

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)

The Management Board and Supervisory Board of hGears AG declare that since the last declaration of compliance pursuant to Section 161 AktG was issued on December 14, 2022, the recommendations of the "Government Commission on the German Corporate Governance Code" ("**Code**") published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on June 27, 2022, have been complied with and will be complied with 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, 13 December 2023

For the Supervisory Board

Volker Stauch

For the Management Board

Sven Arend