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REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of PWO AG (the “company”) carried out its duties as defined by law, the company’s Articles of Association and its Rules of Procedure in fiscal year 2024. To this end, the Supervisory Board and Executive Board maintained continuous cooperation and close dialog. The Supervisory Board advised the Executive Board on a regular basis and monitored the legality, appropriateness and efficiency of the company’s management.

All key issues relating to the strategic development of the company and the Group (the “Group” or “PWO Group”) were discussed and closely coordinated by the Supervisory Board and the Executive Board. In particular, the Supervisory Board was always directly involved in Executive Board decisions that were of fundamental importance to the company and the PWO Group.

The Supervisory Board was promptly and fully informed through the Executive Board’s detailed verbal and written reports on all significant issues relating to the markets relevant to the company and the Group, the current course of business, the net assets, financial position and results of operations of the company and the Group and sustainability issues.

The dramatic events of previous years continued to have an effect in fiscal year 2024, in particular the Ukraine war and the energy cost crisis. In addition, extreme weather events occur with increasing frequency, often claiming many human lives, racking up enormous costs, and impeding the economy. This worrying trend continued in 2024.

Moreover, in the automotive industry, concerns grew in the course of 2024 about the future trend of the important Chinese market. Driven by government subsidies and at the same time weighed down by the reluctance of Chinese consumers to spend, competition in this market has now reached a level that makes it noticeably more difficult to maintain profitable operations.

The complexity of the global economic and geopolitical challenges encountered in 2024 proved too much for Germany’s coalition government, whose collapse was eventually triggered by the dispute over the budget in November 2024.

The biggest test, however, only emerged after Donald Trump’s re-election as US President in November 2024, which will affect the year 2025. Since he took office on January 20, 2025, he has cast doubts over the US constitution and the rule-based international world order. It is impossible to say at this stage what lasting effects his presidency will have on international political and economic relations and global markets.

High volatility and limited reliability of macroeconomic and political trends are expected to be the new reality. We take this into account in all our decisions to make the PWO Group’s lineup as flexible and resilient as possible. The aim is to find the best possible way to respond each time change occurs.

Unfortunately, Germany does not act from a position of strength in this situation – on the contrary, the general conditions in this industrial location have noticeably deteriorated further. As a result, after 2 years of recession in 2023 and 2024, any growth, if at all, in Germany is expected to remain weak in 2025. This is also putting pressure on our German production location.

Against this backdrop, the Supervisory Board has therefore reviewed and discussed with the Executive Board in particular detail the current short and longer-term corporate strategy and planning of the PWO Group as well as the planned development projects and investments.

The Executive Board also provided prompt and extensive information in 2024 on developments that emerged in the short term and that were relevant to business performance. Possible deviations from targets were discussed and suitable measures to counter them were presented, examined by the Supervisory Board and discussed with the Executive Board.

Karl M. Schmidhuber
Chairman of the Supervisory Board



Furthermore, the Executive Board submitted a written report to the Supervisory Board every month on the financial situation of the PWO Group and the individual companies, especially their performance in terms of revenue, earnings, equity, and personnel issues, as well as their net assets, financial position and results of operations.

Moreover, the Executive Board reported to the Supervisory Board on transactions that may be of considerable significance for the profitability or liquidity of the company, the risk situation of the Group and its divisions, the corporate strategy and planning, the Group’s risk and compliance management systems, the internal control system, Internal Audit, IT security and data protection.

The Supervisory Board critically reviewed all the Executive Board’s reports for plausibility and Internal Audit, risk management, the internal control systems and the compliance management system for their suitability and effectiveness in terms of the extent of the Group’s business activities and its risk situation.

It confirmed that the subject and scope of the Executive Board’s reports fully met the Supervisory Board’s requirements. After a thorough examination and discussion, the Supervisory Board approved the reports and resolutions of the Executive Board to the extent required by the provisions of the law, the Articles of

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Association and the Executive Board's Rules of Procedure. Matters requiring the Supervisory Board's approval were submitted to it for a resolution by the Executive Board in a timely manner.

In fiscal year 2024, the Chairman of the Supervisory Board was in regular and close personal contact with the Executive Board in the periods between the Supervisory Board meetings, particularly with the CEO, advising it on strategy, planning, business and financial development, the risk situation and risk management as well as compliance, personnel and sustainability issues. The Chairman was constantly informed of the course of business and the material business transactions. He also briefed the other Supervisory Board members and discussed the current developments with them outside of Supervisory Board meetings.

The Chairman of the Supervisory Board was continuously provided with information concerning special business transactions that were deemed vital to the assessment of the situation, development and management of the company and of the Group. He was also kept informed promptly and extensively by the Executive Board through verbal and written reports in this regard.

The members of the Supervisory Board take personal responsibility for completing any training and continuing education required for their duties, which includes keeping up to date on any changes in the legal framework and on new pioneering technologies and sustainability/ESG.

They regularly use online offers and consultant services and are supported by the company in this process. Internal information events are offered as necessary to provide targeted professional development. Such training was provided on sustainability/ESG to all Supervisory Board members by PwC at PWO AG in Oberkirch on December 4, 2024.

The work of the full Supervisory Board

The full Supervisory Board met on a total of 6 occasions in the reporting period; 4 of these meetings were scheduled over 2 days each. It dealt regularly and in detail with the corporate strategy, the current market situation, as well as ongoing and planned engineering projects. The situation and prospects of the PWO Group's locations and the capital expenditures planned there were regularly discussed in detail; other issues in focus were the refinancing of the PWO Group and its financing strategy, as well as the relevant situation and earnings reports of the Executive Board on the Group's economic and operating situation.

On the basis of the resolution of the Annual General Meeting on June 6, 2024, the Chairman of the Supervisory Board and the Audit Committee appointed the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart branch, and agreed its fee.

In addition, the following individual topics were on the relevant agendas in the course of fiscal year 2024:

At the meeting on March 14, the Supervisory Board dealt primarily and extensively with the Audit Committee's report on fiscal year 2023, the corporate governance statement, and the 2023 non-financial report. It also talked about the current situation of the location in Canada and its prospects for future development. Furthermore, the Supervisory Board received a report from the Personnel Committee on current Executive Board issues and discussed this at length.

On March 21, the Supervisory Board mainly dealt with the financial statements for fiscal year 2023, the report of the Audit Committee and the report of the auditor, the remuneration report, and other required declarations and reports on fiscal year 2023. The Executive Board's proposal for the appropriation of profit was also approved.

Following its own detailed review, the Supervisory Board approved the 2023 annual financial statements and the 2023 consolidated financial statements; the annual financial statements were thus adopted. Furthermore, the agenda was resolved for the 101st Annual General Meeting on June 6, 2024. Alongside regular topics, the status and prospects of the PWO Group's expansion in eastern Europe were discussed comprehensively.

At its meeting on June 6, the Supervisory Board gave detailed attention to the topics and procedure for the Annual General Meeting scheduled for that afternoon. It also held an in-depth discussion on the PWO Group's business performance and the report of the Audit Committee.

On June 7, an extensive review was conducted of the Annual General Meeting held the previous day, how it had proceeded, and the resolutions that were adopted. In addition to recurring topics, the agenda included a detailed report by the Executive Board on the situation of the PWO Group's locations in general as well as their respective capital expenditures, with particular focus on the locations in Canada, Mexico, and eastern Europe. The Supervisory Board closely debated this report. Furthermore, the Supervisory Board comprehensively discussed the previous findings on the performance in fiscal year 2024 and the 1st forecast for 2024 presented by the Executive Board.

At its 2-day meeting on July 3 and 4, the Executive Board and responsible executive managers gave detailed status reports on the PWO Group's key strategic fields of activity, which the Supervisory Board dealt with in detail. The fields of activity reviewed included the situation and prospects of the PWO Group's locations – especially the production site in Oberkirch and the locations in Mexico and eastern Europe –, as well as the global strategy for sales, procurement, and toolmaking; the strategy and prospects of PWO's 3 business units were also addressed. Other focal points were technology projects in the context of

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the Industry 4.0 strategy, ways of using artificial intelligence, and the ongoing development of operational key performance indicators. Another important agenda item was the PWO Group's financing strategy.

In line with established tradition, the PWO Group's Supervisory Board meets once a year at 1 of its international locations. In the reporting year, its 2-day meeting on September 24 and 25 took place in Mexico. An extensive tour of the 2 locations in the country was followed by a presentation, extensive discussion, and approval of our future expansion plans.

In addition to regular topics, the Supervisory Board gave detailed attention to the situation and prospects of the PWO Group's locations, especially those in Oberkirch, eastern Europe, and China. Other specific issues relating to the Oberkirch location were also debated at length. 2 other important agenda items addressed in detail by the Supervisory Board were the digitalization strategy, which was presented by the Executive Board and the executive manager responsible, as well as topics relating to Finance and Controlling.

Furthermore, on the basis of the 2nd forecast presented by the Executive Board, the Supervisory Board comprehensively considered the findings on performance in fiscal year 2024 to date and received a report by the Audit Committee, which it discussed closely.

At its 2-day meeting on December 4 and 5, the Supervisory Board addressed not only recurring topics, but also corporate governance issues – in particular the current declaration of compliance and its own self-evaluation. In addition, the Executive Board and the executive manager responsible presented the PWO Group's new ESG roadmap, which is aimed at achieving net-zero emissions by 2045. The Supervisory Board reviewed this strategy extensively.

PwC's training on sustainability/ESG, which was mentioned earlier, was provided to all Supervisory Board members at this

meeting. Furthermore, the Supervisory Board comprehensively dealt with the findings on performance in fiscal year 2024 to date as well as the 3rd forecast for 2024 presented by the Executive Board; it also received a report by the Audit Committee, which it discussed closely. The PWO Group's medium-term planning was also on the agenda of this meeting. Following detailed debate, the Supervisory Board approved the planning for 2025 and took note of the planning for subsequent years.

In addition, circular resolutions on various issues were adopted in the 2024 reporting year: on Executive Board matters on March 13 and July 29, on the 2023 report of the Supervisory Board on March 27, on the invitation to the 2024 Annual General Meeting on April 3, and on the future development of the international locations on February 6, May 17, August 5, August 30, and October 11.

The work of the committees

To efficiently perform its duties and in accordance with its Rules of Procedure, the Supervisory Board has established a Personnel Committee and an Audit Committee. It has granted these committees certain decision-making powers to the extent permissible by law. These committees prepare the relevant issues for the consideration of the full Supervisory Board. Chairs of these committees regularly report to the full Supervisory Board on the deliberations and resolutions of the respective committee.

The Chairman of the Supervisory Board heads the Personnel Committee. The Personnel Committee prepares the personnel decisions of the Supervisory Board and, rather than the Supervisory Board, decides on whether to approve any outside or competing offices held by a member of the Executive Board and the granting of loans to members of the Executive Board or Supervisory Board. Moreover, the Personnel Committee submits proposals to the Supervisory Board for the remuneration system for the Executive Board and the targets and performance criteria for the short-term incentive and the total target remuneration of the individual members of the Executive Board for the respective fiscal year.

The Personnel Committee held 2 meetings in the reporting year, on January 17 and February 26. It addressed in great detail current issues related to Executive Board remuneration for 2023 and 2024 as well as various other Executive Board matters, the further development of the remuneration system for the Executive Board, the remuneration report for fiscal year 2023, the requirements and competency profile of the Supervisory Board, and the Supervisory Board's and Audit Committee's Rules of Procedure.

Carsten Claus is the Chairman of the Audit Committee. He has special knowledge and experience in the area of auditing. Dr. Georg Hengstberger provides special accounting knowledge and experience to the Audit Committee. Accounting and auditing also cover the non-financial and sustainability reporting and audits of these reports.

The Audit Committee conducts a preliminary review of the annual financial statements and consolidated financial statements, the management report, the Group management report and the audit report issued by the auditor on behalf of the Supervisory Board. It discusses the selection of the auditor and examines the auditor's independence and the services performed by the auditor.

Also, it discusses the assessment of audit risk, the audit strategy and planning, and audit results with the auditor. The Chairman of the Audit Committee regularly meets with the auditor to discuss audit progress and reports on this to the committee.

The Audit Committee also prepares the report to be submitted by the Supervisory Board in accordance with section 171 of the Aktiengesetz (AktG – Stock Corporation Act).

In addition to monitoring the accounting and the financial reporting process – including the non-financial and sustainability reporting and the auditing of these reports – the Audit Committee also concerns itself with overseeing the appropriateness and effectiveness of the internal control system and the

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risk management system, Internal Audit, the audit of the financial statements and its quality, compliance, the compliance management system, and data protection.

It also deals with related party transactions. Also, the members of the Audit Committee – through its Chairman – obtain information from the heads of the respective departments responsible for tasks relating to the Audit Committee as required. The Chairman informs the Executive Board of this immediately.

The Audit Committee met 5 times in the reporting period: on February 15, March 14, May 6, July 25 and November 5. Key topics discussed at its meetings were the financial statements for fiscal year 2023 as well as the half-year financial report and the quarterly statements in fiscal year 2024. The Audit Committee was also involved in preparing the 2024 annual financial statements. Other defining issues were new regulatory organizational, personnel and financial requirements for the Group as a whole, which will have to be implemented in the near to short-term future. A special focus in this context was on non-financial reporting in accordance with European regulations.

The Committee also discussed the company's business performance in depth. In this regard, it received reports by the Executive Board, in particular on current trends in the profitability of the company and of the Group. The Audit Committee regularly reviewed the current performance of the company and of the PWO Group and compared it to the ongoing planning data to examine if there was any need for action. Moreover, the committee discussed questions regarding compliance, risk management, Internal Audit, and data protection.

The committees had the following members in the reporting year:

Personnel Committee

- Karl M. Schmidhuber (Chairman)
- Dr. Georg Hengstberger
- Dr. Jochen Ruetz

Audit Committee

- Carsten Claus (Chairman, financial expert in the field of auditing as referred to by section 100(5) AktG)
- Dr. Georg Hengstberger (financial expert in the field of accounting as referred to by section 100(5) AktG)
- Stefan Klemen
- Karl M. Schmidhuber

Disclosure of meeting attendance for individual members

The attendance of the members of the Supervisory Board at the meetings of the Supervisory Board and committees is disclosed for each member below:

The Chairman of the Audit Committee, Carsten Claus, attended both meetings of the Personnel Committee as a guest.

Wherever possible, the meetings of the Supervisory Board and its committees are held in person. The number of hybrid meetings, i.e., in person with the option of virtual participation, and those held by video conference can be found in the table below.

4 Supervisory Board meetings took place over 2 meeting days.

Attendance by Supervisory Board members at the meetings held in 2024

Name	Member since	Attendance at full Supervisory Board meetings (of which virtual ¹)	Attendance at Personnel Committee meetings (of which virtual)	Attendance at Audit Committee meetings (of which virtual)	Total number of meetings (total attendance in %)
		6 meetings, of which 4 in person and 2 as hybrid meetings	2 meetings, of which 1 in person and 1 as a video conference	5 meetings, of which 3 in person and 2 as video conferences	
Karl M. Schmidhuber (Chairman)	May 31, 2016	6/6 (0)	2/2 (1)	5/5 (2)	13/13 (100%)
Dr. Georg Hengstberger (Deputy Chairman)	May 22, 2013	6/6 (1)	2/2 (1)	5/5 (2)	13/13 (100%)
Carsten Claus	May 23, 2018	6/6 (1)	–	5/5 (2)	11/11 (100%)
Dr. Jochen Ruetz	May 23, 2018	6/6 (2)	2/2 (1)	–	8/8 (100%)
Andreas Bohnert (employee representative)	May 20, 2021	6/6 (0)	–	–	6/6 (100%)
Stefan Klemen (employee representative)	May 20, 2021	6/6 (1)	–	5/5 (2)	11/11 (100%)

¹ Attendance by video link in relation to all meetings of the respective committee.

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**Changes in the composition of
governing bodies**

The composition of the Executive Board and Supervisory Board did not change in the reporting year.

Conflicts of interest

The Supervisory Board continuously monitored the existence of conflicts of interest in the reporting year. Conflicts of interest were not identified by the Supervisory Board during the reporting year, nor were they brought to its attention by members of either the Executive Board or Supervisory Board.

**Audit of the annual and consolidated
financial statements**

The consolidated financial statements were prepared by the Executive Board in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and in accordance with the provisions of section 315e(1) of the Handelsgesetzbuch (HGB – German Commercial Code). KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin (Stuttgart branch), audited the accounting, the annual financial statements, the consolidated financial statements and the combined management report for the company and the Group, as well as the dependency report and issued an unqualified auditor's report.

The audit opinion of KPMG AG Wirtschaftsprüfungsgesellschaft on the dependency report reads as follows: "Based on our due audit and assessment, we confirm that (1) the factual statements made in the report are correct and that (2) the consideration paid by the company in the legal transactions listed in the report was not unreasonably high."

At its meeting on March 13, 2025, the Audit Committee reviewed the annual and consolidated financial statements, the combined management report for the company and the Group, the dependency report, and the audit reports prepared by the auditor. The auditor was present at this meeting and reported on the main

results of the audit. At this meeting, the Audit Committee also reviewed the non-financial report for fiscal year 2024 in detail.

The Supervisory Board received the Audit Committee's report at its meeting on March 13, 2025. It extensively discussed the separate non-financial report for the company and the Group and subjected it to its own review. The separate non-financial report was explained in detail by the Executive Board. This review did not lead to any objections by the Supervisory Board. In addition, the Supervisory Board approved the corporate governance statement.

At its meeting on March 20, 2025, the Supervisory Board dealt in detail with the annual and consolidated financial statements for fiscal year 2024, including the combined management report for the company and the Group, the Executive Board's proposal for the appropriation of the net retained profit, the dependency report of the Executive Board in accordance with section 312 AktG, the remuneration report and the audit reports prepared by the auditor. Associated documents were provided to the members of the Supervisory Board in a timely manner before the meeting on March 20, 2025. The auditor was present at this meeting and reported on the main findings of the audit.

The Supervisory Board conducted its own review of the annual financial statements and consolidated financial statements, the combined management report for the company and the Group, and the Executive Board's proposal for the appropriation of the net retained profit. At the meeting on March 20, 2025, at the recommendation of the Audit Committee, it agreed with the result of the audit conducted by the auditor. No objections were raised following the conclusive results of the Supervisory Board's review.

The Supervisory Board approved the consolidated and annual financial statements. The annual financial statements for fiscal year 2024 were thus adopted.

The Supervisory Board also subjected the dependency report to its own review and confirmed the result of the audit conducted by the auditor. Following the conclusive results of the Supervisory Board's review, there were no objections to the Executive Board's statement at the end of the dependency report.

The Supervisory Board approved and signed the remuneration report at the same meeting. An audit opinion on the remuneration report was provided by auditor, who was present at the meeting.

The PWO Group brought a difficult fiscal year 2024 to an encouragingly positive close. By the same token, following Donald Trump's assumption of office in the United States, geopolitical and economic uncertainty for the automotive industry has increased significantly. After close analysis, the Executive Board and Supervisory Board will therefore propose to the 2025 Annual General Meeting not to increase the dividend, but leave it unchanged at EUR 1.75 per share.

A word of thanks

The past few years were intense and faced a number of different challenges. We nevertheless succeeded in continuing to implement our strategy consistently during this period. We expanded the PWO Group's market position, strengthened its financial clout, and continuously made operating processes more robust. In addition, high levels of new business in recent years have laid the foundation for continuing our expansion course.

A significant share of the PWO Group's production will be located in eastern Europe in future. As our new engineering and production site in Serbia is being built, this regional expansion is progressing swiftly. Production is scheduled to start, as planned, at the end of 2025. The 2 Czech locations are also continuously being expanded. In combination with Serbia, they form a strong basis in eastern Europe, enabling the PWO Group to continue to extend competitive offerings to its European customers in the future.

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Nevertheless, the German location in Oberkirch will remain the PWO Group’s largest production location in the coming years, even if further adjustments in line with changes in the future environment seem unavoidable.

All other international PWO locations are also set to grow in line with future market and customer requirements.

Our plans, which are fully costed and funded, rest on the solid foundation of a strong balance sheet. This means that the PWO Group is fully focused on the future.

This makes us confident that our extensive efforts of recent years form a strong basis to remain successful even in times when many previously familiar things on which we could rely may have to be reconsidered.

The employees of the PWO Group act independently at all levels and in all areas, combining their skills in global teams in order to be able to react promptly and comprehensively to any changes. As a result, new potential is continually being identified and resolutely exploited.

We, the Supervisory Board, would like to express our thanks to you all for your tireless commitment to the PWO Group. Thank you very much!

We wish you and your families all the best and good health and peace in particular.

This report was discussed in detail and approved by the Supervisory Board at its meeting on March 20, 2025.

Oberkirch, March 20, 2025



Karl M. Schmidhuber
(Chairman of the Supervisory Board)