

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders, Colleagues, Ladies and Gentlemen,

As a Chair of the Supervisory Board of Kontron AG, it falls to me to report on the past financial year 2023:

The year 2023 was characterised by geopolitical risks, economic uncertainties and continued vulnerable supply chains. The war in Ukraine has been causing untold human suffering for two years now. From today's perspective, there is not end to the conflict in sight. The escalation of the Middle East conflict has added another crisis. Inflation rates were high in 2023 and central banks raised their base interest rates accordingly. High inflation rates combined with high interest rates have significantly dampened economic growth in Europe. Although supply chain problems have been partly alleviated, the vulnerability of supply chains is now an integral part of commercial life.

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 2023 increased to EUR 1,225.9 million, which corresponds to an increase of over 15%. The net result of around EUR 75 million exceeded the two-time increase in guidance to more than EUR 72 million, which once again shows a considerable improvement from the previous year. Earnings per share (EPS) exceeded the EUR 1 point in purely operational terms for the first time and amounted to EUR 1.23 in the year under review. The order backlog of around EUR 1.7 billion has reached a new high and shows the continued strong demand for our products and services.

Following the sale of the IT services division at the end of 2022, Kontron focused more on its alignment as a pure IoT provider in financial year 2023. With the income from the sale, the following four strategic acquisitions in the IoT sector were carried out during financial year 2023. Telit Cinterion's Cellular Automotive Module Unit will complement Kontron 5G and real-time technologies for the automotive industry. Comlab AG, a Swiss specialist for data communication repeaters in trains, was acquired. The NASDAQ-listed company Bsquare Corporation is a US specialist in the development and use of software technologies for manufacturers and operators of connected devices. Additionally, Hartmann and W-IE-NE-R, a group of computer system manufacturers for the avionics and defence sectors, was acquired.

In financial year 2023, we also expanded our portfolio to include the latest IoT technologies. As a result, Kontron has been able to further establish itself on the market as an IoT specialist. With the pioneering KontronOS operating system, a security feature was added to the susietec® toolset in 2023. It now provides protection against compromises and external access to the corporate network as well as uncontrolled updates. In addition, a new release of the Connect IoT bundle was presented in 2023, providing an extended range of versatile functions for machine manufacturers and operators. Kontron has also launched several product innovations in the areas of high-performance motherboards with high scalability, high-performance computer-on-modules for edge applications and web panels for industrial applications. These support smart technologies as well as scalable solutions and comprehensive services based on Time Sensitive Networking (TSN) and Artificial Intelligence (AI) for intelligent edge computing and complement the offering for the Smart Factory.

At the beginning of 2024, the future-focused acquisition of 60% of Katek SE was also carried out. Katek is one of the pioneers in renewable energy technology (green/clean energy). Control electronics for photovoltaic systems and the rapidly growing area 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 by five percentage points in the medium term. With this acquisition, Kontron is sharpening its profile as an innovative IoT provider in a future-oriented market worth billions.

In addition, Kontron has continued to simplify its legally complex structures and increase transparency. Moreover, 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. In the social sector, another employee survey has been carried out and suitable measures for increasing employee satisfaction are being derived from the results. In financial year 2024, the next round of the Sustainable Leadership Academy will be held with a focus on female managers.

Furthermore, in my capacity as Chair of the Supervisory Board, I would like to inform you that in financial year 2023, 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 2023, the Supervisory Board held four regular meetings, two extraordinary meetings 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 compliance 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 the financial year 2023, 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. With effect from December 31, 2023, the mandate of Dr. Peter Sturz expired due to the expiry of the employment contract and the reaching of retirement age. The composition of the Supervisory Board remained unchanged in financial year 2023. 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 consists 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 the Chair of the Supervisory Board was separated from that of the 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 2023 by the Annual General Meeting on May 22, 2023. 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 Report".

We would like to assure you as shareholders that the recent acquisitions have strengthened Kontron in its position as an IoT player. With combined revenues of around EUR 1.9 billion and a target net result of around EUR 100 million for the financial year 2024, we see a promising future. The will to succeed, a unifying mindset and the drive to be among the best in the industry characterise this group of companies, to which the Supervisory Board welcomes all employees of the Katek organisation.

With these words, I would like to conclude my remarks and say thank you, dear shareholders, for the trust you have placed in us, along with the Executive Board, and thank you to all employees for your commitment and achievements in financial year 2023. In the future, the Supervisory Board will continue to focus extensively on the strategic and long-term alignment and development of the Kontron Group and will actively drive this forward.

Vienna, March 2024

for the Supervisory Board

Chair of the Supervisory Board