PWO

HALF-YEAR REPORT 2021

LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS AND BUSINESS ASSOCIATES,

Despite the difficult conditions, we made a buoyant start to the new year in the first quarter. In the second quarter, the industry environment proved to be more challenging with bottlenecks along the supply chain. Nevertheless, we are successfully adhering to our course. In the second quarter of the current fiscal year, we improved EBIT before currency effects compared with the first quarter despite an industry-driven decline in revenue.

Our international locations are well positioned and contribute to earnings both when growth is strong and when business temporarily fluctuates. In addition, the Czech site is successfully handling the substantial expansion of its production facility for instrument panel carriers. In Canada, the major new series productions have now started as announced.

The adjustments made at the German production site in Oberkirch in 2020 are beginning to make an increasingly positive impact. The trend there is thus going in the right direction. A further reconciliation of interests was agreed in the first half of 2021, which will help to strengthen the profitability of the production site.

We are working hard to continue all the measures initiated under our productivity programs. As soon as additional findings from our efficiency analyses are available, we will evaluate them in terms of their savings potential and any necessary non-recurring expenses and take the resulting next steps. The focus will remain on production and production-related areas, especially indirect activities.

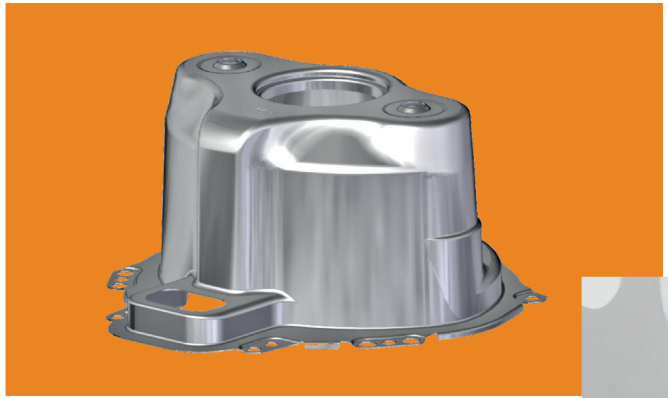
With new business up again in the second quarter of this year, the course is set for future growth. All of our locations are benefiting from the newly obtained orders. Particularly notable however is the Mexican site, for which new business in the six-month period significantly exceeded the revenue of the entire 2020 fiscal year and of the 2019 fiscal year. We expect to win even more contracts as the year goes on. Our customers worldwide know that we stand for consistent delivery reliability and quality over an entire series lifetime. This, together with innovative solutions for the mobility of the future at the frontier of the technologically feasible in metal forming and joining technology, provides the basis for our success.

Our responsibility for the environment is an integral part of our business processes. In the second quarter, we therefore decided to switch to using only green electricity at our sites in Germany and Czechia as of January 1, 2022. We will this save around 7,000 metric tons of CO_2 per year.

Overall, we are positioning the Group so as to bring its strengths to bear in a challenging global market. We have been making good progress on this journey and invite you to continue accompanying us.

Oberkirch, August 2021

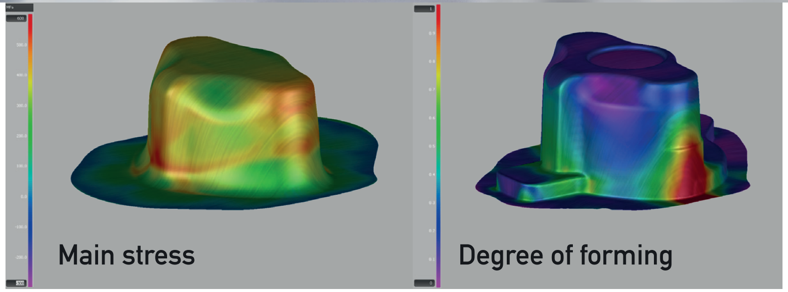
The Executive Board



HIGH DEGREES OF FORMING IN FINE SHEETS

Expansion of process boundaries

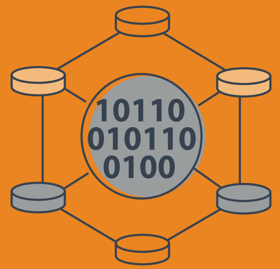
We manufacture eight variations of the cover for an electronic brake booster - a key component for e-mobility - from fine sheet metal that is 0.6 mm thin. This combines extreme degrees of forming and high requirements for flatness and surface-profile tolerance. At the same time, the creasing that can easily occur in fine sheet must be reliably prevented. For the design and optimization of this complex production process, we look at particular criteria such as stress triaxiality and sheet thinning.



REDUCTION OF OUR CARBON FOOTPRINT

Green electricity for our sites in Germany and Czechia

We want to make a quick contribution to the reduction of the CO_2 emissions associated with our business operations. To date, we have therefore taken around 60 percent of our purchased electricity at the Oberkirch site from renewable sources. From January 1, 2022, we will now switch to using only green electricity at our sites in Germany and Czechia. We will thus save an extra 7,000 metric tons of CO_2 emissions per year.



BIG DATA
Gathering large and complex volumes of data

ANALYSIS
Evaluation and visualization of the collected data in almost real time

ACTION
Targeted increase in productivity

CONSEQUENT USE OF MODERN TECHNOLOGY

Expansion of data-driven production

We use intelligent analysis and maintenance tools to measure, collect and evaluate production data such as electricity consumption, particles in oil, temperature, and pressure in various places. We can intervene as soon as readings become critical. We are thus continuously identifying and exploiting productivity potential, correcting causes of production downtime in a targeted manner and increasing plant availability through preventive maintenance.

HIGH VOLUME OF NEW BUSINESS IN MEXICO

Substantial growth in sight

In the first half of 2021, new business significantly exceeded the revenue of all of 2020 and of 2019. In the future, for example, we will supply a wide range of variants for a new generation of steering wheel airbags, which will be used in various vehicle models by different manufacturers. In addition, we acquired a further package of body components for the global production of a sport utility vehicle.

INTERIM FINANCIAL REPORT

Our PWO locations in Oberkirch, Germany, and in Valašské Meziříčí, Czechia

NEW REGISTRATIONS/SALES OF PASSENGER VEHICLES IN UNITS
(SOURCES: GERMAN AUTOMOTIVE INDUSTRY ASSOCIATION, GERMAN FEDERAL MOTOR TRANSPORT AUTHORITY)

Region	H1 2021	Change vs. previous year (%)	H1 2020	Change vs. previous year (%)	H1 2019
Germany	1,390,889	+14.9	1,210,700	-34.5	1,849,000
Western Europe (EU14 + EFTA + UK)	5,865,000	+27.7	4,594,489	-40.1	7,671,542
Europe (EU27 + EFTA + UK)[1]	6,486,400	+27.1	5,101,669	-39.5	8,427,639
Russia[2]	870,700	+36.9	636,000	-23.3	828,800
USA[2]	8,294,100	+29.0	6,429,000	-23.5	8,412,900
China	9,830,000	+27.3	7,717,000	-22.5	9,932,900

[1] Not including Malta | [2] Light vehicles

ECONOMIC ENVIRONMENT

GENERAL ECONOMY

The historic, global economic downturn as a result of the coronavirus pandemic has largely been overcome, although the ifo Institute says that the development of the global economy is still being shaped by it. In winter 2020/2021, global gross domestic product continued to recover from its drastic slump in spring 2020 and ultimately almost regained its pre-crisis figure.

Numerous countries are now reporting sharp percentage increases in their economic output compared with the very low comparative figures of the first half of 2020, which was dominated by severe lockdowns all over the world. The development currently foreseen in the second half of 2021 is going in a similar direction, albeit with lower growth rates due to the economic recovery in the second half of 2020.

According to the ifo Institute, however, the global economic recovery is not progressing uniformly. While China is already well above the pre-crisis level at the midpoint of 2021, the advanced economies remain below it. The USA has already made up for most of the downturn, but the eurozone and the UK still have a longer way to go.

In the first quarter of 2021, there were even setbacks in many European economies in light of new shutdown measures. According to Deutsche Bundesbank, the German economy continued to suffer under the coronavirus pandemic in winter 2020/2021, especially in the tertiary service sectors, as the pandemic had intensified again in fall 2020 and the government's containment measures were tightened considerably.

Real German GDP therefore contracted in the final quarter of 2020 and the first quarter of 2021 by a total of 1.3 percent, adjusted for seasonal and calendar effects. For the second quarter of 2021, the German Federal Statistical Office is seeing the first signs of recovery in retail, hospitality and tourism as well as a stabilization in German industrial production.

THE AUTOMOTIVE INDUSTRY

In contrast, the economic sectors not directly affected by the above-mentioned shutdown measures in winter 2020/2021 continued to expand strongly. The industrial sector in particular benefited from the speedy recovery in world trade, which led to strong expert growth.

However, the rapidly increasing global demand for industrial goods together with supply-side disruptions resulted in growing supply shortages for some intermediate products. Because of a lack of semiconductors, German automotive production had to be cut back from the winter quarter of 2020 – a situation that, according to the German Association of the Automotive Industry (VDA), did not improve during the entire first half of 2021 and still has not improved.

According to the German Federal Statistical Office, German industrial production has fallen slightly again, in large part due to the strong end to 2020, and in June 2021 was 5.0 percent below the pre-crisis level of February 2020. The Statistical Office cities the automotive industry in particular, which is being "held up" by the shortage of materials for semiconductors. Here, production fell by 7.2 percent month on month in May 2021 and was thus 27.9 percent below the pre-crisis level, after trending upward until the end of 2020.

According to the VDA, production in German automotive plants also declined by a further 19 percent in June. In the first half of the year, it totaled 1.7 million cars. Due to base effects, this equates to a 16 percent increase versus the significantly diminished volume of the first half of the previous year.

The VDA reports that the semiconductor supply shortages remain an obstacle for production. As result, exports also feel in June, with 6 percent fewer units being sold abroad. Over the year so far, 1.3 million cars (+20 percent) have been delivered to customers all over the world.

In the first half of the year, according to the VDA, around 1.4 million new cars were registered in Germany. The previous year's figure was therefore surpassed by 15 percent, but it is still a decline of around 25 percent in comparison with the same period of 2019. In the German car market, the pre-crisis level is therefore still a long way off.

In contrast, there is a clear trend in the opposite direction for registrations of new electric cars, which increased by 243 percent to 64,760 units in June. This means that over 1 million electric vehicles in total have been registered in Germany to date. Electric cars' share in the overall market rose to 23.6 percent and thus reached a high for the year. New registrations of purely battery electric vehicles (BEVs) grew by 312 percent, new registrations of plug-in hybrids (PHEV) by 191 percent.

For the first half of 2021, the year-on-year growth in domestic orders was 13 percent – with a drop of 2 percent in June. Business outside Germany, meanwhile, is proving more dynamic: Here, German manufacturers saw a 10 percent increase in orders in June. In the first half of the year, 32 percent more orders came from abroad.

Developments on the international automotive markets continue to be determined by the course of the coronavirus pandemic. After the sales losses resulting from the lockdowns in spring 2020, base effects in the first half of 2021 led to year-on-year growth rates in double digits in all markets. In some cases, however – especially in Europe – the pre-crisis level is still a long way off.

The European car market has also recovered in comparison with the historically low figures of the previous year. New registrations picked up by 27 percent to 6.5 million units. Nevertheless, the volume is still around a quarter less than in the same period of 2019 – also against the backdrop of new or continuing lockdowns at the start of the year. Furthermore, incentive programs such as the temporary VAT cut in Germany expired after inducing pull-forward effects among consumers in the final quarter of 2020.

Chip shortages are also preventing a faster market recovery. The five largest individual European markets are all reporting positive sales growth for the first six months of 2021: Italy grew by 51 percent, the United Kingdom by 39 percent, Spain by 34 percent and France by 29 percent. A total of 3.4 million new cars were registered in the second quarter of 2021, equating to growth of 66 percent.

In the USA, the volume of light vehicle sales (cars and light trucks) increased by 29 percent to around 8.3 million units in the first half of 2021. Sales grew by 21 percent in the car segment and 32 percent in the light truck segment. The second quarter of 2021 saw a 50 percent increase in new vehicle sales to 4.4 million units.

Car sales in China grew by 27 percent to 9.8 million units in the first half of 2021, with a slight decline of 1 percent to 4.8 million units in the second quarter due to base effects. In early summer 2020, there was a sharp rise in demand following the preceding lockdown. The semiconductor shortage also led to production problems in China.

With 870,700 new vehicles sold, light vehicle sales in Russia in the first half of the year exceeded the previous year's sales by 37 percent. The market was extremely dynamic in the second quarter with growth of 104 percent to 483,400 units.

RESULTS OF OPERATIONS

The substantial revenue growth in the half-year period compared with the same period of the previous year is mainly attributable to the recovery after the coronavirus-driven economic downturn in the second quarter of 2020. The general economy has since departed from this crisis level. However, current business development in our industry is being shaped by supply shortages of critical intermediate products and is therefore volatile. In the second quarter of 2021, our revenue was 6.0 percent lower than in the first quarter of the current fiscal year.

While our own supply chains have been stable and all orders have been met so far, our customers often reduce their release orders at short notice, as there are frequent delays at various points throughout the entire supply chain. Despite these additional challenges, we succeeded in improving EBIT before currency effects in the second quarter of 2021 as against the first quarter of the current fiscal year. Our international locations and our German site contributed to this.

SELECTED INFORMATION ON THE SEGMENTS AND THE GROUP

EURK

H1 2021	Germany	Czechia	Canada	Mexico	China	Consolidation	Group
Total revenue	111,593	39,011	15,487	33,747	24,916	16	224,770
External revenue	105,090	37,981	15,285	33,706	21,644	16	213,722
Total output	111,892	39,011	15,487	33,747	24,916	-11,032	214,021
EBIT before currency effects	2,699	3,030	-149	4,191	3,291	259	13,321
EBIT including currency effects	2,511	3,001	-291	4,172	3,555	259	13,207
Capital expenditure	2,269	1,739	1,193	591	293	0	6,085
H1 2020							
Total revenue[1]	86,915	26,977	13,869	20,438	17,079	0	165,278
External revenue	80,663	26,170	13,846	20,438	15,960	0	157,077
Total output	87,261	26,977	13,869	20,438	17,079	-8,201	157,423
EBIT before currency effects	-1,087	218	-605	-1,005	2,434	0	-45
EBIT including currency effects	-2,265	213	-432	-1,033	2,267	53	-1,197
Capital expenditure	1,810	590	3,120	2,445	582	0	8,547

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

Extraordinary revenue from customer invoices and the passing on of increased material prices to customers, in some cases retroactively to the first quarter, made an impact at the Oberkirch production site. In addition, our personnel adjustment measures are beginning to make an impact, so the profitability of the production site is gradually starting to improve again. Our international locations remain on a stable growth trajectory in line with their planned long-term development.

In the half-year period, the results of operations were negatively affected by the increase in the cost of materials ratio to 52.5 percent (p/y: 51.7 percent). This resulted primarily from higher procurement prices. Negotiations have since been concluded with our customers about price adjustments on a considerable scale, so – as mentioned above – the negative effect was lessened in the second quarter.

In the case of staff costs, depreciation/amortization and other operating expenses, the cost ratios decreased year on year in the six-month period as a result of the revenue growth. With regard to staff, our adjustments are also taking effect at the Oberkirch production site in particular. Therefore, the cost ratio in this area continued to fall in the second quarter of 2021 compared with the first quarter of 2021. With regard to the depreciation and amortization expense ratio, the improvement in the results of operations is driven by the increase in revenue as well as our recent restraint with regard to capital expenditure.

Other operating expenses – not including currency expenses – were influenced in the first half of the year by the significant increase in business volume. There are also significant expenses for the expansion of our locations outside Germany and for the diverse measures to secure the future of the German production site. Both factors resulted in an increase in the absolute amount of expenses. In the second quarter of 2021, however, other operating expenses were much lower than those of the first quarter of 2021. This resulted from the sum of minor changes to a large number of line items and was crucial for the significant improvement in the results of operations in the second quarter of 2021 compared with the first quarter of 2021. However, this trend cannot continue to the same degree in the second half of the year.

In total, EBIT before currency effects improved EUR 13.3 million in the half-year period (p/y: EUR 0 million). Including currency effects, EBIT increased to EUR 13.2 million in the six-month period (p/y: EUR -1.2 million). After deducting the essentially unchanged finance costs and taxes, net income for the period rose to EUR 8.8 million (p/y: EUR -3.8 million) and earnings per share to EUR 2.82 (p/y: EUR -1.21). In the second quarter, net income for the period amounted to EUR 4.7 million (p/y: EUR -7.0 million) and earnings per share to EUR 1.49 (p/y: EUR -2.25).

SEGMENTS

The PWO Group is represented worldwide by five production sites and three assembly locations. As the latter are separate facilities of the production sites, the following remarks are based on the five production sites or companies. In the explanation of segment earnings, we refer to EBIT before currency effects because this figure reflects operating performance.

In the Germany segment, total revenue rose sharply year on year in the first half of 2021, but weakened in the reporting quarter compared with the first quarter of 2021 as a result of lower release orders driven by customers' chip shortage. Nevertheless, EBIT increased in the second quarter compared with the previous quarter. In addition to extraordinary revenue from customer invoices and the passing on of increased material prices to customers for the first quarter of 2021, this was partly driven by our personnel adjustment measures, the impact of which is now becoming increasingly visible.

Despite the positive trend, the EBIT margin was still only 2.4 percent in the half-year period and 3.5 percent in the reporting quarter. We are therefore keeping up our efforts to secure the future viability of the German site. For example, a further reconciliation of interests has now been agreed. As before, the vast majority of adjustments affect production and production-related areas.

The trend of total revenue development in the Czechia segment was essentially in line with that of the Germany segment. The EBIT effects from second quarter of 2021, which was weaker than the first quarter of 2021, were counteracted in particular by a more efficient use of materials and cost reductions with regard to staff and other operating expenses. Despite expenses for site expansion, EBIT therefore remained at a high level.

In the Canada segment, total revenue grew not only year on year but also in the second quarter compared with the first quarter of 2021. This was the result of the new start-ups of series production communicated earlier, which are to ramp up during the remainder of this fiscal year. This increase would have been greater if bottlenecks in our customers' supply chains had not curbed their release orders. Nevertheless, positive EBIT was generated in the second quarter. This was driven by a considerable reduction in the cost of materials.

In the Mexico segment, we saw a total revenue development trend similar to that of the Canada segment. Despite occasional inefficiencies in our workflows due to supply-driven production downtime on the part of our customers, an attractive EBIT margin was still generated in the Mexico segment. This underscores the good performance of this location.

Market development in the China segment in 2020 was less affected by the coronavirus pandemic than in many other sales markets. Nevertheless, we generated a sharp year-on-year increase in total revenue in the China segment in the half-year period, as major series productions are currently ramping up. This and shifts in the product mix have contributed to the China segment's persistently high EBIT margin.

NET ASSETS AND FINANCIAL POSITION

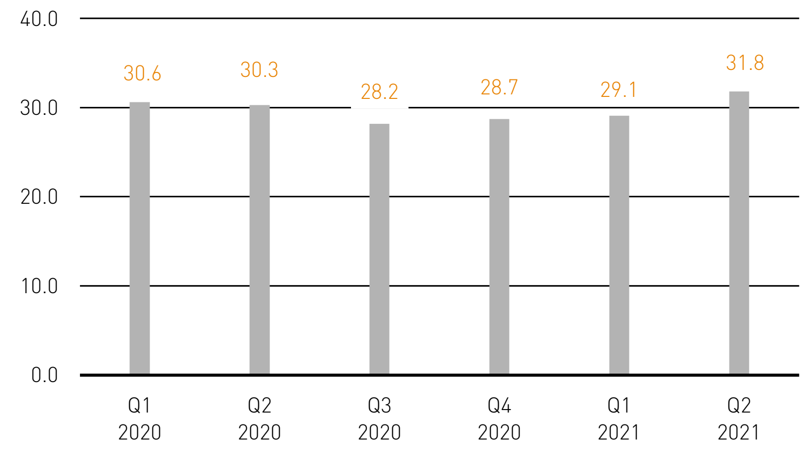
The development of the statement of financial position reflects the business revival after the 2020 fiscal year, which was heavily impacted by the coronavirus pandemic, as well as the low volume of capital expenditure in the reporting period. For example, non-current assets remained at the level of December 31, 2020, at EUR 221.2 million, while receivables and other assets grew to EUR 116.3 million after EUR 106.2 million as of the end of the past fiscal year.

There was a particularly sharp rise in current contract assets, which primarily include tools manufactured and not yet accepted by the customer ahead of new series productions. This development therefore indicates our future growth. At EUR 6.1 million, cash and cash equivalents were at the same level as at the beginning of the reporting period.

On the equity and liabilities side of the statement of financial position, equity increased to EUR 118.9 million as against EUR 104.5 million on December 31, 2020. This resulted in particular from the net income for the reporting period and a lower valuation of pension provisions due to altered capital market interest rates, which primarily arose in the first quarter of 2021. In addition, foreign exchange differences had a positive effect on equity.

Current liabilities rose from EUR 119.2 million to EUR 126.6 million – especially trade payables and current financial liabilities, while the current portion of other provisions and other financial liabilities decreased. Following the departure of employees due to the implementation of the personnel adjustment measures planned in the previous fiscal year, current other liabilities and current other provisions declined over the course of the half-year period.

EQUITY RATIO
IN PERCENT



The equity ratio as of June 30, 2021, increased to 31.8 percent as against 28.7 percent at the start of the fiscal year. Net debt was virtually unchanged at EUR 104.7 million as against EUR 102.5 million.

Cash flow from operating activities decreased to EUR 7.6 million in the first six months of the current fiscal year (p/y: EUR 23.8 million). While last year, in the middle of the coronavirus pandemic, business declined severely and capital employed in current assets decreased accordingly, the development in the half-year period was in the opposite direction. The change in current assets resulted in a negative cash flow effect of EUR 14.7 million after a positive effect of EUR 22.6 million in the previous year. Payments were also made in connection with the personnel adjustment measures. The balance of other non-cash expenses/income and the change in non-current liabilities amounted to EUR -1.9 million (p/y: EUR 0.8 million). These items primarily reflect effects from the change in pension provisions and the other items contained in the statement of comprehensive income.

Cash used in investing activities remained low at EUR 5.9 million (p/y: EUR 8.1 million). The investing activities of the reporting period are explained below. Free cash flow after interest paid of EUR 3.2 million (p/y: EUR 3.2 million) therefore amounted to EUR -1.4 million (p/y: EUR 12.4 million).

Including the repayment of loans and lease liabilities of EUR 8.2 million on balance, the net change in cash and cash equivalents in the half-year period amounted to EUR -9.6 million. In the previous year, loans and lease liabilities increased by EUR 8.0 million on balance, which resulted in a change in cash and cash equivalents of EUR 20.4 million.

CAPITAL EXPENDITURE

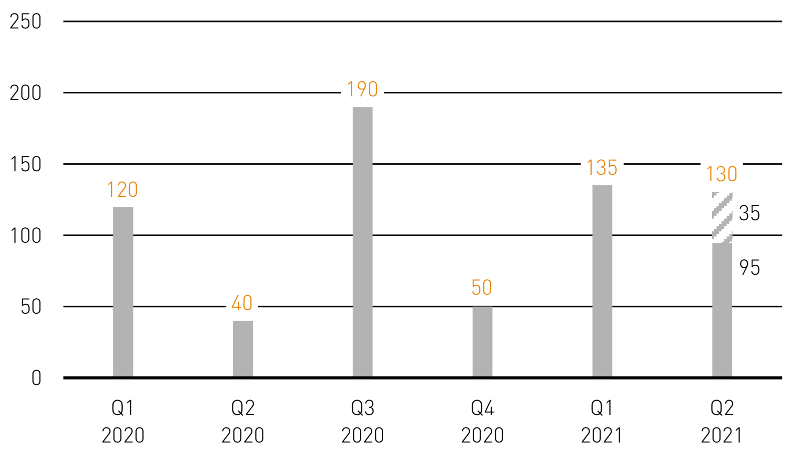
As shown in the segment report, capital expenditure amounted to EUR 6.1 million in the half-year period (p/y: EUR 8.5 million). In light of the uncertainty arising from the coronavirus pandemic and shortages in the supply chain in the mobility industry, budgets are being proved only gradually.

Capital expenditure of EUR 2.3 million (p/y: EUR 1.8 million) was attributable to the Germany segment. It related to the advance payment for a fully automated milling center for toolmaking as part of our digitalization project. Additional increases in process efficiency were secured by capital expenditure on automated setting for a press, on the replacement of component cleaning equipment, on an optical measurement system and on material handling in logistics.

Capital expenditure in the Czechia segment amounted to EUR 1.7 million (p/y: EUR 0.6 million). In addition to project-related measures, it primarily went on an equipment overhaul and the continual enhancement of quality management. In the Canada segment, capital expenditure amounted to EUR 1.2 million (p/y: EUR 3.1 million). Besides project-related measures, the latest major part payment was made for a new 800 metric ton press. In the Mexico and China segments, there was low capital expenditure of EUR 0.6 million (p/y: EUR 2.4 million) and EUR 0.3 million (p/y: EUR 0.6 million), respectively.

For the second half of the year, much higher volumes are budgeted throughout the Group. We are making targeted investments in productivity measures, process improvements and new series projects. Another focus will be the further expansion of the Czech site. In Mexico, preparations are also ramping up for continued strong growth.

NEW BUSINESS (LIFETIME VOLUME OF SERIES AND TOOL ORDERS)
IN EUR MILLION



Volume pledged in the reporting period and confirmed in writing in early July

NEW BUSINESS

We are delighted with our continually high level of new business, which underscores our first-class market positioning in the three mobility trends of electrification, safety and comfort. Including a major new order that one of our customers pledged in the reporting period and confirmed in writing at the beginning of July, we generated total new business with a lifetime volume of around EUR 265 million in the first half of 2021. Around EUR 15 million of this is attributable tool volumes associated with the orders.

We were particularly successful in the first half of the year with body components and instrument panel carriers, for which we obtained volumes of around EUR 135 million altogether, and with air spring components, which accounted for volumes of around EUR 35 million. These solutions ensure vehicle safety and comfort. Around EUR 30 million of the new business related to safety components for airbags. We acquired volumes of around EUR 10 million for the electrification of vehicles.

The new orders relate to all of our locations. At the Mexican site, new business in the six-month period significantly exceeded the revenue of the entire 2020 fiscal year and of the 2019 fiscal year. For example, the above-mentioned order for airbag components will be produced in this location, where one international automotive supplier is about to switch to a new generation of steering wheel airbags. We will supply a wide range of variants for this, which will be use in numerous vehicle models by different manufacturers.

In addition, we acquired a further package of body components for a renowned vehicle manufacturer's global production of a sport utility vehicle. The current order particularly includes door reinforcements. We expect a decision on the allocation of additional parts packages later this year. The vast majority of the current new business is expected to go into production in the 2022 and 2023 fiscal years. One major order is scheduled to start in 2024. As many orders include the supply of platforms, the lifetimes of these series are often at the upper end of the typical range for our business of 5 to 8 years on average.

REPORT ON OPPORTUNITIES AND RISKS

The opportunities and risks for the development of the PWO Group and its segments described in the 2020 Annual Report still apply. In the first half of the year, we achieved positive business performance. However, this cannot continue to the same degree in the second half of the year. Besides non-recurring effects that positively influenced EBIT before currency effects in the first six months of 2021, it should be noted that the second half of the year is generally weaker than the first in our industry due to seasonal effects.

One risk component that began to emerge in the second half of 2020 became increasingly significant over the course of the first half of 2021 and will continue to influence business as the year goes on: the global shortage of electronic components (chips). In light of this development, overall car production fell well short of expectations in the first half of 2021, not just in Germany. Against this backdrop, the VDA significantly lowered its production forecast for Germany for the 2021 fiscal year to 3.6 million units. This equates to an increase of only 3 percent. Previously, production was expected to increase by 13 percent to 4 million.

At present, there are also critical shortages in the supply of steel as well as excessively rising prices on commodities markets. These directly affect PWO in terms of both on-time delivery of the necessary quantities and price increases. With regard to passing on higher prices – as in the past – we have to find mutually agreed solutions with our customers. This usually leads to a time delay between purchasing the material and compensation by the customer. Purchased parts and various other raw materials, consumables and supplies are also becoming more expensive. In addition, the effects of the flood disaster in Germany in July 2021 on the companies based in the affected regions and the local infrastructure are currently still being determined. This could result in addition disruptions to supply chains in industry. Overall, we expect these factors to result in negative effects or risks for the results of operations in the second half of 2021.

The supply shortages of intermediate products are not only shaping further developments in the automotive industry. According to the ifo Institute's "Economic Forecast Summer 2021," the German economy as a whole is caught between openings and bottlenecks. With falling infection rates and progress in vaccination against COVID-19, the existing economic restrictions should gradually be lifted, with no further obstacles to an economic recovery in trade and contact-intensive services. In the short term, however, bottlenecks in the supply of intermediate products will have a dampening effect, so the manufacturing boom is likely to cool somewhat in its further course. Due to the normalization of spending behavior, the ifo Institute therefore sees private consumption as the mainstay of the upswing. All in all, the ifo expects gross domestic product to expand by 3.3 percent in 2021. The forecast assumes that the existing economic restrictions resulting from infection control measures will be lifted by the end of the third quarter. Therefore, coronavirus also remains a central risk to the general economic outlook for Germany.

According to the ifo Institute, the development of the global economy continues to be largely determined by the coronavirus pandemic. Global gross domestic product was almost back at its pre-crisis level midway at the midpoint of 2021. However, there are significant differences between countries, which are likewise mainly pandemic-driven. All in all, the global gross domestic product is expected to grow by 6.6 percent this year. While China has already significantly exceeded its pre-crisis level since the third quarter of 2020, global and US aggregate output is expected to exceed pre-crisis levels in the second quarter of 2021. Most other countries will follow one quarter later, says the Institute, but the eurozone as a whole will not do so until early 2022.

We are working hard to continue all the measures initiated under our productivity programs at the Oberkirch production site. As soon as additional findings from our efficiency analyses are available, we will evaluate them in terms of their savings potential and any necessary non-recurring expenses and take the resulting next steps. The potential to increase profitability will make more of a positive impact in future fiscal years.

Our company forecasts do not include estimates of future developments in exchange rates. We use hedging to avoid currency risks with the aim of securing currency parities when receiving orders and thereby the expected contribution margins.

REPORT ON FORECASTS AND OUTLOOK

In light of the risks presented in the previous section, we confirm our forecast for the current fiscal year from April 23, 2021. Our business performance in the half-year period puts us on track to generate revenue between EUR 400 million and EUR 410 million.

We likewise confirm the forecast of Group EBIT before currency effects of EUR 15 million to EUR 18 million. Besides the described negative effects or risks for the results of operations resulting from supply bottlenecks and a probable rise in purchase prices, the above-mentioned positive non-recurring effects cannot continue to the same degree, especially at the German site. In addition, the evaluation of the findings of our efficiency analyses could result in non-recurring expenses. Expenses will also be incurred for the relocation of an order for instrument panel carriers from the German to the Czech site and for the further expansion in Czechia. This is expected to result in temporary production inefficiencies, which will reduce Group EBIT before currency effects. In contrast, we expect significantly positive contributions for the second half of the year from the ramp-up of new series orders at the Canada site, so we anticipate clearly positive EBIT before currency expenses for the year as a whole there.

The budget for capital expenditure is unchanged at more than EUR 20 million in total. Free cash flow is still expected to be a negative figure in the low tens of millions. The equity ratio and the dynamic leverage ratio are expected to benefit from the raised forecast for EBIT before currency effects of April 23, 2021. The equity ratio is now set to rise above the previous year's figure of 28.7 percent to 30 percent. Previously, a sideways movement had been expected. The dynamic leverage ratio is expected to be less than 3.5 years, as against the previously planned figure of less than 4.0 years.

On the basis of the successful new business in the first six months of the 2021 fiscal year and our customers' expected decisions in ongoing tender procedures, we assume that we will achieve our forecast of a lifetime volume of new business in the direction of EUR 500 million.

CONSOLIDATED INCOME STATEMENT

EURK

	Q2 2021	Percentage share	Q2 2020	Percentage share
Revenue[1]	103,540	99.9	48,465	99.8
Own work capitalized	113	0.1	110	0.2
TOTAL OUTPUT	**103,653**	**100.0**	**48,575**	**100.0**
Other operating income	677	0.6	1,023	2.1
Cost of materials	53,823	51.9	25,474	52.4
Staff costs	28,480	27.5	20,123	41.4
Depreciation/amortization	5,790	5.6	6,086	12.5
Other operating expenses	8,956	8.6	5,014	10.3
EBIT	**7,281**	**7.0**	**-7,099**	**-14.6**
Finance costs	1,540	1.5	1,434	2.9
EBT	**5,741**	**5.5**	**-8,533**	**-17.6**
Income taxes[1]	1,082	1.0	-1,504	-3.1
NET INCOME/LOSS FOR THE PERIOD	**4,659**	**4.5**	**-7,029**	**-14.5**
Earnings per share in EUR	1.49	—	-2.25	—

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

CONSOLIDATED INCOME STATEMENT

EURK

	H1 2021	Percentage share	H1 2020	Percentage share
Revenue[1]	213,722	99.9	157,077	99.8
Own work capitalized	299	0.1	346	0.2
TOTAL OUTPUT	**214,021**	**100.0**	**157,423**	**100.0**
Other operating income	5,369	2.5	5,225	3.3
Cost of materials	112,392	52.5	81,355	51.7
Staff costs	59,300	27.7	51,862	32.9
Depreciation/amortization	11,669	5.5	12,569	8.0
Other operating expenses	22,822	10.7	18,059	11.5
EBIT	**13,207**	**6.2**	**-1,197**	**-0.8**
Finance costs	3,001	1.4	3,078	1.9
EBT	**10,206**	**4.8**	**-4,275**	**-2.7**
Income taxes[1]	1,407	0.7	-485	-0.3
NET INCOME/LOSS FOR THE PERIOD	**8,799**	**4.1**	**-3,790**	**-2.4**
Earnings per share in EUR	2.82	—	-1.21	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EURK

	Q2 2021	Q2 2020
NET INCOME/LOSS FOR THE PERIOD[1]	**4,659**	**-7,251**
Net gains from cash flow hedges	268	3,854
Tax effect	-85	-850
Currency translation difference	848	-54
Items that may be reclassified to profit and loss in a subsequent period	**1,031**	**2,950**
Actuarial gains (p/y: losses) on defined benefit pension plans	246	-2,274
Tax effect	-70	646
Items that will not be reclassified to profit or loss	**176**	**-1,628**
OTHER COMPREHENSIVE INCOME AFTER TAX	**1,207**	**1,322**
TOTAL COMPREHENSIVE INCOME AFTER TAX	**5,866**	**-5,929**

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

EURK

	H1 2021	H1 2020
NET INCOME/LOSS FOR THE PERIOD[1]	**8,799**	**-3,790**
Net losses from cash flow hedges	-518	-1,577
Tax effect	145	446
Currency translation difference	2,369	-877
Items that may be reclassified to profit and loss in a subsequent period	**1,996**	**-2,008**
Actuarial gains on defined benefit pension plans	5,134	2,415
Tax effect	-1,460	-687
Items that will not be reclassified to profit or loss	**3,674**	**1,728**
OTHER COMPREHENSIVE INCOME AFTER TAX	**5,670**	**-280**
TOTAL COMPREHENSIVE INCOME AFTER TAX	**14,469**	**-4,070**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

EURK

	Jun. 30, 2021	Dec. 31, 2020
Property, plant and equipment	178,184	181,069
Intangible assets	9,748	9,695
Contract assets	16,544	15,818
Deferred tax assets	16,760	19,124
NON-CURRENT ASSETS	**221,236**	**225,706**
Inventories	**30,219**	**25,565**
Trade and other receivables	44,160	43,688
Contract assets	59,816	51,410
Other assets	10,838	7,746
Other financial assets	1,097	2,811
Income tax receivables	364	567
Receivables and other assets	**116,275**	**106,222**
Cash and cash equivalents	**6,129**	**6,161**
CURRENT ASSETS	**152,623**	**137,948**
TOTAL ASSETS	**373,859**	**363,654**

EQUITY AND LIABILITIES

EURK

	Jun. 30, 2021	Dec. 31, 2020
EQUITY	**118,933**	**104,464**
Non-current financial liabilities	61,718	67,800
Pension provisions	60,451	65,488
Other provisions	4,889	4,833
Deferred tax liabilities	1,302	1,861
Non-current liabilities	**128,360**	**139,982**
Trade and other payables	65,247	59,627
Current financial liabilities	49,111	40,845
Other financial liabilities	3,315	7,913
Current portion of pension provisions	1,871	1,770
Current portion of other provisions	7,022	9,053
Current liabilities	**126,566**	**119,208**
TOTAL LIABILITIES	**254,926**	**259,190**
TOTAL EQUITY AND LIABILITIES	**373,859**	**363,654**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURK

	Equity attributable to PWO AG shareholders						
				Other reserves			
	Subscribed capital	Capital reserves	Retained earnings	Defined benefit plans	Foreign exchange differences	Cash flow hedges	Total
JANUARY 1, 2020	**9,375**	**37,494**	**88,902**	**-19,325**	**2,127**	**956**	**119,529**
Net income/loss for the period[1]			-3,790				-3,790
Other comprehensive income				1,728	-877	-1,131	-280
JUNE 30, 2020	**9,375**	**37,494**	**85,112**	**-17,597**	**1,250**	**-175**	**115,459**
JANUARY 1, 2021	**9,375**	**37,494**	**77,240**	**-22,158**	**631**	**1,882**	**104,464**
Net income/loss for the period			8,799				8,799
Other comprehensive income				3,674	2,369	-373	5,670
JUNE 30, 2021	**9,375**	**37,494**	**86,039**	**-18,484**	**3,000**	**1,509**	**118,933**

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

CONSOLIDATED STATEMENT OF CASH FLOWS

EURK

	H1 2021	H1 2020
Net income/loss for the period[1]	8,799	-3,790
Depreciation of property, plant and equipment and amortization of intangible assets	11,669	12,569
Income tax expense[1]	1,407	-485
Interest income and expenses	3,001	3,078
Change in current assets[1]	-14,708	22,598
Change in non-current assets	-726	4,065
Change in current liabilities (not including financial liabilities)	-910	-14,565
Change in non-current liabilities (not including financial liabilities)	-5,541	-1,804
Income taxes paid	973	-337
Other non-cash expenses/income	3,678	2,566
Gain on disposal of property, plant and equipment	-26	-114
CASH FLOW FROM OPERATING ACTIVITIES	**7,616**	**23,781**
Proceeds from disposal of property, plant, and equipment	79	124
Payments for capital expenditure on property, plant and equipment	-5,367	-7,760
Payments for capital expenditure on intangible assets	-575	-481
CASH FLOW FROM INVESTING ACTIVITIES	**-5,863**	**-8,117**
Interest paid	-3,152	-3,249
Proceeds from borrowings	19,736	18,499
Repayment of borrowings	-25,961	-8,572
Repayment of lease liabilities	-1,926	-1,962
CASH FLOW FROM FINANCING ACTIVITIES	**-11,303**	**4,716**
Net change in cash and cash equivalents	-9,550	20,380
Effect of exchange rate changes on cash and cash equivalents	-155	45
Cash and cash equivalents as of January[1]	-4,526	-8,273
CASH AND CASH EQUIVALENTS AS OF JUNE 30	**-14,231**	**12,152**
of which cash and cash equivalents	6,129	18,579
of which bank borrowings due on demand that are included in the Group's cash management	**-20,360**	**-6,427**

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

Progress-Werk Oberkirch AG is a listed corporation headquartered at Industriestrasse 8, 77704 Oberkirch, Germany. The company is registered and entered in the commercial register of the District Court of Freiburg under HRB 490007. The currently applicable version of the Articles of Association is the version dated May 19, 2021. The fiscal year is the calendar year.

The condensed consolidated interim financial statements of Progress-Werk Oberkirch AG (PWO) and its subsidiaries for the second quarter and the first half of 2021 were authorized by the Executive Board by a resolution dated July 22, 2021, and were subsequently submitted to the Supervisory Board's Audit Committee for review.

ACCOUNTING POLICIES

BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements as of June 30, 2021, were prepared in accordance with IAS 34 "Interim Financial Reporting." All International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRIC), which have been endorsed in European law by the European Commission and were mandatory as of the end of the reporting period, were applied.

The consolidated interim financial statements do not include all the information and disclosures required for consolidated financial statements at the end of a fiscal year and must therefore be read in conjunction with the consolidated financial statements as of December 31, 2020. The accounting policies applied to the preparation of the consolidated interim financial statements are essentially the same as those applied to the consolidated financial statements as of December 31, 2020. More detailed explanations can be found on pages 76 et seq. in the notes to the 2020 Annual Report.

The consolidated interim financial statements and the interim Group management report have not been audited or reviewed by an auditor.

CHANGES IN ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements as of December 31, 2020, were applied unchanged to the condensed consolidated interim financial statements with the exception of the standards and interpretations applicable for the first time as of January 1, 2021.

Standard	First-time adoption	Amendments	Impact on the consolidated financial statements
Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	Jan. 1, 2021	The amendments aim to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming IFRS 17 Insurance Contracts. In particular, the amendments extend the expiry date of the temporary exemption from applying IFRS 9 until 2023 in order to align the effective date of IFRS 9 with the new IFRS 17.	No material impact.
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2 –	Jan. 1, 2021	The amendments of the second phase of the IBOR reform project supplement the requirements of the first phase of the project and take effect when one benchmark rate is replaced by another. With regard to the recognition of financial instructions, the following aspects are particularly relevant: In the event of modifications of contractual cash flows, it may not be necessary to adjust or derecognize the carrying amount of financial instruments. Instead, it is possible in certain circumstances to update the effective interest rate to reflect the change in the alternative benchmark rate. With regard to hedge accounting, in certain circumstances it will not be necessary to discontinue hedge accounting due to changes resulting from the IBOR reform. New risks arising from the reform and treated like the transition to alternative benchmark rates must be disclosed. In addition to amendments to IFRS 9, IAS 39 and IFRS 7, the IASB adopted minor adjustments to IFRS 4 and IFRS 16.	No material impact.

SCOPE OF CONSOLIDATION

There were no changes to the scope of consolidation as against the consolidated financial statements as of December 31, 2020.

CURRENCY TRANSLATION

The financial statements of the companies included in the consolidated interim financial statements prepared in foreign currency are translated at the following exchange rates:

		Closing rate		Average rate	
		Jun. 30, 2021	Jun. 30, 2020	H1 2021	H1 2020
China	CNY	7.67	7.92	7.80	7.75
Canada	CAD	1.47	1.53	1.50	1.50
Mexico	USD	1.19	1.12	1.21	1.10

NOTES TO THE INCOME STATEMENT

REVENUE

The breakdown of Group revenue from the sale of goods by location is shown in the segment report.

The following table breaks down external revenue into the three strategic product areas, which are explained under "Group principles/Positioning, expertise and processes" in the Group management report of the 2020 Annual Report.

EURK

	H1 2021	H1 2020 [1]
Mechanical components for electrical and electronic applications	52,240	35,353
Safety components for airbags, seats and steering	71,959	47,463
Structural components and subsystems for vehicle bodies and chassis	89,523	74,261
TOTAL	**213,722**	**157,077**

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

OTHER OPERATING INCOME

Other operating income primarily includes currency gains of EURk 4,938 (p/y: EURk 3,446).

OTHER OPERATING EXPENSES

The most important individual items within other operating expenses are as follows:

EURK

	H1 2021	H1 2020
Currency expenses	5,052	4,598
Costs for temporary employees	4,170	3,921
Maintenance costs	3,080	2,385
Legal, audit and consulting fees	2,108	544
Lease expenses	1,403	1,257
Outgoing freight	1,335	1,176

INCOME TAXES

The income taxes recognized in the consolidated income statement break down as follows:

EURK

	H1 2021	H1 2020
Current taxes	451	1,067
Deferred taxes	956	-1,326
TOTAL	**1,407**	**-259**

In compliance with IAS 34, income tax expense in the reporting period was recognized on the basis of the tax rate expected for the full fiscal year.

EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit or loss attributable to the shareholders of Progress-Werk Oberkirch AG by the weighted average number of shares outstanding. There were no dilutive effects from stock options or convertible preference shares.

EURK

	Q2 2021	Q2 2020
Earnings after taxes[1]	4,659	-7,029
Average number of no-par shares	3,125,000	3,125,000
EARNINGS PER SHARE IN EUR	**1.49**	**-2.25**

EURK

	H1 2021	H1 2020
Earnings after taxes[1]	8,799	-3,790
Average number of no-par shares	3,125,000	3,125,000
EARNINGS PER SHARE IN EUR	**2.82**	**-1.21**

[1] Prior year adjusted due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)

NOTES TO THE STATEMENT OF FINANCIAL POSITION

INTANGIBLE ASSETS

In the case of goodwill, impairment tests are carried out annually. In the case of other intangible assets with finite useful lives and property, plant and equipment, they are carried out only if there are specific indications of impairment. The PWO Group's impairment tests for goodwill and intangible assets with indefinite useful lives are based on the calculation of the value in use. The basic assumptions for calculating the recoverable amount for the various cash-generating units were disclosed in the consolidated financial statements as of December 31, 2020, as were the recognized impairments. As of June 30, 2021, there were no indications of asset impairment.

EQUITY

SUBSCRIBED CAPITAL

As of June 30, 2021, the fully paid-in subscribed capital amounted to EURk 9,375 (p/y: EURk 9,375), divided into 3,125,000 (p/y: 3,125,000) no-par shares.

AUTHORIZED CAPITAL

By resolution of the Annual General Meeting of July 28, 2020, the Executive Board, with the Supervisory Board's consent, is authorized to increase the company's share capital once or several times by up to a total of EUR 4,687,500.00 (Authorized Capital 2020) by issuing new no-par bearer shares against contribution in cash and/or in kind until and including the date of July 27, 2025.

RETAINED EARNINGS AND OTHER EQUITY

As of June 30, 2021, consolidated equity included income and expenses from the currency translation of foreign subsidiaries of EURk 3,000 (p/y: EURk 1,250) and from cash flow hedges of EURk 1,509 (p/y: EURk -175).

NOTIFICATIONS IN ACCORDANCE WITH SECTION 33 OF THE GERMAN SECURITIES TRADING ACT (WPHG)

No notifications of equity interests in Progress-Werk Oberkirch AG were received in the first half of 2021.

LIABILITIES

PENSION PROVISIONS

The measurement of defined benefit obligations is based on the following actuarial assumptions:

	Jun. 30, 2021	Dec. 31, 2020
Discount rate	1.60 %	1.20 %
Turnover rate	2.50 %	2.50 %
Future salary trend > 40 years	2.50 %	2.50 %
Future salary trend < 40 years (career trend)	3.50 %	3.50 %
Future pension adjustments	1.75 %	1.75 %
Mortality	RT Heubeck 2018 G	RT Heubeck 2018 G

The adjustment of the discount rate to the interest rates application at the end of the reporting period led to a change in estimates. The increase of 0.4 percentage points resulted in a decline in long-term pension provisions of EURk 5,037.

OTHER PROVISIONS

The provisions shown in the statement of financial position primarily comprise personnel-related provisions (obligations for partial retirement and anniversary benefits) and provisions for unfavorable contracts.

TRANSACTIONS OF THE STATEMENT OF FINANCIAL POSITION

To procure liquidity to finance operations, trade receivables are sold on an ongoing basis, allowing improved liquidity planning. All material risks are transferred to the factor. As of June 30, 2021, receivables with a nominal value of EURk 17,002 (p/y: EURk 14,415) had been sold. The transferred receivables are current receivables, the carrying amount of which equals the fair value of the transferred assets.

CAPITAL MANAGEMENT

At PWO, capital is monitored via the dynamic leverage ratio (financial liabilities less cash and cash equivalents in relation to EBITDA) and the equity ratio (equity as a percentage of total assets). Our finance strategy targets a dynamic leverage ratio of less than 3 years and an equity ratio of 30 percent.

DYNAMIC LEVERAGE RATIO

EURK

	Jun. 30, 2021	Dec. 31, 2020
Financial liabilities	110,829	108,645
Less cash and cash equivalents	-6,129	-6,161
NET FINANCIAL DEBT	**104,700**	**102,484**
EBITDA[1]	**33,590**	**21,169**
DYNAMIC LEVERAGE RATIO (IN YEARS)	**3.1**	**4.8**

[1] Earnings before interest, taxes, depreciation and amortization on the basis of the last 12 months

EQUITY RATIO

EURK

	Jun. 30, 2021	Dec. 31, 2020
Equity	118,933	104,464
Total assets	373,859	363,654
EQUITY RATIO	**31.8 %**	**28.7 %**

FINANCIAL INSTRUMENTS

The table below shows carrying amounts and fair values by measurement category:

	Category	Carrying amount		Fair value	
	IFRS 9 [1]	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
ASSETS					
Trade receivables	AC	44,160	43,688	44,160	43,688
Other financial assets		1,097	2,811	1,097	2,811
of which hedging derivatives	n.a.	1,008	667	1,008	667
of which non-hedging derivatives	FVtPL	89	2,144	89	2,144
of which deposits > 3 months	AC	0	0	0	0
Cash and cash equivalents	AC	6,129	6,161	6,129	6,161
EQUITY AND LIABILITIES					
Financial liabilities		110,829	108,645	115,546	114,711
Liabilities to banks	AC	66,785	42,988	69,649	45,826
of which variable rate		21,781	12,405	21,781	12,405
of which fixed rate		45,005	30,583	47,869	33,421
Liabilities from promissory notes	AC	29,966	49,932	31,533	52,827
of which variable rate		2,997	2,996	2,997	2,996
of which fixed rate		26,970	46,936	28,536	49,831
Liabilities to leasing companies	n.a.	14,078	15,726	14,364	16,058
of which variable rate		0	0	0	0
of which fixed rate		14,078	15,726	14,364	16,058
Trade payables	AC	31,169	30,103	31,169	30,103
Other financial liabilities		3,315	7,913	3,315	7,913
of which hedging derivatives	n.a.	178	154	178	154
of which non-hedging derivatives	FVtPL	1,632	425	1,632	425
of which others	AC	1,505	7,334	1,505	7,334

	Category	Carrying amount		Fair value	
	IFRS 9 [1]	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
OF WHICH AGGREGATED BY MEASUREMENT CATEGORY:					
Loans and receivables	AC	50,289	49,849	50,289	49,849
Financial liabilities measured at amortized cost	AC	129,426	130,356	133,857	136,090
Financial assets held for trading	FVtPL	89	2,144	89	2,144
Financial liabilities held for trading	FVtPL	1,632	425	1,632	425

[1] AC: amortized cost | FVtPL: fair value through profit & loss

All assets and liabilities that are measured at fair value are assigned to level 2 of the fair value hierarchy in accordance with IFRS 13. In the reporting period, there were no changes in the valuation techniques used and no reclassifications between the hierarchy levels.

OTHER DISCLOSURES

RELATED PARTY DISCLOSURES

For related party disclosures, please refer to the consolidated financial statements as of December 31, 2020. There were no changes as of June 30, 2021.

ADDITIONAL INFORMATION ON THE STATEMENT OF CASH FLOWS

The funds shown in the statement of cash flows include the cash and cash equivalents. The current account liabilities due on demand of EURk 20,360 (p/y: EURk 6,427) are included in the "current financial liabilities" item of the statement of financial position.

SEGMENT REPORT

As of June 30, 2021, three customers have a share of over 10 percent in the reported revenue, amounting to EURk 33,004, EURk 27,799 and EURk 27,475 respectively, which relate to all segments. Three revenue shares in excess of 10 percent, amounting to EURk 28,654, EURk 21,047 and EURk 18,511 respectively, were also identified with three customers in the previous year.

SEGMENT INFORMATION BY REGION H1 2021

EURK

	Germany	Czechia	Canada	Mexico	China	Consolidation	Group
Total revenue	111,593	39,011	15,487	33,747	24,916	16	224,770
Internal revenue	-6,503	-1,030	-202	-41	-3,272	0	-11,048
EXTERNAL REVENUE	**105,090**	**37,981**	**15,285**	**33,706**	**21,644**	**16**	**213,722**
TOTAL OUTPUT	**111,892**	**39,011**	**15,487**	**33,747**	**24,916**	**-11,032**	**214,021**
Other income	6,327	265	597	243	480	-2,543	5,369
Total expenses	110,935	33,872	15,520	27,507	20,498	-13,818	194,514
Depreciation/amortization	4,773	2,403	855	2,311	1,343	-16	11,669
EBIT BEFORE CURRENCY EFFECTS	**2,699**	**3,030**	**-149**	**4,191**	**3,291**	**259**	**13,321**
EBIT INCLUDING CURRENCY EFFECTS	**2,511**	**3,001**	**-291**	**4,172**	**3,555**	**259**	**13,207**
Interest income	2,041	0	0	1	1	-1,905	138
Interest expenses	2,349	575	241	1,031	848	-1,905	3,139
EARNINGS BEFORE TAXES (EBT)	**2,203**	**2,426**	**-532**	**3,142**	**2,708**	**259**	**10,206**
Income taxes	1,418	-858	-133	0	862	118	1,407
NET INCOME/LOSS FOR THE PERIOD	**785**	**3,284**	**-399**	**3,142**	**1,846**	**141**	**8,799**
Assets	179,645	88,986	35,296	58,313	57,854	-46,235	373,859
of which non-current assets[1]	58,546	55,704	16,421	29,371	28,056	-166	187,932
of which contract assets	38,897	11,529	8,714	13,143	8,617	-4,540	76,360
Liabilities	169,241	92,359	20,803	48,327	57,099	-132,903	254,926
Capital expenditure	2,269	1,739	1,193	591	293	0	6,085
Employees (as of Jun. 30)	1,241	631	298	518	318	—	3,006

[1] The non-current assets do not include deferred taxes

SEGMENT INFORMATION BY REGION H1 2020

EURK

	Germany	Czechia	Canada	Mexico	China	Consolidation	Group
Total revenue[1]	86,915	26,977	13,869	20,438	17,079	0	165,278
Internal revenue	-6,252	-807	-23	0	-1,119	0	-8,201
EXTERNAL REVENUE	**80,663**	**26,170**	**13,846**	**20,438**	**15,960**	**0**	**157,077**
TOTAL OUTPUT	**87,261**	**26,977**	**13,869**	**20,438**	**17,079**	**-8,201**	**157,423**
Other income	4,417	782	1,407	484	127	-1,992	5,225
Total expenses	87,947	25,415	14,851	19,637	13,672	-10,246	151,276
Depreciation/amortization	5,996	2,131	857	2,318	1,267	0	12,569
EBIT BEFORE CURRENCY EFFECTS	**-1,087**	**218**	**-605**	**-1,005**	**2,434**	**0**	**-45**
EBIT INCLUDING CURRENCY EFFECTS	**-2,265**	**213**	**-432**	**-1,033**	**2,267**	**53**	**-1,197**
Interest income	2,721	0	0	0	1	-2,561	161
Interest expenses	2,407	542	209	1,504	1,138	-2,561	3,239
EARNINGS BEFORE TAXES (EBT)	**-1,951**	**-329**	**-641**	**-2,537**	**1,130**	**53**	**-4,275**
Income taxes[1]	23	-288	-161	0	-59	0	-485
NET INCOME/LOSS FOR THE PERIOD	**-1,974**	**-41**	**-480**	**-2,537**	**1,189**	**53**	**-3,790**
Assets	200,056	84,924	36,033	64,509	52,919	-58,138	380,303
of which non-current assets[2]	70,133	58,078	15,891	34,365	29,762	-61	208,168
of which contract assets	35,824	11,454	10,940	16,370	9,376	-13,454	70,510
Liabilities	161,784	30,374	22,557	60,027	60,793	-70,722	264,813
Capital expenditure	1,810	590	3,120	2,445	582	0	8,547
Employees (as of Jun. 30)	1,413	604	202	435	289	—	2,943

EVENTS AFTER THE END OF THE REPORTING PERIOD

No reportable events of particular significance for the net assets, financial position and results of operations took place after the reporting date.

COMPOSITION OF THE SUPERVISORY BOARD AND THE EXECUTIVE BOARD

The employees elected new Supervisory Board representatives on May 19, 2021. The composition of the Executive Board has not changed.

MEMBERS OF THE SUPERVISORY BOARD

Karl M. Schmidhuber | Chairman
Dr. Georg Hengstberger | Deputy Chairman
Andreas Bohnert (since May 19, 2021) | employee representative
Carsten Claus
Stefan Klemenz (since May 19, 2021) | employee representative
Herbert König (until May 19, 2021) | employee representative
Dr. Jochen Ruetz
Gerhard Schrempp (until May 19, 2021) | employee representative
Dieter Maier | Honorary Chairman of the Supervisory Board

MEMBERS OF THE EXECUTIVE BOARD

Carlo Lazzarini | CEO
Dr. Cornelia Ballwießer | CFO
Johannes Obrecht | COO

[1] Adjustments due to change in accounting (see 2020 Annual Report, Note 5, 'Contract assets' section)
[2] The non-current assets do not include deferred taxes

RESPONSIBILITY STATEMENT

"We confirm that, to the best of our knowledge and in accordance with applicable accounting principles for interim reporting, the consolidated interim financial statements present a true and fair view of the Group's net assets, financial position and results of operations, and that the interim Group management report describes fairly, in all material respects, the Group's business development and performance, the Group's position, and the significant risks and opportunities of the Group's expected future development in the remaining months of the fiscal year."

Oberkirch, July 22, 2021

The Executive Board

Carlo Lazzarini (CEO)	Dr. Cornelia Ballwießer (CFO)	Johannes Obrecht (COO)

REPORT BY THE SUPERVISORY BOARD'S AUDIT COMMITTEE

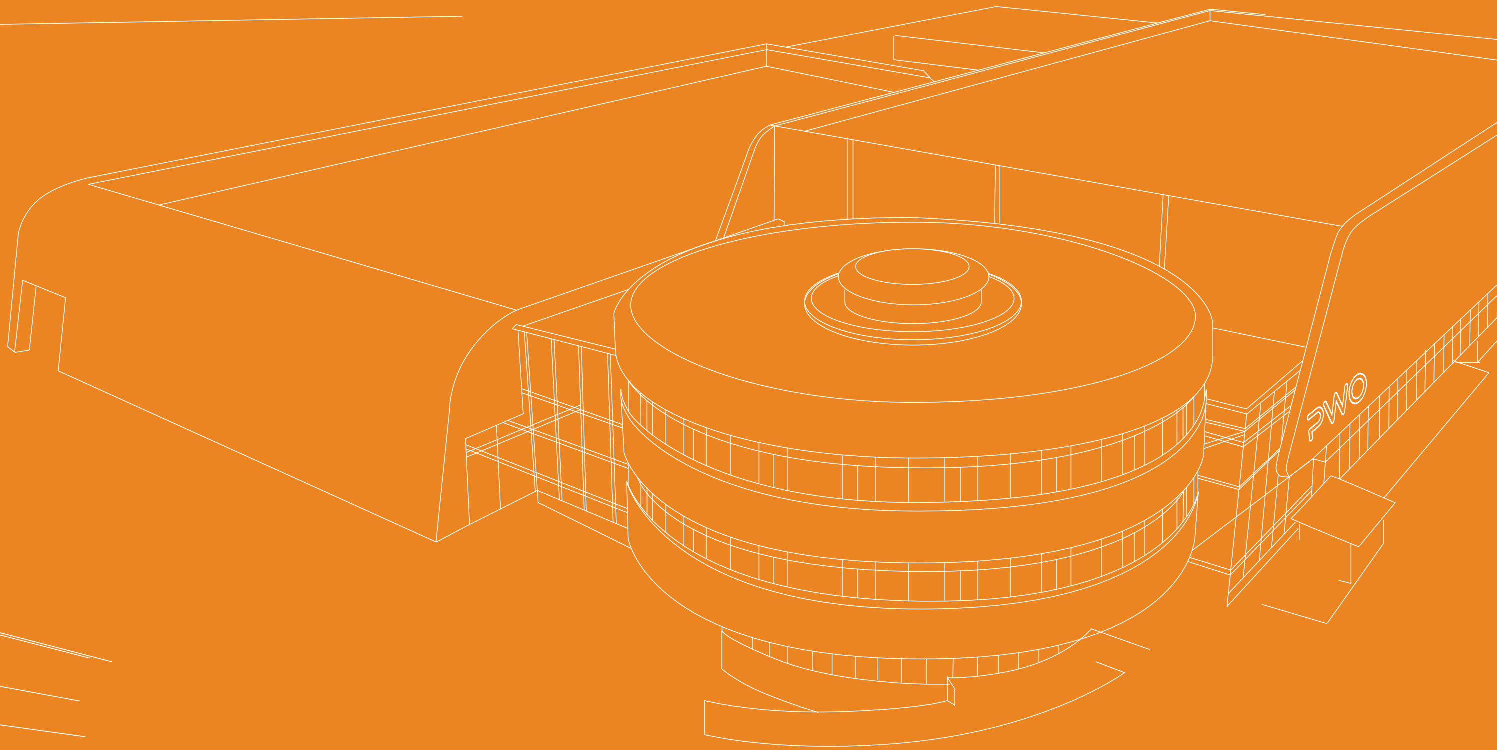
The interim financial report for the second quarter and the first half of 2021 was submitted to the Audit Committee and explained by the Executive Board. The Audit Committee approved the interim financial report.

Oberkirch, July 27, 2021

Chairman of the Audit Committee

Carsten Claus

ADDITIONAL INFORMATION



Our PWO locations in Kitchener, Ontario, Canada, Puebla, Mexico, and in Suzhou, China

FINANCIAL CALENDAR

November 3, 2021	Quarterly Statement 3rd Quarter and 9 Months 2021
November 22, 2021 – November 24, 2021	German Equity Forum, Frankfurt
May 19, 2022	Annual General Meeting 2022

CONTACT

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Investor Relations

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FORWARD-LOOKING STATEMENTS AND FORECASTS

This half-year financial report contains forward-looking statements based on current assumptions, expectations, estimates, forecasts, and other information currently available to the Executive Board of PWO and on assumptions, expectations, estimates, forecasts, and planning thus derived. These forward-looking statements are not to be interpreted as guarantees of the future developments and results specified therein. Various known and unknown risks, uncertainties and other factors could cause actual developments and results to differ materially from the estimations expressed or implied herein. These factors include the ones described by PWO in published reports available on the PWO website at www.progress-werk.de. Statutory requirements notwithstanding, PWO assumes no obligation whatsoever to update these forward-looking statements or to adjust them to future events or developments.

NOTES

Figures in this document are typically presented in EURk and EUR million. Differences in the individual figures versus the actual amounts may emerge due to rounding. Such differences are not of a significant nature. For reasons of better readability, gender-neutral as well as gender-specific forms are used. Hereby all genders are expressly meant.