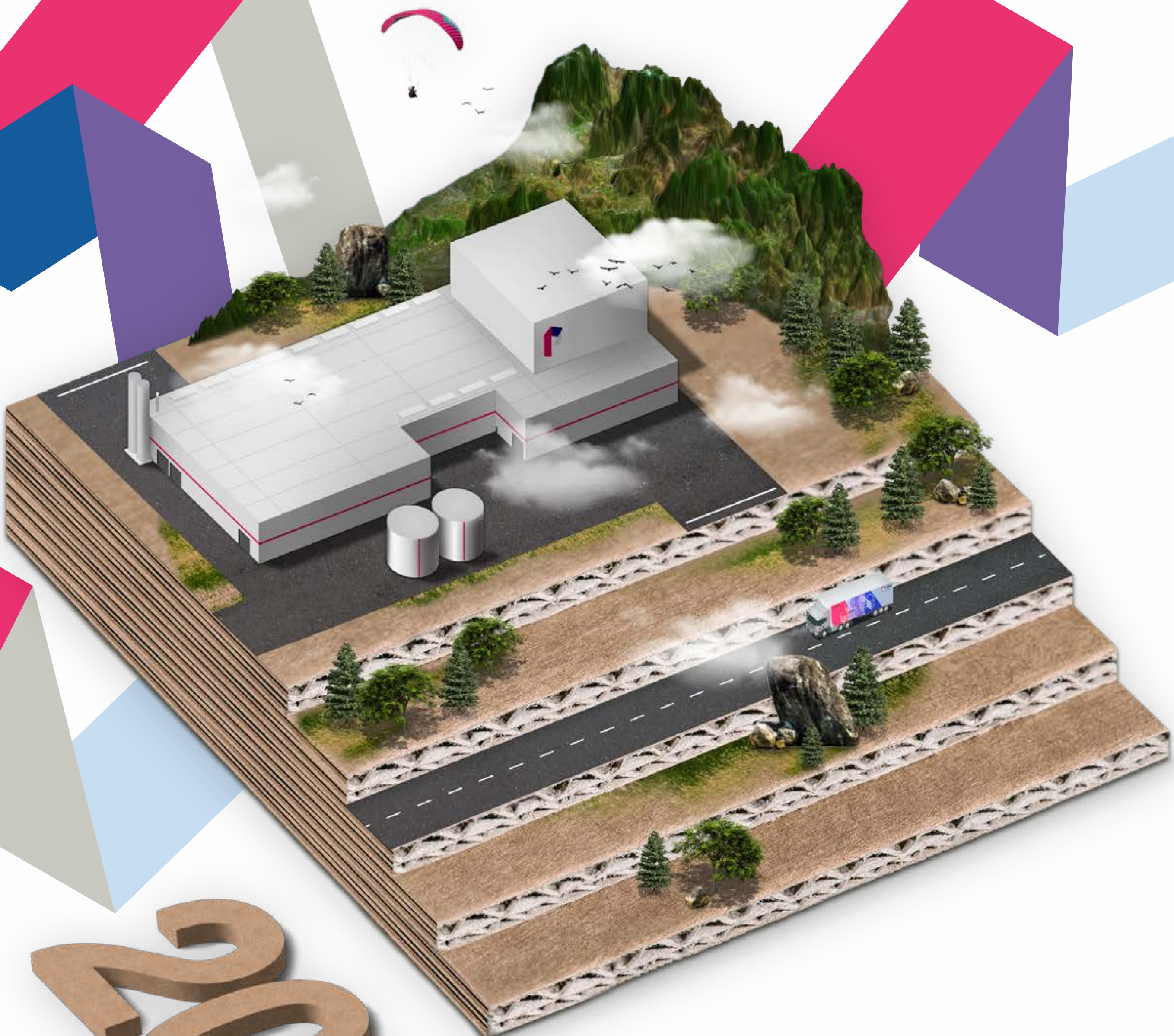
ANNUAL REPORT



2022

progroup

KEY FIGURES

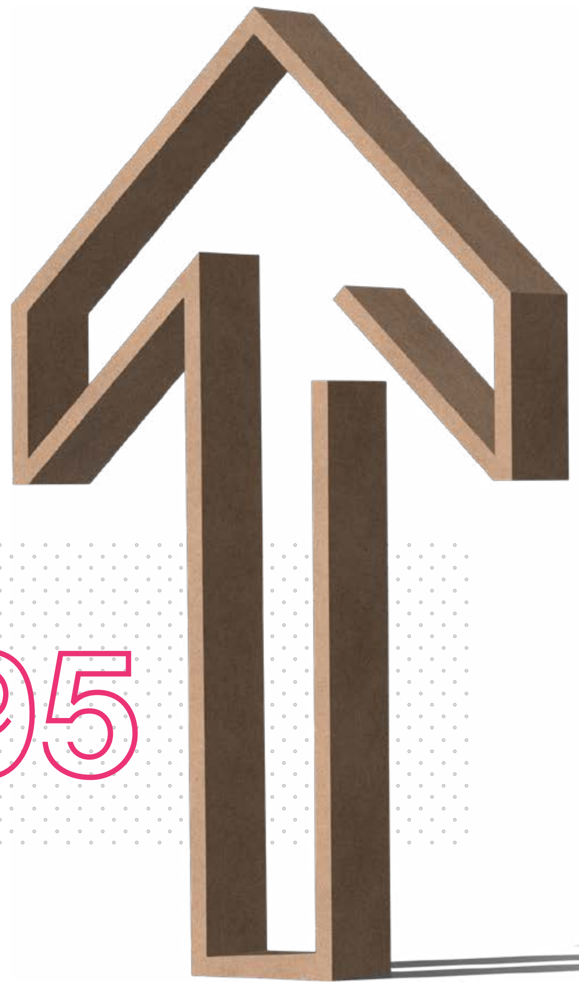
(in € thousands)

Net leverage 2022

1.6

Net financial debt 2022

655,132

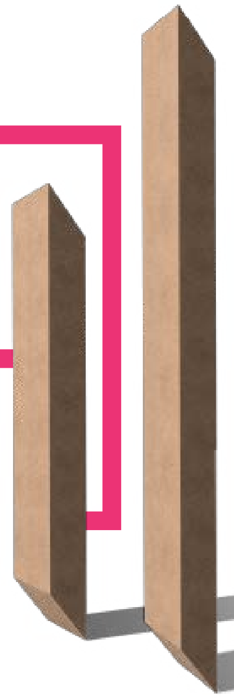


SALES 2022

1,759,195

Reported EBITDA 2021

273,177



Reported EBITDA 2022

412,026

KEY OPERATING FIGURES

(in € thousands)

	2022	2021
Sales	1,759,195	1,356,971
Reported EBITDA (1)	412,026	273,177
Reported EBITDA margin (in % of net sales)	23.4%	20.1%
EBIT (2)	293,222	162,710
Consolidated net income for the period	197,930	94,768
Cash flows from operating activities	365,301	155,890
Cash flows from investing activities	-165,120	-112,110
Free cash flow (3)	200,181	43,780

KEY BALANCE SHEET FIGURES

(in € thousands)

	31/12/2022	31/12/2021
Total assets	1,813,990	1,682,491
Equity and equity-like items (4)	669,890	555,290
Cash in hand, bank balances	163,256	99,512
Financial liabilities (5)	818,388	879,414

KEY FINANCIAL FIGURES

(in € thousands)

	31/12/2022	31/12/2021
Net leverage (6)	1.6	2.9
LTM EBITDA	412,026	273,177
Net financial debt (7)	655,132	779,903

(1) Reported EBITDA (not a German GAAP measure) is calculated as sales, plus increase/decrease in finished goods and work in process, plus other own work capitalised, plus other operating income (excluding any extraordinary income), minus costs of materials, minus personnel expenses, minus other operating expenses (excluding any extraordinary expenses), minus other taxes.

(2) EBIT (not a German GAAP measure) is calculated as reported EBITDA minus amortisation and depreciation of fixed intangible and tangible assets.

(3) Free cash flow (not a German GAAP measure) is calculated as cash flows from operating activities plus cash flows from investing activities.

(4) Equity and equity-like items (not a German GAAP measure) is calculated as reported shareholder's equity plus 70% of investment grants for fixed assets.

(5) Financial liabilities are calculated as bonds plus bank loans plus accrued interests minus securities.

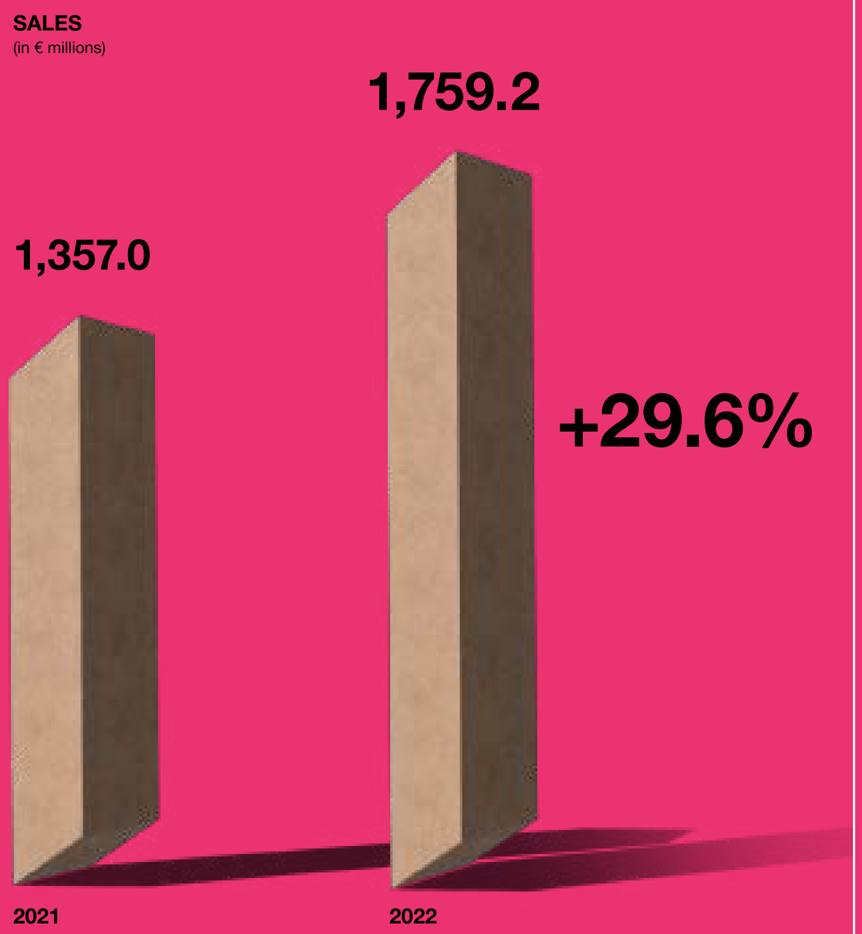
(6) Net leverage (not a German GAAP measure) is calculated by dividing net financial debt as at 31 December 2022 and 31 December 2021, respectively, by EBITDA for the last twelve months (LTM) ended on the relevant date.

(7) Net financial debt (not a German GAAP measure) is calculated as financial liabilities (bonds, bank loans and accrued interest) minus cash in hand, bank balances.

HIGHLIGHTS

01

In the financial year 2022, Progroup continued to achieve significant growth in its two main business areas despite the implications from the Russian aggression against Ukraine and the coronavirus pandemic. The price levels for both corrugated board and containerboard continued to rise in the first half of 2022. From the end of the third quarter, prices decreased significantly.



02

Sales grew strongly by 29.6% to €1,759.2 mn in 2022, compared to €1,357.0 mn in 2021, driven by significantly higher sales price levels.

03

The volume of corrugated board sales decreased by 4.7% in 2022 compared to the prior year. This drop was due to the strong price increase and weaker market environment. Containerboard sales volumes decreased slightly by 1.2% in the full year of 2022.

04

Despite the challenging market environment, EBITDA reached €412.0 mn in 2022, compared to €273.2 mn in the previous year. The improved EBITDA performance was due to higher sales and a higher gross margin as a result of higher price levels. This was supported by our existing energy hedges, which mitigated the significantly higher market prices for energy. The EBITDA margin reached 23.4% in 2022, compared to 20.1% in 2021. The EBITDA margin is still in line with the 5-year average.

05

Net leverage improved from 2.9 as at 31 December 2021 to 1.6 as at 31 December 2022. The decrease is attributable to higher LTM EBITDA and lower net financial debt. Net leverage is therefore well below the long-term maximum target figure of 3.0. In addition to scheduled repayments of existing loans, bonds with a nominal value of €32 mn were purchased in the open market in the second, third and fourth quarter.

06

Free cash flow increased significantly over the previous year from €43.8 mn to €200.2 mn in the financial year 2022. The significant increase is a result of the significantly higher cash flows from operating activities in the financial year 2022.

200.2 mn

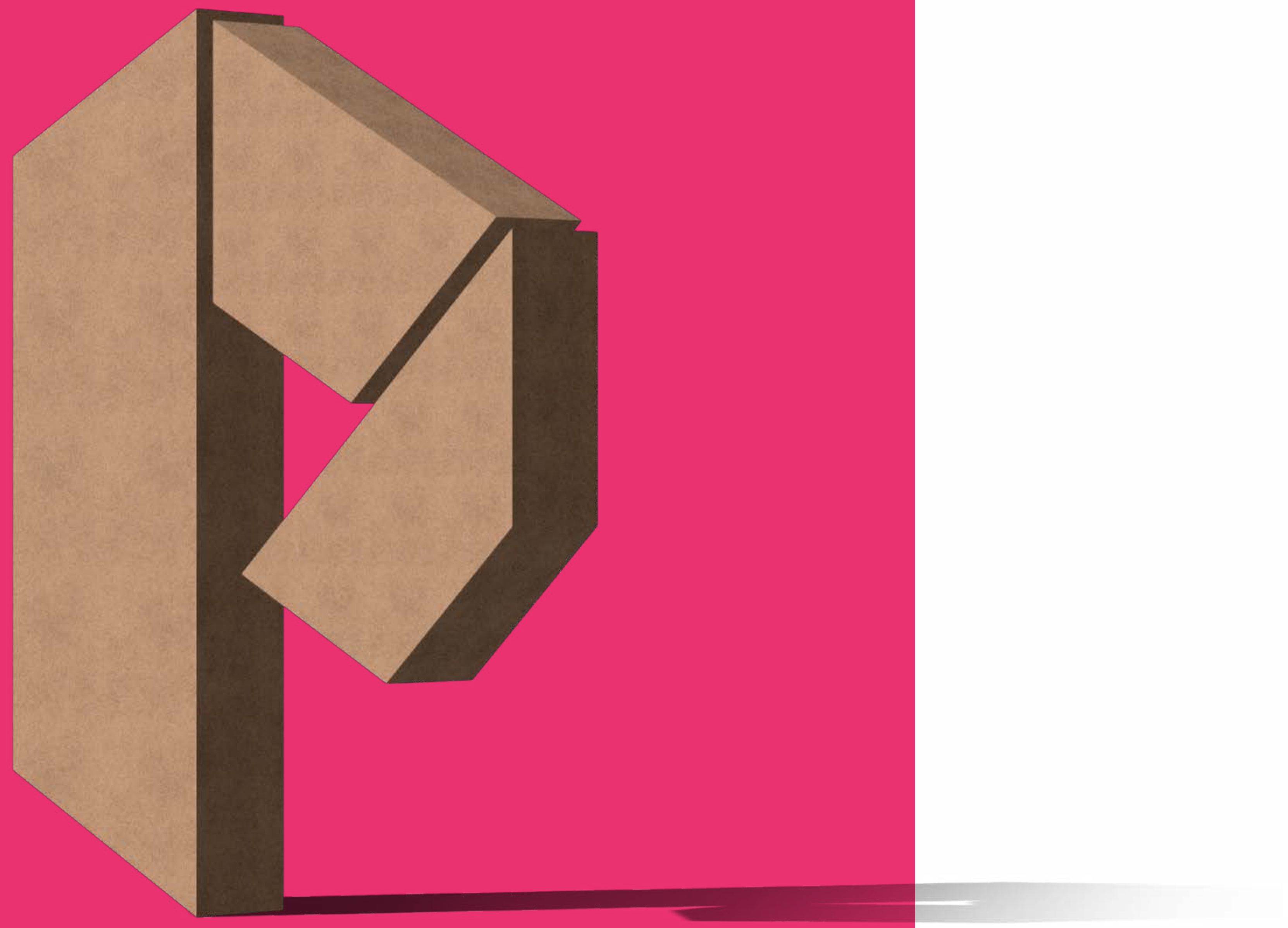
Free cash flow increased from €43.8 mn to €200.2 mn in 2022

07

Despite the uncertainties from the Russian war against Ukraine, Progroup will continue on its strategic growth path. Construction on PW14 in Poland was finished in the fourth quarter and commercial production started in January 2023. Our next corrugated board project PW15 in Germany is progressing well, and the construction of PW16 in Italy will begin in spring 2023. In addition, the planning of the second waste-to-energy plant, right next to our PM3 paper mill, is progressing according to plan.

23.4%

EBITDA margin January - December 2022



CONTENT

TO OUR INVESTORS

LETTER TO INVESTORS

RECORD PERFORMANCE IN A CHALLENGING ENVIRONMENT

Dear investors and business partners,

We are pleased to present our annual report for the year 2022. It was a groundbreaking year for Progroup. After 30 years at the head of the company, founder Jürgen Heindl handed over the chairmanship to his son and former deputy Maximilian Heindl at the turn of the year 2022/2023. Jürgen Heindl has become Vice Chairman of the Supervisory Board and will manage JH-Holding GmbH in the future. In view of global developments, we are at a turning point. Never before have we been confronted with so many exceptional situations in such a short time as in recent years. In challenging times like these, Progroup benefits once again from its consistent strategy: long-term, innovative investments in sustainable, state-of-the-art technologies; close development cooperation with business partners; and protection of the environment through efficient recycling management.

The ambitious national and international growth shows that the family-owned company is also very well positioned for the future. This growth is also reflected in the steadily increasing number of employees, which reached a new high of around 1,700 colleagues at the end of 2022, after taking into account more than 150 new employees.

Market position in Central and Eastern Europe consolidated

The PW14 corrugated sheetboard plant in Stryków, Poland, started operations at the beginning of 2023. Up to 200,000 tonnes of corrugated sheetboard will be produced here per year. Together with the neighbouring PW07 plant, the new plant will have a capacity of up to 825 million square metres per year. This makes Stryków one of the largest corrugated sheetboard production sites in the world. Progroup is thus not only strengthening the location, but at the same time is expanding its market position in Central and Eastern Europe. The Polish packaging manufacturer Gatner Packaging has established its plant right next to PW14. Gatner Packaging and Progroup have already been cooperating successfully for many years at the Trzcinica site, and now they are doing the same in Stryków. Through the cooperation of both companies, a packaging park is being created on the site where the neighbouring packaging manufacturer is supplied with corrugated sheetboard just in time from Progroup via a direct connection.

from l.t.r.:
Dr. Volker Metz,
Chief Financial Officer
Maximilian Heindl,
Chief Executive Officer

Further growth projects in progress and planned

Italy is Europe's largest corrugated sheetboard market and therefore offers promising prospects. After the PW11 site in Drizzona, the new PW16 corrugated sheetboard plant will therefore be built in Cessalto (Veneto) – in the direct vicinity of one of the largest Italian packaging producers. Construction work is expected to start in the second quarter of 2023, with the neighbouring packaging park being added in a second construction phase.

Progroup is not only focusing on international growth, but also clearly commits to its home region of Rhineland-Palatinate. In Petersberg near Pirmasens (Rhineland-Palatinate), the new PW15 corrugated sheetboard plant is being built, which will also become part of a sustainable packaging park with a German partner.

Continuing to reduce the use of fossil fuels in the long term
As part of its corporate strategy, Progroup is pursuing the goal of further reducing its dependency on fossil fuels. Therefore, after the PPO1 plant in Eisenhüttenstadt, the company's second waste-to-energy power plant is being built in Sandersdorf-Brehna. Construction started in the first quarter of 2023. The combined heat and power plant, which will be built in the immediate vicinity of the PM3 paper mill, received the EMAS certificate at the end of 2022 – even before construction began. EMAS is an environmental management system with which companies commit to reducing energy consumption, using valuable resources such as water responsibly and minimising their residual materials. The PPO2 project is thus exemplary for Progroup's Green Hightech strategy.

MARKET AND BUSINESS DEVELOPMENT

Recovered paper prices halved, decreasing paper and corrugated sheetboard prices
In the first two quarters of 2022, recovered paper prices initially rose due to stable demand and higher cargo and energy costs. After peaking in July, the price level could no longer be maintained. In the fourth quarter, prices fell significantly by 52.4%. This is due to the low demand, which could not be compensated for by the export markets.

Energy price increases mitigated by energy hedges
The fluctuation in energy prices affected Progroup only slightly until the end of 2022, as long-term contracts had been entered into for the majority of the company's own energy requirements in previous years. Due to the decline in energy prices in the fourth quarter, the unhedged costs for gas and electricity also decreased.

Progroup sales volumes figures follow unstable market development
The challenging economic environment also affected Progroup's corrugated sheetboard and containerboard sales volumes in 2022. Year on year, Progroup Board experienced a 4.7% decline in sales volumes driven by lower order intake in most markets as a result of the weaker market environment.

Sales volumes of containerboard at Progroup Paper decreased by 1.2% year on year. Integration remains at the same level as in the previous year.

KEY FINANCIAL INDICATORS

Throughout the year, the margin compensated for the pressure on sales volumes. The increase in sales is due to the higher price levels for board and paper. Average containerboard prices increased by approximately 33% compared to the previous year, average corrugated board prices increased by approximately 35% compared to the previous year. Turnover increased by 29.6% or €402.2 mn year on year. Progroup ended the year 2022 with a record turnover of around €1.8 bn.

The volume effect is negative due to lower sales volumes of board and paper.

We achieved a new EBITDA record in our history of €412.0 mn. It increased by 50.8%, or €138.8 mn, compared to the previous year. The EBITDA margin increased from 20.1% in 2021 to 23.4%, in line with the 5 year average.

Asset and financial ratios
Financial liabilities further decreased compared to the previous year. This is due to the scheduled repayment of existing loans and the repurchase of bonds with a nominal value of €32 mn. The decrease was achieved despite the dividend payment of over €80 mn in May.

Cash and cash equivalents increased compared to the previous year. Since 2021, net leverage has clearly improved by 1.3, reaching the very good value of 1.6 as at 31 December 2022, due to an increase in LTM EBITDA and a decrease in net financial debt. Compared to 2021, the free cash flow improved significantly. While it was €43.8 mn in the previous year, it rose to €200.2 mn in the reporting year.

Year on year, the operating cash flow increased from €155.9 mn to €365.3 mn due to the significantly higher EBITDA. Cash flows from investing activities decreased from €-112.1 mn in 2021 to €-165.1 mn in the reporting year. Cash flows from financing activities decreased noticeably from €-75.1 mn in 2021 to €-135.1 mn in the reporting year.

Outlook: increasing sales volumes but falling price levels – long-term strategy will be consistently pursued
After an outstanding development in 2022, we expect results to normalise in 2023 at a decent level below the previous year's level. Despite the weak market environment we expect increasing sales volumes in the course of 2023. With falling prices for containerboard and corrugated sheetboard sales will be below the level of the previous year. We are confidently facing these challenges by continuing to focus on the consistent realisation of our long-term strategy. With the expanded capacity, we are prepared for profitable sales growth in the future. Solid financing also underpins Progroup's success. At the same time, the focus of our activities is on sustainable actions. Climate change has become a reality, and as an energy-intensive industry we take our responsibility very seriously.

Pushing "zero waste concepts" at the sites to reduce waste, reducing CO_2 emissions and ensuring closed material cycles, as well as reducing material and energy use – these are the clear benchmarks for our actions in order to ensure we work reliably in the future in economic, ecological and social terms.

Yours sincerely,

Maximilian Heindl	**Dr. Volker Metz**
Chief Executive Officer	**Chief Financial Officer**

Landau, April 2023

Progroup AG Annual Report 2022

EXECUTIVE BOARD

Member
Appointed:

MAXIMILIAN HEINDL

Born: 1983
Member since: 2017
Appointed until: July 2027
Responsibility: Chief Executive Officer

Other principal positions: Progroup Paper PM1 GmbH – Progroup Paper PM2 GmbH – Progroup Paper PM3 GmbH – Progroup Power 2 GmbH – Progroup Board GmbH – Progroup Board s.r.o. – Progroup Board sp. z.o.o. – Progroup Board Ltd. – Progroup Board S.r.l. – Progroup Board Kft. – Progroup Board S.A.S.

Maximilian Heindl is the second generation of his family to be CEO of Progroup AG. He got involved with the industry and the operational business at an early age so that the experience and knowledge of the market gained by the first generation could also be secured for the company's future.

The graduate industrial engineer successfully completed his degree in the Department of Economics and Management at Karlsruhe Institute of Technology (KIT). Before he joined Progroup, Heindl gained experience of the industry at Voith Paper GmbH & Co. KG in Heidenheim.
He joined Progroup in 2016 as Head of Production and Technology Paper. Since 2019, he has been driving Progroup's business development in his role as Chief Development Officer, focusing in particular on the areas of organisation, digitisation and value-based management. He was appointed deputy CEO in 2021. He took over the role of CEO in 2023.

Member
Appointed:

DR. VOLKER METZ

Born: 1975
Member since: 2016
Appointed until: October 2026
Responsibility: Chief Financial Officer

Other principal positions: Progroup Paper PM1 GmbH – Progroup Paper PM2 GmbH – Progroup Paper PM3 GmbH – Progroup Power 2 GmbH – Progroup Board GmbH – Progroup Board S.A.S. – Progroup Board s.r.o. – Progroup Board sp. z o.o. – Progroup Board Ltd. – Progroup Board S.r.l. – Prowell Verwaltungs GmbH – Progroup Board Kft.

Dr. Volker Metz is member of the Executive Board and Chief Financial Officer of Progroup AG. In addition, he is Managing Director at all subsidiaries of the core business areas Board and Paper in Germany and internationally.

In 2009, Dr. Metz initially joined Progroup as Head of Controlling. In 2016, he left the company briefly to join GGEW, Gruppen-Gas- und Elektrizitätswerk Bergstraße Aktiengesellschaft in Bensheim as Commercial Division Manager. As at 1 November 2016, he returned to Progroup as Chief Financial Officer.
Dr. Metz studied and received his doctorate in business administration at the University of Mannheim and the University of Wales. He started his career in 2001 as a transaction consultant for M&A at the auditing firm Ernst & Young GmbH in Mannheim. From 2007 to 2009, Dr. Metz was Senior Manager in Controlling at EnBW Energie Baden-Württemberg AG in Karlsruhe.

CAPITAL MARKET ACTIVITIES

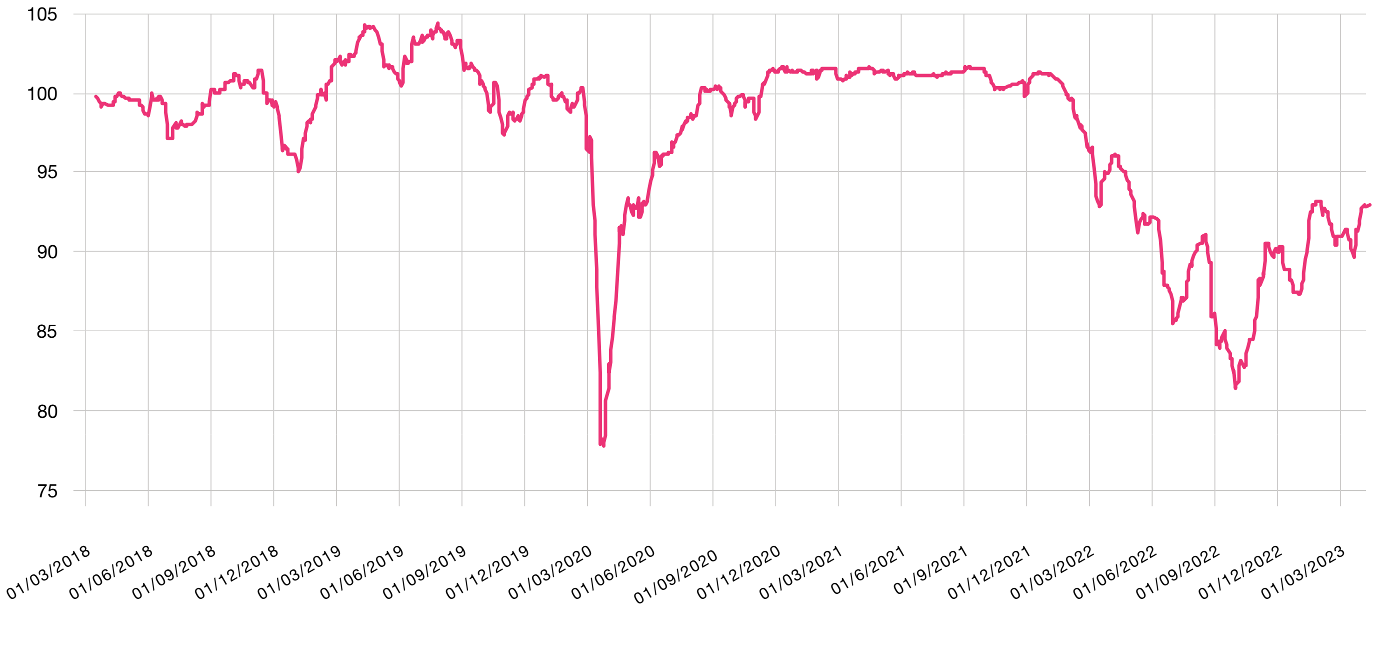
An overview of the features of our senior secured fixed rate notes and their market performance as at 31 December 2022 is presented below.

CAPITAL MARKET ACTIVITIES PROGROUP AG

ISIN	DE000A2G8WB1 (144A) / DE000A2G8WA3 (Reg S)
Issue	Senior Secured Fixed Rate Notes
Issuer	Progroup AG
Listing	The International Stock Exchange
Distribution	144A/Reg S
Amount issued	€600,000,000
Amount outstanding	€600,000,000
Currency	EUR
Issue date	27 March 2018 / 26 June 2019
Final maturity	31 March 2026
Optional redemption	from 31 March 2021: 101.500%
	from 31 March 2022: 100.750%
	from 31 March 2023 and thereafter: 100.000%
Issue price	100% of face amount/ 101.625% (tap)
Coupon	3.000%
Interest payments	Semi-annually on 31 Mar and 30 Sep, commencing on 30 Sep 2018
Paying agent	Deutsche Bank AG
Security agent	Wilmingtonne Trust (London) Limited

Ratings	
S&P	BB-
Moody's	Ba3

PROGROUP SENIOR SECURED NOTES PRICES



Source of price data: Deutsche Bank AG

We may from time to time seek to retire or repurchase our outstanding debt through open market purchases, privately negotiated transactions, tender offers, exchange offers, or otherwise. Such repurchases, if any, will depend on market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts subject to such repurchases may be material.

PROGROUP FUNDAMENTALS

2022 – A GROUND-BREAKING YEAR

After 30 years at the head of the company, founder Jürgen Heindl handed over the chairmanship to his son and former deputy Maximilian Heindl at the turn of the year 2022/2023.

Jürgen Heindl now is Deputy Chairman of the Supervisory Board and will manage JH-Holding GmbH in the future. His successor's clear goal: to continue to manage the family business with vision and to make it future-proof.

This is where Maximilian Heindl follows up. Energy efficiency is and remains a key issue: with its state-of-the-art and highly efficient plants, Progroup continues to make a significant contribution to reducing emissions. In this way, the family-run business will continue to consistently implement the principle of a resource-saving circular economy in the future. This is because the company invests in innovative, environmentally friendly production cycles, thereby reducing not only the quantity of materials used and the use of energy, but also residual materials and transport costs.

10%

The paper mill in Sandersdorf-Brehna uses a circulating water treatment plant to generate biogas, which already covers up to 10% of the mill's energy requirements.

The company is already largely independent of fossil fuels as it operates a waste-to-energy power plant at the Eisenhüttenstadt site. At the paper mill in Sandersdorf-Brehna, it uses a circulating water treatment plant to generate biogas, which already covers up to 10% of the mill's energy requirements. The family-owned company's second waste-to-energy power plant will be built at this site from 2023. The plant will cover approximately 100% of the site's required steam and a third of the electricity needed.

The ambitious national and international growth shows that Progroup is well positioned for the future. January 2023 saw the start of production of the new PW14 corrugated sheetboard plant with packaging park customer Gatner Packaging in Stryków, Poland.
The newly created packaging park is located on the same site as the existing Progroup PW07 plant. Together with its neighbour, the corrugated sheetfeeder site has a production capacity of 825 million square metres per year, making Stryków currently one of the largest plants worldwide for corrugated board production.

PW07 and PW14 in Stryków, Poland

825mn

The corrugated sheetfeeder site Stryków, Poland, has a production capacity of 825 million square metres per year.

In Petersberg (in the German state of Rhineland-Palatinate), Progroup is also investing in a new corrugated sheetfeeder plant which will become part of a sustainable packaging park with a German partner company. In addition, further growth projects in France and Italy are being implemented and are in the final planning stages.

PROGROUP AT A GLANCE

Progroup AG Annual Report 2022

OUR BUSINESS MODEL

Progroup is a family-run company that manufactures containerboard and corrugated sheet boards in a highly productive and ecological manner. Since Progroup was founded, the company has pursued a consistent growth strategy based not only on technological leadership but also on the use of innovative and sustainable production methods.

The special feature: Progroup does not produce any packaging, but supplies medium-sized packaging manufacturers in Central Europe with the starting product corrugated board, which they in turn do not produce themselves. In this way, Progroup deviates from the standard business model in the industry and does not compete with its customers; instead, it grows in the long term and on par with them.

The production process consists of a largely closed-loop circular economy, from energy generation through paper production and corrugated board production to the delivery to customers. Revenue with corrugated sheet boards is expected to double by 2025 compared to 2015, while the production of paper is expected to rise by 75 per cent. All activities are focused on profitable, sustainable growth.

Green Circle: resource-saving circular economy

The power of innovation has always been the driver of the company's success. Based on its Green Hightech Strategy, Progroup is pursuing a comprehensive investment, manufacturing and product concept that focuses on lightweight papers, raw material and energy savings as well as CO_2 reduction and sustainability measures. Therefore, Progroup continues to invest in hightech, not only in machinery, but from a holistic perspective – to the benefit of a resource-saving circular economy.

Overall, the company does not build individual paper machines, corrugated board plants or power plants, but innovative, eco-friendly production cycles.

The life cycle of corrugated sheet boards starts and ends as recovered paper, which is then used to produce containerboard. Any residual materials are converted into energy and remain within the circular system. The same applies to process water used in the closed-loop water circulation system. And containerboard is processed to become corrugated sheet boards or packaging material and will eventually be returned to the circular system as recovered paper. In the process, Progroup not only reduces the quantity of materials used and energy consumed, but also the amount of residual materials and transport costs – and thus total CO_2 emissions. This is what we call the "Green Circle".

High level of integration to ensure a stable value chain

Under its business model, Progroup also covers upstream and downstream stages of the value chain without competing with its customers. Meanwhile, three paper mills are producing containerboard for the currently 12 corrugated board plants. At the Eisenhüttenstadt site, the Waste-to-Energy power plant supplies the local paper mill with the process heat required for paper production and also with the required electric power. Another power plant is currently being constructed in Sandersdorf-Brehna.

In order to supply its partners quickly, efficiently and reliably, Progroup operates a logistics company that ensures smooth internal logistics and reliable deliveries to customers both with its own fleet of vehicles and as part of a long-term cooperation with transport partners.

High synergy effects and profitable growth through packaging parks

Progroup and packaging manufacturers continue to intensify their cooperation in the context of a so-called packaging park where they have their production facilities at close range. This is a compelling structure with advantages for both sides: a high-performance corrugated board plant is combined with specialised packaging production. The production of corrugated board and packaging is automated, with quantities being aligned throughout the process.

DESIGNER OF CHANGE

The turn of the year 2022/2023 has a special meaning for Progroup – and for Maximilian Heindl personally. 30 years after it was founded, the company is not only entering a new decade, but is entering a new era with Maximilian Heindl, as he takes over the management of Progroup AG from his father and becomes Chief Executive Officer (CEO). He has long since defined his mission: to build on the strengths of the family business; to meet the challenges of a new era with an open mindset; actively design change together with his staff.

A successful combination of stability and momentum
"The values that are important to us within the family have also formed the basis of our collaboration at Progroup from the very beginning," says Maximilian Heindl, describing the starting position for his role as CEO. "Progroup itself was a revolution in the industry. Starting with the principle of not being a competitor to its own customers, i.e. concentrating on the pure corrugated sheet boards, to the focus on the Family2Family business," says Heindl, summarizing the special features of the company.

"Our challenge will be to continue to combine stability and momentum successfully in the future," says Heindl to explain the challenging task that he has taken over as the direct successor of company founder Jürgen Heindl. What seems like a contradiction at first glance is not a contradiction for him. On the contrary: continuity and change have already been established at Progroup as lived practice. The thinking is long term, while innovations are being developed consistently.

> "Our challenge will be to continue to combine stability and momentum successfully in the future."
>
> MAXIMILIAN HEINDL

Maximilian Heindl's ambition is to continue this successful business model, to continue on the path the company has chosen – and to leave his own mark in the process.

> "Smart decisions are made on the basis of constructive collaboration and from the power of a common understanding. This results in a massive increase in quality."
>
> MAXIMILIAN HEINDL

Maintain relationships within the network companies
Progroup has also always been a leader in networking; it has been one of the company's defining themes ever since its foundation. But time does not stand still in this area, as Maximilian Heindl knows: "We strive to make even better use of the data we generate. This is the only way for us to maintain our competitive edge. We live in times that place requirements on every single one of us that are quite different from what they were 30 years ago, and we are navigating through a network of networks every single day. Everyone is connected to everyone else almost all the time and everywhere. This is a challenge for us, not just in terms of technology, but also from a social perspective; and also as regards our attitude and our thinking. This is why we have to constantly ask ourselves how we can design collaboration within the company, and also with our investors, customers and suppliers in a state-of-the-art way."

"Smart decisions are made on the basis of constructive collaboration and from the power of a common understanding. This results in a massive increase in quality," he says. His focus is on firmly anchoring the idea that there is no one single person who solves all problems – rather, it is the team as a whole that solves challenges together. "In my view, this is the best way to not only moderate change, but to shape it." Distributing responsibility over several shoulders is the central factor in driving growth sustainably. Maximilian Heindl is convinced of this approach.

Progroup AG Annual Report 2022

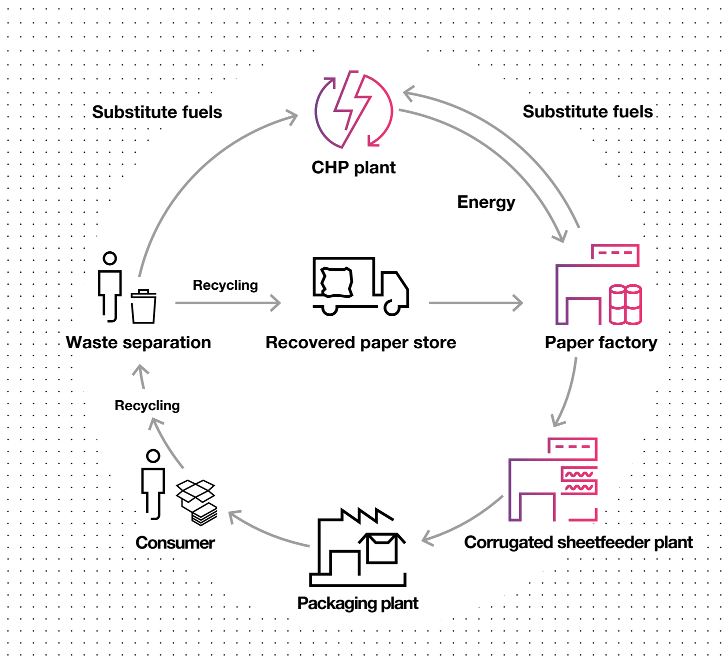
CIRCULAR ECONOMY AS THE NUCLEUS OF OUR SUSTAINABLE BUSINESS MODEL

Progroup is inherently sustainable because the company is part of the resource-saving circular economy. Based on its Green Hightech strategy, Progroup pursues a holistic investment, production and product concept. The fundamental components of this concept are lightweight papers, raw material and energy savings as well as CO_2 reduction and long-term sustainability measures.
Economic success, protection of the environment and corporate social responsibility are objectives of equal importance for Progroup.

Sustainable production through resource-saving circular economy
The company processes only recovered paper, a raw material based on renewable material, to produce containerboard. In addition, the paper factories PM1 in Burg and PM3 in Sandersdorf-Brehna operate with closed loop water treatment systems. The products are therefore part of a very efficient sustainable ecosystem based on a loop system that is closed to the greatest extent possible. The final product, corrugated sheet boards, can be re-used, and can be re-added to the circular system thanks to waste separation by consumers and existing collection systems. Moreover, Progroup's self-developed paper and corrugated sheet boards are lightweight and consume less energy during transport. Innovative technologies, in which Progroup invests in the construction of new plants in accordance with its Green Hightech Strategy, enable sustainable growth.

Responsible collaboration
Progroup is a family business that has been working together with its customers and suppliers over many decades in a partnership based on trust. Fairness, compliance with laws and regulations and integrity are the cornerstonnees of our corporate culture. At the same time, our company is growing, Progroup's structures are getting more complex and our supply chains are becoming more diverse. This is why it is becoming increasingly vital not just to champion business ethics, but to provide employees with specific support to help them to act with integrity in their daily work. Progroup also requires its business partners to commit to follow ethical and legal standards and to monitor compliance wherever possible. In all of its business relationships, Progroup relies on collaboration based on partnership and a working relationship that is defined by shared values and objectives and the willingness to take responsibility together.

THE COMPANY PROCESSES ONLY RECOVERED PAPER



Progroup as part of the circular economy

Transparency and commitment
As a resource- and capital-intensive company that works closely with its customers, Progroup has identified its essential themes: sustainable production through innovative technologies, fair cooperation and social involvement. In order to ensure a transparent documentation of its commitment, Progroup published its first sustainability report in 2022.

PROGROUP PUBLISHED ITS FIRST SUSTAINABILITY REPORT IN 2022

The report documents the key issues for Progroup in relation to sustainability, the commitment to climate protection and the company's responsible approach to tackling the challenges of climate change. It presents the economic, ecological and social aspects of sustainability in all of Progroup's divisions and sets out clear objectives through to 2030. These include reducing CO_2 emissions, water consumption and the use of raw materials as well as boosting equal opportunities and improving occupational safety and health. The company is therefore specifically helping to implement the United Nations Sustainable Development Goals (SDGs).

Consistently implementing goals
To consistently implement the ambitious sustainability goals, the role of sustainability manager was created at Progroup in 2021. This person coordinates all sustainability activities and advises all divisions of the company on the specific requirements. In the future, Progroup will report on progress and developments in relation to sustainability once a year. The company is therefore making clear commitments and ensuring transparent reporting.

Social involvement
Progroup shows its social involvement in all of its locations in Central Europe. Being part of the local community and taking part in its life is what makes good neighbourhood, in Progroup's view. Accordingly, the company is in continuous dialogue with relevant stakeholders and supports select projects at its local sites.

In May 2022, for example, around 3,000 guests visited the high-tech paper mill in Sandersdorf-Brehna, following Progroup's invitation to an open day. Among other things, the family-run business offered residents and those interested a look behind the scenes of paper production. The programme was organised together with regional associations and partner companies. Progroup doubled all the proceeds generated from this event and made a donation to a local project.

STRYKÓW TO BECOME THE LARGEST SITE FOR CORRUGATED BOARD PRODUCTION WORLDWIDE

Since the beginning of January 2023, the first corrugated sheet boards have officially been rolling off the line of Progroup's latest high-tech corrugated sheetfeeder plant PW14 in Stryków, Poland. The plant is located on the same site as the PW07 plant, which has been in operation since 2009. Together, both corrugated sheetfeeder plants have a production capacity of 825 million square metres per year, making Stryków currently one of the largest plants worldwide for corrugated board production.

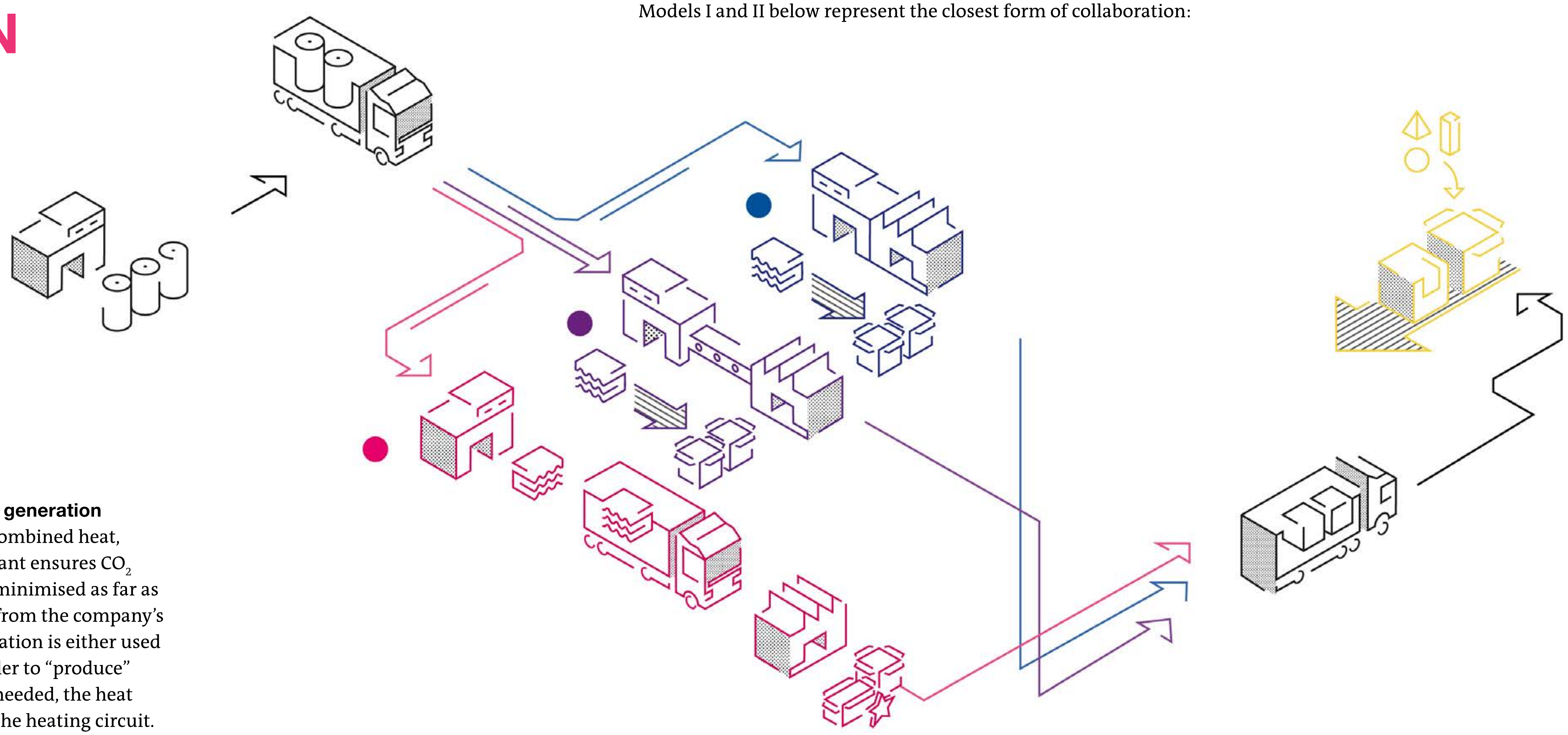
Efficient production
As is standard practice at Progroup, state-of-the-art high-tech machines were installed in the new corrugated sheetfeeder plant, which not only ensure that corrugated board is of the best-possible quality, but also guarantee an efficient production process. Since Progroup was founded, the family business has always sought to produce very efficiently, based on perfectly refined processes, a high degree of cross-linking and low costs. Innovative technologies are key to be successful in this respect. And on top of that, in the final development stage, employees will receive the operating data of the machines and work instructions live on smart-watch-like wearables or via headphones.

Eco-friendly energy generation
The state-of-the-art combined heat, power and cooling plant ensures CO_2 emissions are being minimised as far as possible. Waste heat from the company's own electricity generation is either used in an absorption chiller to "produce" cooling energy or, if needed, the heat produced is fed into the heating circuit. This saves a significant amount of fossil fuels. Progroup is thus taking another important step towards a resource-saving and independent energy supply.

Sustainable packaging park
In Stryków, this sustainability concept is also reflected in the cooperation with Gatner Packaging: the Polish packaging manufacturer has set up its plant right next to PW14. Gatner Packaging and Progroup have maintained a successful collaboration at the Trzcinica location for many years and have now expanded this partnership to Stryków.

COLLABORATION PERFECTED – THE PROGROUP BUSINESS MODEL

Progroup's business model is a prime example of long-term partnership and true collaboration in practice. In addition to the classic model – delivering to customers by truck via road transport – Progroup has developed innovative packaging park models, which take into account the structure of the customer's operations. Models I and II below represent the closest form of collaboration:



Model I
With this type of packaging park, the customer builds its plant in the immediate vicinity of Progroup's corrugated sheetfeeder plant.

Model II
For this packaging park solution, Progroup builds a corrugated sheetfeeder plant at the customer's site, which is then integrated into the customer's workflows.

The logistics and organisational effort is reduced to a minimum with both models, a reliable delivery is guaranteed, and flexibility and speed of reaction are unparalleled.

PACKAGING PARK AS DRIVER FOR SUCCESS: A SHORT ROUTE TO PARTNERSHIP

Progroup's entire business model is designed for sustainable business operations. The company focuses on the long term in every single aspect: in its investments, in the lifetime of its plants, and in its customer and supplier relationships.

Transport bridge PW12
Ellesmere Port, United Kingdom

The innovative packaging park model is a perfect example of this as two consecutive production steps – the production of corrugated sheet boards and that of cardboard boxes – are combined to form a long-term partnership.

Connected, efficient and sustainable
Progroup and its customers do not compete with each other as they each serve their own market. The special feature of Progroup's cooperation with its packaging park partners is that, together, they form a virtual group of economically independent individual companies. The partners' goods management systems are connected via digital interfaces and thus ensure a smooth exchange of information. In the case of the packaging parks, customers benefit not only from the close digital integration but also from physical proximity. Either a packaging manufacturer establishes itself directly next to a corrugated sheetfeeder plant, or Progroup invests in a new corrugated sheetfeeder plant at a packaging manufacturer.

In packaging parks, the productions of both companies are linked via a transport bridge. In this way, Progroup guarantees a reliable delivery, minimises costs, packaging materials and truck transports, and thus contributed to a significant reduction of CO_2 emissions.

Transport bridge PW06 Offenbach, Germany

10

Progroup currently has ten packaging park customers at nine locations.

Joint growth among equals
It's a win-win situation for both partners: growth is generated on both sides because the packaging park model enables customers to focus more strongly on expanding their market shares through significant advantages in terms of costs and logistics. Thus, Progroup's market segment is growing at the same time.

Progroup currently has ten packaging park customers at nine locations. The company seeks to benefit from these opportunities associated with this power of collaboration at every existing and every new location. There is a market for this.

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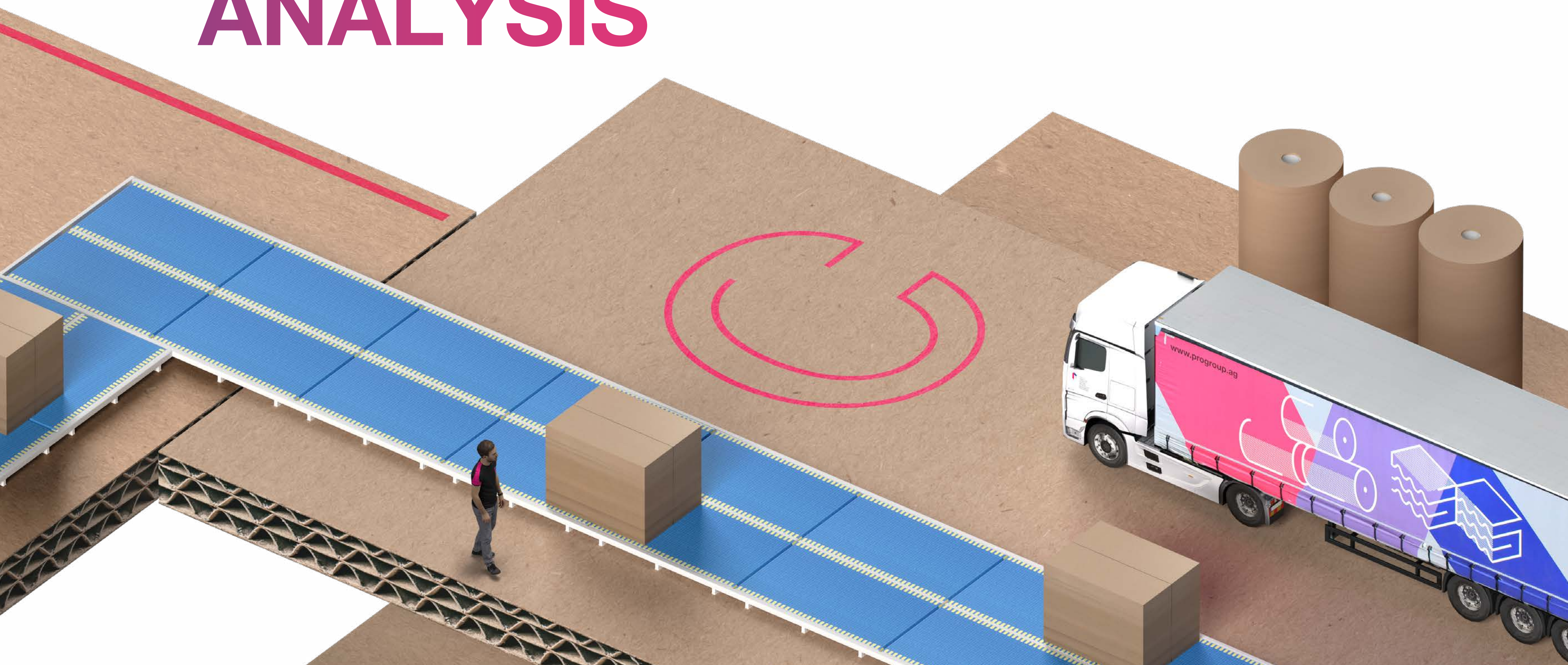
COMBINED GROUP MANAGEMENT DISCUSSION AND ANALYSIS



ECONOMIC AND MARKET-SPECIFIC DEVELOPMENTS

Demand for our products is generally driven by the level of economic growth and activity since these factors typically result in higher per capita use of packaging materials through higher rates of consumption and transportation of goods. An increase in the use of packaging materials (including paper- based packaging materials) results in an increase in the demand for our recycled containerboard and corrugated board products. Despite the difficult economic development in Europe in 2022, due to the continuing coronavirus crisis at the beginning of the year as well as the Russia-Ukraine war, Progroup's financial result developed extremely well. The demand for our key product corrugated sheetboard was subdued, especially in the second half of the year.

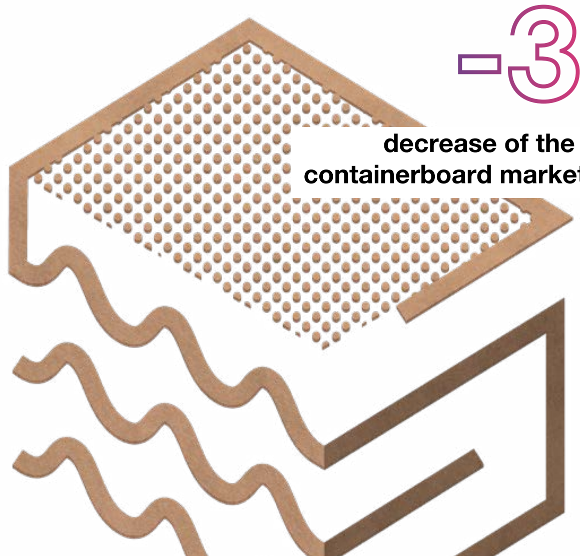
Furthermore, market conditions and therefore prices for containerboard and corrugated board are usually influenced considerably by the balance of supply and demand, especially in the market for containerboard since production capacity cannot readily be adapted to reflect changing market conditions. Hence, material market entries can heavily affect conditions and prices on the market for containerboard, leading to similar effects on the market for corrugated board with a slight time lag.

In general, prices for corrugated board usually follow the development of containerboard prices. Containerboard prices used to follow the price development of recovered paper, however during the past years this price correlation was significantly weaker than in the past.

Economic development in Germany proved encouragingly resilient last year in the face of the energy crisis and supply chain problems. According to initial preliminary results from the Federal Statistical Office, price-adjusted gross domestic product increased by 1.9% for the year as a whole. The German economy thus grew despite the war in Ukraine, supply chain bottlenecks and the energy price crisis. The reasons for the positive performance are catch-up effects after the coronavirus pandemic and easing supply bottlenecks. Private consumption, for example, expanded strongly at a growth rate of +4.6%, as travel, restaurant visits, major cultural events, festivals and trade fairs were once again possible. The European Commission reported a calendar-adjusted GDP increase in the Eurozone of 3.5% in 2022.

-3%

decrease of the German containerboard market in 2022



The sales volume of the German containerboard industry decreased by approximately 3% driven by stronger sales volumes abroad and weaker sales volumes in Germany. The German corrugated board market decreased by approximately 8%. Therefore, the development of the containerboard market and the development of the corrugated board market were below the general economic development. The main reason for this development is the shift in consumption away from goods that need to be packaged towards services (such as holidays) that have a lower need for packaging. In addition, delivery times for packaging increased significantly in 2021, which has led to an increase in packaging inventories. Due to the normalisation of delivery times in 2022, inventories were also reduced again, which also had a negative impact on the demand for corrugated board.

+33%

price increase of Progroup's recycled containerboard 2022 vs. 2021

Concerning the externally sold volume of Progroup's recycled containerboard, the average price per tonne increased year on year by 33% (for the overall externally sold product portfolio mix). Prices for recycled containerboard increased throughout the year 2021. In the first half of 2022, the price development showed a continuous significant increase so that prices on most European markets rose significantly by around €100/t, driven by the significant energy price increases. The increasingly high stock levels of containerboard in the industry led to the first price drop of €30/t since the third quarter of 2020 in July. In September and October, prices remained unchanged. In November and December, the prices for recycled containerboard dropped again.
This development usually follows the price development of recovered paper. In the first seven months of 2022, recovered paper prices increased steadily and reached a new all-time high in July. In August 2022, recovered paper prices decreased for the first time this year. From September to December 2022, recovered paper prices dropped significantly and have more than halved as a result of lower demand from the containerboard industry due to significant production cuts over summer.

Prices for corrugated board usually follow the development of containerboard prices with a time lag. In 2022, Progroup's average price per tonne for corrugated board increased significantly by 35%, compared to the average price for the year 2021. Prices for corrugated board increased throughout the year 2021. Following the price development of containerboard, prices for corrugated board increased significantly until June 2022. Since July 2022, the price has followed the price decrease for containerboard by around €100/t. Additional price adjustments were made in order to recover lost sales volumes. Due to the weak demand, the pace of price adjustments in the corrugated board market accelerated. Price drops in containerboard were passed on to the corrugated board customers at very short notice, with no or only a minimal delay.

OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

**Construction site Progroup Board PW15
Petersberg, Germany**

Overall, we are proud of the achieved results in the financial year 2022 for Progroup despite the coronavirus pandemic, the Russia-Ukraine war that has been ongoing since February, and the increased raw material and energy costs. We generated a significant growth in sales in our two key businesses. Our growth projects have progressed further, which also underlines the sustainability strategy of Progroup. The corrugated board plant in Stryków (Poland) started trial production at the end of 2022, in Petersberg (Germany) construction progressed further, and in Italy we were able to start planning the next new corrugated board plant. Furthermore, we started the planning of a new state-of-the-art waste-to-energy plant right next to its high-tech PM3 paper factory in Sandersdorf-Brehna (Germany).

Operationally, after the strong increase in sales volumes in 2021, sales volumes dropped for the full year 2022. Despite the decline in volumes for the year as a whole and higher prices for raw materials and energy, an exceptionally good result was achieved due to higher selling prices and our energy hedging strategy. The level of integration between the two key businesses decreased slightly. Progroup's consolidated sales significantly increased by 29.6% to €1,759.2 mn in 2022. The good operational performance resulted in an EBITDA increase by 50.8% to €412.0 mn. In line with this development, and despite higher depreciation and income tax, consolidated annual net income more than doubled to €197.9 mn.

Looking on our financial performance, the free cash flow increased to €200.2 mn. Driven by the excellent financial results, the free cash flow could be improved significantly. During 2022, net leverage decreased from 2.9 as at 31 December 2021 to 1.6 as at 31 December 2022, due to the improved financial performance and the related increase of EBITDA.

The following sections "Results of Operations", "Net Asset Position" and "Financial Position" will provide detailed information and analyses of our business development in 2022.

RESULTS OF OPERATIONS

The following table sets out certain information with respect to our consolidated income statement for the years ended 31 December 2022 and 2021:

RESULTS OF OPERATIONS

(in € thousands)

	2022	2021	Change (%)
Sales	1,759,195	1,356,971	29.6
Increase/decrease in finished goods and work in process	10,157	32,170	-67.4
Other own work capitalised	3,964	1,815	118.5
Other operating income	34,136	26,950	26.7
Total output (1)	**1,807,452**	**1,417,905**	**27.5**
Costs of materials	-1,016,645	-825,692	23.1
Gross profit (2)	**790,808**	**592,213**	**33.5**
Personnel expenses	-122,045	-107,988	13.0
Other operating expenses	-255,013	-209,414	21.8
Reported EBITDA (3)	**412,026**	**273,177**	**50.8**
Amortisation and depreciation of assets	-118,804	-110,467	7.5
Other interest and similar income	2,723	95	-
Interest and similar expenses	-28,642	-32,211	-11.1
Depreciation on financial assets and of securities held as current assets	-928	0	
Taxes on income	-68,430	-35,790	91.2
Earnings after taxes	**199,668**	**96,437**	**107.0**
Other taxes	-1,738	-1,669	4.2
Consolidated net income for the year	**197,930**	**94,768**	**108.9**
Consolidated unappropriated retained earnings brought forward	372,366	357,653	3.2
Consolidated net retained profits	**570,295**	**452,421**	**26.1**

(1) Total output (not a German GAAP measure) is calculated as the sum of sales, increase/decrease in finished goods and work in process, other own work capitalised and other operating income.

(2) Gross profit (not a German GAAP measure) is calculated by deducting costs of materials from total output.

(3) Reported EBITDA (not a German GAAP measure) is calculated as sales, plus increase/decrease in finished goods and work in process, plus other own work capitalised, plus other operating income (excluding any extraordinary income), minus costs of materials, minus personnel expenses, minus other operating expenses (excluding any extraordinary expenses), minus other taxes.

01 **SALES VOLUME**

(in thousands of tonnes)

	2022	2021	Change (%)
Corrugated sheetboard	**1,432**	**1,503**	**-4.7**
Containerboard	**1,569**	**1,587**	**-1.2**
– thereof external	396	400	-1.1
– thereof internal	1,173	1,187	-1.2

Total consolidated sales increased by €402.2 mn or 29.6%, from €1,357.0 mn in 2021 to €1,759.2 mn in 2022. This increase in sales was attributable to an increase in both businesses and the result of significantly higher prices compared to 2021. Sales volumes for both businesses decreased slightly compared to 2021.
Corrugated board sales volumes decreased by approximately 71 thousand tonnes, from approximately 1,503 thousand tonnes in 2021 to approximately 1,432 thousand tonnes in 2022. The reduced sales volume was attributable to lower order intakes in most markets mainly as a consequence of the subdued market environment. The lower order intake led to lower utilisation rates of our corrugated board plants. Additionally, the market environment was more challenging than in the previous year.
Our total containerboard sales volume decreased slightly by approximately 18 thousand tonnes or 1.2%, from approximately 1,587 thousand tonnes in 2021 to approximately 1,569 thousand tonnes in 2022. External sales volume of containerboard decreased by approximately 4 thousand tonnes or 1.1% from approximately 400 thousand tonnes in 2021 to approximately 396 thousand tonnes in 2022. The weaker internal and external demand but also the very high energy spot price levels resulted in a curtailed production, especially at PM3 in the third quarter.
As a result, the average level of integration between both businesses, including swap agreements, decreased from 87% in 2021 to 85% in 2022.
The average price per tonne for externally sold containerboard in 2022 was significantly above the average price in 2021 (+33%). Prices rose steadily in the first half of 2022. In 2021, price increases were mainly driven by strong demand. In the first half of 2022, the drivers were the strong increases in energy and raw material costs. Increasingly high stocks of containerboard in the industry and lower raw material costs led to a drop in prices in the second half of the year.
The average price of corrugated board in 2022 was significantly above the average price of 2021 (+35%). Following the containerboard market, prices for corrugated board rose continuously in the first half of the year. In the second half of the year, price reductions were necessary to limit the decline in sales volume and support sales performance.

01 **SALES**

(in € thousands)

	2022	2021	Change (%)
Sales in Germany (origin)	991,274	777,785	27.4
Sales abroad (origin)	767,921	579,186	32.6
Total sales	**1,759,195**	**1,356,971**	**29.6**

01

In 2022, sales in Germany accounted for 56.3% of total sales, compared to 57.3% of total sales in 2021. Sales in Germany increased by €213.5 mn or 27.4%, from €777.8 mn in 2021 to €991.3 mn in 2022. Sales abroad also increased by €188.7 mn or 32.6%, from €579.2 mn in 2021 to €767.9 mn in 2022, due to the increasing price levels.

02

Increase/decrease in finished goods and work in process
Our finished goods and work in process decreased by €22.0 mn in 2022 to €10.2 mn due to lower sales volumes for board and paper.

03

Other own work capitalised
Other own work capitalised is mainly related to our new plants PW14 in Stryków, Poland, and PW15 in Petersberg, Germany.

04 **OTHER OPERATING INCOME**

(in € thousands)

	2022	2021	Change (%)
Investment subsidies	2,537	3,000	-15.5
Income from exchange rate differences	5,151	9,344	-44.9
Income from other periods	25,100	13,423	87.0
Extraordinary income	-12	197	-106.0
Other income	1.360	986	38.0
Other operating income	**34,136**	**26,950**	**26.7**

04

Other operating income increased by €7.2 mn or 26.7% from €27.0 mn in 2021 to €34.1 mn in 2022. This was primarily due to higher income from other periods which increased by €11.7 mn or 87.0%, from €13.4 mn in 2021 to €25.1 mn in 2022. The main reason for this increase was the reversal of provisions.
Contrary effects came from lower income from exchange rate differences, which decreased by €4.2 mn or 44.9% from €9.3 mn in 2021 to €5.2 mn in 2022.

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05
COSTS OF MATERIALS

(in € thousands)

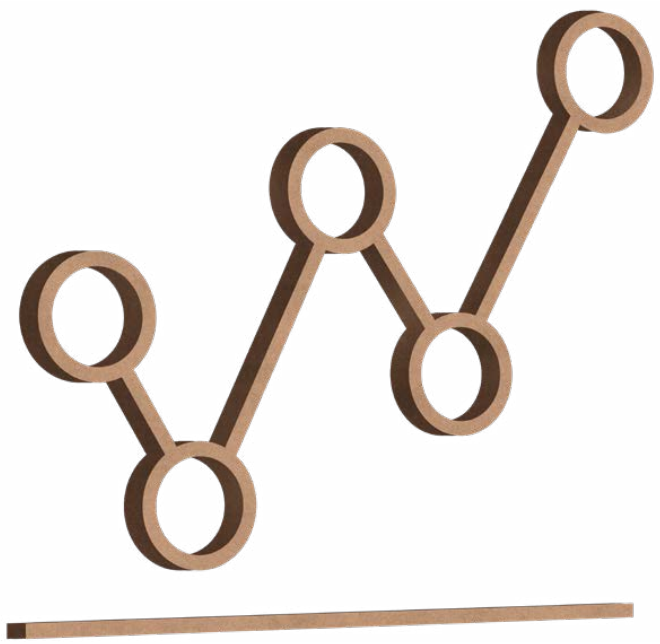
	2022	2021	Change (%)
Costs of raw materials, consumables and supplies	758,851	669,906	13.3
Costs of purchased services	257,793	155,786	65.5
Costs of materials	**1,016,645**	**825,692**	**23.1**

05

Costs of materials increased by €191.0 mn or 23.1%, from €825.7 mn in 2021 (60.8% of sales, or 58.2% of total output) to €1,016.6 mn in 2022 (57.8% of sales, or 56.2% of total output). This increase was due to the increase in the costs of purchased services by €102.0 mn or 65.5%, from €155.8 mn in 2021 to €257.8 mn in 2022. This was driven primarily by significantly higher energy prices.
The costs of raw materials, consumables and supplies increased by €88.9 mn or 13.3% from €669.9 mn in 2021 to €758.9 mn in 2022 as a result of higher price levels for containerboard and for recovered paper as well as higher costs for starch. The average costs per tonne for our recovered paper purchases in 2022 were slightly higher (+3.7%) compared to 2021.

06

Gross profit
Gross profit increased by €198.6 mn or 33.5%, from €592.2 mn (43.6% of sales, or 41.8% of total output) in 2021 to €790.8 mn (45.0% of sales, or 43.8% of total output) in 2022. This increase is basically the result of higher sales price levels, which more than compensated for the higher costs of materials.



07
PERSONNEL EXPENSES

(in € thousands)

	2022	2021	Change (%)
Wages and salaries	104,482	91,982	13.6
Social security and pensions	17,563	16,006	9.7
- thereof for pension expenses	519	-4	-
Personnel expenses	**122,045**	**107,988**	**13.0**

07

Personnel expenses increased by €14.1 mn or 13.0%, from €108.0 mn in 2021 to €122.0 mn in 2022, reflecting a €12.5 mn or 13.6% increase in wages and salaries and a €1.6 mn or 9.7% increase in social security and pensions. These increases were due to (i) a 11.6% increase in the average number of employees (from 1,454 in 2021 to 1,623 in 2022), primarily as a result of the new plant PW14 in Stryków, Poland, and an increase in the number of central functions in line with our strong growth and (ii) regular annual salary and wage increases.

08
AVERAGE NUMBER OF EMPLOYEES

	2022	2021	Change (%)
Average number of administrative employees	506	417	21.3
Average number of factory workers	1,117	1,038	7.6
Average number of employees	**1,623**	**1,454**	**11.6**

08

Both the average number of administrative employees and the average number of factory workers increased from 417 and 1,038, respectively, in 2021 to 506 and 1,117, respectively, in 2022. The higher number of administrative employees is due to structural expansion we made in different departments in line with our strong growth. The increase in the number of factory workers is mainly related to our new plant PW14 in Stryków, Poland.

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09

OTHER OPERATING EXPENSES

(in € thousands)

	2022	2021	Change (%)
Freight expenses	108,467	86,621	25.2
Maintenance and repair	51,414	49,156	4.6
Rental and leasing costs	11,116	10,623	4.6
Legal and consulting fees	9,187	7,468	23.0
Personnel-related expenses	11,510	10,828	6.3
Expenses from exchange rate differences	5,697	2,494	128.4
Expenses from other periods	1,661	2,469	-32.8
Extraordinary expenses	2	231	-99.0
Insurance and additional rental costs	15,364	13,527	13.6
Vehicle costs (excluding leasing expenses)	4,240	3,042	39.4
Other	36,355	22,954	58.4
Other operating expenses	**255,013**	**209,414**	**21.8**

09

Other operating expenses increased by €45.6 mn or 21.8%, from €209.4 mn in 2021 to €255.0 mn in 2022. Freight expenses significantly increased by €21.8 mn or 25.2%, from €86.6 mn in 2021 to €108.5 mn in 2022 due to more expensive outgoing freights. Other expenses increased by €13.4 mn or 58.4%, from €23.0 mn in 2021 to €36.4 mn in 2022, due to other operating services.

Due to increasing other operating expenses, the categories have been expanded and various items have been reclassified compared to the previous year.

10

EBITDA

(in € thousands)

	2022	2021	Change (%)
EBITDA	**412,026**	**273,177**	**50.8**

10

Our EBITDA increased by €138.8 mn or 50.8%, from €273.2 mn in 2021 to €412.0 mn in 2022, as a result of the factors described above, following the strong operating performance and driven by the higher price levels.

11

AMORTISATION AND DEPRECIATION OF ASSETS

(in € thousands)

	2022	2021	Change (%)
Amortisation on intangible assets	4,485	3,097	44.8
Depreciation on tangible fixed assets	110,107	107,370	2.5
Depreciation on current assets	4,212	0	-
Amortisation and depreciation of assets	**118,804**	**110,467**	**7.5**

11

Amortisation and depreciation expenses increased by €8.3 mn or 7.5%, from €110.5 mn in 2021 to €118.8 mn in 2022, due to higher investment activities. The depreciation on current assets is related to an unusual depreciation on a project-related prepayments.

12

INTEREST INCOME/EXPENSES, NET

(in € thousands)

	2022	2021	Change (%)
Other interest and similar income	2,723	95	-
Interest and similar expenses	28,642	32,211	-11.1
Interest income/expenses, net	**25,919**	**32,117**	**-19.3**

12

Our net interest income/expenses in 2022 improved by €6.2 mn or 19.3%, from a net expense of €32.1 mn in 2021 to a net expense of €25.9 mn in 2022. This is related to an increase in other interest and similar income by €2.6 mn, from €0.1 mn in 2021 to €2.7 mn in 2022. Interest and similar expenses decreased by €3.6 mn or 11.1%, from €32.2 mn in 2021 to €28.6 mn in 2022, due to the lower average amount of financial debt.

13

TAXES

(in € thousands)

	2022	2021	Change (%)
Taxes on income	68,430	35,790	91.2
Other taxes	1,738	1,669	4.2
Total taxes	**70,168**	**37,459**	**87.3**

13

Total taxes increased significantly by €32.7 mn or 87.3%, from €37.5 mn in 2021 to €70.2 mn in 2022. Total taxes mainly include trade tax and corporate income tax for the current financial year. This increase was attributable to the strong financial result.

14

CONSOLIDATED NET INCOME FOR THE YEAR

(in € thousands)

	2022	2021	Change (%)
Consolidated net income for the year	**197,930**	**94,768**	**108.9**
Consolidated unappropriated retained earnings brought forward	372,366	357,653	4.1
Consolidated net retained profits	**570,295**	**452,421**	**26.1**

14

Consolidated net income for the year more than doubled by €103.2 mn or 108.9%, from a profit of €94.8 mn in 2021 to a profit of €197.9 mn in 2022. This was the result of the factors described above.

NET ASSET POSITION

The following paragraphs explain the main changes in the balance sheet as at 31 December 2022 compared to 31 December 2021. For detailed information on our balance sheet items, please refer to section D "Consolidated Financial Statements".

ASSETS

(in € thousands)

		31/12/2022	31/12/2021
A.	Fixed assets	1,211,891	1,220,272
B.	Current assets	594,912	452,019
I.	Inventories	181,400	162,642
II.	Receivables and other assets	222,823	189,866
III.	Securities	27,432	0
IV.	Cash in hand, bank balances	163,256	99,512
C.	Prepaid expenses and deferred charges	7,131	10,200
D.	Excess of plan assets over post-employment benefit liability	56	0
	Total assets	**1,813,990**	**1,682,491**

EQUITY AND LIABILITIES

(in € thousands)

		31/12/2022	31/12/2021
A.	Shareholder´s equity	647,277	530,910
B.	Investment grants for fixed assets	32,305	34,829
C.	Provisions	162,840	92,062
D.	Liabilities	951,845	1,005,993
I.	Bonds	600,000	600,000
II.	Bank loans	241,320	274,914
III.	Trade payables	89,809	111,113
IV.	Liabilities from affiliated companies	84	68
V.	Other liabilities	20,632	19,898
E.	Deferred income	1,445	1,575
F.	Deferred tax liabilities	18,279	17,123
	Total equity and liabilities	**1,813,990**	**1,682,491**

As at 31 December 2022, **fixed assets** amounted to €1,211.9 mn, reflecting a decrease of €8.4 mn or 0.7% compared to 31 December 2021.

The increase in **inventories** by €18.8 mn or 11.5% to €181.4 mn is mainly driven by an increase of the price levels for containerboard and corrugated board and therefore a higher valuation of our finished goods. Furthermore, raw materials, consumables and supplies increased as a result of a higher number of spare parts.

Trade receivables increased by €9.6 mn or 5.7% to €177.1 mn mainly due to higher sales and year-end effects as at 31 December 2021.

Other assets increased by €23.4 mn or 104.8% to €45.7 mn as at 31 December 2022, mainly in connection with a reclassification of project-related prepayments.

Other securities increased from €0 mn in 2021 to €27.4 mn in 2022 because own bonds with a nominal value of €32 mn were purchased in the open market.

Cash in hand, bank balances amounted to €163.3 mn as at 31 December 2022 compared to €99.5 mn as at 31 December 2021. For more detailed information, please refer to section C "Financial Position".

Prepaid expenses and deferred charges decreased by €3.1 mn to €7.1 mn, primarily due to the release of lump sum fees.

Shareholder's equity increased by €116.4 mn from €530.9 mn as at 31 December 2021 to €647.3 mn as at 31 December 2022. The increase is primarily attributable to a positive net income and partly offset by the dividend payment.

Investment grants for fixed assets decreased from €34.8 mn as at 31 December 2021 to €32.3 mn as at 31 December 2022, driven by the amortisation of the special item in accordance with the depreciation of the corresponding fixed assets.

Tax provisions increased by €53.6 mn to €59.8 mn, mainly as a result of significantly higher taxes on income in 2022.

Other provisions increased by €17.6 mn to €102.8 mn, mainly due to higher provisions for outstanding invoices.

The amount of **bonds** was unchanged at €600 mn as at 31 December 2022.

Bank loans decreased by €33.6 mn or 12.2%, from €274.9 mn as at 31 December 2021 to €241.3 mn as at 31 December 2022. The decrease is due to scheduled repayments of the senior secured facilities.

The decrease in **trade payables** by €21.3 mn or 19.2% to €89.8 mn as at 31 December 2022 is mainly related to lower price levels for purchased raw materials, especially recovered paper, and due to year-end effects.

The increase in **other liabilities** from €19.9 mn as at 31 December 2021 to €20.6 mn as at 31 December 2022 was mainly related to VAT liabilities.

The deferred tax liability increased from €17.1 mn as at 31 December 2021 to €18.3 mn as at 31 December 2022.

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FINANCIAL POSITION

The following table sets out a summary of our cash flows for the years ended 31 December 2022 and 2021. For detailed information on our cash flows, please refer to section D "Consolidated Financial Statements".

SUMMARY OF CASH FLOWS

(in € thousands)

	2022	2021
Cash flows from operating activities	365,301	155,890
Cash flows from investing activities	-165,120	-112,110
Free cash flow [1]	**200,181**	**43,780**
Cash flows from financing activities	-135,100	-75,131

(1) Free cash flow (not a German GAAP measure) is calculated as cash flows from operating activities plus cash flows from investing activities.

Cash flows from operating activities

In 2022, our cash flows from operating activities increased by €209.4 mn, from €155.9 mn in 2021 to €365.3 mn in 2022, due to a significantly higher absolute EBITDA. Contrary effects resulted from the increase in working capital, from €216.0 mn as at 31 December 2021 to €268.7 mn as at 31 December 2022.

The significant increase in our trade working capital is attributable to an increase in our inventories (€18.8 mn), an increase in our trade receivables (€9.6 mn) and the decrease of trade payables (€21.3 mn). For further details about the development of the single positions included in our trade working capital, please refer to section C "Net Asset Position".

TRADE WORKING CAPITAL

(in € thousands)

	2022	2021
Inventories	181,400	162,642
Trade receivables	177,095	167,537
Trade payables	-89,809	-111,113
Trade working capital [2]	**268,686**	**219,066**

(2) Trade working capital (not a German GAAP measure) is calculated as inventories plus trade receivables, minus trade payables.

Cash flows from investing activities

Cash flows from investing activities generally consist of cash outflows for investments in tangible and intangible fixed assets as well as cash inflows from the disposal of fixed assets and interest received concerning financial assets and cash in hand.

In 2022, our cash outflows from investing activities increased by €53.0 mn, from €-112.1 mn in 2021 to €-165.1 mn in 2022. They were mainly attributable to our corrugated board plant projects PW14 in Poland, PW15 in Germany, PW16 in Italy and PPO2 in Germany. As usual, several smaller investments in different plants as part of our continuous maintenance capital expenditures were also included. Additionally, the purchase of own bonds in the open market is included in this figure.

Free cash flow

We define free cash flow as cash flows from operating activities plus cash flows from investing activities. Free cash flow comprises the cash surplus or deficit after expenditure on investments and taxes, but before net cash used in/provided by financing activities, and before taking into account cash proceeds and payments relating to shareholders` equity and financial liabilities. The reasons for changes in the free cash flow are therefore the same as explained above. In 2022, our free cash flow increased by €156.4 mn, from €43.8 mn in 2021 to €200.2 mn in 2022.

Cash flows from financing activities

In 2022, cash flows from financing activities amounted to €135.1 mn of cash outflows, compared to €75.1 mn of cash outflows in 2021.

In the year ended 31 December 2022, we reported a cash outflow from financing activities of €135.1 mn, mainly as a result of (i) the €29.3 mn repayment of bonds and borrowings, which related to scheduled repayments of the EUR Facilities (€29.3 mn), (ii) €25.7 mn of interest paid comprising interest for our senior secured notes as well as bank loans and (iii) the payment of dividends in the amount of €80.1 mn.

In the year ended 31 December 2021, we reported a cash outflow from financing activities of €75.1 mn, mainly as a result of (i) proceeds of bonds and borrowings in the amount of €55.0 mn, containing €30 mn of bank loans in connection with our new corrugated board plant PW 14 in Stryków, Poland, and €25 mn of a bank loan from the special credit program launched in the summer of 2020 as a result of the coronavirus pandemic, as well as (ii) proceeds from grants received amounting to €16.6 mn in connection with the new paper machine PM3 in Sandersdorf-Brehna, Germany, and cash outflows for (i) the €117.4 mn repayment of bonds and borrowings, which related to scheduled repayments of the Senior Secured PLN Facilities (€14.9 mn), scheduled repayments of the EUR Facilities (€22.5 mn) and the early repayment of bank liabilities to finance PM3 (€30 mn) and the special credit program launched in the summer of 2020 as a result of the coronavirus pandemic (€50 mn) and (ii) €29.4 mn of interest paid containing interest for our senior secured notes as well as bank loans. No dividends were paid in the financial year 2021.

FINANCIAL LIABILITIES AND LEVERAGE

(in € thousands)

	2022	2021
Financial liabilities [3]	818,388	879,414
Cash in hand, bank balances	163,256	99,512
Net financial debt	655,132	779,903
LTM EBITDA	412,026	273,177
Leverage	**1.6**	**2.9**

(3) Financial liabilities are calculated as bonds plus bank loans plus accrued interests minus securities.

In 2022, our financial liabilities, including bonds (€600 mn), bank loans (€241.3 mn), accrued interest (€4.5 mn) minus other securities (€ 27.4 mn), decreased by €61.0 mn from €879.4 mn as at 31 December 2021 to €818.4 mn as at 31 December 2022. Due to regular repayments, liabilities to banks were reduced by approximately €33.6 mn. We further deduct the purchased own bonds from the financial liabilities.

Cash in hand, bank balances increased to €163.3 mn as at 31 December 2022 compared to €99.5 mn as at 31 December 2021.

As a result of the above-described developments, net financial debt, calculated as financial liabilities minus cash in hand, bank balances, decreased by €124.8 mn, from €779.9 mn as at 31 December 2021 to €655.1 mn as at 31 December 2022.

Our net leverage, calculated by dividing net financial debt by EBITDA for the last twelve months, decreased from 2.9 as at 31 December 2021 to 1.6 as at 31 December 2022.

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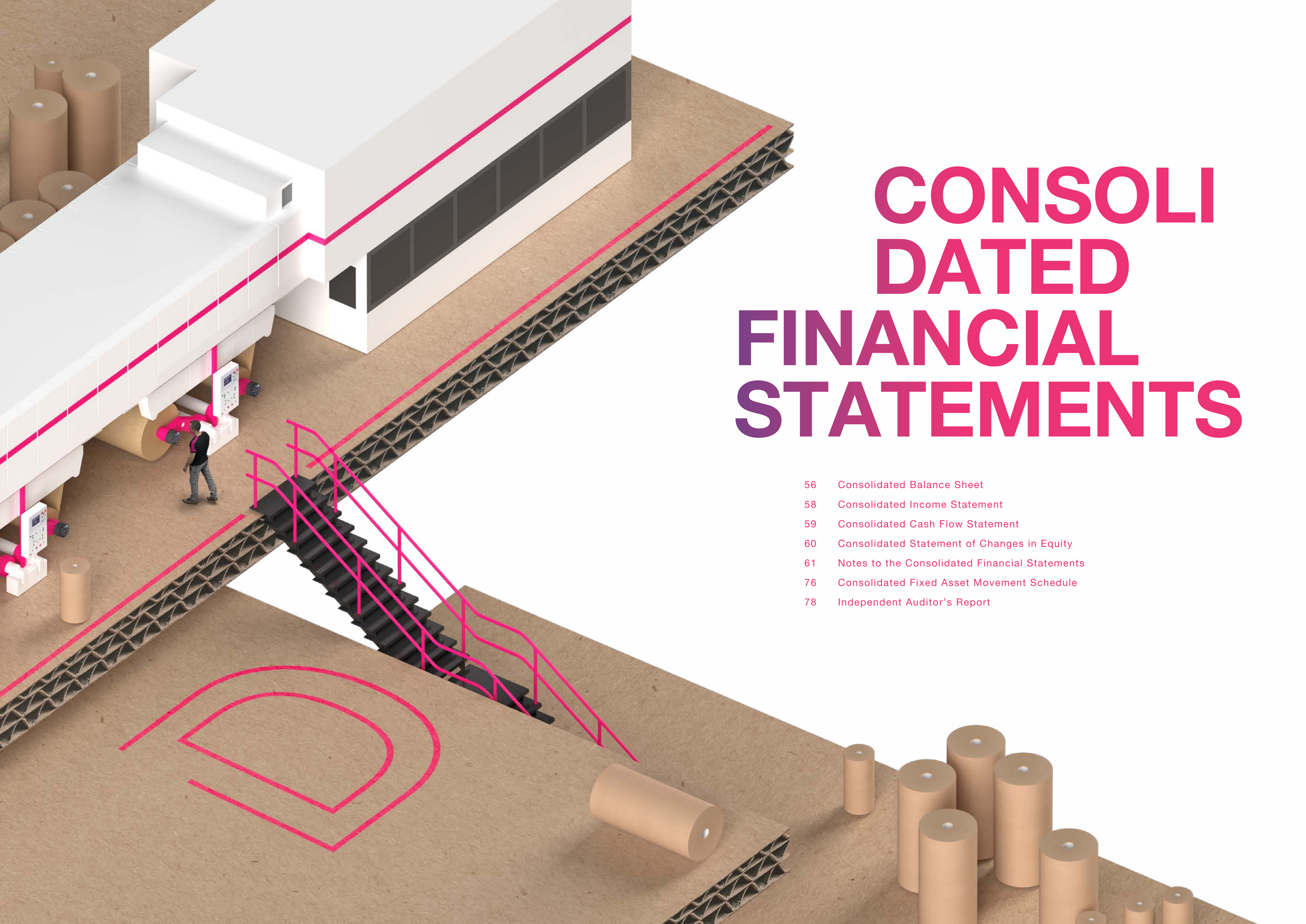

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

ASSETS

(in € thousands)

		31/12/2022	31/12/2021
A.	**Fixed assets**		
I.	**Intangible assets**		
1.	Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	26,190	10,623
2.	Prepayments on intangible assets	0	14,353
		26,190	**24,976**
II.	**Tangible assets**		
1.	Land and buildings including buildings on leasehold land	391,356	407,710
2.	Technical equipment and machinery	612,378	693,759
3.	Other equipment, factory and office equipment	17,450	19,174
4.	Prepayments and construction in process	164,515	74,651
		1,185,699	**1,195,294**
III.	**Financial assets**		
1.	Equity investments	**2**	**2**
		1,211,891	**1,220,272**
B.	**Current assets**		
I.	**Inventories**		
1.	Raw materials, consumables and supplies	103,292	96,943
2.	Work in process	67,996	53,480
3.	Finished goods	7,840	12,200
4.	Prepayments	2,272	20
		181,400	**162,642**
II.	**Receivables and other assets**		
1.	Trade receivables	177,095	167,537
2.	Receivables from affiliated companies	30	12
3.	Other assets	45,698	22,317
		222,823	**189,866**
III.	**Securities**		
1.	Other securities	27,432	0
IV.	**Cash in hand, bank balances**	**163,256**	**99,512**
		594,912	**452,019**
C.	**Prepaid expenses and deferred charges**	**7,131**	**10,200**
D.	**Excess of plan assets over post-employment benefit liability**	**56**	**0**
	Total assets	**1,813,990**	**1,682,491**

EQUITY AND LIABILITIES

(in € thousands)

		31/12/2022	31/12/2021
A.	**Shareholder´s equity**		
1.	Subscribed capital	7,588	7,588
2.	Capital reserve	75,414	75,414
3.	Revenue reserves	1,408	1,408
4.	Currency translation adjustment	-7,429	-5,922
5.	Consolidated net retained profits	570,295	452,421
		647,277	**530,910**
B.	**Investment grants for fixed assets**	**32,305**	**34,829**
C.	**Provisions**		
1.	Provisions for pensions	159	583
2.	Tax provisions	59,842	6,246
3.	Other provisions	102,838	85,232
		162,840	**92,062**
D.	**Liabilities**		
1.	Bonds	600,000	600,000
2.	Bank loans	241,320	274,914
3.	Trade payables	89,809	111,113
4.	Liabilities from affiliated companies	84	68
5.	Other liabilities	20,632	19,898
		951,845	**1,005,993**
E.	**Deferred income**	**1,445**	**1,575**
F.	**Deferred tax liabilities**	**18,279**	**17,123**
	Total equity and liabilities	**1,813,990**	**1,682,491**

CONSOLIDATED INCOME STATEMENT

(in € thousands)

		2022	2021
1.	Sales	1,759,195	1,356,971
2.	Increase/decrease in finished goods and work in process	10,157	32,170
3.	Other own work capitalised	3,964	1,815
4.	Other operating income	34,136	26,950
5.	Costs of materials		
a)	Costs of raw materials, consumables and supplies	-758,851	-669,906
b)	Costs of purchased services	-257,793	-155,786
		-1,016,645	-825,692
6.	Personnel expenses		
a)	Wages and salaries	-104,482	-91,982
b)	Social security and pensions	-17,563	-16,006
		-122,045	-107,988
7.	Amortisation and depreciation	-118,804	-110,467
a)	of fixed intangible and tangible assets	-114,592	-110,467
b)	exceptional write downs on current assets	-4,212	0
8.	Other operating expenses	-255,013	-209,414
9.	Other interest and similar income	2,723	95
10.	Depreciation on financial assets and of securities held as current assets	-928	0
11.	Interest and similar expenses	-28,642	-32,211
12.	Taxes on income	-68,430	-35,790
13.	**Earnings after taxes**	**199,668**	**96,437**
14.	Other taxes	-1,738	-1,669
15.	**Consolidated net income for the period**	**197,930**	**94,768**
16.	Consolidated unappropriated retained earnings brought forward	372,366	357,653
17.	**Consolidated net retained profits**	**570,295**	**452,421**

CONSOLIDATED CASH FLOW STATEMENT

(in € thousands)

		2022	2021
1.	**Cash flows from operating activities**		
	Consolidated net income for the period	197,930	94,768
	Amortisation and depreciation of fixed assets	118,804	110,467
	Increase (+)/decrease (-) in provisions	17,492	15,096
	Other non-cash expenses (+)/income (-)	-3,597	-1,749
	Increase (-)/decrease (+) in inventories, trade receivables and other assets [1]	-33,928	-124,017
	Increase (+)/decrease (-) in trade payables and other liabilities [1]	-11,775	21,948
	Interest expenses (+)/income (-)	25,919	32,117
	Expenses (+)/income (-) of exceptional size or incidence	14	35
	Income tax expenses (+)/income (-)	68,430	35,790
	Income taxes paid (-)	-13,988	-28,565
	Cash flows from operating activities	**365,301**	**155,890**
2.	**Cash flows from investing activities**		
	Proceeds (+) from disposal of intangible and tangible fixed assets	357	0
	Payments (-) to acquire intangible fixed assets	-5,729	-11,139
	Payments (-) to acquire tangible fixed assets	-133,297	-100,969
	Payments (-) to acquire financial fixed assets	0	-2
	Payments (-) to acquire financial assets as part of financial short-term planning	-28,360	0
	Interest received (+)	1,909	0
	Cash flows from investing activities	**-165,120**	**-112,110**
3.	**Cash flows from financing activities**		
	Proceeds (+) from the issuance of bonds and borrowings	0	55,000
	Cash repayments (-) of bonds and borrowings	-29,344	-117,353
	Proceeds (+) from grants received	0	16,613
	Interest paid (-)	-25,700	-29,391
	Dividends paid to shareholders of the parent entity (-)	-80,056	0
	Cash flows from financing activities	**-135,100**	**-75,131**
4.	**Cash funds at end of period**		
	Net change in cash funds	**65,081**	**-31,351**
	Effect on cash funds of exchange rate movements	-1,337	398
	Cash funds at beginning of period	99,512	130,465
	Cash funds at end of period	**163,256**	**99,512**
5.	**Composition of cash funds**		
	Cash and cash equivalents	163,256	99,512
	Cash funds at end of period	163,256	99,512

[1] not attributable to investing or financing activities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in € thousands)

	Subscribed capital	Capital reserve	Consolidated equity generated: Revenue reserves	Consolidated equity generated: Consolidated net retained profits [1]	Currency translation adjustment	Group equity
01 January 2021	**7,588**	**75,414**	**1,408**	**357,653**	**-6,530**	**435,534**
Distribution of profit	0	0	0	0	0	0
Consolidated net profit for the year	0	0	0	94,768	0	94,768
Other changes	0	0	0	0	608	608
31 December 2021	**7,588**	**75,414**	**1,408**	**452,421**	**-5,922**	**530,910**
01 January 2022	**7,588**	**75,414**	**1,408**	**452,421**	**-5,922**	**530,910**
Distribution of profit	0	0	0	-80,056	0	-80,056
Consolidated net profit for the year	0	0	0	197,930	0	197,930
Other changes	0	0	0	0	-1,507	-1,507
31 December 2022	**7,588**	**75,414**	**1,408**	**570,295**	**-7,429**	**647,277**

(1) The consolidated net retained profits are subject to a distribution block from the measurement of pension obligations in accordance with section 253 (6) HGB from the annual financial statements of Progroup AG in the amount of €0.1 mn (previous year: €0.1 mn).
As at December 31, 2022, €519.1 million (previous year: €441.2 million) is available for distribution to the shareholders from the annual financial statements of Progroup AG.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PROGROUP AG, Offenbach a. d. Queich,
Commercial Register Landau, HRB No. 2268

A. GENERAL INFORMATION

The consolidated financial statements of Progroup AG, comprising the consolidated balance sheet, consolidated income statement, notes to the consolidated financial statements, the consolidated cash flow statement and the consolidated statement of changes in equity, have been prepared in accordance with the applicable provisions of Parts One and Two of the Third Book of the Handelsgesetzbuch (HGB—German Commercial Code) and the supplementary provisions of the Aktiengesetz (AktG—German Stock Corporation Act). The previous year's figures are stated for comparative purposes.

In the interest of greater clarity and transparency, below-the-line items to be reported for consolidated balance sheet or consolidated income statement line items pursuant to the statutory provisions, as well as disclosures and below-the-line items which may be reported either in the consolidated balance sheet and consolidated income statement or in the notes to the consolidated financial statements have all been reported in the notes to the consolidated financial statements.

Insofar as individual consolidated balance sheet items and/or consolidated income statement items have been combined as part of the statutory regulations so as to provide better transparency, the composition of these line items is presented in the notes to the consolidated financial statements.

B. SIGNIFICANT BUSINESS TRANSACTIONS

I. Go-Live SAP S4/HANA

In the current financial year, Progroup AG continued to invest in the "Fit4Finance Transformation" project to implement the transition of the ERP system to SAP S/4 HANA. The SAP S/4 HANA software went live on 1 September 2022. Prepayments made for intangible fixed assets up until the go-live date were capitalised. The related cost amounted to a total of €19.2 mn. The software has an expected useful life of 5 years and is amortised on a straight-line basis. In the year under review, the recognised amortisation amounted to €1.3 mn. The remaining carrying amount as at 31 December 2022 was €17.9 mn.

II. Investments in a new Progroup Board plant in Germany

Construction work for the future PW15 corrugated sheetboard plant in Petersberg/Höheischweiler (Rhineland-Palatinate) was started in the financial year 2022. Operations at the new plant are expected to commence in the financial year 2024. The line item "Prepayments and construction in process" reported for Progroup Board GmbH includes an amount of approximately €29.7 mn resulting from construction activities in relation to PW15.

III. Investments in a new Progroup Board plant in Poland

Production was started at the new corrugated sheetboard plant PW14 at the beginning of January 2023. Construction works were not completed as of the balance sheet date, and acceptance remains outstanding. The line item “Prepayments and construction in process” of Progroup Board Sp.z.o.o. amounted to €76.6 mn as at the balance sheet date.

IV. Use of prior year net retained profits

On 24 May 2022, the general meeting of shareholders resolved to distribute to the shareholders from the net retained profits reported in the annual financial statements for the 2021 financial year in an amount of €411,271,140.56 a dividend of €10.55 (gross) per share entitled to dividends, i. e. a total amount of €80,055,889.80 (gross), and to carry forward to new account the remaining net retained of €331,215,250.76.

C. BASIS OF CONSOLIDATION

The subsidiaries included in the consolidated financial statements are presented in section F. III. 3 and 4 of the notes to the consolidated financial statements.

The scope of consolidation remains unchanged compared with 31 December 2021.

D. PRINCIPLES OF CONSOLIDATION

Acquisitions made until 31 December, 2009 continue to be accounted for in accordance with section 66(3) of the Einführungsgesetz zum Handelsgesetzbuch (EGHGB—Introductory Act to the German Commercial Code), using the carrying amount method under section 301(1) no. 1 of the HGB (former version) by eliminating the cost of the equity investments against the proportionate amount that these shares represent in the equity of the subsidiaries.

Acquisitions made after 31 December 2009 are accounted for in accordance with section 301(1) no. 1 of the HGB (as amended) using the purchase method. With this method, the acquisition cost of the investments is eliminated against the equity reflecting the fair value of the assets, liabilities, prepaid expenses and deferred income as well as special items to be included in the consolidated financial statements at the acquisition date.
Receivables and liabilities between consolidated companies have been eliminated, with receivables and liabilities of €1,623,466 thousand being eliminated outside profit or loss.

In the financial year 2022, intercompany profits from Progroup Paper PM1 GmbH’s, Progroup Paper PM2 GmbH’s and Progroup Paper PM3 GmbH’s paper deliveries to affiliated companies increased to €1,398 thousand; they were eliminated through profit or loss. Intragroup sales, intragroup other operating income and interest income have been eliminated against corresponding expenses, with expenses and income of €1,005,092 thousand having been eliminated.

Deferred taxes are generally recognised for consolidation adjustments recognised outside profit or loss as well as for consolidation adjustments recognised through profit or loss. In 2022, consolidation adjustments recognised through profit or loss related exclusively to the elimination of intercompany profits. Deferred tax assets of €1,991 thousand (previous year: €1,574 thousand) were recognised on eliminated intercompany profits of €6,675 thousand (previous year: €5,277 thousand).

E. SIGNIFICANT ACCOUNTING POLICIES

I. Disclosure of accounting policies applied

Intangible assets are measured at cost less amortisation. Amortisation is calculated on a straight-line basis over the standard useful lives. The intangible assets are amortised over a useful life of 3 to 10 years. To the extent that the fair values of individual intangible fixed assets fall below their carrying amounts, additional impairment losses are recorded in case of an expected permanent impairment.

Tangible fixed assets are measured at purchase and production cost less depreciation. Depreciation on additions to tangible fixed assets is generally recorded pro rata temporis. To the extent that the fair values of individual assets fall below their carrying amounts, additional impairment losses are recorded in case of an expected permanent impairment.

The purchase costs comprise expenses incurred to acquire an asset and to bring it to its working condition to the extent that such costs can be allocated individually to such asset. Production cost comprises, if applicable, direct material costs, direct labour costs and special costs of production, appropriate indirect material costs and indirect labour costs, general and administrative costs and expenses for social amenities, for voluntary social benefits and for occupational pensions. Borrowing costs have also been included in production cost to the extent that they were attributable to the period of production.

Depreciation is calculated on a straight-line basis over the standard useful lives. Buildings are depreciated over a useful life of 33 years, technical equipment and machinery over a useful life of 10–17 years, and other equipment, factory and office equipment over a useful life of 3–8 years.

Prepayments made are presented in the balance sheet at their nominal amount.

Financial assets are measured at cost or, in the event of an expected permanent impairment, at their lower fair value as at the balance sheet date.

Investment grants are reported separately at their nominal amount on the liabilities side under the special item “Investment grants for fixed assets” and are reversed in accordance with the useful lives of the fixed assets for which the grants were awarded.

Low-value assets costing up to €250.00 each are fully written off in the year of acquisition. Assets which are capable of being used independently and which cost between €250.00 and €1,000.00 are posted to a collective item in the year of acquisition; this collective item is reversed as a charge to profit or loss over 5 years.

Inventories are measured at cost, taking account of the lower of cost or market value. Appropriate valuation allowances are recorded for any identifiable risks resulting from above-average storage periods, reduced recoverability and/or lower replacement costs. In all cases, fair value measurement was applied, i. e. write-downs are recognised to the extent that the expected selling prices less costs incurred prior to disposal result in a lower fair value.

Raw materials, consumables and supplies
are measured at actual cost or, taking account of the principle of lower of cost or market value, at lower market values as at the reporting date. Replacement parts for machines are also recognised under raw materials, consumables and supplies. Appropriate valuation allowances are applied to inventories which are obsolete, second-hand, damaged or slow-moving. Lump-sum valuation allowances amounting to €11,016 thousand (previous year: €8,394 thousand) were applied to replacement parts which are obsolete, second-hand or slow-moving.

Work in process and finished goods are measured at production cost. Production cost comprises, if applicable, direct material costs, direct labour costs and special costs of production, appropriate and necessary indirect material costs, indirect labour costs, depreciation and amortisation of fixed assets that is attributable to the production process and general and administrative costs and costs of occupational pensions. Borrowing costs are not included in production cost.

Receivables and other assets are recognised at their principal amount or at their lower fair value as at the balance sheet date.

Appropriate valuation allowances are applied to receivables whose recoverability is associated with identifiable risks; irrecoverable receivables are written off in full.
To cover the general risk from trade receivables, a global valuation allowance of 1% is recognised on domestic and foreign receivables (net of value added tax) which are not subject to a specific valuation allowance.

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Securities held as current assets are recognised at cost or at their lower fair value as at the balance sheet date.

Cash in hand and bank balances are measured at their nominal amounts.

Payments before the balance sheet date are recognised as **prepaid expenses** to the extent that they represent an expense for a specific period of time after this date.

The **excess of plan assets over post-employment benefit liability** is measured at nominal value.

Subscribed capital is recognised at its calculated amount.

Provisions are recognised at the settlement amount dictated by prudent business judgement. Provisions are recognised for liabilities of uncertain timing and/or amount as well as for losses from onerous contracts. All risks arising up to the balance sheet date and identifiable up to the date of the preparation of the financial statements have been taken into account. Provisions with a remaining term of more than one year have to be discounted using the average market interest rate of the last seven years applicable for their remaining term, while pension provisions are discounted using the average market interest rate of the past ten years.

Liabilities are carried at their settlement amount.

Payments received before the reporting date are recognised as **deferred income** to the extent that they represent income for a specific time period after this date.

Deferred tax liabilities are recognised at their calculated amount. For further explanations, please refer to Chapter F.

II. Changes in accounting policies applied

In the financial year 2022, after an analysis of the expense accounts, production-related maintenance expenses in the amount of €2,721 thousand were reclassified from other operating expenses to costs of materials (comparative period 1 January – 31 December 2021: €935 thousand).

III. Currency translation disclosures

Receivables, other assets, cash and cash equivalents and provisions and liabilities denominated in foreign currencies are translated during the year into euros. Measurement as at the balance sheet date is at the average spot exchange rate on 31 December 2022, with the principle of lower of cost or market value, or higher settlement amount, as appropriate, being taken into account for receivables and liabilities with a maturity of over one year in accordance with section 256a of the HGB.

Foreign exchange gains or losses arising from currency translation are recognised in other operating income or expenses.

Translation of foreign subsidiary annual financial statements is carried out using the modified closing rate method in accordance with section 308a HGB.

Currency translation differences from the consolidation of intercompany balances are recognised directly in currency translation adjustments in equity.

F. DISCLOSURES AND EXPLANATIONS ON INDIVIDUAL LINE ITEMS IN THE CONSOLIDATED BALANCE SHEET AND CONSOLIDATED INCOME STATEMENT

The financial year of all companies included in the consolidated financial statements corresponds to the calendar year.

I. Consolidated balance sheet

1. Fixed assets

In connection with the acquisition of Progroup Power 1 GmbH in 2015 and related revaluation of acquired fixed assets in correspondence with the capital consolidation, an operating license at acquisition cost of €23,894 thousand has been acquired. Subsequently, the operating license has been amortised since 2015 over a remaining useful life of 10 years. As at the balance sheet date, the residual carrying amount is €7,221 thousand with a remaining term of 3 years.

The classification and movement in the financial year of the fixed asset accounts recognised in the consolidated financial statements are separately presented as an appendix to the notes to the financial statements in the fixed asset movement schedule.

The value of construction in process as at 31 December 2022 is €164.5 mn (previous year: €74.7 mn), mainly resulting from the Progroup Board plant in Strykow, Poland, as well as the Progroup Board plant in Petersberg (Rhineland-Palatinate), Germany.

The line item “Prepayments and construction in process” includes disposals in the amount of €18.2 mn as at the balance sheet date. An amount of €16.6 mn is attributable to the Italian subsidiary and results from the reclassification in the balance sheet from fixed assets to current assets.

2. Receivables and other assets

As in the previous year, receivables and other assets do not include receivables due in more than one year.

Receivables from affiliated companies of €30 thousand (previous year: €12 thousand) include receivables from shareholders in the amount of €18 thousand (previous year: €12 thousand). As in the previous year, the full amount of receivables from affiliated companies and receivables from shareholders refers to sales and services.

Furthermore, other assets include input tax refund claims in an amount of €112 thousand (previous year: €268 thousand), which in accordance with tax law provisions come into existence only after the balance sheet date.

3. Securities held as current assets

The line item “Securities” includes repurchased own bonds in a nominal amount of €32 mn; the related carrying amount as at 31 December 2022 is €27,432 thousand.

4. Prepaid expenses and deferred charges

Prepaid expenses and deferred charges for the financial year total €7,131 thousand (previous year: €10,200 thousand).

As a result of the pledging of shares of the shareholders, these shareholders were granted a liability compensation. This liability compensation is reported as prepaid expenses in the financial statements of Progroup AG and is reversed rateably over the term of the financings. The amount deferred as at the reporting date amounts to €6,024 thousand (previous year: €8,645 thousand).

5. Subscribed capital

The share capital of the parent company is €7,588,236.00 and is divided into 7,588,236 no-par value shares with a calculated amount of subscribed capital of one euro each.

Distribution potential is based on the annual financial statements of Progroup AG. The articles of association do not contain any restrictions on distributions. There is a restriction on distributions pursuant to section 253(6) of the HGB in connection with the measurement of pension obligations in the amount of €72 thousand (previous year: €119 thousand).

6. Investment grants for fixed assets

Investment grants as well as redemption subsidies for fixed assets are reported as a special reserve and are reversed on a pro rata basis in accordance with the useful lives of the fixed assets for which the grants were awarded.

7. Pension provisions

Pension provisions are measured in accordance with the PUC method using Prof. Dr. Klaus Heubeck’s 2018 G mortality tables. The provisions were discounted at the market interest rate of the preceding ten years published by Deutsche Bundesbank (10-year average interest rate) assuming that all liabilities have a remaining maturity of 15 years (section 253(2) sent. 2 of the HGB).

In accordance with Accounting Practice Statement RH FAB 1.021, newly adopted by the Institute of Public Auditors in Germany (IDW), direct pension commitments and reinsurance policies entered into to finance pension claims have to be recorded using matching measurement bases. The new rules provide for a comparison of expected cash flows from the direct pension commitment and the related reinsurance policies. Accordingly, so-called "matching components" of the obligation and the reinsurance cover are recognised, in principle, at identical amounts on both the asset and the liability side of the balance sheet. The new rules are required to be applied for annual financial statements for periods ended on or after 31 December 2022. If the amount of the liability item is used as the measurement basis for the matching component, recognition is based on the required settlement amount in accordance with section 253 of the HGB.

Measurement of pension provisions is based on the following assumptions:

- Pension increase: 2.00 % (unchanged from 2021)
- Salary increase: 0% (unchanged from 2021)
- Interest rate (10-year average): 1.78 %
- Interest rate (7-year average): 1.43 %

Pension obligations for which provisions were required to be recognised amounted to €1,610 thousand as at the balance sheet date (10-year average rate). These obligations are offset against assets that serve exclusively to settle liabilities from post-employment benefit obligations and are exempt from attachment by third parties (so-called plan assets). A pledged pension liability insurance policy was classified as a plan asset. Plan assets that serve a specific purpose, have been pledged and are protected against insolvency were measured based on information from the insurer as at 31 December 2022 at the asset value (€1,666 thousand; this corresponds to the fair value). The balance remaining after offsetting against the carrying amount of the pension provision (€56 thousand) is reported on the assets side under "Excess of plan assets over post-employment benefit liability". Effect on profit in 2022:

- Interest expense from pension provision: €31 thousand
- Interest income from plan assets: €33 thousand

The balance of interest expenses from the measurement of the pension provision (including the effect from changes in interest) and interest income from the measurement of the plan assets was reported in the financial result. For the financial year, the balance between the measurement of the pension provision with the 7-year average interest rate and the 10-year average interest rate amounts to €72 thousand and is subject to a distribution restriction.

In addition, there are pension obligations within Progroup Board S.A.S, Douvrin, France, in the amount of approximately €159 thousand as at the balance sheet date.

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TAX PROVISIONS

(in € thousands)

Tax provisions	2022	2021
Corporate income tax	31,635	3,747
Trade tax	27,211	2,469
Other tax	996	30
	59,842	**6,246**

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OTHER PROVISIONS

(in € thousands)

Provision for	2022	2021
Outstanding invoices	62,728	46,664
Personnel expenses (bonuses, awards, special payments, severance payments, holiday obligations, overtime, anniversary payments)	18,748	19,514
Customer bonuses still to be granted	14,544	13,130
Costs of preparing the annual financial statements, legal and consulting costs, storage	2,806	2,316
Maintenance not undertaken, expected to be undertaken in the first quarter of the following year	2,651	2,439
Berufsgenossenschaft (Employer's Liability Insurance Association), Schwerbehindertenabgabe (levy for not employing disabled persons)	1,361	1,169
	102,838	**85,232**

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LIABILITIES

(in € thousands)

	Remaining Term				
	less than 1 year	more than 1 year	thereof more than 5 years	Total	thereof secured
Notes	0	600,000	0	600,000	600,000
Previous year	0	600,000	0	600,000	600,000
Bank loans	31,413	209,907	17,438	241,320	241,320
Previous year	30,312	244,602	40,577	274,914	274,914
Trade payables	89,809	0	0	89,809	0
Previous year	111,113	0	0	111,113	0
Liabilities to affiliated companies	84	0	0	84	0
Previous year	68	0	0	68	0
Other liabilities	20,632	0	0	20,632	4,500
Previous year	19,898	0	0	19,898	4,500
Total liabilities	**141,938**	**809,907**	**17,438**	**951,845**	**845,820**
Previous year	161,391	844,602	40,577	1,005,993	879,414

Liabilities to affiliated companies include trade payables to shareholders in the amount of €60 thousand (previous year: €68 thousand) and liabilities to shareholders arising from other liabilities in the amount of €13 thousand (previous year: €0 thousand). The full amount of other liabilities to affiliated companies refers to sales and services.

€9,972 thousand of other liabilities was attributable to tax liabilities (previous year: €8,733 thousand) and €810 thousand to social security liabilities (previous year: €689 thousand).

Of the liabilities reported, a total of €845,820 thousand is mainly secured as follows:

- Pledges of shares in Progroup AG and company shares in its main subsidiaries included in the consolidated financial statements of Progroup AG (Progroup Board GmbH, Progroup Paper PM1 GmbH, Progroup Paper PM2 GmbH, Progroup Paper PM3 GmbH, Progroup Power 1 GmbH, Progroup Logistics GmbH, Progroup Board sp. z o.o., Progroup Board s.r.o., Progroup Board S.A.S, Progroup Board Ltd.)

- Pledging of bank deposits of Progroup AG in Germany

- Real estate liens (i. e. land charges or mortgages) on substantial land and buildings of Progroup Board GmbH, Progroup Paper PM1 GmbH, Progroup Paper PM2 GmbH, Progroup Paper PM3 GmbH, Progroup Power 1 GmbH, Progroup Board sp. z o.o., and Progroup Board s.r.o.

- Assignment by way of security/pledge of technical equipment and machinery as well as other office equipment of Progroup Board GmbH, Progroup Paper PM1 GmbH, Progroup Paper PM2 GmbH, Progroup Paper PM3 GmbH, Progroup Power 1 GmbH, Progroup Board sp. z o.o., Progroup Board s.r.o. and Progroup Board Ltd.

In addition to the issuance of the note (amount as at 31 December 2022 €600 mn), there is a revolving credit facility in the amount of €50 mn granted by a syndicate of banks (Super Senior Revolving Credit Facility). As at 31 December 2022, the revolving credit facility was not utilised by the company or any of its subsidiaries.

The note, the Super Senior Revolving Credit Facility and the bank loans are secured pari passu as mentioned above. In an Intercreditor Agreement, the creditors under the Super Senior Revolving Credit Facility were granted priority satisfaction from possible proceeds of sale.

Trade payables are secured under the customary retention of title.

Moreover, as at 31 December 2022, there is a loan from Goldman Sachs Bank USA in the amount of GBP 70 mn, which is fully utilised by Progroup Board Ltd. As at 31 December 2022, Progroup AG utilised a loan in the amount of €22.5 mn from IKB Deutsche Industriebank AG, a loan in the amount of €26.2 mn from Landesbank Baden-Württemberg, a loan in the amount of €24.4 mn from Erste Group Bank AG, and a loan in the amount of €13.0 mn from Landesbank Saar.

Progroup Paper PM3 GmbH took has one loan from Landesbank Saar (balance as at 31 December 2022: €14.0 mn), one loan from IKB Deutsche Industriebank AG (balance as at 31 December 2022: €14.0 mn) and three loans from Commerzbank AG (balance as at 31 December 2022: €48.2 mn).

11. Deferred income

As at 31 December 2022, this item amounts to €1,445 thousand (previous year: €1,575 thousand), mainly comprising the difference between the settlement value and the payment amount of the note issued in 2019, which is released as adjustment to interest expenses through profit or loss over the term of the note until 2026. This figure was €1,199 thousand (previous year: €1,530 thousand) as at the balance sheet date.

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DEFERRED TAXES

(in € thousands)

Balance sheet account	Deferred tax assets 31/12/2021	Deferred tax assets 31/12/2022	Deferred tax liabilities 31/12/2021	Deferred tax liabilities 31/12/2022
Tax loss carryforwards/eligible interest carried forward	4,220	6,516	0	0
Elimination of intercompany profits	1,574	1,991	0	0
Assets				
Intangible fixed assets	0	0	2,779	7,387
Tangible fixed assets/financial assets	5,725	6,460	26,078	28,001
Inventories, receivables and other assets	302	1,923	251	184
Liabilities				
Provisions	164	403	0	0
Liabilities	0	0	0	0
Total deferred tax (gross)	**11,985**	**17,293**	**29,108**	**35,572**
Deferred tax disclosed (net and rounded)	**0**	**0**	**17,123**	**18,279**

To determine deferred taxes based on temporary differences between the financial statement carrying amounts for assets, liabilities, prepaid expenses and deferred charges and deferred income, and their tax bases, or based on tax loss carryforwards and interest carried forward, the amounts of the resulting tax liability and benefit were measured at the individual companies' tax rates (19% – 29.83%) at the point in time when the differences are reversed; they were not discounted. Deferred tax assets relating to loss carryforwards were taken into account if it was probable that the loss would be offset within the next five years. Today's assessment may change in accordance with the companies' income positions and tax legislation in future years and may require to be adjusted. In addition, deferred tax assets were recognised in financial year 2022 on consolidation adjustments for the elimination of intercompany profits in accordance with section 306 HGB as well as deferred tax liabilities from initial consolidation of Progroup Power 1 GmbH acquired in 2015.

Deferred tax assets on tax loss carryforwards of €6,516 thousand (previous year: €4,220 thousand) were fully recognised because the underlying tax planning confirms that the amounts recognised can actually be utilised to reduce tax liabilities in the next 5 years. Eligible interest carried forward from the German earnings stripping rule or from other comparable rules in foreign countries did not exist as at the balance sheet date. Deferred tax assets and deferred tax liabilities are reported net.

II. Consolidated income statement

The consolidated income statement has been prepared under the total cost (nature of expense) method.

1. Sales

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SALES BREAKDOWN BY COUNTRY OF DESTINATION

(in € thousands)

		2022	2021
Domestic	Corrugated sheetboard	530,966	417,896
	Containerboard	51,710	66,167
	Other	63,029	37,142
Other European countries	Corrugated sheetboard	941,665	725,326
	Containerboard	167,854	105,770
	Other	3,971	4,670
Total		1,759,195	1,356,971

The previous year's figures were adjusted.

2. Own work capitalised
Own work capitalised in the amount of €3,964 thousand (previous year: €1,815 thousand) in the financial year mainly refers to the construction of the Strykow plant (Progroup Board SP. Z o.o.).

3. Other operating income
This item includes income from the proportionate reversal of investment grants and allowances for fixed assets amounting to €2,524 thousand (previous year: €2,994 thousand).

Other operating income also includes prior-period income of €25,292 thousand (previous year: €13,620 thousand). This mainly comprises income from the reversal of provisions in the amount of €9,190 thousand (previous year: €3,416 thousand) as well as income and compensation in connection with the electricity price refund for the previous year amounting to €12,214 thousand (previous year: €7,908 thousand). Moreover, revenue arose from the decrease of loss allowances for receivables in the amount of €210 thousand (previous year: €336 thousand). Furthermore, insurance recovery income was incurred in the amount of €192 thousand (previous year: €187 thousand).

In addition, income from currency translation amounting to €5,151 thousand (previous year: €9,344 thousand) are recognised in other operating income.

4. Cost of materials
The costs of materials for the financial year increased to €1,016,645 thousand (previous year: €825,692 thousand).

5. Personnel expenses
The personnel expenses for the financial year total €122,045 thousand (previous year: €107,988 thousand). They include expenses for pensions amounting to €–519 thousand in the financial year (previous year: €–4 thousand), mainly resulting from the recognition of the changes in the asset value in the amount of €441 thousand in line with the expert opinion concerning pensions.

6. Amortisation and depreciation
This item includes amortisation of intangible fixed assets and depreciation of tangible fixed assets amounting to €114,592 thousand (previous year: €110,467 thousand).
In the financial year 2022, write-downs on current assets amounted to €4,212 thousand as a result of the impairment of receivables.

7. Other operating expenses
This item includes prior-period expenses amounting to €1,661 thousand (previous year: €2,464 thousand), mainly referring to additions to provisions that affect previous financial years. Furthermore, the item contains rental and leasing expenses of €11,935 thousand (previous year: €10,708 thousand) as well as expenses from currency translation of €5,697 thousand (previous year: €7,534 thousand).

8. Other interest and similar income
This item in an amount of €2,723 thousand (previous year: €95 thousand) mainly includes interest received on credit balances held at banks as well as from bonds and notes. It does not include income from the discounting of provisions.

9. Interest and similar expenses
Overall, the amount of interest paid in the financial year 2022 was €25,700 thousand (previous year: €29,391 thousand).

The expenses from discount unwinding of discounted pension provisions amounted to €31 thousand in 2022 (previous year: €38 thousand).

Interest includes expenses similar to interest due to shareholders in an amount of €2,405 thousand (previous year: €2,589 thousand).

Interest expenses resulting from the financing of the note in the financial year amounted to €17,639 thousand (previous year: €17,639 thousand). Moreover, expenses similar to interest from commitment fees were incurred in the reporting year in the amount of €963 thousand (previous year: €1,634 thousand).

10. Taxes on income
This item mainly includes trade tax and corporate income tax expense for the current financial year in the amount of €66,956 thousand (previous year: €22,475 thousand) and refunds from taxes on income for previous years in the amount of €–57 thousand (previous year: €–109 thousand). It also includes expenses arising from the adjustment of deferred taxes in the amount of €1,156 thousand (previous year: €13,147 thousand). In the financial year 2022, the total amount of tax paid was €13,988 thousand (financial year: €28,565 thousand).

III. Other disclosures

1. Contingent liabilities, off-balance sheet transactions and other financial commitments
The bonds outstanding on the balance sheet date and the Super Senior Revolving Credit Facility, which can also be utilised by subsidiaries of Progroup AG, as well as of all bank loans existing within the Progroup Group are secured by pledging all shares in Progroup AG and the company shares in its main subsidiaries, by pledging the bank deposits of the parent company, by assigning tangible fixed assets of the subsidiaries and by granting real estate liens. Furthermore, certain covenants apply with regard to the loans and/or bonds.

The notes, the Super Senior Revolving Credit Facility as well as any bank loans of the Progroup Group are secured pari passu as mentioned above. However, in an Intercreditor Agreement, the creditors under the Super Senior Revolving Credit Facility were granted a priority satisfaction from any proceeds from realisation.

Furthermore, the parent company has provided letters of comfort and guarantees for a total amount

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of €55,748 thousand to various suppliers of subsidiaries. The parent company also has assumed joint and several co-liability vis-à-vis CommerzFactoring GmbH for obligations of Progroup Board GmbH from a forfaiting framework agreement.

The risk of enforcement should be regarded as low as none of the affiliates have a strained liquidity position.

The companies lease forklifts and trucks under operating lease agreements so that these assets are not recognised in the companies' financial statements. As at 31 December 2022, the remaining obligations from the lease agreements for forklifts, trucks and passenger cars of Progroup AG for the following years amounted to €21,822 thousand. In addition, there were rental and lease agreements for movable assets as well as for the rental of factory buildings and areas as at the balance sheet date. As at 31 December 2022, the remaining obligations from these rental/lease agreements for subsequent years were €11,373 thousand (nominal amount). The advantage of these agreements is that a lower amount of capital is tied up in the beginning than compared to a purchase and there is an absence of realisation risk. Risks could arise from the lease agreement periods if the assets can no longer be fully utilised, although there are currently no indications of this.

As at the balance sheet date, there were steam supply contracts in place for the reliable supply of energy at fixed prices which did not lead, however, to a recognition of a provision for contingent losses. These agreements have terms of up to 2 years (31 December 2024).

Due to specific contractual agreements entered into as at the balance sheet date, total obligations for the following year 2023 amount to €159,153 thousand (previous year: €72,750 thousand).

In addition, as at the balance sheet date, there were contractual purchase commitments for waste paper and corrugated board base paper supplies; respective commitments are €47,854 thousand (previous year: €58,639 thousand). Furthermore, there are outstanding purchase commitments for other services in the amount of €53,028 thousand (previous year: €108,150 thousand).

2. Employees

The average number of employees during the financial year changed as follows:

02 **EMPLOYEES**

	2022	2021
Salaried employees	506	417
Wage earners	1,117	1,038
Total	**1,623**	**1,454**

The disclosure only includes employees of consolidated companies.

03 **LIST OF COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS**

Consolidated companies

(in %)	Percentage shareholding as at 31/12/2022
Progroup Paper PM1 GmbH, Burg, Germany	100.00
Progroup Paper PM2 GmbH, Eisenhüttenstadt, Germany [1]	100.00
Progroup Paper PM3 GmbH, Burg, Germany [1]	100.00
Progroup Logistics GmbH, Burg, Germany	100.00
Progroup Power 1 GmbH, Eisenhüttenstadt, Germany	100.00
Progroup Power 2 GmbH, Burg, Germany	100.00
Progroup Board GmbH, Offenbach a. d. Queich, Germany	100.00
Progroup Board s.r.o., Rokycany, Czech Republic [1]	100.00
Progroup Board Sp. z o.o., Stryków, Poland [1]	100.00
Progroup Board Limited, Ellesmere Port, England [1]	100.00
Progroup Board S.A.S., Douvrin, France [1]	100.00
Progroup Board s.r.l. Milan, Italy [1]	100.00
Progroup Board Kft., Budapest, Hungary [1]	100.00
Prowell Verwaltungs GmbH, Offenbach a. d. Queich, Germany	100.00

(1) indirect equity interest

4. Parent company
The holding company of the largest and, at the same time, smallest consolidation group is JH-Holding GmbH, Neustadt a. d. Weinstrasse, Germany. The consolidated financial statements of JH-Holding GmbH are submitted to the operator of the Bundesanzeiger (Federal Gazette) for publication.

5. Subsidiaries
Progroup Paper PM1 GmbH, Burg, Progroup Paper PM2 GmbH, Eisenhüttenstadt, Progroup Power 1 GmbH, Eisenhüttenstadt, Progroup Board GmbH, Offenbach a. d. Queich, Progroup Power 2 GmbH, Burg, Progroup Paper PM3 GmbH, Burg, as well as Progroup Logistics GmbH, Burg, will make use of the exemption pursuant to section 264 (3) of the HGB for the financial year 2022 within the context of the preparation of notes and the management report, and of the disclosure.

6. Emission allowances
At the balance sheet date, the Group held 893,218 CO2 emission allowances (allocation for 2022: 134,535 CO2 emission allowances). These were acquired free of charge as part of a public allocation. The allowances are recognised at their reminder value. The quoted market price as at the balance sheet date was approximately €80.76 per certificate (previous year: approximately €79.61 per certificate). The fair value of the allowances recognised at a carrying amount of €0 thousand therefore amounted to around €72.1 mn (previous year: €74.2 mn).

7. Cash flow statement
The cash flow statement has been prepared in accordance with the provisions of DRS 21 (German Accounting Standard—GAS 21) using the indirect method. Cash funds have been exclusively defined as cash and cash equivalents.

8. Proposal for the appropriation of profits
The Management Board of Progroup AG proposes to distribute to the shareholders from the net retained profits reported in the annual financial statements for the 2022 financial year in an amount of €519,147,110.55 a dividend of €0.66 (gross) per share entitled to dividends, i. e. a total amount of €5,008,235.76 (gross), and to carry forward to new account the remaining net retained profit of €514,138,874.79.

9. Management Board
The following were members of the Management Board in the financial year:

Jürgen Heindl, Dipl.Wirt.Ing., Neustadt a. d. Weinstrasse, Germany (Chairman of the Management Board), until 31 December 2022

Maximilian Heindl, Dipl.Wirt.Ing., Neustadt a. d. Weinstrasse, Germany (CDO – Chief Development Officer, Chairman of the Management Board since 1 January 2023)

Dr. Volker Metz, Dipl.Kfm., Hochdorf-Assenheim, Germany (CFO – Chief Financial Officer)

Philipp Kosloh, Dipl.Ing., Speyer am Rhein, Germany (COO – Chief Operating Officer), until 2 May 2022

10. Supervisory Board
The Supervisory Board was composed of as follows during the financial year:

Rainer Dietmann, Lawyer, Partner of Rittershaus Rechtsanwälte Partnerschaftsgesellschaft mbB, Mannheim, Germany (Chairman)

Jürgen Heindl, Dipl.-Wirt.-Ing. (Deputy Chairman), since 1 January 2023

Prof. Dr. Rudolf Wimmer, Vice President of Witten/Herdecke University, Vienna, Austria (Vice Chairman until 31 December 2022, ordinary member of the Supervisory Board since then)

Christian Buchel, member of the Management Board of Enedis SA, Paris, France

11. Total remuneration
The Management Board's total remuneration in the financial year for exercising its responsibilities in the holding company and the subsidiaries was €8,527 thousand (2021: €10,816 thousand).

Supervisory Board remuneration in the year under review amounted to €120 thousand (previous year: €121 thousand).

12. Auditors' fees
The group auditor's fees recognised as an expense in the financial year amounted to €320 thousand (previous year: €258 thousand) for audit services and €50 thousand (previous year: €42 thousand) for other assurance services. Furthermore, expenses for voluntary assurance services amounted to €142 thousand (previous year: €42 thousand).

IV. Report on subsequent events

No operating or structural changes or business matters have occurred after the balance sheet date that have a material effect on the net assets, financial position and results of operations of Progroup AG.

Offenbach a. d. Queich, Germany, 31 March 2023

Management Board

Maximilian Heindl
Chief Executive Officer

Dr. Volker Metz
Chief Financial Officer

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CONSOLIDATED FIXED ASSET MOVEMENT SCHEDULE

APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Fixed Asset Movement Schedule for 2022 [1]

(in € thousands)	Acquisition or manufacturing cost						Amortisation/depreciation					Net book values	
	01/01/2022	Exchange differences	Additions	Disposals	Retransfers	31/12/2022	01/01/2022	Exchange differences	Additions	Disposals	31/12/2022	31/12/2022	31/12/2021
A. Fixed assets													
I. Intangible assets													
1. Purchased concessions, industrial property and similar rights and assets, and licenses in such rights and assets	33,930	-66	5,729	0	14,392	53,985	23,307	2	4,485	0	27,795	26,190	10,623
2. Prepayments on intangible assets	14,353	0	0	368	-13,985	0	0	0	0	0	0	0	14,353
	48,283	-66	5,729	368	408	53,985	23,307	2	4,485	0	27,795	26,190	24,976
II. Tangible assets													
1. Land and buildings including buildings on leasehold land	567,184	-2,827	3,588	542	71	567,474	159,474	-1	16,645	0	176,118	391,356	407,710
2. Technical equipment and machinery	1,369,798	-2,539	6,416	85	1,647	1,375,238	676,038	-459	87,281	0	762,860	612,378	693,759
3. Other equipment, factory and office equipment	42,368	-108	2,211	0	81	44,552	23,194	-28	3,936	0	27,102	17,450	19,174
4. Prepayments and construction in process	76,239	-3,143	111,859	18,233	-2,207	164,515	1,588	0	2,245	3,833	0	164,515	74,651
	2,055,588	-8,617	124,074	18,859	-408	2,151,779	860,295	-488	110,107	3,833	966,080	1,185,699	1,195,294
III. Financial assets													
1. Other loans	2	0	0	0	0	2	0	0	0	0	0	2	2
	2,103,874	**-8,683**	**129,803**	**19,228**	**0**	**2,205,766**	**883,602**	**-486**	**114,592**	**3,833**	**993,875**	**1,211,891**	**1,220,272**

[1] Certain numerical figures included in the consolidated fixed asset movement schedule have been rounded. Discrepancies between totals and the sums of the amounts listed may occur due to such rounding.

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INDEPENDENT AUDITOR'S REPORT

To Progroup AG, Offenbach/Queich, Germany

Audit Opinions

We have audited the consolidated financial statements of Progroup AG, Offenbach/Queich, Germany, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the financial year from 1 January to 31 December 2022, and the notes to the consolidated financial statements, including the presentation of the recognition and measurement policies. In addition, we have audited the group management report of Progroup AG for the financial year from 1 January to 31 December 2022.

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 requirements of German commercial law and give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2022 and of its financial performance for the financial year from 1 January to 31 December 2022 in compliance with German Legally Required Accounting Principles, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [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 of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (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 Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other Information

The executive directors are responsible for the other information.

The annual report is expected to be made available to us after the date of the auditor's report.

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

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

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or

- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the requirements of German commercial law, and 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 German Legally Required Accounting Principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are 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, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the group 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

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and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group 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 group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group 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 group 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 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 audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB 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 group management report.

We exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group 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 audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

- 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 the executive directors' 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 group management report or, if such disclosures are inadequate, to modify our respective audit 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 overall presentation, structure and content of the consolidated financial statements, 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 German Legally Required Accounting Principles.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group 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 the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors 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 audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

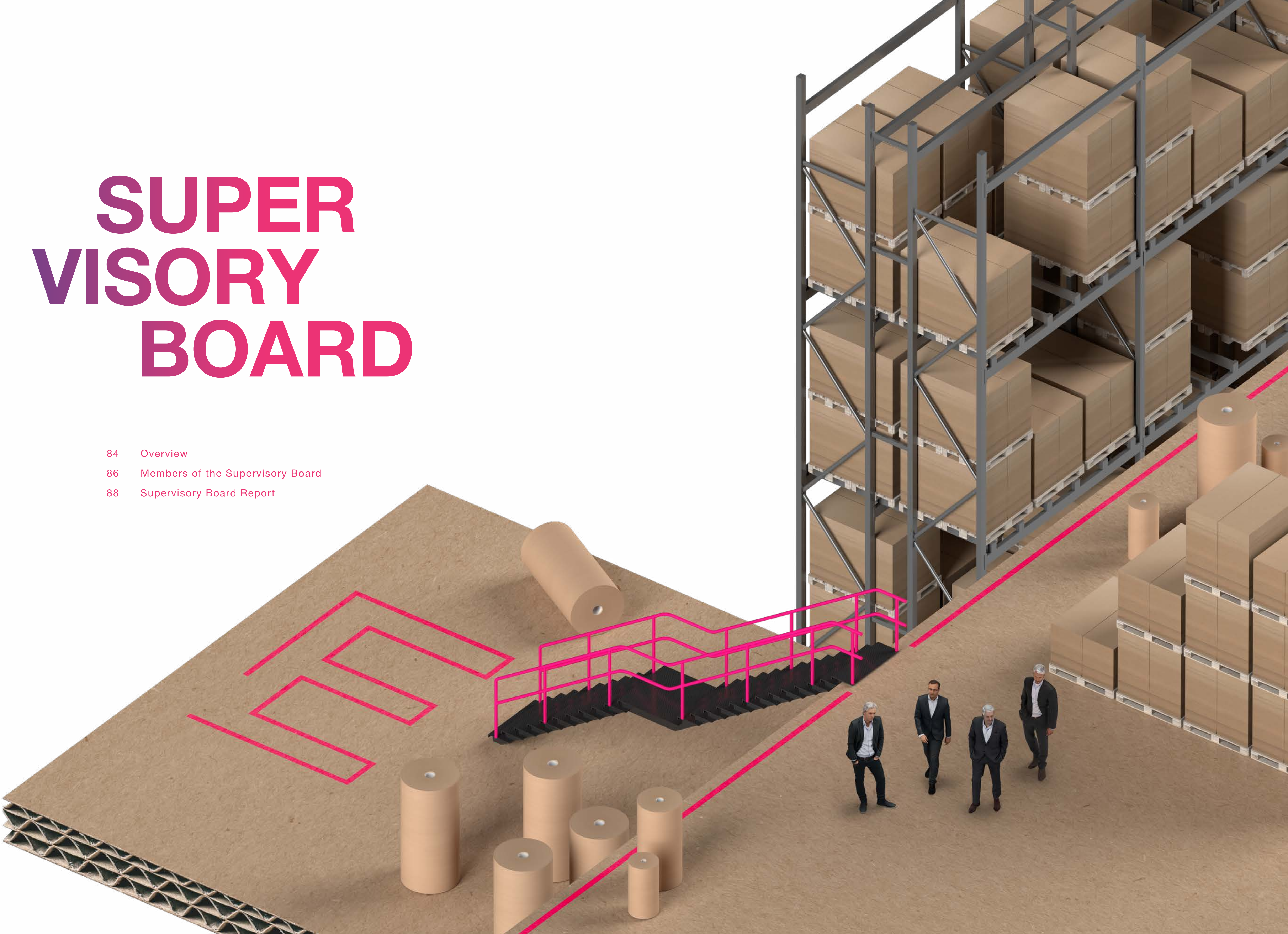
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mannheim, 5 April 2023

PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft

Dr. Ralf Worster (German Public Auditor)	ppa. Stefan Sigmann (German Public Auditor)

SUPER VISORY BOARD



OVERVIEW

The Supervisory Board currently consists of four members. By resolution of the Extraordinary General Meeting on 17 November 2022, the Articles of Association of Progroup AG were amended with the effect that the Supervisory Board shall consist of a minimum of three and a maximum of five members.

The members are elected by the Issuer's shareholders at the general shareholders' meeting by a simple majority of the votes cast. The Supervisory Board members elect one of the members as Chairman (Vorsitzender) and another one as Vice Chairman (Stellvertreter) by a simple majority of the votes cast.

Unless the general shareholder's meeting elects the member for a shorter period, the term of a member of the Supervisory Board elected by the shareholders generally expires at the end of the shareholders' meeting which formally approves the actions of the Supervisory Board's members for the fourth full financial year following their (re-)election.

If a member of the Supervisory Board retires or is removed from office prior to the end of its term of office, the substitute member's term of office expires at the end of the term of the resigning or removed board member, unless the general shareholders' meeting decides otherwise. There is no compulsory retirement age for the members of the Supervisory Board.

As at 1 January 2023, the actual number of Supervisory Board members were increased from three to four, as Jürgen Heindl, our founder and former CEO, became a member of the Supervisory Board. Unless otherwise required by applicable law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. In order to constitute a quorum, all members of the Supervisory Board must participate in the voting. The Supervisory Board is required to meet at least twice in each half of every calendar year.

Members of the Supervisory Board from left to right: Christian Buchel, Jürgen Heindl, RA Rainer Dietmann, Prof. Dr. Rudolf Wimmer

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MEMBERS OF THE SUPERVISORY BOARD

Member
Appointed:

RA RAINER DIETMANN
(Chairman)

Born: 1956
Member since: 2007
Appointed until: 2023

Other principal positions:
Chairman of the supervisory board of Global Vermögensberatung AG, Wiesbaden; Chairman of the supervisory board of SSP Deutschland GmbH, Frankfurt am Main; Chairman of the foundation board of Heinrich-Vetter-Stiftung, Ilvesheim

Mr. Dietmann studied law at the University of Mannheim and the London School of Economics. He began his career as attorney-at-law in Munich in 1985. In 1986, he joined Rittershaus Wissmann & von Rosenstiel, predecessor of today's Rittershaus Rechtsanwälte Steuerberater PartmbB, where he became partner in 1988 and has, since then, placed a particular focus on corporate law including advisory work for directors and officers, mergers & acquisitions and financing transactions.

JÜRGEN HEINDL
(Vice Chairman)

1955
2023
2028

Managing Director of JH-Holding GmbH

Jürgen Heindl started his career at Zewawell GmbH & Co. KG (division of PWA/SCA), where he started working as an assistant to the general management in 1980, became plant manager in 1982 and joined the executive board in 1987. He was appointed as CTO for the entire group and MD for all business units in South West Germany. Before embarking on his professional career, Mr. Heindl graduated in electrical engineering and in business engineering. Since the foundation of Progroup in December 1991, he has pursued a consistent growth strategy based on the use of innovative and sustainable production technologies in addition to technology, organisational and cost leadership. Mr. Heindl acted as CEO of Progroup AG until December 31, 2022.

PROF. DR. RUDOLF WIMMER

1946
2008
2023

Vice Chairman of the supervisory board of PBSHolding AG, Wels/Austria; Chairman of the advisory board of Diagramm Halbach GmbH & Co. KG, Schwerte

Prof. Dr. Wimmer studied law and political science at the University of Wien. From 1970 to 1975, he was active as assistant professor at the Institute for Constitutional and Administrative Law at the University of Wien. In the years 1975 to 1977, he enjoyed a research grant at the University of Klagenfurt. Since 1977, Prof. Dr. Wimmer has been active as an independent trainer and advisor for organisational development. In 1990, Prof. Dr. Wimmer wrote his professional thesis on group dynamics and organisation at the University of Klagenfurt. In 1999, he assumed the professorship for management and organisation at the newly established Institute for Family-Owned Enterprises at the University of Witten/Herdecke.

CHRISTIAN BUCHEL

1963
2019
2023

Member of the board, Director for Customers, Markets and Territories of Enedis, Paris; Chairman of EDSO for Smart Grids Brussels

Christian Buchel holds an engineering degree from Ecole Supérieure d'Electricité (Supélec, Paris) and was a research fellow at CERN, Geneva. During his early career, he held both managerial and operational responsibilities, covering the entire value chain of the electricity industry. After serving as an advisor to EDF's CEO in the late 1990s, he held various top-management positions within the EDF Group. He was notably a member of the board and COO of Energie Baden-Württemberg (EnBW) in Germany as well as CEO of Electricité de Strasbourg. As Chief Digital Officer of Enedis he managed the digital and big data transformation of the company during three years. Today, Christian Buchel is a member of the board of Enedis (turnover of 13 billion euros), the distribution system operator in charge of operating, developing and maintaining the medium-voltage and low-voltage power grids across 95% of mainland France. Since May 2018, he has been Director for Customer, Markets and Territories of Enedis. He is also Chairman of EDSO for smart grids, the European association representing leading electricity distribution system companies that are cooperating to make the European smart grid vision a reality.

SUPERVISORY BOARD REPORT

pursuant to §§ 171 (2), 314 (2) German Stock Corporation Act (AktG)

I.
The Supervisory Board of Progroup AG was composed of the following members in the past financial year from 1 January 2022 to 31 December 2022 ("Reporting Period"):

RA Rainer Dietmann, Chairman

Prof. Dr. Rudolf Wimmer, Deputy Chairman

Dipl.-Ing. Christian Buchel

As the requirements pursuant to the One-Third Participation Act (Drittelbeteiligungsgesetz) and the Co-Determination Act (Mitbestimmungsgesetz) are not fulfilled, no employee representatives were members of the Supervisory Board during the Reporting Period.

II.
After the Supervisory Board received the reports of the Management Board regarding the Reporting Period at the meeting on 30 March 2023 and 17 April 2023 and also the reports presented to the Supervisory Board on 17 April 2023 by the Management Board regarding the annual financial statements (individual financial statements) and the consolidated financial statements of Progroup AG as per 31 December 2022, regarding the situation of the company and the group and also regarding the relationship between the company and affiliated companies, and finally the Auditor's Report regarding the audit of the annual financial statements as per 31 December 2022, including the management report, the consolidated financial statements as per 31 December 2022, including the group management report, and the dependency report for the 2022 financial year, and taking into account the subsequent discussion of the reports of the Management Board and the auditor, the Supervisory Board unanimously resolved in its meeting on 17 April 2023 to report to the Shareholders Meeting on its activities during the Reporting Period and on the result of its assessment pursuant to §§ 171 (2), 314 (2) AktG as follows:

1. During the Reporting Period, formal Supervisory Board meetings took place on 3 March 2022, 04 April 2022, 28 April 2022, 08 July 2022, 22/23 September 2022, and 09 December 2022.

   In its meeting on 3 March 2022, the Supervisory Board dealt with company organisation.

   In its meeting on 4 April 2022 ("Accounts Review Meeting") in Mannheim, the Management Board's reports on the 2021 financial year and also the auditor's reports were presented. The auditing procedures incumbent on the Supervisory Board were conducted at that meeting and the annual and consolidated financial statements as per 31 December 2021 were approved. During the Accounts Review Meeting, the Supervisory Board also prepared the ordinary Shareholders' Meeting 2022 and dealt with the proposal to amend the Articles of Association with regard to the number of Supervisory Board members, with the Management Board's reports on the current assets, earnings and financial situation of the company and the group, including the risk report, with company organisation, with company strategy and, in this context, with strategic projects, and with matters relating to the Management Board and human resources.

   The subject matter of the meeting on 28 April 2022 once again were matters relating to the Management Board and human resources.

   The meeting on 8 July 2022 again focused on the group's current economic situation and outlook as well as risk report, measures relating to company organisation, company strategy and strategic projects, management measures requiring approval as well as with matters relating to the Management Board and human resources.

   In its two-day meeting on 22/23 September 2022, the Supervisory Board received detailed reports of the Management Board as regards the current economic situation, the current outlook and the risk situation, as regards strategic goals and measures of company organisation and discussed these reports together with the Management Board. The Supervisory Board also dealt with strategic projects as well as with matters relating to the Management Board and human resources.

   In its meeting on 9 December 2022, the Supervisory Board discussed the reports of the Management Board as regards the current economic situation, the current forecast for the end of the financial year and the risk situation, strategic projects, company planning, company organisation as well as compliance management. At this meeting, the Supervisory Board also dealt with management measures requiring approval and once again with matters relating to the Management Board and human resources.

   In addition to the foregoing, the Chairman of the Supervisory Board and the other members of the Supervisory Board and the Management Board were in constant contact, either in person or by telephone, to keep the members of the Supervisory Board updated on the then prevailing economic situation of the group and on the current business, and also to discuss significant or far-reaching matters. Finally, the Management Board kept the Supervisory Board informed by sending monthly reports regarding the then prevailing assets, earnings and financial situation and also regularly updated forecasts regarding the expected development of the earnings situation of the group.

2. The reviews of the annual financial statements and the consolidated financial statements of the company as per 31 December 2022, of the management reports and also of the dependency report have not raised any concerns. The Supervisory Board found that the provisions of the Articles of Association of the company and the pertinent provisions of commercial and company law were all duly complied with.

   The result of the audit of the annual financial statements and the consolidated financial statements as per 31 December 2022, and also the result of the audit of the dependency report for the 2022 financial year were discussed in depth at the Supervisory Board meeting on 17 April 2023 with the Management Board and the auditor, based on the audit reports submitted. Any questions asked during this Supervisory Board meeting regarding individual items from the balance sheet and the income statement or the management reports or the dependency report were answered convincingly by the Management Board and the auditor.

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Based on its review, the Supervisory Board found that the annual financial statements and the consolidated financial statements of the company as per 31 December 2022 render a true and fair view of the assets, financial and earnings situation of the company and of the group. Based on the results of the review by the Supervisory Board, the management reports accurately and comprehensively present the risks and opportunities expected to arise from the development of business in the past year and from future developments. Based on the results of its review of the dependency report, the Supervisory Board found that the relationships with affiliated companies were also accurately described therein.

3. The review and discussion of the reports issued by the auditor of the company on 05 April 2023 regarding the audit of the annual financial statements and the consolidated financial statements as per 31 December 2022 and the management reports, for which the auditor issued an unqualified audit opinion, did not give cause for any objections, either. The same is true for the report on the audit of the dependency report for the 2022 financial year which was also presented on 05 April 2023 and for which the auditor issued the following audit opinion: "Upon completion of our audit and assessment in accordance with professional standards, we confirm that (1) the factual information contained in the report is correct, and (2) the company's consideration regarding the legal transactions described in the report was not unreasonably high." The audit reports comply with all statutory and legal requirements with respect to the audit of the company and the group.

   After its own examination, the Supervisory Board also approved the proposal of the Management Board to pay a gross dividend of EUR 0.66 per share entitled to dividends from the net retained profits reported in the annual financial statements for the 2022 financial year in an amount of EUR 519,147,110.55, corresponding to a total gross amount of EUR 5,008,235.76 and to carry forward to new account the remaining net retained profits of EUR 514,138,874.79.

4. Final declarations

   a) According to the final result of the review by the Supervisory Board, there are no objections to be raised with regard to the annual financial statements and the consolidated financial statements against the accounting, the management reports, the company's management in the financial year from 1 January 2022 to 31 December 2022 or against the auditor's reports.

      The Supervisory Board approved the annual financial statements prepared by the Management Board and the consolidated financial statements prepared by the Management Board as per 31 December 2022; hence the annual financial statements of Progroup AG as per 31 December 2022 are deemed adopted.

   b) According to the final result of the review by the Supervisory Board, there are no objections to be raised against the declaration by the Management Board at the end of the dependency report for the 2022 financial year

Mannheim, 17 April 2023

Rainer Dietmann
Chairman of the Supervisory Board

ADDITIONAL INFOR MATION

DISCLAIMER

Financial information
The consolidated financial information of Progroup AG ("Progroup") as at and for the period ended 31 December 2022 included in this report has been prepared in accordance with generally accepted accounting principles (Grundsätze ordnungsgemässer Buchführung) in the Federal Republic of Germany as in effect from time to time ("German GAAP"), which differ in certain respects from International Financial Reporting Standards as adopted by the European Union. Certain numerical figures included in this report have been rounded. Discrepancies or apparent inconsistencies between different amounts included in this report may occur due to such rounding.

Forward-looking statements
This report may contain forward-looking statements. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, future developments in the markets in which we participate or are seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and are based on numerous assumptions and that our actual results of operations, including our financial condition and liquidity and the development of the industry in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this report. Accordingly, prospective investors should not place undue reliance on these forward-looking statements, which speak only as at the date on which the statements were made (and in any case no later than the date of this report). We undertake no obligation, and do not intend, to update or revise any forward-looking statements, whether as a result of new information, future events or developments or otherwise.

Industry and market data
This report may contain information, data and predictions about our markets and our competitive position. We operate in an industry for which it is difficult to obtain precise industry and market information. Any market data and/or economic and industry data and forecasts used, and statements regarding our position in the industry made in this report are based upon market research, government and other publicly available information, reports prepared by independent industry consultants and independent industry publications. Any such information in this report that has been sourced from third parties has been accurately reproduced and, as far as we are aware and able to ascertain from the information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. While we believe the statements included in such third party publications to be reliable, they have not been independently verified, and we do not make any representation or warranties as to the accuracy or completeness of such information set forth in this report. In addition, certain market share information and other statements in this report regarding our industry and our position relative to competitors reflect our management's best estimates, based on our experience and knowledge of our industry. We cannot assure you that these statements and information are accurate or that they correctly reflect the state and development of our position in the industry.

Non-GAAP financial measures
In this report, we present certain non-GAAP measures and ratios, including EBITDA, EBITDA margin, EBIT, free cash flow, net financial debt, net leverage and certain other financial data that are not required by, or presented in accordance with, German GAAP. Our management believes that the presentation of these non-GAAP measures is helpful for investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and financial position. However, you should not construe these non-GAAP measures as an alternative to net income determined in accordance with German GAAP or to cash flows from operating activities, investing activities or financing activities. In addition, the non-GAAP measures and ratios, including EBITDA, EBITDA margin, EBIT, free cash flow, net financial debt and net leverage presented by us may not be comparable to similarly titled measures used by other companies.

FINANCIAL CALENDAR

01

2023

25

MAY

Interim Financial Report
First Quarter 2023

02

2023

29

AUGUST

Interim Financial Report
Second Quarter 2023

03

2023

29

NOVEMBER

Interim Financial Report
Third Quarter 2023

04

2024

29

FEBRUARY

Condensed Interim Report
Fourth Quarter 2023

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Court:
Amtsgericht Landau, HRB No. 2268

Board:
Maximilian Heindl (CEO, Chairman)
Dr. Volker Metz (CFO)

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28/04/2023