

# **ZUMTOBEL Group**

## **Report of the Management Board of Zumtobel Group AG**

on agenda item 10 a) - c) of the 47<sup>th</sup> General Meeting  
on Friday, 28 July 2023

The Management Board and the Supervisory Board of Zumtobel Group AG recommend the approval of the following resolutions to this point of the agenda by the General Meeting:

*“Pursuant to § 65 (1) no. 8, (1a) and (1b) of the Austrian Stock Corporation Act (AktG), the Management Board shall be authorised, with the approval of the Supervisory Board, to repurchase own shares of Zumtobel Group AG for a period of 30 months from the date of this resolution at a lowest price of 30% below the unweighted average closing price of the last 20 trading days prior to the start of the repurchase programme and at a highest price of 30% above the unweighted average closing price of the last 20 trading days prior to the start of the repurchase programme per share without any further resolution by the General Meeting, whereby the number of repurchased shares may not exceed 10% of the share capital of Zumtobel Group AG. The acquisition may be made on or off the stock exchange or by way of a public offer at the discretion of the Management Board. Acquisition shall also be permitted from individual shareholders or a single shareholder. In the event of an off-market acquisition, any such acquisition may also be carried out under exclusion of the shareholders’ right of sale on a quota basis (reverse exclusion of subscription rights).*

*Trading in own shares is excluded as a purpose of the acquisition. The Management Board may exercise this authorisation within the legal requirements, in particular regarding the maximum permissible number of own shares, in whole or in part, individually or jointly, once or several times, provided that the proportion of the share capital associated with the shares held by the Company based on this authorisation or otherwise does not exceed 10% of the share capital at any time.*

*The Management Board is hereby authorised for a period of five years from the date of the resolution pursuant to § 65 (1b) of the Austrian Stock Corporation Act (AktG), with the consent of the Supervisory Board and without a new resolution of the General Meeting, to decide on a legally permissible method of sale for the sale or use of own shares other than via the stock exchange or by means of a public offer, with analogous application of the regulations on the exclusion of subscription rights of the shareholders, and to determine the terms and conditions of sale. These authorisations shall include the sale or use of own shares in a legally permissible manner of sale other than via the stock exchange or a public offering, in particular an off-market sale (with partial or full exclusion of shareholders’ re-purchase rights), e.g. in the form of an accelerated private placement, or as a non-cash transaction currency for the acquisition of companies, shares or various other assets.*

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*The authorisation may be exercised in whole or in part or in several instalments and in pursuit of one or more purposes by the Company, by a subsidiary (§ 228 (3) of the Austrian Commercial Code (UGB)) or by third parties for the Company's account.*

*Pursuant to § 65 (1) no. 8 last sentence of the Austrian Stock Corporation Act (AktG), the Management Board is hereby authorised, with the consent of the Supervisory Board, to reduce the share capital by redeeming acquired own shares without any further resolution of the General Meeting.*

*The Supervisory Board is hereby authorised to adopt amendments to the articles of association resulting from the redemption of shares.”*

### **On the acquisition of own shares and the exclusion of (reverse) subscription rights**

The intention at the upcoming 47<sup>th</sup> General Meeting is for the Management Board of Zumtobel Group AG to be authorised to repurchase the Company's own shares without a specified purpose and excluding trading in own shares in accordance with § 65 (1) no. 8 of the Austrian Stock Corporation Act (AktG), whereby the volume of repurchased shares may not exceed 10% of the share capital of Zumtobel Group AG.

Specifically, the Management Board requests authorisation to repurchase own shares at the lowest price to be paid at the time of repurchase of 30% below the unweighted average closing price of the last 20 trading days prior to the start of the respective repurchase programme and at the highest price to be paid at the time of repurchase of 30% above the unweighted average closing price of the last 20 trading days prior to the start of the respective repurchase programme per share.

The authorisation should be valid for a period of 30 months from the date of the resolution. Furthermore, the acquisition of own shares will require the approval of the Supervisory Board.

The resolution of the General Meeting should also include an authorisation to acquire shares off market and to exclude the shareholders' right to purchase on a quota basis.

The exclusion of the shareholders' right to purchase (exclusion of the reverse subscription right) is in the Company's interest and is justified for the following objective reasons:

By excluding this right to purchase, Zumtobel Group AG can take advantage of any market opportunities quickly and without time-consuming and costly processing of the shareholders' right to purchase. The Management Board needs to be able to act with the maximum amount of flexibility possible with the approval of the Supervisory Board. Acquisition solely from individual shareholders or a single shareholder may also be permissible in this context, provided that this is in the Company's interest and can be justified on objective grounds. This is the case, for instance, if it can be assumed based on the available time frame and taking into account general and specific market and share price developments, that own shares

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cannot be acquired by the Company via the stock exchange or by means of a public offer within the required time or at an appropriate price.

Furthermore, the acquisition of own share packages shall be in the Company's interest if this could stabilise the Company's shareholder structure, particularly with regard to strategic investors. The reverse exclusion of subscription rights is therefore justified on objective grounds, particularly with respect to the flexibility required.

### **On the sale and redemption of own shares and the exclusion of subscription rights**

The Management Board reports that the exclusion of subscription rights for the sale of own shares by Zumtobel Group AG is in the Company's interest and is justified for the following objective reasons.

The off-market sale may expand or stabilise the Company's shareholder structure. This could be useful with respect to strategic considerations, particularly if the off-market sale is intended to attract one or more strategic investors as new shareholders in the Company.

In general, the exclusion of subscription rights will enable a rapid and flexible placement of own shares, which will allow the Company to take advantage of market opportunities more effectively as they arise, particularly with regard to the price level of the shares. The exclusive sale of own shares via the stock exchange or by means of a public offer would be incompatible with raising funds to cover the Company's funding requirements in particular if the own shares cannot be placed in the required time or at (market) appropriate (average) prices for the shares due to the usual trading volumes on the stock exchange.

Based on the fact that owners of attractive targets for acquisition increasingly demand shares in the Company as part of the consideration for the transfer of shareholdings, the Company needs to issue shares in the Company to owners of attractive targets for acquisition quickly and flexibly, meaning that own shares in the Company can thereby be used as a "transaction currency" for such acquisitions.

Furthermore, a more favourable purchase price can be achieved in most cases by granting own shares and the transaction can be accelerated as there is no need for a complex and time-consuming capital increase. A rapid and flexible process is essential for the Company to be able to take advantage of market opportunities and make attractive acquisitions. This also ensures competitiveness.

The exclusion of subscription rights is furthermore appropriate and justified on objective grounds if own shares are to be issued to employees, executives and members of the Management Board of the Company or of an affiliated company within the scope of the remuneration policy in order to create incentives for sustainable value creation and in order to achieve essential corporate objectives in line with the interests of the owners, from which each individual shareholder ultimately benefits in addition to the Company.

It should be noted that the Management Board is bound to the prior approval of the Supervisory Board when determining the terms and conditions of the sale and the process for

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implementing the repurchase of own shares, as well as in the event of any subsequent sale of own shares – irrespective of whether this takes place on the stock exchange or off market – which is precisely why the interests of both the Company and shareholders are safeguarded.

The Management Board will comply with all statutory disclosure requirements in relation to the repurchase and sale. Furthermore, it should be noted that the sale of own shares does not result in the creation of a significant interest in the Company or in a significant dilution of the shareholders excluded from subscription due to the legal restrictions of a maximum of 10% on the acquisition of own shares.

The Management Board declares that it will only use the authorisation to sell treasury shares in a manner other than on the stock exchange or through a public offer, excluding shareholders' repurchase rights (subscription rights), and to determine the terms and conditions of the sale if the conditions described above and all legal requirements are met and it considers the exercise of the authorisation to be useful and in the interest of Zumtobel Group AG.

For the reasons and purposes stated above, the authorisation of the Management Board to sell the treasury shares of Zumtobel Group AG in a manner other than via the stock exchange or a public offering and excluding the shareholders' repurchase rights on a quota basis (exclusion of subscription rights) is appropriate and necessary in the interest of the Company. A balancing of the interest of Zumtobel Group AG in the use or realisation of own shares and/or financing of the Company on the one hand and the interests of existing shareholders in maintaining their quota-based shareholding on the other hand leads to the conclusion that the authorisation to sell own shares while excluding shareholders' repurchase rights is not disproportionate.

In summary, having considered all of the above circumstances, the Management Board has determined that the granting of authorisation to the Management Board of the Company to acquire own shares on the stock exchange, through a public offer or in any other legally permissible and purposeful manner, or to sell own shares acquired in accordance with § 65 (1) no. 8 and (1a) and (1b) of the Austrian Stock Corporation Act (AktG), with the approval of the Supervisory Board, in a manner other than via the stock exchange or through a public offer, including with general subscription rights excluded, is necessary, suitable, appropriate, in the interest of Zumtobel Group AG and its shareholders and therefore justified on objective grounds.

Dornbirn, June 2023

The Management Board