23,031**	**87,039**		**191,790**
Depreciation and amortization	-41,881	-8,087	-27,663		-77,631
EBIT	**39,839**	**14,944**	**59,376**		**114,159**
Finance income				6,358	6,358
Finance expenses				-29,303	-29,303
Income taxes				-2,714	-2,714
Profit from continuing operations					**88,500**
Segment assets	863,078	201,299	483,628		1,548,005
Segment liabilities	824,188	88,414	258,438		1,171,040
Segment investments	38,077	9,164	23,982		71,223

2023 IN TEUR	EUROPE*)	GLOBAL	SOFTWARE + SOLUTIONS*)	CONSOLIDATION/ RECONCILIATION	TOTAL
Total revenues	881,129	258,569	293,613		1,433,311
Internal revenues	-118,518	-50,887	-37,959	-207,364	
Revenues	**762,611**	**207,682**	**255,654**		**1,225,947**
Gross profit	250,360	65,536	150,328		466,224
EBITDA	**64,805**	**19,080**	**42,137**		**126,022**
Depreciation and amortization	-22,896	-6,301	-10,349		-39,546
EBIT	**41,909**	**12,779**	**31,788**		**86,476**
Finance income				8,882	8,882
Finance expenses				-16,139	-16,139
Income taxes				-3,541	-3,541
Profit from continuing operations					**75,678**
Segment assets	734,721	152,165	255,818		1,142,704
Segment liabilities	519,121	71,374	176,191		766,686
Segment investments	25,597	7,401	13,277		46,275

*) Adjusted: Reclassification "Kontron Modular Computers S.A.S.", Toulon, France, from segment "Europe" to segment "Software + Solutions"

As a result of the reclassification of "Kontron Modular Computers S.A.S.", revenue in the "Software + Solutions" segment increased by TEUR 26,370, with the EBITDA contribution amounting to TEUR 4,222.

"EBITDA" represents EBITDA before headquarter charges cleared 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 or loss for the period that are not directly associated with the operative business of the segments are therefore also reported in the "Europe" segment.

Segment assets comprise current and non-current assets without goodwill, investments and securities.

Segment liabilities comprise current and non-current liabilities.

Information about geographical areas:

IN TEUR	2024		2023	
	REVENUES	NON-CURRENT ASSETS	REVENUES	NON-CURRENT ASSETS
Germany	439,421	179,279	213,653	57,680
North America	243,672	44,896	130,868	26,609
Austria	143,267	43,431	130,955	35,785
Hungary	134,884	27,288	103,896	11,438
Slovenia	81,941	41,183	79,293	40,922
France	73,030	21,147	57,781	16,386
Bulgaria	51,910	11,058	49,317	1,348
China	49,233	925	50,403	1,679
Switzerland	41,660	8,204	29,941	7,804
Romania	41,081	7,344	68,475	8,408
Russia	40,278	6,320	54,529	5,653
Great Britain	34,834	1,216	32,447	1,032
Czech Republic	31,972	5,470	28,822	398
Spain	30,270	2,635	21,954	2,170
Japan	26,737	0	13,085	0
Other countries	220,631	4,746	160,528	4,113
	1,684,821	**405,140**	**1,225,947**	**221,425**

The presentation of non-current assets includes property, plant and equipment, intangible assets as well as non-current contract assets and other non-current assets.

The presentation of revenues by geographical area is based on the respective registered office of the customer.

The Group did not generate 10% or more of the reported revenues with any single external customer.

03 Information about financial instruments

Accounting methods>>

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments recognized as financial assets or financial liabilities are generally reported separately.

Financial instruments are initially recognized at fair value. For subsequent measurement, the financial instruments are assigned to one of the measurement categories listed in IFRS 9:

- financial assets measured at acquisition costs
- financial assets measured at fair value through other comprehensive income (with recycling)
- financial assets measured at fair value through profit or loss

In the case of financial assets classified as equity instruments, there is an option to measure them at fair value (without recycling) without affecting profit or loss.

Financial assets

Financial assets include, in particular, trade receivables, cash at bank, cash in hand, derivative financial assets and marketable securities and similar funds and financial investments. The classification of financial instruments is based on the business model in which the instruments are held and the composition of the contractual cash flows.

Financial assets measured at acquisition costs (debt instruments)

Financial assets measured at acquisition costs are non-derivative financial assets with contractual payments consisting exclusively of interest payments and repayments on the outstanding nominal amount and which are held with the aim of collecting the contractually agreed cash flows, such as trade receivables, financial leasing receivables or cash and cash equivalents ('Hold to collect' business model).

After initial measurement, such financial assets are subsequently measured at acquisition costs using the effective interest rate, less impairment for expected loss. Gains and losses are recognized in net income / loss for the period when the asset is derecognized, modified or impaired. The interest effects from the application of the effective interest method and effects from currency conversion are also recognized in profit or loss.

Financial assets (debt instruments) measured at fair value in other comprehensive income (with recycling) without effect on profit or loss

Financial assets that are measured at fair value through other comprehensive income (with recycling) are non-derivative financial assets with contractual payments that consist exclusively of interest and repayments on the outstanding nominal amount and that are held with the aim of both collecting the contractually agreed cash flows and making sales ('Hold to collect and sell' business model). For financial instruments that are measured at fair value through profit or loss (with recycling), interest income, revaluations of foreign exchange gains and losses as well as impairment losses or value recovery are recognized in the statement of profit or loss and calculated in the same way as for financial assets measured at acquisition costs. The remaining changes in fair value are recognized in other comprehensive income. On derecognition, the cumulative gain or loss from changes in fair value recognized in other comprehensive income is reclassified to the statement of profit or loss.

Financial assets (equity instruments) measured at fair value through other comprehensive income (without recycling)

On initial recognition, the Group may irrevocably elect to classify its equity instruments as equity instruments measured at fair value through other comprehensive income if they meet the definition of equity in IAS 32 (Financial Instruments: Presentation) and are not held for trading. The classification is done individually for each instrument.

Gains and losses on these financial assets are never reclassified to the statement of profit or loss. Dividends are recognized in the statement of profit or loss as other income if the legal entitlement to payment exists, unless the dividends recover part of the acquisition costs of the financial asset. In this case, the gains are recognized in other comprehensive income. Equity instruments measured at fair value through other comprehensive income are not tested for impairment.

Financial assets at fair value through profit or loss

The group of financial assets at fair value through profit or loss includes financial assets designated upon initial recognition as at fair value through profit or loss or financial assets that are required to be measured at fair value. Financial assets are classified as held for trading if they have been acquired for sale or repurchase in the short term.

Financial assets at fair value through profit or loss are recognized in the balance sheet at fair value, with changes in fair value recognized net in the statement of profit or loss.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses on all financial instruments that are not measured at fair value through profit or loss. Expected credit losses are based on the difference between the contractual cash flows to be paid under the contract and the total cash flows the Group expects to receive, discounted at an approximation of the original effective interest rate.

Expected credit losses are recognized in two steps. For financial instruments whose default risk has not increased significantly since initial recognition, a risk provision is recognized in the amount of the expected credit losses based on a default event within the next twelve months (12-month ECL). For financial instruments whose default risk has increased significantly since initial recognition, a risk provision must be recognized in the amount of the expected credit losses over the entire remaining term of the respective instrument, regardless of when the default event occurs (lifetime ECL).

For trade receivables, finance lease receivables and contract assets from customer contracts, the Kontron Group applies a simplified method to calculate expected credit losses in the form of a lifetime ECL using an impairment matrix. Therefore, the Kontron Group does not track changes in credit risk in these financial instruments but instead recognizes a provision for risk on the basis of the lifetime ECL at each reporting date.

The provision ratios are determined on the basis of the overdue period in days. The calculation includes the probability-weighted income, taking into account the interest effect as well as appropriate and reliable information on past events, current circumstances and expected future economic conditions available at the balance sheet date.

Impairment losses are reversed through profit or loss when the reason for impairment ceases to exist or there is an improvement.

Derecognition

A contract asset, or part of a financial asset, is derecognized when the contractual rights to receive cash flows from the financial asset have expired or the contractual rights to receive cash flows from the financial asset have been transferred to third parties.

When the Group transfers its contractual rights to receive cash flows from the asset, it assesses whether and to what extent it retains the risks and rewards of ownership. If all risks and rewards are substantially transferred, accounts receivable are fully derecognized. However, any default or dilution reserves are retained. If all risks and rewards are neither substantially transferred nor retained, but a transfer of control takes place, the accounts receivable are fully derecognized. If this is not the case, accounts receivable are derecognized only to the extent that no commitment subsists. In the case of factoring for which a percentage excess has been agreed in the event of bad debts, the accounts receivable are fully derecognized on the basis of the transfer of control. Until the factoring agreements were amended in financial year 2024, sold receivables entailed a “first loss” risk. Due to this ongoing commitment, this risk continued to be recognized as a receivable to the extent of the first loss. Following amendment of the factoring agreements, no “first loss” risk subsists as of the balance sheet date December 31, 2024 and accounts receivable are derecognized on the basis of the transfer of control.

Financial liabilities

All financial liabilities are initially measured at fair value, less directly attributable transaction costs in the case of loans and liabilities.

The Group's financial liabilities include, in particular, trade payables and other liabilities, loans and overdrafts as well as finance lease liabilities.

Financial liabilities measured at acquisition costs

After initial recognition, financial liabilities are measured at acquisition costs using the effective interest method.

Liabilities to banks and trade payables are the most significant items in the consolidated financial statements.

A financial liability shall be derecognized when its underlying obligation has been fulfilled, terminated or ceased to exist. Where an existing financial liability is replaced by another financial liability of the same lender under substantially different terms or where the terms of an existing liability are materially modified, such a replacement or modification is treated as derecognition of the original liability and recognition of a new liability. The difference between the respective carrying amounts is recognized in profit or loss.

Determination of the fair value

Kontron AG measures financial instruments such as derivatives or contingent purchase price obligations at fair value at each reporting date. The fair values of financial instruments measured at acquisition costs are shown in the table below.

Fair value is the price received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value, it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability if there is no principal market.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability. It is assumed that the market participants will act in their best economic interest. A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The use of relevant observable inputs must be maximized while minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is determined or recognized in the financial statements are classified in the fair value hierarchy described below, based on the lowest level input factor that is material to the overall fair value measurement:

- Level 1: the market prices used in an active market (unadjusted) of identical assets and liabilities
- Level 2: Valuation techniques for which the lowest-level input that is significant to the overall fair value measurement is observable on the market, either directly or indirectly
- Level 3: Valuation techniques for which the lowest-level input that is significant to the overall fair value measurement is not observable in the market.

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The following table shows the carrying amounts of all financial instruments recognized in the consolidated financial statements by category in accordance with IFRS 9:

	MEASUREMENT CATEGORY ACC. IFRS 9	CARRYING AMOUNT 31.12.2024	FAIR VALUE 31.12.2024
ASSETS			
Cash and cash equivalents	at amortized costs	315,637	315,637
Trade receivables			
of which:	at amortized costs	227,744	227,744
of which:	FV through OCI (with recycling)	21,906	21,906
FV hierarchy			LEVEL 3
Other current financial assets	at amortized costs	17,681	17,681
FV hierarchy			LEVEL 2
Other non-current financial assets			
of which:	at amortized costs	9,129	9,129
of which:	FV through profit and loss	874	874
FV hierarchy			LEVEL 3
of which:	FV through OCI (with recycling)	8	8
FV hierarchy			LEVEL 1
LIABILITIES			
Other current financial liabilities			
of which:	at amortized costs	42,795	42,795
of which:	FV through profit and loss	752	752
FV hierarchy			LEVEL 3
Trade payables	at amortized costs	272,378	272,378
Current financing liabilities	at amortized costs	172,985	172,985
Non-current financing liabilities	at amortized costs	305,760	262,358
Other non-current finacial liabilities	at amortized costs	97,368	97,368
FV hierarchy			LEVEL 3

	MEASUREMENT CATEGORY ACC. IFRS 9	CARRYING AMOUNT 31.12.2023	FAIR VALUE 31.12.2023
ASSETS			
Cash and cash equivalents	at amortized costs	332,235	332,235
Trade receivables			
of which:	at amortized costs	194,184	194,184
of which:	FV through OCI (with recycling)	19,372	19,372
FV hierarchy			LEVEL 3
Other current financial assets	at amortized costs	20,778	20,778
FV hierarchy			LEVEL 2
Other non-current financial assets			
of which:	at amortized costs	8,136	8,136
of which:	FV through profit and loss	874	874
FV hierarchy			LEVEL 3
of which:	FV through OCI (with recycling)	0	0
FV hierarchy			LEVEL 1
LIABILITIES			
Other current financial liabilities			
of which:	at amortized costs	27,190	27,190
of which:	FV through profit and loss	268	268
FV hierarchy			LEVEL 3
Trade payables	at amortized costs	273,056	273,056
Current financing liabilities	at amortized costs	150,873	150,873
Non-current financing liabilities	at amortized costs	60,138	58,061
Other non-current finacial liabilities	at amortized costs	35,477	35,477
of which:	at amortized costs	35,477	35,477
of which:	FV through profit and loss	823	823
FV hierarchy			LEVEL 3

04 Capital management

The primary objective of the Group's capital management is to ensure that, in order to support its operations and maximize shareholder value, it has a credit rating with banks that enables it to obtain debt financing at the lowest possible cost. From the management's point of view, a key indicator for achieving the credit rating is the equity ratio in the Group. As of the reporting date, the Group equity ratio is 35.8% (PY: 44.1%). Management monitors capital using the debt-equity ratio, which is the ratio of net financial debt to the sum of equity and net financial debt. Monitoring is carried out as part of the monthly reporting of the Group companies and is reported to the Executive Board. As of the reporting date, net financial liabilities amounted to TEUR 855,777 (PY: TEUR 434,451) and the sum of equity and net financial liabilities to TEUR 1,508,055 (PY: TEUR 1,038,422), resulting in a gearing ratio of 56.7% (PY: 41.8%). Net financial debt includes interest-bearing loans, trade payables and other liabilities less cash and short-term deposits. Equity capital comprises the equity capital reported in the balance sheet. If necessary, the Group may increase the equity ratio within the framework of the authorized capital by issuing new shares. The Group manages its capital structure and makes adjustments taking into account changes in the economic environment. In order to maintain or adjust the capital structure, the Group may make adjustments to dividend payments to shareholders or issue new shares.

IN TEUR	2024	2023
Equity	652,278	603,971
Total equity and liabilities	1,823,692	1,370,657
Equity ratio	**35.8%**	**44.1%**
Non-current liabilities	452,933	136,098
Current liabilities	718,481	630,588
	1,171,414	**766,686**
Cash and cash equivalents	-315,637	-332,235
Net financial liabilities	**855,777**	**434,451**
Equity	652,278	603,971
Equity and net financial liabilities	1,508,055	1,038,422
Debt ratio	**56.7%**	**41.8%**

As of December 31, 2024, no changes have been made to the objectives, policies and procedures. The financial ratios required by the banks for the granting of framework credit lines were met.

05 Risk management

The main financial liabilities used by the Group – except for derivative financial instruments – include bank loans, bonded loans and short-term overdraft facilities, lease liabilities, trade payables and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group has various financial assets, such as trade receivables, other receivables as well as cash and current deposits, which result directly from its business activities.

In addition, the Group has derivative financial instruments that are used to hedge against currency and interest rate risks arising from the Group's business activities and its sources of financing. Trading in derivatives for speculative purposes is not conducted in accordance with the Group's internal guidelines.

The Group is exposed to market, credit and liquidity risks. The management of these risks is the responsibility of the Group's management. The management decides on strategies and procedures to control individual types of risk, which are presented below.

Liquidity risk

The Kontron Group's strategy generally includes local financing of day-to-day operations (e.g. accounts receivable factoring, supply chain financing or overdraft facilities). However, larger investments, projects or acquisitions are financed centrally via intercompany financing, taking advantage of the beneficial financing conditions offered by Kontron AG. The Group companies are subject to factoring and reverse factoring programs centrally set up by Kontron AG. The implementation and realization of these programs is the responsibility of the local companies and is done so within the parameters set out by the Group. In a few exceptional cases, local accounts receivable factoring and local reverse factoring are used for historical reasons and due to good local business relationships, where Kontron AG is usually liable to the local financial institution and the Group company concerned can obtain more favorable financing conditions locally. The Kontron Group credit guideline is applicable to local loans. Should new local financing be required, all relevant documentation (loan or credit agreement) must be submitted in advance to the Head of Financing, Treasury and Insurance at Kontron AG.

The Group continuously monitors the risk of a possible liquidity bottleneck by means of liquidity planning in order to identify any financing requirements at an early stage and to coordinate them with its banking partners.

The Group's objective is to maintain a balance between continuously meeting its funding needs and ensuring flexibility through the use of short-term overdraft facilities and other sources of funding.

As of December 31, 2024 the Group's financial liabilities have the following maturities. The figures are based on the contractual, non-discounted payments.

2024	UP TO 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financing liabilities	187,688	335,035	0	522,723
Lease liabilities	29,146	64,280	31,150	124,576
Trade payables	272,378	0	0	272,378
Other financial liabilities	22,367	20,048	0	42,415
	511,579	**419,363**	**31,150**	**962,092**

2023	UP TO 1 YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Financing liabilities	154,999	62,340	1,396	218,735
Lease liabilities	20,244	38,785	1,036	60,065
Trade payables	273,056	0	0	273,056
Other financial liabilities	11,328	2,145	0	13,473
	459,627	**103,270**	**2,432**	**565,329**

The carrying amount of financing liabilities as of December 31, 2024 is TEUR 478,745 (PY: TEUR 211,011) and consists of non-current financing liabilities of TEUR 305,760 (PY: TEUR 60,138) and of short-term bank loans and overdraft facilities amounting to TEUR 172,985 (PY: TEUR 150,873). Interest accrued on interest-bearing liabilities amounted to TEUR 29,303 (PY: TEUR 16,112).

The Kontron Group uses a reverse factoring program for supplier financing in selected Group companies and for certain suppliers. These agreements may also lead to greater utilization of existing payment terms. The liabilities remain part of the working capital used in the normal operating cycle of the company. However, in balance sheet terms as well as in terms of civil law, there are no effects that result in a reclassification of trade payables to another type of liability in the balance sheet.

The agreement does not result in any extension of existing payment terms (these are generally between 60 and 120 days) and the liabilities covered relate exclusively to the purchase of inventories for production in connection with customer contracts. Kontron is not required to provide (additional) collateral for these liabilities.

As of December 31, 2024, liabilities amounting to TEUR 8,856 (PY: TEUR 30,575) are covered by this program. The liabilities are shown in the consolidated balance sheet under "Trade payables".

Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk includes the following three types of risk: exchange rate risk, interest rate risk and other price risks. Financial instruments exposed to market risk include interest-bearing loans, deposits, available-for-sale financial assets and derivative financial instruments.

Foreign currency risk

The Group is exposed to currency risks from individual transactions. These risks result from purchases and sales of an operating unit in a currency other than the functional currency of that unit. The main currency risks result from the change in the US dollar/EUR exchange rate. As a global company, Kontron makes revenue and material purchases in US dollars and euros. The resulting currency effects are partially offset over time. Remaining peaks are hedged through the use of short-term futures contracts or options transactions. To optimize the hedging strategy, the risk from the difference between foreign currency income and expenses of planned transactions that are highly likely to occur within the framework of Group planning is eliminated or limited by using various hedging instruments.

The fair value of the forward exchange dealings with a nominal volume of TEUR 0 (PY: TEUR 4,700) amounted to TEUR 0 (PY: TEUR -9) as of December 31, 2024.

For the presentation of currency risks, IFRS 7 requires a currency sensitivity analysis that shows the effects of hypothetical changes in relevant risk variables on income and equity. Relevant risk variables are basically all non-functional currencies in which Group companies enter into financial instruments. The periodic effects are determined by relating the hypothetical changes in the risk variables to the portfolio of financial instruments on the reporting date. It is assumed that the portfolio on the balance sheet date is representative for the entire year.

The following table shows the sensitivity of the Group's net income or loss for the period (due to the change in fair value of monetary assets and liabilities) to a change in the exchange rate of the US dollar that may reasonably be considered possible. All other variables remain constant.

	EXCHANGE RATE USD	EFFECT ON EARNINGS BEFORE TAXES IN TEUR
Financial year 2024	+10%	-3,841
	-10%	3,841
Financial year 2023	+10%	-4,363
	-10%	4,363

As of December 31, 2024, there were no forward exchange contracts. The following table shows the sensitivity of the result from the market valuation of the forward exchange contracts existing as of December 31, 2023. The impact on the result of a fictitious change of the euro against the foreign currency by 5% or 10% is shown:

CHANGE IN VALUE OF EURO	EFFECT ON EARNINGS BEFORE TAXES IN TEUR	
	FINANCIAL YEAR 2024	FINANCIAL YEAR 2023
+5%	0	-223
+10%	0	-426
-5%	0	247
-10%	0	521

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from variable rate financing and invested time deposits. A change in the general interest rate level could lead to an increase or decrease in interest expenses or interest income.

The following interest rate sensitivity analysis was prepared assuming that interest rates would have been 100 basis points higher or lower in all currencies for variable interest rates and for short-term fixed interest rates (cash advances) during the reporting period. This represents the management's assessment of a justified possible change in interest rates.

As a basis, the interest rate risk exposure of financial instruments was determined as of the balance sheet date, and it was assumed that the outstanding liabilities or receivables were outstanding for the entire year as of the reporting date.

Approximately 64.9% (PY: 46.9%) of the financing liabilities amounting to TEUR 478,745 (PY: TEUR 211,011) are subject to variable interest rates. This includes tranches from the bonded loan totaling TEUR 141,500 (PY: TEUR 75,000). Tranches from the bonded loan totaling TEUR 27,000 (PY: TEUR 92,500), and other bank loans amounting to TEUR 141,122 (PY: TEUR 19,500) are fixed-interest loans.

If interest rates had been 100 basis points higher and all other variables had been constant, the interest paid would have been TEUR 3,106 higher (PY: TEUR 990). The interest rate fluctuations examined have no direct effect on equity. With regard to the liabilities reported in the balance sheet, the Group is currently not exposed to any material interest rate risk.

In addition, a loan taken over as part of the acquisition of Kontron Solar Bulgaria EOOD (formerly Katek Electronic Bulgaria EOOD) and amounting to TBGN 3,716 is set at TEUR 1,900 as of December 31, 2024.

To hedge interest rate changes on existing floating-rate loans, an interest rate swap was concluded in financial year 2021 with a matching rate and a seven-year term until April 26, 2028. The fair value of the interest rate swap as of December 31, 2024 amounts to TEUR 64. The requirements for hedge accounting are not met.

If interest rates had been 100 basis points higher and all other variables had been constant,the interest paid would have been TEUR 35 higher. If interest rates had been 100 basis points lower and all other variables had remained constant, the interest paid would have been TEUR 36 lower. The interest rate fluctuations examined have no direct effect on equity. With regard to the liabilities reported in the balance sheet, the Group is currently not exposed to any material interest rate risk.

Credit risk

Credit risk is the risk that a business partner fails to meet its obligations relating to a financial instrument or customer framework agreement and that this results in a financial loss. The Group is exposed to credit risks in the course of its operating activities (in particular risks arising from trade receivables) as well as risks in the course of financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

To minimize credit risk, depending on the form of payment and amount being serviced, credit rating information is obtained, or historical data from the existing business relationship (and in particular payment patterns) are used to avoid payment defaults. For this purpose, the Group has introduced an accounts receivable management system that monitors the receivables on an ongoing basis. In addition, trade receivables are mainly covered by credit insurance. Insofar as default risks are nevertheless identifiable for the individual financial assets, these risks are recognized through value adjustments. A concentration of default risks from business relationships with individual debtors or groups of debtors is not recognizable.

The balance sheet amount of financial assets indicates, irrespective of existing collateral, the maximum credit risk in the event that business partners are unable to meet their contractual payment obligations. The corresponding disclosures can be found in the chapter “Information on financial instruments”.

The following overview shows the default risk position of the Group's trade receivables determined with the help of a value adjustment matrix:

31.12.2024	NOT OVERDUE	1 TO 60 DAYS OVERDUE	61 TO 90 DAYS OVERDUE	91 TO 180 DAYS OVERDUE	181 TO 270 DAYS OVERDUE	271 TO 365 DAYS OVERDUE	MORE THAN 365 DAYS OVERDUE
Estimated total gross carrying amount of delinquent payments	192,280	39,072	4,177	5,672	3,329	3,145	9,124
Expected credit losses	390	192	146	239	273	336	5,572

The previous year was as follows:

31.12.2023	NOT OVERDUE	1 TO 60 DAYS OVERDUE	61 TO 90 DAYS OVERDUE	91 TO 180 DAYS OVERDUE	181 TO 270 DAYS OVERDUE	271 TO 365 DAYS OVERDUE	MORE THAN 365 DAYS OVERDUE
Estimated total gross carrying amount of delinquent payments	182,461	21,504	3,849	3,598	1,187	561	8,065
Expected credit losses	411	179	98	284	206	90	6,401

With regard to the trade receivables that are neither impaired nor in delay of payment, there are no indications as at the reporting date that the debtors will not meet their payment obligations. This also applies to overdue, unimpaired trade receivables.

06 Other financial obligations

Contingent liabilities

Accounting methods>>

Contingent liabilities are not included in the balance sheet. They are disclosed when the possibility of an outflow of resources with economic benefits is not likely, but possible, or the amount cannot be assessed sufficiently reliably.

As part of its business activities, the Kontron Group is exposed to a potential drain of resources in various proceedings with authorities or as part of performance and bid bonds. These issues can be regarded as typical of the sector in which the Kontron Group operates. They chiefly consist of the performance and bid bonds cited below.

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In the context of the operating business, the Kontron Group has issued performance and bid bonds totaling TEUR 26,393 (PY: TEUR 36,654). These performance and bid bonds stem mainly from Kontron's subsidiaries in the Czech Republic with TEUR 0 (PY: TEUR 10,930), France with TEUR 817 (PY: TEUR 809), Slovenia with TEUR 13,230 (PY: TEUR 9,837), Russia with TEUR 3,019 (PY: TEUR 1,668), Spain with TEUR 4,031 (PY: TEUR 3,173), Germany with TEUR 1,401 (PY: TEUR 540) and Belgium with TEUR 1,455 (PY: 1,451). Bonds also exist in other subsidiaries with a total value of TEUR 2,440 (PY: TEUR 8,246).

07 Auditor´s fees

For services rendered by the auditor KPMG Austria GmbH Wirtschaftsprüfung- und Steuerberatungsgesellschaft in financial year 2024, TEUR 776 (PY: TEUR 482) was spent. Of this amount, TEUR 542 (PY: TEUR 328) is attributable to the audit of the financial statements and TEUR 234 (PY: TEUR 154) to other services.

08 Stock option programs

Accounting methods>>

According to IFRS 2, a distinction is made in share-based remuneration between cash-settled and equity-settled transactions. For both instruments, the fair value is determined at the grant date. This is then allocated as a personnel expense over the period during which the beneficiaries acquire an unconditional entitlement to the instruments.

The current remuneration programs of Kontron AG provide for the option to deliver shares to the beneficiaries against payment of the exercise price or to offer a cash settlement, whereby the option lies solely with Kontron AG. As settlement in shares is intended and Kontron AG also has sufficient conditional capital, the commitment must be recognized as an equity-settled transaction. The expenses resulting from the granting of equity instruments and the corresponding increase in equity were recognized for the 2018/2019 stock option program and the 2024/2025 stock option program over the period in which the vesting conditions must be satisfied (so-called vesting period). This period ends on the day of the first exercise, i.e. the date on which the employee concerned becomes irrevocably entitled to subscribe.

The fair values were determined using appropriate option pricing models. The stock option plan measured at fair value is recognized in personnel expenses and equity.

The company has adopted stock option programs for employees, executives and members of the Executive Board of the company or any of its affiliated companies.

Stock option program 2024/2025

In November 2022, a total of 1,500,000 stock options were granted to the members of the Executive Board of Kontron AG and senior employees of Kontron AG as well as the executives of selected Group companies on the basis of the 2024/2025 stock option program.

The term of the stock option program began on the issue date and ends after 60 months. The stock options can be exercised after a waiting period. The waiting period begins on the date of issue and ends after 36 months. The exercise periods defined in the 2024/2025 stock option program are 30 stock exchange trading days each, beginning on the second stock exchange trading day after the publication of quarterly, semi-annual or annual reports and after the day of the annual press conference. At the time the stock option is exercised, the stock market price must be at least 25% above the exercise price.

Stock options not exercised expire at the end of the term. The stock options are only transferable between option holders, not to third parties. The 2024/2025 stock option program grants the company the exclusive right to deliver shares to the allottees against payment of the exercise price or to pay their entitlement in cash.

The fair value of the stock options granted was determined at the grant date using the Monte Carlo option pricing model and random walk theory and is recognized as an expense in the Income Statement over the 36-month vesting period.

Stock option program 2018/2019

In December 2018, a total of 1,000,000 stock options were granted to the members of the Executive Board of Kontron AG and senior employees of Kontron AG as well as to executives of selected Group companies on the basis of the 2018/2019 stock option program.

The term of the stock option program began on the issue date and ends after 60 months. The stock options can be exercised after a waiting period. The waiting period begins on the date of issue and ends after 36 months. The exercise periods defined in the stock option program are 30 stock exchange trading days each, beginning on the second stock exchange trading day after the publication of quarterly, semi-annual or annual reports and after the day of the annual press conference. At the time the stock option is exercised, the stock market price must be at least 25% above the exercise price.

Stock options not exercised expire at the end of the term. The stock options are only transferable between option holders, not to third parties. The two stock option programs grant the company the exclusive right to deliver shares to the allottees against payment of the exercise price or to pay their entitlement in cash.

By resolution of the Supervisory Board dated October 3, 2024, the term of the 2018/2019 stock option program for beneficiaries still employed by the Group from October 2024 was extended by one year until December 21, 2025. This concerns a total of up to 460,000 stock options.

The fair value of the stock options granted was determined at the grant date using the Black/Scholes option pricing model and was recognized as an expense in the Income Statement over the 36-month vesting period.

The following table shows the key parameters at the time the stock option programs were granted:

	STOCK OPTIONS PROGRAM 2018/2019	STOCK OPTIONS PROGRAM 2024/2025
Number of stock options	1,000,000	1,500,000
Day of issuance	December 21, 2018	November 14, 2022
Term	7 years	5 years
Exercising price	Closing quote on issuance day	Closing quote on issuance day
Stock quote on the day of issuance	EUR 15.71	EUR 15.30
Expected volatility	36.80%	33.30%
Interest rate	2.59%	2.47%
Expected term of the options	6.43 years	3.93 years
Option price	EUR 4.87	EUR 3.42

In financial year 2024, 125,000 options (PY: 370,000 options) relating to the 2018/2019 stock option program were exercised. Each option was exercised in cash, with TEUR 77 being paid in 2024 and TEUR 417 at the beginning of January 2025. As of December 31, 2024, the outstanding rights for the 2018/2019 stock option program total 460,000 (PY: 605,000). In financial year 2024, 20,000 shares in the 2018/19 stock option program expired as a result of a waiver (PY: 24,300 shares).

A total of 395,000 shares in the 2024/2025 stock option program were not allocated (PY: 280,000 shares). This increase of 115,000 shares compared to the previous year is due to the departure of employees in financial year 2024.

In financial year 2024, expenditure for the stock option programs recognized in personnel expenses amounts to TEUR 1,424 (PY: TEUR 1,702).

In addition, the company issued equity warrants in 2020 on the basis of a prospectus approved by the FMA. A total of 2,000,000 equity warrants, comprising 1,500,000 allotted and 500,000 publicly offered warrants, were issued. As of July 30, 2020, the warrants were admitted to official trading on the Vienna Stock Exchange and delivered to the respective subscribers and allottees. The first exercise of the conversion or subscription right is possible at the earliest 36 months after the issue of the warrant and only if the price of the Kontron AG share exceeds EUR 32.86. No warrants have been exercised so far.

09 Remuneration report

The remuneration report presents the basic features and structure of the remuneration systems in place for the Executive Board and Supervisory Board as well as the level of remuneration.

Remuneration of the Executive Board

The current remuneration system for the Executive Board is based on the remuneration policy adopted at the Annual General Meeting on June 8, 2021. This remuneration policy aims to gear Executive Board remuneration towards sustainable and results-oriented corporate governance. Remuneration of members of the Executive Board is structured in accordance with their responsibilities, scope of activities, individual performance, the size and financial situation of the company or the division for which they are responsible and, in particular, the success and future prospects of the company. In addition, the customary nature of the remuneration structure in the company's peer environment is taken into account. Since 2021, the improvement in the Kontron Group's environmental, social and governance (ESG) performance has also been incorporated into the medium-term incentive structure, which is 50% dependent on EBITDA (at least EUR 220 million) and 50% dependent on an improvement in the ESG rating (at least MSCI BBB). No medium-term remuneration was paid out or granted for 2024.

The total remuneration of the Executive Board members consists of various components, including fixed amounts paid out regardless of the company's success as well as variable short- and long-term components that depend on the company's performance. The remuneration packages are reviewed annually by the Remuneration Committee for customary practice.

In financial year 2024, remuneration paid to the Executive Board totaled TEUR 931 (PY: TEUR 1,383). It should be noted that the CEO receives only a small, fixed remuneration and two of the five Board members were only appointed in the second half of the past financial year. No pension commitments or payments were agreed for members of the Executive Board in the event of early termination of Executive Board activities, including following a change of control. No loans or assumption of liability in favor of members of the Executive Board were granted in the reporting year.

It is important to note that the short-term and long-term variable remuneration components can be recovered from the company if the payment was made on the basis of manifestly incorrect data ("clawback"). This underlines the transparency and responsibility of the Group with regard to Kontron AG's remuneration policy in line with the statements of intent made by shareholders at General Meetings on last year's remuneration reports.

The tables below show the benefits granted and the inflows paid out in financial year 2024. In addition to the actual amount of the benefits granted, the minimum possible amount and maximum amount that can possibly be attained are also indicated. The subscription rights granted for stock options from stock option programs are calculated according to fair value (option price) at the time of granting. The fixed remuneration components and the inflow from the one-year variable remuneration are reported for the inflow in the financial year. If stock options granted in previous years were exercised in the financial year, the incoming amount relevant for tax purposes is stated. Any deviations in the totals result from rounding differences.

BENEFITS GRANTED IN THE FINANCIAL YEAR IN TEUR	HANNES NIEDERHAUSER CEO 21.05.2012				CLEMENS BILLEK CFO 02.05.2022			
	2024	2024 (MIN)	2024 (MAX)	2023	2024	2024 (MIN)	2024 (MAX)	2023
REMUNERATION INDEPENDENT OF PERFORMANCE								
Gross salary	8	8	8	8	220	220	220	200
Fixed remuneration in kind 2)				2	12	12	12	10
Total fixed remuneration	8	8	8	10	232	232	232	210
PERFORMANCE-RELATED REMUNERATION								
One-year variable remuneration3)					80	0	80	100
Transaction-based bonuses					40	0	40	
Medium-term variable remuneration								19
Multi-year variable remuneration								
Stock option programs - with long-term share-based incentive4)								
SOP 2018 (Tranche 2018)								
SOP 2018 (Tranche 2019)								
Equity warrants 20205)								
SOP 2024/25 (Tranche 2024)								
SOP 2024/25 (Tranche 2025)								
Total variable remuneration					120		120	119
Total	**8**	**8**	**8**	**10**	**352**	**232**	**352**	**329**

BENEFITS GRANTED IN THE FINANCIAL YEAR IN TEUR	PHILIPP SCHULZ COO, AEROSPACE & DEFENSE AND NORTH AMERICA (SINCE 11.07.2024)1)				JOHANNES FUES COO, GREENTEC (SINCE 11.07.2024) 1)			
	2024	2024 (MIN)	2024 (MAX)	2023	2024	2024 (MIN)	2024 (MAX)	2023
REMUNERATION INDEPENDENT OF PERFORMANCE								
Gross salary	110	110	110		125	125	125	
Fixed remuneration in kind 2)	4	4	4		4	4	4	
Total fixed remuneration	114	114	114		129	129	129	
PERFORMANCE-RELATED REMUNERATION								
One-year variable remuneration3)	40	0	60		25	25	25	
Transaction-based bonuses								
Medium-term variable remuneration								
Multi-year variable remuneration								
Stock option programs - with long-term share-based incentive4)								
SOP 2018 (Tranche 2018)								
SOP 2018 (Tranche 2019)								
Equity warrants 20205)								
SOP 2024/25 (Tranche 2024)								
SOP 2024/25 (Tranche 2025)								
Total variable remuneration	40	0	60		25	25	25	
Total	**154**	**114**	**174**		**154**	**154**	**154**	

1) For members of the Executive Board appointed during the year, the figures presented in the tables for benefits granted and inflow refer to the period starting on the first day of the month of appointment.

2) Fixed remuneration in kind included: Car allowance, if applicable, garage spaces and meal allowances. No remuneration in kind is granted for e-cars in Austria.

3) Bonus based on individually agreed performance indicators

4) Allowance from SOP = number of SOP shares granted x option price

5) The allocated equity warrants for 2020 represent the long-term variable remuneration of the Executive Board for three financial years. There is a waiting period of three years and an exercise threshold relating to the development of the share price. In addition, further equity warrants were acquired for valuable consideration by the Executive Board under the 2020 equity warrant program on the basis of the public prospectus (for the number of equity warrants held as of December 31, 2024, see "Corporate Governance Report"

BENEFITS GRANTED IN THE FINANCIAL YEAR IN TEUR	MICHAEL RIEGERT COO, IOT EUROPE 01/01/2022				TOTAL*)			
	2024	2024 (MIN)	2024 (MAX)	2023	2024	2024 (MIN)	2024 (MAX)	2023
REMUNERATION INDEPENDENT OF PERFORMANCE								
Gross salary	183	183	183	161	645	645	645	649
Fixed remuneration in kind 2)	9	9	9	10	29	29	29	34
Total fixed remuneration	192	192	192	171	674	674	674	682
PERFORMANCE-RELATED REMUNERATION								
One-year variable remuneration3)	85	0	128	75	230	25	293	268
Transaction-based bonuses								
Medium-term variable remuneration				34				102
Multi-year variable remuneration								
Stock option programs - with long-term share-based incentive4)								
SOP 2018 (Tranche 2018)								
SOP 2018 (Tranche 2019)								
Equity warrants 20205)								
SOP 2024/25 (Tranche 2024)								
SOP 2024/25 (Tranche 2025)								
Total variable remuneration	85		128	109	270	25	333	371
Total	**277**	**192**	**319**	**279**	**944**	**699**	**1,007**	**1,053**

*) The difference between the total number and the sum of the individual amounts is attributable to former members of the Executive Board.

1) For members of the Executive Board appointed during the year, the figures presented in the tables for benefits granted and inflow refer to the period starting on the first day of the month of appointment.

2) Fixed remuneration in kind included: Car allowance, if applicable, garage spaces and meal allowances. No remuneration in kind is granted for e-cars in Austria.

3) Bonus based on individually agreed performance indicators

4) Allowance from SOP = number of SOP shares granted x option price

5) The allocated equity warrants for 2020 represent the long-term variable remuneration of the Executive Board for three financial years. There is a waiting period of three years and an exercise threshold relating to the development of the share price. In addition, further equity warrants were acquired for valuable consideration by the Executive Board under the 2020 equity warrant program on the basis of the public prospectus (for the number of equity warrants held as of December 31, 2024, see "Corporate Governance Report")

INFLOW IN THE FINANCIAL YEAR IN TEUR	HANNES NIEDERHAUSER CEO 21.05.2012		CLEMENS BILLEK CFO 02.05.2022	
	2024	2023	2024	2023
REMUNERATION INDEPENDENT OF PERFORMANCE				
Gross salary	8	8	220	200
Fixed remuneration in kind 1)		2	12	10
Total fixed remuneration	8	10	232	210
PERFORMANCE-RELATED REMUNERATION				
One-year variable remuneration 2)			130	100
Transaction-based bonuses				
Medium-term variable remuneration				
Multi-year variable remuneration				
Stock option programs - with long-term share-based incentive effect 3)				
SOP 2018 (Tranche 2018)				
SOP 2018 (Tranche 2019)				
Warrants 2020 4)				
SOP 2024/25 (Tranche 2024)				
SOP 2024/25 (Tranche 2025)				
Total variable remuneration			130	100
Total	**16**	**10**	**362**	**310**

INFLOW IN THE FINANCIAL YEAR IN TEUR	PHILIPP SCHULZ COO, AEROSPACE & DEFENSE AND NORTH AMERICA (SINCE 11.07.2024)		JOHANNES FUES COO, GREENTEC (SINCE 11.07.2024)	
	2024	2023	2024	2023
REMUNERATION INDEPENDENT OF PERFORMANCE				
Gross salary	110		119	
Fixed remuneration in kind 1)	4		4	
Total fixed remuneration	114		123	
PERFORMANCE-RELATED REMUNERATION				
One-year variable remuneration 2)	20		25	
Transaction-based bonuses				
Medium-term variable remuneration				
Multi-year variable remuneration				
Stock option programs - with long-term share-based incentive effect 3)				
SOP 2018 (Tranche 2018)				
SOP 2018 (Tranche 2019)				
Warrants 2020 4)				
SOP 2024/25 (Tranche 2024)				
SOP 2024/25 (Tranche 2025)				
Total variable remuneration	20		25	
Total	**134**		**148**	

1) Fixed remuneration in kind included: Car allowance, if applicable, garage spaces and meal allowances No remuneration in kind is granted for e-cars in Austria.

2) Bonus based on individually agreed performance indicators

3) Variable remuneration in kind: exercised stock options (number of shares x (share price at disposal date – option price granted)) + granted stock options and warrants (number of shares x option price)

4) The allocated equity warrants for 2020 represent the long-term variable remuneration of the Executive Board for three financial years. There is a waiting period of three years and an exercise threshold relating to the development of the share price. In addition, further share warrants were acquired for valuable consideration by the Executive Board under the 2020 share warrant program on the basis of the public prospectus (for the number of share warrants held as at December 31, 2024, see "Corporate Governance Report"

INFLOW IN THE FINANCIAL YEAR IN TEUR	MICHAEL RIEGERT COO, IOT EUROPE 01/01/2022		TOTAL*)	
	2024	2023	2024	2023
REMUNERATION INDEPENDENT OF PERFORMANCE				
Gross salary	183	151	639	638
Fixed remuneration in kind [1)]	22	24	42	48
Total fixed remuneration	204	174	681	686
PERFORMANCE-RELATED REMUNERATION				
One-year variable remuneration [2)]	75	56	250	418
Transaction-based bonuses				278
Medium-term variable remuneration				
Multi-year variable remuneration				
Stock option programs - with long-term share-based incentive effect [3)]				
SOP 2018 (Tranche 2018)				
SOP 2018 (Tranche 2019)				
Warrants 2020[4)]				
SOP 2024/25 (Tranche 2024)				
SOP 2024/25 (Tranche 2025)				
Total variable remuneration	75	56	250	697
Total	**279**	**231**	**931**	**1,383**

*) The difference between the total number and the sum of the individual amounts is attributable to former members of the Executive Board.

1) Fixed remuneration in kind included: Car allowance, if applicable, garage spaces and meal allowances No remuneration in kind is granted for e-cars in Austria.

2) Bonus based on individually agreed performance indicators

3) Variable remuneration in kind: exercised stock options (number of shares x (share price at disposal date - option price granted)) + granted stock options and warrants (number of shares x option price)

4) The allocated equity warrants for 2020 represent the long-term variable remuneration of the Executive Board for three financial years. There is a waiting period of three years and an exercise threshold relating to the development of the share price. In addition, further equity warrants were acquired for valuable consideration by the Executive Board under the 2020 equity warrant program on the basis of the public prospectus (for the number of equity warrants held as of December 31, 2024, see "Corporate Governance Report").

Fixed remuneration component

The non-performance-related fixed remuneration component is intended to create an incentive for the Executive Board members to pursue the Company's objectives to the best of their ability and to act in the interests of the shareholders, the employees and also in the public interest. When determining the fixed remuneration components, the tasks as well as the professional experience of the individual Executive Board members are taken into account. This results in differentiated basic salaries per Executive Board member based on the strategic and operational areas of responsibility. The non-performance-related Executive Board remuneration consists of the fixed gross salary paid monthly and fixed benefits in kind, which cover the use of company cars, car allowance lump sums, meal lump sums and garage parking spaces provided. The fixed salary covers all overtime as well as the assumption of organ functions in Group companies. In financial year 2024, the fixed remuneration of all members of the Executive Board amounted to a total of TEUR 681 (PY: TEUR 686). Since 2012, the CEO, Hannes Niederhauser, has received only a symbolic fixed remuneration of TEUR 8, which meets the minimum legal requirements for compulsorily insured persons (Note: Hannes Niederhauser has a significant share interest in Kontron). After two years as a member of the Executive Board, Clemens Billek's remuneration was reviewed at the beginning of 2024 and the fixed annual remuneration increased by 10%. Johannes Fues and Philipp Schulz were only appointed to Kontron's Executive Board in the second half of 2024. Their remuneration for the 2024 financial year is therefore shown proportionally for the duration of their appointment. Michael Riegert's remuneration was also reviewed and increased owing to the development and expansion of his remit from 2023 to 2024.

Short-term variable remuneration component

Different rules are used to calculate the performance-based one-year variable remuneration of the members of the Executive Board. For example, the CEO does not receive any short-term variable remuneration components. The CFO's short-term variable remuneration was based on specific goals and priorities for financial year 2024, such as the integration of newly acquired companies into Kontron AG's financial organization and the further expansion of the ICS. For 2024, these were primarily the successful integration of the Katek Group into the Kontron organization (16.7% share of the variable target), the harmonization of accounting and ICS (50% share of the variable target) and the successful refinancing of the Katek Group and Kontron AG (33.3% share of the variable target). The variable remuneration of COOs is closely linked to the company's financial performance and their remit, with operating result and cash flow serving as key performance indicators 50% EBITDA, 50% cash conversion trend). It should be noted that, in the past financial year, no specific short-term remuneration components were implemented for Johannes Fues on the basis of his move from the Executive Board of Katek SE to the Executive Board of Kontron AG in the 2nd half of 2024. Extraordinary items, such as acquisitions, are evaluated separately when assessing pre-agreed performance targets. The key figures are calculated on the basis of the audited consolidated financial statements of the Kontron Group. Regardless of position, it should be noted that the variable performance bonus for all Executive Board members is limited to a maximum of 50% to 75% of their fixed annual salary. In the past financial year 2024, a total of up to TEUR 293 (PY: TEUR 268) in short-term variable remuneration was granted to all members of the Executive Board. The level of target achievement attained by those members of the Executive Board whose one-year variable remuneration was linked to target achievement was

- 95.1% overall for CFO Clemens Billek (PY: 86.2%),
- 106.5% for Board member Michael Riegert (PY: 100.0%) and
- 97.5% for Board member Philipp Schulz (not yet a member of the Executive Board in the previous year).

Long-term variable remuneration component

By granting subscription rights under stock option programs, an additional long-term, performance-based, share-linked remuneration component was introduced, fostering beneficiaries' interest in the company's long-term sustainable development. The stock options granted under the various stock option programs can only be exercised after multi-year holding periods defined in the programs and when certain thresholds have been reached.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board in the financial year 2024 consisted of a position-dependent, annual fixed remuneration and attendance fees for participation in Supervisory Board and committee meetings.

The remuneration for the Supervisory Board is intended to promote the sustainable implementation of the business strategy and the long-term positive development of the company by taking into account the responsibility and scope of activities of the individual Supervisory Board members. In order to ensure unbiased supervision of the management by the Supervisory Board, no variable remuneration, bonuses or share-based payments are granted to the members of the Supervisory Board.

Supervisory Board remuneration generally consists of an annual fixed fee and an attendance fee for Supervisory Board and committee meetings. In view of the greater responsibility and the wider scope of activities, the Chair of the Supervisory Board, the Deputy Chair and the Chair of the Audit Committee are granted a higher lump-sum remuneration than the ordinary members of the Supervisory Board. The fixed annual remuneration amounts to TEUR 85 for the Chair of the Supervisory Board, TEUR 70 for the Deputy Chairs and TEUR 50 for each of the other members. The Chair of the Audit Committee is paid TEUR 35 for their work, and the Deputy Chair of the Audit Committee is paid TEUR 20. No adjustment was made to the fixed annual remuneration from 2023 to 2024.

In addition, each member is paid TEUR 2.5 for attending Supervisory Board or committee meetings in person or via video/audio conferencing system. If several sessions are held on one day, the session fee shall only be granted once for that day. In 2024, the remuneration remained unchanged from the previous year.

If members of the Supervisory Board take on a special activity in the company, they may be granted special remuneration for this by resolution of the Annual General Meeting. This was not the case in the financial year 2024.

COMPONENTS OF SUPERVISORY BOARD REMUNERATION IN TEUR	2024	2023
Chair of the Supervisory Board	85	85
Remuneration of the Deputy Chairs	70	70
Remuneration members	50	50
Committee Deputy Chair	35	35
Audit Committee Deputy Chair	20	20
Meeting fees for personal attendance or qualified telephone/video participation in Supervisory Board and committee meetings [1]	3	3
Meeting fee per committee meeting (attendance or qualified telephone/video participation) [1][2]	3	3

1) Meeting fees for personal attendance or qualified telephone/video participation in Supervisory Board and committee meetings
2) Meeting fees per committee meeting are waived if a Supervisory Board meeting takes place on the same day

The remuneration is paid annually in arrears based on the approval of the Annual General Meeting. In financial year 2024, remuneration of the members of the Supervisory Board totaled TEUR 440 (PY: TEUR 463).

The remuneration of the members of the Supervisory Board in financial years 2024 and 2023, broken down by fixed remuneration component and meeting fees, is as follows:

REMUNERATION OF THE SUPERVISORY BOARD ACCORDING TO MEMBERS IN TEUR	FIXED REMUNERATION		MEETING FEES [1]		TOTAL REMUNERATION	
	2024	2023	2024	2023	2024	2023
Ms. Claudia Badstöber (Chair)	105	105	13	18	118	123
Mr. Bernhard Chwatal (1st Deputy Chair)	105	105	13	18	118	123
Mr. Fu-Chuan Chu (Steve Chu) (2nd Deputy Chair)	70	70	10	15	80	85
Mr. Joseph John Fijak	50	50	13	15	63	65
Ms. You-Mei Wu (Yolanda Wu)	50	50	13	18	63	68
Total	**380**	**380**	**60**	**89**	**440**	**463**

1) Meeting fees based on the number of personal or video participations in Supervisory Board and committee meetings.

In financial year 2024, the members of the Supervisory Board did not receive any other remuneration or other benefits for services rendered personally, such as consulting and mediation services, apart from those mentioned above. No loans or assumption of liability in favor of members of the Supervisory Board were granted in the reporting year.

D&O insurance

The company has taken out directors' and officers' liability insurance (D&O insurance) in favor of the Executive Board and the Supervisory Board as well as the management of the consolidated subsidiaries. No deductible has been agreed for the D&O insurance, which covers the legal liability arising from Executive Board, Supervisory Board and management activities.

10 Related party disclosure

In the course of normal business operations, relationships of supply and service provision exist with affiliated companies and persons. Contractual agreements are in place. The fee is settled at market prices. The relationships with related parties in the financial year 2024 and as of December 31, 2024 can be presented as follows:

2024 IN TEUR	PROCURED GOODS AND SERVICES	GOODS AND SERVICES SUPPLIED	FINANCIAL INCOME	FINANCIAL EXPENSE	RECEIVABLES	LIABILITIES
Business relationship with the Executive and Supervisory Board	20	31	0	0	0	12
Business relationship with associated companies	0	0	0	0	0	0
Business relationship with the parent company or its controlling company	40,296	13,210	0	0	2,443	11,905
Business relationship with subsidiaries	448	2	0	0	438	108
Business relationship with other related persons and companies	0	0	0	0	0	0

2023 IN TEUR	PROCURED GOODS AND SERVICES	GOODS AND SERVICES SUPPLIED	FINANCIAL INCOME	FINANCIAL EXPENSE	RECEIVABLES	LIABILITIES
Business relationship with the Executive and Supervisory Board	0	17	0	0	12	0
Business relationship with associated companies	0	0	0	0	0	0
Business relationship with the parent company or its controlling company	70,241	21,409	0	0	4,232	14,805
Business relationship with subsidiaries	492	132	0	0	1,789	244
Business relationship with other related persons and companies	0	3,500	0	95	0	0

The supplies and services procured and provided by and with related companies and persons relate primarily to deliveries of goods.

The business relationships with the parent company or its controlling company refer to Ennoconn Corporation, Taiwan, which holds a 27.54% stake in Kontron AG as of December 31, 2024 and in whose scope of consolidation the Kontron Group has been included on the basis of de facto control since July 1, 2017, and Hon Hai Precision Industry Co, Ltd, the largest single shareholder of Ennoconn Corporation with a 26.72% stake. In terms of their content, the goods and services purchased from Ennoconn and Hon Hai Precision Industry Co., Ltd. comprise the order-specific production of electronic products such as embedded boards, industrial PCs or embedded systems for the segments “IoT Solutions Europe” and “IoT Solutions America”. The main customer companies within the Kontron Group are Kontron Europe GmbH and its subsidiaries in North America and Canada.

Ennoconn Corporation, Taiwan, participates in a reverse factoring program with Deutsche Bank AG. Under this program, Deutsche Bank AG discounts Ennoconn Corporation receivables against Kontron Europe GmbH, Kontron Canada Inc. and Kontron America Inc. At the end of the agreed payment term (120 days across the Group), Deutsche Bank AG, which acts as a payment provider for Kontron, debits the accounts of the Kontron companies named with the outstanding invoice amounts.

The business relationships with subsidiaries relate to the goods and services provided and received with affiliated companies not included in the consolidated financial statements.

As in the previous year, there are no value adjustments for receivables from related parties.

With regard to the remuneration of the members of the Executive Board of Kontron AG and the remuneration of the members of the Supervisory Board, please refer to Note (39) Remuneration report.

11 Exempting group accounting

With regard to the following consolidated companies, the consolidated financial statements and the Group Management Report of Kontron AG are considered to be exempting consolidated financial statements and an exempting group management report in accordance with Section 291 of the German Commercial Code:

- Kontron Beteiligungs GmbH, Ismaning, Germany
- Kontron Acquisition GmbH, Ismaning, Germany
- Kontron Europe GmbH, Ismaning, Germany
- Kontron Electronics GmbH, Frickenhausen, Germany
- Katek SE, Ismaning, Germany
- Kontron Leipzig GmbH, Leipzig, Germany

The following companies based in Germany have exercised the option of filing exemption in accordance with Section 264 (3) of the German Commercial Code:

- Kontron Beteiligungs GmbH, Ismaning
- Kontron Acquisition GmbH, Ismaning
- Kontron Europe GmbH, Ismaning
- Kontron Electronics GmbH, Frickenhausen
- Katek SE, Ismaning
- Kontron Leipzig GmbH, Leipzig
- Kontron AIS GmbH, Dresden
- Kontron Hartmann-Wiener GmbH, Burscheid
- Kontron Transportation Deutschland GmbH, Immenstaad am Bodensee
- beflex electronics GmbH, Frickenhausen
- Katek GmbH, Grassau
- Kontron Solar GmbH, Memmingen
- eSystems MTG GmbH, Wendlingen am Neckar
- Katek Düsseldorf GmbH, Düsseldorf

12 Events after the balance sheet date

No significant events occurred after the balance sheet date.

13 Proposal for the appropriation of profit

The basis for the proposal for the appropriation of profits is the individual financial statement of Kontron AG prepared in accordance with the provisions of the Austrian Commercial Code.

For financial year 2024, the Executive Board will propose a dividend of EUR 0.60 per share.

14 Release for publication

The consolidated financial statements of Kontron AG were approved for publication by the Executive Board on March 26, 2025.

15 Organs of the Company

The following persons served as Supervisory Board members in financial year 2024:

- Ms. Claudia Badstöber, Chairwoman
- Mr. Bernhard Chwatal
- Ms. You-Mei Wu (Yolanda Wu)
- Mr. Fu-Chuan Chu (Steve Chu)
- Mr. Joseph John Fijak

In the 2024 financial year, the following persons served as members of the Executive Board:

- Mr. Hannes Niederhauser, CEO
- Dr. Clemens Billek, CFO
- Dr. Johannes Fues, COO (since July 11, 2024)
- Mr. Michael Riegert, COO
- Mr. Philipp Schulz, COO (since July 11, 2024)

Linz, March 26, 2025

Hannes Niederhauser | Dr. Clemens Billek | Michael Riegert | Philipp Schulz | Dr. Johannes Fues

Report on the Consolidated Financial Statements

Audit Opinion

We have audited the consolidated financial statements of

Kontron AG, Linz, Austria

and its subsidiaries („the Group"), which comprise the consolidated Balance Sheet as at December 31, 2024, and the Consolidated Income Statement, Consolidated Statement of Changes in Equity, the Consolidated Statement of Other Comprehensive Income and Consolidated Statement of Cash Flows for the year then ended, and the Notes to the Consolidated Financial Statements.

In our opinion, the consolidated financial statements comply with the legal requirements and present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

Basis for our Opinion

We conducted our audit in accordance with the Regulation (EU) No. 537/2014 („AP Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the „Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date. Our liability as auditors is guided under Section 275 UGB.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, however, we do not provide a separate opinion thereon.

We have identified the following key audit matters:

› Acquisition of Katek SE

› Capitalization of internally generated intangible assets in accordance with IAS 38

Acquisition of Katek SE

See Notes to the Consolidated Financial Statements Note A – General Disclosures.

Risk for the Consolidated Financial Statements

With effect from February 29, 2024, the Kontron Group has acquired a controlling interest in Katek SE through a share purchase agreement with Primepulse SE for the acquisition of 59.44% of the share capital and voting rights. Following the consummation of the acquisition of the shares and obtaining of control of Katek SE, Kontron Acquisition GmbH has published a mandatory purchase and delisting offer to the non-controlling shareholders of Katek SE in accordance with the provisions of the German Securities Acquisition and Takeover Act and has subsequently acquired a further approximately 27% of the shares in Katek SE. The total consideration for the acquired shares in Katek SE amounted to EUR 189 million, and the fair value of the acquired assets and liabilities amounted to approximately EUR 507 million and EUR 381 million, respectively. The acquisition of Katek SE thus has a significant impact on the net assets, financial position and results of operations of the Kontron Group.

IFRS 3 requires the entity to determine the amount of consideration for the acquisition, identify the assets and liabilities assumed, and measure them at fair value. The identification of the assets and liabilities assumed is associated with the exercise of significant judgements. Determining the fair value of the assets and liabilities assumed requires an appropriate measurement process and the establishment of material assumptions and measurement bases. This results in particular in the risk that:

- the acquired assets and liabilities are not identified in accordance with the applicable provisions of IFRS 3,
- the methods used do not comply with the requirements of IFRS 13, or
- assumptions and other valuation bases are not appropriate

and that the identifiable assets and liabilities, including goodwill, acquired in the context of the business combination are not appropriately recognised in the financial statements and the required disclosures are not disclosed in the notes.

Our Response

We have assessed the purchase price allocation in accordance with IFRS 3 as follows:

- We have gained an understanding of the process and the valuation methods, as well as the design and implementation of internal controls.
- We assessed the competence and objectivity of the external experts appointed by the Board of Management and assessed their methodological approach and the results derived from it for appropriateness for the purpose of the valuation.
- We have evaluated the determination of identifiable assets and liabilities and assessed their appropriateness.
- We assessed whether the valuation methods applied comply with the requirements of IFRS 13. We compared the consistency of the parameters and input factors used in the valuations with external market estimates and existing reference values and assessed their appropriateness. We also verified the mathematical accuracy of the valuations. Furthermore, we assessed the methodologically appropriate derivation and the appropriateness of the amount of the weighted average cost of capital. For this purpose, we compared the assumptions and parameters underlying the cost of capital with our own assumptions and publicly available data. These assessments were made with the involvement of valuation specialists.
- We assessed the tax consequences of the business combination and their correct consideration in accordance with IAS 12 and IFRS 3 with the involvement of tax experts.

In addition, we assessed whether the disclosures of the business combination in the consolidated financial statements are appropriate.

Capitalization of internally generated intangible assets in accordance with IAS 38

See the notes to the consolidated financial statements, note C 02 / group management report in the fundamentals of the Group section under research and development

Risk for the Consolidated Financial Statements

In the consolidated financial statements of Kontron AG, development costs amounting to EUR 108 million are reported under the balance sheet item “Intangible assets” and therefore represent a significant portion of the Group’s assets. In accordance with IAS 38, research costs are expensed, while development costs are capitalized if the criteria for capitalization of IAS 38.57 et seq. are met. In addition, development costs that have already been capitalized are reviewed on an ongoing basis to determine whether the recognition criteria of IAS 38 continue to be met.

The main prerequisites for the recognition of development costs as internally generated intangible assets are the ability to demonstrate the feasibility of the development projects (among others the technical feasibility of realization, the intention to complete and the ability to use) and the expected generation of future economic benefits. Furthermore, the company must be able to reliably measure the expenditure attributable to the intangible asset during its development. Due to the Group’s striving for technological leadership as an Internet of Things (IoT) provider in Europe and the resulting new development projects, the complexity and scale of research and development projects is increasing. The assessment of whether the requirements for the recognition of development costs as internally generated intangible assets are met is subject to a high degree of judgment.

Our Response

We have assessed the recognition of development costs as follows:

- Obtaining an understanding of the Group's process for differentiating research from development costs and evaluating the recognition requirements for development costs in accordance with IAS 38.57ff.
- Evaluation of the design and implementation of the Group's process level controls regarding the capitalization of development costs. This also includes the assessment of the appropriateness of management's documentation to demonstrate the fulfillment of the capitalization requirements, taking into account the research and development processes established within the Group.
- Assessment on the basis of samples as to whether a proper distinction has been made between research and development costs and whether the capitalized costs are directly attributable.
- Assessment on the basis of samples whether the determination of the production costs based on the available cost accounting data is supported by appropriate evidence.

Other Information

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report included in the annual financial report.

We have been provided with the financial statements, the (consolidated) corporate governance report in accordance with § 243c and § 267b UGB and the consolidated non-financial report in accordance with § 267a UGB prior to the date of the auditor's report, where as the remaining parts of the annual report and the annual financial report are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this matter.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intents to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the AP Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the AP Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and conduct the audit of the consolidated financial statements in order to obtain sufficient appropriate audit evidence on the financial information of the components within the Group, in order to form an audit opinion. We are responsible for directing, supervising and reviewing the audit activities carried out for the purposes of auditing the consolidated financial statements. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.
- From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

Report on Other Legal Requirements

Group Management Report

In accordance with Austrian company law, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. It is our responsibility to determine whether the consolidated non-financial statement has been prepared as part of the group management report, to read and assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

Management is responsible for the preparation of the group management report in accordance with Austrian company law.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports.

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AUDITOR'S REPORT

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

Additional Information in accordance with Article 10 AP Regulation

We were elected as auditors at the Annual General Meeting on May 6, 2024 and were appointed by the supervisory board on May 6, 2024 to audit the financial statements of Company for the financial year ending on December 31, 2024.

In addition, during the Annual General Meeting, we have been elected as auditors for the following financial year and appointed by the supervisory board.

We have been auditors of the Company, without interruption, since the consolidated financial statements at December 31, 2022.

We declare that our opinion expressed in the „Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 AP Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 AP Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner is Mr. Yann Georg Hansa.

Vienna, March 26, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by

Yann Georg Hansa
Wirtschaftsprüfer

(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.
The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT OF LEGAL REPRESENTATIVES

We confirm to the best of our knowledge and in accordance with the applicable reporting principles that the consolidated finanical statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Groupmanagementreport, including the profit or loss of the Group, represents a fair view of the assets, liabilities, financial position and the performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Linz, March 26, 2025

Hannes Niederhauser   Dr. Clemens Billek   Michael Riegert   Philipp Schulz   Dr. Johannes Fues

kontron

The Power of IoT

Non-financial Report 2024

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NON-FINANCIAL REPORT 2024

1. General Basis for preparing the non-financial report

1.1. BP-1 – General basis for preparing the non-financial report

The present non-financial report has been prepared in accordance with Section 267a of the Austrian Commercial Code (UGB), in line with the requirements of the Sustainability and Diversity Improvement Act (NaDiVeG). In addition, the non-financial report has been voluntarily prepared in accordance with the European Sustainability Reporting Standards (ESRS) as part of the company's preparation for reporting obligations under the Corporate Sustainability Reporting Directive (CSRD). This ensures that the non-financial reporting of Kontron AG and the Kontron Group consistently reflects the economic, environmental, and social aspects of all affiliated companies and meets the legal requirements for transparency and comparability.

The scope of consolidation for the non-financial report corresponds to that of the consolidated financial statements. It includes Kontron AG and all subsidiaries over which Kontron AG has direct or indirect control. As part of the acquisition of Katek, Katek SE and its subsidiaries were fully consolidated into the consolidated financial statements of Kontron AG as of March 1, 2024. Similarly, Suntastic.solar was included in the Group as of November 1, 2024. Detailed information on this can be found in the notes to the consolidated financial statements, Part A, chapter "Scope of Consolidation". One company has not been included in the consolidated financial statements – and thus not in this non-financial report – due to its minor significance.

The Kontron Group's value chain played an important role in identifying the relevant topics for the non-financial reporting. It was considered not only in relation to the company's own operations, but also with regard to upstream and downstream value creation processes as part of the double materiality assessment.

Kontron has not made use of the option to omit specific information relating to intellectual property, know-how, or the results of innovation.

1.2. BP-2 – Disclosures in relation to specific circumstances

Kontron's sustainability report has been based on GRI standards in recent years. For the first time, the non-financial report for financial year 2024 is reported based on ESRS. This transition required adjustments to the ESG reporting tool and the initial collection of data points in line with ESRS requirements. Additionally, relevant Scope 3 data for 2023 was collected retrospectively as a basis for future data collection from 2024 onwards.

The recently acquired Katek Group also previously reported its ESG figures in accordance with GRI and was fully integrated into the Kontron Group in 2024. As part of this process, Kontron's double materiality analysis was updated and examined for topics relevant due to the production of power electronics in the former Katek companies. Since both Kontron and Katek are active in electronics manufacturing, the results were largely consistent. Only the topic of diversity was added as an additional material topic. To collect the individual key figures, Katek companies were integrated into Kontron's ESG reporting tool, ensuring their inclusion when setting up new ESRS-compliant key figures and the Scope 3 project.

The time horizons defined in ESRS 1 6.4 were used for the double materiality analysis:

- **Short term**: the period used by the company as a reporting period in its financial statements: 1 year.
- **Medium term:** from the end of the short-term reporting period, according to point a) up to five years.
- **Long term:** more than five years.

When assessing the impacts, opportunities, and risks, all three time horizons were considered. The time horizon with the highest expected significance was documented and assessed in terms of both impacts and opportunities and risks. The reasons for choosing each time horizon were separately documented.

Uncertainties in the calculation and estimation of metrics may arise due to data gaps on the one hand and, on the other hand, from general assumptions that require the use of external data sources and data collection methods.

Parameters or metrics that include data from the upstream and downstream value chain are primarily related to environmental indicators. Estimations due to missing data from the value chain were particularly necessary in the context of calculating Scope 3 emissions. Uncertainties were especially present in the calculation of emissions from purchased goods and services, transportation, employee commuting, energy consumption of sold products, as well as in estimates regarding product lifespan, use phase, end-of-life treatment, and waste. Similarly, uncertainties occurred in metrics related to resource inflows and resource outflows.

For future reporting periods, the focus will be on improving data quality, for example, by using supplier-specific emission factors.

Details on the methodological foundations, estimation sources, measurement uncertainties, and assumptions applied can be found in the following sections: "2.2.6 E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions", "2.5.4 E5-4 – Resource inflows", "2.5.5 E5-5 – Resource outflows".

Additional quantitative metrics subject to estimations and result uncertainties relate to energy consumption and energy mix. Details regarding the methodological foundations, sources of estimations, measurement uncertainties, and assumptions can be found in section "2.2.5 E1-5 – Energy consumption and energy mix".

1.3. GOV-1 – The Role of Administrative, Management, and Supervisory Bodies

As of December 31, 2024, the Executive Board of Kontron AG consists of five members: Hannes Niederhauser (CEO) – Chief Executive Officer, Clemens Billek (CFO) – Chief Financial Officer, Michael Riegert (COO) – Chief Operating Officer, Philipp Schulz (COO) – Responsible for the North America and Aerospace divisions, Johannes Fues (COO) – Responsible for the GreenTec division.

EXECUTIVE BOARD MEMBER	COMPOSITION OF THE EXECUTIVE BOARD	EXPERIENCE	RESPONSIBILITY
Hannes Niederhauser	Chief Executive Officer, CEO	Extensive experience in the embedded computing industry and IoT, held leading positions in several technology companies	Expertise in strategic leadership, corporate development, and risk management
Clemens Billek	Chief Financial Officer, CFO	Extensive experience in finance, controlling, and investor relations	Responsible for financial management, risk management, legal & compliance, investor relations (IR), and internal audit. Oversees all ESG matters and the management of sustainability risks, opportunities, and their impacts
Michael Riegert	COO IoT Europe	Expert in IoT and embedded solutions, with experience in operations and production management	Responsible for IoT operations in Europe and the management of risks and opportunities within this segment
Philipp Schulz	COO Aerospace & Defense, North America	Experience as a business consultant and in business development and management within the manufacturing industry in Europe and North America	Responsible for business operations in Aerospace & Defense and North America, including risk & opportunities management in these areas

EXECUTIVE BOARD MEMBER	COMPOSITION OF THE EXECUTIVE BOARD	EXPERIENCE	RESPONSIBILITY
Johannes Fues	COO GreenTec	Expertise in reorganization and transformation projects, asset management, and operations	Responsible for business operations and strategy in GreenTec, including risk and opportunities-management in this sector

The Supervisory Board of Kontron AG consists of five members: Claudia Badstöber (Chair), Bernhard Chwatal (First Deputy Chair), Steve Chu (Second Deputy Chair), Yolanda Wu and Joseph John Fijak. As a monitoring and advisory body, the Supervisory Board places particular emphasis on the integration of Diversity, Equity, and Inclusion (DEI) topics and encourages the Executive Board to incorporate them into corporate objectives. To support this, the Supervisory Board oversees a diversity program that aligns with the Corporate Governance Code. Responsibility for coordinating employee-related matters lies with the CEO. The role of liaison with cross-company employee representatives is held by the CFO. With diverse expertise in finance, technology, and corporate governance, the Supervisory Board members guide the company's strategic direction and corporate oversight.

SUPERVISORY BOARD MEMBER	COMPOSITION OF THE SUPERVISORY BOARD	EXPERIENCE	RESPONSIBILITY
Claudia Badstöber	Chair of the Supervisory Board, Vice Chair of the Audit Committee, Chair of the Nomination Committee, Chair of the Remuneration Committee	Extensive experience in finance, strategic corporate management, corporate governance, and compliance	Oversees corporate strategy, management, financial and remuneration risks, corporate governance, and compliance management
Bernhard Chwatal	1. Deputy Chair, Chair of the Audit Committee, Member of the Nomination and Remuneration Committee	Extensive experience in finance, strategic corporate management, and company development within the technology sector	Responsible for strategy, corporate management, and risk management
Fu-Chuan Chu (Steve Chu)	2. Deputy Chair	Extensive experience in technology, sales, and business development	Assesses technological opportunities and risks, market strategy
You-Mei Wu (Yolanda Wu)	Supervisory Board Member, Member of the Audit Committee, Member of the Nomination and Remuneration Committee	Expertise in finance and risk management	Evaluates international market risks and opportunities
Joseph John Fijak	Supervisory Board Member	Experience in sales, technology, and business development	Assesses business and technology risks

DIVERSITY OF THE EXECUTIVE BOARD	2024	2023	2022
Total Number of Executive Board Members	5	4	4
Male members (%)	100	100	100
Female members (%)	0	0	0

DIVERSITY OF THE SUPERVISORY BOARD	2024	2023	2022
Total number of Supervisory Board members	5	5	5
Male members	3	3	3
Female members	2	2	2
Proportion of independent committee members (%)*	40	40	40

* Independent indicates that the members are independent of the largest shareholder.

In some subsidiaries, employees and other workers are represented by a works council. Where no works council exists, responsibility for the workforce lies with local management.

Kontron AG ensures that responsibilities for impacts, risks, and opportunities are explicitly defined in the rules of procedure for the Executive Board and supervisory bodies. These mandates emphasize the integration of ESG aspects into decision-making processes, including the development and oversight of strategic initiatives. Governance-related policies such as the Supplier Code of Conduct, ESG strategy, and risk management frameworks establish a clear structure for accountability across all levels of the organization.

The Executive Board – consisting of the CEO, CFO, and three operational board members – plays a central role in governance processes, control mechanisms, and processes. These include identifying and prioritising impacts, risks, and opportunities, monitoring progress on ESG targets, and ensuring alignment with global standards such as the ESRS. A Group Sustainability Professional coordinates ESG activities across subsidiaries and reports directly to the CFO, who holds overall responsibility for ESG matters, including IROs. Management ensures transparency through data collection systems, regular audits, and stakeholder engagement.

Oversight of delegated roles is maintained through structured reporting lines and regular reviews.

These reporting lines are clearly defined within Kontron's governance structure. ESG topics are reported by the Group Sustainability Professional to the CFO, and then to the full Executive Board and the Supervisory Board. This structure enables timely decision-making and accountability. Sustainability-related impacts, risks and opportunities are regularly reported in management and Supervisory Board meetings to ensure strategic alignment.

Dedicated controls and processes for managing sustainability-related impacts, risks, and opportunities are embedded in Kontron's internal functions, including Controlling/Accounting, Legal/Compliance, and Risk Management. These departments collaborate with the ESG team to align sustainability efforts with operational matters. The implementation of an ESG reporting tool has enabled seamless data integration across all functions, supporting accurate and transparent reporting.

Administrative, management and supervisory bodies monitor the setting of targets in relation to material impacts, risks and opportunities via a step-by-step ESG plan. Progress is monitored using key performance indicators that are aligned with sustainability frameworks. Regular updates are presented to the Supervisory Board to ensure accountability and proactive adjustments.

The supervisory bodies regularly assess the need for expertise to effectively oversee sustainability matters. To evaluate and ensure the competence of responsible individuals, the bodies employ various actions, including regular evaluations, feedback discussions, competency analyses. Ongoing professional development includes targeted training programs for Executive Board members and employees, ensuring compliance with new standards and industry best practices.

The Supervisory Board, Executive Board, and upper management possess expertise in areas such as climate risk assessment, ESG compliance and supply chain due diligence. This expertise is complemented by collaboration with external consultants and organizations, which support materiality analysis and strategy development.

1.3.1. G1-GOV-1 – The Role of Administrative, Management, and Supervisory Bodies

The Executive Board of Kontron AG holds primary responsibility for defining and implementing the company's corporate strategy for responsible business conduct. It ensures that all business activities adhere to the highest standards of integrity, transparency, and ethical behaviour. This includes implementing policies that align with corporate governance principles and legal requirements. The Executive Board works closely with central functions to effectively enforce compliance actions and corporate policies.

The Supervisory Board plays a key role in monitoring and advising the Executive Board on business conduct. As a control body, the Supervisory Board regularly reviews compliance with legal and regulatory requirements as well as the implementation of corporate policies. Particular emphasis is placed on compliance topics, including anti-corruption actions, data protection and adherence to ethical behaviour guidelines. The Supervisory Board also advocates for the integration of sustainable and responsible practices into the company's strategic objectives.

The local management teams of Kontron subsidiaries also contribute to ethical business conduct, ensuring that corporate policies are implemented and adhered to at the local level. They are responsible for aligning global corporate standards with local requirements while fostering a culture of integrity within their respective regions.

The expertise of the administrative, management, and supervisory bodies underscores the high priority that Kontron places on responsible business conduct. The Executive Board combines strategic competence with in-depth knowledge in areas such as corporate governance, compliance, and ethical business practices. Hannes Niederhauser has extensive experience in strategic corporate management, while Clemens Billek possesses expertise in capital markets, risk management, and regulatory compliance. Michael Riegert enhances this expertise with his deep knowledge of industrial automation and process optimization. Philipp Schulz has extensive leadership experience in consulting, business development, and risk management in Europe and North America. Johannes Fues brings expertise in finance, operations, and ESG, with a background in change management and restructuring.

The Supervisory Board also brings a diverse range of expertise, contributing to the oversight and promotion of responsible business conduct. Claudia Badstöber applies her extensive experience in finance and risk management, while Bernhard Chwatal specializes in finance, restructuring, and compliance. Steve Chu and Joseph John Fijak bring broad expertise in technology and international business practices. Yolanda Wu strengthens the board with her expertise in corporate governance, financial reporting, and auditing.

Furthermore, all members of the administrative, management, and supervisory bodies receive regular training on critical topics such as anti-corruption actions, data protection, and ESG standards. This continuous professional development ensures that they remain informed of the latest trends and best practices in responsible business conduct.

1.4. GOV-2 – Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

In 2024, five Supervisory Board meetings were held in which ESG reporting was included on the agenda. Additionally, a comprehensive training session for Supervisory Board members on the latest ESG regulations was conducted. During this session, the CFO provided the five members of the Supervisory Board with detailed information on current ESG topics. Key areas of focus included the materiality assessment, including evaluation of the IRO analysis, progress on implementation, relevant legislation, and the current status of actions.

Risk reporting from the Executive Board to the Supervisory Board forms an essential part of the reporting process. It provides the Supervisory Board with comprehensive information on the Group’s material impacts and risks, as well as the actions taken to mitigate those risks. As such, risk reporting plays a key role in the Supervisory Board’s decision-making.

ESG-related risks in connection with material sustainability topics were also analyzed within the Group risk management framework. Together with the CFO, appropriate counteractions were defined. The material topics included: E1 – Adaptation to climate change: Innovative products (opportunity); transition risks related to climate change (risk), E1 – Energy (risk), E5 – Resource inflows: resource use (opportunity), E5 – Resource outflows: products and services (opportunity), G1 – Corruption and bribery (Risk). The Management Board and the Supervisory Board of Kontron AG have dealt with the most important risks that were identified and assessed as part of the group-wide risk management. Although risks from the ESG area were taken into account, they had no material influence on the Group's overall risk assessment. Consequently, no explicit compromises had to be made.

1.5. GOV-3 – Integration of sustainability-related performance in incentive schemes

In addition to a fixed remuneration component, Executive Board members also receive short-, medium-, and long-term remuneration components. Different rules apply to short-term variable remuneration for Executive Board members. The CEO does not receive any short-term variable remuneration. The variable remuneration of COOs is closely linked to the company’s financial performance, with operating profit and cash flow serving as key performance indicators. Extraordinary effects, such as acquisitions, are evaluated separately when assessing pre-agreed performance targets. The key figures are calculated on the basis of the audited consolidated financial statements of the Kontron Group. The CFO’s short-term variable remuneration is tied to specific targets, particularly M&A and integration objectives.

By granting subscription rights under stock option programs, an additional long-term, performance-based, share-linked remuneration component was introduced, fostering beneficiaries’ interest in the company’s long-term sustainable development. The stock options granted under the various stock option programs can only be exercised after multi-year holding periods defined in the programs and when certain thresholds have been reached.

The remuneration, as approved at the Annual General Meeting in 2021, generally includes medium-term targets for improvements in the area of sustainability. However, no specific remuneration was granted for this in the past financial year. The remuneration of the Supervisory Board is, in accordance with legal and corporate governance requirements, a fixed compensation. There is no variable remuneration linked to the company’s financial performance or the achievement of sustainability-related goals. The Supervisory Board and its Remuneration Committee decide on the remuneration of the Executive Board. The Executive Board defines the incentive system for Kontron's management. In the current performance components, no specific sustainability-related targets have been applied, and as of the publication date of this report, no dedicated actions are in place. Accordingly, climate-related considerations are currently not included in remuneration, nor are achievements assessed based on GHG emissions reduction targets. No further incentives or percentage-based figures are applicable in this context.

1.6. GOV-4 – Statement on due diligence

The following overview outlines the existing and implemented processes to fullfill due diligence obligations concerning sustainability aspects.

KEY ELEMENTS OF DUE DILIGENCE	SECTIONS IN THE NON-FINCIAL REPORT
a) Integration of due diligence into governance, strategy, and the business model	See 1.3. GOV- 1 – The role of administrative, management and supervisory bodies
b) Involvement of affected stakeholders in all key due diligence steps	See 1.11. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities
c) Identification and assessment of negative impacts	See 1.11. IRO- 1 – Description of the processes to identify and assess material impacts, risks and opportunities
d) Actions to mitigate these negative impacts	Actions to mitigate negative impacts are described in Chapters 2 (Environment), 3 (Social Information), and 4 (Governance Information) under the respective sub-topics in accordance with MDR-A. At the time of reporting, it should be noted that specific targets and resources were largely not yet defined. These key building blocks to enhance sustainability efforts will be developed as part of a phased plan. The first priority is to improve data generation. Following this, reliable data will be leveraged to define clear targets, implement targeted actions, and allocate necessary resources. Cross-group actions to prevent potential negative impacts will be developed based on the findings of the first ESRS-compliant data collection and reporting. However, it should be emphasized that many companies and locations have already implemented actions independently. Through certifications such as ISO 14001 (environmental management), ISO 45001 (occupational health and safety management), and ISO 50001 (energy management), location-specific negative impacts have been assessed, and corresponding action plans have been formulated. These structured approaches ensure continuous improvement and the minimization of negative environmental and social impacts.
e) Monitoring the effectiveness of these efforts and communication	Since the targets and actions will only be developed based on the first reporting in accordance with the ESRS, it is not yet possible to report on the effectiveness of these efforts or their communication for the year 2024.

1.7. GOV-5 – Risk management and internal controls over sustainability reporting

Kontron ensures the quality and reliability of its sustainability reporting through a structured risk management system and internal controls. The management of sustainability reporting is carried out through the following steps:

- Assignment of responsibilities: In the respective subsidiaries of the Kontron Group, responsibility for sustainability reporting and the related data provision lies with the local finance managers. At the Group level, overall responsibility for sustainability reporting rests with the Chief Financial Officer (CFO). The Executive Board reports to the Supervisory Board not only on financial matters but also on non-financial reporting topics.
- Internal organization: A Group Sustainability Professional coordinates the reporting processes and ensures compliance with reporting requirements. This is done in continuous coordination with the CFO.
- Internal audit and control mechanisms: Dedicated controls and processes related to sustainability reporting are integrated into Kontron's internal functions, including Controlling/Accounting, Legal/Compliance, and Risk Management. These departments collaborate throughout the entire reporting process with the Group Sustainability Professional and the ESG team to ensure compliance with all reporting requirements. The implementation of an ESG reporting tool has enabled seamless data integration across all functions, supporting accurate and transparent reporting.

The risk management process in the context of sustainability reporting is carried out as follows:

- Identification and assessment: Kontron's Group Risk Management regularly identifies risks across various areas and locations multiple times per year, including sustainability risks as part of this systematic process. In preparation for the CSRD reporting requirements, two in-depth analyses were conducted: a double materiality assessment and a climate risk analysis to evaluate both physical and transitional risks in detail. As part of the materiality assessment, impacts were evaluated in terms of positive or negative impacts, potential, scale, likelihood, timeframe, position in the value chain, reversibility, and with regard to human rights. The physical climate risk analysis examined the company's locations with respect to the impacts of climate change. Through a quantitative assessment, the IROs were systematically recorded. All results were integrated into the Group-wide risk management system, evaluated, and aligned with the Group's overall risk assessment. Risk assessment models and materiality scores were used in the process.
- Risk management, monitoring, and reporting: Each ESG risk is assigned to a responsible party ("Risk Owner"), who oversees risk mitigation actions. Risk assessments are updated and tracked as part of the regular reporting to the Group Risk Manager, who then consolidates and reports them to the Executive Board. The management teams of the Group companies are required to comment on material risks. The Group Head of Internal Audit coordinates the risk assessment process, which includes validating and monitoring the bottom-up risk reporting. In addition, an ad-hoc risk reporting mechanism is in place for newly emerging risks or the deterioration of existing risks, forming the basis for internal ad-hoc audits outside of the regular audit cycle. Risks are first discussed by the Executive Board and then submitted to the Supervisory Board for review and potential approval.

Structured processes ensure transparent and comprehensive risk assessment at all company levels. Further control mechanisms related to risk management in sustainability reporting are currently being expanded. To ensure the quality of these assessments, external experts are also consulted. Further details about the structure of the risk management framework and internal control system can be found in the management report, specifically in the chapters "Forecast, Opportunities and Risk Report" and "Internal Control System, Group Accounting Process, and Risk Management System".

Non-financial reporting may involve various risks that impact the credibility and accuracy of the report. These include, in particular, incorrect data, inadequate control mechanisms and a lack of transparency. Possible risks and corresponding actions to minimize them as part of the internal control system are presented below:

RISKS IN SUSTAINABILITY REPORTING	MITIGATION STRATEGIES
Incorrect or incomplete data entry: Insufficient accuracy in the collection and entry of ESG data.	Standardized input forms in the "ESG Cockpit" online reporting tool. Plausibility checks (e.g. summary checks, reconciliation with previous periods where possible). Validation processes carried out by data collectors and ESG and controlling group functions.
Inadequate documentation: Lack of supporting evidence or calculation bases for reported data points.	Upload function for relevant documents (e.g. invoices, certificates). Data quality review conducted by internal auditors and external consultants (Scope 3).
Discrepancies between reporting years: Unclear or unexplained changes in ESG data (e.g. energy consumption).	Comparison with previous year figures and deviation analysis (from 20%). Queries addressed to data collectors to clarify discrepancies.
Inconsistency with financial metrics: Discrepancies between ESG data and financial reports.	Alignment of ESG data with financial data from consolidation tools (e.g. Cognos).
Lack of consistency and comparability: Variations in data quality and level of detail among subsidiaries.	Training sessions and manuals for ESG officers. Benchmarking against locations with high data quality.
Lack of external validation: Lack of additional data verification by independent bodies.	Collaboration with external consultants to review and enhance data quality.
Low data quality in smaller subsidiaries: Challenges in precise ESG data acquisition.	Joint analysis of issues with subsidiaries. Definition and implementation of corrective actions.
Implausible estimated or calculated data: Risks due to inaccurate or unverifiable estimates.	Clear classification of data accuracy (exact/calculated/estimated) in the "ESG Cockpit". The need for transparent and verifiable calculation records.
Lack of traceability: Uncertainty regarding data ownership and accountability.	Clear assignment of responsibilities in the "ESG Cockpit".
Greenwashing: Exaggerated or misleading representations of sustainability actions could harm reputation and credibility.	Compliance with recognized standards: Adherence to the reporting standard (CSRD) to ensure consistency and comparability.
Stakeholder communication: Actions to ensure that reporting aligns with stakeholders' expectations.	Stakeholder dialogue: Stakeholders were engaged in a comprehensive survey to ensure their perspectives were considered in the materiality analysis.
Technical system failures: Risks due to technical issues in the "ESG Cockpit" or during data processing could cause disruptions.	Alternative data collection via Excel as a contingency measure. Pre-emptive extraction of data from the data tool.

1.8. SBM-1 – Strategy, business model, and value chain

Kontron develops innovative hardware and software solutions for key industries of the future. With the introduction of the GreenTec division in 2024, the company is strategically focusing on sustainable technologies. The focus is on control electronics for photovoltaic systems, intelligent charging solutions for electric vehicles, and smart energy systems that actively contribute to the energy transition. A key milestone is a major order for intelligent wallboxes that enhance charging efficiency and user-friendliness. Additionally, Kontron provides IoT-enabled energy management systems that allow companies to monitor energy consumption in real time and optimize efficiency.

Beyond the energy sector, Kontron plays a pivotal role in automation. The susietec® IoT toolset supports manufacturing companies in their digital transformation, facilitating predictive control of production processes. The transport sector also benefits from Kontron's IoT solutions: In the rail industry, digital communication systems are developed to enhance infrastructure efficiency and sustainability.

In medical technology, Kontron enhances patient care through real-time IoT applications, while in aerospace, robust IFEC systems and satellite-based communication solutions aid in reducing CO_2 emissions. Kontron's 5G and RAN technologies drive digital connectivity and infrastructure development. The company also plays a key role in the automotive sector, offering telematics and infotainment solutions that enable autonomous driving and intelligent vehicle connectivity.

As a globally leading provider of intelligent energy solutions, Kontron is advancing the transformation of traditional power grids into digitally controlled smart grids. The combination of IoT- and AI-powered systems reduces costs, enhances energy efficiency, and lowers the CO_2 footprint. By employing sustainable materials and energy-efficient manufacturing processes, the company prioritizes environmentally friendly value creation and assists businesses in achieving their sustainability goals.

- **Divisions and Product Groups:**
  - Renewable Energy: Solutions for photovoltaic systems and their integration into smart grid systems.
  - E-Mobility: Smart wallboxes for charging electric vehicles.
  - IoT-Enabled Energy Management Systems: Products for real-time monitoring and optimization of energy consumption.
  - Smart Energy Systems: Management and optimization solutions for smart grids.
- **Key Markets:**
  - Private Energy Supply: Focus on private households or industries seeking independence from electricity providers.
  - Industrial Customers: Companies aiming to optimize their energy consumption and achieve their sustainability goals.
  - European Market: A market heavily influenced by the EU Green Deal and increasing regulatory requirements.
  - Global Markets: Kontron operates in 23 countries and is committed to international expansion.
- **Customer Groups:**
  - Companies with Sustainability Goals: Organizations seeking to enhance energy efficiency, lower costs, and reduce CO_2e emissions.
  - Smart Grid Operators: Customers transitioning from conventional power grids to smart grids.
  - Automotive Sector: Customers in the e-mobility sector relying on smart charging infrastructure.
  - Technology Companies: Partners and customers requiring IoT- and AI-powered solutions for automation and fault detection.

Kontron serves a broad range of markets and customer groups that prioritize sustainability, efficiency, and technological innovation. There are no known restrictions on products or services in specific markets.

GEOGRAPHICAL AREA	NUMBER OF EMPLOYEES
America	743
Asia	276
Europe	7,019
Africa	7
Total	**8,045**

The number of employees is disclosed in the non-financial report in accordance with ESRS (headcount) and differs from the number of employees (in FTE) reported in the notes to the consolidated financial statements.

Although some Kontron Group products and technologies encompass advanced defense systems, the Kontron Group is not engaged in the manufacture or sale of controversial weapons. Furthermore, the company has no involvement in the manufacture or production of controversial weapons within the supply chain. Consequently, no revenue is generated in this context.

The key product groups, markets, and customer groups, along with their respective reasons for significance and their connection to sustainability goals, are listed below. An assessment regarding sustainability goals will only be possible after the planned specification of the targets.

KEY PRODUCT (GROUP) OR SERVICE AND KEY MARKETS	REASON FOR RELEVANCE	CONNECTION TO SUSTAINABILITY GOALS (SDGS)
GreenTec (since 2024): Pioneer in regenerative technologies	With its newly established future-focused “GreenTec” division, Kontron provides high-quality solutions in solar energy and e-mobility. A key component includes control electronics for photovoltaic systems and the rapidly expanding segment of intelligent charging solutions for electric vehicles.	Advancing sustainable mobility and renewable energy (SDG 11: Sustainable cities and communities) and reducing CO_2e emissions through more efficient transport infrastructure.
Automation: Solutions for industrial automation	Increasing demand for digitalization, automation, and smart factories. Reduction of production costs and enhancement of efficiency.	Kontron supports customers in their digitalization journey with the proprietary developed IoT toolset susietec®. As part of the toolset, our “KontronOS” operating system ensures the highest security standards for IoT applications. (SDG 9: Industry, innovation, and infrastructure).
Transportation: Rail digitalization	Through our comprehensive mobility solutions featuring intelligent and reliable IoT services, we facilitate the digitalization of the transport sector. Kontron is materially involved in research into future train communication technology such as FRMCS.	Encouraging sustainable mobility (SDG 11: Sustainable cities and communities) and reducing CO_2e emissions through more efficient transport infrastructure.
Medical Technology: Digital innovation in healthcare	The Internet of Things (IoT) continues to rapidly drive the transformation of the healthcare market. Through intelligent and practical applications that provide real-time data, Kontron enhances patient care with its solutions.	Promoting health and well-being (SDG 3: Good health and well-being).

KEY PRODUCT (GROUP) OR SERVICE AND KEY MARKETS	REASON FOR RELEVANCE	CONNECTION TO SUSTAINABILITY GOALS (SDGS)
Aerospace: Ultra-rugged solutions for the IFEC market	Kontron provides a comprehensive range of hardware and software IFEC systems. Since 2023, Kontron has been delivering solutions that enable satellite-based connectivity across geostationary (GEO), medium (MEO), and low Earth orbits (LEO).	Supporting CO_2e reduction through optimized communication systems and fostering sustainable innovations (SDG 13: Climate change mitigation actions), along with energy-efficient, durable technologies in safety-critical applications (SDG 9; SDG 13).
Energy: Smart energy solutions	Kontron is advancing the development of hardware and software solutions for intelligent power grids, energy providers, and industrial customers. Our smart energy solutions contribute to resource conservation and CO_2e emissions reduction.	Advancing clean energy (SDG 7: Access to affordable and clean energy) and supporting climate change mitigation through enhanced network efficiency (SDG 13).
Communication & connectivity: 5G evolution	Kontron is a leading European IoT provider driving the digital transformation of telecommunications. Our expertise in 5G and RAN technology know-how enables access to high-efficiency digital networks.	Contributing to infrastructure enhancement and bridging digital divides (SDG 9: Industry, innovation, and infrastructure) and promoting sustainable cities (SDG 11).
Automotive and autonomous driving	With over 20 years of experience in infotainment and telematics, Kontron provides bespoke connectivity solutions through its Network Access Devices (NADs). These facilitate intelligent vehicle networking for the automotive sector.	Contributing to infrastructure enhancement and bridging digital divides (SDG 9: Industry, innovation, and infrastructure).

KEY CUSTOMER GROUPS	REASON FOR RELEVANCE	CONNECTION TO SUSTAINABILITY GOALS (SDGS)
Manufacturing companies (Industry 4.0)	Growing demand for automation and digitalization. Optimizing production processes and reducing costs.	Contributing to efficient resource use and sustainable production methods (SDG 9: Industry, innovation, and infrastructure).
Railway operators and transport companies	Modernization of rail infrastructure through communication solutions (e.g. GSM-R, FRMCS). Enhancing safety and efficiency in railway transport.	Promoting sustainable mobility and reducing transport emissions (SDG 11: Sustainable cities and communities; SDG 13: climate change mitigation actions).
Hospitals and healthcare providers	Providing IoT-based solutions for medical technology to improve patient care and optimize resource efficiency.	Promoting health and well-being (SDG 3: Good health and well-being) and reduction of resource consumption through smart technologies.
Airlines and defense	Cutting-edge solutions for aerospace (e.g. LEO satellite connectivity) and defense. Enhanced passenger experience, operational efficiency, and robust control and defense systems.	Supporting CO_2e reduction through efficient communication systems and sustainable innovations in aerospace, as well as energy-efficient, durable technologies in safety-critical applications (SDG 9; SDG 13).

KEY CUSTOMER GROUPS	REASON FOR RELEVANCE	CONNECTION TO SUSTAINABILITY GOALS (SDGS)
Energy suppliers	Transitioning from conventional power grids to intelligent smart grids. Optimizing energy flows and enhancing grid security.	Advancing clean energy and efficient grid solutions (SDG 7: Ensuring access to affordable and clean energy; SDG 13: climate change mitigation actions).
Telecommunications providers	Developing robust 5G and broadband solutions for rural and private networks. Enhancing connectivity and digitalization in remote regions.	Enhancing digital infrastructure and bridging the digital divide (SDG 9: Industry, Innovation, Infrastructure; SDG 11: Sustainable cities and communities).
Car manufacturers (OEMs)	The demand for connectivity solutions for autonomous driving and secure in-vehicle communication.	Supporting sustainable and innovative transport technologies (SDG 11: Sustainable cities and communities; SDG 13: climate change mitigation actions).
Public Institutions	Demand for specialized solutions (e.g. communication and network technologies) to enhance efficiency and modernize infrastructure.	Supporting sustainable public services and cities through innovative technologies (SDG 11: Sustainable cities and communities; SDG 9: Industry, innovation, and infrastructure).

The Kontron Group's strategy is strongly focused on sustainability, aiming to integrate ESG actions across all business areas. A key component is the reduction of the CO_2 footprint, supported by investments in renewable energy, such as the expansion of photovoltaic systems, the deployment of energy-efficient technologies like heat pumps at company sites, and the promotion of electric mobility. Challenges in this area include the suitability of locations (structural conditions, building orientation, legal issues related to lease agreements and the duration of tenancy), economic value added, and available resources. Kontron also promotes sustainable supply chains through the introduction of a revised supplier code, prioritizing environmental, social, and governance (ESG) standards. The corporate strategy also includes the expansion of GreenTec initiatives, such as the development of intelligent control systems for photovoltaic systems and e-mobility. With a step-by-step ESG roadmap extending to 2030–including the halving of Scope 1 and Scope 2 emissions–Kontron reaffirms its commitment to a sustainable future. These strategic elements not only ensure compliance with legal requirements such as the CSRD but also enhance the company's market position and contribute to positive social impact.

The Kontron Group is a leading technology company specializing in the Internet of Things (IoT). Following the divestment of its IT services business, the company has, since 2023, focused on three business segments: "Europe," "Global," and "Software + Solutions". Kontron provides a broad portfolio of integrated hardware, software, and service solutions deployed across vertical markets such as industrial automation, 5G connectivity, medical technology, energy, and transport. The company independently develops technologies, ranging from IoT-enabled products to specialized software solutions such as the KontronOS operating system. Through targeted acquisitions, such as the Katek Group and IoT pioneers, Kontron continuously expands its portfolio, focusing on digitalizing and optimizing production processes, safeguarding critical infrastructure, and fostering a sustainable energy future.

Kontron AG offers a wide range of IoT-enabled solutions, including hardware, software, and services tailored to industries such as industrial automation, healthcare, energy, and transportation. These outputs can deliver material benefits to customers by increasing operational efficiency, enabling real-time data analytics, and driving innovation through products such as KontronOS and the susietec® toolset. For investors, the company's focused IoT strategy has already resulted in strong financial growth, with IoT earnings more than doubling within two years and further growth anticipated. The company's emphasis on sustainability – particularly through green energy initiatives and resource efficiency – aligns with stakeholder values and enhances long-term resilience. These outcomes foster customer trust, investor confidence, and broader societal impact through technological advancement, sustainable practices, and responsible corporate governance.

Kontron AG adopts a comprehensive approach to capturing and securing inputs across the entire value chain. Key inputs include data, technologies, materials, and expertise obtained through internal research and development, as well as partnerships with customers and suppliers. Procurement is conducted in accordance with sustainable criteria outlined in our Supplier Code, which emphasizes environmental, labour, and human rights standards. Additionally, a group-wide ESG management system facilitates the integration of sustainability into business processes. Modern IT solutions, including Kontron's proprietary KontronOS operating system, ensure data security and safeguard critical information. The combination of local expertise, global know-how and strict compliance actions ensures a secure and innovative development of submissions.

Kontron AG holds a strategic position within the IoT value chain, functioning both as a developer and a provider of integrated hardware, software, and service solutions. Within the upstream value chain, the company relies on a supplier network that adheres to the strict environmental, social, and governance standards outlined in the Supplier Code. This guarantees the procurement of sustainable, high-quality materials and components. Key suppliers include those providing components, electronic products, and software services. In the downstream value chain, Kontron supplies IoT-enabled products and solutions to industries such as industrial automation, healthcare, transport, and energy, driving digital transformation and operational efficiency. Sales are conducted on a B2B basis through the company's dedicated sales teams. Through customer-centric innovations, such as the susietec® toolset and KontronOS, the company bridges the upstream supply chain with customer demands, fostering a comprehensive and resilient value chain. This strategic direction solidifies Kontron's position as a leading provider in the industrial IoT sector.

1.9. SBM-2 – Interests and views of stakeholders

The engagement of diverse stakeholder groups is crucial to ensuring transparent and sustainable corporate development. Continuous dialogue across various communication channels captures expectations, concerns, and suggestions for improvement. The insights gained inform decision-making processes and contribute to the optimization of strategies, processes, and initiatives. This ensures the alignment of economic, social, and environmental responsibilities while fostering long-term corporate success. The key stakeholder groups include customers, suppliers, employees, media, investors, advocacy groups, NGOs, rating agencies, analysts, legislators, local communities, and the Supervisory Board.

Various stakeholder groups are regularly engaged. This primarily applies to employees, customers, suppliers, media, investors, and advocacy groups, including NGOs.

ENGAGED STAKEHOLDER GROUPS	METHOD OF ENGAGEMENT	PURPOSE OF ENGAGEMENT	CONSIDERATION OF OUTCOMES
Employees	Email Social media Internal communication channels Employee surveys Training and e-learning Policies Corporate publications Events Whistleblower portal	Respectful interaction Appreciation Equity Compliance Flexible working Safe workplace Fair pay Work-life balance Health and workplace safety Involvement in planning Professional training and development	Adaptation of policies and internal processes Improving working conditions Ongoing training programs Encouraging an open corporate culture Incorporation of employee survey feedback into corporate strategy
Customers	Email Phone calls In-person contact Website Corporate publications Whistleblower portal Industry events	High product and service quality Complaint management Product return options Commitment to compliance Supply chain transparency Environment Human rights Privacy	Enhancing product and service quality Optimizing complaint management (whistleblower system, feedback to sales and business development) Adaptation of sustainability certifications and ratings Enhancing transparency across the supply chain Ensuring compliance with cybersecurity requirements
Suppliers	Email Phone calls In-person contact Corporate publications Website Audits Whistleblower portal Industry events	Delivery quality Compliance Transparency	Supplier guidelines Expansion of audit processes Enhancing collaboration through regular communication Ensuring adherence to compliance requirements

ENGAGED STAKEHOLDER GROUPS	METHOD OF ENGAGEMENT	PURPOSE OF ENGAGEMENT	CONSIDERATION OF OUTCOMES
Workers in the Value Chain	Policies: SCoC Audits Company publications Website Whistleblower portal	Stable supply Working conditions Human rights Fair wages Health and safety Working time regulations Compliance with environmental standards	No direct communication Improvement of social and environmental standards in the supply chain Adaptation of the Supplier Code of Conduct Enhanced controls and audits Development of actions to improve working conditions
Media	Email Phone calls and conferences Interviews/press releases Corporate publications Website Whistleblower portal	Information Transparency Compliance Responsibility	Media relations Regular publication of sustainability reports in compliance with official requirements Providing clear information for journalists Enhancing external communication
Investors	Email, telephone calls, and conferences Legal capital market information and ad hoc notifications Press releases, roadshows Personal contact Corporate publications Website Whistleblower portal	Information Transparency Compliance Responsibility Profitability Dividend Foreign exchange gains	Advancement of ESG strategy and ratings Enhancing transparency in financial reports Ensuring compliance with regulatory requirements Incorporation of sustainability criteria into investment decisions
Interest groups, NGOs	Email Phone calls Press releases Corporate publications Website Whistleblower portal	Information Transparency Compliance Collaboration Responsibility	Membership in social and environmental initiatives Participation in industry-specific working groups and dialogue formats

Kontron considers the interests and perspectives of its stakeholders as an integral part of its corporate strategy. Close collaboration with customers, partners, employees and investors enables Kontron to address specific needs and integrate them into the development of IoT solutions. Regular feedback sessions, workshops and industry studies ensure that the expectations of all relevant groups are considered. Stakeholder interests, particularly in sustainability, digitalization and efficiency improvements, are directly incorporated into the strategic direction. As a B2B company, Kontron upholds high standards for quality, safety and sustainability. Through regular exchanges, audits and compliance requirements, Kontron ensures that its technologies are used responsibly and that human rights are upheld throughout the value chain.

Starting with the financial year 2022, Kontron has implemented material strategic adjustments to further strengthen its focus on the IoT business. The strategic focus was a key demand from the capital market and investors.This included the divestment of IT service companies and the realignment of business segments into Europe, Global and Software + Solutions. These changes reflect Kontron's aim to achieve sustainable growth and high margins through IoT innovations. This strategy continued in 2024 with the acquisition of Katek SE, the largest acquisition in the company's history.

The feedback from the stakeholders mentioned has contributed to Kontron prioritizing sustainable technologies and industry-specific IoT solutions. Further expansion of the high-margin software business remains a core focus of Kontron's strategy. Through targeted acquisitions, such as the acquisition of the Katek Group, Kontron established a new "GreenTec" division specializing in environmental technologies such as photovoltaic control systems and intelligent charging solutions for electric vehicles.

In 2025, Kontron plans to finalize the integration of acquired companies and implement synergies in sustainability and IoT. Additionally, the product portfolio is to be further expanded through internal developments and partnerships. Completion of these steps is expected by the end of 2025.

As a result of the planned actions, Kontron anticipates stronger stakeholder engagement, particularly through its sustainable and innovative corporate direction. This will further reinforce Kontron's reputation as a trusted partner in the IoT industry. Kontron's Executive Board and Supervisory Board receive regular updates on stakeholder interests and opinions through reports, analyses and direct meetings. This also includes reports from external ESG rating agencies.

As outlined, Kontron ensures that the interests, opinions, and rights of its workforce – including respect for their human rights – are actively integrated into the company's strategy and business model. This is achieved through a strict code of conduct, regular employee surveys, direct discussions, whistleblower channels, and training and development programs. The insights gained are systematically assessed and incorporated into theCoC to ensure fair working conditions, equality, occupational health and safety, and a sustainable corporate culture. These actions guarantee that employee needs are considered and embedded in corporate strategies for the long term. This has no impact on the business model or overall strategy.

The rights and interests of workers in the value chain are firmly anchored in the SCoC and are regularly monitored through audits. The company also provides information on these matters through corporate publications and its website. A whistleblower portal is available for submitting concerns or reports. Feedback from B2B clients is actively received and taken into account.

1.10. SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

In 2023, the double materiality analysis was conducted with the support of an external auditing and consultancy firm. In 2024, this analysis was expanded to include the materiality assessment of the newly acquired Katek Group and was updated to reflect new legal regulations and interpretations of applicable laws, particularly regarding the inclusion of time horizons. The objective was to identify the material topics for the entire Kontron Group and to establish a foundation for compliance with CSRD reporting requirements.

The value chain of the Kontron Group played a key role in determining relevant topics for non-financial reporting. It was analyzed not only in relation to Kontron's own operations but also in terms of upstream and downstream value streams as part of the double materiality analysis. For this purpose, the three business segments – Hardware, GreenTec, and Software – were analyzed separately (see figure: Analysis of the Value Chain and Allocation of Material Topics).

Upstream Value Chain:

› Hardware and GreenTec: Includes processes such as raw material production, processing, assembly, and in some cases, transportation.

› Software: Covers software architecture and coding as upstream processes.

Own Operations:

› Hardware and GreenTec: Includes activities such as assembly, functional testing, quality control, sales, and marketing.

› Software: Covers compilation & development, software installation, sales, and marketing.

Downstream Value Chain:

› Hardware and GreenTec: Includes final assembly, installation, transportation, and the end-of-life phase (including refurbishment/reuse).

› Software: Considers sales and marketing, as well as possible impacts on end users.

Environmental, social, and governance (ESG) topics – such as climate protection, working conditions, and human rights – were integrated across all stages of the value chain.

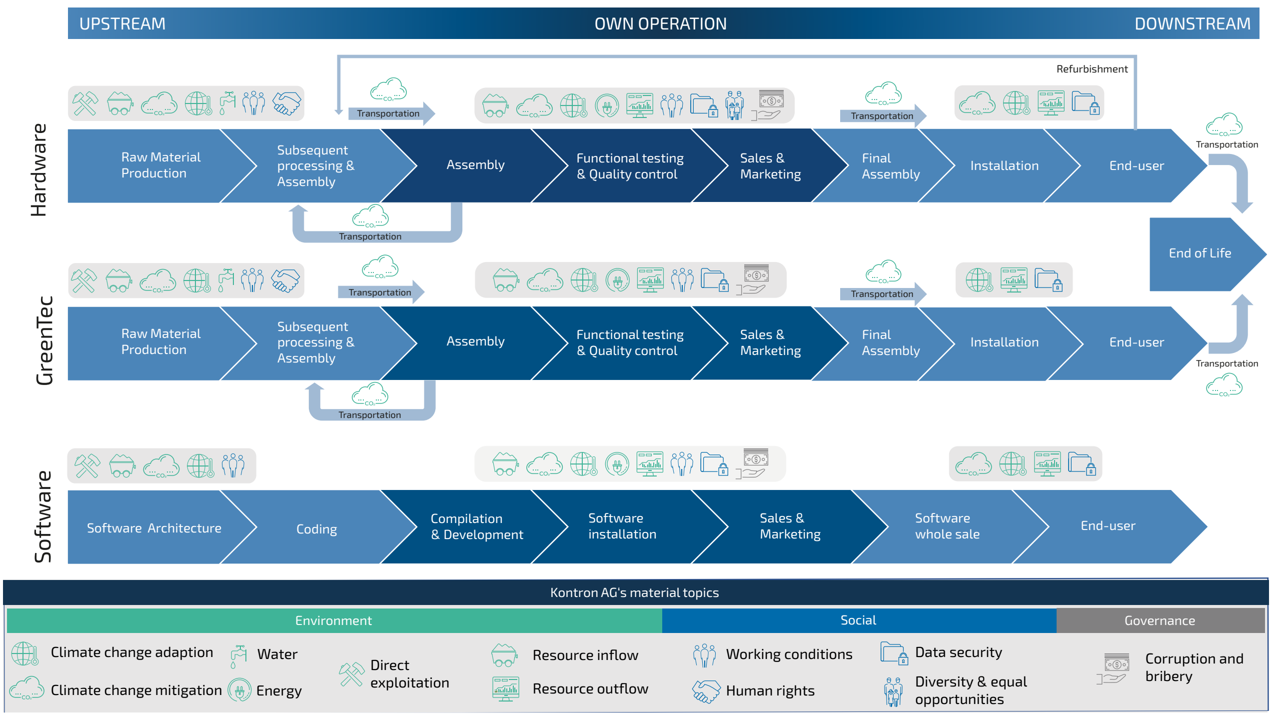


Figure: Analysis of the Value Chain and Allocation Key

The figure illustrating material topics includes icons at the bottom, each representing a key aspect (e.g., "Climate Change Adaptation"). These icons are categorized under Environment, Social, and Governance (ESG) topics. The three horizontal layers in the graphic represent the individual steps in the value chain that were analyzed, as well as the distribution of material topics along the value chain.

These material topics will be regularly reviewed to ensure their relevance and adapted as necessary, for instance, in response to changes in business activities. The materiality analysis process followed the methodology described in Chapter 1.11. IRO-1 – Description of the Processes for Identifying and Assessing Material Impacts, Risks, and Opportunities. The IROs (Impacts, Risks, and Opportunities) were assessed based on the following criteria: Scale, scope, time horizon, Likelihood, Irremediability, actual or potential impact. Some topics did not meet the materiality threshold, but they were identified as highly important in the 2023 stakeholder survey. As a result, the following four topics were additionally included in the report to address stakeholder interests: Health and Safety, Training and Skills Development, Collective Bargaining Coverage & Social Dialogue, Persons with Disabilities.

The following figure presents the results of the materiality analysis:

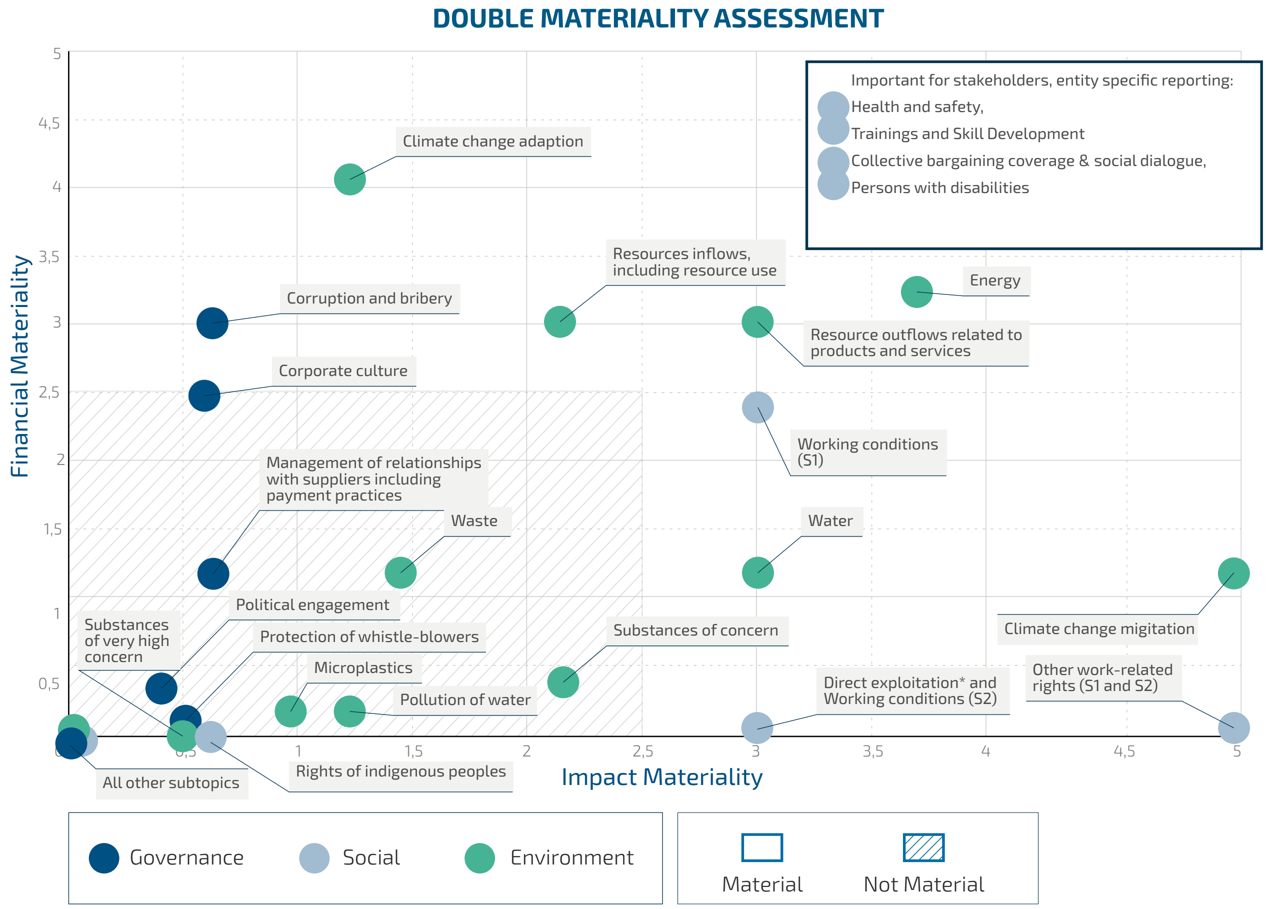


Figure: Results of Kontron's Materiality Analysis

The vertical axis of the diagram represents financial materiality, while the horizontal axis represents impact materiality. Zero indicates no materiality, while 5 signifies very high materiality. The points in the grey-shaded area at the bottom left were identified as minor, while the topics in the white area are material for Kontron. The box in the top-right corner lists the topics that do not exceed the threshold of 2.5 but remain highly relevant to the company's stakeholders, as indicated by our stakeholder analysis and inquiries from rating agencies.

The resilience of Kontron Group's strategy and business model is based on its focus on profitable growth and market leadership in the industrial IoT segment. Despite global economic uncertainties, the company follows a clear strategy aimed at increasing profitability, optimizing working capital, and generating positive cash flows. Kontron expands its market position through continuous innovation, an increased focus on software and services, and targeted acquisitions. Risks are identified, assessed, and managed through a group-wide risk management system. The implementation of the COSO framework, regular internal audits, and a structured opportunity management approach further strengthen the company's resilience. The material IROs identified in the materiality analysis had no influence on the strategy and business model in 2024. The Supervisory Board is informed about the processes relating to ESG issues and IROs at the regular Supervisory Board meetings and the IROs are integrated into risk management.

The impacts, risks, and opportunities subject to ESRS disclosure requirements are outlined below. To address stakeholder interests, company-specific disclosures are provided on the following topics: Health and Safety, Training and Qualification, Collective Bargaining and Social Dialogue, People with Disabilities.

The following overview outlines the material topics, their impacts, the time frame of their influence, and their relation to the strategy and business model. Material financial risks and opportunities are expected to have a material impact on the net assets, financial position and results of operations, but no material risks that would require a material adjustment to the carrying amounts of the assets and liabilities recognized in the corresponding financial statements in the next reporting period.

The following tables present the disclosures:

(SUB-) TOPIC	MATERIAL IMPACT	POSITIVE (+) OR NEGATIVE (-) IMPACT	CORRELATION WITH STRATEGY AND BUSINESS MODEL	TIME FRAME
E1 - Climate Change Mitigation	A direct and indirect contribution to climate change arises from greenhouse gas emissions generated through direct and indirect fossil fuel use (Scope 1, 2 and Scope 3) during production and transport–both in the upstream and downstream value chain, as well as in Kontron's own operations. These emissions are expected to have long-term impacts.	-	At present, such emissions are hardly avoidable using state-of-the-art technology and therefore require adequate actions to minimize the environmental impact of the business model (see Chapter "2.2.3 E1-3 - Actions and resources in relation to climate change policies"). To reduce the negative impact of CO_2e emissions, Kontron deploys energy-efficient technologies, sustainable production processes, and IoT solutions that optimize energy consumption and minimize the CO_2-e footprint of its products. All Kontron sites adhere to national energy laws, and many have obtained various environmental and energy certifications, such as ISO 50001 and ISO 14001.	Long-term
E1 - Energy	Kontron's products and services may high energy consumption, leading to a direct impact on energy consumption.	-	The Kontron Group's business model, which specializes in the development of IoT and Industry 4.0 technologies, comprises energy-intensive hardware and software solutions. By focusing on energy-efficient technologies, such as smart energy solutions and the introduction of IoT-as-a-Service (IoTaaS), Kontron aims to optimize energy consumption during the usage phase, thereby mitigating negative impacts. The GreenTec division tackles the challenge of high energy consumption by developing renewable energy solutions, e-mobility technologies, and intelligent energy systems.	Short, medium, and long term

(SUB-) TOPIC	MATERIAL IMPACT	POSITIVE (+) OR NEGATIVE (-) IMPACT	CORRELATION WITH STRATEGY AND BUSINESS MODEL	TIME FRAME
E3 - Water	The procurement of minerals and chip production in Kontron's upstream supply chain require material water consumption, posing potential risks of resource depletion, ecosystem disruption, and potential burdens on local communities in water-scarce regions.	-	Microchips and other raw-material-based components are indispensable in Kontron Group's products. To address this challenge in the upstream value chain, Kontron prioritizes sustainable materials (see Resource Conservation Strategy), implements energy-efficient production processes, and enforces compliance with responsible procurement and manufacturing standards among partners, in accordance with the Supplier Code of Conduct. This approach aims to minimize environmental impact across the entire value chain.	Short, medium, and long term
E4 - Direct Exploitation	The extraction and use of rare metals and minerals in the upstream value chain can destroy habitats, threaten biodiversity, and materially impact flora and fauna (actual impact).	-		Medium term
E5 - Resource outflows related to products and services	Optimized production and repairable products developed by Kontron help conserve resources, extend product life cycles, and reduce environmental impact (actual impact).	+	Kontron's business model, which focuses on the development of proprietary technologies, sustainable IoT solutions, power electronics, and energy generation & utilization technologies in mobility, promotes resource-efficient value creation through recycling in production processes.	Medium and long term
S1 - Working Conditions	Over the years, Kontron AG subsidiaries have developed various initiatives aimed at enhancing working conditions (actual impact): These include additional benefits such as meal subsidies, extra leave days for volunteer work or birthdays, and corporate bicycles (job bikes). Travel allowances strengthen employee engagement while also contributing to a potential CO_2e reduction.	+	In financial year 2024, Kontron AG invested in social benefits and focused on integrating new entities and employees through standardized processes, unified IT systems, and employee engagement initiatives. Actions to enhance working conditions include ergonomic office equipment, training on occupational psychology and workplace safety, as well as flexible Home-Office policies. The Kontron Group follows the philosophy of "hire for attitude, train for skills" and supports employees through internal training programs such as the Sustainable Leadership Academy, alongside financial assistance for external training. In doing so, the company reinforces its strategy of being an attractive employer, retaining employees long-term, and supporting their professional and personal growth.	Short term
S1 - Working Time	A supportive work environment is fostered through policies prioritizing employee well-being, such as flexible working hours (actual impact). This helps reduce stress and enhance job satisfaction. Additionally, numerous individual company agreements are in place.	+		Short- and medium-term
S1 - Working Time	Excessive working hours without adequate breaks contribute to employee burnout (actual impact), increased error rates, and high staff turnover.	-		Short, medium, and long term

(SUB-) TOPIC	MATERIAL IMPACT	POSITIVE (+) OR NEGATIVE (-) IMPACT	CORRELATION WITH STRATEGY AND BUSINESS MODEL	TIME FRAME
S1 - Gender Equality and Equal Pay for Work of Equal Value	Market-driven pay inequalities between sectors (e.g., technical professions vs. social services) continue to exist and represent a direct impact.	-	In financial year 2024, Kontron AG invested in social benefits and focused on integrating new entities and employees through standardized processes, unified IT systems, and employee engagement initiatives. Actions to enhance working conditions include ergonomic office equipment, training on occupational psychology and workplace safety, as well as flexible Home-Office policies. The Kontron Group follows the philosophy of “hire for attitude, train for skills” and supports employees through internal training programs such as the Sustainable Leadership Academy, alongside financial assistance for external training. In doing so, the company reinforces its strategy of being an attractive employer, retaining employees long-term, and supporting their professional and personal growth.	Medium and long term
S1 - Actions Against Violence and Harassment in the Workplace	Enhanced safety actions exceeding legal requirements promote employees' sense of security and well-being (actual impact).	+		Short term
S1 - Diversity	A diverse workforce (ethnic, gender, age-related, etc.) brings varied perspectives and enhances communication. Kontron has gained positive experience with diverse teams (actual impact).	+		Medium and long term
S1 - Other Work-Related Rights	However, misconduct, neglect, and other human rights violations can potentially occur in high-risk areas.	-		Medium and long term
S2 - Other Work-Related Rights	The use of conflict minerals poses various potential risks, particularly in mining regions, impacting both the value chain and human rights conditions.	-	Kontron AG’s business model, which relies on global supply chains and specialized materials, carries the risk of conflict minerals entering the value chain from regions with human rights concerns. This negative impact highlights the necessity of stringent procurement policies and responsible partner selection to mitigate such risks and ensure supply chain integrity.	Short, medium, and long term

The following list presents the material identified risks and opportunities for our own operations. Opportunities listed below can have a positive impact and risks can have a negative impact on the net assets, financial position and results of operations of the company:

(SUB) TOPIC	MATERIAL RISK OR OPPORTUNITY	OPPORTUNITY OR RISK
E1 - Climate change adaptation	Innovative products: Kontron is tapping into new market segments by developing products tailored to the rising demand for sustainable solutions. The company focuses on the needs of environmentally conscious consumers, fosters the adoption of renewable energy, and supports increased energy independence. At the same time, Kontron is mitigating reliance on volatile energy markets through innovative, resource-efficient technologies.	Opportunity
E1 - Climate change adaptation	Transition risks posed by climate change: Due to the escalating impact of climate change, including acute and chronic physical risks, Kontron potentially faces heightened financial risk exposure. These risks could potentially disrupt operations and affect investment costs, but are not considered to jeopardise the strategy or business model.	Risk
E1 - Energy	Kontron faces financial risks associated with rising energy costs and potential energy supply disruptions. Such risks could potentially hinder production efficiency and result in higher operational costs.	Risk
E5 - Resource inflows, including resource use	Kontron prioritizes the use of more sustainable materials for non-technical components. Renewable or highly recyclable materials are utilized to support circularity and resource conservation and represent a selling point.	Opportunity
E5 - Resource outflows related to products and services	Kontron advances product circularity and longevity through the use of renewable and recyclable materials, as well as modular components. This enables Kontron to stand out on the market alongside other competitors.	Opportunity
G1 - Corruption and bribery	Corruption can lead to severe reputational damage and material penalties for Kontron, compromising corporate integrity and financial credibility.	Risk

1.10.1. E1-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model

Climate change-related physical risks are classified as material only when considered collectively at the company-wide level, rather than as individual climate risk categories. Additionally, two climate-related transition risks were identified as material for the company: replacing existing products and services with lower-emission alternatives and the potential failure of investments in new technologies. These are summarised under the two risks associated with E1 – Climate Change Adaptation.

To assess the resilience of its strategy and business model regarding climate change, Kontron AG conducted a climate risk analysis in the reporting year, evaluating whether individual risk categories could materially impact the company's strategy and/or business model. The climate scenarios and time horizons applied align consistently between the climate and resilience analysis. For physical risks, a 35-year time horizon and four climate scenarios – RCP2.6, RCP4.5, RCP6.0, and RCP8.5, as outlined by the Intergovernmental Panel on Climate Change (IPCC) – were utilized. For transition risks, three time horizons were considered: short term (up to one year), medium term (one to five years), and long term (over five years). Based on the examples from the ESRS and internal inputs, a list of relevant climate-related transition risks and opportunities was compiled, distributed across the areas of "Policy & Legal," "Technology," "Market," and "Reputation", and coordinated with the corporate risk management function. The transition assessments were carried out under the general assumption of a 1.5-degree scenario in accordance with the Paris Agreement, as this scenario assumes a strict regulatory environment – especially within the European Union.

The physical risks were assessed for the company's own locations and recognized warehouses at customer locations, while the transition risks were analyzed for the entire value chain, including the company's own business activities. The resilience analysis therefore covers the entire value chain with the exception of the physical risks in the upstream value chain and outside the customer consignment warehouse locations in the downstream value chain. In all cases, resilience was assessed based on the potential extent of damage using qualitative assessments by the internal experts involved in the climate risk analysis or by the Group-wide risk management function. This assessment was completed in January 2025 for the reporting year. With regard to the risks associated with a transition to a low-greenhouse gas economy, it was assumed that a strict regulatory environment, particularly within the European Union, can be expected, which is likely to result in major market, technological and reputational changes that will require high levels of investment in low-emission production and products and a corresponding increase in demand. Financial impacts and necessary resources were only roughly estimated as part of the general scope thresholds of the Group-wide risk management process and will be quantified more precisely in future. Above all, efforts are constantly being made to reduce energy consumption. The energy mix in the individual countries depends on the respective political and technological developments, whereby a move away from fossil fuels is desirable.

The resilience analysis of climate risks indicates that the two transition risks – the replacement of existing products and services with lower-emission alternatives (E1 Climate Change Adaptation – Innovative Products) and potentially unsuccessful investments in new technologies (E1 Climate Change Adaptation – Transition Risks from Climate Change) – could impact Kontron AG's strategy and/or business model in the long term. This is especially relevant in a 1.5-degree scenario, where high investment pressure and the need to reduce greenhouse gas emissions are critical factors. This risk stems primarily from the need to implement novel, lower-emission technologies and solutions, which, in hindsight, could prove less effective than competing technologies – many of which are also only partially tested – potentially leading to a long-term competitive disadvantage for Kontron AG.

Consideration of risk-prone assets and business activities when determining the company's strategy, investment decisions, and ongoing and planned climate change mitigation actions:

Sustainability risks are an integral part of the Group's risk management system and are assessed with the same level of diligence as other risks. Statutory analyses are conducted and will be further reinforced if necessary. Risks and opportunities are internally assessed by the responsible teams, reviewed by the Executive Board, and subsequently presented to the Supervisory Board for discussion and potential approval. Where necessary, third-party experts are consulted to ensure a well-founded and comprehensive risk assessment. Certain aspects of the risk assessment have already been integrated into the internal audit process, while additional control mechanisms are currently being developed.

Based on the resilience analysis, uncertainties exist regarding physical climate risks in the upstream value chain, as these have not yet been specifically assessed. In particular, dependencies on specific raw materials such as rare earths and/or product components could materially impact business model resilience if global supply chains are disrupted by climate-related natural disasters or long-term climate changes. Going forward, this aspect will also be comprehensively assessed within the framework of the climate risk analysis. For own operations as well as the downstream value chain, physical climate risks are considered elevated but are not assessed as threatening to the strategy or business model.

In the short term, efforts focus on the continuous optimization of operational processes to reduce emissions and exploit efficiency potential. This includes actions such as improving energy efficiency and increasing the use of renewable energy sources. Regular risk management ensures ongoing monitoring and, if necessary, the ability to act on business-related risks.

In the medium term, the ongoing development of the product and service portfolio is promoted to meet growing market demands and regulatory requirements. This includes the modernization of existing assets to align them with new technological standards. At the same time, strong emphasis is placed on the training and reskilling of employees to actively shape the transformation process.

In the long term, the business model will be progressively transformed in line with market trends, incorporating innovative solutions that support a sustainable economy. Through strategic partnerships and continuous investment in future-proof technologies, we ensure that our company remains competitive and continues to strengthen its role as a responsible player in its industries.

1.10.2. E4-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model

The extraction of critical materials and substances in the upstream value chain can materially impact the environment, particularly biodiversity. The extraction of raw materials, for instance, leads to habitat destruction, which directly contributes to the endangerment and loss of biodiversity. This primarily applies to upstream processes in the value chain, which can potentially have medium-term impacts. Based on an analysis conducted via the Natura2000 online platform, the company's sites were assessed for their proximity to areas of high ecological sensitivity. Each location was surveyed to assess whether it had any impact on nearby areas and biodiversity. No negative impacts were identified.

The following list outlines the key company-operated sites to be considered based on majority ownership:

EUROPE/WORLDWIDE	COUNTRY	CITY
Europe	Austria	Bergheim, Donawitz, Ebbs, Engerwitzdorf, Götzis, Graz, Hagenberg im Mühlkreis, Innsbruck, Kapfenberg, Linz, Vienna, Schwertberg, Salzburg, Kufstein, Bisamberg
	Belgium	Machelen, Kortrijk
	Bulgaria	Saedinenie, Sofia
	Czech Republic	Horní Suchá, Liberec, Prague, Plzeň
	France	Besançon, La Garde, Mitry-Mory, Montigny-le-Bretonneux, Toulouse, Valbonne
	Germany	Augsburg, Berlin, Burscheid, Deggendorf, Dresden, Düsseldorf, Frickenhausen, Fürth, Grassau, Greifswald, Hamburg, Hilden, Immenstaad, Ismaning, Kaufbeuren, Leipzig, Limbach-Oberfrohna, Mauerstetten, Memmingen, Munich, Roding, Saarbrücken, Schorndorf, Stuttgart, Wendlingen am Neckar, Witten, Langweid am Lech, Balingen, Eching, Goslar, Mammendorf, Schwäbisch Hall, Sinsheim, Stadtbergen, Aachen, Neuhausen, Ansbach, Böblingen, Vilshofen on the Danube
	Hungary	Budaörs, Győr, Pécs, Tab, Taksony
	The Netherlands	Schiphol-Rijk
	North Macedonia	Skopje
	Poland	Warsaw
	Portugal	Aveiro, Lisbon
	Romania	Bucharest, Galaţi
	Slovenia	Celje, Kranj, Ljubljana, Maribor
	Spain	Bilbao, Pozuelo de Alarcón, Derio, Torrejon de Ardoz, Alcala de Henares, Alcorcon, Loiu, Santa Coloma de Gramenet, Chiclana de la Frontera, Oviedo
	Switzerland	Ittigen, Rotkreuz
	United Kingdom	Chichester, London, Trowbridge

EUROPE/WORLDWIDE	COUNTRY	CITY
Worldwide	Algeria	Les Sources Bir Mourad Rais, Alger
	Canada	Boisbriand, Cornwall, Sainte-Therese
	China	Beijing, Shanghai, Dongguan
	Kazakhstan	Almaty
	Malaysia	Perai
	Singapore	Singapore
	Taiwan	Taipei
	United States	Madison, Newark, Renton, San Diego, Springfield, Hillsboro, Columbus, Ashburn, Seattle, Newnan
	Usbekistan	Tashkent
	South Korea	Seongnam

Based on an analysis conducted via the Natura2000 online platform, the company's own sites were assessed for their proximity to areas of high ecological sensitivity. Each site was evaluated using questionnaires to determine whether it had any impact on nearby areas and biodiversity. No negative impacts were identified during this process. The results are presented in the table below.

COMPANY NAME	EUROPE/ WORLDWIDE	CITY, COUNTRY	IMPACT
beflex electronic GmbH	Europe	Hamburg, Germany	No impact
Kontron Beteiligungs GmbH; Kontron Europe; Kontron Acquisition GmbH	Europe	Ismaning, Germany	No impact
Kontron Electronics GmbH	Europe	Frickenhausen, Germany	No impact
Kontron Electronics Kft.	Europe	Pécs, Hungary	No impact
Kontron Hungary Ltd	Europe	Budaörs, Hungary	No impact
Kontron Public Transportation Arce S.A.U.	Europe	Alcala de Henares, Spain	No impact

COMPANY NAME	EUROPE/ WORLDWIDE	CITY, COUNTRY	IMPACT
Kontron Solar GmbH	Europe	Memmingen, Germany	No impact
Kontron Transportation Deutschland GmbH	Europe	Immenstaad, Germany	No impact
Kontron Transportation Schweiz AG	Europe	Bösingen, Germany	No impact
Suntastic.Solar GmbH	Europe	Bisamberg, Austria	No impact

No material impact on soil degradation, desertification, or soil sealing was identified within the company's operations.

Based on the described analysis, we conducted a survey among units located near or within designated high-biodiversity areas. No material impact of the company's business activities on endangered species was identified.

1.10.3. S1-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model

All individuals employed by the Kontron Group who can be materially impacted by the company are included within the disclosure scope in accordance with ESRS 2. The following groups are included in the company's workforce: All employees who were employed by a Kontron Group company in 2024. This also includes trainees, interns, apprentices, as well as employees on parental leave, study leave, or sick leave.

The following types of employees and non-employees within Kontron's workforce (External workers) could be materially affected by the company's activities. No actual impacts were identified, but potential impacts were noted for the following groups:

- Employees: Workers who have an employment relationship with the company.

External workers:

- Temporary workers: Affected by scheduling, contract terms, and temporary working conditions.
- Freelancers (Self-employeyd): Impacted by project contracts, remuneration, and integration into corporate processes.
- Agency workers: Impacted by coordination between staffing agencies and Kontron, particularly concerning fair working conditions and rights.

In the double materiality analysis, the following potential negative impacts, arising from systemic conditions or individual cases, were identified as possible and, in some cases, are already being mitigated through preventive counteractions. The following impacts are only potential; no actual or systemic impacts were identified:

- S1 – Working time: Risks of employee overload Imposing or encouraging excessively long working hours without sufficient breaks can lead to burnout, increased errors, and high employee turnover, potentially systemic.
- S1 – Gender equality and equal pay: Systemic wage inequality in the sector, particularly market-driven disparities (e.g., technical professions generally receive higher pay than social services).
- S1 – Other work-related rights: Neglect, misconduct, and human rights violations – ranging from unethical practices to systemic abuses – can potentially occur in high-risk areas but not systemic.

Kontron's positive actions benefit all types of employees, including full-time staff, part-time workers, working students, interns, temporary employees, and freelancers. Specific groups, such as parents with flexible working arrangements or employees in multicultural teams, additionally benefit from individual agreements and the promotion of diversity. Data protection and fair compensation have global relevance, with Europe standing out due to strict data protection regulations and equality initiatives.

Potential negative impacts have also been identified in the company's own workforce. Temporary employees, working students, employees in countries with weak labour law enforcement, employees in low-wage sectors and people with caring responsibilities or without sufficient access to grievance mechanisms tend to be particularly vulnerable to work-related negative impacts.

- S1 Working hours: Excessive working hours without breaks increase the risk of burnout and staff turnover.
- S1 Equality & pay: Pay differences and equality actions harbour potential for conflict; women in particular are still affected here.
- S1 Other rights: A lack of risk analyses can facilitate human rights violations in the supply chain.

At the time of publication of this report, there is no transition plan. When drawing up such a plan, attention will be paid to avoiding any negative impact on the company's own workforce.

1.10.4. S2-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model

The Kontron Group operates globally in the electronics and technology sector, with a value chain encompassing a diverse workforce. Workers in the upstream supply chain are among the most materially affected, including those involved in raw material extraction, manufacturing, component trading, and logistics. Various groups of workers were considered as part of the materiality assessment, but there was no specific identification of individuals with characteristics that might make them more vulnerable.

The Kontron Group places great emphasis on responsible labour practices throughout its value chain. This entails compliance with legal requirements, the promotion of human rights, and the implementation of risk mitigation actions, particularly in high-risk sectors. The actual and potential impacts on workers in the value chain, in accordance with ESRS 2 IRO-1 (Description of the Processes for Identifying and Assessing Material Impacts, Risks, and Opportunities), do not originate from nor are they connected to the company's strategy or business model. The impacts do not influence the company's strategy and business model or contribute to their adjustment. contribute to their adjustment.

An explicit risk of, and therefore also a (potentially) negative impact from, child labour, forced or compulsory labour among employees in the company's value chain was evaluated. It was found that the actual risk exists particularly in the context of conflict minerals, where the extraction and trade of certain raw materials may be linked to the financing of armed groups in conflict regions. These situations are often associated with severe human rights violations, including child labor and environmental degradation. Such minerals are frequently used in electronic components.

The Kontron Group recognizes this risk and is committed to actively addressing these human rights issues through strict supply chain controls, transparency initiatives, and adherence to international standards such as the OECD Guidelines for Responsible Supply Chains.

- **Time frame:** Human rights violations in the upstream value chain can occur over all periods of time and have systemic traits of exploitation.
- **Scale of impact:** Such violations would have a severe impact on affected workers, materially disrupting their living and working conditions.
- **Affected workforce group:** The impacts are generally limited to a specific subset of individuals within the upstream value chain.
- **Difficulty of remediation:** These violations are extremely challenging to monitor and difficult to remediate in the long term. A lack of transparency in mining regions, coupled with complex supply chains, further complicates negative impact mitigation efforts.
- **Probability:** These impacts are considered potentially present, but a quantitative probability assessment was excluded from the calculation to prioritize the analysis of potential impacts.

The Kontron Group takes a proactive approach to improving labour conditions across the supply chain. Suppliers failing to meet appropriate labour standards are actively excluded from cooperation. This approach creates a strong incentive for suppliers to enhance their labour standards, as future cooperation with Kontron is conditional on compliance with these requirements. Through this approach, the Kontron Group not only enhances the well-being of workers in the supply chain but also drives sustainable improvements in labour conditions across the entire value chain.

- **Implementation:** Suppliers that fail to meet the standards are excluded at the outset of the business relationship. Screening systems for supplier verification have already been implemented.
- **Time frame:** Short-term – Actions such as identifying and excluding non-compliant suppliers are implemented promptly.
- **Impact Scale**: Moderate impact on workforce wellbeing and business practices.
- **Scope**: The impact is limited exclusively to Kontron's internal value chain.
- **Actions:** The company adheres to geopolitical sanctions and leverages these actions to enhance working conditions across the supply chain.

1.11. IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities

To gain a comprehensive understanding of the Kontron Group's material sustainability-related impacts, risks, and opportunities (IROs), the materiality assessment as procedure for identifying, assessment, prioritization and monitoring of impacts on humans and the environment was carried out in several structured steps.

Methods and Assumptions:

Kontron carried out a double materiality assessment, considering both impact materiality (impacts on the environment and society) and financial materiality (financial risks and opportunities). The methodology was based on ESRS 1 and 2.53 and included a systematic identification, assessment, and prioritization of risks and opportunities.

- The process began with the creation of a long list containing all ESRS topics.
- Kontron's internal departments analyzed and reviewed the impacts, risks, and opportunities (IROs) across these topics. The IROs identified were reviewed by an external consultant and served as the basis for the final assessment of both impact and financial materiality. In a materiality workshop with key representatives from the Kontron Group, the findings from steps 1 and 2 were discussed. Based on the IROs identified in step 2, Kontron's subject matter experts evaluated and validated the impact and financial materiality of each ESRS topic.
- As part of a structured evaluation process, stakeholders were actively involved through an online survey. The purpose of the survey was to systematically capture and assess the relevance of the topics identified by Kontron. Stakeholders were able to provide their input on the various topics, offering valuable insights into their priorities and perspectives. They were also given the opportunity to submit additional impacts not previously identified. The results of the stakeholder input were incorporated into the overall impact assessment. This approach ensures that stakeholder views and priorities are reflected in the identification of material impacts.
- The prioritization of topics was based on the following elements: impact materiality scores, financial materiality assessment, and stakeholder feedback, all of which were used to validate the impact materiality scoring and internal evaluations.

Focus on Specific Risk Factors: The analysis focused on key activities within the hardware, software, and GreenTec sectors, as well as business relationships and regional conditions with elevated risk (e.g. supply chains in high-risk areas).

Process for Identifying and Prioritizing Potential and Actual Impacts: Consideration of business relationships and high-risk regions: Kontron considered both its own operations and its full value chain, including suppliers and partners. Particular attention was paid to supply chain risks (e.g. labor rights or environmental issues in production countries).

Involvement through Own Operations or Business Relationships: The analysis covered both direct and indirect impacts, for example through product design, manufacturing, and supplier management.

Stakeholder Consultation: Kontron involved employees, customers, suppliers, investors, and other stakeholders via online surveys and workshops. In total, 692 employees, 7 customers, 21 suppliers, 4 investors, and other stakeholders participated in the 2023 stakeholder survey.

Prioritization of Negative and Positive Impacts:

- Negative impacts were prioritized according to scale, scope and irremediability.
- Positive impacts were prioritized according to scale and scope.
- Evaluations were based on a scoring system from 0 to 5 for severity and 0 to 1 for likelihood of occurrence.
- The maximum value of each individual component (scale, scope, or irremediability) determined the overall severity level, in accordance with ESRS section 1, paragraph 45.

Process for Assessing Financial Risks and Opportunities:

Link between impacts and financial risks/opportunities: Risks and opportunities were assessed at both the operational level (direct impacts) and the strategic level (long-term financial impacts).

Assessment of likelihood and financial impact: Financial materiality is determined on the basis of qualitative and quantitative criteria in accordance with ESRS 1.3.3. Time frame: Short-term (1 year), medium-term (up to 5 years), long-term (over 5 years).

Prioritization of sustainability risks compared to other risks: Sustainability risks are integrated into the overall risk management and aligned with traditional financial and business risks. Tools such as risk assessment models and materiality scores are used.

Decision-making and internal control procedures:

The results of the materiality assessment were validated in management workshops and formally approved by the Executive Board. Internal control systems and audits ensure implementation and follow-up.

Integration into overall risk management:

Sustainability risks are part of the integrated risk management system and are incorporated into regular company evaluations. The results are used to assess the overall risk profile.

Incorporation of opportunities into management processes:

Sustainability-related opportunities influence investments in new technologies, markets, and business models.

Input parameters used:

- Data sources come from internal risk management, stakeholder surveys, and industry benchmarks.
- Covered processes include the entire value chain, from raw material sourcing to product use.
- Level of assumption detail: Use of standardized scoring scales (0–5) and likelihood probabilities (0–1).

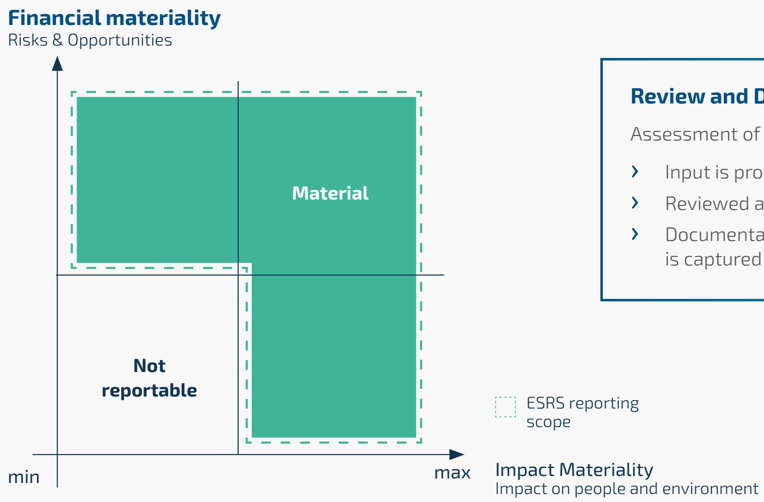
Changes Compared to the Previous Reporting Period: The methodology for assessing materiality was revised as part of the expanded stakeholder engagement process. A review is conducted every two years.

Objective assessment criteria were established to determine material impacts. The degree of “severity” is determined by the average of the “scale,” “scope,” and “irremediability” of each impact. Additionally, the likelihood of occurrence of a potential impact was considered. To operationalize the evaluation logic, a scale from 0 to 5 was used to rate scale, scope and irremediability, and a range from 0 to 1 (in increments of 0.2) was used to assess the probability of the impact’s materiality. A range from 0 to 5 was used for scale, and a range from 0 to 1 for probability concerning the financial materiality perspective, in accordance with Kontron’s risk assessment.

The following evaluation logic was discussed and applied to assess the significance of the identified IROs:

Scoring Mechanism

A quantitative scoring mechanism lined out by EFRAG



Review and Documentation of results:

Assessment of identified impacts against the criteria:

- Input is provided by the respective internal experts
- Reviewed and validated in a workshop
- Documentation for the audit process (incl. rationale) is captured in the tool

Impact Materiality

Assessment of identified impacts against the criteria:

- **Severity based on:**
  - Scale,
  - Scope and
  - Irremediability
- **Likelihood (for potential impacts):** For each factor, a scale of 0-5 points is used, likelihood assessement is converted into a multiple of 0-1 with 20%-steps

Financial Materiality

- Assessment of dependencies from natural, human and social resources
- The assessment is made according to a scale from 0 (none) to 5 (high)
- The identified risks and opportunities should be intergrated in the risk management process
- Likelihood considered similar as for impact materiality

Impact Materiality = Severity * Likelihood

Financial Materiality = Magnitude of fin. Effect * Likelihood

Figure: Scoring mechanism

1.11.1. E1-IRO-1 – Description of the processes for identifying and assessing material impacts, risks and opportunities associated with climate change

Kontron identified the impacts on climate change, especially greenhouse gas emissions, through a double materiality assessment. The evaluation was based on materiality criteria such as scale, scope, and irremediability, as well as stakeholder surveys. Financial and sustainability-related risks and opportunities were analyzed for prioritization. Additionally, insights from both the physical and transitional climate risk analyses were used to comprehensively assess climate risks and adaptation actions. The results are integrated into risk management and strategic planning to support CO_2 reduction actions and sustainable technologies. Emissions from land-use change, black carbon, or tropospheric ozone are not considered relevant to Kontron's business activities.

To identify and evaluate climate-related physical risks, a software-based climate risk analysis was conducted for the first time in the reporting year for all of Kontron's own sites and recognized consignment warehouses at customer locations. The software solution used analyzed the addresses and geographical coordinates of these locations across 18 different and relevant risk categories over a time horizon of 35 years, assessing gross risks along with their potential financial scale and probability of occurrence. The 13 acute and 15 chronic climate hazards classified in Delegated Regulation (EU) 2021/2139 are considered adequately covered, as the 18 categories analyzed by the company are deemed sufficient to provide comprehensive insight into all relevant and potentially associated physical risks. A standardized holding and operational period of 35 years was assumed for all sites–except certain consignment warehouses–to account for rising climate risks over the long term, thereby allowing a conservative risk assessment. No separate consideration was given to short- and medium-term periods or planning horizons with regard to physical risks.

The software-based analysis assessed both the locations as assets and their operational viability. This includes Kontron's own activities and, partially, the downstream value chain through consignment warehouses at customer sites. The upstream value chain was not analyzed with regard to physical climate risks, as no reliable information on the origin of raw materials, product components, or their transport routes is currently available. This information, along with the relevant climate risk analysis, is intended to be obtained or carried out in the future.

The software assessed risks based on four climate scenarios using the representative concentration pathways RCP2.6, RCP4.5, RCP6.0, and RCP8.5 defined by the Intergovernmental Panel on Climate Change (IPCC). The two intermediate scenarios (RCP4.5 and RCP6.0) were each weighted twice, as a globally stringent limitation of greenhouse gases currently appears unlikely, and material global warming is therefore anticipated. Since reliable climate data was not available for all scenario-location combinations, these specific instances were excluded from the analysis. Instead of analysing short- and medium-term horizons, assessments were conducted for one year and 35 years. The findings were incorporated into the Group's risk management.

In general, a material long-term risk from physical climate hazards exists, particularly when considered cumulatively across all relevant risk classifications, potentially leading to damage to assets as well as temporary operational disruptions. Based on the results of the software-based site analysis, potential high-risk sites were identified by applying threshold values for each risk category. These are sites whose carrying amount was deemed material according to group risk management thresholds, and for which the tool indicated high individual risk based on the weighted average of climate scenarios. In these specific cases, sites were thoroughly assessed in consultation with local representatives of Kontron AG regarding the accuracy of the identified risks and existing mitigation actions. It was determined that two sites each are exposed to high gross risks related to river flooding and severe snowfall. However, in all cases, appropriate precautions have already been taken to effectively mitigate potential damages and operational disruptions in the foreseeable future.

Climate-related transition risks and opportunities were identified and qualitatively assessed internally during workshops with selected experts from the relevant specialist areas. In total, 18 risks and nine opportunities were analyzed across the four areas: "Policy & Law", "Technology", "Market", and "Reputation". Three different time horizons were considered for each risk and opportunity assessment: short-term (up to one year), medium-term (one to five years), and long-term (beyond five years). Additionally, a localization analysis was conducted to determine whether these influenced Kontron's own activities and/or the upstream and/or downstream value chain. The assessment focused on the overall impact of risks and opportunities on Kontron's business activities; individual assets were not assessed.

The qualitative assessment of individual risks and opportunities was conducted consistently under the general assumption of a 1.5-degree scenario in accordance with the Paris Agreement. This assumes a strict regulatory environment–particularly within the European Union–likely resulting in material market-driven, technological, and reputational changes towards a low-emission economy. This does not refer to a specific official scenario such as SSP1-1.9 from the Shared Socioeconomic Pathways (SSP) developed by the IPCC, but rather to a broader assumption aligned with the goal of limiting global warming to 1.5°C. No explicitly named SSP scenario was used as the basis for the concrete scenario analysis; instead, it served as a conceptual framework for the risk assessment. From Kontron AG's perspective, this scenario represents the strongest potential manifestation of transition risks and opportunities and was therefore considered sufficient for the analysis. Since this assessment was purely qualitative, based on the judgement of internal specialists, no scientific studies were used.

As part of the evaluation of potential financial magnitude and probability of occurrence, Kontron AG identified several transition events that could become material for the company's business activities over a long-term time frame (beyond five years). These include the risks of replacing existing products and services with lower-emission options, and potentially unsuccessful investments in new technologies (see IROs for E1 – Climate Change Adaptation: Innovative Products). In both cases, material and strategic investment decisions may entail substantial risks due to retrospective misselection of new technologies and solutions. Moreover, these transition events also present substantial opportunities, including the development of new products, entry into new markets, and increased demand for products and services, all of which support the shift towards a low-emission economy.

Based on the Kontron Group's current greenhouse gas inventory, continued efforts are necessary across the Group to reduce greenhouse gas emissions in pursuit of a net-zero economy. This applies to all business activities and thus encompasses all Group locations. Additionally, the company is working towards achieving taxonomy alignment for selected economic activities. To date, no economic activity has been categorically identified as incompatible with EU taxonomy criteria. However, extensive procedural, product-specific, and documentation actions remain necessary in this regard.

The scenarios used to assess climate-related physical risks, transition risks, and opportunities do not conflict with one another nor with other climate-related assumptions presented in this report. This ensures consistent compatibility of scenario-based disclosures.

1.11.2. E2-IRO-1 – Description of the Process for Identifying and Assessing Material Impacts, Risks, and opportunities Related to Pollution

The assessment of material impacts, risks, and opportunities related to pollution was conducted as part of the materiality analysis. The topic of pollution was discussed with Kontron's subject-matter experts in internal working sessions, during which the actual, potential, positive and negative impacts, as well as financial risks and opportunities, were identified and documented across Kontron's operations and its value chain. The potential risks are primarily located in the upstream supply chain and in the end-of-life disposal of products, although their overall reach is considered limited.

An additional instrument for monitoring and control is the Supplier Code of Conduct, which Kontron's suppliers are contractually obligated to adhere to. This Code sets out clear environmental requirements, including:

- Responsible sourcing of raw materials and compliance with conflict minerals regulations
- Use of safe and sustainable materials in line with international environmental standards
- Prevention of counterfeit components and assurance of original parts
- Sustainable resource management and waste reduction
- Energy efficiency and the use of renewable energy sources
- Water and soil protection actions, as well as noise reduction initiatives

Suppliers are required to meet these criteria and are regularly audited for compliance.

Kontron also regularly verifies that all materials used meet the stringent REACH and RoHS regulatory requirements. In addition, environmental and energy audits are conducted on a recurring basis at several Kontron sites to identify emission sources and potential environmental impacts.

Kontron maintains an ongoing dialogue with key stakeholders–including customers, suppliers, regulatory authorities, and environmental organizations–to better understand impacts, risks, and opportunities, and to continuously improve its sustainability strategy. While comprehensive consultations with affected communities regarding pollution have not yet taken place, Kontron ensures that pollution-related considerations are addressed across the value chain through its SCoC and its internal environmental and social standards.

1.11.3. E3-IRO-1 – Description of processes for identifying and evaluating material impacts, risks and opportunities associated with water and marine resources

The assessment of material impacts, risks, and opportunities related to water and marine resources was conducted as part of the materiality analysis.

Review of assets and operations: Kontron analyzed its assets and operations to determine its actual and potential impacts, risks, and opportunities related to water and marine resources, both within its own operations and across the upstream and downstream value chain. A software-based physical climate risk analysis was conducted to assess water stress risks at Kontron's global locations. Locations identified as high risk for water stress were analyzed in detail to determine specific dependencies and impacts. As the affected locations consisted of office premises without production facilities, the risk was considered not material.

Regarding the upstream supply chain, internal expert interviews revealed that high water consumption–particularly in PCB and chip production–can have material impacts on water reserves in production regions. At the same time, the dependence of manufacturing processes on available water could lead to disruptions in case of water shortages. No site-specific assessment (unlike for Kontron's own operations) was conducted for the upstream and downstream value chain. The assessment of these risks was carried out within the framework of the double materiality analysis, which identified low probability and only short-term impacts. Therefore, the risk was classified as not material.

Consultations with affected communities: The company did not conduct specific consultations with affected communities, as the potential risks lie within the supply chain and the impacts were assessed as low. Nevertheless, Kontron promotes responsible water and marine resource management by suppliers within the value chain to support sustainable production conditions in the long term.

1.11.4. E4-IRO-1 – Description of processes for identifying and evaluating material impacts, risks, dependencies and opportunities associated with biodiversity and ecosystems

The assessment of material impacts, risks, and opportunities related to biodiversity and ecosystems was carried out as part of the materiality analysis at Kontron's own sites and within the upstream and downstream value chain. In order to identify and evaluate the actual and potential impacts of the company's own sites, a biodiversity analysis was conducted at selected locations of Kontron AG's subsidiaries that are situated near areas of high biodiversity (more detailed information can be found in chapter "2.4. ESRS E4 Biodiversity and Ecosystems").

The purpose of this analysis was to identify actual and potential interactions between Kontron's locations and protected areas or other biodiversity-sensitive zones located in close proximity. The analysis revealed that there are no negative impacts at any Kontron Group site, and therefore no mitigation actions are currently necessary. The assessment along the value chain showed that, in the upstream value chain, the extraction of minerals and raw materials can have material potential impacts on biodiversity and ecosystems at mining sites. Ecological criteria such as disturbance of natural habitats, alteration of ecosystem services, and reduction in species diversity were taken into account. Kontron did not identify any dependencies or physical and transitional risks and opportunities related to biodiversity and ecosystems from its operations or within its upstream and downstream value chain.

Systemic risks were not separately assessed, as the relevant impacts occur far upstream in the value chain and no direct interaction exists. For this reason, no direct consultation with potentially affected communities was conducted. However, Kontron's SCoC requires suppliers to act responsibly in relation to this topic. To reduce the demand for virgin raw materials, the maximum use of recycled materials is pursued. Kontron therefore consistently aims to manage natural resources responsibly – for example, by avoiding waste and using efficient recycling solutions. Based on the comprehensive waste classification systems of the Waste Catalogue Ordinance and the Commercial Waste Ordinance, Kontron monitors its certified waste disposal companies and requires documentation of sorting and recycling rates as well as the final destination of its waste. The analyses and explanations for these three data points can be found in chapter "1.10.2 E4-SBM-3".

1.11.5. E5-IRO-1 – Description of processes for identifying and evaluating material impacts, risks and opportunities associated with resource use and circular economy

The assessment of material impacts, risks, and opportunities in the area of resource use and circular economy was conducted as part of the materiality analysis. It included the identification of interfaces with nature, the analysis of dependencies and environmental impacts, as well as the evaluation of material risks and opportunities. In the course of the assessment, no physical assets were analyzed; however, business activities within Kontron's own operations and its upstream and downstream value chain were examined.

The topic was discussed in internal working sessions with the responsible experts from the subsidiaries, who are in charge of quality management or environmental, health, and safety matters, including waste, in the context of the Kontron Group's operations. The business areas and resources discussed are listed in the overviews below. For data collection, materials purchased by all Kontron entities were evaluated using external databases, and average recycling rates were calculated based on the assumption that no materials outside of typical industry use were involved.

Consultations with affected communities: The company did not conduct specific consultations with affected communities regarding resource use and the circular economy, as there are no direct contact points. Nevertheless, Kontron promotes responsible resource management and supports circular economy practices through its CoC and on-site actions within its operations, in order to foster sustainable production conditions in the long term.

The following list provides an overview of the business areas associated with material impacts, risks, and opportunities in the field of resource use and the circular economy, in connection with the company's products and services and the waste it generates:

DIVISION	PRODUCTS/SERVICES	WASTES
IoT and industrial IoT solutions	Hardware and software solutions for Industry 4.0	Electronic waste, packaging material
Smart energy solutions	Smart grid technologies	Electronic waste, old components
Rail technologies and communication solutions	GSM-R, FRMCS, network solutions	Electronic waste, old devices
Medical technology	IoT-enabled diagnostics and monitoring systems	Electronic waste, packaging
Aerospace technologies	In-flight entertainment and communication systems	Electronic waste, batteries
Embedded computing solutions	Industrial computer systems	Electronic waste, semiconductor scraps
Transport solutions (automotive)	Telematics and connectivity solutions	Electronic waste, packaging material
Software solutions and KontronOS	Operating systems and software for IoT systems	Minimal waste from packaging

Kontron focuses on durable, repairable products and sustainable materials to conserve resources and promote the circular economy. In particular, the areas of IoT, smart energy, rail technologies, medical technology, aviation, and embedded computing generate electronic waste, outdated components, and packaging materials, with an emphasis placed on their reduction and recycling.

Key resources such as metals, plastics, and semiconductors are treated as high priorities, while the use of renewable and recyclable materials is being continuously expanded. These actions reduce dependency on primary raw materials, lower environmental impacts, and enhance the circularity of Kontron's products.

The following list presents the prioritization of the key resources used by the company:

RESOURCE	PRIORITY	JUSTIFICATION
Metals (e.g. copper)	High	Main component of electronic parts across all business areas
Plastics	High	Essential for housings and packaging
Semiconductors	High	Essential for electronic hardware and embedded computing solutions
Batteries	Medium	Important resource in smart energy and aeronautical technologies
Packaging materials	Medium	Frequently used; can be replaced by sustainable alternatives
Renewable materials	Medium	Already in use in certain business areas (e.g. smart grids) and expandable

Kontron aims to replace plastics in packaging wherever possible with more sustainable packaging materials such as cardboard. Furthermore, wherever feasible, the use of conventional batteries is avoided, and lithium-ion rechargeable batteries are integrated into our products instead.

Material impacts and risks of remaining in a "business-as-usual" scenario:

- Resource scarcity: Rising costs and limited availability of metals and semiconductors may endanger production.
- Environmental impact: High volumes of waste and a lack of recycling strategies intensify environmental problems.
- Reputational risk: Unsustainable practices could harm stakeholder trust.
- Regulatory risks: Stricter legal requirements for resource use and waste disposal could result in financial burdens.

Material opportunities associated with the circular economy:

- Cost reduction: Recycling and reusing materials can lower procurement costs.
- Innovation potential: Developing durable, modular, and recyclable products strengthens competitiveness.
- Regulatory advantages: Sustainable business practices support compliance with legal requirements.
- Reputational gains: Sustainable practices increase trust among customers, investors, and partners.
- Market opportunities: Demand for resource-efficient and circular products is growing across all industries.

Material impacts and risks of transitioning to a circular economy:

- Investment costs: Increased spending on research, development, and the shift to circular production processes.
- Supply chain adjustments: Need to identify more sustainable suppliers and realign existing relationships.
- Technological change: New technologies and materials may lead to short-term production uncertainties.
- Complexity: Introducing take-back systems and recycling processes increases organizational effort.

The following stages of the value chain, which are particularly affected by resource use, risks, and negative impacts, were discussed during the materiality assessment workshops:

VALUE CHAIN STAGE	RESOURCE USE, RISKS, AND IMPACTS
Raw material extraction	High resource consumption (metals, semiconductors), environmental degradation (see E4 Biodiversity), human rights risks (see S2).
Manufacturing	Energy-intensive production, electronic waste, use of unsustainable materials.
Distribution and packaging	Use of plastic and other packaging materials, transport emissions.
Product usage	Energy consumption during use, maintenance requirements, and potential e-waste generation.
End-of-life (disposal and recycling)	Lack of recycling: Insufficient recycling practices lead to electronic waste and the loss of valuable materials.

1.11.6. G1-IRO-1 – Description of the procedure for identifying and assessing material impacts, risks, and opportunities

Kontron AG is an internationally operating technology company headquartered in Linz, Austria, with global subsidiaries. The company specializes in the development and production of IoT and embedded computing solutions for applications across various industries. Key sectors include IoT automation, rail technology, aerospace & defense, communications, ODM, software, solar & energy management, and wall chargers. Kontron is listed on the Frankfurt Stock Exchange and is included in both the SDAX and TecDAX indices.

As part of the materiality assessment, the identification and evaluation of material IROs related to the topic G1 – Governance were carried out by Kontron AG's internal expert departments. These were externally reviewed. Based on the identified IROs, the impact and financial materiality were assessed and validated by the respective Kontron subject matter experts.

1.12. IRO-2 – Disclosure requirements in ESRS covered by the undertaking's non-financial report

A data point or piece of information is considered material if it meets one or more of the following criteria:

The information is material if it is essential to appropriately represent or explain the topic. Relevance for users' decision-making: The information contributes to meeting the needs of key user groups – particularly the primary users of financial reporting (e.g. investors) and users focused on the undertaking's impacts on the environment, society, and governance.

Accordingly, Kontron assessed whether the information or data points to be disclosed either materially influence the topic itself or are of particular importance to external stakeholders, especially in the context of their economic or societal decision-making processes. The application of these criteria formed part of the assessment of information materiality, which is integrated into the overall materiality analysis.

The following overview shows a list of the disclosure requirements:

DISCLOSURE REQUIREMENT	CHAPTER	PARAGRAPH
ESRS 2 – **General information**	**1**	
BP-1 – General basis for preparation of the non-financial report		1.1
BP-2 – Disclosures in relation to specific circumstances		1.2
GOV-1 – The role of administrative, management, and supervisory bodies		1.3
GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies		1.4
GOV-3 – Integration of sustainability-related performance in incentive schemes		1.5
GOV-4 – Statement on due diligence		1.6
GOV-5 – Risk management and internal controls over sustainability reporting		1.7
SBM-1 – Strategy, business model, and value chain		1.8
SBM-2 – Interests and views of stakeholders		1.9
SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model		1.10
E1-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business model		1.10.1
E4-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business		1.10.2
S1-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business		1.10.3
S2-SBM-3 – Material impacts, risks, and opportunities, and their interaction with strategy and business		1.10.4
IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities		1.11
E1-IRO-1 – Description of the procedure for identifying and assessing material impacts, risks and opportunities associated with climate change		1.11.1
E2-IRO-1 – Description of the process for identifying and assessing material impacts, risks, and opportunities related to pollution		1.11.2

DISCLOSURE REQUIREMENT	CHAPTER	PARAGRAPH
E3-IRO-1 – Description of processes for identifying and evaluating material impacts, risks and opportunities associated with water and marine resources		1.11.3
E4-IRO-1 – Description of processes for identifying and evaluating material impacts, risks, dependencies and opportunities associated with biodiversity and ecosystems		1.11.4
E5-IRO-1 – Description of processes for identifying and evaluating material impacts, risks and opportunities associated with resource use and circular economy		1.11.5
G1-IRO-1 – Description of the procedure for identifying and assessing material impacts, risks, and opportunities		1.11.6
IRO-2 – Disclosure requirements in ESRS covered by the undertaking's non-financial report		1.12
ESRS E1 – Climate Change	**2**	**2.2**
E1-1 – Transition plan for climate change mitigation		2.2.1
E1-2 – Policies related to climate change mitigation and adaptation		2.2.2
E1-3 – Actions and resources in relation to climate change policies		2.2.3
E1-4 – Targets related to climate change mitigation and adaptation		2.2.4
E1-5 – Energy consumption and energy mix		2.2.5
E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions		2.2.6
E1-9 – Expected financial impact of material physical and transitional risks as well as potential climate-related opportunities	Not reported in the first year	
ESRS E3 – Water and Marine Resources		**2.3**
E3-1 – Policies related to water and marine resources		2.3.1
E3-2 – Actions and resources related to water and marine resources		2.3.2
E3-3 – Targets related to water and marine resources		2.3.3
ESRS E4 – Biodiversity and Ecosystems		**2.4**
E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model		2.4.1
E4-2 – Policies related to biodiversity and ecosystems		2.4.2
E4-3 – Actions and resources related to biodiversity and ecosystems		2.4.3
E4-4 – Targets related to biodiversity and ecosystems		2.4.4
E4-5 – Impact metrics of impacts on biodiversity and ecosystems change		2.4.5
ESRS E5 – Resource Use and Circular Economy		**2.5**
E5-1 – Policies related to resource use and circular economy		2.5.1
E5-2 – Actions and resources related to resource use and circular economy		2.5.2
E5-3 – Targets related to resource use and circular economy		2.5.3

DISCLOSURE REQUIREMENT	CHAPTER	PARAGRAPH
E5-4 – Resource inflows		2.5.4
E5-5 – Resource outflows		2.5.5
ESRS S1 – Own workforce	**3**	**3.2**
S1-1 – Policies related to own workforce		3.2.1
S1-2 – Processes for involving own workforce and workers' representatives in terms of impact		3.2.2
S1-3 – Processes to improve negative impacts and channels through which own workforcecan raise concerns		3.2.3
S1-4 – Actions to address material impacts on own workforce		3.2.4
S1-5 – Targets for managing material negative impacts, opportunities, and risks		3.2.5
ESRS S2 – Supply Chain Workers		**3.3**
S2-1 – Policies related to value chain workers		3.3.1
S2-2 – Processes for engaging with value chain workers about impacts		3.3.2
S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns		3.3.3
S2-5 – Targets for managing material negative impacts, opportunities and risks in the value chain		3.3.5
ESRS G1 – Business conduct	**4**	**4**
G1-1 – Business conduct policies and corporate culture		4.1.1
G1-3 – Preventing and Detecting Corruption and Bribery		4.1.2
G1-4 – Incidents of Corruption or Bribery		4.1.3

2. Environment

2.1. EU Taxonomy

As part of the EU action plan to finance sustainable growth ("EU Action Plan on Sustainable Finance"), redirecting capital flows into sustainable investments is a key objective. With this in mind, Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 about establishing a framework to facilitate sustainable investments and amending Regulation (EU) 2019/2088 (referred to below as the Taxonomy Regulation) came into force in mid-2020, which, as a uniform and legally binding classification system, defines which economic activities in the EU are considered "environmentally sustainable". Company-specific reports on the results of this classification are to be presented annually.

Article 9 of the Taxonomy Regulation lists the following six environmental objectives:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The EU Commission has adopted delegated legal acts to supplement the requirements for sustainable economic activities under the Taxonomy Regulation. The Delegated Regulation (EU) 2021/2139 of June 4, 2021 (Delegated Regulation TB) determines the technical screening criteria for the two environmental targets "climate change mitigation" and "climate change adaptation", which are used to determine under which conditions it can be assumed that an economic activity makes a material contribution to climate change mitigation or climate change adaptation, and on the basis of which it is determined whether this economic activity avoids material adverse impacts on one of the other environmental objectives („Do no material harm" – DNSH criteria). The Delegated Regulation (EU) 2021/2178 on content and presentation of July 6, 2021 (Delegated Regulation I&D), on the other hand, determines the content and presentation of information to be disclosed in relation to environmentally sustainable economic activities and the method used to ensure compliance with the disclosure obligation.

In 2023, the EU taxonomy was expanded with regard to the remaining four environmental objectives – in addition, Delegated Regulation (EU) 2023/2486 of June 27, 2023 established the technical screening criteria for the environmental objectives "Protection of Water and Marine Resources", "Transition to a Circular Economy", "Pollution prevention and control" and "Protection and restoration of Biodiversity and Ecosystems". In addition, an extension of economic activities and the technical screening criteria of Delegated Regulation (EU) 2021/2139 was published on June 27, 2023 in Delegated Regulation (EU) 2023/2485.

Regarding the classification of an economic activity as "environmentally sustainable" as defined by the Taxonomy Regulation, a distinction must be made between taxonomy eligibility and taxonomy alignment. Only economic activities described in the delegated acts relating to the technical screening criteria are considered taxonomy-eligible. Any of Kontron AG's economic activities that are included in the EU catalogue are considered taxonomy-eligible. If an economic activity is classified as taxonomy-eligible in the first step, the next step is to check whether the economic activity makes a material contribution to an environmental objective, does not materially harm any other environmental objective and is carried out in compliance with minimum safeguards in accordance with the OECD guidelines for multinational enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards and the International Charter of Human Rights.

Providing these criteria are met in full, the economic activity can be classified as taxonomy-aligned.

Under Art 8 (1) of the Regulation in conjunction with Section 243b or Section 267a of the Austrian Civil Code, Kontron AG is obliged to apply the regulations of the Taxonomy Regulation. In accordance with Section 245a (1) of the Austrian Civil Code, the consolidated financial statements of Kontron AG were prepared in accordance with IFRS as of the closing date. The amounts used to calculate the Turnover, CapEx and OpEx key figures are based on the figures reported in the consolidated financial statements. In principle, all fully consolidated group companies are included in this calculation. Please note that these figures relate to the Kontron Group's continuing operations and, as a consequence, the discontinued operations (DCO – "Discontinued Operations") in financial year 2023 and financial year 2024 are not part of the taxonomy figures. As part of the Katek acquisition, Katek SE and its subsidiaries were included as fully consolidated companies in Kontron AG's consolidated financial statements as of March 1, 2024. The acquisition of the Katek Group therefore also affected the taxonomy-relevant economic activities of the Kontron Group in the reporting year 2024.

In reporting year 2021, mandatory reporting was limited to the taxonomy-eligible share of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) in accordance with the two environmental objectives of "climate change mitigation" and "climate change adaptation". Based on this, Kontron AG was required to provide additional taxonomy alignment information for reporting year 2022. In reporting year 2023, mandatory reporting of the remaining four environmental objectives (water protection, circular economy, environmental pollution, and biodiversity) was limited to the taxonomy-eligible share of Turnover, CapEx, and OpEx. Taxonomy alignment for these four environmental objectives had to be assessed and reported for the first time in reporting year 2024. This report marks the first joint disclosure of taxonomy alignment for all environmental objectives.

Various steps have been taken to achieve a uniform understanding among the Group companies regarding the allocation of the Kontron Group's activities to the respective economic activities and, in particular, with regard to the specific technical criteria for evaluating taxonomy alignment. A general taxonomy guide explained the objectives and legal basis of the EU taxonomy as well as the process for determining conclusive taxonomy alignment. A further detailed taxonomy manual translated the general explanations into a "Kontron-specific" description with more practical relevance, including specific information on the technical screening criteria, which were obtained during numerous coordination meetings with external taxonomy experts. As part of the implementation of a Group-wide ESG reporting tool, a taxonomy module for reporting at the company level was also introduced. Over the past reporting years, this module has been continuously adapted to meet the specified reporting requirements. Using this reporting tool, the respective figures on turnover, capital expenditure and operating expenditure were obtained. These values were assigned to the corresponding economic activities, and the material contribution of these activities was assessed in relation to environmental objectives and the DNSH criteria and minimum safeguards. The cross-departmental team at headquarters level is in continuous intensive contact with the various managers within the individual Group companies, as well as with external taxonomy experts.

Due to the acquisition of the now fully consolidated Katek Group, the taxonomy-relevant economic activities of the Kontron Group were reassessed for their relevance in reporting year 2024. The core activities of the Katek Group primarily cover electronics manufacturing, manufacturing services, solar energy, and e-mobility. As a result, in reporting year 2024, the taxonomy-relevant economic activities of the Kontron Group were expanded to include: CCM 3.1 "Manufacture of renewable energy technologies" and CCM 3.20 "Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution, which make or enable a material contribution to climate change mitigation". These activities were sourced from Annex I of Delegated Regulation (EU) 2021/2139. Additionally, the following economic activities were identified as relevant and included: CCM 6.4 "Operation of personal mobility devices, cycle logistics" and CCM 9.1 "Close to market research, development and innovation".

After identifying all economic activities relevant for the reporting year, they were assessed for alignment with the corresponding technical evaluation criteria under the environmental objectives: Climate change mitigation, Climate change adaption, Circular economy (for the first time). This assessment also incorporated preparatory work from previous years, with a particular focus on economic activities that account for a relatively large proportion of the taxonomy eligibility indicators. As part of ongoing projects, efforts were also made to ensure compliance with minimum safeguards and DNSH criteria. For example: The due diligence process was further developed and a scenario-based climate risk analysis was conducted for all locations. During this process, existing gaps were identified in specific economic activities. Work is ongoing to close these gaps, which is why taxonomy alignment cannot yet be confirmed across the Group.

Based on a complete analysis of the company's activities, the share of taxonomy-eligible and taxonomy-aligned Turnover/CapEx/OpEx is presented in the respective Group totals for financial year 2024.

KEY PERFORMANCE INDICATORS IN ACCORDANCE WITH THE EU TAXONOMY FOR FINANCIAL YEAR 2024

IN %	TAXONOMY-ALIGNED	TAXONOMY-ELIGIBLE	NOT TAXONOMY-ELIGIBLE
Turnover	0.0%	75.6%	24.4%
CapEx	0.0%	24.6%	75.4%
OpEx	0.0%	79.5%	20.5%

The tables detailing taxonomy-related key figures, including the allocation of Turnover, CapEx, and OpEx to the respective economic activities, are presented at the end of this section of the non-financial report. Because activities in the areas of nuclear energy and fossil gas do not apply to the Kontron Group's business activities, only Template 1 is declared in accordance with Delegated Regulation 2022/1214.

Turnover Indicator

The Turnover indicator results from the ratio of revenues from taxonomy-eligible and taxonomy-aligned economic activities in a financial year to the total revenues in that financial year. The basis of turnover is net revenue derived from goods or services, including intangible goods, in accordance with IAS 1.82(a).

The total revenue of EUR 1,684.8 million for financial year 2024 (PY: EUR 1,225.9 million) forms the denominator of the Turnover indicator and can be derived from the Group's profit and loss statement (see Consolidated Financial Statements 2024, Consolidated Statement of Profit and Loss).

The revenues reported in the Consolidated Statement of Profit and Loss (see Notes to the Consolidated Financial Statements, Section B, Note (1)) of the Kontron Group are analyzed across all Group companies to determine whether they stem from taxonomy-eligible or taxonomy-aligned economic activities, in accordance with the Delegated Regulations on the technical screening criteria of all six environmental objectives.

For the Kontron Group, the following relevant economic activities were identified within the individual environmental objectives in reporting year 2024, to which revenues can be allocated:

Environmental Objective "Climate Change Mitigation" (CCM):

3.1 Manufacture of renewable energy technologies

3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution

6.14 Infrastructure for rail transport

8.1 Data processing, hosting and related activities

Environmental Objective "Circular Economy" (CE):

1.2 Manufacture of electrical and electronic equipment

4.1 Provision of IT/OT data-driven solutions

5.1 Repair, refurbishment and remanufacturing

5.2 Sale of spare parts

5.5 Product-as-a-service and other circular use- and result-oriented service models

In view of the current regulatory framework, the following economic activities of the Kontron Group have been classified as taxonomy-eligible under Delegated Regulation 2021/2139 Annex I and Delegated Regulation 2023/2486 Annex II: CCM 3.1 “Manufacture of renewable energy technologies”, CCM 3.20 “Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution”, CCM 6.14 “Infrastructure for rail transport", CCM 8.1 “Data processing, hosting, and related activities”, CE 1.2 “Manufacture of electrical and electronic equipment”.

CCM 3.1 "Manufacture of renewable energy technologies"

According to the Taxonomy Regulation, this economic activity includes the manufacture of renewable energy technologies. The term “renewable energy” is defined by the European Union as energy from renewable, non-fossil sources, including: Wind energy, Solar energy (solar thermal and photovoltaic), Geothermal energy, Ambient energy, Tidal, wave, and other marine energy, Hydropower, Energy from biomass, landfill gas, sewage gas, and biogas. In reporting year 2024, revenue was attributed to this activity by the Katek Group, which offers clean energy solutions under the “Steca” brand, including hybrid inverters for solar energy, along with the associated cloud software.

CCM 3.20 "Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution"

According to the Taxonomy Regulation, this economic activity includes systems for developing low-CO_2 transport. It covers manufacturing, installation, maintenance, and repair of charging stations for electric vehicles, consulting services related to charging infrastructure. Under the "eSystems" brand, the Katek Group develops and manufactures intelligent wallboxes, which serve as smart charging solutions for electric vehicles. These wallboxes can also be integrated into smart home systems. They enable intelligent control and monitoring of photovoltaic systems, heat pumps, e-cars, and the power grid for efficient energy distribution. In reporting year 2024, revenues from the sale of wallboxes were fully attributed to economic activity 3.20.

CCM 6.14 "Infrastructure for rail transport"

According to the definition in the Taxonomy Regulation, this economic activity includes the construction, modernization, operation and maintenance of railway and underground railway lines, bridges and tunnels, stations, terminals, service facilities, as well as safety and traffic management systems, including architectural services, engineering services, technical drawing services, building inspection, surveying and mapping services, and conducting physical, chemical and other analytical tests on all types of materials and products. In 2023, the description of this economic activity was extended to specifically address the relevant rail transport components (including train control/signalling, operations management and traffic control, telematics applications). Revenues in the “Transportation” sector were primarily attributed to this economic activity. In this respect, Kontron Transportation (KTR) implements projects in the rail infrastructure sector and carries out deliveries, commissioning and service along routes (access networks) and in communication centres (core network and software), although rolling stock (including trains, wagons) is not the focus. Kontron Transportation delivers in various configurations: Often in consortiums with infrastructure companies or signalling firms (responsible for other communication technologies along the route), or directly, when technology solutions are the primary focus.

CCM 8.1 "Data Processing, Hosting, and Related Activities"

According to the Taxonomy Regulation, this economic activity includes: Storage, processing, administration, and movement of data; control, display, exchange, transmission, and processing of data via data centres; including edge computing solutions. In reporting year 2024, primarily services related to data processing using data centres were assigned to this economic activity.

CE 1.2 "Manufacture of Electrical and Electronic Equipment"

This economic activity includes the production of electrical and electronic equipment for industry, commerce, and consumers. In the reporting year 2024, revenue from the sale of Kontron Group products developed and manufactured in-house (especially in the hardware sector) for the industrial automation and communication solutions markets from the “Europe” and “Global” business segments was primarily attributed to this economic activity. As part of the Katek acquisition, the share of revenue from this activity increased due to pure electronics manufacturing and manufacturing services (EMS – Electronic Manufacturing Services) in reporting year 2024.

Revenue was also allocated to other economic activities, including CE 4.1 “Provision of Data-Driven IT/OT Solutions”, CE 5.1 “Repair, refurbishment and remanufacturing”, CE 5.2 “Sale of Spare Parts”, and CE 5.5 “Product-as-a-Service and other circular use- and result-oriented service models”. However, these activities account for only a small proportion of Group revenue compared to the five main activities listed above.

Through a detailed analysis of the items included in the revenues, each revenue is assigned to taxonomy-eligible and taxonomy-aligned economic activities. The numerator of the taxonomy-eligible revenue figure amounts to EUR 1,273.9 million (PY: EUR 795.6 million). This results in a taxonomy-eligible revenue figure of 75.6% for financial year 2024. The taxonomy-aligned turnover figure is 0%. As previously explained, the newly introduced economic activities within the environmental objective of "Transition to a Circular Economy" published last year cannot yet be classified as taxonomy-aligned. The following table provides an overview of the taxonomy-eligibility and alignment of revenue per environmental objective – more details are provided in the Turnover indicator table at the end of this section.

SHARE OF TURNOVER/TOTAL TURNOVER

	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0%	17.8%
CCA	0%	0%
WTR	0%	0%
CE	0%	57.8%
PPC	0%	0%
BIO	0%	0%

CapEx Indicator

The CapEx indicators (Capital Expenditures) provide, in accordance with subsection 1.1.2.2 of Annex I of the Delegated Regulation (Del. VO I&D), the share of total capital expenditure that:

- refers either to assets or processes associated with taxonomy-eligible and taxonomy-aligned economic activity, or
- refers to the purchase of products and services resulting from a taxonomy-eligible and taxonomy-aligned economic activity.

Capital expenditure (CapEx) is based on additions to property, plant and equipment and intangible assets during the financial year in question before depreciation and amortization and any revaluations for the relevant financial year. They also include additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS [IAS 16, 38, 40, 41, IFRS 16]). Acquired goodwill is not included.

The company identified total capital expenditure in accordance with the EU Taxonomy Regulation (including assets from business combinations) at EUR 291.0 million for the reporting year (see Notes to the Consolidated Financial Statements Section C, Note (12) and Note (13); PY: EUR 88.3 million).

These form the denominator of the CapEx figures. In detail, total capital expenditure is as follows:

	IN EUR MILLION
IAS 16 Property, plant and equipment	112.0
IAS 38 Intangible Assets	101.3
IAS 40 Investment property	0.0
IFRS 16 Leases (> 12 months)	77.7
Total	**291.0**
thereof as a result of changes in the group of consolidated companies	187.2

Based on the description of the asset additions, an analysis of taxonomy eligibility and alignment was conducted, along with a comparison with Annex I (Material Contribution to Climate Change Mitigation), Annex II (Material Contribution to Climate Change Adaptation), and Annex II (Material Contribution to a Circular Economy) of the Taxonomy Regulation.

The following relevant economic activities were identified for the Kontron Group within the individual environmental objectives, to which capital expenditure can be attributed:

Environmental Objective "Climate Change Mitigation" (CCM):

3.1 Manufacture of renewable energy technologies

3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

6.14 Infrastructure for rail transport

7.2 Renovation of existing buildings

7.3 Installation, maintenance and repair of energy efficiency equipment

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

7.6 Installation, maintenance and repair of renewable energy technologies

8.1 Data processing, hosting and related activities

9.1 Close to market research, development and innovation

Environmental Objective “Climate Change Adaptation” (CCA):

8.2 Computer programming, consultancy and related activities

Environmental Objective "Circular Economy" (CE):

1.2 Manufacture of electrical and electronic equipment

5.2 Sale of spare parts

The total capital expenditure allocated to economic activities CCM 6.14 “Infrastructure for rail transport” and CCM 8.1 “Data Processing, Hosting and Related Activities”, as well as to all listed economic activities within the “Climate Change Adaptation” and “Circular Economy” environmental objectives, relates to assets or processes associated with the respective taxonomy-eligible economic activities within the framework of generating revenue. With regard to economic activity CCA 8.2 “Computer programming, consultancy and related activities”, it should be noted that, according to the EU Taxonomy, this economic activity is not classified as an “enabling” activity and is therefore not included in the calculation of the turnover ratio but only in the CapEx and OpEx indicators.

The total capital expenditure attributed to the other listed economic activities relates – except for economic activity CCM 9.1 – to the purchase of products or services from the respective taxonomy-eligible economic activities. This includes, in particular, investments in the vehicle fleet (economic activity CCM 6.5) and investments related to buildings and production facilities (economic activities CCM 7.2, CCM 7.3, CCM 7.4, and CCM 7.6).

The sum of additions reflecting a taxonomy-eligible investment concerning the listed economic activities in accordance with the Taxonomy Regulation constitutes the numerator of the taxonomy-eligible CapEx figure, amounting to EUR 71.5 million (PY: EUR 47.0 million). This results in a taxonomy-eligible CapEx figure of 24.6%, while the taxonomy-aligned CapEx figure stands at 0%. The following table provides an overview of the taxonomy-eligibility and -alignment of CapEx per environmental objective – more details are provided in the CapEx indicator table at the end of this section.

SHARE OF CAPEX/TOTAL CAPEX

	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0%	7.0%
CCA	0%	8.2%
WTR	0%	0%
CE	0%	16.4%
PPC	0%	0%
BIO	0%	0%

OpEx indicator

The OpEx indicators (Operating Expenditures) provide, in accordance with subsection 1.1.3.2 of Annex I of Delegated Regulation (Del. VO I&D), the proportion of operating expenses that

› refers either to assets or processes associated with taxonomy-eligible and taxonomy-aligned economic activity, or

› refers to the purchase of products and services resulting from a taxonomy-eligible and taxonomy-aligned economic activity.

The basis for operating expenses (OpEx) is the direct, non-capitalised costs for research and development, building renovation actions, short-term leasing or low-value asset leases, maintenance and repair as well as for all other direct expenses for the ongoing maintenance of tangible assets by the company or by third parties that are necessary to ensure the continued and effective functioning of these systems.

To determine the denominator, the sum of the above costs was calculated based on a detailed analysis of accounts and cost centres. Total operating expenditure, in accordance with Taxonomy Regulation Article 8, Annex I, subsection 1.1.3.1, of Delegated Regulation (Del. VO I&D), amounts to EUR 78.1 million (PY: EUR 67.2 million). These form the denominator of the OpEx indicator.

The numerator of the OpEx indicator, in accordance with subsection 1.1.3.2 of Annex I of Delegated Regulation (Del. VO I&D), corresponds to the portion of operating expenditure included in the denominator that relates to assets or processes associated with: Annex I (Material Contribution to Climate Change Mitigation) and Annex II (Material Contribution to Climate Change Adaptation) of Delegated Regulation Regulation 2021/2139 or, according to Annex I (Material Contribution to the sustainable use and protection of water and marine resources), Annex II (Material contribution to the transition to a circular economy), Annex III (Material contribution to pollution prevention and reduction), and Annex IV (Material contribution to the protection and restoration of biodiversity and ecosystems) of Delegated Regulation 2023/2486, (VO 2023/2486), are associated with taxonomy-eligible economic activities.

The following relevant economic activities were identified for the Kontron Group within the individual environmental objectives, to which operating expenditure can be attributed:

Environmental Objective “Climate Change Mitigation” (CCM):

3.1 Manufacture of renewable energy technologies

3.20 Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution

6.4 Operation of personal mobility devices, cycle logistics

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

6.6 Freight transport by road

6.14 Infrastructure for rail transport

7.3 Installation, maintenance and repair of energy efficiency equipment

8.1 Data processing, hosting and related activities

Environmental Objective “Climate Change Adaptation” (CCA):

8.2 Computer programming, consultancy and related activities

Environmental Objective "Circular Economy" (CE):

1.2 Manufacture of electrical and electronic equipment

5.1 Repair, refurbishment and remanufacturing

5.2 Sale of spare parts

A material proportion of taxonomy-eligible operating expenditure of EUR 62.0 million consists of non-capitalised expenses for research and development. In this respect, the taxonomy eligibility and alignment analysis of research and development expenditure plays a key role in determining the OpEx indicators. Where these research and development expenditures relate to an economic activity already identified as taxonomy-relevant in the turnover analysis, the associated R&D expenditures were also allocated to this economic activity. Together with taxonomy-eligible expenses in maintenance and repair, leasing, buildings and building renovation, the share of taxonomy-eligible OpEx amounts to 79.5%. The taxonomy-aligned OpEx figure is 0%. The following table provides an overview of the taxonomy-eligibility and -alignment of OpEx per environmental objective – more details are provided in the OpEx indicator table at the end of this section.

SHARE OF OPEX/TOTAL OPEX

	TAXONOMY ALIGNMENT PER OBJECTIVE	TAXONOMY ELIGIBILITY PER OBJECTIVE
CCM	0%	20.3%
CCA	0%	21.0%
WTR	0%	0%
CE	0%	58.5%
PPC	0%	0%
BIO	0%	0%

When determining the above key figures, various audit steps, including documenting data generation and ensuring consistency with other financial information, prevented any double counting of economic activities.

Template 1 – Nuclear and fossil gas related activities

ROW	NUCLEAR ENERGY RELATED ACTIVITIES	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO

ROW	FOSSIL GAS RELATED ACTIVITIES	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

FINANCIAL YEAR 2024		YEAR		SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES	CODE	TURNOVER	PROPORTION OF TURNOVER 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY
		IN TEUR	IN %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**						
Of which Enabling		0	0.0%						
Of which Transitional		0	0.0%						
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of renewable energy technologies	CCM 3.1	23,830	1.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	40,306	2.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	195,302	11.6%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	41,023	2.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	949,959	56.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Provision of IT/OT data-driven solutions	CE 4.1	16,837	1.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	1,523	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	924	0.1%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Product-as-a-service and other circular use- and result-oriented service models	CE 5.5	4,196	0.2%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**1,273,900**	**75.6%**	**17.8%**	**N/EL**	**N/EL**	**N/EL**	**57.8%**	**N/EL**
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**1,273,900**	**75.6%**	**17.8%**	**N/EL**	**N/EL**	**N/EL**	**57.8%**	**N/EL**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		410,921	24.4%						
Total		**1,684,821**	**100.0%**						

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The Power of IoT

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')									
CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) TURNOVER 2023	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							13.6%		
							3.7%		
							46.6%		
							0.5%		
							0.1%		
							0.1%		
							0.4%		
							64.9%		
							64.9%		

FINANCIAL YEAR 2024		YEAR		SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES	CODE	CAPEX	PROPORTION OF CAPEX 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY
		IN TEUR	IN %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**						
Of which Enabling		0	0.0%						
Of which Transitional		0	0.0%						
A.2. TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of renewable energy technologies	CCM 3.1	344	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	3,710	1.3%	EL	EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	8,853	3.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	1,421	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL
Close to market research, development and innovation	CCM 9.1	544	0.2%	EL	EL	N/EL	N/EL	N/EL	N/EL
Sale of spare parts	CE 5.2	1	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	47,675	16.4%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Computer programming, consultancy and related activities	CCA 8.2	3,430	1.2%	N/EL	EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	4,297	1.5%	EL	EL	N/EL	N/EL	N/EL	N/EL
Renovation of existing buildings	CCM 7.2	822	0.3%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	250	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	118	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	73	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**71,537**	**24.6%**	**7.0%**	**8.2%**	**N/EL**	**N/EL**	**16.4%**	**N/EL**
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**71,537**	**24.6%**	**7.0%**	**8.2%**	**N/EL**	**N/EL**	**16.4%**	**N/EL**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		219,475	75.4%						
Total		**291,012**	**100.0%**						

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) CAPEX 2023	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							12.7%		
							0.8%		
							0.0%		
							0.0%		
							29.9%		
							4.5%		
							4.4%		
							0.9%		
							0.1%		
							0.0%		
							0.0%		
							53.3%		
							53.3%		

FINANCIAL YEAR 2024		YEAR		SUBSTANTIAL CONTRIBUTION CRITERIA					
ECONOMIC ACTIVITIES	CODE	OPEX	PROPORTION OF OPEX 2024	CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY
		IN TEUR	IN %	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (TAXONOMY-ALIGNED)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0.0%**						
Of which Enabling		0	0.0%						
Of which Transitional		0	0.0%						
A.2 TAXONOMY-ELIGIBLE BUT NOT ENVIRONMENTALLY SUSTAINABLE ACTIVITIES (NOT TAXONOMY-ALIGNED ACTIVITIES)									
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Manufacture of renewable energy technologies	CCM 3.1	2,605	3.3%	EL	EL	N/EL	N/EL	N/EL	N/EL
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution	CCM 3.20	4,067	5.2%	EL	EL	N/EL	N/EL	N/EL	N/EL
Infrastructure for rail transport	CCM 6.14	8,139	10.4%	EL	EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	423	0.5%	EL	EL	N/EL	N/EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	388	0.5%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Sale of spare parts	CE 5.2	16	0.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	45,257	58.0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL
Computer programming, consultancy and related activities	CCA 8.2	477	0.6%	N/EL	EL	N/EL	N/EL	N/EL	N/EL
Operation of personal mobility devices, cycle logistics	CCM 6.4	102	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	460	0.6%	EL	EL	N/EL	N/EL	N/EL	N/EL
Freight transport services by road	CCM 6.6	72	0.1%	EL	EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	7	0.0%	EL	EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**62,014**	**79.5%**	**20.3%**	**21.0%**	**N/EL**	**N/EL**	**58.5%**	**N/EL**
A. OpEx of Taxonomy eligible activities (A.1+A.2)		**62,014**	**79.5%**	**20.3%**	**21.0%**	**N/EL**	**N/EL**	**58.5%**	**N/EL**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities		16,037	20.5%						
Total		**78,051**	**100.0%**						

DNSH CRITERIA ('DOES NOT SIGNIFICANTLY HARM')

CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	POLLUTION	CIRCULAR ECONOMY	BIODIVERSITY	MINIMUM SAFEGUARDS	PROPORTION OF TAXONOMY ALIGNED (A.1.) OR ELIGIBLE (A.2.) OPEX 2023	CATEGORY ENABLING ACTIVITY	CATEGORY TRANSITIONAL ACTIVITY
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	IN %	E	T
							0.0%		
							0.0%	E	
							0.0%		T
							0.0%		
							0.0%		
							13.3%		
							0.5%		
							0.5%		
							0.1%		
							52.5%		
							5.7%		
							0.0%		
							0.8%		
							0.1%		
							0.4%		
							73.7%		
							73.7%		

2.2. ESRS E1 – Climate Change

2.2.1. E1-1 – Transition Plan for Climate Change Mitigation

At the time of reporting, specific goals, resources and a transition plan have not yet been defined. These key building blocks to enhance sustainability efforts will be developed as part of a phased plan. The first priority is further data collection and improvement of data quality. Following this, reliable data will be leveraged to define clear objectives, implement targeted actions, and allocate necessary resources. As far as is known, Kontron AG is not excluded from the Paris-agreed EU benchmarks.

2.2.2. E1-2 – Policies related to climate change mitigation and adaptation

Kontron has implemented comprehensive strategies and guidelines to manage its material impacts, risks and opportunities associated with climate change mitigation and adaptation to climate change. The basis for this includes the Kontron CoC, the Kontron SCoC, and Group Policy "Sustainability and Compliance in the Supply Chain".

The Kontron's CoC defines clear guidelines for the responsible use of natural resources and climate change mitigation. These guidelines form the strategic framework within which concrete actions are developed and implemented. A key goal is to reduce greenhouse gas emissions. This includes the optimization of business processes and operating systems to increase energy efficiency and the preferred use of renewable energy, for example, through photovoltaic systems. In addition, all Kontron companies are required to take measures to minimise their carbon and greenhouse gas emissions. This can be done through various measures, such as reducing business travel or optimising facilities and operations.

The SCoC requires suppliers to implement actions to reduce greenhouse gas emissions, promote renewable energy and ensure the sustainable use of water and soil resources. These guidelines complement and support Kontron's climate change mitigation actions and contribute to the consistent implementation of sustainability goals throughout the entire supply chain. Kontron has therefore already established actions for resource use and the circular economy, as described in the CoC and SCoC.

In accordance with Kontron's guidelines, the company is pursuing a comprehensive concept to reduce CO_2 emissions and increase energy efficiency. This concept is based on the principles of the Environmental Management System and ISO 14001. The goals include minimizing environmental impacts through energy optimization and increasing the use of renewable energy. This concept also considers adaptation to climate change, which is supported by the Group Policy "Sustainability and Compliance in the Supply Chain" and the SCoC, which promotes sustainable practices across the supply chain. The climate change mitigation plan monitoring process includes the regular measurement and reporting of CO_2 emissions, as defined in the Environmental Management Directive.

The CoC guidelines apply to all relevant activities within the company, including production sites and the entire supply chain. The scope of application covers both international and regional operations, ensuring compliance across various geographical regions. Kontron expects its suppliers worldwide to comply with established environmental standards. There are no specific exemptions for particular geographical regions or activities outside the value chain. The scope for reducing greenhouse gas emissions includes direct and indirect emissions from energy sources such as fossil fuels, in particular Scope 2 and Scope 3, which are primarily generated during production and transport. It applies to all locations, production areas and the entire supply chain and affects both upstream (suppliers, raw material procurement) and downstream processes (distribution, utilization of products). Production sites and data centres are particularly relevant due to their high energy requirements. Actions to reduce emissions are developed and implemented on a site-specific basis.

Responsibility for ESG matters and ESG concepts lies with the Executive Board, while managing directors and area managers are actively involved and supported in the implementation process. They are responsible for integrating sustainable practices into the company and implementing ESG actions.

Kontron follows internationally recognized standards, such as OECD-Guidelines for multinational companies, GRI-standards, UN Global Compact and especially the ISO 14001 certification, to monitor and reduce its environmental impact. In addition, the company ensures that its operating processes comply as far as possible with the EU taxonomy, particularly in relation to climate change mitigation and adaptation to climate change. For the supply chain, Kontron requires its suppliers to implement sustainable practices to promote climate change mitigation and minimize negative environmental impacts.

Kontron ensures that the strategy enshrined in the CoC is clearly accessible and understandable for all potentially affected stakeholders and those requiring implementation support. Employees across the Group receive targeted training on the CoC. These training sessions are delivered via the MyEnTraS e-learning platform and are available in multiple languages, including English, German, French, Spanish, Hungarian, and Slovenian. This ensures that employees worldwide can access and understand the content, regardless of their native language. Additionally, the latest versions of the CoC are always available online, both on the corporate website and local Kontron websites. Any updates to the documents are made accordingly, and changes are communicated across the Group. The SCoC is published on Kontron's website, allowing business partners and suppliers to access it at any time.

Managing directors are actively encouraged to integrate the CoC into their respective work processes to ensure full implementation across all areas. During management meetings, managing directors and board members regularly emphasize the importance of CoC compliance and ensure that its requirements are embedded in daily business operations. Internally, the CoC is also published on the intranet via SharePoint. Employees have access to the latest version at all times, and updates are communicated transparently.

For employees without a corporate email account, such as those in production, the local HR department provides a physical copy of the CoC. Employees confirm their acknowledgement and compliance by signing the document. Additionally, the CoC is displayed in common areas to ensure accessibility for all employees at all times. For external stakeholders, both the CoC and the non-financial report are published on the website.

ADDRESSED ESSENTIAL IRO	FOR CLIMATE-RELATED CONCEPTS: ADDRESSED AREA	TITLE AND CONTENT OF THE CONCEPT	TARGETS OF THE CONCEPT	MONITORING OF THE CONCEPT	SCOPE OF APPLICATION	RESPONSIBILITY FOR THE CONCEPT
E1-Climate Change Mitigation: Contribution to Climate Change Through GHG Emissions	Reducing greenhouse gas emissions	"Reducing electricity consumption and increasing the use of renewable energy": Reducing heating and cooling demand per square metre. Reducing greenhouse gas emissions.	Reducing CO_2 emissions through energy efficiency and greater use of renewable energy.	Regular reporting of CO_2 emissions as part of the Environmental Management Directive.	Climate change	ESG managers, supported by country managers and personnel responsible for energy and environmental matters within the units.
E1-Energy: High Energy Demand	High energy consumption of Kontron's products and services	"Reducing electricity consumption and increasing the use of renewable energy": Energy efficiency actions and the use of renewable energy have been established at many operational sites, but a specific concept for product energy consumption is still under development.	No specific concept target has been defined yet.	Energy consumption is monitored at sites; however, there is no product-specific tracking yet.	Energy efficiency	Responsible parties: Energy and environmental management personnel.
E1-Innovative Products	Sustainable Product Development	"Reduction of greenhouse gas emissions": The sustainable development and design of energy-efficient products is a goal for Kontron, but a detailed concept has not yet been developed.	No specific concept has been defined yet.	Product-related environmental aspects are also considered through ISO 14001 standards.	Climate change	Responsible parties: Product development teams in collaboration with ESG managers.

ADDRESSED ESSENTIAL IRO	FOR CLIMATE-RELATED CONCEPTS: ADDRESSED AREA	TITLE AND CONTENT OF THE CONCEPT	TARGETS OF THE CONCEPT	MONITORING OF THE CONCEPT	SCOPE OF APPLICATION	RESPONSIBILITY FOR THE CONCEPT
E1 - Risk from Climate Change	Risks Due to Climate Change	Kontron takes climate risks into account, particularly at sites with known local risks (e.g. flooding, extreme temperatures). A centralized concept at HQ level is still under development.	Sites with high local risks have already implemented appropriate mitigation concepts.	Cross-site climate risk assessment has been conducted at HQ level.	Adaptation to climate change	CEOs, country managers and local managers

2.2.3. E1-3 – Actions and resources in relation to climate change policies

In recent years, the following actions for climate protection have been formulated and are currently in the implementation phase. These actions are being revised, aligned with the ESRS (European Sustainability Reporting Standards), and translated into concrete targets. The initial data basis and analysis in accordance with ESRS will serve as the foundation to structure and prioritize these actions appropriately. They apply to all locations where the relevant aspects are applicable and feasible with regard to local conditions.

Reduction of consumption of electricity and the utilization of renewable energy

- Installation of photovoltaic facilities at a variety of locations
- Energy-saving IT equipment in workplaces and data centres
- Switching to LED lighting at various locations
- Raising employee awareness to prevent unnecessary electricity consumption
- Expansion of e-charging stations at various locations
- Encouraging the switch to renewable energy – raising its share to 50% by 2030

Reduction of heating and cooling requirements per square metre

- Sensible use of office heating and air conditioning – only when needed
- Turn off heating in empty individual offices
- Close windows and doors when heating or air conditioning are on (ventilating in bursts)

Reduction of paper consumption

- Focus on paperless processes within the Kontron Group
- Implement Follow-Me Printing solutions to reduce uncollected printouts
- Reduction through deployment of electronic, integrated HR systems (for example: on-site systems of managing working hours and absences from work), and utilization of e-invoices

Reducing greenhouse gas emissions

- Cutting the number of business trips to the absolute minimum through the use of advanced communication technologies such as telephone-based and video conferencing
- Conversion of the vehicle fleet to e-vehicles by 2030
- Promote the use of public transport and company bicycles
- Halving own Greenhouse Gas Emissions (Scope 1 and 2) from 2022 to 2030

2.2.4. E1-4 – Targets related to climate change mitigation and adaptation

At the time of writing, specific targets and the resources required to achieve them have not yet been defined. These central building blocks for strengthening sustainability efforts are to be developed as part of a multi-stage plan. Initially, the focus will be on further data collection and improving data quality. Building on this, reliable data will be used to formulate clear targets, derive targeted actions and determine the necessary resources.

2.2.5. E1-5 – Energy consumption and mix

The following tables provide an overview of energy consumption and sources, as well as self-generated energy.

ENERGY CONSUMPTION AND ENERGY MIX	2024
Fuel consumption from coal and coal products (MWh)	37
Fuel consumption from crude oil and petroleum products (MWh)	12,026
Fuel consumption from natural gas (MWh)	4,297
Fuel consumption from other fossil sources (MWh)	2
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	13,853
Total consumption of fossil energy (MWh)	30,216
Share of fossil energy sources in total energy consumption (%)	49.25%
Consumption from nuclear sources (MWh)	6,527
Share of consumption from nuclear sources in total energy consumption (%)	10.64%
Fuel consumption from renewable energy sources, including biomass (MWh)	218
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable energy sources (MWh)	23,646
Consumption of self-generated renewable energy, excluding fossil fuels (MWh)	750
Total consumption of renewable energy (MWh)	24,614
Share of renewable energy sources in total energy consumption (%)	40.12%
Total energy consumption (MWh)	61,357

SELF-GENERATED ENERGY	2024
Self-generated energy from fossil sources (MWh)	0.00
Self-generated energy from renewable sources (MWh)	750

If no current consumption data was available, internal estimates were used. In such cases, values from other time periods were primarily applied, provided that the current billing information had not yet been received. For some rented office locations, consumption figures were estimated based on comparable sites.

ENERGY INTENSITY PER NET REVENUE	2024
Total energy consumption from activities in high climate impact sectors (MWh)	35,009
Total energy consumption from activities in climate-intensive sectors per net revenue from climate-intensive sectors (MWh/TEUR)	0.035

The calculation was based on the formula: total energy consumption from activities in high climate impact sectors (MWh) divided by net revenue from activities in high climate impact sectors (currency unit). No limitations are known.

Relevant industries with high climate impact include C.26 Manufacture of computing devices, electronic and optical products and C.27 Manufacture of electrical equipment.

Disclosure of reconciliation to corresponding items or notes in the Financial Statements of net revenue from activities in high climate impact sectors. The revenue can be found in the consolidated income statement (see Consolidated Notes, Part B, Note (1)).

TOTAL NET REVENUE (IN TEUR)	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity	1,002,979
Net revenue (others)	681,842
Total net revenue (in consolidated financial statements)	1,684,821

2.2.6. E1-6 – Gross Scopes 1, 2, 3 and total GHG emissions

In reporting year 2024, both the reporting methodology and the scope of the company group were revised. The transition from GRI Standards to the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) coincided with the integration of newly acquired Katek companies into the Kontron Group, expanding the value chain. This required an adjustment of the ESG reporting tool, as well as the retrospective collection of Scope 3-relevant data for 2023, to establish a consistent comparison baseline for future reporting years. These changes impact the comparability of reported greenhouse gas emissions, as the new methodology incorporates more comprehensive and detailed data points, thereby improving the consistency and transparency of reporting.

The calculation of Scope 1 includes all greenhouse gas emissions that occur directly within the company, i.e. emissions from the combustion of stationary sources (such as power plants, boilers), emissions from the combustion of mobile sources (e.g. emissions from the company's own vehicle fleet), process emissions from the company's production processes and fugitive emissions (e.g. refrigerants). These are combined with the CO_2 factors from official databases in order to assess the CO_2e emissions. Scope 2 includes indirect GHG emissions that arise from the provision of energy by an energy supply company for electricity, district cooling or district heating. Depending on availability, these are combined with the CO_2e factor (market-related) reported by the supplier and with country-specific (location-related) CO_2e factors.

The emission factors for Scope 1 and Scope 2 originate from the online tool used to collect ESRS data points and calculate the CO_2 footprint. This tool relies on official databases and sources such as IPCC 2021 and Ecoinvent. The factors stored in the software tool are based on the latest available data but are not retroactively adjusted if there are methodological changes in the calculation method.

For the Scope 3 emission factors, the latest available impact assessment methodology from the Intergovernmental Panel on Climate Change (IPCC) 2021 was used. Climate impact time horizon: 100 years. Emission factors database: The selection of emission factors was based on the latest available values from external databases, as well as the Department for Environment, Food & Rural Affairs (DEFRA) database (2021).

The mapping of individual Scope 3 positions with data sets from Ecoinvent was developed within respective categories and coordinated with the Kontron team and industry experts. Data sets were selected according to the following hierarchy:

› Emission factors for data points with weight information (in kg) or based on the unit of reference flow (e.g., kWh for "use of sold products").

› Emission factors for data points related to financial expenditure or income (spend-based approach).

The following emission factors and calculation basis for the Scope 3 data for the upstream and downstream value chain were estimated using indirect sources, such as sector averages or other approximation methods:

› Transport emissions (upstream and downstream): Estimates based on purchase or sales prices, as exact weight data is often unavailable.

› Energy Consumption During the Use of Sold Products: For locations without specific data, average values and scenarios based on secondary data are used.

› Emissions for Purchased Goods and Services: If no specific data is available, spend-based emission factors are applied, which are derived from sector average data in validated databases.

› End-of-Life Emissions: If data is missing, standard datasets from the Ecoinvent database are used for waste treatment.

The following was used as a basis for preparation:

› Databases: Externally validated databases serve as primary sources of secondary data. They provide country-specific and technology-related emission factors.

› Averages: For transport distances, energy consumption during the use of products sold and sectoral averages or country-specific substitute data are used.

› Mapping methodology: Expenditure-based factors are calculated using monetary expenditure (e.g. €/kg), extracted from external datasets.

All data records have been converted to the unit "kg", with the weight per item stored in the documentation. For each category, multiple approaches have been developed to determine emission factors. Hierarchy of Allocation:

› Emission factors for data points with weights in kg or, for corresponding categories, via the unit of reference flow (e.g. kWh in "Use of Sold Products")

› Emission factors for data points on financial expenditure or income (spend-based approach)

Uncertainties in Calculating Scope 1, Scope 2, and Scope 3 Emissions

Fundamental uncertainties can arise from data gaps and general assumptions, necessitating the use of external data sources and various collection methods. A combination of primary and secondary data has been used: Primary data: CO_2e factors, consumption values, purchasing values, weights and secondary data: Extracted from life cycle assessment databases.

› Coolant losses and emissions: For units that use coolant but did not report any leaks, an extrapolation was carried out based on the average leak rate across all Kontron business units. No other volatile gases occurred during production.

› Scope 3 – Conversion of € into kg if activity data is missing: If exact weight data was unavailable, a conversion from € into kg was performed, or a spend-based approach using average values was applied.

› Geographical uncertainties: If primary data was unavailable, global emission factors were used instead of country-specific values.

› No inflation adjustments: Inflation adjustments were not applied in spend-based calculations.

› Scope 3 categories deemed irrelevant: The categories upstream leased fixed assets, downstream leased fixed assets, franchises and investments are not applicable and were therefore not included in the calculation. A detailed documentation was prepared to ensure traceability of the exact emission factors and, if applicable, background calculations for individual Scope 3 categories.

The resulting degree of accuracy is estimated as follows:

› Heterogeneous data sources: Uncertainties arise from: The conversion of € into kg (for materials); inconsistent data (e.g. energy consumption during use).

› Material uncertainties: Particularly in transport emissions and energy consumption data, the impact on overall results is considered material.

› Variability of estimates: Location-based transportation scenarios and sector-specific assumptions contribute to variability.

Category-based uncertainties in Scope 3

› Emissions of purchased goods and services: Use of expenses-based emission factors from an external life cycle assessment database were applied.

› Transport Emissions: Calculations are based on the purchase value of goods, using several average values and secondary data.

› Commuter emissions: Commuting distances were estimated based on external studies.

› Energy consumption of sold products: If no specific data was available, averages and scenarios were used.

› Lifespan, use, and end-of-life of products: Calculations and assumptions are based on secondary sources.

› Waste: If no specific data was available, comparisons were made with similar locations, and the data was extrapolated based on revenue and company key figures.

Some data, such as electricity, comes from invoices that do not align with Kontron’s financial year. In such cases, the latest available values from the last 12 months are used, and their average is calculated. When collecting data from the companies in the Kontron Group, contracts for the supply of renewable energy are always recorded where it is possible to provide evidence of the origin of the renewable energy used. The proportion of renewable energy is listed in table "E1-5 Energy consumption and energy mix".

There is no participation in emissions trading.

The following Scope 3 categories were included in the carbon footprint:

- Category 1: Purchased goods and services
- Category 2: Capital goods
- Category 3: Fuel and energy-related activities (not included in Scope 1 or 2)
- Category 4: Upstream transportation and distribution
- Category 5: Waste generated during the company's operations
- Category 6: Business travel
- Category 7: Employee commuting (commuter traffic)
- Category 9: Downstream transportation and distribution
- Category 11: Use of sold products
- Category 12: End-of-life treatment of sold products

Excluded categories:

- Category 8: Upstream leased assets: All leased fixed assets are already accounted for in Scope 1 and Scope 2.
- Category 10: Processing of sold products: The share of emissions from end products that arises during further processing or assembly amounts to well below 1% in a full life cycle assessment and is therefore considered inmaterial.
- Category 13: Downstream leased assets: Kontron does not lease or rent out fixed assets.
- Category 14: Franchises: Kontron has no franchisees.
- Category 15: Investments: Investments outside the corporate structure account for less than 1% of revenue and are therefore not considered material. Consequently, they are not included in Scope 3 of the carbon footprint.

Furthermore, no primary data from suppliers was used in the calculation of the Scope 3 values.

The following tables present gross Scope 1, 2, and 3 emissions and total GHG emissions, both location-based and market-based, followed by greenhouse gas intensity per net revenue. Double counting in Scope 1 and Scope 3 was avoided, clear delimitations of emission sources were defined, consistent accounting rules were applied and recognized reporting standards such as the GHG Protocol were adhered to. Emissions are collated and disclosed as a consolidated accounting group (parent company and subsidiaries):

GHG EMISSIONS	2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO_2e)	4,226
Percentage of Scope 1 GHG emissions from regulated emissions trading systems (%)	0.00%
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO_2e)	12,030
Gross market-based Scope 2 GHG emissions (tCO_2e)	10,063
Material Scope 3 GHG emissions	
Total indirect gross GHG emissions (Scope 3) (tCO_2e)	7,837,053
1. Purchased goods and services (incl. cloud computing and data centre services)	1,387,858
2. Capital goods	16,928
3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)	6,103
4. Upstream transportation and distribution	1,886
5. Waste generated during the company's operations	961
6. Business trips	4,678
7. Employee commuting	21,644
8. Upstream leased assets	-
9. Downstream transportation	999
10. Processing of sold products	-
11. Use of sold products	6,389,558
12. End-of-life treatment of sold products	6,437
13. Downstream leased assets	-
14. Franchises	-
15. Investments	-
Total GHG emissions	
Total GHG emissions (location-based) (tCO_2e)	**7,852,469.67**
Total GHG emissions (market-based) (tCO_2e)	**7,851,342.49**

The amount of calculated biogenic emissions is not included in the table and amounts to 2,568.45 tCO_2e under Scope 2. For Scopes 1 and 3, the quantity is so small that it is considered negligible and is not reported.

GHG INTENSITY PER NET REVENUE	2024
Total greenhouse gas emissions (location-based) per net revenue (tCO_2e/EUR)	**4.661**
Total greenhouse gas emissions (market-based) per net revenue (tCO_2e/EUR)	**4.660**

The revenue is disclosed in the consolidated income statement (see Consolidated Notes, Part B, Note (1)).

TOTAL NET REVENUE (IN TEUR)	2024
Net revenue used for the calculation of energy intensity	1,684,821
Other Net Revenue	0
Total net revenue (consolidated financial statements)	1,684,821

The following calculation was used: Total GHG emissions (tCO_2e) / net revenue (EUR).

2.3. ESRS E3 – Water and Marine Resources

2.3.1. E3-1 – Policies related to water and marine resources

Both the Kontron CoC and SCoC address the responsible management and protection of water and soil resources, thus covering the impact area "E3 – Water: High water consumption in the upstream value chain with negative impacts on ecosystems". In the CoC, Kontron commits to preventing harmful soil contamination, water and air pollution, and avoidable greenhouse gas emissions. Healthy soils and clean water are recognized as essential for climate neutrality, a circular economy, biodiversity protection, and human health.

The SCoC complements these requirements and obliges suppliers to implement actions to minimize water consumption and prevent soil and water pollution. Suppliers must ensure that their activities do not lead to excessive water consumption or negatively impact access to clean water or natural resources required for food production.

Kontron has not currently adopted any comprehensive goals (see 2.3.2. E3-2 – Actions and resources and E3-3 – Targets related to water and marine resources) or specific actions for managing water and marine resources, as the main impacts are within the supply chain rather than Kontron's own business operations. However, fundamental requirements are embedded in the CoC and the SCoC, which set out clear guidelines for minimizing water consumption, preventing environmental pollution, and implementing environmental management systems.

Kontron is committed to the responsible use of water and soil resources in its policies. The Kontron CoC ensures that no harmful soil, water, or air pollution occurs and that water consumption is controlled to minimize any negative impact on human health and the environment. The SCoC obliges suppliers to implement actions to prevent water and soil contamination and to avoid excessive water consumption.

The guidelines regarding water and marine resources apply to all relevant activities within the company, including production sites and the entire supply chain. The scope of application covers both international and regional operations, ensuring compliance across various geographical regions. Kontron expects its suppliers worldwide to comply with established environmental standards in order to optimize resource usage and reduce waste. There are no specific exemptions for particular geographical regions or activities outside the value chain.

Responsibility for ESG matters lies with the Executive Board and is actively promoted and implemented by managing directors and department heads. These executives are responsible for implementing ESG objectives, ensuring the integration and advancement of sustainable practices within the company.

Kontron aligns its environmental requirements, including the protection of water and marine resources, with various international standards and initiatives. These include:

- ISO 14001 Guidelines: Suppliers are encouraged to implement ISO 14001-certified environmental management systems to minimize risks to water resources and ensure continuous improvement;
- REACH and RoHS Regulations: Compliance with REACH and RoHS is mandatory to prevent the release of hazardous substances into water bodies and protect environmental quality.
- OECD Guidelines for Multinational Enterprises: These guidelines serve as a framework for ethical business practices, including reducing environmental harm and promoting responsible resource use.
- Basel Convention: The Convention on the Control of Transboundary Movements of Hazardous Wastes aims to prevent pollution of water and marine resources caused by improper waste disposal.
- Stockholm Convention: The Convention on Persistent Organic Pollutants is designed to prevent hazardous chemicals from entering water bodies and marine ecosystems.

Kontron requires its suppliers to implement environmental management systems, preferably ISO 14001-certified.

The interests of key stakeholders are taken into account when developing the ESG strategy, which also includes resource use and the circular economy. This is achieved through regular stakeholder dialogues and a materiality analysis, aimed at identifying stakeholder-relevant topics.

The results of the materiality analysis are directly incorporated into the ESG strategy to ensure that stakeholder expectations and requirements are integrated into Kontron's sustainability approach. By following this approach, Kontron ensures that its resource use and circular economy strategies align with both internal objectives and stakeholder expectations.

Kontron ensures that the strategy enshrined in the CoC is clearly accessible and understandable for all potentially affected stakeholders and for those who need assistance with implementation, as described in tthis chapter.

Kontron has not currently adopted any holistic goals (see E3-3) or specific actions for the management of water and marine resources, as the main impacts lie within the supply chain rather than in Kontron's own business operations. However, fundamental requirements are embedded in the CoC and the SCoC, which set out clear guidelines for minimizing water consumption, preventing environmental pollution, and implementing environmental management systems.

2.3.2. E3-2 – Actions and resources related to water and marine resources

At the time of reporting, specific actions and resources have not been defined. Kontron's Codes of Conduct (CoC and SCoC) set out commitments to respecting water and marine resources, but no dedicated group-wide actions have been planned under this framework. The primary environmental impacts occur upstream in the supply chain, rather than within Kontron Group's own business operations, limiting Kontron's direct influence. For this reason, quantitative data disclosure on water and marine resources would not provide meaningful insights, and has therefore been omitted.

2.3.3. E3-3 – Targets related to water and marine resources

At the time of reporting, specific targets have not been defined. Kontron's Codes of Conduct (CoC and SCoC) set out commitments to respecting water and marine resources, but no dedicated group-wide actions have been planned under this framework. The primary environmental impacts occur upstream in the supply chain, rather than within Kontron Group's own business operations, limiting Kontron's direct influence. For this reason, quantitative data disclosure on water and marine resources would not provide meaningful insights, and has therefore been omitted.

2.4. ESRS E4 – Biodiversity and Ecosystems

2.4.1. E4-1 – Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Biodiversity is a key environmental asset, playing a critical role in human well-being and ecological balance. Due to Kontron's business model, which is primarily focused on the development and provision of electronic solutions in the software and hardware sector, the company's activities do not have a direct impact on biodiversity and ecosystems, and vice versa. As a result, no dedicated resilience analysis has been conducted regarding biodiversity-related physical, systemic, or transitional risks and opportunities. In the upstream value chain, particularly in raw material extraction, there is a high probability that biodiversity will be negatively impacted. Kontron recognizes this challenge and is working to increase supply chain transparency and minimize potential risks by selecting responsible suppliers. Because biodiversity is a global issue that indirectly affects raw material procurement, Kontron continues to monitor developments, even though biodiversity has no immediate impact on its business strategy or resilience.

2.4.2. E4-2 – Policies related to biodiversity and ecosystems

Kontron acknowledges the main impact in its upstream supply chain, specifically "E4 – Direct Exploitation – Mining of Rare Metals and Minerals", and integrates biodiversity and ecosystem protection into both the CoC and SCoC. The CoC emphasizes biodiversity protection, sustainable land use, deforestation prevention, a commitment to minimizing negative ecosystem impacts, respecting protected areas. The SCoC reinforces these principles, requiring suppliers to implement environmental management systems (preferably ISO 14001-certified), monitor, evaluate, and improve their environmental impact continuously, take proactive actions to reduce biodiversity and ecosystem damage. These commitments aim to prevent biodiversity loss and ecosystem degradation, promote sustainable land use, mitigate habitat destruction. Planned actions include preventing environmental pollution, reducing encroachment on natural habitats, implementing environmental management systems.

At the time of publication, no additional concrete actions or resources had been defined. Further actions will be established based on the results of Kontron's first unified CSRD-compliant non-financial report. The earliest implementation of these actions is planned for 2026.

The biodiversity and ecosystem protection guidelines apply to all relevant activities within the company, including production sites and the entire supply chain. The scope of application covers both international and regional operations, ensuring compliance across various geographical regions. Kontron expects its suppliers worldwide to comply with established environmental standards in order to optimize resource usage and reduce waste. There are no specific exceptions for certain geographical regions or activities outside the value chain. The Executive Board bears overall responsibility for ESG topics, actively supported by managing directors and division heads. These executives are responsible for implementing ESG objectives and promoting sustainable practices across the company.

Kontron aligns the implementation of its environmental requirements for biodiversity and ecosystem protection with internationally recognized standards and initiatives. ISO 14001 serves as the framework for environmental management systems, ensuring continuous improvements in resource conservation, protection of natural habitats, and minimization of environmental impacts. This approach is complemented by the OECD Guidelines for Multinational Enterprises, which set clear expectations for sustainable business practices and ecosystem protection. Kontron also supports the UN Global Compact principles, which commit companies to implementing actions along the entire value chain to prevent environmental pollution, preserve biodiversity, and promote sustainable land use. These international frameworks serve as guidelines for Kontron to minimize environmental risks, secure natural resources in the long term, and enhance positive impacts on biodiversity and ecosystems.

Kontron ensures that the strategy enshrined in the CoC is clearly accessible and understandable for all potentially affected stakeholders and for those who need assistance with implementation, as described in the "2.2.2 E1-2 – Concepts related to climate change mitigation and adaptation to climate change" section.

At the time of publication, no additional actions or resources had been defined. Further actions will be established based on the results of Kontron's first unified CSRD-compliant non-financial report. The earliest implementation of these actions is planned for 2026.

Kontron integrates biodiversity into its sustainability strategy, but currently has no independent actions in place. The double materiality analysis assesses environmental risks and opportunities, including biodiversity and ecosystems. Findings from this analysis inform the prioritization of core topics for non-financial reporting.

Actions will be defined based on the first CSRD-compliant non-financial report, which will serve as the foundation for future strategies. Implementation is scheduled to begin in 2026 at the earliest. Kontron continues to analyze physical and transitional risks, as well as its dependence on natural resources.

In the SCoC and the Corporate Sustainability and Compliance Policy, Kontron commits to monitoring the origin of raw materials and ensuring compliance with environmental standards throughout the supply chain. Suppliers are required to source raw materials from sustainable sources and ensure traceability to minimize damage to biodiversity and ecosystems.

Kontron's CoC highlights the company's responsibility for protecting and restoring biodiversity, with a particular focus on forests and land. Kontron's sustainability strategy explicitly includes the protection of the environment and biodiversity. Kontron rejects deforestation and unsustainable logging and supports the preservation of natural forests, ecosystem services, and biodiversity. The company implements actions to prevent deforestation and minimize disturbances to protected areas and local flora and fauna.

The SCoC requires suppliers to ensure that their practices comply with environmental protection standards and prevent biodiversity loss and the degradation of natural habitats.

At the time of publication, no specific actions or resources have been established for the regular monitoring and reporting of biodiversity status, nor for assessing gains or losses in biological diversity. These aspects will be formulated and implemented in the first CSRD-compliant sustainability report, with implementation expected to begin no earlier than 2026.

The CoC mandates the protection of biodiversity and ecosystems, particularly in company-operated sites located in, near, or adjacent to protected areas or biodiversity-sensitive zones, whether leased, owned, or managed. While Kontron does not operate in the agricultural sector, the CoC prescribes the proper handling and disposal of chemicals and hazardous substances to prevent soil contamination.

The CoC also promotes sustainable practices and strategies for oceans and marine ecosystems. However, Kontron does not currently have comprehensive, holistic objectives on this topic. The disclosure of these points is considered non-material, as the main impacts occur in the upstream supply chain rather than in Kontron Group's own operational business activities.

Kontron pursues a deforestation mitigation strategy, which is embedded in corporate policies. A key component of this strategy is the prevention of deforestation and the promotion of natural forest conservation. Kontron is committed to sourcing only sustainably harvested raw materials to ensure that its value chain does not have negative impacts on biodiversity and ecosystems.

2.4.3. E4-3 – Actions and resources related to biodiversity and ecosystems

At the time of reporting, specific actions and resources have not been defined. Kontron's codes of conduct require respect for biodiversity, but no specific biodiversity-related actions are currently planned. The main impacts occur primarily in the upstream supply chain rather than within Kontron Group's own operational business activities, meaning they are largely beyond the company's control. For this reason, disclosing quantitative data points on biodiversity and ecosystems does not provide relevant insights into actual impacts and is therefore omitted.

2.4.4. E4-4 – Targets related to biodiversity and ecosystems

At the time of reporting, specific targets have not been defined. Kontron's codes of conduct require respect for biodiversity, but no specific biodiversity-related actions are currently planned. The main impacts occur primarily in the upstream supply chain rather than within Kontron Group's own operational business activities, meaning they are largely beyond the company's control. For this reason, disclosing quantitative data points on biodiversity and ecosystems does not provide relevant insights into actual impacts and is therefore omitted.

2.4.5. E4-5 – Impact metrics related to biodiversity and ecosystems change

The disclosure of these points is not considered relevant in Kontron Group's own operational units, as the main impacts occur in the upstream supply chain rather than in the company's direct activities.

A biodiversity assessment conducted across multiple sites aimed to identify potential interactions with nearby biodiversity-sensitive areas, including Natura 2000 sites, UNESCO World Heritage Sites, and other protected areas. The findings indicate that Kontron's sites generally do not have material negative impacts on biodiversity.

Most sites are not located near biodiversity-sensitive areas, or are sufficiently distant to rule out any meaningful interactions. In cases where sites are in proximity – such as the Lipbachsenke area in Germany or Natura 2000 areas in Austria – activities at these locations are limited to office operations or minor interventions, meaning no measurable risk exists for surrounding ecosystems. No direct resource usage (e.g., land, water, or raw materials) from these sensitive areas was identified. Additionally, sites reported no dependencies on ecosystem services, such as flood protection or natural cooling. No emissions, pollution, or land use changes were found that could negatively impact local biodiversity.

Stakeholders did not report any concerns or feedback regarding potential risks to nearby sensitive areas. Furthermore, no formal communication channels or forums exist for discussing environmental issues, representing a potential area for improvement in stakeholder collaboration and awareness-building.

Although most sites lack structured biodiversity monitoring actions, some general environmental initiatives have been implemented. For instance, at the Bisamberg site in Austria, sustainability measures include waste separation; an electric vehicle fleet; the use of photovoltaic systems. However, these actions are not specifically designed for biodiversity monitoring or impact mitigation. There is potential to develop targeted monitoring systems and implement actions that directly address biodiversity protection.

The biodiversity assessment confirms that all reviewed sites align with sustainability objectives and have no material negative impact on biodiversity-sensitive areas. While current practices are sufficient to maintain neutrality, there is potential to further enhance biodiversity through proactive actions. These include: Developing structured monitoring systems; engaging local stakeholders; implementing targeted actions to protect sensitive ecosystems. Such steps could further strengthen the organization's commitment to environmental and biodiversity protection.

2.5. ESRS E5 – Resource Use and Circular Economy

2.5.1. E5-1 – Policies related to resource use and circular economy

Kontron manages its resource use through clear policies outlined in the CoC and SCoC. The company is committed to the responsible use of natural resources and to minimizing waste and environmental pollution. Its sustainable material procurement strategy focuses on: Using recyclable materials; reducing primary raw material consumption; continuously improving its environmental management system. Kontron products are designed for low energy consumption and manufactured with a resource-efficient approach to minimize environmental impacts across their entire life cycle.

Compliance with international environmental standards, such as ISO 14001, is mandatory for both Kontron and its suppliers. Suppliers are required to: Implement environmental management systems; regularly document their sustainability performance; undergo audits. Transparency and supply chain oversight are ensured through both internal and external audits, conducted on a random-sampling and case-specific basis. Where deviations are identified, corrective action plans are developed.

The company's goals include reducing waste and environmental impact, efficient use of water, energy, and raw materials. These efforts are supported by the use of renewable energy, paperless processes and energy optimization actions. Progress is monitored through key performance indicators (KPIs), including recycling rates, energy consumption, CO_2e emissions, water consumption. Some of these metrics are published in Kontron's non-financial report. Kontron's environmental standards apply globally without regional exceptions.

The executive board is responsible for ESG issues, actively supported by managing directors and division heads. These executives are responsible for implementing ESG objectives and promoting sustainable practices across the company.

The CoC and other guidelines of the Kontron Group incorporate various third-party standards and initiatives, which the company is committed to adhering to:

- REACH and RoHS Regulations: Kontron ensures strict compliance with all relevant regulations, such as REACH Regulation (Registration, Evaluation, Authorization and Restriction of Chemicals) and RoHS Directive (Restriction of Hazardous Substances). These regulations govern product requirements and the safe handling of materials and chemicals throughout the supply chain (CoC).
- UN Global Compact: Kontron is a voluntary member of the UN Global Compact, a global initiative promoting sustainable and responsible business practices. This includes implementing principles in human rights, labour standards, environmental protection, and anti-corruption efforts (CoC).
- OECD guidelines: Kontron is committed to complying with OECD guidelines for responsible supply chains. This includes: due diligence obligations concerning conflict minerals, compliance with regulations related to high-risk areas, as specified in the SCoC.
- ISO 14001 and other environmental standards: Kontron adheres to international standards such as ISO 14001 when implementing environmental management systems.

During the development of the ESG strategy, which includes resource use and circular economy, Kontron considers the interests of key stakeholders. This is achieved through regular stakeholder dialogues and a materiality analysis, aimed at identifying stakeholder-relevant topics.

The results of the materiality analysis are incorporated into the ESG strategy to ensure that stakeholder expectations and requirements are integrated into Kontron's sustainability approach. This ensures that Kontron's resource use and circular economy strategies align with both internal objectives and stakeholder expectations.

Kontron ensures that the strategy enshrined in the CoC is clearly accessible and understandable for all potentially affected stakeholders and those requiring assistance with implementation, as outlined in section "2.2.2 E1-2 – Policies related to climate change mitigation and adaptation".

Kontron pursues a product design strategy that reduces the consumption of natural resources through waste prevention and efficient recycling solutions. The use of recycled materials and waste prevention are integral to the strategy for conserving resources. In the field of environmental protection, Kontron is committed to the responsible use of resources by minimizing the consumption of raw materials, fossil fuels, and minerals to promote energy efficiency and sustainable resource management. Additionally, the company supports the use of renewable energy sources such as photovoltaic systems.

Kontron has established clear standards and guidelines for sustainable procurement and the responsible use of renewable resources, which are documented in various group policies:

- **Sustainable resource use and waste reduction:** Kontron's suppliers are required to minimize and, where possible, prevent all types of waste. This includes reducing water consumption and promoting lower usage of energy, fossil fuels, minerals, and other raw materials. Waste treatment must comply with applicable environmental legislation. Suppliers must implement processes to ensure the safe handling, transport, storage, recycling, and disposal of chemicals and other environmentally hazardous substances.
- **Preventing environmental pollution, energy efficiency, and renewable energy:** Kontron requires its suppliers to use renewable energy sources such as photovoltaic and wind power while ensuring the efficient use of energy, water, and raw materials.
- **Environmental Management Systems and Certifications:** Suppliers should establish an environmental management system, ideally certified in accordance with ISO 14001, that regularly assesses the environmental risks associated with business activities and products.
- **Biodiversity and land use:** Kontron is committed to protecting biodiversity and promoting sustainable land use. The company refrains from converting primary forests, engaging in unsustainable deforestation, and supports the preservation of natural ecosystems.
- **Water and soil protection:** Kontron ensures that its operations do not cause soil or water pollution and that no excessive water withdrawal takes place, which could negatively impact the environment or access to clean water.
- **Risk management and supplier monitoring:** Kontron requires its suppliers to implement risk management systems and conduct regular reviews of their supply chains. They must introduce and document actions to mitigate risks associated with minerals sourced from conflict regions.

2.5.2. E5-2 – Actions and resources related to resource use and circular economy

As part of the analyses and preparations for the EU Taxonomy, classifications have been assigned to the environmental objective "Circular Economy." At the time of reporting, specific goals, resources and a transition plan have not yet been defined. These key building blocks to enhance sustainability efforts will be developed as part of a phased plan. The first step is to focus on further data collection and improving data quality. Building on this, reliable data is used to formulate clear targets, derive targeted actions and determine the necessary resources.

2.5.3. E5-3 – Targets related to resource use and circular economy

At the time of reporting, specific goals, actions and resources have not yet been defined. These key building blocks to enhance sustainability efforts will be developed as part of a phased plan. The first step is to focus on further data collection and improving data quality. Following this, reliable data will be leveraged to define clear targets, implement targeted actions, and allocate necessary resources.

2.5.4. E5-4 – Resource inflows

The efficient use of resources and the selection of sustainable materials are key aspects of an environmentally friendly and future-proof economy. Resource inflows influence the ecological footprint of products and production processes. By increasing the use of sustainable materials – particularly for non-technical components – and utilizing renewable or highly recyclable raw materials, a closed material cycle can be promoted. This not only contributes to reducing waste and environmental impact but also enhances the long-term availability of critical resources.

According to the understanding of ESRS the following resources are purchased as part of the Kontron Group's activities: IT equipment, textiles, furniture, buildings, heavy, medium and light machinery, heavy, medium and light transport and warehouse equipment.

The calculation of resource inflows is based on data from the procurement systems of individual companies. These systems record all acquired materials, components, and packaging, enabling a detailed analysis of the resources used.

- Total weight of products and materials used (technical & biological): 25,292,678 kg
- Share of biological materials (including non-energy biofuels): 1.33%

› Absolute weight of reused or recycled materials (including packaging): 1,023,396 kg

› Share of recycled and reused materials in products: 4.05%; share of recycled materials in product packaging: 30.76%

Since most business units were only able to report the quantities of purchased goods in euros, a large portion of the total weight of the materials used had to be estimated based on purchase prices. For this purpose, primary data from Kontron and secondary data from the Ecoinvent database were used.

When calculating the share of recycled materials, data collection was conducted transparently and specifically for the goods supplied by each subsidiary. Only the average mass of the recycled materials was calculated based on external data, ensuring that double counting was avoided. The recycling rate was determined by identifying the amount of secondary materials and using various indicators, which were then compared to the quantity of primary materials. The proportion of biogenic materials was estimated using external databases, with a conservative approach that considered only cardboard packaging as biogenic material.

Additionally, currency fluctuations may affect the conversion from euros to kilograms.

2.5.5. E5-5 – Resource outflows

The durability of products varies depending on product category, material quality, and usage conditions. While some products – such as certain electronic devices and industrial components – are designed for a long lifespan, others – such as batteries and packaging – have a shorter service life. The following table presents the expected lifespan of different product groups compared to industry standards. Technological advancements, maintenance options, and environmental regulations play a key role in determining longevity.

Disclosure of the most important product groups and materials from the manufacturing processes and expected product service life compared to the industry standard:

PRODUCT GROUP	EXPECTED LIFESPAN (YEARS)	INDUSTRY STANDARD (YEARS)	SOURCE/METHODOLOGY
Packaging	<1–3 years	Not specified	Own assessment based on material & use
Batteries	3–10 years	Depends on battery type	Own assessment based on test data
Electronic products (general)	7–25 years	Depends on manufacturer & EOL policy	Manufacturer data, market standards, warranty period
IT equipment (servers, storage, networking)	8–10 years	8–10 years	Market standards, customer requirements
Printed circuit boards (PCBA)	4 years (consumer) / 9 years (industrial)	Variable by application	IPC standards
Industrial electronics & semi-finished products	8–15 years or longer	Depends on material quality & usage	Material specifications, environmental tests, customer data
Avionics products	7–10 years	10 years (market requirement)	MTBF analyses, market standards
Solar technology (inverters, power electronics)	15–20 years	15–20 years, depending on technology	Own assessment, market studies
Charging cables, wallboxes	~7 years	Not specified	Estimated value based on product type and technical support (e.g., availability of software updates).
Software & IT services	Not relevant	Not relevant	Not a physical product, not applicable.

PRODUCT GROUP	EXPECTED LIFESPAN (YEARS)	INDUSTRY STANDARD (YEARS)	SOURCE/METHODOLOGY
Industrial & embedded products	10–15 years (component availability)	Not specified	Warranty period, market standards
Spare parts	At least 1 year (warranty period)	Not specified	Warranty period, manufacturer information

The Kontron Group's product portfolio is highly diverse, with varying requirements and options for individual products. The following is an overview of repairability aspects and key influencing factors across different product categories:

Electronic products & IT equipment: Modular designs and standardized components improve repairability. However, modern devices often contain soldered components or software-protected features, making repairs more difficult. End-user repair services are not available for all products, but business customers often have access to dedicated repair solutions. IT equipment repairability depends on the manufacturer's policies. Some terminals and modular products are specifically designed for easy component replacement. Single-use batteries cannot be repaired, while rechargeable batteries have limited repairability due to the need for specialized equipment to replace cells. While some devices are repaired, in many cases, replacement is the preferred solution for certain failures. In specific cases, repairs are outsourced to specialized service partners.

Repair strategies in the industry: Many electronic components can be repaired to a material extent (80–95%), except for coated or encapsulated parts. The economic viability of repairs is a key consideration. Spare parts, tools and obsolescence management contribute to long-term repairability, and many companies offer repairable components, depending on availability, technological possibilities, cost-effectiveness and customer requirements. Repair-friendly designs are sometimes implemented, but direct end-user repair services are often unavailable. Availability of spare parts varies by manufacturer. Some manufacturers guarantee long-term supply.

Charging technology & PV systems: Charging cables are often glued, making them non-repairable, wallboxes, however, can usually be repaired. Defective photovoltaic (PV) components are typically replaced by the manufacturer rather than repaired.

Some companies lack detailed information on repairability or are not directly involved in production, making repairability irrelevant to their operations.

Most packaging materials are highly recyclable, particularly glass, aluminium, cardboard, and certain plastics. Battery recycling rates vary depending on the type, with lead-acid batteries achieving the highest recycling rate of 95%. Electronic products contain valuable metals and materials, many of which can be effectively recycled, particularly in smart phones, laptops, and large appliances. Sustainable design strategies, such as modular construction and the increased use of recycled materials, enhance recyclability. Overall, the extent to which products can be recycled depends on their design, the materials used, and regional recycling infrastructure.

› Recycled content in products: 4.05%

› Recycled content in product packaging: 30.76%

Due to the lack of primary data, the recycling content of purchased goods was applied to the sold products for calculating the recycling share in products and packaging. Since no corresponding certificates were available for plastic packaging, its recycling rate was set to 0%, while the rate for cardboard packaging was assumed to be 84% based on scientific literature. Overall, a conservative calculation methodology was used to obtain realistic estimates for the required disclosure obligations. There are uncertainties in such calculations, as the data used is based on average values and may not accurately reflect the actual material compositions.

2.6. MDR-M – Metrics for Sustainability Aspects (E1, E3, E4, and E5)

This chapter provides an overview of material sustainability indicators related to various sustainability topics and how they are measured. It outlines the methods and assumptions used, data validation processes, and definitions of key figures. No external validation has been conducted.

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Energy consumption	MWh	Measured using energy management systems and billing data from energy providers. If data gaps exist, estimates are made based on location area, employee numbers and revenue.	Data is processed through the ESG tool, compared with previous years (where possible), and subjected to internal review	Consumption of electrical energy and heat and fuels in MWh
Direct CO_2e emissions	tCO_2e (tons of CO_2 equivalent)	GHG Protocol, Ecoinvent. Calculations based on CO_2e factors, data sets on km travelled, types of energy sources used, and substance classifications. Emissions assigned to Scope 1.	Software (data tool), external (consultant)	GHG emissions that originate directly from a company's own or controlled sources (e.g., from the combustion of fossil fuels in company-owned vehicles).
Indirect CO_2e emissions	tCO_2e (tons of CO_2 equivalent)	GHG Protocol, Ecoinvent. Calculations based on CO_2e factors, data sets on km travelled, types of energy sources used, and substance classifications. Emissions assigned to Scope 2 and 3.	Software (data tool), external (consultant)	GHG emissions from upstream or downstream activities in the value chain (e.g., from transport and use of sold products (Scope 3) or from purchased energy (Scope 2)).
Costs	EUR	Consolidated based on invoices from all locations.	Internal validation (finance department)	Total energy costs in the financial reporting currency (EURO).
Total weight of products and materials used (technical & biological)	tons (t)	A minor proportion of the total weight of the materials used was specified exactly. The remaining amount of the total weight was estimated using the purchase price..	Prepared with external advisory, no additional validation.	Total material weight used in the reporting period, including both technical and biological substances.
Proportion of biological materials (including biofuels not used for energy purposes)	Percentage (%)	Share of recycled and reused materials in total material input. Calculated on the basis of databases and using purchased materials. The indicators used for this are the "Material Circularity Indicator" and "Circularity Index".	Prepared with external advisory, no additional validation.	Proportion of biological materials and non-energy biofuels in total material usage.

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Absolute weight of reused or recycled materials (including packaging)	tons (t)	The total weight of the materials used was multiplied by the proportion of recycled and reused materials.	Prepared with external advisory, no additional validation.	Total weight of all reused or recycled components, intermediate products, and materials used in product manufacturing and packaging.
Share of reused or recycled materials (in products and product packaging)	Percentage (%)	Share of recycled and reused materials in total material input. Calculated using databases and based on the purchased materials. The indicators used for this are the Material Circularity Indicator and the Circularity Index.	Prepared with external advisory, no additional validation.	Proportion of secondary (recycled) materials compared to total material usage.

3. Social information

3.1. Comprehensive information on social issues (S1, S2)

3.1.1. Whistleblower system

Kontron provides a comprehensive whistleblower system at group level, enabling employees and third parties to securely and confidentially report suspected misconduct, including discrimination and violations of occupational health and safety regulations. Reports can be submitted through various channels:

- Secure website: https://whistleblower.kontron.com
- Telephone hotline: 0800 700 799 (Austria) / +43 1 80191 1194 (international)

In addition, suspected cases can be reported personally or anonymously directly to local compliance departments or via local whistleblower platforms.

Group Policy 14.a ("Whistleblower Policy") defines detailed processes for reporting, investigation, and follow-up of reports. The Compliance Management Team at Group Headquarters is responsible for processing reports, ensuring confidentiality, protecting whistleblower identity, and preventing retaliation.

Kontron considers both formal compliance structures (e.g., compliance processes and responsibilities) and informal cultural aspects to overcome language and cultural barriers, ensuring that all employees can raise concerns without fear of negative consequences. The policy and whistleblower platform are available in multiple languages, further reducing barriers to reporting.

The multilingual whistleblower platform, which is accessible to employees and external persons, allows confidential and anonymous reporting of violations in the following areas:

- Harassment and discrimination
- Privacy and personal data
- Theft
- Diversity and inclusion
- ESG – Environmental, Social and Governance
- Money laundering
- Conflicts of interest
- IT and cybersecurity
- Capital markets and insider trading
- Corruption
- Supplier and customer relationship
- Human rights and corporate social responsibility
- Product safety and consumer protection
- Sexual harassment
- Violations of occupational health and safety regulations
- Violations of sanctions and terrorist financing
- Competition and antitrust law
- White-collar crime

Regardless of the chosen reporting channel, all reports are treated confidentially, independently and objectively in accordance with the technical requirements of the EU Whistleblower Directive (2019/1937) and the General Data Protection Regulation (GDPR) to ensure that anonymity and confidentiality are unfailingly maintained.

The central investigative body is primarily the Compliance Department at headquarters, which performs, coordinates and monitors the processing of reports. In addition, several subsidiaries have their own central investigative bodies. Cases are dealt with in cooperation with other offices and departments as well as management or the Executive Board.

An IT system, internal controls and the multi-assessor principle support the Compliance Department in its task of processing reports of suspected misconduct.

Kontron offers group-wide training on the Whistleblower Policy as an e-learning module, ensuring that employees receive training on the group policy and confirm their acknowledgement. In cases of serious violations, Kontron reserves the right to take legal action to ensure an appropriate resolution.

During the reporting period, eight reports were submitted via the whistleblower platform. These reports exclusively concerned internal employees. There were no reports related to supply chain workers, consumers, end users, or human rights violations.

3.2. S1 – Own Workforce

3.2.1. S1-1 – Policies related to own workforce

Kontron follows a comprehensive personnel strategy that focuses on employee well-being and professional development. Flexible working models such as remote work, part-time options, and hybrid working, supporting work-life balance. Training and development programs are aimed at enhancing skills, leadership capabilities, and career progression to promote health and safety actions, including ergonomic workstations and psychological support, to promote employee well-being.

Kontron mitigates workforce risks, such as talent shortages and low retention, by fostering a positive corporate culture, conducting regular employee surveys, and improving working conditions. In order to strengthen employer branding and boost productivity Kontron endeavours diversity, inclusion, and an attractive work environment.

The strategy is continuously reviewed and refined based on employee surveys and satisfaction assessments, monitoring of turnover and absenteeism rates. Close collaboration between the HR department and leadership teams ensures that initiatives remain adaptable to the needs of both employees and the company.

Policies and principles of behavior

Kontron places great importance on ensuring that employees are comprehensively informed about the group-wide corporate policies. By implementing group-wide policies, Kontron fosters a uniform understanding of corporate standards and values among employees. These policies serve as guidelines for employees, promoting consistent behaviour and business practices across all operations. The overarching goal of these policies is to enhance uniformity in business practices, minimize risks and foster a sustainable and ethically driven corporate culture.

Among the most important of these policies and principles of behavior are:

› **Capital market compliance guideline**
The Capital Market Compliance Policy aims to raise awareness of insider information and establish effective control systems. By complying with capital market regulations, insider trading is prevented, thereby strengthening the trust of investors, customers, and business partners. Insider lists ensure compliance with legal requirements for handling insider information. Kontron maintains and updates these lists in accordance with the BaFin and FMA regulations. All affected individuals receive comprehensive training on their legal obligations, ensuring careful handling of confidential information, preventing conflicts of interest, and maintaining transparency.

› **DEI Policy (Diversity, Equity and Inclusion)**
Recognizing employee individuality while upholding equal opportunity, respect for different backgrounds, ages, religions, genders, and other characteristics, is an integral part of Kontron’s corporate philosophy. The principles of diversity, inclusion, and equal treatment

are firmly embedded in Kontron's CoC and are further reinforced through the group-wide DEI Policy (Diversity, Equity, and Inclusion). This corporate policy sets out Kontron's obligations and responsibilities and defines Kontron's attitudes, roles and responsibilities in this regard.

- **M&A policy (Mergers & Acquisitions)**
  This policy establishes rules and processes to ensure the proper execution of Kontron's mergers and acquisitions (M&A) processes. It defines the roles and responsibilities of M&A team members involved in these activities. The primary objective is not only to ensure an effectively structured due diligence process, but also to consolidate internal expertise and competencies. This approach allows Kontron to internally manage the due diligence process, enhance quality and reduce reliance on external consultants, avoiding redundant costs.

- **Supply chain sustainability and compliance policy**
  Kontron is also committed to promoting best practices in supply chain management. In line with this commitment, this policy was drawn up to establish binding standards for the sustainable optimization of the global and local supply chain within the group of companies. The policy governs supplier assessment, the selection process, documentation and regular audits of external suppliers with clearly defined consequences in the event of poor results and violations of supplier standards. The aim is to promote sustainable business practices and ensure that ethical standards are met throughout the supply chain.

- **Whistleblower Policy**
  The Kontron Corporate Whistleblower Policy aims to encourage all employees to report potential violations of laws, the CoC, or Kontron's internal guidelines in good faith. To this end, the group-wide Whistleblower Policy defines a clear process for handling reports of suspected misconduct, the responsible parties involved in investigations and the disciplinary and legal actions taken in case of proven violations. For further details, see section 3.1.1 "Whistleblower System".

- **Policy on the processing of personal data in the EU**
  The personal data processing policy sets out the principles, processes and standards that Kontron follows when collecting, processing, storing and sharing personal data. This policy ensures that data processing is carried out in compliance with applicable data protection laws and regulations, particularly the General Data Protection Regulation, to protect privacy and individual rights. Other corporate policies on data protection and information security, such as the Information Security Policy, integrate key Group principles and ensure a consistent level of security across all operations.

- **Anti-corruption**
  Kontron enforces a zero-tolerance policy towards corruption and bribery, ensuring strict compliance with all applicable anti-corruption laws. In international public procurement, adherence to legal requirements is crucial. Kontron complies with internationally recognized anti-corruption laws, including the UK Bribery Act, US Foreign Corrupt Practices Act (FCPA). These laws apply to Kontron's global operations. Within the CoC, Kontron and all employees are committed to complying with all relevant anti-corruption regulations. Kontron does not make monetary or material donations to individuals, private accounts and political parties or organizations. For further details, see the "G1–3 Prevention and detection of corruption and bribery" section.

- **Adherence to laws**
  Adherence to and observance of all applicable laws are compulsory in the entire Kontron Group. All employees are required to adhere to both national and international laws applicable to their work. In order to enable employees and third parties to alert the Compliance Department to possible breaches of law committed in the company, the Kontron Group set up an electronic whistleblower system that also makes anonymous reports possible. This system is accessible via the Kontron website: https://whistleblower.kontron.com/. Potential contraventions can also be reported directly and at any time to the Compliance Officer, the Legal Affairs department, Human Resources or a member of the works council.

- **Human rights**
  Adherence to internationally valid standards of human rights and working standards is a matter of course for Kontron. Our standards correspond to those of the International Bill of Human Rights, the European Convention on Human Rights and the principles in the

United Nations Global Compact. We do not tolerate forced labour in any form, including involuntary work performed in a prison or in servitude.

At Kontron, every employee works on a voluntary basis. The employment relationship can be terminated by any employee through termination. Child labour is not tolerated. Kontron urges suppliers to comply with all applicable laws, including compliance with human rights and fair business practices (see the topics "Delivery Companies" and "Supplier Code of Conduct" on the Kontron Group Compliance website: https://kontron.com/en/group/compliance).

› **Corruption risk assessment**
Kontron is committed to the principles of responsible corporate governance and integrity. Honesty, trust and fairness shape Kontron's dealings with business partnerships and are an essential part of corporate governance. Accordingly, Kontron pursues a strict zero-tolerance policy with regard to all forms of corruption and bribery.

› **Data protection and security**
Data protection and IT security are Kontron's top priorities. Personal data is processed strictly in accordance with GDPR and local data protection laws. Guidelines, processes and protective actions are constantly being optimized.

As a technology leader, Kontron constantly faces cyber threats and relies on modern security controls, regular penetration tests and the certified processes ISO 27001 (information security), ISO 27018 (data protection in the cloud), and ISO 22301 (business continuity management). All internet-based services are secured by multi-factor authentication.

In 2024, around 3,600 employees completed cyber security training, supplemented by local training and a security awareness program. The data protection organization with data protection officers at Kontron and local levels ensures that data subject rights are respected. In 2024, there were some requests for data storage and deletion, but no complaints or proceedings from data protection authorities against the Kontron Group.

› **Compliance training**
To raise awareness of compliance issues, Kontron offers continual training using tailor-made e-learning modules. These modules are specifically tailored to the needs of employees who are exposed to certain compliance risks due to the areas they work in, their roles and their responsibilities and who therefore need special training in the respective fields. The modules focus particularly on the following key areas:

- Code of Conduct
- Fair competition
- Capital market compliance
- Protection against corruption
- Preventing money laundering

As part of the onboarding process, new employees must complete compulsory training. Every two years, exposed business areas take part in a regular training cycle, taking organizational and personnel changes into account on an ongoing basis. Kontron promotes diversity and inclusion through multilingual training offerings.

In 2024, compliance training courses achieved a 100% completion rate – proof of the strong commitment of employees. In 2024, the focus was particularly on the Code of Conduct, which provides clear guidelines for all employees worldwide. The e-learning module "Capital Market Compliance" was also successfully completed with a high completion rate of 95%.

Kontron is continuously improving its training methods to increase the quality of sustainability reporting and transparency. A particular focus is on corruption prevention training, particularly for employees in high-risk countries, in order to further strengthen responsible action.

The CoC and DEI Policy apply to all Kontron employees, regardless of their position or department in the company. The Code of Conduct covers all business practices and sets out the basic ethical and legal standards expected of employees at all levels. Compliance with these standards is mandatory for all employees in order to ensure an ethically correct and respectful working environment.

In the following overview, the identified material IROs are presented with reference to the guidelines and concepts:

ADDRESSED ESSENTIAL IRO	TITLE AND CONTENT OF THE CONCEPT	TARGETS OF THE CONCEPT	MONITORING OF THE CONCEPT	SCOPE OF APPLICATION	RESPONSIBILITY FOR THE CONCEPT
S1 - Working conditions	DEI (Diversity, Equity & Inclusion) Policy: Promoting an inclusive work environment, equal opportunities and equal treatment regardless of origin, gender or other characteristics.	Strengthening corporate culture through diversity and inclusion, reducing discrimination.	Surveys and provision of the whistleblower system.	Valid for all employees worldwide.	HR department, executives, full board of directors.
S1 - working time	Flexible working time models and work-life balance: Kontron offers home office, part-time options and flexible working hours to better balance work and private life.	Reduce stress, improve work-life balance, and increase productivity.	Employee surveys, feedback meetings.	Applies to all office workers and relevant production areas.	HR department, executives, full board of directors.
S1 - working time	Working time management and overload prevention: Introduction of clear regulations on working hours and breaks to avoid overwork and errors.	Ensuring legally compliant working hours, reducing fluctuation and error rates.	Health checks and feedback meetings.	Applies to all departments with heavy workloads.	HR department, managers, works council.
S1 - Appropriate remuneration	Remuneration policy and fair wages: Adjustment of wages to market standards and economic developments to ensure fair pay.	Livelihood security, motivation and retention of employees through fair remuneration.	Market analyses, wage comparisons and consideration of inflation.	Applies to all employees worldwide.	HR department, full board of directors.
S1 - Gender equality and equal pay for work of equal value	Equal pay and the advancement of women: Kontron actively combats gender-specific pay gaps and specifically promotes women in technical professions.	Reducing wage inequalities, increasing the proportion of women in technical occupations.	Reporting on equality.	Valid for all employees worldwide.	HR department, ESG representative, accounting, full board of directors.
S1 - Actions against violence and harassment at work	Protection against violence and harassment: Introduction of clear guidelines, training and complaint mechanisms to prevent violence and harassment.	Ensuring a respectful and safe working environment for all employees.	Regular training, reporting systems.	Valid for all employees worldwide.	HR department, compliance department, works council.
S1 - Diversity	DEI Strategy and Equal Opportunity: Fostering a diverse workforce through targeted inclusion and equality programs.	Increasing the proportion of underrepresented groups, promoting intercultural teams.	Diversity reports, training, anonymized surveys.	Valid for all employees worldwide.	ESG representative, HR department, full board of directors.
S2 - Other employment-related rights	Conflict minerals and sustainable raw material procurement: Identifying and reducing risks associated with conflict minerals.	Sustainable and ethical procurement of raw materials, prevention of human rights violations.	Supply chain analyses, risk assessment of suppliers, regular audits.	Applies to all suppliers of raw materials.	Sustainability department, compliance department.

Kontron takes a comprehensive and responsible approach to human rights, working conditions, and Diversity, Equity & Inclusion (DEI). This approach is based on internationally recognized standards such as the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards, the Universal Declaration of Human Rights, and the OECD Guidelines for Multinational Enterprises. These principles are embedded in Kontron's CoC and SCoC and apply to all employees, executives, and business partners worldwide. The Executive Board of Kontron AG holds responsibility for the implementation of DEI objectives and, together with the central functions, ensures compliance with legal requirements and internal company policies. Managers and local leadership teams serve as role models and actively contribute to establishing a non-discriminatory and inclusive corporate culture.

Kontron promotes fair working conditions through transparent and non-discriminatory recruitment processes, equal career opportunities, and targeted development programs such as the Leadership Academy, which supports the advancement of women in leadership roles. In areas where women are underrepresented, female candidates are given preference in cases of equal qualifications. The DEI Policy defines clear principles of equal opportunity and explicitly opposes all forms of discrimination – regardless of gender, age, origin, sexual orientation, religion, disability, or other characteristics. DEI training is mandatory across the Group, available in multiple languages, and offered both online and in person. Additionally, the Sustainable Leadership Academy helps managers – particularly women in leadership – to integrate principles of diversity and sustainability into their day-to-day work.

In the area of human rights, Kontron places particular emphasis on preventing child labor, forced labor, modern slavery, and human trafficking – both in its own operations and throughout the supply chain. Suppliers are required to comply with these standards, monitor their sub-suppliers, and implement corrective actions immediately in case of violations. If such actions are not implemented, Kontron reserves the right to terminate the business relationship. To identify risks at an early stage, Kontron relies on regular risk assessments, audits, and a Group-wide anonymous whistleblower system available to both employees and external stakeholders. All reported violations are systematically reviewed, documented, and addressed with appropriate actions to achieve structural improvements and foster a culture of accountability.

The work environment is also a central focus: Kontron ensures safe and healthy working conditions through a structured occupational health and safety management system aligned with ISO 45001. This includes training, first aid equipment, personal protective gear, ergonomic workplace design, as well as accident prevention and emergency preparedness actions. Specific programs also address mental health concerns, such as those arising from hybrid work models or high workloads, and are supported by occupational health services. In production areas, regular safety training is conducted, and a structured incident management system ensures continuous improvement of safety standards.

To better understand the needs and expectations of employees and to further develop relevant actions, Kontron regularly conducts Group-wide employee surveys. The insights gained directly inform strategic decisions related to working conditions, employee development, health promotion, and retention. The DEI and CoC guidelines are accessible via the intranet and corporate websites and are regularly updated and communicated across the Group. Employees without digital access receive printed versions of the guidelines. Acknowledgment of receipt is mandatory to ensure that all employees are aware of, understand, and comply with the company-wide standards.

Kontron attaches great importance to accessibility and health protection. It offers barrier-free access, disabled sanitary facilities, private parking spaces for the disabled, and height-adjustable desks and chairs to meet the needs of all employees and promote their health.

Kontron regularly carries out workplace evaluations and risk assessments to ensure that workplace requirements are designed to be fair and inclusive. These evaluations are carried out by both internal and external safety officers. The aim is to identify and rule out potential risks that could result in specific groups being systematically disadvantaged by defining job requirements.

Particular attention is paid to analyzing work requirements and conditions to ensure that they do not have discriminatory effects, for example based on gender, age, disability or other personal characteristics.

The following current hiring, training, and promotion practices provide opportunities for employees and their development:

- Settings: Vacant positions are first published internally in order to give existing employees the option of actively applying.
- Continuing education: In the annual employee meetings, training and continuing education actions are defined with employees and implementation is monitored. In the following year, a review of the effectiveness of continuing education will also be carried out.
- Promotions: In order to adequately prepare employees for potential management positions, they have the opportunity to receive basic training at the Leadership Academy, which takes place every two years. In addition, this program provides them with a mentor who has sufficient know-how as a long-standing manager. Internal candidates are preferred, particularly for specialized expert positions and management roles, in order to further promote their career opportunities.

Kontron creates training plans for employees on the basis of annual employee interviews. These plans include necessary or mandatory training and certifications as well as optional continuing education offerings that are tailored to individual needs and professional goals. The implementation and effectiveness of these actions are regularly reviewed as part of a structured review to ensure that the professional development of employees is sustainably promoted while meeting company requirements.

3.2.2. S1-2 – Processes for engaging with own workforce and workers' representatives about impacts

Through anonymized employee surveys, employees are given the opportunity to actively participate in decision-making processes. As part of the annual employee interviews with supervisors, personal development and individual career goals are discussed together. At the same time, the discussion provides space to address important topics and suggestions for improvement for employees.

In various Kontron Group companies, employees have made use of their right to establish a works council. In these group companies, employees are involved through the works council representatives elected by them. In other companies that do not have a works council, the workforce is directly involved by local management.

The individual management of the companies hold regular information meetings and employee events for the workforce, although the frequency is at least four times a year and may vary depending on the company. In addition, a formal employee interview takes place once a year. Team meetings are held weekly and online newsletters are published at a frequency that depends on the respective company. An online employee survey, which is managed by the Group for all companies, is carried out every two years.

The management is responsible for the operational implementation of the involvement and for ensuring that the results obtained are incorporated into the strategic orientation of the organization.

The protection of workers' rights is ensured by international agreements, which are enshrined in the Code of Conduct and in the Supplier Code of Conduct. These guidelines set uniform standards and ensure that workers' rights are respected along the entire value chain.

The effectiveness of Kontron AG's commitment is assessed using various key figures and instruments. This includes: 1. Employee surveys, 2. Fluctuation and abscence rates, 3. Staff interviews, 4. External benchmarks (e.g. company valuations in various portals).

Kontron has implemented various actions to avoid negative impacts:

- Safety at work: For example, ergonomic workplaces (e.g. height-adjustable tables), stress management programs, mental health training, regular health checks, and psychological risk assessments.
- Complaint mechanisms: Employees can submit complaints via transparent channels if they experience negative effects or grievances. These complaints are dealt with quickly and fairly (Whistleblower channel).
- Continuing education and development opportunities: Continuous training opportunities and promotion of professional development.

3.2.3. S1-3 – Processes to remediate negative impacts and channels through which own workforce can raise concerns

The general approach and processes for providing or supporting remedies in the event of a material negative impact on the company's workforce are defined by the whistleblower process. In companies with an established works council, this can also act as a point of contact. The information under 3.1.1 Whistleblower System also describes the mechanisms for handling complaints in connection with employee matters. It also reveals how issues raised and addressed are followed and monitored and how the effectiveness of the channels is ensured.

The Kontron Group headquarters disclose whether and how it is assessed that employees know and trust structures or processes in order to raise their concerns or needs and address them. See point 3.1.1 Whistleblower system. There are also guidelines to protect against retaliation for people who express concerns or needs through the appropriate channels.

3.2.4. S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

At the time of reporting, specific goals, actions and resources have not yet been defined. These elements to strengthen sustainability efforts are to be developed as part of a multi-stage plan. The first priority is data quality and improvement. Following this, reliable data will be leveraged to define clear actions, and allocate necessary resources.

3.2.5. S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Since 2022, Kontron has set goals for its own workforce, which are currently being revised and developed. These actions to strengthen sustainability efforts should be developed as part of a plan with methods and processes to achieve these goals. The focus is on data quality and improvement. On this basis, data is used to formulate goals, derive actions and determine the necessary resources. As a result, the data points cannot yet be answered in the first year of reporting. There is no tracking at the moment; an effective tracking system will be set up as part of the target creation process.

Kontron Group's goals for its own workforce

Diversity, non-discrimination, inclusion

- Increasing the proportion of women in management positions by 20% (compared to 2022) by 2030
- Expansion of funding programs for female managers
- Increasing employee satisfaction

Training and education

- Training hours will be increased by 20% (compared to 2022) by 2030
- Access to compliance and data security training offers is guaranteed for all Kontron employees

Safety at work

- Complete prevention of accidents at work

Due to the early development stage of the goals, as described, the MDR-T data points cannot yet be answered in the first CSRD reporting period.

3.2.6. S1-6 – Characteristics ofundertaking's employees

The following section provides an overview of the characteristics of the company's employees based on various criteria such as gender, location and type of contract.

GENDER	UNIT	EMPLOYEES AS OF 31.12.2024
Male members	Headcount	5,025
Female members	Headcount	3,020
Other gender entry	Headcount	0
Not specified	Headcount	0
Total number	**Headcount**	**8,045**

COUNTRY	UNIT	EMPLOYEES AS OF 31.12.2024*
Germany	Headcount	2,807
Hungary	Headcount	921
Austria	Headcount	807

*Countries in which the company has at least 50 employees who account for at least 10% of the company's total number of employees are shown.

The following table shows the characteristics and information about employees by type of contract and gender. The number of employees is given per capita.

AS OF DECEMBER 31, 2024	UNIT	FEMALE MEMBERS	MALE MEMBERS	OTHER GENDER ENTRY	NOT SPECIFIED	TOTAL
Employees	Headcount	3,020	5,025	0	0	8,045
Permanent employees	Headcount	2,871	4,739	0	0	7,610
Fixed-term workers	Headcount	140	254	0	0	394
Employees with non-guaranteed working hours	Headcount	9	32	0	0	41

AS OF DECEMBER 31, 2024	UNIT	2024
Number of employees who have left the company	Headcount	1,364
Employee turnover rate	%	14.5%

The turnover rate is calculated as follows: the number of employees who left during the reporting period divided by the sum of the number of employees as of the reporting date (December 31, 2024) and the number of employees who left during the reporting period, multiplied by 100. Both voluntary and involuntary departures are taken into account.

The description of the methods and assumptions used to produce the data is described in the section "3.2.16 MDR-M – Metrics relating to material sustainability aspects under S1". The figures are reported as of December 31, 2024 for the 2024 reporting period.

Personnel expenses are disclosed in the consolidated income statement (see Consolidated Notes, Part B, Note (5)). The number of employees in the consolidated notes is reported in full-time equivalents (FTE), excluding employees on leave, interns, apprentices, and temporary workers.

3.2.7. S1-7 – Characteristics of non-employees in the undertaking's own workforce

The following section provides an overview of the characteristics of the company's non-employees.

As of December 31, 2024, the Kontron Group employed non-employees as follows:

AS OF DECEMBER 31, 2024	UNIT	FISCAL YEAR 2024
Total number of non-employees within the organization's own workforce	Headcount	314
Self-employed	Headcount	166
Persons provided "Placement and provision of workers"	Headcount	148
Non-salaried persons, other	Headcount	0

The total number of non-employees in the company's own workforce is disclosed as of December 31, 2024. These include self-employed individuals (contractors, freelancers, and external workers without a direct employment contract with Kontron) as well as persons provided by companies primarily engaged in employment services and temporary employment (NACE code N78). The key figures are described in more detail in Chapter "3.2.16 MDR-M – Key figures relating to material sustainability aspects under S1".

3.2.8. S1-8 – Collective bargaining coverage and social dialogue

This chapter provides an overview of the coverage of the company's own workforce by collective agreements and employee representatives in various regions. Both the percentages of employees bound by collective agreements within and outside the EEA and representation by employee representatives are considered. The existence of agreements with European Works Councils is also discussed. Countries are shown where the company has at least 50 employees, who constitute at least 10% of the company's total workforce. 33.3% of total employees fall under collective agreements.

COVERAGE RATE	TARIFF COVERAGE		SOCIAL DIALOGUE
	Employees – EEA (for countries with >50 employees, representing >10% of the total workforce)	Employees – non-EEA (estimate for regions with >50 employees, representing >10% of the total workforce)	Representation at work (only in the EEA)
0-19%	Germany	-	Hungary
	Hungary		
20-39%	-	-	Austria
40-59%	-	-	-
60-79%	-	-	Germany
80-100%	Austria	-	-

The proportion of employees covered by a collective agreement is calculated using the following formula: (number of employees covered by collective agreements divided by total number of employees) multiplied by 100. The proportion of employees working in companies with employee representation is calculated using the following formula: (number of employees in establishments with employee representation divided by total number of employees) times 100.

There is no agreement with employees on representation by a European Works Council (EWC), a Societas Europaea (SE) Works Council or a Societas Cooperativa Europaea (SCE) Works Council.

3.2.9. S1-9 – Diversity Metrics

In this section, the indicators of diversity in terms of age groups and gender distribution at the top management level are presented. The background explanation of the methods and figures is described in Chapter "3.2.16 MDR-M – Key figures relating to material sustainability aspects."

The following table shows the age group distribution of employees:

ALL EMPLOYEES	HEADCOUNT	PERCENTAGE
Age group <30	1,117	13.9%
Age group 30 - 50	3,964	49.3%
Age group >50	2,964	36.8%
Total number of employees	**8,045**	**100,0%**

The upper management level comprises managing directors, business unit heads, division managers and, where appropriate, interim managers. The following tables contain key figures to illustrate the gender distribution:

PEOPLE AT THE TOP MANAGEMENT LEVEL	HEADCOUNT	PERCENTAGE
Female members	40	19.5%
Male members	165	80.5%
Other gender entry	0	0.0%
Not specified	0	0.0%
Total number of people at the top management level	**205**	**100.0%**

3.2.10. S1-10 – Adequate wages

To ensure that no employee is paid below the minimum wage, the lowest wage was calculated for the lowest pay category, based on the basic income and fixed additional payments, but excluding interns and trainees. This value was then benchmarked against the relevant reference values for each country within the EEA. For countries where a minimum wage is not established in accordance with EU Directive 2022/2041, the benchmark was set at 60% of the median wage or 50% of the average wage. For countries outside the EEA, the comparison was made with national or international minimum wage standards, including recognized benchmarks such as those of the Wage Indicator Foundation. The review confirmed that all employees receive at least the respective minimum wage.

3.2.11. S1-12 – Persons with disabilities

Kontron attaches great importance to accessibility and health protection in order to create an inclusive working environment. The following overview shows the number of employees with disabilities within the workforce:

AS OF 31.12.2024	HEADCOUNT	PERCENTAGE OF TOTAL EMPLOYEES
Female members	96	3.2%
Male members	101	2.0%
Other gender entry	0	0.0%
Not specified	0	0.0%
Total	**197**	**2.4%**

As of December 31, 2024, the number of employees with disabilities was recorded and broken down by gender. The definition of disability is based on the UN Convention on the Rights of Persons with Disabilities. Further information can be found under “3.2.16 MDR-M – Key figures relating to material sustainability aspects under S1”. It has not undergone external validation.

3.2.12. S1-13 – Training and skills development metrics

This chapter provides an overview of performance reviews as well as training and development actions within the workforce. It looks at participation rates in regular performance and career development interviews and the average number of training hours per person – both by gender and by employee category.

The following overview discloses the key figures for performance reviews and training hours.

	EMPLOYEES WHO HAVE TAKEN PART IN REGULAR PERFORMANCE AND CAREER ASSESSMENTS		TRAINING HOURS FOR EMPLOYEES	
	HEADCOUNT	% OF TOTAL EMPLOYEES	TOTAL HOURS	HOURS PER PERSON
Female members	1,467	48.6%	56,663	11.3
Male members	2,556	50.9%	18,640	6.2
Other gender entry	0	0%	0	0
Total	**4,023**	**50.0%**	**75,303**	**9.4**

3.2.13. S1-14 – Health and Safety metrics

This chapter provides an overview of health and safety at work. It includes workforce coverage through regulations on occupational safety management systems, the number of work-related accidents and illnesses, as well as the resulting absences and deaths – both for employees and non-employees (collectively referred to as the "own workforce"). All companies follow local regulations for health and safety management systems. In addition, 24.5% of these companies are certified according to ISO 45001 or an equivalent standard, which thus covers around 1,974 employees in the company's own workforce.

The chapter "3.2.16 MDR-M – Key figures relating to material sustainability aspects" describes the methods and assumptions used, the validation of the data, and the respective definition of the key figures. There was no external validation of the data.

DESCRIPTION	UNIT	FISCAL YEAR 2024
Reportable occupational accidents involving employees in the company's own workforce	Number	32
Rate of reportable accidents at work among own employees (per 1,000,000 hours worked)	%	2.33
Number of deaths in the own workforce due to accidents at work and work-related illnesses	Number	0
Number of deaths as a result of accidents at work and work-related illnesses of other workers working at company locations	Number	0
Percentage of people in their own workforce covered by a health and safety management system based on legal requirements and (or) recognized standards or guidelines.	%	99.4
Percentage of employees in the Occupational Health and Safety Management System – Employees covered by Occupational Health and Safety Management System	%	100.0

Existing occupational health and safety management systems are based on the ISO 45001 standard. This internationally recognized standard sets requirements for an occupational safety and health (SGA) management system and provides a structured framework for identifying, minimizing, and controlling work-related risks.

Internal auditing is carried out in accordance with the requirements defined in ISO 45001 to ensure compliance with standards and continuous improvement of the system. In addition, external certification can be carried out by accredited testing organizations, which verify the effectiveness and compliance of the management system.

The share of reported occupational accidents within the total workforce is calculated as follows: the number of reportable occupational accidents involving the company's own workforce divided by the total hours worked during the reporting period, multiplied by 1,000,000.

The percentage of individuals in the company's own workforce covered by a health and safety management system based on legal requirements and/or recognized standards or guidelines is calculated as follows: the number of individuals in the own workforce covered by the management system divided by the total number of employees in the workforce, multiplied by 100.

The percentage of employees covered by the occupational health and safety management system is calculated as follows: the number of employees covered by the management system divided by the total number of employees, multiplied by 100.

3.2.14. S1-16 – Remuneration metrics (pay gap and total remuneration)

The gender pay gap was calculated in accordance with the requirements of AR 98 and amounts to 34.18%. The calculation followed this formula: the average gross hourly wage of male employees minus the gross hourly wage of female employees, divided by the average gross hourly wage of male employees, multiplied by 100. Interns and trainees were not included.

The high gender pay gap is primarily due to the company's strong engineering focus. Since Kontron currently employs materially fewer female engineers than male engineers, the higher salaries typically associated with such specialist roles have a notable impact on Kontron's overall pay structure.

The ratio of the annual total compensation of the highest-paid individual to the median annual total compensation of all employees is 14.03. This ratio is calculated as follows: the annual total compensation of the highest-paid individual in the group divided by the median of the annual total compensation of all employees in the group (excluding the highest-paid individual). Trainees and apprentices were not included, part-time employees were not extrapolated, no annualization of remuneration was applied for individuals who joined the group during the year, while for companies consolidated during the year, full-year remuneration for 2024 was taken into account. This result means that the highest-paid person in the company earns 14.03 times the median annual compensation of all employees. The ratio illustrates the income disparity within the company and provides insight into its compensation structure.

3.2.15. S1-17 – Incidents, complaints and severe human rights impacts

This chapter provides an overview of incidents, complaints, and violations in the area of social and human rights aspects within the workforce. It includes reported cases of discrimination, reports filed via complaint channels, and possible sanctions or compensation payments. The data collected is based on reports received via internal and external complaint channels such as the whistleblower platform. All complaints submitted are reviewed in accordance with established internal processes and, where necessary, verified through independent investigations.

During the reporting period, the whistleblower platform received an anonymous report of a possible sexual assault. The investigation was carried out carefully, and no evidence of violations of legal or internal regulations could be identified. In the reporting period, no fines, sanctions, or compensation payments were recorded in connection with the above incident.

The overview shows incidents and violations of human rights issues within the workforce:

AS OF DECEMBER 31, 2024	UNIT	FISCAL YEAR 2024
Total number of reported cases of discrimination	Number	1
Number of complaints filed through channels through which people within the organization's own workforce can raise concerns	Number	1
Number of complaints filed through national contact points	Number	0
Total amount of material fines, sanctions, and compensation payments in the area of discrimination, including harassment	€	0
Number of serious human rights incidents involving the organization's workforce	Number	0
Number of severe human rights incidents involving the Organization's workforce that violate the United Nations Guiding Principles on Business and Human Rights or the OECD Guiding Principles for Multinational Enterprises	Number	0
Total amount of material fines, sanctions, and compensation payments related to serious human rights incidents involving the organization's workforce	€	0
Number of serious human rights incidents in which the organization has taken on a role in corrective action	Number	0

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3.2.16. MDR-M – Key figures relating to material sustainability aspects under S1

This chapter provides an overview of material sustainability indicators on social issues relating to one's own workforce and their collection. It outlines the methods and assumptions used, data validation processes, and definitions of key figures. No external validation was carried out.

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Employees	Number	Data collection from locations as of December 31, 2024 in the data tool. All employees in an employment relationship with the company were included (incl. inactive employees, apprentices and interns).	Internal local finance department and headquarters	Individuals who have an employment relationship with the company in accordance with national laws or customary practices.
Non-Employees	Number	Data collection from locations as of December 31, 2024 in the data tool	Internal local finance department and headquarters	Contractors who have entered into an agreement with the company to provide labor services (“self-employed”), or individuals supplied by companies primarily engaged in “employment placement and temporary employment agency activities” (NACE code N78).
Own Workforce	Number	Data collection from locations as of December 31, 2024 in the data tool	Internal local finance department and headquarters	Workers who are in an employment employment relationship with the company (“employees”) and non-employed employees who are either who are either sole proprietors, who provide the company provide the company with labor (“self-employed persons”), or persons provided by companies made available who primarily activities in the field of “placement and leasing of labor” (NACE code N78).
Training hours	Hours	Data collection from locations as of December 31, 2024 in the data tool	Local internal responsible persons	Hours of company initiatives aimed at maintaining and/or improving the skills and knowledge of employees.

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Performance Evaluation	Number of persons	Data collection from locations as of December 31, 2024 in the data tool	Local internal responsible persons	At least annual review on the basis of on the basis of criteria that employees and their supervisors are aware of (with knowledge of the employees). The review may include an assessment by the immediate supervisor of the employee, peers or a broader spectrum of employees.
Upper management	Number of persons	Data collection from locations as of December 31, 2024 in the data tool	Local internal responsible persons	Managing directors, business unit heads, division heads and, if applicable, interim managers.
Gender pay gap	Percent	Data collected from locations as per 31 December 2024. Average gross hourly earnings of male employees minus the gross hourly earnings of female employees, divided by the average gross hourly earnings of male employees, multiplied by 100. Excludes interns and trainees.	Internal validation	Earnings gap per hour between women and men without taking into account the different career levels or qualifications.
Employees with disabilities	Number of persons	Data collection based on internal HR records; sites with a works council or comparable employee representation are taken into account. Data was gathered from locations as of the reporting date, December 31, 2024, using the data tool. The definition and recognition of disabilities are based on national legal regulations.	Local internal responsible persons	Number of employees working at sites with official employee representation Persons with long-term physical, mental, intellectual, or sensory impairments which, in interaction with various barriers, may hinder their full and equal participation in society.
Reportable accidents at work involving employees	Number	Data collection from locations as of December 31, 2024 in the data tool Erfassung basierend auf internen Unfallmeldungen und gesetzlichen Meldepflichten	Internal health and safety reports	Number of accidents that are reportable in accordance with legal requirements.
Number of deaths in the own workforce due to accidents at work and work-related illnesses	Number	Data collection from locations as of December 31, 2024 in the data tool. Documentation of deaths in a work context, based on internal reports.	Internal accident reports	Number of fatal accidents at work and work-related illnesses in the company's own workforce.
Number of deaths as a result of accidents at work and work-related illnesses of other workers working at company locations	Number	Data collection from locations as of December 31, 2024 in the data tool. Recording of external work accidents in direct connection with company locations	Reports from contractors, internal reports	Number of deaths of external personnel due to accidents at work or work-related illnesses at company locations.

3.3. ESRS S2 – Supply Chain Workers

3.3.1. S2-1 – Policies related to value chain workers

The interests and views of stakeholders are explained in Chapter 1.9 on SBM-2. In the SCoC, Kontron obliges its suppliers to comply with international labour standards in accordance with the material IRO "S2 – Working Conditions". This includes the prohibition of child labour, forced labour, and discrimination, as well as compliance with basic labour rights such as freedom of association, collective bargaining, and safe working conditions. This covers the safety of workers, protection against precarious employment relationships (e.g., workers with short-term or temporary contracts, third-party-employed workers, subcontracted labor, or informal workers), human trafficking, forced labor, or child labor, as well as compliance with fundamental labor rights such as freedom of association, collective bargaining, and safe working conditions.

Suppliers must ensure that these standards are implemented both in their own operations and along the entire value chain.

To implement these commitments, suppliers are expected to establish appropriate processes to identify and address risks related to human rights and labour standards. These include processes for reporting violations and mechanisms to ensure that employees have access to and can use these processes. In addition, Kontron's group-wide whistleblower system is available to all employees in the value chain. Concerns can be reported anonymously via a secure platform and a telephone hotline. This strengthens transparency and increases the effectiveness of mechanisms for compliance with standards and handling violations (see Chapter "3.1.1 Whistleblower System").

Kontron requires transparency from its suppliers and reserves the right to assess compliance with the standards through self-assessments or document checks. These requirements apply in full to all workers in the value chain and help to ensure decent working conditions while effectively addressing potential risks. Processes are required to identify and address risks in the area of human rights and labour standards.

Kontron is committed to ensuring compliance with international labour standards by all suppliers worldwide, both in the upstream and downstream value chains. There are no geographical exceptions.

Kontron AG's top management is responsible for implementing the strategy. The Executive Board of Kontron AG has overall responsibility for compliance with and implementation of the standards defined in the SCoC and other relevant guidelines.

Kontron's guidelines, including the SCoC, are based on international standards such as ILO core labour standards, the United Nations Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights. These standards form the basis for the obligations that Kontron expects from its suppliers and ensure compliance with human rights, labour standards, and ethical business practices across the entire value chain.

Kontron involves key interest groups, in particular employees in the value chain, in its strategy. The SCoC follows international standards such as ILO core labour standards (ILO = International Labour Organization), which protect basic labour rights and prohibit child and forced labour. These requirements protect the rights of employees at suppliers.

The group-wide whistleblower system enables all stakeholders, including employees, to report securely and anonymously. In this way, stakeholders' perspectives are integrated into the strategy. Suppliers must meet clear requirements and are regularly reviewed to ensure the effectiveness of the strategy.

Kontron publishes its strategy in the SCoC, which is available on the company website. This SCoC contains binding requirements for compliance with international labour standards and fundamental human rights and forms the basis for cooperation with Kontron.

A group-wide whistleblower system, which is also accessible to external parties, enables workers and stakeholders to provide information anonymously and securely. In this way, Kontron ensures that stakeholders not only have access to the strategy, but can also actively participate in its implementation.

To ensure that the guidelines and standards are effectively implemented, Kontron has set up a comprehensive monitoring and reporting system. Suppliers are regularly audited and evaluated to verify compliance with the specified requirements. In addition, Kontron works closely with independent third parties to ensure the transparency and integrity of the audit.

Kontron promotes continuous improvement through supplier training and support to ensure compliance with human rights and labour standards. Particular emphasis is placed on taking corrective action when violations are identified. This includes both preventive and corrective actions aimed at improving working conditions along the entire value chain.

Kontron is committed to actively protecting the rights of employees in the value chain and ensuring compliance with international human rights standards. The basis for this is the SCoC, which must be complied with by all suppliers. In it, Kontron demands compliance with the UN Guiding Principles on Business and Human Rights, the Declaration on Fundamental Principles and Rights at Work of the ILO, and the OECD Guidelines for Multinational Enterprises.

Kontron itself supports the implementation of these obligations through clear guidelines and a group-wide whistleblower system. This system enables employees in the value chain and other stakeholders to anonymously report potential violations, so that human rights challenges can be identified and addressed at an early stage.

Kontron follows a clearly defined approach to respecting the human rights of workers in the value chain, which is enshrined in the SCoC. This requires all suppliers to comply with international standards such as the UN Guiding Principles for Business and Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises.

The SCoC's binding requirements include the prohibition of child labour, forced labour, and discrimination, as well as respect for basic labour rights such as freedom of association, collective bargaining, and safe working conditions. Suppliers are called upon to establish mechanisms to implement these standards and to identify and minimize potential risks along their value chain.

Kontron takes a holistic approach to involving workers in the value chain in order to protect their rights and interests. This is done through the obligations set out in the SCoC and by providing effective communication channels. The SCoC requires suppliers to comply with international labour standards, including ILO core labour standards, and to provide mechanisms that enable workers to securely report concerns or violations.

Kontron has established comprehensive actions to eliminate or prevent negative impacts on human rights in the value chain. The basis is the SCoC, which obliges all suppliers to comply with international human rights standards. These include the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards, and the OECD Guidelines for Multinational Enterprises.

In the event of violations, Kontron works closely with affected suppliers to develop appropriate corrective actions and ensure their implementation. In the event of serious or repeated violations, Kontron reserves the right to terminate the business relationship. In addition, a group-wide whistleblower system is available that enables employees and other stakeholders to report potential violations anonymously and securely. These reports are systematically reviewed in order to identify human rights violations and take targeted actions to remedy them.

With this approach, Kontron ensures that human rights violations are not only consistently addressed, but also that preventive mechanisms are strengthened to minimize future risks along the entire value chain.

Kontron has implemented guidelines that specifically address the issues of human trafficking, forced labour, and child labour. These are set out in the SCoC, which acts as a binding code of conduct for all suppliers. The SCoC requires suppliers to comply with international labour standards, including the prohibition of forced labour, human trafficking, and child labour, and ensures that these principles are consistently implemented across the value chain.

Kontron ensures that its policies and actions relating to workers in the value chain comply with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guiding Principles for Multinational Enterprises. The Kontron SCoC requires all suppliers to comply with these standards to protect workers' rights, including the prohibition of child labour, forced labour, and discrimination, and promotes compliance with basic labour rights such as freedom of association and the right to collective bargaining.

In the reporting period, there were no reports of non-compliance with these standards in the upstream or downstream value chain.

3.3.2. S2-2 – Processes for engaging with value chain workers about impacts

Kontron does not engage in direct communication with workers in the supply chain. To nonetheless ensure that their perspectives are considered, the company provides a whistleblower system on its website, which is accessible to all stakeholders, including supply chain workers. This system allows individuals to report actual or potential impacts, which are then taken into account in the company's decision-making processes. Additionally, Kontron is committed to implementing mechanisms to integrate these perspectives in cases where legal requirements, such as supply chain laws, necessitate it.

The whistleblower system remains available at all times, allowing submissions at any stage of business operations. The frequency of its use depends on the nature and number of reported incidents or concerns.

The compliance and legal affairs department is responsible for ensuring that insights gained from the whistleblower system are incorporated into the company's strategies. The chief compliance officer holds operational responsibility and provides regular updates the executive board on reported issues and corresponding actions.

Kontron aligns itself with the OECD Guidelines for Multinational Enterprises and the International Labour Organization (ILO) standards. When awarding public contracts or contracts to industrial clients, the company ensures that fundamental labour and social standards are upheld. These standards are based on:

- the International Labour Organization (ILO) Convention,
- the principles of the UN Global Compact,
- the relevant national laws of the country of manufacture.

By adhering to these frameworks, Kontron affirms its commitment to respecting human rights throughout the supply chain and ensuring compliance with both international and national regulations.

Currently, Kontron does not have dedicated processes in place for systematically assessing collaboration with workers in the supply chain. Nevertheless, the company offers a whistleblower system that is accessible to all individuals involved in the supply chain. Reports received through this system help identify potential risks or violations, enabling the company to develop and implement appropriate counteractions. If, in the future, regulations such as the Supply Chain Act become applicable to Kontron, the company will establish the necessary mechanisms to systematically assess the effectiveness of collaboration and compliance with labour standards.

3.3.3. S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns

Kontron takes a structured approach to addressing violations of the standards set out in the SCoC. If deviations are identified, a corrective action plan is agreed upon with the supplier, which must be implemented within a specified time frame.

Suppliers required to demonstrate compliance with the necessary standards across multiple areas must take immediate corrective actions to ensure adherence. Kontron collaborates with suppliers to define the necessary corrective actions and oversees their implementation.

If a supplier fails to implement the agreed actions or does not meet the required standards, this may lead to restrictions on the business relationship or even exclusion from Kontron's supplier network. Serious violations of the SCoC, such as involvement in child labour, result in the immediate termination of the partnership. In such cases, Kontron also informs affiliated companies about the issue.

Through this structured process, Kontron ensures that violations are not only identified but also systematically resolved, thereby maintaining high ethical and sustainability standards throughout the supply chain.

The SCoC obliges suppliers to:

› Implement risk management systems that proactively identify and mitigate risks for workers. This includes regular risk assessments, preventive actions, and documented processes to address grievances.

› Adhere to international standards, including prohibitions on child and forced labour, guaranteeing freedom of association and fair working conditions, and preventing discrimination.

› Provide accessible grievance mechanisms for all employees. These mechanisms must ensure that concerns or violations can be reported safely and anonymously.

› Kontron supplements supplier obligations with a Group-wide whistleblower system (see Chapter "3.1.1 Whistleblower System" for further details).

To ensure compliance with standards, Kontron conducts regular assessments and audits. Actions include:

› Supplier audits: These may consist of on-site visits, self-assessment questionnaires, and reports from external auditors. The primary objective is to guarantee adherence to the standards set out in the SCoC.

› Risk-based approaches: Suppliers classified as high-risk – whether due to concerns about human rights violations, child or forced labour, or material dependency (e.g., single-source suppliers) – are subject to enhanced scrutiny. This may include additional compliance declarations, on-site inspections, or audits conducted by independent organizations.

› Findings and Corrective Actions: For minor infractions, Kontron collaborates with suppliers to establish action plans that facilitate improvements within a reasonable time frame. If a supplier persistently or materially breaches the SCoC standards, this could lead to the termination of the business relationship. For example, any severe violations, such as involvement in child labour, result in the immediate cessation of cooperation.

Kontron's whistleblower system allows not only internal employees but also third parties, including external stakeholders such as workers in the value chain, to report concerns or violations anonymously and securely via a protected website or a telephone hotline (see Chapter "3.1.1 Whistleblower System").

As stipulated in the Kontron SCoC, suppliers are required to establish their own grievance mechanisms, ensuring their workforce has a secure and confidential channel for reporting concerns. When concerns arise regarding compliance, Kontron assesses supplier adherence to this requirement through a supplier questionnaire that inquires about the setup and operation of their complaint mechanisms.

Additionally, suppliers may be asked to submit self-assessments confirming their compliance with the prescribed standards. In certain cases, Kontron may request supplementary documentation or proof to verify that the necessary requirements have been properly implemented.

Under the SCoC, suppliers must establish grievance mechanisms that are accessible to all their employees. These systems allow workers to raise issues at a local level and contribute to upholding ethical standards throughout the supply chain.

Furthermore, Kontron provides a central whistleblower system that also functions as an independent third-party grievance mechanism. This system is available to all workers in the value chain, including those employed by suppliers or subcontractors. Employees can submit concerns anonymously and securely via a dedicated website or a telephone hotline (see Chapter “3.1.1 Whistleblower System”).

To enhance the effectiveness of its complaint-handling systems, Kontron remains open to integrating additional third-party mechanisms, including those provided by governmental bodies, NGOs, or industry associations, as long as they are accessible and appropriate for workers in the value chain.

Kontron mandates its suppliers, through the SCoC, to implement robust complaint mechanisms that grant all workers in the value chain access to these reporting channels.

Kontron ensures that reports and concerns are systematically recorded, reviewed, and monitored under its Whistleblower Policy. All incoming reports are meticulously documented and processed within a structured case management framework. The focus is on protecting whistleblowers and ensuring the confidentiality of reports to guarantee transparent and secure processing.

User feedback is actively integrated into the development of the whistleblower system to continuously enhance its efficiency and accessibility. The system is not only accessible to Kontron employees but is also available to external stakeholders, such as employees in the value chain and other interested parties who may be affected by or aware of potential violations. As described in G1-1, a strict zero-tolerance policy is in place regarding retaliation against whistleblowers. User feedback is actively incorporated into the ongoing development of the whistleblower system to continuously improve its effectiveness and accessibility. This broad accessibility ensures that all relevant target groups have the opportunity to express their concerns and actively participate in the processes.

Kontron evaluates the effectiveness of the whistleblower system through structured case management, documented follow-up of reported concerns, and regular analysis of corrective actions. The results of these investigations are used to drive targeted structural improvements within the company.

Relevant business units are involved in the implementation and assessment of the derived actions. Based on identified risks, for example, Kontron Group Policy 5.e "Signature and Authorization" was revised and more widely communicated to ensure consistent implementation of the four-eyes principle.

Through this approach, Kontron reaffirms its commitment to responsible and transparent corporate governance. At the same time, stringent compliance standards are promoted across the entire value chain, serving as the foundation for sustainable and ethical business conduct. For more details, refer to Chapter “3.1.1 Whistleblower System”.

As outlined in the SCoC, Kontron requires suppliers to establish effective grievance mechanisms that are accessible to all employees throughout the value chain. These mechanisms must ensure that concerns and complaints can be securely and transparently reported and addressed. To guarantee their proper implementation, suppliers must familiarise their employees with the relevant processes and standards. In cases of uncertainty, compliance with this requirement is assessed via a supplier questionnaire, in which suppliers provide details on the implementation and functionality of their reporting mechanisms.

To confirm the practical application of these channels, suppliers may also be asked to provide further documentation or evidence. Kontron remains committed to continuously refining its oversight mechanisms to ensure the effective utilization of grievance systems across its entire supply chain.

3.3.4. S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

At the time of reporting, specific goals, actions and resources have not yet been defined. These key building blocks to enhance sustainability efforts will be developed as part of a phased plan. The first priority is data collection and improvement of data quality. Following this, reliable data will be leveraged to define clear targets, implement targeted actions, and allocate necessary resources. Additionally, Kontron will ensure full compliance with applicable supply chain laws and align its efforts accordingly. Until these steps are completed, data points related to S2-4 that request information on plans or actions will not be addressed. As part of the process for managing material risks, identified high risks related to workers in the value chain are integrated into existing risk management processes.

3.3.5. S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

At the time of reporting, specific targets, actions, and resources have not yet been defined. These key components to enhance sustainability efforts are being developed as part of a phased plan. The first priority is data collection and improvement of data quality. Following this, reliable data will be leveraged to define clear targets, implement targeted actions, and allocate necessary resources. Additionally, Kontron will ensure full compliance with applicable supply chain laws and align its efforts accordingly. Until these steps are completed, data points related to S2-4 that request information on plans or actions will not be addressed.

4. Governance information

4.1. ESRS G1 Business conduct

4.1.1. G1-1 – Corporate culture and business conduct policies

Kontron establishes, develops, promotes, and evaluates its corporate culture through well-defined principles, strategic actions, and transparent processes. The foundation for this is the CoC, which mandates ethical conduct, transparency, respect for human rights, and fair business practices. These values are deeply embedded in the corporate philosophy and apply to all employees, managers, and business partners.

To enhance corporate culture, Kontron has defined six core leadership principles that provide guidance for managers and foster both personal and professional development. Furthermore, the company invests in extensive training programs, including internal and external leadership training. There is a particular focus on the topics of diversity, equality and inclusion (DEI), which are regulated in a separate Kontron Group policy. This policy ensures that diversity is actively encouraged, recruitment processes are conducted fairly, and career development opportunities are accessible to all. This is further supported by targeted initiatives for the promotion of women, such as participation in Women Empowerment Principles and the establishment of the Sustainable Leadership Academy, which supports women in leadership roles.

Corporate culture is reinforced through open communication and regular employee surveys, which serve as a vital tool for feedback and improvement suggestions. An established whistleblower system enables employees and external partners to securely and anonymously report violations. Kontron also places material emphasis on an inclusive work environment, encompassing LGBTQ+ inclusion and ethical recruitment practices.

To assess corporate culture, Kontron relies on regular employee surveys, whose findings are systematically analyzed and translated into concrete improvement actions. Additionally, an ESG reporting tool is utilized to quantify progress in environmental, social, and governance areas. Relevant key performance indicators (KPIs) are integrated into sustainability reporting, ensuring a transparent overview of achieved progress.

Kontron has implemented a comprehensive whistleblower system that allows employees and external stakeholders to securely and confidentially report concerns regarding suspected misconduct or CoC violations. This system consists of a two-way channel, including both an electronic whistleblower platform and a 24/7 telephone hotline. These channels are designed to ensure secure, anonymous, and confidential communication.

Whistleblowers can choose whether to remain anonymous or disclose their identity. The platform supports multiple languages to remove cultural and linguistic barriers and provide broad access for whistleblowers.

Additionally, reports can be submitted directly to the Compliance Department – either in person, in writing, or anonymously via email at compliance@kontron.com. The highest level of confidentiality is guaranteed, and all reports are processed according to strict standards.

Kontron has established comprehensive and well-defined anti-corruption and anti-bribery policies that align with the United Nations Convention against Corruption (UNCAC). These actions are integral to the Kontron CoC Policy and the SCoC Policy, ensuring that ethical business practices are firmly embedded across all corporate levels.

The CoC explicitly commits Kontron to strict anti-corruption standards to minimize the identified material risk of "G1 – Corruption and Bribery – Reputation Damage from Corruption," as corruption could cause severe reputational harm, financial penalties, and jeopardize the company's integrity and financial standing. These actions include:

› Clear guidelines for the acceptance and provision of gifts and invitations to prevent conflicts of interest and undue influence.

› A strict prohibition on bribery and extortion: A complete ban on any form of bribery, corruption, or the granting of improper advantages.

› Transparency in decision-making processes: Business transactions must always be traceable and documented.

Kontron enforces these standards, enshrined in the CoC and SCoC, not only for employees but also for all suppliers and business partners. Suppliers are required to implement mechanisms to prevent corruption and bribery and ensure their supply chain adheres to these standards.

Kontron maintains a zero-tolerance policy toward any form of illegal or unethical conduct, fostering a culture of openness and fairness where employees can voice concerns about misconduct without fear of pressure or retaliation. To facilitate this, Kontron has established multiple reporting channels through which suspected illegal or unethical behaviour, violations of the Code of Conduct, or breaches of corporate policies can be reported.

A central foundation of the group-wide Whistleblower Policy is the establishment of a clear process for handling internal reports of suspected violations, determining who is involved in necessary investigations, and defining the disciplinary and (labour) legal actions applied in cases of verified misconduct. The goal is to foster an open corporate culture where concerns can be raised without fear of negative consequences. The anonymity and confidentiality of whistleblowers are guaranteed at all times; their identity is disclosed only when legally required and only to authorized individuals. Protection against reprisals is a key element of the Kontron Whistleblower Policy. Whistleblowers must never face discrimination, disadvantages, or any negative repercussions because of their reports. Violating this principle will result in appropriate disciplinary actions.

Kontron provides a two-way channel for whistleblowing, consisting of an electronic whistleblower platform and a 24/7 telephone hotline accessible worldwide. Additionally, employees are encouraged to report suspected cases directly to the Compliance Department, either in person or anonymously via email at compliance@kontron.com.

The multilingual whistleblower platform, accessible to both employees and external stakeholders, allows confidential and anonymous reporting of violations in the following areas:

- Harassment and discrimination
- Privacy and personal data
- Theft
- Diversity and inclusion
- ESG – Environmental, Social, and Governance
- Money laundering
- Conflicts of interest
- IT and cybersecurity
- Capital markets and insider trading
- Corruption
- Supplier and customer relationships
- Human rights and corporate social responsibility
- Product safety and consumer protection
- Sexual harassment
- Violations of occupational health and safety regulations
- Violations of sanctions and terrorist financing
- Competition and antitrust law
- White-collar crime

Regardless of the chosen reporting channel, all reports are treated confidentially, independently, and objectively, complying with the technical requirements of the EU Whistleblower Directive (2019/1937) and the General Data Protection Regulation (GDPR) to ensure secure anonymity and confidentiality. The compliance department at headquarters acts as the central investigative body, carrying out, coordinating, and overseeing the processing of reports. Additionally, numerous subsidiaries have their own central compliance units that work closely with the main department.

Reported cases are processed with the involvement of relevant functions, management, or the Executive Board to ensure a thorough and transparent investigation. This process is supported by an IT system, internal controls, and a multi-eye principle, providing the compliance department with additional tools to effectively and objectively process reports of suspected misconduct.

With this structured and comprehensive approach, Kontron ensures that violations are consistently addressed, whistleblowers are protected, and sustainable improvements in corporate processes are achieved. The whistleblower policy serves as a binding foundation for integrity, transparency, and ethical conduct throughout the company.

To ensure that the whistleblower system functions effectively across the organization, all employees across the Group receive regular training on the Whistleblower Policy. These training sessions guide employees in carefully reading, understanding, and actively integrating the Group Policy into their daily work processes. The training programs create clear awareness of the importance of whistleblower protection, the correct use of available reporting channels, and the associated rights and responsibilities. Participation in these training programs is mandatory and is systematically documented to ensure comprehensive implementation and confirm that employees have read the Whistleblower Policy.

Kontron already has comprehensive actions in place to protect whistleblowers. These are clearly defined and enshrined in the Whistleblower Policy and comply with international standards and legal requirements, particularly the EU Whistleblower Directive (2019/1937) and the General Data Protection Regulation (GDPR).

Kontron enforces a strict zero-tolerance policy against retaliation towards whistleblowers. The company ensures that all individuals who report concerns in good faith are protected from discrimination, disadvantage, or other negative consequences. This protection applies regardless of whether the reported allegations are substantiated or not.

Kontron has clearly structured and comprehensive processes for the prompt, independent, and objective investigation of incidents related to corporate governance, including corruption and bribery. These processes comply with the applicable legislation implementing the EU Whistleblower Directive (2019/1937) and the requirements of the General Data Protection Regulation (GDPR) and are enshrined in the Whistleblower Policy.

The company enforces a strict zero-tolerance policy on corruption and bribery and requires all employees and business partners to adhere to internationally recognized standards, particularly the UK Bribery Act and the US Foreign Corrupt Practices Act. Violations of these standards are systematically investigated and, where necessary, subject to disciplinary action.

Various secure and confidential channels are available for reporting potential violations, including an electronic whistleblower platform, a 24/7 telephone hotline, and the option to contact the compliance department personally, in writing, or anonymously via email at compliance@kontron.com. These channels are accessible worldwide and support multiple languages to ensure that cultural and linguistic barriers do not hinder reporting.

Each incoming report is initially reviewed for plausibility and relevance. Legitimate reports lead to a structured and independent investigation by the compliance department or internal audit team. During the investigation, all relevant information and evidence are meticulously gathered, analyzed, and documented. The entire process is conducted transparently and in strict compliance with whistleblower confidentiality and anonymity. The investigation concludes with a detailed final report summarizing findings and providing clear recommendations for necessary actions.

Following the investigation, appropriate actions may be taken depending on the nature and severity of the incident. These actions may include disciplinary actions, adjustments to internal control systems, or targeted training and awareness programs to prevent future violations. All reports and actions taken are documented and regularly assessed to continuously improve the system and ensure compliance with current legal and regulatory requirements.

Kontron has clear animal welfare guidelines in both its CoC and SCoC, ensuring ethical standards in animal treatment. The company is committed to complying with all relevant national and international animal welfare laws and unequivocally opposes any form of animal cruelty or mistreatment. Along the entire value chain, Kontron also expects its suppliers and business partners to strictly comply with these standards and ensures transparency and traceability in the implementation of appropriate actions

Kontron has a clearly defined framework for internal corporate governance training, ensuring that all employees are regularly informed and trained on key company policies. The aim is to establish a common understanding of the company's values, standards, and expectations and to integrate them into daily work processes.

The trainings cover core topics such as theCoC, the Diversity, Equity & Inclusion (DEI) Policy, and the Whistleblower Policy. These training sessions take place annually across the Group for all employees in its subsidiaries. The training is delivered as structured e-learning, making it flexible and accessible regardless of time and location.

As part of this e-learning, all employees must read and understand the relevant Group Policies and confirm their acknowledgement through a binding declaration. The policies are made available in the following languages: German, English, French, Spanish, Slovenian, and Hungarian.

This training framework ensures a consistent understanding of corporate governance and compliance topics across the Group, minimizes risks, and upholds the highest standards of ethics, integrity, and responsible conduct. Successful completion of training is documented and regularly reviewed to ensure employees understand and apply the content effectively.

The functions within the company most vulnerable to corruption and bribery are clearly defined in Kontron's training matrix. These roles have been identified to enable targeted training initiatives aimed at preventing corruption and bribery.

Particularly vulnerable functions include:

› Division Manager

› Finance Department (Accounting, Controlling, Internal Control, Treasury)

› Legal Department

› Compliance Department

› HR Manager

› Marketing

› Data Protection Officer and Internal IT

› Procurement and supply chain management (procurement/supply chain)

› Sales and pre-sales (sales/pre-sales)

› Service, delivery, consulting and engineering

› Research & Development (selected employees working with external cooperation partners)

› Administration and backoffice

These functions receive targeted training on “Protection against Corruption” to ensure that they are aware of the risks, can identify attempts at corruption at an early stage, and respond appropriately. The training courses are held annually and conducted in German, English, Russian, French, and Chinese.

The company has fully implemented the requirements of the EU Whistleblower Directive (2019/1937) in its internal processes and enshrined them in the Whistleblower Policy.

4.1.2. G1-3 – Preventing and Detecting Corruption and Bribery

Kontron has a strict zero-tolerance policy with regard to all forms of corruption and bribery.

Although Kontron generates a large part of its revenue in countries where the risk of corruption is rated as low by Transparency International's Corruption Perceptions Index (CPI), the company’s global operations mean it is also active in countries where it is exposed to a higher risk of corruption.

As part of risk monitoring, regular risk assessments are carried out. Kontron takes into account both internal aspects, such as the business model of a unit, and external factors, such as the Corruption Perceptions Index.

The findings obtained from this risk analysis serve as a basis for the systematic implementation of our anti-corruption actions, which aim to prevent any form of corruption in all business activities.

All areas of Kontron AG, as well as all consolidated subsidiaries in every country, are included as potential risk owners in risk monitoring and risk assessment.

In recent years, Kontron has placed particular emphasis on mitigating risks through activities in regions with political instability and uncertain legal environments. Subsidiaries based in high-risk countries with a CPI score below 50, such as Uzbekistan and Kazakhstan, undergo an in-depth corruption risk assessment (Corruption Perception Index: Overall scale of 0–100, 0–19 very high risk; 20–39 high risk).

In theCoC, Kontron commits itself and all employees across the Group and worldwide to comply with all relevant legal anti-corruption regulations. To ensure that the principles are implemented in daily business processes and practices, Kontron has defined clear guidelines and minimum standards in the respective corporate policies for the following areas:

› **Bribery**
Kontron expressly states its firm commitment to rejecting and preventing all forms of corruption. Employees and managers are expressly prohibited from offering, promising, or granting financial or other benefits to business partners, customers, suppliers, authorities, or public officials to induce improper conduct. Kontron regards the fight against corruption and bribery as an ongoing and dynamic process that is regularly reviewed and adjusted. Since corruption risks are constantly evolving, there are no fixed completion horizons, but rather a continuous process of development and implementation of actions. The insights gained from risk analyses serve as a basis for targeted adjustments to ensure the effective integration of all relevant divisions and Kontron entities.

› **Corruptibility**
Employees must not allow business decisions to be influenced by undue advantages offered by suppliers or business partners, nor should they accept such advantages. It is also prohibited to demand unfair advantages from business partners.

› **Conflicts of interest**
A private or personal interest compromises the objective performance of obligations on behalf of the company. Employees and managers are required to avoid potential conflicts of interest by steering clear of situations where personal, family, political, or financial interests could conflict with those of Kontron. Should a situation arise that even creates the appearance of a conflict of interest, it must be reported within the company.

› **Gifts and invitations to events**
Gifts and invitations must always be appropriate and be given and accepted without concealment and with no expectation of a quid pro quo. It is important to Kontron to ensure that giving or accepting gifts or invitations never results in any financial advantage, disadvantage or damage to the reputation of employees, management or subsidiaries.

› **Sponsorship, donations and advertising**
Kontron makes no monetary or material donations to individuals, private accounts, political parties or political organizations. This also includes organizations that could damage Kontron's interests or reputation. In addition, events, political parties, or authorities are generally not sponsored.

All suspected cases are carefully reviewed and, where necessary, sanctioned by disciplinary actions. Verified violations of anti-corruption guidelines are punished without exception with appropriate disciplinary actions, including dismissal. In the year under review, the company was not aware of any cases of corruption.

Combating corruption includes the development and implementation of mandatory training courses. Kontron offers regular training in corruption prevention to raise awareness of the issue among the participants. The selection is based on risk-specific criteria. In addition, all relevant business partnerships are continuously checked through third-party screening, not only before contracts are concluded but also regularly for changing framework conditions. No material risks of corruption were identified in the period under review.

In addition, anyone can use the group-wide whistleblower platform to confidentially and, upon request, anonymously report possible misconduct such as corruption, bribery, conflicts of interest, antitrust law violations, or violations of capital market law. Furthermore, our telephone hotline, which is available around the clock, offers an anonymous option to report potential misconduct.

As far as the Executive Board is aware, there were no incidents of corruption or group-related violations in the reporting period.

The Audit Committee monitors compliance with the company's compliance guidelines as well as the internal control and risk management system. The committee is chaired by independent members who are neither active in operational management nor former board members. This structure ensures objective oversight and reflects Kontron's commitment to integrity and the highest compliance standards.

The Compliance Management Team at Kontron AG Headquarters reports regularly and on an ad-hoc basis to the Audit Committee, the Executive Board, and the Supervisory Board. Reporting occurs both within standardized reporting cycles and on an ad-hoc basis in the event of material incidents, such as the identification of serious violations or the exceeding of predefined risk thresholds.

The Kontron CoC, which contains comprehensive guidelines for preventing and detecting corruption and bribery, is made available via various channels. It is published on the Kontron website, local subsites, and the intranet and is also available in physical form in designated social areas at company locations. The “Protection against Corruption” e-learning program is available for employees in risk-exposed positions, specifically addressing the challenges and risks within their work environment. Regardless of their position, all employees complete an e-learning module on theCoC, which covers key topics such as anti-corruption regulations. This comprehensive approach ensures that all employees are not only informed but also actively engaged in upholding the company’s high ethical standards.

During the reporting period, 1,850 employees were assigned the “Protection against Corruption” training. The basis for this assignment is the training matrix developed by Kontron AG’s Compliance Management Team. This matrix takes into account the specific responsibilities and risk profiles of different employee groups to ensure targeted and effective training. The “Protection against Corruption” training is offered in German, English, Russian, and Chinese and is specifically designed for the following positions within the Group:

› Business unit managers, including F&A and country managers
› Finance departments (e.g., accounting, controlling, treasury)
› Legal Department
› Compliance
› HR Manager
› Marketing
› Privacy and Internal IT
› Purchasing/Supply chain
› Sales
› Services, delivery, consulting, engineering
› Research & Development (selected employees working with external cooperation partners)
› Administration and backoffice

In addition, every employee is required to complete CoC e-learning. This module includes reading and confirming the CoC and raises awareness of the extensive anti-corruption regulations. For employees without email access, the CoC is provided in physical form for review and signature. This multi-level approach ensures that all employees are fully informed about the company’s high ethical standards and trained in their implementation.

During the reporting period, 97% of the risk functions defined in the training matrix were covered by the “Protection against Corruption” training program. This result highlights the high priority Kontron places on prevention and awareness in the areas of corruption and bribery.

According to the training matrix, executive board members, division managers (including Finance & Administration), and country managers complete the "Protection against Corruption" training. These trainings are specifically tailored to the responsibilities and risks associated with their roles. The content covers both fundamental and advanced information on internal company policies, relevant legal requirements, and the practical application of compliance standards.

Kontron places great importance on ensuring that training programs are optimally tailored to employees' specific needs to maximize their effectiveness. A key component is a pretest that assesses participants' prior knowledge and specific training needs. Based on the results, the content is individually adapted, particularly for employees in risk-sensitive roles.

To accommodate regional and language differences, training is offered in multiple languages, including German, English, Russian, and Chinese. This differentiated approach enhances the effectiveness of training by addressing the specific needs of employees across different regions and job functions. This targeted and needs-based approach helps maintain the company's high compliance standards and strengthens employees' ability to manage corruption risks effectively.

Kontron ensures that compliance and anti-corruption actions are integrated into governance and risk management structures. These actions are financed as part of the company's regular budget and are adjusted to meet operational and regulatory requirements. Amounts are not reported separately, as these actions are regarded as part of the general compliance strategy.

In fiscal year 2024, Kontron provided training for its own employees in high-risk roles in accordance with its policy (see Table). Training is mandatory for these high-risk roles, but Kontron also offered voluntary training for other employees. The details of training sessions conducted during the year are as follows:

TRAINING COVERAGE	SENSITIVE FUNCTIONS	MANAGER	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES	OTHER OWN EMPLOYEES
Total number	1,855	157	291	0
Number of people trained	1,819	155	287	0
Face-to-face training	None			
Computer-based training	Approx. 45 minutes processing time/employee	Approx. 45 minutes processing time/employee	Approx. 45 minutes processing time/employee	
Voluntary computer-based training	None	None	None	
How often is training required?	Yearly	Yearly	Yearly	
Definition of corruption	X	X	X	
Policies	X	X	X	
Suspicion/Detection Processes	X	X	X	
Miscellaneous	X	X	X	

4.1.3. G1-4 – Incidents of Corruption or Bribery

As far as the Executive Board is aware, there were no incidents of corruption or group-related violations in the reporting period. In the reporting period, no cases of corruption became known that had material negative impacts or required specific corrective action.

If a case of corruption is identified, an investigation is carried out in accordance with defined internal guidelines and processes. All suspected cases are subject to a structured review by the Compliance Office in collaboration with internal and, where appropriate, external experts. The group-wide whistleblower system enables confidential and, upon request, anonymous reporting of possible violations to ensure early clarification. Confirmed violations are consistently sanctioned in accordance with applicable employment law and internal company regulations. Depending on the severity of the violation, actions range from warnings to termination of employment or, where appropriate, involvement of the competent authorities.

If acts of corruption result in demonstrable economic or legal disadvantages for business partners, customers, or other stakeholders, appropriate corrective actions are examined and implemented. These may include correcting or cancelling affected contractual agreements, taking internal actions to minimize risks, or assisting affected third parties, insofar as necessary in individual cases.

In the reporting period, there were no confirmed cases in which own employees were dismissed or disciplined due to corruption or bribery.

As far as the Executive Board is aware, there were no confirmed cases in which contracts with business partners were terminated or not extended due to violations related to corruption or bribery. The zero-tolerance policy against corruption and bribery remained unchanged in financial year 2024 and continues to form the basis of Kontron's compliance strategy. Consistent compliance with all relevant anti-corruption laws was a top priority.

In 2024, corruption prevention actions were further expanded. A material step forward was the increase in the completion rate for the “Protection against Corruption” training program to 97%, accompanied by an increased number of participating employees. This highlights the growing awareness of compliance issues across the company.

The continuous implementation and improvement of anti-corruption actions underlines Kontron's sustained commitment to effective corruption prevention.

AS OF DECEMBER 31, 2024	UNIT	FISCAL YEAR 2024
Number of convictions for breaches of corruption and bribery rules	Number	0
Amount of fines for breaches of corruption and bribery rules	€	0
Total number of confirmed corruption or bribery cases	Number	0
Number of confirmed cases of in-house workers being dismissed or disciplined for corruption or bribery	Number	0
Number of confirmed cases involving contracts with business partners that were terminated or not renewed due to breaches related to corruption or bribery	Number	0

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4.1.4. MDR-M – Key figures relating to material sustainability aspects of G1

This chapter provides an overview of material sustainability indicators on governance topics and their collection. It outlines the methods and assumptions used, data validation processes, and definitions of key figures.

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Number of convictions for breaches of corruption and bribery rules	Number	Collection based on final judgements in relevant jurisdictions	Compliance report, court rulings, regulatory decisions, and reports	Number of final convictions for corruption or bribery within the company
Amount of fines for breaches of corruption and bribery rules	EUR	Recording of all fines imposed by authorities or courts	Compliance report, official penalty notices, financial reports	Total fines imposed in connection with corruption and bribery offences
Total number of confirmed corruption or bribery cases	Number	Recording of all cases of corruption or bribery confirmed by internal investigations, external authorities, and compliance reports	Internal local managers	Hours of corporate initiatives aimed at maintaining and/or improving skills and knowledge
Number of confirmed cases of in-house workers being dismissed or disciplined for corruption or bribery	Number	Documentation of disciplinary actions or dismissals due to violations of corruption	Compliance report	Number of cases in which employees were prosecuted or dismissed due to proven violations of corruption or bribery
Number of confirmed cases involving contracts with business partners that were terminated or not renewed due to breaches related to corruption or bribery	Number	Recording the number of contract terminations or non-renewals due to proven violations of corruption or bribery	Compliance report, third party due diligence	Number of business relationships terminated or not extended due to proven violations of corruption or bribery
Total number of people trained	Number	Recording of all people who have taken part in training courses, regardless of the form of training (face-to-face, e-learning)	HR and compliance reports, training records, e-learning data	Total number of employees who have completed training on corruption and bribery
Number of people trained	Headcount	Recording by type of training (face-to-face, e-learning)	Training databases, participation certificates, e-learning tracking data	Number of employees who have completed training on preventing corruption
Face-to-face training	yes/no	Documentation whether face-to-face training was offered	Training reports, compliance department	Indicate whether training was carried out face to face
Computer-based training	Time	Average processing time per employee based on the standard duration specified by the e-learning platform.	E-learning tracking, internal records	Duration of computer-based training
Voluntary computer-based training	yes/no	Recording whether voluntary training was offered	Internal training reports, e-learning data	Indicate whether optional training exists
How often is training required?	Frequency	Requirements through company guidelines or legal requirements or regulatory requirements	Compliance guidelines, internal training plans	Mandatory repetition frequency of training

KEY FIGURE	UNIT	METHODS & ASSUMPTIONS	VALIDATION	DEFINITION
Definition of corruption	Checklist	Review through training content and guidelines	Training materials, compliance documents, internal guidelines, legal and regulatory requirements, whistleblower system	Covering a clear and legally compliant definition of corruption as part of training
Corruption prevention guidelines	Checklist	Review through internal company guidelines, applicable legal and regulatory requirements	Compliance department, internal training materials, whistleblower system	Coverage of company-specific guidelines for preventing corruption as part of training
Suspicion/Detection Processes	Checklist	Verification of whether processes for reporting suspected corruption are included	Training materials, compliance processes, whistleblower system, internal guidelines	Covering instructions for suspected cases and reporting channels as part of the training
Miscellaneous	Checklist	Other relevant training content on preventing corruption	Internal documentation, training evaluation	Covering instructions and other relevant content on preventing corruption as part of the training

4.2. Quality Management and Certifications (Company-Specific Information)

Delivering flawless, high, and sustainable quality across our entire portfolio for our customers is our ongoing commitment. We continuously review and improve the quality of our products, solutions, and services at every stage of the value chain. In doing so, we consistently pursue our "Quality Mission":

- Activation of product-specific central process responsibilities and employee involvement
- Reliable business partnerships with predictable behavior for customers, suppliers, and other stakeholders
- Provision of a sustainable level of service regarding product quality, including communication, strong customer focus, and high customer satisfaction

At Kontron Group's major sites, we have established a quality management system that defines group-wide uniform standards and processes for quality, occupational health and safety, and environmental protection. This quality management system controls our operational processes and ensures that we consistently deliver the highest possible quality to our customers.

Our products comply with legal requirements, relevant standards, and specifications such as UL, CSA, CQC, VDE, and TÜV-certified safety. Through internal audits and assessments by external certification bodies, we ensure the effectiveness and efficiency of our quality management system.

Since 2024 serves as the new baseline year under the new CSRD reporting framework, data from previous years is not reported. There was a general increase in the number of certifications, which is also attributable to the acquisition of several companies. The number of legal entities holding valid certifications in 2024 is listed in the following table.

CERTIFICATION	NUMBER 2024
ISO 9001 (Quality management systems)	44
ISO 14001 (Environmental management standard)	27
ISO 27001 (Information security)	14
ISO 45001 (Occupational health and safety management systems)	13
ISO 13485 (Medical devices - quality management systems)	9
ISO 50001 (Energy management systems)	6
IATF 16949 (International Automotive Task Force)	5
EcoVadis Award - Silver	4
AS 9100 / EN 9100 (Quality management system - requirements for aviation, space and defense organizations)	4
EcoVadis Award - Bronze	3
ISO/IEC 20000 (IT service management)	3
ITAR (International Traffic in Arms Regulations)	2
EASA 145 (European Aviation Safety Agency Certificate)	2
ISO 37001 (Anti-bribery management systems)	2
TISAX (Trusted Information Security Assessment Exchange)	2
ISO/IEC 17067 (Fundamentals of product certification and guidelines for product certification schemes)	1
ISO 31000 (Risk management)	1
IECQ-H DNVTW (Hazardous substance process management)	1

CERTIFICATION	NUMBER 2024
IRIS (Railway Industry Standard)	1
VCA**/SCC** (Safety Certificate for Contractors)	1
ISO 39001 (Road traffic safety (RTS) management systems)	1
ATEX (explosive atmospheres)	1
ISAE 3402 Type II (Service organization control reports)	1
RISQS (Railway Industry Supplier Qualification Scheme)	1
FAA REPAIR STATION (Air agency certificate)	1
ISO 56001 (Innovations management)	1
AQAP 2110:2016 + 2210:2015 (Allied Quality Assurance Publication)	1
ISO 22301 (Business continuity management system)	1

Linz, March 26, 2025

Hannes Niederhauser   Dr. Clemens Billek   Michael Riegert   Philipp Schulz   Dr. Johannes Fues

5. APPENDIX

I) List of matters (i.e. topic, subtopic, or sub-sub-topic) in AR 16 ESRS 1 Appendix A that are considered material

TOPIC	IMPACT TITLE	IMPACT DESCRIPTION	POSITIVE (+)/ NEGATIVE (-)
E1 - Climate change mitigation	Contribution to climate change through GHG emissions	Contribution to climate change through greenhouse gas emissions from the direct and indirect use of fossil fuels, e.g. Scope 2/3, during production and through various transport methods.	-
E1 - Energy	High energy requirement	Kontron's products and services require a high amount of energy.	-
E3 - Water	High water consumption in the upstream value chain with negative impacts on ecosystems	Mineral mining and chip production in Kontron's supply chain consume material amounts of water. This poses the risk of excessive resource use and exhaustion, which can affect ecosystem services and potentially affect local communities in water-vulnerable areas.	-
E4 - Direct use of resources	Impacts of mining rare metals and minerals	Responsible use of rare metals and minerals: The degradation of these materials can lead to habitat destruction, which has a negative impact on flora and fauna and can affect biodiversity.	-
E5 - Resource outflows associated with products and services	Resource efficiency in the product life cycle	Kontron's optimization of production and repair-friendly products helps to conserve resources and extend lifespan, reducing environmental impact.	+
S1 - Working conditions	Employee Benefits	Additional benefits such as food subsidies, additional vacation days for volunteer work and birthdays, company bike programs, and travel allowances increase employee loyalty and can help reduce CO_2 emissions.	+
S1 - Working time	Promoting employee wellbeing	A supportive work environment with flexible working hours reduces stress and increases overall job satisfaction.	+
S1 - Working time	Risks due to employee overwork	Working excessively long hours without sufficient breaks can lead to burnout, more mistakes, and high turnover.	-
S1 - Gender equality and equal pay for work of equal value	Problems of industry-related wage inequality	Market-dependent wage differences between sectors, e.g. technical occupations, are often better paid than occupations in the social sector.	-
S1 - Actions against violence and harassment at work	Protection actions against violence and harassment	An increased sense of security and a higher sense of well-being among employees through actions that go beyond local regulations.	+

TOPIC	IMPACT TITLE	IMPACT DESCRIPTION	POSITIVE (+)/ NEGATIVE (-)
S1 - Diversity	Benefits of a diverse workforce	A diverse workforce (ethnic origin, gender, age, etc.) enables different approaches and better communication. Kontron has had positive experiences with diversity.	+
S1 - Other work-related rights	Risks due to neglect, misconduct, and serious human rights violations	Misconduct, neglect, and other human rights violations can occur, particularly in high-risk areas.	-
S2 - Other work-related rights	Potential risks to human rights posed by conflict minerals	Risk of the use of conflict minerals in the value chain and associated human rights violations in mining countries.	-

TOPIC	RISK/OPPORTUNITY TITLE	DESCRIPTION	RISK/ OPPORTUNITY
E1 - Adapting to climate change	Innovative products	Kontron has the financial opportunity to benefit from new market segments that prioritize sustainability. This is done by developing and offering products for environmentally conscious consumers, while at the same time strengthening energy independence and reducing dependence on volatile energy markets through the use of renewable energy sources.	Opportunity
E1 - Energy	Increasing energy costs	Kontron is exposed to the financial risk of rising energy costs and potential energy supply bottlenecks, which could affect production efficiency and increase operating costs.	Risk
E5 - Resource inflows, including resource usage	Using sustainable materials	Using more sustainable materials for non-technical components and using renewable or highly recyclable materials to promote the circular economy.	Opportunity
E5 - Resource outflows associated with products and services	Promoting the circular economy	Kontron's use of renewable and recyclable materials and interchangeable components promotes the circular economy and the longevity of products.	Opportunity
G1 - Corruption and Bribery	Reputational damage due to corruption	Corruption can result in material reputational damage and heavy fines for Kontron and thus jeopardize the integrity and financial stability of the company.	Risk

II) Table showing all data points resulting from other EU legislation, as shown in (Annex B ESRS-Standards)

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
ESRS 2							Material
GOV-1	Gender diversity in management and supervi-sory bodies	Paragraph 21, Point d	Indicator No. 13 in Annex 1, Table 1		Commission Delegated Regulation (EU) 2020/1816 (5), Annex II		Material
GOV-1	Percentage of board mem-bers who are independent	Paragraph 21, Point e			Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
GOV- 4	Due diligence statement	Paragraph 30	Indicator No. 10 in Annex 1, Table 3				Material
SBM-1	Involvement in activities related to fossil fuels	Paragraph 40 Point d (i)	Indicator No. 4 Table 1 in Annex 1	Article 449a of Regula-tion (EU) No 575/2013; Commission Imple-menting Regulation (EU) 2022/2453 (6), Table 1: Qualitative information on environmental risks, and Table 2: Qualitative information on social risks	Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
SBM-1	Involvement in activities related to the produc-tion of chemicals	Paragraph 40 Point d (ii)	Indicator No. 9 in Annex 1, Table 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
SBM-1	Involvement in activities related to disputed weapons	Paragraph 40 Point d (ii)	Indicator No. 14 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1818 (7), Article 12 Paragraph 1 Delegated Regulation (EU) 2020/1816, Annex II		Material
SBM-1	Involvement in activities related to tobacco cultivation and production	Paragraph 40 Point d (iv)			Delegated Regulation (EU) 2020/1818, Article 12 Paragraph 1 Delegated Regulation (EU) 2020/1816, Annex II		Material
E1							
E1-1	Transition plan to achieve cli-mate neutrality by 2050	Paragraph 14				Regulation (EU) 2021/1119, Article 2 Paragraph 1	Material

DISCLOSURE REQUIREMENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
E1-1	Companies excluded from the Paris-coordinated benchmarks	Paragraph 16 Point g		Article 449a Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, template 1: Investment book – transition risk associated with climate change: Credit quality of exposures by sector, issuance, and remaining term	Delegated Regulation (EU) 2020/1818, Article 12, Paragraph 1 points d to g and Article 12, Paragraph 2		Material
E1-4	GHG emission reduction targets	Paragraph 34	Indicator No. 4 in Annex 1, Table 2	Article 449a Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, template 3: Investment book – transition risk associated with climate change: Adjustment figures	Delegated Regulation (EU) 2020/1818, Article 6		Material
E1-5	Energy consumption from fossil fuels broken down by source (climate-intensive sectors only)	Paragraph 38	Indicator No. 5 in Annex 1 Table 1 and Indicator No. 5 in Annex 1 Table 2				Material
E1-5	Energy consumption and energy mix	Paragraph 37	Indicator No. 5 in Annex 1, Table 1				Material
E1-5	Energy intensity associated with activities in climate-intensive sectors	Paragraphs 40 to 43	Indicator No. 6 in Annex 1, Table 1				Material
E1-6	Gross GHG emissions in categories Scope 1, 2 and 3 as well as total GHG emissions	Paragraph 44	Indicators No. 1 and 2 in Annex 1, Table 1	Article 449a Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, template 1: Investment book – transition risk associated with climate change: Credit quality of exposures by sector, issuance, and remaining term	Delegated Regulation (EU) 2020/1818, Article 5 Paragraph (1), Article 6 and Article 8, Paragraph 1		Material
E1-6	Intensity of gross GHG emissions	Paragraphs 53 to 55	Indicator No. 3 Table 1 in Annex 1	Article 449a of Regulation (EU) No 575/2013 Commission Implementing Regulation (EU) 2022/2453, template 3: Investment book – transition risk associated with climate change: Adjustment figures	Delegated Regulation (EU) 2020/1818, Article 8 Paragraph 1		Material
E1-7	Extraction of greenhouse gases and CO_2 certificates	Paragraph 56				Regulation (EU) 2021/1119, Article 2 Paragraph 1	Material

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
E1-9	Risk position of the benchmark portfolio against climate-related physical risks	Paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material
E1-9	Breakdown of amounts of money by acute and chronic physical risk	Paragraph 66 Point a		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; template 5: Investment book – Physical risk associated with climate change: Exposures with physical risk			Material
E1-9	Location where Material assets with Material physical risk are located	Paragraph 66 Point c		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; template 5: Investment book – Physical risk associated with climate change: Exposures with physical risk			Material
E1-9	Breakdown of the carrying amount of its properties by energy efficiency class	Paragraph 67 Point c		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Paragraph 34; template 2: Investment book – transition risk associated with climate change: Loans secured by real estate – energy efficiency of collateral			Material
E1-9	Level of portfolio exposure to climate-related opportunities	Paragraph 69			Commission Delegated Regulation (EU) 2020/1818, Annex II		Material
E2							Not material
E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted into air, water, and soil	Paragraph 28	Indicator No. 8 in Annex 1 Table 1 Indicator No. 2 in Annex 1 Table 2 Indicator No. 1 in Annex 1 Table 2 Indicator No. 3 in Annex 1 Table 2				Not material
E3							
E3-1	Water and marine resources	Paragraph 9	Indicator No. 7 in Annex 1, Table 2				Material (in the upstream value chain)

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
E3-1	Special concept	Paragraph 13	Indicator No. 8 in Annex 1, Table 2				Material (in the upstream value chain)
E3-1	Sustainable oceans and seas	Paragraph 14	Indicator No. 12 in Annex 1, Table 2				Material (in the upstream value chain)
E3-4	Total amount of recovered and reused water	Paragraph 28 Point c	Indicator No. 6.2 in Annex 1, Table 2				Not material
E3-4	Total water consumption in m3 per net revenue from own activities	Paragraph 29	Indicator No. 6.1 in Annex 1, Table 2				Not material
E4							Material (in the upstream value chain)
SBM-3 – E4		Paragraph 16 Point a (i)	Indicator No. 7 in Annex 1, Table 1				Material
SBM-3 – E4		Paragraph 16, Point b	Indicator No. 10 in Annex 1, Table 2				Material
SBM-3 – E4		paragraph 16 Point c	Indicator No. 14 in Annex 1, Table 2				Material
E4-2	Sustainable practices or concepts in the area of land use and agriculture	Paragraph 24, Point b	Indicator No. 11 in Annex 1, Table 2				Not material
E4-2	Sustainable processes or concepts in the oceans/seas sector	Paragraph 24 Point c	Indicator No. 12 in Annex 1, Table 2				Not material
E4-2	Strategies to combat deforestation	Paragraph 24 Point d	Indicator No. 15 in Annex 1, Table 2				Not material
E5							
E5-5	Non-recycled waste	Paragraph 37, Point d	Indicator No. 13 in Annex 1, Table 2				Material
E5-5	Hazardous and radioactive waste	Paragraph 39	Indicator No. 9 in Annex 1, Table 1				Material
S1							

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
SBM-3 – S1	Risk of forced labour	Paragraph 14, Point f	Indicator No 13 in Annex I, Table 3				Material
SBM-3 – S1	Risk of child labour	Paragraph 14, Point g	Indicator No 12 in Annex I, Table 3				Material
S1-1	Commitments in the area of human rights policy	Paragraph 20	Indicator No. 9 in Annex I Table 3 and Indicator No. 11 in Annex I Table 1				Material
S1-1	Due diligence requirements relating to issues addressed in basic conventions 1 to 8 of the International Labour Organization	Paragraph 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
S1-1	Processes and actions to combat trafficking in human beings	Paragraph 22	Indicator No. 11 in Annex I, Table 3				Material
S1-1	Concept or management system for preventing accidents at work	Paragraph 23	Indicator No. 1 in Annex I, Table 3				Material
S1-3	Handling complaints	Paragraph 32 Point c	Indicator No. 5 in Annex I, Table 3				Material
S1-14	Number of deaths and number and rate of accidents at work	Paragraph 88 Point b and b	Indicator No. 2 in Annex I, Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
S1-14	Number of days lost due to injuries, accidents, deaths or illnesses	Paragraph 88 Point e	Indicator No. 3 in Annex I, Table 3				Material
S1-16	Unadjusted gender pay gap	Paragraph 97 Point a	Indicator No 12 in Annex I, Table 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
S1-16	Excessive remuneration of members of manage-ment bodies	Paragraph 97, Point b	Indicator No. 8 in Annex I, Table 3				Material
S1-17	Cases of discrimination	Paragraph 103 Point a	Indicator No. 7 in Annex I, Table 3				Material
S1-17	Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Paragraph 104 Point a	Indicator No 10 in Annex I Table 1 and Indicator No 14 in Annex I Table 3		Delegated Regulation (EU) 2020/1816, An-nex II Delegated Regulation (EU) 2020/1818Ar-ticle 12 Paragraph 1		Material
S2							Material
SBM-3 – S2	Material risk of child labour or forced labour in the value chain	Paragraph 11, Point b	Indicators Nos. 12 and 13 in Annex ITable 3				Material
S2-1	Commitments in the area of hu-man rights policy	Paragraph 17	Indicator No. 9 in Annex 1 Table 3 and Indicator No. 11 in Annex 1 Table 1				Material
S2-1	Concepts related to workers in the value chain	Paragraph 18	Indicators No. 11 and 4 in An-nex 1, Table 3				Material
S2-1	Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Paragraph 19	Indicator No. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, An-nex II Delegated Regulation (EU) 2020/1818Ar-ticle 12 Paragraph 1		Material
S2-1	Due diligence requirements relating to issues addressed in ba-sic conventions 1 to 8 of the Inter-national Labour Organization	Paragraph 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
S2-4	Issues and incidents related to human rights within the upstream and downstream value chains	Paragraph 36	Indicator No. 14 in Annex 1, Table 3				Material

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
S3							Not material
S3-1	Commitments in the area of human rights	Paragraph 16	Indicator No. 9 in Annex 1 Table 3 and Indicator No. 11 in Annex 1 Table 1				Not material
S3-1	Failure to comply with the United Nations Guiding Principles on Business and Human Rights, the ILO Principles, or the OECD Guidelines	Paragraph 17	Indicator No. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, An-nex II Delegated Regulation (EU) 2020/1818Ar-ticle 12 Paragraph 1		Not material
S3-4	Human rights issues and incidents	Paragraph 36	Indicator No. 14 in Annex 1, Table 3				Not material
S4							Not material
S4-1	Concepts related to consumers and end users	Paragraph 16	Indicator No. 9 in Annex 1 Table 3 and Indicator No. 11 in Annex 1 Table 1				Not material
S4-1	Failure to comply with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines	Paragraph 17	Indicator No. 10 in Annex 1, Table 1		Delegated Regulation (EU) 2020/1816, An-nex II Delegated Regulation (EU) 2020/1818Ar-ticle 12 Paragraph 1		Not material
S4-4	Human rights issues and incidents	Paragraph 35	Indicator No. 14 in Annex 1, Table 3				Not material
G1							Material
G1-1	United Nations Conven-tion against Corruption	Paragraph 10, Point b	Indicator No. 15 in Annex 1, Table 3				Material

DISCLOSURE REQUIRE-MENT	DATA POINT	PARAGRAPH	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK RANKING REFERENCE	EU CLIMATE LAW REFERENCE	MATERIALITY
G1-1	Protection of whistleblowers	Paragraph 10 Point d	Indicator No. 6 in Annex 1, Table 3				Material
G1-4	Fines for violations of anti-corruption and bribery regulations	Paragraph 24, Point a	Indicator No. 17 in Annex 1, Table 3		Commission Delegated Regulation (EU) 2020/1816, Annex II		Material
G1-4	Standards to combat corrup-tion and bribery	Paragraph 24, Point b	Indicator No. 16 in Annex 1, Table 3				Material

List of key actions carried out in the reporting year and planned for the future: is not yet available for 2024.

The Power of IoT

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Independent assurance report on the non-financial reporting pursuant to Section 267a UGB

We have performed a limited assurance engagement in the connection with the consolidated non-financial reporting pursuant to Section 267a UGB (hereafter „non-financial reporting") for the financial year 2024 of the

Kontron AG, Linz (hereinafter also referred to as „Kontron AG" or „Company").

Conclusion with limited assurance

Based on our procedures performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the consolidated non-financial reporting pursuant to Section 267a UGB (hereafter „non-financial reporting") is not prepared, in all material respects, in compliance with:

- the statutory provisions of the Austrian Sustainability and Diversity Improvement Act (Section267a of the Austrian Commercial Code (UGB)),
- the reporting requirements according to Article 8 of the EU Regulation 2020/852 (hereinafter referred to as „EU-Taxonomy-Regulation"),
- the requirements of the delegated regulation (EU) 2023/2772 (hereinafter referred to as „ESRS"), and
- the process carried out by the company to identify the information to be included in the consolidated non-financial reporting in accordance with the legal requirements and standards for non-financial reporting (hereinafter referred to as „double materiality assessment process"); with the description set out in disclosure IRO-1 Description of the process to identify and assess material impacts, risks and opportunities

in the currently valid version.

Basis for conclusion with limited assurance

Our limited assurance engagement on the non-financial reporting was conducted in accordance with the statutory requirements and Austrian Standards on Other Assurance Engagements and additional expert opinions as well as the International Standard on Assurance Engagements (ISAE 3000 (Revised) applicable to such engagements. An independent assurance engagement with the purpose of expressing a conclusion with limited assurance ("limited assurance engagement") is substantially less in scope than an independent assurance engagement with the purpose of expressing a conclusion with reasonable assurance ("reasonable assurance enagement"), thus providing reduced assurance.

Our responsibility under those requirements and standards is further described in the „Responsibility of the auditor of the consolidated non-financial reporting" section of our assurance report.

We are independent of the Group in accordance with the Austrian professional regulations and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit firm is subject to the provisions of KSW-PRL 2022, which essentially corresponds to the requirements of ISQM 1, and applies a comprehensive quality management system, including documented policies and procedures for compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained up to the date of the limited assurance report is sufficient and appropriate to provide a basis for our conclusion as of that date.

Other matters

We draw attention to the fact that the company's consolidated non-financial reporting for the fiscal year ending December 31, 2023 has not been audited by us or by any other auditor.

Other information

Management is responsible for the other information. The other information comprises all information included in the annual financial report but does not include non-financial reporting and our independent assurance report.

Our conclusion on the non-financial reporting does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our limited assurance engagement on the non-financial reporting, our responsibility is to read the other information when available and, in doing so, consider whether the other information is materially inconsistent with the non-financial reporting or our knowledge obtained in the limited assurance engagement or otherwise appears to be misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this context.

Responsibility of the management

Die gesetzlichen Vertreter sind für die Aufstellung einer nichtfinanziellen Berichterstattung einschließlich der Entwicklung und Durchführung des Verfahrens zur Wesentlichkeitsanalyse gemäß den geltenden Anforderungen und Standards verantwortlich. Diese Verantwortlichkeit umfasst

- identification of the actual and potential impacts, as well as the risks and opportunities associated with sustainability aspects and assessing the materiality of these impacts, risks and opportunities,
- preparing of a non-financial reporting in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act pursuant to section 267a UGB, including compliance with the ESRS,
- inclusion of disclosures in the [consolidated] non-financial reporting in accordance with the EU-Taxonomy-Regulation, and
- designing, implementing and maintaining of internal controls that management consider relevant to enable the preparation of sustainability report that is free from material misstatement, whether due to fraud or error; and to enable the double materiality assessment process to be carried out in accordance with the requirements of the ESRS.

This responsibility includes also the selection and application of appropriate methods for non-financial reporting and the making of assumptions and estimates for individual sustainability disclosures that are reasonable in the circumstances.

Inherent limitations in the preparation of non-financial reporting

When reporting forward-looking information, the company is obliged to prepare this forward-looking information based on disclosed assumptions about events that could occur in the future and possible future actions by the company. Actual results are likely to differ as expected events often do not occur as assumed.

When determining the disclosures in accordance with the EU-Taxonomy-Regulation, the management is obliged to interpret undefined legal terms. Undefined legal terms can be interpreted differently, also regarding the legal conformity of their interpretation and are therefore subject to uncertainties.

Responsibility of the auditor of the consolidated non-financial reporting

Our objectives are to plan and perform a limited assurance engagement to obtain limited assurance about whether the non-financial reporting, including the procedures performed to determine the information to be reported and the reporting in accordance with the EU-Taxonomy, is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on this non-financial reporting.

In a limited assurance engagement, we exercise professional judgement and maintain professional scepticism throughout the assurance engagement.

Our responsibilities include

- performing risk-related assurance procedures, including obtaining an understanding of internal controls relevant to the engagement, to identify disclosures where material misstatements are likely to arise, whether due to fraud or error, but not for the purpose of expressing a conclusion on the effectiveness of the Group's internal controls;

- design and perform assurance procedures responsive to disclosures in the non-financial reporting, where material misstatements are likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Procedures - Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the non-financial reporting.

Our engagement does not include the assurance of prior period figures, printed interviews or other additional voluntary information of the company, including references to websites or other additional reporting formats of the company.

The nature, timing and extent of assurance procedures selected depend on professional judgement, including the identification of disclosures likely to be materially misstated in the non-financial reporting, whether due to fraud or error.

In conducting our limited assurance engagement on the non-financial reporting, we proceed as follows:

Wir gewinnen ein Verständnis von den Verfahren der Gesellschaft, die für die Aufstellung der nichtfinanziellen Berichterstattung relevant sind.

- We obtain an understanding of the company's processes relevant to the preparation of non-financial reporting.
- We assess whether all relevant information identified by the double materiality assessment process carried out by the company has been included in the non-financial reporting.
- We evaluate whether the structure and presentation of the non-financial reporting is in compliance with the requirements of the statutory provisions of the Austrian Sustainability and Diversity Improvement Act as of section 267a UGB, including the ESRS.
- We perform inquiries of relevant personnel and analytical procedures on selected disclosures in the non-financial reporting.
- We perform risk-oriented assurance procedures, on a sample basis, on selected disclosures in the non-financial reporting.
- We reconcile selected disclosures in the non-financial reporting with the corresponding disclosures in the consolidated financial statements and Group management report.
- We obtain evidence on the methods for developing estimates and forward-looking information.
- We obtain an understanding of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in non-financial reporting.

Limitation of liability, publication and terms of engagement

This limited assurance engagement is a volunatary assurance engagement. We issue this conclusion based on the assurance contract concluded with the client, which is also based, with effect on third parties, on the "General Conditions of Contract for the Public Accounting Professions" issued by the Chamber of Tax Advisors and Auditors. These can be viewed online on the website of the Chamber of Tax Advisors and Auditors (currently at https://ksw.or.at/berufsrecht/mandatsverhaeltnis/). With regard to our responsibility and liability under the contractual relationship, point 7 of the AAB 2018 applies.

Our assurance report may only be distributed to third parties together with the consolidated non-financial reporting and only in complete and unabridged formBecause our report is prepared solely on behalf of and for the benefit of the company, its contents may not be relied upon by any other third party, and consequently, we shall not be liable for any other third party claims.

Auditor responsible for the assurance engagement

The auditor responsible for the assurance engagement of the non-financial reporting is Mag. Yann Georg Hansa.

Vienna, March 26, 2025

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Yann Georg Hansa

Wirtschaftsprüfer

Please visit https://kontron.com/en/group/investors/financial-reports 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 annual report was published on March 27, 2025, 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 annual 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 annual report. The assumptions and estimates made in this report are not updated.

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PRINTED BY

Kontext Druckerei GmbH

FINANCIAL CALENDAR

2025

27.03.2025	Annual report 2024
27.03.2025	Earnings-Call FY 2024 (Register under: ir@kontron.com)
01.04.2025	Metzler Small Cap Days (1.-3.4.2025)
07.04.2025	Investor Conference Zürs (7.-9.4.2025)
06.05.2025	Q1-quarterly statement 2025 (Earnings-Call Q1 2025)
13.05.2025	Pan European Small and Mid-Cap Conference (13.-15.5.2025)
11.06.2025	Annual General Meeting
17.06.2025	Dividend ex-date
18.06.2025	Dividend record date
20.06.2025	Dividend payment date
06.08.2025	Half-year report 2025 (Earnings-Call Q2 2025)
05.11.2025	Q3-quarterly statement 2025 (Earnings-Call Q3 2025)

Further details available under
https://www.kontron.com/en/group/investors/financial-calendar

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