PWO

Annual report 2024

# RE:SHAPE our tomorrow

# Development and production of sophisticated metal solutions in environmentally friendly lightweight construction

**REVENUE**
**555.1 EUR million**

**EMPLOYEES**
**3,195**

**EBIT BEFORE CURRENCY EFFECTS**
**30.0 EUR million**

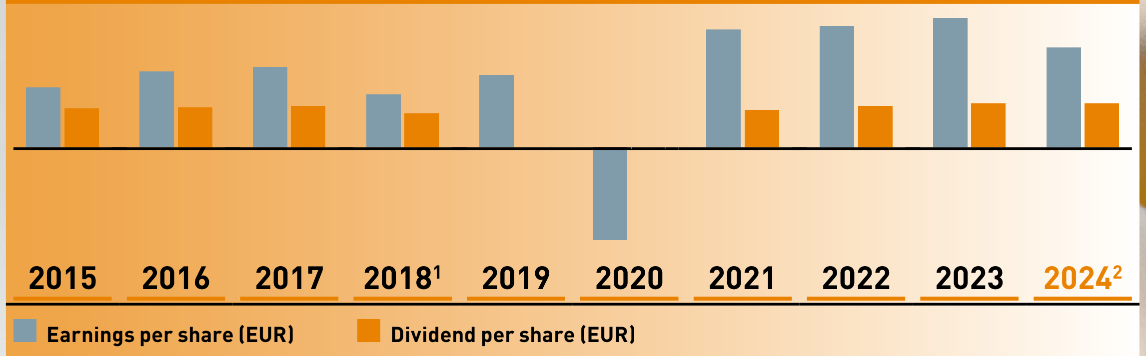
**Our business model, which is entirely independent of internal combustion engines, makes us a preferred partner to the global mobility industry: We can focus all our resources on shaping the future.**

### Selected performance indicators of the PWO Group

| | | Forecast for 2024 | Actual results in 2024 |
|---|---|---|---|
| Revenue | EUR million | Around 570 | 555.1 |
| EBIT before currency effects | EUR million | 29–32 | 30.0 |
| Capital expenditure | EUR million | Around 40 | 46.2 |
| Free cash flow | EUR million | Positive in low-double-digit millions | 33.3 |
| Equity ratio | % | Flat | 37.5 |
| Net leverage ratio | Years | 2.5 | 1.6 |
| Lifetime volume of new business | EUR million | 630–680 | Around 630 |
| Scope 1 and 2 greenhouse gas emissions | t | 7,400–7,750 | 6,287 |

### 10-year history of earnings and dividend per share

| | 2015 | 2016 | 2017 | 2018[1] | 2019 | 2020 | 2021 | 2022 | 2023 | 2024[2] |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings per share (EUR) | 2.41 | 3.05 | 3.22 | 2.12 | 2.91 | -3.73 | 4.72 | 4.87 | 5.19 | 4.01 |
| Dividend per share (EUR) | 1.55 | 1.60 | 1.65 | 1.35 | 0.00 | 0.00 | 1.50 | 1.65 | 1.75 | 1.75 |




[1] 2018: Dividend of EUR 1.10 and also an anniversary dividend of EUR 0.25 per share.
[2] 2024: Proposed dividend.

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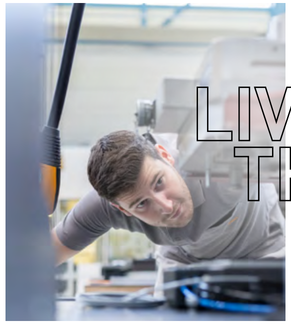
RE:SHAPE our tomorrow



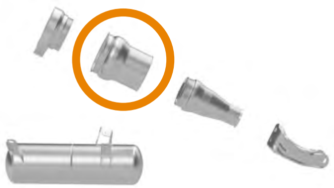






## Financial report

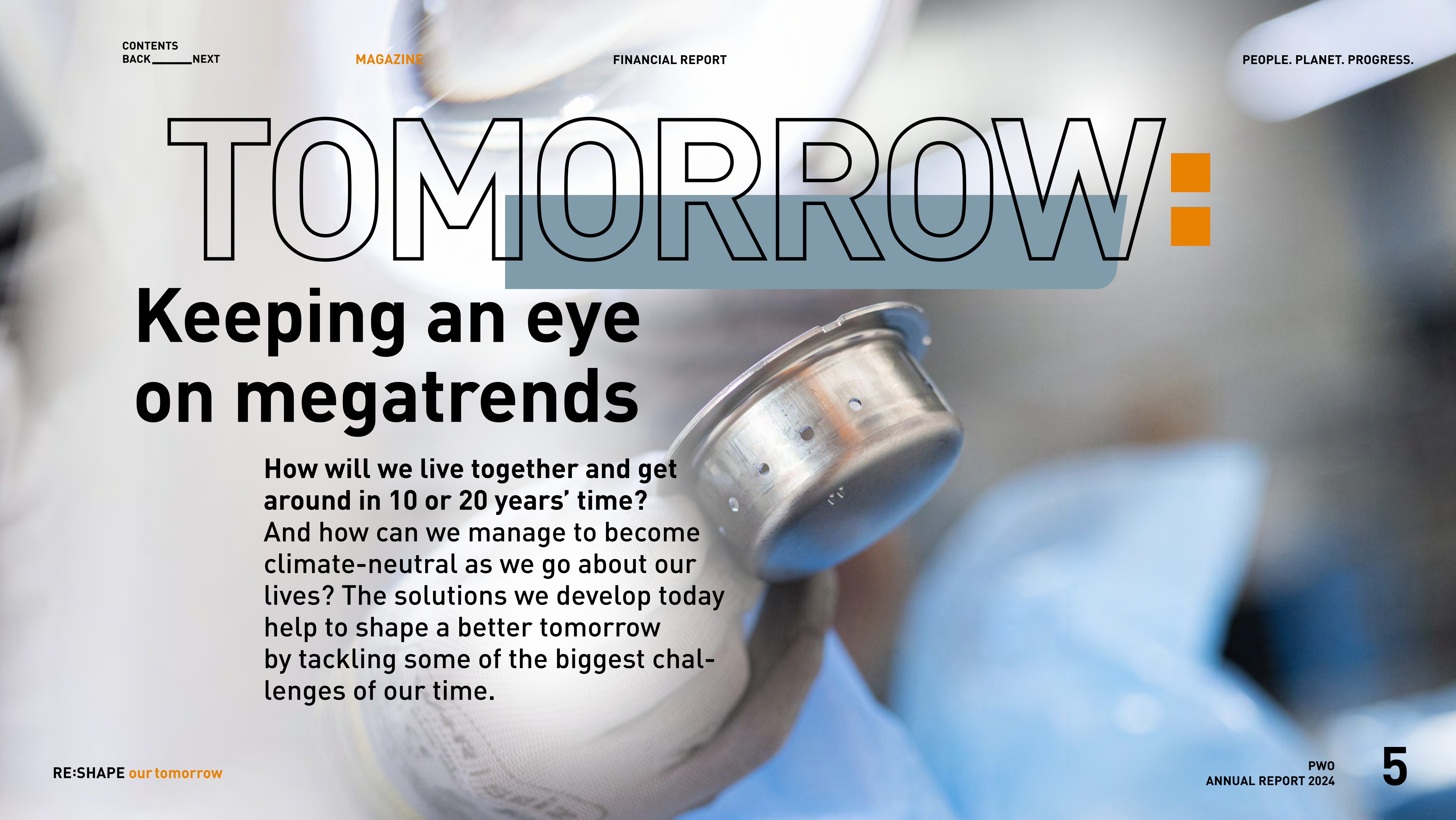




**Air suspension is a versatile system that provides enhanced comfort and safety in the vehicle. The marked element – a component of the system – is depicted at an unusual angle on the cover.**

# RE:SHAPE our tomorrow

**Tomorrow's mobility** is individual, climate-friendly and urban – and brimming with opportunities. We at PWO have set our sights on these opportunities and are helping to actively shape them. Our innovative lightweight solutions are making a positive contribution to climate change reversal and the mobility transition – at all our locations worldwide. **And this passion for a sustainable future worth living in is also the driving force behind our own transformation and one of the reasons for our success.**



# TOMORROW:

## Keeping an eye on megatrends

**How will we live together and get around in 10 or 20 years' time?** And how can we manage to become climate-neutral as we go about our lives? The solutions we develop today help to shape a better tomorrow by tackling some of the biggest challenges of our time.

# URBANIZATION:

## Leight weight for fewer emissions

**Cities are attractive: A melting pot of different cultures, they enrich people's lives by expanding their horizons. They invite us to question our habits and embrace new ideas.**

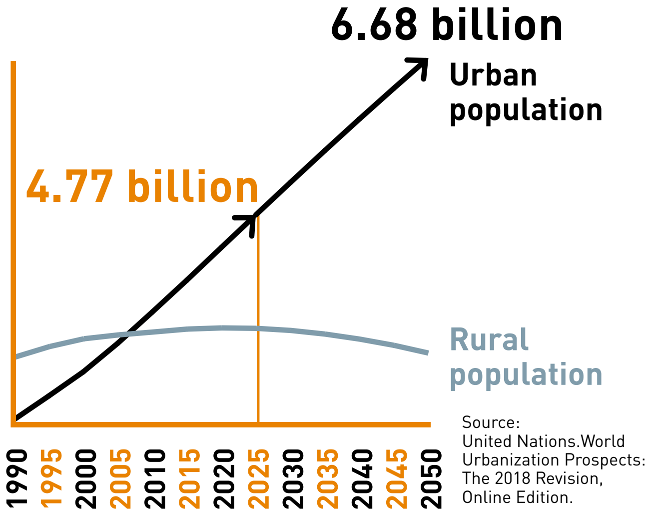
Our solutions can help make the cities of the future even more attractive. For example, clean air without emissions is essential for a high quality of life. With our industry-leading technological expertise in cold metal forming, we are making a substantial contribution to improving air quality, since our steel, aluminum and stainless steel solutions reduce vehicle emissions considerably.

All of these materials already have an attractive weight-to-strength ratio, but our solutions optimize this ratio even further. Thanks to our core competence of cold forming, we need less material to achieve the same strength and rigidity in metal structures as with other manufacturing processes, thus ensuring that vehicles become lighter and more energy efficient.

Not all materials and shapes can be formed in this way. However, our innovative strength and more than 100 years of experience have enabled us to repeatedly push back the boundaries of what is technologically possible and tap into new fields of application.

### Increasing urbanization is changing the demands on personal mobility.

Number of people living in cities today and in the future




Source: United Nations.World Urbanization Prospects: The 2018 Revision, Online Edition.

### Reducing emissions in production – areas on which we are continuously working

_ More energy-efficient drives and lower idle consumption of the metal-forming presses
_ Less wear on tools thanks to improved coatings
_ Improved formability through optimized materials
_ "Green steel" – an important step toward sustainable production
_ Smart monitoring systems that enable process optimizations for even more precise production control

## Our levers for decarbonization

_Increased efficiency: There are only limited opportunities for conserving energy and other resources. Making more effective use of these resources offers much greater potential and is an ongoing process.
_Innovation: A new and innovative approach to core operational processes. Automation and digitalization are constantly opening up new possibilities for process optimization.
_Green resources: Applying a green mindset to all input factors along the entire value chain – the greatest lever on the road to a zero-emission future.

# CLIMATE CHANGE:

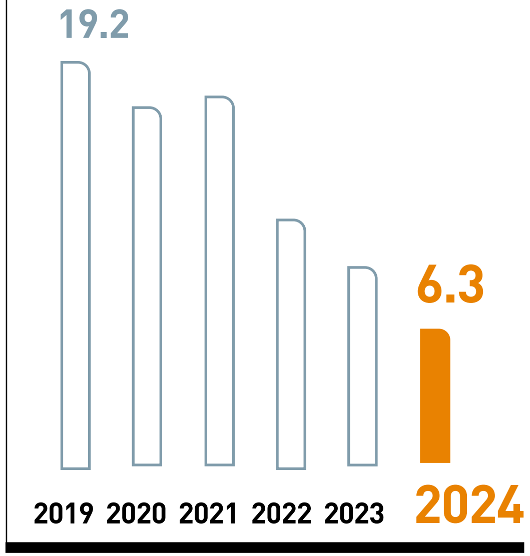
## Welcome to the zero-emission future

**Climate reversal is and remains the most important task of our time. Only by meeting this challenge can we leave our children and future generations a planet worth living on. The PWO Group's 2030 SBTi targets for Scope 1 and 2 emissions were exceeded in 2023. Now we have set our sights on net zero.**

Having reached the first milestones in the decarbonization of our business, we have defined the next major interim targets: By 2028, we want to switch the entire Group to green electricity, and we promise to offer our customers completely carbon-free solutions from 2039. Our internal target is to achieve net-zero emissions by 2045.

To this end, we will continue to pursue our existing measures and implement them fully at all of our locations. We have also planned other very specific operational measures – these include replacing steam with hot water in our production operations, electrifying as many processes as possible and further reducing our fleet emissions. Our roadmap is laid out, and the investments needed to achieve our targets are firmly planned.

**Consistent reduction of our greenhouse gas emissions***




* Scope 1 & 2 emissions of the PWO Group in thousands of tons

**We are committed to continuing our climate change mitigation efforts. Our goal is to achieve net zero in Scopes 1, 2 & 3 by 2045.**

# PERSONAL MOBILITY:

## Options for all needs

**Personal mobility stands for new beginnings, freedom and the future. It is the key to social interaction and engagement, and opens up new career prospects for people and new markets for companies. In short, personal mobility is a driver of social and economic development. Through our solutions, we are shaping the sustainable mobility of the future.**

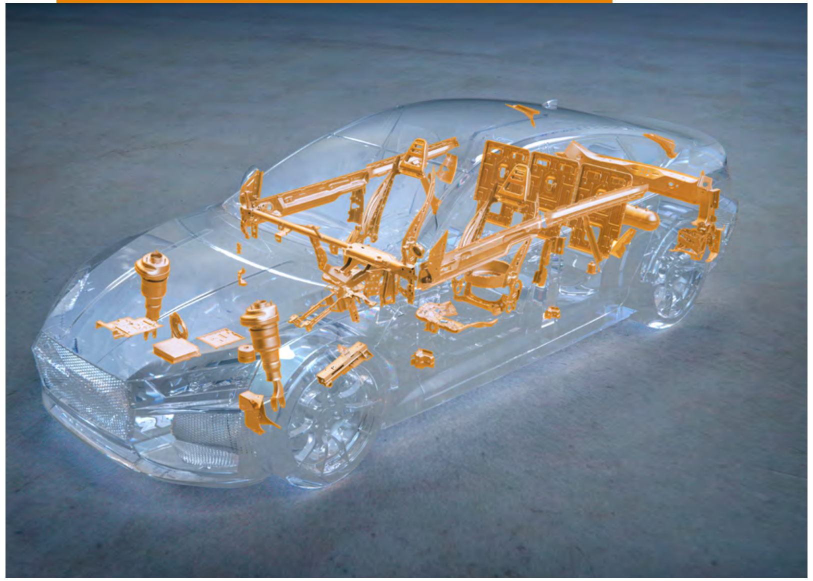
Our focus is on the key topics of electrification, safety and comfort. These factors determine how people experience mobility and how intensively they use it.

Our portfolio comprises a wide range of key functional and safety-critical components – particularly components with complex geometries for lightweight applications. These include, for example, seat structures, housings for electric motors and control units, parts used in air suspension systems, airbags and steering systems, as well as components for batteries and their peripherals. But there is one thing that our portfolio does not include: components for a vehicle's drive train – and that's a good thing, because our business model is entirely independent of the combustion engine.

**People's needs are as varied as their lifestyles. Personal mobility affords room for personal development. It gives people the freedom to pursue their own desires, dreams and priorities. That is why personal mobility fills us at PWO with a new sense of excitement every day.**

### Shaping the sustainable mobility of tomorrow

**_Electrification not only helps to preserve an intact environment, it also drives innovation – for example, in battery technology for longer ranges and faster charging times.**
**_Vehicle safety provides protection for drivers and passengers, as well as for other road users, and is crucial to people's trust in mobility.**
**_Comfort plays a key role in user acceptance. A high level of comfort helps make people's lives easier.**



**2,000**

**product solutions developed and manufactured for the individual needs of our customers**

# LIVE THE CHANGE:

## Change starts with us

**We actively live** sustainable transformation in our own processes: from using green electricity and contributing toward a circular steel industry to conserving water.

# ACCELERATING THE PACE:

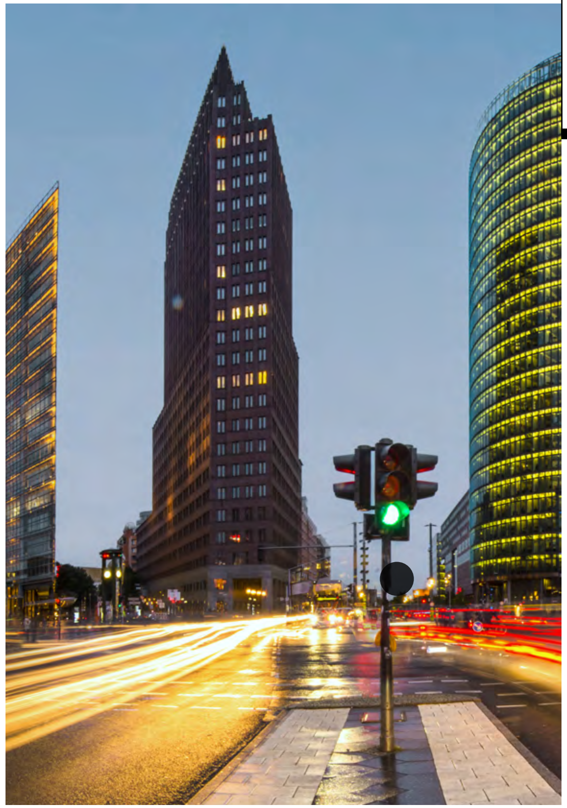
## For our sustainability

**In 2024, we thoroughly revised our previous materiality matrix, incorporating the concept of double materiality in line with the current requirements of the European Union.**

This allows us to focus even more intently on the topics that are crucial to our success and to allocate our resources in line with well-defined priorities. It also enables us to make an even faster and more positive contribution to the environment and society.

By listening to our stakeholders' opinions and needs, we have been able to improve our understanding of the topics that are important to them, thereby fostering trust and transparency in our relationships. Finally, the new materiality matrix makes potential opportunities and risks more apparent, allowing us to systematically exploit the former and minimize the latter. We will continue to regularly update our materiality matrix in the future so that it always reflects the latest assessments.

**Our drivers and our motivation: identifying topics, setting targets, reporting on progress. That is a promise our stakeholders can rely on.**



## Our goal:
**Day in, day out, we focus on the areas that are most important to us***

- Climate change and climate change mitigation
- Digitalization and information security
- Energy management
- Human rights
- Resource conservation
- Prevention of corruption and bribery
- Working conditions and employee rights

* in alphabetical order

## The broad perspective of the new materiality matrix

_Double materiality is a cornerstone of our sustainability management. It considers not only economic factors, but also social and environmental aspects, thus providing a holistic picture of a company's social and ecological footprint.
_The inside-out perspective analyzes how a company's operations impact the environment, society and economy.
_The outside-in perspective analyzes key external factors and their impact on the company's operations.

**13**

Material topics in 7 subject areas provide the framework for our sustainability management

# WHAT'S NEXT TODAY:

## Working at the cutting edge

**PWO offers the ideal environment** for a wide range of talents, top performance and plenty of fun. A conversation with 2 employees who are helping to shape the future.

Maria Haan,
HR Manager Social Responsibility & Services

# 2 CULTURES: But the same values. How does that work?

Monika Paunović is supporting the management team at the Serbian production site and ensures that all departments work together seamlessly during the site's important growth phase. As a social media manager, she also influences how the PWO Group is perceived by its stakeholders.

**How do we live our culture? We spoke to two of our employees and asked them about their personal impressions and experiences.**

**Monika and Joey, you work in different parts of the world. What does the PWO Group's international presence mean for you?**

**MP_:** Having a global presence means that we share knowledge, experiences and perspectives with co-workers around the world. We have the opportunity to learn from each other, improve processes and collaborate on innovations. This sense of belonging to a global team is an additional source of motivation. I take pride of being part of a group that connects different cultures and markets.

**JQ_:** My experience is that our international presence and reputation open doors for us with our customers. They know for a fact that we can draw on a wealth of resources, know-how and technologies from many different regions. Our ability to deliver products worldwide is another key aspect of our competitiveness. At the same time, we have a responsibility to uphold and further strengthen PWO's reputation as we grow and our impact on the environment and society continues to increase.

**Monika, PWO doesn't have a production facility in Serbia yet, but construction is currently underway on a new greenfield site. What is your experience of the team spirit during this exciting time?**

**MP_:** It's truly a time of great excitement and amazing team spirit. I find it inspiring to see how the team is working together with such enthusiasm and commitment despite the challenges that come with opening a completely new site. We're all united by the common goal of laying a solid foundation for PWO's success in Serbia. The atmosphere radiates with positive energy and a shared will to succeed, adding to the motivation of each team member.

**Joey, the Chinese mobility market is moving fast. How do your colleagues share this momentum and speed with the other PWO locations?**

**JQ_:** We're very proactive when it comes to sharing our insights, successful strategies and the lessons we've learned from the challenging market requirements. Regular virtual meetings, workshops and knowledge-sharing platforms help keep all teams well informed and aligned. Our grasp of the Chinese market's special characteristics allows us to provide valuable cultural insights that influence global strategies. In this way, we can tailor our solutions for our customers even more effectively to the different regional requirements.

Joey Qiao has been with PWO in China from day 1. Having spent more than 15 years in technical development, he recently took over responsibility for the PWO Group's Chinese sales organization to ensure that our customer base and business in China continue to grow.

# BUILDING BLOCKS

## of a respectful corporate culture

**We are active on 3 continents worldwide. Our core values serve as our common language across national borders, while our leadership principles put our core values into practice in our corporate culture.**

We are shaping the future and braving the unknown in order to do so. This is our shared goal, which gives us a sense of purpose and connects and motivates us all. Our employees seek to venture off the beaten track and break new ground. They are driven by a constant quest for better solutions that not only meet our customers' needs but also have a positive impact on society. All of our employees are highly committed to their work. With our open and respectful corporate culture, we offer them ample room to develop to their full potential. As a strong team, we expect critical expertise, achieve extraordinary things and celebrate shared and personal successes. This creates an atmosphere in which creativity and ingenuity can flourish and in which everyone has the opportunity to apply their talents to the full.

**We not only allow our employees to take on responsibility at an early stage, we actively encourage it.**

## Our core values guide us

### 5 core values

- Integrity
- Sustainability
- Team spirit
- Progress
- Customer focus

### +8 leadership principles

- Ambitious goals
- Action and decision-making
- Passion and integrity
- Leading by example
- Support and empowerment
- Teamwork and trust
- Learning from mistakes
- Reliability

# TO OUR SHAREHOLDERS

# LETTER FROM THE EXECUTIVE BOARD

## Dear Shareholders,

The banner of this year's Annual Report, "RESHAPE our tomorrow", is all about what drives us: tackling and defining the future, seeking out new opportunities, and breaking new ground. At a time when the global economy is growing inconsistently and sales figures in the mobility industry are somewhat subdued, this attitude is also the basis for our high resilience and continued success.

Despite further challenges over the past 12 months, we are happy to report that we not only met our EBIT guidance for 2024 but also met our raised target for new business during the year, setting the course to go on expanding our market position.

An even stronger indicator of our focus on the future is that we increased capital expenditure by significantly more than 50 percent year-on-year. We are preparing for a whole raft of series start-ups, and are currently expanding several of our sites for this purpose.

We are also constructing a completely new engineering and production site in Serbia, a country that has become a key hub in the European mobility sector. Production is scheduled to start by the end of 2025, and we hope to create more than 500 attractive jobs at the site. We aim to set PWO apart as a great place to work – not least because, as a global Group, we can offer future employees international prospects for their personal and professional development.

The message you hear from us time and again is that we are constantly working harder to improve our processes. Our balance sheet for 2024 is testimony to how far we have come in that respect. Despite much higher capital expenditure, we generated high free cash flow and visibly reduced our net leverage ratio. As such, both key figures exceeded our original expectations as communicated in early 2024.

Our ongoing expansion is therefore built on the solid foundation of an already strong balance sheet. We are continuously refining the way we manage individual line items to free up additional resources. Our plans are costed and fully financed.

Just as importantly, we are equally focused on our non-financial objectives and targets. In the past fiscal year we updated our materiality matrix in keeping with new European requirements and can now align the business even more accurately with stakeholders' expectations.

The 1st tangible outcome of this is our updated decarbonization strategy. Back in 2023, we far surpassed the STBi targets we had previously set for reducing Scope 1 and 2 GHG emissions by 2030. We have since defined new targets of our own and made a big promise to our customers: From 2039 onward, we will be able to offer them completely carbon-free products. By 2045, in line with Germany's climate policy, we intend to make the whole PWO Group carbon neutral.

To fulfill our customer promise, we want to achieve climate neutrality in our own production by 2039. By that time we also want our supply chain to be set up in such a way that every single step in both the upstream and downstream value chain is zero-carbon. The focal points in that process are goods purchasing and logistics. This means our customers will be able to opt for carbon-free products from us 6 years earlier than provided for in the national climate target, and so decarbonize their own value chains. In doing this, we are aiming once again to underpin our positioning at the forefront of the market.

**Jochen Lischer**
CFO

**Carlo Lazzarini**
Chairman/CEO

Our business model is already entirely independent of internal combustion engines, making us a sought-after partner to our customers as e-mobility ramps up. We can focus all our resources on shaping the future. This is another reason why we repeatedly succeed in pushing the boundaries of what is technologically possible in the development and production of innovative lightweight steel design and in bringing to life world-leading solutions to define the green mobility of tomorrow.

Our strong market position and high competitive strength are thanks to the tireless commitment of our employees. We want to take this opportunity to thank them sincerely. The way we work and interact at the PWO Group has changed considerably in recent years. Our employees took a few initial ideas from the Executive Board and ran with them, reinventing their very own PWO culture.

The teamwork dynamic between departments and across all PWO locations is now unique. Our people have been the starting point for many of the Group's latest major developments. They identify trends, pick up on issues and motivate each other to perform at their best time and time again.

Our global positioning is especially fruitful in this respect. Food for thought from other countries and cultures often opens up completely new perspectives and inspires us to question our conventions. Today, the PWO Group is large enough to be present on 3 continents yet small enough that each individual employee makes a difference. This gives us a strength that we intend to use in taking the Group to the next level over the coming years.

We would also like to thank you, our shareholders, for the trust you have placed in us. Our goal in all the operational work we do is to keep on making the PWO Group more valuable to you. This includes you sharing in the Group's success on a regular basis. The PWO Group's performance was encouraging in fiscal year 2024. By the same token, following Donald Trump's assumption of office in the USA, geopolitical and economic uncertainty for the automotive industry has increased significantly. The Executive Board and Supervisory Board will therefore propose to the 2025 Annual General Meeting not to increase the dividend, but to distribute an unchanged dividend of EUR 1.75 per share.

Carlo Lazzarini
Chairman/CEO

Jochen Lischer
CFO

## REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of PWO AG (the "company") carried out its duties as defined by law, the company's Articles of Association and its Rules of Procedure in fiscal year 2024. To this end, the Supervisory Board and Executive Board maintained continuous cooperation and close dialog. The Supervisory Board advised the Executive Board on a regular basis and monitored the legality, appropriateness and efficiency of the company's management.

All key issues relating to the strategic development of the company and the Group (the "Group" or "PWO Group") were discussed and closely coordinated by the Supervisory Board and the Executive Board. In particular, the Supervisory Board was always directly involved in Executive Board decisions that were of fundamental importance to the company and the PWO Group.

The Supervisory Board was promptly and fully informed through the Executive Board's detailed verbal and written reports on all significant issues relating to the markets relevant to the company and the Group, the current course of business, the net assets, financial position and results of operations of the company and the Group and sustainability issues.

The dramatic events of previous years continued to have an effect in fiscal year 2024, in particular the Ukraine war and the energy cost crisis. In addition, extreme weather events occur with increasing frequency, often claiming many human lives, racking up enormous costs, and impeding the economy. This worrying trend continued in 2024.

Moreover, in the automotive industry, concerns grew in the course of 2024 about the future trend of the important Chinese market. Driven by government subsidies and at the same time weighed down by the reluctance of Chinese consumers to spend, competition in this market has now reached a level that makes it noticeably more difficult to maintain profitable operations.

The complexity of the global economic and geopolitical challenges encountered in 2024 proved too much for Germany's coalition government, whose collapse was eventually triggered by the dispute over the budget in November 2024.

The biggest test, however, only emerged after Donald Trump's re-election as US President in November 2024, which will affect the year 2025. Since he took office on January 20, 2025, he has cast doubts over the US constitution and the rule-based international world order. It is impossible to say at this stage what lasting effects his presidency will have on international political and economic relations and global markets.

High volatility and limited reliability of macroeconomic and political trends are expected to be the new reality. We take this into account in all our decisions to make the PWO Group's lineup as flexible and resilient as possible. The aim is to find the best possible way to respond each time change occurs.

Unfortunately, Germany does not act from a position of strength in this situation – on the contrary, the general conditions in this industrial location have noticeably deteriorated further. As a result, after 2 years of recession in 2023 and 2024, any growth, if at all, in Germany is expected to remain weak in 2025. This is also putting pressure on our German production location.

Against this backdrop, the Supervisory Board has therefore reviewed and discussed with the Executive Board in particular detail the current short and longer-term corporate strategy and planning of the PWO Group as well as the planned development projects and investments.

The Executive Board also provided prompt and extensive information in 2024 on developments that emerged in the short term and that were relevant to business performance. Possible deviations from targets were discussed and suitable measures to counter them were presented, examined by the Supervisory Board and discussed with the Executive Board.

**Karl M. Schmidhuber**
Chairman of the Supervisory Board

Furthermore, the Executive Board submitted a written report to the Supervisory Board every month on the financial situation of the PWO Group and the individual companies, especially their performance in terms of revenue, earnings, equity, and personnel issues, as well as their net assets, financial position and results of operations.

Moreover, the Executive Board reported to the Supervisory Board on transactions that may be of considerable significance for the profitability or liquidity of the company, the risk situation of the Group and its divisions, the corporate strategy and planning, the Group's risk and compliance management systems, the internal control system, Internal Audit, IT security and data protection.

The Supervisory Board critically reviewed all the Executive Board's reports for plausibility and Internal Audit, risk management, the internal control systems and the compliance management system for their suitability and effectiveness in terms of the extent of the Group's business activities and its risk situation.

It confirmed that the subject and scope of the Executive Board's reports fully met the Supervisory Board's requirements. After a thorough examination and discussion, the Supervisory Board approved the reports and resolutions of the Executive Board to the extent required by the provisions of the law, the Articles of

Association and the Executive Board's Rules of Procedure. Matters requiring the Supervisory Board's approval were submitted to it for a resolution by the Executive Board in a timely manner.

In fiscal year 2024, the Chairman of the Supervisory Board was in regular and close personal contact with the Executive Board in the periods between the Supervisory Board meetings, particularly with the CEO, advising it on strategy, planning, business and financial development, the risk situation and risk management as well as compliance, personnel and sustainability issues. The Chairman was constantly informed of the course of business and the material business transactions. He also briefed the other Supervisory Board members and discussed the current developments with them outside of Supervisory Board meetings.

The Chairman of the Supervisory Board was continuously provided with information concerning special business transactions that were deemed vital to the assessment of the situation, development and management of the company and of the Group. He was also kept informed promptly and extensively by the Executive Board through verbal and written reports in this regard.

The members of the Supervisory Board take personal responsibility for completing any training and continuing education required for their duties, which includes keeping up to date on any changes in the legal framework and on new pioneering technologies and sustainability/ESG.

They regularly use online offers and consultant services and are supported by the company in this process. Internal information events are offered as necessary to provide targeted professional development. Such training was provided on sustainability/ESG to all Supervisory Board members by PwC at PWO AG in Oberkirch on December 4, 2024.

## The work of the full Supervisory Board

The full Supervisory Board met on a total of 6 occasions in the reporting period; 4 of these meetings were scheduled over 2 days each. It dealt regularly and in detail with the corporate strategy, the current market situation, as well as ongoing and planned engineering projects. The situation and prospects of the PWO Group's locations and the capital expenditures planned there were regularly discussed in detail; other issues in focus were the refinancing of the PWO Group and its financing strategy, as well as the relevant situation and earnings reports of the Executive Board on the Group's economic and operating situation.

On the basis of the resolution of the Annual General Meeting on June 6, 2024, the Chairman of the Supervisory Board and the Audit Committee appointed the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart branch, and agreed its fee.

In addition, the following individual topics were on the relevant agendas in the course of fiscal year 2024:

At the meeting on March 14, the Supervisory Board dealt primarily and extensively with the Audit Committee's report on fiscal year 2023, the corporate governance statement, and the 2023 non-financial report. It also talked about the current situation of the location in Canada and its prospects for future development. Furthermore, the Supervisory Board received a report from the Personnel Committee on current Executive Board issues and discussed this at length.

On March 21, the Supervisory Board mainly dealt with the financial statements for fiscal year 2023, the report of the Audit Committee and the report of the auditor, the remuneration report, and other required declarations and reports on fiscal year 2023. The Executive Board's proposal for the appropriation of profit was also approved.

Following its own detailed review, the Supervisory Board approved the 2023 annual financial statements and the 2023 consolidated financial statements; the annual financial statements were thus adopted. Furthermore, the agenda was resolved for the 101st Annual General Meeting on June 6, 2024. Alongside regular topics, the status and prospects of the PWO Group's expansion in eastern Europe were discussed comprehensively.

At its meeting on June 6, the Supervisory Board gave detailed attention to the topics and procedure for the Annual General Meeting scheduled for that afternoon. It also held an in-depth discussion on the PWO Group's business performance and the report of the Audit Committee.

On June 7, an extensive review was conducted of the Annual General Meeting held the previous day, how it had proceeded, and the resolutions that were adopted. In addition to recurring topics, the agenda included a detailed report by the Executive Board on the situation of the PWO Group's locations in general as well as their respective capital expenditures, with particular focus on the locations in Canada, Mexico, and eastern Europe. The Supervisory Board closely debated this report. Furthermore, the Supervisory Board comprehensively discussed the previous findings on the performance in fiscal year 2024 and the 1st forecast for 2024 presented by the Executive Board.

At its 2-day meeting on July 3 and 4, the Executive Board and responsible executive managers gave detailed status reports on the PWO Group's key strategic fields of activity, which the Supervisory Board dealt with in detail. The fields of activity reviewed included the situation and prospects of the PWO Group's locations – especially the production site in Oberkirch and the locations in Mexico and eastern Europe –, as well as the global strategy for sales, procurement, and toolmaking; the strategy and prospects of PWO's 3 business units were also addressed. Other focal points were technology projects in the context of the Industry 4.0 strategy, ways of using artificial intelligence, and the ongoing development of operational key performance indicators. Another important agenda item was the PWO Group's financing strategy.

In line with established tradition, the PWO Group's Supervisory Board meets once a year at 1 of its international locations. In the reporting year, its 2-day meeting on September 24 and 25 took place in Mexico. An extensive tour of the 2 locations in the country was followed by a presentation, extensive discussion, and approval of our future expansion plans.

I addition to regular topics, the Supervisory Board gave detailed attention to the situation and prospects of the PWO Group's locations, especially those in Oberkirch, eastern Europe, and China. Other specific issues relating to the Oberkirch location were also debated at length. 2 other important agenda items addressed in detail by the Supervisory Board were the digitalization strategy, which was presented by the Executive Board and the executive manager responsible, as well as topics relating to Finance and Controlling.

Furthermore, on the basis of the 2nd forecast presented by the Executive Board, the Supervisory Board comprehensively considered the findings on performance in fiscal year 2024 to date and received a report by the Audit Committee, which it discussed closely.

At its 2-day meeting on December 4 and 5, the Supervisory Board addressed not only recurring topics, but also corporate governance issues – in particular the current declaration of compliance and its own self-evaluation. In addition, the Executive Board and the executive manager responsible presented the PWO Group's new ESG roadmap, which is aimed at achieving net-zero emissions by 2045. The Supervisory Board reviewed this strategy extensively.

PwC's training on sustainability/ESG, which was mentioned earlier, was provided to all Supervisory Board members at this meeting. Furthermore, the Supervisory Board comprehensively dealt with the findings on performance in fiscal year 2024 to date as well as the 3rd forecast for 2024 presented by the Executive Board; it also received a report by the Audit Committee, which it discussed closely. The PWO Group's medium-term planning was also on the agenda of this meeting. Following detailed debate, the Supervisory Board approved the planning for 2025 and took note of the planning for subsequent years.

In addition, circular resolutions on various issues were adopted in the 2024 reporting year: on Executive Board matters on March 13 and July 29, on the 2023 report of the Supervisory Board on March 27, on the invitation to the 2024 Annual General Meeting on April 3, and on the future development of the international locations on February 6, May 17, August 5, August 30, and October 11.

## The work of the committees

To efficiently perform its duties and in accordance with its Rules of Procedure, the Supervisory Board has established a Personnel Committee and an Audit Committee. It has granted these committees certain decision-making powers to the extent permissible by law. These committees prepare the relevant issues for the consideration of the full Supervisory Board. Chairs of these committees regularly report to the full Supervisory Board on the deliberations and resolutions of the respective committee.

The Chairman of the Supervisory Board heads the Personnel Committee. The Personnel Committee prepares the personnel decisions of the Supervisory Board and, rather than the Supervisory Board, decides on whether to approve any outside or competing offices held by a member of the Executive Board and the granting of loans to members of the Executive Board or Supervisory Board. Moreover, the Personnel Committee submits proposals to the Supervisory Board for the remuneration system for the Executive Board and the targets and performance criteria for the short-term incentive and the total target remuneration of the individual members of the Executive Board for the respective fiscal year.

The Personnel Committee held 2 meetings in the reporting year, on January 17 and February 26. It addressed in great detail current issues related to Executive Board remuneration for 2023 and 2024 as well as various other Executive Board matters, the further development of the remuneration system for the Executive Board, the remuneration report for fiscal year 2023, the requirements and competency profile of the Supervisory Board, and the Supervisory Board's and Audit Committee's Rules of Procedure.

Carsten Claus is the Chairman of the Audit Committee. He has special knowledge and experience in the area of auditing. Dr. Georg Hengstberger provides special accounting knowledge and experience to the Audit Committee. Accounting and auditing also cover the non-financial and sustainability reporting and audits of these reports.

The Audit Committee conducts a preliminary review of the annual financial statements and consolidated financial statements, the management report, the Group management report and the audit report issued by the auditor on behalf of the Supervisory Board. It discusses the selection of the auditor and examines the auditor's independence and the services performed by the auditor.

Also, it discusses the assessment of audit risk, the audit strategy and planning, and audit results with the auditor. The Chairman of the Audit Committee regularly meets with the auditor to discuss audit progress and reports on this to the committee.

The Audit Committee also prepares the report to be submitted by the Supervisory Board in accordance with section 171 of the Aktiengesetz (AktG – Stock Corporation Act).

In addition to monitoring the accounting and the financial reporting process – including the non-financial and sustainability reporting and the auditing of these reports – the Audit Committee also concerns itself with overseeing the appropriateness and effectiveness of the internal control system and the risk management system, Internal Audit, the audit of the financial statements and its quality, compliance, the compliance management system, and data protection.

It also deals with related party transactions. Also, the members of the Audit Committee – through its Chairman – obtain information from the heads of the respective departments responsible for tasks relating to the Audit Committee as required. The Chairman informs the Executive Board of this immediately.

The Audit Committee met 5 times in the reporting period: on February 15, March 14, May 6, July 25 and November 5. Key topics discussed at its meetings were the financial statements for fiscal year 2023 as well as the half-year financial report and the quarterly statements in fiscal year 2024. The Audit Committee was also involved in preparing the 2024 annual financial statements. Other defining issues were new regulatory organizational, personnel and financial requirements for the Group as a whole, which will have to be implemented in the near to short-term future. A special focus in this context was on non-financial reporting in accordance with European regulations.

The Committee also discussed the company's business performance in depth. In this regard, it received reports by the Executive Board, in particular on current trends in the profitability of the company and of the Group. The Audit Committee regularly reviewed the current performance of the company and of the PWO Group and compared it to the ongoing planning data to examine if there was any need for action. Moreover, the committee discussed questions regarding compliance, risk management, Internal Audit, and data protection.

The committees had the following members in the reporting year:

### Personnel Committee

- Karl M. Schmidhuber (Chairman)
- Dr. Georg Hengstberger
- Dr. Jochen Ruetz

### Audit Committee

- Carsten Claus (Chairman, financial expert in the field of auditing as referred to by section 100(5) AktG)
- Dr. Georg Hengstberger (financial expert in the field of accounting as referred to by section 100(5) AktG)
- Stefan Klemenz
- Karl M. Schmidhuber

## Disclosure of meeting attendance for individual members

The attendance of the members of the Supervisory Board at the meetings of the Supervisory Board and committees is disclosed for each member below:

The Chairman of the Audit Committee, Carsten Claus, attended both meetings of the Personnel Committee as a guest.

Wherever possible, the meetings of the Supervisory Board and its committees are held in person. The number of hybrid meetings, i.e., in person with the option of virtual participation, and those held by video conference can be found in the table below.

4 Supervisory Board meetings took place over 2 meeting days.

**Attendance by Supervisory Board members at the meetings held in 2024**

| Name | Member since | Attendance at full Supervisory Board meetings (of which virtual[1]) | Attendance at Personnel Committee meetings (of which virtual) | Attendance at Audit Committee meetings (of which virtual) | Total number of meetings (total attendance in %) |
|---|---|---|---|---|---|
| | | 6 meetings, of which 4 in person and 2 as hybrid meetings | 2 meetings, of which 1 in person and 1 as a video conference | 5 meetings, of which 3 in person and 2 as video conferences | |
| **Karl M. Schmidhuber (Chairman)** | May 31, 2016 | 6/6 (0) | 2/2 (1) | 5/5 (2) | 13/13 (100%) |
| **Dr. Georg Hengstberger (Deputy Chairman)** | May 22, 2013 | 6/6 (1) | 2/2 (1) | 5/5 (2) | 13/13 (100%) |
| **Carsten Claus** | May 23, 2018 | 6/6 (1) | – | 5/5 (2) | 11/11 (100%) |
| **Dr. Jochen Ruetz** | May 23, 2018 | 6/6 (2) | 2/2 (1) | – | 8/8 (100%) |
| **Andreas Bohnert (employee representative)** | May 20, 2021 | 6/6 (0) | – | – | 6/6 (100%) |
| **Stefan Klemenz (employee representative)** | May 20, 2021 | 6/6 (1) | – | 5/5 (2) | 11/11 (100%) |

[1] Attendance by video link in relation to all meetings of the respective committee.

## Changes in the composition of governing bodies

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

## Conflicts of interest

The Supervisory Board continuously monitored the existence of conflicts of interest in the reporting year. Conflicts of interest were not identified by the Supervisory Board during the reporting year, nor were they brought to its attention by members of either the Executive Board or Supervisory Board.

## Audit of the annual and consolidated financial statements

The consolidated financial statements were prepared by the Executive Board in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the provisions of section 315e(1) of the Handelsgesetzbuch (HGB – German Commercial Code). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (Stuttgart branch), audited the accounting, the annual financial statements, the consolidated financial statements and the combined management report for the company and the Group, as well as the dependency report and issued an unqualified auditor's report.

The audit opinion of KPMG AG Wirtschaftsprüfungsgesellschaft on the dependency report reads as follows: "Based on our due audit and assessment, we confirm that (1) the factual statements made in the report are correct and that (2) the consideration paid by the company in the legal transactions listed in the report was not unreasonably high."

At its meeting on March 13, 2025, the Audit Committee reviewed the annual and consolidated financial statements, the combined management report for the company and the Group, the dependency report, and the audit reports prepared by the auditor. The auditor was present at this meeting and reported on the main results of the audit. At this meeting, the Audit Committee also reviewed the non-financial report for fiscal year 2024 in detail.

The Supervisory Board received the Audit Committee's report at its meeting on March 13, 2025. It extensively discussed the separate non-financial report for the company and the Group and subjected it to its own review. The separate non-financial report was explained in detail by the Executive Board. This review did not lead to any objections by the Supervisory Board. In addition, the Supervisory Board approved the corporate governance statement.

At its meeting on March 20, 2025, the Supervisory Board dealt in detail with the annual and consolidated financial statements for fiscal year 2024, including the combined management report for the company and the Group, the Executive Board's proposal for the appropriation of the net retained profit, the dependency report of the Executive Board in accordance with section 312 AktG, the remuneration report and the audit reports prepared by the auditor. Associated documents were provided to the members of the Supervisory Board in a timely manner before the meeting on March 20, 2025. The auditor was present at this meeting and reported on the main findings of the audit.

The Supervisory Board conducted its own review of the annual financial statements and consolidated financial statements, the combined management report for the company and the Group, and the Executive Board's proposal for the appropriation of the net retained profit. At the meeting on March 20, 2025, at the recommendation of the Audit Committee, it agreed with the result of the audit conducted by the auditor. No objections were raised following the conclusive results of the Supervisory Board's review.

The Supervisory Board approved the consolidated and annual financial statements. The annual financial statements for fiscal year 2024 were thus adopted.

The Supervisory Board also subjected the dependency report to its own review and confirmed the result of the audit conducted by the auditor. Following the conclusive results of the Supervisory Board's review, there were no objections to the Executive Board's statement at the end of the dependency report.

The Supervisory Board approved and signed the remuneration report at the same meeting. An audit opinion on the remuneration report was provided by auditor, who was present at the meeting.

The PWO Group brought a difficult fiscal year 2024 to an encouragingly positive close. By the same token, following Donald Trump's assumption of office in the United States, geopolitical and economic uncertainty for the automotive industry has increased significantly. After close analysis, the Executive Board and Supervisory Board will therefore propose to the 2025 Annual General Meeting not to increase the dividend, but leave it unchanged at EUR 1.75 per share.

## A word of thanks

The past few years were intense and faced a number of different challenges. We nevertheless succeeded in continuing to implement our strategy consistently during this period. We expanded the PWO Group's market position, strengthened its financial clout, and continuously made operating processes more robust. In addition, high levels of new business in recent years have laid the foundation for continuing our expansion course.

A significant share of the PWO Group's production will be located in eastern Europe in future. As our new engineering and production site in Serbia is being built, this regional expansion is progressing swiftly. Production is scheduled to start, as planned, at the end of 2025. The 2 Czech locations are also continuously being expanded. In combination with Serbia, they form a strong basis in eastern Europe, enabling the PWO Group to continue to extend competitive offerings to its European customers in the future.

Nevertheless, the German location in Oberkirch will remain the PWO Group's largest production location in the coming years, even if further adjustments in line with changes in the future environment seem unavoidable.

All other international PWO locations are also set to grow in line with future market and customer requirements.

Our plans, which are fully costed and funded, rest on the solid foundation of a strong balance sheet. This means that the PWO Group is fully focused on the future.

This makes us confident that our extensive efforts of recent years form a strong basis to remain successful even in times when many previously familiar things on which we could rely may have to be reconsidered.

The employees of the PWO Group act independently at all levels and in all areas, combining their skills in global teams in order to be able to react promptly and comprehensively to any changes. As a result, new potential is continually being identified and resolutely exploited.

We, the Supervisory Board, would like to express our thanks to you all for your tireless commitment to the PWO Group. Thank you very much!

We wish you and your families all the best and good health and peace in particular.

This report was discussed in detail and approved by the Supervisory Board at its meeting on March 20, 2025.

Oberkirch, March 20, 2025

Karl M. Schmidhuber
(Chairman of the Supervisory Board)

# INVESTOR RELATIONS – OUR DIALOG WITH THE CAPITAL MARKET

We maintain active, open and continuous dialog with investors, analysts and media representatives. Our talks regularly focus on the PWO Group's earnings performance and expanding market position.

There is also a keen interest in our decarbonization strategy. By 2023, the reductions in our Scope 1 and 2 greenhouse gas emissions had already surpassed the 2030 targets set out in the Paris Agreement's 1.5-degree pathway – a fact that has been well received.

The same applies to the other milestones we have set ourselves as we move toward climate neutrality by 2045. We see our business as a force for good and want to play an active part in building a better future for the environment and for society. At the same time, this commitment boosts our competitiveness. Our promise to deliver zero-carbon products from 2039 onward underscores our positioning as the partner of choice in shaping sustainable mobility for the years to come. It is also a key factor in the high levels of new business we are seeing right now.

We have been delivering consistently strong results for years, exceeding our forecasts for certain key performance indicators every year, and making lasting improvements in our processes that are freeing up additional resources. Our balance sheet is healthy and our future plans fully financed. As such, further strengthening our market position is a foregone conclusion. The most visible milestone of this trajectory is the current construction of our new engineering and production site in Serbia.

We now aim to publicize these successes even more. In doing so, we believe it is important to engage with all our stakeholders equally. We are focusing on communication with the public, with private and institutional investors, and with capital market influencers. Above all, we aim to take our brand's reputation higher still among customers and prospects, because communication is not an end in itself. It is about bringing in business. So 1 of our 1st steps will be to overhaul our online presence.

The PWO Group's strategy was again positively received by our partners in talks. Current analyst recommendations for PWO's shares can be found on our website at → **www.pwo-group.com/en** under Investors & Press. We also provide extensive information in this section, including financial reports, capital market presentations, press releases, ad hoc disclosures, and key dates for the current fiscal year.

## Performance of PWO's shares in fiscal year 2024

PWO's share price tracked sideways overall in the reporting year. As such, it far outperformed the sector index. The XETRA closing price of our shares was EUR 29.80 on the 1st day of trading and EUR 29.00 on the last, 3 percent below the previous year. In contrast, the share price index for the German automotive industry, the DAXsector All Automobile, ended 2024 down 19 percent on the start of the year.

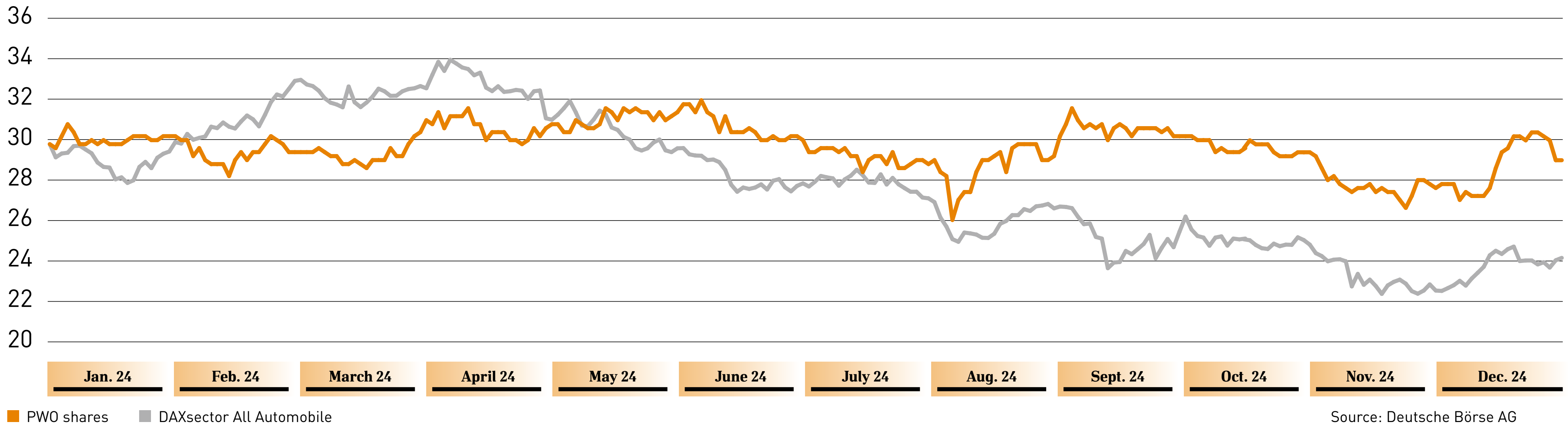
At the beginning of the year, PWO share performance lagged behind the sector index, which rose until April, driven by generally positive sentiment on German stock exchanges. However, the industry slide that followed persisted throughout 2024, albeit with some fluctuations.

This trend in automotive stocks reflects the structural crisis in Germany's economy, with excessive energy costs and bureaucracy curbing the competitiveness of German industry. It also signals concerns about the future of the German automotive industry in the face of a massive price war in the crucial Chinese market, of sluggish sales in Europe, and of Donald Trump's November election victory in the USA with expectations of a move away from free trade and a renewed focus on tariffs and economic sanctions under his America First policy.

For much of the year, our share price showed a solid performance relative to the sector as a whole. Only after the industry's brief but sharp decline in the summer did it follow suit, reaching its annual low of EUR 26.00 on August 5. However, it rallied quickly and in the 1st week of September reached EUR 31.60, almost matching early June's high for the year. Our encouraging figures for the 1st half of 2024 played a major role in this, even enabling us to raise our expectations for free cash flow in fiscal year 2024 as well as to confirm our other guidance.

In the final 4 months, our share price largely mirrored the industry trend. Even the uplift in our new-business guidance for 2024, which we published in mid-November, failed to provide much impetus in light of the bad news from various companies in the automotive industry.

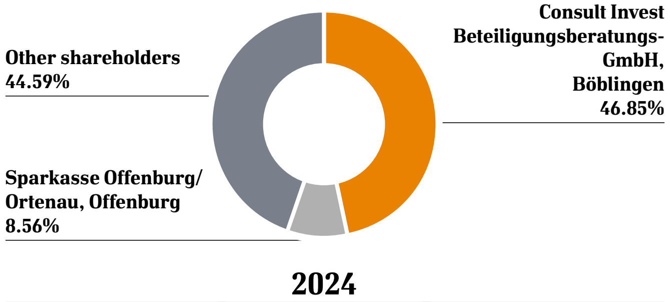
**Share price performance since January 2024** (figures in EUR; DAXsector All Automobile used as price index; indexed to PWO share price at start of 2024)




Source: Deutsche Börse AG

## Shareholder structure

**Shareholder structure** as of December 31, 2024




Sources: German Securities Trading Act (WpHG) notifications; in-house analysis

The share of our long-standing major shareholder, Consult Invest Beteiligungsberatungs-GmbH, Böblingen, in PWO AG's share capital at the end of the reporting year was 46.85 percent. Sparkasse Offenburg/Ortenau is a long-term shareholder as well. As of December 31, 2020, it last informed us that it holds 8.56 percent of the shares outstanding. PWO AG is not aware of any other shareholders whose shareholdings exceed the reporting threshold of 3 percent.

## Dividend policy

The PWO Group sees itself as a value investment with a sustainable growth component. We are especially committed to our shareholders as the main providers of capital. The Executive Board and Supervisory Board regard PWO AG's ability to pay a dividend and provide a return on the capital provided by the company's shareholders as an important objective. We have therefore pursued a shareholder-friendly dividend policy for many years and – in step with our targeted operating development – a steady and sustainable development of the dividend. The annual distribution is to remain as stable as possible and, whenever possible, to grow as well. Besides the amount of PWO AG's distributable net retained profits, key criteria for determining the amount of the dividend are the earnings performance of the PWO Group and the anticipated funding requirements for the ongoing growth of the Group.

The PWO Group's performance was encouraging in fiscal year 2024. By the same token, following Donald Trump's assumption of office in the USA, geopolitical and economic uncertainty for the automotive industry has increased significantly. The Executive Board and Supervisory Board will therefore propose to the 2025 Annual General Meeting not to increase the dividend, but to distribute an unchanged dividend of EUR 1.75 per share.

## Composition and development of share capital

The amount and composition of the share capital and authorized capital did not change in fiscal year 2024. Detailed information on this is provided in the management report. Equity performance is presented in detail in the consolidated statement of changes in equity.

**Key figures for PWO's shares**

| | | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| **Company key figures** | | | | | | |
| Revenue | EUR million | 555.12 | 555.84 | 530.80 | 404.30 | 371.15 |
| EBIT before currency effects | EUR million | 30.04 | 28.23 | 27.5 | 22.10 | -8.12 |
| EBIT including currency effects | EUR million | 30.15 | 27.86 | 26.8 | 21.80 | -10.10 |
| Net income/loss for the period | EUR million | 12.54 | 16.22 | 15.2 | 14.70 | -11.66 |
| Revenue per share | EUR | 177.64 | 177.87 | 169.9 | 129.38 | 118.77 |
| Earnings per share | EUR | 4.01 | 5.19 | 4.87 | 4.72 | -3.73 |
| Dividend per share | EUR | 1.75[1] | 1.75 | 1.65 | 1.50 | 0.00 |
| Book value per share | EUR | 51.93 | 50.09 | 48.4 | 40.10 | 33.43 |
| **Valuation ratios (based on the XETRA year-end price)** | | | | | | |
| Year high share price | EUR | 32.00 | 34.00 | 33.40 | 35.60 | 25.40 |
| Year low share price | EUR | 26.00 | 27.40 | 22.80 | 20.00 | 15.00 |
| Year-end share price | EUR | 29.00 | 30.00 | 31.20 | 31.80 | 19.40 |
| Market capitalization | EUR million | 90.63 | 93.75 | 97.50 | 99.38 | 60.63 |
| Price/revenue | | 0.16 | 0.17 | 0.18 | 0.25 | 0.16 |
| Price/earnings ratio | | 7.23 | 5.78 | 6.41 | 6.76 | -5.20 |
| Price/book value | | 0.56 | 0.60 | 0.64 | 0.79 | 0.58 |
| Dividend yield | % | 6.03 | 5.83 | 5.29 | 4.72 | – |

[1] Proposed

**Stock exchange data**

| | Data as of December 31, 2024 |
|---|---|
| Share capital | EUR 9,375,000.00 |
| Total number of shares outstanding | 3,125,000 |
| Treasury shares | 0 |
| WKN/ISIN | 696800 / DE0006968001 |
| Ticker symbol | PWO |
| Trading segment | Regulated market (Prime Standard) |
| Sector/subsector | Automotive/Car parts & equipment |
| Trading venues | Stuttgart and Frankfurt Stock Exchanges, XETRA |
| Designated sponsor | Pareto Securities AS |

# COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF PWO AG

# COMBINED GROUP MANAGEMENT REPORT AND MANAGEMENT REPORT OF PWO AG

The combined management report for the fiscal year from January 1 to December 31, 2024, contains the reports for PWO AG, Oberkirch and for the PWO Group ("PWO", the "PWO Group" or the "Group"). The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as adopted in the European Union, and the supplementary provisions of commercial law. PWO AG's financial reporting is in accordance with the provisions of the Handelsgesetzbuch (HGB – German Commercial Code) as currently amended and the supplementary provisions of the Aktiengesetz (AktG – German Stock Corporation Act).

The composition of the consolidated group is described in detail in the notes to the consolidated financial statements.

## PWO Group principles

### Business model

#### ORGANIZATIONAL STRUCTURE OF THE GROUP

The PWO Group manufactures lightweight construction aluminum sheet components predominantly made of steel for the international mobility industry.

PWO AG, headquartered in Oberkirch, Germany, is the Group's main location. In addition to its role as a production and development location, it also performs activities for the management of the Group. Moreover, PWO AG maintains subsidiaries in 5 countries.

An intermediate holding company based in Hong Kong was established in the past for the business in China. With the aim of making the PWO Group's structure simpler and more efficient, we decided in the reporting year to deregister the existing intermediate holding company. As a result, the operating business in China is now a direct subsidiary of PWO AG, as is the case in our other markets. The intermediate holding company has ceased trading and is in the process of being wound up.

PWO AG is managed by an Executive Board of 2 members. A 6-member Supervisory Board forms the supervisory body. The Supervisory Board has delegated some of its tasks to committees. These tasks are described in detail in the report of the Supervisory Board[1].

#### SALES MARKETS, LOCATIONS, AND SEGMENTS

The Group is represented worldwide by a total of 10 locations – 2 in China, 1 in each of Germany and Canada, and 2 in each of Mexico, Serbia and the Czech Republic.

Each of the Group companies are responsible for their own business and its operational management within the framework of the overall strategy. As they do not refinance themselves independently and instead rely on refinancing from the Group, the decisions on the allocation of the capital expenditure required for their growth are made by PWO AG's Executive Board. The 6 business segments – China, Germany, Canada, Mexico, Serbia and the Czech Republic – are defined in line with this internal organizational structure and comprise the sales markets in which PWO AG and its subsidiaries operate.

#### POSITIONING, EXPERTISE AND PROCESSES

All our solutions are installed in vehicles with different types of drive. As such, we consider our business model to be entirely independent of the combustion engine.

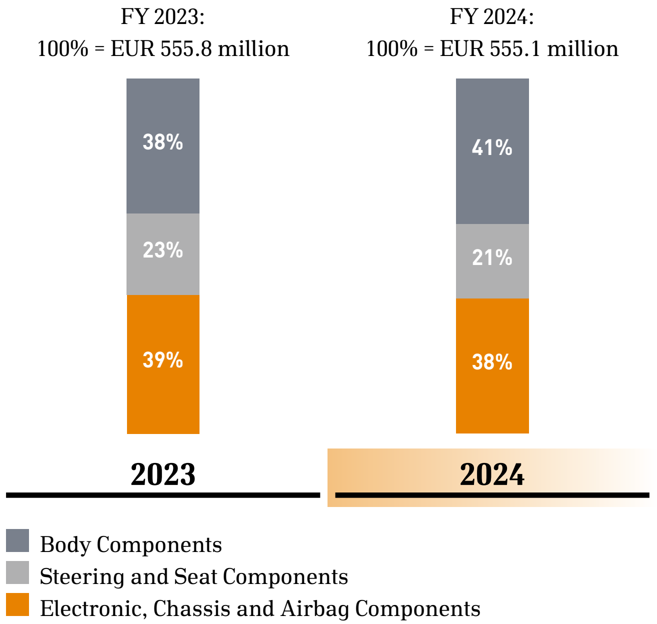
We manufacture tailor-made solutions for international automotive manufacturers and Tier 1 suppliers for large series with unit volumes that sometimes stretch into the millions. Our product solutions address the following 3 areas of mobility: electrification, safety, and comfort.

Our components are manufactured using the cold formation of different types of steel and, to a lesser extent, aluminum. Above all, we implement lightweight construction solutions, in material lightweight construction (replacing conventional deep drawing steel with modern high-strength and ultra-high-strength steel), in structural lightweight construction (minimizing a construction component's material usage) and in system lightweight construction (optimizing a component group's material usage and reducing the number of individual parts in it). In addition, the replacement of casting solutions with forming solutions using steel sheets plays an important role. Using various joining technologies, we assemble the individual manufactured components into systems.

To coordinate the different product areas, there are 3 business units where projects with our different product solutions are harmonized and coordinated. The shares of revenue attributable to these changed in the reporting year as shown in the chart below:

[1] The report of the Supervisory Board is not covered by the audit of the financial statements.

**Breakdown of revenue by business unit**




The Electronic, Chassis and Airbag Components business unit bundles a wide range of components for the electrification of vehicles, including components for fast chargers and electronic control units. In addition, it includes electric engine housing for safety and comfort, for example for windshield wipers and window regulators as well as ABS and ESP systems. The PWO components for airbags and for vehicle cooling also contribute to the safety and comfort of passengers. Another product line is powertrain components for electric vehicles as well as batteries and fuel cells. In addition, the PWO Group develops and manufactures various components for the chassis and suspension, particularly accumulators.

The Steering and Seat Components business unit mainly handles the development and production of steering consoles, steering column pipes and of metal structures for vehicle seats.

Within the Body Components business unit, instrument panel carriers are a major product line. In addition, many different door components as well as reinforcements and supports for the vehicle body are developed and manufactured.

### DEVELOPMENT

PWO develops components and subsystems that essentially represent customized proposals for solutions to specific problems or requirements in the context of customer projects, with the aim of obtaining the subsequent order to supply the series volumes. Consequently, the majority of expenses for product and process development are incurred within the scope of customer projects. In the reporting year, PWO's internal development activities and the associated services provided by third parties amounted to around 2 percent of revenue; development costs of EUR 0.3 million were capitalized. The figures for the previous year were the same. No research is conducted.

### EXTERNAL FACTORS AFFECTING OPERATIONS

Some of the key external factors influencing PWO's operations in the near term include changes in the political, macroeconomic and industry-specific environments. These factors are discussed in the “Macroeconomic environment” and “The international automotive industry environment” sections below. Further information on this can be found in the “Results of operations” section and in the report on opportunities and risks.

Other external influencing factors and their impact, such as fluctuations in sales volumes and prices, supply chain risks, and last but not least the transformation of the mobility industry, are also presented here.

## Management system

The key financial performance indicators are revenue, earnings before interest and taxes (EBIT) before currency effects, free cash flow, the equity ratio, the net leverage ratio and capital expenditure. Definitions of these indicators are presented in the sections on “Results of operations”, “Net assets” and “Financial position”. For the management of the segments, we focus in particular on the respective external revenue and EBIT before currency effects.

We also manage our medium-term plans using the financial indicator new business. This consists of the lifetime volume of newly acquired orders over their entire term, which we calculate on the basis of the contractual parameters of all orders and our own assumptions regarding the development of sales volumes. This is also why new business is one of our key financial performance indicators.

We want our growth to be profitable. At the same time, a high balance sheet quality – particularly in terms of the net leverage ratio and the equity ratio – is to be maintained. We have geared our sales strategy towards gaining a corresponding volume of new business with attractive EBIT margins each year in order to replace series production phase-outs moving ahead. However, new business can fluctuate greatly from year to year because customers make decisions on awarding orders at different times, and large orders are not always awarded every year in our market segment.

Furthermore, in our business, there is typically a time lag between the start of an order and its phase-out, which can lead to fluctuations in revenue. Compensating for this with additional orders is hardly possible and usually economically unviable. Nor can we compensate for short-term fluctuations in revenue due to market conditions or developments at individual customers, as the lead times for new orders in our business are often a year or more.

We aim for positive free cash flow, an increase in the equity ratio, and a decrease in the net leverage ratio. However, growth for us often entails upfront investments before the start of series production, whereas income is only generated over the entire term of the order, which can be 8 to 10 years.

The current transformation process in the mobility industry also requires us to critically review the positioning of our locations on an ongoing basis and, where necessary, approve higher spending or investment in the short term to ensure future market success. This upfront investment can have a temporary negative impact on EBIT before currency effects, free cash flow, and balance sheet figures.

We take the following non-financial key performance indicators into account in our management system: Scope 1 and 2 greenhouse gas emissions, the training rates for e-learning courses, supplier audits, and work accidents.

With climate change progressing, it is particularly important to reduce greenhouse gas (GHG) emissions. In 2022, we had our 2030 targets for reducing greenhouse gas (GHG) emissions validated by the Science Based Targets initiative (SBTi). The aim here is to reduce our absolute GHG emissions – calculated in line with the internationally recognized Greenhouse Gas Protocol – such that the PWO Group meets the targets of the Paris Agreement by 2030. This corresponds to an absolute reduction of 46.2 percent in Scope 1 and 2 emissions (direct emissions of the PWO Group and indirect emissions from energy consumption) and of 28.0 percent in Scope 3 emissions (indirect emissions along the value chain) compared to 2019 levels.

We surpassed these Scope 1 and 2 targets back in 2023. Going forward, we intend to continuously reduce our GHG emissions and offer our customers completely carbon-free products by 2039. We aim to achieve net-zero emissions across the whole Group by 2045.

We are making targeted use of green electricity wherever it is available on the market in order to achieve our goals. The green power that we purchase must meet the RE100 criteria. In the absence of a harmonized global standard, the SBTi frequently draws on the definitions of RE100 – a global initiative of the world's most influential companies that are committed to using only renewable energy. We are also guided by these definitions.

We use photovoltaic systems at both our Mexican and Chinese sites. We also obtain certificates recognized by the SBTi there in accordance with the I-REC standard for the volumes of electricity that exceed the output of the photovoltaic systems.

In addition, with regard to training we are aiming for a 100 percent participation rate for the e-learning courses provided within the PWO Group each year. We are constantly expanding the content of training, which covers subjects such as compliance, human rights, sustainability, IT security and data protection.

We strive to prevent any and all workplace accidents. To this end, we are regularly improving our technical and operating safety standards and our guidelines and work instructions for accident prevention, as well as training employees and encouraging them to diligently put their learning into practice. We measure workplace accidents using the international standard of lost time injury rate (LTIR) – this is the number of work accidents with at least 1 day of lost time per 1 million productive working hours.

With regard to sustainable procurement, our audits in accordance with the quality management standard IATF 16949 that we conduct at our suppliers include ESG (environmental, social, and governance) criteria. These criteria have been applied in all external audits in the PWO Group since July 1, 2023.

## Business report

### Macroeconomic environment

In its World Economic Outlook of October 2024, the International Monetary Fund (IMF) summarizes how the resilience of the global economy has been severely tested by the pandemic, geopolitical conflicts and extreme weather events over the past 4 years. The negative supply shocks to the global economy have had a lasting impact on production and inflation, although the severity of the effects has varied in individual countries and country groups.

Since early 2024, however, there have been signs that these economic imbalances are gradually diminishing and that economic activity in the major economies is more in line with their potential.

Overall, as of October 2024 the IMF expected global growth to remain largely stable in 2024, but slower at 3.2 percent versus 3.3 percent in 2023. Ongoing structural headwinds – such as an aging population and weak productivity – continue to curb growth in many economies.

Among the advanced economies, the IMF predicted relatively high growth of 2.8 percent (p/y: 2.9 percent) in the USA, largely driven by private consumption and corporate investment.

The euro area seems to have reached its lowest point in 2023 with GDP growth of 0.4 percent. This was set to improve to a moderate 0.8 percent in 2024, mainly due to higher exports, particularly of goods.

However, macroeconomic development in Germany would ultimately lag behind this trend. In the October outlook, Germany's GDP was expected to remain unchanged in 2024 following a decline of 0.3 percent in 2023. Above all, the continued slowdown in the manufacturing sector is weighing on growth, as are budget consolidation and a sharp fall in real estate prices.

In China, growth was expected to fall from 5.2 percent to 4.8 percent. The sluggish real estate sector and low consumer confidence were counteracted by high net exports in particular.

In its January 2025 update, the IMF confirms these forecasts with the notable exception of Germany, where the growth expectation for 2024 is reduced to -0.2 percent.

### The international automotive industry environment

In its status report from January 2025 on international automotive market developments in 2024, the German Automotive Industry Association (VDA) reports that in Europe, both economic growth and new car registrations were unable to keep pace with most other core automotive markets. Sales in the U.S. rose slightly thanks to solid overall economic performance. However, in both Europe and the U.S., the sales volumes of the last pre-crisis year, 2019, will remain out of reach in 2024. In China, a very strong 4th quarter led to a sharp increase in new registrations and, accordingly, to a new sales record.

Just short of 13.0 million new vehicles were registered on the European car market (EU, EFTA, and UK) in 2024, up by around 1 percent year on year. The economic downturn, combined with significant regional problems, was a major limiting factor in the car markets last year. The number of new registrations in Europe remained well below pre-crisis levels (down 18 percent compared with 2019). The 5 largest individual markets saw mixed performance in 2024. In Spain (up 7 percent) and the United Kingdom (up 3 percent), car registrations were higher than in the previous year. In Italy, Germany (each down 1 percent), and France (down 3 percent), sales declined despite the already weak prior-year figures. December saw an upturn in the European car market. At the end of the year, a total of almost 1.1 million new vehicles were registered, a good 4 percent more than in the same month of the previous year.

In the United States, light vehicle sales (passenger cars and light duty) rose slightly in 2024. A total of almost 15.9 million new vehicles were registered – a good 2 percent more than in the previous year. The positive trend in numerous macroeconomic parameters (growth, unemployment rate, private consumption, real wage development) underpinned vehicle sales. In December, 1.5 million new light vehicles were registered – an increase of 2 percent compared with the same month in the previous year. The light-duty segment's share of the total market in 2024 was 81 percent, with the passenger car segment accounting for 19 percent.

The Chinese car market kept up its recent momentum in December as well, and grew strongly again. A good 2.6 million new cars were registered – up 11 percent against the same month in the previous year. The recently extended scrappage bonus had significantly boosted market growth, particularly in the 4th quarter. Almost 23 million new vehicles were registered in 2024 as a whole. Accordingly, the Chinese market grew by almost 6 percent compared with 2023.

**New registrations/sales of passenger vehicles** in units

| Region | Full-year 2024 | Change vs. 2023 (%) |
|---|---|---|
| Germany[1] | 2,817,331 | -1.0 |
| Western Europe (EU14 + EFTA + UK)[2] | 11,557,800 | -0.2 |
| New EU countries (EU13)[2] | 1,405,800 | 10.6 |
| Europe (EU27 + EFTA + UK)[2] | 12,963,600 | 0.9 |
| USA (light vehicles)[3] | 15,851,100 | 2.2 |
| China[4] | 22,987,000 | 5.9 |

[1] Source: Kraftfahrt-Bundesamt (German Federal Motor Transport Authority)
[2] Source: ACEA, quoted from the VDA
[3] Source: Wards Intelligence, quoted from the VDA
[4] Source: CPCA, quoted from the VDA

## Business performance

### FINANCIAL SITUATION

#### General statement of business performance and the PWO Group's position

The market environment in the automotive industry gradually weakened over the course of the past fiscal year. This was reflected in our revenue trend. Nevertheless, we met our forecast for EBIT before currency effects. This demonstrates how robust our processes are as a result of consistently improving them in recent years.

This strong internal setup is a solid foundation for the planned further expansion of our market position. The high levels of new business we have sustained for several years underlines that we are on the right track. Our expansion strategy is underpinned by a positive free cash flow, a solid equity base and substantial unutilized credit facilities.

At the same time, we are incorporating ESG aspects increasingly deeply in the organization and day-to-day processes. Our strong commitment to climate change mitigation remains unchanged and is evident from the significant reduction in our greenhouse gas emissions in the past fiscal year.

**Comparison of forecast to actual business performance**

| | Actual results in 2024 | Latest forecast for 2024 | Forecast for 2024 according to 2023 Annual Report | Actual results according to 2023 Annual Report |
|---|---|---|---|---|
| **Financial performance indicators** | | | | |
| Revenue | EUR 555.1 million | – | Around EUR 570 million | EUR 555.8 million |
| EBIT before currency effects | EUR 30.0 million | – | EUR 29 million to EUR 32 million | EUR 28.2 million |
| Capital expenditure according to segment report | EUR 46.2 million | – | Around EUR 40 million | EUR 26.5 million |
| Free cash flow | EUR 33.3 million | Positive in low-double-digit millions[1] | Positive in mid-7 figures | EUR 11.3 million |
| Equity ratio | 37.5% | – | Flat | 37.0% |
| Net leverage ratio (financial liabilities less cash and cash equivalents in relation to EBITDA – earnings before interest, taxes, depreciation and amortization) | 1.6 years | – | Less than 2.5 years | 2.3 years |
| Lifetime volume of new business (series and tool orders) | Around EUR 630 million | EUR 630 to EUR 680 million[2] | EUR 550 to EUR 600 million | Around EUR 845 million |
| **Non-financial performance indicators** | | | | |
| Scope 1 and 2 GHG emissions | 6,287 t | – | 7,400–7,750 t | 9,417 t |
| Training rate for e-learning courses | 100% | – | 100% | 100% |
| Supplier audits including ESG criteria | 100% | – | 100% | 100% |
| Work accidents (LTIR) | 9.53 | – | -10% | 9.3 |

[1] Guidance raised on August 9, 2024
[2] Guidance raised on November 13, 2024

Fiscal year 2024 progressed positively overall. Though market conditions prevented us from achieving our revenue expectations, we met our target for EBIT before currency effects. We now have efficient management mechanisms in place to enable us to respond to market changes. Special items had a positive impact on EBIT of EUR 0.8 million and thus to a much lower extent than in the previous year, when they amounted to EUR 1.9 million. Please refer to the “Results of operations” section for details.

In the course of the Group’s expansion, we significantly increased capital expenditure in the reporting year and had exceeded the original budget by the reporting date. Nevertheless, we far surpassed the expected free cash flow. The net debt ratio therefore improved much more and the equity ratio slightly more than predicted.

Our management approach is geared towards continuously reducing capital employed in the balance sheet and freeing up resources to further expand our market position. Due to higher than expected cash inflows as of the end of the reporting period, cash flow from operating activities almost doubled year on year, and free cash flow was far higher than we had forecast.

Once again, we were very successful in acquiring new business in the reporting year. We were able to raise our guidance for this in the Q3 quarterly statement and have certainly met the lower end of the new guidance for the year as a whole.

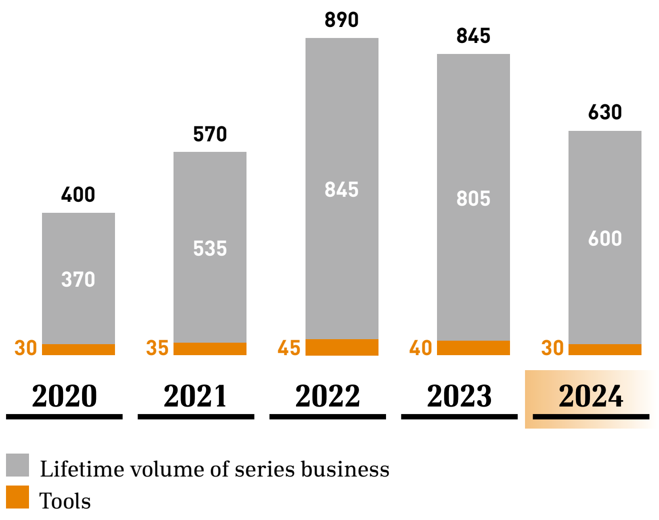
In the non-financial performance indicators, our GHG emissions came in significantly under what we had budgeted for, as we continue to ramp up our efforts to decarbonize our business. We achieved a 100 percent record in training rates and supplier audits in accordance with our guidance.

Contrary to our intentions, the number of workplace accidents increased in fiscal year 2024. This was mainly due to unfavorable developments at our German location in Oberkirch. We are working hard to reverse this trend and to move closer to our goal of zero accidents.

### ORDER SITUATION

Our profitable growth strategy focuses on regularly acquiring a volume of new business that more than compensates for series production phase-outs. We are very well positioned for this thanks to our business model, which is entirely independent of internal combustion engines, combined with a global sales approach and the focus on our development capabilities.

**Development of new business (EUR million)**




In the reporting year, we won a lifetime volume of around EUR 630 million, including tool orders of around EUR 30 million associated with series production.

We succeeded in gradually stepping up our cooperation with recently acquired new customers. Additional new orders show us that we have built trusting relationships in a short period of time. We are also very pleased to have acquired a new local customer in China and a Japanese automotive manufacturer, which we will supply indirectly for the first time in Mexico through an existing customer.

We have already acquired various new orders for our latest engineering and production site in Serbia, where series production is scheduled to start at the end of 2025. While in recent years our international locations in Mexico and the Czech Republic, in particular, have been the frontrunners in new business, our German location was particularly successful in the reporting period. Given the challenging conditions facing the industry and thus also the mobility sector in Germany (such as energy prices, taxes and bureaucracy), this is most encouraging.

Of the many new orders, those for body and structural components are particularly noteworthy. We expanded PWO's product portfolio in this area to include components for braking systems. We have also traditionally been very strong in electric and electronic components for control units and engine housings. A large volume of new business in housings for electric drives underscores our expertise in e-mobility.

In seat components, we secured significant follow-on business as well as orders for new platforms. We already supply seat components for one of the largest platforms in the automotive industry. The additional order volumes placed in fiscal year 2024 and the extended term of our contract underlines our customer's confidence in our delivery reliability and quality.

We also acquired new contracts for air suspension components and the associated accumulators. With engine casings for a drive that is not destined for the mobility sector, we are expanding our order portfolio beyond our established sales markets.

As is the norm in our business, the start of production for new business acquired in fiscal year 2024 is scheduled for the following 2 years in the majority of cases. However, production for some orders began in 2024 and therefore has already made a direct contribution to revenue, while production for 2 orders is not scheduled to start until 2027.

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

## RESULTS OF OPERATIONS

**Income statement**

| Selected information (EURk) | 2024 | in % of revenue | 2023 | in % of revenue |
|---|---|---|---|---|
| Revenue[1] | 555,119 | 100.0 | 555,843 | 100.0 |
| Total operating revenue | 555,565 | 100.1 | 556,311 | 100.1 |
| Cost of materials | -325,973 | -58.7 | -336,918 | -60.6 |
| Staff costs | -135,870 | -24.5 | -131,080 | -23.6 |
| Other operating expenses | -54,897 | -9.9 | -47,343 | -8.5 |
| EBITDA | 53,740 | 9.7 | 52,042 | 9.4 |
| Depreciation/amortization | -23,594 | -4.3 | -24,183 | -4.4 |
| EBIT before currency effects[1] | 30,043 | 5.4 | 28,229 | 5.1 |
| Currency effects according to the income statement | 103 | 0.0 | -370 | -0.1 |
| EBIT including currency effects | 30,146 | 5.4 | 27,859 | 5.0 |
| Net income/loss for the period[2] | 12,541 | 2.3 | 16,220 | 2.9 |
| No. of employees on Dec. 31, incl. temporary employees | 3,195 | – | 3,112 | – |

[1] Key performance indicator for the PWO Group; benchmark for percentages
[2] Net income/loss for the period is attributable in full to the shareholders of PWO AG

The PWO Group does not have locations of its own in either Russia or Ukraine or significant direct customer or supplier relationships there. Although it is nonetheless affected by the general economic effects of the Ukraine war, no changes specific to the company are required. Similarly, the armed conflicts in the Middle East only affect PWO indirectly as a result of their macroeconomic and political impacts.

One of PWO’s key financial performance indicators is “EBIT before currency effects,” which we continue to refer to in the following comments. This figure is adjusted for currency effects from transactions, which affect other operating income and expenses and are reported in the notes to the consolidated financial statements. By contrast, translation effects arise when the financial statements of our subsidiaries prepared in foreign currencies are converted into the Group currency, the euro, and do not form part of EBIT before currency effects.

In fiscal year 2024, we succeeded in holding revenue steady in a sluggish market environment. Rising customer call-offs from series production start-ups and ramp-ups counteracted this market slowdown.

The additional ramp-ups planned for the future also had a positive effect, as they led to higher tool sales. However, these generally have a lower margin than series sales or – in the case of purchased tools – have no overall effect on profit or loss. We are therefore all the more pleased at having been able to bolster EBIT. There was also a net positive contribution from special items as set out below.

There was a moderate reduction in the cost of materials ratio, which had risen exceptionally sharply in previous years. This was partly due to the fact that a 1-time expense of EUR 1.2 million for short-term materials management in the previous year was no longer incurred in the reporting year. In addition, the product mix performed favorably and energy costs declined.

The high inflation rates of the recent past have been a key factor in driving up wages and salaries and the corresponding increase in the staff costs ratio. The general shortage of skilled workers is also fueling wage and salary increases. Furthermore, we hired new employees who are currently being trained for future series start-ups and ramp-ups.

Remuneration increased not only for permanent employees, but also accordingly for temporary staff. The latter affected other operating expenses, which are currently dominated by costs for setting up our new engineering and production site in Serbia – e.g. for training, travel, etc. Legal and consulting costs also increased noticeably as a result of the PWO Group’s ongoing expansion. Also, costs for IT services rose in Germany on account of our digitalization strategy.

Our restrained investing activities in recent years contributed to a further slight decrease in the depreciation rate in absolute terms. However, we expect this trend to reverse in the future.

Provisions amounting to EUR 3.5 million (p/y: EUR 3.9 million) were reversed in the reporting year. Special items had a positive impact of EUR 0.8 million on EBIT (p/y: EUR 1.9 million). We define special items as items that occur only once in the reporting period, are non-recurring and amount to at least 5 percent of EBIT before currency effects and special items. The special items in the reporting year related to customer adjustments to series production plans in the Canada segment. This resulted in 1-time payments and, at the same time, the write-down of production facilities already purchased.

Overall, Group EBIT before currency effects increased to EUR 30.0 million (p/y: EUR 28.2 million). Adjusted for the aforementioned special items in fiscal year 2024 and in the previous year, the increase would have been even more significant. Despite the reduction in net debt, the negative net financial result rose to EUR 9.7 million (p/y: EUR 8.4 million). This was mainly due to the fact that the available refinancing instruments were used differently compared with the previous year. The tax rate increased sharply to 38.6 percent (p/y: 16.8 percent). The increase was mainly due to the reversal of deferred taxes and effects in connection with the deregistration of the previous intermediate holding company in China, while the recognition of deferred taxes in the Mexico segment had a positive effect in the previous year. Total net income/loss for the period therefore fell to EUR 12.5 million (p/y: EUR 16.2 million).

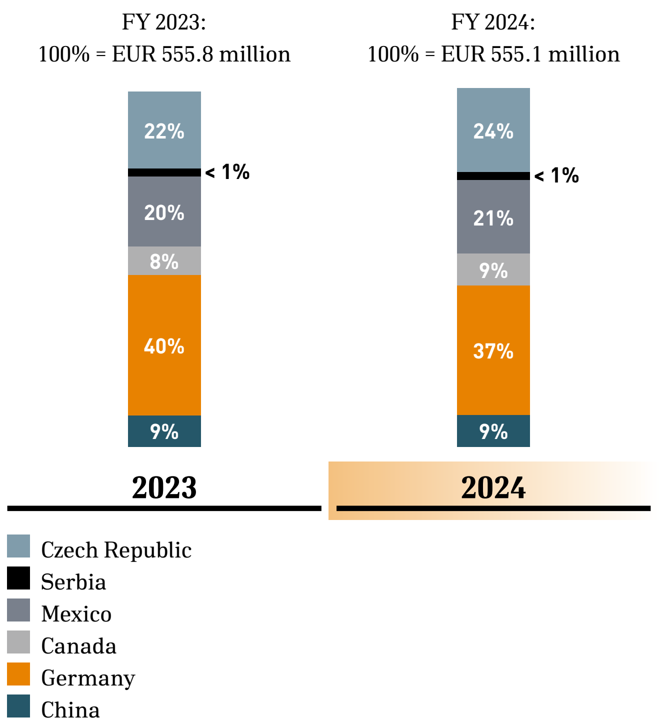
## SEGMENTS

In line with the PWO Group's internal management system, our locations form the basis for the segment reporting. The segments are defined according to the locations of the Group's assets, which is also the basis for the allocation of the Group's revenue. Intercompany revenue between the individual locations and segments mainly relates to deliveries of series parts and tools.

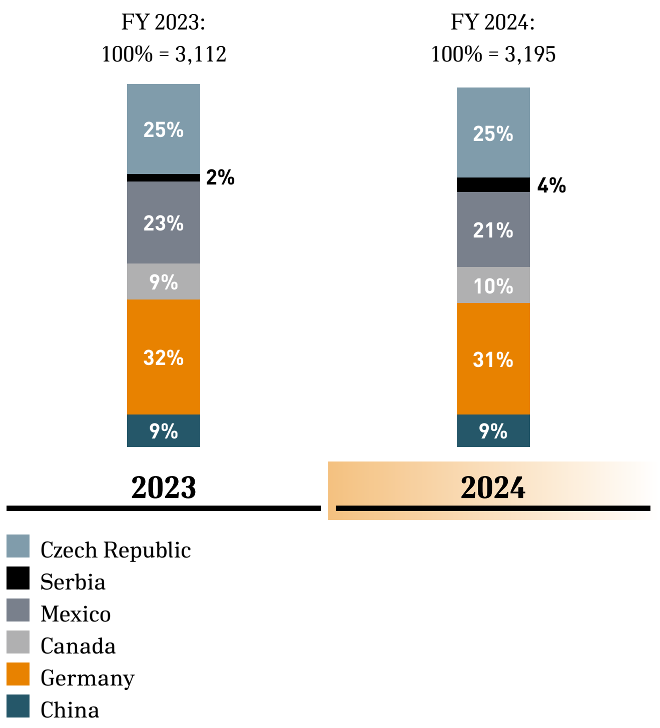
Selected information on the development of the segments is presented in the following tables. The indicators used to manage the Group are marked accordingly. As in the discussion of the results of operations, we refer to EBIT before currency effects in the following explanation of the results.

We look at the developments that affected the locations in particular or more heavily than the Group as a whole in the reporting year, but will not repeat in detail the influencing factors that are explained in the section on "Results of operations".

**Breakdown of revenue by segment**




**Headcount by segment**



**China Segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 54,433 | 112.5 | 54,920 | 107.4 |
| External revenue[1] | 48,398 | 100.0 | 51,154 | 100.0 |
| Total operating revenue | 54,434 | 112.5 | 54,920 | 107.4 |
| EBIT before currency effects[1] | 6,296 | 13.0 | 6,155 | 12.0 |
| EBIT including currency effects | 6,325 | 13.1 | 6,300 | 12.3 |
| No. of employees on Dec. 31, incl. temporary employees | 295 | – | 287 | – |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

Due to weak sales figures combined with increasingly fierce competition in the Chinese market, external revenue at our locations in the China segment fell in the reporting year. Nevertheless, strict cost management enabled us to maintain the previous year's EBIT.

**Germany Segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 223,905 | 108.4 | 239,103 | 107.8 |
| External revenue[1] | 206,538 | 100.0 | 221,800 | 100.0 |
| Total operating revenue | 224,250 | 108.6 | 239,426 | 107.9 |
| EBIT before currency effects[1] | 3,677 | 1.8 | 5,241 | 2.4 |
| EBIT including currency effects | 3,497 | 1.7 | 4,802 | 2.2 |
| No. of employees on Dec. 31, incl. temporary employees | 979 | – | 1,007 | -- |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

Oberkirch, our home location in the Germany segment, continues to be affected by the unfavorable general conditions in Germany as an industrial location. As more and more of our customers' production is migrating to eastern Europe, it is becoming continually more difficult to maintain the location's sales volume. External revenue thus saw another slight year-on-year decline. This, and above all a further increase in operating expenses, led to a decline in EBIT.

**Canada Segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 50,533 | 102.4 | 47,172 | 102.0 |
| External revenue[1] | 49,352 | 100.0 | 46,266 | 100.0 |
| Total operating revenue | 50,533 | 102.4 | 47,172 | 102.0 |
| EBIT before currency effects[1] | 2,107 | 4.3 | 48 | 0.1 |
| EBIT including currency effects | 2,272 | 4.6 | 3 | 0.0 |
| No. of employees on Dec. 31, incl. temporary employees | 318 | – | 271 | – |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

External revenue in the Canada segment noticeably surpassed the prior-year figure. This was partly due to improved capacity utilization – 2023 was heavily impacted by strikes in the automotive industry in North America – and partly due to customers adjusting their plans. This resulted in 1-time payments and, at the same time, the write-down of production facilities already purchased – a net positive contribution of EUR 0.8 million from special items.

**Mexico Segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 116,350 | 100.3 | 113,250 | 100.0 |
| External revenue[1] | 115,961 | 100.0 | 113,250 | 100.0 |
| Total operating revenue | 116,450 | 100.4 | 113,395 | 100.1 |
| EBIT before currency effects[1] | 10,686 | 9.2 | 9,380 | 8.3 |
| EBIT including currency effects | 10,791 | 9.3 | 9,399 | 8.3 |
| No. of employees on Dec. 31, incl. temporary employees | 685 | – | 724 | – |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

Performance in the Mexico segment was dominated by preparations for start-ups and ramp-ups of new series production, while customer call-offs in current series remained below the previous year due to market conditions. In the reporting year, the increase in external revenue therefore stemmed from the growth in purchased tools in the run-up to new series start-ups. This revenue is not associated with any significant contribution to earnings.

In addition, many new series are in the process of starting up. Tools and presses for this are being run in and employees are being trained. Overall, various expenses are having a negative impact on EBIT before substantial revenue is generated from the series ramp-ups. Nevertheless, we exceeded the prior-year EBIT, which had been affected by unplanned expenses for material prices amounting to EUR 1.2 million, whereas no such expenses were incurred in the reporting year.

**Serbia segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 3,176 | 705.8 | 1,124 | 446.0 |
| External revenue[1] | 450 | 100.0 | 252 | 100.0 |
| Total operating revenue | 3,176 | 705.8 | 1,124 | 446.0 |
| EBIT before currency effects[1] | -1,872 | -416.0 | -261 | -103.6 |
| EBIT including currency effects | -1,895 | -421.1 | -267 | -106.0 |
| No. of employees on Dec. 31, incl. temporary employees | 123 | – | 57 | – |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

In the reporting year, we expanded toolmaking activities in the Serbia segment while also pressing ahead with the construction of the new engineering and production site, where production is scheduled to start at the end of 2025. We are aiming for rapid expansion in Serbia while endeavoring to keep the start-up costs as low as possible. We believe we successfully achieved this in fiscal year 2024.

**Czech Republic segment**

| EURk | 2024 | in % of external revenue | 2023 | in % of external revenue |
|---|---|---|---|---|
| Total revenue | 144,280 | 107.5 | 136,246 | 110.1 |
| External revenue[1] | 134,268 | 100.0 | 123,730 | 100.0 |
| Total operating revenue | 144,280 | 107.5 | 136,246 | 110.1 |
| EBIT before currency effects[1] | 8,972 | 6.7 | 8,244 | 6.7 |
| EBIT including currency effects | 8,980 | 6.7 | 8,201 | 6.6 |
| No. of employees on Dec. 31, incl. temporary employees | 795 | – | 766 | – |

[1] Key performance indicator for the PWO Group and the segment; benchmark for percentages

In the Czech Republic segment, external revenue saw a marked increase despite the generally weak market. However, this was primarily due to higher revenue from tool sales, while series revenue remained on a par with the prior year. In the reporting year, staff costs at our locations increased noticeably due to market conditions. Nevertheless, we achieved a year-on-year improvement in EBIT through precise management of staff capacity and consistently controlling other operating expenses.

### Net assets

Total assets increased to EUR 433.0 million in fiscal year 2024 (p/y: EUR 423.1 million). Non-current assets increased to EUR 245.2 million (p/y: EUR 219.7 million) due to higher investing activities. Significant investment volumes were seen in the Serbia and Mexico segments, followed by Germany and the Czech Republic. The main investment areas are explained in detail in the section “Financial position”.

Current assets declined significantly to EUR 187.9 million (p/y: EUR 203.4 million). The main drivers here were lower trade receivables and a decrease in contract assets. However, other receivables and other assets were also lower. Cash and cash equivalents, on the other hand, rose to EUR 11.8 million (p/y: EUR 6.4 million).

On the liabilities side of the statement of financial position, trade payables increased from EUR 52.2 million in the previous year to EUR 65.7 million in connection with longer payment terms from suppliers. In addition, non-current pension provisions fell slightly from EUR 47.3 million to EUR 46.4 million. The reason for this slight fall was changes in the rates used to calculate pensions. A reduction in the discount rate had an offsetting effect.

In the first quarter of the reporting year, we extended the existing syndicated loan agreement for EUR 155 million by 1 year until March 10, 2027. In addition, the promissory note amounting to EUR 25 million was repaid in April 2024.

Interest is generally payable on financial liabilities at rates ranging from 3.15 to 8.75 percent (current) and from 1.35 to 5.90 percent (non-current). The higher interest rates are primarily on subordinated local financing of individual subsidiaries.

Unutilized lines of credit, including cash and cash equivalents, amounted to EUR 111.7 million as of the end of the reporting period (p/y: EUR 116.8 million).

**Development of equity ratio and net leverage ratio**

| EURk | 2024 | 2023 |
| --- | --- | --- |
| Equity | 162,280 | 156,534 |
| Total equity and liabilities | 433,034 | 423,100 |
| **Equity ratio[1] = shareholders' equity % total equity and liabilities** | **37.5** | **37.0** |
| Non-current financial liabilities | 52,097 | 58,911 |
| Current financial liabilities | 46,826 | 54,818 |
| Cash and cash equivalents | 11,777 | 6,443 |
| **Net debt** | **87,146** | **107,286** |
| **EBITDA** | **53,740** | **52,042** |
| **Net leverage ratio in years = net debt/EBITDA[1]** | **1.6** | **2.1** |

[1] Key performance indicator for the PWO Group

### Financial position

Cash flow from operating activities increased to EUR 78.0 million in the reporting year after EUR 37.4 million in the previous year. Capital employed in current assets decreased by EUR 20.8 million in the reporting period after having risen by EUR 18.7 million in the previous year. Our management approach is geared towards continuously reducing capital employed in the balance sheet and freeing up resources to further expand the PWO Group. Due to higher than expected cash inflows as of the end of the reporting period, cash flow from operating activities almost doubled year on year.

The change in current and non-current liabilities (not including financial liabilities) resulted in a net positive effect of EUR 18.5 million in the statement of cash flows (p/y: EUR 13.9 million), essentially as a result of higher trade payables. Non-cash expenses amounted to EUR 8.1 million (p/y: EUR 3.4 million) and mainly related to the measurement of hedging instruments.

The cash outflow from investing activities increased significantly to EUR 36.8 million (p/y: EUR 19.2 million) as a result of expanding our locations. Capital expenditure in the reporting period is explained below. The free cash flow after interest paid and received amounted to EUR 33.3 million in total (p/y: EUR 11.3 million).

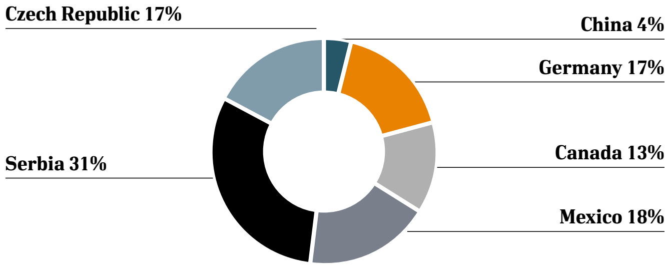
Cash flow from financing activities amounted to EUR -27.7 million (p/y: EUR -24.8 million). This includes the net repayment of loans and lease liabilities of EUR 14.4 million (p/y: EUR 12.8 million). The total changes presented here resulted in a net change in cash and cash equivalents of EUR 13.5 million in the reporting period (p/y: EUR -6.6 million).

Ensuring sufficient liquidity for the PWO Group is the focus of our financial management at all times. We strive to maintain a liquidity reserve that exceeds current payment obligations on the one hand while limiting the utilization of short-term credit as much as possible on the other.

The Group was solvent at all times in the reporting year. Given the follow-up financing agreed in the reporting year for the previous syndicated loan and the undrawn credit lines presented in the “Net assets” section, we are convinced that we have taken sufficient precautions to ensure solvency at all times for the foreseeable future. For further information on the principles and objectives of the financial and cash management, please refer to the notes to the consolidated financial statements.

**Capital expenditure by segment**

Fiscal year 2024: 100% = EUR 46.2 million




As shown in the segment report, capital expenditure amounted to EUR 46.2 million in the reporting year (p/y: EUR 26.5 million). The difference between this amount and the above cash flow from investing activities is due to the new lease financing arrangements agreed in the reporting year. After several years of heavy capital expenditure, the amount has now noticeably exceeded the previous year’s figure. We are continuing to expand the PWO Group and are investing primarily in land and buildings, in increasing our production capacity and in digitalizing our production processes.

Capital expenditure in the China segment of EUR 2.1 million (p/y: EUR 1.0 million) mainly related to production facilities for instrument panel carriers at the Shenyang location. In addition, we are continuously investing in IT infrastructure and quality assurance, for example with new optical measuring devices in the reporting year.

Capital expenditure in the Germany segment amounted to EUR 7.8 million (p/y: EUR 5.7 million). A new degreasing system with an associated packaging island for various products will provide another efficiency boost. Upgrading the transfer control system for a 960-ton press will yield additional production increases. We are expanding our assembly capabilities with a new welding system. We are also continuing to invest heavily in the ongoing implementation of our digitalization strategy. Last but not least, new charging stations for electric vehicles underline our unwavering commitment to climate change mitigation.

Capital expenditure in the Canada segment amounted to EUR 6.0 million (p/y: EUR 5.0 million) and was attributable to factors including production facilities for cross members, a packaging system for finished parts, a project-related investment in the pressing plant and the now completed expansion of logistics space.

In the Mexico segment, the expansion of our locations continued, with capital expenditure of EUR 8.4 million (p/y: EUR 3.5 million). We are currently expanding our press shop on a newly acquired plot of land. In addition, we have more than doubled our tool logistics capacity. Production facilities were also continuously expanded on a project-related basis. We are systematically implementing our decarbonization strategy by installing additional solar panels.

In the Serbia segment, capital expenditure of EUR 14.3 million (p/y: EUR 5.8 million) was destined primarily for the construction of our new engineering and production site. The first production facilities were also ordered and paid for.

In the Czech Republic segment, capital expenditure amounted to EUR 7.7 million in fiscal year 2024 (p/y EUR 5.4 million). In the run-up to further site growth, construction work began, and project-related production and assembly equipment – mainly instrument panel carriers – was purchased.

### Non-financial management of the PWO Group

We made important decisions regarding non-financial performance indicators in the reporting year, especially for the further reduction of GHG emissions. In addition to the improvements we regularly make to save energy and increase energy efficiency, we fully converted our locations in the Mexico segment to green power. To this end, we installed photovoltaic systems and also used instruments recognized by the SBTi – such as renewable energy certificates in accordance with the I-REC standard.

We also aim to convert our sites in China completely to green electricity by fiscal year 2026 using a combination of solar power and SBTi-recognized instruments. At the same time, we are driving forward our efforts to improve energy efficiency and implement energy-saving measures throughout the Group. In China in particular, our employees developed and implemented some very valuable ideas in the reporting year. We are currently looking into rolling these out at other Group locations.

We have added some content to our e-learning courses, we are continuing the auditing of suppliers also using ESG criteria, and we are expanding our accident prevention management within the framework of our continuous improvement processes.

# Report on risks and opportunities[2]

## Risk philosophy and risk policy

Risk management helps ensure that company targets are met and is therefore an essential component of the PWO Group's corporate governance. Through risk management, the risk/opportunity profile and risk costs are optimized, thereby creating transparency in the risk situation and establishing an early warning system to identify positive and negative developments.

We define risk policy as the consistent approach taken to handle opportunities and risks. It serves as the basis for all risk management activities. The PWO Group follows the principles of values-based corporate governance and takes business risks if the income opportunities these present outweigh the risks in the Executive Board's view.

## PWO's risk management system

### ORGANIZATION OF THE PWO GROUP'S RISK MANAGEMENT SYSTEM

The organization and reporting lines of PWO's risk management system are based on the internationally accepted "3 Lines of Defense Model" recommended for stock corporations and required as a basic element by the European Confederation of Institutes of Internal Auditing (ECIIA).

The model includes operational checks by risk owners, the review and monitoring of the control standards by independent units such as risk management and risk hedging by the Internal Audit department. The risk early warning system is also subject to external auditing.

Opportunities and risks can lead to a deviation from the plan and so are defined as uncertain events. While opportunities can lead to a positive deviation, risks can lead to a negative one. There are also mixed risks (e.g. economic fluctuations) that can have both a negative and a positive impact on corporate planning. All risks and opportunities are clearly assigned to individual owners and evaluated in terms of amount and probability of occurrence using the scenario methodology (best, normal and worst case). We now use Monte Carlo simulation when aggregating the data to determine the overall scope of risk.

The PWO Group has an integrated ICS (internal control system) and risk management methodology with a standardized procedure for defining necessary controls, documenting them in line with uniform requirements, and regularly reviewing their effectiveness and appropriateness. Our ICS and risk management and the elements that contribute to them are regularly subject to audit activities by Internal Audit. These are performed either as part of the annual audit plan derived on the basis of risks or as part of audits scheduled on request during the year.

The company-wide risk and opportunity situation is evaluated, the results of the internal control process are discussed, and an overall assessment of the appropriateness and effectiveness of the ICS and risk management is made at least once a year at the Executive Board and Supervisory Board meetings. In conjunction with the intensified refinement of the Group-wide ICS in 2024, potential for optimization was identified, some of which was successfully implemented in the reporting year. The other issues were integrated into the existing ICS roadmap and are scheduled to be implemented in 2025.

These elements will then be successively reviewed in the course of the checks performed by Internal Audit to ensure they are appropriate and effective. With reference to risk management as a whole, the Executive Board had no indications as of December 31, 2024, that it is not appropriate and effective. This also relates to the information on the sustainability goals.

As described in the following section, the risk management system was refined in 2024 and further improvements were systematically implemented. The internal control system is also continuously refined, as described above. Internal controls are reviewed in conjunction with internal audits; the audits that were conducted in 2024 identified some potential for optimization that may improve the effectiveness of the internal control system.

The Audit Committee is systematically involved in our ICS and risk management. It monitors the accounting and the accounting process in particular as well as the appropriateness, effectiveness and development of the ICS, risk management, and the internal audit system.

### STATUS AND DEVELOPMENT OF THE RISK MANAGEMENT SYSTEM

Risk management at PWO is developed and refined on a continual basis. To further improve the risk management and early warning system, ESG risks and strategic risks are recorded and assessed by the risk owners at all the Group's locations. For strategic risks and ESG risks, we continue to do this once a year for planning purposes for the coming fiscal year. The process has proven worthwhile. No serious risks were identified in this area in the reporting period.

In addition, we have improved our employees' risk management skills through training courses. Starting in 2025, risk management will become part of the skills profile for a select group of people in the company. Risk management skills will be enhanced with further training in 2025.

Our internal risk reporting processes have also been optimized: we expanded the format of our risk-bearing capacity calculations, reduced susceptibility to errors by automating calculations, and revised the visual format.

As part of another project, Risk Management addressed the significance of climate risks in 2024. The findings showed that these are becoming increasingly important for the PWO Group. We intend to explore this topic in greater depth in 2025.

[2] The disclosures on the appropriateness and effectiveness of the internal control system included in this section of the combined management report do not form part of the audit. The audit only covers the accounting-related internal control system.

## COMPLIANCE MANAGEMENT AND INTERNAL AUDIT

In the year under review, PWO AG successfully completed the initial certification of its compliance management system in accordance with the international standard ISO 37301:2021. The state-accredited certifier – Austrian Standard plus GmbH, Vienna – also issued PWO AG with a certificate in accordance with the ISO 37001:2016 standard for its existing anti-corruption management system. Both certificates are valid for 3 years, with annual surveillance audits. The first recertification is due in the 4th quarter of 2027.

The areas on which the development of the CMS focused in the reporting year are presented below.

Even before the aforementioned initial certification, a comprehensive compliance risk assessment was developed for PWO AG, which confirmed the previously identified compliance risks as the most significant ones. Subsequently, a compliance audit program was designed in order to review the effectiveness of the CMS, a corresponding audit plan was drawn up, and several internal compliance audits were conducted.

For the extension of the CMS to PWO SEE d.o.o. in Čačak (Serbia), the key compliance documents (Code of Conduct) and policies were reviewed vis-à-vis national law, translated into Serbian and finally published internally.

Under our tried-and-tested training plan, all PWO Group employees were trained in the Code of Conduct (online or via on-site presentations) and signed off on their personal commitment to the Code.

In addition, 2 in-depth training courses on compliance topics were created for the PWO Group and rolled out in the 4th quarter. The target groups for each course were determined on the basis of the Group’s risks.

The overarching task of Internal Audit is to protect the organization and its assets. It does this by providing objective, risk-based auditing and consulting services aimed at creating added value and improving business processes.

Internal Audit helps the organization achieve its goals by using a systematic and targeted approach to assess the effectiveness of risk management and checks as well as management and monitoring processes, and contributing to their improvement. Audit assignments are selected by Internal Audit based on risk-oriented annual planning, which in turn is based on information from Group Risk Management and specific management requests from the Executive Board and the Vice Presidents. Resources are also taken into account for ad hoc audits during the year.

In the reporting year, process-oriented audits were conducted in logistics/inventory, human resources, travel management and plant security. Follow-up audits were also carried out on audits from the previous year. Some of the audits were supported by external audit service providers.

## CONTROL AND RISK MANAGEMENT IN THE FINANCIAL REPORTING PROCESS

All operating units are involved in control and risk management in the financial reporting process. This structure relies on a clear separation of duties and the dual-control principle.

Controlling and risk management are based on principles, procedures, regulations and actions that were explicitly introduced for those purposes. Their compliance and proper implementation are reviewed by Internal Audit as part of its risk-based audit plan.

The policies, procedures, regulations and actions are geared toward the following objectives:

- Securing the effectiveness and efficiency of business activities, including the protection of assets
- Ensuring the accuracy and reliability of internal and external accounting
- Complying with applicable legal regulations, in particular, the compliance of the consolidated financial statements and the group management report with the relevant standards

The consolidated financial statements are prepared in a multi-step process. IFRS accounting policies form the foundation of the accounting and measurement standards for the PWO entities included in the consolidated financial statements. These internal policies are underpinned by a uniform Group-wide system of accounts. The operating units’ business transactions are recorded in a uniform manner in an SAP-based booking system. The access rights for this system are clearly defined.

### Development of the overall risk position

At the end of fiscal year 2024, the PWO Group’s overall risk position had improved compared with the previous year. This is largely a result of the various steps we have taken in recent years to make our operating processes better and more stable, and has a positive impact on almost all of our risk categories. This achievement strengthens the PWO Group for the long term and helps to boost its competitive edge.

In addition, in our corporate planning we have already taken into consideration some existing market risks that we consider to be high. One such risk is low end-customer demand, as people in many countries are exhausted and insecure after the multiple crises of recent years, including the pandemic, wars and the climate crisis. As a result, they tend to postpone relatively expensive new purchases such as vehicles.

Other market risks include the ongoing price war in the Chinese market and the evolving position of European and American manufacturers and their Tier 1 suppliers in this key automotive market. Last but not least, as mentioned earlier, we assume that the policies of the new U.S. administration will have a negative impact on the market, at least temporarily.

These risks are difficult to assess individually. We have therefore aggregated them in our planning for 2025. Conversely, there is a potential opportunity (which is shown in the “Other opportunities and risks” category) to generate higher revenue and EBIT contributions than we currently expect.

However, with the inauguration of the new U.S. administration under President Donald Trump, the overall risk position for the PWO Group has increased. At the time of preparing this management report, further developments are not yet foreseeable and so cannot be quantified. Depending on which decisions are actually sustained, rather than revised shortly afterwards based on subsequent deals, it is equally possible that few or many of the risks presented below may be affected. The following risk ranking is therefore still based on the situation before Donald Trump took office.

The spectrum of possible future scenarios is very broad. They range from the imposition of tariffs on the movement of goods between the USA and individual countries such as Canada or Mexico – the direct effects of which would probably still be manageable through targeted measures – to the end of the transatlantic partnership between the USA and Europe and the rules-based world order established after the Second World War. We are closely monitoring current political and economic developments and seeking expert advice in order to adapt our market positioning and corporate management as flexibly as possible where necessary.

Changes in the ranking of the individual risk categories compared to the previous year’s annual report are clearly and conveniently shown in the table below.

Compared with the previous year, opportunities and risks relating to contracts (regulatory opportunities and risks) and currencies (financial opportunities and risks) have been eliminated as they are now of only minor significance. As in the previous year, financing and interest rate risks are not among the top risks. With regard to the financial covenants, we see no direct risks based on the existing scope for fiscal year 2025. We report opportunities and risks relating to raw materials and purchase prices (market opportunities and risks) together with opportunities and risks relating to sales prices. Opportunities and risks in toolmaking (performance opportunities and risks), which were reported separately in the previous year, have now been allocated to various other individual risks and are reported accordingly below.

Overall, the Executive Board firmly believes that all the necessary measures have been initiated to continue to manage the Group’s risks. Therefore, the Executive Board does not feel that there is a risk to the Group as a going concern in the forecast period.

The following section contains our statements concerning the Group’s individual medium-term opportunities and risks.

## Presentation of opportunities and risks having a predominantly short-term effect

In the following section, we present the major opportunities and risks for our 2025 operating planning based on the scenario assessments and taking into account any risk mitigating measures. We continue to classify risk in the following risk categories: financial, performance, market, regulatory and other opportunities and risks.

In line with our assessment of the relative risk level, the categories and the associated highest individual risks are presented in descending order.

Our business is characterized by long-term contracts. New orders sometimes require lead times of several years. Customers usually stay with the same supplier during the series lifetime of 8 to 10 years. On the one hand, this aspect of our business contributes to our planning certainty; on the other, it limits our short-term opportunities. In terms of our operational planning for the year 2025, therefore, the risks outweigh the opportunities.

All individual opportunities and risks are evaluated according to their impact (amount of loss in relation to EBIT) and their likelihood of occurrence during the planning period. The sum of the individual net expected values of the opportunities and risks of a particular category yields their net expected value. Portfolio and correlation effects are not taken into account in the table below. However, they are mapped in our risk management system using Monte Carlo simulation by first defining causal links between our risks and then simulating them using a correlation matrix in the RMS. The risk significance of the individual categories is defined in the table below.

**Definition of risk significance**

| Description | Net expected value of risk category |
|---|---|
| Low | ≤ EUR 1.1 million |
| Moderate | > EUR 1.1 million < EUR 1.5 million |
| High | ≥ EUR 1.5 million |

**Overview of risk significance for the risk categories**

| Risk | Ranking in 2024 (1st place = lowest net expected value) | Ranking in 2023 (1st place = lowest net expected value) | Risk significance (net expected value) | Y-o-y change in the risk ranking |
|---|---|---|---|---|
| Performance opportunities and risks | 5 | 5 | High | Unchanged |
| Market opportunities and risks | 4 | 3 | Low | Increased |
| Regulatory opportunities and risks | 3 | 2 | Low | Increased |
| Financial opportunities and risks | 2 | 1 | Low | Increased |
| Other opportunities and risks | 1 | 4 | Low | Decreased |

## PERFORMANCE OPPORTUNITIES AND RISKS

### Production

The main performance risks in production include in particular business interruption risks, which arise from the limited number of bottleneck machines. These can result from damage to or the failure of production equipment or tools. In this context, increased tool maintenance costs are an additional factor that can negatively impact our profitability. Limited personnel capacity also constitutes a risk to this bottleneck machinery.

These risks particularly affect the Germany segment in fiscal year 2025. Human resources planning has therefore been adjusted for this plant and equipment, and preventive maintenance has been enhanced. In addition, specialist and troubleshooting teams have been established, as have relationships with external partners that can provide capacity in the event of tool breakage. We counter higher tool maintenance costs with technology and spare parts workshops.

Depending on the extent of the damage and the duration of the outage, disrupted operations can adversely impact the timely delivery of goods to customers. The risk of the failure of an entire location can be virtually ruled out, however. In order to manage the risk of business interruption, we have defined a wide range of measures at all locations, for example as a result of existing certifications such as IATF.

In light of the encouragingly high level of new business in recent years, there is also a risk of higher start-up complexity. This risk relates in particular to the locations in Mexico and the Czech Republic. In some cases, new technologies are being introduced there with which the local employees have no experience. We have therefore refined our start-up management again. These risks are also particularly relevant in Serbia, where a completely new production site is due to start up in 2025.

In periods of very volatile call-off situations and even last-minute production downtime at customer sites, there is also the risk that we will be unable to provide the planned service. This would have a direct effect on profitability. We are therefore aiming to make our processes even more flexible so that we can respond even more quickly to changes in customer call-offs.

### Quality, product liability, and recalls

Quality requirements in the mobility industry are traditionally very high. Moreover, product liability risks and risks resulting from product recalls have increased steadily in the mobility industry in the past several years, even if the PWO Group was again not affected by these in the reporting year. Much higher volumes of new business at the PWO Group since 2020 also contribute to an increase in these risks. At the fast-growing locations, the timing of capacity expansions regularly needs to be optimized. They should be implemented as late as possible for economic reasons but as early as necessary to limit risks.

We counter these risks with our quality management system, which has been established for many years and is certified in accordance with the IATF 16949 standard. This standard includes fundamental requirements for quality management systems for series and spare parts production in the mobility industry. We are also managing our capacity with increased attention and temporarily increasing inventories where necessary.

In addition, we are continuously expanding the scope of testing for our components – particularly as part of various digitalization projects – and documenting their zero-defect quality before they leave our premises. We do this firstly to ensure that defective components are detected even earlier in the production process than before. Secondly, we want to achieve complete traceability of each individual component so that any defects can be assigned not only at the level of individual batches but also at the level of containers and in some cases even each individual component. This enables us to limit the total amount of damage in the event of a potential recall.

Not least, we have taken out insurance policies for relevant liability risks, the scope of which we review and, if necessary, adjust on a regular basis.

### Logistics

Logistics costs at the German location have increased significantly as a result of the sharp rise in energy costs in Germany especially and the higher carbon prices that the government has resolved to implement in 2024. If adjustments are made to the production plan – whether for internal reasons, or due to short-notice increases in customer call-offs, or for example because of volatile supply chains – special freight is required to ensure punctual delivery to customers, the costs of which put pressure on our profitability. All of the above measures to secure production processes therefore play a part in limiting the risks from logistics.

## MARKET OPPORTUNITIES AND RISKS

### Economy and sales volumes

Fluctuations in sales volumes can give rise to capacity utilization risks for the PWO Group. Thus, for new orders in our business, we constantly have to reckon with start-up delays on the part of vehicle manufacturers. Fluctuations in existing orders can result from unexpected increases and declines in demand from end customers. Supply chain issues saw further improvement in the mobility industry and at the PWO Group in the reporting year. We expect higher short-term volatilities along the supply chains than before, however, as a result of the increase in geopolitical risks in the future.

In addition, for the reasons explained in “Development of the overall risk position”, end-customer demand for motor vehicles can be expected to remain subdued. Another contributing factor is that the ramp-up of e-mobility in Europe is characterized by caution among end customers, as they spend longer weighing up the factors for or against a particular drive technology and there is a lack of clear and sustained political support for this technology change.

Due to the long-term nature of our business, we can only compensate for reductions in capacity utilization by making adjustments in our cost base. However, as a responsible employer and in our economic interest, we want to retain our highly qualified employees in temporary periods of weakness.

Meanwhile, opportunities arise because, in view of the uncertainties listed, we were in some cases more cautious with our planning for fiscal year 2025 than the call-offs expected from customers would allow. If these are achieved, planned revenue for these series productions may be exceeded.

Toolmaking is likewise subject to risks arising from market trends. Toolmaking is used firstly as an internal service provider for the maintenance of the press shop and its tools. Secondly, it fulfills external orders to secure capacity utilization and cover its costs. In order to maintain this, especially at the Oberkirch location, we are aiming to further optimize the operating processes and personnel availability so that we can reliably commit to as many external orders as possible and at the same time guarantee adequate capacity that is also available at short notice if necessary for the internal maintenance of all plant and equipment, but especially bottleneck machines.

### Purchase and sales prices

Purchase and sales prices are subject to mixed risks that can have both a negative and a positive impact on corporate planning. With rising prices, there is a risk that price adjustments cannot be passed on to our customers in line with the use of materials in our products and the price increases imposed by our suppliers. If prices fall, there is a risk that customers may demand faster discounts on materials prices than we are able to achieve in procurement. Scrap price trends are also regularly a factor in customer negotiations.

If negotiations are unsuccessful in light of massive short-term price rises (for example as the result of volatile energy prices), or permanent increases in costs (for example in human resources), or because of falling purchase prices, this would put pressure on the PWO Group’s results of operations.

### Dependence on suppliers

The risk of a strategic supplier defaulting due to financial difficulties remains, and has recently increased due to sluggish economic performance in Germany as a whole and the automotive industry in particular. We manage this risk by regularly obtaining credit information and making visits to suppliers and other partners as part of process audits. Should we identify substantial risks, we would establish targeted business relationships with new suppliers.

In addition, the higher volatility in the global economy is leading to an increased risk of insolvency among suppliers, an event that may also now occur at shorter notice than has previously been usual in our business, making it difficult to include in credit information. For this reason, we are focusing on very close bilateral coordination especially with suppliers with energy-intensive production in order to improve the risk situation.

## REGULATORY OPPORTUNITIES AND RISKS

### Legal and political environments

The PWO Group operates in countries on 3 continents with very different tax and political environments. This results in some cases in extensive requirements, the complexity of which is increasing. In particular, we still consider the risks arising from the implementation of the European General Data Protection Regulation to be significant.

We reduce these risks by training our employees, appointing internal data protection coordinators, and working with external experts who have proven experience in the countries and subject areas in question.

## FINANCIAL OPPORTUNITIES AND RISKS

### Impairment risk

The risk of impairment of non-current assets exists particularly when plan targets have not been achieved, the earnings outlook deteriorates, the market environment develops negatively, or the discount rate applied to future expected cash flows increases. We therefore continue to base our management on achieving ongoing improvements in earnings.

## OTHER OPPORTUNITIES AND RISKS

### Personnel

The timely availability of staff in sufficient numbers and with the right qualifications continues to pose a particular risk. This is all the more true in view of the PWO Group's significant increase in new business in recent years. The resulting new series production start-ups create a constant need for skilled workers. Experience has shown that this risk particularly affects the production site in Serbia, which is currently under development.

Moreover, the regulatory requirements that companies are subject to – especially as a result of new control and reporting obligations relating to sustainability issues – are continually increasing. This requires additional and above all appropriately qualified employees.

The available human resources therefore need to be continuously reviewed and generally expanded. Intense competition for skilled workers presents the risk that staff costs will increase more than expected – this risk affects the Czech locations even more than the other locations in the Group – and the risk of being unable to fill vacancies.

We therefore plan and manage the need for skilled workers as early on as possible and on a long-term basis through education and extensive continued training, employee qualification and other initiatives. The risk to the Group is also managed by means of broad-based personnel recruitment and employee retention concepts, which are developed on an ongoing basis.

### Production location in Serbia

There are still no operational risks for the Serbia production site, as the location is under development. Risks do arise, however, primarily from building costs, planning and consulting, from administrative issues and from the start-up management for the site.

### Data security and IT systems

Open IT structures, which make processes available worldwide, are among the basic requirements for sustainable corporate success today. These structures are particularly exposed to risks of data losses and misuse as a result of systemic vulnerabilities and data losses due to unaccessible backup files. This can result in a whole range of damage and even the temporary interruption of business operations.

In addition, the rate of digitalization in all operating processes is constantly increasing, the amount of data to be processed is rising continuously and significantly, and the software systems available are becoming ever more complex. While this opens up additional possibilities for productivity gains and quality assurance, it also increases the requirements placed on the administration of these systems.

We have been focusing for several years on consolidating all IT services in a PWO private cloud, where we have implemented diverse, standby backup systems. All employees who work remotely also have secure access to their working environment via the PWO private cloud. We are also continuously upgrading our certified information security management system at the Oberkirch site. The processes and structures established in this context are implemented in the subsidiaries as required.

Our IT resources are aimed at ensuring that we have both the personnel and the technology to implement a digitalization strategy that we can use to benefit from the opportunities offered by modern IT landscapes and, at the same time, to limit the risks they present.

## Presentation of opportunities and risks having a predominantly medium or long-term effect

Next, we look at the Group's strategic opportunities and risks, which are mainly medium- and long-term, i.e. within a period of at least 3 years. They are determined once a year in a structured way using a detailed survey of the PWO Group's managers. Net impacts and probabilities of occurrence are included in the assessment here. The order in which the opportunities and risks are presented in this section reflects our current assessment of their relative importance for the Group.

## SHORTAGE OF SKILLED LABOR

There is currently a shortage of skilled labor on almost all our markets. With societies aging and younger generations demanding more from their working environment (think work-life balance), this shortage will keep getting worse in the future. It creates stiff competition for talented employees. If the PWO Group were to become unappealing to potential employees, this could hurt the Group's innovative strength. There is also a risk of losing expertise if employees leave the company. Finally, there is the risk of not being able to fill vacancies. The consequences of this would be a decline in our competitiveness.

At the same time, it also presents an opportunity for us to position ourselves as a particularly attractive employer by directing particular attention to this issue and offering promising development prospects for our employees in the global PWO Group. Continuously enhancing our appeal as an employer is therefore one of the core processes in the PWO Group to which we attach great importance.

### CYBERATTACKS AND DIGITALIZATION

Cyberattacks are an increasing threat to companies worldwide. They can take the form of malware that blocks IT systems or encrypts data on these systems. In particular, if attackers succeed in gaining access to critical IT infrastructure, they could potentially disrupt operating processes in administration and production.

This risk may jeopardize the PWO Group's continuation as a going concern. We manage it using multilevel, redundant antiviral and firewall technologies. We repeatedly simulate attacks on the IT systems in order to check the protection provided by the measures used and conduct workshops to train the employees entrusted with our crisis management.

At the same time, the digitalization of all business processes, which is being driven forward at a high pace, using the instruments available in the industry 4.0 presents significant opportunities. It allows operating processes to be designed more efficiently, reduces the use of resources, and improves product quality. In turn, this opens the door to improved productivity and profitability and additional growth, while also strengthening the company's reputation on the customer market. We are therefore committed to modern, data-driven processes and see opportunities to further expand our market position here.

### MOBILITY INDUSTRY

The mobility sector is currently undergoing a profound transformation shaped by the megatrends of sustainability, e-mobility, and urbanization. This is producing diverse changes in the market structure, which in China in particular are also promoted through substantial state subsidies for companies. As a result, market shares are shifting and new providers – particularly electric vehicle manufacturers – are entering the market. The Chinese market is important for the automotive industry, and these changes affect the business prospects of European and American manufacturers, as well as their Tier 1 suppliers, who currently make up our main customer base.

The Executive Board feels that our current product portfolio, which is focused on the 3 trends of electrification, safety and comfort, is excellently positioned for this transformation and is entirely independent of the drive model. We are working consistently to broaden our customer base. As such, we are convinced we will be able to capitalize on future opportunities presented by the transformation.

In our view, this means that we will not miss out on any existing business opportunities in the future and will instead benefit from new products and processes and attract new customers. We thus see the transformation process predominantly as an opportunity for the future development of the company.

### PRODUCT RANGE

Our core expertise lies in the cold forming of steel and aluminum. All materials are exposed to substitution risks if customer requirements change. However, we believe that the opportunities associated with a further increase in the use of steel and aluminum components outweigh the risks. Alternative materials are still no match for the advantageous properties of steel (especially its ability to absorb crash energy in an accident), its full recyclability and the potential for lightweight construction, particularly in combination with aluminum. Accordingly, moving forward we will continue to strengthen our already substantial lightweight construction expertise.

### GEOPOLITICAL CONFLICTS

The mobility sector operates worldwide and is highly interconnected. PWO also works with production and assembly locations on 3 continents in countries with very different environments. Geopolitical tensions can thus affect our business directly and indirectly through changes to the sales opportunities of manufacturers and Tier 1 suppliers that we deliver to or through disruptions to supply chains.

Over the last few years, we have increasingly seen governments approving regulations that do not comply with the principles of the World Trade Organization. Disrupting or preventing trade flows can result in considerable losses for companies' business operations.

This risk currently relates primarily to the war in Ukraine and the military conflicts in the Middle East. But also below the level of such massive violence, increasing verbal threats between states in many regions around the world are stoking unrest and political differences ever more frequently.

It is fair to assume that Donald Trump is likely to exacerbate rather than mitigate this in his second term as U.S. President. In addition to the short-term risks, there is also a risk that political blocs may form worldwide in line with the spheres of influence of the leading global powers. This could lead to a long-term change in and impairment of global flows of goods.

### UNDERUTILIZATION OF CAPACITY

As a capital-intensive company, we are financially dependent on ensuring sufficient utilization of our existing pressing and toolmaking capacity. If we are not successful in this, unmet fixed costs for staff and property, plant and equipment will affect earnings. In addition to the resulting short-term negative effects, this may mean that strategically necessary investments cannot be funded, permanently reducing the Group's competitive position. If capacity utilization problems persist, this risk could also jeopardize our continued existence as a going concern.

With the successful increase in the PWO Group's sales activities and the substantial increase in new business over the past few years since 2020, this risk has decreased for the Group as a whole recently.

#### SHORTAGE OF RESOURCES AND PRIMARY MATERIALS

Increasing pressures on global supply chains and rising energy prices resulting from political conflicts and disputes have repeatedly led to bottlenecks in the supply of primary materials in the past few years. These were previously short term in nature, and we were able to manage them successfully thanks to a carefully implemented purchasing strategy and close coordination with our customers. However, in view of the intensifying geopolitical tensions around the world outlined above, we assume that the risks of bottlenecks in the supply of primary materials will increase in the future. We aim to counter them by continually improving our purchasing strategy and interlinking closely with production on a continual basis.

#### REQUIREMENTS FOR SUSTAINABILITY AND AMENDMENTS TO LAWS

We are working on fully aligning our business processes with sustainability requirements in order to gain a true competitive advantage. In the interests of maximum transparency and comparability, we are guided here by internationally recognized standards such as the SBTi and the United Nations Global Compact.

However, the new legal and regulatory requirements as they have been initiated in particular at the EU level – for example the EU Taxonomy Regulation and the EU Sustainability Directive – impose significant implementation requirements that are especially challenging for companies of our size to comply with. Ideally, we would like to see the swiftest possible implementation of all the European Commission’s currently announced initiatives to reduce reporting requirements.

Nevertheless, sustainability is far broader than this and extends to many other environmental issues, social issues, and principles of good corporate governance. We are aiming to continually develop our comprehensive sustainability strategy and thus to satisfy the interests of our target groups. In this way, we intend to further strengthen our market position – in the competition both for customers and employees and for capital.

## Forecast

### Expected general economic and industry development

The previous forecasts on the development of the global economy and the automotive industry for 2025 were made before the new U.S. administration took office. It is not yet clear to what extent they are still reliable or already outdated. Consequently, there are no updated forecasts from the economic research institutes or the VDA.

In its January 2025 update of the World Economic Outlook, the IMF predicts that global growth is likely to be stable, albeit lackluster. At 3.3 percent (vs. 3.2 percent in 2024), global economic growth is set to remain below the historical (2000–2019) average of 3.7 percent.

In the United States, underlying demand is robust due to strong wealth effects, a less restrictive stance on monetary policy, and favorable financial conditions. Growth is forecast at 2.7 percent in 2025 (vs. 2.8 percent in 2024).

Growth in the euro area is only expected to pick up modestly to 1.0 percent (vs. 0.8 percent in 2024) as geopolitical tensions continue to weigh on sentiment. Things look particularly bleak in Germany, where the IMF sees weak growth of 0.3 percent (vs. -0.2 percent in 2024).

In its December 2024 forecast for Germany, the Bundesbank states that the German economy is not only struggling with persistent economic headwinds, but also with structural problems. These are taking a particularly heavy toll on industry and its export business and capital expenditure. The labor market is now also reacting noticeably to the prolonged economic slowdown, curbing private consumption. Consequently, German GDP will only start to recover slowly in the course of 2025, growing by just 0.2 percent.

For China, the IMF predicts growth of 4.6 percent (vs. 4.8 percent in 2024). The government’s economic stimulus package from November 2024 should largely compensate for the pressure of increased trade policy uncertainty and the real estate crisis.

In its January update, the IMF emphasized that it had made no assumptions in its forecasts about possible political changes with a serious impact on the global flow of goods and trade.

The VDA expects the automotive markets in Europe (EU, EFTA & UK; +2 percent; 13.2 million units) and the USA (+2 percent; 16.2 million units) to grow slightly faster than the Chinese market (+1 percent; 23.2 million units) in 2025 due to persistently low market volume. For the German car market, the VDA expects a slight increase in sales of 1 percent to 2.8 million units. This is around a quarter less than in the pre-crisis year of 2019.

The association anticipates only a slight increase in domestic car production in 2025 (+1 percent to 4.15 million units). The reasons for this include the general economic weakness. Foreign production of German group brands is expected to increase by 2 percent with the production of 9.7 million cars.

## Development of the PWO Group

The following guidance reflects our assessment prior to the new U.S. administration taking office. It will be updated as soon as we can make a reliable assessment of the Group's foreseeable business performance.

The planning for 2025 is also based on detailed individual estimates of the volumes of the series productions currently underway, as well as on the upcoming start-ups, ramp-ups and phase-outs at the individual locations.

| | Forecast for 2025 | Actual results in 2024 |
|---|---|---|
| **Financial performance indicators** | | |
| Revenue | Around EUR 530 million | EUR 555.1 million |
| EBIT before currency effects | EUR 23 to EUR 28 million | EUR 30.0 million |
| Capital expenditure according to segment report | Around EUR 40.0 million | EUR 46.2 million |
| Free cash flow | Positive in low-single-digit millions | EUR 33.3 million |
| Equity ratio | Flat | 37.5% |
| Net leverage ratio<br>(financial liabilities less cash and cash equivalents in relation to EBITDA) | Less than 2.5 years | 1.6 years |
| Lifetime volume of new business | EUR 550 to EUR 600 million | Around EUR 530 million |
| **Non-financial performance indicators** | | |
| Scope 1 and 2 GHG emissions | 6,275–7,650 t | 6,287 t |
| Training rate for e-learning courses | 100% | 100% |
| Supplier audits | 100% | 100% |
| Work accidents (LTIR) | 0 | 9.53 |

### FORECAST OF THE RESULTS OF OPERATIONS

We expect the market slowdown in the international automotive industry to result in lower customer call-offs in fiscal year 2025; this will affect the PWO Group's revenue performance along with EBIT before currency effects. New series production start-ups and ramp-ups will continue to counteract this trend, but will not be able to fully compensate for it. We therefore anticipate revenue of around EUR 530 million for fiscal year 2025. EBIT is expected to be within a range of EUR 23 million to EUR 28 million.

In the China segment, we anticipate external revenue of between EUR 40 million and EUR 45 million on the basis of the planned series phase-outs and start-ups. EBIT is expected to be within a range of EUR 4 million to EUR 5 million.

As a result of the low level of new business for the Germany segment in the years running up to 2024, external revenue is likely to decrease as against the reporting year to around EUR 195 million. We intend to limit the decline in EBIT through targeted management measures and are aiming for EBIT to be just above break-even.

In the Canada segment, the one-time payments from customers in 2024 will no longer occur. This will affect revenue development. We anticipate external revenue of around EUR 45 million for this segment and are aiming for EBIT to be marginally positive at between EUR 0.5 million and EUR 1.5 million.

Due to a high level of new business in recent years, the Mexico segment should be able to maintain its external revenue at around EUR 115 million despite the weak market anticipated in 2025 and roughly match the EBIT level of 2024 (in the range of EUR 9.5 million to EUR 11 million).

In the Serbia segment, we aim to generate external revenue of around EUR 2 million. Despite the ramp-up expenses for our activities there, EBIT should be above break-even.

For the same reasons as in the Mexico segment, external sales in the Czech Republic segment should be on a par with the previous year at just under EUR 135 million and EBIT should stabilize at the previous year's level (between EUR 8 and 10.5 million) given cost reductions and efficiency improvements.

### FORECAST FOR CAPITAL EXPENDITURE, FINANCIAL POSITION, AND NET ASSETS

To ensure the start-ups and ramp-ups of new series productions planned for the next few years and the development of our production site in Serbia, we intend to invest a similar volume in the Group in fiscal year 2025 as in the reporting year – around EUR 40 million.

Around EUR 9 million is earmarked for the expansion in the Mexico and the Czech Republic segments and around EUR 8 million for the Serbia segment. Slightly lower amounts are planned for the Germany (around EUR 7 million) and Canada segments (around EUR 5 million), while a figure of around EUR 2 million is intended for limited measures in the China segment.

Given the forecast decline in EBIT before currency effects, ongoing high capital expenditure and the unexpectedly high cash inflow from operating activities in the 2024 fiscal year, we expect positive free cash flow in the low-7 figures in 2025. We expect the equity ratio to remain stable compared to the previous years. The increase in the net leverage ratio should be limited to less than 2.5 years.

### FORECAST FOR THE ORDER SITUATION

With new business of around EUR 630 million, we achieved a high volume again in the reporting year. Over the course of the year, we raised the forecast for new business published at the start of 2024.

The forecast for new business in 2025 is lower than the volume achieved in 2024. There are 2 main reasons for this. Firstly, we want to advance the many new production start-ups that are planned for the next few years to series production in a safe and economically efficient way. Secondly, we want to be able to manage our investments closely in the future, too, as a precaution. Depending on further global political and economic developments, we will regularly review our expansion strategy for the coming years and adapt it accordingly if needed.

### FORECAST FOR THE NON-FINANCIAL PERFORMANCE INDICATORS

Over the past few years, we have reduced our Scope 1 & 2 emissions at a rapid pace. In fiscal year 2024, our emissions were around two-thirds lower than in 2019 – the base year against which we gage our progress. We aim to continue systematically reducing our emissions and have planned specific measures to do so, although these have yet to be implemented. We therefore expect GHG emissions to temporarily remain on a level or possibly even increase in fiscal year 2025.

The target for completion of the training with the e-learning courses provided within the PWO Group each year is set at an unchanged rate of 100 percent. 100 percent of supplier audits are again to be conducted including ESG criteria. In addition, to prevent accidents at work and protect the health of our employees, we always implement all identifiable opportunities for improvement as quickly as possible. Every year, we aim to get as close as we can to our goal of zero accidents.

### GENERAL STATEMENT ON FUTURE DEVELOPMENT

The Executive Board believes that the PWO Group is well positioned. The high level of new business we have acquired in recent years, the efficiency of our sites, our solid financial resources and our continuously refined control mechanisms speak for themselves. We therefore plan to continue expanding our market position despite a weakening market environment. Our business model, which is entirely independent of internal combustion engines, and the rigorous implementation of our decarbonization strategy will play a key role in this.

However, the global economic upheavals prompted by the Trump administration's policies will be pivotal to developments in fiscal year 2025. We are fully focused on adapting to the changing situation promptly and systematically.

## Dependency report

Based on the circumstances known at the time, our company received appropriate consideration for every transaction described in the section on related parties.

## Takeover-related disclosures pursuant to sections 289 a and 315 a HGB

The information required under sections 289 a and 315 a HGB is presented and explained below.

PWO AG's share capital totals EUR 9,375,000.00. It is divided into 3,125,000 no-par bearer shares. They carry identical rights and grant 1 vote each at the Annual General Meeting. Reference is made to the provisions of the German Stock Corporation Act regarding the rights and obligations related to the holding of shares.

There are no restrictions on the voting rights or the transfer of shares, and the Executive Board is not aware of any such arrangements agreed between shareholders. Employees who do not exercise their control rights directly do not participate.

Consult Invest Beteiligungsberatungs-GmbH, Böblingen, Germany, has notified us of its interest that exceeds 10 percent of the voting rights in PWO AG. As of December 31, 2024, it held 46.85 percent of the voting rights and was thus the majority shareholder.

The appointment and dismissal of the members of the Executive Board is determined in accordance with sections 84 and 85 AktG in conjunction with Article 6(1) of PWO AG's Articles of Association.

Pursuant to section 179(1) and section 119(1) no. 6 AktG, any amendment to the Articles of Association requires a resolution by the Annual General Meeting. In deviation from section 179(2) sentence 1 AktG, Article 15 of PWO AG's Articles of Association states that resolutions of the Annual General Meeting can be approved by a simple majority of votes cast and – if a majority of the capital is required – a simple majority of the capital, unless stipulated otherwise by law or the Articles of Association. The Supervisory Board is authorized to adopt amendments to the Articles of Association that relate only to their wording.

With the approval of the Supervisory Board, the Executive Board is authorized to increase the share capital of PWO AG 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 1 or more occasions (Authorized Capital 2020) by July 27, 2025 (inclusive). In principle, subscription rights must be granted to shareholders. Further details of the authorization are contained in the resolution of the Annual General Meeting of July 28, 2020.

In the event of a change in control resulting from a takeover offer, no other agreements have been made except for the usual extraordinary rights of termination contained in credit agreements and agreements with customers. Compensation agreements that favor the Executive Board or employees do not exist.

## Corporate Governance Statement pursuant to sections 289 f and 315 d HGB

The corporate governance statement is published on PWO's website at → **www.pwo-group.com/en/group/corporate-governance/**. The information in the corporate governance statement is unaudited.

## Non-financial statement of the company and the Group pursuant to sections 289 b–e and 315 b–c HGB

The non-financial statement of the company and the Group is published on PWO AG's website at → **www.pwo-group.com/en/group/corporate-governance/** in the form of a separate non-financial (Group) report. The information in the non-financial (Group) report is unaudited.

## BUSINESS PERFORMANCE OF PWO AG

PWO AG has its registered office in Oberkirch, Baden-Württemberg. It forms the Group's headquarters and is its largest production location. To limit risk, the company also monitors the Group's international locations particularly in the areas of legal, finance and controlling. By contrast, the international locations are responsible for their own operational management. PWO AG's annual financial statements are prepared in accordance with the German Commercial Code.

General statements made in the combined management report also apply to PWO AG, particularly in the areas of the market, strategy, management, including the key financial and non-financial performance indicators – and the opportunities and risks inherent in its business activities. The company is less affected by currency risk than the Group and more exposed to financing risks. In particular, the risk of impairment relates to the company's financial assets. In addition, our assessment of the market performance in Germany is that it is consistently weaker than the performance in many of the Group's international markets.

As of the end of the reporting period, the number of employees at PWO AG, including temporary staff, was lower than in the previous year at 979 (p/y: 1,007). This figure includes 18 (p/y: 27) people who are currently completing their training at the company. The number of trainee positions we offer is based on the demand for junior staff that is expected in the future.

PWO AG is affected by the unfavorable general conditions in Germany as an industrial location. As more and more of our customers' production is migrating to eastern Europe, it is becoming continually more difficult to maintain the location's sales volume. Revenue thus saw a slight year-on-year decline. It developed better than expected, however.

Other operating income was essentially affected by the reversal of provisions for onerous contracts and other provisions, totaling EUR 5.3 million in the reporting year (p/y: EUR 5.5 million). The cost of materials declined to EUR 126.7 million in total (p/y: EUR 141.4 million). This was firstly as a result of lower revenue. Secondly, the product mix improved and energy costs, which had risen sharply in previous years, declined.

**Income statement**

| Selected information (EURk) | 2024 | in % of revenue | 2023 | in % ofrevenue |
|---|---|---|---|---|
| Revenue[1] | 235,812 | 100.0 | 250,509 | 100.0 |
| Total operating revenue | 233,924 | 99.2 | 248,726 | 99.3 |
| Cost of materials | -126,733 | -53.7 | -141,391 | -56.4 |
| Staff costs | -67,466 | -28.6 | -75,795 | -30.3 |
| Depreciation/amortization | -7,310 | -3.1 | -7,925 | -3.2 |
| Other operating expenses | -36,477 | -15.5 | -30,016 | -12.0 |
| Financial result | 3,396 | 1.4 | 4,373 | 1.7 |
| Result from ordinary activities | 8,583 | 3.6 | 5,932 | 2.4 |
| Net income | 5,951 | 2.5 | 4,784 | 1.9 |

[1] Benchmark for percentages

Staff costs decreased compared with the previous year. The decline in wages and salaries was largely driven by the lower average number of permanent employees in the reporting year. Furthermore, social security and post-employment expenses were lower year on year due to the adjustment of actuarial assumptions – particularly with regard to changes in the rates used to calculate pensions.

Depreciation and amortization were even lower in absolute terms than in the previous year due to our restrained investing activities in recent years. Other operating expenses increased substantially to EUR 36.5 million (p/y: EUR 30.0 million). Higher expenses were incurred in particular for temporary staff and for IT costs at PWO AG.

The financial result includes 2 distributions totaling EUR 5.2 million from affiliated companies (p/y: 1 distribution of EUR 5.0 million), income from loans to affiliated companies of EUR 4.1 million (p/y: EUR 3.4 million) and other interest and similar income of EUR 2.9 million (p/y: EUR 2.3 million).

Furthermore, the financial result included extraordinary expenses of EUR 1.9 million (p/y: EUR 4.8 million) owing to a write-down on the carrying amount of the equity investment in PWO Canada Inc., Kitchener. In addition, prior-period and extraordinary income in the form of reversals of write-downs on financial assets amounted to EUR 4.5 million in the previous year. This related to the reversal of the write-down on loans to PWO Holding Co., Ltd., Hong Kong.

Despite lower financial liabilities, interest expenses increased to EUR 6.9 million (p/y: EUR 6.1 million). This was mainly due to the fact that the available refinancing instruments were used differently compared with the previous year.

In total, earnings before taxes increased to EUR 8.6 million (p/y: EUR 5.9 million). Income taxes amounted to EUR -2.4 million (p/y: EUR -0.8 million). Overall, net income for the reporting year amounted to EUR 6.0 million (p/y: EUR 4.8 million).

Total assets decreased to EUR 293.2 million (p/y: EUR 305.7 million) in the reporting year. Fixed assets rose in net terms, largely as a result of higher financial assets. The higher shares in affiliated companies are mainly attributable to the establishment of our new engineering and production site in Serbia. Furthermore, a proportion of the loans to affiliated companies was redeemed through receivables from affiliated companies. This related in particular to the subsidiaries in Serbia and the Czech Republic. In contrast, the deregistration of the Chinese holding company resulted in the repayment of long-term loans.

Current assets declined significantly. With regard to inventories, this was mainly driven by lower revenue. In addition, as mentioned earlier, receivables from affiliated companies were down on the previous year.

Taking into account the dividend payment in 2024, equity was largely on a level with the previous year at EUR 120.5 million (p/y: EUR 120.0 million) with an improved equity ratio of 41.1 percent (p/y: 39.3 percent).

The decrease in pension provisions resulted from the adjustment of the pension trend in particular. Furthermore, on the liabilities side of the statement of financial position, there was essentially a decline in liabilities to banks while trade payables rose in connection with the longer payment terms from suppliers.

Overall, the development of revenue in the reporting year emphasizes the continued need for action to safeguard the company's capacity utilization and thereby its future earnings capacity. Earnings before taxes increased to EUR 8.6 million in the reporting year (p/y: EUR 5.9 million). However, earnings are still largely driven by income from affiliated companies, which has a positive impact on the financial result. In particular, the aforementioned distributions from affiliated companies amounting to EUR 5.2 million (p/y: EUR 5.0 million) cannot be regarded as regularly recurring in the future. Meanwhile, the company's capital resources remain satisfactory.

We expect revenue to decrease to around EUR 220 million in fiscal year 2025 for the same reasons as in the Germany segment. Based on the anticipated break-even EBIT before currency effects presented in the PWO Group's report on forecasts and outlook for the Germany segment, a net positive effect on earnings of over EUR 0.5 million still has to be taken into account, which mainly relates to pension provisions and lease financing and is a factor of the different accounting policies under IFRS and HGB. Overall, we therefore anticipate EBIT before currency effects (HGB) in excess of EUR 0.5 million at PWO AG in fiscal year 2025.

PWO AG is managed using the same key performance indicators as the Group and its segments, i.e. external revenue and EBIT before currency effects, and is also based on the figures determined in accordance with IFRS regulations. The reconciliation of these performance indicators from HGB accounting to IFRS accounting can be presented as follows:

**Reconciliation of key performance indicators**

| EURk | 2024 | 2023 |
|---|---|---|
| Revenue according to HGB | 235,812 | 250,509 |
| Reconciliation | -11,907 | -11,406 |
| Total revenue according to IFRS | 223,905 | 239,103 |
| External revenue according to IFRS | 206,538 | 221,800 |
| Earnings before taxes according to HGB | 8,583 | 5,932 |
| Financial result | -3,396 | -4,373 |
| Currency effects | 101 | -527 |
| EBIT before currency effects according to HGB | 5,288 | 1,032 |
| Reconciliation | -1,611 | 4,209 |
| EBIT before currency effects according to IFRS | 3,677 | 5,241 |

Differences in the reconciliation of revenue under HGB and IFRS essentially result from the different accounting regulations for revenue recognition and internal revenue. Besides the different accounting regulations for revenue recognition, the reconciliation differences in connection with EBIT before currency effects are due, in particular, to the different regulations for accounting for pension provisions, fixed/non-current assets and existing leases.

Oberkirch, March 19, 2025

The Executive Board

Carlo Lazzarini
Chairman/CEO

Jochen Lischer
CFO

# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED INCOME STATEMENT

| EURk | | 2024 | 2023 |
|---|---|---|---|
| Note No. | | | |
| 7 | **Revenue** | **555,119** | **555,843** |
| 8 | Other own work capitalized | 446 | 468 |
| | **Total operating revenue** | **555,565** | **556,311** |
| 9 | **Other operating income** | **14,915** | **11,072** |
| | Cost of raw materials, consumables, supplies, and merchandise purchased | -284,978 | -296,951 |
| | Cost of purchased services | -40,994 | -39,967 |
| | **Cost of materials** | **-325,973** | **-336,918** |
| | Wages and salaries | -111,171 | -107,763 |
| | Social security and post-employment expenses | -24,699 | -23,317 |
| 10 | **Staff costs** | **-135,870** | **-131,080** |
| | **Depreciation and impairments of property, plant and equipment and amortization of intangible assets** | **-23,594** | **-24,183** |
| 11 | **Other operating expenses** | **-54,897** | **-47,343** |
| | **Earnings before interests and taxes (EBIT)** | **30,146** | **27,859** |
| | Financial income | 825 | 706 |
| 12 | Finance costs | -10,534 | -9,068 |
| | **Financial result** | **-9,709** | **-8,362** |
| | **Earnings before taxes (EBT)** | **20,437** | **19,497** |
| 13 | **Income taxes** | **-7,896** | **-3,277** |
| | **Net income/loss for the period** | **12,541** | **16,220** |
| 14 | Earnings per share in EUR (diluted = basic, based on the earnings attributable to PWO AG shareholders) | 4.01 | 5.19 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| EURk | | 2024 | 2023 |
|---|---|---|---|
| Note No. | | | |
| | **Net income/loss for the period** | **12,541** | **16,220** |
| 29 | Net losses (p/y: net gains) from cash flow hedges | -6,066 | 602 |
| | Tax effect | 1,602 | -272 |
| | Currency translation difference | 2,440 | -1,768 |
| | **Items that may be reclassified to profit and loss in a subsequent period** | **-2,024** | **-1,438** |
| 22 | Acturial gains (p/y: losses) on defined benefit pension plans | 1,011 | -6,220 |
| | Tax effect | -313 | 1,812 |
| | **Items that will not be reclassified to profit or loss** | **698** | **-4,408** |
| | **Other comprehensive income after tax** | **-1,326** | **-5,846** |
| | **Total comprehensive income after tax** | **11,215** | **10,374** |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**Assets**

| EURk | | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|---|
| Note No. | | | |
| | Land and buildings | 80,231 | 80,304 |
| | Technical equipment and machinery | 76,202 | 70,329 |
| | Other plant, factory and office equipment | 7,273 | 5,662 |
| | Prepayments made and assets under construction | 31,686 | 17,416 |
| 15 | **Property, plant and equipment** | **195,392** | **173,711** |
| | Development services | 1,909 | 2,330 |
| | Software | 2,956 | 2,870 |
| | Goodwill | 4,331 | 4,331 |
| | Advance payments made | 1,975 | 397 |
| 16 | **Intangible assets** | **11,171** | **9,928** |
| 17 | **Contract assets** | **23,601** | **20,141** |
| | **Deferred tax assets** | **15,003** | **15,962** |
| | **Non-current assets** | **245,167** | **219,743** |
| | Raw materials, consumables and supplies and purchased parts | 39,933 | 37,749 |
| | Advance payments made | 631 | 540 |
| 18 | **Inventories** | **40,564** | **38,289** |
| 19 | Trade receivables | 49,079 | 63,823 |
| 17 | Contract assets | 70,751 | 73,739 |
| | Other assets | 14,883 | 16,652 |
| | Other financial assets | 576 | 2,741 |
| | Income tax receivables | 237 | 1,670 |
| | **Receivables and other assets** | **135,526** | **158,626** |
| 20 | **Cash and cash equivalents** | **11,777** | **6,443** |
| | **Current assets** | **187,867** | **203,357** |
| | **Total assets** | **433,034** | **423,100** |

**Equity and liabilities**

| EURk | | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|---|
| Note No. | | | |
| | Issued capital | 9,375 | 9,375 |
| | Capital reserves | 37,494 | 37,494 |
| | Retained earnings | 120,641 | 113,569 |
| | Other reserves | -5,230 | -3,904 |
| 21 | **Total equity** | **162,280** | **156,534** |
| 25 | Non-current financial liabilities | 52,097 | 58,911 |
| 22 | Pension provisions | 46,393 | 47,319 |
| 23 | Other provisions | 3,222 | 3,150 |
| 29 | Other financial liabilities | 9,531 | 6,356 |
| | Deferred tax liabilities | 1,838 | 1,748 |
| | Deferred income | 6,271 | 4,952 |
| | **Non-current liablities** | **119,352** | **122,437** |
| | Trade payables | 65,681 | 52,245 |
| 26 | Current financial liabilities | 46,826 | 54,818 |
| | Other liabilities | 27,986 | 28,974 |
| 29 | Other financial liabilities | 3,533 | 901 |
| | Income tax liabilities | 622 | 331 |
| | Current portion of pension provisions | 2,164 | 1,976 |
| | Current portion of other provisions | 4,542 | 4,883 |
| | Deferred income from government grants | 48 | – |
| | **Current liabilities** | **151,402** | **144,129** |
| | **Total liabilities** | **270,754** | **266,566** |
| | **Total equity and liabilities** | **433,034** | **423,100** |

# 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 |
| **January 1, 2023** | **9,375** | **37,494** | **102,505** | **-4,344** | **3,018** | **3,268** | **151,316** |
| Net income/loss for the period | – | – | 16,220 | – | – | – | 16,220 |
| Other comprehensive income | – | – | – | -4,408 | -1,768 | 330 | -5,846 |
| **Total net income / loss for the period** | **9,375** | **37,494** | **118,725** | **-8,752** | **1,250** | **3,598** | **161,690** |
| Dividend payment | – | – | -5,156 | – | – | – | -5,156 |
| **December 31, 2023** | **9,375** | **37,494** | **113,569** | **-8,752** | **1,250** | **3,598** | **156,534** |
| **January 1, 2024** | **9,375** | **37,494** | **113,569** | **-8,752** | **1,250** | **3,598** | **156,534** |
| Net income/loss for the period | – | – | 12,541 | – | – | – | 12,541 |
| Other comprehensive income | – | – | – | 697 | 2,440 | -4,463 | -1,326 |
| **Total net income / loss for the period** | **9,375** | **37,494** | **126,110** | **-8,055** | **3,690** | **-865** | **167,749** |
| Dividend payment | – | – | -5,469 | – | – | – | -5,469 |
| **December 31, 2024** | **9,375** | **37,494** | **120,641** | **-8,055** | **3,690** | **-865** | **162,280** |

## CONSOLIDATED STATEMENT OF CASH FLOWS

| EURk<br>Note No. | | 2024 | 2023 |
|---|---|---|---|
| | Net income/loss for the period | 12,541 | 16,220 |
| | Depreciation/reversal of write-downs of property, plant and equipment and amortization of intangible assets | 23,594 | 24,183 |
| 13 | Income tax expense | 7,896 | 3,277 |
| 12 | Interest income and expenses | 9,709 | 8,362 |
| | Change in current assets | 20,824 | -18,679 |
| | Change in non-current assets | -3,460 | 854 |
| | Change in current liabilities (not including financial liabilities) | 16,538 | -1,461 |
| | Change in non-current liabilities (not including financial liabilities) | 1,972 | 15,394 |
| 13 | Income taxes paid | -3,264 | -7,351 |
| | Other non-cash expenses/income | -8,071 | -3,405 |
| | Gain on disposal of property, plant and equipment | -280 | -6 |
| | **Cash flow from operating activities** | **77,999** | **37,388** |
| | Proceeds from disposal of property, plant and equipment | 280 | 6 |
| | Payments for capital expenditure on property, plant and equipment | -35,184 | -21,445 |
| | Payments for capital expenditure on intangible assets | -3,303 | -2,709 |
| | Income received from government grants | 1,367 | 4,952 |
| | **Cash flow from investing activities** | **-36,840** | **-19,197** |
| 21 | Dividend paid | -5,469 | -5,156 |
| | Interest paid | -8,660 | -7,585 |
| | Interest received | 825 | 706 |
| | Proceeds from borrowings | 38,253 | 55,131 |
| | Repayments of borrowings | -47,133 | -62,390 |
| | Repayments of lease liabilties | -5,514 | -5,535 |
| | **Cash flow from financing activities** | **-27,698** | **-24,829** |
| | Net change in cash and cash equivalents | 13,461 | -6,638 |
| | Effect of exchange rate changes in cash and cash equivalents | 288 | -127 |
| | Cash and cash equivalents as of January 1 | -18,369 | -11,604 |
| | **Cash and cash equivalents as of December 31** | **-4,620** | **-18,369** |
| 20 | of which cash and cash equivalents according to the statement of financial position | 11,777 | 6,443 |
| 25 | of which bank borrowings due on demand included in the Group's cash management | -16,397 | -24,812 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## Information on the company

PWO 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 currently applicable version of the Articles of Association is the version dated June 6, 2024. The fiscal year is the calendar year.

The consolidated financial statements of PWO AG and its subsidiaries for the fiscal year from January 1, 2024, to December 31, 2024, were approved for submission to the Supervisory Board by the Executive Board by way of resolution dated March 19, 2025.

The main activities of the PWO Group (also referred to as "PWO" or "the Group") are described in the combined management report in the "PWO Group principles" section.

## Accounting methods

### 1 Basis of preparation of the financial statements

The consolidated financial statements of PWO AG and its subsidiaries were prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB) and as applicable in the European Union, as well as the applicable supplementary provisions of the German Commercial Code (HGB) according to section 315e(1) HGB. The Articles of Association and the German Stock Corporation Act set out regulations on profit distribution.

The consolidated financial statements are prepared according to the historical cost principle. This excludes derivative financial instruments and foreign currency receivables/liabilities. Derivative financial instruments are measured at fair value and foreign currency receivables/liabilities at amortized cost, taking into account the current closing rate as of the end of the reporting period. The income statement was prepared in line with the total cost (nature of expense) method. The consolidated financial statements are prepared in thousands of euros. Unless stated otherwise, all figures are rounded up or down to the nearest thousand euros (EUR thousand/EURk).

### 2 Changes in accounting policies

#### 2.1 STANDARDS APPLIED FOR THE FIRST TIME OR AMENDMENTS

There were no changes to the accounting policies applied compared to the previous year with the exception of the amended standards listed below, which are mandatory from January 1, 2024.

The amendments presented in the table below do not have any material effects on the consolidated financial statements of PWO AG.

| Standard | Amendments | Application required in EU |
|---|---|---|
| IAS 1 | "Presentation of Financial Statements"<br>■ Classification of liabilities as current or non-current<br>■ Effective date delayed<br>■ Classification of non-current liabilities with covenants | January 1, 2024 |
| IAS 7 & IFRS 7 | "Cash Flow Statements"/ "Financial Instruments: Disclosures" (disclosure requirements in connection with supplier finance arrangements) | January 1, 2024 |
| IFRS 16 | "Leases" (accounting for lease liabilities in a sale and leaseback) | January 1, 2024 |

#### 2.2 STANDARDS OR AMENDMENTS TO BE APPLIED IN THE FUTURE

The company does not intend to prematurely apply the following new or amended standards and interpretations published by the IASB, which are not to be applied until later fiscal years.

**EU endorsement already granted:**

The company does not intend to prematurely apply the following new or amended standards and interpretations published by the IASB, which are not to be applied until later fiscal years.

| Standard | Amendments | Application required in EU |
|---|---|---|
| IAS 21 | "The Effects of Changes in Foreign Exchange Rates" | January 1, 2025 |

**EU endorsement still pending:**

The effects on the financial statements of the PWO Group of amendments to IFRSs and IFRRIC interpretations that had not entered into force and had not been adopted into EU law in 2024 has been reviewed.

The amendments presented in the table below are not currently expected to have any material effects on the consolidated financial statements of the PWO Group.

| Standard | Amendments | Application required in EU |
|---|---|---|
| IFRS 9 & IFRS 7 | Amendments to the classification and measurement of financial instruments | January 1, 2026 |
| Annual Improvements to IFRS Volume 11 | Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7 | January 1, 2026 |
| IFRS 19 | Subsidiaries without Public Accountability | January 1, 2027 |
| IAS 10 & IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Postponed indefinitely |

The following standards or amendments to be applied in the future could have material effects on the consolidated financial statements of the PWO Group. The potential effects are currently being examined.

### IFRS 18
### PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

The IASB has published the new IFRS standard **IFRS 18 – "Presentation and Disclosure in Financial Statements"**, which will become mandatory from January 1, 2027 and is intended to replace IAS 1. The main objective is to improve the transparency and comparability of financial statements.

The key changes include:

- Introduction of 2 new subtotals in the income statement: operating profit or loss as well as profit or loss before financing and income taxes.
- New classification of income and expenses into operating, investing, and financing categories.
- Expanded disclosures on income and company-specific management performance measures (MPMs).
- Mandatory starting point for reporting cash flows using the indirect method as well as amended rules for interest and dividend cash flows.

Early application is possible.

## 3 Principles of consolidation

The consolidated financial statements (IFRS 10) comprise the financial statements of PWO AG and its subsidiaries as of December 31, 2024. Subsidiaries are included in the consolidated financial statements from the time at which the Group assumes control. They are deconsolidated when control ends. The subsidiaries' financial statements are prepared in accordance with uniform accounting policies for the same reporting period as the parent company's financial statements.

Capital is consolidated in accordance with the acquisition method (IFRS 3). The consideration transferred upon acquisition is allocated to the identifiable assets acquired and liabilities and contingent liabilities assumed, based on their fair values at the acquisition date. Any remaining difference, if positive, is recognized as goodwill or, if negative, is recognized in profit or loss after being reassessed. Revenue, expenses and income and receivables and liabilities between consolidated companies are offset against each other. Deferred taxes are recognized for consolidation measures with income tax consequences.

## 4 Consolidated group

The consolidated financial statements as of December 31, 2024, include 6 foreign direct and indirect subsidiaries. The table below shows the interest held, equity, and net income/loss for the year of the consolidated companies. The disclosures on equity and net income/loss for the year are based on the IFRS figures of the subsidiaries for fiscal 2024 (net income) or at December 31, 2024 (equity).

| EURk | Capital share | Equity | Net income |
|---|---|---|---|
| PWO Canada Inc., Kitchener, Canada (PWO Canada) | 100% | 10,668 | 801 |
| PWO Czech Republic a.s., Valašské Meziříčí, Czech Republic (PWO Czech Republic) | 100% | 34,983 | 4,001 |
| PWO SEE d.o.o. Beograd, Beograd, Serbia (PWO Serbia) | 100% | 4,417 | -1,895 |
| PWO Holding Co., Ltd., Hongkong, China (PWO Holding) | 100% | 25 | 5,518 |
| PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China (PWO China) | 100% | 31,304 | 4,031 |
| PWO de México S.A. de C.V., Puebla, Mexico[1] (PWO Mexico) | 100% | 27,298 | 4,792 |

[1] Indirect holding of 0.15 percent through PWO Canada Inc.

All company names provide in brackets a synonymous name used to refer to them in the notes to the consolidation financial statements to enhance understanding.

The report uses the term "PWO Group to refer informally to the group of affiliated companies as well as to the Group in formal, legal, and economic contexts.

## 5 Summary of significant accounting policies

### 5.1 RECOGNITION OF INCOME AND EXPENSES

Revenue is recognized in accordance with IFRS 15 "Revenue from Contracts with Customers" if control of identifiable goods or services has been transferred to customers, i.e., if the customer is able to direct the use of the transferred goods or services and obtain substantially all of the remaining benefits from them. This requires the existence of a contract (framework agreement plus details specified in a call-off) with enforceable rights and obligations and, among other things, that receipt of the consideration – taking account of the customer's credit rating – is probable.

Revenue is recognized in the amount of the expected transaction price. This normally corresponds to the price agreed with the customer that PWO will probably receive. IFRS 15 contains a standardized 5-step model to determine the revenue to be reported, which applies essentially to all contracts with customers.

Payments are made to a few customers that are recognized as an other asset and the service provided is accordingly posted as a reduction in revenue. If the period between the transfer of goods or services and the payment date exceeds 12 months and a significant benefit results for the customer or the Group from the financing, the consideration is adjusted by the fair value of the money.

In the PWO Group, revenue is mainly generated from series deliveries under contracts with customers. In addition, revenue is sometimes received from sales of tools in the run-up to a series delivery and, to only a limited extent, from order-related development services and services. A distinction is made between full-payout leases and non-full payout leases. In the case of full-payout leases, order-related development services and tool sales are fully settled by the customer even before the ramp-up of subsequent series production. In the case of non-full payout leases, order-related development services and tool sales are typically directly linked to subsequent series production. In these cases, it is customary that a (reasonable) portion of the costs incurred is settled only when series production starts later via the price of the series parts supplied. For non-full payout leases, the transaction price is allocated to the individual performance obligations on the basis of the relative stand-alone selling prices (IFRS 15.74).

The percentage of completion can be determined using input- or output-based methods. If output-based methods are used, the revenue to be recognized corresponds to the value of goods and services for the customer in relation to the remaining goods and services promised in the contract. If input-based methods are used, revenue is recognized on the basis of the ratio of costs already incurred to estimated total costs.

In the PWO Group, the output method is regarded as the most suitable for determining progress with series deliveries as this directly reflects the link between the value of the goods transferred so far and the value of the remaining goods promised under contract. Revenue is realized in line with completion and not only on delivery of the series parts.

For tools and order-related development services, progress is calculated using input-based methods based on the share of the contract costs incurred by the end of the reporting period in the total estimated contract costs (cost to cost method).

| Nature of product/ service | Nature and timing of satisfying performance obligation, including payment conditions | Revenue recognition method |
|---|---|---|
| Parts deliveries in the context of series deliveries | The performance obligation is satisfied continuously during production and supply, as there are no alternative uses for the assets created and there is a right to enforce payment. Invoices are issued in accordance with the payment conditions applicable in the normal course of business. | Revenue is recognized over time using the output-based method according to the percentage of completion. |
| Sales of tools | The performance obligation is satisfied continuously during the production of a tool, as there are no alternative uses for the assets created and there is a right to enforce payment. The cash flows differ depending on whether the contract is a full-payout or a non-full-payout lease. | Revenue is recognized over time using the input-based method according to the percentage of completion. For non-full payout leases, the transaction price is allocated on the basis of the relative stand-alone selling prices in accordance with IFRS 15.74.i. |
| Order-related development services | The performance obligation is satisfied continuously during the project period of an order-related development service, as there are no alternative uses for the services provided and there is a right to enforce payment. The cash flows differ depending on whether the contract is a full-payout or a non-full-payout lease. | Revenue is recognized over time using the input-based method according to project progress. For non-full payout leases, the transaction price is allocated on the basis of the relative stand-alone selling prices in accordance with IFRS 15.74.i. |

Other income as such from agreements with customers is recognized when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably, irrespective of the date of the payment. Income is measured at the fair value of the consideration received or receivable, taking account of the payment conditions specified in the agreement, with taxes or other levies not being taken into account.

Interest expenses are recognized at the effective interest rate for all financial instruments measured at amortized cost. This is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Interest income is recognized in the income statement as part of financial income.

Operating expenses are recognized in the consolidated income statement when incurred or when the underlying service is used.

A government grant is recognized when there is reasonable assurance that the conditions attaching to it are complied with, and that the grant will be received. If necessary, potential risks of claw-back are taken into account by the recognition of provisions. Grants for an asset are recognized as deferred income in profit or loss on a systematic basis over the useful life of the asset. This ensures that grants received are recognized in the income statement over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Expense-related grants are posted as income or netted off against the expense item.

### 5.2 INCOME TAXES AND DEFERRED TAXES

Current tax assets and tax liabilities for the current period are measured as the amount expected to be recovered from or paid to the fiscal authorities. The calculation of the amount is based on the tax rates and tax laws that are applicable as of the end of the reporting period in the federal states in which the PWO Group operates and generates taxable income.

Deferred taxes are recognized on temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base using the liability method as of the end of the reporting period. They are recognized for all taxable temporary differences, with the exception of non-tax deductible goodwill and temporary differences that arise from the initial recognition of an asset or liability from a transaction that does not constitute a business combination and, as of the transaction date, influences neither the IFRS net income/loss for the period nor the taxable profit. Deferred taxes on losses carried forward are capitalized taking account of the country-specific tax losses if the expectation is that these can be used.

The carrying amount of deferred tax assets is examined at each closing date and reduced to the extent that it is no longer probable that a sufficient taxable result will be available against which the deferred tax asset can be at least partly utilized. Non-recognized deferred tax assets are examined on each closing date and recognized to the extent that it has become probable that the taxable result in the future will allow the realization of deferred tax assets.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realized or the liability is settled. The tax rates and tax laws applicable on the closing date are used as a basis.

Deferred taxes on items recognized directly in equity are not recognized in the income statement but rather in equity. These amounted to EUR 1,289 thousand in 2024 (p/y: EUR 1,540 thousand), EUR -313 thousand (p/y: EUR 1,812 thousand) of which related to pension provisions and EUR 1,602 thousand (p/y: EUR -272 thousand) to interest and currency hedges.

Deferred tax assets and liabilities are netted if certain requirements are met. Netting takes place at the level of the companies included in the consolidated financial statements.

### 5.3 INTANGIBLE ASSETS

Intangible assets acquired against payment are carried at cost less accumulated amortization and any impairment losses. Types of intangible asset include goodwill, patents, development services, software, licenses and similar rights. Intangible assets with a finite useful life are amortized over their anticipated useful lives to their estimated residual carrying amount using the straight-line method. Development services are excluded from this rule; they are amortized according to the number of units. Goodwill is not amortized on a scheduled basis, but checked for impairment at least once a year. Apart from goodwill, no intangible assets with indefinite useful lives have been identified.

Development costs are capitalized to the extent that the criteria for recognition in IAS 38 are met. Following initial recognition, the asset is carried at cost less cumulative amortization and cumulative impairment. Capitalized development costs include all directly attributable direct costs as well as pro rata overheads and are amortized over the planned useful life of the underlying product line (5 to 7 years). Amortization of capitalized development costs is part of the cost of the products for which the development services have been provided. The impairment test is carried out annually on the basis of the lifetime quantities still planned until the end of production (EOP) and will lead to a write-down if the planned amortization amounts are no longer sufficient for complete amortization.

### 5.4 IMPAIRMENT TESTING

Goodwill and intangible assets not yet subject to amortization are tested for impairment annually, while other intangible assets with finite useful lives and property, plant and equipment are only tested for impairment if there are specific indications of impairment. If the recoverable amount of the asset is less than its carrying amount, impairment is recognized through profit or loss in the expense item “Depreciation and amortization” in the income statement. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. It is measured as the higher of net realizable value and value in use. Net realizable value is the amount that could be obtained from the sale of an asset in an arm’s length transaction less the costs of disposal. The value in use is determined on the basis of the estimated future cash flows from the use and disposal of an asset using the discounted cash flow method. Cash flows are derived from long-term corporate planning, which takes account of historical developments and macroeconomic trends. The value in use of the relevant cash generating unit is used to determine the recoverability. In each case, the cash generating unit represents a national company, which corresponds to a legal entity.

Changes in the market position of European and American automotive manufacturers and their tier-1 suppliers as well as the ongoing price war in the Chinese market have been identified as indications of potential impairment of all cash-generating units, as has the geopolitical uncertainty arising from President Donald Trump's second term of office, among other factors. The existing cash-generating units were therefore tested for impairment as of the end of the reporting period.

The corporate planning approved by the Executive Board and acknowledged by the Supervisory Board goes up to the end of the detailed planning period in 2029. Key assumptions to which long-term corporate planning reacts sensitively are the growth in new business in the Group, future sector-specific and geopolitical development, the business performance of the new company in Serbia, the financing conditions, and the implementation of the integrated profitability effects. In addition, the earnings situation is also affected by adjusting prices charged to our customers, which are in line with the use of materials for our products and price adjustments at our suppliers. Here, the actual development was taken into account on the cost side in planning the cost of material and revenue for the planning period if contracts have already been concluded with suppliers. The developments for the subsequent years were measured and determined on the basis of past experience based on publicly available data and on the basis of existing project agreements but also on the basis of agreed internal measures.

Cash flows are discounted to the end of the reporting period using risk-equivalent capitalization rates (before taxes). The premises shown in the following table were used to determine the recoverability of the goodwill attributed to the cash-generating unit PWO Czech Republic:

| in % | Dec. 31, 2024 | Dec. 31, 2023 |
|---|---|---|
| Phase 1: Capitalization rate before taxes (WACC) | 10.40 | 12.56 |
| Phase 2: Growth rate (perpetuity) | 1.50 | 1.50 |

Cost of capital rates used for discounting are based on the risk-free interest rate and a market risk premium. The beta factor, borrowing costs, and the capital structure were also taken into account, in each case deduced individually for each cash generating unit tested, based on a corresponding peer group. Moreover, specific tax rates and country risk premiums are applied.

The calculation of cash flows is based on revenue plans on the basis of indicated demand as well as anticipated new orders. Any developments in the automotive sector have been taken into account in the planning.

For the national companies PWO Czech Republic, PWO Mexico, and PWO China, the recoverable amount exceeded the carrying amount of the respective cash-generating unit as of the end of the reporting period. The impairment test therefore did not identify any need to recognize impairment losses on any of the cash-generating units.

The recoverable amount of the cash-generating unit PWO Czech Republic is EUR 126,999 thousand (p/y: EUR 103,360 thousand), which exceeds the carrying amount by EUR 22,123 thousand (p/y difference: EUR 4,958 thousand). The increase in headroom is mainly attributable to the decline in the capitalization rate and the rise in long-term free cash flow in perpetual maturity. PWO Czech Republic's planned average EBIT margin for the next 5 years is still at a good level of 7.6 percent (p/y: 7.4 percent). The assumptions made are subject to a certain sensitivity. Nonetheless, we do not think it very likely that a change that could be considered reasonably possible to any of the basic assumptions made to determine the value in use of PWO Czech Republic could lead to the carrying amounts of the identified assets of the cash-generating unit plus the carrying amount of goodwill exceeding its recoverable amount.

If a sustained shortfall in the planned revenue of 21.9 percent with no change in the EBIT margin or a sustained shortfall of 1.8 percentage points in the EBIT margin with no change in revenue emerges for PWO Czech Republic while the capitalization rate (after taxes) is unchanged, an impairment loss would be necessary. Conversely, even if budgeted free cash flow remained the same, an impairment would be necessary if the capitalization rate (before taxes) were to increase to over 12.0 percent.

In the cash-generating units PWO Canada and PWO Germany, the carrying amount exceeds the recoverable amount. Since no goodwill is allocated to the cash-generating units, the individual assets were directly tested for impairment as of the end of the reporting period. An impairment loss would have to be recognized if the fair values less cost of disposal of the individual assets were lower than their respective carrying amounts. For technical equipment and machinery, fair value less cost of disposal is determined using the real value method on the basis of inflation data supplied by the German Federal Statistical Office. For land and buildings, it was determined using the income method. Fair value less cost of disposal calculated in this way is allocated to Level 2 of the fair value hierarchy of IFRS 13.

The assets allocated to the cash-generating unit PWO Canada comprise primarily machinery and buildings relevant for production. The asset value method was used to calculate the fair value less cost of disposal for individual assets in the technical equipment and machinery asset class and compared to the carrying amount. As of the end of the reporting period, the fair value less cost of disposal for the total of all equipment measured was CAD 33,028 thousand (p/y: CAD 29,847 thousand). When compared to the underlying carrying amounts, this resulted in an impairment loss of CAD 13 thousand. This was offset in the fiscal year by the reversal of an impairment loss of CAD 74 thousand recognized on equipment in the previous year. Given the stable developments on the Canadian real estate market, there are no indications of impairment for the asset classes of land and buildings.

The assets allocated to the cash-generating unit PWO AG comprise primarily machinery and buildings relevant for production as well as administrative buildings. Fair value less cost of disposal was calculated for individual assets in the land and buildings and technical equipment and machinery asset classes and compared against the carrying amount. As of the end of the reporting period, the fair value less cost of disposal calculated for technical equipment and machinery using the asset value method for the total of all equipment measured was EUR 50,147 thousand (p/y: EUR 52,714 thousand). The fair value less cost of disposal determined for all buildings tested using the income approach totaled EUR 29,961 thousand (p/y: EUR 30,335 thousand) as of the end of the reporting period. The impairment losses on the land and buildings asset class recognized in previous years declined in fiscal year 2024 due to lower residual carrying amounts of the buildings affected by impairment. The resulting reversal of impairment losses amounted to EUR 608 thousand. Further reversals of impairment losses of EUR 22 thousand were recognized on technical equipment and machinery for fiscal year 2024.

If the recoverable amounts of assets on which impairment losses were recognized in the PWO Canada and PWO AG cash-generating units rise further in subsequent years, reversals of impairment losses will be recognized in accordance with IAS 36.

### 5.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation at the location of PWO AG was always recognized on a straight-line basis.

At the locations in China and the Czech Republic, certain machinery and tools are depreciated on a utilization-related basis. Here, depreciation is recognized based on the number of units produced in the reporting year in relation to the total number of items commissioned or planned.

Impairment losses recognized in prior periods are reviewed annually. If the recoverable amount exceeds the respective carrying amount, a reversal of the impairment loss is recognized.

### 5.6 BORROWING COSTS

Borrowing costs that are directly associated with the acquisition, construction or manufacture of qualifying assets will be added to the manufacturing costs of these assets until the date at which the assets are available for their intended use or for sale. Qualifying assets are assets for which a substantial period of time is required to get them ready for their intended use or sale. All other borrowing costs are recognized through profit or loss in the period in which they are incurred. No interest on borrowing was capitalized in the reporting year or the previous year.

### 5.7 LEASES

At inception of a contract, it is assessed whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

All leases are recognized and measured in accordance with a single model with the exception of current leases (< 1 year) and leases for which the underlying asset is of low value (≤ EUR 5,000). Liabilities to make lease payments and right-of-use assets are recognized.

Right-of-use assets are determined at the commencement date (i.e. from the date at which the underlying lease asset is available for use). They are measured at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. The costs of right-of-use assets consist of the recognized lease liabilities, the initial direct costs incurred and the lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortized on a straight-line basis over the shorter of the expected useful life and the lease term as follows: buildings 25 to 50 years, technical equipment and machinery 5 to 16 years, operating and office equipment 3 to 14 years. If ownership of the asset passes to the Group at the end of the lease or the exercise of a purchase option is taken into account in the costs, amortization is calculated on the basis of the expected useful life of the lease asset. Right-of-use assets are reported in the "Property, plant and equipment" and "Intangible assets" items in the statement of financial position.

On commencement, lease liabilities are recognized at the present value of the lease payments to be made over the lease term. The lease payments contain fixed payments less any lease incentives receivable, variable payments that depend on an index or interest rate and amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option, if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

When calculating the present value of lease payments, each subsidiary uses its incremental borrowing rate at commencement unless the interest rate implicit in the lease can be readily determined. After the commencement date, the amount of the lease liability is increased or decreased to reflect the higher interest expense or to reflect the lease payments made. The carrying amount of lease liabilities is also remeasured in the event of changes to the lease, changes to the lease term, changes to the lease payments (e.g. changes to future lease payments as a result of a change to the index or interest rate used to determine these payments) or in the event of a change to the assessment of a purchase option for the underlying asset.

For current leases for machinery and equipment, the exemption for current leases (i.e. leases with a maximum term of 12 months from the commencement date) is applied. The exemption for leases for which the underlying asset is of low value (EUR 5,000.00) is also applied to leases for plant and office equipment classified as low value. Lease payments for short-term leases and for leases for which the underlying asset is of low value, are expensed on a straight-line basis over the lease term.

### 5.8 INVENTORIES

Inventories of raw materials, consumables and supplies are recognized at the average procurement prices or lower realizable values. Materials that are difficult to realize or unusable were written down.

### 5.9 CONTRACT ASSETS AND RECEIVABLES

If 1 of the parties to the agreement with the customer has fulfilled their contractual obligations (in full or in part), a contract asset, a contract liability or a receivable will be recognized depending on the relationship between the service provided by PWO and the customer's payment.

Contract assets are recognized for conditional claims to consideration in exchange for previously delivered goods or services. Receivables (see financial instruments) are shown if the claim to receive consideration is no longer subject to a condition.

Valuation allowances for credit risks are recognized in accordance with IFRS 9.

Contract liabilities are recognized for advance payments received from customers before the contractually agreed service is provided and netted off against contract assets allocated to the same contractual arrangement. These contract liabilities are recognized as revenue when the service obligations are met.

### 5.10 FINANCIAL INSTRUMENTS

Financial instruments are agreements that give rise to a financial asset at 1 entity while at the same time giving rise to a financial liability or equity instrument at another. If the trading date and settlement date differ for financial instruments, the settlement date is crucial when the instrument is accounted for the first time.

Financial assets or financial liabilities are measured at fair value when recognized for the first time. This is not the case for trade receivables with no significant financing components, which are measured at the transaction price when recognized for the first time.

Transaction costs that are directly attributable to the acquisition or sale of a financial instrument are taken into account when financial instruments that are not measured at fair value through profit or loss are recognized for the first time. Transaction costs that are directly attributable to the acquisition of financial assets, which are measured at fair value through profit or loss, are immediately recognized in the consolidated income statement. Subsequently, financial instruments are accounted for either at fair value through profit or loss or at amortized cost in accordance with the underlying business model in each case depending on their allocation to the categories envisaged in IFRS 9. A financial asset is measured at amortized cost if both the following conditions are met and it was not designated as FVTPL: It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. IFRS 9 distinguishes between primary and derivative financial instruments.

Primary financial instruments are, in particular, trade receivables and trade payables, other financial assets, cash and cash equivalents, liabilities to banks and other financial liabilities. They are measured at amortized cost. For trade receivables and trade payables, miscellaneous liabilities and cash and cash equivalents, the carrying amount essentially corresponds to the fair value.

Currency-related derivatives in the form of interest-rate swaps, currency swaps, options and forward foreign exchange transactions are used as interest and currency hedges. These are accounted for at fair value on acquisition and subsequently. For derivative financial instruments that do not meet the criteria for hedge accounting, gains or losses from changes in the fair value are immediately recognized through profit or loss. Changes in the market values of the effective portion of derivative financial instruments that serve to hedge future cash flows (cash flow hedges) are deferred in equity in other comprehensive income, while the ineffective portion is recognized immediately through profit or loss. Once the respective hedged item becomes effective, the effective portion is transferred out of equity through profit or loss. The fair value of OTC derivatives is calculated using recognized actuarial models, such as the discounted cash flow model. In the case of forward foreign exchange transactions, the fair value is determined by using listed forward rates as of the end of the reporting period and the calculation of the net present value based on yield curves with high credit ratings in relevant currencies.

For current financial assets and financial liabilities, the carrying amount represents a reasonable approximation of the fair value. At the end of each reporting period, it is established whether there are any objective indications that a financial asset is credit-impaired. This would be the case when 1 or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Indicators that a financial asset is credit-impaired include observable data on the probability of a debtor entering bankruptcy or other financial reorganization or that the debtor is in significant financial difficulties.

The fair value of fixed rate liabilities to banks and liabilities to leasing companies is determined on the basis of the discounted cash flow model using interest rates that are appropriate in terms of risk and maturity.

To date, the PWO Group has not utilized the option of designating financial assets or financial liabilities instruments at fair value through profit or loss on initial recognition.

### 5.11 CASH

Cash and cash equivalents contain cash in hand and short-term deposits.

### 5.12 PROVISIONS

For defined benefit pension plans, provisions for pensions and similar obligations are calculated using the projected unit credit method in accordance with IAS 19. In addition to the pensions and benefits known at the end of the reporting period, this method takes into account anticipated increases in salaries and pensions in the future. Actuarial gains and losses are recognized in their entirety in equity via other comprehensive income in the year in which they arise. Past service cost is recognized immediately through profit or loss and shown in staff costs together with current service cost; the interest portion from additions to provisions is posted to the financial result.

Payments for defined contribution pension plans are expensed when due and posted as staff costs.

Other provisions are recognized when the company has a present legal or de facto obligation to a third party, which will probably lead to an outflow of resources to settle the obligation in the future and a reliable estimate of the amount of the obligation can be made. Provisions are discounted if the time value of money is material.

If the Group expects at least a partial refund of a provision recognized as a liability, the refund is recognized as a separate asset under other assets, provided that receipt of the refund is virtually certain.

### 5.13 FAIR VALUE MEASUREMENT

Derivative financial instruments are measured at fair value at each closing date. The fair values of financial instruments carried at amortized cost are listed in note 29.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In measuring fair value it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either on the principal market for the asset or liability, or the most advantageous market for the asset or liability if there is no principal market. The Group must have access to the principal market or the most advantageous market.

An asset's or liability's fair value is measured using the assumptions that market participants would use when pricing the asset or liability. It is assumed that the market participants act in their economic best interest.

Measurement methods are applied that are appropriate in the circumstances and for which there is sufficient data to measure fair value. In doing so, the use of relevant, observable inputs is maximized and that of unobservable inputs is minimized.

All assets and liabilities for which the fair value has been calculated or reported in the financial statements are assigned to the following levels of the fair value hierarchy based on the lowest input factor that is material overall for fair value measurement:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets.

**Level 2:** Valuation method where the lowest input factor that is material overall for fair value management is directly or indirectly observable on the market.

**Level 3:** Valuation method where the lowest input factor that is material overall for fair value management is not observable on the market.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether reclassifications between the levels of the hierarchy have taken place by reviewing the classification at the end of each reporting period (based on the lowest input factor that is material overall for fair value measurement).

### 5.14 FOREIGN CURRENCY TRANSLATION

The consolidated financial statements have been prepared in euros, the functional currency of the parent company.

The financial statements of the companies included in the consolidated financial statements prepared in foreign currency were translated in accordance with the functional currency concept (IAS 21). Each company within the Group determines its own functional currency. The items included in the financial statements of the respective company were measured using this functional currency. All items in the statement of financial position of the foreign Group company included in the consolidated financial statements were translated using the respective average spot exchange rate at the end of the reporting period. The expenses and income recognized in the income statement were translated at average rates during the year. The net income/loss for the year of the translated income statement was included in the statement of financial position. Differences are included in the difference in equity from currency translation through other comprehensive income.

Foreign currency transactions are then translated at the spot exchange rate between the functional currency and the foreign currency on the date of the transaction. Monetary assets and liabilities in a foreign currency are translated at the closing rate. All exchange differences are recognized in net income/loss for the period. Non-monetary items that were measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate valid at the date at which fair value was determined.

Any goodwill arising through the acquisition of a foreign operation and any adjustments to the carrying amounts of the assets and liabilities based on their fair value, which results from the acquisition of this foreign operation, will be accounted for as assets and liabilities of the foreign operation and converted at the closing rate.

The following exchange rates were used for currency translation for the consolidated financial statements:

| | | Closing rate | | Average rate | |
|---|---|---|---|---|---|
| | | Dec. 31, 2024 | Dec. 31, 2023 | 2024 | 2023 |
| China | CNY | 7.58 | 7.85 | 7.80 | 7.66 |
| Canada | CAD | 1.49 | 1.46 | 1.48 | 1.46 |
| Mexico | USD | 1.04 | 1.11 | 1.08 | 1.08 |

The functional currency of PWO Mexico is the US dollar, while the euro is used for PWO Serbia and PWO Czech Republic, since the main business relationships are settled in these currencies.

### 5.15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities are not taken into account in the statement of financial position. They are disclosed in the notes unless the probability of an outflow of resources embodying economic benefits is very low or cannot be measured reliably. Contingent assets are not accounted for in the financial statements but are disclosed in the notes when receipt of economic benefits is probable and can be measured reliably.

## 6 Significant judgments, estimates and assumptions

In preparing the consolidated financial statements, the Executive Board makes judgments and applies estimates and assumptions that affect income, expenses, assets, liabilities and the contingent liabilities/receivables disclosed at the end of the reporting period. The uncertainty associated with these assumptions and estimates could lead to results that cause adjustments to the carrying amount of the assets or liabilities concerned in future reporting periods.

### 6.1 ACCOUNTING JUDGMENTS

When applying the accounting policies, the Executive Board made the following judgments that have a material impact on the consolidated financial statements:

#### Cost of obtaining a contract with a customer recognized as an asset

Non-recurring costs in connection with winning an order are recognized as assets, if it can be assumed that these costs will be recovered during the term of the contract. The identification of costs of obtaining a contract is subject to discretion – especially in the absence of contractual arrangements. The costs of obtaining a contract recognized as an asset are amortized on the basis of the series parts of the underlying project supplied during the contract term.

### 6.2 ESTIMATES AND ASSUMPTIONS

The preparation of the IFRS consolidated financial statements requires assumptions and estimates to be made for some line items. These assumptions and estimates have an effect on the amounts of assets and liabilities, income and expenses, as well as on contingent liabilities disclosed in the reporting period. As a result of the uncertainty associated with these assumptions and estimates, the actual results could lead to adjustments to the carrying amounts of the assets or liabilities concerned in future periods. Assumptions and estimates relate in particular to the following items:

#### Inventories

Write-downs for reduced marketability are recognized for materials that are difficult to realize or unusable. The amount of the write-downs recognized is based on past experience.

#### Other provisions

The warranty provision was recognized on the basis of an estimate of the way in which vehicle owners, whose vehicles contain our products, use their vehicles. 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 for onerous contracts in connection with longer-term contracts are recognized if the estimated total costs exceed the estimated revenue. Losses from contracts with customers are identified by continuously monitoring project progress and updating estimates.

The measurement of the provision for material price adjustments is based on the number of units delivered in the past fiscal year for which a price adjustment obligation arises due to legal or de facto obligations, multiplied by the expected price reduction. All information arising from customer negotiations as of the end of the reporting period is taken into account in measurement.

#### Loss allowance on trade receivables and contract assets

The recognition of loss allowances for doubtful receivables and assets is largely dependent on estimates and assessments of individual receivables based on the credit rating of the respective customer, current economic developments, and the analysis of past receivables. If the Group derives the loss allowance from past default rates, a fall in the volume of receivables will reduce such provisions accordingly and vice versa. Loss allowances on trade receivables and contract assets amounted to EUR 302 thousand in the reporting year (p/y: EUR 333 thousand). The default risk is therefore classified as low.

#### Impairment of goodwill, intangible assets and property, plant and equipment

At least once a year, the Group checks whether goodwill, intangible assets not ready for use, and – on an ad hoc basis – property, plant and equipment are impaired. This requires an estimate of the value in use of the cash generating unit to which the goodwill and property, plant and equipment are assigned. The legal entities are defined as cash generating units in line with segment reporting. To estimate the value in use, the expected future cash flows from the respective cash-generating unit must be estimated and also an appropriate discount rate must be selected to determine the present value of these cash flows. As of December 31, 2024, the carrying amount of goodwill was EUR 4,331 thousand (p/y: EUR 4,331 thousand). Please refer to note 5.9, “Intangible assets” with regard to the sensitivities.

For cash-generating units for which impairment was identified but to which no goodwill is allocated, the individual assets are tested for impairment. Fair value less cost of disposal is determined using the income approach or the asset value method, depending on the asset to be measured. The methods are heavily dependent on the correctness of the input parameters (e.g. area and construction year for real estate and cost and date of purchase for machinery and technical equipment). The choice of valuation parameters must be guided by market ranges but is actually at the discretion of the surveyor (e.g. amount of the rent or construction costs for real estate and the trend in prices and economic useful lives for machinery and technical equipment).

#### Changes to useful lives in fixed assets

A review of economic useful lives in fixed assets could lead to an increase/decrease in depreciation and amortization in future fiscal years (see note 15).

#### Development costs

Development costs are capitalized in accordance with the accounting policy described. Initial capitalization of the costs is based on the Group's assessment that they are technically and economically viable. For the purposes of determining recoverability of the amounts to be capitalized, assumptions are made about the amount of the expected future cash flows from the project, the applicable discount rates, the planned lifetime quantities and the period in which the expected future benefit will accrue. As of December 31, 2024, the carrying amount of capitalized development costs recognized under IAS 38 was EUR 1,909 thousand (p/y: EUR 2,330 thousand). These development costs relate, in particular, to investments in the development of air suspension and chassis components as well as engine housings. Among other things, the reduction is due to an impairment loss of EUR 12 thousand (p/y: EUR 0 thousand), which was required because of a decline in lifetime unit numbers.

### Taxes

Deferred tax assets are recognized for all unutilized tax loss carryforwards to the extent that it is likely on the basis of tax planning that future taxable income will be available for this purpose, meaning that the loss carryforwards and tax assets can actually be used. As of December 31, 2024, deferred tax assets were recognized on tax loss carryforwards in the amount of EUR 361 thousand in total (p/y: EUR 653 thousand). They relate exclusively to PWO AG, with EUR 361 thousand attributable to trade tax loss carryforwards of EUR 2,712 thousand (p/y: EUR 4,911 thousand). Deferred tax assets were recognized on tax assets in the amount of EUR 6,490 thousand (p/y: EUR 7,123 thousand). As in the previous year, this relates to PWO Czech Republic. The Group therefore recognized deferred tax assets on tax loss carryforwards and tax assets in the amount of EUR 6,851 thousand in total (p/y: EUR 7,776 thousand) in total.

As of December 31, 2024, the loss carryforwards not included that are subject to a time limit, translated into euros at the closing rate, amounted to EUR 310 thousand (p/y: EUR 0 thousand). Further details can be found in note 13.

On the basis of planned business development in subsequent years, it is assumed that the deferred tax assets are recoverable. In calculating the amount of deferred tax assets, a major judgment is required with regard to the expected timing and amount of future taxable income and the future tax planning strategies. All deferred tax assets were capitalized by the Group in this fiscal year.

An external tax audit for the assessment periods 2019 to 2021 inclusive was conducted in 2024. Final results are not yet available.

The application of minimum tax and similar international regulations have no effect on the company or its subsidiaries.

### Defined benefit pension plans

The expense from defined benefit plans post-employment is determined using actuarial calculations. The actuarial calculation is based on assumptions regarding discount rates, staff turnover, future increases in wages and salaries (income and career trend), future pension increases and mortality. In line with the long-term orientation of these plans, such estimates are subject to significant uncertainty. Further details are clarified in note 22.

In accordance with IAS 19, the interest date is determined on the basis of high-quality corporate bonds on the closing date. A yield curve is calculated for this purpose from the yields of AA-rated bonds available on the market. The average interest rate is inferred by applying the yield curve to the Group's future cash flows.

## Income statement disclosures

### 7 Revenue

The breakdown of Group revenue from the sale of goods by location and product area is shown in the segment report (see note 35).

### 8 Own work capitalized

Of the own work capitalized, EUR 343 thousand (p/y: EUR 335 thousand) was attributable to development costs that have to be capitalized in accordance with IAS 38. These development costs relate, in particular, to the development of air suspension and chassis components as well as engine housings.

### 9 Other operating income

Other operating income is composed as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Currency gains | 5,373 | 4,729 |
| Income from the derecognition of accruals | 298 | 325 |
| Income from the reversal of provisions[1] | 5,180 | 5,163 |
| Miscellaneous operating income | 4,064 | 854 |
| **Total** | **14,915** | **11,072** |

[1] Income from the reversal of provisions includes income of EUR 2,895 thousand (p/y: EUR 3,871 thousand) from the reversal of provisions for onerous contracts.

Prior-period income of EUR 6,473 thousand (p/y: EUR 5,497 thousand) was recognized in the reporting year, essentially as a result of the reversal of provisions for onerous contracts.

## 10 Staff costs and employees

### 10.1 STAFF COSTS

| EURk | 2024 | 2023 |
|---|---|---|
| Wages and salaries | 111,171 | 107,763 |
| Social security and post-employment expenses | 24,699 | 23,317 |
| of which in respect of pensions | 2,751 | 2,645 |
| **Total** | **135,870** | **131,080** |

There were no government grants for social security contributions associated with the use of short-time work schemes in either the reporting period or the previous year. Government subsidies for staff expenses of EUR 47 thousand (p/y: EUR 46 thousand) were granted at the international locations in China.

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

| | 2024 | 2023 |
|---|---|---|
| Development and Sales | 238 | 231 |
| Production and Materials Management | 1,989 | 1,894 |
| Tool center | 432 | 413 |
| Administration | 164 | 144 |
| **Core workforce** | **2,823** | **2,682** |
| **Temporary employees** | **203** | **179** |
| **Trainees** | **53** | **60** |
| **Inactive employees/passive stage of partial retirement** | **95** | **102** |
| **Total staff** | **3,174** | **3,023** |

## 11 Other operating expenses

Other operating expenses break down as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Currency expenses | 4,841 | 5,211 |
| Costs for temporary employees | 8,582 | 6,642 |
| Maintenance costs | 7,035 | 6,821 |
| Legal, audit and consulting fees | 6,659 | 5,384 |
| Outgoing freight | 3,941 | 3,930 |
| Insurance premium | 2,444 | 2,054 |
| Lease expenses | 3,417 | 2,930 |
| Travel costs | 1,877 | 1,388 |
| Miscellaneous operating expenses | 16,101 | 12,984 |
| **Total** | **54,897** | **47,343** |

Prior-period expenses of EUR 388 thousand (p/y: EUR 80 thousand) were incurred. Prior-period expenses related mainly to unforeseen subsequent charges for energy costs at the Oberkirch location for the previous year.

## 12 Finance costs

| EURk | 2024 | 2023 |
|---|---|---|
| Interest expenses payable to financial Institutions | 7,225 | 5,661 |
| Interest expenses from interest rate swaps | 823 | 1,037 |
| Interest expenses from the accretion of interest on pension provisions | 1,842 | 1,811 |
| Interest expenses from finance leases | 644 | 560 |
| **Total** | **10,534** | **9,068** |
| of which interest expenses for financial instruments recognized at amortized cost | 4,905 | 4,061 |

## 13 Income taxes

Taxes of EUR 1,289 thousand (p/y: EUR 1,540 thousand) were recognized in other comprehensive income in the statement of comprehensive income.

Income taxes posted in net income/loss for the period break down as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Current taxes | 5,300 | 4,631 |
| Deferred taxes | 2,596 | -1,354 |
| **Total** | **7,896** | **3,277** |

Actual taxes contained prior-period income of EUR 63 thousand (p/y: EUR 382 thousand) in the reporting year.

Deferred taxes resulted from temporary differences and income tax loss carryforwards.

EUR 73 thousand (p/y: EUR 73 thousand) is recognized as deferred tax liabilities for temporary differences due to future dividend distributions from the Czech Republic and Mexico. EUR 0 thousand (p/y: EUR 34 thousand) is recognized as deferred tax liabilities for temporary differences due to equity investment restructuring in Hong Kong. No further deferred taxes were recognized for temporary differences on retained profits at subsidiaries of EUR 32,337 thousand (p/y: EUR 26,263 thousand), as it is probable that the temporary differences will not bereversed in the foreseeable future.

Differences between the income tax expense expected on the basis of the calculated tax rate and actual income tax expense can be found in the following reconciliation statement. The tax rate applied is based on the domestic rate of income tax.

| EURk | 2024 | 2023 |
|---|---|---|
| **Net income / loss before income taxes** | **20,437** | **19,497** |
| Theoretical tax expense at 29.13% (p/y: 29.13%) | 5,954 | 5,679 |
| Effects from recognition and measurement of deferred taxes | 1,565 | -478 |
| Change in the theoretical tax expense caused by different tax rates at foreign companies | 334 | 562 |
| Tax increase due to non-deductible expenses | -1,446 | -1,123 |
| Tax increase (+)/decrease (-) for previous years | 238 | -272 |
| Tax effects from tax assets | -65 | -1,348 |
| Tax effects from future changes to tax rates | – | – |
| Effects from non-capitalized loss carryforwards | 284 | – |
| Non-deductible withholding tax | 1,262 | 199 |
| Other effects | -230 | 58 |
| **Taxes on income** | **7,896** | **3,277** |

In 2024, the domestic income tax rate consisted of corporation tax of 15 percent (p/y: 15 percent), plus the solidarity surcharge of 5.5 percent (p/y: 5.5 percent), and a trade tax rate of 13.30 percent (p/y: 13.30 percent).

The table below shows deferred tax assets and liabilities at the level of the individual balance sheet items:

| | **Deferred tax assets** | | **Deferred tax liabilities** | |
|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 |
| Intangible assets and property, plant and equipment | 1,174 | 3,329 | 7,732 | 7,115 |
| Other assets | 12,146 | 11,529 | 11,492 | 12,418 |
| Tax loss carryforward and tax credits | 6,851 | 7,776 | – | – |
| Provisions | 8,065 | 8,913 | – | 162 |
| Liabilities | 4,547 | 2,856 | 393 | 494 |
| **Subtotal** | **32,783** | **34,403** | **19,617** | **20,189** |
| Offset | -17,780 | -18,441 | -17,779 | -18,441 |
| **Figures according to the consolidated statement of financial positon** | **15,003** | **15,962** | **1,838** | **1,748** |

Please see note 5.3 for further explanations.

## 14 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 in the fiscal year. There were no dilutive effects from stock options or convertible preference shares.

| | 2024 | 2023 |
|---|---|---|
| Earnings after taxes in EURk | 12,541 | 16,220 |
| Average number of non-par shares | 3,125,000 | 3,125,000 |
| **Earnings per share in EUR** | **4.01** | **5.19** |

## Balance sheet disclosures

### 15 Property, plant and equipment

| EURk | Land and buildings | Technical equipment and machinery | Other plant, factory and office equipment | Prepayments made and assets under construction | Total |
|---|---|---|---|---|---|
| **Cost** | | | | | |
| **As of January 1, 2023** | **141,741** | **337,332** | **35,564** | **9,204** | **523,841** |
| Additions | 6,144 | 4,210 | 1,652 | 11,796 | 23,802 |
| Disposals | -152 | -4,371 | -1,447 | 3 | -5,967 |
| Reclassifications | 54 | 3,229 | 219 | -3,461 | 41 |
| Price change | -1,466 | -4,269 | -199 | -126 | -6,060 |
| **As of December 31, 2023** | **146,321** | **336,131** | **35,789** | **17,416** | **535,657** |
| Additions | 3,797 | 9,547 | 3,763 | 25,755 | 42,862 |
| Disposals | -1,149 | -7,899 | -2,907 | -1,177 | -13,132 |
| Reclassifications | 42 | 10,192 | 140 | -10,451 | -77 |
| Price change | 935 | 3,766 | -9 | 143 | 4,835 |
| **As of December 31, 2024** | **149,946** | **351,737** | **36,776** | **31,686** | **570,145** |
| **Depreciation/amortization** | | | | | |
| **As of January 1, 2023** | **62,305** | **256,538** | **29,407** | **–** | **348,250** |
| Additions | 4,898 | 15,832 | 2,273 | – | 23,003 |
| Disposals | -117 | -3,946 | -1,401 | – | -5,464 |
| Write-ups | -553 | – | – | – | -553 |
| Price change | -517 | -2,622 | -152 | – | -3,291 |
| **As of December 31, 2023** | **66,016** | **265,802** | **30,127** | **–** | **361,945** |
| Additions | 5,123 | 14,779 | 2,334 | – | 22,236 |
| Disposals | -1,127 | -7,369 | -2,878 | – | -11,374 |
| Write-ups | -608 | -31 | -74 | – | -713 |
| Price change | 311 | 2,355 | -7 | – | 2,659 |
| **As of December 31, 2024** | **69,715** | **275,536** | **29,502** | **–** | **374,753** |
| **Carrying amounts** | | | | | |
| **As of December 31, 2023** | **80,304** | **70,329** | **5,662** | **17,416** | **173,711** |
| **As of December 31, 2024** | **80,231** | **76,202** | **7,273** | **31,686** | **195,392** |

The standard useful life is 25 to 50 years for buildings, 5 to 16 years for technical equipment and machinery, 3 to 14 years for plant and office equipment and 3 to 5 years for IT hardware.

Depreciation and impairment losses on the land and buildings asset class included the reversal of an impairment loss of EUR 608 thousand in the reporting period (p/y: EUR 553 thousand). In addition, depreciation and impairment losses on the technical equipment and machinery asset class included the reversal of an impairment loss of EUR 22 thousand following an impairment test at PWO AG (p/y: impairment loss of EUR 93 thousand). Moreover, depreciation and impairment losses on technical equipment and machinery include an impairment loss of CAD 13 thousand (p/y: CAD 74 thousand) following an impairment test at PWO Canada. They also include the reversal of an impairment loss of CAD 74 thousand recognized on equipment and machinery in the previous year.

Leases were concluded for various plots of land and buildings, technical equipment and machinery, and other plant, factory and office equipment. Several leases include renewal and termination options.

There are also leases for machinery that have a term of 12 months or less and for low-value items of office equipment. Practical expedients applicable to short-term leases and to leases for which the underlying asset is of low value are applied to these leases.

The reported right-of-use assets from leases are recognized in property, plant and equipment (see "Property, plant and equipment" table above). The carrying amounts of right-of-use assets are shown in the following table:

| EURk | Intangible assets | Land and buildings | Technical equipment and machinery | Other plant, factory and office equipment | Total |
|---|---|---|---|---|---|
| **As of January 1, 2023** | **–** | **7,957** | **13,775** | **984** | **22,716** |
| Additions | – | 656 | 1,649 | 51 | 2,356 |
| Depreciation/amortization | – | -1,229 | -857 | -131 | -2,217 |
| Price change | – | -48 | -44 | -5 | -97 |
| **As of December 31, 2023** | **–** | **7,335** | **14,524** | **899** | **22,758** |
| Additions | – | 1,319 | 558 | 210 | 2,087 |
| Depreciation/amortization | – | -1,047 | -293 | 1,171 | -169 |
| Price change | – | 84 | -63 | 10 | 31 |
| **As of December 31, 2024** | **–** | **7,691** | **14,726** | **2,290** | **24,707** |

Lease liabilities are included in interest-bearing loans in the "Current and non-current financial liabilities" items in the statement of financial position.

The following items were recognized through profit or loss in the reporting year:

| EURk | 2024 | 2023 |
|---|---|---|
| Depreciation of right-of-use assets | 1,854 | 1,729 |
| Interest expenses for lease liabilities | 644 | 560 |
| Expenses for short-term leases | 1,972 | 2,079 |
| Expenses for leases for low-value assets | 496 | 308 |
| Expenses for leases without identifiable assets | 949 | 543 |
| **January 1 to December 31** | **5,914** | **5,219** |

The Group's cash outflows for leases amounted to EUR 5,514 thousand (p/y: EUR 5,535 thousand) in the reporting year. Also, the Group recognized non-cash additions to right-of-use assets and lease liabilities in the amount of EUR 7,589 thousand in total in 2024 (p/y: EUR 4,366 thousand).

## 16 Intangible assets

| EURk | Development services | Industrial property rights and similar rights | Goodwill | Other intangible assets | Advance payments made | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| As of January 1, 2023 | 13,892 | 15,884 | 6,809 | 1,161 | 187 | 37,933 |
| Additions | 335 | 2,057 | – | – | 317 | 2,709 |
| Disposals | – | – | – | – | -5 | -5 |
| Reclassifications | – | 61 | – | – | -102 | -41 |
| Price change | -18 | -55 | -46 | -40 | – | -159 |
| **As of December 31, 2023** | **14,209** | **17,947** | **6,763** | **1,121** | **397** | **40,437** |
| Additions | 345 | 1,059 | – | – | 1,899 | 3,303 |
| Disposals | – | -201 | – | – | – | -201 |
| Reclassifications | -17 | 319 | – | – | -321 | -19 |
| Price change | 33 | 17 | 35 | 71 | – | 156 |
| **As of December 31, 2024** | **14,570** | **19,141** | **6,798** | **1,192** | **1,975** | **43,676** |
| **Depreciation, amortization and impairments** | | | | | | |
| As of January 1, 2023 | 11,018 | 14,257 | 2,478 | 1,161 | – | 28,914 |
| Additions | 871 | 861 | – | – | – | 1,732 |
| Disposals | – | – | – | – | – | – |
| Reclassifications | – | – | – | – | – | – |
| Price change | -11 | -41 | -46 | -40 | – | -138 |
| **As of December 31, 2023** | **11,878** | **15,077** | **2,432** | **1,121** | **–** | **30,508** |
| Additions | 753 | 1,297 | – | – | – | 2,050 |
| Disposals | – | -199 | – | – | – | -199 |
| Reclassifications | – | – | – | – | – | – |
| Price change | 30 | 10 | 35 | 71 | – | 146 |
| **As of December 31, 2024** | **12,661** | **16,185** | **2,467** | **1,192** | **–** | **32,505** |
| **Carrying amounts** | | | | | | |
| **As of December 31, 2023** | **2,330** | **2,870** | **4,331** | **–** | **397** | **9,928** |
| **As of December 31, 2024** | **1,909** | **2,956** | **4,331** | **–** | **1,975** | **11,171** |

The normal useful life for software amounts to 3 to 5 years.

Development services capitalized in accordance with IAS 38 of EUR 1,909 thousand (p/y: EUR 2,330 thousand) are amortized according to the number of units as soon as development is completed and production of the series parts starts. Impairment of EUR 12 thousand was recognized in the reporting year.

As of December 31, 2024, the goodwill of PWO Czech Republic amounted to EUR 4,331 thousand (p/y: EUR 4,331 thousand) in the Czech Republic segment.

## 17 Contract assets

Contract assets result from the recognition of revenue over time for series deliveries, where series parts are recognized as revenue before they are delivered to customers, and from the recognition of revenue over time from sales of tools and order-related development services.

The annual review of contract assets led to volume-related impairment in the reporting year: EUR 536 thousand (p/y: EUR 49 thousand) for tools, EUR 649 thousand (p/y: EUR 161 thousand) for development services, and EUR 78 thousand (p/y: EUR 0 thousand) for pay-to-play.

Contract liabilities are recognized if the services rendered as of the end of the reporting period are less than the consideration received from the customer. Advance payments received amounted to EUR 12,485 thousand as of the end of the reporting period (p/y: EUR 3,405 thousand). They were mainly driven by higher advance payments on tools at PWO Czech Republic. These are netted against services already supplied at contract level. An amount of EUR 3,405 thousand (p/y: EUR 3,007 thousand) was generated from the previous year's advance payments.

As of December 31, 2024, contract assets capitalized in accordance with IFRS 15 were as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| **As of January 1** | **93,880** | **87,267** |
| Change in non-current contract assets | -2,988 | -854 |
| Change in current contract assets | 3,460 | 7,468 |
| **As of December 31** | **94,352** | **93,881** |

Of the performance obligations that had not been fulfilled or only fulfilled in part as of the end of the reporting period with an expected original term of more than 1 year, EUR 29,117 thousand is expected to be recognized as revenue within the next fiscal year and EUR 43,081 thousand in subsequent fiscal years. They related primarily to long-term development and tool projects. For contractual arrangements with an expected original term of up to 1 year, the practical expedient of IFRS 15, which allows any disclosures to be omitted, is applied.

Transaction prices assigned to service obligations that have not been fulfilled or only fulfilled in part resulted predominantly from contract-related tool and development contracts, for which the expected original term is more than 1 year. As of December 31, 2024, it is expected that claims to receive the consideration of EUR 9,559 thousand will be reclassified into receivables within the next year. PWO makes use of the practical expedient permitted under IFRS 15 and excludes contracts with an expected original term of not more than 1 year from the disclosure obligation.

## 18 Inventories

The raw materials, consumables and supplies of EUR 39,933 thousand (p/y: EUR 37,749 thousand) break down as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Raw materials | 12,136 | 14,174 |
| Consumables and supplies, purchased parts | 13,603 | 11,353 |
| Customized spare parts for tools | 11,829 | 10,634 |
| Goods in transit | 2,365 | 1,588 |
| **Total** | **39,933** | **37,749** |

Total impairment losses recognized on inventories totaled EUR 20,581 thousand as of the end of the reporting period (p/y: EUR 19,739 thousand); of this amount, EUR 17,796 thousand (p/y: EUR 16,973 thousand) was attributable to customized spare parts for tools. The amount of impairment recognized in profit or loss for raw materials, consumables and supplies and for spare parts for tools in the reporting year is EUR 842 thousand.

## 19 Trade receivables

Trade receivables of EUR 49,079 thousand (p/y: EUR 63,823 thousand) reported in the statement of financial position as of the end of the reporting period were written down by EUR 302 thousand (p/y: EUR 333 thousand). The table below shows changes in the allowance account:

| EURk | 2024 | 2023 |
|---|---|---|
| **Loss allowance as of January 1** | **333** | **107** |
| Additions | 50 | 251 |
| Reversals | -86 | -76 |
| Foreign exchange differences | 5 | 51 |
| **Loss allowance as of December 31** | **302** | **333** |

For significant individual receivables, specific loss allowances are recognized in accordance with uniform standards. A potential impairment is assumed if certain circumstances apply – such as late payments over a certain period, the initiation of enforcement measures, imminent insolvency or over-indebtedness, application to start insolvency proceedings or failure of restructuring measures. Due to the company's structure of customers with a strong financial standing, any impairment losses required normally tend to be rather small.

Application of IFRS 9 meant that a portfolio-based loss allowance based on expected default rates was posted in the reporting year, which was derived from a customer-related credit model. The probabilities of default used to determine expected credit losses on trade receivables and contract assets are provided by business information services. These are based on individual and continuously updated data relating to the credit risk of customers (e.g. payment behavior) or on company and industry data, taking into account forward-looking macroeconomic data.

Loss allowances on receivables and contract assets are usually recognized in separate allowance accounts and lead to an impairment loss recognized through profit or loss, which is reported in other operating expenses. Actual defaults result in the receivables in question being derecognized. Contract assets typically relate to projects or contracts, often with individual payment terms, customer credit ratings, and assessments of project progress. The probabilities of default for contract assets are analyzed and quantified within the meaning of IFRS 9. In the absence of any indications, no loss allowances are currently recognized on contract assets using portfolio-based loss allowances or project-specific risk assessments.

After recognizing specific loss allowances, hedging (commercial credit insurance) limited the default risk to EUR 168 thousand. Without hedging, the loss allowance would have amounted to EUR 216 thousand.

## 20 Cash and cash equivalents

Interest is paid at variable rates on bank balances available at short notice. As of December 31, 2024, the PWO Group had unutilized credit lines, which all meet the conditions for utilization.

The calculation of expected credit losses on bank balances did not give rise to any anomalies. The analysis conducted did not identify any risks that have to be recognized in the financial statements.

## 21 Equity

### ISSUED CAPITAL

As of December 31, 2024, the fully paid-in issued capital amounted to EUR 9,375 thousand (p/y: EUR 9,375 thousand). It is divided into 3,125,000 (p/y: 3,125,000) no-par shares. The notional interest of each no-par share in share capital is EUR 3.00 (p/y: EUR 3.00).

### 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 1 or several occasions (Authorized Capital 2020) by July 27, 2025 (inclusively).

The Executive Board has not utilized this authorization to date.

### CAPITAL RESERVES

Capital reserves contain allocations from the premium.

### RETAINED EARNINGS AND OTHER PROVISIONS

Retained earnings contain both the current profits and those from previous years generated by PWO AG and included subsidiaries that have not yet been distributed, and the legal reserve of EUR 204 thousand.

Differences of EUR 3,690 thousand (p/y: EUR 1,250 thousand) from the currency translation of foreign subsidiaries' financial statements through other comprehensive income were reported in equity.

The portion of the profit or loss from cash flow hedging instruments that is determined to be an effective hedge is also recognized, as are the actuarial gains and losses from defined benefit pension plans.

### PROPOSED AND DISTRIBUTED DIVIDENDS

As of December 31, 2024, PWO AG reported net retained profits of EUR 8,245 thousand in its annual financial statements prepared in accordance with HGB. The distributable profit was determined in accordance with the provisions of the German Commercial Code (HGB).

It will be proposed to the Annual General Meeting to utilize the net retained profits of PWO AG as follows:

| | |
|---|---|
| Distribution of a dividend of EUR 1.75 per eligible no-par share | EURk 5,469 |
| Balance to be carried forward to the next accounting period | EURk 2,776 |

In fiscal year 2024, a total dividend of EUR 5,469 thousand (EUR 1.75 per eligible no-par share) was paid for fiscal year 2023. A dividend totaling EUR 5,156 thousand (EUR 1.65 per eligible no-par share) was distributed in fiscal year 2023.

### NOTIFICATIONS IN ACCORDANCE WITH SECTION 33 WPHG

PWO AG had received the following notifications as of December 31, 2024. 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 PWO AG, Oberkirch, Germany, amounted to 8.56 percent (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 percent and 50 percent of the voting rights in PWO AG.

## 22 Pension provisions

### 22.1 DEFINED CONTRIBUTION PLANS

The PWO Group has defined contribution plans. This resulted in an amount of EUR 95 thousand (p/y: EUR 98 thousand) recognized in staff costs for PWO Canada and of EUR 394 thousand (p/y: EUR 383 thousand) for PWO Czech Republic.

Contributions to the statutory pension insurance funds are also paid in the amount of the employer's contribution currently payable on pensionable remuneration totaling EUR 11,238 thousand (p/y: EUR 10,329 thousand), which is also reported in staff costs. The statutory pension insurance system is also a defined contribution plan.

### 22.2 DEFINED BENEFIT PLANS

The majority of the obligations under defined benefit plans relate to PWO AG. A provision of EUR 428 thousand (p/y: EUR 318 thousand) is attributable to PWO Mexico. The provision, which is required under Mexican law, comprises obligations for benefits to employees depending on their length of service and the remuneration earned during their service.

Provisions for pensions and similar obligations are recognized on the basis of benefit plans for commitments for pensions, disability and survivors' benefits. The benefits are based on employees' pay and the duration of their employment. Obligations comprise those arising from current pensions and vested pension rights for pensions and retirement benefits payable in the future. There are no plan assets to fulfill pension obligations.

The following tables show the components of the expenses for benefits recognized in the income statement and the amounts stated in the statement of financial position.

Amounts recognized in the income statement break down as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Current service cost | 634 | 481 |
| Past service cost | -35 | – |
| Interest expense for defined benefit obligations | 1,755 | 1,752 |
| **Total** | **2,354** | **2,233** |

The following table shows adjustments recognized in other comprehensive income:

| EURk | 2024 | 2023 |
|---|---|---|
| Adjustments based on changes in demographic assumptions | – | – |
| Adjustments based on changes in financial assumptions | -1,346 | 4,352 |
| Adjustments based on adjustments due to experience | 336 | 1,868 |
| **Total** | **-1,010** | **6,220** |

The changes in the present value of the benefit obligations are as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| **Present value of service cost on January 1** | **49,295** | **42,755** |
| Service cost | 634 | 481 |
| Past service cost | -35 | – |
| Interest expenses | 1,755 | 1,752 |
| Pension payments made | -2,106 | -1,943 |
| Adjustments based on changes in demographic assumptions | – | – |
| Adjustments based on changes in financial assumptions | -1,346 | 4,352 |
| Adjustments based on adjustments due to experience | 336 | 1,868 |
| Foreign currency differences | 24 | 30 |
| **Present value of service cost on December 31** | **48,557** | **49,295** |

Of the reported pension provisions, EUR 46,393 thousand (p/y: EUR 47,319 thousand) are current and EUR 2,164 thousand (p/y: EUR 1,976 thousand) are non-current.

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

| in % | 2024 | 2023 |
|---|---|---|
| Discount rate | 3.57 | 3.60 |
| Staff 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 increase pensions | 2.10 | 2.40 |
| Mortality | 2018 G Heubeck RT | 2018 G Heubeck RT |

For reasons of materiality, the actuarial assumptions are limited to Germany.

Defined benefit obligations had an average residual term of 16 years (p/y: 16 years) in the reporting year.

The following table shows a sensitivity analysis with the key assumptions as of December 31, 2024:

| Assumption | Scenario: Increase of – in % | Increase of – EURk | Decrease of – in % | Decrease of – EURk |
|---|---|---|---|---|
| Discount rate | 0.50 | -3,409 | 0.50 | 3,875 |
| Staff turnover | 0.50 | -15 | 0.50 | 22 |
| Future increases in salaries (income trend) | 0.25 | 6 | 0.25 | -5 |
| Future increases in salaries (career trend) | 0.50 | 36 | 0.50 | -34 |
| Future increases in pensions | 0.25 | 1,360 | 0.25 | -1,302 |
| Average life expectancy | 1 year | 1,920 | – | – |

Sensitivity analyses of the defined benefit plans for the key actuarial assumptions were carried out using the same valuation method (projected unit credit method) as that used to determine the obligations from post-employment benefits reported in the consolidated statement of financial position. Impacts of changes to the assumptions were determined separately in each case and possible correlation effects were therefore not analyzed.

The following amounts are expected to be paid out in the next few years as current pensions under defined benefit schemes:

| EURk | 2024 | 2023 |
|---|---|---|
| Within the next 12 months | 2,199 | 2,026 |
| Between 2 and 5 years | 9,250 | 8,918 |
| Between 5 and 10 years | 13,929 | 13,370 |
| **Total expected payments** | **25,378** | **24,314** |

Breakdown of pension commitments by groups of beneficiaries:

| EURk | 2024 Germany | 2024 Mexico | 2023 Germany | 2023 Mexico |
|---|---|---|---|---|
| Active beneficiaries | 12,280 | 428 | 13,832 | 318 |
| Employees who have left the company | 6,510 | – | 8,163 | – |
| Pensioners | 29,339 | – | 26,982 | – |
| **Total** | **48,129** | **428** | **48,977** | **318** |

## 23 Other provisions

Other provisions take account of the amounts needed for staff costs and other discernible risks and obligations. Provisions reported in the statement of financial position essentially comprise provisions for personnel (obligations for partial retirement and anniversary benefits), provisions for onerous contracts, warranty provisions and provisions for adjustments in the prices of materials. The expectation for the partial retirement provisions is that the entire amount of the obligations for partial retirement will accrue within 5 years of the end of the reporting period.

Other provisions developed as follows:

| | Personnel-related provisions | | Provisions for onerous contracts | | Provisions for warranties | | Provisions for adjustments in prices of materials[1] | |
|---|---|---|---|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **As of January 1** | **2,062** | **1,812** | **3,477** | **6,731** | **2,494** | **2,422** | **4,584** | **2,064** |
| Utilization | -902 | -844 | – | – | -34 | -22 | -981 | -491 |
| Reversal | -79 | -15 | -2,895 | -3,871 | – | – | -1,760 | -1,176 |
| Allocation | 1,187 | 1,109 | 2,453 | 617 | – | 94 | 1,703 | 4,187 |
| **As of December 31** | **2,268** | **2,062** | **3,035** | **3,477** | **2,460** | **2,494** | **3,546** | **4,584** |
| of which non-current | 1,326 | 1,252 | 1,896 | 1,898 | – | – | – | – |
| of which current | 942 | 809 | 1,140 | 1,579 | 2,460 | 2,494 | 3,546 | 4,584 |

[1] Provisions for adjustments to prices of materials are presented in other liabilities.

In fiscal year 2024, provisions for onerous contracts in connection with longer-term delivery obligations were reduced to EUR 3,035 thousand (p/y: EUR 3,477 thousand), partly as a result of a continuing improvement in the internal cost structure. The effect on net interest of adding interest expenses on provisions for onerous contracts amounted to EUR 50 thousand.

A warranty provision of EUR 2,400 thousand was recognized in fiscal year 2021 because a potentially faulty product had been supplied. No complaints for faulty parts have been received to date.

## 24 Government grants

Government grants in accordance with IAS 20 are recognized if there is reasonable assurance of compliance with the conditions attaching to it and that the grant will be received.

As of December 31, 2024, grants received and recognized as deferred income amounted to EUR 6,319 thousand (p/y: EUR 4,952 thousand). These essentially contain government grants for building a new plant in Serbia. On receiving the grants, the PWO Group has undertaken to make a valuable contribution to the economic development of the nation of Serbia. In addition to capital expenditure on property, plant and equipment, the grants received are also linked to the achievement of contractually agreed employee recruitment targets. They will be recognized in profit or loss in the periods in which the expenses for which the grants are intended to compensate are recognized. Grants recognized for expenses amount to EUR 157 thousand (p/y: EUR 2,298 thousand) in the fiscal year. EUR 110 thousand of this was recognized as prior-period income and EUR 47 thousand as a reduction of staff costs.

## 25 Financial liabilities

Financial liabilities were composed as follows:

| | Current | | Non-current | | | | Total financial liabilities | |
|---|---|---|---|---|---|---|---|---|
| | < 1 year | | 1 to 5 years | | > 5 years | | | |
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Liabilities to banks | 41,179 | 26,835 | 37,921 | 44,136 | – | – | 79,100 | 70,971 |
| Liabilities from promissory notes | – | 25,000 | – | – | – | – | – | 25,000 |
| Liabilities to leasing companies | 5,647 | 2,983 | 11,642 | 13,097 | 2,534 | 1,678 | 19,823 | 17,758 |
| **Total** | **46,826** | **54,818** | **49,563** | **57,233** | **2,534** | **1,678** | **98,923** | **113,729** |

Changes in liabilities from financing activities are shown below:

| EURk | Jan. 1, 2024 | Cash changes | Deferment based on maturity | Non-cash changes: New leases | Non-cash changes: Currency effects | Dec. 31, 2024 |
|---|---|---|---|---|---|---|
| Non-current financial liabilities | 44,136 | 23 | -6,365 | – | 127 | 37,921 |
| Current financial liabilities | 51,835 | -17,319 | 6,365 | – | 298 | 41,179 |
| Lease liabilities | 17,758 | -5,514 | – | 7,589 | -10 | 19,823 |
| **Total** | **113,729** | **-22,810** | **–** | **7,589** | **415** | **98,923** |

| EURk | Jan. 1, 2023 | Cash changes | Deferment based on maturity | Non-cash changes New leases | Non-cash changes Currency effects | Dec. 31, 2023 |
|---|---|---|---|---|---|---|
| Non-current financial liabilities | 50,444 | 24,719 | -30,523 | – | -504 | 44,136 |
| Current financial liabilities | 49,338 | -27,916 | 30,523 | – | -110 | 51,835 |
| Lease liabilities | 18,785 | -5,534 | – | 4,366 | 141 | 17,758 |
| **Total** | **118,567** | **-8,731** | **–** | **4,366** | **-473** | **113,729** |

Within current financial liabilities, current bank liabilities of EUR 16,397 thousand (p/y: EUR 24,812 thousand) were assigned to cash and cash equivalents.

The financial management of the PWO Group is based on internal financing guidelines and ongoing financial and liquidity planning. Financial management focuses on ensuring the sufficient liquidity of the PWO Group at all times. We strive on the one hand to maintain a liquidity reserve that exceeds current payment obligations while on the other limiting the utilization of short-term lines of credit as much as possible in order to keep within internal financing guidelines.

The liquidity of the PWO Group is secured in the long term with sufficiently unutilized credit lines. It is largely provided via a syndicated loan and the usual financial covenants.

The Group's unutilized lines of credit, including cash and cash equivalents, amounted to EUR 111.7 million as of the end of the reporting period (p/y: EUR 116.8 million).

Interest is generally payable on financial liabilities at rates ranging from 3.15 to 8.75 percent (current) and from 1.35 to 5.90 percent (non-current). The higher interest rates are primarily on subordinated local financing of individual subsidiaries.

Bank liabilities due on demand amounted to EUR 16,397 thousand (p/y: EUR 24,812 thousand). Liabilities to leasing companies of EUR 19,823 thousand (p/y: EUR 17,758 thousand) are secured by the assignment of property, plant and equipment as collateral. There were also the usual retentions of title from the supply of raw materials, consumables and supplies and goods.

## 26 Contingencies and other financial obligations

As of December 31, 2024, there were other financial obligations including purchase commitments of EUR 12,830 thousand (p/y: EUR 10,232 thousand). Of which attributable to subsequent fiscal years according to maturity:

| | Obligations from non-cancelable leases and rental agreements | | Purchase commitments from investments in property, plant and equipment | | Purchase commitment from investments in intangible assets | | Miscellaneous other financial obligations | |
|---|---|---|---|---|---|---|---|---|
| EURk | from 2025 | from 2024 | from 2025 | from 2024 | from 2025 | from 2024 | from 2025 | from 2024 |
| Remaining term up to 1 year | 1,715 | 1,071 | 5,203 | 1,182 | 8 | 5 | – | – |
| Remaining term 1 to 5 years | 4,362 | 5,059 | – | – | – | – | – | – |
| Remaining term > 5 years | 1,537 | 2,915 | – | – | – | – | – | – |
| **Total** | **7,614** | **9,045** | **5,203** | **1,182** | **8** | **5** | **–** | **–** |

## 27 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 EUR 14,536 thousand (p/y: EUR 19,277 thousand) had been sold as of December 31, 2024. 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 2,320 thousand (p/y: EUR 2,456 thousand), 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 to the supplier. Customer receivables of EUR 13,483 thousand (previous year: EUR 10,785 thousand) had been transferred to the factor as of December 31, 2024.

## 28 Financial risk management

The PWO Group's financial risk management system focuses on the uncertainties resulting from the future development of financial markets and aims to minimize detrimental consequences for the company's financial performance. The risk management system is the responsibility of the Executive Board, which sets the general principles for risk management and defines policy. There are no material concentrations of risk that are not apparent from the notes to the financial statements and the combined management report.

The cumulated material risks are explained below:

### 28.1 CREDIT RISK

Credit risks arise if counterparties fail to fulfill their obligations in full when financial instruments fall due. PWO AG and its subsidiaries manage the default risk from trade receivables on the basis of uniform guidelines, processes and controls. It monitors customers' creditworthiness by obtaining credit information on a regular basis and looking at past data. Based on these findings, it sets individual credit facilities for customers. Outstanding trade receivables and other receivables are monitored regularly through a rigorous receivables management process. In addition, significant amounts of receivables are hedged through commercial credit insurance. An impairment analysis is performed as of the end of each reporting period and taken into account by appropriate allowances. A portfolio-based allowance has also been determined since the introduction of IFRS 9. The expected credit losses are determined on the basis of the comprehensive databases of a leading international credit insurer. The expected credit loss is calculated by multiplying the amount of receivables outstanding by the probability of default and the risk of uncollectibility of the receivable. The probability of default is determined on the basis of extensive statistical data from the credit insurance business. The use of basic statistical data improves accuracy and reduces fluctuation compared to calculations based on a single company. The models based on past data used in the calculations are continuously updated and reviewed on an ongoing basis through prospective analyses. Macro- or microeconomic changes or trends are taken into account in the risk assessment as soon as they are identified. The probability of default is defined as the probability that a business partner will not be able to meet its payment obligations within the next 12 months. This is the standard period for most terms of payment and possible extensions of the terms of payment within this period. The business partners are analyzed by way of debtor risk assessment. A rating on a scale of 0 to 10 is assigned to each business partner, with 10 being the best possible rating and 0 indicating an insolvent business partner. In addition to the business partner's credit rating, the risk assessment takes into account a whole range of country-specific economic and political conditions. The assessment of the risk of uncollectibility takes into account the statistical possibility that receivables can be recovered fully or in part through debt collection measures or reduced in other ways. If receivables are covered by insurance, this is reflected in determining the probability of default and the risk of uncollectibility.

In connection with the investment of liquid funds and its holdings of derivative financial assets, the PWO Group is exposed to losses and credit risks if banks fail to fulfill their financial obligations. The Group manages the resulting risk exposure through guidelines and requirements issued by Group Treasury as well as by diversifying and carefully selecting its banks. It also analyzes and quantifies the default risk posed by all banks at regular intervals. At present, no liquid funds or derivative financial assets are overdue because of defaults or written down.

As of December 31, 2024, the maximum credit risk on financial assets in the event of counterparty default is equal to the carrying amount of these instruments. The table below shows the maximum remaining credit risk after deducting existing commercial credit insurance cover.

| EURk | 2024 | 2023 |
|---|---|---|
| Trade receivables and contract assets | 143,431 | 157,703 |
| Hedging through commercial risk insurance | -6,866 | -9,533 |
| **Maximum credit risk** | **136,565** | **148,170** |
| Derivative financial assets | 576 | 2,741 |
| Cash and cash equivalents | 11,777 | 6,443 |

The analysis of past due trade receivables that are not impaired as of December 31, 2024, was as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Trade receivables and contract assets | 143,431 | 157,703 |
| of which neither past due nor impaired | 136,523 | 144,149 |
| of which < 30 days past due (but not impaired) | 5,194 | 8,934 |
| of which > 30–90 days past due (but not impaired) | 713 | 2,086 |
| of which > 90–180 days past due (but not impaired) | -340 | 900 |
| of which > 180–360 days past due (but not impaired) | 1,369 | 1,611 |
| of which > 360 days past due (but not impaired) | -28 | 23 |

Receivables more than 180 days past due on which no impairment losses have been recognized relate primarily to invoices for tools with customer-specific payment terms.

Portfolio-based loss allowances based on expected default rates were recognized for trade receivables past due and not impaired, which are not covered by commercial risk insurance, as well as contract assets, in accordance with IFRS 9 at the closing date.

### 28.2 LIQUIDITY RISK

Liquidity risks arise if Group companies cannot fulfill their financial obligations. Sufficient lines from several banks are available to cover ongoing business. An appropriate combination of current and non-current loans limits financing risks. Investments and pre-financing of services associated with long-term customer orders receive long-term financing on a project basis. The PWO Group has hedged roughly half its long-term financing at fixed rates. If necessary, derivative interest hedges are also concluded.

The following table shows the maturities of undiscounted cash flows from financial liabilities as of the end of the reporting period:

| | < 1 year | | 1 to 5 years | | > 5 years | | Total | |
|---|---|---|---|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Liabilities to banks | 42,126 | 52,662 | 38,256 | 20,344 | – | – | 80,382 | 73,006 |
| of which repayments | 41,179 | 51,835 | 37,921 | 19,654 | – | – | 79,100 | 71,489 |
| of which interest payments | 947 | 827 | 335 | 690 | – | – | 1,282 | 1,517 |
| Liabilities from promissory notes | – | 479 | – | 24,482 | – | – | – | 24,961 |
| of which repayments | – | – | – | 24,482 | – | – | – | 24,482 |
| of which interest payments | – | 479 | – | – | – | – | – | 479 |
| Liabilities to leasing companies | 6,405 | 3,618 | 12,726 | 14,048 | 2,637 | 1,781 | 21,768 | 19,447 |
| of which repayments | 5,647 | 2,983 | 11,642 | 13,097 | 2,534 | 1,678 | 19,823 | 17,758 |
| of which interest payments | 758 | 635 | 1,084 | 951 | 103 | 103 | 1,945 | 1,689 |
| Trade payables | 65,681 | 52,245 | – | – | – | – | 65,681 | 52,245 |
| Hedging derivative financial instruments | 2,190 | – | 1,274 | – | – | – | 3,464 | – |
| Non-hedging derivative financial instruments | 434 | 840 | 728 | 157 | – | – | 1,162 | 997 |
| Other financial liabilities / other | – | – | – | – | – | – | – | – |

The amounts of derivative financial instruments contained in maturities correspond to the gross undiscounted cash flows.

The following table shows the cash inflows and cash outflows of hedging and non-hedging currency derivatives:

| | < 1 year | | 1 to 5 years | | > 5 years | | Total | |
|---|---|---|---|---|---|---|---|---|
| **Hedging currency derivatives** | | | | | | | | |
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Inflow | 64,027 | 40,001 | 63,840 | 41,978 | – | – | 127,867 | 81,979 |
| Outflow | -66,217 | -38,394 | -65,114 | -41,145 | – | – | -131,331 | -79,539 |
| **Balance** | **-2,190** | **1,607** | **-1,274** | **833** | **–** | **–** | **-3,464** | **2,440** |
| **Non-hedging currency derivatives** | | | | | | | | |
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Inflow | 9,191 | 19,770 | 13,017 | 4,477 | – | – | 22,208 | 24,247 |
| Outflow | -9,625 | -20,396 | -13,745 | -4,255 | – | – | -23,370 | -24,651 |
| **Balance** | **-434** | **-626** | **-728** | **222** | **–** | **–** | **-1,162** | **-404** |

### 28.3 INTEREST RATE RISK

Interest rate risks arise if the fair value of financial instruments fluctuates because of changes in the market interest rate. To assess interest rate risks, financial instruments must be divided into those with fixed rates and those with variable rates in accordance with IAS 32. Interest rate risks are present in liabilities to banks that carry a variable rate. These risks are countered with interest rate swaps. Interest rate risks are presented by means of sensitivity analyses. These analyses show the effects of changes in interest rates on interest payments, interest income and expenses and other components of earnings and, if applicable, on equity.

**The interest rate sensitivity analyses are based on the following assumptions:**

Changes in the market interest rates of primary financial instruments with fixed interest rates only affect earnings that are measured at fair value. Therefore, fixed-interest financial instruments carried at amortized cost are not exposed to interest rate risk as defined in IFRS 7. Currency derivatives are disregarded in interest rate sensitivity analyses because of materiality considerations.

PWO is exposed to interest rate risks at all locations. If the market interest rate as of December 31, 2024, had been 100 basis points higher, earnings before taxes (EBT) would have been EUR 403 thousand (p/y: EUR 523 thousand) lower. If the market interest rate as of December 31, 2024, had been 100 basis points lower, earnings before taxes (EBT) would have been EUR 403 thousand (p/y: EUR 523 thousand) higher.

### 28.4 CURRENCY RISK

The global focus of the PWO Group means that it is exposed to a series of currency risks. A distinction is made between transaction and translation risks here.

#### Transaction risk

All PWO companies are exposed to transaction risks through changes in the value of primary financial instruments caused by exchange rates and the conclusion of transactions with international parties, insofar as this results in future cash flows in foreign currencies that are not denominated in the functional currency of the respective company.

As part of the financial risk management processes within corporate management, currency risks are monitored according to the global foreign currency policy and managed by Group Treasury using appropriate countermeasures. The objective of risk management is to limit the effects of currency risks on future cash flows to an acceptable level. Currency risk is mitigated in part by the fact that goods, raw materials and services are procured in the corresponding foreign currencies and that production takes place in the local markets. Suitable hedging transactions are concluded to reduce the remaining risks. Use of hedging transactions within the PWO Group is only permissible to the extent that matching underlying transactions are available and verifiable as a highly likely demand forecast at the time the decision to hedge is made.

PWO companies are responsible for identifying, assessing and monitoring their transaction-related currency risks. The net foreign currency exposure of the respective PWO company is hedged in defined ranges depending on maturity but never at more than 100 percent. Intragroup financing of PWO companies is preferably extended in the respective functional currency and 100 percent hedged at Group level.

In accordance with IAS 39 (cash flow hedges), hedge accounting is applied in relation to derivative hedging instruments for underlying transactions with cash flows in foreign currency that are expected in the future but are not yet recognized.

### Translation risk

Some PWO companies are located outside the euro area. Since the consolidated financial statements are prepared in euros, these companies' financial statements are translated into euros, which may result in differences due to exchange rates. Hedging these risks is not the primary objective in currency risk management.

### Sensitivity analysis

A sensitivity analysis based on the following assumptions is carried out for each currency that poses a significant risk for the company:

All monetary instruments that are not denominated in the functional currency of the respective individual companies are eligible for the sensitivity analysis. Translation risks are therefore disregarded. The hypothetical effects in the income statement and in equity for each primary individual item included in the sensitivity analysis are determined by comparing the carrying amount (calculated with the help of the closing rate) with the conversion rate that is produced using a hypothetical exchange rate. Currency effects from hedging intragroup financing through currency swaps or cross currency swaps are not included since these are directly offset through currency fluctuations from the underlying loans to affiliated companies.

The following tables show the currency risk vis-a-vis the most important Group currencies.

Sensitivity of earnings before taxes to a change in exchange rates:

| | Change in rates +10% | | Change in rates -10% | |
|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2022 |
| EUR/CAD | -59 | -95 | 66 | 99 |
| EUR/CNY | 69 | -43 | -5 | 83 |
| EUR/CZK | 227 | 286 | -277 | -350 |
| EUR/MXN | 50 | 83 | -62 | -101 |
| EUR/USD | -614 | -274 | 682 | 280 |
| EUR/RSD | -55 | -52 | 67 | 64 |
| **Total** | **-382** | **-95** | **471** | **75** |

Sensitivity of the net gains (losses) from hedging cash flow hedges recognized in equity to a change in exchange rates:

| | Change in rates +10% | | Change in rates -10% | |
|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 |
| EUR/CAD | 182 | 255 | -223 | -312 |
| EUR/CNY | – | 27 | – | -33 |
| EUR/CZK | -6,590 | -4,125 | 8,055 | 5,042 |
| EUR/MXN | 1,164 | – | -1,423 | – |
| EUR/USD | 3,937 | 3,620 | -4,812 | -3,004 |
| **Total** | **-1,307** | **-223** | **1,597** | **1,693** |

The following table shows the exchange risk from different perspectives: cumulated from the respective exposures in the non-functional currencies (excluding internal revenue):

| | 2024 | | | | | | | 2023 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | EURk | USDk | CADk | RMBk | CZKk | MXNk | RSDk | EURk | USDk | CADk | RMBk | CZKk | MXNk | RSDK |
| Trade receivables | 585 | 3,849 | – | – | 335 | – | 1,077 | 649 | 3,694 | – | – | 758 | – | 11,061 |
| Cash and cash equivalents | 175 | 787 | 305 | 1,161 | 29 | 12,415 | 400,110 | 448 | 730 | 178 | 380 | 32 | 1,551 | 135,912 |
| Financial liabilities | – | – | – | – | -1,212 | – | – | -318 | -3,459 | – | -15,000 | -29,048 | – | – |
| Trade payables | -441 | -1,808 | – | – | -57,154 | -23,673 | -305,710 | -293 | -923 | – | – | -48,669 | -18,501 | -59,729 |

The gross currency risks shown are largely hedged on the basis of the PWO Group's Hedging Directive.

### 28.5 COMMODITY PRICE RISK

The raw materials required for our production processes are, first and foremost, steel and, to a much lesser extent, aluminum and stainless steel. These metals are purchased on the global market from long-standing suppliers. Despite major bottlenecks in the availability of steel at short periods in the reporting year, we were able to deliver at all times. As far as the future is concerned, we assume that, by planning accordingly, we will be able to secure the supply needed although the requirements in this respect are still at a high level.

Previously, we have been able to pass on increases in the prices of raw materials via the agreed fluctuations in our contracts with customers either via customer-specific cost escalation clauses or we have reached an acceptable solution with customers through negotiation.

The vast majority of framework agreements for raw materials were concluded for a period of 12 months. Only around 20 percent of requirements were secured with 6-month contracts. Here, we are guided by the term of contracts with customers.

The contracts used have been concluded solely for purposes of the actual purchase or the raw material based on the anticipated purchase, sale, or consumption needs (own use) of the company. Qualification as a financial derivative acts as an exemption (own use exemption).

### 28.6 CAPITAL MANAGEMENT

The key objectives of our financial management are to secure the PWO Group's liquidity and credit rating including access at any time to the financing markets and to increase the value of the company. Measures to achieve these objectives include optimizing the capital structure, dividend policy, equity measures and the reduction of debts.

Capital is monitored via the net leverage ratio and the equity ratio. Our finance strategy aims for a medium- or long-term net leverage ratio of less than 3 years and an equity ratio of 30.0 percent.

**Net leverage ratio**

| EURk | 2024 | 2023 |
|---|---|---|
| Financial liabilities | 98,923 | 113,729 |
| Less cash and cash equivalents | -11,777 | -6,443 |
| **Net financial debt** | **87,146** | **107,286** |
| **EBITDA[1]** | **53,740** | **52,042** |
| **Net leverage ratio (in years)** | **1.6** | **2.1** |

[1] Earnings before interest, taxes, depreciation and amortization

**Equity ratio**

| EURk | 2024 | 2023 |
|---|---|---|
| Equity | 162,280 | 156,534 |
| Total equity and liabilities | 433,034 | 423,100 |
| **Equity ratio** | **37.5%** | **37.0%** |

## 29 Financial instruments

The following derivative financial instruments are outstanding as of December 31, 2024:

| EURk | Nominal value | Repayment in 2024 | Residual amount | Term | Market value |
|---|---|---|---|---|---|
| Cross currency swaps | 8,322 | – | 8,007 | until 2026 | -624 |
| Interest rate swaps | 50,000 | – | 50,000 | until 2027 | -335 |
| FX without hedge accounting | 23,371 | – | 23,371 | until 2025 | -701 |
| of which to hedge CAD intercompany loans | 2,676 | – | 2,676 | until 2026 | 8 |
| of which to hedge USD intercompany loans | 20,695 | – | 20,695 | until 2026 | -709 |
| FX with hedge accounting | 129,974 | – | 129,974 | until 2027 | -4,238 |
| of which to hedge planned CNY receivables | – | – | – | Current | – |
| | – | – | – | Non-current | – |
| of which to hedge planned CZK liabilities | 30,402 | – | 30,402 | Current | 368 |
| | 42,097 | – | 42,097 | Non-current | -909 |
| of which to hedge planned MXN liabilities | 12,807 | – | 12,807 | Current | -1,863 |
| | – | – | – | Non-current | – |
| of which to hedge planned USD receivables | 20,380 | – | 20,380 | Current | -1,042 |
| | 22,280 | – | 22,380 | Non-current | -796 |
| of which to hedge planned CAD receivables | 1,204 | – | 1,204 | Current | 3 |
| | 803 | – | 803 | Non-current | – |

The PWO Group pursues a strategy of hedging all risks, which are countered by the hedging instruments described in the "Derivative financial instruments" table, in their entirety.

To hedge transactions expected in the future, a qualitative assessment of their effectiveness is performed using the critical terms match method, since the crucial conditions (i.e. nominal amount, term and underlying instrument) of the forward foreign exchange transactions and the corresponding underlying transactions are identical and the value of the forward transactions and the value of the corresponding underlying transactions are expected to move systematically in the opposite direction as a reaction to changes in the underlying exchange rates. Hedge ineffectiveness is quantified retrospectively using the dollar offset method in the form of the hypothetical derivative method. The changes in the value of the underlying method to determine the ineffectiveness of the hedge are revealed inversely to the changes in the market value of the hedging instruments that were recognized directly in equity.

Changes in market values of derivative financial instruments that are used to hedge future cash flows were recognized directly in equity, taking account of tax effects, in the amount of EUR 1,602 thousand (p/y: EUR 291 thousand).

As part of hedge accounting, differences of EUR 15 thousand (p/y: EUR 467 thousand) from translating the currencies of derivatives that matured in the current fiscal year were withdrawn from equity and reclassified through profit or loss into the income statement (other revenue). The resulting tax effect amounted to EUR 4 thousand (p/y: EUR 166 thousand).

Outstanding derivative financial instruments as of December 31, 2023:

| EURk | Nominal value | Repayment in 2023 | Residual amount | Term | Market value |
|---|---|---|---|---|---|
| Cross currency swaps | 18,169 | 528 | 160,579 | until 2026 | -363 |
| Interest rate swaps | 25,000 | – | 25,000 | until 2026 | -268 |
| FX without hedge accounting | 24,921 | – | 24,921 | until 2025 | -368 |
| of which to hedge CAD intercompany loans | 5,464 | – | 5,464 | until 2024 | -133 |
| of which to hedge USD intercompany loans | 19,457 | – | 19,457 | until 2025 | -235 |
| FX with hedge accounting | 71,513 | – | 71,513 | until 2027 | 1,872 |
| of which to hedge planned CNY receivables | 843 | – | 843 | Current | 15 |
| | – | – | – | Non-current | – |
| of which to hedge planned CZK liabilities | 19,283 | – | 19,283 | Current | 772 |
| | 26,095 | – | 26,095 | Non-current | 192 |
| of which to hedge planned MXN liabilities | -5,218 | – | -5,218 | Current | 493 |
| | – | – | – | Non-current | – |
| of which to hedge planned USD receivables | 13,605 | – | 13,605 | Current | 197 |
| | 14,100 | – | 14,100 | Non-current | 200 |
| of which to hedge planned CAD receivables | 1,002 | – | 1,002 | Current | 3 |
| | 1,803 | – | 1,803 | Non-current | – |

As of the end of the reporting period, it is assumed that all planned transactions will occur. It is also expected that the hedged cash flows will be received within the maturity stated in the above table and will affect profits and losses.

Should transactions not occur as planned, this could lead to hedges becoming ineffective. PWO considers this risk immaterial given the credit ratings of the purchasers and financing partners. Any ineffectiveness that arises is also viewed as immaterial. Hedging instruments are still adjusted accordingly as part of a rolling hedging strategy.

When setting hedging ratios, PWO makes a distinction between risk exposure from series (parts) business, project business (tools, investments) and financing. Since series transactions usually have a longer term and the accuracy of planning decreases over time because of the planning horizon, the risk exposure is hedged as part of the (falling) hedging ratios defined in our guidelines. As cash flows from short-term project business (toolmaking) and with intragroup investments or borrowing in foreign currency are easily predictable, higher hedging ratios are envisaged here in line with our guidelines.

The average forward or exercise price of currency hedging instruments are as follows:

| | Maturity | |
|---|---|---|
| | 1 to 12 months | > 1 year |
| EUR/USD | 1.0968 | 1.1194 |
| EUR/CZK | 25.6420 | 25.3521 |
| EUR/CAD | 1.4943 | 1.5143 |
| EUR/CNY | – | – |
| USD/CAD | 1.3240 | 1.3435 |
| USD/MXN | 18.5313 | – |
| USD/CNY | 7.0746 | – |

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

| | Category | Carrying amount | | Fair value | |
|---|---|---|---|---|---|
| EURk | IFRS 9 | 2024 | 2023 | 2024 | 2023 |
| **ASSETS** | | | | | |
| **Trade receivables** | **AC** | **49,079** | **63,823** | **49,079** | **63,823** |
| **Other financial assets** | | **576** | **2,741** | **576** | **2,741** |
| of which hedging derivatives | n/a | 566 | 2,318 | 566 | 2,318 |
| of which non-hedging derivatives | FVtPL | 10 | 423 | 10 | 423 |
| of which deposits > 3 months | AC | 0 | – | 0 | – |
| **Cash and cash equivalents** | **AC** | **11,777** | **6,443** | **11,777** | **6,443** |
| **EQUITY AND LIABILITIES** | | | | | |
| **Financial liabilities** | | **98,923** | **113,729** | **99,925** | **114,523** |
| Liabilities to banks | AC | 79,100 | 70,971 | 80,216 | 71,870 |
| of which variable rate | | 41,006 | 49,293 | 41,006 | 49,293 |
| of which fixed rate | | 38,094 | 21,678 | 39,210 | 22,577 |
| Liabilities from promissory notes | AC | – | 25,000 | – | 25,135 |
| of which variable rate | | – | 3,000 | – | 3,000 |
| of which fixed rate | | – | 22,000 | – | 22,135 |
| Liabilities to leasing companies | n/a | 19,823 | 17,758 | 19,709 | 17,518 |
| of which variable rate | | – | – | – | – |
| of which fixed rate | | 19,823 | 17,758 | 19,709 | 17,518 |
| **Trade payables** | **AC** | **65,681** | **52,245** | **65,681** | **52,245** |
| Other financial liabilities | | 6,473 | 1,869 | 6,473 | 1,869 |
| of which hedging derivatives | n/a | 5,137 | 715 | 5,137 | 715 |
| of which non-hedging derivatives | FVtPL | 1,335 | 1,154 | 1,335 | 1,154 |
| of which others | AC | – | – | – | – |
| **of which aggregated by measurement category** | | | | | |
| Loans and receivables | AC | 60,856 | 70,265 | 60,856 | 70,265 |
| Financial liabilities measured at amortized cost | AC | 144,780 | 148,216 | 145,896 | 149,250 |
| Financial assets held for trading | FVtPL | 10 | 423 | 10 | 423 |
| Financial liabilities held for trading | FVtPL | 1,335 | 1,154 | 1,335 | 1,154 |

Financial instruments measured at fair value were subsequently assigned to the fair value hierarchy:

| | Level 1 | | Level 2 | | Level 3 | | Total | |
|---|---|---|---|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| **Assets measured at fair value** | | | | | | | | |
| Other financial assets | – | – | 576 | 2,741 | – | – | 576 | 2,741 |
| of which hedging derivatives | – | – | 566 | 2,318 | – | – | 566 | 2,318 |
| of which non-hedging derivatives | – | – | 10 | 423 | – | – | 10 | 423 |
| **Assets recognized at fair value** | | | | | | | | |
| Trade receivables | – | – | 49,079 | 63,823 | – | – | 49,079 | 63,823 |
| Cash and cash equivalents | – | – | 11,777 | 6,443 | – | – | 11,777 | 6,443 |
| **Liabilities measured at fair value** | | | | | | | | |
| Other financial liabilities | – | – | 6,473 | 1,869 | – | – | 6,473 | 1,869 |
| of which hedging derivatives | – | – | 5,137 | 715 | – | – | 5,137 | 715 |
| of which non-hedging derivatives | – | – | 1,335 | 1,154 | – | – | 1,335 | 1,154 |
| of which others | – | – | – | – | – | – | – | – |
| **Liabilities for which a fair value is reported** | | | | | | | | |
| Fixed rate liabilities to banks | – | – | 38,094 | 21,678 | – | – | 38,094 | 21,678 |
| Variable rate liabilities to banks | – | – | 41,006 | 49,293 | – | – | 41,006 | 49,293 |
| Fixed rate liabilities from promissory notes | – | – | – | 22,000 | – | – | – | 22,000 |
| Variable rate liabilities from promissory notes | – | – | – | 3,000 | – | – | – | 3,000 |
| Fixed rate liabilities to leasing companies | – | – | 19,823 | 17,758 | – | – | 19,823 | 17,758 |
| Variable rate liabilities to leasing companies | – | – | – | – | – | – | – | – |
| Trade payables | – | – | 65,681 | 52,245 | – | – | 65,681 | 52,245 |

There were no reclassifications between Level 1 and Level 2 fair value measurements and reclassifications into or out of Level 3 fair value measurements.

The following total income and expense resulted from the remeasurement at fair value for financial instruments held:

| | Assets | | Liabilities | |
|---|---|---|---|---|
| EURk | 2024 | 2023 | 2024 | 2023 |
| Recognized in the income statement: | | | | |
| **Non-hedging derivatives** | **10** | **761** | **-1,253** | **449** |
| Recognized in equity: | | | | |
| **Hedging derivatives** | **-197** | **1,232** | **-4,266** | **281** |

Income and expenses from the fair value measurement of non-hedging derivatives is reported in other operating earnings or other operating expenses.

The net gains or losses of financial instruments (excluding derivative financial instruments included in hedge accounting) taken into account in the income statement are as follows:

| EURk | IFRS 9 category | 2024 | 2023 |
|---|---|---|---|
| **Loans and receivables** | **AC** | **1,072** | **-1,785** |
| of which based on disposal | | 170 | 61 |
| of which based on impairment/reversal | | -10 | -98 |
| of which based on currency effects | | 912 | -1,748 |
| **Financial assets held for trading** | **FVtPL** | **-177** | **2,258** |
| of which based on disposal | | -187 | 1,255 |
| of which based on remeasurement | | 10 | 1,003 |
| **Financial liabilities measured at amortized cost** | **AC** | **121** | **379** |
| of which based on disposal | | 128 | 265 |
| of which based on currency effects | | -7 | 114 |
| **Financial liabilities held for trading** | **FVtPL** | **-418** | **-133** |
| of which based on disposal | | 835 | -133 |
| of which based on remeasurement | | -1,253 | – |

The following table shows an overview of the netting of financial assets and liabilities in the statement of financial position. It also shows the extent to which there are netting agreements based on framework agreements that do not lead to a net figure being reported in the statement of financial position. In the PWO Group, netting agreements relate solely to derivative financial instruments where, in the event of default, the framework agreements with banks provide for the mutual receivables and liabilities being offset at this point.

| EURk | 2024 | 2023 |
|---|---|---|
| **Financial assets** | | |
| Reported gross amounts of financial assets | 49,685 | 67,509 |
| Offset gross amounts of financial liabilities | -30 | -945 |
| **Net amounts of financial assets shown** | **49,655** | **66,564** |
| of which derivatives | 576 | 2,741 |
| of which trade receivables | 49,079 | 63,823 |
| (Potentially) offsettable based on framework agreements | 576 | -1,869 |
| **Total net value (potential) of financial assets** | **50,231** | **64,695** |
| | | |
| **Financial liabilities** | | |
| Reported gross amounts of financial liabilities | -72,262 | -54,345 |
| Offset gross amounts of financial assets | 109 | 231 |
| **Net amounts of financial assets shown** | **-72,153** | **-54,114** |
| of which derivatives | -576 | -1,869 |
| of which trade payables | -65,681 | -52,245 |
| of which other financial liabilities | – | – |
| (Potentially) offsettable based on framework agreements | 576 | 1,869 |
| **Total net value (potential) of financial liabilities** | **-65,681** | **-52,245** |

# Other disclosures

## 30 Research and development expenses

Of the costs of EUR 15,016 thousand (p/y: EUR 13,997 thousand) associated with development services, EUR 343 thousand (p/y: EUR 335 thousand) was recognized as intangible assets and EUR 3,068 thousand (p/y: EUR 4,118 thousand) as contract assets.

## 31 Auditor's fee

The fee for the auditor expensed in accordance with section 314(1) no. 9 HGB breaks down as follows:

| EURk | 2024 | 2023 |
|---|---|---|
| Audit | 447 | 497 |
| Other verification services | 15 | 15 |
| Tax consultancy services | – | – |
| Other services | 100 | – |
| **Total** | **562** | **512** |

Prior-period expenses of EUR 7 thousand are included in the fee for the auditor. Other assurance services in addition to the audit of the financial statements relate to the formal audit of the remuneration report. Other services include primarily the fee for preparatory audit procedures in connection with CSRD reporting.

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

The table below shows the total remuneration of the Executive Board:

| EURk | 2024 | 2023 |
|---|---|---|
| Short-term benefits[1] | 1,551 | 1,279 |
| Long-term benefits[2] | 261 | 672 |
| Post-employment benefits[3] | – | 640 |
| **Total** | **1,812** | **2,591** |

[1] The basic annual salary, including benefits in kind and payments to a private pension, are reported in this item. This includes the current portion (STI = short-term incentive) of variable remuneration.
[2] This item comprises the non-current portion (LTI = long term incentives) of variable remuneration under the 2022 remuneration system (relevant to Carlo Lazzarini (CEO) and Jochen Lischer (CFO)).
[3] This item comprises the termination payment (gross) to Johannes Obrecht, who received a one-time payment to settle remuneration claims for the remaining term of his contract following its premature termination.

The total remuneration of the Supervisory Board (short-term) amounted to EUR 319 thousand (p/y: EUR 320 thousand). No loans or advances were granted to the members of executive bodies.

Former members of the Executive Board of PWO AG and their surviving dependents received pension payments of EUR 339 thousand (p/y: EUR 324 thousand). The corresponding pension provisions amount to EUR 5,051 thousand as of the end of the reporting period (p/y: EUR 5,177 thousand).

## 33 Related parties

PWO AG is the parent company of the PWO Group with the subsidiaries listed in section 4 "Consolidated group". The main shareholder of PWO AG is Consult Invest Beteiligungsberatungs-GmbH, Böblingen, whose majority shareholder is Dr. Klaus-Georg Hengstberger. There were no business transactions between the Group and Consult Invest Beteiligungsberatungs-GmbH, Böblingen, or their related parties in the reporting year.

The members of the Executive Board and Supervisory Board of PWO AG and their close relatives are also related parties of the PWO Group. Details of the remuneration of management in key positions required under IAS 24 are presented under note 32. As in the previous year, there were no other business transactions.

## 34 Additional information on the statement of cash flows

The funds shown in the statement of cash flows include the cash and cash equivalents. These are cash in hand and bank balances with an original term of less than 3 months, less current account liabilities due on demand, which are part of the Group's cash management and regularly fluctuate between debit and credit balances. The current account liabilities due on demand of EUR 16,397 thousand (p/y: EUR 24,812 thousand) are included in "Current financial liabilities" in the statement of financial position.

## 35 Segment reporting

In line with the PWO Group's internal management system, our legal entities form the basis for segment reporting. The chief operating decision-maker is defined as the Executive Board of PWO AG. The segments are defined according to the locations of the Group's assets, which is also the basis for the allocation of the segments' revenue. They are broken down into the regions Germany, Czech Republic, Serbia, Canada, Mexico and China.

Net income/loss, assets, liabilities and depreciation and amortization between the individual segments were eliminated in the "Consolidation" column. The segment data was calculated in line with accounting policies applied in the consolidated financial statements.

Segment assets and segment liabilities correspond to the values in the IFRS financial statements of the individual Group companies.

The PWO Group generated more than 10 percent of its reported revenue with each of 4 individual customers. The cumulative revenue for these 4 customers amounted to EUR 157,594 thousand in the Body and Instrument Panel Carrier Components business unit, EUR 65,858 thousand in the Electronic, Chassis, and Airbag Components business unit, and EUR 73,347 thousand in the Steering and Seat Components business unit.

In the previous year, 4 customers were identified with a share of over 10 percent of revenue, amounting to EUR 81,016 thousand and EUR 62,732 thousand (essentially resulting from the Body & Instrument Panel Carrier Components business unit) and to EUR 71,174 thousand and EUR 78,493 thousand (essentially resulting from the Electronic, Chassis & Airbag Components and the Steering & Seat Components business units).

### 35.1 SEGMENT INFORMATION BY REGION IN FISCAL YEAR 2024

| EURk | China | Germany | Canada | Mexico | Serbia | Czech Republic | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| **Total revenue** | **54,433** | **223,905** | **50,533** | **116,350** | **3,176** | **144,280** | **152** | **592,829** |
| Internal revenue | -6,035 | -17,367 | -1,181 | -389 | -2,726 | -10,012 | – | **-37,710** |
| **External revenue** | **48,398** | **206,538** | **49,352** | **115,961** | **450** | **134,268** | **152** | **555,119** |
| **Total operating revenue** | **54,434** | **224,250** | **50,533** | **116,450** | **3,176** | **144,280** | **-37,558** | **555,565** |
| Total income | 275 | 19,175 | 3,302 | 1,680 | 1,003 | 800 | -11,320 | **14,915** |
| Total expenses | -46,023 | -231,673 | -49,384 | -102,628 | -5,787 | -130,275 | 49,030 | **-516,740** |
| Depreciation/amortization | -2,361 | -8,255[1] | -2,179[2] | -4,711 | -287 | -5,825 | 24 | **-23,594** |
| **EBIT before currency effects** | **6,296** | **3,677** | **2,107** | **10,686** | **-1,872** | **8,972** | **176** | **30,042** |
| **EBIT including currency effects** | **6,325** | **3,497** | **2,272** | **10,791** | **-1,895** | **8,980** | **176** | **30,146** |
| Interest income | 7 | 6,944 | 56 | 3 | 30 | 1 | -6,120 | **921** |
| Interest expenses | -490 | -7,809 | -1,223 | -2,843 | -28 | -4,217 | 5,980 | **-10,630** |
| Distributions from affiliated companies | – | 5,194 | – | – | – | – | -5,194 | **–** |
| Income from intercompany group share transfer | 6,288 | – | – | – | – | – | -6,288 | **–** |
| **Earnings before taxes (EBT)** | **12,130** | **7,826** | **1,105** | **7,951** | **-1,893** | **4,764** | **-11,446** | **20,437** |
| Income taxes | -2,581 | -1,077 | -304 | -3,159 | -2 | -763 | -10 | **-7,896** |
| **Net income/loss for the period** | **9,549** | **6,749** | **801** | **4,792** | **-1,895** | **4,001** | **-11,456** | **12,541** |
| Assets | 52,288 | 136,645 | 37,278 | 83,252 | 26,731 | 138,275 | -41,435 | **433,034** |
| of which non-current assets[3] | 22,530 | 53,210 | 21,917 | 31,959 | 19,772 | 63,657 | -6,482 | **206,563** |
| of which contract assets | 10,064 | 32,474 | 4,343 | 12,935 | 1,411 | 45,611 | -12,485 | **94,353** |
| Liabilities | 16,203 | 49,000 | 12,448 | 20,223 | 10,097 | 35,783 | -23,679 | **120,075** |
| Capital expenditure | 2,097 | 7,812 | 5,999 | 8,391 | 14,342 | 7,664 | -140 | **46,165** |

[1] The amount of impairment losses reversed was EUR 22 thousand for technical equipment and machinery in Germany and EUR 608 thousand for buildings.
[2] Impairment losses in Canada amounted to CAD 13 thousand in the reporting period. This was offset in the fiscal year by the reversal of an impairment loss of CAD 73 thousand recognized on equipment in the previous year.
[3] Non-current assets do not include any deferred taxes.

### 35.2 SEGMENT INFORMATION BY REGION IN FISCAL YEAR 2023

| EURk | China | Germany | Canada | Mexico | Serbia | Czech Republic | Consolidation | Group |
|---|---|---|---|---|---|---|---|---|
| **Total revenue** | **54,920** | **239,103** | **47,172** | **113,250** | **1,124** | **136,246** | **-608** | **591,208** |
| Internal revenue | -3,767 | -17,303 | -906 | – | -872 | -12,517 | – | **-35,365** |
| **External revenue** | **51,154** | **221,800** | **46,266** | **113,250** | **252** | **123,730** | **-608** | **555,843** |
| **Total operating revenue** | **54,920** | **239,426** | **47,172** | **113,395** | **1,124** | **136,246** | **-35,973** | **556,311** |
| Total income | 568 | 16,656 | 1,069 | 1,146 | 69 | 919 | -9,355 | **11,072** |
| Total expenses | -46,533 | -242,204 | -45,948 | -100,389 | -1,362 | -123,624 | 44,720 | **-515,341** |
| Depreciation/amortization | -2,656 | -9,077[1] | -2,289[2] | -4,753 | -98 | -5,340 | 30 | **-24,183** |
| **EBIT before currency effects** | **6,155** | **5,241** | **48** | **9,380** | **-261** | **8,244** | **-578** | **28,229** |
| **EBIT including currency effects** | **6,300** | **4,802** | **3** | **9,399** | **-267** | **8,201** | **-578** | **27,859** |
| Interest income | 3 | 5,730 | 11 | 2 | 23 | 1 | -5,162 | **607** |
| Distributions from affiliated companies | – | 5,000 | – | – | – | – | -5,000 | – |
| Interest expenses | -847 | -6,553 | -991 | -2,253 | -93 | -3,394 | 5,162 | **-8,969** |
| **Earnings before taxes (EBT)** | **5,455** | **8,978** | **-977** | **7,148** | **-337** | **4,808** | **-5,578** | **19,497** |
| Income taxes | -1,377 | -2,143 | 80 | -273 | – | 268 | 168 | **-3,277** |
| **Net income/loss for the period** | **4,079** | **6,835** | **-897** | **6,875** | **-337** | **5,076** | **-5,410** | **16,220** |
| Assets | 50,099 | 171,555 | 37,983 | 75,474 | 8,121 | 135,411 | -55,543 | **423,100** |
| of which non-current assets[3] | 22,160 | 47,386 | 20,046 | 26,569 | 5,739 | 61,818 | -78 | **183,640** |
| of which contract assets | 9,879 | 34,101 | 8,724 | 12,837 | 811 | 30,934 | -3,405 | **93,880** |
| Liabilities | 50,031 | 46,299 | 12,902 | 47,383 | 5,568 | 79,228 | 25,154 | **266,566** |
| Capital expenditure | 1,018 | 5,707 | 4,968 | 3,534 | 5,837 | 5,447 | – | **26,510** |

[1] Depreciation/amortization for the Germany segment includes impairment losses of EUR 93 thousand on technical equipment and machinery as well as reversals of impairment losses of EUR 553 thousand on buildings.
[2] Depreciation/amortization for the Canada segment includes impairment losses of CAD 74 thousand on technical equipment and machinery.
[3] Non-current assets do not include any deferred taxes.

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

### 35.3 ADDITIONAL SEGMENT INFORMATION

**Revenue by business unit**

| EURk | 2024 | 2023 |
|---|---|---|
| Electronic, Chassis & Airbag Components | 196,022 | 200,479 |
| Steering and Seat Components | 108,083 | 118,543 |
| Body & Instrument Panel Carrier Components | 210,462 | 192,281 |
| Other revenue | 40,552 | 44,540 |
| **Total** | **555,119** | **555,843** |

**Revenue by region (by customer's registered office)**

| EURk | 2024 | 2023 |
|---|---|---|
| Germany | 159,749 | 164,863 |
| Rest of Europe | 157,370 | 156,268 |
| North America | 188,459 | 181,011 |
| Other countries | 49,541 | 53,701 |
| **Total** | **555,119** | **555,843** |

## 36 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 2024 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/**.

The remuneration report, which states the individual remuneration of the Executive Board and the Supervisory Board and was prepared separately from the combined management report, will be formally reviewed by the auditor and made permanently available at → **www.pwo-group.com/en/group/corporate-governance/**.

## 37 Events after the end of the reporting period

For the syndicated loan with a volume of EUR 155 million and a term of 3 years plus an extension option for up to 2 years, which had been entered into on March 10, 2023, a second application for extension was made to the banks in the consortium on February 17, 2025. Consultation with the banks has confirmed that an extension is highly probable so that the new final maturity date is expected to be March 10, 2028.

In February 2025, challenges in PWO AG's supply chain led to temporary deviations from the agreed supply intervals at 1 customer. It was possible to limit the impact by taking swift countermeasures and supplies were quickly restored to plan. The financial implications of this cannot be determined yet at present.

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

### Supervisory Board

| Name, location | Position | Profession | Memberships in other statutory supervisory boards in Germany and comparable supervisory bodies of commercial enterprises in Germany and abroad |
|---|---|---|---|
| **Karl M. Schmidhuber**, Alzenau | Chairman of the Supervisory Board | Former Chairman of the Executive Board of PWO AG | – |
| **Dr. Georg Hengstberger**, Tübingen | Deputy Chairman of the Supervisory Board | Graduate in mathematics, Managing Director of Consult Invest Beteiligungsberatungs-GmbH, Böblingen | ■ Düker GmbH, Karlstadt \| Chairman of the Supervisory Board and member of the Advisory Board<br>■ Düker Email Technologie GmbH, Laufach \| Chairman of the Advisory Board<br>■ 2920 Matheson Boulevard Holdings Limited, Ontario, Canada \| Member of the Board of Directors<br>■ Stallion Hill Enterprises Inc., Ontario, Canada \| Member of the Board of Directors |
| **Andreas Bohnert**, Kappelrodeck | Employee representative | Process planner and Chairman of the Works Council of PWO AG | – |
| **Carsten Claus**, Aidlingen | | Former Chairman of the Management Board of Kreissparkasse Böblingen | ■ Deutsche Sport Marketing GmbH, Frankfurt am Main \| Member of the Advisory Board<br>■ Gemeinnützige Werkstätten und Wohnstätten GmbH, Sindelfingen \| Member of the Supervisory Board<br>■ Gemeinnützige Stiftung Zenit, Gärtringen \| Member of the Foundation Board<br>■ Stiftung Umwelt und Schadenvorsorge der SV SparkassenVersicherung Gebäudeversicherung, Stuttgart \| Member of the Board of Trustees |
| **Stefan Klemenz**, Kappelrodeck | Employee representative | Production planner and member of the Works Council of PWO AG | – |
| **Dr. Jochen Ruetz**, Stuttgart | | Managing director/CFO and member of the Administrative Board of GFT Technologies SE, Stuttgart | – |
| **Dieter Maier**, Stuttgart | Former Chairman of the Supervisory Board \| until August 14, 2024 † | Former member of the Executive Board of Baden-Württembergische Bank AG, Stuttgart (Chairman of the Supervisory Board of PWO AG from 1989 to 2016) | – |

### The Executive Board

| Name, location | Position | Memberships in other statutory supervisory boards in Germany and comparable supervisory bodies of commercial enterprises in Germany and abroad |
|---|---|---|
| **Carlo Lazzarini**, Bergisch-Gladbach | CEO and Chairman of the Executive Board | ■ PWO Canada Inc., Kitchener, Canada \| Chairman of the Board of Directors<br>■ PWO Czech Republic a.s., Valašské Meziříčí, Czech Republic \| Member of the Supervisory Board<br>■ PWO Holding Co., Ltd., Hong Kong, China \| Director<br>■ PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China \| Chairman of the Board of Directors<br>■ PWO de México S.A. de C.V., Puebla, Mexico \| Chairman of the Board of Directors<br>■ wvib Schwarzwald AG, Freiburg \| Member of the Advisory Board<br>■ Sparkasse Offenburg/Ortenau \| Member of the Advisory Board<br>■ Hochschule Offenburg (Offenburg University of Applied Sciences) \| Member of the Board of Trustees |
| **Jochen Lischer**, Brühl | CFO | ■ PWO Canada Inc., Kitchener, Canada \| Member of the Board of Directors<br>■ PWO Czech Republic a.s., Valašské Meziříčí, Czech Republic \| Chairman of the Supervisory Board<br>■ PWO Holding Co., Ltd., Hong Kong, China \| Director<br>■ PWO High-Tech Metal Components (Suzhou) Co., Ltd., Suzhou, China \| Member of the Board of Directors<br>■ PWO de México S.A. de C.V., Puebla, Mexico \| Member of the Board of Directors |

## 39 Proposal for the appropriation of profits

It will be proposed to the Annual General Meeting to utilize the net retained profits of PWO AG of EUR 8,245 thousand as reported as of December 31, 2024, as follows:

| | |
|---|---|
| Distribution of a dividend of EUR 1.75 per eligible no-par share | EURk 5,469 |
| Balance to be carried forward to the next accounting period | EURk 2,776 |

The number of eligible shares may change by the time 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 1.75 per eligible no-par share.

Oberkirch, March 19, 2025

**PWO AG**

The Executive Board

Carlo Lazzarini
Chairman/CEO

Jochen Lischer
CFO

# INDEPENDENT AUDITOR'S REPORT

To PWO AG, Oberkirch

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

### Opinions

We have audited the consolidated financial statements of PWO AG, Oberkirch, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the fiscal year from January 1 to December 31, 2024, and the notes to the consolidated financial statements, including information on significant accounting policies. In addition, we have audited the management report of the Company and the Group ("combined management report) of PWO AG for the financial year from January 1 to December 31, 2024.

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 consolidated financial statements comply, in all material respects, with the IFRS accounting standards published by the International Accounting Standards Board (IASB) (hereinafter the "IFRS Accounting Standards") as adopted by the EU, and the additional requirements of German commercial law pursuant to section 315e (1) HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2024, and of its financial performance for the fiscal year from January 1 to December 31, 2024, and
- the accompanying combined management report as a whole provides an appropriate view of the Group's position. In all material respects, this combined management report is consistent with the consolidated 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 consolidated financial statements and the combined management report.

### Basis for the opinions

We conducted our audit of the consolidated financial statements and the combined management report in accordance with section 317 HGB and the EU Audit Regulation (No. 537/2014; hereinafter the "EU AR"), taking into account the German generally accepted standards for the audit of financial statements promulgated by the German 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 consolidated financial statements and of the combined management report" section of our auditor's report. We are independent of the Group 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 consolidated financial statements and on the combined management report.

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

Key audit matters are such matters that, in our professional judgment, were the most significant in our audit of the consolidated financial statements for the fiscal year from January 1 to December 31, 2024. These matters were taken into account in connection with our audit of the consolidated financial statements as a whole and in forming our audit opinion; we do not provide a separate audit opinion on these matters.

#### IMPAIRMENT OF LAND AND BUILDINGS AND TECHNICAL EQUIPMENT AND MACHINERY OF THE CASH-GENERATING UNIT PWO GERMANY AS WELL AS OF TECHNICAL EQUIPMENT AND MACHINERY OF THE CASH-GENERATING UNIT PWO CANADA

Please refer to Note 5.4 for information on the accounting principles and the assumptions used. Information on the carrying amounts of land and buildings and technical equipment and machinery in the Group and information on reversals of impairment losses can be found in Note 15. For details on the companies' business performance, please see Note 35 Segment reporting of the notes to the consolidated financial statements.

#### Risk for the financial statements

The plots of land and buildings of the Group amount to EUR 80.2 million and technical equipment and machinery to EUR 76.2 million as of December 31, 2024.

If there are indications that previous impairment losses recognized for property, plant and equipment no longer apply or are reduced, the company calculates the recoverable amount as of the end of the reporting period and compares this to the carrying amount. The recoverable amount is the higher of fair value less costs to sell and value in use. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. If the carrying amount is lower than the recoverable amount, the impairment is reversed. The reversal is limited by the amortized cost. The recoverable amount is regularly calculated at the level of the cash-generating units.

Impairment testing of land and buildings and technical equipment and machinery is complex and based on a number of discretionary assumptions. For land and buildings, these include in particular attainable rents and economic useful lives. In the case of technical equipment and machinery, the economic useful lives, deductions for obsolescence and an economic discount are highly discretionary.

The reversals of write-downs on land and buildings recognized in fiscal year 2024 for PWO Germany amount to EUR 608 thousand. The reversal of an impairment loss of EUR 22 thousand was recognized on technical equipment and machinery for PWO Germany. For PWO Canada, an impairment loss of CAD 13 thousand was also recognized, which was more than offset by the reversal of an impairment loss of CAD 74 thousand recognized on equipment and machinery in the previous year.

There is a risk to the consolidated financial statements that impairment losses or reversals of impairment losses were not recognized in an appropriate amount, and that the carrying amounts of the land and buildings and technical equipment and machinery of the PWO Germany and PWO Canada cash-generating units are not recoverable. There is also the risk that the related disclosures in the notes are not appropriate.

### Our audit approach

On the basis of explanations from employees of the Accounting department and an assessment of the Group Accounting Guidelines, we gained an understanding of the company's process for identifying indications of impairment or that previous impairment losses recognized no longer apply or are reduced and the calculation of the recoverable amount.

With the support of our measurement specialists, we assessed the accuracy of the calculations and whether the measurement methods used by the company, which commissioned an independent expert to determine the recoverable amount, are consistent with IFRS. For the measurement of plots of land and buildings, we evaluated the appropriateness of the key assumptions applied using external market forecasts and publicly available data. In the case of technical equipment and machinery, we evaluated the effects of possible changes in the deduction for obsolescence and the economic discount using alternative scenarios calculated by the company. We compared the company's values with our own calculation of an alternative scenario.

Finally, we assessed whether the related disclosures in the notes are appropriate.

### Our conclusions

The approach, including the measurement methods, used to test impairment for plots of land and buildings and technical equipment and machinery of the cash-generating units PWO Germany and PWO Canada is consistent with the measurement principles. The assumptions and data used by the company are appropriate. The related disclosures in the notes to the financial statements are appropriate.

## REVENUE ACCRUAL

With regard to the accounting principles, please refer to the information in Note 5.1 and Note 7.

### Risk for the financial statements

The Group's revenue amounted to EUR 555.1 million in fiscal year 2024 and predominantly related to series deliveries.

The Group recognizes revenue when it satisfies a performance obligation by transferring a promised good to a customer. An asset is transferred when (or as) the customer obtains control of that asset. In line with the transfer of control, revenue is recognized either at a point in time or over time at the amount to which the Group expects to be entitled.

On the basis of the Group's performance, an asset is created with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date including an appropriate margin. On the basis of the existence of this criterion, the management determines that the performance obligations are satisfied over time and for this reason that revenue is recognized over time.

PWO AG's management has presented the criteria for revenue recognition in Group Accounting Guidelines and has implemented processes for correct recognition and accrual.

Given the scope for discretion in assessing the stage of completion, there is a risk for the financial statements that the amount of revenue recognized as of the end of the reporting period is incorrect.

### Our audit approach

On the basis of explanations from the management and employees of the Accounting, Sales and Controlling departments, we gained an understanding of the contract design and components typical for the industry. In addition, on the basis of the process understanding we obtained, we assessed the design and establishment of identified internal controls, in particular relating to securing the existence of customer orders, the correct identification of margins and determining the stage of completion.

On the basis of a representative sample of contract assets, with reference to the relevant contracts we gave consideration to whether the requirement for realizing revenue over time exists and assessed the appropriate implementation of the Group Accounting Guidelines.

We satisfied ourselves on the basis of a representative sample from the volume structure of the contract assets. In addition, on the basis of a representative sample we examined if the stage of completion is appropriately determined and whether the transaction price was considered correctly.

On the basis of the insights gained, we assessed recognition in the balance sheet and income statement.

### Our conclusions

The Group's procedure for the accrual basis of accounting for revenue is appropriate. The assumptions underlying accounting are appropriate.

## Other information

The management/the Supervisory Board are 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 annual report that is expected to be made available to us after the date of this independent auditor's report. The other information does not include the consolidated financial statements, the combined management report information audited for content and our auditor's report thereon.

Our opinions on the consolidated 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 doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with 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 consolidated financial statements and the combined management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, management is responsible for such internal control as they have determined necessary to enable the preparation of consolidated 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 consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, management is responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the combined management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated 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 it has 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.

The Supervisory Board is responsible for monitoring the Group's accounting process for the preparation of the consolidated financial statements and the combined management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Group's position and, in all material respects, is consistent with the consolidated 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 consolidated 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 consolidated 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 consolidated 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 that material misstatement as a result of fraud is not detected is greater than the risk that material misstatement due to error is not detected, because fraud can include collusion, falsification, intentional omissions, misrepresentation, or the invalidation of internal controls.

- Obtain an understanding of internal controls relevant to the audit of the consolidated 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 the Group's internal controls or of these arrangements and measures.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors 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 Group'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 consolidated financial statements and in the combined management report or, if such disclosures are inappropriate, 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 Group to cease to be able to continue as a going concern.

- Evaluate the presentation, structure, and content of the consolidated financial statements as a whole, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to section 315e (1) HGB.

- Plan and conduct the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming audit opinions on the consolidated financial statements and on the combined management report. We are responsible for directing, monitoring, and implementing the audit procedures conducted for the purpose of auditing the consolidated financial statements. We remain solely responsible for our opinions.

- Evaluate the consistency of the combined management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group'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 controls 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 consolidated financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter

## Other legal and regulatory requirements

### Report on the assurance on the electronic rendering of the consolidated 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 consolidated financial statements and the combined management report (hereinafter the "ESEF documents") contained in the electronic file "5299006TWTYFNXLFV488-2024-12-31-de.zip" (SHA256-Hashwert: 876669f39a798e3d271b2309692adf3607cf4e3149d8d43ab6c3d96f7c03aac6) 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 the conversion of the information contained in the consolidated 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 consolidated 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 consolidated financial statements and the accompanying combined management report for the fiscal year from January 1 to December 31, 2024, contained in the "Report on the audit of the consolidated 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 consolidated 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 QMS 1 (09.2022)).

The company's management is responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the combined management report in accordance with section 328 (1) sentence 4 item 1 HGB and for the tagging of the consolidated financial statements in accordance with section 328 (1) sentence 4 item 2 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 of 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 consolidated financial statements and the audited combined management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, as amended as at the reporting date, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

### Further information pursuant to Article 10 of the EU Audit Regulation

We were elected by the Annual General Meeting on June 6, 2024 as auditor of the consolidated financial statements. We were engaged by the Supervisory Board on November 5, 2024. We have been the auditor of the consolidated financial statements of PWO AG without interruption since fiscal year 2020.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

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

Our auditor's report must always be read together with the audited consolidated financial statements and the audited combined management report as well as the examined ESEF documents. The consolidated financial statements and combined management report converted to the ESEF format – including the versions to be added to the business register – are merely electronic renderings of the audited consolidated financial statements and the 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.

## German public auditor responsible for the audit

The auditor responsible for the audit is Mathias Laubert.

Stuttgart, March 20, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Laubert | Rupperti |
| Wirtschaftsprüfer | Wirtschaftsprüfer |

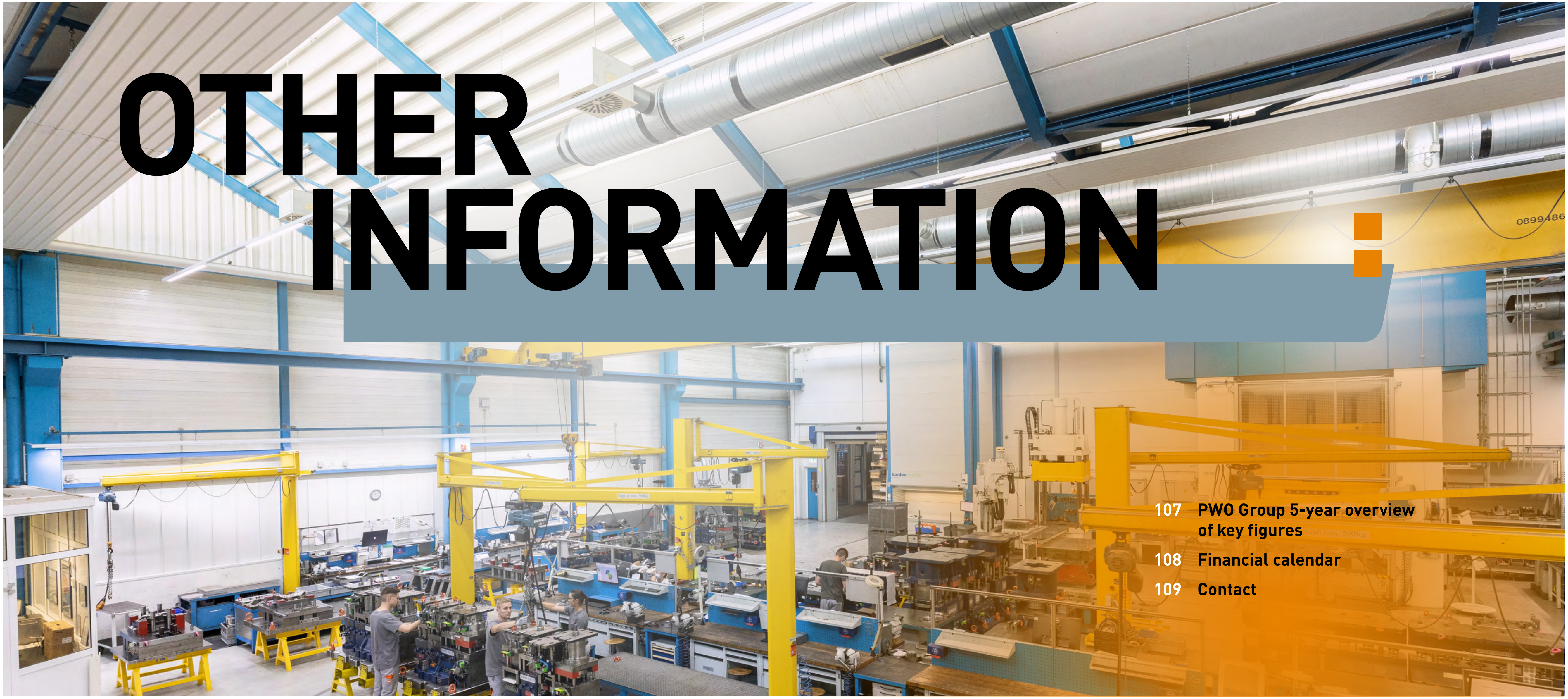
# RESPONSIBILITY STATEMENT

"We declare to the best of our knowledge, and in accordance with the applicable accounting standards, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position and results of operations, and the Group management report combined with the management report of PWO AG, includes a fair review of the Group's business performance, including the results and the financial position, together with a description of the principal opportunities and risks associated with the Group's expected development."

Oberkirch, March 19, 2025

The Executive Board

| Carlo Lazzarini<br>Chairman/CEO | Jochen Lischer<br>CFO |
|---|---|



# OTHER INFORMATION

# PWO GROUP 5-YEAR OVERVIEW OF KEY FIGURES



| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| **Income statement (EURk)** | | | | | |
| Revenue | 555,119 | 555,843 | 530,761 | 404,274 | 371,154 |
| Gross revenue for the period | 555,565 | 556,311 | 531,327 | 404,817 | 372,156 |
| EBITDA | 53,740 | 52,042 | 51,193 | 47,155 | 21,169 |
| EBIT before currency effects | 30,043 | 28,229 | 27,513 | 22,131 | -8,123 |
| EBIT including currency effects | 30,146 | 27,859 | 26,779 | 21,823 | -10,099 |
| Net income/loss for the period | 12,541 | 16,220 | 15,211 | 14,742 | -11,662 |
| **Balance sheet (EURk)** | | | | | |
| Total assets | 433,034 | 423,100 | 400,281 | 373,272 | 363,654 |
| Equity | 162,280 | 156,534 | 151,316 | 125,301 | 104,464 |
| Net debt[1] | 87,146 | 107,286 | 115,366 | 103,609 | 102,484 |
| Equity ratio in % | 37.5 | 37.0 | 37.8 | 33.6 | 28.7 |
| Leverage ratio in years[2] | 1.6 | 2.1 | 2.3 | 2.2 | 4.8 |
| **Cash flows (EURk)** | | | | | |
| Cash flow from operating activities | 77,999 | 37,388 | 11,572 | 20,962 | 49,197 |
| Cash flow from investing activities | -36,839 | -19,197 | -14,354 | -9,947 | -13,471 |
| Free cash flow | 33,325 | 11,312 | -5,760 | 4,863 | 29,096 |
| Net change in cash and cash equivalents | 13,461 | -6,638 | -5,515 | 1,076 | 3,484 |
| **Non-financial performance indicators** | | | | | |
| Scope 1 and 2 greenhouse gas emissions in metric tons | 6,287 | 9,417 | 11,772 | – | – |
| Training rate for e-learning courses in % | 100 | 100 | 100 | – | – |
| Supplier audits in % | 100 | 100 | – | – | – |
| Work accidents (AccR) | 9.5 | 9.9 | 4.9 | – | – |

[1] Total of current and non-current financial liabilities
[2] Net debt/EBITDA

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| **Order situation (EUR million)** | | | | | |
| Lifetime volume (new business) | 630 | 845 | 890 | 570 | 400 |
| of which series orders | 600 | 805 | 845 | 535 | 370 |
| of which tool orders | 30 | 40 | 45 | 35 | 30 |
| **Numbers per share (EUR)** | | | | | |
| Earnings per share (diluted = basic) | 4.01 | 5.19 | 4.87 | 4.72 | -3.73 |
| Dividend per share | 1.75[1] | 1.75 | 1.65 | 1.50 | – |
| XETRA share price, year-end | 29.00 | 30.00 | 31.20 | 31.80 | 19.40 |
| Employees (as of Dec. 31) | | | | | |
| PWO Group (incl. temporary employees and trainees) | 3,195 | 3,112 | 2,820 | 2,957 | 3,093 |
| of which in Germany | 979 | 1,007 | 970 | 1,151 | 1,419 |
| of which at international locations | 2,216 | 2,105 | 1,850 | 1,806 | 1,674 |

[1] Proposed dividend

# FINANCIAL CALENDAR



| | |
|---|---|
| May 15, 2025 | Quarterly statement for the first quarter of 2025 |
| June 3, 2025 | Annual General Meeting 2025 |
| August 8, 2025 | Interim financial report on the second quarter and first half of 2025 |
| November 13, 2025 | Quarterly statement on the third quarter and first 9 months of 2025 |
| November 24 to 26, 2025 | Deutsches Eigenkapitalforum |

# CONTACT

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Figures in this document are generally presented in EURk. Differences between individual figures and the actual amounts in EUR may arise from rounding. Such differences are not of a significant nature. The English translation of this document is provided for ease of understanding only. In the event of a difference in interpretation between the German and English texts, the German version shall prevail.

**PICTURES**
**PWO AG and Shutterstock**

**CONCEPT AND DESIGN**
**Berichtsmanufaktur GmbH, Hamburg**

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