PWO

HALF-YEAR FINANCIAL REPORT

1ST HALF YEAR 2023

CONTENTS

LETTER FROM THE EXECUTIVE BOARD

Dear shareholders,
Dear business associates,

At first glance, our figures for the first half of the 2023 fiscal year may seem surprising: A surge in revenue and a drop in EBIT before currency effects do not seem like a good match. But our figures are ahead of our own planning and we even raised our forecast for EBIT before currency effects in an ad hoc disclosure on July 26, 2023. How can that be?

First of all, we are naturally satisfied with our revenue growth. The high level of new business in recent years is now resulting in an ongoing stream of new series production start-ups and ramp-ups that conspicuously exceed phase-outs. Thus, the clear expansion of our market position that has been ongoing for several years is now also being reflected in our revenue figures.

Regarding the drop in EBIT before currency effects, it is important to know that a series of negotiations with our customers regarding the massive cost increases across a broad front are not over yet. Accordingly, many projects are currently still feeling the effects of these increased costs. We feel that these talks are making good progress and we firmly believe that they can conclude with a fair result for all parties. In addition, for a series of orders we have already significantly reduced the risk of losses due to sharp cost increases thanks to various operating improvements.

At the same time, we are continuing the expansion of the PWO Group. This is expressed by the positive trend in new business again in 2023. Over the first half of the year, we have secured a significantly higher than expected lifetime volume of around EUR 415 million for which production is due to start in the 2024 and 2025 fiscal years, thereby safeguarding the Group's ongoing growth.

In the first six months, we have already surpassed the lower end of our previous forecast range of EUR 400 to EUR 500 million for the 2023 fiscal year, and we therefore raised our forecast for the new business volume on July 26. Our innovative solutions for climate-friendly lightweight components at the very frontiers of what is technologically possible are sought after the world over. Customers put their faith in our high capacity for innovation and the reputation for the utmost delivery reliability and quality that it has taken us decades to build.

So that we will be able to deliver to customers wherever they need us in the future as well, we have taken all the necessary steps in the past 6 months to expand our capacity in Eastern Europe as was announced back in June 2022. Our newly founded toolmaking site in Kragujevac, Serbia, commenced operations on July 1. This involved the acquisition of the assets of a toolmaker established there and the hiring of around 60 specialists from this company that is now in liquidation for strategic reasons.

Thus, we have achieved another key milestone in our growth strategy, which envisions many more specific projects to enhance the PWO Group in the years ahead. We hope that you will continue to accompany us on this journey.

Oberkirch, August 2023

The Executive Board

INTERIM FINANCIAL REPORT

INTERIM GROUP MANAGEMENT REPORT

This interim management report sets out the business performance of the PWO Group (referred to as the "PWO Group", the "Group" or "PWO") in the period from January 1 to June 30, 2023.

BUSINESS REPORT

General economic conditions

General economy

The development of the world economy continues to be dominated by the war in Ukraine, but it is also still reeling from the effects of the pandemic. Since the war began, growth rates around the world have fallen significantly in some cases, including in Germany, which had been in a technical recession in early summer with "negative growth" for two quarters in a row since the final quarter of 2022.

There was initially a strong trend towards recovery in the global economy in the first quarter of 2023, mainly triggered by the abrupt end to the comprehensive pandemic lockdown in China. This recovery was supported by the significant easing in the massive rise in purchasing prices sparked by the war, especially in the energy sector. Oil and gas prices have since fallen sharply again, not least of all as a result of the import restrictions and price caps on Russian oil and gas imposed by western industrialized nations. The price of crude oil has again been hovering around the level prior to the Ukraine war since the start of 2023.

Inflationary pressure is also being counteracted by the multiple and hefty interest rate hikes recently implemented by a number of countries, in particular the US and in the European Union. However, this has yet to have a lasting impact in broad sections of the economy such as food or construction prices. Recessive trends, and above all negative consequences for employment, have not happened to date as a result of significantly more restrictive central bank policies. Rather, many experts are now hoping for a global soft landing.

In China, however, significant growth risks have since regained the upper hand. Both domestic demand and thus imports (June: -6.8% year-on-year) and exports in particular (June: -12.4% year-on-year) have been trending very weakly recently. The construction sector is in crisis and youth unemployment in particular is rising again. Accordingly, the Chinese central bank has begun cutting interest rates and facilitating lending to counteract this.

The automotive industry

NEW REGISTRATIONS/SALES OF PASSENGER VEHICLES IN UNITS
(Sources: ACEA, German Automotive Industry Association, German Federal Motor Transport Authority)

	H1 2023		H1 2022	
	Units	Change vs. previous year (%)	Units	Change vs. previous year (%)
Germany	1,396,870	+12.8	1,237,975	-11.0
Western Europe (EU14 + EFTA + UK)	5,932,400	+18.0	5,027,500	-14.3
Europe (EU27 + EFTA + UK)	6,588,900	+17.6	5,597,700	-13.7
USA (light vehicles)	7,658,200	+12.9	6,767,500	-18.3
China	11,143,000	+9.2	10,202,500	+3.7

According to the German Association of the Automotive Industry (VDA), new registrations were on the rise on most international automotive markets in the first half of this year. Sales on the Chinese car market were 9.2% higher than in the same period of the previous year with more than 11.1 million units sold. The Chinese market was already back above the 2019 pre-crisis level in 2022 and is 12% higher than the 2019 sales volume after the first half of the current year. In the United States, light vehicle sales (cars and light duty trucks) were up significantly by 12.9% in the first half of the year with approximately 7.7 million vehicles sold in total. The market is thus still almost 9% below the 2019 pre-crisis level.

There were approximately 6.6 million new vehicle registrations on the European car market (EU, EFTA & UK) in the first half of the year. This is 17.6% more than in the same period of the previous year when the European market was especially suffering from the effects of the war in Ukraine. However, owing to its only slow recovery, the European car market is currently still almost 22% below its pre-crisis level.

New car registrations in the EU grew by 17.9% year-on-year in the first half of the year to 5.4 million units in total. At 21%, this sales volume is still well below the pre-pandemic level of 2019. There are clear differences in the growth rates being reported by individual EU countries: Among the high-volume nations, Spain had the highest increase of 24.0%, followed by Italy with growth of 22.8%. By contrast, the increases in France (15.3%) and Germany (12.8%) were below average.

The number of purely electric cars sold throughout the whole of the EU rose by approximately 54% year-on-year to 703,000 units, bringing their market share to 12.9% after 9.9% in the same period of the previous year. Here, too, growth rates varied considerably from country to country, above all because the prior-year figures were often very low. Sales of plug-in hybrids declined slightly by 0.2% to 402,000 units, while hybrid electric vehicles grew by 27.9% to over 1,355,000 units. In total, the market share of purely or partially electric cars in the EU is therefore 45.2%. By comparison, new registrations of diesel cars declined by 1.8% to approximately 790,000 units, causing their market share to drop from 17.4% in the same period of the previous year to 14.5%.

In Germany, the car market is currently expanding with 1.4 million units sold after the first half of 2023, an increase of 12.8%. Despite this solid growth rate, it is still lagging a long way behind its pre-crisis level, according to the VDA. New registrations are still 24% lower than in the first 6 months of the pre-COVID year of 2019.

In fact, new registrations of purely electric cars were down slightly overall, even though the month of June experienced growth of 18% as against the same month of the previous year. 299,465 electric cars in total were sold in the first 6 months of the current year, 2.3% fewer than in the same period of the previous year. Overall, new registrations of cars with "alternative drive systems", i.e. including plug-in hybrids and hybrid electric vehicles, rose by 15.2% to 631,581 units, thereby slightly increasing their market share by 0.9 percentage points to 45.2%.

In June, the production level of German production facilities in the automotive industry was up on the same month of the previous year for the fourteenth time in a row. More than 2.2 million cars were produced in the first half of the year, a year-on-year increase of 32%. According to the VDA, this significant growth is primarily thanks to efforts to improve the supply chain situation. In total, however, 10% fewer vehicles were produced in the first 6 months of the current year than in the first half of the pre-COVID year of 2019. Car exports grew significantly by 32% year-on-year to approximately 1.7 million units in the first half of 2023.

Incoming orders for German manufacturers continued to fall overall, with domestic orders down 27% as against the same period of the previous year in the first half of the year. Order intake from abroad decreased by 5% year-on-year in the first 6 months of this year. Overall, 9% fewer orders have been registered over the year to date than in the first half of 2022.

Results of operations

Selected information on the segments and the group

EURk	Germany	Czechia	Serbia	Canada	Mexico	China	Consolidation	Group
H1 2023								
Total revenue	126,258	67,775	0	21,971	56,400	26,834	-503	298,736
External revenue	117,004	61,559	0	21,593	55,930	24,938	-503	280,521
Total output	126,376	67,775	0	21,971	56,519	26,834	-18,717	280,758
EBIT before currency effects	3,553	3,454	-29	-233	5,337	3,314	-514	14,882
EBIT including currency effects	3,239	3,313	-29	-336	5,130	3,395	-493	14,219
Capital expenditure	1,018	2,161	0	831	630	734	0	5,374
H1 2022								
Total revenue	127,287	54,722	0	24,932	41,973	22,494	182	271,590
External revenue	119,753	50,147	0	24,482	41,876	21,686	182	258,126
Total output	127,430	54,722	0	24,932	41,973	22,494	-13,283	258,268
EBIT before currency effects	6,319	4,407	0	58	5,117	1,603	-602	16,902
EBIT including currency effects	6,283	4,327	0	171	5,129	1,702	-574	17,038
Capital expenditure	1,836	5,899	0	1,254	1,299	147	0	10,435

As usual, business performance in the first half of the year is described below. There were no significantly different developments that would have required commentary in the second quarter of 2023. The newly founded toolmaking site in Serbia had no substantial effect on the financial performance of the PWO Group.

Driven by the high level of new business in recent years, there is now a steady stream of new series production start-ups and ramp-ups that very comfortably exceed phase-outs. This contributed to the significant increase in revenue in the first half of the year. At the same time, however, the effects of the latest massive cost increases have been keenly felt in earnings. This predominantly refers to energy costs and thereby the cost of materials as well as wages and salaries. Overall, higher costs were a factor in a great many areas on account of the recent high inflation. EBIT before currency effects was substantially less that in the previous year despite the positive development in revenue.

As expected, a series of negotiations on this with our customers are not yet final because we are aiming for a combined agreement that covers all relevant cost positions. We are still striving for amicable solutions and we firmly believe that the negotiations can conclude with a fair result for all parties.

Cost increases caused the cost of materials ratio to be significantly higher in the reporting period. The staff costs ratio was also up on the previous year on account of higher wages and salaries. In addition, this was affected by the inflation compensation bonus of EUR 0.4 million at the location in Germany in the first quarter of 2023, which was implemented in line with the latest collective agreement in the metal and electrical industry, and by one-time expenses in conjunction with the changes in the Executive Board reported on elsewhere. Our modest capital expenditure in recent years contributed to depreciation and amortization being slightly lower than in the previous year in absolute terms and the ratio declining accordingly.

Other operating expenses rose at a slower rate than revenue, having been impacted by significantly lower currency expenses than in the previous year. However, these were offset by currency income of a similar amount in the reporting period, hence there was no material effect on EBIT in net terms. By contrast, price increases due to inflation in various items of other operating expenses had a visible impact. Also, the expansion of business contributed to higher costs for outgoing freight and costs increased as a result of the more comprehensive resumption of travel activities. Furthermore, there were one-time legal and consulting costs in the first quarter of 2023 in connection with the new financing agreements.

In total, we generated EBIT before currency effects of EUR 14.9 million in the first 6 months of the current fiscal year (previous year: EUR 16.9 million), while EBIT including currency effects amounted to EUR 14.2 million (previous year: EUR 17.0 million). EBIT including currency effects takes into account currency expenses due to the remeasurement of foreign currency receivables and hedges as of the end of the reporting period.

Financing expenses rose to EUR 3.6 million (previous year: EUR 2.6 million) despite the lower net debt. This is essentially as a result of the strong rise in EURIBOR and the effects of the discounting of pension provisions. The tax expense contributed EUR 2.1 million (previous year: EUR 3.7 million). Thus, the tax rate declined to 19.7% (previous year: 25.6%) as the result relevant to income taxes was lower and there were only minor expenses due to the reduction of deferred taxes. In total, net income for the period amounted to EUR 8.5 million (previous year: EUR 10.7 million) and earnings per share to EUR 2.73 (previous year: EUR 3.44).

Segments

In line with the internal management system, our locations form the basis for segment reporting. The PWO Group has 9 locations around the world, 1 of which in Germany, 2 in Czechia, 1 in Canada and 2 each in Mexico and China. The newly formed location in Serbia commenced business activities as of July 1, 2023 and is therefore not commented on in detail below. In the following breakdown of segment earnings, we refer to EBIT before currency effects.

All our segments are affected by the negotiations not yet finalized with our customers and by rising costs. These two aspects are therefore discussed in the segment reporting below only if developments differ significantly from the general trend.

Unlike the PWO Group as a whole, the Germany segment reported a decline in external revenue in the first half of 2023. As set out in the section on the economic conditions in the automotive industry, the industry's sales in Germany were on the mend compared to the previous year, but in absolute terms new registrations are still well below the pre-COVID level and the order and capacity utilization situation thus remains unsatisfactory.

Also, as a result of the latest round of collective bargaining in the metal and electrical industry, Germany experienced a particularly strong increase in wages and salaries. In addition, there were the expenses referred to above of the inflation compensation bonus in the first quarter and of the changes in the Executive Board. EBIT before currency effects virtually halved in total compared to the first 6 months of the previous year. Therefore, as already explained in the report on the first quarter, another package of measures has been approved to systematically gear the Oberkirch location towards future projects within and outside the mobility industry.

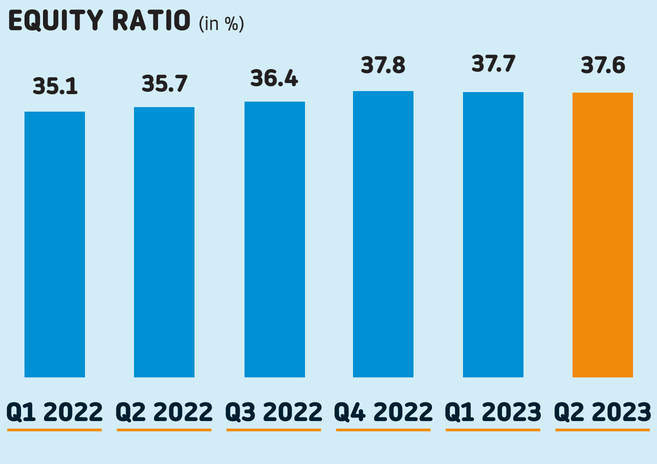
The Czechia segment achieved the anticipated growth surge thanks to new series production start-ups and ramp-ups. External revenue therefore rose significantly faster year-on-year than consolidated revenue in the reporting period. Nevertheless, EBIT before currency effects was reduced for the same reasons as in the rest of the PWO Group.

In the first quarter especially, some customers' call-off figures were still lower than expected in the Canada segment, thereby impacting EBIT before currency effects. The situation has stabilized since then. Nevertheless, external revenue was visibly down year-on-year and EBIT remained mired below the break-even level.

Mexico was the PWO Group's fastest-growing segment in the first 6 months. External revenue benefited not only from start-ups and ramp-ups of new series production operations, but also from higher than expected call-offs by customers. The segment's EBIT before currency effects therefore remained at the same level as in the previous year.

There was a gratifying increase in external revenue at our locations in the China segment as well. This growth, a better product mix and strict discipline on staff costs and other expenses helped EBIT before currency effects to slightly more than double. However, the previous year's level was still feeling the effects of the harsh measures taken by the Chinese government to curb the COVID pandemic.

Net assets and financial position



In the first half of the reporting year, developments within the statement of financial position were characterized by consistently low capital expenditure on the one hand and the expansion of business on the other. As a result, non-current assets declined slightly over the reporting period from EUR 218.8 million as of December 31, 2022 to EUR 211.3 million as of June 30, 2023.

By contrast, receivables and other assets rose from EUR 138.6 million to EUR 154.6 million. This is as a result of the expansion of business in the first 6 months 2023 and, above all, higher trade and contract asset receivables. As a result of our long-standing efforts to increase new business and the more extensive forthcoming series start-ups, there has also been an increase in the volume of finished tools and tools in progress.

By contrast, inventories and cash and cash equivalents were down slightly as of the end of the reporting period. Overall, total assets amounted to EUR 408.1 million as of the end of the reporting period after EUR 400.3 million as of December 31, 2022.

On the equity and liabilities side of the statement of financial position, equity increased from EUR 151.3 million on December 31, 2022 to EUR 153.3 million as of the end of the reporting period. At 37.6% as of the end of the first half of 2023, the equity ratio was virtually unchanged from 37.8% as of December 31, 2022.

We replaced existing financing agreements ahead of schedule and secured a considerably higher volume of EUR 155 million in the first quarter of the reporting period. Furthermore, bilateral loans of EUR 10 million were signed at the start of May. By way of these agreements, the existing syndicated credit facility of EUR 110 million and a bilateral credit facility of EUR 20 million were replaced before maturing in the third quarter of 2023.

Financial liabilities were reclassified within the statement of financial position as a result of the new agreements, causing non-current financial liabilities to increase while current financial liabilities declined. Current financial liabilities were repaid as well. Net debt was reduced from EUR 115.4 million to EUR 100.4 million in total. By contrast, trade payables rose from EUR 70.7 million to EUR 90.4 million in connection with longer payment terms for suppliers.

The cash flow from operating activities amounted to EUR 19.7 million in the first 6 months of the fiscal year after EUR -4.0 million in the previous year. Capital employed in current assets increased by just EUR 14.0 million in the reporting period after having risen by EUR 38.4 million in the previous year, mainly on account of the sharp rise in the cost of materials. The change in current and non-current liabilities resulted in a net positive effect of EUR 18.3 million in the statement of cash flows (previous year: EUR -10.3 million), essentially as a result of higher trade payables. Non-cash expenses/income amounted to EUR -4.0 million. The pevious year figure of EUR 15.8 million had largely been due to the lower measurement of pension provisions as a result of changing capital market interest rates.

As our capital expenditure is still very conservative, net cash used in investing activities remained low at EUR 4.9 million (previous year: EUR 5.9 million). Capital expenditure in the reporting period is explained below. The free cash flow after interest paid and received thus amounted to EUR 10.9 million (previous year: EUR -8.1 million). Cash flow from financing activities amounted to EUR -28.3 million (previous year: EUR -0.2 million). This includes the net repayment of loans and lease liabilities of EUR 19.3 million (previous year: net borrowing of EUR 7.1 million). The net change in cash and cash equivalents amounted to EUR -13.5 million in the reporting period (previous year: EUR -5.7 million).

Capital expenditure

As shown in the segment report, capital expenditure was significantly lower than the figure for the previous year at EUR 5.4 million (previous year: EUR 10.4 million) in the first half of the year. This is because we implement project-related capital expenditure close to the start of new series production in the interests of optimizing liquidity management. Different start-up times for series that require considerable investment can therefore contribute to variations from year to year. Furthermore, considerable amounts are budgeted for the purchase of land in Eastern Europe in the current fiscal year. These amounts will not actually be spent until the local authorities have issued the necessary construction permits.

The Germany segment accounted for capital expenditure of EUR 1.0 million (previous year: EUR 1.8 million) in the reporting period. This related mainly to process automation and the general maintenance of the Oberkirch location as well as the ongoing implementation of our digitalization strategy. In the Czechia segment, capital expenditure amounted to EUR 2.2 million in the first 6 months (previous year: EUR 5.9 million), including production facilities for instrument panel carriers in particular.

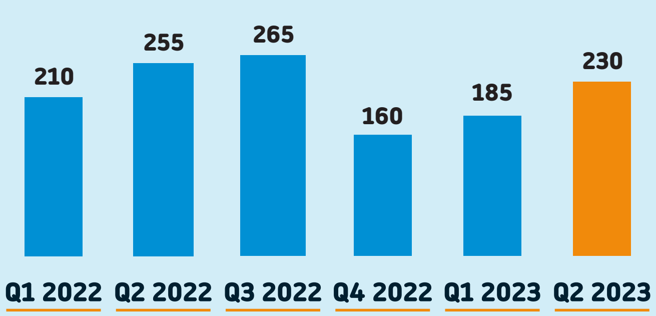
There was no capital expenditure at the new Serbia segment in the first 6 months of 2023. The acquisition of the assets of Gorenje MDM d.o.o. in connection with the foundation of our own toolmaking location in Serbia is reported in non-current assets, which amounted to EUR 0.4 million as of the end of the reporting period.

Capital expenditure in the Canada segment amounted to EUR 0.8 million (previous year: EUR 1.3 million) and essentially related to the final payment for a new forming press, process automation activities to be completed before the end of this year and individual investments for projects. There were no significant individual investments in the Mexico segment, where capital expenditure amounted to EUR 0.6 million (previous year: EUR 1.3 million).

In the China segment, capital expenditure of EUR 0.7 million (previous year: EUR 0.1 million) mainly related to production facilities for instrument panel carriers at the Shenyang location.

New business

LIFETIME VOLUME SERIES AND TOOLS (in EUR million)



Our profitable growth strategy focuses on regularly securing a volume of new business that comfortably compensates for series production phase-outs. The highly gratifying volume in the second quarter of 2023 once again highlights our competitive strength on the global market. Overall, we secured a total volume of around EUR 415 million in the first half of the year, around EUR 15 million of which related to tool orders in connection with series business. We therefore already achieved the lower end of our forecast range for the 2023 fiscal year.

The volumes for new series production operations are among the highlights of the wide range of new orders received at all our locations. We landed orders from various customers in the area of air suspension components in particular including one for an electric series of a major European/American automotive manufacturer and a further order from a European customer for air suspension pressure vessels for its high-end sports utility vehicles.

The first half of 2023 was highly successful for our Chinese locations as well. We are particularly pleased by an order for the components of an electrohydraulic braking system, an order for the stator housing for a local electric vehicle manufacturer and, in the non-mobility sector, an order for housings for residential air conditioning, air purification and for use in heat pumps.

The majority of the new business signed in the first 6 months of 2023 is due to go into production in the 2024 and 2025 fiscal years with a handful of major orders scheduled to launch before the end of this year. Production for one of the above orders for air suspension components is planned to begin in 2026.

A key aspect of our orders is supplying platforms as a basis for 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 2022 annual report still apply. We enjoyed a successful business performance in line with the current market situation in the first half of 2023. Furthermore, our risk assessment of various potential losses from ongoing orders and production start-ups has improved. Initial agreements with our customers and our additional measures to reduce costs across the global location portfolio are starting to take effect and processes in new production start-ups are becoming more practiced, with the result that the intended savings will presumably largely be achieved as well.

This played a key part in our recently being able to raise our forecast for EBIT before currency effects in the reporting year. However, there are still risks in connection with the ongoing negotiations with our customers to take into account the enormous cost increases.

Our business 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.

Furthermore, the war in Ukraine and its consequences continue to dominate political and economic developments all over the world. The risks to the development of the global economy in connection with the war that were presented in the previous year therefore still apply.

While the PWO Group neither has its own locations in Russia or Ukraine nor significant direct customer or supplier relationships, we are nonetheless still affected by the considerable repercussions for the mobility sector and the economy as a whole in the current fiscal year.

The global economy cooled again in the second quarter after a positive start to the year as a result of the lifting of the strict COVID lockdown in China – not least also because the structural problems of China's domestic economy, such as the over-aging of its population, the credit crisis in the construction sector and its high dependence on world trade, are becoming increasingly apparent.

According to the International Monetary Fund (IMF), the global economy is therefore currently undergoing a challenging phase with significant downside risks and the lowest medium-term potential for recovery in decades. Besides geopolitical and individual challenges in key industrialized nations, the comprehensive interest rate hikes by central banks are also a contributing factor that is being keenly felt by areas of the economy such as the construction sector.

At the same time, the more restrictive monetary policy framework has not yet led to a sufficiently sustainable curbing of inflation, especially in areas related to consumer spending. Against this backdrop, it is not assumed that the central banks will soon correct to a more amicable monetary policy course. In fact, the IMF is even explicitly calling on the G20 nations to continue systematically combating inflation. The European Central Bank recently also emphasized this and announced further changes in interest rates.

In its monthly report from June 2023, Deutsche Bundesbank writes that there is light at the end of the tunnel for the German economy following the "technical" recession in the fourth quarter of 2022 and the first quarter of 2023. Private consumer spending, which had previously been in decline, has now stabilized again, largely thanks to the consistently robust state of the labor market and strong growth in pay. At the same time, the rise in prices did not become any more severe despite poor baseline effects.

However, domestic demand has been sapped by higher financing costs in industry and the construction sector. Industry is also being slowed by waning international demand. Therefore, according to Deutsche Bundesbank, economic recovery may materialize later in the year than previously assumed.

Expectations for the international automotive industry are accordingly rather mixed, according to the VDA. The turbulent first half of the previous year, which saw the start of the war in Ukraine and extensive lockdowns in metropolitan regions of China, resulted in low market volumes. Accordingly, some of the growth rates observed to date in the current year are exaggerated and therefore deceptive: As a result of declining general economic demand in particular due to high inflation and currency devaluation in a number of regions, the VDA expects the coming quarters to be highly challenging on a broad front.

On the basis of the improved availability of precursors and intermediates in production and a somewhat more dynamic development in new registrations in the first half of the year, in July the VDA adjusted its forecasts for automobile production in Germany and automobile exports. It now anticipates growth in the production volume of 15% to 4.0 million units (previously 9% and 3.8 million units). Automobile production in Germany is therefore still 14% below the 2019 pre-crisis level. The VDA sees the fact that incoming orders have been growing weaker for some time as a risk. This will become more noticeable once the current order backlog has been cleared.

For the German automobile market, the VDA is now forecasting moderate growth in automobile registrations of 6% (previously 4%) to 2.8 million. This is around 55,000 units more than previously expected, but still 22% below the 2019 pre-crisis level. German automobile exports are set to increase by 16% year-on-year to approximately 3.1 million vehicles in 2023 (previously 10% and 2.9 million units). Here, too, the pre-crisis level remains out of reach: Germany exported 3.5 million cars in 2019.

Growth of 9% to 12.3 million new vehicles is now forecast in Europe (EU, EFTA & UK) for 2023 (previously 7% and 12.0 million units). The European market is therefore still 22% below the 2019 pre-crisis level with 15.8 million cars sold.

Regarding the other major automobile markets, the VDA expects the US light vehicle market to grow slightly by 7% to 14.7 million light vehicles in 2023 (previously 4% and 14.3 million units). By contrast, the Chinese market, which had already been at a high level in 2022, is expected to grow only slightly by 3% to 23.9 million cars in 2023. There is fierce price competition for electric vehicles in particular – including from German providers – on account of the slump in demand. Overall, the VDA is forecasting growth of 4% on the world market and a world market volume of 74.9 million cars.

Forecast

On the basis of the good performance in the first half of 2023, our positive assessment of ongoing business developments and reduced risk positions on ongoing orders and production start-ups, we raised our forecast for EBIT before currency effects to between EUR 23 million and EUR 26 million in an ad hoc disclosure on July 26 (previously: EUR 20 million to EUR 23 million). After having already achieved the lower end of our previous forecast range of EUR 400 million to EUR 500 million for the lifetime volume of new business in the 2023 fiscal year in the first 6 months, thereby significantly outperforming our expectations, we raised our forecast to between around EUR 700 million and EUR 800 million in the same disclosure.

We are confirming our other financial performance indicators. For 2023, we anticipate that revenue will grow to around EUR 550 million (previous year: EUR 530.8 million). To ensure the start-ups and ramp-ups of new series productions planned for the coming years, and in anticipation of our further expansion of activities in Eastern Europe, we intend to invest around EUR 40 million in the 2023 fiscal year – roughly twice as much as in the previous year, when we invested EUR 19.8 million.

Despite the planned extensive investment and the anticipated year-on-year decrease in EBIT before currency effects, we are still aiming to use liquidity-based management to generate free cash flow that is only negative in the mid-seven-figure range (previous year: EUR -5.8 million), and to keep the equity ratio steady year-on-year (December 31, 2022: 37.8%) and limit the increase in the net leverage ratio to less than 3 years (December 31, 2022: 2.3 years).

As previously stated, much of the investment budget relates to land that will be purchased once the local authorities have issued the construction permits. This may take place after the end of the fiscal year in the first quarter of 2024, which would have a positive effect on free cash flow in the reporting year and the accounting ratios as of the end of the 2023 fiscal year.

Our expectations are still based on the assumptions that there will be no major disruptions to supply chains in 2023, for example due to pandemic-related restrictions or economic sanctions, that energy will be available in sufficient quantities and that there will be no significant deviations from the anticipated price developments.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated income statement

	Q2 2023		Q2 2022	
	EURk	Percentage share	EURk	Percentage share
Revenue	**139,580**	**100.0**	**127,360**	**100.0**
Own work capitalized	177	0.1	72	0.1
Total output	**139,757**	**100.1**	**127,432**	**100.1**
Other operating income	1,712	1.2	4,305	3.4
Cost of materials	-82,424	-59.1	-74,777	-58.7
Staff costs	-33,457	-24.0	-29,152	-22.9
Depreciation/amortization	-6,000	-4.3	-6,119	-4.8
Other operating expenses	-11,476	-8.2	-12,422	-9.8
EBIT	**8,112**	**5.8**	**9,267**	**7.3**
Finance costs	-1,739	-1.2	-1,169	-0.9
EBT	**6,373**	**4.6**	**8,098**	**6.4**
Income taxes	-971	-0.7	-2,562	-2.0
Net income/loss for the period	**5,402**	**3.9**	**5,536**	**4.3**
Earnings per share in EUR	1.73	–	1.77	–

	H1 2023		H1 2022	
	EURk	Percentage share	EURk	Percentage share
Revenue	**280,521**	**100.0**	**258,126**	**100.0**
Own work capitalized	237	0.1	142	0.1
Total output	**280,758**	**100.1**	**258,268**	**100.1**
Other operating income	3,754	1.3	6,908	2.7
Cost of materials	-168,513	-60.1	-151,966	-58.9
Staff costs	-66,527	-23.7	-60,460	-23.4
Depreciation/amortization	-12,069	-4.3	-12,215	-4.7
Other operating expenses	-23,183	-8.3	-23,497	-9.1
EBIT	**14,219**	**5.1**	**17,038**	**6.6**
Finance costs	-3,592	-1.3	-2,589	-1.0
EBT	**10,627**	**3.8**	**14,449**	**5.6**
Income taxes	-2,096	-0.7	-3,702	-1.4
Net income/loss for the period	**8,531**	**3.0**	**10,747**	**4.2**
Earnings per share in EUR	2.73	–	3.44	–

Consolidated statement of comprehensive income

EURk	Q2 2023	Q2 2022
Net income/loss for the period	**5,402**	**5,536**
Net losses (PY: net gains) from cash flow hedges	839	-1,312
Tax effect	-238	322
Currency translation difference	-1,263	1,899
Items that may be reclassified to profit and loss in a subsequent period	**-662**	**909**
Actuarial gains on defined benefit pension plans	-451	9,188
Tax effect	131	-2,677
Items that will not be reclassified to profit or loss	**-320**	**6,511**
Other comprehensive income after tax	**-982**	**7,420**
Total comprehensive income after tax	**4,420**	**12,956**

EURk	H1 2023	H1 2022
Net income/loss for the period	**8,531**	**10,747**
Net losses from cash flow hedges	2,412	-346
Tax effect	-571	128
Currency translation difference	-2,468	1,839
Items that may be reclassified to profit and loss in a subsequent period	**-627**	**1,621**
Actuarial gains on defined benefit pension plans	-1,083	17,068
Tax effect	315	-4,783
Items that will not be reclassified to profit or loss	**-767**	**12,285**
Other comprehensive income after tax	**-1,394**	**13,906**
Total comprehensive income after tax	**7,137**	**24,653**

Consolidated statement of financial position

ASSETS

EURk	June 30, 2023	Dec. 31, 2022
Property, plant and equipment	167,371	175,591
Intangible assets	8,720	9,019
Contract assets	21,945	20,995
Deferred tax assets	13,238	13,240
Non-current assets	**211,273**	**218,845**
Inventories	**37,609**	**39,615**
Trade receivables	62,944	54,233
Contract assets	71,731	66,272
Other assets	15,039	14,518
Other financial assets	4,157	3,017
Income tax receivables	775	580
Receivables and other assets	**154,646**	**138,620**
Cash and cash equivalents	**4,585**	**3,201**
Current assets	**196,840**	**181,436**
TOTAL EQUITY AND LIABILITIES	**408,113**	**400,281**

EQUITY AND LIABILITIES

EURk	June 30, 2023	Dec. 31, 2022
Equity	**153,296**	**151,316**
Non-current financial liabilities	45,633	42,044
Pension provisions	42,152	41,578
Other provisions	4,111	5,357
Other financial liabilities	1,291	2,429
Deferred tax liabilities	1,529	1,731
Non-current liabilities	**94,716**	**93,139**
Trade and other payables	90,357	70,691
Current financial liabilities	59,395	76,523
Other financial liabilities	1,590	1,827
Current portion of pension provisions	1,964	1,177
Current portion of other provisions	6,796	5,608
Current liabilities	**160,102**	**155,826**
Total liabilities	**254,818**	**248,965**
TOTAL EQUITY AND LIABILITIES	**408,113**	**400,281**

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 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			-4,688	12,285	1,839	-218	9,218
June 30, 2022	**9,375**	**37,494**	**98,041**	**-7,218**	**5,877**	**1,697**	**145,266**
							Total 2023
January 1, 2023	**9,375**	**37,494**	**102,505**	**-4,344**	**3,018**	**3,268**	**151,316**
Net income/loss for the period			8,531				8,531
Other comprehensive income				-767	-2,468	1,841	-1,394
Total net income/loss for the period	**9,375**	**37,494**	**111,036**	**-5,111**	**550**	**5,109**	**158,453**
Dividend payment			-5,156				-5,156
June 30, 2023	**9,375**	**37,494**	**105,880**	**-5,111**	**550**	**5,109**	**153,296**

Consolidated statement of cash flows

EURk	H1 2023	H1 2022
Net income/loss for the period	8,531	10,747
Depreciation of property, plant and equipment and amortization of intangible assets	12,069	12,215
Income tax expense	2,096	3,702
Interest income and expenses	3,592	2,558
Change in current assets	-14,020	-38,373
Change in non-current assets	-950	1,328
Change in current liabilities (not including financial liabilities)	-1,138	11,252
Change in non-current liabilities (not including financial liabilities)	19,476	-17,154
Income taxes paid	-5,927	-1,674
Other non-cash expenses/income	-4,016	15,831
Gain on disposal of property, plant and equipment	-3	2
Cash flow from operating activities	**19,710**	**434**
Proceeds from disposal of property, plant and equipment	3	41
Payments for capital expenditure on property, plant and equipment	-4,767	-5,173
Payments for capital expenditure on intangible assets	-157	-755
Cash flow from investing activities	**-4,920**	**-5,887**
Dividend paid	-5,156	-4,688
Interest paid	-4,161	-2,924
Interest received	289	303
Proceeds from borrowings	32,913	21,144
Repayment of borrowings	-49,680	-11,750
Repayment of lease liabilities	-2,539	-2,307
Cash flow from financing activities	**-28,335**	**-222**
Net change in cash and cash equivalents	-13,545	-5,675
Effect of exchange rate changes on cash and cash equivalents	-87	-260
Cash and cash equivalents as of January 1	-3,201	-5,901
Cash and cash equivalents as of June 30	**-16,834**	**-11,836**
of which cash and cash equivalents according to the statement of financial position	4,585	6,007
of which bank borrowings due on demand included in the Group's cash management	-21,419	-17,843

Notes to the consolidated interim financial statements

Information on the company

PWO 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. Progress-Werk Oberkirch Aktiengesellschaft was renamed PWO AG effective May 16, 2023. The currently applicable version of the Articles of Association is the version dated May 10, 2023. The fiscal year is the calendar year.

The condensed consolidated interim financial statements of PWO AG and its subsidiaries for the second quarter and the first half of 2023 were submitted to the Audit Committee of the Supervisory Board for review by way of Executive Board resolution dated July 25, 2023.

Accounting methods

Basis of preparation of the financial statements

The condensed consolidated interim financial statements as of June 30, 2023 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, 2022. 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, 2022. More detailed explanations can be found from page 63 onwards in the notes to the 2022 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, 2022 are consistent with those followed in the preparation of the condensed consolidated interim financial statements, with the exception of the standards and interpretations applicable for the first time as of January 1, 2023.

Standard	First-time adoption	Amendments	Effects on the consolidated financial statements
IFRS 17: Insurance Contracts (including amendments to IFRS 17)	January 1, 2023	IFRS 17 replaces IFRS 4 and creates, for the first time, standardized requirements for recognizing, measuring and disclosures on insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. Under the IFRS 17 measurement model, groups of insurance contracts are measured based on the expected value of discounted cash flows, with an explicit risk adjustment for non-financial risk and a contractual service margin that results in the recognition of profit in accordance with performance. Instead of premium income, "insurance revenue" in each period is the changes from the liability to provide coverage for which the insurance company receives compensation and a portion of the premiums that cover the insurance acquisition expenses. Payments and receipts from savings components are not recognized as revenue/income or expenses in the income statement. Insurance finance income and expense result from discounting effects and financial risks. For each portfolio, they can be recognized either through profit or loss in the income statement or in other comprehensive income. Changes to assumptions not related to interest rates or financial risks are not recognized directly in the income statement and are instead posted against the contractual service margin and thus allocated over the duration of the services still to be rendered. Changes in estimates are recognized directly only in the case of groups of insurance contracts where there is a risk of losses. IFRS 17 provides a form of approximation for short-term contracts, which depicts the liability to provide coverage via unearned premiums, as previously. Under IFRS 17, liabilities from incurred claims that have not yet been settled are discounted at current rates. IFRS 17 modifies the general measurement model for large parts of life insurance business with direct participation features: changes to the shareholders' portion of development in the sources of income underlying the direct participation are recognized in the contractual service margin and are allocated over the remaining duration of service. If retrospective application is not possible, the contractual service margin at the transition date can be calculated using a modified retrospective approach or by comparing the expected value of the discounted cash flows and risk adjustment with the fair value at the transition date. As well as deferring the initial application of IFRS 17 (and the exemption for insurers for the initial application of IFRS 9) by 2 years from January 1, 2021 to January 1, 2023, the amendments from June 2020 essentially relate to the following areas: • Accounting for certain cash and cash equivalents (e.g. credit cards; exemption from scope/break-down) and loans (option to apply either IFRS 17 or IFRS 9), where these include insurance risks. • Collecting profits not only according to the insurance coverage provided but also according to the investment management services rendered. • Allocation of insurance acquisition expenses to expected contractual contract renewals outside the boundary of the original contract. • Taking account of risk management measures not only for risk mitigation via derivatives but also for risk mitigation via reinsurance or using conventional financial instruments. • Recognizing assets and liabilities from insurance contracts at portfolio level instead of at group level of insurance contracts. • Reinsurance of loss-making contracts should be allowed to be recognized as profit provided this covers loss-making contracts. • Accounting for loss obligations assumed as part of a company acquisition before transition to IFRS 17. The December 2021 amendment adds the option to apply a classification overlay approach if certain conditions are met. This ensures more meaningful comparative information on the financial instruments in the year prior to the initial application of IFRS 17, i.e. for 2022. The classification overlay approach can be applied if no financial asset is restated with regard to the IFRS 9 comparative information in 2022 when first applying IFRS 17 and IFRS 9 at the same time. The classification overlay approach bases the classification into IFRS 9 categories on the latest information available at the transition date, i.e. how the entity plans to classify its financial assets when applying IFRS 9 for the first time. The comparative information is disclosed as if the classification and measurement provisions under IFRS 9 had already been applied in the comparative period with the exception of the impairment regulations, for which the classification overlay approach does not require disclosure under IFRS 9. Differences between the previous carrying amount of a financial asset and the amount resulting from the classification overlay approaches are to be recognized in equity. The entity must also disclose the extent to which it makes use of the approach (e.g. whether it was applied to all financial assets disposed of in 2022) and whether and to what extent it was disclosed in accordance with the IFRS 9 impairment regulations. The transitional provisions in accordance with IFRS 9 are to be applied upon initial application of IFRS 9 as of January 1, 2023 regardless of whether or not the classification overlay approach was used.	No material impact.
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	January 1, 2023	The amendment to IAS 1 states that only "material" accounting policies are to be disclosed in the notes. To quality as material, the accounting policy must relate to material transactions or other events and there must be a reason for the disclosure. For example, reasons include the policy being amended, the policy is an option, it is complex or highly discretionary or it was developed in accordance with IAS 8.10–11. The amendments to Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. Accordingly, the focus in the future should be on company-specific disclosures as opposed to standardized disclosures.	No material impact.

Standard	First-time adoption	Amendments	Effects on the consolidated financial statements
Amendments to IAS 8: Definition of Accounting Estimates	January 1, 2023	The amendment to IAS 8 clarifies how companies can better differentiate between amendments to accounting policies and changes in estimates. It states that an accounting estimate is always related to measurement uncertainty for a financial indicator in the financial statements. As well as input parameters, an entity also uses valuation methods to determine an estimate. Valuation methods can be estimation techniques or valuation techniques.	No material impact.
Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	January 1, 2023	The amendments address current uncertainties in accounting for deferred taxes related to leases and decommissioning/restoration obligations. If assets and liabilities are recognized for the first time, the "initial recognition exemption" (IAS 12.15) applied under certain circumstances. In these cases, deferred taxes are not to be recognized. In practice, there was uncertainty as to whether this exemption also applied to leases and decommissioning/restoration obligations. A strictly limited amendment to IAS 12 has now been made to ensure that the standard is applied consistently. Based on this amendment, the initial recognition exemption no longer applies to transactions that give rise to equal deductible and taxable temporary differences on initial recognition, even if the other previously valid conditions are met. This is thus a counter-exemption from the initial recognition exemption for a strictly defined group of cases. The amendments mean that deferred taxes, for example, are to be recognized on leases recognized at the lessee and on decommissioning/restoration obligations.	No material impact.

Basis of consolidation

There were the following changes to the basis of consolidation as against the consolidated financial statements as of December 31, 2022. The company PWO SEE d.o.o. Beograd, headquartered in Belgrade, Serbia, was consolidated for the first time. The share capital was paid in and registered.

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	
		June 30, 2023	June 30, 2022	H1 2023	H1 2022
China	CNY	7.90	6.96	7.49	7.08
Canada	CAD	1.44	1.34	1.46	1.39
Mexico	USD	1.09	1.04	1.08	1.09
Serbia	RSD	117.23	n/a	117.28	n/a

Notes to the income statement

Revenue

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

External revenue by business unit and by region is shown in the tables below. The business units are explained in the "PWO Group principles" section of the Group management report in the 2022 Annual Report.

REVENUE BY BUSINESS UNIT

EURk	H1 2023	H1 2022
Electronic, Chassis and Airbag Components	98,610	94,694
Steering and Seat Components	65,762	53,861
Body and Instrument Panel Carrier Components	103,129	83,511
Other revenue	13,019	26,060
TOTAL	**280,521**	**258,126**

REVENUE BY REGION (BY CUSTOMER'S REGISTERED OFFICE)

EURk	H1 2023	H1 2022
Germany	81,748	83,927
Rest of Europe	80,918	70,534
North America	88,656	75,124
Other countries	29,198	28,541
TOTAL	**280,521**	**258,126**

Other operating income

Other operating income essentially includes currency gains of EUR 2,231 thousand (previous year: EUR 5,906 thousand).

Other operating expenses

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

EURk	H1 2023	H1 2022
Currency expenses	2,894	5,770
Costs for temporary employees	2,867	3,169
Maintenance costs	3,448	2,893
Legal, audit and consulting fees	2,383	1,456
Outgoing freight	1,787	1,443
Lease expenses	1,538	1,358

Income taxes

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

EURk	H1 2023	H1 2022
Current taxes	2,437	3,062
Deferred taxes	-341	640
TOTAL	**2,096**	**3,702**

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 PWO AG by the weighted average number of shares outstanding. There were no dilutive effects from stock options or convertible preference shares.

EURk	Q2 2023	Q2 2022
Earnings after taxes	5,402	5,536
Average number of no-par shares	3,125,000	3,125,000
Earnings per share in EUR	**1.73**	**1.77**

EURk	H1 2023	H1 2022
Earnings after taxes	8,531	10,747
Average number of no-par shares	3,125,000	3,125,000
Earnings per share in EUR	**2.73**	**3.44**

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 2022 consolidated financial statements.

The developments on the capital market and of inflation rates in the first half of 2023 in particular were indications of possible impairment of property, plant and equipment and intangible assets. As a result, impairment tests were performed for goodwill and for property, plant and equipment and intangible assets, updating the cost-of-capital parameters (WACC) used to calculate the value in use as of June 30, 2023 for all cash-generating units. Compared to December 31, 2022, the capitalization rate changed by between -0.3 and 0.8 percentage points for the different test units. The growth deductions were not adjusted. The basic assumptions for calculating the recoverable amount for the various cash-generating units were maintained for the long-term earnings forecast. None of the impairment tests performed identified any need for impairment as of June 30, 2023.

Equity

Issued capital

As of June 30, 2023, the fully paid-in subscribed capital amounted to EUR 9,375 thousand (previous year: EUR 9,375 thousand), divided into 3,125,000 (previous year: 3,125,000) no-par shares.

Authorized capital

By way of resolution of the Annual General Meeting of July 28, 2020, the Executive Board is authorized, with the approval of the Supervisory Board, to increase the share capital of the company by up to EUR 4,687,500 in total by issuing new no-par bearer shares in return for cash or non-cash contributions on one or several occasions (Authorized Capital 2020) by July 27, 2025 (inclusively).

Retained earnings and other equity

As of June 30, 2023, consolidated equity included income and expenses from the currency translation of foreign subsidiaries of EUR 550 thousand (previous year: EUR 5,877 thousand) and from cash flow hedges of EUR 5,109 thousand (previous year: EUR 1,697 thousand).

Dividend distribution

The dividend of PWO AG for the 2022 fiscal year of EUR 5,156 thousand (EUR 1.65 per eligible no-par share) was paid out in May 2023. A dividend of EUR 4,888 thousand (EUR 1.50 per eligible no-par share) was paid for the 2021 fiscal year in the previous year.

Notifications in accordance with section 33 WPHG

No notifications of equity interests in PWO AG were received in the first half of 2023.

Liabilities

Pension provisions

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

	June 30, 2023	Dec. 31, 2022
Discount rate	4.04%	4.21%
Turnover rate	2.00%	2.00%
Future salary trend >40 years	2.75%	2.75%
Future salary trend >40 years (career trend)	3.75%	3.75%
Future pension adjustments	2.20%	2.20%
Mortality	RT Heubeck 2018 G	RT Heubeck 2018 G

The increase in pension provisions of EUR 1,362 thousand essentially relates to the adjustment of the discount rate in line with the current interest rate level as of June 30, 2023.

Other provisions

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

Off-balance sheet transactions

Trade receivables are sold on an ongoing basis to generate cash and cash equivalents to finance operating activities and thereby allow improved liquidity planning. All material risks have been transferred to the factor. Receivables with a nominal value of EUR 25,899 thousand (previous year: EUR 24,402 thousand) had been sold as of June 30, 2023; these are reported net in the statement of financial position. The transferred receivables are current receivables, the carrying amount of which equals the fair value of the transferred assets. Cash inflows and outflows from factoring are assigned to cash flow from operating activities. As of the end of the reporting period, there were receivables from the factoring company of EUR 3,803 thousand, which are reported in other assets.

Trade receivables are financed by banks (factor) in customer-based supplier finance programs. The banks bear the default risk to the supplier. Receivables of EUR 11,314 thousand (previous year: EUR 5,493 thousand) had been assigned to banks as of June 30, 2023.

Capital management

Capital is monitored via the net leverage ratio and the equity ratio. Our finance strategy aims for a net leverage ratio of less than 3 years and an equity ratio of 30%.

Net leverage ratio

EURk	June 30, 2023	Dec. 31, 2022
Financial liabilities	105,028	118,567
Less cash and cash equivalents	-4,585	-3,201
Net financial debt	**100,443**	**115,366**
EBITDA[1]	48,228	51,193
Net leverage ratio (in years)	**2.1**	**2.3**

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

Equity ratio

EURk	June 30, 2023	Dec. 31, 2022
Equity	153,296	151,316
Total equity and liabilities	408,113	400,281
Equity ratio	**37.6%**	**37.8%**

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Contents

Financial instruments

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

	Category	Book value		Fair value	
EURk	IFRS 9	June 30, 2023	Dec. 31, 2022	June 30, 2023	Dec. 31, 2022
ASSETS					
Trade receivables	AC	**62,944**	**54,233**	**62,944**	**54,233**
Other financial assets		**4,157**	**3,017**	**4,157**	**3,017**
of which hedging derivatives	n/a	3,734	2,287	3,734	2,287
of which non-hedging derivatives	FVtPL	424	730	424	730
of which deposits > 3 months	AC	–	–	–	–
Cash and cash equivalents	AC	**4,585**	**3,201**	**4,585**	**3,201**
EQUITY AND LIABILITIES					
Financial liabilities		**105,028**	**118,567**	**105,522**	**118,528**
Liabilities to banks	AC	63,386	74,795	64,764	75,929
of which variable rate		46,419	14,805	46,419	14,805
of which fixed rate		16,967	59,990	18,344	61,124
Liabilities from promissory notes	AC	24,996	24,986	24,684	24,850
of which variable rate		3,000	2,998	3,000	2,998
of which fixed rate		21,997	21,988	21,684	21,852
Liabilities to leasing companies	n/a	16,646	18,785	16,075	17,749
of which variable rate		–	–	–	–
of which fixed rate		16,646	18,785	16,075	17,749
Trade payables	AC	**52,076**	**41,461**	**52,076**	**41,461**
Other financial liabilities		2,881	4,256	2,881	4,256
of which hedging derivatives	n/a	677	1,133	677	1,133
of which non-hedging derivatives	FVtPL	2,203	3,123	2,203	3,123
of which others	AC	–	–	–	–
of which aggregated by measurement category:					
Loans and receivables	AC	67,529	57,434	67,529	57,434
Financial liabilities measured at amortized cost	AC	140,458	141,243	141,523	142,240
Financial assets held for trading	FVtPL	424	730	424	730
Financial liabilities held for trading	FVtPL	2,203	3,123	2,203	3,123

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, 2022. There were no material changes as of June 30, 2023.

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 EUR 21,419 thousand (previous year: EUR 17,843 thousand) are included in “Current financial liabilities” in the statement of financial position.

Segment report

As of June 30, 2023, there were 4 customers with a share of more than 10% in the reported revenue, amounting to EUR 44,078 thousand, EUR 41,890 thousand, EUR 34,676 thousand and EUR 32,371 thousand, which related to all business units. Revenue shares in excess of 10%, amounting to EUR 44,239 thousand, EUR 31,902 thousand, EUR 31,562 thousand and EUR 30,537 thousand, were identified with 4 customers in the previous year.

Segment information by region H1 2023

EURk	Germany	Czechia	Serbia	Canada	Mexico	China	Consolidation	Group
Total revenue	126,258	67,775	0	21,971	56,400	26,834	-503	298,736
Internal revenue	-9,254	-6,215	0	-378	-470	-1,896	0	-18,214
External revenue	**117,004**	**61,559**	**0**	**21,593**	**55,930**	**24,938**	**-503**	**280,521**
Total output	**126,376**	**67,775**	**0**	**21,971**	**56,519**	**26,834**	**-18,717**	**280,758**
Total income	6,007	477	0	609	349	238	-3,925	3,754
Total expenses	-124,566	-62,268	-29	-21,826	-49,347	-22,348	22,161	-258,223
Depreciation/amortization	-4,579	-2,671	0	-1,090	-2,391	-1,354	16	-12,069
EBIT before currency effects	**3,553**	**3,454**	**-29**	**-233**	**5,337**	**3,314**	**-514**	**14,882**
EBIT including currency effects	**3,239**	**3,313**	**-29**	**-336**	**5,130**	**3,395**	**-493**	**14,219**
Interest income	2,617	0	0	6	1	1	-2,336	289
Interest expenses	-2,813	-1,453	0	-408	-1,063	-470	2,326	-3,881
Earnings before taxes (EBT)	**3,043**	**1,860**	**-29**	**-738**	**4,068**	**2,926**	**-503**	**10,627**
Income taxes	-821	332	0	185	-1,220	-713	141	-2,096
Net income/loss for the period	**2,221**	**2,192**	**-29**	**-553**	**2,848**	**2,212**	**-360**	**8,531**
Assets	165,694	135,513	650	35,258	67,330	52,500	-48,833	408,113
of which non-current assets[1]	47,354	61,199	386	17,378	26,497	23,369	-93	176,090
of which contract assets	37,248	32,535	0	6,775	11,869	8,823	-3,573	93,676
Liabilities	42,575	80,150	51	18,547	42,113	55,523	15,859	254,818
Capital expenditure	1,018	2,161	0	831	630	734	0	5,374
Employees (as of June 30)	**993**	**658**	**2**	**260**	**637**	**247**	**0**	**2,797**

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

Segment information by region H1 2022

EURk	Germany	Czechia	Serbia	Canada	Mexico	China	Consolidation	Group
Total revenue	127,287	54,722	0	24,932	41,973	22,494	182	271,590
Internal revenue	-7,534	-4,575	0	-450	-97	-808	0	-13,464
External revenue	**119,753**	**50,147**	**0**	**24,482**	**41,876**	**21,686**	**182**	**258,126**
Total output	**127,430**	**54,722**	**0**	**24,932**	**41,973**	**22,494**	**-13,283**	**258,268**
Total income	9,095	308	0	788	513	486	-4,282	6,908
Total expenses	-125,571	-48,126	0	-24,456	-34,807	-19,926	-16,964	-235,923
Depreciation/amortization	-4,670	-2,577	0	-1,093	-2,550	-1,352	27	-12,215
EBIT before currency effects	**6,319**	**4,407**	**0**	**58**	**5,117**	**1,603**	**-602**	**16,902**
EBIT including currency effects	**6,283**	**4,327**	**0**	**171**	**5,129**	**1,702**	**-574**	**17,038**
Interest income	2,401	0	0	0	1	2	-2,101	303
Interest expenses	-2,071	-801	0	-292	-1,104	-725	2,101	-2,892
Earnings before taxes (EBT)	**6,613**	**3,526**	**0**	**-121**	**4,026**	**979**	**-574**	**14,449**
Income taxes	-2,638	88	0	30	-1,208	-261	287	-3,702
Net income/loss for the period	**3,975**	**3,614**	**0**	**-91**	**2,818**	**718**	**-287**	**10,747**
Assets	166,602	110,663	0	39,053	66,513	57,261	-32,957	407,135
of which non-current assets[1]	53,524	60,963	0	17,670	31,270	28,433	-124	191,736
of which contract assets	41,721	17,097	0	9,359	10,667	9,486	-1,825	86,505
Liabilities	39,303	45,997	0	20,368	46,523	56,191	53,487	261,869
Capital expenditure	1,836	5,899	0	1,254	1,299	147	0	10,435
Employees (as of June 30)	**1,034**	**675**	**0**	**313**	**555**	**293**	**0**	**2,870**

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

Events after the end of the reporting period

There were no reportable events of particular significance for the net assets, financial position and results of operations after the end of the reporting period.

Composition of the Supervisory Board and the Executive Board

The composition of the Supervisory Board did not change in the reporting period. There were the following changes in the composition of the Executive Board:

Dr. Cornelia Ballwießer resigned at the end of June 30, 2023. Her employment contract was terminated by mutual agreement as of that date. Effective July 1, 2023 until June 30, 2026, the Supervisory Board appointed Jochen Lischer, authorized representative and head of Finance and Controlling at PWO AG, as Dr. Ballwießer's successor on the Executive Board.

The employment contract with Johannes Obrecht was canceled by mutual agreement effective April 30, 2023. In accordance with the Supervisory Board resolution of April 21, 2023, the Executive Board of PWO AG was downsized from previously 3 members to 2 members effective May 1, 2023.

Members of the Executive Board

- Carlo Lazzarini | Chairman/CEO
- Dr. Cornelia Ballwießer | CFO (until June 30, 2023)
- Jochen Lischer | CFO (from July 1, 2023)
- Johannes Obrecht | COO (until April 30, 2023)

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

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 25, 2023

The Executive Board

Carlo Lazzarini Chairman/CEO	Jochen Lischer CFO

Report by the Audit Committee of the Supervisory Board

The interim financial report for the second quarter and the first half of 2023 was submitted to the Audit Committee and explained by the Executive Board. The Audit Committee approved the interim financial report.

Oberkirch, July 28, 2023

Chairman of the Audit Committee

Carsten Claus

OTHER INFORMATION

Financial calendar

November 8, 2023	Quarterly statement on the third quarter and first 9 months of 2023
November 27 – 29, 2023	German Equity Forum, Frankfurt/Main

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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 the assumptions, expectations, estimates, forecasts and planning derived from them. These forward-looking statements are not to be interpreted as guarantees of the future developments and results described. Various known and unknown risks, uncertainties and other factors could cause actual developments and results to differ materially from the assessments expressed or implied. 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 in line with future events or developments.

Notes

Figures in this document are typically presented in EURk. Differences in the individual figures versus the actual amounts may emerge due to rounding. Such differences are not of a significant nature. 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.

Pictures

PWO

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