

1.2 SUPERVISORY BOARD REPORT



Dr. Gerald Hommel, Chairman of the supervisory board

Dear shareholders,

The Supervisory Board held eight meetings in the 2022 financial year. The Supervisory Board's main task is to consult with and supervise the Management Board. The subject of our regular consultations in the plenary sessions was, among other matters, the financial position and performance as well as the organizational structure of va-Q-tec AG. In addition, the Supervisory Board played an intensive role in driving forward va-Q-tec's strategic and structural development, which formed a strong foundation for the outstanding performance achieved by the company's employees in the past financial year. The Russia-Ukraine war is leading to considerable macroeconomic distortions. Further topics of our activities in the reporting period included, in particular, a critical evaluation of the strategy and of business area development, the international orientation of va-Q-tec AG, overseeing the continued growth during the reporting period as well as corporate finance and liquidity. One focus of the consultations was also on supporting the structured process that the Management Board had launched with regard to the potential involvement of a private equity investor. In general, an important focus here was on opportunities and risks.

The Annual General Meeting was held on 2 June 2022. After two virtual formats due to the pandemic, the event was again held in the physical presence of the shareholders and their representatives. At over 60 % of the share capital, attendance was again high. All agenda items were approved by large majorities in excess of 85 %. From the Vogel Convention Center in Würzburg, the Management Board reported in detail on the performance of va-Q-tec AG in the 2021 financial year, for which the actions of the Management and Supervisory boards were approved by a clear majority. In a lively discussion, the Management and Supervisory boards responded to the questions and comments of the shareholders and their representatives. We would like to thank all shareholders for their active participation.

In the year under review, the Supervisory Board of va-Q-tec AG performed all of the duties incumbent upon it under the law, the bylaws and the rules of procedure with the requisite care and diligence, and in doing so was guided by the German Corporate Governance Code ("DCGK"). We advised and supervised the Management Board in its management of the company. The Management Board involved us

directly, at an early stage and comprehensively, in all fundamental decisions. It provided us with regular, timely and comprehensive information through written and oral reports both within and outside the context of meetings. In this connection, we were informed about all relevant aspects of business planning, including financial, investment and personnel planning, as well as the company's financial position and profitability. We – or the relevant Supervisory Board committees – thoroughly examined and discussed the Management Board's proposed resolutions. In addition, the Supervisory Board was in regular contact with the Management Board and was kept directly informed about the current business trends, especially with regard to the challenges relating to the potential investment by a private equity investor, as well as major business transactions. In particular, due to the current performance of va-Q-tec AG during the pandemic, in addition to the regular meetings a total of three telephone conferences were held with the participation of the Management Board and the entire Supervisory Board; furthermore, regular internal consultations took place within the Supervisory Board.

va-Q-tec AG has created a strong basis for the further development of the company, as presented in this annual report. The Supervisory Board conducted a critical evaluation of business transactions central to the company's development, and contributed corresponding suggestions and ideas for discussion with the Management Board. Measures and transactions requiring approval were consulted about and suitably decided upon between the Management and Supervisory boards.

Personnel changes in the Supervisory and Management boards

No personnel changes occurred in the composition of the Supervisory Board during the reporting period.

Similarly, no personnel changes occurred on the Management Board in the reporting period. Dr. Joachim Kuhn is Chair of the Management Board (CEO). Mr. Stefan Döhmen continues to serve as the company's Chief Financial Officer (CFO).

The Supervisory Board extended the contract with CFO Stefan Döhmen, which expired at the end of 2022, by a further three years in the summer of 2022. The extension is in recognition of the Chief Financial Officer's performance. It is a sign that va-Q-tec AG

relies on continuity for the implementation of its planned future projects.

Training and development of the Supervisory Board

In the 2022 financial year, the Supervisory Board fulfilled its training and development obligations responsibly, appropriately and in a variety of ways. The members of the Supervisory Board are responsible for the training and development measures required for their tasks, such as relating to corporate governance issues and changes to the legislative framework (e.g. due to the German Act Implementing the Second Shareholders' Rights Directive [ARUG II], the German Corporate Governance Code [DCGK], and the German Financial Market Integrity Strengthening Act [FISG]), and are supported in this by the company.

In addition, the Supervisory Board was informed at an early stage about new products developed inhouse by the managers concerned, so that all members of the Supervisory Board were always well informed about current issues affecting the company. In addition, the individual members of the Supervisory Board continued the further training for which they themselves are responsible by way of studying relevant professional journals and literature as well as by participation in training measures offered outside the company.

Meetings of the Supervisory Board and its committees

As part of its regular consultations, the Supervisory Board concerned itself with the operative and strategic position of va-Q-tec AG, with written and verbal reports by the Management Board providing it with extensive information about business and financial developments. The Supervisory Board held a total of eight plenary meetings. In accordance with the suggestions of the DCGK, telephone and video conferences should not be the rule. At va-Q-tec AG, personal attendance at meetings is the general case. All meetings of the full Supervisory Board and of the committees were held in person, with the possibility of participation in virtual form. The possibility of participation in virtual form was only used in a few individual cases.

The central part of the **first meeting on 25 March 2022** was the presentation, discussion and approval of the separate annual financial statements, the management report and the notes to both the

separate and consolidated financial statements of va-Q-tec AG for the 2021 financial year. At the meeting, the auditors reported on the results of the audit in summarized form. After extensive discussion, the Supervisory Board passed a unanimous resolution, on the recommendation of its Audit Committee, to approve and adopt the 2021 separate annual financial statements of va-Q-tec AG and to approve the 2021 consolidated financial statements, including the management reports. Further topics included the statement of conformity with the German Corporate Governance Code, preparations for the Annual General Meeting, and the company's current business performance and financing. In addition, the Supervisory Board was informed about plans to establish two subsidiaries, in Austria and France. Potential adjustments to the corporate structures of va-Q-tec AG as well as risk management and the Power20+ program were also topics of the meeting.

The **second meeting on 26 April 2022** focused on a discussion of current business trends and the Group's liquidity on the basis of the figures for the first quarter of 2022. In this context, the Group's financing position was also discussed, particularly with regard to the planned investments. As planned, the investment budget was down significantly from the previous year's very high level. Nevertheless, a growth company such as va-Q-tec has a regular need for substantial investment financing to support or enable growth. In this context, various strategic financing options within the Group were also outlined and the Management Board was mandated to consider and examine such options.

Further topics of the meeting related to important business transactions and personnel changes in the management of the two subsidiaries in Uruguay, the USA and Singapore. The Supervisory Board also discussed risk management. The Management and Supervisory boards discussed the consequences and implications of the war in Ukraine for the Group. It was noted that the continued sharp increases in freight, logistics and energy prices were negatively affecting profitability. In this context, the Management Board also noted the potential consequences for the company of a further gas supply freeze and presented risk minimization measures. Finally, the Supervisory Board discussed the preparations of the Management Board for the Annual General Meeting of va-Q-tec AG. After two virtual formats due to the pandemic, this is to take place a physically attended meeting again.

The **third meeting on 2 June 2022, following the Annual General Meeting**, concentrated on a detailed discussion of revenue and earnings trends. The focus was particularly on cost management and the clear division between fixed and variable costs. It was noted that due to the sharp rise in energy, freight and logistics costs and the expected intensive wage negotiations, tight cost management remained essential for a competitive product offering and adequate financing options. The financing situation and possible options for strategic further development as well as a public to private concept were further topics at this meeting.

At the **fourth meeting on 28 June 2022**, the focus was again on current business trends and cost management. While it was noted that the Group's revenues were clearly up on the previous year, costs were also rising considerably. In addition, Covid-led demand was weakening markedly. Furthermore, the new subsidiaries in Brazil, India and China were incurring start-up losses, while the planned revenues could not yet be realized to the extent planned. Across the Group, the Management Board identified potential optimizations in the areas of production, supply chain, sales, recruitment and financing (not least working capital) on the basis of a breakdown of total costs into fixed and variable components. It was noted that the management is endeavoring to continuously leverage this potential according to urgency and importance.

Further topics discussed at the meeting included financing and personnel strategy. The new head of personnel reported on his many measures and new initiatives in the personnel management area. In particular, the personnel department is to operate on the basis of international standards to an even greater extent in the future. From the management's perspective, the recruitment of, in particular, skilled workers as well as industrial workers for standard activities in production represents an ever greater challenge. It was noted that, to this extent, it is imperative that va-Q-tec be perceived as an attractive competitor in the "war for talents".

The **main topic of the fifth meeting on 30 August 2022** was the Management Board's deliberations regarding a "public-to-private" process ("p2p"), bearing in mind the need to resolve financing issues and the interest shown by private equity investors. The Management Board explained that it had

appointed an advisor due to growing interest from private equity investors and in the context of the search for strategic options for the long-term financing of va-Q-tec's growth ambitions. This advisor is to direct and oversee the further related process. The p2p process appeared attractive to all stakeholders in the case of private equity offers that are credible in terms of valuation and strategy, and should be further examined or pursued. The opinion was voiced that va-Q-tec should be an active and equal partner in such a process. Further topics related to risk management and compliance as well as specific, important current business transactions.

The **focus of the sixth meeting on 22 September 2022** was again on deliberations regarding a "public-to-private" ("p2p") process. To this end, the Management Board had now initiated a structured process and had engaged an investment bank as advisor. Also at this meeting, Group business trends up until the end of August were analyzed and discussed in-depth. Overall, the Group was above the previous year's level as of the end of August, although also below the original budget. The main reason for this development is the current lack of revenues from coronavirus vaccine shipments, although a significant recovery is expected in the fourth quarter. In addition to financing issues, further topics discussed at this meeting included plans to establish a subsidiary in France, the equity capitalization of the subsidiary in China, and the status of various patent disputes where va-Q-tec is a party.

At the seventh meeting on 15 November 2022, the Management and Supervisory boards discussed current progress in relation to the possibility of a private equity investor investing in the company, in particular with regard to the due diligence process that was underway. The legal and project consultants who had been engaged then presented the state of affairs to date. Further topics discussed at this meeting included current business trends. From the perspective of the Management Board and the sales and marketing function, the revenue target for the year that had been announced was still achievable at the lower end of the range. As far as EBITDA was concerned, the lower end of the range appeared achievable provided that November and December were to prove as dynamic as expected. The statements about the annual targets were also communicated to the capital market as part of the nine-month release. The topic of the meeting was also the current planning

status for 2023. To this end, the sales managers of the two areas Thermal Energy Efficiency and TempChain reported on current targets and gave an outlook for the following financial year. Financing was a topic at the meeting, with a particular focus on the situation in relation to the equity ratio.

The **last meeting** of the plenary Supervisory Board in the 2022 financial year was held **on 16 December 2022**. The main topic was the conclusion of a merger agreement – which had been announced shortly before this meeting – with Fahrenheit AcquiCo GmbH ("Bidder") and its sole shareholder, each controlled by the EQT X Fund, to support long-term growth by way of a strategic partnership. The final Business Combination Agreement was signed on 13 December. In addition, on 13 December, EQT Private Equity and va-Q-tec announced the voluntary public takeover offer, which the Management and Supervisory boards also welcomed as stated in the press release. va-Q-tec employees were informed about the project during staff meetings at the locations in Würzburg and Köllede as well as a virtual "town hall meeting" for international colleagues. The meeting also dealt with the company's planning for 2023. Further topics included current business trends and financing. Furthermore, the preliminary budget planning for 2023 was addressed, as well as the medium-term planning, which was approved in January 2023 after further detailing.

Work in the Supervisory Board committees

At present, the Supervisory Board has set up three committees in order to perform its duties efficiently. Specifically, these are the General, Audit and Nomination committees. These prepare resolutions and issues to be dealt with by the full Supervisory Board. To the extent permitted by law, the Supervisory Board's decision-making powers have been devolved to committees. The committees' chairs report to the Supervisory Board on the work of the committees at the following full Supervisory Board meeting.

In addition to three meetings of the plenary General Committee and four meetings of the Audit Committee, various other votes were held in the General and Audit Committees concerning the company's further development. One meeting of the General Committee and all meetings of the Audit Committee were held in person, while the other votes in the committees were held virtually. The Nomination Committee did not meet in 2022.

The following table shows the individual attendance of the individual members of the Supervisory Board

at the meetings of both the full Supervisory Board and its Audit Committee:

Individualized disclosure of Supervisory Board members' attendance at meetings

(Number of meetings/ participation in %)	Supervisory Board plenum		Audit Committee		General Committee		Nomination Committee	
	Number	in %	Number	in %	Number	in %	Number	in %
Dr. Gerald Hommel Chair	8/8	100 %	4/4	100 %	3/3	100 %	–	–
Dr. Barbara Ooms–Gnauck Deputy Chair	8/8	100 %	–	–	3/3	100 %	–	–
Uwe Andreas Krämer	7/8	87,5 %	–	–	–	–	–	–
Winfried Klar	8/8	100 %	4/4	100 %	–	–	–	–
Dr. Eberhard Kroth	8/8	100 %	–	–	3/3	100 %	–	–
Dr. Burkhard Wichert	8/8	100 %	4/4	100 %	–	–	–	–

No conflicts of interest arose within the Supervisory Board during the reporting period.

Audit of the separate and consolidated financial statements

The consolidated financial statements of va-Q-tec AG were prepared on the basis of the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the requirements of Section 315e (1) of the German Commercial Code (HGB). The auditors elected by the AGM, Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, NL Berlin, audited the separate financial statements of va-Q-tec AG as well as the consolidated financial statements, both for the financial year ending 31 December 2022, together with the respective management reports for va-Q-tec AG and the va-Q-tec Group, including the financial accounts, and in each case awarded them unqualified audit certificates on 21 April 2023. The auditors also assured themselves that the Management Board has established an internal control and risk early identification system appropriate in its implementation and design to provide early warning of developments jeopardizing the company as a going concern.

At the Audit Committee meeting on 21 April 2023 and at the Supervisory Board meeting on 21 April 2023, the Supervisory Board discussed with the auditors and examined in depth the financial statements for va-Q-tec AG and for the va-Q-tec Group, the

Management Board's proposal for the application of the unappropriated net result, as well as the reports prepared by the auditor. The auditor participated in the consultations on the financial statements at this Supervisory Board meeting and informed the Supervisory Board of its audit findings and its findings concerning the internal control and risk early identification system.

The Supervisory Board follows the recommendation of the Audit Committee and approves the separate annual financial statements and the consolidated financial statements together with the combined management report of va-Q-tec AG for the 2022 financial year. The separate financial statements of va-Q-tec AG have been adopted as a consequence. The Supervisory Board also concurs with the Management Board's proposal concerning the application of the unappropriated net result.

Thanks and outlook

The Supervisory Board remains convinced of the potential for success of va-Q-tec AG, and appreciates the trusting and open cooperation it enjoys with the Management Board. On behalf of the Supervisory Board, I would like to thank all employees of va-Q-tec AG for their exceptionally committed efforts in a particularly significant year for va-Q-tec, which was characterized by the preparation of

important strategic issues. We would like to thank you, our shareholders, for your confidence and trust in the company, the management and our work.



Dr. Gerald Hommel
Chairman of the Supervisory Board of va-Q-tec AG