

Report on the 2nd quarter of 2023



Overview – MONTANA TECH COMPONENTS



VARTA AG

VARTA AG produces and markets a large range of batteries that includes micro-batteries, household batteries, energy storage systems, customer-specific battery solutions for a variety of applications, and as a technology leader also defines industry standards in important areas. VARTA engages intensely in research and development, thereby creating global benchmarks in many areas of lithium-ion technology and micro-batteries, and is also innovation leader in key growth markets.

ALUFLEXPACK AG

Aluflexpack produces flexible packaging solutions for end markets such as "Coffee & Tea, Pharma, Pet food, Confectionery and Dairy", and has over 35 years of experience in converting aluminum and plastic foils into high-quality end products. Expert know-how, flexible services and innovation are the basis for our long-standing customer relationships with both local companies and major international corporations.

MONTANA AEROSPACE AG

Montana Aerospace is one of the world's leading manufacturers of complex lightweight components and structures for the aviation industry based on its global presence in development and manufacturing, and multi-material expertise. As a highly integrated and innovative full-service provider with a strong commitment to sustainability, it has become an important partner for customers in the aviation, e-mobility and energy sectors.



Key financials

KEY FIGURES OF THE MONTANA TECH COMPONENTS GROUP

| (in TEUR) unaudited according to IFRS | 1-6/2023 | 1-6/2022 | Change in TEUR | Change in % |
|--|------------------|------------------|-------------------|----------------|
| Net sales | 1,233,857 | 1,120,297 | 113,560 | 10,1% |
| EBITDA | 53,012 | 154,849 | -101,838 | -65,8% |
| % of net sales | 4,3% | 13,8% | | |
| EBIT | -77,286 | 45,876 | -123,162 | -268,5% |
| % of net sales | -6,3% | 4,1% | | |
| EBT | -137,404 | 40,694 | -178,098 | -437,6% |
| Net income | -141,490 | 24,014 | -165,503 | -689,2% |
| Employees | 12,765 | 13,011 | -246 | -1,9% |

OVERVIEW OF THE LATEST QUARTERS

| (in TEUR) unaudited according to IFRS | Q3 2021 | Q4 2021 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 |
|--|---------|---------|---------|---------|---------|----------|---------|---------|
| Net sales | 501,839 | 573,792 | 505,380 | 614,917 | 634,342 | 715,340 | 616,131 | 617,726 |
| EBITDA | 93,953 | 85,813 | 61,893 | 92,956 | 24,514 | 118,611 | 24,160 | 28,852 |
| EBIT | 47,014 | 34,222 | 12,899 | 32,977 | -37,381 | -91,965 | -31,128 | -46,158 |
| EBT | 48,763 | 25,392 | 17,042 | 23,652 | -45,114 | -142,287 | -54,953 | -82,451 |
| Net income | 35,820 | 3,845 | 9,063 | 14,950 | -44,821 | -143,267 | -58,044 | -83,446 |
| Employees | 11,435 | 11,560 | 12,937 | 13,011 | 13,444 | 12,879 | 12,798 | 12,765 |

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS AT 30 JUNE 2023

The MONTANA TECH COMPONENTS Group and its Divisions achieved total sales of EUR 1,234 million in the first half year of financial year 2023 (+10.1 % vs H1 2022). Despite the sustained challenging macroeconomic conditions on global markets, the industrial group increased revenues again for another consecutive year since its foundation in 2006. This trend was supported mainly by the continued rise in sales at the subsidiaries Aluflexpack AG (+15.8 %) and Montana Aerospace AG (+21.6 %). The first half-year 2023 closed at an EBITDA of EUR 53 million. A comparison with the first half of 2022 shows a decrease which was due once again to the decline in sales and in EBITDA at VARTA AG. VARTA AG is facing a very challenging overall economic environment caused by multiple global crises as well as by lower customer orders. The EBITDA margin for this period was 4.3 % (H1/2022: 13.8 %).

DIVISION INFORMATION

MONTANA AEROSPACE AG reported consolidated net sales of EUR 704.0 million in H1 2023. This is a gain of 21.6 % versus the first 6 months of 2022. Regarding profitability, Montana Aerospace also reported very gratifying figures: adjusted EBITDA for H1 2023 climbed to EUR 59.3 million which is a gain of EUR 25.4 million (+75 %) versus the two first quarters of the preceding year. In Q2 2023, Montana Aerospace earned a positive free cash flow for the first time (EUR 27 million). The development in the segments Aerostructures and Energy was excellent. Aerostructures reported net sales of EUR 332.7 million in the first six months of the financial year 2023 (+29.2 %), while Energy saw net sales rise to EUR 282 million (+24 %). Adjusted EBITDA in the segments mentioned above also developed extremely well: Aerostructures posted EUR 37.8 million (+41.6 %), while Energy attained a robust result of EUR 13.5 million (+335.5 %). In the segment of E-Mobility, there was a slight decline in net sales to EUR 90.3 million (-4.5 %) and adjusted EBITDA was EUR 7.2 million (-10 %) due to the lower demand for billets (aluminum recycling). In the U.S. legal action of Arconic Corporation versus Universal Alloy Corporation (UAC,

subsidiary of Montana aerospace AG), the jury reached a verdict and rejected the allegations of misappropriation of trade secrets. In the verdict, the jury stated that Arconic did not own any trade secrets in relation to production of “stretch formed spar chords” (SFSC), and therefore, UAC is not liable to pay damages to Arconic. Arconic has the right to appeal. Further growth is expected for the full year 2023. Montana Aerospace is optimistic about raising net sales to over EUR 1.5 billion and achieving an adjusted EBITDA of around EUR 130 to 150 million. Montana Aerospace also stands by its guidance of positive net income and free cash flow for the full year. With respect to segments, Aerostructures is forecast to achieve net sales of EUR 750 to 800 million, which would make Aerostructures the main driver of growth, followed by Energy with net sales of >EUR 550 million and E-Mobility with net sales of >EUR 200 million.

The restructuring of VARTA AG is going very well with costs decreasing across all areas and working capital improving. Nonetheless, the persistently difficult macroeconomic situation is still having a negative effect on VARTA AG. Consolidated sales for H1 2023 amounted to EUR 339 million (H1 2022: EUR 376.8 million). Adjusted EBITDA in the first six months was EUR -6.8 million (H1 2022: EUR 68.9 million). Sales for the full financial year 2023 are estimated to reach EUR 820 million with an adjusted EBITDA of EUR 40 to 60 million. The positive trends in the energy storage business, the start of customer projects as well as the traditional seasonal increase in demand during the second half of the year are factors that make VARTA AG optimistic for the coming months. Additionally, the restructuring measures are progressing according to plan and have already been completed in several areas. The necessary reduction in the global headcount has almost been completed. VARTA AG increased sales in the energy storage business by 91.5 % versus the same period of the preceding year, with adjusted EBITDA rising by EUR 8.8 million. In the other segments, the effects of the global crises are weighed on VARTA AG's business in the first half of 2023. Ebbing demand for lithium-ion button cells (CoinPower) is related to the sizable decrease in demand from a major customer caused by declining demand in the end customer market and the diversification of the supply chain. The VARTA AG Group is well

positioned in its core markets despite the harsh environment and promises to benefit from long-term market trends – especially for lithium-ion batteries with their many different uses. The signals received from VARTA's customers to date – especially high volumes of orders for energy storage devices – as well as the decline in energy and commodity prices are grounds for optimism. VARTA AG expects sales to rise to at least EUR 900 million in the coming year, thus to a level significantly higher than for 2023. This forecast is based on rising demand especially for energy storage systems as well as for lithium-ion products.

Aluflexpack AG, which is listed on the Six Swiss Exchange, achieved higher net sales in H1 2023 despite a sluggish market dominated by inventory reductions at some customers and the loss of purchasing power that is making consumers more hesitant about spending money. Net sales rose by 15,8 % to EUR 190,8 million (H1 2022: EUR 164.8 million) of which 12,3 % was organic growth. The company raised net sales in all of its end markets, with growth being backed mainly by the robust business in the end markets for milk products, confectionery and “other foods”, and the passing on of higher costs. In H1 2023, EBITDA before special effects rose to EUR 24,8 million which corresponds to a margin of 12,7 % (H1 2022: EUR 24.3 million and 14.7 % respectively). This decline

of the relative EBITDA margin is due primarily to the diluting effect of higher costs, which are reflected in the net sales of Aluflexpack, as well as the negative material phases effects. However, the margin achieved in H1 2023 is an increase compared to the margin in H2 2022 (11,6 %) thereby showing the progress achieved in passing on higher costs. The Group started operations at its plant in Drniš (Croatia) part of its organic expansion. For the full year 2023, the Management Board of the Group estimates net sales to reach around EUR 390 million to EUR 430 million exclusive of the effects of IAS 29 (hyperinflation accounting) and an EBITDA before special effects of EUR 50 to EUR 55 million.

OUTLOOK

MONTANA TECH COMPONENTS AG will continue its long-term growth strategy in the financial year 2023. Considering the recovery of the airline industry to pre-pandemic levels, the steadily growing packaging market, comprehensive restructuring plans as well as the targeted investments in the growth areas at VARTA AG, MONTANA TECH COMPONENTS AG is looking at a promising future. The current positioning in each of the markets will be strengthened and expanded.

Finances

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2023

| ASSETS (in TEUR) unaudited according to IFRS | 30.06.2023 | 31.12.2022 |
|---|------------------|------------------|
| Intangible assets | 504,018 | 511,129 |
| Property, plant and equipment | 1,534,496 | 1,568,000 |
| Financial assets | 283,296 | 268,333 |
| Other assets and receivables | 138,881 | 139,384 |
| NON-CURRENT ASSETS | 2,460,691 | 2,486,846 |
| Inventories | 654,521 | 644,362 |
| Trade receivables | 315,444 | 324,913 |
| Other assets and receivables | 221,817 | 279,281 |
| Cash and cash equivalents | 422,801 | 633,215 |
| CURRENT ASSETS | 1,614,583 | 1,881,771 |
| TOTAL ASSETS | 4,075,274 | 4,368,617 |

| LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) unaudited according to IFRS | 30.06.2023 | 31.12.2022 |
|---|------------------|------------------|
| Equity attributable to owners of MTC AG | 740,501 | 884,134 |
| Non controlling interests | 635,344 | 674,797 |
| SHAREHOLDERS' EQUITY | 1,375,845 | 1,558,931 |
| Liabilities to financial institutions | 862,525 | 682,270 |
| Other financial liabilities | 202,167 | 212,678 |
| Deferred tax liabilities | 101,096 | 105,717 |
| Provisions | 46,331 | 46,316 |
| Employee benefits | 73,940 | 73,875 |
| Accruals | 1,356 | 1,188 |
| Other liabilities | 139,271 | 133,457 |
| NON-CURRENT LIABILITIES | 1,426,686 | 1,255,501 |
| Liabilities to financial institutions | 577,697 | 750,387 |
| Other financial liabilities | 53,624 | 50,509 |
| Provisions | 23,960 | 17,321 |
| Employee benefits | 54,940 | 53,466 |
| Trade payables | 323,852 | 400,346 |
| Accruals | 85,400 | 94,604 |
| Other liabilities | 153,269 | 187,552 |
| CURRENT LIABILITIES | 1,272,743 | 1,554,185 |
| TOTAL LIABILITIES | 2,699,429 | 2,809,686 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 4,075,274 | 4,368,617 |

CONSOLIDATED INCOME STATEMENT AS AT 30 JUNE 2023

| (in TEUR) unaudited according to IFRS | 1-6/2023 | 1-6/2022 |
|---|-----------|-----------|
| NET SALES | 1,233,857 | 1,120,297 |
| Change in finished and unfinished goods | 22,186 | 81,733 |
| Own work capitalised | 19,097 | 16,973 |
| Other operating expenses | 33,130 | 109,150 |
| Cost of materials, supplies and services | -767,425 | -707,653 |
| Personnel expenses | -294,420 | -276,485 |
| Other operating expenses | -193,413 | -189,166 |
| EBITDA | 53,012 | 154,849 |
| Depreciation and amortisation | -130,298 | -108,973 |
| EBIT | -77,286 | 45,876 |
| Interest income and expenses | -38,482 | -17,097 |
| Other financial result – net | -21,544 | 10,737 |
| FINANCIAL RESULT | -60,026 | -6,359 |
| Result from joint ventures and associated companies | -91 | 1,177 |
| INCOME BEFORE TAX | -137,404 | 40,694 |
| Income tax expenses | -4,086 | -16,680 |
| NET INCOME | -141,490 | 24,014 |
| THEREOF: | | |
| Shareholders of MTC AG | -75,933 | 31,440 |
| Non controlling interests | -65,556 | -7,427 |

CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2023 (short form)

| (in TEUR) unaudited according to IFRS | 1-6/2023 | 1-6/2022 |
|--|----------|----------|
| Cash flow from operating activities | -71,678 | -100,352 |
| Cash flow from investing activities | -108,859 | -253,749 |
| Cash flow from financing activities | -27,546 | 247,728 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | -208,084 | -106,373 |
| Cash and cash equivalents as of 1 January | 633,215 | 621,982 |
| Effect of exchange rate changes on cash and cash equivalents | -2,330 | 5,106 |
| CASH AND CASH EQUIVALENTS AS AT 30 JUNE | 422,801 | 520,716 |

Information about the Company

FINANCIAL CALENDAR 2023/2024

| | |
|-------------------|---|
| November 23, 2023 | Report on the 3 rd quarter of 2023 |
| April 30, 2024 | Report on the 4 th quarter of 2023 |
| May 31, 2024 | Report on the 1 st quarter of 2024 |
| August 23, 2024 | Report on the 2 nd quarter of 2024 |

FOR FURTHER INFORMATION PLEASE CONTACT:

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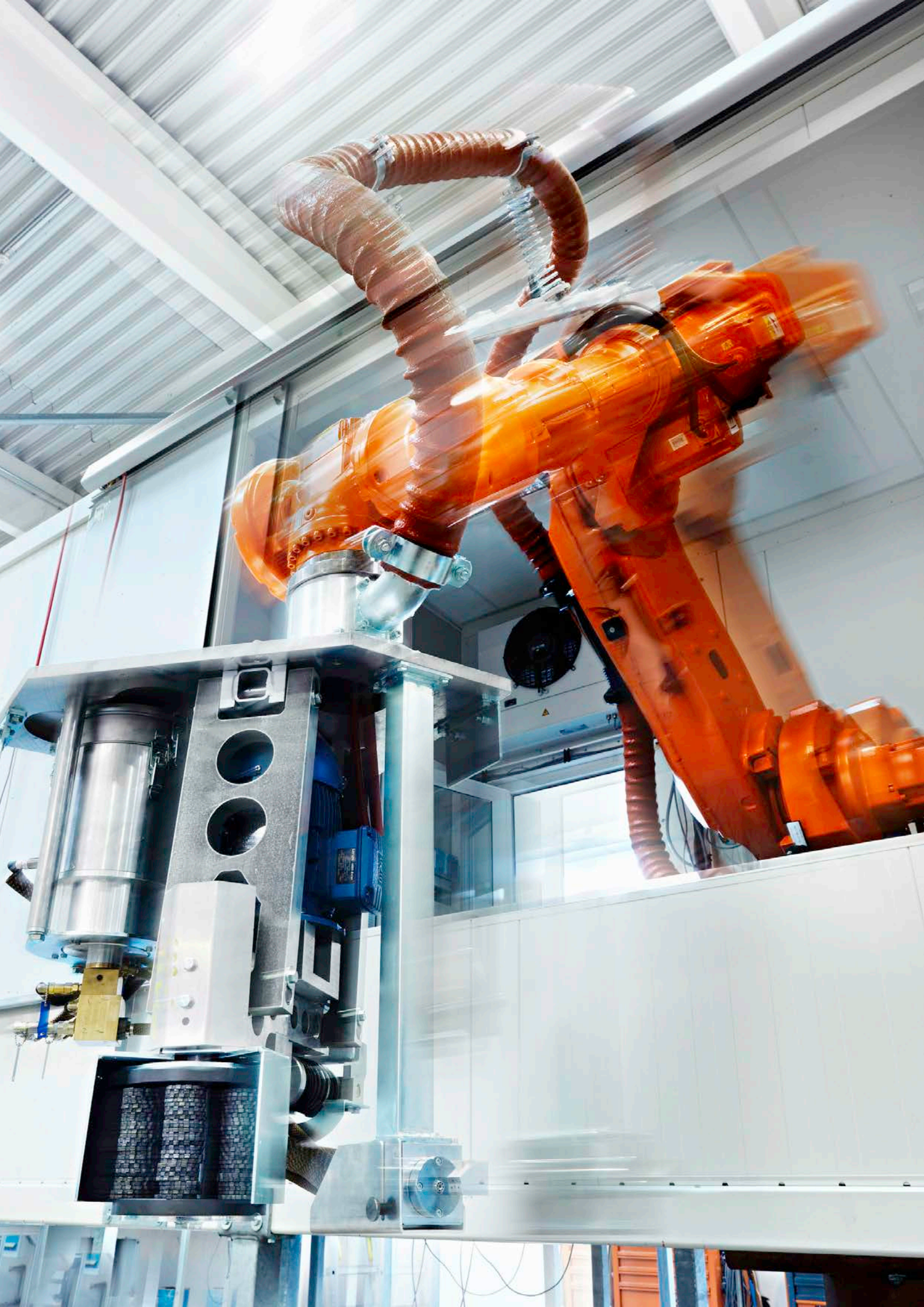
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IMPRESSUM

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