

Report on the 3rd quarter of 2021



Overview – MONTANA TECH COMPONENTS



MONTANA
TECH COMPONENTS



VARTA AG

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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

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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

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Montana Aerospace is one of the world's leading manufacturers of complex light-weight 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 T€) unaudited according to IFRS	1-9/2020	1-9/2021	Change in T€	Change in %
Net sales	1,287,243	1,365,246	78,003	6,1 %
EBITDA	188,279	232,749	44,470	23,6 %
% of net sales	14,6 %	17,0 %		
EBIT	93,473	96,042	2,568	2,7 %
% of net sales	7,3 %	7,0 %		
EBT	65,875	89,193	23,319	35,4 %
Net income	30,720	49,548	18,828	61,3 %
Employees	10,688	11,435	747	7,0 %

OVERVIEW OF THE LATEST QUARTERS

(in T€) unaudited according to IFRS	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Net sales	363,802	447,912	403,042	436,288	435,787	432,166	440,294	492,786
EBITDA	61,376	70,862	55,683	61,734	83,723	75,380	63,416	93,953
EBIT	-1,357	42,129	24,023	27,322	21,328	31,355	17,672	47,014
EBT	-1,143	28,353	20,913	16,609	4,652	33,763	6,668	48,763
Net income	-2,368	15,892	13,554	1,275	-634	19,059	-5,330	35,820
Employees	9,572	11,154	10,621	10,688	10,689	10,666	11,079	11,435

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS OF SEPTEMBER 30th, 2021

In the first three quarters of 2021, the MONTANA Group and its divisions earned total sales revenues of € 1,365.2 million (+6.1 % compared to 30 September 2020). Sales revenues in the Group continued to grow compared to the same period of the preceding year. This trend was driven by higher sales in Varta's Household Batteries and Energy Storage segments as well as the solid performance of Aluflexpack. Additional factors are the steadily recovering aviation industry, which is heading back to pre-pandemic levels, and the constant increase in market shares of the Montana Aerospace Division. This Division also achieved a substantial increase in sales revenues in the e-mobility segment in the third quarter. Constant product innovation and a steadily widening range of products and services have enabled the Group to expand into further business areas and increase the volume of orders in hand again the third quarter. The Group closed the first three quarters of 2021 with an EBITDA of € 232.7 million (+23.6 %). The EBITDA margin for this period was 17.0 % (Q3 2021: 14.6 %).

DIVISION INFORMATION

In the first three quarters of 2021, MONTANA AEROSPACE generated consolidated net sales of € 548.3 million, which is 14.1 % higher than the preceding's year figure of € 480.6 million, and roughly € 200 million higher than 2021 mid-year figures. The steadily rising sales quarter-on-quarter reflects constantly expanding market shares and the gradual recovery of markets to pre-coronavirus levels. Robust growth in aviation in the third quarter also reflects the positive dynamic on the market (+38% vs. Q2 2021 and +50 % vs. Q3 2020).

EBITDA in the first nine months of 2021 adjusted for non-recurring and non-operating effects, rose to € 43.0 million and was significantly higher than in the same period of the preceding year (€ 38.5 million). Adjusted EBITDA almost doubled quarter-on-quarter compared to Q2 2021, thereby highlighting our goal to raise EBITDA faster than sales. Earnings (unadjusted +€ 0.6 million) and

also cash flows from operating activities (+€ 1.7 million) were positive in Q3 2021 – albeit only slightly – thus confirming the recovery of business. As reported in the half-year report, the aviation sector remained more or less unaffected by the Covid-19 pandemic until May 2020. A comparison of sales with the preceding year, therefore, still shows a decline of around 8 %. However, sales increased in Q3 2021 by almost 50 % versus Q3 2020. Compared to 2020, the largest contribution to sales came from the energy segment, which attained net sales of EUR 270.1 million in Q3 2021, thus increasing by some 32 %. The E-Mobility segment moved into profitable territory, transforming negative margins into positive margins, and also recorded a year-on-year increase sales of almost 32 %, thus attaining € 82.9 million.

We confirm our forecast presented in the 2021 half-year report projecting sales of € 750 million for the full year.

In the first nine months of 2021, VARTA AG's consolidated sales were slightly lower than in the same period of the preceding year at € 622.3 million (2020: € 630.3 million). Adjusted EBITDA for the Group was € 182.5 million which is a gain of 3.2 % year on year (2020: € 176.8 million). Sales in the segment "Lithium-Ion Solutions & Micro Batteries" declined by 5.9 % to € 365.8 million (2020: 388.9 million) while "Household Batteries" achieved higher sales up by 6.4 % to EUR 256.6 million (2020: € 241.2 million). Major contributions came from the segment "Energy Storage Systems" which achieved high double-digit growth in sales year on year. VARTA continues to invest in the expansion of production capacities for lithium-ion batteries (CoinPower) and the pilot production plant for large cylindrical lithium-ion cells. Construction work for the pilot line is on schedule and production will start at the end of the year. With the expansion of infrastructure at the Nördlingen site, VARTA AG has doubled its potential production capacities and is now capable of producing up to 400 million cells per year. Work has started on customer orders scheduled for the second half of the year. Further customer projects are under negotiation. The company is also very well-positioned despite the ongoing global Covid-19 pandemic and the fluctuating infection rates. The

company's own sites have been operating without interruption since the start of the pandemic, and there have been no effects on supply chains.

ALUFLEXPACK AG, which is listed on the SIX Swiss Exchange, gained 10.2 % in net sales thus raising the figure to € 194.6 million for the period Q1-3 2021. Adjusted for the consolidation effects of the Polish subsidiary acquired in September 2020, organic net sales increased by 6.7 % compared to Q1-3 2020. Growth in Q3 was 11.4 % which is higher than in the first half of 2021. This trend was supported by lively business in the Group's coffee, tea and pet food markets, as well as by the recovery of demand in the market for pharmaceuticals. The company's strong organisation and reliable supply chains are the foundation of the expansion of business with multinational companies and SMEs. Ongoing projects in operations and other areas will strengthen Aluflexpack's market position at the forefront of innovation. At the same time, current inflationary trends on many commodity markets are creating a challenging business environment, which is expected to last well into the next year. The Management of Aluflexpack AG previously issued a guidance for the full year 2021 for net sales with a range of € 260 million to € 270 million, and for EBITDA before one-off effects of € 40 million to € 43 million. Considering the current market environment and the effects expected during this transitory period, Aluflexpack AG narrowed the full year 2021 outlook for net sales to a range of € 260 million to € 265 million, and for EBITDA before one-off effects to € 40 million to € 41.5 million to account for the anticipated effects of the sharp rise in prices for raw materials, especially chemicals and plastic input materials.

OUTLOOK

The Montana Tech Components Group reported earnings for the third quarter of 2021 in line with projections and profited from the growth strategy actively pursued in all three divisions (VARTA AG, Aluflexpack AG and Montana Aerospace AG). The exciting development projects in the end markets of the Aluflexpack Group and also outside of these, the launch at the end of the year of the pilot project for large cylindrical lithium-ion cells by VARTA AG in Ellwangen, as well as the steady expansion of market shares through organic and inorganic growth of Montana Aerospace AG have secured a solid foundation for the Montana Tech Components Group to continue to serve as a reliable partner, as well as an innovation and technology leader in a competitive market and ensure the future stability of the Group based on sustainable and robust earnings.

Finances

CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30th, 2021

ASSETS (in T€) unaudited according to IFRS	31.12.2020	30.09.2021
Intangible assets	307,718	312,087
Property, plant and equipment	1,283,865	1,472,927
Financial assets	197,860	220,175
Other assets and receivables	82,726	84,662
NON-CURRENT ASSETS	1,872,169	2,089,851
Inventories	377,422	468,964
Trade receivables	231,558	320,689
Other assets and receivables	129,019	167,142
Cash and cash equivalents	278,010	403,944
CURRENT ASSETS	1,016,009	1,360,739
TOTAL ASSETS	2,888,178	3,450,590
LIABILITIES AND SHAREHOLDERS' EQUITY (in T€) unaudited according to IFRS	31.12.2020	30.09.2021
Equity attributable to owners of MTC AG	697,811	785,641
Non controlling interests	309,526	628,010
SHAREHOLDERS' EQUITY	1,007,337	1,413,651
Liabilities to financial institutions	450,440	429,861
Other financial liabilities	454,300	572,454
Deferred tax liabilities	39,536	50,096
Provisions	9,243	10,554
Employee benefits	111,789	102,287
Accruals	723	958
Other liabilities	97,915	73,775
NON-CURRENT LIABILITIES	1,163,946	1,239,984
Liabilities to financial institutions	60,360	200,627
Other financial liabilities	59,870	25,648
Provisions	35,322	26,019
Employee benefits	48,524	48,064
Trade payables	253,643	240,323
Accruals	85,496	86,246
Other liabilities	173,679	170,029
CURRENT LIABILITIES	716,895	796,955
TOTAL LIABILITIES	1,880,841	2,036,939
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,888,178	3,450,590

CONSOLIDATED INCOME STATEMENT AS OF SEPTEMBER 30th, 2021

(in T€) unaudited according to IFRS	1-9/2020	1-9/2021
NET SALES	1,287,243	1,365,246
Change in finished and unfinished goods	10,930	55,150
Own work capitalised	13,100	25,361
Other operating expenses	58,800	91,236
Cost of materials, supplies and services	-664,178	-776,130
Personnel expenses	-337,617	-336,275
Other operating expenses	-179,997	-191,839
EBITDA	188,279	232,749
Depreciation and amortisation	-94,806	-136,707
EBIT	93,473	96,042
Interest income and expenses	-16,385	-18,818
Other financial result – net	-11,214	11,969
FINANCIAL RESULT	-27,599	-6,849
INCOME BEFORE TAX	65,875	89,193
Income tax expenses	-35,155	-39,645
NET INCOME	30,720	49,548
THEREOF:		
Shareholders of MTC AG	-6,565	12,010
Non controlling interests	37,285	37,539

CONSOLIDATED CASH FLOW STATEMENT AS OF SEPTEMBER 30th, 2021 (short form)

(in T€) unaudited according to IFRS	1-9/2020	1-9/2021
Cash flow from operating activities	113,194	-50,176
Cash flow from investing activities	-352,737	-285,605
Cash flow from financing activities	59,660	459,701
NET CHANGE IN CASH AND CASH EQUIVALENTS	-179,883	123,920
Cash and cash equivalents as of January 1 st	412,279	278,010
Effect of exchange rate changes on cash and cash equivalents	-2,979	2,014
CASH AND CASH EQUIVALENTS AS OF SEPTEMBER 30 th	229,417	403,944

Information about the Company

FINANCIAL CALENDAR 2021/2022

November 24, 2021	Report on the 3 rd quarter of 2021
April 29, 2022	Report on the 4 th quarter of 2021
May 31, 2022	Report on the 1 st quarter of 2022
August 23, 2022	Report on the 2 nd quarter of 2022

FOR FURTHER INFORMATION PLEASE CONTACT:

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IMPRESSUM

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