OWG

Beteiligungs AG

Annual Report

2023

OVERVIEW
OWG Beteiligungs AG

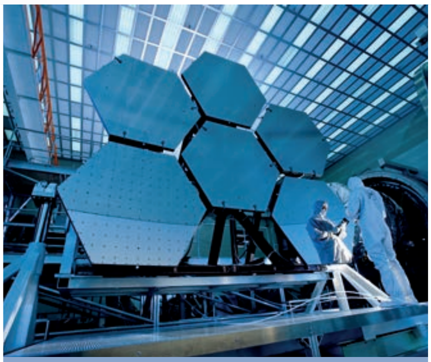
OWG Beteiligungs AG is a holding company that invests in manufacturing companies, services and real estate. It was established in 2010 and its registered office is in Poing. Its business activities are primarily focused in German-speaking countries.

OWG Beteiligungs AG includes companies that specialize in the fields of material handling and processing technology, drive technology, elastomers, adhesive systems, molded articles and electronic components. All of the companies serve growth markets such as the construction industry, the agricultural industry and the recycling sector. This diversification is one of the main pillars for the business model's resilience and long-term stability.

As a financially well-positioned partner, the holding company supports its shareholdings while also giving them flexibility. It also creates a framework in which all companies in the Group can exchange information and form synergies. This allows the individual companies to conduct their business autonomously and independently and to push strategic growth projects. OWG Beteiligungs AG also offers management consulting and shared services as an extra support for the companies.

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

Services



Participations

Real estate/properties

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

KEY FIGURES FOR 2023

€1,513
million turnover

€120.4
million EBIT

€167
million EBITDA

€2,127
million balance sheet total

50.3%
equity ratio

9,770
employees

222
shareholdings worldwide

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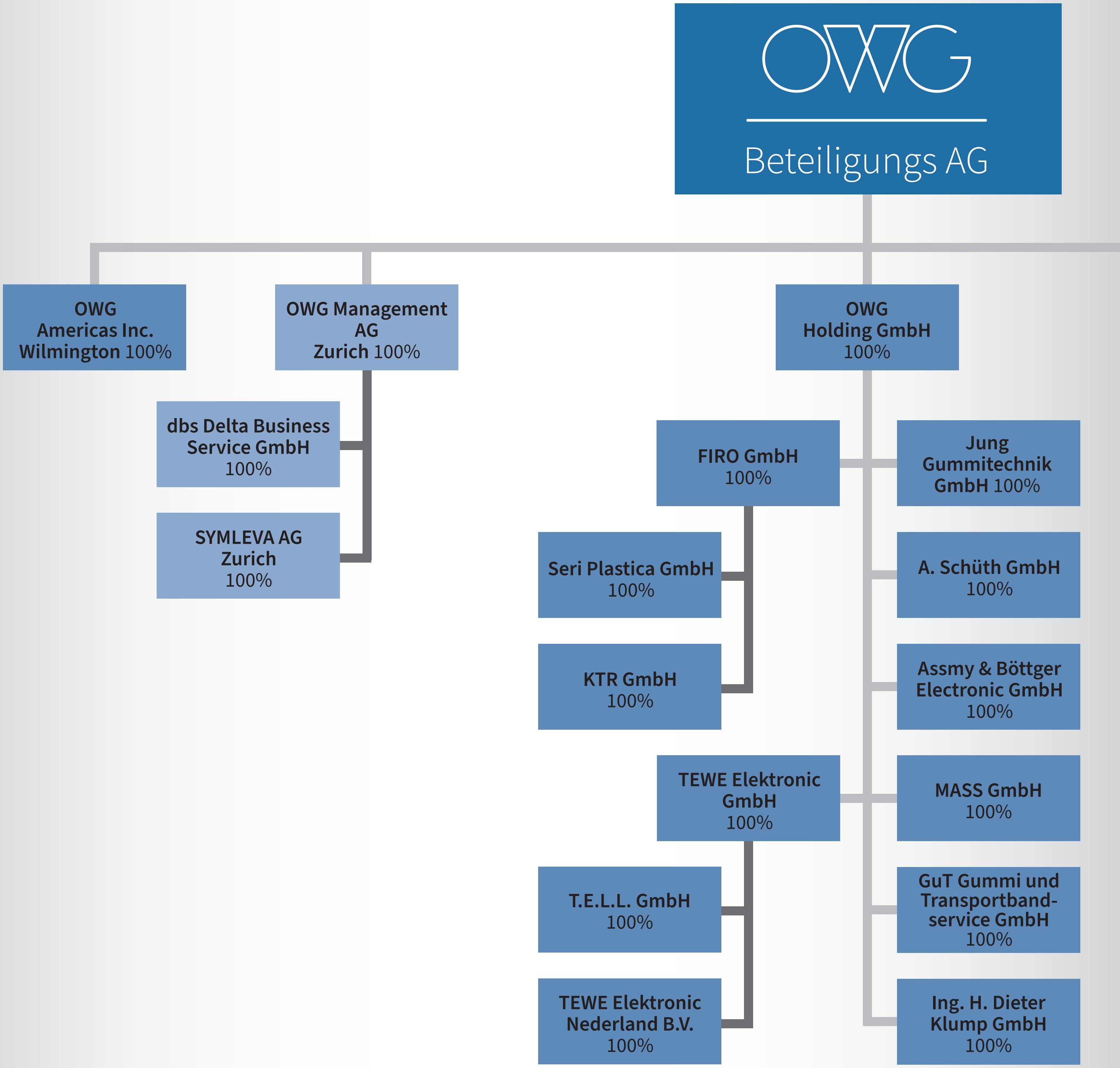
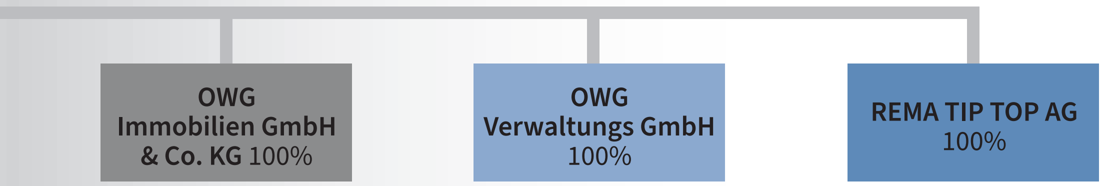
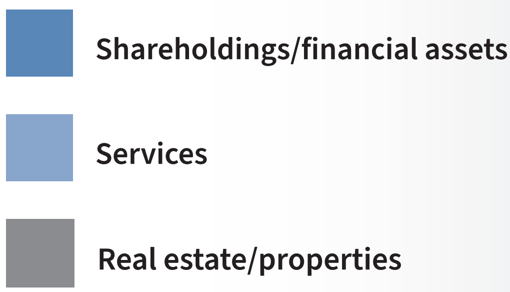
Group headquarters of OWG Beteiligungs AG in Poing, near Munich

SCOPE OF CONSOLIDATION

of OWG Beteiligungs AG




OWG
Immobilien GmbH
& Co. KG 100%
OWG
Verwaltungs GmbH
100%
REMA TIP TOP AG
100%


Shareholdings/financial assets
Services
Real estate/properties

FOCUS AREAS IN 2023

of OWG Beteiligungs AG – Group

3\. Expansion of international manufacturing locations – plant structure

2\.

1\. Merger of STAHLGRUBER Otto Gruber AG into OWG Beteiligungs AG

4.

Restructuring of the financial department and change of generation

Optimization of the dividend structure

FOREWORD OF THE MANAGEMENT BOARD

Ladies and Gentlemen, Dear Shareholders,

2023 proved to be another successful year for OWG Beteiligungs AG and its associated companies, although not the easiest. The year was dominated by international conflicts such as the ongoing war in Ukraine and the escalation of tensions in the Middle East, and we faced a number of challenges once more.

After the increase in sales in the previous year, we again reported a sharp climb in sales in the 2023 financial year. Group sales rose year-on-year from €1,380 million to €1,513 million. Consolidated operating profit before interest and taxes (EBIT) also climbed against 2022 to €120.4 million. The Group equity ratio remains high at 50.3 percent. Total assets as at December 31, 2023, amount to €2,127 million.

Our focus still remains on reevaluating and optimizing our existing strategies, business models, and structures.

We again concentrated on structuring our investment funds in 2023 and launched the reorganization of the financial department. One milestone we achieved was the merger of STAHLGRUBER Otto Gruber AG into OWG Beteiligungs AG. Under the umbrella of REMA TIP TOP AG we expanded our international locations.

As in the previous year, the situation for the Group is again influenced by numerous external factors in 2024: The Russia-Ukraine conflict, the weak global economy, fears of recession, the potential loss of prosperity and the shortage of workers are impacting our Group and the environment we operate in. The world is in a state of upheaval. Uncertainty has become the new normal and this poses both political and economic challenges.

In times like these, we need stability more than ever before. We provide stability with our solid position as a regionally and globally active medium-sized holding company. As our

management always acts in a considered, decisive, yet also adaptable manner, we are confident that we will continue to overcome the current crises and uncertainties successfully.

I would like to sincerely thank all our employees who contribute to the success of OWG Beteiligungs AG with their dedication and drive. 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
CEO

REPORT OF THE SUPERVISORY BOARD FOR THE ANNUAL GENERAL MEETING

Report of the Supervisory Board of OWG Beteiligungs AG for the 2023 financial year

Dear Shareholders,

Despite the ongoing difficult macroeconomic environment, still dominated by the Russia-Ukraine conflict, the war in Israel, and the persistent inflation, OWG Beteiligungs AG and its subsidiaries look back on a successful 2023 financial year again.

Moreover, an important step in restructuring our company portfolio was completed with the merger of STAHLGRUBER Otto Gruber AG into OWG Beteiligungs AG. This merger was entered into the commercial register on September 13, 2023. 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 2023 financial year. It guided and carefully supervised the Management Board's leadership on an ongoing basis. The Supervisory Board regularly 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 the business transactions important for the Group on the basis of written and oral reports by the Management Board and examined their plausibility.

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 ongoing difficult macroeconomic situation prevailing in the 2023 financial year 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 on important subjects.

Conflicts of interest

Dr. Krähn, member of the Supervisory Board and shareholder, has declared a significant conflict of interest to the Supervisory Board following further inquiries. The underlying matter relates to the valuation of shares (value of individual shares) in connection with a private purchase of shares from another shareholder in the 2023 financial year and the validity of the underlying transaction and the non-consideration of this in connection with the Company's existing rights (rights of first refusal). This private purchase of shares by Dr. Krähn also contradicted the fundamental principles of the merger (maintaining the ratio of company shares to the STAHLGRUBER Otto Gruber AG shares held by a shareholder), which may have threatened the success of the merger. The Supervisory Board looked into this matter and deemed it significant. The Supervisory Board decided to react with new appointments to the committees and the dismissal of Dr. Krähn as Deputy Chairman of the Supervisory Board. The Supervisory Board also decided to appeal to the courts for the dismissal of Dr. Krähn as a member of the Supervisory Board for good cause. The Supervisory Bard also decided that the Board should have the opportunity to put the question of Dr. Krähn's dismissal from the Supervisory Board to the Annual General Meeting for resolution.

Dr. Krähn also reported another conflict of interest in connection with inflated invoices for his consulting services. With total payments to Dr. Krähn for consulting services amounting to approx. EUR 2.8 million in the period from 2016 to 2021, plus regular compensation for his work on the Supervisory Board – the correction amounts to approx. EUR 340,000 gross.

There are no other 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 for the 2023 financial year.

Supervisory Board members

To deal with its tasks more efficiently, the Supervisory Board has formed several committees. In the Supervisory Board's extraordinary meeting on April 25, 2024, and the ordinary meeting on May 14, 2024, the Supervisory Board has restructured its cooperation and cooperation in the committees per resolution as follows:

Mr. Bernhard Strauch is the Chairman of the Supervisory Board.
Dr. Reinhold Ernst is the Deputy Chairman of the Supervisory Board.

Expert committees

Audit Committee: Dr. Ernst (Chairman), Mr. Strauch, Mr. Spitzner
Strategy Committee: Mr. Strauch (Chairman), Mr. Spitzner, Dr. Ernst
Personnel Committee: Mr. Strauch (Chairman), Mr. Spitzner, Dr. Ernst
Legal & Compliance: Dr. Ernst (Chairman), Mr. Strauch, Mr. Spitzner

Meetings of the Supervisory Board

Five ordinary and two extraordinary Supervisory Board meetings were held in the reporting year, attended by all members of the Supervisory Board. In the extraordinary meetings of the Supervisory Board, the committee focused on the resignation of Ms. Annerose Schenk-Rettenberger from the Management Board.

The focal point of the meeting on April 17, 2023 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 4, 2023, the Supervisory Board focused on financial and investment planning for the 2024 financial year and the Internal Audit department's Group annual report.

Between the meetings of the Supervisory Board, the Management Board informed the Supervisory Board promptly, in writing or in text form, 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 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, 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 2023 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 up to April 2023 it also dealt with compliance matters. 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 application of accounting principles and internal control procedures. The Audit Committee met three times in the 2023 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 other meetings other than the ordinary Supervisory Board meetings.

The **Legal and Compliance Committee** was newly established in 2023 and focuses in particular on legal issues from the Supervisory Board's scope of responsibility and monitors compliance with statutory regulations, regulatory requirements, and corporate guidelines. The Legal and Compliance Committee met twice in 2023.

The **Personnel Committee** deals with all personnel matters relating to the Management Board. It also met twice in 2023.

Annual and consolidated financial statements 2023

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 May 14, 2024, 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 May 14, 2024. 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 accumulated profits.

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 2023 financial year, despite the ongoing difficult global economic situation. The pleasing development of the Group is the basis for its future growth.

Poing, May 14, 2024

Bernhard Strauch
Chairman

GROUP MANAGEMENT REPORT
for the 2023 financial year

A BASICS

Business model

OWG Beteiligungs AG is a holding company with its registered office in Poing near Munich. It has been investing in medium-sized manufacturing companies with promising growth potential, and in services and real estate since 2010.

Its focus is on companies active in Germany, Austria, and Switzerland. The shareholdings are independent and pursue their own strategies, while the holding company is always at their side, providing expert advice and financial means. The long-term industry experience of the management is a great benefit in this regard.

The OWG Group's portfolio consists of companies in various sectors, from material handling and processing technology, elastomers, adhesive systems, and molded articles to electric components and devices to the control of automatic work processes in agriculture and related industries. This results in synergy effects that are continually analyzed by OWG Beteiligungs AG.

Targets and strategy

OWG Beteiligungs AG's primary aim is to increase the value of the portfolio companies over the long term and sustainably as this also forms the basis for the corporate value of the OWG Group.

In the composition of the portfolio, it concentrates on companies that have a high level of growth potential and whose income can be expected to increase. Shareholdings are carefully evaluated and selected.

The importance of megatrends is also taken into consideration in this process. Topics that will be important in the future include urbanization, rising population numbers, mobility, and the careful use of natural resources, for example.

Controlling and monitoring

The implementation and application of a comprehensive management concept is of vital importance to the development of the value of OWG Beteiligungs AG and its subsidiaries. This forms the basis for the detailed operational day-to-day management systems of the shareholdings 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 comparing the top-down planning of the OWG Group with their own sales, cost and investment planning. The preparation of the annual financial statements is planned by the holding company together 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. This also includes the analysis and evaluation of sales development, operating results, incoming orders, working capital, equity and debt ratio as part of an integrated balance sheet planning process that takes into account receivables, liabilities and inventories.

The Controlling department is also consulted regularly to discuss important contract awards, strategic investments, and financing as well as other material developments in the individual companies and to define alternative courses of action. The Management Board is involved in all decisive core processes in the shareholding business. This is true when it comes to selecting and reviewing new investment proposals and negotiating shareholding sales and purchases.

The Management Board is also responsible for the strategic management of the Group as a whole in terms of the development of the shareholding portfolio and the development, course, and financing of the portfolio companies.

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

Research and development

Research and development is performed in the individual companies and based on their individual market demands and portfolios. Each shareholding formulates and pursues development objectives that support growth. The companies also carefully monitor market developments so that they can be 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.

B ECONOMIC REPORT

Macroeconomic environment[1]

The German economy is recovering from the crisis only slowly. In 2023, gross domestic product (GDP) shrank by 0.1 percent according to the project group “Gemeinschaftsdiagnose”, which includes the ifo Institute and the Kiel Institute for the World Economy. In addition to geopolitical factors and weak global trade, the ongoing labor shortage and higher interest rates, which are particularly impacting the construction industry, played a major role.

Energy prices did decline significantly in comparison with the previous year and the rate of inflation fell to an annual average of 5.9 percent, but the German economy is suffering from its poor international competitiveness. In comparison with countries like the United States or China, the cost of energy is extremely high in Germany and this has an enormous impact on energy-intensive industries. The cost of wages and salaries also rose considerably in the past year.

While private consumption was a boost to the economy in winter, a noticeable recovery, especially in the industrial economy, is only expected in the second half of 2024.

The European economy still remains weak, although the situation does look somewhat better than in Germany. GDP growth for the entire eurozone came to 0.5 percent in 2023 according to the project group Gemeinschaftsdiagnose. The decreasing inflation and the stabilization of the supply chains helped the economy recover. Thus a slight upturn was observed in the larger European countries such as Spain, France and Italy as early as fall 2023.

The global economy is also gradually recovering from the effects of the pandemic and the energy crisis. Despite the ongoing challenging geopolitical situation and the impacts

[1] ifo Economic Forecast, March 6, 2024,
Deutsche Bank Research, Global Economic Outlook, February 20, 2024

of the Russia-Ukraine war, the global economy expanded by 2.7 percent in 2023 according to the project group Gemeinschaftsdiagnose. The U.S. economy grew by 2.5 percent and the Chinese economy saw growth of 5.2 percent.

However, the situation remains tense. The global economy and global trade are weakened by the volatile environment. While there are no reasons to fear recession in the United States and Europe currently and the rate of inflation is expected to fall lower, price pressure remains high, making it likely that the cost of raw materials may rise further. Geopolitical risks, primarily the Israel-Gaza war and the Russia-Ukraine conflict, are making supply chains vulnerable. There are also important elections in the United States, Europe and India in 2024, the consequences of which for the global economy are not yet foreseeable.

This makes is virtually impossible to produce a reliable forecast for 2024. Given the current conditions, the Gemeinschaftsdiagnose experts anticipate growth of 2.5 percent for the global economy, 0.7 percent for the eurozone, and just 0.2 percent for Germany.

Industry trends

In comparison with the previous year, investment declined significantly from EUR 15.35 billion in 2022 to EUR 10.49 billion in 2023 according to the German Private Equity and Venture Capital Association. This is a decrease by almost a third.

The results of the German Economic Institute's 2023/2024 survey also reflect the difficult environment that the companies find themselves in: 30 of the 47 associations surveyed considered their situation to be worse than in the year before, only six said their situation was better. 22 expect that investments in the companies will decline in 2024 in comparison with the previous year.

In addition to the weak global economy, which is hitting the export-oriented German industries hard, financial bottlenecks are also a factor: High costs and interest rates along with the restrictive financial policy of the German Federal Government are putting pressure on companies.

The sentiment in the chemical-pharmaceutical industry is accordingly pessimistic. According to information from the German Chemical Industry Association (VCI), production declined by almost 7.9 percent in 2023 year-on-year, while sales decreased by 12.2 percent on average. Due to the challenging framework conditions, such as the tense situation on the energy and raw materials markets, lack of orders, and higher production costs in Germany, the sector expects production to stagnate in 2024 and sales to decline slightly again by 3.5 percent. Nevertheless, cautious optimism has been observed in individual companies according to the association, as a slight improvement in the order situation was seen at the end of winter.

The situation looks similar in the rubber industry. Sales did increase year-on-year by 10.3 percent, but production declined by 5 percent. The Trade Association for the German Rubber Industry (wdk) especially criticized the disadvantages at German locations in its annual economic report for 2023: Despite falling energy and raw materials prices, the cost burden on companies is still immense. Due to the location's lack of competitiveness and falling capacity utilization, there is a risk that employment will fall by 5 percent within just two years.

In the mechanical engineering sector, too, the order balance sheet in 2023 was anything but positive with a real decline of 12 percent. According to the industry association VDMA, this was due to a lack of confidence in a long-term upturn in the global economy and a lack of impetus for investment. The association also does not foresee any change in this trend, although it does not fear a further downturn in foreign business in 2024.

Investor relations

The aim of the OWG Group's investor relations work is to provide all investors with the best possible understanding of the Group's strategy, the requirements of the operational areas of business, and market conditions. Unrestricted transparency and trust form the basis for the relations. On the basis of this dialog with 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.

Please do not hesitate to contact us using the following contact details if you have any questions.

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Business trend

The OWG Group continues to grow. In total, 222 shareholdings belong to the OWG Group. OWG Group sales amounted to €1,513 million in 2023.

This represents an increase in sales of €133 million. The number of employees has also risen. In 2023, the Group employed 9,770 people.

The investment strategy of recent years was again consistently and successfully pursued in 2023.

Asset, financial and earnings situation

Revenue in 2023 amounted to €1,513 million. Operating income mainly consists of sales. With a total output of €1,553 million, EBIT came to €120.4 million or 8.0 percent of revenue.

Total assets amounted to €2,127 million, an increase of €138 million. The equity ratio remains at a solid level at 50.3 percent.

The reallocation of securities still under current assets to fixed assets was finalized in the financial year. This resulted in a further increase in the financial assets.

This completed reallocation of the securities portfolio to fixed assets provides the OWG Group with more resilience against short-term fluctuation 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 result after tax amounts to €56.2 million.

The OWG Group records an annual result of €49.2 million.

GROUP MANAGEMENT REPORT

for the 2023 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 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 to discuss material risks and opportunities in each region. These are also included in the planning and decision-making process.

The internal reporting system records, for example, key suppliers, procurement costs, dependency on key customers, labor shortages, credit and liquidity risks, exchange rate risks, interest rate risks, receivables management, delivery times, procurement and supply chain resilience, downtimes, 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.

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 liquidity reserves.

In order to reduce the high level of inflation, central banks around the world increased interest rates in comparison with previous years. Interest rate swaps were concluded to hedge against these risks. Liquidity risk is reduced further by the working capital management that has been introduced. 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. Changes in the geopolitical and macroeconomic conditions can lead to strong fluctuations on the global stock markets and foreign exchange markets. 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 have certain notification, documentation and payment obligations that also change on a regular basis. The country-specific obligations can vary considerably. Accordingly, even prudent conduct may lead to negative findings that could impact the asset, financial and earnings situation.

Procurement risks: To manufacture its products, the Group purchases large volumes of raw materials such as rubber, plasticizers, oils, chalk, carbon black, chemicals etc. These raw materials are subject to volatile 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, significant negative impacts 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. The price situation for raw materials and electricity and energy has eased in comparison with the previous year.

Goodwill: 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.

Insurance: The existing insurance cover, especially in the areas of public liability, property, accident and transport, which the Management considers to be appropriate and customary, can partially protect the OWG Group against possible financial losses.

Strategic risks

Competitive environment: The global markets for the products and services of the OWG Group are heavily competitive regarding pricing, product development, customer service and shifts in market demand. The Group faces strong local and international competitors in its business segment. In some markets, competitive pressures may increase due to stagnating growth.

Global supply chains: Due to geopolitical events, there is a risk that orders cannot be fulfilled if global supply chains are disrupted, which would lead to sales losses and contractual penalties.

Compliance risks

Risks from legal disputes: The OWG Group faces legal disputes in different jurisdictions, and this may continue to be the case in the future. In particular, this may lead to individual or several companies within the Group being forced to pay damages, pay penalties, and 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 the business activities as well as the asset, financial and earnings situation of the Group.

Risks from occupational safety, environment, and health:
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 minor 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

Measures have been implemented in the areas of sales, intercompany and procurement to ensure continuous growth. In addition business activities in established markets will be expanded and new markets tapped into and optimized for existing product and service portfolios. This is intended to achieve a higher market share with higher margins. Furthermore, we are striving to increase the sales of products and services, also through improved customer service and additional sales channels.

OWG Beteiligungs AG is 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 the Group strengthen its position in current markets, expand into new or underserved markets, or complement its product and service portfolios in strategic areas. Other measures include cost reduction initiatives, restructuring of individual subsidiaries, and the transformation and revision of the portfolio to improve growth and profitability.

The strengthening of certain functions, such as research, procurement, production, maintenance and service, in growth markets could make it possible to reduce costs and strengthen the existing global competitive situation, 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 Group expects that in the future it will also be able to realize a large portion of its individual opportunities, which are constantly changing due to developments in the external environment as well as through the ongoing refinement of the Group's own strategic plans, by adapting the organizational and group structure of the OWG Group to the changed circumstances.

The Group's liquidity is assured due to its excellent equity and liquidity situation as well as measures initiated and implemented early on. There is no threat to the Group's continued existence as a going concern, even under the difficult external circumstances mentioned.

FORECAST REPORT

The geopolitical situation deteriorated in 2024 with the conflict in the Middle East. The effects can already be seen in freight costs and supply chains. The conflict in Ukraine is also ongoing and is impacting the global, economic and political landscape.

Financial and foreign exchange markets were volatile in 2023 and developed differently in different regions. Various factors such as elections around the world, geopolitical changes and economic growth will affect the course of the financial markets in 2024. Economic developments also depend on how inflation and key interest rates will develop in the future. Despite these challenges, the OWG Group proved to be robust and resilient during the ongoing conflicts. Even in volatile and uncertain times, the OWG Group operated profitably and will continue to do so. Should the global economy take a significant downturn, the Group will react as in previous years with adjustments to its cost base and further strategic measures. Due to its international activities, OWG Beteiligungs AG also ensures geographic diversification.

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, it 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 outside OWG Group's sphere of influence. The long-term orientation and diversification of the portfolio is to withstand such fluctuations in the long term.

GROUP MANAGEMENT REPORT
for the 2023 financial year

D SUSTAINABILITY REPORT

Economic and ecological aspects play a vital role in OWG Beteiligungs AG's investment decisions. With the aim of combining sustainability objectives with those of economic efficiency, the Group taps into new markets, protects the environment, conserves natural resources, and increases the value of Group companies. The companies also have the same corporate responsibility and conduct their business independently in line with these values.

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

REMA TIP TOP AG

As a specialist for tire and conveyer 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 2023. 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 Fürstenzell, 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-2023. 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 Fürstenzell, saving 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 regulation together in 2023, 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

Preparations for certification are also underway at Assmy & Böttger Electronic GmbH. Drafted in 1996, ISO 14001 is an internationally recognized basis for environmental management systems and covers all aspects for a constant improvement in environmental performance. This standard defines the structure, realization, maintenance and continual improvement of an environmental management system.

In order to gain the certification, the manufacturer of electronic components performed a gap analysis to determine how these targets can best be achieved. For this purpose an external audit company has compared the actual and target values. Assmy & Böttger Electronic GmbH is now working through the resulting list of actions still to be taken in order to gain this certification in environmental management.

JUNG Gummitechnik GmbH

Jung Gummitechnik is working on a promising project aimed at conserving resources together with a student in the Master of Science in Polymer Technology program at Aalen University. The goal is to reuse waste material from the synthetic rubber butyl. This product is primarily used by Jung to make gloves that provide protection against heavy chemicals and in glove boxes for the semiconductor industry. As part of his master thesis, Shrikant Mhamane is researching how butyl can be finely ground using a cryogenic method and be reused by mixing it with natural rubber.

The medium-sized manufacturer of protective gloves and technical rubber products has also replaced its old autoclave with a new one, which not only lowers energy consumption, but also minimizes the amount of compressed air losses and downtimes. These are the same goals that are being pursued with the acquisition of the new steam generator. Thanks to lower consumption of electricity and oil, it conserves resources and is also more reliable than the old model.

KTR Kunststofftechnik Rodenberg GmbH

KTR Kunststofftechnik Rodenberg GmbH is a medium-sized manufacturer of pumps, rollers, ship shaft bearings, and wear protection made of polyurethane (PUR). A major achievement in the 2023 financial year was the lowering of its energy consumption. All lighting was switched to LED, energy-optimized compressor equipment was purchased, and energy-efficient extraction systems were installed that filter the air extracted and feed it back into the production hall.

Furthermore automatic shut-off valves were installed in the compressed air pipes in some production areas in order to save compressed air and thus also electricity. A more energy-efficient heating furnace for preheating processes was also put into operation, and doors and ports in production halls were insulated or replaced to eliminate cold bridges and reduce the need for heating. The combination and resulting decrease in freight loads also saves energy and costs by requiring less fuel. And last but not least, the reuse of cardboard and packaging materials helps save even more resources.

A. SCHÜTH GmbH

The manufacturer of seals, stamped parts, and ventilation elements with its registered office in Hesse replaced its entire heating system in 2023. The new heating system not only includes a new digital control system for the heating circuits and energy-efficient pumps, but also new thermostats and hydraulic adjustment. The new pumps have the same performance, but are significantly more energy-saving and through the hydraulic adjustment, only the actual amount of heating needed is fed into the heating circuits. The digital control supports this process as it gives the ability to set the temperature individually so that the entire system can work with greater resource efficiency.

An energy-efficient compressor tailored to the Company's compressed air requirements was also put into operation which supports the new heating system with up to 20 kW through integrated heat recovery. The compressed air system now works with a high level of efficiency and thus saves more energy and conserves more resources. The Company also leased three electric vehicles and replaced two beam cutting presses to conserve resources.

In total, the measures above enabled the Company to save 70,000 kWh of electricity in 2023.

CONSOLIDATED BALANCE SHEET

as at December 31, 2023

ASSETS	12/31/2023
EUR thousand	**2,127,221**
Intangible assets	99,226
Tangible assets	321,966
Financial assets [1]	799,034
Fixed assets	**1,220,226**
Inventories	348,663
Trade receivables	276,769
Accounts receivable from affiliated companies	1,162
Accounts receivable from associated companies	10,027
Other assets	60,236
Securities[1]	0
Cash and cash equivalents	199,304
Current assets	**896,161**
Deferred income	**10,834**

LIABILITIES	12/31/2023
EUR thousand	**2,127,221**
Subscribed capital	1,463
Retained earnings	157,196
Consolidated capital reserves	831,162
Accumulated profits	68,930
Difference in equity from currency translation	-31,088
Shares attributable to non-controlling shareholders	42,307
Shareholders' equity	**1,069,970**
Special item investment grants	**652**
Pension provisions	18,145
Tax provisions	12,112
Other provisions	83,884
Provisions	**114,141**
Loan liabilities to STAHLGRUBER shareholder foundation	15,786
Liabilities to banks	648,686
Advance payments received	13,468
Trade liabilities	93,874
Liabilities from the issuance of own bills of exchange	90
Liabilities to affiliated and associated companies	131
Other liabilities	163,226
Liabilities	**935,261**
Deferred income	**725**
Deferred tax liabilities	**6,472**

[1] Transfer of securities from current assets to fixed assets

CONSOLIDATED PROFIT AND LOSS STATEMENT

FROM JANUARY 1 TO DECEMBER 31, 2023

	EUR thousand
Revenues	1,513,230
Change in inventories	-2,623
Own work capitalized	18
Other operating income	42,562
Total output	**1,553,187**
Cost of materials	-683,193
Personnel expenditure	-456,003
Depreciation/amortization of intangible and tangible assets	-46,613
Other operating expenses	-246,931
Operating result	**120,447**
Income from shareholdings	472
Income/expenses from other financial assets	32
Interest charges	-30,017
Profit from ordinary business activities	**90,934**
Income taxes	-34,756
Profit after tax	56,178
Other taxes	-6,997
Annual result	**49,181**
Profit attributable to other shareholders	-7,925
Consolidated profit	**41,256**

CONSOLIDATED CASH FLOW STATEMENT

FROM JANUARY 1 TO DECEMBER 31, 2023

	EUR thousand
Annual result	49,181
Depreciation/appreciation of fixed assets	46,607
Increase/decrease in provisions	2,665
Other non-cash expenses/income	504
Increase/decrease in inventories, trade receivables, and other assets not allocated to investing or financing activities	-10,167
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	-24,131
Profit/loss from the disposal of fixed assets	-7,885
Interest expenses/interest income	31,202
Impairment of securities held as current assets	0
Other investment income	-2,317
Income tax expense/income	34,756
Income tax payments	-57,467
Cask flow from operating activities	**62,948**
Proceeds from disposals of intangible assets	226
Payments for investments in intangible assets	-2,605
Proceeds from disposals of tangible assets	6,582
Payments for investments in tangible assets	-47,862
Proceeds from disposals of financial assets	111,250
Payments for investments in financial assets	-291,922
Payments for additions to the scope of consolidation	-30,683
Proceeds/payments resulting from cash investments from short-term financial management	185,036
Proceeds from interest received	0
Proceeds from dividends received	2,317
Cash flow from investing activities	**-67,661**
Proceeds from equity contributions from shareholders of the parent company	0
Payments from equity reductions to shareholders of the parent company	0
Proceeds from taking up (financial) loans	223,793
Payments for the repayment of (financial) loans	-132,837
Interest paid	-25,514
Dividends paid to shareholders of the parent company	-12,994
Dividends paid to other shareholders	-4,136
Cash flow from financing activities	**48,312**
Cash and cash equivalents at the beginning of the period	**113,304**
Net change in cash and cash equivalents	43,599
Changes in cash and cash equivalents caused by exchange rates, changes in scope of consolidation and valuation	-7,094
Cash and cash equivalents at the end of the period	**149,809**
Cash and cash equivalents	199,304
Current account liabilities	-49,495
Net liquidity	**149,809**

MEMBERS OF THE SUPERVISORY BOARD

- Bernhard Strauch, Chairman
- Dr. Josef Krähn, Deputy Chairman
- Dr. Reinhold Ernst
- Hans Spitzner

MEMBERS OF THE MANAGEMENT BOARD:

- Heinz Reiner Reiff, CEO
- Michael Übelacker
- Annerose Schenk-Rettenberger (resigned in November 2023)

IMPRINT

Contact

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