

ANNUAL REPORT 2022





**Montana Tech Components AG,
Reinach (AG)**

Report of the Statutory Auditor to the
General Meeting on the

Consolidated Financial Statements
2022

KPMG AG
St. Gallen, 28 April 2023



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This version of the consolidated financial statements and the audit opinion thereon are a translation from the original German version. In case of any inconsistencies between the German original and the English translation, the German version shall prevail.

Report of the Statutory Auditor to the General Meeting of Montana Tech Components AG, Reinach (AG)

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 2022 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 2022, 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 Standards on Auditing (SA-CH). 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, together with 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

The board of directors is responsible for the other information. The other information comprises the information included in the report on the 4th quarter 2022, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon. The report on the 4th quarter 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 identified above when it becomes available 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.

Board of Directors' Responsibilities 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 SA-CH 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 SA-CH, 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



**Montana Tech
Components AG,
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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.

- 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 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 PS-CH 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, 28. April 2023

Enclosure:

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

Consolidated statement of financial position

| (in TEUR) | Note | 31.12.2022 | 31.12.2021 |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Intangible assets | 8 | 511,129 | 322,956 |
| Property, plant and equipment | 9 | 1,568,000 | 1,495,804 |
| Real estate held as investment property | 9 | 174,638 | 142,913 |
| Joint ventures and shares in associates | 10 | 30,183 | 31,592 |
| Loans | 28 | 58,756 | 15,515 |
| Other financial assets | | 4,756 | 52,933 |
| Deferred tax assets | 15 | 31,569 | 21,261 |
| Other assets | 13 | 107,815 | 65,238 |
| Non-current assets | | 2,486,846 | 2,148,212 |
| Inventories | 12 | 644,362 | 469,225 |
| Contract assets | | 28,278 | 20,206 |
| Trade receivables | 28 | 324,913 | 317,414 |
| Current tax assets | | 23,568 | 7,455 |
| Loans | | 3,058 | 0 |
| Other assets | 13 | 224,377 | 91,340 |
| Cash and cash equivalents | 14 | 633,215 | 621,982 |
| Current assets | | 1,881,771 | 1,527,622 |
| TOTAL ASSETS | | 4,368,617 | 3,675,834 |
| EQUITY AND LIABILITIES | | | |
| Share capital | 17 | 12,710 | 12,710 |
| Share premium | 17 | 99,974 | 99,974 |
| Retained earnings | 17 | 855,524 | 810,098 |
| Treasury shares | 17 | -84,074 | -83,592 |
| Equity attributable to the shareholders of MTC AG | | 884,134 | 839,190 |
| Non-controlling interests | 17/27 | 674,797 | 714,905 |
| Total equity | 17 | 1,558,931 | 1,554,095 |
| Loans and borrowings* | 18 | 682,270 | 823,098 |
| Other financial liabilities* | 18 | 212,678 | 153,064 |
| Deferred tax liabilities | 15 | 105,717 | 46,199 |
| Provisions | 19 | 46,316 | 11,274 |
| Employee benefits | 16 | 73,875 | 94,493 |
| Contract liabilities | | 5,944 | 0 |
| Accruals | 20 | 1,188 | 897 |
| Other liabilities | 21 | 127,513 | 75,900 |
| Non-current liabilities | | 1,255,501 | 1,204,925 |
| Loans and borrowings* | 18 | 750,387 | 230,003 |
| Other financial liabilities* | 18 | 50,509 | 40,891 |
| Current tax liabilities | | 55,939 | 56,374 |
| Provisions | 19 | 17,321 | 73,402 |
| Employee benefits | 16 | 53,466 | 44,454 |
| Trade payables | 28 | 400,346 | 265,925 |
| Contract liabilities | | 6,280 | 24,016 |
| Accruals | 20 | 94,604 | 89,696 |
| Other liabilities | 21 | 125,333 | 92,053 |
| Current liabilities | | 1,554,185 | 916,814 |
| Total liabilities | | 2,809,686 | 2,121,739 |
| TOTAL EQUITY AND LIABILITIES | | 4,368,617 | 3,675,834 |

* For reclassification see Note 18

Consolidated statement of profit or loss

| (in TEUR) | Note | 2022 | 2021 |
|---|------------|------------------|------------------|
| Net sales | 6 | 2,469,978 | 1,959,047 |
| Change in finished and unfinished goods | | 64,646 | 34,232 |
| Own work capitalized | | 59,294 | 43,936 |
| Other operating income | 23 | 201,166 | 125,266 |
| Cost of materials, supplies and services | | -1,541,902 | -1,065,710 |
| Personnel expenses | 22 | -574,804 | -457,153 |
| Other operating expenses | 24 | -380,404 | -321,056 |
| EBITDA* | | 297,974 | 318,562 |
| Depreciation and amortization | 8/9 | -381,444 | -188,298 |
| Operating profit | | -83,470 | 130,264 |
| Interest income | 25 | 11,218 | 4,006 |
| Interest expenses | 25 | -55,371 | -29,579 |
| Other financial income | 25 | 30,476 | 35,446 |
| Other financial expenses | 25 | -49,161 | -29,824 |
| Financial result | | -62,838 | -19,951 |
| Share of profit of equity-accounted investees, net of tax | | -398 | 4,272 |
| Income before taxes | | -146,706 | 114,585 |
| Income tax expense | 15 | -17,369 | -61,192 |
| Result for the year | | -164,075 | 53,393 |
| Thereof attributable to: | | | |
| Shareholders of MTC AG | | -60,734 | 4,758 |
| Non-controlling interests | 27 | -103,341 | 48,635 |

* The EBITDA is calculated as the result for the period before income tax expense, interest income, other financial income, interest expenses, other financial expenses and depreciation and amortization.

Earnings per share

| | 2022 | 2021 |
|---|----------------|--------------|
| Result attributable to the shareholders of MTC (in TEUR) | -60,734 | 4,758 |
| Average number of outstanding shares | 71,232,875 | 71,260,596 |
| Basic earnings per registered share in EUR | -0.85 | 0.07 |
| Basic earnings per voting share in EUR | -0.085 | 0.007 |
| | 2022 | 2021 |
| Result attributable to the shareholders of MTC (in TEUR) | -60,734 | 4,758 |
| Average number of outstanding shares | 71,232,875 | 71,260,596 |
| Diluted earnings per registered share in EUR | -0.85 | 0.07 |
| Diluted earnings per voting share in EUR | -0.085 | 0.007 |

Consolidated statement of profit or loss and other comprehensive income

| (in TEUR) | Note | 2022 | 2021 |
|---|------|-----------------|---------------|
| Result for the year | | -164,075 | 53,393 |
| Items that are not reclassified to profit or loss | | | |
| Remeasurements of defined benefit (liability (asset)) | 16 | 31,056 | 21,431 |
| Revaluation of the reimbursement claim | 16 | -4,434 | -1,839 |
| Related taxes | 15 | -4,711 | -3,269 |
| | | 21,911 | 16,323 |
| Items that are or may be reclassified subsequently to profit or loss | | | |
| Effective portion of changes in fair value of cash flow hedges | | -4,835 | -87 |
| Foreign exchange differences | | 14,024 | 17,632 |
| Related taxes | 15 | 201 | 0 |
| | | 9,390 | 17,545 |
| Other comprehensive income for the year, net of tax | | 31,301 | 33,868 |
| Total comprehensive income for the year | | -132,774 | 87,261 |
| Thereof attributable to: | | | |
| Shareholders of MTC AG | | -43,205 | 27,381 |
| Non-controlling interests | 27 | -89,569 | 59,880 |

Consolidated statement of cash flows

| (in TEUR) | Note | 2022 | 2021 |
|--|----------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Result before tax | | -146,706 | 114,585 |
| Net interest income | | 44,153 | 25,573 |
| Share of profit of equity-accounted investees, net of tax | | 398 | -4,272 |
| Depreciation and amortization | 8/9 | 381,444 | 188,298 |
| Changes in fair value of real estate held as investment property | | 3,363 | -14,238 |
| Gains and losses from disposals of property, plant and equipment and intangible assets | | -10,406 | -585 |
| Gains and losses from disposals of investments in associated companies | 10/23/29 | -18,865 | 0 |
| Gains and losses from disposals of financial assets | | 0 | -364 |
| Gains from disposal of subsidiaries | 7/23/29 | -10,203 | 0 |
| Badwill | 7/23 | -16,850 | -3,440 |
| Loss from the termination of a purchase price adjustment agreement | | 0 | 8,866 |
| Measurement of financial assets | | 433 | 2,525 |
| Dividend income | | -746 | 0 |
| Other non-cash income and expenses | | 5,308 | -1,350 |
| Subtotal | | 231,323 | 315,598 |
| Changes in assets and liabilities: | | | |
| Inventories | | -134,015 | -81,011 |
| Trade receivables and other current assets | | -19,375 | -89,145 |
| Trade payables and other current liabilities | | 135,431 | -3,535 |
| Provisions and liabilities for employee benefits | | -44,523 | 18,565 |
| Subtotal | | -62,482 | -155,126 |
| Income taxes paid | | -35,682 | -58,290 |
| NET CASH FROM OPERATING ACTIVITIES | | 133,159 | 102,182 |
| Cash flows from investing activities | | | |
| Acquisition of subsidiaries less cash and cash equivalents acquired | 7 | -118,596 | 1,025 |
| Disposal of subsidiaries less cash and cash equivalents disposed of | 7 | 8,480 | 0 |
| Disposal of associated companies | 10/29 | 50,000 | 0 |
| Acquisition of intangible assets and property, plant and equipment | 8/9/26 | -292,453 | -365,899 |
| Acquisition of real estate held as financial investment | 9 | -27,500 | -21,190 |
| Income from disposal of property, plant and equipment and intangible assets | 8/9/26 | 14,106 | 17,257 |
| Contribution to associated companies | | -833 | 0 |
| Loans to uncontrolled companies | | -27,938 | -39,556 |
| Payments received from the sale of other financial assets | 30 | 19,347 | 9,109 |
| Repayment of loans granted to uncontrolled companies | | 0 | 31,531 |
| Dividends received from associated companies | | 0 | 682 |
| Dividends received | | 746 | 1,585 |
| Interest received | | 8,541 | 3,711 |
| NET CASH FROM INVESTING ACTIVITIES | | -366,100 | -361,745 |
| Cash flows from financing activities | | | |
| Dividends paid to shareholders of MTC AG | | 0 | -37,562 |
| Dividends paid to non-controlling interests | | -45,551 | -46,723 |
| Acquisition of treasury shares | 27/29 | -65,482 | 0 |
| Acquisition of non-controlling interests | | 0 | -500 |
| Disposal of non-controlling interests | 7/26 | 96,252 | 561,852 |
| <i>thereof VARTA AG - disposal of shares</i> | 7/26 | 96,030 | 0 |
| <i>thereof VARTA AG - share option programmes</i> | 7/26 | 223 | 2,547 |
| <i>thereof Montana Aerospace AG - IPO</i> | | 0 | 422,207 |
| <i>thereof Montana Aerospace AG - share option programmes</i> | | 0 | 99 |
| <i>thereof Montana Aerospace AG - capital increase</i> | 7/26 | 0 | 136,999 |
| Payment of lease liabilities | 18 | -29,932 | -26,714 |
| Issuance of interest-bearing liabilities | 18 | 580,394 | 521,969 |
| Repayment of interest-bearing liabilities | 18 | -255,959 | -348,399 |
| Interest paid | | -39,968 | -27,774 |
| NET CASH FROM FINANCING ACTIVITIES | | 239,754 | 596,149 |
| Net change in cash and cash equivalents | | 6,813 | 336,586 |
| Cash and cash equivalents as at 1 January | 14 | 621,982 | 278,010 |
| Effect of exchange rate changes on cash and cash equivalents | | 4,420 | 7,386 |
| Cash and cash equivalents as at 31 December | 14 | 633,215 | 621,982 |

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 2022 | | 12,710 | 99,974 | 28,024 | -359 | 782,433 | 810,098 | -83,592 | 839,190 | 714,905 | 1,554,095 |
| Total comprehensive income for the year | | | | | | | | | | | |
| Result for the year | | - | - | - | - | -60,734 | -60,734 | - | -60,734 | -103,341 | -164,075 |
| Other comprehensive income for the year, net of tax | | - | - | 9,364 | -2,331 | 10,496 | 17,529 | - | 17,529 | 13,772 | 31,301 |
| Total | | - | - | 9,364 | -2,331 | -50,238 | -43,205 | - | -43,205 | -89,569 | -132,774 |
| Application of hyperinflation accounting (IAS 29), net of tax | 5 | | | | | 7,984 | 7,984 | | 7,984 | 6,916 | 14,900 |
| Transactions with the shareholders of MTC AG | | | | | | | | | | | |
| Acquisition of treasury shares | 26 | - | - | - | - | - | - | -482 | -482 | - | -482 |
| Total transactions with the shareholders of MTC AG | | - | - | - | - | 0 | 0 | -482 | -482 | 0 | -482 |
| Changes in interests held in subsidiaries | | | | | | | | | | | |
| Capital increase in subsidiaries | | - | - | - | - | - | - | - | 0 | 843 | 843 |
| Dividends to non-controlling interests | | - | - | - | - | - | - | - | 0 | -45,551 | -45,551 |
| Disposal of non-controlling interests | 7/26 | - | - | - | - | 80,647 | 80,647 | - | 80,647 | 87,253 | 167,900 |
| Total changes in interests held in subsidiaries | | - | - | - | - | 80,647 | 80,647 | - | 80,647 | 42,545 | 123,192 |
| Balance as at 31 December 2022 | | 12,710 | 99,974 | 37,388 | -2,690 | 820,826 | 855,524 | -84,074 | 884,134 | 674,797 | 1,558,931 |

| (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 year | | | | | | | | | | | |
| Result for the year | | - | - | - | - | 4,758 | 4,758 | - | 4,758 | 48,635 | 53,393 |
| Other comprehensive income for the year, 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 | | | | | | | | | | | |
| Dividends | | - | - | - | - | -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 | | - | - | - | - | -188 | -188 | - | -188 | -312 | -500 |
| Disposal of non-controlling interests | | - | - | - | - | 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 |

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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 6. 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 2022.

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 28 April 2023. 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.

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.

4. 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.

4.1. 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 7.

Useful life of non-current assets

Property, plant and equipment (see Note 9) and acquired intangible assets (see Note 8) 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 8. 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. See Notes 8 and 9 for more information on any impairments recognized.

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 16.2.

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 19.

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 15.1.

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 23).

In the statement of financial position, they are reported as “Liabilities from promotion projects” under Other liabilities (see Note 21).

Duration of financing agreements for the determination of the effective interest rate in the Energy Storage segment (VARTA AG)

In FY 2021, a syndicated loan agreement in the amount of EUR 235 million was concluded in the Energy Storage segment, which is divided into a portion of EUR 100 million limited to five years from the date of the agreement and a revolving credit facility of EUR 135 million.

In addition, several promissory note loans were taken out in the Energy Storage segment in FY 2022. VARTA AG has placed promissory note loans totalling EUR 250 million on the capital market via a consortium. The four tranches run for five or seven years (76% of the loan volume) and mainly have a fixed interest coupon (approximately 66% of the loan volume).

On 8 December 2022, the Energy Storage segment applied to the lenders of the syndicated loan to waive their right of termination due to a breach of financial ratios up to and including 31 March 2023. The majority of the lenders agreed to this second waiver application. Depending on the content of a restructuring concept to be drawn up, a reorganization of the syndicated financing may become necessary. In this case, the promissory note loan could also have to be renegotiated with the respective lenders and drawn up again.

Due to the threat of non-compliance with existing covenants in the 2023 financial year for the syndicated loan agreement, all liabilities to banks as of 31 December 2022 were classified as current and a repayment/refinancing date of 31 March 2023 was assumed for the purpose of measuring the effective interest rate.

5. Changes in significant accounting policies

The accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2021, except for the first-time adoption of IAS 29 "Financial Reporting in Hyperinflationary Economies".

Hyperinflation

Due to the rapid devaluation of the Turkish lira, Turkey is considered as hyperinflationary and as a result the application of IAS 29 "Financial Reporting in Hyperinflationary Economies" was adopted for the first time in the second quarter of 2022. The activities in Turkey are therefore not accounted for on the basis of historical acquisition or production costs but adjusted for the effects of inflation. Gains and losses from the inflation adjustment are recognized in other operating result.

For translation into the presentation currency (EUR), all amounts were translated at the closing rate at 31 December 2022. The net assets in the subsidiary's local financial statements were adjusted for changes in the price level.

For FY 2022, the regulations of IAS 29 "Financial Reporting in Hyperinflationary Economies" were relevant for the Turkish subsidiaries Arimpeks Alüminyum AS, Teko Alüminyum Sanayi A.Ş. und Varta Pilleri Ticaret Limited Sirketi.

The general price index used for the calculation of IAS 29 is the consumer price index based on monthly inflation rates announced by the Turkish Statistical Institute. On 1 January 2022 the price index amounted to 686.95 while the price index on 31 December 2022 stood at 1,128.45.

The net position of monetary items results in a gain in the amount of TEUR 2,080 in 2022. In addition to adjustments in the consolidated income statement, accounting pursuant to IAS 29 "Financial reporting in hyperinflationary economies" also results in impacts on the consolidated statement of financial position for the subsidiaries using the Turkish lira as their functional currency. Non-current assets increase by EUR 21.2 million due to the indexation of intangible assets and property, plant and equipment. Moreover, the indexation leads to an increase in the consolidated equity by EUR 14.9 million.

6. 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 32. 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 active in the "Aerostructures", "E-mobility" and "Energy" business areas. The "Aerostructures" business area is a partner for aircraft manufacturers, developing and manufacturing aircraft parts. The business area's product portfolio ranges from structural components for fuselage, wings and landing gear to critical engine components subject to high thermal and mechanical loads, and functional components for the cabin interior. The "E-mobility" business area manufactures lightweight components for the e-mobility sector. The business area is specialized in the production of components and assemblies, such as crash management systems and battery boxes. The "Energy" business area produces components for the energy infrastructure. The business area specializes in copper processing and has high-level expertise in copper refinement and insulation systems.

The business activities in the Energy Storage segment (VARTA AG) include production, sales, research and development in five business areas: "Lithium-Ion CoinPower", "Micro Batteries", "Consumer Batteries", "Energy Storage Systems" and "Other". For applications in the Micro Batteries business area, mainly zinc-air batteries for micro batteries and hearing aids are manufactured. The Lithium-Ion CoinPower business area mainly manufactures high-end lithium-ion battery solutions for wireless premium headphones (hearables). In the Consumer Batteries business area, VARTA is a European market leader with a production site in Germany for household batteries. In the Energy Storage Systems business area, VARTA is making its contribution to the implementation of the energy revolution by developing and manufacturing energy storage systems. The Lithium-Ion Large Cells product group is located in the Other business area. These are mainly produced for rechargeable battery solutions for industry and original equipment manufacturers (OEMs).

See Note 31 for information on restructuring.

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 three 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

| (in TEUR) | Montana Aerospace | | Energy Storage | | Aluflexpack | | Total reportable segments | | Other ^a & Eliminations | | Group | |
|---|-------------------|----------------|-----------------|----------------|----------------|----------------|---------------------------|------------------|-----------------------------------|----------------|------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| External net sales | 1,306,036 | 789,981 | 806,916 | 902,931 | 357,027 | 266,135 | 2,469,979 | 1,959,047 | | | 2,469,978 | 1,959,047 |
| Net sales between segments | 98 | 71 | | | 4 | | 102 | 71 | -102 | -71 | 0 | |
| Total net sales | 1,306,134 | 790,052 | 806,916 | 902,931 | 357,031 | 266,135 | 2,470,081 | 1,959,118 | -103 | -71 | 2,469,978 | 1,959,047 |
| Changes in inventories, own work capitalized and other operating income | 147,004 | 90,413 | 133,535 | 92,659 | 26,054 | 11,282 | 306,593 | 194,354 | 18,513 | 9,080 | 325,106 | 203,434 |
| Cost of materials, supplies and services | -857,150 | -558,334 | -433,177 | -333,154 | -251,677 | -174,228 | -1,542,004 | -1,065,716 | 102 | 6 | -1,541,902 | -1,065,710 |
| Personnel expenses | -268,265 | -173,645 | -265,600 | -247,805 | -38,702 | -33,477 | -572,567 | -454,927 | -2,237 | -2,226 | -574,804 | -457,153 |
| Other operating expenses | -200,799 | -102,433 | -180,321 | -132,451 | -44,095 | -27,383 | -425,215 | -262,267 | 44,811 | -58,789 | -380,404 | -321,056 |
| EBITDA | 126,924 | 46,053 | 61,353 | 282,180 | 48,611 | 42,329 | 236,888 | 370,562 | 61,086 | -52,000 | 297,974 | 318,562 |
| Depreciation and amortization | -109,233 | -71,808 | -250,519 | -95,523 | -24,740 | -22,883 | -384,492 | -190,214 | 3,048 | 1,916 | -381,444 | -188,298 |
| <i>thereof impairment</i> | -1,533 | -109 | -142,018 | | -63 | -131 | -143,614 | -240 | -1 | 1 | -143,615 | -239 |
| Operating result | 17,691 | -25,755 | -189,166 | 186,657 | 23,871 | 19,446 | -147,604 | 180,348 | 64,134 | -50,084 | -83,470 | 130,264 |
| Financial result | | | | | | | | | | | -62,838 | -19,951 |
| Share of profit of equity-accounted investees, net of tax | | | | | | | | | | | -398 | 4,272 |
| Income before taxes | | | | | | | | | | | -146,706 | 114,585 |
| Income tax expense | | | | | | | | | | | -17,369 | -61,192 |
| Result for the period | | | | | | | | | | | -164,075 | 53,393 |
| Investments | 92,062 | 111,686 | 155,977 | 214,171 | 58,169 | 73,656 | 306,208 | 399,513 | 12,718 | -5,698 | 318,926 | 393,815 |

^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) | 2022 | | 2021 | |
|-----------------------------------|------------------|----------------------|------------------|----------------------|
| | Net sales* | Non-current assets** | Net sales* | Non-current assets** |
| Switzerland | 53,865 | 40,005 | 51,600 | 39,469 |
| Germany | 500,158 | 651,682 | 384,980 | 749,025 |
| Austria | 62,975 | 66,516 | 55,209 | 79,054 |
| United Kingdom | 52,779 | 135 | 39,344 | 360 |
| Croatia | 33,126 | 158,742 | 25,531 | 121,846 |
| Liechtenstein | 25,601 | 10,374 | 19,883 | 9,998 |
| France | 171,871 | 25,151 | 137,208 | 25,260 |
| Italy | 67,533 | 258 | 68,346 | 6,059 |
| Turkey | 59,184 | 60,679 | 39,067 | 9,031 |
| Poland | 89,556 | 15,996 | 90,980 | 16,949 |
| Romania | 18,494 | 438,798 | 11,664 | 435,498 |
| Netherlands | | 349 | 46,183 | 364 |
| Belgium | | 142,656 | 15,899 | |
| Other Europe | 415,961 | 7,569 | 169,677 | 16,575 |
| USA | 281,214 | 451,219 | 150,954 | 320,465 |
| Brazil | 142,938 | 37,096 | 88,971 | 15,727 |
| Other America | 79,835 | 27,994 | 58,298 | |
| Singapore | 9,358 | 569 | 9,173 | 635 |
| China | 191,780 | 7,637 | 300,780 | 8,666 |
| India | 40,852 | 8,298 | 36,149 | 11,851 |
| Vietnam | 71,915 | 96,178 | 77,903 | 89,504 |
| Other Asia | 82,642 | 5,866 | 63,665 | 5,337 |
| Africa, Australia and New Zealand | 18,341 | | 17,583 | |
| Total Group | 2,469,978 | 2,253,767 | 1,959,047 | 1,961,673 |

* 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) | 2022 | | 2021 | |
|-----------------------|------------------|-------------------|------------------|-------------------|
| | Net sales w/o IC | Trade receivables | Net sales w/o IC | Trade receivables |
| thereof product sales | 2,452,687 | 302,255 | 1,948,186 | 312,609 |
| thereof service sales | 17,292 | 22,659 | 10,861 | 4,805 |
| Total Group | 2,469,978 | 324,913 | 1,959,047 | 317,414 |

Key accounts

In FY 2022, 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 2022 or at 31 December 2021 that have an original expected duration of one year or less, as allowed by IFRS 15.

7. Significant changes to the scope of consolidation

7.1. Significant changes in reporting year 2022

7.1.1. Business combinations (according to IFRS 3)

7.1.1.1. Asco

On 31 March 2022, the Group acquired 100% interest in S.R.I.F. NV (the "Asco Group" or "Asco").

a) Consideration transferred

The acquisition of the Asco Group was closed by effectuating a payment payable in cash, and, as the sellers also had a strong interest in being a shareholder of Montana Aerospace – believing and participating in the long-term and sustainable development of the Group including Asco – by a share consideration of 4,431,600 ordinary shares of Montana Aerospace AG. The shares to be newly issued from the authorized share capital of the Company – excluding the pre-emptive subscription rights of existing shareholders – were issued to the sellers on 7 April 2022.

The fair value of the ordinary shares issued was based on the listed share price of the Company on 31 March 2022 of CHF 16.28 (EUR 15.86) per share. The payment has been paid upon closing and the aggregate purchase price is subject to customary price adjustments. In addition to the purchase price, an earn-out of up to EUR 30 million based on the attainment of certain performance indicators by the Company has been agreed, that will be paid by 30 June 2025 at the earliest.

b) Costs associated with the business combination

Costs of TEUR 1,248 were incurred in the consolidated financial statements for financial year 2021 in connection with the business combination. These costs were recognized in other operating expenses in the previous year's income statement. In the consolidated financial statements for the current financial year 2022, costs of TEUR 1,729 were incurred in connection with the business combination. Furthermore, PMI (post-merger integration) related expenses of TEUR 483 were incurred. These costs were recognized in other operating expenses.

c) Goodwill

Goodwill results primarily from the synergies arising from Asco's product portfolio with a focus on hard metals (titanium) and Montana Aerospace's material competence with a focus on aluminum as well as its best-cost-country footprint, which will accelerate growth and reinforce the Group's standing as a strong and diversified industrial company.

The resulting goodwill is completely allocated to the Aerostructures segment. The resulting goodwill is not expected to be deductible for tax purposes.

d) Contributions to revenue and financial results

The company acquired contributed revenue of TEUR 192,265 and a loss for the period of TEUR 20,317 to the Group's results for the nine months to 31 December 2022. If the acquisition had occurred on 1 January 2022, management estimates that revenue would have been EUR 252 million, and loss for the year would have been EUR 23 million.

7.1.1.2. São Marco

On 1 September 2022, the Group acquired 100% interest in São Marco Industria y Comercio LTDA (“São Marco”).

a) Costs associated with the business combination

Costs of TEUR 47 were incurred in the consolidated financial statements for financial year 2021 in connection with the business combination. These costs were recognized in other operating expenses in the previous year’s income statement. In the consolidated financial statements for the current fiscal year 2022, costs of TEUR 168 were incurred in connection with the business combination. Furthermore, PMI (post-merger integration) related expenses of TEUR 159 were incurred. These costs were recognized in other operating expenses.

b) Contributions to revenue and financial results

The company acquired contributed revenue of TEUR 27,022 and a loss for the period of TEUR 415 to the Group’s results for the four months to 31 December 2022. If the acquisition had occurred on 1 January 2022, management estimates that revenue would have been EUR 94 million, and profit for the year would have been EUR 7 million.

7.1.1.3. Teko

On 12 May 2022, the Group acquired 80% interest in Teko Alüminyum Sanayi Anonim Sirketi (“Teko”).

a) Goodwill

The goodwill is attributable mainly to the skills and technical talent of Teko work force, and the synergies expected to be achieved from integrating the company into the Groups existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

b) Contribution to revenue and financial results

The company acquired contributed revenue of TEUR 16,646 and a profit for the period of TEUR 1,673 to the Group’s results for the eight months to 31 December 2022. If the acquisition had occurred on 1 January 2022, management estimates that revenue would have been EUR 25 million and profit for the year would have been EUR 4 million.

7.1.1.4. Identifiable net assets, goodwill (badwill) and cash outflows

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

| (in TEUR) | Asco | São Marco | Teko | Total |
|--|----------------|---------------|---------------|----------------|
| Intangible assets | 80,250 | 5,917 | 20,791 | 106,958 |
| Property, plant and equipment | 156,005 | 16,471 | 7,215 | 179,691 |
| Financial assets | 1,494 | 0 | 0 | 1,494 |
| Other non-current receivables and assets | 13,012 | 12,894 | 0 | 25,906 |
| Inventories | 55,723 | 16,096 | 2,911 | 74,730 |
| Trade receivables | 72,439 | 17,774 | 5,947 | 96,160 |
| Other current receivables | 4,117 | 6,875 | 0 | 10,992 |
| Cash and cash equivalents | 53,511 | 1,223 | 1,380 | 56,114 |
| Non-current financial liabilities | -124,678 | 0 | -197 | -124,875 |
| Other non-current liabilities | -83,228 | -15,720 | -4,997 | -103,945 |
| Current financial liabilities | -4,913 | -16 | -657 | -5,586 |
| Other current liabilities | -68,389 | -9,126 | -4,008 | -81,523 |
| Identifiable net assets | 155,343 | 52,387 | 28,385 | 236,115 |
| (in TEUR) | | | | |
| Cash and cash equivalents (excl. transaction costs) | 115,986 | 29,382 | 33,352 | 178,720 |
| Equity instruments | 70,270 | 0 | 0 | 70,270 |
| Deferred consideration | 25,474 | 6,154 | 11,103 | 42,731 |
| Total purchase price | 211,730 | 35,536 | 44,456 | 291,722 |
| Fair value of identifiable net assets | -155,343 | -52,387 | -28,385 | -236,115 |
| Goodwill | 56,387 | | 16,071 | 72,458 |
| Badwill | | 16,850 | | 16,850 |
| (in TEUR) | | | | |
| Cash and cash equivalents | 115,986 | 29,382 | 33,352 | 178,720 |
| Acquired cash and cash equivalents | -53,511 | -1,223 | -1,380 | -56,114 |
| Cash and cash equivalents from previous years | | | | -4,010 |
| Total cash outflow (+), Total cash inflow (-) | 62,475 | 28,159 | 31,973 | 118,596 |

The trade receivables include gross amounts of the contractual receivables in the amount of TEUR 96,398, of which TEUR 150 for Asco and TEUR 88 for São Marco were estimated to be unrecoverable at the time of acquisition.

7.1.2. Sale of subsidiaries

7.1.2.1. Sale of the AMT Group

As of 23 December 2022, the Group sold 53% of its share in company ALPINE METAL TECH GmbH and its subsidiaries ("AMT group") to the company Hahl Pedex Group GmbH. Consequently, AMT group had to be deconsolidated.

a) Result from disposal

| (in TEUR) | Total |
|--|---------------|
| Total consideration received | 31,346 |
| Investment retained in AMT group | 27,797 |
| Carrying amount of net assets disposed (100%) | -48,941 |
| Gain from disposal of AMT group | 10,203 |
| - thereof gain attributable to the investment retained | 4,795 |

b) Valuation of the remaining share in AMT group (47%)

According to the articles of association of ALPINE METAL TECH GmbH, a 75% majority is required for essential operational decisions, leading to a joint arrangement in accordance with IFRS 11. Consequently, the Group recognizes its share in AMT group at fair value at initial recognition. For subsequent measurement, the joint venture is accounted for using equity accounting.

c) No discontinued operation

Net sales and earnings contribution of AMT group is insignificant from a group perspective. AMT group is not a significant line of business and consequently not a discontinued operation.

7.1.2.2. Sale of Neviton

As of 5 August 2022, Montana Aerospace sold its share in company Neviton Softech Pvt. Ltd. ("Neviton") to the company Arco Lab Private Limited. Consequently, Neviton had to be deconsolidated.

a) Result from disposal

| (in TEUR) | Total |
|--|------------|
| Total consideration received | 4,100 |
| Carrying amount of net assets disposed | -4,113 |
| Loss from disposal of Neviton | -13 |

7.1.2.3. Net assets sold, consideration received and cash inflows

The book value of the net assets disposed of, the consideration received and the cash inflows were as follows:

| (in TEUR) | AMT group | Neviton | Total |
|--|---------------|--------------|---------------|
| Intangible assets | 27,667 | 2,734 | 30,401 |
| Property, plant and equipment | 16,923 | 112 | 17,035 |
| Financial assets | 264 | 0 | 264 |
| Other non-current receivables and assets | 2,237 | 45 | 2,282 |
| Inventories | 37,532 | 0 | 37,532 |
| Trade receivables | 27,922 | 1,249 | 29,171 |
| Other current receivables | 2,200 | 259 | 2,459 |
| Other current assets | 0 | 0 | 0 |
| Cash and cash equivalents | 7,523 | 97 | 7,620 |
| Non-current financial liabilities | -19,136 | -56 | -19,192 |
| Other non-current liabilities | -8,297 | 0 | -8,297 |
| Current financial liabilities | -2,209 | 0 | -2,209 |
| Other current liabilities | -43,685 | -327 | -44,012 |
| Identifiable net assets | 48,941 | 4,113 | 53,054 |
| (in TEUR) | | | |
| Cash and cash equivalents | 15,000 | 1,100 | 16,100 |
| Deferred consideration | 16,346 | 3,000 | 19,346 |
| Total consideration received | 31,346 | 4,100 | 35,446 |
| (in TEUR) | | | |
| Cash and cash equivalents received | 15,000 | 1,100 | 16,100 |
| Less disposed cash and cash equivalents | -7,523 | -97 | -7,620 |
| Total cash outflow (-), cash inflow (+) | 7,477 | 1,003 | 8,480 |

7.1.3. Disposal of non-controlling interests

| (in TEUR) | Attributable to the shareholders of MTC AG | Non controlling interests | 31.12.2022 |
|--|--|------------------------------|----------------|
| Montana Aerospace AG - capital increase as of 07.04.2022 | 651 | 68,712 | 69,363 |
| Montana Aerospace AG - share option programs | 1,149 | 1,049 | 2,198 |
| VARTA AG - share option programs | 121 | 119 | 240 |
| VARTA AG - disposal of 100,000 shares as of 09.06.2022 | 7,055 | 1,345 | 8,400 |
| VARTA AG - disposal of 168,000 shares as of 13.06.2022 | 11,828 | 2,266 | 14,094 |
| VARTA AG - disposal of 200,000 shares as of 14.07.2022 | 13,356 | 2,244 | 15,600 |
| VARTA AG - disposal of 1,600,000 shares as of 28.09.2022 | 46,867 | 11,069 | 57,936 |
| Aluflexpack AG - share option programs | 37 | 32 | 69 |
| Other | -417 | 417 | 0 |
| Disposal of non-controlling interests | 80,647 | 87,253 | 167,900 |

Montana Aerospace AG – Capital increase

Montana Aerospace AG carried out a capital increase on 7 April 2022; see also the explanation in Note 7.1.1.1. 4,331,600 new shares were issued at a price of CHF 16.28 per share. This resulted in gross proceeds of TEUR 70,270. The transaction costs recognized in equity that arose in the course of the capital increase amounted to TEUR 907.

Montana Aerospace AG – stock option program

Montana Tech Components AG (major shareholder of Montana Aerospace AG) and Montana Aerospace AG have granted selected employees options to purchase ordinary shares in Montana Aerospace AG as an incentive to increase the company's value. No options were exercised in FY 2022.

VARTA AG – sale of 100,000 shares on 9 June 2022

VGG Holding SE sold 100,000 shares in VARTA AG on 9 June 2022 at a price of EUR 84 per share and thus achieved gross proceeds of TEUR 8,400. In the course of this transaction, around 0.25% of the stake in VARTA AG was sold to non-controlling interests.

VARTA AG – sale of 168,000 shares on 13 June 2022

VGG Holding SE sold 168,000 shares in VARTA AG on 13 June 2022 at a price of EUR 83.89 per share and thus achieved gross proceeds of TEUR 14,094. In the course of this transaction, around 0.42% of the stake in VARTA AG was sold to non-controlling interests.

VARTA AG – sale of 200,000 shares on 14 July 2022

VGG Holding SE sold 200,000 shares in VARTA AG on 14 July 2022 at a price of EUR 78 per share and thus achieved gross proceeds of TEUR 15,600. In the course of this transaction, around 0.49% of the stake in VARTA AG was sold to non-controlling interests.

VARTA AG – sale of 1,600,000 shares on 28 September 2022

VGG Holding SE sold 1,600,000 shares in VARTA AG on 28 September 2022 at a price of EUR 36.21 per share and thus achieved gross proceeds of TEUR 57,936. In the course of this transaction, around 3.96% of the stake in VARTA AG was sold to non-controlling interests.

VARTA AG – stock option program

VGG Holdings SE (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. 0.03% of the stake in VARTA AG was sold to non-controlling interests in FY 2022.

| (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 TEUR 144,615. 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 FY 2021.

VARTA AG – stock option program

VGG Holdings SE (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.

8. Intangible assets

| | Goodwill | Customer relationships and other intangible assets | Corporate brand | Other rights and payments in advance | Capitalized development cost | Licenses | Total |
|---|----------------|--|-----------------|--------------------------------------|------------------------------|----------------|----------------|
| <i>(in TEUR)</i> | | | | | | | |
| COST | | | | | | | |
| Balance as of January 01, 2021 | 108,839 | 207,444 | 48,600 | 3,747 | 7,820 | 38,646 | 415,096 |
| FX differences | 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 |
| Transfer | | -4,511 | 9,244 | -840 | 608 | 4,706 | 9,207 |
| Balance as of December 31, 2021 | 112,652 | 203,587 | 57,253 | 3,762 | 9,021 | 72,420 | 458,695 |
| FX differences | -1,864 | -2,823 | -644 | -2 | 48 | 1,466 | -3,819 |
| Additions consolidation scope | 72,458 | 77,257 | 29,594 | | 97 | 10 | 179,416 |
| Disposals consolidation scope | -31,811 | -10,079 | -847 | -919 | -1,790 | -4 | -45,450 |
| Additions | | 649 | 20 | 326 | 1,361 | 54,840 | 57,196 |
| Disposals | | -15 | | | -11 | | -26 |
| Transfer | | -783 | -1,104 | 692 | 15,362 | -14,211 | -44 |
| Application of hyperinflation accounting (IAS 29) | 6,186 | 10,599 | 2,036 | | | | 18,821 |
| Balance as of December 31, 2022 | 157,621 | 278,392 | 86,308 | 3,859 | 24,088 | 114,521 | 664,789 |
| ACCUMULATED AMORTIZATION and IMPAIRMENT LOSSES | | | | | | | |
| Balance as of January 01, 2021 | 22,089 | 63,255 | 1,893 | 3,170 | 5,003 | 11,968 | 107,378 |
| FX differences | | -447 | -160 | 12 | 71 | 235 | -289 |
| Additions | | 18,730 | 720 | 62 | 1,335 | 3,964 | 24,811 |
| Impairment | | 109 | | | | | 109 |
| Disposals | | -25 | | | -23 | | -48 |
| Transfer | | 3,247 | | | | 530 | 3,777 |
| Balance as of December 31, 2021 | 22,089 | 84,869 | 2,453 | 3,244 | 6,386 | 16,697 | 135,738 |
| FX differences | | 79 | -53 | -2 | 31 | 199 | 254 |
| Additions | | 20,570 | 2,244 | 259 | 3,435 | 6,182 | 32,690 |
| Impairment | | 112 | | | | | 112 |
| Disposals | | -14 | | | -11 | | -25 |
| Disposals consolidation scope | -2,264 | -9,888 | -414 | -862 | -1,617 | -4 | -15,049 |
| Transfer | | -10,811 | -417 | 381 | 10,788 | | -59 |
| Balance as of December 31, 2022 | 19,825 | 84,917 | 3,813 | 3,020 | 19,012 | 23,074 | 153,661 |
| CARRYING AMOUNT | | | | | | | |
| Carrying amount as of January 01, 2021 | 86,750 | 144,189 | 46,707 | 577 | 2,817 | 26,678 | 307,718 |
| Carrying amount as of December 31, 2021 | 90,562 | 118,718 | 54,800 | 518 | 2,635 | 55,723 | 322,956 |
| Carrying amount as of December 31, 2022 | 137,795 | 193,475 | 82,495 | 839 | 5,076 | 91,447 | 511,129 |

In the reporting year, research and development costs of TEUR 33,082 (2021: TEUR 22,928) were recognized through profit or loss.

In FY 2022, there were impairment losses in the Montana Aerospace division of TEUR 112 (2021: TEUR 109).

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

31 December 2022

| (in TEUR) | Goodwill | Customer relations with indefinite useful life | Customer relations with finite useful life | First Article Inspection* | Other intangible assets | Corporate brand with indefinite useful life | Corporate brand with finite useful life |
|-------------------|----------------|--|--|---------------------------|-------------------------|---|---|
| Montana Aerospace | 88,149 | 32,497 | 55,833 | 52,517 | 6,618 | 0 | 27,023 |
| Energy Storage | 13,726 | 0 | 14,097 | 0 | 176 | 48,866 | 135 |
| Aluflexpack | 35,920 | 0 | 31,572 | 0 | 163 | 4,480 | 1,991 |
| Total | 137,795 | 32,497 | 101,502 | 52,517 | 6,958 | 53,346 | 29,149 |

31 December 2021

| (in TEUR) | Goodwill | Customer relations with indefinite useful life | Customer relations with finite useful life | First Article Inspection* | Other intangible assets | Corporate brand with indefinite useful life | Corporate brand with finite useful life |
|-------------------|---------------|--|--|---------------------------|-------------------------|---|---|
| Montana Aerospace | 59,438 | 30,832 | 1,233 | 48,759 | 7,880 | 0 | 1,993 |
| Energy Storage | 13,726 | 0 | 16,306 | 0 | 3,281 | 48,866 | 943 |
| Aluflexpack | 17,398 | 0 | 10,238 | 0 | 189 | 1,898 | 1,101 |
| Total | 90,562 | 30,832 | 27,777 | 48,759 | 11,350 | 50,764 | 4,037 |

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 2022 and the classification of an indefinite useful life is maintained.

* First Article Inspection

First Article Inspection (FAI) represents the inspection of the first production run for a new product industrialized, part of a processing, assembly or surface treatment program. The purpose of such article is to provide objective evidence that the manufacturer's processes can produce compliant product and that they have understood and incorporated associated requirements. At the same time, it is meant to reduce potential risks associated with serial production start-up and/or process changes. Therefore, it is used to verify that the production processes, production documentation and tooling have the capability to produce products that meet the expected requirements. The process shall be repeated when changes occur that invalidate the original results (e.g. engineering changes, manufacturing process changes, tooling changes, etc.).

Once the process is finalized a FAI report is issued, which is then sent to the client, along with the products. The products will then undergo a series of verifications and tests. After the tests are performed, FAI needs to be validated by the client.

For the cash-generating units 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.

For the impairment test of cash-generating unit Montana Aerospace, the value in use is calculated.

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 divisions 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:

| | Discount rate after taxes | Discount rate before taxes | Budgeted growth rate |
|-------------------|--------------------------------------|---------------------------------------|---------------------------------|
| Montana Aerospace | 9.94% | 12.05% | 2.90% |

The impairment tests have revealed that the 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.

In addition, the goodwill positions were tested by means of sensitivity analyses with the following results:

The value in use of the Montana Aerospace segment exceeds the carrying amount and would correspond to the carrying amount with a post-tax discount rate of 13.04% (instead of 9.94%) or with a negative growth rate in the terminal value of 2.25%. The estimated recoverable amount of the CGU exceeds its carrying amount by approximately TEUR 663,476. The underlying planning period is 5 years.

Reasonable possible changes in key assumptions would not lead to an impairment. It was analysed how the value in use would change if the WACC was adjusted by +/- 0.8% in combination with changes in the terminal value growth rate of +/- 50%.

All goodwill items and intangible assets with indefinite useful lives are therefore fully recoverable. Thus, no impairment losses were recognized for the items in question during the reporting period.

9. Property, plant and equipment and Investment properties

| | Land | Buildings | ROU - Land & Buildings | Technical equipment and machinery | ROU - Technical equipment and machines | Other equipment | ROU - Other equipment | Plant under construction and payments in advance | Property, plant and equipment | Investment properties |
|---|--------|-----------|------------------------|-----------------------------------|--|-----------------|-----------------------|--|-------------------------------|-----------------------|
| (in TEUR) | | | | | | | | | | |
| COST | | | | | | | | | | |
| Balance as of January 01, 2021 | 35,613 | 225,073 | 105,148 | 851,368 | 23,707 | 149,595 | 13,965 | 307,927 | 1,712,396 | 98,463 |
| FX differences | 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 | 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 |
| Transfer | 58 | -1,535 | | 87,283 | | 14,184 | -44 | -105,906 | -5,960 | 0 |
| Fair Value Changes | | | | | | | | | 0 | 14,238 |
| Balance as of December 31, 2021 | 39,913 | 227,584 | 153,293 | 971,487 | 24,519 | 174,400 | 15,694 | 470,743 | 2,077,633 | 142,913 |
| FX differences | -194 | 3,380 | 651 | 9,606 | 260 | 2,056 | 23 | -52 | 15,730 | 7,588 |
| Additions consolidation scope | 27,818 | 65,615 | 4,469 | 76,573 | | 2,472 | 1,704 | 1,040 | 179,691 | 0 |
| Disposals consolidation scope | -967 | -8,845 | -10,947 | -4,980 | -655 | -4,511 | -2,004 | -11 | -32,940 | 0 |
| Additions | 1,219 | 3,048 | 18,065 | 36,002 | 30 | 21,139 | 4,906 | 177,320 | 261,729 | 27,500 |
| Disposals | -1,014 | -20,352 | -1,041 | -9,852 | -2,877 | -9,605 | -1,813 | | -46,554 | 0 |
| Transfer | -1,164 | 11,360 | | 135,963 | | 33,281 | | -179,395 | 45 | 0 |
| Application of hyperinflation accounting (IAS 29) | | 417 | 376 | 1,189 | | 418 | 8 | | 2,408 | 0 |
| Fair Value Anpassung | | | | | | | | | 0 | -3,363 |
| Other | | | | | | 2,435 | | | 2,435 | 0 |
| Balance as of December 31, 2022 | 65,591 | 282,207 | 164,866 | 1,215,988 | 21,277 | 222,085 | 18,518 | 469,645 | 2,460,177 | 174,638 |
| ACCUMULATED AMORTIZATION and IMPAIRMENT LOSSES | | | | | | | | | | |
| Balance as of January 01, 2021 | 4,563 | 28,097 | 22,176 | 283,267 | 6,790 | 77,801 | 5,555 | 282 | 428,531 | 0 |
| FX differences | 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 | |
| Transfer | | -87 | | -1,032 | 573 | 18 | -33 | 31 | -530 | |
| Balance as of December 31, 2021 | 5,239 | 34,776 | 39,680 | 386,040 | 11,746 | 95,867 | 8,153 | 327 | 581,829 | 0 |
| FX differences | -13 | 541 | 552 | 4,534 | 111 | 1,759 | | 15 | 7,499 | |
| Depreciation | 615 | 10,738 | 20,772 | 138,785 | 3,831 | 25,685 | 4,603 | 112 | 205,141 | |
| Impairment loss | | | | 59,422 | | 7,093 | | 76,987 | 143,502 | |
| Disposals | | -8,295 | -651 | -9,189 | -822 | -9,249 | -1,743 | | -29,949 | |
| Disposals consolidation scope | -485 | -2,363 | -4,358 | -3,398 | -652 | -3,293 | -1,355 | | -15,904 | |
| Transfer | | 23 | | 4 | | 33 | | | 60 | |
| Balance as of December 31, 2022 | 5,356 | 35,420 | 55,995 | 576,198 | 14,214 | 117,895 | 9,658 | 77,441 | 892,177 | 0 |
| CARRYING AMOUNT | | | | | | | | | | |
| Carrying amount as of January 01, 2021 | 31,050 | 196,976 | 82,972 | 568,101 | 16,917 | 71,794 | 8,410 | 307,645 | 1,283,865 | 98,463 |
| Carrying amount as of December 31, 2021 | 34,674 | 192,808 | 113,613 | 585,447 | 12,773 | 78,533 | 7,541 | 470,416 | 1,495,804 | 142,913 |
| Carrying amount as of December 31, 2022 | 60,235 | 246,787 | 108,871 | 639,790 | 7,063 | 104,190 | 8,860 | 392,204 | 1,568,000 | 174,638 |

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 78,568 (2021: TEUR 73,738). Contract liabilities for the acquisition of property, plant and equipment amount to TEUR 93,460 (2021: TEUR 109,753).

In FY 2022, item "Other" in the amount of TEUR 2,435 relates to a transfer from non-current other assets.

In FY 2022, there were unplanned depreciations of TEUR 1,421 (2021: TEUR 0) in the Montana Aerospace division and of TEUR 63 (2021: TEUR 131) in the Aluflexpack division. In the Energy Storage segment, impairment losses of TEUR 142,018 (2021: TEUR 0) were recognized in FY 2022 due to underutilization of production capacities; further details on this are explained below:

Impairment in the Energy Storage segment

Due to the business development in the Energy Storage segment in FY 2022, VARTA contacted the syndicated lenders about a waiver in October/November, as the agreed covenants could no longer be met. This event was classified as a triggering event for impairment tests of the various cash generating units (CGUs) in the Energy Storage segment.

Accordingly, the recoverable amount of the CGUs was reassessed at the end of 2022. The recoverable amount was initially determined on the basis of the fair value less costs to sell. Due to extensive future restructuring measures, the fair value less costs to sell exceeds the value in use of the CGUs.

The data from the current long-term plan for the years 2023 to 2026 was used for the calculation, whereby the year 2023 corresponds to a detailed budget plan, the years 2024, 2025 and 2026 are extrapolated. The most important planning parameter for determining cash flows is the development of earnings, which is essentially driven by the development of sales. Past experience and future market expectations are used to derive cash flows. The growth rates include a discount of 50% on the respective weighted underlying inflation rates. The planning is based on expectations regarding future market shares, the general market development and the profitability of the respective product groups.

For the CGUs "Lithium-Ion CoinPower" and "Lithium-Ion Large Cells", the fair value less costs to sell was determined using a discounted cash flow model based on future cash flows and a weighted average cost of capital (WACC). Planning horizon limited to eight years and no perpetual annuity were taken into account. To determine the planning horizon, the technical useful lives of all machine groups involved in the production process were re-evaluated and the leading assets and their customary useful lives were determined on the basis of the bottleneck process.

For the "Lithium-Ion CoinPower" CGU, the future cash inflows were determined on the basis of sensitive planning from the continued use of the assets. The sensitive planning deviates from the approved planning, as possible negative planning deviations with a probability must be taken into account. This relates specifically to different assessments of the effectiveness and the time at which the renovation measures developed as part of the renovation concept took effect. The sensitive planning calculation over four years was extrapolated to eight years with a growth rate of 1.00%. Due to the finite planning horizon, no replacement investments, only regular maintenance and repairs were taken into account. As WACC, a discount factor of 9.13% after taxes was used. An impairment requirement of EUR 110.1 million was determined and recognized in the impairment of property, plant and equipment. The impairment was allocated to various categories of property, plant and equipment, taking into account the fair value less costs to sell of the individual assets.

For the "Lithium-Ion Large Cells" CGU, future cash inflows were determined on the basis of three probability-weighted scenarios. The scenarios take into account, among other things, different characteristics of the future positive cash flows and different options for using the existing assets. A scenario based on an increase in future cash flows and no change in the use of the assets was chosen for 80%. 15% was based on a scenario that processed an alternative use of the assets. For 5%, a scenario was chosen that is based on no increase in future cash flows and no change in the use of the assets. The probability-weighted plan deviates from the approved plan in order to take possible negative planning deviations into account in a probability-weighted manner. The probability-weighted planning calculation over four years was extrapolated to eight years with a growth rate of 1.00%. Due to the finite planning horizon, no replacement investments, only regular maintenance and repairs were taken into account. As WACC, a discount factor of 9.13% after taxes was used. An impairment requirement of EUR 31.3 million was determined and recognized in the impairment of property, plant and equipment. The impairment was allocated to various categories of property, plant and equipment, taking into account the fair value less costs to sell of the individual assets.

In addition, impairment losses on property, plant and equipment of TEUR 547 were recognized in the Energy Storage segment in the 2022 financial year.

Investment properties

The additions to investment properties relate to the Montana Real Estate Group, which is not assigned to any operating divisions 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 2,867 (2021: TEUR 2,443).

10. Joint ventures and shares in associates¹

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

| (in TEUR) | 2022 | 2021 |
|---|---------------|---------------|
| Alpine Metal Tech GmbH | 27,798 | 0 |
| VW-VM Verwaltungsgesellschaft mbH | 13 | 13 |
| Total carrying amount of joint ventures | 27,810 | 13 |
| HENN Industrial Group GmbH & Co. KG | 0 | 31,532 |
| Other | 2,373 | 47 |
| Total carrying amount of associates | 2,373 | 31,579 |
| Total carrying amount of joint ventures and shares in associates | 30,183 | 31,592 |

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

From 2018 until 23 December 2022, the MTC held 45.45% of the limited partner’s share of HENN. This interest was sold on 23 December 2022, see also Note 29.

Alpine Metal Tech GmbH (“AMT”)

Since 23 December 2022, MTC is holding 47% of AMT. For further information on the sale of 53% in AMT, see Note 7.1.2.1 and Note 29.

The main key figures of AMT are:

| (in TEUR) | 2022 |
|---|---------|
| Non-current assets | 60,055 |
| Current assets | 75,177 |
| Non-current liabilities | 30,195 |
| Current liabilities | 45,894 |
| Equity | 59,144 |
| Net Sales | 109,619 |
| Result before tax | 10,026 |
| Result for the year | 8,620 |
| Other comprehensive income for the year, net of tax | 992 |
| Total comprehensive income for the year | 9,612 |

Transfer of the carrying amount to AMT:

| (in TEUR) | 2022 |
|------------------------|---------------|
| MTC share in equity | 27,798 |
| Carrying amount | 27,798 |

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.

11. Leases

11.1. Right of use asset

| (in TEUR) | 2022 | 2021 |
|---|----------------|----------------|
| Balance as at 1 January | 133,927 | 108,299 |
| Transfers | 0 | -584 |
| Depreciation | -29,206 | -25,697 |
| Additions consolidation scope | 6,173 | 954 |
| Disposals consolidation scope | -7,241 | 0 |
| Additions | 23,001 | 52,022 |
| Disposals | -2,515 | -1,425 |
| Application of hyperinflation accounting (IAS 29) | 384 | 0 |
| Effect of movements in exchange rates | 271 | 358 |
| Balance as at 31 December | 124,794 | 133,927 |

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

11.2. Amounts recognized in the Income statement

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Depreciation of right-of-use assets | -29,206 | -25,697 |
| Interest expense on lease liabilities | -2,204 | -2,043 |
| Variable lease payments not included in the measurement of lease liabilities (-) | 0 | 0 |
| Income from sub-leasing of right-of-use assets | 72 | 144 |
| Expenses relating to short-term leases | -2,448 | -2,667 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | -4,644 | -3,291 |
| Total amounts recognised in the consolidated statement of profit or loss | -38,430 | -33,554 |

11.3. Amounts recorded in the cash flow statement

| (in TEUR) | 2022 | 2021 |
|---------------------------------------|---------|---------|
| Total cash outflow relating to leases | -39,156 | -34,571 |

11.4. Leases in which MTC Group is a lessor

| (in TEUR) | 2022 | 2021 |
|---|--------------|--------------|
| Rental income | 825 | 718 |
| Rental income on real estate held as financial investment | 2,013 | 1,307 |
| Total rental income | 2,838 | 2,025 |

12. Inventories

Inventories are distributed amongst the individual items as follows:

| (in TEUR) | 2022 | 2021 |
|---|----------------|----------------|
| Raw materials and supplies | 305,346 | 232,599 |
| Tools and replacement parts | 4,441 | 2,480 |
| Unfinished goods and services | 158,746 | 104,701 |
| Finished goods and merchandise | 175,829 | 129,445 |
| Inventories | 644,362 | 469,225 |
| valuation adjustment realized in the consolidated statement of profit or loss | 4,184 | 5,286 |

Inventories with a carrying amount of TEUR 90,762 (2021: TEUR 44,015) are pledged as security for liabilities.

13. Other receivables and assets

Other receivables and assets are composed as follows:

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Prepaid expenses / deferred charges (current) | 18,022 | 18,350 |
| Derivative financial instruments | 3,631 | 3,891 |
| Receivables from reimbursement claim VARTA pensions | 12,981 | 17,630 |
| Pension assets VARTA Consumer | 27,190 | 0 |
| Treasury shares not yet transferred | 67,794 | 0 |
| Receivables from government aid and grants | 24,465 | 20,633 |
| Tax refund claims against previous owner | 7,743 | 7,789 |
| Receivables from insurance captive | 1,161 | 3,379 |
| Performance guarantee* | 23,988 | 21,459 |
| Prepaid expenses tools & equipment ** | 8,979 | 11,396 |
| Recoverable tax credits (Brazil)*** | 41,398 | 11,800 |
| Receivables from related parties from disposal of property, plants and equipment | 10,391 | 0 |
| Receivables from related parties from disposal of subsidiaries | 16,346 | 0 |
| Other tax receivables**** | 28,491 | 24,237 |
| Other receivables and assets | 39,612 | 16,014 |
| Total other receivables and assets | 332,192 | 156,578 |
| thereof non-current | 107,815 | 65,238 |
| thereof current | 224,377 | 91,340 |

* Performance guarantee

With a contract dated February 2019, a customer has undertaken to provide Montana Aerospace with various services that are necessary for Montana Aerospace to be able to fulfil its contractual obligations towards the customer. Customer deliverables include, but are not limited to, facility engineering and design, access to Customer operational and design training, assistance with certification processes, supply chain services, assistance with design specification of transportation equipment, and industrialization assistance such as programming and troubleshooting machinery.

The contractually stipulated compensation amounts to USD 25 million, which was contractually paid to the customer in 2019. The underlying contracts have a term until 31 December 2030, and the customer's

services to Montana Aerospace will be provided during this term. The payment is accordingly deferred as an advance payment and classified as long-term. The services provided by the customer are recognized as an expense accordingly.

**** Prepaid expenses tools & equipment**

This item includes advance payments for tools and equipment. These are used when called up for the underlying customer contract period and are accordingly long-term in nature.

***** Recoverable tax credits (Brazil)**

This item includes credits to the Brazilian tax authorities from indirect taxes (ICMS – tax on the movement of goods and services, on transportation and communication). The credit can be used indefinitely but can only be redeemed by offsetting against future sales in certain Brazilian states; such redemption is expected within the next four years.

****** Other tax receivables**

This item mainly includes value added tax receivables.

14. Cash and cash equivalents

Cash and cash equivalents are composed of as follows:

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Cash | 293 | 81 |
| Bank deposits | 470,552 | 309,936 |
| Time deposits with an initial duration of up to 3 months | 162,371 | 311,965 |
| Cash and cash equivalents | 633,215 | 621,982 |

Cash and cash equivalents of TEUR 9 (2021: TEUR 5,111) are pledged explicitly as security.

15. Income taxes

15.1. Income tax expense

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Current income tax expense | -19,498 | -55,343 |
| Income tax expense from previous periods | 581 | -638 |
| Deferred income tax expense | 1,547 | -5,211 |
| Income tax expense | -17,369 | -61,192 |

15.2. Deferred taxes

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

| (in TEUR) | Deferred tax assets | Deferred tax liabilities | 31.12.2022 net | Deferred tax assets | Deferred tax liabilities | 31.12.2021 net |
|--|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
| Intangible assets | 3,836 | 57,250 | -53,414 | 3,846 | 29,862 | -26,016 |
| Property, plant and equipment | 2,053 | 56,364 | -54,311 | 1,934 | 29,569 | -27,635 |
| Financial assets | 318 | 10,176 | -9,858 | 39 | 7,011 | -6,972 |
| Other non-current assets and receivables | 0 | 13,476 | -13,476 | 5 | 7,030 | -7,025 |
| Inventories | 7,280 | 2,747 | 4,533 | 7,231 | 825 | 6,406 |
| Trade receivables | 860 | 858 | 2 | 1,213 | 2,605 | -1,392 |
| Other current assets | 1,800 | 175 | 1,625 | 3,815 | 825 | 2,990 |
| Non-current financial liabilities | 9,200 | 5,620 | 3,580 | 9,131 | 4,977 | 4,154 |
| Other non-current liabilities | 3,484 | 2,971 | 513 | 572 | 2,084 | -1,512 |
| Non-current liabilities for employee benefits | 12,373 | 151 | 12,222 | 15,259 | 591 | 14,668 |
| Current financial liabilities | 1,860 | 3,770 | -1,910 | 1,953 | 84 | 1,869 |
| Short-term provisions | 820 | 176 | 644 | 1,025 | 204 | 821 |
| Trade payables as well as contract liabilities | 2,082 | 304 | 1,778 | 2,610 | 485 | 2,125 |
| Other current liabilities | 5,587 | 5,109 | 478 | 3,838 | 855 | 2,983 |
| Tax loss carried forward | 33,446 | 0 | 33,446 | 9,598 | 0 | 9,598 |
| Offset | -53,430 | -53,430 | 0 | -40,808 | -40,808 | 0 |
| Total deferred tax assets / liabilities | 31,569 | 105,717 | -74,148 | 21,261 | 46,199 | -24,938 |

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.

15.3. Reconciliation of effective tax rate

The tax expense is calculated as follows:

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Result before tax | -146,706 | 114,585 |
| Income tax rate of the entity* | 22.1% | 20.7% |
| Tax using the Group's weighted average applicable tax rate | 32,379 | -23,689 |
| Effect of tax rates in foreign jurisdictions | 10,011 | -14,726 |
| Adjustments because of local tax rate changes as compared to the prev | 549 | -228 |
| Tax-free income | 17,851 | 751 |
| Current-year losses for which no deferred tax asset is recognised | -34,660 | -18,871 |
| Utilisation of unrecognised tax losses brought forward | 10,961 | 1,474 |
| Capitalisation of losses carried forward that have not been recognised y | 6,279 | 5,369 |
| Non-tax deductible expenses | -10,402 | -7,937 |
| Non-tax deductible interest | -877 | -1,648 |
| Tax expense / tax income due to audit | 331 | -1,373 |
| Change in evaluation of deferred tax assets | -4,496 | -1,205 |
| Tax effect on temporary differences for which no deferred tax assets were recognised in the current period (VARTA) | -42,040 | 0 |
| Deferred tax expense for previous years (VARTA) | -3,047 | 0 |
| Other | -209 | 891 |
| Income tax expenses | -17,369 | -61,192 |

* 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.

15.4. Movement in deferred tax balances

| (in TEUR) | 2022 | 2021 |
|---|---------------|---------------|
| Net deferred tax liability as at 1 January | 24,938 | 15,590 |
| Income tax expense recognized in profit or loss | -1,547 | 5,211 |
| Effects due to acquisitions during the year | 42,114 | 27 |
| Other | 8,643 | 4,110 |
| Net deferred tax liability as at 31 December | 74,148 | 24,938 |

Income taxes of TEUR 201 (2021: TEUR 0) 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 -4,711 (2021: TEUR -3,269).

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

| (in TEUR) | 31.12.2022 | 31.12.2021 |
|--|----------------|----------------|
| In the forthcoming financial year - to be used within 1 year | 24 | 933 |
| Within 2 years | 21 | 87 |
| Within 3 years | 491 | 1,826 |
| Within 4 years | 32,270 | 5,979 |
| Within 5 years | 16,398 | 32,112 |
| Within 6 years | 10,198 | 17,895 |
| Within 7 years | 131,135 | 46,795 |
| After more than 7 years | 4,646 | 4,812 |
| No expiration | 347,553 | 194,979 |
| Total tax loss carryforwards as at 31 December | 542,736 | 305,418 |

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 when 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 2022, based on the above-mentioned estimates, deferred taxes on tax loss carryforwards of TEUR 33,446 (2021: TEUR 9,598) were recognized. In this respect, the corresponding country-specific tax provisions and possibilities were taken into account.

16. Liabilities for employee benefits

16.1. Composition of post-employment and other employee benefits

| (in TEUR) | 31.12.2022 | 31.12.2021 |
|--|----------------|----------------|
| Pensions* | 52,804 | 69,502 |
| Severance payments | 14,573 | 18,222 |
| Anniversary bonuses | 3,313 | 4,701 |
| Semi-retirement | 5,646 | 3,585 |
| Employee bonuses | 12,401 | 14,725 |
| Entitlement to holiday, overtime and compensatory time | 24,481 | 17,069 |
| Other deferred liabilities for employee benefits | 14,123 | 11,141 |
| Employee benefits | 127,341 | 138,947 |
| thereof current | 53,466 | 44,454 |
| thereof non-current | 73,875 | 94,493 |

* Excluding surplus plan assets of TEUR 4,976 (2021: TEUR 3,556), which are reported in other assets.

16.2. 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) | 31.12.2022 | 31.12.2021 |
|---|---------------|---------------|
| Present value of defined benefit obligation (DBO) at the balance sheet date | 176,372 | 193,877 |
| Fair value of plan assets | -132,744 | -127,931 |
| Effect of asset ceiling according to IAS 19.64b | 4,201 | 0 |
| Net liability in the balance sheet | 47,829 | 65,946 |
| <i>Thereof Switzerland</i> | <i>-1,523</i> | <i>4,460</i> |
| <i>Thereof Germany</i> | <i>46,666</i> | <i>56,849</i> |

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 2022, it amounted to 1.00% (2021: 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.

The assets of the main defined benefit plan in Switzerland are invested in the PK Pro pension fund. Consequently, it is not possible to allocate the plan assets to the different classes in accordance with IAS 19.142. The majority of these assets are not listed in an active market.

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 | |
|---|---------------|---------------|---------------------------|-----------------|---|----------------|---------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Balance at 1 January | 65,946 | 86,776 | -127,931 | -125,520 | 193,877 | 212,296 | 17,631 | 19,849 |
| Included in profit or loss | | | | | | | | |
| Current service cost | 3,635 | 3,551 | | | 3,635 | 3,551 | 0 | 0 |
| Past service cost | 0 | -675 | | | 0 | -675 | 0 | 0 |
| Interest (income) cost | 1,008 | 705 | -809 | -223 | 1,817 | 928 | 190 | 0 |
| Plan settlements | -235 | 0 | | | -235 | 0 | 0 | 0 |
| | 4,408 | 3,581 | -809 | -223 | 5,217 | 3,804 | 190 | 0 |
| Included in OCI | | | | | | | | |
| (i) Remeasurement: | | | | | | | | |
| Actuarial gain/loss arising from | -41,821 | -16,664 | | | -41,821 | -16,664 | -4,434 | -1,839 |
| - experience adjustment | 2,881 | -2,786 | | | 2,881 | -2,786 | 2,355 | -47 |
| - demographic assumptions | 13 | -4,709 | | | 13 | -4,709 | 0 | 0 |
| - financial assumptions | -44,716 | -9,169 | | | -44,716 | -9,169 | -6,789 | -1,792 |
| Return on plan assets, excl. interest income/expenses | 8,066 | -4,314 | 8,066 | -4,314 | | | | Ar |
| Effect of asset ceiling according to IAS 19.64b | 4,201 | | 4,201 | | | | | |
| (ii) Effect of movements in exchange rates | 575 | 607 | -4,591 | -4,762 | 5,166 | 5,369 | 0 | 0 |
| | -28,979 | -20,371 | 7,676 | -9,076 | -36,655 | -11,295 | -4,434 | -1,839 |
| Other | | | | | | | | |
| Changes in consolidation scope | 7,951 | 0 | -16,024 | 0 | 23,975 | 0 | 0 | 0 |
| Contributions paid by the employer | -1,478 | -4,022 | 207 | -2,349 | -1,685 | -1,673 | 0 | 0 |
| Contributions paid by employee | 0 | 0 | -1,046 | -981 | 1,046 | 981 | 0 | 0 |
| Benefits paid | 0 | 0 | 9,263 | 10,212 | -9,263 | -10,212 | -406 | -379 |
| Other | -20 | -18 | 120 | 6 | -140 | -24 | 0 | 0 |
| | 6,453 | -4,040 | -7,480 | 6,888 | 13,933 | -10,928 | -406 | -379 |
| Balance at 31 December | 47,828 | 65,946 | -128,544 | -127,931 | 176,372 | 193,877 | 12,981 | 17,631 |
| Funded via provision | 47,836 | 58,485 | | | 47,836 | 58,485 | 0 | 0 |
| Funded via plan assets | 128,537 | 135,392 | | | 128,537 | 135,392 | 0 | 0 |
| Thereof Switzerland | -1,523 | 4,460 | -83,775 | -93,886 | 82,252 | 98,346 | 0 | 0 |
| Thereof Germany | 46,666 | 56,849 | -4,062 | -27,465 | 50,728 | 84,314 | 12,981 | 17,631 |

Actuarial assumptions

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

| | 31.12.2022 | 31.12.2021 |
|--------------------------------------|-------------|-------------|
| Discount rate (in %) | 2.30% | 0.30% |
| Expected salary increases (in %) | 1.50% | 1.00% |
| Expected pension increases (in %) | 0.00% | 0.00% |
| Fluctuation workers/employees (in %) | BVG 2020 GT | BVG 2020 GT |
| Life expectancy | BVG 2020 GT | BVG 2020 GT |
| Retirement age men (in years) | 65 | 65 |
| Retirement age women (in years) | 65 | 64 |

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

| | 31.12.2022 | 31.12.2021 |
|--------------------------------------|-------------------|-------------------|
| Discount rate (in %) | 3.67% | 1.10% |
| Expected salary increases (in %) | 0,00% | 0.00% |
| Expected pension increases (in %) | 2.00% | 1.50% |
| Fluctuation workers/employees (in %) | 5.00% | 5.00% |
| 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 are as follows:

| | 31.12.2022 | 31.12.2021 |
|--------------------------------------|-------------------|-------------------|
| Discount rate (in %) | 3.68% | 1.06% |
| Expected salary increases (in %) | 0.00% | 0.00% |
| Expected pension increases (in %) | 2.00% | 1.50% |
| Fluctuation workers/employees (in %) | 5.50% | 5.50% |
| Life expectancy | RT Heubeck 2018 G | RT Heubeck 2018 G |
| Retirement age men (in years) | 63 | 67 |
| Retirement age women (in years) | 63 | 67 |

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

| | 31.12.2022 |
|---|---------------|
| Discount rate (in %) | 2.22% - 3.67% |
| Expected return rate on plan assets (%) | 0.00% - 2.00% |
| Expected salary increases (in %) | 0.00% - 3.75% |
| Expected pension increases (in %) | 0.00% - 2.00% |
| 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 2022 would increase or reduce the corresponding DBO of the company as follows:

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

| (in TEUR) | Increase | Reduction |
|------------------------------|----------|-----------|
| Discount rate (+/- 0.50%) | -3,818 | 4,230 |
| Life expectancy (+/- 1 year) | 3,094 | -2,638 |
| Pension trend (+/- 0.50%) | 804 | -770 |

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

| (in TEUR) | Increase | Reduction |
|------------------------------|----------|-----------|
| Discount rate (+/- 0.25%) | -662 | 707 |
| Life expectancy (+/- 1 year) | 341 | -501 |
| Pension trend (+/- 0.25%) | 444 | -425 |

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

| (in TEUR) | Increase | Reduction |
|------------------------------|----------|-----------|
| Discount rate (+/- 0.25%) | -891 | 944 |
| Life expectancy (+/- 1 year) | 1,027 | -1,025 |
| Pension trend (+/- 0.25%) | 666 | -640 |

The effective loss on the plan assets amounted to TEUR 7,257 (2021: return of TEUR 4,537) 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 4,410 (2021: TEUR 3,030).

Average weighted duration of defined benefit pension plans

The average weighted remaining term of the defined benefit pension plan of AME amounts to 9.8 years (2021: 11.9 years).

The average weighted remaining term of the defined benefit pension plan of VMB amounts to 21 years (2021: 23 years).

The average weighted remaining term of the defined benefit pension plan of VC amounts to 19 years (2021: 19 years).

17. Equity

17.1. Share capital

As at 31 December 2022, 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 (2021: TCHF 17,192)
- Approved share capital of TCHF 7,747 (2021: TCHF 7,747)
- Conditional share capital of TCHF 1,325 (2021: 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 2022 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).

17.2. Share premium

In FY 2022, there was no change in the share premium.

17.3. 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.

17.4. Treasury shares

As of 31 December 2022, MTC has treasury shares in the amount of TEUR 84,074 (2021: TEUR 83,592). The following transactions were performed in the reporting year:

| | Number of shares |
|---------------------------------------|---------------------|
| Balance as at 1 January 2021 | 13,798,121 |
| Acquisition of treasury shares | 0 |
| Verkauf eigener Anteile | 0 |
| Balance as at 31 December 2021 | 14,701,747 |
| Acquisition of treasury shares | 27,721 |
| Disposal of treasury shares | 0 |
| Balance as at 31 December 2022 | 14,729,468 |

17.5. Dividends

In FY 2022, MTC distributed a dividend to the shareholders of MTC AG in the amount of TEUR 0 (2021: TEUR 52,080). The Board of Directors will not propose a dividend to the 2023 general shareholders' meeting.

18. Financial liabilities

18.1. Change in liabilities arising from financing activities

| (in TEUR) | 01.01.2022 | Reclassification | Addition consolidation scope | Disposal consolidation scope | Repayment | Proceeds | Other non-cash changes | Interest accrued | Currency translation | 31.12.2022 |
|---|------------------|------------------|------------------------------|------------------------------|-----------------|----------------|------------------------|------------------|----------------------|------------------|
| Non-current financial liabilities | | | | | | | | | | |
| Loans and borrowings* | 823,098 | -549,747 | 46,979 | -16,316 | -31,693 | 407,310 | | 1,138 | 1,501 | 682,270 |
| Lease liabilities | 113,321 | -17,019 | 3,181 | -7,500 | -1,721 | | 10,639 | 423 | 40 | 101,364 |
| Other* | 39,742 | -6,541 | 74,715 | -13,036 | 0 | 0 | 13,134 | 2,770 | 530 | 111,314 |
| Kurzfristige Finanzverbindlichkeiten | | | | | | | | | | |
| Loans and borrowings* | 230,003 | 549,747 | 3,343 | 0 | -185,153 | 137,579 | | 5,009 | 9,859 | 750,387 |
| Lease liabilities | 21,763 | 17,019 | 1,200 | 0 | -28,210 | | 9,794 | 1,783 | 123 | 23,472 |
| Other* | 19,129 | 6,541 | 1,043 | 0 | -39,114 | 35,505 | | 3,761 | -96 | 27,037 |
| Total | 1,247,057 | 0 | 130,461 | -36,852 | -285,891 | 580,394 | 37,328 | 11,392 | 11,956 | 1,695,844 |

| (in TEUR) | 01.01.2021 | Reclassification | Addition consolidation scope | Repayment | Proceeds | Other non-cash changes | Interest accrued | Currency translation | 31.12.2021 |
|---|------------------|------------------|------------------------------|-----------------|----------------|------------------------|------------------|----------------------|------------------|
| Non-current financial liabilities | | | | | | | | | |
| Loans and borrowings* | 782,484 | -120,652 | 583 | -227,763 | 383,534 | | -110 | 5,022 | 823,098 |
| Lease liabilities | 88,343 | 11,344 | 824 | -3,772 | | 16,071 | 425 | 86 | 113,321 |
| Other* | 33,914 | -612 | 0 | -12,414 | 10,543 | 8,106 | 462 | -257 | 39,742 |
| Kurzfristige Finanzverbindlichkeiten | | | | | | | | | |
| Loans and borrowings* | 88,796 | 120,652 | 0 | -95,354 | 113,197 | | -612 | 3,324 | 230,003 |
| Lease liabilities | 18,241 | -11,344 | 128 | -22,942 | | 35,948 | 1,618 | 114 | 21,763 |
| Other* | 13,184 | 612 | 257 | -12,868 | 14,695 | 3,055 | 40 | 154 | 19,129 |
| Total | 1,024,962 | 0 | 1,792 | -375,113 | 521,969 | 63,180 | 1,823 | 8,443 | 1,247,057 |

* Reclassification of promissory notes in the comparison period 2021 (01.01.2021: TEUR 332,044 non-current, TEUR 28,436 current; 01.01.2022: TEUR 409,591 non-current, TEUR 49,754 current) between the items "Loans and borrowings" and "Other".

In FY 2022, the difference between positions "Disposal consolidation scope" in the amount of TEUR 36,852 and positions "Non-current financial liabilities" and "Current financial liabilities" in total amounting to TEUR 21,401 in Note 7 relates to intercompany loans between AMT and other companies within the Group and to deconsolidation due to the sale of the assets.

18.2. Bank loans and borrowings

| (in TEUR) | Original currency | Maturity | Interest calculation type | Effective interest rate in % | Credit line | 31.12.2022 | 31.12.2021 |
|--------------------------------|-------------------|-------------|---------------------------|------------------------------|----------------|------------------|------------------|
| Loan | USD | 30.09.2023 | variable | 6.53% | 17,700 | 4,488 | |
| Loan | USD | 30.09.2023 | variable | 6.53% | 7,300 | 1,884 | |
| Working Capital Line | EUR | 30.09.2023 | variable | 6.23% | 20,000 | 11,167 | |
| Loan | EUR | bis 2027 | fixed | 0.00% | 195 | 195 | |
| Loan | EUR | 30.09.2023 | fixed | 1.50% | 24,989 | 12,501 | |
| Loan | EUR | b.a.w. | fixed | 1.50% | 9,996 | 1 | |
| Loan | USD | 15.04.2023 | variable | | 9,376 | 6,563 | |
| Loan | USD | 01.08.2023 | fixed | 4.16% | 2,983 | 2,983 | |
| Loan | EUR | 18.11.2025 | variable | 1.65% | 80,000 | 36,293 | |
| Loan | EUR | 30.06.2024 | fixed | 2.41% | 1,200 | 448 | |
| Loan | USD | Juli 2023 | variable | 4.68% | 2,164 | 2,115 | |
| Loan | USD | 01.09.2023 | variable | 6.51% | 4,072 | 4,001 | |
| Loan | USD | Oct. 2023 | variable | 6.74% | 887 | 901 | |
| Loan | USD | Juli 2023 | variable | 7.30% | 8,901 | 8,901 | |
| Loan | BRL | März 2023 | fixed | 16.85% | 4,434 | 4,562 | |
| Loan | CNY | 23.02.2023 | fixed | 3.70% | 14 | 14 | |
| Loan | EUR | 30.11.2027 | variable | 1.62% | no credit line | 8,571 | |
| Loan | EUR | 04.06.2026 | variable | 2.475% + 6M EURIBOR | 100,000 | 100,000 | |
| Loan | EUR | 04.06.2026 | variable | 2.175% + 1M / 3M EURIBOR | 135,000 | 135,000 | |
| Promissory note | EUR | 30.03.2027 | variable | 0.7% + 6M EURIBOR | 25,500 | 25,500 | |
| Promissory note | EUR | 30.03.2027 | fixed | 1.57% | 34,500 | 34,500 | |
| Promissory note | EUR | 30.03.2029 | variable | 0.85% + 6M EURIBOR | 60,000 | 60,000 | |
| Promissory note | EUR | 30.03.2029 | fixed | 1.83% | 130,000 | 130,000 | |
| Loan | EUR | | | | | 3,707 | |
| Loan | GBP | | | | | 17 | |
| Loan | EUR | 15.12.2023 | variable | 1.9% | 1,246 | 1,246 | |
| Loan | EUR | 15.12.2025 | variable | 1.8% | 3,792 | 3,792 | |
| Loan | EUR | 15.12.2025 | variable | 1.8% | 3,792 | 3,792 | |
| Loan | EUR | 31.08.2023 | variable | 2.2% | 10,000 | 10,000 | |
| Loan | EUR | 15.12.2023 | variable | 1.8% | 1,669 | 1,669 | |
| Loan | CHF | > 1 Jahr | variable | n/a | 508 | 0 | |
| Loan | EUR | 31.03.2027 | variable | 1.10% | 70,000 | 69,746 | |
| Loan | EUR | 30.06.2023 | variable | 3.50% | 30,000 | 12,534 | |
| Loan | EUR | > 1 Jahr | fixed | 1.50% | 61 | 61 | |
| Loan | EUR | > 1 Jahr | fixed | 3.00% | 5 | 5 | |
| Loan | EUR | > 1 Jahr | fixed | 1.10% | 37 | 37 | |
| Loan | EUR | < 1 Jahr | fixed | 7.50% | 50 | 21 | |
| Loan | EUR | 30.11.2023 | fixed | 1.55% | no credit line | 110,135 | |
| Loan | EUR | 30.08.2024 | variable | var. + 1.25% | no credit line | 100,264 | |
| Loan | USD | unbefristet | variable | 4.65% | no credit line | 28,995 | |
| Loan | USD | 01.01.2027 | fixed | 4.95% | 8,907 | 7,677 | |
| Loan | USD | 01.01.2027 | fixed | 4.95% | 4,219 | 3,636 | |
| Loan | USD | 30.10.2023 | fixed | 3.62% | 1,992 | 973 | |
| 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 | | | | | | 14,202 | |
| Promissory note 2016 - Tranche | EUR | 15.12.2023 | fixed | 2.01% | 20,500 | | |
| Promissory note 2016 - Tranche | EUR | 15.12.2023 | variable | 1.50% | 7,500 | | |
| 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 | 15.05.2024 | variable | 1.50% | 6,000 | | |
| Promissory note 2016 - Tranche | EUR | 06.06.2024 | fixed | 2.14% | 1,500 | | |
| Promissory note 2016 - Tranche | EUR | 06.06.2024 | fixed | 2.12% | 5,000 | | |
| Promissory note 2016 | | | | | | 73,508 | |
| 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 | | | | | | 57,734 | |
| 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 | 30.06.2025 | variable | 1.75% | 0 | | |
| 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 | | | | | | 82,484 | |
| Promissory note 2021 - Tranche | EUR | 29.04.2024 | variable | 0.90% | 14,000 | | |
| Promissory note 2021 - Tranche | EUR | 29.04.2026 | variable | 1.20% | 13,500 | | |
| Promissory note 2021 - Tranche | EUR | 29.04.2028 | variable | 1.40% | 10,000 | | |
| 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 | | | | | | 175,494 | |
| Promissory note 2022 - Tranche | EUR | 08.07.2025 | fixed | 3.03% | 10,000 | | |
| Promissory note 2022 - Tranche | EUR | 08.07.2025 | variable | 1.00% | 9,500 | | |
| Promissory note 2022 - Tranche | EUR | 08.07.2027 | fixed | 3.50% | 12,000 | | |
| Promissory note 2022 - Tranche | EUR | 08.07.2027 | variable | 1.25% | 48,500 | | |
| Promissory note 2022 | | | | | | 80,340 | |
| Total | | | | | | 1,432,657 | 1,053,101 |
| Thereof non-current | | | | | | 682,270 | 823,098 |
| Thereof current | | | | | | 750,387 | 230,003 |

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

In relation to the promissory notes, covenants to be met at Group level were agreed (net debt/EBITDA and equity ratio). As in FY 2021, these were met in the 2022 financial year.

18.3. Other financial liabilities

Other financial liabilities are composed as follows:

| (in TEUR) | 31.12.2022 | 31.12.2021 |
|------------------------------------|----------------|----------------|
| Lease liabilities | 124,837 | 135,084 |
| Liabilities from put options | 21,501 | 6,857 |
| Other* | 116,850 | 52,015 |
| Other financial liabilities | 263,188 | 193,956 |
| Thereof non-current | 212,678 | 153,064 |
| Thereof current | 50,509 | 40,891 |

* Item "Other" results mainly from profit certificates in the amount of TEUR 60,304 (including accrued dividends): The Belgian Federal Holding and Investment Company ("FPIM / SFPI") holds profit certificates in Asco, issued against a cash consideration in the amount of TEUR 54,312. These profit certificates were subscribed respectively in 2008, 2012 and 2020. A put option is granted to FPIM / SFPI, exercisable from 2027 (relating to the nominal value amounting to EUR 24.3 million) and 2035 (relating to the nominal value amounting to EUR 30.0 million), to be increased with any dividends related to the past financial year(s) that have not been paid. This put option is recognized as a financial liability.

19. Provisions

The provisions are as follows:

| (in TEUR) | Onerous contracts | Restructuring | Guarantees | Waste disposal, restoration | Litigation | Other provisions | Total |
|--|-------------------|---------------|---------------|-----------------------------|---------------|------------------|---------------|
| Balance as of January 01, 2022 | 254 | 716 | 12,108 | 1,921 | 52,245 | 17,432 | 84,676 |
| Change in consolidation scope | | | | 1,841 | 10,442 | 9,590 | 21,873 |
| Provisions made during the year | 370 | | 4,377 | 308 | 19,633 | 7,610 | 32,298 |
| Provisions used | -252 | -716 | -3,821 | -1,355 | -4,410 | -9,675 | -20,229 |
| Reversal | | | -684 | -500 | -51,350 | -3,326 | -55,860 |
| FX differences | | | 20 | 2 | 874 | -17 | 879 |
| Balance as of December 31, 2022 | 372 | 0 | 12,000 | 2,217 | 27,434 | 21,614 | 63,637 |
| Maturity | | | | | | | |
| Thereof current | 372 | | 5,232 | 83 | 2,031 | 9,603 | 17,321 |
| Thereof non-current | | | 6,768 | 2,134 | 25,403 | 12,011 | 46,316 |
| Total provisions | 372 | 0 | 12,000 | 2,217 | 27,434 | 21,614 | 63,637 |

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 litigation provisions mainly relates to proceedings in Brail (TEUR 18,684).

The reversal of litigation provisions mostly relates to a provision recognized in the previous year for expenses in connection with a legal dispute in which MTC is the defendant (provision as of 31 December 2021: TEUR 49,746). As of 31 December 2022, a court decision in favor of MTC is expected to be the most likely scenario. As a result, the provision in question was fully reversed in FY 2022.

The other provisions include an earn-out provision in the amount of TEUR 0 (2021: TEUR 7,422).

20. Accruals

Accruals comprise the following items:

| (in TEUR) | 31.12.2022 | 31.12.2021 |
|---|---------------|---------------|
| Audit, tax advisory and legal advisory | 3,949 | 4,429 |
| Outstanding invoices | 21,448 | 11,229 |
| Customer bonuses, rebates and discounts | 59,492 | 59,715 |
| Other accruals | 10,902 | 15,220 |
| Accruals | 95,792 | 90,593 |
| thereof non-current | 1,188 | 897 |
| thereof current | 94,604 | 89,696 |

21. Other liabilities

Other liabilities comprise the following items:

| (in TEUR) | 31.12.2022 | 31.12.2021 |
|---|----------------|----------------|
| Other advance payments | 17,911 | 51,840 |
| Derivative financial instruments | 20,018 | 6,616 |
| Accruals and deferred income | 47,580 | 7,077 |
| Other tax liabilities | 18,388 | 14,609 |
| In relation with social security | 4,259 | 5,780 |
| Payables from government aid & grants* | 64,408 | 64,370 |
| Liabilities towards employees | 6,523 | 6,460 |
| Deferred consideration** | 28,107 | 0 |
| Other liabilities to joint ventures and to associated companies | 19,991 | 0 |
| Other liabilities | 25,660 | 11,201 |
| Other liabilities | 252,845 | 167,953 |
| thereof non-current | 127,513 | 75,900 |
| thereof current | 125,333 | 92,053 |

Payables from government aid & grants mainly refer to government grants received from the Romanian government for investments in two plants in Satu Mare and Baia Mare:

* Government grant – Universal Alloy Corp. Europe S.R.L (UACE)

UACE has developed several investment projects in the region, starting with 2013, financed by national investment programs developed by the Romanian Ministry of Finance. In 2018 the company received a funding amounting to TEUR 37,388 for developing a new production plant in the Maramures region. The investment was finalized in 2020 and from 2021 a monitorization period of 5 years began. The company is not allowed to sell any of the assets purchased under this project and amortizes the grant over the useful live of the relating assets.

In 2020 the company received another grant amounting to TEUR 13,929 for a heavy weight extrusion plant in Satu Mare county. This project was finalized in March 2022 and the company entered the monitorization phase. Similar conditions apply.

In 2021 the company received funding in amount of TEUR 5,350 for a cast house project in Satu Mare county. The project is in the investment phase at the end of 2022 and it is estimated to be finalized at the end of 2023. Similar conditions apply.

* Government grants – Alu Menziken SRL

In 2018, Alu Menziken SRL was granted a government grant amounting to TEUR 18,701. The company amortizes the grant over the useful life of the relating assets. The initial monitoring period of 5 years was extended to 7 years.

** Deferred consideration

In connection with the acquisition of Asco group, an earn-out of up to TEUR 30,000 based on the achievement of certain performance indicators by Montana Aerospace AG has been agreed, that will be paid out by 30 June 2025 at the earliest. This earn-out has the payoff structure of an exotic derivative which is valued using a Monte Carlo simulation of the 30-day VWAP of Montana Aerospace AG. See Note 7 for further explanations relating to the acquisition of Asco group.

22. Personnel expenses

Personnel expenses contain the following items:

| (in TEUR) | 2022 | 2021 |
|-------------------------------------|----------------|----------------|
| Wages and salaries | 461,824 | 371,858 |
| Severance and redundancy | 5,506 | 1,706 |
| Compulsory social security expenses | 60,971 | 46,033 |
| Pension expenses | 22,298 | 20,183 |
| Expenses from stock option plans | 2,074 | 3,277 |
| Other personnel expenses | 22,132 | 14,096 |
| Total | 574,804 | 457,153 |

Pension expenses are composed as follows:

| (in TEUR) | 2022 | 2021 |
|----------------------------|---------------|---------------|
| Defined contribution plans | 18,898 | 17,307 |
| Defined benefit plans | 3,400 | 2,876 |
| Total | 22,298 | 20,183 |

| Number of employees | 2022 | 2021 |
|---------------------------------|--------|--------|
| As of reporting date | 12,879 | 11,560 |
| Average of the reporting period | 13,212 | 10,976 |

23. Other operating income

Other operating income contains the following items:

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Income from reversal of provisions and accruals | 7,351 | 7,055 |
| Income from insurance | 1,706 | 4,289 |
| Income from disposal of property, plant and equipment | 11,056 | 1,213 |
| Income from disposal of recycling products | 10,307 | 7,208 |
| Grants and public benefits | 70,774 | 71,600 |
| Badwill | 16,850 | 3,440 |
| Income from measurement of real estate held as investment property | 0 | 14,238 |
| Income from tax credits (Brazil) | 19,997 | 0 |
| Gains from disposal of subsidiaries | 10,203 | 0 |
| Gains from disposal of associated companies | 18,865 | 0 |
| Other | 34,056 | 16,223 |
| Other operating income | 201,166 | 125,266 |

24. Other operating expenses

Other operating expenses comprise the following items:

| (in TEUR) | 2022 | 2021 |
|--|----------------|----------------|
| Energy costs | 97,429 | 35,764 |
| Research and development | 189 | 324 |
| Licenses and patent fees | 3,655 | 2,047 |
| Losses from disposal of tangible assets | 649 | 628 |
| Losses from disposal of intangible assets | 1 | 0 |
| Maintenance | 45,663 | 30,927 |
| Freight-out costs and customs duties | 59,139 | 41,138 |
| Commissions | 7,709 | 6,290 |
| Accrual of provisions for bad debt | 1,155 | 3,729 |
| Losses from bad debt | -88 | 516 |
| Legal advice, audit and consulting fees | 170 | 91,840 |
| Other fees and charges | 4,765 | 4,706 |
| Lease expenses (low-value as well as short-term leases) | 7,092 | 5,958 |
| Travel expenses | 9,400 | 4,873 |
| Phone and postal charges, IT supplies | 16,050 | 10,857 |
| Education and training | 2,505 | 1,367 |
| Insurance | 7,535 | 6,224 |
| Expenses for cleaning services | 4,259 | 3,315 |
| Marketing, advertising and representation | 12,139 | 9,767 |
| Taxes other than income taxes | 7,718 | 7,009 |
| Warranty & guarantee | 5,130 | 7,800 |
| Expenses from measurement of real estate held as investment property | 3,363 | 0 |
| Legal processes provision (Brazil) | 13,764 | 357 |
| Hedging commodities (VARTA) | 19,550 | 4,397 |
| Other | 51,463 | 41,223 |
| Other operating expenses | 380,404 | 321,056 |

* The position "Legal advice, audit and consulting fees" includes a reversal of a provision for legal disputes recognized in the prior year in the amount of TEUR 50,867, see also Note 19.

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.

| (in TEUR) | 2022 | 2021 |
|---|---------------|--------------|
| Interest income from financial institutions | 1,475 | 550 |
| Interest income on tax credits (Brazil) | 4,407 | 3 |
| Other interest income | 5,337 | 3,453 |
| Interest income | 11,218 | 4,006 |

| (in TEUR) | 2022 | 2021 |
|--|---------------|---------------|
| Interest expense vs. financial institutions | 37,118 | 14,052 |
| Interest expense on tax proceedings (Brazil) | 6,115 | 0 |
| Interest on lease liabilities | 2,204 | 2,043 |
| Other interest expense | 9,934 | 13,484 |
| Interest expense | 55,371 | 29,579 |

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

| (in TEUR) | 2022 | 2021 |
|--|---------------|---------------|
| Foreign currency exchange gains | 26,430 | 29,136 |
| Other | 3,654 | 5,706 |
| Gains from disposal of IC investments | 393 | 0 |
| Gains from disposal of other investments | 0 | 604 |
| Other financial income | 30,476 | 35,446 |

| (in TEUR) | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| Wechselkursverluste | 26,801 | 13,354 |
| Impairment of securities | 433 | 300 |
| Other | 21,926 | 15,926 |
| Other financial expenses | 49,161 | 29,824 |

In FY 2022 the other financial expenses mainly include expenses resulting from the measurement of put options in the amount of TEUR 4,150, from the measurement of derivatives in the Aluflexpack division in the amount of TEUR 7,055 and from the sale of other financial assets in the amount of TEUR 3,041.

In FY 2021 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.

26. 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 30,909 (2021: TEUR 27,997) [translated at the annual average rate, the difference amounts to TEUR 2,873], non-cash additions to right-of-use assets in the amount of TEUR 23,001 (2021: TEUR 52,022) and capitalized interest of TEUR 600 (2021: TEUR 786). The open positions resulting from investments from the previous year were paid for a large part in FY 2022 and attributed to the acquisition of intangible assets and property, plant and equipment.

The position "Proceeds from the sale of intangible assets and property, plant and equipment" cannot be reconciled with the disposals of intangible assets and property, plant and equipment, mainly due to non-cash disposals of right-of-use assets in the amount of TEUR 2,515 (2021: TEUR 1,425) and open items from the sale in the amount of TEUR 10,391 (2021: TEUR 0).

Due to non-cash effects of TEUR 71,648 (2021: TEUR 4,129), the item "Disposal of non-controlling interests" cannot be reconciled with the development of the consolidated statement of changes in equity. This essentially relates to the capital increase of Montana Aerospace AG as of 7 April 2022 in the amount of TEUR 70,720, less the related costs of TEUR 907 recognized directly in equity (see Note 7.1.3). In the course of this capital increase, 4,431,600 new shares were issued from the authorized share capital of Montana Aerospace AG in connection with the acquisition of the Asco Group (see Note 7.1.1.1). This capital increase did not result in any cash inflow.

The position "Acquisition of treasury shares" cannot be reconciled with the development in the consolidated statement of changes in equity due to the fact that the purchase of 3,987,730 treasury shares was paid for in the 2022 financial year, but the transfer only took place in January 2023.

27. 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, | Sonstige | 31.12.2022 | |
|--|---------------------|-------------------------|-----------------------|----------|------------|----------|
| | (DE) | (CH) | Reinach (CH) | | Gesamt | |
| Non-controlling interest | 49.7% | 46.4% | 47.7% | | | |
| Non-current assets (+) | 765,667 | 272,077 | 1,167,649 | | | |
| Current assets (+) | 509,234 | 175,962 | 1,052,998 | | | |
| Non-current liabilities (-) | -195,621 | -124,698 | -789,995 | | | |
| Current liabilities (-) | -822,954 | -130,948 | -473,020 | | | |
| Net assets | 256,326 | 192,393 | 957,632 | | | |
| Net assets - attributable to non controlling interests | 127,387 | 90,167 | 456,404 | 838 | | 674,797 |
| Net revenues | 806,916 | 357,031 | 1,306,134 | | | |
| Result for the year | -196,349 | 4,434 | -36,775 | | | |
| Other comprehensive income | 7,621 | -8,375 | 28,756 | | | |
| Total comprehensive income | -188,728 | -3,941 | -8,019 | | | |
| Result for the year - attributable to non controlling interests | -88,005 | 2,217 | -17,548 | -5 | | -103,341 |
| Other comprehensive income - attributable to non controlling interests | 3,932 | -3,887 | 13,727 | 0 | | 13,772 |
| Cash flows from operating activities | 20,384 | 14,743 | 131,396 | | | |
| Cash flows from investing activities | -166,542 | -84,945 | -150,267 | | | |
| Cash flows from financing activities | 180,988 | 78,089 | -66,427 | | | |
| Net change in cash and cash equivalents | 34,830 | 7,887 | -85,298 | | | |

Montana Aerospace AG is a fully consolidated Group company listed on the SIX Swiss Exchange. MTC's stake in Montana Aerospace AG is approximately 52% as of 31 December 2022. 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. 50.3% as at 31 December 2022. 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 31 December 2022. The half-year and annual reports are prepared and published by Aluflexpack AG in accordance with the International Financial Reporting Standards (IFRS).

28. Risk management

28.1. 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.

28.2. 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.

28.2.1. 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) | 2022 | 2021 |
|---|------------------|------------------|
| Cash and cash equivalents | 633,215 | 621,982 |
| Trade receivables | 324,913 | 317,414 |
| Loans to joint ventures and associated companies | 13,928 | 1,864 |
| Loans to other related companies as well as third parties | 47,886 | 13,652 |
| Other financial assets | 4,756 | 52,933 |
| Contract assets | 28,278 | 20,206 |
| Other assets* | 270,559 | 113,992 |
| Total financial assets | 1,323,535 | 1,142,043 |

* excl. other tax receivables of TEUR 43,611 (2021: TEUR 24,237) and excl. Prepaid expenses / deferred charges of TEUR 18,022 (2020: TEUR 18,350)

At the balance sheet date, loans incl. accrued interest of TEUR 36,120 (2021: TEUR 2,328) and TEUR 25,694 (2021: TEUR 13,188) were granted respectively to related companies (see Note 29) 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) | 31.12.2022 | 31.12.2021 |
|--------------------------------|----------------|----------------|
| Trade receivables | 328,528 | 324,905 |
| Allowance | -3,615 | -7,491 |
| Trade receivables - net | 324,913 | 317,414 |

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) | 2022 | 2021 |
|------------------------------|--------------|--------------|
| At the beginning of the year | 7,491 | 4,461 |
| Addition | 2,567 | 4,291 |
| Consumption | -920 | -609 |
| Reversal | -4,063 | -605 |
| Other changes | -1,488 | -55 |
| FX differences | 28 | 8 |
| Total Allowance | 3,615 | 7,491 |

The following table discloses the information on overdue trade receivables:

| (in TEUR) | 31.12.2022 | | |
|-------------------------------|----------------|---------------|----------------|
| | Gross | Allowance | Net |
| not yet due | 266,033 | -287 | 265,746 |
| 0 to 10 days past due | 20,619 | -868 | 19,751 |
| 11 to 30 days past due | 14,378 | -22 | 14,356 |
| 31 days to 60 days past due | 12,518 | -270 | 12,248 |
| 61 days to 180 days past due | 10,026 | -463 | 9,563 |
| 181 days to 360 days past due | 1,302 | -470 | 832 |
| > 360 days past due | 3,652 | -1,235 | 2,417 |
| Total | 328,528 | -3,615 | 324,913 |

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.

28.2.2. 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 main liquidity risk is that the Energy Storage segment cannot meet its payment obligations, in particular liabilities to banks and trade payables. To mitigate this risk, rolling liquidity plans are drawn up and monitored, taking into account incoming payments. After the decline in profits in 2022, the Energy Storage segment developed a restructuring concept to stabilize the tense liquidity situation. For further explanations, see Note 31.

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 2022

(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 | | | | | | | |
| Loans and borrowings | 1,432,657 | 1,481,219 | 17 | 182,014 | 588,150 | 711,038 | |
| Lease liabilities | 124,837 | 132,196 | | 6,780 | 20,340 | 75,076 | 30,000 |
| Other financial liabilities* | 137,934 | 146,330 | 6,481 | 8,999 | 10,507 | 35,103 | 85,240 |
| Trade payables | 400,349 | 400,349 | 99,730 | 272,869 | 27,747 | 3 | |
| Accruals | 95,792 | 95,792 | | | 95,792 | | |
| Contract liabilities** | 2,533 | 2,533 | | | 2,533 | | |
| Other liabilities from joint ventures and from associated companies | 19,991 | 19,991 | | | 18,569 | 1,421 | |
| Other liabilities*** | 122,850 | 122,850 | 1,843 | 21,698 | 13,123 | 58,472 | 27,713 |
| Total non-derivative financial liabilities | 2,336,943 | 2,401,260 | 108,071 | 492,360 | 776,761 | 881,113 | 142,953 |

* Does not include accrued interest TEUR 417

** Does not include payments received from contracts with customers TEUR 9,691

*** Does not include deferred income TEUR 47,580, derivatives TEUR 20,018, and liabilities from other taxes as well as in the context of social security TEUR 24,492 sowie exkl. other payments received TEUR 17,911

(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 | | | | | | | |
| Commodity price contracts (Cash Flow Hedge) | 104 | 104 | | 104 | | | |
| Commodity price contracts (Fair Value Hedge) | 3,483 | 3,483 | | 930 | 2,553 | | |
| Forward exchange contracts (Cash Flow Hedge) | 16,316 | 16,316 | | 2,601 | 7,513 | 6,202 | |
| Forward exchange contracts (Fair Value Hedge) | 115 | 115 | | 115 | | | |
| Total derivative financial liabilities | 20,018 | 20,018 | 0 | 3,750 | 10,066 | 6,202 | 0 |

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(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 | | | | | | | |
| Loans and borrowings | 1,053,100 | 1,082,102 | 1 | 129,169 | 139,686 | 796,325 | 16,921 |
| Lease liabilities | 135,084 | 145,657 | | 6,399 | 19,197 | 76,333 | 43,728 |
| Other financial liabilities* | 58,848 | 63,704 | 1,418 | 13,431 | 4,697 | 23,956 | 20,202 |
| 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 | 1,734,174 | 61,207 | 359,082 | 279,943 | 919,237 | 114,705 |

* exkl. angewachsene Zinsen ggü. Dritten TEUR 24

** exkl. erhaltene Anzahlungen aus Verträgen mit Kunden TEUR 19.854

*** exkl. passive Rechnungsabgrenzungen TEUR 7.077, derivative Finanzinstrumente TEUR 6.616, Verbindlichkeiten aus Steuern und im Rahmen der sozialen Sicherheit TEUR 5.779 sowie exkl. sonstige erhaltene Anzahlungen 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 | | | | | | | |
| Commodity price contracts (Cash Flow Hedge) | 237 | 237 | | 237 | | | |
| Commodity price contracts (Fair Value Hedge) | 6 | 6 | | 6 | | | |
| Forward exchange contracts (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 |

28.2.3. 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) | 31.12.2022 | | | 31.12.2021 | | |
|--|----------------|----------------|-----------------|----------------|----------------|----------------|
| | CHF/EUR | CHF/USD | EUR/USD | CHF/EUR | CHF/USD | EUR/USD |
| Cash and cash equivalents | 68,958 | 23,392 | 47,706 | 66,580 | 29,045 | 43,662 |
| Trade receivables | 9,599 | 1,445 | 63,554 | 5,323 | 73 | 83,943 |
| IC receivables | 13,952 | 18,149 | 11,744 | 10,414 | 7,800 | 20,650 |
| IC loans | 649,767 | 388,481 | 181,174 | 616,915 | 262,011 | 156,418 |
| Other financial liabilities | -315,850 | -28,995 | -93,481 | -289,156 | -26,872 | -92,203 |
| Trade payables | -17,703 | -25,161 | -54,736 | -11,944 | -1,227 | -20,190 |
| IC payables | -5,035 | -24 | -37,240 | -5,435 | -661 | -16,303 |
| IC loans | -10,225 | -182,900 | -90,371 | -6,194 | -166,594 | -45,221 |
| Total currency exposure - gross | 393,463 | 194,387 | 28,351 | 386,503 | 103,575 | 130,756 |
| Forward exchange contracts | | | -336,670 | 3,194 | | -151,970 |
| Total currency exposure - net | 393,463 | 194,387 | -308,319 | 389,697 | 103,575 | -21,214 |

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 2022 | | | | | |
| CHF / EUR | +/- 8.2% | -24,989 | 24,989 | | |
| CHF / USD | +/- 9.9% | -16,753 | 17,150 | | |
| EUR / USD | +/- 10.3% | -8,108 | 9,445 | -15,122 | 18,585 |

| (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 | | |

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.

28.2.4. 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) | 31.12.2022 | 31.12.2021 |
|---|------------|------------|
| Financial instruments with fixed interest | | |
| Financial assets* | 224,477 | 327,562 |
| Financial liabilities** | 396,423 | 740,330 |
| Financial instruments with variable interest | | |
| Financial assets* | 470,552 | 309,936 |
| Financial liabilities** | 1,299,422 | 506,726 |

* including bank deposits, fixed deposits as well as loans

** including promissory notes, lease liabilities, 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 fix 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 6,457 (2021: reduction of TEUR 1,564). 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 6,457 (2021: increase of TEUR 1,564). 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.

28.2.5. 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 and commodity price contracts. 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 2022

| | Currency | Nominal value (in thousand original currency) | Fair Value (in TEUR) | Thereof recognised in equity | Maturity |
|---------------------------|----------|---|-------------------------|------------------------------------|--------------|
| Commodity price contract | EUR | -7 | -7 | 0 | up to 1 year |
| Commodity price contract | EUR | 19 | -20 | 0 | up to 1 year |
| Forward exchange contract | USD | 333 | 7 | 0 | up to 1 year |
| Forward exchange contract | USD | 256 | 6 | 0 | up to 1 year |
| Forward exchange contract | USD | 286 | 6 | 0 | up to 1 year |
| Forward exchange contract | USD | 199 | 4 | 0 | up to 1 year |
| Forward exchange contract | USD | 216 | 4 | 0 | up to 1 year |
| Forward exchange contract | USD | 214 | 4 | 0 | up to 1 year |
| Forward exchange contract | USD | 203 | 4 | 0 | up to 1 year |
| Forward exchange contract | USD | 305 | 6 | 0 | up to 1 year |
| Forward exchange contract | USD | 325 | 6 | 0 | up to 1 year |
| Forward exchange contract | USD | 273 | 5 | 0 | up to 1 year |
| Forward exchange contract | USD | 230 | 4 | 0 | 1 - 5 years |
| Forward exchange contract | USD | 217 | 3 | 0 | 1 - 5 years |
| Forward exchange contract | USD | 219 | -15 | 0 | up to 1 year |
| Forward exchange contract | USD | 228 | -15 | 0 | up to 1 year |
| Forward exchange contract | USD | 19,000 | 567 | 567 | up to 1 year |
| Forward exchange contract | USD | 44,000 | 1,071 | 1,071 | 1 - 5 years |
| Forward exchange contract | USD | 107,500 | -8,806 | -7,572 | bis 1 Jahr |
| Forward exchange contract | USD | 102,000 | -5,423 | -5,423 | 1 - 5 years |
| Forward exchange contract | USD | 1,500 | 1 | 1 | up to 1 year |
| Forward exchange contract | USD | 18,500 | -1,012 | -685 | up to 1 year |
| Forward exchange contract | USD | 22,000 | -779 | -527 | 1 - 5 years |
| Commodity price contract | USD | 875 | 33 | 10 | up to 1 year |
| Commodity price contract | USD | 841 | -4 | 0 | up to 1 year |
| Forward exchange contract | USD | 3,500 | -85 | 0 | up to 1 year |
| Forward exchange contract | EUR | 2,796 | 0 | 0 | up to 1 year |
| Forward exchange contract | USD | 30,836 | -296 | -203 | up to 1 year |
| Commodity price contract | USD | 8,472 | -104 | -81 | up to 1 year |
| Commodity price contract | USD | 841 | 4 | 0 | up to 1 year |
| Commodity price contract | CNY | 13,890 | 35 | 0 | up to 1 year |
| Forward exchange contract | USD | 5,200 | 17 | 0 | up to 1 year |
| Forward exchange contract | USD | 2,720 | 6 | 0 | up to 1 year |
| Forward exchange contract | USD | 12,320 | 26 | 0 | up to 1 year |
| Forward exchange contract | USD | 10,000 | 35 | 0 | up to 1 year |
| Forward exchange contract | USD | 11,505 | 555 | 0 | up to 1 year |
| Forward exchange contract | USD | 2,880 | 5 | 0 | up to 1 year |
| Forward exchange contract | USD | 20,300 | 37 | 0 | up to 1 year |
| Forward exchange contract | USD | 11,505 | 465 | 0 | 1 - 5 years |
| Commodity price contract | EUR | 290 | -290 | 0 | up to 1 year |
| Commodity price contract | EUR | 303 | -303 | 0 | up to 1 year |
| Commodity price contract | EUR | 283 | -283 | 0 | up to 1 year |
| Commodity price contract | EUR | 263 | -263 | 0 | up to 1 year |
| Commodity price contract | EUR | 205 | -205 | 0 | up to 1 year |
| Commodity price contract | EUR | 200 | -200 | 0 | up to 1 year |
| Commodity price contract | EUR | 95 | -95 | 0 | up to 1 year |
| Commodity price contract | EUR | 81 | -81 | 0 | up to 1 year |
| Commodity price contract | EUR | 27 | -27 | 0 | up to 1 year |
| Commodity price contract | EUR | 37 | -37 | 0 | up to 1 year |
| Commodity price contract | EUR | 216 | -216 | 0 | up to 1 year |
| Commodity price contract | EUR | 163 | -163 | 0 | up to 1 year |
| Commodity price contract | EUR | 154 | -154 | 0 | up to 1 year |
| Commodity price contract | EUR | 155 | -155 | 0 | up to 1 year |
| Commodity price contract | EUR | 137 | -137 | 0 | up to 1 year |
| Commodity price contract | EUR | 128 | -128 | 0 | up to 1 year |
| Commodity price contract | EUR | 138 | -138 | 0 | up to 1 year |
| Commodity price contract | EUR | 103 | -103 | 0 | up to 1 year |
| Commodity price contract | EUR | 110 | -110 | 0 | up to 1 year |
| Commodity price contract | EUR | 101 | -101 | 0 | up to 1 year |
| Commodity price contract | EUR | 98 | -98 | 0 | up to 1 year |
| Commodity price contract | EUR | 94 | -94 | 0 | up to 1 year |
| Commodity price contract | EUR | 86 | -86 | 0 | up to 1 year |
| Commodity price contract | USD | 297 | 1 | 0 | up to 1 year |
| Commodity price contract | USD | 422 | 21 | 0 | up to 1 year |
| Commodity price contract | USD | 1,356 | 323 | 0 | up to 1 year |
| Commodity price contract | USD | 4,597 | 7 | 0 | up to 1 year |
| Commodity price contract | USD | 6,545 | 323 | 0 | up to 1 year |
| Forward exchange contract | USD | 5,780 | 12 | 0 | up to 1 year |
| Forward exchange contract | USD | 1,290 | 3 | 0 | up to 1 year |
| Forward exchange contract | USD | 18,500 | 40 | 0 | up to 1 year |
| Total | | | -16,387 | -12,842 | |

In FY 2022, TEUR -245 (2021: TEUR 65) were reclassified from the statement of comprehensive income to the statement of profit or loss.

31 December 2021

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

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

28.2.6. 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 2022 amounts to TEUR 475,360 (2021: TEUR 459,017).

31 December 2022

| | Carrying amount | | | | | Fair value | | | |
|---|--|---|---|-----------------------------|------------------|------------|---------|---------|---------|
| | Measured at fair value - hedging instruments | Other assets and liabilities measured at fair value in profit or loss | Financial assets measured at amortised 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) | 2,899 | | | | 2,899 | | 2,899 | | 2,899 |
| Commodity price contracts (hedge accounting) | 732 | | | | 732 | | 732 | | 732 |
| Securities | | 2,277 | | | 2,277 | 1,486 | 791 | | 2,277 |
| | 3,631 | 2,277 | 0 | 0 | 5,908 | | | | |
| Financial assets - not measured at fair value | | | | | | | | | |
| Escrow account | | | 5,701 | | 5,701 | | | | |
| Loans to joint ventures and associated companies | | | 13,928 | | 13,928 | | | | |
| Loans to other related companies as well as third parties | | | 47,886 | | 47,886 | | | | |
| Contract assets | | | 28,278 | | 28,278 | | | | |
| Trade receivables | | | 324,913 | | 324,913 | | | | |
| Other financial assets | | | 4,756 | | 4,756 | | | | |
| Other assets | | | 258,949 | | 258,949 | | | | |
| Cash and cash equivalents | | | 633,215 | | 633,215 | | | | |
| | 0 | 0 | 1,317,626 | 0 | 1,317,626 | | | | |
| Financial liabilities - measured at fair value | | | | | | | | | |
| Forward exchange contracts (hedge accounting) | 16,431 | | | | 16,431 | | 16,431 | | 16,431 |
| Commodity price contracts (hedge accounting) | 3,587 | | | | 3,587 | | 3,587 | | 3,587 |
| | 20,018 | 0 | 0 | 0 | 20,018 | | | | |
| Financial liabilities - not measured at fair value | | | | | | | | | |
| Loans and borrowings | | | | 1,432,657 | 1,432,657 | | 475,360 | | 475,360 |
| Other financial liabilities* | | | | 137,934 | 137,934 | | | | |
| Lease liabilities | | | | 124,837 | 124,837 | | | | |
| Trade payables | | | | 400,349 | 400,349 | | | | |
| Contract liabilities** | | | | 2,533 | 2,533 | | | | |
| Accruals | | | | 95,792 | 95,792 | | | | |
| Other liabilities from joint ventures and from associated companies | | | | 19,991 | 19,991 | | | | |
| Other liabilities*** | | | | 122,850 | 122,850 | | | | |
| | 0 | 0 | 0 | 2,336,943 | 2,336,943 | | | | |

* Does not include accrued interest TEUR 417

** Does not include payments received from contracts with customers TEUR 9,691

*** Does not include deferred income TEUR 47,580, derivatives TEUR 20,018, and liabilities from other taxes as well as in the context of social security TEUR 24,492 sowie exkl. other payments received TEUR 17,911

31 December 2021

| (in TEUR) | Carrying amount | | | | | Fair value | | | |
|--|--|---|---|-----------------------------|------------------|------------|---------|---------|---------|
| | Measured at fair value - hedging instruments | Other assets and liabilities measured at fair value in profit or loss | Financial assets measured at amortised cost | Other financial liabilities | Total | Level 1 | Level 2 | Level 3 | Total |
| Financial assets - measured at fair value | | | | | | | | | |
| Forward exchange contracts (hedge accounting) | 288 | | | | 288 | | 288 | | 288 |
| Commodity price contracts (hedge accounting) | 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 | | | | | | | | | |
| Ausleihungen an assoziierte Unternehmen | | | 1,864 | | 1,864 | | | | |
| Ausleihungen an sonstige nahestehende Unternehmen sowie Dritte | | | 13,652 | | 13,652 | | | | |
| Vertragsvermögenswerte | | | 20,206 | | 20,206 | | | | |
| Forderungen aus Lieferungen und Leistungen | | | 317,414 | | 317,414 | | | | |
| Sonstige Finanzanlagen | | | 2,309 | | 2,309 | | | | |
| Sonstige Vermögenswerte | | | 107,578 | | 107,578 | | | | |
| Zahlungsmittel- und Zahlungsmitteläquivalente | | | 621,982 | | 621,982 | | | | |
| | 0 | 0 | 1,085,005 | 0 | 1,085,005 | | | | |
| Financial liabilities - measured at fair value | | | | | | | | | |
| Forward exchange contracts (hedge accounting) | 6,373 | | | | 6,373 | | 6,373 | | 6,373 |
| Commodity price contracts (hedge accounting) | 243 | | | | 243 | | 243 | | 243 |
| | 6,616 | 0 | 0 | 0 | 6,616 | | | | |
| Financial liabilities - not measured at fair value | | | | | | | | | |
| Loans and borrowings | | | | 1,053,100 | 1,053,100 | | 511,009 | | 511,009 |
| Other financial liabilities* | | | | 58,848 | 58,848 | | | | 0 |
| Lease liabilities | | | | 135,084 | 135,084 | | | | 0 |
| Trade payables | | | | 265,928 | 265,928 | | | | 0 |
| Contract liabilities** | | | | 4,162 | 4,162 | | | | 0 |
| Accruals | | | | 90,593 | 90,593 | | | | 0 |
| Other liabilities*** | | | | 82,029 | 82,029 | | | | 0 |
| | 0 | 0 | 0 | 1,689,744 | 1,689,744 | | | | |

* Does not include accrued interest TEUR 24

** Does not include payments received from contracts with customers TEUR 19,854

*** Does not include deferred income TEUR 7,077, derivatives TEUR 6,616, and liabilities from other taxes as well as in the context of social security TEUR 5,779 sowie exkl. other payments received TEUR 51,840

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.

28.2.7. 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 2022 – 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 36%.

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.

29. 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.

29.1. Overview

The transactions and outstanding amounts with related parties were included in the following items in 2022:

| Transaction type (in TEUR) | Note | Transaction volume | | Outstanding amount | |
|---|--------|--------------------|----------------|--------------------|---------------|
| | | Income | Expenses | Receivables | Payables |
| Remuneration paid to Board of Directors and Group Management | 29.2 | 0 | 850 | 0 | 156 |
| Transactions with persons and companies related to DDr. Tojner (incl. loan granted) | 29.3.1 | 155,287 | 130,526 | 117,143 | 20,223 |
| Transactions with joint ventures | 29.3.2 | 0 | 0 | 14,205 | 400 |
| Transactions with associates | 29.3.2 | 81,417 | 556 | 21,157 | 19,711 |
| Total | | 236,704 | 131,932 | 152,505 | 40,490 |

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

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

29.2. 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) | 2022 | 2021 |
|--|------------|------------|
| Short-term employee benefits | 850 | 800 |
| Remuneration to Group's Management and Board of Directors | 850 | 800 |

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.

29.3. Transaction with related parties

29.3.1. 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:

2022

| Transaction type (in TEUR) | Transaction volume | | Outstanding amount | |
|--|--------------------|----------------|--------------------|---------------|
| | Income | Expenses | Receivables | Payables |
| Disposal of services | 151 | 0 | 129 | 0 |
| Disposal of assets* | 52,283 | 0 | 10,391 | 2,136 |
| Advisory services | 0 | 5,947 | 0 | 7,263 |
| Office space, cleaning services and other services | 0 | 8,117 | 5 | 2 |
| Acquisition of assets** | 0 | 23,855 | 0 | 0 |
| Disposal of investments*** | 81,346 | 0 | 16,346 | 0 |
| Acquisition of treasury shares**** | 0 | 68,080 | 68,080 | 0 |
| Financing activities | 0 | 508 | 0 | 10,822 |
| Repayment (income) / Granting (expenses) of given loans | | | | |
| Granting (income) / Repayment (expenses) of received loans | 21,507 | 24,019 | 22,192 | 0 |
| Total | 155,287 | 130,526 | 117,143 | 20,223 |

2021

| Transaction type (in TEUR) | Transaction volume | | Outstanding amount | |
|--|--------------------|---------------|--------------------|---------------|
| | Income | Expenses | Receivables | Payables |
| Disposal of services | 85 | 0 | 128 | 0 |
| Disposal 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 |

* Sale of assets

The income item of TEUR 52,283 relates to the sale of property, plant and equipment in the amount of TEUR 23,277, the sale of other financial assets in the amount of TEUR 26,870 and the sale of other assets in the amount of TEUR 2,136.

** Related assets

The expense item in the amount of TEUR 23,855 relates to the acquisition of receivables in the amount of TEUR 23,855.

*** Sale of investments

The income item of TEUR 81,346 relates to the sale of a 53% share in AMT for TEUR 31,346 (see Note 7.1.2.1) and the sale of the entire stake (45.45%) in HENN for TEUR 50,000.

The receivable item in the amount of TEUR 16,346 relates to open items in relation to the sale of AMT.

**** Acquisitions of treasury shares

This position relates to the acquisition of 4,177,730 treasury shares, of which 3,987,730 shares (TEUR 65,000) were paid for in FY 2022; the remaining 190,000 shares (TEUR 3,080) were offset during the sale of assets. These treasury shares were transferred to MTC in January 2023.

29.3.2. Transactions with joint ventures and associates

In FY 2022 the transactions and outstanding amounts with joint ventures relate exclusively to AMT (see Note 10) and include the following items:

| Transaction type (in TEUR) | Transaction volume | | Outstanding amount | |
|---|--------------------|----------|--------------------|------------|
| | Income | Expenses | Receivables | Payables |
| Disposal of services | 0 | 0 | 277 | 170 |
| Tax group | 0 | 0 | 0 | 230 |
| Repayment (income) / Granting (expenses) of loans | 0 | 0 | 13,928 | 0 |
| Total | 0 | 0 | 14,205 | 400 |

In FY 2021 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 2022:

| Transaction type (in TEUR) | Transaction volume | | Outstanding amount | |
|---|--------------------|------------|--------------------|---------------|
| | Income | Expenses | Receivables | Payables |
| Acquisition and disposal of services and assets | 81,417 | 556 | 21,157 | 19,711 |
| Total | 81,417 | 556 | 21,157 | 19,711 |

Transactions and outstanding amounts with joint ventures included 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 | 1,836 | 0 |
| Summe | 0 | 28 | 1,836 | 0 |

29.3.3. Transactions with pension institutions

In FY 2022, as in the previous year, there were no transactions with pension institutions.

30. Contingent liabilities

As at the balance sheet date, there were contingent liabilities of TEUR 0 (2021: TEUR 1,036) and the lawsuit explained below.

Lawsuit Arconic vs. UAC – key facts

In 2015, Arconic Corp. (“Arconic”), a competitor in the field of aluminium extrusions for the aerospace industry in the U.S., has filed a lawsuit against our subsidiary Universal Alloy Corporation (UAC) located in Canton, in the United States District Court for the Northern District of Georgia, U.S., claiming damages for alleged misappropriation by UAC of trade secrets as regards the production of “stretch formed spar chords“. In addition to claiming damages, Arconic has also raised claims for punitive damages in the amount of twice actual damages.

The discovery has been completed. The trial date is set for July 2023. The Group has not made any reserves for such lawsuit. The Group is open to the possibility of settlement in order to avoid the uncertainty of litigation and will pursue an out of court resolution on reasonable terms if possible. If the case proceeds through trial, expenses (inclusive of attorney fees, expert fees and other disbursements) could be on the order of TUSD 8,000 (TEUR 7,500).

31. Events after the balance sheet date

After a decline in profits in FY 2022, the Energy Storage segment developed a restructuring plan in the first quarter of 2023 to enable a return to a growth path. In this report, which has been final since 14 April 2023, the Energy Storage segment's ability to restructure and growth prospects with short-term financing requirements for the further stabilization of the company were certified. The segment has agreed with the financing banks on a term sheet for the implementation of the restructuring plan with an extension of the existing financing until 31 December 2026 and changes to the credit conditions (covenants). The committees of the financing banks approved this agreement on 17 April 2023; the provisions of the term sheet still have to be contractually documented with the banks in a restructuring agreement.

Due to non-compliance with financial covenants, the Energy Storage segment is dependent on the conclusion of a restructuring agreement with the financing banks as part of the adjustment of the syndicated loan. In order for this restructuring agreement to be concluded, which is expected to take place in the second quarter of 2023, the Executive Board of the Energy Storage segment must implement far-reaching remediation measures. The ability to reorganize must be continuously checked by an external reorganization expert and confirmed in writing. In the event of non-compliance with the terms of the restructuring agreement, the financing banks generally have the right to terminate the financing agreement and call in the loans granted to the Energy Storage segment at any time. In this context, going concern of the Energy Storage division depends on the successful adjustment of the financing by the syndicated lenders on the basis of the restructuring agreement and on the achievement of the operational budget targets aimed at taking the restructuring measures into account. A material uncertainty exists related to this, which may cast significant doubt on the Energy Storage segment's ability to continue as a going concern.

Due to the threat of non-compliance with existing covenants in the syndicated loan agreement, the financial liabilities from both the syndicated loan and the promissory note loan of the Energy Storage segment were classified as current as of the balance sheet date. With the conclusion of the restructuring agreement, the liabilities are reclassified to non-current liabilities in accordance with the newly agreed maturities.

In addition to extensive measures in the operational area, personnel measures are also necessary. A specific social plan or similar was not available at the time the consolidated financial statements were prepared. The restructuring program agreed with the banks envisages cost savings of around 800 full-time positions in the personnel area in order to set up the structures for the future.

32. Investments

| Name of the company | Location | Country | Currency | Interest | Capital stock | Comment |
|--|--------------------|---------|----------|----------|---------------|---------|
| Montana Aerospace | | | | | | |
| Montana AS Beteiligungs Holding AG | Zug | CH | CHF | 52.26% | 26,862,000 | |
| Montana Aerospace Components Inc. | Wilmington, DE | US | USD | 52.26% | 10 | |
| MTC US Corp. | Wilmington, DE | US | USD | 52.26% | 10 | |
| Universal Alloy Corp. | Canton, GA | US | USD | 52.26% | 8,950 | |
| UAC Export Co. | East Hanover, NJ | US | USD | 52.26% | 0 | |
| MTC Aerosystems LLC | East Hanover, NJ | US | USD | 52.26% | 0 | |
| Alu Menziken Extrusion AG | Reinach | CH | CHF | 52.26% | 4,000,000 | |
| Alu Menziken SRL | Satu Mare | RO | RON | 52.26% | 18,004,500 | |
| Alu Menziken Euromotive GmbH | Ranshofen | AT | EUR | 52.26% | 35,000 | |
| Alu Menziken Germany GmbH | Dillingen/Saar | DE | EUR | 52.26% | 25,000 | |
| Universal Alloy Corp. Europe S.R.L | Dumbravita | RO | EUR | 52.26% | 14,911,356 | |
| UAC Airport SRL | Dumbravita | RO | EUR | n/a | n/a | L |
| UAC Design SRL | Baia Mare | RO | EUR | 52.26% | 217 | |
| Neviton Softech Pvt. Ltd. | Karnataka | IN | INR | 0.00% | 100,000 | V |
| Cefival S.A. | Persan | FR | EUR | 47.03% | 7,713,855 | |
| MTC Aerosystems Kft. | Budapest | HU | USD | 52.26% | 11,825 | |
| MTC Management Kft. | Budapest | HU | USD | 52.26% | 11,825 | |
| Universal Alloy Corp. Asia Pte. Ltd. | Singapore | SG | USD | 50.95% | 50,000 | |
| Universal Alloy Corp. Vietnam Company Ltd. | Da Nang | VN | USD | 50.95% | 34,000,000 | |
| ASTA Energy Transmission Components GmbH | Oed | AT | EUR | 52.26% | 1,235,000 | |
| ASTA Elektrodraht GmbH | Oed | AT | EUR | 52.26% | 1,500,000 | |
| ASTA Bosnia d.o.o. | Čoralići | BA | BAM | 52.26% | 1,000 | |
| ASTA Bosnia Immobiliare d.o.o. | Čoralići | BA | BAM | 52.26% | 1,000 | G |
| PPE Fios Esmaltados S.A. | Cerquilha | BR | BRL | 52.26% | 131,749,860 | |
| São Marco Industria y Comercio LTDA | Três Corações | BR | BRL | 52.26% | 440,938,872 | |
| ASTA Conductors Co. Ltd. | Yangzhou | CN | CNY | 52.26% | 120,300,846 | |
| ASTA India Pvt. Ltd. | Vadodara | IN | INR | 52.26% | 873,799,560 | |
| Insulated Conductors and Enameled Wires N.V. | Amsterdam | NL | EUR | 52.26% | 250,000 | |
| ASTA International Pte. Ltd. | Singapore | SG | SGD | n/a | n/a | L |
| ASTA Singapore Pte. Ltd. | Singapore | SG | SGD | n/a | n/a | L |
| ASTA-Asia Pte. Ltd. | Singapore | SG | SGD | 52.26% | 136 | |
| ASTA Industrie GmbH | Oed | AT | EUR | 52.26% | 35,000 | |
| ASTA Americas Inc. | Wilmington, DE | US | USD | 52.26% | 100 | |
| ALPINE METAL TECH GmbH | Regau | AT | EUR | 24.56% | 36,500 | AE |
| IMT Intermato S.p.A. | Crosio della Valle | IT | EUR | 24.56% | 13,900,000 | AE |
| Alpine Metal Tech Denmark ApS | Stenløse | DK | DKK | 24.56% | 5,000,000 | AE |
| IH TECH Sondermaschinenbau und Instandhaltung GmbH | Behamberg | AT | EUR | 24.56% | 48,449 | AE |
| Alpine Metal Tech (Taicang) Co. Ltd | Taicang | CN | CNY | 24.56% | 1,491,708 | AE |
| GeGa GmbH | Dillingen/Saar | DE | EUR | 24.56% | 66,700 | AE |
| Alpine Metal Tech Germany GmbH | Dillingen/Saar | DE | EUR | 24.56% | 1,534,150 | AE |
| Alpine Metal Tech UK Ltd. | Staffordshire | UK | GBP | 24.56% | 100 | AE |
| Alpine Metal Tech North America Inc. | Pittsburgh, PA | US | USD | 24.56% | 3,000 | AE |
| Alpine Metal Tech Brasil - Peças e Serviços Ltda. | Nova Lima | BR | BRL | 24.56% | 2,675,013 | AE |
| GeGa Iberica S.L. | Tarragona | ES | EUR | 24.56% | 543,500 | AE |
| Simulation Live Fire Training Solution Inc. | Pittsburgh, PA | US | USD | 24.56% | 0 | AE |
| Alpine Metal Tech Germany Holding GmbH | Dillingen/Saar | DE | EUR | 24.56% | 5,000,000 | AE |
| S.R.I.F. NV | Zaventem | BE | EUR | 52.26% | 47,606,494 | E |
| Asco Management NV | Zaventem | BE | EUR | 52.26% | 62,000 | E |
| Asco Industries NV | Zaventem | BE | EUR | 52.26% | 7,500,799 | E |
| Asco Finance USA NV | Zaventem | BE | EUR | 52.26% | 4,061,500 | E |
| Asco Deutschland GmbH | Gedern | DE | EUR | 52.26% | 3,823,000 | E |
| Asco Industries USA Inc. | Carson City, NE | US | USD | 52.26% | 4,459,097 | E |
| Asco Aerospace USA LLC | Oklahoma City, OK | US | USD | 52.26% | 5,300,000 | E |
| SREC LLC | Oklahoma City, OK | US | USD | 52.26% | 59,097 | E |
| Asco Aerospace Canada Ltd. | Vancouver, BC | CA | CAD | 52.26% | 22,934,211 | E |
| Immobiliere Asco NV | Zaventem | BE | EUR | 52.26% | 750,000 | E |
| Asco Real Estate USA Inc. | Oklahoma City, OK | US | USD | 52.26% | 2,500 | E |
| Asco Real Estate Canada Ltd. | Vancouver, BC | CA | CAD | 52.26% | 4,000,002 | E |
| Belighting NV | Schaerbeek | BE | EUR | 8.71% | 85,801,804 | AE |
| Belairbus NV | Waterloo | BE | EUR | 18.16% | 1,271,202 | AE |
| Flabel Corporation NV | Schaerbeek | BE | EUR | 14.27% | 405,888 | AE |
| ETV Montana Tech Holding GmbH | Vienna | AT | EUR | 52.26% | 2,450,000 | |
| Montana Tech Components GmbH | Vienna | AT | EUR | 52.26% | 35,000 | |
| IndustrieCapital Alpha GmbH | Vienna | AT | EUR | 52.26% | 500,000 | |
| Makra GmbH | Vienna | AT | EUR | 52.26% | 17,500 | |
| Montana Aerospace AG | Reinach | CH | CHF | 52.26% | 61,985,597 | |
| Montana Aerospace GmbH | Vienna | AT | EUR | 52.26% | 35,000 | |
| Montana Aerospace ETV AG | Reinach | CH | CHF | 52.26% | 100,000 | |
| Montana Aerospace Deutschland GmbH | Dillingen/Saar | DE | EUR | 52.26% | 25,000 | |

| Energy Storage | | | | | | |
|--|--------------------|----|-----|--------|-------------|--------|
| VARTA AG | Ellwangen | DE | EUR | 50.30% | 40,421,686 | |
| Varta Microbattery GmbH | Ellwangen | DE | EUR | 50.30% | 5,000,010 | |
| VARTA Micro Production GmbH | Nördlingen | DE | EUR | 50.30% | 100,000 | |
| Varta Storage GmbH | Nördlingen | DE | EUR | 50.30% | 100,000 | |
| Varta Microbattery Pte Ltd Singapore | Singapore | SG | USD | 50.30% | 1,971,545 | |
| PT Varta Microbattery Indonesia | Batam | ID | USD | 50.30% | 409,900 | |
| VARTA Microbattery Japan K.K. | Tokio | JP | USD | 50.30% | 385,485 | |
| VARTA Microbattery SRL | Brasov | RO | RON | 50.30% | 45,000 | |
| Varta Microbattery Inc. Us | Rye, NY | US | USD | 50.30% | 2,800,000 | |
| VW-VM Verwaltungsgesellschaft mbH | Ellwangen | DE | EUR | 25.15% | 25,000 | AE, LO |
| Auditas GmbH | Nördlingen | DE | EUR | 50.30% | 100,000 | |
| Auditas Inc. | Ridgefield, CT | US | USD | 50.30% | 100 | |
| V4Drive Ellwangen GmbH | Ellwangen | DE | EUR | 50.30% | 25,000 | |
| Mezzanin Finanzierungs GmbH | Vienna | AT | EUR | 50.30% | 35,000 | |
| CONNEXIO alternative investment & holding GmbH | Vienna | AT | EUR | 50.30% | 100,000 | |
| VARTA Innovation GmbH | Graz | AT | EUR | 50.30% | 70,000 | |
| VARTA Consumer Batteries GmbH & Co. KGaA | Ellwangen | DE | EUR | 50.30% | 509,862 | |
| VARTA Consumer Batteries Benelux B.V. | Utrecht | NL | EUR | 50.30% | 150 | |
| VARTA Consumer Batteries UK Ltd. | Oldham | UK | GBP | 50.30% | 3 | |
| VARTA Consumer Batteries Iberia S.L.U. | Alcobendas | ES | EUR | 50.30% | 3,000 | |
| VARTA Consumer Batteries Poland Sp.z.o.o. | Warsaw | PL | PLN | 50.30% | 38,488,660 | |
| LLC Consumer Batteries Company (Eastern Europe) | Moscow | RU | RUB | 50.30% | 36,010,000 | |
| VHB Real Estate Holdings LLC | Wilmington, DE | US | EUR | 50.30% | 18,519 | |
| Paula Grundstücksverwaltungs GmbH & Co. Verm. KG | Pullach i. Isartal | DE | EUR | n/a | n/a | VU |
| VARTA Consumer Finland Oy | Vantaa | FI | EUR | 50.30% | 2,500 | |
| VARTA Consumer Norway AS. | Oslo | NO | NOK | 50.30% | 100,000 | |
| VARTA Consumer Schweiz GmbH | Dietlikon | CH | CHF | 50.30% | 250,000 | |
| VARTA Consumer Sweden AB | Bromma | SE | SEK | 50.30% | 100,000 | |
| VARTA Consumer Austria GmbH | Brunn am Gebirge | AT | EUR | 50.30% | 40,000 | |
| VARTA Consumer Slovakia spol. s.r.o. | Prievidza | SK | EUR | 50.30% | 25,000 | |
| VARTA Consumer Hrvatska d.o.o. | Zagreb | HR | HRK | 50.30% | 80,000 | |
| VARTA Consumer Trgovina d.o.o. | Ljubljana | SI | EUR | 50.30% | 710,432 | |
| VARTA Consumer Bulgaria EOOD | Sofia | BG | BGN | 50.30% | 50,000 | |
| VARTA Consumer Europe Holding GmbH | Ellwangen | DE | EUR | 50.30% | 25,000 | |
| VARTA Consumer Kommandit GmbH | Ellwangen | DE | EUR | 50.30% | 25,100 | |
| VARTA Consumer Batteries Italia s.r.l. | Basiglio | IT | EUR | 50.30% | 500,000 | |
| VARTA Consumer Czech spol. s.r.o. | Česká Lípa | CZ | CZK | 50.30% | 1,000,000 | |
| Varta Pilleri Ticaret Limited Sirketi | Istanbul | TR | TRY | 50.30% | 16,834,036 | |
| VARTA Consumer Denmark A/S | Albertslund | DK | DKK | 50.30% | 1,000,000 | |
| VARTA Consumer Komplementär GmbH | Ellwangen | DE | EUR | 50.30% | 25,000 | |
| VARTA Consumer France S.A.S. | Courbevoie | FR | EUR | 50.30% | 6,950,020 | |
| Anabasis Handelsgesellschaft mbH | Dischingen | DE | EUR | 50.30% | 25,000 | |
| EMEA Consumer Batteries (Shenzhen) Co. Ltd. | Shenzhen | CN | CNY | 50.30% | 176,813 | |
| VARTA Consumer Hungaria Kft. | Budapest | HU | HUF | 50.30% | 3,000,000 | |
| V4Drive SE | Ellwangen | DE | EUR | 50.30% | 120,000 | |
| V4Drive Romania SRL | Otopeni | RO | RON | 50.30% | 500,000 | G |
| 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 | 52.76% | 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 | Istanbul | TR | TRY | 53.58% | 223,885,749 | |
| Teko Alüminyum Sanayi A.Ş. | Istanbul | TR | TRY | 42.86% | 7,000,000 | E |

| Other | | | | | | |
|--|-------------------|----|-----|---------|---------|---|
| Montana Tech Components II AG | Reinach | CH | CHF | 100.00% | 100,000 | |
| MTC Service GmbH | Vienna | AT | EUR | 100.00% | 35,000 | |
| Montana Recycling GmbH | Albstadt | DE | EUR | 100.00% | 25,000 | E |
| IndustrieCapital Eins GmbH | Vienna | AT | EUR | 100.00% | 54,000 | |
| IndustrieCapital AG | Zollikon | CH | CHF | 0.00% | 100,000 | V |
| 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 | |
| V Immobilien Nördlingen GmbH | Nördlingen | DE | EUR | 89.00% | 25,000 | G |
| Hydrox Green Power SPAC SE | Luxemburg | LU | EUR | 99.99% | 120,000 | |
| Hydrox Green Power Advisors Verwaltungs-GmbH | Ellwangen | DE | EUR | 99.99% | 25,000 | |
| Hydrox Green Power Advisors GmbH & Co. KG | Ellwangen | DE | EUR | 99.99% | 500 | |
| VGG Beteiligungen SE | Vienna | AT | EUR | 100.00% | 578,000 | |
| Medies Investimo SRL | Satu Mare | RO | RON | 0.00% | 10,000 | V |
| UAC Montana LLC | Wilmington, DE | US | USD | 100.00% | 0 | |
| HENN Industrial Group GmbH & Co KG | Dornbirn | AT | EUR | 0.00% | 5,000 | V |
| 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 | |
| Diamond Lane LLC | New York City, NY | US | USD | 100.00% | 0 | |

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

33. Significant accounting policies

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

33.1. Basis of consolidation

33.1.1. 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.

33.1.2. 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.

33.1.3. 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.

33.1.4. 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.

33.1.5. 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.

33.1.6. 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.

33.2. Currency translation

33.2.1. 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.

33.2.2. 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:

| 1 Euro equals | Closing rate | | Average rate | |
|-------------------|--------------|------------|--------------|--------|
| | 31.12.2022 | 31.12.2021 | 2022 | 2021 |
| USD (US dollar) | 1.0666 | 1.1326 | 1.0530 | 1.1827 |
| CHF (Swiss franc) | 0.9847 | 1.0331 | 1.0047 | 1.0811 |

33.3. Financial instruments

33.3.1. 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.

33.3.2. Classification and subsequent measurement

33.3.2.1. 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.

33.3.2.2. 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 33.3.5.

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.

33.3.2.3. 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.

33.3.3. Derecognition

33.3.3.1. 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.

33.3.3.2. 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.

33.3.3.3. 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.

33.3.4. Derivative financial instruments and hedge accounting

33.3.4.1. 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.

33.3.4.2. 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 of 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.

33.4. 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.

33.5. Intangible assets

33.5.1. 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 33.1). 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 33.9).

33.5.2. 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 33.9). Other development costs are recognized as an expense as incurred.

33.5.3. 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 33.9). 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 33.9).

33.6. 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.

33.7. 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.

33.7.1. 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 9 and Note 18).

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.

33.7.2. 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.

33.8. 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.

33.9. Impairment

33.9.1. 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.

33.9.1.1. 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.

33.9.2. 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.

33.10. 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.

33.11. 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.

33.11.1. 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.

33.11.2. 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.

33.12. Trade payables and other liabilities

Trade payables and other liabilities are measured at amortized cost.

33.13. 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.

33.14. 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.

33.15. 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.

33.16. 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.

33.16.1. 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:

- sales of aluminum profiles in the aerospace and e-mobility business areas;
- sales of high-quality, insulated winding material made of copper for electrical engineering in the high-energy sector, so-called drilling conductors for transformers and Roebel bars for generators (energy segment).

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

Energy Storage division

In the Energy Storage division, sales are mainly generated from the sale of microbatteries, hearing aid batteries and lithium-ion round cells and also from the sale of household batteries, rechargeable batteries, chargers, portable power (power banks), lights and energy storage solutions and large storage applications.

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

33.17. 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.

33.18. 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.

33.18.1. 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.

33.18.2. 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.

33.19. Segment reporting

33.20.Changes in significant accounting policies

In 2022, the Group made various minor changes regarding existing standards and interpretations, none of which had a material impact on the Group's financial statements.

33.21.Amendments to IFRS standards with potential impact on the Group after 31 December 2022

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 ^o 17* | 1 January 2023 | Reporting year 2023 |
| Revisions and amendments of Standards and Interpretations | | |
| 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 |
| Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) | 1 January 2024 | Reporting year 2024 |
| Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** | 1 January 2024 | Reporting year 2024 |
| Non-current Liabilities with Covenants (Amendments to IAS 1) | 1 January 2024 | Reporting year 2024 |

* Amendments to IFRS 17 issued in June 2020 and December 2021.

** In October 2022, the Board issued additional amendments to IAS 1 (Non-current Liabilities with Covenants) and deferred the effective date of these amendments to align with the effective date of 1 January 2024.

33.22.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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