

OWG

Beteiligungs AG

Annual Report

2021

OVERVIEW

OWG Beteiligungs AG

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

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

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

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



Services



Participations



Real Estate / Properties



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

KEY FIGURES 2021

1,141

Million €
Turnover

97.3

Million € EBIT

142.5

Million € EBITDA

54.2 %

Equity Ratio

1,854

Million €
Balance Sheet Total

8,317

Employees

203

Participations
Worldwide



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The logo for OWG Beteiligungs AG, featuring the letters 'OWG' in a stylized, blue, outlined font. The 'O' and 'W' are connected, and the 'G' is separate. Below the letters is a horizontal line.The text 'Beteiligungs AG' in a blue, sans-serif font, positioned below the horizontal line of the logo.A photograph of a modern, multi-story office building with a glass and metal facade. The building is viewed from a low angle, looking up. The sky is clear and blue. The building has many windows and a balcony with a glass railing.

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

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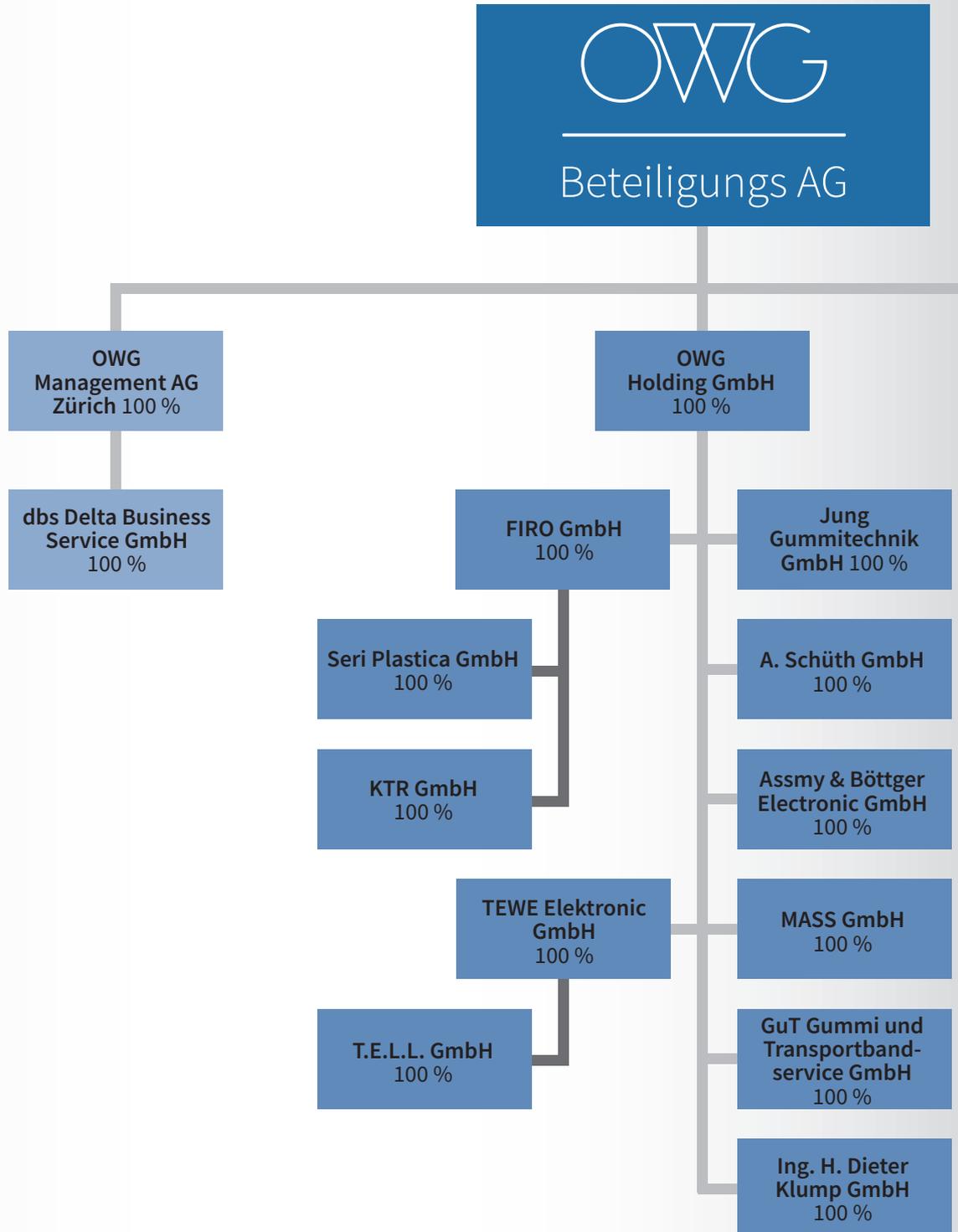
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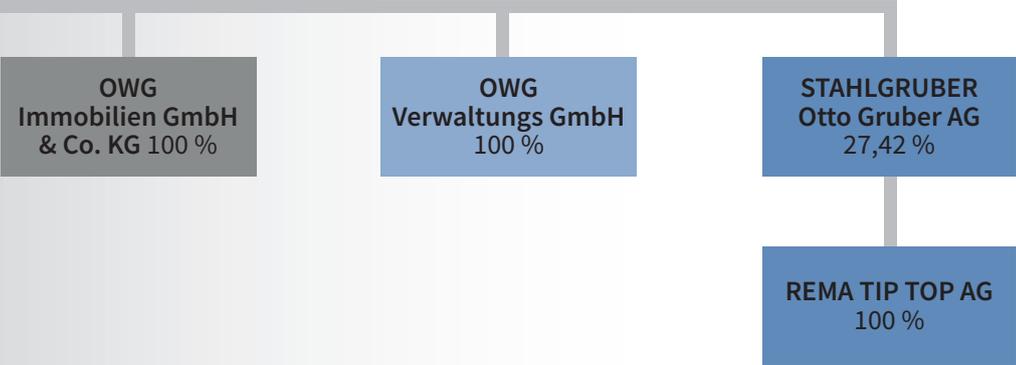
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SCOPE OF CONSOLIDATION

of OWG Beteiligungs AG





-  Participations / financial assets
-  Services
-  Real estate / properties

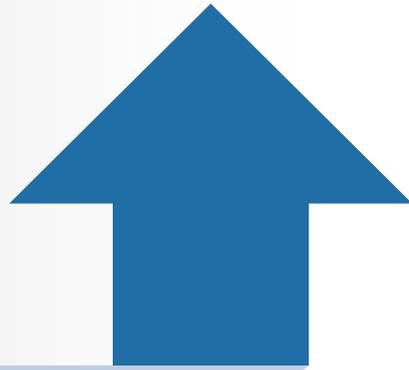
FOCUS AREAS 2021

Start of the process towards
the final Group structure



Expansion in the field
of agriculture





4.



**Completion of acquisition
of treasury shares**

**Optimization of portfolio structure
through acquisitions and divestments**

FOREWORD BY THE MANAGEMENT BOARD

Ladies and Gentlemen,
Dear Shareholders,



2021 was another successful fiscal year for OWG Beteiligungs AG and its affiliated companies. Despite the ongoing Corona pandemic, the general positive economic situation was also felt in our industry.

And so, after slightly lower sales in the previous year, we were able to report significantly increased sales in fiscal year 2021 - even compared to the already very successful year 2019. Group sales increased from EUR 1,029 million to EUR 1,141 million compared to the previous year. This was accompanied by an increase in consolidated operating profit before interest and taxes (EBIT) to EUR 97.3 million compared to 2020. The Group's equity ratio still remains at a high level of 54.2 percent. Total assets as of December 31, 2021 amount to EUR 1,854 million.

As already announced in 2020, we continued our investment strategy unchanged and expanded the portfolio of OWG Beteiligungs AG by acquiring another company. In TEWE Elektronik GmbH & Co. KG, we have found a company that gives us access to the profitable and promising agricultural segment. The core competencies are in the areas of control, weighing, and dosing, primarily of animal feed.

This know-how can also be transferred to other sectors such as the industrial sector or food processing. For this purpose, existing systems can be supplemented on a modular basis to meet all modern requirements in the areas of digitization or smartphone connectivity. Since its takeover, TEWE has shown satisfactory development at a consistently high level.

In 2021 we already laid the foundations for further expansion this year as well. We are currently planning to acquire another company, which is one of the market leaders in Germany in the field of materials handling technology. Its products, such as conveyor belts, drum rubber linings or scraper systems, are used in many different industries and convince with individual and flexible solutions that can also be integrated into existing production processes.

In the current year 2022, there are signs of further turbulence on the world markets due to the Corona pandemic, which is still prevalent, but above all in view of the war in Ukraine. We are faced with sharp energy price increases and raw material shortages, which are becoming a challenge for the smooth running of our companies. Our positioning as a regionally and globally active medium-sized financial holding company under a sustainable management team that reacts prudently and flexibly to the constantly changing situation will provide us with the stability we need to successfully weather these extraordinary times and emerge from the crisis stronger than before.

I would like to take this opportunity to thank all our employees for their performance and commitment, which contribute to the success of OWG Beteiligungs AG. I would also like to thank the Supervisory Board, our business partners and customers for their trust in us and our products and services. I look forward to working with you in the new year - because 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 2021 financial year



Dear Shareholders,

OWG Beteiligungs AG and its subsidiaries can look back on another successful fiscal year in 2021, despite the challenges posed by the pandemic. OWG Beteiligungs AG was in the position to exercise its function as anchor shareholder of STAHLGRUBER Group without any restrictions. As in previous years, the Management Board successfully managed the OWG Group in accordance with the jointly approved plans.

Cooperation between Supervisory and Management Boards

The Supervisory Board fulfilled the duties incumbent on it by law and the Articles of Association throughout the 2021 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 the 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 took place, particularly with regard to the difficult macroeconomic situation prevailing in fiscal year 2021 as a result of the pandemic and its impact on the Group. In addition, the members of the Supervisory Board were available to advise the Management Board outside the meetings. In particular, the Chairman of the Supervisory Board was in regular contact with the Management Board to obtain information on current developments and key issues for the company, and to consult with it on important subjects.

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

Meetings of the Supervisory Board

Three ordinary meetings of the Supervisory Board were held during the reporting period – one of which was a constituent meeting – attended by almost all members of the Supervisory Board.

The meeting on May 11, 2021, focused on the resolution on the annual and consolidated financial statements of the previous year. The coordination of the agenda and the proposed resolutions for the following Annual General Meeting of OWG Beteiligungs AG were also part of this meeting.

At its meeting on December 6, 2021, the Supervisory Board focused on the financial and investment planning for the following fiscal year 2022 and the annual report of the Group's internal audit department.

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

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

Focal points of the Supervisory Board's discussions

At their meetings, the members of the Supervisory Board intensively examined the business performance of OWG Beteiligungs AG and OWG Management AG, mainly on an international level. The Management Board presented detailed, sophisticated reports to the Supervisory Board

illustrating the development of turnover, earnings, and employment, the financial data, and the relevant full-year forecast based on it. In addition, the Supervisory Board dealt with important strategic matters on an ongoing basis.

The Supervisory Board was kept informed at all times about the current situation, the risk situation and the business prospects of the company through reports from the Board of Directors and draft resolutions, and this was even more intensive in the 2021 fiscal year due to the extraordinary underlying conditions.

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

Expert committees

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

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

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

The Accounting and Audit Committee met three times

during the 2021 financial year.

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

The Personnel Committee is responsible for all personnel matters of the Management Board. It did not meet in 2021.

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

Annual and consolidated financial statements 2021

The annual and consolidated financial statements of OWG Beteiligungs AG were prepared by the Management Board in accordance with the principles of the German Commercial Code (HGB). These were audited by the Munich-based auditing company Deloitte GmbH, and each received an audit certificate.

All members of the Accounting and Audit Committee received the annual and consolidated financial statements for inspection in due time. At the meeting of the Accounting and Audit Committee on May 10, 2022, the annual and consolidated financial statements of OWG Beteiligungs AG, the management report and the Group management report, as well as the Management Board's proposal for the appropriation of profits, were carefully examined by the committee.

The Supervisory Board concurred with the results of the auditor's review. On the basis of its own examination, the Supervisory Board determined that there were no objections to the annual and consolidated financial statements or the management and Group management reports.

After detailed examination, the Supervisory Board approved the annual financial statements as well as the consolidated financial statements at its meeting on May 10, 2022.

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

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

Thanks of the Supervisory Board

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

With their personal commitment, they have all contributed to the successful conclusion of the 2021 financial year. The pleasing development of the Group is the basis for its future growth.

Poing, May 10, 2022



Bernhard Strauch
Chairman

GROUP MANAGEMENT REPORT

for the 2021 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, in services and real estate since 2010. OWG Beteiligungs AG is located in Poing near Munich.

As a rule, the target companies concentrate their activities mainly in the DACH region. With its own operational know-how and liquid funds, the OWG Group is continuously investing in the local portfolio companies. All subsidiaries operate independently from the outset and pursue independent strategies. They are supported by the management's longstanding experience in the industry.

The portfolio of the OWG Group includes companies in the fields of materials handling and processing technology, elastomers, adhesive systems, molded articles as well as electronic components and, since 2021, electronic devices for controlling automatic work processes in agriculture and related industries. On the part of OWG Beteiligungs AG, synergy effects within this Group are continuously being examined.

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.

Against this background, the focus of the 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 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 investments. 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 investment controlling department of the OWG Group and presented to the Executive Board as a basis for discussion. As part of an integrated balance sheet planning (taking into account receivables, liabilities and inventories), the development of sales, operating profit, order intake, working capital, equity and leverage ratio is analyzed and evaluated.

GROUP MANAGEMENT REPORT

for the 2021 financial year

B ECONOMIC REPORT

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 Board of Directors is involved in all crucial core processes within the framework of the investment business. This includes the selection and review of new investment proposals and the negotiation of investment purchases and sales.

When it comes to further development of the investment portfolio of OWG Beteiligungs AG, the strategic management of the entire Group is also carried out by the Board of Directors. This applies equally to the development and orientation of the portfolio companies and their financing.

Significant decisions are discussed and resolved at both regular and unscheduled 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, so that these are taken into account in the development process.

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

Macroeconomic environment¹

In 2021, the Corona crisis was again the dominant topic. Following the Corona-related recession in the previous year, the German economy recovered in many areas, although the upturn was unable to fully compensate for the slump in 2020. Global development also depended on how successfully the Covid 19 pandemic was combated in individual countries. As a result of rapidly increasing vaccination rates, economies in industrialized countries recovered much faster than those in emerging and developing countries. This heterogeneous development had an impact on the overall global economic development.

Generally speaking, the recovery progressed slowly and haltingly. Rising infection numbers in the fall and the newly discovered virus variant Omicron led to renewed restrictions and lockdowns in many countries, which dampened the positive development of the summer and led to renewed slumps in the economies. This resulted in further disrupted supply chains, negative effects on value creation, supply bottlenecks and sharp price increases.

According to the German Federal Ministry of Finance, Germany's gross domestic product (GDP) slumped by 4.6 percent in 2020; in 2021, GDP could grow again, by 2.7 percent over the year. At the beginning and end of the year, the economy was subdued due to high infection rates, while a recovery was noticeable in the summer. However, this recovery did not affect all sectors: The positive development in industry and (online) trade compensated for the continued noticeable slump in the personal services, catering and hotel sectors.

¹ Federal Ministry of Finance, Monthly Report January 2022

The inflation rate, which rose significantly on an annual average from 0.5 percent in 2020 to 3.1 percent in 2021, can be described as a burden for companies and the population alike. In December 2021, the inflation rate reached 5.3 percent, the highest level in almost 30 years.

In addition, persistent supply bottlenecks ensured that production in the manufacturing and industrial sectors continued to lag behind demand, which largely returned to normal. Exports in Germany rose again in 2021 compared to the previous year, as did new orders in the manufacturing sector.

The further economic recovery forecast by experts at the beginning of 2022 is likely to be muted due to the Russia-Ukraine conflict, which reached a new level of escalation.

With energy prices at record levels, further supply bottlenecks and tightening sanctions, the scope and extent of the impact on further economic development are neither foreseeable nor quantifiable at the present time.

Industry trends²

According to the German Private Equity and Venture Capital Association, investments reached a high level of EUR 12.61 billion in Germany in 2021. This represents a decrease of 16 percent compared to the previous year (2020: EUR 15.0 billion); nevertheless, the experts are satisfied with it, in view of the challenges posed by the second year of the Corona pandemic.

In almost half of the German business associations, the mood is better than it was a year ago, despite the renewed wave of infections and production disruptions due to lack of inputs.

Here, investments are even expected to increase in the coming year. However, this positive view must be considered with caution in view of current global developments.

The chemical and pharmaceutical industry in Germany ended the year 2021 with economic blows. Supply bottlenecks and rising energy prices towards the end of the year put an abrupt brake on economic development. Produc-

tion in Germany's third-largest industrial sector therefore increased only slightly compared to the previous year, although demand for chemical products and vaccines from Germany was high throughout the year. Due to the war in Ukraine, it is not possible to make any reliable predictions about future developments in this sector.

By contrast, there is growing pessimism among companies in the German rubber industry with regard to expectations for business development. Here, too, supply chain problems, high and unpredictable raw material prices, the renewed Corona wave and the unpredictable developments in the Russia-Ukraine conflict are causing problems for companies. Further production stoppages at automotive suppliers in the sector cannot be ruled out. Here, too, a serious sales forecast seems almost impossible at present.

In 2021, the machinery and plant engineering sector in Germany recovered in large part from the Corona slump of the previous year and made further strong gains towards the end of the year. The VDMA reported a 32 percent increase in orders in 2021 compared to the previous year. Shortages of materials, a shortage of skilled workers and problems with logistics also took their toll in this area. The resulting bottlenecks hampered production. Although the continuing uncertainties resulting from the Corona pandemic and the Russia-Ukraine conflict are having a dampening effect, the overall willingness to invest in this sector is likely to increase.

Investor relations

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

² wdk Wirtschaftsverband der deutschen Kautschukindustrie e.V.
VBCI Verband der Bayrischen Chemischen Industrie e.V.
VCI Verband der Chemischen Industrie e.V.

To further strengthen the investment framework, the Management and Supervisory Boards will propose at the Annual General Meeting on July 14, 2022, that the net profit be carried forward to new account.

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

Contact

OWG Beteiligungs AG

Gruber Strasse 65
85586 Poing / Germany

Phone: +49 (0) 8121 707 - 17 116

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

info@owgag.de

www.owgag.de

Business trend

The OWG Group continues to grow. In total, 203 investments belong to the OWG Group. The turnover of the OWG Group amounts to EUR 1,141 million.

Sales increased by EUR 112 million. The number of employees has also increased accordingly. The number of employees now stands at 8,317.

The investment strategy of recent years was consistently pursued also in 2021. The portfolio was expanded right at the beginning of the year through the acquisition of TEWE Elektronik GmbH & Co. KG. This equipment manufacturer for the animal husbandry and biogas sectors, and also manufacturer of conveyor and processing belts, has provided us access to the profitable and promising agricultural segment. The core competencies are in the areas of control, weighing, and dosing, primarily of feed. This know-how can also be transferred to other sectors such as the industrial sector or food processing. Since its takeover, TEWE has shown satisfactory development at a consistently high level.

Further investments are also already planned for 2022. The focus is on the acquisition of a company that is one of the market leaders in Germany in the field of materials handling technology.

Asset, financial and earnings situation

Revenues in 2021 amounted to EUR 1,141 million. Operating income mainly consists of sales. With total operating revenue of EUR 1,156 million, EBIT amounted to EUR 97.3 million or 8.4 % of revenues.

The balance-sheet total amounts to EUR 1,854 million and has increased by EUR 65 million. The equity ratio remains at a high level of 54.2 percent.

Due to a reallocation of securities, there was a reduction in financial assets with an offsetting increase in marketable securities.

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

The OWG Group produced an annual result of EUR 70.4 million.

The result after tax was EUR 74.3 million.

GROUP MANAGEMENT REPORT

for the 2021 financial year

C REPORT ON RISKS, OPPORTUNITIES AND PROSPECTS

RISK MANAGEMENT

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

Based on an internal Group auditing & 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 included in the planning and decision-making process, too.

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

at an early stage to ensure timely adjustment of the respective associated company and the Group as a whole.

The compliance management system ensures compliance with laws, behaviour 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.

Interest rate risks are currently expected in small steps and are addressed accordingly. In addition, interest rate swaps were concluded for hedging purposes. However, 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 security always involves a risk of losses on security prices. There are also exchange rate risks for investments outside of the Eurozone. However, changes in security prices and exchange rates may also develop in a direction favorable for the Group. The conflict between Russia and Ukraine, which flared up at the end of February 2022, could also cause fluctuations on the stock markets in the medium term.

Tax risks: The companies in the OWG Group are subject to regular tax audits by taxation authorities. Different local tax laws and regulations in these jurisdictions each require specific documentation obligations. The country-specific documentation obligations for transfer prices can vary considerably. Accordingly, insufficient documentation of transfer prices may lead to negative findings that could impact the asset, financial and earnings situation.

Procurement risks: To manufacture its products, the company purchases large volumes of raw materials such as rubber, plasticizers, oils, chalk, carbon black and chemicals, etc. These raw materials are subject to greater price fluctuations, particularly in the light of political and economic uncertainties. Price increases can, depending on the relevant market situation, only be partially passed on to customers after a time delay, which is why an increase can produce a negative impact on profit. Additionally, the failure of an essential supplier of these raw materials can lead to a loss of production and, in turn, a significant negative impact on the asset, financial, and earnings situation. Since most commodities are traded in USD, opportunities as well as risks arise from changes in exchange rates. Extreme price increases for raw materials, as well as supply bottlenecks in international shipping, partly led to challenges in the production and procurement of some subsidiaries in 2021. Electricity and energy prices, as well as inflation, 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.

Cost overruns in the execution of fixed-price projects for services: A subsidiary in the Americas region conducts activities within frameworks set out in long-term contracts, particularly for major projects. Fixed-price contracts are usually concluded for this purpose. Profit margins attained

through fixed-price contracts can deviate from original estimates as a result of cost or productivity changes during the term of the contract. As a consequence, it cannot be ensured that fixed-price contracts set up to run over the long term will always be profitable. This fact may contribute to an impact on the business division's profit.

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

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: One major risk to the global economic outlook, in addition to the war in Ukraine, is the renewed spread of the Corona virus (variant). In addition to the health effects of contagion, this could also call for the closure of sections of the company. The protection of our employees is therefore also our top most priority. Whenever possible, we give our employees the opportunity to work from home. In the workplace, attention is paid to compliance with the social distancing rules and the relevant protective measures have been taken in company canteens.

After two years of the pandemic, it can be said that OWG Group companies have developed resilience and are successfully managing lockdowns, restrictions and other interferences. Although there were occasional cases of infection in the workforce, the Omicron variant was milder in its course and significant business interruptions were avoided or greatly limited worldwide by protective measures.

Global supply chains: There is the risk that orders cannot be processed due to interruptions in the global supply chains and the worldwide container shortage, which would result in reduced revenue and in contract penalties. There is also a risk of defaults on payment due to customers becoming insolvent. Liquidity risks may arise for individual companies, but should be easily balanced within the Group due to the overall excellent liquidity supply.

Compliance risks

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

Risks from occupational safety, environment and health:

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

OPPORTUNITY REPORT

With the new sales initiatives in our operational units, the OWG Group is striving to grow continuously by widening business activities in established markets and tapping into 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 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.

As mentioned above, the Corona crisis brings with it many risks, but also one or two opportunities. The decline in face-to-face contacts can trigger an increase in digitalization. We are already seeing telephone and video conferencing experience a sustained surge in popularity that will be sustained even after the pandemic subsides. Apart from the positive effects on the environment, travel costs have been significantly reduced as a result. Similarly, it is conceivable that mobile working will remain an adequate concept in the future. This could have a positive effect on employee satisfaction, and here too, welcome side effects for the environment and traffic pollution could be expected.

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

FORECAST REPORT

Due to the ongoing dynamic developments in connection with the Corona crisis and the expected new mutations of the virus in the coming fall, it is currently difficult to make reliable statements on the future development of the economy. On the other hand, the OWG Group has shown robustness and resilience during the pandemic. Russia's war of aggression on Ukraine, which began at the end of February 2022, has created a changed starting position and will influence the development of the global economy. Even in volatile and uncertain times, the OWG Group has been able to operate successfully and will continue to do so.

The business volume of OWG Group with Russia and Ukraine is of minor importance in relation to OWG Group as a whole. Should the economy cool down significantly, the Group will respond as in previous years by adjusting its cost base and taking further strategic measures. The changed security situation and the expected realignment of the energy policy in Germany and Europe may also result in opportunities for the OWG Group.

The asset, financial, and earnings situation of the OWG Group will be significantly codetermined by asset management in the future. Using a conservative investment strategy, we will also keep striving to achieve the best possible result in this regard while taking on the lowest possible risk. Security prices are subject to natural fluctuations out of our sphere of influence. Through the long-term orientation and diversification of the portfolio, we hope to mitigate such fluctuations in the long term.

GROUP MANAGEMENT REPORT

for fiscal year 2021

D SUSTAINABILITY REPORT

In its investments, OWG Beteiligungs AG attaches great importance to value-oriented action and corporate responsibility of the companies, also in ecological terms. 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.

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

REMA TIP TOP AG

Careful use of resources such as rubber and crude oil is already part of REMA TIP TOP AG's field of activity: As a leading service provider in the field of tire repairs, the company has always followed the principle of "maintain instead of replace" with its products. This includes the world novelty introduced last year: a tire repair patch with an innovative bimodal bonding layer that features exceptionally high initial adhesion as well as significantly improved structural strength, and this will replace the existing tire patches in the range.

In the area of research and development, the focus has for many years been on developing products that meet high environmental and health standards. Formulations are being adapted or newly developed, for example, to completely eliminate solvents or microplastics. To this end, the range of products already available include RCF dispersions, RCF repair rubbers and RCF cleaners without solvents.

Since 2021, REMA TIP TOP, together with alfa development GmbH, has also been increasingly addressing the issue of the carbon footprint. In addition, solutions for saving energy and resources in daily operations are being sought.

TEWE Elektronik GmbH & Co. KG

TEWE Elektronik GmbH & Co. KG has been in the portfolio of OWG Beteiligungs AG since January 1, 2021. This producer of feeding technology, control systems and weighing technology has also been an expert in biogas plants since the 1990s; these plants are used primarily on farms as an alternative to conventional ways of generating energy, since biomass is produced on farms in sufficient quantities to produce gas for heating systems, for example.

The production of biogas on a technical basis has developed rapidly in recent years. While waste materials and liquid manure were initially used as fermentation substrates, modern large-scale plants now primarily use renewable raw materials (Nawaro) such as corn silage, green waste or beetroot.

This acquisition exemplifies the efforts of OWG Beteiligungs AG not only to meet the issues of resource conservation and environmental protection through product enhancements or internal sustainable solutions within the portfolio companies, but also to achieve sustainability goals through targeted acquisitions.

Ing. H. Dieter Klump GmbH

As a Europe-wide independent fabricator of conveyor belts, flat belts and timing belts with special coatings, Ing. H. Dieter Klump GmbH has been working on responsible use of resources for years. For example, in the course of modernizing the entire office building, all light sources have already been converted to LED technology, and this benefits not only the environment.

In the production facilities, great importance is attached to the prudent use of basic materials. For example, edge trim material is used, among other things, for the production of special articles such as driving cleats made of strip material.

In logistics, we deliberately avoid using fillers such as bubble wrap or Styrofoam for goods shipment; all items are individually packaged. Despite the higher expense, this ensures environmentally compatible shipping.

KTR Kunststofftechnik Rodenberg GmbH

This materials specialist implemented significant measures in the energy sector in 2021. The measures include, among other things, the installation of ECON measuring devices in machines to constantly query the power consumed, the replacement of conventional lighting with LED lights in some production halls as well as in the outdoor areas, and the replacement of the chiller in one hall. In addition, the travel paths of the forklifts have been optimally upgraded, resulting in lower diesel fuel consumption.

JUNG Gummitechnik GmbH

JUNG Gummitechnik has implemented a variety of measures related to the environment and sustainability as part of the upcoming ISO 14001:2015 recertification. Among other things, this includes optimizing the recycling economy. For example, the resulting TPE polymer production scrap can be reintroduced into the production cycle. In the future, more attention will be paid to the recyclability of TPE polymer products on the market.

Sustainable packaging material is used in logistics, such as pallet stretch film made from sugar cane or film made from 70 percent recycled yellow sack material.

In addition, in the area of hazardous substances, the aim is to replace them with less aggressive substances that achieve the same results as far as possible. Since last year, a new printing technique has been in use for rubber articles that does not require any inks or solvents.

CONSOLIDATED BALANCE SHEET

as at December 31, 2021

ASSETS	Dec. 31, 2021	LIABILITIES	Dec. 31, 2021
EUR THOUSAND	1,853,596	EUR THOUSAND	1,853,596
Intangible assets	83,842	Subscribed capital	87
Property, plant, and equipment	276,337	Retained earnings	126,007
Financial assets ¹	521,917	Balance-sheet profit	27,132
Fixed assets	882,096	Currency translation reserve	1,195
Inventories	268,463	Minority interests	850,761
Trade accounts receivable	196,137	Shareholders' equity	1,005,182
Accounts receivable from affiliated companies	437	Special item investment grants	903
Accounts receivable from associated companies	3,558	Pension provisions	18,348
Other assets	40,354	Tax provisions	12,252
Securities ¹	277,146	Other provisions and accrued liabilities	68,822
Cash and cash equivalents	176,425	Provisions	99,422
Current assets	962,520	Loans STAHLGRUBER foundation	15,786
Accruals and deferrals	8,980	Liabilities to banks	479,684
		Advance payments received	10,764
		Trade Liabilities	71,860
		Liabilities from the issuance of own bills of exchange	1,439
		Liabilities to affiliated companies	16
		Other liabilities	159,421
		Liabilities	738,970
		Accruals and deferrals	820
		Deferred tax liabilities	8,299

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, 2021

	THOUSAND EUR
Revenues	1,140,633
Increase or decrease in finished/unfinished goods inventories and work in progress	15,075
Other capitalized self-produced assets	146
Total output	1,155,854
Other operating income	60,690
Cost of materials	521,418
Personnel expenditure	376,571
Amortization of intangible and tangible assets	45,210
Other operating expenses	176,027
Operating result	97,318
Income from investments	288
Income from other financial assets	15,195
Interest charges	14,981
Earnings before tax (EBT)	97,820
Income taxes	23,535
Profit after tax	74,285
Other taxes	3,849
Annual result	70,436
Profit share of other shareholders	-53,735
Consolidated result	16,701

CONSOLIDATED CASH FLOW STATEMENT

from January 1 to December 31, 2021

THOUSAND
EUR

Annual result	70,436
Depreciation/write-ups of fixed assets	45,980
Increase/decrease in provisions	8,146
Other non-cash expenses/income	-383
Increase/decrease in inventories, trade receivables and other assets not allocated to investing or financing activities	-37,118
Increase/decrease in trade payables and other liabilities not attributable to investing or financing activities	11,565
Profit/loss from the disposal of fixed assets	-39,273
Interest expenses/interest income	15,016
Other investment income	-18,805
Income tax expense/income	23,535
Income tax payments	-24,670
Cash flow from operating activities	54,429
Proceeds from disposals of intangible assets	142
Payments for investments in intangible assets	-3,118
Proceeds from disposals of tangible assets	14,228
Payments for investments in tangible assets	-39,831
Proceeds from disposals of financial assets	372,336
Payments for investments in financial assets	-65,959
Payments for additions to the scope of consolidation	-12,361
Proceeds from disposals from scope of consolidation	-277,146
Proceeds from interest received	1
Proceeds from dividends received	18,805
Cash flow from investing activities	7,097
Proceeds from taking up (financial) loans	211,123
Payments from the repayment of (financial) loans	-145,374
Interest paid	-7,353
Dividends paid to other shareholders	-20,840
Cash flows from the sale and purchase of shares without changing the scope of consolidation	-106,647
Cash flow from financing activities	-69,091
Cash and cash equivalents at the beginning of the period	132,484
Net change in cash and cash equivalents	-7,565
Effect of exchange rate, changes in composition of Group, and valuation changes on cash and cash equivalents	6,081
Cash and cash equivalents at the end of the period	131,000
Cash and cash equivalents	176,425
Current-account liabilities	-45,425
Net liquidity	131,000

IMPRINT

Contact

OWG Beteiligungs AG

Gruber Strasse 65
85586 Poing / Germany

Phone: +49 (0) 8121 707 - 17 116

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

info@owgag.de

www.owgag.de

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OWG

Beteiligungs AG

OWG Beteiligungs AG

Gruber Strasse 65
85586 Poing / Germany

Phone: +49 (0) 8121 707 - 17 116

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

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