PWO

Half-Year Report

1ST HALF YEAR 2022

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Letter from the Executive Board

Dear Shareholders,
Dear Business Associates,

We are continuing to navigate the PWO Group safely through the current general economic and geopolitical challenges. After a successful first quarter of 2022, we are delighted to report to you on our good business performance in the second quarter as well. We are very satisfied with business performance in the first 6 months.

Without the risk of a full or partial stoppage of the gas supply from Russia to Germany, our current forecasts for the development of most of our key financial performance indicators in fiscal 2022 would appear conservative. While we require virtually no gas for our production and can switch to alternative energy sources, we rate the risks of Germany/Europe having an inadequate gas supply in the second half of 2022 as high and are retaining our previous forecasts with no changes.

In the reporting period, we worked intensively to further expand the market position of the PWO Group. We have now increased the lifetime volume of new business for 4 quarters in a row. In the second quarter of 2022, at EUR 255 million, we achieved almost double the volume of the second quarter of 2021 (around EUR 130 million). We acquired a total volume of around EUR 465 million in the first half of the year.

In June, in view of the number and volume of inquiries for additional orders, we raised our forecast for the anticipated lifetime volume of new business to be generated in the reporting year. Our business model, which is entirely independent of internal combustion engines, combined with a global sales approach and the focus on our development capabilities, remains a central factor in guaranteeing our success. On this basis, we are also increasingly tapping new market opportunities beyond our conventional product solutions and sales markets.

Sustainability is 1 of our central values and thus forms the foundation for the ongoing development of all internal processes. With a view to the transformation of the mobility industry, we are an industry leader in shaping sustainability in our sector. We joined the Science Based Targets initiative in the first quarter of 2022 and set short-term Group-wide carbon reduction targets, which we want to achieve by the end of 2030. We followed this up in the second quarter by joining the United Nations Global Compact, the world's largest sustainability initiative.

At the end of July, we announced that the PWO Group will participate in the next World Climate Conference and in Global Vision 2045. This underscores our intention to further bolster the PWO Group's sustainable transformation process. Through a dedicated dialog with like-minded companies at the World Climate Conference, we are aiming to augment the global alliance for the Paris Agreement. Until then, we will continue implementing the next steps of our sustainability strategy and report to you on this regularly.

Oberkirch, August 2022

The Executive Board

PWO GROWTH

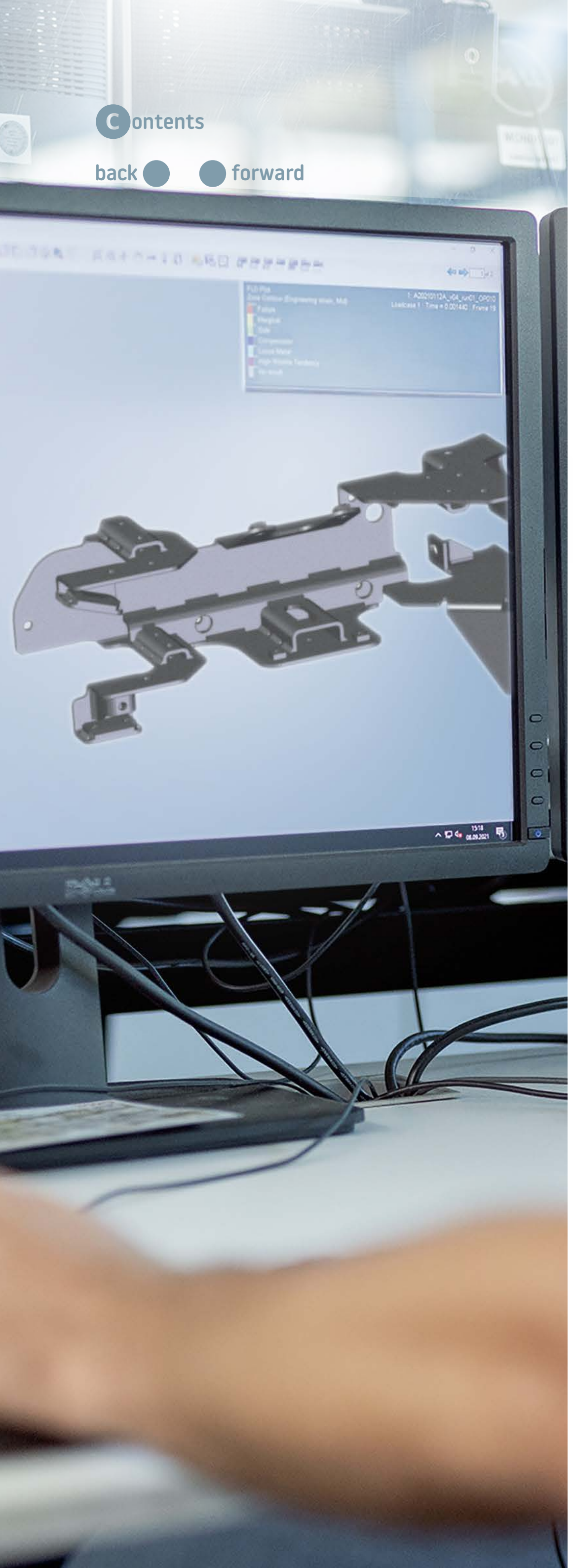
BENEFITING FROM THE TRANSFORMATION

WITH SUPERIOR SOLUTIONS

Latest news: New fuel cell components.

We are committed to growth. To achieve this, we are employing our exceptional innovative strength to help shape our sector’s transformation to fossil-fuel-free mobility, for example using alternative drive concepts such as e-mobility and fuel cells.

We develop fuel cell components – for sustainable future mobility.



WIDE-RANGING EXPERTISE

We permanently push the boundaries of what is technologically possible

Our new contract for the multi-year series production of fuel cell components showed that we can successfully draw on our wide-ranging expertise at the frontier of what is technologically possible in metal forming and joining technology, including for new products.

Our business model, which is entirely independently of internal combustion engines, combined with a global sales approach and focus on our development capabilities, is thus increasingly paying dividends. Of course, this is also true of all of our other products that we are constantly refining through innovative solutions. For example, our Czech locations were recently awarded another major new order for instrument panel carriers for vehicle models in which we were not previously involved. Starting in 2023, our Mexican locations will also produce seat components. This was reason enough to considerably increase the 2022 outlook for the lifetime volume of new business in June.

We expect new business growth to remain high in the future, especially in eastern Europe. As proximity to customers, including in geographical terms, is a key factor in our business success and the European mobility industry has shifted value added to eastern Europe on a massive scale in recent years, we are expanding our activities there. A very high share of current inquiries relate to production in the region. For strategic reasons, we are therefore looking to step up our capacities beyond our Czech locations to include an additional location in eastern Europe.

Shaping the mobility of the future

We make the most of opportunities that present themselves to achieve targeted further growth and we do so at a global level. New sales markets that we have not previously served will also play a role here. For example, our contract for fuel cell components once again demonstrated that we are fit for the future.

"We successfully employ PWO's great innovative strength to create solutions for the future mobility."

CEO Carlo Lazzarini

CONSISTENTLY

SUSTAINABLE

WELL ON OUR WAY

Latest news: Commitment to leading global initiatives.

The Science Based Targets initiative and the United Nations Global Compact are an essential part of our sustainability strategy. We will further develop our business processes on the basis of their criteria in the future.

We take our responsibility seriously – our responsibility for our employees, the environment and society.

CONVICTION THROUGH TRANSPARENCY:

Internationally recognized sustainability standards

We consider ourselves a force for good working on behalf of current and future society and our environment. Accordingly, we ensure that our sustainability policy is entirely transparent for our stakeholders: Our climate goals are based on the guidelines set out in the Science Based Targets initiative (SBTi). We will integrate the United Nations Global Compact (UNGC) and its principles into our corporate strategy, our corporate culture and our day-to-day business – in relation to environmental protection, human rights, labor standards and anti-corruption.

We are currently deciding on the package of measures to meet our reduction targets: Simply switching the PWO Group's electricity consumption entirely to green energy and selected other specific measures to improve energy efficiency would reduce our greenhouse gas emissions by more than 46%. This would allow us to more than meet our Scope 1 & 2 climate objectives, while also remaining below the 1.5 degree target set out in the Paris Agreement. We have committed to observing the climate agreement even though green energy is not yet available throughout the Group.

Our sites in Germany and Czechia now use exclusively green electricity. Operational and service vehicles at the Oberkirch site are being switched entirely to electric vehicles, with green charging stations also being installed on site, including for our guests. In Canada, a green gas tariff was recently agreed to reduce fossil fuel consumption. Finally, we are currently planning a new logistics and assembly hall in Czechia, as well as a pressing plant hall that is to be heated by heat pumps. For our existing sites, we also intend to collaborate with energy experts to develop a comprehensive concept for energy supply and the reduction of energy consumption.

"Our ambitious targets for 2030 support the Paris Agreement."

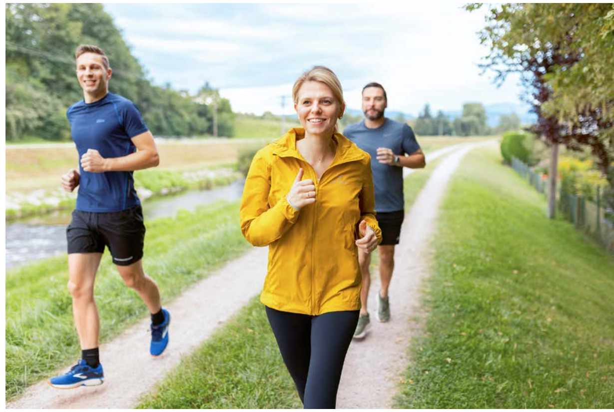
CFO Dr. Cornelia Ballwießer

Clear commitment

Under the SBTi, we have undertaken to reduce our Scope 1 and Scope 2 greenhouse gas emissions by 46% and our Scope 3 emissions by 28% by 2030 compared to 2019 levels. In Scope 1 & 2, this is equivalent to the 1.5 degrees route set out in the Paris Agreement, with the Scope 3 commitment equivalent to the <2 degrees route. For example we aim at switching our locations to full electric and at, where possible for the country in question, procuring energy only from renewable sources.

"We are consistently reducing energy consumption while also continually increasing the share of renewable energies."

COO Johannes Obrecht



Well on track with a clear goal: Comply with the Paris Agreement by 2030!

Interim Financial report

INTERIM GROUP MANAGEMENT REPORT

REPORT ON BUSINESS DEVELOPMENT

Economic environment

General economy

The development of the global economy has been entirely dominated by the ongoing war in Ukraine since the end of February. While the overall growth outlook had been quite positive until then, the massive increases in procurement prices triggered by the war, in the food and energy sectors in particular, have since caused great uncertainty among companies and consumers.

Global supply problems continued to worsen at the same time, above all as a result of the closure of ports in China as the country ordered rigorous lockdowns to combat the coronavirus pandemic. The latest interest rate hikes in a number of countries, in particular in the US and most recently in the European Union, should counteract the inflationary pressure, albeit at the cost of economic growth. Considerable restrictions on gas supplies from Russia represent another substantial burden for the European, and especially the German, economy.

According to the International Monetary Fund (IMF), global economic prospects have grown considerably worse even since the downward revision of its forecasts in April. There is a risk of recession with high inflation.

In Germany, for example, June saw the GfK consumer climate hit its lowest level since records began in 1991, and consumer sentiment continued to nosedive in July. Consumers are showing massive purchase restraint in view of the highest rates of inflation in decades. In addition to worries about supply chain disruption, the war in Ukraine and the sharp rise in energy and food prices, concerns have recently been mounting about whether there will be sufficient gas supply for businesses and private households next winter. The ifo Business Climate Index also weakened significantly in July for the second time in a row. The manufacturing sector in particular again suffered a severe setback across all branches of industry. Expectations for the months ahead declined particularly sharply. This also applies to trade and the services sector.

The automotive industry

New registrations/sales of passenger vehicles in units
(Sources: german automotive industry association, german federal motor transport authority)

	H1 2022		H1 2021	
	Units	Change vs. previous year (%)	Units	Change vs. previous year (%)
Region				
Germany	1,237,975	-11.0	1,390,889	+14.9
Western Europe (EU14 + EFTA + UK)	5,027,500	-14.3	5,865,000	+27.7
Europe (EU27 + EFTA + UK)[1]	5,597,700	-13.7	6,486,400	+27.1
Russia[2]	370,200	-57.5	870,700	+36.9
USA[2]	6,767,500	-18.3	8,294,100	+29.0
China	10,202,500	+3.7	9,830,000	+27.3

[1] not including Malta
[2] Light vehicles

According to the German Association of the Automotive Industry (VDA), developments on the international automotive markets were mixed overall in the first half of 2022. The disruption to value and logistics chains are continuing to pose major challenges for the industry. This is true for the semiconductor shortage in particular. The war in Ukraine is causing particular uncertainty in Europe, while the high price momentum in the US and Europe is proving another hindrance.

On the US light vehicle market (cars and light trucks), 6.8 million new vehicles were sold in the first half of the year, a drop of 18%. Car sales fell by 25% with sales of light trucks – now accounting for around 79% of the market as a whole – down by 16%.

The Chinese car market grew by approximately 4% in the first half of the year, with 10.2 million cars in total sold in the first 6 months. The Russian light vehicle market experienced a significant slump in the first half of the year as a result of the sanctions imposed. 370,200 light vehicles were sold in the first 6 months, 58% fewer than in the first half of 2021.

5.6 million newly registered cars were sold on the European car market (EU27, EFTA & UK) in the first half of the year, a reduction of 14% as against the previous year's level. New registrations declined by 11% in Spain and 12% in the UK, though these figures were much higher in France, at 16%, and Italy experienced the biggest drop at 23%.

In Germany, 1.2 million new vehicles in total were registered in the first 6 months of 2022, more than 11% less than in the same period of the previous year. Moreover, the numbers slowed significantly in June: 224,600 new cars registered marks a drop of more than 18% on the same month of the previous year. The pronounced restraint among consumers owing to inflation concerns is thus affecting durable consumer goods such as automobiles in particular.

In the current year, there is a sales deficit of 33% compared to the pre-COVID year of 2019. Shortages of precursors and intermediates, high commodity prices and the general uncertainty due to the ongoing war in Ukraine are limiting the market and production.

New electric vehicle registrations fell at a slower rate than the market as a whole, by 10% to just over 58,500 units in June. Electric cars accounted for 26.1% of total new registrations in June. In total, 306,400 electric cars were registered in the first 6 months of 2022, 2% fewer than in the same period of the previous year.

Incoming orders from Germany rose by 4% overall in the first half of the year, but were down again in June by 15% as against the same month of the previous year. The trend in international incoming orders was clearly negative in the first half of the year, down 14%.

At 1.7 million vehicles in total, car production in Germany has been 3% lower than in the first half of the previous year. Pre-COVID production levels are still a long way off: In June 2022, the production volume was 19% lower than in June 2019, and the production volume for the current year to date is 32% lower than in 2019.

Result of operations

Selected information on the segments and the group

in EURk	Germany	Czechia	Canada	Mexico	China	Consolidation	Group
H1 2022							
Total revenue	127,287	54,722	24,932	41,973	22,494	182	271,590
External revenue	119,753	50,147	24,482	41,876	21,686	182	258,126
Gross revenue	127,430	54,722	24,932	41,973	22,494	-13,283	258,268
EBIT before currency effects	6,319	4,407	58	5,117	1,603	-602	16,902
EBIT including currency effects	6,283	4,327	171	5,129	1,702	-574	17,038
Capital expenditure	1,836	5,899	1,254	1,299	147	0	10,435
H1 2021							
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
Gross revenue	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

The development in the results of operations in the first half of 2022 was shaped in particular by a gratifying business performance on the one hand, but also by significant increases in procurement prices on the other. We were able to find amicable solutions with our customers for significant shares of these price increases. This played a large part in the increase in revenue in the 6-month period. Another factor in the second quarter is that some of the negotiations with our customers were not wrapped up until this period, and we were therefore still receiving amounts invoiced for the first quarter.

Revenue and earnings were also influenced by positive currency translation effects, in particular as a result of the depreciation of the euro. One of the PWO Group's financial key performance indicators is "EBIT before currency effects", which we adjust for transaction effects. The corresponding other operating income and expenses are reported in the notes to this interim report. Translation effects arise when converting the financial statements of our subsidiaries prepared in foreign currencies and are not part of adjusted EBIT. Translation effects had a significant positive effect on the PWO Group's key figures, particularly in the second quarter.

These and the additional invoices described above are the main reasons why the EBIT margin (EBIT before currency effects) was visibly higher in the second quarter of 2022 at 7.1% than in the first half of 2022 as a whole at 6.5%. Otherwise, there were no significant deviations in business performance in the second quarter as compared to the first half of the year. The commentary below therefore focuses on the 6-month period.

In the first half of the year, the massive increases in procurement prices and the resulting growth in revenue caused the cost of materials ratio to rise from 52.6% in the previous year to 58.9% in the reporting year. Conversely, the staff costs ratio fell from 27.7% to 23.4%. Headcount adjustments at the Oberkirch site played a key part in this.

The drop in the depreciation and amortization rate to 4.7% after 5.5% in the previous year is also as a result of our modest overall investing activity in the pandemic years. Without the currency effects included in this figure, other operating expenses were virtually unchanged year-on-year at EUR 17.7 million, thereby contributing to the improvement in margins.

In total, EBIT before currency effects improved to EUR 16.9 million in the half-year period (previous year: EUR 13.3 million). Including currency effects, EBIT increased to EUR 17.0 million in the 6-month period (previous year: EUR 13.2 million). Financing expenses decreased despite the higher net debt and falling interest rates on the capital markets because the PWO Group's credit rating improved as its earnings increased in the first half of 2022.

After deducting financing expenses and after taxes, net income for the period rose to EUR 10.7 million (previous year: EUR 8.8 million) and earnings per share to EUR 3.44 (previous year: EUR 2.82). In the second quarter, net income for the period amounted to EUR 5.5 million (previous year: EUR 4.7 million) and earnings per share to EUR 1.77 (previous year: EUR 1.49).

Segments

In line with the PWO Group's internal management system, our locations form the basis for segment reporting. The PWO Group has 8 locations around the world, 1 of which in Germany, 2 in Czechia, 1 in Canada and 2 each in Mexico and China. In the following explanation of segment earnings, we refer to EBIT before currency effects.

External revenue at our location in the Germany segment increased significantly year-on-year in the reporting period, mainly as a result of changes in materials prices. Even though this was less than in the first quarter of 2022 in the second quarter as a result of market effects, EBIT rose dynamically both quarter-on-quarter and as against the previous year. This was partly on account of the additional invoices for higher costs of materials, which related to the first quarter but were billed in the second. Also, the headcount adjustments implemented are having an ever-greater effect. While there were 1,241 employees on June 30, 2021, this number was 1,076 at the end of the first quarter of 2022 and 1,034 on June 30 of the current fiscal year.

We are seeing the anticipated growth surge at our locations in the Czechia segment thanks to new series production start-ups and ramp-ups. External revenue in this segment therefore rose significantly faster year-on-year in the 6-month period than the PWO Group as a whole. Despite the inefficiencies that this frequently entails, and despite the impact on operating processes caused by the site expansion, the EBIT margin improved in the reporting period, even though EBIT for the second quarter was lower than in the first quarter of 2022.

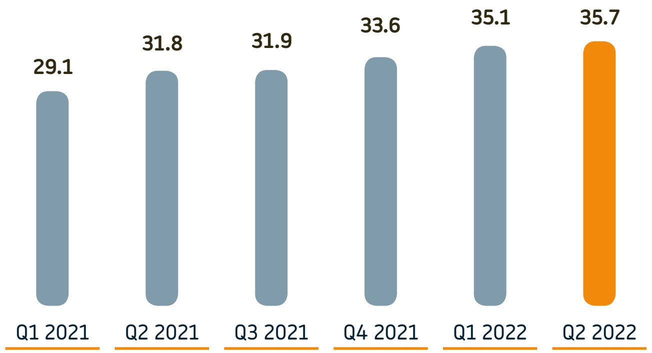
In the Canada segment, the start-up and ramp-up of new series production, higher costs of materials and positive currency effects enabled external revenue to surge in the reporting period. However, EBIT has not yet reached the expected level, and was even temporarily negative again in the second quarter.

External revenue performance in the Mexico segment was similar to the Canada segment, albeit less pronounced. Despite the additional expense of the ongoing site expansion, the EBIT margin almost remained stable on the previous year. This highlights what our Mexican locations – which also significantly outperformed our expectations – are capable of.

Our locations in the China segment, like the nation's economy in general, were affected by the strong local measures ordered by the Chinese government to curb the coronavirus pandemic. The fact that external revenue was nonetheless stable year-on-year in the reporting period was as a result of price adjustments due to higher costs of materials and substantial positive currency effects. Accordingly, the contributions generated to cover the operating expenses of series call-offs were in decline, causing the decline in EBIT in the reporting period.

Net assets and financial position

Equiti ratio (in percent)



The development of the statement of financial position mainly reflects the significant increases in purchasing prices, the uncertainty in supply chains and the preparations for major new series start-ups. These factors played a large part in total assets rising from EUR 373.3 million on December 31, 2021 to EUR 407.1 million on June 30, 2022. Due to consistently modest overall investing activity and the drop in deferred tax assets, non-current assets declined from EUR 224.6 million to EUR 221.0 million.

Meanwhile, current assets rose from EUR 148.7 million to EUR 186.1 million. This was mainly as a result of an increase in inventories, trade receivables and contract assets, where the massive rise in purchasing prices is apparent. To safeguard our delivery capability at all times, we are currently maintaining higher inventory volumes than usual as well. Contract assets were up significantly as compared to December 31, 2021 on June 30, 2022. This item includes tools that are being produced prior to the start-up of new series production and that have not yet been received by the customer.

On the other side of the statement of financial position, equity increased from EUR 125.3 million at the end of fiscal 2021 to EUR 145.3 million on the reporting date. This resulted in particular from the net income for the first half of the year and actuarial gains due to changing interest rates on the capital market and lower pension provisions as a result of this. Foreign exchange differences had a positive effect on equity as well.

Furthermore, mirroring the rise in current assets, current liabilities also grew. In addition to higher trade payables, this was mainly on account of current financial liabilities.

The equity ratio climbed from 33.6% at the start of the fiscal year to 35.7% as of the end of the reporting period, while net debt rose from EUR 103.6 million to EUR 124.3 million. We have extensive, unutilized credit facilities at our disposal that give us the flexibility to continue the systematic implementation of our business strategy even in the fraught current geopolitical situation.

The cash flow from operating activities amounted to EUR 0.4 million in the first 6 months of the current fiscal year after EUR 7.6 million in the previous year. This was mainly on account of the increase in current assets described above. The change in current assets resulted in a negative cash flow effect of EUR 38.4 million after a negative effect of EUR 14.7 million in the first half of the previous year. This was offset by a EUR 11.3 million (previous year: EUR -0.9 million) change in current liabilities (not including financial liabilities). The lower measurement of pension provision was the primary factor behind the change in non-current liabilities (not including financial liabilities) of EUR -17.2 million (previous year: EUR -5.5 million) and net other non-cash expenses/income of EUR 15.8 million (previous year: EUR 3.7 million).

Net cash used in investing activities was exactly the same as in the previous year at EUR 5.9 million. The investing activities of the reporting period are explained below. The free cash flow after interest paid and received thus amounted to EUR -8.1 million (previous year: EUR -1.4 million). The cash flow from financing activities amounted to EUR -0.2 million (previous year: EUR -11.3 million). This includes the net borrowing of loans and lease liabilities of EUR 7.1 million (previous year: net repayment of EUR 8.2 million) and the dividend distribution of EUR 4.7 million (previous year: EUR 0 million). Cash and cash equivalents, including bank borrowings payable on demand, which are the subject of the Group's cash management, decreased by EUR 11.8 million in the reporting quarter (previous year: by EUR 14.2 million).

Capital expenditure

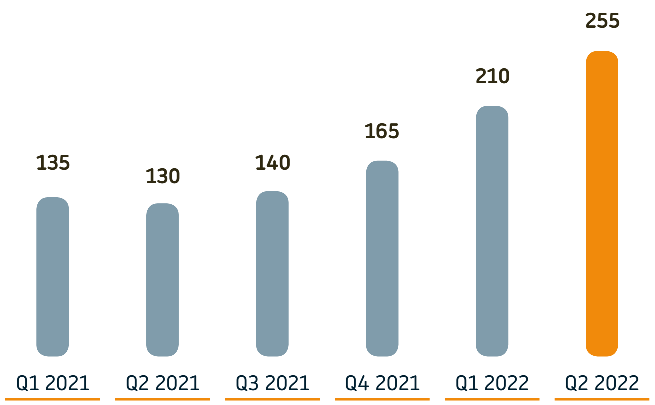
As shown in the segment report, capital expenditure amounted to EUR 10.4 million in the reporting period (previous year: EUR 6.1 million), a significant year-on-year increase. We are continuing our policy of assigning budgets only gradually. At the same time, however, we are investing more in the Group's growth and preparing our locations for the planned new series start-ups. This is especially evident over the year to date: After EUR 2.6 million in the first quarter of 2022, we invested EUR 7.8 million in the second.

Capital expenditure of EUR 1.8 million (previous year: EUR 2.3 million) was attributable to the Germany segment. In particular, this related to order-related spending and IT investment for the ongoing digitalization of operating processes. Furthermore, in conjunction with the implementation of our sustainability strategy, charging stations for electric cars were installed on our premises. Capital expenditure in the Czechia segment amounted to EUR 5.9 million (previous year: EUR 1.7 million), mainly relating to further expanding the location and production facilities for instrument panel carriers prior to the forthcoming major series start-ups.

In the Canada segment, capital expenditure amounted to EUR 1.3 million (previous year: EUR 1.2 million). Besides production facilities for instrument panel carriers, this also related to order-related investment in a new forming press. At EUR 1.3 million (previous year: EUR 0.6 million), capital expenditure was up significantly year-on-year in the Mexico segment, where we continued the expansion of our logistics space. In addition, the order-related investment in a new transfer press was largely completed. Capital expenditure was low in the China segment at EUR 0.1 million (previous year: EUR 0.3 million).

New business

Lifetime volume of series and tool orders (in EUR million)



The dynamic increase in new business is 1 of the central elements of our strategy for the rapid development of the PWO Group. We are very well positioned for this, thanks to our business model, which is entirely independent of internal combustion engines, combined with a global sales approach and the focus on our development capabilities. In the first 6 months, we generated a lifetime new business volume of around EUR 465 million. This includes tooling volumes in connection with series orders of around EUR 20 million.

We were very successful in the area of ready-to-mount subassemblies with highly complex, thermoformed housings. Furthermore, we are delighted by a substantial additional volume for lightweight air suspension components. We are very well positioned in state-of-the-art electrohydraulic systems for brake servos as well, and we deliver components that are installed in a wide range of vehicles of various models.

We can report a major order in the field of seat components for our Czech locations. In the future, we will make instrument panel carriers there for vehicle models in which we were not previously involved. Our Mexican locations were also successful in acquiring orders for instrument panel carriers. From 2023, production on seat components for 1 of our biggest customers will begin here.

Furthermore, moving forward we will be providing the housing for an on-board charger, thereby once again demonstrating our expertise in the field of e-mobility. The on-board charger is a key part of the vehicle's fast-charging system and thus its electrification.

Beyond our conventional product solutions and sales markets, we also landed a deal for a multi-year series order for fuel cell components after having successfully completed the development contract. Our rotor cases will continue to be installed in agricultural vehicles moving ahead.

The vast majority of the new business signed in the first half of 2022 is due to go into production from fiscal 2023 and 2024 onwards, with a major order for instrument panel carriers due to launch in fiscal 2025. The volume of orders planned to go into production in the current fiscal year has increased as well.

A key aspect of our orders is supplying platforms that are used to produce various vehicle models with different start-up and phase-out times. Our orders therefore typically last for between 8 and 10 years on average.

REPORT ON RISKS, OPPORTUNITIES AND FORECASTS

Report on risks and opportunities

The risks and opportunities for the development of the PWO Group and its segments as described in the 2021 annual report still apply.

The most serious event in the reporting period was the war in Ukraine, which began on February 24, 2022. We do not have locations of our own in either of Russia or Ukraine these countries or significant direct customer or supplier relationships there. Nonetheless, we are naturally affected by the substantial impact on the mobility sector and the general economic repercussions.

The risks of global economic development increased accordingly in the first half of 2022. The global economy cooled off in the 6-month period and the IMF and the European Commission expect this to continue to grow weaker in the second half of the year and beyond. In its latest July forecast, the IMF lowered its growth expectations for the global economy in 2022 from 3.6% to 3.2%. Growth will decline further to 2.9% in 2023, down on the 3.6% previously expected.

Emerging markets look set to experience an even greater downturn in economic growth (2022: 2.5% compared to 3.3% previously expected; 2023: 1.4% compared to 2.4%). This slowdown in the upward economic trend is likely to be particularly pronounced in the US (2022: 2.3% compared to 3.7%; 2023: 1.0% compared to 2.3%). Private consumer spending, in particular, will suffer the consequences of diminishing purchasing power and especially restrictive central bank policy in the US.

A similar trend is expected for the eurozone, where the impact of the war in Ukraine and the ECB's more restrictive monetary policy are expected to result in far lower growth rates, chiefly in Germany (2022: 1.2% compared to the 2.1% expected previously; 2023: 0.8% compared to 2.7%), France and Spain. The Chinese government's strict zero-COVID policy, which entails wide-reaching lockdowns, will significantly curb growth in China. After picking up by 8.1% last year, the IMF now expects growth of just 3.3% for this year.

The IMF firmly believes that the risks of these new economic projections involve a sharper downturn, primarily due to uncertainties in connection with how the war in Ukraine will develop moving forwards. European economies would be hit particularly hard by this.

In addition, inflation remains high: After 4.7% in 2021, the IMF expects global inflation to hit 8.3% this year, driven in large part by the considerable hike in commodity prices for the second year in a row. A more moderate development, also in conjunction with slower global economic growth owing to more restrictive central bank policies, is not expected until the end of 2022 and the following year. Nonetheless, inflation remains extremely elevated and is expected to be 5.7% in 2023.

Conditions for the automotive industry have also deteriorated significantly since the start of the year, and the risks arising as a result have increased. The markets will continue to be affected by the difficult availability of precursors and commodities, and the semiconductor shortage in particular. Furthermore, rising prices – in particular for energy and food – and the turnaround in interest rates in Europe and the US are have a detrimental effect on financing conditions for consumers.

In Europe, the war in Ukraine is causing additional shortages along value chains. COVID lockdowns brought the market to a standstill in some regions of China. This disrupted logistics and so also affected international supply chains.

In light of this, the VDA lowered its market forecasts for the current year significantly in June. For the year as a whole, it is now forecasting a 2% decline in sales in China to 20.7 million cars. An increase of 2% had previously been expected. Light vehicle sales in the US are expected to decline by 1% as against the previous year to a market volume of 14.7 million light vehicles this year. An increase of 2% had previously been forecast. In Europe (EU27, EFTA, UK), in view of the supply problems, the VDA is expecting numbers to remain flat at 11.8 million cars this year. The prior forecast had been for a year-on-year increase of 3%.

For the German market, the VDA has lowered its forecast from an increase of 5% to an increase of 3% (2.7 million cars). The order situation is still rated as very good, with booked business in Germany even at an all-time high. However, the difficulties on the supply side are still ongoing: According to the ifo Institute, 89.5% of companies in the automotive industry reported precursor shortages in May.

A volume of 70.2 million units is now assumed for the current year, a decline of 1% as compared to the previous assumption of slight growth of 1%. The new figures are 13% lower than the market volume in the pre-COVID year of 2019 and as much as 17% lower than the record year of 2017.

We enjoyed a successful business performance in the first half of 2022. However, there are ever-mounting concerns over the future of Europe's gas supply. It is impossible to predict at this time whether the supply of gas from Russia will be cut off partially or in full in the second half of 2022. The Federation of German Industries (BDI) has spoken of the disastrous repercussions that a halt in the gas supply would have for the manufacturing industry.

While we require virtually no gas for our production and can switch to alternative energy sources, in light of these factors we rate the risks for future economic development in Germany and Europe and thus, indirectly, for our business performance in H2 2022 as high and are retaining our previous forecasts with no changes. We constantly monitor the situation closely and will refine our discussion of the impact of gas supply on our business performance and prospects and, where necessary, update our forecast as soon as possible.

Our company forecasts do not include estimates of future developments in exchange rates. We use hedging to avoid currency risks. Our goal is to ensure the currency parities assumed when an order is received and thereby the forecast cash flows.

Report on forecasts and outlook

With the exception of new business, our forecasts for the financial key performance indicators are unchanged compared to those published in the 2021 annual report. Mainly as a result or price adjustments in line with the use of materials for our products and price increases at our suppliers, we expect revenue to grow from EUR 404.3 million in the previous year to around EUR 480 million in the reporting year. EBIT before currency effects will be within a range of EUR 19 to EUR 22 million. We had achieved EUR 22.1 million in the previous year. This had included positive non-recurring effects of EUR 2.3 million that are not repeated. To ensure the start-ups and ramp-ups of new series productions planned for the coming years, we intend to invest significantly more again in fiscal 2022 – around EUR 30 million after EUR 16.2 million in the previous year.

This planning is expected to produce a break-even free cash flow (previous year: EUR 4.9 million), a leverage ratio of 2.5 to 3.0 years (previous year: 2.2 years) and a stable equity ratio (previous year: 33.6%). The forecasts for revenue and EBIT would appear conservative without the risk scenario of gas supply being halted or limited. However, on the basis of the developments in the first half of 2022 and in view of the capital expenditure budgeted for the second half of the year, achieving a break-even free cash flow looks very ambitious.

Given the considerable success in new business, on June 9, 2022 we raised our forecast for the anticipated lifetime volume of new business to be generated in the reporting year to close to EUR 600 million (previously: more than EUR 500 million).

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statement

	Q2 2022		Q2 2021	
	EURk	Percentage share	EURk	Percentage share
Revenue	**127,360**	**100.0**	**103,540**	**100.0**
Own work capitalized	72	0.1	113	0.1
Gross revenue	**127,432**	**100.1**	**103,653**	**100.1**
Other operating income	4,305	3.4	677	0.7
Cost of materials	74,777	58.7	53,823	52.0
Staff costs	29,152	22.9	28,480	27.5
Depreciation/amortization	6,119	4.8	5,790	5.6
Other operating expenses	12,422	9.8	8,956	8.6
EBIT	**9,267**	**7.3**	**7,281**	**7.0**
Finance costs	1,169	0.9	1,540	1.5
EBT	**8,098**	**6.4**	**5,741**	**5.5**
Income taxes	2,562	2.0	1,082	1.0
Net income/loss for the period	**5,536**	**4.3**	**4,659**	**4.5**
Earnings per share in EUR	1.77	–	1.49	–

	H1 2022		H1 2021	
	EURk	Percentage share	EURk	Percentage share
Revenue	**258,126**	**100.0**	**213,722**	**100.0**
Own work capitalized	142	0.1	299	0.1
Gross revenue	**258,268**	**100.1**	**214,021**	**100.1**
Other operating income	6,908	2.7	5,369	2.5
Cost of materials	151,966	58.9	112,392	52.6
Staff costs	60,460	23.4	59,300	27.7
Depreciation/amortization	12,215	4.7	11,669	5.5
Other operating expenses	23,497	9.1	22,822	10.7
EBIT	**17,038**	**6.6**	**13,207**	**6.2**
Finance costs	2,589	1.0	3,001	1.4
EBT	**14,449**	**5.6**	**10,206**	**4.8**
Income taxes	3,702	1.4	1,407	0.7
Net income/loss for the period	**10,747**	**4.2**	**8,799**	**4.1**
Earnings per share in EUR	3.44	–	2.82	–

Consolidated statement of comprehensive income

EURk	Q2 2022	Q2 2021
Net income/loss for the period	**5,536**	**4,659**
Net losses (PY: net gains) from cash flow hedges	-1,312	268
Tax effect	322	-85
Currency translation difference	1,899	848
Items that may be reclassified to profit and loss in a subsequent period	**909**	**1,031**
Actuarial gains on defined benefit pension plans	9,188	246
Tax effect	-2,677	-70
Items that will not be reclassified to profit or loss	**6,511**	**176**
Other comprehensive income after tax	**7,420**	**1,207**
Total comprehensive income after tax	**12,956**	**5,866**

EURk	H1 2022	H1 2021
Net income/loss for the period	**10,747**	**8,799**
Net losses from cash flow hedges	-346	-518
Tax effect	128	145
Currency translation difference	1,839	2,369
Items that may be reclassified to profit and loss in a subsequent period	**1,621**	**1,996**
Actuarial gains on defined benefit pension plans	17,068	5,134
Tax effect	-4,783	-1,460
Items that will not be reclassified to profit or loss	**12,285**	**3,674**
Other comprehensive income after tax	**13,906**	**5,670**
Total comprehensive income after tax	**24,653**	**14,469**

Consolidated statement of financial position

Assets

EURk	Jun. 30, 2022	Dec. 31, 2021
Property, plant and equipment	182,480	179,920
Intangible assets	9,256	8,960
Contract assets	16,466	17,794
Deferred tax assets	12,799	17,937
Non-current assets	**221,001**	**224,611**
Inventories	**41,020**	**32,613**
Trade receivables	51,293	39,930
Contract assets	70,039	59,065
Other assets	16,568	8,766
Other financial assets	870	1,121
Income tax receivables	337	259
Receivables and other assets	**139,107**	**109,141**
Cash and cash equivalents	**6,007**	**6,907**
Current assets	**186,134**	**148,661**
Total equity and liabilities	**407,135**	**373,272**

Equity and liabilities

EURk	Jun. 30, 2022	Dec. 31, 2021
Equity	**145,266**	**125,301**
Non-current financial liabilities	59,386	68,926
Pension provisions	44,921	61,897
Other provisions	2,680	2,456
Deferred tax liabilities	1,595	1,997
Non-current liabilities	**108,582**	**135,276**
Trade and other payables	72,024	61,597
Current financial liabilities	70,930	41,590
Other financial liabilities	6,472	4,210
Current portion of pension provisions	1,841	1,841
Current portion of other provisions	2,020	3,457
Current liabilities	**153,287**	**112,695**
Total liabilities	**261,869**	**247,971**
Total equity and liabilities	**407,135**	**373,272**

Consolidated statement of changes in equity

	Equity attributable to PWO AG shareholders						
				Other reserves			
EURk	Issued capital	Capital reserves	Retained earnings	Defined benefit plans	Foreign exchange differences	Cash flow hedge	Total 2021
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**
							Total 2022
January 1, 2022	**9,375**	**37,494**	**91,982**	**-19,503**	**4,038**	**1,915**	**125,301**
Net income/loss for the period			10,747				10,747
Other comprehensive income				12,285	1,839	-218	13,906
Total net income/loss for the period	**9,375**	**37,494**	**102,729**	**-7,218**	**5,877**	**1,697**	**149,954**
Dividend payment			-4,688				-4,688
June 30, 2022	**9,375**	**37,494**	**98,041**	**-7,218**	**5,877**	**1,697**	**145,266**

Consolidated statement of cash flows

EURk	H1 2022	H1 2021
Net income/loss for the period	10,747	8,799
Depreciation of property, plant and equipment and amortization of intangible assets	12,215	11,669
Income tax expense	3,702	1,407
Interest income and expenses	2,558	3,001
Change in current assets	-38,373	-14,708
Change in non-current assets	1,328	-726
Change in current liabilities (not including financial liabilities)	11,252	-910
Change in non-current liabilities (not including financial liabilities)	-17,154	-5,541
Income taxes paid	-1,674	973
Other non-cash expenses/income	15,831	3,678
Gain on disposal of property, plant and equipment	2	-26
Cash flow from operating activities	**434**	**7,616**
Proceeds from disposal of property, plant, and equipment	41	79
Payments for capital expenditure on property, plant and equipment	-5,173	-5,367
Payments for capital expenditure on intangible assets	-755	-575
Cash flow from investing activities	**-5,887**	**-5,863**
Dividend paid	-4,688	0
Interest paid	-2,924	-3,152
Interest received	303	0
Proceeds from borrowings	21,144	19,736
Repayment of borrowings	-11,750	-25,961
Repayment of lease liabilities	-2,307	-1,926
Cash flow from financing activities	**-222**	**-11,303**
Net change in cash and cash equivalents	-5,675	-9,550
Effect of exchange rate changes on cash and cash equivalents	-260	-155
Cash and cash equivalents as of January 1	-5,901	-4,526
Cash and cash equivalents as of June 30	**-11,836**	**-14,231**
of which cash and cash equivalents according to the statement of financial position	6,007	6,129
of which bank borrowings due on demand that are included in the Group's cash management	-17,843	-20,360

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 2022 were submitted to the Supervisory Board's Audit Committee for review by an Executive Board resolution dated July 28, 2022.

Accounting policies

Basis of preparation of the financial statements

The condensed consolidated interim financial statements as of June 30, 2022, 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, 2021. 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, 2021. More detailed explanations can be found on pages 61 et seqq. in the notes to the 2021 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, 2021, 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, 2022.

Standard	First-time adoption	Amendments	Impact on the consolidated financial statements
Amendments to IFRS 16: COVID-19-Related Rent Concessions after June 30, 2021	Apr. 1, 2021	IFRS 16 includes regulations on accounting for changes to lease payments (including rent concessions) at the lessee. Essentially, for each lease the lessee must assess whether the rent concessions granted constitute lease modifications and remeasure the lease liability. In response to the ongoing impact of the COVID-19 pandemic, IFRS 16 Leases was amended on March 31, 2021 to extend the practical expedient by 1 year to help lessees account for COVID-19-related rent concessions. The amendments extend the practical expedient to rent concessions that reduce lease payments originally due on or before June 30, 2022. Previously, the practical expedient covered only rent concessions that reduce lease payments originally due on or before June 30, 2021.	No material impact.
Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use	Jan. 1, 2022	The amendments state that proceeds received by an entity from selling items produced while preparing the asset for its intended use (e.g. product samples), and the associated costs, are to be recognized in profit or loss. These amounts must not be included when calculating cost.	No material impact.
Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	Jan. 1, 2022	The amendments relate to the definition of which costs an entity should include when assessing whether a contract is onerous. It states that costs of fulfilling a contract are all costs that relate directly to the contract. This includes costs that would not be incurred without the contract (incremental costs) and other costs that relate directly to the contract.	No material impact.
Amendments to IFRS 3: Reference to the Conceptual Framework	Jan. 1, 2022	Along with the amended conceptual framework, references to the conceptual framework in various standards, including in IFRS 3, were also amended. There were no changes to the content of regulations for accounting for company acquisitions. The amendments apply to business combinations with an acquisition date on or after January 1, 2022. Earlier application is permitted.	No impact.
Annual Improvements to IFRS Standards 2018–2020: Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Jan. 1, 2022	IFRS 1 was updated to allow first-time adopter subsidiaries that apply IFRS 1.D16 (a) to measure cumulative translation differences using the amount reported by the parent. The amendment to IFRS 9 clarifies what fees are to be included in the 10 per cent test (IFRS 9.B3.3.6) regarding the assessment of whether a financial liability is to be derecognized. Only fees paid or received between the company as the borrower and the lender are to be included. In IFRS 16, the illustration of the reimbursement of leasehold improvements was removed from the illustrating example 13 on IFRS 16. In IAS 41, the ban on including tax payments in the fair value measurement was deleted.	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, 2021.

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, 2022	Jun. 30, 2021	H1 2022	H1 2021
China	CNY	6.96	7.67	7.08	7.80
Canada	CAD	1.34	1.47	1.39	1.50
Mexico	USD	1.04	1.19	1.09	1.21

Notes to the income statement

Revenue

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

External revenue by strategic product area and by region is shown in the tables below. The product areas are explained in the Group management report in the 2021 Annual Report in the "Group Principles" section.

Revenue by product area

EURk	H1 2022	H1 2021
Mechanical components for electrical and electronic applications	56,896	52,240
Safety components for airbags, seats and steering	80,187	71,959
Structural components and subsystems for vehicle bodies and chassis	121,043	89,523
Total	**258,126**	**213,722**

Revenue by region (by customer's registered office)

EURk	H1 2022	H1 2021
Germany	83,927	74,397
Rest of Europe	70,534	51,158
North America	75,124	60,743
Other countries	28,541	27,424
Total	**258,126**	**213,722**

Other operating income

Other operating income primarily includes currency gains of EURk 5,906 (p/y: EURk 4,938).

Other operating expenses

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

EURk	H1 2022	H1 2021
Currency expenses	5,770	5,052
Costs for temporary employees	3,169	4,170
Maintenance costs	2,893	3,080
Legal, audit and consulting fees	1,456	2,108
Outgoing freight	1,443	1,335
Lease expenses	1,358	1,403

Income taxes

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

EURk	H1 2022	H1 2021
Current taxes	3,062	451
Deferred taxes	640	956
Total	**3,702**	**1,407**

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.

	Q2 2022	Q2 2021
Earnings after taxes	5,536	4,659
Average number of no-par shares	3,125,000	3,125,000
Earnings per share in EUR	**1.77**	**1.49**

	H1 2022	H1 2021
Earnings after taxes	10,747	8,799
Average number of no-par shares	3,125,000	3,125,000
Earnings per share in EUR	**3.44**	**2.82**

Notes to the statement of financial position

Intangible assets and property, plant and equipment

In the case of goodwill, impairment tests are carried out at least once a year. 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. For information on the procedure for the impairment tests, please refer to the notes to the 2021 consolidated financial statements.

The developments on the capital market and of inflation rates in the first half of 2022 in particular were indications of possible impairment of tangible and intangible assets. As a result, impairment tests were performed for goodwill and for tangible and intangible assets, updating the cost of capital (WACC) used to calculate the value in use on June 30, 2022 for all cash-generating units. Compared to December 31, 2021, the capitalization rate was increased by between 0.4 and 1.3 percentage points for the different test units. The growth deduction was also adjusted. The basic assumptions for calculating the recoverable amount for the various cash-generating units were maintained for the long-term earnings forecast. In the "Germany" cash-generating unit, individual assets were tested for impairment with regard to the key input parameters as of June 30, 2022 based on the asset impairment test as of the end of 2021. All of the impairment tests performed did not re-veal any need for impairment as of June 30, 2022.

Equity

Issued capital

As of June 30, 2022, 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, 2022, consolidated equity included income and expenses from the currency translation of foreign subsidiaries of EURk 5,877 (p/y: EURk 3,000) and from cash flow hedges of EURk 1,697 (p/y: EURk 1,509).

Distributed dividend

The dividend of Progress-Werk Oberkirch AG for the 2021 fiscal year in the amount of EUR 4,688 thousand (EUR 1.50 per eligible no-par share) was paid out in May 2022. In the previous year, no dividend was distributed for the 2020 fiscal year.

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 2022.

Liabilities

Pension provisions

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

	Jun. 30, 2022	Dec. 31, 2021
Discount rate	3.44%	1.48%
Turnover rate	2.00%	2.00%
Future salary trend > 40 years	2.50%	2.50%
Future salary trend < 40 years (career trend)	3.50%	3.50%
Future pension adjustments	2.00%	1.75%
Mortiality	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 1.96 percentage points resulted in a decline in pension provisions of EURk 16,976.

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 off 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, 2022, receivables with a nominal value of EURk 24,402 (p/y: EURk 17,002) had been sold. The transferred receivables are current receivables, the carrying amount of which equals the fair value of the transferred assets.

Trade receivables are financed by a factor in a customer-based Supplier Finance program. The factor bears the default risk to the supplier. As of June 30, 2022, receivables to a customer of EURk 5,493 (p/y: EURk 5,752) were assigned to the factor.

Capital management

At PWO, capital is monitored via the net leverage ratio (previously called the dynamic leverage ratio) and the equity ratio. Our finance strategy targets a net leverage ratio of less than 3 years and an equity ratio of 30 percent.

Net Leverage Ratio

EURk	Jun. 30, 2022	Dec. 31, 2021
Financial liabilities	130,316	110,516
Less cash and cash equivalents	-6,007	-6,907
NET FINANCIAL DEBT	**124,309**	**103,609**
EBITDA[1]	**51,532**	**47,155**
Dynamic leverage ratio (in years)[2]	**2.4**	**2.2**

[1] Earnings before interest, taxes, depreciation and amortization on the basis of the last 12 months
[2] Changed name (previously: dynamic leverage ratio) but unchanged calculation method

Equity ratio

EURk	Jun. 30, 2022	Dec. 31, 2021
Equity	145,266	125,301
Total assets	407,135	373,272
Equity ratio	**35.7%**	**33.6%**

Financial instruments

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

	Category	Book value		Fair Value	
EURK	IFRS 9[1]	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
ASSETS					
Trade receivables	AC	**51,293**	**39,930**	**51,293**	**39,930**
Other financial assets		**870**	**1,120**	**870**	**1,120**
of which hedging derivatives	n. a.	870	1,113	870	1,113
of which non-hedging derivatives	FVtPL	0	7	0	7
of which deposits > 3 months	AC	0	0	0	0
Cash and cash equivalents	AC	**6,007**	**6,907**	**6,007**	**6,907**
EQUITY AND LIABILITIES					
Financial liabilities		**130,316**	**110,516**	**131,688**	**114,348**
Liabilities to banks	AC	84,959	62,761	87,028	65,002
of which variable rate		17,843	12,889	17,843	12,889
of which fixed rate		67,116	49,872	69,185	52,113
Liabilities from promissory notes	AC	24,980	29,973	25,255	31,382
of which variable rate		2,998	2,997	2,998	2,997
of which fixed rate		21,983	26,976	22,257	28,385
Liabilities to leasing companies	n. a.	20,377	17,781	19,405	17,964
of which variable rate		0	0	0	0
of which fixed rate		20,377	17,781	19,405	17,964
Trade payables	AC	**42,749**	**37,225**	**42,749**	**37,225**
Other financial liabilities		6,472	4,210	6,472	4,210
of which hedging derivatives	n. a.	1,596	771	1,596	771
of which non-hedging derivatives	FVtPL	4,876	2,912	4,876	2,912
of which others	AC	0	526	0	526
Of which aggregated by measurement category:					
Loans and receivables	AC	57,300	46,837	57,300	46,837
Financial liabilities measured at amortized cost	AC	152,688	130,486	155,032	134,135
Financial assets held for trading	FVtPL	0	7	0	7
Financial liabilities held for trading	FVtPL	4,876	2,912	4,876	2,912

[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 parties

For related party disclosures, please refer to the consolidated financial statements as of December 31, 2021. There were no changes as of June 30, 2022.

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 17,843 (p/y: EURk 20,360) are included in the "current financial liabilities" item of the statement of financial position.

Segment report

As of June 30, 2022, four customers have a share of over 10 percent in the reported revenue, amounting to EURk 44,239, EURk 31,902, EURk 31,562 and EURk 30,537 respectively, which relate to all segments. Three revenue shares in excess of 10 percent, amounting to EURk 33,004, EURk 27,799 and EURk 27,475 respectively, were identified with three customers in the previous year.

Segment information by region H1 2022

EURk	Germany	Czechia	Canada	Mexico	China	Consolidation	Group
Total revenue	127,287	54,722	24,932	41,973	22,494	182	271,590
Internal revenue	-7,534	-4,575	-450	-97	-808	0	-13,464
External revenue	**119,753**	**50,147**	**24,482**	**41,876**	**21,686**	**182**	**258,126**
Total output	**127,430**	**54,722**	**24,932**	**41,973**	**22,494**	**-13,283**	**258,268**
Other income	9,095	308	788	513	486	-4,282	6,908
Total expenses	125,572	48,126	24,456	34,807	19,926	-16,964	235,923
Depreciation/amortization	4,670	2,577	1,093	2,550	1,352	-27	12,215
EBIT before currency effects	**6,319**	**4,407**	**58**	**5,117**	**1,603**	**-602**	**16,902**
EBIT including currency effects	**6,283**	**4,327**	**171**	**5,129**	**1,702**	**-574**	**17,038**
Interest income	2,401	0	0	1	2	-2,101	303
Interest expenses	2,071	801	292	1,104	725	-2,101	2,892
Earnings before taxes (EBT)	**6,613**	**3,526**	**-121**	**4,026**	**979**	**-574**	**14,449**
Income taxes	2,638	-88	-30	1,208	261	-287	3,702
Net income for the period	**3,975**	**3,614**	**-91**	**2,818**	**718**	**-287**	**10,747**
Assets	166,602	110,663	39,053	66,513	57,261	-32,957	407,135
of which non-current assets[1]	53,524	60,963	17,670	31,270	28,433	-124	191,736
of which contract assets	41,721	17,097	9,359	10,667	9,486	-1,825	86,505
Liabilities	39,303	45,997	20,368	46,523	56,191	53,487	261,869
Capital expenditure	1,836	5,899	1,254	1,299	147	0	10,435
Employees (as of Jun. 30)	**1,034**	**675**	**313**	**555**	**293**	**–**	**2,870**

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

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	244,770
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 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	-45,235	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.

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 composition of the Executive Board and the Supervisory Board did not change in the reporting period.

Members of the Supervisory Board

- Karl M. Schmidhuber | Chairman
- Dr. Georg Hengstberger | Deputy Chairman
- Andreas Bohnert | Employee representative
- Carsten Claus
- Stefan Klemenz | Employee representative
- Dr. Jochen Ruetz
- Dieter Maier | Honorary Chairman of the Supervisory Board

Members of the Executive Board

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

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 28, 2022

The Executive Board

Carlo Lazzarini	Dr. Cornelia Ballwießer	Johannes Obrecht
Chairman/CEO	CFO	COO

Report by the Supervisory Board's audit committee

The interim financial report for the second quarter and the first half of 2022 was submitted to the Audit Committee and explained by the Executive Board. The Audit Committee approved the interim financial report.

Oberkirch, July 28, 2022

Chairman of the Audit Committee

Carsten Claus

ADDITIONAL INFORMATION

Financial calendar

November 9, 2022	Quarterly Statement 3rd Quarter and 9 Months 2022
November 28–30, 2022	German Equity Forum, Frankfurt

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Forward-looking statements and forecasts

This half-year 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.pwo-group.com**. 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. The English translation of this document is provided for convenience of understanding only. In case of any different interpretation of the texts in German and English, the German version shall prevail.

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