

# Q3

## Group Interim Report Q3 2023/2024

Fiscal 2023/2024

1<sup>st</sup> October 2023 until 30<sup>th</sup> June 2024

### The first three quarters at a glance

	01/10/2023 - 30/06/2024	01/10/2022 - 30/06/2023	Q3 2023/2024	Q3 2022/2023
<b>Consolidated Statements of Operations</b>				
Total revenues (EUR million)	921.555	858.227	294.665	285.092
EBIT (EUR million)	15.034	32.688	-6.925	8.690
Margin (%)	1.6%	3.8%	-2.4%	3.0%
<b>Segments</b>				
<b>Digital Engineering</b>				
Total revenues (EUR million)	437.188	402.208	150.872	133.471
EBIT (EUR million)	11.138	20.885	-56	6.112
<b>Physical Engineering</b>				
Total revenues (EUR million)	182.090	174.593	53.853	59.706
EBIT (EUR million)	-18.346	-8.329	-11.927	-2.390
<b>Electrical Systems/Electronics</b>				
Total revenues (EUR million)	302.277	281.426	89.940	91.915
EBIT (EUR million)	22.242	20.132	5.058	4.966
<b>Cash flow</b>				
Cash flow from operating activities (EUR million)	43.964	5.265	-8.953	-17.921
Cash flow from investing activities (EUR million)	-18.431	-19.233	-8.376	-6.197
Free cash flow (EUR million)	25.533	-13.968	-13.329	-24.118
<b>Balance sheet</b>				
Balance sheet total (EUR million)	925.846	926.677		
Equity (EUR million)	446.978	442.618		
Equity ratio (%)	48.3%	47.8%		
Cash and cash equivalents (EUR million)	96.107	106.996		
<b>Employees</b>				
Number of employees at the end of the reporting period	14,415	13,949		

## Market development and material events

### Macroeconomic environment

Our 2023/2024 financial year began in October 2023 against a backdrop of tense geopolitical conditions and continuing high inflation rates in a challenging global economic environment. According to economists of M.M.Warburg & CO, the start to 2024 was also slow, but a number of leading indicators have recently improved for the most part. There are therefore signs of a slight acceleration in global economic growth in the second half of 2024.

However, regional development remains very heterogeneous. While the USA has recently seen surprisingly solid economic growth, global gross domestic product is being held back by continued weakness in China. Economic growth also remained at a low level in the eurozone, as Germany in particular is still in a stagnation phase.

### Situation in the automotive industry

According to an analysis conducted by the ifo Institute in June 2024, the German automotive industry cannot properly gain a foothold. After a temporary recovery in spring 2024, the business climate in the sector has recently deteriorated again. Business

expectations in particular worsened. In addition to the general challenges posed by the ongoing transformation, the German automotive industry is confronted with changing customer requirements and product life cycles, new competitors and trade disputes.

At the same time, the German Association of the Automotive Industry (VDA) is observing weaker than expected growth in demand for electric cars. In Germany, sales of battery-electric passenger cars slumped by 16% in the first half of 2024 and growth in Europe has also come to a standstill at +1% compared to the same period last year. As a result, the association has lowered its growth forecasts for the production of battery electric vehicles in Germany from +20% to +5% in 2024. The VDA states that demand for electric vehicles in Germany remains weak, which is primarily due to the abrupt end to funding by the federal government and the weak overall economic development.

The current market fluctuations and uncertainties are not only leading car manufacturers to defer model launches, but also to fundamentally re-define strategic decisions. In this context, some car manufacturers have recently announced that they will postpone firmly planned model launches by several years. As a result, research and development projects have also recently been scrutinized and postponed.

## Business performance, results of operations and financial position

### Total revenues

Short-term product and project postponements at some of our customers have led to a temporary reduction in capacity demand since the beginning of the second quarter of 2023/2024, which, contrary to our assumption, has recently dynamized further. As a result, capacity utilization in the Bertrandt Group was lower than expected in the reporting period.

After nine months, total operating performance amounted to EUR 921.555 million in the 2023/2024 financial year (previous year: EUR 858.227 million) and to EUR 294.665 million in the third quarter of 2023/2024 (Q3 2022/2023: EUR 285.092 million). Over the course of the financial year, growth in total revenues fell from 10.0% in the first quarter of 2023/2024 (previous year: 20.3%) to 8.8% in the second quarter of 2023/2024 (previous year: 15.2%) and to 3.4% in the third quarter of 2023/2024 (previous year: 13.0%).

The number of employees in the Bertrandt Group as at June 30, 2024 was 14,273. In addition, there were 142 employees at Centum, which was acquired

in May 2024. The number of employees has thus increased by 324 (466 including Centum) from 13,949 (June 30, 2023). In a sequential comparison with the end of the previous quarter (March 31, 2024: 14,526), the number of employees decreased organically by 253 (excluding Centum).

In the first nine months of 2023/2024, there were 184 working days, around two fewer than in the same period of the previous year. At around 60, the third quarter of 2023/2024 had around one working day fewer than the third quarter of 2022/2023.

### Key expense ratios

A project-related increase in the use of external services, particularly in France, led to a disproportionately high increase in the cost of materials in the reporting period. The reasons for the increase in personnel expenses in the first nine months of the 2023/2024 financial year are employee growth compared to the same period of the previous year, salary developments and the decline in capacity utilization over the course of the financial year, which was only partially offset by the use of short-time work. The personnel expenses ratio therefore increased to 76.1% in the third quarter of 2023/2024 (previous year: 73.8%). After nine months in the 2023/2024 financial year, the personnel expenses ratio was 72.8% (previous year: 72.5%). Depreciation and

amortization increased in the first nine months of 2023/2024 compared to the same period of the previous year due to the commissioning of the new test centers. The increase in other operating expenses in the first nine months of 2023/2024 is related to increased sales initiatives, for example. In addition, in the second quarter of 2023/2024, as a result of a negative outcome of open objection and court proceedings with a foreign tax authority, a claim was made on an obligation previously classified as a contingent liability and a value adjustment was made in connection with the deteriorated solvency of a customer. Both special effects increased the expense item by a cumulative EUR 3.288 million (previous year: EUR 0 million).

### Results

EBIT of EUR 15.034 million (previous year: EUR 32.688 million) in the first nine months of 2023/2024 was impacted in particular by the temporary and increasingly weaker capacity utilization over the course of the financial year, expenses in connection with capacity management, higher depreciation and amortization and the lower number of working days. In the EBIT of EUR -6.925 million was generated in the third quarter of 2023/2024 (previous year: EUR 8.690 million).

At EUR -6.343 million, the financial result after nine months of 2023/2024 is more negative than in the

same period of the previous year (EUR -5.078 million). Due to the rise in interest rates, higher interest income was offset by higher financing expenses. With an income tax rate of 21.0% in the first nine months of 2023/2024 (previous year: 27.6%), earnings after income taxes amounted to EUR 5.278 million in the reporting period (previous year: EUR 18.672 million). The reduction in the income tax rate compared to the previous year is due to the more positive development of earnings before taxes abroad and initial reversal effects from the prudent valuation of deferred taxes on loss carryforwards abroad. Earnings per share amounted to EUR 0.52 in the current reporting period (previous year: EUR 1.85).

## Forecast change report

The temporary reduction in demand for capacity from some customers observed since the beginning of the second quarter of 2023/2024, which has recently continued to gather momentum contrary to our previous assumption, is leading to lower capacity utilization in the Group than expected. Against this background, on July 26, 2024, the Management Board of Bertrandt AG reviewed and partially revised the forecast for fiscal 2023/2024 last published again on May 15, 2024 with the report on the first half of fiscal 2023/2024 (p. 16 in the Group management report):

- After previously forecasting growth in total sales of EUR 70 to 110 million, no specific range is forecast for this financial year, but a moderate\* increase in total operating performance (previous year: EUR 1,157 million) is now expected.
- After previously forecasting an EBIT margin (EBIT in relation to total operating performance) of between 5% and 7%, a specific margin range is no longer forecast for this financial year, but EBIT is now expected to be significantly\* below the previous year's figure (EUR 50.1 million)
- The other elements of the previous forecast were confirmed.

The technical and strategic challenges faced by some customers are leading to short-term product and project postponements as well as reduced capacity call-offs. Nevertheless, Bertrandt expects capacity call-offs to normalize in the short to medium term on the basis of a high volume of supply and concrete project planning, with a timeframe of exact estimate is currently not possible. Against this backdrop, the forecast of a total operating performance and EBIT margin range has been dispensed with for the time being and the forecasting system has been adjusted accordingly.

Bertrandt is countering the current market trend with a cost optimization programme that includes portfolio measures as well as structural and infra-structural adjustments. In this context, extraordinary

expenses in a cumulative low to mid double-digit million euro amount are expected in this and the coming fiscal year. The aim of the program is to achieve double-digit million euro savings in the coming financial year 2024/2025 and an EBIT margin of 6-9% in the medium term\*.

\*Definitions for the forecast:

**Overall performance**

- Moderate change: 0% to 10%
- Significant change: over 10%

**EBIT**

- Moderate change: 0% to 10%
- Significant change: over 10%
- Medium-term: within the next three financial years

The terms "total revenues", "EBIT" and "free cash flow" are explained on page 221 of the Bertrandt Annual Report 2022/2023.

## Financial calendar

**Annual report 2023/2024**  
**Annual press and analysts' conference**  
 12 December 2024

**Annual General Meeting FY 2023/2024**  
 19 February 2025

## Credits

**Published and edited by**

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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<sup>1</sup>

01/10 to 30/06

	Q3 2023/2024	Q3 2022/2023	Q1-3 2023/2024	Q1-3 2022/2023
<b>I. Income statement</b>				
<b>Revenues</b>	<b>294.233</b>	<b>284.978</b>	<b>920.548</b>	<b>857.825</b>
Other internally generated assets	0.432	0.114	1.007	0.402
<b>Total revenues</b>	<b>294.665</b>	<b>285.092</b>	<b>921.555</b>	<b>858.227</b>
Other operating income	0.924	0.449	3.384	3.362
Raw materials and consumables used	-40.019	-35.313	-120.184	-102.129
Personnel expenses	-224.181	-210.361	-670.471	-621.822
Depreciation	-15.224	-11.746	-44.588	-38.970
Other operating expenses	-23.090	-19.430	-74.662	-65.980
<b>EBIT</b>	<b>-6.925</b>	<b>8.690</b>	<b>15.034</b>	<b>32.688</b>
Share of profit in associates	0.187	0.159	0.505	0.434
Interest income	0.718	0.628	2.914	1.388
Financial expenses	-3.165	-2.550	-9.703	-6.800
Other financial result	-0.026	-0.021	-0.060	-0.100
<b>Net finance income</b>	<b>-2.286</b>	<b>-1.784</b>	<b>-6.343</b>	<b>-5.078</b>
<b>Profit from ordinary activities</b>	<b>-9.211</b>	<b>6.906</b>	<b>8.691</b>	<b>27.610</b>
Other taxes	-0.679	-0.612	-2.006	-1.823
<b>Earnings before tax</b>	<b>-9.890</b>	<b>6.293</b>	<b>6.685</b>	<b>25.787</b>
Income taxes	2.945	-1.584	-1.407	-7.115
<b>Post-tax earnings</b>	<b>-6.945</b>	<b>4.709</b>	<b>5.278</b>	<b>18.672</b>
– attributable to shareholders of Bertrandt AG	-6.945	4.709	5.278	18.672
Number of shares (million) – diluted/basic, average weighting	10.106	10.106	10.106	10.106
<b>Earnings per share (EUR) – diluted/basic</b>	<b>-0.69</b>	<b>0.47</b>	<b>0.52</b>	<b>1.85</b>
<b>II. Statement of comprehensive income</b>				
<b>Post-tax earnings</b>	<b>-6.945</b>	<b>4.709</b>	<b>5.278</b>	<b>18.672</b>
Differences from currency translation and hedging reserve <sup>2</sup>	-0.172	-0.019	-379	1.102
Tax effects on the hedging reserve <sup>2</sup>	0	0.019	0.043	-0.620
Remeasurement of pension obligations and plan assets <sup>3</sup>	0.168	0.088	-0.655	-0.088
Tax effects on the remeasurement of pension obligations and plan assets <sup>3</sup>	-0.042	-0.025	0.191	0.025
<b>Other comprehensive income after taxes</b>	<b>-0.047</b>	<b>0.063</b>	<b>-0.801</b>	<b>0.420</b>
<b>Total comprehensive income</b>	<b>-6.992</b>	<b>4.772</b>	<b>4.477</b>	<b>19.092</b>
of which total comprehensive income attributable to Bertrandt AG shareholders	-6.992	4.772	4.477	19.092

<sup>1</sup>Rounding differences of EUR 0.001 - 0.002 million may occur in the presentation of figures due the system used.

<sup>2</sup>Components of other comprehensive income which will be reclassified to the income statements of future periods.

<sup>3</sup>Components of other comprehensive income which will not be reclassified to the income statements of future periods.