

# Report of the Supervisory Board

Brockhaus Technologies AG

2023

# Report of the Supervisory Board

The Supervisory Board of Brockhaus Technologies AG, Frankfurt am Main, (“**Company**” or “**BKHT**”, together with its subsidiaries “**Brockhaus Technologies**” or the “**Group**”) oversaw the activities of the Company’s Executive Board in accordance with the requirements of the German Stock Corporation Act and the Articles of Association of BKHT and provided advice and support to the Executive Board during the fiscal year from January 1, 2023, to December 31, 2023.

The Executive Board reported regularly to the Supervisory Board on the business development of BKHT. Particular focus areas were the operating performance of the subsidiaries and measures for the strategic enhancement of business activities. The business performance of Bikeleasing and IHSE, as well as the economic and political risks to the course of business were at the center of the Supervisory Board meetings. Changes in revenue, earnings, balance sheet items and cash flows were presented and explained in detail, with a comparison with the budget and the previous year. The Supervisory Board was directly involved in all key decisions, in particular on issues of strategy and planning and in the review of strategic options. In the fourth quarter of 2023, other focus topics included improvements to financing agreements and the share buyback program.

The Company’s Articles of Association specify that the Supervisory Board should hold at least two meetings per calendar half-year. In the 2023 financial year, this minimum number of meetings was significantly exceeded and numerous other informal verbal and telephone meetings were held. The Chairman of the Supervisory Board was in regular personal and telephone contact with the members of the Executive Board and was proactively and comprehensively informed about all important business transactions. If necessary, the Chairman of the Supervisory Board kept the other members of the Supervisory Board informed between meetings.

The Executive Board provided detailed information on the course of business at the regular Supervisory Board meetings. The regular meetings usually have an agenda that is identical in parts and structures the discussion on key economic issues and potential risks. Regular topics were the current economic situation of the operating

segments and Group, the current impacts and future risks of the economic development, the war in Ukraine and the conflict in the Middle East, a regularly assessed risk report, the opportunities and risks of the search processes for new acquisition targets and developments in the field of investor relations. Fundamental issues at the meetings were the annual and consolidated financial statements of BKHT for fiscal year 2023, the quarterly financial statements for fiscal year 2023, the half-yearly report as of June 30, 2023, preparation for and evaluation of the Annual General Meeting on June 21, 2023, cost trends at the Company and the subsidiaries, personnel development at the Company, the implementation of the Group’s employee stock option program and discussion and approval of the internal rules of procedure and declarations of compliance. The operations and strategy of all operating segments were discussed at each regular meeting.

Another fixed feature of the regular Supervisory Board meetings was an examination of the relevant risks and support for the development of a formal internal control system at the Company and the subsidiaries. The status of internal auditing was also reported. In the course of the discussions relating to risk, the Supervisory Board was in all cases able to obtain a clear picture, in particular about whether and which risks could adversely affect the Company’s financial position and results of operations. In addition, the Supervisory Board and the Executive Board regularly discussed the Company’s long-term strategic alignment. Among other things, the latest economic figures of the Company, the subsidiaries and the Group, including changes in cash flows and, where expedient, in balance sheet items, were presented and discussed

The composition of the Supervisory Board changed slightly in fiscal year 2023. The Annual General Meeting elected Dr. Othmar Belker and Michael Schuster as members for another five years on June 21, 2023. At this year's Annual General Meeting, shareholders also elected Prof. Dr. Christoph Hütten, who had served on the Supervisory Board since 2021, to the Supervisory Board for a period of five years. The shareholder Falkenstein Heritage GmbH exercised its right to appoint members of the Supervisory Board by confirming Martin Bestmann as a member for another two years and appointing Matthias Memminger as a new member for two years. The Supervisory Board is completed by Dr. Nathalie Krebs, who was elected as a member at the 2022 Annual General Meeting.

In fiscal year 2023, the Supervisory Board held seven meetings, six in presence (with partial video participation) and one via phone conference. Unless specified otherwise below, the Supervisory Board meetings were attended by all Supervisory Board members in office. Mr. Memminger has attended the meetings as of September 12, 2023. Dr. Krebs was excused from the meeting on March 29, 2023. Dr. Belker was excused from the meeting on September 12, 2023. Prof. Christoph Hütten was excused from the meeting on November 21, 2023, however, he had submitted a written vote by e-mail on November 21, 2023, and asked Dr. Othmar Belker to cast the vote as a proxy.

In fiscal year 2024 to date, three meetings of the Supervisory Board were held. All current members of the Supervisory Board attended the meetings.

In addition, the Supervisory Board adopted four written resolutions in the course of the 2023 fiscal year; they related to the declaration of conformity with the German Corporate Governance Code, the remuneration report, and the invitation to the Annual General Meeting.

At its meeting on June 16, 2021, the Supervisory Board formed an Executive and Nomination Committee and an Audit Committee. The Audit Committee met nine times fiscal year 2023. The Executive and Nomination Committee met once in fiscal year 2023.

### Overview of attendance at meetings of the Supervisory Board and committees

	Supervisory Board	Audit Committee	Executive and Nomination Committee	Total
Dr. Othmar Belker	6 (86%)	8 (89%)	1 (100%)	15 (88%)
Michael Schuster	7 (100%)	-	1 (100%)	8 (100%)
Martin Bestmann	7 (100%)	9 (100%)	-	16 (100%)
Dr. Christoph Hütten	6 (86%)	9 (100%)	-	15 (94%)
Dr. Natalie Krebs	6 (86%)	-	1 (100%)	7 (88%)
Matthias Memminger	3 (100%)	-	-	3 (100%)

All members of the Supervisory Board are to be considered independent as defined by the German Corporate Governance Code.

Further education and training required for discharging their duties, for example on changes in the legal environment and on new technologies, are taken by the members of the Supervisory Board under their own responsibility, with the Company's support where requested. In various meetings, the Supervisory Board also reviewed the efficiency of its work and debated improvement suggestions by its members. In addition, both in March 2023 and after the reconstitution of the Supervisory Board in December 2023, all members of the Supervisory Board were subjected to a self-evaluation.

At the meetings held in fiscal year 2023 and the three meetings held in fiscal year 2024 to date, the Supervisory Board dealt with the following topics:

#### Supervisory Board meeting on February 8, 2023

The Supervisory Board unanimously elected Dr. Nathalie Krebs as a member of the Executive and Nomination Committee to succeed Andreas Peiker, who had left the Supervisory Board.

The Supervisory Board discussed various topics relating to its work in connection with the updated declaration of conformity with the German Corporate Governance Code unanimously adopted by the Supervisory Board at the end of January 2023. The Supervisory Board also reviewed the existing corporate governance statement

and discussed the Supervisory Board's profile of skills and expertise. The Supervisory Board noted with approval the latest risk report. Other focus points of the meeting were the review of the effectiveness of the internal control system (ICS) and the risk management system (RMS) as well as the current status of the preparation of the 2022 annual and consolidated financial statements and the combined management report and the audit of them by the independent auditor from KPMG. The Supervisory Board defined the variable component of the Executive Board's remuneration for the 2023 fiscal year.

The budget for fiscal year 2023 was discussed and, following a discussion of the assumptions made and of the planning risks, the Supervisory Board noted with approval the draft budget presented for 2023.

#### Supervisory Board meeting on March 29, 2023

The Supervisory Board discussed and approved the Company's financial reporting and consolidated financial reporting and adopted the Report of the Supervisory Board.

The independent auditor reported on the conduct of the audit, the focus points of the audit and the audit results relating to the 2022 annual financial statements in accordance to German GAAP of

Brockhaus Technologies AG, the IFRS consolidated financial statements and the combined management report for the fiscal year 2022 prepared in accordance with the requirements of German GAAP. The independent auditor issued unqualified audit opinions for the annual financial statements, the consolidated financial statements and the combined management report. Following its own detailed examination of the accounting documents and the independent auditor's reports, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the combined management report and approved the appropriation of the annual result for 2022. The annual financial statements are thereby adopted.

The Supervisory Board discussed the target for the short-term remuneration components of the Executive Board members and finalized them for the year 2023. The Executive Board and the Supervisory Board discussed strategic options for value development from the point of view of the company's shareholders. The Supervisory Board resolved the updated declaration of conformity and spoke about Executive Board remuneration.

#### **Supervisory Board meeting on April 27, 2023**

The Supervisory Board discussed and subsequently resolved the proposal to the Annual General Meeting for the election of Supervisory Board members and additionally resolved the company's amended Articles of Association. The Supervisory Board debated and resolved the invitation to the Annual General Meeting. It also discussed and resolved the total target remuneration for Executive Board members for fiscal year 2023 in accordance with the remuneration structure approved by the Annual General Meeting on June 16, 2021.

#### **Supervisory Board meeting on June 21, 2023**

Following the Annual General Meeting, the Executive Board and Supervisory Board analyzed the voting results from the Annual General Meeting and discussed the potential for improvement. There was extensive and detailed discussion of strategic options for the Group's further development. Despite the Group's continued excellent operating performance, the stock market valuation of the share does not reflect its success. The Executive Board and Supervisory Board

therefore also reviewed strategic options for explaining and increasing the value of the shares for shareholders, including a share buyback program. The newly elected Supervisory Board confirmed Dr. Othmar Belker as its Chairman and Mr. Michael Schuster as his deputy. The Supervisory Board reelected Prof. Dr. Christoph Hütten as chair of the Audit Committee, Mr. Matthias Bestmann as deputy chair, and Dr. Othmar Belker as an ordinary member. The Supervisory Board elected Dr. Othmar Belker as chair of the Executive and Nomination Committee, Michael Schuster as deputy chair, and Dr. Nathalie Krebs as a member. As at every meeting, the Supervisory Board discussed the economic development of the Group and ongoing acquisition processes.

#### **Supervisory Board meeting on September 12, 2023**

Mr. Memminger was introduced as a new Supervisory Board member. The Supervisory Board spoke with Mr. Memminger in detail about the cooperation in the Supervisory Board. The Supervisory Board considered the guidelines for identifying sustainability risks of the Group and discussed the status of the ESG project and appropriate ways to identify the required ESG metrics. The project is supported by an external consulting firm. An external ESG rating agency will be involved for the ESG rating. The Executive Board presented special IT projects. The dates for 2024 were set.

#### **Supervisory Board meeting on November 21, 2023**

At a phone conference, the Supervisory Board resolved to approve the acquisition of treasury shares by way of a public buyback offer to the company's shareholders for up to 500,000 shares in total at a price of €22.00 per share.

#### **Supervisory Board meeting on November 29, 2023**

The Executive Board informed the Supervisory Board on the status of ongoing strategic measures at Bikeleasing (acquisition of sales agencies, financing measures of the company, and derecognition of lease receivables). The Supervisory Board discussed the cooperation with internal audit and the key internal audit matters for fiscal year 2024 suggested by the audit committee. The Supervisory Board reviewed the status of the share buyback program and its accounting treatment. The cooperation with the auditing firm was evaluated and the status of the year-end procedures and the consolidated financial statements for fiscal year 2023, including related documents (e.g., the remuneration report), was discussed.

#### **Supervisory Board meeting on January 24, 2024**

The Supervisory Board reviewed the status of the annual financial statements and the current development of the Group's operating companies. The budget for fiscal year 2024 was discussed in detail and, following a discussion of the assumptions and of the planning risks, the Supervisory Board noted with approval for the draft of the budget presented for 2024. The Supervisory Board considered the latest risk report and enhancements to risk identification. Various topics for the Annual General Meeting were debated for the first time. The Supervisory Board considered various acquisition-related topics. Internally, the members of the Supervisory Board discussed updates to their profiles of skills and expertise and the available results of the self-evaluation to assess the effectiveness of how the responsibilities of the Supervisory Board and its committees are discharged.

### Supervisory Board meeting on March 15, 2024

The Supervisory Board discussed the economic situation of the Group as well as opportunities and risks for future development. Another focus of the meeting was the current status of the preparation of the annual and consolidated financial statements and the combined management report for the 2023 financial year and its audit by the auditors from KPMG. In this context, the Supervisory Board discussed the appropriation of earnings for the 2023 financial year, including the future dividend policy. The Supervisory Board discussed and approved the 2023 remuneration report. The Supervisory Board also discussed corporate governance issues (status and development of corporate social responsibility (CSR), further development of corporate practices) and approved an updated corporate governance statement. ESG responsibilities were specified in the Executive Board's schedule of responsibilities and assigned to the Executive and Nomination Committee in the Supervisory Board.

### Supervisory Board meeting on March 27, 2024

The Supervisory Board discussed and approved the company's accounting and consolidated accounting and adopted the Supervisory Board's report.

The auditor reported on the course of the audit, the focal points of the audit and the audit results relating to the annual financial statements 2023 of the AG in accordance with German GAAP, the consolidated financial statements in accordance with IFRS and the combined management report in accordance with German GAAP for the 2023 financial year. The auditor issued unqualified audit opinions on the annual financial statements, the consolidated financial statements and the combined management report. Following its own detailed examination of the accounting documents and the auditor's reports, the Supervisory Board approved the annual financial statements, the consolidated financial statements and the combined management report and approved the appropriation of the net profit for 2023. The annual financial statements are thus adopted.

## The work of the Audit Committee

The Audit Committee held a total of nine meetings in fiscal year 2023, of which six were held in presence and three virtually.

In addition to the committee members, an Executive Board member, the manager responsible for the consolidated financial reporting and representatives of the auditor took part in most of the committee meetings in the 2023 fiscal year.

The following topics were dealt with at the Audit Committee's meetings:

- > reporting on the current status of ongoing closing procedures in the Group for the quarterly and annual financial statements
- > discussion of the accounting processes in subsidiaries and at the parent entity, including the requisite IT support and process automation, as well as of the associated internal controls and any potential for improvement
- > discussion of the details of individual important accounting policies in the consolidated financial statements
- > discussion of the accounting documents for fiscal year 2022 submitted by the Executive Board and the audit opinions and audit reports presented by the independent auditor, including issuing a recommendation on the approval of the accounting documents by the Supervisory Board
- > discussion of the draft remuneration report for fiscal year 2022 submitted by the Executive Board and the audit opinion presented by the independent auditor in this regard, including issuing a recommendation on the finalization and approval of the remuneration report by the Supervisory Board
- > discussion of the 2023 Half-Year Financial Report and the quarterly statements for Q1 2023 and 9M 2023 before their publication and of the corresponding preparation processes
- > discussion of the quality of the audit and the independence of the auditor and, on this basis, a recommendation to the Supervisory Board for the proposal for the election of the independent auditor for fiscal year 2023 in the Annual General Meeting
- > negotiation of the audit fees with the auditor
- > engagement of the auditor for a voluntary content audit of BKHT's remuneration report

- > discussion of the need for a review of the half-year financial report
- > discussion of the audit planning and audit focal points of the audit of the 2023 financial statements
- > reporting on the relevant current status of ongoing audit work conducted on the financial statements in the Group
- > discussion and approval of non-audit services undertaken by the auditor and monitoring that the cap on such non-audit services is being observed
- > discussion of the impact of the recently enacted Corporate Sustainability Reporting Directive (CSRD) on the company and the Group
- > discussion of the audit planning of internal audit's key audit matters, reporting on audits completed by internal audit, and discussion of the recommendations issued by internal audit on the basis of these audits
- > discussion of the status quo and any potential for improving the compliance management system in the Group
- > discussion of the status quo and any potential for improving the risk management system in the Group

In addition, the chair of the Audit Committee advised on various aspects of the points listed above and important individual topics in the Audit Committee's area of activity in numerous discussions both with members of the Executive Board and the manager responsible for the consolidated financial reporting as well as with representatives of the auditor. The chair of the Audit Committee in each case informed the other committee members about these discussions at the next meeting. The chair of the Audit Committee also regularly reported on the activities of the Audit Committee at the Supervisory Board meetings.

## The work of the Executive and Nomination Committee

The Executive and Nomination Committee, which was also set up in June 2021, held one meeting in fiscal year 2023.

At this meeting, the committee prepared the targets for assessing 2023 Executive Board remuneration for the full Supervisory Board.

## Audit of the financial reporting and consolidated financial reporting in 2023

On June 21, 2023, in response to the proposal of the Supervisory Board, the Company's Annual General Meeting elected KPMG AG Wirtschaftsprüfungsgesellschaft ("KPMG") as the auditor of the financial reporting and consolidated financial reporting. KPMG has been the auditor of BKHT's financial statements since the Company was founded in 2017 and has also been the auditor of the consolidated financial statements since the first acquisition of the Company at the end of 2018. Before the Supervisory Board proposed KPMG to the Annual General Meeting as the auditor, KPMG had confirmed to the Chairman of the Supervisory Board that no circumstances existed that could impair its independence as the auditor or give rise to doubts about its independence. The engagement letter for the audit of the annual and consolidated financial statements and of the combined management report was issued by the Supervisory Board following the Annual General Meeting.

KPMG audited BKHT's financial reporting and consolidated financial reporting for the year ended December 31, 2023, and issued an unqualified audit opinion on these on March 26, 2024. The audited financial reporting and consolidated financial reporting consisted of BKHT's annual financial statements prepared in accordance with the requirements of the German Commercial Code (HGB), its consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and its combined management report in accordance with HGB for fiscal year 2023. In addition, in accordance with section 317 (3a) HGB, KPMG audited and confirmed that the reproduction of the annual financial statements, the consolidated financial statements and the combined management report, which were contained in the files provided on an electronic data storage medium and retrievable

in the client portal with access protection and were prepared for the purpose of publication, complies in all material respects with the requirements of section 328 (1) HGB for the electronic reporting format ("ESEF format")

The Supervisory Board also arranged for KPMG to inform it and note in the audit report if, during the performance of the audit, any facts are identified that indicate an inaccuracy in the Declaration of Compliance regarding the recommendations of the German Corporate Governance Code issued by the Executive Board and Supervisory Board.

The Audit Committee, and in particular the Chairman of the Audit Committee, was always closely involved in the preparation of the audit measures and the audit process and was in close contact with BKHT's financial statement preparation team and the auditors.

Ahead of the first financial statements meeting on March 27, 2024, the Supervisory Board received the draft versions of the financial reporting, the consolidated financial reporting, and the corresponding auditor's reports. In the Audit Committee meetings on March 15 and 27, 2024, as well as in the Supervisory Board meeting on March 27, 2024, the Audit Committee and the Supervisory Board discussed the financial reporting and consolidated financial reporting on the basis of the final accounting documents and audit reports. At these meetings, the Executive Board and the manager responsible for the consolidated financial reporting reported on the preparation of the documents and the auditor reported on the current status of the audit overall, on the individual key audit matters, and on the key findings of the audit. At their respective meetings, the Audit Committee and the Supervisory Board then discussed the financial reporting, the consolidated financial reporting, the findings of the audit and the audit reports with the Executive Board and the auditor. All the Audit Committee's and the Supervisory Board's questions were answered. Furthermore, the auditor explained that there were no facts that gave rise to concerns about bias on its part and informed the Supervisory Board about services provided in addition to the audit services. At the Supervisory Board meeting, the Audit Committee also reported on its own review of the financial reporting and consolidated financial

reporting, its discussion with the Executive Board and the auditor, and its oversight of the financial reporting process.

Both the Audit Committee and the Supervisory Board were able to satisfy themselves that the audit by KPMG was properly conducted. In particular, the Audit Committee and the Supervisory Board concluded that the audit reports and the audit itself complied with statutory requirements. They therefore approved the findings of the audit, and the Supervisory Board determined that, on the basis of the final result of the review by the Audit Committee and its own review, no objections were to be raised. The Supervisory Board therefore approved the financial reporting and consolidated financial reporting. The annual financial statements were thus adopted in accordance with section 172 sentence 1 of the German Stock Corporation Act (AktG).

## Appropriation of the result

As at the reporting date, the company reported a net profit of € 20,733 thousand (previous year: net loss of € 6,873 thousand) in accordance with the German Commercial Code (HGB). This is made up of the balance sheet loss of the previous year plus the net profit for 2023 under German commercial law of € 38,032 thousand less the offsetting from the treasury shares acquired in the course of the share buyback of € 10,426 thousand.

A proposal will be made to the Annual General Meeting to distribute a dividend of € 0.22 per share. Based on the current number of shares entitled to dividends, this would correspond to a distribution of € 2,298 thousand (previous year: € - thousand). Based on the adjusted earnings attributable to shareholders, this corresponds to a payout ratio of 17%. The remaining balance sheet profit is to be carried forward to new account.

The Supervisory Board thanks the members of the Executive Board and all employees of Brockhaus Technologies AG and its subsidiaries for their enormous personal commitment and our shareholders for the confidence they placed in the company. Even in a challenging economic environment, Brockhaus Technologies AG and the Group reported excellent operating results.

At the beginning of fiscal year 2024, Olaf Trittel, long-standing CFO of our subsidiary IHSE, died as the result of a tragic accident. We join all employees as well as of all members of the Executive Board and the Supervisory Board in thinking of his family and remembering his legacy.

On behalf of the Supervisory Board

Dr. Othmar Belker, Chairman  
Frankfurt am Main, March 2024