



# HALF-YEAR REPORT 2021



# 01

## S&T GROUP OVERVIEW



### KEY FIGURES

IN EUR MIO.	6M 2021	6M 2020
Revenues	600.6	538.7
Gross profit	233.1	211.6
EBITDA	58.3	52.0
Amortisation and depreciation	31.7	27.6
EBIT before PPA amortisation <sup>1)</sup>	31.8	29.4
Result after non-controlling interests	20.5	19.6
Operating cash flow	-12.6	27.2
Free cash flow <sup>2)</sup>	-35.3	13.5

1) EBIT before amortisation from purchase price allocation

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

IN EUR MIO.	30.06.2021	31.12.2020
Cash and cash equivalents	243.2	281.9
Equity	397.7	409.5
Equity ratio	32.4%	32.8%
Net Cash (+) / Net debt (-) <sup>3)</sup>	-61.2	20.3
Working capital <sup>4)</sup>	181.9	154.3
Backlog	1,137.2	927.2
Project-pipeline	3,267.7	2,702.3
Employees <sup>5)</sup>	6,138	6,067

3) Cash and cash equivalents less non-current and current financial 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

# 02

## FOREWORD



### A GOOD QUARTER – BUT IT COULD HAVE BEEN EVEN BETTER!

In the second quarter of 2021 we succeeded in meeting our expectations. Compared to the same quarter in 2020, revenues increased by 14% to EUR 306 million, EBITDA by 12% to EUR 30 million. Earnings per share rose by 5% to EUR 16 cent. As a result, we can continue our firm commitment to our ambitious annual targets.

The order backlog showed a particularly positive trend in the last two quarters. At the start of the year, orders worth EUR 927 million were on the books, but as of June 30, 2021 this figure had risen to EUR 1,137 million. In the second quarter alone, new orders with a total value of EUR 406 million were secured.

It is above all our partners in industry who are growing extremely fast and choosing our IoT products. Economic stimulus plans around the world are further boosting the economic recovery after the downturn caused by the COVID-19 pandemic. Demand for intelligent IoT solutions from industry is enormous – and S&T is right there at the heart of it, as our order intake clearly shows.

It is therefore unfortunate that the data systems technology and electronics industries, and consequently S&T, are currently unable to meet this demand: the reason is the phenomenon known around the world as the chip crisis. S&T ended the quarter with a backlog of orders worth a total of EUR 38 million for products that our customers are desperately looking for, but which we are unable to deliver on time because we ourselves cannot buy enough chips and raw materials. We are working flat out to deliver these overdue orders in the foreseeable future since most of our solutions are customer-specific which means that mostly no alternative products are available.

To overcome the bottlenecks, we are concentrating the resources of S&T on establishing new supply chains or expanding existing ones, and on adapting existing products or developing new ones. In some areas this has negatively affected the profitability of the S&T Group. We have also increased stock in order to expedite deliveries. However, the rapidly increasing order intake means that all our strategies and progress are not yet helping to ease the situation. In Q2, every euro in orders we were able to successfully remove from the books was replaced by EUR 1.33 of new orders.

The sharp increase of EUR 810 million in orders in the first half year of 2021 with revenue for the period at EUR 600 million represents a significant growth opportunity. In the second quarter we recorded 14% growth. This is a good basis for achieving our planned growth of 12% in 2021. However, considering the excellent order intake a great deal more would have been possible than “merely” meeting targets. Had we been able to deliver “on schedule”, growth in Q2 would have exceeded 20%. Consequently, our top priority must be the further improvement of our delivery capacities.

Despite this we can, as things stand, confirm our targets for 2021, namely revenue of at least EUR 1,400 million with EBITDA at EUR 140 million. We also reaffirm our medium-term target for 2023 of EUR 2 billion in revenue with EBITDA of at least EUR 220 million.



Hannes Niederhauser, CEO

## HALF-YEAR MANAGEMENT REPORT



### SOLID SECOND QUARTER – CHIP SHORTAGE INCREASES

In the first six months of the current financial year, revenues rose by 11.5% compared to the same period last year, from EUR 538.7 million in the first half of 2020 to EUR 600.6 million. EBITDA increased by 12.2% to EUR 58.3 million (HY1 2020: EUR 52.0 million). Thus, it was possible to continue the long-term strategy of achieving a profitable growth in revenues in both the first half of 2021 and the second quarter of 2021. Revenues in the second quarter of 2021 rose to EUR 306.5 million, compared with EUR 268.6 million in the same period of the previous year. EBITDA for the second quarter of 2021 came to EUR 30.1 million, as against EUR 27.0 million in that period in 2020. This represents an increase of 11.6%.

Gross profit in the second quarter of 2021 rose to EUR 117.0 million (2020: EUR 103.8 million), with gross profit for the first half of 2021 amounting to EUR 233.1 million compared with EUR 211.6 million in the same period in the previous year. Despite higher costs caused by the chip shortage the gross margin of 38.8% in the first six months of 2021 was only 0.5% below the previous year's level (39.3%).

Personnel expense in the first half of 2021 rose to EUR 150.6 million (2020: EUR 125.7 million). This is mainly due to the increased number of employees resulting from the acquisition of subsidiaries or to the dates of their first consolidation, particularly of the Iskratel Group and CITYCOMP Service GmbH. Calculated in full-time equivalents, the number of employees (not including apprentices and staff on parental leave or training courses) consequently rose from 4,936 employees as of June 30, 2020 to 6,067 employees as of December 31, 2020 and to 6,138 employees as of June 30, 2021.

The result from the period attributable to owners of interests in S&T (after non-controlling interests) in the second quarter of 2021 came to EUR 10.4 million as opposed to EUR 10.1 million in the corresponding period in 2020. For the first half of 2021, earnings improved to EUR 20.5 million from EUR 19.6 million in 2020. Earnings per share (undiluted) rose during the past six months to 32 cents (PY: 30 cents).

The three segments of the S&T Group developed as follows:

› **“IT Services”**: In the second quarter, the chip shortage also negatively impacted this segment, which includes all activities of the IT services business in the DACH and Eastern Europe regions. Nevertheless, revenue increased by approximately 18% from EUR 110.0 million to EUR 130.2 million in the second quarter of 2021, which is also attributable to consolidation effects from the acquisition of the CITYCOMP Group as of July 1, 2020. In the first half year, revenue rose by approximately 13.7% from EUR 227.4 million to EUR 258.5 million. EBITDA before headquarter charging rose in the second quarter of the current financial year from EUR 7.5 million to EUR 11.1 million. For the first half year this meant that EBITDA rose from EUR 12.6 million to EUR 21.7 million.

A second acquisition was completed in the “IT Services” segment in the second quarter: On June 2, 2021 S&T AG, through its German subsidiary CITYCOMP Service GmbH, concluded a notarised purchase agreement for acquisition of 100% of the shares in PSB IT-Service GmbH based in Ober-Mörlen. PSB IT-Service GmbH, an IT service provider in the multi-vendor maintenance sector, was previously part of the Bechtle Group and performed IMAC (install – move – add – change) services in Germany with a workforce of approximately 70 technicians. The business activities of PSB IT-Service GmbH and CITYCOMP create numerous synergies and will be systematically merged. The transaction was closed with effect from July 1, 2021. From this date, PSB IT-Service GmbH is also included in the consolidated companies of the S&T Group.

› **“IoT Solutions Europe”**: This segment covers all activities of the S&T Group relating to development of secure solutions for machine networks by means of a combined portfolio consisting of hardware, middleware and services. In the “IoT Solutions Europe” segment, revenue of EUR 151.5 million was achieved in the second quarter (PY: EUR 129.1 million), although the amount of deferred revenue increased compared with March 31, 2021 due to the spreading chip shortage and supply chain difficulties. In the first half year overall this means a revenue increase of 14.5% (H1 2021: EUR 295.4 million | H1 2020: EUR 258.1 million). This is a result of consolidation effects following acquisition of the Iskratel Group. Further, higher purchase prices for hardware components impacted profitability so that only a slight increase in EBITDA before expenses for headquarters was possible in the second quarter (Q1 2021: EUR 17.5 million | Q1 2020: EUR 17.4 million). For the first half year overall this means EBITDA goes up from EUR 34.4 million to EUR 35.6 million.

- "IoT Solutions America":** The "IoT Solutions America" segment includes the solutions in the vertical markets of transportation and aviation as well as communications in the North America region. Revenues in this segment amounted to EUR 24.8 million in Q2 2021, which represents a decrease of approximately 15.6% (PY: EUR 29.4 million) but an increase compared to Q1 of the current financial year. As in the first quarter of 2021, the decrease compared to 2020 is due in particular to supply chain delays, the sluggish aviation sector and the development of the exchange rate with the US dollar. For the first half year of 2021 overall this means revenue of EUR 46.7 million as against EUR 53.2 million last year. In the first quarter, EBITDA before headquarter charging in this segment was EUR 1.5 million (PY: EUR 2.0 million) and EUR 1.0 million in the first half year (PY: EUR 4.9 million). Consequently, EBITDA, which was negative in the first quarter, is positive in the second quarter and in the first half year as a whole.

IN EUR MIO.	IT SERVICES		IOT SOLUTIONS EUROPE		IOT SOLUTIONS AMERICA		S&T GROUP	
	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020
Total revenues	269.1	235.5	355.3	310.4	52.7	66.9	677.1	612.8
Internal revenues	-10.6	-8.1	-59.9	-52.3	-6.0	-13.7	-76.5	-74.2
Revenues	258.5	227.4	295.4	258.1	46.7	53.2	600.6	538.7
EBITDA before HQ-Charging <sup>*)</sup>	21.7	12.6	35.6	34.4	1.0	4.9	58.3	52.0
EBITDA after HQ-Charging <sup>**)</sup>	25.2	16.9	33.0	31.8	0.1	3.3	58.3	52.0

IN EUR MIO.	IT SERVICES		IOT SOLUTIONS EUROPE		IOT SOLUTIONS AMERICA		S&T GROUP	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
Total revenues	137.1	114.4	181.2	157.3	27.9	36.1	346.2	307.8
Internal revenues	-7.0	-4.4	-29.7	-28.1	-3.1	-6.7	-39.7	-39.2
Revenues	130.2	110.0	151.5	129.1	24.8	29.4	306.5	268.6
EBITDA before HQ-Charging <sup>*)</sup>	11.1	7.5	17.5	17.4	1.5	2.0	30.1	27.0
EBITDA after HQ-Charging <sup>**)</sup>	13.1	9.7	16.1	16.1	0.9	1.2	30.1	27.0

\*) EBITDA adjusted for headquarter charging of S&T AG

\*\*\*) EBITDA after all headquarter charging of S&T AG

## SOUND FINANCIAL POSITION

The company's financial and liquidity situation remains positive. As of June 30, 2021, cash and cash equivalents amounted to EUR 243.2 million as against EUR 281.9 million as of December 31, 2020 and EUR 278.4 million as of March 31, 2021. This decrease is mainly due to cash outflows for the ongoing quarterly repayments of acquisition loans, the repurchase of treasury shares and the dividends of approximately EUR 19.2 million that were paid out in June. Because of the negative interest rate and custodial fees, factoring was not increased. Additionally, the company has unused funding lines at its disposal that can be deployed for the further growth of the S&T Group. The increase in financial expenses results primarily from the non-cash-related discounting of the variable purchase prices for the acquisition of CITYCOMP Service GmbH and the Iskratel Group. As of June 30, 2021 net debt amounted to EUR 61.2 million (December 31, 2020: net cash EUR 20.3 million | March 31, 2021: EUR 33.0 million).

As of June 30, 2021 equity stood at EUR 397.7 million (December 31, 2020: EUR 409.5 million | March 31, 2021: EUR 412.8 million). This decrease is attributable to the further purchase of treasury shares and the dividends paid out. As a result of the reduced balance sheet total, the equity ratio as of June 30, 2021 remained virtually unchanged at 32.4% (December 31, 2020: 32.8%). Operative cash flow in the second quarter of 2021 stood at EUR 14.2 million (PY: EUR 20.8 million). In the first half year, operative cash flow amounted to minus EUR 12.6 million (PY: EUR 27.2 million). One of the reasons for this is the increase in inventories caused by the chip shortage.

## OPPORTUNITIES AND RISKS

The S&T Group is maintaining its objective of positioning itself as a leading international supplier of Industry 4.0 and Internet of Things technologies, and of being a reputed provider with a focus on developing proprietary technologies and maintaining a network covering the markets in the DACH region (Germany, Austria, Switzerland), Eastern Europe, North America, China and Russia.

The management of the S&T Group is implementing its strategy of transforming the Group into an innovative technology corporation whose solutions feature an ever-greater proportion of proprietary developments, particularly in the software sector, and of achieving greater profit margins thanks to the increasing value added. This strategy continues to be purposefully pursued despite the ongoing coronavirus crisis. For example, two software development companies, HC Solutions GmbH and Axino Solutions GmbH, were taken over in the first half of the year in order to better meet the need for software engineers.

The first half of 2021 and the second quarter just finished were also dominated by the coronavirus crisis: Although it was possible for most countries to end their lockdowns in the second quarter and full vaccination of their populations is progressing, new mutations of the SARS-CoV-2 virus will pose risks in future. The economic consequences of the coronavirus pandemic vary according to region and vertical customer segment: In the USA and China, stricter management of the pandemic and state subsidies mean that the economy is recovering faster, whereas Europe is lagging behind. It is to be hoped that "NextGenerationEU", the European Union recovery plan, will be able to provide the right impetus. The S&T Group expects that the recovery plan's focus on digitalisation and green technologies, to name but two priorities, will also open up opportunities for the Group. Of the vertical end markets that the S&T Group operates in, the aviation industry remains the hardest hit, and management of the S&T Group does not expect significant recovery here in the medium term.

There is also a risk that taxation regulations may be amended. This may occur especially if governments have to consolidate their budgets to meet the extremely high cost of countering the negative impact of COVID-19.

In addition, the current chip shortage presents a risk to the business of the S&T Group. Whereas in the first quarter it was principally the two IoT segments that were most affected by the shortage of resources for hardware components, the spread of the chip shortage in the second quarter also negatively impacted the system integration business in the IT Services segment. This led to delivery delays and consequently had negative effects on revenue growth in the first half year. The chip shortage also led to significant price rises in some instances. It was possible to pass some of these increases on to customers, but they nevertheless influenced profitability or will influence it in future.

Lastly, future developments will depend on whether rising infection rates make new periods of quarantine and lockdowns necessary in autumn and winter or whether travel restrictions are imposed that will negatively impact the economy and its current recovery.

In this context, greater attention is being paid not just to the strategic objectives, but also to continuous monitoring and optimisation of cost structures, including the use of state support schemes. Within the S&T Group these include more frequent working from home, reducing the amount of rented space and therefore rent payments, and continuation of the current restrictive travel expense management. With the termination of some of the state support programmes and the end of deferred payment of taxes and duties a rise in the number of insolvencies is expected. To cushion the impact of the concomitant risk of default on payments, more attention will be paid to accounts receivable management. On the other hand, the current situation also presents opportunities for the S&T Group, for example the chance to take over additional competitors whose financial position is not as strong at more reasonable conditions, as was possible in the cases of HC Solutions GmbH and Axino Solutions GmbH.

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## CONSOLIDATED INCOME STATEMENT



CONSOLIDATED INCOME STATEMENT IN TEUR	6M 2021	6M 2020	Q2 2021	Q2 2020
Revenues	600,583	538,674	306,490	268,595
Capitalised development costs	8,129	7,204	3,979	3,488
Other income	3,470	1,681	1,436	928
Expenses for materials and other services purchased	-367,443	-327,073	-189,473	-164,841
Personnel expenses	-150,573	-125,709	-74,841	-60,392
Depreciation and amortisation	-31,688	-27,629	-16,172	-13,859
Other operating expenses	-35,859	-42,815	-17,505	-20,825
<b>Result from operations</b>	<b>26,619</b>	<b>24,333</b>	<b>13,914</b>	<b>13,094</b>
Finance income	809	1,103	311	567
Finance expenses	-5,118	-4,361	-2,761	-1,733
<b>Financial result</b>	<b>-4,309</b>	<b>-3,258</b>	<b>-2,450</b>	<b>-1,166</b>
Result from associated companies	0	-11	0	-5
<b>Earnings before taxes</b>	<b>22,310</b>	<b>21,064</b>	<b>11,464</b>	<b>11,923</b>
Income taxes	-2,182	-2,537	-1,055	-1,922
<b>Net income</b>	<b>20,128</b>	<b>18,527</b>	<b>10,409</b>	<b>10,001</b>
Results from the period attributable to owners of non-controlling interests	-366	-1,117	14	-98
<b>Results from the period attributable to owners of interests in parent company</b>	<b>20,494</b>	<b>19,644</b>	<b>10,395</b>	<b>10,099</b>
Earnings per share (undiluted)	0.32	0.30	0.16	0.16
Earnings per share (diluted)	0.31	0.30	0.16	0.14
Average number of shares in circulation (in thousands undiluted)	64,251	65,109	64,130	64,951
Average number of shares in circulation (in thousands diluted)	65,251	66,109	65,130	65,951

# STATEMENT OF OTHER COMPREHENSIVE INCOME

STATEMENT OF OTHER COMPREHENSIVE INCOME IN TEUR	6M 2021	6M 2020	Q2 2021	Q2 2020
<b>Net income</b>	<b>20,128</b>	<b>18,527</b>	<b>10,409</b>	<b>10,001</b>
Items that will not be reclassified to profit or loss				
Results from remeasurement of financial instruments at fair value through other comprehensive income	1	0	0	0
	1	0	0	0
Items that may be subsequently reclassified to profit or loss				
Unrealised gains/losses from currency translation	3,349	-3,651	641	40
Net loss on debt instruments at fair value through other comprehensive income	0	-12	0	0
	3,349	-3,663	641	40
<b>Other comprehensive income</b>	<b>3,350</b>	<b>-3,663</b>	<b>641</b>	<b>40</b>
<b>Comprehensive income</b>	<b>23,478</b>	<b>14,864</b>	<b>11,050</b>	<b>10,041</b>
of which attributable to				
Results from the period attributable to owners of non-controlling interests	-271	-893	18	332
Results from the period attributable to owners of interests in parent company	23,749	15,757	11,032	9,709

## CONSOLIDATED BALANCE SHEET

ASSETS IN TEUR	30.06.2021	31.12.2020
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	133,955	135,120
Intangible assets	101,075	102,798
Goodwill	202,884	199,481
Financial assets non-current	11,977	11,913
Contract assets non-current	216	201
Other non-current assets	20,129	19,831
Deferred tax assets	36,859	36,616
	<b>507,095</b>	<b>505,960</b>
<b>CURRENT ASSETS</b>		
Inventories	179,210	159,857
Trade receivables	191,633	204,482
Contract assets current	30,584	23,553
Financial assets current	11,930	10,206
Other receivables and assets current	65,509	60,660
Cash and cash equivalents	243,172	281,909
	<b>722,038</b>	<b>740,667</b>
<b>Total assets</b>	<b>1,229,133</b>	<b>1,246,627</b>
<b>EQUITY AND LIABILITIES IN TEUR</b>		
<b>EQUITY</b>		
Subscribed capital	66,096	66,096
Capital reserves	169,388	169,441
Accumulated results	211,666	210,354
Other reserves	-12,336	-15,591
Treasury shares	-42,279	-26,262
Equity attributable to owners of interests in parent company	392,535	404,038
Non-controlling interests	5,161	5,432
	<b>397,696</b>	<b>409,470</b>
<b>NON-CURRENT LIABILITIES</b>		
Financing liabilities non-current	246,920	218,848
Other financial liabilities non-current	68,060	77,858
Contract liabilities	15,754	16,323
Other liabilities non-current	1,082	661
Deferred tax liabilities	12,868	13,271
Provisions non-current	27,225	26,846
	<b>371,909</b>	<b>353,807</b>
<b>CURRENT LIABILITIES</b>		
Financing liabilities current	57,427	42,810
Trade payables	188,935	210,011
Contract liabilities	68,610	69,669
Other financial liabilities current	47,470	46,487
Provisions current	34,101	40,473
Other liabilities current	62,985	73,900
	<b>459,528</b>	<b>483,350</b>
<b>Total equity and liabilities</b>	<b>1,229,133</b>	<b>1,246,627</b>

# CONSOLIDATED CASH FLOW STATEMENT

## CONSOLIDATED CASH FLOW STATEMENT IN TEUR

6M 2021 6M 2020 Q2 2021 Q2 2020

	6M 2021	6M 2020	Q2 2021	Q2 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Earnings before taxes	22,310	21,064	11,464	11,923
Depreciation and amortisation	31,688	27,629	16,172	13,859
Interest expenses	5,117	4,361	2,716	1,733
Interest and other income from the disposal of financial assets	-809	-1,103	-267	-567
Result from associated companies	0	11	0	5
Increase/decrease of provisions	-6,485	-14,821	-3,143	-7,063
Gains/losses from the disposal of non-current non-financial assets	-1,007	-10	-949	4
Changes in inventories	-18,347	-2,444	-7,159	286
Changes in trade receivable and contract assets	8,063	37,042	-8,900	-11,471
Changes in other receivables and assets	-6,820	-7,807	1,657	4,483
Changes in trade payable and contract liabilities	-26,234	-22,773	14,529	15,016
Changes in other liabilities	-12,894	-13,241	-6,605	-4,382
Other non-cash income and expenses	-32	2,734	-602	-1,469
<b>Cash and cash equivalents from operations</b>	<b>-5,450</b>	<b>30,642</b>	<b>18,913</b>	<b>22,357</b>
Income taxes paid	-7,150	-3,435	-4,708	-1,546
<b>Net cash flows from operating activities</b>	<b>-12,600</b>	<b>27,207</b>	<b>14,205</b>	<b>20,811</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of non-current non-financial assets	-22,707	-13,678	-13,257	-8,244
Purchase/sale of financial instruments	-4	-19	0	0
Proceeds from sale of non-current non-financial assets	1,161	261	967	8
Disposal/purchase of financial instruments	128	2,352	926	-210
Payments to acquire subsidiaries less cash assumed and plus current account liabilities assumed	-1,569	-17,116	512	-10,216
Interest income	539	292	343	137
<b>Net cash flows from investing activities</b>	<b>-22,452</b>	<b>-27,908</b>	<b>-10,509</b>	<b>-18,525</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in financing liabilities and financial liabilities	45,419	1,237	419	313
Decrease in financing liabilities and financial liabilities	-22,210	-25,707	-12,174	-10,507
Interests paid	-3,540	-3,413	-2,513	-2,234
Acquisition of non-controlling interests	-728	-8,086	-41	-7,961
Dividends to owners of interests in parent company	-19,183	0	-19,183	0
Payments for acquisition of treasury shares	-16,017	-6,533	-7,342	-1,076
Capital increase (less transaction costs)	0	6	0	0
<b>Net cash flows from financial activities</b>	<b>-16,259</b>	<b>-42,496</b>	<b>-40,834</b>	<b>-21,465</b>
Changes in exchange rates	2,367	-3,596	1,330	867
<b>Changes in financial funds</b>	<b>-48,944</b>	<b>-46,793</b>	<b>-35,808</b>	<b>-18,312</b>
Financial funds as of the beginning of the period	254,951	265,165	241,815	236,684
<b>Financial funds as of the end of the period</b>	<b>206,007</b>	<b>218,372</b>	<b>206,007</b>	<b>218,372</b>
Overdrafts	32,833	33,821	32,833	33,821
Restricted cash	4,332	5,551	4,332	5,551
<b>Total cash and cash equivalents</b>	<b>243,172</b>	<b>257,744</b>	<b>243,172</b>	<b>257,744</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## EQUITY ATTRIBUTABLE TO OWNERS OF INTERESTS IN PARENT COMPANY

DEVELOPMENT OF EQUITY IN TEUR	SUBSCRIBED CAPITAL	CAPITAL RESERVES
<b>as of January 1, 2020</b>	<b>66,096</b>	<b>170,057</b>
<b>COMPREHENSIVE INCOME</b>		
Consolidated income	0	0
Other comprehensive income	0	0
	<b>0</b>	<b>0</b>
<b>OTHER CHANGES</b>		
Stock options	0	225
Other	0	-97
	<b>0</b>	<b>128</b>
<b>TRANSACTIONS WITH OWNERS OF INTERESTS</b>		
Acquisition of non-controlling interests	0	-5,511
Dividends	0	0
Repurchase of treasury shares	0	0
Capital increase	0	0
	<b>0</b>	<b>-5,511</b>
<b>as of June 30, 2020</b>	<b>66,096</b>	<b>164,674</b>
<b>as of January 1, 2021</b>		
	<b>66,096</b>	<b>169,441</b>
<b>COMPREHENSIVE INCOME</b>		
Consolidated income	0	0
Other comprehensive income	0	0
	<b>0</b>	<b>0</b>
<b>OTHER CHANGES</b>		
Stock options	0	675
Other	0	-728
	<b>0</b>	<b>-53</b>
<b>TRANSACTIONS WITH OWNERS OF INTERESTS</b>		
Dividends	0	0
Repurchase of treasury shares	0	0
	<b>0</b>	<b>0</b>
<b>as of June 30, 2021</b>	<b>66,096</b>	<b>169,388</b>

EQUITY ATTRIBUTABLE TO OWNERS OF INTERESTS IN PARENT COMPANY				NON-CONTROLLING INTERESTS	EQUITY
ACCUMULATED RESULTS	OTHER RESERVES	TREASURY SHARES	TOTAL		
154,745	-3,562	-14,647	372,689	12,363	385,052
19,644	0	0	19,644	-1,117	18,527
0	-3,887	0	-3,887	229	-3,658
19,644	-3,887	0	15,757	-888	14,869
0	0	576	801	0	801
0	0	0	-97	0	-97
0	0	576	704	0	704
0	0	0	-5,511	-3,092	-8,603
0	0	0	0	-2,467	-2,467
0	0	-6,533	-6,533	0	-6,533
0	0	0	0	516	516
0	0	-6,533	-12,044	-5,043	-17,087
174,389	-7,449	-20,604	377,106	6,432	383,538
210,354	-15,591	-26,262	404,038	5,432	409,470
20,494	0	0	20,494	-366	20,128
0	3,255	0	3,255	95	3,350
20,494	3,255	0	23,749	-271	23,478
0	0	0	675	0	675
0	0	0	-728	0	-728
0	0	0	-53	0	-53
-19,182	0	0	-19,182	0	-19,182
0	0	-16,017	-16,017	0	-16,017
-19,182	0	-16,017	-35,199	0	-35,199
211,666	-12,336	-42,279	392,535	5,161	397,696

## NOTES



### PRINCIPLES OF ACCOUNTING

The interim consolidated financial statements of S&T AG as of June 30, 2021 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. The principles of financial reporting and measurement employed in the financial statements for the year ending on December 31, 2020 were applied to the compilation of the present statements without there having been any changes in such.

The interim consolidated financial statements as of June 30, 2021 have been subject to neither an audit nor an auditor's review.

Unless otherwise noted, all amounts are denominated in thousands of euros (TEUR).

### 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 six months of financial year 2021:

GROUP COMPANIES (NUMBER)	2021
Number of fully consolidated companies as of January 1	81
Group companies merged	-4
Companies acquired	2
<b>Number of fully consolidated companies as of June 30</b>	<b>79</b>

The following companies were merged into others in the first half of 2021:

- › XTRO AG, Ismaning, Germany: absorbing company S&T Deutschland GmbH, Mendig, Germany
- › HC Solutions GmbH, Linz, Austria: absorbing company Kontron Technologies GmbH, Linz, Austria
- › S&T Smart Energy GmbH, Linz, Austria: absorbing company Kontron Technologies GmbH, Linz, Austria
- › CITYCOMP Service AG, Aarburg, Switzerland: absorbing company Kontron Electronics AG, Rotkreuz, Switzerland

### ACQUISITION OF 100% OF THE SHARES IN HC SOLUTIONS GMBH, LINZ, AUSTRIA AND 100% OF THE SHARES IN AXINO SOLUTIONS GMBH, AACHEN, GERMANY

On December 22, 2020, Kontron Technologies GmbH, Linz, Austria, a wholly owned direct subsidiary of S&T AG, signed a notarised purchase agreement for the acquisition of 100% of the shares in HC Solutions GmbH, Linz, Austria. HC Solutions GmbH offers its customers software development and maintenance as well as IT consulting.

The purchase price consisted of three components: a fixed cash purchase price of TEUR 693 and the redemption of liabilities with relevance to the owner amounting to TEUR 607 on the one hand, and a variable portion of TEUR 125 based on an earn-out agreement pertaining to license revenue of a product for the period 2021–2025 on the other. The newly acquired company is included in the scope of consolidation of S&T Group from February 1, 2021 following approval from the Austrian monopolies and mergers commission.

On March 3, 2021, S&T Deutschland GmbH, Mendig, Germany, a wholly owned direct subsidiary of S&T AG, signed a notarised purchase agreement for the acquisition of 100% of the shares in Axino Solutions GmbH, Aachen, Germany. Axino Solutions GmbH offers its services to large and medium-sized companies in the DACH region as a consultancy and system integrator with comprehensive applications expertise and innovative in-house product development. Due to the high product development costs in the IoT sector and the adverse effects on the business caused by the COVID-19 pandemic in 2020 and the associated losses, insolvency proceedings were initiated in 2021. The purchase price consists of a fixed cash purchase price of TEUR 200 and a variable share of TEUR 486 contingent on the revenue attained in the financial years 2021–2023. The newly acquired company will be included in the scope of consolidation of S&T Group from April 1, 2021.

The assets and liabilities acquired were recognised at the following preliminary fair values upon the company's first consolidation in the Group's consolidated financial statements:

NET ASSETS ACQUIRED	IN TEUR
Cash and cash equivalents	1,091
Property, plant and equipment and intangible assets	1,398
Other non-current assets	65
Inventories	1,005
Trade receivables and contract assets (nominal value TEUR 1,661)	1,661
Other current receivables and assets	264
Other non-current liabilities	-99
Deferred tax liabilities	-115
Non-current and current provisions	-885
Trade payables and contract liabilities	-3,529
Other current liabilities	-2,178
<b>Net assets at fair value</b>	<b>-1,322</b>
GOODWILL	IN TEUR
Consideration transferred	2,111
Net assets at fair value	1,322
<b>Goodwill</b>	<b>3,433</b>

TEUR 1,733 of the goodwill resulting from the preliminary purchase price allocation was assigned to the "IoT Solutions Europe" segment, while TEUR 1,700 thereof was assigned to the "IT Services" segment.

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

NET FLOW OF CASH	IN TEUR
Purchase price paid in cash	-1,500
Cash assumed through takeover of subsidiary including current account liabilities	1,091
<b>Cash flow from investing activities</b>	<b>-409</b>

Since full consolidation, the companies have accounted for TEUR 5,794 in Group revenue and TEUR 541 net income for that period. Had the companies been consolidated for the first time as of January 1, 2021, Group revenues would have changed by an additional TEUR 1,771 and consolidated earnings by TEUR -1,786.

## COMPANIES ACQUIRED IN 2020 – FINAL PURCHASE PRICE ALLOCATIONS

As of December 31, 2020, the purchase price allocations in connection with the acquisition of shares in CITYCOMP Service GmbH, Ostfildern, Germany, and its subsidiaries CITYCOMP Service GmbH, Dornbirn, Austria, and CITYCOMP Service AG, Aarburg, Switzerland, and Kapsch TrafficCom Construction & Realization spol. s.r.o., Prague, Czech Republic, were recorded at preliminary fair values.

Final calculation of the acquired assets and liabilities at fair values and of the resultant goodwill was carried out within twelve months of the date of acquisition and did not lead to any change compared to the preliminary recognition as of December 31, 2020.

## EQUITY

As of June 30, 2021 the share capital of S&T AG amounted to TEUR 66,096 (December 31, 2020: TEUR 66,096). It is divided into 66,096,103 (December 31, 2020: 66,096,103) no-par value bearer shares.

## DIVIDENDS PAID

The dividend of EUR 0.30 per share proposed for the financial year 2020 was approved at the 22nd Annual General Meeting on June 8, 2021. The dividends were paid on June 17, 2021.

## STOCK OPTIONS

As of June 30, 2021 the company has three employee stock option programs for members of the Executive Board of S&T and employees of the company and its subsidiaries. The annual report 2020 contains a detailed description of the three programs.

During the first six months of financial year 2021 no options were exercised. Outstanding rights for the stock options program 2018 therefore total 500,000 (PY: 500,000) and 500,000 (PY 500,000) for the stock options program 2018 (Tranche 2019).

Furthermore, there are 2,000,000 (PY: 0) warrants of S&T AG outstanding from the warrants subscribed for and allocated in August 2020 on the basis of a public offer.

The expenses for stock options are reported in personnel expense and came to TEUR 675 (PY: TEUR).

## SEGMENT REPORTING

6M 2021 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Total revenues	269,109	355,260	52,717	677,085
Internal revenues	-10,593	-59,891	-6,017	-76,502
<b>Revenues</b>	<b>258,516</b>	<b>295,368</b>	<b>46,699</b>	<b>600,583</b>
EBITDA before HQ-Charging	21,689	35,603	1,015	58,307
EBITDA after HQ-Charging	25,232	32,989	86	58,307

6M 2020 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Total revenues	235,471	310,413	66,944	612,828
Internal revenues	-8,106	-52,340	-13,708	-74,154
<b>Revenues</b>	<b>227,365</b>	<b>258,073</b>	<b>53,236</b>	<b>538,674</b>
EBITDA before HQ-Charging	12,601	34,435	4,925	51,962
EBITDA after HQ-Charging	16,890	31,770	3,302	51,962

Q2 2021 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Total revenues	137,143	181,170	27,909	346,222
Internal revenues	-6,990	-29,674	-3,066	-39,731
<b>Revenues</b>	<b>130,153</b>	<b>151,495</b>	<b>24,843</b>	<b>306,491</b>
EBITDA before HQ-Charging	11,085	17,466	1,535	30,086
EBITDA after HQ-Charging	13,058	16,144	884	30,086

Q2 2020 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Total revenues	114,392	157,272	36,103	307,768
Internal revenues	-4,355	-28,136	-6,681	-39,172
<b>Revenues</b>	<b>110,037</b>	<b>129,136</b>	<b>29,422</b>	<b>268,595</b>
EBITDA before HQ-Charging	7,548	17,358	2,047	26,953
EBITDA after HQ-Charging	9,657	16,078	1,217	26,953

“EBITDA before HQ-Charging” represents EBITDA before expenses for headquarters are cleared by S&T AG, while “EBITDA after HQ-Charging” contains all costs. Further, the “IT Services” segment comprises all costs ensuing from S&T AG (expenses for headquarters) that cannot be apportioned among the other segments due to functionalities. The effects upon consolidated income that are not directly associated with the operative businesses of the segments are therefore also reported in the “IT Services” segment.

Revenues from contracts with customers are comprised of the following:

6M 2021 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Sale of products featuring proprietary technologies (hardware and software)	0	163,750	42,900	206,650
Sale of products from third parties (hardware and software)	101,077	62,824	139	164,040
Recurring operating services	140,766	67,348	3,301	211,415
One-time project services	16,673	1,446	359	18,478
<b>Total revenues from contracts with customers</b>	<b>258,516</b>	<b>295,368</b>	<b>46,699</b>	<b>600,583</b>

6M 2020 IN TEUR	IT SERVICES	IOT SOLUTIONS EUROPE	IOT SOLUTIONS AMERICA	TOTAL
Sale of products featuring proprietary technologies (hardware and software)	0	151,536	49,033	200,569
Sale of products from third parties (hardware and software)	113,447	55,408	641	169,496
Recurring operating services	100,012	50,248	3,333	153,593
One-time project services	13,906	881	229	15,016
<b>Total revenues from contracts with customers</b>	<b>227,365</b>	<b>258,073</b>	<b>53,236</b>	<b>538,674</b>

Of the revenues achieved during the first six months of financial year 2021, TEUR 52,150 were earned in Austria (PY: TEUR 47,615).

## OTHER INFORMATION

The 22nd Annual General Meeting of S&T AG was held on June 8, 2021. In accordance with § 1 section 2, COVID-19-GesG (Health and Food Safety Act), Austrian Civil Code (BGBI) I no. 16/2020 BGBl as amended I no. 156/2020 and the COVID-19-GesV (Corporate Law), BGBl. II no. 140/2020 BGBl as amended II no. 616/2020 it was held as a virtual meeting. At this virtual AGM, the following resolutions were passed:

- › Resolution to distribute a dividend of EUR 0.30 per share with dividend entitlement and to carry forward the remaining retained earnings onto new account;
- › Resolution to elect Ernst & Young Wirtschaftsprüfungsgesellschaft m.b.H. to be official auditors and Group auditors for financial year 2021;
- › Resolution to amend the remuneration policy with regard to the basis of remuneration of the members of the Executive Board;
- › Resolution to appoint Ms You-Mei Wu, alias Yolanda Wu, to the Supervisory Board of S&T AG as a substitute member for the maximum term of appointment foreseen by the Articles of Association. Following the Annual General Meeting, Yu-Lung Lee, alias Max Lee, resigned from the Supervisory Board before expiry of his term for personal reasons. Yolanda Wu was subsequently appointed as a member of the Supervisory Board.

## DISCLOSURE OF RELATIONSHIPS WITH AFFILIATED COMPANIES AND PERSONS

In the course of normal business operations, relationships of supply and service provision exist with affiliated companies and persons. As in financial year 2020, these business relationships are maintained almost exclusively with Ennoconn Corporation, Taiwan, and Hon Hai Precision Industry Co. Ltd., Taiwan. In addition, payments arising from rental agreements for use of the offices of a consolidated company are made to the local chief executive in Russia. The duration of the rental agreement was fixed at one year. However, it is assumed that further rental agreements will be concluded for the following years. Business transactions with related companies and persons are conducted at standard market conditions.

## EVENTS AFTER THE BALANCE SHEET DATE

On June 2, 2021, S&T AG, through its direct subsidiary CITYCOMP Service GmbH, Ostfildern, Germany, concluded a notarised purchase agreement with the Bechtle Group for the acquisition of 100% of the shares in PSB IT-Service GmbH based in Ober-Mörlen, Germany. PSB IT-Service GmbH, an IT service provider in the multi-vendor maintenance sector, was previously part of the Bechtle Group and performed IMAC (install – move – add – change) services on the German market with a workforce of approximately 70 technicians. Because of the lack of a critical mass PSB IT-Service GmbH posted a negative result in financial year 2020 with revenue of EUR 14 million. Consequently, a negative fixed purchase price of minus TEUR 960 was agreed. Additionally, a variable performance-related purchase price of TEUR 336 was agreed. The transaction was closed with effect from July 1, 2021. From this date, PSB IT-Service GmbH is also included in the consolidated companies of S&T Group. For the current financial year, S&T AG expects a revenue contribution of approximately EUR 4 million from PSB IT-Service GmbH during the period of integration into the scope of consolidation of S&T Group with the company expected to achieve a break-even result. No more detailed information on the acquisition of this company is yet available owing to the short space of time between the acquisition and the drafting of these interim consolidated financial statements.

## DECLARATION OF ALL LEGAL REPRESENTATIVES

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements and of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Linz, August 5, 2021



Hannes Niederhauser m.p.



Michael Jeske m.p.



Richard Neuwirth m.p.



Dr. Peter Sturz m.p.



Carlos Manuel Nogueira Queiroz m.p.

Our annual report, quarterly reports and other bulletins are available at <https://ir.snt.at> from the day of publication. Any changes to schedules and dates are also announced on our website in good time.

This half-year management report was published on August 5, 2021. The report is available in German and English. The English version is provided for convenience only. The German version is definitive.

This half-year report contains statements that refer to future developments. These are based on assumptions and estimates 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 cannot guarantee that the future development and actual future results will coincide with the assumptions and estimates expressed in this half-year report. Assumptions and estimates presented in this half-year report will not be updated.

# FINANCIAL CALENDAR

## 2021

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05.08.2021	Half-year report 2021 (Earnings-Call Q2 2021)
04.11.2021	Q3-quarterly statement 2021 (Earnings-Call Q3 2021)
22.11.2021	Equity forum (22.11. - 24.11.2021)

Further details available under  
[https://ir.snt.at/Finacial\\_calendar.en.html](https://ir.snt.at/Finacial_calendar.en.html)

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