

K E N D R I O N N . V .
P R E S S R E L E A S E
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Kendrion reports solid first-half results in a challenging market

- HY1 2024 revenue down by 4% to EUR 261.6 million, normalized EBITDA up by 1% to EUR 30.0 million
- Q2 2024 revenue of EUR 128.6 million, down 6% from EUR 136.9 million in Q2 2023
- Normalized Q2 2024 EBITDA at EUR 13.9 million (Q2 2023: EUR 14.0 million)
- Reported net profit from continuing operations in HY1 2024 of EUR 5.2 million (HY1 2023: EUR 9.9 million)
- Strong emphasis on cashflow; leverage ratio at 2.8, unchanged from Q2 2023 (Q1 2024: 2.7)
- Kendrion will become a pure-play industrial company following the sale of the Automotive business in Europe and United States to Solero Technologies; closing expected at the end of Q3 2024

Key figures

Reported (in EUR million)	Q2 2024	Q2 2023	delta	HY1 2024	HY1 2023	delta
Revenue*	77.7	83.9	-7%	152.8	166.4	-8%
EBITDA*	8.2	11.9	-31%	18.3	24.4	-25%
EBITA*	4.5	8.4	-46%	10.7	17.6	-39%
Net profit from continuing operations*	1.0	4.6	-78%	5.2	9.9	-47%
Net profit from discontinued operations	0.5	(0.9)	NM	(1.0)	(1.3)	NM
Net profit	1.5	3.7	-59%	4.2	8.6	-51%
EBITDA as a % of revenue*	10.6%	14.2%		12.0%	14.7%	
EBITA as a % of revenue*	5.8%	10.0%		7.0%	10.6%	

*From continuing operations exclusive of the Automotive business held for sale.

Normalized (in EUR million) ²	Q2 2024	Q2 2023	delta	HY1 2024	HY1 2023	delta
Revenue	128.6	136.9	-6%	261.6	273.7	-4%
EBITDA	13.9	14.0	-1%	30.0	29.7	1%
EBITA	7.9	8.2	-4%	17.9	18.1	-1%
Net profit before amortization	3.7	4.4	-16%	9.5	10.0	-5%
EBITDA as a % of revenue	10.8%	10.2%		11.5%	10.9%	
EBITA as a % of revenue	6.1%	6.0%		6.8%	6.6%	
Return on invested capital ¹ (12 months rolling)				12.9%	14.1%	

¹ Invested capital excluding intangibles arising from acquisitions.

² Normalized for costs and benefits outside the ordinary course of operations and including revenue and results from activities that are classified as held for sale and discontinued operations. A reconciliation from reported to normalized figures can be found on page 11.

Joep van Beurden, Kendrion CEO:

"We had a solid first six months of 2024, particularly considering the ongoing challenging market, especially in Germany. This resulted in lower revenues for our Industrial business, partly compensated by growth in Automotive. We maintained our focus on the added value margin, which improved by 80 basis points, with contributions from both the Industrial and Automotive segments. We implemented strict cost control measures, particularly in Industrial Brakes, which remained impacted by the ongoing market slowdown. For Kendrion's total operations, this led to a stable normalized EBITDA of EUR 30.0 million for the first half of the year, representing 11.5% of revenue, a slight increase compared to the same period in 2023. For our continued operations, we realized normalized EBITDA of EUR 20.7 million, or 13.5% of revenue, despite the lower industrial revenues. Our focus on cash flow management remained strong, keeping both net debt and our leverage ratio at steady levels, while also paying out EUR 4.2 million in cash dividends.

We are making progress in carving out our European and US Automotive business for the sale to Solero Technologies and anticipate closing the transaction by the end of Q3 2024. The sale of our Automotive franchise reflects a significant strategic decision to focus exclusively on opportunities within our Industrial Brakes and Industrial Actuators and Controls Business Groups in Europe, China and the US. We expect that the divestment will enhance our ability to invest in substantial opportunities within the Industrial sector, driving further profitable growth. During our Capital Markets Day on 5 September 2024, we will deliver a strategic update on the new, post-automotive Kendrion, share progress towards the 2025 financial targets, and announce new financial goals.

For the near term, we anticipate an economic environment similar to HY1 2024. We will continue our strict cost measures in Industrial Brakes and maintain our focus on the added value margin. Looking ahead, we maintain optimistic about our long-term prospects as a pure-play Industrial company focused on the global shift towards cleaner energy and other opportunities. We look forward to sharing our plans and outlining our medium- and long-term ambitions at our Capital Markets Day on 5 September this year."

Progress on strategy

Kendrion is a global leader in innovative actuator solutions, driving the transition towards electrification and clean energy. The company operates through three distinct Business Groups: Industrial Brakes (IB), Industrial Actuators and Controls (IAC), and Automotive (Core and E). In IB, we are capitalising on the expanding market for electromotors and electrified solutions in sectors such as intralogistics, medical and collaborative robots, and wind power. The IAC portfolio includes inductive heating systems, industrial locks and beverage dispensing valves. Following the sale of the Automotive business in Europe and the US to Solero Technologies, Kendrion will integrate its remaining automotive activities, including the Automotive electronics business and China Automotive, into IAC. The transaction is expected to close by the end of Q3 2024.

As part of the strategic repositioning, Kendrion will focus its product development resources exclusively on the industrial segments and China. Investments in product development for Automotive Sound will be discontinued. The organisation will be rightsized to better align resources with the remaining activities. This, along with the termination of Automotive sound product development, is expected to generate annual cost savings of approximately EUR 8 million, with the full effect anticipated by 1 January 2025.

Financial review

Results from continuing operations

In accordance with IFRS 5, all assets and liabilities related to the Automotive activities that will be divested or discontinued following the announcement on 12 April 2024, are classified as held for sale and discontinued operations. The results of discontinued operations are reported separately from continuing operations in the financial statements. At the end of HY1 2024, the net loss from discontinued operations was EUR 1.0 million (HY1 2023: loss of EUR 1.3 million).

Q2 2024 revenue from continued operations was EUR 77.7 million, compared to EUR 83.9 million in the same period last year. Normalized EBITDA from continued operations was EUR 10.6 million (Q2 2023: EUR 11.9 million). The resulting EBITDA as a percentage of revenue of 13.6% compares with a 14.2% margin from continued operations in the previous year and the 10.8% normalized total group margin realized in Q2 2023. Net profit for the continuing operations amounted to EUR 1.0 million in the second quarter, down from EUR 4.6 million a year earlier.

In the first six months of 2024, revenue from continuing operations totalled EUR 152.8 million compared to EUR 166.4 million in the same period last year. Normalized EBITDA for continuing operations was EUR 20.7 million in HY1 2024, down from EUR 24.4 million in HY1 2023. Net profit for continuing operations decreased from EUR 9.9 million in the first half-year of 2023 to EUR 5.2 million in the first half of 2024.

Following the anticipated completion of the Automotive business divestment by the end of Q3 2024, Kendrion will initiate a rightsizing of the organisation, aligning its overhead resources more effectively with its remaining activities.

Revenue

Q2 2024

In the second quarter of this year, the normalized revenue was EUR 128.6 million, a decrease of 6% compared to the same period last year (Q2 2023: EUR 136.9 million). Currency translation did not have a material impact on revenue in the second quarter.

IB's Q2 2024 revenue decreased by 16%, coming in at EUR 30.2 million (Q2 2023: EUR 36.0 million) due to lower trading activity in both Germany and China as the machine building market remains weaker than a year ago. IB's trading has stabilized though, with revenue in Q2 EUR 2.0 million higher than in Q1 2024. IAC experienced the same weakness in its machine building related revenue, however, saw positive developments in the aircraft, engineering, and food and beverage segments. As a result, the year-over-year revenue decline was limited to 3% and came in at EUR 32.2 million (Q2 2023: EUR 33.2 million).

In Automotive, trading weakened throughout Q2 2024, from healthy levels in Q1 2024, resulting in revenue of EUR 66.2 million, a 2% decrease compared to the same quarter last year (Q2 2023: EUR 67.7 million).

HY1 2024

Normalized group revenue in the first six months of 2024 was EUR 261.6 million, down 4% from EUR 273.7 million in HY1 2023. Currency translation did not materially affect revenue in the first half of the year.

Due to low trading activity in key markets, IB saw its HY1 2024 revenue decline by 22% to EUR 58.4 million (HY1 2023: 74.8 million). As mentioned, Q2 was a bit stronger than Q1. Meanwhile, IAC generated a revenue of EUR 64.5 million which is 3% below HY1 2023's level of EUR 66.3 million.

Automotive's revenue for the first six months of this year was EUR 138.7 million, up 5% from EUR 132.6 million in HY1 2023, benefiting from both higher volumes and prices. Revenue from the discontinued Automotive activities was EUR 108.8 million in the first six months of the year (HY1 2023: EUR 107.3 million), while revenue from other Automotive activities was EUR 29.9 million (HY1 2023: EUR 25.3 million).

Results**Q2 2024**

The normalized operating result before depreciation and amortization (EBITDA) was EUR 13.9 million in Q2 2024 (Q2 2023: EUR 14.0 million). An improved added value margin, combined with the continued focus on cost savings and operational performance, compensated for the loss of revenue in the second quarter. The added value as a percentage of revenue increased by 90 basis points, from 45.9% in Q2 2023 to 46.8% in Q2 2024.

In Q2 2024, normalized depreciation charges were EUR 6.0 million (Q2 2023: EUR 5.8 million), resulting in a normalized operating result before amortization (EBITA) of EUR 7.9 million (Q2 2023: EUR 8.2 million).

A total of EUR 1.9 million in costs were normalized in Q2 2024, with the main portion relating to an impairment charge and an inventory write-off in connection with the bankruptcy of an Automotive Sound customer.

HY1 2024

The normalized operating result before depreciation and amortization (EBITDA) was EUR 30.0 million in HY1 2024, up 1% compared to EUR 29.7 million in HY1 2023, absorbing wage inflation and the 4% decline in revenue. The added value margin increased by 80 basis points, from 46.1% to 46.9%.

Depreciation charges were EUR 12.1 million in HY1 2024 (HY1 2023: EUR 11.6 million), resulting in an unchanged normalized EBITA of EUR 17.9 million. Amortization charges on intangibles arising from acquisitions remained unchanged at EUR 1.6 million. Total finance charges decreased to EUR 4.5 million in the first six months, from EUR 4.9 million in HY1 2023. Interest costs benefited from EUR 0.9 million more favourable realised and unrealised currency results, partially offset by EUR 0.5 million higher interest cost on borrowings, driven by increased borrowing rates. Tax charges on normalized income were EUR 3.5 million (HY1 2023: EUR 2.8 million), leading to an effective tax rate of 30.0% (HY1 2023: 24.7%). Normalized net profit before amortization charges stemming from acquisitions amounted to EUR 9.5 million (HY1 2023: EUR 10.0 million).

A total of EUR 5.7 million costs (EUR 4.1 million net of tax) was normalized in HY1 2024. These normalized operating costs consist of EUR 1.9 million costs related to a customer bankruptcy in Automotive, EUR 0.4 million restructuring charges and EUR 3.4 million costs associated with the measurement to fair value of the held-for-sale Automotive business. Normalized net costs in HY1 of the previous year amounted to EUR 0.2 million.

Financial position

Total net debt at the end of Q2 2024 was EUR 149.7 million, up from the EUR 145.7 million in Q1 2024 but significantly down from EUR 160.9 million in Q2 2023. This puts the leverage ratio at 2.8, well below our covenant of 3.25, maintaining our solid financial position. A cash portion of EUR 4.2 million from the optional dividend was paid out in May 2024. As of 30 June 2024, Kendrion had EUR 60.6 million available in cash and unused credit lines.

The free cash flow for the first six months was breakeven, compared to a negative free cash flow of EUR 12.5 million in the first half of 2023. This improvement was primarily due to a decrease in working capital (EUR 73.0 million compared to EUR 83.0 million at the same time in 2023) and lower total investments (EUR 11.5 million compared to EUR 15.4 million in the same period in 2023).

Number of employees

The number of FTEs at the end of Q2 2024 was 2,527 compared to 2,652 at the same time last year. The reduction of 78 direct FTEs and 47 indirect FTEs was driven by the cost-saving measures in IB and a reduced number of direct FTEs in Automotive, in line with the lower activity level towards the end of the quarter. IAC reported no significant changes in the number of FTEs.

Outlook

Looking ahead to the second half of 2024, we expect a similar economic climate, with a stable US economy, a continued weak trading environment in Europe — particularly in Germany — and low economic activity in China compared to historical levels. For the longer term, we are confident that as a pure-play industrial company, we can leverage significant organic growth opportunities driven by the global transition toward cleaner energy sources and other opportunities. We will share our plans and our new medium- to long-term financial targets for the 'new' Kendrion at our Capital Markets Day on 5 September this year.

Analysts' call Q2 2024 results

Kendrion CEO Joep van Beurden and CFO Jeroen Hemmen will present the interim results on Wednesday 21 August 2024, at 11:00 a.m. CET via an analysts' webcast.

Capital Markets Day

Kendrion will hold a Capital Markets Day for analysts, investors, and shareholders on Thursday, 5 September 2024 2.00 p.m. CET in Amsterdam. During this event, Kendrion's medium- and long-term ambitions will be presented.

Profile of Kendrion N.V.

Kendrion develops, manufactures and markets high-quality electromagnetic systems and components for a broad range of industrial (and automotive) applications. For more than a century, we have been engineering precision parts for the world's leading innovators in industrial applications and passenger cars and commercial vehicles. As a leading technology pioneer, Kendrion invents, designs and manufactures complex components and customised systems as well as local solutions on demand.

We are committed to the engineering challenges of tomorrow, and taking responsibility for how we source, manufacture and conduct business is embedded into our culture of innovation. Headquartered in the Netherlands and listed on the Amsterdam stock exchange, Kendrion's expertise extends across Europe, to the Americas and Asia. Created with passion and engineered with precision.

Amsterdam, 21 August 2024

The Executive Board

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ANNEX 1
KENDRION N.V.
**SEMI-ANNUAL
FINANCIAL STATEMENTS 2024
(UNAUDITED)**
Annex 1.1 – Consolidated statement of comprehensive income

(EUR million)	Q2 2024	Q2 2023	half year 2024	half year 2023	full year 2023
Revenue	77.7	83.9	152.8	166.4	309.0
Other income	0.0	0.0	0.1	0.0	0.1
Total revenue and other income	77.7	83.9	152.9	166.4	309.1
Changes in inventories of finished goods and work in progress	(0.3)	1.0	(1.3)	(1.0)	0.3
Raw materials and subcontracted work	39.9	41.7	77.4	83.0	151.4
Staff costs	23.5	24.3	47.1	49.2	97.8
Depreciation and amortization	4.5	4.3	9.2	8.4	17.3
Other operating expenses	6.4	5.0	11.4	10.8	21.1
Result before net finance costs	3.7	7.6	9.1	16.0	21.2
Finance income	0.0	0.1	0.0	0.1	0.2
Finance expense	(1.5)	(2.2)	(2.8)	(3.5)	(6.3)
Profit before income tax	2.2	5.5	6.3	12.6	15.1
Income tax expense	(1.2)	(0.9)	(1.1)	(2.7)	(4.0)
Profit from continuing operations	1.0	4.6	5.2	9.9	11.1
Result of discontinued operations (net of income tax)	0.5	(0.9)	(1.0)	(1.3)	(1.2)
Profit for the period	1.5	3.7	4.2	8.6	9.9
Other comprehensive income					
Remeasurements of defined benefit plans ¹			-	-	0.4
Foreign currency translation differences for foreign operations ²			1.3	(3.8)	(4.8)
Net change in fair value of cash flow hedges, net of income tax ²			(0.0)	(0.1)	(1.5)
Other comprehensive income for the period, net of income tax³			1.3	(3.9)	(5.9)
Total comprehensive income for the period			5.5	4.7	4.0
Basic earnings per share (EUR), based on weighted average	0.10	0.24	0.27	0.57	0.65
Diluted earnings per share (EUR), based on weighted average	0.10	0.24	0.27	0.56	0.64

¹ This item will never be reclassified to profit or loss.

² These items may be reclassified to profit or loss.

³ All profits are attributable to owners of the company as non-controlling interest are not applicable.

Annex 1.2 – Consolidated statement of financial position

(EUR million)	30 June 2024	30 June 2023	31 Dec. 2023
Assets			
Non-current assets			
Property, plant and equipment	96.3	132.9	134.5
Intangible assets	117.9	125.6	125.8
Other investments, including derivatives	0.2	0.4	0.5
Deferred tax assets	20.2	20.0	20.1
Contract costs	-	0.2	0.6
Total non-current assets	234.6	279.1	281.5
Current assets			
Inventories	59.1	90.2	87.4
Current tax assets	3.3	3.6	5.7
Trade and other receivables	48.7	82.7	65.2
Cash and cash equivalents	12.1	33.4	20.6
Assets classified as held for sale	100.0	1.9	1.9
Total current assets	223.2	211.8	180.8
Total assets	457.8	490.9	462.3
Equity and liabilities			
Equity			
Share capital	31.0	30.6	30.6
Share premium	37.1	37.3	37.3
Reserves	100.9	96.4	94.2
Retained earnings	4.2	8.6	9.9
Total equity	173.2	172.9	172.0
Liabilities			
Loans and borrowings	145.3	180.6	153.2
Employee benefits	6.1	10.2	8.7
Deferred tax liabilities	17.1	17.4	19.0
Provisions	0.6	0.7	0.7
Total non-current liabilities	169.1	208.9	181.6
Bank overdraft	8.4	5.0	7.1
Loans and borrowings	3.1	8.7	5.3
Provisions	0.3	0.7	-
Current tax liabilities	7.6	9.9	7.4
Contract liabilities	0.0	4.0	4.4
Trade and other payables	52.3	80.8	84.5
Liabilities classified as held for sale	43.8	-	-
Total current liabilities	115.5	109.1	108.7
Total liabilities	284.6	318.0	290.3
Total equity and liabilities	457.8	490.9	462.3

Annex 1.3 – Consolidated cash flow statement

(EUR million)

	half year 2024	half year 2023	full year 2023
Cash flows from operating activities			
Profit for the period	4.2	8.6	9.9
<i>Adjustments for:</i>			
Net finance costs	4.4	5.0	9.9
Income tax expense	1.9	2.8	4.0
Depreciation of property, plant and equipment and software	9.9	11.6	23.6
Amortization of other intangible assets	1.6	1.6	3.2
Impairments of fixed assets	6.0	0.0	0.1
Share-based payments	(0.0)	0.2	0.0
	28.0	29.8	50.7
Change in trade and other receivables	(10.6)	(13.5)	2.7
Change in inventories	1.6	(6.0)	(3.5)
Change in trade and other payables	(1.2)	3.1	6.7
Change in provisions	(0.0)	(1.1)	(2.7)
Change in contract liabilities	(1.0)	(0.7)	(0.3)
	16.8	11.6	53.6
Interest paid	(4.4)	(4.0)	(8.4)
Interest received	0.1	0.0	0.2
Tax paid	(1.0)	(4.7)	(9.0)
Net cash flows from operating activities	11.5	2.9	36.4
Cash flows from investing activities			
Investments in property, plant and equipment	(9.0)	(12.8)	(23.9)
Disinvestments of property, plant and equipment	0.2	0.1	1.1
Investments in intangible fixed assets	(2.9)	(2.7)	(6.4)
Disinvestments of intangible fixed assets	0.0	0.0	0.1
(Dis)investments of other investments	0.2	(0.0)	(0.5)
Net cash from investing activities	(11.5)	(15.4)	(29.6)
Cash flows from financing activities			
Payment of lease liabilities	(1.6)	(1.5)	(3.2)
Proceeds from borrowings (non current)	-	14.7	-
Repayment of borrowings (non current)	(3.6)	-	(14.4)
Proceeds from borrowings (current)	-	0.3	-
Repayment of borrowings (current)	(0.4)	-	(3.1)
Dividends paid	(4.2)	(7.1)	(7.1)
Net cash from financing activities	(9.8)	6.4	(27.8)
Change in cash and cash equivalents	(9.8)	(6.1)	(21.0)
Cash and cash equivalents (bank overdraft) at 1 January	13.5	34.7	34.7
Effect of exchange rate fluctuations on cash held	0.0	(0.2)	(0.2)
Cash and cash equivalents (bank overdraft) at end of period	3.7	28.4	13.5

Annex 1.4 – Consolidated statement of changes in equity

(EUR million)	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	30.2	38.4	9.4	1.8	(1.8)	143.3	(46.3)	175.0
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	8.6	8.6
Other comprehensive income								
Remeasurements of defined benefit plans	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	(3.8)	-	-	-	-	(3.8)
Net change in fair value of cash flow hedges, net of income tax	-	-	-	(0.1)	-	-	-	(0.1)
Other comprehensive income for the period, net of income tax	-	-	(3.8)	(0.1)	-	-	-	(3.9)
Total comprehensive income for the period	-	-	(3.8)	(0.1)	-	-	8.6	4.7
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	0.4	2.7	-	-	-	(0.0)	-	3.1
Own shares issued	-	-	-	-	0.8	(0.1)	-	0.7
Share-based payment transactions	-	-	-	-	1.0	(0.7)	-	0.3
Dividends to equity holders	-	(3.8)	-	-	-	(7.1)	-	(10.9)
Appropriation of retained earnings	-	-	-	-	-	(46.3)	46.3	-
Balance at 30 June 2023	30.6	37.3	5.6	1.7	(0.0)	89.1	8.6	172.9

(EUR million)	Share capital	Share premium	Translation reserve	Hedge reserve	Reserve for own shares	Other reserves	Retained earnings	Total equity
Balance at 1 January 2024	30.6	37.3	4.6	0.3	-	89.3	9.9	172.0
Total comprehensive income for the period								
Profit or loss	-	-	-	-	-	-	4.2	4.2
Other comprehensive income								
Remeasurements of defined benefit plans	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	1.3	-	-	-	-	1.3
Net change in fair value of cash flow hedges, net of income tax	-	-	-	(0.0)	-	-	-	(0.0)
Other comprehensive income for the period, net of income tax	-	-	1.3	(0.0)	-	-	-	1.3
Total comprehensive income for the period	-	-	1.3	(0.0)	-	-	4.2	5.5
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners								
Issue of ordinary shares	0.4	2.5	-	-	-	(0.2)	-	2.7
Share-based payment transactions	-	-	-	-	-	(0.2)	-	(0.2)
Dividends to equity holders	-	(2.7)	-	-	-	(4.1)	-	(6.8)
Appropriation of retained earnings	-	-	-	-	-	9.9	(9.9)	-
Balance at 30 June 2024	31.0	37.1	5.9	0.3	-	94.7	4.2	173.2

Annex 1.5 – Reconciliation of non-IFRS financial measures

Management considers presenting financial figures not only on a continued basis but also on a normalized basis and including revenue and results from the activities that have been classified as held for sale. These activities represent a significant portion of the group until closing of the divestment of the European and American Automotive activities as announced on 12 April 2024. By presenting normalized figures, we aim to give stakeholders a clearer understanding of our operational results and financial health and facilitating a better comparison with peers and prior periods.

Revenue - Organic growth

EUR million	HY1 2024	HY1 2023
Reported revenue	152.8	166.4
Discontinued revenue	108.8	107.3
Exclude: currency effects on total revenue	0.9	-
Revenues (excl. currency effects and incl. discontinued operations)	262.5	273.7
Organic growth	-4.1%	

Added value

EUR million - unless stated otherwise	HY1 2024	HY1 2023
Reported total revenue and other income	152.9	166.4
less: Reported changes in inventories of finished goods and work in progress	1.3	1.0
less: Reported raw materials and subcontracted work	(77.4)	(83.0)
Reported added value	76.8	84.4
Reported added value margin %	49.8%	50.4%
Discontinued total revenue and other income	108.8	107.3
less: Discontinued changes in inventories of finished goods and work in progress	1.3	1.2
less: Discontinued raw materials and subcontracted work	(63.8)	(65.7)
Normalization of other costs outside the normal course of business	0.9	-
Normalized added value	124.0	127.2
Normalized added value margin %	46.9%	46.1%

Normalized staff and other operating expenses

EUR million	HY1 2024	HY1 2023
Reported staff costs	47.1	49.2
Reported other operating expenses	11.4	10.8
Reported staff and other operating expenses	58.5	60.0
Discontinued staff costs	27.7	26.9
Discontinued other operating expenses	14.8	10.8
Discontinued staff and other operating expenses	42.5	37.7
Normalization of restructuring charges	(0.4)	(0.5)
Normalization of impairments PP&E, goodwill and other intangibles	(6.0)	-
Normalization of other (costs) and benefits outside the normal course of business	(0.6)	0.3
Normalized staff and other operating expenses	94.0	97.5

Bridge from EBITDA to normalized net profit before amortization

EUR million - unless stated otherwise	HY1 2024	HY1 2023
Reported result before net finance costs	9.1	16.0
Reported depreciation and amortisation	9.2	8.4
Reported operating result before depreciation & amortisation (EBITDA)	18.3	24.4
less: Depreciation on PP&E and amortisation on non-PPA related intangibles	(7.6)	(6.8)
Reported operating result before amortisation (EBITA)	10.7	17.6
Discontinued result before net finance costs	1.5	0.3
Discontinued depreciation and amortisation	2.3	4.8
Discontinued operating result before depreciation & amortisation (EBITDA)	3.8	5.1
less: Depreciation on PP&E and amortisation on non-PPA related intangibles	(2.3)	(4.8)
Discontinued operating result before amortisation (EBITA)	1.5	0.3
Normalization of costs and (benefits) related to:		
Restructuring measures - Automotive	-	0.3
Restructuring measures - Industrial	0.4	0.2
Impairments goodwill and other intangibles - Automotive	5.6	-
Impairments PP&E - Automotive	0.4	-
Other costs / (benefits) outside the normal course of business - Automotive	1.5	(0.3)
Depreciation IFRS 5 - Automotive	(2.2)	-
Total Normalizations	5.7	0.2
Normalized EBITDA	30.0	29.7
Normalized EBITDA margin %	11.5%	10.9%
Normalized EBITA	17.9	18.1
Normalized EBITA margin %	6.8%	6.6%
Reported amortisation on PPA related intangibles	(1.6)	(1.6)
Reported net finance costs	(2.8)	(3.4)
Discontinued net finance costs	(1.7)	(1.6)
Other normalizations of net finance costs	-	0.1
Normalized profit before income tax	11.8	11.6
Reported income tax expense	(1.1)	(2.7)
Discontinued income tax expense	(0.8)	(0.0)
Normalization related to tax audits	-	(0.1)
Impact costs / (benefits) outside the normal course of business on income tax expense	(1.6)	(0.0)
Amortisation after tax	1.2	1.2
Normalized net profit for the period before amortization	9.5	10.0

Net Debt & Leverage ratio

EUR million	HY1 2024	HY1 2023
Total interest bearing loans	156.8	194.3
less: Cash and cash equivalents	(12.1)	(33.4)
Net Debt discontinued operations	5.0	-
Net Debt	149.7	160.9
Normalized EBITDA	53.4	56.6
Leverage ratio (Net Debt / Normalized EBITDA)	2.8	2.8

Free cash flow

EUR million	HY1 2024	HY1 2023
Net cash flow from operating activities	11.5	2.9
Net cash flow from investing activities	(11.5)	(15.4)
Free cash flow	(0.0)	(12.5)
Net cash flow from discontinued operating activities	1.8	0.9
Net cash flow from discontinued investing activities	(3.6)	(6.0)
Normalized free cash flow	1.8	(7.4)

Normalised effective tax rate

EUR million - unless stated otherwise	HY1 2024	HY1 2023
Reported income tax expense	(1.1)	(2.7)
Discontinued income tax expense	(0.8)	(0.0)
Normalization related to tax audits	-	(0.1)
Impact costs / (benefits) outside the normal course of business on income tax expense	(1.6)	(0.0)
Normalised income tax expense	(3.5)	(2.8)
Normalised profit before tax	11.8	11.6
Normalised effective tax rate %	30.0%	24.7%

- The quarterly and interim results are not audited -

Annex 1.6 – Risks and risk management

The 2023 Annual Integrated Report of Kendrion N.V. describes the key risk categories and risk factors that could have an adverse impact on the business and financial performance. The risk factors described in Kendrion N.V.'s 2023 Annual Integrated Report on pages 75 to 82 are deemed to be included herein by reference.

Whereas completion of the sale of the Automotive business in Europe and the US to Solero Technologies is subject to customary conditions, there is a risk that the transaction may not be completed as envisaged, due to various factors such as regulatory impediments. Failure to complete the divestment or delays in completing the divestment could impact Kendrion's contemplated strategic repositioning. To mitigate this risk, Kendrion is closely monitoring regulatory requirements under the guidance of external advisors.

Additional risks not known to Kendrion, or currently believed not to be material, may occur, and later turn out to have a material impact on Kendrion's business, objectives, or capital resources.

Annex 1.7 – Notes to the consolidated interim financial statements**1. Reporting entity**

Kendrion N.V. is a public company organised under Dutch law. Its statutory seat and principal office are both located in Amsterdam, the Netherlands.

Kendrion N.V. and its consolidated subsidiaries develop, manufacture, and market high-quality electromagnetic systems and components for industrial and automotive applications.

The consolidated interim financial statements as of and for the six-month period ended 30 June 2024 include the results of Kendrion N.V., its subsidiaries (collectively referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

The consolidated interim financial statements are unaudited.

2. Declaration of conformity

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IAS 34, Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements as of and for the year ended 31 December 2023, which are available from Kendrion N.V.’s registered office at Herikerbergweg 213, 1101 CN Amsterdam, or at www.kendrion.com.

The consolidated interim financial statements do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as of and for the year ended 31 December 2023.

The consolidated interim financial statements were authorised for issue by the Executive Board and the Supervisory Board on 20 August 2024.

3. Significant accounting policies

The accounting policies applied in the consolidated interim financial statements are the same as those applied in the Group’s consolidated financial statements as of and for the year ended 31 December 2023. To the extent amendments to International Financial Reporting Standards and interpretations have become effective for annual periods beginning on or after 1 January 2024 these do not have a material impact on the Group’s financial performance in the first six months of 2024 and the financial position as of 30 June 2024.

4. Accounting estimates

The preparation of the consolidated interim financial statements requires the Executive Board to make judgements, estimates, and assumptions that affect the application of accounting policies, the reported amounts of assets, liabilities, income, and expenditures as well as the information disclosed. Actual results may differ from these estimates. The Group has applied best judgment to make reasonable estimates.

Unless otherwise specified herein in the preparation of the consolidated interim financial statements, important opinions formed by management in applying the Group’s accounting policies, and the main sources of estimation used are equal to the opinions and sources used in preparing the annual consolidated financial statements as of and for the year ended 31 December 2023.

5. Financial risk management

The Group's objectives and policy relating to financial risk management are identical to the objectives and policy disclosed in the annual consolidated financial statements as of and for the year ended 31 December 2023.

6. Segment reporting

Based on the structure of the Kendrion Group and the criteria of IFRS 8 Operating segments, Kendrion has concluded that the two reportable segments are Industrial and Automotive. Following the decision to sell the Automotive business in Europe and the United States the split of the Automotive segment into Automotive Core and Automotive E has lost relevance. Currently, Automotive is one operating and reportable segment.

(x EUR 1 million unless otherwise stated)	Industrial		Automotive		Consolidated	
	HY1 2024	HY1 2023	HY1 2024	HY1 2023	HY1 2024	HY1 2023
Revenue from transactions with third parties	122.9	141.1	29.9	25.3	152.8	166.4
Inter-segment revenue	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	17.8	23.1	0.5	1.3	18.3	24.4
EBITDA as a % of revenue	14.5%	16.4%	1.5%	5.1%	12.0%	14.7%
Revenue from transactions with third parties ¹	122.9	141.1	138.7	132.6	261.6	273.7
Inter-segment revenue ¹	0.0	0.0	0.1	0.0	0.1	0.0
EBITDA ¹	18.2	23.3	11.8	6.4	30.0	29.7
EBITDA as a % of revenue ¹	14.8%	16.5%	8.5%	4.8%	11.5%	10.9%
Reportable segment assets ²	274.5	277.6	83.3	213.3	357.8	490.9
Reportable segment employees (FTE) ²	1,191	1,272	423	1,380	1,614	2,652

¹ Normalized for costs and benefits outside the ordinary course of operations and including revenue and results from activities that are classified as held for sale and discontinued operations. A reconciliation from reported to normalized figures can be found on page 11.

² Automotive HY1 2024 asset exclude assets held for sale of EUR 100.0 mln and of 913 FTE

7. Seasonality

Kendrion is not significantly affected by seasonal trends. However, there are fewer working days in the second half of the year due to the summer holiday periods in the third quarter and the bank holidays in December.

8. Changes in the Group

There were no changes in the Group as of 30 June 2024 compared to 31 December 2023.

9. Main currencies

The table below shows the main exchange rates during the first half of 2024:

Value of EUR	At 30 June 2024	At 31 December 2023	Average over HY1 2024
Pound sterling	0.8464	0.8690	0.8556
Czech koruna	25.0250	24.7237	25.0200
Chinese yuan	7.7748	7.8509	7.8036
US dollar	1.0705	1.1050	1.0827
Romanian lei	4.9773	4.9756	4.9751
Swedish krona	11.3595	11.0959	11.3733
Indian rupee	89.2459	91.9033	90.1307

10. Property, plant, and equipment

Capital commitments

As of 30 June 2024, the Group had agreements outstanding for the acquisition of property, plant and equipment in the amount of EUR 5.6 million (versus EUR 9.9 million as of 30 June 2023).

11. Impairment

During the first half of 2024, as in previous periods, Kendrion assessed whether there were indications for impairments adjusting goodwill or other key assets. This assessment resulted in an impairment of EUR 4.5 million for goodwill and EUR 1.5 million for other assets. Of this, EUR 4.9 million relates to assets held for sale, and EUR 1.1 EUR relates to capitalised development costs. Impairments are recorded under other operating expenses in the consolidated statement of comprehensive income.

12. Deferred tax assets

As of 30 June 2024, deferred tax assets for continuing operations amounted to EUR 20.2 million, of which a total of EUR 11.4 million relates to the valuation of tax losses carried forward and can be specified as follows:

the Netherlands	EUR 0.1 million
Germany	EUR 3.0 million
United States of America	EUR 0.9 million
China	EUR 7.4 million

13. Assets held for sale and discontinued operations

On 12 April 2024, Kendrion announced that it had entered into an agreement to sell its Automotive business in Europe and the United States to Solero Technologies LLC ("Solero Technologies") and affiliates. Through this transaction, Kendrion initiates a strategic repositioning by focusing entirely on industrial growth opportunities in Europe, the US and China. The strategic shift in its portfolio will enable Kendrion to strengthen its position in driving the worldwide transition to electrification and sustainable energy.

The transaction is expected to be completed in Q3 2024. The results from discontinued operations include the outcome from discontinuing the R&D activities of the Automotive sound business. These R&D activities were not sold to Solero but were part of a single, coordinated strategic plan to focus on industrial activities and China.

Assets and liabilities classified as held for sale

(EUR million)	30 June 2024
Property, plant and equipment	41.1
Intangible assets	2.0
Other non-current assets	2.2
Inventories	27.1
Trade and other receivables	27.2
Other current assets	0.4
Assets classified as held for sale	100.0
Non-current liabilities	7.6
Current liabilities	36.2
Liabilities classified as held for sale	43.8

Result from discontinued operations

(EUR million)

	half year 2024	half year 2023
Revenue	108.8	107.3
Expenses	104.1	108.6
Operating income before tax	4.7	(1.3)
Remeasurement of assets to fair value less cost to sell	4.9	-
Income tax	(0.8)	(0.0)
Profit for the period after tax	(1.0)	(1.3)
Basic earnings per share (EUR), based on weighted average	(0.07)	(0.08)
Diluted earnings per share (EUR), based on weighted average	(0.07)	(0.08)

Cash flow from discontinued operations

(EUR million)

	half year 2024	half year 2023
Cash flows from operating activities	1.8	0.9
Cash flows from investing activities	(3.6)	(6.0)
Cash flows from financing activities	(0.7)	(0.6)
Cash flows from discontinued operations	(2.5)	(5.7)

14. Equity

The table below shows the number of outstanding shares as of 30 June 2024.

	Shares entitled to dividend	Shares owned by Kendrion	Total number of issued shares
At 1 January 2024	15,276,014	-	15,276,014
Issued shares (share dividend)	211,787	-	211,787
Issued registered shares (share plan)	12,256	-	12,256
At 30 June 2024	15,500,057	-	15,500,057

15. Loans and borrowings

As of 30 June 2024, the Group had the following credit lines available for continuing operations:

- EUR 102.5 million ESG-linked revolving Credit Facility with a syndicate of two banks, consisting of HSBC and ING Bank. The Credit Facility was extended by one year in 2024 and is committed until 26 April 2027
- EUR 52.5 million ESG-linked Schuldschein loan, which matures on 7 April 2027
- EUR 20.0 million ESG-linked Schuldschein loan, which matures on 7 April 2025
- EUR 8.7 million in leases for various buildings, equipment, and vehicles
- EUR 1.9 million other loans, mainly acquired through business combinations in 2020, with maturities between 2024 and 2026
- EUR 7.7 million mortgage loan for the premises of the Suzhou facilities in China, maturing in 2030
- EUR 13.1 million in other overdraft facilities

As of 30 June 2024, the total unutilised amount of the facilities was approximately EUR 52 million.

Security provided

The Group has provided a mortgage on its premises in Suzhou, China, for a EUR 7.7 million loan. No security is provided in relation to the EUR 102.5 million revolving credit facility and the EUR 72.5 million Schuldschein loans.

16. Taxes

The tax expense for the first six months for continuing operations was EUR 1.1 million, equivalent to a 17.1% effective tax rate.

17. Financial instruments

As of 30 June 2024, the aggregate fair value of the outstanding interest rate swaps and forward exchange contracts in the balance sheet is a EUR 0.4 million asset (31 December 2023: EUR 0.5 million asset).

There have been no material changes since the end of 2023 in terms of sensitivity to market risks (i.e., currency, interest rates, and prices).

18. Commitments, contingent assets, and contingent liabilities

There have been no material changes since the end of 2023 regarding the contingent liabilities as per note 21 of the Annual Integrated Report for the financial year 2023.

19. Related parties

For the definition of "related parties," please refer to note 27 of the Group's Annual Integrated Report for the financial year 2023. No new significant related party transactions have occurred during HY1 2024.

Annex 2 – Financial calendar 2024 - 2025**2024**

Capital Markets Day	Thursday, 5 September 2024	02.00 p.m.
Publication of Q3 2024 results	Tuesday, 12 November 2024	07.30 a.m.
Analysts' call	Tuesday, 12 November 2024	11.00 a.m.

2025

Publication Q4 and FY 2024 results	Friday, 28 February 2025	07.30 a.m.
Analysts' meeting	Friday, 28 February 2025	11.00 a.m.
General Meeting of Shareholders	Monday, 14 April 2025	02.00 p.m.
Publication Q1 results	Tuesday, 13 May 2025	07.30 a.m.
Analysts' call	Tuesday, 13 May 2025	11.00 a.m.
Publication Q2 and HY1 results	Wednesday, 27 August 2025	07.30 a.m.
Analysts' meeting	Wednesday, 27 August 2025	11.00 a.m.
Publication Q3 results	Tuesday, 11 November 2025	07.30 a.m.
Analysts' call	Tuesday, 11 November 2025	11.00 a.m.