MONTANA AEROSPACE

WE SHAPE THE FUTURE

ANNUAL REPORT 2023

THE SKY HAS NO LIMIT

MONTANA AEROSPACE AG — SELECTED KEY FIGURES

(in M€)	2023	2022	YoY change
Net Sales	1,430.4	1,306.1	+124.3
EBITDA	117.8	126.9	−9.1
Adjusted EBITDA	137.7	134.2	+3.5
Adjusted EBITDA margin (%)	9.6%	10.3%	−0.7%
Operating result	14.8	17.7	−2.9
Operating result margin (%)	1.0%	1.4%	−0.4%
Result for the period	−38.4	−36.8	−1.6
Cash Flow from operating activities	124.1	131.4	−7.3
Cash Flow from investing activities	−71.5	−150.3	+78.8
Cash Flow from financing activities	−303.3	−66.4	−236.9
Free Cash Flow	52.6	−18.9	+71.5
CAPEX spent	−69.4	−86.0	+16.6
Trade Working Capital	294.7	301.7	−7.0
Equity Ratio (%)	48.3%	43.1%	+5.2%
Net Debt (cash)	275.8	279.4	−3.6
Total Assets	1,935.5	2,220.6	−285.1
Employees	7,240	6,708	+532

“In my many years of experience in industrial management, I have witnessed firsthand the importance of continuous improvement in production through process automation and lean management. At Montana Aerospace, we are committed to constantly optimizing our manufacturing processes to provide our customers with the highest quality and efficiency. With the commitment, dedication, and passion of our employees, we endeavor to be pioneers in the field, continuously advancing innovative solutions.”

Helmut Wieser
Board Member Montana Aerospace

TABLE OF CONTENTS

LETTER TO OUR SHAREHOLDERS

Dear fellow shareholders,

in 2023, we have seen a successful and decisive year for Montana Aerospace. First, let us recall: Since 2020, we have grown our business with a clear vision – we boosted net sales by more than 125%, and our reported EBITDA nearly tripled, despite increased interest rates, negative FX effects and heavy financial implications of Arconic lawsuit (EUR 14 million of legal costs in FY 2023). Last year, according to the renowned 'Flight International' magazine, we topped the sales growth table as the world's fastest growing aerospace player. This year, we have further continued our expansion trajectory. Not only did we grab market share in our Aerostructures segment and increased our contracted sales pipeline to >EUR 7.5 billion, but we also penetrated further a new, promising market – commercial space. Crucial for our company, we achieved a successful group refinancing and are now ring-fenced with standalone traceability, making us fit for the future.

Together with our partners and stakeholders, we set the corridor for long-term success by finishing our ramp-up program, having invested more than EUR 650 million over the past years. Now, we shift the focus from a dedicated top-line growth, more into the focus on net income and free cash flow generation. In doing so, we strive to create shareholder value while simultaneously adhering to our strict ESG-principles and taking care of our environment and people.

Aerostructures
Our growth strategy for the Aerostructures segment bore fruits in 2023: Our countercyclical investments enabled us to gain market share by winning important contracts throughout major platforms. For example, Montana Aerospace will embark on the serial production of parts for Airbus Atlantic in Romania, signed multi-year contracts with Boeing in Romania, and has been awarded a significant contract by GKN Fokker in Belgium. Besides our core markets, we secured an attractive contract to manufacture components for a commercial space company. Additionally, we saw an increase in our contracted sales pipeline arising from the lingering uncertainties in the aerospace supply chain. On the other hand, these uncertainties hindered our integration of ASCO, resulting in a negative impact of around EUR 10 million on EBITDA. These developments spurred a 10.7% growth in net sales, and a 28.5% growth in adjusted EBITDA. It is Montana Aerospace' clear strategic path to streamline the company into a more pure-play Aerostructures business in the future.

Energy
Our Energy segment has experienced an unforeseen structural market shift in the power transmission and generation markets. These tailwinds are expected to last beyond a 'supercycle': Known in earlier days as a business landscape marked by overcapacities and weak demand, our core environments have transformed into markets with structural undersupply and immense pull effects. This is driven mainly by the soaring demand of our customers, commenced by the global energy and mobility transitions. For the Energy segment, these developments result in highly visible tailwinds for the decades to come. In 2023, our Energy segment's net sales grew by 18.3% and our adjusted EBITDA rose by 10.1%.*
In our operations, these developments are evident through groundbreaking ceremonies in Bosnia and Herzegovina, where a new state-of-the-art facility is currently ramped up, and in China, where production lines for EV components are being built. In addition, ASTA has further strengthened its low-carbon footprint by extending its recycling lines in Brazil and evaluating constructions in other geographies around the globe.

E-Mobility
Montana Aerospace' E-Mobility segment faced a dynamic period that was marked by a successful cost strategy implementation and enhanced profitability levels, yet challenging external market environments. Thanks to proactive management efforts in implementing our strategy from volume to value, our profitability increased: EBITDA rose by 4.0%, although net sales declined by 15.9%. This has been caused mainly by grey imports from countries outside of Europe, which led to excessive supply of aluminum billets. Nevertheless, due to our integrated positioning, our long-lasting market expertise, and our experienced management teams, we are confident to again outperform the market in the next years. Going forward, we proudly introduce low-emission aluminum products and expect to further distinguish ourselves as a quality- and cost leader and as the partner of choice for German premium car manufacturers.

Refinancing
In November 2023, we successfully completed a refinancing round in the amount of EUR 450 million with our financing partners. The tranches consist of a EUR 300 million term loan, used for repayment of existing debt structures, and a EUR 150 million revolving credit facility. This establishes a standalone debt financing structure for Montana Aerospace with strict ring-fencing and increases our autonomy from majority shareholder Montana Tech Components AG. This means that we are now independent from the performances of MTC AG's other subsidiaries, VARTA AG and Aluflexpack AG. Moreover, the refinancing transaction further streamlines our balance sheet and strengthens the creditworthiness of Montana Aerospace. Therefore, it marks a cornerstone for our company, which gives us the believe to be fully equipped for strong business years in 2024 and beyond.

* for detailed reconciliation see page 47

ESG
In 2023, Montana Aerospace has intensified its ESG undertakings. Among many other initiatives, we committed to the net-zero targets of the Science Based Targets Initiative, establishing crucial emission reduction goals in the fight against climate change. Furthermore, we underwent our inaugural materiality assessment, a pivotal step together with our main stakeholders in strengthening our responsibility to be a sustainable company. All three of our segments actively contributed to our ESG programs. For example, ASCO, as part of the Aerostructures segment, is now a research partner and member of the European Union's Clean Aviation Joint Undertaking program. With leading efforts in low-carbon, green recycled products made of copper or aluminum in the Energy and E-Mobility segments, Montana Aerospace is geared to be an ESG-leader in the years to come.

Outlook
With our unique positioning, our outstanding people, and our long-lasting stakeholder relationships, we are tackling 2024 with great confidence. As for our guidance in 2024, we expect to achieve net sales of EUR ~1.7 billion, and an adjusted EBITDA in the range of EUR 180 to 200 million.
More than that, we clearly commit to generating a positive net income and a positive free cash flow. Furthermore, Montana Aerospace targets to streamline its portfolio and embark on the journey to becoming a more pure-play Aerostructures company in the future. For FY 2025, Montana Aerospace AG intends to increase its net sales to close to EUR 2 billion while generating more than EUR 250 million of EBITDA.

With the support of you, our shareholders, and our trusted business partners, we feel prepared for the business challenges ahead. On behalf of the entire Montana Aerospace management teams, we thank you for the trust you placed in us over the past year. Together, we look forward to making 2024 another year of great successes.

We would like to express our gratitude to you, our shareholders, and thank you for the trust placed in us. We look forward to growing together in 2024 and beyond.

Sincerely,
Reinach, 3. April 2024

For the Management Board,

Kai Arndt, Co-CEO

Michael Pistauer, Co-CEO & CFO

For the Board of Directors,

Michael Tojner, Co-Chairman

Tom Williams, Co-Chairman

MONTANA AEROSPACE AT A GLANCE*

BUSINESS SEGMENTS

Aerostructures | **E-Mobility** | **Energy**

Multi-material competence in

C Al Ti Cu Fe

composites, aluminum, titanium, copper and **steel**

23
locations
worldwide

~7,200
highly qualified
employees

7
engineering and
development centers

>200
years of experience in **metallurgy**
and **materials processing**

>300
CNC machines & >350 spindles in
serveral high tech machine parks

–14.3%
of **non-renewable energy consumption**
compared to 2022

High-profile global customer base

*Status as of Dec 31st, 2023

BUSINESS MODEL

Sustainability and Future Viability

As a global industrial group, Montana Aerospace specializes in key technologies for the aerostructures, e-mobility and energy sectors. These are markets that not only demonstrate high future viability but also represent cornerstones for sustainable development. In this sense, Montana Aerospace sees itself as a driving force in the energy transition and mobility transformation. A role that we fulfill with all our spirit of innovation.

We design, develop, and manufacture system components and complex assemblies made of aluminum, titanium, composites, copper and steel. With our unique one-stop-shop concept, we provide our customers with a highly integrated vertical supply chain that relies on strong recycling capabilities and offers more competitive lead times, thereby enabling substantial cost savings while reducing CO_2 emissions. Ranging from processing of raw materials to ready-to-install components, we cover the entire range of services. 23 locations in 16 countries in Europe, North America, South America and Asia demonstrate our customer proximity, as do our engineering and sales centers located around the world.

Our concept consists of advising, developing, producing and providing service on a local-to-local basis within a global network. Over 7,000 dedicated employees, fast response times, intelligent logistics concepts and cost-optimized solutions are the cornerstones of our long-term customer relationships.

We recognize industry and technology as pivotal forces propelling us towards sustainability and actively engage in crucial climate resilience endeavors. This commitment encompasses advancing environmentally friendly practices, advocating for renewable energy solutions, and contributing to the wider discourse on environmental responsibility.

These strengths make us an important partner for the world's leading manufacturers in the aerospace, e-mobility and energy industries and their tier 1 suppliers.

FREE CASH FLOW
2023
52.6 M EUR

THE MONTANA AEROSPACE EQUITY STORY

Years of Ramp-up and Investment Now Yielding Results

What arguments support an investment in Montana Aerospace:

a) Positioning in Distinct Future and Growth Markets

Montana Aerospace presents shareholders with an investment opportunity in high-growth niche markets with a promising future. Over the long term, the increase in population and prosperity will drive demand for energy and sustainable mobility solutions both in the air and on the ground. Montana Aerospace's scalable business model aligns with the objective to expand its market shares in Europe, the Americas, and the APAC region while solidifying its position as a technology leader in megatrends.

All our segments – Aerostructures, E-Mobility, and Energy – equally hold substantial growth potential, as reflected in our results. In the Aerostructures segment, the rising air traffic and fleet modernizations are significant drivers, while in the E-Mobility segment, it's the electrification of mobility. In the Energy segment, our goal is to achieve a revenue of 1 billion euros by the end of the decade trough mainly the rapid growth of the power infrastructure industry. The transition to renewable energy is a key challenge of today's society.

Our strategy is to play an active role in shaping the profound structural changes in the aerospace, e-mobility, and energy transition industries with our globally highly integrated manufacturing operations. As a full-service provider following a global local-to-local strategy, and with approximately 7,200 highly skilled employees across 23 locations worldwide, we are ideally positioned to offer forward-thinking solutions to our customers.

b) Resilience through Diversification

As an industry group with a leading market position and robust brands, we specialize in the key technologies of three promising markets. Leveraging our strong industrial foundation and efficient overhead structures, we achieve optimal market coverage in the aerospace, e-mobility, and energy industries. Diversification is carefully chosen to fortify our business model and to counterbalance the diverse business cycles. This resilience was successfully demonstrated during the pandemic.

Simultaneously, our multi-sector strategy enables the exploitation of significant opportunities within the Group, where we possess extraordinary multi-material competence and highly qualified employees. Product quality and innovation rest on the materials expertise of our specialists. This encompasses recycling know-how, advisory services on optimal material processes, and the assembly of specific materials.

c) Entering the Profit Phase

The years behind us were marked by growth – both organic and inorganic – and significant anticyclical investments. With long-term capital spending exceeding EUR 650 million (CAPEX) from 2018 to 2022, the majority of which was allocated to expanding capacities and expertise, we enhanced growth in a rapidly changing supplier environment. Currently, we are entering the next stage of our long-term strategy: the profit phase. We plan to achieve this by leveraging the countercyclical investments made in previous years to over-proportionally benefit in 2024 and beyond. A tangible expression of this will be the generation of positive free cash flow and net income.

d) Montana Aerospace Embraces Sustainability

We are deeply committed to sustainability and, in 2022, commenced publishing an ESG report. For the fiscal year 2023 we prepared the reported information with reference to the GRI Standards. Montana Aerospace's business model is founded on a dedication to the sustainable reduction of environmental impacts. This commitment, along with the integration of ESG criteria into the company's philosophy, is a central element of our strategy and long-term success. At Montana Aerospace, we prioritize mainly three sustainability goals:

1) Reduce our CO_2 emissions by enhancing the vertical integration of our value chain, thereby contributing to climate change mitigation.

2) Foster the circular economy by implementing in-house recycling processes.

3) Establish sustainable, long-term relationships with our employees and partners.

In 2023, we completed the process of the inaugurative materiality analysis. We also established sustainability as a key aspect of our strategy, setting-up an ESG committee in the board of directors and thus integrating it into management. Our "ESG journey" continues. In 2024, among other milestones, we will complete our ESG Risk Assessment and set our targets within the framework of the Science Based Targets Initiative (SBTi), to which we committed in the past fiscal year. Many more initiatives in the coming years will position Montana Aerospace as a role model for sustainability in the industry.

e) Our USP as a "One-Stop-Shop"

We provide our customers with vertical integration of the value chain, resulting in significant time savings and reductions in transportation routes and CO2 emissions. This creates substantial additional value, positioning us as an optimal partner.

From the processing of raw materials to the assembly of entire components, we offer the highest quality from a single source with a streamlined supply chain and without potential challenges at the interfaces between smaller suppliers.

The end products of our customers, such as passenger aircrafts, consist of thousands of individual parts. The value chain is often highly fragmented, and relationships with numerous supplying companies are very complex. We position ourselves as a strategic partner capable of covering many parts of the value chain. As Montana Aerospace, we can handle everything from development to the production of system-critical components and complex assemblies, providing our customers with substantial savings and creating a significant positive ESG impact.

With our unique one-stop-shop concept, we see ourselves as a game-changer in the entire supply chain: "Everything under one roof, locally where the customers are." The regional proximity is crucial. We have established one-stop-shops worldwide for the aviation industry, in the U.S., Europe, and Asia. As our customers increasingly engage in local-to-local manufacturing, we can fully leverage our USP.

REVENUE GROWTH

2022 – 2023

+9,51%

THE YEAR 2023 AT A GLANCE

Persistent tailwind in the Energy and Aerostructures Segments – customer demand already significantly exceeds our capacities in the Energy segment, which is a consequence of the ongoing energy transition.

April

Awards received from Airbus: We are proud of the trust placed in us as a professional partner of Airbus, who has honored us with the Airbus D2P Supplier Award and the Airbus SQIP Recognition.

May

Acquiring a new customer from the commercial space market sector: Signing a multi-year contract. This venture encompasses the supply of intricately engineered aluminum components, produced at the newly established facility in Baia Mare, Romania. This expansion aligns with the burgeoning demands of the commercial space sector.

Q2

Encouraging order intake in the Aerostructures Segment resulting in contracted sales of around EUR 7.5 billion by the end of 2023. Among others, this includes new engagements with Airbus, Boeing, Kawasaki Heavy Industries, and GKN Fokker.

September

Completion of our photovoltaic power plant at the Universal Alloy Corporation (UAC) facility in Da Nang, Vietnam generating approximately **6,000 MWh of clean energy** per year and providing an annual carbon reduction of approximately 3,700 tons, or in other words, installing theses solar panels equals a yearly number of approximately 161,000 trees planted. Another milestone has been set in Montana Aerospace's sustainability roadmap.

October

Commencement of the qualification process for Europe's largest aerospace extrusion line – planned completion by mid-2024. Subsequently, serial production for wing stringers of the Boeing 767 family will commence at the Romanian facilities in Satu Mare and Baia Mare.

November

Successful completion of a syndicated loan of EUR 450 million, establishing an independent financing structure.

November

Montana Aerospace has undertaken its inaugural materiality assessment, a crucial step in identifying the most significant topics for the company's ESG responsibilities.

November

Montana Aerospace Division ASCO is now a research partner and member of the European Union's Clean Aviation Joint Undertaking (CAJU) program and will continue its significant technical contributions to the European aviation system while helping to pave the way to climate neutrality by 2050.

December

Expansion of ASTA's capacities through the opening of our state-of-the-art e-mobility plant in Baoying, China, and the groundbreaking for the new facility in Cazin, Bosnia and Herzegovina.

LEVERAGING THE SYSTEM THAT IS IN PLACE NOW

Co-Ceo & CFO
Michael Pistauer (MP)

IN CONVERSATION WITH THE MANAGEMENT

After years of substantial investments and the expansion of new capacities, Montana Aerospace AG is aiming for sustainable growth and profitability. The focus is now on reaping the rewards. In the following interview, the members of the executive board describe how this will be achieved.

2023 marks year 2 following your initial public offering (IPO). How would you assess it, and how satisfied are you with the results? Where were there deviations?

MP: Regarding our goals for the fiscal year 2023, the focus was on free cash flow, EBITDA increase, and profitability. In retrospect, we are very pleased with what we achieved. We generated a balanced free cash flow, the adjusted EBITDA increased to EUR 137.7 million, and revenues climbed from EUR 1.3 billion to EUR 1.43 billion. However, this was slightly below our own guidance of EUR 1.5 billion, due to the ongoing challenging supply dynamics for external billets in our E-Mobility segment.

Together with our stakeholders, we have set the course for long-term success: we have completed our ramp-up programme and have invested more than 650 million euros over the last few years. We are now shifting our focus from top-line growth to generating a substantial net income and free cash flow.

Co-Ceo
Kai Arndt (KA)

"FROM MY PERSPECTIVE, EVERYTHING IS BASED ON WHAT I WOULD CALL THE PERFECT TRIANGLE: WE HAVE A PROVEN PRODUCTION SYSTEM IN PLACE. WE HAVE AN EXPERIENCED AND HIGHLY MOTIVATED WORKFORCE, AND WE ARE SEEN AS A RELIABLE AND FLEXIBLE PARTNER. I THINK THIS RECIPE IS A RECIPE FOR SUCCESS."

Kai Arndt

Given the pandemic, disrupted supply chains, and high inflation rates, the past few years have posed significant economic challenges. Particularly during this period, you made substantial investments and significantly expanded your capacities. What considerations underlie this strategy?

KA: The decision to make the investments was made before COVID hit the industry. The goal was to establish a unique production system, meaning that we always had the strategy to create a so-called one-stop-shop concept, completely vertically integrated until we deliver the requested work packages. Previously, we had the reputation of being material specialists, basically extrusion specialists. The aerostructures industry is widely spread across the whole field and still has a low degree of consolidation. It was clear from the beginning that we had to provide a USP to our customers. We always knew that this was only possible with these heavy investments and by creating this kind of unique production system.

Then, of course, we were hit by COVID, followed by the war in Ukraine, inflation, energy crises, and so on. This delayed the ramp-up, but we never deviated from the philosophy or the strategy. Considering the current situation, it's clear that this approach is paying off.

We are receiving more and more packages from customers, which is definitely based on the concept we have now implemented. I see that there is still some capacity that can be filled, but on the other hand, with the speed of acquiring additional workload, I think we will be at least 80% utilized in 2024. That's pretty good. Despite all the heavy investments, there is definitely evidence that the decision was the right one, even though it was delayed. This concept is recognized by customers as unique and a differentiator from all the other competitors.

What to await financially in 2024 and the following years from Montana Aerospace

MP: I guess what we can assert is that we have a very clear plan of what we want to achieve in 2024, in the next years to come, and also what we wanted to achieve in the past. When we went public, we provided guidance claiming that we had invested more than half a billion into our capacities. 2021, 2022 and 2023 were the years to ramp up those capacities. For this reason, Montana Aerospace was seen as the fastest-growing company in aerospace in 2023. The goal for 2024 is to achieve sustainable growth, positive net income, a fairly good free cash flow, and the possibility to reduce net debt. This should bring us to a situation where we can at least propose a dividend for 2024. Because we think that every good company should have a decent payout ratio on a permanent level.

Starting from 2025 onwards, we want to continue our course. We will still do investments but with lower volumes compared to what we saw in the years 2020/2021/2022. Our production infrastructure is in place and allows us to be in a great position for decent growth.

For FY 2025, Montana Aerospace AG intends to increase its net sales to close to EUR 2 billion while generating more than EUR 250 million of EBITDA.

"WHATEVER SEGMENT YOU'RE LOOKING AT: AEROSTRUCTURES, ENERGY, OR E-MOBILITY, OUR SETUP REMAINS THE SAME - STRIVING TO COVER THE FULL VALUE CHAIN AS EFFECTIVELY AS POSSIBLE, WHILE MINIMIZING DEPENDENCE ON EXTERNAL SUPPLIERS."

Michael Pistauer

Do you plan any further M&A transactions, or will you focus on consolidation during the years to come?

KA: I would like to revisit the USP we currently have in place and the comments we just made regarding where the focus lies. We can further expand capacities within the current set-up without undertaking significant investments. This could involve adding some machines, for example, or integrating presses into an existing environment. We know where our strengths lie, and there is no need for drastic measures.

Regarding M&A, I believe that every idea and opportunity that comes our way should align with the current system. Leveraging our strengths and seeking the right fit, an opportunity is certainly something we are open to discussing and considering. Financially, we should be in a position to finance any M&A by ourselves. There shouldn't be any external financing necessary.
Ultimately, we will concentrate on what we consider our core business and the strengths we currently possess. If there is a perfect fit within that framework, then, of course, we are open to discussing it.

MP: During the last few years, we have pursued a build and buy strategy, which is something we intend to continue. When we discuss M&A, typically everyone understands it as the acquisition of a company. This is only justifiable if it significantly adds value, if it genuinely contributes to our USP and strategy. But M&A has different shades – sometimes it may be more sensible to acquire only the workload, which is a form of indirect M&A / organic growth.
Nevertheless, we have very clear KPIs regarding what we consider in the case of an M&A transaction. Any acquisition must be financed solely by our own free cash flow. But I'm pretty sure we will see some transactions in the next years to come.

KA: One significant difference from what we saw five years ago is the fact that we are now perceived as a genuine player in the aerostructures sector. Consequently, we now have opportunities on the table that undoubtedly reflect this status. Other companies view us as a reliable partner in such transactions, approaching us to inquire if their proposals might be the best fit for our current system. I believe that's a substantial difference compared to just a few years ago.

Group HRO
Vicky Welvaert (VW)

Growth always poses a challenge for human resources, especially during times of the "Fight for Talents" and a shortage of skilled workers. What strategies are you employing to navigate through the difficult labor market?

VW: Well, first of all, in today's labor market, strong employer branding is key. I would like to underline the fact that we are an attractive employer. You heard my colleagues talk about our USPs, and I would like to stress that our distinguishing characteristics as an employer include, amongst others, the fact that we are in a growing business. We are an international player. We are active in multiple attractive segments in different locations, meaning that we can offer great career opportunities within our group. We place the employee at the forefront, and we invest a lot into their internal development.

Now, all the above-mentioned factors are, of course, also key in retaining our talents because while we talk about attracting new talents, retaining them is even more important. Our best people and talents are often solicited by competitors and other large companies. Additionally, what do we specifically do to find new and scarce talents within the required expertise or competencies? Apart from having a strong employer branding and being present in the labor market through social media channels, we participate in job fairs. We heavily rely on sophisticated sales and operations planning processes, which help us to plan well ahead and prepare for future needs.

We have extremely motivated HR teams who constantly seek talented people. We work with specific and specialized recruitment agencies. We do not limit our searches to countries where we are active but also rely, for example, on Indian talents to support our facilities in Romania. We are developing a shared service center at our site in Vietnam, which will support the different facilities and divisions. We even incentivize our employees to refer new talents to help us cope with the current Fight for Talents. I believe these are the main actions that we are taking not only to survive but also to ensure our growth in today's fight for skilled workers.

What are the key drivers of your future growth?
And what would you say is the USP of Montana Aerospace?

KA: I mean, based on the current setup of our Aerostructures segment, we still have potential for growth. We have surface area and capacities available. Speaking about technology, there's definitely also potential for growth in terms of what we have mentioned as the USP we have in place. So, that's one of the facets of growth.

The second aspect, of course, is M&A. The third one for me is seeking diversification in our current portfolio. We see that besides the two major OEMs, we are becoming increasingly attractive to smaller aircraft manufacturers and also to the space business. That means we can sell our USP to other companies, to other industries compared to what we do today. So, these are the three main pillars for growth in the Aerostructures segment. And from my perspective, everything is based on what I would call the perfect triangle: We have a proven production system in place. We have an experienced and highly motivated workforce, and we are seen as a reliable and flexible partner. I think this recipe is a recipe for success.

MP: Speaking about the Energy segment, we operate in an industry that is currently one of the most exciting and dynamic ones worldwide. There is a growing need for energy transition and increased electricity security globally. We find ourselves in the midst of the "perfect storm" of market demand and we can confidently assert that with our products, such as components for high-voltage transformers and generators, we hold a unique position worldwide. This significantly impacts sales and demand, prompting us to increase capacities in the coming years to adequately meet market demands.

"WE FIND OURSELVES IN THE MIDST OF THE "PERFECT STORM" OF MARKET DEMAND."

However, the USP remains largely consistent across different segments. Whatever segment you're looking at, Aerostructures, Energy, or E-mobility, our setup remains the same – striving to cover the full value chain as effectively as possible, minimizing dependence on external suppliers and lowering transport emissions. Ideally, we aim to have all components of this value chain under one roof while still maintaining a local-to-local approach and global presence. This philosophy guides us in every step we take.

In 2023 you announced the successful completion of a syndicated loan of EUR 450 million. What are the implications of this major refinancing transactions on your Group? What can we expect for the near future?

MP: Originally, our financing was arranged by our major shareholder, the Montana Tech Components Group, through promissory notes. I would say the nominal value was quite high, so we had enough room for financing. Interest rates were decently low during those days. On the other hand, the covenant criteria for this financing were calculated for the whole MTC Group, including our sister companies like Aluflexpack AG, VARTA AG and our major shareholder as well.

Therefore, when one of our sister companies (VARTA AG) slid into a crisis, it negatively impacted Montana Aerospace as well. To protect ourselves, we completely refinanced the total amount of debt finance in the company with the help of so-called syndicated loan facilities – in the amount of EUR 300 million plus an additional EUR 150 million evolving facility on top of it.

This transaction not only helped us steamline our balance sheet because we paid back the old facilities and excess cash was not needed anymore, but it also completely ring-fenced Montana Aerospace from all other companies within the Montana Tech Components Group. The financing is now solely based on our own performance. With this in mind, I believe we can confidently proceed with the execution of our strategy.

"IN THE SUSTAINABILITY TRANSFORMATION, WE SEE OURSELVES AS PART OF THE SOLUTION. OUR PRODUCTS CONTRIBUTE TO THE ENERGY TRANSITION, FACILITATE TOMORROW'S MOBILITY, AND OUR VERTICALLY INTEGRATED VALUE CHAIN REALIZES SUBSTANTIAL REDUCTIONS IN CLIMATE-HARMING EMISSIONS."

Vicky Welvaert

Aside from many other initiatives, you joined the Science Based Targets Initiative in 2023, conducted a materiality analysis for the first time, and established a Supplier Code of Conduct. Sustainability is evidently a priority at Montana Aerospace. What are the reasons behind this, and what can we expect for the near future?

VW: As a company, we definitely see it as a prime responsibility to make the industry more sustainable. Whether it's through our engineering expertise, our materials know-how, or the application of state-of-the-art technologies, this is our commitment to future generations. Of course, many requirements come directly from various authorities and institutions like the EU, and these must be implemented in a timely and comprehensive manner. However, as a company, you have the choice in how you address these obligations, and here at Montana Aerospace, we take these responsibilities very seriously. We truly want to make a difference.

ESG is way more than just an obligation for us; it's part of our strategy. Sustainability is embedded in the culture of our company. In outlining our ESG path, we have opted for 100% transparency and measurability. The best way to ensure this is by using trusted and recognized external experts and providing the public with access to these results. That's why we have chosen to participate in initiatives such as the SBTi and similar materiality analyses. We have invited our stakeholders to provide feedback on key priorities, and we will further intensify this approach. We allow our stakeholders, whether internal or external, to challenge us and contribute to the direction we take. And we will continue this path, whether it's due to regulatory requirements or internal initiatives.

"WE ALLOW OUR STAKEHOLDERS, WHETHER INTERNAL OR EXTERNAL, TO CHALLENGE US AND CONTRIBUTE TO THE DIRECTION WE TAKE."

Therefore, we are already focusing on developing an ESG risk management process. We participate in EU taxonomy requirements, expand the use of renewable energy, work on governance improvement projects, and engage in social engagement activities or initiatives, just to name a few. We are also launching an ESG masterclass and leadership trainings. Our employees today contribute significantly to our ESG journey and are our biggest advocates. However, we also believe that the better our employees understand the importance and impact of ESG, the more they will contribute.

We know it won't be easy, and we also know time is pressing in many areas. But it's also one of the most exciting journeys to undertake because it contributes to the future, not only our own but also that of our children and even grandchildren. That's why we do it.

Would you perceive ESG and the ongoing sustainability transformation as a growth potential for your Group?

VW: Absolutely. As Montana Aerospace, we operate in an industry that can not only make a significant contribution to combating climate change but also bears a very large responsibility, and we take that extremely seriously. In the sustainability transformation, we see ourselves as part of the solution. We are a group guided by forward-thinking values, processes, and technologies. Our products contribute to the energy transition, facilitate tomorrow's mobility, and our vertically integrated value chain realizes substantial reductions in climate-harming emissions.

The demand for airplanes, energy, and mobility will continue in the future. We know that, and it's also what has been emphasized by my colleagues. The need is likely to increase further due to growth in emerging markets. Therefore, as a company, we see it as our responsibility to make the industry in general, and the mobility and energy sectors in particular, more sustainable. Through our engineering expertise, materials know-how, and the application of state-of-the-art technologies, as I mentioned before. This is our commitment to future generations.

KA: My main message is that we don't see ESG as just another obligation or something we have to fulfill because of regulations and laws. I believe it's completely embedded in our strategy, and we also see ESG as an opportunity to create win-win situations. For example, if you consider all the solar panel parks we've installed at some of our sites, there is definitely a significant positive impact on our business case as well as for the environment. There is immense potential for improvement,
and this is how we have embedded ESG into our strategy.

Let's speak about your segment strategy. Will you focus on the aerostructures business in the future?

KA: I think that diversification has been a clear strength of Montana Aerospace in recent years. When we heavily invested in Aerostructures, it was beneficial to have Alu Menziken as our E-Mobility segment and ASTA as our Energy segment, both of which were performing quite well and stabilizing the Group.
So whenever one segment might be struggling, the others are there to help maintain overall performance. This is definitely a significant strength of the company.

MP: Especially the Aerostructures and Energy segment show considerable growth potential. This is, on the one hand, a gift, but on the other hand, also a massive challenge. Due to the strong market demand, there's also the need for smart investments to further increase capacities; otherwise, we will not be able to meet the demands of our customers.

We are in a situation where we have to allocate our funds in the best possible ways. There are many options concerning these segments. In general, we have stated that if there is an opportunity to support growth in Aerostructures, Energy, or E-mobility, substitutional for a more separated structure of the segments, we would pursue it. But in any case, for now, we have this setup, and we are in the sweet spot of, I would say, high demand and industry changes, and that's what we like and what we follow. However, of course, the largest and fastest-growing segment of all is Aerostructures.

What specific goals has Montana Aerospace set itself for 2024?

KA: 2024 should mark the conclusion of the transition we initiated three, four, or five years ago when we made all the significant investments. It's the year when we will undoubtedly witness the substantial potential of our company.

We will have a respectable free cash flow, and we will once again observe extraordinary improvements in terms of EBITDA. The margins will improve due to the utilization we have achieved. In 2024, we should not be perceived as a company heavily investing but rather as one effectively leveraging the set-up that it has in place now.

"IT'S THE YEAR WHEN WE WILL UNDOUBTEDLY WITNESS THE SUBSTANTIAL POTENTIAL OF OUR COMPANY."

Co-CEO Kai Arndt, Group HRO Vicky Welvaert, Co-CEO & CFO Michael Pistauer

MONTANA AEROSPACE STRATEGY

Our corporate activities are guided by our long-term vision, a clearly defined strategy and our ambitious ESG criteria. Through our diversification, we strengthen our business model, allowing us to mitigate the impacts of different economic cycles. Global presence, multi-material expertise, vertical integration of the value chain, and the excellent know-how of our employees form the basis of our success. Our key business objectives include increasing added value in all business segments, expanding market shares as a full-service provider of system solutions for the respective industries, and creating sustainable shareholder value.

For the fiscal year 2024, we anticipate an increase in total net sales to ~1.7 billion euros and an adjusted EBITDA in the range of 180 to 200 million euros. It is also our goal to generate a positive free cash flow and net income.

ANTICIPATED NET SALES 2024

~1.7 BN EUR

SIX DRIVERS OF OUR STRATEGY TO ACCELERATE PROFITABLE AND SUSTAINABLE GROWTH

Improve our competitive advantage through
VERTICAL INTEGRATION

Increase value sustainably through
TECHNOLOGY AND INNOVATION LEADERSHIP

Optimize resources, create economies of scale and improve results through
MANUFACTURING EXCELLENCE AND LEAN MANAGEMENT

Achieve organic and inorganic growth through
CAPACITY EXPANSION, PORTFOLIO OPTIMIZATION AND STRATEGIC M&A

Attract highly skilled employees and build a strong employer brand through
ESTABLISHING A CORPORATE CULTURE THAT PROVIDES EMPLOYEES WITH THE OPPORTUNITY TO UNLEASH THEIR TALENTS

Embracing future challenges and viewing ESG as growth potential through
BEING AN ACTIVE PLAYER IN THE ONGOING SUSTAINABILITY TRANSFORMATION

PILLARS OF OUR SUCCESS

A Global Player Acting as a Local Partner

We operate in 23 locations across 16 countries in Europe, North and South America, as well as Asia, underscoring our commitment to being close to our customers. Our business model encompasses advisory services, development, production, and service offerings on a local-for-local basis with a global network and stands out through rapid response times, intelligent logistics concepts, and cost-optimized solutions at low emissions. These are the cornerstones of our long-term customer relationships and partnerships with leading manufacturers across all our business areas.

Operational Excellence

Operational excellence involves optimizing revenues, profitability, and cash flows. Therefore, our primary focus is to achieve enhanced efficiency in resource utilization and synergies while ensuring the highest quality standards. We employ near-net-shape manufacturing, streamline process complexity, adhere to strict lean structures, and concentrate on securing accretive business opportunities.

Highly Integrated Value Creation

From processing raw materials, using recycled materials, to assembling entire components, we provide our global customers with end-to-end solutions at the highest quality standards and reliable delivery. Streamlining the supply chain not only shortens delivery times and enhances supply security but also reduces CO_2 emissions and significantly cuts transportation costs.

Best-in-Class Human Capital

Our team is the backbone of our success and a crucial factor in the growth of our business. Their dedication and commitment set the standards for the sustainable success of our customers. Therefore, we are eager to create an attractive, stable, and safe working environment for all Montana Aerospace employees and to support their individual professional development.

Multi-Material Competence

Product quality and innovation are grounded in our extensive competence. A particularly noteworthy area of expertise lies in the profound materials knowledge of our experts. At Montana Aerospace, multi-material know-how encompasses expertise for aluminum, copper, titanium, composites, and steel, including the development of new alloys, advisory services for customers on optimal material process combinations, recycling know-how for aluminum and copper, and the assembly of specific materials.

Heading Towards Sustainability

In the decades to come, our economy will be shaped by a shift towards sustainability and climate stability. We view industry and technology as driving forces in this endeavor. With its business segments and highly integrated processes, Montana Aerospace is well-positioned to be a key player and beneficiary in this fundamental challenge. Simultaneously, we have embarked on the journey to make our internal processes ESG-ready and future-proof.

Highest Quality and Safety Standards

We employ high-tech materials, optimized designs, and state-of-the-art manufacturing processes. Our production focuses on parts designed for top performance and maximum safety. Consequently, our solid expertise is in high demand in the aerospace sector, as well as in other industries requiring high quality, resilience, and reliability.

Focus on Future Technologies and Markets

Mobility and clean energy stand out as the future markets of our time. We take a leading position in these growth markets with our products and solutions in the aerospace, e-mobility, and energy infrastructure sectors. The utilization and advancement of key technologies, along with low-carbon manufacturing, form the foundation of our innovative strength and secure our competitive position.

FULL ADDED VALUE THROUGH VERTICAL INTEGRATION

Modern supply chains are highly fragmented and difficult to manage. Montana Aerospace offers a groundbreaking solution for this challenge: our vertical process integration, known as the “One-Stop-Shop”. Efficiency, speed, quality, and sustainability – the benefits are compelling. This establishes a new benchmark in all our segements.

From the processing of raw materials, often acquired through recycling methods, to the assembly of entire components, our one-stop-shops provide our global customers with the highest standards in quality, delivery reliability, and service. By optimizing the supply chain, we reduce delivery times, lower CO_2 emissions, and save costs. Our significant investments in new, state-of-the-art production facilities worldwide underscore our commitment to innovation and ensure accessibility locally, precisely where our clients are located.

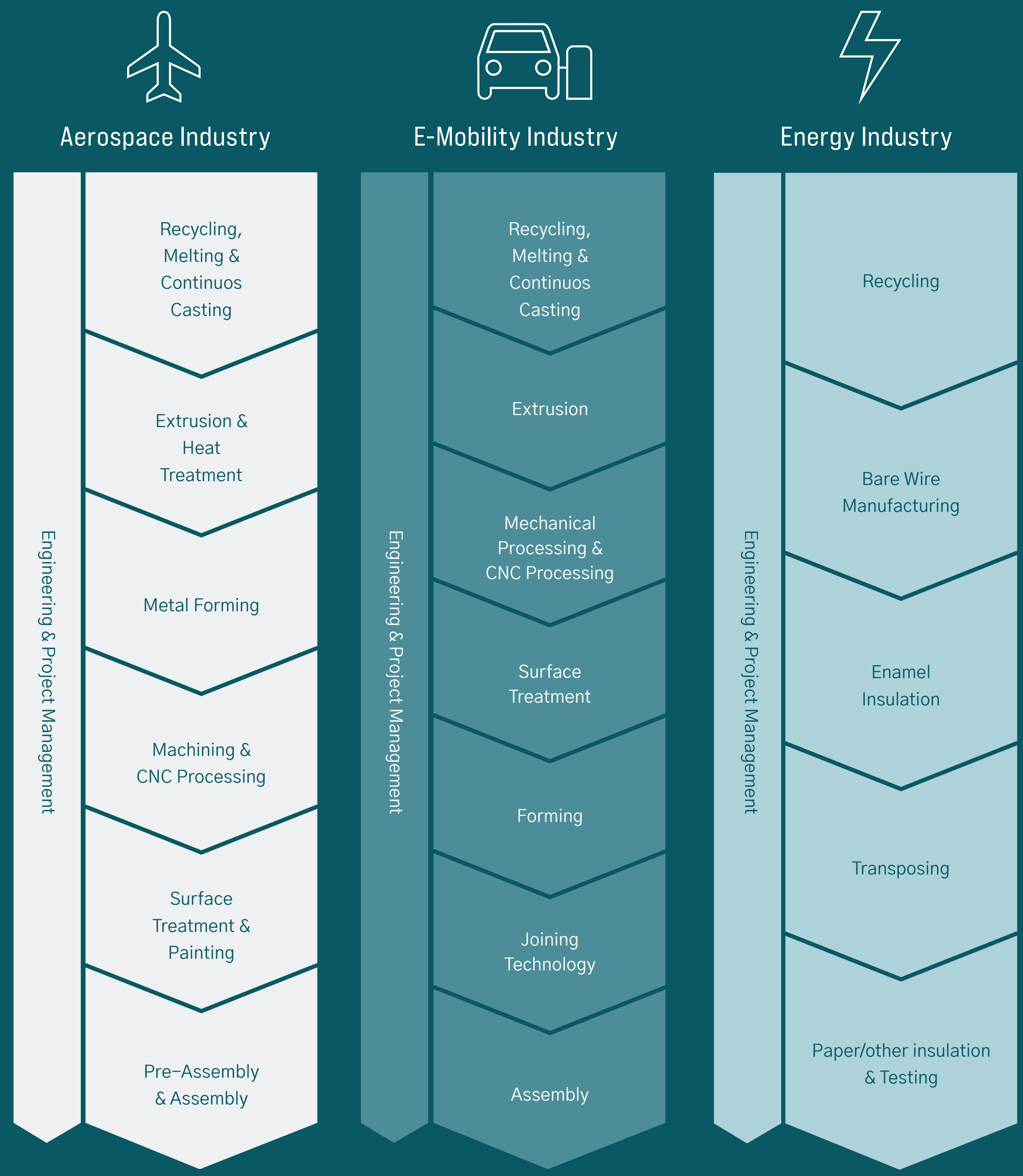
Did you know!

When comparing integrated and non-integrated provision of the seat track for an Airbus A320, our one-stop-shop saves approximately 15,000 kilometers in transportation distance, reduces lead time by around one year, and cuts some 690 tons of CO_2 emissions*!

* Sources are management estimations and customer information available to Montana Aerospace, ICAO, Airbus, Aviation Environment Federation

ONE-STOP-SHOP

FROM PROCESSING OF RAW MATERIALS TO READY TO INSTALL COMPONENTS



BUSINESS SEGMENTS

OUR BUSINESS SEGMENTS

We Shape the Future

As a globally operating industrial group, we specialize in key technologies across three markets of the future: **Aerostructures**, **E-Mobility** and **Energy**. The amalgamation of these segments offers substantial potential for future growth and diversification, aiming to fortify our business model and mitigate the impacts of varying economic cycles.

Within our three business segments, we prioritize best-in-class efficiencies across all core processes of our value chain. This approach not only adds value for our customers but also enhances our competitive edge and bolsters the motivation and team spirit of our employees.

All of our segments exhibit high growth potential. Particularly Aerostructures and Energy are currently experiencing strong tailwinds.

ADJUSTED EBITDA GROWTH 2021 – 2023 +107,6%

THE FUTURE OF AEROSTRUCTURES

Over the next 20 years, the demand for new aircraft is estimated to reach a volume of 41,000. We are on the verge of a new boom in global air travel, which is why airlines must expand their fleets accordingly. Additionally, existing aircraft must be renewed to fly more energy efficiently. For the fiscal year 2024, we anticipate Aerostructures to remain the primary driver of growth, with a projected net revenue exceeding EUR 950 million.

ADJUSTED EBITDA GROWTH 2021 – 2023 +288,2%

THE FUTURE OF E-MOBILITY

The major driver for our E-Mobility segment is the decarbonization of transportation and the associated expansion of electromobility. It is a rapidly growing market, the expansion of which we can significantly support through our expertise and material competence in aluminum. For the fiscal year 2024, we expect revenues in this segment to be approximately EUR 200 million.

ADJUSTED EBITDA GROWTH 2021 – 2023 +192,7%

THE FUTURE OF ENERGY

In the Energy segment, we are a key player in realizing the energy transition. With energy consumption on the rise our copper components in the high-voltage industry are currently experiencing very strong demand, which is why we are producing at full capacity. In the Energy sector, our goal is to generate revenues of one billion euros by the end of the decade. We aim to do so by staying the supplier of choice for e.g. grid technology provider worldwide. For 2024, we anticipate our Energy segment to contribute revenues exceeding EUR 580 million.

AEROSTRUCTURES

A Leading Competence Center for the Aerospace Industry

Within our Aerostructures segment, we play a vital role as a key partner for leading aircraft manufacturers. This segment focuses on the development and production of mission-critical aircraft parts. Our product portfolio spans from structural components for fuselage, wings, and landing gear to critical engine components exposed to high thermal and mechanical stresses, as well as functional components for cabin interiors and large-format extrusion products.

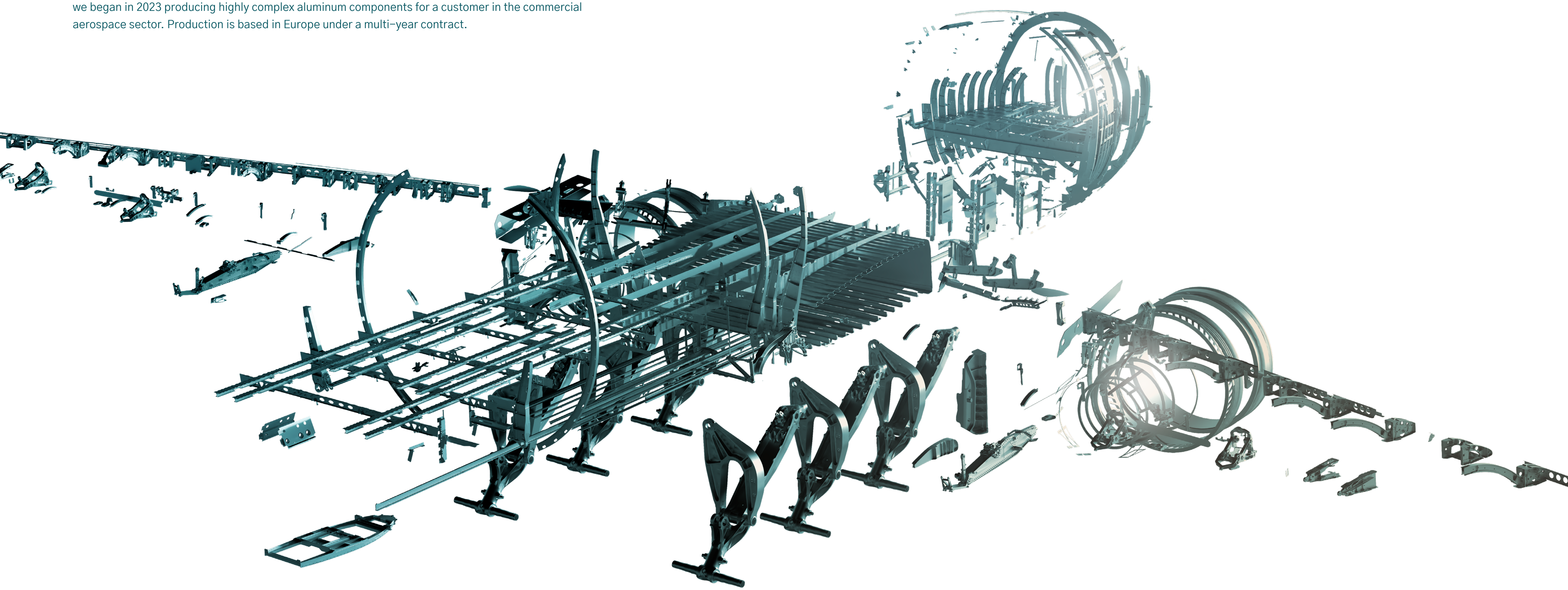
At Montana Aerospace's production facilities, we manufacture more than 1.5 million commercial aircraft components. We are a key player in the development of a new generation of aircraft that will make flying more sustainable and resource-efficient.

Additionally, as an expression of increasing diversification into non-Aerostructures segments, we began in 2023 producing highly complex aluminum components for a customer in the commercial aerospace sector. Production is based in Europe under a multi-year contract.

~5,150 **highly qualified** employees	11 locations **in 7 countries**	~300,000 m² of **industrial space**	>300 **CNC machines**

Aluminum, Titanium, Special Steels and Composites
Material competence

13 Al | 22 Ti | 6 C | 26 Fe



E-MOBILITY

Excellence in Lightweight Design for the E-Mobility Industry

We manufacture sophisticated lightweight components for the E-Mobility industry whose importance increases year by year. Our customers rely on our expertise for the production of complex components and assemblies, including e-battery systems, structural components, crash management systems, fluid systems, roof systems, and exteriors.

Constant weight reduction and the advancement of technologies and materials, such as magnesium alloys, are key drivers in the automotive industry. For years, we have collaborated closely with our customers in these domains. Montana Aerospace stands as an ideal partner for automotive manufacturers and suppliers, boasting extensive experience in these areas.
Leveraging our technical expertise, we offer a comprehensive range of products, from aluminum profiles to ready-to-install components.

~700
highly qualified
employees

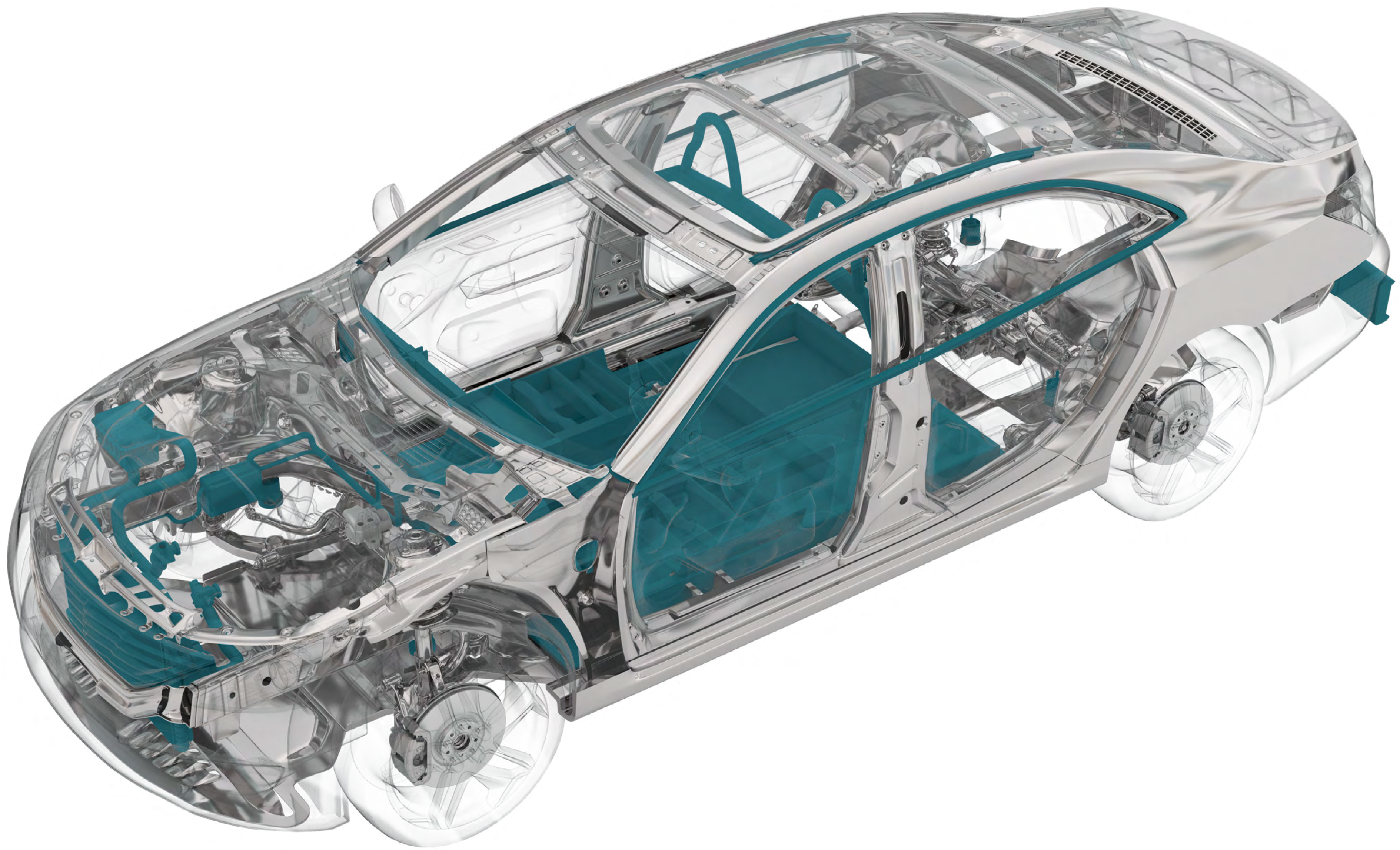
Aluminum
Material
competence
13 Al

4
locations
in 3 countries

~130,000 m²
of
industrial space

>30
CNC machines

Aluminum, Titanium, Special Steels and Composites
Material competence
13 Al 22 Ti 6 C 26 Fe



ENERGY

Enabler for the Global Transition to Green Energy

~1,350 highly qualified employees

Copper Material competence

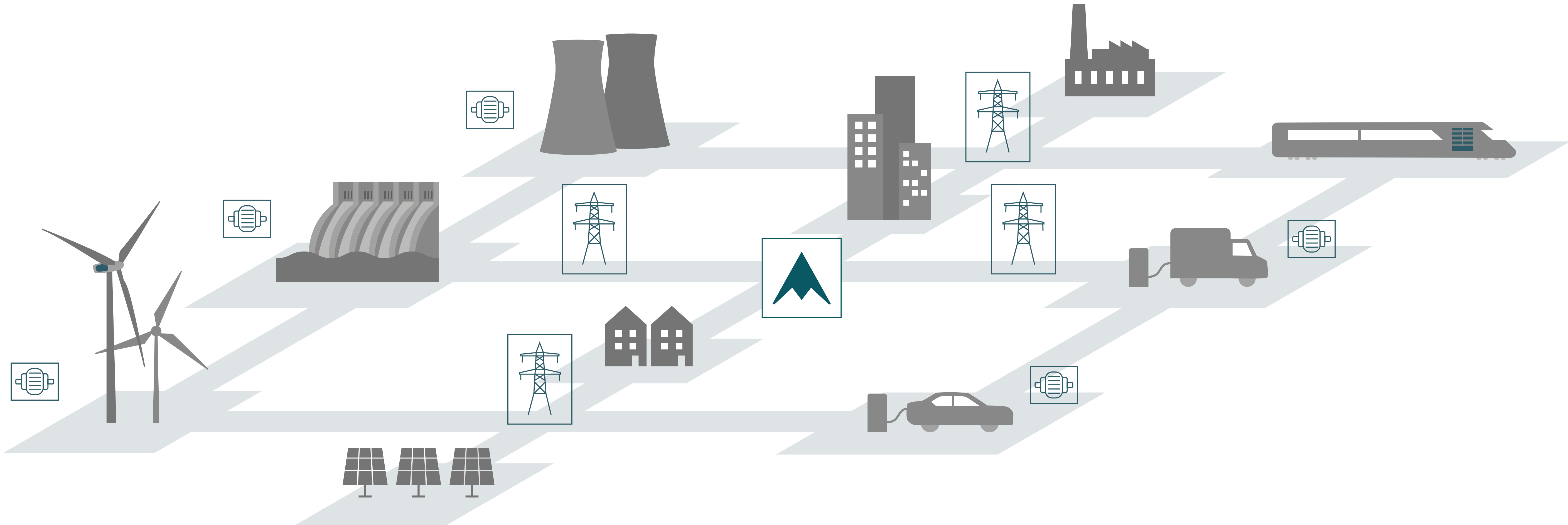
6 locations in 5 countries

~120,000 m^2 of industrial space

>200 years of experience

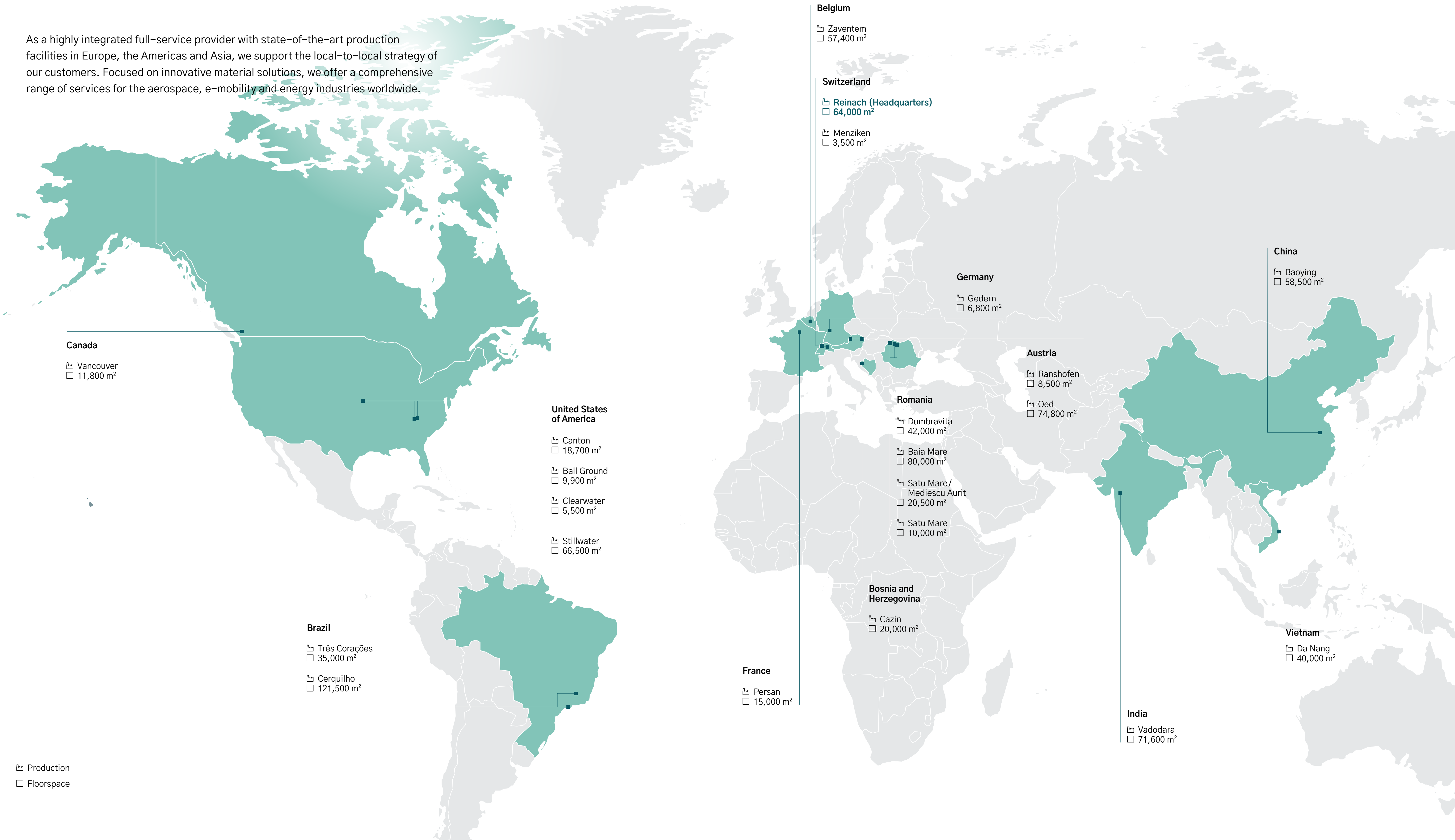
Montana Aerospace's mission is to drive the global energy transition forward. To achieve this goal, we manufacture essential components for the energy infrastructure. Our segment specializes in copper processing and possesses advanced expertise in refining copper and developing insulation systems throughout the entire value chain. Our technologies unlock the full potential of energy solutions by minimizing resistance and enhancing the efficiency of transformers, generators, and (e-)mobility applications. In alignment with the global shift towards green energy usage and meeting CO_2 quotas, we recycle materials and supply next-generation components today while simultaneously researching and developing even more advanced solutions for tomorrow.

With energy consumption increasing and the urgency to address climate change growing, the opportunity for incremental improvements has passed. We now require substantial optimization of the efficiency of existing systems. Montana Aerospace products play a critical role throughout the entire energy infrastructure. We manufacture components for power plant generators to produce electricity, for high-voltage transformers that transmit electricity and regulate voltage, and for the (e-)mobility sector.



CLOSE TO CUSTOMERS WORLDWIDE

As a highly integrated full-service provider with state-of-the-art production facilities in Europe, the Americas and Asia, we support the local-to-local strategy of our customers. Focused on innovative material solutions, we offer a comprehensive range of services for the aerospace, e-mobility and energy industries worldwide.



THE YEAR IN NUMBERS

>7,200
FTEs

EUR 1,430.4m
Net Sales

48.3%
Equity Ratio

EUR 137.7m
Adj. EBITDA

EUR 275.8m
Net Debt (Balance Sheet EUR 1.9bn)

Status 31.12.2023

FINANCIAL HIGHLIGHTS

Earnings

	2023	2023 (adjustments)	2022	2022 (adjustments)
Net Sales	**1,430,384**		**1,306,134**	
Change in finished and unfinished goods	−10,317		12,433	
Own work capitalized	13,805		29,739	
Other operating income	51,815		104,832	
Cost of materials, supplies and services	−889,022		−857,150	
Personnel expenses	−287,364		−268,265	
Other operating expenses	−191,469		−200,799	
EBITDA	**117,832**		**126,924**	
Legal cost for Arconic lawsuit		14,657		2,568
IPO related cost		1,435		
M&A and PMI related expenses		925		2,539
Management stock option program related cost		2,816		2,198
Other service cost from affiliated companies				
Adjusted EBITDA	**137,665**			**134,230**
Adjusted EBITDA margin	9.6%			10.3%
Depreciation and amortization	−102,997		−109,233	
Operating Profit (EBIT)	**14,835**		**17,691**	
Financial result	−68,054		−46,381	
Result before tax	**−51,799**		**−28,690**	
Income tax income (expenses)	13,391		−8,085	
Result for the period	**−38,408**		**−36,775**	
Thereof attributable to:				
Owners of the company	−37,951		−36,110	
Non-controlling interests	−457		−665	

Net Sales

In the financial year 2023, Montana Aerospace generated consolidated net sales of EUR 1,430.4 million, which is +9.5% above the previous year's EUR 1,306.1 million. The greatest contribution to net sales was generated by the business segment Aerostructures, which achieved EUR 704.5 million, followed by the business segment Energy (EUR 567.3 million). E-Mobility showed a major loss in net sales compared to last year's development due to limited sales of billets (recycling of aluminum) in the external market. The major part of the positive net sales development was driven organically, yet it was supported by Montana Aerospace's acquisitions of ASCO in the Aerostructures business segment and Sao Marco in the Energy business segment (both in 2022). Additionally, the loss of net sales through the divestiture of the machine building capacity Alpine Metal Tech by the end of 2022 needs to be considered.

EBITDA

Accounting for one-off and non-operative effects – most notably legal costs and management stock option program (MSOP) related expenses – the adjusted EBITDA reached EUR 137.7 million in 2023, exceeding the level of EUR 134.2 million in the financial year 2022. This translates into an adjusted EBITDA margin of 9.6% as compared to the previous year's level of 10.3%. Overall adj. EBITDA performance is still impacted and diluted by external supply chain issues which ASCO is facing within the Aerostructures segment on its path to full integration.

On a non-adjusted level, reported Group EBITDA slightly decreased from EUR 126.9 million (in 2022) to EUR 117.8 million (in 2023), which is a -7.2% drop mainly caused by a significant amount of the legal costs of EUR 14.7 million. Adjusting for this extraordinary effect, reported EBITDA is in line with the growth of adjusted EBITDA (+2.6% compared to 2022).

The growth of cost of materials supplies and services (EUR 889.0 million in 2023 vs. EUR 857.1 million in 2022) is under-proportional to the net sales development. Important economies of scale were achieved as personnel expenses did not grow proportional to net sales (EUR 287.4 million for the year 2023 vs. EUR 268.3 million in 2022). We guide for a continuation of this trend.

The four adjustments to the reported EBITDA in the financial year 2023 were the legal costs of EUR 14.7 million, followed by the costs related to the management stock option program (MSOP) of EUR 2.8 million, preparation costs for the potential ASTA IPO of EUR 1.4 million, as well as PMI expenses related to the acquired ASCO group in 2022, amounting to EUR 0.9 million. Overall, these elements sum up to EBITDA adjustments of EUR 19.8 million.

FINANCIAL HIGHLIGHTS

Net sales and adj. EBITDA development per segment

in EURm	Aerostructures		E-Mobility		Energy	
	2023	2022	2023	2022	2023	2022
Net Sales	**704.5**	**636.4**	**160.9**	**191.2**	**567.3**	**479.6**
yoy growth	+10.7%		-15.9%		+18.3%	
Adj. EDITDA	**89.2**	**69.4**	**25.4**	**24.4**	**25.1**	**33.6**
yoy growth	+28.5%		+4.0%		-25.3%	
Tax processes Δ						-6.8
Non-cash badwill						-16.9
Exceptional energy / logistics costs						+12.9
Adj. EBITDA prior year excluding one-off items						**22.8***
yoy growth					+10.1%	

* Adjusted for various one-off effects in 2022 relating to the acquisition of São Marco in Brazil, indirect taxes in Brazil and exceptional energy, freight-out and customs costs, ASTA achieved an adjusted EBITDA in the financial year ended December 31, 2022 of EUR 22.8 million. The adjustments are structured as follows: (EUR -6.8 million) in balance of non-cash income from indirect tax adjustments in Brazil, (EUR -16.9 million) of non-cash badwill related to the São Marco acquisition and EUR +12.9 million in exceptional energy and logistics costs.

Segment sales and EBITDA performance in the financial year 2023 show Aerostructures as the key drivers of Montana Aerospace's business expansion. Aerostructures posted growth of +10.7% with a total revenue of EUR 704.5 million, while Energy achieved an even higher growth rate of +18.3% with a total revenue of EUR 567.3 million. The E-Mobility segment reported lower net sales (EUR 160.9 million in 2023 vs. EUR 191.2 million in the previous year 2022) due to limited sales of billets (recycling of aluminum) in the external market.

Nonetheless, adjusted EBITDA in the E-Mobility segment has been able to offset lower top line through long-term contracts, strict cost management and the focus on the margin-accretive legacy business. Energy is establishing itself as a business segment with constant strong growth and gaining very strong tailwind in a structurally changing market environment. Aerostructures also reported an improvement of +28.5% compared to last year and posted an adjusted EBITDA of EUR 89.2 million, although still dilutive on overall adjusted EBITDA due to ongoing supply chain challenges within ASCO. The clear focus in Aerostructures is to utilize its potential for economies of scale and to generate an over proportional EBITDA contribution to net sales.

Trade Working Capital

As guided previously, we reached a stable level of trade working capital (TWC) in all segments by the end of the financial year 2023. As net sales rose by ~10%, inventories only rose by roughly 3%, serving as a proof of our effective trade working capital management.

Financial Result

The financial result was negatively impacted due to substantially higher interest expenses and hiked from EUR -46.4 million (2022) to EUR -68.1 million at the end of 2023. Nonetheless, within the financial result, more than one third of the amount relates to non-cash related items (foreign exchange (FX) positions). The combination of the new syndicated loan and the cash usage of up to EUR 250 million for the repayment of existing debt reduces the total gross debt by the same amount, further strengthening the balance sheet and reducing interest expenses.

Balance Sheet

(in TEUR)	31.12.2023	31.12.2022
ASSETS		
Non-current assets	1,148,124	1,167,650
Current assets	787,336	1,052,997
o/w cash and cash equivalents	175,252	426,215
TOTAL ASSETS	1,935,460	2,220,647
EQUITY AND LIABILITIES		
Total equity	934,358	957,631
Non-current liabilities	548,943	789,995
Current liabilities	452,159	473,020
TOTAL EQUITY AND LIABILITIES	1,935,460	2,220,647

At 31 December 2023, total assets were at EUR 1,935.5 million (31 December 2022: EUR 2,220.6 million), reflecting a lower asset base due to the new financing structure of the Group and repayment of the financial debt in 2023. At the end of the reporting period, total non-current assets amounted to EUR 1,148.1 million (31 December 2022: EUR 1,167.7 million) and included mainly intangible assets and goodwill of EUR 290.4 million (31 December 2022: EUR 305.8 million) as well as property, plant and equipment of EUR 723.0 million (31 December 2022: EUR 745.0 million). Within total current assets of EUR 787.3 million (31 December 2022: EUR 1,053.0 million), other receivables and assets amounted to EUR 83.6 million (31 December 2022: EUR 96.7 million), inventories to EUR 334.4 million (31 December 2022: EUR 324.0 million), trade receivables to EUR 159.3 million (31 December 2022: EUR 171.4 million) and cash and cash equivalents to EUR 175.3 million (31 December 2022: EUR 426.2 million).

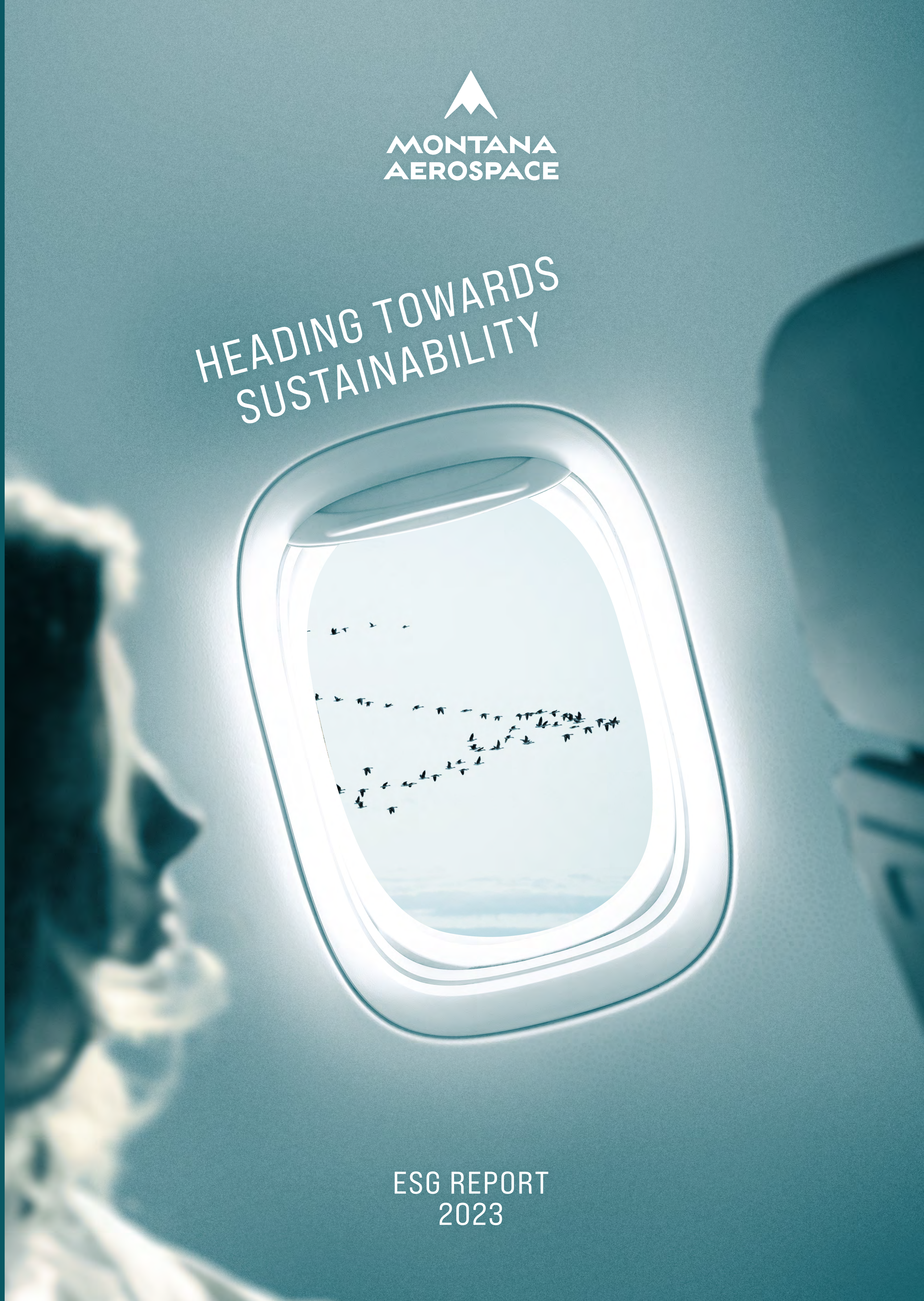
Total liabilities were at EUR 1,001.1 million at 31 December 2023 (31 December 2022: EUR 1,263.0 million), of which EUR 452.2 million refer to current liabilities (31 December 2022: EUR 473.0 million) and EUR 548.9 million to non-current liabilities (31 December 2022: EUR 790.0 million). Non-current liabilities include EUR 258.9 million in bank loans and borrowings (31 December 2022: EUR 466.4 million), EUR 95.1 million in other financial liabilities (31 December 2022: EUR 104.6 million) and EUR 85.1 million in other liabilities and accruals (31 December 2022: EUR 93.8 million).

Total equity decreased to EUR 934.4 million (31 December 2022: EUR 957.6 million) and includes EUR 921.1 million of share premium (31 December 2022: EUR 918.2 million) and EUR 0 of non-redeemable loans (31 December 2022: EUR 0 million).

At 31 December 2023, Montana Aerospace’s trade working capital amounted to EUR 294.7 million compared to EUR 301.7 million at 31 December 2022.

“What makes us interesting for our customers? On the one hand, it's our expertise in lightweight construction, and on the other hand, the broad value chain we can offer. The USP of the Montana Aerospace Group – the one-stop-shop – is also lived at Alu Menziken. That's why many renowned international manufacturers in the automotive, aerospace, or industrial sectors rely on us. However, we must not rest on our laurels. What is lightweight today will be heavy tomorrow, and what is innovative today will be standard tomorrow. To stay at the forefront, we must always keep moving forward.”

Alexander Zwickl
Chief Financial Officer Alu Menziken (E-Mobility Segment)


MONTANA
AEROSPACE
HEADING TOWARDS
SUSTAINABILITY
ESG REPORT
2023

"Investments with us always involve sustainability, which means yielding long-term returns while also promoting the circular economy, resource conservation, and energy efficiency. Over the past economically challenging years, we have invested counter-cyclically and built new production capacities. This was coupled with the establishment of in-house copper recycling capability. Through this, we actively contribute to the energy transition in a resource-efficient manner. Now, we are reaping the benefits of these efforts – both economically and ecologically."

Daniela Klauser
Chief Financial Officer, Asta (Energy Segment)

ESG REPORT

ESG REPORT

The information in this ESG Report was prepared with reference to the GRI Standards.

INTRODUCTORY WORDS BY VICKY WELVAERT

GROUP HUMAN RESOURCES OFFICER

Dear Readers,

When our Group went public in 2021, it marked both a fresh start and a historical continuity. Our divisions across the globe boast a long and successful history in the metal-working industry. Some locations have over 200 years of experience, while others have been in the aviation sector for over half a century.

Different cultures, competencies, histories, and regulatory requirements were merged under the umbrella of Montana Aerospace AG, marking the beginning of a shared journey. To ensure its success and chart the right course, it was necessary to define our position as a new corporation.

We embarked on foundational work by conducting an initial assessment to evaluate our business practices in 2021, analyzing them and developing a clear company-wide strategy with the involvement of all stakeholders. This strategy allows us to align our planned growth trajectory with our sustainability goals.

As a next step, we have appointed ESG teams in all divisions and clearly communicated our goals and the way forward to our employees. Because only together we can build a sustainable future. As a team, we have made already significant efforts in the recent years. These include the design of modern value creation processes, the expansion of ESG data management and reporting, stakeholder engagement, the development of governance and social policies, and further measures and initiatives. You are holding the outcome of all our efforts in your hands—the ESG report for the fiscal year 2023.

We are aware that industry is sometimes associated with adverse ecological impacts. However, this does not align with our vision as Montana Aerospace Group. In pursuit of sustainability, we see ourselves as part of the solution — a group guided by forward-thinking values, processes, and technologies. Our products contribute to the energy transition, facilitate tomorrow's mobility, and our vertically integrated value chain realizes substantial reductions in climate-harming emissions.

Demand for airplanes, energy, and mobility will continue to incline in the future. The need is likely to increase further due to growth in emerging markets. As a company, we therefore see it as our responsibility to make industry in general, and the mobility and energy sectors in particular, more sustainable – through our engineering expertise, our material know-how, and the application of state-of-the-art technologies. This is our commitment to future generations.

Since 2021, we have already made significant progress. However, there is still a lot of work and improvement ahead, but we gladly embrace it for our common sustainable future.

On this occasion we want to thank all Montana Aerospace employees who are taking this path together with us, who are striving to make industry more sustainable and who are improving our overall sustainable actions day in and day out. Without these daily contributions and engagement in this topic we would not be able to achieve our goals.

Yours sincerely,

Vicky Welvaert
Group Human Resources Officer

MONTANA AEROSPACE AT A GLANCE*

BUSINESS SEGMENTS

Aerostructures | **E-Mobility** | **Energy**

Multi-material competence in

C Al Ti Cu Fe

composites, aluminum, titanium, copper and **steel**

23
locations
worldwide

~7,200
highly qualified
employees

7
engineering and
development centers

>200
years of experience in **metallurgy** and **materials processing**

>300
CNC machines & >350 spindles in serveral high tech machine parks

–14.3%
of **non-renewable energy consumption** compared to the year beforehand

High-profile global customer base

*Status as of Dec 31st, 2023

BUSINESS MODEL

Sustainability and Future Viability

As a global industrial group, Montana Aerospace specializes in key technologies for the aerostructures, e-mobility and energy sectors. These are markets that not only demonstrate high future viability but also represent cornerstones for sustainable development. In this sense, Montana Aerospace sees itself as a driving force in the energy transition and mobility transformation. A role that we fulfill with all our spirit of innovation.

We design, develop, and manufacture system components and complex assemblies made of aluminum, titanium, composites, copper and steel. With our unique one-stop-shop concept, we provide our customers with a highly integrated vertical supply chain that relies on strong recycling capabilities and offers better competitive lead times, thereby enabling substantial cost savings while reducing CO_2 emissions. Ranging from processing of raw materials to ready-to-install components, we cover the entire range of services. 23 locations in 16 countries in Europe, North America, South America and Asia demonstrate our customer proximity, as do our engineering and sales centers located around the world.

Our concept consists of advising, developing, producing and providing service on a local-to-local basis within a global network. Over 7,000 dedicated employees, fast response times, intelligent logistics concepts and cost-optimized solutions are the cornerstones of our long-term customer relationships.

In the decades to come, our economy will be shaped by a shift towards sustainability and climate stability. We view industry and technology as driving forces in this endeavor. With its business segments and highly integrated processes, Montana Aerospace is well-positioned to be a key player and beneficiary in this fundamental challenge. Simultaneously, we have embarked on the journey to make our internal processes ESG-ready and future-proof.

OUR MATERIAL TOPICS

The starting point for ESG reporting is the identification of material topics. Therefore, we have decided, for the first time in the company's history, to involve all relevant stakeholder groups of the company in this process of prioritizing sustainability topics to create an ESG materiality analysis. This represents a mandatory requirement based on international reporting standards.

Within the framework of a materiality analysis, two central pillars are to be considered. First, there is the impact assessment by our divisions, which involves an evaluation of Montana Aerospace's current and future influence factors on our environment and society.

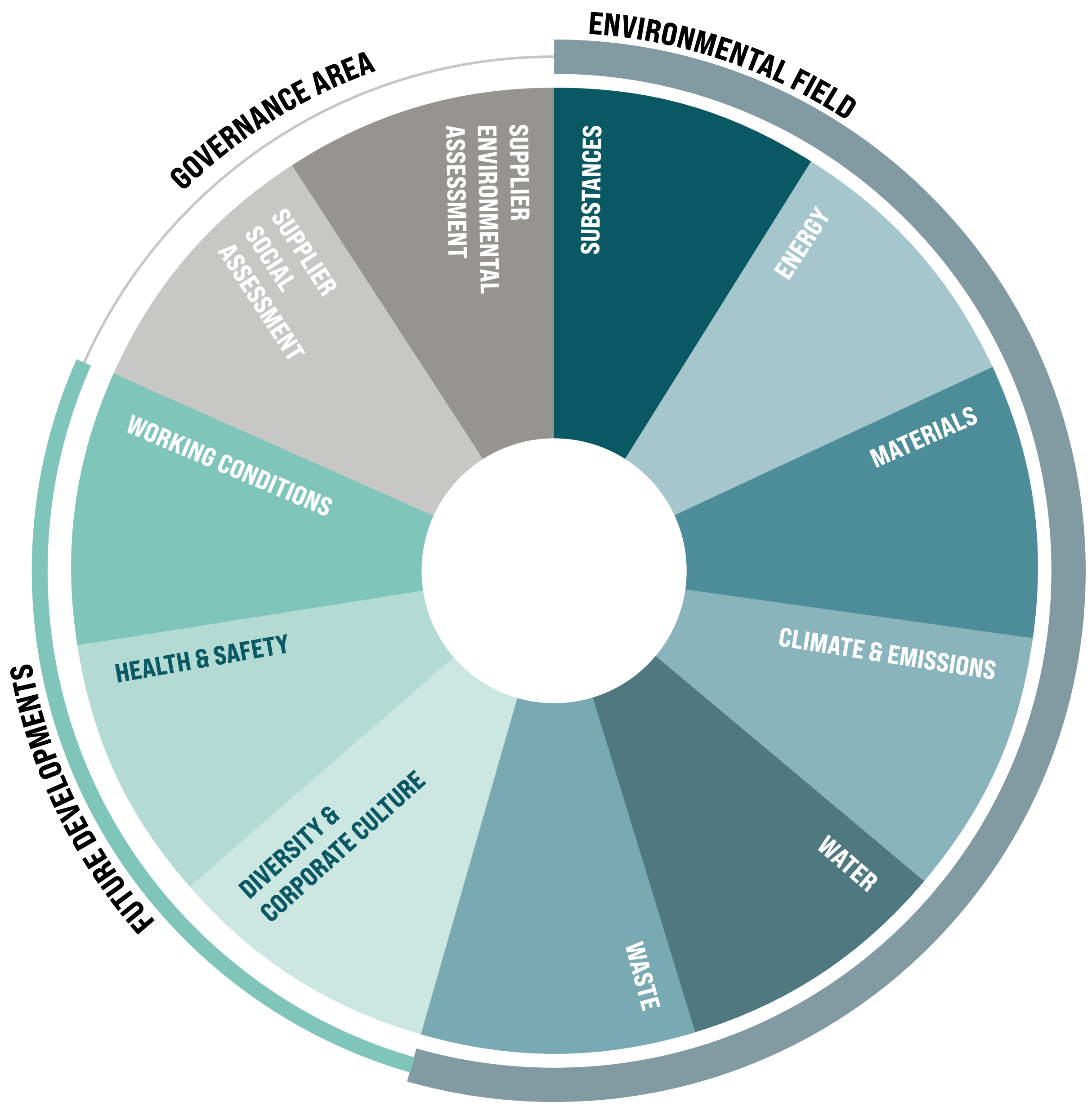
Second, the involvement of relevant internal and external stakeholder groups is also envisaged. These include not only our employees and management representatives but also suppliers, customers, and other contractual partners. Through a survey, we aimed to determine which sustainability topics, in the context of Montana Aerospace and from the perspective of the mentioned stakeholder groups, have the greatest impact on the environment and society or will have in the future.

In the environmental field, the topics **energy**, **materials**, **climate & emissions**, and **waste** were identified as the currently strongest influencing factors, with stakeholders suggesting that **substances** and **water** should be added in the future.

There are hardly any differences between the current assessment and the one regarding future developments in the social issues. Especially, **working conditions**, **health & safety**, and **diversity** and **corporate culture** are seen as the most significant influencing factors.

A similar picture emerges in the governance area. **Supplier environmental assessment** and **supplier social assessment** are the most weighted topics, both currently and in the future.

This ESG report for the fiscal year 2023 (January 1, 2023, to December 31, 2023) is structured based on the results of this materiality analysis. It presents our sustainability activities and progress and includes information on 23 sites in over 17 countries with around ~ 7,200 employees. The data presented were collected locally and compiled centrally. The reported information was prepared with reference to the GRI Standards and has not been externally verified. We are monitoring the developments of the Corporate Sustainability Reporting Directive and will adjust our reporting accordingly.



ABOUT MONTANA AEROSPACE

KEY FIGURES

	2022	2023	Change (%)
Emissions, sum market based (t CO2e / a)	2,638,409	2,820,190	+6.89
Emissions / Total Net Sales (kg CO_2e / €)	2.02	1.97	−2.40
Annual consumption non-renewable energy (MWh)	575,874	493,660	−14.28
Annual consumption renewable electricity (MWh)	123,575	182,996	+48.08
Total Water Consumption (m^3)	298,438	329,617	+10.45
Non-renewable materials used (t)	55,131	54,780	−0.64
Renewable materials used (t)	62,093	67,547	+8.78
CSA Score (S&P Global Corporate Sustainability Assessment)	17	28	+64.71

	women (%)	men (%)
All employees	21.7	78.3
Leadership positions	23.6	76.4

	< 30 (%)	30–50 (%)	> 50 (%)
Employees by age	26.1	52.2	21.7

Work-related fatalities	0
TCIR internal employees (total case incident rate per 200,000 h)	2.46
Average number of training hours per employee	35

Reporting period: January 1st 2023 to December 31st 2023 (corresponds to Montana Aerospace's financial reporting)

Reporting frequency: annually (corresponds to Montana Aerospace's financial reporting)

ESG YEAR 2023 AT A GLANCE

February

The Montana Aerospace scored 28 points in the 2023 S&P Global Corporate Sustainability Assessment reflecting an improvement of 67% compared to previous year.

June

First cohorts of leaders participated in newly launched **Leadership Refresher Program** as part of the Grow @ Montana Aerospace initiative.

Within the first half year

Montana Aerospace has undertaken its inaugural materiality assessment, a crucial step in identifying the most significant topics for the company's sustainability responsibilities.

Within the first half year

Realization of the Montana Aerospace Talent Program, a comprehensive employee development initiative designed to cultivate exceptional talents from various business units and diverse departments within the Montana Aerospace organization.

August

ASTA implemented its „Low-Carbon Copper" technology and thus pioneered the recycling of copper at the Três Corações plant in Brazil.

September

Commitment to the net-zero targets of the Science Based Targets Initiative (SBTi) to establish ambitious emission reduction goals in the fight against climate change. A clear signal of sustainable commitment and corporate climate protection.

September

Inauguration of our photovoltaic power plant at the Universal Alloy Corporation (UAC) division in Da Nang, Vietnam, generating approximately 6,000 MWh of clean energy per year.

September

A Conflict of Interests Policy was set up to deal with potentially opposing interests in a transparent manner.

September

Our expectations regarding the environmental and social responsibility of our suppliers were documented in our **new Supplier Code of Conduct.**

October

In order to continually improve our HSE results, Montana Aerospace published **Health, Safety & Environment Policy.**

November

Montana Aerospace Division ASCO is now a research partner and member of the European Union's Clean Aviation Joint Undertaking (CAJU) program and will continue its significant technical contributions to the European aviation system while helping to pave the way to climate neutrality by 2050.

LEADERSHIP TEAM

Representatives with Profound and Long-lasting Experience

MANAGEMENT TEAM

Michael Pistauer
Co-CEO & CFO

E-Mobility & Energy

Kai Arndt
Co-CEO

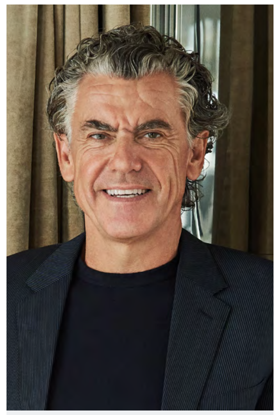
Aerostructures

Vicky Welvaert
Group HRO

Global HR, Marketing & ESG

BOARD OF DIRECTORS

Tom Williams
Co-Chairman
President



Michael Tojner
Co-Chairman
President

Helmut Wieser
Member

Markus Vischer
Member

Silvia Buchinger
Member

Christian Hosp
Member

ABOUT MONTANA AEROSPACE

BOARD OF DIRECTORS

Michael Tojner	Tom Williams	Christian Hosp	Helmut Wieser	Markus Vischer	Silvia Buchinger
Co-Chairman	Co-Chairman	Member of the BoD	Member of the BoD	Member of the BoD	Member of the BoD

GROUP MANAGEMENT BOARD

Michael Pistauer	Kai Arndt	Vicky Welvaert*
Co-CEO & CFO MAAG	Co-CEO MAAG	Group HRO

SEGMENT LEAD

Michael Pistauer
CEO E-Mobility & Energy

- E-Mobility: ALU MENZIKEN GROUP
- Energy: ASTA GROUP

Kai Arndt
CEO Aerostructures

- Aerostructures: ASCO; UNIVERSAL ALLOY CORPORATION US / Europe / Vietnam / UAC Cevifal

FUNCTION LEAD

Michael Pistauer
CEO E-Mobility & Energy

Legal & Compliance
Accounting
Treasury
IT
Finance
M&A and IR

Vicky Welvaert*
Group HRO

HR
ESG
Marketing & Communication

*Vicky Welvaert is part of the Extended Management Board but does not hold a corporate body function of Montana Aerospace AG.

VALUE CHAIN INNOVATION
Re-used and Integrated

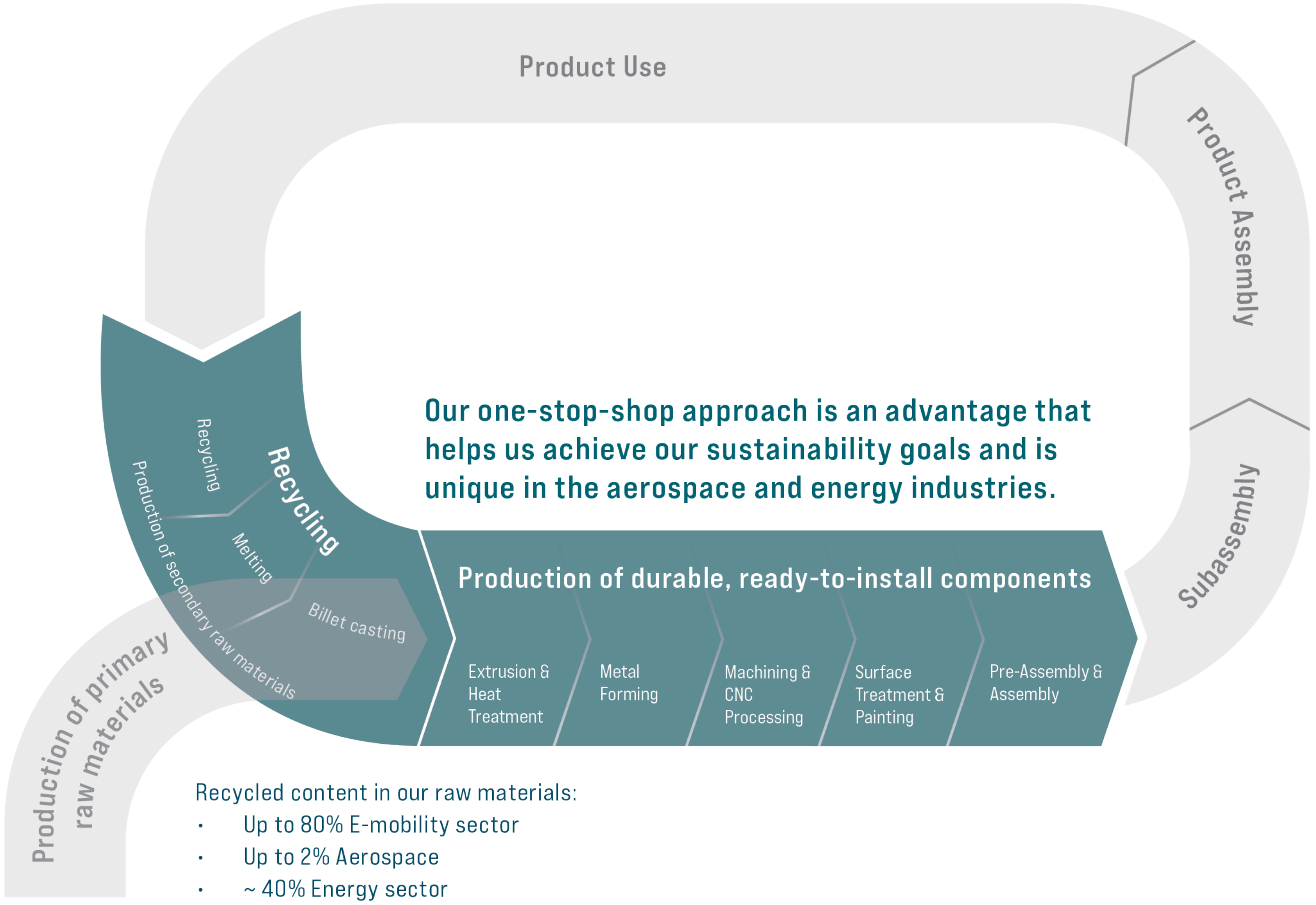
Montana Aerospace sets itself apart from traditional suppliers in the aerostructures, e-mobility, and energy sectors with its unique value chain. Our comprehensive one-stop shop approach allows us to encompass a broader spectrum of services, facilitated by our vertical integration strategy.

At the heart of Montana Aerospace's value chain lies the production of high-quality alloys, serving as the foundation for subsequent manufacturing processes. Central to our operations is the emphasis on recycling, a cornerstone of our sustainability efforts. Leveraging decades of material expertise, we produce alloys that incorporate an increasing proportion of recycled material over time, all while maintaining uncompromised quality standards. As part of our commitment to product quality and product safety, we adhere to strict regulations for the manufacture of critical components.
At the same time, we support our customers in achieving their own sustainability goals through our circular economy approach.

The integration of our one-stop shop and recycling capabilities not only drives cost efficiencies but also mitigates transportation expenses and reduces climate-harming emissions. Notably, both aluminum and copper can be recycled indefinitely without any degradation in quality, underscoring the sustainability ethos inherent in our value chain.

Montana Aerospace stands at the forefront of innovation, where integration meets sustainability to redefine the conventional boundaries of value creation in the aerospace, e-mobility, and energy sectors.

Our products are designed for a very long service life:
- Aerostructures Sector ~ 20 years
- E-Mobilty Sector ~ 20 years
- Energy Sector ~30 years and longer



Our one-stop-shop approach is an advantage that helps us achieve our sustainability goals and is unique in the aerospace and energy industries.

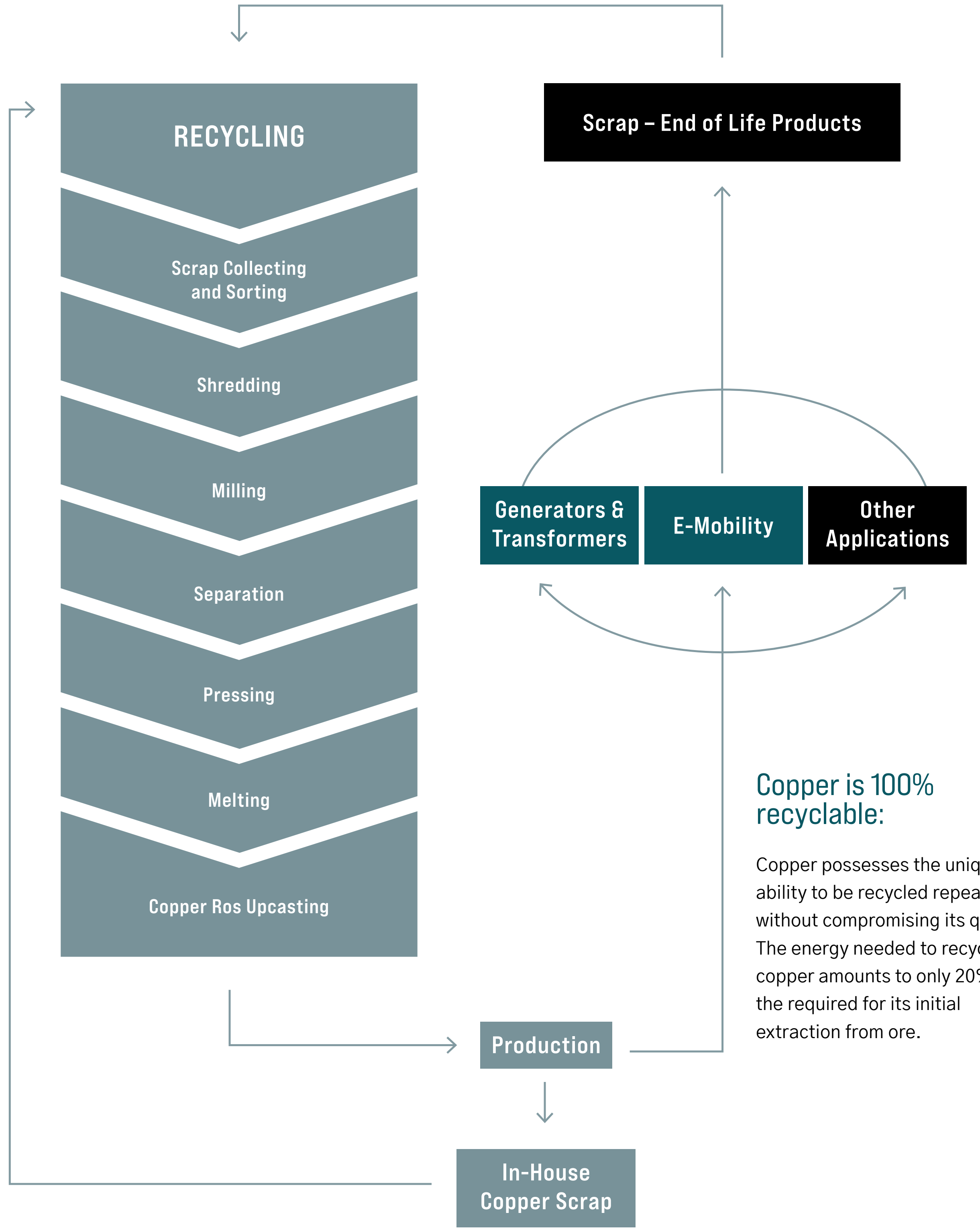
Recycled content in our raw materials:
- Up to 80% E-mobility sector
- Up to 2% Aerospace
- ~ 40% Energy sector

ABOUT MONTANA AEROSPACE

CIRCULAR ECONOMY CONCEPT FOR COPPER

As a leading authority in copper expertise with over 210 years of experience, the Montana Aerospace division ASTA is poised to integrate a recycling process into its one-stop-shop. The implementation will occur in multiple phases. The initial step entails recycling the in-house copper scrap generated from production. This new process will enable the Energy segment to enhance added value by strengthening vertical integration within the Group.

In 2023, the inaugural recycling process was established and underwent trial operations. subsequently, the expertise gained will be disseminated to local sites. Looking ahead, there are plans to expand recycling operations to incorporate external scrap materials, fostering a circular economy in collaboration with customers and partners.



Copper is 100% recyclable:

Copper possesses the unique ability to be recycled repeatedly without compromising its quality. The energy needed to recycle copper amounts to only 20% of the required for its initial extraction from ore.

THE STRATEGIC IMPACT OF SUSTAINABILITY

The sustainability strategy of Montana Aerospace AG is an integral part of our group's overall strategy. Sustainability is a core part of our business model: shaping tomorrow's mobility and enabling the necessary energy transition.

We embrace these future challenges and thus view ESG as a potential growth opportunity. Our aim is being an active player in the ongoing sustainability transformation. We perceive industry as a central part of the solution to existing challenges of ecological and social nature.

We have set up a vertically integrated supply chain, which is not only advantageous for our clients but also allows us to reduce long transport routes and climate-damaging emissions. In our Aerostructures segment, we are a key player in the development of a new generation of aircraft that will make flying more sustainable and resource efficient. For the rapidly growing e-mobility market, we manufacture sophisticated lightweight components. Finally, the Energy segment of Montana Aerospace produces essential components for today's and tomorrow's energy infrastructure. We specialize in copper processing and have advanced expertise in recycling copper and developing sustainable insulation systems.

We are mindful of the waste we produce. Almost 100% of our cuttings, clippings, and scrap are recycled internally at our plants. The high-tech aluminum components used in our products are made with around 70% recycled aluminum. Additionally, we place importance on being able to meet our energy needs from sustainable sources. Therefore, we have begun gradually transitioning our facilities to green energy.

ABOUT MONTANA AEROSPACE

We are aware that the excellent know-how of our employees forms the basis of our success. Our workforce is one of the main drivers of our strategy to accelerate profitable and sustainable growth. We therefore attract highly skilled employees and build a strong employer brand by establishing a corporate culture that provides employees with the opportunity to unleash their talents and create the industry of tomorrow.

Our transparency measures are important for preventing corruption and bribery. Morally, ethically, and legally sound behavior is a critical and core principle of our corporate culture. Montana Aerospace is committed to acting responsibly and takes always social and environmental considerations into account. Therefore, we select our suppliers not only based on quality and costs but also on their due diligence practices, respect for human rights, and environmental mindset.

COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS OF THE UNITED NATIONS

The Sustainable Development Goals of the United Nations (SDGs) are fundamental to our business model. Each of these goals is part of our philosophy, and we contribute in all areas.

Below are the SDGs where our contribution is substantial, and where we claim a proactive role as a global company. These have been identified by our management and our global ESG team.

Compared to the Sustainability Report 2022, goal number 7, "Affordable and Clean Energy," has been added. This essentially takes into account the work of our subsidiary, ASTA, as a critical supplier of components for the grid connection of many renewable energy sources.

QUALITY EDUCATION

Ensuring inclusive and equitable quality education and promoting lifelong learning opportunities for all.

4.4 Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable

4.5 Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

4.7 Ensure that all learners acquire the knowledge and skills needed to promote sustainable development

Developing our skilled workforce is the foundation of our success. We strive to provide the best environment for our employees to grow, advance and continuously learn. This includes regular training and education, mentoring and guidance for our employees all over the world. Our development programs also create opportunities for students and young professionals that permits them to engage with Montana Aerospace and take active and leading roles in our company. To promote scientific culture, we engage with schools, universities, and other educational institutions to provide young people with the opportunity to participate in workshops and courses to gain practical insights.

50 participants took part in **the Sales Academy 2023** to upgrade and improve their skills.

GENDER EQUALITY

Achieving gender equality and empowering women and girls.

5.1 End gender-based discrimination

5.5 Ensure women's full and effective participation and equal opportunities for leadership

5.9 Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels

Montana Aerospace stands for diversity, inclusion and equality. We promote gender equality by offering appealing career opportunities through our employment and workplace policies. We strongly support women's empowerment and improve the gender balance in STEM-related positions and leadership positions. At Montana Aerospace, there is a zero-tolerance policy for any kind of gender-based discrimination.

The share of women in our total workforce is **~21.7%.**

AFFORDABLE AND CLEAN ENERGY

Providing the hardware for the energy transition

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

7.4 By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology.

The products of our group subsidiary ASTA are critical supplier components for the grid connection of many renewable energy sources, such as on- and offshore wind parks. Thus, we are a key player in realizing the energy transition. Among other industrial goods, we supply numerous high-voltage power transformers that are central elements in the necessary grid expansion worldwide.
In addition we are gradually switching to green energy sources in our plants.

We provide the hardware for the grid connection of many renewable energy sources and are a **key player** in realizing **the energy transition**.

DECENT WORK AND ECONOMIC GROWTH

Promoting sustained, inclusive and steady economic growth, full and productive employment and decent work for all employees.

8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

8.5 Achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

8.8 Protect workers' rights and promote safe and secure working environments for all workers

As an international group, we foster an environment that ensures decent working conditions, while improving our business model and fostering economic growth. Our business model is scalable, sustainable and solid. We do our best to drive our economic productivity through diversification, technological improvements and innovation. To ensure the best working conditions, Montana Aerospace commits itself to the highest internationally-recognized standards and regulations.

Moreover, we aim to provide a safe, flexible, and respectful working environment where all our employees can work in a setting free from any form of harassment or discrimination.
Montana Aerospace reaffirms its commitment to the freedom of assembly, and the right to collective bargaining of our staff and does not discriminate against unions or union staff. We adhere to the highest standards of safety and hygiene.

We have a **zero-tolerance statement** for any kind of **child** or **forced labor**.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

Building resilient infrastructure, promoting inclusive and sustainable industrialization and fostering innovation.

9.1 Develop quality, reliable, sustainable and resilient infrastructure

9.2 Promote inclusive and sustainable industrialization

9.4 Upgrade and retrofit existing infrastructure to make industries sustainable

9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries

Montana Aerospace invests globally not only to achieve growth but also to improve sustainability and the efficient use of resources in all our processes. We foster scientific activities for innovation and technological progress. As a global player in the sectors of aerospace, mobility and energy, we supply a huge amount of technology and skills to support the construction and operation of these assets.
We engage in research, development and innovative business models that are capable of meeting the world's long-term infrastructure challenges.

As an aerospace supplier, we help airlines to make their fleets **more sustainable** and **efficient.**

REDUCING INEQUALITY

Ensuring a working environment free of harassment, discrimination and unjust behavior.

10.2 Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

10.3 Ensure equality opportunity and reduce inequalities of outcome

As a global company, we know that our diverse workforce is a major asset. We ensure a workplace where everyone is treated equally, irrespective of race, ethnicity, gender, sexual orientation or religion.

Our People Policy and **Code of Conduct** prohibit any form of harassment, discrimination or indecent working conditions and lay down our principles and values.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainability in consumption and production patterns.

12.2 Achieve the sustainable management and efficient use of natural resources by 2030
12.5 Substantially reduce waste through prevention, reduction, recycling and reuse by 2030

Our efforts in recycling and the reuse of materials enable Montana Aerospace to advance the circular economy. We reduce waste by adopting sustainable and responsible practices. Our products are designed to facilitate lightweight components for aircraft that help reduce the amount of fuel combustion. Our manufacturing methods are state-of-the-art with respect to energy efficiency. The vertical integration of products and processes reduces the logistics requirements for customers and the environment.

Nearly 100% of the scrap and clippings of our products are **recycled** internally at Montana Aerospace.

CLIMATE ACTION

Taking urgent action to combat climate change and its impacts.

13.3 Improve education, raise awareness, and increase the human and institutional capacity for climate change mitigation, adaptation, impact reduction and early warning

The industries we operate in must tackle the significant challenge of reducing their impact on the climate, but there are also opportunities. We contribute directly and indirectly by defining targets to mitigate our greenhouse gas emissions and to reduce our energy, water and waste consumption.

Our vertical value chain builds **resilience across multiple tiers of the supply chain** and the communities related to them.

Our climate engagements include, among others, a commitment to the net-zero goal of the Science Based Targets Initiative (SBTi), our membership as a research partner and associated member of the Clean Aviation Joint Undertaking Program of the European Union through our ASCO Division, and the establishment of a Climate Protection Education for executives – the Sustainable Leadership Masterclass – in collaboration with Glacier Carbon Reduction GmbH.

MATERIALITY ANALYSIS

The Foundation of our Sustainability Efforts

We acknowledge our responsibility for sustainability and have consequently initiated our inaugural materiality assessment process to pinpoint the most significant topics for the company.
Montana Aerospace's materiality assessment is a comprehensive process that considers both the company's internal evaluation and the concerns raised by its stakeholders. In a four-step approach, we conducted our initial materiality assessment:

1. Identifying ESG Topics

The initiation of our materiality analysis involves identifying sustainability topics that could be relevant to Montana Aerospace. The list of potential ESG (Environmental, Social, and Governance) topics is derived from sustainability standards and frameworks, including the GRI Standards and the initial draft of the ESRS Standards. Additionally, we conducted a benchmark analysis of sustainability practices among other multinational companies.

To ensure a shared understanding, we objectively and factually describe each topic, minimizing potential biases. This process led to the compilation of a comprehensive long list consisting of 36 ESG topics:

Environment: Climate and emissions, **Energy**, Substances of concern and of very high concern, **Water withdrawals**, Water consumption, **Water discharges in water bodies and in the oceans**, Biodiversity, **Resources inflows**, including resource use, **Resource outflows related to products and services**, Waste, **Materials**, Supplier environmental assessment

Social: Employment and working conditions (own workforce), **Occupational health and safety (own workforce)**, Diversity, **equity and inclusion (own workforce)**, Training and education (own workforce), **Other work-related rights (own workforce)**, Generation management (own workforce), **Working conditions in the value chain**, Supplier social assessment, **Forced or compulsory labor and child labor in the value chain**, Local communities

Governance: Corporate culture, **Protection of whistle-blowers**, Networking activities, Procurement practice, Anti-competitive behavior, Anti-corruption (corruption and bribery), **Economic performance**, Market presence, **Investments**, Tax and indirect economic impacts, **R&D**, innovation and advanced technology, **Product quality and safety**, Digital transformation, **Cyber security and data protection**

2. Impact Assessment

In this step, we assessed the impact on people and the environment, taking into account all our global entities and various stages of the value chain. The ESG topics derived from the initial long list underwent evaluation based on the following criteria, encompassing actual and potential impacts, both positive and negative:

A) Severity, which is determined by the following characteristics:
- **Scale:** how grave the impact is
- **Scope:** how widespread the impact is
- **Irremediable character** (only for negative impacts)

B) Likelihood (for potential impacts) refers to the chance of the impact happening

The responsible individuals of each entity were given an assessment template, which they subsequently filled out. All the gathered results were consolidated into a final document to obtain an overall assessment outcome.

3. Stakeholder Perspectives

To comprehend the concerns of our stakeholders, we directly consulted with them. The process of gathering this feedback was a crucial component of our sustainability materiality assessment, as it enabled us to gain insight into their expectations and effectively prioritize sustainability matters. This, in turn, influences our overarching sustainability strategy and our capacity to work toward common sustainability objectives.

For our initial materiality assessment, we conducted an online survey to gather stakeholder perspectives on the list of ESG topics we had identified.

200 participants (46% completion rate)

Answer Choices	Responses (%)
Employee	56.18
Supplier/ Contractor	19.10
Group Management	14.61
Customer	6.74
Board of Directors	2.25
Shareholder	1.12
Regulatory and certification body	0.00
Investor	0.00
Insurance and financial institute	0.00

4. Determine Material

In step number 4, we integrated the results of the impact assessment and the stakeholder perspectives to identify the topics we should prioritize. To address any potential impact of unbalanced stakeholder representation on the outcome, we thoroughly analyzed and compared the results, incorporating them into the determination of our material issues. The results of Montana Aerospace's materiality assessment were established by setting a threshold. The outcome received approval from the Advisory Board.

Overview of material topics: Climate and emissions, **Resources inflows**, Energy, **Waste**, Materials, **Resource outflows** , Supplier environmental assessment, **Supplier social assessment** , Occupational health and safety (own workforce), **Diversity and corporate culture**, Water consumption, Working conditions (own workforce)

Climate Change	Emissions Energy
Circular Economy	Resource inflows Materials Resource outflows Waste
Water	Water consumption
Supply Chain	Supplier Environmental Assessment Supplier Social Assessment
Own workforce	Health & Safety Working Conditions Diversity & Coporate Culture

In 2024, the process will be further developed to meet the requirements of the ESRS Standards. Specifically, a materiality analysis based on the principle of double materiality will be conducted. Future materiality assessments will undergo annual reviews. Additionally, in 2024, we plan to define targets for our material topics and commence reporting on our progress.

ORGANIZATION OF SUSTAINABILITY MANAGEMENT

Montana Aerospace has a global ESG team. Within the management board, Group HRO Vicky Welvaert is responsible for this diverse team. Alongside Director ESG, Thomas Schwella, it consists of four additional members with fixed assigned responsibilities. This team centrally manages the process of data collection and reporting in line with regulatory requirements. Subsequently, this ESG team also sets the objectives and targets for the divisions. Each individual division also has its own ESG team. From there, local initiatives are initiated and managed, and they are presented to management and the central ESG team during monthly business review meetings.

Exchange between the central ESG team and the responsible board member occurs at least weekly, or more frequently as needed. In the fiscal year 2023, the board of directors decided to establish an ESG Committee within this supervisory body. This committee will commence its work in 2024. This will ensure that sustainability is represented both organizationally and substantively in both the management board and the supervisory board.

ESG COMMITTEE WAS APPROVED TO BE APPOINTED IN 2024
ESG Committee Setup

Rationale for setting up an ESG Committee

Purpose of the ESG committee:

- **Referring** any material **ESG matters to the board** for **decision or resolution**
- **No official regulation** regarding the set-up to date
- **Increasing relevance** and **requirement** from stakeholders
- **Standard practice** for **listed companies**
- **Asked for** and beneficial **during ratings**
- **Topics dealt with by the highest committee**

Focus points:

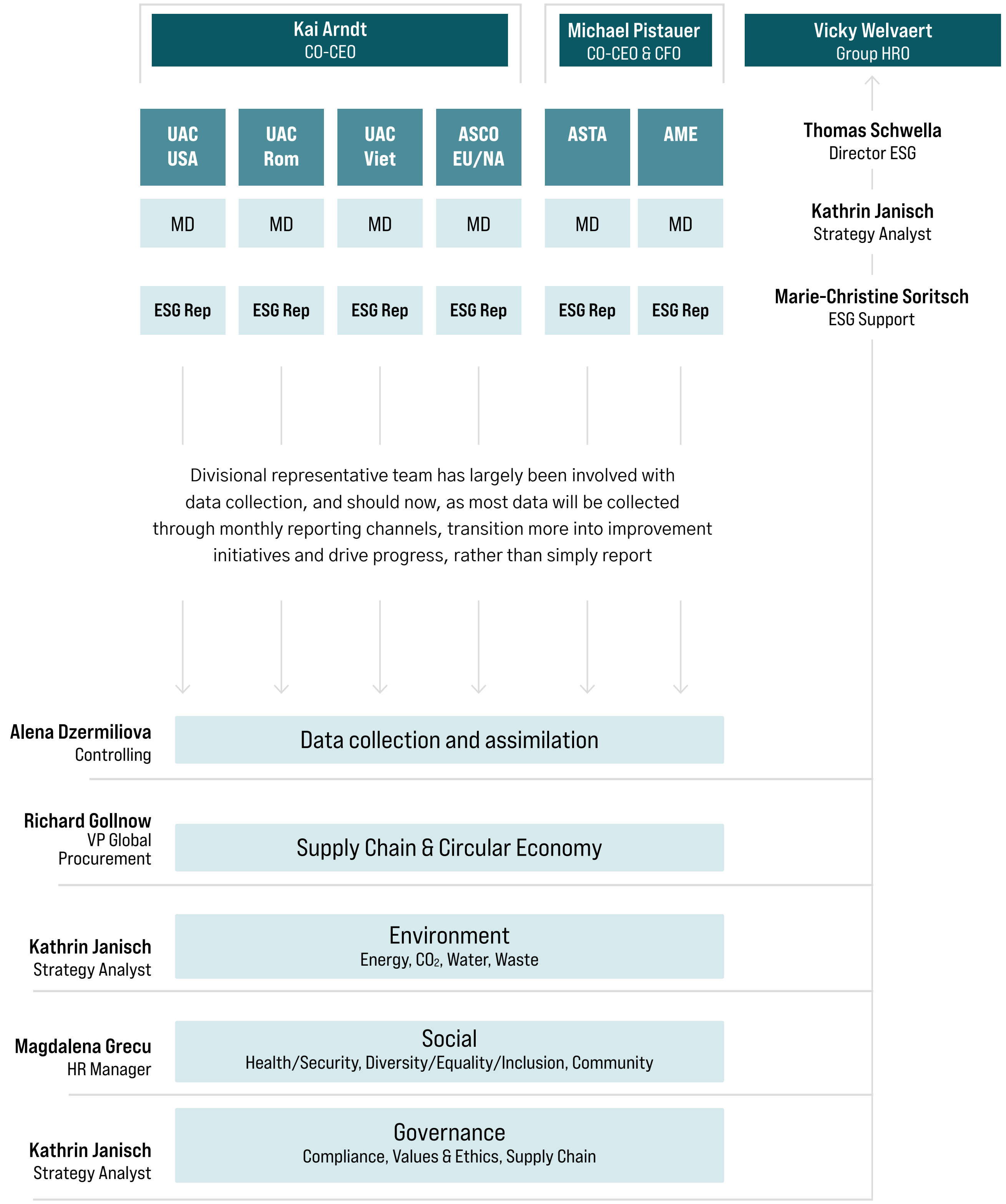
- **Controlling & monitoring** of regulatory frameworks
- **Strategy & target setting**
- **Risk & impact assessment** (inside out & outside in)

Committee's Discussion & Decision Points

- **KPI monitoring**
- **Strategy & goal definition**
- Monitoring of **climate strategy / environmental management**
- Evaluation of **stakeholder requirements**
- **Evaluation** of **statements made to date** to customers, regulatory authorities, or other stakeholders to **achieve certain standards**
- **Determination** of immediate **need for action**
- **Reporting obligations** and other **challenges** for the **board of directors**
- **Reports** on monitoring and updating the **current and changing ESG regulations**

MATRIX ORGANIZED ESG

ESG TEAM TO PLAY GROUP COORDINATION AND CONSULTANT ROLE, WHILE VERTICAL ORGANIZATIONS DRIVE PROGRESS



ESG RISK MANAGEMENT

An assessment for risks related to sustainability issues will be conducted in 2024. Subsequently, the identified risks will be evaluated and integrated into a risk management framework.

WE ARE GOING TO START ANALYZING THE FOLLOWING TYPES OF RISKS:

Physical Risks:
- Risks related to the physical impacts of climate change.
- Physical risks may have financial implications for organizations, such as direct damage to assets and indirect impacts from supply chain disruption.
- Event-driven acute risks, including increased severity of extreme weather events, such as cyclones, hurricanes, or floods.
- Chronic risks such as longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heatwaves.

Transition Risks:
Risks related to the transition to a lower-carbon economy. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organizations.

- Policy and legal risks: an increase in policy actions for climate change mitigation and adaptation as well as climate-related litigation claims.
- Technology risk: timing of technology development and deployment, e.g., emerging technologies such as renewable energy, battery storage, energy efficiency, and carbon capture and storage.
- Market risk: shifts in supply and demand for certain commodities, products, and services.
- Reputation risk: tied to changing customer or community perceptions.

As a first organizational step, we will introduce a "Climate Risk Team" within the project to set up ESG risk management. This cross-functional team can bring a better understanding of the importance of specific climate-related issues and how they might affect the company's financial performance – whether related to transition risk or physical impacts. This team will be responsible for identifying and proposing climate-related actions, translating climate risks and opportunities into the business context, and reporting to management.

The Climate Risk Team will be established in the year 2024. Subsequently, members, processes, and specific areas of responsibility will be defined accordingly.

Essential Risk of Montana Aerospace AG

Inside-out

Cat.	Risk	Description
E	Climate Change & GHG Emissions	Aluminium treatment is highly energy intensive. Aluminium refining and smelting account for most of the CO2 emissions in the production process.
E	Biodiversity loss	Bauxite mining can pollute rivers and other water streams. There are indications that this could endanger communities' access to drinking water.
E	Pollution and waste	Manufacturing operations can generate hazardous and non-hazardous waste (e.g. metals, wastewater, or compounds).
E	Energy consumption	High energy consumption leads to GHG emissions and contributes to climate change.
S	Health & safety of the own workforce	Hazards like exposure to harmful chemicals, dust, or loud noises, can lead to worker injuries or illnesses.
S	Consumer health & safety	Faulty or unsafe products can harm consumers/end users.
S	Exploitation	Sourcing of materials or labour from unethical suppliers who exploit workers through low wages, unsafe conditions, or forced/child labour.
S	Managing and retaining talent	Because of the highly specialized nature of the business, companies must hire and retain the skilled and qualified personnel necessary to perform the business-critical processes.
G	Corruption & Bribery	Exposure to fraud or illegal activities on the part of employees and third parties
G	Data privacy	Breaches or misuse of customer or employee data

Outside-in

Cat.	Risk	Description
E	Acute risks due to extreme weather events	Increased frequency and severity of extreme weather events (e.g. wildfires, cyclones, hurricanes, floods)
E	Chronic risks due to climate change	Increased operating costs (e.g., inadequate water supply for plants due to droughts)
E	Increased costs due to climate change	Increased insurance premiums and potential for reduced availability of insurance on assets in "high-risk locations"
E	Change in consumer and investor decisions	Change in consumer and investor decisions in favour of increasingly sustainable products and services
E	Carbon pricing	Carbon pricing mechanisms that increase the price of fossil fuels as well as operating costs (e.g., higher compliance costs, increased compensation costs)
E	Availability of resources	Lack of availability of raw materials in production due to climate change
E	Energy availability	Conflicts and geopolitical tensions can cause energy supply difficulties (e.g. expansion of the Ukraine conflict)
S	Pandemics	Pandemics can threaten the production capacity and can also affect the demand for aircraft or maintenance activities
S	Stigmatization of sector	Aerostructure industry suffers reputational damage due to its association with negative environmental impacts.
G	Reputational and legal risks if	Operation in complex and regulated markets, which require compliance with specific regulations

MEMBERSHIPS, INITIATIVES AND CERTIFICATES

MONTANA AEROSPACE IS AN ACTIVE MEMBER IN THE FOLLOWING ORGANIZATIONS:

- **Austrian Economic Chamber (WKO)**
- **Federation of Austrian Industries (IV)**
- **Austrian Controller Institute (ÖCI)**
- **Cercle Investor Relations Austria (CIRA)**
- **AGORIA**
- **SIRRIS**
- **VOKA Inningsbureau**

Additionally, in the fiscal year 2023, we have decided to participate in the following initiatives and programs aimed at advancing the sustainable transformation of our society:

- As a group, we have committed to the Net-Zero target of the Science Based Targets Initiative (SBTi).
- Our ASCO Division has become a research partner of the Clean Aviation Joint Undertaking program of the European Union.
- Our Alu Menziken Division has become a member of the international Aluminium Stewardship Initiative (ASI). The vision of ASI is to maximize the contribution of aluminum to a sustainable society.

CATEGORY		Quality Management ISO 9001	Quality Management IATF 16949	Quality Management EN9100 + AS 9100	Environmental Management ISO 14001	Workplace Safety Management ISO 45001	Water Quality and Wastewater Management EN 15088	Standards for load-bearing steel and aluminum components EN 1090	Standards for fusion welding of metallic materials ISO 3834	Standards for testing and calibration laboratories ISO 17025	Energy Management ISO 50001
AME	AME AT		●	●	●				●		
	AME CH	●	●	●	●	●	●	●			
	AME RO	●	●				●	●			
ASTA	ASTA IN	●			●	●					
	ASTA BR Cerquilho	●			●	●					
	ASTA Sao Marco	●	●		●						
	ASTA BiH	●			●	●					●
	ASTA CN	●	●		●	●					
	ASTA AT	●			●	●					
Cefival		●		●							
ASCO				●	●						
UAC	UAC Europe			●	●	●					
	UAC Vietnam			●	●	●					
	UAC US			●						●	

SUSTAINABILITY ISSUES

In 2022, we embarked on the ESG journey at Montana Aerospace. During this fiscal year, we released our first ESG report. This was followed by the initial materiality analysis, and the reported ESG information we now present was prepared with reference to the GRI Standards.

Although much has been achieved in the meantime, we can of course continue to strive for further improvement: conducting a new stakeholder survey, performing a double materiality analysis, establishing targets for the Science Based Targets Initiative, and many other tasks.

In the fiscal year 2023, our CSA (S&P Global Corporate Sustainability Assessment) rating stood at 28 points, surpassing the industry average of 23 for the first time and reflecting an improvement of 23 points over the last 3 years. As of 23/01/2024, our company ranked in the Top Third percentile in the Aerospace & Defense industry in the S&P Global Corporate Sustainability Assessment.

In the following pages, we present the status of our sustainability efforts, guided by the themes outlined in our materiality matrix.

Our material topics	Category	Page	SDG	
Climate and Emissions	Environment	88	9 – Industry, Innovation & Infrastructure	13 – Climate Action
Resources Inflows	Environment	100	12 – Responsible Consumption & Production	
Energy	Environment	92	7 – Affordable & Clean Energy	
Waste	Environment	100	12 – Responsible Consumption & Production	
Materials	Environment	100	12 – Responsible Consumption & Production	
Resource Outflows	Environment	100	12 – Responsible Consumption & Production	
Supplier Environmental Assessment	Governance	120	13 – Climate Action	
Supplier Social Assessment	Governance	120	8 – Decent Work & Economic Growth	
Occupational Health and Safety (Own Workforce)	Social	112	8 – Decent Work & Economic Growth	
Diversity and Corporate Culture	Social	106	5 – Gender Equality	10 – Reducing Inequality
Water Consumption	Environment	98	12 – Responsible Consumption & Production	
Working Conditions (Own Workforce)	Environment	114	4 – Quality Education	8 – Decent Work & Economic Growth

ENVIRONMENT

We are actively endeavoring to minimize both our direct and indirect carbon emissions. Our ongoing efforts include regular assessments of our processes to identify opportunities for reducing resource consumption and transitioning to more sustainable alternatives whenever feasible.

Leveraging our vertically integrated supply chain enables us to significantly reduce long transport routes and mitigate associated emissions. We are making significant efforts to gradually transition our production sites to renewable energy sources.

Moreover, we are committed to addressing water consumption concerns by enhancing efficiency and incorporating recycled water into our operations. To this end, our sites have implemented cutting-edge wastewater treatment systems that efficiently and safely recycle water sources. We are conscientious about waste generation, with nearly all of our cuttings, clippings, and scrap being internally recycled at our plants. Furthermore, the advanced aluminum components utilized in our products are manufactured using approximately 70% recycled aluminum. Furthermore, we are leading secondary copper use in our Energy segment, as already approximately 40% of all copper processed group-wide is from recycled sources.

CLIMATE & EMISSIONS

Results overview Scope 1,2,3

	CO_2 emissions						
Status quo 03.03.2024	Direct emissions (Scope 1)	Indirect emissions (Scope 2 market based)	Indirect emissions (Scope 2 location based)	Indirect emissions (Scope 3)	Sum market based	Total Net Sales Montana Group	Emissions / Total Net Sales
Unit	t CO_2e / a	t CO_2e / a	t CO_2e / a	t CO_2e / a	t CO_2e / a	Mio €	kg CO_2e / €
Total 2022 (updated)	35,418	96,457	101,369	2,506,534	2,638,409	1,306	2,02
Total 2023	**42,375**	**98,940**	**123,159**	**2,678,875**	**2,820,190**	**1,430**	**1,97**

Emissions into air

	VOC		NOx		SOx		PM		CO	
Unit	kg	kg	kg	kg	kg	kg	kg	kg	kg	kg
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Total	**32,529**	**32,061**	**13,477**	**5,360**	**15**	**20**	**957**	**726**	**5,013**	**4,771**

The Challenge

As a manufacturing company, it is clear to us that not only do we have an impact on climate change, but that climate change also affects us, our clients, our suppliers and, of course, our production facilities.

“**Sustainable entrepreneurship**” is one of the central values of Montana Aerospace. We are committed to global climate goals such as the UNFCCC Paris Agreement. Therefore, consistently reducing our carbon footprint across the entire value chain is part of our daily efforts.

Our business segments are part of the solution. We develop innovations and drive advancements for the aviation, e-mobility, and energy industries of today and tomorrow. As a highly integrated component manufacturer with state-of-the-art production facilities in Europe, America, and Asia, we contribute to reducing CO_2 emissions. Our goal is to set new standards in the industry and make a significant contribution to promoting sustainable development across our entire sector through the integration of new technologies and processes.

As part of the Science Based Targets Initiative (SBTi) Net-Zero target, Montana Aerospace is prioritizing the reduction of fossil fuel usage, aiming for a significant decrease. A concrete quantitative target definition will be established in 2024 as part of our commitment to the Science Based Targets Initiative (SBTi).

Guiding Principles

Sustainability is more than just a buzzword at Montana Aerospace: it is a core value of our corporate culture. We are aware of the emissions the manufacturing industry produces and the responsibility it bears for the global carbon footprint. This is why we feel a strong sense of duty to reduce our environmental impact and achieve a high level of sustainability now and in the years to come.

We are making every effort to reduce our direct and indirect carbon emissions. We regularly evaluate our processes to see how we can reduce resource consumption and switch to more sustainable alternatives wherever possible.

Measures Taken

• In the manufacturing and machining field, a significant amount of travel is undertaken to install and maintain equipment. To minimize travel efforts and the associated CO_2 emissions, we have implemented augmented reality (AR) tools. With these tools, our technicians can accomplish a part of these tasks and operate group-wide without leaving their office.

• Our ASTA division implemented a yearly comprehensive carbon inventory to cover scopes 1, and 2.

• In addition to the carbon inventory, ASTA has incorporated the reduction of emissions as a central axis in its ESG commitment.

• In its Indian site, ASTA based its air conditioning on Non Chloro Fluoro Carbon refrigerants, which produce minimal ozone depleting substances.

• Heat is necessary for curing aluminum alloys. At UACV this heat is primarily generated through gas combustion. In order to operate this process as energy-efficiently as possible, we have implemented continuous monitoring of the equipment for its operational readiness.

• Also, at our UAC US division we implemented continuous burning tuning and monitoring to maximize energy efficiency and minimize air pollutants.

• On Group level we implemented continuous education of employees on the importance of climate protection.

• In multiple divisions, we have initiated a "Job Bike" program. Employees have the opportunity to lease bikes for their commute to work at very favorable conditions. This helps to reduce emissions for the journey to work.

Measures Planned

• In 2024, among other milestones, we will complete our ESG Risk Assessment. This will include a location-based climate risk assessment.

• Also, in 2024 we will set our targets within the framework of the Science Based Targets Initiative (SBTi), to which we committed in the past fiscal year.

• In the coating production process, volatile organic compounds (VOCs) are generated and subsequently emitted following metal catalytic combustion. Presently, the exhaust gas emissions at the ASTA site in China adhere to the stipulations of local laws and regulations. Moving forward, we plan to engage a certified third-party entity for annual emissions testing to ensure compliance with regulatory standards.

• At UACV we will implement a continuous monitoring of the equipment for curing aluminum alloys for operational readiness and perform functional tuning regularly. This will ensure optimal performance and low energy consumption.

• Development of strategies to reduce emissions in supply chains (Scope 3).

ENERGY

Electricity consumption & Electricity mix

	2022 (MWh)	2023 (MWh)
Annual consumption of renewable energy	**128,803**	**185,904**
Annual consumption of renewable electricity	123,594	183,012
Annual consumption of biogas	5,209	1,653
Annual production / consumption of photovoltaic electricity	–	1,239
Annual consumption of non-renewable energy	**313,065**	**333,745**
Annual consumption of non-renewable electricity	134,052	128,324
Annual consumption of natural gas	173,044	200,804
Annual consumption of heating oil	3,440	473
Annual consumption of LPG	633	810
Annual consumption of petrol	145	552
Annual consumption of diesel	1,752	2,781
Annual consumption of renewable and non-renewable energy in total	**441,868**	**519,649**

	2022 (%)	2023 (%)
Hydropower	33.3	46.4
Nuclear Power	15.4	11.3
Oil	3.4	4.4
Natural gas	5.5	2.2
Wind	8.1	6.6
Solar	2.6	2.9
Fossil fuels (coal)	26.5	21.4
Others	1.3	2.0
Other renewable energy sources (biomass...)	4.0	2.8
Total	**100.0**	**100.0**

The Challenge

By providing innovative solutions for both past and present projects within the Energy sector, we actively contribute to advancing the green energy transition and fostering a sustainable future. In the Energy segment, Montana Aerospace sets the standard for the entire industry by supplying a new generation of components for generators, transformers, and electric motors.

However, what we do for our clients must also be applied internally. Optimizing energy consumption is one of our main goals now and for the future. We aim to achieve that by implementing efficient production technologies. Moreover, it is our goal to transition our sites to 100% renewable energy.

Guiding Principles

At Montana Aerospace, the responsible use of energy is very important to us, and we are strongly committed to reducing our impact on the environment. We regularly assess and report on energy consumption to track our progress towards sustainability goals.

In line with our commitment to the use of sustainable energy, we are actively exploring renewable energy sources. We believe that the transition to renewable energy sources is not only a crucial step towards a more sustainable future but also a business opportunity.

Measures Taken

▪ Weight Reductions of Our Products: Through optimized design and the use of lighter materials, we achieve not only a reduction in mass but also in energy consumption and CO_2 emissions.

▪ In all our sites we implemented a policy for energy friendly behavior. The aligned measures include:

- Turn off lights in areas which are not in use
- Turn off computers, monitors, equipment when not in use
- Switch off machines and equipment when allowed and not in use
- Keep doors which lead to the outside and windows closed
- Do not keep windows permanently open
- Reduce temperatures, switch off A/Cs when not needed

We also implemented trainings for employees to foster these behaviors.

▪ Technical measures that lead to lower energy consumption:

- LED lights
- Energy recuperation from the compressors to heat buildings
- Energy recuperation from the homogenization oven to preheat prime aluminum

▪ ASTA Brazil has adopted a compliance verification approach for energy supply companies, ensuring that they are aligned with the company's values and commitments.

▪ In the production process at ASTA in China, we utilize catalytic combustion processes and recycling methods for heating products. Additionally, we have installed metering devices on all electrical equipment to automatically track energy consumption, allowing for better management of energy usage.

▪ The following projects were implemented at ASTA:

- Installation of LED Lighting
- Variable Frequency Drive (VFD) for air compressor
- Lighting transformer for reduced lighting voltage
- Optimization of line speed
- Energy efficient motors
- Air conditioning optimization by de-centralization
- Process cycle time reduction

▪ At our UACV division we integrated energy-saving devices, such as inverter devices, to optimize electricity usage based on demand. That enables us to dynamically adjust temperature settings and regulate power usage in response to actual usage demands.

▪ We implemented regular energy audits.

Measures Planned

▪ Increasing our share of renewables. Several of our facilities currently rely entirely on ecological and renewable energy sources, and we plan to increase the proportion of renewable energy used across the Group by installing solar panels at multiple sites. In this effort, we are not only considering unused roof spaces, but also all available open areas. Our team is constantly assessing opportunities to expand the usage of renewable energy sources.

▪ Improvement of data quality and availability.

ESG Flagship Project Number 1

DA NANG HARNESSES THE CLEAN POWER OF THE SUN

Universal Alloy Corporation (UAC), a subsidiary of Montana Aerospace, has established a flagship project with the solar initiative in Da Nang, Vietnam.

Through the partnership between the division in Vietnam and "Asia Clean Capital Vietnam," we were able to install an advanced photovoltaic system in our 40,000 square meter production facility in Da Nang, Vietnam, inaugurating it in June 2023. This initiative paves the way for a greener and more sustainable future.

The signing of a fifteen-year power purchase agreement in November 2022 marked a significant initial step. The photovoltaic system was designed to withstand the region's severe storms and typhoons, ensuring both operational safety and environmental sustainability. The system utilizes our extensive roof area and available open spaces, maximizing our potential for on-site solar energy generation.

Montana Aerospace's CO-CEO Kai Arndt personally initiated the launch by activating the solar panel system. By September 2023, all planned 7,172 innovative roof panels were in operation, collectively producing 6,000 MWh of clean energy annually.

This groundbreaking initiative brings extensive benefits to the environment: By harnessing solar energy, we reduce the release of 2,800 tons of CO_2 per year (carbon reduction).

6,000 MWH
OF CLEAN ENERGY PER YEAR

27% of current annual electricity needs in Vietnam covered by the PV plant

ANNUAL REDUCTION OF CO_2 EMISSIONS BY 2,800 TONS

In this way, we offset 27 percent of our current annual electricity needs in Vietnam.

This measurable progress underscores our commitment to gradually minimize our carbon footprint and have a positive impact on the environment. The photovoltaic system is a crucial first step on our journey to Net Zero, also representing a significant reduction in energy costs.

Today, UAC is a world leader and complete provider for assemblies and components made from all relevant structural materials: aluminum, titanium, superalloys, specialty steels, and composite materials, especially for wings and aircraft fuselages.

ENVIRONMENT – SUSTAINABILITY ISSUES

WATER CONSUMPTION & WATER MANAGEMENT

Water Consumption

Total Water Consumption in m³	total
2022	298,438
2023	329,617

Total water consumption from all areas with water stress in m³	
2022	90,948
2023	100,406

The Challenge

Water is a fundamental resource to mankind. As an industrial group our water consumption is related to our production processes. That is why we recognize the importance of properly treating our wastewater and have implemented systems for treating and discharging wastewater in compliance with all relevant regulations.

At Montana Aerospace, our goal is to reduce the total amount of water consumed and to lower operating costs at our operations to mitigate our environmental impact.

Guiding Principles

An effective approach to managing water and effluents considers the local context of water use and recognizes the significance of stewarding water as a shared resource. An organization can reduce its water withdrawal, consumption, discharge, and associated impacts through efficiency measures such as water recycling and reuse, process redesign, and collective actions that extend beyond its operations within the catchment area. Moreover, it can enhance water quality through improved treatment of water discharge.

Measures Taken

- Our fully automated surface processing lines have been equipped with environmentally friendly water treatment to reduce water consumption. As a result, a significantly larger amount of purified water flows back into our production.

- At ASTA we adopted detailed indicators to monitor the use of water from wells and total consumption at the plant. We also set consumption targets, monitoring them throughout the year to ensure responsible use of water resources. This includes leakage management with the goal of avoiding water loss.

- For several sites we implemented effective wastewater treatment, treating wastewater to either reuse for plantation or production processes.

- At Alu Menziken and Asco we reduced the amount of coolant usage and are re-using coolant water in production processes.

- At our UAC US division we conduct semi-annual lab analysis on water discharges. Stormwater runoff lab analysis is conducted annually. We track daily water discharge rates and monitor stormwater pollution prevention at least monthly for any sources that could have an impact on runoff and where issues arise, are corrected.

Measures Planned

Improvement of data quality and availability.

ENVIRONMENT – SUSTAINABILITY ISSUES

RESOURCE UTILIZATION & CIRCULAR ECONOMY

Resource Utilization & Circular Economy

Waste		total
Non-Hazardous (t)	2022	11,192
	2023	15,126
Hazardous (t)	2022	9,105
	2023	11,060
Materials Used		
Non-renewable materials (t)	2022	55,131
	2023	54,780
Renewable materials (t)	2022	62,093
	2023	67,547
Recycled input materials used (%)	2022	49%
	2023	55%

The Challenge

Recycling saves scarce raw materials, prevents waste, and conserves energy. For example, the use of recycled aluminum saves up to 95% of the energy that would be required for production from raw materials. Not only does this reduce energy consumption, but it also conserves natural resources, thereby reducing the need for new mining operations.

Additionally, our recycling method positively impacts our procurement strategy by making us less dependent on external suppliers in sometimes dynamic supply chains.

Guiding Principles

Our innovative manufacturing capabilities permit us to reduce the initial waste of materials from the very beginning.

We strive to reduce the amount of waste produced at all our operations and to improve our existing recycling programs. The remaining waste is separated and processed at our local waste management systems.

Measures Taken

- We have advanced the use of near-net-shape manufacturing processes, thereby significantly reduced material waste and improved material efficiency. This distinguishes us from competitors who pursue separate component manufacturing, which entails higher costs, more waste, and worse emissions levels.
- At UAC in Vietnam, we have introduced reusable water bottles into the workplace instead of disposable cups. Each of these bottles is personalized with the name and ID of the respective employee.
- At our ASTA division we send copper scrap to a specialized company, where it undergoes a transformation process into rebar. This sustainable practice not only supports the circular economy but also effectively diminishes emissions that would otherwise be generated if the scrap were not repurposed.
- Also, at ASTA we started reusing pallets. As a result, we have seen a notable reduction in waste generation. In addition, this approach has proved to be economically effective, promoting a direct reduction in operating costs.
- Throughout our group we train employees on waste avoidance and minimization as well as separation.

Measures Planned

- Expansion of internal aluminum and copper recycling capacities and continuous improvement of existing recycling programs to minimize the use of primary raw materials.
- At the ASCO division, we aim to prioritize coolant management since nearly 50% of our waste is associated with it. We intend to implement improved monitoring of coolant usage (including skimmers, pH levels, etc.) and explore potential replacements.
- Improvement of data quality and availability.

ENVIRONMENT – SUSTAINABILITY ISSUES

ESG Flagship Project Number 2

ASTA HARNESSES THE CIRCULAR POTENTIAL OF COPPER

ASTA is a market leader in the production of mission-critical copper components for the high-voltage industry; in particular transformers, generators, and (e-)motors. The subsidiary of Montana Aerospace has developed an innovative recycling approach for copper. To adopt a circular business model, ASTA has pioneered the recycling of copper at the Três Corações plant in Brazil. The process relies on the mechanical principles of shredding, milling, separating, pressing of copper scrap, ultimately returning it to the upcasting furnace to produce copper in the form of OFHC (Oxygen Free High Conductivity), commonly known as OxFree.

Over the past two years, ASTA has expanded its recycling capabilities. This cutting-edge "Low-Carbon Copper" technology offers numerous advantages, including energy savings, resource conservation, reduced environmental impact, and a more resilient copper supply for ASTA and its customers. With this recycling capacity, ASTA further distinguishes itself as industry-leading supplier of highest-performance copper components that is trusted throughout the globe.

While in Brazil, ASTA is currently expanding its recycling capacities, other regions also aim to follow suit. Together with prominent partners, ASTA is in the process of evaluating more copper recycling projects that can further help the copper champion to grow and simultaneously decarbonize. Copper is entirely recyclable, with the ability to be reused without any loss of quality. The overall energy needed to recycle copper is only around 20 percent of the energy required for its extraction from ore.

80% reduction in energy requirement is achieved by recycling copper compared to extracting it from ore

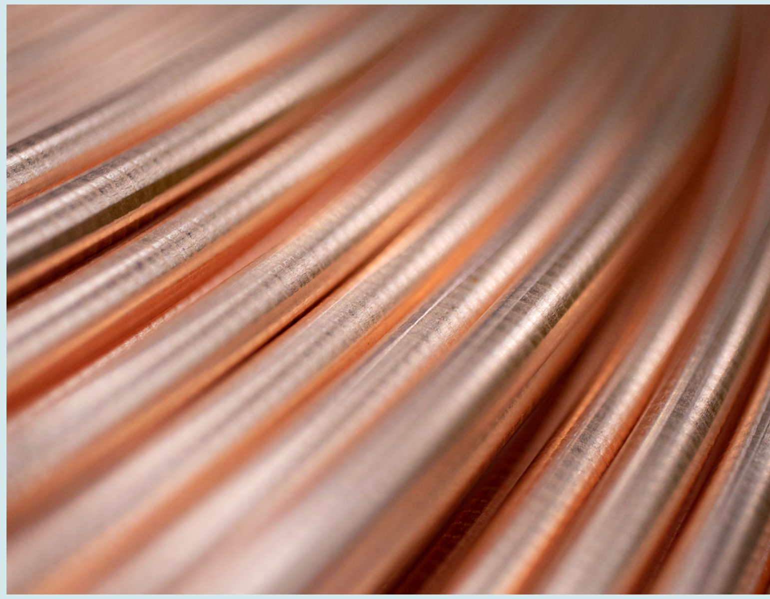
DUE TO THE ENERGY TRANSITION THE WORLDWIDE DEMAND FOR COPPER IS EXPECTED TO RISE SIGNIFICANTLY IN THE COMING YEARS.

ANALYSTS PREDICT A RISE TO 130 BILLION POUNDS PER YEAR BY 2050 - DOUBLING THE CURRENT DEMAND.

Copper is a critical material for the electronics industry, serving as the most widely used conductor for PCBs, wiring and connector manufacturing. However, many individuals may not realize its significance, viewing copper as an outdated metal without ongoing advancements.

In the coming years, the demand for copper is expected to rise significantly worldwide, driven by the increased use of this material in the production of electric vehicles (EVs) and in the efforts undertaken to build up massive renewable energy capacities and its infrastructure, including power grids. EVs utilize approximately four times more copper than traditional internal combustion engine vehicles, and copper is employed roughly ten times more by weight in an electric vehicle than lithium, a relatively rare material. Analysts predict that by 2050, the accelerated demand for copper will reach 130 billion pounds per year, doubling the current demand. In Europe alone, and for offshore (maritime) renewable energy stations only, above EUR 400 billion are planned to be invested into the grid until 2050. This exemplifies the tremendous structural shift in energy markets.

As a premium provider of winding wires for the high-voltage industry and a manufacturer of specialty products in E-Mobility, ASTA can benefit from these megatrends to become a sustainable, vertically integrated copper wire champion worldwide.



SOCIAL RESPONSIBILITY

Montana Aerospace has a safety-first culture with the goal of zero workplace incidents. We offer our employees at all sites regular safety training courses and impose strict instructions accompanied by rigorous monitoring and tracking and support improvement. To promote the personal and professional growth of our employees, we offer career and development programs. We do not tolerate any kind of discrimination or harassment.

Safety, diversity, equality and inclusion are the core principles of our daily business. We strive to make Montana Aerospace a safe, respectful, and appealing workplace. We engage with our communities to gain insights into the opinions of diverse groups and to create inclusive and effective solutions.

~7,200	~1,600	~11.7%
Total employees	New employee hires yearly	Employee turnover rate

DIVERSITY & CORPORATE CULTURE

The Challenge

Diversity brings opportunities but also challenges related to different cultures and perceptions, different life stories and experiences. Only with all people bringing a myriad of experiences and perspectives, we are able to reach our business goals, which makes it even more crucial to support employees in the best possible way, to promote mutual understanding and to build intercultural competency.

Guiding Principles

Montana Aerospace guarantees equal opportunities and treatment, regardless of ethnic background, skin color, gender, disability, family status, religion, belief, age, faith, nationality, sexual orientation, social background, or political views. Montana Aerospace prohibits any form of harassment and offensive behavior, whether sexual or non-sexual. Employees and job applicants are treated based on the principle of non-discrimination.

Likewise, we encourage diversity and a diverse mix of perspectives and experiences. At the same time, we require all employees to treat each other respectfully and offer assistance in cases in which employees are not treated as they should be.

SOCIAL RESPONSIBILITY – SUSTAINABILITY ISSUES

Measures Taken

• To foster diversity and prevent potential negative impacts, we have policies and guidelines in place that explicitly prohibit discrimination, harassment, and bias in the workplace. These policies are communicated widely and are enforced consistently.

• In US, both the Equal Employment Opportunity (EEO) policy and the Genetic Information Nondiscrimination Act (GINA) policy are outlined in the Employee Handbook, which is provided to every team member. Additionally, the Anti-harassment policy is communicated to employees, and anti-harassment training sessions have been conducted.

• **In our divisions the following policies and instruments were implemented:**

- Diversity and Inclusion Statement
- Equal Employment Opportunity Policy
- Diversity Training and Education Programs
- Flexible Work Policies
- Recruitment and Hiring Strategies to support diversity
- Promotion of Open Communication
- Leadership Commitment
- Mentorship Programs
- Whistleblower Tool

• Regular surveys and feedback mechanisms were set-up to gauge employee satisfaction, perceptions of inclusion, and experiences related to coporate culture. These insights help us understand the effectiveness of our initiatives from the perspective of our workforce.

Measures Planned

• In US we want to continue the annual compliance reporting to include EEO-1, VETS-4212, and Affirmative Action Plans.

• Further implementation of the diversity and inclusion programs in some divisions aimed at fostering an inclusive workplace culture. We actively recruit from diverse talent pools and promote the exchange of people from different countries in the organization.

Workforce

		total				
		HC				
All employees		7240				
All employees by hierarchy		(%)				
	Top-Management	0.7				
	Leadership	5.8				
	Other Employees	93.5				
Gender split by hierarchy					Gender as percentage of total employees	
		% Women	% Men	% of total employees	% Women of total employees	% Men of total employees
	All employees	21.7	78.3	100.0	21.7	78.3
	Top Management	21.6	78.4	0.7	0.2	0.6
	Leadership	23.6	76.4	5.8	1.5	4.8
	Other employees	21.5	78.5	93.5	20.0	72.9
Gender by function		% Women	% Men	% of total employees	% Women of total employees	% Men of total employees
	indirect	27.0	73.0	41.8	11.4	30.8
	direct	16.9	83.1	58.2	9.8	48.1

Employees by region		% by continent		% by country
	America	21.7	Brasil	10.0
			Canada	1.8
			USA	10.0
	Europe	62.1	Austria	7.7
			Belgium	10.4
			Bosnia and Herzegovina	0.5
			France	0.6
			Germany	1.6
			Romania	38.8
			Switzerland	2.5
	Asia	16.2	China	2.0
			India	1.7
			Vietnam	12.4

Gender by age		% Women	% Men	% of total employees
	< 30 years	19.6	80.4	26.1
	30–50 years	22.9	77.1	52.2
	> 50 years	18.5	81.5	21.7

Workforce

Employees by contract type		% of total employees	% Women	% Men
	Internal employees	97.6	99.1	97.2
	External/contractors	2.4	0.9	2.8
	Full-time (internal)	97.3	95.2	97.9
	Part-time (internal)	2.7	4.8	2.1
	Permanent/unlimited (internal)	95.5	97.1	94.9
	Fixed-term / temporary (internal)	4.5	2.9	5.1

miscellaneous		% of total
	Number of employees with disabilities	0.84
	Number of employees covered by collective bargaining	80.15
	Number of employees not covered by collective bargaining but receiving terms based on CB	5.02
	Number of employees participating at least once a year in a performance evaluation	80.15

Parental Leave

	women	men	total
Parental Leave – Disclosure Requirements			
Employees who took parental leave	120	84	204
Employees who returned to work in the reporting period after parental leave ended	48	74	122
Employees who returned to work after personal leave ended that were still employed 12 months after their return to work	54	62	116
Employees who took parental leave and left the company	23	2	25

Culture

New hires (international employees)		total (HC)	rate (%)
All hires		**1.575**	**% of total new hires**
by gender		1.575	
	Female	238	15.1
	Male	1.337	84.9
	Other	0	
by age group			
	<30 years		43.8
	30–50 years		42.5
	>50 years		13.7
by region		**1.575**	
	Americas		
	Brazil	60	3.8
	Canada	20	1.3
	USA	470	29.8
	Europe		
	Austria	186	11.8
	Belgium	30	1.9
	Bosnia and Herzegovina	9	0.6
	France	6	0.4
	Germany	11	0.7
	Romania	574	36.4
	Switzerland	29	1.8
	Asia		
	Vietnam	180	11.4
Employee turnover			
	Turnover rate		11.7

SOCIAL RESPONSIBILITY – SUSTAINABILITY ISSUES

OCCUPATIONAL HEALTH & SAFETY (OWN WORKFORCE)

Health and Safety

Numbers for internal employees	total	rate
Work-related fatalities	0	
TCIR (total case incident rate per 200,000 h)		2.46
Numbers for external employees		
work-related fatalities	0	
TCIR (total case incident rate per 200,000 h)		1.45

The Challenge

As an employer, it is our duty to provide the highest level of health and safety measures to our employees to ensure their well-being and offer a risk-free work environment. This is especially true for industrial companies like ours. The health and safety measures implemented help reduce the risk of workplace accidents and work-related illnesses. They also ensure that our employees have the necessary protective equipment and training to safely perform their tasks.

Enhancing health and safety measures requires a proactive and continuous approach across all our divisions, including regular risk assessments, written policies and procedures, training and education, and safety technology. This ensures both operational continuity and the health of our employees.

Guiding Principles

We strive to have zero recordable injuries, with a strong emphasis on **safety-first.** The health and safety of our employees is paramount. Ensuring a safe and healthy work environment is not only a legal and ethical obligation but also essential for the well-being, morale, and productivity of our workforce.

Measures Taken

- For all our divisions, we have implemented regular risk assessments, which include the development of health and safety policies and procedures, as well as relevant training for our staff.

- We regularly review and update these measures, conduct safety audits and inspections, and perform root cause analysis in case of incidents.

- At Asco Industries, we have further improved a customized Health & Safety Management System. This system allows each site to individually increase its health and safety performance.

- At ASTA, detailed emergency response plans are in place, covering a wide range of potential incidents, from fires to natural disasters. Regular drills and simulations help ensure employees are well-prepared to respond to emergencies.

- In our UAC US division, air sample monitoring for aluminum impurities and noise level sampling are conducted. For heat exposure, UAC US continuously monitors temperatures, particularly around the presses where heat exposure could significantly impact employee health. Once a threshold temperature is met, actions to prevent heat-related illnesses are implemented.

- At AME Switzerland, a safety and environmental program is drawn up annually with management for the following financial year.

Measures Planned

Further improvement of health and safety procedures and results.

WORKING CONDITIONS (OWN WORKFORCE)

Culture

Non-Discrimination

	Number of reported incidents of discrimination	**0**

Training & Education hours		Average number of training hours per employee
by function		
	All employees	35
	indirect employees	25
	direct employees	43
by hierarchy		
	Top-Management	28
	Leadership	21
	Other Employees	36

Health and Safety Certifications

	rate
Operative locations covered by environmental certifications such as ISO 14001 or others	86
Operative locations covered by quality system certifications such as ISO 9001 or others	100

The Challenge

Working conditions encompass employment, recruitment, retention, working time policies, wages, social dialogue, freedom of association, and the rights of workers' representatives. This issue is important for: employee well-being, attractiveness as an employer, legal compliance, and brand reputation.

Guiding Principles

We adhere to labor laws and standards and create a supportive and respectful work environment.

Measures Taken

In 2023 we have offered an increased number of employees the opportunity for international exchange within the Group. Thus, we provide employees the opportunity to gain work and life experience in another country. This strengthens our collective commitment to expanding the boundaries of innovation and problem-solving. International exchange enhances employee motivation, fosters a sense of belonging within the group, and increases colleagues' intercultural competence.

Exchange with employees through various channels such as periodical questionnaires, newsletters and town hall meetings played in 2023 a crucial role in fostering transparency and engagement.

Measures Planned

Expansion of initiatives aimed at retention and increasing attractiveness as an employer.

ESG Flagship Project Number 3

GROW @ MONTANA AEROSPACE

Employee development is crucial for Montana Aerospace. This is intended to provide employees with the opportunity to unfold personally and professionally. Simultaneously, it ensures that the workforce maintains the highest level of education, enabling them to thrive in the challenging future markets of Montana Aerospace.

All currently offered programs and development opportunities are unified under the name **"Grow @ Montana Aerospace."** The objective is to enhance and develop skills, learn from others' experiences, and foster social connections within the Group. Our continuous pursuit of improvement and development encourages employees to seize opportunities.

The Montana Aerospace Global Mentorship Program pairs mentors and mentees from all divisions to discuss individual development plans and advance career prospects. The program also provides networking opportunities for mentees, introducing them to industry professionals.

As another part of **"Grow @ Montana Aerospace,"** the Project Management Training targets current and future project leaders. It aims to help individuals develop the skills and knowledge necessary for effective project management, ensuring projects are completed on time, within budget, and to the satisfaction of stakeholders.

The Montana Aerospace Sales Academy is an educational program for sales professionals, focusing on improving communication skills, body language, negotiation skills, and team spirit. The program also includes additional internal "legal training" for participants.

MULTIPLE programs and development opportunities integrated by Grow @ Montana Aerospace

30 LEADERS PARTICIPATED
IN THE NEWLY LAUNCHED LEADERSHIP REFRESHER PROGRAM

The First Time Manager Program covers 8 weeks of training

The Montana Aerospace Talent Development Program emphasizes increasing internal mobility and promotes idea exchange through group activities and one-on-one coaching. Talents have informal discussions and connect with the management board during fireside talks.

Montana Aerospace's Finance Training enhances financial knowledge and skills, teaching participants to read and interpret financial statements, concepts, and terminology. Participants use income statements, balance sheets, and key figures to develop initiatives to boost performance and improve key performance indicators (KPIs) in their departments.

The First Time Manager Program is designed for new first-time managers, aiming to enhance their soft skills and leadership abilities. Participants learn active listening, giving and receiving constructive feedback, conflict resolution, trust-building strategies, and fostering collaboration.

The newly launched Leadership Refresher Program caters to experienced leaders seeking to deepen their skills. Covering a broad spectrum of topics, the program allows participants to choose specific modules or complete all of them. Specific focal points include result-oriented action, effective prioritization, relationship management, efficient delegation, as well as preparation, execution, and follow-up of meetings. Workshops provide opportunities for managers to learn from colleagues in other departments and share their own experiences and best practices.

The overarching motto for all these programs is **"Grow @ Montana Aerospace."**

GOVERNANCE

We are committed to our ideals and work hard to advance them. Our transparency measures are important to prevent corruption and bribery. The morally, ethically, and legally sound behavior of our employees is a critical and a core principle of our corporate culture.

Montana Aerospace is committed to acting responsibly and takes social and environmental considerations into account. We select our suppliers based not only on quality and costs, but also on their due diligence practices, their respect for human rights and their environmental mindset.

SUPPLIER ENVIRONMENTAL AND SOCIAL ASSESSMENT

The Challenge

Montana Aerospace is committed to responsible and sustainable business practices in its supply chain guidelines. Among others our supplier selection process considers environmental and social factors.

The goal is to ensure that suppliers comply with the same standards and that they take the responsibility to implement requirements to undertake necessary due diligence processes with their employees, agents, temporary workers, subcontractors, homeworkers, suppliers, and sub-suppliers with whom they work with in the delivery of goods and services to Montana Aerospace.

Guiding Principles

Montana Aerospace is committed to ethical and sustainable business practices and human rights. We only partner with suppliers who share our commitment to human rights and sustainability principles.

Suppliers shall establish a health, safety, and environment management system where roles and responsibilities are clear and understood and that is supported by adequate policies and procedures to effectively manage sustainability performance and protect the health, safety and welfare of employees, contractors, visitors and others who may be affected by their activities.

Montana Aerospace is committed and determined to acquire all its raw materials from responsible sources, whenever possible considering social and environmental effects.

GOVERNANCE – SUSTAINABILITY ISSUES

Measures Taken

Our expectations regarding the environmental and social responsibility of our suppliers were documented in our new Supplier Code of Conduct in 2023, which has since set the standard for our procurement policy.

We monitor our global supplier data in terms of expenditures and locations (to eliminate risk regions).

We have reorganized our Terms and Conditions at the Montana Aerospace level and have a Supplier Relationship Vision (SRM).

Measures Planned

Montana Aerospace aims to introduce an evaluation system for its suppliers: all suppliers shall be asked to fill out questionnaires, in which a substantial part of the questionnaire is related to environmental aspects, among other things. Based on the received answers, Montana Aerospace shall evaluate the suppliers' compliance with its values and principles in this area.

The review of suppliers in relation to defined KPIs and corresponding audits will commence in 2024. Additionally, in 2024, we will introduce a supplier evaluation regarding certification, performance risk, and business risk.

Measures Taken

ESG Flagship Project Number 4

ENSURING A SUSTAINABLE SUPPLY CHAIN BY IMPLEMENTING A "CODE" OF CONDUCT

Montana Aerospace is committed to responsible corporate management, guided by the principles of integrity, honesty, sustainability, and transparency. The new Supplier "Code" of Conduct aims to ensure that sustainability standards are met throughout the supply chain.

Due to our international activities, we are obligated to comply with various social, political, and legal requirements. Montana Aerospace's Supplier "Code" of Conduct, developed in the previous year, outlines our expectations for how suppliers should conduct business.

The goal is to ensure that suppliers not only meet the same standards but also take responsibility for implementing necessary due diligence processes with their employees, agents, temporary workers, subcontractors, homeworkers, suppliers, and sub-suppliers involved in delivering goods and services to Montana Aerospace.

Contractors are selected based not only on quality, safety, and cost but also on responsible business practices and adherence to the principles outlined in this Code. These principles include anti-corruption practices, responsible sourcing, human rights due diligence (covering working conditions and respect for human rights), consideration of conflict-affected and high-risk areas, environmental practices, safety standards, and protection of intellectual property. We expect each supplier to feel accountable for adhering to this Code and to implement these principles in their supply chain, going beyond legal compliance to advance social and environmental responsibility and business ethics.

Every Montana Aerospace supplier is required to sign a declaration of compliance, acknowledging and confirming adherence to the principles and requirements of the latest communicated version of the Code. Signatories agree that Montana Aerospace AG or a third party appointed by us may conduct periodic, unannounced audits on their facilities to verify Code compliance.

Compliance with Laws, Business Ethics, and Human Rights

Montana Aerospace's policy mandates strict compliance with all applicable laws and regulations, coupled with the highest standards of business ethics and governance from all parties cooperating with us.

Suppliers are expected to adhere to the United Nations Guiding Principles on Business Ethics and Human Rights, respecting international standards, including the UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). Additionally, suppliers must respect the diversity, cultures, legal and customary rights and interests of local communities. They are required to comply with applicable national laws regarding working hours and create workplaces that protect people from health and safety risks.

Suppliers must provide truthful and accurate export control classification. Montana Aerospace maintains a zero-tolerance policy towards bribery, fraud, theft, and other forms of corruption. Contractors are obligated to ensure the confidentiality and adequate protection of any Montana Aerospace company data and know-how that is not publicly available.

All suppliers will be required to fill out questionnaires, with a substantial part related to environmental and social aspects as well as human rights. Non-compliance requires affected contractors to take necessary improvement measures or cease business with subcontractors, suppliers, and sub-suppliers.

Suppliers must maintain documentation demonstrating adherence to Montana Aerospace's Supplier "Code" of Conduct for their operations.

ESG Flagship Project Number 5

CONFLICT OF INTERESTS POLICY

In accordance with our Code of Conduct, employees, directors, and representatives of Montana Aerospace AG and its subsidiaries are expected to act exclusively in the interest of the Montana Aerospace Group. To ensure this, a new Conflict of Interests Policy was published in September 2023. The intent of the Conflict of Interests Policy is to supplement, not replace, any applicable laws regarding conflicts of interests. If a conflict of interests arises, Montana Aerospace requires its employees to deal with it transparently.

A conflict of interests arises when an employee may prioritize personal gain over duties to the Montana Aerospace Group, exploit their position for personal gain, or be affected by the outcome of their judgment, decisions, or actions to the disadvantage of Montana Aerospace.

Examples of Conflict of Interests:
Every employee is obliged to disclose all potential conflicts of interests. The following are some examples of potential conflicts of interests, as defined in the policy:

- A company controlled by an employee, or their relatives enters into a contractual relationship (e.g., supply contract, sales agreement, services agreement, etc.) with the Montana Aerospace Group.

- An employee hires a relative or friend or shows favorable workplace treatment to such a relative or friend.

- Self-dealing: An employee who is a director of a Montana Aerospace Group company accepts a transaction from another organization that benefits the director and harms the Montana Aerospace Group.

- An employee uses Montana Aerospace Group's equipment to support an external business venture.

- Employees accept gifts exceeding the allowed value from potential vendors.

- An employee is associated with a competing organization or company or provides services for such a company.

RESPECT HUMAN RIGHTS, PREVENT CORRUPTION

Central objectives of Montana Aerospace's governance activities include preventing any form of corruption and ensuring the full respect for human rights. This applies not only to the company itself, but also to the upstream elements of the supply chain. It is for this reason, above all, that the Code of Conduct and the Conflict of Interests Policy were introduced in 2023. These measures establish transparency – the foundation for preventing corruption and respecting human rights.

The process to disclose and review potential Conflicts of Interests

All potential conflicts of interests will be reviewed on a case-by-case basis. The responsible body shall collect all pertinent information and may question the employee and other involved parties before deciding on the conflict of interests.

If the responsible body determines that a conflict of interests exists, they will take appropriate actions to address it. This may include requesting the employee to abstain from such behavior or transaction.

If the investigated behavior does not constitute a conflict of interests and any involved transaction is concluded at arm's length, the responsible body may approve such transaction. Arm's length means that in transactions between related parties, the terms are set as they would be in a comparable transaction between unrelated third parties in an external market. In such a case the inquiry will be documented, but no further actions are required.

Transactions complying with the principle of arm's length that may qualify as conflicts of interests may be approved by the responsible body. Any disclosed conflicts of interests and the respective decisions by the responsible body must be documented in writing.
The management of each group company of the Montana Aerospace Group is responsible for making employees aware of this policy and integrating it into the hiring process.

GRI INDEX

Statement of use	Montana Aerospace AG has reported the information cited in this GRI content index for the period January 1st 2023 to December 31st 2023 with reference to the GRI Standards.
GRI 1 used	**GRI 1: Foundation 2021**

GRI Standard	Disclosure	Page
GRI 2: General Disclosures 2021	**2-1 Organizational details**	42–43, 131
	2-2 Entities included in the organization's sustainability reporting	65
	2-3 Reporting period, frequency and contact point	61, 290
	2-6 Activities, value chain and other business relationships	56, 66–67
	2-7 Employees	108–111
	2-8 Workers who are not employees	109
	2-9 Governance structure and composition	136–153
	2-10 Nomination and selection of the highest governance body	139
	2-11 Chair of the highest governance body	137
	2-12 Role of the highest governance body in overseeing the management of impacts	80–81
	2-13 Delegation of responsibility for managing impacts	81
	2-14 Role of the highest governance body in sustainability reporting	80
	2-19 Remuneration policies	162–167
	2-20 Process to determine remuneration	168–169
	2-22 Statement on sustainable development strategy	70–71
	2-28 Membership associations	84
	2-29 Approach to stakeholder engagement	78–79
	2-30 Collective bargaining agreements	109
GRI 3: Material Topics 2021	3-1 Process to determine material topics	78–79
	3-2 List of material topics	79
	3-3 Management of material topics	88–123

GRI 301: Materials 2016	301-1 Materials used by weight or volume	100
	301-2 Recycled input materials used	100
GRI 302: Energy 2016	302-1 Energy consumption within the organization	92
GRI 303: Water and Effluents 2018	303-5 Water consumption	98
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	88
	305-2 Energy indirect (Scope 2) GHG emissions	88
	305-3 Other indirect (Scope 3) GHG emissions	88
	305-4 GHG emissions intensity	88
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	88
GRI 306: Waste 2020	306-3 Waste generated	100
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	114
	403-9 Work-related injuries	112
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	114
	404-2 Programs for upgrading employee skills and transition assistance programs	116–117
405-1 Diversity of governance bodies and employees	405-1 Diversity of governance bodies and employees	111

CORPORATE GOVERNANCE REPORT

Montana Aerospace AG ("Montana Aerospace" or "Company" or "Group") has a clear framework of management and control policies in place to ensure compliance with the best practice principles of corporate governance, which are considered essential for creating long-term value. Montana Aerospace's policies are set out in its articles of association ("Articles of Association") and its organizational regulations ("Organizational Regulations"). This Corporate Governance Report presents the framework and the policies based on the Directive of Corporate Governance issued by SIX Swiss Exchange. Moreover, this report includes references to the notes to the financial statements and the Compensation Report. For sake of clarity and transparency, the Compensation Report is presented as a separate chapter of the Annual Report.

Group Structure and Shareholders

Montana Aerospace is a worldwide supplier of structural parts for the aerospace, e-mobility and energy industries, and is incorporated in Switzerland with its registered office in Reinach, Switzerland. These consolidated annual financial statements as of 31 December 2023 comprise the Company and its subsidiaries (individually a "Group Company" or collectively "Group Companies") described in detail in chapter 30 of the Consolidated Financial Statements, including a complete list of the Group Companies with their respective registered seats, share capital and percentage of shares held. As of December 2023, the operation and plant sites of the Group are divided into the three segments of aerospace, e-mobility and energy industries, with the management and the internal reporting system being centralized at Montana Aerospace. The business operations of Montana Aerospace are conducted through the Group Companies. The allocation of resources and performance assessment is made at the Group Companies' level. The Company has more than 7,200 highly skilled employees at 22 locations on four continents. They design, develop and produce ground-breaking technologies for tomorrow's aerospace, e-mobility and energy industries using aluminum, titanium, composite, copper and steel. The majority shareholder of Montana Aerospace is Montana Tech Components AG.

The shares of the Company have been listed on the SIX Swiss Exchange since 12 May 2021 under the Swiss Securities Number (Valor) 111042565, the International Securities Identification Number (ISIN) CH1110425654 and the ticker symbol AERO. As of 31 December 2023, market capitalization was CHF 1,094.67 million (EUR 1,182.14 million). There are no cross shareholdings.

Significant Shareholders

According to disclosure notifications reported to Montana Aerospace and published via the electronic publishing platform of SIX Swiss Exchange, the following shareholders had shareholdings of at least 3% of the voting rights as of 31 December 2023:

Significant shareholder (beneficial owner)	% of voting rights	Number of shares
Montana Tech Components AG, Reinach Switzerland (Michael Tojner, Vienna, Austria)	52.26%	32,395,969
Christian Boas, in La Hulpe, Belgium; Emile Boas, in Kraainem, Belgium partly through DREDA, in Watermael-Boitsfort, Belgium through DREDA, in Watermael-Boitsfort, Belgium through DREDA, in Watermael-Boitsfort, Belgium	7.15%	4,431,600
Capital Research and Management Company (The Capital Group Companies, Inc.)	5.53%	2,157,933 shares held 1,272,866 voting rights delegated
T. Rowe Price Associates, Inc	5,40%	3,346,516

Montana Aerospace is not aware of any other shareholders holding shares in excess of 3% of the share capital on 31 December 2023. The number of shares shown as well as the holding percentages are based on the last disclosure communicated by the shareholders to Montana Aerospace and the Disclosure Office of SIX Swiss Exchange for the period ended 31 December 2023. The number of shares held by the relevant shareholders may have changed and/or new shareholders with more than 3% of the voting rights may have acquired shares in Montana Aerospace since 31 December 2023. On 30 January 2024, Montana Tech Components AG has informed the Company to have sold 1,350,000 shares in the Company.

For individual reports published during the year under review, please refer to the webpage of the Disclosure Office of SIX Swiss Exchange:

https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

As of 31 December 2023, Montana Aerospace held no treasury shares. There are no cross-shareholdings exceeding 5% with any company outside the Group.

Capital Structure

Ordinary Share Capital

As of 31 December 2023, the Company's ordinary share capital was CHF 61,985,597.00, divided into 61,985,597 fully paid-in registered shares with a nominal value of CHF 1.00 each.

As of 31 December 2023, the Company has not issued any participation certificates, profit-sharing certificates or any preference shares within the meaning of Art. 654 Swiss Code of Obligations ("CO").

Capital Band

Pursuant to Article 3a of the Articles of Association, the capital band of the Company has a lower limit of CHF 55,800,000.00 and an upper limit of CHF 74,380,000.00. Within the capital band, the board of directors of the Company ("Board of Directors") is authorized to increase or reduce the share capital once or several times and in any amounts at any time up to 23 May 2028, or the expiry of the capital band if earlier. The share capital may be increased by issuing up to 12,394,403 fully paid-in registered shares with a nominal value of CHF 1.00 each or reduced by cancelling up to 6,185,597 fully paid-in registered shares with a nominal value of CHF 1.00 each or by increasing or reducing the nominal value of the existing registered shares or by reducing and simultaneously re-increasing.

The Board of Directors shall determine the number of registered shares and their issue price, the nature of the contributions, date of the issuance, the conditions for exercising subscription rights and allocating subscription rights that have not been exercised or withdrawn and the commencement of dividend entitlement.

Pursuant to Article 3a of the Articles of Association, the Board of Directors is authorized to restrict or withdraw shareholders' subscription rights and allocate them to third parties, the Company or its Group Companies:

a. if the issue price of the new shares is determined based on market value; or

b. for the acquisition of a company, a part of the company or participations, for the acquisition of products, intellectual property rights, licenses, cooperations or new investment projects of the Company or for the financing or refinancing of such acquisitions or investment plans, or in the case of a share placement for the purposes of such financing or refinancing of such placements; or

c. for the purpose of expanding the group of the Company's shareholders in certain financial or investor markets, for the purpose of the participation of strategic partners or in connection with a listing of the registered shares in domestic or foreign stock exchanges; or

d. for the purpose of granting an over-allotment option (greenshoe) of up to 15% in relation to the registered shares offered in the basis tranche in case of a placement or the sale of registered shares to the respective original buyer or subscriber; or

e. for the purpose of quick and flexible procurement of equity capital (including by private intermediation), that probably could not be procured if the subscription rights of the existing shareholders had not been withdrawn; or

f. for other reasons permitted by Art. 652b para. 2 CO.

The acquisition of registered shares on the basis of a capital increase utilizing the capital band for general purposes as well as any transfer of registered shares are subject to the restrictions set forth in the Articles of Association (see subsection Transferability of Shares below).

Conditional Share Capital

Pursuant to Article 3b of the Articles of Association, the share capital may increase by a maximum amount of CHF 5,000,000 through the issuance of a maximum of 5,000,000 registered shares with a nominal value of CHF 1.00 each, to be fully paid up and under the exclusion of subscription rights and advance subscription rights, by way of issuance of shares upon the exercise of options or related subscription rights granted to the members of the Board of Directors and management board of the Company ("Management Board"), employees, contractors, consultants or other persons providing services to the Company or Group Companies under one or several share participation programs or regulations issued by the Board of Directors. The Board of Directors shall determine the details.

Pursuant to Article 3c of the Articles of Association, the share capital may increase by a maximum amount of CHF 1,000,000 by issuing a maximum of 1,000,000 registered shares with a nominal value of CHF 1.00 each, to be fully paid up, through the exercise of option and conversion rights issued in connection with bonds, similar debt instruments, loans or other financial market instruments or contractual obligations of the Company or one of its Group companies and/or through the exercise of option rights issued by the Company or one of its Group companies ("Financial Instruments"). The subscription rights of the shareholders are excluded. The respective holders of Financial Instruments shall be entitled to subscribe for the new shares. The terms and conditions of the Financial Instruments shall be determined by the Board of Directors.

The Board of Directors may exclude shareholders' advance subscription rights in whole or in part when issuing Financial Instruments: (i) to finance and refinance the acquisition of companies, parts of companies or participations, products, intellectual property rights, licenses, cooperations or new investment projects of the Company, (ii) if the issuance is made on national or international capital markets, including private placements, (iii) for the purpose of a firm underwriting of the Financial Instruments by a financial institution or a syndicate of financial institutions followed by a public offering; or (iv) for the purpose of replacing existing financing. To the extent that advance subscription rights are excluded, (i) the Financial Instruments shall be placed at market conditions; (ii) the exercise, conversion or exchange period of the Financial Instruments shall be set at a maximum of 10 years from the date of issuance; and (iii) the conversion, exchange or other exercise price of the Financial Instruments shall be determined taking into account the market price.

The acquisition of registered shares on the basis of a conditional share capital increase for participation plans or financing purposes as well as any transfer of such registered shares are subject to the restrictions set forth in the Articles of Association (see subsection Transferability of Shares below).

Changes in capital

The Company was incorporated on 4 December 2019 with an initial ordinary share capital of CHF 100,000, divided into 100,000 fully paid– in registered shares with a nominal value of CHF 1.00 each. On 16 April 2021, the Company's extraordinary general meeting ("EGM") resolved to increase the ordinary share capital from CHF 100,000 to CHF 30 million by issuing 29.9 million fully paid–in registered shares with a nominal value of CHF 1.00. In addition, the EGM resolved an authorized share capital in the amount of CHF 10 million and conditional share capital (for participation plans) in the amount of CHF 5 million as well as conditional share capital (for financing purposes) in the amount of CHF 5 million. On 11 May 2021, the EGM resolved to increase the Company's ordinary share capital from CHF 30 million to CHF 47,153,997 by issuing 17,153,997 fully paid–in registered shares with a nominal value of CHF 1.00 each. On 17 November 2021, the Company placed 5,400,000 new registered shares from existing authorized share capital with a par value of CHF 1.00 each in a private placement by way of an accelerated book–building process ("Share Placement"). The placement price was set at CHF 28.20 per share ("Placement Price"), resulting in gross proceeds of approximately CHF 152.3 million. The net proceeds from the Share Placement are to be used to raise funds to be able to further accelerate organic growth and M&A activities of the Company, including, subject to the fulfillment of certain conditions, the current acquisition of the Asco group. In connection with the Share Placement, Montana Tech Components AG as the Company's majority shareholder and lender of a hybrid loan to the Company in the amount of CHF 169.4 million, converted the major part of its outstanding hybrid loan in the amount of CHF 141.0 million at the Placement Price into 5,000,000 new Montana Aerospace shares by way of a separate capital increase from conditional capital to preserve the liquidity of the Group, strengthen its equity and decrease its net debt. On 19 November 2021, to implement the capital increase from the Share Placement and the conversion of the hybrid loan, the Company's ordinary share capital was increased to CHF 57,553,997.00, divided into 57,553,997 fully paid–in registered shares with a nominal value of CHF 1.00 each, by use of the authorized and the conditional share capital (for financing purposes). As a result, the authorized share capital of CHF 10 million was reduced to CHF 4,600,000 and the conditional share capital (for financing purposes) was fully used up.

On 7 April 2022, the Company placed 4,431,600 new registered shares from existing authorized share capital with a par value of CHF 1.00 to the sellers of the Asco Group in ("Capital Increase Asco"). The placement price was set at CHF 16.28 per share as a part of the purchase price under the acquisition of the Asco group was to be paid in form of shares.

On 7 April 2022, to implement the capital increase from the Capital Increase Asco, the Company's ordinary share capital was increased to CHF 61,985,597,00, divided into 61,985,597 fully paid–in registered shares with a nominal value of CHF 1.00 each, by use of the authorized and the conditional share capital (for financing purposes). As a result, the authorized share capital of CHF 4,600,000 was reduced to CHF 568,400.

On 18 May 2022, the Company's ordinary general meeting ("AGM") resolved to increase the authorized capital from CHF 568,400 to CHF 5,000,000 and its extension until 18 May 2024 and to establish a new conditional capital for financing purposes in the reduced amount of CHF 1,000,000 to ensure the necessary flexibility in line with the Board of Director's duty of acting to the best interest of the Company.

On 23 May 2023, the AGM resolved to abolish the authorized capital and to establish a capital band with a lower limit of CHF 55,800,000.00 and an upper limit of CHF 74,380,000.00. Within the capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times and in any amounts at any time up to 23 May 2028, or the expiry of the capital band if earlier. The share capital may be increased by issuing up to 12,394,403 fully paid–in registered shares with a nominal value of CHF 1.00 each or reduced by cancelling up to 6,185,597 fully paid–in registered shares with a nominal value of CHF 1.00 each or by increasing or reducing the nominal value of the existing registered shares or by reducing and simultaneously re–increasing.

Limitations on transferability and nominee registration

Pursuant to Article 5 of the Articles of Association, entry in the Company's share register ("Share Register") as shareholder with voting rights requires the approval of the Board of Directors, which may delegate this competence. Approval shall be granted if the acquirer communicates name, nationality, and address on a form provided by the Company and declares that he/she has acquired the shares in his/her own name and for his/her own account.

Pursuant to Article 5 of the Articles of Association, the Board of Directors may register individual persons who do not expressly declare in the registration request that they are holding the registered shares for their own account ("Nominees") with voting rights in the Share Register up to a maximum of 5% of the total share capital registered in the commercial register at the time, provided the Nominee is subject to an acknowledged banking or financial market supervisory authority and has entered into an agreement with the Company on its position. The Board of Directors may register a Nominee as a shareholder with voting rights in excess of such registration limitation provided the Nominee agrees to disclose at any time on the Company's request the names, addresses, nationality and shareholdings of the persons for which it holds 0.5% or more of the total share capital registered in the commercial register at that time. The Board of Directors may agree on arrangements on the disclosure obligations with Nominees. Legal entities and partnerships, or other groups of persons or joint owners who are interrelated through capital ownership, voting rights, common management or are otherwise linked, as well as natural persons and legal entities and partnerships who act in concert to circumvent the regulations concerning the limitations to participation or representation by Nominees will be treated as one Nominee. In the financial year 2023, the Board of Directors did not register any nominee as a shareholder with voting rights in excess of the registration limitation. For the procedures and requirements for the cancellation of statutory privileges and limitations on the transferability of shares, see subsection Quorum requirements below.

Convertible bonds and options

As of 31 December 2023, 902,200 options under the MSOP were issued by Montana Aerospace.

As of 31 December 2023, no other outstanding convertible bond or options on Montana Aerospace's equity were recognized on the balance sheet.

Board of Directors

The Board of Directors, the members of which are all non-executive, has the highest responsibility for the conduct of business of Montana Aerospace. It creates shareholder and stakeholder value and represents the Company vis-à-vis third parties. It supervises the Company's management and reaches resolutions on all matters that are not reserved to another corporate body of the Company. Further, it ensures that the necessary financial and human resources are available to meet the Company's objectives.

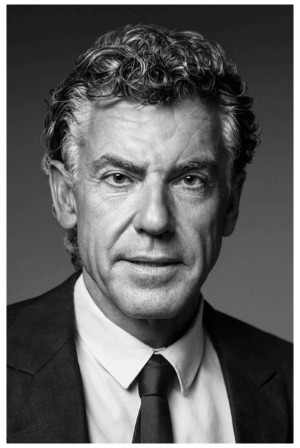
Members of the Board of Directors on 31 December 2023

Name	Board membership	Since	To be reelected
Michael Tojner	Co-Chairman of the Board of Directors	2020	2024
Thomas Williams	Co-Chairman of the Board of Directors	2020	2024
Christian Hosp	Member of the Board of Directors	2019	2024
Markus Vischer	Member of the Board of Directors	2020	2024
Silvia Buchinger	Member of the Board of Directors	2023	--
Helmut Wieser	Member of the Board of Directors	2023	2024

Members of the Board of Directors that resigned in 2023

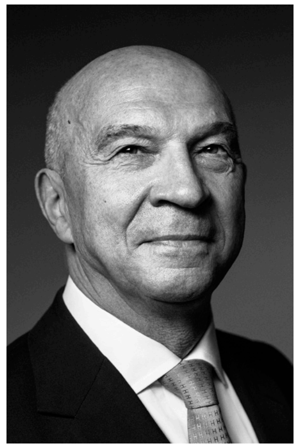
Name	Board membership	Since	resigned
Martin Ohneberg	Vice-Chairman of the Board of Directors	2020	2023

CORPORATE GOVERNANCE REPORT



Michael Tojner (Austrian citizen)

Mr. Tojner holds a Ph.D. in management and business studies from the Vienna University of Economics and Business Administration as well as a Ph.D. in law from Faculty of Law of the University of Vienna. He also participated in the executive programs at Stanford University in 2001 and Harvard Business School in 2002. Mr. Tojner has many years of experience in investment banking, merger and acquisition transactions, private equity and venture capital financing. He founded the WertInvest Group and the Global Equity Partners Group. He is also the founder of the majority shareholder of Montana Aerospace, Montana Tech Components AG and has served as chairman of its board of directors since 2006. In addition, he holds positions as managing director and member of the supervisory board of several other companies, both affiliated and unaffiliated to Montana Aerospace and Montana Tech Components AG. Inter alia, Mr. Tojner has served as chairman of the supervisory board of VARTA AG since 2012 and as a member of the supervisory board of Dorotheum GmbH since 2005.

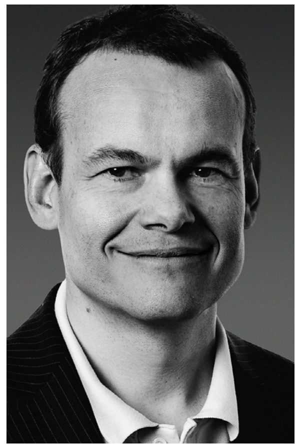


Thomas Williams (British citizen)

He has a MBA degree from the University of Glasgow and an honorary Ph.D. from the University of Bristol in business administration. Mr. Williams started his professional career at Rolls-Royce in 1969. In 2000, he joined Airbus from BAE Systems. After having worked in several functions at Airbus, Mr. Williams was appointed COO of Airbus from 2015 to 2018. In addition, Mr. Williams is advisor to Alix Partners. He was also appointed a member of the supervisory board of FACC AG in 2021 and continues to serve as such. He was awarded Commander of the British Empire (CBE) by Queen Elizabeth and holds a Legion d Honneur from France.

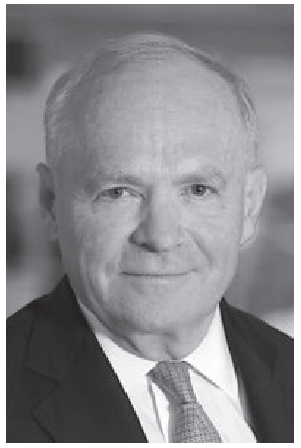
Christian Hosp (Austrian citizen)

Mr. Hosp holds a university degree in business administration from the Vienna University of Economics and Business. Mr. Hosp worked at Merrill Lynch in Vienna and Zurich for five years. Since 2000, he has served as managing partner of SHW Invest AG. From 2011 to 2016, Mr. Hosp served as a member of the supervisory board of VARTA AG, and from 2013, respectively, he served as a member of the advisory board of Alu Menziken Extrusion AG. Since 2006, Mr. Hosp is, inter alia, a member and Vice-Chairman of the board of directors of Montana Tech Components AG, in addition to several other functions in the Montana Tech Group. Since 2018, he has been a member of the board of directors of Aluflexpack AG.



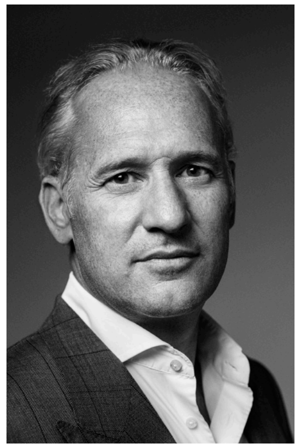
Markus Vischer (Swiss citizen)
Mr. Vischer studied law and was a research and teaching assistant at the University of Zurich. He also worked as a legal secretary at the District Court of Meilen, Canton of Zurich, from 1986 to 1987. In 1986, Mr. Vischer received his doctor's degree (Dr.iur.) at the University of Zurich and graduated from the University of London (LL.M.), in 1991. He started his career at a tax law practice in Zurich from 1988 to 1989 and worked at a law firm in London in 1991. One year later he joined the Swiss law firm Walder Wyss Ltd. in Zurich and became a partner in 1995. Mr. Vischer is specialized in the fields of M&A, private equity and venture capital transactions, corporate restructuring processes, commercial and company law as well as labor law and real estate law. Mr. Vischer serves as a member of the board in several companies within the Montana Tech Group. He is a member of the Board of Directors of Montana Tech Components AG and Aluflexpack AG.

Silvia Buchinger (Austrian citizen)
Mrs. Buchinger studied computer science at the Vienna Technical University. As an experienced manager, she can look back on a career covering over 30 years in international corporations such as the Telekom Austria Group, Hewlett Packard and Alcatel Austria. From 2015 to 2019, Mrs. Buchinger was in charge of strategic and operational HR management, including all relevant HR issues, with a focus on developing a global HR process structure at KUGA AG, an international automation Group in Augsburg. In her last position prior to starting at Montana Aerospace in November 2021, Mrs. Buchinger held global HR responsibility for more than 25,000 employees at the Theo Müller Group of companies as Group Chief Human Resources Officer and was a member of group management. Mrs. Buchinger has been elected as a member of the Management Board on 1 July 2022, resigned on 31 May 2023 and is a member of the Board of Directors since.



Helmut Wieser (Austrian citizen)
Mr. Wieser holds a degree in Mechanical Engineering and Economics from the Technical University in Graz. Mr. Wieser worked for VOEST-Alpine Industrieanlagenbau from 1981 until 1989, 1990–1996 held various management positions at Austria Metall AG and served as a member of the executive board of Austria Metall AG between 1997 and 2000. Between 2000 and 2006, Mr. Wieser held various management positions at Alcoa Inc., and between 2006–2012 served as Group President for Global Rolling at Alcoa Inc. Mr. Wieser was chief executive officer at AMAG Austria Metall AG from 2014 until 2019. Mr. Wieser is a member of the supervisory board of Befesa S.A. and Benteler AG and a member of the Advisory Council of TTTech Industrial Automation AG.

Members of the Board of Directors that left the Company in 2023



Martin Ohneberg (Austrian citizen)
Mr. Ohneberg studied business administration with a focus on finance and tax at the Vienna University of Economics and Business and graduated in 1998. He started his professional career at Ernst & Young, where he worked from 1996 to 1999 as a consultant in auditing and tax. Thereafter, as of 2000 until 2005, Mr. Ohneberg was managing director and CFO at OneTwoInternet Handels GmbH & Co. KG and at Dorotheum GmbH & Co. KG and from 2005 to 2009 CFO at Soravia Group AG. He also served as chairman of the board of the Bulgarian company DEVIN AG between 2006 and 2009, and in 2011 became CEO (and major shareholder) of HENN Industrial Group GmbH & Co. KG. Since 2012, he has been head of an advisory committee of the AFP Group GmbH. In 2019, he was appointed chairman of the board of Aluflexpack AG. In 2021, Mr. Ohneberg was appointed supervisory board member of Varta AG and chairman of the supervisory Board of Verbund AG, Austria's largest electricity supply company

Number of Members and Term of Office

The Board of Directors shall comprise at least three members. The The general meeting of the Company ("General Meeting") elects the members of the Board of Directors individually. Their term of office ends at the latest on conclusion of the next AGM. Re-election is possible. There is no limit to the term in office.

If the chair position is vacant, the Board of Directors shall appoint a new chairperson from its members for the remaining term of office.

Internal Organization

The Board of Directors exercises management, supervision, and control over the conduct of the Company's business. The Board of Directors currently consists of six members. The Board of Directors decides which co-chairperson shall chair the Board meetings and which co-chairperson shall chair the General Meetings. The Board of Directors will convene upon invitation by the competent co-chairperson as often as the Group's business requires or upon request by a member. The Board of Directors may pass its resolutions at a meeting with a venue; using electronic media (in accordance with the provisions of Art. 701c–701e CO); in writing, on paper or in electronic form, unless a member of the Board of Directors requests oral discussion.

Resolutions in writing need to be included in the minutes of the next meeting of the Board of Directors. The chairperson is responsible for convening and preparing the meetings, drawing up the agenda, and chairing the meetings. Every Board member can ask for a meeting to be convened and for the inclusion of an item on the agenda. Insofar as the Organizational Regulations issued by the Board of Directors do not specify otherwise, the Board of Directors shall be quorate if the majority of its members is present. The Board may adopt resolutions by a simple majority of the votes cast unless required otherwise by law. In case of a tie, the competent co-chairperson has the casting vote. In 2023, the Board of Directors held four hybrid meetings with the majority of the members attending in person and two respective one virtually, and, one virtual meeting. Three meetings were attended by all members of the Board of Directors and two meetings were attended by four members. At all meetings, members of the Management Board have been called in. No external advisor were called in in 2023. The meetings had an average duration of four hours.

The Board of Directors has currently formed three Board Committees from among its members and has transferred special duties and authorities to them. Each Committee has its own charter governing its duties and responsibilities.

- Audit and Compliance Committee
- Nomination and Compensation Committee
- Investment and Strategy Committee

In December 2023, the Board of Directors decided in principle to form a Governance and Sustainability Committee which is established in 2024.

Responsibilities of the Board of Directors

The Board of Directors has responsibility for the Company's direction and supervision. This includes the responsibility to carefully select, properly instruct and diligently supervise members of the Management Board.

With regard to Group Companies, the Board of Directors is responsible for decisions regarding foundations, financing, restructuring and M&A, dissolutions, changes to the articles of association and many other decisions as specified in the Organizational Regulations.
The Board of Directors represents the Company vis-à-vis third parties and may pass resolutions on all matters which are not assigned to the General Meeting by law or the Articles of Association. The Board of Directors' non-transferable and inalienable duties include:

a. exercising overall management of the Company and issuing the necessary directives;
b. determining the organizational structure;
c. organizing the accounting system, the financial controls and financial planning to the extent required to manage the Company;
d. appointing and dismissing the people tasked with managing and representing the Company;
e. exercising overall supervision of the persons tasked with management, specifically with respect to compliance with the law, the Articles of Association, regulations and directives;
f. producing the annual report, preparing the General Meetings and implementing their resolutions;
g. producing the compensation report and making motions to the General Meeting regarding approval of the compensation of the Board of Directors and the Management Board;
h. submitting a request for debt relief and notifying the court in the event of over-indebtedness; and
i. all other non-transferable and inalienable duties of the Board of Directors as provided for by the law and the Articles of Association.

In addition to these non-transferable and inalienable duties, the Board of Directors has reserved its responsibility over certain business decisions specified in the Organizational Regulations. It has the responsibility and duty to approve those matters which the CEO or the Management Board must submit to the Board of Directors in accordance with the regulation governing the areas of competence to be decided by the Board of Directors or which the CEO or the Management Board submits voluntarily.

Committees

As mentioned in the previous section, the Board of Directors has established three Committees to perform its duties efficiently and with the utmost responsibility. The three Committees are the Audit and Compliance Committee, the Nomination and Compensation Committee, and the Investment and Strategy Committee. The Board of Directors has the right to appoint additional ad hoc committees at any time. In order to fulfil its duties, the committees may invite external consultants if they consider it necessary or appropriate.

In December 2023, the Board of Directors decided in principle to form a Governance and Sustainability Committee which is established in 2024.

CORPORATE GOVERNANCE REPORT

Audit and Compliance Committee

Organization

The Committee consists of at least two members appointed by the Board of Directors from among the independent members of the Board of Directors who are not members of the Management Board. At least one member of the Committee must have current and relevant financial knowledge as determined by the Board of Directors.[1]

The Board of Directors appoints the members of the Committee and its Chairman for a term of office of one year beginning at the AGM.

The Committee convenes upon invitation by the Chairman as frequently as business requires, but at least once annually or if a member of the Board of Directors, the external auditor, or a member of the Management Board so demand.

At least one Committee member must be present for the Committee to have a quorum. Committee resolutions shall be adopted by a majority of the votes of the members present.

In fulfilling its duties, the Committee has unrestricted access to all relevant information in order to carry its duties. It can invite members of the Board of Directors or other employees to Committee meetings as needed to obtain information.

The Committee submits to the Board of Directors the recommendations it deems appropriate in all areas within its scope of responsibility for which measures or improvements are necessary. The Committee is required to report its activities to the Board of Directors on a regular basis and to make recommendations and propose appropriate measures to the Board of Directors. In 2023, the Committee met five times with an average duration of one hour of the meetings. At four meetings, all Committee members attended the meetings, one meeting was attended by the then two of three members. Members of the Management Board (all meetings) and representatives of the auditor (one meeting) were called in to the meeting(s) in 2023. Unless there is a conflict of interests to prevent it, the Chairman of the Committee reports to the Board Directors on the meetings or sends the minutes of its meetings to its members and to all members of the Board of Directors.

In 2023, the Committee consisted of the following members:

Mr. Christian Hosp, Chairman

Mr. Markus Vischer

Mr. Martin Ohneberg, until May 2023

[1] Non-executive members of the Board of Directors are deemed to be independent if they have never been a member of the Management Board or have been a member of the Management Board more than three years ago and have no or only relatively minor business relations with the Company.

Tasks and Duties

The Committee assists the Board of Directors in fulfilling its oversight responsibilities with respect to the integrity of the financial statements, compliance with legal and regulatory requirements, the performance of the internal control system and the qualifications and performance of the external auditors and the performance of internal auditors.

In particular, the Committee has the following tasks and duties:

a. auditing and evaluating the effectiveness of the external and internal auditors, particularly also their independence
b. auditing and evaluating the audit scope and plan, the audit procedure, and the results of the external and internal audits, and reviewing whether the recommendations of the external and internal auditors have been implemented
c. reviewing audit reports and discussing them with the auditors
d. issuing recommendations regarding appointing the external auditor to the Board of Directors, which submits them to the shareholders at the General Meeting for approval
e. approving the fee and the mandate terms for the external auditor
f. assessing the internal controls and the risk management set up by the Management Board and the measures proposed for risk reduction
g. assessing compliance with legal and supervisory regulations as well as internal policies (particularly the Organizational Regulations and Corporate Governance) and external policies (Compliance)
h. reviewing and approving the Company's compliance program including (i) preventative measures by the Company, (ii) supervision of material compliance issues and ongoing investigations, (iii) comparisons with other companies' compliance programs where appropriate, and (iv) monitoring relevant legal developments
i. reviewing, in cooperation with the auditors, the CEO, and the CFO, whether the accounting principles and the financial control mechanisms of the Company and its Group Companies are adequate given the size and complexity of the Company
j. reviewing the statutory and consolidated annual and interim financial statements as well as, where appropriate, additional accounting-related Company documentation, and discussing them with the Management Board and the auditors before they are submitted to the Board of Directors
k. auditing additional matters upon request of the Board of Directors
l. reviewing its own performance and effectiveness and issuing recommendations to the Board of Directors regarding necessary changes

Nomination and Compensation Committee

Organization

The Nomination and Compensation Committee comprises at least two members of the Board of Directors. The General Meeting elects the members of the Nomination and Compensation Committee individually. Only members of the Board of Directors may be elected. The term of office ends on conclusion of the next AGM. Re-election is possible. The members should be independent.[2]

The Board of Directors appoints the chairperson of the Nomination and Compensation Committee from among the members of the Nomination and Compensation Committee. If there are any vacancies on the Nomination and Compensation Committee, the Board of Directors shall appoint the missing members from among its members for the remaining term of office.

The Committee convenes upon invitation by the Chairman as frequently as business requires, but at least once annually. It must be convened if a member of the Board of Directors, the external auditor, or a member of the Management Board so demands.

At least one Committee member must be present for the Committee to have a quorum. Committee resolutions shall be adopted by a majority of the votes of the members present.

In fulfilling its duties, the Committee has unrestricted access to all relevant information in order to carry its duties. It can invite members of the Board of Directors or other employees to Committee meetings as needed for questioning.

The Committee submits to the Board of Directors the recommendations it deems appropriate in all areas within its scope of responsibility for which measures or improvements are necessary.
In 2023, the Committee met six times with an average duration of one hour of the meetings. At five meetings, all members attended the meetings. At one meeting, two members of the Committee attended the meeting. At one meeting, two members of the Board of Directors attended the meeting. At one meeting, one member of the Board of Directors attended the meeting. At two meetings, one member of the Management Board has been called in. At another meeting, another member of the Management Board was invited to the meeting. No external specialists were called in in 2023. Provided there is no conflict of interests, other members of the Board of Directors may request to inspect the minutes. Unless there is a conflict of interests to prevent it, the Chairman of the Committee reports to the Board Directors on the meetings or sends the minutes of its meetings to its members and to all members of the Board of Directors.

In 2023, the Committee consisted of the following members:

Mr. Michael Tojner, Chairman until May 2023

Mr. Christian Hosp, Chairman since May 2023

Mr. Thomas Williams

Mr. Martin Ohneberg, until May 2023

[2] Non-executive members of the Board of Directors are deemed to be independent if they have never been a member of the Management Board or have been a member of the Management Board more than three years ago and have no or only relatively minor business relations with the Company.

CORPORATE GOVERNANCE REPORT

Tasks and Duties

The Nomination and Compensation Committee assists the Board of Directors in determining and reviewing the Company's compensation strategy and guidelines, and the qualitative and quantitative criteria for compensation. It also assists with the preparation of the motions to the General Meeting concerning the compensation of the Board of Directors and the Management Board. It may submit to the Board of Directors suggestions and recommendations on further compensation matters. The Committee has the following tasks and duties:

a. ensuring the long-term planning of suitable appointments to the seats on the Board of Directors and the Management Board, as well as fundamental management development and succession planning so that the Company can secure the best leadership and management talents;
b. proposing appointments of candidates to occupy vacant positions on the Board of Directors or the position of CEO;
c. upon recommendation of the CEO, nominating candidates for the Management Board;
d. making recommendations to the Board of Directors on the composition of the Board of Directors and a corresponding search for suitable candidates;
e. determining the independence of the members of the Board of Directors;
f. recommending to the Board of Directors whether a member of the Board of Directors should be reappointed;
g. recommending the terms of appointment of the CEO and the members of the Management Board to the Board of Directors;
h. submitting suggestions to the Board of Directors for establishing principles for the compensation of the members of the Board of Directors and of the Management Board, in accordance with the provisions of the law and the Articles of Association;
i. regularly reviewing the Company's compensation system for compliance with the principles for compensation in accordance with the law, Articles of Association, regulations, and the resolutions of the General Meeting with regard to compensation;
j. auditing matters in connection with the general compensation regulation for employees and the practices of the Company's personnel management;
k. proposing to the Board of Directors the amounts of the fixed compensation of the members of the Board of Directors;
l. proposing to the Board of Directors the benchmarks for qualitative and quantitative goals for calculating the variable compensation for the members of the Management Board;
m. proposing to the Board of Directors the amounts of fixed and variable compensation for the CEO;
n. recommending to the Board of Directors, based on a proposal by the CEO, the amounts of fixed and variable compensation for the members of the Management Board as well as all executive officers and key individuals who report directly to the CEO;
o. proposing to the Board of Directors the compensation report;
p. recommending to the Board of Directors the granting of options, or other securities, including employee stock ownership programs, for the employees at all organizational levels;
q. auditing additional matters upon request of the Board of Directors;
r. performing all other tasks assigned to it by the law, the provisions of the Articles of Association or regulations;
s. reviewing its own performance and effectiveness, and issuing recommendations to the Board of Directors regarding any necessary changes.

CORPORATE GOVERNANCE REPORT

Investment and Strategy Committee

Organization

The Committee consists of at least two members appointed by the Board of Directors from among the members of the Board of Directors for a term of office of one year beginning at the AGM.

The Committee convenes upon invitation by the Chairman as frequently as business requires, but at least twice annually or if a Board member, the external auditor, or a member of the Management Board so demand.

At least one Committee member must be present for the Committee to have a quorum. Committee resolutions shall be adopted by a majority of the votes of the members present.

In fulfilling its duties, the Committee has unrestricted access to all relevant information in order to carry its duties. It can invite members of the Board of Directors or other employees to Committee meetings as needed to obtain information.

The Committee submits to the Board of Directors the recommendations it deems appropriate in all areas within its area of responsibility for which measures or improvements are necessary.

In 2023, the Committee met four times with an average duration of one hour of the meetings. Three meetings were attended by all members of the Committee, one meeting was attended by two members. No external specialists were called in in 2023. Unless any conflict of interests would prevent to do so, the Chairman of the Committee reports to the Board Directors on the meetings or sends the minutes of its meetings to its members as well as to all members of the Board of Directors.

In 2023, the Committee consisted of the following members:

Mr. Michael Tojner, Chairman

Mr. Martin Ohneberg, until May 2023

Mr. Thomas Williams

Mr. Helmut Wieser, since May 2023

Tasks and Duties

The Committee has the following tasks and duties:

a. Investments:
   a. overseeing investment processes;
   b. reviewing and recommending approvals to the Board of Directors for investments (including real estate transactions) of more than EUR 2 million, except for:
      i. transactions covered by previously approved strategic or financial plans; or
      ii. investments in real estate and, investments covered by previously approved strategic or financial plans;
   c. acquiring updates on the Group's annual strategic asset allocation;
   d. acquiring updates on the economic investment return relative to liabilities;

b. Strategy:
   a. advising the Board of Directors on:
      i. major strategic topics, including acquisitions, divestitures and joint venture opportunities; and
      ii. strategic planning and development priorities.

c. General:
   a. reviewing and monitoring reforms concerning the regulatory framework applicable within the scope of the Committee's mandate and issuance of recommendations for required changes to the Board of Directors;
   b. reporting to the Board of Directors any significant developments concerning the performance of the duties set forth above.

CORPORATE GOVERNANCE REPORT

Information and Control Systems

The Management Board is supervised by the Board of Directors. The performance of the Management Board is also monitored by the Committees. The Board of Directors has access to the minutes of the Committee meetings unless any conflict of interest exists. At each Board of Directors' meeting, the CEO or another member of the Management Board informs the Board of Directors of the development of the business, important projects or risks, ongoing earnings and liquidity development and any significant events. Members of the Board of Directors may direct questions to the Management Board to gain the information needed to fulfil their duties, at these meetings. Moreover, the Co-Chairmen of the Board of Directors are in regular dialogue with members of the Management Board in between the meetings. Outside of meetings of the Board of Directors, the members of the Board of Directors are entitled to request information from the members of the Management Board within the limits of the law. On a monthly basis, the Board of Directors receives a written report on the key financial figures of the Group including information on the income statement and qualitative comments on the business development. These figures are compared with the budget and the previous year. At the Board of Directors' meetings, the information contained in these reports are discussed in depth. In case of exceptional developments, all members of the Board of Directors are notified immediately, which take the necessary actions. In the case of major items such as capital expenditure or acquisitions, the Board of Directors receives special written reports.

Montana Aerospace performs internal audits on a regular basis. In 2023, there were internal audits at four sites. Internal audit verifies compliance with any entities' responsibilities, risk management and the efficiency of the structures and processes in place. The findings are recorded in written reports, which are submitted to the Audit and Compliance Committee for review together with the Management Board. The latter reports the findings to the Board of Directors. Together with the CFO, the Audit and Compliance Committee is responsible for reviewing the internal audit plan and the budgeted resources for internal audit.

Montana Aerospace and its Group Companies assess several financial and non-financial risks on ongoing basis. The primary objective of the management with respect to financial risk management is to identify and monitor financial risk to which the Group is subject and to establish effective measures for hedging such risk. Financial risk arises from the Company's operating activities as well as its financing structure. This includes, in particular, fluctuations in foreign currency exchange rates and increase in working capital, liquidity default risk, risk of increasing prices of required input materials, in particular aluminum, titanium, steel, composite and copper. 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 Group monitors credit risk on trade receivables, other receivables and cash and cash equivalents. The risk is mitigated by using targeted measures such as credit checks, pre-payment agreements, receivables management and credit insurance. In addition, there is low concentration of credit risk since the Group's client base is made up mainly of a large variety of customers. The Management Board also monitors liquidity and capital management 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. Capital management is monitored by the means of equity ratio, gearing ratio and return on capital employed or return on investment. Furthermore, in order to reduce the risk from swings in commodity prices, the Group companies use agreements with customers and suppliers and, in addition, derivative financial instruments.

Furthermore, risks arising from the business environment and from business processes are monitored. Such risks are mainly associated with the industry and the general market environment, laws and regulations, catastrophic events, environmental risks, risk of cyclicality of customers and business, the end-user markets and customers' industries; disruptions in the supply with required input materials, risk to complete and successfully integrate acquisitions; risk of disruptions in logistics infrastructure, software and technical support services; risk of legal proceedings; risk of failing to attract or retain qualified personnel and key employees. After identifying individual risks, it is the task of Group and local management to draw up a number of measures to reduce the danger of occurrence and any potential damage.

Management Board

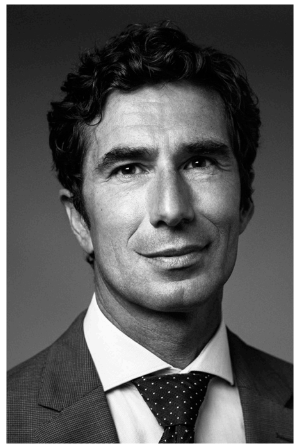
Members of the Management Board on 31 December 2023

Name	Born	Position	Date of Appointment	Date of resignation
Michael Pistauer	1969	Co-CEO, CFO	5 June 2020 Since 1 July 2022: Co-CEO	
Kai Arndt	1971	Co-CEO	1 December 2021 Since 1 July 2022: Co-CEO	

Members of the Management Board that left the Management Board in 2023

Name	Born	Position	Date of Appointment	Date of resignation
Silvia Buchinger*	1964	CHRO	1 July 2022	31 May 2023

*Silvia Buchinger has been elected as member of the Board of Directors by the AGM in May 2023.



Michael Pistauer (Austrian citizen)
Michael Pistauer studied business administration at the Vienna University of Economics and Business and received his doctor's degree. In 1992, he started his professional career at Deutsche Gesellschaft für Mittelstandsberatung – DGM (German society for consulting medium-sized companies) and worked at Arthur Andersen Wien from 1997 to 2004. Thereafter, he served as management board member at JoWooD AG and INKU AG. Mr. Pistauer was founder or co-founder of a handful of companies f.e. Pi GmbH, Snews GmbH, Steffel Austria GmbH, LX Group, Sedeo GmbH and Weixelbaumer GmbH between 2004 and 2011. Subsequently, he served as director at EK Mittelstandsfinanzierungs AG, Mezzanin Finanzierungs AG. Before Mr. Pistauer became a member of the supervisory board of VARTA AG in 2019, he held the position of CFO of VARTA AG from 2016 to 2018. In 2019, he became managing director of IC IndustrieCapital Immobilien GmbH. Since 2019, Mr Pistauer acts as CFO of the newly formed Montana Aerospace Group. In addition to his position as CFO as Montana Aerospace AG, Mr. Pistauer simultaneously holds several functions within and outside the Montana Tech Group. As of 1 July 2022 he has been appointed as Co-CEO of the Management Board, in addition to his role as CFO.

Kai Arndt (German citizen)
Kai Arndt graduated from Staatliche Gewerbeschule Hamburg as mechanical engineering technician and holds an International Executive MBA from the University of St. Gallen. He started his career at Airbus in 1988 as an aircraft technician apprentice. Over the years until 2019 Mr. Arndt obtained key knowledge within the aerospace sector. In particular, Mr. Arndt worked at key Airbus locations in Hamburg and Stade. At the Airbus plant in Hamburg, he was responsible for the development and marketing of specific system components. In 2014, he was appointed Division Manager of Finance & Controlling and a member of the Airbus Germany Finance Committee. In 2016, Kai Arndt was promoted to Vice President Plant & Site Management Airbus Stade, being responsible for the Airbus location in Stade. In addition, he was appointed CFO of CTC GmbH in Stade. In 2019, Kai Arndt took over the management of the Finance Department and future industrial set up project at Premium Aerotec and was a member of the management board until joining Montana Aerospace in December 2021. As of 1 July 2022, he has been appointed as Co-CEO of the Management Board.

Members of the Management Board that left the Management Board in June 2023

Silvia Buchinger (Austrian citizen)
Mrs. Buchinger studied computer science at the Vienna Technical University. As an experienced manager, she can look back on a career covering over 30 years in international corporations such as the Telekom Austria Group, Hewlett Packard and Alcatel Austria. From 2015 to 2019, Mrs. Buchinger was in charge of strategic and operational HR management, including all relevant HR issues, with a focus on developing a global HR process structure at KUGA AG, an international automation Group in Augsburg. In her last position prior to starting at Montana Aerospace in November 2021, Mrs. Buchinger held global HR responsibility for more than 25,000 employees at the Theo Müller Group of companies as Group Chief Human Resources Officer and was a member of group management. Mrs. Buchinger has been elected as a member of the Management Board on 1 July 2022, resigned on 31 May 2023 and is a member of the Board of Directors since.

The Management Board

All management tasks that are not legally or expressly assigned to the Board of Directors or another corporate body by law or the Articles of Association are performed by the Management Board. It is responsible for managing the affairs of the business as well as the Company's corporate functions and for carrying out strategic tasks and resolutions passed by the Board of Directors.

Members of the Management Board manage the business areas falling within their areas of responsibility independently and under their own responsibility. Each member can issue instructions in their area of responsibility. A member of the Management Board shall only take measures which might affect the area of responsibility of another member of the Management Board after prior consultation with the Co-CEOs or in case of imminent danger.

Resolutions of the Management Board are passed by a majority of the votes of the members present. Each member is entitled to one vote. The Co-CEO Aero has the casting vote. Minutes of the resolutions passed at the meetings of the Management Board must be signed by the Co-CEOs.

The delegation of responsibilities and powers of the Management Board to third parties or subordinate bodies is permitted. Ultimate responsibility for all management duties under these regulations lies with the Management Board. It issues the necessary regulations and orders the appropriate measures.

Appointment

The Management Board is appointed by the Board of Directors on the recommendation of the Nomination and Compensation Committee. It consists of the Co-CEO Aero, the Co-CEO E&E & CFO, and one or more other members of management.

Other items

There are no management contracts with external individuals or companies to perform management tasks for Montana Aerospace.

Shareholders' Participation Rights

Each share carries one vote in the General Meetings. The shares rank pari passu in all respects with each other. The voting rights may be exercised only after a shareholder has been registered in the Share Register as a shareholder with voting rights. According to Article 5 of the Articles of Association, entry in the Share Register as shareholder with voting rights requires the approval of the Board of Directors, which may delegate this competence. Approval shall be granted if the acquirer communicates name, nationality, and address on a form provided by the Company and declares that he/she has acquired the shares in his/her own name and for his/her own account. For nominee registrations see above under "Limitations on transferability and nominee registration".

Compensation, shareholders and loans

For details on the Company's compensation, shareholdings and loans regime please see the "Compensation Report" in a section below.

The General Meeting

The General Meeting is the highest corporate body of Montana Aerospace. It has the inalienable powers to adopt and amend the Articles of Association, to approve the management report and the consolidated financial statements and, as the case may be, the report on non-financial matters, to approve the annual financial statements and to decide upon the appropriation of available earnings, in particular to declare dividends and profit sharing by directors, and to determine the interim dividend and to approve the interim financial statements required for this purpose. Furthermore, the General Meeting has the power to elect and remove the chairperson or co-chairpersons of the Board of Directors, the members of the Board of Directors, the members of the Nomination and Compensation Committee, the auditor and the independent proxy. It has the power to pass resolutions on repayment of the statutory capital reserve, to delist the Company's equity securities and to discharge the members of the Board of Directors and the Management Board from liability.

It also approves the compensation of the members of the Board of Directors and of the Management Board as specified in the Compensation Report on page 181 and 182, which is an integral part of the Annual Report 2023.

The General Meeting may adopt resolutions concerning all matters which, by law or the Articles of Association, are reserved to the authority of the General Meeting.

Convocation and Venue of Meetings

The Board of Directors determines the venue for the General Meeting which may be in Switzerland or abroad. The Board of Directors may arrange for shareholders who are not present at the venue of the General Meeting to be able to exercise their rights electronically. A General Meeting may be held electronically without a venue. The Board of Directors shall regulate the use of electronic media as permitted by law.

The AGM shall take place each year within six months of the end of the financial year. An EGM shall be held if necessary. The General Meeting is convened by the Board of Directors, and if necessary, by the auditor. Liquidators and the representatives of bondholders also have the right to convene meetings. Shareholders may insist that a General Meeting be convened provided they together hold at least participation of 5% of the share capital or votes. Requests to convene a meeting must be made in writing. The agenda items and motions must be included in the request. The Board Directors shall notify the shareholders of the convocation of the General Meeting at least 20 days before the date of the meeting. The notice of the convocation of a General Meeting is to be made by way of a single notice pursuant to Article 40 para. 2 of the Articles of Association. The content of the convocation is determined by law.

The annual report and the audit reports must be made available to shareholders at least 20 days before the General Meeting. If the documents are not accessible electronically, each shareholder may insist that they be sent to them in good time. If the documents are not accessible electronically, each shareholder may, for one year after the General Meeting, insist that the annual report in the form approved by the General Meeting and the audit reports be sent to them. Shareholders may insist that items be added to the agenda if they together hold at least a participation of 0.5% of the share capital or votes. Subject to the same conditions, shareholders may insist that motions on agenda items be included in the convocation of the General Meeting. Shareholders may submit a brief statement of reasons when placing an item on the agenda or submitting a motion. This must be included in the convocation of the General Meeting. Unless otherwise determined by the Board of Directors, the Company must receive such request at least 45 days prior to the General Meeting in writing indicating the items to be added to the agenda and the motion or the motions.

No resolutions can be adopted on motions relating to agenda items that were not properly announced; this rule does not apply to motions to call an EGM, to carry out a special investigation, or to elect an auditor.

At the General Meeting, any shareholder may submit motions in relation to the items on the agenda.

Quorum requirements

The General Meeting shall be quorate regardless of the number of shares represented. It passes resolutions and carries out elections by simple majority of the votes cast, unless otherwise required by law or the Articles of Association. Abstentions and invalid votes shall not be counted as votes cast. The provisions of the law that require a different majority shall remain unaffected. If the numbers of votes for and against a motion are equal, the motion shall be deemed to have been rejected. The following actions require the approval of the shareholders holding at least two-thirds of the votes represented at such meeting and the absolute majority of the nominal share value represented at such meeting: (i) an amendment of the Company's objects; (ii) the consolidation of shares, unless the consent of all the shareholders concerned is required (iii) a capital increase from equity capital, in return for contributions in kind or by offset with a claim, and the granting of special privileges; (iv) the restriction or cancellation of the subscription right; (v) the introduction of contingent capital, the introduction of the capital band; (vi) the conversion of participation certificates into shares; (vii) any restriction on the transferability of registered shares; (viii) the introduction of shares with preferential right to vote; (ix) any change in the currency of the share capital; (x) the introduction of a casting vote for the person chairing the General Meeting; (xi) a provision of the articles of association on holding the General Meeting abroad; (xii) the delisting of the equity securities of the Company; (xiii) the relocation of the seat of the Company; (xiv) the introduction of an arbitration clause in the Articles of Association; (xv) the dissolution of the Company. Decisions on mergers, demergers and conversions shall be guided by the provisions of the Swiss Mergers Act.

Independent Proxy

Shareholders may personally participate in the General Meeting and cast their vote(s), or be represented by an independent proxy, its legal representative or another representative who need not be a shareholder based on a written power of attorney. The independent proxy is obliged to exercise the voting rights that are delegated to him/her by the shareholders according to their instructions. Should he/she have received no instructions, he/she shall abstain from voting. The Board of Directors shall determine the requirements regarding the participation and representation in the General Meeting and regarding proxies and voting instructions. The General Meeting elects the independent proxy. Their term of office ends at the latest on conclusion of the next AGM. Re-election is possible. If the Company does not have an independent proxy elected by the General Meeting, the Board of Directors shall appoint one for the next AGM. For the current term, Law Office Keller Ltd (formerly known as Law Office Keller Partnership), Switzerland, was elected by the AGM as an independent proxy.

Share Register

The Company keeps a Share Register recording the owners and usufructuaries along with their names and addresses. It must keep this in such a way that it can be accessed at any time in Switzerland. Owners and usufructuaries may apply for entry in the Share Register electronically. Entry in the Share Register requires documentary proof that the share was acquired for ownership or of the reasons for the usufruct thereof. For the entry of nominees into the Share Register see section Limitations on Transferability and Nominee Registration above. The person entered in the Share Register is deemed to be the shareholder or the usufructuary in relation to the Company. The Company shall recognize only one representative per share.

If the Company does not decline the request for registration of the acquirer within twenty days, the acquirer shall be deemed acknowledged as a shareholder with voting rights. If a registered shareholder changes the address, the shareholder shall communicate the new address to the Company. As long as this has not occurred, all communications by letter or email shall lawfully be sent to the address listed in the Share Register.

After consulting the party in question, the Company may delete entries from the Share Register if these were made as a result on false information provided by the acquirer. The acquirer must be informed of the deletion immediately.

Only shareholders who have been duly entered in the Share Register with voting rights by a date as decided by the Board of Directors (closing of Share Register) are entitled to vote at the General Meeting.

Changes of control and defense measures

The Articles of Association do not contain any “opting out” or “opting up” provisions. Therefore, the statutory obligation to publish a tender offer by any shareholder or group of shareholders holding 33.33% of the outstanding share capital applies. Members of the Board of Directors and the Management Board are not entitled to any severance payments that are contractually agreed or provided for in the Articles of Association (compensation that is due until the termination of the contracts does not constitute a severance payment) or commissions paid for taking over or transferring undertakings or parts thereof.

Auditor

Election

The General Meeting elects the auditor according to the provisions of the law for one financial year. Currently, KPMG AG is serving as independent auditor of the Company. KPMG AG has been acting as an auditor to Montana Aerospace since 2019. The lead auditor, Mr. Daniel Haas took up his office on 4 December 2019. He must rotate every seven years under Swiss law.

Fees paid

(EUR k)	Statutory Auditor	Other Auditors
Auditing services	1,201	476
Additional services	317	499
o/w tax consulting	111	241

Information instruments pertaining to the Auditor

The external auditor informs the Audit and Compliance Committee upon invitation to the Committee’s meeting about relevant auditing activities and other important facts and figures related to the Company. In 2023, representatives of the auditor participated in one Committee meeting. The statutory auditor has access to the minutes of the meetings of the Board of Directors. The Audit and Compliance Committee annually assesses the performance and compensation of the external auditor with regard to professional qualifications, independence, expertise, sector specific risk awareness, open communication and engagement of sufficient resources. The Audit and Compliance Committee recommends to the Board of Directors proposals for the General Meeting regarding the election or dismissal of the Company’s independent auditor. Prior to the audit, the auditor agree on the proposed audit scope, approach, staffing and fees of the audit with the Audit and Compliance Committee.

Information Policy

Montana Aerospace is committed to communicating in a timely and transparent way to existing shareholders, potential investors, financial analysts, customers as well as all other stakeholders. The Group agrees to comply with its obligations under the rules of SIX Swiss Exchange, including the requirements on the dissemination of material and price-sensitive information. Moreover, the Company publishes an annual report that provides audited consolidated financial statements and information about Montana Aerospace including business results, important key performance indicators (”KPI”), strategy and material developments, corporate governance and executive compensation. Pursuant to the listing rules of SIX Swiss Exchange, the annual report is published within four months after the 31 December balance sheet date. The results included are also summarized in the form of a press release. In the first three months following the balance sheet date, Montana Aerospace communicates preliminary unaudited sales figures for the preceding year. Montana Aerospace publishes quarterly interim financial reports following the first three (Interim Financial Report – Q1), the first six (Interim Financial Report – Q2) and the first nine months (Interim Financial Report – Q3) of its financial year.

According to the Articles of Association, the Company’s official medium of publications is the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). The Board of Directors may designate further means for official publications. Notices and communications to shareholders are validly made by means of one-off release of the Company in the Swiss Official Gazette of Commerce and may instead or in addition be made in writing or email to the addresses of the shareholders recorded in the Share Register as decided by the Board of Directors.

The published annual and half-year interim consolidated financial statements comply with the requirements of Swiss company law, the listing rules of SIX Swiss Exchange and International Financial Reporting Standards (“IFRS”). The figures in the HY interim report, the preliminary sales figures as well as the Q1 and Q3 sales statements are not audited. On the day of publication of the full year and half-year results, an analyst conference call is organized. Investors may contact the Company for dial-in details prior to the call. An overview of published annual reports, interim reports and related presentations can be found at https://www.montana-aerospace.com/investors/. Interested parties can register for Montana Aerospace’s distribution list to directly receive information when any potential price-sensitive event occurs (ad-hoc announcements) under

https://www.montana-aerospace.com/contact/.

The financial calendar of Montana Aerospace AG for the year 2024 is outlined below:

Date	Announcement
25 Jan 2024	Announcement on preliminary sales for the full year 2023
3 Apr 2024	Publication of the Annual Report 2023
9 May 2024	Interim Financial Report – 1st Quarter 2024
21 May 2024	AGM
15 Aug 2024	Interim Financial Report – HY 2024
14 Nov 2024	Interim Financial Report – 3rd Quarter 2024

Further information for investors is available online (https://www.montana-aerospace.com/investors/) or by writing to the following contact address:

Marc Vesely recte Riha, MSc
Head of M&A and Investor Relations
Montana Aerospace AG

ir@montana-aerospace.com
M: +43 664 61 26 261
T: +43 1 961 0692 189

Montana Aerospace AG
Alte Aarauerstrasse 11
5734 Reinach
Switzerland

Black-out and Quiet Periods

To prevent insider trading, the Company has implemented a policy on black-out periods during which certain persons are prohibited from trading the stock of the Company, including transactions in related derivative instruments.

There are five regular black-out periods that apply to members of the Management Board and the Board of Directors, all other employees of the Company as well as the boards of directors and management boards of the Group Companies.

1. commencing four weeks before the publication of the ad hoc announcement on preliminary unaudited net sales / EBITDA and other KPI of the concluded business year, which is usually published by or around the end of February of each year, and ending one trading day after its public release on the Company's website;
2. commencing four weeks before publication of the annual report and end one trading day after the day of its public release on the Company's website.
3. commencing two weeks before and ending one trading day after the publication of the Q1 report;
4. commencing four weeks before the publication of the half-year-report and ending one trading day after its public release of the Company's half year report;
5. commencing two weeks before and ending one trading day after the publication of the Q4 report.

Furthermore, extraordinary black-out periods may be imposed in connection with potentially material price-sensitive information, including but not limited to M&A related projects.

To ensure equal treatment of all market participants and to avoid selective disclosure of material non-public information, Montana Aerospace has implemented a Quiet Period Policy. During the quiet period, Company Representatives commit not to make any statements to the public or to individual parties such as investors, media representatives or employees which allow conclusions to be drawn about upcoming financial statements, unless in compliance with the rules of ad hoc publicity ("Quiet Periods").

The Quiet Periods shall last during the following periods: four weeks before the date of publication of the ad hoc announcement on preliminary unaudited net sales / EBITDA / net debt of the concluded business year; four weeks before the date of publication of the annual report; two weeks before the date of publication of the Q1 report; four weeks before the date of publication of the half year report; and two weeks before the date of publication of the Q3 report.

The Quiet Period Policy applies to the members of the Management Board, the Board of Directors, the Investor Relations Department, the Public Relations Department and any other representative who is in direct contact with market participants.

COMPENSATION REPORT

The Compensation Report describes the compensation framework and compensation principles of Montana Aerospace for the Management Board and Board of Directors. Moreover, it sets forth the organization, competences and duties of the Nomination and Compensation Committee and explains the application of the compensation framework in the year 2023. This report has been prepared in compliance with Art. 734 et seqq. CO and the disclosure requirements of the SIX Corporate Governance Directive ("DCG"). The Compensation Report has been audited by the statutory auditor of Montana Aerospace in accordance with Art. 728a para. 1 letter 4 CO. The audit report is presented on page 176–178.

Compensation framework

Principles

The compensation policy for all employees of Montana Aerospace, and in particular for the members of the Management Board, focuses on rewarding employees for their contribution to the successful development of Montana Aerospace and on aligning shareholders' and employees' interests in a sustainable manner. Moreover, the policy aims at motivating employees, retaining qualified and talented professionals, and promoting an entrepreneurial way of thinking. This may be achieved through a balanced mix of base salary, short-term and long-term variable compensation.

Reward for performance

The short-term variable compensation for members of the Management Board reward the collective performance of the Company as well as the contributions of individuals.

Reward for added value

The members of the Board of Directors and of the Management Board are holders of shares and/or options for the acquisition of shares in the Company under the management stock option program ("Management Stock Option Program" or "MSOP"). This encourages a long-term view and aligns their interests with those of shareholders. In addition, the extended management also participates in the MSOP.[1]

Also, Montana Aerospace entered into bonus agreements with the members of the Management Board which allows the respective members to participate in the value increase of the aerospace segment of Montana Aerospace and thus, to align their interests with those of shareholders[2]. Members of the extended management other than the Management Board are beneficiaries of a restricted share program with the corresponding commercial principles as the aforementioned bonus agreements.

Retaining talent

Compensation levels are designed to attract, retain and develop the most talented staff members.

Transparency

All of Montana Aerospace's compensation programs aim for transparency and fairness. The framework for the compensation of the Board of Directors and the Management Board is also set forth in Articles 29 to 35 of the Articles of Association.

1 See section MSOP / page 167 of the Compensation Report for further details.
2 See section Bonus agreements / page 166 of the Compensation Report for further details.

COMPENSATION REPORT

Overview of compensation framework for members of the Board of Directors and the Management Board

The maximum total amount of compensation for each member of the Board of Directors and the Management Board is approved annually by the AGM, as provided for in Article 15 of the Articles of Association.

	Board of Directors	Management Board
Fixed compensation	Base fee awarded in cash, in the form of shares and/or options	Base salary on the basis of individual qualifications (function, experience, skills)
Variable compensation	None	Target level of the compensation in % of base salary, based on performance measures for one year; depending on the performance measures achieved, the amount may be between 0 and a multiple of the target level
Variable compensation	None	Bonus agreements
MSOP	Participation in the MSOP	Participation in the MSOP
Other	None	Company car, partly insurances[3]

Compensation framework and procedure for members of the Board of Directors

Pursuant to Article 29 of the Articles of Association, the compensation of the members of the Board of Directors shall be composed of fixed elements and may be composed of variable elements, as the case may be. The fixed compensation comprises the base fee and may comprise additional compensation elements and benefits. The variable compensation is based on the achievement of specific performance measures. The total compensation shall take into account function and level of responsibility of the recipient. The compensation may take the form of cash, shares, options, equivalent instruments or units, or other benefits. The members of the Board of Directors shall also be reimbursed for their disbursements and expenses such as travel costs, which shall not count as compensation. Members of the Board of Directors do not receive attendance fees.

The total amount of fixed and variable compensation for the members of the Board of Directors for the term ending at the next AGM has to be within the limits of the maximum total amounts of compensation approved by the General Meeting. The Company may pay a compensation before the approval by the General Meeting within the framework of the maximum total or partial amounts and subject to retroactive approval by the General Meeting.

3 Not every member of the Management Board has received all items.

The term of office of members of the Board of Directors commences at Montana Aerospace's General Meeting and ends at the latest on conclusion of the next AGM, respectively. Re-election, also repeatedly, is possible pursuant to Article 17 of the Articles of Association.

The Board of Directors sets the amount of compensation for each member contingent on and within the scope of the approved maximum total amount on a yearly basis and at its own discretion. No specific criteria are applied when determining the compensation.

Further information on the framework as well as the vote on compensation can be found in Article 15 and 29 et seqq. of the Articles of Association.

Compensation framework and procedure for members of the Management Board

Pursuant to Article 30 of the Articles of Association, the compensation of the members of the Management Board shall be composed of fixed and variable elements. The fixed compensation comprises the base salary and may comprise additional compensation elements and benefits. The variable compensation may comprise short-term and long- term compensation components. The target level of the short-term and long-term variable compensation is determined as a percentage of the base salary. Depending on the performance measures achieved, the actual short-term and long-term variable compensation may range from zero to a multiple of the determined target level. The total compensation shall take into account function and level of responsibility of the recipient. The compensation may take the form of cash, shares, options, equivalent instruments or units, or other benefits. The members of the Management Board shall also be reimbursed for their disbursements and expenses such as travel costs, which shall not count as compensation.

The compensation of members of the Management Board is subject to the limits of the maximum total amounts of compensation approved by the General Meeting for the financial year during which the Board of Directors requests approval. The Company may pay a compensation before the approval by the General Meeting within the framework of the maximum total or partial amount and subject to retroactive approval by the General Meeting. Further information on the framework as well as the vote on compensation is given in Article 15 and 30 et seqq. of Montana Aerospace's Articles of Association.

All compensation components shall be assessed and reviewed on a yearly basis by the Nomination and Compensation Committee. If changes are deemed necessary, they are proposed to the Board of Directors. Members of the Management Board are not allowed to attend meetings at which the amount of compensation is determined.

Montana Aerospace and companies controlled by it are authorized to pay an additional amount to new members who are appointed to the Management Board subsequent to the grant of approval by the General Meeting if the compensation already approved is not sufficient for their compensation. Further information on such additional compensation is given in Article 31 of the Articles of Association.

Short-term variable compensation – procedure in 2023

Short-term performance-based variable compensation 2023

The actual amount of short-term variable compensation ("Bonus") depends on the achievement of performance measures set by the Board of Directors for the one-year performance period (calendar year). The target amount of the short-term variable compensation ("Target Bonus") is set by the Board of Directors separately for each member of the Management Board. In 2023, the Target Bonus (100%) ranged between 46% and 76% of the base salary. Performance measures are determined and reviewed on an annual basis for each member of the Management Board, taking into account such member's position, responsibilities and tasks. At the end of the one-year performance period, the degree of achievement of the performance measures ("Target Achievement"), which may lie between zero and a maximum of 150% for some members, and zero and a maximum of 200% for one member, shall be determined by the Nomination and Compensation Committee and approved by the Board of Directors. The effective bonus is calculated by multiplying the degree of Target Achievement by the Target Bonus.

Degree of target achievement x Target bonus = Short-term variable compensation

The short-term variable compensation is based on EBITDA before one-time effects and special (non-operating) events and the free cash flow ("FCF") as quantitative targets with each having a weight of 30%. The relative weighting of qualitative non-financial individual targets amounts to 40%. The final determination of the achievement of the qualitative non-financial individual targets is based on the discretion of the Board of Directors.

100% short-term performance-based variable compensation 2023 (Bonus)	
60% quantitative targets	40% qualitative targets
Company's EBITDA FCF	individual, non-financial targets such as operational or strategic targets, development of employees, increase in efficiency, implementation of reorganization plans or governance/compliance goals, environment

Bonus agreements

By means of separate bonus agreements with each beneficiary, the Company wishes to incentivize the beneficiaries to remain in the position they currently have and to honor the beneficiary's loyalty to the Company and its affiliated companies by a cash bonus payment payable based on the value increase of the aerospace segment of Montana Aerospace. Although this bonus refers to a two-year performance period, this bonus was, as an exception, granted as a short-term variable bonus to honor the importance of the achievement of the targets underlying the bonus pursuant to the determination by the Nomination and Compensation Committee.

Under these bonus agreements, the beneficiaries are entitled to receive a gross bonus in cash based on the virtual participation of the beneficiary in the value increase of the aerospace segment of Montana Aerospace ("Gross Bonus"). The grant of the Gross Bonus is subject to the beneficiary not having received or issued a valid notice of termination with regard to his employment agreement. The virtual participation for each member of the Management Board is set at 1.5%. The valuation of the aerospace segment of Montana Aerospace is determined as follows: eight times the two year average (i.e. fiscal years 2024 and 2025) of the EBITDA of all direct and indirect subsidiaries of the Company operating in the aerospace segment ("Aerospace Companies" and each an "Aerospace Company"), minus the net debt of the Aerospace Companies at the end of the most recently completed fiscal year as of the time of the gross bonus calculation, plus any withdrawal of capital from an Aerospace Company by the Company or any of its affiliated companies not operating in the aerospace segment, minus any contribution of capital by the Company or any of its affiliated companies not operating in the aerospace segment to an Aerospace Company. In short, the following formula is applied:

Gross Bonus = 1.5% x ([8 x EBITDA] – Net Debt +/– Capital Adjustments, if any)

Any potential Gross Bonus under these bonus agreements will be forfeited in the event of a termination of the employment agreement for cause or in case the beneficiary issues a notice of termination for important reasons that constitutes an unjustified termination of the employment agreement. If the employment agreement is terminated for any other reason, a pro rata portion of the potential gross bonus under these bonus agreements will be forfeited. The Gross Bonus under these bonus agreements shall be payable until 31 March 2026.

The members of the Management Board are entitled to receive a bonus payment under separate bonus agreements entered into on 27 December 2023 by and between the Company and each member of the Management Board. The target level of the variable compensation under these bonus agreements ranged between 576% to 744% of the base salary of the beneficiaries.

Long-term variable compensation – procedure in 2023

In 2023, Montana Aerospace granted the following long-term variable compensation.

MSOP

Certain members of the Board of Directors and of the Management Board, certain employees and advisors of the Company as well as certain members of the board of directors and certain employees and advisors of affiliated companies are entitled to be granted options for the acquisition of shares in the Company under the MSOP. The employees have been granted options to acquire shares in the Company under the MSOP with a view to their contribution to the future development of Montana Aerospace, respectively, on their long-term commitment to Montana Aerospace to incentivize their ongoing commitment to remain an employee or advisor of Montana Aerospace and/or of an affiliated company. Until the end of the fiscal year 2023, approximately 150 persons have been granted shares and/or options for the acquisition of shares under the MSOP. The program has a term of five years.

The MSOP was established by Montana Tech Components AG and transferred from Montana Tech Components AG to the Company as of 23 December 2022. For further information on the transfer, please refer to the Compensation Report 2022.

Under the Management Stock Option Program, the beneficiaries are granted options, free of charge, to acquire shares in the Company with an aggregate equivalent value at the date of issuance of the MSOP of up to EUR 50 million. The granting of options under the MSOP is not subject to any conditions. The options granted are not transferable. The number of shares in the Company that may be acquired by the beneficiary are defined in a separate option agreement entered into with each beneficiary.
The beneficiaries may exercise up to 10% of their options in the first and second fiscal year of the term of the MSOP, 20% of their options in the third fiscal year of the term of the MSOP, and 30% of their options in the fourth and fifth fiscal year of the term of the MSOP ("Vesting Schedule"). The beneficiary may exercise less options than the allocated options in a fiscal year. The remaining unexercised options remain valid and exercisable until their respective expiration. The options must be exercised within four weeks of the publication of the Company's quarterly, half-yearly and/or final annual results, subject to restrictions under applicable insider trading rules and the rules on directors' dealings. The options may be exercised only if, inter alia, the beneficiary is in an ongoing, non-terminated employment, management or executive contractual relationship with the Company or one of its affiliated companies at the time of the exercise of the options. The exercise price per option share will be equal to the offer price determined in the course of the IPO of the Company, i.e. CHF 25.65 for the options that may be exercised in the fiscal years 2021 and 2022, in total 20% of the options. The exercise price per option shares will be CHF 18 for the options that may be exercised in the fiscal years 2023, 2024 and 2025, in total 80% of the options. The beneficiaries may choose to have the option shares booked against payment of the exercise price, taxes and social security contributions, to have the option shares directly sold via the stock exchange or they may choose a combination thereof. The shares underlying the options will be made available from the conditional share capital in accordance with Article 3b of the Articles of Association. The options will expire on 30 June 2026. Generally, options not exercised also expire in the event of, inter alia, death of the beneficiary, justified termination of the beneficiary's employment, advisory or management relationship or unjustified resignation from the employment, advisory or management relationship by the Beneficiary.

In October 2023, the Company granted options for the acquisition of shares in the Company to five members of the Board of Directors under the MSOP. The target level of the variable compensation under the MSOP ranged between 26% and 38% of the base fee. Four members of the Board of Directors were granted options for the acquisition of shares in the Company which they may exercise pursuant to the Vesting Schedule. Mr Wieser who joined the Board of Directors in 2023 was granted options for the acquisition of shares in the Company in October 2023 pro rata as from 2023; he may exercise up to 14% of such option shares in the fiscal year 2023, and up to 43% in the fiscal years 2024 and 2025. Mrs Buchinger has been granted options for the acquisition of shares in the Company in the fiscal year 2022 before she became a member of the Board of Directors and was not granted any options under the MSOP in 2023. The Company entered into separate option agreements with each beneficiary from the Board of Directors.

Nomination and Compensation Committee

The Nomination and Compensation Committee is a permanent committee formally established by the Board of Directors. The Nomination and Compensation Committee assists the Board of Directors in determining and reviewing the Company's compensation strategy and guidelines and the performance measures for compensation, and with the preparation of the motions to the General Meeting concerning compensation of the Board of Directors and the Management Board. It may submit suggestions and recommendations on further compensation matters to the Board of Directors. The Board of Directors may assign additional duties to the Nomination and Compensation Committee (Art. 733 CO and Article 26 of the Articles of Association). For the organization, scope of competence and duties of the Nomination and Compensation Committee, see page 144 and 145 of Montana Aerospace's Corporate Governance Report, which is an integral part of the Annual Report.

The Nomination and Compensation Committee comprises at least two members of the Board of Directors. The members should be independent. Non-executive members of the Board of Directors are deemed to be independent if they have never been a member of the Management Board or have been a member of the Management Board more than three years ago and have no or only relatively minor business relations with the Company (Article 26 of the Articles of Association).

The General Meeting elects the members of the Nomination and Compensation Committee individually. Only members of the Board of Directors may be elected. The term of office ends on conclusion of the next AGM (Article 26 of the Articles of Association). Re-election is possible. The Board of Directors appoints the chairperson of the Nomination and Compensation Committee among the members of the Nomination and Compensation Committee. The members of the Nomination and Compensation Committee were re-elected in the AGM on 23 May 2023. As of 31 December 2023, the Nomination and Compensation Committee consisted of Christian Hosp (Chairman), Michael Tojner (Member) and Thomas Williams (Member).

The Nomination and Compensation Committee meets upon invitation of the chairperson of the Nomination and Compensation Committee as frequently as business requires, but at least once annually. In 2023, the Nomination and Compensation Committee met six times. At five meetings, all members of the Committee attended the meetings, at one meeting, two members attended the meeting. Further, two members of the Board of Directors were invited to a meeting and one member of the Board of Directors was invited to another meeting. Also one member of the Management Board has been invited to two meetings and one member of the Management Board to another meeting. No external specialists were called in in 2023.

The Nomination and Compensation Committee takes minutes on the discussion and resolutions of all meetings. Members of the Board of Directors may demand from the chairperson of the Nomination and Compensation Committee to inspect the minutes at any time insofar as no conflict of interest exists. The Nomination and Compensation Committee may submit to the Board of Directors the recommendations it deems appropriate in all areas within its area of responsibility for which measures or improvements are necessary. In 2023, the Nomination and Compensation Committee reported its findings to the Board of Directors on four occasions.

COMPENSATION REPORT

Overview of areas of competence

The table below summarizes the areas of competence of the various bodies, boards and committees as regards the determination of the compensation. "D" refers to competence on final decision, "P" refers to preparation of the decision, "E" refers to execution of the final decision.

	General Meeting	Board of Directors	Nomination and Compensation Committee	Co-CEO
Maximum compensation of the Board of Directors	D	E	P	
Maximum compensation of the Management Board	D	E	P	
Compensation of the individual members of the Board of Directors		D/E	P	
Compensation of the individual members of the Management Board		D/E	P	
Resolutions on, additions or changes to granting of share-based compensation components		D/E	P	
Authorization of bargaining rounds, social plans or pension plans outside of the Boards		D		P/E
Advisory vote on compensation report[1]	D	E	P	

1 The compensation report is only subject to such advisory vote if variable compensation is voted on prospectively.

Loans granted to Members of the Board of Directors or the Management Board (audited)

According to Article 32 of the Articles of Association, members of the Board of Directors and of the Management Board may be granted loans and credits at arm's length conditions. The aggregate amount of such loans and credits may not exceed CHF 20,000,000.00.

Mandates outside of the Group (audited)

According to Article 34 of the Articles of Association, no member of the Board of Directors shall accept more than fifteen additional mandates in entities with commercial objectives, of which no more than five in listed entities. No member of the Management Board shall accept more than three additional mandates in entities with commercial objectives, of which no more than one in a listed entity. The following do not fall under these restrictions: (a) mandates in companies that are controlled by or that control the Company; and (b) mandates in companies that are accepted by order of the Company. A mandate is a membership in the board of directors, the management board and the board of advisors or a comparable position under foreign law in entities with a commercial objective. Mandates in different legal entities under the same control or beneficial ownership are considered to be one mandate.

Name	Function at the Company	Company	Listed Company	Function
Michael Tojner	Co-President of the Board of Directors	A.A.A. Beteiligungs-Invest GmbH*		Director
		Boot Tojner KG*		General partner/director
		DDr. Michael Tojner Immobilientreuhand Ges.m.b.H.*		Director
		Dorotheum GmbH		Member of the supervisory board
		Eff zwanzigneun Beteiligungsverwaltung GmbH*		Director
		Ein- und Verkauf Andreas Conrad-Billroth GmbH in Liqu.*		Liquidator
		"Erzengel" Michael Beteiligungsverwaltungs GmbH*		Director
		ESI Epsilon Immobilienbeteiligungs- und entwicklungs GmbH*		Director
		ESI Epsilon ZWEI Immobilienbeteiligungs- und entwicklungs GmbH*		Director
		Familie Tojner GmbH*		Director
		GEP Beteiligungs Invest GmbH*		Director
		"Gesfö" Bau- und Siedlungsgesellschaft m.b.H.*		Director
		Global Equity Partners Beteiligungs-Management Deutschland GmbH*		Director
		Global Equity Partners Beteiligungs-Management GmbH*		Director
		Hahl Pedex Group GmbH*		Director
		Haus Tojner KG*		General partner/director
		Hoher Markt 12 Projektentwicklungs GmbH*		Director
		Hydrox Green Power SPAC SE*		Member of the board of directors / managing director
		JBS 110a Bodner & Tojner OG*		General partner/director
		JP Immobilien Invest ZWEI GmbH*		Director
		L.A.I. Beteiligungs-Invest GmbH*		Director
		LF 1-3 Immobilienentwicklungs und -verwertungs GmbH*		Director
		Medies Investimo SRL*		Director
		Michael & Renate Tojner OG*		General partner/director
		Michael Tojner Finance-Beratung GmbH*		Director
		Michael Tojner Industriebeteiligungs und -beratungs GmbH*		Director
		Montana Tech Components AG*		Chairman of the board of directors
		MRT Realitäten KG*		General partner/director
		MTC Service GmbH*		Director
		MTIB Beteiligungsverwaltung KG*		General partner/director
		MVP Immobilien und Beteiligungen GmbH*		Director
		One Love Real Estate LLC*		Director
		Pertrix GmbH*		Director
		PORTS A GmbH*		Director
		PORTS Antares Beteiligungs GmbH*		Director
		SAS des Ajeux*		Director
		SLOVOFRUIT spol. s r.o. in Liquidation*		Director
		TrauBe Beteiligungs GmbH*		Director
		VARTA AG*	yes	Chairman of the supervisory board
		VARTA Consumer Pensions-Treuhand e.V.*		Chairman of the board
		VARTA Pensions-Treuhand e.V.*		Chairman of the board
		VARTA Unterstützungskasse GmbH*		Director
		VC Pensionen GmbH*		Director
		VGG Beteiligungen SE*		Member of the board of directors / managing director
		VI Immobilienbesitz GmbH & Co. KG*		Director
		VI Immobilienentwicklung GmbH & Co. KG*		Director
		VI Immobilienmanagement GmbH*		Director
		VIM GmbH*		Director
		VRT Pensionen GmbH*		Director
		WertInvest Ananas GmbH*		Director
		WertInvest Beteiligungs- und Immobilienberatungs GmbH*		Director
		WertInvest Beteiligungsverwaltungs GmbH*		Director
		WertInvest Buchbergstraße Immobilien GmbH*		Director
		WertInvest Ellwangen Immobilien GmbH*		Director
		WertInvest HighTech Unternehmensbeteiligungen GmbH*		Director
		WertInvest Hotelbetriebs GmbH*		Director
		WertInvest Immobilien Alpha GmbH*		Director
		WertInvest Immobilien Beta GmbH*		Director
		WertInvest Immobilienentwicklungs GmbH*		Director
		WertInvest Immobilientreuhand GmbH*		Director
		WertInvest Nekretnine d.o.o.*		Director
		WertInvest Park Holding GmbH*		Director
		WertInvest Schlossstraße Immobilien GmbH *		Director
		WertInvest und JP Immobilien- und Beteiligungsverwaltungs GmbH*		Director
		WIM Projektmanagement GmbH*		Director
Tom Williams	Co-President of the Board of Directors	FACC AG	yes	Member of the supervisory board
Christian Hosp	Member of the Board of Directors	Aluflexpack AG*	yes	Member of the board of directors
		ALUFLEXPACK NOVI d.o.o.*		Member of the supervisory board
		Christian Hosp Beteiligungs GmbH		Director
		IndustrieCapital AG*		Member of the board of directors
		Keystone Holding SA*		Member of the board of directors
		Montana Tech Components AG*		Member of the board of directors
		Montana Tech Components II AG*		Member of the board of directors
		SHW Invest AG		Chairman of the board of directors
		Vorsorgestiftung der Alu Menziken*		Chairman of the board of directors
		WLF Privatstiftung für Wissenschaft, Lehre und Forschung*		Member of the board of directors
Markus Vischer	Member of the Board of Directors	Aluflexpack AG*	yes	Member of the board of directors
		AAA Alpine Air Ambulance AG		President of the board of directors
		Hugo Boss (Schweiz) AG*		Member of the board of directors
		HUGO BOSS International Markets AG in Liquidation*		President of the board of directors and liquidator
		HUGO BOSS Ticino AG*		Member of the board of directors
		Montana Tech Components AG*		Member of the board of directors
		Stiftung juristische Weiterbildung Zürich		President of the Foundation Board
Silvia Buchinger	Member of the Board of Directors	Umdasch Group AG		Member of the supervisory board
Helmut Wieser	Member of the Board of Directors	Befesa S.A.	yes	Non-executive director
		Benteler International Aktiengesellschaft		Member of the supervisory board
		TTTech Industrial Automation AG		Member of the advisory council
Michael Pistauer	Member of the Management Board CFO and Co-CEO	Albona Privatstiftung		Director
		Communications Laboratories Telekommunikations Dienstleistungs GmbH*		Director
		Global Equity Partners Beteiligungs-Management Deutschland GmbH*		Director
		Hydrox Green Power Advisors Verwaltungs GmbH*		Director
		Hydrox Green Power Advisors GmbH & Co. KG*		Director (indirectly)
		Hydrox Green Power SPAC SE*		Member of the board of directors
		IndustrieCapital Eins GmbH*		Director
		Montana Aerospace Components Inc*		Director
		Montana Real Estate Inc*		Director
		MTC Real Estate Inc*		Director
		MTC US CORP*		Director
		PI Beteiligungs- und Unternehmensberatungsgesellschaft mbH*		Director
		SNews GmbH*		Director
		VARTA AG*	yes	Member of the supervisory board
		VARTA Consumer Pensions-Treuhand e.V.*		Member of the board
		VARTA Pensions Treuhand eV*		Member of the executive board
		VI Immobilienentwicklungs GmbH & Co KG*		Director (indirectly)
		Virtus Vier Beteiligungs GmbH*		Director
		VRT Pensionen GmbH*		Director
		WLF Privatstiftung für Wissenschaft, Lehre und Forschung*		Vice-Chairman of the board of directors

* Mandates in different legal entities under the same control or beneficial ownership that are considered to be one mandate
For clarification purposes, it is noted that Kai Arndt, member of the Management Board and Co-CEO, does currently not have any mandates outside the Group.

Employment contracts and mandate agreements

The Company or companies controlled by it may conclude contracts with members of the Board of Directors regarding their compensation. The term of such contract may not exceed their term of office (Article 35 of the Articles of Association). Montana Aerospace entered into mandate agreements with all members of the Board of Directors. The term of such agreements does not exceed the term of office of the members of the Board of Directors.

The Company or companies controlled by it may conclude open-ended or fixed-term employment agreements with members of the Management Board. The term of fixed-term contracts and the notice of termination for open-ended contracts that govern the compensation of the members of the Management Board shall not exceed one year (Article 35 of the Articles of Association).

The CFO and Co-CEO is employed under an employment contract with an unlimited term subject to a notice period of twelve months.

The Co-CEO has an employment contract with an unlimited term subject to a notice period of twelve months.

The CHRO had an employment contract that was mutually terminated as of 31 October 2023.

The former CEO, Mr. Nolte, was employed under an employment contract with a fixed term that expired on 31 March 2023.

Post-employment benefits

The Company shall pay the statutory employer social insurance contributions for the members of the Board of Directors. Apart from that, the Company shall not pay any contributions to the pension fund or other provident institutions for the members of the Board of Directors. According to Article 33 of the Articles of Association, members of the Management Board participate in the Company's pension plan. Further information on pension benefits are available in Article 33 of the Articles of Association.

Other items

No member of the Board of Directors and no member of the Management Board is entitled to joining bonuses that do not compensate for a verifiable financial disadvantage, severance payments that are contractually agreed or provided for in the Articles of Association (compensation that is due until the termination of the contracts does not constitute a severance payment) or a commission paid for taking over or transferring undertakings or parts thereof. Montana Aerospace provides each member of the Management Board with a company car and the Company covers a casualty insurance for one member of the Management Board.

Compensation paid in 2023

Board of Directors

The members of the Board of Directors received a fixed compensation and a variable compensation under the MSOP in 2023. In the year 2023, the fixed compensation was awarded in cash and amounted to EUR 430 k / CHF 418 k. In addition, the members of the Board of Directors received a variable compensation in the form of options to acquire shares in the Company in the amount of EUR 148 k / CHF 143 k. The fixed and variable compensation is detailed in the table below. The amounts stated are all gross and include social insurance contributions required by law and CHF amounts were translated using an average EUR/CHF exchange rate of 1/ 0,9718. Besides the payments outlined below, members of the Board of Directors received no other payments.

The AGM approved a maximum total amount of CHF 2,800,000.00 for the compensation of the Board of Directors for the period from the AGM 2023 to the AGM 2024.

2023 (audited)	Role	Fixed compensation in cash in EUR k / CHF	Social security and pension contributions in EUR k / CHF k	Additional compensation by Montana Aerospace EUR k / CHF k	MSOP – grant by Montana Aerospace EUR k / CHF k*	Total compensation EUR k / CHF k
Michael Tojner	Co-Chairman of the Board of Directors, Chairman of the Investment and Strategy Committee and Member of the Nomination and Compensation Committee	EUR 76 CHF 74			EUR 43 CHF 42	EUR 119 CHF 116
Thomas Williams	Co-Chairman of the Board of Directors, Member of the Nomination and Compensation Committee and the Investment and Strategy Committee	EUR 175 CHF 170			EUR 43 CHF 42	EUR 218 CHF 212
Christian Hosp	Member of the Board of Directors, Chairman of the Audit and Compliance Committee and the Nomination and Compensation Committee	EUR 48 CHF 46	EUR 4 CHF 4		EUR 22 CHF 21	EUR 72 CHF 71
Markus Vischer	Member of the Board of Directors and of the Audit and Compliance Committee	EUR 41 CHF 40			EUR 22 CHF 21	EUR 63 CHF 61
Silvia Buchinger **	Member of the Board of Directors	EUR 10 CHF 10				EUR 10 CHF 10
Helmut Wieser	Member of the Board of Directors and the Investment and Strategy Committee	EUR 33 CHF 33		EUR 30 CHF 29	EUR 17 CHF 17	EUR 81 CHF 78
Martin Ohneberg (former member)	Vice-Chairman of the Board of Directors, member of the Nomination and Compensation Committee, the Audit and Compliance Committee and the Investment and Strategy Committee (until May 23)	EUR 13 CHF 13				EUR 13 CHF 13
SUM EUR **SUM CHF**		**EUR 430** **CHF 418**		**EUR 148** **CHF 143**		**EUR 578** **CHF 562**

* In the Compensation Report, the value of the stock options granted under the MSOP in 2023 must be disclosed for the entire five year period, even if the vesting period occurs over a five years' periods. The amount is therefore calculated as [total number of options granted] x [fair value of options at grant date].

** Silvia Buchinger received a compensation in accordance with her employment contract that expired as of 31 October 2023 and only from 1 November 2023, she received a compensation as a member of the Board of Directors.

In 2022, the amount of compensation of the members of the Board of Directors is a fixed amount only. In the year 2022, the compensation was awarded in cash and amounted to EUR 213 k / CHF 214 k. In addition, based on a consultancy agreement that expired on 30 June 2022 between Montana Tech Components AG and Mr. Williams, Mr. Williams received a compensation of EUR 105 k / CHF 106 k in the year 2022 (see also table below). The amounts stated in the table are all gross. CHF amounts were translated using an average EUR / CHF exchange rate of 1 / 1.0047.

2022 (audited)	Role	Fixed compensation in cash in EUR k / CHF	Social security and pension contributions in EUR k / CHF k	Total compensation by Montana Aerospace AG EUR k / CHF k	Compensation granted by third parties / MTC AG EUR k / CHF k	Total compensation including compensation by third parties EUR k / CHF k
Michael Tojner	Co-Chairman of the Board of Directors, Chairman of the Nomination and Compensation Committee and the Investment and Strategy Committee	EUR 31 CHF 31		EUR 31 CHF 31		EUR 31 CHF 31
Thomas Williams	Co-Chairman of the Board of Directors, Member of the Nomination and Compensation Committee and the Investment and Strategy Committee	EUR 127 CHF 126		EUR 127 CHF 128	EUR 105 CHF 106	EUR 233 CHF 234
Martin Ohneberg	Vice-Chairman of the Board of Directors, member of the Nomination and Compensation Committee, the Audit and Compliance Committee and the Investment and Strategy Committee	EUR 24 CHF 24		EUR 24 CHF 24		EUR 24 CHF 24
Christian Hosp	Member of the Board of Directors and of the Audit and Compliance Committee	EUR 16 CHF 16	EUR 1 CHF 1	EUR 17 CHF 17		EUR 17 CHF 17
Markus Vischer	Member of the Board of Directors and of the Audit and Compliance Committee	EUR 15 CHF 15		EUR 15 CHF 15		EUR 15 CHF 15
SUM EUR **SUM CHF**		**EUR 213** **CHF 214**		**EUR 214** **CHF 215**		**EUR 319** **CHF 321**

Management Board

As of 31 December 2023, the Management Board consisted of Michael Pistauer (CFO and Co-CEO) and Kai Arndt (Co-CEO). In 2023, Mr Pistauer and Mr Arndt received a fixed and a short-term variable compensation in cash and were granted a potential variable compensation under the EBITDA-based bonus agreements, also in cash. The fixed and variable compensation of the members of the Management Board (including Markus Nolte whose employment contract expired on 31 March 2023 and Silvia Buchinger (CHRO) whose employment contract expired on 31 October 2023 as member of the Management Board) is detailed in the table below. The amounts stated are all gross and include social insurance and pension contributions required by law and CHF amounts were translated using an average EUR/CHF exchange rate of 1/ 0,9718. Besides the payments outlined below, members of the Management Board received no other payments.

The AGM approved a maximum total amount of EUR 10,500,000.00 for the compensation of the Management Board for the period from 1 January 2023 to 31 December 2023.

2023 (audited)	Base compensation in cash EUR k / CHF k	Variable compensation cash EUR k / CHF k	Social insurance and pension contributions EUR k / CHF k	Other contributions (company car, insurance, etc) EUR k / CHF k	Compensation by Group Companies	Compensation by Montana Aerospace EUR k / CHF k*	Grant of EBITDA-based bonus EUR k / CHF k* (estimate)	Total compensation by Montana Aerospace Including grant of potential EBITDA based bonus EUR k / CHF k
Total compensation: Management Board	EUR 1,161 CHF 1,128	EUR 834 CHF 810	EUR 74 CHF 72	EUR 73 CHF 71	EUR 47 CHF 46	EUR 2,188 CHF 2,126	EUR 6,223 CHF 6.048	EUR 8.412 CHF 8.174
Highest compensation: Kai Arndt, Co-CEO	EUR 487 CHF 473	EUR 350 CHF 340	EUR 15 CHF 14	EUR 39 CHF 38		EUR 890 CHF 865	EUR 3.112 CHF 3.024	EUR 4.002 CHF 3.889

* In the Compensation Report, the value of the bonus granted in 2023 (see section Bonus agreements / page 166 for further details) must be estimated at the time of the grant for the entire two year period, even if the calculation of the actual bonus and payment, if any, occurs only in 2026. The bonus was estimated on the basis of budgeted figures using the following calculation: Gross Bonus = 1.5% x ([8 x EBITDA] – Net Debt +/- Capital Adjustments, if any).

Markus Nolte resigned with effect as of 30 June 2022 from the Management Board, his employment contract expired on 31 March 2023. Silvia Buchinger (CHRO) resigned with effect as of 31 May 2023 from the Management Board. The employment contract of Silvia Buchinger expired on 31 October 2023. Mandatory employee social insurance contributions under the relevant country's applicable law are included in the base salary.

As of 31 December 2022, the Management Board consisted of Michael Pistauer (CFO and Co-CEO), Kai Arndt (Co-CEO) and Silvia Buchinger (CHRO). In 2022, members of the Management Board (including Markus Nolte and Herbert Roth who resigned with effect as of 30 June 2022 from the Management Board) received the compensation detailed in the table below in cash. The amounts stated are all gross and include social insurance and pension contributions required by law and CHF amounts were translated using an average EUR/CHF exchange rate of 1/ 1,0047. Besides the payment outlined below, members of the Management Board received no other payments.

2022 (audited)	Base compensation in cash in EUR k / CHF k	Variable compensation in cash in EUR k / CHF k	Social insurance and pension contributions in EUR k / CHF k	Other contributions (company car, insurance, etc) EUR k / CHF k	MSOP – grant by Montana Aerospace in EUR k / CHF k*	MSOP – consideration in relation to transfer of MSOP options to Montana Aerospace in EUR k / CHF k**	Total compensation by Montana Aerospace AG EUR k / CHF k	Compensation granted by third parties / MTC AG EUR k / CHF k	Total compensation including compensation by third parties EUR k / CHF k
Total compensation: Management Board	EUR 1,520 CHF 1,527	EUR 1,050 CHF 1,055	EUR 108 CHF 109	EUR 92 CHF 92	EUR 207 CHF 208	EUR 101 CHF 102	EUR 3,078 CHF 3,093	EUR 1,148 CHF 1,153	EUR 4,226 CHF 4,246
Highest compensation: Kai Arndt	EUR 476 CHF 478	EUR 350 CHF 352	EUR 14 CHF 14	EUR 39 CHF 39	EUR 177 CHF 178		EUR 1,056 CHF 1,061		EUR 1,056 CHF 1,061

* In the Compensation Report, the value of the stock options granted under the MSOP in 2022 must be disclosed for the entire five year period, even if the vesting period occurs over a five years' periods. The amount is therefore calculated as [total number of options granted] x [fair value of options at grant date].

** Calculated as follows: [number of options transferred by MTC AG to Montana Aerospace] x [fair value of options at transfer date with exercise price CHF 25.65] - [number of options transferred by MTC AG to Montana Aerospace] x [fair value of options at transfer date with new exercise price CHF 18]

The members of the Management Board and the Board of Directors have the following shareholdings and options in the Company:

(Audited)	Function	Number of shares as of 31.12.2023	Number of options (from the MSOP*) as of 31.12.2023	Number of shares as of 31.12.2022	Number of options (from the MSOP*) as of 31.12.2022
Michael Tojner	Co-President of the Board of Directors	32,420,969.00	42,880	32,420,969.00	–
Tom Williams	Co-President of the Board of Directors	7,850	42,880	7,850	–
Christian Hosp	Member of the Board of Directors		21,440	0	–
Markus Vischer	Member of the Board of Directors		21,440	0	–
Silvia Buchinger	Member of the Board of Directors		21,440	0	21,440
Helmut Wieser	Member of the Board of Directors	1,500	15,008	n/a**	n/a.**
Michael Pistauer	Member of the Management Board, Co-CEO, CFO	9,288	428,640	9,288	428,640
Kai Arndt	Member of the Management Board, Co-CEO	16,650	128,640	6,650	128,640

* see section MSOP page 167 for further details

** not a member of the Board of Directors in 2022

Outlook

In order to better align Montana Aerospace's compensation policy with its long-term strategic objectives, the Management Board is currently revising a long-term incentive program for the extended management other than the Management Board and the Board of Directors within the parameters of the law and the Articles of Association with the intention that the such revised compensation system, which as of the day of the publication of this report has neither been finalized nor submitted for approval to the Board of Directors, will have a stronger focus on the achievement of long-term strategic objectives. In addition, the intention for the new system is to include ESG targets in addition to financial and individual targets.

Report of the statutory auditor

To the General Meeting of Montana Aerospace AG, Reinach (AG)

Report on the Audit of the Compensation Report

Opinion
We have audited the Compensation Report of Montana Aerospace AG (the Company) for the year ended 31 December 2023. The audit was limited to the information pursuant to Art. 734a-734f of the Swiss Code of Obligations (CO) in the information and tables marked "audited" on pages 169 to 170 and 172 to 175 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the accompanying Compensation Report complies with Swiss law and the Company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibili-ties under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Compensation Report" section of our report. We are independent of the Company in accordance with the pro-visions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical re-sponsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the information and tables marked "audited" in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor's reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report 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.

Board of Directors' Responsibilities for the Compensation Report
The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibilities for the Audit of the Compensation Report
Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is 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 and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Daniel Haas	Roman Künzle
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

St. Gallen, 2 April 2024

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in TEUR)	Notes	31.12.2023	31.12.2022
ASSETS			
Intangible assets and goodwill	7	290,369	305,752
Property, plant and equipment	8	722,988	744,997
Investment properties	8	7,016	5,521
Equity-accounted investees	9	34,542	30,125
Loans	26	35,643	10,870
Other financial assets	26	3,013	3,011
Other receivables and assets	12	47,964	60,458
Deferred tax assets	14	6,589	6,916
Non-current assets		**1,148,124**	**1,167,650**
Inventories	11	334,440	323,980
Contract assets	26	27,972	23,969
Trade receivables	5 / 26	159,260	171,413
Income tax receivables	14	2,134	6,140
Receivables from affiliated companies	27	1,569	1,525
Loans	26	3,066	3,058
Other receivables and assets	12	83,642	96,697
Cash and cash equivalents	13	175,252	426,215
Current assets		**787,336**	**1,052,997**
TOTAL ASSETS		**1,935,460**	**2,220,647**
EQUITY AND LIABILITIES			
Share capital	16	56,480	56,480
Share premium	16	921,061	918,245
Retained earnings	16	-41,380	-15,689
Equity attributable to owners of Montana Aerospace AG	16	**936,161**	**959,036**
Non-controlling interests	16	-1,803	-1,405
Total equity	16	**934,358**	**957,631**
Loans and borrowings	17	258,928	466,436
Other financial liabilities	17	95,094	104,641
Deferred tax liabilities	14	46,274	62,823
Provisions	18	39,250	39,548
Employee benefits	15	17,270	16,809
Contract liabilities	26	7,014	5,944
Other liabilities and accruals	19	85,113	93,794
Non-current liabilities		**548,943**	**789,995**
Loans and borrowings	17	82,276	122,913
Other financial liabilities	17	14,744	11,593
Tax liabilities	14	987	718
Provisions	18	10,347	7,781
Employee benefits	15	23,629	21,544
Trade payables	26	230,361	224,141
Contract liabilities	26	8,670	3,698
Liabilities from affiliated companies	27	5,380	989
Other liabilities and accruals	19	75,765	79,643
Current liabilities		**452,159**	**473,020**
TOTAL LIABILITIES		**1,001,102**	**1,263,015**
TOTAL EQUITY AND LIABILITIES		**1,935,460**	**2,220,647**

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(in TEUR)	Notes	2023	2022
Net sales	5	**1,430,384**	**1,306,134**
Change in finished and unfinished goods		-10,317	12,433
Own work capitalized		13,805	29,739
Other operating income	21	51,815	104,832
Cost of materials, supplies and services		-889,022	-857,150
Personnel expenses	20	-287,364	-268,265
Other operating expenses	22	-191,469	-200,799
EBITDA*		**117,832**	**126,924**
Depreciation and amortization	7 / 8	-102,997	-109,233
OPERATING RESULT		**14,835**	**17,691**
Interest income	23	8,759	7,990
Interest expenses	23	-47,949	-32,995
Other financial income	23	1,622	5,700
Other financial expenses	23	-30,486	-27,076
FINANCIAL RESULT		**-68,054**	**-46,381**
Share of result of equity-accounted investees, net of tax	9	1,420	0
RESULT BEFORE TAX		**-51,799**	**-28,690**
Income tax expense / income	14	13,391	-8,085
RESULT FOR THE PERIOD		**-38,408**	**-36,775**
Thereof attributable to:			
Owners of Montana Aerospace AG		-37,951	-36,110
Non-controlling interests		-457	-665
EARNINGS PER SHARE (IN EUR)			
Basic earnings per share	16	-0.61	-0.59
Diluted earnings per share	16	-0.61	-0.59

* EBITDA is calculated as result for the year before income tax expense, interest income, other finan-cial income, interest expenses, other financial expenses and depreciation and amortization.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(in TEUR)	Notes	2023	2022
Result for the period		**−38,408**	**−36,775**
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Remeasurements of the defined benefit liability (asset)	15	−2,775	10,613
Equity-accounted investees – share of OCI	14	135	0
Related taxes		322	−1,350
		−2,318	**9,263**
ITEMS THAT ARE OR MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Effective portion of changes in fair value of cash flow hedges		15,628	−4,824
Foreign exchange differences		−296	23,933
Equity-accounted investees – share of OCI		11	0
Related taxes	14	−708	384
		14,635	**19,493**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**12,317**	**28,756**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**−26,091**	**−8,019**
Thereof attributable to:			
Owners of Montana Aerospace AG		−25,693	−7,319
Non-controlling interests		−398	−700

CONSOLIDATED STATEMENT OF CASH FLOWS

(in TEUR)	Notes	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES			
Result before tax		−51,799	−28,690
Net interest income		39,190	25,005
Share of result of equity-accounted investees, net of tax		−1,420	0
Depreciation and amortization	7 / 8	102,997	109,233
Changes in fair value of real estate held as investment property		−1,091	0
Gains and losses from disposals of property, plant and equipment and intangible assets		447	−8,667
Gains from disposal of subsidiaries		0	−10,203
Bargain purchase		0	−16,850
Other non-cash income and expenses	25	12,140	10,107
Subtotal		**100,464**	**79,935**
Changes in assets and liabilities:			
Inventories		−11,163	−39,990
Trade receivables and other current assets		17,732	−25,169
Trade payables and other current liabilities		17,562	110,955
Provisions and liabilities for employee benefits		−1,333	12,353
Subtotal		22,798	58,149
Income taxes paid		835	−6,688
NET CASH FROM OPERATING ACTIVITIES		**124,098**	**131,396**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of subsidiaries less cash acquired	6	−190	−91,135
Disposal of subsidiaries less cash disposed of	6	0	8,480
Acquisition of intangible assets and property, plant and equipment	7 / 8 / 25	−69,415	−85,956
Disposal of intangible assets and property, plant and equipment	7 / 8 / 25	582	11,195
Payments made for capital contribution to associates		−2,884	−833
Loans granted to joint ventures	27	−9,400	0
Repayment of loans granted to joint ventures	27	2,000	0
Other payments received for disposal of financial assets		0	4
Other payments made for investing activities		−3	0
Interest received		7,784	7,978
NET CASH FROM INVESTING ACTIVITIES		**−71,526**	**−150,267**
CASH FLOW FROM FINANCING ACTIVITIES			
Payments received from affiliated companies in connection with share-based remuneration		0	1,923
Repayment of the non-redeemable loan		0	−13,557
Issuance of interest-bearing liabilities	17	328,872	137,376
Repayment of interest-bearing liabilities	17	−580,804	−154,150
Payment of lease liabilities	17	−8,866	−10,123
Interest paid		−42,470	−27,896
NET CASH FROM FINANCING ACTIVITIES		**−303,268**	**−66,427**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**−250,696**	**−85,298**
Cash and cash equivalents as at 1 January	13	426,215	509,059
Effect of exchange rate changes on cash and cash equivalents		−267	2,454
Cash and cash equivalents as at 31 December	13	175,252	426,215

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company								
(in TEUR)	Notes	Share capital	Share premium	Foreign Exchange Differences	Fair Value Reserve	Other retained earnings	Total Retained earnings	Total	Non-controlling interest	Total equity
Balance as of January 1, 2023		**56,480**	**918,245**	**40,276**	**−4,985**	**−50,978**	**−15,689**	**959,036**	**−1,405**	**957,631**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD										
Result for the period						−37,951	−37,951	−37,951	−457	−38,408
Other comprehensive income for the period, net of tax				−344	14,920	−2,318	12,258	12,258	59	12,317
Total		**0**	**0**	**−344**	**14,920**	**−40,269**	**−25,692**	**−25,692**	**−398**	**−26,090**
TRANSACTIONS WITH OWNERS OF THE COMPANY										
Effect of share-based payments	16 / 24		2,816					2,816		2,816
Total		**0**	**2,816**	**0**	**0**	**0**	**0**	**2,816**	**0**	**2,816**
Balance as of December 31, 2023		**56,480**	**921,061**	**39,932**	**9,935**	**−91,247**	**−41,380**	**936,161**	**−1,803**	**934,358**

	Attributable to owners of the Company									
(in TEUR)	Share capital	Share premium	Non-redeemable loan	Foreign Exchange Differences	Fair Value Reserve	Other retained earnings	Total Retained earnings	Total	Non-controlling interest	Total equity
Balance as of January 1, 2022	**52,164**	**849,076**	**15,195**	**16,308**	**−545**	**−26,642**	**−10,880**	**905,555**	**−704**	**904,851**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD										
Result for the period						−36,110	−36,110	−36,110	−665	−36,775
Other comprehensive income for the period, net of tax				23,968	−4,440	9,263	28,791	28,791	−35	28,756
Total	**0**	**0**	**0**	**23,968**	**−4,440**	**−26,847**	**−7,319**	**−7,319**	**−700**	**−8,019**
TRANSACTIONS WITH OWNERS OF THE COMPANY										
Capital increase	4,316	65,954						70,270		70,270
Transaction costs from capital increase		−907						−907		−907
Effect of share-based payments		2,198						2,198		2,198
Payments received from affiliated companies in connection with share-based remuneration		1,923						1,923		1,923
Repayment of the non-redeemable loan			−15,195			2,511	2,511	−12,684		−12,684
Total	**4,316**	**69,168**	**−15,195**	**0**	**0**	**2,511**	**2,511**	**60,800**	**0**	**60,800**
Balance as of December 31, 2022	**56,480**	**918,245**	**0**	**40,276**	**−4,985**	**−50,978**	**−15,689**	**959,036**	**−1,405**	**957,631**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting entity

Montana Aerospace AG ("Montana Aerospace" or "the Company") is a worldwide supplier of structural parts for the Aerospace, E-mobility and Energy industries and was incorporated on 25 November 2019 in Switzerland with its registered office in Reinach, Switzerland. These consolidated financial statements as at and for the twelve months ended 31 December 2023 comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies').

The controlling parent company of Montana Aerospace is Montana Tech Components AG ("MTC").

2. Basis of preparation

Transactions with MTC Group
Transactions between the Group and MTC Group entities outside the scope of Montana Aerospace have not been eliminated and are reported as transactions with affiliated companies in these Consolidated Financial Statements (see note 27).

Basis of accounting
The consolidated financial statements have been prepared in accordance with IFRS Accounting standards.

Details of the Group's accounting policies are included in note 31.

Changes to material accounting policies are described in note 31.15.

These financial statements were authorized for issue by the Board of Directors on 2 April 2024. They further have to be approved by the next shareholder meeting.

Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention, unless otherwise indicated. All amounts are in thousands of euros unless otherwise stated.

3. Functional and presentation currency

These consolidated financial statements are presented in Euro (EUR). The Company's functional currency is the Swiss Franc (CHF). All amounts have been rounded to the nearest thousand, unless otherwise indicated.

4. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Accounting for acquisitions
Goodwill is reported in the consolidated balance sheet because of company acquisitions. As part of the initial consolidation of a company acquisition, assets acquired, liabilities assumed (including contingent consideration) are recognized at fair values as of the effective acquisition date. The valuation of intangible assets is, in particular, based on the forecast of the total expected cash flows and consequently strongly dependent on the assumptions of the management regarding future developments as well as the underlying developments of the discount rate to be applied (see note 7).

Useful life on non-current assets
Property, plant and equipment, and acquired intangible assets are recognized at acquisition costs and are depreciated/amortized 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 of the useful life of an asset. Hence, the carrying amount would be depreciated/amortized over the remaining shorter useful life, resulting in higher annual depreciation/amortization expenses (see note 7 and note 8).

Impairment of non-current assets
Goodwill and intangible assets with indefinite useful lives are tested for impairment during an annual impairment test. Furthermore, a recoverability evaluation of Goodwill and intangible assets is performed whenever events that have occurred or circumstances that have changed indicate that the carrying amount of an asset or a group of assets exceeds its recoverable amount. During this impairment test, the evaluation of Goodwill and intangible assets is also based on budget assessments of market or company-specific discount rates, expected annual growth rates, and gross margin/costs development. The assumptions involved in these calculations may change and may lead to an impairment loss in future periods (see note 7).
More information on the impairment tests conducted is given in note 7. However, the assumptions made could be subject to changes that could lead to impairment losses in future periods.

If there is any impairment indication of property, plant and equipment and intangible assets with finite useful lives, an impairment test is performed to determine the new carrying amount and the difference between the previous and the new carrying amounts is recognized in profit or loss.

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 based on 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 or probable that deferred tax assets will be recovered and necessitate a value adjustment regarding 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. Tax losses carried forward are shown in note 14.

Measurement of fair values
A number of the Group's accounting policies and disclosures require the measurement of fair values for financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.
The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

5. Segment reporting

5.1. Basis for segmentation

Operating segments requiring to be reported are determined on the basis of a management approach. Accordingly, external segment reporting reflects the internal organizational and management structure used within the Group as well as internal financial reporting to the chief operating decision maker.
In the case of Montana Aerospace, the chief operating decision maker is the Board of Directors of Montana Aerospace AG.

The reporting is divided into the segment "Aerostructures", "E-mobility" and "Energy". In addition, unallocated costs are reported separately under "Reconciliation".

Aerostructures
The **Aerostructures segment** is a partner for aircraft manufacturers. The segment develops and manufactures aircraft parts. The Group's product portfolio ranges from structural components for fuselage, wings and landing gear to critical engine components subject to high thermal and mechanical loads, and functional components for the cabin interior.

E-mobility
The **E-mobility segment** manufactures lightweight components for the e-mobility sector. The segment is specialized in the production of components and assemblies, such as crash management systems and battery boxes.

Energy
The **Energy segment** produces components for the energy infrastructure. The segment specializes in copper processing and has high-level expertise in copper refinement and insulation systems.

The accounting and measurement policies for the segment reporting are based on the IFRS used in the present consolidated financial statements. The Board of Directors (CODM) uses adjusted EBITDA for management purposes (see note 5.2).

5.2. Adjusted performance indicators

The adjustments are made to eliminate non-operational expenses and income not attributed to management performance. The following were incurred during the reporting and comparison periods:

(in TEUR)	2023	2022
EBITDA as reported	**117,832**	**126,924**
Legal costs	14,657	2,568
M&A and PMI related expenses	925	2,539
Stock option plans (share-based payment)	2,816	2,198
ASTA IPO preparation costs	1,435	
Adjusted EBITDA	**137,665**	**134,230**

5.3. Information according to reportable segments

The management variables, which are used to assess the performance of the operating segments, are shown below:

	Aerostructures		E-mobility		Energy		Total		Reconciliation		Group	
(in TEUR)	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External net sales	703,067	635,523	160,036	191,018	567,281	479,594	1,430,384	1,306,134			1,430,384	1,306,134
Net sales between segments	1,462	904	836	204			2,298	1,108	−2,298	−1,108	0	
Total net sales	**704,529**	**636,427**	**160,872**	**191,222**	**567,281**	**479,594**	**1,432,682**	**1,307,243**	**−2,298**	**−1,108**	**1,430,384**	**1,306,134**
Adjusted EBITDA	**89,151**	**69,398**	**25,381**	**24,397**	**25,067**	**33,617**	**139,599**	**127,412**	**−1,934**	**6,818**	**137,665**	**134,230**
Non-operative income and expenses	−15,582	−3,690				−327	−15,582	−4,017	−4,251	−3,289	−19,833	−7,306
EBITDA	**73,569**	**65,708**	**25,381**	**24,397**	**25,067**	**33,290**	**124,017**	**123,395**	**−6,185**	**3,529**	**117,832**	**126,924**
Depreciation and amortization	−82,527	−89,418	−10,111	−10,514	−10,174	−9,079	−102,812	−109,011	−185	−222	−102,997	−109,233
Operating result											**14,835**	**17,691**
Financial result											**−68,054**	**−46,381**
Share of result of equity-accounted investees, net of tax											1,420	
Result before tax											**−51,799**	**−28,690**
Income tax expense / income											13,391	−8,085
Result for the period											**−38,408**	**−36,775**
Investments	**54,020**	**77,222**	**6,120**	**6,647**	**13,707**	**8,211**	**73,847**	**92,080**	**−87**	**−18**	**73,760**	**92,062**

A summary of the elimination of intra-Group interdependencies between the segments is provided in the reconciliation column. The reconciliation column also contains facts that are not directly allocated to any segment, such as the effects of share-based payment.

5.4. Entity-wide disclosures

INFORMATION BY GEOGRAPHICAL SEGMENT

	2023		2022	
(in TEUR)	Net sales*	Non-current assets**	Net sales*	Non-current assets**
Switzerland	22,440	41,669	26,723	39,239
Germany	198,499	5,245	208,559	5,351
Austria	29,306	35,508	41,566	34,132
UK	14,615		26,288	
Poland	24,651		21,813	
Slovenia	18,723		24,703	
Turkey	13,539		16,502	
France	31,384	4,070	25,649	3,339
Spain	7,003		11,041	
Italy	12,707		21,262	
Finland	3,697		8,484	
Sweden	11,204		12,496	
Romania	7,592	387,481	11,737	396,441
Russia	392		7,931	
Belgium	145,444	190,985	110,695	199,043
Rest of Europe	84,719	5,860	62,430	6,238
USA	331,216	182,569	254,570	195,493
Canada	20,366	26,230	17,188	27,995
Mexico	19,766		18,014	
Brazil	193,451	40,585	142,134	37,096
Rest of America	41,333		31,281	
China	100,708	7,337	102,025	7,427
India	32,045	7,748	38,271	8,298
Vietnam	8,035	85,086	10,473	96,178
Rest of Asia	52,430		48,129	
Africa, Australia and New Zealand	5,119		6,170	
Total	**1,430,384**	**1,020,373**	**1,306,134**	**1,056,270**

* 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

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

	2023		2022	
(in TEUR)	Net sales	Trade receivables	Net sales	Trade receivables
thereof product sales	1,429,964	156,236	1,298,434	171,262
thereof service sales	420	3,024	7,700	152
Total	**1,430,384**	**159,260**	**1,306,134**	**171,413**

Key accounts

In 2023 – as in the previous year – 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 2023 as well as at 31 December 2022 that have an original expected duration of one year or less, as allowed by IFRS 15.

6. Significant changes to the scope of consolidation

6.1. Significant changes in 2023

In the financial year 2023 there were no significant changes to the scope of consolidation.

6.1.1. Business combinations (according to IFRS 3)

6.1.1.1. Asco

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

a) Consideration transferred

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

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

b) Costs associated with the business combination

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

c) Goodwill

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

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

d) Contributions to revenue and financial results

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

6.1.1.2. São Marco

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

a) Costs associated with the business combination

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

b) Contributions to revenue and financial results

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

6.1.1.3. Identifiable net assets, goodwill / bargain purchase and cash out-flows

The identifiable net assets, goodwill / bargain purchase and cash outflows were as follows:

(in TEUR)	Asco	São Marco	Total
Intangible assets	80,250	5,917	86,167
– thereof customer relations	*53,151*	*5,911*	*59,062*
– thereof brand	*26,998*	*0*	*26,998*
Property, plant and equipment	156,005	16,471	172,476
Financial assets	1,494	0	1,494
Other non-current assets	13,012	12,894	25,906
Inventories	55,723	16,096	71,819
Trade receivables	72,439	17,774	90,213
Other current receivables	4,117	6,875	10,992
Cash and Cash equivalents	53,511	1,223	54,734
Non-current financial liabilities	−124,678	0	−124,678
Other non-current liabilities	−83,228	−15,720	−98,948
Current financial liabilities	−4,913	−16	−4,929
Other current liabilities	−68,389	−9,126	−77,515
Total identifiable net assets acquired	**155,343**	**52,387**	**207,730**
Cash and cash equivalents	115,986	29,382	145,368
Equity instruments	70,270	0	70,270
Deferred consideration	25,474	6,154	31,628
Total consideration transferred	**211,730**	**35,536**	**247,266**
Fair value of identifiable net assets acquired	−155,343	−52,387	−207,730
Goodwill	**56,387**	**0**	**56,387**
Bargain purchase	**0**	**−16,850**	**−16,850**
Cash and cash equivalents	115,986	29,382	145,368
Less acquired cash and cash equivalents	−53,511	−1,223	−54,734
Cash and cash equivalents relating to business combinations of previous years			500
Total cash outflow (+), cash inflow (−)	**62,475**	**28,159**	**91,135**

Trade accounts receivable include gross amounts of contractual receivables amounting to TEUR 90,451, of which TEUR 150 relating to Asco as well as TEUR 88 relating to São Marco were estimated to be uncollectible at the time of acquisition.

6.1.2. Disposal of group companies

6.1.2.1. Disposal of AMT group

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

a) Result from disposal

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

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

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

c) No discontinued operation

Net sales and earnings contribution of AMT group is insignificant from a group perspective. AMT group is no significant line of business and consequently no discontinued operation.

6.1.2.2. Disposal of Neviton

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

a) Result from disposal

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

6.1.2.3. Disposed net assets, total consideration received and cash inflows

The disposed net assets, total consideration received and cash inflows were as follows:

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

7. Intangible assets

(in TEUR)	Goodwill	Customer relationships and other intangible assets	Corporate brand	Other rights and payments in advance	Capitalized development cost	Licenses	Total
COST							
Balance as of January 01, 2022	**81,527**	**143,885**	**2,613**	**3,762**	**44,726**	**6,762**	**283,275**
FX differences	1,870	2,195	109	–3	1,465	56	5,692
Additions consolidation scope	56,387	59,062	26,998		10	97	142,554
Disposals consolidation scope	–31,811	–10,079	–847	–919	–4	–1,790	–45,450
Additions		533		326	17,393	112	18,364
Disposals		–17					–17
Transfer		13,160		–262	–14,211	208	–1,105
Balance as of December 31, 2022	**107,973**	**208,739**	**28,873**	**2,904**	**49,379**	**5,445**	**403,313**
FX differences	–909	–1,008	–65		–1,348	–5	–3,335
Additions		1,935			7,836	111	9,882
Disposals		–4,545				–32	–4,577
Transfer		11,469			–11,269	378	578
Balance as of December 31, 2023	**107,064**	**216,590**	**28,808**	**2,904**	**44,598**	**5,897**	**405,861**
ACCUMULATED AMORTIZATION AND IMPAIRMENT LOSSES							
Balance as of January 01, 2022	**22,089**	**55,182**	**620**	**3,242**	**3,655**	**4,983**	**89,771**
FX differences		186	20	–1	198	35	438
Disposals consolidation scope	–2,264	–9,888	–414	–862	–4	–1,617	–15,049
Additions		15,723	1,624	68	4,054	861	22,330
Impairment		112					112
Disposals		–17					–17
Transfer		–23					–23
Balance as of December 31, 2022	**19,825**	**61,275**	**1,850**	**2,447**	**7,903**	**4,262**	**97,562**
FX differences		–162	–20	0	–326	10	–498
Additions		15,607	1,923	52	4,786	507	22,875
Impairment						116	116
Disposals		–4,545				–32	–4,577
Transfer		13					13
Balance as of December 31, 2023	**19,825**	**72,188**	**3,753**	**2,499**	**12,363**	**4,863**	**115,491**
CARRYING AMOUNT							
as of January 01, 2022	59,438	88,703	1,993	520	41,071	1,779	193,504
as of December 31, 2022	88,148	147,464	27,023	457	41,476	1,183	305,752
as of December 31, 2023	87,239	144,402	25,055	405	32,235	1,034	290,369

CONSOLIDATED FINANCIAL STATEMENTS

In 2023, research and development costs of TEUR 68 (2022: TEUR 52) were recognized through profit or loss.

In 2023, there were impairment losses of TEUR 116 (2022: TEUR 112) in the segment Energy.

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

(in TEUR)	Goodwill	Customer relationships with indefinite useful life	Customer relationships with finite useful life	First Article Inspection*	Other intangible assets	Corporate brand with finite useful life
31 December 2023						
Aerostructures	87,112	31,504	46,950	54,200	6,072	25,055
thereof Aerospace Components	*30,725*	*31,504*		*54,200*	*6,072*	*1,207*
thereof Asco	*56,387*		*46,950*		*0*	*23,848*
E-mobility	126				211	0
Energy			5,182		283	0
Total	**87,239**	**31,504**	**52,132**	**54,200**	**6,566**	**25,055**
31 December 2022						
Aerostructures	88,023	32,497	50,493	52,517	5,515	27,023
thereof Aerospace Components	*31,636*	*32,497*		*52,517*	*5,515*	*1,375*
thereof Asco	*56,387*		*50,493*		*0*	*25,648*
E-mobility	126				775	0
Energy			5,340		328	0
Total	**88,149**	**32,497**	**55,833**	**52,517**	**6,618**	**27,023**

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

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

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, U.S. 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 2023 and the classification of an indefinite useful life is confirmed.

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.

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 three to five financial years. After this period 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 CGU's 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:

	Post-tax discount rate	Pre-tax discount rate	Terminal value growth rate
2023			
Aerospace Components	9.35%	11.25%	2.76%
Asco	8.46%	10.17%	2.77%
2022			
Aerospace Components	9.84%	11.58%	3.51%
Asco	9.23%	10.98%	3.50%

In 2023, the impairment tests have revealed that the remaining 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.

Reasonable possible changes in key assumptions would not lead to an impairment. It was analyzed how the value in use would change if the WACC was adjusted by +/- 0.7% in combination with changes in the terminal value growth rate of +/- 50%.

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

The value in use of the CGU Aerospace Components is higher than the carrying amount and would correspond to the carrying amount with a post-tax discount rate of 12.57% (instead of 9.35%) resp. a negative growth rate in the terminal value of -1.64% (instead of 2.76%). The estimated recoverable amount of the CGU exceeded its carrying amount by approximately TEUR 106,880. The underlying planning period is 3 years.

In the CGU Asco, the value in use is higher than the carrying amount and would correspond to the carrying amount with a post-tax discount rate of 10.79% (instead of 8.46%) resp. a negative growth rate in the terminal value of -0.71% (instead of 2.77%). The estimated recoverable amount of the CGU exceeded its carrying amount by approximately TEUR 124,969. The underlying planning period is 5 years.

CONSOLIDATED FINANCIAL STATEMENTS

8. Property, plant and equipment and Investment properties

(in TEUR)	Investment properties	Land	Buildings	ROU – Land & Buildings	Technical equipment and machinery	ROU – Technical equipment and machines	Other equipment	ROU – Other equipment	Plant under construction and payments in advance	Property, plant and equipment
COST										
Balance as of January 01, 2022	**5,263**	**29,271**	**157,078**	**48,604**	**446,108**	**822**	**76,689**	**3,309**	**134,115**	**895,996**
FX differences	258	-260	1,395	2,141	10,048	9	1,985	68	124	15,510
Additions consolidation scope	0	27,818	63,155	4,469	72,059		2,394	1,665	916	172,476
Disposals consolidation scope	0	-987	-8,845	-10,947	-4,980	-655	-4,511	-2,004	-11	-32,940
Additions	0	531	1,309	7,295	7,683	30	12,997	1,806	42,046	73,697
Disposals	0	-153	-20,352	-118	-3,831		-7,146	-108		-31,708
Transfer	0		9,911		58,162		5,028		-71,996	1,105
Other	0	0	0	0	0	0	2,435	0	0	2,435
Balance as of December 31, 2022	**5,521**	**56,220**	**203,651**	**51,444**	**585,249**	**206**	**89,871**	**4,736**	**105,194**	**1,096,571**
FX differences	404	457	-9	-1,474	-5,111	0	-319	62	-366	-6,760
Additions	0	130	777	548	8,672	495	8,140	1,606	43,510	63,878
Disposals	0	0	-28	-165	-5,742	-71	-2,212	-306		-8,524
Transfer	0	45	960	-5	29,317	39	2,733		-33,668	-579
Fair Value Changes	1,091									0
Balance as of December 31, 2023	**7,016**	**56,852**	**205,351**	**50,348**	**612,385**	**669**	**98,213**	**6,098**	**114,670**	**1,144,586**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES										
Balance as of January 01, 2022	**0**	**5,240**	**29,883**	**18,721**	**179,292**	**730**	**56,220**	**2,067**	**0**	**292,153**
FX differences		-14	467	787	4,281	8	1,632	49		7,210
Disposals consolidation scope		-485	-2,363	-4,358	-3,398	-652	-3,293	-1,355		-15,904
Depreciation		615	8,589	8,029	54,414	64	12,027	1,519	112	85,369
Impairment loss					724		697			1,421
Disposals			-8,295	-46	-3,294		-6,972	-92		-18,699
Transfer			23		4		-4			23
Balance as of December 31, 2022	**0**	**5,356**	**28,304**	**23,133**	**232,023**	**150**	**60,307**	**2,188**	**112**	**351,573**
FX differences		-19	485	-734	-2,313	0	51	190	-208	-2,549
Depreciation		609	8,369	7,668	46,090	172	12,568	1,510	-112	76,874
Impairment loss									3,132	3,132
Disposals			-28	-141	-5,045	-71	-1,880	-254		-7,419
Transfer					-13		13		-13	-13
Balance as of December 31, 2023	**0**	**5,946**	**37,130**	**29,926**	**270,742**	**251**	**71,059**	**3,634**	**2,911**	**421,598**
CARRYING AMOUNT										
as of January 01, 2022	5,263	24,031	127,195	29,883	266,816	92	20,469	1,242	134,115	603,843
as of December 31, 2022	5,521	50,864	175,347	28,311	353,226	56	29,564	2,548	105,082	744,997
as of December 31, 2023	7,016	50,906	168,221	20,422	341,643	418	27,154	2,464	111,759	722,988

Investments were focused on the development of production capabilities in Romania.

Operating property, plant and equipment show restrictions on disposal of TEUR 0 (2022: TEUR 69,680). Contractual commitments for the acquisition of property, plant and equipment amount to TEUR 8,846 (2022: TEUR 18,940).

In 2022, there were impairment losses of TEUR 3,132 (2022: TEUR 1,421) in the segment Aerostructures.

Investment properties

Real estate held as investment property is measured at fair value. In 2023 changes in fair value were TEUR 1,091 (2022: TEUR 0).

Real estate held as investment property achieved rental income of TEUR 196 (2022: TEUR 182).

9. Equity-accounted investees

The carrying amounts of equity-accounted investees are as follows:

(in TEUR)	2023	2022
Alpine Metal Tech GmbH	29,331	27,798
Total carrying amount of joint ventures	**29,331**	**27,798**
Belairbus NV	129	129
Flabel Corporation NV	81	81
BeLightning NV	5,001	2,117
Total carrying amount of associates*	**5,211**	**2,327**
Total carrying amount of joint ventures and shares in associates	**34,542**	**30,125**

* Any company of which Montana Aerospace 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 Montana Aerospace, is considered as an associate.

Alpine Metal Tech GmbH (AMT)

Since 23 December 2022, the company is holding 47% of the limited partner's share of AMT group.

(in TEUR)	2023*	2022
Non-current assets	60,201	60,055
Current assets	82,182	75,177
Non-current liabilities	39,318	30,195
Current liabilities	40,657	45,894
Equity	62,408	59,144
Net Sales	107,854	109,619
Result before tax	2,160	10,026
Result for the year	3,022	8,620
Other comprehensive income for the year, net of tax	240	992
Total comprehensive income for the year	3,262	9,612

* These are preliminary figures. Any deviations from the final figures as of December 31, 2023, will be recorded accordingly in the consolidated financial statements of Montana Aerospace as of December 31, 2024.

Transfer of the carrying amount to AMT group:

(in TEUR)	2023	2022
Montana Aerospace AG share in equity	29,331	27,798
Carrying amount	**29,331**	**27,798**

10. Leases

10.1. Right of use assets

(in TEUR)	2023	2022
Balance as of January 1	**30,915**	**31,217**
Transfer	34	0
Depreciation	−9,350	−9,612
Additions consolidation scope	0	6,134
Disposals consolidation scope	0	−7,241
Additions	2,649	9,131
Derecognition of right-of-use assets	−76	−88
FX-differences	−868	1,374
Balance as of December 31	**23,304**	**30,915**

The right of use assets mainly relate to rental agreements for buildings in the U.S.

10.2. Amounts recognized in the the consolidated statement of profit or loss

(in TEUR)	2023	2022
Depreciation of right-of-use assets	−9,350	−9,612
Interest expense on lease liabilities	−1,152	−1,120
Short-term lease expenses	−1,107	−926
Expenses from leases of low-value assets, excluding short-term leases of low-value assets	−2,137	−1,759
Total amount recorded in the consolidated statement of profit or loss	**−13,746**	**−13,417**

10.3. Amounts recorded in the consolidated statement of cash flow

(in TEUR)	2023	2022
Total cash outflow for leases	**−13,262**	**−13,928**

10.4. Leases in which Montana Aerospace Group is a lessor

(in TEUR)	2023	2022
Rental income	1,699	1,700
Rental income from investment property	196	182
Total rental income	**1,895**	**1,882**

11. Inventories

Inventories are distributed amongst the individual items as follows:

(in TEUR)	31.12.2023	31.12.2022
Raw materials and supplies	195,878	174,674
Tools and replacement parts	2,744	2,258
Unfinished goods and services	96,443	98,395
Finished goods and merchandise goods	36,335	44,686
Payments in advance	3,040	3,966
Inventories	**334,440**	**323,980**
Valuation adjustment realised in the profit and loss statement	−2,238	266

Inventories with a carrying amount of TEUR 1,042 (2022: TEUR 90,762) are pledged as security for liabilities.

12. Other receivables and assets

Other receivables and assets are composed as follows:

(in TEUR)	31.12.2023	31.12.2022
Derivative financial instruments	2,029	1,543
Performance guarantee*	19,761	22,169
Tools & equipment**	10,171	8,979
Recoverable tax credits (Brazil)***	13,493	26,278
Other receivables and assets	2,510	1,488
Total non-current other receivables and assets	**47,964**	**60,458**

(in TEUR)	31.12.2023	31.12.2022
Derivative financial instruments	5,850	1,358
Receivables from insurance captive	1,120	1,161
Prepaid expenses / deferred charges	10,628	11,715
Recoverable tax credits (Brazil)***	25,762	15,120
Other tax receivables****	13,800	18,185
Receivables from related parties from disposal of property, plants and equipment	10,351	10,391
Receivables from related parties from disposal of subsidiaries	0	16,346
Performance guarantee*	0	1,819
Escrow account	6,368	5,701
Securities with a duration of 3–12 months	853	785
Other receivables and assets	8,910	14,116
Total current other receivables and assets	**83,642**	**96,697**

* **Performance guarantee:**
With a contract dated February 2019, a customer has undertaken to provide Montana Aerospace with various services that are necessary for Montana Aerospace to be able to fulfill its contractual obliga–tions towards the customer. Customer deliverables include, but are not limited to, facility engineering and design, access to Customer operational and design training, assistance with certification processes, supply chain services, assistance with design specification of transportation equipment, and industrialization assistance such as programming and troubleshooting machinery.
The contractually stipulated compensation amounts to USD 27 million, which was contractually paid to the customer starting with 2019. The underlying contracts have a term until December 31, 2033, and the customer's services to Montana Aerospace will be provided during this term. The payment is ac–cordingly deferred as an advance payment. The services provided by the customer are recognized as an expense accordingly.

** **Tools & equipment:**
These assets are used when called up for the underlying customer contract period and are accordingly long–term in nature.

*** **Recoverable tax credits (Brazil)**
This item includes credits to the Brazilian tax authorities from indirect taxes (ICMS – tax on the move–ment of goods and services, on transportation and communication), which is expected to materialize in the next 4 years. The credit can be used indefinitely but can only be redeemed by offsetting against future sales in certain Brazilian states.

**** **Other tax receivables**
This item mainly includes value–added tax receivables.

13. Cash and cash equivalents

Cash and cash equivalents are composed of as follows:

(in TEUR)	31.12.2023	31.12.2022
Cash	40	264
Bank deposits	162,050	263,580
Time deposits with an initial duration of up to 3 months	13,162	162,371
Cash and cash equivalents	**175,252**	**426,215**

Cash and cash equivalents of TEUR 185 (2022: TEUR 9) are pledged explicitly as security.

14. Income taxes

14.1. Income tax expense / income

(in TEUR)	2023	2022
Current tax expense		
Income tax expense from current year and from previous periods	–3,308	–5,897
Deferred tax expense / income	16,699	–2,187
Tax expense / income for the year	**13,391**	**–8,085**

14.2. Deferred taxes

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

(in TEUR)	Deferred tax assets	Deferred tax liabilties	31.12.2023 net	Deferred tax assets	Deferred tax liabilties	31.12.2022 net
Intangible assets	22	24,375	–24,353	28	25,933	–25,905
Property, plant and equipment	12	41,435	–41,423	0	46,360	–46,360
Financial assets	126	2,692	–2,566	316	6,306	–5,990
Other non current receivables and assets	0	1,137	–1,137	0	1,226	–1,226
Inventories	2,681	910	1,771	5,351	1,054	4,297
Trade receivables	832	163	669	304	128	176
Other current receivables and assets	240	432	–192	478	27	451
Non-current financial liabilities	158	3,692	–3,534	837	2,043	–1,206
Other non-current liabilities	8,098	382	7,716	3,336	210	3,126
Non-current liabilities for employee benefits	1,326	151	1,175	1,105	151	954
Current financial liabilities	354	140	214	33	0	33
Trade payables	796	0	796	236	4	232
Other current liabilities	649	129	520	2,088	4,694	–2,606
Tax loss carried forward	20,657	0	20,657	18,115	0	18,115
Offset	–29,364	–29,364	0	–25,313	–25,313	0
Total deferred tax assets / liabilities	**6,589**	**46,274**	**39,685**	**6,916**	**62,823**	**–55,907**

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 tax expense / income is calculated as follows:

(in TEUR)	2023	2022
Result before tax	**–51,799**	**–28,690**
Income tax rate of the entity	18.9%	17.1%
Tax using the Group's weighted average applicable tax rate	9,770	4,906
Effect of tax rates in foreign jurisdictions	2,281	–4,438
Adjustments because of local tax rate changes as compared to the previous year	337	515
Tax-free income	244	9,863
Current-year losses for which no deferred tax asset is recognised	–9,273	–16,431
Utilisation of unrecognised tax losses brought forward	2,252	8,603
Capitalisation of losses carried forward that have not been recognised yet	3,595	5,850
Non-tax deductible expenses	–2,655	–8,566
Non-tax deductible interest	–191	–345
Effective tax expense / income for previous years	1,531	–2,077
Change in evaluation of deferred tax assets	2,931	–3,805
Other	2,569	–2,160
Income tax expense / income	**13,391**	**–8,085**

The change in the Group's income tax rate is due to the change in the individual companies' contribution to the profit and to the varying estimates concerning the recoverability of deferred tax assets.

Pillar Two income taxes

The Organisation for Economic Co-operation and Development (OECD) has published Global Anti-Base Erosion (GloBE) Model Rules, which include a minimum tax of 15% by jurisdiction (Pillar Two). Various countries intend to enact or have enacted tax legislation to either fully or partially comply with Pillar Two.

The Group is within the scope of the OECD's Pillar Two. The Group is in the process of assessing its exposure to Pillar Two, which did not impact the 2023 results but will impact the results from 1 January 2024 onwards. On 22 December 2023 the Swiss government decided to partially implement Pillar Two by introducing a Qualified Domestic Minimum Top-up Tax (QDMTT) to reach the required taxation level of 15% on Pillar Two qualifying profits of subsidiaries in Switzerland effective from 1 January 2024. The Swiss government did not introduce the Income Inclusion Rule (IIR), which would require Switzerland to levy taxes on Pillar Two qualifying profits of subsidiaries in other countries not reaching the 15%. Based on the assessment to date and the shape of the business as at 1 January 2024, this global minimum tax regime is expected to increase the Group's tax rate in 2024.

14.4. Movement in deferred tax balances

(in TEUR)	2023	2022
Net balance at 1 January	**−55,905**	**−12,705**
Recognised in profit or loss	16,699	−2,187
Acquired in business combinations	0	−38,107
Other	−479	−2,906
Net balance at 31 December	**−39,685**	**−55,905**

Income taxes of TEUR −708 (2022: TEUR 384) for cash flow hedges are recognized in the consolidated statement of comprehensive income. Income taxes on revaluations of defined benefit pension plans amounted to TEUR 322 (2022: TEUR −1,350).

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

(in TEUR)	31.12.2023	31.12.2022
in the forthcoming financial year – to be used within 1 year	0	24
within 2 years	2	21
within 3 years	3,624	119
within 4 years	2,047	17,235
within 5 years	11,342	13,190
within 6 years	33,436	5,140
within 7 years	143,573	126,844
after more than 7 years	5,581	4,646
no expiration	272,288	251,990
Total tax loss carryforwards as of end of period	**471,893**	**419,209**

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

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

As at 31 December 2023, based on the above-mentioned estimates, deferred taxes on tax loss carryforwards of TEUR 20,657 (2022: TEUR 18,115) 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 TEUR)	31.12.2023	31.12.2022
Pensions*	9,857	9,441
Severance payments	5,487	5,260
Anniversary bonuses	1,692	1,590
Pre-retirement programs	875	1,182
Employee bonuses	4,568	4,326
Other accruals for personnel	4,779	3,250
Entitlement to holiday, overtime, compensatory time	13,553	13,146
Defined contribution pension commitments	87	159
Total liabilities for employee benefits	**40,899**	**38,353**
thereof current	23,629	21,544
thereof non-current	17,270	16,809

* 2022 excluding surplus plan assets in the amount of TEUR 1,527 (2023: zero) which are shown in other non-current assets.

15.2. Pensions

Within the Group, there are defined benefit and 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, Belgium and Germany, the main pension plan being located in Switzerland.

(in TEUR)	31.12.2023	31.12.2022
Present value of defined benefit obligation (DBO) at the balance sheet date	120,461	110,250
Fair value of plan assets	−106,403	−106,537
Effect of asset ceiling according to IAS 19.64b	−4,201	4,201
Net liablity in the balance sheet	**9,857**	**7,914**

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 liablity		Fair value of plan assets		Present value of defined benefit obligation	
(in TEUR)	2023	2022	2023	2022	2023	2022
Balance at 1 January	**7,914**	**9,601**	**−102,336**	**−97,512**	**110,250**	**107,113**
Included in profit or loss						
Current service cost	1,926	1,874			1,926	1,874
Past service cost	0	0			0	0
Interest (income) cost	392	407	−2,649	−600	3,041	1,007
Plan settlements	−311	−382			−311	−382
	2,007	**1,899**	**−2,649**	**−600**	**4,656**	**2,499**
Included in OCI						
(i) Remeasurement:						
Actuarial gain/loss arising from	4,398	−22,054			4,398	−22,054
– experience adjustment	*−1,051*	*−1,294*			*−1,051*	*−1,294*
– demographic assumptions	*0*	*13*			*0*	*13*
– financial assumptions	*5,449*	*−20,773*			*5,449*	*−20,773*
Return on plan assets, excl. interest income/expenses	2,217	8,317	2,217	8,317		
Effect of asset ceiling according to IAS 19.64b	−4,201	4,201	−4,201	4,201		
(ii) Effect of movements in exchange rates:	−22	390	−5,105	−4,584	5,083	4,974
	2,392	**−9,146**	**−7,089**	**7,934**	**9,481**	**−17,080**
Other						
Changes in consolidation scope	0	7,951	0	−16,024	0	23,975
Contributions paid by the employer	−2,454	−2,391	−2,496	−2,393	42	2
Contributions paid by employee	0	0	−932	−905	932	905
Benefits paid	0	0	4,899	7,164	−4,899	−7,164
Other			0	0	0	0
	−2,454	**5,560**	**1,471**	**−12,158**	**−3,925**	**17,718**
Balance at 31 December	**9,857**	**7,914**	**−110,604**	**−102,336**	**120,461**	**110,250**
Funded via provision	5,048	5,634			5,048	5,634
Funded via plan assets	115,413	104,616			115,413	104,616
Thereof Switzerland	1,497	4,611	−91,436	−98,417	92,933	103,028

The main defined benefit pension plan in Switzerland (Alu Menziken Extrusion AG, Switzerland), 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 2023, it amounted to 1,00% (2022: 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%–70% of the insured salary.

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

Actuarial assumptions

The actuarial assumptions of the most significant pension plan in Switzerland (pension plan of Alu Menziken Extrusion AG) are as follows:

	31.12.2023	31.12.2022
Discount rate (in %)	1.50%	2.30%
Expected salary increase (in %)	1.50%	1.50%
Expected pension increase (in %)	0.00%	0.00%
Fluctuation workers/employees (in %)	BVG 2020 GT	BVG 2020 GT
Life excpectancy	BVG 2020 GT	BVG 2020 GT
Retirement age men (in years)	65	65
Retirement age women (in years)	65	65

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

	31.12.2023	31.12.2022
Discount rate (in %)	3.10% – 4.15%	3.00% – 3.80%
Expected salary increase (in %)	2.00% – 3.75%	2.00% – 3.75%
Expected pension increase (in %)	0.00% – 1.50%	0.00% – 1.50%
Fluctuation workers / employees (in %)	0.00%	0.00%
Retirement age men (in years)	63 – 67	63 – 67
Retirement age women (in years)	63 – 67	63 – 67

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

Sensitivity analysis

A change in the above-mentioned actuarial assumptions used to determine the DBO as at 31 December 2023 would increase or reduce the corresponding DBO of the company as follows:

Change in the DBO of Alu Menziken Extrusion AG due to the increase/reduction of the parameters:

2023:

(in TEUR)	Increase	Reduction
Discount rate (+/– 0.50%)	–4,670	5,203
Life expectancy (+/– 1 year)	3,741	–3,172
Pension trend (+/– 0.50%)	4,009	–3,699

2022:

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

The effective return on the plan assets amounted to TEUR 432 in the reporting year (2022: TEUR –7,717). The expected employer contributions for defined benefit plans upon termination of employment for the subsequent year amount in total to TEUR 1,994 (2022: TEUR 1,966).

Average weighted duration of defined benefit pension plans
The average weighted remaining term of the most significant defined benefit pension plan in Switzerland amounts to 10.6 years (2022: 9.8 years).

15.3. Severance

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

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

(in TEUR)	31.12.2023	31.12.2022
Present value of defined benefit obligation (DBO)	5,487	5,260
Defined benefit liability (provision for severance)	**5,487**	**5,260**

The development of the provision for severance is as follows:

(in TEUR)	2023	2022
Present value of defined benefit obligation (DBO) as of January 1	**5,260**	**9,437**
FX differences	–5	–6
Changes in consolidation	0	–2,480
Current service cost	132	219
Interest expense	199	86
Actuarial gains (–) / losses (+)	361	–1,077
Benefits paid	–221	–555
Change of plans (+/–)	–30	–39
Other	–209	–326
Present value of defined benefit obligation (DBO) as of December 31	**5,487**	**5,260**

The severance expense is as follows:

(in TEUR)	2023	2022
Current service cost	132	219
Interest expense	199	86
Expense realized in the profit and loss statement	**331**	**305**
Actuarial gains (–) / losses (+)	361	–1,077
Remeasurements realized in other comprehensive income	**361**	**–1,077**
Severance expense for the period	**692**	**–772**

The actuarial assumptions which were used for the calculation are as follows for the most significant plans:

	31.12.2023	31.12.2022
Discount rates (in %)	3.20% – 3.75%	3.75%
Expected rate of salary increases (%)	3.50%	3.50%
Fluctuation of workers/employees (%)	0.00% – 2.50%	0.00% – 2.50%
Age at entry into pension male (years)	65	65
Age at entry into pension female (years)	65	65

16. Equity

16.1. Share capital

As of 31 December 2023, the total authorized and issued number of ordinary shares comprises 61,985,597 shares with a nominal value of CHF 1.00 each. The split of the capital stock is shown in the table below:

CAPITAL STOCK	31 December 2023	31 December 2022
Nominal value per share (CHF)	1.00	1.00
Total number of shares	61,985,597	61,985,597
Total amount of share capital (CHF)	61,985,597	61,985,597
Total amount of share capital (EUR)	56,479,902	56,479,902

RECONCILIATION OF SHARES ISSUED	NUMBER OF SHARES
1 January 2022	57,553,997
Capital increase as of 7 April 2022	4,431,600
31 December 2022	61,985,597
31 December 2023	61,985,597

The lower limit of the capital band is TCHF 55,800; the upper limit is TCHF 74,380. Within the capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times and in any amounts at any time up to 23 May 2028, or the expiry of the capital band if earlier. The share capital may be increased by issuing up to 12,394,403 fully paid-in registered shares with a nominal value of CHF 1.00 each or reduced by cancelling up to 6,185,597 fully paid-in registered shares with a nominal value of CHF 1.00 each or by increasing or reducing the nominal value of the existing registered shares or by reducing and simultaneously re-increasing.

The conditional share capital of TCHF 5,000 is designated for participation plans. The conditional share capital of TCHF 1,000 is designated for financing purposes.

The Principal Shareholder (Montana Tech Components AG) holds 52.3% of the shares as of 31 December 2023 (previous year: 52.3%).

CONSOLIDATED FINANCIAL STATEMENTS

16.2. Earnings per share

The calculation of earnings per share has been based on the profit or loss attributable to shareholders of Montana Aerospace as presented in the consolidated income statement and the weighted average of shares in circulation as of 31 December 2023.

	2023	2022
Weighted average of ordinary shares in circulation as of 31 December	61,985,597	60,807,884

(in EUR)	2023	2022
Result of the period attributable to owners of Montana Aerospace AG	-37,950,591	-36,110,421

(in EUR)	2023	2022
Basic earnings per share	-0.61	-0.59
Diluted earnings per share	-0.61	-0.59

16.3. Share premium

For the current fiscal year, at total of TEUR 2,816 (2022: TEUR 2,198) was recognized in equity as share-based remuneration. These share-based remuneration components are explained under note 24.

16.4. Nature and purpose of reserves

The translation reserves comprise all foreign currency differences arising from the translation of the financial statements of foreign operations.

Remeasurements of the net defined benefit liabilities are charged or credited to other comprehensive income in the period in which they arise.

16.5. Dividends

The Company has not paid any dividends in the periods presented.

17. Financial liabilities

17.1. Change in liabilities arising from financing activities

(in TEUR)	01.01.2023	Reclassi-fication	Repayment	Proceeds	Other non-cash changes	Interest accrued as well as paid interest relating to interest accrued in previous years	Currency translation	31.12.2023
NON-CURRENT FINANCIAL LIABILITIES								
Loans and borrowings	466,436	−429,090	−50,901	270,761		850	872	258,928
Lease liabilities	28,632	−6,020	−6,064		116	1,036	−434	17,266
Other	76,010	−1,101	0	0		3,007	−88	77,828
CURRENT FINANCIAL LIABILITIES								
Loans and borrowings	122,913	429,090	−524,918	55,055		−371	507	82,276
Lease liabilities	2,131	6,020	−2,802		1,162	116	−71	6,556
Other	9,461	1,101	−4,985	3,056	1	−400	−46	8,188
Total	**705,583**	**0**	**−589,670**	**328,872**	**1,279**	**4,238**	**740**	**451,042**

(in TEUR)	01.01.2022	Reclassi-fication	Addition consolidation scope	Disposal consolidation scope	Repayment	Proceeds	Other non-cash changes	Interest accrued as well as paid interest relating to interest accrued in previous years	Currency translation	31.12.2022
NON-CURRENT FINANCIAL LIABILITIES										
Loans and borrowings	448,721	−86,046	46,973	0	−28,846	84,796		190	648	466,436
Lease liabilities	31,862	−1,670	3,178	−7,500	−8,232		8,545	1,045	1,403	28,632
Other	300	−788	74,527	0	0	0	−6	2,225	−247	76,010
CURRENT FINANCIAL LIABILITIES										
Loans and borrowings	107,480	86,046	2,866	0	−124,067	45,676		1,074	3,838	122,913
Lease liabilities	637	1,670	1,172	0	−1,892		445	77	22	2,131
Other	1,812	788	891	0	−1,236	6,904		247	56	9,461
Total	**590,812**	**0**	**129,607**	**−7,500**	**−164,273**	**137,376**	**8,984**	**4,858**	**5,720**	**705,583**

17.2. Bank loans and borrowings

(in TEUR)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2023
Loan	EUR	until further notice	variable	1.50%	9,998	2
Loan	EUR	until 2027	fixed	0.00%	151	151
Loan	EUR	30.06.2024	fixed	2.41%	1,200	150
Loan	USD	April 2024	variable	7.73%	2,019	2,107
Loan	USD	January 2024	variable	8.05%	4,004	3,843
Loan	USD	January 2024	variable	7.73%	910	882
Loan	USD	January 2024	variable	10.37%	9,009	9,216
Loan	BRL	November 2024	variable	7.81%	4,663	4,639
Loan	CNY	17.02.2024	fixed	2.65%	1,274	1,275
Loan	INR	06.01.2024	fixed	8.93%	326	326
Loan	INR	10.01.2024	fixed	6.92%	365	365
Loan	INR	25.01.2024	fixed	6.96%	326	326
Loan	INR	n/a	fixed	9.55%	37	37
Loan	EUR	10.11.2026	variable	7.38%	300,000	258,777
Loan	EUR	31.12.2024	variable	7.01%	150,000	20,036
Loan	EUR	31.01.2024	variable	n/a	n/a	311
Loan	EUR	31.01.2024	variable	n/a	n/a	80
Promissory note 2015 – Tranche	EUR	08.01.2024	variable	6.41%	2,000	
Promissory note 2015						2,062
Promissory note 2016 – Tranche	EUR	16.01.2024	variable	5.45%	8,000	
Promissory note 2016						8,202
Promissory note 2021 – Tranche	EUR	29.04.2024	variable	4.99%	5,000	
Promissory note 2021 – Tranche	EUR	29.04.2024	variable	5.29%	11,000	
Promissory note 2021 – Tranche	EUR	12.02.2024	variable	5.23%	5,000	
Promissory note 2021						21,246
Promissory note 2022 – Tranche	EUR	08.01.2024	variable	4.91%	3,000	
Promissory note 2022 – Tranche	EUR	08.01.2024	variable	5.16%	4,000	
Promissory note 2022						7,171
Total						**341,204**
Thereof non-current						258,928
Thereof current						82,276

(in TEUR)	Original currency	Maturity	Interest calculation type	Effective interest rate in %	Credit line	Carrying amount in reporting currency 2022
Loan	USD	30.09.2023	variable	6.53%	17,700	4,488
Loan	USD	30.09.2023	variable	6.53%	7,300	1,884
Working Capital Line	EUR	30.09.2023	variable	6.23%	20,000	11,167
Loan	EUR	until 2027	fixed	0.00%	195	195
Loan	EUR	30.09.2023	fixed	1.50%	24,989	12,501
Loan	EUR	until further notice	fixed	1.50%	9,996	1
Loan	USD	15.04.2023	variable		9,376	6,563
Loan	USD	01.08.2023	fixed	4.16%	2,983	2,983
Loan	EUR	18.11.2025	variable	1.65%	80,000	36,293
Loan	EUR	30.06.2024	fixed	2.41%	1,200	448
Loan	USD	July 2023	variable	4.68%	2,164	2,115
Loan	USD	01.09.2023	variable	6.51%	4,072	4,001
Loan	USD	Oct. 2023	variable	6.74%	887	901
Loan	USD	July 2023	variable	7.30%	8,901	8,901
Loan	BRL	March 2023	fixed	16.85%	4,434	4,562
Loan	CNY	23.02.2023	fixed	3.70%	14	14
Loan	EUR	30.11.2027	variable	1.62%	no credit line	8,571
Promissory note 2015 – Tranche	EUR	08.07.2025	fixed	3.53%	11,000	
Promissory note 2015 – Tranche	EUR	08.07.2025	variable	2.18%	3,000	
Promissory note 2015						14,202
Promissory note 2016 – Tranche	EUR	15.12.2023	fixed	2.01%	20,500	
Promissory note 2016 – Tranche	EUR	15.12.2023	variable	1.50%	7,500	
Promissory note 2016 – Tranche	EUR	16.01.2024	fixed	2.01%	15,500	
Promissory note 2016 – Tranche	EUR	16.01.2024	variable	1.50%	17,000	
Promissory note 2016 – Tranche	EUR	15.05.2024	variable	1.50%	6,000	
Promissory note 2016 – Tranche	EUR	06.06.2024	fixed	2.14%	1,500	
Promissory note 2016 – Tranche	EUR	06.06.2024	fixed	2.12%	5,000	
Promissory note 2016						73,508
Promissory note 2019 – Tranche	EUR	28.06.2024	fixed	1.40%	15,000	
Promissory note 2019 – Tranche	EUR	30.07.2024	fixed	1.45%	10,000	
Promissory note 2019 – Tranche	EUR	28.08.2024	fixed	1.45%	15,000	
Promissory note 2019 – Tranche	EUR	16.06.2024	variable	1.25%	17,500	
Promissory note 2019						57,734
Promissory note 2020 – Tranche	EUR	12.03.2025	variable	1.25%	38,000	
Promissory note 2020 – Tranche	EUR	20.03.2023	variable	1.10%	20,000	
Promissory note 2020 – Tranche	EUR	30.06.2023	variable	1.90%	4,000	
Promissory note 2020 – Tranche	EUR	30.06.2025	variable	2.15%	5,000	
Promissory note 2020 – Tranche	EUR	30.06.2025	variable	1.75%	0	
Promissory note 2020 – Tranche	EUR	31.12.2024	fixed	1.60%	5,000	
Promissory note 2020 – Tranche	EUR	16.11.2023	variable	1.50%	5,000	
Promissory note 2020 – Tranche	EUR	16.11.2025	variable	1.75%	5,000	
Promissory note 2020						82,484
Promissory note 2021 – Tranche	EUR	29.04.2024	variable	0.90%	14,000	
Promissory note 2021 – Tranche	EUR	29.04.2026	variable	1.20%	13,500	
Promissory note 2021 – Tranche	EUR	29.04.2028	variable	1.40%	10,000	
Promissory note 2021 – Tranche	EUR	28.05.2024	fixed	0.90%	30,000	
Promissory note 2021 – Tranche	EUR	31.12.2024	variable	0.50%	20,000	
Promissory note 2021 – Tranche	EUR	12.08.2024	variable	0.90%	10,000	
Promissory note 2021 – Tranche	EUR	11.08.2026	variable	1.30%	17,500	
Promissory note 2021 – Tranche	EUR	31.12.2024	variable	0.50%	60,000	
Promissory note 2021						175,494
Promissory note 2022 – Tranche	EUR	08.07.2025	fixed	3.03%	10,000	
Promissory note 2022 – Tranche	EUR	08.07.2025	variable	1.00%	9,500	
Promissory note 2022 – Tranche	EUR	08.07.2027	fixed	3.50%	12,000	
Promissory note 2022 – Tranche	EUR	08.07.2027	variable	1.25%	48,500	
Promissory note 2022						80,340
Total						**589,349**
Thereof non–current						466,436
Thereof current						122,913

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

Most of the promissory notes guaranteed by MTC AG were repaid in 2023. The remaining promissory notes have also been cancelled in 2023 and will be fully repaid by April 28, 2024.

17.3. Other financial liabilities

Other financial liabilities are composed as follows:

(in TEUR)	31.12.2023	31.12.2022
Lease liabilities	23,822	30,763
Other*	86,015	85,471
Other financial liabilities	**109,838**	**116,234**
Thereof non–current	95,094	104,641
Thereof current	14,744	11,593

* Item "Other" results mainly from profit certificates in the amount of TEUR 62,570 (including accrued dividends): The Belgian Federal Holding and Investment Company ("FPIM / SFPI") holds profit certifi–cates in Asco, issued against a cash consideration in the amount of TEUR 54,312. These profit certif–icates were subscribed respectively in 2008, 2012 and 2020. A put option is granted to FPIM / SFPI, exercisable from 2027 (relating to the nominal value amounting to EUR 24.3 million) and 2035 (relating to the nominal value amounting to EUR 30.0 million), to be increased with any dividends related to the past financial year(s) that have not been paid. This put option is recognized as a financial liability.

18. Provisions

The provisions are as follows:

(in TEUR)	Onerous contracts	Guarantees	Waste disposal, restoration	Litigation	Other provisions	Total
Balance as of January 01, 2023	**13,328**	**688**	**2,202**	**26,602**	**4,509**	**47,329**
Provisions made during the year	7,577	526	114	4,105	2,290	14,612
Provisions used	–3,521	–469		–1,548	–4,238	–9,776
Reversal				–3,750		–3,750
FX differences	–2	–4	3	956	229	1,182
Balance as of December 31, 2023	**17,381**	**740**	**2,320**	**26,365**	**2,791**	**49,597**
MATURITY						
Thereof non–current	10,863	223	2,320	25,845	–1	39,250
Thereof current	6,518	517	0	520	2,792	10,347
Total provisions	**17,381**	**740**	**2,320**	**26,365**	**2,791**	**49,597**

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.

19. Other liabilities and accruals

Other liabilities comprise the following items:

(in TEUR)	31.12.2023	31.12.2022
Accruals	25,651	18,114
Deferred income	6,921	6,658
Other tax payables	12,688	9,352
Derivative financial instruments	5,405	16,551
Government aid & grants*	54,783	59,450
In the context of social security	3,532	3,671
Deferred consideration**	28,707	28,107
Other payables from joint ventures and from associated companies	18,841	19,991
Other payables	4,350	11,542
Other liabilities and accruals	**160,878**	**173,437**
Thereof non-current	85,113	93,794
Thereof current	75,765	79,643

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

- **Government grant – Universal Alloy Corp. Europe S.R.L (UACE)**
  UACE has developed several investment projects in the region, starting with 2013, financed by national investment programs developed by the Romanian Ministry of Finance. In 2018 the company received a funding amounting to TEUR 37,388 for developing a new production plant in the Maramures region. The investment was finalized in 2020 and from 2021 a monitorization period of 5 years began. The company is not allowed to sell any of the assets purchased under this project and amortizes the grant over the useful live of the relating assets.
  In 2020 the company received another grant amounting to TEUR 13,929 for a heavy weight extrusion plant in Satu Mare county. This project was finalized in March 2022 and the company entered the monitorization phase. Similar conditions apply.
  In 2021 the company received funding in amount of TEUR 5,350 for a cast house project in Satu Mare county. The project experienced some delays due to the pandemic period and the subsidized investment was finalized at the end of 2023 with subsidy to be received in the first quarter of 2024. In 2024 the project will enter the monitorization phase for 5 years. Similar conditions apply.
- **Government grant – Alu Menziken SRL**
  In 2018, Alu Menziken SRL was granted a government grant amounting to TEUR 18,701. The company amortizes the grant over the useful live of the relating assets. The initial monitoring period of 5 years was extended to 7 years, during which time the company has the obligation to prove the effective payment of the contribution to the regional development.

** **Deferred consideration**
In connection with the acquisition of Asco group, an earn-out of up to TEUR 30,000 based on the attainment of certain performance indicators by Montana Aerospace AG has been agreed, that will be paid by 30 June 2025 at the earliest. This earn-out has the payoff structure of an exotic derivative which is valued by performing a Monte Carlo simulation of the 30-day VWAP of Montana Aerospace AG.

20. Personnel expenses

Personnel expenses contain the following items:

(in TEUR)	2023	2022
Wages and salaries	220,796	208,380
Severance and redundancy	1,702	1,088
Compulsory social security expenses	37,872	36,057
Pension expenses	2,985	3,413
Stock option plans (share-based payment)*	2,816	2,198
Other personnel expenses	21,193	17,128
Personnel expenses	**287,364**	**268,265**

* Stock option plans (share-based payment) are described in note 24.

Pension expenses are composed as follows:

(in TEUR)	2023	2022
Defined contribution plans	1,059	1,539
Defined benefit plans	1,926	1,874
Total	**2,985**	**3,413**

Number of employees:

	2023	2022
As of reporting date	7,240	6,708
Average of the reporting period	7,003	7,034

21. Other operating income

Other operating income contains the following items:

(in TEUR)	2023	2022
Income from reversal of provisions and accruals	3,944	4,500
Income from disposal of property, plant and equipment	96	9,112
Income from insurance	255	1,432
Income from claims	3,199	1,475
Rental income	1,699	1,700
Rental income from investment property	196	182
Grants and public benefits	28,518	27,038
Other income from affiliated companies	2,624	3,245
Bargain purchase	0	16,850
Income from tax credits (Brazil)	0	19,997
Gains from disposal of subsidiaries	0	10,203
Measurement of investment property	1,091	0
Asco Belgium – Invoicing of non-recurring costs towards end customer	5,194	4,574
Other	4,999	4,524
Other operating income	**51,815**	**104,832**

22. Other operating expenses

Other operating expenses comprise the following items:

(in TEUR)	2023	2022
Energy costs	45,217	52,899
Maintenance from third parties	30,166	25,308
Freight-out costs and customs duties	34,385	35,583
Accrual of provisions for bad debt	−329	1,082
Commissions	190	2,235
Legal advice, audit and consulting fees	34,183	20,944
Rental and leasing expenses	3,245	2,685
Travel expenses	4,606	6,277
Phone and postal charges, IT supplies	4,932	5,388
Insurance	4,112	3,955
Fees and charges	1,701	1,621
Expenses for cleaning services	1,949	1,941
Other expenses to affiliated companies	3	277
Marketing, advertising and entertainment expenses	1,730	1,732
Directors' remuneration	551	412
Taxes other than income taxes	5,378	4,743
Legal processes provision (Brazil)	206	13,764
Other	19,244	19,953
Other operating expenses	**191,469**	**200,799**

23. Net financial result

Interest income and interest expense are composed as follows:

(in TEUR)	2023	2022
Interest income from financial institutions	4,618	950
Interest income on tax credits (Brazil)	489	4,407
Other interest income	3,652	2,633
Interest income	**8,759**	**7,990**

(in TEUR)	2023	2022
Interest expense vs. financial institutions	38,894	21,329
Interest expense on tax proceedings (Brazil)	0	6,115
Interest on lease liabilities	1,152	1,120
Other interest expense	7,903	4,431
Interest expense	**47,949**	**32,995**

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

(in TEUR)	2023	2022
Foreign currency exchange gains	1,381	4,340
Gains from disposal of IC investments	0	393
Financial income from affiliated companies	0	733
Other	241	234
Other financial income	**1,622**	**5,700**

(in TEUR)	2023	2022
Foreign currency exchange losses	20,110	17,479
Guarantee fee to affiliated companies	4,749	4,338
Other	5,627	5,258
Other financial expenses	**30,486**	**27,076**

Foreign exchange effects resulting from the classification of net investments in foreign operations amounted to TEUR −55,890 (2022: TEUR −17,395). These were not recognized in the result of the period but in the consolidated statement of comprehensive income.

24. Share-based payment arrangements

24.1. Management stock option program 2021 (MSOP 2021)

In 2021, a management stock option program (MSOP) was launched by the parent company Montana Tech Components AG, Reinach, Switzerland, to allow employees to subscribe to ordinary shares in Montana Aerospace AG. The vesting period on which the program is based amounts to five years. The share-based payment arrangement requires employees to be in an active employment relationship with the company whenever options are exercised.

The number and weighted average of the exercise prices of the share options developed as follows:

NUMBER OF OPTIONS	2023	2022
Outstanding as of January 1	**927,868**	**1,208,268**
Lapsed during the year	−8,560	−280,400
Outstanding as of December 31	**919,308**	**927,868**
Exercisable as of December 31	367,723	185,574

(in CHF)	2023	2022
Exercise price of outstanding options	25.65 / 18.00	25.65 / 18.00
Average share price at exercise date	n/a	n/a

Determination of fair values

The fair value of share-based payment system was determined in accordance with the Black Scholes formula.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

(in CHF)	MANAGEMENT STOCK OPTION PROGRAM (MSOP) 2021		
Grant date	12.05.2021	22.05.2021	23.12.2021
Fair value (weighted average)	12.66	9.55	10.19
Share price on the date the option was granted	34.90	30.94	32.75
Exercise price	25.65 / 18.00	25.65 / 18.00	25.65 / 18.00
Expected volatility (in %)	40.15%	40.10%	39.78%
Expected term (in years)	5.0	5.0	5.0
Expected dividends (average, in %)	0.00%	0.00%	0.00%
Risk-free interest rate (average, in %)	−0.70%	−0.71%	−0.67%

Expected volatility is based on an assessment of historical volatility in a peer group's share price.

As of 16 December 2022, Montana Tech Components AG and Montana Aerospace AG agreed to transfer all rights and obligations in relation to the options vesting from 2023, to Montana Aerospace AG. In this context, Montana Aerospace AG received payments amounting to TEUR 1,923 from Montana Tech Components AG. Furthermore, the exercise price relating to all options transferred to Montana Aerospace AG was reduced from CHF 25.65 to CHF 18.00. The resulting additional expenses are not significant.

Impact of share-based payments on profit/loss for the period and net assets and financial position

Relating to the MSOP 2021, the expense recognized in the income statement for share-based payment came to TEUR 2,617 in fiscal year 2023 (2022: TEUR 2,193). The effects in equity amounted to TEUR 2,617 (2022: TEUR 2,193; see note 16.3) and consisted of allocations from the forward projection of the MSOP.

24.2. Management stock option program 2022 (MSOP 2022)

In 2022, a further management stock option program (MSOP) was launched by the companies Montana Tech Components AG, Reinach, Switzerland (300,000 options; exercise price CHF 25.65), and Montana Aerospace AG, Reinach, Switzerland (150,080 options; exercise price CHF 18.00), to allow employees to subscribe to ordinary shares in Montana Aerospace AG. The vesting period on which the program is based amounts to three years. The share-based payment arrangement requires employees to be in an active employment relationship with the company whenever options are exercised.

The number and weighted average of the exercise prices of the share options developed as follows:

NUMBER OF OPTIONS	2023	2022
Outstanding as of January 1	**450,080**	**0**
Lapsed during the year	0	450,080
Outstanding as of December 31	**450,080**	**450,080**
Exercisable as of December 31	180,032	90,016

(in CHF)	2023	2022
Exercise price of outstanding options	25.65 / 18.00	25.65 / 18.00
Average share price at exercise date	n/a	n/a

Determination of fair values

The fair value of share-based payment system was determined in accordance with the Black Scholes formula.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

(in CHF)	MANAGEMENT STOCK OPTION PROGRAM (MSOP) 2022	
Grant date	13.12.2022	27.12.2022
Fair value (weighted average)	0.55	1.38
Share price on the date the option was granted	15.40	15.08
Exercise price	25.65	25.65 / 18.00
Expected volatility (in %)	38.39%	38.35%
Expected term (in years)	3.0	3.0
Expected dividends (average, in %)	0.00%	0.00%
Risk-free interest rate (average, in %)	0.92%	1.28%

Expected volatility is based on an assessment of historical volatility in a peer group's share price.

Impact of share-based payments on profit/loss for the period and net assets and financial position
Relating to the MSOP 2022, the expense recognized in the income statement for share-based payment came to TEUR 6 in fiscal year 2023. The effects in equity amounted to TEUR 6 (see note 16.3) and consisted of allocations from the forward projection of the MSOP.

24.3. Management stock option program 2023 (MSOP 2023)

In 2023, a further management stock option program (MSOP) was launched Montana Aerospace AG, Reinach, Switzerland, to allow employees to subscribe to ordinary shares in Montana Aerospace AG. The vesting period on which the program is based amounts to two years. The share-based payment arrangement requires employees to be in an active employment relationship with the company whenever options are exercised.

The number and weighted average of the exercise prices of the share options developed as follows:

NUMBER OF OPTIONS	2023
Outstanding as of January 1	**0**
Lapsed during the year	100,768
Outstanding as of December 31	**100,768**
Exercisable as of December 31	36,448

(in CHF)	2023
Exercise price of outstanding options	25.65 / 18.00
Average share price at exercise date	n/a

Determination of fair values

The fair value of share-based payment system was determined in accordance with the Black Scholes formula.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plan were as follows:

(in CHF)	MANAGEMENT STOCK OPTION PROGRAM (MSOP) 2023
Grant date	03.10.2023
Fair value (weighted average)	0.18
Share price on the date the option was granted	11.02
Exercise price	25.65 / 18.00
Expected volatility (in %)	37.43%
Expected term (in years)	2.0
Expected dividends (average, in %)	0.00%
Risk-free interest rate (average, in %)	1.61%

Expected volatility is based on an assessment of historical volatility in a peer group's share price.

Impact of share-based payments on profit/loss for the period and net assets and financial position

Relating to the MSOP 2023, the expense recognized in the income statement for share-based payment came to TEUR 4 in fiscal year 2023. The effects in equity amounted to TEUR 4 (see note 16.3) and consisted of allocations from the forward projection of the MSOP.

25. Consolidated statement of cash flow

Other non-cash income and expenses result mainly from effects of share-based payments (TEUR 2,816) as well as the valuation of foreign exchange effects (TEUR 9,114).

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 non-cash additions of rights-of-use assets amounting to TEUR 2,649 (2022: TEUR 9,131), due to capitalized interest amounting to TEUR 421 (2022: TEUR 222) as well as due to open positions resulting from investments of TEUR 5,689 (2022: TEUR 4,429) [translated at the annual average rate, the difference amounts to TEUR 1,276]. The open positions resulting from investments from the previous year were paid for a large part in fiscal year 2023 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 TEUR 76 (2022: TEUR 88).

26. Risk management

26.1. 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.

26.2. 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 TEUR)	2023	2022
Cash and cash equivalents	175,252	426,215
Trade receivables	159,260	171,413
Receivables from affiliated companies	1,569	1,525
Loans granted to joint ventures	21,898	13,928
Loans granted to related companies	16,811	0
Other financial assets	3,013	3,011
Contract assets	27,972	23,969
Other receivables and assets*	81,415	112,134
Total financial assets	**487,190**	**752,195**

* Does not include other tax receivables TEUR 39,562 (2022: TEUR 33,305) and prepaid expenses TEUR 10,628 (2022: TEUR 11,715).

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

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 experience and the examination of credit worthiness. Such receivables are not subject to allowances. No financial assets were subject to a renegotiation of conditions.

Trade receivables after allowances are presented as follows:

(in TEUR)	31.12.2023	31.12.2022
Trade receivables – gross	161,065	173,608
Allowance	–1,805	–2,195
Trade receivables – net	**159,260**	**171,413**

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

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

(in TEUR)	2023	2022
At the beginning of the year	2,195	2,844
Addition	696	1,502
Consumption	−701	−412
Reversal	−369	−284
Other changes	0	−1,488
FX differences	−16	33
Total Allowance	**1,805**	**2,195**

The following table discloses the information on overdue trade receivables:

			31.12.2023			31.12.2022
(in TEUR)	Gross	Allowance	Net	Gross	Allowance	Net
not yet due	131,389	−49	131,340	142,585	−169	142,416
0 to 10 days past due	10,722	−714	10,008	9,201	−674	8,527
11 to 30 days past due	3,641	0	3,641	6,724	0	6,724
31 days to 60 days past due	4,315	0	4,315	4,410	−143	4,267
61 days to 180 days past due	8,134	−114	8,020	8,379	−227	8,152
181 days to 360 days past due	1,102	−3	1,099	283	0	283
> 360 days past due	1,762	−925	837	2,026	−981	1,045
Total	**161,065**	**−1,805**	**159,260**	**173,608**	**−2,195**	**171,413**

The net overdue trade receivables primarily relate to receivables from long-term customer relationships. Based on 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 2023

(in TEUR)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 – 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Loans and borrowings	341,204	435,247	38	71,075	29,671	334,463	
Lease liabilities	23,822	25,708		2,220	6,660	16,828	
Other financial liabilities*	86,013	93,664	3,260	3,218	1,707	67,476	18,003
Trade payables**	222,787	222,787	36,630	168,215	17,940	1	
Trade payables from affiliated companies	5,220	5,220		5,220			
Accruals	25,651	25,651			25,651		
Contract liabilities***							
Other liabilities from affiliated companies	160	160			160		
Other liabilities from joint ventures and from associated companies	18,841	18,841			17,839	1,001	
Other liabilities****	33,054	33,054	2,484	1,930	−1,090	28,707	1,024
Total non-derivative financial liabilities	**756,752**	**860,332**	**42,412**	**251,878**	**98,538**	**448,476**	**19,027**

* Does not include accrued interest TEUR 2.
** Does not include other payments received TEUR 7,576.
*** Does not include payments received from contracts with customers TEUR 8,670 as well as advances from state TEUR 7,014.
**** Does not include deferred income TEUR 6,921, derivatives TEUR 5,405, government aid & grants TEUR 54,783 and liabilities from other taxes as well as in the context of social security TEUR 16,221.

(in TEUR)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 – 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Commodity price contracts (Cash Flow Hedge)	189	189		189			
Commodity price contracts (Fair Value Hedge)	18	18		18			
Forward exchange contracts (Cash Flow Hedge)	4,637	4,637		1,397	2,591	649	
Forward exchange contracts (Fair Value Hedge)	562	562		430	132		
Total derivative financial liabilities	**5,405**	**5,405**	**0**	**2,034**	**2,723**	**649**	**0**

31 December 2022

(in TEUR)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 – 12 months	1 to 5 years	more than 5 years
Non-derivative financial liabilities							
Loans and borrowings	589,349	624,670	1	39,853	94,512	490,304	
Lease liabilities	30,763	33,749		2,217	6,652	23,992	888
Other financial liabilities*	85,066	93,485	6,481	2,573	1	6,796	77,634
Trade payables**	222,150	222,150	46,374	149,540	26,235	2	
Trade payables from affiliated companies	813	813		813			
Accruals	18,114	18,114			18,114		
Contract liabilities***	0						
Other liabilities from affiliated companies	176	176			176		
Other liabilities from joint ventures and from associated companies	19,991	19,991			18,569	1,421	
Other liabilities****	39,647	39,647	327	9,052	1,148	28,107	1,013
Total non-derivative financial liabilities	**1,006,069**	**1,052,795**	**53,183**	**204,048**	**165,407**	**550,662**	**79,535**

* Does not include accrued interest TEUR 406.
** Does not include other payments received TEUR 1,993.
*** Does not include payments received from contracts with customers TEUR 3,698 as well as advances from state TEUR 5,944.
**** Does not include deferred income TEUR 6,658, derivatives TEUR 16,551, government aid & grants TEUR 59,450 and liabilities from other taxes as well as in the context of social security TEUR 13,023.

(in TEUR)	Carrying amount	Contractual cash flows	immediately	up to 3 months	3 – 12 months	1 to 5 years	more than 5 years
Derivative financial liabilities							
Commodity price contracts (Cash Flow Hedge)	104	104		104			
Commodity price contracts (Fair Value Hedge)	16	16		16			
Forward exchange contracts (Cash Flow Hedge)	16,316	16,316		2,601	7,513	6,202	
Forward exchange contracts (Fair Value Hedge)	115	115		115			
Total derivative financial liabilities	**16,551**	**16,551**	**0**	**2,836**	**7,513**	**6,202**	**0**

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.

			31.12.2023			31.12.2022
(in TEUR)	CHF/EUR	CHF/USD	EUR/USD	CHF/EUR	CHF/USD	EUR/USD
Cash and cash equivalents	8,187	6,147	71,147	28,194	21,745	45,692
Trade receivables	1,324	231	60,546	2,832	1,445	57,033
IC receivables	15,596	19,911	34,907	13,320	18,149	8,811
IC loans	746,924	235,811	142,683	472,945	244,376	131,750
Other financial liabilities	−278,800	0	−1,503	−916	0	−9,596
Trade payables	−6,130	−16,002	−55,922	−10,139	−25,159	−35,483
IC payables	−8,016	0	−47,458	−4,568	−24	−35,007
IC loans	0	−193,236	−83,357	−6,100	−182,900	−77,763
Total currency exposure – gross	**479,085**	**52,862**	**121,043**	**495,568**	**77,632**	**85,437**
Forward exchange contracts	0	0	−328,986	0	0	−312,793
Total currency exposure – net	**479,085**	**52,862**	**−207,943**	**495,568**	**77,632**	**−227,356**

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 of 31 December. In the context of this analysis, the other variables, in particular the interest rates, remain constant.

(in TEUR)		Gain (+) / Loss (–)		Equity + / –	
31 December 2023					
CHF / EUR	+/– 5.0%	–19,526	19,526	0	0
CHF/ USD	+/– 7.9%	–3,368	3,368	0	0
EUR / USD	+/– 7.3%	–9,717	10,120	–13,673	15,819
31 December 2022					
CHF / EUR	+/– 8.2%	–33,494	33,494	0	0
CHF/ USD	+/– 9.9%	–7,751	8,064	0	0
EUR / USD	+/– 10.3%	–12,243	13,381	–16,092	19,778

The volatility for each relevant currency pair was calculated with the historical data for the last 250 exchange days (before 31 December 2023). 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 variable interest-rate bank liabilities as well as fixed-rate and variable interest-rate promissory notes.

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

(in TEUR)	31.12.2023	31.12.2022
Financial instruments with fixed interest		
Financial assets*	51,911	176,563
Financial liabilities**	112,467	289,699
Financial instruments with variable interest		
Financial assets*	162,050	263,580
Financial liabilities**	338,574	415,884

* including bank deposits, fixed deposits as well as loans
** including promissory notes, lease liabilities, loans and borrowings as well as other financial liabilities

Sensitivity analysis for fixed-rate financial instruments

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

Sensitivity analysis for variable interest-rate financial instruments

An increase in interest rates of one percentage point would lead – considering the hedging of variable interest-rate financial instruments with fixed rates – to a reduction of the consolidated net profit or loss before non-controlling interests of TEUR 1,432 (2022: reduction of TEUR 1,263). A decrease in interest rates of one percentage point would lead to an increase of the consolidated profit or loss before non-controlling interests of TEUR 1,432 (2022: increase of TEUR 1,263). In this regard, a potential decrease of interest rates under 0% has also been considered. 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 to reduce the short-term effects of exchange rate fluctuations 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

31 December 2023	Currency	Nominal value (in thousand original currency)	Fair Value (in TEUR)	Thereof recognised in equity	Maturity
Commodity price contract	EUR	25	25	0	up to 1 year
Commodity price contract	EUR	1	–1	0	up to 1 year
Forward exchange contract	USD	230	7	0	up to 1 year
Forward exchange contract	USD	217	7	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	2	0	up to 1 year
Forward exchange contract	USD	294	3	0	up to 1 year
Forward exchange contract	USD	294	2	0	1 – 5 years
Forward exchange contract	USD	294	2	0	1 – 5 years
Forward exchange contract	USD	52,000	1,394	1,244	up to 1 year
Forward exchange contract	USD	99,000	1,982	1,982	1 – 5 years
Forward exchange contract	USD	62,000	–3,584	–2,348	up to 1 year
Forward exchange contract	USD	27,000	–348	0	up to 1 year
Forward exchange contract	USD	21,000	–526	–526	1 – 5 years
Forward exchange contract	USD	2,000	38	38	up to 1 year
Forward exchange contract	USD	1,500	7	7	up to 1 year
Forward exchange contract	USD	1,500	18	18	up to 1 year
Forward exchange contract	USD	1,500	24	24	up to 1 year
Forward exchange contract	USD	2,000	11	11	up to 1 year
Forward exchange contract	USD	1,500	7	7	1 – 5 years
Forward exchange contract	USD	2,000	14	14	1 – 5 years
Forward exchange contract	USD	1,500	5	5	1 – 5 years
Forward exchange contract	USD	2,000	7	7	1 – 5 years
Forward exchange contract	USD	1,500	7	7	1 – 5 years
Forward exchange contract	USD	2,000	–45	0	up to 1 year
Forward exchange contract	USD	1,500	–74	–68	up to 1 year
Forward exchange contract	USD	1,000	–67	–67	up to 1 year
Forward exchange contract	USD	1,500	–62	–62	up to 1 year
Forward exchange contract	USD	1,500	–73	–73	up to 1 year
Forward exchange contract	USD	1,500	–26	–26	up to 1 year
Forward exchange contract	USD	2,000	–1	–1	up to 1 year
Forward exchange contract	USD	1,500	–78	–78	1 – 5 years
Forward exchange contract	USD	1,500	–33	–33	1 – 5 years
Forward exchange contract	USD	2,000	–11	–11	1 – 5 years
Forward exchange contract	USD	1,500	–1	–1	1 – 5 years
Forward exchange contract	USD	192	5	0	up to 1 year
Forward exchange contract	USD	129	2	0	up to 1 year
Forward exchange contract	USD	159	1	0	up to 1 year
Forward exchange contract	USD	11	0	0	up to 1 year
Commodity price contract	USD	625	17	0	up to 1 year
Forward exchange contract	USD	5,213	–58	0	up to 1 year
Forward exchange contract	USD	7,357	–111	0	up to 1 year
Commodity price contract	USD	7,077	–189	–45	up to 1 year
Commodity price contract	USD	625	–17	0	up to 1 year
Commodity price contract	CNY	35,204	112	0	up to 1 year
Forward exchange contract	USD	11,505	690	0	up to 1 year
Forward exchange contract	USD	11,505	1	0	up to 1 year
Forward exchange contract	USD	2,800	67	0	up to 1 year
Forward exchange contract	USD	2,025	3	0	up to 1 year
Forward exchange contract	USD	1,700	10	0	up to 1 year
Forward exchange contract	USD	2,100	52	0	up to 1 year
Forward exchange contract	USD	5,500	243	0	up to 1 year
Forward exchange contract	USD	4,750	209	0	up to 1 year
Forward exchange contract	USD	4,750	208	0	up to 1 year
Forward exchange contract	USD	2,150	85	0	up to 1 year
Forward exchange contract	USD	4,750	207	0	up to 1 year
Forward exchange contract	USD	1,350	54	0	up to 1 year
Forward exchange contract	USD	1,350	52	0	up to 1 year
Forward exchange contract	USD	4,750	204	0	up to 1 year
Forward exchange contract	USD	2,000	80	0	up to 1 year
Forward exchange contract	USD	1,000	38	0	up to 1 year
Forward exchange contract	USD	4,750	202	0	up to 1 year
Forward exchange contract	USD	1,025	41	0	up to 1 year
Forward exchange contract	USD	4,750	202	0	up to 1 year
Forward exchange contract	USD	1,025	40	0	up to 1 year
Forward exchange contract	USD	4,750	201	0	up to 1 year
Forward exchange contract	USD	1,025	38	0	up to 1 year
Forward exchange contract	USD	4,750	201	0	up to 1 year
Forward exchange contract	USD	4,750	200	0	up to 1 year
Forward exchange contract	USD	2,375	100	0	up to 1 year
Forward exchange contract	USD	2,750	115	0	up to 1 year
Forward exchange contract	USD	10,000	–20	0	up to 1 year
Forward exchange contract	USD	20,300	0	0	up to 1 year
Forward exchange contract	USD	2,880	0	0	up to 1 year
Forward exchange contract	RON	30,140	–10	0	up to 1 year
Forward exchange contract	USD	2,720	0	0	up to 1 year
Forward exchange contract	USD	12,320	1	0	up to 1 year
Forward exchange contract	EUR	1,000	38	0	up to 1 year
Forward exchange contract	EUR	1,025	40	0	up to 1 year
Forward exchange contract	EUR	2,050	77	0	up to 1 year
Forward exchange contract	EUR	1,025	79	0	up to 1 year
Forward exchange contract	EUR	2,050	77	0	up to 1 year
Forward exchange contract	EUR	2,050	39	0	up to 1 year
Forward exchange contract	EUR	1,025	38	0	up to 1 year
Forward exchange contract	EUR	2,375	104	0	up to 1 year
Forward exchange contract	EUR	2,750	120	0	up to 1 year
Forward exchange contract	USD	3,020	–71	0	up to 1 year
Total			**2,473**	**25**	

In 2023, TEUR –7,963 (2022: TEUR –246) were reclassified from the statement of comprehensive income to the statement of profit or loss.

31 December 2022	Currency	Nominal value (in thousand original currency)	Fair Value (in TEUR)	Thereof recognised in equity	Maturity
Commodity price contract	EUR	−7	−7	0	up to 1 year
Commodity price contract	EUR	19	−20	0	up to 1 year
Forward exchange contract	USD	333	7	0	up to 1 year
Forward exchange contract	USD	256	6	0	up to 1 year
Forward exchange contract	USD	286	6	0	up to 1 year
Forward exchange contract	USD	199	4	0	up to 1 year
Forward exchange contract	USD	216	4	0	up to 1 year
Forward exchange contract	USD	214	4	0	up to 1 year
Forward exchange contract	USD	203	4	0	up to 1 year
Forward exchange contract	USD	305	6	0	up to 1 year
Forward exchange contract	USD	325	6	0	up to 1 year
Forward exchange contract	USD	273	5	0	up to 1 year
Forward exchange contract	USD	230	4	0	1 – 5 years
Forward exchange contract	USD	217	3	0	1 – 5 years
Forward exchange contract	USD	219	−15	0	up to 1 year
Forward exchange contract	USD	228	−15	0	up to 1 year
Forward exchange contract	USD	19,000	567	567	up to 1 year
Forward exchange contract	USD	44,000	1,071	1,071	1 – 5 years
Forward exchange contract	USD	107,500	−8,806	−7,572	up to 1 year
Forward exchange contract	USD	102,000	−5,423	−5,423	1 – 5 years
Forward exchange contract	USD	1,500	1	1	up to 1 year
Forward exchange contract	USD	18,500	−1,012	−685	up to 1 year
Forward exchange contract	USD	22,000	−779	−527	1 – 5 years
Commodity price contract	USD	875	33	10	up to 1 year
Commodity price contract	USD	841	−4	0	up to 1 year
Forward exchange contract	USD	3,500	−85	0	up to 1 year
Forward exchange contract	EUR	2,796	0	0	up to 1 year
Forward exchange contract	USD	30,836	−296	−203	up to 1 year
Commodity price contract	USD	8,472	−104	−81	up to 1 year
Commodity price contract	USD	841	4	0	up to 1 year
Commodity price contract	CNY	13,890	35	0	up to 1 year
Forward exchange contract	USD	5,200	17	0	up to 1 year
Forward exchange contract	USD	2,720	6	0	up to 1 year
Forward exchange contract	USD	12,320	26	0	up to 1 year
Forward exchange contract	USD	10,000	35	0	up to 1 year
Forward exchange contract	USD	11,505	555	0	up to 1 year
Forward exchange contract	USD	2,880	5	0	up to 1 year
Forward exchange contract	USD	20,300	37	0	up to 1 year
Forward exchange contract	USD	11,505	465	0	1 – 5 years
Total			**−13,650**	**−12,842**	

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.

Except for the promissory notes they correspond primarily to the fair values. The fair value of the promissory notes as of 31 December 2023 amounts to TEUR 38,681 (2022: TEUR 475,360).

31 December 2023	Carrying amount					Fair value			
(in TEUR)	Measured at fair value – hedging instruments	Other assets and liabilities measured at fair value in profit or loss	Financial assets measured at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets – measured at fair value									
Forward exchange contracts (hedge accounting)	7,725				7,725		7,725		7,725
Commodity price contracts (hedge accounting)	154				154		154		154
Securities		853			853	0	853		853
	7,879	**853**	**0**	**0**	**8,732**				
Financial assets – not measured at fair value									
Escrow account			6,368		6,368				
Loans granted to joint ventures			21,898		21,898				
Loans granted to related companies			16,811		16,811				
Contract assets			27,972		27,972				
Trade receivables			159,260		159,260				
Receivables from affiliated companies			1,569		1,569				
Other receivables and assets			69,328		69,328				
Cash and cash equivalents			175,252		175,252				
	0	**0**	**478,458**	**0**	**478,458**				
Financial liabilities – measured at fair value									
Forward exchange contracts (hedge accounting)	5,199				5,199		5,199		5,199
Commodityswaps (hedge accounting)	207				207		207		207
	5,405	**0**	**0**	**0**	**5,405**				
Financial liabilities – not measured at fair value									
Loans and borrowings				341,204	341,204				
thereof promissory notes				38,681	38,681		38,681		38,681
Other financial liabilities*				86,013	86,013			300	
Lease liabilities				23,822	23,822				
Trade payables**				222,787	222,787				
Trade payables from affiliated companies				5,220	5,220				
Contract liabilities***				0	0				
Other liabilities from affiliated companies				160	160				
Other liabilities from joint ventures and from associated companies				18,841	18,841				
Accruals				25,651	25,651				
Other liabilities****				33,054	33,054				
	0	**0**	**0**	**756,752**	**756,752**				

* Does not include accrued interest TEUR 2.
** Does not include other payments received TEUR 7,576.
*** Does not include payments received from contracts with customers TEUR 8,670 as well as advances from state TEUR 7,014.
**** Does not include deferred income TEUR 6,921, derivatives TEUR 5,405, government aid & grants TEUR 54,783 and liabilities from other taxes as well as in the context of social security TEUR 16,221.

31 December 2022	Carrying amount					Fair value			
(in TEUR)	Measured at fair value – hedging instruments	Other assets and liabilities measured at fair value in profit or loss	Financial assets measured at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets – measured at fair value									
Forward exchange contracts (hedge accounting)	2,844				2,844		2,844		2,844
Commodity price contracts (hedge accounting)	57				57		57		57
Securities		785			785	0	785		785
	2,901	**785**	**0**	**0**	**3,686**				
Financial assets – not measured at fair value									
Escrow account			5,701		5,701				
Loans to joint ventures			13,928		13,928				
Contract assets			23,969		23,969				
Trade receivables			171,413		171,413				
Receivables from affiliated companies			1,525		1,525				
Other receivables and assets			105,758		105,758				
Cash and cash equivalents			426,215		426,215				
	0	**0**	**748,509**	**0**	**748,509**				
Financial liabilities – measured at fair value									
Forward exchange contracts (hedge accounting)	16,431				16,431		16,431		16,431
Commodityswaps (hedge accounting)	120				120		120		120
	16,551	**0**	**0**	**0**	**16,551**				
Financial liabilities – not measured at fair value									
Loans and borrowings				589,349	589,349				
thereof promissory notes				483,763	483,763		475,360		475,360
Other financial liabilities*				85,066	85,066			300	
Lease liabilities				30,763	30,763				
Trade payables**				222,150	222,150				
Trade payables from affiliated companies				813	813				
Contract liabilities***				0	0				
Other liabilities from affiliated companies				176	176				
Other liabilities from joint ventures and from associated companies				19,991	19,991				
Accruals				18,114	18,114				
Other liabilities****				39,647	39,647				
	0	**0**	**0**	**1,006,069**	**1,006,069**				

* Does not include accrued interest TEUR 406.
** Does not include other payments received TEUR 1,993.
*** Does not include payments received from contracts with customers TEUR 3,698 as well as advances from state TEUR 5,944.
**** Does not include deferred income TEUR 6,658, derivatives TEUR 16,551, government aid & grants TEUR 59,450 and liabilities from other taxes as well as in the context of social security TEUR 13,023.

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 can 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.

27. 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 majority shareholder of Montana Aerospace is Montana Tech Components AG, which has a majority shareholder, DDr. Michael Tojner, who holds the majority of voting rights either directly or indirectly via several companies under his control (also described as main shareholder hereafter).

27.1. Overview

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

	Transaction volume		Outstanding amount	
Transaction type (in TEUR)	**Income**	**Expenses**	**Receivables**	**Payables**
2023				
Transactions with persons and companies related to the main shareholder	1	2,661	0	1,347
Transactions with joint ventures and associated companies	121,021	1,697	17,596	16,383
Transactions with affiliated companies*	2,624	3,687	1,569	631
Operating activity / Balance as of December 31, 2023	**123,646**	**8,045**	**19,165**	**18,361**
Balance as of January 1, 2023			**40,685**	**0**
– Disposal of property, plant and equipment	0	0	10,351	0
*– Loans granted to related companies***	465		15,465	
*– Loans granted to joint ventures** (until 23 december 2022 group companies)*	2,000	9,785	21,898	0
Transactions with affiliated companies and with related companies	2,465	9,785	7,029	0
Investing activity / Balance as of December 31, 2023	**2,465**	**9,785**	**47,714**	**0**
Balance as of January 1, 2023			**0**	**0**
– Guarantee fees to affiliated companies	0	4,749	0	4,749
Transactions with affiliated companies	0	4,749	0	4,749
Financing activity / Balance as of December 31, 2023	**0**	**4,749**	**0**	**4,749**
Total / Balance as of December 31, 2023	**126,111**	**22,579**	**66,879**	**23,109**
2022				
Transactions with persons and companies related to the main shareholder	5	1,913	5	2
Transactions with joint ventures and associated companies	81,417	556	21,434	20,111
Transactions with affiliated companies*	3,869	6,082	1,525	989
Operating activity / Balance as of December 31, 2022	**85,291**	**8,551**	**22,964**	**21,102**
Balance as of January 1, 2022			**0**	**0**
– Disposal of property, plant and equipment	21,277	0	10,391	0
– Disposal of subsidiaries	31,366	0	16,366	0
*– Loans granted to joint ventures** (until 23 december 2022 group companies)*	0	0	13,928	0
Transactions with affiliated companies and with related companies	52,643	0	40,685	0
Investing activity / Balance as of December 31, 2022	**52,643**	**0**	**40,685**	**0**
Balance as of January 1, 2022			**0**	**0**
– Guarantee fees to affiliated companies	733	4,338	0	0
– Payments received in connection with management stock option programs	1,923	0	0	0
*– Repayment of the non-redeemable loan***	0	13,557	0	0
Transactions with affiliated companies	2,656	17,895	0	0
Financing activity / Balance as of December 31, 2022	**2,656**	**17,895**	**0**	**0**
Total / Balance as of December 31, 2022	**140,590**	**26,446**	**63,649**	**21,101**

* Expenses with affiliated companies include lease expenses amounting to TEUR 3,288 (2022: TEUR 5,055).
** Loans granted and repaid to related parties are shown in column "Expenses". Loans granted and repaid by related parties are shown in column "Income".

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

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

(in TEUR)	2023	2022
Short-term employee benefits	2,241	3,155
Share-based payments	621	-343
Remuneration to Group's Management and Board of Directors	**2,862**	**2,812**

The Board of Directors of Montana Aerospace AG is composed of Michael Tojner, Christian Hosp, Markus Vischer, Helmut Wieser, Thomas Williams and Silvia Buchinger. The Group's Management is composed of Kai Arndt as Co-CEO of the company, Michael Pistauer as Co-CEO and CFO of the company as well as Vicky Welvaert as Group HRO of the company.

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

28. Contingent liabilities

Lawsuit Arconic vs. UAC – key facts

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

On 11 July 2023, the jury trial at the District Court in Atlanta started. In their verdict on, the jury found that Arconic did not own any trade secrets in relation to SFSC, rejected the alleged misappropriation and therefore UAC is not liable to pay any damages to Arconic.

In case of an appeal, it bears noting that the burden to prove that a verdict should be set aside, or a new trial should be granted, is high. UAC, the Company and Arconic started to discuss a potential settlement to finally close the legal dispute. It is therefore expected that a settlement is finalized in 2024.

29. Subsequent events

Subsequent events have been considered for adjustment of disclosure up to 2 April 2024, the date these consolidated financial statements were authorized for issue.

CONSOLIDATED FINANCIAL STATEMENTS

30. Group companies

As of 31 December 2023, Montana Aerospace AG held shares in the following companies:

Name of the company	Location	Country	Currency	Equity Participation	Capital Stock	Note
Alpine Metal Tech (Taicang) Co. Ltd	Taicang	CN	CNY	47.00%	1,491,708	AE
Alpine Metal Tech Brasil – Peças e Serviços Ltda.	Nova Lima	BR	BRL	47.00%	2,675,013	AE
Alpine Metal Tech Denmark ApS	Stenløse	DK	DKK	47.00%	5,000,000	AE
Alpine Metal Tech Germany GmbH	Dillingen/Saar	DE	EUR	47.00%	1,534,150	AE
Alpine Metal Tech Germany Holding GmbH	Dillingen/Saar	DE	EUR	47.00%	5,000,000	AE
ALPINE METAL TECH GmbH	Regau	AT	EUR	47.00%	36,500	AE
Alpine Metal Tech North America Inc.	Pittsburgh, PA	US	USD	47.00%	3,000	AE
Alpine Metal Tech UK Ltd.	Staffordshire	UK	GBP	47.00%	100	AE
Alu Menziken Euromotive GmbH	Ranshofen	AT	EUR	100.00%	35,000	
Alu Menziken Extrusion AG	Reinach	CH	CHF	100.00%	4,000,000	
Alu Menziken Germany GmbH	Dillingen/Saar	DE	EUR	100.00%	25,000	
Alu Menziken SRL	Satu Mare	RO	RON	100.00%	18,004,500	
Asco Aerospace Canada Ltd.	Vancouver, BC	CA	CAD	100.00%	22,934,211	
Asco Aerospace USA LLC	Oklahoma City, OK	US	USD	100.00%	5,300,000	
Asco Deutschland GmbH	Gedern	DE	EUR	100.00%	3,823,000	
Asco Finance USA NV	Zaventem	BE	EUR	100.00%	4,061,500	
Asco Industries NV	Zaventem	BE	EUR	100.00%	7,500,799	
Asco Industries USA Inc.	Carson City, NE	US	USD	100.00%	4,459,097	
Asco Management NV	Zaventem	BE	EUR	100.00%	62,000	
Asco Real Estate Canada Ltd.	Vancouver, BC	CA	CAD	100.00%	4,000,002	
Asco Real Estate USA Inc.	Oklahoma City, OK	US	USD	100.00%	2,500	
ASTA Americas Inc.	Wilmington, DE	US	USD	100.00%	100	
ASTA Bosnia d.o.o.	Ćoralići	BA	BAM	100.00%	1,000	
ASTA Bosnia Immobiliare d.o.o.	Ćoralići	BA	BAM	100.00%	1,000	
ASTA Conductors Co. Ltd.	Yangzhou	CN	CNY	100.00%	120,300,846	
ASTA Elektrodraht GmbH	Oed	AT	EUR	100.00%	1,500,000	
ASTA Energy Solutions AG	Oed	AT	EUR	100.00%	10,000,000	
ASTA India Pvt. Ltd.	Vadodara	IN	INR	100.00%	873,799,560	
ASTA Industrie GmbH	Oed	AT	EUR	100.00%	35,000	
ASTA–Asia Pte. Ltd.	Singapore	SG	SGD	n/a	n/a	L
BeLightning NV	Schaerbeek	BE	EUR	16.67%	21,347,114	AE
Belairbus NV	Waterloo	BE	EUR	34.75%	371,840	AE
Cefival S.A.	Persan	FR	EUR	90.00%	7,713,855	
ETV Montana Tech Holding GmbH	Vienna	AT	EUR	100.00%	2,450,000	
Flabel Corporation NV	Schaerbeek	BE	EUR	27,30%	297,472	AE
GeGa GmbH	Dillingen/Saar	DE	EUR	47.00%	66,700	AE
GeGa Iberica S.L.	Tarragona	ES	EUR	47.00%	543,500	AE
IH TECH Sondermaschinenbau und Instandhaltung GmbH	Behamberg	AT	EUR	47.00%	48,449	AE
Immobiliere Asco NV	Zaventem	BE	EUR	100.00%	750,047	
IMT Intermato S.p.A.	Crosio della Valle	IT	EUR	47.00%	13,900,000	AE
IndustrieCapital Alpha GmbH	Vienna	AT	EUR	100.00%	500,000	
Insulated Conductors and Enameled Wires N.V.	Amsterdam	NL	EUR	100.00%	250,000	
MAAG Holdings LLC	Wilmington, DE	US	USD	100.00%	0	G
Makra GmbH	Vienna	AT	EUR	100.00%	17,500	
Montana Aerospace Components Inc.	Wilmington, DE	US	USD	100.00%	10	
Montana Aerospace Deutschland GmbH	Dillingen/Saar	DE	EUR	100.00%	25,000	
Montana Aerospace ETV AG	Reinach	CH	CHF	100.00%	100,000	
Montana Aerospace GmbH	Vienna	AT	EUR	100.00%	35,000	
Montana AS Beteiligungs Holding AG	Zug	CH	CHF	100.00%	26,862,000	
Montana Tech Components GmbH	Vienna	AT	EUR	100.00%	35,000	
MTC Aerosystems Kft.	Budapest	HU	USD	100.00%	11,825	
MTC Aerosystems LLC	East Hanover, NJ	US	USD	100.00%	0	
MTC Management Kft.	Budapest	HU	USD	100.00%	11,825	
MTC US Corp.	Wilmington, DE	US	USD	100.00%	10	
PPE Fios Esmaltados S.A.	Cerquilho	BR	BRL	100.00%	131,749,860	
S.R.I.F. NV	Zaventem	BE	EUR	100.00%	47,606,494	
São Marco Industria y Comercio LTDA	Três Corações	BR	BRL	100.00%	88,843,486	
Simulation Live Fire Training Solution Inc.	Pittsburgh, PA	US	USD	47.00%	0	AE
SREC LLC	Oklahoma City, OK	US	USD	100.00%	59,097	
UAC Design SRL	Baia Mare	RO	EUR	100.00%	217	
UAC Export Co.	East Hanover, NJ	US	USD	100.00%	0	
Universal Alloy Corp.	Canton, GA	US	USD	100.00%	8,950	
Universal Alloy Corp. Asia Pte. Ltd.	Singapur	SG	USD	97.50%	50,000	
Universal Alloy Corp. Europe S.R.L	Dumbravita	RO	EUR	100.00%	14,897,654	
Universal Alloy Corp. Vietnam Company Ltd.	Da Nang	VN	USD	97.50%	34,000,000	

AE At-Equity accounting
G Founded in actual reporting period
L Liquidated in actual reporting period

CONSOLIDATED FINANCIAL STATEMENTS

31. Material accounting policies

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

31.1. Basis of consolidation

i. Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

ii. Subsidiaries

The consolidated financial statements include all the companies controlled directly or indirectly by Montana Aerospace. 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 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. 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.

iv. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

v. 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.

31.2. Currency translation

31.2.1. 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.

CONSOLIDATED FINANCIAL STATEMENTS

31.2.2. 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 assets and liabilities 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 other 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	31.12.2023	31.12.2022	2023	2022
USD (US Dollar)	1.1050	1.0666	1.0813	1.0530
BRL (Brazilian Real)	5.3618	5.6386	5.4010	5.4399
CHF (Swiss Franc)	0.9260	0.9847	0.9718	1.0047
CNY (Chinese Yuan)	7.8509	7.3582	7.6600	7.0788
RON (Romanian Leu)	4.9756	4.9495	4.9467	4.9313

31.3. Financial instruments

31.3.1. 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.

31.3.2. Classification and subsequent measurement

31.3.2.1. 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)

31.3.2.2. 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 see note 31.3.3.

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.

31.3.2.3. 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.

See note 31.3.3 for financial liabilities that have been designated as hedging instruments.

31.3.3. Derivative financial instruments and hedge accounting

31.3.3.1. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its currency risk 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.

31.3.3.2. 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.

31.4. Equity

31.4.1. Share capital

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

31.4.2. Dividends

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

31.5. Intangible assets

31.5.1. 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. 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 31.9).

31.5.2. 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 31.9). Other development costs are recognized as an expense as incurred.

31.5.3. 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 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 31.9).

31.6. Property, plant and equipment

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 – 30 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.

31.7. Leases

31.7.1. Accounting policies

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.

31.7.1.1. 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, 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 at the lease commencement date. 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 periodically reduced for any impairment losses, if any, 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 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 change, 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 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.

31.8. 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.

31.9. Impairment

31.9.1. 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.

CONSOLIDATED FINANCIAL STATEMENTS

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.

If a financial asset is impaired, an individual valuation allowance is recognized.

31.9.1.1. 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.

31.9.2. 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.

An impairment loss is recognized 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.

31.10. 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.

31.10.1. Defined benefit plans

For all significant defined benefit plans, the defined benefit obligation (DBO) is calculated 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 defined benefit liability is recognized immediately in other comprehensive income. The remeasurement includes the actuarial gains and losses, the return on plan assets (without interests) and the effect of any asset ceiling (without interests).

When the benefits of a plan are changed or when 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.

31.11. 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.

Description of performance obligations and revenue recognition

The Group generates sales mainly from the sale of products. 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.

In the Group, sales are mainly generated through

- the sale of aluminum profiles in the aerospace and e-mobility business segments.
- the sale of high-quality insulated winding material made of copper for electrical engineering in the high-energy sector, so-called drill conductors for transformers and Roebel bars for gener-ators.

Revenue recognition:

The Group recognizes revenue mainly upon delivery to the customer in accordance with Incoterms (especially DAP, FCA, CIF, DDP and FOB).

31.12. 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.

31.13. Income taxes

Income taxes include both current and deferred. 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.

31.13.1. Current income taxes

Current income taxes are the expected tax payable or receivable on the taxable income or loss for the year, 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 payable or 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 if certain criteria are met.

31.13.2. 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..

31.14. Segment reporting

See note 5.

31.15. Changes in significant accounting policies

In 2023 the Group has implemented various minor amendments to existing standards and interpretations, which have no material effect on the Group's financial statements.

In addition, the Group has adopted the amendments to IAS 12 'Income Taxes' relating to 'International Tax Reform – Pillar Two Model Rules' issued by the International Accounting Standards Board (IASB) in May 2023. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

31.16. Amendments to IFRS standards with potential impact on the Group after 31 December 2023

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 Group's consolidated financial statements have not yet been analyzed systematically, except when this is specifically disclosed. The expected ef–fects presented below constitute only a first estimate by the Group's management.

	Effective date	Planned application
New Standards or Interpretations		
none		
Revisions and amendments of Standards and Interpretations		
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	1 January 2024	Reporting year 2024
Classification of Liabilities as Current or Non–current (Amendments to IAS 1)*	1 January 2024	Reporting year 2024
Non–current Liabilities with Covenants (Amendments to IAS 1)	1 January 2024	Reporting year 2024
Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	Reporting year 2024
Lack of Exchangeability (Amendments to IAS 21)	1 January 2025	Reporting year 2025

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

31.17. 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.

Statutory Auditor's Report

To the General Meeting of Montana Aerospace AG, Reinach (AG)

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Montana Aerospace AG and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023 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 material accounting policies.

In our opinion, the consolidated financial statements (pages 180 to 269) give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

EXISTENCE AND ACCURACY OF REVENUE

VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EXISTENCE AND ACCURACY OF REVENUE

Key Audit Matter

In 2023, net sales amount to EUR 1,430.4 million. The Group's revenue is mainly related to the sale of structural parts and assemblies as well as lightweight components for the aerospace and other industries. Depending on the terms and conditions of the customer contracts, revenue is recognized when control over goods and services has been transferred to the buyer or overtime in accordance with the progress to completion of the performance obligation which involves a higher degree of judgment.

Revenue is a key performance indicator to assess business performance and therefore a key area of internal goal setting and external expectations. These expectations may put pressure on management to achieve set targets, leading to an increased risk in terms of recognizing revenue in the proper period.

Our response

Amongst others, we performed the following audit procedures:

- Gaining an understanding of key customer contracts and revenue streams, and testing the design and implementation of selected key revenue recognition controls;
- Reconciling a sample of sales transactions for the financial year to underlying sales orders, shipping documents and invoices;
- Verifying that sales transactions at the end of the balance sheet date and at the beginning of the new financial year have been recognized in the correct period by checking sales close to the balance sheet date against contractual terms such as shipping terms, invoices and delivery documents;
- Verifying for a sample of credit notes issued after the balance sheet date that they were recognized in the correct period;
- Testing the calculation of percentage of completion including the costs incurred and recorded against the customer contract, assessing the basis for determining the costs to complete and total contract cost and reperforming the percentage of completion calculation;
- Comparing sales and margins to budget and prior year to identify significant or unusual variances, discussing these analyses with management and requesting additional documentation where appropriate.

We also considered the appropriateness of disclosures in the consolidated financial statements.

For further information on Revenue refer to the following:

— Notes to the Consolidated Financial Statements, 5. Segment reporting, pages 191 to 194

— Notes to the Consolidated Financial Statements, Material accounting policies, 31.11 Revenue and earnings recognition, page 267

VALUATION OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

Key Audit Matter

The Group reports goodwill and other intangible assets with indefinite useful life totalling EUR 118.7 million as of 31 December 2023, arising from past business combinations.

Management assesses goodwill and other intangible assets with indefinite useful life for impairment on a yearly basis using a discounted cash flow model to determine the value in use of the cash-generating units (CGUs). In case of business combinations occurring during the reporting period, management applies judgement in allocating goodwill and intangible assets to the appropriate CGUs. Performing the impairment test on the level of individual CGUs requires the use of a number of key assumptions and judgements, including estimated future cash flows, long-term growth rates, profitability levels and discount rates.

We focused on this area in light of the amounts involved and the level of judgement and estimation required.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the valuation model used for the impairment testing, the appropriateness of the assumptions and the methodology used by management to prepare its cash flow forecasts. We used our own valuation specialists to support our procedures.

In particular, we performed the following:

- For intangible assets, challenging the adequacy of the indefinite useful life assumption used by management by assessing relevant factors, events and changes in circumstances;
- Gaining an understanding and assessing the reasonableness of business plans and forecasts by back-testing historical forecasts to actual results;
- Comparing business plan data against the latest plans approved by the board of directors and forecasts approved by management;
- Challenging the robustness of the key assumptions used to determine the recoverable amount, including identification of the CGUs and respective goodwill and intangible asset allocation, forecast cash flows, long-term growth rates, profitability levels and discount rates based on our understanding of the commercial prospects of the related CGUs and by comparing them with publicly available data, where possible;
- Conducting a sensitivity analysis on key assumptions;
- Recalculating the recoverable amount and its surplus over the carrying amount to assess the headroom for selected CGUs.

We also considered the appropriateness of disclosures in the consolidated financial statements.

For further information on Goodwill and Other Intangible Assets with indefinite useful life refer to the following:

— Notes to the Consolidated Financial Statements, 7. Intangible assets, page 200 to 202
— Notes to the Consolidated Financial Statements, Material accounting policies, 31.5 Intangible assets, pages 261 to 262
— Notes to the Consolidated Financial Statements, Material accounting policies, 31.9 Impairment, pages 264 to 265

Other Information

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

Our opinion on the consolidated financial statements does not cover the other information 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 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.

Board of Directors’ Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards 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, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISA and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our 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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

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

KPMG AG

Daniel Haas
Licensed Audit Expert
Auditor in Charge

Roman Künzle
Licensed Audit Expert

St. Gallen, 2 April 2024

KPMG AG, Bogenstrasse 7, CH-9001 St. Gallen

STATUTORY ACCOUNTS

STATUTORY ACCOUNTS

BALANCE SHEET AS OF 31 DECEMBER

CHF	Notes	2023	2022
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,482,076.51	27,651,618.30
Other short-term receivables			
– from third parties		566,267.54	82,897.37
– to entities in which the entity holds a participation		6,953,969.27	1,478,667.44
Prepaid expenses / accrued income		0	172,081.52
Total current assets		**9,002,313.32**	**29,385,264.63**
NON-CURRENT ASSETS			
Financial assets	2.1	887,690,254.64	673,420,385.69
Investments	2.2	365,465,538.95	300,532,316.03
Total non-current assets		**1,253,155,793.59**	**973,952,701.72**
TOTAL ASSETS		**1,262,158,106.91**	**1,003,337,966.35**

STATUTORY ACCOUNTS

LIABILITIES AND SHAREHOLDERS' EQUITY

CHF	Notes	2023	2022
SHORT-TERM LIABILITIES			
Trade accounts payable			
– to third parties		625,592.37	1,072,472.49
– to entities in which the entity holds a participation		5,280,970.84	2,566,918.44
Short-term interest bearing liabilities			
– to entities in which the entity holds a participation		5,869,610.27	0.00
Other short-term liabilities			
– to third parties		19,877,358.52	4,781.85
– to related parties		10,000.00	90,495.50
Accrued expenses and deferred income		632,732.32	364,522.32
Total short-term liabilities		**32,296,264.32**	**4,099,190.60**
LONG-TERM LIABILITIES			
Long-term non-interest bearing liabilities			
– to third parties	2.3	253,756,007.34	0.00
Total long-term liabilities		**253,756,007.34**	**0.00**
TOTAL LIABILITIES		**286,052,271.66**	**4,099,190.60**
SHAREHOLDERS' EQUITY			
Share capital	2.4	61,985,597.00	61,985,597.00
Legal capital reserves			
– Reserves from capital contributions	2.5	932,678,832.30	933,559,331.40
– Other capital reserves	2.5	116,334,068.38	115,453,569.28
Accumulated losses			
– Loss carried forward		-111,759,721.93	-78,678,088.37
– Loss for the period		-23,132,940.50	-33,081,633.56
Total Shareholders' equity		**976,105,835.25**	**999,238,775.75**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**1,262,158,106.91**	**1,003,337,966.35**

INCOME STATEMENT

CHF	Notes	2023	2022
Financial income	2.6	30,152,539.91	17,725,331.18
Other income		4,595,156.60	5,396,460.11
Total income		**34,747,696.51**	**23,121,791.29**
Financial expenses	2.7	51,111,647.52	46,990,856.88
Personnel expenses	2.8	1,126,516.42	3,355,849.05
Other operating expenses	2.9	5,553,412.47	5,819,249.21
Direct taxes		89,060.60	37,469.71
Total expenses		**57,880,637.01**	**56,203,424.85**
LOSS FOR THE PERIOD		**–23,132,940.50**	**–33,081,633.56**

NOTES

1. Principles

1.1. General Aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

1.2. Financial Assets

Financial assests include long-term loans. Loans granted in foreign currencies are valued at the exchange rate on the reporting date, whereby unrealized losses are recorded but unrealized profits are not recognized (imparity principle).

1.3. No cash flow statement, additional information in the notes and management report

As Montana Aerospace AG prepares consolidated financial statements in accordance with a recognised accounting standard (IFRS), it has omitted additional information in the notes to the annual financial statements, the cash flow statement and the management report in accordance with the statutory provisions in these financial statements.

2. Disclosure on balance sheet and income statement

2.1. Financial assets

CHF	2023	2022
Loans to entities in which the entity holds a participation	887,690,254.64	673,420,385.69

2.2. Investments

				2023		2022		
Company	Domicile	Country	Currency	Voting– and capital rights in %	Capital	Voting– and capital rights in %	Capital	
Direct investments								
Montana AS Beteiligungs Holding AG	Zug	CH	CHF	100.00	26,862,000	100.00	26,862,000	
Montana Aerospace GmbH	Vienna	AT	EUR	100.00	35,000	100.00	35,000	
Universal Alloy Corp. Europe S.R.L.	Dumbravita	RO	EUR	100.00	14,897,654	100.00	14,911,356	
UAC Design SRL	Dumbravita	RO	EUR	100.00	217	100.00	217	
Montana Aerospace ETV AG	Reinach	CH	CHF	100.00	100,000	100.00	100,000	
Montana Aerospace Deutschland GmbH	Dillingen/Saar	DE	EUR	100.00	25,000	100.00	25,000	
Cefival S.A.	Persan	FR	EUR	90.00	7,713,855	90.00	7,713,855	
Alu Menziken Srl	Satu Mare	RO	RON	0.00	18,004,500	0.05	18,004,500	
MAAG Holdings LLC	Wilmington, DE	US	USD	100.00	0	0.00	0	G
Significant indirect investments								
Alpine Metal Tech (Taicang) Co. Ltd	Taicang	CN	CNY	47.00	1,491,708	47.00	1,491,708	
Alpine Metal Tech Brasil – Peças e Serviços Ltda.	Nova Lima	BR	BRL	47.00	2,675,013	47.00	2,675,013	
Alpine Metal Tech Denmark ApS	Stenløse	DK	DKK	47.00	5,000,000	47.00	5,000,000	
Alpine Metal Tech Germany GmbH	Dillingen/Saar	DE	EUR	47.00	1,534,150	47.00	1,534,150	
Alpine Metal Tech Germany Holding GmbH	Dillingen/Saar	DE	EUR	47.00	5,000,000	47.00	5,000,000	
ALPINE METAL TECH GmbH	Regau	AT	EUR	47.00	36,500	47.00	36,500	
Alpine Metal Tech North America Inc.	Pittsburgh, PA	US	USD	47.00	3,000	47.00	3,000	
Alpine Metal Tech UK Ltd.	Staffordshire	UK	GBP	47.00	100	47.00	100	
Alu Menziken Euromotive GmbH	Ranshofen	AT	EUR	100.00	35,000	100.00	35,000	
Alu Menziken Extrusion AG	Reinach	CH	CHF	100.00	4,000,000	100.00	4,000,000	
Alu Menziken Germany GmbH	Dillingen/Saar	DE	EUR	100.00	25,000	100.00	25,000	
Alu Menziken Srl	Satu Mare	RO	RON	100.00	18,004,500	99.95	18,004,500	
Asco Aerospace Canada Ltd.	Vancouver, BC	CA	CAD	100.00	22,934,211	100.00	22,934,211	
Asco Aerospace USA LLC	Oklahoma City, OK	US	USD	100.00	5,300,000	100.00	5,300,000	
Asco Deutschland GmbH	Gedern	DE	EUR	100.00	3,823,000	100.00	3,823,000	
Asco Finance USA NV	Zaventem	BE	EUR	100.00	4,061,500	100.00	4,061,500	
Asco Industries NV	Zaventem	BE	EUR	100.00	7,500,799	100.00	7,500,799	
Asco Industries USA Inc.	Carson City, NE	US	USD	100.00	4,459,097	100.00	4,459,097	
Asco Management NV	Zaventem	BE	EUR	100.00	62,000	100.00	62,000	
Asco Real Estate Canada Ltd.	Vancouver, BC	CA	CAD	100.00	4,000,002	100.00	4,000,002	
Asco Real Estate USA Inc.	Oklahoma City, OK	US	USD	100.00	2,500	100.00	2,500	
ASTA Americas Inc.	Wilmington, DE	US	USD	100.00	100	100.00	100	
ASTA Bosnia d.o.o.	Ćoralići	BA	BAM	100.00	1,000	100.00	1,000	
ASTA Bosnia Immobiliare d.o.o.	Ćoralići	BA	BAM	100.00	1,000	100.00	1,000	
ASTA Conductors Co. Ltd.	Yangzhou	CN	CNY	100.00	120,300,846	100.00	120,300,846	
ASTA Elektrodraht GmbH	Oed	AT	EUR	100.00	1,500,000	100.00	1,500,000	
ASTA Energy Solutions AG	Oed	AT	EUR	100.00	1,235,000	100.00	1,235,000	
ASTA India Pvt. Ltd.	Vadodara	IN	INR	100.00	873,799,560	100.00	873,799,560	
ASTA Industrie GmbH	Oed	AT	EUR	100.00	35,000	100.00	35,000	
ASTA–Asia Pte. Ltd.	Singapore	SG	SGD	0.00	0	100.00	136	L
BeLightning NV	Schaerbeek	BE	EUR	16.67	21,347,114	16.67	21,347,114	
Belairbus NV	Waterloo	BE	EUR	34.75	371,840	34.75	371,840	
ETV Montana Tech Holding GmbH	Vienna	AT	EUR	100.00	2,450,000	100.00	2,450,000	
Flabel Corporation NV	Schaerbeek	BE	EUR	27.30	297,472	27.30	297,472	
GeGa GmbH	Dillingen/Saar	DE	EUR	47.00	66,700	47.00	66,700	
GeGa Iberica S.L.	Tarragona	ES	EUR	47.00	543,500	47.00	543,500	
IH TECH Sondermaschinenbau und Instandhaltung GmbH	Behamberg	AT	EUR	47.00	48,449	47.00	48,449	
Immobiliere Asco NV	Zaventem	BE	EUR	100.00	750,000	100.00	750,000	
IMT Intermato S.p.A.	Crosio della Valle	IT	EUR	47.00	13,900,000	47.00	13,900,000	
IndustrieCapital Alpha GmbH	Vienna	AT	EUR	100.00	500,000	100.00	500,000	
Insulated Conductors and Enameled Wires N.V.	Amsterdam	NL	EUR	100.00	250,000	100.00	250,000	
Makra GmbH	Vienna	AT	EUR	100.00	17,500	100.00	17,500	
Montana Aerospace Components Inc.	Wilmington, DE	US	USD	100.00	10	100.00	10	
Montana Tech Components GmbH	Vienna	AT	EUR	100.00	35,000	100.00	35,000	
MTC Aerosystems Kft.	Budapest	HU	USD	100.00	11,825	100.00	11,825	
MTC Aerosystems LLC	East Hanover, NJ	US	USD	100.00	0	100.00	0	
MTC Management Kft.	Budapest	HU	USD	100.00	11,825	100.00	11,825	
MTC US Corp.	Wilmington, DE	US	USD	100.00	10	100.00	10	
PPE Fios Esmaltados S.A.	Cerquilho	BR	BRL	100.00	131,749,860	100.00	131,749,860	
S.R.I.F. NV	Zaventem	BE	EUR	100.00	47,606,494	100.00	47,606,494	
São Marco Industria y Comercio LTDA	Três Corações	BR	BRL	100.00	88,843,486	100.00	440,938,872	
Simulation Live Fire Training Solution Inc.	Pittsburgh, PA	US	USD	47.00	0	47.00	0	
SREC LLC	Oklahoma City, OK	US	USD	100.00	59,097	100.00	59,097	
UAC Export Co.	East Hanover, NJ	US	USD	100.00	0	100.00	0	
Universal Alloy Corp.	Canton, GA	US	USD	100.00	8,950	100.00	8,950	
Universal Alloy Corp. Asia Pte. Ltd.	Singapur	SG	USD	97.50	50,000	97.50	50,000	
Universal Alloy Corp. Vietnam Company Ltd.	Da Nang	VN	USD	97.50	34,000,000	97.50	34,000,000	

G Founded in actual reporting period
L Liquidated in actual reporting period

STATUTORY ACCOUNTS

2.3. Long-term liabilities

CHF	2023	2022
Long-term interest bearing liabilities to third parties	253,756,007.34	0.00
	253,756,007.34	**0.00**

2.4. Shareholders' equity

As of December 31, 2023, the share capital amounted to CHF 61,985,597 and was divided into 61,985,597 registered shares with a nominal value of CHF 1 each.

The lower limit of the capital band is CHF 55,800,000.00; the upper limit is CHF 74,380,000.00. Within the capital band, the Board of Directors is authorized to increase or reduce the share capital once or several times and in any amounts at any time up to 23 May 2028, or the expiry of the capital band if earlier. The share capital may be increased by issuing up to 12,394,403 fully paid–in registered shares with a nominal value of CHF 1.00 each or reduced by cancelling up to 6,185,597 fully paid–in registered shares with a nominal value of CHF 1.00 each or by increasing or reducing the nominal value of the existing registered shares or by reducing and simultaneously re–increasing

The conditional share capital of TCHF 5,000 is designated for an employee stock option plan.

An additional conditional share capital of TCHF 1,000 is designated for new acquisition and capital increases in existing investments.

2.5. Reserves from Capital Contributions

The reserves from capital contributions consist of a premium from contribution in kind and capital increases in 2021 and 2022. All reserves are confirmed by the Swiss tax authorities. From a fiscal point of view any distribution made from these reserves are treated the same way as repayment of share capital.

2.6. Financial income

CHF	2023	2022
Interest income from loans to entities in which the entity holds a participation	27,258,737.54	11,412,250.67
Discount loan repayment	0.00	2,500,000.00
Foreign exchange gains	2,893,802.37	3,813,080.51
	30,152,539.91	**17,725,331.18**

2.7. Financial expenses

CHF	2023	2022
Bank interest, expenses and fees	2,208,435.42	31,236.58
Interest for loans from holders of participation	32,532.42	0.00
Foreign exchange losses	44,281,782.40	46,959,620.30
Other financial expenses	4,588,897.28	0.00
	51,111,647.52	**46,990,856.88**

2.8. Personnel expenses

Personnel expenses include passed-on personnel costs in the amount of TCHF 1,112 (prior year: TCHF 3,355).

2.9. Other operating expenses

CHF	2023	2022
Administration expenses	2,646,593.61	2,553,772.96
Consulting expenses	2,906,818.86	3,265,476.25
	5,553,412.47	**5,819,249.21**

3. Other information

3.1. Full-time equivalent

Montana Aerospace AG does not have any employees.

3.2. Stock Option Plan

A management stock option program (MSOP) was launched in 2021 by the parent company Montana Tech Components AG, Reinach, Switzerland, to allow employees to subscribe to ordinary shares in Montana Aerospace AG. The vesting period on which the program is based amounts to five years. The share-based payment arrangement requires employees to be in an active employment relationship with the company whenever options are exercised.

An additional 100,768 stock options were granted in 2023. 8,560 stock options were expired in 2023. The residual amount of stock options as of 31 December 2023 amount to 1,470,156 (1,377,948 PY). Thereof, 557,280 are allocated to the Management Board and 165,088 are allocated to the Board of Directors. The value of granted stock options in 2023 amounts to CHF 18,138 at grant date.

3.3. Contingent liabilities

Montana Aerospace AG has provided support letters to guarantee fullfillment of payment obligations of its affiliated companies as follows:

- ALU Menziken Euromotive GmbH
- ALU Menziken Extrusion AG
- ASTA Energy Solutions AG
- ASTA Elektrodraht GmbH
- ASTA India Pvt. Ltd.
- Asco Industries NV
- PPE Fios Esmaltados S.A.
- Universal Alloy Corp. Europe S.R.L.
- Universal Alloy Corp. Vietnam Company Ltd.

3.4. Significant events after the balance sheet date

There are no other significant events after the balance sheet date that have an impact on the book values of the assets or liabilities shown or that have to be disclosed here.

Proposed Appropriation of Available Result

CHF	2023
Net loss carried forward (previous year(s))	–111,759,721.93
Net loss for the year	–23,132,940.50
	–134,892,662.43

The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available result:

CHF	2023
To be carried forward	–134,892,662.43
	–134,892,662.43

KPMG

Statutory Auditor's Report

To the General Meeting of Montana Aerospace AG, Reinach (AG)

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Montana Aerospace AG (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement for the year then ended, and notes to the financial statements, includng a summary of significant accounting policies.

In our opinion, the financial statements (pages 276 to 285**)** comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

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

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

KPMG

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.

Board of Directors' Responsibilities for the Financial Statements
The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the 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 and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

— Identify and assess the risks of material misstatement of the 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

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.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

We further confirm that the proposed appropriation of available result complies with Swiss law and the Company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Daniel Haas Licensed Audit Expert Auditor in Charge	Roman Künzle Licensed Audit Expert

St. Gallen, 2 April 2024

ABOUT MONTANA AEROSPACE AG:

Montana Aerospace AG is a leading producer of system components and complex assemblies for the aerospace industry, with worldwide engineering and manufacturing operations. As of end of December 2023, the company has approximately 7,200 highly skilled employees at 23 locations on four continents—designing, developing and producing ground-breaking technologies for tomorrow's aerospace, e-mobility and energy industries out of aluminum, titanium, composite, copper and steel.

DISCLAIMER:

Some of the information contained in this Annual Report may be forward-looking statements. Montana Aerospace AG cautions that such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Montana Aerospace AG undertakes no obligation to publicly update or revise any forward-looking statements.

PUBLISHED AND EDITED BY:

Montana Aerospace AG, Reinach, Switzerland

CONCEPT:

Daniela Wagner, fillim.at

DESIGN:

Büro X Design, buerox.at
Buero New York, buero-newyork.com
Peter Rieder, flammen.at

PHOTO:

Sarah Katharina, sarahkatharina.com
Jan Hosan, hosan.eu
Wolfram Schroll, industriefotografie.wolframschroll.com
Guenter Parth, guenterparth.com
Oliver Helbig, oliverhelbig.com
iStock
Getty Images
Montana Aerospace

RENDERINGS:

Leo Miedaner, Büro X Design
Alu Menziken

Contact:

Marc Vesely recte Riha
Head of M&A and Investor Relations
Phone: +43 664 61 26 261
E-mail: ir@montana-aerospace.com

Thomas Schwella
Director ESG
Mobile +43 676 574 56 63
E-mail: t.schwella@montana-aerospace.com

Download the report:
montana-aerospace.com

THE SKY HAS NO LIMIT

montana-aerospace.com

MONTANA AEROSPACE