



# SINGLE-ENTITY FINANCIAL STATEMENTS

**2022 FISCAL YEAR**



# Contents

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
  - 005 General information
  - 005 Accounting policies
  - 007 Balance sheet disclosures
  - 010 Income statement disclosures
  - 012 Other disclosures
- 017 Independent auditor's report
- 021 Responsibility statement

# Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

The management report of Progress-Werk Oberkirch AG and the Group management report for 2022 are combined pursuant to Section 315 (5) HGB in conjunction with Section 298 (2) HGB and published in the 2022 annual report.

The annual financial statements and the management report of Progress-Werk Oberkirch AG for the 2022 fiscal year, which is combined with the Group management report, will be submitted to the operator of the German Federal Gazette [Bundesanzeiger] and published there.

The annual financial statements of Progress-Werk Oberkirch AG and the 2022 annual report are also available online at

→ [www.pwo-group.com/en/investors-press/news-publications/reports/](https://www.pwo-group.com/en/investors-press/news-publications/reports/) and, once the Annual General Meeting 2023 has been convened, at

→ [www.pwo-group.com/en/investors-press/annual-general-meeting/](https://www.pwo-group.com/en/investors-press/annual-general-meeting/).



# Balance sheet of Progress-Werk Oberkirch AG

## Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

- 003** Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

### ASSETS

EURk	2022	2021
Note No.		
	Contract and customer-related development services	3,119
	Purchased industrial property rights and similar rights	2,197
	<b>Intangible assets</b>	<b>5,316</b>
	Land and buildings	29,977
	Technical equipment and machinery	17,466
	Other plant, factory and office equipment	3,273
	Prepayments made and assets under construction	1,897
	<b>Tangible fixed assets</b>	<b>52,613</b>
	Shares in affiliated companies	48,134
	Loans to affiliated companies	74,084
	<b>Financial assets</b>	<b>122,218</b>
2	<b>Fixed assets</b>	<b>180,147</b>
	Raw materials, consumables and supplies	11,715
	Work in progress	14,286
	Finished goods	16,136
3	<b>Inventories</b>	<b>42,137</b>
	Trade receivables	5,405
	Receivables from affiliated companies	35,796
	Other assets	5,322
4	<b>Receivables and other assets</b>	<b>46,523</b>
	Cash-in-hand and bank balances	2,448
	<b>Current assets</b>	<b>91,108</b>
5	<b>Deferred tax assets</b>	<b>10,218</b>
	<b>Total equity and liabilities</b>	<b>281,473</b>

### EQUITY AND LIABILITIES

EURk	2022	2021
Note No.		
	Subscribed capital	9,375
	Capital reserves	38,690
	Legal reserve	204
	Other revenue reserves	63,985
	<b>Revenue reserves</b>	<b>64,189</b>
	Net retained profit	4,700
6	<b>Equity</b>	<b>116,954</b>
7	Provisions for pensions and similar obligations	57,660
	Tax provisions	280
8	Other provisions	15,563
	<b>Provisions</b>	<b>73,503</b>
	Liabilities to banks	66,315
	Payments received on account of orders	320
	Trade payables	14,626
	Liabilities to affiliated companies	934
	Other liabilities	8,821
9	<b>Liabilities</b>	<b>91,016</b>
	<b>Total equity and liabilities</b>	<b>281,473</b>

# Income statement of Progress-Werk Oberkirch AG

## Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

003 Balance sheet of Progress-Werk  
 Oberkirch AG

**004 Income statement of Progress-Werk  
 Oberkirch AG**

005 Notes to the financial statements of  
 Progress-Werk Oberkirch AG

017 Independent auditor's report

021 Responsibility statement

022 Contact

EURk		2022	2021
Note No.			
10	<b>Sales</b>	<b>255,193</b>	<b>206,530</b>
	Increase or decrease in finished goods inventories and work in progress	-1,807	737
11	Other own work capitalized	566	542
	<b>Gross revenue for the period</b>	<b>253,952</b>	<b>207,809</b>
12	Other operating income	5,731	11,132
	Cost of raw materials, consumables and supplies, and of purchased merchandise	-110,727	-80,931
	Cost of purchased merchandise	-36,153	-27,488
	<b>Cost of materials</b>	<b>-146,880</b>	<b>-108,419</b>
	Wages and salaries	-58,073	-57,960
	Social security and post-employment expenses	-16,141	-15,985
13	<b>Personnel expenses</b>	<b>-74,214</b>	<b>-73,945</b>
	Depreciation of tangible fixed assets and amortization of intangible assets	-9,429	-10,466
14	Other operating expenses	-34,869	-30,251
15	Income from equity investments, thereof from affiliated companies EURk 5,000 (p/y: EURk 7,000)	5,000	7,000
16	Income from long-term loans, thereof from affiliated companies EURk 3,181 (p/y: EURk 2,488)	3,181	2,488
17	Reversals of write-downs on financial assets	7,456	14,702
18	Other interest and similar income, thereof from affiliated companies EURk 1,265 (p/y: EURk 1,574)	1,853	1,957
19	Interest and similar expenses	-4,420	-5,038
	<b>Financial result</b>	<b>13,070</b>	<b>21,109</b>
	<b>Result from ordinary activities</b>	<b>7,361</b>	<b>16,969</b>
20	Taxes on income	1,244	201
	<b>Earnings after taxes</b>	<b>8,605</b>	<b>17,170</b>
	Other taxes	-482	-316
	<b>Net income</b>	<b>8,123</b>	<b>16,854</b>
	Retained profits carried forward from previous year (p/y: accumulated losses carried forward)	12	-15,469
	Withdrawal from other revenue reserves	0	3,315
	<b>Net retained profit</b>	<b>8,135</b>	<b>4,700</b>

# Notes to the financial statements of Progress-Werk Oberkirch AG

## General information

Progress-Werk Oberkirch AG is a listed corporation headquartered at Industriestrasse 8, 77704 Oberkirch, Germany. It is registered and entered in the commercial register of the Freiburg Local Court under HRB 490007.

The annual financial statements have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) for large corporations and the *Aktiengesetz* (AktG – German Stock Corporation Act).

The income statement was prepared in line with the total cost (nature of expense) method. For the purposes of clarity, the line “Reversals of write-downs on financial assets” was added to the standard in accordance with section 275(2) HGB. The financial statements are presented in thousands of euro.

The fiscal year is the calendar year.

## Accounting policies

### 1 Summary of key accounting policies

The following accounting policies were applied with no changes in preparing the annual financial statements.

#### Fixed assets

Intangible assets and tangible assets are measured at acquisition or production cost. Both directly attributable material and production costs and the necessary material and production overheads, including reasonable amounts of depreciation of fixed assets, were taken into account in determining the production cost of own work capitalized.

The capitalization option provided by section 248(2) HGB was exercised for internally generated intangible fixed assets.

The amortization of intangible assets and the depreciation of tangible assets are calculated using the straight-line method (until 2011, also using the diminishing balance method). Order-related tools were depreciated based on the number of units produced in the reporting year in relation to the total number of items commissioned or planned.

The standard useful life is 3 to 5 years for software, 25 to 50 years for buildings, 2 to 10 years for technical equipment and machinery, 3 to 14 years for operating and office equipment, and 3 to 5 years for IT hardware.

Low-value assets with an individual net value of up to EUR 250 are depreciated in full and expensed in the year of acquisition, assuming immediate disposal from the balance sheet. An omnibus item is recognized for assets with an individual net value of between EUR 250 and EUR 1,000. The annual omnibus items, the combined amount of which is immaterial overall, are written down by 20% in the year of their addition and the 4 subsequent years.

In the case of a finance lease, an asset item is recognized in fixed assets and a liability is recognized in the same amount. The asset item is written down on a straight-line basis over the economic useful life. The respective lease installments reduce the liability over its term.

Shares in affiliated companies are carried at the lower of acquisition cost and fair value. Loans are recognized at nominal amount. Write-downs are recognized to reflect permanent impairment to the extent

necessary and permissible. Impairment losses on shares in affiliated companies are calculated on the basis of annual impairment testing. Impairment testing is based on calculations of earnings value taken from the respective company's medium-term planning and assuming a perpetual annuity after the end of the planning period. Write-downs are recognized if the resulting earnings value is below the book value.

If the reasons for impairment cease to apply, impairment losses are reversed up to the maximum of amortized acquisition or production cost.

#### Current assets

Inventories of raw materials, consumables and supplies are carried at the lower of the average cost of acquisition or current value. Materials that are difficult to realize or obsolete were written down. Work in progress and finished goods are measured at the lower of production cost and fair value on the basis of an item-by-item calculation under current operational accounting. General administrative expenses and borrowing costs have not been capitalized. Measurement is at fair value.

### Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

003 Balance sheet of Progress-Werk Oberkirch AG

004 Income statement of Progress-Werk Oberkirch AG

005 Notes to the financial statements of Progress-Werk Oberkirch AG

017 Independent auditor's report

021 Responsibility statement

022 Contact

**Single-entity financial statements of  
 Progress-Werk Oberkirch AG for  
 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 **Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

**PWO  
 Single-entity financial  
 statements for 2022**

**006**

Balance sheet

Income statement

Notes to the financial statements

Auditor's report

Responsibility statement

Tooling and development contracts are measured at acquisition or production cost. They are measured at fair value, hence the maximum acquisition and production cost is equal to the selling price plus revenue generated over series production.

Beneficial ownership of tools is acquired by customers in the majority of cases. They are recognized in inventories until beneficial ownership has transferred.

Receivables and other assets are carried at nominal amount. Non-interest-bearing receivables with a term of more than 1 year were discounted. Items denominated in foreign currency items are measured at fair value. Appropriate specific valuation allowances have been recognized for all items subject to risk; the general credit risk is reflected by a flat-rate discount.

Cash and cash equivalents are carried at nominal amount.

Disbursements before the reporting date are recognized as prepaid expenses if they constitute an expense for a specific period after this date.

**Deferred taxes**

Deferred taxes are calculated for temporary and quasi-permanent differences between the accounting and tax carrying amounts of assets, liabilities, prepaid expenses and deferred income on the basis of the effective tax rate. Deferred taxes are also recognized for any tax loss carryforwards. Deferred tax assets and liabilities are netted. Any resulting net deferred tax assets are recognized utilizing the option provided by section 274(1) sentence 2 HGB.

The effective tax rate of 29.13% (p/y: 29.13%) consists of the corporate income tax rate, including a solidarity surcharge, of 15.83% (p/y: 15.83%) and a trade tax rate of 13.30% (p/y: 13.30%) that is expected to apply when the temporary differences reverse. The tax rate for trade tax is based on the average trade tax assessment rate of 380% (p/y: 380%).

**Equity**

Subscribed capital is carried at nominal amount.

**Provisions and liabilities**

Pension obligations have been measured in accordance with actuarial principles using the projected unit credit method and applying the 2018 G Heubeck RT mortality tables as a biometric basis. The rate used for discounting was taken as the average market interest rate for the past 10 years, assuming a remaining term of 15 years. Future salary and pension increases and probabilities for staff turnover are also taken into account.

The provisions for partial early retirement are measured in accordance with actuarial principles based on an average interest rate, salary trend and the 2018 G Heubeck RT mortality tables. Provisions for partial early retirement obligations are recognized in accordance with the block model for partial early retirement agreements entered into as at the reporting date and potential future agreements. The provisions include top-up amounts and obligations accrued by the company as at the balance sheet date.

Provisions for anniversary bonuses are calculated based on actuarial principles using the projected unit credit method assuming an average interest rate and based on the RT 2018 G Heubeck mortality tables. Factors such as salary trends, staff turnover rates, and increases in the assessment ceiling of the statutory pension and health insurance are also taken into account.

Tax provisions and other provisions comprise all uncertain liabilities and expected losses from executory contracts. They are carried at the settlement amount determined in line with prudent business judgment (i.e. including future cost and price increases).

Other provisions include individual provisions for all discernible risks from uncertain obligations and for expected losses from executory contracts. Expected price and cost increases were taken into account in measuring these provisions. The warranty provision was recognized on the basis of an estimate of how the vehicles in which our products are installed are used by their owners. In turn, these usage patterns were used to estimate the frequency of potential damage, which was used as an estimate for the amount of the provision.

Provisions with a remaining term of more than 1 year were discounted matched-term, average market interest rate for the past 7 years, as calculated and published by Deutsche Bundesbank. The interest effect of the change in the discounting rate is shown in the financial result.

Liabilities are measured at their settlement amount.

**Foreign currency items and translation**

Assets and liabilities denominated in foreign currencies are translated using the average spot exchange rate as at the reporting date. The realization principle (section 252(1) no. 4, 2nd half-sentence HGB) and the historical cost convention (section 253(1) sentence 1 HGB) were complied with for remaining terms of more than 1 year.

The following accounting policies apply to the extent that hedge accounting in accordance with section 254 HGB is used: Economic hedges are accounted for by recognizing hedges. In cases in which either the net hedge presentation method (where offsetting changes in value of the hedged risk are not recognized) and the gross hedge presentation method (where offsetting changes in the value of the hedged item and the hedging instrument of the hedged risk are recognized) can be applied, the gross hedge presentation method is used. Thus, the gross hedge presentation method is used to hedge recognized hedged items. In conjunction with the gross hedge presentation method, PWO designates only the spot component of the derivative as a hedging instrument, while the forward component of the derivative is recognized in accordance with general accounting policies. The offsetting positive and negative changes in value are recognized gross in profit or loss. By contrast, the net hedge presentation method is used for anticipatory hedged items and the derivative is designated as a hedging instrument in full (in its entirety).

## Balance sheet disclosures

### 2 Fixed assets

The statement of changes in fixed assets is as follows:

	Contract and customer-related development services	Purchased industrial property rights and similar rights	Intangible assets	Land and buildings	Technical equipment and machinery	Other plant, factory and office equipment	Prepayments made and assets under construction	Tangible fixed assets	Shares in affiliated companies	Loans to affiliated companies	Financial assets
<b>COST</b>											
<b>As of January 1, 2021</b>	<b>9,370</b>	<b>15,053</b>	<b>24,423</b>	<b>62,449</b>	<b>156,806</b>	<b>25,976</b>	<b>364</b>	<b>245,595</b>	<b>50,013</b>	<b>79,736</b>	<b>129,749</b>
Additions	531	723	1,254	36	2,051	919	1,570	4,576	1,719	17,752	19,471
Disposals	0	-1,686	-1,686	-155	-6,622	-3,882	0	-10,659	0	-15,039	-15,039
Reclassifications	0	0	0	0	37	0	-37	0	0	0	0
<b>As of December 31, 2021</b>	<b>9,901</b>	<b>14,090</b>	<b>23,991</b>	<b>62,330</b>	<b>152,272</b>	<b>23,013</b>	<b>1,897</b>	<b>239,512</b>	<b>51,732</b>	<b>82,449</b>	<b>134,181</b>
Additions	555	1,202	1,757	135	685	471	902	2,193	0	10,940	10,940
Disposals	0	0	0	0	-2,195	-506	0	-2,701	0	-9,004	-9,004
Reclassifications	0	126	126	53	553	0	-732	-126	0	0	0
<b>As of December 31, 2022</b>	<b>10,456</b>	<b>15,418</b>	<b>25,874</b>	<b>62,518</b>	<b>151,315</b>	<b>22,978</b>	<b>2,067</b>	<b>238,878</b>	<b>51,732</b>	<b>84,385</b>	<b>136,117</b>
<b>DEPRECIATION/AMORTIZATION</b>											
<b>As of January 1, 2021</b>	<b>5,578</b>	<b>13,063</b>	<b>18,641</b>	<b>30,812</b>	<b>133,652</b>	<b>22,601</b>	<b>0</b>	<b>187,065</b>	<b>12,850</b>	<b>13,815</b>	<b>26,665</b>
Additions	1,204	516	1,720	1,696	6,048	1,001	0	8,745	0	0	0
Disposals	0	-1,686	-1,686	-155	-4,894	-3,862	0	-8,911	0	0	0
Write-ups	0	0	0	0	0	0	0	0	-9,252	-5,450	-14,702
<b>As of December 31, 2021</b>	<b>6,782</b>	<b>11,893</b>	<b>18,675</b>	<b>32,353</b>	<b>134,806</b>	<b>19,740</b>	<b>0</b>	<b>186,899</b>	<b>3,598</b>	<b>8,365</b>	<b>11,963</b>
Additions	1,075	862	1,937	1,739	4,878	875	0	7,492	0	0	0
Disposals	0	0	0	0	-1,194	-505	0	-1,699	0	0	0
Write-ups	0	0	0	0	0	0	0	0	-3,598	-3,858	-7,456
<b>As of December 31, 2022</b>	<b>7,857</b>	<b>12,755</b>	<b>20,612</b>	<b>34,092</b>	<b>138,490</b>	<b>20,110</b>	<b>0</b>	<b>192,692</b>	<b>0</b>	<b>4,507</b>	<b>4,507</b>
<b>CARRYING AMOUNTS</b>											
As of December 31, 2021	3,119	2,197	5,316	29,977	17,466	3,273	1,897	52,613	48,134	74,084	122,218
As of December 31, 2022	2,599	2,663	5,262	28,426	12,825	2,868	2,067	46,186	51,732	79,878	131,610

#### Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

**Single-entity financial statements of  
Progress-Werk Oberkirch AG for  
2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 **Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

**008**

**PWO  
Single-entity financial  
statements for 2022**

Balance sheet

Impairment losses as referred to by section 277(3) sentence 1 HGB of EURk 662 (p/y: EURk 620) were recognized for presumably permanent impairment on intangible assets. Impairment losses on tangible assets amounted to EURk 261 (p/y: EURk 116).

**3 Inventories**

EURk	2022	2021
Raw materials, consumables and supplies	14,979	11,715
Work in progress	12,860	14,286
Finished goods	15,760	16,136
<b>TOTAL</b>	<b>43,599</b>	<b>42,137</b>

Raw materials, consumables and supplies include customer-related spare parts for tools in the amount of EURk 5,297 (p/y: EURk 4,530). A write-down of EURk 211 was recognized on development services in accordance with section 253(4) HGB. In the previous year, finished goods also included a write-down on tools of EURk 567.

**6 Equity**

EURk	Subscribed capital	Capital reserves	Legal reserve	Other revenue reserves	Net accumulated losses/net retained profits	Equity of PWO AG
<b>As of January 1, 2022</b>	<b>9,375</b>	<b>38,690</b>	<b>204</b>	<b>63,985</b>	<b>4,700</b>	<b>116,954</b>
Dividend payment					-4,688	-4,688
Net income					8,123	8,123
<b>As of December 31, 2022</b>	<b>9,375</b>	<b>38,690</b>	<b>204</b>	<b>63,985</b>	<b>8,135</b>	<b>120,389</b>

Income statement

**4 Receivables and other assets**

Receivables from affiliated companies include trade receivables of EURk 4,354 (p/y: EURk 4,869) and current loans of EURk 37,160 (p/y: EURk 30,927).

EURk	2022	thereof remaining term > 1 year	2021	thereof remaining term > 1 year
Trade receivables	10,880	0	5,405	0
Receivables from affiliated companies	41,514	0	35,796	0
Other assets	8,358	0	5,322	0
<b>TOTAL</b>	<b>60,752</b>	<b>0</b>	<b>46,523</b>	<b>0</b>

Notes to the financial statements

Auditor's report

Responsibility statement

**5 Deferred taxes**

Deferred taxes were calculated on the basis of the German income tax rate of 29.13% (p/y: 29.13%). The table below shows deferred tax assets and liabilities at the level of the individual balance sheet items:

EURk	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
Tangible fixed assets	0	0	1,212	1,575
Inventories	389	400	0	25
Other assets	90	0	0	119
Provisions	12,876	9,052	0	0
Loss carryforwards	808	2,485	0	0
<b>Subtotal</b>	<b>14,163</b>	<b>11,937</b>	<b>1,212</b>	<b>1,719</b>
Offset	-1,212	-1,719	-1,212	-1,719
<b>Total according to balance sheet</b>	<b>12,951</b>	<b>10,218</b>	<b>0</b>	<b>0</b>

The netting of deferred tax assets and liabilities resulted in net deferred tax assets.

**Subscribed capital**

The share capital of Progress-Werk Oberkirch AG amounts to EUR 9,375,000 (p/y: EUR 9,375,000) as at December 31, 2022 and is still divided into 3,125,000 no-par bearer shares, each granting 1 vote. The share capital is fully paid in. The notional interest of each no-par share in share capital is EUR 3.00. The distribution of profits is governed by section 60 AktG in conjunction with Article 18 of the Articles of Association.

**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



**Single-entity financial statements of Progress-Werk Oberkirch AG for 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

EUR 4,687,500 in total by issuing new no-par bearer shares in return for cash or non-cash contributions on 1 or several occasions (Authorized Capital 2020) by July 27, 2025 (inclusively).

The Executive Board has not utilized this authorization to date.

**Revenue reserves and other equity**

The net retained profits for fiscal 2022 of EURk 8,135 include the profit carried forward from the previous year of EURk 12.

**Notifications in accordance with Section 33 WpHG**

Progress-Werk Oberkirch AG had received the following notifications in accordance with section 33 of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) as at December 31, 2022. There may have been changes to the voting rights shown after the stated dates that did not have to be reported to the company.

Sparkasse Offenburg/Ortenau, Offenburg, Germany, notified us on December 15, 2020, that its share of the voting rights in Progress-Werk Oberkirch AG, Oberkirch, Germany, amounted to 8.56% (corresponding to 267,429 voting rights) on December 14, 2020.

Consult Invest Beteiligungsberatungs-GmbH, Böblingen, Germany, notified us on May 23, 2012 that it held between 30% and 50% of the voting rights in Progress-Werk Oberkirch AG.

7 Provisions for pensions and similar obligations

Provisions for defined benefit plans are calculated using the projected unit credit method and applying the RT 2018 Heubeck mortality tables.

The transitional amount in accordance with the German Accounting Modernization Act of EURk 6,669 is distributed over 15 years. EURk 890 (p/y: EURk 1,334) of this amount has not been recognized to date. The average market interest rate for the past 10 years of 1.79% with a remaining term of 15 years forecast in the month of October as at the reporting date was used for discounting in accordance with the *Rückstellungsabzinsungsverordnung* (RückAbzinsV – German Regulation on the Discounting of Provisions).

The difference between the pension provisions recognized based on the 7-year and 10-year average interest rate amounts to EURk 4,353 (p/y: EURk 6,191). This amount is subject to a restriction on distribution in accordance with section 253(6) HGB (see note 26).

The defined benefit obligations are measured as at the reporting date based on the following actuarial assumptions:

Percent	2022	2021
Interest	1.79%	1.87%
Turnover rate	2.00%	2.00%
Future salary trend < 40 years	3.75%	3.50%
Future salary trend > 40 years	2.75%	2.50%
Future pension adjustments	2.20%	1.75%

8 Other provisions

Other provisions include required obligations for personnel expenses of EURk 7,044 (p/y: EURk 4,910) and other discernible risks and obligations for which provisions must be recognized in accordance with commercial law. These essentially comprise provisions for profit participation of EURk 2,683 (p/y: EURk 2,017), partial early retirement of EURk 1,013 (p/y: EURk 1,132), provisions for vacation and flex-time of EURk 1,799 (p/y: EURk 965), anniversary bonuses of EURk 587 (p/y: EURk 642) and provisions for warranties and onerous contracts of EURk 9,609 (p/y: EURk 3,430). The provisions for partial early retirement are based on an interest rate of 0.41% (p/y: 0.48%), while the provisions for the anniversary bonuses are based on an interest rate of 1.45% (p/y: 1.35%).

Other provisions also include a sum of EURk 811 in connection with the vested claim for the payment planned to be made in January 2023 for the first tranche of the inflation compensation bonus for the employees. In the context of rising food prices and high energy costs, the German government has initiated an inflation compensation bonus with its third relief package. This bonus is to allow employers to grant their employees a sum of up to EURk 3 free of tax and social security contributions in the period from October 26, 2022 to December 31, 2024.

**Single-entity financial statements of  
Progress-Werk Oberkirch AG for  
2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 **Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

## 9 Liabilities

EURk 0 of liabilities to banks (p/y: EURk 1,225) are secured by mortgages. There were also the usual retentions of title from the supply of merchandise and raw materials, consumables and supplies.

Liabilities to affiliated companies include trade payables of EURk 1,621 (p/y: EURk 934).

EURk	2022	of which remaining term			of which remaining term			
		< 1 year	> 1 year	> 5 years	2021	< 1 year	> 1 year	> 5 years
Liabilities to banks	75,232	47,038	28,194	0	66,315	20,346	45,969	0
Payments received on account of orders	504	504	0	0	320	320	0	0
Trade payables	12,601	12,601	0	0	14,626	14,626	0	0
Liabilities to affiliated companies	1,621	1,621	0	0	934	934	0	0
Other liabilities <sup>1</sup>	4,543	1,708	2,748	87	8,821	5,302	2,834	685
thereof taxes	760	760	0	0	918	918	0	0
<b>TOTAL</b>	<b>94,501</b>	<b>63,472</b>	<b>30,942</b>	<b>87</b>	<b>91,016</b>	<b>41,528</b>	<b>48,803</b>	<b>685</b>

<sup>1</sup> "Other liabilities" includes lease liabilities of EURk 3,607.

## Income statement disclosures

### 10 Sales

Sales break down as follows:

**SALES BY REGION (BY CUSTOMER'S REGISTERED OFFICE)**

EURk	2022	2021
Germany	143,011	116,520
Rest of Europe	65,962	49,991
North America	24,271	23,120
Other countries	21,949	16,899
<b>TOTAL</b>	<b>255,193</b>	<b>206,530</b>

**SALES BY BUSINESS UNIT**

EURk	2022	2021
Electronic, Chassis & Airbag Components	141,163	121,441
Steering & Seat Components	20,233	20,955
Body & Instrument Panel Carrier Components	69,613	49,929
Other sales	24,184	14,205
<b>TOTAL</b>	<b>255,193</b>	<b>206,530</b>

### 11 Other own work capitalized

Other own work capitalized predominantly consists of development services and investments in machinery.

### 12 Other operating income

Other operating income essentially includes currency gains of EURk 4,531 (p/y: EURk 6,374) and prior-period income of EURk 1,094 (p/y: EURk 4,600) from the reversal of provisions and refunds for previous years, plus income from the disposal of fixed assets of EURk 74 (p/y: EURk 117).

**Single-entity financial statements of  
 Progress-Werk Oberkirch AG for  
 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

### 13 Staff costs and employees

#### PERSONNEL EXPENSES

EURk	2022	2021
Wages and salaries	58,073	57,960
Social security and post-employment expenses	16,141	15,985
of which for post-employment expenses	5,508	5,369
<b>TOTAL</b>	<b>74,214</b>	<b>73,945</b>

Government grants for social security contributions in connection with the use of reduced working hours amounted to EURk 18 (p/y: EURk 1,166). The grants and allowances for reduced working hours of EURk 89 (p/y: EURk 1,463) were posted to personnel expenses and reduced them accordingly.

#### AVERAGE HEADCOUNT FOR THE YEAR BY AREA OF EMPLOYMENT

	2022	2021
Development and Sales	124	118
Production and Materials Management	549	629
Tool center	85	104
Administration	66	64
<b>Core workforce</b>	<b>824</b>	<b>915</b>
Temporary employees	107	155
Trainees	59	91
Inactive employees/passive stage of partial retirement	55	65
<b>Total staff</b>	<b>1,045</b>	<b>1,226</b>

### 14 Other operating expenses

Other operating expenses essentially comprise expenses for temporary employees of EURk 5,034 (p/y: EURk 6,380), currency translation expenses of EURk 5,191 (p/y: EURk 6,311), maintenance expenses, legal, auditing and consulting fees, rental and lease expenses, and outgoing freight.

A warranty provision of EURk 2,400 was recognized in fiscal 2021 for a potentially faulty product delivered. No complaints for faulty parts have been received to date.

Furthermore, this item includes prior-period expenses of EURk 148 (p/y: EURk 18) and expenses resulting from the application of sections 66 and 67(1) to (5) EGHGB (BilMoG transitional provisions) of EURk 445 (p/y: EURk 445). In the previous year, it also included expenses for restructuring of EURk 700.

### 15 Income from equity investments

The income from equity investments resulted from dividend payments by PWO Czech Republic to Progress-Werk Oberkirch AG.

### 16 Income from long-term loans

This item comprises income from loans to affiliated companies reported in financial assets.

### 17 Reversals of write-downs on financial assets

The reversals of write-downs on financial assets include a recovery on the equity investment in PWO de México of EURk 3,598 (p/y: EURk 9,252) and a recovery on loans to PWO Holding Co., Ltd., Hong Kong in the amount of EURk 3,858 (p/y: EURk 5,450; prior-period and extraordinary income).

### 18 Other interest and similar income

Other interest and similar income includes EURk 1,265 (p/y: EURk 1,574) from affiliated companies.

### 19 Interest and similar expenses

This item also includes interest expenses of EURk 1,164 (p/y: EURk 1,239).

### 20 Taxes on income

Taxes on income include income from deferred taxes of EURk 2,608 (p/y: expenses of EURk 166), extraordinary income from the recognition of deferred taxes of EURk 125 (p/y: EURk 125) and prior-period income of EURk 10 (p/y: EURk 722).

**Single-entity financial statements of  
 Progress-Werk Oberkirch AG for  
 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 **Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

## Other disclosures

### 21 Contingent liabilities

There are liabilities from guarantees of EURk 12,492 (p/y: EURk 15,635) for loan liabilities of PWO Canada, PWO Czech Republic, PWO High-Tech Metal Components (Suzhou) and PWO de México. No risk of utilization is discernible at this time based on the current financial position, net assets and results of operations or forecasting by the subsidiaries.

### 22 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 amount of EURk 19,556 (p/y: EURk 18,032) had been sold as at December 31, 2022 and were thus removed from the balance sheet. As of the reporting date, there were receivables from the factoring company of EURk 3,376 (p/y: EURk 2,031), which are reported under other assets.

Moreover, trade receivables are financed by a factor under a supplier finance scheme initiated by the customer in order to further optimize

liquidity. The factor bears the default risk for the supplier. Receivables of EURk 1,415 (p/y: EURk 918) had been transferred to the factor as at December 31, 2022.

### 23 Related parties

Progress-Werk Oberkirch AG is the parent company of the PWO Group. The main shareholder of Progress-Werk Oberkirch AG is Consult Invest Beteiligungsberatungs-GmbH, Böblingen, whose majority shareholder is Dr. Klaus-Georg Hengstberger. There were no business transactions between the PWO Group and Consult Invest Beteiligungsberatungs-GmbH, Böblingen, or their related parties in the reporting year.

### 24 Other financial commitments

Other financial commitments, including the purchase commitments, amounted to EURk 12,898 as at December 31, 2022 (p/y: EURk 10,207).

The maturities of other financial liabilities are shown in the table below:

EURk	from 2023	of which remaining term			from 2022	of which remaining term		
		< 1 year	> 1 year	> 5 years		< 1 year	> 1 year	> 5 years
Obligations under rental and leasing agreements	7,992	2,801	4,880	311	5,407	1,849	2,980	578
Purchase commitment from investment contracts granted	2,309	2,309	0	0	1,730	1,730	0	0
Miscellaneous other financial commitments	2,597	472	1,889	236	3,070	472	1,889	708
<b>TOTAL</b>	<b>12,898</b>	<b>5,582</b>	<b>6,769</b>	<b>547</b>	<b>10,207</b>	<b>4,051</b>	<b>4,869</b>	<b>1,286</b>

Leases entered into to leverage cash flow benefits in conjunction with necessary investments include the risks typical for leases.

### 25 Derivative financial instruments

Derivatives are used to hedge currency and interest rate risks and not for speculative purposes. They are therefore only acquired in conjunction with a hedged item. The risk management and hedging strategy is governed by a uniform treasury policy and other internal guidelines; it is subject to regular internal risk analysis.

#### Currency risks

Currency hedges are used to hedge the currency risks arising from operating activities. These currency hedge contracts are measured at fair value on a standalone basis as at the reporting date. In accordance with the general requirements, negative results of remeasurement are recognized in profit or loss for derivatives outside hedge accounting and result in the recognition of a provision for expected losses, whereas positive results of remeasurements remain unrecognized.



**Single-entity financial statements of  
Progress-Werk Oberkirch AG for  
2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

Hedge accounting was used for the following hedges on loans to affiliated companies using the gross hedge presentation method and designating the spot component. The hedges mature in 2024:

Hedged item/ hedging instrument	Risk/type of hedge	Nominal volume	Amount of hedged risk
Foreign currency receivable/ currency hedging instrument	Currency risk/ micro hedge	CADk 12,000 (EURk 8,876)	EURk 87
Foreign currency receivable/ currency hedging instrument	Currency risk/ micro hedge	USDk 19,500 (EURk 16,352)	EURk 1,329

Given the reliably plannable scope and expected timing, hedge accounting has been used in line with the net hedge presentation method for the currency hedging instruments in connection with planned sales in foreign currency. These hedges cover the stipulated amount of the expected risk and run until 2025.

Hedged item/ hedging instrument	Risk/type of hedge	Nominal volume	Amount of hedged risk
Foreign currency receivable/ currency hedging instrument	Currency risk/ micro hedge	USDk 6,280 (EURk 5,582)	EURk 278

The critical terms match method is used for the prospective assessment of hedge effectiveness. As the currencies, terms and amounts of the planned transactions and the spot components of the currency hedging instrument are identical, opposing changes in value are expected to be fully offset.

Hedge ineffectiveness is quantified retrospectively using the dollar offset method in the form of the hypothetical derivative method.

The fair values of the derivative financial instruments reflect the estimated amounts that the company would receive or have to pay to close out the contracts on the reporting date. The fair value of foreign cur-

rency hedging instruments is calculated by discounting the expected future cash flows over the respective remaining term of the contracts using the respective market interest rates and spot rates.

**Interest rate risks**

Interest rate and currency swaps have been entered into to hedge non-current loans to affiliated companies in foreign currency. The derivatives are as shown in the table below:

Balance sheet item	Hedging instrument	Nominal volume	Term	Market value	Carrying amount
		EURk		EURk	EURk
Liability item (other liabilities)	Interest and currency swaps	6,124	until 2024	-523	-523 (p/y: -700)

Hedge accounting was applied using the gross hedge presentation method for the following interest rate and currency swaps:

Hedged item/ hedging instrument	Risk/type of hedge	Nominal volume	Term	Amount of hedged risk
		EURk		EURk
Long-term loans/ interest and currency swaps	Interest and currency risk/ micro hedge	8,448	until 2026	928

The fair value of the derivative interest rate contracts is calculated by discounting the expected future cash flows using applicable market interest rates for the remaining term of the contract.

**26 Restriction on distribution**

The total amount barred from distribution in accordance with section 268(8) HGB is EURk 19,915 (p/y: EURk 19,528). Capitalized internally generated intangible assets of EURk 2,599 (p/y: EURk 3,119), deferred tax assets of EURk 12,951 (p/y: EURk 10,218), the difference in accordance with section 253(6) HGB of EURk 4,353 (p/y: EURk 6,191) and the

retained profits carried forward from the previous year of EURk 12 are barred from distribution.

**27 Research and development expenses**

Costs in connection with development services amount to EURk 9,528 (p/y: EURk 9,121), EURk 555 (p/y: EURk 520) of which was capitalized under intangible assets and EURk 7 (p/y: EURk 64) under inventories.

**28 Auditor's fee**

The fee for the auditor expensed in accordance with section 285(1) no. 17 HGB breaks down as follows:

EURk	2022	2021
Audit	369	311
Other verification services	28	23
Tax consultancy services	0	2
Other services	26	43
<b>TOTAL</b>	<b>423</b>	<b>379</b>

Prior-period expenses of EURk 64 are included in the fee for the auditor. The expenses for services in addition to the audit of the financial statements related to the fee for the EMIR audit, the formal audit of the remuneration report and assurance services in connection with the syndicated loan, and the clarification of issues in connection with the risk early warning system and technical accounting matters.

**Single-entity financial statements of Progress-Werk Oberkirch AG for 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 **Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

## 29 Total remuneration of the Executive Board and the Supervisory Board

The total remuneration of the Executive Board amounts to EURk 2,209 in fiscal 2022 (p/y: EURk 1,954); this includes performance-based components of EURk 1,261 (p/y: EURk 1,021). The total remuneration of the Supervisory Board amounted to EURk 318 (p/y: EURk 316). No loans or advances were granted to the members of executive bodies.

Part of the variable remuneration is issued in the form of 9,677 virtual shares at a price of EUR 28.26 per share, coming to a total of EURk 273.

Former members of the Executive Board of Progress-Werk Oberkirch AG and their surviving dependents received pension payments of EURk 323 (p/y: EURk 309). The corresponding pension provision (HGB) amounted to EURk 6,020 (p/y: EURk 5,568) on the balance sheet date. The unrecognized transitional amount in accordance with the German Accounting Modernization Act totals EURk 114 as at December 31, 2022.

## 30 Shares in affiliated companies

Progress-Werk Oberkirch AG holds shares in the companies listed below as at December 31, 2022: The disclosures on equity and net income/loss for the year are based on the IFRS figures of the subsidiaries.

EURk	Capital share	Equity	Net Income
PWO Canada Inc., Kitchener, Canada	100%	11,473	-70
PWO Czech Republic a.s., Valašské Meziříčí, Czechia	100%	34,034	4,915
PWO Holding Co., Ltd., Hong Kong, China	100%	-1,235	-52
PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China <sup>1</sup>	100%	23,784	3,822
PWO de México S.A. de C.V., Puebla, Mexico <sup>2</sup>	100%	15,382	6,064

<sup>1</sup> Indirect holding through PWO Holding Co., Ltd., in amount of 100%

<sup>2</sup> Indirect holding through PWO Canada Inc., in amount of 0.15%; 99.85% held by PWO AG

In fiscal 2022, the company PWO SEE d.o.o. Beograd, headquartered in Belgrade, Serbia, was established. The share capital has not been paid in, nor have any other contributions been made, as this company is not operational and has not commenced its business activities.

## 31 Consolidated financial statements

The annual financial statements are included in the consolidated financial statements of the parent company Progress-Werk Oberkirch AG, Oberkirch, which are the consolidated financial statements for the smallest and largest group of consolidated companies.

## 32 Declaration of conformity with the German Corporate Governance Code

The declaration of compliance with the German Corporate Governance Code, as amended on April 28, 2022, issued by the Executive Board and the Supervisory Board in December 2022 in accordance with section 161 AktG is permanently available to shareholders on the company's website at → [www.pwo-group.com/en/group/corporate-governance/](http://www.pwo-group.com/en/group/corporate-governance/).

## 33 Events after the end of the reporting period

At the beginning of March 2023, a new syndicated loan was concluded with a volume of EUR 155 million and a term of 3 years plus an extension option for up to 2 years. It thus replaces the existing syndicated credit facility of EUR 110 million and bilateral credit facilities of EUR 20 million early. In addition, we have been given a commitment for a bilateral loan of EUR 10 million and started contract negotiations.

## 34 Composition and mandates of the Supervisory Board and the Executive Board

### THE SUPERVISORY BOARD

Name, location	Position	Profession	Membership in other statutory supervisory boards in Germany and comparable supervisory bodies of commercial enterprises in Germany and abroad
<b>Karl M. Schmidhuber</b> , Alzenau	Chairman of the Supervisory Board	Former Chairman of the Executive Board of Progress-Werk Oberkirch AG	–
<b>Dr. Georg Hengstberger</b> , Tübingen	Deputy Chairman of the Supervisory Board	Mathematics graduate, Managing Director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen	<ul style="list-style-type: none"> <li>Düker GmbH, Karlstadt   Chairman of the Supervisory Board and member of the Advisory Board</li> <li>Düker Email Technologie GmbH, Laufach   Chairman of the Advisory Board</li> </ul>
<b>Andreas Bohnert</b> , Kappelrodeck	Employee representative	Process planner and Chairman of the Works Council of Progress-Werk Oberkirch AG	–
<b>Carsten Claus</b> , Aidlingen		Former CEO of Kreissparkasse Böblingen	<ul style="list-style-type: none"> <li>Deutsche Sport Marketing GmbH, Frankfurt   Member of the Advisory Board</li> <li>Gemeinnützige Werkstätten and Wohnstätten GmbH, Sindelfingen   Member of the Supervisory Board</li> <li>Gemeinnützige Stiftung Zenit, Gärtringen   Member of the Foundation Board</li> <li>Stiftung Umwelt und Schadenvorsorge der SV Sparkassenversicherung Gebäudeversicherung, Stuttgart   Member of the Board of Trustees</li> </ul>
<b>Stefan Klemenz</b> , Kappelrodeck	Employee representative	Production planner and member of the Works Council of Progress-Werk Oberkirch AG	–
<b>Dr. Jochen Ruetz</b> , Stuttgart		Managing director/CFD and member of the Administrative Board of GFT Technologies SE, Stuttgart	<ul style="list-style-type: none"> <li>G. Elsinghorst Stahl and Technik GmbH, Bocholt   Member of the Supervisory Board</li> </ul>
<b>Dieter Maier</b> , Stuttgart	Honorary Chairman of the Supervisory Board	Former Member of the Executive Board of Baden-Württembergische Bank, AG, Stuttgart (Chairman of the Supervisory Board of Progress-Werk Oberkirch AG from 1989 to 2016)	–

### THE EXECUTIVE BOARD

Name, location	Position	Membership in other statutory supervisory boards in Germany and comparable supervisory bodies of commercial enterprises in Germany and abroad
<b>Carlo Lazzarini</b> , Bergisch-Gladbach	CEO and Chairman of the Executive Board	<ul style="list-style-type: none"> <li>PWO Canada Inc., Kitchener, Canada   Chairman of the Board of Directors</li> <li>PWO Czech Republic a.s., Valašské Meziříčí, Czechia   Member of the Supervisory Board</li> <li>PWO Holding Co., Ltd., Hong Kong, China   Director</li> <li>PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China   Chairman of the Board of Directors</li> <li>PWO de México S.A. de C.V., Puebla, Mexico   Chairman of the Board of Directors</li> <li>wvib Schwarzwald AG, Freiburg   Member of the Advisory Board</li> </ul>
<b>Dr. Cornelia Ballwießer</b> , Munich	CFD	<ul style="list-style-type: none"> <li>PWO Canada Inc., Kitchener, Canada   Member of the Board of Directors</li> <li>PWO Czech Republic a.s., Valašské Meziříčí, Czechia   Chairman of the Supervisory Board</li> <li>PWO Holding Co., Ltd., Hong Kong, China   Director</li> <li>PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China   Member of the Board of Directors</li> <li>PWO de México S.A. de C.V., Puebla, Mexico   Member of the Board of Directors</li> </ul>
<b>Johannes Obrecht</b> , Oberkirch	COO	–

#### Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

003	Balance sheet of Progress-Werk Oberkirch AG
004	Income statement of Progress-Werk Oberkirch AG
005	Notes to the financial statements of Progress-Werk Oberkirch AG
017	Independent auditor's report
021	Responsibility statement
022	Contact

## 35 Proposal for the appropriation of profits

### Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG**
- 017 Independent auditor's report
- 021 Responsibility statement
- 022 Contact

It will be proposed to the Annual General Meeting to utilize the net retained profits of Progress-Werk Oberkirch AG of EURk 8,135 as reported as at December 31, 2022 as follows:

Distribution of a dividend of EUR 1.65 per eligible no-par share	EURk 5,156
Carryforward to new account	EURk 2,979

The number of eligible shares may change by the time when the resolution on the appropriation of profits is adopted, for instance as a result of the acquisition of treasury shares by the company (see section 71b AktG). In such event, a suitably amended proposal for the appropriation of profits will be submitted to the Annual General Meeting by the Executive Board and the Supervisory Board, still with the intention of a total distribution of EUR 1.65 per eligible no-par share.

Oberkirch, March 16, 2023

#### **Progress-Werk Oberkirch AG**

The Executive Board



Carlo Lazzarini  
Chairman/CEO



Dr. Cornelia Ballwießer  
CFO



Johannes Obrecht  
COO



# Independent auditor's report

## To Progress-Werk Oberkirch Aktiengesellschaft, Oberkirch

### Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report**
- 021 Responsibility statement
- 022 Contact

### Report on the audit of the annual financial statements and the combined management report

#### Opinions

We have audited the annual financial statements of Progress-Werk Oberkirch Aktiengesellschaft, Oberkirch, which comprise the balance sheet as of December 31, 2022, the income statement for the financial year from January 1 to December 31, 2022 and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of the Company and the Group ("combined management report") of Progress-Werk Oberkirch Aktiengesellschaft for the financial year from January 1 to December 31, 2022.

In accordance with the German legal requirements, we have not audited the contents of the elements of the combined management report set out in the "Other information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material aspects, with the requirements of German commercial law applicable to business corporations and in compliance with German Legally Required Accounting Principles give a true and fair view of the assets, liabilities and financial position of the Company as of December 31, 2022 and its financial performance for the financial year from January 1 to December 31, 2022 and

- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the combined management report does not cover the contents of the elements in the "Other information" section of the combined management report.

Pursuant to Section 322 (3) sentence 1 HGB [Handelsgesetzbuch: German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

#### Basis for the opinions

We conducted our audit of the annual financial statements and the combined management report in accordance with Section 317 HGB, the EU Audit Regulation (No 537/2014; hereinafter "EU-AR") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors - IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the combined management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Furthermore, pursuant to Article 10 (2)(f) EU-AR we declare that we have not provided any prohibited non-audit services referred to in Article 5 (1) EU AR. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the combined management report.

#### Key audit matters in the audit of the annual financial statements

Key audit matters are such matters that, in our professional judgment, were the most significant in our audit of the annual financial statements for the financial year from January 1 to December 31, 2022. These matters were taken into account in connection with our audit of the annual financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

#### Recoverability of financial assets

With regard to the accounting principles deployed, please refer to the information in Note 1. For comments on the business performance, please refer to the combined management report in the "Business Development of PWO AG" section.

#### RISK FOR THE FINANCIAL STATEMENTS

In the annual financial statements of Progress-Werk Oberkirch AG as at December 31, 2022, under financial assets shares in affiliated companies of EUR 51.7 million and loans to affiliated companies of EUR 79.9 million are recognized. The proportion of financial assets amounts to 43.7% of total assets and thus has a material effect on the Company's assets.

Financial assets are recognized at cost or, if permanent impairment is expected, at the lower fair value. The company calculates the fair value using the income approach.

The cash flows used in the income approach are based on specific planning for the individual affiliated company for the next 5 years which is extrapolated with assumptions on long-term growth rates. The respective capitalization rate is derived from the yield of an alternative investment with appropriate risk. If the fair value exceeds the carrying amount – in the case of a prior impairment – there is a reversal to a

**Single-entity financial statements of Progress-Werk Oberkirch AG for 2022**

003 Balance sheet of Progress-Werk Oberkirch AG

004 Income statement of Progress-Werk Oberkirch AG

005 Notes to the financial statements of Progress-Werk Oberkirch AG

**017 Independent auditor's report**

021 Responsibility statement

022 Contact

**018**

**PWO  
 Single-entity financial statements for 2022**

**Balance sheet**

maximum of the original cost, if the reason for the impairment is no longer in place.

The calculation of the fair value in line with the income approach is complex and depends to a high degree on assessments and judgments of the Company. This include the assessment of future profit trends and long-term growth rates, the calculation of the capitalization rates as well as the assessment of whether the reasons for the impairment are no longer in place.

The Company believes that the expected development at the subsidiaries in Mexico and China has improved in the long term thanks to the relevant automotive markets picking up again. Thus the reasons for the impairment taken in the past no longer exist. As a result, in financial year 2022 the Company recognized a reversal of EUR 3.6 million on its shares in affiliated companies and EUR 3.9 million on loans to affiliated companies. There is a risk for the annual financial statements that the financial assets are not recoverable.

**OUR AUDIT APPROACH**

With the involvement of our valuation specialists, we assessed the appropriateness of the Company's key assumptions and the measurement method. To this end, we discussed profit developments as well as the assumed long-term growth rates with those responsible for the planning. We also carried out reconciliations with other internally available forecasts and the budget prepared by management and approved by the Supervisory Board. We additionally assessed the consistency of the assumptions with market assessments.

Furthermore we satisfied ourselves of the planning accuracy of the Company by comparing plans from earlier financial years with the results actually realized and analyzing any deviations.

With the involvement of our valuation specialists, we compared the assumptions and data underlying the capitalization rate, especially the risk-free interest rate, the market risk premium and the beta factor, with our own assumptions and publicly available data.

In order to take account of forecast uncertainty, we also investigated the impact of possible changes in the capitalization rate on the expected results on the fair value by calculating alternative scenarios and com-

**Income statement**

paring them with the values stated by the Company (sensitivity analysis).

To secure the mathematical correctness of the measurement methods used, we verified the Company's calculation using elements selected on a risk basis.

**OUR CONCLUSIONS**

The process underlying the impairment test of the shares in and loans to affiliated companies is appropriate and consistent with the measurement principles. The Company's assumptions and data are appropriate.

**Other information**

Management is responsible for the other information. The other information comprises the following elements of the combined management report which have not been audited:

- the combined separate non-financial declaration of the Company and the Group, referred to in the combined management report,
- the combined corporate governance statement of the Company and the Group referred to in the combined management report, and
- the disclosures in the combined management report that are not part of the management report and that are identified as unaudited.

Other information also includes the other parts of the annual report. The other information does not include the annual financial statements, the disclosures in the combined management report audited for content or our auditor's report thereon.

Our opinions on the annual financial statements and on the combined management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in so doing, to consider whether the other information

**Notes to the financial statements**

**Auditor's report**

**Responsibility statement**

- is materially inconsistent with the annual financial statements, with the information in the combined management report information audited for content or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of management and the Supervisory Board for the annual financial statements and the combined management report

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of accounting or asset misappropriation) or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the combined management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a combined management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the combined management report.

**Single-entity financial statements of Progress-Werk Oberkirch AG for 2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report**
- 021 Responsibility statement
- 022 Contact

**019**

**PWO  
 Single-entity financial statements for 2022**

**Balance sheet**

**Income statement**

**Notes to the financial statements**

**Auditor's report**

**Responsibility statement**

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor's responsibilities for the audit of the annual financial statements and of the combined management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU-AR and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this combined management report.

We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the combined management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls

- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the combined management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German Legally Required Accounting Principles.

- Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company's position it provides.

- Perform audit procedures on the prospective information presented by management in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the

prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards put in place to resolve risks to independence.

From the matters that we have discussed with those charged with governance, we determine which matters were most important during the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the independent auditor's report, unless laws or other legal provisions preclude their public disclosure.

Other legal and regulatory requirements

Report on the assurance on the electronic rendering of the annual financial statements and the combined management report prepared for publication purposes in accordance with Section 317 (3a) HGB

We have performed assurance work in accordance with Section 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "117-03-2023-16-05\_xbrl\_file.zip" (SHA256 hash value: 554c6f88f65a5a88dfa15088a42d776e1a316474770efcee25249074db3003fe) made available and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to

## Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report**
- 021 Responsibility statement
- 022 Contact

# 020

## PWO Single-entity financial statements for 2022

### Balance sheet

### Income statement

### Notes to the financial statements

### Auditor's report

### Responsibility statement

the conversion of the information contained in the annual financial statements and the combined management report into the ESEF format and therefore relates neither to the information contained in these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the electronic file made available, identified above and prepared for publication purposes complies in all material respects with the requirements of Section 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying annual financial statements and the accompanying combined management report for the financial year from January 1 to December 31, 2022 contained in the "Report on the audit of the annual financial statements and the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

We conducted our assurance work on the rendering of the annual financial statements and the combined management report made available and identified above in accordance with Section 317 (3a) HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Section 317 (3a) HGB (IDW AsS 410 ((06.2022)). Our responsibility in accordance therewith is further described below. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in Audit Firms (IDW QS 1).

The Company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the combined management report in accordance with Section 328 (1) sentence 4 item 1 HGB.

In addition, the company's management is responsible for such internal control that they have considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process of preparing the ESEF documents as part of the financial reporting process.

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e. whether the file made available containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited annual financial statements and the audited combined management report.

### Other disclosures in accordance with Article 10 EU-AR

We were elected by the Annual General Meeting on May 10, 2022 as auditor of the annual financial statements. We were engaged by the Supervisory Board on November 3, 2022. We have been the auditor of the financial statements of Progress-Werk Oberkirch Aktiengesellschaft without interruption since financial year 2020.

We declare that the audit opinions contained in this auditor's report are consistent with the additional report to the Audit Committee according to Article 11 EU-AR (audit report).

## Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited annual financial statements and the audited combined management report as well as the examined ESEF documents. The annual financial statements and the combined management report converted to the ESEF format – including the versions to be included in the business register – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the examined ESEF documents made available in electronic form.

## Responsible auditor

The auditor responsible for the audit is Mathias Laubert.

Stuttgart, March 21, 2023

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Laubert  
German public auditor

Rupperti  
German public auditor



**Single-entity financial statements of  
Progress-Werk Oberkirch AG for  
2022**

- 003 Balance sheet of Progress-Werk Oberkirch AG
- 004 Income statement of Progress-Werk Oberkirch AG
- 005 Notes to the financial statements of Progress-Werk Oberkirch AG
- 017 Independent auditor's report
- 021 Responsibility statement**
- 022 Contact

# Responsibility statement

"We declare to the best of our knowledge, and in accordance with the applicable accounting standards, the annual financial statements provide a true and fair view of the company's net assets, financial position and results of operations, and the management report of Progress-Werk Oberkirch Aktiengesellschaft, which is combined with the group management report, includes a fair review of the company's business performance, including the results and the financial position, together with a description of the principal opportunities and risks associated with the company's expected development."

Oberkirch, March 16, 2023

The Executive Board



Carlo Lazzarini  
Chairman/CEO



Dr. Cornelia Ballwießer  
CFO



Johannes Obrecht  
COO

# Contact

## Investor Relations Contacts

### Dr. Cornelia Ballwießer

CFO

Telephone: + 49 7802 84-844

ir@pwo-group.com

### Charlotte Frenzel

Investor Relations & Corporate Communications

Telephone: + 49 7802 84-844

ir@pwo-group.com

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

## Design

Berichtsmanufaktur GmbH, Hamburg

## Single-entity financial statements of Progress-Werk Oberkirch AG for 2022

003 Balance sheet of Progress-Werk  
Oberkirch AG

004 Income statement of Progress-Werk  
Oberkirch AG

005 Notes to the financial statements of  
Progress-Werk Oberkirch AG

017 Independent auditor's report

021 Responsibility statement

022 **Contact**



# PROGRESS-WERK OBERKIRCH AG

**INDUSTRIESTRASSE 8  
77704 OBERKIRCH  
GERMANY**

**TELEPHONE +49 7802 84-0  
INFO@PWO-GROUP.COM  
PWO-GROUP.COM**