ANNUAL REPORT 2020

MONTANA TECH COMPONENTS

Montana Tech Components AG, Reinach

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

Consolidated Financial Statements 2020

KPMG AG
St. Gallen, 23 March 2021

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Montana Tech Components AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 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 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

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

Other information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do 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 in the annual report 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. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 23 March 2021

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

Consolidated statement of financial position

(in T€)	Note	31.12.2020	31.12.2019 restated*	1.1.2019 restated*
ASSETS				
Intangible assets	7	307'718	233'212	226'179
Property, plant and equipment	8	1'283'865	918'617	550'423
Real estate held as investment property	8	98'463	90'449	38'704
Joint ventures and shares in associates	9	28'020	27'877	65'002
Loans	28	7'401	62'544	83'183
Other financial assets		63'976	63'831	8'657
Deferred tax assets	14	23'946	15'602	14'315
Other assets	12	58'780	52'873	23'010
Non-current assets		**1'872'169**	**1'465'004**	**1'009'473**
Inventories	11	377'422	286'635	243'815
Contract assets		12'759	15'824	2'370
Trade receivables	28	231'558	184'444	159'795
Current tax assets		7'108	5'113	5'584
Other assets	12	109'152	87'340	54'476
Cash and cash equivalents	13	278'010	412'279	193'225
Current assets		**1'016'009**	**991'635**	**659'265**
TOTAL ASSETS		**2'888'178**	**2'456'640**	**1'668'738**
EQUITY AND LIABILITIES				
Share capital	16	12'710	12'710	12'710
Share premium	16	99'974	180'156	180'156
Retained earnings	16	668'719	633'168	431'614
Treasury shares	16	-83'592	-75'136	-74'942
Equity attributable to the shareholders of MTC AG		**697'811**	**750'898**	**549'538**
Non-controlling interests	27	309'526	255'320	97'952
Total equity		**1'007'337**	**1'006'218**	**647'490**
Bank loans and borrowings	17	450'440	363'847	194'699
Other financial liabilities	17	454'300	365'690	291'541
Deferred tax liabilities	14	39'536	33'232	37'443
Provisions	18	9'243	3'184	1'959
Employee benefits	15	111'789	69'527	71'158
Accruals	19	723	0	0
Other liabilities	21	97'915	84'550	44'895
Non-current liabilities		**1'163'946**	**920'030**	**641'934**
Bank loans and borrowings	17	60'360	63'737	83'951
Other financial liabilities	17	59'870	41'792	13'284
Current tax liabilities		52'148	21'312	13'224
Provisions	18	35'322	7'783	7'929
Employee benefits	15	48'524	27'000	25'098
Trade payables	28	253'643	243'031	150'666
Contract liabilities	20	19'402	15'046	14'288
Accruals	19	85'496	37'650	24'544
Other liabilities	21	102'130	73'041	46'330
Current liabilities		**716'895**	**530'392**	**379'314**
Total liabilities		**1'880'841**	**1'450'422**	**1'021'248**
TOTAL EQUITY AND LIABILITIES		**2'888'178**	**2'456'640**	**1'668'738**

* see Note 5

Consolidated statement of profit or loss

(in T€)	Note	2020	2019 restated*
Net sales	4	**1'723'029**	**1'353'433**
Change in finished and unfinished goods		-8'402	16'045
Own work capitalized		45'648	19'302
Other operating income	23	82'271	45'775
Cost of materials, supplies and services		-872'899	-719'557
Personnel expenses	22	-447'653	-332'981
Other operating expenses	24	-249'992	-189'409
EBITDA		**272'002**	**192'608**
Depreciation and amortization	7/8	-157'201	-130'986
- thereof impairment	7/8	*-11'631*	*-35'116*
Operating profit		**114'801**	**61'622**
Interest income		3'781	6'793
Interest expenses		-26'181	-25'804
Other financial income	25	7'057	32'428
Other financial expenses	25	-29'223	-11'549
Financial result		**-44'566**	**1'868**
Share of profit of equity-accounted investees, net of tax	9	291	-292
Income before taxes		**70'526**	**63'198**
Income tax expense	14	-40'441	-22'556
Result for the year		**30'085**	**40'642**
Thereof attributable to:			
Shareholders of MTC AG		-14'035	20'356
Non-controlling interests	27	44'120	20'286

* see Note 5

Consolidated statement of other comprehensive income

(in T€)	Note	2020	2019 restated*
Result for the year		**30'085**	**40'642**
Items that are not reclassified to profit or loss			
Remeasurements of defined benefit (liability (asset))	15	-4'450	-10'642
Revaluation of the reimbursement claim	15	2'311	2'625
Related taxes	14	970	1'590
		-1'169	**-6'427**
Items that are or may be reclassified subsequently to profit or loss			
Effective portion of changes in fair value of cash flow hedges		-673	508
Foreign exchange differences		-30'108	4'861
Related taxes	14	-14	-51
		-30'795	**5'318**
Other comprehensive income for the year, net of tax		**-31'964**	**-1'109**
Total comprehensive income for the year		**-1'879**	**39'533**
Thereof attributable to:			
Shareholders of MTC AG		-41'341	18'092
Non-controlling interests	27	39'462	21'441

* see Note 5

Earnings per share

	2020	2019 restated*
Result attributable to the shareholders of MTC (in T€)	**-14'035**	**20'356**
Average number of outstanding shares	71'260'596	72'164'222
Basic earnings per registered share in €	-0.20	0.28
Basic earnings per voting share in €	-0.02	0.03

	2020	2019 restated*
Result attributable to the shareholders of MTC (in T€)	**-14'035**	**20'356**
Average number of outstanding shares	71'260'596	72'164'222
Diluted earnings per registered share in €	-0.20	0.28
Diluted earnings per voting share in €	-0.02	0.03

* see Note 5

Consolidated statement of cash flows

(in T€)	Note	2020	2019 restated*
Cash flows from operating activities			
Result before tax		70'526	63'198
Net interest income		22'400	19'011
Share of profit of equity-accounted investees, net of tax		-291	292
Depreciation and amortization	**7/8**	157'201	130'986
Gains and losses from disposals of property, plant and equipment and intangible assets		2'842	104
Gains and losses from disposals of investments in associated companies		0	-14'753
Measurement of financial assets		479	38
Other non-cash income and expenses	**26**	19'396	-13'101
Subtotal		*272'553*	*185'775*
Changes in assets and liabilities:			
Inventories		-28'563	-41'116
Trade receivables and other current assets		46'735	-68'152
Trade payables and other current liabilities		5'165	120'966
Provisions and liabilities for employee benefits		17'433	747
Subtotal		*40'770*	*12'445*
Income taxes paid		-47'892	-18'150
NET CASH FROM OPERATING ACTIVITIES		**265'431**	**180'070**
Cash flows from investing activities			
Acquisition of subsidiaries less cash acquired	**6**	-93'120	-17'302
Acquisition of intangible assets and property, plant and equipment	**7/8/26**	-488'187	-354'301
Acquisition of real estate held as financial investment	**8**	-15'048	-752
Income from disposal of property, plant and equipment and intangible assets	**7/8/26**	29'242	1'114
Loans to uncontrolled companies		-11'518	-42'020
Income from liquidation of joint ventures		0	286
Repayment of loans granted to uncontrolled companies		68'846	16'637
Dividends received		117	106
Interest received		1'009	2'008
NET CASH FROM INVESTING ACTIVITIES		**-508'659**	**-394'224**
Cash flows from financing activities			
Dividends paid to shareholders of MTC AG	**16/26**	-67'881	0
Acquisition of treasury shares	**16**	-8'456	-194
Disposal of non-controlling interests	**6/26**	90'382	320'969
thereof VARTA AG - capital increase	**6/26**	*0*	*102'120*
thereof VARTA AG - disposal of shares	**6/26**	*87'600*	*96'986*
thereof VARTA AG - share option programms	**6/26**	*2'782*	*1'795*
thereof Aluflexpack AG - IPO	**6/26**	*0*	*120'068*
Payment of lease liabilities	**17**	-23'042	-17'406
Issuance of interest-bearing liabilities	**17**	300'637	260'449
Repayment of interest-bearing liabilities	**17**	-155'056	-112'921
Interest paid		-22'838	-19'808
NET CASH FROM FINANCING ACTIVITIES		**113'746**	**431'089**
Net change in cash and cash equivalents		**-129'482**	**216'935**
Cash and cash equivalents as at 1 January	**13**	412'279	193'225
Effect of exchange rate changes on cash and cash equivalents		-4'787	2'119
Cash and cash equivalents as at 31 December	**13**	**278'010**	**412'279**

* see Note 5

Consolidated statement of changes in equity

(in T€)	Attributable to the shareholders of MTC AG								
	Share capital	Share premium	Foreign exchange differences	Fair value reserve	Other retained earnings	Own shares	Total	Non controlling interests	Total equity
Balance as at 1 January 2019 (as previously reported)	**12'710**	**180'156**	**37'341**	**-33**	**422'181**	**-74'942**	**577'413**	**97'952**	**675'365**
Impact of the application of IAS 8					-27'875		**-27'875**		**-27'875**
Balance as at 1 January 2019 (restated)*	**12'710**	**180'156**	**37'341**	**-33**	**394'306**	**-74'942**	**549'538**	**97'952**	**647'490**
Total comprehensive income for the year	**0**	**0**	**0**	0	**0**	-	**0**	**0**	**0**
Result for the year	-	-	-	-	20'356	-	**18'189**	20'286	**38'475**
Other comprehensive income for the year, net of tax	-	-	3'706	457	-6'427	-	**-2'264**	1'155	**-1'109**
Total	-	-	**3'706**	**457**	**13'929**	-	**18'092**	**21'441**	**39'533**
Transactions with the shareholders of MTC AG									
Acquisition of treasury shares	-	-	-	-	-	-194	**-194**	-	**-194**
Total transactions with the shareholders of MTC AG	**-**	**-**	**-**	**-**	**0**	**-194**	**-194**	**0**	**-194**
Changes in interests held in subsidiaries									
Disposal of non-controlling interests	0	0	0	0	183'462	0	**183'462**	135'927	**319'389**
Total changes in interests held in subsidiaries	**-**	**-**	**-**	**-**	**183'462**	**-**	**183'462**	**135'927**	**319'389**
Balance as at 31 December 2019	**12'710**	**180'156**	**41'047**	**424**	**591'697**	**-75'136**	**750'898**	**255'320**	**1'006'218**

(in T€)	Note	Attributable to the shareholders of MTC AG								
		Share capital	Share premium	Foreign exchange differences	Fair value reserve	Other retained earnings	Own shares	Total	Non controlling interests	Total equity
Balance as at 1 January 2020 (restated)*		**12'710**	**180'156**	**41'047**	**424**	**591'697**	**-75'136**	**750'898**	**255'320**	**1'006'218**
Total comprehensive income for the year										
Result for the year		-	-	-	-	-14'035	-	**-14'035**	44'120	**30'085**
Other comprehensive income for the year, net of tax		-	-	-25'450	-687	-1'169	-	**-27'306**	-4'658	**-31'964**
Total		-	-	**-25'450**	**-687**	**-15'204**	-	**-41'341**	**39'462**	**-1'879**
Transactions with the shareholders of MTC AG										
Acquisition of treasury shares	**16**	-	-	-	-	-	-8'456	**-8'456**	-	**-8'456**
Dividends	**16/26**		-80'182					**-80'182**		**-80'182**
Total transactions with the shareholders of MTC AG		**-**	**-80'182**	**-**	**-**	**-**	**-8'456**	**-88'638**	-	**-88'638**
Changes in interests held in subsidiaries										
Disposal of non-controlling interests	**6/26**	-	-	-	-	78'128	-	**78'128**	13'508	**91'636**
Deconsolidation of subsidiaries						-1'236		**-1'236**	1'236	**0**
Total changes in interests held in subsidiaries		**-**	**-**	**-**	**-**	**76'892**	**-**	**76'892**	**14'744**	**91'636**
Balance as at 31 December 2020		**12'710**	**99'974**	**15'597**	**-263**	**653'385**	**-83'592**	**697'811**	**309'526**	**1'007'337**

* see Note 5

Notes to the consolidated financial statements

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

1. Reporting entity

Montana Tech Components AG (“MTC” or the “Group”) has its registered office in Reinach, Switzerland. The core business activities of MTC are presented in Note 4. The Company’s consolidated financial statements include the Company and its subsidiaries (together described as the “Group”). The reporting date for MTC, all subsidiaries and for the consolidated financial statements is 31 December 2020.

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 23 March 2021. They further have to be approved by the next shareholder meeting.

2.2. Basis of measurement

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

2.3. Functional and presentation currency

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

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

3. Main assumptions and estimates

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

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

3.1. Use of judgements and estimates

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

Business combinations

At the date of acquisition, the acquisition price of the acquired company is compared with the fair value of the acquired net assets that have been recognised. The difference is recognized either as goodwill or directly through profit or loss (negative goodwill). This requires management to estimate the fair value of these items. Such estimate is carried out in particular for the valuation of customer relationships, brands, licenses and patents. Information on business combinations performed during the reporting period is presented in Note 6.

Useful life of non-current assets

Property, plant and equipment and acquired intangible assets 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 7. However, the assumptions made could be subject to changes that could lead to impairment losses in future periods.

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

Liabilities for employee benefits

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

The actuarial valuation of pension liabilities is based on assumptions regarding discount rates, salary increases, employee/worker fluctuations and retirement age (demographic and financial variables). If these assumptions change due to a change in the economic situation or new market conditions, the actual data may differ significantly from the actuarial assessment and calculations. In the middle term, these deviations can have a significant impact on the income and expenses from pension institutions. More detailed information on pension institutions is provided in Note 15.2.

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 18.

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 14.1.

4. Segment reporting

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

The allocation of the reportable segments was changed in FY 2020: the segments ASTA, Aerospace Components and Metal Tech were merged in the current financial year for organizational reasons as the new Montana Aerospace segment. The comparative figures for 2019 have been adjusted accordingly.
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 focuses on key parts and technologies in the aerospace market with a global operational presence. Montana Aerospace manufactures state-of-the-art components for the aerospace industry due to its multi-material capabilities and outstanding technical expertise. As a customer-oriented company, Montana Aerospace drives the research and development of new parts and solutions together with its customers. Due to the high level of integration in the aerospace value chain and the unique business model, Montana Aerospace meets the needs of its customers and has built long-term relationships over decades. In addition, high-quality, insulated winding material made of copper for electrical engineering in the high-energy sector, so-called twisted conductors for transformers, and Roebel bars for generators are manufactured in this segment. Finally, special machines for product identification in the metallurgical sector are developed, produced and sold in this segment. The marking and reading sub-areas enable the steel identification of metallurgical products, whereby the group offers all common technologies. The marking using different solutions enables traceability to the end product.

The *Energy Storage* segment operates in the "Microbatteries & Solutions" and "House-hold Batteries" business areas. The "Microbatteries & Solutions" segment focuses on the OEM business for microbatteries and the lithium-ion battery pack business. Through intensive research and development, VARTA sets global standards in the microbattery sector and is a recognized innovation leader in the important growth markets of lithium-ion technology and primary hearing aid batteries. The "Household Batteries" segment comprises the battery business for end customers, including household batteries, rechargeable batteries, chargers, portable power (power banks) and lights, as well as energy storage devices.

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

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

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

Information according to reportable segments

(in T€)	Montana Aerospace		Energy Storage		Aluflexpack		Total reportable segments		Other[a] & Eliminations		Group	
	2020	2019 restated*	2020	2019	2020	2019	2020	2019 restated*	2020	2019	2020	2019 restated*
External net sales	614'067	783'258	869'280	362'244	239'441	207'931	1'722'788	1'353'433	241		1'723'029	1'353'433
Net sales between segments	118	4	303	448			421	452	-421	-452	0	
Total net sales	**614'185**	**783'262**	**869'583**	**362'692**	**239'441**	**207'931**	**1'723'209**	**1'353'885**	**-180**	**-452**	**1'723'029**	**1'353'433**
Changes in inventories, own work capitalized and other operating income	70'678	54'823	38'173	14'085	13'529	15'200	122'380	84'108	-2'863	-2'986	119'517	81'122
Cost of materials, supplies and services	-400'948	-456'006	-315'505	-124'942	-156'586	-138'647	-873'039	-719'595	140	38	-872'899	-719'557
Personnel expenses	-156'954	-180'960	-257'088	-114'406	-31'844	-27'687	-445'886	-323'053	-1'767	-9'928	-447'653	-332'981
Depreciation and amortization	-73'167	-90'405	-66'643	-21'526	-18'977	-18'565	-158'787	-130'496	1'586	-490	-157'201	-130'986
thereof impairment	*-11'502*	*-34'125*			*-130*	*-991*	*-11'632*	*-35'116*	*1*		*-11'631*	*-35'116*
Other operating expenses	-93'670	-112'268	-122'532	-45'853	-28'176	-29'507	-244'378	-187'628	-5'614	-1'781	-249'992	-189'409
Operating result	**-39'876**	**-1'554**	**145'988**	**70'050**	**17'387**	**8'725**	**123'499**	**77'221**	**-8'698**	**-15'599**	**114'801**	**61'622**
EBITDA	**33'291**	**88'851**	**212'631**	**91'576**	**36'364**	**27'290**	**282'286**	**207'717**	**-10'284**	**-15'109**	**272'002**	**192'608**
Investments	**136'733**	**230'018**	**352'667**	**132'300**	**21'348**	**38'028**	**510'748**	**400'346**	**28'451**	**1'316**	**539'199**	**401'662**

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

* see Note 5

Effects of the COVID-19 pandemic

MTC started 2020 in the 1st quarter as planned, while the COVID-19 pandemic had a moderate impact on the overall results of the Group from the 2nd quarter. This pandemic is not leaving MTC without repercussions; due to the diversified orientation, the negative effects on the Montana Aerospace division were compensated for by those divisions that, despite the circumstances, performed better than budgeted.

The health and economic crisis triggered by the COVID-19 pandemic led to global government measures to limit the spread of the pandemic. The aerospace segment's operating activities were particularly hard hit by the restrictions on travel. Demand in the segment suffered a significant decrease, airlines had to reduce their capacities, “ground” large parts of their fleets and take measures to secure liquidity. The built rates of the major aircraft manufacturers, which represent the division's main sales driver, were therefore drastically reduced (for the aircraft relevant to the MTC by around 40% compared to the level before the pandemic). From the 2nd quarter of 2020, this led to a decrease in sales and earnings in the Montana Aerospace division.

The division responded to the situation by adjusting its production, including reducing staff in the USA and Romania. Nevertheless, the division's top priority is to keep qualified staff in order to be able to increase production promptly in the event of a recovery in demand and to be able to use the investments made in recent years – especially the construction of two new plants in Romania and Vietnam – accordingly.

Business, operating results and financial conditions have been and will continue to be shaped by the COVID-19 pandemic and the associated uncertainties in the foreseeable future. The situation is not expected to normalize before 2024.

In the past financial year, the pandemic had financial effects on the assessment of the collectability of receivables due to the changed assessment of the credit-worthiness of customers and on the valuation of inventories.

Information by geographical segment

(in T€)	2020 Net sales*	2020 Non-current assets**	2019 Net sales*	2019 Non-current assets**
Switzerland	53'656	39'326	35'784	40'227
Germany	355'760	652'532	261'542	292'662
Austria	43'314	66'394	28'374	66'441
United Kingdom	44'222	449	46'092	730
Croatia	24'888	84'780	22'684	83'208
Liechtenstein	16'456	10'540	15'160	11'704
France	120'390	16'173	89'756	14'018
Italy	48'655	6'933	25'561	
Turkey	34'966	15'976	25'257	22'911
Poland	47'697	17'983	26'963	157
Romania	10'565	379'716	6'260	295'699
Other Europe	186'824	17'471	108'678	8'226
USA	158'542	270'167	249'623	280'470
Brazil	60'878	16'029	71'776	23'420
Other America	40'647		47'906	
Singapore	30'113	1'140	33'694	1'107
China	235'184	8'687	151'860	9'391
India	26'238	11'905	26'408	14'529
Vietnam	97'188	70'268	2'535	60'370
Other Asia	66'297	3'577	66'496	3'986
Africa, Australia and New Zealand	20'549		11'024	
Total Group	**1'723'029**	**1'690'046**	**1'353'433**	**1'229'256**

* 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 T€)	2020 Net sales w/o IC	2020 Trade receivables	2019 Net sales w/o IC	2019 Trade receivables
thereof product sales	1'712'843	229'624	1'343'836	181'716
thereof service sales	10'186	1'934	9'597	2'728
Total Group	**1'723'029**	**231'558**	**1'353'433**	**184'444**

Key accounts

In FY 2020, 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 2020 or at 31 December 2019 that have an original expected duration of one year or less, as allowed by IFRS 15.

5. Changes in presentation

5.1. Changes according to IAS 8 (correction of errors)

In FY 2020 it was discovered that finished and semi-finished goods of the Group were overvalued in previous financial years or that they were incorrectly classified as inventories instead of fixed assets.

The errors have been corrected by adjusting the financial statements items in question for the previous years.

5.2. Other changes

Changes in presentation – Consolidated statement of financial position
Reclassifications have been performed between accruals and contract liabilities.

The quantitative impact of the described adjustments on the consolidated financial statements is presented hereafter. The effect on the consolidated statement of cash flows is not presented since it is not material.

Consolidated statement of financial position

(in T€)	01.01.2019 as previously reported	01.01.2019 Adjustments	01.01.2019 Restated
ASSETS			
Intangible assets	226'179		226'179
Property, plant and equipment	550'423		550'423
Real estate held as investment property	38'704		38'704
Joint ventures and shares in associates	65'002		65'002
Loans	83'183		83'183
Other financial assets	8'657		8'657
Deferred tax assets	9'005	5'310	14'315
Other assets	23'010		23'010
Non-current assets	**1'004'163**	**5'310**	**1'009'473**
Inventories	277'000	-33'185	243'815
Contract assets	2'370		2'370
Trade receivables	159'795		159'795
Current tax assets	5'584		5'584
Other assets	54'476		54'476
Cash and cash equivalents	193'225		193'225
Current assets	**692'450**	**-33'185**	**659'265**
TOTAL ASSETS	**1'696'613**	**-27'875**	**1'668'738**
EQUITY AND LIABILITIES			
Share capital	12'710		12'710
Share premium	180'156		180'156
Retained earnings	459'489	-27'875	431'614
Treasury shares	-74'942		-74'942
Equity attributable to the shareholders of MTC AG	**577'413**	**-27'875**	**549'538**
Non-controlling interests	97'952		97'952
Total equity	**675'365**	**-27'875**	**647'490**
Non-current liabilities	**641'934**	**0**	**641'934**
Bank loans and borrowings	83'951		83'951
Other financial liabilities	13'284		13'284
Current tax liabilities	13'224		13'224
Provisions	7'929		7'929
Employee benefits	25'098		25'098
Trade payables	150'666		150'666
Contract liabilities	20'990	-6'702	14'288
Accruals	17'842	6'702	24'544
Other liabilities	46'330		46'330
Current liabilities	**379'314**	**0**	**379'314**
Total liabilities	**1'021'248**	**0**	**1'021'248**
TOTAL EQUITY AND LIABILITIES	**1'696'613**	**-27'875**	**1'668'738**

Consolidated statement of financial position

(in T€)	31.12.2019 as previously reported	Adjustments	Restated
ASSETS			
Intangible assets	220'190	13'022	233'212
Property, plant and equipment	918'617		918'617
Real estate held as investment property	90'449		90'449
Joint ventures and shares in associates	27'877		27'877
Loans	62'544		62'544
Other financial assets	63'831		63'831
Deferred tax assets	10'980	4'622	15'602
Other assets	52'873		52'873
Non-current assets	**1'447'361**	**17'643**	**1'465'004**
Inventories	329'987	-43'352	286'635
Contract assets	15'824		15'824
Trade receivables	184'444		184'444
Current tax assets	5'113		5'113
Other assets	87'340		87'340
Cash and cash equivalents	412'279		412'279
Current assets	**1'034'987**	**-43'352**	**991'635**
TOTAL ASSETS	**2'482'348**	**-25'708**	**2'456'640**
EQUITY AND LIABILITIES			
Share capital	12'710		12'710
Share premium	180'156		180'156
Retained earnings	658'876	-25'708	633'168
Treasury shares	-75'136		-75'136
Equity attributable to the shareholders of MTC AG	**776'606**	**-25'708**	**750'898**
Non-controlling interests	255'320		255'320
Total equity	**1'031'926**	**-25'708**	**1'006'218**
Non-current liabilities	**920'030**	**0**	**920'030**
Bank loans and borrowings	63'737		63'737
Other financial liabilities	41'792		41'792
Current tax liabilities	21'312		21'312
Provisions	7'783		7'783
Employee benefits	27'000		27'000
Trade payables	243'031		243'031
Contract liabilities	23'103	-8'057	15'046
Accruals	29'593	8'057	37'650
Other liabilities	73'041		73'041
Current liabilities	**530'392**	**0**	**530'392**
Total liabilities	**1'450'422**	**0**	**1'450'422**
TOTAL EQUITY AND LIABILITIES	**2'482'348**	**-25'708**	**2'456'640**

Consolidated statement of profit or loss

(in T€)	2019 as previously reported	2019 Adjustments	2019 Restated
Net sales	**1'353'433**	**0**	**1'353'433**
Change in finished and unfinished goods	26'212	-10'167	16'045
Other operating income	65'077		65'077
Cost of materials, supplies and services	-732'579	13'022	-719'557
Personnel expenses	-332'981		-332'981
Other operating expenses	-189'409		-189'409
EBITDA	**189'753**	**2'855**	**192'608**
Depreciation and amortization	-130'986		-130'986
- thereof impairment	*-35'116*		*-35'116*
Operating profit	**58'767**	**2'855**	**61'622**
Interest income	6'793		6'793
Interest expenses	-25'804		-25'804
Other financial income	32'428		32'428
Other financial expenses	-11'549		-11'549
Financial result	**1'868**	**0**	**1'868**
Share of profit of equity-accounted investees, net of tax	-292		-292
Income before taxes	**60'343**	**2'855**	**63'198**
Income tax expense	-21'868	-688	-22'556
Result for the year	**38'475**	**2'167**	**40'642**
Thereof attributable to:			
Shareholders of MTC AG	18'189	2'167	20'356
Non-controlling interests	20'286		20'286

6. Significant changes to the scope of consolidation

6.1. Overview 2020

The number of consolidated companies shows the following development:

Development/number of consolidated companies	2020 full consolidation	2020 equity consolidation	2019 full consolidation	2019 equity consolidation
as of 1.1.	**91**	**3**	**73**	**4**
first consolidation in the reporting year	**37**	**0**	**20**	**0**
start-up	6		9	
acquisition	31		11	
deconsolidated in the reporting year	**-2**	**-1**	**-2**	**-1**
liquidation	-1		-2	
disposal	-1	-1		-1
merger	**-1**			
as of 31.12.	**125**	**2**	**91**	**3**

6.1.1. First-time consolidation

6.1.1.1. Business combinations (according to IFRS 3)

In FY 2020, MTC (purchasing entity: VARTA AG) acquired the VARTA Consumer Batteries Group („VC“). The companies acquired are listed in Note 32.

In addition, MTC acquired the following companies in FY 2020:

- VARTA Micro Innovation GmbH („VMI“; incl. subsidiary Eff siebzigvier Beteiligungs GmbH; 57,98% oft he shares were acquired on 10 June 2020)
- IMT Intermato S.p.A. (“IMT“; 100% of the shares were acquired on 27 July 2020)
- Top System sp.z.o.o. (“Top System”; 80% oft he shares were acquired on 9 September 2020; a put option was granted for the remaining 20%)

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

(in T€)	VARTA Consumer	VMI	IMT	Top System	Total
Intangible assets	44'631	2	628	6'133	51'394
Property, plant and equipment	64'753	712	5'345	2'367	73'177
Financial assets	50	41	230	0	321
Other non-current receivables and assets	23'740	0	73	0	23'813
Inventories	51'108	29	15'988	994	68'119
Trade receivables	91'988	1	3'530	1'097	96'616
Other current receivables	21'436	663	911	0	23'010
Other current assets	13'747	0	0	0	13'747
Cash and cash equivalents	29'408	1'620	2'536	625	34'189
Non-current financial liabilities	-26'540	-513	-3'478	-387	-30'918
Other nun-current liabilities	-56'681	-4'391	-564	-1'173	-62'809
Current financial liabilities	-6'645	0	0	-227	-6'872
Other current liabilities	-140'231	-1'956	-10'161	-1'104	-153'452
Identifiable net assets	**110'764**	**-3'792**	**15'038**	**8'325**	**130'335**
(in T€)					
Non-cash purchase price components	0	0	12'843	5'022	17'865
Cash and cash equivalents (excl. transaction costs)	110'902	74	3'120	13'214	127'310
Total purchase price	**110'902**	**74**	**15'963**	**18'236**	**145'175**
Market value of any shares already held	0	44	0	0	44
Fair value of identifiable net assets	-110'764	3'792	-15'038	-8'325	-130'335
Goodwill	**138**	**3'910**	**925**	**9'911**	**14'884**
(in T€)					
Cash and cash equivalents (excl. transaction costs)	110'902	74	3'120	13'214	127'310
Acquired cash and cash equivalents	-29'408	-1'620	-2'536	-625	-34'189
Total cash outflow (+), Total cash inflow (-)	**81'494**	**-1'546**	**584**	**12'589**	**93'120**

The non-cash purchase price components include an earn-out agreement in the amount of T€ 6,057 for IMT.

The trade receivables comprise gross amounts of the contractual receivables in the amount of T€ 96,616, of which T€ 3,052 was estimated to be unrecoverable at the time of acquisition.

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

In FY 2020, costs of € 1.5 million related to the business combinations in the current financial year were incurred. These costs are included in other operating expenses.

In the consolidated financial statements of FY 2019, there were costs relating to the business combinations in FY 2020 of € 3.7 million for due diligence, lawyer, bank and notary fees. Of this, € 3.0 million was recorded in other operating expenses and € 0.7 million in financial expenses in the previous year's income statement.

The contribution of the acquired companies to sales in the past financial year amounted to T € 344,338, while the contribution to the profit for the period was T € 8,744. If the acquired companies had been included in the consolidated financial statements since the beginning of the financial year, sales would have been T€ 17,213 higher and the result for the period would have been T€ 1,202 higher than reported. The identified goodwill results mainly from the skills and technical talent of the workforce as well as synergies from the integration into MTC.

(in T€)	Net sales since first-time consolidation	Net sales since 1 January 2020	Change (fictitious)	Net income since first-time consolidation	Net income since 1 January 2020	Change (fictitious)
VC	335'301	335'301	0	8'025	8'025	0
VMI	241	414	172	178	306	127
IMT	5'842	14'020	8'179	341	819	478
Top System	2'954	11'816	8'862	199	797	597
Total	**344'338**	**361'551**	**17'213**	**8'744**	**9'946**	**1'202**

6.1.1.2. Other acquisitions

In FY 2020, no further other acquisitions were made at MTC.

6.1.1.3. Foundation of companies

Companies founded in the current financial year are listed in Note 32.

6.1.2. Deconsolidation

6.1.2.1. Sales

Companies sold in the current financial year or ae in the process of liquidation not et completed are listed in Note 32.

6.1.2.1. Liquidations

Companies that have been liquidated in the current financial year are listed in Note 32.

6.1.3. Acquisition of associates

In FY 2020, as in the previous year, no associates were acquired by the MTC Group.

6.1.4. Sale of associates

In FY 2020, as in the previous year, no associates were sold by MTC.

6.1.5. Acquisition of non-controlling interest

In FY 2020, as in the previous year, no non-controlling interests were acquired from MTC.

6.1.6. Disposal of non-controlling interests

(in T€)	Attributable to the shareholders of MTC AG	Non controlling interests	31.12.2020
VARTA AG - disposal of 400,000 shares as of 9.12.2020	38'109	5'891	44'000
VARTA AG - disposal of 400,000 shares as of 18.12.2020	37'763	5'837	43'600
VARTA AG - share option programs	2'256	1'780	4'036
Disposal of non-controlling interests	**78'128**	**13'508**	**91'636**

VARTA AG – sale of 800,000 shares

VGG GmbH sold 400,000 shares in VARTA AG on 9 December 2020 and 18 December 2020 at a price of € 110 (on 9 December 2020) and € 109 (on 18 December 2020) per share and thus achieved gross proceeds of € 87.6 million. In the course of this transaction, around 2.0% of the stake in VARTA AG was sold to non-controlling interests.

VARTA AG – stock option program

VGG GmbH (main shareholder of VARTA AG) has given selected employees options to acquire ordinary shares in VARTA AG as an incentive to increase the company's value. As a result of the exercise of these options, approx. 0.46% of the stake in VARTA AG was sold to non-controlling interests in FY 2020; see also Note 27.

(in T€)	Attributable to the shareholders of MTC AG	Non controlling interests	31.12.2019
VARTA AG - capital increase	51'697	50'423	102'120
VARTA AG - disposal of 808,000 shares as of 5.12.2019	89'503	7'483	96'986
VARTA AG - share option programs	1'500	1'072	2'572
Aluflexpack AG - IPO	40'762	76'949	117'711
Disposal of non-controlling interests	**183'462**	**135'927**	**319'389**

VARTA AG capital increase

VARTA AG carried out a capital increase on 13 June 2019. 2,221,686 new shares were issued at a price of € 46.7 per share. This resulted in gross proceeds of € 103.8 million. The transaction costs recognized in equity that arose from the capital increase amounted to € 1.6 million.

VARTA AG – Sale of 808.000 shares

On 5 December 2019 VGG GmbH sold 808,000 shares of VARTA AG at a price of € 121 per share and recognized gross proceeds of € 97.8 million. During this transaction, approximately 2% of the shares of VARTA AG were sold to non-controlling interests. The transaction costs recognized in equity that arose from this transaction amounted to € 0.8 million.

VARTA stock option program

VGG GmbH (main shareholder of VARTA AG) has granted to a number employees options for the acquisition of ordinary shares in VARTA AG as an incentive in order to increase the company's value. Following the exercise of these options, ca. 0.36% of the investment in VARTA AG was sold to non-controlling interests during the year; see also Note 27.

Aluflexpack AG – IPO

Aluflexpack has carried out on IPO on 28 June 2019 in the regulated market of the Zürich Stock Exchange. The issue price was CHF 21. By the issue of 7,300,000 new shares, Aluflexpack AG received gross proceeds of € 137.8 million. In addition, 730,000 "old shares" of Aluflexpack AG were sold, resulting in gross proceeds of € 13.8 million. The transaction costs recognized in equity that arose in connection with the IPO of Aluflexpack AG amounted to € 33.9 million.

7. Intangible assets

(in T€)	Goodwill	Customer relationships and other intangible assets	Industrial property rights	Other rights and advance payments	Licenses	Development costs	Total
COST							
Balance as at 1 January 2019	**95'847**	**113'816**	**34'688**	**12'724**	**4'010**	**17'164**	**278'249**
Effect of movements in exchange rates	841	993	189	8	11	-39	**2'003**
Change in consolidation scope	1'478	4'323	1'787				**7'588**
Additions		16'868	3	9'487	938	15'101	**42'397**
Disposals		-102			-6		**-108**
Transfers		7'228	592	-9'618	2'021		**223**
Balance as at 31 December 2019	**98'166**	**143'126**	**37'259**	**12'601**	**6'974**	**32'226**	**330'352**
Effect of movements in exchange rates	-4'211	-7'014	-995	-9	-139	-1'457	**-13'825**
Change in consolidation scope	14'884	28'336	22'952		102	4	**66'278**
Additions		2'965	8	12	475	38'732	**42'192**
Disposals		-18	-10'636		-98		**-10'752**
Transfers		40'049	12	-8'857	506	-30'859	**851**
Balance as at 31 December 2020	**108'839**	**207'444**	**48'600**	**3'747**	**7'820**	**38'646**	**415'096**
ACCUMULATED AMORTIZATION and IMPAIRMENT LOSSES							
Balance as at 1 January 2019	**2'264**	**36'528**	**764**	**2'972**	**3'090**	**6'452**	**52'070**
Effect of movements in exchange rates		127	-13	6	15		**135**
Additions		11'147	453	122	877	1'972	**14'571**
Impairment loss	19'825		10'636				**30'461**
Disposals		-91			-6		**-97**
Transfers		-141			141		**0**
Balance as at 31 December 2019	**22'089**	**47'570**	**11'840**	**3'100**	**4'117**	**8'424**	**97'140**
Effect of movements in exchange rates		-682	-109	-9	-45	-133	**-978**
Additions		14'254	786	79	1'026	2'951	**19'096**
Impairment loss		2'863					**2'863**
Disposals		-12	-10'636		-95		**-10'743**
Transfers		-738	12			726	**0**
Balance as at 31 December 2020	**22'089**	**63'255**	**1'893**	**3'170**	**5'003**	**11'968**	**107'378**
CARRYING AMOUNT							
Carrying amount as at 1 January 2019	93'583	77'288	33'924	9'752	920	10'712	**226'179**
Carrying amount as at 31 December 2019	76'077	95'556	25'419	9'501	2'857	23'802	**233'212**
Carrying amount as at 31 December 2020	86'750	144'189	46'707	577	2'817	26'678	**307'718**

* see Note 5

In the reporting year, research and development costs of T€ 36,707 (2019: T€ 15,990) were recognized through profit or loss.

Intangible assets show restrictions on disposal of T€ 0 (2019: T€ 8,452).

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

2020

(in T€)	Goodwill	Customer relationships with indefinite useful life	Customer relationships with finite useful life	Other intangible assets	Industrial property rights with indefinite useful life	Industrial property rights with finite useful life
Aerospace Components USA	30'160	28'759	178	66'507	0	1'413
ASTA	0		1'784	53	0	0
Metal Tech	24'060	0	476	66	0	586
Energy Storage	13'714	9'094	18'516	3'357	39'772	1'125
Aluflexpack	18'815	-	15'009	389	1'815	1'997
Total	**86'750**	**37'853**	**35'963**	**70'373**	**41'587**	**5'120**

2019 restated*

(in T€)	Goodwill	Customer relationships with indefinite useful life	Customer relationships with finite useful life	Other intangible assets	Industrial property rights with indefinite useful life	Industrial property rights with finite useful life
Aerospace Components USA	32'825	31'052	295	33'951	0	1'778
ASTA	0		2'953	2'542		0
Metal Tech	23'138	0	748	138	0	103
Energy Storage	9'666	9'094		715	18'299	497
Aluflexpack	10'448	-	13'796	272	1'807	2'935
Total	**76'077**	**40'146**	**17'792**	**37'618**	**20'106**	**5'313**

* see Note 5

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 2020 and the classification of an indefinite useful life is maintained.

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

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

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

The calculations are based on the following assumptions:

2020

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

2019

	Discount rate after taxes	Discount rate before taxes	Budgeted growth rate
Aerospace Components USA	11.27%	13.65%	2.00%
Metal Tech	11.23%	14.52%	1.20%

The reportable segment Montana Aerospace includes among others the Aerospace Components USA and Metal Tech CGUs, which contain goodwill items or intangible assets with indefinite useful lives.

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

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

The value in use of Aerospace Components USA is higher than the carrying amount. The value in use would correspond to the carrying amount with a discount rate after taxes of 11.55% (instead of 10.77%) resp. a growth rate in the terminal value of 0.04%. The surplus which results from the difference between the value in use and the book value amounts to T€ 19,667.

In the Metal Tech division, the value in use is also higher than the carrying amount and would correspond to the carrying amount with a discount rate after taxes of 13.02% (instead of 12.28%) resp. a negative growth rate in the terminal value of 0.10%. The surplus which results from the difference between the value in use and the book value amounts to T€ 5,542.

In the reporting segments Energy Storage and Aluflexpack, the respective fair value is significantly higher than the carrying amount.

8. Property, plant and equipment and Investment properties

(in T€)	Land	Buildings	Right-of-use assets - Land and Buildings	Technical equipment and machinery	Right-of-use assets - Techn. Equipm. and machinery	Other equipment	Right-of-use assets - Other equipment	Plant under construction and advance payments	Operating property, plant and equipment	Real estate held as financial investment
COST										
Balance as at 1 January 2019	**29'942**	**121'036**		**438'335**		**93'505**		**116'076**	**798'894**	**38'704**
Effect of movements in exchange rates	324	642	455	2'490	146	673	166	-94	**4'802**	**645**
IFRS 16 - initial application as of 1 January 2019			74'665		736		5'572		**80'973**	**0**
Change in consolidation scope	1'830	26'713		1'936					**30'479**	**50'348**
Additions	827	1'226	7'953	29'816	1'619	17'585	2'639	297'898	**359'563**	**752**
Disposals	-336	-313	-22'877	-7'099		-2'709	-12	-98	**-33'444**	**0**
Transfers	784	1'135	1'893	57'865	6'101	6'866	20	-72'994	**1'670**	**0**
Balance as at 31 December 2019	**33'371**	**150'439**	**62'089**	**523'343**	**8'602**	**115'920**	**8'385**	**340'788**	**1'242'937**	**90'449**
Effect of movements in exchange rates	-1'309	-8'689	-1'286	-17'370	-32	-2'939	-293	-3'162	**-35'080**	**-8'394**
Change in consolidation scope	3'255	12'980	15'436	14'034	13'390	6'564	3'185	4'333	**73'177**	**0**
Additions	296	32'149	37'663	131'436	1'747	19'852	3'176	270'689	**497'008**	**15'048**
Disposals		-30'164	-8'754	-20'728		-1'877	-469	376	**-61'616**	**0**
Transfers		68'358		220'653		12'075	-19	-305'097	**-4'030**	**1'360**
Balance as at 31 December 2020	**35'613**	**225'073**	**105'148**	**851'368**	**23'707**	**149'595**	**13'965**	**307'927**	**1'712'396**	**98'463**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as at 1 January 2019	**3'032**	**17'169**		**172'485**		**55'501**		**284**	**248'471**	**0**
Effect of movements in exchange rates	-1	238	-1	1'278	20	630	-4	11	**2'171**	
Depreciation	772	4'848	12'613	48'340	793	11'922	2'026	-15	**81'299**	
Impairment loss		104		4'391		160			**4'655**	
Disposals		-211	-2'923	-6'658		-2'479	-4	-1	**-12'276**	
Transfers			-145	-2'412	2'326	81	150		**0**	
Balance as at 31 December 2019	**3'803**	**22'148**	**9'544**	**217'424**	**3'139**	**65'815**	**2'168**	**279**	**324'320**	**0**
Effect of movements in exchange rates	-13	-392	-560	-6'497	-30	-1'856	-105	3	**-9'450**	
Change in consolidation scope				-6					**-6**	
Depreciation	773	6'748	14'143	82'062	3'662	15'279	3'806		**126'473**	
Impairment loss		213		7'585		971			**8'769**	
Disposals		-550	-951	-17'366		-2'405	-303		**-21'575**	
Transfers		-70		65	19	-3	-11		**0**	
Balance as at 31 December 2020	**4'563**	**28'097**	**22'176**	**283'267**	**6'790**	**77'801**	**5'555**	**282**	**428'531**	**0**
CARRYING AMOUNT										
Carrying amount as at 1 January 2019	26'910	103'867	0	265'850	0	38'004	0	115'792	**550'423**	**38'704**
Carrying amount as at 31 December 2019	29'568	128'291	52'545	305'919	5'463	50'105	6'217	340'509	**918'617**	**90'449**
Carrying amount as at 31 December 2020	31'050	196'976	82'972	568'101	16'917	71'794	8'410	307'645	**1'283'865**	**98'463**

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

The reclassifications of the acquisition costs of the other assets include a reclassification to other non-current assets in the amount of T€ -3,178.

The reclassifications of the acquisition costs of the investment property include a reclassification from other current assets in the amount of T€ 1,360.

Operating property, plant and equipment show restrictions on disposal of T€ 100,253 (2019: T€ 203,099). Contract liabilities for the acquisition of property, plant and equipment amount to T€ 142,721 (2019: T€ 195,921).

In FY 2020, there were unplanned depreciations of T€ 8,639 (2019: T€ 3,664) in the Montana Aerospace division and of T€ 130 (2019: T€ 991) in the Aluflexpack division.

Investment properties

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

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

Real estate held as investment property achieved rental income of T€ 2,601 (2019: T€ 589).

Real estate held as investment property show a restriction on disposal of T€ 0 (2019: T€ 0).

9. Joint ventures and shares in associates[1]

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

(in T€)	2020	2019
VW-VM Verwaltungsgesellschaft mbH	13	13
Total carrying amount of joint ventures	**13**	**13**
VARTA Micro Innovation GmbH	0	213
HENN Industrial Group GmbH & Co. KG	27'942	27'652
Other	65	0
Total carrying amount of associates	**28'007**	**27'865**
Total carrying amount of joint ventures and shares in associates	**28'020**	**27'877**

HENN Industrial Group GmbH & Co KG ("HENN")
Since 2018, the MTC is holding 45.45% of the limited partner's share of HENN. A purchase price improvement was agreed with the seller for 25.45% of the interests, which will apply until 31 December 2023. The improvement in the purchase price is shown in the "Other financial liabilities".

The main key figures of HENN are:

(in T€)	2020*	2019
Non-current assets	129'666	136'695
Current assets	38'322	37'229
Non-current liabilities	50'200	53'606
Current liabilities	19'967	22'565
Equity	97'821	97'754
Net Sales	84'470	88'923
Result before tax	-1'104	-2'455
Result for the year	67	-1'196
Other comprehensive income for the year, net of tax	0	0
Total comprehensive income for the year	67	-1'196

* These are the provisional figures as of (Forecast 2020). Any deviations from the final figures as of 31 December 2020 will be recorded accordingly in the MTC consolidated financial statements for FY 2020.

Transfer of the carrying amount to HENN:

(in T€)	2020	2019
MTC share in equity	44'459	44'169
Value adjustments	-16'517	-16'517
Carrying amount	**27'942**	**27'652**

[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.

10. Leases

10.1. Right of use asset

(in T€)	2020	2019
Balance as at 1 January	**64'225**	**80'973**
Transfers	-27	5'683
Depreciation	-21'611	-15'432
Additions from first-time consolidation	32'011	12'211
Additions	42'586	12'211
Disposals	-7'969	-19'962
Effect of movements in exchange rates	-916	752
Balance as at 31 December	**108'299**	**64'225**

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

10.2. Amounts recognized in the Income statement

(in T€)	2020	2019
Interest on lease liabilities	-1'696	-2'389
Expenses relating to short-term leases	-1'827	-1'639
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	-3'158	-2'407
Total amounts recognised in profit or loss	**-6'681**	**-6'435**

10.3. Amounts recorded in the cash flow statement

(in T€)	2020	2019
Total cash outflow relating to leases	**-29'723**	**-23'841**

10.4. Leases in which MTC Group is a lessor

There are no leases in which MTC is the lessor.

11. Inventories

Inventories are distributed amongst the individual items as follows:

(in T€)	2020	2019 restated*
Raw materials and supplies	177'816	129'148
Tools and replacement parts	1'654	1'495
Unfinished goods and services	97'672	78'591
Finished goods and merchandise	100'280	77'401
Inventories	**377'422**	**286'635**
valuation adjustment realized in the profit and loss statement	1'339	2'836

* see Note 5

Inventories with a carrying amount of T€ 28,157 (2019: T€ 97,646) are pledged as security for liabilities.

12. Other receivables and assets

Other receivables and assets are composed as follows:

(in T€)	2020	2019
Prepaid expenses / deferred charges (current)	12'681	15'087
Receivables from debt assumption VARTA pensions	19'849	17'907
Receivables from disposal of investments in associated companies	11'692	23'800
Receivables from government aid and grants	14'757	9'594
Tax refund claims against previous owner	13'147	0
Other tax receivables	29'318	23'575
Other assets	66'489	50'250
Other assets	**167'933**	**140'213**
thereof non-current	58'781	52'873
thereof current	109'152	87'340

13. Cash and cash equivalents

Cash and cash equivalents are composed of as follows:

(in T€)	2020	2019
Cash	1'091	63
Bank deposits	275'267	329'796
Time deposits with an initial duration of up to 3 months	1'652	82'420
Total	**278'010**	**412'279**

Cash and cash equivalents of T€ 1,918 (2019: T€ 22,728) are pledged explicitly as security. Taking into account the general pledging of investments in relation with loan agreements, these amount to T€ 1,918 (2019: T€ 34,026).

14. Income taxes

14.1. Income tax expense

(in T€)	2020	2019 restated*
Current income tax expense	-46'868	-27'054
Income tax expense from previous periods	1'163	114
Deferred income tax expense	5'264	4'384
Income tax expense	**-40'441**	**-22'556**

* see Note 5

14.2. Deferred taxes

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

(in T€)	Deferred tax assets	Deferred tax liabilities	31.12.2020 net	Deferred tax assets	Deferred tax liabilities	31.12.2019 net
Intangible assets	2'709	31'950	-29'241	-154	20'997	-21'151
Property, plant and equipment	544	29'577	-29'033	152	21'677	-23'008
Financial assets	19	845	-826	4	1'555	-1'551
Other non-current assets and receivables	8	7'402	-7'394	0	6'336	-6'336
Inventories	11'177	774	10'403	6'879	1'386	5'493
Trade receivables	1'402	2'236	-834	1'278	895	383
Other current assets	3'989	1'988	2'001	3'642	419	3'223
Non-current financial liabilities	7'469	2'354	5'115	1'104	1'006	98
Other non-current liabilities	998	838	160	-22	2'587	-1'126
Non-current liabilities for employee benefits	19'792	0	19'792	11'932	0	11'932
Current financial liabilities	1'874	442	1'432	126	53	73
Short-term provisions	920	0	920	348	0	348
Trade payables as well as contract liabilities	3'228	281	2'947	2'333	3	2'330
Other current liabilities	5'779	2'907	2'872	4'941	1'869	3'072
Tax loss carried forward	6'096	0	6'096	8'590	0	8'590
Offset	-42'058	-42'058	0	-25'551	-25'551	0
Total deferred tax assets / liabilities	**23'946**	**39'536**	**-15'590**	**15'602**	**33'232**	**-17'630**

* see Note 5

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.

14.3. Reconciliation of effective tax rate

The effective tax rate amounts to 57% (2019: 35%) in the reporting year. The tax expense is calculated as follows:

(in T€)	2020	2019 restated*
Result before tax	70'526	63'198
Income tax rate**	22.9%	21.6%
Expected (theoretical) tax expense	-16'181	-13'664
Effect of tax rates in foreign jurisdictions	-8'206	2'856
Adjustments due to local tax rate changes as compared to the previous year	923	-494
Tax-free income	632	1'212
Current-year losses for which no deferred tax asset is recognised	-11'325	-10'159
Utilization of unrecognized tax loss carryforwards	984	1'147
Capitalisation of tax loss carryforwards	292	0
Non-tax deductible expenses	-4'375	-1'539
Non-tax deductible interests	-1'323	-58
Tax expense / tax income due to audit	1'044	159
Valuation of deferred tax assets	-1'401	-632
Other	-1'505	-1'385
Income tax expense	**-40'441**	**-22'556**

* see Note 5

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

14.4. Movement in deferred tax balances

(in T€)	2020	2019 restated*
Net deferred tax liability as at 1 January	17'630	23'128
Income tax expense recognized in profit or loss	-5'264	-4'384
Effects due to acquisitions during the year	7'019	0
Other	-3'795	-1'114
Net deferred tax liability as at 31 December	**15'590**	**17'630**

* see Note 5

Income taxes of T€ -14 (2019: T€ -51) for cash flow hedges are recognized in the consolidated statement of comprehensive income. Income taxes on revaluations of defined benefit pension plans amounted to T€ 970 (2019: T€ 1,590).

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

(in T€)	31.12.2020	31.12.2019
In the forthcoming financial year - to be used within 1 year	17'464	924
Within 2 years	1'320	17'442
Within 3 years	171	1'721
Within 4 years	1'803	87
Within 5 years	6'870	4'187
Within 6 years	31'010	2'144
Within 7 years	15'780	37'832
After more than 7 years	2'714	4'722
No expiration	200'104	183'003
Total tax loss carryforwards as at 31 December	**277'236**	**252'062**

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 2020, based on the above-mentioned estimates, deferred taxes on tax loss carryforwards of T€ 6,096 (2019: T€ 8,590) were recognized. In this respect, the corresponding country-specific tax provisions and possibilities were taken into account.

15. Liabilities for employee benefits

15.1. Composition of post-employment and other employee benefits

(in T€)	31.12.2020	31.12.2019
Pensions	87'085	48'541
Severance payments	18'020	15'550
Anniversary bonuses	4'912	3'330
Semi-retirement	4'178	1'285
Employee bonuses	13'723	9'497
Entitlement to holiday, overtime and compensatory time	17'877	12'194
Other deferred liabilities for employee benefits	14'516	6'131
Total liabilities for employee benefits	**160'313**	**96'527**
thereof current	48'524	27'000
thereof non-current	111'789	69'527

15.2. 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 T€)	31.12.2020	31.12.2019
Present value of defined benefit obligation (DBO) at the balance sheet date	212'296	172'430
Fair value of plan assets	-125'520	-124'007
Net liability (+) / Net asset (-) in the balance sheet	**86'776**	**48'423**
thereof Switzerland	15'574	19'637
thereof Germany	66'053	22'492

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 2020, it amounted to 1.00% (2019: 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 disproportionally.
Retirement benefits are paid out in the form of a lifelong pension that results from the multiplication of the pension capital available upon retirement (composed of salary-related employee and employer contributions) with the regulatory conversion rate. Death benefits represent 60% of the (probable) retirement pension, and invalidity benefits represent 40% of the insured salary.

Two other significant defined benefit pension plans in Germany (VARTA Microbattery GmbH [“VMB”] and VARTA Consumer Batteries GmbH & Co. KGaA [“VC”], Energy Storage division), insure the employees of the affiliated companies as planned against the risks of old age, death and invalidity.
Retirement benefits are paid out in the form of a lifelong pension that results from the multiplication of the pension capital available upon retirement (composed of salary-related employee and employer contributions) with the regulatory conversion rate. Death benefits represent 60% of the (probable) retirement pension, and invalidity benefits represent 40% of the insured salary.

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

	Net liability		Fair value of plan assets		Present value of defined benefit obligation		Reimbursement claim	
(in T€)	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Balance at 1 January	48'423	38'780	-124'007	-121'810	172'430	160'590	17'907	15'633
Included in profit or loss								
Current service cost	3'077	1'886			3'077	1'886	0	0
Past service cost	0	0			0	0	0	0
Interest income / Interest cost	974	845	-443	-1'132	1'417	1'977	0	0
Plan settlements	0	0			0	0	0	0
	4'051	2'731	-443	-1'132	4'494	3'863	0	0
Included in OCI								
(i) Remeasurement:								
Actuarial gain/loss arising from	8'320	11'336			8'320	11'336	2'311	2'625
- experience adjustment	*-803*	*5'008*			*-803*	*5'008*	*-148*	*478*
- demographic assumptions	*0*	*0*			*0*	*0*	*0*	*0*
- financial assumptions	*9'123*	*6'328*			*9'123*	*6'328*	*2'459*	*2'147*
Return on plan assets, excl. interest income/expenses	-4'880	-1'468	-4'880	-1'468				*Är*
(ii) Effect of movements in exchange rates:	-340	792	-370	-3'487	30	4'279	0	0
	3'100	10'660	-5'250	-4'955	8'350	15'615	2'311	2'625
Other								
Changes in consolidation scope	36'491	0	-1'785	0	38'276	0	0	0
Contributions paid by the employer	-1'692	-459			-1'692	-459	0	0
Employer contributions	-3'591	-3'269	-3'591	-3'269				
Employee contributions	0	0	-1'076	-1'018	1'076	1'018	0	0
Benefits paid	0	0	10'610	8'460	-10'610	-8'460	-369	-351
Other	-6		22	-283	-28	263	0	0
	31'202	-3'748	4'180	3'890	27'022	-7'638	-369	-351
Balance at 31 December	**86'776**	**48'423**	**-125'520**	**-124'007**	**212'296**	**172'430**	**19'849**	**17'907**
funded via provision	*64'579*	*20'859*			*64'579*	*20'859*	*0*	*0*
funded via plan assets	*147'717*	*151'571*			*147'717*	*151'571*	*0*	*0*
Thereof Switzerland	*15'574*	*19'637*	*-91'982*	*-92'711*	*107'556*	*112'348*	*0*	*0*
Thereof Germany	*66'053*	*22'492*	*-27'613*	*-25'702*	*93'666*	*48'194*	*19'849*	*17'907*

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

Actuarial assumptions

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

	31.12.2020	31.12.2019
Discount rate (in %)	0.10%	0.20%
Expected salary increases (in %)	1.00%	1.00%
Expected pension increases (in %)	0.00%	0.00%
Fluctuation workers/employees (in %)	BVG 2015 GT	BVG 2015 GT
Life expectancy	BVG 2015 GT	BVG 2015 GT
Retirement age men (in years)	65	65
Retirement age women (in years)	64	64

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

	31.12.2020	31.12.2019
Discount rate (in %)	0.51%	1.23%
Expected salary increases (in %)	1.50%	2.50%
Expected pension increases (in %)	1.50%	1.50%
Fluctuation workers/employees (in %)	0.00%	0.00%
Life expectancy	RT Heubeck 2018 G	RT Heubeck 2018 G
Retirement age men (in years)	63	63
Retirement age women (in years)	63	63

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

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

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

	31.12.2020
Discount rate (in %)	0.25% - 1.4%
Expected pension increases (in %)	0% - 2.5%
Fluctuation workers/employees (in %)	0% - 3.0%
Life expectancy	0.00%
Retirement age men (in years)	64 - 67
Retirement age women (in years)	64 - 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 at 31 December 2020 would increase or reduce the corresponding DBO of the company as follows:

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

(in T€)	Increase	Reduction
Discount rate (+/- 0.50%)	-7'122	8'045
Life expectancy (+/- 1 year)	5'558	-4'678
Pension trend (+/- 0.50%)	6'254	-5'714

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

(in T€)	Increase	Reduction
Discount rate (+/- 0.25%)	-1'454	1'337
Life expectancy (+/- 1 year)	961	-974
Pension trend (+/- 0.25%)	835	-879

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

(in T€)	Increase	Reduction
Discount rate (+/- 0.25%)	-1'868	2'014
Life expectancy (+/- 1 year)	1'811	-1'773
Pension trend (+/- 0.25%)	1'313	-1'246

The effective return on the plan assets amounted to T€ 5,010 (2019: T€ 2,600) in the reporting year. The expected employer contributions for defined benefit plans upon termination of employment for the subsequent year amount in total to T€ 3,320 (2019: T€ 1,972).

Average weighted duration of defined benefit pension plans

The average weighted remaining term of the defined benefit pension plan of AME in Switzerland amounts to 13.1 years (2019: 13.1 years).

The average weighted remaining term of the defined benefit pension plan of VMB and VC in Germany amounts to 20.6 years (2019: 19.9 years).

15.3. Severance

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

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

(in T€)	31.12.2020	31.12.2019
Present value of provision for severance at balance sheet date (DBO)	18'020	15'550
Defined benefit liability (provision for severance)	**18'020**	**15'550**

The development of the provision for severance is as follows:

(in T€)	2020	2019
Present value of provision for severance as at 1 January	**15'550**	**13'614**
FX differences	-664	94
Changes in the scope of consolidation	1'413	0
Current service cost	1'178	1'735
Interest expense	119	170
Actuarial gains (-) / losses (+)	1'010	774
Benefits paid	-577	-830
Change of plans	0	-19
Other	-9	12
Present value of provision for severance as at 31 December	**18'020**	**15'550**

The severance expense is as follows:

(in T€)	2020	2019
Current service cost	1'178	1'735
Interest expense	118	170
Expense realized in the profit or loss statement	**1'296**	**1'905**
Actuarial gains (-) / losses (+)	1'011	774
Revaluations recognized in the consolidated statement of comprehensive income	**1'011**	**774**
Severance expense for the period	**2'307**	**2'679**

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

	31.12.2020	31.12.2019
Discount rate (in %)	0.6% - 7.6%	1.0% - 8.1%
Expected salary increases (in %)	2.5% - 11.5%	2.5% - 11.5%
Fluctuation of workers/employees (in %)	0.0%	0.0%
Retirement age men (in years)	55 - 65	55 - 65
Retirement age women (in years)	55 - 65	55 - 65

16. Equity

16.1. Share capital

As at 31 December 2020, 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 (2019: TCHF 17,192)
- Approved share capital of TCHF 7,747 (2019: TCHF 7,747)
- Conditional share capital of TCHF 1,325 (2019: TCHF 1,325)

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

The approved share capital of TCHF 7,747 is limited until 12 June 2021 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 12 June 2021, 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 2020 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).

16.2. Share premium

In FY 2020, T€ 80,182 was distributed from the share premium.

16.3. 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 as well as the market estimate of financial assets held for disposal.

16.4. Treasury shares

As at 31 December 2020, MTC has treasury shares in the amount of T€ 83,592 (2019: T€ 75,136). The following transactions were performed in the reporting year:

	Number of share
Balance as at 1 January 2019	**13'784'089**
Acquisition of treasury shares	14'032
Balance as at 31 December 2019	**13'798'121**
Acquisition of treasury shares	903'626
Balance as at 31 December 2020	**14'701'747**

16.5. Dividends

In FY 2020, MTC distributed a dividend of T€ 80,182 (€ 1.12 per ordinary share and € 0.11 per voting share). The Board of Directors will propose a dividend of T€ 60,000 to the 2020 general shareholders' meeting.

17. Financial liabilities

17.1. Change in liabilities arising from financing activities

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

* excl. accrued interest payable towards third parties of T€ 8 (2019: T€ 9)

	01.01.2019	IFRS 16 - initial application as of 1 January 2019	Reclassification	Addition consolidation scope	Repayment	Acquisition	Non-cash adjustments	Interest accrued	Currency translation	31.12.2019
Non-current financial liabilities										
Bank loans and borrowings	194'699		2'822	39'500	-8'982	133'053		2'061	694	**363'847**
Lease liabilities**	2'345	71'736	-3'118	0	-9'405		-10'433	1'676	466	**53'267**
Other financial liabilities*	289'196		-24'500	11'726	-11'999	57'530	-9'946	0	416	**312'423**
Current financial liabilities										
Bank loans and borrowings	83'951		-2'822	1'565	-85'418	66'779		674	-992	**63'737**
Lease liabilities**	914	9'237	3'118	0	-8'001		2'627	718	337	**8'950**
Other financial liabilities*	11'935		24'500	0	-6'522	3'087		-165	-2	**32'833**
Total	**583'040**	**80'973**	**0**	**52'791**	**-130'327**	**260'449**	**-17'752**	**4'964**	**919**	**835'057**

* excl. accrued interest payable towards third parties of T€ 9 (2018: T€ 434)

** until 31.12.2018 according to IAS 17; upon 01.01.2019 according to IFRS 16

17.2. Bank loans and borrowings

(in T€)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line in reporting currency	2020 Carrying amount in reporting currency	2019
Loan	EUR	30.11.2023	fixed	1.45%	no credit line	110'135	
Loan	EUR	30.08.2024	variable	var. + 1,25%	no credit line	100'390	
Loan	USD	indefinite	variable	Libor + 1,9%	24'448	24'888	
Loan	USD	indefinite	fixed	0.85%	60'000	25'002	
Loan	USD	indefinite	fixed	1.00%	no credit line	10'025	
Loan	USD	indefinite	fixed	1.50%	18'515	5'006	
Loan	EUR	31.12.2022	fixed	2.25%	14'051	15'237	
Loan	EUR	< 1 year	variable	n/a	31	31	
Loan	EUR	25.07.2025	variable	0.90%	40'000	40'000	
Loan	EUR	31.12.2025	fixed	1.70%	0	2'813	
Loan	EUR	15.12.2023	variable	1.80%	7'327	4'232	
Loan	EUR	15.12.2025	variable	1.50%	12'278	6'287	
Loan	EUR	15.12.2025	variable	1.50%	12'278	6'287	
Loan	EUR	31.12.2023	variable	1.80%	7'698	5'536	
Loan	EUR	> 1 year	fixed	1.50%	570	205	
Loan	EUR	> 1 year	fixed	3.00%	340	81	
Loan	EUR	> 1 year	fixed	1.05%	500	90	
Loan	EUR	< 1 year	fixed	1.20%	250	252	
Loan	EUR	< 1 year	fixed	1.20%	200	200	
Loan	EUR	< 1 year	fixed	4.00%	400	211	
Loan	EUR	< 1 year	fixed	4.00%	200	191	
Loan	USD	30.09.2023	variable	2.05%	19'146	11'702	
Loan	USD	30.09.2023	variable	2.05%	8'036	4'937	
Working Capital Line	EUR	30.09.2023	variable	1.75%	20'000	0	
Working Capital Line	EUR	31.08.2021	fixed	1.35%	15'000	50	
Revolving Line of Credit	USD	31.01.2022	variable	n/a	11'409	0	
Loan	USD	31.01.2022	variable	n/a	19'558	19'567	
Loan	USD	31.01.2022	variable	n/a	4'075	4'075	
Swing line	USD	31.01.2022	variable	n/a	0	0	
Loan	EUR	01.01.2023	fixed	1.50%	25'000	25'000	
Loan	EUR	b.a.w.	fixed	1.50%	10'000	1	
Loan	EUR	30.11.2022	fixed	1.50%	5'000	5'000	
Loan	EUR	30.09.2021	variable	1.20%	3'000	3'000	
Loan	EUR	31.03.2022	variable	1.35%	1'800	1'800	
Loan	EUR	revolving	variable	0.98%	4'000	4'000	
Loan	EUR	30.06.2022	variable	1.30%	2'000	2'000	
Loan	EUR	30.06.2022	fixed	1.10%	164	164	
Loan	EUR	30.06.2022	fixed	1.55%	1'000	176	
Loan	EUR	30.06.2022	fixed	2.30%	1'000	165	
Loan	EUR	30.06.2022	fixed	1.55%	1'000	165	
Loan	EUR	30.06.2022	fixed	2.30%	1'000	176	
Loan	EUR	31.03.2022	variable	2.00%	12'400	1'226	
Loan	EUR	30.06.2024	fixed	2.49%	1'200	1'040	
Loan	BRL	Sep. 2022	fixed	4.49%	3'602	3'602	
Loan	BRL	Mar. 2021	fixed	4.49%	0	6	
Loan	USD	until May.2021	variable	6.75%	7'193	7'232	
Loan	BRL	Oct. 2021	fixed	9.60%	784	397	
Loan	BRL	Mar. 2021	fixed	7.59%	628	630	
Loan	BRL	Mar. 2021	fixed	5.70%	0	14	
Loan	BRL	Jun. & Jul. 2022	fixed	5.70%	4'107	4'107	
Loan	CNY	30.08.2021	fixed	4.05%	1'246	1'248	
Loan	CNY	05.02.2021	fixed	4.35%	1'246	1'248	
Loan	CNY	15.01.2021	fixed	4.35%	1'246	1'248	
Loan	CNY	05.02.2021	fixed	4.35%	1'246	1'248	
Working Capital Line	INR	30 Days Rollover	variable	8.10%	1'115	1'115	
Loan	INR	90 Days	variable	5.25%	279	279	
Loan	EUR	30.11.2027	variable	1.62%	no credit line	12'000	
Loan	EUR	30.09.2021	fixed	1.15%	no credit line	5'000	
Loan	USD	b.a.w.	variable	2.30%	8'149	8'156	
Loan	USD	01.01.2027	fixed	4.95%	7'742	7'070	
Loan	USD	01.01.2027	fixed	4.95%	3'667	3'349	
Loan	USD	30.01.2023	fixed	3.62%	1'732	1'131	
Loan	USD	21.03.2021	variable	n/a	14'522	10'377	
Total liabilities towards financial institutions						**510'800**	**427'584**
thereof non-current liabilities towards financial institutions						450'440	363'847
thereof current liabilities towards financial institutions						60'360	63'737

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

17.3. Other financial liabilities

Other financial liabilities are composed as follows:

(in T€)	31.12.2020	31.12.2019
Borrower's note loans	360'480	317'957
Lease liabilities	106'584	62'217
Liabilities from put options	15'255	5'947
Other financial liabilities	31'851	21'361
Other financial liabilities	**514'170**	**407'482**
thereof current	454'300	365'690
thereof non-current	59'870	41'792

Borrower's note loans were as follows:

(in T€)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line in reporting currency	2020 Carrying amount in reporting currency	2019
Borrower's note loan 2014 - Tranche	EUR	15.07.2029	fixed	3.40%	5'000		
Borrower's note loan 2014 - Tranche	EUR	15.07.2021	fixed	3.94%	12'000		
Borrower's note loan 2014						17'523	17'268
Borrower's note loan 2015 - Tranche	EUR	08.07.2022	fixed	2.71%	47'500		
Borrower's note loan 2015 - Tranche	EUR	08.07.2025	fixed	3.53%	11'000		
Borrower's note loan 2015 - Tranche	EUR	08.07.2022	variable	1.68%	23'500		
Borrower's note loan 2015 - Tranche	EUR	08.07.2025	variable	2.18%	8'000		
Borrower's note loan 2015 - Tranche	EUR	04.09.2022	variable	1.68%	8'500		
Borrower's note loan 2015						99'534	99'475
Borrower's note loan 2016 - Tranche	EUR	15.12.2023	fixed	2.01%	20'500		
Borrower's note loan 2016 - Tranche	EUR	15.12.2023	variable	1.50%	7'500		
Borrower's note loan 2016 - Tranche	EUR	15.12.2023	variable	1.36%	500		
Borrower's note loan 2016 - Tranche	EUR	06.06.2024	fixed	2.12%	5'000		
Borrower's note loan 2016 - Tranche	EUR	15.01.2021	fixed	1.34%	6'500		
Borrower's note loan 2016 - Tranche	EUR	15.01.2021	variable	1.15%	7'000		
Borrower's note loan 2016 - Tranche	EUR	16.01.2024	fixed	2.01%	15'500		
Borrower's note loan 2016 - Tranche	EUR	16.01.2024	variable	1.50%	17'000		
Borrower's note loan 2016 - Tranche	EUR	16.01.2024	variable	1.37%	5'000		
Borrower's note loan 2016 - Tranche	EUR	16.01.2024	variable	1.50%	6'000		
Borrower's note loan 2016 - Tranche	EUR	16.01.2024	variable	1.37%	3'000		
Borrower's note loan 2016 - Tranche	EUR	15.12.2023	fixed	2.14%	1'500		
Borrower's note loan 2016						95'510	143'559
Borrower's note loan 2019 - Tranche	EUR	28.06.2024	fixed	1.40%	15'000		
Borrower's note loan 2019 - Tranche	EUR	30.07.2024	fixed	1.45%	10'000		
Borrower's note loan 2019 - Tranche	EUR	28.08.2024	fixed	1.45%	15'000		
Borrower's note loan 2019 - Tranche	EUR	16.06.2024	variable	1.25%	17'500		
Borrower's note loan 2019						57'676	57'655
Borrower's note loan 2020 - Tranche	EUR	12.03.2025	variable	1.25%	38'000		
Borrower's note loan 2020 - Tranche	EUR	20.03.2023	variable	1.10%	20'000		
Borrower's note loan 2020 - Tranche	EUR	30.06.2023	variable	1.90%	4'000		
Borrower's note loan 2020 - Tranche	EUR	30.06.2025	variable	2.15%	5'000		
Borrower's note loan 2020 - Tranche	EUR	30.06.2025	variable	1.75%	8'000		
Borrower's note loan 2020 - Tranche	EUR	31.12.2024	fixed	1.60%	5'000		
Borrower's note loan 2020 - Tranche	EUR	16.11.2023	variable	1.50%	5'000		
Borrower's note loan 2020 - Tranche	EUR	16.11.2025	variable	1.75%	5'000		
Borrower's note loan 2020						90'237	0
Total borrower's note loan						**360'480**	**317'957**

In relation to borrower's note loans, covenants to be met were agreed at Group level (net debt/EBITDA, equity ratio and level of indebtedness). In FY 2020, these were realized, as in FY 2019.

The other financial liabilities are composed of T€ 657 (2019: T€ 662) towards foundations and welfare funds.

18. Provisions

The provisions are as follows:

(in T€)	Onerous contracts and anticipated losses	Restructuring	Warranties, guarantees, etc.	Decommissioning, repair and other obligations	Other provisions	Total 2020
Balance as at 1 January 2020	**289**	**0**	**5'675**	**61**	**4'942**	**10'967**
Changes in the scope of consolidation	23	2'896	295	820	8'371	12'405
Reclassification			-26	26		0
Increase		14'483	6'408	1'008	10'175	32'074
Used	-121	-1'666	-2'489	-442	-4'689	-9'407
Reversal		-61	-44		-680	-785
FX differences		68	-53	-1	-703	-689
Balance as at 31 December 2020	**191**	**15'720**	**9'766**	**1'472**	**17'416**	**44'565**
Maturity						
Current	24	15'720	7'778	1'472	10'328	35'322
Non-current	167		1'988		7'088	9'243
Total provisions	**191**	**15'720**	**9'766**	**1'472**	**17'416**	**44'565**

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 additions are mainly due to the acquisition of VARTA Consumer Batteries Group.

The other provisions include an earn-out provision in the amount of T€ 6,057.

19. Accruals

Accruals comprise the following items:

(in T€)	31.12.2020	31.12.2019 restated*
Audit, tax advisory and legal advisory	3'811	4'341
Outstanding invoices	6'358	15'078
Customer bonuses, rebates and discounts	59'437	8'057
Other accruals	16'613	10'174
Accruals	**86'219**	**37'650**
thereof non-current	723	0
thereof current	85'496	37'650

The increase in consumer bonuses, rebates, and discounts is mainly due to the acquisition of the VARTA Consumer Batteries Group.

20. Contract liabilities

Contract liabilities comprise the following items:

(in T€)	2020	2019 restated*
Advance payments received from contracts with customers	13'286	8'874
Other	6'116	6'172
Contract liabilities	**19'402**	**15'046**
thereof current	19'402	15'046

* see Note 5

21. Other liabilities

Other liabilities comprise the following items:

(in T€)	31.12.2020	31.12.2019
Other advance payments	91'082	67'059
Derivative financial instruments	1'059	2'291
Accruals and deferred income	2'998	3'943
Other tax liabilities	17'164	5'487
In relation with social security	5'991	3'144
Liabilities from promotion projects	66'019	59'529
Liabilities towards employees	4'355	8'586
Other liabilities	11'377	7'552
Other liabilities	**200'045**	**157'591**
thereof non-current	97'915	84'550
thereof current	102'130	73'041

22. Personnel expenses

Personnel expenses contain the following items:

(in T€)	2020	2019
Wages and salaries	353'557	273'571
Severance and redundancy	19'115	4'419
Compulsory social security expenses	41'158	30'664
Pension expenses	18'398	9'273
Expenses from stock option plans	2'707	2'853
Other personnel expenses	12'718	12'201
Total	**447'653**	**332'981**

Pension expenses are composed as follows:

(in T€)	2020	2019
Defined contribution plans	15'321	7'387
Defined benefit plans	3'077	1'886
Total	**18'398**	**9'273**

Number of employees	2020	2019
As of reporting date	10'689	9'572
Average of the reporting period	10'793	8'714

23. Other operating income

Other operating income contains the following items:

(in T€)	2020	2019
Income from reversal of provisions and accruals	3'821	1'886
Income from insurance	2'335	7'393
Income from disposal of property, plant and equipment	174	146
Income from disposal of recycling products	22'856	17'339
Grants and public benefits	15'539	8'480
Income from services provided for previous owner	17'557	0
Other	19'989	10'531
Other operating income	**82'271**	**45'775**

The "Income from services provided for previous owners" is due to the acquisition of the VARTA Consumer Batteries Group. The amount of T€ 17,557 results from services for the appliances area (including household appliances and animal feed) of the former owner, which were provided for a limited period until the end of 2020.

24. Other operating expenses

Other operating expenses comprise the following items:

(in T€)	2020	2019
Energy costs	30'972	28'027
Research and development	441	510
Licenses and patent fees	2'062	1'467
Losses from disposal of tangible assets	3'015	250
Maintenance	29'160	21'534
Freight-out costs and customs duties	35'823	30'658
Commissions	8'338	5'182
Accrual of provisions for bad debt	3'251	154
Losses from bad debt	326	1'244
Legal advice, audit and consulting fees	36'010	30'653
Other fees and charges	4'178	3'630
Lease expenses (low-value as well as short-term leases)	4'985	4'046
Travel expenses	4'213	8'876
Phone and postal charges, IT supplies	8'509	5'827
Education and training	1'192	1'388
Insurance	5'200	3'416
Expenses for cleaning services	2'658	1'736
Marketing, advertising and representation	9'443	5'002
Taxes other than income taxes	4'450	4'907
Warranty & guarantee	5'542	2'030
Other	50'224	28'872
Sonstiger betrieblicher Aufwand	**249'992**	**189'409**

25. Net financial result

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

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

(in T€)	2020	2019
Foreign currency exchange gains	4'543	4'764
Other financial income	2'514	12'911
Income from disposal of investments in associated companies	0	14'753
Other financial income	**7'057**	**32'428**

(in T€)	2020	2019
Foreign currency exchange losses	21'058	8'569
Depreciation of securities	479	0
Other financial expenses	7'686	2'980
Other financial expenses	**29'223**	**11'549**

Other financial income mainly consists of the valuation of put options (T€ 5,141).

Foreign exchange effects resulting from the classification of net investments in foreign operations amounted to T€ 15,644 (2019: T€ -6,569). These were not recognized in the result of the period but in the consolidated statement of comprehensive income.

26. Consolidated cash flow statement

Other non-cash revenues and expenses result mainly from the valuation of put options in the amount of T€ 5,141 (2019: T€ -6,509) and foreign currency exchange effects in the amount of T€ 14,351 (2019: T€ -2,687).

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 T€ 52,605 (2019: T€ 44,769) [translated at the annual average rate, the difference amounts to T€ 8,338] and non-cash additions to right-of-use assets, in the amount of T€ 42,586. The open positions resulting from investments from the previous year were paid for a large part in FY 2020 and attributed to the acquisition of intangible assets and property, plant and equipment.

The item “Proceeds from the sale of intangible assets and property, plant and equipment” cannot be reconciled with the disposals of intangible assets and property, plant and equipment due to the non-cash termination of rights-of-use assets amounting to T€ 7,969.

The item “Dividend paid to shareholders of MTC AG” cannot be reconciled with the movement in the consolidated statement of changes in equity due to offsetting against an open claim against a shareholder of MTC AG in the amount of T€ -12,301.

Due to non-cash effects of T€ 1,254, the item “Disposal of non-controlling interests” cannot be reconciled with the development of the consolidated statement of changes in equity.

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 T€)	VARTA AG, Ellwangen (DE)	Aluflexpack AG, Reinach (CH)	Sonstige	31.12.2020 Gesamt
Non-controlling interest	**44%**	**46%**		
Non-current assets (+)	708'072	146'815		
Current assets (+)	435'899	135'900		
Non-current liabilities (-)	-253'506	-39'021		
Current liabilities (-)	-377'685	-69'428		
Net assets	**512'780**	**174'266**		
Net assets - attributable to non controlling interests	228'430	81'388	-291	309'526
Net revenues	869'583	239'441		
Result for the year	95'421	8'984		
Other comprehensive income	-12'294	-6'906		
Total comprehensive income	**83'127**	**2'078**		
Result for the year - attributable to non controlling interests	40'135	4'283	-298	44'120
Other comprehensive income - attributable to non controlling interests	-1'404	-3'323	69	-4'658
Cash flows from operating activities	226'103	26'058		
Cash flows from investing activities	-372'969	-32'875		
Cash flows from financing activities	26'646	-11'479		
Net change in cash and cash equivalents	**-120'220**	**-18'296**		

VARTA AG is a fully consolidated group company listed on the Frankfurt stock exchange. MTC's investment in VARTA AG amounts to ca. 56% as at 31 December 2020. The interim and final financial statements are prepared and published by VARTA AG in accordance with the International Financial Reporting Standards (IFRS). Due to certain consolidation entries, there are minor deviations between VARTA AG's results published by VARTA AG and VARTA AG's results consolidated by MTC.

Aluflexpack AG is a fully consolidated group company, which is listed on the SIX Swiss Exchange. MTC's share in Aluflexpack AG was approximately 54% as of December 31, 2020. 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.

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 T€)	**2020**	**2019**
Cash and cash equivalents	278'010	412'279
Trade receivables	231'558	184'444
Loans towards associated companies	1'836	1'809
Loans towards other related companies as well as third parties	5'566	60'735
Other financial assets	63'976	63'831
Contract assets	12'759	15'824
Other assets*	125'932	101'552
Total financial assets	**719'637**	**840'474**

* excl. other tax receivables of T€ 29'318 (2019: T€ 23'575) and excl. prepaid expenses / deferred charges of T€ 12'681 (2019: T€ 15'087)

At the balance sheet date, loans incl. accrued interest of T€ 1,865 and T€ 5,537 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 T€)	31.12.2020	31.12.2019
Trade receivables	236'019	185'473
Allowance	-4'461	-1'029
Trade receivables - net	**231'558**	**184'444**

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 T€)	2020	2019
Balance as of 1 January	1'029	1'844
Increase	3'461	231
Utilization	-67	-748
Reversal	-192	-311
Other changes	346	2
Exchange rate differences	-116	11
Total allowance	**4'461**	**1'029**

The following table discloses the information on overdue trade receivables:

(in T€)	Gross	Allowance	Net
not yet due	184'903	-533	184'370
0 to 10 days past due	24'338	-496	23'842
11 to 30 days past due	9'203	-258	8'945
31 days to 60 days past due	7'042	-292	6'750
61 days to 180 days past due	3'527	-1'211	2'316
181 days to 360 days past due	4'518	-538	3'980
> 360 days past due	2'490	-1'135	1'355
Total	**236'021**	**-4'463**	**231'558**

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.

Liquidity risk

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

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

31 December 2020

(in T€)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	510'800	537'963	10	43'557	93'732	393'517	7'147
Lease liabilities	106'584	113'568		5'613	16'840	64'402	26'713
Other financial liabilities*	407'578	419'523	519	21'282	26'534	359'486	11'702
Trade payables**	246'857	246'857	70'501	168'905	7'451		
Accruals	86'219	86'219			86'219		
Contract liabilities***	6'116	6'116			6'116		
Other liabilities****	81'751	81'751	1'201	9'223	22'020	22'281	27'026
Total non-derivative financial liabilities	**1'445'905**	**1'491'997**	**72'231**	**248'580**	**258'912**	**839'686**	**72'588**

* excl. accrued interest payable towards third parties of T€ 8

** excl. residual purchase price liabilities T€ 6'786

*** excl. advance payments in relation to customer contracts of T€ 13'286

**** excl. deferred income of T€ 2'998, excl. derivative financial instruments of T€ 1'059, excl. other tax liabilities from taxes and liabilities in relation with social security of T€ 5'991 as well as excl. other advance payments of T€ 91'082

(in T€)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Interest rate swap (Fair Value Hedge)	318	318			318		
Commodityswaps (Cash Flow Hedge)	72	71		69	2		
Forward exchange contracts (Fair Value Hedge)	669	669		669			
Derivative financial liabilities	**1'059**	**1'058**	**0**	**738**	**320**	**0**	**0**

31 December 2019 restated*

(in T€)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Bank loans and borrowings	427'584	447'477	1'409	18'663	50'646	356'197	20'562
Lease liabilities	62'217	70'689		3'591	10'773	45'506	10'819
Other financial liabilities*	345'256	357'424	3'069	2'781	29'901	288'665	33'008
Trade payables	243'031	243'031	96'277	135'800	10'954		
Accruals	37'650	37'650			37'650		
Contract liabilities**	6'172	6'172			6'172		
Other liabilities***	75'670	75'670	4'413	19'540	4'291	26'289	21'137
Total non-derivative financial liabilities	**1'197'580**	**1'238'113**	**105'168**	**180'375**	**150'387**	**716'657**	**85'526**

* excl. accrued interest payable towards third parties of T€ 9 (2018: T€ 434)

** excl. advance payments in relation to customer contracts of T€ 7'874 (2018: T€14'225)

*** excl. deferred income of T€ 3.943, excl. derivative financial instruments of T€ 2.291, excl. other tax liabilities from taxes and liabilities in relation with social security of T€ 8.631, excl. liabilities towards associates of T€ 1 as well as excl. other advance payments of T€ 67.059

(in T€)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 - 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Interest rate swap (Fair Value Hedge)	790	790				790	
Commodityswaps (Cash Flow Hedge)	53	53		22	31		
Commodityswaps (Fair Value Hedge)	190	190		34	76	80	
Forward exchange contracts (Cash Flow Hedge)	23	23		23			
Forward exchange contracts (Fair Value Hedge)	1'235	1'235		650	572	13	
Derivative financial liabilities	**2'291**	**2'291**	**0**	**729**	**679**	**883**	**0**

* see Note 5

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.

	31.12.2020			31.12.2019		
(in T€)	CHF/EUR	CHF/USD	EUR/USD	CHF/EUR	CHF/USD	EUR/USD
Cash and cash equivalents	30'444	3'421	71'466	54'950	2'490	29'068
Trade receivables	6'514	116	31'995	8'124	527	39'833
IC receivables	12'165	1'856	15'125	20'828	4'421	17'964
IC loans	179'205	162'130	93'875	158'497	124'413	109'414
Other financial liabilities	-277'933	-32'487	-24'795	-210'595	-31'526	-18'147
Trade payables	-7'917	-1'293	-88'496	-9'097	-3'347	-96'453
IC payables	-6'826	-3	-12'304	-3'649	0	-19'028
IC loans	-14'119	-172'363	-54'884	-300	-170'888	-60'524
Total currency exposure - gross	**-78'467**	**-38'623**	**31'982**	**18'758**	**-73'910**	**2'127**
Forward exchange contracts	3'139		5'505	0	0	50'318
Total currency exposure - net	**-75'328**	**-38'623**	**37'487**	**18'758**	**-73'910**	**52'445**

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 T€)		Gain (+) / Loss (-)		Equity + / -	
31 December 2020					
CHF / EUR	+/- 4.3%	2'517	-2'624		
CHF/ USD	+/- 7.6%	841	-609		
EUR / USD	+/- 8.0%	-7'993	9'043		

(in T€)		Gain (+) / Loss (-)		Equity + / -	
31 December 2019					
CHF / EUR	+/- 4.9%	-567	567		
CHF/ USD	+/- 6.6%	3'185	-3'185		
EUR / USD	+/- 7.3%	-5'164	5'442	-20	22

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.

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 T€)	2020	2019
Financial instruments with fixed interest		
Financial assets*	10'145	145'027
Financial liabilities**	587'262	476'085
Financial instruments with variable interest		
Financial assets*	275'266	329'796
Financial liabilities**	437'708	358'981

* including bank deposits, fixed deposits as well as loans

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

Sensitivity analysis for fixed-rate financial instruments

The Group measures neither financial assets (fixed deposits or securities) nor financial liabilities (bank loans and borrowings) bearing 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 T€ 1,251 (2019: reduction of T€ 239). 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 T€ 1,251 (2019: increase of T€ 239). 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.

Derivative financial instruments

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

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

31 December 2020

	Currency	Nominal value (in thousand original currency)	Fair Value (in T€)	Thereof recognised in equity	Maturity
Foreign exchange contract	EUR	570	22	0	up to 1 year
Foreign exchange contract	EUR	4'200	5	0	up to 1 year
Foreign exchange contract	EUR	1'100	1	0	up to 1 year
Foreign exchange contract	EUR	32'000	1'230	0	up to 1 year
Commodityswap	EUR	6	6	0	up to 1 year
Commodityswap	EUR	-11	-11	0	up to 1 year
Commodityswap	EUR	11	11	0	up to 1 year
Commodityswap	EUR	32	32	0	up to 1 year
Commodityswap	EUR	85	85	0	up to 1 year
Commodityswap	EUR	264	264	0	1 - 5 years
Commodityswap	EUR	-34	-34	0	1 - 5 years
Commodityswap	EUR	277	277	0	1 - 5 years
Commodityswap	EUR	43	43	0	up to 1 year
Commodityswap	EUR	59	59	0	up to 1 year
Commodityswap	EUR	62	62	0	up to 1 year
Commodityswap	EUR	468	490	0	1 - 5 years
Commodityswap	EUR	-22	-22	0	1 - 5 years
Commodityswap	EUR	92	93	0	1 - 5 years
Commodityswap	USD	203	66	0	up to 1 year
Commodityswap	USD	145	-4	0	up to 1 year
Foreign exchange contract	USD	1'600	-1	0	up to 1 year
Foreign exchange contract	USD	30'450	-50	0	up to 1 year
Foreign exchange contract	USD	16'500	-22	0	up to 1 year
Foreign exchange contract	USD	54'528	-364	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Foreign exchange contract	SGD	464	1	0	up to 1 year
Commodityswap	USD	2'026	673	0	up to 1 year
Commodityswap	USD	2'094	-63	0	up to 1 year
Foreign exchange contract	USD	3'500	-232	0	up to 1 year
Foreign exchange contract	GBP	24'850	316	0	up to 1 year
Foreign exchange contract	CHF	3'400	18	0	up to 1 year
Foreign exchange contract	USD	484	35	0	up to 1 year
Foreign exchange contract	USD	168	12	0	up to 1 year
Foreign exchange contract	USD	263	7	0	up to 1 year
Foreign exchange contract	USD	74	2	0	up to 1 year
Foreign exchange contract	USD	362	9	0	up to 1 year
Foreign exchange contract	USD	324	8	0	up to 1 year
Foreign exchange contract	USD	238	6	0	up to 1 year
Foreign exchange contract	USD	270	7	0	up to 1 year
Foreign exchange contract	USD	83	3	0	up to 1 year
Commodityswap	USD	455	8	8	up to 1 year
Commodityswap	USD	194	0	0	up to 1 year
Commodityswap	USD	394	4	0	up to 1 year
Foreign exchange contract	USD	4'643	57	57	up to 1 year
Commodityswap	USD	3'685	0	0	up to 1 year
Commodityswap	USD	194	0	0	up to 1 year
Commodityswap	USD	394	-5	0	up to 1 year
Foreign exchange contract	USD	1'250	36	0	up to 1 year
Foreign exchange contract	USD	2'880	111	0	up to 1 year
Foreign exchange contract	USD	11'000	72	0	up to 1 year
Foreign exchange contract	USD	33'800	205	0	up to 1 year
Interest rate swap	EUR	38'000	-318	0	up to 1 year
Total			**3'213**	**65**	

In FY 2020, T€ -64 (2019: T€ 109) were reclassified from the statement of comprehensive income to the statement of profit or loss.

31 December 2019

	Currency	Nominal value (in thousand original currency)	Fair Value (in T€)	Thereof recognised in equity	Maturity
Commodityswap	EUR	10'292	39	0	1 - 5 years
Commodityswap	EUR	1'317	-24	0	up to 1 year
Commodityswap	EUR	19'473	-80	0	1 - 5 years
Commodityswap	EUR	3'207	-71	0	up to 1 year
Commodityswap	USD	392	-42	-42	up to 1 year
Foreign exchange contract	USD	27'950	-196	0	up to 1 year
Foreign exchange contract	USD	11'761	-188	0	up to 1 year
Foreign exchange contract	USD	29'200	-81	0	up to 1 year
Foreign exchange contract	USD	9'600	-724	0	up to 1 year
Foreign exchange contract	SGD	5'592	-33	0	up to 1 year
Foreign exchange contract	SGD	1'856	-13	0	1 - 5 years
Foreign exchange contract	USD	670	12	12	up to 1 year
Foreign exchange contract	USD	500	3	0	up to 1 year
Foreign exchange contract	USD	960	12	0	up to 1 year
Commodityswap	USD	145	8	0	up to 1 year
Commodityswap	USD	147	7	0	up to 1 year
Commodityswap	USD	1'071	-11	-11	up to 1 year
Commodityswap	USD	145	-8	0	up to 1 year
Commodityswap	USD	147	-7	0	up to 1 year
Foreign exchange contract	USD	1'000	-23	-23	up to 1 year
Commodityswap	CNY	9'665	23	0	up to 1 year
Foreign exchange contract	USD	6'360	-20	0	up to 1 year
Interest rate swap	EUR	38'000	-790	0	1 - 5 years
Total			**-2'207**	**-64**	

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

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 2020 amounts to T€ 490,294 (2019: T€ 432,454).

31.12.2020		Carrying amount					Fair value			
(in T€)	Note	Measured at fair value - hedging instruments	Other assets and liabilities measured at fair value in profit and	Financial assets measured at amortised acquisiation cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value										
Forward exchange contracts (hedge accounting)	**28**	2'166				2'166		2'166		2'166
Commodityswaps (hedge accounting)	**28**	2'106				2'106		2'106		2'106
Securities			5'792			5'792	5'511	281		5'792
		4'272	**5'792**	**0**	**0**	**10'064**				
Financial assets - not measured at fair value										
Loans towards associated companies	**28**			1'836		1'836				
Loans towards other related companies as well as third parties	**28**			5'566		5'566				
Contract assets	**28**			12'759		12'759				
Trade receivables	**28**			231'558		231'558				
Other financial assets				63'976		63'976				
Other assets				115'869		115'869				
Cash and cash equivalents	**13**			278'010		278'010				
		0	**0**	**709'574**	**0**	**709'574**				
Financial liabilities - measured at fair value										
Interest rate swaps (hedge accounting)	**28**	318				318		318		318
forward exchange contracts (hedge accounting)	**28**	669				669		669		669
Commodityswaps (hedge accounting)	**28**	72				72		72		72
Other financial liabilities	**17**		18'769			18'769			18'769	18'769
		1'059	**18'769**	**0**	**0**	**19'828**				
Financial liabilities - not measured at fair value										
Bank loans and borrowings	**17**				510'800	510'800				0
Other financial liabilities*	**17**				388'809	388'809		490'294		490'294
Lease liabilities	**17**				106'584	106'584				0
Trade payables**	**17**				246'857	246'857				0
Contract liabilities***	**20**				6'116	6'116				0
Accruals	**19**				86'219	86'219				0
Other liabilities****	**21**				81'751	81'751				0
		0	**0**	**0**	**1'427'136**	**1'427'136**				

* excl. accrued interest payable towards third parties of T€ 8

** excl. residual purchase price liabilities T€ 6'786

*** excl. advance payments in relation to customer contracts of T€ 13'286

**** excl. deferred income of T€ 2'998, excl. derivative financial instruments of T€ 1'059, excl. other tax liabilities from taxes and liabilities in relation with social security of T€ 5'991 as well as excl. other advance payments of T€ 91'082

31.12.2019	Carrying amount					Fair value			
(in T€)	Measured at fair value - hedging instruments	Other assets and liabilities measured at fair value in profit and	Financial assets measured at amortised acquisiation cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets - measured at fair value									
Forward exchange contracts (hedge accounting)	7				7		7		7
Commodityswaps (hedge accounting)	77				77		77		77
Securities		5'858			5'858	5'843	15		5'858
	84	**5'858**	**0**	**0**	**5'942**				
Financial assets - not measured at fair value									
Loans towards associated companies			60'735		60'735				
Loans towards other related companies as well as third parties			1'809		1'809				
Contract assets			15'824		15'824				
Trade receivables			184'444		184'444				
Other financial assets			63'831		63'831				
Other assets			95'610		95'610				
Cash and cash equivalents			412'279		412'279				
	0	**0**	**834'532**	**0**	**834'532**				
Financial liabilities - measured at fair value									
Interest rate swaps (hedge accounting)	790				790		790		790
forward exchange contracts (hedge accounting)	1'258				1'258		1'258		1'258
Commodityswaps (hedge accounting)	243				243		243		243
Other financial liabilities		9'461			9'461			9'461	9'461
	2'291	**9'461**	**0**	**0**	**11'752**				
Financial liabilities - not measured at fair value									
Bank loans and borrowings				427'584	427'584				0
Other financial liabilities*				335'795	335'795		432'454		432'454
Lease liabilities				62'217	62'217				0
Trade payables				243'031	243'031				0
Contract liabilities**				6'172	6'172				0
Accruals				37'650	37'650				0
Other liabilities				75'670	75'670				0
	0	**0**	**0**	**1'188'119**	**1'188'119**				

* excl. accrued interest payable towards third parties of T€ 9

** excl. advance payments in relation to customer contracts of T€ 7.874

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.

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 2020 – taking into account the acquisition of own shares – amounts to 30% and was reached at the balance sheet date. The equity ratio at the reporting date amounts to 35%.

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 2020:

2020

Transaction type (in T€)	Note	Transaction volume Revenue	 Expense	Outstanding amount Receivables	 Payables
Remuneration paid to Board of Directors and Group Management	29.2	0	765	0	91
Transactions with persons and companies related to DDr. Tojner (incl. loan granted)	29.3.1	78'299	26'074	11'842	28'846
Transactions with associates	29.3.2	0	28	1'836	0
Total		**78'299**	**26'867**	**13'678**	**28'937**

The transactions and outstanding amounts with related parties were included in the following items in 2019:

2019

Transaction type (in T€)	Note	Transaction volume Revenue	 Expense	Outstanding amount Receivables	 Payables
Remuneration paid to Board of Directors and Group Management		0	679	0	90
Transactions with persons and companies related to DDr. Tojner (incl. loan granted)		67'981	98'323	82'050	17'640
Transactions with associates		4'966	457	15'132	13'413
Total		**72'947**	**99'459**	**97'182**	**31'143**

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 T€)	2020	2019
Short-term employee benefits	765	679
Remuneration paid to Group Management and BoD	**765**	**679**

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

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

The fixed remuneration of the Group's Management and Board of Directors in the year under review amounted to T€ 571 (2019: T€ 556), of which T€ 440 (2019: T€ 435) were paid to DDr. Tojner.

In the year under review, the variable remuneration elements amounted to T€ 194 (2019: T€ 123), of which T€ 124 (2019: T€ 53) were paid to DDr. Tojner.

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:

2020

	Transaction volume		Outstanding amount	
Transaction type (in T€)	**Revenue**	**Expense**	**Receivables**	**Payables**
Sale of services	124	0	121	0
Advisory services	0	5'298	0	6'686
Office space, cleaning services and other services	0	5'720	0	0
Acquisition of assets	0	4'926	0	6
Disposal of investments	0	0	11'692	0
Acquisition of investments	0	74	0	0
Financing activities	10'000	0	0	10'000
Repayment (revenue)) / Granting (expense) of given loans Granting (revenue) / Repayment (expense) of received loans	68'175	10'056	29	12'154
Total	**78'299**	**26'074**	**11'842**	**28'846**

2019

	Transaction volume		Outstanding amount	
Transaction type (in T€)	**Revenue**	**Expense**	**Receivables**	**Payables**
Sale of services	275	0	128	0
Advisory services	0	5'283	0	5'367
Office space, cleaning services and other services	0	4'866	0	92
Acquisition of assets	0	246	0	53
Disposal of investments	51'300	0	23'800	0
Acquisition of investments	0	44'484	0	0
Repayment (revenue)) / Granting (expense) of given loans Granting (revenue) / Repayment (expense) of received loans	16'406	43'444	58'122	12'128
Total	**67'981**	**98'323**	**82'050**	**17'640**

29.3.2. Transactions with joint ventures and associates

In FY 2020, as in the previous year, there were no transactions with joint ventures and there were no outstanding amounts as of the balance sheet date.

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

	Transaction volume		Outstanding amount	
Transaction type (in T€)	**Revenue**	**Expense**	**Receivables**	**Payables**
Repayment (revenue)) / Granting (expense) of loans	0	28	1'836	0
Total	**0**	**28**	**1'836**	**0**

Additionally, loans to associates increased by the amount of interest accrued in FY 2020 (T€ 28).

Transactions and outstanding amounts with joint ventures included the following items in 2019:

	Transaction volume		Outstanding amount	
Transaction type (in T€)	**Revenue**	**Expense**	**Receivables**	**Payables**
Provision of personnel	34	0	13	0
Sale of know-how*	0	0	9'868	0
Sale of services	16	0	0	0
Deferred interests*	226	0	3'442	0
Value adjustment in relation with the sale of know-how and	0	226	0	13'310
Acquisition of services and assets	0	205	0	103
Acquisition of investments	4'690	0	0	0
Repayment (revenue)) / Granting (expense) of loans	0	26	1'809	0
Total	**4'966**	**457**	**15'132**	**13'413**

* In 2019, receivables from the sale of know-how plus the receivables from deferred interest, which were fully written down, were shown in the table above. This affects VMI, which has been fully consolidated since 2020.

29.3.3. Transactions with pension institutions

In FY 2020, 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 T€ 1,709 (2019: T€ 6,029).

31. Events after the balance sheet date

As of today, MTC is confident about the stability of its business activities. However, the COVID pandemic still adds an element of uncertainty that cannot be fully assessed from today’s perspective.

There were no significant events after the balance sheet date.

32. Investments

Name of the company	Location	Country	Currency	Interest	Capital stock	Comment
Montana Aerospace						
Montana AS Beteiligungs Holding AG	Zug	CH	CHF	100.00%	26'862'000	
Montana Aerospace Components Inc.	Wilmington, DE	US	USD	100.00%	10	
MTC US Corp.	East Hanover, NJ	US	USD	100.00%	10	
Universal Alloy Corp.	Canton, GA	US	USD	100.00%	8'950	
UAC Export Co.	Wilmington, DE	US	USD	100.00%	0	
MTC Aerosystems LLC	Wilmington, DE	US	USD	100.00%	0	
Alu Menziken Extrusion AG	Reinach	CH	CHF	100.00%	4'000'000	
Alu Menziken SRL	Satu Mare	RO	EUR	100.00%	4'010'468	
Alu Menziken Euromotive GmbH	Ranshofen	AT	EUR	100.00%	35'000	
Medies Investimo SRL	Satu Mare	RO	EUR	100.00%	2'144	
Universal Alloy Corp. Europe S.R.L	Dumbravita	RO	EUR	100.00%	11'356	
UAC Airport SRL	Dumbravita	RO	EUR	100.00%	215	
UAC Design SRL	Dumbravita	RO	EUR	100.00%	217	
Neviton Softech Pvt. Ltd.	Odisha	IN	INR	100.00%	100'000	
MTC Aerosystems Kft.	Budapest	HU	USD	100.00%	11'825	
MTC Management Kft.	Budapest	HU	USD	100.00%	11'825	
Universal Alloy Corp. Asia Pte. Ltd.	Singapur	SG	USD	97.50%	50'000	
Universal Alloy Corp. Vietnam Company Ltd.	Da Nang	VN	USD	100.00%	34'000'000	
UAC Air Support Ltd.	Bristol	UK	GBP	100.00%	0	L
SecInt Air Support Ltd.	Warwickshire	UK	GBP	51.00%	0	V
ASTA Energy Transmission Components GmbH	Vienna	AT	EUR	100.00%	1'235'000	
ASTA Elektrodraht GmbH	Oed	AT	EUR	100.00%	1'500'000	
ASTA Bosnia d.o.o.	Zivinice	BA	BAM	100.00%	1'000	
PPE Fios Esmaltados S.A.	Cerquilho	BR	BRL	74.38%	131'749'860	
ASTA Conductors Co. Ltd.	Yangzhou	CN	CNY	100.00%	120'300'846	
ASTA India Pvt. Ltd.	Vadodara	IN	INR	100.00%	873'799'560	
Insulated Conductors and Enameled Wires N.V.	Amsterdam	NL	EUR	100.00%	250'000	
ASTA International Pte. Ltd.	Singapur	SG	SGD	100.00%	18'879'551	LO
ASTA Singapore Pte. Ltd.	Singapur	SG	SGD	100.00%	18'879'551	LO
ASTA Industrie GmbH	Oed	AT	EUR	100.00%	35'000	
ASTA Americas Inc.	Wilmington, DE	US	USD	100.00%	100	
ALPINE METAL TECH GmbH	Regau	AT	EUR	100.00%	36'500	
IMT Intermato S.p.A.	Varese	IT	EUR	100.00%	13'900'000	E
Alpine Metal Tech Denmark ApS	Stenløse	DK	DKK	100.00%	5'000'000	
Alpine Metal Tech (Taicang) Co. Ltd	Taicang	CN	CNY	100.00%	1'491'708	
GeGa GmbH	Dillingen/Saar	DE	EUR	100.00%	66'700	
Alpine Metal Tech Germany GmbH	Dillingen/Saar	DE	EUR	100.00%	1'534'150	
Alpine Metal Tech UK Ltd.	Derbyshire	UK	GBP	100.00%	100	
Alpine Metal Tech North America Inc.	Pittsburgh, PA	US	USD	100.00%	3'000	
Alpine Metal Tech Brasil - Peças e Serviços Ltda.	Nova Lima	BR	BRL	100.00%	2'675'013	
GeGa China Co. Ltd.	Shanghai	CN	CNY	100.00%	2'204'704	LO
GeGa Iberica S.L.	Tarragona	ES	EUR	100.00%	3'500	
Simulation Live Fire Training Solution Inc.	Pittsburgh, PA	US	USD	100.00%	0	
Alpine Metal Tech Germany Holding GmbH	Dillingen/Saar	DE	EUR	100.00%	5'000'000	
ETV Montana Tech Holding GmbH	Vienna	AT	EUR	100.00%	2'450'000	
Montana Tech Components GmbH	Vienna	AT	EUR	100.00%	35'000	
IndustrieCapital Alpha GmbH	Vienna	AT	EUR	100.00%	500'000	
Makra GmbH	Vienna	AT	EUR	100.00%	17'500	
Montana Aerospace AG	Reinach	CH	CHF	100.00%	100'000	
Montana Aerospace GmbH	Vienna	AT	EUR	100.00%	35'000	
Montana Aerospace ETV AG	Reinach	CH	CHF	100.00%	100'000	G

Energy Storage						
VARTA AG	Ellwangen	DE	EUR	55.89%	40'421'686	
Varta Microbattery GmbH	Ellwangen	DE	EUR	55.89%	5'000'010	
VARTA Micro Production GmbH	Nördlingen	DE	EUR	55.89%	100'000	
Varta Storage GmbH	Nördlingen	DE	EUR	55.89%	100'000	
Varta Microbattery Pte Ltd Singapore	Singapur	SG	USD	55.89%	1'971'544	
Varta Microbattery Ltd Shanghai	Shanghai	CN	CNY	55.89%	42'142'757	LO
PT Varta Microbattery Indonesia	Batam	ID	USD	55.89%	409'900	
VARTA Microbattery Japan K.K.	Tokio	JP	USD	55.89%	385'485	
VARTA Microbattery SRL	Brasov	RO	RON	55.89%	45'000	
Varta Microbattery Inc. Us	Rye, NY	US	USD	55.89%	2'800'000	
VW-VM Verwaltungsgesellschaft mbH	Ellwangen	DE	EUR	27.95%	25'000	AE, LO
Auditas GmbH	Nördlingen	DE	EUR	14.03%	100'000	
Auditas Inc.	Ridgefield, CT	US	USD	14.03%	100	
Mezzanin Finanzierungs GmbH	Vienna	AT	EUR	100.00%	35'000	
CONNEXIO alternative investment & holding GmbH	Vienna	AT	EUR	100.00%	100'000	
VAMI-SK neunzehn GmbH	Graz	AT	EUR	100.00%	70'000	
VARTA Consumer Batteries GmbH & Co. KGaA	Germany	DE	EUR	55.89%	509'862	E
VARTA Consumer Batteries Benelux B.V.	Netherlands	NL	EUR	55.89%	150	E
VARTA Consumer Batteries UK Ltd.	UK	UK	GBP	55.89%	3	E
VARTA Consumer Batteries Iberia S.L.U.	Spain	ES	EUR	55.89%	3'000	E
VARTA Consumer Batteries Poland Sp.z.o.o.	Poland	PL	PLN	55.89%	38'488'660	E
LLC Consumer Batteries Company (Eastern Europe)	Russia	RU	RUB	55.89%	36'010'000	E
VHB Real Estate Holdings LLC	USA	US	EUR	55.89%	8'519	E
Paula Grundstücksverwaltungs GmbH & Co. Verm. KG	Germany	DE	EUR	55.89%	10'000	E
VARTA Consumer Finland Oy	Finland	FI	EUR	55.89%	2'500	E
VARTA Consumer Norway AS.	Norway	NO	NOK	55.89%	100'000	E
VARTA Consumer Schweiz GmbH	Switzerland	CH	CHF	55.89%	250'000	E
VARTA Consumer Sweden AB	Sweden	SE	SEK	55.89%	100'000	E
VARTA Consumer Austria GmbH	Austria	AT	EUR	55.89%	40'000	E
VARTA Consumer Slovakia spol. s.r.o.	Slovakia	SK	EUR	55.89%	25'000	E
VARTA Consumer Hrvatska d.o.o.	Croatia	HR	HRK	55.89%	80'000	E
Spectrum Brands Trgovina d.o.o.	Slovenia	SI	EUR	55.89%	710'432	E
Spectrum Brands Bulgaria EOOD	Bulgaria	BG	BGN	55.89%	50'000	E
VARTA Consumer Europe Holding GmbH	Germany	DE	EUR	55.89%	25'000	E
VARTA Consumer Kommandit GmbH	Germany	DE	EUR	55.89%	25'100	E
VARTA Consumer Batteries Italia s.r.l.	Italy	IT	EUR	55.89%	10'000	E
VARTA Consumer Czech spol. s.r.o.	Czech Republic	CZ	CZK	55.89%	1'000'000	E
Varta Pilleri Ticaret Limited Sirketi	Turkey	TR	TRY	55.89%	16'834'036	E
VARTA Consumer Denmark A/S	Denmark	DK	DKK	55.89%	1'000'000	E
VARTA Consumer Komplementär GmbH	Germany	DE	EUR	55.89%	25'000	E
VARTA Consumer France S.A.S.	France	FR	EUR	55.89%	6'950'020	E
Anabasis Handelsgesellschaft mbH	Germany	DE	EUR	55.89%	25'000	E
EMEA Consumer Batteries (Shenzhen) Co. Ltd.	China	CN	CNY	55.89%	176'813	E
VARTA Microbattery SRL - VCB	Romania	RO	RON	55.89%	0	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	Poznan	PL	PLN	53.58%	6'006'548	
Top System sp.z.o.o.	Tarnowo Podgórne	PL	PLN	42.86%	1'000'000	E
Eliopack s.a.s.	La Ferte Bernard	FR	EUR	42.86%	1'340'000	
Arimpeks Alüminyum AS	Kokaeli	TR	TRY	42.86%	2'000'000	

Other						
Montana Tech Components II AG	Reinach	CH	CHF	100.00%	100'000	G
ETV Beteiligungs GmbH	Vienna	AT	EUR	100.00%	35'000	
IndustrieCapital Eins GmbH	Vienna	AT	EUR	100.00%	54'000	
IndustrieCapital AG	Zollikon	CH	CHF	100.00%	100'000	
VRT Pensionen GmbH	Ellwangen	DE	EUR	100.00%	25'000	
VC Pensionen GmbH	Ellwangen	DE	EUR	100.00%	25'000	G
VGG GmbH	Vienna	AT	EUR	100.00%	578'000	
VARTA Micro Innovation GmbH	Graz	AT	EUR	100.00%	70'000	E
Eff siebzigvier Beteiligungs GmbH	Vienna	AT	EUR	100.00%	35'000	E
HENN Industrial Group GmbH & Co KG	Dornbirn	AT	EUR	45.45%	5'000	AE
MTC Real Estate						
Montana Real Estate Inc.	Wilmington, DE	US	USD	100.00%	100	
Duane 131 LLC	New York City, NY	US	USD	100.00%	0	
Washington Place Realty LLC	New York City, NY	US	USD	100.00%	0	
MTC Real Estate Inc.	New York City, NY	US	USD	100.00%	0	
Real Estate UAC LLC	Canton, GA	US	USD	100.00%	0	
Washington Fifth LLC	New York City, NY	US	USD	100.00%	0	
William 165 LLC	New York City, NY	US	USD	100.00%	0	
Auevilla Holdings LLC	East Hanover, NJ	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	G
UAC California LLC	Canton, GA	US	USD	100.00%	0	G

AE at-equity accounting
E acquired in the current financial year
G founded in the current financial year
V sold in the current financial year
L liquidated in the current financial year
LO in a liquidation procedure that has not yet been concluded as of 31.12.

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

i. 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. In this regard, the acquisition price of the acquired company is compared at the acquisition date with the acquired net assets measured at fair value. A positive difference is recognized as goodwill. A negative difference (negative goodwill) is recognized directly through profit or loss.
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.

ii. 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.

iii. 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.

iv. 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.

v. 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.

vi. 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**	
Currency	**31.12.2020**	**31.12.2019**	**2020**	**2019**
USD (US dollar)	1.2271	1.1234	1.1422	1.1195
CHF (Swiss franc)	1.0802	1.0854	1.0705	1.1124

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 (see item 32(A) in the notes).

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. In order to assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in accordance with IFRS 16.

33.7.1.1. 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 8, Note 10 and Note 17).

Short-term leases and leases of low-value assets

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

Classification under IAS 17

In the comparative period the Group, as a lessee, classified leases that substantially transferred all of the risks and rewards of ownership as finance leases. The leased assets were initially measured at an amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the Group had to make, less any contingent rent payments.

The assets were then accounted for in accordance with the accounting and valuation method applicable to the underlying asset.

Assets from other leases were classified as operating leases and were not recognized in the consolidated balance sheet. Payments from operating leases were recognized in the income statement on a straight-line basis over the term of the lease. Lease incentives received were recognized over the lease term as an integral part of total lease payments.

33.7.1.2. 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 remeasured 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 it 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

These liabilities are initially recognized at fair value less directly attributable transaction costs. The subsequent measurement is performed at amortized cost, whereby the difference between the fair value and the outstanding amount is recognized in the statement of profit or loss using the effective interest method.

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. The decisive criterion for the assessment is the classification of the contractually agreed products as “client specific”. Such products have no alternative use since there are no contractual or practical restrictions. The second criterion is the legal entitlement to receive a payment including an appropriate profit margin for past services in case of a breach of contract. Both steps were performed for all identified client-specific contracts. The method used to assess the performance progress over time, revenue recognition is based on the direct calculation of the value of the goods or services transferred so far for the client in relation to the remaining contractually promised goods or services.

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:

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

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

Energy Storage division

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

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

Aluflexpack division

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

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

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 taxes on income. 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

See Note 4.

33.20. Changes in significant accounting policies

No new standards became applicable in FY 2020.

Changes were made to the following standards, which came into force on 1 January 2020:

Revisions and changes to standards and interpretations

- Changes to references tot he Framework in IFRS Standards
- Definition of a business combination (amendments to IFRS 3)
- Definition of material (amendments to IAS 1 and IAS 8)
- Reform oft he reference interest rates (amendments to IFRS 9, IAS 39 and IFRS 7)

None of these changes had a material impact on the consolidated financial statements.

33.21. Amendments to IFRS standards with potential impact on the Group after 31 December 2020

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

	Effective date	Planned application
New Standards or Interpretations		
IFRS 17 Insurance Contracts including Amendments to IFRS 17*	1 January 2023	2023
Revisions and amendments of Standards and Interpretations		
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	1 June 2020	2021
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	1 January 2021	2021
Annual Improvements to IFRS Standards 2018-2020 -various standards	1 January 2022	2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	1 January 2022	2022
Reference to the Conceptual Framework (Amendments to IFRS 3)	1 January 2022	2022
Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022	2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2023	2023

* Amendments to IFRS 17 issued in June 2020 defer the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023. Early application of IFRS 17 is permitted only for companies that also apply IFRS 9 and IFRS 15.

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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