

The background features a complex, abstract design. It consists of a light blue grid overlaid with numerous overlapping circles and arcs in various shades of blue. Some of these shapes are filled with a dense pattern of small dots or lines, creating a sense of depth and movement. The overall aesthetic is clean, modern, and technical.

DIEHL

ANNUAL REPORT

2022

**LEADING
TECHNOLOGIES
FOR A SAFE AND
SUSTAINABLE
FUTURE**



**THE STRENGTH
TO ACT
FLEXIBLY.**



CONTENTS

Highlights	4
Corporate Management	5
Overview of the Diehl Group	6
Group Management Report of the Diehl Verwaltungs-Stiftung	
Fiscal Year 2022	8
Basic Economic Conditions	8
Business Development of the Diehl Group	9
Financial Situation and Risk Management	10
Advance investments	11
Corporate Legal Changes	11
Metall	12
Controls	16
Defence	20
Aviation	24
Metering	28
Opportunities, Risks, and Outlook	32
Employees	35
Environment	38
Beyond Daily Business	39
Consolidated Financial Statements	41
Report of the Supervisory Board	67



HIGHLIGHTS

2022: Diehl Group back to pre-crisis level after successful year – 2023: Diehl is confident that it will continue on its growth path despite persistently difficult general conditions.

The Diehl Group's corporate sales rose to €3,505.7 million in the reporting year, and thus were €338.3 million or 10.7% above the previous year's value (€3,167.4 million). EBIT increased by €147.1 million to €166.5 million, a disproportionately high increase compared to sales growth. As an internationally positioned and broadly diversified company, Diehl has resiliently weathered the various crises of recent years and is now back at pre-crisis levels, focusing on further profitable growth.

The **Metall Corporate Division** continued its successful overall performance in the reporting year, increasing both sales and earnings. The company sees itself as being on the right path in the area of electro-mobility, and supports the shift from the classic internal combustion engine to environmentally friendly and climate-friendly drives by developing forward-looking solutions, for example, with components for cooling systems and power modules as well as parts for sensor technology through to contact systems for battery storage systems.

In 2022, **Diehl Controls** was also able to further increase its sales volume compared with the previous year, but earnings fell short of expectations due to the different developments in the regional markets. Growth was particularly evident in the volume of business in Europe and North America, while there was a decline in demand in China. The demand for inverters and control elements for heating, ventilation, air

conditioning and refrigeration (HVAC/R) was very encouraging, with double-digit percentage growth achieved.

The **Defence Corporate Division** remains on a stable growth path, driven by rising equipment requirements in the NATO countries and countries with the same export status. The serious change in the European security situation will undoubtedly have a lasting impact on Diehl Defence's business environment, as the demand for equipment in NATO countries and countries with similar export law provisions is expected to increase sustainably.

The 2022 fiscal year marked a turning point for **Diehl Aviation** in the aviation market. Following the drastic decline in business in the wake of the COVID-19 crisis and the temporary near standstill of air traffic, the entire industry has since seen a significant revival, with rising volumes, particularly in the spare parts sector, enabling the airlines to get their



fleets back into operation after the crisis. Sales and earnings demonstrate this positive trend. The company was also able to further expand its portfolio with sustainable and eco-efficient products and solutions in aviation.

Diehl Metering was able to maintain the stable growth of the previous year despite ongoing material bottlenecks and despite the energy crisis. In its core business, the company continued to successfully expand its position as a solution provider in the field of water and energy measurement technology. For example, the expansion of the corporate division in North America is developing extremely positively. Beyond its core business as a provider of smart metering solutions, the corporate division has also expanded the breadth of its portfolio. The new Analytics & Services business segment aims to create additional added value for customers from the generated meter data.

Capital expenditure reached a record high of €128.8 million. At €321.1 million, spending on research and development in 2022 also increased significantly compared with the previous year (€307.7 million).

In view of growing sales and high order intake, Diehl is optimistic about the current year 2023. The company will continue to focus on maintaining and expanding its growth path despite the persistently tough environment. Having overcome the recent crises, the focus is now increasingly on the future positioning of the company and the further expansion of the technology portfolio, as well as areas of key concern for the future, such as big data analytics, connected devices, artificial intelligence, mobility solutions, scarcity of resources, etc. The Group's positioning as a community of opportunity and risk remains as important as ever for the existence and success of the company.

The limited partnership Diehl Stiftung & Co. KG is managed by Diehl Verwaltungs-Stiftung, the general partner. Executive Board and Supervisory Board are the organs of Diehl Verwaltungs-Stiftung.

Supervisory Board

Karl Diehl († 19.01.2008)
Honorary Chairman

Peter Diehl († 06.02.2016)
Vice-Chairman

Dr.-Ing. E.h. Thomas Diehl († 16.04.2017)

Dr. Herbert Fehrecke
Chairman

Werner Diehl
Vice-Chairman

Markus Diehl

Konstantin Diehl

Felix Werdin

Executive Board

Dr. Klaus Richter
President of the Executive Board
Technology Corporate Section

Jürgen Reimer
Vice President of the Executive Board
Corporate Department Finance and
Controlling

Jens Böhlke
Corporate Department Human Resources &
Social Matters

Dieter Landgraf
Corporate Division Metall

Carsten Wolff
Corporate Division Controls

Dr. Jörg Schuler
Corporate Division Aviation

Helmut Rauch
Corporate Division Defence

Dr. Christof Bosbach
Corporate Division Metering

Senior Vice Presidents

Dr. rer. nat. Elisabeth Hauschild
Government Affairs

Dipl.-Staatsw. Bernd Joeris
Corporate Affairs

Verw.-Betriebswirt (VWA) Michael Prymelski
Corporate Communications

OVERVIEW OF THE DIEHL GROUP

P = President

Organizational status
as of June 2023

Diehl Brass Solutions
Röthenbach a. d. Pegnitz

Diehl Metall Schmiedetechnik
Röthenbach a. d. Pegnitz

Diehl Advanced Mobility
Zehdenick

Diehl Augé Découpage
Besançon/France

Diehl do Brasil Metalúrgica
São Paulo/Brazil

Diehl Electronic Components
Wuxi/China

Diehl Metal Applications
Berlin
Teltow

Diehl Metal India
Pune/India

Diehl Power Electronic
Siaugues Sainte-Marie/France

**Diehl SynchroTec
Manufacturing**
Wuxi/China

Diehl Werkzeugbau Seebach
Seebach

Franconia Industries
Elk Grove Village, Illinois/USA

**SMH Süddeutsche Metall-
handels-gesellschaft**
Röthenbach a. d. Pegnitz

Diehl AKO
Wangen
Nürnberg

Diehl Controls Polska
Namysłów/Poland
Wrocław/Poland

Diehl Controls (Nanjing)
Nanjing/China

Diehl Controls (Qingdao)
Qingdao/China

Diehl Controls Mexico
Querétaro/Mexico

**Diehl Controls Development
Center Querétaro**
Querétaro/Mexico

Diehl Controls North America
Naperville/USA

Diehl Controls Romania
Brasov/Romania

**Diehl Defence**

Überlingen
Röthenbach a. d. Pegnitz
Nonnweiler-Bierfeld
Nonnweiler-Mariahütte
Büro Berlin-Steglitz
Büro Koblenz
Büro Abu Dhabi/U.A.E.
Büro Bangkok/Thailand

AIM Infrarot-Module

Heilbronn

Diehl Energy Products

Röthenbach a. d. Pegnitz

Diehl Retrofit Missile Systeme

Überlingen

DynITEC

Troisdorf

EuroSpike

Röthenbach a. d. Pegnitz

GIWS

Nürnberg

JUNGHANS Microtec

Dunningen

JUNGHANS T2M

La Ferté Saint Aubin/France

PARSYS

Schrobenhausen

RAM-System

Ottobrunn

Diehl Defence Verpackungssysteme

Röthenbach a. d. Pegnitz

Diehl Aviation Laupheim

Laupheim
Hamburg
Tianjin/China
Toulouse/France
Nyírbátor/Hungary
Debrecen/Hungary

Diehl Aviation

Büro Dubai/U.A.E.
Büro Everett, Washington/USA
Büro North Charleston
South Carolina/USA

Diehl Aviation Gilching

Gilching
Dresden

Diehl Aviation Hamburg

Hamburg

Diehl Aerospace

Überlingen
Everett, Washington/USA
Frankfurt am Main
Nürnberg
Donauwörth
Hamburg
Rostock
Toulouse/France
Singapur
Sterrett, Alabama/USA

Diehl Metering/Germany

Ansbach
Nürnberg
Apolda

Diehl Metering/China

Jinan
Shanghai

Diehl Metering/Denmark

Esbjerg

Diehl Metering/Great Britain

Halifax

Diehl Metering/U.A.E.

Dubai

Diehl Metering/Austria

Wien

Diehl Metering/Poland

Bažanowice

Diehl Metering/France

Saint-Louis

Diehl Metering/Singapore**Diehl Metering/Spain**

Madrid

Diehl Metering/Sweden

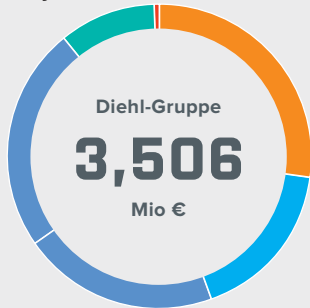
Karlskrona

Diehl Metering/USA

Lisle

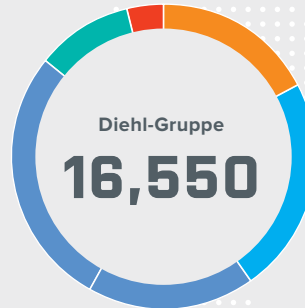
GROUP MANAGEMENT REPORT

SALES PER CORPORATE DIVISION
(in million euros)



Metall	Controls	Defence	Aviation	Metering	Übriges
875	560	810	889	361	11
24.9%	15.9%	23.1%	25.4%	10.4%	0.3%

EMPLOYEES PER CORPORATE DIVISION



Metall	Controls	Defence	Aviation	Metering	Übriges
2,914	3,648	3,190	4,507	1,712	579
17.6%	22.0%	19.3%	27.3%	10.3%	3.5%

Basic Economic Conditions

The German government's annual economic report states that economic development in 2022 was significantly marked by the Russia's aggression against Ukraine and the associated effects and challenges, particularly with regard to power supply. The German economy had proved highly resilient overall in the face of supply chain bottlenecks that persisted later in the year, record inflation rates, trade and economic sanctions against Russia, uncertainties about a possible gas shortage during the winter period of 2022/23, and the suspension of Russian gas supplies at the end of August (source: Annual Economic Report of the Federal Government 2023 page 135). As a result, the report notes, price-adjusted GDP rose by 1.9 percent in 2022 and the slowdown in economic momentum at the turn of the year is likely to be shorter and milder than expected in the fall, thanks to the massive government stabilization measures for households and businesses and their adjustments to high energy prices and the associated gas savings (source: *ibid.*).

The economic survey conducted by the Association of German Chambers of Industry and Commerce (DIHK) at the beginning of 2023 highlighted the fact that the German economy had come through the crisis better in 2022 than the historically poor business expectations still suggested in the fall. The policy flanking programs announced at the end of September and then gradually implemented and then gradually implemented, would certainly have contributed to this. Nevertheless, the DIHK sees the current situation as still tense: High energy prices, inflation and a noticeable slowdown in global growth continued to weigh on many companies. In addition, there are long-term challenges such as structural and climate change, demographics and digitization. In view of the less severe course of the crisis so far and the government support measures, the situation assessments would stabilize; across all sectors, a good third of companies (34 %) would describe their business situation as 'good' at the beginning of the year (source: DIHK business survey in February 2023).

Business Development of the Diehl Group

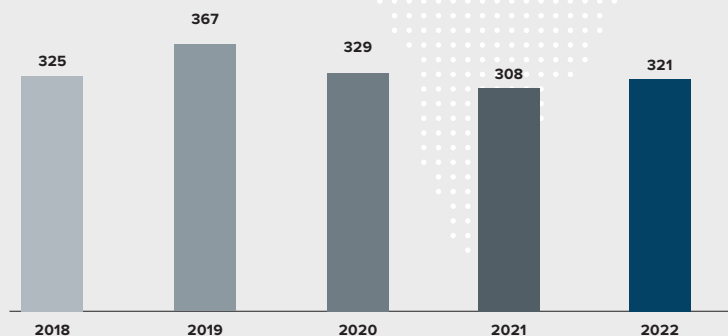
At Group level, the key performance indicators for business development are sales as well as earnings (EBIT).

After the severe slump in the COVID-19 crisis year of 2020, the return to its former strength after 2021 was persistently continued in the year under review 2022. The Group's corporate sales rose to €3,505.7 million, and thus were over previous year's value by €338.3 million or 10.7 % (€3,167.4 million). EBIT increased by €147.1 million to €166.5 million, a disproportionately high increase compared to sales growth. Given the tough conditions, 2022 was thus a good year for Diehl. It is noteworthy that all units have demonstrated impressive performance throughout the various crises of recent years. The Group can focus on further profitable growth. Thus, the broad presence of the Diehl Group has once again proven its worth in efficiently guiding the entire company through the challenging times. Both sales and earnings were slightly above expectations.

The corporate division Metall continued its encouraging growth trend in the electrification and electromobility sectors, while the corporate division Controls had to contend with the global shortage of key precursors and the slowdown in demand in the home appliance segment. However, we succeeded in further securing the large-scale production start-up of inverters for heat pumps begun in the previous year by winning new high-volume orders. In view of the changed security situation, the corporate division Defence is preparing for a further increase in demand. At Diehl Aviation, 2022 marks the turning point in the aviation market: After the drastic decline in business in the wake of the COVID-19 crisis and the temporary almost complete standstill of air traffic, the entire industry has now seen a significant revival with rising volumes. The corporate division's retrofit business also benefited from this trend.

The total number of employees increased by 415 persons – i.e. 2.6 % – to now 16,550 persons, particularly in the Defence (286) and Metall (93) corporate divisions.

R&D EXPENSES (in MILLION EUROS)



Aspects of the Financial Situation

Against the backdrop of a progressive recovery of the business environment in all corporate divisions, the Diehl Group's total assets increased by € 131.6 million to € 2,331.4 million. On the assets side, fixed assets increased by €25.0 million to €649.3 million as a result of higher capital expenditure throughout the Group.

Inventories excluding advance payments received and made increased by €239.9 million, mainly due to the further year-on-year increase in order volumes. The increase in inventories is more than offset in balance sheet terms by the €391.3 million increase in advance payments received on orders, netted against advance payments made of €19.9 million. As a result, total inventories decreased by €131.5 million. The trade receivables increased from €393.2 million to €420.6 million as a result of growing demand from customers. The increase in receivables from affiliated companies of €37.4 million also results from the growth in advance payments made in view of the increased order volume. On the liabilities side, equity increased by €46.9 million to €527.2 million, mainly due to the return to positive

net income of €64.5 million following the loss in the previous year. Equity ratio improved from 21.8% to 22.6%. Other provisions fell from €474.2 million to €412.8 million, in particular due to the utilization of provisions for structural adjustments. The increase in trade payables from €268.1 million to €299.0 million is mainly attributable to the higher business volume.

Liquid assets increased significantly by €134.1 million to €254.9 million due to payments received from advance payments and, less current financial liabilities of €21.6 million, cash and cash equivalents amounted to €233.3 million compared to €111.2 million in 2021. This corresponds to an increase of € 122.1 million compared to the previous year. Cash flow from operating activities increased by €244.6 million from €42.6 million to €287.2 million due to the growth in advance payments received on orders. After deducting the negative cash flow from investments of € 118.9 million, free cash flow amounted to € 168.3 million. In the year under review, there was an outflow of € 46.8 million from cash flow from financing activities.

The expenses for research and development amounted to € 321.1 million in 2022, showing an increase compared to the previous year (€ 307.7 million). Developments in the corporate divisions Defence and Aviation are mainly responsible for the expenses.

Corporate Legal Changes

In the year under review, there were again some corporate legal changes:

In the corporate division Metall, the newly founded company Diehl Electronic Components (DEC) has started operations on the premises of Diehl SynchroTec in Wuxi, China as Sales Office & Warehouse within the strategic business unit Diehl Metal Applications (DMA). In the medium term, the DEC is to offer DMA's entire value chain directly on site and serve the local Chinese market from within the region. In the Diehl Controls division, Diehl Controls Qingdao Co., Ltd., Qingdao, Shandong, started operations in China. Diehl Controls Romania S.R.L. was newly founded in Brasov. DD Immobilien Troisdorf GmbH was also added to the Group's scope of consolidation.

The winding up of Diehl Connectivity Solutions GmbH (DCS) in the year under review was the consequence of an extensive investigation into the economic prospects of the company with the portfolio built up on the basis of data-driven business models. As part of an HR concept, numerous employees got transferred to other corporate divisions, to the headquarters or to customers, while others took advantage of the voluntary retirement program.

Advance Investments

Capital expenditures (additions to property, plant and equipment and intangible assets) reached the record high of €128.8 million (previous year €114.5 million). The largest investments were made at Diehl Defence KG, Diehl Advanced Mobility (DAM), Diehl Controls Polska and Diehl Brass Solutions. Thus, Diehl Metall has made further important investments at DBS with regard to efficiency enhancement, decarbonization and growth capability. At DMA in Teltow, the new production building for the sensor housing product area is under construction, and at DAM new production lines were able to start series operation as planned. At Controls, the focus was on the expansion of Diehl Controls Polska and the start-up of new projects, while Metering invested more in its global orientation, for example in the Smart Heating Laboratory in Luoyang, China. In Aviation, a major investment in the modernization and rationalization of aircraft panel production was launched. In addition to building extensions, rationalization and replacements at all locations, capital spending at Defence focused in particular on the expansion of the test and integration center for air defense systems in Röthenbach, which was completed in the previous year.

FUTURE- ORIENTED SOLUTIONS.

MANAGEMENT REPORT





METALL

2022

The corporate division Metall continued its overall successful performance in the fiscal year of 2022, increasing both sales and earnings. This took place against the background of the heavy impact of the war in Ukraine with all its consequences for the German and European economy. These include in some cases significant increases in energy and starting material prices as well as supply problems due to interrupted supply chains. The fact that the corporate division's sales targets for 2022 were achieved or even exceeded in some cases despite the difficult conditions was due in particular to the rapid response to changing bottleneck situations in production, rising raw material prices and the high flexibility of all employees in the various areas.

For the strategic business segment (SGF) Diehl Brass Solutions, as an energy-intensive company, the year under review was strongly influenced by the extreme disruptions on the energy markets. Thanks to the great commitment of all those involved, however, critical supply situations in energy procurement and impacts of the COVID-19 pandemic were successfully overcome and the needs of the sometimes highly unsettled customer markets were successfully responded to. Despite declining orders from the sanitary ware industry in the third quarter, strategic business segments' products remained in sustained demand. The business segment expects further growth from the further

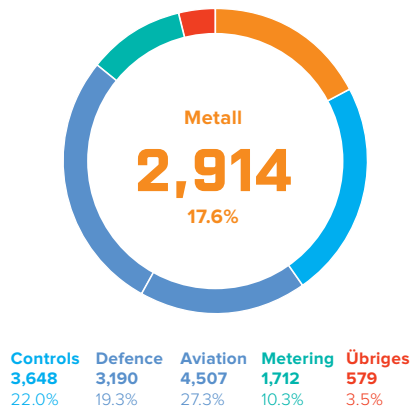
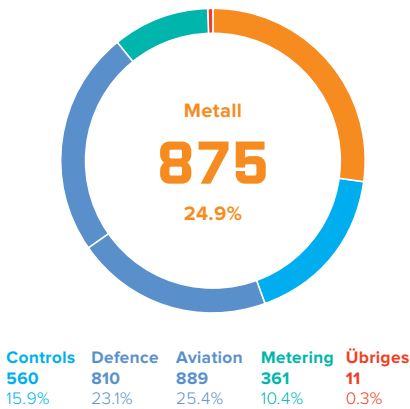


MANAGEMENT REPORT



DIEHL METALL SALES (in MILLION EUROS)

EMPLOYEES AT DIEHL METALL



development of the DBS Goes Green concept, which stands for energy-efficient processes, integration of recycling cycles and sustainable corporate development to thus meet the defined decarbonization targets. From a global perspective, the strategic business segment of Forged Parts again recorded an increase in sales in the reporting year, even though it was not possible to fully compensate for the effects of the war in Ukraine in Europe. As a result, the massive increase in starting material costs, particularly in the automotive sector, could only be partially passed on to European customers. Overall, however, the global synchronizer ring production remained stable, strongly supported by the activities of Diehl SynchroTec in China and positive business performance at Diehl do Brasil. The business trend in formed brass parts at the German business unit Diehl Metall Schmiedetechnik was encouraging, with significant growth recorded in all four strategic product lines, particularly in the meter housing sector.



After a very strong first quarter, order intake at the strategic business segment Diehl Metal Applications leveled out due to global uncertainty and ongoing crises. As in the previous year, the shortage of primary material was largely countered by professional supplier management with a high degree of flexibility and close customer coordination, and the necessary supply to customers was finally ensured. However, the significant rise in energy prices and the partial tripling of raw material prices could not be fully passed on to customers. The French locations, on the other hand, exceeded their targets in terms of sales and earnings. On the premises of Diehl SynchroTec in China, the newly founded Diehl Electronic Components was established as a local Chinese unit of DMA, which was already able to realize its first customer sales in the year under review. A new production building is under construction at the Teltow location to accommodate the growing business in the Sensor Housing product area (sensor housings for the automotive industry).

The strategic business segment Diehl Advanced Mobility continues to be very well positioned with its core product of high-performance cell contact systems as required for contacting battery cells in electric vehicles: The trend toward electromobility continues unabated and supported further by targeted economic purchase incentives. In this environment, the business segment was able to further expand sales. Another factor that contributed to this was the commissioning and optimization of additional new production lines, which went into series operation as planned. The business area expects to be able to continue on its planned strong growth strategy in a market that remains receptive.

Despite the ongoing global uncertainties, Diehl Metall is optimistic about the future. In particular, we must continue to efficiently and consistently overcome economic volatility, persistently incalculable energy prices and possible resource bottlenecks. Thanks to its sustainable product range and the persistently high commitment of its workforce, the corporate division Metall therefore expects to remain a sustainable sales and earnings driver for the Diehl Group.

FEEL THE DNA OF ELECTRONICS.

MANAGEMENT REPORT



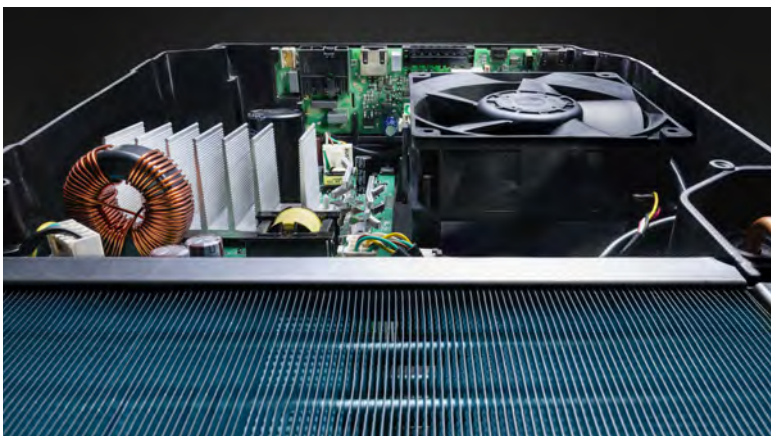


CONTROLS

2022

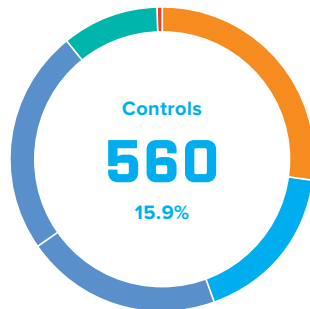
In the year under review, Diehl Controls was able to further increase its sales volume compared to the previous year. However, the traditional markets and regions showed different trends. While business volumes in Europe and North America increased once again, the sluggish economic growth in China led to a slight decline in demand there. Overall, the global uncertainties, which were reflected in inflationary pressures and a general economic slowdown, led to volume reductions in the white goods markets, particularly in the second half of the year. By contrast, the demand for inverters and control elements for heating, ventilation, air conditioning and refrigeration (HVAC/R) was very encouraging, with double-digit percentage growth achieved. The technological strength and the Diehl Controls attractive customer solutions, which focus on customer experience and energy efficiency, are mainly attributable to the sustained growth.

As in the previous year, 2022 was also characterized by unpleasant restrictions on the availability of materials on the world market. Although improvements in the supply situation of many components were recorded in the third and fourth quarters, the remaining bottlenecks proved to be sufficiently critical to once again cause massive additional expenses and the need for design changes. The management of the strained supply chain was only possible with massive additional effort and commitment on the part of all parties involved. In particular, Diehl's global procurement network, flexible management of production capacities and major efforts in the development area made a significant contribution to securing customer volumes.



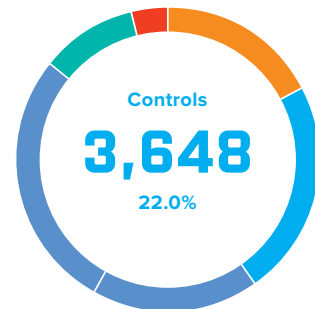
MANAGEMENT REPORT

DIEHL CONTROLS SALES (in MILLION EUROS)



Metall	Defence	Aviation	Metering	Übriges
875	810	889	361	11
24.9%	23.1%	25.4%	10.4%	0.3%

EMPLOYEES AT DIEHL CONTROLS



Metall	Defence	Aviation	Metering	Übriges
2,914	3,190	4,507	1,712	579
17.6%	19.3%	27.3%	10.3%	3.5%



CONTROLS

2022

With its proven competence profile in the development and production of customer-specific electronic components, Diehl Controls is known for reporting important new start-ups in all regions every year. In the year under review, numerous new products for the global HVAC/R and appliance markets were again launched at the corporate division's locations in Germany, Poland, China and Mexico. The large-scale production start-up of inverters for heat pumps initiated in the previous year was successfully continued, and two plants are now available in Europe as production sites for this growth market. The expansion of production capacities in Asia is also developing as planned. The

construction of a new second plant in Qingdao, China, has been completed; production start-up is scheduled for early summer of the current year. The construction of a new plant in Brasov, Romania, will further expand Diehl Controls in Europe. Planning is already underway; production is scheduled to start in the second half of 2024.

The corporate division's Strategy TWENTY6 that was launched in 2021, was rolled out worldwide last year. As part of this strategy, Diehl Controls intends to increasingly offer products for markets and solutions that support the decarbonization of industry and society and thus focus on sustainability. Today, Diehl Controls' efficient drive controls are already helping to save large amounts of CO₂ emissions through the operation of modern house-

hold appliances. Overall, energy efficiency and customer experience are clearly the focus of all efforts in the development of innovative inverter solutions and controls. In the meantime, one-stop connectivity solutions are also being offered to enable customers to use digital business models. The activities in the area of battery management systems with functional safety were also stepped up as part of the new strategy. It is noteworthy that all Diehl Controls plants have complied with the worldwide environmental standard DIN ISO 14001 since the year under review. As part of the extensive efforts to increase the company's sustainability, the carbon footprint was also determined for Scope 1, 2 and 3. Diehl Controls has used this to set its own targets for reducing CO₂ emissions based on the Science Based Initiative and is pursuing a corresponding action plan.

The economic slowdown and the selective shortages of key components are shaping Diehl Controls' expectations for at least the first half of 2023. However, these negative effects are likely to be offset by the continued dynamic development of the HVAC/R markets, with the result that the corporate division anticipates further sales growth in 2023.

TECHNOLOGY FOR PEACE AND FREEDOM.

MANAGEMENT REPORT





DEFENCE

2022

After comparatively moderate effects of the pandemic crisis in previous years, business for the corporate division Defence in 2022 was clearly impacted by the turnaround caused by the war in Ukraine following its outbreak at the end of February, especially in Germany. This serious change in the European security situation will undoubtedly have a lasting impact on Diehl Defence's business environment, as the demand for equipment in NATO countries as well as in countries with similar export law provisions is expected to sustainably increase. In Diehl Defence's customer countries, therefore, rising defense budgets and a similar rising trend in the availability of funds for the procurement of defence equipment can be expected in the foreseeable future.

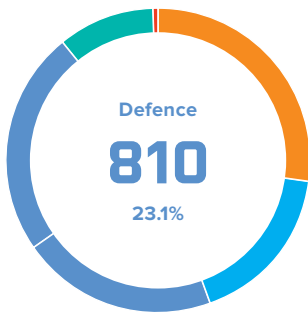
In Germany, whose armed forces account for around half of Diehl Defence's business volume, the government has been working since the summer of 2022 on the implementation planning of a special fund of 100 billion euros for the procurement of defense equipment as a one-off supplement to the annual defense budgets. An ultimate decision on the use of the special assets is still pending. Against this backdrop, Diehl Defence sees itself ideally positioned with its products, especially in the field of ground-based air defense. These developments give further impetus to the sustained stable growth course Diehl Defence has been on for several years. In the year under review, for example, there was once again an increase in sales and a high number of new hires, both to cope with growth in the corporate division and due to demographic fluctuation.



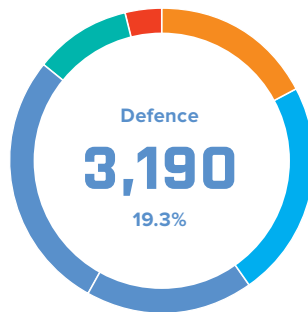
MANAGEMENT REPORT



DIEHL DEFENCE SALES (in MILLION EUROS)



EMPLOYEES AT DIEHL DEFENCE



Metall	Controls	Aviation	Metering	Übriges
875	560	889	361	11
24.9%	15.9%	25.4%	10.4%	0.3%

Metall	Controls	Aviation	Metering	Übriges
2,914	3,648	4,507	1,712	579
17.6%	22.0%	27.3%	10.3%	3.5%

The order backlog of Diehl Defence GmbH & Co. KG increased considerably, mainly due to further successful sales of ground-based air defense (GBAD) systems. A program highlight for the GBAD IRIS-T SLM system was the delivery of a first combat unit to Ukraine in September as a contribution by Germany to better defend the country's territorial integrity. Further contracts for the RAM Block 2B missiles for the German Navy, RBS15 for Bulgaria and follow-up orders for the IRIS-T missile ensure that all Diehl Defence sites and companies will enjoy stable capacity utilization in the years to come. Other relevant milestones in the year under review included developments in defense against hypersonic weapons, approval for renewed production of the SMArt 155 product manufactured more than 15 years ago with the materials and technologies used today, and successful operational testing of the Vulcano 127 guided munition. Likewise, the production of the Spike missiles will ensure the company's continued success. Further significant order intakes have substantially increased the order backlog for the product.



DEFENCE

2022

In the year under review, AIM Infrarot-Module GmbH was able to increase its sales from the series production of IR detectors by around 25 percent and both deliver sustained high numbers of coolers and record further successes in the aerospace market segment: In April, the first German hyperspectral satellite with an AIM detector was launched into space and has since fulfilled the requirements placed on it. JUNGHANS Microtec GmbH also recorded an increase in order intake, which was largely contributed to by the first call-off orders for the DM84 artillery fuze from the existing framework agreements with the German Procurement Office. The French subsidiary JUNGHANS T2M was awarded one of the largest development contracts for the MHT missile fuze system for land or air combat platforms.

The continued growth of business in all strategic business segments also requires further investment in the corporate division's real estate. For example, a new warehouse and office building was completed at the Überlingen location in the year

under review, and plans to expand the testing and integration center at the Röthenbach location were pushed forward.

The Future Combat Air System (FCAS) will be one of the most forward-looking procurement projects in the coming years.

The New Generation Fighter (NGF) Phase 1B development contract signed by the leading FCAS partners in late 2022 was a significant breakthrough for FCAS as a whole toward the NGF demonstration flights and other FCAS technologies. As a long-standing and reliable partner of the participating countries of Germany, France and Spain, Diehl Defence is contributing its broad expertise to the project and also intends to invest an unmanned escort aircraft (remote carrier) along with armament options and sensor solutions. As an integral part of a family-owned technology group, Diehl Defence will continue to contribute to the national security and defense precautions. This is being achieved in particular by strengthening the company's own market position in its core business, by consistently

expanding its position as a systems provider in the field of ground-based air defense, and by pursuing a tried-and-tested strategy of product-specific cooperation with selected strong partners on international markets.

CABIN EQUIPMENT AS A ONE-STOP SERVICE.

MANAGEMENT REPORT



AVIATION

2022

The fiscal year of 2022 marked the turning point in the aviation market for Diehl Aviation. Following the drastic decline in business in the wake of the COVID-19 crisis and the temporary almost standstill of air traffic, the entire industry has now seen a significant revival with rising volumes; this was particularly true in the single-aisle sector, i.e. aircraft for short- and medium-haul flights. Sales generated by the corporate division's spare parts business also developed positively, as airlines worldwide were able to reactivate most of their decommissioned fleets. Diehl Aviation's retrofit business also benefited from the development with its Upgrade Solutions – especially for the A380 – as many airlines increasingly invested in the renewal of their aircraft cabins in order to attractively position itself after the crisis.

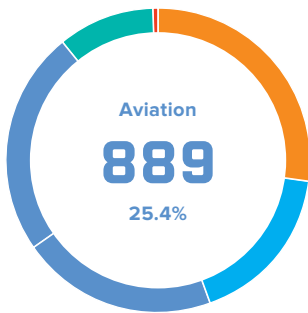
While domestic air traffic in the major domestic markets is on a very good track to return to pre-COVID-19 levels soon, the situation for international air traffic improved much more slowly due to remaining travel restrictions and other uncertainties. As Diehl Aviation is one of the major suppliers to the long-haul aircraft market, the corporate division was very significantly affected by the still low production figures in this segment. For Diehl Aviation, the impact of the aviation crisis is still being felt, although the industry as a whole is on an encouraging path to recovery. Apart from the obvious challenges in the supply chain, the consequences of the energy crisis and inflation, and the impact of the war in Ukraine, which have negatively affected further strengthening of the industry during the reporting period, are still unpredictable.



MANAGEMENT REPORT



DIEHL AVIATION SALES (in MILLION EUROS)



EMPLOYEES AT DIEHL AVIATION



Metall	Controls	Defence	Metering	Übriges
875	560	810	361	11
24.9%	15.9%	23.1%	10.4%	0.3%

Metall	Controls	Aviation	Metering	Übriges
2,914	3,648	4,507	1,712	579
17.6%	22.0%	27.3%	10.3%	3.5%

It should be noted that Diehl Aviation made great efforts to succeed in countering the significant decline in business in the wake of the COVID-19 crisis, thus permanently stabilizing the company and returning it to its former strength. This was primarily due to a comprehensive concept for the future adopted jointly with the social partners in 2021 and various organizational changes to keep in touch with customers and thus be able to flexibly and adaptively respond to dynamic changes in the market. This includes the structuring of the company into four strategic business segments in the year under review, each of which is characterized by a clearly defined product range and specific competencies. In addition, the company has adopted a new long-term strategy with four key fields of action in 2022. This includes the expansion of customer relationships and market activities to strengthen the basis for commercial success together with increased operatio-



AVIATION

2022

After the major aviation trade shows were held again in 2022 with the participation of Diehl Aviation for the first time, Diehl once again managed to position itself here as a leading and innovative supplier to aviation, especially in the field of sustainable solutions. The industry's optimism expressed at the trade shows is also shared by Diehl Aviation. Following the COVID-19 crisis, the company sees itself as well equipped and future-oriented to meet the challenges of the market. On the other hand, cost pressure in the entire industry will remain high, which will force the further expansion of low-cost locations.

nal excellence. The strategy seeks to ensure greater internationalization and the further expansion of low-cost locations. Here, the corporate division is building on the continuing success of the Hungarian location in Nyírbátor, which could already celebrate its tenth anniversary in 2022. Furthermore, the company intends to expand its position as an innovation driver in aviation.

Of particular importance for further business success is the expansion of sustainable and eco-efficient solutions for aviation. With its broad portfolio, the company focuses in particular on the development of solutions for optimizing the weight and fuel consumption of aircraft and on the development of new recyclable materials. In the year under review, Diehl Aviation recorded a number of important successes, including the further acquisition of customers for attractive applications in the field of baggage compartments. With its customer Boeing, Diehl Aviation

managed to further expand its cooperation in the integration of sustainable solutions: For example, a Grey Water Reuse Unit manufactured by Diehl Aviation was tested in flight for the first time on board the Boeing research aircraft EcoDemonstrator. The system uses water from the hand basin to flush the on-board toilet, saving up to 250 kilograms of fresh water per flight on a long haul.

The all-electric aircraft segment also developed positively for the corporate division. The company managed to expand its partnership with Volocopter. Lilium – the manufacturer of an all-electric jet – also relies on Diehl's expertise. The company selected Diehl Aviation to collaborate on the design and development of the Lilium jet's cabin and as integrator and manufacturer of interior components, including the complete lighting system.

EMPOWER A SUSTAINABLE FUTURE

MANAGEMENT REPORT





METERING

2022

Diehl Metering was able to maintain the solid growth of the previous year despite the ongoing material bottlenecks and the energy crisis. At the end of the year in particular, there was an above-average order intake, which leads to positive expectations for the current year as well. While the metering industry as a whole was severely affected by bottlenecks in key components and, in some cases, significant price increases, Diehl Metering managed to limit the negative effects on production to a certain extent thanks to the outstanding commitment of a task force set up specifically for this purpose and the corresponding alternative strategies. Nevertheless, higher sales would have been possible without these challenging conditions.

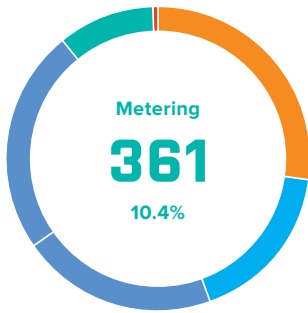
In its core business, the company continued to successfully expand its position as a solution provider in the field of water and energy measurement technology. For example, the expansion of the corporate division in North America is developing extremely positively. The assembly location opened in Lisle (Illinois, USA) in 2021 is continuously increasing its production capacity, as orders from existing customers as well as new partners and sales channels have contributed to rising demand for smart ultrasonic water meters in the USA, and the corporate division established itself as the preferred supplier for static water meters in the region. The market in Latin America is also developing very well. The sector privatization in Brazil is creating promising growth opportunities for Diehl Metering. In the United Kingdom, the government's green recovery measures resulted in a high order intake, while in Spain, subsidies from the European Recovery Plan (NextGenerationEU) helped the corporate division win multi-year orders from utilities. In France, the corporate division strengthened its position as a



MANAGEMENT REPORT

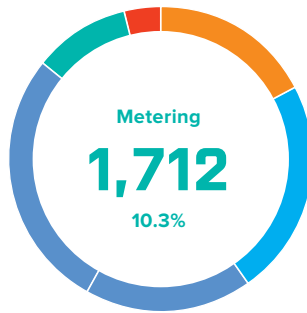


DIEHL METERING SALES (in MILLION EUROS)



Metall	Controls	Defence	Aviation	Übriges
875	560	810	889	11
24.9%	15.9%	23.1%	25.4%	0.3%

EMPLOYEES AT DIEHL METERING



Metall	Controls	Defence	Aviation	Übriges
2,914	3,648	3,190	4,507	579
17.6%	22.0%	19.3%	27.3%	3.5%

solutions provider with the help of additional services such as IZAR Passive Drive-by in two major cities. There is also growth potential in the Southeast Asia region (including Australia), as these countries are once again focusing more clearly on stable and secure supplies following the crises over the past few years. Together with global partners (e.g., SUEZ) but also with local partners, promising projects have been launched in Australia. New opportunities are also currently emerging in Malaysia, where utilities are looking for solutions to address the problem of non-revenue water.

Beyond its core business as a provider of smart metering solutions, the corporate division has also expanded the range of its expertise and the breadth of its portfolio. The new Analytics & Services business segment aims to create further added value for Diehl Metering's customers from the meter data generated. This added value will go well beyond the ability to simply



measure consumption, as it will enable customers to not only capture non-revenue water, but also better manage their distribution network. This also applies to district heating networks. In the field of IoT wireless networks, following the successful launch of the IoT Network Planning Service, an IoT Network Implementation Service has now been introduced to provide customers with expert support in implementing an IoT network. This new service is now being extended beyond Germany and Austria to other sales regions. The connectivity area was also further expanded, in particular the extended application possibilities of mioty[®]4metering, a wireless technology based on the global mioty[®] standard. Additional functions for the metering industry were presented here to ensure that utilities can benefit from the reliable data transmission, the particularly low power consumption, the long range and the extreme robustness of the system. In the year under review, the standard was applied for the first time in several German cities and will now be used in other regions. The IZAR@SMART WATER 2022 water loss

management application also continues to be well received, as does the IZAR@SMART ENERGY energy forecast management application, which enables utilities to monitor their district heating grid and manage their heat supply more efficiently and reliably.

Diehl Metering's declared goal is to enable the company's customers to make rational use of water and energy resources in line with the times. Because sustainability is at the heart of all the corporate division's activities. One year after signing the United Nations Global Compact, Diehl Metering published its first progress report in the year under review. It states that the corporate division has carried out a comprehensive assessment of its greenhouse gas emissions and has set itself medium- to long-term goals for reducing these emissions.

In view of the economic and political framework conditions, Diehl Metering expects component bottlenecks and rising energy costs to continue in the current year. The corporate division has adjusted to this. Furthermore, it is planned to meet rising customer demand by increasing production capacities and to continue the strategy of expanding and diversifying the portfolio. In doing so, Diehl Metering aims to achieve a renewed increase in sales and continue its sustained growth.

THE FREEDOM TO THINK LONG TERM.

OPPORTUNITIES, RISKS AND OUTLOOK

FISCAL YEAR

2022



Against the backdrop of Russia's war of aggression against Ukraine and its economic consequences, the weak development of the global economy, and persistently high energy prices and inflation rates compared with pre-crisis levels, the German government expects price-adjusted gross domestic product (GDP) to grow by only 0.2 percent on average in 2023. Contrary to expectations in the fall of 2022, however, a decline in annual average GDP is not expected (source: Annual Economic Report of the Federal Government 2023). The DIHK's economic survey for February indicates that in 2023, industrial companies in particular would benefit from an easing in international delivery traffic and that orders could thus be processed more efficiently (source: DIHK business survey for February 2023). The outlook for the next few months at the beginning of the year was significantly less pessimistic than in the fall of 2022, when business sentiment in Germany had reached a low point due to dramatic price increases and fears of energy bottlenecks.

In the meantime, the energy price increases have been halted and the electricity, gas and heating cap on price increases have also given companies more planning security. Despite record inflation, domestic consumption has not experienced any excessive slumps. Nevertheless, the DIHK sees no reason for companies to be overly optimistic, as a gloomy global economy, high price levels and continuing economic and structural risks will continue to accompany companies this year (source *ibid.*).

As an internationally positioned and broadly diversified company, Diehl has come through the various crises of recent years in a stable manner and is practically back at pre-crisis levels to focus on further profitable growth.

Diehl is currently generally affected, particularly in the Controls and Metall divisions, by the noticeable deterioration in the global economic situation in recent months and the economic slowdown, which is reflected in a perceptible reluctance to buy. In addition, alongside the pandemic, Russia's invasion of Ukraine has shaken key

raw material markets and supply chains, the consequences of which are affecting almost all corporate divisions. The same applies to the sharp rise in energy prices. At the same time, however, the war in Ukraine has made it clear to policymakers that restrained spending on national defense in recent decades has significantly weakened European defensive potential. In this context, Chancellor Scholz has spoken of a 'turning point in time' that will probably have a long-term impact on the nature, scope and speed of armed forces procurement measures both in Germany and with other NATO partners. Under these circumstances, the orientation of the Diehl Group as a conglomerate will continue to have a stabilizing effect. The risk management practiced in the company allows risks of an economic nature to be recorded and evaluated in good time so that countermeasures can be taken promptly.

Diehl has a comprehensive strategy for maintaining and securing IT systems (back-up solutions, emergency data centers) as well as for safeguarding contractual delivery obligations. The central CISO office works closely with IT specialists in all areas to ensure that the security of digital applications and systems in the company is continuously developed. Despite all the measures taken and to be taken in the event of an emergency, there is naturally still a residual risk of temporary business interruptions with possible effects on the Group's sales and earnings.

In addition to the risks described above, the Group's activities have a number of peculiarities:

About half the business volume of corporate division Metall depends on the market prices for copper and zinc. High volatility leads to fluctuations in sales, without any effect on the employment situation though. Therefore, sales forecasts are generally difficult to make for Diehl Metall. The price level for electricity and gas has a significant influence on the competitive situation. Here, the corporate division depends on the government keeping an eye on energy-intensive companies when securing Germany as an energy location. In view of the current challenges in the field of electromobility, the company sees itself as continuing to make good progress. Diehl Metall supports the shift from the classic combustion engine to climate-friendly drives by developing forward-looking solutions, for example, with components for cooling systems and power modules as well as parts for sensor technology through to contact systems for battery storage systems. Sustainable production is becoming increasingly important for Diehl and the industry as a whole.

For Diehl Controls, the first half of 2023 will also be characterized by the economic slowdown and selective bottlenecks in key components. However, these negative effects will probably be offset by the continued dynamic development of the HVAC/R markets (Heating, Ventilation, Air Conditioning and Refrigeration). The newly established locations in China and Romania further increase profitability. Currently, electric heat pumps are the most commonly installed heating system in new buildings. As a specialist for electronic frequency converters, Diehl Controls therefore sees the production of these converters as an increasingly important focus of its activities. The market for heat pumps offers enormous potential, because in parallel with their growing prevalence, consumer demands regarding the controllability of heat pumps are also increasing. The home appliance business, on the other hand, will remain competitive and thus high-priced in the future.

In view of the changed security situation, Diehl Defence is preparing for a further increase in demand. In challenging times of today's global politics, the company sees itself as a consistently reliable and successful partner of the German armed forces, having been well acquainted with the requirements of the troops since their foundation. Soldiers protect people and facilities, repel attacks and must be able to stand up for themselves in the world's global hotspots. Their missions are dangerous, their training and equipment critical to survival and success in the field. Diehl will continue to contribute to national security and defensive potential. This does not only apply to procurement projects but also to development shares in international cooperation projects. The company's growth and the capacity expansion required for this (personnel, infrastructure, suppliers) will remain a challenge for the coming years.

For Diehl Aviation, as one of the major suppliers to the long-haul market, the effects of the aviation crisis are still perceptible, as demand in this sector is developing much more slowly than domestic air traffic. However, in the last two years the company has persistently succeeded in stabilizing the business on a lasting basis and returning to its former strength. In particular, this was due to a realignment according to strategic business segments and, on the product side, the positioning in the area of sustainable flying. Achieving profitability, particularly in the Monuments and Supply Systems units, remains an important task following the reorganization. Cooperation with leading providers of electric air cabs in the innovative growth market of Regional Air Mobility is also promising. With its broad portfolio, Diehl Aviation focuses in particular on the development of solutions for optimizing the weight and fuel consumption of aircraft and on the development of new recyclable materials.

In order to meet the growing demand on the American market, Diehl Metering has set up a new production facility in Lisle/Illinois and started assembling the HYDRUS 2.0 there. The continuous increase in production capacity there makes it clear that both existing customers and new partners in the USA represent an increasing demand for smart ultrasonic water meters. In the future, China will not only offer opportunities for smart heating solutions, but also risks – in terms of competition – on the local supplier side. The China strategy must therefore be readjusted. Despite the adverse effects in the face of persistent component shortages and rising energy costs, the company will meet growing customer demand by further increasing production capacity while continuing its strategy of portfolio expansion and diversification. In doing so, Diehl Metering aims to achieve a renewed increase in sales and continue its sustained growth.

Sustainability is still a top priority for the Group and all corporate divisions. For Diehl, however, sustainability is nothing new, as environmental aspects and economic production have always been among the key criteria of corporate management. However, the social view of sustainability has evolved enormously over the past few years to a holistic view in the defined dimensions ESG (Environment, Social, Governance). Both customers and banks are increasingly demanding more transparency and improvements with regard to sustainability issues – a concern that is also shared by employees and applicants. While politicians would often prefer voluntary approaches, the current EU legislative initiative makes clear sustainability reporting mandatory for Diehl as well. Diehl is facing up to this challenge very aggressively because it opens up opportunities for the markets of the future and enables sustainable progress for society.

The current year is also characterized by many uncertainties in planning, for example due to the shortage of parts and persistently high energy prices in the wake of the war in Ukraine. The gloomy global economy and the ongoing tensions between the USA and China are also having a negative impact on the markets. Nevertheless, Diehl remains optimistic overall. In 2023, the company will continue to focus on maintaining and expanding its growth course despite the persistently tough environment. The prerequisite for this is that all divisions continue to work hard to meet the goals set and that the power supply in Germany remains reliable and affordable. Having overcome the recent crises, the focus is now increasingly on the future positioning of the company and the further expansion of the technology portfolio, as well as on addressing the key issues of the future, such as digitization and sustainability. Due to the established risk management system, the risks existing in the corporate divisions are regarded as medium from the Diehl Group's perspective.

Given the tough economic conditions over the globe, 2023 will also be very challenging for the Diehl Group. In weighing up opportunities and risks, however, the signs continue to point to confidence and growth, thanks to the balanced portfolio of the five corporate divisions. Sales of around €4 billion and a further slight improvement in earnings are expected.

Nürnberg, April 06th, 2023

Diehl Verwaltungs-Stiftung

Dr. Klaus Richter	Jürgen Reimer
Jens Böhlke	Dr. Christof Bosbach
Dieter Landgraf	Helmut Rauch
Dr. Jörg Schuler	Carsten Wolff

LIVING A COOPERATIVE CULTURE.

EMPLOYEES



FISCAL YEAR

2022

On the reporting date, December 31, 2022, the Diehl Group employed a total of 16,550 people at its locations around the world. A comparison with the previous year (16,135) shows an increase of 415 employees (2.6%). The increase is mainly attributable to the Defence Corporate Division (286) as a result of the further rise in business expectations, and to Metall (93). On the reporting date, 10,817 people were employed at the Diehl Group's German locations (previous year: 10,567). In Germany, this means a personnel increase of 250, mainly due to the expansion of the Defence Corporate Division. The quota of domestic employees is almost unchanged, and is now at 65.4%.

Qualified dual vocational training within the Group as a proven basis for securing the next generation of skilled workers and young academics is becoming even more important in view of the shortage of skilled workers expected in the coming years. The number of junior staff currently employed is still at a high level, with 400 trainees (2021: 411) – of which 354 (2021:

371) are in Germany. At a total of 14 training locations in Germany, apprentices complete their training in 20 recognized occupations together with 83 junior employees, who undergo dual study programs in over 10 different fields of study, combining study and vocational training at various colleges across Germany, as well as in-depth practical training at the company. In addition, seven prospective skilled workers from other companies are gaining the necessary training at Diehl training centers, from the necessary basic and specialized practical expertise through to job-related courses for their vocation, which the project partners cannot deliver in-house.

Diehl continues to offer young people from crisis regions the chance to get qualified vocational training with subsequent employment in the company in order to enable them to integrate optimally into society. To this end, five young refugees from Eritrea, Iraq, Somalia, and Syria are currently undergoing dual vocational training.



EMPLOYEES

In the reporting year, the diverse recruitment activities were again increasingly carried out face-to-face and further expanded in order to attract as many school graduates as possible to the wide range of training opportunities at Diehl. In-person recruitment events at trade shows and in schools will continue to be supplemented by digital offerings at the individual locations. Short, one-day internships and parent information afternoons are also being offered, starting in the reporting year. The one-week insights into the working world with apprenticeship tasters, which were offered on-site prior to the pandemic, were finally able to take place again in 2022.

In order to attract young women to technical professions, Diehl has for many years been involved in the “Girls’ Day” and the “Girls for Technology Camp” educational initiative offered by the Bildungswerk der Bayerischen Wirtschaft e. V. Activities on the various social media channels are now being supplemented by two additional training locations to keep interested subscribers up to date with the latest training information.

Specialists and managers and their qualification are of crucial importance for Diehl. In addition to the continuation of classic face-to-face approaches, the current environment requires more virtual qualification in order to be able to offer suitable measures. Whether for employees with potential for more advanced roles, junior staff, or experts, the scope of

on-the-job and off-the-job qualification opportunities at Diehl will continually be adjusted to current requirements and supported with digital tools. The “Diehl Learning World”, which is open to all employees, offers a comprehensive range of advanced training courses combining in-person and online training.

The company is committed to various measures that facilitate a better work-life balance for staff, including those in management positions. In accordance with legal requirements, the proportion of women does not fall short of the quota already achieved in the corresponding management levels.

The Diehl company employs many people from Ukraine. The company shares the concerns of its affected employees, and those in charge in the Group’s Polish plants are helping Ukrainian employees to deal with special emergency situations.

It is only with the great commitment and pragmatism of all employees in all areas of the Group that we can continue to successfully shape future of Diehl as a company. Overcoming the recent crises has made it clear that Diehl, with over 120 years of experience as a family-owned company, is able to deal very successfully even with with major global challenges. The Executive Board would like to express its sincere thanks to all employees for their impressive commitment. We also want to thank the employee representatives for their always objective and constructive cooperation, which has led the company to sustainable and future-oriented solutions.



SUSTAINABLY SHAPING THE FUTURE TOGETHER.

SUSTAINABILITY

FISCAL YEAR

2022

Since its foundation, the family-owned Diehl company has stood for sustainable growth. This fundamental position is reflected in questions of corporate governance as well as in social issues and the use of resources. In addition to social responsibility, active sustainability management is therefore an essential component of strategic alignment and long-term corporate success.

After defining initial areas of action in the previous year, a new organizational structure was created in 2022 as part of continued development of the sustainability strategy, and existing structures were expanded in order to anchor sustainability even more firmly in business operations and to integrate it operationally and strategically across the board. A central sustainability department bundles the Group's activities in this area, promotes Group-wide exchange and reports directly to the Executive Board. The department also takes care of the fulfillment of legal and regulatory sustainability requirements and the active development of the topic

within the company. Due to the different business areas in various industrial sectors in which the Diehl Group is active, sustainability activities are mainly decentralized to the corporate divisions in order to meet the increasing requirements there as well.

In the reporting year, initial areas of action in the fields of environment, social affairs, and governance were examined. In addition, a variety of key performance indicators were defined and implemented for Group-wide measurability of progress. Furthermore, sustainability is now incorporated into risk management and strategy processes. In the area of the corporate divisions, Diehl Metering reported in detail for the first time in the reporting year on progress in seven defined focus areas after joining the Global Compact in 2021. Some corporate divisions have taken part in sustainability ratings related to climate (Carbon Disclosure Project) and to overall sustainability (EcoVadis) in order to secure their position for the future.

Across the Group, the carbon footprint has been on the agenda since the reporting year, in order to facilitate assessment of the company's overall climate impact. Work in determining this value has begun, in order to be able to report on its future development. Thus, Diehl intends to formulate clear reduction targets on the basis of this evaluation and the resulting measures. Compliance with internationally recognized human rights is also very important to the Diehl Group. Last year, in preparation for the German Supply Chain Act, the company expanded its human rights-related corporate due diligence and declared this mandatory for all employees.

In the current year, a complete picture of the situation is to be created for the first time, from the key figures and management approaches, as an important basis for the first sustainability report of the entire Diehl Group. The aim is to understand – better and more quickly – the impact of our own business activities and to apply appropriate strategies and measures for greater sustainability.



ago. In addition to financial support, the Friends of the Old Town were also delighted to receive a precious old doll's house from the estate of Mr. Werner Diehl. The children's toy, made by a cabinetmaker around one hundred years ago, came from the time of Irmgard Diehl's childhood and was shown to visitors as part of a Christmas exhibition at the museum.

Due to the ongoing energy crisis and the resulting increase in costs for heating, electricity, and living expenses, there is a growing number of people who are struggling to pay for these costs and who need support. The Karl Diehl Foundation for People in Need (KDS) is one of the points of contact for those in need of assistance and is in high demand in these times. Since its establishment in May 1987, KDS has been able to assist with challenging situations in over 16,000 cases. The Irmgard Diehl Children's Foundation (IDS) was also very active again in the reporting year, working with around twenty social institutions to help abused, traumatized, socially disadvantaged, sick, and disabled children and young people from the regions of Central Franconia, Upper Franconia and Swabia.

Our decades-long support of the Nuremberg "Friends of the Old Town" was also continued. Specifically, this concerned their Kühnertsgasse Museum in three late-medieval Nuremberg craftsman's houses, in whose rescue and restoration Diehl also participated years

The invasion of Ukraine by Russian troops in February 2022 also affected numerous Ukrainian citizens employed by Diehl Controls and Diehl Metering at Diehl's Polish locations. To support them and their families in this special emergency situation, the company's shareholders and Supervisory Board have pledged individual assistance via the respective HR departments. Since then, numerous campaigns have been organized in both of the corporate divisions and at various other company locations, to help those affected in a variety of ways and in a spirit of solidarity.

In the greater Nuremberg area, support was also provided for the construction of a new children's hospital including obstetrics at the Süd location, group therapy services for women affected by drug addiction and their children, the "Erfahrungsfeld zur Entfaltung der Sinne" (field of experience for the unfolding of the senses), and associations to support the civilian population in Ukraine.

DIEHL VERWALTUNGS- STIFTUNG

FISCAL YEAR

2022



Consolidated Financial Statements
as of December 31, 2020

CONSOLIDATED BALANCE SHEET OF DIEHL VERWALTUNGS-STIFTUNG AS OF DEC. 31, 2022

ASSETS

	Dec.31, 2022 K€	Dec.31, 2021 K€
A. Fixed assets		
I. Intangible assets	20,655	20,577
II. Tangible assets	608,364	584,285
III. Financial assets	20,237	19,376
	649,256	624,238
B. Current assets		
I. Inventories		
1. Raw materials and supplies	509,906	357,212
2. Work in process (goods and services)	492,209	444,821
3. Finished goods and merchandise	189,187	149,361
4. Advance payments	94,902	74,956
5. Advance payments received on orders	- 670,940	- 279,607
	615,264	746,743
II. Receivables and other assets		
1. Trade receivables	420,576	393,162
2. Receivables due from affiliated companies	220	376
3. Receivables due from companies in which participations are held	66,661	29,266
4. Other assets	139,974	103,650
	627,431	526,454
III. Securities		
Other securities	2,951	2,911
IV. Cash, bank balances and checks		
	254,943	120,803
	1,500,589	1,396,911
C. Prepaid expenses	17,459	15,506
D. Deferred tax assets	164,134	163,222
	2,331,438	2,199,877

CONSOLIDATED INCOME STATEMENT OF DIEHL VERWALTUNGS-STIFTUNG FOR THE PERIOD JAN.1 TO DEC. 31, 2022

	2022 K€	2021 K€
1. Sales	3,505,676	3,167,421
2. Increase (decrease) in finished goods and work in process	77,353	35,313
3. Other capitalized services and materials	10,945	11,459
4. Other operating income	165,786	151,316
5. Cost of materials and services:		
a) Cost of raw materials, supplies and purchased goods	– 1,700,545	– 1,595,324
b) Cost of purchased services	– 254,698	– 224,953
	– 1,955,243	– 1,820,277
6. Personnel expenses:		
a) Wages and salaries	– 879,302	– 830,545
b) Social security and pension costs	– 212,637	– 178,577
– <i>thereof for pensions:</i>	– 50,833	– 16,035
	– 1,091,939	– 1,009,122
7. Amortization and depreciation on intangible assets and tangible assets	– 100,799	– 95,420
8. Other operating expenses	– 447,158	– 422,991
9. Income from investments	409	318
– <i>thereof from affiliated companies:</i>	229	137
10. Income from investments in associated companies	1,449	1,424
11. Other interest and similar income	4,503	27,639
– <i>thereof from affiliated companies:</i>	26	28
12. Writing down of financial assets and current securities	0	– 1
13. Interest and similar expenses	– 37,311	– 70,157
– <i>thereof to affiliated companies:</i>	– 2	– 2
14. Income tax	– 69,186	– 61,415
– <i>thereof deferred taxes:</i>	– 115	– 28,482
15. Earnings after tax	64,485	– 84,493
16. Net loss for the year	64,485	– 84,493
– <i>thereof part of other shareholders:</i>	64,525	– 84,364

CONSOLIDATED CASH FLOW STATEMENT OF DIEHL VERWALTUNGS-STIFTUNG FOR THE FISCAL YEAR 2022

	2022 K€	2021 K€
Net income / loss for the year	64,485	– 84,493
Adjustment to reconcile between closing rate and average rate	- 346	638
Depreciations/write-ups on fixed assets	100,487	98,903
Decrease in accruals and provisions	– 33,831	– 62,561
Other non-cash expenses / income	10,947	39,747
Loss / gain on disposal of fixed assets	25	– 220
Increase in inventories, trade receivables and other assets	– 364,873	– 134,062
Increase in trade payables and other liabilities	479,702	159,688
Interest expenses / interest income	32,807	42,518
Other investment earnings	– 1,499	– 1,071
Income tax expenses	63,071	32,933
Income tax payments	– 46,648	– 27,833
Income from grants	– 17,145	– 21,603
Cash flow from operating activities	287,182	42,584
Proceeds from disposals of tangible and intangible assets	3,941	1,212
Payments for purchase of tangible and intangible assets	– 125,746	– 115,204
Payments from disposals of/acquisition of financial assets	– 467	– 3,776
Payments from the purchase / sale of consolidated companies	0	900
Payments from financial assets from short-term financial management	– 40	– 40
Interest received	1,951	604
Dividends received	1,499	1,071
Cash flow from investing activities	– 118,862	– 115,233
Dividends paid to shareholders	– 22,022	– 10,550
Cash outflows from repayment of bank liabilities and other financial liabilities	– 36,234	– 15,161
Proceeds from bank liabilities and other financial liabilities	9,454	10,819
Proceeds from grants / subsidies received	17,145	21,603
Interest paid	– 15,115	– 13,529
Reimbursed interests	0	25,996
Cash flow from financing activities	– 46,772	19,178
Change in cash and cash equivalents	121,548	– 53,471
Effect of changes in exchange rates, consolidated companies and changes due to valuations	566	1,092
Cash and cash equivalents at beginning of period	111,223	163,602
Cash and cash equivalents at end of period	233,337	111,223
<i>Cash and cash equivalents have been reduced by €21.6 million (12/31/2021: €9.6 million) of current liabilities due to banks and other short-term financial liabilities.</i>		

**STATEMENT
OF CHANGES IN CONSOLIDATED EQUITY
OF DIEHL VERWALTUNGS-STIFTUNG**

	Equity of parent company				in the capital of Non-controlling interests before net income
	Capital stock	Reserves	Retained earnings brought forward	Equity of parent company	
in K€					
As of Dec. 31, 2021	511	221	1,506	2,238	703,250
Allocation to reserves		58	– 58		18,227
Distribution of earnings					
Foreign currency translation					– 1,240
Other changes					
Consolidated net loss			– 39	– 39	
As of Dec. 31, 2022	511	279	1,409	2,199	720,237

Non-controlling interests						Group equity
of corporate division Diehl Stiftung & Co. KG		Other third party shareholders			Equity held by other shareholders	
Gains/losses attributable to non-controlling interests	Total	Non-controlling interests before annual result	Profits / losses due to non-controlling interests	Total		
- 284,528	418,722	28,628	30,689	59,317	478,039	480,277
- 18,227						
- 6,537	- 6,537	- 10,324		- 10,324	- 16,861	- 16,861
	- 1,240	486		486	- 754	- 754
42	42				42	42
48,794	48,794		15,730	15,730	64,524	64,485
- 260,456	459,781	18,790	46,419	65,209	524,990	527,189

I. General remarks

Diehl Verwaltungs-Stiftung, headquartered in Nuremberg, is registered in the Commercial Register of the Nuremberg Local Court under number HRA 11756.

The consolidated financial statements of Diehl Verwaltungs-Stiftung have been prepared in accordance with the accounting regulations of the German Commercial Code.

The financial statements of the companies included in the consolidated financial statements have been prepared uniformly in accordance with the accounting and valuation methods applicable in the Diehl Group. Accounting for foreign companies is adjusted to the uniform accounting and valuation principles where this is significant for the presentation of the net assets, financial position and results of operations.

II. Consolidated companies and associated companies

In addition to Diehl Verwaltungs-Stiftung, the consolidated financial statements include 45 domestic and 25 foreign companies, which are under the direct or indirect control of Diehl Verwaltungs-Stiftung. As of fiscal year 2022, the circle of fully consolidated Group companies is extended by the establishment of Diehl Controls Qingdao Co., Ltd, Qingdao, China, DIEHL CONTROLS ROMANIA S.R.L., Bucharest, Romania and DD Immobilien Troisdorf GmbH, Troisdorf.

Five domestic shareholdings were included in the consolidated financial statements as associated companies.

Due to their minor significance for the presentation of a true and fair view of the Group's net assets, financial position and results of operations, 11 companies were not consolidated. Based on Section 296, Para. 1, No. 1 of the German Commercial Code (HGB), two companies were not included in the consolidated financial statements as their assets are limited to the respective corporate purpose.

An overview of share ownership and the consolidated companies is provided in an appendix to the Notes.

III. Consolidation principles

For subsidiaries, the revaluation method is applied for capital consolidation. Here the assets and debts are stated at their full fair value and the acquisition cost of the shareholding is offset against the pro rata fair value of the shareholders' equity at the time of acquisition. The difference remaining on the assets side after offsetting is shown as goodwill.

Shares in associated companies are treated in accordance with the principles of the equity method of accounting. They are stated using the book value method at the date of their acquisition.

Intercompany profits and losses, sales, expenses and income as well as receivables and payables between fully consolidated companies are eliminated. Intercompany results in relation to associated companies are not eliminated as their influence on the overall situation is of minor significance.

Deferred taxation is made for consolidation operations affecting the results whenever diverging tax expenses are expected to be compensated for in future fiscal years.

IV. Accounting and valuation principles, foreign currency translation

As in previous years, the financial statements were prepared on the basis of the following accounting and valuation methods.

1. Fixed assets

Intangible assets acquired for consideration are valued at acquisition cost, less scheduled or non-scheduled amortization. The useful life is generally assumed to be 3 years, unless a different period applies, e.g. due to the validity period of rights of use.

Tangible assets are valued at the cost of acquisition or production, less scheduled or non-scheduled depreciation. In addition to directly attributable costs, the production costs of self-constructed assets also include proportional overhead expenses and depreciation. For new investments, the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2022

straight-line method of depreciation is used. Scheduled depreciation of buildings and parts of buildings is based on a useful life ranging from 3 to 50 years, depending on the extent of use. The useful life of technical equipment and machinery and that of other equipment as well as factory and office equipment ranges from 1 to 25 years. Low-value assets with acquisition costs of up to €800 are completely written off in Germany in the year of acquisition. Fixed values are defined for tools and fixtures. Extraordinary value reductions are taken into account by means of non-scheduled depreciation.

Shares in affiliated companies and **participations** are valued at cost of acquisition or at the lower applicable value.

Shares in associated companies are valued using the equity method of accounting, starting with the book value.

Interest-bearing **loans** are stated at their nominal values, non-interest-bearing loans at their cash values.

Investment securities are generally valued at cost of acquisition or at the lower applicable value.

2. Current assets

Under inventories, raw materials and supplies as well as merchandise are valued at cost of acquisition or at the lower stock exchange or market prices.

In the case of metal inventories valued at the lower of cost or market principle, the contractually agreed sales prices for the metal portion are taken into account if corresponding sales contracts already exist at the balance sheet date.

Work in process and finished goods are valued at production costs. In addition to the directly attributable costs of materials and labor, proportional overheads are included.

Inventory and usability risks are devalued to an appropriate extent.

If, at the time of preparing the balance sheet, a need for devaluation is identified because costs are not fully covered by the proceeds, appropriate markdowns are made for the purpose of loss-free valuation.

Advance payments made and received are stated at nominal value. Advance payments received are deducted from inventories in accordance with Section 268, Para. 5, Sentence 2 of the German Commercial Code.

Receivables, other assets and liquid assets are generally stated at their nominal value. In the case of receivables, allowances are made to appropriately cover identifiable individual risks through individual value adjustments and general credit risks as well as costs of collecting receivables through general value adjustments. Interest-free receivables that are not expected to be received until after a period of 12 months are shown at their cash value. **Marketable securities** are stated at the cost of acquisition, at lower market price or at redemption value.

3. Accruals / Liabilities

Accruals for pensions and similar liabilities are actuarially valued using the modified entry-age normal method. Calculations are based on the 2018 G mortality tables published by Prof. Dr. Klaus Heubeck. The valuation takes into account assumptions about the future development of certain parameters. Wage and salary increase of 5.2% for employees covered by collective bargaining agreements and 4.25% for employees not covered by collective bargaining agreements has been taken as the basis for 2023. For all future years, the wage and salary increase has been taken as 3.3 % p.a. The dynamic pension increase is assumed to be 2.10 % p.a. Discounting of reserves is based on the interest rate of 1.79% p.a. set by the German Central Bank for a remaining term of 15 years.

Tax accruals and **other accruals** are set up to cover all contingent liabilities and discernible risks. They are stated at the amount repayable according to prudent business judgment, including future price and cost increases. Accruals with a residual term of more than one year are discounted. The discounting is carried out according to the residual term of the accrual using the average market interest rate of the past 7 fiscal years as determined by the German Central Bank.

If no valuation units are formed between metal purchase contracts and the metal portion of sales contracts, these items are checked for impending losses.

All **liabilities** are stated at the amount repayable.

4. Foreign currency translation

The valuation date for the translation of foreign currencies is generally the date of acquisition in the case of fixed assets, and the date of accrual in the case of receivables and payables. Short-term assets and liabilities with a term of less than one year are translated at the average spot exchange rate on the balance sheet date. Receivables and payables with a remaining term of more than one year are valued at the average spot exchange rate on the reporting date according to the imparity principle.

Balance sheet items in financial statements prepared in foreign currencies are translated at the exchange rates prevailing on the balance sheet date. The individual equity items are translated at historical rates, while the annual result is translated at the average rate for the year.

Income statement items are translated at the average exchange rate for the year. Differences between the closing rate, historical rates and average rates are recognized directly in the equity of the corporate division Diehl Stiftung & Co. KG or in the shares of other third party shareholders. Differences compared to the previous year's statement are recognized directly in equity.

Currency risks are generally hedged as part of a uniform Group-wide risk management strategy. Valuation units are created and documented in accordance with Section 254 of the German Commercial Code. If they are hedged by forward transactions, the respective hedging rates are applied.

Receivables and payables in the same currency and with approximately the same term are combined into valuation units if they are of the same value.

Effective items of the valuation units created are reported in the balance sheet using the freezing method (compensatory valuation). The imparity principle is applied for ineffective items. This means that positive market values are not shown in the balance sheet and provisions for contingent losses are set up for negative market values only if a negative balance results from a valuation unit or if an open item yields a loss.

V. Notes to the balance sheet

1. Fixed assets

The development of fixed assets and depreciations is shown in an appendix to the Notes. The "Changes" column shows all changes in the opening balance due to additions and disposals of the consolidated companies and due to currency translation differences.

2. Receivables and other assets

A residual term of more than one year applies for the following amounts under the respective items:

	K€ 12/31/2022	K€ 12/31/2021
Trade receivables	259	91
Receivables due from affiliated companies	131	150
Receivables due from affiliated companies in which participations are held		
	2	0
Other assets	1,812	1,546

3. Deferred tax assets and liabilities

Deferred taxes (on the assets and liabilities side) result from valuation differences in the commercial and tax balance sheets, tax loss carry-forwards and consolidation measures if the differences are offset in the future. Deferred tax assets and liabilities are not balanced.

For domestic companies, valuation is at tax rates of 12% to 13% (partnerships) or 28% to 33% (joint-stock companies).

For foreign subsidiaries, the individual national statutory tax rates (11% to 34%) are applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2022

Deferred tax assets amounting to K€164,134 mainly result from the creation of deferred taxes based on different valuation methods in the commercial and tax balance sheets (pension reserves, different valuation methods and depreciation methods or periods in fixed and current assets, and other accruals), tax loss carry-forwards, and the elimination of intercompany profits and losses in fixed assets and inventories.

Deferred tax liabilities of K€14,032 result mainly from special tax depreciation, different valuation methods in the commercial and tax balance sheet, and the recognition of reserves only permitted under tax law (e.g. Section 6b of the Income Tax Act).

	K€ Status as of 12/31/2022	K€ Status as of 12/31/2021	K€ Change
Deferred tax assets	164,134	163,222	912
Deferred tax liabilities	14,032	12,853	1,179

4. Shareholders' equity

The capital of the corporate division Diehl Stiftung & Co. KG consists of the liable limited liability capital of Diehl Stiftung & Co. KG and the reserves of Diehl Stiftung & Co. KG. The statement of changes in equity is prepared in accordance with the principles of the German Accounting Standards DRS 22.

5. Accruals

Investment securities, which serve to finance lifetime working-time accounts, are valued at their fair value and balanced against the corresponding accruals in the amount of K€9,148 (offsetting of plan assets). The acquisition costs amounted to K€8,186.

Coverage capital for insolvency insurance of lifetime working-time accounts in the amount of K€4,335 was offset against the corresponding accruals in the amount of K€6,067.

Receivables from reinsurance policies for deferred compensation were offset against corresponding pension provisions for reinsured deferred compensation (offsetting of plan assets). The historical acquisition cost and fair value of the receivables from offset reinsurance policies amount to K€13,802. The settlement amount of the pension provision offset for reinsured deferred compensation corresponds to the asset value from the reinsurance policy (K€13,802). Expenses and income in the amount of K€336 were offset.

Other accruals mainly include accruals for warranties, for outstanding invoices, for contractual penalties, for long-term working time accounts, for bonuses and gratuities, for flexitime surpluses, and for severance payments and redundancies (without partial retirement).

6. Liabilities

The total amount of liabilities and the breakdown of the individual liability items according to their remaining term are shown in an appendix to the Notes.

The total amount of **liabilities due to banks** is K€5,587 and is secured by pledged accounts and land charges.

Other liabilities include the following items:

	K€ 12/31/2022	K€ 12/31/2021
Social security liabilities	9,206	7,855
Tax liabilities	41,493	29,806

7. Derivative financial instruments and valuation units

For its business activities, the Diehl Group uses forward contracts to manage the risks arising from the fluctuations in currencies and metal prices between the balance sheet date and the settlement date.

Forward exchange transactions are concluded by the companies with Diehl Stiftung & Co. KG. The latter, in turn, concludes suitable contracts with banks, which are essentially identical regarding value and term. These contracts are based on uniform guidelines, are subject to internal controls and are limited to hedging transactions in foreign currencies.

The nominal volume and market values of derivative financial instruments existing at the balance sheet date are as follows:

Foreign exchange contracts in million €	Market values		Nominal volume
	positive	negative	
Type			
USD	40	85	2,050
PLN	1	0	49
GBP	0	0	35
HUF	0	0	17
MXN	1	0	12
CNY	0	0	4
Other currencies	0	0	4
Commodity futures contracts			
Metals exchange	1	0	51

The nominal volume is the sum of all buying and selling values of derivative financial instruments.

The market value of foreign exchange and commodity futures contracts is calculated on the basis of the forward value applicable on the balance sheet date for the respective remaining contract term compared to the contracted forward value (mark-to-market method).

Foreign exchange contracts are used to hedge business transactions in foreign currencies and valuation units are created to cover risks amounting to €43 million as of the balance sheet date. Foreign currency items are valued as part of micro, macro and portfolio hedges. The valuation units include foreign currency receivables (€239.4 million), liquid assets (€21.2 million), foreign currency liabilities (€119.5 million), firmly contracted business not yet included in the balance sheet (€492.7 million) and transactions expected with high probability (€1,503.4 million). The transactions expected with high probability mainly relate to anticipated orders or procurement transactions. Opposing changes in the value and cash flows of these hedged items and hedging instruments are expected to offset each other in full by October 2025.

The transactions combined in the valuation units are subject to the same risk. Accordingly, the opposing changes in value of the hedged items and hedging instruments are expected

to fully offset each other in the future for the respective hedged risk. The prospective effectiveness of hedging relationships is determined on each balance sheet date primarily using the Critical Terms Match method. This ensures that the value-determining factors (nominal value, term, currency) are identical for the hedged item and the hedging instrument. Therefore, the individual hedging relationships are each rated as effective for the entire hedging period. The same applies to the retroactive determination of previous effectiveness. Here, too, it is predominantly demonstrated by the Critical Terms Match method that all value-determining factors between the hedged portion of the hedged items and the hedging portion of the hedging instruments are identical. In these cases, there can be no ineffectiveness that is relevant for the balance sheet with regard to the valuation units.

Metal price risks from metal procurement and metal sales contracts (pending transactions) result from changes in the prices of primary metals, scrap and manufactured semi-finished products between the contract date and the date of performance. Purchase and sales contracts that are not covered by physical countertrades are hedged with corresponding exchange positions.

Commodity futures and forward contracts are concluded to hedge metal price risks (pending transactions). Both micro and portfolio hedges are created as part of the valuation. The hedged items combined in the portfolio hedges have highly homogeneous risks. The contract volume of hedging transactions is chosen so that it corresponds to the contract volume of the hedged items – in terms of the respective primary metal portion.

Hedged items and hedging transactions are included in the valuation units at the following market values (forward value at the balance sheet date compared with the contracted forward value):

Metals Dec. 31, 2022	Market value in million €
Pending procurement transactions	0.1
Hedged by commodity futures contracts	0.0
Pending sales transactions	1.6
Hedged by commodity futures contracts	- 0.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2022

The changes in value of pending sales and procurement transactions are hedged over a period of up to 12 months for the valuation units.

The opposing changes in the value of these hedged items and hedging transactions are expected to offset each other in full over the next 12 months. The effectiveness of the valuation units employed is measured using the "dollar offset method" in cumulative form, taking into account specified risk limits. Under the "dollar offset method," the cumulative market value changes of the hedged items are compared with the cumulative market value changes of the hedging transactions as of the designated date in absolute amounts of money. The "dollar offset test" is carried out on each closing date.

Provisions in the amount of K€16 were set up as of the balance sheet date. Risks worth €0.5 million were hedged with microhedges and portfolio hedges, thus avoiding corresponding negative changes in value on the accounting date. Transactions expected with high probability with a volume of €9.8 million were included in the valuation units.

8. Contingent liabilities

As of the reporting date, there were liabilities from guarantees amounting to €40.4 million (previous year: €43.3 million) and from warranty agreements in the amount of €30.9 million (previous year: €89.4 million).

On the reporting date, there were contingent liabilities of €33.2 million due to associated companies (previous year: €34.3 million).

In view of the business development to date of the individual companies for whose benefit the contingent liabilities exist, no related claims are expected to be raised.

Indirect pension liabilities are not shown in the consolidated balance sheet. The corresponding deficit due to affiliated, non-consolidated companies is included in the contingent liabilities (liabilities from warranty agreements) in the amount of €2.4 million (previous year: €2.8 million).

9. Other financial commitments

Financial commitments from long-term contracts amount to €407.1 million. These mainly relate to commitments from rental and lease agreements, quantity contracts for metal (purchasing) for which prices have not yet been fixed, commitments from open purchase orders, commitments from commodity futures (metal), offset obligations and repayment obligations for development cost subsidies. As of the reporting date, there were other financial commitments to associated companies in the amount of €0.3 million (previous year: €38.9 million).

VI. Notes to the income statement

1. Sales revenue

The breakdown of sales revenue is as follows:

2022	Total million €	Domestic million €	Foreign million €
Corporate Division Metal	875	475	400
Corporate Division Controls	560	107	453
Corporate Division Defence	810	363	447
Corporate Division Aviation	889	362	527
Corporate Division Metering	361	78	283
Services / Other	11	11	0
Total:	3,506	1,396	2,110

2021	Total million €	Domestic million €	Foreign million €
Corporate Division Metal	863	456	407
Corporate Division Controls	551	84	467
Corporate Division Defence	660	319	341
Corporate Division Aviation	757	319	438
Corporate Division Metering	322	67	255
Services / Other	14	13	1
Total:	3,167	1,258	1,909

Foreign sales are generated mainly in other European countries, China and North America.

2. Other operating income

Includes income from foreign currency translation in the amount of €13.4 million (previous year: €7.0 million).

3. Amortization and depreciation

Non-scheduled depreciations were made in the amount of €0.4 million due to permanent value reduction. This mainly concerns the item "Amortization and depreciation on intangible assets and tangible assets" in the income statement.

4. Other operating expenses

Other operating expenses include expenses from foreign currency translation in the amount of €12.4 million (previous year: €4.8 million) and other taxes in the amount of €5.5 million (previous year: €5.3 million).

5. Other interest and similar income / interest and similar expenses

The item "Other interest and similar income" includes income from the discounting of accruals in the amount of €2.0 million (previous year: €0.8 million).

The item "Interest and similar expenses" includes expenses from the compounding of accruals in the amount of €21.7 million (previous year: €56.6 million).

6. Taxes on income

This item includes corporate income tax, trade income tax, deferred income taxes and comparable foreign income taxes.

7. Income/expenses relating to other accounting periods

Income relating to other accounting periods amounted to €97.7 million. This mainly resulted from the reversal of unused accruals.

Expenses relating to other accounting periods amounted to €7.7 million. These mainly resulted from expenses for previous year's taxes.

8. Income and expenses of extraordinary size and significance

No income or expenses of extraordinary size and significance occurred in the fiscal year.

VII. Other information

1. Information on the organs of the Foundation

Executive Board

Dr. Klaus Richter, President of the Executive Board,
Corporate Department Technology
Jürgen Reimer, Vice President of the Executive Board,
Corporate Department Finance and Controlling
Jens Böhlke, Corporate Department Human Resources and
Social Affairs (as of January 1, 2022)
Dr. Christoph Bosbach, Corporate Division Metering
Josef Köcher, Corporate Division Aviation
(until March 24, 2022)
Dieter Landgraf, Corporate Division Metal
Helmut Rauch, Corporate Division Defence
Dr. Jörg Schuler, Corporate Division Aviation
(as of Nov. 1, 2022)
Carsten Wolff, Corporate Division Controls

Supervisory Board

Karl Diehl, Honorary Chairman († January 19, 2008)
Peter Diehl, Vice Chairman († February 6, 2016)
Dr. Thomas Diehl († April 16, 2017)

Dr. Herbert Fehrecke, Chairman
Werner Diehl, Vice Chairman
Markus Diehl
Konstantin Diehl (as of September 1, 2022)
Frank Werdin (as of February 20, 2023)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF DIEHL VERWALTUNGS-STIFTUNG FOR FISCAL YEAR 2022

2. Explanations concerning the cash flow statement

The cash flow statement is prepared using the indirect method in accordance with the German Accounting Standards DRS 21. Cash holdings include cash on hand and bank balances after deduction of liabilities due at any time. Payments to shareholders include profit distributions to third-party shareholders as well as withdrawals mainly for the taxation of the shareholders of Diehl Stiftung & Co. KG.

3. Employees

	Annual average	
	2022	2021
Corporate Division Metal	2,817	2,753
Corporate Division Controls	3,640	3,711
Corporate Division Defence	2,933	2,766
Corporate Division Aviation.	4,331	4,703
Corporate Division Metering	1,659	1,663
Services / Other	477	477
Employees	15,857	16,073
Apprentices	368	390
Total	16,225	16,463

4. Fees paid for services provided by auditors

in K€ Type	Auditor of the consolidated financial statements	Other auditors
Annual auditservices	1,455	118
Audit-relatedservices	26	8
Tax consultationservices	764	62
Other services	272	41
Total:	2,517	229

5. Supplementary report

No significant events that would have had an impact on the net assets, financial position and results of the company occurred at the companies included in the consolidated financial statements between the balance sheet date of December 31, 2022 and April 6, 2023.

6. Information required pursuant to Section 314, Para. 1, No. 6 of the German Commercial Code

The total remuneration for members of the Executive Board amounted to K€10,174 in the reporting year. Remuneration for former members of the Executive Board and their surviving dependents amounted to K€1,035. Pension liabilities for these persons amounted to K€14,764. Emoluments for members of the Supervisory Board amounted to K€657.

7. Proposal for appropriation of profits of Diehl Verwaltungs-Stiftung

The Executive Board proposes to allocate an amount of K€58 to the capital maintenance reserve in order to maintain the Foundation's assets in real terms.

8. Special provisions for commercial partnerships

The following commercial partnerships are exempt from the obligation to publish their annual financial statements pursuant to Section 264b of the German Commercial Code due to their inclusion in and publication of the consolidated financial statements:

Diehl AKO Stiftung & Co. KG, Wangen im Allgäu,
Diehl Brass Solutions Stiftung & Co. KG, Röthenbach a. d. Pegnitz,
Diehl Defence GmbH & Co. KG, Überlingen,
Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz,
Diehl Röthenbach GmbH & Co. KG, Nuremberg, and
Diehl Stiftung & Co. KG, Nuremberg.

Nuremberg, April 6, 2023
Diehl Verwaltungs-Stiftung

The Executive Board
Dr. Klaus Richter, Jürgen Reimer, Jens Böhlke,
Dr. Christof Bosbach, Dieter Landgraf, Helmut Rauch,
Dr. Jörg Schuler, Carsten Wolff

STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2022

1. Consolidated companies

Name and registered office of the company	Share in capital %
Production and sales companies	
Germany	
AIM Infrarot-Module GmbH, Heilbronn	50.0
Diehl Energy Products GmbH, Röthenbach	100.0
Diehl Advanced Mobility GmbH, Zehdenick	100.0
Diehl Aerospace GmbH, Überlingen	51.0
Diehl AKO Stiftung & Co. KG, Wangen im Allgäu	100.0
Diehl Aviation Gilching GmbH, Gauting	100.0
Diehl Aviation Hamburg GmbH, Hamburg	100.0
Diehl Aviation Laupheim GmbH, Laupheim	94.0
Diehl Brass Solutions Stiftung & Co. KG, Röthenbach an der Pegnitz	100.0
Diehl Connectivity Solutions GmbH, Nuremberg	100.0
Diehl Defence GmbH & Co. KG, Überlingen	100.0
Diehl Metal Applications GmbH, Röthenbach a. d. Pegnitz	100.0
Diehl Metall Messing Beteiligungs GmbH, Röthenbach an der Pegnitz	100.0
Diehl Metall Stiftung & Co. KG, Röthenbach a. d. Pegnitz	100.0
Diehl Metering GmbH, Ansbach	98.8
Diehl Metering Systems GmbH, Nuremberg	100.0
Diehl Retrofit Missile Systeme GmbH, Überlingen	100.0
Diehl Service Modules GmbH, Hamburg	100.0
Diehl Werkzeugbau Seebach GmbH, Seebach	100.0
DynITEC GmbH, Troisdorf	58.8
JUNGHANS Microtec GmbH, Dunningen	55.0
SMH Süddeutsche Metallhandelsgesellschaft mit beschränkter Haftung, Nuremberg	100.0
Other countries	
Diehl Aerospace Pte. Ltd, Singapore	100.0
Diehl Aerospace, Inc, Birmingham / Alabama, USA	100.0
Diehl Augé Découpage SAS, Besançon, France	100.0
Diehl Aviation Hungary Kft, Nyírbátor, Hungary	100.0
Diehl Controls (Nanjing) Co., Ltd, Nanjing, China	100.0
Diehl Controls México S.A. de C.V., El Marqués / Querétaro, Mexico	100.0
Diehl Controls North America Inc, Wilmington / Delaware, USA	100.0
Diehl Controls Polska Sp. z o.o., Namysłów, Poland	100.0
Diehl Controls Qingdao Co., Ltd, Qingdao, China	100.0
DIEHL CONTROLS ROMANIA S.R.L., Bucharest, Romania	100.0
Diehl do Brasil Metalúrgica Limitada, São Paulo, Brazil	100.0
Diehl Electronic Components (Wuxi) Co., Ltd, Wuxi, China	100.0
Diehl Metal India Private Limited, Pune, Maharashtra, India	100.0
Diehl Metering (Jinan) Co., Ltd, Jinan, China	100.0
Diehl Metering GesmbH, Vienna, Austria	100.0

Name and registered office of the company	Share in capital %
Production and sales companies	
Other countries (continued)	
Diehl Metering LLC, Wilmington / Delaware, USA	100.0
Diehl Metering S.A.S., Saint-Louis, France	100.0
Diehl Metering Sp. z o.o., Bażanowice, Poland	100.0
DIEHL POWER ELECTRONIC SAS, Siaugues Sainte Marie, France	100.0
Diehl SynchroTec Manufacturing (Wuxi) Co., Ltd, Wuxi / Jiangsu, China	100.0
Franconia Industries, Inc., Albany / New York, USA	100.0
Junghans T2M SAS, La Ferté Saint-Aubin, France	100.0
Management, property and other companies	
Germany	
Afelixa Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs KG, Mainz	94.0
Diehl Assekuranz Rückversicherungs- und Vermittlungs-AG, Nuremberg	100.0
Diehl Ausbildungs- und Qualifizierungs-GmbH, Nuremberg	100.0
Diehl Aviation Holding GmbH, Nuremberg	100.0
DD Immobilien Troisdorf GmbH, Troisdorf	100.0
Diehl Beteiligungen GmbH, Nuremberg	100.0
Diehl Controls Nuremberg Verwaltungs GmbH, Nuremberg	100.0
Diehl Defence Holding GmbH, Überlingen	100.0
Diehl Defence Land Systems GmbH, Röthenbach a.d. Pegnitz	100.0
Diehl Defence Verwaltungs-GmbH, Überlingen	100.0
DIEHL Informatik GmbH, Nuremberg	100.0
Diehl Röthenbach GmbH & Co. KG, Nuremberg	100.0
Diehl Röthenbach Verwaltungs GmbH, Nuremberg	100.0
Diehl Stiftung & Co. KG, Nuremberg	0.0
Diehl Track Gesellschaft mit beschränkter Haftung, Nuremberg	100.0
Diehl Ventures GmbH, Nuremberg	100.0
GEBRÜDER JUNGHANS GESELLSCHAFT MIT BESCHRÄNKTER HAFTUNG, Röthenbach a. d. Pegnitz	86.3
Goma GmbH, Röthenbach a. d. Pegnitz	100.0
Gummiwerk Blankenheim GmbH, Nuremberg	100.0
Integra Vermögensverwaltungs- und Beteiligungsgesellschaft mbH, Nuremberg	100.0
Neubrandenburger Fahrzeugwerke GmbH, Nuremberg	100.0
Pyrotechnische Fabrik (PYF) GmbH, Röthenbach a. d. Pegnitz	100.0
Sundwiger Messingwerk Verwaltungs GmbH, Röthenbach an der Pegnitz	100.0
Other countries	
Diehl Americas, Inc, Wilmington / Delaware, USA	100.0
Diehl Metal Applications France SAS, Besançon, France	100.0
DIEHL METERING INDUSTRIA DE SISTEMA DE MEDICAO LTDA, Recife, Brazil	100.0

STOCK OWNERSHIP OF THE GROUP AS OF DECEMBER 31, 2022

2. Affiliated companies not included in the consolidation

Name and registered office of the company	Share in capital %
Diehl Aviation Middle East FZCO, Dubai, UAE	100.0
Diehl Metering AB, Karlskrona, Sweden	100.0
Diehl Metering ApS, Esbjerg, Denmark	100.0
Diehl Metering FZE, Dubai, United Arab Emirates	100.0
Diehl Metering Limited, Halifax / West Yorkshire, Great Britain	100.0
Diehl Metering Pte. Ltd, Singapore	100.0
Diehl Metering S.L., Madrid, Spain	100.0
Diehl Metering S.R.L., Milan, Italy	100.0
Diehl Middle East GmbH, Nuremberg	100.0
Diehl Services Middle East FZCO, Dubai, UAE	100.0
FFT Fahrzeugbau und Fahrzeugtechnik GmbH, Nuremberg	100.0
Heinrich Diehl Gedächtnisfonds Gesellschaft mit beschränkter Haftung, Nuremberg	100.0
Mauser-Werke Oberndorf Unterstützungskasse Gesellschaft mit beschränkter Haftung, Oberndorf am Neckar	100.0

3. Associated companies (equity accounting)

Name and registered office of the company	Share in capital %
Diehl VC GmbH, Nuremberg	49.6
EuroSpike GmbH, Röthenbach a.d. Peg.	40.0
GIWS Gesellschaft für Intelligente Wirksysteme mbH, Nuremberg	50.0
PARSYS GmbH, Schrobenhausen	50.0
RAM-SYSTEM Gesellschaft mit beschränkter Haftung, Ottobrunn	50.0

4. Investments (shareholdings of 20% or more)

OEM Defence Services SAS, Elancourt, France	20.0
OEMServices SAS, Tremblay-en-France, France	25.0
Schramberger Wohnungsbau, Gesellschaft mit beschränkter Haftung, Schramberg	24.1
Troisdorf Genehmigungshaltergesellschaft mbH, Troisdorf	20.0

DEVELOPMENT OF THE GROUP'S FIXED ASSETS (K€)

Cost of acquisition/manufacture

	As of Dec. 31, 2021	Changes	Additions	Write-ups	Disposals	Transfers	As of Dec. 31, 2022
I. Intangible assets							
1. Concessions acquired for consideration, industrial property rights and licenses	152,616	574	5,538	0	5,961	4,817	157,584
2. Goodwill	188,567	0	67	0	0	0	188,634
3. Advance payments	4,271	0	3,516	0	0	- 4,665	3,122
	345,454	574	9,121	0	5,961	152	349,340
II. Tangible assets							
1. Real property, rights equivalent to real property and buildings, including buildings on real property of third-parties	504,874	131	7,334	0	1,526	16,748	527,561
2. Technical equipment and machinery	933,424	- 300	35,266	0	8,759	35,289	994,920
3. Other equipment, factory and office equipment	535,257	- 60	29,103	0	12,719	5,972	557,553
4. Advance payments and assets under construction	82,072	- 48	47,976	0	99	- 58,161	71,740
	2,055,627	- 277	119,679	0	23,103	- 152	2,151,774
III. Financial assets							
1. Shares in affiliated companies	36,546	0	0	0	32,139	0	4,407
2. Shares in associated companies	6,353	0	96	359	0	0	6,808
3. Other investments	4,971	0	0	0	10	0	4,961
4. Loans to companies in which participations are held	9	0	0	0	9	0	0
5. Other loans	8,293	- 35	1,403	0	1	0	9,660
	56,172	- 35	1,499	359	32,159	0	25,836
Total	2,457,253	262	130,299	359	61,223	0	2,526,950

Amortization and depreciation

Net book value

As of Dec. 31, 2021	Changes	Additions	Write-ups	Disposals	Transfers	Difference between average and Closing rate	As of Dec. 31, 2022	As of Dec. 31, 2022	As of Dec. 31, 2021
136,310	422	9,260	0	5,961	12	8	140,051	17,533	16,306
188,567	0	67	0	0	0	0	188,634	0	0
0	0	0	0	0	0	0	0	3,122	4,271
324,877	422	9,327	0	5,961	12	8	328,685	20,655	20,577
325,769	76	10,422	0	454	0	- 43	335,770	191,791	179,105
736,914	56	50,726	0	8,388	- 13	- 215	779,080	215,840	196,510
408,659	- 67	30,242	0	10,295	1	- 62	428,478	129,075	126,598
0	0	82	0	0	0	0	82	71,658	82,072
1,471,342	65	91,472	0	19,137	- 12	- 320	1,543,410	608,364	584,285
33,897	0	0	0	31,197	0	0	2,700	1,707	2,649
0	0	0	0	0	0	0	0	6,808	6,353
2,899	0	0	0	0	0	0	2,899	2,062	2,072
0	0	0	0	0	0	0	0	0	9
0	0	0	0	0	0	0	0	9,660	8,293
36,796	0	0	0	31,197	0	0	5,599	20,237	19,376
1,833,015	487	100,799	0	56,295	0	- 312	1,877,694	649,256	624,238

RESIDUAL TERMS OF THE GROUP'S LIABILITIES AS OF DECEMBER 31, 2022

Liabilities	Total amount as of Dec. 31, 2022 K€	of which with a residual term up to 1 year K€	of which with a residual term more than 1 year K€	of which with a residual term more than 5 years K€
1. Liabilities due to banks	83,135	50,064	33,071	1,172
2. Trade payables	299,028	298,971	57	0
3. Liabilities due to affiliated companies	763	763	0	0
4. Liabilities due to companies in which participations are held	64,462	35,164	29,298	1,286
5. Other liabilities	112,635	109,193	3,442	354
TOTAL	560,023	494,155	65,868	2,812

Liabilities	Total amount as of Dec. 31, 2021 K€	of which with a residual term up to 1 year K€	of which with a residual term more than 1 year K€	of which with a residual term more than 5 years K€
1. Liabilities due to banks	88,353	45,721	42,632	2,368
2. Trade payables	268,136	268,135	1	0
3. Liabilities due to affiliated companies	1,883	1,883	0	0
4. Liabilities due to companies in which participations are held	54,712	40,400	14,312	0
5. Other liabilities	83,186	79,698	3,488	1,109
TOTAL	496,270	435,837	60,433	3,477

INDEPENDENT AUDITOR'S REPORT

To Diehl Verwaltungs-Stiftung, Nuremberg

Audit Opinions

We have audited the Consolidated Financial Statements of Diehl Verwaltungs- Stiftung, Nuremberg, and its subsidiaries (the Group), which comprise the consolidated balance sheet as of December 31, 2022, the consolidated income statement, the consolidated statement of changes in equity, and the consolidated cash flow statement for the fiscal year from January 1 to December 31, 2022, and notes to the Consolidated Financial Statements, including a description of the accounting policies. We have also audited the Diehl Verwaltungs-Stiftung Group Management Report for the fiscal year from January 1 to December 31, 2022.

Based on the findings of our audit, it is our opinion that

- the accompanying Consolidated Financial Statements comply in all material respects with German commercial law and give a true and fair view, in accordance with German principles of proper accounting, of the net assets and financial position of the Group as of 31 December, as well as its results of operations for the fiscal year from January 1 to December 31, 2022, and
- the accompanying Group Management Report as a whole provides an accurate picture 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 accurately presents the opportunities for and risks of future development.

In accordance with § 322 (3)(1) of the German Commercial Code (HGB), we declare that our audit has not led to any reservations concerning the propriety of the Consolidated Financial Statements or the Group Management Report.

Basis for the Audit Opinions

We conducted our audit of the Consolidated Financial Statements and the Group Management Report in accordance with § 317 HGB and in compliance with the German principles of proper audit of financial statements established by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under those provisions and standards is further described in the "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report" section of our auditor's report. We are independent of the Group companies, in accordance with German commercial and professional regulations, and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and suitable to serve as a basis for our audit opinion on the Consolidated Financial Statements and the Group Management Report.

Responsibility of the legal representatives and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation of the Consolidated Financial Statements, which comply with German commercial law regulations in all material respects, and for ensuring that the Consolidated Financial Statements convey a true and fair view of the Group's net assets, financial position, and results of operations in compliance with the German principles of proper accounting. Furthermore, the legal representatives are responsible for the internal controls that they have determined to be necessary, in accordance with the German principles of proper accounting, in order to enable the preparation of Consolidated Financial Statements that are free from material misstatements due to fraudulent actions (i.e. accounting manipulations or misstatement of assets) or errors.

In preparing the Consolidated Financial Statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. They are also responsible for disclosing, as applicable, matters related to the going concern. In addition, they are responsible for preparing the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

INDEPENDENT AUDITOR'S REPORT

In addition, the legal representatives are responsible for the preparation of the Group Management Report, which as a whole provides an accurate picture of the Group's position, is consistent in all material respects with the Consolidated Financial Statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, the legal representatives are responsible for the precautions and measures (systems) that they have deemed necessary to enable the preparation of a Group Management Report in accordance with the applicable German legal requirements and to provide sufficient appropriate evidence for the statements made 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 the Group Management Report.

Auditor's responsibility for the audit of the Consolidated Financial Statements and the Group Management Report

Our objective is 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 accurate picture of the Group's position and is consistent, in all material respects, with the Consolidated Financial Statements and with our audit findings, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the Consolidated Financial Statements and on the Group Management Report.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with § 317 HGB and in compliance with the German principles of proper auditing of financial statements established by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement. Misstatements may result 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 addressees taken on the basis of these Consolidated Financial Statements and the Group Management Report.

During the audit, we exercise professional judgment and maintain a critical attitude. Furthermore

- we identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Group Management Report, whether due to fraud or error, we design and perform audit procedures in response to those risks, and we obtain audit evidence that is sufficient and appropriate to serve as the basis for our audit opinion. The risk that material misstatements resulting from fraudulent activities will not be detected is higher than the risk that material misstatements resulting from errors will not be detected, as fraudulent activities may involve collusion, forgery, intentional omissions, misleading representations, or the override of internal controls.
- we obtain an understanding of the internal control system relevant to the audit of the Consolidated Financial Statements and of precautions and measures relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the circumstances, but not with the aim of expressing an opinion on the effectiveness of those systems.
- we evaluate the appropriateness of accounting policies used by the legal representatives and the reasonableness of accounting estimates and related disclosures presented by the legal representatives.

- we draw conclusions about the appropriateness of the accounting principle applied by the legal representatives for the continuation of the company's activities and, on the basis of the audit evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about 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 our auditor's report to the related disclosures in the Consolidated Financial Statements and the Group Management Report or, if such disclosures are inadequate, to modify our respective audit opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. However, future events or circumstances may result in the Group being unable to continue as a going concern.
 - we evaluate the overall presentation, structure, and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in such a way that the Consolidated Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group in compliance with the German principles of proper accounting.
 - we obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements and on the Group Management Report. We are responsible for directing, supervising, and performing the audit of the Consolidated Financial Statements. We bear sole responsibility for our audit opinions.
 - we assess the compliance of the Group Management Report with the Consolidated Financial Statements, its compliance with the law, and the picture it provides of the Group's situation.
 - we perform audit procedures on the forward-looking information presented by the legal representatives in the Group Management Report. On the basis of sufficient appropriate audit evidence, we examine in particular the significant assumptions underlying the forward-looking statements by the legal representatives and assess the appropriate derivation of the forward-looking statements from these assumptions. We do not give an independent audit opinion on the forward-looking statements and on the underlying assumptions. There is a considerable unavoidable risk that future events may deviate materially from the forward-looking statements.
- Among other things, we discuss with those charged with governance the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control system that we identify during our audit.

Munich, May 3, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Thorsten Dzulko
auditor

ppa. Harald Hofmeister
auditor

EXECUTIVE BOARD

Dr. Klaus Richter
President of the Executive Board
Technology Corporate Section
ad interim Aviation Corporate Division from 03.25.2022 to 10.31.2022

Jürgen Reimer
Vice President of the Executive Board
Finance and Controlling Corporate Section

Jens Böhlke
Human Resources Corporate Section

Dieter Landgraf
Metall Corporate Division

Carsten Wolff
Controls Corporate Division

Helmut Rauch
Defence Corporate Division

Dr. Jörg Schuler from 11.01.2022
Aviation Corporate Division

Josef Köcher to 03.24.2022
Aviation Corporate Division

Dr. Christof Bosbach
Metering Corporate Division

SUPERVISORY BOARD REPORT

During 2022, the Executive Board regularly informed the Supervisory Board about the course of business, the situation of the Corporate Group, and important individual business transactions. The questions and decisions resulting from this reporting were discussed comprehensively in meetings. The Supervisory Board was especially concerned with the market orientation of the Corporate Group and corporate divisions as well as the financial position and results of operations.

For these issues, the Supervisory Board again received the Advisory Board's esteemed advice.

The Advisory Board comprises:

Professor Dr. Nikolaus Schweickart, (until May 5, 2022),
Chairman,
former Chairman of the ALTANA Kulturstiftung gGmbH
and
former Chairman of the Management Board
of ALTANA AG,

Dr. Klaus Probst, Vice Chairman (until May 5, 2022),
(Chairman from May 5, 2022)
former CEO of Leoni AG,
former Chairman of the Supervisory Board of Leoni AG,

Dr. Jakob Baer, (Vice Chairman from May 5, 2022)
former CEO of KPMG Switzerland, among others,
former Chairman of the Board of Directors
at Stäubli Holding AG,
former Vice Chairman of the Board
at Barry Callebaut AG,

Dr. Olaf Berlien,
President and CEO of INNIO Jenbacher GmbH & Co OG,
former Chairman of the Executive Board
of Osram Licht AG,

Dr. Johannes Bußmann,
Chairman of the Executive Board of TÜV SÜD AG,
former CEO at Lufthansa Technik AG

Mr. Karlhermann Jung,
attorney and notary public (ret.),

The Consolidated Financial Statements and the Group Management Report of Diehl Verwaltungs-Stiftung were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft and provided with the unqualified audit opinion. The Supervisory Board has taken note of the audit result.

The Supervisory Board would like to express its thanks to the Advisory Board, the Executive Board, the members of the works councils, and all employees of the Corporate Group for the work performed in the past fiscal year.

For the Supervisory Board

Dr. Herbert Fehrecke
Chairman

Nuremberg, May 3, 2023

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Diehl Stiftung & Co. KG
Corporate Communications
Stephanstrasse 49
90478 Nürnberg

Phone +49 911 947-2492
Fax +49 911 947-3643
www.diehl.com