

Report of the Supervisory Board

In the year under review, the Supervisory Board endured that it was continuously informed about the business and strategic development of the company and advised and monitored the Management Board in accordance with the tasks and responsibilities required of it by law, the Articles of Association. This meant that the Supervisory Board was informed about the strategy, business policy and planning, the risk situation as well as the net assets, financial position and results of operations of the FRIEDRICH VORWERK Group at all times. It also reviewed the company's risk management and compliance, and is of the opinion that these fully satisfy requirements. The Supervisory Board was directly involved in all decisions of particular significance to the company. The Supervisory Board granted its approval for individual transactions to the extent that this was necessary in accordance with the law, the Articles of Association or the Rules of Procedure.

The Management Board complied with its duties to provide information and reported to the Supervisory Board regularly, promptly and comprehensively, both verbally and in writing, on the economic and financial situation of the company, its strategic development, investment projects, risk management and compliance. The Supervisory Board discussed all measures requiring its approval in depth with the Management Board in advance. Between the meetings of the Supervisory Board as well, the Chairman of the Supervisory Board received detailed information and was therefore always aware of all key matters to the company and the Group. The strategic focus and development of the Group were jointly coordinated by the Management Board and the Supervisory Board.

The Supervisory Board held four ordinary and two extraordinary meetings in the 2023 financial year. The Management Board was represented at all meetings, unless the Supervisory Board was discussing matters concerning the Management Board itself. All members of the Supervisory Board attended all meetings, some of which were held in digital form.

In good time prior to the Supervisory Board meetings, the Management Board sent detailed reports and presentations to the members of the Supervisory Board. Where decisions requiring approval were necessary, the documents contained detailed decision and investment proposals.

Main issues discussed and resolutions of the Supervisory Board

At the individual meetings, the Supervisory Board analysed the company's current business development together with the Management Board and discussed the strategic focus. The topics discussed included the economic situation of the company and the individual subsidiaries. In the 2023 financial year, the Supervisory Board's deliberations focused on the Group's earnings position in the fourth quarter of 2022 and in the reporting year, which was negatively impacted in particular by the sharp rise in energy and material prices but also by a single major plant construction project in the financial year, as well as contract negotiations and strategic capacity planning with regard to various major projects in the field of land cable construction.

The meeting of the Supervisory Board on 30 January 2023 focused in particular on

- Critical discussion of the preliminary earnings figures for the 2022 financial year
- Discussion of the forecast for the 2023 financial year
- the package of measures to improve project controlling
- and the recovery of IT systems after the cyberattack in November 2022.

The meeting of the Supervisory Board on 1 March 2023 focused on the following topics:

- analysing the development of working capital in the past financial year
- the status of implementation of the package of measures to improve project controlling
- the focus topic of personnel recruitment and development
- Optimisation of the calculation process
- and the preparation of the Annual General Meeting.

At its meeting on 20 March 2023, the Supervisory Board then dealt with

- the audit of the annual and consolidated financial statements
- the resolution on the application of the German Corporate Governance Code
- the extension of the Management Board contracts of Torben Kleinfeldt (CEO) and Tim Hameister (CFO) for Friedrich Vorwerk Group SE
- and the course of business as well as the status of major projects in the first quarter.

At its meeting on 1 June 2023, the Supervisory Board dealt with the following topics following the Annual General Meeting:

- the evaluation of the course of the Annual General Meeting
- Reviewing the effectiveness of the compliance management system
- the status of ongoing major projects and their earnings situation
- the preparations and available capacities for the upcoming award of contracts for the realisation of extra-high voltage direct current (HVDC) transmission lines
- the status of ongoing optimisation measures in the areas of costing, resource planning and personnel
- and the schedule of responsibilities of the Management Board.

The meeting of the Supervisory Board on 18 September 2023 focused in particular on

- Investment planning for the year 2024
- the status of ongoing major projects and their earnings situation
- the detailed range of services offered by the Halle site as well as an in-depth tour led by the manager responsible on site
- and the development of net cash and cash equivalents and working capital in the current financial year.

The meeting of the Supervisory Board on 8 December 2023 focused on the following topics:

- Critical discussion of the package of measures in the areas of costing and contract management
- the strategic development of the Group with regard to the allocation of resources to the numerous infrastructure projects in the areas of electricity, hydrogen and natural gas
- the detailed discussion of the 2024 budget
- and the discussion of the investment project in Ludwigsfelde.

Committees and composition of the Supervisory Board

The members of the Supervisory Board are

- Dr Christof Nesemeier (Chairman)
- Dr Julian Deutz (Deputy Chairman)
- Heike von der Heyden

The Supervisory Board has three members. There is a separate Audit Committee, which includes all members of the Supervisory Board. Dr Julian Deutz was elected chairman of the audit committee. Due to its size and composition, the Supervisory Board currently sees no need for the formation of further committees.

Corporate Governance

In the awareness that corporate governance makes an essential contribution to responsible management and control of the company's management aimed at creating value, the Supervisory Board continued to deal with topics and issues in the area of corporate governance in 2023. Together with the Management Board, the Supervisory Board issued the annual declaration in accordance with section 161 of the Aktiengesetz (AktG - German Stock Corporation Act) on the recommendations of the German Corporate Governance Code. Further information on corporate governance can be found in the combined corporate governance declaration in accordance with section 315(5) in conjunction with section 289f of the Handelsgesetzbuch (HGB - German Commercial Code). The combined corporate governance declaration also contains the corporate governance report prepared by the Management Board and the Supervisory Board as well as the declaration on the recommendations of the German Corporate Governance Code. The combined corporate governance declaration can be accessed at all times on the Friedrich Vorwerk Group SE website at www.friedrich-vorwerk-group.de. The members of the Management Board and the Supervisory Board disclose any conflicts of interest to the Supervisory Board without delay. In the year under review, the Supervisory Board received no reports or indications of conflicts of interest on the part of members of the Management Board and Supervisory Board.

Audit of annual and consolidated financial statements

The Supervisory Board duly awarded the audit mandate for the annual financial statements and the consolidated financial statements as well as for the combined management and group management report for the 2023 financial year to RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf, which was elected as auditor by the Annual General Meeting on 1 June 2023. The auditor has confirmed to the Supervisory Board that there are no professional, financial or other relationships between the auditor, its executive bodies and audit managers on the one hand and the company and its executive body members on the other hand that could give rise to doubts about its independence.

The auditor informed the Supervisory Board on 2 October 2023 that a part of the business operations of the former RSM GmbH had been transferred to Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft by way of universal succession as a result of a demerger agreement, which also includes the existing contractual relationship with the company.

The annual financial statements of Friedrich Vorwerk Group SE as of 31 December 2023 and the joint management report for Friedrich Vorwerk Group SE and the FRIEDRICH VORWERK Group were prepared in accordance with the principles of commercial law, the consolidated financial statements as of 31 December 2023 in accordance with the International Financial Reporting Standards (IFRS) and audited by Nexia GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf (formerly: RSM GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Düsseldorf), which was elected by the Annual General Meeting and commissioned by the Chairman of the Supervisory Board, and issued with an unqualified audit opinion dated 18 March 2024.

The Supervisory Board examined the annual financial statements prepared by the Management Board, the joint management report for Friedrich Vorwerk Group SE and the FRIEDRICH VORWERK Group, the proposal for the appropriation of net profit and the consolidated financial statements and discussed them with the auditor at its meeting on 18 March 2024. All questions of the Supervisory Board were answered comprehensively by the auditor. The Supervisory Board received the audit report in good time before the meeting. Following the completion of its examination, the Supervisory Board did not raise any objections to the annual financial statements, the management report and the consolidated financial statements. The consolidated financial statements were approved by the Supervisory Board on 18 March 2024. The annual financial statements of Friedrich Vorwerk Group SE have therefore been adopted.

The Supervisory Board shares the opinion of the Management Board as expressed in the combined management and Group management report and approves the proposal of the Management Board on the appropriation of the net profit, namely the distribution of a dividend of €0.12 per entitled share for the 2023 financial year.

The Supervisory Board would like to thank the Management Board, the management teams of the subsidiaries and all employees of the FRIEDRICH VORWERK Group for their enormous commitment to the company in these challenging times.

Tostedt, 18 March 2024

The Supervisory Board

Dr Christof Nesemeier
Chairman