

**KATEK**

Lead the category

MEMBER OF PRIMEPULSE

# Quarterly Statement Q1 2022 as at 31 March 2022



## At a glance

### **KATEK Highlights:**

- 1) Strongest quarter in KATEK's history: Revenue of EUR 158 million (up 15.2% year-over-year) and EBITDA adj. of EUR 9.7 million (up 36.6% year-over-year) strengthen the company's position as the number three among European electronics service providers. The strongest growth was achieved in the high-value electronics segments Renewables/Solar (up 92% year-over-year) and Tele-Care/Healthcare (sales more than doubled).
- 2) In the first quarter of 2022, KATEK was once again able to take advantage of the challenging situation in the industry as a whole with regard to ongoing supply bottlenecks, logistics difficulties and material price increases to gain market share. However, the associated additional costs and increased inventories have a temporary effect on the consolidated result and the significantly increased inventories for precautionary reasons. KATEK is countering this with price increases, some of which are already taking effect, and the targeted optimization of inventories through measures such as consignment warehouses.
- 3) KATEK implements its announced strategy to serve European customers in North America in the future and announces the 100% acquisition of Canadian SigmaPoint, one of the leading Canadian suppliers of high-value electronics.
- 4) KATEK subsidiary eSystems presented its innovative wallbox "ghostONE" live for the first time this week at the INTERSOLAR trade fair. The white-label wallbox is fully developed, produced at KATEK's Czech plant and will serve the top end of the fastest-growing market for charging stations from 2023: Smart charging boxes designed to ISO 15118 with full connectivity for the home and semi-public sectors, which will account for 80% of the market.
- 5) KATEK's management is sticking to its targets for 2022. The pleasing run rate in Q1 2022, the high order backlog as well as the high book-to-bill ratio of more than 1.25 would allow an increase of the targets, but the uncertainties in the supply chains and sales markets are so unpredictable that KATEK is sticking to the forecast communicated in the 2021 annual report until it has better visibility on the full year.

**Group key figures (in EUR k)**

	<b>YTD Mar/2022</b>	<b>YTD Mar/2021</b>
Revenue	158.427	137.536
Gross profit	43.773	41.825
EBITDA	5.506	16.435
EBIT	138	12.212
EBITDA adj.	9.656	7.105
Margin EBITDA (adj. )*	5,9%	5,2%
Net profit and loss of the Group	-605	12.246
	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
Total Assets	399.449	393.941
Equity	151.473	151.799
Equity ratio	37,9%	38,5%

\* in % of total operating performance

## Content

Report of the Management Board .....	5
Interim Group Information.....	7
<i>Consolidated Statement of Comprehensive Income</i> .....	7
<i>Consolidated Statement of Financial Position</i> .....	9
<i>Consolidated Statement of Cash Flows</i> .....	11
<i>Consolidated Statement of Changes in Equity</i> .....	13
<i>Significant events and Business Transactions</i> .....	14
Imprint .....	15

## Report of the Management Board

At the beginning of fiscal year 2022, the KATEK Group successfully continued its growth course. Despite ongoing challenges in the procurement of the necessary materials, revenue of around EUR 158.4 million were realized - this is almost EUR 21 million or 15.2% more than in the same period of the previous year (Q1 2021). The KATEK Group has thus made a good start to the fiscal year 2022.

Important growth impulses again resulted from the future markets of Tele-Care and Solar/Renewables, which increased by around 92% compared to the same period of the previous year. In this respect, our business in the eMobility/Charging market in Q1 2022 was at the previous year's level due to supply bottlenecks in the wider supply chain of our customers, which indirectly affected KATEK. We see this as a temporary issue, which however does not change our fundamental assessment of the structural growth potential in this market.

At the same time, the operating result (EBITDA adj.) also increased by around EUR 2.6 million or almost 36% year-over-year to around EUR 9.7 million. This is accompanied by an improvement in the operating margin (EBITDA adj. margin) to 5.9%. In the prior-year period, the reported EBITDA included a non-operating effect in the form of the recognized income from the reversal of a bargain purchase, so that the reported figures are not directly comparable and the operating result (EBITDA adj.) provides a better insight into the renewed improvement in performance.

Overall, the business is developing recognizably better than the forecast prepared in the context of the consolidated financial statements for the full fiscal year 2022. However, the uncertainties in the supply chains and sales markets are so unpredictable that KATEK is sticking to the forecast communicated as part of the 2021 annual report until it has better visibility on the full year.

In the perception of the management, the development of the Group in Q1 2022 was characterized by three aspects: In the operating business, material supply still remained the dominant theme, coupled in many areas with significant growth in customer demand. And in the M&A market, unbroken momentum can be seen despite adverse macro factors. In this context, KATEK's early start to active consolidation in 2018/2019 has created a clear starting advantage.

### Material supply

KATEK's management has been monitoring the situation on the procurement markets since the beginning of the so-called materials crisis, with a particular focus on safeguarding customer requirements and delivery capability. KATEK bears these temporary consequences especially in the area of working capital. Compared with the turn of the year, the aforementioned customer requirements have again led to a slight increase in inventories. Together with customers and suppliers, we were able to find fast and satisfactory solutions in many cases to meet growing demand. Overall, it can be said that KATEK is focusing on the necessary working capital management measures to reduce inventories in a controlled manner. KATEK is countering the situation with across-the-board price increases, some of which are already taking effect, and the targeted optimization of inventories through measures such as consignment warehouses. The continued growth in demand from our customers and the full order books will play a positive role in the significant reduction of inventories once the procurement markets return to normal.

### Growth

Our activities on the markets of the future and the associated positive impulses for our operating business deserve special attention.

In our business in the solar/renewables market, we are experiencing the full development of the long-awaited potential in connection with the global "energy turnaround" in these months. Together with our partners, we are already working on the next product generations and are also structurally well prepared for the coming requirements, not least through the doubling of production capacity in Bulgaria. According to customer forecasts, demand for our power electronics in this area will grow by around 65% year-over-year in 2022 as a whole.

We are also very well positioned with our technologies in the rapidly developing eMobility/Charging market. At the Intersolar trade fair this week, we presented our white-label wallbox "ghostONE" and received very positive customer feedback. "ghostONE" will cover the upper end of the largest volume market for wallboxes: AC wallboxes with up to 22kW charging power with all forward-looking connectivity features for the private and semi-public sector. The state-of-the-art wallbox is already fully developed, will roll off the production line at the KATEK plant in the Czech Republic in early 2023 and will massively accelerate our eMobility business in the coming years.

In the Tele-Care market, our systems business with solutions for the aging society such as nurse and patient emergency call systems, we recorded a doubling of sales in the first quarter compared with the previous year. In addition to the high demand resulting from the megatrend of "aging societies," this is primarily due to the competitive advantage of being a fully integrated supplier with all development, materials procurement and production in its own hands. Especially in difficult times, KATEK is therefore more capable of delivering than the competition and is currently able to further expand its market share.

#### M&A

Notwithstanding the challenging macro factors, especially related to the global Corona pandemic and its direct and indirect consequences as well as the war in Ukraine, we are experiencing unbroken momentum in the M&A market. KATEK now finds many imitators in the market with its consolidation strategy, but has been able to make good use of the last three years and gain an edge in terms of deal flow, visibility and MI excellence. Nevertheless, the market development in the second half of 2021 in particular has led to partly exaggerated valuation or price expectations. This development will normalize as the supply crisis is currently weakening many competitors.

In addition, KATEK is seen as a partner for companies thinking of outsourcing their electronics. The current supply situation in particular has hit medium-sized industrial companies that still have their own electronics production and procurement disproportionately hard, as they do not have the supply chain management expertise and assertiveness in the electronics sector that large, specialized providers like KATEK do. We will be able to take advantage of this in the coming quarters for targeted strategic outsourcing projects.

As reported, we are at an advanced stage in the acquisition of SigmaPoint. We look forward to the coming steps and already extend a warm welcome to our new colleagues. In terms of expertise and customer portfolio, SigmaPoint is a very good fit for KATEK. The presence in North America will allow us to serve our European customers locally there as well. In this respect, the acquisition of SigmaPoint closes a strategic gap.

The first quarter of 2022 was a very good start to the new fiscal year, particularly in terms of sales and order intake, and we look forward to its further development with great confidence, despite continuing challenges.

Munich, May 2022

KATEK SE

Rainer Koppitz

CEO

Dr. Johannes Fues

CFO

## Interim Group Information

### Consolidated Statement of Comprehensive Income

in EUR k	01 Jan 2022 - 31 Mar 2022	01 Jan 2021 - 31 Mar 2021
<b>Revenue</b>	<b>158.427</b>	<b>137.536</b>
Changes in finished goods/WIP	3.438	-1.821
Other work capitalized	1.147	38
<b>Total operating performance</b>	<b>163.013</b>	<b>135.753</b>
Cost of materials	-119.240	-93.928
<b>Gross profit</b>	<b>43.773</b>	<b>41.825</b>
Other operating income	2.655	12.150
Personnel expenses	-28.601	-26.996
Other operating expenses	-12.321	-10.545
<b>EBITDA</b>	<b>5.506</b>	<b>16.435</b>
Depreciation and amortization	-5.368	-4.222
<b>Operating result (EBIT)</b>	<b>138</b>	<b>12.212</b>
Financial income	12	9
Finance costs	-736	-714
Exchange differences	-455	1.234
<b>Earnings before income taxes</b>	<b>-1.040</b>	<b>12.741</b>
Income taxes	299	-495
<b>Net profit or loss of the Group</b>	<b>-741</b>	<b>12.246</b>
thereof attributable to non-controlling interests	-136	0
<b>thereof attributable to shareholders of KATEK SE</b>	<b>-605</b>	<b>12.246</b>
Number of shares (weighted average)	13.241.880	146.400
Earnings per share (EUR), basic and diluted	-0,05	83,65
Comparable number of shares (assumption)	13.241.880	13.241.880
Earnings per share (%; EUR), basic and diluted	-0,05	0,92

Due to rounding, sum may differ from the exact result of adding individual figures.

## Consolidated Statement of Comprehensive Income

<b>in EUR k</b>	<b>01 Jan 2022 - 31 Mar 2022</b>	<b>01 Jan 2021 - 31 Mar 2021</b>
<b>Net profit or loss of the Group</b>	-741	12.246
<b>Other comprehensive income</b>		
<b>Items that might be subsequently recycled through profit or loss</b>		
Exchange differences arising from currency translation during the financial year	128	-1
	<b>128</b>	<b>-1</b>
<b>Items that may not be subsequently recycled through profit or loss</b>		
Change in actuarial gains/losses from pensions	393	0
Deferred tax from changes in actuarial gains/losses from pension provisions	-106	0
	<b>287</b>	<b>0</b>
<b>Other comprehensive income after tax</b>	<b>415</b>	<b>-1</b>
<b>Total comprehensive income</b>	<b>-326</b>	<b>12.245</b>

*Due to rounding, sum may differ from the exact result of adding individual figures.*



## Consolidated Statement of Financial Position

### ASSETS

in EUR k	31 Mar 2022	31 Dec 2021
<b>Non-current assets</b>		
Property, plant and equipment	92.290	90.722
Goodwill	8.964	8.964
Other intangibles	13.350	12.671
Financial assets	1.824	1.824
Employee benefits	210	206
Other financial assets	72	72
Deferred tax assets	10.332	10.691
<b>Total non-current assets</b>	<b>127.042</b>	<b>125.150</b>
<b>Current assets</b>		
Inventories	203.171	188.799
Trade receivables	32.785	24.573
Other financial assets	11.089	10.144
Income tax receivables	150	91
Other assets and prepaid expenses	4.969	2.980
Cash and cash equivalents	20.243	42.203
<b>Total current assets</b>	<b>272.408</b>	<b>268.791</b>
<b>Total Assets</b>	<b>399.449</b>	<b>393.941</b>

Due to rounding, sum may differ from the exact result of adding individual figures.

## Consolidated Statement of Financial Position

**EQUITY AND LIABILITIES**

<b>in EUR k</b>	<b>31 Mar 2022</b>	<b>31 Dec 2021</b>
<b>Equity</b>		
Issued capital	13.242	13.242
Capital reserve	111.784	111.784
Revenue reserves	24.808	24.997
Equity of the owners of the parent company	149.834	150.023
Non-controlling interests	1.640	1.777
<b>Total equity</b>	<b>151.473</b>	<b>151.799</b>
<b>Non-current liabilities</b>		
Non-current loans	30.998	32.565
Employee benefit liability	2.410	2.730
Other provisions	610	565
Other financial liabilities	53.007	54.281
Other liabilities	557	560
Deferred tax liabilities	1.910	2.080
<b>Total non-current liabilities</b>	<b>89.492</b>	<b>92.782</b>
<b>Current liabilities</b>		
Current loans	19.300	21.832
Other provisions	4.910	4.843
Trade payables	90.975	80.737
Contract liabilities	8.338	6.098
Other financial liabilities	11.242	12.273
Income tax liabilities	1.095	2.359
Other liabilities and deferred income	22.624	21.217
<b>Total current liabilities</b>	<b>158.484</b>	<b>149.359</b>
<b>Total liabilities</b>	<b>247.976</b>	<b>242.141</b>
<b>Total equity and liabilities</b>	<b>399.449</b>	<b>393.941</b>

Due to rounding, sum may differ from the exact result of adding individual figures.

## Consolidated Statement of Cash Flows

<b>in EUR k</b>	<b>01 Jan 2022 - 31 Mar 2022</b>	<b>01 Jan 2021 - 31 Mar 2021</b>
<b>Cash flows from operating activities</b>		
Earnings after tax	-741	12.246
Income tax expense/(income tax income)	-299	495
Interest expense/(income)	724	705
Amortization of intangible assets and financial assets, depreciation of property, plant and equipment	5.368	4.222
Other non-cash expenses/(income)	-233	-11.344
(Gain)/loss on the disposal of non-current assets	2	14
Increase/(decrease) in provisions	380	-271
(Increase)/decrease in inventories, trade receivables and other assets	-24.564	-27.444
Increase/(decrease) in trade payable and other liabilities	12.592	19.356
<b>Cash outflow/inflow from operating activities</b>	<b>-6.770</b>	<b>-2.021</b>
Interest received	12	9
Income tax reimbursements (payments)	-939	37
<b>Net cash outflow/inflow from operating activities</b>	<b>-7.697</b>	<b>-1.975</b>

*Due to rounding, sum may differ from the exact result of adding individual figures.*

## Consolidated Statement of Cash Flows

<b>in EUR k</b>	<b>01 Jan 2022 - 31 Mar 2022</b>	<b>01 Jan 2021 - 31 Mar 2021</b>
<b>Cash flows from investing activities</b>		
Cash received from disposal of intangible assets	0	1
Cash paid for intangible assets	-1.300	-84
Cash received from the disposal of property, plant and equipment	493	238
Cash paid for property, plant and equipment	-5.478	-4.190
Cash paid for additions to the consolidated less acquired cash and cash equivalents acquired	0	-1.413
Cash paid for investments in connection with short-term financial planning	0	0
<b>Net cash outflow from investing activities</b>	<b>-6.285</b>	<b>-5.447</b>
<i>Due to rounding, sum may differ from the exact result of adding individual figures.</i>		
<b>Cash flows from financing activities</b>		
Cash received from borrowing	622	831
Cash repayments of loans and lease liabilities	-4.970	-6.195
Cash received from subsidies/grants	42	10
Cash paid to settle liabilities to shareholders	0	4.410
Cash paid for interest	-671	-805
<b>Net cash inflow/outflow from financing activities</b>	<b>-4.978</b>	<b>-1.749</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-18.959</b>	<b>-9.172</b>
Cash and cash equivalents at the beginning of the reporting period	33.909	3.582
Changes in cash and cash equivalents due to exchange rates and changes in valuation	-290	-40
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>14.660</b>	<b>-5.630</b>
thereof: Cash at banks and on hand	20.243	27.014
thereof: Liabilities to banks	5.583	32.644

*Due to rounding, sum may differ from the exact result of adding individual figures.*

## Consolidated Statement of Changes in Equity

	Retained reserves							
	Issued capital	Capital reserve	Reserve for actuarial gains/losses	Foreign currency translation reserve	Other	Thereof attributable to shareholders of the parent company	Non-controlling interests	Total
	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k
<b>1 January 2021</b>	146	48.854	-111	-139	16.343	65.093	0	<b>65.093</b>
Net profit and loss of the Group	0	0	0	0	12.246	12.246	0	<b>12.246</b>
Other comprehensive income	0	0	0	-1	0	-1	0	<b>-1</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>12.246</b>	<b>12.245</b>	<b>0</b>	<b>12.245</b>
<b>31 March 2021</b>	<b>146</b>	<b>48.854</b>	<b>-111</b>	<b>-140</b>	<b>28.589</b>	<b>77.338</b>	<b>0</b>	<b>77.338</b>

	Retained reserves							
	Issued capital	Capital reserve	Reserve for actuarial gains/losses	Foreign currency translation reserve	Other	Thereof attributable to shareholders of the parent company	Non-controlling interests	Total
	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k	in EUR k
<b>1 January 2022</b>	13.242	111.784	41	160	24.797	150.023	1.777	<b>151.799</b>
Net profit and loss of the Group	0	0	0	0	-605	-605	-136	<b>-741</b>
Other comprehensive income	0	0	287	129	0	415	0	<b>415</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>287</b>	<b>129</b>	<b>-605</b>	<b>-189</b>	<b>-137</b>	<b>-326</b>
<b>31 March 2022</b>	<b>13.242</b>	<b>111.784</b>	<b>327</b>	<b>288</b>	<b>24.192</b>	<b>149.834</b>	<b>1.640</b>	<b>151.473</b>

Due to rounding, sum may differ from the exact result of adding individual figures.

## Significant events and Business Transactions

On April 6, 2022, KATEK SE concluded a comprehensive, exclusive term sheet with SigmaPoint Technologies Inc. in Cornwall, Canada, for the acquisition of all shares in the Canadian company. The negotiation of the related Share Purchase Agreement is expected to be finalized in the near future, the closing is planned for the end of Q2 at the latest. The transaction is subject to the necessary regulatory approvals, such as those from the competition authorities.

SigmaPoint is not only one of the leading electronics service providers in Canada, but is also known for its decades-long series production in the field of high-value electronics based on strict lean principles. In addition to the medical, industrial controls, embedded electronics and IoT industries, SigmaPoint is developing new markets for KATEK in the homeland security & defense sector.

## Imprint

KATEK SE

Promenadeplatz 12

80333 Munich

Phone: +49 89 24881-4280

Email: [ir@katek-group.com](mailto:ir@katek-group.com)

Management Board: Rainer Koppitz (CEO), Dr. Johannes Fues (CFO)

Chairman of the Supervisory Board: Klaus Weinmann

Register Court: Munich Local Court

Registration number: HRB 245284

VAT ID: DE321470978

This is a translation of KATEK SE's interim report. Only the German version is legally binding. No warranty is made as to the accuracy of the translation and the company assumes no liability with respect thereto.

The company cannot be held responsible for any misunderstanding or misinterpretation arising from this translation.

# KATEK

Lead the category

MEMBER OF PRIMEPULSE