



QUARTERLY STATEMENT

Q3 2020

01

S&T GROUP OVERVIEW



KEY FIGURES

EUR MILLION	9M 2020	9M 2019
Revenues	836.4	753.2
Gross profit	317.7	279.9
EBITDA	83.7	71.7
Amortization and depreciation	42.2	34.8
EBIT before PPA amortization ¹⁾	49.2	42.4
Net income after non-controlling interests	31.5	29.0
Operating cash flow	50.0	4.5
Free cash flow ²⁾	27.9	-14.4

EUR MILLION	30.09.2020	31.12.2019
Cash and cash equivalents	253.7	312.3
Equity	392.5	385.1
Equity ratio	33.2%	31.4%
Net cash (+)/Net debt (-) ³⁾	-9.9	29.5
Working capital ⁴⁾	164.0	153.9
Backlog	891.0	841.5
Project-pipeline	2,529.6	2,157.5
Employees ⁵⁾	5,264	4,934

The depiction in EUR million can cause differences due to rounding off in relation to the previous reports.

1) EBIT before amortization from purchase price allocations

2) Operating cash flow less purchase of non-current non-financial assets

3) Cash and cash equivalents less non-current and current financing liabilities

4) Inventories, trade receivables less trade payables (excl. IFRS 15)

5) Number of employees on full time equivalent basis without employees on parental leave, trainees and apprentices



S&T PROFITS FROM THE CORONA CRISIS - OUR SHAREHOLDERS NOT YET!

Q3 was another good quarter for S&T: The effects of the COVID-19 pandemic were hardly noticeable for us overall. Revenues in Q3 increased by 6.5% compared to the same quarter of the previous year to almost EUR 298 million, and EBITDA increased by 16% to over EUR 31 million. As a result, profitability clearly exceeded our 10% sound barrier. The improvements on the previous quarter of 2020 – the lockdown quarter – were even clearer, with increases of 11% in revenue and 18% in EBITDA. The 47th record quarter in a row. After 9 months and despite more lockdowns, we are confident that we will exceed the 2020 forecast of EUR 1.15 billion in revenue and EUR 115 million in EBITDA.

S&T – like many other technology companies – has profited from the Corona crisis. With over 3,000 customers in more than 30 countries, we are highly diversified: unlike the slump in the aviation industry, business is booming among customers in the medical technology sector, for example. Being asked to work from home does not influence the efficiency of our employees.

As one of our esteemed shareholders, you have not been able to benefit directly from the good figures and the positive future of S&T so far. While earnings at EBITDA level and earnings per share have increased by more than 60% since 2017, the share price is at the same level as in 2017. Conversely, this means that our price-earnings ratio - a measure of confidence in our business model and our future - has fallen by 60%. Our aim is to remedy this imbalance by increasing the use of capital market measures to regain the confidence of the shareholders:

- › We will disclose additional KPIs and information to our shareholders, above and beyond the standard disclosure requirements. During Capital Market Day, which is now scheduled for December 2020, we will provide insights into our IoT technologies. This information will also be available on our website.
- › S&T is currently valued at 8 times its EBITDA for 2020. Many of the acquisitions that we are currently examining as part of our Agenda 2023 are valued at a similar level, or higher. In future, S&T therefore plans to invest up to 50% of profits in share buyback programs or distribute them as dividends, while the other 50% will be used for the further growth of the S&T Group. In the first nine months of 2020, we were able to increase our operating cash flow by more than EUR 45 million to EUR 50 million, which also creates the necessary liquidity for this project.
- › Since its relaunch in 2011, S&T has never failed to meet its forecasts – the company has always met or exceeded them. We intend to refine our forecasting even further with annual forecasts, 3-year plans (e.g. Agenda 2023) and our new long-term Vision 2030, which we will present at the Capital Market Day.

Our outlook remains positive despite the renewed lockdown in many countries. Following the approval of the antitrust authorities, the Iskratel Group will bring us added strength from 01 October 2020. With EUR 254 million in cash and cash equivalents and our strong operating cash flow, we can achieve our growth targets and share buybacks using our own resources. Despite the crisis, our order backlog increased by a further EUR 50 million during Q3 and our project pipeline by EUR 372 million compared to the beginning of the year.

Based on this, we are also raising our previous forecast for the 2020 financial year from EUR 115 million EBITDA and EUR 1.15 billion in revenue to at least EUR 122 million EBITDA and EUR 1.2 billion in revenue. Providing the effects of the new lockdowns are not too critical, this figure could be exceeded even further. We also reaffirm our medium-term target for 2023 of EUR 2 billion in revenue with an EBITDA of EUR 220 million.

Hannes Niederhauser, CEO

INTERIM MANAGEMENT REPORT



CONTINUED POSITIVE DEVELOPMENT DESPITE THE CORONA CRISIS

The first nine months of the current financial year were largely positive for S&T Group in terms of both revenue and EBITDA, despite the negative economic development resulting from the Corona crisis. Revenue increased by 11% compared to the same period of the previous year (9M 2020: EUR 836.4 million | PY: EUR 753.2 million). The EBITDA increased by around 17% from EUR 71.7 million to EUR 83.7 million, with cost reductions also contributing to the increase as well as the positive development in gross margin.

Revenue during Q3 2020 on its own grew from EUR 279.4 million to EUR 297.7 million compared to the same period of the financial year 2019. Growth in revenue of around 11% was also achieved compared to Q2 2020, which - leaving aside the revenue contributed by the first-time consolidation of the CITYCOMP Group since 01 July 2020 - means organic revenue grew by around 7,8%. Gross profit for the first nine months increased from EUR 279.9 million to EUR 317.7 million, which corresponds to an increase in gross margin from 37.2% to 38.0%. Taking Q3 in isolation, however, the gross margin fell from 37.7% to 35.6% due to a different portfolio mix and a higher proportion of hardware. An EBITDA of EUR 31.7 million (PY: EUR 27.4 million) was achieved in the past quarter as a result, which corresponds to a growth of around 15.9% compared to Q3 2019 and an EBITDA margin of 10.7% (PY: 9.8%).

This led to an increase in net income (after non-controlling interests) from EUR 10.8 million to EUR 11.8 million for Q3 2019 in isolation and from EUR 29.0 million to EUR 31.5 million for the nine months of the current financial year. Earnings per share increased to 48 cents in the reporting period of the current financial year (PY: 44 cents).

While an increase in working from home, the ongoing digitisation of business processes and the increased demand for medical technology as a result of the COVID-19 pandemic have had a positive impact on S&T's business, other areas - such as aerospace technology - have seen a significant decline. How this sector develops will depend largely on the development of the COVID-19 pandemic: While the lockdowns were lifted in summer 2020 based on declining infection figures, the first countries - for example Austria, Germany, France and the Czech Republic - imposed new and more intensive measures and lockdowns at the end of October and beginning of November. It remains to be seen the extent to which governments will offer further support programmes, such as extending existing or introducing new short-time work models, provision of sureties by public authorities, deferment of tax payments and lowering of base interest rates. In addition, there is a risk of changes in the regulatory situation with regard to taxation, especially if governments are forced to consolidate their budgets as a result of spending considerable funds on fighting the negative effects of COVID-19.

DEVELOPMENT OF THE SEGMENTS

The situation in terms of development of the individual sectors in the S&T Group is as follows:

9M 2020 (IN EUR MILLION)	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	S&T GROUP
Total revenues	365.4	479.1	106.3	950.9
Internal revenues	-14.2	-79.5	-20.8	-114.5
Revenues	351.2	399.7	85.5	836.4
EBITDA	27.9	47.9	8.0	83.7

9M 2019 (IN EUR MILLION)	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	S&T GROUP
Total revenues	337.6	382.1	116.5	836.2
Internal revenues	-13.6	-60.3	-9.1	-83.0
Revenues	324.0	321.8	107.4	753.2
EBITDA	24.5	41.5	5.7	71.7

Q3 2020 (IN EUR MILLION)	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	S&T GROUP
Total revenues	129.9	168.7	39.4	338.0
Internal revenues	-6.1	-27.1	-7.1	-40.3
Revenues	123.9	141.6	32.3	297.7
EBITDA	11.0	16.1	4.7	31.7

Q3 2019 (IN EUR MILLION)	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	S&T GROUP
Total revenues	124.6	144.9	38.6	308.1
Internal revenues	-4.6	-21.6	-2.5	-28.7
Revenues	120.0	123.3	36.1	279.4
EBITDA	9.6	15.0	2.8	27.4

The "IT Services" sector contributed 42.0% to sector revenue in the first nine months, the "IoT Solutions Europe" sector 47.8% and the "IoT Solutions America" sector around 10.2%. The "IT Services" sector EBITDA increased from EUR 24.5 million to EUR 27.9 million in the three quarters compared to the previous year, which is due to the operating improvement as well as the new inclusion of the CITYCOMP Group in this sector. In the "IoT Solutions Europe" sector, EBITDA increased from EUR 41.5 million to EUR 47.9 million in the reporting period. This means that in the first nine months of 2020 around 57% of S&T Group's EBITDA was generated in the "IoT Solutions Europe" sector. In addition, EUR 8.0 million (PY: EUR 5.7 million) of S&T Group's EBITDA was attributable to the "IoT Solutions America" sector. In spite of the further decline in sales in North America, an improvement in earnings was achieved as a result of the increase in gross margin and the cost savings implemented.

ONGOING SOLID FINANCIAL POSITION, MEASURES TO IMPROVE CASH FLOW CONTINUES TO HAVE AN EFFECT

The asset and liquidity situation remains satisfactory in the current financial year: Equity increased from EUR 385.1 million as at 31 December 2019 to EUR 392.5 million. Due to current profits, the equity ratio increased from 31.4% at the end of 2019 to 33.2% as at 30 September 2020 despite the treasury shares acquired and the longer balance sheet total. Cash and cash equivalents decreased from EUR 312.3 million as at 31 December 2019 to EUR 253.7 million, almost unchanged compared to 30 June 2020. Current and non-current financial liabilities amounted to EUR 263.6 million (December 31, 2019: EUR 282.7 million), which means that the S&T Group reported a net debt of EUR 9.9 million as at 30 September, 2020 (cash and cash equivalents minus current and non-current financial liabilities).

The operating cash flow continued to improve in Q3 2020 from EUR 16.2 million in the previous year to EUR 22.8 million. For the first nine months of 2020, this means an increase from EUR 4.5 million to EUR 49.9 million. As a result of the measures implemented in the PEC programme, operating cash flow as well as working capital should continue to improve for the rest of the current financial year as well as the coming financial years. The number of employees as at 30 September 2020 was 5,264, compared with 4,934 employees as at 31 December 2019 (employee numbers on full time equivalent basis, excluding employees on maternity leave, interns and apprentices). The average number of employees during the first nine months of the current financial year was 5,024, compared with 4,536 in the first nine months of 2019.

CONSOLIDATED INCOME STATEMENT



CONSOLIDATED INCOME STATEMENT	9M 2020 TEUR	9M 2019 TEUR	Q3 2020 TEUR	Q3 2019 TEUR
Revenues	836,423	753,201	297,749	279,425
Capitalized development costs	11,865	11,224	4,661	4,193
Other income	2,930	5,339	1,249	2,205
Expenses for materials and other services purchased	-518,679	-473,333	-191,606	-174,024
Personnel expenses	-190,219	-174,186	-64,510	-62,787
Depreciation and amortization	-42,184	-34,794	-14,555	-12,901
Other operating expenses	-58,629	-50,545	-15,814	-21,631
Result from operations	41,507	36,906	17,174	14,480
Finance income	1,288	860	185	450
Finance expenses	-6,458	-5,772	-2,097	-2,717
Financial result	-5,170	-4,912	-1,912	-2,267
Result from associated companies	-20	-12	-9	-4
Earnings before taxes	36,317	31,982	15,253	12,209
Income taxes	-5,838	-3,963	-3,301	-1,540
Net income	30,479	28,019	11,952	10,669
Results from the period attributable to owners of non-controlling interests	-971	-1,028	146	-173
Results from the period attributable to owners of interests in parent company	31.450	29.047	11.806	10.842
Earnings per share (undiluted)	0.48	0.44	0.18	0.16
Earnings per share (diluted)	0.47	0.43	0.18	0.15
Average number of shares in circulation (in thousands undiluted)	65,035	66,038	64,948	66,042
Average number of shares in circulation (in thousands diluted)	66,727	67,076	66,408	67,080

STATEMENT OF OTHER COMPREHENSIVE INCOME

STATEMENT OF OTHER COMPREHENSIVE INCOME	9M 2020 TEUR	9M 2019 TEUR	Q3 2020 TEUR	Q3 2019 TEUR
Net income	30,479	28,019	11,952	10,669
Items that may be subsequently reclassified to profit or loss				
Unrealized gains/losses from currency translation	-8,990	4,054	-5,339	3,064
Net loss on debt instruments at fair value through other comprehensive income	-12	-17	0	0
Other comprehensive income	-9,002	4,037	-5,339	3,064
Total comprehensive income	21,477	32,056	6,613	13,733
of which attributable to				
owners of non-controlling interests	-1,511	-355	-618	129
owners of interests in parent company	22,988	32,411	7,231	13,604

CONSOLIDATED BALANCE SHEET

ASSETS	30.09.2020 TEUR	31.12.2019 TEUR
NON-CURRENT ASSETS		
Property, plant and equipment	105,178	99,809
Intangible assets	295,316	294,878
Investments in associated companies	269	289
Financial assets non-current	8,965	7,984
Contract assets from customer contracts	1,920	3,331
Other non-current assets	15,974	16,464
Deferred taxes	35,033	34,430
	462,655	457,185
CURRENT ASSETS		
Inventories	172,336	146,766
Trade receivables	186,898	212,150
Contract assets from customer contracts	27,780	27,206
Financial assets current	17,822	14,533
Other receivables and assets	61,602	55,602
Cash and cash equivalents	253,656	312,284
	720,094	768,541
Total assets	1,182,749	1,225,726
EQUITY AND LIABILITIES	30.09.2020 TEUR	31.12.2019 TEUR
EQUITY		
Subscribed capital	66,096	66,096
Capital reserves	167,017	170,057
Accumulated results	186,195	154,745
Other reserves	-12,026	-3,562
Treasury shares	-20,604	-14,647
Equity attributable to owners of interests in parent company	386,678	372,689
Non-controlling interests	5,838	12,363
	392,516	385,052
NON-CURRENT LIABILITIES		
Financing liabilities non-current	211,094	219,979
Other financial liabilities non-current	59,657	54,573
Contract liabilities from customer contracts	11,002	13,710
Other non-current liabilities	597	231
Deferred taxes	15,213	13,368
Provisions	25,109	29,964
	322,672	331,825
CURRENT LIABILITIES		
Financing liabilities current	52,487	62,765
Trade payables	195,248	205,037
Contract liabilities from customer contracts	68,254	59,971
Other financial liabilities current	61,608	66,450
Provisions	40,159	54,384
Other current liabilities	49,805	60,242
	467,561	508,849
Total equity and liabilities	1,182,749	1,225,726

CONSOLIDATED CASH FLOW STATEMENT

CONSOLIDATED CASH FLOW STATEMENT

	9M 2020 TEUR	9M 2019 TEUR	Q3 2020 TEUR	Q3 2019 TEUR
CASH FLOWS FROM OPERATING ACTIVITIES				
Earnings before taxes	36,317	31,981	15,253	12,208
Depreciation and amortization	42,184	34,794	14,555	12,901
Interest expenses	6,458	5,772	2,097	2,717
Interest and other income from the disposal of financial assets	-1,288	-860	-185	-450
Result from associated companies	20	12	9	4
Increase/decrease of provisions	-20,687	-20,018	-5,866	-3,152
Gains/losses from the disposal of non-current non-financial assets	-46	49	-36	71
Changes in inventories	-14,275	-15,093	-11,831	8,042
Change in trade receivables and contract assets	32,093	47,191	-4,949	-13,161
Changes in other receivables and assets	-6,733	-16,551	1,074	-11,367
Changes in trade payables and contract liabilities	-5,643	-47,295	17,130	-19
Changes in other liabilities	-17,285	-5,899	-4,044	12,885
Other non-cash income and expenses	4,774	-1,070	2,040	175
Cash and cash equivalents from operations	55,889	13,013	25,247	20,854
Income taxes paid	-5,897	-8,482	-2,462	-4,629
Net cash flows from operating activities	49,992	4,531	22,785	16,225
CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of non-current non-financial assets	-22,086	-18,917	-8,408	-6,947
Purchase/sale of financial instruments	-19	-45	0	-45
Proceeds from sale of non-current non-financial assets	557	1,033	296	666
Disposal/purchase of financial instruments	3,037	-8,289	685	-1,374
Payments to acquire subsidiaries less cash assumed and plus overdrafts assumed	-22,332	-16,076	-5,216	1,129
Proceeds from sale of subsidiaries less cash disposed and plus current account liabilities disposed	0	58	0	-1
Interest income	347	480	55	210
Net cash flows from investing activities	-40,496	-41,756	-12,588	-6,362
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in financing liabilities and other financial liabilities	1,371	164,923	134	0
Decrease in financing liabilities and other financial liabilities	-36,449	-34,136	-10,742	-9,531
Interests paid	-4,370	-3,979	-957	-1,570
Acquisition of non-controlling interests	-8,086	-12,881	0	-1,802
Dividends to owners of interests in parent company	0	-10,574	0	0
Payments for acquisition of treasury shares	-6,533	-10,097	0	-10,097
Capital increase (less transaction costs)	1,385	21	1,379	0
Net cash flows from financing activities	-52,682	93,277	-10,186	-23,000
Changes in exchange rates	-6,741	626	-3,145	138
Changes in financial funds	-49,927	56,678	-3,134	-12,999
Financial funds as of the beginning of the period	265,165	152,593	218,372	222,270
Financial funds as of the end of period	215,238	209,271	215,238	209,271
Overdrafts	33,628	46,852	33,628	46,852
Restricted cash	4,790	4,855	4,790	4,855
Total cash and cash equivalents	253,656	260,978	253,656	260,978

NOTES



GROUP OF CONSOLIDATED COMPANIES

Comprised in the consolidated financial statements are S&T AG and all subsidiaries upon which S&T AG directly or indirectly exerts control. The number of companies fully consolidated in the Group developed as follows during the first nine months of financial year 2020:

GROUP COMPANIES (NUMBER)	2020
Number of fully-consolidated companies as at 01 January	79
Foundations	1
Group companies merged	-2
Companies acquired	4
Disposals	-6
Number of fully consolidated companies as at 30 September	76

The following companies were merged into others in the first nine months of 2020:

- › S&T SME Distribution GmbH, Linz, Austria: absorbing company S&T Smart Energy GmbH, Linz, Austria
- › Cronus eBusiness SRL, Bucharest, Romania: absorbing company S&T Romania S.R.L., Bucharest, Romania

In the first nine months of the financial year 2020, S&T acquired shares in the following companies in the course of business combinations, which led to full consolidation:

- › Cronus eBusiness SRL, Bucharest, Romania
- › CITYCOMP Service GmbH, Ostfildern, Germany
- › CITYCOMP Service GmbH, Dornbirn, Austria
- › CITYCOMP Service AG, Aarburg, Switzerland

ACQUISITION OF 100% OF THE SHARES OF CRONUS EBUSINESS SRL, BUCHAREST, ROMANIA

In January 2020 a contract for the assignment of shares was signed pertaining to the acquisition of 100% of the shares of Cronus eBusiness SRL by S&T Romania S.R.L., Bucharest, Romania, a direct and indirect 100% subsidiary of S&T AG. Cronus eBusiness SRL is one of the leading suppliers of IT solutions based particularly on Cisco products in Romania. This acquisition significantly expands the S&T Group's portfolio in Romania in the network and network security sector.

The purchase price consists of a fixed cash purchase price of EUR 1.5 million and a variable share of EUR 173 thousand contingent on the profit attained in financial year 2019 and the company equity as at 31 December 2019. The newly acquired company will become part of the group of consolidated companies of the S&T Group from 01 January 2020.

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

05 NOTES

NET ASSETS ACQUIRED	IN EUR THOUSAND
Cash and cash equivalents	849
Non-current assets	175
Inventories	14
Trade receivables and contract assets (nominal value EUR 1,873 million)	1,437
Other receivables and assets	106
Non-current liabilities	-61
Deferred tax liabilities	-9
Trade payables and contract liabilities	-1,253
Other current liabilities	-60
Net assets at fair value	1,198

GOODWILL	IN EUR THOUSAND
Consideration transferred	1,673
Net assets at fair value	-1,198
Goodwill	475

The goodwill resulting from the purchase price allocation was assigned to the "IT Services" segment.

The analysis of the cash flows arising from the acquisition of the company takes the following form:

NET FLOW OF CASH	IN EUR THOUSAND
Purchase price paid in cash	-1,500
Cash assumed through takeover of subsidiary	849
Cash flow from investment activities	-651

Immediately following its acquisition, the company was merged into S&T Romania S.R.L., Bucharest, Romania.

ACQUISITION OF 55.5% OF THE SHARES IN CITYCOMP SERVICE GMBH, OSTFILDERN, GERMANY, AND ITS SUBSIDIARIES CITYCOMP SERVICE GMBH, DORNBIRN, AUSTRIA, AND CITYCOMP SERVICE AG, AARBURG, SWITZERLAND

In July 2020, S&T AG signed a share purchase and transfer contract for the acquisition of 55.5% of CITYCOMP Service GmbH including its subsidiaries in Austria and Switzerland. CITYCOMP was founded in 1988 as a third-party maintenance provider and developed over the years to become a multi-vendor service provider with a comprehensive service network in the DACH and Benelux countries. CITYCOMP offers competence in IT area network infrastructures, client systems, as well as server and storage systems.

The exclusively fixed purchase price for 55.5% of the shares in CITYCOMP Service GmbH amounts to EUR 6.0 million. Mutual option contracts have been signed for the acquisition of the remaining 44.5% of the shares. The purchase price for the option shares is calculated from the planned income of CITYCOMP Service GmbH and its subsidiaries for the years 2022-2023. The purchase price for the option shares was valued at EUR 11 million.

The newly acquired companies will be included as one of S&T Group's consolidated companies starting 01 July 2020.

The assets and liabilities acquired were recorded at the following preliminary fair values upon the companies' first-time consolidation in the Group's consolidated financial accounts:

NET ASSETS ACQUIRED	IN EUR THOUSAND
Cash and cash equivalents	2,140
Non-current assets	16,268
Inventories	2,481
Trade receivables and contract assets (nominal value EUR 6,070 million)	5,978
Other receivables and assets	263
Non-current liabilities	-6,940
Deferred tax liabilities	-1,238
Trade payables and contract liabilities	-2,922
Other current liabilities	-3,650
Current financial liabilities	-1,666
Net assets at fair value	10,714

GOODWILL	IN EUR THOUSAND
Consideration transferred	17,000
Net assets at fair value	-10,714
Goodwill	6,286

The goodwill resulting from the preliminary purchase price allocation was assigned to the "IT Services" segment.

The analysis of the cash flows arising from the acquisition of the company takes the following form:

NET FLOW OF CASH	IN EUR THOUSAND
Purchase price paid in cash	-6,000
Cash assumed through takeover of subsidiary	2,138
Cash flow from investment activities	-3,862

Since full consolidation, the companies have accounted for EUR 8.288 million in Group revenue and EUR 605 thousand net income for that period. Had the companies been consolidated for the first time as at 01 January 2020, Group revenues would have changed by an additional EUR 16.559 million and consolidated earnings by EUR 624 thousand.

In the first nine months of financial year 2020 the S&T Group sold or liquidated the following companies:

- › Inocybe Technologies Inc. UK Limited, London, United Kingdom: Liquidation, deconsolidation April 2020
- › Inocybe Technologies USA Inc, Delaware, USA: Liquidation, deconsolidation May 2020
- › CES POS DOO, Belgrade, Serbia: Liquidation, deconsolidation June 2020
- › Quanmax USA Inc., Irvine, USA: Liquidation, deconsolidation May 2020
- › Kontron Communication Spain SL, Barcelona, Spain: Liquidation, deconsolidation July 2020
- › AP Trans NV, Diegem, Belgium: Liquidation, deconsolidation September 2020

ACQUISITION OF NON-CONTROLLING INTERESTS

On the basis of the resolution passed at the extraordinary Annual General Meeting of Kontron S&T AG, Augsburg, Germany, on March 13, 2020 relating to transfer of the shares of minority shareholders to S&T AG, Linz, Austria, S&T AG acquired all shares held by minority shareholders against payment of cash compensation of EUR 5.68 per no-par value bearer share of Kontron S&T AG. The transfer resolution was entered in the trade register of Kontron S&T on 25 May, 2020. The acquisition costs of the purchased stock amounted to EUR 8.5 million.

COMPANIES ACQUIRED IN 2019 – FINAL PURCHASE PRICE ALLOCATIONS

ACQUISITION OF 100% OF THE SHARES OF EPRO ELECTRONIC GMBH, SCHORNDORF, GERMANY, AND THAT COMPANY'S SUBSIDIARY, EPRO ELECTRONIC PRODUCTION KFT., KAPOLY, HUNGARY

As at 31 December, 2019 the purchase price allocation in connection with the acquisition of shares of Epro Electronic GmbH and that company's subsidiary, Epro Electronic Production Kft., (subsequently renamed Kontron Electronics Kft.) was recorded at preliminary fair values.

The final calculation of the acquired assets and liabilities at fair value and the resulting goodwill - carried out within twelve months of the acquisition date - did not result in any change compared to the preliminary record dated 31 December 2019.

ACQUISITION OF THE BUSINESS AREAS "KAPSCH CARRIERCOM" AND „KAPSCH PUBLICTRANSPORTCOM“

As of December 31, 2019 the purchase price allocation in connection with the acquisition of shares of the business areas "Kapsch CarrierCom" and "Kapsch PublicTransportCom" was recorded at preliminary fair values.

Final calculation of the attributed fair values was carried out within 12 months and takes the following form:

NET ASSETS ACQUIRED	IN EUR THOUSAND
Cash and cash equivalents	10,817
Non-current assets	29,825
Inventories	10,354
Trade receivables and contract assets (nominal value EUR 41,513 million)	35,667
Other receivables and assets	12,850
Non-current liabilities	-19,455
Deferred tax liabilities	-1,879
Trade payables and contract liabilities	-41,073
Other current liabilities	-70,815
Current financial liabilities	-24,755
Net assets at fair value	-58,464

GOODWILL	IN EUR THOUSAND
Consideration transferred	0
Net assets at fair value	58,464
Goodwill	58,464

Final calculation of the acquired assets and liabilities resulted in an increase of goodwill of TEUR 1,001 compared with December 31, 2019. This is due primarily to the final appraisals on the basis of previous experience gained in connection with provisions for projects and restructuring measures.

No retroactive adjustment of the previous year's figures was made owing to the negligibleness of the change.

ACQUISITION OF 100% OF THE SHARES IN AIS AUTOMATION DRESDEN GMBH (SUBSEQUENTLY RENAMED KONTRON AIS GMBH), DRESDEN, GERMANY

As at 31 December 2019, the purchase price allocation in connection with the acquisition of shares in AIS Automation Dresden GmbH (subsequently renamed Kontron AIS GmbH) was recorded at preliminary fair values.

Final calculation of the attributed fair values was carried out within 12 months and takes the following form:

NET ASSETS ACQUIRED	IN EUR THOUSAND
Cash and cash equivalents	2,106
Non-current assets	7,184
Inventories	1,278
Trade receivables and contract assets (nominal value EUR 2,105 million)	2,025
Other receivables and assets	642
Non-current liabilities	-325
Deferred tax liabilities	-1,106
Trade payables and contract liabilities	-2,426
Other current liabilities	-2,246
Net assets at fair value	7,132

GOODWILL	IN EUR THOUSAND
Consideration transferred	13,077
Net assets at fair value	-7,132
Goodwill	5,945

Final calculation of the acquired assets and liabilities resulted in a decrease of goodwill of EUR -1.529 million compared with 31 December 2019. This was mainly due to the adjustment of the provisional valuation of the commercial building acquired to the market value according to the final valuation report.

No retroactive adjustment of the previous year's figures was made owing to the negligibleness of the change.

ACQUISITION OF 51% OF THE SHARES IN BASS SYSTEMS S.R.L. (SUBSEQUENTLY RENAMED S&T IT SERVICES S.R.L.), CHISINAU, MOLDOVA

As at 31 December 2019, the purchase price allocation in connection with the acquisition of shares in BASS Systems S.R.L. (subsequently renamed S&T IT Services S.R.L.) were recorded at at preliminary fair values.

Final calculation of the fair values was carried out within twelve months and takes the following form:

NET ASSETS ACQUIRED	IN EUR THOUSAND
Cash and cash equivalents	2,867
Non-current assets	7,411
Inventories	1,839
Trade receivables and contract assets (nominal value EUR 12,311 million)	11,812
Other receivables and assets	890
Non-current liabilities	-10,898
Deferred tax liabilities	-856
Trade payables and contract liabilities	-3,534
Other current liabilities	-838
Net assets at fair value	8,693

GOODWILL	IN EUR THOUSAND
Consideration transferred	12,680
Non-controlling interests evaluated at proportionate net assets	4,259
Net assets at fair value	-8,693
Goodwill	8,246

Final calculation of the acquired assets and liabilities resulted in a decrease of goodwill of EUR -551 million compared with 31 December 2019. This was mainly due to the final valuation of the project provisions.

No retroactive adjustment of the previous year's figures was made owing to the negligibleness of the change.

EQUITY

As at 30 September 2020, the share capital of S&T AG amounted to EUR 66.096 million (31 December 2019: EUR 66.096 million) and is valued at 66,096,103 (31 December 2019: 2019: 66,096,103) no-par value bearer shares without nominal value. The equity developed as follows:

SUBSCRIBED CAPITAL (IN EUR THOUSAND)	2020	2019
Subscribed capital as at 01 January	66,096	66,089
Increase in capital by conditional capital	0	7
Subscribed capital as at 30 September	66,096	66,096

EQUITY WARRANTS 2020

On the basis of a prospectus approved by the Austrian Financial Market Authority, FMA, 500,000 equity warrants were offered for public subscription to selected key employees of the S&T Group for the quoted price per equity warrant on 13 July, 2020. Following expiry of the offer period and the rump placement, the Executive Board, with the approval of the Supervisory Board, determined the final quantity of equity warrants and the distribution of the equity warrants offered as follows: A total of 2,000,000 equity warrants were issued, consisting of 1,500,000 allotted and 500,000 publicly offered equity warrants for which orders to purchase were received by the company before expiry of the deadline. 112 eligible subscribers who submitted subscription certificates for a total of 420,665 offered equity warrants received the full allocation in accordance with the grading of each consolidated company and the management level of each eligible subscriber. The remaining 79,335 offered equity warrants were allotted to those eligible for allotted shares on the basis of the subscription certificates they had submitted for the rump placement.

As at July 30, 2020 the equity warrants passed to the regulated over-the-counter market at the Vienna stock exchange. The equity warrants have been / will be delivered to those eligible to receive them.

EVENTS AFTER THE BALANCE SHEET DATE

- › On 30 June, 2020 S&T AG signed share sale contracts pertaining to the takeover of the Iskratel Group, a Slovenian business supplying information and communications technology for operators of telecommunications, railway and energy networks, and industrial automation solutions for these networks. The acquisition was subject to various conditions precedent, in particular antitrust clearance in several countries and approval under foreign trade law in Slovenia. The last of the approvals required was granted on 23 September 2020, so that based on the legal agreements the Iskratel Group will be included in the consolidated companies of S&T AG starting 01 October 2020.
- › On the basis of the authorising resolution of the Extraordinary General Meeting on January 15, 2019, which was published on the same day using an electronic information dissemination system, the Executive Board decided on October 27, 2020 to implement a new buyback program ("Share Buyback Programme II 2020") for treasury shares in accordance with clause 65 paragraph 1 line 8 of the Austrian Stock Corporation Act. Shares acquired under Share Buyback Programme II 2020 are handled on behalf of S&T AG by a credit institution commissioned to carry out Share Buyback Programme II 2020, which will make its decision on the time of acquisition independently of the company and must comply with the trading conditions in accordance with Article 3 of the Buyback Programmes Delegate Regulation (EU) 2016/1052 of the Commission dated 08 March 2016. The buyback volume is up to 1,000,000 shares. Share Buyback Programme II 2020 started on 30 October 2020, and will run until 30 April 2021 at the latest. Shares may be bought back at a maximum price of EUR 20.00 per share and at a maximum price that is 10% above the average S&T share price over the last 5 trading days in XETRA trading. The maximum total amount to be spent by S&T AG on Share Buyback Programme II 2020 is EUR 20 million. By 03 November 2020, 94,226 shares have been acquired at an average price of EUR 15.8158 (excluding incidental costs).

Linz, 05 November 2020



Dipl.-Ing. Hannes Niederhauser eh



Michael Jeske eh



MMag. Richard Neuwirth eh



Dr. Peter Sturz eh



Carlos Manuel Nogueira Queiroz eh

You will find our annual report, quarterly statements and press releases at <https://ir.snt.at> as soon as they have been published. We will also announce any updates in good time on our website.

This quarterly statement was published on 05 November 2020. The statement is available in German and English. The German version always takes precedent.

The quarterly statement contains forward-looking statements based on current assumptions and estimates of the Executive Board regarding future developments. Although we believe that these assumptions and estimates are realistic and accurate, they are subject to certain risks and uncertainties that could cause the actual future results to deviate significantly from the assumptions and estimates. The factors that can lead to a deviation include changes in the economy as a whole, as well as the business, financial and competitive situation, exchange rate and interest rate fluctuations and changes in business strategy. We do not assume any guarantee that future developments and actual future results will correspond to the assumptions and estimates made in this quarterly statement. The assumptions and estimates made in this quarterly statement are not updated.

FINANCIAL CALENDAR

2020



05.11.2020	Q3-quarterly statement 2020 (Earnings-Call Q3 2020)
16.11.2020	Equity forum (virtually) 16.11.-18.11.2020

Austria (Headquarters)

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