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CORPORATE NEWS

Reinach (Aargau), 08 August 2022

[Ad hoc announcement pursuant to art. 53 SIX Listing Rules]

MONTANA AEROSPACE AG REPORTS STRONG HY1 2022 FINANCIALS AT +61% YoY NET SALES GROWTH AND SOLID ADJ. EBITDA PERFORMANCE (+50% YoY), AFTER FINALIZING THE RAMP-UP OF CAPACITIES TO TACKLE STRONGLY RISEN DEMAND FROM AIRCRAFT OEMs

Montana Aerospace AG (the “Company”) and its operating subsidiaries (the “Group” or “Montana Aerospace”), a leading, highly-vertically integrated manufacturer and supplier of system components and complex assemblies for the aerospace, e-mobility and energy industries with worldwide engineering and manufacturing operations, publishes its HY1 2022 results today, with the increased industry demand and the interesting opportunities ahead being clearly visible in the published results.

HIGHLIGHTS HY1 2022

- **Financials:** Net Sales grew by 61.1% YoY to EUR 578.8 million; adj. EBITDA performance in line with guidance, reaching EUR 33.9 million (+50.0% YoY) and emphasising the Groups strong position in the current market environment, especially in the ‘Aerostructures’ segment
- **Segment Net Sales:** ‘Aerostructures’ (+119.9%), ‘E-Mobility’ (+71.7%) and ‘Energy’ (+21.3%)
- **Segment adj. EBITDA:** ‘Aerostructures’ (+117.1%), ‘E-Mobility’ (+281.0%) and ‘Energy’ (-48.3%)
- **Guidance confirmed again/slightly increased:** with around EUR ~1.16 billion of sales in 2022 (thereof ~85% organic- and ~15% inorganic growth) and an adj. EBITDA of a high euro double-digit figure in the millions, our guidance for 2022 is confirmed once again; the slight increase in sales guidance is due to the closing of



ASCO Industries faster than expected, now contributing 9 months of sales rather than the initially expected 6 months

- **Contracted sales:** we have been able to significantly increase the contracted sales volume compared to the IPO, from EUR 3.9bn as of May 2021 to more than EUR 5.0bn end of June 2022; winning market share especially for the A320 family due to the acquisition of ASCO Industries and its unique positioning in that particular aircraft; contracted sales still based upon lower build rate estimates
- **Management team:** newly structured and highly experienced management team with Co-CEO Kai Arndt ('Aerostructures'), Co-CEO ('Energy' & 'E-Mobility') and CFO Michael Pistauer and CHRO Silvia Buchinger are forming the management board since July and will keep the Company on its growth path
- **Build rates:** strong increase in demand from airlines due to accelerated return of appetite from passengers for flights demanding narrowbody aircrafts; forward looking guidance still based on reduced build rate estimate compared to OEM announcements to account for supply chain uncertainty (i.e. taking a build rate of 63 for the A320 family in 2025 rather than the announced rate of 75); nonetheless full flexibility if demand comes quicker without any major CAPEX investments & hiring of new employees
- **M&A:** successful closing of the acquisition of 100% of the shares of S.R.I.F. NV in Belgium ("Asco") on 31st March 2022; additionally, following approval by the relevant regulatory and antitrust authorities, the combination of São Marco with the company's current 'Energy' operations in Brazil can now be completed to co-create further innovative and sustainable solutions in close collaboration with our customers
- **Promissory Notes:** successful placement of promissory notes with a duration of up to five years and a volume of approximately EUR 80 million to further strengthen the group's financing of the growth over the next few years and replace the current short-term financing
- **Ramp-Up:** final steps of ramp-up of major CAPEX programme of the last years (> EUR 600 million of investments since 2018); besides finishing the ramp-up of our two large sites in Romania and Vietnam, successful commissioning and first testing for three new extrusion lines: large diameter extrusion press, titanium extrusion and drawn tube
- **Energy Costs:** energy costs remain stable at a high level (about 3x as much as in the previous year); able to pass through roughly two thirds of these costs, around one third of the additional costs need to be borne by ourselves
- **Inventory:** over proportional but strategically intended high inventory necessary to keep with the ramp-up in the 'Aerostructures' segment
- **Transportation Costs:** transportation costs have also doubled compared to the previous year; nevertheless, we are comparatively less affected by this development due to the high vertical integration



- **Covenants:** no covenants on Montana Aerospace AG level; guarantee on all promissory notes of Montana Aerospace through Montana Tech Components (which have covenants in place)

OPERATIONALLY ON TRACK IN HY1 2022

Net Sales

In the first half-year of 2022, Montana Aerospace generated consolidated Net Sales of EUR 578.8 million, which is 61.1% above the previous year's EUR 359.4 million, reversing on the Covid related decline and greatly surpassing pre-Covid levels. While all sectors showed improvements, Q2 recovery versus 2021 numbers was strongest in 'Aerostructures', closely followed by 'E-Mobility'. This favourable development was aided by Montana Aerospace's acquisition of ASCO group, which contributed EUR 59.6 million to Net Sales in 2022.

EBITDA

Adjusted for one-off and non-operative effects – most notably the management stock option program (MSOP) and the acquisition of ASCO – the adjusted EBITDA reached EUR 33.9 million in the first six months in 2022, well above the level of EUR 22.6 million in the same period in 2021. This translates into an adjusted EBITDA margin of 5.9% as compared to the previous year's HY1 level of 6.3% and the full year level of 7.1%. On a non-adjusted level, reported Group EBITDA increased from EUR 16.2 million in the first half of 2021 to EUR 28.6 million in 2022, which is a 76.5% increase, and which is in line with the increase in the adjusted EBITDA (increase of 50.3% as compared to the previous period).

This increase in EBITDA can largely be attributed to the substantial improvement in Production Output (Net Sales plus Change in Finished Goods; + EUR 222.2 million), which was supported by the gain in market share and higher build rates in 2022 as well as the strengthening of the workforce to approximately 6.829 employees (largely due to the newly acquired ASCO group). The cost of materials, supplies and services as well as personnel expenses were higher in comparison to Q1 2022 (EUR 393.3 million vs. EUR 265.2 million and EUR 122 million vs. EUR 78.9 million respectively), dampening the effect slightly. Yet, Montana Aerospace continues to see the access to qualified personnel and enough raw material as crucial milestones to achieve growth in the future.

The largest adjustments to EBITDA in 2022 were the costs related to the MSOP (EUR 2.5 million), followed by lawsuit expenses (EUR 1.6 million) as well as merger and acquisition (M&A) and post-merger Integration (PMI) expenses related to the acquired ASCO group, which sum up to EUR 1.2 million.

Operating Result (EBIT)

On reported level, the operating result (EBIT) reached EUR -18.0 million as of 30 June 2022 compared to EUR -18.5 million in the first six months of 2021, on the back of the one-off and



non-operative effects mentioned above. Taking these adjustments into account, the adjusted EBIT would amount to EUR –12.7 million.

Total expenses for depreciation and amortization aggregated to EUR 46.6 million in the first six months of 2022 as compared to EUR 34.7 million in the same period in 2021. This increase reflects the ongoing commitment to invest into new and improved production capacities. No adjustments to depreciation and amortization (impairment) were made.

Net Sales and adj. EBITDA development per segment

in MEUR	Aerostructures		E-Mobility		Energy	
	HY1 2021	HY1 2022	HY1 2021	HY1 2022	HY1 2021	HY1 2022
Net Sales	117.1	257.5	55.0	94.6	187.5	227.4
yoy growth	+119.9% ↗		+71.7% ↗		+21.3% ↗	
Adj. EBITDA	12.3	26.7	2.1	8.0	6.0	3.1
yoy growth	+117.1% ↗		+281.0% ↗		-48.3% ↘	

In the first six months 2022, Montana Aerospace generated consolidated Net Sales of EUR 578.8 million, which is 61.1% above the previous year's EUR 359.4 million, reversing on the Covid related decline and surpassing pre-Covid levels. Additionally, adj. EBITDA is up by 50.3%, amounting to EUR 33.9 million.

Segment sales and EBITDA performance in 2022 show that we have mastered the key challenges: 'Aerostructures' as a key driver of our business expansion posted growth of 119.9% with a total revenue of EUR 257.5 million and an adj. EBITDA of EUR 26.7 million, leaving the hurdles of 2021 behind. 'E-Mobility' raised its Net Sales by 71.7%, further delivering a positive result after ramping up the third plant and generating total Net Sales of EUR 94.6 million at an adj. EBITDA of EUR 8.0 million. 'Energy', driven by the high demand by infrastructural projects, reported Net Sales of EUR 227.4 million at an adj. EBITDA of EUR 3.1 million, a slight decline from Q2 2021 adj. EBITDA of EUR 6.0 million as passing on energy price increases to customers is lagging 6 months. Positive impact of price increases should be shown from July 2022 onwards.



OUTLOOK 2022

Guidance

Currently, Montana Aerospace is able to materialize on the situation of the general market. Although there are some hurdles that need to be tackled (like energy cost inflation, disruption of supply chains or the fight for talent), Montana Aerospace remains confident to be able to leverage its strong position as a one-stop-shop in the aerospace industry and win a larger stake in the overall market through its ability to deliver when others can't. Updated full year sales guidance of around EUR ~1.16 billion for 2022 confirmed, with 'Aerostructures' as key driver of growth, expecting sales of around EUR ~550 million, 'Energy' sales of EUR ~420 million and 'E-Mobility' sales of EUR ~190 million (~85% growth organically and ~15% inorganically). Concerning profitability (adj. EBITDA), we continue to expect a high double-digit EUR million figure. CAPEX should decrease compared to 2021 to around EUR ~90.0 million in 2022, focusing more and more only on sustainable CAPEX over the mid- to long-term.

Inventory

Montana Aerospace has consequently built up inventories within the last months in order to safeguard production over the next quarters. Some are not able to deliver due to constraints in material availability, lack of manpower or supply chain constraints. In contrast to that, we are ready to jump into contracts where others for instance fail to deliver titanium or aluminum parts. Therefore, working capital remains over proportionally high this year, with our expectation of this being still the case until early 2023.

Ramp-Up

We are currently in the final stages of finalising the major investment programmes that we started in 2018 (> EUR 600 million). In addition to the ramp-up of the two large plants in Romania and Vietnam, a large part of this volume went into the construction of the three new extrusion lines, which have successfully completed their test phase and will make significant contributions to sales and earnings in the future. In addition to the commissioning of a drawn tube for special alloys and an extrusion line for titanium and carbide profiles, one of Europe's largest and most efficient large-format extrusion lines for the production of aluminium wing structures was also put into operation. These lines are already in the qualification process with major OEMs and are expected to go into serial production by the end of 2022.

Integration of ASCO & Sao Marco

The integration of ASCO is fully on track. The balance sheet of Montana Aerospace already shows the complete transaction of Asco Industries whereas the income statement shows only 3 months of contribution. While Montana Aerospace offers a high vertically integrated value chain, ASCO focuses more on its Tier-2 to Tier-1 status as a system provider for the large OEMs. For this reason, ASCO's value chain is also dependent on external suppliers in the preliminary stages of production. This is exactly where our integration strategy comes in and we believe that we can leverage accretive synergy potentials by replacing external



suppliers with internal provision of resources. The challenge here currently lies in the fact that we need to integrate all external processes. However, we are already on the right track with the two major OEMs and the approval process.

Following approval by the relevant regulatory and antitrust authorities, the merger of São Marco with the Company's current 'Energy' operations in Brazil can now be completed. The synergies from the verticalisation, combined with a strong positioning in the Americas and a dedicated and capable team will enable us to continue to develop innovative and sustainable solutions with our customers in the growing energy and e-mobility markets.

Promissory Notes

In June, Montana Aerospace placed promissory notes in the amount of ~EUR 80 million on the capital markets via a bank consortium. The four tranches have a term of three or five years (the focus is on five years). Despite the current market volatility the tranches were heavily oversubscribed, partly due to international investor demand. The funds are available to the Company for general financing projects and will thus be used, among other things, to further accelerate the Company's growth following the acquisition of the Belgian ASCO Group.

Energy Costs & Raw Material

Current times are challenging on the utility markets. In the 1st quarter alone, Montana Aerospace had do digest already ~EUR 10m of energy costs, compared to only ~EUR 3m in the same period the year before. This remained the same for the second quarter 2022 and will also continue throughout the year. Montana Aerospace can pass through the majority of these price increases (with a time lag) but nonetheless needs to bear around one third of any additional incremental cost (already reflected in our guidance).

Raw material constraints are not a major issue for Montana Aerospace due to its high vertical integration and recycling capabilities (especially for aluminum but also titanium). Additionally, in recent weeks and months, we have consciously focused on building up inventories to ensure greater independence from current supply chain bottlenecks, including inventories that maintain production in certain areas for about 18 months.

Kai Arndt, Co-CEO of Montana Aerospace says: *“Despite all the challenges and headwinds that have arisen in the aviation market in recent months, we are proud that we have been able to deliver on our ambitious targets in terms of revenue and profitability and secure further market share through our unique positioning as the one-stop-shop in the aerospace supply chain. We continue to work 24/7 to successfully develop the company and would like to thank all our employees for their dedication and hard work as well all our stakeholders once again for the trust they have placed in us.”*



HY1 2022 – SELECTED KEY FIGURES

(financial figures in M€)	For the six months ended 30 June		
	2022	2021	yoy change
Net Sales	578.8	359.4	+228.4
EBITDA	28.6	16.2	+12.4
Adjusted EBITDA	33.9	22.6	+11.3
Adjusted EBITDA margin (%)	5.9%	6.3%	-0.4%
Operating Profit (EBIT)	-18.0	-18.5	+0.5
Result for the period	-26.5	-25.7	-0.8
Cash Flow from operating activities	-52.2	-21.8	-40.3
Cash Flow from investing activities	-100.1	-54.3	-45.8
Cash Flow from financing activities	4.7	413.6	-408.9
Free Cash Flow	-152.3	-76.1	-76.2
CAPEX spent	-38.8	-59.9	+21.1
Trade Working Capital	455.5	265.2*	+190.3
Equity Ratio (%)	43.9%	50.5%*	-6.6%
Net Debt (cash)	408.4	81.8*	+326.6
Total Assets	2,210.1	1,792.4*	+417.7
Employees	6,829	5,554*	+1,275
Contracted Sales	> 5,000	3,900 **	

* comparison period is 31 December 2021.
 ** as of IPO in May 2021

You can find the full report on HY1 2022 at <https://www.montana-aerospace.com/en/investors/>



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About Montana Aerospace AG

Montana Aerospace AG is a leading manufacturer of system components and complex assemblies for the aerospace industry, with worldwide engineering and manufacturing operations. The Company has approximately 6,800 highly skilled employees at 32 locations on four continents – designing, developing and producing ground-breaking technologies for tomorrow's aerospace, E-Mobility and energy industries made of aluminium, titanium, composite, copper and steel.

Disclaimer

Statements contained herein may constitute "forward-looking statements". Forward-looking statements are generally identifiable by the use of the words "may", "will", "should", "plan", "expect", "anticipate", "estimate", "believe", "intend", "project", "goal", "aim" or "target" or the negative of these words or other variations of these words or comparable terminology.

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