

OWG

Beteiligungs AG

Annual Report

2020

OVERVIEW

OWG Beteiligungs AG

OWG Beteiligungs AG, with headquarters in Poing, Germany, was founded in 2010. As a financial holding company, it invests in manufacturing companies as well as in services and real estate. The primary focus of its operations is in the German-speaking region.

Companies from the fields of materials handling and processing technology, drive technology, elastomers, adhesive systems, molded articles and electronic components are united under the umbrella of OWG Beteiligungs AG. Their activities serve growth markets such as construction, agribusiness and recycling industry. This diversification makes the Group resistant to fluctuations in individual segments and ensures its longterm stability.

The holding company's shareholdings benefit from the backing of a financially strong partner, that gives them the necessary freedom to act autonomously and independently and to implement future-oriented growth strategies. In addition, they are supported by OWG Beteiligungs AG with management consulting and shared services. They also benefit from the transfer of know-how and further synergies within the Group.

Furthermore, OWG Beteiligungs AG acts as a financial-services provider within the framework of a family office.



Services



Participations



Real Estate / Properties



Bernhard Strauch, Chairman of the Supervisory Board (left) and
Heinz Reiner Reiff, CEO of OWG Beteiligungs AG (right)

KEY FIGURES 2020

1,029

Million €
Turnover

43.0

Million € EBIT

83.8

Million € EBITDA

58.5 %

Equity Ratio

1,789

Million €
Balance Sheet Total

7,781

Employees

191

Participations
Worldwide



OWG
Beteiligungs AG

*Group headquarters of OWG Beteiligungs AG
in Poing, Germany*

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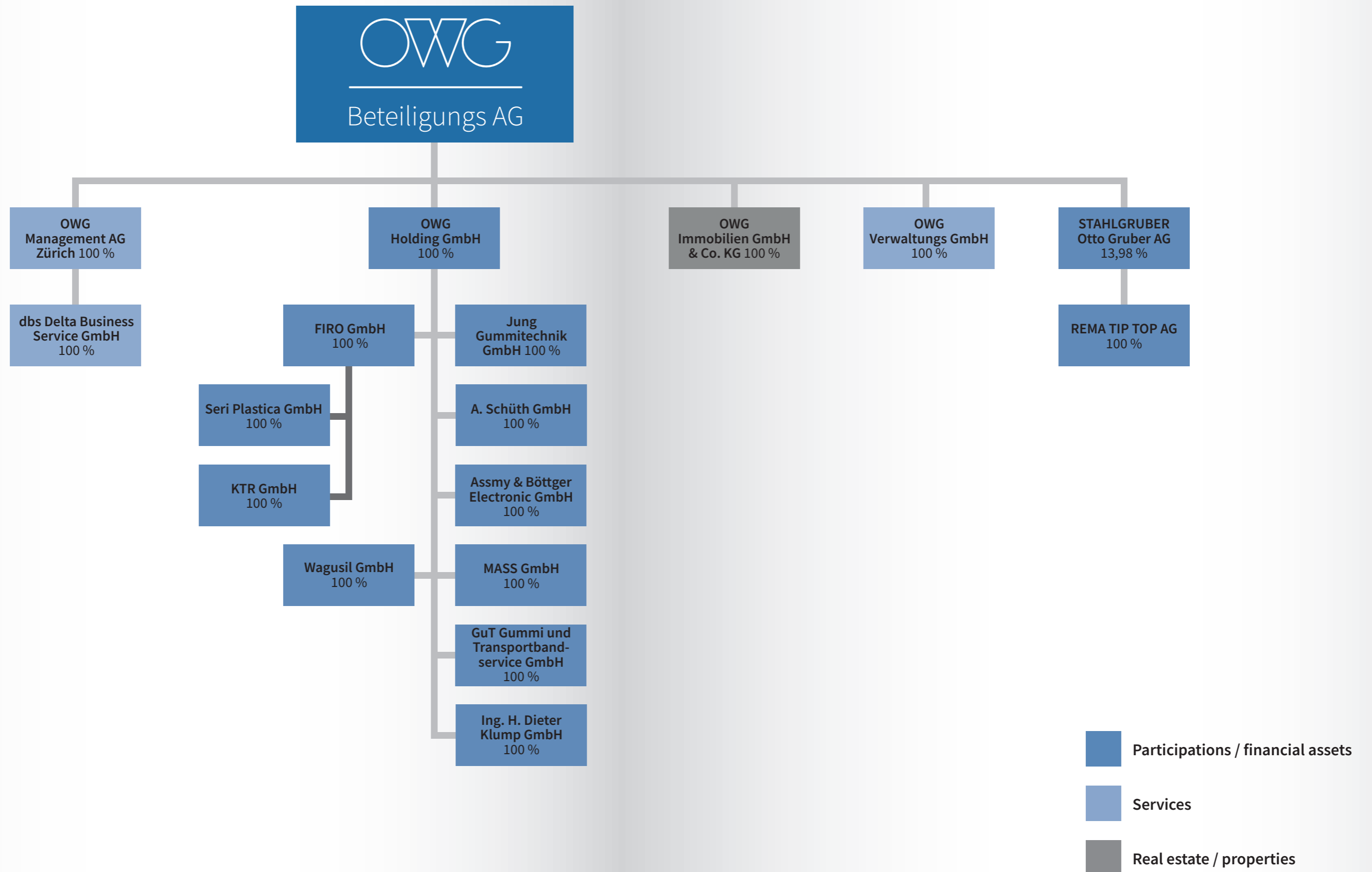
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SCOPE OF CONSOLIDATION

of OWG Beteiligungs AG



FOCUS AREAS 2020

Preparation for acquisitions

The contract negotiations undertaken in 2020 with TEWE Elektronik GmbH & Co. KG were successfully concluded: Since the beginning of 2021 the company has been part of the OWG Group.

Ing. H. Dieter Klump GmbH – A new shareholding in transport and drive technology

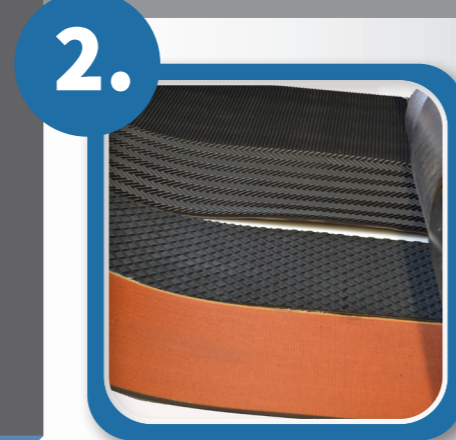
A new addition to the portfolio of OWG Beteiligungs AG since the beginning of 2020 is Ing. H. Dieter Klump GmbH. The company specializes in products for transport and drive technology. They are employed in logistics, production plants, and industries such as agriculture and food.



1.



3.



2.

4.



Launch of the OWG website

Since 2020 OWG Beteiligungs AG has had its own online presence. The website www.owgag.de went live in April to enhance the professional external image of the financial holding company.

GuT Gummi und Transportbandservice GmbH – Expansion in the field of conveyor belts

With the acquisition of GuT Gummi und Transportbandservice GmbH in January 2020, OWG Beteiligungs AG has further expanded its market position in the field of conveyor technology. The company manufactures and distributes rubber elevator belts and conveyor belts, as well as rubber mats and plates for industrial applications.

FOREWORD BY THE MANAGEMENT BOARD

Ladies and Gentlemen,
Dear Shareholders,



2020 was another successful fiscal year for OWG Beteiligungs AG and its affiliated companies. Shaped by the Coronavirus pandemic and the global economic crisis it triggered, sales revenue fell year-on-year from EUR 1,158 million to EUR 1,029 million. Compared to the previous reporting period, consolidated operating profit before interest and taxes (EBIT) decreased by EUR 11.8 million to EUR 43.0 million. Earnings before taxes amounted to EUR 32.5 million.

We have continued our investment strategy unchanged and expanded the portfolio of OWG Beteiligungs AG in 2020 by acquiring two companies.

Ing. H. Dieter Klump specializes in products for conveyor and drive technology – including timing belts, conveyor belts and conveyor curve installations. The opportunity of acquiring this company gives us promising synergies within our group of companies by providing components for production and transport facilities. In addition, the acquisition of this company allows us to develop our position in the promising market for so-called “lightweight belts” and “plastic components”.

With the acquisition of GuT Gummi und Transportband-service GmbH, a manufacturer of industrial elevator belts, conveyor belts and sealing plates made of rubber, we have further tapped the market for conveyor technology.

The two companies improve our access to additional industries and thus strengthen the Group’s diversification across all sectors so that we can continue to provide stable and attractive returns in the future.

In addition, we set the course for further growth in 2020 and initiated the acquisition of TEWE Elektronik GmbH & Co. KG. The company has become part of OWG Beteiligungs AG since January 2021.

With these portfolio expansions, we are both investing in new sectors and strengthening the formation of clusters within our investment structure.

The equity of the OWG Group is EUR 1,046 million, the equity ratio for the Group was 58.5 %, the balance sheet total amounts to EUR 1,789 million as of December 31, 2020.

Ongoing positive business development confirms our strategy and the sustainable model of OWG Beteiligungs AG as a medium-sized financial holding company. The key figures achieved last year despite the ongoing global Coronavirus pandemic also confirm that the investment strategy consistently pursued to date and the sustainable management of the business can cushion economic turbulence well.

I would like to thank all employees for their commitment and motivation in the past financial year. I would also like to thank the Supervisory Board, consultants, and business partners for their constructive contributions and the trust they have placed in us. We look forward to a continued successful future and good cooperation.

Heinz Reiner Reiff

REPORT OF THE SUPERVISORY BOARD FOR THE ANNUAL GENERAL MEETING

Report of the Supervisory Board of OWG Beteiligungs AG
for the 2020 financial year



The Supervisory Board was directly involved in all decisions of essential and strategic importance at an early stage.

The Management Board fulfilled its duty to provide information by informing the Supervisory Board about all events and activities of importance to the company continuously, on time, and in detail, in writing and verbally. These reports included, in particular, all significant corporate-planning issues, including financial, investment, and personnel planning as well as business policy, situation, and development, corporate strategy, and important transactions of the OWG Group, and the associated opportunities and risks. The Supervisory Board received comprehensive information about the development of sales, earnings, and liquidity. Information on deviations of the business performance from forecasts was also included in the reporting.

Dear Shareholders,

OWG Beteiligungs AG and its subsidiaries can look back on another successful fiscal year in 2020, despite the challenges posed by the pandemic. OWG Beteiligungs AG was in the position to exercise its function as anchor shareholder of STAHLGRUBER Group without any restrictions. As in previous years, the Management Board successfully managed the OWG Group in accordance with the jointly approved plans.

Cooperation between Supervisory and Management Boards

The Supervisory Board fulfilled the duties incumbent on it by law and the Articles of Association throughout the 2020 financial year. It guided and carefully supervised the Management Board’s leadership on an ongoing basis. The members of the Supervisory Board constantly advised the Management Board on the management of the company and continuously assured themselves of the legality, expediency, and regularity of the management.

The members of the Supervisory Board always had sufficient opportunity in the expert committees and plenary sessions to deal critically with the reports and resolution proposals submitted by the Management Board. In particular, the Supervisory Board extensively discussed and examined the plausibility of important business transactions for the Group on the basis of written and oral reports by the Management Board.

The Supervisory Board also dealt intensively with other important company matters in its meetings and in separate discussions. Close communication took place, particularly with regard to the difficult macroeconomic situation prevailing in fiscal year 2020 as a result of the pandemic and its impact on the Group. In addition, the members of the Supervisory Board were available to advise the Management Board outside the meetings. In particular, the Chairman of the Supervisory Board was in regular contact with the Management Board to obtain information on current developments and key issues for the company, and to consult with it on important subjects.

There are no known indications of conflicts of interest on the part of members of the Management or Supervisory Board that would have to be reported immediately to the Supervisory Board and disclosed to the Annual Shareholder Meeting.

Meetings of the Supervisory Board

Two ordinary meetings of the Supervisory Board were held during the reporting period, attended by almost all members of the Supervisory Board.

The meeting on May 13, 2020, focused on the resolution on the annual and consolidated financial statements of the previous year.

The coordination of the agenda and the proposed resolutions for the following Annual General Meeting of OWG Beteiligungs AG were also part of this meeting.

Between the meetings, the Management Board informed the Supervisory Board promptly, in writing, and in detail about all relevant activities and plans.

Where necessary, the Management Board and the Supervisory Board exchanged information firmly and insistently. The Supervisory Board was always comprehensively informed about all necessary investments and their financing.

Focal points of the Supervisory Board's discussions

At their meetings, the members of the Supervisory Board intensively examined the business performance of OWG Beteiligungs AG and OWG Management AG, mainly on an international level. The Management Board presented detailed, sophisticated reports to the Supervisory Board illustrating the development of turnover, earnings, and employment, the financial data, and the relevant full-year forecast based on it. In addition, the Supervisory Board

dealt with important strategic matters on an ongoing basis.

The Supervisory Board was kept informed at all times about the current situation, the risk situation and the business prospects of the company through reports from the Board of Directors and draft resolutions, and this was even more intensive in the 2020 fiscal year due to the extraordinary underlying conditions.

Based on the comprehensive information provided by the Management Board, the Supervisory Board carefully discussed all matters relevant to the company and examined them thoroughly. In particular, it paid attention to a balanced ratio of opportunities and risks for all investments.

Expert committees

The topics and resolutions of the Supervisory Board that are the subject of Supervisory Board meetings are carefully prepared by the expert committees.

The Accounting and Audit Committee takes care of all the areas of responsibility listed in Section 107(3) sentence 2 of the German Stock Corporation Act (AktG). In particular, it deals with matters of accounting, risk management, and compliance.

Its main activities include auditing the annual and consolidated financial statements of OWG Beteiligungs AG. In addition, it is responsible for the required independence of the auditor, the fee agreement with that auditor, and the definition of audit focal points. The Chairman of the committee is experienced in the application of accounting principles and internal control procedures.

The Accounting and Audit Committee met three times during the 2020 financial year.

The Strategy Committee deals with specific strategy issues relating to the company and its development. Within a framework agreed with the Management Board, the committee members accompany projects that are of fundamental importance for the further development of the company. If necessary, they prepare appropriate decisions, which must be taken by the entire plenum. There were no meetings outside the regular Supervisory Board meetings.

The Personnel Committee is responsible for all personnel matters of the Management Board. It did not meet in 2020.

The function of the Nomination Committee is to establish specification profiles for the members of the Supervisory Board of OWG Beteiligungs AG. It is also responsible for recommending suitable candidates to the Supervisory Board for its election proposals at the Annual General Meeting. No meeting was necessary during the reporting period.

Annual and consolidated financial statements 2020

The annual and consolidated financial statements of OWG Beteiligungs AG were prepared by the Management Board in accordance with the principles of the German Commercial Code (HGB). These were audited by the Munich-based auditing company Deloitte GmbH, and each received an audit certificate. All members of the Accounting and Audit Committee received the annual and consolidated financial statements for inspection in due time. At the meeting of the Accounting and Audit Committee on May 11, 2021, the annual and consolidated financial statements of OWG Beteiligungs AG, the management report and the Group management report, as well as the Management Board's proposal for the appropriation of profits, were carefully examined by the committee. The Supervisory Board concurred with the results of the auditor's review. On the basis of its own examination, the Supervisory Board determined that there were no objections to the

annual and consolidated financial statements or the management and Group management reports.

After detailed examination, the Supervisory Board approved the annual financial statements at its meeting on May 11, 2021, and approved the consolidated financial statements, too.

Thus the annual financial statements have been adopted and the consolidated financial statements approved.

The Supervisory Board concurred with the Management Board's proposal for the appropriation of the net income.

Thanks of the Supervisory Board

The Supervisory Board would like to thank the Management Board and all employees of the OWG Group worldwide for their excellent and trusting cooperation.

With their personal commitment, they have all contributed to the successful conclusion of the 2020 financial year. The pleasing development of the Group is the basis for its future growth.

Poing, May 11, 2021


Bernhard Strauch
Chairman

GROUP MANAGEMENT REPORT

for the 2020 financial year

A BASICS

Business model

OWG Beteiligungs AG is a financial holding company based in Poing near Munich, Germany. Since 2010, OWG Beteiligungs AG has been investing in services, medium-sized manufacturing companies with clear growth potential, and real estate.

The focus of the target companies' activities is usually in the DACH region (Germany, Austria, Switzerland). The OWG Group makes a long-term commitment to the local portfolio companies with its own operational expertise and liquid assets. The management has many years of experience in industry. All subsidiaries have been operating independently from the outset and pursue independent strategies.

Synergy effects within the Group are continuously investigated by OWG Beteiligungs AG. The portfolio of the OWG Group currently includes companies in the fields of conveyor and processing industries, elastomers, adhesive systems, molded products, and electronic components.

Targets and strategy

The aim of the OWG Group's business activities is to increase the enterprise value of the company on a long-term and sustainable basis. The corporate value of the OWG Group is primarily determined by the value of the portfolio companies.

Given this background, the investment focus is on systematic identification and selection of target companies with clear potential for improved earnings and with growth prospects.

This selection is influenced, for example, by megatrends such as urbanization, growing populations, mobility, and increased energy demand, as well as by the careful use of natural resources.

Controlling and monitoring

The implementation and application of a comprehensive control concept has a decisive influence on the performance of OWG Beteiligungs AG and its investments. The control concept of the OWG Group serves as a framework for the detailed, day-to-day operational control systems of the companies and their operational activities.

Among other things, the OWG Group plans and coordinates business planning and the preparation of the annual financial statements.

The business planning by the management of the portfolio companies is created through an iterative process by comparing the top-down planning of the OWG Group with the sales, cost, and investment planning of the individual companies. The planning for the compilation of the annual financial statements is developed together with the commercial managers of the portfolio companies and the adherence to the schedule is monitored.

In addition, the OWG Group's investment-controlling department analyzes the key earnings and financial figures as well as the development of orders and operating risks at the portfolio companies on a monthly basis, and presents them to the Management Board as a basis for discussion. The development of sales, operating profit, incoming orders, working capital, equity, and debt-equity ratio are analyzed and evaluated as part of integrated balance sheet planning (taking into account receivables, liabilities, and inventories).

Another central management tool is the regular consultation of the controlling department. At these meetings, substantial developments such as important contract awards, strategic investments or financing in the companies are discussed and alternative courses of action are defined.

GROUP MANAGEMENT REPORT

for the 2020 financial year

B ECONOMIC REPORT

Macroeconomic environment¹

The Coronavirus crisis triggered a global recession in 2020. According to calculations made by Deutsche Bank, global gross domestic product (GDP) fell by 3.3 %. According to estimates by the World Trade Organization (WTO), world trade shrank by around 9 %.

With the spread of the Covid 19 virus in the spring, pandemic containment measures were imposed worldwide. Lockdowns, entry restrictions, production shutdowns and disrupted supply chains led to a historic slump in the economy. Between January and May, world trade fell by almost one fifth. The oil price slumped dramatically.

However, the second half of the year brought a surprising turnaround. In conjunction with the significant drop in the number of new Coronavirus infections, many restrictions were relaxed during the summer. The economy picked up again and world trade recovered quickly, so that in November it was already 1.5 % above the level of the previous year. An important factor in this recovery was economic development in China, where imports and exports already grew slightly in June and then in double digits in September.

In winter, the positive trend slowed down due to the renewed sharp increase in the number of infections in the northern hemisphere. However, there was no subsequent slump, partly due to the stability of global value chains and milder infection levels in Asia and the southern hemisphere. Furthermore, the economy in many countries was supported by fiscal policy aid. The overall scale of the crisis proved to be much less severe than initially feared. Meanwhile, the simmering trade conflict between the USA and China continued and was further exacerbated by the crisis. In general, there was a noticeable trend toward protectionist policies.

Within the framework of the investment business, the Management Board is significantly involved in all key core processes concerning the selection and examination of new investment proposals and the negotiation of investment purchases and sales.

The Management Board is responsible for the strategic management of the Group as a whole, insofar as the further development of the investment portfolio of OWG Beteiligungs AG and developments or the direction of the portfolio companies and their financing are concerned.

Important decisions are discussed and resolved in regular but also in extraordinary Supervisory Board meetings.

Research and development

Research and development take place in the individual portfolio companies, geared to the respective market requirements and the individual product range. Within the Group, every company takes care to ensure that growth-supporting development targets are formulated and implemented and that market developments are identified at an early stage and taken into account in the development process. Research and development activities include in particular the revision of formulations, the use of new raw materials, the development of new applications, the development of customized solutions, the ongoing technological development of products, and the adaptation of products to regional and market requirements.

¹ Deutsche Bank Research - Outlook for Germany dated December 14, 2020 and February 19, 2021

Europe was hit comparatively hard by the crisis – the Eurozone, for example, recorded a 6.8 % drop in GDP. In the spring, automobile production, which is important for the continent, came to a standstill in many areas, and weak world trade caused export volumes to shrink. Countries such as Spain and Italy, where the service sector significantly contributes to value creation, suffered massively from the restrictions on travel and hospitality. In the UK, GDP fell by as much as 11.3 % due to a particularly severe and lengthy lockdown. In addition to the Coronavirus crisis, continuing uncertainty about a free trade agreement with the EU dampened growth.

In Germany, GDP contracted by 5 %. In the automotive industry, the production index fell by 24 % for the full financial year. While industry felt the effects of the pandemic primarily in the first half of the year, the services sector also suffered massive setbacks in the second half. The renewed lockdown resulting from a sharp rise in infection rates in the fourth quarter hit the retail, transport and hospitality sectors particularly hard. The biggest beneficiary of the crisis was online retail, which grew significantly. The construction industry also proved to be robust, recording a year-on-year growth of 1.4 %.

Global trade continued to be a mainstay for the export-oriented German economy in 2020. Thus the dramatic economic slump was also a consequence of the drop in exports, which fell by around a third year-on-year in April. Just as quickly, the German economy recovered in the summer in line with global trade. Increased demand from China, now Germany's most important trading partner, was a particular driver of the upswing.

The German labor market remained comparatively robust despite a drop in employment. Facilitated access to shorter working hours has enabled numerous jobs to be retained. Overall, the economic damage in Germany would probably have been much greater without government aid programs.

Industry trends²

According to the German Private Equity and Venture Capital Association, investments by domestic and foreign

private equity companies in Germany fell by almost a quarter to EUR 12.55 billion in 2020, down from the previous year's record level of EUR 16.6 billion. The number of German companies financed during the year was also down year-on-year at 931 (from 959).

Investments by investment companies based in Germany reached only EUR 8.95 billion, compared with EUR 13.76 billion in the previous year. As in the previous year, the ICT (information and communications technology) sector leads the field by a wide margin, accounting for around 39 % of investments. This is followed almost evenly by the sectors business products and services (16 %), biotechnology/healthcare (15 %) and consumer goods and services (14 %).

The chemical industry is at the bottom of the 2020 investment statistics, but – along with the electrical industry – is one of the sectors where investment is expected to rise again, according to the January 2021 wdk Konjunkturbericht (economic report). The focus here is on research and development – especially with a view to major structural challenges such as digitalization.

The current mood in the chemical industry is becoming more positive again after a comparatively moderate decline in sales of 4.4 % in 2020. In a survey conducted by the industry association VCI in February 2021, only 18 % of members reported a severe shortage of orders (down from 40 % in spring 2020). Many companies are currently struggling with supply bottlenecks, but overall the industry is coming through the lockdown relatively unscathed. For the full year 2021, more than half of these companies expect rising sales.

In the electrical industry, sales decreased by 6 % in 2020 compared to the previous year, production fell by 7 %. According to the German Electrical and Electronic Manufacturers' Association, production is expected to increase by 5 % in 2021, which would make up for around two-thirds of last year's losses. In February 2021, around half of the companies in the sector assessed their current economic situation as stable, 39 % rated it as good. For the coming months, 46 % expect business to pick up.

Investor relations

Unrestricted transparency and trust form the basis for relations with our investors. Our investor relations work is aimed at providing our investors with the best possible understanding of the Group's strategy, the requirements of our operational areas of business, and market conditions. On the basis of this dialog with our investors and stakeholders, we have consistently continued to develop the company. Despite the complex market situation the long-term and risk-conscious development of the company's value, underpinned by a lasting, stable financial structure, continues to be positive for the company's divisions in the competitive environment.

To further strengthen the investment framework, the Management and Supervisory Boards will propose at the Annual General Meeting on July 15, 2021, that the net profit be carried forward to new account.

Please do not hesitate to contact us if you have any questions.

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Business trend

A total of 191 shareholdings belong to the OWG Group. The turnover of the OWG Group amounts to EUR 1,029 million.

Sales decreased by EUR 128.4 million. The number of employees has also decreased accordingly. The number of active employees is 7,781.

Last year, the strategy again focused on expanding the portfolio by investing in new shareholdings. Since the beginning of 2020, Ing. H. Dieter Klump GmbH and

GuT Gummi und Transportbandservice GmbH have been part of the OWG Group.

Ing. H. Dieter Klump GmbH specializes in products for transport and drive technology used in logistics, production plants and such industries as agriculture and food processing. GuT Gummi und Transportbandservice GmbH produces and sells industrial elevator belts, conveyor belts and sealing plates made of rubber.

In addition, we successfully negotiated with TEWE Elektronik GmbH & Co. KG, a plant manufacturer for the animal breeding and biogas sectors as well as a manufacturer of conveyor and processing belts. We acquired the company in January of this year.

Asset, financial and earnings situation

Revenues in 2020 amounted to EUR 1,029 million. Operating income mainly consists of sales. With total operating revenue of EUR 1,009 million, EBIT amounted to EUR 43.0 million or 4.2 % of revenues.

The balance-sheet total amounts to EUR 1,789 million and has fallen by EUR 134.4 million. The equity ratio increased to 58.5 %.

Income from investments is eliminated within the Group. Only income from nonconsolidated or associated companies remains.

EBIT is positive at EUR 43.0 million and lower than the previous year (EUR 54.8 million). In the REMA TIP TOP subgroup, adjusted EBIT was EUR 12.8 million higher than in the previous year. The contribution of the Firo Group (part of the OWG Group) was EUR 1.3 million.

The OWG Group produced an annual result of EUR 19.8 million.

The result after tax was EUR 23.0 million.

² Statistics 2020 of the Federal Association of German Corporations dated March 2021

GROUP MANAGEMENT REPORT

for the 2020 financial year

C REPORT ON RISKS, OPPORTUNITIES AND PROSPECTS

RISK MANAGEMENT

Risk management is a continuous process within the Group with the aim of identifying, analyzing, controlling, and monitoring emerging risks at an early stage. The overall aim is to identify imminent individual risks and initiate appropriate measures. Furthermore, permanent risks arising from the business process with regard to loss of liquidity, equity, or corporate substance must be detected. Possible opportunities should be seized and managed by the subsidiaries.

Economic and company-related risks and opportunities are examined and tracked on the basis of a Group-internal controlling system, such as annual internal and external audits according to an audit plan. A standardized internal control system (ICS) is in place and is audited by the Internal Audit on the basis of an annual audit plan. The risks and opportunities arising from the subsidiaries are continuously and systematically recorded, evaluated and consolidated in quarterly reports. The Risk Committee meets once a quarter and discusses by region the main risks and opportunities that are included in the planning and decision-making process, too.

The internal reporting system records, for example, receivables management, warranty and loss claims, insurance services, legal disputes, credit and liquidity risks, exchange rate risks, IT risks, compliance with work and production safety, an analysis of dangerous goods if necessary, the maintenance of certifications, and the training of employees. In addition to recording and evaluating incidents, a timely and targeted controlling of all investments is carried out. In particular, key figures, deviation analyses, and a forecast are used to identify and communicate risks at an early stage to ensure timely adjustment of the respective associated company and the Group as a whole.

The compliance management system is a part of risk management and ensures compliance with laws and (corporate) guidelines. The rules and values defined in them serve to ensure the lawfulness of all actions and business processes throughout the whole Group. In particular, employees of the company's outward-facing divisions are regularly trained on the content, purpose, and significance of the compliance guidelines. For OWG Beteiligungs AG, a functioning risk, opportunity and compliance management system is an important lever for the future success of the Group.

RISK REPORT

Fiscal risks

Liquidity and financing risks: The OWG Group has long-term, conservative financing in partnership with major and regional credit-issuing banks nationally and internationally. Moreover, the Group finances itself through equity and shareholder loans.

Only individual subsidiaries abroad may be exposed to short-term liquidity and refinancing risks if individual suppliers set shorter payment deadlines and customers do not fulfill their payment obligations sufficiently. These risks can be offset with Group-internal loans thanks to the Group's excellent liquidity reserves.

There are currently no foreseeable, notable chances or risks of interest rate changes due to persistent, low interest rate policies. In addition, interest rate swaps have been entered into as a hedge. However, earnings may fluctuate through interest rate changes when pension provisions are evaluated.

Risks from asset management: The liquid assets from the sale of the interest in STAHLGRUBER GmbH were for the most part invested in securities held for the long term. These financial investments were made with awareness of the risks and short-term value fluctuation can be weathered through the long-term orientation. Nevertheless, investing in security always involves a risk of losses on security prices. There are also exchange rate risks for investments outside of the Eurozone. However, changes in security prices and exchange rates may also develop in a direction favorable for the Group.

Tax risks: The companies in the OWG Group are subject to regular tax audits by taxation authorities. Different local tax laws and regulations in these jurisdictions each require

specific documentation obligations. The country-specific documentation obligations for transfer prices can vary considerably. Accordingly, insufficient documentation of transfer prices may lead to negative findings that could impact the asset, financial and earnings situation.

Procurement risks: To manufacture its products, the company purchases large volumes of raw materials such as rubber, plasticizers, oils, chalk, carbon black and chemicals, among other things. These raw materials are subject to greater price fluctuations, particularly in the light of political and economic uncertainties. Price increases can, depending on the relevant market situation, only be partially passed on to customers after a time delay, which is why an increase can produce a negative impact on profit. Additionally, the failure of an essential supplier of these raw materials can lead to a loss of production and, in turn, a significant negative impact on the asset, financial, and earnings situation. Since most commodities are traded in USD, opportunities as well as risks arise from changes in exchange rates.

Cost overruns in the execution of fixed-price projects for services: A subsidiary in the Americas region conducts activities within frameworks set out in long-term contracts, particularly for major projects. Fixed-price contracts are usually concluded for this purpose. Profit margins attained through fixed-price contracts can deviate from original estimates as a result of cost or productivity changes during the term of the contract. As a consequence, it cannot be ensured that fixed-price contracts set up to run over the long term will always be profitable. This fact may contribute to an impact on the business division's profit.

Strategic risks

Competitive environment: The global markets for the products and services of the OWG Group face heavy competition with regard to pricing, product development, and customer service as well as shifts in market demand. The Group sees itself confronted with strong competitors in its field of business.

Economic, political, and geopolitical environment: The main risk for global economic prospects is the continued spread of the novel coronavirus. Neither the public health nor the economic impacts of this pandemic can be predicted at present. Since the beginning/mid of March 2020 an increasing number of national governments has begun to slow down the rapid spread of the virus by closing borders, enforcing social distancing, and implementing lockdowns. Government-ordered closures of large numbers of retail stores and the shutdown of virtually all establishments in the dining and tourism industries resulted in a large part of social life grinding to a halt. The entire economy was practically stopped in particularly strongly affected countries such as Italy. But in Germany, too, some of the major automotive groups were forced to close their plants or reduce working hours since important, internationally sourced parts failed to be supplied. The economic consequences of the measures against the virus are partially dramatic. Alongside the impact on the organizations already directly affected, it must be expected that all businesses across the world – regardless of their size, location, and industry – will sooner or later feel the effects of the crisis and the accompanying recession.

After the rigorous measures brought initial success in the form of falling infection numbers, several European countries gradually began taking the first steps to relax the restrictions in late April 2020. While those in favor of the relaxations mainly point out the need to stimulate the economy, those against them warn against the risk of relaxing too early. If the infection numbers start rising again, they will have to be countered again with measures potentially even stricter, which would have even worse impacts on the economy than if they had not been relaxed in the first place.

The tangible risks for the OWG Group are not only the impacts of the looming recession on sales and result figures but also, for example, the possible infection of employees. In addition to the health impacts that an infection causes, it may also become necessary to close down parts of the company. The protection of our employees is our top priority for this reason. Wherever possible our staff employees are given the opportunity to work from home. Social distancing rules are enforced in the workplace and relevant protection measures have been implemented in company canteens.

There is the risk that orders will be unable to be fulfilled due to interruptions in the supply chains, which would result in reduced revenue and in contract penalties. There is also a risk of defaults on payment due to customers becoming insolvent. Liquidity risks may arise for individual companies, but should be easily balanced within the Group due to the overall excellent liquidity supply.

Finally, the risk also exists that equity interests or subsidiaries will cease to be classified as having value due to worsened earnings prospects. This would trigger a requirement to devalue the relevant interest or, if necessary, the goodwill connected to the subsidiary.

Compliance risks

Risks from legal disputes: The OWG Group is, and potentially also will be, confronted with legal disputes or lawsuits in different jurisdictions. In particular, this may lead to individual companies within the Group being forced to pay damages, pay penalties, and fulfill other claims. In some of these legal disputes or lawsuits, negative decisions, assessments, or requirements could turn out differently than expected, which could have impacts on our business activities as well as the asset, financial, and earnings situation of the Group.

Risks from occupational safety, environment and health: Current or future regulations relating to occupational safety, environment and health or other government regulations or their amendments, may require an adjustment of the operational activities of the OWG Group and result in a significant increase in operating costs. There are also additional risks of potential incidents related to occupational safety, environment and health, or of noncompliance with relevant regulations, which could subsequently lead to serious accidents, loss of reputation, or legal consequences. Environmental damage may create losses that are in excess of the amounts insured or not covered by insurance. Such losses could negatively influence the asset, financial, and earnings situation.

OPPORTUNITY REPORT

With the new sales initiatives in our operational units, the OWG Group is striving to grow continuously by widening business activities in established markets and tapping into new markets for existing product and service portfolios. The intention of this is to achieve a higher market share and higher profits. Furthermore, we are striving to increase the sales of products and services, also through improved customer service and sales channels.

We are continuously monitoring the current and potential markets with regard to opportunities for strategic mergers, acquisitions, and equity investments that could add to the organic growth of the OWG Group. These activities can help us strengthen our position in current markets, expand into new or underserved markets, or complement our product and service portfolios in strategic areas. Other measures include cost reduction initiatives, restructuring of individual subsidiaries, and the transformation and revision of our portfolio to improve growth and profitability.

The transfer of certain activities within our value chain, such as research, procurement, production, maintenance, and service, into growth markets could make it possible for us to reduce costs and strengthen our existing competitive situation globally, especially with regard to competitors in countries with more advantageous cost structures. Moreover, the local presence of subsidiaries in many countries could open up the opportunity to utilize growth markets and global market shifts, which leads to higher market penetration and higher market shares.

The OWG Group counteracts the risk of a skill shortage through measures such as supporting and developing the skills and knowledge of selected employees.

The existing insurance cover in the areas of accidents, transport, and criminal and legal protection, which the management considers to be appropriate and customary, can partially protect the OWG Group against possible financial losses.

As explained above, the coronavirus crisis involves many risks, though an opportunity or two can also be seen in it. The decline in person-to-person contact may set off a push toward digitalization. For example, it is conceivable that telephone and video conferences will experience a permanent gain in popularity that remains even after the pandemic dies off. Irrespective of the positive effects for the environment travel expenses could be significantly reduced as a result. Similarly, it is conceivable that home-based work will remain a common and acceptable concept in the future. This could have a positive impact on employee satisfaction, and pleasing secondary effects for environment and traffic would also be expected. There will potentially be a catch-up effect for certain areas of the global economy, with the result that revenues will be all the higher at a later date. Although the OWG Group experienced some local restrictions and sales losses due to the pandemic, there were no significant pandemic-related outages or ongoing production interruptions worldwide.

We expect that in the future we will also be able to realize a large portion of our individual opportunities, which are constantly changing due to developments in the external environment as well as through the ongoing refinement of our own strategic plans, by adapting our organizational and Group structure to the changed circumstances.

FORECAST REPORT

Due to the ongoing dynamic developments in connection with the Coronavirus crisis and the latest mutations of the virus, it is currently difficult to make reliable forecasts regarding the course of the economy. The next few months will show the vaccine is made available and the world will recover from the pandemic and its restrictions. Economic research institutes and industry associations expect a recovery after the crisis year 2020. A large part of the German economy anticipates higher production in 2021, affecting the automotive industry among others, but also foundries or steel and metal processing (wdk/IDW Konjunkturbericht 01/2021). The sharp declines in 2020 put the positive outlook into perspective. The mechanical engineering and electrical industries as well as the chemical industry will at least leave the crisis year of 2020 behind them. The mining sector expects lower and the rubber sector higher investments. Overall, the associations representing German industry expect a slow recovery, albeit at a slightly lower level of employment.

The asset, financial, and earnings situation of the OWG Group will be significantly codetermined by asset management in the future. Using a conservative investment strategy, we will also keep striving to achieve the best possible result in this regard while taking on the lowest possible risk. Security prices are subject to natural fluctuations out of our sphere of influence. Through the long-term orientation of the portfolio, we hope to survive such fluctuations without significant negative impacts on our profit.

Sales revenue of EUR 1,150 million, EBITDA of EUR 85 million and EBIT of EUR 45 million are expected for the OWG Group in 2021. Cash flow from operating activities will improve in fiscal year 2021 due to high tax payments in 2020. We expect the equity ratio to be close to the level of fiscal year 2020. By the end of March 2021, the OWG Group was roughly on target.

To which extent the OWG Group will be able to achieve its targets will strongly depend on the further course of the coronavirus crisis and associated regional lockdowns as well as a possible reluctance to invest. Even though the risk situation has become tenser overall, it also creates chances for acquisitions and possibilities to realize opportunities. The liquidity of the Group as a whole is secured thanks to the excellent equity and liquidity resources as well as measures initiated and implemented at an early stage. The Group's continued existence is not at risk, even in the event of delays in the fight against the pandemic (vaccine shortage/supply chains).

GROUP MANAGEMENT REPORT

for fiscal year 2020

D SUSTAINABILITY REPORT

OWG Beteiligungs AG invests in companies that act in a value-oriented manner and also accept their corporate responsibility with regard to the environment. In doing so, the goals of sustainability are always reconciled with those of economic efficiency. In this way, new markets are opened up, the environment and natural resources are conserved, and the value of companies is increased.

Below are some examples of sustainable endeavors of the OWG Group's shareholdings:

REMA TIP TOP AG

As a market-leading provider in the tire repair segment, REMA TIP TOP AG has always contributed to the sparing use of resources such as rubber and crude oil through its business model based on the principle of "maintain instead of replace".

The company focuses its research and development activities on developing products according to high environmental and health standards. For example, existing formulations are continuously optimized by replacing ingredients such as solvents or microplastics with sustainable alternatives. Numerous products for tire repair and retreading are already free of so-called Volatile Organic Compounds (VOC) – including the only completely solvent-free tire repair system on the market. VOC content is also gradually being reduced in products from the industrial sector, for example in adhesives and anti-corrosion coatings. Skin care products are completely free of microplastics and 99% biodegradable thanks to a newly developed formulation. The development of packaging also focuses on intelligent designs to reduce plastic waste.

In the field of bicycle repair kits, a field trial is currently underway for an entirely "green" product: From the envi-

ronmentally friendly content with solvent-free cement to the packaging made of grass paper, a label made of sugar cane paper and a manual on recycled paper, the company has taken all aspects of sustainability into account.

In logistics, too, the reduction of plastic in packaging materials is being pushed. At the Poing plant, for example, styrofoam flakes were replaced by corn flakes. The Fürstenzell plant uses recycled paper instead of bubble wrap.

In its energy policy, REMA TIP TOP AG has also committed itself to the greatest possible safety, optimum health protection and comprehensive consideration for the environment. To this end, energy targets have been set for 2020 that relate in particular to the more efficient use of the energy and energy sources used in production. The energy performance of the German production sites is determined in an annual index and the achievement of further energy targets is measured, from which measures for improvement are derived and finally implemented.

A+B Electronic GmbH

In 2020, A+B Electronic underwent a comprehensive energy audit in accordance with DIN EN 16247-1 at its administrative and production headquarters in Großenkneten. The audit included an energy consumption analysis, an analysis of the electricity load profile, and an energy analysis to identify and evaluate various external factors influencing energy consumption.

Based on this evaluation, measures to increase energy efficiency with high savings potential in terms of energy, costs and CO₂ were prioritized and a roadmap with implementation recommendations was derived. Recommended measures currently under consideration include replacement of outdoor light fixtures, elimination of leaks in the com-

pressed air network, peak load optimization, installation of a photovoltaic system on the roof, use of an energy monitoring system, and employee sensitization and training.

MASS GmbH

Among other things, MASS GmbH develops and produces customized special machines for drying components of hydrogen fuel cells – one of the key technologies for the storage and mobile use of regenerative energies. The machines are designed to minimize the amount of energy used in the customer's production.

This is now reflected in the machines of the new MASS MT 400 Eta series. A special control concept has been developed for this purpose, through which parameters such as temperature and tool life are set precisely and accurately for each production step in order to ensure the greatest possible sustainability. The temperatures required for curing the fuel cell components can be maintained to within 2% per 100 degrees Celsius.

To keep the ecological footprint low, the MASS MT 400 Eta line also features heat recovery. In addition, the intelligent engineering of the machines optimizes thermal insulation.

A. Schüth GmbH

A. Schüth GmbH implemented the project "Collection and regranulation of black rubber materials" in 2020 with the aim of reducing waste. In this process, all waste produced by black materials is separated, collected and returned to a processing company. They are then regranulated, i.e. recycled, and returned to the vulcanization process, thus ensuring secondary recycling.

The reduction of cardboard packaging material was initiated in logistics. To this end, cardboard packaging is

recycled wherever possible. In addition, the company has begun gradually replacing its in-house light fixtures with LED lights to save energy.

CONSOLIDATED BALANCE SHEET

as at December 31, 2020

ASSETS	Dec. 31, 2020	LIABILITIES	Dec. 31, 2020
EUR THOUSAND	1,788,520	EUR THOUSAND	1,788,520
Intangible assets	83,724	Subscribed capital	100
Property, plant, and equipment	272,189	Retained earnings	82,730
Financial assets	793,375	Balance-sheet profit	10,567
Fixed assets	1,149,288	Currency translation reserve	-3,254
Inventories	223,019	Minority interests	955,649
Trade accounts receivable	181,327	Shareholders' equity	1,045,792
Accounts receivable from affiliated companies	112	Special item investment grants	1,010
Accounts receivable from associated companies	376	Pension provisions	18,676
Other assets	45,772	Tax provisions	7,713
Cash and cash equivalents	178,883	Other provisions and accrued liabilities	56,611
Current assets	629,489	Provisions	83,000
Accruals and deferrals	9,743	Loans STAHLGRUBER foundations	15,786
Active difference from asset offsetting	0	Liabilities to banks	403,370
		Advance payments received	4,124
		Trade Liabilities	51,926
		Liabilities from the issuance of own bills of exchange	1,778
		Liabilities to affiliated companies	63
		Liabilities to associated companies	1
		Other liabilities	168,563
		Liabilities	645,611
		Accruals and deferrals	969
		Deferred tax liabilities	12,138

CONSOLIDATED PROFIT AND LOSS STATEMENT

from January 1 to December 31, 2020

	THOUSAND EUR
Revenues	1,029,275
Increase or decrease in finished/unfinished goods inventories and work in progress	-20,659
Other capitalized self-produced assets	103
Total output	1,008,719
Other operating income	28,259
Cost of materials	431,170
Personnel expenditure	352,028
Amortization of intangible and tangible assets	40,747
Other operating expenses	170,014
Earnings before interest and tax (EBIT)	43,019
Income from investments	14
Income from other financial assets	6,529
Interest charges	17,105
Earnings before tax (EBT)	32,457
Income taxes	9,416
Profit after tax	23,041
Other taxes	3,289
Annual result	19,752
Profit share of other shareholders	-17,219
Consolidated result	2,533

CASH FLOW STATEMENT

from January 1 to December 31, 2020

	THOUSAND EUR
Annual result	19,752
Depreciation/write-ups of fixed assets	40,625
Increase/decrease in provisions	432
Other non-cash expenses/income	-155
Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	28,400
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-19,690
Gain/loss on disposal of consolidated companies	-3,738
Profit/loss from the disposal of fixed assets	-3,679
Interest expenses/interest income	15,958
Other investment income	-6,978
Income tax expense/income	9,416
Income tax payments	-87,294
Cash flow from operating activities	-6,951
Proceeds from disposals of intangible assets	267
Payments for investments in intangible assets	-2,389
Proceeds from disposals of tangible assets	19,114
Payments for investments in tangible assets	-40,407
Proceeds from disposals of financial assets	82,545
Payments for investments in financial assets	-84,594
Payments for additions to the scope of consolidation	-23,475
Proceeds from disposals from scope of consolidation	8,102
Proceeds from interest received	19
Proceeds from dividends received	6,978
Cash flow from investing activities	-33,840
Proceeds from taking up (financial) loans	75,359
Payments from the repayment of (financial) loans	-70,552
Interest paid	-7,987
Dividends paid to other shareholders	-4,948
Cash flows from the sale and purchase of shares without changing the scope of consolidation	-22,485
Cash flow from financing activities	-30,613
Cash and cash equivalents at the beginning of the period	198,866
Net change in cash and cash equivalents	-71,404
Effect of exchange rate, changes in composition of Group, and valuation changes on cash and cash equivalents	5,022
Cash and cash equivalents at the end of the period	132,484
Cash and cash equivalents	178,883
Current-account liabilities	-46,399
Net liquidity	132,484

IMPRINT

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OWG

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