



REPORT OF THE SUPERVISORY BOARD

Fiscal year 2021

Report of the Supervisory Board



Dear Shareholders,
I would like to take this opportunity to inform you of the Supervisory Board's work over the past financial year.

Cooperation Between the Board of Management and the Supervisory Board

In the reporting year, the Supervisory Board diligently fulfilled its duties under applicable law and the company's Articles of Incorporation. The Supervisory Board continually advised the Board of Management, supervised its management of the company, and ensured that all actions taken were legal and proper and served their intended purpose. The Board of Management fulfilled its informational duties at all times and regularly, promptly, and comprehensively informed the Supervisory Board, both in writing and orally, of all issues relating to strategy, planning, business performance, risk exposure, risk management, and compliance that were of material importance to the company and the INDUS Group. This included information about any divergence between the actual performance of the INDUS Group and previously reported goals and of the actual course of business from the originally communicated planning as well as information relating to significant other events.

The members of the Supervisory Board always had sufficient opportunity to critically review, in their plenary sessions and committees, the reports and proposed resolutions presented by the Board of Management, and to introduce suggestions of their own. This kept them informed of current business performance and asset development at all times. Matters to which the Supervisory Board devoted its attention included, in addition to corporate, financial, and investment planning, the company's risk exposure and risk management. Where necessary due to the law, the Articles of Incorporation, or the rules of procedure, the Supervisory Board provided approval on a case-by-case basis for business transactions requiring approval. Between board meetings, the Supervisory Board Chair also engaged in an intensive exchange of information and ideas with the Board of Management and was kept regularly informed of significant company developments as they happened. The Chair of the Audit Committee conferred bilaterally with the Chief Financial Officer and the Supervisory Board Chair on specific subjects. The Supervisory Board as the supervisory body was always included in all fundamental decisions.

Composition of the Supervisory Board

There have been no changes in the composition of the Supervisory Board compared with the previous year. Details of the composition of the Supervisory Board and its committees can be found in the Annual Report in the “Management Bodies” section and on the INDUS website.

 [See p. 6 et seq. and p. 152 et seq. as well as \[www.indus.de/en/about-indus/supervisory-board\]\(http://www.indus.de/en/about-indus/supervisory-board\)](#)

Meeting Frequency and Attendance

The Supervisory Board held six ordinary meetings and one extraordinary meeting in 2021. One resolution was also taken by circulation of documents. In view of the COVID-19 pandemic, the first three ordinary meetings of the year were held as video conferences. The fourth, fifth and sixth ordinary Supervisory Board meetings were held as physical meetings, with the option for individual members of attending by video link. Because the matter was urgent, the Supervisory Board passed a resolution on using Authorized Capital 2019 in an extraordinary meeting held by conference call. An ad hoc committee was formed to take the other resolutions required for the capital increase. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a video conference on February 10. The Board of Management attended all Supervisory Board meetings except for the aforementioned video conference for shareholder representatives, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from the excused absence of one member at the Supervisory Board meeting on May 25, 2021 and of one member at the Personnel Committee meeting and the Supervisory Board meeting on October 19, 2021, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees. All the shareholder representatives apart from one took part in the meeting of the shareholder representatives on the Supervisory Board.

Conflicts of Interest

There were no indications that members of the Supervisory Board or Board of Management had conflicts of interest, which must be promptly disclosed to the Supervisory Board and of which the Annual Shareholders' Meeting is to be informed.

SUPERVISORY BOARD MEETINGS IN FINANCIAL YEAR 2021

	Attendance at ordinary meetings	in %	Attendance at extraordinary meetings	in %
Supervisory Board				
Jürgen Abromeit (Chairman of the Board)	6/6	100	1/1	100
Wolfgang Lemb (Deputy Chairman of the Board)	5/6	83	1/1	100
Dr. Jürgen Allerkamp	6/6	100	1/1	100
Dr. Dorothee Becker	5/6	83	1/1	100
Dorothee Diehm	6/6	100	1/1	100
Pia Fischinger	6/6	100	1/1	100
Cornelia Holzberger	6/6	100	1/1	100
Gerold Klausmann	6/6	100	1/1	100
Isabella Pfaller	6/6	100	1/1	100
Helmut Späth	6/6	100	1/1	100
Uwe Trinogga	6/6	100	1/1	100
Carl Martin Welcker	6/6	100	1/1	100

COMMITTEE MEETINGS IN FINANCIAL YEAR 2021

	Attendance	in %
Personnel Committee		
Jürgen Abromeit (Chair of the Committee)	5/5	100
Dr. Dorothee Becker	5/5	100
Dorothee Diehm	5/5	100
Wolfgang Lemb	4/5	80
Audit Committee		
Isabella Pfaller (Chair of the Committee)	5/5	100
Dr. Jürgen Allerkamp	5/5	100
Gerold Klausmann	5/5	100
Ad hoc committee		
Jürgen Abromeit (Chair of the Committee)	1/1	100
Dr. Jürgen Allerkamp	1/1	100
Gerold Klausmann	1/1	100

Corporate Governance

The Supervisory Board and the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on March 18, 2021, and December 9, 2021, pursuant to Section 161 of the German Stock Corporation Act (AktG) and made them available on the INDUS website. Revised rules of procedure for the Supervisory Board and for the Board of Management were adopted at the meeting on March 18, 2021. The revised rules of procedure for the Supervisory Board can be downloaded from the INDUS Website. Both are in accordance with the revised Articles of Incorporation that were adopted on the same day. The revised Articles of Incorporation were amended to reflect the use of Authorized Capital 2019 on March 25, 2021. The revised Articles of Incorporation were approved as proposed at the Annual Shareholders' Meeting on May 26, 2021.

Main Topics of the Meetings

At the **first ordinary Supervisory Board meeting on February 10, 2021** the Supervisory Board primarily dealt with the Board of Management's strategy report on the Automotive Technology segment. Intense discussions were held on the progress and plans for the future repositioning of SELZER and S.M.A. In addition, the Board of Management explained the planned acquisition of WIRUS Fenster GmbH & Co. KG and its affiliates, which the Supervisory Board approved following a debate. Other topics included the implementation of the new remuneration system for the Board of Management, which was approved at the Supervisory Board meeting on December 9, 2020. It meets the requirements of the Shareholder Rights Directive as transposed into German law and of the revised German Corporate Governance Code. Updated financing scenarios for the current financial year were also discussed.

The **second ordinary Supervisory Board meeting on March 18, 2021**, focused on the presentation and discussion of the 2020 separate and consolidated financial statements of INDUS Holding AG and the Group and the resolutions on these. The Chair of the Audit Committee particularly explained significant aspects of accounting for the consolidated financial statements to the Supervisory Board. At the Audit Committee's recommendation and after in-depth discussion with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial Group report for the financial year 2020. After a thorough review the Supervisory Board had no objections to make to the joint management report and explanatory

report by the Board of Management. The compensation report included in the management report was approved at the recommendation of the Personnel Committee. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2021 Annual Shareholders' Meeting. On the basis of the proposal of the Audit Committee, the Supervisory Board resolved to propose to the Annual Shareholders' Meeting that Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Stuttgart, Cologne branch, be appointed as the external auditor for the company and the Group for the 2021 financial year.

Following the recommendations of the Personnel Committee, the necessary resolutions regarding the variable remuneration of the members of the Board of Management for financial year 2020 were passed. In the spirit of good corporate governance and in order to implement the new remuneration system for the Board of Management promptly, all the members of the Board of Management resigned and were reappointed as of April 1, 2021. Their new Board contracts include the rules for the new remuneration system. The members of the Board of Management were appointed for different periods of between three-and-a-half and five years.

Discussions also focused on the revised corporate governance documents and the rules of procedure for the Supervisory Board and the Board of Management, which were adopted. A resolution was also taken to propose revised Articles of Incorporation to the Annual Shareholders' Meeting and to issue an updated declaration of conformity. The Board of Management also informed the Supervisory Board about current financing scenarios.

In an **extraordinary meeting on March 25, 2021** the Supervisory Board approved a Board of Management resolution of the same date on increasing the capital stock using Authorized Capital 2019. The other resolutions required for the capital increase were taken on the same day by an ad hoc Supervisory Board committee formed for this purpose.

Resolutions were passed by circulation of documents on **April 7, 2021** approving the changes and additions to the invitation to the Annual Shareholders' Meeting 2021 resulting in particular from the capital increase.

The Supervisory Board held a **third ordinary meeting on May 25, 2021**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to April 2021 at this meeting. The Board of Management also presented its Forecast I for year-end 2021 on the basis of the results in March 2021.

The main topics of the **fourth ordinary Supervisory Board meeting on September 23, 2021** were the company's current performance and the discussion and resolution on the sale of the WIESAUPLAST Group to the SCHERDEL Group. This continued the process of consistent portfolio enhancement and further reduced the percentage of series suppliers of Automotive Technology in the total portfolio. The Board of Management also presented the acquisition of FLACO GmbH by HORNGROUP Holding GmbH & Co. KG.

At the **fifth ordinary meeting on October 19, 2021** the Supervisory Board discussed the financial performance as of September 30, 2021. In its presentation the Board of Management dealt particularly with macroeconomic developments, focusing on supply chains, energy and raw materials prices. The discussion of strategic issues that began in the Supervisory Board meeting on September 23, 2021 was also continued.

The Supervisory Board held a **sixth ordinary meeting on December 9, 2021**. At the meeting, the Board of Management reported on the current financial performance as of October 31, 2021 and the outlook for the remainder of the 2021 financial year. The Board of Management then covered business planning for the 2022 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details and results of the planning process. The Supervisory Board adopted the annual planning without changes. In addition, the Board of Management explained the planned acquisition of Heiber + Schröder Maschinenbau GmbH and its affiliates, which the Supervisory Board approved following a debate.

The targets proposed by the Personnel Committee for the short-term variable compensation of the Board of Management for financial year 2022 were also discussed and adopted.

The Supervisory Board also dealt with the proposal to the Annual Shareholders' Meeting to elect new auditors for the separate and consolidated financial statements for financial year 2022. The Chair of the Audit Committee described the selection procedure. After a discussion, the Supervisory Board followed the Audit Committee's recommendation to propose PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft at the Annual Shareholders' Meeting as the first choice for auditor of the separate and consolidated financial statements.

Work of the Committees

The main task of the Supervisory Board committees is to prepare decisions and topics for the complete Board's sessions. Decision-making powers may be transferred to the committees for this purpose insofar as the law permits. The chairs of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee and the Audit Committee met several times in the past year. An ad hoc committee was formed to take the resolutions required for the capital increase. There was no need for the Mediation Committee, in accordance with Section 27 (3) of the Codetermination Act, or the Nomination Committee to convene. The composition of the committees is presented in the Annual Report under the heading "Management Bodies" and on the INDUS website.   See p. 7 as well as www.indus.de/en/about-indus/supervisory-board

Since a number of resolutions were urgently required for the capital increase, the Supervisory Board formed an **ad hoc committee on March 25, 2021**. It was made up of the Supervisory Board Chair Mr Jürgen Abromeit (committee chair), Dr. Jürgen Allerkamp as shareholder representative and Mr Gerold Klausmann as employee representative. Following Supervisory Board's approval of the Board of Management's resolution on the capital increase using Authorized Capital 2019, the ad hoc committee discussed and voted on the Board of Management's resolutions on setting an issue price for the new shares and the final volume of the capital increase. The ad hoc committee also voted to amend the Articles of Incorporation to reflect the capital increase.

In the 2021 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in five meetings on **February 10, March 3 and 18, October 19, and December 9, 2021**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. One focus of its work was the implementation of the new system of remuneration for the Board of Management adopted on December 9, 2020. A recommendation was made to the Supervisory Board to reappoint the members of the Board of Management and to sign new Board contracts with them incorporating the new remuneration system. The members of the Board of Management were reappointed for different periods of between three-and-a-half and five years. The Personnel Committee also dealt with compensation paid to the Board of Management. Recommendations were made to the Supervisory Board for the resolutions needed for the compensation paid to the Board of Management in the previous system, as well as for the resolutions on the targets for short-term variable compensation in the new system. Details regarding compensation for the Board of Management members can be found in the compensation report. The Personnel Committee also discussed the effects on long-term succession planning of

the second Act on Management Functions that took effect on August 12, 2021.

The **Audit Committee** met five times in the 2021 financial year: **on March 18, May 25, November 18, and December 8 and 9, 2021**. Representatives of the auditors Ebner Stolz & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft Stuttgart, Cologne branch, attended the meetings on March 18 and December 9, 2021. Members of the Board of Management were required to attend all the committee meetings. The Audit Committee obtained the external auditors' Statement of Independence as required, verified their qualifications, signed the remuneration agreement, and established the focal points of the audit. The external auditors declared to the Audit Committee that there were no facts or circumstances that would constitute grounds for assuming a lack of impartiality on their part. Discussions focused on the separate and consolidated financial statements for 2020 and the selection procedure for the audit of the separate and consolidated financial statements for 2022. The selection procedure began in accordance with the European regulation once the audit quality indicators had been defined. The selection procedure was published in the German Federal Gazette on June 30, 2021. On the basis of its own selection criteria the Audit Committee gave a recommendation to the Supervisory Board that the first choice for the election proposal to the Annual Shareholders' Meeting was PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft. Other topics included the review of the risk management system and the compliance report 2020, changes to the review of the risk early warning system to comply with IDW PS 340 as amended and the implementation of the EU Taxonomy in relation to sustainability reporting.

Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2021

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of May 26, 2021, audited the annual financial statements, the consolidated financial statements, the combined management report and the compensation report of the Group and of INDUS Holding AG for the 2021 financial year pursuant to the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditors provided the annual financial statements with an unqualified audit opinion. The auditors also confirmed that the risk management system complied with the provisions of law, and that there are no identifiable risks that might jeopardize the company as a going concern. As planned, the interim financial reports were not audited.

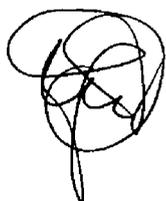
Annual financial statements, consolidated financial statements, the combined management report, the external auditor's audit report, the non-financial Group report and the compensation report were presented to all members of the Supervisory Board in good time. These were discussed in detail at the Supervisory Board meeting held on March 17, 2022, for adoption of the financial statements. This meeting was also attended by the external auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch, which reported on the main results of the audit. The external auditor was also available to answer any further questions. The Supervisory Board discussed all of the submissions and audit reports in depth.

Following the final review of the documents submitted and the recommendations of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, or the combined management report, and agreed with the external auditor's findings. The Supervisory Board thus approved the 2021 annual financial statements and the 2021 consolidated financial statements. The annual financial statements for 2021 have therewith been adopted in accordance with Section 172 (1) of the German Stock Corporation Act (AktG). Following its review of the proposal, the Supervisory Board concurred with the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also reviewed the separate non-financial report for the INDUS Group. To form its opinion, it drew on the review performed by the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, Cologne branch. The Supervisory

Board raised no objections to the separate non-financial report for the INDUS Group. On the basis of the formal and material review of the compensation report by the external auditors the Supervisory Board approved the compensation report with no objections.

The Supervisory Board would like to thank the managing directors and all employees of the portfolio companies as well as all employees of INDUS Holding AG and the Board of Management for the extraordinary dedication they have displayed in the past financial year. The effects of the COVID-19 pandemic and INDUS' agility in this challenging time have once again shown us how important and valuable this successful work is.

Bergisch Gladbach, March 17, 2022



For the Supervisory Board
Jürgen Abromeit
Chairman of the Board