

# Report by the Supervisory Board of Zumtobel Group AG for the 2021/22 Financial Year

Dear Shareholders,

Signs of economic recovery were visible in 2021, but were curbed by rising inflation, delivery shortages and higher raw material costs. The effects of the Covid-19 pandemic on the economy are still clearly felt two years after the outbreak. We were also witness to an increase in geopolitical tensions, which unfortunately peaked with the start of the war in Ukraine during the first quarter of 2022. In spite of these challenging conditions, 2021/22 was a very successful financial year for our company. Management and our entire workforce again demonstrated their capability for unusual performance in unusual times. The company continued its positive development from the previous year with increase of 9.9% in revenues to EUR 1,148.3 million – and thereby exceeded revenues from the pre-corona year in 2019/20. Group EBIT (EUR 60.8 million) and Group net income (EUR 45.8 million) for the 2021/22 financial year topped both the previous year and pre-corona levels. Communication between the Management Board and the Supervisory Board was characterised by a high degree of openness which made it possible for the Supervisory Board to evaluate business activities at all times and support the Management Board in important decisions.

We performed the duties required by law and the articles of association during the 2021/22 financial year by regularly monitoring the direction of the company and Zumtobel Group AG by the Management Board. The Management Board provided us with comprehensive verbal and written reports on a regular and timely basis, which covered the general development of business and major events as well as the position of Zumtobel Group AG and the Zumtobel Group. During the periods between the scheduled meetings, the Management Board supplied the Supervisory Board with regular reports on important individual subjects. The chairman of the Management Board and the chairwoman of the Supervisory Board also held a number of personal and virtual discussions. These activities allowed the Supervisory Board to meet its obligations in full.

The Supervisory Board of Zumtobel Group AG included the following six shareholder representatives as of 30 April 2022: Karin Zumtobel-Chammah, Georg Pachta-Reyhofen, Volkhard Hofmann, Eva Kienle, Thorsten Staake and Christian Beer. The Supervisory Board, in its current composition, meets the requirements of the Austrian Stock Corporation Act and is not restricted in any way whatsoever in its actions or decision capacity.

## Meetings of the Supervisory Board

The Supervisory Board met five times during the 2021/22 financial year, in four scheduled meetings and one extraordinary session. All members attended all meetings, in part through acoustical and optical participation via communications software.

Key priorities for all meetings of the Supervisory Board in 2021/22 were the ongoing economic effects of the worldwide Covid-19 pandemic, which included supply bottlenecks and the related negative impact on production and price increases, as well as digitalisation and sustainability. In addition to measures to minimise the general risk for the company and identify opportunities, the latest events in Ukraine and their potential impact on the Zumtobel Group were also discussed.

The Supervisory Board meeting on 24 June 2021 included a detailed evaluation of the separate financial statements of Zumtobel Group AG and the related consolidated financial statements. The accompanying documents and the auditor's report were discussed in detail together with the auditor and presented to and

approved by the Supervisory Board. Status reports were provided on the development of business and individual projects, and elections were held for the executive bodies of subsidiaries (Zumtobel Lighting GmbH, Tridonic GmbH). The contract for Thomas Erath, who succeeded Thomas Tschol as managing director of Zumtobel Lighting GmbH and other subsidiaries, was approved and the distribution of business responsibilities was adjusted accordingly. A new committee – the Committee for Digital Affairs – was established to reflect the strategic importance of digitalisation. It includes Thorsten Staake as chairman and Christian Beer as vice-chairman as well as Eva Kienle and Volkhard Hofmann as shareholder representatives and will meet twice each year. Based on a self-evaluation via questionnaire, the Supervisory Board reviewed the efficiency of its work and opportunities for improvement in its organisation and working procedures.

A circular resolution on 29 July 2021 approved the appointment of a fourth member to the Management Board of Zumtobel Group AG in the function of chief digital officer and asked the Committee for Management Board Matters to begin the search for a suitable candidate.

The Supervisory Board meeting on 8 October 2021 approved the extension of Alfred Felder as chief executive officer of the Zumtobel Group AG to 31 July 2025. The agenda for this meeting also covered the report on the first quarter of 2021/22, the Forecast 4+8 with status reports on individual projects, and the development of business in both segments. In addition to the presentation of planned new developments for the indoor product portfolio and lighting management of the future, the issue of sustainability and the company's related strategy were discussed in detail.

The extraordinary Supervisory Board meeting on 3 November 2021 was called to discuss potential acquisition opportunities and to define the next steps together with possible strategic measures in this connection.

A circular resolution on 15 December 2021 approved the conclusion of a new consortium credit agreement. It has a term ending in December 2026 and maximum line which currently equals EUR 125 million.

The agenda for the Supervisory Board meeting on 21 January 2022 covered administrative resolutions as well as an update on financial data from December 2021. The development of business and outlook for the Components Segment and the lighting brands was discussed and the outdoor product portfolio and individual projects were presented.

Based on a circular resolution, Ovidiu-Radu Petreaca was appointed to become the fourth managing director of Zumtobel Lighting GmbH with responsibility as chief sales officer (CSO) for the lighting brands as of 27 January 2022.

The budget for the 2022/23 financial year and medium-term planning for the 2023/24, 2024/25 and 2025/26 financial years were accepted through a circular resolution on 25 March 2022 and at the Supervisory Board meeting on 22 April 2022. A capital increase, changes in executive appointments for the Group, and the main criteria for sustainability reporting were also discussed.

## Audit Committee

The Audit Committee of the Zumtobel Group met four times in 2021/22, in part together with representatives of the auditor. All members were present at all meetings.

The meeting on 24 June 2021 concentrated on the consolidated and separate financial statements for 2020/21. The auditor and the company staff supplied the Audit Committee with detailed information on the consolidated financial statements and separate financial statements of Zumtobel Group AG as well as accounting processes and major accounting principles. Other reports (compliance management and data protection, internal control system, internal audit and current process risks) were discussed and accepted. A recommendation for the appointment of a new auditor for the 2021/22 financial year was approved and passed on to the Supervisory Board.

In the meeting on 29 November 2021, the Audit Committee dealt with the six-month financial statements as of 31 October 2021, whereby the related reports by the auditor and corporate staff were accepted. Consultations centred on the accounting process and the focal points selected for review. The auditor also explained the audit approach and focal points for the audits of the 2021/22 separate and consolidated financial statements and reviewed any non-audit services. Status reports on the internal control system, risk management system, internal audit and compliance management in the Zumtobel Group were also presented and accepted.

In two further meetings during August 2021 and February 2022, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year as well as the updated risk position and the new auditor's extensive findings from the initial audit. The chairwoman of the Audit Committee held regular discussions with the auditor and the Chief Financial Officer to monitor the audit during the pre-audit and main audit phases in May and June 2021.

## Committee for Management Board Matters

The members of the Committee for Management Board Matters held numerous meetings and telephone conferences during the 2021/22 financial year, which involved discussions and follow-up assessments of key topics. The most important issues handled during the reporting year included the following: the revision of the remuneration policy for the Management Board of Zumtobel Group AG, the extension of Alfred Felder's appointment as Chief Executive Officer of Zumtobel Group AG to 31 July 2025, and the search for a suitable candidate for the position of Chief Digital Officer as a fourth member of the Management Board of Zumtobel Group AG.

The Committee for Management Board Matters also served as a sounding board for the Management Board on a wide range of issues.

## Committee for Digital Affairs

The first meeting of the newly created Committee for Digital Affairs was held on 29 November 2021. The most important topics discussed included the role and objectives of the newly created position of Chief Digital Officer at the level of the Executive Board and the status of the recruitment process as well as the digital transformation programme already launched by Zumtobel Group AG. The committee dealt in detail with digitisation projects in the areas of sales and production, as well as initiatives to develop digital tools that will enable Zumtobel customers to integrate products more easily and quickly. The committee members and the management paid particular attention to the targets of customer orientation, efficiency and agility as well as the alignment of corporate and digital strategy.

### Strategy Committee

In two meetings, the members of the Strategy Committee dealt with a wide range of key strategic and cultural issues involving the Zumtobel Group. The most important issues accompanied by the Strategy Committee in 2021/22 included the evaluation of options for the growth strategy "Tridonic 2025" and the discussion of new business models as growth drivers, cooperation and growth opportunities in the Lighting Segment, and the re-positioning of sales in the country cluster. The strategy underlying the Global Production Footprint 2025 was broken down into three key factors: climate neutrality for the Zumtobel Group by 2025, cost-efficient production close to the customer, and high flexibility as added value for the customer. The THORN brand will also be upgraded and strengthened.

Communications between the members of the Strategy Committee and management also covered strategic goals and core issues.

Additional information is provided in the Group management report.

### Consolidated and Separate Financial Statements

The separate financial statements and the management report as well as the consolidated financial statements and the group management report of Zumtobel Group AG for the 2021/22 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna, and given unqualified opinions. After an extensive review and discussion of the separate financial statements of Zumtobel Group AG with the auditor at meetings of the Audit Committee and the Supervisory Board, which provided no grounds for reservation, the Supervisory Board stated its agreement with the management reports for the company and the Group pursuant to § 96 (1) of the Austrian Stock Corporation Act and approved the separate financial statements of Zumtobel Group AG. These financial statements are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act. The Supervisory Board also approved the consolidated financial statements as well as the consolidated corporate governance report which was reviewed by the Audit Committee.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their strong personal commitment during the past financial year.

We would also like to thank the shareholders of Zumtobel Group AG for their confidence.

For the Supervisory Board

Karin Zumtobel-Chammah  
Chairwoman of the Supervisory Board

Dornbirn, 29 June 2022