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REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of PWO AG (hereinafter also referred to as the “Company”) performed the duties incumbent upon it under the law, the Company’s Articles of Association and its Rules of Procedure during the 2025 fiscal year. To this end, the Supervisory Board and the 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 economic efficiency of the Company’s management.

The Supervisory Board and the Executive Board discussed all material issues regarding the strategic development of the Company and the Group (hereinafter also referred to as the “Group” or “PWO Group”) and coordinated these closely with one another. In particular, the Supervisory Board was always directly involved in Executive Board decisions of fundamental importance to the Company or the PWO Group.

Based on detailed written and verbal reports from the Executive Board, the Supervisory Board received prompt and comprehensive information about all material issues concerning the markets relevant to the Company and the Group, the current course of business and the net assets, financial position and results of operations of the Company and the Group, including sustainability topics.

The ongoing crises since the COVID-19 pandemic have placed a heavy strain on society, politics and businesses in Germany and Europe. Unlike many other countries, Germany has so far been unable to return to a growth trajectory. In 2025, price-adjusted gross domestic product was merely at the 2019 level.

In addition to structurally high energy prices, bureaucratic costs and a tax burden that is high by international standards, the increasing fragmentation of global trade resulting from changes in U.S. trade policy emerged as a further burden in 2025. This

had a noticeable impact on the export-oriented German economy – and thus, in particular, on the automotive industry. As a result, the long-forecast job cuts began in earnest last year.

In this environment, the PWO Group once again consistently focused on its strategic strengths. With our powertrain agnostic and sustainable business model, strong innovative capabilities and global presence, we are a sought-after partner in the international mobility industry.

This forms the basis for the Group’s international expansion, which was once again reflected in new business that exceeded projections during the reporting year. In doing so, we have once again succeeded in expanding our international customer portfolio. We are also pleased with the successful launch of the new engineering and production site in Serbia, as well as the opening of a location in the USA.

At the same time, we are working tirelessly to strengthen the competitiveness of our German location despite the challenging conditions. However, the ongoing shift of automotive production to countries with more competitive conditions will continue to lead to noticeable declines in production and revenue in Germany in 2026.

Against this backdrop, the conclusion of a works agreement with the works council in Oberkirch in January 2026 was of central importance. The temporary reduction in working hours and pay in 2026 is intended to help avoid redundancies for operational reasons during this period – in the hope of an early improvement in the economic conditions in Germany.

Against the backdrop of geostrategic challenges and the particular pressures facing the German location, the Supervisory Board examined the PWO Group’s current short- and long-term corporate strategy and planning, as well as the planned development projects, capital expenditure and financing strategy, in particular detail and discussed them with the Executive Board.



Karl M. Schmidhuber
Chairman of the Supervisory Board

Also, in 2025 the Executive Board provided timely and comprehensive information on current developments relevant to the course of business. The Executive Board explained potential deviations from targets and presented appropriate measures to address them; the Supervisory Board reviewed these measures and discussed them with the Executive Board.

Furthermore, the Executive Board reported to the Supervisory Board in writing on a monthly basis regarding the economic situation of the PWO Group and its subsidiaries, in particular their performance in terms of revenue, earnings, equity and personnel matters, as well as their net assets, financial position and results of operations.

In addition, the Executive Board informed the Supervisory Board about transactions that could be of significant importance to the profitability or liquidity of the Company and the Group, the risk situation of the Group and its divisions, corporate strategy and planning, the Group’s risk and compliance management systems, the internal control system, internal audit as well as IT security and data protection.

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The Supervisory Board critically reviewed all reports from the Executive Board for plausibility and assessed the adequacy and effectiveness of Internal Audit, risk management, the internal control system and the compliance management system in relation to the Group's business activities and risk profile.

It determined that the subject matter and scope of the Executive Board's reporting fully met the Supervisory Board's requirements. The Supervisory Board approved the Executive Board's reports and proposed resolutions, to the extent required by statutory and Articles of Association provisions or the Executive Board's rules of procedure, following review and deliberation. Matters requiring approval were submitted by the Executive Board to the Supervisory Board in a timely manner for resolution.

In the 2025 fiscal year, the Chairman of the Supervisory Board maintained regular, close personal contact with the Executive Board – particularly with the CEO – even in the periods between Supervisory Board meetings, advising on strategy, planning, business and financial performance, the risk situation and risk management, as well as compliance, human resources and sustainability issues. The Chairman remained informed about the course of business and significant business transactions at all times. Even outside of meetings, he briefed the other members of the Supervisory Board and discussed current developments with them.

The Executive Board promptly and comprehensively informed the Chairman either verbally or through written reports about specific business transactions that were of material significance for the assessment of the Company's situation and development as well as for the management of the Company or the Group.

The members of the Supervisory Board are responsible for undertaking the training and continuing education necessary for their duties, such as keeping up to date on any changes in the legal framework and on new pioneering technologies and sustainability/ESG.

The members regularly use online training resources and services provided by consultants and are supported in this by the Company. Internal informational sessions are offered as needed for targeted professional development. Training was provided to all members of the Supervisory Board on December 3, 2025, at PWO AG in Oberkirch on the future presentation of financial statement information in accordance with the new IFRS 18 standard.

— Work of the full Supervisory Board

During the reporting year, the full Supervisory Board met a total of 6 times, with 2 meetings scheduled for 2 days each and 1 meeting for 3 days. The Supervisory Board regularly engaged in in-depth discussions regarding corporate strategy, the current market and order situation as well as ongoing and planned development projects.

The situation and prospects of the individual locations of the PWO Group as well as the capital expenditure planned for each were also regularly discussed in depth. The refinancing of the PWO Group and its financing strategy as well as the respective situation and earnings reports from the Executive Board on the Group's economic and operational situation were likewise addressed.

Based on the resolution of the Annual General Meeting of June 3, 2025, the Chairpersons of the Supervisory Board and the Audit Committee appointed the auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart branch, and agreed upon the auditor's fee.

The following topics were included in the agendas for the 2025 fiscal year:

At the meeting on March 13, the Supervisory Board primarily dealt in detail with the Audit Committee's report for the 2024 fiscal year, the corporate governance statement and the 2024 non-financial report. In addition, the Supervisory Board received a report from the Personnel Committee and discussed this at length.

On March 20, the Supervisory Board primarily addressed the financial statements for the 2024 fiscal year, the Audit Committee's report and the auditor's report, the remuneration report as well as the other required statements and reports for the 2024 fiscal year. Furthermore, the Supervisory Board approved the Executive Board's proposal for the appropriation of profit. After its own thorough review, the Supervisory Board approved the 2024 annual financial statements and the 2024 consolidated financial statements; the annual financial statements were thus adopted. In addition, the agenda for the 102nd Annual General Meeting on June 3, 2025, was adopted.

In addition to recurring topics, the status and prospects of the PWO Group's expansion in its international markets were also discussed in detail.

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On June 3 – during the 2-day meeting held on June 3 and 4 – the Supervisory Board addressed in detail the topics and agenda of the Annual General Meeting to be held that afternoon. It also discussed at length the Audit Committee’s report on the results of the first quarter of 2025 and the first forecast for 2025.

On 4 June, the team conducted a detailed review of the previous day’s Annual General Meeting, its proceedings and the resolutions passed. In addition to recurring topics, the agenda included a detailed report by the Executive Board on how the various PWO Group locations are performing, and their respective capital expenditure, with a particular focus on the locations in China, Mexico, Serbia, the Czech Republic and a potential new location, which the Supervisory Board discussed in depth.

In addition, the Supervisory Board held extensive discussions on the findings to date regarding the development of the 2025 fiscal year and the first 2025 forecast presented by the Executive Board.

In keeping with long-standing tradition, the Company’s Supervisory Board meets once a year at one of the PWO Group’s international locations. In the reporting year, the Supervisory Board met for a 3-day meeting in Serbia from July 2 to 4, during which the Supervisory Board members attended the grand opening of the new engineering and production site in Čačak.

The Executive Board and responsible executives also presented detailed status reports on the PWO Group’s key strategic areas of focus, which the Supervisory Board discussed in detail. The areas of focus included the performance and prospects of the various PWO Group sites – in particular the Oberkirch production site, the sites in Mexico and Eastern Europe, as well as a potential new site – and the global sales strategy.

In addition to recurring topics, the Supervisory Board also addressed the strategy and outlook for PWO’s 3 business units, as well as technology projects within the framework of the

Industry 4.0 strategy. The agenda also included the further development of the Global Tooling strategy, the digitalization strategy and software-supported supplier management. Additional focal points included human resources, ESG and the PWO Group’s financing strategy.

During the 2-day meeting on September 24–25, the Supervisory Board received and discussed in detail the reports from the Audit Committee on the 2025 half-year financial statements and the second forecast, as well as the report from the Personnel Committee. In addition to recurring topics, the Supervisory Board also focused in particular on the prospects for the PWO Group’s international location portfolio. Furthermore, based on the second forecast presented by the Executive Board, it discussed the findings to date regarding the development of the 2025 fiscal year in depth.

Following a tour of the Oberkirch production plant, there was an in-depth discussion about its current capacity utilization, the progress of new projects and further measures to enhance its competitiveness. The agenda also included a presentation by the responsible executive on current digitalization concepts, which the Supervisory Board examined in detail.

In addition, the rules of procedure for the Executive Board, the Audit Committee and the Supervisory Board, and the requirements profile for the Supervisory Board, were updated to reflect developments in diversity, equity and inclusion (DEI) issues.

At the meeting on December 4, in addition to recurring topics, the Supervisory Board addressed corporate governance issues – in particular, the current Declaration of Conformity and the assessment of how effectively the Supervisory Board as a whole and its committees fulfill their duties. It also discussed sustainability topics in detail, including the implementation of the PWO Group’s ESG roadmap and the current status of CSRD reporting.

Furthermore, the Supervisory Board thoroughly reviewed the latest findings on performance in the 2025 fiscal year as well as the 3rd forecast for 2025 presented by the Executive Board. It also received a report from the Audit Committee, which it discussed in detail. The medium-term outlook for the PWO Group’s site portfolio was also on the agenda.

Furthermore, in the 2025 reporting year, the Supervisory Board passed resolutions by written ballot on various topics, specifically on February 11 regarding Executive Board matters and on July 29 regarding the future development of international locations.

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 delegated certain decision-making powers to these committees within the limits permitted by law. In addition, the committees prepare the topics relevant to them for discussion by the full Supervisory Board. The committee Chairs regularly report to the full Supervisory Board on the deliberations and resolutions of their respective committees.

The Chairman of the Supervisory Board heads the Personnel Committee. The Personnel Committee prepares the Supervisory Board’s personnel decisions and, on behalf of the Supervisory Board, decides on consent to ancillary and competing activities of a member of the Executive Board and on the granting of loans to members of the Executive Board or the Supervisory Board. In addition, it submits proposals to the Supervisory Board regarding the remuneration system for the Executive Board, and the targets and performance criteria for the short-term incentive and the target total remuneration for individual members of the Executive Board for the respective fiscal year.

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The Personnel Committee met twice during the reporting year, on January 31 and September 18. It dealt extensively with current issues related to Executive Board and Supervisory Board remuneration, the contract extension of CFO Jochen Lischer as well as the further development of the Executive Board remuneration system and the 2024 Remuneration Report.

Carsten Claus heads the Audit Committee and possesses special knowledge and experience in the field of audits. Dr. Georg Hengstberger contributes special knowledge and experience in the field of accounting to the Audit Committee. Accounting and audits also include non-financial reporting and sustainability reporting as well as the audit of such reports.

The Audit Committee is responsible to the Supervisory Board for the preliminary review of the annual and consolidated financial statements, the management and consolidated management reports and the auditor’s report. It advises on the selection of the auditor, reviews the auditor’s independence and assesses the additional services provided by the auditor.

In addition, it discusses with the external auditor the assessment of audit risk, the audit strategy and planning, and the audit results. The Chair of the Audit Committee regularly meets with the external auditor to discuss the progress of the audit and reports on this to the Committee.

The Audit Committee also prepares the Supervisory Board’s report to be submitted in accordance with Section 171 of the German Stock Corporation Act.

In addition to overseeing financial reporting and the financial reporting process – including non-financial reporting and sustainability reporting and their audits – the Audit Committee also monitors the adequacy and effectiveness of the internal control system and the risk management system, internal audit, the audit of the financial statements and its quality, compliance and the compliance management system as well as data protection.

The Audit Committee also addresses the topic of related party transactions. In addition, the members of the Audit Committee – through the Committee Chair – obtain information as needed from the heads of the respective departments responsible for matters pertaining to the Audit Committee. The Chair informs the Executive Board of this immediately.

The Audit Committee met 5 times during the reporting year, specifically on February 13, March 13, May 7, July 23 and November 5. The main topics of its meetings were discussions of the financial statements for the 2024 fiscal year, as well as the interim financial report and quarterly reports for the 2025 fiscal year.

In addition, the Audit Committee dealt, among other things, with the preparation of the 2025 annual financial statements. Other key topics included new regulatory requirements – some to be implemented in the current period and others in the near future – relating to organizational, personnel and financial matters for the entire Group. A particular focus here was on non-financial reporting and sustainability reporting in accordance with European regulations.

Furthermore, the Committee engaged in intensive discussions regarding the economic performance of the Company and the Group. In this context, it reviewed reports from the Executive Board, particularly regarding the current development of the Company’s and the Group’s profitability. The Audit Committee regularly compared the current development of the Company and the Group with ongoing planning and assessed the need for action. In addition, the Committee discussed issues including compliance, risk management, internal audit and data protection.

During the reporting year, the committees were composed as follows:

PERSONNEL COMMITTEE

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

AUDIT COMMITTEE

- // Carsten Claus (Chair; financial expert in the field of auditing within the meaning of Section 100(5) AktG)
- // Dr. Georg Hengstberger (financial expert in the field of accounting within the meaning of Section 100(5) AktG)
- // Stefan Klemenz
- // Karl M. Schmidhuber

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Individualized disclosure of meeting attendance

The attendance of Supervisory Board members at meetings of the Supervisory Board and its committees is disclosed below on an individual basis.

The Supervisory Board and its committees hold their meetings in person whenever possible. The number of hybrid meetings – in person with the option of virtual participation – and

the number of meetings held by video conference are indicated in the table below. 2 Supervisory Board meetings each spanned 2 meeting days. 1 Supervisory Board meeting spanned 3 meeting days.

Carsten Claus attended both meetings of the Personnel Committee as a guest.

Attendance of Supervisory Board members at meetings held in 2025

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 5 in person and 1 hybrid	2 meetings, of which 2 in person	5 meetings, of which 2 in person, 3 via video or hybrid	
Karl M. Schmidhuber (Chairman)	May 31, 2016	6/6 (0)	2/2	5/5 (2)	13/13 (100%)
Dr. Georg Hengstberger (Deputy Chairman)	May 22, 2013	6/6 (0)	2/2	5/5 (2)	13/13 (100%)
Carsten Claus	May 23, 2018	6/6 (0)	–	5/5 (2)	11/11 (100%)
Dr. Jochen Ruetz	May 23, 2018	6/6 (0)	2/2	–	8/8 (100%)
Andreas Bohnert (Employee representative)	May 20, 2021	6/6 (1)	–	–	6/6 (100%)
Stefan Klemenz (Employee representative)	May 20, 2021	6/6 (1)	–	5/5 (3)	11/11 (100%)

¹ Participation via video link for all meetings of the relevant committee.

Changes in the governing bodies

The composition of the Executive Board and the Supervisory Board remained unchanged during the reporting year.

Conflicts of interest

The Supervisory Board continuously monitored the existence of conflicts of interest during the reporting year. The Supervisory Board identified no conflicts of interest during the reporting year, nor did members of the Executive Board or the Supervisory Board bring any to its attention.

Audit of the annual and consolidated financial statements

The Executive Board prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as in accordance with the provisions applicable under Section 315e (1) of the German Commercial Code. The auditor KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Stuttgart Branch, audited the accounting records, 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 opinion.

The audit opinion of KPMG AG Wirtschaftsprüfungsgesellschaft on the dependency report reads: “Based on our audit and assessment in accordance with our professional obligations, we confirm that 1) the statements as to fact made in the report are accurate, 2) with respect to the legal transactions listed in the report the consideration paid by the Company was not unreasonably high.”

At its meeting on March 12, 2026, the Audit Committee reviewed the annual and consolidated financial statements, the combined management report for the Company and the Group, the related-party disclosure report and the audit reports prepared by the external auditor. The auditor was present at this meeting

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and reported on the key findings of the audit. At this meeting, the Audit Committee also reviewed the non-financial report for the 2025 fiscal year in detail.

Following this meeting of the Audit Committee, a meeting of the Supervisory Board took place on March 12, 2026. At this meeting, the Supervisory Board received the report of the Audit Committee.

It thoroughly reviewed the separate non-financial report for the Company and the Group and conducted its own examination of it. The Executive Board explained the separate non-financial report in detail. The examination did not result in any objections from the Supervisory Board. In addition, the Supervisory Board approved the corporate governance statement.

At its meeting on March 19, 2026, the Supervisory Board comprehensively reviewed the annual and consolidated financial statements for the 2025 fiscal year, including the combined management report for the Company and the Group, the Executive Board’s proposal for the appropriation of distributable profit and the Executive Board’s dependency report pursuant to Section 312 of the German Stock Corporation Act, the remuneration report and the audit reports prepared by the auditor.

The Company distributed the relevant documents to the members of the Supervisory Board in a timely manner prior to the meeting on March 19, 2026. The auditor was present at this meeting and reported on the key findings of his audit.

The Supervisory Board conducted its own review of the annual and consolidated financial statements, the combined management report for the Company and the Group and the Executive Board’s proposal for the appropriation of distributable profit and, upon the recommendation of the Audit Committee, approved the results of the audit conducted by the auditor. Based on the final results of the Supervisory Board’s review, no objections were raised.

The Supervisory Board approved the Group annual financial statements. The Supervisory Board thereby adopted the annual financial statements for the 2025 fiscal year.

The Supervisory Board also conducted its own review of the Dependency Report and approved the results of the audit conducted by the external auditor. Based on the final results of the Supervisory Board’s review, no objections were raised against the Executive Board’s statement at the conclusion of the Dependency Report.

At the same meeting, the Supervisory Board adopted and signed the remuneration report. The auditor present at the meeting certified the remuneration report.

The PWO Group performed well in fiscal year 2025 and fully met its forecasts. At the same time, no noticeable improvement in the economic conditions for Germany as an industrial location is yet apparent. This will also lead to noticeable declines in production and revenue at the Oberkirch site in 2026 and weigh on the earnings situation of PWO AG and the Group.

The Executive Board and Supervisory Board therefore propose to the 2026 Annual General Meeting the distribution of a dividend of EUR 1.65 (p/y: EUR 1.75) per share. We are convinced that this proposal strikes a balanced harmony between shareholders’ interest in a cash dividend, PWO’s current earnings performance and the capital requirements of its planned future development.

Acknowledgements

Following several already eventful years, a new geostrategic dimension emerged in 2025. Global shifts in power, which had previously been merely hinted at, became clearly visible. Nevertheless, the PWO Group succeeded in consistently implementing its strategy without deviation, further strengthening its market position and expanding its operational capabilities. The Company therefore achieved its forecasts for the 2025 fiscal year despite the new challenges. The high volume of new business

in recent years also lays the foundation for the Group’s course in the coming years.

We will continue to expand internationally in a targeted manner. At our headquarters in Oberkirch, the focus is on measures that will strengthen our competitiveness as much as possible given the current conditions of Germany as an industrial location.

The progress achieved in recent years creates a solid foundation for remaining successful even in the context of fundamental geostrategic change. The employees of the PWO Group act independently worldwide, pool their expertise and drive change forward with determination. This continuously creates new opportunities for sustainable and successful corporate development.

The Supervisory Board thanks all employees for their commitment and outstanding performance during the reporting year. We wish them and their families good health, confidence and peace.

The Supervisory Board thoroughly discussed and approved this report at its meeting on March 19, 2026.

Oberkirch, March 19, 2026



Karl M. Schmidhuber
(Chairman of the Supervisory Board)