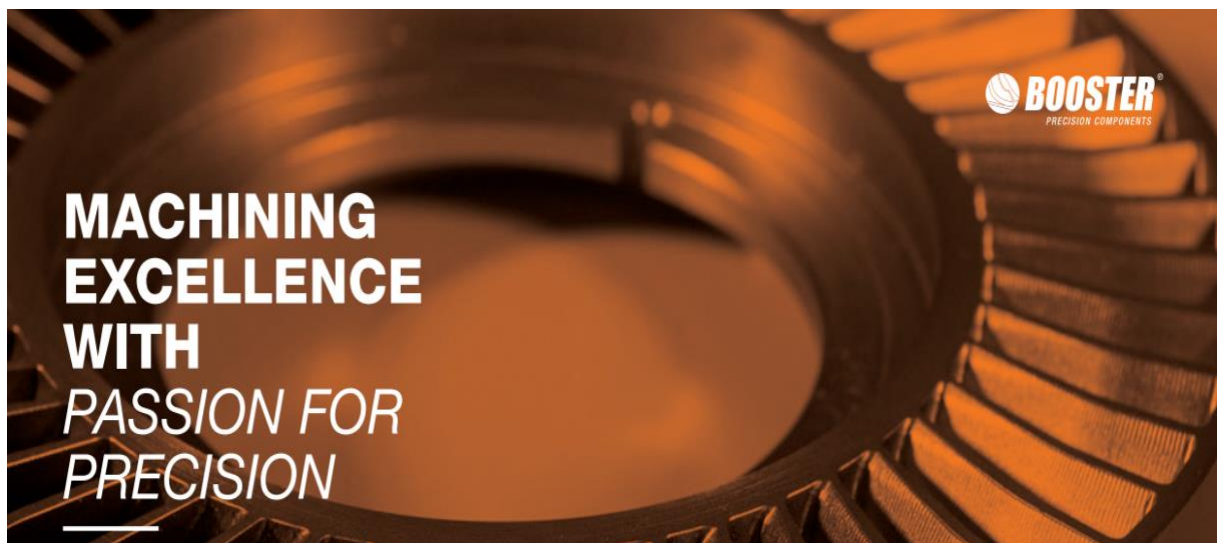




FINANCIAL GROUP REPORT 2023 (UNAUDITED)

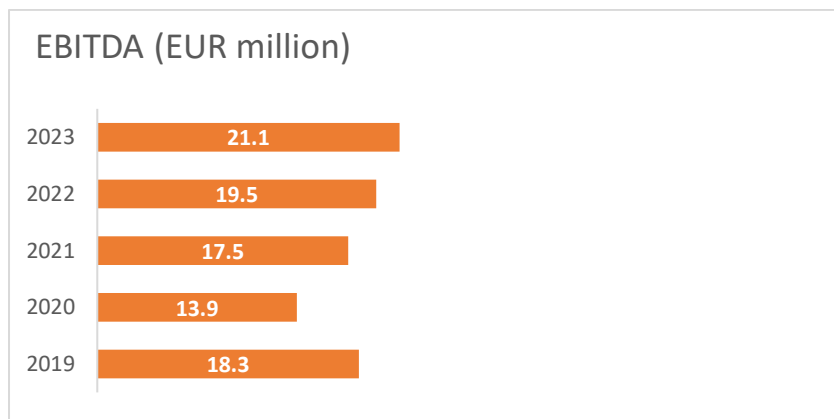
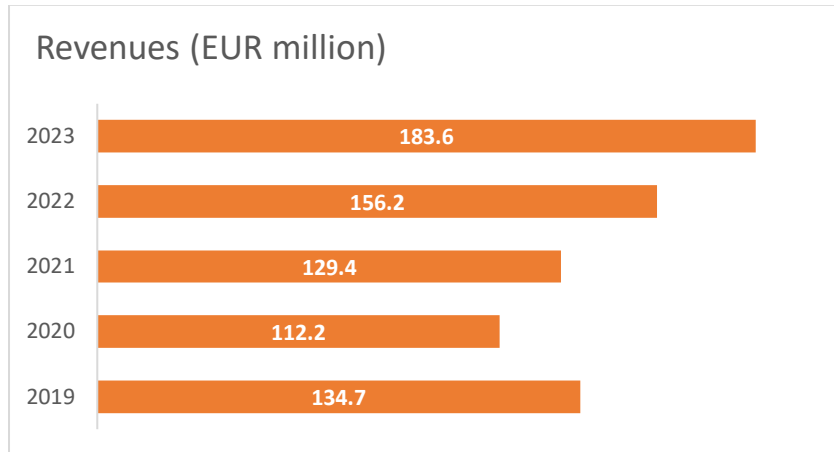


Booster Precision Components GmbH

Group Financial Report January to December 2023

Registered Office:
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Booster Precision Components GmbH
Financial Report
January to December 2023



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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 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

According to the International Monetary Fund's latest forecast (IMF: World Economic Outlook, January 2024), global economic growth declined to 3.1% in 2023 for the second consecutive year, down slightly from 3.5% in 2022. In addition to the long-term effects of the COVID-19 pandemic, the continuing war in Ukraine, the situation in the Middle East and increasing geo-economic fragmentation, the IMF believes that the early signs of recovery from the COVID-19 pandemic have also been held back by economic factors, including effects of the central banks' monetary policy measures to reduce inflation.

The IMF estimates that German economic output recorded a decline of 0.3% in 2023 (2022: +1.8%). The countries in the eurozone achieved a growth rate of only 0.5% in the reporting period (2022: +3.4%), while the USA and large emerging and developing countries showed surprisingly strong momentum in the second half of 2023. According to IMF experts, gross domestic product (GDP) in the USA grew by 2.5% (2022: +1.9%) and by 5.2% in China (2022: +3.0%).

In the global automotive sector, the major international automotive markets recorded a significant increase in new registrations in 2023, according to the German Association of the Automotive Industry (Verband der Automobilindustrie, VDA). Compared to 2022, vehicle availability improved significantly, which had a positive impact on car sales.

While the German passenger car market stagnated in 2022, the VDA reports a growth of 7% in 2023 (VDA: Press Release, 4 January 2024). The European passenger car market (EU, EFTA & UK) showed a growth of 14% in 2023. However, the recovery from the COVID-19 pandemic remained hesitant, as the European passenger car market is currently still around 20% below the pre-crisis level of new registrations in 2019, according to the VDA.

Passenger car sales in China rose by 11% in 2023 compared to the previous year. Never before have so many passenger cars been sold in China in a single year. The US light vehicle market (passenger cars and light duty) developed dynamically during the reporting period: light vehicle sales increased significantly by 12%.

Earnings Position of the Group

Q4 2023

Although momentum has slowed slightly over the course of the year, Booster once again saw significantly higher demand in Q4 2023 than in the same period of the previous year.

Revenues were notably up by 9.3% in Q4 2023 compared to Q4 2022 and amounted to EUR 45.1 million (Q4 2022: EUR 41.3 million).

Other income experienced a significant increase from EUR 0.9 million to EUR 1.2 million due to currency effects, which came up by EUR 0.5 million.

Employee benefit costs rose by 3.4% to EUR 9.9 million (Q4 2022: EUR 9.5 million). The employee benefit cost ratio in relation to output displayed an increase of 1.5 percentage points compared to Q4 2022.

Other operating expenses (OPEX) significantly declined from EUR 9.0 million to EUR 6.0 million in Q4 2023. Declining electricity costs, lower but continued positive currency effects as well as reduced consulting costs overcompensated the volume-related increase for higher operating costs of temporary workers, tools and maintenance, thus making a significant contribution to the positive development. The high consultancy costs in Q4 2022 mainly related to the company's bond issue. OPEX cost ratio decreased by 6.6 percentage points compared to the same quarter of the previous year.

In Q4 2023, Booster's EBITDA improved significantly by 38.6% and amounted to EUR 5.0 million, compared to EUR 3.6 million in Q4 2022. The EBITDA ratio increased by 3.7 percentage points to 12.0% in the reporting period compared to 8.3% in the same quarter of the previous year.

Earnings before interest and taxes (EBIT) amounted to EUR 2.8 million in Q4 2023 (Q4 2022: EUR 1.3 million). Group net income was negatively affected by increased interest expenses, but reached a slightly positive level of EUR 0.03 million (Q4 2022: EUR -0.7 million).

Full Year of 2023

The order intake totaling EUR 128 million in 2023 was very strong. Non-combustion products accounted for 20%.

In 2023, Booster's revenues rose by 17.6% up to EUR 183.6 million compared to EUR 156.2 million in the same period of the previous year.

Other income recorded a sharp decline and amounted to EUR 4.5 million in 2023 (2022: EUR 9.0 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 previous year's other income. In the current reporting period, other income included a positive one-time effect from the sale of a building in Povazska (Slovakia) of EUR 0.4 million as well as positive currency effects, which were significantly below the previous year's amounts.

Driven by volume and wage increases, employee benefit costs rose from EUR 33.7 million in 2022 to EUR 38.1 million in 2023.

Other operating expenses (OPEX) slightly reduced to EUR 30.5 million in 2023 from EUR 32.6 million in the previous year and the OPEX cost ratio fell by 4.1 percentage points compared to 2022. 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.

The EBITDA increased by 8% and amounted to EUR 21.1 million in 2023 (2022: EUR 19.5 million). The EBITDA ratio decreased by 0.8 percentage points to 11.5% in the reporting period compared to 12.3% in the same quarter of the previous year.

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In 2023, Booster generated an EBIT of EUR 13.0 million (2022: EUR 10.8 million). Increased interest expenses had a negative impact on group net income, which amounted to EUR 1.7 million (2022: EUR 2.1 million).

Balance Sheet

As of 31 December 2023, Booster had fixed assets of EUR 43.7 million, an increase of 8.1% compared to 31 December 2022 (EUR 40.4 million).

The increase in current assets from EUR 65.9 million as of 31 December 2022 to EUR 70.2 million as of 31 December 2023 was caused by a higher volume of stocks and receivables resulting from the significantly higher sales volume in 2023. Total assets consequently went up to EUR 115.2 million as per 31 December 2023 (31 December 2022: EUR 107.2 million).

Equity capital rose by 19.4% to EUR 15.4 million as of 31 December 2023 compared to EUR 12.9 million at the end of 2022. Equity ratio went up by 1.4 percentage points to 13.4%.

Compared to year-end 2022, other provisions were 53.1% lower as at 31 December 2023, due to decreased provisions for employee benefit costs.

Liabilities as per 31 December 2023 rose overall by EUR 8.4 million were at EUR 92.8 million. Trade accounts payable (excluding finance leases) increased by EUR 1.9 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 2.9 million and the obligations from finance leases went up by EUR 2.3 million to EUR 4.9 million as per 31 December 2023 (31 December 2022: EUR 2.6 million).

In 2022, 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 31 December 2023, the financial indebtedness as defined in the bond terms amounts to EUR 49.2 million and the net interest-bearing debt to EUR 38.1 million. Considering LTM-EBITDA of EUR 21.1 million the leverage is 1.8, which is far below the maintenance covenant of 3.75.

Cash Flow Statement

The operating cash flow underwent a decline, moving from EUR 15.5 million in 2022 to EUR 9.3 million (-39.9%) 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 -10.7 million (2022: EUR 1.0 million). The investments include new machinery necessary to meet the significantly increased 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 2023, the financing cash flow of EUR -1.5 million (2022: EUR -9.7 million) reflects a utilization of overdraft and increased leasing arrangements for the new machinery required. Paid interest increased by EUR 1.5 million compared to the same period of 2022 because of risen liabilities and higher interest rates.

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Outlook

At the time of preparing the Preliminary Financial Report for 2023, the management assumes that the business environment for the automotive industry will remain challenging in 2024 and that overall economic demand will remain subdued, particularly in Europe but also in other regions of the world, due to geopolitical and macroeconomic uncertainties. However, given the strong order book for the coming years, the Group expects revenues to grow moderately in a single-digit percentage range compared to the previous year (2023: EUR 183.6 million). Assuming energy prices and raw material costs to remain stable, the management also expects a moderate increase in earnings (EBITDA 2023: EUR 21.1 million).

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Group Profit and Loss Statement, October to December (Q4)

	Q4 2023		Q4 2022		Deviation	
	in	% of	in	% of	in	%
	kEUR	output	kEUR	output	kEUR	change
	(unaudited)		(unaudited)		Deviation	
Revenue (Net sales)	45,087		41,251		3,836	9.3
Changes in self-produced goods	(3,465)		1,840		(5,268)	(286,4)
Output	41,658		43,090		(1,432)	(3.3)
Self-produced and capitalised assets	66	0.2	118	0.3	(52)	(44.4)
Other income	1,220	2.9	908	2.1	312	34.4
<i>thereof - Income from FX-Effect</i>	<i>276</i>		<i>(181)</i>		<i>457</i>	<i>(252.7)</i>
Raw material, consumables and services	(22,015)	(52.8)	(21,958)	(51.0)	(57)	0.3
Employee benefits costs	(9,850)	(23.6)	(9,527)	(22.1)	(324)	3.4
Other operating expenses (OPEX)	(6,039)	(14.5)	(9,006)	(20.9)	2,967	(32.9)
<i>thereof - Expense from FX-Effect</i>	<i>(307)</i>		<i>(315)</i>		<i>8</i>	<i>(2.4)</i>
Other taxes	(57)	(0.1)	(30)	(0.1)	(26)	86.2
EBITDA	4,982	12.0	3,594	8.3	1,388	38.6
Depreciation on tangible assets	(1,897)	(4.6)	(2,081)	(4.8)	183	(8.8)
EBITA	3,085	7.4	1,513	3.5	1,572	103.9
Amortisation on intangible assets	(294)	(0.7)	(192)	(0.4)	(101)	52.7
Operating Income (EBIT)	2,791	6.7	1,321	3.1	1,470	111.3
Financial result	(2,318)	(5.6)	(1,515)	(3.5)	(803)	53.0
Taxes on income	(448)	(1.1)	(515)	(1.2)	67	(13.1)
Net profit	25	0.1	(709)	(1.6)	734	(103.6)

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Group Profit and Loss Statement, Full Year

	2023		2022		Deviation	
	in kEUR	% of output	in kEUR	% of output	in kEUR	% change
	(unaudited)		(audited)		Deviation	
Revenue (Net sales)	183,596		156,153		27,443	17.6
Changes in self-produced goods	(345)		1,678		(2,023)	(120.6)
Output	183,251		157,831		25,420	16.1
Self-produced and capitalised assets	183	0.1	195	0.1	(11)	(5.8)
Other income	4,478	2.4	8,962	5.7	(4,484)	(50.0)
<i>thereof - Income from FX-Effect</i>	<i>2,473</i>		<i>4,850</i>		<i>(2,377)</i>	<i>(49.0)</i>
Raw material, consumables and services	(98,146)	(53.6)	(81,132)	(51.4)	(17,014)	21.0
Employee benefits costs	(38,069)	(20.8)	(33,680)	(21.3)	(4,389)	13.0
Other operating expenses (OPEX)	(30,505)	(16.6)	(32,609)	(20.7)	2,105	(6.5)
<i>thereof - Expense from FX-Effect</i>	<i>(3,019)</i>		<i>(5,289)</i>		<i>2,269</i>	<i>(42.9)</i>
Other taxes	(121)	(0.1)	(98)	(0.1)	(24)	24.0
EBITDA	21,071	11.5	19,469	12.3	1,603	8.2
Depreciation on tangible assets	(7,163)	(3.9)	(7,456)	(4.7)	293	(3.9)
EBITA	13,909	7.6	12,013	7.6	1,896	15.8
Amortisation on intangible assets	(929)	(0.5)	(1,260)	(0.8)	332	(26.3)
Operating Income (EBIT)	12,980	7.1	10,753	6.8	2,227	20.7
Financial result	(8,244)	(4.5)	(3,576)	(3.2)	(3,153)	61.9
Taxes on income	(3,041)	(1.7)	(3,582)	(2.3)	542	(15.1)
Net profit	1,696	0.9	2,080	1.3	(384)	(18.5)

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Group Balance Sheet I

ASSETS (in kEUR)	12-31-2023 (unaudited)	12-31-2022 (audited)
A. Fixed Assets	43,701	40,412
I. Intangible assets	4,169	3,644
II. Tangible assets	39,530	36,765
Land and buildings	1,640	2,255
Technical equipment and machinery	30,732	29,914
Other equipment	1,399	2,994
CIP and prepayments of fixed assets	5,759	1,602
III. Financial assets	2	2
B. Current assets	70,222	65,904
I. Inventories	29,948	28,834
II. Receivables and other assets	29,102	22,912
Trade accounts receivable	28,682	22,411
Liabilities of factoring off-balance	(4,726)	(5,931)
Receivables of factoring	718	902
Prepayments on taxes on income	261	67
Other accounts receivable and assets	4,166	5,462
III. Cash and cash equivalents	11,172	14,158
C. Deferred expenses	491	281
D. Deferred tax assets	827	580
	115,241	107,177

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Group Balance Sheet II

EQUITY and LIABILITIES (in kEUR)	12-31-2023 (unaudited)	12-31-2022 (audited)
A. Equity capital	15,385	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	1,307	482
V. Income reserves	(190)	(107)
V. Balance sheet profit/loss	(59,542)	(61,217)
VI. Minority interest	0	(82)
B. Provisions	6,767	9,588
Provisions for taxes	3,863	3,399
Other provisions	2,905	6,189
C. Liabilities	92,767	84,371
I. Bonds	33,500	35,000
Senior secured bonds	33,500	35,000
II. Liabilities to banks	10,824	7,075
Bank Loans	7,916	7,073
Accrued interests on bank loans	1	2
Current account overdraft	2,907	0
III. Long term investment loans	17,660	15,199
Long term investment loans	15,000	15,000
Capitalized interest of investment loans	2,660	199
IV. Trade accounts payable	28,089	23,933
Trade accounts payable	23,176	21,318
Trade accounts payable -Fin. Lease	4,913	2,615
VI. Other liabilities	2,694	3,164
Liabilities of factoring on-balance	0	0
Social security liabilities	274	321
Tax liabilities	979	1,098
Other liabilities	1,441	1,745
D. Deferred income	0	28
E. Deferred tax liabilities	321	304
	115,241	107,177

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Group Cash Flow Statement, Full Year

Cash Flow Statement (in kEUR)	2023 (unaudited)	2022 (audited)
Profit for the period (consolidated net income/net loss including minority interests)	1,698	2,102
Depreciation, amortisation and write of non-current assets	8,091	8,716
Increase/decrease of provisions	(3,284)	1,886
Other non-cash income/expenses	0	(233)
Increase/decrease in inventories, trade account receivables and other assets not attributable to investing or financing activities	(7,761)	(9,368)
Increase/decrease in trade account payables and other liabilities not attributable to investing or financing activities	1,366	5,839
Gain/loss on disposal of non-current assets	(398)	(2,402)
Interest expenses/interest income	8,244	5,091
Income tax expense	2,747	3,560
Income tax payments	(2,283)	(624)
Effect of exchange rate movements on balance sheet items	890	925
Cash Flow from operating activities	9,310	15,492
Proceeds from disposal of intangible assets	90	0
Cash outflows for investments in intangible assets	(1,193)	(125)
Proceeds from disposal of tangible fixed assets	1,542	9,894
Cash outflows for investments in tangible fixed assets	(11,422)	(8,769)
Interest received	321	7
Cash Flow from investing activities	(10,662)	1,007
Proceeds from the issuance of Bonds and the raising of financial loans	3,701	50,000
Outflows from the repayment of bonds and financial loans	(1,500)	(53,447)
Outgoing/incoming payments related to financial lease	2,299	(1,660)
Interest paid	(6,046)	(4,559)
Cash Flow from financing activities	(1,546)	(9,666)
Cash relevant changes of cash funds	(2,898)	6,833
Effect on cash funds from exchange rate movements and revaluations	(88)	3
Cash funds at the beginning of period	14,158	7,322
Cash funds at the end of period	11,172	14,158