



Beteiligungs AG

Annual Report

2022

OVERVIEW

OWG Beteiligungs AG

OWG Beteiligungs AG was founded in 2010. The financial holding company’s registered office is in Poing, Germany, and business activities are primarily focused in German-speaking countries. In addition to manufacturing companies, the holding company also invests in services and real estate.

OWG Beteiligungs AG includes companies specialized in material handling and processing, drive technology, elastomers, adhesive systems, molded articles, and electronic components. Their activities serve growth markets such as the construction industry, the agricultural industry, and the recycling sector. This range ensures the Group’s resilience and guarantees long-term stability for the business model.

As a financially strong partner, the holding company backs its shareholdings and gives them flexibility. Both of these aspects form the foundation for the shareholdings to act independently and implement future-oriented growth strategies. OWG Beteiligungs AG also provides support for its companies in the form of management consulting and shared services. The shareholdings also benefit from exchanging information among one another and synergies within the Group.

As a family office, OWG Beteiligungs AG is also active as a financial services provider.



Services



Participations



Real estate/properties



(From left to right) Bernhard Strauch, Chairman of the Supervisory Board, Michael Übelacker, Management Board Member, Annerose Schenk-Rettenberger, Management Board Member, Heinz Reiner Reiff, CEO

KEY FIGURES FOR 2022

€1,380
million
turnover

€111.7
million EBIT

€154.9
million EBITDA

51.9%
equity ratio

€1,989
million balance sheet total

8,882
employees

208
shareholdings
worldwide



Group headquarters of OWG Beteiligungs AG
in Poing, near Munich

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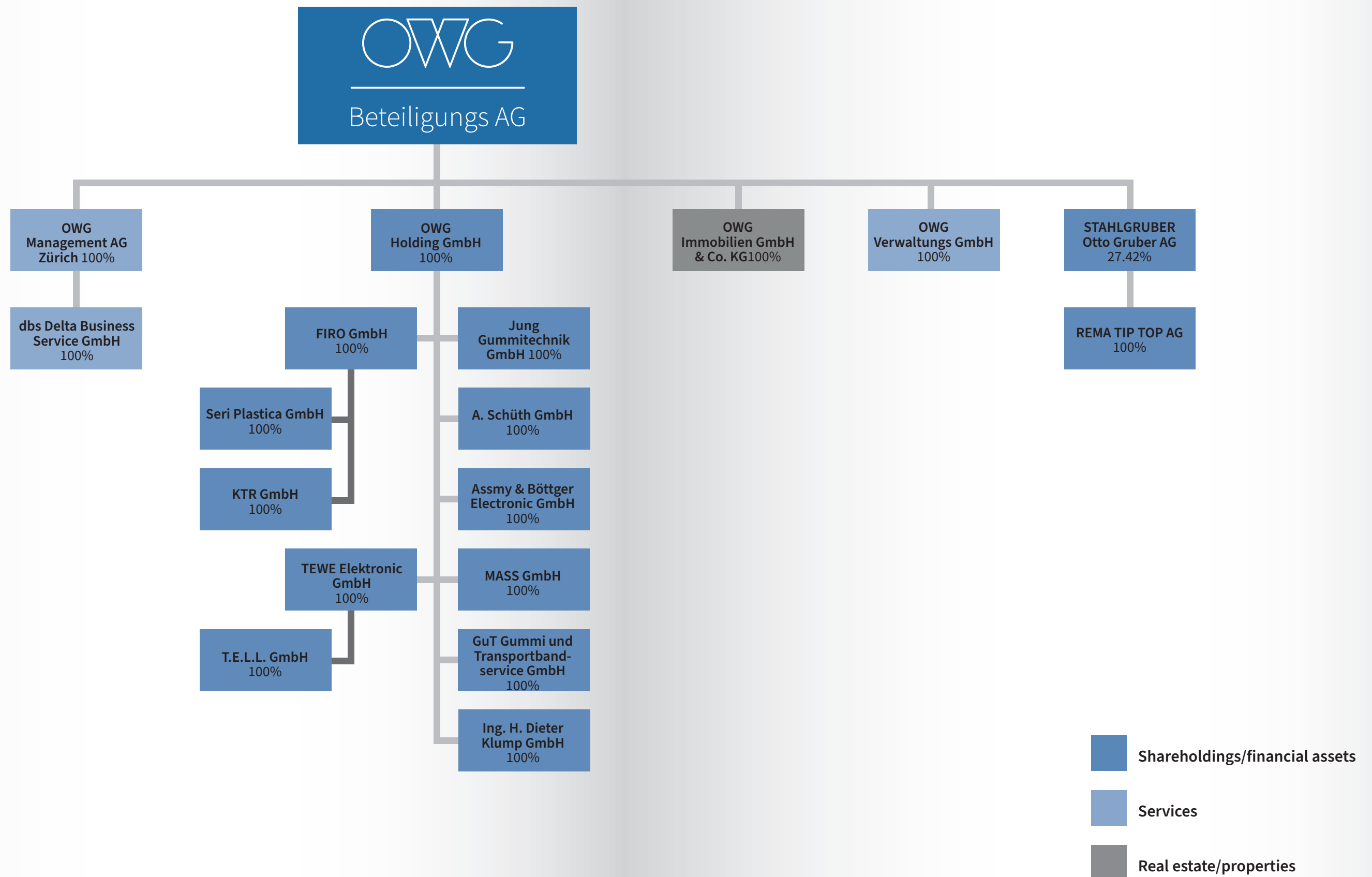
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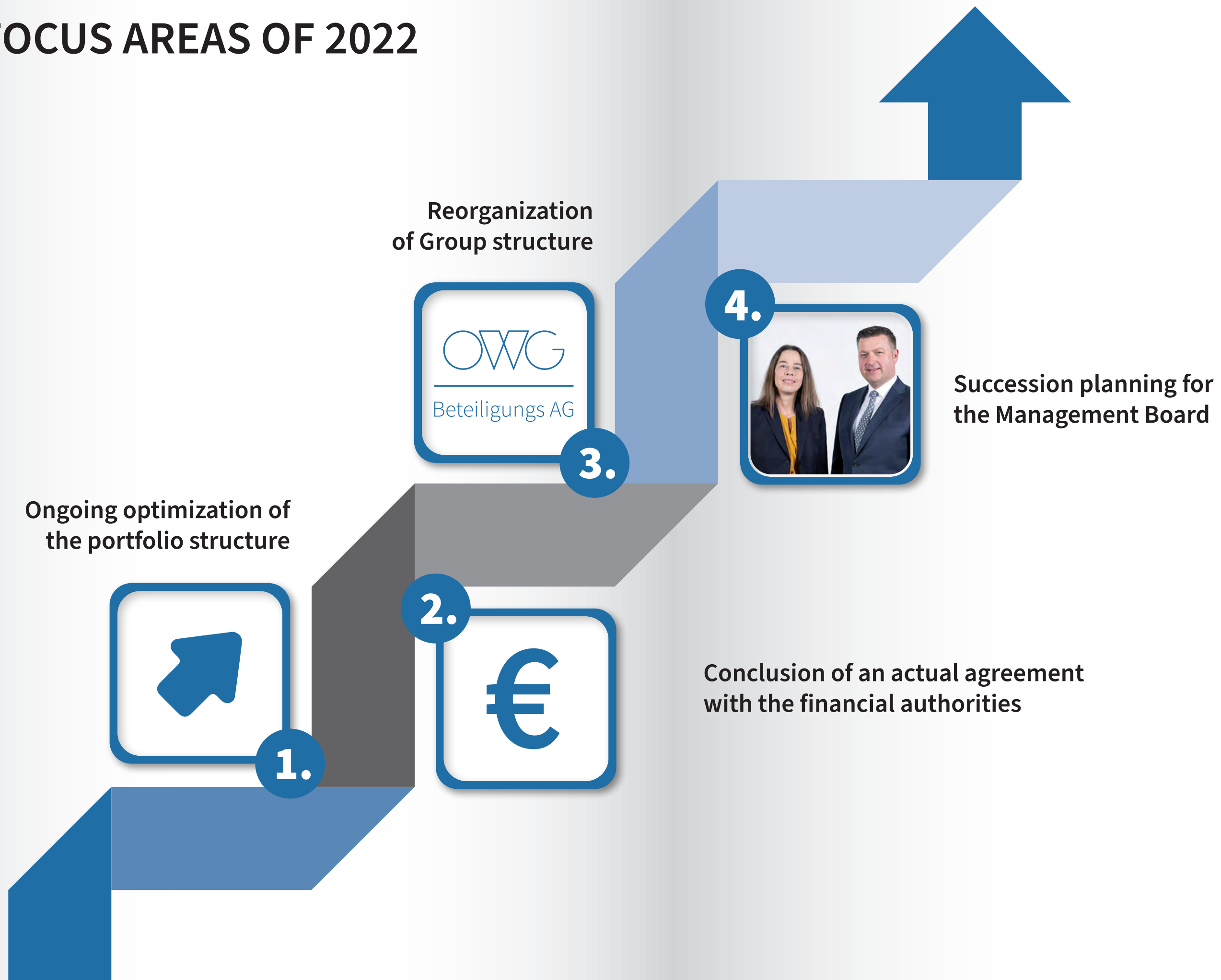
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SCOPE OF CONSOLIDATION

of OWG Beteiligungs AG



FOCUS AREAS OF 2022



FOREWORD OF THE MANAGEMENT BOARD

Ladies and Gentlemen,
Dear Shareholders,

2022 again proved to be a successful year for OWG Beteiligungs AG and its associated companies. Despite the still ongoing coronavirus pandemic and the war in Ukraine, we overcame the challenges we were faced with.

Following the slight decline in sales in the previous year, we recorded a significant increase in sales in the 2022 financial year – even in comparison with the successful figures achieved in 2019. Group sales rose year-on-year from €1,141 million to €1,380 million. Associated therewith the consolidated operating profit before interest and taxes (EBIT) also climbed against 2021 to €111.7 million. The Group equity ratio remains high at 51.9%. Total assets as at December 31, 2022, amount to €1,989 million.

In order to keep the Group on this successful path, we are continually reviewing our strategies, business models, and corporate structures.

In addition we continued to optimize our portfolio structure in 2022, through acquisitions, assets deals, and divestment.

We also entered into discussions with companies from various sectors in 2022 in order to generate synergy effects and enter new markets.

Both in 2022 as in 2023, the most important topics remain the coronavirus pandemic, the Russia-Ukraine war, inflation and recession fears, and the associated concerns of loss of prosperity. Old and familiar structures have changed enormously or simply no longer exist. Uncertainty is the order of the day, resulting in constantly new political and economic challenges.

Our solid footing as a regional and global SME financial holding company under consistent management, which can face these constant changes with optimism and flexibility, will continue to provide us with the stability that we need to come through these extraordinary and difficult times.



I would like to take this opportunity to thank all of our employees for their work and dedication, and thus their contribution to OWG Beteiligungs AG's success. I would also like to thank our Supervisory Board, business partners, and customers for the trust they have placed in us and our products and services. I look forward to working with you in the new year – together we will continue to be strong and successful!



Heinz Reiner Reiff

REPORT OF THE SUPERVISORY BOARD FOR THE ANNUAL GENERAL MEETING

Report of the Supervisory Board of OWG Beteiligungs AG
for the 2022 financial year

Dear Shareholders,

OWG Beteiligungs AG and its subsidiaries look back on another successful financial year in 2022, despite the challenges posed by the ongoing pandemic. OWG Beteiligungs AG was in the position to exercise its function as anchor shareholder of the 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 the Supervisory and Management Board

The Supervisory Board fulfilled the duties incumbent on it by law and the Articles of Association throughout the 2022 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 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 business performance from forecasts was also included in the reporting.



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 business transactions important 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 again took place, particularly with regard to the difficult macroeconomic situation prevailing in the 2022 financial year as a result of the pandemic and its impact on the Group. In addition, the members of the Supervisory Board were also 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 on important subjects.

There are no known indications of conflicts of interests on the part of members of the Management Board or Supervisory

Board that would have to be reported immediately to the Supervisory Board and disclosed at the Annual General Meeting.

Meetings of the Supervisory Board

Two ordinary and five extraordinary Supervisory Board meetings were held in the reporting year, attended by almost all members of the Supervisory Board.

In the extraordinary meetings, the Supervisory Board primarily dealt with a variety of individual topics relating to the merger of STAHLGRUBER Otto Gruber AG with OWG Beteiligungs AG.

The focal point of the meeting on May 10, 2022 was the resolution of the annual and consolidated financial statements for the previous year. The coordination of the agenda and a resolution on the proposed resolutions for the following Annual General Meeting of OWG Beteiligungs AG were also part of this meeting, along with a decision to host the next Annual General Meeting in a virtual format.

In the meeting on December 5, 2022, the Supervisory Board focused on financial and investment planning for the 2023 financial year and the Internal Audit department's Group annual report.

Between the Supervisory Board 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 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 consultations

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 this data. 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 and draft resolutions from the Management Board, and this was even more intensive in the 2022 financial 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 Audit Committee deals with all tasks mentioned 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. It is also responsible for determining and monitoring the required independence of the auditor, the fee agreement with the auditor, and the definition of audit focal points. The Chairman of the committee is experienced in the ap-

plication of accounting principles and internal control procedures. The Audit Committee met three times in the 2022 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 to be taken by the entire plenum. There were no meetings other than the ordinary Supervisory Board meetings.

The Personnel Committee is responsible for all personnel matters of the Management Board. The committee met once in 2022.

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 year.

Annual and consolidated financial statements 2022

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 Audit Committee received the annual and consolidated financial statements for inspection in due time. In the Audit Committee meeting on April 17, 2023, the annual and consolidated financial statements of OWG Beteiligungs AG, the management report, and the Group management report, and the Management Board's

proposal for the appropriation of profits were carefully examined by the Audit 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 or Group management report.

After detailed examination, the Supervisory Board approved the annual financial statements and the consolidated financial statements in its meeting on April 17, 2023. 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 OWG Group employees worldwide for their excellent and trusting cooperation.

With their personal commitment, they have all contributed to the successful conclusion of the 2022 financial year. The pleasing development of the Group is the basis for its future growth.

Poing, April 17, 2023


Bernhard Strauch,
Chairman

GROUP MANAGEMENT REPORT

for the 2022 financial year

A BASICS

Business model

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

As a rule, the target companies concentrate their activities in the German-speaking countries. All subsidiaries operate independently from the outset and pursue independent strategies. The OWG Group provides support in the form of operating experience and funding. The portfolio companies also benefit from the Group's wealth of industrial experience.

The portfolio of the OWG Group includes companies in the fields of material handling and processing technology, elastomers, adhesive systems, molded articles, electronic components, and electronic devices to control automatic work processes in agriculture and related industries. The OWG Beteiligungs AG continuously monitors the Group for synergy effects.

Targets and strategy

The enterprise value of the OWG Group is primarily determined by the value of the associated companies. Therefore, the objective of the business activity is to improve the company's enterprise value on a long-term and sustainable basis.

The focus of investment is on target companies with a clear potential for earnings improvement as well as growth prospects. These companies are identified and selected according to plan.

The selection is mainly influenced by megatrends. These currently include, for example, urbanization, rising population figures, mobility, and increased energy requirements, as well as the careful use of natural resources.

Controlling and monitoring

The implementation and application of a comprehensive management concept has a decisive influence on the value development of OWG Beteiligungs AG and its shareholdings. This serves as a framework for the detailed operational management systems of the companies based on their day-to-day business and their operational activities.

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

The business planning of the management boards of portfolio companies is created in an iterative process. This is done by reconciling the top-down planning of the OWG Group with the sales, cost and investment planning of the individual companies. The planning for the preparation of the annual financial statements is drawn up with the commercial managers of the portfolio companies and compliance with the schedule is monitored.

In addition, the development of orders and operational risks at the portfolio companies, as well as key earnings and financial figures, are analyzed monthly by the OWG Group's shareholding controlling department and presented to the Management Board as a basis for discussion. As part of an integrated balance sheet planning procedure (taking into account receivables, liabilities, and inventories), the development of sales, operating income, incoming orders, working capital, equity, and net debt is analyzed and evaluated.

B ECONOMIC REPORT

Macroeconomic environment¹

2022 was dominated by uncertainties. After the economy initially recovered rapidly following the end of the pandemic restrictions, the Russian invasion of Ukraine in February negatively impacted the growth of the German economy. Important raw materials markets and supply chains were impacted. The price of natural gas, which was already high from January, rocketed to its all-time high in August. Exploding energy and generation prices drove inflation, and pushed up prices for industrial goods and services. The inflation rate in Germany hit a record high of ten percent. The inflation rate averaged eight percent in 2022, the highest level seen in 70 years.

In many other countries, too, consumer price inflation was the highest seen in decades. The price for a number of raw materials – including both industrial raw materials as well as oil and natural gas – did fall again significantly in the second half of the year as a result of a downturn in the global economy, however, consumer prices continued to gain momentum in the industrial and emerging countries. Central banks responded by tightening monetary policy, which again restricted growth.

Global trade was also negatively impacted by geopolitical tensions, such as between China and the US. Heatwaves and droughts in Europe and Asia drove up the price of food around the world. The effects of the pandemic began to ebb in the majority of countries, but continued to hold back economic output, particularly in China. All these factors contributed to the downturn in the global economy in 2022. These developments were felt by the manufacturing industry as well as the service sector in the industrial and emerging countries.

In addition to the energy crisis, the German economy was also affected by supply chain bottlenecks and labor short-

Regular consultation with the Controlling department is another significant management tool, in that key developments such as important contract awards, strategic investments or financing are discussed within the companies and alternative courses of action are defined. The Management Board is involved in all crucial core processes within the framework of the shareholding business. In addition to the selection and review of new investment proposals, this also includes the negotiation of shareholding sales and purchases.

When it comes to the further development of the OWG Beteiligungs AG portfolio of shareholdings, the strategic management of the entire Group also falls under the responsibility of the Management Board. This also applies to the development and orientation of the portfolio companies and their financing.

Significant decisions are discussed and resolved at both ordinary and extraordinary Supervisory Board meetings.

Research and development

Research and development at the individual portfolio companies is geared to the respective market requirements and the individual product range. In each company within the Group, the formulation and implementation of growth-supporting development targets and the early identification of market developments are important, and these are therefore taken into consideration in the development process.

In particular, research and development activities include the revision of formulas, the use of new raw materials, the expansion of new applications, the development of customized solutions, the further technical development of products, and the adaptation of products to regional and market requirements.

¹ Deutsche Bank Research, Focus Germany, December 21, 2022, and March 13, 2023, ifo Economic Forecast, December 14, 2022, and March 15, 2023, Deutsche Bank Research, International Focus, February 2023

ages. State relief programs were able to cushion the impact of the crises for companies to some extent, but incoming orders began to drop off for companies as the rate of inflation rose. Nevertheless, German order books were still so well filled in 2022 that production actually climbed slightly.

In light of the number of uncertainties, a forecast for 2023 can only be made with great caution. The rate of inflation is expected to fall only slightly. No significant decline in energy prices is expected at the moment. However, due to the decline in procurement prices for energy suppliers, economic experts have been more optimistic recently. The German economy is recovering, including as a result of the supply bottlenecks easing, but consumption and the construction industry are still suffering from the high rates of inflation, while the subdued performance of the global economy continues to dampen expectations.

According to the Deutsche Bank outlook of February 2023, the German economy is expected to stagnate with zero-percent economic growth. The growth forecast for the entire eurozone is 0.5 percent. Growth of 2.8 percent is forecast for the global economy.

Industry trends

In 2022, investment in Germany amounted to €13.87 billion according to information from the German Private Equity and Venture Capital Association. This represents a decrease of 29 percent in comparison with the previous year (€19.57 billion).

According to the German Economic Institute's 2023 survey, the sentiment among German companies has deteriorated against last year. 30 of the 49 business associations anticipate a decline in business. This pessimistic assessment is again due to the tense geopolitical situation which is making global production and supply networks susceptible to disruptions. In addition, the outlook for the global economy has taken a downturn.

Nevertheless, investment activity is not expected to collapse. Eight associations even anticipate higher investment

levels than in the previous year, while the majority expects investment to remain on a par with the previous year.

In 2022, Germany's chemical-pharmaceutical industry suffered significantly from the sharp increase in energy prices as well as the price increases for raw materials and intermediate products. As the costs rose faster than sale prices, around 80 percent of companies saw a decline in profits. In its 2022 annual assessment, the German Chemical Industry Association (Verband der Chemischen Industrie (VCI)) looked back on a "gloomy year". SMEs in particular were fighting for their survival in some cases. Production fell by six percent year on year. The sector anticipates a further sales decline in 2023.

The sentiment in the German rubber industry was also worse at the turn of the year 2022/2023 than in the previous year. According to the annual economic report of the Trade Association for the German Rubber Industry (Wirtschaftsverband der deutschen Kautschukindustrie (wdk)), many companies in the sector reported a decline in demand and orders during the fourth quarter and also did not anticipate any improvement in 2023 as a fall in production volumes is to be expected in buyer industries for rubber products due to political and economic uncertainties. In an international comparison, the competitiveness of the German rubber industry deteriorated significantly according to wdk, which will lead to relocations of productions and rationalization measures.

German machinery and plant manufacturers in contrast seemed to suffer little under the crises. According to the industry association VDMA, manufacturers were still benefiting from the large volume of orders placed in the previous year, when industry production geared up again following the collapse caused by the pandemic. In real terms, the growth in sales amounted to three percent in 2022. The association reported that the full order books meant companies would enjoy capacity utilization until at least mid-2023. The sector continues to expect solid demand for the year, particularly from Europe and North America.

Investor relations

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. Unrestricted transparency and trust form the basis for the relations with our investors. 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 longterm 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.

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

Contact

OWG Beteiligungs AG

Gruber Straße 65
85586 Poing / Germany

Tel.: +49 (0) 8121 707 - 12 116
Fax: +49 (0) 8121 707 - 12 116
info@owgag.de
www.owgag.de

Business trend

The OWG Group continues to grow. In total, 208 shareholdings belong to the OWG Group. OWG Group sales amounted to €1,380 million in 2022.

This represents an increase in sales of €239 million. The number of employees has also increased accordingly. In 2022, the Group employed 8,882 people.

The investment strategy of recent years was again consistently pursued in 2022.

Asset, financial and earnings situation

Revenue in 2022 amounted to €1,380 million. Operating income mainly consists of sales. With a total output of €1,419 million, EBIT came to €111.7 million or 8.1 percent of revenue.

Total assets amounted to €1,989 million, an increase of €135 million. The equity ratio remains at a solid level at 51.9 percent.

The reallocation of securities led to an increase in financial assets and a corresponding decrease in securities in current assets.

Before the reallocation of the securities that were kept in current assets, we took into consideration the corrections noted globally on the international financial markets at the end of the year.

We are confident that this measure will effectively counter any future fluctuations on the financial markets.

Income from shareholdings are netted out within the Group. Only income from associated companies or companies that are not consolidated remain.

The OWG Group recorded an annual result of €46.7 million.

The result after tax amounted to €50.9 million.

GROUP MANAGEMENT REPORT

for the 2022 financial year

C REPORT ON RISKS, OPPORTUNITIES, AND FORECASTS

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. Potential opportunities should be seized and managed by the subsidiaries.

Based on an internal Group auditing and monitoring system, which includes, for example, annual internal and external audits in accordance with an audit plan, economic and company-related risks and opportunities are examined and monitored. 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, aggregated, evaluated, and consolidated in quarterly reports. The Risk Committee meets once a quarter and discusses by region the main risks and opportunities that are also included in the planning and decision-making process.

The internal reporting system records, for example, key suppliers, procurement costs, credit and liquidity risks, exchange rate risks, interest rate risks, receivables management, delivery times, procurement and supply chain resilience, downtimes, HR risks, competition risks, insurance services, legal disputes, compliance with work and production safety, and geopolitical risks. In addition to recording and evaluating incidents, a timely and targeted controlling of all shareholdings is carried out. In particular, key figures,

deviation analyses, and forecasts 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 ensures compliance with laws, behavior rules (Code of Conduct), 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 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. The conflict in Ukraine has pushed up inflation around the world, and central banks were forced to increase interest rates, leading to a change in the interest rate risk in comparison with the previous year. Interest rate swaps were concluded to hedge against these risks. Earnings may also 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 securities always involves a risk of losses on security prices. There are also exchange rate risks for investments outside of the eurozone. The current volatile market environment has led to severe fluctuation on global stock markets and exchange rates. Both the development of securities and exchange rates, however, could also develop in a direction that is favorable for the Group.

Tax risks: The companies in the OWG Group are subject to regular tax audits by tax 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, etc. These raw materials are subject to greater price fluctuations, particularly against the backdrop 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.

Extreme price increases for raw materials along with supply bottlenecks remain challenging for production and procurement. Electricity and energy prices also increased significantly. Through targeted price increases (spot prices) and sales activities, the OWG Group was largely successful in passing on price pressure to its customers.

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 faces strong local and international competitors in its business segment.

Pandemic: In comparison with previous years, the risks associated with the coronavirus have decreased significantly in the OWG Group. Although the WHO has not yet declared the pandemic over, the majority of countries have significantly eased the coronavirus restrictions or lifted them altogether.

Global supply chains: Due to geopolitical events, there is a risk that orders cannot be fulfilled as a result of disruptions to global supply chains, which would lead to sales losses and contractual penalties. There is also a risk of payment defaults, due to customers declaring bankruptcy. The situation in terms of freight costs and delivery times for containers has stabilized significantly in comparison with the pandemic years.

Finally, there is also a risk that shareholdings or subsidiaries can no longer be classified as profitable in future due to a deterioration in their earnings outlooks. This would lead to an impairment of the corresponding shareholding or a subsidiary's goodwill.

Compliance risks

Risks from legal disputes: The OWG Group currently is, and potentially also will be, confronted with legal disputes or lawsuits in different national and international courts or arbitration tribunals. In particular, this may lead to individual or several companies within the Group being forced to pay damages, and/or pay penalties, and/or fulfill other claims as a result of breaching contractual or legal obligations. In some of these legal disputes, decisions, assessments or requirements could turn out differently than expected, which could have a negative impact 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 which are not covered by insurance at all. 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 broadening business activities in established markets and tapping into and optimizing new markets for existing product and service portfolios. This is intended to achieve a higher market share and higher margins. Furthermore, we are striving to increase the sales of products and services, also through improved customer service and additional 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 to 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 our 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.

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.

Although the risk situation has deteriorated as a result of the Ukraine conflict, new acquisition opportunities and other opportunities to seize strategic chances have opened up in other regions.

The Group's liquidity is secured due to its excellent equity and liquidity situation as well as measures that were initiated and implemented early on. The continuance of the Group is not endangered, even under the difficult external circumstances mentioned.

FORECAST REPORT

Due to the ongoing dynamic developments on the markets and geopolitical changes, it is currently difficult to make reliable statements regarding the further development of the economy. Economic developments also depend on how inflation and the prime rates develop. Despite these challenges, the OWG Group proved to be robust and resilient during the pandemic and the ongoing conflict. Even in volatile and uncertain times, the OWG Group operated profitably and will continue to do so. Should the economy take a significant downturn, the Group will react as in previous years with adjustments to its cost base and further strategic measures.

The OWG Group's asset, financial and earnings situation will in future be determined to a significant degree by asset management. Using a conservative investment strategy, we will continue to endeavor to achieve the best-possible result while maintaining risks at the lowest-possible level. Security prices are subject to natural fluctuations out of our sphere of influence. Through the long-term orientation and diversification of the portfolio, we hope to mitigate such fluctuations in the long term.

GROUP MANAGEMENT REPORT

for the 2022 financial year

D SUSTAINABILITY REPORT

In its investments, OWG Beteiligungs AG attaches great importance to both economic and ecological aspects. The aim is always to combine sustainability objectives with those of economic efficiency. This strategy results in the opening up of new markets through investments, protection of the environment and natural resources, and an increase in the value of the companies. The companies in the OWG Group are responsible for implementing this corporate strategy independently.

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

REMA TIP TOP AG

As a specialist for tire and conveyor belt repairs, the focus of REMA TIP TOP AG has been on the careful use of resources and reducing its carbon footprint for a number of years. In the field of logistics, therefore, several warehouse locations were merged in a new central warehouse in Hanover in 2022. This ensures more efficient processes and optimized transport with a reduction in transport routes. The new central warehouse began operations on January 1, 2023.

At the sites in Poing and Fürstentzell, too, saving energy and reducing carbon emissions were the top priority. Construction work for new plant engineering and technical building equipment for chemical production began at the Poing location in mid-2022. The objective is a significantly more energy-efficient production and lower emissions. Energy savings of around 40 percent and an 80-tonne reduction in the carbon footprint per year are planned.

The locations also managed to make savings in primary energy consumption. In Poing the production system in a single department was switched to a four-day week for a period of seven weeks, saving 30,100 kWh of natural gas. Operations were stopped for one week in Fürstentzell, sav-

ing around 70,000 kWh of natural gas and approximately 40,000 kWh of electricity.

Carbon emissions were also reduced in other areas, too. IT and HR Management introduced a mobile working policy together in 2022, independent of the coronavirus crisis, and expanded technical systems such as Microsoft Teams for online meetings. This led to a reduction in commutes and business travel and a corresponding decrease in carbon emissions. Furthermore, HR Management's processes have been gradually digitized, not only to save paper but also to standardize and optimize processes across locations.

A number of other initiatives and projects are underway at all REMA TIP TOP AG locations to save and optimize the use of energy, recycle process waste, and replace existing product and packaging elements with more sustainable alternatives. These projects will continue to accompany us in the coming years.

Assmy & Böttger Electronic GmbH

As a manufacturer of electronic components, Assmy & Böttger Electronic GmbH has made the disposing of electronic waste in a more sustainable manner its flagship project in 2022. In the electronics sector, virtually all components include critical materials, and their extraction has a negative impact on people and the environment. When demand rises, the available resources decline. Reclaiming these resources is the focus of the cooperation with Reco-eWaste: All old devices and their components are disassembled and the production process is reversed. This means that these components are recycled back to the raw materials and the metals contained, such as iron, copper, rhodium, tungsten, titanium, neodymium, lithium, cobalt, and aluminum, can be reclaimed.

This is achieved through an innovative, sparing process that does not involve any chemicals. What makes the Re-co-eWaste approach so special is its near one-to-one conversion of electronic waste to valuable secondary materials. This creates a closed loop where the resources can be reclaimed almost completely. Simultaneously, it is also possible to buy these reclaimed secondary materials again at a good price.

A. SCHÜTH GmbH

A. SCHÜTH GmbH has been collecting and recycling black rubber materials since 2020, in order for them to undergo secondary recycling and thus reduce waste. The project has now also been expanded to include punch waste in the field of fiber materials. The exchange of lighting equipment in the company has now also been completed. All bulbs have been replaced with more energy-efficient LED bulbs.

As a result of an audit of the energy consumption of all machines, some punching machines were replaced with more energy-efficient models. Three wall boxes for charging electric vehicles were also installed in 2022; these are both for the company vehicles that have already been ordered as well as the employees' private vehicles. The review of the entire heating system including the installation of thermostats with automatic temperature controls was commissioned and an energy-efficient compressor that allows heat to be reclaimed was ordered.

MASS GmbH

As a developer and manufacturer of coating and heating equipment and drying and processing devices for the printed circuit board, microelectronics and solar cell industries, MASS GmbH's environmental management is DIN EN ISO 14001:2015 certified. In association with the corresponding audits, measures to improve sustainability are continually being implemented.

One instance of this is the replacement of all of lighting to LED technology. All machinery, including all forklift trucks and company cars, are electric powered. In order to reduce carbon emissions in waste disposal, the size of the disposal containers was increased – this means the number of journeys undertaken by disposal companies can be reduced.

Measures to save energy, such as the conscientious use of machines and equipment during breaks in production, are identified and implemented together with all employees.

JUNG Gummitechnik GmbH

Like MASS GmbH, JUNG Gummitechnik GmbH's environmental management is ISO 14001:2015 certified. It was successfully recertified in 2022. By replacing a washing machine for hoses and bends in the grinding facility, the company was able to drastically reduce the water and electricity consumption of the machinery. In addition, a hazardous substance used to clean the hoses and bends was replaced with an alternative.

Good news can also be reported in relation to the expansion of the circular economy: The new JUGITEC E class 0 and 00 glove, used as electrical protective equipment, can be almost completely recycled. A certain amount of the scrap produced is reintroduced into production. Paper/card and plastic waste are pressed on site as raw materials and then taken directly to the recycling plant. This eliminates unnecessary transport journeys, which saves on carbon emissions as well as the costs associated with container rental and handling.



CONSOLIDATED BALANCE SHEET

as at December 31, 2022

ASSETS	12/31/2022	LIABILITIES	12/31/2022
EUR thousand	1,988,968	EUR thousand	1,988,968
Intangible assets	86,277	Subscribed capital	91
Tangible assets	283,794	Retained earnings	125,984
Financial assets ¹⁾	611,194	Balance sheet profit	36,613
Fixed assets	981,265	Currency translation reserve	1,167
Inventories	343,881	Minority interests	869,372
Trade receivables	245,910	Shareholders' equity	1,033,227
Accounts receivable from affiliated companies	56	Special item investment grants	775
Accounts receivable from associated companies	9,524	Pension provisions	19,271
Other assets	39,320	Tax provisions	14,529
Securities ¹⁾	178,911	Other provisions	79,581
Cash and cash equivalents	180,198	Provisions	113,381
Current assets	997,800	Loans to the STAHLGRUBER GESELLSCHAFTER foundation	15,786
Deferred income	9,903	Liabilities to banks	559,446
		Advance payments received	13,718
		Trade liabilities	89,922
		Liabilities from the issuance of own bills of exchange	0
		Liabilities to affiliated companies	54
		Other liabilities	158,897
		Liabilities	837,823
		Deferred income	379
		Deferred tax liabilities	3,383

¹⁾ Reallocation of securities held as fixed assets to securities held as current assets

CONSOLIDATED PROFIT AND LOSS STATEMENT

FROM JANUARY 1 TO DECEMBER 31, 2022

	EUR thousand
Revenues	1,380,095
Change in inventories	38,299
Own work capitalized	258
Total output	1,418,652
Other operating income	36,177
Cost of materials	666,361
Personnel expenditure	424,437
Depreciation/amortization of intangible and tangible assets	43,239
Other operating expenses	209,120
Operating result	111,672
Income from shareholdings	90
Income/expenses from other financial assets	-15,306
Interest charges	17,242
Profit from ordinary business activities	79,214
Income taxes	28,334
Profit after tax	50,880
Other taxes	4,183
Annual result	46,697
Profit attributable to other shareholders	-37,201
Consolidated profit	9,496

CONSOLIDATED CASH FLOW STATEMENT

FROM JANUARY 1 TO DECEMBER 31, 2022

	EUR thousand
Annual result	46,697
Depreciation/appreciation of fixed assets	43,032
Increase/decrease in provisions	8,216
Other non-cash expenses/income	-354
Increase/decrease in inventories, trade receivables, and other assets not allocated to investing or financing activities	-130,178
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	19,009
Profit/loss from the disposal of fixed assets	-3,945
Interest expenses/interest income	17,454
Impairment of securities held as current assets	18,180
Other investment income	-3,459
Income tax expense/income	28,334
Income tax payments	-23,573
Cash flow from operating activities	19,413
Proceeds from disposals of intangible assets	38
Payments for investments in intangible assets	-5,171
Proceeds from disposals of tangible assets	4,871
Payments for investments in tangible assets	-38,384
Proceeds from disposals of financial assets	23,830
Payments for investments in financial assets	-110,520
Payments for additions to the scope of consolidation	-10,311
Proceeds/payments resulting from cash investments from short-term financial management	84,776
Proceeds from interest received	3
Proceeds from dividends received	3,460
Cash flow from investing activities	-47,408
Proceeds from taking up (financial) loans	140,806
Payments for the repayment of (financial) loans	-97,740
Interest paid	-11,113
Dividends paid to other shareholders	-17,570
Cash flows from the sale and purchase of shares with no effect on the scope of consolidation	-587
Cash flow from financing activities	13,796
Cash and cash equivalents at the beginning of the period	131,000
Net change in cash and cash equivalents	-14,199
Changes in cash and cash equivalents caused by exchange rates, changes in scope of consolidation and valuation	-3,497
Cash and cash equivalents at the end of the period	113,304
Cash and cash equivalents	180,198
Current account liabilities	-66,894
Net liquidity	113,304

IMPRINT

Contact

OWG Beteiligungs AG

Gruber Strasse 65
85586 Poing / Germany

Phone: +49 (0) 8121 707 - 17 100

Fax: +49 (0) 8121 707 - 12 116

info@owgag.de

www.owgag.de

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Beteiligungs AG

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85586 Poing / Germany

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