

Report by the Supervisory Board of Zumtobel Group AG for the 2022/23 Financial Year

Dear Shareholders,

Our 2022/23 financial year was negatively influenced by the war in Ukraine and the resulting ongoing energy crisis as well as the sharp rise in inflation and increase in interest rates. A gradual stabilisation in the global economy was, however, visible after the slump caused by the Covid-19 pandemic and the Ukraine war. The difficult situation on global supply chains improved and the war-related distortions on energy and food markets subsided. These developments were accompanied by a parallel tightening of monetary policy by most central banks to force the rising inflation down towards the targeted levels – a strategy that was successful, but not as fast as originally expected. Despite the challenging environment, 2022/23 was a very successful year for our company. Management and the entire workforce again demonstrated their capability for unusual performance in unusual times. The company continued its positive development from the previous year with an increase of 5.3% in revenues to EUR 1,209.2 million. Group EBIT rose to EUR 84.3 million – which represents the best operating results in 14 years – and net profit of EUR 60.0 million clearly exceeded the previous year. 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 2022/23 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. In addition, the Management Board supplied the Supervisory Board with regular reports on important issues during the periods between the scheduled meetings. The chairman of the Management Board and the chairwoman of the Supervisory Board also held numerous 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 2023: 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 2022/23 financial year, in four scheduled meetings and one constituent meeting. All members attended all meetings, in part through acoustical and optical participation via communications software.

Key priorities for the meetings of the Supervisory Board in 2022/23 were the ongoing economic effects of the war in Ukraine with the resulting supply shortages and production disruptions as well as energy policies, the high inflation rates and related price increases. Other topics involved the evaluation of strategic measures to minimise risk and utilise opportunities as well as digitalisation, the Zumtobel Group's human resources strategy, sustainability and the related goals.

Marcus Frantz was appointed to the Management Board of Zumtobel Group AG as of 1 November 2022 as the fourth member and Chief Digital Transformation Officer (CDTO) through a circular resolution on 9 June 2022. His term of office extends to 31 July 2025. In this connection, the distribution of responsibilities among the Management Board of Zumtobel Group AG was amended and approved.

In the Supervisory Board meeting on 29 June 2022, the separate financial statements of Zumtobel Group AG and the related consolidated financial statements were discussed in detail. 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. A new remuneration policy for the Management Board of Zumtobel Group AG was prepared by the Supervisory Board and presented to the Annual General Meeting for voting. Status reports were provided on strategic issues and the development of business as well as the availability of materials and delivery capability in the Components and Lighting Segments. 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.

The re-election of Volkhard Hofmann and Christian Beer to the Supervisory Board by the 46th Annual General Meeting of Zumtobel Group AG was followed by a constituent meeting on 29 July 2022. At this constituent meeting, Karin Zumtobel-Chammah was re-elected as chairwoman and Georg Pachta-Reyhofen as Vice-Chairman of the Supervisory Board.

Discussions at the Supervisory Board meeting on 11 October 2022 focused on the management report for the first quarter and key indicators for September 2022 as well as status reports on individual products and the development of business in both segments. In addition to issues related to the strategic orientation of a subsidiary, a capital increase for the Group was approved.

The agenda for the Supervisory Board meeting on 26 January 2023 included an update to the financial data from December 2022 and a budget simulation for the 2023/24 financial year as well as the Zumtobel Group's personnel strategy and its future development. The business trends and outlook for both segments were discussed in detail and further procedures for M&A activities were evaluated. Marcus Frantz was appointed as an additional managing director of Zumtobel Lighting GmbH and also elected to the supervisory board of Tridonic GmbH.

At the Supervisory Board meeting on 28 April 2023, the budget for the 2023/24 financial year was approved and medium-term planning for the 2024/25 and 2026/27 years was accepted. Capital increases for selected subsidiaries and an adjustment of the GRS bonus system and STI/LTI goals were also approved.

Audit Committee

The Audit Committee of the Zumtobel Group met four times in 2022/23, in part together with representatives of the auditor. One member was excused from one meeting, and all members were present at the other meetings, partly through acoustical and optical participation via communications software.

The meeting on 20 June 2022 concentrated on the consolidated and separate financial statements for 2021/22. 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, risk management and the internal control system) were discussed and accepted.

The Audit Committee also approved a recommendation for the appointment of an auditor for the coming financial year and passed this recommendation on to the Supervisory Board.

In the meeting on 29 November 2022, the Audit Committee dealt with the six-month financial statements as of 31 October 2022, 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 2022/23 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 2022 and at the beginning of March 2023, the Audit Committee and the Management Board discussed results for the first and third quarters of the financial year and took a preliminary decision concerning the responsibilities of the Audit Committee in connection with sustainability reporting. 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 2022.

Committee for Management Board Matters

The members of the Committee for Management Board Matters held four meetings in 2022/23. Key issues for the reporting year were the feedback discussions with the members of the Management Board and the confirmation of target attainment for the variable, short-term and long-term components of Management Board remuneration as well as the preparation of the remuneration report for the 2021/22 financial year which was presented to the Annual General Meeting on 29 July 2022. Another focal point was the definition of criteria for the attainment of ESG goals for the Management Board. 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 Committee for Digital Affairs, which was established during the previous financial year, held two meetings in 2022/23. The meeting on 20 June 2022 dealt with the progress on various projects and several roll outs in the digital transformation programme, above all the digital customer interface for both the Lighting and Components Segments and major operational IT conversions at the plant in Dornbirn. The agenda for the meeting on 29 November 2022 covered the Zumtobel Group's cyber resilience security and status updates on individual digitalisation projects. The focal points for digitalisation in 2023/24 were also discussed.

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 this committee in 2022/23 were the short-term and medium-term growth drivers for the further development of an effective global sales organisation for the lighting brands and an increased market presence in the outdoor lighting segment. Other important issues were the countermeasures implemented to effectively offset the sharp rise in input factors for materials, wages and transport and, in this connection, the presentation of a simulated crisis budget and the budget for 2023/24. In addition to cooperation and growth initiatives and new business models for the Components and Lighting Segments, the planned production network and planned development of distribution logistics in the Lighting Segment in Europe during 2025/26 were discussed from the viewpoint of the Zumtobel Group's global footprint. The global R&D setup together with the latest developments and trends was presented, sustainability reporting was extensively discussed, and the basis for the Zumtobel Group's strategy process in 2030 was prepared and presented.

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 2022/23 financial year, which were prepared by the Management Board, were audited by PwC Wirtschaftsprüfung GmbH, Vienna. The audit indicated that the bookkeeping, 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 2022/23 financial year complied with legal requirements and the provisions of the articles of association. The results of the audit provided no grounds for objections, and the auditor therefore issued an unqualified opinion for the 2022/23 financial year.

The separate financial statements and the consolidated financial statements, the auditor's reports and the Management Board's recommendation for the use of profit as well as the consolidated corporate governance report and the consolidated non-financial report were discussed in detail by the Audit Committee together with the auditor during the meeting on 28 June 2023 and passed on to the Supervisory Board with a recommendation for approval. The Supervisory Board reviewed these documents pursuant to § 96 (1) of the Austrian Stock Corporation Act and agreed with the auditor's findings. Based on the previous evaluation by the Audit Committee and detailed discussion and examination of the consolidated financial statements, the management report, the consolidated corporate governance report and the consolidated non-financial report, the Supervisory Board stated its agreement and approved the separate financial statements and the consolidated financial statements of Zumtobel Group AG for the 2022/23 financial year. The separate financial statements of Zumtobel Group AG for the 2022/23 financial year are therefore considered finalised in accordance with § 96 (4) of the Austrian Stock Corporation Act.

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, Zumtobel Group AG arranges for an external evaluation of its compliance with the provisions of the code on a regular basis, i.e. at least every three years. The evaluation for the 2022/23 financial year was carried out by the Group's auditor, PwC Wirtschaftsprüfung GmbH, Vienna, and provided no grounds for objections concerning the public declarations

of compliance with the Austrian Code of Corporate Governance. Compliance with C-Rules 77 to 83 was evaluated and confirmed by Schönherr Rechtsanwälte GmbH, Vienna.

The Supervisory Board supports the recommendation by the Management Board to the Annual General Meeting to distribute a dividend of EUR 0.40 per share from the balance sheet profit recorded by Zumtobel Group AG and to carry forward the remaining amount.

The Supervisory Board would like to thank the Management Board and the employees of Zumtobel Group AG and its member companies for their commitment and outstanding performance – in the face of wide-ranging challenges – during the 2022/23 financial year.

We would also like to extend our particular thanks to the customers, partners and shareholders of Zumtobel Group AG for their continued confidence in these challenging times.

For the Supervisory Board

Karin Zumtobel-Chammah
Chairwoman of the Supervisory Board

Dornbirn, 28 June 2023