

kontron

Explore the Kontron Group

We are a fast-moving multinational technology leader.



Investor Presentation

October 2023



Who we are

Pure-Play Leader of
Smart Industrial IoT Solutions

4,547

Employees (6/2023)

1.2bn

2023E Revenue (EUR)*

>66m

2023E Net result (EUR)*

>10%

Organic growth p.a.*

Member of SDAX®

Member of TecDAX®

HQ in Austria; listed in Germany

› **Focused on the large, diverse and growing Industrial IoT market (IIoT)**

› **Fully integrated technology platform**
Integrated (SW+HW) solutions for smart factories, transportation, data connectivity, medical and smart energy

› **Driven by customers success, blue-chip customers**
Highly diversified customer base, top 10 customers account for approx. 12% of revenues, >3,000 customers in total

› **Leading provider of disruptive IoT connectivity technology**
Real time 5G/6G connectivity, susietec® toolset, over 3,200 engineers

The IoT Market

Key Metrics

64 billion

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

\$ 148.6 billion

Industrial IoT revenue with a 11.4% CAGR from 2022

31% growth

machines connected to the Internet by 2025

21% adoption

of 5G across mobile internet connections by 2025



Focus Industries



Smart Factories



Traffic



Smart Energy



Medical

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

The New Kontron

7 divisions in 3 segments

Europe



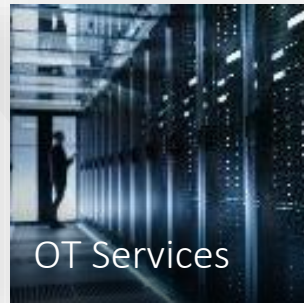
Industrial

Industrial,
Medical and
Defense



Telecom

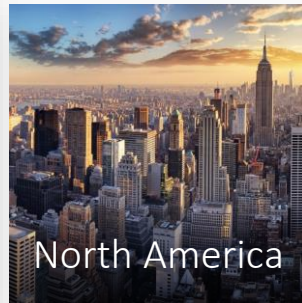
Adding 5G
connectivity to
IoT products



OT Services

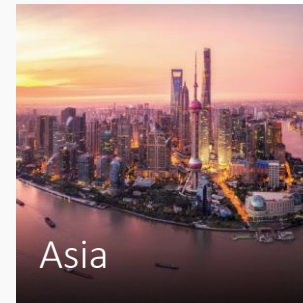
IT converted to
Service contracts
for IoT

Global



North America

Sales channel for
Europe products;
Avionics



Asia

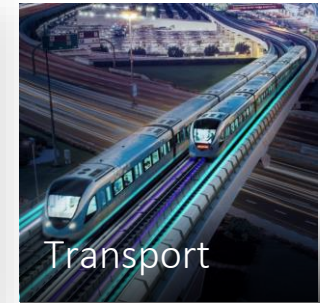
Sales channel for
Europe products

Software & Solutions



Software

susietec® &
customized IoT
software



Transport

Data for high-
speed trains in
Europe & China

Revenue* FC 2023

€ 810m

Targets

| | |
|--------------|-----|
| EBITDA** | 11% |
| GM | 40% |
| Growth p.a.: | 10% |

Revenue* FC 2023

€ 260m

Targets

| | |
|--------------|-----|
| EBITDA** | 8% |
| GM | 30% |
| Growth p.a.: | 12% |

Revenue* FC 2023

€ 230m

Targets

| | |
|--------------|-----|
| EBITDA** | 15% |
| GM | 60% |
| Growth p.a.: | 16% |

Results Highlights

- › **Q2 Gross margin rose to 40.6%**
(Q2 2022: 37.8%)
- › **EUR 326m of cash**
+EUR 59m payable by Vinci
- › **EUR 1.6bn backlog**
H1 book-to-bill ratio of 1.25
- › **Supply chain normalization:**
Further reduction to EUR 72m of overdue orders (down EUR 55m from peak)



Q2-23

Company Highlights

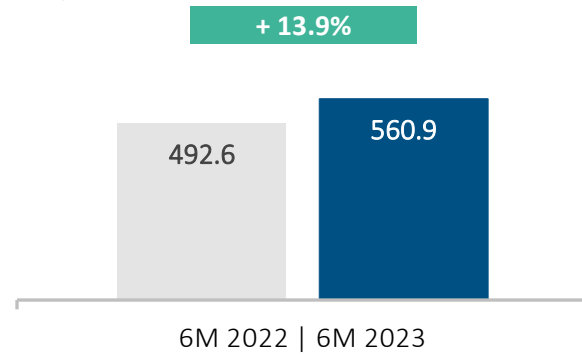
- › **Record dividend of EUR 1 per share paid:** Based on strong FY 2022 results and sale of IT service
- › **2 M&A transactions signed in Q2 + 2 M&As in September**
Telit + Comlab + Hartmann & W-IE-NE-R + Altimate adding 2024 revenues of appr. EUR 160m
- › **Listed in TecDAX** since May 2023
- › **Sale of IT Service business “Focus” completed** (Moldavia sold in June)

KPIs 6M 2023

Gross margin Q2 exceeded 40%

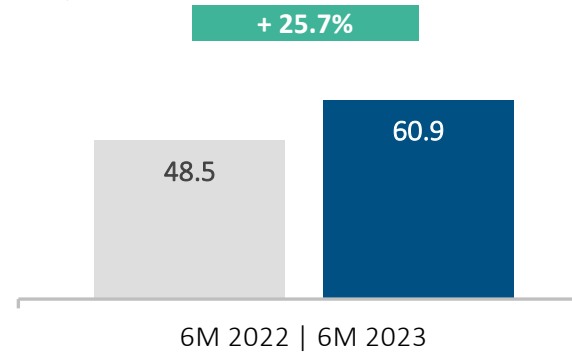
Revenue

(in EUR m)



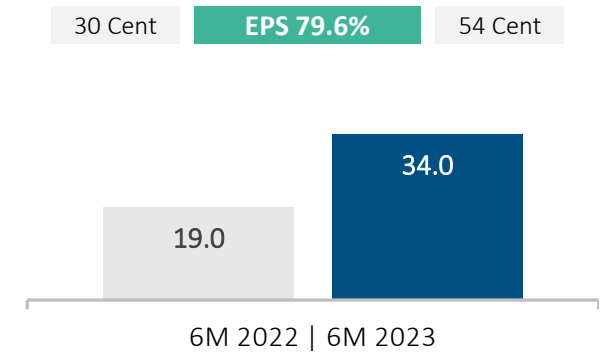
EBITDA

(in EUR m)



Operating Net Income after NCI*

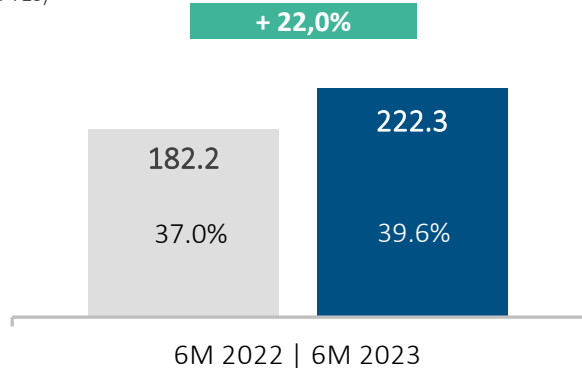
(in EUR m)



* 2022 adj for DCO/sold IT

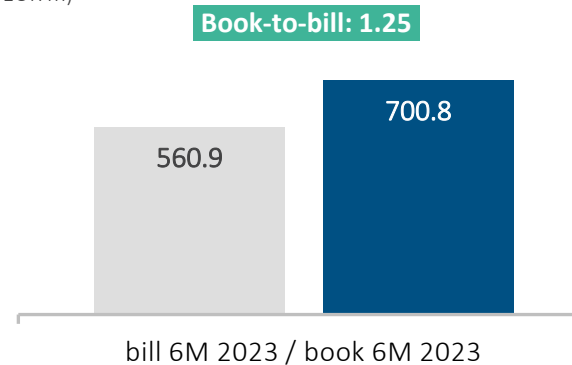
Gross Margin

(In FTEs)



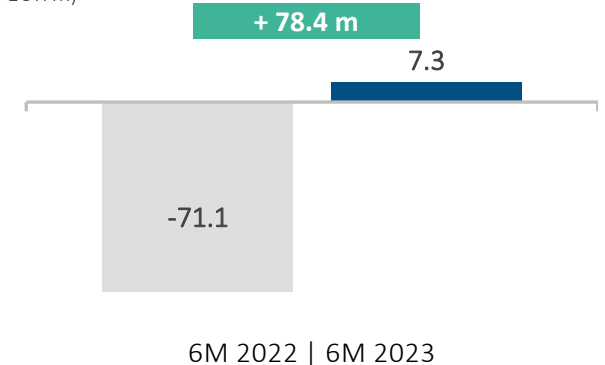
Order Entry vs. Revenues

(in EUR m)



Operating Cash Flow

(in EUR m)



Kontron Group Balance Sheet

Equity and liquidity very strong



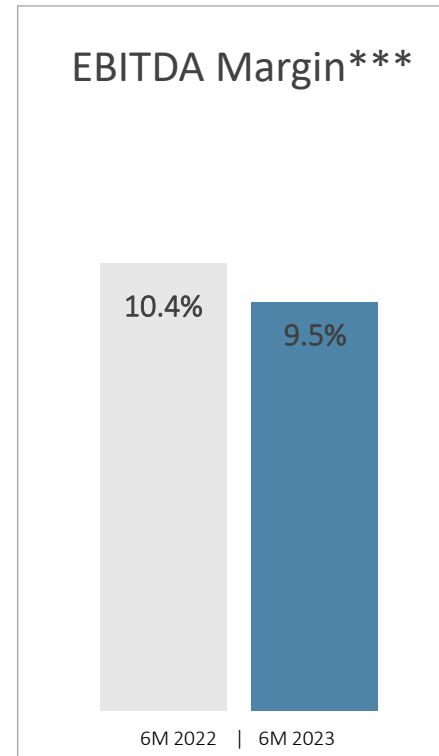
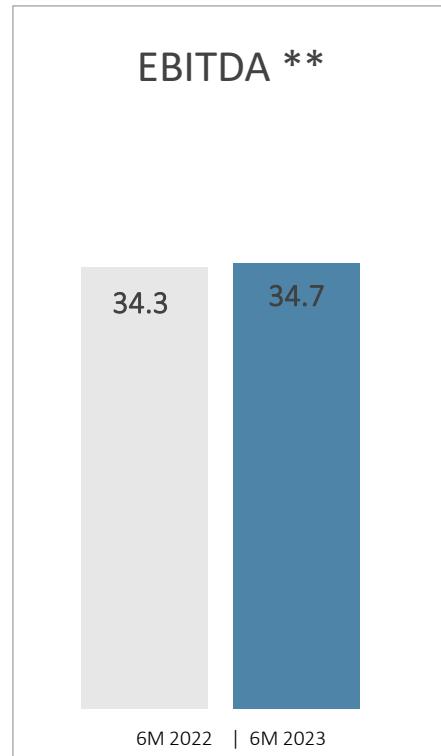
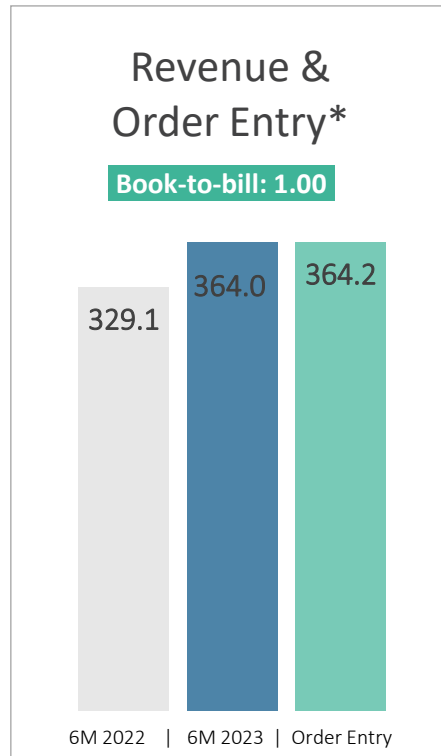
| in m EUR | 6/30/2023 | 12/31/2022 |
|-------------------------------------|----------------|----------------|
| NON-CURRENT ASSETS | 420.7 | 412.1 |
| Fixed Assets | 388.4 | 379.0 |
| as of Property, plant and equipment | 101.3 | 95.5 |
| as of Goodwill | 188.1 | 189.4 |
| Other Assets | 32.3 | 33.1 |
| CURRENT ASSETS | 846.0 | 1,028.8 |
| Inventories | 225.9 | 192.6 |
| Trade receivables | 131.4 | 148.1 |
| Contract Assets from Customers | 50.4 | 54.2 |
| Cash and cash equivalents | 326.0 | 437.8 |
| Other receivables and prepayments | 112.3 | 189.7 |
| assets classified as held for sales | 0.0 | 6.3 |
| Total Assets | 1,266.7 | 1,440.9 |

| in m EUR | 6/30/2023 | 12/31/2022 |
|---|----------------|----------------|
| EQUITY | 597.8 | 635.7 |
| accumulated results | 420.7 | 449.6 |
| as of Treasury shares | -9.2 | 0.0 |
| NON-CURRENT LIABILITIES | 135.8 | 252.6 |
| Long-term loans and borrowings | 65.7 | 193.8 |
| Other Non-Current Liabilities | 70.1 | 58.9 |
| CURRENT LIABILITIES | 533.0 | 552.6 |
| Trade payables | 192.5 | 226.3 |
| Contract Liabilities from Customers | 78.0 | 78.5 |
| Short-term loans and borrowings | 154.6 | 125.7 |
| Other Current Liabilities | 108.0 | 117.3 |
| liabilities classified as held for sale | 0.0 | 4.8 |
| Total Liabilities & Equity | 1,266.7 | 1,440.9 |

| | | |
|--|--------------|--------------|
| Equity Ratio | 47.2% | 44.1% |
| Total Net Cash/(Net Debt)* | 105.7 | 118.3 |
| Working Capital excluding IFRS 15** | 164.8 | 114.4 |

- Very strong cash position: EUR 326m cash + EUR 59m open purchasing price from Vinci
- In Q2 EUR 26m of reduction in debt

Europe: Biggest segment



Industrial

- › Shows strong growth driven by smart factories

Communications

- › Growth potential/many projects with MPN 5G for IOT

Operational Technology services

- › OT services: shrinking revenues burdened by transformation process

Segment trend

- › Our backbone: Basic technologies for the segments “Global” and “Software + Solutions”
- › 3,186 FTEs, thereof 1,619 engineers
- › EBITDA margin burdened by OT services transformation, achieve 12% after completion in 2024

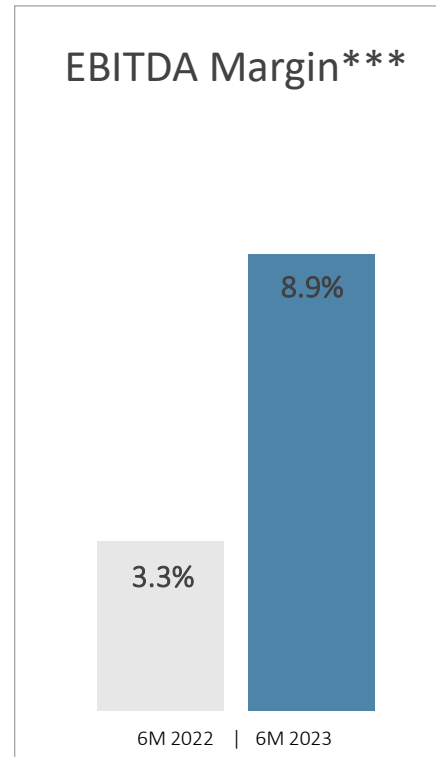
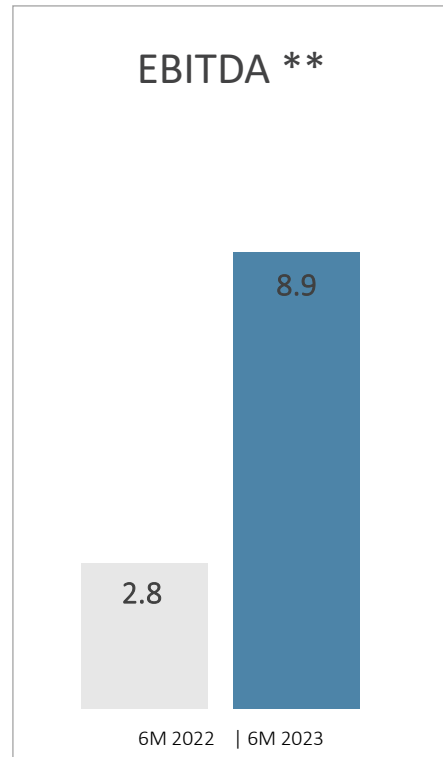
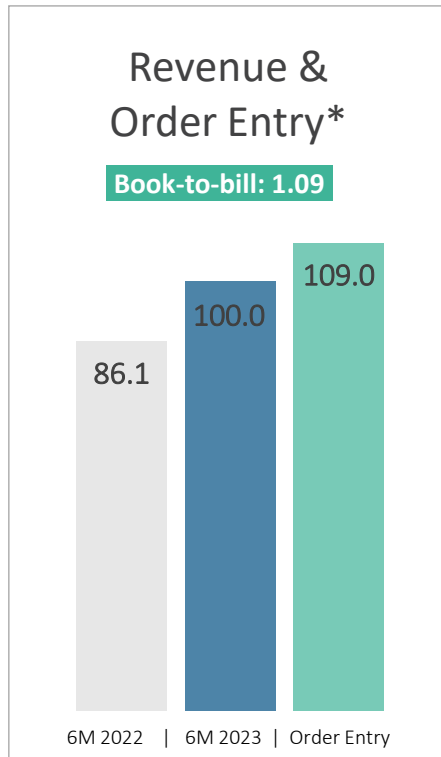
➤ Target is to increase EBITDA margin in 2025 to 12%

* 3rd Party and Intercompany revenues

** EBITDA before Intercompany HQ fees (part of Europe Segment)

*** EBITDA before HQ fee in % of external revenue

Global: Ongoing recovery



North America

- › Strong growth, avionics recovery
- › Change in strategy shows in strong numbers

Asia

- › Steady growth

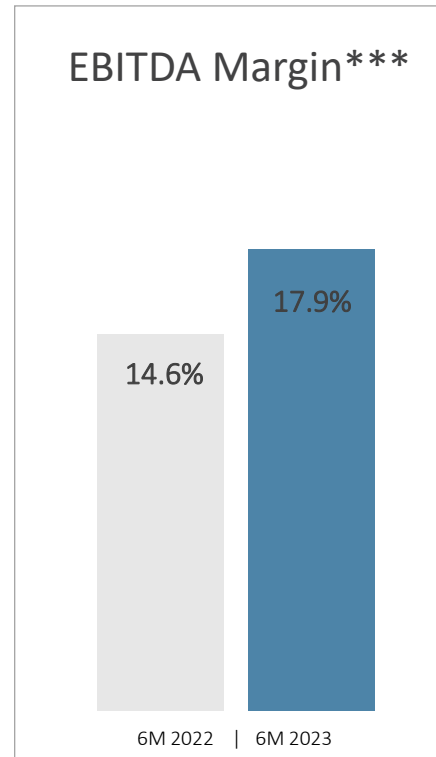
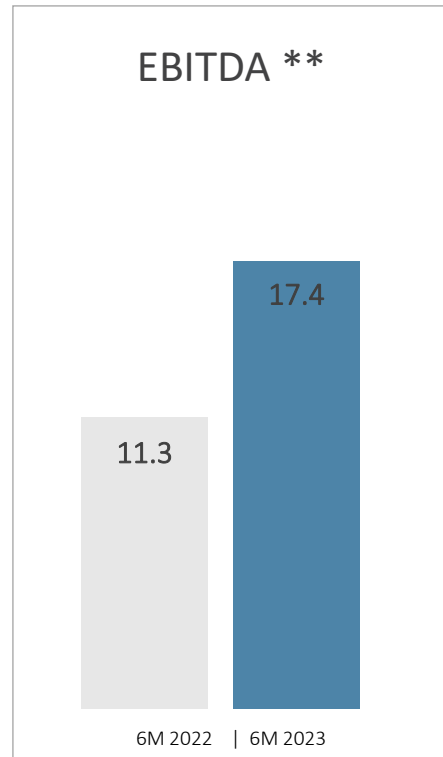
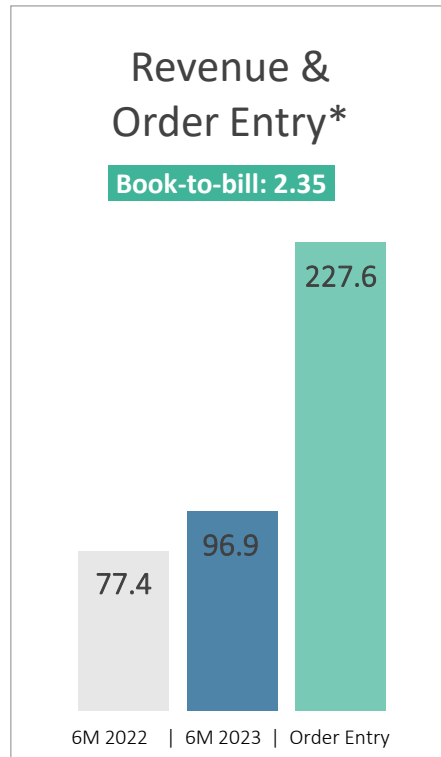
Segment trend

- › Acts as a sales channel to sell European technology and Software
- › Local engineering for customization and avionics
- › 459 FTEs, thereof 184 engineers
- › Process to build sales + support channel for the complete Kontron technology portfolio (mainly SW and solutions)

➤ Today 20% of revenues in North America + Asia; target 30%

* 3rd Party and Intercompany revenues
 ** EBITDA before Intercompany HQ fees (part of Europe Segment)
 *** EBITDA before HQ fee in % of external revenue

Software & Solutions: Fast growing



Transportation (high-speed trains)

- › High-speed (green) trains are driven by political support
- › 50% market share in Europe for GSM-R, expand to China

Software (susietec®)

- › Susietec® is driven by connectivity
- › Target is to include susietec® into all sold hardware

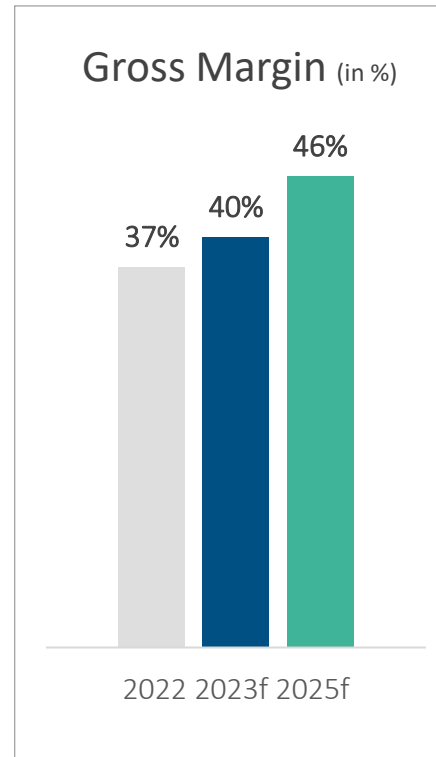
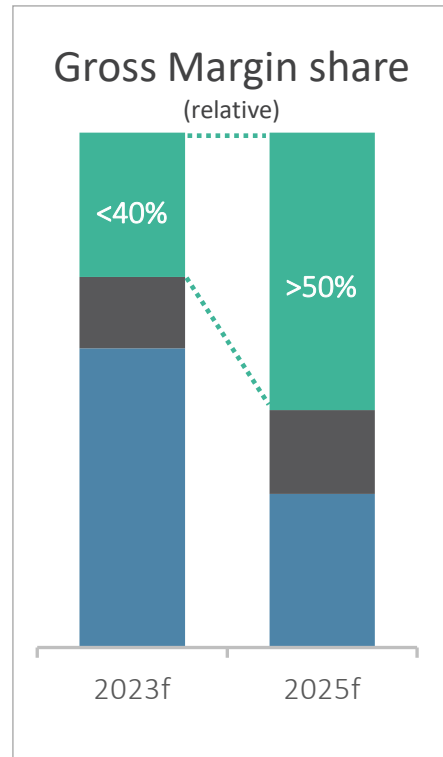
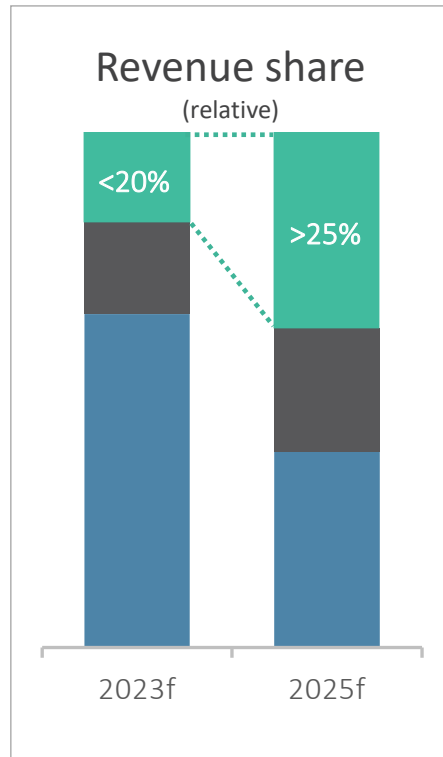
Segment trend

- › Licenses drive also basic technology sales
- › 903 FTEs, thereof 673 engineers
- › Highest amount of recurring revenues and SLAs

➤ Will be the biggest segment by 2025

* 3rd Party and Intercompany revenues
 ** EBITDA before Intercompany HQ fees (part of Europe Segment)
 *** EBITDA before HQ fee in % of external revenue

Margin improvement strategy (MIS): Focus on “Software + Solutions” segment



Focus on “Software + Solutions”

- › By 2025 biggest segment in Kontron
- › By 2027 more than 50% of total revenues
- › More than 50% in recurring service revenues
- › Up the value chain in existing markets

Segment trend

- › Upgrade markets we cover today by “Software + Solutions” (first targets are public transport, defense, avionics)
- › Most acquisitions in “Software + Solutions”
- › Use strong R&D resources of 2,500 R&D engineers to develop SW solutions for existing markets (smart factories, medical , etc)
- › Go global (USA, CN) to utilize our leading technology

■ Europe ■ Global ■ Software + Solutions

➤ Most M&A activities in “Software + Solutions”, up the value chain for existing markets

Our competition

| Selected competitors in Industrial IoT | Revenue (in USD m) | Region |
|--|--------------------|---------------|
| Curtiss Wright* | 2,600 | North America |
| Advantech | 2,200 | Asia |
| Beckhoff | 1,600 | Europe |
| Kontron | 1,200 | Europe |
| ABB B&R | 1,100 | Europe |
| Mercury* | 1,000 | North America |
| Adlink | 380 | Asia |
| Seco | 215 | Europe |
| Eurotech | 100 | Europe |
| % as of total market (USD 148bn) | 7% | |

* Also not Industrial IoT revenues

Our distinctive competitive advantages

- › Unmatched **R&D scale**
 - › 3,200 FTEs, annual budget of EUR 170m
- › **Cost efficient** solutions
 - › (EUR 45k p.a.) in-house engineering resources in CEE
- › **Differentiated technology** platform
 - › Purpose-built solutions for high-value low-volume use cases
- › Deep and **established relationships in the ecosystem**
 - › Intel, ARM, FoxConn, Microsoft, Siemens, GE

M&A strategy

Replace sold IT segment by strategic IoT acquisitions

M&A is a core competence of Kontron

- › Replace EUR 387m sold IT business by IoT acquisitions
- › Target: high synergies with Kontron = >12% EBITDA within 2 years
- › Complementary IoT technologies to improve portfolio
- › Finance by existing cash and cash flow – not shares

Acquisitions closed so far in 2023

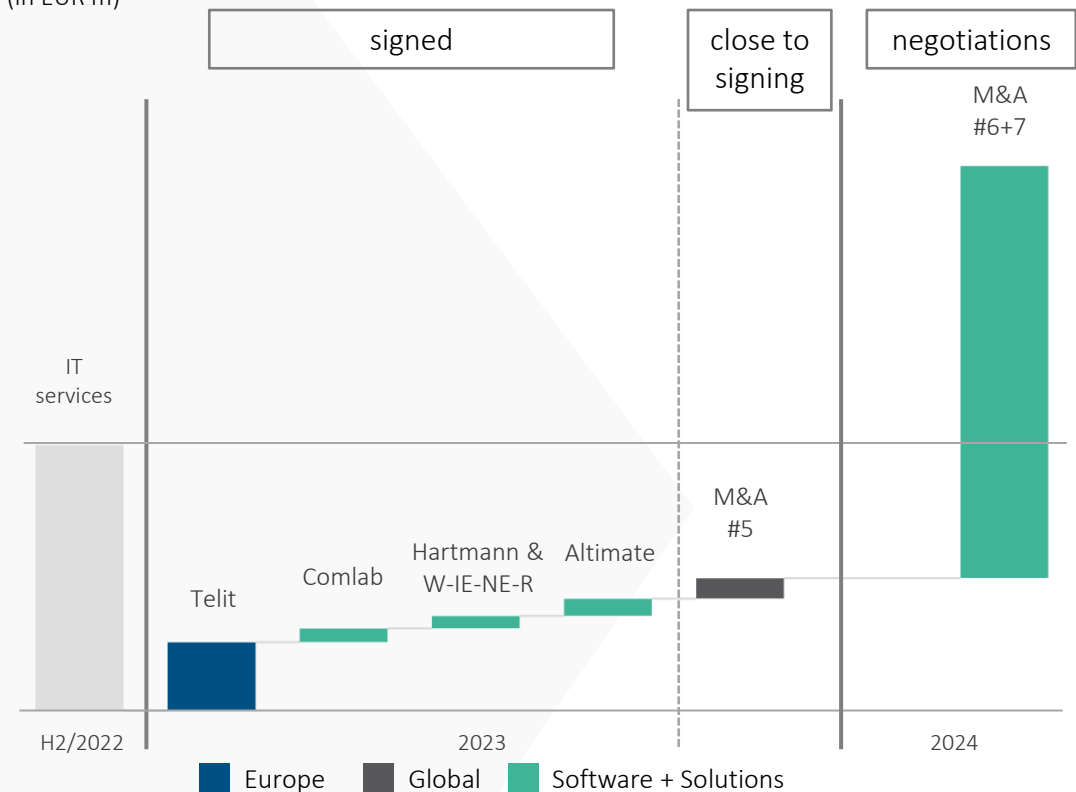
- › Carve out Telit (DE): 5G modules for IOT – 2022: 100m Revenues
- › Comlab (CH): data communication for trains – 2022: 20m Revenues
- › Hartmann & W-IE-NE-R (CH): rugged technologies for Avionics & Defense – 2022: 18m revenues
- › Altimate (RO): public transport solutions – 2022: 20m revenues

Kontron M&A pipeline

- › Currently 3 offers out (total up to over EUR 600m revenues)
- › On 1, we expect a go/no go decision in the next 3 months

M&A revenues H2/2022 – H2/2024

(in EUR m)



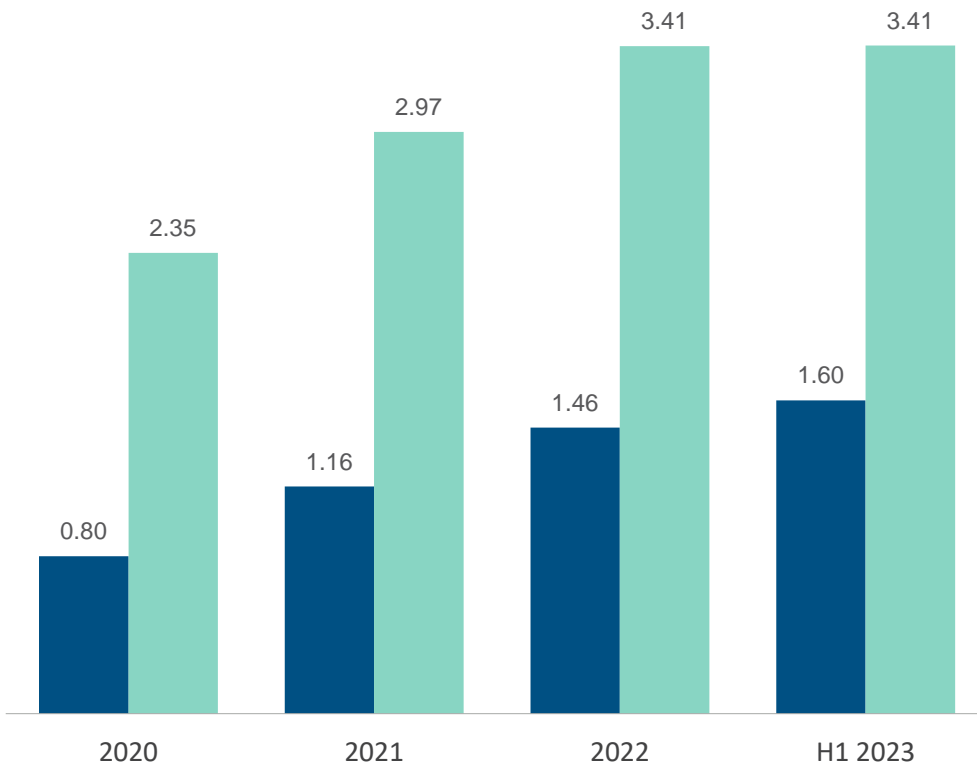
➤ We will replace more than EUR 387m IT revenues before June 2024 = base for EUR 2bn revenues in 2025

The New Kontron

Backlog and Design wins

(in EUR bn)

■ Backlog ■ Design wins

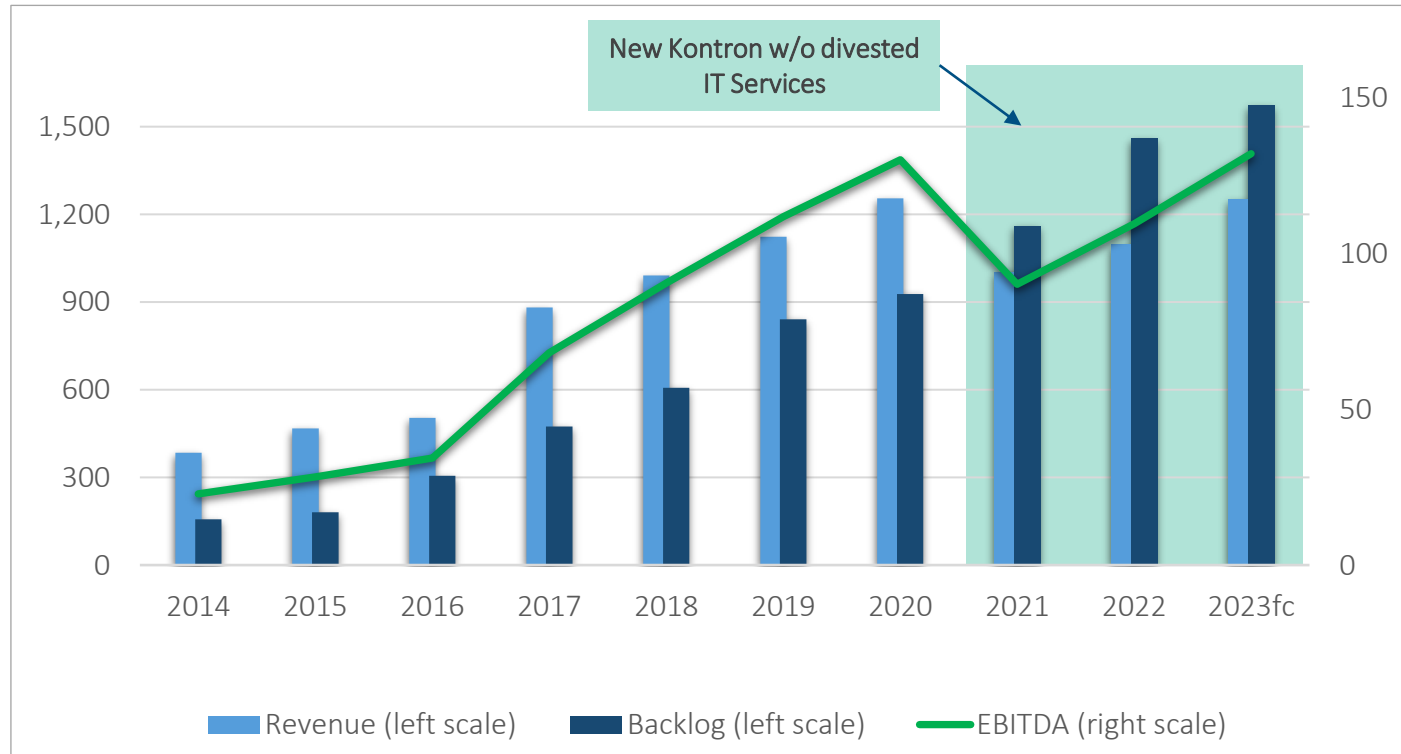


Top Design Wins in 6M 2023

| | Country | Volume EUR |
|-------------------|---------|------------|
| Railway | FR | 150m |
| Medical | DE | 60m |
| Telecommunication | AT | 50m |
| Medical | DE | 50m |
| Defense | US | 42m |
| Railway | SK | 40m |
| Industrial | US | 35m |
| Defense | US | 34m |

The New Kontron

Confident in guidance 2023 – better operational performance

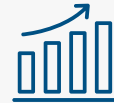


| Guidance 2023 & Outlook 2025 | | |
|------------------------------|--------|---------|
| (in EUR million) | 2023E | 2025E |
| Revenue | 1,200m | 2,000m* |
| EBITDA margin (in %) | 11% | 13% |
| Net Profit | >66m | 140m |

Vision 2030: Transformation to IoTaaS / SLAs will boost Net Earnings close to 10%

Why invest in Kontron?

Profitable long-term growth



- › Excellent position to profit from the megatrends digitalization, AI and sustainability via IoT products
- › Expand high-margin high-growth software business
- › Utilize European technology worldwide
- › Highly diversified, global and long-term customer base in a niche market with high entry barriers
- › Track record of value-accretive M&A

Engineering excellence



- › Unmatched R&D power of 3,200 engineers and annual investment of approx. 14% of revenues
- › Cost efficient in-house engineering resources in CEE (average salary: 45k p.a.) as an attractive Western employer
- › Increasing share of software in portfolio: proprietary IoT toolset susietec®
- › Customized IoT solutions for Industrial, Medical, Defense, 5G Connectivity, Avionics, Transportation, Electricity sectors

Strong financial position



- › Cash conversion rate target of 75%
- › Solid tax shield in Austria for the next 2 years
- › Favorable low debt profile in high interest environment
- › High cash position after sale of majority of IT Services business for EUR 392m in December 2023
- › Active partner and minority shareholder Ennoconn

Attractive shareholder return



- › Strong cash generating business
- › 50% of net income distributed as a dividend and/or to use for share buybacks
- › Record dividend of EUR 1 per share paid out in 2023

Disclaimer

This document includes 'forward-looking statements'. Forward-looking statements are all statements, which do not describe facts of the past, but containing the words "believe", "estimate", "expect", "anticipate", "assume", "plan", "intend", "could", and words of similar meaning. These forward-looking statements are subject to inherent risks and uncertainties since they relate to future events and are based on current assumptions and estimates of Kontron AG, which might not occur at all or occur not as assumed. They therefore do not constitute a guarantee for the occurrence of future results or performances of Kontron AG. The actual financial position and the actual results of Kontron AG, as well as the overall economic development and the regulatory environment may differ materially from the expectations, which are assumed explicitly or implicitly in the forward-looking statements and do not comply to them. Analysts and investors, and any other person or entity that may need to take decisions or prepare or release opinions about the shares / securities issued by Kontron AG are cautioned not to place undue reliance on those forward-looking statements, which speak only as of the date of this document. Past performance cannot be relied upon as a guide to future performance.

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Explore the Kontron Group

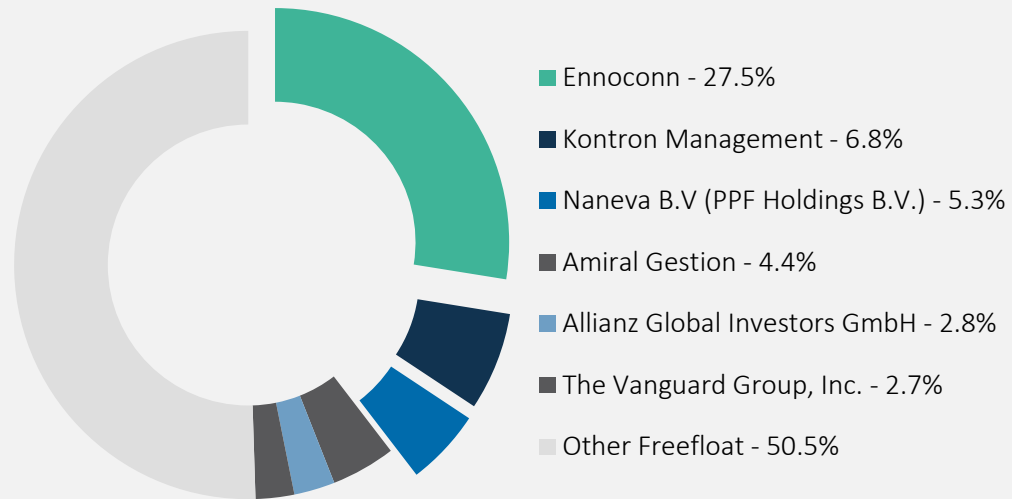
We are a fast-moving multinational technology leader.

APPENDIX

The Kontron Share

SDAX® & TecDAX® member

Shareholder Structure*



Target: Increase strategic shareholder base

Coverage**

| | |
|-------------------|----------------|
| Alster Research | Buy: EUR 32.00 |
| Erste Group | Buy: EUR 25.00 |
| Hauck & Aufhäuser | Buy: EUR 30.00 |
| Jefferies | Buy: EUR 28.00 |
| Kepler Cheuvreux | Buy: EUR 25.00 |
| Pareto Securities | Buy: EUR 28.00 |
| Stifel | Buy: EUR 27.00 |
| Warburg Research | Buy: EUR 26.00 |

Median Target Share Price EUR 27.50

1 additional analyst will take on coverage of Kontron

Achievements

- › MSCI: BBB (stable since 2021)
- › EcoVadis: rated above industry average
- › Sustainalytics: 20.2 (medium* risk)
- › UN Global Compact joined and 9 SDGs identified we support
- › Education
 - Kontron Leadership Academy (focus on female employees)
 - Data Security Training Focus
- › Employee Survey – conducted among approx. 5,000 employees



Outlook & Targets

- › Increasing interest of sustainable investors to be met
- › Customers and Investors – CO₂ disclosure requests more often

Making our data easily accessible and transparent to our diverse stakeholder groups will become increasingly important

- › Carbon Disclosure Project experience ✓
- › EU Taxonomy requirements expected to be extended
- › Implementation of scope I and II to be achieved until 2023
- › Kontron’s Green Products – communicating our products better

Preparation scope I and II
 Reporting expansion (incl. EU Taxonomy) ✓
 ESG-Goal extension ✓
 ESG-Risk assessment ✓
 Update material analysis ✓

Evaluation ESG-Goals
 Implementation stage launched
 Enhanced reporting according to EU Taxonomy and ESG standards

Implementation finalized
 Continuous improvement process

2021

Continuous stakeholder dialogue ✓

2022

2023

*Sustainalytics’ low risk rating starts at <20

Telit Cinterion (DE)

- › Purchase of Telit's 5G automotive module unit
- › Integrated into Kontron Europe GmbH
- › Reported in the "Europe" segment
- › Markets: Globally, mainly Germany

Benefits + synergies

- › 5G technology and products
- › Proprietary software technology for the automotive sector
- › Software/4G/5G solutions

Metrics

- › Purchasing price: EUR 24.5 million
- › 2022 revenues ~EUR 100 million
- › 105 FTEs
- › Low impact in 2023
- › Outlook 2024:
 - › Revenues: EUR 100 million
 - › 5% EBITDA (midterm 10%)



Comlab AG (CH)

- › Data communication for railways
- › Integrated into Kontron Transportation
- › Reported in the "Software + Solutions" segment
- › Markets: Mainly Switzerland, Germany, and China

Benefits + synergies

- › Kontron enters the important Swiss railway market
- › Enhance Kontron Railway portfolio for mission-critical networks for amplifying and repeating signals

Metrics

- › Purchasing price: mid-single-digit million
- › 2022 revenues ~EUR 20 million
- › 110 FTEs
- › Low impact in 2023
- › Outlook 2024:
 - › Revenues: EUR 25 million
 - › 5% EBITDA (midterm 15%)

