

Report on the 3rd quarter of 2023



Overview – MONTANA TECH COMPONENTS



VARTA AG

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

ALUFLEXPACK AG

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

MONTANA AEROSPACE AG

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



Key financials

KEY FIGURES OF THE MONTANA TECH COMPONENTS GROUP

(in TEUR) unaudited according to IFRS	1-9/2023	1-9/2022	Change in TEUR	Change in %
Net sales	1,880,351	1,754,639	125,712	7.2%
EBITDA	121,660	179,363	-57,704	-32.2%
% of net sales	6.5%	10.2%		
EBIT	-63,494	8,495	-71,989	-847.4%
% of net sales	-3.4%	0.5%		
EBT	-136,799	-4,420	-132,379	2,995.2%
Net income	-143,021	-20,807	-122,214	587.4%
Employees	12,751	13,444	-693	-5.2%

OVERVIEW OF THE LATEST QUARTERS

(in TEUR) unaudited according to IFRS	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023
Net sales	573,792	505,380	614,917	634,342	715,340	616,131	617,726	646,494
EBITDA	85,813	61,893	92,956	24,514	118,611	24,160	28,852	68,648
EBIT	34,222	12,899	32,977	-37,381	-91,965	-31,128	-46,158	13,792
EBT	25,392	17,042	23,652	-45,114	-142,287	-54,953	-82,451	605
Net income	3,845	9,063	14,950	-44,821	-143,267	-58,044	-83,446	-1,532
Employees	11,560	12,937	13,011	13,444	12,879	12,798	12,765	12,751

Management Report – Analysis of the results

Dear Shareholders,

Dear Ladies and Gentlemen,

MONTANA GROUP – RESULT AS AT 30 SEPTEMBER 2023

In the first three quarters of the 2023 financial year, the MONTANA TECH COMPONENTS Group and its divisions generated total sales of EUR 1,880 million (+7.2 % versus Q1-3 2022). Despite the persistently challenging overall economic situation on global markets, the industrial Group posted another year/year rise in sales, thereby continuing the uptrend that started in the year of its foundation in 2006. This solid development was driven primarily by the continued rise in sales at the subsidiaries Aluflexpack AG (+8.7 %) and Montana Aerospace AG (+13.0 %). EBITDA for the first three quarters of 2023 was EUR 121.7 million. The reason for the lower figure compared to the first three quarters of the financial year 2022 is the decline in sales and EBITDA at VARTA AG, which is still operating in a challenging environment and, in some cases, volatile demand from some major customers. The EBITDA margin was therefore 6.5 % for the period (Q1-3/2022: 10.2 %).

DIVISION INFORMATION

In the first nine months of the financial year 2023, MONTANA AEROSPACE AG reported consolidated net sales of EUR 1,042 million, which corresponds to an improvement of +13.0 % compared to the first nine months of the preceding year. Profitability also developed very satisfactorily: Montana Aerospace achieved an adjusted EBITDA of EUR 93.9 million (+70.4 %). In Q3 2023, the Group again achieved a positive free cash flow (EUR 30.1 million). As in HY1 2023, the Aerostructures and Energy segments performed excellently. The Aerostructures segment achieved net sales of EUR 497.7 million (+14.7 %) in the first nine months of 2023, while the Energy segment increased net sales to EUR 418.0 million (+19.9 %) during the same period. Adjusted EBITDA in both segments rose again steeply in the period up until the end of September 2023: Aerostructures posted EUR 56.0 million (+54.1 %), while Energy reported EUR 18.7 million (+86.4 %). The E-Mobility segment posted a decline in net sales to EUR 127.9 million (-9.2 %) compared to the first nine months of 2022. This was due to the continued low demand in the market for billets (aluminum

recycling). At the same time, long-term contracts, strict cost management and a focus on the high-margin core business made it possible for the E-Mobility segment to achieve an adjusted EBITDA of EUR 23.0 million (+81.3 %), thereby offsetting the decline in sales. Montana Aerospace AG signed a new syndicated loan for EUR 450 million with a banking syndicate. The tranches consist of a term loan for EUR 300 million, which will be used to repay currently outstanding promissory notes (guaranteed by majority owner Montana Tech Components AG), and a revolving credit facility of EUR 150 million. All tranches are unsecured and include certain covenants (net debt/EBITDA and equity ratio) for Montana Aerospace, without any links to the majority owner or its shareholdings. The term of all tranches is three years. Considering the positive developments in the first nine months of 2023, Montana Aerospace is confident it will achieve its annual targets for 2023. Expectations continue to see a rise in total net sales to over EUR 1.5 billion in 2023 and estimate an adjusted EBITDA of around EUR 130 to EUR 150 million. With respect to its business areas, Montana Aerospace expects the Aerostructures segment to be the main driver of growth in the Group and forecasts net sales of around EUR 800 million. In the Energy segment, net sales are expected to rise to over EUR 550 million, and in the E-Mobility segment net sales are estimated at around EUR 200 million. Supported by the positive operating and free cash flows in the second and third quarters of 2023, the company reconfirmed its forecast of a positive free cash flow and net profit for the full year 2023. Additionally, Montana Aerospace expects a solid trend with net sales of around EUR 1.7 billion for 2024 and an adjusted EBITDA within a range of EUR 180 to EUR 200 million. The goal is to achieve a positive free cash flow and net profit. This goal is backed by the countercyclical investments made in previous years that are expected to yield benefits for the year 2024 and beyond. Aerostructures will remain the main driver of growth with estimated net sales of over EUR 950 million, followed by Energy with net sales of more than EUR 580 million and E-Mobility with net sales of over EUR 200 million.

VARTA AG remains confident about the year 2023. The reasons are the positive development in Q3 2023, a traditionally stronger

second half-year, the systematic implementation of restructuring measures, and the decline in costs for materials and energy. A combination of these factors helped the company achieve its highest quarterly sales of the current year from July to September at EUR 215.1 million. Compared to the same quarter of the preceding year, the figure increased by around 11 %. Adjusted EBITDA also improved significantly compared to preceding quarters as well as the same quarter of the preceding year: Q3 2023 EUR 29.4 million (Q3 2022: EUR -2.5 million). The persistently challenging macro-economic environment has had a negative impact on VARTA AG's business development. From January to September 2023, sales (EUR 554 million) was lower by EUR 16.6 million versus the same period of the preceding year, while adjusted EBITDA amounted to EUR 22.6 million in the first nine months of the year (Q1-3 2022: EUR 66.4 million). In the view of the company's management, however, the solid development in the third quarter demonstrates the seasonal nature of the business and the solid positioning of VARTA AG. The broad product portfolio contributed to the good results in the third quarter. "Consumer Batteries" continues to be a stable source of income, and the business area "Energy Storage Systems" is a sustainable driver of growth in a prospering market, achieving sales of EUR 122 million in the first nine months of 2023 (+86 %) and adjusted EBITDA of EUR 16 million (Q1-3 2022: EUR 1.7 million). In the area of "Micro Batteries", VARTA retains a leading global position in a changing industry. "Lithium-Ion CoinPower" remains the most challenging segment with regard to earnings quality. The VARTA AG Group holds a very good position in its core markets and is well-positioned to benefit from long-term growth trends such as lithium-ion batteries with their wide range of applications and energy storage solutions. The short-term sales and earnings outlook remains a challenge due to the overall economic situation. This is true despite the significantly improved momentum in the reporting quarter. There are still dampening effects on the demand side in several segments – albeit to a decreasing extent – due to high inventory levels of private households and companies. On the one hand, this is due to advance purchases in the previous year, and on the other – with respect to companies – to the often weak demand for end products. Considerable fluctuations in purchase volumes at major customers are increasing volatility in sales forecasts, which is raising the degree of uncertainty of forecasts for the VARTA AG Group. This applies especially to the "Lithium-Ion CoinPower" segment. Demand picked up significantly in Q3 2023 and in August and September it even exceeded the levels of preceding year. Nonetheless, VARTA expects demand from certain major customers to remain volatile. The rapid rise in

significance of renewable energy and the desire of many customers for self-sufficient energy solutions continue to drive demand for energy storage systems. The segment's order backlog continues to be at a level of around two quarterly sales, and thus holds the promise of continued positive development. Backed by the results for the first nine months of 2023, the Management Board of VARTA AG confirmed its sales estimate of around EUR 820 million for the full financial year. Adjusted EBITDA is expected to remain unchanged at around EUR 40 to 60 million.

In the first nine months of 2023, Aluflexpack AG, which is listed on the SIX Swiss Exchange, reported net sales up by 10.8 % to EUR 289.6 million (Q1-3 2022: EUR 261.4 million). Excluding the effects of hyperinflation accounting in Türkiye (IAS 29), net sales amounted to EUR 289.0 million.¹ Adjusted for consolidation effects from the acquisition of the Turkish subsidiary Teko in May 2022, organic net sales increased by 7.8 % versus Q1-3 2022.² Growth in net sales in the first nine months of 2023 was bolstered by a solid development of business with existing customers in the Group's end markets for dairy products and confectionery. Nonetheless, the market environment remained challenging in the third quarter of 2023 and was overshadowed by customers reducing their inventories and by subdued consumer spending, which affected mainly demand in the food end markets. The Group is confident about the future backed by encouraging sales and innovations in the pipeline in Europe and overseas, the progress achieved at the new plant in Drniš, and expectations of a return to normal demand levels. For the full year 2023, the Group's management expects net sales (excluding the effects of hyperinflation accounting in Türkiye, IAS29) of around EUR 360 to EUR 390 million, and EBITDA before special effects of around EUR 45 to EUR 50 million.³

OUTLOOK

In the 2023 financial year, MONTANA TECH COMPONENTS AG stands by its long-term growth strategy. With the recovery of the aviation industry, stronger distribution channels and the commissioning of new production sites, as well as the restructuring progress achieved and the high demand for self-sufficient energy solutions at VARTA, MONTANA TECH COMPONENTS AG is set to continue on its path to success. Based on the expectations for the 2024 financial year, MONTANA TECH COMPONENTS AG looks with confidence towards the future.

¹ Since 30 June 2022, Aluflexpack has been required to apply IAS 29 "Financial Reporting in Hyperinflationary Economies" to its business activities in Türkiye. The application of IAS 29 includes the adoption of IAS 21 "The Effects of Changes in Foreign Exchange Rates". The impact of hyperinflation in Türkiye on net sales in the first nine months of 2023 was EUR 0.7 million.

² Organic net sales correspond to the net sales reported by the Group minus the net sales of the Turkish subsidiary Teko, which was acquired on 12 May 2022. From January to September 2023, the effects of the consolidation of Teko on the Group's reported net sales amounted to EUR 19.7 million.

³ EBITDA before special effects (SE) refers to operating profit before interest, taxes, depreciation/amortization, and adjusted for effects that the management considers non-recurring and/or not related to operations. Aluflexpack AG published an ad hoc announcement on 11 October 2023 in which it communicated the new outlook for 2023.

Finances

CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2023

ASSETS (in TEUR) unaudited according to IFRS	30.09.2023	31.12.2022
Intangible assets	504,621	511,129
Property, plant and equipment	1,534,709	1,568,000
Financial assets	307,752	268,333
Other assets and receivables	129,963	139,384
NON-CURRENT ASSETS	2,477,044	2,486,846
Inventories	658,692	644,362
Trade receivables	336,877	324,913
Other assets and receivables	197,850	279,281
Cash and cash equivalents	401,529	633,215
CURRENT ASSETS	1,594,949	1,881,771
TOTAL ASSETS	4,071,993	4,368,617

LIABILITIES AND SHAREHOLDERS' EQUITY (in TEUR) unaudited according to IFRS	30.09.2023	31.12.2022
Equity attributable to owners of MTC AG	740,892	884,134
Non controlling interests	630,346	674,797
SHAREHOLDERS' EQUITY	1,371,239	1,558,931
Liabilities to financial institutions	854,105	682,270
Other financial liabilities	199,735	212,678
Deferred tax liabilities	97,680	105,717
Provisions	46,240	46,316
Employee benefits	72,093	73,875
Accruals	1,675	1,188
Other liabilities	147,290	133,457
NON-CURRENT LIABILITIES	1,418,819	1,255,501
Liabilities to financial institutions	601,957	750,387
Other financial liabilities	42,601	50,509
Provisions	26,049	17,321
Employee benefits	57,528	53,466
Trade payables	314,275	400,346
Accruals	97,317	94,604
Other liabilities	142,208	187,552
CURRENT LIABILITIES	1,281,935	1,554,185
TOTAL LIABILITIES	2,700,754	2,809,686
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	4,071,993	4,368,617

CONSOLIDATED INCOME STATEMENT AS AT 30 SEPTEMBER 2023

(in TEUR) unaudited according to IFRS	1-9/2023	1-9/2022
NET SALES	1,880,351	1,754,639
Change in finished and unfinished goods	16,539	99,386
Own work capitalised	27,361	26,003
Other operating expenses	59,017	151,292
Cost of materials, supplies and services	-1,143,178	-1,116,772
Personnel expenses	-435,847	-422,914
Other operating expenses	-282,583	-312,271
EBITDA	121,660	179,363
Depreciation and amortisation	-185,154	-170,869
EBIT	-63,494	8,495
Interest income and expenses	-58,799	-29,084
Other financial result – net	-13,564	15,307
FINANCIAL RESULT	-72,363	-13,777
Result from joint ventures and associated companies	-941	863
INCOME BEFORE TAX	-136,799	-4,420
Income tax expenses	-6,223	-16,388
NET INCOME	-143,021	-20,807
THEREOF:		
Shareholders of MTC AG	-74,617	1,418
Non controlling interests	-68,405	-22,226

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

(in TEUR) unaudited according to IFRS	1-9/2023	1-9/2022
Cash flow from operating activities	-13,380	-152,933
Cash flow from investing activities	-158,866	-341,605
Cash flow from financing activities	-58,826	344,521
NET CHANGE IN CASH AND CASH EQUIVALENTS	-231,072	-150,017
Cash and cash equivalents as of 1 January	633,215	621,982
Effect of exchange rate changes on cash and cash equivalents	-614	8,900
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER	401,529	480,866

Information about the Company

FINANCIAL CALENDAR 2023/2024

April 30, 2024	Report on the 4 th quarter of 2023
May 31, 2024	Report on the 1 st quarter of 2024
August 23, 2024	Report on the 2 nd quarter of 2024
November 22, 2024	Report on the 3 rd quarter of 2024

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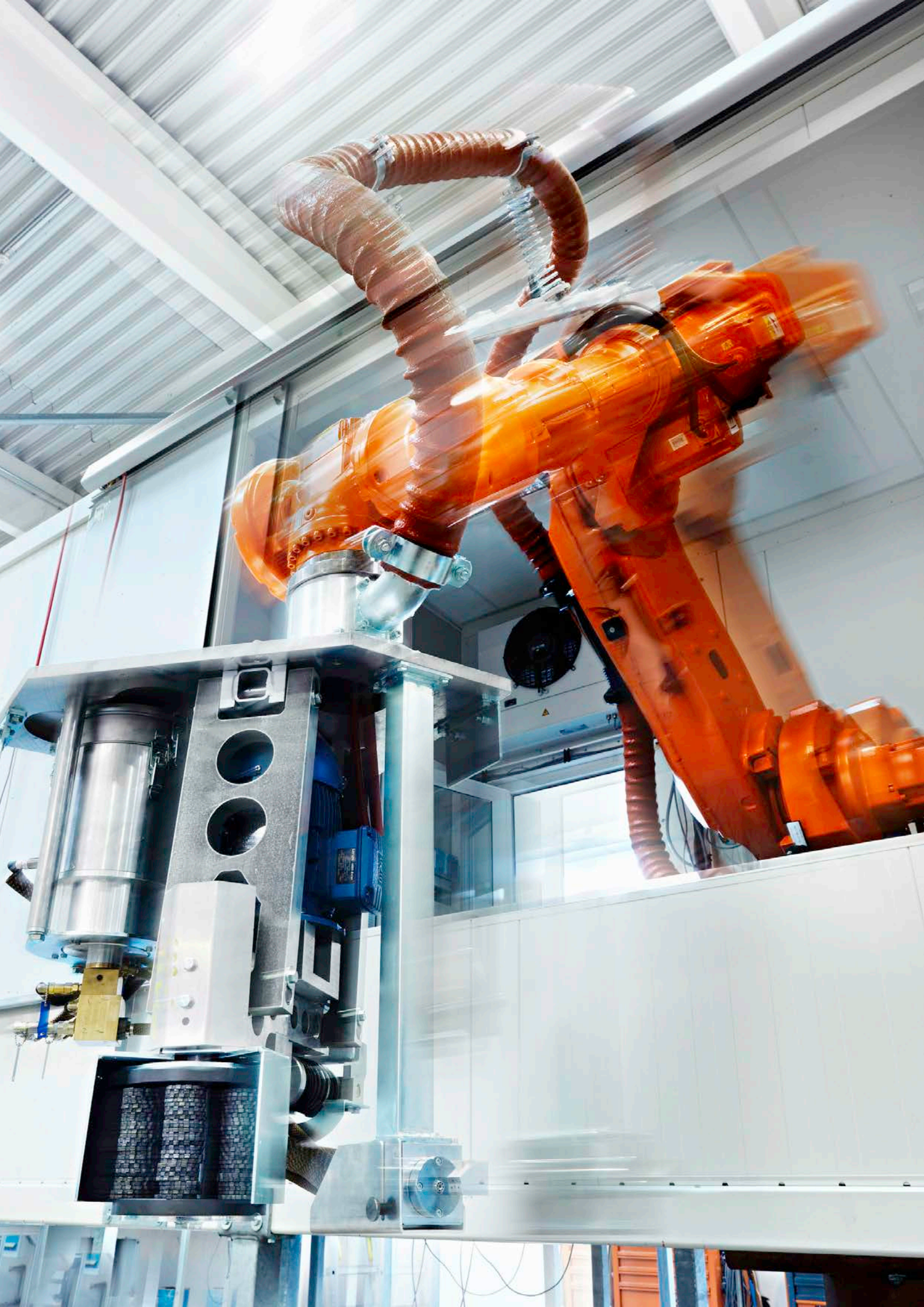
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IMPRESSUM

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