

**Declaration of the Management Board and the Supervisory Board of hGears AG pursuant to Section 161 of the German Stock Corporation Act (AktG) on the recommendations of the "Government Commission on the German Corporate Governance Code" (DCGK)**

1. Since the last declaration of compliance dated 20 December 2021 hGears AG has complied with the recommendations of the "Government Commission on the German Corporate Governance Code", published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on 20 March 2020, as amended on 16 December 2019 ("**Code 2019**") with the exception of the following deviations:
  - According to **recommendation D.5** of the Code 2019, the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the General Shareholders' Meeting. The Supervisory Board does not consider the formation of a nomination committee to be necessary. With a five-member Supervisory Board, efficient discussions and an intensive exchange of views on suitable candidates for the Supervisory Board's election proposals to the General Shareholders' Meeting are also possible in the full Supervisory Board. Furthermore, there is no need for the formation of a nomination committee composed exclusively of shareholder representatives, as the Supervisory Board of hGears AG is not co-determined.
  - According to **recommendation D.1** of the Code 2019, the Supervisory Board shall adopt its own rules of procedure and shall publish these on the company's website. The rules of procedure for the Supervisory Board of hGears AG have been revised in June 2022 and adapted to the new legal framework, in particular the requirement to establish an audit committee and have since then been published on the website.
  - The Code 2019 in its section G. makes reference to the existence of a remuneration system within the meaning of section 87a of the German Stock Corporation Act (AktG) in the version applicable as of January 1, 2020. The Supervisory Board has in accordance with the transitional provision of section 26j of the Introductory Law to the German Stock Corporation Act (EGAktG) resolved on the formal remuneration system in accordance with section 87a of the German Stock Corporation Act (AktG) on 29 March 2022 and therefore by the end of the first ordinary general shareholders' meeting. Since then the **corresponding recommendations of section G** of the Code 2019 have been followed. The Supervisory Board complied with **recommendation G.1** when resolving on the remuneration system.
  - The remuneration of the Management Board members set forth in the currently applicable service agreements complies with recommendations set forth in section G. of the Code 2019, except for **recommendation G.3**. According to recommendation G.3 of the Code 2019, in order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and

shall disclose the composition of that group. The peer-group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend. The Supervisory Board has not determined an appropriate peer group as it is of the opinion that, taking into account the business model and the size of the Company, there are currently no comparable companies who could serve as peers for the purposes of the assessment of management remuneration. However, the Supervisory Board considers the individual compensation of the members of the Management Board to be more than appropriate, particularly in view of the level of management remuneration in other listed companies.

2. On 28 April 2022, the "Government Commission on the German Corporate Governance Code" submitted a new version of the Code, which was published in the Federal Gazette (*Bundesanzeiger*) on 27 June 2022. hGears AG complies with all of the recommendations and will also comply with them in the future, with the exception of the following deviations:

- According to **recommendation D.4** of the Code, the Supervisory Board shall form a Nomination Committee composed exclusively of shareholder representatives which nominates suitable candidates to the Supervisory Board for its proposals to the General Shareholders' Meeting. The Supervisory Board does not consider the formation of a nomination committee to be necessary. With a five-member Supervisory Board, efficient discussions and an intensive exchange of views on suitable candidates for the Supervisory Board's election proposals to the General Shareholders' Meeting are also possible in the full Supervisory Board. Furthermore, there is no need for the formation of a nomination committee composed exclusively of shareholder representatives, as the Supervisory Board of hGears AG is not co-determined.
- The remuneration of the Management Board members set forth in the currently applicable service agreements complies with recommendations set forth in section G. of the Code, except for **recommendation G.3**. According to recommendation G.3 of the Code, in order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group. The peer-group comparison shall be applied with a sense of perspective, in order to prevent an automatic upward trend. The Supervisory Board has not determined an appropriate peer group as it is of the opinion that, taking into account the business model and the size of the Company, there are currently no comparable companies who could serve as peers for the purposes of the assessment of management remuneration. However, the Supervisory Board considers the individual compensation of the members of the Management Board to be more than appropriate, particularly in view of the level of management remuneration in other listed companies.

Schramberg, 14 December 2022

For the Supervisory Board

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Volker Stauch

For the Management Board

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Pierluca Sartorello