

ANNUAL REPORT 2021

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Montana Tech Components AG, Reinach

Statutory Auditor's Report on the Audit of the Consolidated Financial Statements to the General Meeting

Consolidated Financial Statements 2021

KPMG AG
St. Gallen, 19 April 2022



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Statutory Auditor's Report to the General Meeting of Montana Tech Components AG, Reinach

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Montana Tech Components AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information in the Annual Report

The Board of Directors is responsible for the other information in the report on the 4th quarter of 2021. The other information comprises all information, but does not include the consolidated financial statements, the standalone financial statements of the company and our auditor's reports thereon. The other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.



**Montana Tech
Components AG,
Reinach**

Statutory Auditor's Report on
the Audit of the Consolidated
Financial Statements to the
General Meeting

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 19 April 2022

Enclosure:

- Consolidated financial statements, which comprise the consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows and notes to the consolidated financial statements.

Consolidated statement of financial position

(in TEUR)	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets	6	322,956	307,718
Property, plant and equipment	7	1,495,804	1,283,865
Real estate held as investment property	7	142,913	98,463
Joint ventures and shares in associates	8	31,592	28,020
Loans	27	15,515	7,401
Other financial assets		52,933	63,976
Deferred tax assets	13	21,261	23,946
Other assets	11	65,238	58,780
Non-current assets		2,148,212	1,872,169
Inventories	10	469,225	377,422
Contract assets		20,206	12,759
Trade receivables	27	317,414	231,558
Current tax assets		7,455	7,108
Other assets	11	91,340	109,152
Cash and cash equivalents	12	621,982	278,010
Current assets		1,527,622	1,016,009
TOTAL ASSETS		3,675,834	2,888,178
EQUITY AND LIABILITIES			
Share capital	15	12,710	12,710
Share premium	15	99,974	99,974
Retained earnings	15	810,098	668,719
Treasury shares	15	-83,592	-83,592
Equity attributable to the shareholders of MTC AG		839,190	697,811
Non-controlling interests	26	714,905	309,526
Total equity		1,554,095	1,007,337
Bank loans and borrowings	16	413,507	450,440
Other financial liabilities	16	562,655	454,300
Deferred tax liabilities	13	46,199	39,536
Provisions	17	11,274	9,243
Employee benefits	14	94,493	111,789
Accruals	18	897	723
Other liabilities	20	75,900	97,915
Non-current liabilities		1,204,925	1,163,946
Bank loans and borrowings	16	180,249	60,360
Other financial liabilities	16	90,645	59,870
Current tax liabilities		56,374	52,148
Provisions	17	73,402	35,322
Employee benefits	14	44,454	48,524
Trade payables	27	265,925	253,643
Contract liabilities	19	24,016	19,402
Accruals	18	89,696	85,496
Other liabilities	20	92,053	102,130
Current liabilities		916,814	716,895
Total liabilities		2,121,739	1,880,841
TOTAL EQUITY AND LIABILITIES		3,675,834	2,888,178

Consolidated statement of profit or loss

(in TEUR)	Note	2021	2020
Net sales*	4	1,959,047	1,741,230
Change in finished and unfinished goods		34,232	-8,402
Own work capitalized		43,936	45,648
Other operating income*	22	125,266	64,070
Cost of materials, supplies and services		-1,065,710	-872,899
Personnel expenses	21	-457,153	-447,653
Other operating expenses	23	-321,056	-249,992
EBITDA		318,562	272,002
Depreciation and amortization	6/7	-188,298	-157,201
- thereof impairment	6/7	-239	-11,631
Operating profit		130,264	114,801
Interest income		4,006	3,781
Interest expenses		-29,579	-26,181
Other financial income	24	35,446	7,057
Other financial expenses	24	-29,824	-29,223
Financial result		-19,951	-44,566
Share of profit of equity-accounted investees, net of tax	8	4,272	291
Income before taxes		114,585	70,526
Income tax expense	13	-61,192	-40,441
Result for the period		53,393	30,085
Thereof attributable to:			
Shareholders of MTC AG		4,758	-14,035
Non-controlling interests	26	48,635	44,120

* Reclassification of income from sale of recycling products in the comparative period 2020 between net sales and other operating income in the amount of TEUR 18,201.

Earnings per share

	2021	2020
Result attributable to the shareholders of MTC (in TEUR)	4,758	-14,035
Average number of outstanding shares	71,260,596	71,260,596
Basic earnings per registered share in EUR	0.07	-0.20
Basic earnings per voting share in EUR	0.007	-0.02
	2021	2020
Result attributable to the shareholders of MTC (in TEUR)	4,758	-14,035
Average number of outstanding shares	71,260,596	71,260,596
Diluted earnings per registered share in EUR	0.07	-0.20
Diluted earnings per voting share in EUR	0.007	-0.02

Consolidated statement of profit or loss and other comprehensive income

(in TEUR)	Note	2021	2020
Result for the period		53,393	30,085
Items that are not reclassified to profit or loss			
Remeasurements of defined benefit (liability (asset))	14	21,431	-4,450
Revaluation of the reimbursement claim	14	-1,839	2,311
Related taxes	13	-3,269	970
		16,323	-1,169
Items that are or may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges		-87	-673
Foreign exchange differences		17,632	-30,108
Related taxes	13	0	-14
		17,545	-30,795
Other comprehensive income for the year, net of tax		33,868	-31,964
Total comprehensive income for the period		87,261	-1,879
Thereof attributable to:			
Shareholders of MTC AG		27,381	-41,341
Non-controlling interests	26	59,880	39,462

Consolidated statement of cash flows

(in TEUR)	Note	2021	2020
Cash flows from operating activities			
Result before tax		114,585	70,526
Net interest income		25,573	22,400
Share of profit of equity-accounted investees, net of tax		-4,272	-291
Depreciation and amortization	6/7	188,298	157,201
Changes in fair value of real estate held as investment property		-14,238	0
Gains and losses from disposals of property, plant and equipment and intangible assets		-585	2,842
Gains and losses from disposals of investments in associated companies		0	0
Gains and losses from disposals of financial assets		-364	0
Badwill	5	-3,440	0
Loss from the termination of a purchase price adjustment agreement		8,866	0
Measurement of financial assets		2,525	479
Other non-cash income and expenses	25	-1,350	19,396
Subtotal		315,598	272,553
Changes in assets and liabilities:			
Inventories		-81,011	-28,563
Trade receivables and other current assets		-89,145	46,735
Trade payables and other current liabilities		-3,535	5,165
Provisions and liabilities for employee benefits		18,565	17,433
Subtotal		-155,126	40,770
Income taxes paid		-58,290	-47,892
NET CASH FROM OPERATING ACTIVITIES		102,182	265,431
Cash flows from investing activities			
Acquisition of subsidiaries less cash acquired	5	1,025	-93,120
Acquisition of intangible assets and property, plant and equipment	6/7/25	-365,899	-488,187
Acquisition of real estate held as financial investment	7	-21,190	-15,048
Income from disposal of property, plant and equipment and intangible assets	6/7/25	17,257	29,242
Loans to uncontrolled companies		-39,556	-11,518
Income from liquidation of joint ventures		0	0
Payments received from the sale of other financial assets		9,109	0
Repayment of loans granted to uncontrolled companies		31,531	68,846
Dividends received from associated companies		682	0
Dividends received		1,585	117
Interest received		3,711	1,009
NET CASH FROM INVESTING ACTIVITIES		-361,745	-508,659
Cash flows from financing activities			
Dividends paid to shareholders of MTC AG	15/25	-37,562	-67,881
Dividends paid to non-controlling interests		-46,723	0
Acquisition of treasury shares		0	-8,456
Acquisition of non-controlling interests		-500	0
Disposal of non-controlling interests	5/25	561,852	90,382
<i>thereof VARTA AG - disposal of shares</i>		0	87,600
<i>thereof VARTA AG - share option programmes</i>	5/25	2,547	2,782
<i>thereof Montana Aerospace AG - IPO</i>	5/25	422,207	0
<i>thereof Montana Aerospace AG - share option programmes</i>	5/25	99	0
<i>thereof Montana Aerospace AG - capital increase</i>		136,999	0
Payment of lease liabilities	16	-26,714	-23,042
Issuance of interest-bearing liabilities	16	521,969	300,637
Repayment of interest-bearing liabilities	16	-348,399	-155,056
Interest paid		-27,774	-22,838
NET CASH FROM FINANCING ACTIVITIES		596,149	113,746
Net change in cash and cash equivalents		336,586	-129,482
Cash and cash equivalents as at 1 January	12	278,010	412,279
Effect of exchange rate changes on cash and cash equivalents		7,386	-4,787
Cash and cash equivalents as at 31 December	12	621,982	278,010

Consolidated statement of changes in equity

(in TEUR)	Note	Attributable to the shareholders of MTC AG							Non controlling interests	Total equity	
		Share capital	Share premium	Foreign exchange differences	Fair value reserve	Other retained earnings	Total retained earnings	Treasury shares			Total
Balance as at 1 January 2021		12,710	99,974	15,597	-263	653,385	668,719	-83,592	697,811	309,526	1,007,337
Total comprehensive income for the period											
Result for the period		-	-	-	-	4,758	4,758	-	4,758	48,635	53,393
Other comprehensive income for the period, net of tax		-	-	12,427	-96	10,292	22,623	-	22,623	11,245	33,868
Total		-	-	12,427	-96	15,050	27,381	-	27,381	59,880	87,261
Transactions with the shareholders of MTC AG											
Acquisition of treasury shares	15	-	-	-	-	-	-	0	0	-	0
Dividends	15/25	-	-	-	-	-52,080	-52,080	-	-52,080	-	-52,080
Total transactions with the shareholders of MTC AG		-	0	-	-	-52,080	-52,080	0	-52,080	0	-52,080
Changes in interests held in subsidiaries											
Dividends to non-controlling interests		-	-	-	-	-	-	-	0	-46,723	-46,723
Acquisition of non-controlling interests	5	-	-	-	-	-188	-188	-	-188	-312	-500
Disposal of non-controlling interests	5/25	-	-	-	-	173,447	173,447	-	173,447	392,534	565,981
Taxes on disposal of non-controlling interests		-	-	-	-	-7,181	-7,181	-	-7,181	-	-7,181
Total changes in interests held in subsidiaries		-	-	-	-	166,078	166,078	-	166,078	345,499	511,577
Balance as at 31 December 2021		12,710	99,974	28,024	-359	782,433	810,098	-83,592	839,190	714,905	1,554,095

(in TEUR)	Note	Attributable to the shareholders of MTC AG							Non controlling interests	Total equity	
		Share capital	Share premium	Foreign exchange differences	Fair value reserve	Other retained earnings	Total retained earnings	Treasury shares			Total
Balance as at 1 January 2020		12,710	180,156	41,047	424	591,697	633,168	-75,136	750,898	255,320	1,006,218
Total comprehensive income for the period											
Result for the period		-	-	-	-	-14,035	-14,035	-	-14,035	44,120	30,085
Other comprehensive income for the period, net of tax		-	-	-25,450	-687	-1,169	-27,306	-	-27,306	-4,658	-31,964
Total		-	-	-25,450	-687	-15,204	-41,341	-	-41,341	39,462	-1,879
Transactions with the shareholders of MTC AG											
Acquisition of treasury shares		-	-	-	-	-	-	-8,456	-8,456	-	-8,456
Dividends		-	-80,182	-	-	-	-	-	-80,182	-	-80,182
Total transactions with the shareholders of MTC AG		-	-80,182	-	-	-	0	-8,456	-88,638	-	-88,638
Changes in interests held in subsidiaries											
Disposal of non-controlling interests		-	-	-	-	78,128	78,128	-	78,128	13,508	91,636
Deconsolidation of subsidiaries		-	-	-	-	-1,236	-1,236	-	-1,236	1,236	0
Total changes in interests held in subsidiaries		-	-	-	-	76,892	76,892	-	76,892	14,744	91,636
Balance as at 31 December 2020		12,710	99,974	15,597	-263	653,385	668,719	-83,592	697,811	309,526	1,007,337

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Notes to the consolidated financial statements

The consolidated financial statements are a translation from the original German version. In case of any inconsistency the German version shall prevail.

1. Reporting entity

Montana Tech Components AG (“MTC” or the “Group”) has its registered office in Reinach, Switzerland. The core business activities of MTC are presented in Note 4. The Company’s consolidated financial statements include the Company and its subsidiaries (together described as the “Group”). The reporting date for MTC, all subsidiaries and for the consolidated financial statements is 31 December 2021.

2. Basis of preparation

2.1. Basis of accounting

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in compliance with Swiss law.

These consolidated financial statements were authorized for issue by the Board of Directors on 19 April 2022. They further have to be approved by the next shareholder meeting.

2.2. Basis of measurement

Recognition and measurement within the Group are performed according to uniform criteria. The consolidated financial statements have been prepared based on historical acquisition and production costs, except for the derivative and non-derivative financial instruments, that are measured at fair value through profit or loss, the net liability (asset) from defined benefit pension plans (measured at the present value of the defined benefit obligation less the fair value of plan assets), as well as real estate held as investment property, that is recognized at fair value. Non-current assets and groups of assets held for sale are recognized at the lower of carrying amount and fair value less expected costs to sell.

2.3. Functional and presentation currency

Generally, the Group companies’ functional currency is that used in their primary economic environment and corresponds to the local currency. For the majority of companies, the functional currency is the euro (EUR resp. €), which is why these consolidated financial statements are also presented in euro (EUR resp. €). The parent company’s functional currency is the Swiss franc (CHF).

For purposes of clarity and comparability, these consolidated financial statements are presented in thousands of euros (TEUR). The commercial rounding of individual items and percentages may result in minor calculation differences.

3. Main assumptions and estimates

In preparing these consolidated financial statements in accordance with IFRSs, management has made estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and contingent liabilities. If the actual results differ from these estimates and assumptions, the initial estimates and assumptions are adjusted accordingly in the reporting year in which the changes have occurred.

The main assumptions that have been made by management in the application of IFRS and that have significant effects on the consolidated financial statements, as well as the estimates according to which there is a significant risk that major adjustments may be necessary in the following year, are presented hereafter.

3.1. Use of judgements and estimates

The consolidated financial statements include the following significant items, whose measurement depends largely on the underlying assumptions and estimates:

Business combinations

At the date of acquisition, the acquisition price of the acquired company is compared with the fair value of the acquired net assets that have been recognised. The difference is recognized either as goodwill or directly through profit or loss (negative goodwill). This requires management to estimate the fair value of these items. Such estimate is carried out in particular for the valuation of customer relationships, brands, licenses and patents. Information on business combinations performed during the reporting period is presented in Note 5.

Useful life of non-current assets

Property, plant and equipment (see Note 7) and acquired intangible assets (see Note 6) are recognized at acquisition or production costs and depreciated on a straight-line basis over their estimated useful lives. The estimation of useful lives is based on assumptions about wear and tear, aging, technical standards, contract periods and changes in demand. Changes in these factors may cause a reduction or an extension of the economic useful life of an asset. In such a case, the residual carrying amount is depreciated/amortized over the remaining shorter or longer useful life, resulting in higher or lower annual depreciation/amortization expenses. The necessary adjustments of the depreciation/amortization period due to a change in the expected useful life are also treated as changes in estimates.

Certain intangible assets are considered to have an indefinite useful life if an analysis of all the relevant factors does not allow to identify the end of the period in which the asset contributes to the generation of cash flows. This analysis is reviewed each year in order to determine whether the assessment of an indefinite useful life is still justified. If this is not the case, the assessment is changed from an indefinite to a finite useful life on a prospective basis. Intangible assets with an indefinite useful life are not amortized as planned, but they are tested for impairment on an annual basis and in case of any indication of impairment. Impairments are recognized in the year in which the value-impairing event occurs.

Impairment of non-current assets

Goodwill and other intangible assets with indefinite useful life are tested for impairment in the course of an annual impairment test. Furthermore, goodwill and intangible assets are always tested for impairment whenever events that have occurred or circumstances that have changed indicate that the carrying amount may no longer be recoverable.

The need for an impairment is determined by comparing the existing carrying amount with the discounted expected future net cash inflows or the expected net sales price. If these values are lower than the actual carrying amount, the carrying amount is impaired up to the level of the newly calculated value. The impairment is recognized as an expense through profit or loss. In the course of this impairment test, the valuation of non-current assets is also based on business planning, market- or company-specific discount rates, expected inflation rates and exchange rates. The corresponding inflation rates are adjusted according to the global economic evolution in order to reflect actual market expectations.

Impairment tests have revealed that all goodwill items and customer relationships with indefinite useful lives were fully recoverable as at the reporting date. More information on the impairment tests conducted is provided in Note 6. However, the assumptions made could be subject to changes that could lead to impairment losses in future periods.

Property, plant and equipment and intangible assets with finite useful lives are tested for impairment on an annual basis. If there are any indications of a sustained impairment, an impairment test is performed to determine the new carrying amount and the difference between the previous and the new carrying amounts is recognized through profit or loss.

Liabilities for employee benefits

Various pension plans are used within the Group for a number of employees. In order to determine the resulting assets and/or liabilities, it is necessary to assess whether these are defined benefit or defined contribution plans. In order to estimate the future evolution, statistical assumptions are made as regards defined benefit plans.

The actuarial valuation of pension liabilities is based on assumptions regarding discount rates, salary increases, employee/worker fluctuations and retirement age (demographic and financial variables). If these assumptions change due to a change in the economic situation or new market conditions, the actual data may differ significantly from the actuarial assessment and calculations. In the middle term, these deviations can have a significant impact on the income and expenses from pension institutions. More detailed information on pension institutions is provided in Note 14.2.

Provisions

In the ordinary course of business, provisions are made for various situations. The amount of the expected cash outflows is calculated in each concrete situation based on assumptions and estimates. These assumptions may be subject to changes, which result in a deviation in future periods. The carrying amounts of such provisions are presented in Note 17.

Deferred taxes

Deferred taxes are recognized in respect of temporary differences between the carrying amounts in the IFRS financial statements and the tax base as well as for expected recoverable tax loss carry forwards. Deferred taxes are calculated on the basis of the tax rates expected under current legislation to apply to the period in which the temporary differences are expected to reverse and on the basis of an assessment of future taxable profit. Any changes in the tax rate or variations in future taxable profit from that assumed could make it improbable that deferred tax assets will be recovered and necessitate a value adjustment with regard to the respective assets. Moreover, changes in the tax rate could lead to adjustments in deferred tax liabilities. The carrying amounts of deferred taxes are shown in the consolidated balance sheet and are broken down into the individual balance sheet items in Note 13.1.

Subsidies and government grants

The Group receives state aid to support important projects of common European interest. They are granted upon application, i.e. it is not a contractually agreed service (and consideration). In addition, the grants are generally designed as non-repayable grants.

In accordance with IAS 20.7, the Group recognizes government grants if there is reasonable assurance that the company will meet the conditions attaching to them and that the grants will be received. The receipt of a grant does not of itself provide conclusive evidence that the conditions attaching to the grant have been or will be fulfilled (IAS 20.8).

The Group has determined that the granting of the subsidies for the currently funded projects is linked to the actual expenditure. As a result, the earliest point in time for recognizing the possible grants is when the respective expense has been incurred or the investment has been made.

From this point in time, an assessment is made as to whether or when there is adequate assurance regarding the grant, considering the following aspects, among others:

- that the conditions attaching to it are met
- that a claw-back mechanism does not lead to a repayment of the grant since there will be no or insufficient surpluses in the period under consideration
- that sufficient funds are available from the bodies paying out the grant so that the grant is received.

If there is reasonable assurance regarding the grants (and non-repayment of these grants) in an overall assessment, the respective grant is recognized in accordance with IAS 20.7. According to IAS 20.29, there is an option regarding the presentation of performance-related grants. The Group accounts for these grants as "Grants and public benefits" in Other operating income (see Note 22).

In the statement of financial position, they are reported as "Liabilities from promotion projects" under Other liabilities (see Note 20).

4. Segment reporting

MTC is a leading component manufacturer active in the five reportable segments Montana Aerospace, Energy Storage and Aluflexpack.

The allocation of the newly acquired companies is described in Note 31. The Chief Operating Decision Maker (CODM) of MTC is Mr. DDr. Michael Tojner (CEO).

The reportable segments are determined based on the strategic business entities that report to the Group's management. These strategic business entities provide various products and services and are managed individually due to their different technological and sales strategies.

The *Montana Aerospace* segment is a leading manufacturer of system components and complex assemblies for aviation with global development and production capacities. Forward-looking technologies based on aluminum, titanium, composite materials, copper and steel are designed, developed and produced at 32 locations on four continents. The end products are used in the aerospace, e-mobility and energy sectors.

The *Energy Storage* segment operates in the "Lithium-Ion Solutions & Microbatteries" and "Household Batteries" business areas. The "Lithium-Ion Solutions & Microbatteries" segment focuses on manufacturing micro batteries and on applications in the micro batteries, lithium-ion coin power, lithium-ion large cells and lithium-ion battery packs business areas. The "Household Batteries" segment covers the battery business for end customers, including household batteries, rechargeable batteries, chargers, portable power (power banks) and lights, as well as energy storage devices.

In the *Aluflexpack* segment, flexible aluminium packages are manufactured in particular for the milk, confectionary, animal feed and pharmaceutical industries.

The headquarters, research and development centers and sales organizations of the five segments are situated in Austria, Germany, the USA, Croatia and Switzerland. They are active worldwide with distribution and production facilities.

The transfer prices for any transactions performed between the reportable segments are determined "at arm's length".

Information according to reportable segments

	Montana Aerospace		Energy Storage		Aluflexpack		Total reportable segments		Other ^a & Eliminations		Group	
(in TEUR)	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External net sales	789,981	632,268	902,931	869,280	266,135	239,441	1,959,047	1,740,989		241	1,959,047	1,741,230
Net sales between segments	71	118		303			71	421	-71	-421		0
Total net sales	790,052	632,386	902,931	869,583	266,135	239,441	1,959,118	1,741,410	-71	-180	1,959,047	1,741,230
Changes in inventories, own work capitalized and other operating income	90,413	52,477	92,659	38,173	11,282	13,529	194,354	104,179	9,080	-2,863	203,434	101,316
Cost of materials, supplies and services	-558,334	-400,948	-333,154	-315,505	-174,228	-156,586	-1,065,716	-873,039	6	140	-1,065,710	-872,899
Personnel expenses	-173,645	-156,954	-247,805	-257,088	-33,477	-31,844	-454,927	-445,886	-2,226	-1,767	-457,153	-447,653
Other operating expenses	-102,433	-93,670	-132,451	-122,532	-27,383	-28,176	-262,267	-244,378	-58,789	-5,614	-321,056	-249,992
EBITDA	46,053	33,291	282,180	212,631	42,329	36,364	370,562	282,286	-52,000	-10,284	318,562	272,002
Depreciation and amortization	-71,808	-73,167	-95,523	-66,643	-22,883	-18,977	-190,214	-158,787	1,916	1,586	-188,298	-157,201
<i>thereof impairment</i>	-109	-11,502			-131	-130	-240	-11,632	1	1	-239	-11,631
Operating result	-25,755	-39,876	186,657	145,988	19,446	17,387	180,348	123,499	-50,084	-8,698	130,264	114,801
Financial result											-19,951	-44,566
Share of profit of equity-accounted investees, net of tax											4,272	291
Income before taxes											114,585	70,526
Income tax expense											-61,192	-40,441
Result for the period											53,393	30,085
Investments	111,686	136,733	214,171	352,667	73,656	21,348	399,513	510,748	-5,698	28,451	393,815	539,199

^a Other includes Montana Tech Components AG, the Montana Real Estate Group and other companies that are not allocated to an operating segment.

Information by geographical segment

(in TEUR)	2021		2020	
	Net sales*	Non-current assets**	Net sales*	Non-current assets**
Switzerland	51,600	39,469	56,692	39,326
Germany	384,980	749,025	355,806	652,532
Austria	55,209	79,054	43,314	66,394
United Kingdom	39,344	360	44,224	449
Croatia	25,531	121,846	24,888	84,780
Liechtenstein	19,883	9,998	16,456	10,540
France	137,208	25,260	120,390	16,173
Italy	68,346	6,059	48,655	6,933
Turkey	39,067	9,031	34,966	15,976
Poland	90,980	16,949	47,697	17,983
Romania	11,664	435,498	11,302	379,716
Netherlands		364	30,852	363
Other Europe	231,759	16,575	155,972	17,108
USA	150,954	320,465	158,827	270,167
Brazil	88,971	15,727	67,228	16,029
Other America	58,298		40,647	
Singapore	9,173	635	30,113	1,140
China	300,780	8,666	239,840	8,687
India	36,149	11,851	29,256	11,905
Vietnam	77,903	89,504	97,259	70,268
Other Asia	63,665	5,337	66,297	3,577
Africa, Australia and New Zealand	17,583		20,549	
Total Group	1,959,047	1,961,673	1,741,230	1,690,046

* The geographic information on revenues in the table above is based on the customers' location.

** Non-current assets include in this respect real estate held as financial investment, property, plant and equipment and intangible assets.

Products and services

MTC's revenues and trade receivables are split into the following products and services:

(in TEUR)	2021		2020	
	Net sales w/o IC	Trade receivables	Net sales w/o IC	Trade receivables
thereof product sales	1,948,186	312,609	1,731,044	229,624
thereof service sales	10,861	4,805	10,186	1,934
Total Group	1,959,047	317,414	1,741,230	231,558

Key accounts

In FY 2021, no transactions with a single external customer accounted for 10% or more of the Group sales.

Contract balances

No information is provided about remaining performance obligations at 31 December 2021 or at 31 December 2020 that have an original expected duration of one year or less, as allowed by IFRS 15.

5. Significant changes to the scope of consolidation

5.1. First-time consolidation

5.1.1. Business combinations (according to IFRS 3)

On 29 April 2021, MTC (buyer: Montana Aerospace AG) acquired 90% of the shares in Cefival S.A.; a put-option was granted for the remaining 10%.

On 30 April 2021, MTC (buyer: ALPINE METAL TECH GmbH) acquired 75% of the shares in IH TECH Sondermaschinenbau u. Maintenance GmbH ("IH Tech"); the remaining 25% has been held by MTC since 2013.

On 13 December 2021, MTC (buyer: VARTA AG) acquired 100% of the shares in Youuco B21-D439 Vorrats-SE (now Pertrix SE).

The identifiable net assets, goodwill (badwill) and cash outflows were as follows:

(in TEUR)	Cefival	IH Tech	Pertrix SE	Total
Intangible assets	29	200	0	229
Property, plant and equipment	2,864	992	0	3,856
Financial assets	0	4	0	4
Other non-current receivables and assets	275	46	0	321
Inventories	5,717	363	0	6,080
Trade receivables	2,722	410	0	3,132
Other current receivables	1,031	25	0	1,056
Other current assets	0	0	0	0
Cash and cash equivalents	3,336	104	120	3,560
Non-current financial liabilities	-615	-792	0	-1,407
Other non-current liabilities	-3,674	-313	0	-3,987
Current financial liabilities	-287	-98	0	-385
Other current liabilities	-7,583	-745	0	-8,328
Identifiable net assets	3,815	196	120	4,131
(in T€)				
Non-cash purchase price components	300	1,366	0	1,666
Cash and cash equivalents (excl. transaction costs)	75	900	132	1,107
Total purchase price	375	2,266	132	2,773
Market value of any shares already held	0	755	0	755
Fair value of identifiable net assets	-3,815	-196	-120	-4,131
Goodwill	0	2,825	12	2,837
Badwill	-3,440	0	0	-3,440
(in T€)				
Cash and cash equivalents (excl. transaction costs)	75	900	132	1,107
Acquired cash and cash equivalents	-3,336	-104	-120	-3,560
Cash and cash equivalents from previous years				1,428
Total cash outflow (+), Total cash inflow (-)	-3,261	796	12	-1,025

At IH Tech, the non-cash purchase price components include an earn-out agreement in the amount of TEUR 1,366.

The trade receivables comprise gross amounts of the contractual receivables in the amount of TEUR 2,938, of which TEUR 314 was estimated to be unrecoverable at the time of acquisition.

The goodwill recognized is not expected to be deductible for tax purposes.

In FY 2021, expenses in the amount of TEUR 138 relating to the business combinations in the current financial year were incurred. These costs are included in other operating expenses.

The contribution of the acquired companies to sales in the past financial year is not significant.

5.1.2. Foundation of companies

Companies founded in the current financial year are listed in Note 31.

5.2. Deconsolidation

5.2.1. Liquidations

Companies that have been liquidated in the current financial year are listed in Note 31.

5.3. Disposal of non-controlling interests

(in TEUR)	Attributable to the shareholders of MTC AG	Non controlling interests	31.12.2021
Montana Aerospace AG - IPO	162,328	259,879	422,207
Montana Aerospace AG - capital increase as of 17.11.2021	7,405	129,594	136,999
Montana Aerospace AG - share option programs	2,038	1,580	3,618
VARTA AG - share option programs	1,655	1,463	3,118
Aluflexpack AG - share option programs	21	18	39
Disposal of non-controlling interests	173,447	392,534	565,981

Montana Aerospace AG – IPO

Die Montana Aerospace AG carried out an IPO on the regulated market of the Zürich Stock Exchange on 12 May 2021. The issue price was CHF 25.65. By issuing 17,153,997 new shares, Montana Aerospace AG received gross proceeds of TEUR 394,583. In addition, 2,573,099 “old shares” in Montana Aerospace AG were sold, resulting in gross proceeds of TEUR 59,188. The transaction costs recognized in equity that arose in connection with the IPO of Montana Aerospace AG amounted to TEUR 31,564.

Montana Aerospace AG – Capital increase

Montana Aerospace AG carried out a capital increase on 17 November 2021. 5,400,000 new shares were issued at a price of CHF 28.20 per share. This resulted in gross proceeds of € 144,615 million. The transaction costs recognized in equity that arose in the course of the capital increase amounted to TEUR 7,616.

Montana Aerospace AG – stock option program

Montana Tech Components AG (major shareholder of Montana Aerospace AG) has granted selected employees options to purchase ordinary shares in Montana Aerospace AG as an incentive to increase the company's value. As a result of exercising these options, around 0.01% of the stake in Montana Aerospace AG was sold to non-controlling interests in the 2021 financial year; see also Note 26.

VARTA AG – stock option program

VGG GmbH (main shareholder of VARTA AG) has given selected employees options to acquire ordinary shares in VARTA AG as an incentive to increase the company's value. As a result of the exercise of these options, approx. 0.43% of the stake in VARTA AG was sold to non-controlling interests in FY 2021; see also Note 26.

(in TEUR)	Attributable to the shareholders of MTC AG	Non controlling interests	31.12.2020
VARTA AG - disposal of 400,000 shares as of 9.12.2020	38,109	5,891	44,000
VARTA AG - disposal of 400,000 shares as of 18.12.2020	37,763	5,837	43,600
VARTA AG - share option programs	2,256	1,780	4,036
Disposal of non-controlling interests	78,128	13,508	91,636

VARTA AG – Sale of 800,000 shares

On 9 December 2020 and 18 December 2020, VGG AG (formerly VGG GmbH) sold 400,000 shares of VARTA AG at a price of € 110 (on 9 December 2020) and € 109 (on 18 December 2020) per share and recognized gross proceeds of € 87.6 million. During this transaction, approximately 2.0% of the shares of VARTA AG were sold to non-controlling interests.

VARTA stock option program

VGG AG (formerly VGG GmbH; main shareholder of VARTA AG) has granted to a number employees options for the acquisition of ordinary shares in VARTA AG as an incentive in order to increase the company's value. Following the exercise of these options, ca. 0.46% of the investment in VARTA AG was sold to non-controlling interests during the year.

6. Intangible assets

	Goodwill	Customer relationships and other intangible assets	Industrial property rights	Other rights and advance payments	Licenses	Development costs	Total
<i>(in TEUR)</i>							
COST							
Balance as at 1 January 2020	98,166	143,126	37,259	12,601	6,974	32,226	330,352
Effect of movements in exchange rates	-4,211	-7,014	-995	-9	-139	-1,457	-13,825
Change in consolidation scope	14,884	28,336	22,952		102	4	66,278
Additions		2,965	8	12	475	38,732	42,192
Disposals		-18	-10,636		-98		-10,752
Transfers		40,049	12	-8,857	506	-30,859	851
Balance as at 31 December 2020	108,839	207,444	48,600	3,747	7,820	38,646	415,096
Effect of movements in exchange rates	976	-1,637	-725	13	140	1,943	710
Change in consolidation scope	2,837	73	134		22		3,066
Additions		2,245		842	493	27,194	30,774
Disposals		-27			-62	-69	-158
Transfers		-4,511	9,244	-840	608	4,706	9,207
Balance as at 31 December 2021	112,652	203,587	57,253	3,762	9,021	72,420	458,695
ACCUMULATED AMORTIZATION and IMPAIRMENT LOSSES							
Balance as at 1 January 2020	22,089	47,570	11,840	3,100	4,117	8,424	97,140
Effect of movements in exchange rates		-682	-109	-9	-45	-133	-978
Additions		14,254	786	79	1,026	2,951	19,096
Impairment loss		2,863					2,863
Disposals		-12	-10,636		-95		-10,743
Transfers		-738	12			726	0
Balance as at 31 December 2020	22,089	63,255	1,893	3,170	5,003	11,968	107,378
Effect of movements in exchange rates		-447	-160	12	71	235	-289
Additions		18,730	720	62	1,335	3,964	24,811
Impairment loss		109					109
Disposals		-25			-23		-48
Transfers		3,247				530	3,777
Balance as at 31 December 2021	22,089	84,869	2,453	3,244	6,386	16,697	135,738
CARRYING AMOUNT							
Carrying amount as at 1 January 2020	76,077	95,556	25,419	9,501	2,857	23,802	233,212
Carrying amount as at 31 December 2020	86,750	144,189	46,707	577	2,817	26,678	307,718
Carrying amount as at 31 December 2021	90,562	118,718	54,800	518	2,635	55,723	322,956

In the reporting year, research and development costs of TEUR 22,928 (2020: TEUR 21,104) were recognized through profit or loss.

Intangible assets show restrictions on disposal of TEUR 0 (2020: TEUR 0).

In FY 2021, there were impairment losses in the Montana Aerospace division of TEUR 109 (2020: TEUR 2,863).

The carrying amount of goodwill, customer relationships, other intangible assets and industrial property rights are allocated as follows to the individual cash generating units:

2021						
(in TEUR)	Goodwill	Customer relationships with indefinite useful life	Customer relationships with finite useful life	Other intangible assets	Industrial property rights with indefinite useful life	Industrial property rights with finite useful life
Montana Aerospace	59,438	30,832	1,233	56,639	0	1,993
Energy Storage	13,726	0	16,306	3,281	48,866	943
Aluflexpack	17,398	0	10,238	189	1,898	1,101
Total	90,562	30,832	27,777	60,109	50,764	4,037

2020						
(in TEUR)	Goodwill	Customer relationships with indefinite useful life	Customer relationships with finite useful life	Other intangible assets	Industrial property rights with indefinite useful life	Industrial property rights with finite useful life
Montana Aerospace	54,221	28,759	2,438	66,627	0	1,999
Energy Storage	13,714	9,094	18,516	3,357	39,772	1,125
Aluflexpack	18,815	0	15,009	389	1,815	1,997
Total	86,750	37,853	35,963	70,373	41,587	5,120

Due to the longstanding customer relationships and the marginal client fluctuation, management considers that the useful life of certain customer relationships is indefinite, because all the relevant factors do not allow to identify the end of the period for which the assets contribute to the generation of cash flows. These customer relationships with indefinite useful life are contributed mainly by Universal Alloy Corporation, USA. In this regard, it is observed that the client structure of this company has remained constant since 2006 and that no new competitor has appeared on the market since then. The situation was reviewed in 2021 and the classification of an indefinite useful life is maintained.

For the cash-generating units Montana Aerospace, Energy Storage and Aluflexpack, the respective market value according to the stock exchange price was used to check the recoverability. The respective market value significantly exceeds the carrying amount of the cash-generating unit.

Accounting until 31 December 2020:

Goodwill and intangible assets with indefinite useful life are tested for impairment on an annual basis and in case of any indication of impairment. An impairment is recognized when the carrying amount exceeds the higher of fair value less cost of disposal and value in use.

For the impairment test, the value in use is calculated, except for the Energy Storage and Aluflexpack divisions. The fair value less cost of disposal is calculated subsequently only if the value in use is lower than the cash-generating unit's carrying amount. Regarding the Energy Storage and Aluflexpack divisions, the fair value was used for the impairment test based on the respective stock exchange listing.

The value in use is calculated using the discounted cash flow method and is based on internal projections, which are prepared in detail for the following seven financial years. After these three years an inflation-protected level is assumed in the absence of significant evidence to the contrary. The projections are derived from previous results and past experience as well as management's best estimates of probable future developments. It is assumed that the segments will not experience any significant organizational changes. The discount rate applied to the calculation of discounted cash flows is the interest rate that reflects current market estimates of the time value of money and the specific risk related to respective asset. Since the cash flows reflect tax expenditure, the discount rate is applied after taxes. Applying the discount rate after taxes leads to a similar result as applying a discount rate before taxes to cash flows before taxes.

The calculations are based on the following assumptions:

2020

	Discount rate after taxes	Discount rate before taxes	Budgeted growth rate
Aerospace Components	10.77%	12.77%	1.50%
Metal Tech	12.28%	15.14%	1.40%

The impairment tests have revealed that all goodwill positions and customer relationships with indefinite useful life were fully recoverable. Consequently, no impairment losses were recognized for the items in question during the reporting period.

7. Property, plant and equipment and Investment properties

	Land	Buildings	Right-of-use assets - Land and Buildings	Technical equipment and machinery	Right-of-use assets - Techn. Equipm. and machinery	Other equipment	Right-of-use assets - Other equipment	Plant under construction and advance payments	Operating property, plant and equipment	Real estate held as financial investment
(in TEUR)										
COST										
Balance as at 1 January 2020	33,371	150,439	62,089	523,343	8,602	115,920	8,385	340,788	1,242,937	90,449
Effect of movements in exchange rates	-1,309	-8,689	-1,286	-17,370	-32	-2,939	-293	-3,162	-35,080	-8,394
Change in consolidation scope	3,255	12,980	15,436	14,034	13,390	6,564	3,185	4,333	73,177	0
Additions	296	32,149	37,663	131,436	1,747	19,852	3,176	270,689	497,008	15,048
Disposals	-30,164	-8,754	-20,728			-1,877	-469	376	-61,616	0
Transfers		68,358		220,653		12,075	-19	-305,097	-4,030	1,360
Balance as at 31 December 2020	35,613	225,073	105,148	851,368	23,707	149,595	13,965	307,927	1,712,396	98,463
Effect of movements in exchange rates	975	6,261	889	14,635	812	2,451	-456	2,349	27,916	9,022
Change in consolidation scope	4,970	7,886	885	1,181	64	109	5	400	15,500	0
Additions	1,908	48,507	48,507	31,759	82	11,380	3,433	265,973	363,042	21,190
Disposals	-1,703	-12,009	-2,136	-14,739	-146	-3,319	-1,209		-35,261	0
Transfers	58	-1,535		87,283		14,184	-44	-105,906	-5,960	0
Fair value adjustment									0	14,238
Balance as at 31 December 2021	39,913	227,584	153,293	971,487	24,519	174,400	15,694	470,743	2,077,633	142,913
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 January 2020	3,803	22,148	9,544	217,424	3,139	65,815	2,168	279	324,320	0
Effect of movements in exchange rates	-13	-392	-560	-6,497	-30	-1,856	-105	3	-9,450	
Change in consolidation scope				-6					-6	
Depreciation	773	6,748	14,143	82,062	3,662	15,279	3,806		126,473	
Impairment loss		213		7,585		971			8,769	
Disposals		-550	-951	-17,366		-2,405	-303		-21,575	
Transfers		-70		65	19	-3	-11		0	
Balance as at 31 December 2020	4,563	28,097	22,176	283,267	6,790	77,801	5,555	282	428,531	0
Effect of movements in exchange rates	12	515	794	5,873	306	1,918	-213	14	9,219	
Depreciation	664	7,947	17,638	110,671	4,200	18,268	3,859		163,247	
Impairment loss				131					131	
Disposals		-1,696	-928	-12,870	-123	-2,138	-1,015		-18,770	
Transfers		-87		-1,032	573	18	-33	31	-530	
Balance as at 31 December 2021	5,239	34,776	39,680	386,040	11,746	95,867	8,153	327	581,829	0
CARRYING AMOUNT										
Carrying amount as at 1 January 2020	29,568	128,291	52,545	305,919	5,463	50,105	6,217	340,509	918,617	90,449
Carrying amount as at 31 December 2020	31,050	196,976	82,972	568,101	16,917	71,794	8,410	307,645	1,283,865	98,463
Carrying amount as at 31 December 2021	34,674	192,808	113,613	585,447	12,773	78,533	7,541	470,416	1,495,804	142,913

Investments were focused on the development of production capabilities in the Montana Aerospace (Romania), Energy Storage (Germany) and Aluflexpack (Croatia) divisions.

Operating property, plant and equipment show restrictions on disposal of TEUR 73,738 (2020: TEUR 100,253). Contract liabilities for the acquisition of property, plant and equipment amount to TEUR 109,753 (2020: TEUR 142,721).

In FY 2021, there were unplanned depreciations of TEUR 0 (2020: TEUR 8,639) in the Montana Aerospace division and of TEUR 131 (2020: TEUR 130) in the Aluflexpack division.

Investment properties

The additions and the fair value adjustments to investment properties relate to the Montana Real Estate Group, which is not assigned to any operating segment of MTC. These relate to properties in the US federal State of New York.

Real estate held as investment property is measured at fair value.

Real estate held as investment property achieved rental income of TEUR 2,443 (2020: TEUR 2,601).

Real estate held as investment property show a restriction on disposal of TEUR 0 (2020: TEUR 0).

8. Joint ventures and shares in associates¹

The carrying amounts of the joint ventures and shares in associates are as follows:

(in TEUR)	2021	2020
VW-VM Verwaltungsgesellschaft mbH	13	13
Total carrying amount of joint ventures	13	13
HENN Industrial Group GmbH & Co. KG	31,532	27,942
Other	47	65
Total carrying amount of associates	31,579	28,007
Total carrying amount of joint ventures and shares in associates	31,592	28,020

HENN Industrial Group GmbH & Co KG (“HENN”)

Since 2018, the MTC is holding 45.45% of the limited partner’s share of HENN.

The main key figures of HENN are:

(in TEUR)	2021*	2020
Non-current assets	130,063	130,491
Current assets	47,902	40,882
Non-current liabilities	37,470	41,867
Current liabilities	34,777	30,293
Equity	105,719	99,213
Net Sales	124,811	85,933
Result before tax	7,299	206
Result for the year	8,006	1,459
Other comprehensive income for the year, net of tax	0	0
Total comprehensive income for the year	8,006	1,459

* These are provisional figures (Forecast 2021). Any deviations from the final figures as of 31 December 2021 will be recorded accordingly in the MTC consolidated financial statements for FY 2022.

Transfer of the carrying amount to HENN:

(in TEUR)	2021	2020
MTC share in equity	48,049	44,459
Value adjustments	-16,517	-16,517
Carrying amount	31,532	27,942

¹ Any company of which MTC holds directly or indirectly more than 20% of the voting rights or over which it has a significant influence, but which is controlled neither directly nor indirectly by MTC, is considered as an associate.

9. Leases

9.1. Right of use asset

(in TEUR)	2021	2020
Balance as at 1 January	108,299	64,225
Transfers	-584	-27
Depreciation	-25,697	-21,611
Additions from first-time consolidation	954	32,011
Additions	52,022	42,586
Disposals	-1,425	-7,969
Effect of movements in exchange rates	358	-916
Balance as at 31 December	133,927	108,299

The rights of use assets mainly relate to rental agreements for buildings in the Montana Aerospace, Energy Storage and Aluflexpack divisions.

9.2. Amounts recognized in the Income statement

(in TEUR)	2021	2020
Depreciation on right-of-use assets	-25,697	-21,611
Interest on lease liabilities	-2,043	-1,696
Variable lease payments not included in the measurement of lease liabilities (-)	0	0
Income from sub-leasing of right-of-use assets	144	0
Expenses relating to short-term leases	-2,667	-1,827
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-3,291	-3,158
Total amounts recognised in the consolidated statement of profit or loss	-33,554	-28,292

9.3. Amounts recorded in the cash flow statement

(in TEUR)	2021	2020
Total cash outflow relating to leases	-34,571	-29,723

9.4. Leases in which MTC Group is a lessor

(in TEUR)	2021	2020
Rental income	718	643
Rental income on real estate held as financial investment	1,307	1,169
Total rental income	2,025	1,812

10. Inventories

Inventories are distributed amongst the individual items as follows:

(in TEUR)	2021	2020
Raw materials and supplies	232,599	177,816
Tools and replacement parts	2,480	1,654
Unfinished goods and services	104,701	97,672
Finished goods and merchandise	129,445	100,280
Inventories	469,225	377,422
valuation adjustment realized in the consolidated statement of profit or loss	5,286	1,339

Inventories with a carrying amount of TEUR 44,015 (2020: TEUR 28,157) are pledged as security for liabilities.

11. Other receivables and assets

Other receivables and assets are composed as follows:

(in TEUR)	2021	2020
Prepaid expenses / deferred charges (current)	18,350	12,681
Receivables from debt assumption VARTA pensions	17,630	19,849
Receivables from disposal of investments in associated companies	0	11,692
Receivables from government aid and grants	20,633	14,757
Tax refund claims against previous owner	7,789	13,147
Receivables from insurance companies	3,379	54
Performance guarantees paid for a long-term contract	21,459	21,815
Other tax receivables	24,237	29,318
Other assets	43,101	44,619
Other assets	156,578	167,932
thereof non-current	65,238	58,780
thereof current	91,340	109,152

12. Cash and cash equivalents

Cash and cash equivalents are composed of as follows:

(in TEUR)	2021	2020
Cash	81	1,091
Bank deposits	309,936	275,267
Time deposits with an initial duration of up to 3 months	311,965	1,652
Cash and cash equivalents	621,982	278,010

Cash and cash equivalents of TEUR 5,111 (2020: TEUR 1,918) are pledged explicitly as security.

13. Income taxes

13.1. Income tax expense

(in TEUR)	2021	2020
Current income tax expense	-55,343	-46,868
Income tax expense from previous periods	-638	1,163
Deferred income tax expense	-5,211	5,264
Income tax expense	-61,192	-40,441

13.2. Deferred taxes

Deferred tax assets and liabilities are accounted for in the following balance sheet items:

(in TEUR)	Deferred tax assets	Deferred tax liabilities	31.12.2021 net	Deferred tax assets	Deferred tax liabilities	31.12.2020 net
Intangible assets	3,846	29,862	-26,016	2,709	31,950	-29,241
Property, plant and equipment	1,934	29,569	-27,635	544	29,577	-29,033
Financial assets	39	7,011	-6,972	19	845	-826
Other non-current assets and receivables	5	7,030	-7,025	8	7,402	-7,394
Inventories	7,231	825	6,406	11,177	774	10,403
Trade receivables	1,213	2,605	-1,392	1,402	2,236	-834
Other current assets	3,815	825	2,990	3,989	1,988	2,001
Non-current financial liabilities	9,131	4,977	4,154	7,469	2,354	5,115
Other non-current liabilities	572	2,084	-1,512	998	838	160
Non-current liabilities for employee benefits	15,259	591	14,668	19,792	0	19,792
Current financial liabilities	1,953	84	1,869	1,874	442	1,432
Short-term provisions	1,025	204	821	920	0	920
Trade payables as well as contract liabilities	2,610	485	2,125	3,228	281	2,947
Other current liabilities	3,838	855	2,983	5,779	2,907	2,872
Tax loss carried forward	9,598	0	9,598	6,096	0	6,096
Offset	-40,808	-40,808	0	-42,058	-42,058	0
Total deferred tax assets / liabilities	21,261	46,199	-24,938	23,946	39,536	-15,590

Deferred taxes were only recognized for temporary differences relating to investments in subsidiaries to the extent that taxes will be incurred upon reversal of the differences.

13.3. Reconciliation of effective tax rate

The effective tax rate amounts to 53% (2020: 57%) in the reporting year. The tax expense is calculated as follows:

(in TEUR)	2021	2020
Result before tax	114,585	70,526
Income tax rate*	20.7%	22.9%
Expected (theoretical) tax expense	-23,689	-16,181
Effect of tax rates in foreign jurisdictions	-14,726	-8,206
Adjustments due to local tax rate changes as compared to the previous year	-228	923
Tax-free income	751	632
Current-year losses for which no deferred tax asset is recognised	-18,871	-11,325
Utilization of unrecognized tax loss carryforwards	1,474	984
Capitalisation of tax loss carryforwards	5,369	292
Non-tax deductible expenses	-7,937	-4,375
Non-tax deductible interests	-1,648	-1,323
Tax expense / tax income due to audit	-1,373	1,044
Valuation of deferred tax assets	-1,205	-1,401
Other	891	-1,505
Income tax expense	-61,192	-40,441

* This is an average weighted tax rate resulting from all fully consolidated companies.

The change in MTC's income tax rate is due to the change in the individual companies' contribution to the profit.

13.4. Movement in deferred tax balances

(in TEUR)	2021	2020
Net deferred tax liability as at 1 January	15,590	17,630
Income tax expense recognized in profit or loss	5,211	-5,264
Effects due to acquisitions during the year	27	7,019
Other	4,110	-3,795
Net deferred tax liability as at 31 December	24,938	15,590

Income taxes of TEUR 0 (2020: TEUR -14) for cash flow hedges are recognized in the consolidated statement of comprehensive income. Income taxes on revaluations of defined benefit pension plans amounted to TEUR -3,269 (2020: TEUR 970).

The Group has the following unrecognized tax loss carryforwards that can be utilized for tax purposes:

(in TEUR)	31.12.2021	31.12.2020
In the forthcoming financial year - to be used within 1 year	933	17,464
Within 2 years	87	1,320
Within 3 years	1,826	171
Within 4 years	5,979	1,803
Within 5 years	32,112	6,870
Within 6 years	17,895	31,010
Within 7 years	46,795	15,780
After more than 7 years	4,812	2,714
No expiration	194,979	200,104
Total tax loss carryforwards as at 31 December	305,418	277,236

In the companies concerned, the probability that future profits can be offset with the accumulated tax loss carryforwards was considered as low at the time when the accounts were prepared.

Each year, the recognition of tax loss carryforwards that can be utilized for tax purposes is subject to a review based on management's assumptions and estimates. In this respect, those tax loss carryforwards that can be utilized within the next five years given the profit situation of the individual companies or taxable entities are recognized. In the countries resp. companies in which the use of tax loss carryforwards is not probable, no recognition is performed.

As at 31 December 2021, based on the above-mentioned estimates, deferred taxes on tax loss carryforwards of TEUR 9,598 (2020: TEUR 6,096) were recognized. In this respect, the corresponding country-specific tax provisions and possibilities were taken into account.

14. Liabilities for employee benefits

14.1. Composition of post-employment and other employee benefits

(in TEUR)	31.12.2021	31.12.2020
Pensions*	69,502	87,085
Severance payments	18,222	18,020
Anniversary bonuses	4,701	4,912
Semi-retirement	3,585	4,178
Employee bonuses	14,725	13,723
Entitlement to holiday, overtime and compensatory time	17,069	17,877
Other deferred liabilities for employee benefits	11,141	14,516
Employee benefits	138,947	160,313
thereof current	44,454	48,524
thereof non-current	94,493	111,789

* Excluding surplus plan assets of TEUR 3,556 (2020: TEUR 309), which are reported in other assets.

14.2. Pensions

Within the Group, there are defined benefit or defined contribution plans for certain categories of employees. These pension plans pay out benefits in case of retirement, death and invalidity. There are defined benefit commitments in Switzerland and Germany.

(in TEUR)	31.12.2021	31.12.2020
Present value of defined benefit obligation (DBO) at the balance sheet date	193,877	212,296
Fair value of plan assets	-127,931	-125,520
Net liability (+) / Net asset (-) in the balance sheet	65,946	86,776
thereof Switzerland	4,460	15,574
thereof Germany	56,849	66,053

A major significant defined benefit pension plan, in Switzerland (Alu Menziken Extrusion AG ["AME"], Montana Aerospace division), insures the employees of the affiliated companies as planned against the risks of old age, death and invalidity.

All operative Swiss group companies have their own legally independent pension institutions. The Board of Trustees is their most senior governing body and is composed of the same number of employee and employer representatives. According to the law and the pension fund regulations, the Board of Trustees has the obligation to act exclusively in the interests of the foundation and the plan participants (active insured persons and pensioners). All decisions are made based on the principle of parity. The Board of Trustees is responsible for the drawing up of the pension regulations and for the changes thereto as well as for the determination of the funding of the benefits. In this regard, the minimum requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and its implementation provisions must be observed. The BVG specifies the minimum insured salary and the minimum pension credits. The minimum interest rate applicable to this minimum retirement capital is set by the Federal Council at least every two years. In 2021, it amounted to 1.00% (2020: 1.00%). The pension institution is subject to the oversight of the foundation supervisory authority of the canton

of Aargau. All pension plans are funded collectively by the employers and employees, whereby the risk portion is funded equally and the savings portion is funded disproportionately.

Retirement benefits are paid out in the form of a lifelong pension that results from the multiplication of the pension capital available upon retirement (composed of salary-related employee and employer contributions) with the regulatory conversion rate. Death benefits represent 60% of the (probable) retirement pension, and invalidity benefits represent 40% of the insured salary.

Two other significant defined benefit pension plans in Germany (VARTA Microbattery GmbH ["VMB"] and VARTA Consumer Batteries GmbH & Co. KGaA ["VC"], Energy Storage division), insure the employees of the affiliated companies as planned against the risks of old age, death and invalidity.

Retirement benefits are paid out in the form of a lifelong pension that results from the multiplication of the pension capital available upon retirement (composed of salary-related employee and employer contributions) with the regulatory conversion rate. Death benefits represent 60% of the (probable) retirement pension, and invalidity benefits represent 40% of the insured salary.

The development of the pension obligation and the changes in the plan assets for the defined benefit pension plans can be illustrated as follows:

(in TEUR)	Net liability		Fair value of plan assets		Present value of defined benefit obligation		Reimbursement claim	
	2021	2020	2021	2020	2021	2020	2021	2020
Balance at 1 January	86,776	48,423	-125,520	-124,007	212,296	172,430	19,849	17,907
Included in profit or loss								
Current service cost	3,551	3,077			3,551	3,077	0	0
Past service cost	-675	0			-675	0	0	0
Interest income / Interest cost	705	974	-223	-443	928	1,417	0	0
Plan settlements	0	0			0	0	0	0
	3,581	4,051	-223	-443	3,804	4,494	0	0
Included in OCI								
(i) Remeasurement:								
Actuarial gain/loss arising from	-16,664	8,320			-16,664	8,320	-1,839	2,311
- experience adjustment	-2,786	-803			-2,786	-803	-47	-148
- demographic assumptions	-4,709	0			-4,709	0	0	0
- financial assumptions	-9,169	9,123			-9,169	9,123	-1,792	2,459
Return on plan assets, excl. interest income/expenses	-4,314	-4,880	-4,314	-4,880				Ar
(ii) Effect of movements in exchange rates:	607	-340	-4,762	-370	5,369	30	0	0
	-20,371	3,100	-9,076	-5,250	-11,295	8,350	-1,839	2,311
Other								
Changes in consolidation scope	0	36,491	0	-1,785	0	38,276	0	0
Employer contributions	-4,022	-5,283	-2,349	-3,591	-1,673	-1,692	0	0
Employee contributions	0	0	-981	-1,076	981	1,076	0	0
Benefits paid	0	0	10,212	10,610	-10,212	-10,610	-379	-369
Other	-18	-6	6	22	-24	-28	0	0
	-4,040	31,202	6,888	4,180	-10,928	27,022	-379	-369
Balance at 31 December	65,946	86,776	-127,931	-125,520	193,877	212,296	17,631	19,849
<i>funded via provision</i>	<i>58,485</i>	<i>64,579</i>			<i>58,485</i>	<i>64,579</i>	<i>0</i>	<i>0</i>
<i>funded via plan assets</i>	<i>135,392</i>	<i>147,717</i>			<i>135,392</i>	<i>147,717</i>	<i>0</i>	<i>0</i>
<i>Thereof Switzerland</i>	<i>4,460</i>	<i>15,574</i>	<i>-93,886</i>	<i>-91,982</i>	<i>98,346</i>	<i>107,556</i>	<i>0</i>	<i>0</i>
<i>Thereof Germany</i>	<i>56,849</i>	<i>66,053</i>	<i>-27,465</i>	<i>-27,613</i>	<i>84,314</i>	<i>93,666</i>	<i>17,631</i>	<i>19,849</i>

The assets of the most significant defined benefit pension plan in Switzerland are invested in the pension fund PK Pro. Consequently, it is not possible to allocate the plan assets to the various categories according to IAS 19.142. The majority of these assets are not listed on an active market.

Actuarial assumptions

The actuarial assumptions of the AME pension plan in Switzerland are as follows:

	31.12.2021	31.12.2020
Discount rate (in %)	0.30%	0.10%
Expected salary increases (in %)	1.00%	1.00%
Expected pension increases (in %)	0.00%	0.00%
Fluctuation workers/employees (in %)	BVG 2020 GT	BVG 2015 GT
Life expectancy	BVG 2020 GT	BVG 2015 GT
Retirement age men (in years)	65	65
Retirement age women (in years)	64	64

The actuarial assumptions of the VMB pension plan in Germany are as follows:

	31.12.2021	31.12.2020
Discount rate (in %)	1.10%	0.51%
Expected salary increases (in %)	0.00%	1.50%
Expected pension increases (in %)	1.50%	1.50%
Fluctuation workers/employees (in %)	5.00%	0.00%
Life expectancy	RT Heubeck 2018 G	RT Heubeck 2018 G
Retirement age men (in years)	63	63
Retirement age women (in years)	63	63

The actuarial assumptions of the VC pension plan in Germany are as follows:

	31.12.2021	31.12.2020
Discount rate (in %)	1,06%	0.55%
Expected salary increases (in %)	0.00%	0.00%
Expected pension increases (in %)	1.50%	1.50%
Fluctuation workers/employees (in %)	5.50%	3.50%
Life expectancy	RT Heubeck 2018 G	RT Heubeck 2018 G
Retirement age men (in years)	67	67
Retirement age women (in years)	67	67

The actuarial assumptions of the other pension plans are as follows:

	31.12.2021
Discount rate (in %)	0.31% - 1.80%
Expected return rate on plan assets (%)	0.00% - 1.10%
Expected salary increases (in %)	0.00% - 3.00%
Expected pension increases (in %)	0.00% - 3.30%
Fluctuation workers/employees (in %)	0.00% - 5.00%
Retirement age men (in years)	63 - 67
Retirement age women (in years)	63 - 67

The actuarial assumptions are recalculated at the end of each financial year. The actuarial assumptions are used to define the liabilities at the end of the year and the pension costs of the following year.

Sensitivity analyses

A change in the above-mentioned actuarial assumptions used to determine the DBO as of 31 December 2021 would increase or reduce the corresponding DBO of the company as follows:

Change in the DBO of AME, Switzerland, due to the increase/reduction of the parameters:

(in TEUR)	Increase	Reduction
Discount rate (+/- 0.50%)	-5,489	6,160
Life expectancy (+/- 1 year)	4,504	-3,790
Pension trend (+/- 0.50%)	1,020	-974

Change in the DBO of VMB, Germany, due to the increase/reduction of the parameters:

(in TEUR)	Increase	Reduction
Discount rate (+/- 0.25%)	-436	453
Life expectancy (+/- 1 year)	1,393	-1,334
Pension trend (+/- 0.25%)	422	-408

Change in the DBO of VC, Germany, due to the increase/reduction of the parameters:

(in TEUR)	Increase	Reduction
Discount rate (+/- 0.25%)	-1,231	1,336
Life expectancy (+/- 1 year)	873	-866
Pension trend (+/- 0.25%)	808	-768

The effective return on the plan assets amounted to TEUR 4,537 (2020: TEUR 5,323) in the reporting year. The expected employer contributions for defined benefit plans upon termination of employment for the subsequent year amount in total to TEUR 3,030 (2020: TEUR 3,320).

Average weighted duration of defined benefit pension plans

The average weighted remaining term of the defined benefit pension plan of AME in Switzerland amounts to 11.9 years (2020: 13.1 years).

The average weighted remaining term of the defined benefit pension plan of VMB and VC in Germany amounts to 19.7 years (2020: 20.6 years).

14.3. Severance

Provisions for severance are constituted to cover the employees' legal and contractual claims mainly in Austria and Indonesia. Severance payments represent mainly termination benefits. Provisions are calculated similarly to pensions in accordance with the projected unit credit method.

The provision for severance in the balance sheet is as follows:

(in TEUR)	31.12.2021	31.12.2020
Present value of provision for severance at balance sheet date (DBO)	18,222	18,020
Defined benefit liability (provision for severance)	18,222	18,020

The development of the provision for severance is as follows:

(in TEUR)	2021	2020
Present value of provision for severance as at 1 January	18,020	15,550
FX differences	497	-664
Changes in the scope of consolidation	842	1,413
Current service cost	-157	1,178
Interest expense	84	118
Actuarial gains (-) / losses (+)	-453	1,011
Benefits paid	-436	-577
Change of plans	-114	0
Other	-61	-9
Present value of provision for severance as at 31 December	18,222	18,020

The severance expense is as follows:

(in TEUR)	2021	2020
Current service cost	-157	1'178
Interest expense	84	118
Expense realized in the profit or loss statement	-73	1'296
Actuarial gains (-) / losses (+)	-453	1'011
Revaluations recognized in the consolidated statement of comprehensive income	-453	1'011
Severance expense for the period	-526	2'307

The actuarial assumptions which were used for the calculation are as follows for the three most significant pension plans (Austria and Indonesia):

	31.12.2021	31.12.2020
Discount rate (in %)	0.59% - 7.60%	0.60% - 7.60%
Expected salary increases (in %)	0.00% - 11.50%	2.50% - 11.50%
Fluctuation of workers/employees (in %)	0.00% - 13.24%	0.00%
Retirement age men (in years)	55 - 65	55 - 65
Retirement age women (in years)	55 - 65	55 - 65

15. Equity

15.1. Share capital

As at 31 December 2021, the capital structure of Montana Tech Components AG as the Group's top holding entity was as follows:

- Ordinary share capital of TCHF 17,192 (2020: TCHF 17,192)
- Approved share capital of TCHF 7,747 (2020: TCHF 7,747)
- Conditional share capital of TCHF 1,325 (2020: TCHF 1,325)

The ordinary share capital of TCHF 17,192 corresponds to TEUR 12,710.

The approved share capital of TCHF 7,747 is limited until 15 June 2023 and can be used by way of a resolution of the Board of Directors. The Board of Directors is entitled to exclude the shareholders' subscription right and to attribute it to third parties when such new shares are used for the acquisition of parts of companies or investments through an exchange of shares, in order to fund the acquisition of companies or for employee stock option plans.

The conditional share capital of TCHF 1,325 is composed of TCHF 325 for employee stock option plans and TCHF 1,000 for the exercise of conversion or option rights.

The Board of Directors is authorized, at any time until 15 June 2023, to increase the company's share capital for a maximum amount of CHF 7,350,112.40 by issuing at most 36,750,562 fully paid-in registered shares with a nominal value of CHF 0.20 each as well as for a maximum amount of CHF 396,707.24 by issuing at most 19,835,362 fully paid-in registered shares with a nominal value of CHF 0.02 each.

The par value of the share capital as at 31 December 2021 is divided into 39,670,725 fully paid-in registered shares with a nominal value of CHF 0.02 each (voting shares) and 81,995,270 registered shares with a nominal value of CHF 0.20 each (ordinary shares).

15.2. Share premium

In FY 2021, there was no change in the share premium.

15.3. Retained earnings

This item includes, besides the retained earnings of Montana Tech Components AG, the accumulated exchange differences resulting from the translation of the foreign group companies and intragroup loans as well as the other retained earnings, that also include, besides the result for the year less any dividends, the valuation of derivative financial instruments without effect on profit or loss.

In FY 2021, TEUR 52,080 was distributed from retained earnings.

15.4. Treasury shares

As of 31 December 2021, MTC has treasury shares in the amount of TEUR 83,592 (2020: TEUR 83,592). The following transactions were performed in the reporting year:

	Number of shares
Balance as at 1 January 2020	13,798,121
Acquisition of treasury shares	903,626
Balance as at 31 December 2020	14,701,747
Acquisition of treasury shares	0
Disposal of treasury shares	0
Balance as at 31 December 2021	14,701,747

15.5. Dividends

In FY 2021, MTC distributed a dividend to the shareholders of MTC AG in the amount of TEUR 52,080 (EUR 0.72 per ordinary share and EUR 0.07 per voting share). The Board of Directors will not propose a dividend to the 2022 general shareholders' meeting.

16. Financial liabilities

16.1. Change in liabilities arising from financing activities

(in TEUR)	01.01.2021	Reclassification	Addition consolidation scope	Repayment	Acquisition	Non-cash adjustments	Interest accrued	Currency translation	31.12.2021
Non-current financial liabilities									
Bank loans and borrowings	450,440	-73,152	583	-174,763	205,487		-110	5,022	413,507
Lease liabilities	88,343	11,344	824	-3,772		16,071	425	86	113,321
Other financial liabilities	365,958	-48,112	0	-65,414	188,590	8,106	462	-257	449,334
Current financial liabilities									
Bank loans and borrowings	60,360	73,152	0	-69,854	112,931		336	3,324	180,249
Lease liabilities	18,241	-11,344	128	-22,942		35,948	1,618	114	21,763
Other financial liabilities	41,620	48,112	257	-38,368	14,961	3,055	-908	154	68,883
Total	1,024,962	0	1,792	-375,113	521,969	63,180	1,823	8,443	1,247,057

(in TEUR)	01.01.2020	Reclassification	Addition consolidation scope	Repayment	Acquisition	Non-cash adjustments	Interest accrued	Currency translation	31.12.2020
Non-current financial liabilities									
Bank loans and borrowings	363,847	-8,688	2,813	-61,604	162,134		443	-8,505	450,440
Lease liabilities	53,267	13,147	26,547	-3,708		-909	670	-671	88,343
Other financial liabilities	312,423	-54,870	1,576	0	100,244	6,612	92	-119	365,958
Current financial liabilities									
Bank loans and borrowings	63,737	8,688	563	-41,381	36,187		132	-7,566	60,360
Lease liabilities	8,950	-13,147	5,457	-19,334		35,533	1,028	-246	18,241
Other financial liabilities	32,833	54,870	834	-52,071	2,072	3,371	440	-729	41,620
Total	835,057	0	37,790	-178,098	300,637	44,607	2,805	-17,836	1,024,962

16.2. Bank loans and borrowings

(in TEUR)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line in reporting currency	31.12.2021	31.12.2020
Loan	USD	30.09.2023	variable	1.93%	17,700	9,298	
Loan	USD	30.09.2023	variable	1.93%	7,300	3,903	
Working Capital Line	EUR	30.09.2023	variable	1.65%	20,000	21,027	
Working Capital Line	EUR	31.08.2022	variable	1.35%	15,000	1,752	
Loan	EUR	until 2027	fixed	0.00%	306	306	
Loan	EUR	31.12.2022	fixed	3.50%	97	97	
Loan	EUR	01.01.2023	fixed	1.50%	24,995	19,445	
Loan	EUR	until further notice	fixed	1.50%	9,998	1	
Loan	EUR	30.11.2022	fixed	1.50%	4,999	4,999	
Loan	EUR	30.06.2022	fixed	1.10%	137	55	
Loan	EUR	30.06.2022	fixed	1.55%	1,000	59	
Loan	EUR	30.06.2022	fixed	2.30%	1,000	55	
Loan	EUR	30.06.2022	fixed	1.55%	1,000	55	
Loan	EUR	30.06.2022	fixed	2.30%	1,000	59	
Loan	EUR	30.06.2024	fixed	2.41%	1,200	744	
Loan	BRL	Sep. 2022	fixed	11.74%	3,483	3,495	
Loan	BRL	Sep. 2022	variable	11.74%	156	160	
Loan	USD	until July 2022	variable	6.16%	7,807	7,807	
Loan	BRL	October 2022	fixed	14.94%	634	652	
Loan	BRL	June 2022	fixed	12.95%	3,483	3,495	
Loan	BRL	July 2022	fixed	12.95%	666	684	
Loan	BRL	April 2022	fixed	12.35%	2,694	2,766	
Loan	CNY	25.02.2022	fixed	3.85%	1,390	1,391	
Loan	CNY	23.02.2022	fixed	3.85%	1,390	1,391	
Loan	CNY	01.02.2022	fixed	3.85%	1,390	1,391	
Loan	CNY	05.01.2022	fixed	3.85%	1,390	1,391	
Loan	EUR	30.11.2027	variable	1.62%	no credit line	8,571	
Loan	EUR	31.12.2022	variable	1.62%	no credit line	1,795	
Loan	EUR	30.09.2021	fixed	1.15%	no credit line	9	
Loan	USD	until further notice	variable	2.30%	no credit line	6	
Loan	EUR	04.06.2026	variable	0.90%	100,000	100,000	
Loan	EUR	04.06.2026	variable	0.75%	135,000	64,642	
Loan	EUR	28.03.2022	variable	1.15%	25,000	1,000	
Loan	EUR	15.12.2023	variable	1.80%	2,649	2,649	
Loan	EUR	15.12.2025	variable	1.50%	5,048	5,048	
Loan	EUR	15.12.2025	variable	1.50%	5,048	5,048	
Loan	EUR	31.08.2022	variable	1.90%	9,964	0	
Loan	EUR	31.12.2023	variable	1.80%	3,528	3,528	
Loan	EUR	> 1 year	fixed	1.50%	111	111	
Loan	EUR	> 1 year	fixed	3.00%	25	25	
Loan	EUR	> 1 year	fixed	1.05%	127	127	
Loan	EUR	< 1 year	fixed	1.20%	27	27	
Loan	EUR	30.11.2023	fixed	1.55%	no credit line	110,144	
Loan	EUR	30.08.2024	variable	0.00%	no credit line	100,424	
Loan	USD	unlimited	variable	2.18%	58,078	26,872	
Loan	EUR	unlimited	fixed	0.95%	no credit line	45,013	
Loan	EUR	27.04.2022	fixed	1.15%	no credit line	5,010	
Loan	EUR	31.12.2033	fixed	2.25%	15,178	15,178	
Loan	USD	01.01.2028	fixed	4.95%	8,388	7,450	
Loan	USD	01.01.2027	fixed	4.95%	3,973	3,529	
Loan	USD	30.10.2023	fixed	3.62%	1,876	1,072	
Total liabilities towards financial institutions						593,756	510,800
thereof non-current liabilities towards financial institutions						413,507	450,440
thereof current liabilities towards financial institutions						180,249	60,360

For liabilities at variable interest rates, the fair value corresponds to the reported carrying amount.

16.3. Other financial liabilities

Other financial liabilities are composed as follows:

(in TEUR)	31.12.2021	31.12.2020
Borrower's note loans	459,344	360,480
Lease liabilities	135,084	106,584
Liabilities from put options	6,857	15,255
Other financial liabilities	52,015	31,851
Other financial liabilities	653,300	514,170
thereof current	562,655	454,300
thereof non-current	90,645	59,870

Borrower's note loans were as follows:

(in TEUR)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line in reporting currency	31.12.2021	31.12.2020
Promissory note 2014 - Tranche	EUR	15.07.2029	fixed	3.40%	5,000		
Promissory note 2014						5,079	17,523
Promissory note 2015 - Tranche	EUR	08.07.2022	fixed	2.71%	47,500		
Promissory note 2015 - Tranche	EUR	08.07.2025	fixed	3.53%	11,000		
Promissory note 2015 - Tranche	EUR	08.07.2025	variable	2.18%	3,000		
Promissory note 2015						62,263	99,534
Promissory note 2016 - Tranche	EUR	15.12.2023	fixed	2.01%	20,500		
Promissory note 2016 - Tranche	EUR	06.06.2024	fixed	2.12%	5,000		
Promissory note 2016 - Tranche	EUR	16.01.2024	fixed	2.01%	15,500		
Promissory note 2016 - Tranche	EUR	16.01.2024	variable	1.50%	17,000		
Promissory note 2016 - Tranche	EUR	16.01.2024	variable	1.37%	5,000		
Promissory note 2016 - Tranche	EUR	16.01.2024	variable	1.50%	6,000		
Promissory note 2016 - Tranche	EUR	16.01.2024	variable	1.37%	3,000		
Promissory note 2016 - Tranche	EUR	15.12.2023	fixed	2.14%	1,500		
Promissory note 2016						73,775	95,510
Promissory note 2019 - Tranche	EUR	28.06.2024	fixed	1.40%	15,000		
Promissory note 2019 - Tranche	EUR	30.07.2024	fixed	1.45%	10,000		
Promissory note 2019 - Tranche	EUR	28.08.2024	fixed	1.45%	15,000		
Promissory note 2019 - Tranche	EUR	16.06.2024	variable	1.25%	17,500		
Promissory note 2019						57,696	57,676
Promissory note 2020 - Tranche	EUR	12.03.2025	variable	1.25%	38,000		
Promissory note 2020 - Tranche	EUR	20.03.2023	variable	1.10%	20,000		
Promissory note 2020 - Tranche	EUR	30.06.2023	variable	1.90%	4,000		
Promissory note 2020 - Tranche	EUR	30.06.2025	variable	2.15%	5,000		
Promissory note 2020 - Tranche	EUR	31.12.2024	fixed	1.60%	5,000		
Promissory note 2020 - Tranche	EUR	16.11.2023	variable	1.50%	5,000		
Promissory note 2020 - Tranche	EUR	16.11.2025	variable	1.75%	5,000		
Promissory note 2020						82,188	90,237
Promissory note 2021 - Tranche	EUR	29.04.2024	variable	0.90%	14,000		
Promissory note 2021 - Tranche	EUR	29.04.2026	variable	1.20%	15,000		
Promissory note 2021 - Tranche	EUR	29.04.2028	variable	1.40%	11,500		
Promissory note 2021 - Tranche	EUR	28.05.2024	fixed	0.90%	30,000		
Promissory note 2021 - Tranche	EUR	31.12.2024	variable	0.50%	20,000		
Promissory note 2021 - Tranche	EUR	12.08.2024	variable	0.90%	10,000		
Promissory note 2021 - Tranche	EUR	11.08.2026	variable	1.30%	17,500		
Promissory note 2021 - Tranche	EUR	31.12.2024	variable	0.50%	60,000		
Promissory note 2021						178,343	
Total						459,344	360,480

In relation to borrower's note loans, covenants to be met were agreed at Group level (net debt/EBITDA, equity ratio and level of indebtedness). In FY 2021, these were realized, as in FY 2020.

17. Provisions

The provisions are as follows:

(in TEUR)	Onerous contracts and anticipated losses	Restructuring	Warranties, guarantees, etc.	Decommissioning, repair and other obligations	Other provisions	Total 2021
Balance as at 1 January 2021	191	15,720	9,766	1,472	17,416	44,565
Changes in the scope of consolidation				500	1,740	2,240
Increase	88		6,533	1,356	57,251	65,228
Used	-117	-14,161	-3,773	-1,259	-7,092	-26,402
Reversal		-843	-470	-154	-1,883	-3,350
FX differences	92		52	6	2,245	2,395
Balance as at 31 December 2021	254	716	12,108	1,921	69,677	84,676
Maturity						
Current	204	716	9,211	1,921	61,350	73,402
Non-current	50		2,897		8,327	11,274
Total provisions	254	716	12,108	1,921	69,677	84,676

Provisions are recognized if an outflow of resources is probable within the next 5 years. Warranty provisions are calculated based on the effective returns in the past and on the damage cases and usually cover an appropriate guarantee and grace period.

The addition to other provisions mostly results from provisions for expenses in connection with legal disputes in the amount of TEUR 49,746. As part of a legal dispute, the Group, as the defendant, is trying to reach an out-of-court settlement with the plaintiff, for which an addition of TEUR 47,272 (2020: TEUR 0) was recognized in other provisions in FY 2021. The out-of-court settlement is expected in FY 2022 and is considered the most likely scenario. The timing of cash outflows in the event of an agreement is also largely expected in FY 2022.

The other provisions include an earn-out provision in the amount of TEUR 7,422 (2020: TEUR 6,057).

18. Accruals

Accruals comprise the following items:

(in TEUR)	31.12.2021	31.12.2020
Audit, tax advisory and legal advisory	4,429	3,811
Outstanding invoices	11,229	6,358
Customer bonuses, rebates and discounts	59,715	59,437
Other accruals	15,220	16,613
Accruals	90,593	86,219
thereof non-current	897	723
thereof current	89,696	85,496

19. Contract liabilities

Contract liabilities comprise the following items:

(in TEUR)	31.12.2021	31.12.2020
Advance payments received from contracts with customers	19,854	13,286
Other	4,162	6,116
Contract liabilities	24,016	19,402
thereof current	24,016	19,402

20. Other liabilities

Other liabilities comprise the following items:

(in TEUR)	31.12.2021	31.12.2020
Other advance payments	51,840	91,082
Derivative financial instruments	6,616	1,059
Accruals and deferred income	7,077	2,998
Other tax liabilities	14,609	17,164
In relation with social security	5,780	5,991
Liabilities from promotion projects	64,370	66,019
Liabilities towards employees	6,460	4,355
Other liabilities	11,201	11,377
Other liabilities	167,953	200,045
thereof non-current	75,900	97,915
thereof current	92,053	102,130

21. Personnel expenses

Personnel expenses contain the following items:

(in TEUR)	2021	2020
Wages and salaries	371,858	353,557
Severance and redundancy	1,706	19,115
Compulsory social security expenses	46,033	41,158
Pension expenses	20,183	18,398
Expenses from stock option plans	3,277	2,707
Other personnel expenses	14,096	12,718
Total	457,153	447,653

Pension expenses are composed as follows:

(in TEUR)	2021	2020
Defined contribution plans	17,307	15,321
Defined benefit plans	2,876	3,077
Total	20,183	18,398

Number of employees	2021	2020
As of reporting date	11,560	10,689
Average of the reporting period	10,976	10,793

Other operating income contains the following items:

(in TEUR)	2021	2020 reclassified*
Income from reversal of provisions and accruals	7,055	3,821
Income from insurance	4,289	2,335
Income from disposal of property, plant and equipment	1,213	174
Income from disposal of recycling products	7,208	4 655*
Grants and public benefits	71,600	15,539
Badwill	3,440	0
Income from measurement of real estate held as investment property	14,238	0
Income from services provided for previous owner	0	17,557
Other	16,223	19,989
Other operating income	125,266	64,070

* Reclassification of income from sale of recycling products in the comparative period 2020 between net sales and other operating income in the amount of TEUR 18,201.

23. Other operating expenses

Other operating expenses comprise the following items:

(in TEUR)	2021	2020
Energy costs	35,764	30,972
Research and development	324	441
Licenses and patent fees	2,047	2,062
Losses from disposal of tangible assets	628	3,015
Maintenance	30,927	29,160
Freight-out costs and customs duties	41,138	35,823
Commissions	6,290	8,338
Accrual of provisions for bad debt	3,729	3,251
Losses from bad debt	516	326
Legal advice, audit and consulting fees	91,840	36,010
Other fees and charges	4,706	4,178
Lease expenses (low-value as well as short-term leases)	5,958	4,985
Travel expenses	4,873	4,213
Phone and postal charges, IT supplies	10,857	8,509
Education and training	1,367	1,192
Insurance	6,224	5,200
Expenses for cleaning services	3,315	2,658
Marketing, advertising and representation	9,767	9,443
Taxes other than income taxes	7,009	4,450
Warranty & guarantee	7,800	5,542
Other	45,977	50,224
Other operating expenses	321,056	249,992

The increase in legal, auditing and consulting expenses is mainly due to corresponding additions to provisions relating to legal disputes.

24. Net financial result

The interest income is attributable to cash equivalents as well as to loans and receivables. The interest expense is attributable to liabilities measured at amortized cost.

Other financial income and other financial expenses are composed as follows:

(in TEUR)	2021	2020
Foreign currency exchange gains	29,136	4,543
Other financial income	5,706	2,514
Gains from disposal of other investments	604	0
Other financial income	35,446	7,057

(in TEUR)	2021	2020
Foreign currency exchange losses	13,354	21,058
Depreciation of securities	300	479
Other financial expenses	15,926	7,686
Other financial expenses	29,824	29,223

The other financial income mainly consists of the valuation of put options in the amount of TEUR 2,357.

The other financial expenses mainly include expenses resulting from a purchase price improvement agreement in connection with the investment in the associated company HENN in the amount of TEUR 8,866 and valuations of put options in the amount of TEUR 2,041 (2020: TEUR 5,141).

Foreign exchange effects resulting from the classification of net investments in foreign operations amounted to TEUR 24,946 (2020: TEUR 15,644). These were not recognized in the result of the period but in the consolidated statement of comprehensive income.

25. Consolidated cash flow statement

The item "Acquisition of intangible assets and property, plant and equipment" cannot be reconciled with the additions in intangible assets and property, plant and equipment, due to open positions resulting from investments of TEUR 27,997 (2020: TEUR 52,605) [translated at the annual average rate, the difference amounts to TEUR -24,892] and non-cash additions to right-of-use assets, in the amount of TEUR 52,022. The open positions resulting from investments from the previous year were paid for a large part in FY 2021 and attributed to the acquisition of intangible assets and property, plant and equipment.

The item "Proceeds from the sale of intangible assets and property, plant and equipment" is mainly due to non-cash disposals of right-of-use assets in the amount of TEUR 1,425 and due to the only pro rata profit realization permitted under IFRS 16 relating to the sale and leaseback of a property (effect in the amount of TEUR 1,497), cannot be reconciled with the disposals of intangible assets and property, plant and equipment.

The item "Dividend paid to shareholders of MTC AG" cannot be reconciled with the movement in the consolidated statement of changes in equity mainly due to offsetting against an open claim against a shareholder of MTC AG in the amount of TEUR 11,692 and loans received from a shareholder in MTC AG in the amount of TEUR 2,926.

Due to non-cash effects of TEUR 4,129, the item “Disposal of non-controlling interests” cannot be reconciled with the development of the consolidated statement of changes in equity.

26. Non-controlling interests

The following table summarizes the information regarding the Group’s individual subsidiaries (before any intragroup eliminations) that show significant minority interests:

(in TEUR)	VARTA AG, Ellwangen	Aluflexpack AG, Reinach	Montana Aerospace AG,	31.12.2021	
	(DE)	(CH)	Reinach (CH)	Other	Total
Non-controlling interest	44.5%	46.4%	43.7%		
Non-current assets (+)	824,231	179,718	853,833		
Current assets (+)	443,861	121,946	938,547		
Non-current liabilities (-)	-295,457	-45,642	-590,682		
Current liabilities (-)	-427,352	-74,449	-296,848		
Net assets	545,283	181,573	904,850		
Net assets - attributable to non controlling interests	242,909	84,985	387,010	0	714,905
Net revenues	902,931	266,135	790,052		
Result for the year	125,024	14,167	-49,381		
Other comprehensive income	9,661	-6,816	39,011		
Total comprehensive income	134,685	7,351	-10,370		
Result for the year - attributable to non controlling interests	55,621	6,665	-13,651	0	48,635
Other comprehensive income - attributable to non controlling interests	4,286	-3,164	10,123	0	11,245
Cash flows from operating activities	114,503	38,322	-27,837		
Cash flows from investing activities	-179,333	-45,898	-86,068		
Cash flows from financing activities	14,173	-20,355	521,791		
Net change in cash and cash equivalents	-50,657	-27,931	407,886		

Montana Aerospace AG is a fully consolidated Group company listed on the SIX Swiss Exchange. MTC's stake in Montana Aerospace AG is approximately 56% as of 31 December 2021. The quarterly, semi-annual and annual reports are prepared and published by Montana Aerospace AG in accordance with the International Financial Reporting Standards (IFRS).

VARTA AG is a fully consolidated group company listed on the Frankfurt stock exchange. MTC’s investment in VARTA AG amounts to ca. 55% as at 31 December 2021. The interim and final financial statements are prepared and published by VARTA AG in accordance with the International Financial Reporting Standards (IFRS). Due to certain consolidation entries, there are minor deviations between VARTA AG’s results published by VARTA AG and VARTA AG’s results consolidated by MTC.

Aluflexpack AG is a fully consolidated group company, which is listed on the SIX Swiss Exchange. MTC's share in Aluflexpack AG was approximately 54% as of December 31, 2021. The half-year and annual reports are prepared and published by Aluflexpack AG in accordance with the International Financial Reporting Standards (IFRS).

27. Risk management

27.1. Risk assessment

In order to ensure the compliance of the company's consolidated financial statements with the applicable accounting policies as well as the regularity of the Group's reporting, the Board of Directors has established internal control and monitoring systems for financial reporting. According to the Board of Directors, this provides reasonable assurance on the reliability of financial reporting, thus ensuring the most reliable assessment of the company's assets, financial situation and results.

Each internal control system, no matter how well designed, has inherent limits. Consequently, those internal control and monitoring systems that have been considered as efficient cannot provide full assurance on the preparation and presentation of the financial statements.

Regarding recognition and valuation, estimates and assumptions are made about the future. The estimates and assumptions that represent a significant risk in the form of a material adjustment of the assets and liabilities' carrying amounts over the next financial year are presented under the individual items in the notes.

27.2. Financial risk management

The primary objective of the Board of Directors with respect to financial risk management is to identify and monitor the financial risks to which the Group is exposed and to establish effective measures for hedging such risk. Financial risks arise from the company's operating activities as well as from its financing structure. This includes, in particular, credit risk, liquidity risk, currency risk, interest rate risk, and market price risk with respect to commodities.

In addition to identifying, analyzing and measuring financial risk, decisions on the use of financial instruments to manage risk are made by Group headquarters, which generally pursues a low-risk strategy.

The following paragraphs give an overview of the extent of the various risks as well as of the objectives, principles and processes for the measurement, monitoring and hedging of financial risks.

27.2.1. Credit risk

Credit risk is the risk of financial loss to the Group resulting from loans, trade receivables, other receivables and cash and cash equivalents. The risk of default on loans is mitigated by using targeted measures such as credit checks, pre-payment agreements and receivables management. Credit risk arising from bank deposits is likewise limited as a result of the company's policy of only investing cash and cash equivalents with financial institutions of impeccable, first-rate credit quality.

The carrying amount of financial assets corresponds to the maximum credit risk, which was composed as follows at the balance sheet date:

(in TEUR)	2021	2020
Cash and cash equivalents	621,982	278,010
Trade receivables	317,414	231,558
Loans towards associated companies	1,864	1,836
Loans towards other related companies as well as third parties	13,652	5,566
Other financial assets	52,933	63,976
Contract assets	20,206	12,759
Other assets*	113,992	125,932
Total financial assets	1,142,043	719,637

* excl. other tax receivables of TEUR 24,237 (2020: TEUR 29,318) and excl. Prepaid expenses / deferred charges of TEUR 18,350 (2020: TEUR 12,681)

At the balance sheet date, loans incl. accrued interest of TEUR 2,328 and TEUR 13,188 were granted respectively to related companies (see Note 28) and to other parties.

The calculation is based on gross carrying amounts less allowances recognized in accordance with IFRS 9. Collaterals received or other credit enhancements are not taken into account.

The maximum credit risk in relation with trade receivables is to be considered as low since the immanent risk of default of business partners resulting from the underlying transaction is widely hedged by credit risk insurance as well as by bank guarantees and letters of credit. The applicable criteria for credit assessment are set forth in the agreements with credit insurers and in internal guidelines. In addition, there is no concentration of credit risk since the Group's client base is made up of large variety of customers.

Any claims outstanding at the balance sheet date must meet the Group's risk assessment criteria, regardless of their due dates. In principle, financial assets show no risk of default if they can be classified as "fully recoverable" at the balance sheet date based on past experience and the examination of credit worthiness. Such receivables are not subject to allowances. No financial assets were subject to a renegotiation of conditions.

Trade receivables after allowances are presented as follows:

(in TEUR)	31.12.2021	31.12.2020
Trade receivables	324,905	236,019
Allowance	-7,491	-4,461
Trade receivables - net	317,414	231,558

31 December 2021

(in TEUR)

	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	593,755	604,021	1	125,881	86,685	391,454	
Lease liabilities	135,084	145,657		6,399	19,197	76,333	43,728
Other financial liabilities*	518,193	528,185	1,418	16,719	57,698	415,227	37,123
Trade payables	265,928	265,927	57,240	199,465	9,219	3	
Accruals	90,593	90,593			90,593		
Contract liabilities**	4,162	4,162			4,162		
Other liabilities***	82,029	82,029	2,548	10,618	12,389	22,620	33,854
Total non-derivative financial liabilities	1,689,744	1,720,574	61,207	359,082	279,943	905,637	114,705

* excl. accrued interest payable towards third parties of TEUR 24

** excl. advance payments in relation to customer contracts of TEUR 19,854

*** excl. deferred income of TEUR 7,077, excl. derivative financial instruments of TEUR 6,616, excl. other tax liabilities in relation with social security of TEUR 5,779 as well as excl. other advance payments of TEUR 51,840

(in TEUR)

	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Commodityswaps (Cash Flow Hedge)	237	237		237			
Commodityswaps (Fair Value Hedge)	6	6		6			
Devisentermingeschäfte (Cash Flow Hedge)	8	8		8			
Forward exchange contracts (Fair Value Hedge)	6,365	6,362		2,011	4,351		
Total derivative financial liabilities	6,616	6,613	0	2,262	4,351	0	0

The probability of future incoming payments on trade receivables that have already been adjusted was considered as low at the balance sheet date.

The following table shows the movement of all the allowances in relation with trade receivables:

(in TEUR)	2021	2020
Balance as of 1 January	4,461	1,029
Increase	4,291	3,461
Utilization	-609	-67
Reversal	-605	-192
Other changes	-55	346
Exchange rate differences	8	-116
Total allowance	7,491	4,461

The following table discloses the information on overdue trade receivables:

	31.12.2021		
(in TEUR)	Gross	Allowance	Net
not yet due	270'192	-1'474	268'718
0 to 10 days past due	16'967	-2'192	14'775
11 to 30 days past due	14'473	-219	14'254
31 days to 60 days past due	12'091	-254	11'837
61 days to 180 days past due	7'284	-1'435	5'849
181 days to 360 days past due	1'464	-362	1'102
> 360 days past due	2'433	-1'554	879
Total	324'904	-7'490	317'414

The net overdue trade receivables primarily relate to receivables from long-term customer relationships. Based on past experience, the Group does not anticipate any significant defaults.

27.2.2. Liquidity risk

The Treasury Department monitors liquidity on an ongoing basis. Liquidity management extends from constant comparison of forecast and actual payment flows to coordinating the maturity profiles of financial assets and liabilities.

The following table shows the undiscounted, contractual due dates of non-derivative and derivative financial liabilities. It contains both interest and principal payments:

31 December 2020

(in TEUR)

	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	510,800	537,963	10	43,557	93,732	393,517	7,147
Lease liabilities	106,584	113,568		5,613	16,840	64,402	26,713
Other financial liabilities*	407,578	429,576	519	21,282	26,534	369,539	11,702
Trade payables	253,643	253,643	70,501	175,691	7,451		
Accruals	86,219	86,219			86,219		
Contract liabilities**	6,116	6,116			6,116		
Other liabilities***	81,751	81,751	1,201	9,223	22,020	22,281	27,026
Total non-derivative financial liabilities	1,452,691	1,508,836	72,231	255,366	258,912	849,739	72,588

* excl. accrued interest payable towards third parties of TEUR 8

** excl. advance payments in relation to customer contracts of TEUR 13,286

*** excl. deferred income of TEUR 2,998, excl. derivative financial instruments of TEUR 1,059, excl. other tax liabilities from taxes and liabilities in relation with social security of TEUR 5,991 as well as excl. other advance payments of TEUR 91,082

(in TEUR)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Interest rate swap (Fair Value Hedge)	318	318			318		
Commodityswaps (Cash Flow Hedge)	72	72		70	2		
Forward exchange contracts (Fair Value Hedge)	669	669		669			
Total derivative financial liabilities	1,059	1,059	0	738	320	0	0

27.2.3. Currency risk

The Group settles goods purchases and sales based on the functional currency of the divisions, predominantly in Swiss francs, US dollars and euros. Currency risks resulting from trade receivables are very limited since outgoing invoices that are due at foreign company level are billed predominantly in the local currency and the purchase of inventories and/or services is performed in the local currency of the subsidiaries. This results in a natural hedging effect.

At the balance sheet date, interest-bearing financial liabilities are denominated predominantly in euros and in US dollars, which correspond to the functional currencies of the respective group companies, so that there is no significant currency risk either in this respect according to the Group's assessment.

The following table shows – by currency pair – financial assets and liabilities denominated in a currency that deviates from the functional currency of the respective group company holding the financial instrument.

(in TEUR)	31.12.2021			31.12.2020		
	CHF/EUR	CHF/USD	EUR/USD	CHF/EUR	CHF/USD	EUR/USD
Cash and cash equivalents	66,580	29,045	43,662	30,444	3,421	71,466
Trade receivables	5,323	73	83,943	6,514	116	31,995
IC receivables	10,414	7,800	20,650	12,165	1,856	15,125
IC loans	616,915	262,011	156,418	179,205	162,130	93,875
Other financial liabilities	-289,156	-26,872	-92,203	-277,933	-32,487	-24,795
Trade payables	-11,944	-1,227	-20,190	-7,917	-1,293	-88,496
IC payables	-5,435	-661	-16,303	-6,826	-3	-12,304
IC loans	-6,194	-166,594	-45,221	-14,119	-172,363	-54,884
Total currency exposure - gross	386,503	103,575	130,756	-78,467	-38,623	31,982
Forward exchange contracts	3,194		-151,970	3,139		5,505
Total currency exposure - net	389,697	103,575	-21,214	-75,328	-38,623	37,487

Sensitivity analysis

A change in the following functional currency compared to the foreign currency in the currency pair in the amount of the percentage points indicated below would have increased (reduced) the Group's result before non-controlling interests by the amounts stated below as at 31 December. In the context of this analysis, the other variables, in particular the interest rates, remain constant.

(in TEUR)		Gain (+) / Loss (-)	Equity + / -
31 December 2021			
CHF / EUR	+/- 3.5%	-10,776	10,702
CHF / USD	+/- 6.2%	-6,146	6,259
EUR / USD	+/- 5.1%	-13,951	14,879

(in TEUR)		Gain (+) / Loss (-)	Equity + / -
31 December 2020			
CHF / EUR	+/- 4.3%	2,517	-2,624
CHF / USD	+/- 7.6%	841	-609
EUR / USD	+/- 8.0%	-7,993	9,043

The volatility for each relevant currency pair was calculated with the historical data for the last 250 exchange days (before 31 December of the reporting year). Based on the daily movement of foreign exchange rates (variation of actual rates compared to the previous day), the presented annual volatility was calculated by upscaling these daily volatilities.

27.2.4. Interest rate risk

Interest rate risk is divided into the risk of changes in future payment of interests due to fluctuations in the market interest rate and interest rate risk relating to a change in the fair value of financial instruments due to fluctuations in the market interest rate.

The Group is subject to interest rate risk resulting from the receipt or payment of cash at fixed or variable rates, whereby the Group funds itself predominantly with fixed and variable interest-rate bank liabilities as well as borrower's note loans.

At the balance sheet date, there are the following interest-bearing financial instruments:

(in TEUR)	31.12.2021	31.12.2020
Financial instruments with fixed interest		
Financial assets*	327,562	10,145
Financial liabilities**	740,330	587,262
Financial instruments with variable interest		
Financial assets*	309,936	275,266
Financial liabilities**	506,726	437,708

* including bank deposits, fixed deposits as well as loans

** including borrower's note loans, lease liabilities, bank loans and borrowings as well as other financial liabilities

Sensitivity analysis for fixed-rate financial instruments

The Group measures neither financial assets (fixed deposits or securities) nor financial liabilities (bank loans and borrowings) bearing fixed interest rates at fair value through profit or loss. These financial instruments are measured at amortized cost. An increase in interest rates would therefore not impact the Group's net income for the year.

Sensitivity analysis for variable interest-rate financial instruments

An increase in interest rates of one percentage point would lead – taking into account the hedging of variable interest-rate financial instruments with fixed rates – to a reduction of the consolidated net profit or loss before non-controlling interests of TEUR 1,564 (2020: reduction of TEUR 1,251). A decrease in interest rates of one percentage point would lead to an increase of the consolidated profit or loss before non-controlling interests of TEUR 1,564 (2020: increase of TEUR 1,251). In this regard, a potential decrease of interest rates under 0% has also been taken into account. This analysis includes the assumption that all other variables, in particular foreign currency effects, remained constant.

The sensitivity analysis showed that an increase (decrease) in interest rates of one percentage point would have no impact on the Group's equity.

27.2.5. Derivative financial instruments

The Group uses derivative financial instruments primarily to reduce the risk of changes resulting from foreign exchange rates and interest rates. In this regard, forward exchange transactions are used in order to reduce the short-term effects of exchange rate fluctuations, commodity swaps and interest rate swaps. In this respect, all contractual partners are renowned international financial institutes with which the Group has ongoing business relations. Consequently, the Group considers that the risk of default from a contractual partner, and thus the risk of corresponding losses, is low.

The following table shows the Group's holdings of derivative financial instruments at the balance sheet date:

31 December 2021

	Currency	Nominal value (in thousand original currency)	Fair Value (in T€)	Thereof recognised in equity	Maturity
Foreign exchange contract	EUR	18,500	-537	0	up to 1 year
Foreign exchange contract	EUR	570	-16	0	up to 1 year
Commodityswap	EUR	422	422	0	up to 1 year
Commodityswap	EUR	64	64	0	up to 1 year
Commodityswap	EUR	65	65	0	up to 1 year
Commodityswap	EUR	72	72	0	up to 1 year
Commodityswap	EUR	39	39	0	up to 1 year
Commodityswap	EUR	58	58	0	up to 1 year
Commodityswap	EUR	31	31	0	up to 1 year
Commodityswap	EUR	39	39	0	up to 1 year
Commodityswap	EUR	39	39	0	up to 1 year
Commodityswap	EUR	41	41	0	up to 1 year
Commodityswap	EUR	35	35	0	up to 1 year
Commodityswap	EUR	26	26	0	up to 1 year
Commodityswap	EUR	21	21	0	up to 1 year
Commodityswap	EUR	1,297	1,273	0	up to 1 year
Commodityswap	EUR	159	159	0	up to 1 year
Commodityswap	EUR	151	152	0	up to 1 year
Commodityswap	EUR	153	154	0	up to 1 year
Commodityswap	EUR	112	112	0	up to 1 year
Commodityswap	EUR	134	134	0	up to 1 year
Commodityswap	EUR	118	118	0	up to 1 year
Commodityswap	EUR	102	102	0	up to 1 year
Commodityswap	EUR	103	103	0	up to 1 year
Commodityswap	EUR	95	95	0	up to 1 year
Commodityswap	EUR	91	91	0	up to 1 year
Commodityswap	EUR	85	85	0	up to 1 year
Commodityswap	EUR	65	66	0	up to 1 year
Foreign exchange contract	USD	57,408	23	0	up to 1 year
Foreign exchange contract	USD	14,900	-37	0	up to 1 year
Foreign exchange contract	USD	175,800	-5,619	0	up to 1 year
Foreign exchange contract	GBP	27,400	71	0	up to 1 year
Foreign exchange contract	PLN	16,665	0	0	up to 1 year
Foreign exchange contract	CHF	3,300	14	0	up to 1 year
Foreign exchange contract	PLN	16,665	-1	0	up to 1 year
Commodityforward	EUR	7	6	0	up to 1 year
Foreign exchange contract	USD	292	1	0	up to 1 year
Foreign exchange contract	USD	221	1	0	up to 1 year
Foreign exchange contract	USD	141	1	0	up to 1 year
Foreign exchange contract	USD	247	1	0	up to 1 year
Foreign exchange contract	USD	229	1	0	up to 1 year
Foreign exchange contract	USD	176	1	0	up to 1 year
Foreign exchange contract	USD	220	1	0	up to 1 year
Foreign exchange contract	USD	264	1	0	up to 1 year
Foreign exchange contract	USD	255	1	0	up to 1 year
Foreign exchange contract	USD	219	1	0	up to 1 year
Foreign exchange contract	USD	228	1	0	up to 1 year
Foreign exchange contract	USD	219	1	0	up to 1 year
Foreign exchange contract	USD	313	-18	0	up to 1 year
Foreign exchange contract	USD	116	-7	0	up to 1 year
Foreign exchange contract	USD	238	0	0	up to 1 year
Foreign exchange contract	USD	502	1	0	up to 1 year
Commodityforward	USD	2,703	-196	-196	up to 1 year
Commodityforward	USD	4,616	-9	0	up to 1 year
Commodityforward	USD	234	-41	-41	up to 1 year
Commodityforward	USD	564	3	0	up to 1 year
Foreign exchange contract	USD	2	-8	-8	up to 1 year
Foreign exchange contract	CNY	13,988	23	0	up to 1 year
Foreign exchange contract	USD	4,000	24	0	up to 1 year
Foreign exchange contract	USD	325	-12	0	up to 1 year
Foreign exchange contract	USD	349	1	0	up to 1 year
Foreign exchange contract	USD	16,928	108	0	up to 1 year
Foreign exchange contract	USD	8,000	5	0	up to 1 year
Foreign exchange contract	USD	1,900	7	0	up to 1 year
Foreign exchange contract	USD	2,880	-84	0	up to 1 year
Foreign exchange contract	USD	12,300	-3	0	up to 1 year
Foreign exchange contract	USD	10,000	-32	0	up to 1 year
Total			-2,726	-245	

In FY 2021, TEUR 65 (2020: TEUR -64) were reclassified from the statement of comprehensive income to the statement of profit or loss.

31 December 2020

	Currency	Nominal value (in thousand original currency)	Fair Value (in T€)	Thereof recognised in equity	Maturity
Foreign exchange contract	EUR	570	22	0	up to 1 year
Foreign exchange contract	EUR	4,200	5	0	up to 1 year
Foreign exchange contract	EUR	1,100	1	0	up to 1 year
Foreign exchange contract	EUR	32,000	1,230	0	up to 1 year
Commodityswap	EUR	6	6	0	up to 1 year
Commodityswap	EUR	-11	-11	0	up to 1 year
Commodityswap	EUR	11	11	0	up to 1 year
Commodityswap	EUR	32	32	0	up to 1 year
Commodityswap	EUR	85	85	0	up to 1 year
Commodityswap	EUR	264	264	0	1 - 5 years
Commodityswap	EUR	-34	-34	0	1 - 5 years
Commodityswap	EUR	277	277	0	1 - 5 years
Commodityswap	EUR	43	43	0	up to 1 year
Commodityswap	EUR	59	59	0	up to 1 year
Commodityswap	EUR	62	62	0	up to 1 year
Commodityswap	EUR	468	490	0	1 - 5 years
Commodityswap	EUR	-22	-22	0	1 - 5 years
Commodityswap	EUR	92	93	0	1 - 5 years
Commodityswap	USD	203	66	0	up to 1 year
Commodityswap	USD	145	-4	0	up to 1 year
Foreign exchange contract	USD	1,600	-1	0	up to 1 year
Foreign exchange contract	USD	30,450	-50	0	up to 1 year
Foreign exchange contract	USD	16,500	-22	0	up to 1 year
Foreign exchange contract	USD	54,528	-364	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Commodityswap	USD	2,026	673	0	up to 1 year
Commodityswap	USD	2,094	-63	0	up to 1 year
Foreign exchange contract	USD	3,500	-232	0	up to 1 year
Foreign exchange contract	GBP	24,850	316	0	up to 1 year
Foreign exchange contract	CHF	3,400	18	0	up to 1 year
Foreign exchange contract	USD	484	35	0	up to 1 year
Foreign exchange contract	USD	168	12	0	up to 1 year
Foreign exchange contract	USD	263	7	0	up to 1 year
Foreign exchange contract	USD	74	2	0	up to 1 year
Foreign exchange contract	USD	362	9	0	up to 1 year
Foreign exchange contract	USD	324	8	0	up to 1 year
Foreign exchange contract	USD	238	6	0	up to 1 year
Foreign exchange contract	USD	270	7	0	up to 1 year
Foreign exchange contract	USD	83	3	0	up to 1 year
Commodityswap	USD	455	8	8	up to 1 year
Commodityswap	USD	194	0	0	up to 1 year
Commodityswap	USD	394	4	0	up to 1 year
Foreign exchange contract	USD	4,643	57	57	up to 1 year
Commodityswap	USD	3,685	0	0	up to 1 year
Commodityswap	USD	194	0	0	up to 1 year
Commodityswap	USD	394	-5	0	up to 1 year
Foreign exchange contract	USD	1,250	36	0	up to 1 year
Foreign exchange contract	USD	2,880	111	0	up to 1 year
Foreign exchange contract	USD	11,000	72	0	up to 1 year
Foreign exchange contract	USD	33,800	205	0	up to 1 year
Interest rate swap	EUR	38,000	-318	0	up to 1 year
Total			3,213	65	

The liquidity analysis of the derivative financial instruments is presented above under "Liquidity risk".

27.2.6. Categories of financial instruments

The following table shows the carrying amounts and fair values of the financial instruments per category. It does not include fair value information for financial assets and financial liabilities that are not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Further, for the current year the fair value disclosure of lease liabilities is also not required.

With the exception of borrower's note loans, they correspond primarily to the fair values. The fair value of the borrower's note loans as at 31 December 2021 amounts to TEUR 459,017 (2020: TEUR 376,650).

31 December 2021

(in TEUR)	Note	Carrying amount				Total	Fair value			
		Measured at fair value - hedging instruments	Other assets and liabilities measured at fair value in profit and loss	Financial assets measured at amortised acquisition cost	Other financial liabilities		Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value										
Foreign exchange contracts (hedge accounting)	27	288				288	288			288
Commodityswaps (hedge accounting)	27	3,603				3,603	3,603			3,603
Other financial assets			50,624			50,624		50,624		50,624
Securities			2,522			2,522	1,924	598		2,522
		3,891	53,146	0	0	57,037				
Financial assets - not measured at fair value										
Loans towards associated companies	27			1,864		1,864				
Loans towards other related companies as well as third parties	27			13,652		13,652				
Contract assets	27			20,206		20,206				
Trade receivables	27			317,414		317,414				
Other financial assets				2,309		2,309				
Other assets				107,578		107,578				
Cash and cash equivalents	12			621,982		621,982				
		0	0	1,085,005	0	1,085,005				
Financial liabilities - measured at fair value										
Foreign exchange contracts (hedge accounting)	27	6,373				6,373		6,373		6,373
Commodityswaps (hedge accounting)	27	243				243		243		243
Other financial liabilities	16		6,857			6,857			6,857	6,857
		6,616	6,857	0	0	13,473				
Financial liabilities - not measured at fair value										
Bank loans and borrowings	16				593,755	593,755				0
Other financial liabilities*	16				511,336	511,336	511,009			511,009
Lease liabilities	16				135,084	135,084				0
Trade payables	16				265,928	265,928				0
Contract liabilities**	19				4,162	4,162				0
Accruals	18				90,593	90,593				0
Other liabilities***	20				82,029	82,029				0
		0	0	0	1,682,887	1,682,887				

* excl. accrued interest payable towards third parties of TEUR 24

** excl. advance payments in relation to customer contracts of TEUR 19,854

*** excl. deferred income of TEUR 7,077, excl. derivative financial instruments of TEUR 6,616, excl. other tax liabilities in relation with social security of TEUR 5,779 as well as excl. other advance payments of TEUR 51,840

31 December 2020

	Carrying amount					Fair value			
	Measured at fair value - hedging instruments	Other assets and liabilities measured at fair value in profit and loss	Financial assets measured at amortised acquisition cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(in TEUR)									
Financial assets - measured at fair value									
Forward exchange contracts (hedge accounting)	2'166				2'166		2'166		2'166
Commodityswaps (hedge accounting)	2'106				2'106		2'106		2'106
Securities		55'276			55'276		55'276		55'276
		5'792			5'792	5'511	281		5'792
	4'272	61'068	0	0	65'340				
Financial assets - not measured at fair value									
Loans towards associated companies			1'836		1'836				
Loans towards other related companies as well as third parties			5'566		5'566				
Contract assets			12'759		12'759				
Trade receivables			231'558		231'558				
Other financial assets			8'700		8'700				
Other assets			115'869		115'869				
Cash and cash equivalents			278'010		278'010				
	0	0	654'298	0	654'298				
Financial liabilities - measured at fair value									
Interest rate swaps (hedge accounting)	318				318		318		318
Forward exchange contracts (hedge accounting)	669				669		669		669
Commodityswaps (hedge accounting)	72				72		72		72
Other financial liabilities		18'769			18'769			18'769	18'769
	1'059	18'769	0	0	19'828				
Financial liabilities - not measured at fair value									
Bank loans and borrowings				510'800	510'800				0
Other financial liabilities*				388'809	388'809	404'979			404'979
Lease liabilities				106'584	106'584				0
Trade payables				253'643	253'643				0
Contract liabilities**				6'116	6'116				0
Accruals				86'219	86'219				0
Other liabilities***				81'751	81'751				0
	0	0	0	1'433'922	1'433'922				

* excl. accrued interest payable towards third parties of TEUR 8

** excl. advance payments in relation to customer contracts of TEUR 13,286

*** excl. deferred income of TEUR 2,998, excl. derivative financial instruments of TEUR 1,059, excl. other tax liabilities from taxes and liabilities in relation with social security of TEUR 5,991 as well as excl. other advance payments of TEUR 91,082

MTC holds financial instruments measured at fair value and uses the following hierarchy for the measurement of the fair values:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

MTC has an obligation based on a purchase price improvement agreement and put options that are recognized in Other financial liabilities. The valuation model for these obligations considers the present value of the expected payments, discounted using a risk-adjusted discount rate.

27.2.7. Capital management

The capital managed by the Group is equivalent to its consolidated equity. The Group's objectives are:

- to increase the income of those with an investment in the company by optimizing the ratio of equity to debt
- to ensure that all Group companies are able to operate under the going concern principle
- to achieve a return for investors commensurate with the level of risk

The Group regularly monitors the equity structure by means of the equity ratio, the gearing ratio and return on equity. The equity ratio initially targeted for 2021 – taking into account the acquisition of treasury shares – amounts to 30% and was reached at the balance sheet date. The equity ratio at the reporting date amounts to 42%.

The Board of Directors aims to maintain the equity ratio for the next reporting period, whereby the latter can be lower due to acquisitions. The minimum equity ratio amounts nevertheless to 30%. The Group pursues a result-oriented dividend policy and plans a dividend ratio of at least one third of the result in the middle term – depending on the liquidity situation.

28. Related parties

The related parties include the members of the Group's Management and Board of Directors, key shareholders and companies over which the key shareholders exert control or significant influence and pension funds existing for the benefit of employees to provide benefits after cessation of the employment relationship.

The main shareholder of MTC is DDr. Michael Tojner, who holds the majority of voting rights either directly or indirectly via several companies under his control.

28.1. Overview

The transactions and outstanding amounts with related parties were included in the following items in 2021:

Transaction type (in TEUR)	Note	Transaction volume		Outstanding amount	
		Income	Expenses	Receivables	Payables
Remuneration paid to Board of Directors and Group Management	28.2	0	800	0	88
Transactions with persons and companies related to DDr. Tojner (incl. loan granted)	28.3.1	47,095	55,937	592	33,807
Transactions with associates	28.3.2	0	28	1,864	0
Total		47,095	56,765	2,456	33,895

The transactions and outstanding amounts with related parties were included in the following items in 2020:

Transaction type (in TEUR)	Transaction volume		Outstanding amount	
	Income	Expenses	Receivables	Payables
Remuneration paid to Board of Directors and Group Management	0	765	0	91
Transactions with persons and companies related to DDr. Tojner (incl. loan granted)	78,299	26,074	11,842	28,846
Transactions with associates	0	28	1,836	0
Total	78,299	26,867	13,678	28,937

28.2. Remuneration paid to the Group's Management and Board of Directors

Remuneration paid to the Group's Management and Board of Directors was as follows in the year under review:

(in TEUR)	2021	2020
Short-term employee benefits	800	765
Remuneration paid to Group Management and BoD	800	765

The Board of Directors of Montana Tech Components AG is composed of DDr. Michael Tojner, Mag. Christian Hosp and Dr. Markus Vischer. The Group's Management is composed of DDr. Michael Tojner as CEO of the company.

The item "Short-term employee benefits" comprises the fixed and variable remuneration of the Group's Management and Board of Directors.

The fixed remuneration of the Group's Management and Board of Directors in the year under review amounted to TEUR 632 (2020: TEUR 571), of which TEUR 504 (2020: TEUR 440) were paid to DDr. Tojner.

In the year under review, the variable remuneration elements amounted to TEUR 168 (2020: TEUR 194), of which TEUR 98 (2020: TEUR 124) were paid to DDr. Tojner.

28.3. Transaction with related parties

28.3.1. Transactions with persons and companies related to DDr. Tojner

The transactions and outstanding amounts with related persons and companies under the control or the significant influence of DDr. Tojner were included in the following items:

2021

Transaction type (in TEUR)	Transaction volume		Outstanding amount	
	Income	Expenses	Receivables	Payables
Sale of services	85	0	128	0
Sale of assets	13,750	0	0	0
Advisory services	0	5,330	0	8,440
Office space, cleaning services and other services	0	7,008	0	38
Acquisition of assets	0	69	0	2
Purchase price adjustment agreement HENN (see note 24)	0	12,380	0	0
Financing activities	0	314	0	10,314
Repayment (income) / Granting (expenses) of given loans				
Granting (income) / Repayment (expenses) of received loans	33,260	30,836	464	15,013
Total	47,095	55,937	592	33,807

2020

Transaction type (in TEUR)	Transaction volume		Outstanding amount	
	Income	Expenses	Receivables	Payables
Sale of services	124	0	121	0
Advisory services	0	5,298	0	6,686
Office space, cleaning services and other services	0	5,720	0	0
Acquisition of assets	0	4,926	0	6
Disposal of investments	0	0	11,692	0
Acquisition of investments	0	74	0	0
Financing activities	10,000	0	0	10,000
Repayment (income) / Granting (expenses) of given loans				
Granting (income) / Repayment (expenses) of received loans	68,175	10,056	29	12,154
Total	78,299	26,074	11,842	28,846

28.3.2. Transactions with joint ventures and associates

In FY 2021, as in the previous year, there were no transactions with joint ventures and there were no outstanding amounts as of the balance sheet date.

The transactions and outstanding amounts with associates were included in the following items in 2021:

Transaction type (in TEUR)	Transaction volume		Outstanding amount	
	Income	Expenses	Receivables	Payables
Repayment (income) / Granting (expenses) of loans	0	28	1,864	0
Summe	0	28	1,864	0

Additionally, loans to associates increased by the amount of interest accrued in FY 2021 (TEUR 28).

Transactions and outstanding amounts with joint ventures included the following items in 2020:

Transaction type (in TEUR)	Transaction volume		Outstanding amount	
	Income	Expenses	Receivables	Payables
Repayment (income) / Granting (expenses) of loans	0	28	1,836	0
Summe	0	28	1,836	0

28.3.3. Transactions with pension institutions

In FY 2021, as in the previous year, there were no transactions with pension institutions.

29. Contingent liabilities

As at the balance sheet date, there were contingent liabilities of TEUR 1,036 (2020: TEUR 1,709).

30. Events after the balance sheet date

War in Ukraine

The effects of the war in Ukraine and the associated international sanctions against Russia and Belarus on the 2022 consolidated financial statements cannot be fully estimated yet. From today's perspective, the Board of Montana Tech Components AG is convinced of the stability of the Group's supply chains. In the current environment, however, the supply of various energy sources such as electricity or natural gas could be affected. In addition, the prices for these energy sources, which were already at a high level in 2021, could affect the 2022 consolidated financial statements.

Acquisition of ASCO Industries

On 7 September 2021, Montana Aerospace AG announced the signing of the acquisition of 100% of the shares in S.R.I.F. NV (the "Asco Group" or "Asco").

The Asco Group is a leading supplier and development partner in the high-quality system components and structures for the aviation industry with around 1,100 employees at four locations in Belgium, Germany, the USA and Canada. In the years 2018-2020, Asco generated annual sales of up to € 260 million.

The purchase price consists of an upfront payment and an earn-out related to Montana Aerospace's value-weighted average share price (VWAP), both of which are to be paid in cash, as well as a stock consideration. The upfront payment of € 115 million was paid at closing and the total purchase price is subject to customary adjustments. The earn-out will be paid out by mid-2025 at the latest and will amount

to a maximum of € 30 million. The 4,431,600 new shares issued from the authorized share capital of Montana Aerospace AG – excluding the subscription rights of existing shareholders – were issued on 7 April 2022.

The closing of this transaction took place on 31 March 2022. The purchase price allocation (PPA) has not yet been completed. A reasonable estimate was also not possible because the final valuation of the assets and liabilities is still in progress.

Acquisition of Sao Marco

Montana Aerospace AG announced on 29 November 2021 the signing of the acquisition of 100% of shares in São Marco Industria y Comercio LTDA in Brazil („São Marco“).

With more than 75 years of experience and around 300 employees, São Marco is one of the most important manufacturers of magnet wire and copper potting in Brazil. In addition, São Marco produces electrical insulating varnishes, resins and lubricants. São Marco generates annual sales of around € 70 million.

With this acquisition, the Montana Aerospace segment will further position itself in the areas of energy and e-mobility to meet the growth of the market with innovative solutions developed in cooperation with its customers. With the combination of São Marco and the already existing capacities in Brazil, Montana Aerospace intends to complete its product range for its customers in the segments of conductors and high-quality round wire and to continue its path of constant development. Closing of the transaction is subject to regulatory and antitrust approvals.

Business premises rental agreement for the new headquarters of VARTA AG

On 17 January 2022, a business premises rental agreement for the new headquarters at VARTA-Platz 1 in Ellwangen was concluded between VARTA AG and WertInvest Ellwangen Immobilien GmbH (related company) for a period of 15 years. The lease is expected to start in mid-2023. The annual rent is expected to amount to around € 2.1 million per year.

31. Investments

Name of the company	Location	Country	Currency	Interest	Capital stock	Comment
Montana Aerospace						
Montana AS Beteiligungs Holding AG	Zug	CH	CHF	56.33%	26,862,000	
Montana Aerospace Components Inc.	Wilmington, DE	US	USD	56.33%	10	
MTC US Corp.	Wilmington, DE	US	USD	56.33%	10	
Universal Alloy Corp.	Canton, GA	US	USD	56.33%	8,950	
UAC Export Co.	East Hanover, NJ	US	USD	56.33%	0	
MTC Aerosystems LLC	East Hanover, NJ	US	USD	56.33%	0	
Alu Menziken Extrusion AG	Reinach	CH	CHF	56.33%	4,000,000	
Alu Menziken SRL	Satu Mare	RO	EUR	56.33%	18,000,000	
Alu Menziken Euromotive GmbH	Ranshofen	AT	EUR	56.33%	35,000	
Alu Menziken Germany GmbH	Dillingen/Saar	DE	EUR	56.33%	25,000	G
Universal Alloy Corp. Europe S.R.L	Dumbravita	RO	EUR	56.33%	11,356	
UAC Airport SRL	Dumbravita	RO	EUR	56.33%	215	
UAC Design SRL	Baia Mare	RO	EUR	56.33%	217	
Neviton Softech Pvt. Ltd.	Karnataka	IN	INR	56.33%	100,000	
Cefival S.A.	Persan	FR	EUR	50.70%	7,713,855	E
MTC Aerosystems Kft.	Budapest	HU	USD	56.33%	11,825	
MTC Management Kft.	Budapest	HU	USD	56.33%	11,825	
Universal Alloy Corp. Asia Pte. Ltd.	Singapore	SG	USD	54.92%	50,000	
Universal Alloy Corp. Vietnam Company Ltd.	Da Nang	VN	USD	54.92%	34,000,000	
ASTA Energy Transmission Components GmbH	Oed	AT	EUR	56.33%	1,235,000	
ASTA Elektrodraht GmbH	Oed	AT	EUR	56.33%	1,500,000	
ASTA Bosnia d.o.o.	Ćoralići	BA	BAM	56.33%	1,000	
PPE Fios Esmaltados S.A.	Cerquillo	BR	BRL	56.33%	131,749,860	
ASTA Conductors Co. Ltd.	Yangzhou	CN	CNY	56.33%	120,300,846	
ASTA India Pvt. Ltd.	Vadodara	IN	INR	56.33%	873,799,560	
Insulated Conductors and Enameled Wires N.V.	Amsterdam	NL	EUR	56.33%	250,000	
ASTA International Pte. Ltd.	Singapore	SG	SGD	56.33%	18,879,551	LO
ASTA Singapore Pte. Ltd.	Singapore	SG	SGD	56.33%	18,879,551	LO
ASTA-Asia Pte. Ltd.	Singapore	SG	SGD	56.33%	136	G
ASTA Industrie GmbH	Oed	AT	EUR	56.33%	35,000	
ASTA Americas Inc.	Wilmington, DE	US	USD	56.33%	100	
ALPINE METAL TECH GmbH	Regau	AT	EUR	56.33%	36,500	
IMT Intermato S.p.A.	Crosio della Valle	IT	EUR	56.33%	13,900,000	
Alpine Metal Tech Denmark ApS	Stenløse	DK	DKK	56.33%	5,000,000	
IH TECH Sondermaschinenbau und Instandhaltung GmbH	Behamberg	AT	EUR	56.33%	48,449	E
Alpine Metal Tech (Taicang) Co. Ltd	Taicang	CN	CNY	56.33%	1,491,708	
GeGa GmbH	Dillingen/Saar	DE	EUR	56.33%	66,700	
Alpine Metal Tech Germany GmbH	Dillingen/Saar	DE	EUR	56.33%	1,534,150	
Alpine Metal Tech UK Ltd.	Staffordshire	UK	GBP	56.33%	100	
Alpine Metal Tech North America Inc.	Pittsburgh, PA	US	USD	56.33%	3,000	
Alpine Metal Tech Brasil - Peças e Serviços Ltda.	Nova Lima	BR	BRL	56.33%	2,675,013	
GeGa China Co. Ltd.	Shanghai	CN	CNY	56.33%	0	L
GeGa Iberica S.L.	Tarragona	ES	EUR	56.33%	543,500	
Simulation Live Fire Training Solution Inc.	Pittsburgh, PA	US	USD	56.33%	0	
Alpine Metal Tech Germany Holding GmbH	Dillingen/Saar	DE	EUR	56.33%	5,000,000	
ETV Montana Tech Holding GmbH	Vienna	AT	EUR	56.33%	2,450,000	
Montana Tech Components GmbH	Vienna	AT	EUR	56.33%	35,000	
IndustrieCapital Alpha GmbH	Vienna	AT	EUR	56.33%	500,000	
Makra GmbH	Vienna	AT	EUR	56.33%	17,500	
Montana Aerospace AG	Reinach	CH	CHF	56.33%	57,553,997	
Montana Aerospace GmbH	Vienna	AT	EUR	56.33%	35,000	
Montana Aerospace ETV AG	Reinach	CH	CHF	56.33%	100,000	
Montana Aerospace Deutschland GmbH	Dillingen/Saar	DE	EUR	56.33%	25,000	G

Energy Storage						
VARTA AG	Ellwangen	DE	EUR	55.45%	40,421,686	
Varta Microbattery GmbH	Ellwangen	DE	EUR	55.45%	5,000,010	
VARTA Micro Production GmbH	Nördlingen	DE	EUR	55.45%	100,000	
Varta Storage GmbH	Nördlingen	DE	EUR	55.45%	100,000	
Varta Microbattery Pte Ltd Singapore	Singapore	SG	USD	55.45%	1,971,544	
Varta Microbattery Ltd Shanghai	Shanghai	CN	CNY	55.45%	0	L
PT Varta Microbattery Indonesia	Batam	ID	USD	55.45%	409,900	
VARTA Microbattery Japan K.K.	Tokio	JP	USD	55.45%	385,485	
VARTA Microbattery SRL	Brasov	RO	RON	55.45%	45,000	
Varta Microbattery Inc. Us	Rye, NY	US	USD	55.45%	2,800,000	
VW-VM Verwaltungsgesellschaft mbH	Ellwangen	DE	EUR	27.73%	25,000	AE, LO
Auditas GmbH	Nördlingen	DE	EUR	55.45%	100,000	
Auditas Inc.	Ridgefield, CT	US	USD	55.45%	100	
Varta Drive GmbH	Ellwangen	DE	EUR	55.45%	25,000	G
Mezzanin Finanzierungs GmbH	Vienna	AT	EUR	55.45%	35,000	
CONNEXIO alternative investment & holding GmbH	Vienna	AT	EUR	55.45%	100,000	
VARTA Innovation GmbH	Graz	AT	EUR	55.45%	70,000	
VARTA Micro Innovation GmbH	Graz	AT	EUR	55.45%	0	VU
VARTA Consumer Batteries GmbH & Co. KGaA	Ellwangen	DE	EUR	55.45%	509,862	
VARTA Consumer Batteries Benelux B.V.	Utrecht	NL	EUR	55.45%	150	
VARTA Consumer Batteries UK Ltd.	Oldham	UK	GBP	55.45%	3	
VARTA Consumer Batteries Iberia S.L.U.	Alcobendas	ES	EUR	55.45%	3,000	
VARTA Consumer Batteries Poland Sp.z.o.o.	Warsaw	PL	PLN	55.45%	38,488,660	
LLC Consumer Batteries Company (Eastern Europe)	Moscow	RU	RUB	55.45%	36,010,000	
VHB Real Estate Holdings LLC	Wilmington, DE	US	EUR	55.45%	8,519	
Paula Grundstücksverwaltungs GmbH & Co. Verm. KG	Pullach i. Isartal	DE	EUR	55.45%	10,000	
VARTA Consumer Finland Oy	Vantaa	FI	EUR	55.45%	2,500	
VARTA Consumer Norway AS.	Oslo	NO	NOK	55.45%	100,000	
VARTA Consumer Schweiz GmbH	Dietlikon	CH	CHF	55.45%	250,000	
VARTA Consumer Sweden AB	Bromma	SE	SEK	55.45%	100,000	
VARTA Consumer Austria GmbH	Brunn am Gebirge	AT	EUR	55.45%	40,000	
VARTA Consumer Slovakia spol. s.r.o.	Prievidza	SK	EUR	55.45%	25,000	
VARTA Consumer Hrvatska d.o.o.	Zagreb	HR	HRK	55.45%	80,000	
VARTA Consumer Trgovina d.o.o.	Ljubljana	SI	EUR	55.45%	710,432	
VARTA Consumer Bulgaria EOOD	Sofia	BG	BGN	55.45%	50,000	
VARTA Consumer Europe Holding GmbH	Ellwangen	DE	EUR	55.45%	25,000	
VARTA Consumer Kommandit GmbH	Ellwangen	DE	EUR	55.45%	25,100	
VARTA Consumer Batteries Italia s.r.l.	Basiglio	IT	EUR	55.45%	10,000	
VARTA Consumer Czech spol. s.r.o.	Česká Lípa	CZ	CZK	55.45%	1,000,000	
Varta Pilleri Ticaret Limited Sirketi	Istanbul	TR	TRY	55.45%	16,834,036	
VARTA Consumer Denmark A/S	Albertslund	DK	DKK	55.45%	1,000,000	
VARTA Consumer Komplementär GmbH	Ellwangen	DE	EUR	55.45%	25,000	
VARTA Consumer France S.A.S.	Courbevoie	FR	EUR	55.45%	6,950,020	
Anabasis Handelsgesellschaft mbH	Dischingen	DE	EUR	55.45%	25,000	
EMEA Consumer Batteries (Shenzhen) Co. Ltd.	Shenzhen	CN	CNY	55.45%	176,813	
VARTA Consumer Hungaria Kft.	Budapest	HU	HUF	55.45%	3,000,000	
Pertrix V SE	Ellwangen	DE	EUR	55.45%	120,000	E
Aluflexpack						
AFP Group GmbH	Vienna	AT	EUR	53.58%	35,000	
Aluflexpack AG	Reinach	CH	CHF	53.58%	17,300,000	
Aluflexpack Novi d.o.o.	Umag	HR	HRK	53.58%	1,000,000	
Omial Novi d.o.o.	Omis	HR	HRK	51.97%	7,274,728	
Process Point Service AG	Triesen	LI	CHF	49.37%	1,000,000	
Aluflexpack Polska sp. z.o.o.	Posen	PL	PLN	53.58%	6,006,548	
Top System sp.z.o.o.	Tarnowo Podgórne	PL	PLN	42.86%	1,000,000	
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	42.86%	1,340,000	
Arimpeks Alüminyum AS	Kokaeli	TR	TRY	53.58%	2,000,000	

Other						
Montana Tech Components II AG	Reinach	CH	CHF	100.00%	100,000	
MTC Service GmbH	Vienna	AT	EUR	100.00%	35,000	
IndustrieCapital Eins GmbH	Vienna	AT	EUR	100.00%	54,000	
IndustrieCapital AG	Zollikon	CH	CHF	100.00%	100,000	
VRT Pensionen GmbH	Ellwangen	DE	EUR	100.00%	25,000	
VC Pensionen GmbH	Ellwangen	DE	EUR	100.00%	25,000	
WertInvest Theobaldhof GmbH & Co KG	Vienna	AT	EUR	94.00%	10,000	E
Hydrox Green Power SPAC SE	Luxemburg	LU	EUR	99.99%	120,000	G
Hydrox Green Power Advisors Verwaltungs-GmbH	Ellwangen	DE	EUR	99.99%	25,000	E
Hydrox Green Power Advisors GmbH & Co. KG	Ellwangen	DE	EUR	99.99%	500	E
VGG AG	Vienna	AT	EUR	100.00%	578,000	
Eff siebzivier Beteiligungs GmbH	Vienna	AT	EUR	100.00%	0	VU
Medies Investimo SRL (EUR)	Satu Mare	RO	EUR	100.00%	2,144	
UAC Montana LLC	Wilmington, DE	US	USD	100.00%	0	G
HENN Industrial Group GmbH & Co KG	Dornbirn	AT	EUR	45.45%	5,000	AE
MTC Real Estate						
Montana Real Estate Inc.	Wilmington, DE	US	USD	100.00%	100	
Duane 131 LLC	New York City, NY	US	USD	100.00%	0	
Washington Place Realty LLC	New York City, NY	US	USD	100.00%	0	
MTC Real Estate Inc.	New York City, NY	US	USD	100.00%	0	
Real Estate UAC LLC	Canton, GA	US	USD	100.00%	0	
Washington Fifth LLC	New York City, NY	US	USD	100.00%	0	
William 165 LLC	New York City, NY	US	USD	100.00%	0	
Auevilla Holdings LLC	New York City, NY	US	USD	100.00%	0	
Duane 129 Retail LLC	New York City, NY	US	USD	100.00%	0	
NY RE Portfolio LLC	New York City, NY	US	USD	100.00%	0	
UAC Ball Ground LLC	Canton, GA	US	USD	100.00%	0	
UAC Brown LLC	Canton, GA	US	USD	100.00%	0	
UAC Canton LLC	Canton, GA	US	USD	100.00%	0	
One LOVE Real Estate LLC	Wilmington, DE	US	USD	100.00%	0	
UAC California LLC	Canton, GA	US	USD	100.00%	0	
UAC Kansas LLC	Canton, GA	US	USD	100.00%	0	G
Diamond Lane LLC	New York City, NY	US	USD	100.00%	0	G

AE At-equity accounting

E Acquired in actual reporting period

G Founded in actual reporting period

VU Merged in actual reporting period

V Disposed in actual reporting period

L Liquidated in actual reporting period

LO As of 31st December in a not-yet-completed liquidation process

32. Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

32.1. Basis of consolidation

32.1.1. Business combinations

The Group accounts for business combinations using the acquisition method if the acquired group of activities and assets meets the definition of a business and control is transferred to the Group. When determining whether a particular group of activities and assets is a business combination, the Group assesses whether the group of assets and activities acquired includes at least one resource and a substantial process and whether the acquired combination is able to create outputs.

The Group has the option of using a “concentration test” which enables a simplified assessment of whether an acquired group of activities and assets is not a business. The optional concentration test is met if the fair value of the gross assets acquired is essentially concentrated on a single identifiable asset or a group of similar identifiable assets.

The consideration transferred upon acquisition and the acquired identifiable assets and liabilities are generally measured at fair value. Any goodwill arising from the transaction is tested annually for impairment. Any gain on acquisition at a price below market value is recognized immediately in the statement of profit or loss. Transaction costs are expensed as incurred unless they are related to the issuance of debt or equity securities.

32.1.2. Subsidiaries

The consolidated financial statements include all the companies controlled directly or indirectly by MTC. The Group has control, when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment whether MTC can exercise this power over an investment is based on the voting rights and the contractual agreements. The subsidiaries are initially consolidated at the date at which control is transferred to the Group (closing). They are deconsolidated on the date at which such control ceases to exist.

32.1.3. Non-controlling interests

Non-controlling interests are measured at the acquisition date with their proportionate share of the acquiree’s identifiable net assets.

Changes in the Group’s interest over a subsidiary that do not result in a loss of control are accounted for as equity transactions.

32.1.4. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Interest retained in the former subsidiary is measured at fair value when control is lost.

32.1.5. Shares in financial assets accounted for according to the equity method

Joint ventures in which MTC holds directly or indirectly a 50% share respectively for which management responsibility is shared equally are accounted for using the equity method pursuant to IAS 28.

Companies over which MTC exerts significant influence – i.e. holds directly or indirectly 20% or more of the voting rights – are accounted for using the equity method and presented under investments in associates.

32.1.6. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized gains from transactions with companies accounted for using the equity method are eliminated against the investment in the amount of the Group's share in the investment. Unrealized losses are eliminated in the same way as unrealized gains, but only if there are no evidence of impairment.

32.2. Currency translation

32.2.1. Foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions are translated in euros at the exchange rate at the reporting date. Revenues and expenses from foreign operations are translated using the rate at the transaction date.

Foreign exchange differences are recognized in other comprehensive income and presented in the foreign currency translation reserve in equity except to the extent that the foreign currency translation difference is allocated to non-controlling interests.

Upon the disposal of a foreign operation that results in the loss of control, joint control or significant influence, the corresponding amount accumulated to this date and recognized in the foreign currency translation reserve is reclassified to profit or loss as part of the result upon disposal.

32.2.2. Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions. Outstanding amounts in foreign currencies are translated at the balance sheet date for monetary items and at historical cost for non-monetary items. Non-monetary items in foreign currency recognized at fair value are translated using the exchange rate at the revaluation date. Foreign exchange gains and losses resulting from the translation at the reporting date are presented, except for the translation from financial assets held for disposal and net investments in foreign operations, in the statement of profit or loss under other financial income/expenses. Foreign currency gains and losses resulting from intragroup loans that are classified as net investments in foreign operations are recognized in the consolidated statement of comprehensive income.

The currency translation exchange rates with a material impact on the consolidated financial statements are as follows:

Currency	31.12.2021	31.12.2020	2021	2020
USD (US dollar)	1.1326	1.2271	1.1827	1.1422
CHF (Swiss franc)	1.0331	1.0802	1.0811	1.0705

32.3. Financial instruments

32.3.1. Recognition and initial measurement

Trade receivables and debt securities issued are recognized when they are originated. All other financial assets and liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

32.3.2. Classification and subsequent measurement

32.3.2.1. Financial assets

On initial recognition, a financial asset is classified and measured as follows:

- Amortized cost
- FVOCI debt instruments (investments in debt instruments measured at fair value with changes in other comprehensive income)
- FVOCI equity investments (equity instruments measured at fair value with changes in other comprehensive income)
- FVTPL (at fair value with value changes in profit or loss)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trade purposes the Group can decide irrevocably to present the subsequent changes in the investment's fair value in other comprehensive income. This decision is made on a case-by-case basis for each investment.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

32.3.2.2. Financial assets – Subsequent measurement and gains and losses

Financial assets – measured at fair value (FVTPL)

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives designated as hedging instruments, refer to Note 32.3.5.

Financial assets – measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairments are recognized in profit or loss. Any gain or loss resulting on derecognition is recognized in profit or loss.

Debt instruments – measured at fair value with no impact on profit or loss (FVOCI)

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairments are recognized in profit or loss. Other net gains or losses are recognized in other comprehensive income. On derecognition, the accumulated other comprehensive income is reclassified to profit or loss.

Equity instruments – measured at fair value with no impact on profit or loss (FVOCI)

These assets are subsequently measured at fair value. Dividends are recognized in profit or loss, unless the dividend is clearly designed to cover part of the investment's costs. Other net gains or losses are recognized in other comprehensive income; they are never reclassified to profit or loss.

32.3.2.3. Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified and measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange differences are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Refer to Note 33.3.5 for financial liabilities that have been designated as hedging instruments.

32.3.3. Derecognition

32.3.3.1. Financial assets

The Group derecognizes a financial asset when the contractual rights to cash flows from the financial asset expire or it transfers the rights to receive cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are also transferred.

Derecognition is also performed if the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

32.3.3.2. Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In such as case, a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the extinguished liability and the consideration paid (including the non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

32.3.3.3. Offsetting

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a current enforceable right to offset the recognized amounts against each other, and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

32.3.4. Derivative financial instruments and hedge accounting

32.3.4.1. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its currency and interest rate risks exposure. Embedded derivatives are recognized separately from the underlying contract if certain conditions are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Resulting changes are generally recognized in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

At inception of designated hedging relationship, the Group documents the risk management objectives and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

32.3.4.2. Cash-flow hedges

When a derivative is designated as a cash-flow hedging instrument, the effective portion of changes in the fair value is recognized in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value that is recognized in other comprehensive income is limited to the cumulative change in the fair value of the hedged items, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

When the hedged forecast transaction subsequently results in the recognition of non-financial item, such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognized.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period(s) during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires, is sold, terminated or exercised, then hedge accounting is discontinued prospectively. If hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve

remains in equity until – for a hedge of a transaction that results in the recognition of a non-financial item – this amount is included in the acquisition cost of the non-financial item upon initial recognition or – for other cash-flow hedges – this amount is reclassified in profit or loss in the same period(s) as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are reclassified immediately to profit or loss.

32.4. Equity

Capital stock

Shares are part of equity since they are not repayable and there is no dividend guarantee. Any costs directly related to an increase in the capital stock are deducted from equity.

Treasury shares

Repurchased shares are classified as treasury shares and deducted from equity at their acquisition cost. Upon the sale of treasury shares, the amount received is recognized as an increase in equity and the difference resulting from the transaction is recognized in the retained earnings.

Dividends

Dividends are presented as a liability as soon as they are approved by the Annual General Meeting.

32.5. Intangible assets

32.5.1. Goodwill

The positive difference between the fair value of the consideration transferred, plus the recognized amount of any non-controlling interests in the acquiree, plus the fair value of previously held equity interest in the acquiree in a business combination achieved in stages and the fair value of all net assets acquired is recognized as goodwill from the acquisition of subsidiaries (see Note 32.1). If the difference is negative, the profit is recognized immediately in profit or loss.

Goodwill is measured at acquisition cost less accumulated impairment losses.

Goodwill is not systematically amortized but is tested for impairment at least annually or whenever there is any indication of impairment (see Note 32.9).

32.5.2. Research and development

Research costs incurred for the purpose of obtaining new technological knowledge or basic understanding are recognized as an expense.

Development costs incurred to achieve new or significantly improved products or processes are capitalized provided all of the following conditions are fulfilled: the company must have the intention and be able to complete the intangible asset and use or sell it, and demonstrate how the asset will bring future economic benefits to the company. Capitalized development costs are recognized at cost less accumulated amortization and any impairment (see Note 32.9). Other development costs are recognized as an expense as incurred.

32.5.3. Other intangible assets

Other intangible assets include industrial property rights, which include trademarks and patents, licenses as well as other intangible assets in which acquired client relationships are mainly capitalized within the Group.

Intangible assets with determinable useful lives are recognized at cost less accumulated amortization and impairment losses (see Note 32.9). Subsequent expenditures are capitalized if it is probable that they will increase the future economic benefit. All other expenses are charged directly to profit or loss when incurred.

Intangible assets are amortized straight-line over their estimated useful lives, starting on the date on which they are available for use. The estimated useful life for industrial property rights, licenses and other intangible assets is 3 to 16 years, and customer relationships with determinable useful lives are amortized over a period of 5 and 15 years.

Intangible assets with indefinite useful lives are not amortized but subjected to an annual impairment test (see Note 32.9).

32.6. Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and any impairment losses. Items of property, plant and equipment with different useful lives are recognized individually and depreciated separately. Subsequent expenditures are capitalized when it is probable that the economic benefit will flow to the entity. All other expenses for property, plant and equipment are recognized immediately as an expense.

The Group holds real estate in order to achieve value increases as well as properties that are rented to third parties and are thus qualified as "investment property". These properties are measured at fair value.

With the exception of land, all property, plant and equipment is depreciated to profit or loss on a straight-line basis over the following expected useful lives:

Buildings	8 – 40 years
Technical equipment and machinery	8 – 25 years
Other equipment	3 – 15 years

The method of depreciation, the useful life and the assumed residual value, if not immaterial, are reviewed each year and adjusted prospectively where necessary.

Upon the disposal of items of property, plant and equipment, the difference between the carrying amounts and the net sale proceeds is recognized in the statement of profit or loss under other operating income or in the other operating expenses.

32.7. Leases

The Group assesses at inception of a contract whether that contract is, or contains, a lease. The contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a certain period of time in exchange for a consideration.

32.7.1. Lessee

At the commencement of the contract or when remeasuring a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component based on their relative stand-alone prices. In case of leases for land and buildings in which the Group acts as lessee, the Group has elected not to separate the non-lease-related components and thus to recognize the lease and the non-lease-related components as a single lease component.

The Group recognizes a right of use asset and a lease liability when the lease begins. The right of use asset is measured at initial recognition at cost, which comprises the initial amount of the lease liability, adjusted for any lease payments before or at the beginning of the lease term, plus any initial direct costs incurred and an estimate of the costs of dismantling and removing the underlying asset or the restoration of the underlying asset or the location where it is located, less any leasing incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date until the earlier of the end of the useful life of the right of use asset or until the end of the lease term. The estimated useful life of the right of use asset is determined on the same basis as for property, plant and equipment. In addition, the right of use asset is regularly reduced for any impairment losses and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease or – if this rate cannot be readily determined – at the Group's incremental borrowing rate. In general, the Group uses the Group's incremental borrowing rate as a discount rate.

The lease payments included in the measurement of the lease liability are as follows:

- Fixed payments;
- Variable lease payments that depend on an index or a rate and were initially measured using the index or rate at the commencement date;
- Amounts that are expected to be paid under a residual value guarantee; and
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, lease payments in a renewal option if the Group is reasonably certain to exercise that option, and penalties for the early termination of the lease if the Group is reasonably certain to terminate the lease.

The lease liability is measured at amortized cost using the effective interest method. A remeasurement takes place when the future lease payments change as a result of a change in an index or the interest rate, if the Group's assessment of the amount that is likely to be paid under a residual value guarantee changes, or if the Group changes its assessment of whether a purchase, renewal or termination option is exercised.

If the lease liability is remeasured, the carrying amount of the right of use asset is adjusted accordingly or recognized in profit or loss if the carrying amount of the right of use asset has already been reduced to zero.

The Group presents right of use assets that do not meet the definition of investment property under "Property, plant and equipment" and lease liabilities under "Other financial liabilities" in the balance sheet (see Note 7 and Note 17).

Short-term leases and leases of low-value assets

The Group has elected not to recognize right of use assets and lease liabilities for short-term leases with a lease term of up to 12 months and for leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

32.7.2. Lessor

When the Group acts as a lessor, it determines at inception of the lease whether a lease is a finance lease or an operating lease.

To classify a lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards associated with the ownership of the underlying asset. If this is the case, it is a finance lease, otherwise it is an operating lease. As part of this assessment, the Group takes into account certain indicators, such as whether the lease is for the major part of the economic life of the asset.

If the Group is a sub-lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease. If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The lease payments received in operating leases are recognized as income on a straight-line basis over the term of the lease.

The accounting policies that were applied to the Group as lessor in the comparative period did not differ from IFRS 16. However, if the Group was a sub-lessor, the sub-leases were classified accordingly with reference to the underlying asset.

32.8. Inventories

Inventories are recognized at the lower of cost or net realizable value. Net realizable value is the estimated average selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Internally generated products are measured at the cost of conversion and purchased products at the cost of purchase. The cost of conversion includes direct materials and direct labor costs as well as the allocable portion of overheads. Fixed production overheads are based on the normal capacity of the production facilities. Inventories are generally measured using the first-in, first-out (FIFO) principle. Allowances are recognized when the net realizable value is lower than the carrying amount.

32.9. Impairment

32.9.1. Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes allowances for expected credit losses (ECL) for:

- financial assets measured at amortized cost, and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs (expected credit losses).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative

information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period to be taken into account when assessing ECLs corresponds to the maximum contract term in which the Group is exposed to a credit risk.

Measurement of estimated ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Financial assets with impaired creditworthiness

At each reporting date, the Group estimates whether the creditworthiness of financial assets at amortized cost is impaired. The creditworthiness of a financial asset is impaired if an event or several events occur with negative effects on the expected future cash flows of the financial asset:

Evidence that the creditworthiness of a financial asset is impaired include the following observable data:

- significant financial difficulties of the issuer or the borrower
- a breach of contract, such as default or an overdue period of over 90 days
- restructuring of a loan or credit by the Group that it would not otherwise take into consideration
- it is probable that the borrower will go bankrupt or be subject to other restructuring proceedings, or
- disappearance of an active market for a security due to financial difficulties.

32.9.1.1. Presentation of the allowance for ECLs in the balance sheet

Allowances on financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

32.9.2. Non-financial assets

The carrying amounts of the Group's non-financial assets – except for assets from employee benefits, real estate held as investment property, inventories and deferred tax assets – are assessed for indications of impairment at each balance sheet date. If there are any such indications, the recoverable amount is determined. Goodwill and intangible assets with an indefinite useful life are subject to an annual impairment test.

When performing the impairment test, the assets are grouped together into the smallest group of assets that generates independent cash inflows (cash-generating units, CGU). The goodwill acquired in the context of a business combination is allocated to those CGUs or groups of CGUs that are expected to benefit from synergies from the underlying business combination.

The recoverable amount of an asset or a cash-generating unit (CGU) is the higher of the value in use and fair value less costs to sell. To estimate the value in use, the estimated future cash flows are discounted to present value, whereby a discount rate before taxes reflecting the current market assessments of the interest effects and the specific risks of an asset or a CGU is used.

An impairment loss exists if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. Impairment losses recognized for a cash-generating unit or a group of cash-generating units are first allocated to goodwill and then pro rata to the other assets of the unit or group.

Goodwill impairment is not reversed. In the case of impairment losses recognized for other assets, an impairment loss is reversed only if the carrying amount of the asset does not exceed the carrying amount that would have been determined less depreciation and amortization when no impairment loss had been recognized.

32.10. Non-current assets held for sale

Non-current assets or groups of assets, including directly allocable liabilities, are classified as “held for sale” and reported as a separate item in the balance sheet if the carrying amount of the asset will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition and the sale must be highly probable.

Immediately before the asset is classified as “held for sale”, the carrying amounts of the asset are re-measured in accordance with applicable IFRS. After reclassification, the assets (or disposal groups) are measured at the lower of the carrying amount and fair value less costs to sell. From such point onward the asset is no longer depreciated. Any impairment of a disposal group is first allocated to goodwill and then pro rata to the other non-current assets and liabilities. Impairment losses from initial classification as “held for sale” are recognized in profit or loss.

32.11. Post-employment benefits and other employee benefits

The Group provides defined benefit or defined contribution pension plans for portions of the workforce in addition to the government retirement benefits. The pension plans provide age-related benefits and benefits in the event of death or invalidity.

32.11.1. Defined contribution plans

In the case of defined contribution plans, the expenses reported in the statement of profit or loss correspond with the contributions made by the employer.

32.11.2. Defined benefit plans

For all significant defined benefit plans, the defined benefit obligation (DBO) is determined each year by independent actuaries using the projected unit credit method. The expected pension payments are allocated in accordance with the employees’ length of active service until retirement. Future salary increases are taken into account. The fair value of plan assets is deducted from the DBO. The discount rate is based on the interest rate for high-quality corporate bonds having terms similar to those of the defined benefit obligations. Plan costs resulting from employee service in the current period (current service cost) are recognized in profit or loss.

The Group calculates the net interest expense (income) on the net debt (asset) from defined benefit plans for the reporting period using the discount rate that was used for the measurement of the DBO at the beginning of the annual reporting period. This discount rate is applied to the net debt (asset) from defined benefit plans at this date. Any changes in the net debt (asset) from defined benefit plans that occur following the contribution and benefit payments in the course of the reporting period are taken into account. The net interest expense is recognized as income in the financial result.

Remeasurements of the net debt from defined benefit plans are recognized immediately in other comprehensive income. The remeasurement includes the actuarial gains and losses, the income from the plan assets (without interests) and the effect of any asset ceiling (without interests).

If plan benefits change or if a plan is curtailed, the resulting change in the benefit attributable to past service or the gain or loss upon curtailment is recognized immediately in profit or loss. The Group recognized gains and losses from the settlement of a defined benefit plan at the date of settlement.

Excess amounts of plan assets over the DBO are only recognized if they are actually available to the Group in the form of future contribution payments or reductions.

32.12. Trade payables and other liabilities

Trade payables and other liabilities are measured at amortized cost.

32.13. Accruals

Accruals refer to future expenditures that are uncertain in terms of their amount or timing but where the uncertainty is less than in the case of provisions. Accruals include liabilities for items or services received or supplied that have neither been paid for nor invoiced or formally agreed. They also include current liabilities to employees (for instance bonuses or holiday entitlements). Accruals are carried in the amount of the expected utilization.

32.14. Bank loans and borrowings and other financial liabilities

Bank loans and borrowings and other financial liabilities are presented as non-current only if the repayment term is unconditionally more than 1 year after the balance sheet date. Revolving amounts are presented as non-current if the whole period for the financing framework exceeds the one-year period.

32.15. Provisions

Provisions are recognized if the Group has a present obligation to a third party based on a past event, an outflow of resources to settle the obligation is probable and the amount of the obligation can be reliably estimated. Provisions are discounted where the effect is material.

Provisions where the outflow of resources is likely to occur within the next year are classified as current, and all other provisions as non-current.

32.16. Revenue and earnings recognition

Revenues are recognized after deduction of value added taxes and credits for returns and rebates when the client obtains control over the sold goods and services.

The assessment as to whether the Group transfers control at a point in time or over a period of time requires the use of judgements. According to IFRS 15, all contracts with customers must follow a 5-step model before revenues can be recognized. Two of these steps decide whether revenues must be recognized at a point in time or over time.

Revenues from the provision of services are also recognized at a point in time or over time based on the power of disposal. Completion is assessed using surveys of the work performed.

32.16.1. Description of performance obligations and revenue recognition

The Group generates sales mainly from the sale of products in the Montana Aerospace, Aluflexpack and Energy Storage segments. Sales are measured on the basis of the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control of a good or service to a customer.

Montana Aerospace division

In the Montana Aerospace division, sales are essentially generated as follows:

- through the sale of aluminum profiles in the aerospace („hard alloy“) and automotive („soft alloy“) business segments;
- through the sale of special machines as well as from the downstream after-sales area, and
- through the sale of high-quality, insulated winding material made of copper for electrical engineering in the high-energy sector, so-called twisted conductors for transformers and Roebel bars for generators.

Revenue is recognized when the goods are delivered to the customer in accordance with Incoterms (especially DAP, DDP and FCA).

Energy Storage division

In the Energy Storage division, sales are mainly generated from the sale of microbatteries for hearing aids, rechargeable microbatteries in the entertainment sector (Microbatteries segment) and energy storage solutions and large storage applications (Energy Storage Solutions segment).

Revenue is primarily recognized when delivered to the customer in accordance with Incoterms (especially DDP, DAP, CIP and EXW).

Aluflexpack division

In the Aluflexpack division, sales are mainly generated from the sale of packaging to leading European manufacturers and global brands in the food, pet food and pharmaceutical industries.

Revenue is mainly recognized when delivered to the customer in accordance with Incoterms (especially DAP, CIF and FCA).

32.17. Net financial result

Net interest expense includes income from financial assets and cash and cash equivalents as well as expenses from liabilities to financial institutions and other financial liabilities. Interest income and expenses are recognized in profit or loss in the period in which they are incurred using the effective interest rate method.

The Group recognizes borrowing costs incurred in connection with the acquisition of a qualifying asset in accordance with IAS 23.4. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Other financial results include dividend income, gains from the sale of financial assets available for sale, changes in the fair value of financial assets measured at fair value in the statement of profit or loss, impairment losses of financial assets and the foreign exchange differences from foreign currency transactions. Dividend income is recognized in profit or loss when the right to receive payment is established.

32.18. Income taxes

Income taxes include both current and deferred income taxes. Current taxes and deferred tax are normally recognized in profit or loss unless they refer to a business combination or to an item that is recognized directly in equity or in other comprehensive income.

32.18.1. Current income taxes

Current income taxes are the expected tax liability or tax receivable on the revenues to be taxed in the financial year or the tax loss, based on the tax rates that are applicable at the balance sheet date or will be applicable, including expenses for taxes for past periods. The amount of the expected tax liability or tax receivable reflect the amount that represents the best estimate taking into account tax uncertainties, if any. Current income taxes also include all tax liabilities resulting from the determination of dividends. Current tax assets and liabilities are offset only under specific conditions.

32.18.2. Deferred taxes

Deferred taxes are calculated according to the balance sheet liability method for all temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax base. Deferred taxes are measured at the tax rates enacted or expected or substantially enacted to the Group entity in question.

Deferred taxes are not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of an asset or liability associated with a transaction affecting neither taxable profit or accounting profit and temporary differences on investments in subsidiaries, provided that the entity is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax assets on tax losses carried forward and deductible temporary differences are only recognized to the extent it is probable that it will be possible to utilize them against future taxable profits.

32.19. Segment reporting

32.20.Changes in significant accounting policies

In 2021, the Group made various minor changes regarding existing standards and interpretations, none of which had a material impact on the Group's financial statements.

32.21.Amendments to IFRS standards with potential impact on the Group after 31 December 2021

The following new and revised standards and interpretations were approved up to the balance sheet date, but came only later into force and the Group has not early adopted them in preparing these consolidated financial statements. Their impact on MTC's consolidated financial statements have not yet been analyzed systematically, except when this is specifically disclosed. The expected effects presented below constitute only a first estimate by MTC's management.

	Effective date	Planned application
New Standards or Interpretations		
IFRS 17 Insurance Contracts including Amendments to IFRS 17	1 January 2023	Reporting year 2023
Revisions and amendments of Standards and Interpretations		
Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)	1 April 2021	Reporting year 2022
Annual Improvements to IFRS Standards 2018-2020 -various standards	1 January 2022	Reporting year 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	Reporting year 2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	Reporting year 2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	Reporting year 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*	1 January 2023	Reporting year 2023
Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	1 January 2023	Reporting year 2023
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	Reporting year 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	1 January 2023	Reporting year 2023

* In its latest exposure draft to IAS 1 the IASB is proposing to change the new requirements and to also defer the effective date for at least one year.

32.22.Determination of the fair values

Certain accounting and measurement policies and disclosures require the determination of the fair values both for financial and non-financial assets and liabilities. The fair value corresponds to the price that would be received for the sale of an asset resp. for the transfer of a liability in an arm's length transaction between market participants at the measurement date.

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