

LETTER FROM THE EXECUTIVE BOARD

DEAR SHAREHOLDERS,

In the 2020 fiscal year, your company proved that it is crisis-proof. We successfully made it through the world's greatest economic crisis of the post-war period, caused by an insidious virus. And what is more, despite the tremendous amount of crisis management related to the immediate present, we still kept a clear eye on our future by setting a strategic course.

Because we want to not only master the current crisis but also seize the many opportunities that are already available to us today for a successful future! We want to sustainably increase the competitiveness of your company and thus its value and that of the PWO share. For these reasons, we have identified eight qualities that make an investment in PWO worthwhile:

PWO is

- positioned for the future as an active player shaping tomorrow's mobility.
- focused on the trends of electrification, safety & comfort.
- an innovation leader in the cold forming of metal sheets and their joining.
- a trendsetter in the progressive digitization of all its processes with the tools of the fourth industrial revolution.
- outstanding in reliability, delivery reliability and quality.
- constantly working to increase its efficiency throughout the Group.
- committed to comprehensive sustainability.
- a proven success in steadily globalizing its business in line with the needs of its customers.

First, however, the commentary on the 2020 fiscal year should begin with what is most important at a time like this. As a corporate citizen, your company is a member of society, employing and maintaining contact with a great many people around the world. That is why the health of all our employees worldwide, their families

and our business partners were the focus of our activities in 2020. Very quickly after the first cases of corona appeared, the Executive Board implemented a pandemic plan at all our sites and adapted it step-by-step to the respective phases of incidence development. As of today, this pandemic plan has been successful. We will, of course, continue to adapt it regularly.

PWO was also naturally hit by the global economic crisis, and not only in terms of the economic repercussions, which also affects your investment. We can state however that the challenges posed by the pandemic were well mastered with the tireless efforts of everyone involved and the quick response taken that was tailored to the respective needs of our locations. Our business was able to grow in those places where the economic environment improved during the year, which was clearly above all in China.

Despite the recent availability of vaccines, it is still not possible to reliably forecast an end to the pandemic. The massive reluctance of buyers to make purchases in the face of the corona pandemic has only slightly diminished. The pre-crisis levels of automotive sales are thus a long way off, and most observers believe that the global economy as a whole is likely to see only a sluggish recovery. The challenges for the entire industry and for the PWO Group will, therefore, remain exceptionally high in the current fiscal year.

Looking back on 2020, the pandemic and the consequences thus far naturally play a major role in the annual report before you. But we are also looking ahead! In this report, we present our vision of the PWO Group of the future to you in detail. For more on this, please turn to pages 19 to 37.

For several years now, the international automotive industry has been confronted with considerable systemic challenges that are usually summarized under the term "transformation." This development will continue to significantly shape our industry in the years to come. PWO's products and core expertise are both independent

of the type of drive while simultaneously being a part of the electrification and safety & comfort trends, which means we have not only succeeded in effectively meeting these challenges so far but are in a position to actively shape the industry's transformation — and tomorrow's mobility.

This leads us to our firm conviction: Based on the technological and logistical core competencies of your company, we have the best chance of leveraging all the potential offered by the term tomorrow's mobility.

We are also very well-positioned in terms of sustainability and environmental friendliness. Our product range is virtually unaffected by the extinction of internal combustion engines. We are consistently following the trend toward electrification in the mobility sector with innovative solutions. The metals we process — especially steel — are fully recyclable and can therefore be reused almost indefinitely. This is not the only reason they are environmentally friendlier than plastic and other non-recyclable "modern" materials such as carbon fiber; it is primarily due to their low overall CO₂ footprint.

Our innovative solutions are also often significantly lighter than potential plastic-made alternatives, thanks to our unique expertise in forming and joining metals that pushes the limits of what is technologically feasible today. Our agenda to reach CO₂-neutrality at the Oberkirch site by 2026 and at our global sites by 2030 is being implemented on schedule as envisaged. We always keep current by refining this agenda with added detail.

Tomorrow's mobility is not only defined by electrification and the broader issue of sustainability. The trend towards autonomous driving and, in turn, the holistic networking of the entire traffic situation in real-time is where our core competencies in safety and comfort come into play as these aspects once again gain importance.

But tomorrow's mobility does not end with automobiles or other road vehicles such as buses or transportation trucks but will also require tailor-made solutions. There is no one to stop us from also demonstrating the capabilities we have in this area!

Even in this new world of mobility, we cannot afford to relax our efforts to maintain your company's competitiveness; on the contrary, we must continue to make progress. This involves selectively expanding and adapting individual sites to ensure they remain viable in the future within their respective environments. We must particularly keep a close eye on regional shifts in customer demand and make sure we are prepared as best as possible.

As our largest production site, Oberkirch is especially faced with the challenges resulting from customers increasingly relocating their production capacities abroad. This follows the sharp rise in costs in Germany over the past few years and the accompanying overall decline in competitiveness. Our locations abroad are growing

steadily and generating positive EBIT without exception — even in the difficult, corona-plagued year 2020! The decline in volumes that has occurred at the Oberkirch production site is expected to continue. This trend can only be turned around by systematic modernization to reach a fully data-driven and largely automated Industry 4.0 site.

This is the reason we are transforming the Oberkirch site into a best-in-class location for highly efficient modern, data-driven manufacturing. The goals are to increase competitiveness by continuously reducing the use of resources while improving both process efficiency and manufacturing quality, which is ultimately the path to future growth. To this end, we are relying on big data analytics and machine learning. In taking this approach, we are making the jobs in Oberkirch more future-proof — with a flagship effect on the entire Group. This strategy underscores our clear commitment to Oberkirch as the headquarters of the PWO Group.

There is still plenty of work to be done — especially during the current fiscal year. We must steadily increase our efficiency, especially from a cost perspective, and position ourselves organizationally and geographically in such a way that our core competencies are put to the best possible use. Technological competitiveness is only one prerequisite for future viability. Only when we couple that with a competitive cost base can we secure the long-term future and growth of the entire PWO Group. The Executive Board is particularly committed to achieving this.

After a particularly challenging fiscal year due to the corona pandemic, we would like to take this occasion to thank our employees for their extraordinary commitment and their families.

We would also like to thank you, our shareholders, for the trust you have placed in us. We are convinced that we can seize the opportunities offered to your company by the mobility of the future and expand and strengthen its market position beyond its existing customer base.



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