

Report on the 2nd quarter of 2022



Overview – MONTANA TECH COMPONENTS

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	1-6/2021	1-6/2022	Change in TEUR	Change in %
Net sales	883,416	1,120,297	236,881	26,8%
EBITDA	138,796	154,849	16,053	11,6%
% of net sales	15,7%	13,8%		
EBIT	49,027	45,876	-3,151	-6,4%
% of net sales	5,5%	4,1%		
EBT	40,431	40,694	263	0,7%
Net income	13,729	24,014	10,285	74,9%
Employees	11,079	13,011	1,932	17,4%

OVERVIEW OF THE LATEST QUARTERS

(in TEUR) unaudited according to IFRS	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2021	Q2 2022
Net sales	442,419	440,614	436,226	447,190	501,839	573,792	505,380	614,917
EBITDA	61,734	83,723	75,380	63,416	93,953	85,813	61,893	92,956
EBIT	27,322	21,328	31,355	17,672	47,014	34,222	12,899	32,977
EBT	16,609	4,652	33,763	6,668	48,763	25,392	17,042	23,652
Net income	1,275	-634	19,059	-5,330	35,820	3,845	9,063	14,950
Employees	10,688	10,689	10,666	11,079	11,435	11,560	12,937	13,011

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF JUNE 30th, 2022

In the first half of the 2022 financial year, the MONTANA Group and its divisions achieved total sales revenues of EUR 1.1 billion (+26.8 % vs. 30 June 2021). Despite the persistently challenging economic situation, sales revenues of the MONTANA Group were higher than in the same period of the preceding year. This development was supported by the steady rise in Aluflexpack sales revenues and the gradual recovery of the aerospace industry to pre-coronavirus pandemic levels, as well as to the steady expansion of market shares of the Montana Aerospace Division. The first half of 2022 closed at an EBITDA of EUR 154.8 million (+11.6 %); the year-on-year gain was due to improved earnings of Montana Aerospace and Aluflexpack as well as to one-time effects from non-operating activities, thus offsetting the negative impact of the continued adverse situation in raw materials and energy prices. High transport costs and delayed customer projects caused a decline in EBITDA in the VARTA Division. The EBITDA margin for the period was 13.8 % (2021/HY1: 15.7 %).

DIVISION INFORMATION

In the first half of 2022, MONTANA AEROSPACE AG reported strong revenue growth year on year up by EUR 219.5 million to a total of EUR 578.8 million (+61.1 %). As regards profitability, adjusted EBITDA was EUR 33.9 million for HY1 2022 (vs. EUR 22.6 million in HY1 2021). Demand is rising very robustly especially in the Aerostructures segment, as aircraft manufacturers (OEMs) continue to adjust their build rates upwards. Contracted sales increased by more than EUR 1.1 billion compared to the IPO (May 2021) to over EUR 5.0 billion. Despite stronger demand, management is sticking to its rather conservative assessment of build rates. Moreover, two M&A transactions were completed in the first half of 2022: First, the acquisition of 100 % of the shares in the Belgian ASCO Group was completed on 31 March 2022, adding 1,100 employees, 142,000m² of industrial space and four manufacturing sites to Montana Aerospace AG. Integration is progressing well: ASCO is to be integrated into business operations as quickly and

smoothly as possible. The second transaction successfully completed was the acquisition of the Brazilian company "São Marco" in the 'Energy' segment, thereby adding more than 300 highly qualified employees and annual revenues of some EUR 70.0 million to the Group. The results for HY1 2022 reflect the strong position of Montana Aerospace AG, especially in the current challenging market situation, because Montana Aerospace's strategy allows it to deliver even when other market players fail. The growth trajectory is expected to continue in 'Aerostructures', which an important driver of growth with some EUR 550 million in revenues, thus confirming the management's estimates of total sales of approximately EUR 1.16 billion for the full year 2022. Additionally, Montana Aerospace has built up inventories over the past months to secure production for the coming quarters. While this increases working capital in the short term, it gives the company the opportunity to acquire further market shares. All of these opportunities clearly demonstrate Montana Aerospace's potential for future growth and underpin the company's motto: 'The Sky has No Limit'.

VARTA AG's consolidated sales were EUR 376.8 million in HY1 2022 (HY1 2021: EUR 397.6 million). Adjusted EBITDA was EUR 68.9 million in HY1 2022 (HY1 2021: EUR 112.3 million). Despite the continuing global challenges, VARTA expects HY2 2022 to be significantly stronger than HY1 2022. The start of production for new customer projects and the traditionally robust last quarter of the year for household batteries are important contributors to growth and earnings. The consequences of the coronavirus pandemic and the war against Ukraine impacted the company in the first six months. Local lockdowns and sourcing problems for semiconductors and raw materials caused production stoppages at some customers. Additionally, the massively rising costs for raw materials and energy played a role. Revenues in "Lithium-Ion Solutions & Microbatteries" amounted to EUR 187.7 million in the first half of 2022, which is a decline of 19.5 %. When comparing the decrease Q1 2022 vs. Q1 2021, the decline resulting from a comparison of HY1 2022 with HY1 2021 has reduced. Production has started for the new products to be launched in the second half of the year and business is expected to pick up significantly by the end of

the year. In the first six months of the financial year 2022, adjusted EBITDA decreased from EUR 84.4 million to EUR 53.1 million compared to the same period of the preceding year, which is a disproportionately steep decline compared to revenue trends. Sales revenues in "Household Batteries" rose from EUR 164.4 million to EUR 189.1 million in the first six months of 2022 compared to the same period of the preceding year. This corresponds to revenue growth of 15.0 %. This very gratifying development was driven mainly by the exceptionally high growth rates in Energy Storage Systems, which is benefiting from high demand for home storage solutions. Adjusted EBITDA decreased by EUR 12.0 million from EUR 27.8 million to EUR 15.9 million which is decline of 43 %. The sharp rise in raw material prices, high additional energy costs, and higher transport costs all had negative effects. Considering the many different risks it is facing, the company estimates consolidated sales revenues at EUR 880 million to EUR 920 million for 2022 based on its adjusted forecasts of July 30 (original forecast: EUR 950 million to EUR 1 billion). Adjusted operating income (EBITDA) is expected at around EUR 200 million to EUR 225 million (original forecast: EUR 260 million to EUR 280 million), thus lower than the EUR 283 million of the same period of the preceding year.

In the first half of 2022, ALUFLEXPACK AG, which is listed on the SIX Swiss Exchange, achieved historically high net sales growth of 30.2 % amounting to EUR 164.8 million, which was accompanied by a sound development of the Group's results. Adjusted for the consolidation effects from the Turkish subsidiary acquired in May 2022, organic growth was 27.0 %. The factors that supported sales growth in the Group's end markets include a well-diversified customer and product portfolio, measures taken to mitigate the effects of inflation, and a high level of service and product quality paired with reliability. The highest growth was achieved in the first half of 2022 in the pharmaceuticals end market (59 %) due to the dynamic recovery in demand and a supportive market dynamic in the Group's home markets. Business in most of the Group's other end markets also expanded. In the first half of 2022, the Group generated EBITDA before special effects of EUR 24.3 million compared to EUR 21.4 million in the first half of 2021, which is an increase of 13.6 %. The EBITDA margin was 14.7 %, which is 220 basis points lower year-on-year. The main reasons for the lower profitability are the delays in passing on higher costs and the dilution effects from the costs passed on up to now. With the publication of the earnings for the first half of 2022, Aluflexpack also updated its guidance for the full year

2022. Net sales are expected to be between EUR 320 and EUR 350 million (previously: EUR 310 to EUR 330). The increase in full-year net sales estimates is based on the inclusion of the business of the Turkish subsidiary acquired in May 2022 as well as higher-than-expected effects from cost pass-through mechanisms. Therefore, considering the positive development of operations in the first HY, the management now expects EBITDA before special effects to be in the range of EUR 39 to EUR 44 million for the full year 2022 (previously: EUR 35 to EUR 40 million). With the publication of results for HY1, Aluflexpack also presented its Strategy 2025. The aim of the strategy is to secure its position at the forefront of the industry and position itself as a partner of choice for the development and large-scale manufacturing of circular premium flexible packaging and barrier solutions. In addition to placing sustainability and product innovation in the spotlight, including a focus on solutions with higher recycled content and increased recyclability, the Group hopes to strengthen its business and set new standards in operational excellence, for example by investing in automation. The target is to achieve an organic net sales of EUR 450-500 million by 2025. At the same time, the Group aims to achieve an EBITDA margin before special effects between 14 and 16 % by 2025.

OUTLOOK

The MONTANA Tech Components Group performed well in the second quarter of 2022. Although VARTA AG had to revise its revenues forecast for the 2022 financial year downwards, Montana Aerospace AG confirmed its revenues as well as its EBITDA and Aluflexpack AG released higher figures for revenues and EBITDA than projected at the beginning of the year. Apart from the successful acquisition and ongoing integration of the ASCO Group, another M&A transaction was completed in the Aerospace Division in the first half of 2022 with the takeover of the Brazilian company "São Marco". High inventory levels secure production for the coming quarters and give Montana Aerospace AG a market advantage over competitors. Aluflexpack AG also expanded its production capacities by acquiring a Turkish company in the first half of 2022. The Strategy 2025 published defines a stronger focus on sustainability and product innovation for Aluflexpack AG with the aim of acquiring new markets and raising revenues. Overall, the market positioning and the long-term growth strategy of the MONTANA Tech Components Group were confirmed, and this points to a promising future.

Finances

CONSOLIDATED BALANCE SHEET AS OF JUNE 30th, 2022

ASSETS (in TEUR) unaudited according to IFRS	31.12.2021	30.06.2022
Intangible assets	322,956	483,224
Property, plant and equipment	1,495,804	1,713,140
Financial assets	242,953	280,616
Other assets and receivables	86,499	108,837
NON-CURRENT ASSETS	2,148,212	2,585,817
Inventories	469,225	679,921
Trade receivables	317,414	380,180
Other assets and receivables	119,001	220,265
Cash and cash equivalents	621,982	520,716
CURRENT ASSETS	1,527,622	1,801,083
TOTAL ASSETS	3,675,834	4,386,899
LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) unaudited according to IFRS	31.12.2021	30.06.2022
Equity attributable to owners of MTC AG	839,190	904,383
Non controlling interests	714,905	749,637
SHAREHOLDERS' EQUITY	1,554,095	1,654,021
Liabilities to financial institutions	413,507	823,311
Other financial liabilities	562,655	632,623
Deferred tax liabilities	46,199	91,159
Provisions	11,274	18,497
Employee benefits	94,493	78,594
Accruals	897	1,005
Other liabilities	75,900	92,068
NON-CURRENT LIABILITIES	1,204,925	1,737,257
Liabilities to financial institutions	180,249	177,425
Other financial liabilities	90,645	88,399
Provisions	73,402	31,090
Employee benefits	44,454	59,198
Trade payables	265,925	326,770
Accruals	89,696	92,724
Other liabilities	172,443	220,014
CURRENT LIABILITIES	916,814	995,621
TOTAL LIABILITIES	2,121,738	2,732,878
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	3,675,834	4,386,899

CONSOLIDATED INCOME STATEMENT AS OF JUNE 30th, 2022

(in TEUR) unaudited according to IFRS	1-6/2021	1-6/2022
NET SALES	883,416	1,120,297
Change in finished and unfinished goods	59,391	81,733
Own work capitalised	7,442	16,973
Other operating expenses	43,125	109,150
Cost of materials, supplies and services	-508,418	-707,653
Personnel expenses	-222,929	-276,485
Other operating expenses	-123,231	-189,166
EBITDA	138,796	154,849
Depreciation and amortisation	-89,769	-108,973
EBIT	49,027	45,876
Interest income and expenses	-12,124	-17,097
Other financial result – net	3,528	11,915
FINANCIAL RESULT	-8,597	-5,182
INCOME BEFORE TAX	40,431	40,694
Income tax expenses	-26,702	-16,680
NET INCOME	13,729	24,014
THEREOF:		
Shareholders of MTC AG	-12,397	31,440
Non controlling interests	26,125	-7,427

CONSOLIDATED CASH FLOW STATEMENT AS OF JUNE 30th, 2022 (short form)

(in TEUR) unaudited according to IFRS	1-6/2021	1-6/2022
Cash flow from operating activities	-56,829	-100,352
Cash flow from investing activities	-174,232	-253,749
Cash flow from financing activities	520,347	247,728
NET CHANGE IN CASH AND CASH EQUIVALENTS	289,286	-106,373
Cash and cash equivalents as of January 1 st	278,010	621,982
Effect of exchange rate changes on cash and cash equivalents	350	5,106
CASH AND CASH EQUIVALENTS AS OF JUNE 30 th	567,646	520,716

Information about the Company

FINANCIAL CALENDAR 2022/2023

November 23, 2022	Report on the 3 rd quarter of 2022
April 28, 2023	Report on the 4 th quarter of 2022
May 31, 2023	Report on the 1 st quarter of 2023
August 23, 2023	Report on the 2 nd quarter of 2023

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IMPRESSUM

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