



FINANCIAL GROUP REPORT 9M 2023 (UNAUDITED)



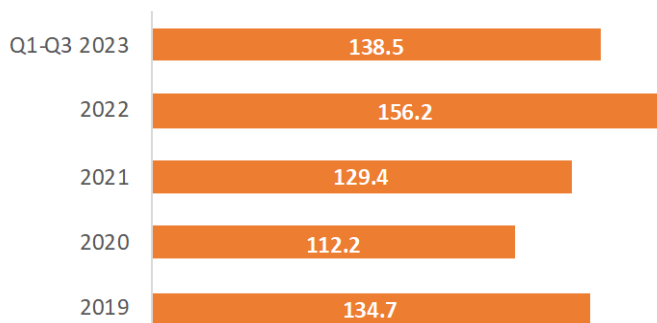
Booster Precision Components GmbH

Group Financial Report January to September 2023

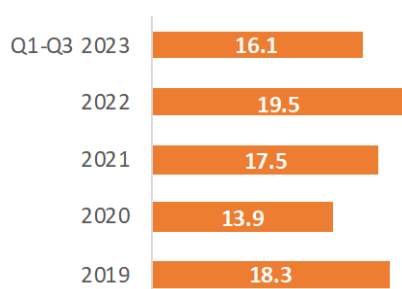
Registered Office:
Bockenheimer Landstraße 93
60325 Frankfurt
Germany

Booster Precision Components GmbH
Financial Report
January to September 2023

Revenues (EUR million)



EBITDA (EUR million)



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Management Comments

General Information

The Booster Group (hereinafter also referred to as "Booster") is an international supplier focused on the production and distribution of highly precise metal parts. The Booster Group comprises nine companies in five countries. The Booster Group's activities currently focus on components for turbochargers, which are primarily used in the automotive sector. As part of Booster's growth strategy, the product portfolio has been expanded to include components for use in electrified and hydrogen-powered vehicles as well as for industrial and medical applications with a positive impact on efficiency and sustainability.

Booster Precision Components GmbH, based in Frankfurt am Main, is the holding company of the Booster Group. It provides management, consulting and services for its domestic and foreign subsidiaries. Production takes place at five locations in four countries (one each in China, Germany, Mexico and two locations in Slovakia). All plants of the Booster Group follow the same functional organizational structure: production, quality, engineering, human resources and finance. In addition, there are the sales and purchasing departments, which are also geographically located at the above-mentioned sites, but work across different locations.

The sales markets are strongly oriented towards the company's international customers. Booster supplies customers in around 20 countries worldwide. Key markets are Europe, USA and China.

The financial accounts are prepared in line with German GAAP (HGB).

Macroeconomic Conditions and Development of the Automotive Sector

The IMF anticipates very modest growth in the global economy in 2023 based on its latest forecast issued in October 2023. Despite economic resilience shown earlier this year, the global recovery from the COVID-19 pandemic and the continuing war in Ukraine remains hesitant and uneven. In this context, persistently high inflation remains a major obstacle (IMF, World Economic Outlook, Update, October 2023). Despite initial progress in economic activity and a slowdown in inflation earlier this year compared to the previous year's peak levels, a full return to pre-pandemic growth rates is not yet in sight, particularly in emerging and developing markets. Overall, IMF experts expect a global growth of 3.0% for 2023.

In the global automotive sector, most markets recorded growth rates in the first nine months of the year, according to the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA). Whilst growth in the German passenger car market stagnated, the European passenger car market (EU, EFTA & UK) showed a growth of 17% in the first three quarters of 2023. The Chinese passenger car market sold 7% more passenger cars in the same period. US light vehicle sales (passenger cars and light duty) increased significantly by 14% in the first three quarters of the current year.

Looking at the development in the coming months, the automotive economic activity in the core markets of the automotive sector is in a stable condition, although cumulative growth rates are expected to slow down until the end of the year. Subdued demand, geopolitical and macroeconomic uncertainties, as well as persistently high energy and consumer prices will continue to challenge this sector in the coming business periods (VDA Press Release, 20 October 2023).

Earnings Position of the Group

Q3 2023

Booster once again saw significantly higher demand in the past Q3 2023 than in the same period of the previous year, although there has been a slight slowdown in momentum compared to the first half of the year.

Revenues amounted to EUR 44.3 million in Q3 2023 (Q3 2022: EUR 40.7 million), which represents a notable growth of 8.7% compared to Q3 2022.

Other income experienced a significant decrease from EUR 1.9 million to EUR 1.2 million due to currency effects, which came down by EUR 1.7 million. This effect was offset by a one-time profit of EUR 0.4 million from the sale of a building in Povazska.

Employee benefit costs went up by 13.4% to EUR 9.3 million (Q3 2022: EUR 8.2 million). The employee benefit cost ratio displayed an increase of 1.1 percentage points compared to Q3 2022.

Other operating expenses (OPEX) fell from EUR 9.0 million to EUR 7.9 million in Q3 2023. Declining electricity costs and lower but continued positive currency effect outweighed the volume-related increase for higher operating costs of temporary workers, tools and maintenance, thus making a significant contribution to the positive development. OPEX cost ratio decreased by 3.0 percentage points compared to the same quarter of the previous year.

In Q3 2023, Booster achieved an EBITDA of EUR 4.9 million, which is a moderate increase from Q3 2022's EBITDA of EUR 4.7 million. The EBITDA ratio decreased by 0.3 percentage points to 11.2% in the reporting period compared to 11.5% in the same quarter of the previous year.

Earnings before interest and taxes (EBIT) amounted to EUR 2.9 million in Q3 2023 (Q3 2022: EUR 2.5 million) and group net income was slightly negative with EUR -0.2 million due to higher interest expenses (Q3 2022: EUR 0.5 million).

First Nine Months of 2023

Booster saw a strong order intake totaling EUR 111.8 million in the first nine months of 2023 with non-combustion products accounting for 13.2%.

In the first nine months of 2023, Booster's revenues grew by 20.5% up to EUR 138.5 million compared to EUR 114.9 million in the same period of the previous year.

Other income recorded a sharp decline and amounted to EUR 3.3 million in the first nine months of 2023 (9M 2022: EUR 8.1 million). This is due to a positive one-time effect from the sale of a building in Belusa (Slovakia) in the amount of EUR 2.5 million, which is included in the first three quarters of the previous year's other income. In the current reporting period, other income only includes a positive one-time effect of EUR 0.4 million. Furthermore, income from currency effects reduced significantly.

Driven by volume and wage increases, employee benefit costs rose from EUR 24.2 million in the first nine months of 2022 to EUR 28.2 million in the same reporting period of 2023.

Other operating expenses (OPEX) amounted to EUR 24.4 million in the first three quarters of 2023 compared to EUR 23.6 million in the same period of the previous year, while OPEX cost ratio decreased by 3.3 percentage points compared to the previous year. While electricity costs went down, higher costs for temporary workers, tools and maintenance were main drivers for the additional operating costs, besides the volume-related increase.

EBITDA of EUR 16.1 million in the first nine months of 2023 is slightly higher compared to the same period of the previous year (9M 2022: EUR 15.9 million). Adjusting the EBITDA for the one-time effect of the sale of a building in Povazska (Slovakia) in Q3 2023 for EUR 0.4 million and the previous year's EBITDA for the one-time effect from the sale of a building in Belusa (Slovakia) in Q1 2022 in the amount of EUR 2.5 million, EBITDA in the first three quarters of 2023 increased by EUR 2.3 million or 16.7% on a like for like basis.

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In the first nine months of 2023, Booster generated an EBIT of EUR 10.2 million (9M 2022: EUR 9.4 million). Due to higher interest expenses, group net income amounted to EUR 1.7 million (9M 2022: EUR 2.8 million).

Balance Sheet

Fixed assets increased slightly from EUR 40.4 million to EUR 42.8 million.

The increase in current assets from EUR 65.9 million to EUR 74.5 million was caused by a higher volume of stocks and receivables resulting from the significantly higher sales volume in the first nine months of 2023. Total assets consequently went up from EUR 107.2 million to EUR 118.7 million.

Equity capital experienced substantial growth of 24.4% to EUR 16.0 million as of 30 September 2023 compared to EUR 12.9 million at the end of 2022. Equity ratio went up by one percentage point to 13.5%.

Compared to year-end 2022, other provisions are 12.6% higher as at 30 September 2023, due to additional provisions for employee benefit costs.

Liabilities rose overall by EUR 6.2 million. Trade payables (excluding finance leases) increased by EUR 2.0 million in line with the higher revenues and higher inventories due to higher sales and delivery schedules. Existing overdraft lines in the amount of EUR 5.2 million were utilized by EUR 2.5 million and the obligations from finance leases went up by EUR 2.1 million from EUR 2.6 million to EUR 4.8 million.

In the previous year, the structure of the debt financing changed significantly as a result of the early refinancing of long-term debt, which had an original maturity date of 30 June 2023. In November 2022, this long-term debt was prematurely replaced by the issuance of a Nordic bond with a volume of EUR 35 million and a term of four years. In addition, a subordinated, unsecured loan of EUR 15 million was prolonged with an international credit fund.

As of 30 June 2023, the financial indebtedness as defined in the bond terms amounts to EUR 48.9 million and the net interest-bearing debt to EUR 40.1 million. Considering LTM-EBITDA of EUR 22.0 million (that according to bond terms excludes extraordinary items of EUR 0.6 million and transaction costs of EUR 1.7 million), the leverage is 1.8, which is far below the maintenance covenant of 4.0.

Cash Flow Statement

The operating cash flow underwent a decline, moving from EUR 13.1 million in the first nine months of 2022 to EUR 2.5 million (-80.9%) in the same period of 2023 mainly due to the significant additional working capital used to process the higher sales volume.

Cash flow from investing activities totaled EUR -7.7 million (9M 2022: EUR -0.3 million). The significantly increased investments include new machinery necessary to meet the higher sales expectations for the current year and following years as well as invest in machinery focused on new technologies for e-mobility and fuel cells in line with the expansion of Booster's product portfolio.

In the first three quarters of 2023, the financing cash flow reflects a utilization of overdraft and increased leasing arrangements for the new machinery required and amounted to EUR -1.7 million (9M 2022: EUR -10.2 million). Paid interest increased by EUR 0.8 million compared to the same period of 2022 because of risen liabilities and higher interest rates.

Opportunity and Risk Report

To a large extent, the success of business decisions depends on a reliable assessment and management of strategic, market-related and regulatory risks and opportunities. Risks represent possible negative deviations from the planned development of the Group, against which the BOOSTER Group must protect itself.

The Booster Group's risk situation was described comprehensively in the Group management report as of 31 December 2022. The risks were identified and explained in detail. From the management's point of view, there are currently no further risks or opportunities, which go beyond the aspects presented in the Group management report as of 31 December 2022.

Outlook

Against the background of the cooling down of the overall economic situation in conjunction with the seasonally lower business level in the fourth quarter, the Booster Group still expects group revenues to grow by more than 10% on a full-year basis in 2023.

Assuming energy prices and raw material costs to stabilize on a lower level, the management expects an improvement in earnings (EBITDA) of about 10% in 2023.

Taking into account a strong order book for the next years, the Booster Group expects further revenue growth in 2024.

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Group Profit and Loss Statement, July to September (Q3)

	Q3 2023		Q3 2022		Deviation	
	in	% of	in	% of	in	%
	kEUR	output	kEUR	output	kEUR	change
	(unaudited)		(unaudited)		Deviation	
Revenue (Net sales)	44,257		40,699		3,558	8.7
Changes in self-produced goods	(447)		(53)		(394)	739.5
Output	43,810		40,646		3,165	7.8
Self-produced and capitalised assets	118	0.3	18	0.0	100	555.4
Other income	1,173	2.7	1,943	4.8	769	(39.6)
<i>thereof - Income from FX-Effect</i>	460		2,135		(1,674)	(78.4)
Raw material, consumables and services	(22,948)	(52.4)	(20,703)	(50.9)	(2,245)	10.8
Employee benefits costs	(9,313)	(21.3)	(8,209)	(20.2)	(1,103)	13.4
Other operating expenses (OPEX)	(7,913)	(18.1)	(8,993)	(22.1)	1,080	(12.0)
<i>thereof - Expense from FX-Effect</i>	(761)		(1,783)		1,022	(57.3)
Other taxes	(16)	(0.0)	(18)	(0.0)	2	(11.2)
EBITDA	4,912	11.2	4,683	11.5	229	4.9
Depreciation on tangible assets	(1,770)	(4.0)	(1,882)	(4.6)	112	(6.0)
EBITA	3,142	7.2	2,801	6.9	341	12.2
Amortisation on intangible assets	(206)	(0.5)	(293)	(0.7)	87	(29.8)
Operating Income (EBIT)	2,936	6.7	2,507	6.2	428	17.1
Financial result	(1,930)	(4.4)	(1,198)	(2.9)	(731)	61.0
Taxes on income	(1,230)	(2.8)	(769)	(1.9)	(462)	60.0
Net profit	(224)	(0.5)	540	1.3	(765)	(141.5)

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Group Profit and Loss Statement, January to September (9M)

	9M 2023		9M 2022		Deviation	
	in kEUR	% of output	in kEUR	% of output	in kEUR	% change
	(unaudited)		(unaudited)		Deviation	
Revenue (Net sales)	138,509		114,902		23,607	20.5
Changes in self-produced goods	3,083		(162)		3,245	(2,007.9)
Output	141,593		114,741		26,852	23.4
Self-produced and capitalised assets	118	0.1	77	0.1	41	53.5
Other income	3,258	2.3	8,054	7.0	(4,797)	(59.6)
<i>thereof - Income from FX-Effect</i>	<i>2,197</i>		<i>5,031</i>		<i>(2,835)</i>	<i>(56.3)</i>
Raw material, consumables and services	(76,131)	(53.8)	(59,174)	(51.6)	(16,957)	28.7
Employee benefits costs	(28,218)	(19.9)	(24,153)	(21.1)	(4,065)	16.8
Other operating expenses (OPEX)	(24,465)	(17.3)	(23,603)	(20.6)	(862)	3.7
<i>thereof - Expense from FX-Effect</i>	<i>(2,712)</i>		<i>(4,974)</i>		<i>2,262</i>	<i>(45.5)</i>
Other taxes	(65)	(0.0)	(67)	(0.1)	3	(4.1)
EBITDA	16,089	11.4	15,874	13.8	215	1.4
Depreciation on tangible assets	(5,265)	(3.7)	(5,375)	(4.7)	109	(2.0)
EBITA	10,824	7.6	10,500	9.2	324	3.1
Amortisation on intangible assets	(635)	(0.4)	(1,068)	(0.9)	433	(40.5)
Operating Income (EBIT)	10,189	7.2	9,432	8.2	757	8.0
Financial result	(5,925)	(4.2)	(3,576)	(3.1)	(2,350)	65.7
Taxes on income	(2,593)	(1.8)	(3,067)	(2.7)	474	(15.5)
Net profit	1,671	1.2	2,789	2.4	(1,118)	(40.1)

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Group Balance Sheet I

ASSETS (in kEUR)	09-30-2023 (unaudited)	12-31-2022 (audited)
A. Fixed Assets	42,799	40,412
I. Intangible assets	3,438	3,644
II. Tangible assets	39,360	36,765
Land and buildings	1,028	2,255
Technical equipment and machinery	30,416	29,914
Other equipment	3,228	2,994
CIP and prepayments of fixed assets	4,689	1,602
III. Financial assets	2	2
B. Current assets	74,494	65,904
I. Inventories	33,386	28,834
II. Receivables and other assets	32,335	22,912
Trade accounts receivable	29,430	22,411
Liabilities of factoring off-balance	(5,728)	(5,931)
Receivables of factoring	977	902
Prepayments on taxes on income	155	67
Other accounts receivable and assets	7,501	5,462
III. Cash and cash equivalents	8,773	14,158
C. Deferred expenses	1,060	281
D. Deferred tax assets	348	580
	118,701	107,177

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Group Balance Sheet II

EQUITY and LIABILITIES (in kEUR)	09-30-2023 (unaudited)	12-31-2022 (audited)
A. Equity capital	16,029	12,886
I. Subscribed Capital	40	40
II. Share Capital	(1)	(1)
III. Capital reserves	73,770	73,770
IV. Equity differences from exchange rates	1,976	482
V. Income reserves	(190)	(107)
V. Balance sheet profit/loss	(59,567)	(61,217)
VI. Minority interest	0	(82)
B. Provisions	11,756	9,588
Provisions for taxes	4,791	3,399
Other provisions	6,965	6,189
C. Liabilities	90,584	84,371
I. Bonds	35,000	35,000
Senior secured bonds	33,500	35,000
II. Liabilities to banks	9,088	7,075
Bank Loans	6,572	7,073
Accrued interests on bank loans	1	2
Current account overdraft	2,516	0
III. Long term investment loans	16,886	15,199
Long term investment loans	15,000	15,000
Capitalized interest of investment loans	1,886	199
IV. Trade accounts payable	28,089	23,933
Trade accounts payable	23,332	21,318
Trade accounts payable -Fin. Lease	4,757	2,615
VI. Other liabilities	3,020	3,164
Liabilities of factoring on-balance	0	0
Social security liabilities	307	321
Tax liabilities	635	1,098
Other liabilities	2,078	1,745
D. Deferred income	28	28
E. Deferred tax liabilities	304	304
	118,701	107,177

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Group Cash Flow Statement January to September (9M)

CASH FLOW STATEMENT (in kEUR)	9M 2023 (unaudited)	9M 2022 (unaudited)
Profit for the period (consolidated net income/net loss including minority interests)	1,672	2,816
Depreciation, amortisation and write-offs of non-current assets	5,900	6,443
Increase/decrease of provisions	(2)	4,735
Other non-cash income/expenses	230	(27)
Increase/decrease in inventories, trade account receivables and other assets not attributable to investing or financing activities	(11,847)	(6,514)
Increase/decrease in trade account payables and other liabilities not attributable to investing or financing activities	268	2,194
Gain/loss on disposal of non-current assets	(448)	(2,603)
Interest expenses/interest income	5,925	3,576
Income tax expense	(2,437)	(3,108)
Income tax payments	3,277	5,628
Effect of exchange rate movements on balance sheet items		
Cash flow from operating activities	2,539	13,140
Proceeds from disposal of intangible assets		(4)
Cash outflows for investments in intangible assets	(85)	(190)
Proceeds from disposal of tangible fixed assets	1,694	7,008
Cash outflows for investments in tangible fixed assets	(9,448)	(7,095)
Interest received	162	3
Cash flow from investing activities	(7,678)	(278)
Proceeds from the issuance of bonds and the raising of financial loans	2,515	0
Outflows from the repayment of bonds and financial loans	(2,002)	(5,155)
Outgoing/incoming payments related to financial lease	2,143	(1,609)
Interest paid	(4,374)	(3,578)
Cash flow from financing activities	(1,718)	(10,342)
Cash relevant changes of cash funds	(6,857)	2,520
Effect on cash funds from exchange rate movements and revaluations	1,472	6,087
Cash funds at the beginning of period	14,158	7,322
Cash funds at the end of period	8,773	15,929