

Report of the statutory auditor on the Audit of the Compensation Report 2023

SunMirror AG



Report of the statutory auditor
to the General Meeting of
SunMirror AG, Zug

Zurich, November 28, 2023

Report on the Audit of the Compensation Report 2023

Opinion

We have audited the Compensation Report of SunMirror AG (the Company) for the year ended June 30, 2023. The audit was limited to the information on compensation, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Compensation in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV).

In our opinion, the information on compensation, loans and advances in the accompanying Compensation Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Compensation Report of SunMirror AG for the year ended June 30, 2022 was audited by another auditor who expressed an unmodified opinion on this report on November 30, 2022.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Compensation Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors’ Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company’s articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the Compensation system and defining individual Compensation packages.

Auditor's Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on Compensation, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ferax Treuhand AG

Renzo Peduzzi

*Licensed
Audit Expert*

Auditor in charge

Ronito Kunz

*Licensed
Audit Expert*

Appendix:

- ▶ Compensation Report 2023



SunMirror AG

Compensation Report 2023

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1. Introduction

This compensation report of SunMirror AG (the “Company”) has been prepared in accordance with the Ordinance Against Excessive Compensation in Listed Companies, effective 1 January 2014, the Swiss Code of Obligations and the articles of association of the Company.

Based on these legal provisions, the Board of Directors must submit an annual compensation report to the Annual General Meeting (AGM). In accordance with the Articles of Association, the General Meeting of Shareholders decides annually on the total compensation of the members of the Board of Directors and the Group Executive Management (prospective approval). The statutory regulations on voting on compensation can be viewed at the following link: Articles of Association.

On 1 January 2023, the revised Swiss Stock Corporation Act will come into force. Among other changes, the Ordinance against Excessive Compensation in Listed Companies will be repealed and its provisions will be transferred to the Swiss Code of Obligations with certain amendments (Art. 734ff CO).

On 26 November 2021, the Company's shares were admitted to trading on the Official Market on the Vienna Stock Exchange, a regulated market pursuant to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as amended (Markets in Financial Instruments Directive II – MiFID II).

This compensation report refers to the period starting on 1 July 2022, and ending on 30 June 2023 (the “Reporting Period”). Comparative figures refer to the period starting on 1 July 2021 and ending on 30 June 2022 (“Comparative Period”).

Unless the context requires otherwise, the words “we”, “our”, “us”, “SunMirror” and similar words or phrases in this compensation report refer to the Company and its consolidated subsidiaries.

2. Principles of remuneration and organization

The compensation of the members of the Board of Directors and the Group Executive Committee shall be set appropriately, competitively, performance-oriented and in line with the strategic objectives and the success of the Group. The total compensation is considered, regardless of whether a member is employed as a direct employee or on a contract basis.

The Board of Directors has appointed a Compensation Committee to determine the compensation of the members of the Board of Directors and the Group Management. The Compensation Committee is chaired by Daniel Monks as a non-executive director. He is complemented by Laurent Quelin as a member of the Compensation Committee.

3. Composition of the Board of Directors and the Group Executive Management

Board of Directors

Name	First elected	Ended	Position	Term
Heinz Kubli	August 2020	December 2022	Chairman	n/a
Lester Kemp	August 2021	December 2021	Member	n/a
Flavia Sennhauser	December 2021	September 2022	Member	n/a
Laurent Quelin	September 2022	n/a	Member and since December 2022 Chairman	Until AGM 2023
Daniel Monks	September 2022	n/a	Member	Until AGM 2023

Group Executive Management

Name	Started	Ended	Position	Term
Heinz Kubli	August 2020	February 2023	CEO	n/a
Lester Kemp	April 2021	n/a	COO	Indefinite
Flavia Sennhauser	December 2021	August 2022	CFO	n/a
Laurent Quelin	September 2022	n/a	CFO since September 2022 and CEO from March 2023	Indefinite

4. Compensation of the Board of Directors

i. Board Compensation Amounts

All Members of the Board of Directors had an executive function in the Company during the Reporting Period and the Comparative Period, except Daniel Monks, who is a non-executive Board Member. The compensation that the members of the Board of Directors received for their executive role is disclosed below. The members of the Board of Directors were not separately remunerated for their role as members of the Board of Directors. This also applies to Daniel Monks, who received no compensation in the Reporting Period.

ii. Compensation of former members of the Board of Directors

No compensation was granted to former members of the Board of Directors in connection with their former role or which are not at arm's length during and with respect to the Reporting Period or previous periods.

iii. Approved total compensation

At the Annual General Meeting (AGM) on 23 December 2022 (previous year: 17 December 2021), the shareholders approved a maximum aggregate amount¹ of compensation for the Board of Directors of CHF 60 thousand for the period from AGM until the next AGM (previous year: TCHF 18 thousand). These amounts were not utilized.

¹ The maximum aggregate amount, excluding employer's legally required social security contributions.

iv. Loans to members of the Board of Directors

No loans were extended to current members of the Board of Directors or outstanding during the Reporting Period. No loans that were not at arm's length terms were extended to former members of the Board of Directors or outstanding during the Reporting Period.

v. Payments to related parties of the members of the Board of Directors

No payments to related parties of current and former members of the Board of Directors that were not at arm's length were made during the Reporting Period. No loans that were not at arm's length terms were extended to related parties of current and former members of the Board of Directors or outstanding during the Reporting Period.

5. Compensation of the Members of Group Executive Management

i. Executive Management Compensation Structure

Members of the Group Executive Management receive remuneration consisting of a base salary and social benefits, as well as certain other benefits.

In May 2023, the Board of Directors of SunMirror AG introduced a stock option plan. Certain members of the management and selected key employees are eligible to participate in the plan (participants). This stock option plan establishes a framework to provide participants with long-term incentives and to better align their interests with the interests of shareholders and the prosperity of the Company. The stock option plan is classified as cash settled. However, the Company has the right to settle either in cash or equity at its sole discretion. The stock option plan may be amended from time to time and is a discretionary incentive plan for employee retention and motivation.

Awards are made on the recommendation of the Remuneration Committee based on participant performance and employment conditions and are approved by the Board of Directors. The individual terms and conditions applicable to each participant in connection with each stock option award, in addition to the general provisions of this plan, are subject to a separate award agreement.

Generally, awards are made over a three-year service period. The vested options may subsequently be exercised over a period of 10 years. One option entitles the holder to subscribe one share of SunMirror AG or a corresponding compensation in cash. The exercise prices of the options are calculated by reference to share price historical averages. Upon termination of employment, unvested options may or may not be cancelled depending on the circumstances. The related expense is recognized over the service period (personnel expense) and the cumulative liabilities are recognized as non-current provision.

ii. Group Executive Management Compensation Amounts

During the Reporting Period, the fixed and variable compensation of the members of the Executive Management was as follows (in CHF, converted from other currencies as applicable at the average prevailing exchange rate over the reporting period):

Name	Cash compensation	Share based compensation	Pension (employer)	Employer's Social Contribution	Total
	CHF	CHF	CHF	CHF	CHF
Kubli Heinz	80'000	0	5'838	7'515	93'353
Sennhauser Flavia	40'333	0	3'017	3'796	47'146
Kemp Lester	133'005	0	1'497	17'498	152'000
Quelin Laurent	244'300	6'855	0	0	251'155
Total Group Executive Management Compensation	497'638	6'855	10'352	28'809	543'654

During the Comparative Period, the fixed and variable compensation of the members of the Executive Management was as follows (in CHF, converted from other currencies as applicable at the average prevailing exchange rate over the reporting period):

Name	Cash compensation	Share based compensation	Pension (employer)	Employer's Social Contribution	Total
	CHF	CHF	CHF	CHF	CHF
Kubli Heinz	120'000	0	8'757	11'790	140'547
Kemp Lester	210'742	0	1'082	28'176	240'000
Sennhauser Flavia	128'333	0	10'013	12'527	150'873
Total Group Executive Management Compensation	459'075	0	19'852	52'493	531'420

iii. Approved total compensation

At the AGM on 23 December 2022 the shareholders approved a maximum aggregate amount² of compensation for the Group Executive Management of CHF 320 thousand for the period between the AGM and 30 June 2023 (i.e. January to June 2023). The total compensation for the Group Executive Management in the period from January to June 2023 amounted to CHF 261'631.

² Maximum aggregate amount, including employer's social security and pension plan contributions.

At the AGM on 17 December 2021 the shareholders approved a maximum aggregate amount³ of compensation for the Group Executive Management of CHF 381 thousand for the period between the AGM up to the AGM of the following year (i.e. around one year).

The higher compensation in the previous year was due to the new entry of Flavia Sennhauser and was approved retrospectively by the General Meeting of Shareholders via the advisory vote on the Compensation Report 2022 at the AGM on 23 December 2022.

At the AGM on 23 December 2022 the shareholders approved a maximum aggregate amount⁴ of compensation for the Group Executive Management of CHF 720 thousand for the period from 1 July 2023 to 30 June 2024.

iv. Compensation of former members of the Group Executive Management

No compensation was granted to former members of the Group Executive Management in connection with their former role or which are not at arm's length during and with respect to the Reporting Period.

v. Loans to members of the Group Executive Management

No loans were extended to current members of the Group Executive Management or outstanding during the Reporting Period. No loans that were not at arm's length terms were extended to former members of the Group Executive Management or outstanding during the Reporting Period.

vi. Payments to related parties of the members of the Group Executive Management

No payments to related parties of current and former members of the Group Executive Management that were not at arm's length were made during the Reporting Period. No loans that were not at arm's length terms were extended to related parties of current and former members of the Group Executive Management or outstanding during the Reporting Period.

6. Equity and Equity-Linked Instruments Held by Members of the Board of Directors and the Executive Management

Until June 30, 2023, a total of 17'968 stock options with an average exercise price of EUR 7.00 per share have been granted, of which 8'984 have legally vested as of the reporting date and 10'806 were recognised as compensation expense in the Reporting Period (Comparative Period: none).

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³ Maximum aggregate amount, including employer's social security and pension plan contributions.

⁴ Maximum aggregate amount, including employer's social security and pension plan contributions.