

Q3

Statement on the 3rd quarter

Fiscal 2021/2022
1st October 2021 until
30th June 2022

THE FIRST THREE QUARTERS AT A GLANCE

	01/10/2021 - 30/06/2022	01/10/2020 - 30/06/2021	Q3 2021/2022	Q3 2020/2021
Consolidated Statements of Operations				
Total revenues (EUR million)	739.652	631.027	252.401	214.232
EBIT (EUR million)	25.850	12.877	5.004	1.794
Margin (%)	3.5%	2.0%	2.0%	0.8%
Segments				
Digital Engineering				
Total revenues (EUR million)	356.940	303.505	116.967	102.379
EBIT (EUR million)	21.215	3.524	4.786	0.152
Physical Engineering				
Total revenues (EUR million)	158.555	147.356	55.086	49.879
EBIT (EUR million)	-9.885	-1.714	-3.948	-1.820
Electrical Systems/Electronics				
Total revenues (EUR million)	224.158	180.166	80.349	61.974
EBIT (EUR million)	14.520	11.067	4.166	3.461
Cash flow				
Cash flow from operating activities (EUR million)	38.810	54.572	-15.047	-3.574
Cash flow from investing activities (EUR million)	-39.495	-29.159	-6.793	-7.639
Free cash flow (EUR million)	-0.685	25.413	-21.840	-11.213
Balance sheet				
Total assets (EUR million)	929.196	910.368		
Equity (EUR million)	422.327	405.485		
Equity ratio (%)	45.5%	44.5%		
Cash and cash equivalents (EUR million)	159.772	181.297		
Employees				
Number of employees at the end of the reporting period	12,991	11,899		

Market development and material events

Macroeconomic conditions

The first nine months of the 2021/2022 business year were heterogeneous in terms of the overall economy. The start of the reporting period was still characterised by a pleasing economic recovery and diminishing effects of the coronavirus pandemic. In the course of the second quarter of our business year, however, overall economic growth weakened noticeably. A turning point was the start of the war in Ukraine in mid-February 2022, which intensified already existing challenges such as a general shortage of materials or rising inflation rates. Since the third quarter, macroeconomic conditions have been completely different.

In its latest forecast, the International Monetary Fund expects global output to grow by only 3.2%, compared to a forecast of 4.9% in October 2021. Almost all world regions are affected by negative revisions:

- USA 2.5% (previously 5.2%)
- China 3.3% (previously 5.6%)
- Europe 2.3% (previously 5.2%)
- Germany 1.2% (previously 4.6%)

In our home market of Germany, high inflation rates and an overall tight labour market have also resulted in a pronounced shortage of skilled workers and noticeable salary adjustments during the reporting period. In addition, the coronavirus pandemic continues to lead to increased sick leave.

Situation in the automotive industry

According to the VDA, market conditions for the automotive industry have deteriorated again since the beginning of 2022. Material shortages – especially of semiconductors – and resulting supply bottlenecks continued to determine automotive production. In addition, regionally specific challenges are having a negative impact on the automotive industry. In Europe, geopolitical developments in Ukraine have caused

additional shortages along the value chains. In China, according to the VDA, new corona lockdowns brought the sales market to a standstill in some regions. The effects from these stress factors varied for the respective manufacturers.

The long-term developments in the mobility sectors and other industries continue to be dominated by the megatrends of digitalisation, autonomous driving, connectivity and emissions reduction or electrification. With regard to the latter trend, there were landmark decisions by the European Union during the third quarter of 2021/2022. The EU Council of Ministers voted in favour of the EU Commission's proposal to only allow emission-free passenger cars from 2035 onwards. This means that the transformation in the automotive industry towards electrified drive systems is progressing abruptly. These and other innovations and technological leaps, coupled with the increasing diversity of variants in electrified or alternative drives, offer a wide range of opportunities for development service providers.

Material events

The Bertrandt Group's strategic development was implemented in a targeted manner in the period under review. In autumn 2021, Bertrandt was appointed preferred supplier to a major aerospace company following a selection process lasting several months, thus opening up additional growth prospects outside the automotive market. Bertrandt announced the acquisition of the Philotech Group as well as a resulting adjustment to the forecast for the 2021/2022 financial year in December 2021 and completed it in January 2022. This acquisition will expand the growth areas of software, electronics and IT security in particular. Since February 2022, an interdisciplinary project group has been working on the Bertrandt Group's environmental and sustainability targets, taking a holistic view of stakeholder requirements. Bertrandt is pursuing a clear strategy in order to achieve its self-imposed goal of cutting CO₂ emissions across all greenhouse gases by at least 15% by 2030 (reference year 2019) and to operate on a completely climate-neutral basis from 2039

onwards: specific measures are being defined and implemented throughout the Company for divisions, regions and functional areas, thus systematically continuing the course it has been pursuing for several years.

Business performance, earnings and financial position

Total output

Despite challenging macroeconomic conditions, Bertrandt was able to benefit in the period under review from increased demand for engineering services, a noticeable rise in project awards and improved capacity utilisation in Germany and abroad. Consequently, total revenues increased by 17.8% to EUR 252.401 million in the third quarter (prior-year period EUR 214.232 million) and by 17.2% to EUR 739.652 million in the nine-month period (prior-year period EUR 631.027 million). The Philotech Group was consolidated for the first time in the second quarter of 2021/2022. Organic growth in the Bertrandt Group amounted to 12.9% in the third quarter and 13.9% in the first nine months. The pandemic continued to weigh on overall performance growth due to absenteeism and high sick leave.

Expense ratios

The cost of materials was above the previous year's level due to the increased purchase of external services for specific projects. The reasons for the increase in personnel expenses are, on the one hand, the normalisation of capacity utilisation and the associated decrease in short-time work, which still affected our subsidiaries in France and selective domestic locations in the reporting period. Another influence on personnel costs was a welcome increase in the number of employees to 12,991 as of the reporting date (11,899 as of 30 June 2021). This includes 407 employees at Philotech and 685 new hires compared to the previous year. Personnel expense ratios improved to 74.5% in the third quarter of the reporting period (previous year's period 78.9%) and to 73.5% after nine months in the 2021/2022 financial year (previous year's period 77.4%) as a result of increasing capa-

city utilisation. Depreciation and amortisation hardly changed in the third quarter and the first nine months compared to the previous year's figures. The increase in other operating expenses and income is related to the increased business volume and concerns, for example, recruiting measures, training and education costs or sales initiatives. The noticeable rise in energy costs also led to an increase in this expense item.

EBIT

The Bertrandt Group's EBIT in the first nine months of the period under review benefited overall from rising capacity utilisation as well as from cost optimisation measures initiated during the pandemic, although the rising expense items already mentioned held back the recovery in earnings. EBIT amounted to EUR 25.850 million in the first nine months (same period last year: EUR 12.877 million) and to EUR 5.004 million in the third quarter (same period last year: EUR 1.794 million). The operating margin reached 3.5% in the first nine months (previous year: 2.0%) and 2.0% in the third quarter (previous year: 0.8%), whereby the low number of working days explains the weaker seasonality in the third quarter. With a financial result that changed only slightly after nine months and a tax rate of 37.0% (same period of the previous year 51.2%), earnings after taxes on income reached EUR 12.035 million after nine months in the 2021/2022 financial year, compared to EUR 3.504 million in the same period of the previous year. This corresponds to earnings per share of EUR 1.19 in the current business period (previous year's period EUR 0.35). The number of outstanding shares increased by 4,417 to 10,099,417 during the current reporting period following the execution of an employee share ownership programme and, conversely, the number of treasury shares decreased by this amount. The subscribed capital continues to be divided into 10,143,240 no-par value shares with an arithmetical value of EUR 1.00 each.

Personal

As of 30 June 2022, the Group employed 12,991 people (same period last year: 11,899 and 30 September 2021: 12,030). In addition to 407 employees of the Philotech Group, there are also 685 new hires compared to 30 June 2021 thanks to an intensification and internationalisation of our recruiting activities. In addition, there are a large number of vacancies to be filled, reflecting the market's increasing utilisation and demand for capacity. The number and details of current vacancies and further information on human resources management can be found on Bertrandt's website at www.bertrandt.com under the Career section.

Forecast Change Report

The economic and industry-specific general conditions for the course of business in the reporting year 2021/2022 are associated with opportunities and risks, as presented in the Annual Report 2020/2021 from p. 106, as well as in the Half-Year Report from p. 14. These assessments continue to apply. External influencing factors such as further geopolitical developments, the pandemic or indirect effects of the material shortage are beyond the sphere of influence of the management. Shortages of materials and high inflation rates, especially for energy sources, as well as the resulting salary adjustments are risk factors for further economic development

Opportunities for engineering service providers arise from the megatrends of digitalisation and autonomous, connected and environmentally friendly mobility. Legal requirements for emission reduction in particular require major investments in research and development

In addition to the most recent forecast published in the follow-up to the forecast report in the 2020/2021 annual report (p. 106 ff) in the 2021/2022 half-year report (p. 14 f), the statement on future business development published in an ad hoc announcement on 27 July 2022 applies:

“On the basis of preliminary, unaudited figures for the third quarter of fiscal 2021/2022, the Management Board of Bertrandt AG today reviewed the forecast for fiscal 2021/2022 last published again with the report on the first half of fiscal 2021/2022 (there p. 15 in the Group Management Report) on May 19, 2022. The forecast remains fundamentally unchanged; only the previously predicted strong growth in total output and the level of capital expenditures have been adjusted:

- The previously predicted strong growth in total revenues of between EUR 100 million and EUR 140 million (i.e. total revenues of between around EUR 950 million and EUR 990 million) is now increased to an expected total revenues of between around EUR 990 million and EUR 1,020 million (previous fiscal year EUR 848.6 million), i.e. a now predicted strong growth in total revenues of between EUR 140 million and EUR 170 million.
- Furthermore, capital spending of EUR 25 million to EUR 40 million are now expected (previous expectation EUR 30 million to EUR 50 million).“

Financial calendar

**Annual report 2021/2022
Annual press and analysts' conference**
15 December 2022

Annual General Meeting
15 February 2023

Credits

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Male pronouns are used in this text for the sake of simplicity and legibility. They are intended to refer to people of all genders.

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

EUR million ¹ 01/10 to 30/06	Q3 2021/2022	Q3 2020/2021	Q1-3 2021/2022	Q1-3 2020/2021
I. Income statement				
Revenues	252.221	212.810	739.147	628.390
Other internally generated assets	0.180	1.423	0.505	2.637
Total revenues	252.401	214.232	739.652	631.027
Other operating income	5.862	2.387	12.674	9.672
Raw materials and consumables used	-28.540	-18.894	-79.288	-52.280
Personnel expenses	-188.106	-169.022	-543.320	-488.384
Depreciation	-13.684	-13.903	-42.047	-42.029
Other operating expenses	-22.929	-13.008	-61.822	-45.128
EBIT	5.004	1.794	25.850	12.877
Share of profit in associates	0.149	0.090	0.413	0.411
Interest income	0.032	0.025	0.081	0.068
Financial expenses	-1.619	-1.556	-5.262	-4.655
Other financial result	-0.013	0.009	-0.090	-0.022
Net finance income	-1.451	-1.433	-4.859	-4.198
Profit from ordinary activities	3.553	0.361	20.991	8.679
Other taxes	-0.814	-0.404	-1.883	-1.503
Earnings before tax	2.738	-0.043	19.107	7.176
Income taxes	-1.547	0.177	-7.072	-3.672
Post-tax earnings	1.191	0.134	12.035	3.504
– attributable to shareholders of Bertrandt AG	1.191	0.134	12.035	3.504
Number of shares (million) – diluted/basic, average weighting	10.099	10.095	10.099	10.095
Earnings per share (EUR) – diluted/basic	0.12	0.01	1.19	0.35
II. statement of comprehensive income				
Post-tax earnings	1.191	0.134	12.035	3.504
Differences from currency translation and currency hedge ²	0.795	-0.182	1.421	-0.015
Tax effects on currency hedge	0.036	0	0.036	0
Revaluation of pension obligations	2.073	-0.001	3.531	0.128
Deferred tax on remeasurement of retirement benefit obligations	-0.561	-0.010	-0.983	-0.048
Other comprehensive income after taxes	2.343	-0.192	4.005	0.065
Total comprehensive income	3.534	-0.058	16.041	3.569
– attributable to shareholders of Bertrandt AG	3.534	-0.058	16.041	3.569

¹ Rounding differences of EUR 0.001 million may occur in the presentation of figures due to the system used.

² components of other comprehensive income, of which EUR 1.541 million (previous year EUR 0.015 million) will be reclassified to the income statement in future periods.