

Remuneration Report

Brockhaus Technologies AG

2022

This remuneration report for Brockhaus Technologies AG (“BKHT” or the “Company”, together with its subsidiaries “Brockhaus Technologies” or the “Group”) of the 2022 fiscal year was prepared by the Executive Board and Supervisory Board and includes individualized disclosures about the remuneration awarded and owed to members of the Company’s Executive and Supervisory Boards as well as explanations of the underlying remuneration system.

Remuneration is awarded if it is accrued to the member of the governing body and is thus transferred to their assets (payment-oriented view). Alternatively, it is permissible to present remuneration in the remuneration report for the fiscal year in which the underlying (single-year or multi-year) activity was carried out in full (vesting-oriented view). In the following, remuneration awarded is presented in the vesting-oriented view.

In this remuneration report, BKHT also illustrates how the remuneration for the Company’s governing bodies supports its long-term development. The Executive and Supervisory Boards are responsible according to section 162 of the German Stock Corporation Act (AktG) for compiling the remuneration report. The BKHT remuneration report and the auditor’s opinion about the formal and substantive audit that it performed are available to the public on our website (www.brockhaus-technologies.com) in the section entitled Investor Relations, subsection Corporate Governance.

The Company introduced a new remuneration system for Executive Board members in the 2022 fiscal year in order to reflect its development as a Group since its foundation and to meet the new AktG requirements. The new system is aligned with the recommendations of the German Corporate Governance Code as amended on April 28, 2022. The new remuneration system for members of the Executive Board was approved at the BKHT Annual General Meeting on June 16, 2021, with 72.98% voting in favor.

The remuneration report for the 2021 fiscal year was approved at the Annual General Meeting on June 22, 2022, with 62.9% voting in favor.

Details about the remuneration system for the Executive and Supervisory Boards can be viewed on our website (www.brockhaus-technologies.com) in the section entitled Investor Relations, subsection Corporate Governance.

Executive Board remuneration

The members of the BKHT Executive Board are:

- > Marco Brockhaus, Chair of the Executive Board, Chief Executive Officer
- > Dr. Marcel Wilhelm, Chief Operating Officer, Legal Counsel

A new remuneration system for members of the Executive Board was introduced in the 2022 fiscal year.

The remuneration structure is geared toward sustainable business development. It contributes to furthering the business strategy and the long-term development of the Company and consists of fixed and variable remuneration. The fixed, non-performance-based component of the remuneration consists of a fixed annual salary. The variable remuneration consists of a single-year and a multi-year component. Special benefits are not envisaged at present.

The remuneration of the individual Executive Board members is determined and reviewed periodically by the Supervisory Board. It is the aim to remunerate the members of the Executive Board appropriately to reflect their activities and responsibilities, taking into account personal performance as well as the Company’s financial situation, success and future prospects.

In this context, the Supervisory Board is guided by the remuneration paid by comparable companies to their directors and its appropriateness compared with the level of other salaries in the Company. The Supervisory Board’s intention is to retain the members of the Executive Board for the long term and to provide an incentive to increase enterprise value. The variable remuneration is also designed to promote the motivation and commitment of the members of the Executive Board, while at the same time offering an opportunity to incorporate the Company’s financial situation, as well as ESG and sustainability aspects, into determination of the variable remuneration.

In its periodic review, the Supervisory Board takes into account the individual performance and the scope of the responsibilities assumed as well as the Company’s financial situation.

Both Executive Board members joined the Executive Board for the first time in August 2017. The contracts of service of the two members of the Executive Board were updated in the 2022 fiscal year and both are dated June 20, 2022. The contract of Marco Brockhaus ends on midnight on July 31, 2027. Dr. Marcel Wilhelm’s contract ends on July 31, 2026.

Fixed remuneration

The fixed, non-performance-based annual remuneration of the Executive Board members is paid in twelve equal installments at the end of each month. The final payment made is for the full month in which the contract of service ends. It is reviewed annually for appropriateness and adjusted if required.

Fringe benefits

The following fringe benefits or fringe benefits similar to the following may be granted to members of the Executive Board:

- > Company car
- > Smartphone
- > Accident insurance and life insurance
- > Premiums for public or private health insurance and contributions to a private retirement plan

The Supervisory Board defines the total value of the fringe benefits for each fiscal year based on its reasonable discretion. It is limited to 10% of the fixed remuneration of the relevant Executive Board member per fiscal year.

The fringe benefits during the reporting period came to €23 thousand (previous year: €13 thousand).

Variable remuneration (bonus)

In addition to the fixed salary, the Company grants the members of the Executive Board variable remuneration. It is linked to the

achievement of predefined performance targets and consists of single-year and multi-year variable remuneration.

The single-year variable remuneration (short-term incentive (STI)) takes into account the Company's further planned acquisition activities and consists of a portfolio component and an acquisition component. The portfolio component has a focus on the development of the Company's subsidiaries that have existed for a longer period of time, while the acquisition component is based on the development of subsidiaries recently acquired by the Company.

The amount of the single-year variable remuneration is capped at a maximum of 200% of the fixed salary.

The portfolio component is mainly based on the Group's adjusted earnings before interest and taxes (EBIT) with the subsidiaries that were in the portfolio throughout the previous fiscal year. It is adjusted for items such as share-based payments, costs from M&A transactions and equity capital measures and depreciation/amortization of assets that the acquired company had not recognized as assets in its financial statements prior being acquired by BKHT. The portfolio component is linked to a percentage rate of increase in adjusted EBIT. It is determined by the Supervisory Board before the beginning of a fiscal year, deducting the bonuses and performance-related remuneration paid in the Company to the management bodies of the subsidiaries and to the full Executive Board of the Company for remuneration to be granted given 100% achievement of the targets. 70% of the specified rate of increase must be achieved. If this is not achieved, the bonus component is eliminated completely. Given a

target achievement of 70%, 70% of the remuneration to be granted for 100% target achievement is granted. Beyond that, the remuneration increases linearly.

For the remuneration for fiscal year 2022, the portfolio component relates to the growth in adjusted EBIT of the Group, consisting of the Central Functions, IHSE and Palas. Given a final figure for earnings growth in fiscal 2022 of €8,819 thousand, the target growth value in 2022 for the portfolio component is €2,586 thousand (starting figure for earnings growth in 2022 = €6,233 thousand).

100 percent target achievement will be reached for the portfolio component in the 2022 fiscal year if adjusted EBIT amounts to €8,819 thousand. An adjusted EBIT of €8,043 thousand is required for 70% target achievement. In the 2022 fiscal year, the maximum amount for the portfolio component for Marco Brockhaus is €300 thousand and that for Dr. Marcel Wilhelm is €96 thousand.

As part of the acquisition component, the single-year variable remuneration is linked to the performance of recently acquired subsidiaries during the fiscal year in which the target figures for the coming fiscal year are set. At its reasonable discretion, the Supervisory Board may use adjusted EBIT, adjusted EBITDA (earnings before interest, taxes, depreciation and amortization), gross profit or the respective margin of these key figures for the companies acquired in this period as target parameters.

The acquisition component is also linked to a percentage rate of increase in the respective parameter, which the Supervisory Board

sets individually for each acquisition before the start of a fiscal year. 70% of the specified rate of increase must be achieved. If this is not achieved or if the Company does not make any acquisitions in the relevant period, the bonus component is eliminated completely. Given a target achievement of 70%, 70% of the remuneration to be granted for 100% target achievement is granted. Beyond that, the remuneration increases linearly.

The key figure used by the Supervisory Board for the acquisition component for the 2022 fiscal year is the growth of Bikeleasing's adjusted EBIT. Given an earnings growth target for Bikeleasing in 2022 of €41,000 thousand, the target growth figure in 2022 for the acquisition component is €9,345 thousand (starting figure = €31,655 thousand).

100% target achievement will be attained for the acquisition component in the 2022 fiscal year if adjusted EBIT reaches €41,000 thousand. An adjusted EBIT of €38,196.5 thousand is required for 70% target achievement. In the 2022 fiscal year, the maximum amount for the acquisition component for Marco Brockhaus is €450 thousand and that for Dr. Marcel Wilhelm is €144 thousand.

The Supervisory Board defines the proportions that the portfolio and acquisition components have in the single-year variable remuneration annually based on its reasonable discretion. The proportion that any one of the two components has in the single-year variable remuneration cannot exceed 70%.

Components of awarded and due Executive Board remuneration

€ thousand	Start/ exit	Most recent position	Fixed components			Variable components			Total remuneration	Percentage that is fixed	Percentage that is variable
			Fixed salary	Fringe benefits	Total	Single-year	Multi-year	Total			
Current members											
Marco Brockhaus	Aug. 2017	Chairman	628	21	649	750	-	750	1,399	46%	54%
Dr. Marcel Wilhelm	Aug. 2017	Member	290	2	292	240	-	240	532	55%	45%
Total			918	23	941	990	-	990	1,931	49%	51%

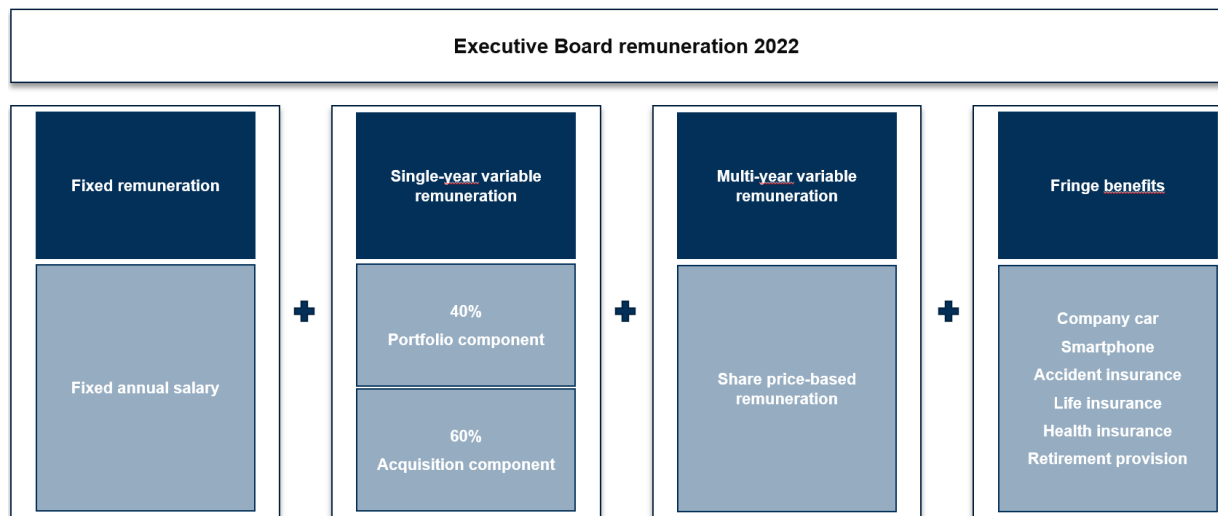
For the 2022 fiscal year, the proportion for the portfolio component is 40%. The proportion for the acquisition component is 60%.

The single-year variable remuneration for Dr. Marcel Wilhelm defined by the resolution on target total remuneration for 2022 amounts to a maximum figure of €240 thousand gross per year with retroactive effect from January 1, 2022, assuming target achievement of 100% of the portfolio and acquisition components. For Marco Brockhaus, the maximum amount for the single-year variable remuneration component is €750 thousand gross.

Instead of payment in cash, the Supervisory Board reserves the right to grant up to 20% of the gross amount of the single-year variable remuneration paid to the respective Executive Board members in the year in the form of shares in BKHT. When granting shares, the Supervisory Board may resolve that the Executive Board member in question is obliged to hold the shares for at least three years from the date of acquisition, but not beyond the date of termination of membership of the Executive Board.

The multi-year variable remuneration (long-term incentive (LTI)) is currently calculated based solely on the share price development. In the future, however, the Supervisory Board will have the option of gearing a share of up to 20% of the multi-year variable remuneration to ESG or sustainability aspects. There are firm plans to include this aspect as a component of the multi-year variable remuneration. The concrete structure of and subsequent basis for assessing this component are currently still in the implementation phase. The reference period for the multi-year variable remuneration is three years.

The multi-year variable remuneration is intended to take account of successful business strategy realization over the long term. Using the development of the share price as a parameter is also intended to align the interests of the Executive Board members with those of the shareholders. Before the start of the first fiscal year in the three-year reference period, the Supervisory Board, in consultation with the members of the Executive Board and on the basis of the current planning, determines the specific target figures for the performance targets of the multi-year variable remuneration for the subsequent three-year assessment period. For the three-year reference period



beginning in 2022, the Supervisory Board has set a target share price range of €33 to €66. This means that Marco Brockhaus and Dr. Marcel Wilhelm will not receive multi-year variable remuneration if the average of the closing prices of the BKHT share in the last 20 trading days before the end of the three-year reference period is less than or equal to €33. If this average is between €33 and €66, the two Executive Board members receive a linear increase in multi-year variable remuneration depending on the percentage of the share price increase (€33 = factor 100%, €66 EUR and above = factor 200%), in each case multiplied by the LTI remuneration, which amounts to €760 thousand for Marco Brockhaus and €250 thousand for Dr. Marcel Wilhelm. The LTI remuneration was determined on a discretionary basis.

This means that the definition for each performance target includes target figures for up to 200% target achievement. The concrete target achievement is determined accordingly depending on the defined target figures for the respective parameter and can be between 0% and 200%.

Accordingly, the amount of the multi-year variable remuneration is limited in each case to a maximum of 200% of the amount applicable to 100% target achievement.

The Supervisory Board may grant the multi-year variable remuneration in full or in part in shares of the Company. In this case, the holding period is twelve months. Furthermore, the multi-year variable remuneration may be granted in full or in part in stock options in accordance with the option conditions for the 2019 stock option program ("ESOP 2019").

Maximum remuneration

The Company has set maximum remuneration for every Executive Board member relating to all remuneration components. The remuneration awarded for a fiscal year is limited to a maximum amount of €5 million gross for the Chair of the Executive Board Marco Brockhaus and to a maximum amount of €3 million gross for Dr. Marcel Wilhelm. The maximum amounts are each defined as the sum of all remuneration components resulting from the remuneration provisions for a given fiscal year.

Total remuneration and components

The total remuneration awarded and due to members of the Executive Board in the 2022 fiscal year amounted to €1,931 thousand (previous year: €2,337 thousand). Of this amount, 49% consists of fixed remuneration components and 51% of variable remuneration components. The limit on the variable bonus was not exceeded. This limit

is €2,270 thousand for Marco Brockhaus and €740 thousand for Dr. Wilhelm for the 2022 fiscal year. The attached tables on remuneration granted and receipts show the changes over the last two fiscal years. These are not mandatory disclosures defined under the German Corporate Governance Code, but voluntary disclosures by BKHT.

Premature termination

Payments to Executive Board members in the event of premature termination of their Executive Board contract of service are contractually limited to two years' remuneration (severance payment cap) and may not exceed the remuneration for the remaining term of the Executive Board contract that would have been owed if it had not been terminated prematurely. This restriction was included as part of the new remuneration system for Executive Board members.

If the Company revokes the appointment for good cause and gives due notice of termination of the contract of service, the Executive Board member is entitled to a severance payment. The severance payment is limited to the following:

- > For Mr. Brockhaus: a total of two year's remuneration or the outstanding remuneration for the remaining term, whichever is less
- > For Dr. Wilhelm: a total of one year's remuneration or the outstanding remuneration for the remaining term, whichever is less

It comprises the total remuneration within the meaning of section 285 No. 9a) of the German Commercial Code (HGB) (severance payment cap). The entitlement to the severance payment is due on termination of the contract of service. The entitlement does not exist if the Company gives effective extraordinary notice of termination to the Executive Board member for good cause within the meaning of section 626 of the German Civil Code (BGB).

If the Company revokes the appointment of the Executive Board member for good cause but does not terminate the employment contract within one month from the date of revocation, or if the Executive Board appointment ends due to a conversion of the Company's legal

form, the Executive Board member is entitled in turn to terminate the contract of service by giving notice pursuant to BGB section 622(2). In the event of such termination by the Executive Board member, the member is entitled to the severance payment described above.

If the appointment of the Executive Board member is revoked for good cause or the Executive Board member is terminated for good cause under BGB section 626 and court or arbitration proceedings deliver a conclusive and unappealable finding that there was no reason for revocation or that there was no good cause pursuant to BGB section 626, the Executive Board member will receive a lump sum of compensation amounting to two years' remuneration without prejudice to the member's entitlements described above.

If a member of the Executive Board dies during his or her term of appointment, his or her widow, or alternatively after the widow's death, his or her dependent children, receive the monthly installments of the annual fixed salary in accordance with the Executive Board remuneration system and the related resolutions adopted by the Supervisory Board for twelve months, but for no longer than until the contractually agreed end of the contract of service.

The members of the Executive Board have a once-only special right of termination in the event of a change of control. A change of control is deemed to exist:

- > if a third party or several third parties acting in concert who, at the time the contract of the Executive Board member was entered into, holds or hold less than 20% of the voting rights in the Company, acquire voting rights in the Company such that they account for more than 30% in the aggregate (existing and acquired) of the voting rights in the Company, irrespective of whether this produces an obligation to make a takeover bid (the relevant provisions of the German Securities Acquisition and Takeover Act (WpUG), in particular sections 29 and 30, apply to the calculation of the share of the voting power) or
- > in the event of a merger (section 2 of the German Company Conversion Act [UmwG]) involving the transfer of the assets of the Company under UmwG section 174(1) or (2) sentence 1 or

a legal transfer of the material assets to third parties who do not belong to the Company's group of companies or

- > in the event that a control agreement and/ or a profit and loss transfer agreement is or are entered into by the Company in a role as a dependent controlled company

If this special right of termination is exercised, the Executive Board member is entitled to a severance payment limited to the total amount of the severance payment cap.

Based on a corresponding provision in the Executive Board contracts of service, in the event of serious breaches of duty the Company is entitled to demand that the Executive Board member concerned fully or partially repay the single-year variable remuneration and/or the multi-year variable remuneration for the year in which the serious breach of duty occurred. Such recovery is also possible after the Executive Board member has left the Company.

Supervisory Board remuneration

The Supervisory Board remuneration is based on the AktG, the Company's Articles of Association as amended and relevant resolutions passed at the Annual General Meeting. Furthermore, the structure of the Supervisory Board remuneration is reviewed periodically to check its compliance with German, EU and international corporate governance recommendations and regulations. The German Corporate Governance Code's recommendations and suggestions have special relevance in this context.

The remuneration structure for the Supervisory Board members includes fixed annual remuneration, committee remuneration and reimbursement of expenses.

Members of the Supervisory Board who belong to the Supervisory Board or a committee or chair the Supervisory Board or the Audit Committee for only part of a financial year receive a lower remuneration in proportion to the time.

Fixed annual remuneration

Regular Supervisory Board members receive fixed annual remuneration of €30 thousand. The chair of the Supervisory Board is given remuneration of triple that amount, i.e., €90 thousand, while the deputy chair is given double the amount, i.e., €60 thousand.

Committee remuneration

Members of Supervisory Board committees receive additional fixed remuneration for their role on these committees. Regular committee members receive fixed annual remuneration of €2 thousand. The chair of the Audit Committee receives additional fixed annual remuneration of €20 thousand for his or her role on the committee. The chair of the Supervisory Board and deputy chair of the Supervisory Board do not receive additional fixed remuneration for their roles on committees. Remuneration is not paid for membership on committees that did not hold meetings during the fiscal year. All committee remuneration is payable after the conclusion of the Annual General Meeting at which a resolution is passed to approve the actions for the preceding fiscal year.

Components of awarded and due Supervisory Board remuneration

€ thousand	Start/ exit	Most recent position	Fixed components		Total remuneration
			Fixed annual remuneration	Committee remuneration	
Current members					
Dr. Othmar Belker*	Aug. 2017	Chairman	90	-	90
Michael Schuster	Aug. 2017	Deputy Chairman	60	-	60
Andreas Peiker	Dec. 2018 / Dec. 2022	Member	30	-	30
Martin Bestmann*	Feb. 2020	Member	30	2	32
Dr. Cornelius Liedtke	Sept. 2020 / June 2022	Member	14	-	14
Prof. Dr. Christoph Hütten**	Apr. 2021	Member	30	20	50
Dr. Natalie Krebs	June 2022	Member	16	-	16
Total			270	22	292

*Member of the Audit Committee

**Chairman of the Audit Committee

Reimbursement of expenses

In addition, the members of the Supervisory Board are reimbursed for their out-of-pocket expenses and any value added tax payable on their remuneration.

The total remuneration awarded and owed to the Supervisory Board members during the 2022 fiscal year amounted to €292 thousand (previous year: €276 thousand) overall

Comparison of total remuneration

The following table shows the percental annual changes in the total remuneration for the Executive and Supervisory Boards and in the Company's income, as well as the developments in the average remuneration for full-time-equivalent employees who worked at the Group companies in the respective fiscal year, over the last five fiscal years. Profit or loss for the period refers to the net profit/ loss for the fiscal year of Brockhaus Technologies AG (HGB). EBITDA means the earnings before interest, taxes, depreciation and amortization of the Group (IFRS). EBIT shows the earnings before interest and taxes (IFRS).

Five-year comparison

Year-over-year percentage change	2018 (short)*	2019	2020	2021	2022
<u>Governing-body member remuneration</u>					
Current Executive Board members					
Marco Brockhaus (CEO)	n.a.	+204%	+151%	-6%	-17%
Dr. Marcel Wilhelm	n.a.	+160%	+184%	+30%	-26%
Current Supervisory Board members					
Dr. Othmar Belker (Chairman)	-58%	+140%	0%	+50%	0%
Michael Schuster (Deputy Chairman)	-57%	+131%	+27%	+58%	0%
Andreas Peiker	n.a.	+900%	0%	+7%	0%
Martin Bestmann	n.a.	n.a.	n.a.	+28%	0%
Dr. Cornelius Liedtke	n.a.	n.a.	n.a.	+233%	-50%
Prof. Dr. Christoph Hütten	n.a.	n.a.	n.a.	n.a.	+35%
Dr. Natalie Krebs	n.a.	n.a.	n.a.	n.a.	n.a.
<u>Company income</u>					
Profit or loss for the period (HGB)**	+36%	-227%	-325%	+26%	+334%
EBITDA (IFRS)	-40%	+197%	+556%	-95%	+11,052%
EBIT (IFRS)		-48%	+54%	-788%	+416%
Average remuneration of full-time-equivalent employees***					
	n.a.	n.a.	n.a.	-26%	3%

* 2018 (short) comprises the period from August 1, 2018, to December 31, 2018

** Profit or loss for the 2022 fiscal year contains the income from the sale of Palas

*** The development represents the change in continuing operations and is adjusted accordingly for the previous years

Awarded and owed Executive Board remuneration

€ thousand	Marco Brockhaus				Dr. Marcel Wilhelm			
	Chair of the Executive Board				Member of the Executive Board			
	Aug. 2017				Aug. 2017			
	2021	2022	Min.	Max.	2021	2022	Min.	Max.
Fixed remuneration	540	628	628	628	240	290	290	290
Fringe benefits	7	21	-	63	6	2	-	29
Total	547	649	628	691	246	292	290	319
Single-year variable remuneration*	203	750	-	750	20	240	-	240
<i>Portfolio component</i>	-	300	-	300	-	96	-	96
<i>Acquisition component</i>	-	450	-	450	-	144	-	144
Multi-year variable remuneration**	-	-	-	1,520	-	-	-	500
Special bonus	870	-	-	-	450	-	-	-
Total	1,073	750	-	2,270	470	240	-	740
Total remuneration	1,620	1,399	628	5,000	716	532	290	3,000

* In 2021 was no division into portfolio and acquisition components

** In 2021 was no multi-year remuneration component