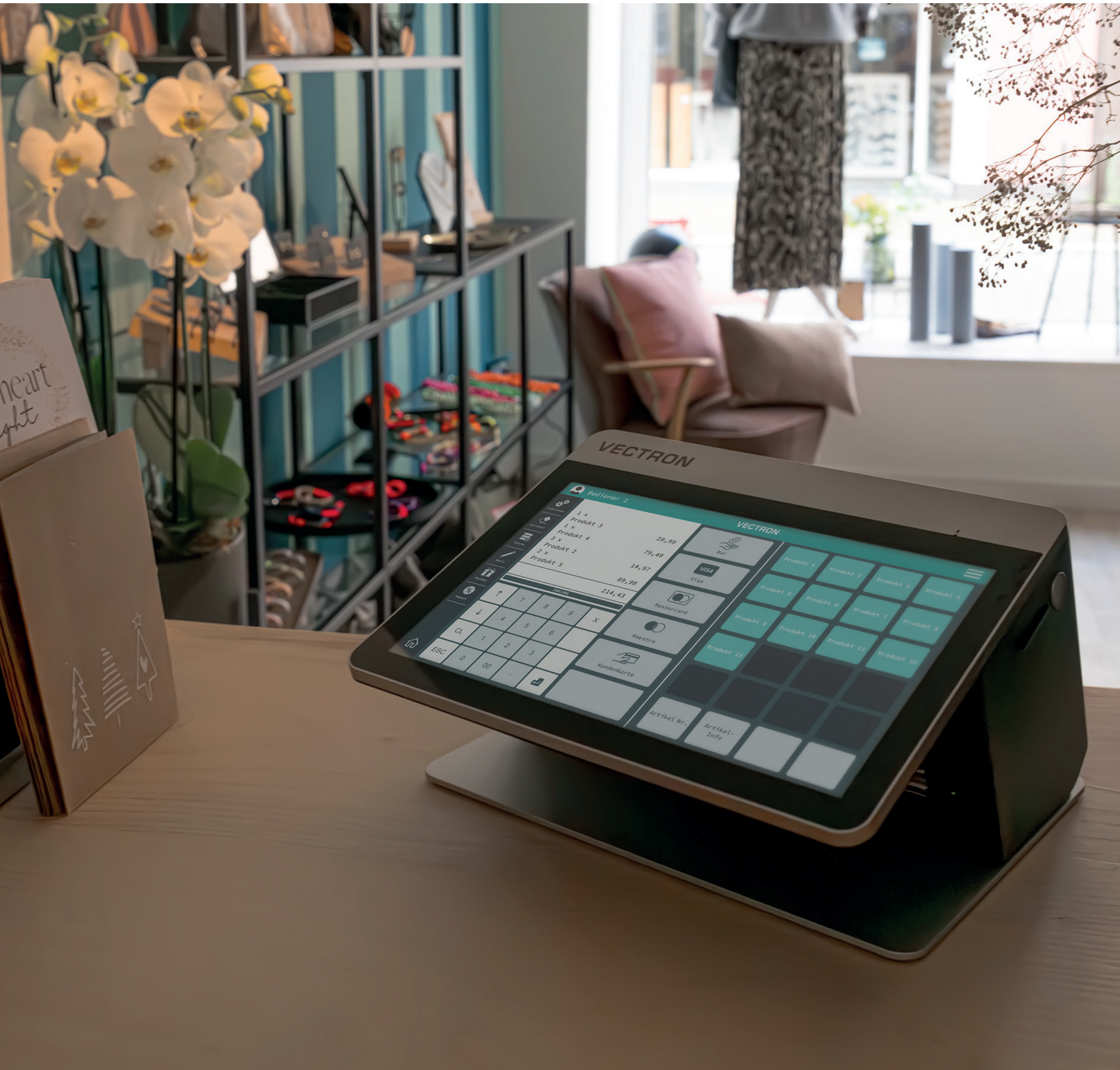
VECTRON

Half-Year Report
2024



This is a translation of the German Consolidated Financial Statements. In case of any divergences, the German original is legally binding. For improved readability, we mostly refrain from using gender-related wording in this report. Male wording, when used, represents all genders.

Contents

1. Business performance

1.1. Basic information on the group

Vectron Systems AG (hereinafter also referred to as “group”), together with its group companies, Vectron Systems AG (hereinafter also referred to as “Vectron”), posmatic GmbH (hereinafter also referred to as “posmatic”) and acardo group AG (hereinafter also referred to as “acardo”), is a leading European provider of intelligent POS systems and leading German provider in the couponing and cashback markets. Vectron acquired all of the shares in acardo group AG and acardo activation GmbH at the beginning of 2023 and drives the integration of product components within the newly created group. In financial year 2023, acardo activation GmbH was merged with acardo with effect from 1 January 2023.

The product solutions of Vectron are primarily aimed at the gastronomy sector, bakeries and butchers as well as retailers and service providers. The products are sold through a network of approximately 300 specialist trade partners, mainly in Germany and other European countries. End customer solutions range from single POS installations to chains with more than 1,000 POS.

acardo provides specific services within the scope of couponing and cashback campaigns run by customers (such as brand product manufacturers) in collaboration with retailers, pharmacies and cinema operators. These services include preparing retail POS systems for these campaigns (setup services) and handling the clearing process where acardo’s customers pay settlements to retailers, pharmacists and cinema operators.

The annual financial statements of Vectron and acardo are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). The consolidated financial statements are prepared in accordance with Section 315e HGB and the International Financial Reporting Standards (IFRS). The group management report fundamentally corresponds with Vectron’s single management report.

As of 1 June 2024, Vectron concluded a business combination agreement with Shift4 Payments Inc. (hereinafter Shift4), a listed company domiciled in the USA specialising in integrated payment and retail technology. On 13 June 2024, it was announced that the targeted quota of 70% had almost been achieved. This means that the acquisition of around 41.4% of Vectron’s share capital is being executed by Thomas Stümmler, the chairman of the executive board, and a company controlled by him and also that the agreed business combination agreement is ultimately binding and the 10% capital increase from authorised capital is being subscribed and executed by

Shift4. Vectron was therefore included in the consolidated financial statements of Shift4 for the first time as of 30 June 2024.

According to the announcement, the Vectron shares are being delisted so that their inclusion and trade in the Scale and Basic Board (Open Market) will be terminated at 11:59 pm on 30 September 2024.

1.2. Overall economic development

The overall economic development in the first half of 2024 was further impacted by a variety of challenges and growth opportunities that were influenced by various global and local factors. The key factors include the continuing effects of the Covid-19 pandemic, geopolitical tensions, particularly the war in Ukraine, inflationary pressure, the central banks' interest rate decisions as well as progress regarding the digital transformation and the cross-industry development towards a so-called 'green' economy.

The attacks of the Huthi rebels on cargo ships in the Red Sea also cause difficulties and stress on the supply chains of European companies. There is no end in sight to Russia's war against Ukraine, whose extent and effects also affect the German and European markets where we focus our marketing activities.

In the first quarter, Germany's gross domestic product, adjusted for price, decreased slightly by 0.9% year-on-year and increased slightly by 0.2% quarter-on-quarter. Investments decreased considerably compared with the previous year's quarter. Investments in equipment, adjusted for price, decreased by 4.4% compared with the first quarter of 2023 and investments in construction fell by 2.1%. Private spending increased slightly by 0.5%. Whereas the economic performance increased in the information and communication (+1.9%) and other service providers (+1.7%) sectors, it decreased in the retail, traffic and hospitality (-0.5%) and finance and insurance services (-1.2%) sectors. Unemployment increased slightly to 2.7 million in June 2024. As unemployment tends to decrease in June, it increased by 172,000 compared with June 2023. The unemployment rate amounts to 5.8% (+0.3% compared with the previous year's month).

The German Council of Economic Experts (Wirtschaftsweise) forecasts a slight 0.2% increase year-on-year in 2024, which would mean that Germany is stagnating. Both companies and governments are faced with the challenge of finding the right balance between growth, combating inflation and implementing sustainability targets.

1.3. Sector development

The POS systems market is varied both on the provider and demand side, and to date is made up of a large number of small, regional providers. The diversity of the sector and varying company sizes among users are also reflected on the provider side. Only few manufacturers are global players in different markets. The majority are small, often only regional providers. In addition to established companies such as Vectron and other providers of POS hardware and software, pure software providers with major financial resources for financing their growth strategies are increasingly entering the market.

With regard to the fiscal requirements (POS Security Ordinance; Kassensicherungsverordnung (KassenSichV) since 1 January 2020), it remains to be expected that a considerable number of POS operators have not yet met their obligation to update their POS systems.

The trend toward digitisation in the gastronomy sector continued in the reporting period. Government restrictions, such as distancing measures, combined with the gastronomy business owners' endeavours to increasingly accept orders and provide meals either for collection or delivery, have significantly accelerated the spread of digital ordering solutions. Service personnel moved on to other industries. This ultimately increased interest in in-house ordering, digital payment systems, including self-checkout, as well as solutions for optimising the processes of the gastronomy businesses. It is likely that these trends will become permanent.

In the food retail sector, couponing and cashback campaigns are highly popular with end customers during difficult economic periods. The principals also profit from the broad effect of the campaigns by reducing the divergence losses of advertising costs and increasing transparency with regard to consumer behaviour. We continue to expect business volume growth with rising budgets for such campaigns amongst the brand manufacturers.

Brand product manufacturers, especially drinks manufacturers, are also becoming increasingly interested in reaching the gastronomy sector as well with their digital advertising campaigns. This opens up further growth potential for Vectron and acardo.

2. Actual assets, financial position and profit position

2.1. Actual assets

Total assets slightly increased by 3.0% from EUR 55,516 thousand to EUR 57,183 thousand in the period from 31 December 2023 to 30 June 2024.

On the asset side, this was primarily due to right of use assets in accordance with IFRS, which increased from EUR 7,097 thousand to EUR 8,227 thousand (+15.9%). The main reason for this increase was the conclusion of a new lease agreement by acardo, which used the new offices to merge the two existing office spaces. acardo's two previous lease agreements were terminated as from 31 December 2024.

Current and non-current lease receivables decreased slightly from EUR 3,287 thousand to EUR 3,139 thousand (-4.5%) compared with 31 December 2023.

Trade receivables increased from EUR 5,348 thousand to EUR 5,801 thousand (+8.5 %).

Debt increased from EUR 35,751 thousand to EUR 39,341 thousand (+10%). This was due to the previously mentioned conclusion of the new lease agreement by acardo, which resulted in an increase of recognisable lease liabilities as well as an increase in other liabilities (increase in VAT liabilities as of the balance sheet date).

The current liabilities of EUR 11,075 thousand (31/12/2023: EUR 9,004 thousand) are offset by current assets of EUR 22,461 thousand (31/12/2023: EUR 21,379 thousand).

The non-current liabilities of EUR 28,266 thousand (31/12/2023: EUR 26,747 thousand) are offset by non-current assets of EUR 34,723 thousand (31/12/2023: EUR 34,137 thousand).

Equity amounts to EUR 17,842 thousand (31/12/2023: EUR 19,765 thousand). The decrease is the result of losses in the first half of 2024. The subscribed capital remains unchanged at EUR 8,057 thousand.

As of the balance sheet date, the equity ratio was 31.2% (31/12/2023: 35.6%). The equity ratio decreased due to the decrease in equity caused by losses in the first half of the year in connection with the simultaneous increase of total assets.

2.2. Financial position

In the past half-year, the group paid its cash outflows from cash and cash equivalents, which decreased from EUR 8,917 thousand to EUR 6,006 thousand as of the balance sheet date. As in the previous year, the existing credit facilities did not have to be drawn down in the first half of 2024.

All financial liabilities were always repaid on time, if applicable utilising cash discounts.

In the reporting period, cash flow from operating activities amounted to EUR -1,030 thousand (previous year's period: EUR 7,199 thousand). This said, it has to be taken into consideration that in the previous year, a positive effect of EUR 5,326 thousand from factors such as the transition of acardo's clearing to a trust account was included in the cash flow from operating activities (changes in both trade receivables and payables). The steeper increase in trade receivables in relation to payables resulted in a decrease in cash and cash equivalents of EUR 1,880 thousand as of 30 June 2024.

Cash flow from financing activities decreased to EUR -1,165 thousand (previous year's period: EUR -2,129 thousand). Major items pertain to the repayment of financial liabilities and/or lease liabilities plus interest payments.

The substantial reduction in cash flow from investing activities to EUR -717 thousand (previous year's period: EUR -9,828 thousand) resulted from the negative effect on cash and cash equivalents caused by the acquisition of acardo in the previous reporting period.

The financing strategy remains geared towards long-term stability.

2.3. Profit situation

Revenue amounted to EUR 19,977 thousand in the first half of 2024. Of this amount, EUR 14,079 thousand (around 70%) pertain to Vectron and EUR 5,898 (30%) to acardo. Vectron's recurring revenue amounted to around EUR 6.4 million (32%). The share of recurring revenue in Vectron's total sales was 45.5%.

The gross margin of 74.7% was 1.2 percentage points up year-on-year. The EBITDA amounted to EUR 597 thousand. Vectron contributed EUR -594 thousand and acardo EUR 1,192 thousand to the EBITDA. The EBITDA in the previous year's period amounted to EUR 3,716 thousand. It has to be taken into consideration in this respect that Vectron's profit includes EUR 500 thousand in effects caused by contractual obligations under the business combination agreement with Shift4.

3. Subsequent events after 30 June 2024

On 15 July 2024, Vectron announced that due to foreseeable changes in pricing and supply models, the current forecast for 2024 and 2025 is no longer accurate and must be revised. These calculations have not yet been finalised. Vectron will publish a new forecast as soon as the new price models have been finalised and can be used as a basis for new planning.

On 13 August 2024, the capital increase of 10% of the share capital agreed with Shift4 as part of the business combination agreement was entered in the commercial register and is thus legally effective. The share capital thus increased by EUR 805,561.00 (805,561 shares) to EUR 8,862,165.00 (8,862,165 shares). The shares are entitled to dividends from 1 January 2024. Beyond that no material events occurred until the date of the preparation of these consolidated financial statements that would require an adjustment of the carrying amounts of assets and liabilities as of the balance sheet date or additional disclosures in the consolidated financial statements..

4. Forecast report

Please refer to the forecast report in the management report for financial year 2023 and our deliberations above in Section 1.3 for the future industry, product and business trends.

Taking into consideration all of these aspects and in view of the positive development in the first half of 2024, we expect that the group’s positive economic development will continue. However, the closer cooperation with Shift4 and planned launch of Shift4 payment services, combined with new pricing models, result in changes to corporate planning whose effects on the group's income and balance sheet situation as well as its cash flow cannot be discerned at present.

5. Risk reporting

The group maintains a differentiated risk management system, in which both Vectron and acardo participate, for monitoring purposes and for supporting decision-making processes. As from the acquisition of acardo on 1 January 2023, the governance and risk management principles of Vectron have been gradually also applied to acardo.

The individual company segments are assisting with this process, in particular Finance, Legal and Process Management, which is integrated in Enterprise IT. Risk management topics are collected by the executive boards of the respective group company and major risks are reported during executive board and supervisory board meetings. A regular inventory and assessment of risks and countermeasures is carried out. Changes are documented so that historical developments are transparent. The results are reported to the executive board. If additional counter-measures are required, these are initiated in close agreement with the executive board.

5.1. Business risks and opportunities

The long-standing pricing pressure in the industry may result in a narrowing of the margins for the sale of POS systems, which could not be compensated with the previous income model that is primarily aimed at one-off income, except through a corresponding increase in volume. Following the largely concluded waves of fiscalisation measures in Vectron's geographical core markets, organic POS sales growth within existing industries is unrealistic for several years to come. However, this fact is offset by growth opportunities from the marketing of digital services in Germany and abroad.

Whilst Vectron was previously able to largely remove itself from the general pricing competition in the industry through product-specific unique selling points, this will become even more difficult in the future due to new competitors, changed owner structures amongst established competitors and changing business models. Traditional POS systems are being increasingly marketed under license and/or SaaS models. With this in mind, it is important to continue to consistently develop and expand new business fields – digital value-added services for POS operators, to be precise. This is firmly embedded in Vectron's strategy and operational business planning.

In the first half of 2024, Vectron made further progress in this respect in its core business. The acquisition of acardo group continues to contribute to further reducing the dependence on one-off POS revenues.

Various technical developments have lowered market entry hurdles for new providers and lead to a continuous change of products and business models. Missing a new trend could damage Vectron's profitability in the long-term. The monitoring of competitors and other sectors in order to constantly check and adjust the company strategy thus remains of great importance. The choice, prioritisation and specific features of product developments are therefore continuously adjusted to current findings.

Economic fluctuations impact users' willingness to invest in POS systems, meaning that an economic downturn (potentially only in individual sales countries) can lead to significant sales decreases. The overall economic and global security situation, which was shaken by the aggressive war initiated by Russia against Ukraine on 24 February 2022, which violates international law, is being regarded as continuously challenging. Its further developments and effects are unforeseeable. Even renowned political and conflict experts cannot see an end to the military action. Indirect consequences include a considerable drop in the willingness to consume and invest, also in Vectron's target industries, as well as rising energy costs and selected costs of materials that, however, also have other causes, primarily changes in political policies in Germany and Europe.

The sales and earnings development in the group's target industries remained affected by this in the first half of 2024 and also affected Vectron. The executive board expects the willingness to consume and invest to remain at the current level in the known target industries. It will therefore remain increasingly important to focus on system solutions that provide great functions and top quality as well as the transition to business models with recurring instead of one-off income in order to achieve the greatest possible independence from the political and overall economic developments described above.

The challenges encountered during the procurement of hardware, spare parts and consumables, particularly from Asia, as well as logistics issues regarding the sales paths are explained in Section 5.5. of the management report.

The general economic conditions previously described also pertain to specialist retailers which provide a major part of sales and services for Vectron. It cannot be ruled out that the number of specialist retailers actively engaged for Vectron, some of them managed by the second generation by now, will decrease slightly as a result. Vectron specifically supports the specialist retailers' sales performance with systematic tests and rollouts of direct marketing measures, thus developing its sales landscape further in close cooperation with selected partners. A deliberately further developed special retail sector will therefore play a key role in Vectron's future sales, even though direct marketing will be an additional building block. The specialist retailer structure, which developed over many years, also requires for Vectron to actively support successor management and Vectron ensures that it provides the corresponding assistance. A continuous and regular dialogue with the affected companies ensures that Vectron participates at an early stage in the discussions and is able to support the companies with suitable solutions. Several examples of such successor processes amongst the existing specialist retailers confirm the success of these endeavours. Overall, the executive board anticipates a continuously stable specialist retailer base in Germany and abroad which actively contributes to the ongoing business model transformation and growth ambitions.

acardo's customer base contains only few major customers in the fast moving consumer goods (FMCG) segment, which causes a certain degree of dependence on customers. On the other hand, it is technically difficult and costly to replace the technology used by acardo in the respective POS systems in the retail sector. It is therefore not to be expected to lose key accounts, as particularly in times of high inflation, coupon campaigns are a popular marketing instrument amongst all market participants.

We expect the acquisition of acardo at the beginning of 2023 to generate market synergies as well between the group companies. acardo opens up access to brand products and its established business models, whereas Vectron has access to around 65,000 branches in the gastronomy and hospitality sector throughout Europe. This will provide acardo with access to additional sales potential and Vectron will obtain additional unique selling points and recurring revenue from gastronomy businesses (POS operators).

Due to the differences in the business models as well as separate locations, cost synergies are regarded as less material and are therefore not systematically pursued.

The risk of Vectron having paid too much for the investment in acardo was counteracted by agreeing an earn-out clause in the purchase agreement, which states that the majority of the purchase price is variable and based on the future earnings power of acardo. No risks of a potentially necessary increase in the earn-out liability that would go hand in hand with a negative impact on earnings are discerned at present.

5.2. Process and value creation risks

The group's growth and adjustment processes, particularly for the development of the new business fields and the increase of marketing activities in other countries may lead to the complexity of internal processes increasing, thus leading to loss of efficiency and lack of quality. Vectron therefore integrated its own dedicated project and process optimisation management. A group-wide standardised project management was launched in this context. This standard is being adhered to consistently and is also gradually being implemented at acardo.

The processing and invoicing of digital services is fundamentally complex and prone to potential errors, especially in the case of system breakdown and resulting manual activities. This can have considerable negative effects on sales, revenues and customer satisfaction. Vectron counteracts these risks with the above-stated process optimisation function within the company, which systematically analyses and assesses the business processes, recommends necessary adjustments, particularly automations, and implements these in cooperation with other departments.

As a technology company, Vectron may become the target of industrial espionage. Due to the particular market characteristics and the specialist knowledge required to use the technology, the actual risk is considered relatively small. Comprehensive protective measures, such as IT system security, internal access restrictions and non-disclosure agreements, continue to be implemented regardless of construction and organisational measures. In addition, employees receive training on data protection and data security risks as well as their non-disclosure obligations when they first join the company and now also once a year thereafter.

During the course of 2024, acardo aims to get certified in accordance with the ISO 27001 quality standard, which is required by some of the brand product manufacturers. Whilst this standard is not yet required of Vectron by its business partners, Vectron nevertheless aims to develop its own quality management based on the findings and measures from the acardo project. Vectron does not plan its own certification in the foreseeable future as this is not a crucial requirement for its business activities.

5.3. Finance risks

Sales fluctuations may have a significant short-term effect on the available cash flow and thus endanger the overall financing of the group. The group therefore aims for an adequately high equity ratio. Additionally, sufficient levels of liquidity are maintained so that the stability of the company is ensured at all times, even during longer periods of weak economic performance. The consistent push toward an increase of recurring revenues is another crucial component of the financial risk prevention policy.

Potential financial risks could also arise from the launch of new pricing models as part of the merger with Shift4. As the talks and negotiations in this respect are still ongoing at present, it is still too early to sufficiently detail any potential effects.

Dependencies on individual, major customers always pose a risk, such as in the case of payment default. This risk remains low at Vectron and acardo. The general default risk of the debtors is counteracted with various audits at portfolio and individual level, including a regular check of credit limits, regular exchange with customers, prompt and regular reminder and collection activities, which are executed by the legal unit, and additional measures to decrease the default risk.

As Vectron buys a significant share of the material in foreign currency (primarily US dollar), and/or prices are directly impacted by exchange rates, unfavourable exchange rate changes may have a significantly negative impact on profits. Depending on historical and expected exchange rate developments, foreign currency items continue to be processed via spot purchases. Long-term exchange rate fluctuations are not hedged as this does not appear financially useful in a lot of the cases.

Longer-term business interruption, e.g. as a result of a fire, could have considerable financial costs for the group. Whilst most acardo employees could continue working from home, this would only be possible to a limited extent at Vectron. In particular, it would no longer be possible to supply customers on time from the warehouse in Münster. This risk is financially mitigated as much as possible through a business interruption insurance. However, certain risks, such as force majeure, cannot be insured or would be too expensive to insure to be economically viable.

acardo's receivables decreased significantly due to the change of clearing payment processes. As a result, the counterparty default risk of receivables also decreased sustainably. As Vectron POS are used in particular in the gastronomy and bakery sectors, which are exposed to greater risks than the economic sector as a whole due to overall economic developments, diligent risk counter-measures have been implemented for years. This applies to both group companies. For instance, Vectron writes off receivables that are overdue by more than 90 days except in justified exceptional circumstances. In the past, both group companies had practically no bad receivables.

In view of the excellent credit ratings of acardo’s customers and low counterparty default risk, the liquidity risk is generally expected to be low. Vectron’s liquidity risk is also assessed as low in view of the above explanations.

5.4. Technical and IT risks

The group is highly dependent on numerous IT systems and other technology. Breakdowns, malfunctions, data losses or cyber attacks, which reached a new record high amongst groups and in the meantime also increasingly amongst SMEs in recent years, can endanger the continued existence of a company as a going concern. This particularly applies to the digital services offered as cloud solutions where even short breakdowns can have considerable effects on users. Vectron places great importance on state-of-the-art security measures and backup solutions as well as regular IT system updates and the continuous further development of IT security management. The requirements regarding reliability and resilience are taken into consideration in the architecture and operating concept of the cloud solution.

A cyber insurance was also taken out in 2023 to mitigate potential risks in this respect.

5.5. Purchasing and cooperation risks

A price increase for purchased components can result in a narrowing of the margin. To prevent this issue, general agreements and fixed price orders were aimed for in the past. The conclusion of corresponding general agreements is becoming increasingly challenging in the current market environment and in view of the decrease in global purchasing volumes. As the exchange rate trend is used for calculating the fixed price, there is nevertheless still an indirect potential currency risk. The procurement prices and costs continued to increase slightly and levelled out considerably higher than before the COVID-19 pandemic. It is impossible to fix prices in the long term.

Price savings for electronic assemblies, components and finished devices can generally only be achieved by purchasing larger quantities. However, larger purchasing volumes require more tied capital and bear the risk of impairments in the event of slow product sales and products being cancelled. The company therefore only concludes framework agreements for quantities whose sale is largely secured.

In the case of Vectron-specific or single-source products or components, the downtime of a supplier can result in delivery delays. To avoid shortages, minimum amounts of all critical systems, accessories and replacement components are stocked so that a sufficient lead time for a reaction to downtimes is ensured. Replacement suppliers are on stand-by if technically and economically feasible. It needs to be pointed out that Vectron's key system supplier is domiciled in a politically unstable region. The company itself as well as Vectron implement risk prevention measures: The supplier is relocating to other Asian countries and expanding its sites and Vectron procures its materials from a diverse range of sources. This appears to be suitable to prevent the country and supplier risks.

The conflict in the Red Sea, where Huthi rebels are shooting at cargo ships, increases the current supply chain risk. Up to now, longer delivery times have been fully compensated thanks to a diligent and forward-looking warehousing strategy.

5.6. Personnel risks

In view of the increasing lack of qualified employees across all industries, the group may encounter issues with acquiring and retaining qualified employees, which would lead to it becoming impossible to implement and/or operate product developments and sales activities as well as critical business processes and systems as planned and to being unable to exploit related business opportunities.

Vectron and acardo are positioning themselves as attractive employers in the regions of Münster and Dortmund and beyond by deliberately modernising the leadership style toward participation and self-responsibility, by further developing the internal and external corporate communications and finally, by implementing additional training, career support and development measures. Various employee benefits complete the package of measures and form part of further developments. The trusting cooperation with the (Vectron) works committee is also playing an increasingly important role in this respect.

The unavailability of key employees can lead to noticeable problems with operations. The fact that it may not be possible to retain these key employees or find suitable replacements in a timely manner if these key employees leave the company is a risk in this respect. In order to promote employee retention, the group places great importance on a good working climate and the targeted promotion of cooperation amongst colleagues.

5.7. Product and product development risks

The product portfolio undergoes ongoing adjustments, changes and expansions. The resulting development and production complexity can lead to delays and product errors that can have a significant effect on the group's profit situation. There is also a risk of developing products that do not meet requirements in the market. Both planning and development are therefore as iterative as possible in cooperation with operators and specialist retailers to ensure that findings in the market flow into these activities as quickly as possible. This further increases the interactivity, agility and, primarily, the needs basis of product development. A new product development process has already been implemented to reduce the risk.

Software tests are automated as much as possible. The risk is further limited through product liability insurance.

5.8. Legal risks

Vectron processes and stores a considerable amount of personal data for operators and also when storing the data of its own customers. Vectron further engages third parties to process the corresponding data and processes personal data in joint responsibility with the specialist trade partners and operators (bonVito). Vectron has to comply with corresponding legal requirements for this processing. Non-compliance with these and controls by the regulatory authorities could result in heavy fines. To adequately counteract these risks, Vectron collaborates with relevant specialist law firms and continues to ensure compliance with the legal bases, such as the conclusion of data processing agreements with all cloud customers, service providers and specialist trade partners that process personal data for Vectron.

To ensure the best possible competence and neutrality when further developing its own data protection profile, Vectron outsourced the role of data protection officer to a specialised service provider. The data protection officer reports directly to the executive board, in writing and verbally, to ensure that the executive board obtains transparency of potential risks without delay and detours and is able to assess and implement recommended measures immediately.

Errors can occur in publications that are relevant to the capital market (ad-hoc announcements and/or corporate news) which can result in a damaged reputation, uncertainty amongst investors as well as heavy fines. These are the consequences primarily of non-compliance with the BaFin provisions for corresponding publications. Ad-hoc announcements, for instance, must be brief and informative and must, in particular, not be misused as advertising or marketing messages. Such violations incur fines. Early reconciliation with qualified service providers and law firms will counteract this risk.

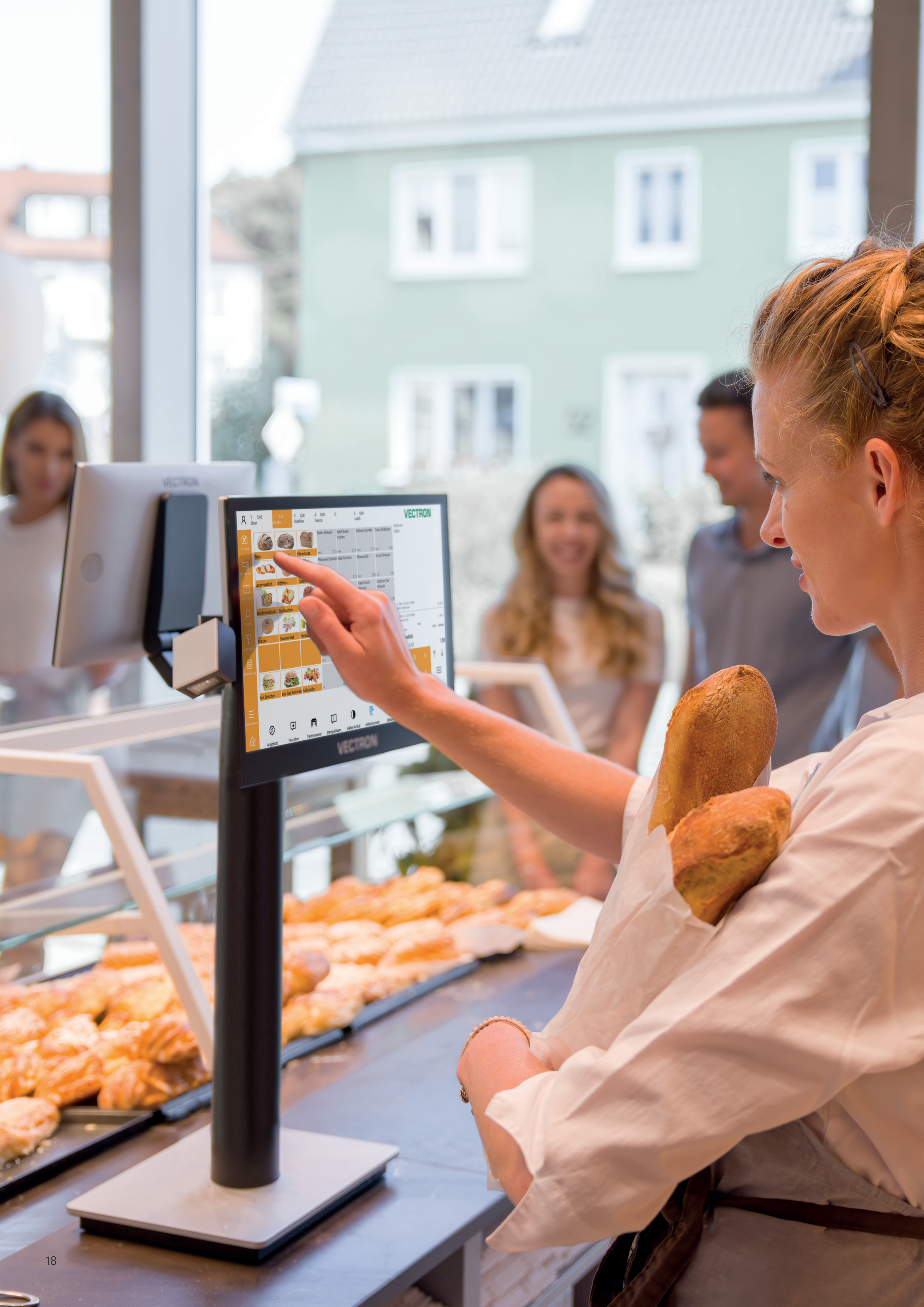
Insider information could also be created within the company which must be published immediately or whose publication must be delayed according to corresponding postponement orders in accordance with the Market Abuse Regulation (Marktmissbrauchsverordnung). The group of persons with knowledge of the respective information must also be kept as small as possible. The Legal and Human resources departments are therefore responsible for raising awareness of which information must be regarded as insider information from which date and limit the group of employees involved/informed and also add provisions regarding compliance with insider regulations to the respective employment contracts.

Since the “Fit for Future” cost reduction project in 2022, Vectron implemented changes in connection with the deliberate slimming down of its organisation that also affected how almost all of the risk categories described in this report are handled. The executive board and executive employees are trained to recognise the signs of insufficient organisational structures and to intervene to prevent potentially arising risks.

Münster, 31 August 2024

Vectron Systems AG
The executive board

Thomas Stümmler	Dr. Ralf-Peter Simon	Christoph Thye
CEO	COO	CMO


VECTRON
VECTRON

Statement of comprehensive income

For the periods from:

in EUR thousand	01/01–30/06/2024	01/01–31/12/2023
Revenue	19,977	37,015
Change in inventories	110	-207
Material expenses and purchased services	-4,990	-9,603
Other own work capitalised	238	514
Gross profit	**15,335**	**27,718**
Other operating income	89	3,102
Personnel costs	-7,323	-13,535
Other operating expenses	-7,311	-13,213
Expenses/income from the impairment of financial assets	-196	-349
Other taxes	3	-6
EBITDA*	**597**	**3,716**
Depreciation and amortisation	-1,984	-3,713
Earnings before interest and taxes (EBIT)	**-1,387**	**3**
Financial income	224	486
Financing expenses	-972	-1,934
Financial income/expenses	**-748**	**-1,449**
Earnings before taxes (EBT)	**-2,135**	**-1,446**
Income tax expenses	212	667
Half-year profit/loss	**-1,923**	**-778**
Earnings per share		
Undiluted earnings per share	-0.24	-0.10
Diluted earnings per share	-0.24	-0.10

*EBITDA is an alternative performance indicator that is not defined in the IFRS.

No earnings pertain to minority shares.

Balance sheet

as of 30 June 2024:

in EUR thousand ASSETS	30/06/2024	31/12/2023
Non-current assets		
Intangible assets	21,938	22,463
Property, plant and equipment	652	600
Right-of-use assets	8,227	7,097
Participations	0	180
Non-current lease receivables	1,841	1,947
Non-current trade receivables	0	0
Other non-current financial assets	610	610
Deferred tax assets	1,454	1,239
Total non-current assets	**34,723**	**34,137**
Current assets		
Inventories	3,337	3,275
Trade receivables	5,801	5,348
Receivables from affiliated companies	-48	3
Current lease receivables	1,297	1,340
Income tax receivables	3	3
Other current financial assets	5,668	2,288
Other current assets	398	206
Cash and cash equivalents	6,006	8,917
Total current assets	**22,461**	**21,379**
Total assets	**57,183**	**55,516**

in EUR thousand EQUITY AND LIABILITIES	30/06/2024	31/12/2023
Equity		
Subscribed capital	8,057	8,057
Capital reserve	20,502	20,502
Balance sheet loss	-10,716	-8,793
Equity	**17,842**	**19,765**
Non-current liabilities		
Non-current financial liabilities	3,499	3,674
Non-current lease liabilities	7,281	6,244
Non-current provisions	202	293
Non-current employee benefits	16	16
Other non-current financial liabilities	13,269	12,520
Deferred tax liabilities	0	0
Non-current contractual liabilities	3,999	3,999
Total non-current liabilities	**28,266**	**26,747**
Current liabilities		
Trade payables	4,085	3,831
Liabilities to affiliated companies	0	0
Current lease liabilities	1,087	963
Current financial liabilities	1,259	1,323
Income tax liabilities	667	665
Current employee benefits	618	490
Other current financial liabilities	876	955
Other current liabilities	2,270	276
Current contractual liabilities	211	500
Total current liabilities	**11,075**	**9,004**
Total liabilities	**39,341**	**35,751**
Total equity and liabilities	**57,183**	**55,516**

Statement of changes in equity

in EUR thousand	Subscribed capital	Capital reserve	Balance sheet loss	Total Equity
Balance as of: 1 January 2023	**8,057**	**20,424**	**-8,012**	**20,469**
Income for the period	-	-	-778	-778
Other income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-778**	**-778**
Capital increase	-	-	-	-
Share-based payment	-	77	-	-
Balance as of: 31 December 2023	**8,057**	**20,502**	**-8,793**	**19,765**
Balance as of: 1 January 2024	**8,057**	**20,502**	**-8,793**	**19,765**
Income for the period	-	-	-1,923	-1,923
Other income	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-1,923**	**-1,923**
Capital increase	-	-	-	-
Share-based payment	-	-	-	-
Balance as of: 30 June 2024	**8,057**	**20,502**	**-10,716**	**17,842**

Cash flow statement

in EUR thousand		01/01–30/06/2024	01/01–31/12/2023
1. Cash flow from operating activities			
Earnings before income taxes		**-2,135**	**-1,446**
+	Depreciation, amortisation and write-downs	+1,984	+3,713
+/-	Increase/decrease in provisions	-91	+58
+/-	Other non-operative expenditures/revenues	+120	-1,913
+/-	Decrease/increase in inventories, trade receivables as well as other assets not allocated to investment or financing activities	-3,905	+20,779
+/-	Increase/decrease in trade payables as well as other liabilities not allocated to investment or financing activities	+2,026	-15,670
+/-	Loss/profit from the disposal of fixed assets	-	-
+/-	Share-based payments	-	-
+/-	Financial result (interest expenses and income)	+748	+1,449
+	Interest received	+224	+486
+/-	Tax payments/refunds	-	-257
Cash flow from operating activities		**-1,030**	**7,199**
2. Cash flow from investing activities			
+	Cash inflows from the disposal of intangible assets	-	-
-	Cash payments made for investments in intangible assets	-239	-536
+	Cash inflows from the disposal of property, plant and equipment	+15	-
-	Cash payments made for investments in property, plant and equipment	-493	-532
-	Cash payments made for investments in non-current financial assets	-	-8,760
Cash flow from investing activities		**-717**	**-9,828**
3. Cash flow from financing activities			
+	Cash payments received from financial liabilities	+367	+1,367
-	Cash payments made from the redemption of financial liabilities	-658	-1,975
-	Cash payments made from the redemption of lease liabilities	-709	-1,194
-	Interest paid	-164	-327
Cash flow from financing activities		**-1,165**	**-2,129**
Net increase in cash and cash equivalents		**-2,911**	**-4,757**
Cash and cash equivalents as of 1 January		8,917	13,675
Cash and cash equivalents as of 30 June		**6,006**	**8,917**

Notes

1. General disclosures

Vectron Systems AG is a stock corporation domiciled at Willy-Brandt-Weg 41, 48155 Münster, Germany. It is the parent company of Vectron Systems AG group. It is registered in the commercial register at Münster District Court under commercial register number HRB 10502. The group's shares are traded in the "Scale" segment for SMEs of Deutsche Börse AG. The group's main activities are to develop, distribute and sell integrated solutions for POS systems and related systems, including software and cloud-based data analysis, data management, goods management, CRM and service modules, interfaces for third parties, related services of any kind, and the production of the required hardware, particularly POS systems and accessories. acardo group AG provides specialised services within the scope of couponing and cashback campaigns that are implemented by customers (such as brand manufacturers) in cooperation with retailers, pharmacies and cinema operators. These services include preparing retail POS systems for these campaigns (setup services) and handling the clearing process where acardo's customers pay settlements to retailers, pharmacists and cinema operators. On 1 January 2023, acardo and its affiliated company, acardo activation GmbH (merger in 2023) became part of the group. Vectron acquired all of the shares in both acardo companies at the beginning of 2023 and is pressing ahead with their integration in the newly created group.

As of 14 June 2024, Shift4 Payments Inc., a company listed in the United States of America, acquired the majority share in Vectron. As of 30 June 2024, Vectron was fully included in the consolidated financial statements of Shift4 for the first time. Vectron will be delisted at Deutsche Börse AG as of 11:59 pm on 30 September 2024. After this date, plans are to conclude a control and profit and loss transfer agreement with the new shareholder.

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union and the applicable provisions under German commercial law in accordance with Section 315e (1) and (3) of the German Commercial Code (Handelsgesetzbuch – HGB). Due to the acquisition of acardo as of 1 January 2023, consolidated financial statements were prepared for the first time at that point in time. posmatic was also included for the first time in the consolidated financial statements.

Vectron Systems AG prepared and published its consolidated financial statements in euros, the group's functional currency. Figures are rounded to thousand euros unless otherwise stated. Due to rounding, individual figures in these consolidated financial statements may not add up to the exact total stated and the percentages may not reflect the exact absolute figures to which they relate.

The financial year matches the calendar year.

The abbreviated interim financial statements and interim management report as of 30 June 2024 were neither checked nor audited by an auditor.

2. Summary of key accounting policies

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the IFRS Interpretations Committee (IFRS IC), which apply to companies that report in accordance with IFRS. The consolidated financial statements comply with the IFRS issued by the International Accounting Standards Board (IASB). The consolidated financial statements were prepared on the basis of historic costs. Various new financial reporting standards and interpretations have been published but have not been mandatory for reporting periods as of 30 June 2024 and were not applied early by the group. The group regards the effects of these new provisions on the current or future reporting periods and discernible future transactions as immaterial.

3. Segments

The group's operating activities are managed via two segments. Management regularly reviews the operating income/expenses regarding decisions on the allocation of resources and measurement of the earnings power for the company as a whole.

The identification of reportable operating segments is based on the management approach. When using this approach, external segment reporting is based on the group's internal organisational and management structure as well as internal financial reporting to the responsible corporate instance. Within the group, Vectron's executive board is responsible for assessing and managing the segments and is therefore classed as the responsible corporate instance.

The executive board determines the segments according to their services provided. To do this, the services are broken down by their relation to Vectron's POS systems and the couponing and cashback services of acardo.

Segments in accordance with IFRS 8	Allocated companies	Purpose
POS systems	Vectron Systems AG, posmatic GmbH	Developing, selling and renting of integrated solutions for POS installations and related systems, including accessories
Couponing and Cashback	acardo group AG	Development of marketing technology solutions as well as sales promotion concepts for certain industries

The management regularly checks the composition of the segments and their operating income/expenses with regard to decisions on the allocation of resources. The segments' income development is also checked, analysed and managed on a regular basis and necessary adjustments resolved.

The accounting principles used for the group's segment reporting are based on the IFRSs applied in the consolidated financial statements. The group assesses the segments' performance on indicators such as the EBITDA.

The accounting principles used for the group's segment reporting are based on the IFRSs applied in the consolidated financial statements. Vectron assesses the segments' performance on indicators such as the EBITDA.

The sales and EBITDA situation as of 30 June 2024 was as follows.

01/01 –31/12/2023 in EUR thousand	**POS systems**	**Couponing and Cashback**	**Total segments**	**Consoli-dation**	**Total**
Third-party sales revenues	26,384	10,630	37,015		**37,015**
Total sales revenues	**26,384**	**10,630**	**37,015**		**37,015**
EBITDA	**-111**	**1,453**	**1,342**	**2,374**	**3,716**

01/01 –30/06/2024 in EUR thousand	POS systems	Couponing and Cashback	Total segments	Consoli-dation	Total
Third-party sales revenues	14,079	5,898	19,977		-
Total sales revenues	**14,079**	**5,898**	**19,977**		**-**
EBITDA	**-595**	**1,192**	**597**	**-**	**597**

The actual assets and consolidation effects are shown in the following overview:

	POS systems		Couponing and Cashback		Total segments		Consolidation entries/purchase price allocation	Consolidated financial statements
in EUR thousand	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	31/12/2023	30/06/2024	30/06/2024
Non-current assets	38,528	25,691	5,739	482	44,266	26,173	-9,544	34,723
of which: Intangible assets	1,271	1,418	5,741	-	7,013	1,418	14,926	21,938
of which: Right-of-use assets	6,691	6,912	1,536	185	8,227	7,097	-	8,227
of which non-current lease receivables	1,841	1,947	-	-	1,841	1,947	-	1,841
of which: Participations	24,469	11,255	-	-	24,469	11,255	-24,469	-
Other non-current assets	610	4,159	-	297	610	4,456	-	610
Current assets	11,655	14,206	10,596	7,234	22,251	21,440	210	22,461
of which: Trade receivables	2,353	2,501	3,448	2,847	5,801	5,348	-	5,801
of which: Current lease receivables	1,297	1,340	-	-	1,297	1,340	-	1,297
of which: Cash and cash equivalents	4,051	6,516	1,684	2,401	5,735	8,917	271	6,006
Other current assets	238	3,850	160	1,985	398	5,835	-	398
Total assets	**50,183**	**39,897**	**16,334**	**7,716**	**66,517**	**47,614**	**-9,334**	**57,183**
Equity	**17,793**	**19,675**	**9,333**	**4,659**	**27,126**	**24,334**	-9,284	**17,842**
Non-current liabilities	26,962	14,217	1,304	10	28,266	14,228		28,266
Current liabilities	5,428	6,006	5,697	3,047	11,125	9,053	-50	11,075
Total liabilities	**32,390**	**20,223**	**7,001**	**3,057**	**39,391**	**23,281**	**-50**	**39,341**
Total equity and liabilities	50,183	39,899	16,334	7,716	66,517	47,615	-9,334	57,183

4. Reporting entity

Company name	Prime activities	Registered office of company	Shares held by Vectron in % 30/06/2024
acardo group AG	Couponing and Cashback	Dortmund, Germany	100%
posmatic GmbH	POS software	Münster, Germany	100%
VECTRON America INC.	Sales company	Ottawa, Ontario, Canada	80%

5. Revenue

Revenue is generated from the following activities:

in EUR thousand	01/01–30/06/2024	01/01–31/12/2023
Revenue from contracts with customers	19,061	34,751
Revenue from finance leases	716	1,786
Sales revenues from operating leases	200	477
Total	**19,977**	**37,015**

Breakdown of revenue from contracts with customers

The group generates income from the sale of POS and the provision of POS software and marketing technology solutions as well as sales promotion concepts.

in EUR thousand	01/01–30/06/2024	01/01–31/12/2023
POS systems	13,163	24,120
Couponing and Cashback	5,898	10,631
Total	**19,061**	**34,751**

The income breaks down as follows according to the regions where the respective customers are domiciled.

in EUR thousand	01/01–30/06/2024	01/01–31/12/2023
Germany	17,227	31,018
International	1,834	3,732
Total	**19,061**	**34,751**

Revenue breaks down by date as follows:

in EUR thousand	01/01–30/06/2024	01/01–31/12/2023
Non-recurring revenues	12,683	23,519
Recurring revenue	6,379	11,232
Total	**19,061**	**34,751**

6. Measurement of financial instruments at fair value

6.1. Classifications and fair values of financial instruments

The table below shows the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not contain any information on the fair value for financial assets and liabilities that were not measured at fair value if the carrying amount constitutes a reasonable estimate of the fair value.

The fair value of cash and cash equivalents, current trade receivables, other current financial assets, current trade payables, current loans and other current liabilities essentially almost correspond with their carrying amount due to the short maturities of these instruments. Please refer to the list in the table below.

30/06/2024	IFRS 9 Category	Amortised acquisition costs EUR thousand	Fair value EUR thousand	Fair value Level
Financial assets				
Lease receivables	FAAC	3,139	3,139	3
Non-current trade receivables	FAAC	-	-	3
Other non-current financial assets	FAAC	610	610	3
Financial liabilities				
Borrowings	FLAC	-	-	3
Deferred seller loan/partial amount Earn-out I	FLAC	2,261	2,261	3
Liabilities from the sales support model	FLAC	2,125	2,125	3
Liabilities from refinancing transactions	FLAC	219	219	3
Liabilities from hire purchases	FLAC	152	152	3
Earn-out liability	FLTPL	13,269	13,269	3

31/12/2023	IFRS 9 Category	Amortised acquisition costs EUR thousand	Fair value EUR thousand	Fair value Level
Financial assets				
Lease receivables	FAAC	3,287	3,287	3
Other non-current financial assets	FAAC	610	610	3
Financial liabilities				
Deferred seller loan/partial amount Earn-out I	FLAC	2,201	2,201	3
Liabilities from the sales support model	FLAC	2,324	2,324	3
Liabilities from refinancing transactions	FLAC	322	322	3
Liabilities from hire purchases	FLAC	152	152	3
Earn-out liability	FLTPL	12,520	12,520	3

The group uses data observed in the market whenever possible for determining the fair value of assets or liabilities. Based on the input factors used in the measurement methods, the fair values are broken down into the different levels of the fair value hierarchy:

- Level 1: List prices (unadjusted) in active markets for identical assets and liabilities,
- Level 2: Measurement parameters that are not list prices included in Level 1 that, however, can be directly (i.e. as a price) or indirectly (i.e. as a derivation from the price) observed for the asset or liability,
- Level 3: Measurement parameters for assets or liabilities that are not based on observable market data.

If the input factors used for determining the fair value of assets or liabilities can be allocated to different levels of the fair value hierarchy, the entire fair value measurement is allocated to the level of the fair value hierarchy that corresponds to the lowest input factor that applies to the measurement overall. The group recognises reallocations between different fair value hierarchy levels at the end of the reporting period in which the change occurred.

The group engaged external independent measurement experts with the determination of the material fair values, including Level 3 fair values, and is auditing the evidence and findings obtained by third parties.

6.2. Fair value measurement methods

The fair value was determined on the basis of the discounted cash flow, using a current borrowing rate. Due to unobservable input parameters, including the counterparty default risk, it is classified as level 3 within the fair value hierarchy.

The fair values of the non-current financial liabilities are based on the discounted cash flows, using the current market rate for such financing. They are classified as level 3 within the fair value hierarchy due to the use of unobservable input factors including the company's own default risk. Expected cash flows for contingent considerations are estimated on the basis of the purchase agreement modalities and the Company's knowledge about the business and the probable effects of the current economic environment on it.

7. Subsequent events

On 15 July 2024, Vectron announced that due to foreseeable changes in pricing and supply models, the current forecast for 2024 and 2025 is no longer accurate and must be revised. These calculations have not yet been finalised. Vectron will publish a new forecast as soon as the new price models have been finalised and can be used as a basis for new planning.

On 13 August 2024, the capital increase of 10% of the share capital agreed with Shift4 as part of the business combination agreement was entered in the commercial register and is thus legally effective. The share capital thus increased by EUR 805,561.00 (805,561 shares) to EUR 8,862,165.00 (8,862,165 shares). The shares are entitled to dividends from 1 January 2024. Beyond that no material events occurred until the date of the preparation of these consolidated financial statements that would require an adjustment of the carrying amounts of assets and liabilities as of the balance sheet date or additional disclosures in the consolidated financial statements.

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